

Decision on the Recovery of 2017/18 BSIS

National Grid BSUoS Charging Circular

21st December 2017

This circular provides information on the results of a consultation that we ran for BSUoS (Balancing Services Use of System) participants regarding the recovery of the 2017/18 BSIS (Balancing Services Incentive Scheme), the parameters for which were formally agreed with OFGEM on the 29th November 2017.

We would like to advise everyone that following the consultation we received feedback showing that there was a very clear majority (3 to 1 ratio) of people that expressed an opinion in favour of option 1, which was recovery of the BSIS in the remaining SF runs of the 2017/18 financial year. We will smear the total amount of the incentive over the remaining SF runs yet to be processed this year. These charges will then be reconciled in the usual manner during the RF runs.

Background

The Balancing Services Incentive Scheme (BSIS) provides a focus on key areas where National Grid is able to create value for the industry and consumers by minimising balancing costs and improving the accuracy and provision of information for use by the industry to better facilitate the market.

On April 12th 2017 we advised BSUoS participants that the BSIS for the current 2017/18 financial year had not yet been agreed with Ofgem and that discussions were ongoing. At that time we believed that we would have the scheme parameters agreed and finalised by June this year but unfortunately that wasn't the case.

With no formal agreement in place and with significant changes in the scheme parameters this year we felt unable to reasonably predict the amount we should be recovering/paying from BSUoS participants so this has so far been excluded from our BSUoS calculations and invoicing.

On the 5th Dec 2017 we issued a Charging Circular to BSUoS participants ("**Agreement and Recovery of 2017/18 BSIS**") asking for their preference and feedback on two different recovery options for the BSIS element of the 2017/18 BSUoS scheme. This document was distributed via email to approx. 1,000 contacts from National Grid's distribution lists for BSUoS Charging Circulars, Operational Forum and CUSC issues.

We also posted the circular to the BSUoS news section of our website which can be found by following this link <http://www.nationalgrid.com/bsuos/>

Additional to this and within the document itself we invited BSUoS parties to participate in a webinar that we ran on the 8th December 2017. At this webinar we were able to discuss the BSIS recovery options in more detail as well as answer questions from the industry on the options available, the history of what had happened previously and the plans for next years scheme.

In the original charging circular ("**Agreement and Recovery of 2017/18 BSIS**") issued on the 5th December and during the webinar we asked for feedback by the 15th December 2017 and we would like to thank everyone that has taken the time to send us this feedback and also for those parties that took part in the webinar. It has been demonstrated that there is a desire for engagement regarding BSUoS charging issues and this is something that we will provide more of in future.

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Recovery Method

Option 1 as the chosen method of recovery means that the BSIS amount will be smeared over the remaining SF runs of the 2017/18 financial year.

- Initially smeared over SF runs from settlement day 1st December 2017 to the 31st March 2018 based on metered volumes on those days.
- As per the usual process charges will be reconciled at RF runs (billed between June 2018 and May 2019) based on final volumes as notified by Elexon for settlement days 1st April 2017 to 31st March 2018.
- Invoicing will start on the 28th December which is when the 1st December 2017 Settlement Day is scheduled to be invoiced for the SF run.

BSUoS - Recovery of 2017/18 BSIS from remainder of 2017/18 SF runs.

Initial recovery of the BSIS will take place over the remaining SF runs yet to be billed for the 2017/18 scheme year, from the 1st December 2017 settlement day through to 31st March 2018. These charges will be reconciled at the RF run which will be billed between the Jun 2018 and May 2019.

	Apr-2017	May-2017	Jun-2017	Jul-2017	Aug-2017	Sep-2017	Oct-2017	Nov-2017	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019
2017/18 BSIS ACRUED OVER SETTLEMENT DATES	■	■	■	■	■	■	■	■	■	■	■	■														
SMEAR THE TOTAL OVER REMAINING 2017/18 SF RUNS									■	■	■	■														
FINAL RECONCILIATION OF CHARGES DURING RF RUNS																■	■	■	■	■	■	■	■	■	■	■

BSIS Charges

The BSIS element of the 2017/18 BSUoS scheme was agreed with Ofgem at a “cap and floor” rate of +/-£10m, the current BSIS forecast is £7.754m.

The BSIS value is adjusted on a monthly basis and any adjustments to this amount will be reflected in the remainder of the SF runs yet to be billed post any adjustment.

The amount of BSIS being billed along with any adjustments will be shown in the BCR reports that are available via SFTP for all BSUoS parties. Please contact a member of the team using the details at the end of this circular if you do not have SFTP details to retrieve these reports.

Feedback

During this consultation process we have received a lot of formal and informal feedback and we would like to take this opportunity to once again thank everyone for taking the time to give this feedback.

We are committed to continually improving the experience for BSUoS parties and a lot of valuable insight has been gained which will allow us to improve the experience for our customers in the future.

If you would like to give further feedback on this issue or any other BSUoS related issues please use the details below to get in touch with a member of the team.

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BSUoS Circulars

If you wish to receive BSUoS circulars via email please send an email to BSUoS.Queries@nationalgrid.com asking to be added to our distribution list. Please mark your email with the subject line “**Please ADD me to BSUoS Circulars**”

If you receive BSUoS circulars but no longer wish to do so please email BSUoS.Queries@nationalgrid.com asking to be removed from the distribution list. Please mark your email with the subject line “**Please REMOVE me from BSUoS Circulars**”

Further Questions?

If you have any queries regarding this issue please contact the BSUoS team using the details below:

Email: BSUoS.Queries@nationalgrid.com¹

Tel: 01926 654 613

Website: <http://www.nationalgrid.com/bsuos/>

¹ Please help us keep our records up to date by informing us of any changes in contact details via the email address