

P361'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units'

This Modification proposes to exclude Interconnector Balancing Mechanism (BM) Units Credit Energy Volumes from Balancing and Settlement Code (BSC) Charges calculations in order to comply with the EU Third Package.



ELEXON recommends P361 is progressed to the Assessment Procedure for an assessment by a Workgroup

This Modification is expected to impact:

- Interconnector Users
- Interconnector Error Administrators
- Any other BSC Party with a non-zero Funding Share
- ELEXON

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About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on **9 November 2017**. The Panel will consider the recommendations and agree how to progress P361.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P361 Proposal Form.



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1 Why Change?



Background

What are BSC Charges?

All costs, expenses and other outgoings of BSCCo are referred to as **BSC Costs**. These costs are recovered from BSC Parties. BSC Parties pay a proportion of the BSC Costs every month, known as **BSC Charges**. [Section D](#) of the BSC details the BSC Charges and their recovery. Appendix 2 contains a diagram to illustrate the BSC funding arrangements and worked examples.

BSC Costs are recovered under two different approaches:-

1. Recover costs on a tariff-style approach, where charges are fixed (subject to periodic reviews) to a per unit price. These charges are known as the **Total Specified BSC Charges**.
2. Recover costs based on a Parties market share.

Tariff-Style Approach (Specified Charges)

Total Specified Charges are made up of:

- Main Specified Charges: Parties pay a monthly fixed amount for various services on a tariff style basis. Examples include a monthly BSC subscription charge and a monthly Balancing Mechanism (BM) Unit charge;
- Supplier Volume Allocation (SVA) Specified Charges: Payable only by Suppliers for each of their SVA Metering Systems (account for half of SVA Costs, which cover the operational aspects of the SVA system. Generators pay the other half via the Production Charging SVA Costs – see below); and
- Further Charges: Any ad-hoc additional services required by any provision of the BSC or a Code Subsidiary Document (CSD), with prior approval from the Panel.

Market Share Approach (Funding Shares)

Funding Shares are calculated using Parties:

1. energy volumes (MWh)

A Party's BSC Charges are calculated using its **Main Funding Share** and its **SVA (Production) Funding Share**. Both are calculated using a Party's energy volumes.

Generators pay the **Production Charging SVA Costs** based on the SVA (Production) Funding Share, which is calculated using the total Credited Energy Volumes for Production BM Units. These costs account for the other half of the SVA Costs. Suppliers pay the other half of SVA Costs via the SVA Specified Charges.

All other BSC Costs are recovered from **Net Main Costs** using a Party's Main Funding Share. A Party's Main Funding Share is equivalent to its market share, calculated for each BSC Party using their generation or supply in the last month.

2. proportion of their BSC Charges (£)

BSC Guidance

For more information on BSC Charges and Funding Shares please see the Funding Share guidance document:

<https://www.elexon.co.uk/guidance-note/funding-shares/>

For more information on BSC Interconnector Trading, please see the guidance document:

<https://www.elexon.co.uk/guidance-note/interconnector-trading/>

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A **General Funding Share** is calculated using a Party's share of the total BSC Charges. It calculates a percentage share of the total Net Main Costs, Production Charging SVA Costs, and Specified Charges. The General Funding Share is used in the payment Default process and in calculating an Annual Funding Share. The Annual Funding Share is an average of the General Funding Share, on a rolling 12 month basis. This is used to calculate the Voting Share for Trading Parties.

Occasionally a Party defaults on its payments, and leaves its share unpaid. This 'bad debt' or **Default Costs** is reallocated among the other Parties using a **Default Funding Share**. A Default Funding Share is calculated as a proportion of the total defaulted amount for non-defaulting Parties.

Each month a Party must pay its:

- Total Specified Charges;
- Monthly Net Main Costs via the Main Funding Share; and
- Monthly Production Charging SVA Costs via the SVA (Production) Funding Share.

For the financial year 2016/2017, BSC Costs were recovered:

- 79% via Funding Shares;
- 21% via Specified Charges.

