

# Annex A to the SSES Enduring Governance Government Response- Balancing and Settlement Code Modification & Explanatory Notes

## Context

As set out in the November 2025 [SSES Enduring Governance Government Response](#), we are modifying the Balancing and Settlement Code (BSC) in order for Elexon (as the Balancing and Settlement Code Company (BSCCo))<sup>1</sup> to deliver the SSES Enduring Governance role. This will extend Elexon's remit to deliver the SSES Technical and Security Governance Groups as BSC Panel subcommittees. Modifications to the BSC are being implemented by the Secretary of State using modification powers under Section 245 of the Energy Act 2023.

This document sets out the modifications to the BSC following our statutory consultation.<sup>2</sup> It also includes a table with a description of each provision within the modification.

This modification should be read in the context of the [SSES Enduring Governance Government Response](#) and Section C of the BSC linked here: [BSC Section C: BSCCo and its Subsidiaries - Elexon Digital BSC](#).

Please note, any parts of the modification set out in square brackets are existing parts of the BSC included for context and are not a new addition to the code.

## Balancing and Settlement Code Modifications

### 1. General

#### 1.2 Role and powers, functions and responsibilities of BSCCo

1.2.1F Without prejudice to paragraph 1.2.1, BSCCo may perform the functions, role and responsibilities in respect of the SSES Arrangements in accordance with paragraph 18.

#### 3. Powers and Functions of BSCCo

[3.1.1. Without prejudice to paragraph 1.2.2, BSCCo shall have the following powers, functions and responsibilities:]

(ab) to perform its functions and responsibilities in respect of the SSES Arrangements in accordance with paragraph 18.

---

<sup>1</sup> BSCCo means Elexon Limited (or any successor to that company acting in the capacity as BSCCo)

<sup>2</sup> [Smart Secure Electricity Systems \(SSES\) Programme: Enduring Governance](#)

## 18. Smart Secure Electricity Systems (SSES) Arrangements

- 18.1 This paragraph 18 applies if the Secretary of State gives a direction to the Panel that:
- (a) requires the Panel, for the purposes of implementing SSES Arrangements, to establish as Panel Committees a technical governance group and a security governance group; and
  - (b) includes a document or documents setting out the powers and functions of those groups and their governance, a change process for the document(s) themselves, and any other stipulations of the Secretary of State about the SSES Arrangements or BSCCo's role in connection with those arrangements.
- 18.2 For the purposes of the Code:
- (a) **"SoS Direction"** means a direction of the Secretary of State referred to in paragraph 18.1;
  - (b) **"SSES Arrangements"** means arrangements relating to technical and security regulatory frameworks for load control (as defined in Part 9 of the Energy Act 2023) to enable consumer-led flexibility including any specifications, guidance, standards and other documentation which are to be established, with the prior written consent of the Secretary of State, and operated and maintained by the SSES Governance Groups pursuant to the SSES Governance Framework;
  - (c) **"SSES Governance Framework"** means the document(s) included in the SoS Direction, as from time to time modified as provided in paragraph 18.3(b);
  - (d) **"SSES Governance Groups"** means, in respect of the SSES Arrangements, the technical governance group and security governance group established by the Panel pursuant to the SoS Direction, and any sub-group established in accordance with the SSES Governance Framework by them.
- 18.3 The SSES Governance Framework shall:
- (a) specify or describe the classes of Party or other persons that are to be bound by the SSES Governance Framework and SSES Arrangements;
  - (b) only be modified pursuant to the change process specified in the SSES Governance Framework and at the direction of, or with the prior written consent of, the Secretary of State;
  - (c) with respect to matters within its scope, prevail in the event of any conflict or inconsistency with the Code.

- 18.4 The Panel shall:
- (a) establish, pursuant to the SoS Direction and in accordance with the SSES Governance Framework, Panel Committees as SSES Governance Groups;
  - (b) have such other powers, functions and responsibilities provided for in the SSES Governance Framework;
  - (c) comply with the SSES Governance Framework and shall not prescribe (pursuant to Section B5.4) the manner in which the proceedings and business of the SSES Governance Groups are to be conducted so as to be inconsistent with the application of this paragraph 18 or the SSES Governance Framework.

