# CUSC - SECTION 14

# CHARGING METHODOLOGIES

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# Section 2 – The Statement of the Balancing Services Use of System Charging Methodology

## 14.29 Principles

14.29.1 The Transmission Licence allows The Company to derive revenue in respect of the Balancing Services Activity through the Balancing Services Use of System (BSUoS) charges. This statement explains the methodology used in order to calculate the BSUoS charges.

14.29.2 The Balancing Services Activity is defined in the Transmission Licence as the activity undertaken by The Company as part of the Transmission Business including the operation of the transmission system and the procuring and using of Balancing Services for the purpose of balancing the transmission system.

14.29.3 The Company keeps the electricity system in balance (energy balancing) and maintains the quality and security of supply (system balancing). The Company is incentivised on the procurement and utilisation of services to maintain the energy and system balance and other costs associated with operating the system. Users pay for the cost of these services and any incentivised payment/receipts through the BSUoS charge.

14.29.4 All CUSC Parties acting as Generators and Suppliers (for the avoidance of doubt excluding all BMUs and Trading Units associated with either Interconnectors or Virtual Lead Parties) are liable for Balancing Services Use of System charges based on their energy taken from or supplied to the National Grid system in each ~~half-hour~~ Settlement ~~Period~~Day.

~~14.29.4~~14.29.5 BSUoS Charges are calculated on a fixed price basis as described in Section 14.30.

~~14.29.5~~14.29.6 BSUoS charges comprise the following costs:

(i) The Total Costs of the Balancing Mechanism
(ii) Total Balancing Services Contract costs
(iii) Payments/Receipts from The Company's incentive schemes
(iv) Internal costs of operating the System
(v) Costs associated with contracting for and developing Balancing Services
(vi) Adjustments
(vii) Costs invoiced to The Company associated with Manifest Errors and Special Provisions.
(viii) BETTA implementation costs
(ix) Financing and administrative costs, as agreed by The Authority, associated with the management of the Covid Support Scheme in 14.30.28~~142~~

# 14.30 Calculation of the Daily Balancing Services Use of System charge

## Calculation of the Daily Balancing Services Use of System charge

14.30.1 BSUoS Charges are calculated and levied for each Settlement Day based on the Fixed BSUoS Price.

14.30.2 The Fixed BSUoS Price will be the same for all Settlement Days within the same Fixed Price Period, unless a revised Fixed BSUoS Price comes into effect as outlined in Paragraph 14.30.21.

14.30.3 The Fixed BSUoS Price is made up of the forecast average Total BSUoS Costs and the Industry BSUoS Fund.

## Calculation of forecast Total BSUoS Costs

14.30.4 The forecast average Total BSUoS Costs for a Fixed Price Period t (fBSUoSTOTt) are calculated using the following formula:

$$fBSUoSTOT_t = fBSUoSEXT_t + fBSUoSINT_t + kb_t$$

Where:

$fBSUoSTOT_t$ = forecast average Total BSUoS Costs associated with BSUoS for the Fixed Price Period t

$fBSUoSEXT_t$ = forecast External BSUoS Costs. The terms which make up External BSUoS Costs are set out in Paragraph 14.30.26

$fBSUoSINT_t$ = forecast Internal BSUoS Costs. The terms which make up Internal BSUoS Costs are set out in Paragraph 14.30.27

$kb_t$ = the amount included in the Fixed BSUoS Price for Fixed Price Period t, to account for any over or under recovery from previous Fixed Price Periods. For the first Fixed Price Period (t=0) this amount is zero.

14.30.5 The amount included to account for over or under recovery, described in Paragraph 14.30.4, is calculated by subtracting the forecast revenue collected via the Fixed BSUoS Price allocated to Total BSUoS Costs in Fixed Price Periods prior to Fixed Price Period t, from the latest forecast of Total BSUoS Costs, as calculated by applying the latest values to the formula in Paragraph 14.30.4, for those same Fixed Price Periods prior to Fixed Price Period t. This is inclusive of any ~~estimated~~forecasted revenue collected from Final Reconciliation (RF) BSUoS Charges, pursuant to Paragraph 14.31.4.

