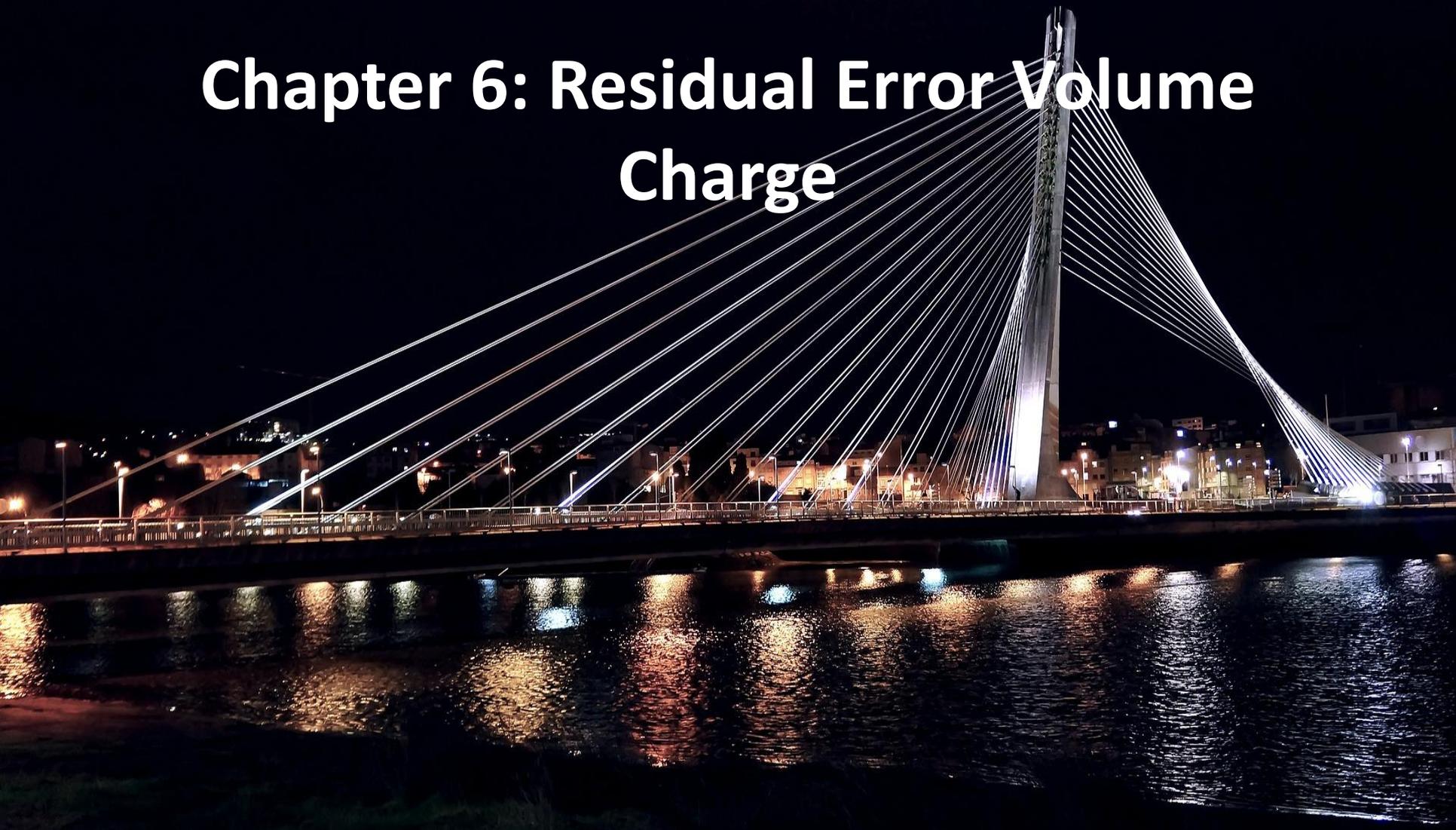


Chapter 6: Residual Error Volume Charge



Residual Error Volume Charge

- The approach for global aggregation intends to cover the costs of any residual error volume:
 - This is the difference between generator output and metered demand;
 - This error volume could mean that there is insufficient funds through supplier charges to help meet generator payments, which needs to be recovered in order to ensure money out = money in.
- This error volume can occur due to a number of reasons including:
 - Differences between actual consumption and profiled consumption of non-interval metered customers;
 - Differences between loss-adjustment factors and actual losses on the transmission and distribution systems;
 - Theft.
- The approach has changed between SEM and I-SEM:
 - In the current arrangements, this **volume** is calculated and distributed among Supplier Units through an adjustment to their net demand used in settlement;
 - In the I-SEM, there is no such volume adjustment to the metered quantity of Supplier Units – the cost is initially borne by the Market Operator, who recovers it through a charge applied to Supplier Units based on their net demand throughout the year, based on a fixed **tariff** determined annually in advance of the year.