

# BSUoS CIRCULAR

**To:** BSUoS Customers

**From:** Colin Williams  
Commercial – Charging & Revenue  
National Grid

**Ref:** BSUoS-03/2008

**Date:** 18/06/2008

**Subject:** **BSUoS - End of Scheme Reconciliation 2007-2008**

## Summary

This note is intended to outline the arrangements National Grid has put in place in order to perform the BSUoS End of Scheme Reconciliation exercise for the Balancing Services Incentive Scheme (“Scheme”) 2007/08.

BSUoS is the daily charge, levied by National Grid on users of the transmission system, in order to recover the costs of operating the transmission system and procuring and utilising Balancing Services (under the umbrella of an incentive scheme). There are three stages to settling the BSUoS charge for each settlement day:

- Initial Settlement
- End of Scheme Reconciliation
- Final Reconciliation

More information on BSUoS charging and settlement processes can be found on the National Grid website:-

<http://www.nationalgrid.com/uk/Electricity/Charges/chargingstatementsapproval/>

## Background

Some components of the ‘Initial’ BSUoS charge are based upon *forecast* cost data and some components within the incentive scheme are subject to indexation. Hence, once actual costs and out-turn RPI becomes available for the year, the End of Scheme Reconciliation exercise is undertaken to reconcile this against the initial BSUoS charge.

The End of Scheme Reconciliation re-evaluates the BSUoS charge for every settlement day in the 2007/08 scheme using *actual* costs and out-turn RPI where appropriate. The charge is allocated to each BMU using metered energy volumes from the latest SAA volume allocation runs. The End of Scheme Reconciliation will result in a revised BSUoS charge for each BMU for each settlement day in the scheme. The difference between this revised charge and the payments already made at the Initial Settlement stage, for each day, will be aggregated over the scheme year. The total difference (including daily interest at the base rate) will then be charged or refunded by National Grid, via a single payment.

## Exceptional Items / BSUoS 2007-2008

In addition to the established reconciliations based upon the use of actual costs, there are two necessary corrections that need to be made through the End of Scheme settlement runs for the period 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008.

(i) 06/07 Outage change costs in BSUoS Charges for 2007/08

The 2006-2007 Outage change credit of £602,403 was previously incorporated within the Daily Balancing Services Deemed cost term  $RT_d$  in the 2007-2008 BSUoS Charges between the 2<sup>nd</sup> January and the 31<sup>st</sup> March 2008 as detailed in Circular BSUoS-01/2008<sup>1</sup> and in accordance with the previously related Circular BSUoS-01/2007<sup>2</sup>.

On review, the mapping of  $IONT_t$  to  $RT$  was incorrect as  $RT$  factors into the incentivised costs ( $IBC$ ) and this credit should be directly passed through.

To correctly incorporate this credit into BSUoS charges it will be included within the Daily Pass Through Costs mechanism, term  $PSC_d$ . This update will result in a daily credit of approximately £1,645.91 per day for all settlement days relating to the period 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008.  $RT$  will be entered as zero correcting the previous error. These changes will directly reflect the corresponding Outage Cost Adjustment  $IONT_t$  without influencing the associated Daily Incentivised Balancing Costs  $IBC_d$ . This will ensure the previously identified £602,403 credit is not incentivised.

(ii) Transmission Losses Reference Price in BSUoS Charges for 2007/08

The 2007-2008 Incentive Schemes did include an External scheme and should have incorporated the corresponding Transmission Losses Reference Price and associated processing but the transmission losses reference (TLRP<sub>j</sub>) price was entered incorrectly as £0/MWh.

To correctly account for this situation in accordance with Schedule A to Special Condition AA5A (Part B, paragraph B3 (a)) of the Electricity Transmission Licence for National Grid Electricity Transmission plc for 2007/08, the Transmission Losses reference price of £29/MWh will be included in the End of Scheme reconciliation.

The inclusion of the Transmission Losses Reference Price and subsequent processing will increase  $IBC_t$  by £6.75m resulting in a further credit to participants through the external incentive.

The impact of these corrections on  $IBC_t$  is a net increase of £6.15m. These adjustments applied to the 2007-2008 End of Scheme annual reconciliation reduces the overall External Charges ( $BXext_t$ ) by increasing the the credit entered through the External Incentive ( $IncPayExt_t$ ) by £1.2m, reducing overall External Charges ( $BXext_t$ ).

