

**To:** BSUoS Customers

**From:** Clare Talbot  
Commercial Frameworks  
National Grid

**Ref:** BSUoS-011

**Date:** 10 April 2006

**Subject:** BSUoS – National Grid Electricity Transmission plc (NGET)  
System Operator Incentive Scheme 2006- 2007

The Gas and Electricity Markets Authority (“the Authority”) has directed a modification to NGET’s transmission licence and NGET has consented to the change which confirms that there will only be an ‘Internal’ Incentive Scheme under the System Operator Incentive Schemes for 2006-2007. This means that the External Scheme elements default to zero i.e. there is no incentive scheme in respect of the costs that National Grid incurs in balancing the system (‘external’ costs).

An explanatory note and details of the modifications to the transmission licence can be found at the following link:

[www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/14531\\_Explanatorynote.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/14531_Explanatorynote.pdf)

The Balancing Services Use of System charging process will continue as normal and participants will continue to receive their information as established. In recognition of the fact that there is no ‘External’ Incentive Scheme for 2006-2007 the corresponding details set out as follows itemised on the Balancing Services Charging Report will remain at zero :-

‘Scheme Forecast External Incentive Payment’

‘Daily External Incentive Payment’

‘External Incentive Payment to Date’

‘Daily External Incentive Payment to Previous Day’

It should be noted that the lack of an ‘External’ Incentive Scheme and the corresponding ‘zero’ default values reported does not affect in any way the established processes for invoicing and payment of BSUoS charges.