



Settlement Calculation Hierarchy

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1. What is the Settlement Calculation Hierarchy?

The Settlement Calculation Hierarchy is a visual representation of the Settlement calculations documented in the Balancing and Settlement Code (BSC). It comprises a set of three models covering the topics below:

- Calculate Credit Cover Percentage;
- Calculate Trading Charges; and
- Calculate BM Unit Allocated Demand Volume (used to calculate a Supplier's Trading Charges).

The Settlement Calculation Hierarchy helps you to navigate the calculations visually and identify how the calculation elements relate to each other. It helps to show how Trading Charges and Credit Cover Percentage are derived and can be used to support the assessment of BSC Changes by enabling you to see, at a glance, the knock on effects of a change to the calculations.

2. Using the Settlement Calculation Hierarchy?

The Settlement Calculation Hierarchy consists of three files, each containing a separate model. Each model comprises a calculation hierarchy with a sequence of calculation elements represented by boxes, each containing a calculation or input. The inputs are towards the bottom of the page and the key output at the top of the page. Each box contains a reference to the relevant section in BSC or Code Subsidiary Document.

Each model is colour-coded and contains a key and an explanation of the superscripts, subscripts and summations used in each model. The models also contain inputs and outputs that relate to sub models on separate pages (which have been split for printing and ease of navigation); these are identified by the green circles containing the model/page name and page number.

The Settlement Calculation Hierarchy focuses purely on the calculations as documented in the BSC, for further information, please see existing guidance and reference material available on the [ELEXON Website](#).

2.1 'Calculate Credit Cover Percentage' model

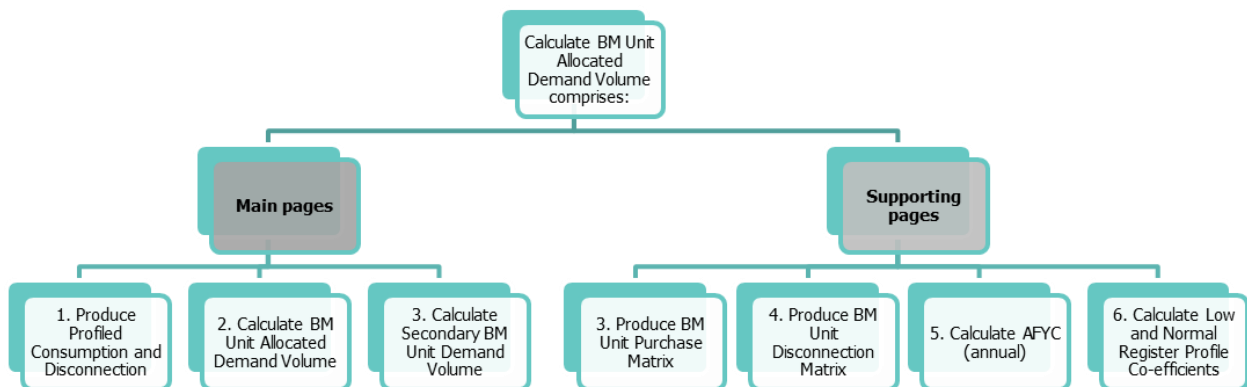
This model spans a single page that shows the calculations required to produce a Party's Credit Cover percentage, as defined in:

- [BSC Sections M, P and X-2.](#)
- [The Energy Contract Volume Allocation Agent \(ECVAA\) Service Description](#)
- [BSCP15](#)

The ECVAA system performs the majority of the calculations presented in this model.

2.2 'Calculate BM Unit Allocated Demand Volume' model

This model is structured as follows:



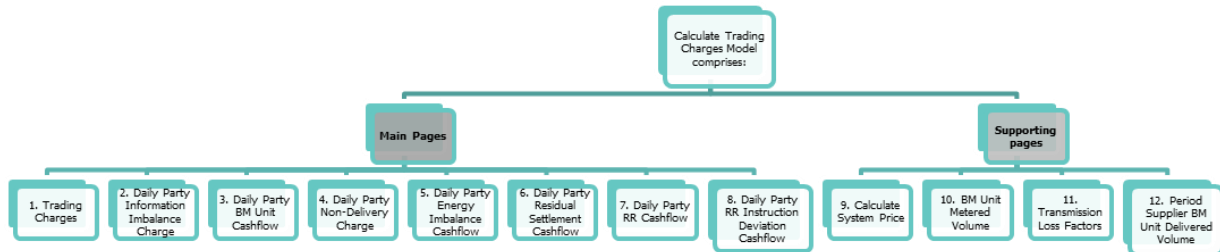
It shows the calculations required to produce a Party's BM Unit Allocated Demand Volume, as defined in [BSC Sections R, S-2 and X-2.](#)

The output from the 'Calculate BM Unit Allocated Demand Volume' page of this model is used by the 'BM Unit Metered Volume' page on the 'Calculate Trading Charges' model to enable a Supplier's Trading Charges to be calculated.

The Supplier Volume Allocation Agent (SVAA) system performs the majority of the calculations presented in this model, however a number of calculations are also performed by Data Collectors and Data Aggregators.

2.3 'Calculation Trading Charges' model

This model is structured as follows:



It shows the calculations required to produce a Party's Trading Charges, as defined in:

- [BSC Sections P, Q, R, T and X-2](#)
- [The ECVA Service Description](#)
- [BSCP04](#)

The 'BM Unit Metered Volume' page on this model uses the output from the 'Calculate BM Unit Allocated Demand Volume' model to enable a Supplier's Trading Charges to be calculated.

The Settlement Administration Agent (SAA) system performs the majority of the calculations presented in this model.

Please note that the first phase does not contain detailed calculations relating to price tagging, detailed calculations relating to Bid and Offer Volume Acceptances, or calculations relating to billing and invoicing. If you would like to see any of these topics covered, please share your feedback with us (see Section 3 'Feedback and Suggestions').

Need more information?

For more information please contact the **BSC Service Desk** at bscservicedesk@cqi.com or call **0370 010 6950**.

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