CONTENTS

(This page does not form part of the BSC)

SECTION D: BSC COST RECOVERY AND PARTICIPATION CHARGES 1
1. GENERAL 1
1.1 Introduction 1
1.2 Funding Shares 1
1.3 Default Funding Shares 2
1.4 Determination of Funding Shares 2
2 BSC COSTS 3
2.1 General 3
2.2 Recovery of BSC Costs 5
2.3 BSC Accounting Policies 5
2.4 Taxation 5
3. SPECIFIED BSC CHARGES ..... 6~~5~~
3.1 General ..... 6~~5~~
3.2 Liability to pay Specified BSC Charges 6
3.3 Further charges 6
4. RECOVERY OF NET ANNUAL COSTS 6
4.1 Net Annual BSC Costs 6
4.2 Liability in Funding Shares 7
4.3 Invoicing, estimation and reconciliation 7
4.4 Reconciliation ..... 10~~9~~
4.5 Invoicing ..... 12~~11~~
4.6 Combined invoicing of Supplier charges ..... 13~~12~~
4.7 Combined invoicing of DIP Charges ..... 13~~12~~
5. NOT USED ..... 14~~13~~
6. PAYMENT OF BSCCO CHARGES AND PARTY CHARGES ..... 14~~13~~
6.1 Bank Accounts ..... 14~~13~~
6.2 Payment by Parties ..... 14~~13~~
6.3 Disputes ..... 15~~14~~
6.4 Interest on late payment ..... 15~~14~~
6.5 Failure to pay ..... 15~~14~~
6.6 Emergency funding ..... 17~~16~~
6.7 DIP Charges ..... 17~~16~~
7. EMR SETTLEMENT SERVICES PROVIDER COSTS ..... 18~~16~~
7.1 CFD Settlement Services Provider Costs to be recovered by BSCCo ..... 18~~16~~
7.2 CM Settlement Services Provider Costs to be recovered by BSCCo ..... 18~~17~~
7.3 General ..... 18~~17~~
8. MHHS PROGRAMME COSTS ..... 18~~17~~
9. RTS PASS THROUGH COSTS ..... 19~~18~~
ANNEX D-1: FUNDING SHARES ..... 21~~20~~
1 Main Funding Shares ..... 21~~20~~
2 Not Used ..... 21~~20~~
3 SVA (Production) Funding Shares ..... 21~~20~~
4 General Funding Shares ..... 22~~21~~
5 Determination of Funding Shares ..... 22~~21~~
ANNEX D-2: SVA COSTS ..... 23~~22~~
ANNEX D-3: SPECIFIED BSC CHARGES ..... 24~~23~~
1. General ..... 24~~23~~
2. Not Used ..... 24~~23~~
3. Main Specified Charges ..... 24~~23~~
4. SVA Specified Charges ..... 27~~26~~
5. Provision of information to BSCCo ..... 27~~26~~

6. Further charges 2827
ANNEX D-4: DETERMINATION OF MONTHLY BSCCO CHARGES 3028
1. Invoicing within year 3028
2. Reconciliation 3028
ANNEX D-5: NOT USED 3129

SECTION D: BSC COST RECOVERY AND PARTICIPATION CHARGES

1. GENERAL

1.1 Introduction

1.1.1 This Section D sets out:

(a) the basis on which Trading Parties' various Funding Shares will be determined;

(b) the basis for determining specified charges payable by Parties and others to BSCCo in respect of participation under the Code;

(c) further arrangements pursuant to which BSCCo will recover BSC Costs from Trading Parties; and

(d) not used;

(e) further arrangements pursuant to which BSCCo will recover:

(i) CFD Settlement Services Provider Costs; and

(ii) CM Settlement Services Provider Costs.

1.1.2 In this Section D:

(a) references to Parties exclude BSCCo and the BSC Clearer;

(b) references to a month are to a calendar month, unless the context otherwise requires.

1.1.3 For the purposes of the Code, "**BSCCo Charges**" means amounts payable by Parties by way of Specified BSC Charges in accordance with paragraph 3.1 and any further charges in accordance with paragraph 3.3, and in respect of the recovery of BSC Costs pursuant to paragraph 4.2.

1.1.4 Nothing in this Section D applies in relation to Trading Charges.

1.2 Funding Shares

1.2.1 For the purposes of the Code, in relation to a month:

(a) the "**Main Funding Share**" (FSM_{pm}) of a Trading Party is the proportion determined in accordance with Part 1 of Annex D-1;

(b) not used;

(c) the "**SVA (Production) Funding Share**" ($FSPS_{pm}$) of a Trading Party is the proportion determined in accordance with Part 3 of Annex D-1;

(d) subject to paragraph 1.2.2, the "**General Funding Share**" of a Trading Party is the proportion determined in accordance with Part 4 of Annex D-1;

(e) subject to paragraphs 1.2.2, 1.2.3 and 1.2.4, the "**Annual Funding Share**" of a Trading Party is the sum of its General Funding Shares for the twelve consecutive months ending with and including that month, divided by the sum for all Trading Parties of their General Funding Shares for such twelve months;

(f) "**Funding Shares**" means Main Funding Shares, SVA (Production) Funding Shares, General Funding Shares, Annual Funding Shares and (where applicable in accordance with paragraph 1.3) Default Funding Shares.

1.2.2 A reference in any provision of the Code to the General Funding Share or Annual Funding Share (in relation to any month) of a Trading Party on a "**default basis**", in the context of one or more other Trading Parties being in default of a payment obligation under the Code, is to such General Funding Shares or Annual Funding Shares determined, as provided in Part 4 of Annex D-1, so as to disregard the participation of the Trading Party(ies) in default.

1.2.3 Subject to paragraph 1.2.4, for the purposes of paragraph 1.2.1(e) a Trading Party shall be treated as having a General Funding Share of zero for any month for which no General Funding Share was determined for that Trading Party.

1.2.4 In relation to any month which is less than twelve months after the Go-live Date, the number of months referred to in paragraph 1.2.1(e) shall be the number of whole months from the Go-live Date to and including that month.

1.3 Default Funding Shares

1.3.1 For the purposes of this Section D:

(a) a Trading Party is a "**defaulting party**" in relation to a BSC Year (a "**default**" BSC Year) where:

(i) the Trading Party failed to pay any amount by way of BSCCo Charges (for which that Party was liable) accruing in respect of the default BSC Year, and

(ii) such unpaid amount was recognised by BSCCo as a bad debt and included in BSC Costs pursuant to paragraph 2.1.1(a)(ii) in relation to the default BSC Year;

(b) in relation to every month in a default BSC Year (irrespective of the month in which any defaulting party failed or first failed to make payment), the "**Default Funding Share**" (FSD_{pm}) of each Trading Party which was not a defaulting party in that year is its General Funding Share determined on a default basis in relation to all defaulting parties.

1.4 Determination of Funding Shares

1.4.1 BSCCo will:

(a) determine periodically in accordance with paragraph 4 each Trading Party's Main Funding Share, SVA (Production) Funding Share and General Funding Share, Annual Funding Share and (where applicable) Default Funding Share for each month; and

(b) notify all such Funding Shares to all Trading Parties in the statement provided under paragraph 4.5.1(b).

1.4.2 Annual Funding Shares determined in relation to any month in accordance with paragraph 4:

(a) shall be final and binding on Trading Parties, notwithstanding that (in accordance with paragraph 4.3) they are based on estimated data (used in the determination of General Funding Shares) for certain months; and

(b) shall not be subject to any subsequent adjustment or reconciliation upon actual data becoming available or upon any subsequent redetermination of General Funding Shares.

1.4.3 Each Party shall, upon request of BSCCo, provide to BSCCo any information reasonably requested by it for the purposes of determining Trading Parties' various Funding Shares.

1.4.4 So far as data derived in Volume Allocation is used in the determination of any Funding Shares:

(a) such data shall be that derived from the Initial Volume Allocation Runs for Settlement Days in the relevant month, which shall be final and binding for the purposes of such determination;

(b) no adjustment or reconciliation shall be made in respect of or by reference to any Reconciliation Volume Allocation Run or data derived therefrom, or otherwise as a result of the resolution of any Trading Dispute relating to such data.

