



The Credit Cover calculation for Credit Qualifying BM Units

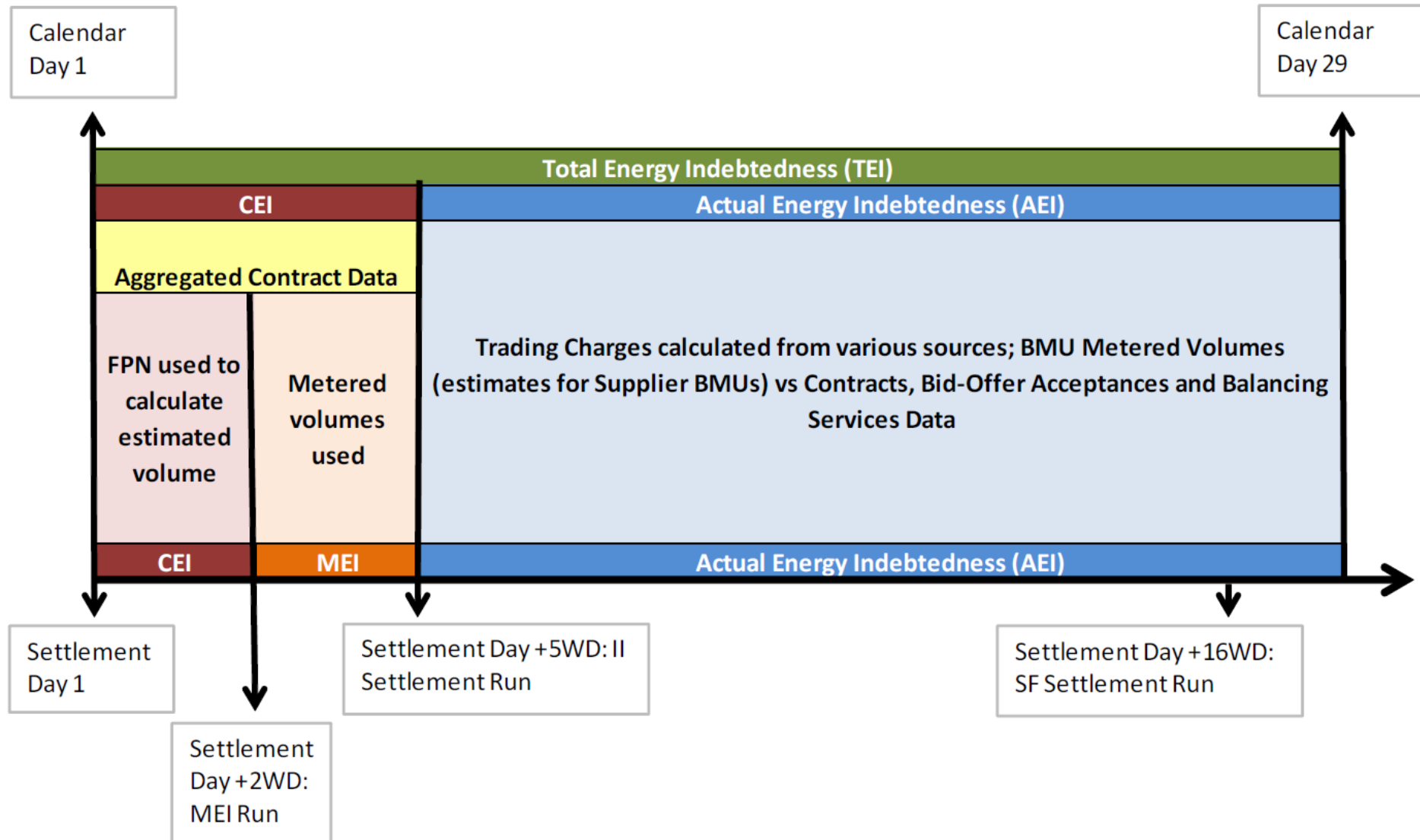
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What will we cover in this video?

