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CUSC - SECTION 14

CHARGING METHODOLOGIES

CONTENTS

14.29.1 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 14.30.13, the Exceptional Costs Support Scheme in 14.30.21, and the Further Costs Support Scheme in 14.30.27.

14.30 Calculation of the Daily Balancing Services Use of System Charges

Calculation of the Daily Balancing Services Use of System Charges

14.30.1 The BSUoS Charges 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'

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

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- 14.30.2 The BSUoS tariff for each Settlement Period is calculated by the following formula:

$$\text{BSUoS tariff}_j = \frac{\text{BSUoS TOT}_j}{\text{TQM}_j + \text{SGQM}_j}$$

Where:

BSUoS TOT_j - refers to the total BSUoS Charges that need 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 BSUoS Charges are calculated by the following formula:

$$\text{BSUoS TOT}_{ij} = \text{BSUoS tariff}_j \times \text{SGQM}_{ij}$$

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

$$\text{BSUoS TOT}_{ij} = \text{BSUoS tariff}_j \times \text{TQM}_{ij}$$

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

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soon as is reasonably practicable and in any event no more than 5 **Business Days** from the date on which the facility ceased to be a CVA Storage Facility.

Total BSUoS Charges (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 Charges (BSUoS_{EXT}_{jd}) and Internal BSUoS Charges (BSUoS_{SINT}_{jd}) for each Settlement Period.

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

External BSUoS Charges 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), BSUoS_{COVID}_{jd} and allocating the daily elements on a MWh basis across each Settlement Period in a day.

Where BSUoS_{COVID}_{jd} is the cumulative total Covid Cost of the Covid Support Scheme incurred in 2020-2021 (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 2021-2022.

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

Internal BSUoS Charges for each Settlement Period (BSUoS_{SINT}_{jd})

14.30.11 The Internal BSUoS Charges (BSUoS_{SINT}_{jd}) for each Settlement Period j for a particular day are calculated by taking 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.

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

Inclusion of Profiling Factors

14.30.12 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

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Covid-19 specific changes

14.30.13 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 14.30.15 and 14.30.16 (the “Covid Support Scheme”).

14.30.14 Covid Costs shall be calculated as;

If $BSUoS_{TOT_j} \leq COVIDCAP_{TOT_j}$, then $BSUoS_{COVID_j} = \text{£}0$
Or $BSUoS_{TOT_j} > COVIDCAP_{TOT_j}$, then $BSUoS_{COVID_j} = BSUoS_{TOT_j} - COVIDCAP_{TOT_j}$

Where;

From 25th June 2020 until the **Business Day** after the Authority’s decision on CMP350, $COVIDCAP_{TOT_j}$ is calculated as;

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

And

From the first Settlement Period of the **Business Day** after the Authority’s decision on CMP350 to the Covid Support Scheme End Date, $COVIDCAP_{TOT_j}$ is calculated as;

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

where 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 14.30.17

14.30.15 Between 2 **Business 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 ($BSUoS_{COVID_{jd}}$) for Settlement Period j in Settlement Day d are removed as follows;

$$BSUoS_{TOT_{jd}} = BSUoS_{EXT_{jd}} + BSUoS_{SINT_{jd}} - BSUoS_{COVID_{jd}}$$

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

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

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$BSUoSTOTjd = BSUoSExTjd + BSUoSINTjd + BSUoSCOVIDjd$ Where $BSUoSCOVIDjd$, 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 14.30.14 and 14.30.15, the formula in 14.30.9 shall be unchanged and in effect.

14.30.17 The Company shall provide weekly updates to notify industry of the total Covid Costs removed under paragraphs 14.30.15 and 14.30.16. When $BSUoSCOVIDjd$ reaches a value of £60m, The Company shall revise the frequency of these updates to each **Business Day** from the next **Business Day** after $BSUoSCOVIDjd$ reaches a value of £60m.

14.30.18 When The Company, exercising its reasonable judgement, has reason to believe that the cumulative total for $BSUoSCOVIDjd$ 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 $BSUoSCOVIDjd$ from 25th June 2020 would exceed £100m.