1.4.5 If:

(a) at the time at which a Trading Party first raised a Trading Dispute in accordance with Section W, such Party notified ~~the Panel~~BSCCo that the Party wishes this paragraph 1.4.5 to apply; and

(b) following resolution of the Trading Dispute (or as the case may be the making of an arbitral award) and the carrying out of a Reconciliation Volume Allocation Run, ~~the Panel~~BSCCo in its sole discretion considers that such resolution or award amounts to an exceptional circumstance which justifies making an adjustment in respect of the Volume Allocation data used in determining Funding Shares,

then ~~the Panel may require~~ BSCCo ~~to~~ may redetermine Funding Shares (for all or any particular purposes of the Code) accordingly, and to make the consequential adjustments in respect of the amounts paid or payable by Trading Parties by way of BSCCo Charges.

2 BSC COSTS

2.1 General

2.1.1 For the purposes of the Code, subject to paragraph 2.4:

(a) "**BSC Costs**" means, subject to paragraph (b):

(i) all costs, expenses and other outgoings of BSCCo and its Subsidiaries and other amounts for which BSCCo or any of its Subsidiaries may be liable (other than amounts payable as trustee for any person), net of recoverable VAT;

(ii) with effect from such time as BSCCo determines to treat such amount as a bad debt, any amount payable by a Party in respect of BSCCo Charges which was not paid within fifteen Business Days after the due date for payment and remains outstanding at such time, excluding any part of such amount which comprises VAT to the extent to which BSCCo considers that it will recover such VAT from a taxation authority; and

(iii) all costs, expenses and other outgoings of BSCCo incurred pursuant to and in connection with the Market Facilitator Operational Services in accordance with Section C17.6A;

(iv) all costs, expenses and other outgoings of BSCCo incurred pursuant to and in connection with the CMAG Services in accordance with Section C13.3;

(b) BSC Costs do not include:

(i) amounts payable by or to the BSC Clearer in respect of Trading Charges pursuant to Section N;

(ii) (to avoid double counting) amounts paid by BSCCo to its Subsidiaries by way of funding;

(iii) any amounts payable to any Parties in respect of Supplier Charges pursuant to Annex S-1;

(iv) any CFD Settlement Services Provider Costs and/or CM Settlement Services Provider Costs incurred by BSCCo and/or any of its Subsidiaries;

(v) any DIP Costs;

(c) "**SVA Costs**" are BSC Costs incurred by BSCCo in connection with Supplier Volume Allocation, determined in accordance with Annex D-2;

(d) "**Annual BSC Costs**" in relation to a BSC Year, means all BSC Costs accruing (in accordance with the BSCCo Accounting Policies) in that year;

(e) "**Annual SVA Costs**" in relation to a BSC Year, means all SVA Costs accruing (in accordance with the BSCCo Accounting Policies) in that year;

(f) "**Annual Default Costs**" in relation to a BSC Year, means the aggregate of all unpaid amounts falling to be treated as BSC Costs under paragraph 2.1.1(a)(ii) in that BSC Year.

2.1.2 Without prejudice to the generality of paragraph 2.1.1, and subject always to 2.1.1(b)(iv), BSC Costs include amounts for which BSCCo or any of its Subsidiaries is liable:

(a) pursuant to or in connection with any BSC Agent Contract or Market Index Data Provider Contract or any breach by BSCCo thereof or the termination thereof;

(b) pursuant to any indemnity given by it pursuant to the Code or any BSC Agent Contract or Market Index Data Provider Contract or otherwise;

(c) pursuant to any provision of the Implementation Scheme;

(d) should BSCCo in any circumstances be required to pay (other than as trustee) to any Party any amount recovered or recoverable by BSCCo from a BSC Agent or Market Index Data Provider;

(e) by way of payment of interest or other charges or repayment (including any prepayment or premature or accelerated repayment) of principal in respect of any borrowing (and including any grossed-up amounts where any deduction is made from payment of interest);

(f) in respect of any taxes (save to the extent to which such amounts are recoverable from any person or authority in the BSC Year in question);

(g) to a Contract Trading Party pursuant to Section M4;

(h) in damages (in contract or tort or otherwise) to any person, including (by virtue of Section C5.2 or otherwise) any Party.

2.2 Recovery of BSC Costs

2.2.1 BSCCo shall and shall be entitled to recover all BSC Costs from Trading Parties severally as provided in this Section D.

2.3 BSC Accounting Policies

2.3.1 BSCCo shall prepare and adopt, and may from time to time amend, ~~after consulting with the Panel,~~ accounting policies, as required by or consistent with requirements of law and generally accepted accounting practice in the United Kingdom, and having regard to the objectives referred to in Section C1.3.1. and its Code Manager Licence obligations.

2.3.2 BSCCo shall prepare a statement of the accounting policies from time to time adopted or amended pursuant to paragraph 2.3.1 and shall provide a copy of such statement and any amendment thereof to the ~~Panel~~ SAF and upon request to any Trading Party.

2.3.3 BSCCo shall account for its transactions, costs and revenues, and shall maintain and prepare accounting records, statements and other documents, as required by law and as further appropriate to give effect to this Section D and in accordance with the BSC Accounting Policies.

2.4 Taxation

2.4.1 Each Party agrees that it will be bound by any agreement made (whether before or after the entry into force of the Code) between BSCCo (or any of its Subsidiaries) and any tax authority as to the treatment for taxation purposes of any transactions envisaged by the Code between BSCCo (or any of its Subsidiaries) and any other Party.

2.4.2 Each Party further undertakes that it will not act in any way prejudicial to such agreement, including acting on the basis of, assuming, seeking or making any application or request to any tax authority for, any conflicting treatment.

2.4.3 BSCCo shall ensure that details of each such agreement as is referred to in this paragraph 2.4 are provided to each Party upon its becoming a Party and upon any change in such agreement.

3. SPECIFIED BSC CHARGES

3.1 General

3.1.1 For the purposes of the Code:

(a) "**Specified BSC Charges**" means Main Specified Charges and SVA Specified Charges;

(b) not used;

(c) "**Main Specified Charges**" means the charges determined in accordance with paragraph 3 of Annex D-3;

(d) "**SVA Specified Charges**" means the charges determined in accordance with paragraph 4 of Annex D-3.

3.2 Liability to pay Specified BSC Charges

3.2.1 Each Party shall be liable for and shall pay Specified BSC Charges determined in accordance with Annex D-3.

3.2.2 BSCCo shall determine amounts payable by way of Specified BSC Charges, and invoice such amounts to Parties (in accordance with paragraph 4.3 in the case of Trading Parties).

3.3 Further charges

3.3.1 The further provisions of Annex D-3 shall apply for the purposes of determining further charges which may be made by BSCCo; and Parties shall be liable to BSCCo for and shall pay all such amounts which may be so charged and invoiced by BSCCo.

4. RECOVERY OF NET ANNUAL COSTS

4.1 Net Annual BSC Costs

For each BSC Year:

(a) "**Annual Net Main Costs**" is the amount of the Annual BSC Costs, less:

(i) all amounts payable by Parties by way of Main Specified Charges and SVA Specified Charges;

(ii) all amounts payable to BSCCo by any BSC Agent or Market Index Data Provider by way of credit, damages or liquidated damages or otherwise (unless deducted from amounts payable to such BSC Agent or Market Index Data Provider before the latter amounts were counted as BSC Costs), other than amounts falling within paragraph (b)(ii);

(iii) the amount of the Annual Production-Charging SVA Costs;

(iv) any amount recovered by BSCCo from any insurer;

(v) any amounts paid to BSCCo by way of fees pursuant to Section Q7.2.3;

(vi) not used;

(vii) all amounts otherwise paid to BSCCo (other than as trustee) by any person (including any Party, pursuant to any indemnity given by the Party to BSCCo under the Code, or otherwise);

(b) "**Annual SVA (Consumption) Costs**" is one-half of the amount of the Annual SVA Costs less all amounts payable to BSCCo by any of the BSC Agents referred to in Annex D-2, by way of credit, damages or liquidated damages or otherwise (unless deducted from amounts payable to such BSC Agent before the latter amounts were counted as BSC Costs), in respect of services referred to in Annex D-2;

(c) "**Annual Production-Charging SVA Costs**" is one-half of the amount of the Annual SVA Costs;

(d) subject to paragraph 4.3.8:

(i) "**Monthly Net Main Costs**" ($MNMC_m$) is 1/12 of Annual Net Main Cost

s;

(ii) not used;

(iii) "**Monthly Production-Charging SVA Costs**" ($MPSC_m$) is 1/12 of Annual Production-Charging SVA Costs;

(e) "**Monthly Default Costs**" (MDC_m) is 1/12 of Annual Default Costs.