- 18.5 BSCCo shall:
- (a) provide such support, facilitation, resources and services (including procuring the delivery of services from third party providers) as may be required to:
    - (i) enable the Panel to discharge its functions and responsibilities in respect of the SSES Governance Groups;
    - (ii) enable any SSES Governance Groups to discharge their functions and responsibilities specified in the SSES Governance Framework;
  - (b) perform any other functions or activities related to the SSES Arrangements which BSCCo is required or enabled to perform under the SSES Governance Framework;
  - (c) engage with participants in the SSES Arrangements (including participants that are not Parties and other interested persons) as and to the extent required in the SSES Governance Framework and the SSES Arrangements.

- 18.6 The SSES Governance Framework and SSES Arrangements may include Code Subsidiary Documents and/or documents which are otherwise given effect by the Code and:
- (a) in the case of documents which are otherwise given effect by the Code, any Party to which those documents apply must comply with them;
  - (b) the SSES Arrangements comprised in Code Subsidiary Documents shall be deemed to be documents referred to in Section H1.2.4;
  - (c) the SSES Governance Framework may provide for:

(i) BSCCo to enter into agreements with persons that are not Parties requiring such persons to be bound by and to comply with the SSES Governance Framework and/or the SSES Arrangements;

(ii) the proceedings of the security governance group to be conducted on a confidential basis (including for the purposes of Sections B1.2.1(e) and H4);

(iii) BSCCo to indemnify any members of the Panel and the SSES Governance Groups (and any sub-committees of those groups) from and against all costs (including legal costs), charges, expenses, damages or other liabilities incurred in performing their roles and functions under the SSES Governance Framework and SSES Arrangements;

(iv) objectives which apply to the SSES Governance Groups, and to the Panel and BSCCo with regards to their functions or activities under the SSES Governance Framework and SSES Arrangements, which may differ from the Panel objectives set out in Section B1.2;

(e) where, in respect of changes to the SSES Governance Framework and/or the SSES Arrangements, the SSES Governance Framework specifies that such changes must be subject to approval by the Secretary of State:

(i) such requirement shall take effect as a requirement of Section F3;

(ii) if the Secretary of State gives notice to the Panel and the Authority to that effect, the requirement for approval by the Secretary of State is substituted by a requirement for approval by the Authority;

(f) without prejudice to the foregoing, and subject to paragraph 18.3(b), the SSES Governance Framework shall include a change control process for modifying any documents which are otherwise given effect by the Code and which form part of the SSES Governance Framework and/or the SSES Arrangements.

18.7 Notwithstanding Section F2.2 and subject to Section F1.1.10, paragraphs 1.2.1F, 3.1.1(ab) and this paragraph 18 may not be amended without the prior written consent of the Secretary of State.

18.8 All costs incurred by BSCCo in connection with delivering the SSES Governance Arrangements shall be BSC Costs (pursuant to Section D2.1.1

and D2.1.2) but BSCCo shall keep account of such costs separately from all other BSC Costs.

## Explainer Notes

The below table sets out the description of each provision of the BSC modification.

<b>Reference</b>	<b>Change from Consultation Modification</b>	<b>Explainer Note</b>
1.2.1F and 3.1.1(ab)	Existing Provisions	This adds SSES Arrangements in the context of the roles, powers, functions and responsibilities of Elexon (synonymous with BSCCo in this context) into 1.2 and 3.1.1 of Section C.
18.1(a) and (b)	New Provision	These additional paragraphs have been included in the modification to set out that this section applies if a direction is given by the Secretary of State to establish the SSES arrangements within the BSC.
18.2(a)	New Provision	This provides a definition of a direction by the Secretary of State.
18.2(b)	Formerly 18.1(a) with changes	<p>This is a definition of the SSES Arrangements: this sets out the entirety of the scope of SSES in the context of the BSC for the purposes of Enduring Governance. It includes not only the role of Elexon but also of the Technical and Security Governance Groups and the documents created and maintained by these groups.</p> <p>Changes from the consultation stage modification include:</p> <ul style="list-style-type: none"> <li>- Adding a reference to Part 9 of the Energy Act (2023) which contains statutory underpinning for SSES.</li> <li>- Additional wording to clarify that new SSES documents require Secretary of State consent before these documents are established as part of the SSES Governance Framework or SSES Arrangements.</li> <li>- Additional wording to make clear that the SSES Arrangements will be operated and maintained by the Technical and Security Governance Groups.</li> </ul>
18.2(c)	Formerly 18.1(b) with changes	This is a definition of the SSES Governance Framework: this refers to the documents which will set out the detailed governance arrangements including (but not limited to)

