

14.30 Calculation of the Daily Balancing Services Use of System charge

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14.30.1 The BSUoS charge payable by customer c, on Settlement Day d, will be calculated in accordance with the following formula:

$$BSUoSOT_{cd} = \sum_{i \in c} \sum_{j \in d} BSUoSOT_{ij}$$

Where:

- i - refers to the individual BM Unit
- j - refers to an individual Settlement Period
- $\sum_{i \in c} \sum_{j \in d}$ - refers to the sum over all BM units 'i', for which customer 'c' is the Lead Party* summed over all Settlement Periods 'j' on a Settlement Day 'd'

14.30.2 The BSUoS tariff for each settlement period is calculated by the following formula:

$$BSUoS_{tariff_j} = \frac{BSUoSOT_j}{TQM_j + SGQM_j}$$

Where:

$BSUoSOT_j$ - refers to the total BSUoS Charge that needs to be recovered for Settlement Period j

TQM_j – refers to the total Transmission Connected Site BM Unit Metered Volume for Settlement Period j minus imports for Settlement Period j to registered CVA storage facilities where those imports are solely for the purposes of operating that Storage Facility

$SGQM_j$ – refers to the Gross Demand BM Unit Volume for Settlement Period j minus imports for Settlement Period j to registered SVA storage facilities where those imports are solely for the purposes of operating that Storage Facility

14.30.3 A Supplier BM Unit's and Export Exempt BM Unit's charge is calculated by the following formula:

$$BSUoSOT_{ij} = BSUoS_{tariff_j} \times SGQM_{ij}$$

14.30.4 All other BSUoS liable customers with a Bilateral Agreement with The Company will have their charge calculated by the following formula:

$$BSUoSOT_{ij} = BSUoS_{tariff_j} \times TQM_{ij}$$

~~minus imports to SVA Storage Facilities or CVA Storage Facilities, as relevant, registered to that BM Unit~~

Interconnector BM Units

14.30.5 BM Unit and Trading Units associated with Interconnectors, including those associated with the Interconnector Error Administrator, are not liable for BSUoS

charges. BM Units, including Secondary BM Units, which are associated with Virtual Lead Parties are not liable for BSUoS charges.

Storage Facilities

- 14.30.6 The BM Units associated with CVA Storage Facilities will not be charged BSUoS against imported volumes where the imports of that BM Unit are solely for the purposes of operating that CVA Storage Facility.
- 14.30.7 Where the BM Unit is a Supplier BM Unit and one or more SVA Storage Facilities are registered to that Supplier BM Unit, the Supplier shall be liable for BSUoS in accordance with 14.30.3, excluding any imports to such SVA Storage Facilities where those imports are solely for the purposes of operating that Storage Facility
- 14.30.8 In all cases, where a facility ceases to be a CVA Storage Facility, the exemption in para 14.30.6 shall no longer apply. The User, shall inform The Company as soon as is reasonably practicable and in any event no fewer than 5 Working Days from the date on which the facility ceased to be a CVA Storage Facility

Total BSUoS Charge (Internal + External) for each Settlement Period ($BSUoS_{TOT_{jd}}$)

- 14.30.9 The Total BSUoS charges for each Settlement Period ($BSUoS_{TOT_{jd}}$) for a particular day are calculated by summing the external BSUoS charge ($BSUoS_{EXT_{jd}}$) and internal BSUoS charge ($BSUoS_{INT_{jd}}$) for each Settlement Period.

$$BSUoS_{TOT_{jd}} = BSUoS_{EXT_{jd}} + BSUoS_{INT_{jd}}$$

External BSUoS Charge for each Settlement Period ($BSUoS_{EXT_{jd}}$)

- 14.30.10 The External BSUoS Charges for each Settlement Period ($BSUoS_{EXT_{jd}}$) are calculated by taking each Settlement Period System Operator BM Cash Flow ($CSOBM_i$) and Balancing Service Variable Contract Cost ($BSCCV_i$) and allocating the daily elements on a MWh basis across each Settlement Period in a day.

$$BSUoS_{EXT_{jd}} = CSOBM_{jd} + BSCCV_{jd} + \left[(IncPayExt_d + BSCCA_d + ET_d - OM_d + BSC_d + SOTOC_d) * (TQM_{ijd} + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij}) \right]$$

Calculation of the daily External Incentive Payment ($IncPayExt_d$)

- 14.30.11 $IncPayExt_t$ is the external incentive payment for the Current **Financial Year**. This amount of this will be determined in line with Transmission Licence Special Condition 4M.
- 14.30.12 For **Financial Year** 2018/19 $IncPayExt_d$ is calculated by dividing $IncPayExt_t$ for **Financial Year** 2018/19 by the amount of days remaining within the current incentive scheme year. $IncPayExt_d$ will be evenly spread and then apportioned by volume as per the current process (14.30.2).