4.2 Liability in Funding Shares

4.2.1 For each month in any BSC Year, each Trading Party shall be liable to BSCCo for:

(a) its Main Funding Share for that month of the Monthly Net Main Costs;

(b) not used;

(c) its SVA (Production) Funding Share for that month of the Monthly Production-Charging SVA Costs;

(d) its Default Funding Share of the Monthly Default Costs.

4.2.2 Amounts for which Trading Parties are liable pursuant to paragraph 4.2.1 shall be invoiced in accordance with the further provisions of this paragraph 4.

4.3 Invoicing, estimation and reconciliation

4.3.1 In relation to each month (the "**invoice month**") of each BSC Year, BSCCo shall determine:

(a) the amounts of:

(i) Monthly Net Main Costs,

(ii) Monthly Consumption-Charging Net SVA Costs,

(iii) Monthly Production-Charging SVA Costs,

(iv) Monthly Default Costs (if any)

for the invoice month and each preceding month in that year, consistent with the prevailing Annual Budget, and based on its prevailing estimate of Annual Net Main Costs, Annual Production-Charging SVA Costs and Annual Default Costs for the year;

(b) for each Trading Party, in relation to the invoice month and each preceding month in that BSC Year:

(i) the Main Funding Shares, SVA (Production) Funding Shares and (where applicable) Default Funding Shares of such Party; and

(ii) the amounts for which such Party is liable by way of Specified Charges;

(c) for each Trading Party:

(i) on the basis of paragraphs (a) and (b), the aggregate amounts for which such Party is liable in such BSC Year, up to and including the invoice month, by way of BSCCo Charges;

(ii) the aggregate amount (if any) already paid or payable by each Party by way of BSCCo Charges in such BSC Year, up to and including the month preceding the invoice month;

(iii) the amount of the difference (whether positive or negative) between the amounts in paragraphs (i) and (ii).

4.3.2 BSCCo's determinations under paragraph 4.3.1 shall be made:

(a) as at 1000 hours on the fifteenth Business Day of the month preceding (or if BSCCo has so notified Parties, the second month preceding) the invoice month, subject to paragraph 4.5.2 (and as soon as is practicable after that time and in any event no later than the last Business Day of that month);

(b) on the basis of actual data available to it at the time referred to in paragraph (a), and otherwise on the basis of BSCCo's estimates of the relevant data; and accordingly actual data received by BSCCo after such time will not be taken into account until the following month.

4.3.3 BSCCo shall prepare and from time to time revise, and make available to the ~~Panel~~ SAF and to Parties, a statement of the principles and methods by which it makes estimates under paragraph 4.3.2(b), but it is acknowledged that such principles and methods will not be applicable in all cases, and in the absence of any such applicable principle or method BSCCo will make such estimates as appear to it to be reasonable.

4.3.4 Subject to paragraph 4.3.5, the amount to be invoiced by BSCCo to each Trading Party each month by way of BSCCo Charges shall be the amount determined pursuant to paragraph 4.3.1(c)(iii) (which amount shall be payable by or to the Trading Party according to whether it is positive or negative).

4.3.5 Where for any Trading Party in relation to any month the magnitude of the amount referred to in paragraph 4.3.4 is less than the minimum invoice amount, no amount shall be invoiced to that Party by way of BSCCo Charges in respect of that month (but without prejudice to the determinations made pursuant to paragraph 4.3.1 in the following month); and for the purposes of this Section D the "**minimum invoice amount**" shall be such amount as the ~~Panel~~ BSCCo shall from time to time determine, and shall initially be five hundred pounds sterling (£500).

4.3.6 No interest shall accrue on or be taken into account in the determination of any amounts under paragraph 4.3.1 or upon reconciliation under paragraphs 4.4,8 or 9.

4.3.7 Notwithstanding paragraph 4.3.1, and subject to paragraph 4.3.9, BSCCo shall apply the formula set out in Annex D-4 for the purposes of determining the amount to be invoiced each month to each Trading Party by way of BSCCo Charges, and in the event of any conflict between this paragraph 4 and that Annex, that Annex shall prevail.

4.3.8 Where ~~upon the application of BSCCo the Panel accepts~~BSCCo determines that a substantial proportion of BSC Costs are or are likely to be incurred on a significantly uneven basis over the course of a BSC Year, and the Annual Budget indicates such basis by specifying the factors ~~(approved by the Panel)~~ referred to in paragraph (b):

(a) for the purposes of its determinations under paragraph 4.3.1 (except pursuant to paragraph 4.4), BSCCo may ~~, with the approval of the Panel,~~ having undertaken a SAF Consultation, adjust the basis of determining Monthly Net Main Costs and Monthly Net SVA Costs, by recognising the expected profile of such expenditure in accordance with paragraph (b);

(b) such profile will be recognised by applying factors determined by BSCCo after undertaking a SAF Consultation ~~(as approved by the Panel)~~ other than 1/12 in relation to all or certain months for the purposes of paragraph 4.1(d);

(c) BSCCo will inform Trading Parties of such factors (and the month(s) to which each such factor applies) as soon as practicable after its determination in (b) above ~~as soon as they have been approved by the Panel~~; but

(d) Trading Parties' General Funding Shares shall be determined pursuant to Annex D-1 disregarding the recognition of such expected profile (and on the basis of factors of 1/12 in paragraph 4.1(d)).

4.3.9 With respect to the amounts payable by way of RTS Monthly Charges and the profile of such payments, the amounts to be invoiced to each RTS Supplier and the payment profile shall, subject to paragraph 9, be as set out in the Relevant Business Plan Addendum.

4.4 Reconciliation

4.4.1 In relation to each BSC Year, BSCCo shall, not later than twenty-eight 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;

(d) paragraph 4.4.8 shall also apply in respect of MHHS Implementation Management Monthly Charges.

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~~BSCCo 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~~BSCCo 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~~it 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~~. Not used

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.

4.4.8 As part of the reconciliation determined under this paragraph 4.4, BSCCo shall:

~~(a)~~ (a) ~~—~~recalculate the charge rate for the MHHS Implementation Management Monthly Charge set for the previous BSC Year but, for the purposes of such recalculation, shall use the actual MHHS Programme Costs incurred by BSCCo during that BSC Year; and

~~(b)~~ (b) report, to the ~~Panel~~SAF, the revised charge rate for the MHHS Implementation Management Monthly Charge together with the outcome of the reconciliation calculated under paragraph 4.4.8(a).

4.5 Invoicing

4.5.1 In respect of each month, not less than five Business Days after making its determination for that month under paragraph 4.3.2, BSCCo shall send to each Trading Party:

(a) an invoice in respect of the amounts accruing in respect of BSCCo Charges in the following month (or where paragraph 4.5.2 applies, accruing in the relevant prior month), setting out:

(i) the net amount determined as payable by or to the Trading Party in pursuant to paragraph 4.3.1(c)(iii);

(ii) applicable VAT in respect of supplies to which the invoice relates;

(iii) the invoice due date in accordance with paragraph 4.5.3;

(b) a statement showing the basis of calculation (pursuant to paragraph 4.3) of the amounts under paragraph (a).

4.5.2 Where BSCCo has sufficient working capital available to it (pursuant to any permitted borrowing in accordance with Section C3.4.3(a)), BSCCo may decide~~, after consultation with the Panel,~~ to invoice BSCCo Charges (to all Parties) up to three months in arrears.

4.5.3 Following the final determination by BSCCo in respect of the preceding BSC Year in accordance with paragraph 4.4, BSCCo shall send to each Trading Party an invoice and statement setting out the matters specified in paragraph 4.5.1.

4.5.4 The due date of each invoice for BSCCo Charges shall be the tenth Business Day after the date of receipt of the invoice.

