

## Revision of MHHS Implementation Monthly Charge

### BSC Panel

Date of meeting	11 November 2021	Paper number	320/09
Owner/author	Kathy Ferrari	Purpose of paper	For Decision
Classification	Public	Document version	v1.0
Summary	This paper looks to revise rate for the MHHS Implementation Monthly Charge Specified Charge. The paper recommends the charge be levied at a rate of £0.02235 per SVA MSID per month.		

### 1. Introduction

- 1.1 Section D of the Balancing and Settlement Code (BSC) '[BSC Cost Recovery and Participation Charges](#)' sets out the basis on which costs are allocated between BSC Parties. This includes BSC Specified Charges as set out in Annex D-3. The Code stipulates that these charges are to be determined by the Panel, but in the event that these charges are not revised, then the rates prevailing in one BSC Year shall continue to apply in the following year. Any changes to the amount or rates require notification to all BSC Parties no later than the start of the BSC Year (1 April 2021).
- 1.2 As a result of Modification [P413 'Market-wide Half Hourly Settlement Programme Manager'](#) a new Specified Charge, the MHHS Implementation Management Monthly Charge, payable by each Supplier for each SVA Metering System for which a Supplier is Registrant on the first day of that month, was introduced into Section D of the BSC to recover the MHHS Implementation Management Costs. At its June 2021, meeting an initial rate of £0.03847 per SVA MSID per month was set by the Panel.
- 1.3 The rate was initially calculated on the basis of the annual MHHS budget (2021: ~£14.5m), and whilst there are provisions in Section D that state the charges must be revised for Final Reconciliation, we also committed at the June 2021 Panel meeting to reviewing the charge later in the financial year once there was a better view of the costs likely to be incurred.
- 1.4 This new charge, will be calculated using the same methodology as the SVA Metering System Monthly Charge, which is used to recover the Annual SVA (Consumption) Costs which is shown in the table below:

*\*Expected Annual Budget /12 /Number of Metering Systems\**

Current MHHS Implementation Management Monthly Charge		21-22 Budget	Revised MHHS Implementation Management Monthly Charge		21-22 Forecast
Number of Metering Systems		31,525,844.00	Number of Metering Systems		31,699,465.00
Annual MHHS Budget		14,553,035.00	Annual MHHS Budget		8,500,000.00
Monthly recovery		1,212,752.92	Monthly recovery		708,333.33
<b>Specified Charge Calculation</b>		<b>0.03847</b>	<b>Specified Charge Calculation</b>		<b>0.02235</b>

Monthly Variance	No Months to recalculate	Give Back	Dec-21
504,419.58	8	(4,035,356.67)	

## 2. Proposals

- 2.1 In accordance with P413 the annual Programme costs will be recovered through the application of a flat charge levied per SVA MSID per month. This will be applied equally to all SVA Metering Systems, both HH and NHH, across all Measurement Classes. Analysis suggests that the revised rate should be set at £0.02235 per SVA MSID per month.
- 2.2 Due to the significant reduction in the forecast, we have been considering options for addressing the situation. In light of the current market conditions, we believe that the best course of action is for the revised rate to be retrospectively applied from April 2021, as this would allow approximately £4m of funds collected so far to be redistributed back to Suppliers in the next billing run (December 2021). The alternative was to look to apply a zero value to the end of the year Financial Year, with the surplus funding recovered being distributed back to Suppliers through the Final Reconciliation process in August/September 2022.

## 3. Proposals

- 3.1 We invite you to:
- a) **APPROVE** the new MHHS Implementation Monthly Charge Specified Charge of £0.02235/SVA MSID per month; and
  - b) **APPROVE** the rate be applied retrospectively from April 2021.

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