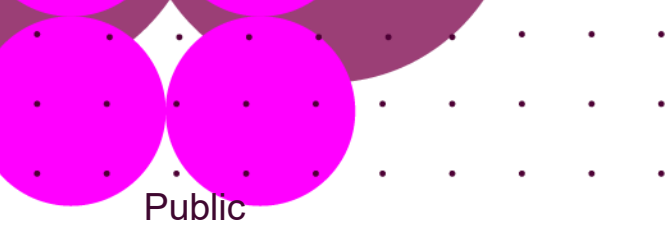


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Introduction to Transmission Losses

Guidance Document
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Contents

What are network losses?.....	3
Why do losses matter when we charge and bill for transmission system usage?	3
How are users affected by transmission losses?.....	3
How are losses accounted for on the transmission network?.....	3
What are the voltages on the networks?	4
How to adjust your BSUoS volumes for transmission losses.....	4
Worked example.....	4
How are losses accounted for on the distribution network?.....	4
Where can I find further information?	5
Contact us	5

What are network losses?

When electrical currents travel on a network, some energy is dissipated in the form of heat and is “lost” due to the electrical resistance in the network. This energy is known as network losses.

The transmission network is the high voltage network which carries electricity from generation to the distribution network, or to large electrical users which are directly connected to the transmission network. The places where the transmission and distribution networks connect are called grid supply points (GSP). Distribution losses happen between a GSP and a household.

Why do losses matter when we charge and bill for transmission system usage?

Our charges are based on the amount of volume that users put on or take off the system, so we need to ensure that we adjust the way we calculate charges to account for any network losses.

- **Balancing Services Use of System (BSUoS)** charges recover the System Operator’s costs of operating the transmission system (we ensure that electricity is balanced on the system).

In the calculation of BSUoS charges, the BSUoS Chargeable Volume is multiplied by TLM multiplied by the fixed tariff. The TLM is produced by Elexon and provided to the System Operator.

- **Transmission Network Use of System (TNUoS)** charges recover the allowed revenues of the Transmission Owners (they own and maintain all the assets on the system). In the calculation of TNUoS charges, metered volumes are not scaled up or down by the TLM.

How are users affected by transmission losses?

Due to network losses, generators must produce more energy to ensure that demand users receive all the energy they need. Rules are in place to make sure that the cost of transmission losses is recovered from all transmission network users in their transmission network charges.

How are losses accounted for on the transmission network?

When calculating how much volume generators or suppliers put on or take off the transmission system, we need to consider overall transmission system losses. Transmission Loss Multipliers help us calculate the adjustment we need to make.

The TLM calculation uses a parameter called the Generation/Demand (G/D) split. This divides transmission losses between generators and demand users. The Current G/D Split ensures 45% of the losses are deducted from the metered volumes of generators, and the remaining 55% of the losses are added to the metered volumes of demand users.

Further details on the calculation of the TLM can be found detailed in the Balancing and Settlement Code, Section T, paragraph 2.

You can find more information on TLMs on Elexon’s webpage:
[https:// www.elexon.co.uk/settlement/transmission-losses/](https://www.elexon.co.uk/settlement/transmission-losses/)

What are the voltages on the networks?

In Great Britain, the transmission network operates at 275kV and 400kV, and in Scotland it also operates at 132kV. Distribution networks operate at 132kV and below.

How to adjust your BSUoS volumes for transmission losses

For each BMU (Balancing Mechanism Unit), its half-hourly metered volume is adjusted for transmission losses, before the BSUoS charge is calculated. The adjustment is done using the TLM factor. TLMs are zone specific.

Worked example

The following formula can be used to calculate the indicative BSUoS charge for a demand unit:

- $BSUoS\ Charge = BSUoS\ Fixed\ Tariff \times (Metered\ Volume \times TLM)$

BSUoS Fixed Tariff (£/MWh)	Metered Volume (MWh)	TLM
10	100	1.02571

The calculation is given below:

$$\begin{aligned}
 &= BSUoS\ Fixed\ Tariff \times (Metered\ Volume \times TLM) \\
 &= 10 \times 100 \times 1.02571 \\
 &= £1025.71
 \end{aligned}$$

How are losses accounted for on the distribution network?

Distribution losses happen between a grid supply point (GSP) and a household. They’re accounted for by Line Loss Factors (LLFs), which are multipliers and are used to scale

energy consumed or generated to account for losses on the UK's Distribution Networks. (<https://www.elexon.co.uk/operational/losses/>)

On the Transmission network, the percentage of network losses is lower than on the distribution network. This is because transporting electricity via a lower current and high voltage causes lower network losses. The transmission network operates at ultra-high voltages to transfer bulk energy across long distances –which minimises losses. However, higher voltages require better electrical insulation which makes the cost of building and maintaining the transmission network more expensive.

Where can I find further information?

- For the full calculation that determines transmission loss allocation, please read BSC Section T, paragraph 2 (<https://bscdocs.elexon.co.uk/bsc/bsc-section-t-settlement-and-trading-charges>)
- Elexon guidance paper on transmission loss allocation - (<https://bscdocs.elexon.co.uk/guidance-notes/transmission-losses>)
- Elexon guide to transmission losses ([https:// www.elexon.co.uk/settlement/transmission-losses/](https://www.elexon.co.uk/settlement/transmission-losses/))
- Elexon guide to Line Loss Factors - (<https://www.elexon.co.uk/operational/losses/>)

Contact us

We hope you found this guidance document useful. If you have any questions, please contact us using the details below.

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