



## **BSC Interconnector Trading**

### **This document covers:**

- What an Interconnector is and how it is used;
- What Interconnector BM Units, Interconnector Administrators and Interconnector Error Administrators are; and
- How Settlement works for Interconnector Users.

### **What is an Interconnector and how do I use it?**

An Interconnector is the apparatus used to transfer electricity to or from the GB Total System<sup>1</sup> from or to an external system (i.e. an electricity network outside of Great Britain operated in another country).

For each Interconnector, notional Balancing Mechanism (BM) Units are established under the BSC to represent the import and export of energy from or to the GB Total System.

BSC Parties wishing to trade energy that is transferred over the Interconnector must register themselves as Interconnector User and are allocated Interconnector BM Units.

### **What are Interconnector BM Units?**

Interconnector BM Units allow parties to trade over a particular Interconnector. Interconnector BM Units always come in pairs:

- A Production BM Unit for electricity entering the GB Total System; and
- A Consumption BM Unit for electricity being taken off the GB Total System.

If you register to use a particular Interconnector, you will be assigned both a Production and a Consumption BM Unit for that Interconnector.

When you use an Interconnector, we cannot measure your individual share of the energy that passes through that Interconnector, only the total energy imported or exported by the Interconnector. Therefore, the Metered Volumes allocated to your Interconnector BM Units will be deemed values, rather than actual Metered Volumes. These deemed values are the volumes submitted into Settlement by the Interconnector Administrator, based on your external agreement for capacity and energy volumes with the operator<sup>2</sup> of the Interconnector (see '[What must I do to become an Interconnector User](#)' below). For each Settlement Period only one of your two BM Units will be allocated a Metered Volume by the Interconnector Administrator, as any imports and exports are consolidated into a single MWh value for that period.

Before registering Interconnector BM Units, you must contact NGENSO, to discuss any obligations and sign the necessary contractual agreements. NGENSO will give you Grid Code BM Unit names which will form part of the BM Unit registration under the BSC.

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<sup>1</sup> The Total System is made up of the Transmission and Distribution Systems that are covered by the BSC.

<sup>2</sup> The operator of the Interconnector is normally the same company as the Interconnector Administrator and will have a separate agreement (outside of the BSC) with the Interconnector Users for capacity rights and energy transfer usage of the Interconnector.

## What are Interconnector Administrators and Interconnector Error Administrators?

Each physical Interconnector has an Interconnector Administrator and an Interconnector Error Administrator, both of which are also BSC Parties. The Interconnector Administrator is responsible for determining and submitting BM Unit Metered Volumes into Settlement after the end of each Settlement Period. This is a deemed Metered Volume representing the transfer of active energy across the Interconnector and will be based on the nominations made by the Interconnector User to the Interconnector operator. The Metered Volume may not necessarily match the nominated volume and can be changed to accommodate operational issues such as failure or reduction in capacity of the Interconnector, or an event provided for by the Interconnection Agreement relating to the External System.

For each Settlement Period, the deemed Metered Volumes submitted into Settlement by the Interconnector Administrator for each Interconnector User are aggregated to give a total volume. This is then compared to the actual Metered Volume (as metered at the point the Interconnector is connected to the GB Total System) and any difference is allocated to the Interconnector Error Administrator. In other words, the Interconnector Error Administrator is allocated any difference in Metered Volume between the physical flow on the Interconnector and the aggregate position of all Interconnector Users BM Unit deemed volumes as notified by the Interconnector Administrator.

## What must I do to become an Interconnector User?

It is usual for all Interconnector Users to have agreements with the Interconnector owner, the Interconnected System Operator and Externally Interconnected System Operator. All these agreements are outside the scope of the BSC but are necessary pre-requisites for trading across an Interconnector. These agreements will also need to include the relationship between Interconnector Users and the Interconnector Administrator who will report the Export (electricity flows on to the GB Total System) or Import (electricity flows from the GB Total System) energy volumes for each user.

### Physical Notifications

When you use an Interconnector, a Final Physical Notification (FPN) will need to be submitted to the Electricity System Operator before each Gate Closure reflecting your expected Interconnector physical flows (Expected Transfer). This may be submitted by the Interconnector operator on your behalf, once the Expected Transfer for the relevant Settlement Period is agreed.

Your deemed BM Unit Metered Volume will be entered into Settlement by the Interconnector Administrator for each Settlement Period. This data is provided to you in the BM Unit Aggregation Report and on request to any licensed Party or licensed non-Party.

### Energy Contract Volume Notifications

Interconnector Users would normally submit Energy Contract Volume Notifications (ECVNs) to the Energy Contract Volume Aggregation Agent (ECVAA) to reflect the sale, or purchase, of energy transferred across the Interconnector. An alternative method could be to submit a Meter Volume Reallocation Notification (MVRN) that would transfer all, or some, of the allocated Meter Volume to another BSC Party's Account.

## How does Settlement Work for Interconnector Users?

As with all other Trading Parties, the difference between an Interconnector User's Imports/Exports (adjusted for Transmission Losses) and their total Notified Energy Contract Volume represents the Energy Imbalance Volumes. These volumes are multiplied by the System Price to determine Energy Imbalance Charges. If an Interconnector User does not notify sufficient (or notifies too much) energy through Energy Contract Volume Notifications, it will mean any Metered Volumes allocated to one of

their accounts will be settled at the prevailing System Prices, as is the case for an Energy Imbalance for any BSC Trading Party.

Each Trading Party is allocated two Energy Accounts; one for Production and one for Consumption. The Settlement calculations for each of these accounts are determined separately and as a consequence it is important that Energy Contract Volume Notifications specify the accounts to which they should be applied.

## What is my Residual Cashflow Reallocation Proportion?

Interconnector BM Units have a Residual Cashflow Reallocation Proportion of zero. This means that Interconnector BM Units are not subject to the Daily Party Residual Settlement Cashflow. More information is available in the [Residual Cashflow Reallocation Cashflow \(RCRC\)](#) guidance.

## Market Coupling

Alternatively, BSC Parties can bid for energy on certain interconnectors via the Power Exchanges (EPEX and N2EX) through implicit auctions. The Parties do not actually receive allocations of cross-border capacity themselves but just the energy as an Energy Contract Volume Notification (ECVN). The ECVN is notified by the Power Exchange.

## Need more information?

For more information please contact the **BSC Service Desk** at [bscservicedesk@cgi.com](mailto:bscservicedesk@cgi.com) or call **0370 010 6950**.

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