

---

## Issue 105 Workgroup Meeting 3 Summary

---

### Summary

#### 1. Meeting Objectives

The Chair welcomed attendees and presented the meeting objectives:

- Decide whether a Code Change should be recommended to address the unintended impacts to cash-out prices following the implementation of P448
- Review [BSC Procedure \(BSCP\) 18 'Corrections to Bid-Offer Acceptance Related Data'](#) and the [Network Gas Supply Emergencies Guidance Note](#) and agree whether further guidance is required
- Provide an update on the information provided by a representative of the Gas System Operator (GSO) relating to how P448 interacts with Gas Operating Margins (OM) contracts and agree whether further action is required
- Consider and agree next steps

#### 2. Unintended impacts to cash-out prices

- 2.1 Elexon recapped on the previous meeting by explaining how the cash-out price might be impacted by different market scenarios depending on whether the P448 Bids were taken into account. Removing the P448 Bids from the stack will likely result in high cash-out prices in all scenarios, whereas including the Bids will suppress the cash-out price in some scenarios.
- 2.2 Elexon presented the potential impact of different (normal or high cash-out) market signals and their effect on various participants within the power market. In a short rising market, the cash-out price will likely be high, creating an incentive to bring more generation on line. In a long market, the inclusion of P448 Bids may suppress the price, thereby removing that incentive.
- 2.3 The Workgroup were asked what they believe the desired outcome should be and whether the P448 Bids should be included. Workgroup members asked for more time to consider this. They also considered the potential relevance of the cash-out principles set out in [P305 'Electricity Balancing Significant Code Review developments'](#) and the mechanism for applying a single cash-out price under the Fuel Security arrangements.
- 2.4 It was agreed that Elexon would provide a detailed timeline of how events might occur during a Gas Supply Emergency for the next meeting, with assumptions being shared with the workgroup beforehand for feedback.

#### 3. P448 Guidance

- 3.1 Elexon walked through the purpose and areas covered within BSCP 18 and the Network Gas supply Emergencies Guidance Note.
- 3.2 The Workgroup provided feedback and suggested some amendments. Elexon agreed to draft the amendments and circulate these before the next meeting, noting that a Change Proposal will be required to amend BSCP18.

#### 4. Risk mitigation for D+2 onwards

- 4.1 A Workgroup member presented a potential extension to the Issue 105 Terms of Reference. This related to the appropriate course of action for Generators when managing D+2 gas positions during an interruption.
- 4.2 The Workgroup agreed that this topic was outside of the scope of Issue 105 and that any solution to the issue sits within the gas market.

#### 5. Update on Gas Operating Margins (OM) Contracts

- 5.1 Elexon provided an update on the information provided by the GSO relating to OM contracts. Specifically, that where a site is nominated down to 0 through contractual means, they will still be contacted when Stage 2 load shedding is taking place and told not to return to take gas until a stage 4 NGSE (restoration) has been declared and the legal instruction to cease taking gas is revoked.

5.2 The Workgroup asked whether there could be a scenario where a power station is being paid under their OM contract at same time as they are subject to load shedding. Elexon agreed to contact the GSO to ask this question.

## 6. Next Steps

6.1 Elexon will contact the Workgroup to arrange the next Workgroup meeting.

---

### Actions

No.	Action	Owner
1.	Circulate suggested changes to BSCP 18 and the Network Gas supply Emergencies Guidance Note before the next Issue 105 meeting.	Elexon
2.	Provide information on potential timeline of events during a stage 2+ gas supply emergency.	Elexon
3.	Ask GSO about the potential scenario that a power station is a power station is being paid under their OM contract at same time as they are subject to load shedding.	Elexon
4.	Provide information on what cash-out prices might look like in Europe in the event of the gas shortage impacting wider than the UK.	Workgroup Member