

27/11/2020

The logo for nationalgridESO, with 'nationalgrid' in blue and 'ESO' in yellow, set against a white background with a yellow wave graphic below it.

## Restitution Payment due to Market Manipulation

Dear BSUoS customer,

We are contacting you about a restitution payment to BSUoS (Balancing Services Use of System) parties. This payment is a result of enforcement action taken by Ofgem (Office of Gas and Electricity Markets) earlier this year against Intergeren for market manipulation in breach of REMIT (Regulation on European Market Integrity and Transparency).

In April this year we emailed you to explain that Ofgem had asked us to look at how we could return an amount of money to BSUoS parties as a result of the enforcement action that they had taken and a restitution payment that was to be made.

We have been working with Ofgem and HMRC ( Her Majesty's Revenue and Customs) to calculate and understand the implications of how we could return the money to BSUoS parties in-line with what was originally paid.

The restitution payment affects 5 different sets of settlement periods in 2016 and with the RF (Reconciliation Final) runs for these dates having already been completed a long time ago, there was no methodology or options within our systems to repay this money via normal mechanisms.

We have developed offline methodologies to calculate and redistribute this money back to the BSUoS parties that originally paid BSUoS charges across the affected periods.

The total amount to be returned to BSUoS parties was determined by Ofgem to be £12,791,174.15 (inclusive of VAT) and is to be distributed in 5 separate values across a series of different settlement periods.

The table below shows the relevant periods and values.

Date	Time from	Time to	Settlement period from	Settlement period to	Amount
31 <sup>st</sup> October 2016	13:00	17:00	27	34	£2,752,055.85
7 <sup>th</sup> November 2016	11:00	16:30	23	33	£6,743,782.68
8 <sup>th</sup> November 2016	09:00	11:00	19	22	£175,448.64
8 <sup>th</sup> November 2016	11:00	16:00	23	32	£2,542,858.40
15 <sup>th</sup> November 2016	11:00	15:00	23	30	£577,028.58
TOTAL					£12,791,174.15

To calculate what percentage of the above amounts would be returned to each BSUoS party we have applied the following methodology.

1. Calculated what each BMU was originally charged per settlement period for each of the 5 ranges of settlement periods that an amount was to be returned for.
2. Zeroed out any BMU's that received credits across those same 5 ranges of settlement periods.
3. Calculated at a BSUoS Party level what % of the original charge each party paid for each of the 5 ranges of settlement periods.
4. Distributed the amount to be returned as per that same percentage that each party originally paid based on the ownership of those same BMU's.
5. The amounts being repaid are inclusive of VAT.

Payments back to BSUoS parties will be processed via the issue of an Adhoc Credit Note on 27/11/2020 with payments into customer accounts 3 business days later on 02/12/2020.

Credit notes will be identified with the following text "BSUoS Restitution Payment for Market Manipulation"

If you require any further information in relation to BSUoS charging, please use the email address below to contact us.

The links below are to prior Ofgem communications about this issue.

Ofgem Press Release > <https://www.ofgem.gov.uk/publications-and-updates/ofgem-requires-intergen-pay-37m-over-energy-market-abuse>

Ofgem Remit Decision > <https://www.ofgem.gov.uk/publications-and-updates/finding-intergen-has-breached-article-5-prohibition-market-manipulation-regulation-eu-no-12272011-european-parliament-and-council-25-october-2011-wholesale-energy-market-integrity-and-transparency-remi>

**Many thanks**

ESO Charging

National Grid Electricity System Operator

**How to get in touch:**

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<http://www.nationalgrideso.com/bsuos>

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