



Introduction to BSC Credit Cover

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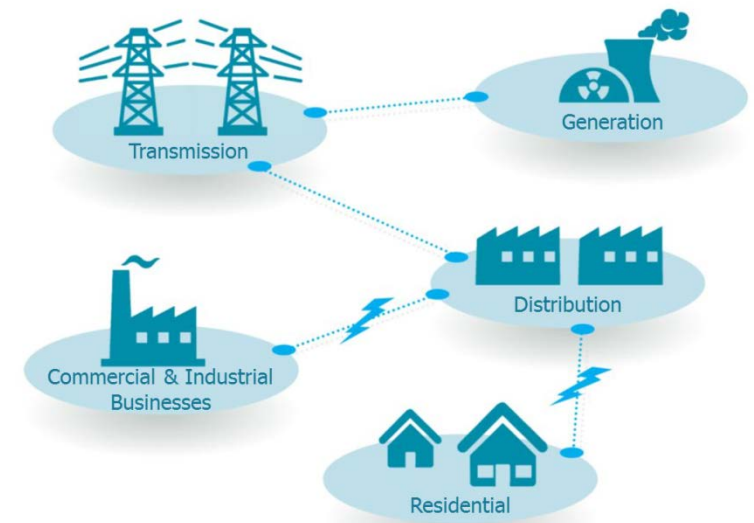


What will we cover in this video?

- The current trading arrangements in GB
- Why we need Credit under the BSC arrangements
- What charges are included in the ELEXON Trading charges
- The meaning of terms such as CEI, MEI, AEI and TEI
- What the CAP is and how do we calculate it

Trading arrangements in GB

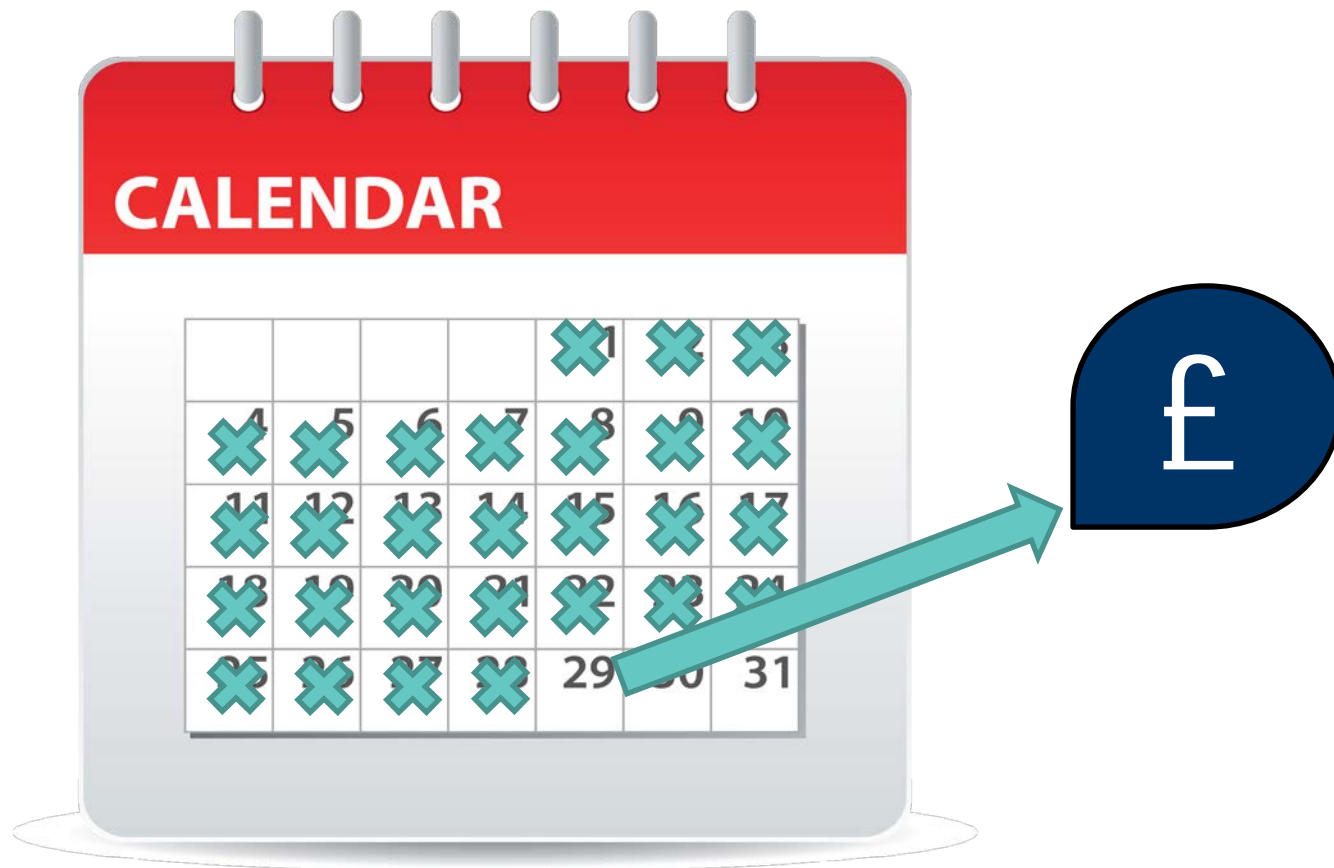
- Generators produce and sell to Suppliers
- Interconnectors import/export
- Non Physical Traders buy/sell