Determination of Interconnector Metered Volumes

The BSC¹ defines an Interconnector as the transmission apparatus used to transfer electricity to or from the Great Britain (GB) Total System², to or from an electricity network outside of GB operated in another country. BSC Parties wishing to trade energy that is transferred over the Interconnector must register themselves as an Interconnector User. Interconnector Users are always allocated a pair of Interconnector Balancing Mechanism (BM) Units:

- A Production BM Unit for electricity entering the GB Total System; and
- A Consumption BM Unit for electricity being taken off the GB Total System.

For each Settlement Period, a Metered Volume is only ever allocated to either the Production or the Consumption Interconnector BM Unit, as any imports and export are netted and the difference applied to the relevant BM Unit.

Appendix 3 illustrates the allocation of BM Unit Metered Volumes to Interconnector BM Units.

Interconnector Administrators

Each Interconnector will have an Interconnector Administrator and an Interconnector Error Administrator. Each Interconnector User provides the Interconnector Administrator with a copy of its Physical Notification for each Settlement Period by Gate Closure.

¹ Section Annex X-1

² The Total System is made up of the Transmission and Distribution Systems that are covered by the BSC



What are Interconnected System Operators?

An Interconnected System Operator (ISO) is responsible for the Exports and Imports at an Interconnector Boundary Point, the point at which an Interconnector is connected to a either a Transmission System or a Distribution System. The flows of energy imported or exported by an Interconnector are recorded by the relevant Metering Systems. These volumes are notified to the relevant Interconnector Administrator by the ISO.

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The Interconnector Administrator will allocate Metered Volumes to each Interconnector User's BM Unit based on the notifications from the Interconnector Users, having regard for the total Active Energy Flow over the Interconnector, as provided by the Interconnected System Operator.

This means that the Metered Volumes are 'deemed volumes' and may not necessarily match the volume provided by the Interconnector. For example, the volumes may be changed to accommodate operational issues such as a failure or a reduction in capacity of the Interconnector.

Interconnector Error Administrators

The Interconnector Administrator will also aggregate all deemed Metered Volumes for a given Settlement Period to give a total volume. The Interconnector Administrator will then compare the total volume of deemed volumes with the actual Metered Volume (the physical flows over the Interconnector), as metered at the point the Interconnector connects to the GB Total System. Any difference between the two will be allocated to the Interconnector Error Administrator.

As with all other Trading Parties, the difference between an Interconnector User's (and Interconnector Error Administrators) Imports or Exports (adjusted for Transmission Losses) and their total Notified Energy Contract Volume represents the Energy Imbalance Volumes. These volumes are multiplied by the System Price to calculate a Parties Trading Charges.

What BSC Costs do Interconnectors pay?

BSC Parties with Interconnector BM Units currently pay all of the BSC Charges detailed above. This includes Specified Costs for things like the number of BM Units, the number of Central Volume Allocation (CVA) Metering Systems, BSC Subscription and charges based on Funding Shares. Typically the biggest charges calculated using a Funding Share will be the Net Main Costs (72% of total BSC Costs for 2016/2017 for all BSC Parties).

EU Legislation

The European Union (EU) Third Package came into force on 3 September 2009, which supersedes national legislation in member states, including GB. Under the EU Third Package regulation on conditions for access to the network for cross-border exchanges in electricity ([EC 714/2009](#)), Interconnectors are treated as a part of the Transmission System.

The EU Third Package also created a regulatory framework to support the development and implementation of European-wide Energy Network Codes and guidelines, which form a legally binding set of common technical and commercial rules and obligations that govern access to and use of the European energy networks.

One of the Energy Network Codes, the [Capacity Allocation and Congestion Management \(CACM\)](#), came into force on 15 August 2015. The CACM governs the establishment of cross-border EU electricity markets in the day-ahead and intraday timeframes (known as single day ahead and intraday coupling), as well as methods for the calculation of interconnection capacity.