		membership arrangements, roles and responsibilities for the groups. Changes to this provision set out that the documents will be introduced via a Secretary of State direction.
18.2(d)	Formerly 18.1(c) with changes	<p>This is a definition of the SSES Governance Groups: this refers specifically to the Technical Governance Group and Security Governance Group established under the BSC Panel.</p> <p>Additional wording clarifies that the Technical and Security Governance Groups will be established by the BSC Panel upon the direction of the Secretary of State. The amended wording also clarifies the reference to further groups, making clear that these can only be established as subgroups of the Technical and Security Governance Groups.</p>
18.3	New Provision	The SSES Governance Framework will differ in certain respects from standard BSC governance. This paragraph enables the SSES Governance Framework to differ where necessary from usual BSC processes.
18.3(a)	New Provision	This requires the SSES Governance Framework to make clear who will be subject to that framework and the SSES Arrangements. This will provide transparency on which classes of BSC Party and other participants will be bound by the arrangements.
18.3(b)	New Provision	This requires the SSES Governance Framework to include its own change process, which may be separate from BSC change processes. This includes powers for the Secretary of State to make changes as necessary.
18.3(c)	Formerly incorporated within 18.3	<p>This clarifies the order of precedence between the SSES Governance Framework and the BSC.</p> <p>This change is to reflect that where the SSES Governance Framework or the SSES Arrangements differ from BSC governance, this is intentional and therefore the normal rules of precedence between the BSC and other BSC documents should not apply.</p>
18.4	Expansion of former 18.3	This clarifies the role of the BSC Panel in the SSES Governance Arrangements.
18.4(a)	Expansion of former 18.3	This provision requires the Panel to establish the SSES Technical and Security Governance Groups in accordance with the Secretary of State's direction.
18.4(b)	Expansion of former 18.3	This provision makes clear that the SSES Governance Framework will include more detail

		on the role of the Panel in SSES governance and enables (for the purposes of the BSC) the Panel to exercise/perform those powers, functions and responsibilities.
18.4(c)	Expansion of former 18.3	This provision ensures that the BSC Panel may not exercise its powers to set committee governance in a way that would conflict with the SSES Governance Framework.
18.5	Formerly 18.2 with changes	Removal of wording “deliver the SSES Arrangements” instead providing further clarity on what BSCCo shall do under SSES Governance.
18.5 (a)	Formerly 18.2 (a) with changes	This captures Elexon’s role in providing the requisite support and resources to the Governance Groups e.g. secretariat function, as well as to the BSC Panel noting these groups will be established as BSC Panel Committees. Former 18.2 (a)(i) and 18.2 (a)(ii) have been reversed.
18.5 (b)	Formerly 18.2 (b) no change	This will enable Elexon to carry out any required functions and activities needed to deliver SSES Arrangements on an ongoing basis, to be set out in the SSES Governance Framework including any future changes to this Framework.
18.5(c)	Formerly 18.2 (c) with changes	This will place an explicit obligation on Elexon to engage with relevant SSES participants (those involved in or impacted by SSES Governance Arrangements) including those who are not BSC Parties, such as ESA Manufacturers. This could enable SSES participants to participate in the SSES Governance Arrangements e.g. voting in the nomination processes, taking part in group deliberations and recommendations or becoming nominees for group membership.  Additional wording enables the SSES Governance Framework and SSES Arrangements to include wording that sets the scope of BSCCo’s engagement obligations.
18.6	Formerly 18.4 with changes	The introductory wording of 18.6 sets out at a high level that the details of the SSES Governance Framework and SSES arrangements may be set out in Code Subsidiary Documents (CSDs), or other bespoke documents established under the BSC.  Reference to Secretary of State prior written consent has been removed as this has been superseded by 18.1 and 18.3(b).
18.6(a)	Formerly 18.4 (a) with changes	This will give binding effect to the BSC documents that are created as part of the SSES

