

Information on how to become a BSP

The requirements and other important information on how to become a
Balancing Service Provider
4 December 2023

Dear Balancing Service Provider,

Thank you for showing interest in becoming a Balancing Service Provider (BSP) in the Nordic countries.

Please note that currently this document contains country specific information only related to Finland, but it will be updated as the commissioning of the model progresses also in other NBS countries. Please visit eSett's [BSP project page](#) for the current implementation plan in each NBS country.

The following agreements need to be signed to become a Balancing Service Provider (BSP): Balancing Service Settlement Agreement with eSett, Agreement with the settlement bank and eSett and local agreement(s) with the TSO. In Finland it means a Balancing agreement with Fingrid. This document will support you to get the prerequisites in place before BSP responsibility can be initiated.

Following agreements and prerequisites need to be in place before BSP responsibility can be initiated:

- Balancing Service Settlement Agreement, signed at least one (1) month before the BSP starts market activity.
- Local agreement(s) with the TSO, signed at least one (1) month before the BSP starts market activity.
- The Account agreement with the BSP compliant Settlement Bank and eSett, signed at least one (1) month before the BSP starts market activity. Depending on the selected bank there are two alternative agreements:
 - Agreement on Right of Disposal of Cash Account and Cash Collateral if available or
 - Agreement on Pledge and Right of Disposal of Cash Account.
- All country specific preconditions need to be met before the agreements are signed.
- Establish readiness to receive invoices two weeks before the BSP starts market activity.

Further instructions in more detail are provided below. Please follow the instructions about the required number of signed copies of each agreement carefully in case the agreements are signed physically. eSett will return one copy of each bilaterally signed agreement to the BSP.

If you have any questions, we are happy to assist you. You can reach us by sending e-mail to settlement@esett.com or submit a [service request](#). You can also reach us by phone +358 10 5018500.

Please let us know if you feel that it is important to arrange a Teams meeting to clarify any of the detailed instructions.

Best regards,

eSett

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The required agreements

1. Balancing Service Settlement Agreement
2. Account agreement
 - a. Cash and Collateral Account Agreement
 - b. Standard Settlement Instructions (only if Pledged account agreement is used)
 - c. MT101
 - d. MT940

1. Balancing Service Settlement Agreement

In order to operate in NBS countries, the BSP shall enter into a Balancing Service Settlement agreement with eSett.

The attachments of the agreement are available on our website:

- 1) *Fees* (<https://www.esett.com/agreements-fees-bsp/>)
- 2) *Collaterals* (<https://www.esett.com/agreements-fees-bsp/>)
- 3) *NBS Handbook* (www.esett.com/handbook)

eSett will send the pre-completed documents to the BSP for signing. Before signing them, please verify the following:

- Check that the company name, business ID and the company address in the Balancing Service Settlement Agreement are correct. If they are incorrect, please contact eSett.
- If the agreement is electronically signed, attach an extract from the Trade register and provide eSett the Contact information (name, phone, email) to the person(s) who has the right to sign on behalf of the company. You will receive a copy of the agreement after it has been countersigned by all parties involved.
- If the agreement is signed physically:
 - Add the name and title of the signatory in block capitals
 - Attach an Extract from the Trade Register and copies of the passports of the persons signing the agreements in order to verify the signature(s)
 - Return two (2) signed copies by post to eSett with the rest of the agreement specified in the document.

eSett Oy has prepared a template for the Balancing Service Settlement Agreement together with Energinet (Denmark), Fingrid (Finland), Statnett (Norway), and Svenska kraftnät (Sweden).

The agreement is made between eSett and each Balancing Service Provider (BSP), and it needs to be signed by the BSP before the participants can start their operations in Finland.

Please notice that currently the agreement can only be used in Finland, as currently only Fingrid has decided to move mFRR energy invoicing to eSett on 20.11.2023. More information about the implementation plan in other NBS countries can be found from eSett's web site about [the Balancing Service Provider Model](#).

2. Account agreement & MT agreements

Choose your Settlement bank

Each Balancing Service Provider is required to open a settlement account in one of the preapproved settlement banks. A list of approved settlement banks is available on [Settlement banks](#). Other banks can also be approved as a settlement bank if the bank applies for and fulfills the model's requirements. The Settlement Bank Agreement is available also on www.esett.com/customers/settlement-banks/.

Two or one account model is used depending on settlement bank readiness

Use the tri-party agreement called Agreement on Right of Disposal of Cash Account and Cash Collateral (two account model) or if the approved settlement bank is not yet part of the two account model, the Pledged Cash Account Agreement (one account model) should be used instead. For review, template for two account model [Cash and Cash Account Agreement](#) is available on our website. Template for one account model can be requested from finance@esett.com.

The essential difference between the one account model and the two account model, is having the cash collateral account separate from the settlement account; one pledged account for collaterals and another one for settlements (debit and credit invoices). This allows the cash (settlement) account to have a credit limit or be a part of a cash pool, and it is not pledged to eSett. Currently there is no collateral demand for BSPs, so it is not required to open a Cash Collateral Account. In the one account model, BRP must always request a release of excess funds from eSett due to account's pledged status. More detailed information can be found in our [Handbook](#) in chapter 8.4. Required Banking Setup.