Amongst other things, CACM requires that nominated electricity market operators (NEMOs) are designated by the National Regulatory Authority (NRA) in each member state. Ofgem is the NRA in GB and has designated two NEMOs in GB, ECC European Commodity Clearing AG (which is a child company of EPEX SPOT SE) and Nord Spot Pool AS. From a BSC perspective NEMOs are classified as Interconnector Users.

Implicit and Explicit Trading

Interconnector owners offer capacity to Interconnector Users via implicit or explicit auctions in accordance with the CACM. Capacity is purchased for a particular direction on the Interconnector. Further, Interconnector Users can trade energy over an Interconnector through implicit and explicit auctions at day ahead or intraday timescales.

Explicit auctions allow participants to purchase the right to utilise capacity on the Interconnector from intraday to long term timescales. Auction participants submit bids in £/MWh for the number of MW they want. Successful bidders pay the auction clearing price and have 'explicit' visibility with the capacity that they have purchased.

Implicit auctions enable available capacity to be indirectly purchased on the intraday markets and day ahead via power exchange auctions. NEMOs operate the power exchanges for cross-border trading. The capacity is made available within the spot price mechanism in the relevant power exchange, rather than to individual users (as in explicit auctions).

The implicit auction methodology is known as 'market coupling'. Successful bidders do not have visibility of who they have traded with or where the traded power originates/is delivered. The implicit trades will be notified by NEMOs to the Interconnector Administrator, who will allocate the volumes to the NEMOs Interconnector BM Units.

It should be noted that NEMOs have no control over the volumes allocated to their BM Units as it varies depending on the capacity available after explicit trading has occurred and the price differential between the interconnected markets. The volumes are an output of an algorithm that they run as a NEMO.

What is the issue?

For the purposes of calculating BSC Charges, Interconnector BM Units in GB are currently treated as either a Production BM Unit (generation) or Consumption BM Unit (demand), equivalent to being treated the same way as generators or Suppliers. The BSC Charges derived from Credited Energy Volumes are paid for by all BSC Parties having Production and Consumption BMUs with non-zero Metered Volumes, including Interconnector Users. Under the EU Third Package (Article 2 of Regulation 714/2009) they should be treated as part of the Transmission System and not as Production or Consumption.

The application of BSC Charges to cross-border flows creates a differential between:-

- those trades that facilitate competition within a national market; and
- pan European trades that facilitate competition across a single European electricity market.

Efficient trading between GB and other Member States is therefore compromised. This has the effect of reducing the number of occasions where potentially beneficial trades could have taken place and therefore conflicts with the EU Third Package objectives.



What are Physical Notifications?

Physical Notifications are a notification made by a Lead Party for a BM Unit and Settlement Period to the Transmission Company of the expected level of Export or Import for that BM Unit and Settlement Period.

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Furthermore, the flow of energy across these interconnectors is determined by a central algorithm, which takes into account the local areas order book and the available interconnector capacity between two bidding areas. The results of this calculation will determine the area price and direction of flow across the Interconnector.

The BSC Costs of the GB Interconnectors cannot be included as a factor in the calculations. This means that in market coupling optimisations the shipping paths along Interconnectors connected to GB have add on costs which other European Interconnectors do not normally have.

This is not in line with the goals of the EU Third Package that aims to deliver a well-functioning internal market in electricity e.g. more cross-border trade, so as to achieve efficiency gains, competitive prices, and higher standards of service, and to contribute to security of supply and sustainability.

Previous similar BSC Modifications

Two previous BSC Modifications have been raised to address a similar issue raised in P361.

[P278 'Treatment of Transmission Losses for Interconnector Users'](#) was raised by National Grid to always apply a fixed Transmission Loss Multiplier of 1 to Interconnector BM Units, so that the BSC does not adjust Interconnector BM Unit's Metered Volumes for GB transmission losses. The Proposer argued that, the BSC's allocation of GB transmission losses to Interconnector Users could be seen as charging for those GB transmission losses which occur as a result of hosting cross-border flows and therefore in conflict with the EU Third Package. Ofgem approved P278 on 1 May 2012, and was implemented on 29 November 2012.