14.30.6 The process described in Paragraph 14.30.5 does not apply to Final Reconciliation (RF) BSUoS Charges for Settlement Days which occur before the start of the first Fixed Price Period, on 1st April 2023.

## Calculation of Industry BSUoS Fund

14.30.7 The Industry BSUoS Fund requirement for the Fixed Price Period t is calculated by the following formula:

$$IBSUoSFUND_t = BSUoSvar_t - BWCF - fBSUoSEXT\cancel{TOT_t} - fBSUoSINT_t - IBSUoSFUND_{t-1}$$

Where:

$IBSUoSFUND_t$ = Industry BSUoS Fund requirement for the Fixed Price Period t.

$BSUoSvar_t$ = The forecast BSUoS Charges required to cover ninety-nine percent of scenarios forecast for Fixed Price Period t

BWCF = The BSUoS Working Capital Facility

fBSUoSEXT~~TOT~~t = The forecast average ~~Total~~External BSUoS Costs for the Fixed Price Period t

fBSUoSINTt = The forecast average Internal BSUoS Costs for the Fixed Price Period t

$IBSUoSFUND_{t-1}$ = The forecast of the amount held in the Industry BSUoS Fund at the end of the Fixed Price Period before t, which is denoted as 't-1'. For the first Fixed Price Period (t=1), this term will be zero.

## Provisions for Industry BSUoS Fund

14.30.8 The Industry BSUoS Fund is held in a ringfenced account. Any interest generated by the Industry BSUoS Fund will be included as part of the Industry BSUoS Fund.

14.30.9 The Industry BSUoS Fund will only be used by The Company, to pay for Balancing Services Activity, in the event that insufficient revenue is collected through the forecast average Total BSUoS Costs component of the Fixed BSUoS Price to pay for Balancing Services Activity and the BSUoS Working Capital Facility has been used in its entirety.

14.30.10 One hundred percent of the Industry BSUoS Fund requirement for a Fixed Price Period will be collected within that Fixed Price Period, except where the Industry BSUoS Fund is at zero pounds (or where The Company determines otherwise following industry consultation) at the start of a Fixed Price Period. Where the Industry BSUoS Fund is at zero pounds (or where The Company determines otherwise following industry consultation), only fifty percent of the Industry BSUoS Fund requirement as calculated in Paragraph 14.30.7 will be collected as an element of the Fixed BSUoS Price in that Fixed Price Period.

## Calculating the Fixed BSUoS Price

14.30.11 The Fixed BSUoS Price for each Fixed Price Period t is calculated by the following formula:

$$FixedBSUoSP_t = \frac{fBSUoSTOT_t + IBSUoSFUND_t}{fTQM_t + fSGQM_t}$$

Where:

$FixedBSUoSP_t$ = the Fixed BSUoS Price for the Fixed Price Period t

$fBSUoSTOT_t$ = forecast average Total BSUoS Costs for the Fixed Price Period t

$IBSUoSFUND_t$ = Industry BSUoS Fund requirement for the Fixed Price Period t as calculated in Paragraph 14.30.7

$fTQM_t$ = forecast of the total Transmission Connected Site BM Unit Metered Volume during the Fixed Price Period t

$fSGQM_t$ = forecast of the total Gross Demand BM Unit Volume during the Fixed Price Period t

**Notice of Fixed BSUoS Price**

14.30.12 Users are given a notice period of at least three months of the Fixed BSUoS Price, for the next Fixed Price Period.

**Calculation of BSUoS Charges for BM Units**

14.30.13 The Total BSUoS Charges for an individual BM Unit are calculated for each Settlement Day, denoted by d, based on the BM Unit's metered volumes for each Settlement Period, denoted by j, and based on the Fixed BSUoS Price.