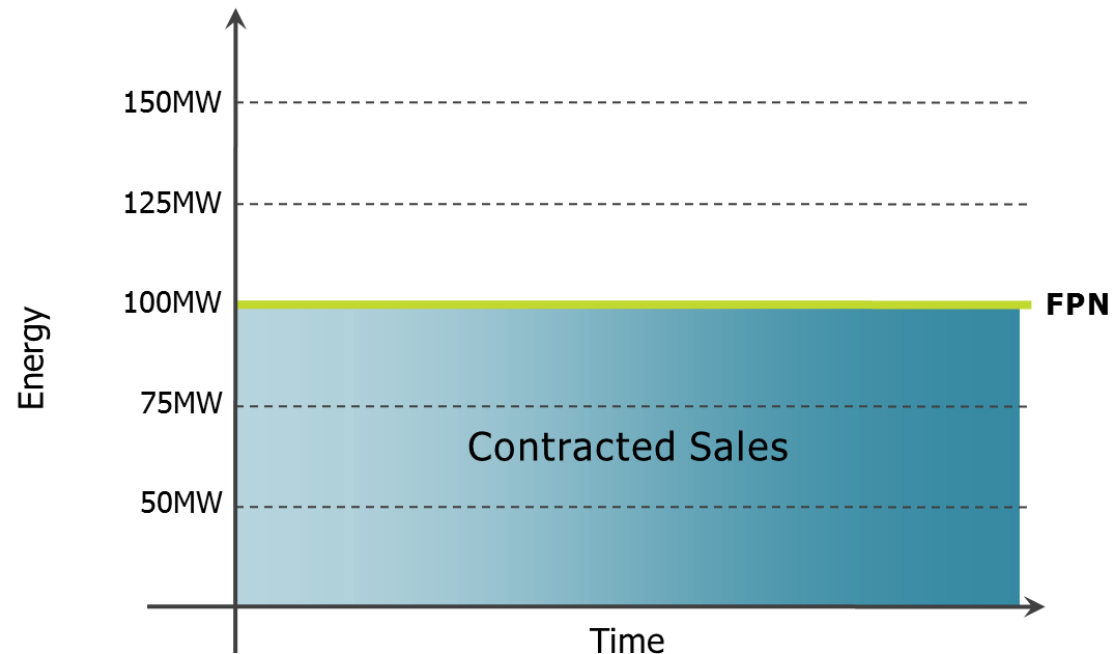
- The concept of Final Physical Notification (FPN) and its role in the Credit Cover Calculation
- The calculation of Credit Cover for the CEI, the MEI and AEI

TEI – Total Energy Indebtedness



What are FPNs?

- Final Physical Notifications (FPNs) are the expected operating level for each BM Unit per Settlement Period
- Sent to the System Operator up to an hour before the beginning of the Settlement Period (Gate Closure)
- Requirement for Credit Qualifying BM Units
- Example of an FPN of 100MW:



CEI = FPN Vs. Contracts

- First two Working Days
- Contracts Vs. FPNs

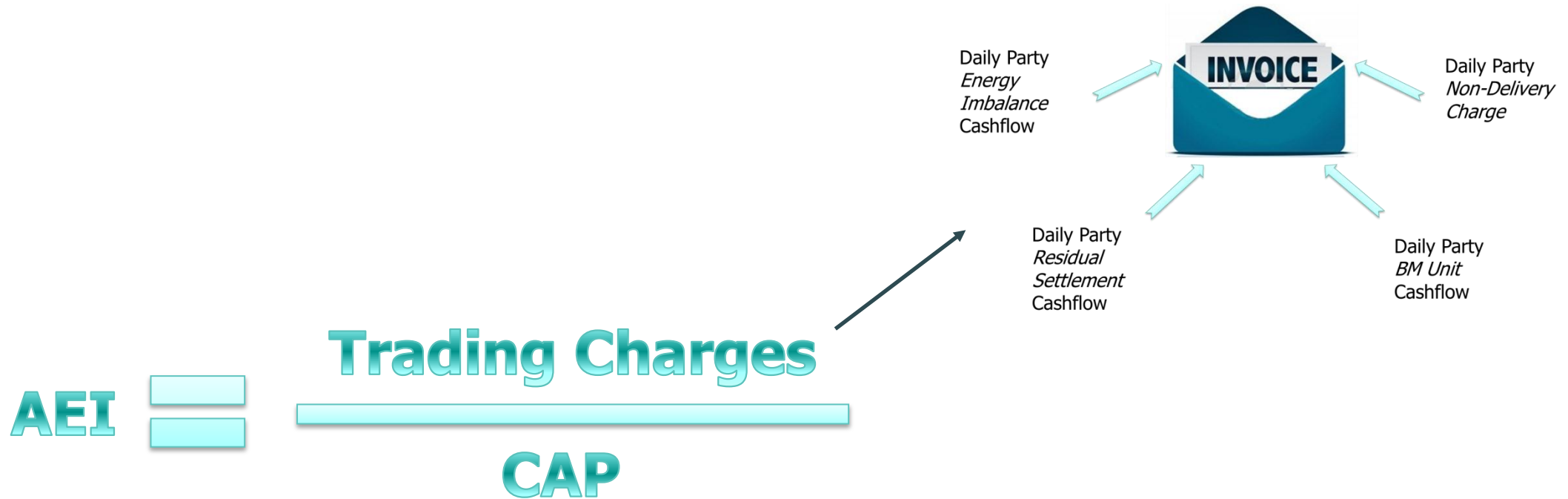


MEI = Metered volumes Vs. Contracts

- Next three Working Days
- Metered volumes Vs. Contracts



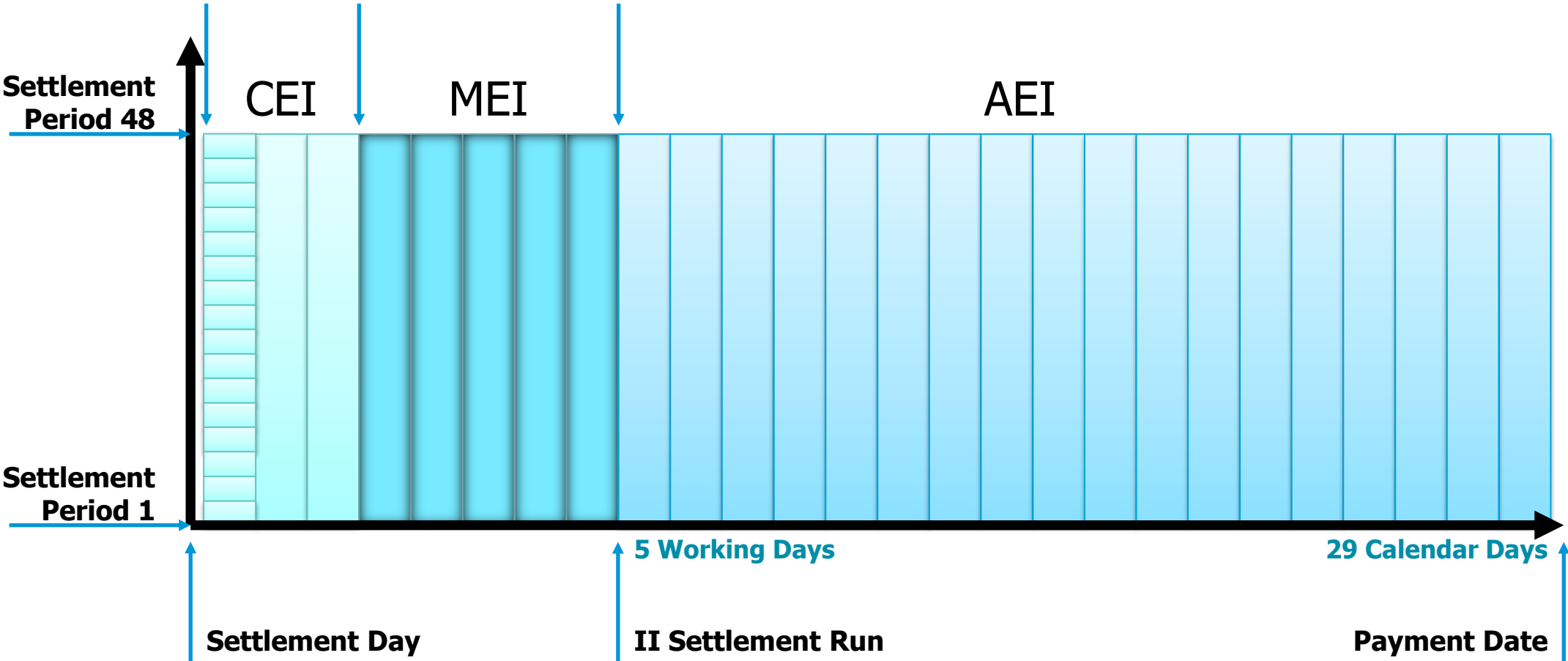
AEI – Actual Energy Indebtedness



Energy Indebtedness



Credit Assessment Energy Indebtedness (CEI)
Metered Energy Indebtedness (MEI)
Actual Energy Indebtedness (AEI)



More information and monitoring tools?



<https://www.elexonportal.co.uk>

The screenshot shows the ELEXON website interface. At the top, there is a navigation bar with the ELEXON logo, social media icons for Twitter, YouTube, and LinkedIn, and a search bar labeled 'Search Site: Google Custom Search'. Below the navigation bar is a menu with items: HOME, ABOUT, BSC & RELATED DOCUMENTS, CHANGE, COMMITTEES & MEETINGS, REFERENCE, NEWS & EVENTS, and CONTACTS. The main content area is divided into three columns. The left column is titled 'CREDIT & PRICING' and contains a list of links: 'Imbalance Pricing', 'Trading Charges', and 'Credit'. The middle column is titled 'CREDIT' and contains the heading 'What are the Credit rules under the BSC?' followed by a paragraph: 'Under the BSC arrangements, payments to and from Trading Parties in respect of Trading Charges arising on any particular Settlement Day are made, on average, twenty-nine calendar days later. Thus, at any given time, Trading Parties may have debts (or be due payments) in respect of Trading Charges incurred, on average, over the previous twenty-nine days.' Below this is another paragraph: 'The