4.5.5 Where the right of a Defaulting Party to receive payment has been suspended under Section H3.2.2(h):

(a) no amount becoming due and payable (pursuant to this Section D or Annex S-1) to such Defaulting Party shall be paid by BSCCo to such Defaulting Party (or to

any person to whom the Defaulting Party may have assigned or transferred any of its rights pursuant to the Code);

(b) no interest shall run or be payable in respect of any such unpaid amount;

(c) BSCCo (but not the Defaulting Party) may set off, from and against such unpaid amount, any amount subsequently becoming payable (pursuant to this Section D or Annex S-1) by such Defaulting Party.

4.6 Combined invoicing of Supplier charges

4.6.1 It is agreed and acknowledged:

(a) that the Performance Assurance Board may delegate to BSCCo the invoicing and administration of payment of Supplier charges (and any associated amounts in respect of VAT) on behalf of Suppliers and qualifying Trading Parties under Annex S-1,

(b) in such case, that BSCCo may combine the invoicing and administration of payment of BSCCo Charges (on its own behalf) and Supplier charges under Annex S-1, and may submit a single invoice to each Party and require and make or receive a single payment in respect such amounts; and subject to paragraph 4.6.2 each Party authorises BSCCo to do so, notwithstanding any contrary provisions as to the basis (including any express or implied trust) on which such amounts are to be held by the Performance Assurance Board pursuant to Annex S-1.

4.6.2 Where pursuant to paragraph 4.6.1:

(a) BSCCo receives any amount which includes any payment from any Supplier of any amount under Annex S-1, and

(b) BSCCo does not on the same day make payment of the corresponding amount payable to the qualifying Trading Parties entitled thereto pursuant to Annex S-1 (or has not given credit for such corresponding amount in determining the net amount invoiced pursuant to paragraph 4.6.1 to such qualifying Trading Parties)

then BSCCo shall promptly upon receipt of such amount segregate that part of such amount which is referable to the payment from the Supplier pursuant to Annex S-1 into an account separate from that in which amounts paid in respect of BSCCo Charges are held (but without prejudice to paragraph 4.1.12 of Annex S-1).

4.7 Combined invoicing of DIP Charges

4.7.1 It is agreed and acknowledged that:

(a) pursuant to and in accordance with the DIP Rules, relevant Parties are required to pay charges to ~~the DIP Manager~~BSCCo in respect of the recovery of DIP Costs;

(b) ~~BSCCo may undertake~~ in undertaking some or all of the invoicing and administration of the collection of DIP Charges (and any associated amounts in respect of VAT) under the DIP Rules;

(c~~b~~) in such case, BSCCo may combine the invoicing and administration of payment of BSCCo Charges and DIP Charges under the DIP Rules, and may submit a single invoice to each relevant Party (provided that DIP Charges shall be

identified separately from BSCCo Charges) and require and make or receive a single payment in respect such amounts.

4.7.2 For the purposes of paragraph 4.7.1, a relevant Party is any Party that is a DIP Payee as defined in the DIP Rules.

4.7.3 The methodology setting out the methods, principles and assumptions relating to the recovery of the DIP Costs and calculation of the DIP Charges is set out in the DIP Rules.

4.8 RTS Monthly Charges: Invoicing and Rebates

4.8.1 BSCCo may issue invoices relating to RTS Monthly Charges (and for any adjustments or reconciliations relating to RTS Monthly Charges) as a separate invoice from that issued for other BSCCo Charges.

4.8.2 Subject to the foregoing, paragraph 4.5 shall apply mutatis mutandis in respect of the invoicing of RTS Monthly Charges.

4.8.3 Where BSCCo has received a rebate of RTS Pass Through Costs, it shall repay that rebate to RTS Suppliers in proportion to the amounts paid by each RTS Supplier by way of RTS Monthly Charges.

5. NOT USED

6. PAYMENT OF BSCCO CHARGES AND PARTY CHARGES

6.1 Bank Accounts

6.1.1 Each Trading Party shall notify to BSCCo, and BSCCo shall notify to each Party, details of the banks and accounts to which any payments are to be made (to BSCCo or such Party) in respect of BSCCo Charges and Party Charges.

6.1.2 BSCCo shall establish and notify under paragraph 6.1.1 separate accounts in respect of BSCCo Charges and Party Charges.

6.2 Payment by Parties

6.2.1 Each Party shall pay all amounts invoiced in respect of BSCCo Charges and Party Charges payable by it and applicable VAT thereon no later than the due date for payment in accordance with this Section D.

6.2.2 Payment of BSCCo Charges and Party Charges shall be made in sterling in cleared funds to the relevant account of the payee for the time being notified pursuant to paragraph 6.1.

6.2.3 Payment of BSCCo Charges and Party Charges shall be made in full, free and clear of any restriction, reservation or condition, and except to the extent (if any) required by law, without deduction, withholding, set-off or counter-claim of any kind (but without prejudice to any other remedy).

6.2.4 In this paragraph 6, where the context admits, references to BSCCo Charges and Party Charges include amounts payable by Trading Parties pursuant to paragraph 6.5 upon a failure by a Trading Party to pay such a charge, or by way of cash call pursuant to paragraph 6.6.

6.2.5 Where BSCCo is required by law to make any deduction or withholding, the amount thereof shall be the minimum amount required by law (as modified by the terms of any agreement between BSCCo and any relevant taxation authority), and BSCCo shall make payments and returns to the relevant tax authorities and issue certificates to Parties in respect thereof as required by law (as so modified).

6.2.6 BSCCo may agree with any Party that such Party will pay BSCCo Charges and/or Party Charges by direct debit.

6.3 Disputes

6.3.1 If a Party disputes any amount shown in an invoice or statement as payable by it in respect of any BSCCo Charges or Party Charges, that Party shall nevertheless pay the amount shown in full and may not withhold payment of such amount or any part thereof, but without prejudice to that Party's right subsequently to dispute such invoice or statement subject to and in accordance with applicable provisions of the Code.

6.3.2 Where a Party notifies BSCCo of any dispute or query as to the amount shown in any invoice or statement as payable by that Party in respect of BSCCo Charges or Party Charges, BSCCo shall as soon as is reasonably practicable (but not necessarily before the due date for payment) investigate the matter and inform the Party of the outcome of its investigation.

6.3.3 Where (pursuant to paragraph 6.3.2 or otherwise) BSCCo establishes that, or it is determined that, any error has been made in the determination of the amounts payable by any Party or Parties in respect of BSCCo Charges or Party Charges (whether such error resulted in over-payments or in under-payment by any such Party), BSCCo will make such adjustments, in respect of the BSCCo Charges or Party Charges respectively next (following such establishment or determination) to be payable in accordance with the Code by or to such Party or Parties, as will ensure that the correct amounts have been so paid.

6.3.4 No amount in respect of interest shall be included in any adjustment under paragraph 6.3.3 unless otherwise ordered in any award of an arbitrator.

6.3.5 Nothing in this Section D shall be construed as preventing BSCCo from withdrawing and replacing (with the same due date for payment) any invoice or other statement, before the due date for payment, by agreement with the Party concerned, where BSCCo is aware of an error in such invoice or statement.

6.4 Interest on late payment

6.4.1 If any amount payable by a Party in respect of BSCCo Charges or Party Charges is not paid on or before the due date, the paying Party shall pay interest, after as well as before judgment, at the Default Interest Rate, on the unpaid amount from the due date until the day on which payment is made.

6.5 Failure to pay

6.5.1 If any Party (a "**non-paying**" Party) fails to pay in full, within fifteen Business Days after the invoice due date, any amount payable by it in respect of BSCCo Charges or (as the case may be) Party Charges:

(a) BSCCo shall promptly notify all Trading Parties~~, the Panel~~ and the Authority to that effect, and paragraph 6.5.2 shall apply;

(b) in the case of BSCCo Charges, subject to and with effect from the time referred to in paragraph 2.1.1(a)(ii) and by virtue of paragraph 4.2.1(d), each Trading Party will be liable to pay additional amounts by way of BSCCo Charges,

determined by reference to its Default Funding Share (where the non-paying Party is a Trading Party) in respect of the unpaid amount;

(c) in the case of Party Charges:

(i) each other Trading Party shall be severally liable to pay an additional amount to the payee Funding Parties representing the Trading Party's Default Party Charge Share of the unpaid amount;

(ii) BSCCo shall promptly invoice to each Trading Party the amount payable by it under paragraph (i), together with applicable VAT thereon, which amount shall be payable within ten Business Days after the date of the invoice.

