

DRAFT LEGAL TEXT FOR PROPOSED MODIFICATION P396

SECTION D: BSC COST RECOVERY AND PARTICIPATION CHARGES (V21.0)

4. RECOVERY OF NET ANNUAL COSTS

4.4 Reconciliation

- 4.4.1 In relation to each BSC Year, BSCCo shall, not later than 28 days after publication of its audited accounts for that year, make a final determination and adjustment in respect of the amounts payable by each Trading Party way of BSCCo Charges.
- 4.4.2 Such determination and adjustment shall be made in accordance with paragraph 4.3 except that:
- (a) BSCCo shall use only actual data and shall not (unless any actual data remains unavailable to it at the time of such determination) use estimated data;
 - (b) paragraph 4.3.4 (providing for a minimum invoiced amount) shall not apply;
 - (c) paragraph 4.3.8 (providing for recognition of profiled expenditure) shall not apply.
- 4.4.3 BSCCo shall invoice to Trading Parties the amounts determined to be payable pursuant to paragraph 4.4.1 by way of final reconciliation and adjustment in respect of BSCCo Charges payable by Trading Parties in the relevant BSC Year.
- 4.4.4 Subject only to paragraph 4.4.5, BSCCo's determination of BSCCo Charges in a BSC Year under paragraph 4.4.1 shall be final and binding, and no further adjustment shall be made (and accordingly any subsequent adjustment in respect of BSC Costs in the BSC Year shall be taken into account in the BSC Costs for the BSC Year in which such adjustment is identified and made).
- 4.4.5 If, after the final determination under paragraph 4.4.1, the Panel determines that there are exceptional circumstances which justify an adjustment in respect of an extraordinary error in the determination of, or in data used in the determination of, any Funding Shares under that paragraph, the Panel may in its discretion direct, and Trading Parties shall be bound by, and BSCCo shall give effect to, such adjustment in respect of BSCCo Charges (payable by and to Trading Parties) in that BSC Year as appears to the Panel to be appropriate.
- 4.4.6 It is acknowledged that any BSC Costs referred to in Section H1.7 may, if the Panel decides it is appropriate to do so, be apportioned (on such basis as the Panel shall so decide) over the period from the Go-live Date to the BSC Year in which they are incurred, and in such case the Panel may direct that BSCCo shall redetermine (on such basis of approximation as the Panel may approve) each Trading Party's liability for BSCCo Charges over such period, and each Trading Party shall be bound by such direction and determination and shall be liable to make adjustment payments in respect of BSCCo Charges accordingly.

Insert new paragraph 4.4.7 to read as follows:

4.4.7 In respect of Modification Proposal P396:

- (a) for the purposes of this paragraph 4.4.7, the "P396 Reconciliation Date" shall be the later of:

- (i) the day next following the date on which the Authority issued a notice of modification to the **National Grid Electricity System Operator Limited** in respect of Modification Proposal P396; or
- (ii) the first day of the BSC Year during which the date on which the implementation of Approved Modification P396 takes place (the "**P396 Implementation Date**");
- (b) as soon as practically possible after the P396 Implementation Date, BSCCo shall determine, in accordance with paragraph (c), an adjustment to the amounts paid to or payable by each Party by way of BSCCo Charges;
- (c) the adjustment referred to in paragraph (b) shall be determined so as to reconcile the difference between:
 - (i) the amounts already paid to or payable by each Party by way of BSCCo Charges in relation to the period commencing on the P396 Reconciliation Date and ending on day immediately prior to the P396 Implementation Date; and
 - (ii) the amounts that would have been payable by each Party over the same period had Modification Proposal P396 been in effect from the P396 Reconciliation Date;
- (d) BSCCo shall send an invoice to Parties in respect of the reconciliation amounts determined pursuant to paragraph 4.4.7(c) (and where such amounts are not included in an invoice to be sent to Parties pursuant to paragraph 4.5.1 then, in respect of such invoice, the provisions of paragraph 4.5 shall apply mutatis mutandis);
- (e) subject to paragraph 4.4.5, BSCCo's determination of the reconciliation amounts shall be final and binding.

ANNEX D-1: FUNDING SHARES

Amend Part 1 of Annex D-1 to read as follows:

Part 1 – Main Funding Shares

A Trading Party's Main Funding Share (FSM_{pm}) in relation to a month (month 'm') reflects its proportionate share of aggregate Credited Energy Volumes for that month and shall be determined as follows:

$$FSM_{pm} = \frac{1}{2} * \{ {}^P\Sigma_{(non-1)}^+ (QCE_{iaj}) + {}^P\Sigma_{(non-1)}^- (-QCE_{iaj}) \} / \Sigma_p \{ {}^P\Sigma_{(non-1)}^+ (QCE_{iaj}) + {}^P\Sigma_{(non-1)}^- (-QCE_{iaj}) \} \\ + \frac{1}{2} * \{ {}^C\Sigma_{(non-1)}^+ (QCE_{iaj}) + {}^C\Sigma_{(non-1)}^- (-QCE_{iaj}) \} / \Sigma_p \{ {}^C\Sigma_{(non-1)}^+ (QCE_{iaj}) + {}^C\Sigma_{(non-1)}^- (-QCE_{iaj}) \}$$

where:

${}^P\Sigma_{(non-1)}^+$ represents, for the Production Energy Account a belonging to Party p, a sum over each Settlement Period in month m and each BM Unit that is not an Interconnector BM Unit, where the Trading Unit to which the BM Unit belongs is delivering in the Settlement Period j.

$\sum_{(non-I)}^P$ represents, for the Production Energy Account a belonging to Party p, a sum over each Settlement Period in month m and each BM Unit that is not an Interconnector BM Unit, where the Trading Unit to which the BM Unit belongs is offtaking in the Settlement Period j.

$\sum_{(non-I)}^{C+}$ represents, for the Consumption Energy Account a belonging to Party p, a sum over each Settlement Period in month m and each BM Unit that is not an Interconnector BM Unit, where the Trading Unit to which the BM Unit belongs is delivering in the Settlement Period j.

$\sum_{(non-I)}^{C-}$ represents, for the Consumption Energy Account a belonging to Party p, a sum over each Settlement Period in month m and each BM Unit that is not an Interconnector BM Unit, where the Trading Unit to which the BM Unit belongs is offtaking in the Settlement Period j.

\sum_p represents the sum over all Trading Parties p;

and where delivering and offtaking are construed in accordance with Section T2.1.1.

Amend Part 3 of Annex D-1 to read as follows:

Part 3 – SVA (Production) Funding Shares

A Trading Party's SVA (Production) Funding Share (FSPS_{pm}) in relation to a month (month 'm') reflects its proportionate share of aggregate Credited Energy Volumes for Production BM Units for that month and shall be determined as follows:

$$FSPS_{pm} = \{ \sum_{(non-I)}^{P+} (QCE_{iaj}) + \sum_{(non-I)}^{P-} (- QCE_{iaj}) \} / \sum_p \{ \sum_{(non-I)}^{P+} (QCE_{iaj}) + \sum_{(non-I)}^{P-} (- QCE_{iaj}) \}$$

where the summations are the same as in Part 1.