[P285 'Revised treatment of RCRC for Interconnector BM Units'](#) was raised by National Grid to exclude Interconnector BM Units from Residual Cashflow Reallocation Cashflow (RCRC) charges / payments in consequence to [Connection Use of System Code \(CUSC\) Modification Proposal \(CMP\) 202](#). CMP202 removed Balancing Service Use of System (BSUoS) charges from Interconnector BM Units as BSUoS charges were perceived as a barrier to cross-border trades across Interconnectors in conflict with the EU Third Package. The P285 Proposer argued there was an anomalous situation where Parties were liable for RCRC charges / payments from the Settlement imbalance process but were not liable for BSUoS charges / payments that include the cost to the System Operator of resolving those imbalances. Ofgem approved P285 on 23 January 2013 and was implemented on 7 June 2013.

Proposed solution

This Modification seeks to amend the BSC to exclude Interconnector BM Units from the Main Funding Share and the SVA (Production) Funding Share so that Parties with Interconnector BM Units are not liable for Net Main Costs and Production Charging Net SVA Costs derived from Interconnector BM Unit Credited Energy Volumes.

The Proposer's solution is currently targeting Net Main Costs and Production Charging SVA Costs only. However, they would like the Workgroup to consider whether any other BSC Charges, that use a Parties Metered Volumes, should be addressed by P361.

Applicable BSC Objectives

The Proposer believes P361 would better facilitate **Applicable BSC Objectives (c), (d), and (e)** compared with the existing baseline for the reasons set out below:

Proposer views against Objectives (c)

Removing Interconnector BM Units from the BSC Charging methodologies will promote competition by lowering the barrier to Interconnector Users to enter the UK market and facilitating cross border trade as no unforeseen and volatile BSC Costs for shipping flows is needed to be managed and accounted for.

Proposer views against Objectives (d)

P361 will facilitate efficient cross border trade instead of being seen as any other producer and/or consumer being liable for BSC Costs. This will also lower the barrier for Interconnector Users to enter the UK Market and implement the Balancing and Settlement arrangements.

Proposer views against Objectives (e)

Treating Interconnector flows as part of the overall transmission infrastructure instead of Production or Consumption will better align with the goals of the EU Third Package.

Implementation approach

The Proposer is concerned that they may be exposed to adverse BSC Charges deriving from the Funding Shares, during the upcoming BSC Winter Season, which could have a significant commercial impact on their ability to operate as a NEMO. The Proposer considered requesting that this Proposed Modification be treated as an Urgent Modification Proposal. However, the Proposer recognises that the solution requires further assessment by a Workgroup, but reserves the right to request Urgency in the future.

The Proposer contends that the implementation of the Proposed Modification should be achieved as quickly as possible to minimise the impact on Interconnector Users, particularly NEMOs, and ensure compliance with the EU Third Package.



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

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The Proposer has asked ELEXON if a workaround or a solution applied retrospectively would be possible to minimise the impact. ELEXON has explained that both of these suggestions are possible but come with their own set of challenges. ELEXON has advised the Proposer that until a detailed solution has been agreed and the impact of that solution fully understood, a workaround and retrospection would not be appropriate. ELEXON suggested to the Proposer that these topics can be raised with the Workgroup if they feel progress or the implementation approach does not progress as expected.

The Proposer has requested an implementation as part of **the November 2018** BSC Release.

3 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P361. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

BSC Charges

The Proposer is currently looking to amend the calculation of the Net Main Costs and Production Charging SVA Costs, as both of these costs use Credited Energy Volumes from Interconnector BM Units and account for the majority of their BSC Charges. However, they recognise that the issue, as a principle, may apply to other BSC Charges that use a parties volumes , such as Notified Volume Charges, and would like the Workgroup to consider what other BSC Charges should be amended to address the issue.

