

# P415 Microsoft Teams Meeting

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- Welcome to the P415 teleconference – we'll start in a moment
- No video please – conserve bandwidth
- All on mute – use IM if you can't break through
- Talk – pause – talk
- Lots of us are at home – be mindful of background noise and connection speeds
- “Raise your hand” feature to let the chair know you'd like to speak

# ELEXION

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## P415 – WG07

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Facilitating access to wholesale markets  
for flexibility dispatched by Virtual Lead  
Parties

28 October 2021

# Meeting Objectives and Agenda

Agenda Item	Lead
Welcome and meeting objectives	Elliott Harper (Chair)
Feedback from BSC Panel Discussion on P415 CBA	Ivar Macsween (Elexon)
Compensation Volume update	Ivar Macsween, Matt Roper (Elexon)
VLP Trading Party Credit Arrangements continued	Matt Roper, Workgroup
Supplier Compensation Price Methodology	Matt Roper, Workgroup
Reporting Requirements	Matt Roper, Workgroup
Next Steps	Ivar Macsween
Meeting Close	Elliott Harper

# Meeting Objectives and Agenda

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## 1. BSC Panel CBA Discussion

- **NOTE** the BSC Panel comments, decision and rationale in regards to P415 CBA approach

## 2. Supplier Compensation Volume Update

- **NOTE** the proposers view and justification on the P415 scope in regards to Supplier compensation volumes scope
- **NOTE** the BSC Change Governance comments, decision and rationale in regards to Supplier compensation volumes scope

## 3. VLP Trading Party Credit Arrangements

- **NOTE** the proposed options to calculate Credit Assessment Energy Indebtedness (CEI)
- **DETERMINE** the preferred P415 Credit Assessment Energy Indebtedness (CEI) solution

## 4. Supplier Compensation Price Methodology

- **DETERMINE** the preferred data source for the Supplier Compensation Price Methodology

## 5. Reporting Requirements

- **DETERMINE** whether the Deviation Volumes should be mandatorily reported to the Supplier or follow the customer consent model



# SUMMARY OF 6<sup>TH</sup> MEETING



## Summary of 6<sup>th</sup> Meeting

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- On 3 September 2021, the P415 Workgroup considered approach to Supplier Compensation within the Cost Benefit Analysis, ahead of presenting this view to the BSC Panel for their consideration.
- Having considered Workgroup feedback on the CBA options for P415, CEPA sought guidance on preferred approach for development of models that assess the additionally of aggregated service variants.
- In general, the Workgroup recognised that P415 has the potential to be a very sizeable market change and so it would be worthwhile to undertake the bottom-up analysis.
- The Workgroup discussed whether mutualised compensation by Suppliers should be a required variant within the CBA. The Workgroup felt uncomfortable with not continuing to explore both options via the CBA and so both variants should be included.
  - This is so that it does not preclude any approaches from further development and potential presentation of both options to Ofgem as the ultimate decision maker for P415.

# Summary of 6<sup>th</sup> Meeting

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## Supplier Compensation Volumes

- The group considered what volumes should be used to calculate Supplier compensation under P415, also considering whether volumes used to calculate Supplier compensation should include balancing and wholesale market volumes (or not).
- Noting that this was unfinished business from previous Modification P344 'Project TERRE', the group desire clarity from Elexon on whether the scope of the P415 defect (as captured in the Proposal Form) is sufficient to encompass this issue at the next meeting.
- This is to be discussed later in this meeting.

# Summary of 6<sup>th</sup> Meeting

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## Credit

- The group discussed whether VLPs should lodge credit under P415 and whether volumes should be estimated for the 5 days where calculations would not be possible.
- The group were unable to come to a firm conclusion in this meeting and it was agreed that a worked example would be helpful in the next meeting when the group will return to this topic.

## National Grid update

- National Grid highlighted that the ESO are setting up internal project groups and discovery processes to look at what information control room might need from VLPs active in the WM, with further updates to be relayed to the P415 group. The outcome of this process may well lead to CUSC or Grid Code mods eventually to ensure alignment with this potential development to the market.





# CBA UPDATE

## CBA Panel Decision

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- CEPA presented five options differing in analytical sophistication, cost and impact, for Workgroup and Panel consideration.
- The NGESO Panel Member highlighted NGESO's Wider Market Reform work and suggested that the provider that wins the tender for the CBA work take a look at this relevant project as part of its analysis.
- A Panel Member suggested that it should be discussed with DNOs as to what they would consider the potential range of network impacts
- The BSC Panel:
  - a) AGREED that Elexon submits a competitive tender for a cost-benefit analysis of P415 with Option 4 'Market Modelling – Wholesale Impacts only' to be taken forward, subject to Elexon confirming with Ofgem that this would be adequate and with the additional recommendation that a separate piece of engagement with networks be undertaken; and
  - b) AGREED a bottom-up assessment methodology for the CBA.

## CBA Update

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- Elexon have issued the tender to multiple service providers and are undertaking a Request for Proposal (RFP) process.
- Following shortlisting process and legal discussions, we expect to award the contract in late December 2021/Early Jan 22.
- The CBA will then be undertaken over an estimated (and subject to change) 4.5 – 7.5 months
- Further Workgroups to consider information and outcomes of the CBA, form final recommendations on P415 and exit Assessment Phase, estimated Q2 or Q3 2022.
- Handover to Ofgem for decision in late 2022 or early 2023





# SUPPLIER COMPENSATION VOLUME UPDATE

## Change Governance

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- Question: Is the scope of P415 sufficient to allow for changes to Supplier Compensation in the BM? We have sought a legal opinion from our legal team.
- P415 defect captured in the Proposal Form is focused on opening up access to the Wholesale Market for VLPs. P415 will be compensating Suppliers for VLP access to the WM - creates a discrepancy in the Balancing Market which does not feature compensation. The desired solution is to compensate the Supplier for activity in the WM and BM.
- We do not believe this to be within the scope of P415. The scope of the P415 issue doesn't require any change to the BM, it's just that the WG's preferred solution creates a misalignment with the P415 solution.
- We therefore believe that this should be raised as a separate Modification that could either be progressed alongside P415 or after it is approved.