2020/21 Under Recovered Costs

14.30.19 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 14.30.19

14.30.20 The formula in 14.30.11 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; $BSUoSExTjd = CSOBMjd + BSCCVjd + [(BSCCAd + TotAdjd - OMd + BSCd + SOTOCd + LOCTRUd + BSUoSccOVIDd + BSUoSUR20d) * (TQMijd + SGQMijd) / \sum (TQMij + SGQMij)]$ $j \in d$ Outside of the date range listed in 14.30.19 the formula in 14.30.10 shall be unchanged by 14.30.19. Outside of the date range listed in 14.30.19 the formula in 14.30.10 shall be unchanged by 14.30.19.

Temporary $BSUoS$ Cost Deferral

14.30.21 As a result of the exceptional market conditions, **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 the exceptional market conditions (“Exceptional

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Costs”) above a defined £/MWh value from the calculation in 14.30.9 to a later date as described in 14.30.22 and 14.30.23 (the “Exceptional Costs Support Scheme”).

14.30.22 Exceptional Costs for **Settlement Period** j ($BSUoSEXC_j$) shall be calculated as;

If $BSUoSTOT_j \leq EXCCAPTOT_j$, then $BSUoSEXC_j = \text{£}0$
Or $BSUoSTOT_j > EXCCAPTOT_j$, then $BSUoSEXC_j = BSUoSTOT_j - EXCCAPTOT_j$

Where $EXCCAPTOT_j$ is calculated as follows;

$$\text{£}20/\text{MWh} * \left(\sum SGQM_j + \sum TQM_j \right)$$

14.30.23 From the first **Settlement Period** on the implementation date specified in the **Authority's** decision on CMP381 until the Exceptional Costs Support Scheme End Date, the formula in 14.30.9 and 14.30.16 shall be updated so that Exceptional Costs ($BSUoSEXC_{jd}$) for **Settlement Period** j in **Settlement Day** d are removed as follows;

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

The Exceptional Costs Support Scheme End Date shall be the earlier of:

1. The end of the last **Settlement Period** (23:30 – 00:00) of 31st March 2022, or,
2. The **Settlement Period** as advised by **The Company** in accordance with 14.30.26

14.30.24 During the **Financial Year** 2022/23, beginning the **Business Day** following the necessary licence changes coming into effect to implement recovery of CMP381 deferred costs and 31st March 2023 inclusive, beginning the **Business Day** following the necessary licence changes coming into effect to implement recovery of CMP381 deferred costs and 31st March 2023 inclusive, the formula in 14.30.10 shall be updated so that Exceptional Costs ($BSUoSEXC_d$) in **Settlement Day** d are added as follows;

$$\begin{aligned} BSUoSEXT_{jd} = & CSOBM_{jd} + BSCCV_{jd} \\ & + [(BSCCA_d + TotAdj_d - OM_d + BSC_d + SOTOC_d + LOCTRU_d \\ & + BSUoSEXC_d) * (TQM_{ijd} \\ & + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij})] \end{aligned}$$

Where

$BSUoSEXC_d$, is the cumulative total deferred value of the Exceptional Costs Support Scheme, including any administrative or financing cost borne by **The Company**, as agreed by the **Authority**.

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- 14.30.25 **The Company** shall provide weekly updates to notify industry of the total Exceptional Costs removed under paragraphs 14.30.22 and 14.30.23. When BSUoSEXC_d reaches a value of £120m, **The Company** shall revise the frequency of these updates to each **Business Day** from the next **Business Day**.
- 14.30.26 The £20/MWh cap (as introduced in paragraph 14.30.22) will not be applied in the first and subsequent Settlement Periods where the £200m limit would have otherwise been breached. Once the **Initial Settlement Run** confirming this has been completed, **The Company** will notify **Users** to confirm that the Exceptional Costs Support Scheme has ended, providing the precise **Settlement Day**, **Settlement Period** and value of BSUoSEXC_d.

Further BSUoS Cost Deferral

14.30.27 As a result of continuing difficulties in the market, **The Company** will make specific and time-limited changes to the BSUoS methodology in this Section 2 to support CUSC Parties acting as Generators and Suppliers, This will consist of deferring the BSUoS costs associated with the exceptional market conditions (“Further Costs”) above a defined £/MWh value from the calculation in 14.30.9 to a later date as described in 14.30.29 and 14.30.30 (the “Further Costs Support Scheme”).

