
Issue 105 Workgroup Meeting 4 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 draft redlined changes to [BSC Procedure \(BSCP\) 18 'Corrections to Bid-Offer Acceptance Related Data'](#) and the [Network Gas Supply Emergencies \(NGSE\) Guidance Note](#)
- Review Terms of Reference and confirm Workgroup recommendations
- Decide whether the P448 solution should be time limited
- Consider and agree next steps

2. Unintended impacts to cash-out prices

- 2.1 Elexon presented a timeline of what might happen to electricity cash-out prices when there is (a) an incident on the GB Gas network only leading to sudden curtailment, or (b) a shortage of gas across GB and Europe leading to a Stage 2 Gas Emergency being announced in a rising market.
- 2.2 A Workgroup member asked for it to be made clear in the slides and in any subsequent Issue 105 documentation that the timelines consider possible plausible scenarios, not what we think is likely to happen.
- 2.3 A concern was raised in previous Workgroups that P448 will suppress the cash-out price because NIV tagging will remove all the extra actions taken by NGESO to replace the curtailed gas-fired power stations. Analysis of both scenarios suggests that this is true in SP1-3 (before Parties have had a chance to adjust their Offer prices). However, from SP4 onwards, Offer prices (including for the units NGESO would have taken even without Load Shedding) will rise in anticipation of high cash-out and wholesale prices.
- 2.4 The Workgroup appreciated the analysis presented and asked Elexon to provide similar analysis of what might happen during a Stage 2 Gas Emergency in a long market. Elexon agreed to present this analysis at the next meeting.
- 2.5 Workgroup members shared that they were in initial agreement with the suggestion that a BSC change would not be required, as the analysis showed that the impact to cash-out was not as significant as originally thought for short market scenarios. However, this conclusion will be revisited at the next meeting alongside the possible impacts to cash-out in a long market.

3. P448 Guidance

- 3.1 Elexon presented draft redlined changes to BSCP18 and the NGSE Guidance Note. The Workgroup recommends that a Change Proposal be progressed to take forward the changes to BSCP18. A change is not required to update the Guidance Note; this can be implemented outside of the Change Process.
- 3.2 A Workgroup member proposed additional changes to BSCP18. It was agreed that a call would be set up with Elexon to discuss these in more detail before consulting the Workgroup at the next meeting. However, the Workgroup member has since informed Elexon that these additional changes are no longer required.

4. Terms of Reference and Workgroup recommendations

- 4.1 The Workgroup decided to move this agenda item to the next Issue 105 meeting.

5. Time limiting the P448 solution

- 5.1 The Workgroup decided to move this agenda item to the next Issue 105 meeting as they want to address this issue once a decision has been made relating to cash-out.

6. Next Steps

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

Actions

No.	Action	Owner
1.	Circulate a list of assumptions relating to a potential timeline of events during a stage 2+ gas supply emergency where the market is long. The Workgroup will have 5 WD to provide feedback prior to the next Workgroup meeting.	Elexon
2.	Update the meeting slides to confirm that the cash-out scenarios are possible plausible scenarios, not what we think is likely to happen.	Elexon