# Change Governance

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- Options for ways forward:
  1. Raise a Modification to align Supplier compensation in the BM to run concurrently to P415, creating a link between the two.
    - Potential efficiencies gained compared to option 2 by progressing a new Mod that links to P415 while both are in assessment at same time. Allows Mods to be aligned upon implementation.
  2. Raise a Modification to align Supplier compensation in the BM after/if Ofgem approves P415.
    - Would allow Ofgem to come to a decision on Supplier compensation in the WM via P415 before undertaking work on bringing that to the BM.
  3. Do nothing.
- Elexon cannot raise a Modification on behalf of the Workgroup – in each case a Party would have to act as the Proposer for any new Modification.





# P415 CREDIT ARRANGEMENTS

## P415 VLP Credit Arrangements

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Existing BSC Parties are obligated to lodge Credit with BSCCo to participate in the Wholesale markets.

P415 Solution Principle 3 & 5 states:

3. The VLP shall be the Balancing Responsible Party (BRP) for any wholesale market Deviation Volumes traded. Neither the counterparty nor registered Supplier shall bear any liability for delivery of the trade
5. 'VLPs shall have no advantage over existing Trading Parties and be subject to same rules and requirements where appropriate'

Therefore in order to comply with solution principles VLP Trading Parties (as BRP) shall also be obligated to lodge Credit for volumes where they are the BRP.

# BSC Credit Arrangements Recap

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## What does it mean to lodge Credit in the BSC?

Credit Cover is needed because Trading Charges are paid approximately 29 calendar days after a Settlement Day occurs. Over this period a Parties' Credit Cover ensures it has enough collateral to cover these payments in case of default.

## How is it calculated?

For each Settlement Period, the Total Energy Indebtedness (TEI) is the sum over the previous 29 calendar days (including the current Settlement Day) of:

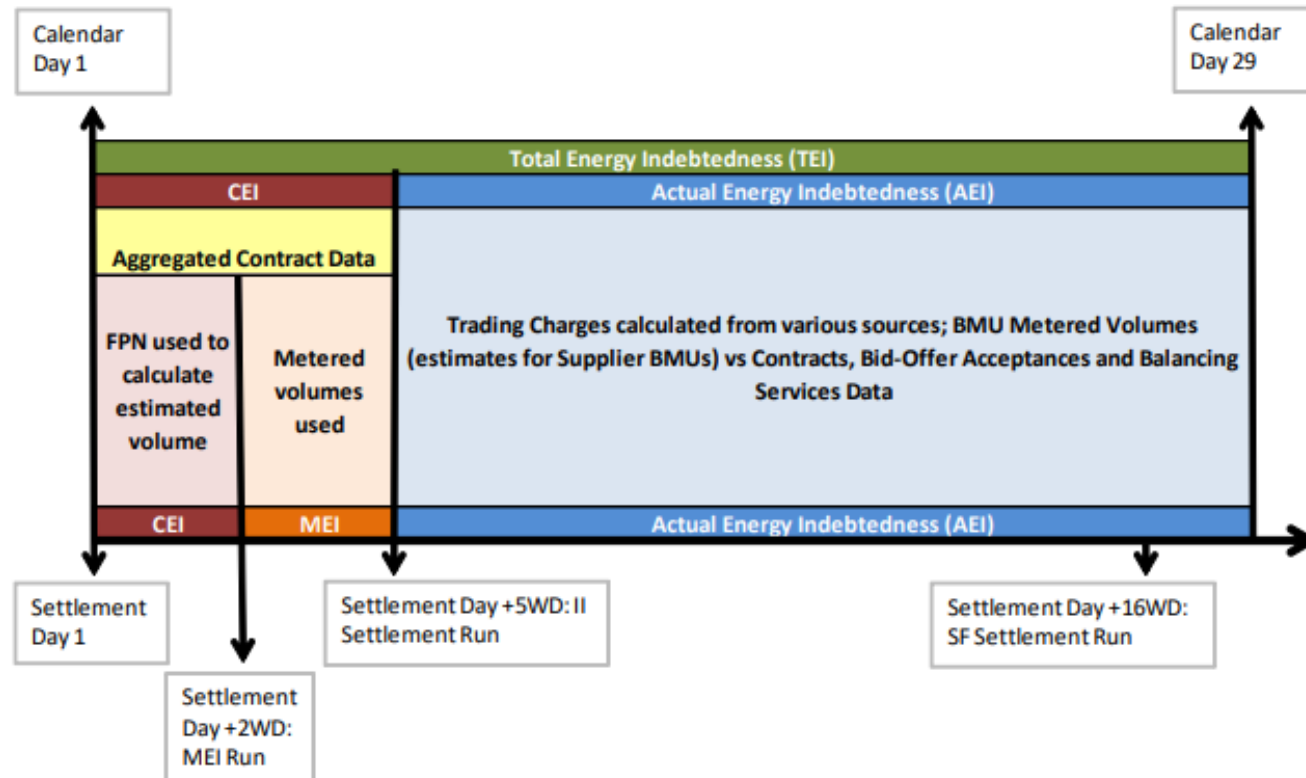
- Credit Assessment Energy Indebtedness (CEI) - a calculated estimate of indebtedness
- Metered Energy Indebtedness (MEI) - calculated indebtedness using CDCA data
- Actual Energy Indebtedness (AEI) - calculated indebtedness using trading charges

# BSC Credit Arrangements Recap (2)

## 1. Credit Qualifying BM Units

If the Primary BM Unit is not an Interconnector BM Unit and is required to submit Final Physical Notifications to the System Operator, it can qualify as a Credit Qualifying BM Unit as long as it has:

- A Production Status flag (i.e. it's classed as a generating BM Unit); or
- Exempt Export status;