<sup>1</sup> – BSUoS Circular reference BSUoS-01/2008, dated 11/02/2008 - "Adjustment to BSUoS Charges – 06/07 Outage change costs"

<sup>2</sup> – BSUoS Circular reference BSUoS-01/07, dated 11/04/2007 - "BSUoS – National Grid Transmission plc System Operator Incentive Scheme 2007/08"

## Enhanced BSUoS Reporting

Further to the potential reporting enhancement programme outlined in Circular BSUoS-01/2007<sup>1</sup>, and in order to provide maximum information and transparency on the mapping of terms it may be necessary for us to change the format of the Balancing Services Use of System Charges Report (BCR).

In sensitivity to the potential impact on participant systems National Grid are keen to engage with customers and provide adequate notice of forthcoming changes allowing time to incorporate the corresponding adjustments on the recipient systems.

The intended programme is likely to take place shortly after successful completion of the 2007-2008 End of Scheme reconciliation.

<sup>1</sup> – BSUoS Circular reference BSUoS-01/2008, dated 11/02/2008 - "Adjustment to BSUoS Charges – 06/07 Outtage change costs"

## End of Scheme Settlement Information

The schedule for payments or refunds generated by the End of Scheme Reconciliation is:

**Settlement Dates:** 1<sup>st</sup> April 2007 – 31<sup>st</sup> March 2008 inclusive  
**Notification Date:** 23<sup>rd</sup> June 2008  
**Payment Date:** 30<sup>th</sup> June 2008

Following the End of Scheme reconciliation, BSUoS charges are revised once more when the “Reconciliation Final” (RF) SAA volume allocation run becomes available for each settlement day. This occurs on a daily basis at approximately Settlement Day + 14 months (aligned with the Elexon settlement calendar). The difference between this ‘Final’ charge, and that calculated at the End of Scheme Reconciliation will be billed or refunded (with interest) on a daily basis. Generally speaking, this cash flow is envisaged to be relatively small.

In order to accommodate the End of Scheme Reconciliation process, some of the daily BSUoS charge runs will be delayed. A revised BSUoS charge settlement calendar is given below, and should be used until the End of Scheme Reconciliation runs are completed and the backlog of delayed runs cleared. Note that this affects **BSUoS charge settlement only**.

To assist customers in validating the charges made at the End of Scheme Reconciliation, the revised BSUoS Charging Report (BCR) for each day in the 2007-2008 Scheme will be made available on the National Grid website:-

<http://www.nationalgrid.com/uk/Electricity/Balancing/bsuos/>

The half hourly BSUoS prices contained within this report can be used, along with BMU metered energy volumes (adjusting for transmission losses) contained within the SAA volume allocation runs, to validate the charges. The version of the SAA volume allocation runs used in the Reconciliation exercise is as follows:

<b>Settlement Dates</b>	<b>SAA Run Type</b>
01/04/07 - 10/10/07	R3
11/10/07 - 19/01/08	R2
20/01/08 - 23/03/08	R1
24/03/08 - 31/03/08	SF

Unfortunately the daily BMU specific “BPA” reports for the End of Scheme Reconciliation cannot be made available via the normal method due to the volumes involved. If customers specifically require these reports, it is possible to request them on CD-ROM direct from the Logica helpdesk. A charge will apply for this service.

If you have any queries regarding this issue or any other BSUoS query then please contact the Logica BSUoS Helpdesk on 0870 6071112.