Impacts

The types of BSC Charges and the mechanism to exclude Interconnector BM Units will determine the impact on both ELEXON's systems and processes and on BSC Parties. For example, the Main Funding Share is also used to determine BSC Parties voting rights. If only the Main Funding Share and SVA (Production) Funding Share calculations are amended then the impact will be limited to ELEXON' Funding Share System. However, if, for example, it's decided that BSC Parties with Interconnector BM Units should also not pay Notified Volume Charges this could impact the Energy Contract Volume Aggregation Agent (ECVAA) systems. Careful consideration of the impact on the inputs and outputs to the Funding Share System (FSS) will be needed, including any changes to reports or data flows.

Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P361:

Areas to Consider
For any calculations of BSC Charges that that use energy volumes or Funding Shares, how should Interconnector BM Units be treated?
What BSC Charges should Parties with Interconnector BM Units pay in order to be consistent with the EU Third Package?
What impact will removing Interconnector BM Units from the Funding Share calculations have and is this appropriate? For example, impact on a Party's voting rights under the BSC.
How should Interconnector Users not subject to the CACM (i.e. non-EU countries) be treated?
How should Interconnector BM Units be excluded from BSC Charges?
What changes are needed to BSC documents, systems and processes to support P361 and what are the related costs and lead times?
What is the best way to exclude Interconnector BM Units from BSC Charges?

Areas to Consider
Are there any Alternative Modifications?
Should P361 be progressed as a Self-Governance Modification?
Does P361 better facilitate the Applicable BSC Objectives than the current baseline?

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Next steps

We recommend that P361 is progressed to a six month Assessment Procedure for consideration by a Workgroup. For rationale behind this recommendation, please see the timetable section below.

Self-Governance

The Proposer is requesting that P361 is **not** progressed as a Self-Governance Modification as they anticipate that this Modification will have a material impact on competition in the generation, distribution, or supply of electricity, as well as potentially impact commercial activities connected with the generation, distribution, or supply of electricity (Self-Governance criteria (ii)). This is on the basis that this Modification Proposal will exclude Interconnector BM Unit Metered Volumes from the BSC Charges calculations. In effect this will mean Parties that do not have Interconnector BM Units will pick up a larger share of the BSC Costs charged via Funding Shares.

Workgroup membership

We recommend that the P361 Workgroup comprise of participants who are involved with Interconnectors, including NEMOS, or have knowledge of BSC systems or processes in relation to Section D charging, Interconnectors and the EU Third Package.

Timetable

We recommend that P361 undergoes a six month Assessment procedure, with the Assessment Report being presented to the Panel at its meeting on 10 May 2018. However, if the solution develops such that further analysis or solution development is required an extension to the Assessment Procedure will be needed. Conversely, if P361 progresses quicker than anticipated, we will seek to bring the Assessment Report back to an earlier Panel meeting.

The proposed timetable provides for development of the solution and completion of any supporting analysis required. This will include:

- Any changes required to the BSC and BSC Central Systems;
- Development of legal text and business requirements;
- The progression of other Modifications in Assessment Procedure; and
- The Christmas and New Year period.

Currently the progression timetable assumes that a joint industry impact assessment and Assessment Procedure Consultation will be held.



What is the Self-Governance Criteria?

A Modification that, if implemented:

- (a) is unlikely to have a material effect on:
 - (i) existing or future electricity consumers; and
 - (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
 - (iii) the operation of the national electricity transmission system; and
 - (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - (v) the Code's governance procedures or modification procedures; and
- (b) is unlikely to discriminate between different classes of Parties.

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Proposed Progression Timetable for P361	
Event	Date
Present Initial Written Assessment to Panel	9 Nov 17
Workgroup Meeting 1	W/B 4 Dec 17
Workgroup Meeting 2	W/B 19 Feb 18
Assessment Procedure Consultation and Industry Impact Assessment	12 Mar 18 – 30 Mar 18
Workgroup Meeting 3	W/B 9 Apr 18
Present Assessment Report to Panel	10 May 18
Report Phase Consultation	14 May 18 – 1 Jun 18
Present Draft Modification Report to Panel	14 Jun 18
Issue Final Modification Report to Authority	21 Jun 18

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5 Likely Impacts

This is our initial view of the probable impacts of this Modification. The detailed impact of the Modification will be fully assessed as part of the Assessment Procedure.

