

## Review of BSC Specified Charges

### BSC Panel

Date of meeting **9 March 2023**

Paper number **336/12**

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Purpose of paper **For Decision**

Classification **Public**

Document version **V1.0**

### Summary

**Elxon reviews the BSC Specified Charges as set out in BSC Section D which are determined by the BSC Panel. Elxon recommends the flat charge levied of £0.00992 /SVA MSID per month for both Half Hourly and Non Half Hourly, across all Measurement Classes increases to £0.01418, the MHHS Monthly Implementation Charge increases from £0.05074/SVA MSID per month to £ 0.05145 and Notified Volume charge increases from £0.0005 to £0.0006.**

## 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 2023).
- 1.2 Elxon costs are recovered by a combination of Specified Charges which recover a portion of Elxon costs, with the remainder allocated to BSC Parties using a variety of funding shares (based on metered energy).
- 1.3 When the Panel conducted a consultation of the Supplier Volume Allocation (SVA) Specified Charges in 2008 and in subsequent reviews, the option of cost driver was favoured by Parties, i.e. BSC Parties should in general pay for costs in a manner that is reflective of the benefit to them of the product or service giving rise to the cost. This would include costs which are directly cost reflective (e.g. number of Metering System IDs (MSIDs)) or otherwise energy volumes, as this is broadly reflective of the benefit to Parties. Therefore, we endeavour to identify cost drivers for each BSC Specified Charge whenever possible.
- 1.4 From 2021/22 the MHHS Monthly Implementation Charge was introduced to recover the costs of the MHHS Programme costs from Supplier's. A cost driver was established for the recovery, using the number of Metering System ID's (MSIDs) as a reflective way of enduring Supplier's pay cost proportionate to their size.

## 2. Current and recommended Specified Charges

- 2.1 The table below shows the 2022/23 Specified Charges at their current rates and the proposed rates for 2023/24. For more details of the proposed changes please refer to Appendix 1.

Specified Charge	Current Rate	Recommended Rate	Note
Notified Volume Charge (Contracts Traded)	<b>£0.0005/MWh/month</b>	<b>£0.0006/MWh/month</b>	To recover Energy Contract Volume Aggregation Agent (ECVAA) costs
SVA Specified Charge (Half Hourly MSIDs)	<b>£0.00992 /MSID/month</b>	<b>£0.01418 /MSID/month</b>	To recover Suppliers' share of the SVA costs
Dataline Monthly	Direct recovery of communication line costs charged by the BSC Central Service Agent, varied from <b>£291.25/month</b> to <b>£785.42/month</b> depending on technical specifications chosen	Direct recovery of communication line costs charged by the BSC Central Service Agent, varied from <b>£291.25/month</b> to <b>£785.42/month</b> depending on technical specifications chosen	Pass through
TIBCO Charges	Direct recovery of TIBCO license costs charged by TIBCO Software Inc. currently at £16,426 for one off standard set up and £246.39/month for support (18% of installation cost per annum).	Direct recovery of TIBCO license costs charged by TIBCO Software Inc. currently at £16,426 for one off standard set up and £246.39/month for support (18% of installation cost per annum).	Pass through
Base Monthly Charge	<b>£250/month</b>	<b>£250/month</b>	No driver
CVA Metering System Monthly Charge	<b>£50/month</b>	<b>£50/month</b>	No driver
CVA BM Unit Monthly Charge	<b>£0/month</b>	<b>£0/month</b>	No driver
Supplier Base BM Unit Monthly Charge	<b>£0/month</b>	<b>£0/month</b>	No driver
Supplier Additional BM Unit Monthly Charge	<b>£60/month</b>	<b>£60/month</b>	No driver
Virtual Lead Party Monthly Charge	<b>£125/month</b>	<b>£125/month</b>	No driver
Secondary BM Unit Charge	<b>£60/month</b>	<b>£60/month</b>	No driver
MHHS Monthly Implementation Charge	<b>£0.05074/MSID/month</b>	<b>£0.05145/MSID/month</b>	To recover the costs of the MHHS Programme

### 3. Proposal

- 3.1 The Notified Volume Charge is intended to recover the costs of Energy Contract Volume Aggregation Agent (ECVAA). The analysis suggests that the amount Elexon should recover for the monthly charge should increase from £0.0005/MWh to £0.0006/MWh in line with slight increase of the budgeted ECVAA costs for 2023/24 due to rise in number of metering systems.
- 3.2 In accordance with [P346 'Changes to the BSC Specified Charges to facilitate Elective HH Settlement'](#), the 'Supplier' half of the total SVA Costs (SVA Consumption) is recovered through the application of a flat charge levied per SVA MSID per month. This is applied equally to all SVA Metering Systems, both Half Hourly (HH) and Non Half Hourly (NHH), across all Measurement Classes. From April 2022, the SVA Specified Charge was

determined at £0.00992//SVA MSID/month. Based on the latest financials available and an increase in number of metering systems and increase in Teleswitch (RTS) costs, it is proposed that the SVA Specified Charge is set at a rate of £0.01418/MSID per month.

