



## Trading Units

### In this guidance we cover:

- What is a Trading Unit?
- What are the benefits of registering as a Trading Unit?
- How to register a Trading Unit.

### What is a Trading Unit?

A Trading Unit can be one or more Primary Balancing Mechanism Units (BM Units). By default, a Trading Unit is a single Primary BM Unit, called a Sole Trading Unit. Note that a Secondary BM Unit cannot be in a Trading Unit. Being a Trading Unit allows all the Primary BM Units to be treated the same for:

- Transmission Loss Multipliers (TLMs);
- Production/Consumption flag;
- Certain BSC costs; and
- Balancing Services use of System (BSUoS) charges.

### What types of Trading Unit are there?

There are six types of Trading Units:

- **Classes 1-3:** Generation Primary BM Units and demand Primary BM Units at the same site.
- **Class 4:** Exempt Export Primary BM Units in the same GSP Group
- **Class 5:** Interconnector Primary BM Units
- **Class 6:** Primary BM Units that should be treated as Trading Units but don't meet the conditions of classes 1-5.

Primary BM Units in a Trading Unit don't all need to belong to the same Party.

### What's a Base Trading Unit?

A Base Trading Unit is set up automatically when a GSP Group is first established. It is a collection of Supplier Primary BM Units (i.e. Base and Additional Primary BM Units) within a particular GSP Group.

All Suppliers automatically get 14 Base Primary BM Units after they have registered – one for each of the 14 GSP Groups. When a Supplier takes on responsibility for a Supplier Volume Allocation (SVA) Metering System (i.e. MSID (or MPAN under the Master Registration Agreement)), by becoming the Registrant, that SVA Metering System is automatically assigned to that Supplier's Base Primary BM Unit in the relevant GSP Group. Suppliers can apply (under [BSCP15 'BM Unit Registration'](#)) to establish

Additional Primary BM Units in a GSP Group and assign particular SVA Metering Systems in that GSP Group to the Additional Primary BM Unit.

Additional Primary BM Units classified as Exempt Export Primary BM Units are in the Base Trading Unit by default, but you can withdraw them and treat them as a Class 4 Trading Unit or a Sole Trading Unit. Additional Primary BM Units which are not classified as Exempt Export Primary BM Units are in the Base Trading Unit by default, and must always remain in the Base Trading Unit.

### What are the benefits?

The benefits of registering a Trading Unit arise from treating all of the Primary BM Units that are Sole Trading Units as a single Trading Unit. The way Primary BM Units are treated depends on whether the Trading Unit is importing (offtaking) or exporting (delivering) energy in a Settlement Period.

All Primary BM Units in a Trading Unit, where the sum of the Relevant Capacities of the Primary BM Units within it is greater than 0MWh, are classed as Production Primary BM Units, while all Primary BM Units in a Trading Unit where the sum of the Relevant Capacities is less than or equal to 0MWh are classed as Consumption Primary BM Units.

Note: the P/C Status of Interconnector Primary BM Units will not change at any time. A Primary BM Unit that belongs to a Base Trading Unit will be a Consumption Primary BM Unit irrespective of the sum of the Relevant Capacities for all Primary BM Units which belong to that Base Trading Unit. In the case of an Exempt Export Primary BM Unit, irrespective of the Trading Unit to which the Primary BM Unit belongs, the Lead Party elects, in accordance with [BSCP15](#), whether the P/C Status of the Exempt Export Primary BM Unit is to be Production or Consumption.

Here's an example of a Trading Unit comprising four Primary BM Units:

Trading Unit			
BM Unit 1	BM Unit 2	BM Unit 3	BM Unit 4
+100MWh	+100MWh	+100MWh	-100MWh
GC= +200 DC= 0 RC= +200	GC= +200 DC= 0 RC= +200	GC= +200 DC= 0 RC= +200	GC= 0 DC= -200 RC= -200

Before a Trading Unit is formed, Primary BM Units 1, 2 and 3 are treated as Production Primary BM Units; and Primary BM Unit 4 is treated as a Consumption Primary BM Unit. If all are registered as one Trading Unit, under [BSCP31 'Trading Units'](#), then all four would be treated as Production Primary BM Units (because the sum of the Relevant Capacities of the Primary BM Units within the Trading Unit is + 400MWh).

## What are the benefits of registering as a Trading Unit?

Effect	Advantage
All output from the four Primary BM Units will go to the Party's Production Energy Account – normally 1, 2 and 3 would go to the production account and 4 to consumption account.	The Trading Unit results in the four Primary BM Units being in the production account. The Party does not have to balance both the production account and consumption account.
<p>Transmission Loss Multipliers (TLMs) are applied to all Primary BM Unit Metered Volumes according to whether the Trading Unit is delivering or offtaking in the Settlement Period.</p> <p>TLMs scale down the Metered Volumes of exporting (delivering) Primary BM Units and scale up those for importing (offtaking) Primary BM Units.</p> <p><u>Note:</u> Interconnector Primary BM Units have a TLM of 1 which means they have no transmission loss.</p>	Where the Trading Unit is delivering in a Settlement Period, all Primary BM Units in the Trading Unit are classed as delivering and the Metered Volume is multiplied by the delivering TLM. The delivering TLM is less than 1 and decreases the volume consumed on Primary BM Unit 4. Decreasing the consumption volume will improve the Party's energy imbalance position.
BSC Costs are also charged according to Energy Account aggregate Credited Energy Volumes.	The volume netted off from the demand Primary BM Unit reduces the Energy Account aggregate Credited Energy Volumes and hence decreases BSC costs.
The National Electricity Transmission System Operator's (NETSO) Balancing Services Use of System (BSUoS) charges are also based on Energy Account aggregate Credited Energy Volumes.	The volume netted off from the demand Primary BM Unit reduces the Energy Account aggregate Credited Energy Volumes and hence decreases BSUoS charges.

## You can find out more about Trading Units by referring to:

- [BSC Sections D, K and T](#)
- [BSCP31 Registration of Trading Units](#)
- [BSCP15 BM Unit Registration](#)

For more information please contact the **BSC Service Desk** at [bscservicedesk@cgi.com](mailto:bscservicedesk@cgi.com) or call **0370 010 6950**.

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