6.5.2 Where an amount is unpaid as described in paragraph 6.5.1 (and whether or not any amounts have become payable by Trading Parties as provided in paragraph 6.5.1(b) or (c)):

(a) if the amount is unpaid in respect of BSCCo Charges, unless ~~the Panel (upon the recommendation of BSCCo or otherwise)~~BSCCo determines that it would not be worthwhile to do so, BSCCo shall

(b) if the amount is unpaid in respect of Party Charges, ~~if the Panel so instructs BSCCo,~~ BSCCo shall (on behalf of the Trading Parties having an entitlement in respect thereof)

take all reasonable steps and proceedings~~, in consultation with the Panel,~~ to pursue and recover from the non-paying Party the unpaid amount.

6.5.3 If BSCCo subsequently recovers any amount from the non-paying Trading Party in respect of the unpaid BSCCo Charges or Party Charges:

(a) in the case of a recovery in respect of BSCCo Charges, the amount recovered will be taken into account in determining under paragraph 4.3.2 the amounts payable in subsequent months by Trading Parties in respect of Trading Charges (provided that where such amount is recovered after BSCCo's final determination under paragraph 4.4.1, such amount will be taken into account in the BSC Year in which it is recovered);

(b) in the case of a recovery in respect of Party Charges, BSCCo will credit such amount to Trading Parties in their respective Default Party Charge Shares which applied under paragraph 6.5.1(c).

6.5.4 Without prejudice to BSCCo's continuing entitlement to payment by a non-paying Trading Party in respect of BSCCo Charges, a non-paying Trading Party shall indemnify and keep indemnified each other Trading Party on demand in respect of all amounts:

(a) paid by such other Trading Party to BSCCo in respect of its liability under paragraph 6.5.1(b);

(b) paid by such other Trading Party under paragraph 6.5.1(c).

6.5.5 While any amount is outstanding from the non-paying Trading Party in respect of BSCCo Charges, BSCCo will be entitled to withhold any payments which may be due to that Trading Party pursuant to an invoice under paragraph 4.5.

6.5.6 A Trading Party shall give notice to the BSCCo before instituting any action or proceeding to enforce payments due to it under paragraph 6.5.3.

6.5.7 If an unpaid amount has been increased by an amount in respect of VAT because it would constitute the consideration for a taxable supply or deemed taxable supply (as such terms are used in the Value Added Tax Act 1994), then any reference to an unpaid amount in paragraph 6.5.1 shall not include that increased part to the extent that the relevant taxable supply or deemed taxable supply (as such terms are used in the Value Added Tax Act 1994) does not take place. This paragraph 6.5.7 is without prejudice to the fact that any payment pursuant to paragraph 6.5.1 is exclusive of VAT and applicable VAT (if any) should be payable in addition.

6.5.8 Any part of the Code providing that an amount that is payable should be increased by an amount in respect of VAT, or should otherwise be paid with an amount attributable to VAT or in respect of VAT, shall not apply to amounts constituting consideration for a taxable or deemed taxable supply (as such terms are used in the Value Added Tax Act 1994) where the VAT is payable by the recipient of that supply (or any person that is treated as the recipient in accordance with any agreement referred to in paragraph 2.4.1) by way of the reverse charge mechanism.

6.6 Emergency funding

6.6.1 If at any time BSCCo is or anticipates that it will be unable to pay any BSC Costs falling due for payment before BSCCo will receive (from Trading Parties pursuant to invoices issued under paragraph 4.5) funds sufficient to enable it to pay such BSC Costs:

(a) BSCCo may, ~~with the approval of~~after having undertaken a SAF Consultation, ~~the Panel,~~ give notice by way of cash call to Trading Parties:

(i) requiring them to pay in their Main Funding Shares for the month in which such notice is given such amount as BSCCo requires so as to be sufficiently funded; and

(ii) specifying the date ~~(as approved by the Panel)~~ for payment of such cash call, which shall not be less than three Business Days after the date of such notice;

(b) each Trading Party shall pay the amount so notified as payable by it, not later than the date specified for payment;

(c) amounts so payable by Trading Parties will be BSCCo Charges, treated as accruing due when so notified, and will be taken into account in determining the amounts subsequently payable as BSCCo Charges in the relevant BSC Year (by being taken into account in the invoicing of such charges pursuant to paragraph 4.3.1);

(d) BSCCo shall promptly after making such cash call provide to all Trading Parties an explanation of the circumstances which required it to be made, and (without prejudice to Section C6.5) a statement of whether the BSC Costs in question represent expenditure in excess of the amount in the Annual Budget.

6.7 DIP Charges

6.7.1 For the avoidance of doubt, to the extent that any of the matters or circumstances envisaged by this paragraph 6 apply to DIP Charges, such matters or circumstances shall be resolved in accordance with the DIP Rules.

7. EMR SETTLEMENT SERVICES PROVIDER COSTS

7.1 CFD Settlement Services Provider Costs to be recovered by BSCCo

7.1.1 For the purposes of the Code, "**CFD Settlement Services Provider Costs**" means:

(a) the costs directly incurred by BSCCo in providing, or procuring the provision of, CFD Settlement Data to a CFD Settlement Services Provider; and

(b) any other costs directly incurred by BSCCo in providing, or procuring the provision of, those further services to a CFD Settlement Services Provider as are permitted elsewhere in the Code.

7.2 CM Settlement Services Provider Costs to be recovered by BSCCo

7.2.1 For the purposes of the Code, "**CM Settlement Services Provider Costs**" means:

(a) the costs directly incurred by BSCCo in providing, or procuring the provision of, CM Settlement Data to a CM Settlement Services Provider; and

(b) any other costs directly incurred by BSCCo in providing, or procuring the provision of, those further services to a CM Settlement Services Provider as are permitted elsewhere in the Code.

7.3 General

7.3.1 No Party shall be liable to pay CFD Settlement Services Provider Costs or CM Settlement Services Provider Costs to BSCCo (other than a Party in its capacity as a CFD Settlement Services Provider or a CM Settlement Services Provider, as appropriate, appointed for the time being).

8. MHHS PROGRAMME COSTS

8.1 For the purposes of the Code:

(a) "**MHHS Implementation Management Monthly Charge**" means the Specified BSC Charges determined in accordance with Annex D-3 to recover MHHS Implementation Management Costs;

(b) "**MHHS Implementation Management Costs**" means the BSC Costs incurred by BSCCo as MHHS Implementation Manager (including paying the MHHS Independent Assurance Provider as defined in Section C12.2) as such costs are determined by BSCCo under Section C6 and in accordance with Section C12,

and for the purposes of this paragraph 8:

(c) the "**P413 Reconciliation Date**" shall be the later of:

(i) 1 April 2021; or

(ii) the first day of the BSC Year during which the P413 Systems Implementation Date falls;

(d) the "**P413 Reconciliation Period**" shall be the period commencing on the P413 Reconciliation Date and ending on the day immediately preceding the P413 Systems Implementation Date; and

(e) "**P413 Systems Implementation Date**" means the date notified to Parties in advance by BSCCo on which the system changes needed to determine MHHS Implementation Management Monthly Charges are implemented by BSCCo.

8.2 In respect of Modification Proposal P413:

(a) as from the P413 Relevant Implementation Date until the day immediately preceding the P413 Systems Implementation Date (and subject to the remaining provisions of this paragraph), MHHS Implementation Management Costs shall be recovered by BSCCo from each Trading Party in accordance with the provisions of this Section D, including paragraph 4.2; and

(b) as from the P413 Systems Implementation Date, the MHHS Implementation Management Costs shall be recoverable from Suppliers through the MHHS Implementation Management Monthly Charges in accordance with this paragraph and paragraph 3 of Annex D-3.

8.3 As soon as practically possible after the P413 Systems Implementation Date, BSCCo shall determine for each Party the difference between:

(a) the amounts already paid to or payable by way of BSCCo Charges in relation to the period commencing on the P413 Reconciliation Date and ending on the day immediately prior to the P413 Systems Implementation Date; and

(b) the amounts that would have been paid or payable by each Supplier by way of MHHS Implementation Management Monthly Charges and by each other Party by way of BSCCo Charges over the same period had such MHHS Implementation Management Monthly Charges been recovered from Suppliers as from the P413 Reconciliation Date.