14.30.28 Further Costs for **Settlement Period j** (BSUoSFXC_j) shall be calculated as:
If BSUoSTOT_j ≤ FXCCAPTOT_j, then BSUoSFXC_j = £0
Or BSUoSTOT_j > FXCCAPTOT_j, then BSUoSFXC_j = BSUoSTOT_j - FXCCAPTOT_j

Where FXCCAPTOT_j=
£15/MWh * (SGQM_j + TQM_j)

14.30.29 From the first **Settlement Period** (00:00 – 00:30) on 1st October 2022 or such later date as the **Authority** may specify until the Further Costs Support Scheme End Date, the formula in 14.30.9 shall be updated so that Further Costs (BSUoSFXC_{jd}) for **Settlement Period j** in **Settlement Day d** are removed as follows:
$$BSUoSTOT_{jd} = BSUoSEXT_{jd} + BSUoSINT_{jd} - BSUoSFXC_{jd}$$

The Further Costs Support Scheme End Date shall be the earlier of:
1. The end of the last **Settlement Period** (23:30 – 00:00) of 31st March 2023,
or,
2. The **Settlement Period** as advised by **The Company** in accordance with 14.30.34.

14.30.30 For Suppliers, during the **Financial Year** 2023/24, beginning the earlier of:
1. The first **Settlement Period** (00:00 – 00:30) of 1st April 2023; or
2. The necessary licence changes coming into effect to implement recovery of Further Costs;
and ending with the last Settlement Period (23:30 – 00:00) of 31st March 2024 inclusive, the formula in 14.30.10 shall be updated so that Further Costs (BSUoSFXC_a) in **Settlement Day d** are added as follows:

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

Where

BSUoSFXCd, is the cumulative total deferred value of the Further Costs Support Scheme, including any administrative or financing cost borne by **The Company**, as agreed by the **Authority**

D% is the percentage of the deferred value of the Further Costs Support Scheme to be recovered from Suppliers, calculated using volume data from 1st October 2022 to 31st March 2023 inclusive, based on an assumption of which BMUs are demand and which are generation

SRD = the number of days within **Financial Year** 2023/4 over which the cumulative total deferred value of the Further Costs Support Scheme is to be recovered from Suppliers.

14.30.31 For Generators, during the **Financial Year** 2023/24, beginning the earlier of:

1. The first **Settlement Period** (00:00 – 00:30) of 1st April 2023; or
2. The necessary licence changes coming into effect to implement recovery of Further Costs;

and ending with the last Settlement Period (23:30 – 00:00) of 31st December 2023 inclusive, Generators shall be liable for a charge (the "Further Costs Support Scheme Recovery Charge"), payable monthly, calculated as follows:

$$FCSSRC_{jd} = ((1 - D\%) * BSUoSFXCd / GRD) * (TQM_{ijd} \\ + SGQM_{ijd}) / \sum_{j \in d} (TQM_{ij} + SGQM_{ij})$$

GRD = the number of days within **Financial Year** 2023/4 over which the cumulative total deferred value of the Further Costs Support Scheme is to be recovered over from Generators.

14.30.32 **The Company** shall calculate and invoice the Further Costs Support Scheme Recovery Charge as soon as reasonably practicable following the end of each calendar month.

14.30.33 **The Company** shall provide an update each Business Day to notify industry of the total Further Costs removed under paragraphs 14.30.28 and 14.30.29.

14.30.34 The £15/MWh cap (as introduced in paragraph 14.30.28) will not be applied in the first and subsequent **Settlement Periods** where the limit of £250m would have otherwise been breached, unless there is a decision by the **Authority** to extend the duration of the Further BSUoS Cost Deferral arrangements; after consultation with **The Company**; and that the limit has been increased to a higher limit determined by the **Authority** and, for the avoidance of doubt this higher limit (over and above the initial £250m) may be applied at a £/MWh cap

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level determined by the **Authority**. Once the **Initial Settlement Run** confirming this has been completed, **The Company** will notify **Users** to confirm that the Further Costs Support Scheme has ended, providing the precise **Settlement Day, Settlement Period** and value of BSUoSFXC_d