



**Clarification of TNUoS Charging Rules  
For Trading Unit with Only Exempt Export BM Units  
And Chargeable Generation Capacity for Positive  
Charging Zones**

**18 October 2001**

## **Introduction**

During the consultation on the modification proposal UoSCM-M-03, two issues had arisen in the process of clarifying the BSC rules on Trading Unit registration. These issues relate to the need to clarify the TNUoS charging rules for:

- Trading Unit with only Exempt Export BM Units; and
- Chargeable Generation Capacity for positive charging zones.

This note describes these issues and sets out National Grid's proposal to clarify the relevant rules. These clarifications do not represent any changes to the existing charging methodology and we propose that they are included in the new Statement of The Use of System Charging Methodology resulting from UoSCM-M-03.

## **Background and Explanation of the Issues**

### **Trading Units with Only Exempt Export BM Units**

The current TNUoS charging rules for Exempt Export BM Units only cover the cases of them belonging to two types of Trading Units: Sole Trading Units or Trading Units with a Supplier BM Unit. It was confirmed in the process of clarifying the BSC rules surrounding the modification P7 that another type of Trading Unit could also be formed by two or more Exempt Export BM Units only (i.e. without a Supplier BM Unit).

Explicit rules therefore are required for this type of Trading Unit, especially in defining the situations where the Exempt Export BM Units belonging to such Trading Units would be liable for generation charges and where they would be eligible for NGC facilitated Triad Trading.

We propose to adopt the same rules used for Sole Trading Units on each individual Exempt Export BM Unit in a Trading Unit with only other Exempt Export BM Units, i.e. each BM Unit will be treated as if it is in a Sole Trading Unit. Whether this Exempt Export BM Unit is liable for generation charges and whether it is eligible for NGC facilitated Triad Trading will hence be dependent on whether it participates in the Balancing Mechanism, regardless of the status of the other Exempt Export BM Units in the same Trading Unit.

### **Chargeable Generation Capacity in Positive Charging Zones**

The current text describing the Chargeable Generation Capacity for positive charging zones indicates that each liable Trading Unit will be charged on the basis of its highest Generation Capacity from April to February in a charging year. This is based on the assumption that each physical entity would only belong to one Trading Unit in a charging year. However, the BSC modification P7 highlighted the likelihood of participants re-configuring their Trading Units within the applicable period of a charging year. A direct application of the current texts for the Chargeable Generation Capacity in positive charging zones could lead to multiple charges for the same physical entity if it belongs to more than one Trading Unit within a charging year.

Multiple generation charges were not intended by the charging methodology, and if carried out, it would discriminate against the generators who are situated in the positive charging zones and who reconfigure their Trading Units.

We propose to modify the relevant text in The Statement of The Use of System Charging Methodology to clarify that the Chargeable Generation Capacity are based on the highest Generation Capacity for a Power Station rather than that of a Trading Unit.

## **Proposed Changes to the Statement of the Use of System Charging Methodology**

It is proposed that The Statement of the Use of System Charging Methodology be modified as shown below.

### **Page 24, Paragraph 5.8**

“Chargeable Generation Capacity for positive charging zones is the sum of the highest Generation Capacity submitted for settlement purposes for each BM Unit within the ~~Trading Unit~~ **Power Station** from beginning of April to the end of February for that Financial Year.”

### **Page 25, Paragraph 5.21**

“... belongs to a Sole Trading Unit **or a Trading Unit only with other Exempt Export BM Unit(s)**, and participates ...”

### **Page 26, Paragraph 5.24**

“... or, if they are in a Sole Trading Unit **or a Trading Unit only with other Exempt Export BM Unit(s)**, NGC can facilitate ...”

### **Page 26, Paragraph 5.27**

“If an Exempt Export BM Unit belongs to a Sole Trading Unit **or a Trading Unit with only other Exempt Export BM Unit(s)**, does not participate in the Balancing Mechanism, ...”

## **Responses to This Note**

National Grid believes that it would be more efficient to combine the clarifications set out in this note into the new Statement of the Use of System Charging Methodology that would result from UoSCM-M-03. We would invite your comments by **26 October 2001** so that we could inform the Authority whether such inclusion would be made. If you wish to provide comments on this review, then responses are welcome via e-mail to:

min.zhu@uk.ngrid.com

Or alternatively, written comments may be addressed to:

Min Zhu  
Senior Charging Analyst  
Commercial and System Strategy  
The National Grid Company plc  
Kirby Corner Road  
Coventry  
CV4 8JY

If you have further queries on this note, please do not hesitate to contact Min Zhu on:  
**02476 423076.**