8.4 BSCCo shall send an invoice to Parties in respect of the reconciliation amounts determined pursuant to paragraph 8.3 (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).

8.5 Subject to paragraph 4.4.5, BSCCo's determination of such reconciliation amounts shall be final and binding.

9. RTS PASS THROUGH COSTS

9.1 For the purposes of the Code:

(a) "**Relevant Business Plan**" means BSCCo's Annual Budget and Business Strategy for the BSC Year commencing 1 April 2025;

(b) "**Relevant Business Plan Addendum**" means the addendum to the Relevant Business Plan, ~~which addendum was submitted to the Panel and BSC Parties on 13 June 2025 and~~ approved by the BSCCo Board on 26 June 2025 which is available to BSC Parties on request;

(c) "**RTS Monthly Charges**" means the Specified BSC Charges determined in accordance with Annex D-3 to recover RTS Pass Through Costs;

(d) "**RTS Pass Through Costs**" means the additional BSC Costs incurred, or to be incurred, by BSCCo described in the Relevant Business Plan Addendum;

and for the purposes of this paragraph 9:

(e) the "**P491 Reconciliation Date**" means 1 July 2025;

(f) the "**P491 Reconciliation Period**" shall be the period commencing on the P491 Reconciliation Date and ending on the day immediately preceding the P491 Implementation Date; and

(g) "**P491 Implementation Date**" means the date on which Modification P491 is implemented.

9.2 Parties agree and acknowledge that:

(a) prior to the P491 Implementation Date, the RTS Pass Through Costs were recovered by BSCCo from all Trading Party pursuant to this Section D, including in accordance with paragraph 4.2;

(b) as from the P491 Implementation Date, the RTS Pass Through Costs shall be recoverable from Suppliers through the RTS Monthly Charges in accordance with this paragraph and paragraph 3 of Annex D-3.

9.3 As soon as practically possible after the P491 Implementation Date, BSCCo shall determine for each Party the difference between:

(a) the amounts already paid to or payable by way of BSCCo Charges in relation to the period commencing on the P491 Reconciliation Date and ending on the day immediately prior to the P491 Implementation Date; and

(b) the amounts that would have been paid or payable by each Supplier by way of RTS Monthly Charges and by each other Party by way of BSCCo Charges over the same period had such RTS Monthly Charges been recovered from Suppliers as from the P491 Reconciliation Date.

9.4 BSCCo shall send an invoice to Parties in respect of the reconciliation amounts determined pursuant to paragraph 9.3 (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).

9.5 Subject to paragraph 4.4.5, BSCCo's determination of such reconciliation amounts shall be final and binding.

ANNEX D-1: FUNDING SHARES

1 Main Funding Shares

1.1 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:

(a) $$FSM_{pm} = \tfrac{1}{2} * \{{}^{P}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{P}\Sigma^{-}{}_{(non\text{-}I)}\,(-QCE_{iaj})\} / \Sigma_p \{{}^{P}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{P}\Sigma^{-}\,(-QCE_{iaj})\}$$

$$+ \tfrac{1}{2} * \{{}^{C}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{C}\Sigma^{-}{}_{(non\text{-}I)}\,(-QCE_{iaj})\} / \Sigma_p \{{}^{C}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{C}\Sigma^{-}{}_{(non\text{-}I)}\,(-QCE_{iaj})\}$$

where:

${}^{P}\Sigma^{+}{}_{(non\text{-}I)}$ 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.

${}^{P}\Sigma_{(non\text{-}I)}$ 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.

${}^{C}\Sigma^{+}{}_{(non\text{-}I)}$ 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.

${}^{C}\Sigma^{-}{}_{(non\text{-}I)}$ 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.

Σ_p represents the sum over all Trading Parties p;

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

2 Not Used

3 SVA (Production) Funding Shares

3.1 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:

$$FSPS_{pm} = \{{}^{P}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{P}\Sigma^{-}{}_{(non\text{-}I)}\,(-QCE_{iaj})\} / \Sigma_p \{{}^{P}\Sigma^{+}{}_{(non\text{-}I)}\,(QCE_{iaj}) + {}^{P}\Sigma^{-}{}_{(non\text{-}I)}\,(-QCE_{iaj})\}$$

where the summations are the same as in Part 1.

4 General Funding Shares

4.1 General funding shares

4.1.1 A Trading Party's General Funding Share (FSG_{pm}) in relation to a month (month 'm') reflects its proportionate share of the aggregate of certain BSCCo Charges for that month shall be determined as follows:

$$FSG_{pm} = \{TSC_{pm} + (MNMC_m * FSM_{pm}) + (MPSC_m * FSPS_{pm})\} / \Sigma_p \{TSC_{pm} + (MNMC_m * FSM_{pm}) + (MPSC_m * FSPS_{pm})\}$$

where

TSC_{pm} = Total Specified BSC Charges, with the exception of Secondary BM Unit Monthly Charges, RTS Monthly Charges and MHHS Implementation Management Monthly Charges, for Trading Party p relating to month m

$MNMC_m$ = Monthly Net Main Costs relating to month m

FSM_{pm} = Main Funding Share for Trading Party p relating to month m

$MPSC_m$ = Monthly Production-Charging SVA Costs relating to month m

$FSPS_{pm}$ = SVA (Production) Funding Share for Trading Party p relating to month m

Σ_p = the sum over all Trading Parties p

4.2 Default basis

4.2.1 Where for any month General Funding Shares are to be determined on a default basis in relation to any defaulting Trading Party or Trading Parties:

(a) paragraph 1 shall apply on the basis that:

Σ_p = the sum over all Trading Parties p other than the defaulting Trading Party(ies);

(b) FSG_{pm} shall not be determined in respect of the defaulting Trading Party(ies).

5 Determination of Funding Shares

5.1 In accordance with the further provisions of the Code, the following data (or such other data as may be agreed by BSCCo and the relevant BSC Agent) will be provided to BSCCo by the following BSC Agents in order to enable BSCCo to determine Funding Shares in accordance with Section D1.4 each month:

(a) SVAA will provide monthly total values (by Trading Party and BM Unit) of $({}^{pm}\Sigma_{ZHj} NHHSDT_{HZj})$;

(b) SAA will provide for each month m, in relation to the Energy Account a of each Party, each BM Unit i and each Settlement Period j, values of QCE_{iaj}.

ANNEX D-2: SVA COSTS

1. SVA Costs shall be those BSC Costs determined by BSCCo to be operational costs directly or indirectly referable to Supplier Volume Allocation.

2. Subject to paragraph 3 and paragraph 5, SVA Costs shall include the following amounts and costs payable or incurred by BSCCo or any of its Subsidiaries:

   (a) amounts payable to the Supplier Volume Allocation Agent;

   (b) amounts payable in respect of the use by the Supplier Volume Allocation Agent of the Managed Data Network;

   (c) amounts payable to the Profile Administrator;

   (d) amounts payable to the Teleswitch Agent (other than the RTS Pass Through Costs);

   (e) amounts payable to the Technical Assurance Agent for Supplier Volume Allocation;

   (f) amounts payable to BSCCo agent (if any), so far as relating to the Qualification of Supplier Agents;

   (g) costs of the maintenance and support of the software and systems referred to in paragraph 4;

   (h) the costs of resolving Trading Disputes relating to Supplier Volume Allocation;

   (i) the costs of implementing, conducting and administering the Qualification Processes relating to Suppliers and Supplier Agents;

   (j) amounts payable to the BSC Auditor, in respect of the functions of the BSC Auditor referable to Supplier Volume Allocation;

   (k) costs of the operation of the Performance Assurance Reporting and Monitoring Systems (other than any such operation not referable to Supplier Volume Allocation);

   (l) costs of providing advice and support to Parties in connection with those provisions of the Code relating to Supplier Volume Allocation.

3. SVA Costs shall not include

   (a) any such costs (as described in paragraph 2) in respect of services provided by a BSC Agent in connection with the implementation of an Approved Modification of otherwise for the development of any BSC Systems;

   (b) any such costs in respect of services which are not directly or indirectly referable to Supplier Volume Allocation.

4. The software and systems referred to in paragraph 2(g) are software and systems made available by BSCCo to Trading Parties for estimation of annual consumption and annualised advance, and for non half hour data aggregation; and the Supplier Volume Allocation System.