14.30.14 Supplier BM Units and Exempt Export BM Units, prefixed by i, have their Total BSUoS Charges calculated by the following formula:

$$BSUoSTOT_{id} = FixedBSUoSP_d * \sum_{j \in d} SGQM_{ij}$$

Where:

$BSUoSTOT_{id}$ = the Total BSUoS Charges for a Supplier or Exempt Export BM Unit i, on Settlement Day d

$FixedBSUoSP_d$ = the Fixed BSUoS Price on Settlement Day d.

$SGQM_{ij}$ = the Gross Demand Supplier or Exempt Export BM Unit Volume for a Supplier or Exempt Export BM Unit i for Settlement Period j

14.30.15 All Transmission Connected BM Units, prefixed by m, have their Total BSUoS Charges calculated by the following formula:

$$BSUoSTOT_{md} = FixedBSUoSP_d * \sum_{j \in d} TQM_{mj}$$

Where:

$BSUoSTOT_{md}$ = the Total BSUoS Charges for a Transmission Connected BM Unit m on Settlement Day d

$FixedBSUoSP_d$ = the Fixed BSUoS Price on Settlement Day d.

$TQM_{mj}$ = the total Transmission Connected Site BM Unit Metered Volume for a Transmission Connected BM Unit m for Settlement Period j

## Calculation of BSUoS Charges for a BSUoS liable customer

14.30.16 The BSUoS Charges for a BSUoS liable customer c on a Settlement Day d will be calculated by the following formula:

$$BSUoSTOT_{cd} = \sum_{i,m \in c} (BSUoSTOT_{id} + BSUoSTOT_{md})$$

Where:

$BSUoSTOT_{cd}$ = the Total BSUoS Charges for a BSUoS liable customer c on ~~a~~ Settlement Day d

$BSUoSTOT_{id}$ = the Total BSUoS Charges for a Supplier or Exempt Export BM Unit i on Settlement Day d

$BSUoSTOT_{md}$ = the Total BSUoS Charges for a Transmission Connected BM Unit m on Settlement Day d

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

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

~~Where:~~

~~i – refers to the individual BM Unit~~

~~j – refers to an individual Settlement Period~~

~~$\sum_{j \in d}$ – 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:~~

$$BSUoStariff_j = \frac{BSUoSTOT_j}{TQM_j + SGQM_j}$$

~~Where:~~

~~$BSUoSTOT_j$ – 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~~

~~$SGQM_j$ – refers to the Gross Demand BM Unit Volume for Settlement Period j~~

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

~~* or CUSC party associated with the BMUnits (listed in Appendix C of the BEGA) who is exempt from also being a BSC Party~~

$$BSUoSTOT_{ij} = BSUoStariff_j \times SGQM_{ij}$$

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

$$BSUoSTOT_{ij} = BSUoStariff_j \times TQM_{ij}$$

~~**Interconnector BM Units**~~

**Interconnector BM Units**

~~14.30.1~~14.30.17 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**

~~14.30.2~~14.30.18 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.

~~14.30.3~~14.30.19 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.

14.30.20 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 more than 5 Working Days from the date on which the facility ceased to be a CVA Storage Facility.

**Issuing a revised Fixed BSUoS Price**

14.30.21 If before or during a Fixed Price Period, The Company forecasts that it will neither recover sufficient funds through BSUoS Charges nor will it hold sufficient funds in the Industry BSUoS Fund and the BSUoS Working Capital Facility to meet balancing costs during that Fixed Price Period, The Company has the right to set a revised Fixed BSUoS Price for the entirety of or remainder of that Fixed Price Period.

14.30.22 In the case that The Company needs to issue a revised Fixed BSUoS Price, then The Company will use reasonable endeavours to consult on the revised Fixed BSUoS Price prior to its application. The Company will provide a minimum notice of five Business Days before the commencement of a revised Fixed BSUoS Price.

