

290/11 - PANEL FUNDING SHARES AUDIT SCOPE 2019

MEETING NAME	BSC Panel
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Paper number	290/11
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Date of meeting	9 May 2019
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Purpose of paper	Information
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Classification	Public
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Synopsis	The BSC Audit objective includes providing assurance that the provisions of the Code in relation to the calculation of Funding Shares have been complied with. This paper seeks the Panel's agreement to the proposed scope of the funding shares element of the BSC Audit.
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1. Background

- 1.1 Section H Paragraph 5.1.2 of the Balancing and Settlement Code (BSC) states that: "The objective of the BSC Audit is to provide assurance (to such level as the Panel considers appropriate) that the provisions of the BSC and BSC Subsidiary Documents in relation to Settlement and in relation to the calculation of Funding Shares have been complied with in the Audit Year."
- 1.2 Section H Paragraph 5.2.1 of the BSC requires the Panel to set the scope of the BSC Audit. The Funding Shares Audit is part of the BSC Audit, yet is designed as a distinct and separate piece of work. This paper seeks the Panel's agreement of the scope of the Funding Shares Audit.
- 1.3 The proposed Funding Share Audit scope will continue to include the calculation of:
 - i) the Main Funding Shares;
 - ii) Supplier Volume Allocation (SVA) (Production) Funding Shares; and
 - iii) General Funding Shares (applied on a default basis).
- 1.4 The BSC Auditor checks BSC Cost shares through to the supporting information provided to each Party and the calculation of Annual Funding Shares through to the files sent to the Funds Administration Agent (FAA) for their use in calculating Default Share Amounts.

2. Scope Definition

- 2.1 The various Funding Shares set out in Section D of the BSC are calculated each month using a mix of actual and estimated data. Once ELEXON's audited Financial Statements have been published, and the final actual Trading Data used for Funding Shares calculations has been received, a final reconciliation exercise is performed. This results in each Party paying amounts for the financial year equating to the final costs for the year allocated using the final Funding Shares.
- 2.2 Each Party receives supporting information setting out how their final invoice is calculated, and the Trading Data used. This enables Parties to re-perform the calculations if they wish to check them.
- 2.3 A separate Funding Shares Audit Opinion for the funding shares relating to the financial year 2018/2019 will be delivered to the Panel and Trading Parties by the BSC Auditor. The Opinion will be referred to in the documentation to accompany the final invoices for the 2018/2019 financial year. This Opinion is scheduled for publication in August 2019 in accordance with the agreed BSC Audit Scope.
- 2.4 Further detail concerning the scope of the Funding Shares Audit can be found in Appendix 1.

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3. Recommendations

3.1 We invite you to:

- a) **Approve** the proposed scope of the Funding Shares Audit

Attachments

Attachment A – '290_11_A_FSS Audit Approach 2018-19'

For more information, please contact:

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