- ELEXON settles any imbalances between what has been contracted and what was actually generated and used

Why do we need credit?

- First invoice paid 29 days after the end of a Settlement day



- We need sufficient collateral for Parties to trade in confidence that they will get paid for what they provide

What's included in your ELEXON invoice?

Daily Party
*Energy
Imbalance
Cashflow*



Daily Party
*Non-Delivery
Charge*


Daily Party
*Residual
Settlement
Cashflow*

Daily Party
*BM Unit
Cashflow*

TEI, CEI, MEI and AEI... What's all that?

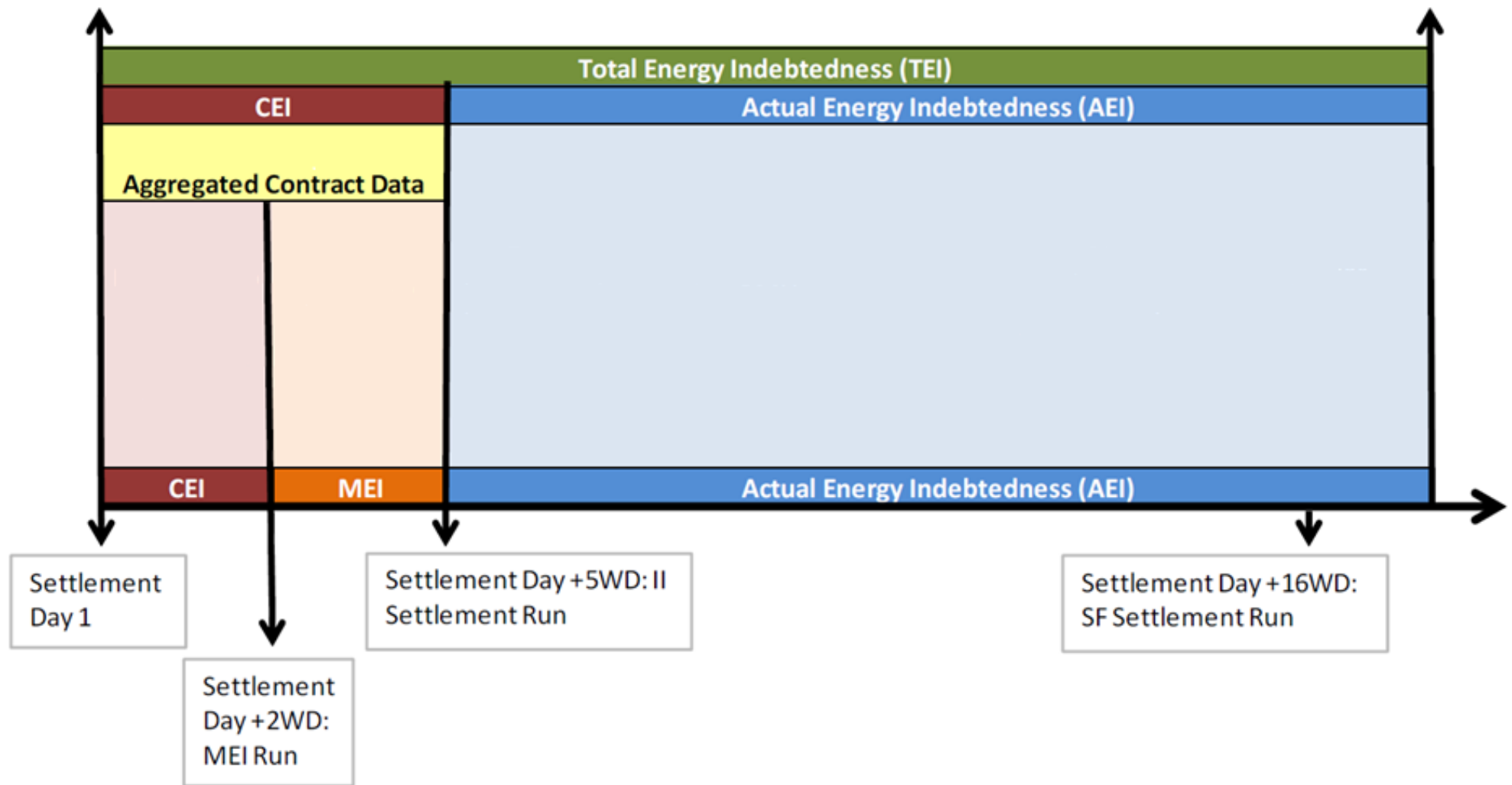
Credit Assessment Energy Indebtedness (CEI)
+ Metered Energy Indebtedness (MEI)*
+ Actual Energy Indebtedness (AEI)