5. SVA Costs shall include the costs of implementing Approved Modification P246 ("Reporting to LDSOs of Aggregated Metering Data for Embedded Networks") which shall

be payable by all Licensed Distribution System Operators in equal proportion, provided that such implementation costs shall not be treated as Annual SVA Costs.

ANNEX D-3: SPECIFIED BSC CHARGES

1. General

1.1 This Annex D-3 sets out the basis on which Specified BSC Charges will be determined.

1.2 The amounts or rates of each of the Specified BSC Charges, in relation to each BSC Year, shall be the amounts or rates determined and notified to Parties by ~~the Panel~~BSCCo, in accordance with this Annex D-3, not later than the start of that BSC Year, provided that:

(a) the amounts or rates prevailing in one BSC Year shall continue to apply in the following BSC Year if ~~the Panel~~BSCCo does so not notify any revised such amounts or rates;

(b) where BSCCo has amended, or proposes to amend, its Annual Budget in accordance with Section C6.6, ~~the Panel~~BSCCo may set a rate for the MHHS Implementation Management Monthly Charge for the relevant BSC Year after the start of that BSC Year.

(c) ~~the Panel~~BSCCo may set a rate for the RTS Monthly Charge for the relevant BSC Year after the start of that BSC Year (and any such rate set and notified ~~by the Panel~~ prior to the P491 Implementation Date shall take effect on the RTS Implementation Date).

2. Not Used

3. Main Specified Charges

3.1 The Main Specified Charges payable by Parties in relation to each month are as follows:

(a) a Base Monthly Charge, payable by each Party, with the exception of Virtual Lead Parties that do not hold Energy Accounts, at a charge rate as determined and notified to Parties by ~~the Panel~~ BSCCo by publication on the BSC Website;

(b) a CVA Metering System Monthly Charge, for each CVA Metering System (including a Metering System at a Systems Connection Point) of which a Party is Registrant for all or any part of that month, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(c) a CVA BM Unit Monthly Charge, for:

(i) each BM Unit (other than a Supplier BM Unit, Secondary BM Unit and BM Units as provided in paragraph (ii)) for which a Trading Party is Lead Party for all or any part of that month; and

(ii) for:

(1) each Consumption BM Unit associated with an Exemptable Generating Plant for which (Consumption BM Unit) the Trading Party is Lead Party for all or any part of that month (and, in this case, no charge will be made for any Exempt Export BM Units at the Exemptable Generating Plant); or

(2) (if there are no Consumption BM Units associated with an Exemptable Generating Plant) all Exempt Export BM Units at the Exemptable Generating Plant for which the Trading Party is Lead Party for all or any part of that month (as a single charge taking such Exempt Export BM Units in aggregate),

at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(d) a Dataline Monthly Charge, for each data communications line supplied to a Trading Party (as described in paragraph 3.3(a)), at a charge rate as determined and notified to Parties by ~~the Panel~~ BSCCo in a 'Schedule of Specified Communication Charges' placed on the BSC Website;

(e) a TIBCO Software Support Charge (as described in paragraph 3.3(b)), at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo in a 'Schedule of Specified Communication Charges' placed on the BSC Website;

(f) a Notified Volume Charge, for the Gross Contract MWh determined for a Trading Party in accordance with paragraph 3.2, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(g) a Base BM Unit Monthly Charge, for a set of Base BM Units (in aggregate) automatically allocated (in accordance with Section K3.3.1(a)) to a Supplier (in respect of each of its Supplier IDs), and held by a Supplier for all or any part of that month, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(h) except for Additional BM Units that are comprised of CFD Assets or CM Assets (for which there shall be no Additional BM Unit Monthly Charge), an Additional BM Unit Monthly Charge, for each Supplier BM Unit for which a Supplier is Lead Party for all or any part of that month, and which is not charged for under paragraph (g), at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(i) for a Replacement Supplier BM Unit held by a Replacement Supplier for all or any part of that month:

(i) which corresponds to a Base BM Unit, to the Replacement Supplier, one twelfth of the Base BM Unit Monthly Charge;

(ii) which corresponds to an Additional BM Unit, to the Replacement Supplier, the Additional BM Unit Monthly Charge,

and no charge will be made in respect of Replacement Supplier BM Units under paragraphs (g) or (h) provided that, for the purposes of this paragraph 3.1, a BM Unit shall cease to be considered a Replacement Supplier BM Unit when all the Metering Systems associated with that BM Unit are no longer registered in the name of the relevant failing Supplier;

(j) a Base Virtual Lead Party Monthly Charge, payable by each Virtual Lead Party that is not a Trading Party, at a charge rate as determined and notified to Virtual Lead Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(k) a Secondary BM Unit Monthly Charge, payable by each Party for each Secondary BM Unit for which that Party is Lead Party for all or any part of that month, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(l) a MHHS Implementation Management Monthly Charge payable by each Supplier for each SVA Metering System for which a Supplier is Registrant on the first day of that month, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website;

(m) a RTS Monthly Charge payable by each Supplier for each premises with Metering Equipment that is equipped with a teleswitch for which that Supplier is responsible where:

(i) the number of premises with Metering Equipment that is equipped with a teleswitch for which a Supplier is responsible shall be as identified in Question 3 of the Ofgem RTS Request for Information issued on 27 June 2025; and

(ii) the charge rate shall be determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website being the rate necessary to recover the RTS Pass Through Costs.

3.2 For the purposes of paragraph 3.1(f), the Gross Contract MWh for a Trading Party in relation to a month shall be determined as follows:

$$\Sigma_{zabj} \{| ECQ_{zabj} | + | ECQ_{zbaj} |\} + \Sigma_{ziaj} \{| QMFR_{ziaj} |\} + \Sigma_{zibj} \{| QMFR_{zibj} |\}$$

where

Σ_{zabj} represents the sum over all Energy Accounts b, over the two Energy Accounts a which belong to Party p, over all Energy Contract Volume Notifications z and over all Settlement Periods j in month m

Σ_{ziaj} represents the sum over all BM Units i for which the Party p is a Subsidiary Party, over the two Energy Accounts a which belong to Party p, over all Metered Volume Reallocation Notifications z and over all Settlement Periods j in month m

Σ_{zibj} represents the sum over all BM Units i for which Party p is the Lead Party, over all Energy Accounts b which Subsidiary Energy Accounts for BM Unit i, over all Metered Volume Reallocation Notifications z and over all Settlement Periods j in month m

3.3 For the purposes of this paragraph 3:

(a) the 'Dataline Monthly Charge' is a charge payable by a Party:

(i) for each dedicated communications line (as described in the applicable Communication Requirements Document) supplied whether in respect of the High Grade Service of the BMRS or otherwise; and

(ii) for a minimum period (of supply of each such line) of twelve months; and

(b) where the Party (having requested the High Grade Service) does not already have available and therefore has requested the provision of the software known as 'TIBCO' software (as described in the applicable Communications Requirements

Document) for operation with the High Grade Service, the Party is required to pay to BSCCo:

(i) a set-up charge known as the 'TIBCO Set-up Charge' in accordance with paragraph 3.4; and

(ii) a software support charge known as the 'TIBCO Software Support Charge' in accordance with paragraph 3.1(e).

3.4 The TIBCO Set-up Charge is payable in relation to the month in which the TIBCO software is provided, and the amount of such charge shall be as determined and notified to Parties by ~~the Panel~~BSCCo in a 'Schedule of Specified Communication Charges' placed on the BSC Website.

3.5 The MHHS Implementation Management Monthly Charge is a charge payable by Suppliers in order to recover MHHS Implementation Management Costs.

3.6 The RTS Monthly Charge is a charge payable by Suppliers in order to recover RTS Pass Through Costs.

4. SVA Specified Charges

4.1 The SVA Specified Charge payable by each Supplier in order to recover Annual SVA (Consumption) Costs is an SVA Metering System Monthly Charge, for each SVA Metering System for which a Supplier is Registrant on the first day of that month, at a charge rate as determined and notified to Parties by ~~the Panel~~BSCCo by publication on the BSC Website.