purpose of Credit Cover is to ensure that, should a Trading Party default, sufficient collateral is available to pay these debts.' A third paragraph states: 'The BSC does not stipulate the amount of Credit Cover that Trading Parties must provide. Instead Trading Parties decide on the level of Credit Cover that they wish to provide, and credit checking is intended to ensure that a Trading Party cannot accumulate a debt over the twenty-nine day period that exceeds the amount of Credit Cover provided.' The final paragraph reads: 'If a Party does not have sufficient funds it will enter into Credit Default.' The right column is titled 'RELATED FAQ's' and contains the question 'Do I need to lodge collateral (credit cover) with ELEXON?' with a plus sign icon. Below this is a section titled 'RELATED CONTENT' which lists several documents with PDF icons and file sizes: 'Credit Assessment Load Factor', 'BSC Guidance Notes', 'Overview of Credit Cover [359.6 Kb]', 'Overview of Credit Default [238.4 Kb]', 'What happens if a Party defaults? [207.2 Kb]', and 'BSC Section M - Credit Cover and Credit Default [241.7 Kb]'.

<https://www.elexon.co.uk/reference/credit-pricing/credit/>



Want some more?

Additional videos are available on the website to learn more on the following topics:

- Introduction to BSC Credit Cover

- Credit Cover calculation for:
 - Non Credit Qualifying BM Units (including Suppliers' BM Units)
 - Interconnectors BM Units

- The Credit Default process and the different levels of Credit Defaults

- How to use the ELEXON Portal to monitor your Credit Cover Position