14.30.23 The revised Fixed BSUoS Price, described in Paragraph 14.30.21, is determined by the following formula:

$$FixedBSUoSPrev_s = \frac{fBSUoSTOT_s}{fTQM_s + fSGQM_s}$$

Where:

$FixedBSUoSPrev_s$ = The revised Fixed BSUoS Price for the number of Settlement Days s remaining in the Fixed Price Period

$fBSUoSTOT_s$ = forecast of remaining balancing costs for the number of Settlement Days s remaining in the Fixed Price Period. The Company would use reasonable endeavours to consult on this value, pursuant to Paragraph 14.30.22.

$fTQM_s$ = forecast of the total Transmission Connected Site BM Unit Metered Volume for the number of Settlement Days s remaining in the Fixed Price Period

$fSGQM_s$ = forecast of the total Gross Demand BM Unit Volume for the number of Settlement Days s remaining in the Fixed Price Period

14.30.24 Pursuant to Paragraph 14.30.23, the revised Fixed BSUoS Price only covers costs for the remainder of the ~~fixed~~Fixed Price Period. The BSUoS Working Capital Facility and the Industry BSUoS Fund would be built back up in subsequent Fixed Price Periods, via the Fixed BSUoS Prices calculated for those Fixed Price Periods.

**Total BSUoS ~~Charge~~ Costs (Internal + External) for each Settlement ~~Period~~ Day ($BSUoSTOT_{\cancel{j}d}$)**

14.30.25 The Total BSUoS costs for each Settlement Day ($BSUoSTOT_d$) are calculated by summing the External BSUoS Costs ($BSUoSEXT_d$) and Internal BSUoS Costs ($BSUoSINT_d$) for that Settlement Day d:

~~The Total BSUoS costs for each Settlement Day ($BSUoSTOT_d$) are calculated by summing the Eexternal BSUoS Ccosts ($BSUoSEXT_{jd}$) and Iinternal BSUoS Ccosts ($BSUoSINT_{jd}$) for each Settlement Period j during that Settlement Day dTotal BSUoS charges for each Settlement Period ($BSUoSTOT_{jd}$) for a particular day are calculated by summing the external BSUoS charge ($BSUoSEXT_{jd}$) and internal BSUoS charge ($BSUoSINT_{jd}$) for each Settlement Period:.~~

$$BSUoSTOT_d = BSUoSEXT_d + BSUoSINT_d$$

$$\cancel{BSUoSTOT_d = \sum_{j \in d}}$$

$$BSUoSTOT_{jd} = BSUoSEXT_{jd} + BSUoSINT_{jd}$$

**External BSUoS ~~Charge~~ Costs for each Settlement ~~Period~~ Day ($BSUoSEXT_{\cancel{j}d}$)**

14.30.26 The External BSUoS ~~Charges~~ Ccosts for each Settlement ~~Period~~ Day ($BSUoSEXT_{\cancel{j}d}$) are calculated by ~~taking~~ adding up each Settlement Period System Operator BM Cash Flow ($CSOBM_{jd}$) and Balancing Service Variable Contract Cost ($BSCCV_{jd}$), for each Settlement Period j, and ~~allocating~~ then adding the daily elements: ~~on a MWh basis across each Settlement Period in a day.~~

$$BSUoSEXT_d = \sum_{j \in d} (CSOBM_{jd} + BSCCV_{jd}) + [BSCCA_d + TotAdj_d - OM_d + BSC_d + SOTOC_d + LOCTRU_d + BSUoSCOVID_d]$$