Internal BSUoS Charge for each Settlement Period (BSUoSINT_{jd})

14.30.13 The Internal BSUoS Charges (BSUoSINT_{jd}) for each Settlement Period j for a particular day are calculated by taking the incentivised and non-incentivised SO Internal Costs for each Settlement Day allocated on a MWh basis across each Settlement Period in a day.

$$BSUoSINT_{jd} = \left[(SOPU_d + SOMOD_d + SOEMR_d + SOEMRCO_d + SOTRU_d) * RPIF_t \right] \\ * (TQM_{ijd} + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij})$$

Inclusion of Profiling Factors

14.30.14 Profiling factors have been included to give an effective mechanism for calculating a representative level of the incentive payments to/from The Company according to the time of year. All PFT_k are assumed to be one for the duration of the current external incentive scheme

14.31 Settlement of BSUoS

Settlement and Reconciliation of BSUoS charges

14.31.1 There are two stages of the reconciliation of BSUoS charges described below:

- Initial Settlement (SF)
- Final Reconciliation (RF)

Initial Settlement of BSUoS

14.31.2 The Company will calculate initial settlement (SF) BSUoS charges in accordance with the methodology set out in section 14.30 above, using the latest available data, including data from the Initial Settlement Run and the Initial Volume Allocation Run.

Reconciliation of BSUoS Charges

14.31.3 Final Reconciliation will result in the calculation of a reconciled charge for each settlement day in the scheme year. The Company will calculate Final Reconciliation (RF) BSUoS charges (with the inclusion of interest as defined in the CUSC) in accordance with the methodology set out in section 14.30 above, using the latest available data, including data from the Final Reconciliation Settlement Run and the Final Reconciliation Volume Allocation Run.

Unavailability of Data

14.31.4 If any of the elements required to calculate the BSUoS charges in respect of any Settlement Day have not been notified to The Company in time for it to do the calculations then The Company will use data for the corresponding Settlement Day in the previous week. If no such values for the previous week are available

to The Company then The Company will substitute such variables as it shall, at its reasonable discretion, think fit and calculate Balancing Services Use of System charges on the basis of these values. When the actual data becomes available a reconciliation run will be undertaken.

Disputes

- 14.31.5 If The Company or any customer identifies any error which would affect the total Balancing Services Use of System charge on a Settlement Day then The Company will recalculate the charges following resolution of the error. Revised invoices and/or credit notes will be issued for the change in charges, plus interest as set out in the CUSC. The charge recalculation and issuing of revised invoices and/or credit notes will not take place for any day where the total change in the Balancing Services charge is less than £2000.

Relationship between the Statement of the Use of System Charging Methodology and the Transmission Licence

- 14.31.6 BSUoS charges are made on a daily basis and as such of this Statement sets out the details of the calculation of such charges on a daily basis. Customers may, when verifying charges for Balancing Services Use of System refer to the Transmission Licence which sets out the maximum allowed revenue that The Company may recover in respect of the Balancing Services Activity.
- 14.31.7 The Company has, where possible and appropriate, attempted to ensure that acronyms allocated to variables within the Balancing Services charging software, and associated reporting, match with the acronyms given to those variables used within this statement.

14.31.8 Balancing Services Use of System Acronym Definitions

For the avoidance of doubt “as defined in the BSC” relates to the Balancing and Settlement Code as published from time to time.

EXPRESSION	ACRONYM	Unit	Definition
BETTA Preparation Costs	BI	£	As defined in the Transmission Licence
Balancing Mechanism Unit	BM Unit or BMU		As defined in the BSC
Black Start Costs	BSC	£	As defined in the Transmission Licence (means the allowed revenue from and associated with Black Start services in accordance with paragraph 4G.5 of Special Condition 4G (Black Start Allowed Revenue Cost Incentive))
Balancing service contract costs – non-Settlement Period specific	BSCCA _d	£	Non-Settlement Period specific Balancing Contract Costs for settlement day d less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Balancing Service Contract Cost	BSCC _j	£	Balancing Service Contract Cost from purchasing Ancillary services applicable to a Settlement Period j less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Balancing service contract costs – Settlement Period specific	BSCCV _{jd}	£	Settlement Period j specific Balancing Contract Costs for settlement day d
External Balancing Services Use of System charge	BSUoSEXT _{jd}	£	External System Operator (SO) Balancing Services Use of System charge applicable to Settlement Period j for settlement day d
Internal Balancing Services Use of System charge	BSUoSINT _{jd}	£	Internal System Operator (SO) Balancing Services Use of System charge applicable to Settlement Period j for settlement day d
Balancing Services Use of System tariff	BSUoStariff _j	£/MWh	Tariff for the Balancing Services Use of System charge applicable to Settlement Period j
Total Balancing Services Use of System charge	BSUoSTOT _{cd}	£	The sum determined for each customer, c, in accordance with this Statement and payable by that customer in respect of each Settlement Day d, in accordance with the terms of the Supplemental Agreement