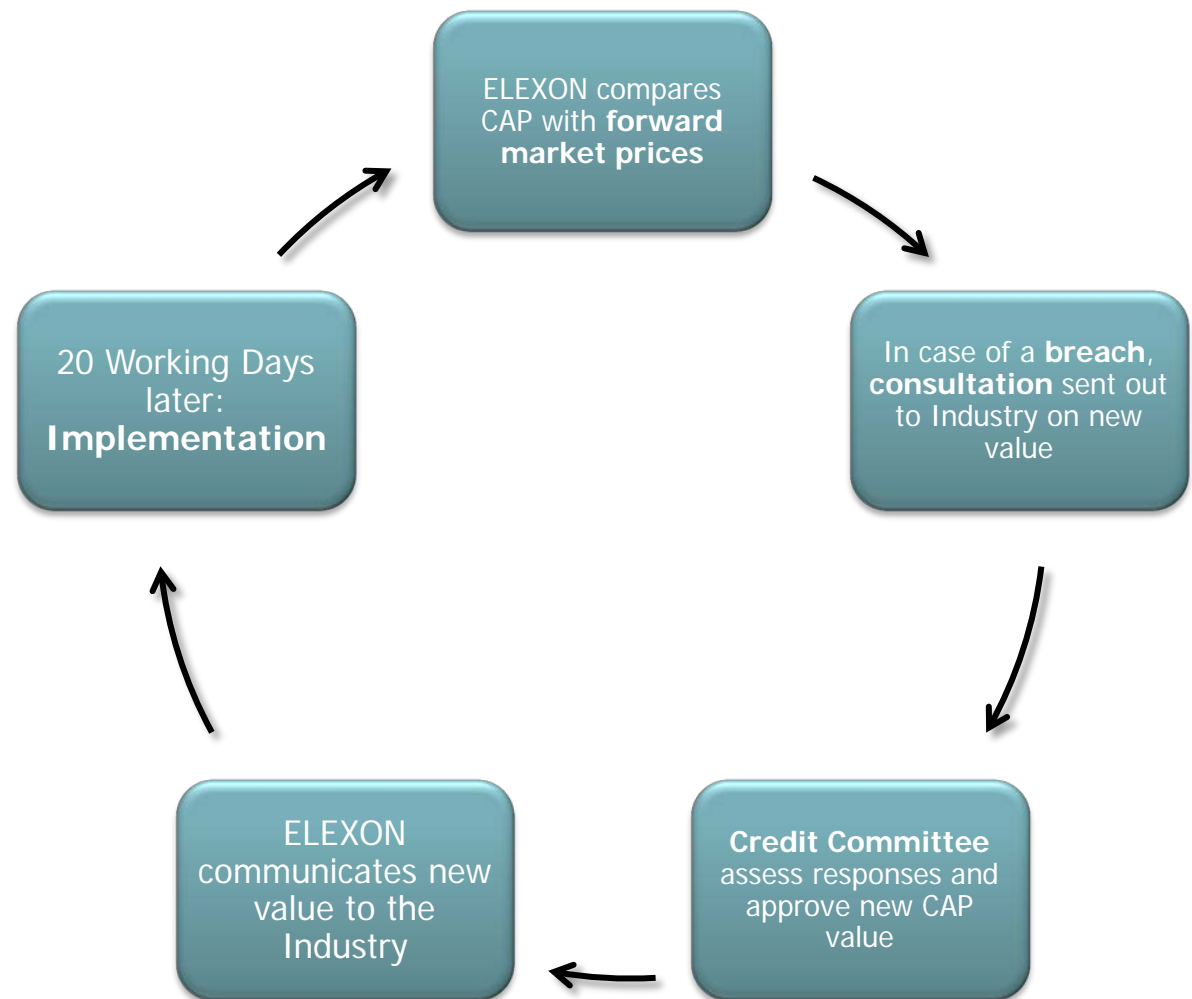
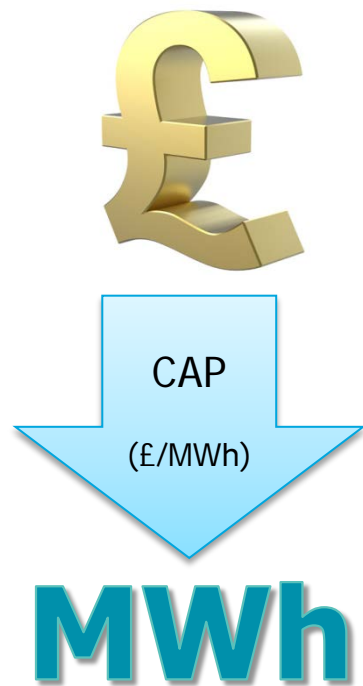
 **TEI**