Settlement Date	Settlement Code	Old Notification Date	Old Payment Date	New Notification Date	New Payment Date
End of Scheme 2007/08	EoS	N/A	N/A	23/06/2007	30/06/2008
01/04/2007	RF	23/05/2008	29/05/2008	26/06/2008	01/07/2008
02/04/2007	RF	27/05/2008	30/05/2008	26/06/2008	01/07/2008
03/04/2007	RF	28/05/2008	02/06/2008	26/06/2008	01/07/2008
04/04/2007	RF	29/05/2008	03/06/2008	26/06/2008	01/07/2008
05/04/2007	RF	30/05/2008	04/06/2008	26/06/2008	01/07/2008
06/04/2007	RF	30/05/2008	04/06/2008	26/06/2008	01/07/2008
07/04/2007	RF	30/05/2008	04/06/2008	26/06/2008	01/07/2008
08/04/2007	RF	30/05/2008	04/06/2008	27/06/2008	02/07/2008
09/04/2007	RF	30/05/2008	04/06/2008	27/06/2008	02/07/2008
10/04/2007	RF	02/06/2008	05/06/2008	27/06/2008	02/07/2008
11/04/2007	RF	03/06/2008	06/06/2008	27/06/2008	02/07/2008
12/04/2007	RF	04/06/2008	09/06/2008	27/06/2008	02/07/2008
13/04/2007	RF	05/06/2008	10/06/2008	27/06/2008	02/07/2008
14/04/2007	RF	05/06/2008	10/06/2008	27/06/2008	02/07/2008
15/04/2007	RF	05/06/2008	10/06/2008	27/06/2008	02/07/2008
16/04/2007	RF	06/06/2008	11/06/2008	27/06/2008	02/07/2008
17/04/2007	RF	09/06/2008	12/06/2008	30/06/2008	03/07/2008
18/04/2007	RF	10/06/2008	13/06/2008	30/06/2008	03/07/2008
19/04/2007	RF	11/06/2008	16/06/2008	30/06/2008	03/07/2008
20/04/2007	RF	12/06/2008	17/06/2008	30/06/2008	03/07/2008
21/04/2007	RF	12/06/2008	17/06/2008	30/06/2008	03/07/2008
22/04/2007	RF	12/06/2008	17/06/2008	30/06/2008	03/07/2008
23/04/2007	RF	13/06/2008	18/06/2008	30/06/2008	03/07/2008
24/04/2007	RF	16/06/2008	19/06/2008	30/06/2008	03/07/2008
25/04/2007	RF	17/06/2008	20/06/2008	30/06/2008	03/07/2008
26/04/2007	RF	18/06/2008	23/06/2008	01/07/2008	04/07/2008
27/04/2007	RF	19/06/2008	24/06/2008	01/07/2008	04/07/2008
28/04/2007	RF	19/06/2008	24/06/2008	01/07/2008	04/07/2008
29/04/2007	RF	19/06/2008	24/06/2008	01/07/2008	04/07/2008
30/04/2007	RF	20/06/2008	25/06/2008	01/07/2008	04/07/2008
01/05/2007	RF	23/06/2008	26/06/2008	01/07/2008	04/07/2008
02/05/2007	RF	24/06/2008	27/06/2008	01/07/2008	04/07/2008
03/05/2007	RF	25/06/2008	30/06/2008	01/07/2008	04/07/2008
04/05/2007	RF	26/06/2008	01/07/2008	02/07/2008	07/07/2008
05/05/2007	RF	26/06/2008	01/07/2008	02/07/2008	07/07/2008
06/05/2007	RF	26/06/2008	01/07/2008	02/07/2008	07/07/2008
07/05/2007	RF	26/06/2008	01/07/2008	02/07/2008	07/07/2008
08/05/2007	RF	27/06/2008	02/07/2008	02/07/2008	07/07/2008
09/05/2007	RF	30/06/2008	03/07/2008	02/07/2008	07/07/2008
10/05/2007	RF	01/07/2008	04/07/2008	02/07/2008	07/07/2008
12/05/2007	RF	02/07/2008	07/07/2008	03/07/2008	08/07/2008
13/05/2007	RF	02/07/2008	07/07/2008	03/07/2008	08/07/2008
29/05/2008	SF	23/06/2008	26/06/2008	24/06/2008	27/06/2008
01/06/2008	SF	25/06/2008	30/06/2008	26/06/2008	01/07/2008
02/06/2008	SF	25/06/2008	30/06/2008	26/06/2008	01/07/2008

Return to normal SAA Calendar

<b>BSUoS End of Scheme Reconciliation Output File Request Form</b>		
<b>Party Details:</b>		
Party Id:	Party Name:	Requested by: Name:
BCS Id:		Signature:
		Tel No: Fax No: Email:
<b>Request Details:</b>		
Send by CD-ROM	File type: BCR/BPA/Both*	From:
Send to:	File Format: Dat/Prt/Both*	To:
		<small>*All files for the reconciled scheme will be sent unless otherwise stated.</small>
<b>Authorisation Details:</b>		
<p>I confirm that I am authorised to make this request on behalf of the above named party and agree to pay the sum of £400 to Logica within 30 days of receipt of the above data. This order is subject to standard Logica Terms and Conditions. Cost of Data Transfer is £400 per request via CD-ROM.</p> <p>Name: .....</p> <p>Signature: .....</p>		
<b>Invoice Details:</b>		
Delivery Address:	Requestor      Purchase Order Number:	Other Details:
<b>For Logica Internal Purposes Only:</b>		
Order received on: Data sent on: Invoice request raised on: Payment received on:	<u>Date:</u>	<u>By:</u>