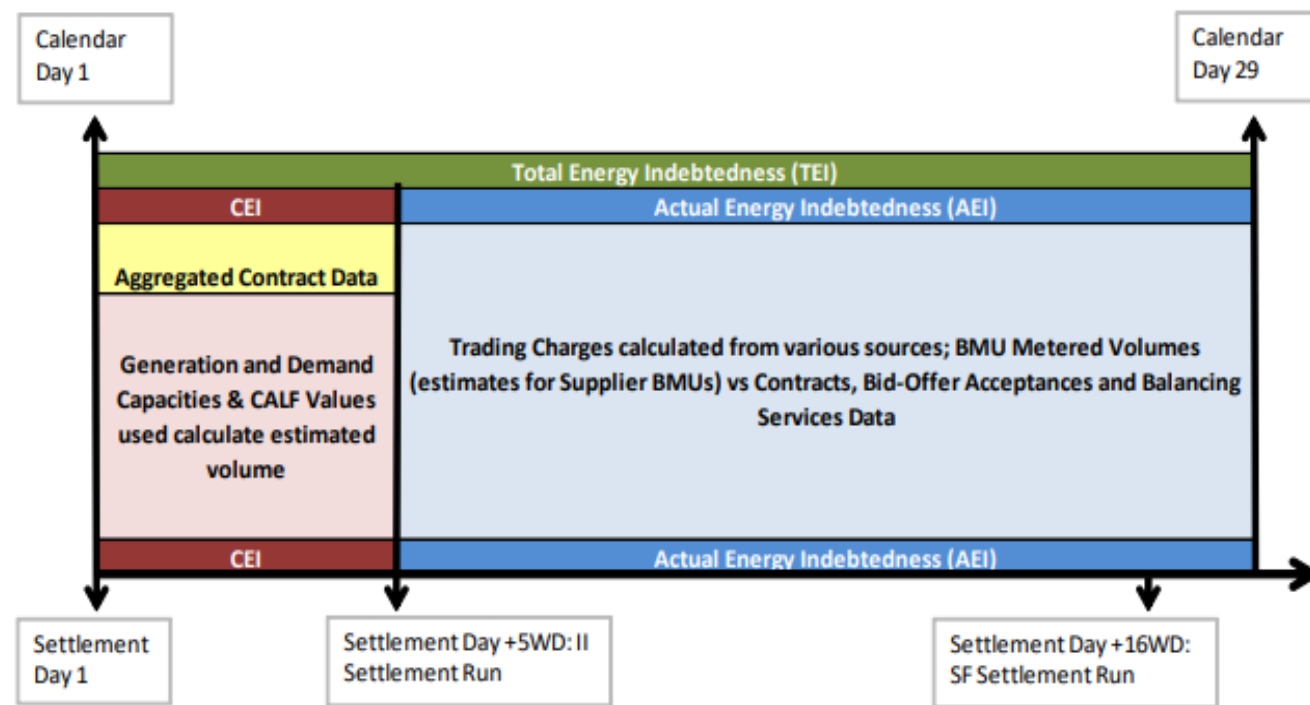


## BSC Credit Arrangements Recap (3)

### 2. Non-Credit Qualifying BM Units (i.e. a Primary BM Unit that is not a Credit Qualifying BM Unit)

Non-credit Qualifying BM Units are required to declare GC and DC values. The GC and DC are the expected maximum positive and negative metered volume for a single Settlement Period in a the BSC Season.

GC/DC and a BM Unit specific load factor (CALF) is used to calculate Credit Assessment Credited Energy Volumes (CAQCE) (i.e. an estimate your BM Unit metered volume) which in turn is used to estimate your CEI.



## BSC Credit Arrangements Recap (4)

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1. CAQCE is calculated differently for predominantly consuming BM units (Consumption flagged) and for predominantly generating BM units (Production flagged)

$$\begin{array}{ll} \text{P Flag} & \text{CAQCE}_{iaj} = (\text{SPD} * \text{BMCAIC}_i) \\ \text{C Flag} & \text{CAQCE}_{iaj} = (\text{SPD} * \text{BMCAEC}_i) \end{array}$$

Where  $\text{SPD} = \text{Settlement Period duration (0.5 hours)}$

The Production / Consumption Flag for a BM Unit is determined based upon its GC/DC submission

**Note** GC and DC Breach monitoring Criteria exist to ensure values submitted are accurate

2. Supplier BM Units have there own special rules as all Supplier Primary BM Units is fixed as Consumption Flagged.

However where the GC is positive and the DC is zero, the Primary BM Unit will qualify for a Supplier Export CALF (SECALF). This will override the fixed P/C status and use GC multiplied by SECALF.



## BSC Credit Arrangements Recap (5)

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3. BMCAIC / BMCAEC is calculated separately for WD and NWD

$$\text{BMCAEC}_i = \text{CALF}_i * \text{GC}_i$$

$$\text{BMCAIC}_i = \text{CALF}_i * \text{DC}_i$$

\* CALF above can represent WDCALF / NWDCALF / SECALF

For Primary BM units separate Credit Assessment Load Factors are calculated for week days (WDCALF) and non-week days (NWDCALF) for each BSC Season (Spring/Summer/Autumn Winter) for each Settlement Period.

These are based on historical metered data and are calculated as below:

$$\text{CALF} = \frac{\text{average net metered volume for the WD / NWD for the BSC Season (MWh)}}{\text{maximum metered volume for the WD / NWD for the BSC Season (MWh)}}$$