**Internal BSUoS Costs for each Settlement ~~Period~~Day (BSUoSINT$_d$)**

~~14.30.4~~14.30.27 The Internal BSUoS ~~Charges~~ ~~C~~costs (BSUoSINT$_{jd}$) for each Settlement ~~Period~~ Day d~~j for a particular day~~ are calculated by ~~taking~~ adding the incentivised and non-incentivised SO Internal Costs (as determined in line with Transmission Licence Special Condition 4.1)~~: for each Settlement Day allocated on a MWh basis across each Settlement Period in a day.~~

$$BSUoSINT_{jd} = [(ADJR_d + SOLAR_d)] * (TQM_{ijd} + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij})$$

$$\cancel{BSUoSINT_d = [ADJR_d + SOLAR_d] * \frac{(TQM_{ijd} + SGQM_{ijd})}{\sum_{j \in d}(TQM_{ij} + SGQM_{ij})}}$$

$$BSUoSINT_d = ADJR_d + SOLAR_d$$

~~**Inclusion of Profiling Factors**~~

~~14.30.6 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~~

**Covid-19 specific changes**

~~14.30.5~~14.30.28 As a result of the Coronavirus-19 (Covid-19) pandemic, The Company will make specific and time-limited changes to the BSUoS methodology in this Section 2 to support those Users identified in 14.29.4. This will consist of deferring the BSUoS costs associated with Covid-19 ("Covid Costs") from the calculation in 14.30.9 to a later date as described in 14.30.14 and 14.30.15 (the "Covid Support Scheme").

~~14.30.6~~14.30.29 Covid Costs shall be calculated as;

If BSUoSTOT$_j$ <= COVIDCAPTOT$_j$, then BSUoSCOVID$_j$ = £0
Or BSUoSTOT$_j$ > COVIDCAPTOT$_j$, then BSUoSCOVID$_j$ = BSUoSTOT$_j$ - COVIDCAPTOT$_j$

Where;

From 25th June 2020 until the Business Day after the Authority's decision on CMP350, COVIDCAPTOT$_j$ is calculated as;

$$£15/MWh * \left\{ \left| \sum^{+} (QMBSUoS_{ij} * TLM_{ij}) \right| + \left| \sum^{-} (QMBSUoS_{ij} * TLM_{ij}) \right| \right\}$$

And

From the first Settlement Period of the Business Day after the Authority's decision on CMP350 to the Covid Support Scheme End Date, $COVIDCAPTOT_j$ is calculated as;

$$£10/MWh * \left\{ \left| \sum^{+} \left( QMBSUoS_{ij} * TLM_{ij} \right) \right| + \left| \sum^{-} \left( QMBSUoS_{ij} * TLM_{ij} \right) \right| \right\}$$

~~14.30.7~~14.30.30 Between 2 working days from The Authority's decision on CMP345 and the Covid Support Scheme End Date, the formula in 14.30.9 shall be updated so that Covid Costs ($BSUoSCOVID_{jd}$) for Settlement Period j in Settlement Day d are removed as follows;

$BSUoSTOT_{jd} = BSUoSEXT_{jd} + BSUoSINT_{jd} - BSUoSCOVID_{jd}$

The Covid Support Scheme End Date shall be the earlier of:

1. The 25th October 2020, or,
2. The day as advised by The Company as described in 14.30.18

~~14.30.8~~14.30.31 During the Financial Year 2021/22, the formula in 14.30.9 shall be updated so that Covid Costs ($BSUoSCOVID_{jd}$) for Settlement Period j in Settlement Day d are added as follows;

$BSUoSTOT_{jd} = BSUoSEXT_{jd} + BSUoSINT_{jd} + BSUoSCOVID_{jd}$

Where $BSUoSCOVID_{jd}$, is the cumulative total Covid Cost of the Covid Support Scheme (including any administrative or financing cost borne by The Company, as agreed by The Authority) recovered equally from each Settlement Period in the Financial Year.

Outside of the date ranges listed in 14.30.15, and 14.30.16 the formula in 14.30.9 shall be unchanged and in effect.

~~14.30.9~~14.30.32 The Company shall provide weekly updates to notify industry of the total Covid Costs removed under paragraphs 14.30.14 and 14.30.15. When $BSUoSCOVID_{jd}$ reaches a value of £60m, The Company shall revise the frequency of these updates to each Business Day from the next Business Day after $BSUoSCOVID_{jd}$ reaches a value of £60m.