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
BSC Parties with Interconnector BM Units	P361 proposes to reduce BSC Charges for these BSC Parties. No system or process impacts are anticipated.
All other BSC Parties with a non-zero Funding Share	BSC Charges will be increased for these Parties, as the BSC Charges paid by BSC Parties with Interconnector BM Units will be smeared across all other BSC Parties. No system or process impacts are anticipated.

Impact on Transmission Company

No impact anticipated.

Impact on BSCCo

Area of ELEXON	Potential Impact
Finance	Changes will be required to the BSC billing processes and systems. ELEXON will need to update its guidance document on Funding Shares and any BSC Simple Guides for impacted BSC Sections. ELEXON will need to implement this Modification Proposal.

Impact on BSC Systems and processes

BSC System/Process	Potential Impact
Funding Share System	Changes will be required to this system.

Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Potential Impact
CGI	Implementing changes to FSS

Impact on Code

Code Section	Potential Impact
Section D	Changes to the BSC Charges calculations will be required.

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Impact on Code Subsidiary Documents	
CSD	Potential Impact
No impacts identified at this stage.	

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	None anticipated.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
<p>We do not believe this Modification will impact the two open SCRs:</p> <ul style="list-style-type: none"> Electricity Settlement Reform Targeted Charging Review <p>The Proposer requests that this Modification be exempt from the Significant Code Review process.</p> <p>Ofgem was notified that this Modification was to be raised on 23 October 2017 and that it was ELEXON and the Proposer's view that this Modification should be a SCR Exempt Modification Proposal.</p>

Impact on Consumers
No direct impact identified.

Impact on the Environment
No direct impact identified.

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6 Recommendations

We invite the Panel to:

- **AGREE** that P361 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P361 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BMU	Balancing Mechanism Unit
BSC	Balancing and Settlement Code
BSUoS	Balancing Service Use of System
CACM	Capacity Allocation and Congestion Management
CSD	Code Subsidiary Documents
CVA	Central Volume Allocation
EU	European Union
FSS	Funding Share System
GB	Great Britain
IWA	Initial Written Assessment
RCRC	Residual Cashflow Reallocation Cashflow
NEMO	Nominated Electricity Market Operators
NRA	National Regulatory Authority
SCR	Significant Code Review
SVA	Supplier Volume Allocation

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	BSC Section D	https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/
3	Funding Share guidance document	https://www.elexon.co.uk/guidance-note/funding-shares/
3	Interconnector Trading guidance document	https://www.elexon.co.uk/guidance-note/interconnector-trading/
5	EU Third Package - EC 714/2009	https://publications.europa.eu/en/publication-detail/-/publication/924a1d7c-1961-4421-be9e-3c740524436e/language-en

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External Links		
Page(s)	Description	URL
5	Capacity Allocation and Congestion Management (CACM)	http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015R1222
6	Modification Proposal P278	https://www.elexon.co.uk/mod-proposal/p278-treatment-of-transmission-losses-for-interconnector-users/
7	Connection Use of System Code (CUSC) Modification Proposal (CMP) 202	http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/Concluded-201-250/
7	Modification Proposal P285	https://www.elexon.co.uk/mod-proposal/p285/