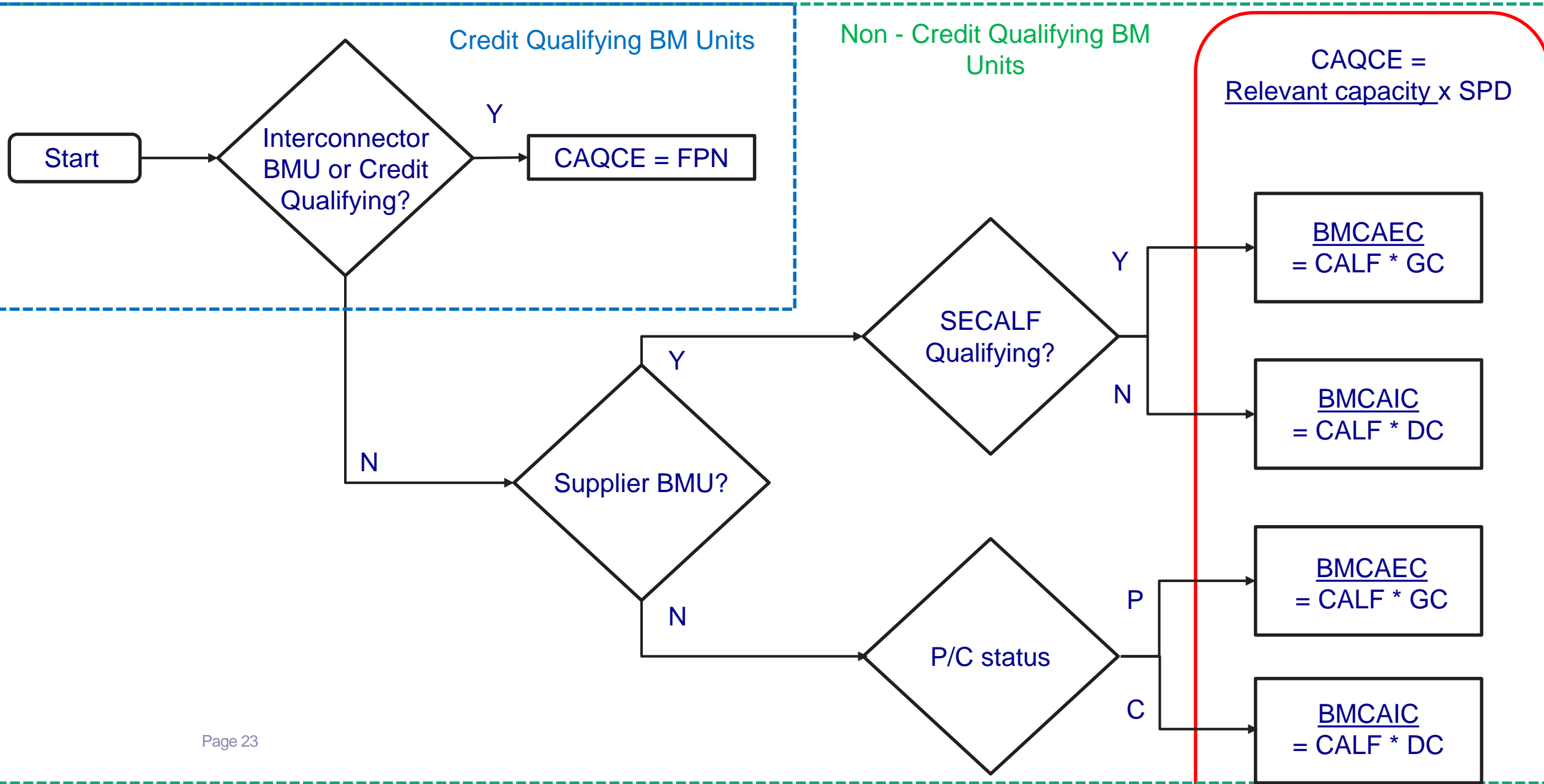
## BSC Credit Arrangements Recap (6)

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For new **Non-Credit Qualifying BM Units** CMRS there will be zero metered volume in the previous equivalent BSC Season. Therefore a generic WDCALF/NWDCALF value will be assigned until metered data is available.

This generic WDCALF/NWDCALF value is based upon the historical average of all Primary BM Units in the relevant GSP Group.

# BSC Credit Arrangements Recap (7)



# BSC Credit Arrangements Recap (8)

## 3. Secondary BM Units

As by definition a Secondary BM Unit is not a Primary BM Unit it cannot be neither credit or non-credit qualifying and has its energy indebtedness calculated as below:

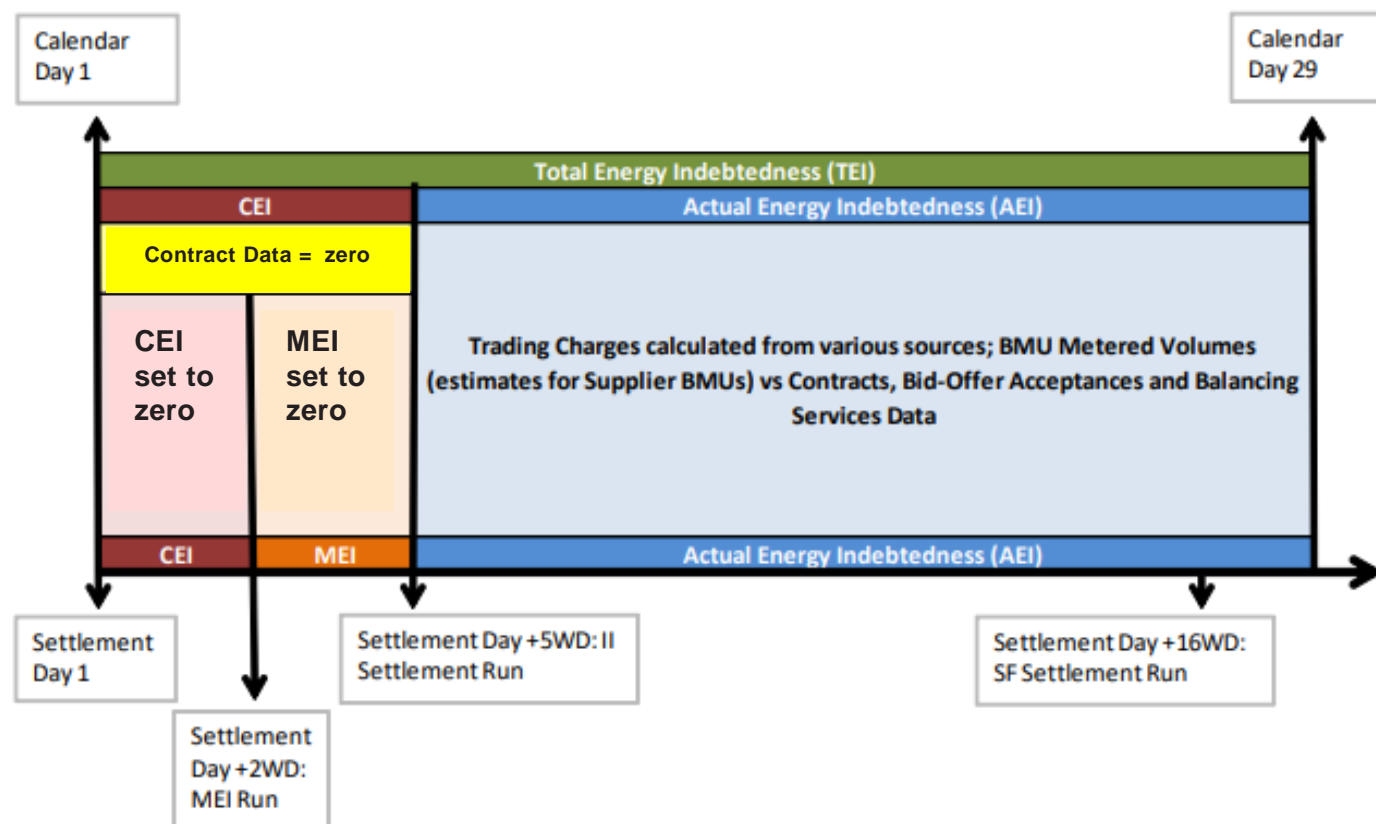
**CEI** set to zero

**MEI** set to zero

**AEI** calculated from Trading Charges

CEI and MEI are set to zero because the existing VLP role is not a Trading Party and so cannot enter/submit bilateral contracts for wholesale market trades. Currently VLP are Balancing Service Provider (BSP) only