~~14.30.10~~14.30.33 When The Company, exercising its reasonable judgement, has reason to believe that the cumulative total for $BSUoSCOVID_{jd}$ since 25th June 2020 could exceed £100m (excluding of VAT), The Company shall notify Users of when the Covid Support Scheme will end. The Company shall give no less than 2 Business Days notice of the Covid Support Scheme ending. Such notice shall be accompanied by an opinion which states that it is the reasonable judgement of The Company that if the Covid Support Scheme continued beyond the notified end date then the cumulative total for $BSUoSCOVID_{jd}$ from 25th June 2020 would exceed £100m.

**2020/21 Under Recovered Costs**

~~14.30.11~~14.30.34 Given the circumstances giving rise to the £33,163,790.21 under recovery of external BSUoS costs during financial year 2020/21 (the "2020/21 Under Recovered Costs", which sum is separate and in addition to the COVID Costs) The Company will make specific and time-limited changes to the BSUoS methodology. This consists of deferring the recovery of the 2020/21 Under Recovered Costs from recovery through the Final Reconciliation Settlement Run (RF) for financial year 2020/21 for Settlement Days 30th September 2020 to 9th March 2021 to a later date as described in 14.30.20

~~14.30.12~~14.30.35 The formula in 14.30.10 shall be updated between 1st October 2021 and 31st March 2022 so that the 2020/21 Under Recovered Costs (BSUoSUR20d) for Settlement Day d are added as follows;

$$BSUoSEXT_{jd} = CSOBM_{jd} + BSCCV_{jd} + [\,(BSCCA_d + TotAdj_d - OM_d + BSC_d + SOTOC_d + LOCTRU_d + BSUoSCCOVID_d + BSUoSUR20_d) * (TQM_{ijd} + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij})]$$

Outside of the date range listed in 14.30.20 the formula in 14.30.10 shall be unchanged by 14.30.20.

## 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.

~~14.31.3~~14.31.4 Pursuant to Paragraph 14.30.5, any revenue collected or paid out by The Company as part of Final Reconciliation (RF) BSUoS Charges during a Fixed Price Period t will be considered as part of the revenue associated with that Fixed Price Period t, for the purposes of calculating the over or under recovery factor for subsequent Fixed Price Periods.

## Unavailability of Data

~~14.31.4~~14.31.5 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~~14.31.6 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~~14.31.7 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~~14.31.8 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~~14.31.9 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 |
|---|---|---|---|
| Daily Adjusted Revenue | $ADJR_d$ | **£** | Means adjusted revenue published by the Authority pursuant to Special Condition 5.2 (Annual Iteration Process for the ESO Price Control Financial Model) prior to the end of Regulatory Year t; as calculated for Settlement Day, d, |
| 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 Licence1 |
| Balancing service contract costs – non-Settlement Period specific | BSCCAd | £ | 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 | BSCCj | £ | 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 | BSCCVjd | £ | Settlement Period j specific Balancing Contract Costs for settlement day d |
| Cost of the Covid Support Scheme incurred in 2020/21 | $BSUoSCOVID_d$ | £ | As defined in the Transmission Licence calculated for Settlement Day, d |
| External Balancing Services Use of System ~~charge~~Costs | $BSUoSEXT_{\cancel{j}d}$ | £ | External System Operator (SO) Balancing Services Use of System ~~charge~~ Costs applicable to Settlement Period j for settlement day d |
| Internal Balancing Services Use of System ~~charge~~Costs | ~~BSUoSINTjd~~B $SUoSINT_d$ | £ | Internal System Operator (SO) Balancing Services Use of System ~~charge~~ Costs 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 |