		<p>Governance Framework that are not CSDs and will make them binding on the relevant BSC Parties.</p> <p>New wording includes “any Party to which those documents apply must comply with them”. This provides clarity that some Parties need to comply with SSES documents that are “given effect by the Code”, but only those Parties who are amongst the classes of participant identified in the SSES Governance Framework.</p>
18.6 (b)	Formerly 18.4 (b) no changes	This specifically refers to those parts of the SSES Arrangements that will be set out in CSDs. The BSC specifies what documents are considered CSDs in Section H1.2.4.
18.6(c)(i)	Formerly 18.4 (c) (i) with changes	<p>This provision will allow for the contractual inclusion of non-BSC Parties within scope of SSES Governance Framework and SSES Arrangements documents, should these documents contain rights/obligations on them.</p> <p>The change replaces the word “accede” with a reference to entering into agreements with BSCCo.</p>
18.6(c)(ii)	Formerly 18.4(c)(ii) with changes	<p>18.6(c)(ii) ensures the SSES Governance Framework can provide for security governance group proceedings to be conducted on a confidential basis where needed, as some of these discussions will regarding confidential information e.g. grid stability risks, threat and risk assessments etc.</p> <p>This will avoid any potential conflict between SSES confidentiality provisions and the Panel’s existing duty to ensure there is transparency and openness in the conduct of the business of the BSC Panel and BSCCo. A change to this provision includes a reference to Section B1.2.1(e) of the BSC which requires transparency and openness in the conduct of the business of the BSC Panel and BSCCo as to make clear this need not apply in the case of business conducted by the Security Governance Group.</p>
18.6(c)(iii)	New Provision	This provision enables BSCCo to indemnify members of the SSES Technical and Security Governance Groups (and extending BSC Panel Member indemnities to cover SSES). This provision has been included to provide assurance to those group members in view of the

		potential for their activities to impact commercial arrangements within markets.
18.6(c)(iv)	New Provision	This provision enables the SSES Governance Framework to include general objectives relating to the work of the SSES Technical and Security Governance Groups which differ from the BSC Panel objectives in Section B of the BSC. Those objectives will also need to apply to the BSC Panel and BSCCo when performing SSES functions.
18.6(e)(i) and 18.6(e)(ii)	Formerly 18.4(d) with changes	<p>This will provide the Secretary of State or the Authority with approval rights, in respect of changes to the aspects of the SSES Arrangements and/or the SSES Governance Framework.</p> <p>This provision now includes that the Secretary of State could give notice to the BSC Panel and the Authority that the requirement for approval by the Secretary of State can be substituted by approval by the Authority.</p>
18.6(f)	Formerly 18.4 (e) with changes	<p>This sub-paragraph only relates to where the SSES Arrangements and the SSES Governance Framework are set out in 'documents which are otherwise established under the Code' (i.e. bespoke documents) and allows the Governance Framework to establish change control procedures in relation to the same.</p> <p>The wording now requires the SSES Governance Framework to include a change process for these documents (subject to the Secretary of State's approval powers).</p>
18.7	Formerly 18.5 no change	This will ensure that the provisions in Section C of the BSC setting out the SSES Arrangements cannot be modified without obtaining prior consent from the Secretary of State.
18.8	Formerly 18.6 no change	This enables Elexon to recover the costs it incurs in performing its SSES functions as BSC Costs but notes that Elexon must keep account of costs relating to the SSES arrangements separate to all other BSC Costs.