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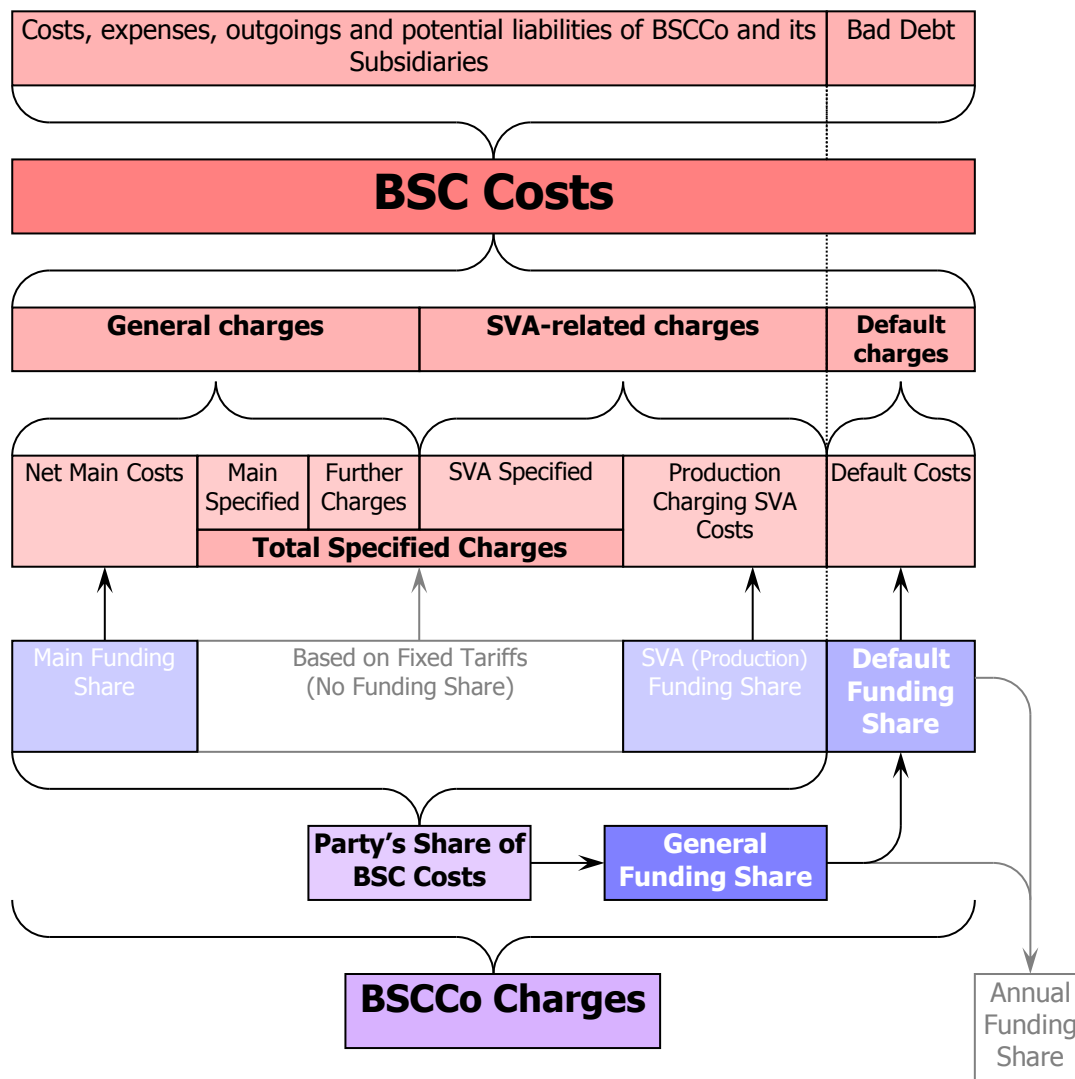
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Appendix 2: BSC Charges Diagram and Worked Examples