Sign the agreement and establish needed account

The following steps are needed to establish a settlement account:

- Open a settlement account in one of the approved settlement banks in the chosen invoicing currency (see the rules for available currencies per country NBS handbook, Chapter 8.8)
- eSett will send the tri-party account agreement template together with the Balancing service settlement agreement.
Fill in the following information in the Account Agreement in cooperation with the settlement bank:
 - Company name, address, business ID
 - IBAN number
 - BIC code
 - Currency
- Sign the Account Agreement in cooperation with the settlement bank. Bank will send the agreement to eSett for the final signature.
 - If the bank allows signing the agreement electronically, this option should be preferred. Please attach an extract from the latest version of the Trade register (max 3 months old) and provide eSett the Contact information (name, phone, email) to the person(s) who has the right to sign on behalf of the company.
 - If the agreement is signed physically, please send an extract from the Trade register and copies of the passport(s) of the person(s) signing the agreements to verify signature(s).
 - Return three (3) copies to eSett by post one month before starting market activity.
 - eSett will return one signed agreement to the BSP and one to the bank.
- Sign the MT101 and MT940 documents with the settlement bank and send copies of them to eSett together with the Account Agreement. MT101 and MT940 are bank-specific forms and are available at each bank. If two account model is used both accounts needs to have MT documents signed
 - MT101 (authorisation to debit the account as per request for transfer received by swift from eSett's settlement bank). The details are as follows:
 - Forwarding bank: Nordea Bank Finland Plc, swift code NDEAFIHH,
 - contact: accountmanagement.fi@nordea.com
 - Instructing Party: eSett Oy
 - MT940 (authorisation to send balance reporting information by swift to eSett's settlement bank). The details are as follows:

- Receiving company: eSett Oy, swift code NDEAFIHH, contact: finance@esett.com
- Receiving bank: Nordea Bank Finland Plc, swift code NDEAFIHH,
- contact: accountmanagement.fi@nordea.com

Releasing excess funds from pledged account

- **If the selected Settlement bank is using one account model** (information can be found from the list of approved settlement banks)
 - Standard Settlement Instructions needs to be filled out and delivered to eSett to define a release account for any excess funds from the pledged account. More information can be found on the next page and on our web page.
- In two account model excess funds from pledge account are always released to non-pledge settlement account.

The BSP is responsible for its own bank costs.

Other important information to remember

Collaterals

Currently, Balancing Service Providers are not required to deposit collaterals and therefore BSPs are not required to open a Cash Collateral account. More detailed information can be found in our Handbook in chapter 8.4. Required Banking Setup.

Preparations for invoicing

The BSPs have to establish readiness to receive invoices and complete the following tasks two weeks before the start date at the latest:

- The BSPs need to sign an agreement with an e-invoice operator to receive e-invoices.
 - Agree with the e-invoice operator on the format in which eSett's e-invoices will be provided by the operator.
 - Inform eSett of the selected e-invoice operator and the BSP's e-invoicing address.
- In case the BSP does not want to receive e-invoices, eSett needs to be informed of an email address to which the invoices will be sent as PDF files.
- The invoices are also available in the Online Service that is our customer portal.

The BSP must ensure that the settlement account has sufficient funds to cover the outstanding debit amount of the current week's invoicing by the end of the business day each Monday.

Imbalance settlement structures and technical connectivity with eSett

All market participants are responsible for submitting their structural information to eSett well before their activity begins in the Nordic Imbalance Settlement model. These templates for structures are available at www.esett.com/customers/new-market-participants/. The structural template files that relate to BSPs are *Company*, *and BSP* (*Connection Details* is optional, and only needed if you want a machine-to-machine connection for messaging purposes). BSPs are responsible for completing and submitting the files to a service request or to settlement@esett.com at least one month before the BSP starts market activity. In relation to structures and data communication, coding schemes and some details involved in them can be found in Chapter 10.4 of the Handbook.

eSett establishes a new BSP and will give BSP's administration user permission to eSett's imbalance settlement system Online Service after all the contracts have been signed and necessary structure data has been provided. The Online Service Administrator is responsible for granting access and maintaining Online Service User accounts of other Users in the company that the Online Service Administrator represents.

A description of the eSett services is found in Chapter 10 of the Handbook, and information about technical connectivity with the eSett services is provided in the documentation www.esett.com/customers/data-communications/.

Finland

Companies operating as a Balancing Service Provider in Finland are required to register with the European Register of Market Participants (Remit). More information about registration can be found at: www.energiavirasto.fi/markkina-avonta or www.acer-remit.eu/portal/european-register or remitrekisteri@energiavirasto.fi.

More information about registration with the communication coding schemes EIC and the GS1 codes is available at www.fingrid.fi/en/electricity-market/market-integration/european-co-operation/eic-codes/ and www.gs1.fi.

ECP/EDX is the main communication channel in the reserve market and thus recommended for information exchange. EIC-codes are used in ECP messaging. More information and instructions on ECP/EDX implementation

can be found: https://www.fingrid.fi/en/electricity-market/reserves_and_balancing/reserve-trading-and-information-exchange/ecp-messaging2/

Establishing a Balancing Service Provider into eSett's settlement system Basse

eSett is able to establish the BSP into eSett's settlement system Basse right after:

- 1) All needed agreements mentioned earlier in this guideline documentation are signed between the parties
- 2) All needed settlement structures to establish a BSP including invoicing details are provided to eSett. eSett will start to invoice balancing service providers from the same week they are established to Basse. If the Balancing Service Provider does not have any settlement data, no invoice will be created for that specific week.

eSett's Newsletters

eSett recommends that new BSPs subscribe to eSett's Newsletter to get important market news and information. In addition, eSett sends out System and Maintenance Announcements also by email newsletter. You can subscribe to both newsletters on eSett's webpage <https://www.esett.com/newsroom/newsletter/>.

eSett's Handbook

eSett recommends that new BSPs introduce themselves to [eSett's Handbook](#) which provides basic information about the Nordic Imbalance Settlement Model.