



Issue 74

Increased utilisation of non-BM
STOR
Meeting 2

15 April 2018

ELEXON

Meeting objectives

- Welcome and meeting objectives
- Review of Issue Group actions and discussion so far
- Discuss the Issue in relation to P354
- Recap of options discussed by the Issue Group
- Next steps
- A.O.B.

Meeting 1 summary

- Issue breaks into two areas:
 - Procurement of STOR
 - Visibility of dispatch
- Workgroup concerned that lack of visibility made forecasting difficult for Market Participants and increased use of Market Index Price in cash out calculation. Risk that Net Imbalance Volume is inaccurate if Non BM STOR not accounted for
- Insufficient time to implement interim solution before P354 go live
- Noted potential benefit to Non BM STOR providers, but this will be addressed by P354
- Workgroup agreed that all balancing services should be reflected in the Imbalance Price and wanted details on dispatch of Non BM STOR close to real time for the market to take action
- C16 statement could be used to assist any solution development

Review of actions (1 of 2)

Action	Update
ELEXON to investigate what rules would be required for STOR to be captured within the Reverse scarcity price methodology.	LoLP already takes BM STOR and non-BM STOR into account.
ESO to provide analysis on drivers resulting in more non-BM STOR utilisation.	Can provide more detail as part of the meeting but in effect were use as much 'Reserve' as we need and procure what we need in the most economic and efficient manner. After the decision on P354 the control room guidance clarified what non-BM STOR should be used for.
ESO to provide potential options as to what could be published regarding availability of non-BM STOR	To be discussed as part of the agenda but we have an option that could be deployed subject to business approval and prioritisation.

Review of actions (2 of 2)

Action	Update
ELEXON to investigate what would be required to enable non-BM STOR to align with current BM reporting	Making non BM STOR de-anonymised would be against the intent of the Customer Consent required for P344 & P354
ESO to check if reporting can align with non-BM STOR and BM Reserve.	The option we'll be presenting will be outside of the BM and so it won't be possible to align them without additional cost/time which may make the option less viable.



Issue 74 in relation to to P354

Grahame Neale (ESO)