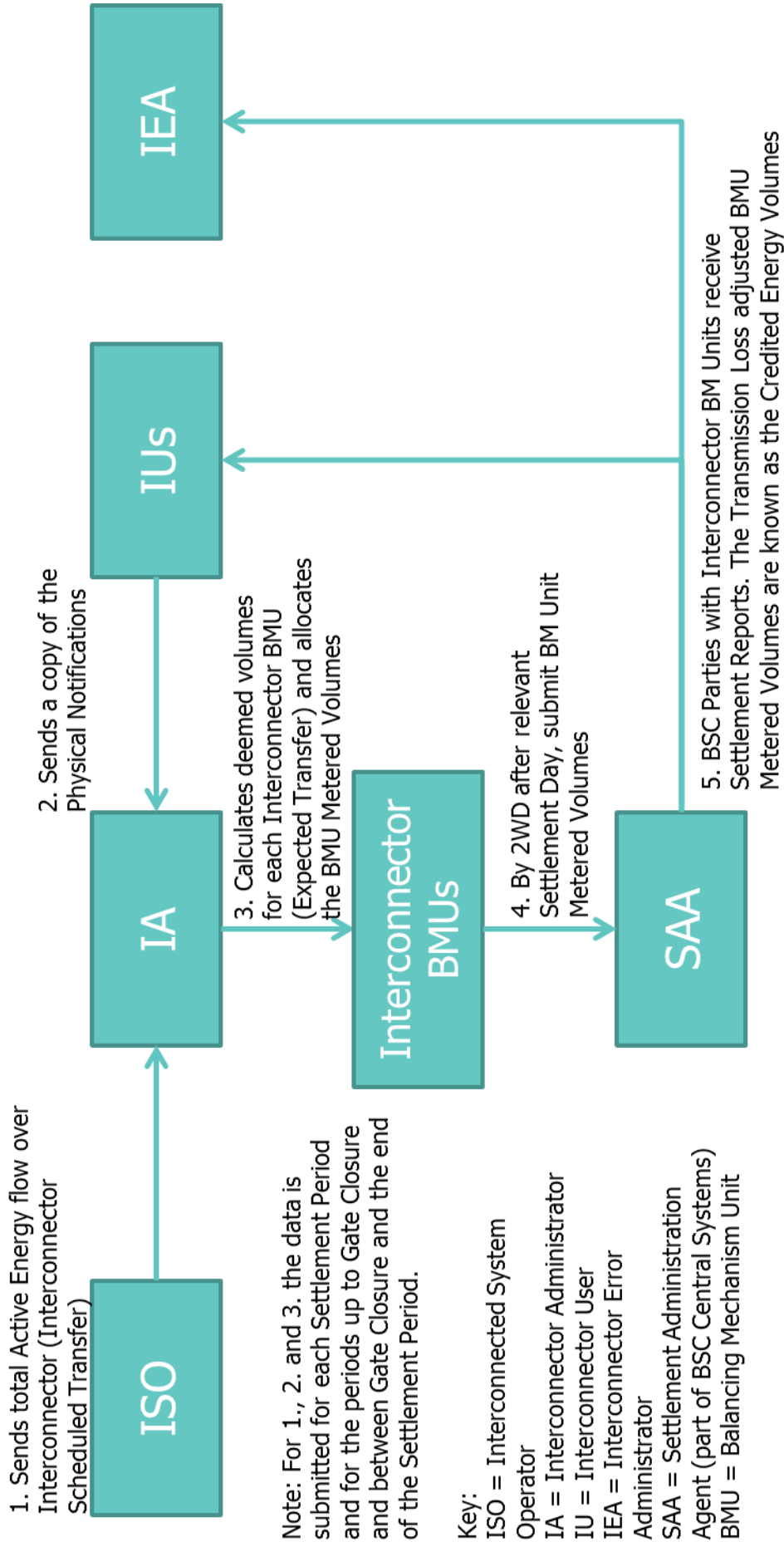
Main Funding Share Worked Example

So if a Party has 200MWh credited to their Production account, and there is 20,000MWh credited overall to Production, the Party has $200/20,000$ of the Production QCE, which is 0.01 or 1%. Say they also have 0.03 or 3% of the Consumption QCE then their Main Funding Share would be $(0.01+0.03)/2$, which is 0.02 or 2%. As a result, the Party would pay 2% of the money counted as the Net Main Costs.

SVA (Production) Funding Share

Continuing the above example, the Party has 200MWh of energy in their Production account, out of a total of 20,000MWh. As a result, their SVA (Production) Funding Share would be $200/20,000$, which is 0.01 or 1%, and they would therefore pay 1% of the month's Production Charging SVA costs.

Appendix 3: Allocation of BM Unit Metered Volumes to Interconnector BM Units



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