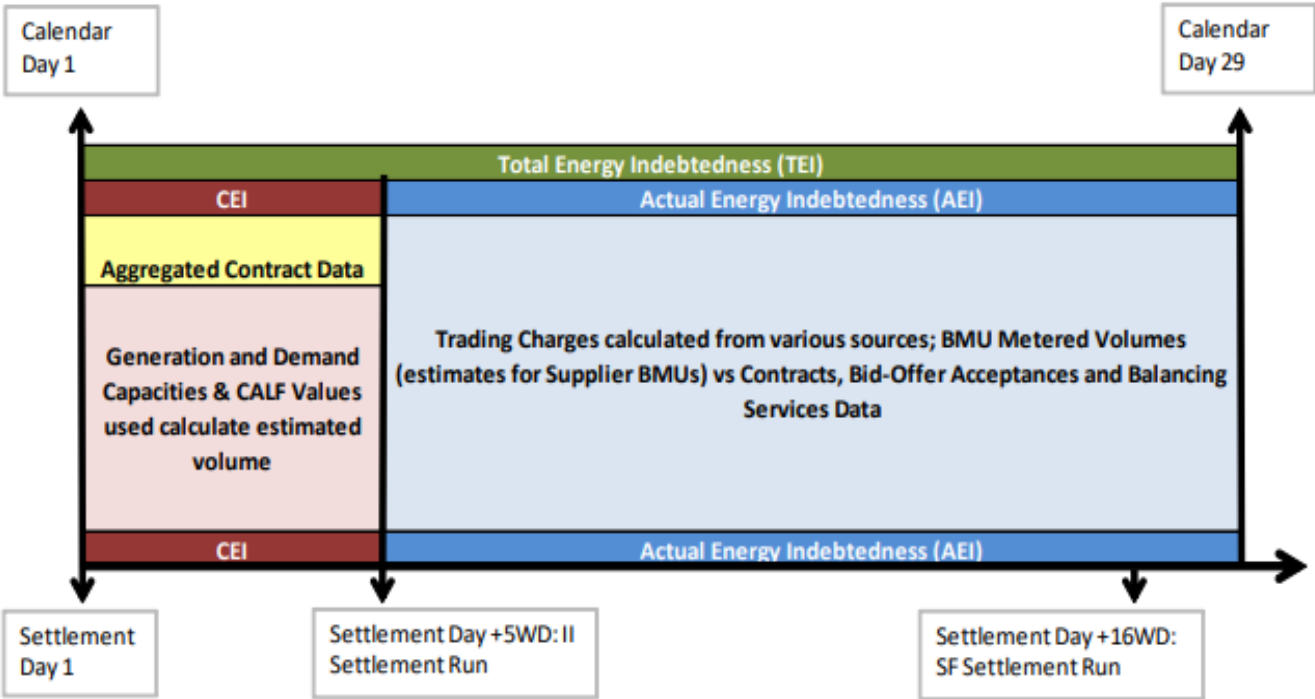
However they are responsible for delivering any Balancing Volumes procured and do have Trading Charges calculated (which like all Trading Charges are paid 29 days after the Settlement Day) and so can accrue debt which needs to be covered in case of default.



# P415 Credit Proposal

**Proposal:** Secondary BM Units (whose lead party is VLP Trading Party) shall be treated as non-credit qualifying BM Units.

**Figure 1:** The Credit Calculation for non-Credit Qualifying Primary BM Units.



**NOTE** that VLP Trading Party should only have CEI calculated when they are active in the wholesale market (as that is the only time they may accrue indebtedness). Therefore CEI will only be calculated for Settlement Periods where a Whole Market Notification has been received.

## P415 Credit Proposal – Options for calculating CEI

#	Rationale / Description	Impact
1	<b>Deviation Volumes are forecastable and therefore can adapt the existing process for SBMU</b>	This would use historical Deviation Volumes to calculate an a SBMU CALF which will be used to estimate likely maximum Deviation Volumes.
2	<b>Deviation Volumes are not forecastable and therefore CAQCE shall be set to zero</b>	<p>This would effectively force VLP to lodge credit for the entirety of their contractual volumes for a rolling 5 WD period.</p> <p>Does this place the VLP at a disadvantage? Is this a barrier to entry?</p>
3	<b>No change to arrangements (i.e. CEI set to zero)</b>	<p>This would effectively mean a VLP would not have to lodge credit for any of their contractual volumes for a rolling 5 WD period.</p> <p>Any defaulting VLP would likely not have enough credit lodged for debt accrued. Any shortfall would be picked up by other market participants.</p> <p>Does this place an unfair burden on market participants? Does this place the VLP at an advantage?</p>



# P415 Credit Proposal – Option 1

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## Option 1 – Adapting the existing process for SBMU

### Submission of GC / DC

GC for SBMU shall be the maximum positive ‘Deviation Volume’ expected in that BSC Season

DC for SBMU shall be the maximum negative ‘Deviation Volume’ expected in that BSC Season

The VLP Trading Party shall estimate and notify to the CRA GC/DC values:

- (a) initially, at the time of registration of the BM Unit;
- (b) not later than the time specified in BSCP15 in the BSC Season preceding the relevant BSC Season; and
- (c) where the there become aware or believe in good faith that the submitted value will exceed the GC/DC Limits

**NOTE** CRA can use estimated GC/DC amounts should a primary BMU meet the ‘GC and DC Breach Monitoring Criteria. I propose the same apply to SBMU.

