

## BMRS Zones Review Report

### 1. Background

On 5 November 2010, National Grid issued a Constraint Information Transparency Consultation. This included a proposal relating to the review of BMRS zonal information, and the potential alignment of BMRS Zones with zones currently used by National Grid for forecast data; eight OC2 zones or 17 SYS zones.

National Grid presented the findings of the consultation to the Panel on 10 March 2011 ([Panel181/08](#)). The Panel considered whether a review of the existing BMRS zones was justified and initiated an Expert Group to examine the zonal alignment issue in more detail.

On 14 April 2011, the Panel agreed the establishment of the BMRS Zones Review Group (hereafter "the Group") when it approved the Terms of Reference for the Group ([Panel 182/06](#)).

### 2. Purpose of this document

The purpose of this BMRS Zones Review Report is to present the recommendations of the Group for formal consultation with the industry in July 2011.

After the consultation has completed, this document will be updated to include all responses to the consultation and the consequent recommendation by the Group to the Panel at its meeting in August 2011.

### 3. Objectives

The objectives of the Group, as set out in its Terms of Reference, are to:

- determine whether the current number of BMRS Zones (5) is appropriate; and
- determine whether the number of BMRS Zones should be aligned with the number of OC2 Zones (8) or the number of SYS zones (17); or



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- determine whether a number of zones other than the 5,8 or 17 described above may be more appropriate; and
- comment on how this would impact the number of OC2 Zones and SYS zones; and
- provide a recommendation to the Panel regarding any appropriate changes to the BMRS arising from this review.

## 4. Findings of the Group

### i. Number of BMRS Zones

The group was unanimous in its view that the current number and configuration of BMRS Zones (five) was inappropriate for the following reasons:

- a) as zone E was a subset of zone D, summing zones A to E did not accurately represent the full picture;
- b) as the five BMRS Zones could not be directly mapped to the eight OC2 zones or the 17 SYS zones, short-term forecasts (from BMRS zones) could not be compared with long-term forecasts (from OC2 or SYS);
- c) as a result, there is no transparency provided.

### ii. Alignment of BMRS Zones with OC2 Zones (eight)

The Group agreed that having eight BMRS zones which aligned with the current OC2 zones would be an improvement over the current five BMRS zones, as BMRS zones would map directly to OC2 zones.

The identified benefits were:

- a) Allows for a better comparison than current BMRS zones.
- b) Can compare short term and medium term forecasts.

Furthermore, the Group noted the following disbenefits:

- c) there are a number of Generating Units not included in any OC2 zone;
- d) there are a number of Generating Units that are included in more than one OC2 zones (due to 'nesting' of zones within zones);
- e) the current OC2 zonal setup would be greatly improved if all inconsistencies were removed, but this would move the OC2 zones away from the transmission system constraints that they are currently based on; and
- f) National Grid would not change the number of SYS zones to eight to align with OC2 and BMRS zones, so BMRS, OC2 and SYS zones would not be fully aligned under this option.

The group agreed unanimously that the lack of a close mapping between the zones was a significant problem.



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*As a result, the Group concluded that aligning BMRS zones with the current configuration of OC2 zones would not be its preferred option, as the inconsistencies in the OC2 zones would be mirrored in BMRS zones.*

### iii. **Alignment of BMRS Zones with SYS Zones (17)**

The group agreed that having 17 BMRS zones which aligned with the current 17 SYS zones would be a significant improvement over the current five zones. The Group identified the benefits as:

- a) each BM Unit would be allocated to a single BMRS zone, with no inconsistencies;
- b) It would allow improved visibility of longer term information publication with short term data;
- c) There would be the potential, due to improved transparency, to help reduce constraint costs.
- d) Better accessibility for smaller Parties;
- e) Improved market efficiency;
- f) Better understanding of transmission system constraints; and
- g) Competition promoted more effectively.

The Group noted that:

- h) a further significant benefit would be if OC2 zones were also amended to align with the 17 SYS zones, as BMRS, OC2 and SYS zones would be fully aligned; and
- i) that National Grid was prepared to consider amending the number of OC2 zones to align with SYS and BMRS.