*Credit Qualifying BM Units only

The TEI timescale illustrated



What's the Credit Assessment Price or CAP?



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

More information and monitoring tools?



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

A screenshot of the ELEXON website's reference page for credit pricing. The page has a teal header with the ELEXON logo, social media icons for Twitter, YouTube, and LinkedIn, and a search bar. A navigation menu includes links for HOME, ABOUT, BSC & RELATED DOCUMENTS, CHANGE, COMMITTEES & MEETINGS, REFERENCE, NEWS & EVENTS, and CONTACTS. The main content area is divided into three columns: 'CREDIT & PRICING' with sub-links for Imbalance Pricing, Trading Charges, and Credit; 'CREDIT' with the heading 'What are the Credit rules under the BSC?' and three paragraphs of text; and 'RELATED FAQs' with the question 'Do I need to lodge collateral (credit cover) with ELEXON?' and 'RELATED CONTENT' with links to '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]'.

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CREDIT & PRICING

- > Imbalance Pricing
- > Trading Charges
- > Credit

CREDIT

What are the Credit rules under the BSC?

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.

The purpose of Credit Cover is to ensure that, should a Trading Party default, sufficient collateral is available to pay these debts.

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.

If a Party does not have sufficient funds it will enter into Credit Default.

RELATED FAQs

Do I need to lodge collateral (credit cover) with ELEXON?

RELATED CONTENT

- 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]
- BSC Section M - Credit Cover and Credit Default [241.7 Kb]

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



Need some more information?

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

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