# P415 Credit Proposal – Option 1

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## Option 1 – Adapting the existing process for SBMU

### What does GC / DC do in Settlement

1. Determines the P/C Status of the SBMU (i.e. which energy account the volumes are associated)
  - if its GC+DC is greater than zero then its Relevant Capacity is GC and it is a Production BM Unit.
  - if its GC+DC is less than zero then its Relevant Capacity is DC and it is a Consumption BM Unit.

Primary BMUs can form Trading Units (allowing all PBMU to be treated the same in regards to TLM, P/C Flag, certain BSC Costs and BSUoS).

Currently SBMU cannot be part of a Trading Unit.

**Question:** Should VLP Trading Parties be able to form Secondary Trading Units from SBMUs? Is there any benefit from doing so?

**Question:** Do the WG agree that it should not be able to form Trading Units that contain both Primary and Secondary BM Units?

# P415 Credit Proposal – Option 1

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## Option 1 – Adapting the existing process for SBMU

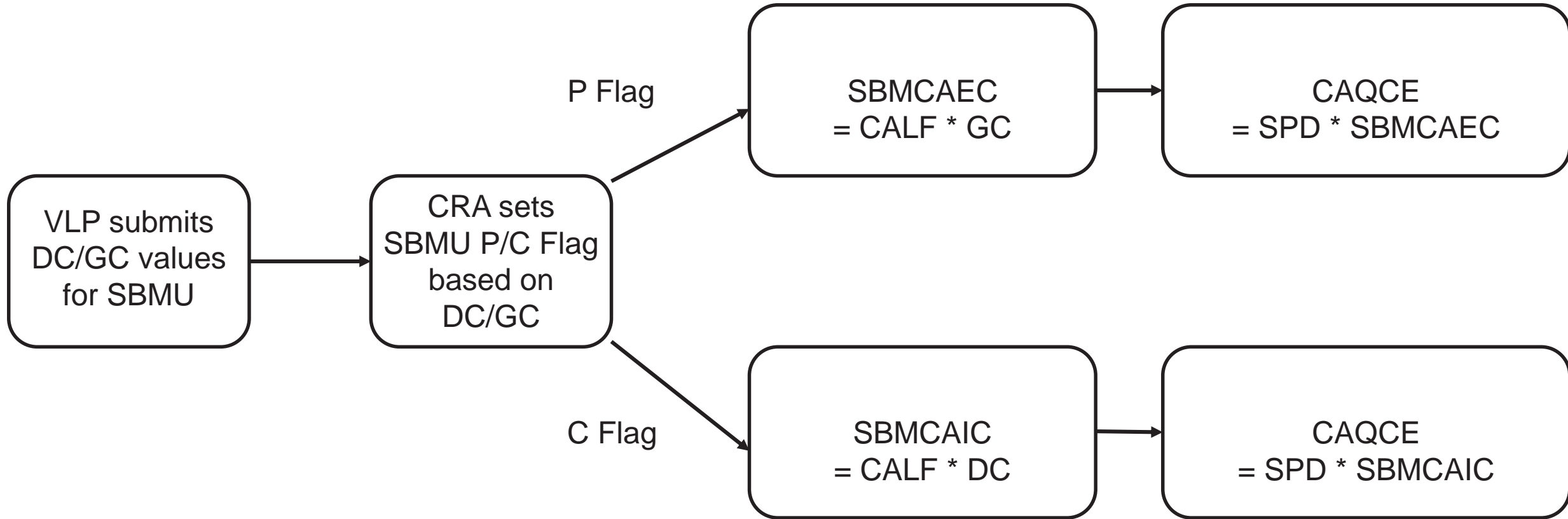
### What does GC / DC do in Settlement

2. Used in the calculation of Credit Assessment Credited Energy Volumes (CAQCE)

For	Production BM Units	$(WD/NWD) \text{ BMCAEC} = GC * (WD/NWD) \text{ CALF}$
	Consumption BM Units	$(WD/NWD) \text{ BMCAIC} = DC * (WD/NWD) \text{ CALF}$

# P415 Credit Proposal – Option 1

## Option 1 – Use existing process



# P415 Credit Proposal – Option 1

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## Option 1 – Use existing process

- (a) the Secondary BM Unit Credit Assessment Export Capability ( $SBMCAEC_i$ ) shall be the quantity (in MW) determined as follows:

$$SBMCAEC_i = CALF_i * GC_i$$

$$CALF = \frac{\text{average net deviation Production for the BSC Season (MWh)}}{\text{maximum deviation Production for the BSC Season (MWh)}}$$

- (b) the BM Unit Credit Assessment Import Capability ( $SBMCAIC_i$ ) shall be the quantity (in MW) determined as follows:

$$SBMCAIC_i = CALF_i * GC_i$$

$$CALF = \frac{\text{average net deviation Consumption for the BSC Season (MWh)}}{\text{maximum deviation Consumption for the BSC Season (MWh)}}$$

# P415 Credit Proposal – Option 1

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## Option 1 – New Secondary BM Units

As new **Non-Credit Qualifying BM Units** there will be zero deviation volume data in the previous equivalent BSC Season. Therefore a generic SWDCALF/SNWDALF value will be assigned until metered data is available.

This generic WDCALF/NWDALF value is based upon the historical average of all Primary BM Units in the relevant GSP Group.



# P415 Credit Proposal – Option 1

## Option 1 – Use existing process

Benefits	Drawbacks
Most aligned to existing Trading Party arrangements and therefore promotes a ‘level playing field’	Most complex / costly to implement
Best upholds solution principle 5 (VLP shall be subject to same rules and requirements where appropriate)	
VLP should only have to lodge credit for likely energy imbalance and therefore represents (of all the options) the best estimate of debt to be accrued	

# P415 Credit Proposal – Option 2

## 1. Option 2 – CAQCE set to zero

Benefits	Drawbacks
Easy to implement	VLP would have to lodge credit for all contracted volumes
	Results in an increase of credit cover needed to be lodged.
	Can be considered a barrier to entry.
	Can be considered to contradict solution principle 5 (VLP shall be subject to same rules and requirements where appropriate)

# P415 Credit Proposal – Option 3

## 1. Option 3 – CEI set to zero

Benefits	Drawbacks
Easy to implement	An estimate of the first 5 WD of energy indebtedness is not included VLP credit cover calculations.
	Results in a reduction of credit cover needed to be lodged.
	In case of VLP default the market shall be liable for any missing credit cover.
	Places liability for debt accrued on other market participants