- 3.3 The RTS arrangement has an impact of £4.9m in the 2023/24 budget, however the costs are outside of Elexon's control and will be a fully recoverable pass-through cost from ENA.
- 3.4 Dataline Monthly Charge, TIBCO Set-up and Software Support Charge are purely pass-through costs charged by the BSC Central Services Agent. They are fixed but subject to indexation. The actual indexed charge for 2023/24 will be available in March 2023 and it will be notified to BSC Parties via the BSC website.
- 3.5 The MHHS Monthly Implementation Charge is intended to recover the full costs of the Programme. The analysis suggests that the charge of £ 0.05074/SVA MSID/Month should increase to £0.05145/SVA MSID/Month to recover the 2023/24 budgeted costs.
- 3.6 All other rates are recommended to remain the same.

#### **4. Proposals**

- 1.1 We invite you to:
  - a) **APPROVE** the new SVA Specified Charge of £0.01418/SVA MSID per month.
  - b) **APPROVE** the new MHHS Monthly Implementation Charge of £0.05145/SVA MSID per month
  - c) **APPROVE** the new Notified Volume charge of £0.0006 MWh per month

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#### **Appendices**

Appendix 1 – Detailed Analysis of proposed changes

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#### **For more information, please contact:**

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# Appendix 1 Detailed analysis of proposed changes

## 1. Notified Volume Charge

- 1.1 The Notified Volume Charge was established to recover the costs of the ECVAA so that Parties not involved in physical trading are required to bear some of the costs of contract notification.

Compared to the last review in March 2022, ECVAA costs for 2023/24 are expected to be £0.89m up from £0.77m, due to a revised contract with our service provider, whilst contracts increase from 1430TWh to 1564TWh. A direct recovery of the ECVAA cost suggests increasing the current level of £0.0005MW/h to £0.006MW/h.

	<b>22-23 Budget</b>	<b>23-24 Budget</b>
Notified Volumes	1,430,000,000	1,564,000,000
Total ECVAA Costs	766,608	887,974
<b>Notified Volume charge</b>	<b>0.0005</b>	<b>0.0006</b>

## 2. SVA Specified Charge

- 2.1 SVA Specified Charge was last reviewed 2022 using the SVA Cost Drivers method which was favoured by the majority of the responses from BSC Parties from a 2008 consultation. This method involves analysing the underlying SVA costs to determine how much relates to HH meters and how much relates to NHH meters. As a result of Modification P346, all SVA Consumption costs should be recovered using a Specified Charge. In 2022, Elexon conducted a similar exercise to include both HH and NHH Metering Systems (approximately 31,980,612) and recommended an initial rate of £0.00992 per SVA MSID per month. This has been reviewed again and we now recommend a rate of £0.01418 per SVA MSID based on HH and NHH meters (approximately 32,242,407) to recover the budgeted SVA Consumption costs of £5,485,829. SVA costs have risen by £3.3m for the 23/24 year, the main drivers for the increase are Teleswitch charges. The RTS arrangement has an impact of £4.9m in the 2023/24 budget, however the costs are outside of Elexon's control and will be a fully recoverable pass-through cost from ENA. Based on the latest financials available it suggests that the SVA Specified Charge should be increased to £0.01418/MSID per month.

	<b>22-23 Budget</b>	<b>23-24 Budget</b>
<b>Number of Metering Systems</b>	<b>31,980,612</b>	<b>32,242,407</b>
<i>SVA Costs calculation</i>		
DTS	2,654,547.17	2,764,075
Profiling	282,167.11	261,883
Teleswitch	1,544,805.54	5,100,000
Performance Assurance	2,189,708.33	1,791,522
Shared agent costs	945,655.60	1,054,178
<b>TOTAL SVA</b>	<b>7,616,883.75</b>	<b>10,971,658</b>
<i>50% of annual costs</i>		
Monthly	3,808,441.88	5,485,829
<b>Specified charge calculation</b>	<b>0.00992</b>	<b>0.01418</b>

## 3. Dataline Monthly Charge, TIBCO Set-up and Software Support Charge

- 3.1 These charges are purely pass-through costs charged by the BSC Central Services Agent and they were reviewed and approved by the Panel in a "Schedule of Specified Communication Charges" placed on the BSC website. They are fixed but subject to indexation, using the Computer Economics Limited Index ("CEL") and the Retail Price Index ("RPI") measures. The actual indexed charge for 2023/24 will be available in March 2023 and it will be notified to the Parties via the BSC website.

## 4. MHHS Monthly Implementation Charge

- 4.1 The MHHS Monthly Implementation Charge was reviewed in 2022 with budget at £19.4m. The budget for 2023/2024 remains at £19m and due to increase in the number of metering systems the revised rate set for 2023/2024 suggest an increase from 0.05074 SVA MSID/Month to £0.05145 SVA MSID/Month.

<b>MHHS Implementation Management Monthly Charge</b>	<b>22-23 Budget</b>	<b>23-24 Budget</b>
Number of Metering Systems	31,980,612	32,242,407
Annual MHHS Budget	19,471,486	19,904,656
Monthly	1,622,624	1,658,721
<b>Specified Charge Calculation</b>	<b>0.05074</b>	<b>0.05145</b>

## 5. Specified Charges with No Cost Drivers

- 5.1 The [Issue 77](#) Workgroup concluded in 2019 that certain Specified Charges with no Cost Drivers are necessary to ensure a fair recovery of Elexon charges across industry, and that the current values were appropriate.
- 5.2 As such we propose no change to these rates at present.