The Group noted that the only identified disbenefits were that:

- j) Some Parties may find that the larger number of zones inconvenient to use if they had to access each of the zones separately to download the require data; and
- k) Some Parties may carry out historical data analysis as part of their forecasting, so any change to the number or configuration of zones could have an adverse impact on it.

Furthermore, the Group noted that there was also a benefit for National Grid, as they already calculate and publish forecast data in 17 zones for now and the next seven years.

The Group asked ELEXON to pursue a solution with our service providers which would provide a single downloadable file containing zonal data for all 17 zones.

*The Group concluded that aligning BMRS zones with the current configuration of SYS zones would be its preferred choice, as there would be continuity between short-term and long-term forecasting data. In addition, if National Grid decided to amend OC2 zones to align with SYS zones, there would be full continuity for forecasting data.*



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## iv. **Other options for BMRS Zones**

The Group considered any other options for the configuration of BMRS zones and identified that the only potential alternative number of BMRS zones would be 14, to align with the GSP Groups.

The main benefit of this approach would be to ensure that each BM Unit would be allocated to a single BMRS zone, with no inconsistencies.

The group also considered that, as demand is a key element of constraint management, and likely to become more so with the additional demand side response capabilities that smart meters may offer, aligning BMRS with the 14 GSP zones may provide some benefit.

However, the majority view of the group was that Parties did not generally forecast at GSP Group level, so this was unlikely to be a viable option, unless consultation responses showed that many Parties did forecast at GSP Group level.

The Group noted that National Grid:

- a) would change the number of OC2 zones to 14 to align OC2 and BMRS zones; but
- b) would not change the number of SYS zones to 14 to align with OC2 and BMRS zones; so
- c) BMRS and OC2 would be aligned with each other but not with SYS zones.

*The Group concluded that aligning BMRS zones with the 14 GSP Group Areas would not be its preferred option, as it was not likely to be a significant improvement over the current configuration, as there would still not be any continuity between short-term, medium-term and long-term forecasting data.*

## v. **Commercial confidentiality**

The Group considered whether there would be any issues regarding commercial confidentiality arising from the fact that a larger number of BMRS zones would mean a smaller number of Parties being included in each zone.

The Group noted that the implementation of P243 "Publication of Generator Forward Availability by Fuel Type" had resulted in some forecast data being published at BM Unit level, so there would not be any issues regarding commercial confidentiality arising from a change to BMRS zones.



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## vi. **Smaller Parties**

The Group stated that it was concerned that the smaller Parties should not be disadvantaged by any solution that was proposed to the Panel, in case they used the information differently, and asked ELEXON to engage with smaller Parties to get their views.

## vii. **Implementation Costs and Timescales**

The Group noted that the central costs – i.e. those arising from the changes to the BMRS and National Grid's systems, plus ELEXON's Release costs - would be the approximately the £110k for any of the stated options but this was approximately 60% less than the costs to change BMRS zones when the last review was carried out in 2006 (£260k).

Any selected option would be implemented in the June 2012 Release, unless Parties require a longer lead time to prepare for the changes.

## 5. **Summary**

1. The Group agreed unanimously that the current number and configuration of BMRS Zones (five) is inappropriate.
2. The Group's preferred option was to align BMRS Zones with the current configuration of 17 SYS Zones and an amended configuration of 17 OC2 zones, with the provision of a downloadable file containing data for all zones.
3. The Group did not prioritise the other options.
4. The Group believed that there would not be any confidentiality issues arising from a larger number of BMRS Zones.
5. The Group was concerned that any proposed solution should not disadvantage smaller Parties.
6. The Group noted that the central costs would be the same (#£110k) for any of the proposed solutions.

## 6. **Terms Used**

<b>Term</b>	<b>Definition</b>
BMRS	The <a href="#">Balancing Mechanism Reporting Service</a> website
OC2	National Grid's Operating Code 2 " <a href="#">Operational Planning and Data Provision</a> "
SYS	<a href="#">National Grid's Seven Year Statement</a>