Issue 74

Non-BM STOR

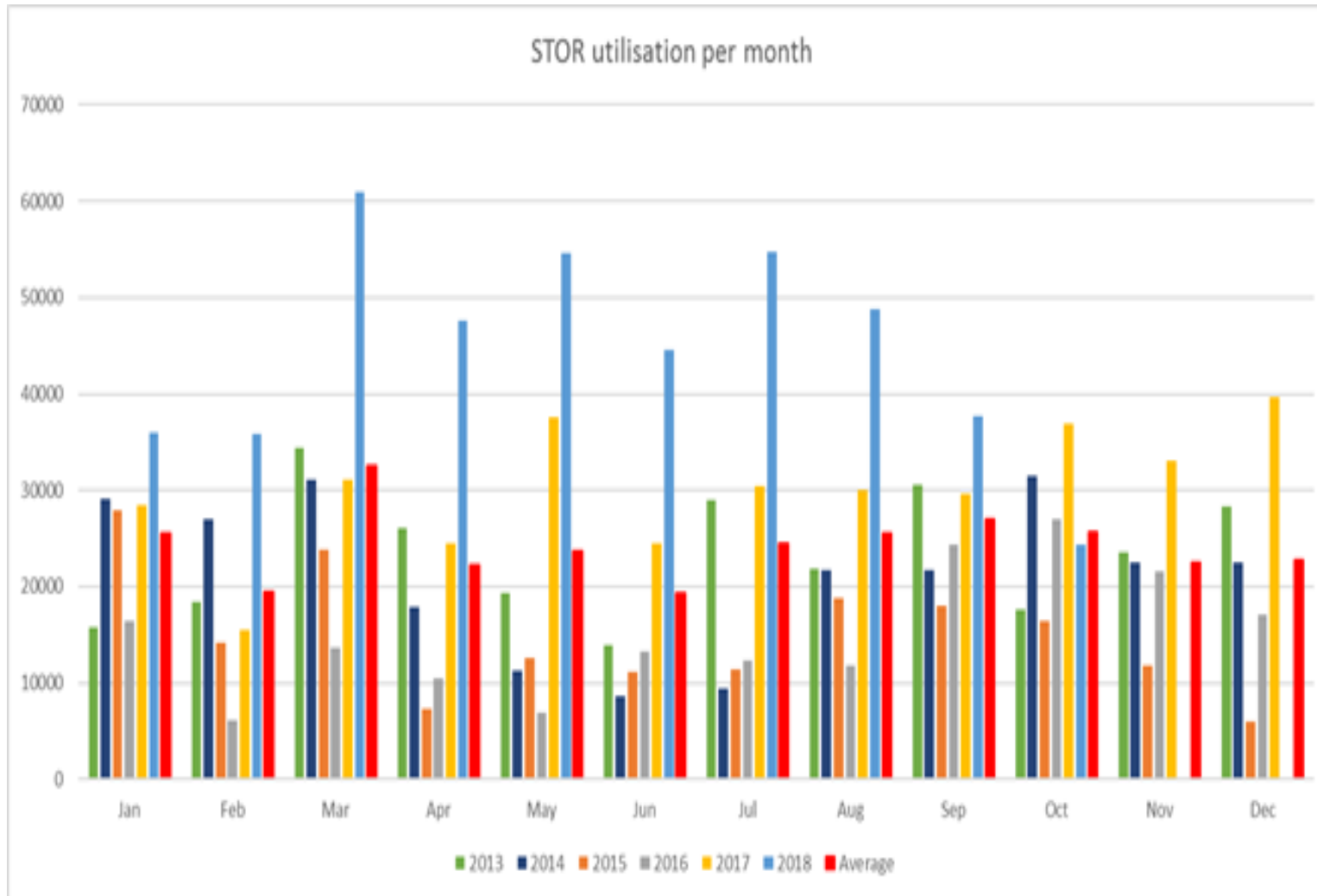


Background to Issue 74

Non-BM STOR prices are likely to remain depressed until April 2020 (implementation of P354). Two areas of concern arise from this

- 1. Service visibility** – Reduced visibility of non-BM STOR actions in real time (published 15 mins after Settlement Period ends) makes it harder for market parties to react to signals
- 2. Cash out impacts** – Increased use of the Market Index Price in situations where all Offers in a market have been arbitrated (taken out of the imbalance price stack)

How big is the issue?



Impact may already be reducing

STOR utilisation as a whole reducing following clarification of STOR control room guidance.



Recap of discussed options

Grahame Neale (ESO)

Potential solutions 1

The following solutions were considered as part of P354 and not taken forward.

We do not believe that these are credible options to revisit.

Implement P354 in 2019 2019 was given as a potential implementation date. Ofgem did not support this option on the basis of

- Decision not made by March 2018
- Providing market certainty
- Link between equal treatment and wider BM access
- Implementation timescales

Assume a proxy for spill in control room decisions

The P354 workgroup at the time weren't able to agree this as an appropriate solution or a methodology – is it correct to assume this is still the case?

Potential solutions 2

The following solutions were not considered as part of P354 and would like the group to discuss.

Assume a proxy for spill in imbalance price calculation

This would involve a decision on a spill value for each settlement period, then applying it to the relevant non-BM STOR prices, meaning they are less likely to be arbitrated.

Questions:

Is this something that the Issue group feel would be useful to reduce impact on the imbalance price?

*How does this interact with Reserve Scarcity Pricing?
Should/could this be extended?*

It would be challenging for industry to implement a change in this space prior to 2020?

Potential solutions 3

The following solutions were not considered as part of P354 and would like the group to discuss.

Publish non-BM STOR data earlier than 15 minutes after real time

This is likely to be possible once STOR has migrated to PAS (although a new interface with Elexon may be required to allow the faster pass through of data). Are there any manual workarounds that would work?

Questions:

General question: Non-BM STOR instructions are open ended rather than closed loop. At what point should they be notified to the market?

Are there any manual alternatives that can be thought of that would provide sufficient info to market (e.g. merit order stacks)?

Potential Solution

Still subject to business approval and prioritisation but seeking views on;

A website that will publish the below data in close to real-time in 2 parts;

1. When a Non-BM STOR Instruction is sent;
 - Transaction/Unique ID
 - Start Date & Time
 - Volume (in MWs) instructed
 - Indicative price (£/MWh)
2. When the instruction ends, update part 1 with;
 - Instruction Cessation Date & Time

This website will not;

- Show anything other than non-BM STOR
- Show actual volume (in MWs) delivered
- Link to Elexon's systems or processes.

Website will have a web-feed (to receive regular updates) and have the ability to download the data.

Does this meet your immediate needs? Is anything essential missing?

Potential in the longer term (subject to BSC mods, delivery of existing projects etc) to develop further (include other Reserve services for example) to better meet industry requirements.

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Next steps

Summary and next steps

- If Issue 74 concluding:
 - ELEXON will present the Issue 74 paper at the Panel meeting on 9 May 2019