5. Provision of information to BSCCo

5.1 The following data (or such other data as may be agreed by BSCCo and the relevant BSC Agent) will be provided to BSCCo by the following BSC Agents in order to enable BSCCo to determine Specified BSC Charges in accordance with this Annex D-3 for each month:

(a) the ECVAA will provide for each month m;

(i) in relation to each Energy Contract Volume Notification z, each Energy (From) Account a of each Party, each Energy (To) Account b of each Party and each Settlement Period j, values of ECQ_{zabj};

(ii) in relation to each Metered Volume Reallocation Notification z, the relevant Energy Account a of each Subsidiary Party, each BM Unit i and each Settlement Period j, values of $QMFR_{zaij}$;

(b) the CRA will provide:

(i) the number of CVA Metering Systems of which each Party is Registrant in each month;

(ii) the number of BM Units (other than Supplier BM Units and Exempt Export BM Units) and the number of Exempt Export BM Units for which each Party is Lead Party in each month;

(iii) the number of Base BM Units, Additional BM Units and Secondary BM Units of which each Supplier is Lead Party in each month;

(c) the BMRA will provide:

(i) details of the Parties which have requested the High Grade Service and the number of data communications lines under supply to each such Party in each month;

(ii) details of the Parties to whom TIBCO software is being provided and the number of additional users of each such Party in each month.

6. Further charges

6.1 ~~Where BSCCo provides or procures any relevant service to or for a relevant person, subject to paragraph 6.3, BSCCo may, and if the Panel so requires shall, make a charge to the relevant person of an amount sufficient to recover the relevant costs.~~Provided that where doing so would:

(a) be proportionate in the circumstances (including but not limited to, consideration of whether the charge warrants the administrative cost of charging directly); and

(b) better facilitate efficient use of BSCCo's services (including, but not limited to whether a person has discretion over whether and to what extent it uses such a service);

BSCCo may, subject to paragraph 6.3, make a charge to the relevant person of an amount sufficient to recover the relevant costs of the provision or procurement of a relevant service to or for a relevant person.

6.2 For the purposes of paragraph 6.1:

(a) a relevant service is a service ~~(including but not limited to the provision of a copy of any document) provided at the request of and to or for a particular person (not including the Authority) and~~ not provided ~~to~~ for the benefit of all or a class of Parties or Trading Parties ~~on a routine basis~~ pursuant to the Code;

(b) a relevant person is the person, whether or not a Trading Party or another Party, to whom a relevant service is provided;

(c) the relevant costs are the costs (excluding overhead costs) reflecting those costs directly incurred by BSCCo in providing or procuring the relevant service, to the extent to which such costs have not been taken into account by ~~the Panel~~BSCCo in determining the rate or amount of any Specified BSC Charge.

6.3 ~~Where BSCCo is required by any provision of the Code or a Code Subsidiary Document to provide (at the request of a Party) the relevant service,~~ BSCCo may only make such a charge where ~~with the prior approval of the Panel.~~ a provision of the Code does not require the service to be funded by way of a BSC Cost and/or a Specified BSC Charge.

6.4 Without prejudice to the generality of paragraph 6.1, where a BSC Agent makes a specific charge to BSCCo in respect of the provision on a particular occasion of a relevant service by that BSC Agent, BSCCo may make a charge of an equal amount to the relevant person, provided that the amount of such charge has not been taken into account by ~~the Panel~~BSCCo in determining the rate or amount of any Specified BSC Charge.

6.5 In addition to the charges to be made pursuant to the foregoing provisions of this Annex D-3:

(a) fees in respect of Qualification (or re-Qualification) will be charged in accordance with the Menu of Qualification Fees;

(b) application fees are payable by Party Applicants in accordance with Section A2.5;

(c) charges are payable by persons (other than Parties) requesting the High Grade Service of the BMRS as provided in Section V2.3.4(a).

ANNEX D-4: DETERMINATION OF MONTHLY BSCCO CHARGES

1. Invoicing within year

1.1 For the purposes of Section D4.3.7, the monthly payment (P_{pm}) for each Trading Party p for month m is determined as follows:

$$\begin{aligned} P_{pm} = \; & \Sigma_m (TSC_{pm}) \\ & + \Sigma_m (MNMC_m) \; * \; \Sigma_m (FSM_{pm}) \; / \; \Sigma_m (1) \\ & + \Sigma_m (MPSC_m) \; * \; \Sigma_m (FSPS_{pm}) \; / \; \Sigma_m (1) \\ & + \Sigma_m (MDC_m) \; * \; \Sigma_m (FSD_{pm}) \; / \; \Sigma_m (1) \\ & - \Sigma_{m-1} (P_{pm}) \end{aligned}$$

where:

TSC_{pm} = the aggregate amount payable by a Trading Party by way of Specified BSC Charges in respect of month m;

$MNMC_m$ = Monthly Net Main Costs relating to month m

FSM_{pm} = Main Funding Share for Trading Party p relating to month m

$MPSC_m$ = Monthly Production-Charging SVA Costs relating to month m

$FSPS_{pm}$ = SVA (Production) Funding Share for Trading Party p relating to month m

MDC_m = Monthly Default Costs relating to month m

FSD_{pm} = Default Funding Share for Trading Party p relating to month m

Σ_m = the sum over all of the months of the BSC Year up to and including month m;

Σ_{m-1} = the sum over all of the months of the BSC Year up to and including the month preceding month m;

$\Sigma_m(1)$ = the number of months of the BSC Year up to and including month m;

1.2 In accordance with Section D4.3 the data used for the calculation will be estimated data where actual data is not available; and values of monthly BSC Costs (of different types) will be determined in accordance with Section D4.3.8 where that paragraph applies.

2. Reconciliation

2.1 For the purposes of the reconciliation pursuant to Section D4.4 the amount (P_p) payable by each Trading Party p by way of final reconciliation and adjustment is determined as follows:

$$\begin{aligned} P_p = \; & \Sigma_m (TSC_{pm}) \\ & + \Sigma_m (MNMC_m) \; * \; \Sigma_m (FSM_{pm}) \; / \; 12 \\ & + \Sigma_m (MPSC_m) \; * \; \Sigma_m (FSPS_{pm}) \; / \; 12 \\ & + \Sigma_m (MDC_m) \; * \; \Sigma_m (FSD_{pm}) \; / \; 12 \\ & - \Sigma_m (P_{pm}) \end{aligned}$$

where

Σ_m = the sum over all of the months of the BSC Year

all other terms have the meanings in paragraph 1.

2.2 In accordance with Section D4.4.2 the data used for the calculation will be actual data (unless not then available); and Section D4.3.8 shall not apply in relation to the determination of values of monthly BSC Costs (of different types).

ANNEX D-5: NOT USED

AMENDMENT RECORD – SECTION D

Section D	Version 33.0	Effective Date: 01 December 2025

Modification Proposal	Approval Date	Implementation Date	Version
P500	21/11/2025	01/12/2025	33.0
P491	12/09/25	13/10/25	32.0
P415	06/10/23	07/11/24	31.0
P474	08/08/2024	01/10/2024	30.0
P454	27/02/24	05/02/24	29.0
P457	01/11/23	08/11/23	28.0
P450	12/01/23	23/02/23	27.0
P438	14/07/22	15/07/22	26.0
P423	30/09/21	07/10/21	25.0
P413	11/03/21	27/04/21	24.0
P396	16/01/20	05/11/20	23.0
P394 Self-Governance	12/12/19	27/02/20	22.0
P369	24/09/18	29/03/19	21.0
P344	24/08/18	28/02/19	20.0
P346 Self-Governance	10/11/16	01/04/17	19.0
ORD005[1]	Secretary of State	01/08/14	18.0
P273	08/09/11	23/02/12	17.0
P254	18/05/10	25/05/10	16.0
P246	28/01/10	31/03/10	15.0
P228	22/01/09	01/04/09	14.0

[1] ORD005 was Directed by the Secretary of State on 1 August 2014

Modification Proposal	Approval Date	Implementation Date	Version
P197	10/08/06	23/08/07	13.0
P208	16/01/07	22/02/07	12.0
P179	09/02/05	23/02/05	11.0
ADN002	02/02/05	09/02/05	10.0
P170	29/11/04	06/12/04	9.0
P124	18/05/04	01/12/04	7.0
ORD001	BETTA	01/09/04	8.0
P106	22/04/03	24/06/03	6.0
P78	09/09/02	11/03/03	5.0
P52	02/05/02	31/05/02	4.0
P46	14/05/02	22/05/02	3.0
P37	10/05/02	20/05/02	2.0