# P415 Credit Proposal

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## VLP Trading Party Credit Arrangements

- **NOTE** the proposed options to calculate Credit Assessment Energy Indebtedness (CEI)
- **DETERMINE** the preferred P415 Credit Assessment Energy Indebtedness (CEI) solution

**Question:** Which option (if any) do the WG prefer for the VLP Trading Party credit arrangements?



# SUPPLIER COMPENSATION PRICE METHODOLOGY

# Compensation Reference Price Methodology

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The Compensation Reference Price (CRP) methodology shall:

- define how a reasonable representation for the **sourcing costs** of a Supplier for a '*given time period*' is to be calculated and will be represented by a single £ / MWh value
  - sourcing costs are the likely costs incurred by a Supplier when purchasing power in wholesale market
- define the required data and the data sources
- define how data is to be validated and erroneous / duplicated data is to be removed
- define exception scenarios and defaulting rules
- be its own Code Subsidiary Document (CSD) and so have appropriate change governance procedures applicable
- be impact assessed to ensure that it is a cost effective solution



## Example Reference Price Methodology

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Market Reference Prices are used to calculate CfD Generator payments. There are two classifications of generation under a CfD contract and each has its own Market Reference Price:

- Baseload Technologies (such as biomass with CHP);
- Intermittent Technologies (such as solar or wind).

EMRS calculates both these reference prices, known as the Baseload Market Reference Price (BMRP) and the Intermittent Market Reference Price (IMRP), on behalf of Low Carbon Contracts Company.

The BMRP is calculated on a seasonal basis. Baseload prices are calculated using a traded volume weighted average based on forward season data received from London Energy Broker Association (LEBA).

The IMRP is calculated using day-ahead data received from EPEX SPOT and N2EX. An IMRP is calculated for every hour of the day.

# Baseload Market Reference Price (BMRP)

BMRP Calculation Steps

03/06/2021

Kathryn Gay

# BMRP – Key Definitions

- ✦ **Baseload Market Reference Price**” is an average of the daily volume weighted average market prices calculated as per Condition 15.2;
- ✦ **“Baseload Price Sources”** means the Baseload Forward Season Indices to be used in the calculation of the Baseload Market Reference Price, being the Initial BMRP Indices or such other replacement or supplementary Baseload Forward Season Indices which are required to be so used as a result of the operation of the provisions of Part A of Annex 4 (*BMRP*), and **“Baseload Price Source”** shall be construed accordingly;
- ✦ **“Calculation Season”** means a Season for which the Baseload Market Reference Price is calculated;

# BMRP – basic process

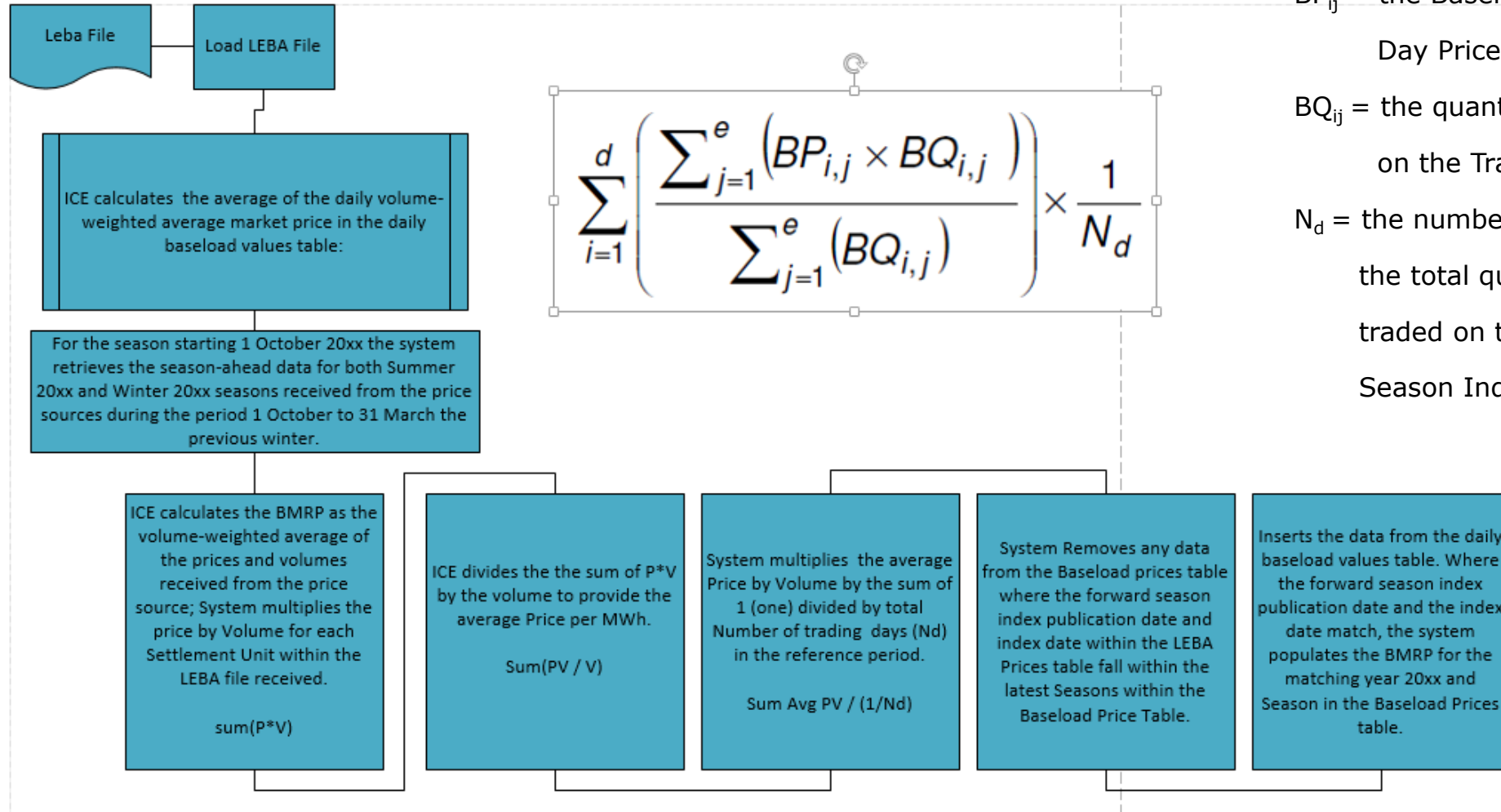
- ✦ EMRS loads data from London Energy Broker Association (LEBA) – Buy and Sell prices and volumes.