EXPRESSION	ACRONYM	Unit	Definition
Total Balancing Services Use of System charge	BSUoSTOT _j	£	Total Balancing Services Use of System Charge applicable for Settlement Period j
System Operator BM Cash Flow	CSOBM _j	£	As defined in the Balancing and Settlement Code in force immediately prior to 1 April 2001 less any costs incurred within these values relating to Supplementary Balancing Reserve and Demand Side Balancing Reserve
Daily balancing services adjustment	ET _d	£	Is the contribution on Settlement Day, d, to the value of ET _t where ET _t is determined pursuant to part B of Special Condition 4C of the Transmission Licence
Forecast incentivised Balancing Cost	FBC _d	£	Forecast incentivised Balancing Cost for duration of the Incentive Scheme as at settlement day d
Allowed Income Adjustment relating to the SO-TO Code	IAT	£	As defined in the Transmission Licence
External incentive payment	IncPayExt _t	£	As defined in the Transmission Licence.
Daily External incentive payment	IncPayExt _d	£	External Incentive payment for Settlement Day d
Cost associated with the Provision of Balancing Services to others	OM _d	£	Is the contribution on Settlement Day, d, to the value of OM _t where OM _t is determined pursuant to part 2 of Condition AA5A of the Transmission Licence
Outage change allowance amount	ON	£	As defined in the Transmission Licence
BM Unit Metered Volume	QM _{ij}	MWh	As defined in the BSC
Retail Price Index Adjustment Factor	RPIF		As defined in the Transmission Licence
Balancing services deemed costs	RT _d	£	Is the contribution on Settlement Day, d, to the value of RT _t where RT _t is determined pursuant to part 2 of Condition AA5A of the Transmission Licence
Gross Demand BM Unit Volume	SGQM	MWh	The Import data as at the Transmission System Boundary by Settlement Period for Supplier BM Units and Export Exempt BM Units, minus imports for registered SVA storage facilities where those imports are solely for the purposes of operating that Storage Facility , multiplied by the applicable TLM

EXPRESSION	ACRONYM	Unit	Definition
SOEMR Preparation Costs	SOEMR	£	As defined in the Transmission Licence
SOEMR Preparation Costs Adjustment	SOEMRCO	£	As defined in the Transmission Licence
Incremental change from SO Opening Base Revenue Allowance	SOMOD		As defined in the Transmission Licence
SO Opening Base Revenue Allowance	SOPU		As defined in the Transmission Licence
SO-TO funding allowance	SOTOC	£	As defined in the Transmission Licence (means the SO-TO Mechanism cost allowance calculated in accordance with 4C.29 Special Condition 4J (SO-TO Mechanism))
Revenue Adjustment with respect to actual and assumed RPI values	SOTRU		As defined in the Transmission Licence
Tax Allowance	T	£	As defined in the Transmission Licence
Trading Unit Delivery Mode Multiplier			Trading Units as defined in the Balancing and Settlement Code can be either in 'delivering' or 'off taking' mode. If the Trading Unit Delivery Mode of a Trading Unit is 'Delivering' the Trading Unit Delivery Mode Multiplier is +1 for all BM Units within that Trading Unit. If the Trading Unit Delivery Mode of a Trading Unit is 'off taking' the Trading Unit Delivery Mode Multiplier is -1 for all BM Units within that Trading Unit.
Transmission Loss Multiplier	TLM_{ij}		As defined in the BSC
Transmission Connected Site BM Unit Metered Volume	TQM	MWh	The BM Unit Metered Volume for BSUoS liable users with a Bilateral Agreement with The Company, excluding Export Exempt BM Units, which is multiplied by the TLM and Trading Unit Delivery Mode Multiplier
Total System Energy Imbalance Volume	TQE_{ij}	MWh	As defined in the Balancing and Settlement Code in force immediately prior to 1 April 2001

EXPRESSION	ACRONYM	Unit	Definition
Final Reconciliation Settlement Run			As defined in the BSC
Final Reconciliation Volume Allocation Run			As defined in the BSC
Initial Settlement Run			As defined in the BSC
Initial Volume Allocation Run			As defined in the BSC
Lead Party			As defined in the BSC