1 Current electricity transmission network price control starting 2021 (RIIO-T2) licence drafting being updated

| | | | |
|---|---|---|---|
| Total Balancing Services Use of System ~~charge~~Costs | BSUoSTOTcd | £ | 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 |
| Total Balancing Services Use of System ~~charge~~Costs | $BSUoSTOT_j$ | £ | Total Balancing Services Use of System Charge applicable for Settlement Period j |
| BSUoS 2020/21 Under Recovered Costs | $BSUoSUR20_d$ | £ | The External System Operator (SO) Balancing Services Use of System charges in the sum of £33,163,790.21 due in financial year 2020 / 2021 divided equally over the settlement days between 1st October 2021 to 31st March 2022 inclusive. This is separate, and in addition to, the Covid Support Scheme. |
| BSUoS variability | $BSUoSvar_t$ | £ | The forecast BSUoS Charges required to cover ninety-nine percent of scenarios forecast for Fixed Price Period t |
| BSUoS Working Capital Facility | BWCF | £ | As defined in Section 11 |
| System Operator BM Cash Flow | CSOBMj | £ | 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 | $TotAdj_d$ | £ | Is the contribution on Settlement Day, d, to the value of $TotAdj_t$ where $TotAdj_t$ is determined pursuant to part B of Special Condition 4.2 of the Transmission Licence |
| Forecast incentivised Balancing Cost | FBCd | £ | Forecast incentivised Balancing Cost for duration of the Incentive Scheme as at settlement day d |
| Fixed BSUoS Price | $FixedBSUoSP_t$ | £/MWh | The Fixed BSUoS Price for the Fixed Price Period t, as defined in Section 11 |
| Revised Fixed BSUoS Price | $FixedBSUoSPrev_s$ | £/MWh | The revised Fixed BSUoS Price which applies for a number of Settlement Days s within a Fixed Price Period, as described in Paragraph 14.30.21 |
| Allowed Income Adjustment relating to the SO-TO Code | IAT | £ | As defined in the Transmission Licence |
| Industry BSUoS Fund requirement | $IBSUoSFUND_t$ | £ | Industry BSUoS Fund requirement for the Fixed Price Period t, to be included in the Fixed BSUoS Price for Fixed Price Period t |
| Over/under recovery factor | $kb_t$ | £ | The factor included in the Fixed BSUoS Price for Fixed Price Period t, to account for any over or under recovery from previous Fixed Price Periods. For the first Fixed Price Period (t=0) this factor is zero. |
| Legacy adjustment with respect to actual and assumed RPI values | LOCTRUd | £ | As defined in the Transmission Licence, calculated for Settlement Day,d. |

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| Cost associated with the Provision of Balancing Services to others | OMd | £ | Is the contribution on Settlement Day, d, to the value of OMt where OMt is determined pursuant to part C of special Condition 4.2 of the Transmission Licence |
| Outage change allowance amount | ON | £ | As defined in the Transmission Licence |
| BM Unit Metered Volume | QMij | MWh | As defined in the BSC |
| Gross Demand BM Unit Volume | SGQM | MWh | The Import data as at the Transmission System Boundary by Settlement Period for Supplier BM Units and Exempt Export 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 |
| SO-TO funding allowance | SOTOC | £ | As defined in the Transmission Licence means the SO-TO cost allowance term, calculated in accordance with Special Condition 4.4 (SO-TO Mechanism) |
| Supplier BM Unit | | | As defined in the BSC |
| System Operator Legacy Adjustments | SOLARd | £ | As defined in the Transmission Licence calculated for Settlement Day, d |
| Trading Unit Delivery Mode Multiplier | | | Trading Units as defined in the Balancing and Settlement Code can be either in 'delivering' or 'offtaking' 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 'offtaking' the Trading Unit Delivery Mode Multiplier is -1 for all BM Units within that Trading Unit. |
| Transmission Loss Multiplier | TLMij | | 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 Exempt Export BM Units, minus imports to registered CVA storage facilities where those imports are solely for the purposes of operating that Storage Facility, which is multiplied by the TLM and Trading Unit Delivery Mode Multiplier |
| Transmission System Boundary | | | As defined in the Balancing and Settlement Code |
| Total System Energy Imbalance Volume | TQEIj | MWh | As defined in the Balancing and Settlement Code in force immediately prior to 1 April 2001 |

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| 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 |