- ✦ Example of a LEBA file

Date	Time	Product	Delivery	Trade_ID	Volume	Price
20161024	10:10:19	UKBSLD	GSum17	3634158	5	45.15
20161024	10:40:36	UKBaseload	GSum17	4754666	10	45.2
20161024	10:46:11	UKBaseload	GWin17	4754691	10	49.8
20161024	10:52:02	UKBaseload	GSum17	4030208	10	45.1
20161024	11:27:59	UKBaseload	GWin17	4754772	10	49.75
20161024	15:57:55	UKBaseload	GWin17	4755482	10	49.65
20161024	16:03:18	UKBaseload	GSum17	4031028	7	44.93
20161024	16:16:31	UKBaseload	GWin17	4031079	10	49.75
20161024	16:23:21	UKBSLD	GWin17	3635448	10	49.65
20161024	16:30:30	UKBSLD	GWin17	3635500	10	49.65
20161024	16:31:28	UKBSLD	GSum17	3635511	5	44.9

- ✦ CFD Standard Terms and Conditions state that the BMRP must be a volume weighted average of how ever many price provider sources are used. There is no maximum, there is only a limit of one price provider – in this instance that provider is LEBA

# Basic BMRP Process Steps



$$\sum_{i=1}^d \left( \frac{\sum_{j=1}^e (BP_{i,j} \times BQ_{i,j})}{\sum_{j=1}^e (BQ_{i,j})} \right) \times \frac{1}{N_d}$$

d = number of trading days in the sample period

e = number of Baseload Price sources

$BP_{ij}$  = the Baseload Forward Season Trading Day Price

$BQ_{ij}$  = the quantity of energy (MWh) traded on the Trading Day

$N_d$  = the number of Trading Days for which the total quantity of energy (MWh) traded on the Baseload Forward Season Indices, , is greater than zero

# Intermittent Market Reference Price (IMRP)

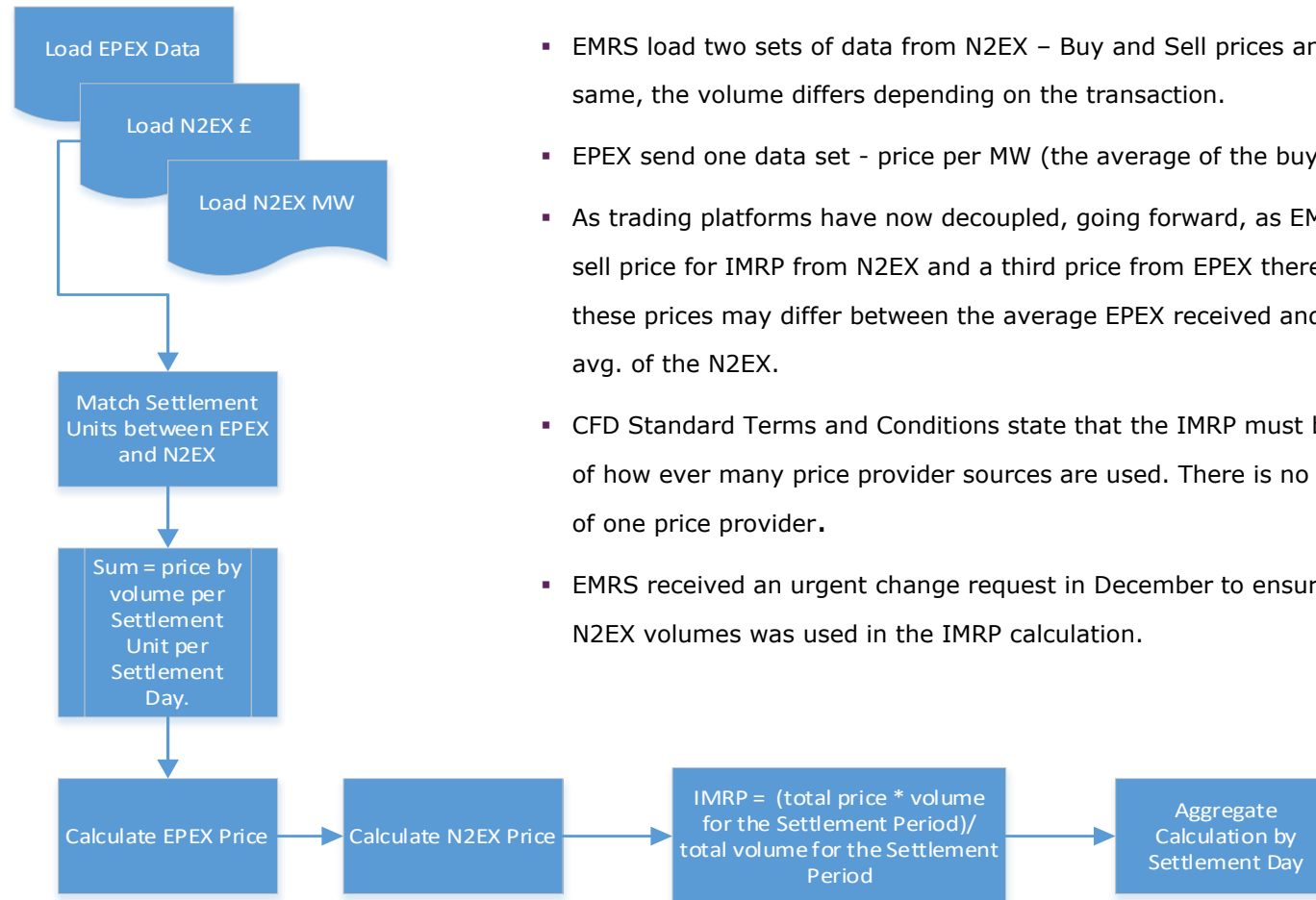
IMRP Calculation Steps

10/02/2021

Kathryn Gay



# Basic IMRP Process Steps



- EMRS load two sets of data from N2EX – Buy and Sell prices and volume. The price is the same, the volume differs depending on the transaction.
- EPEX send one data set - price per MW (the average of the buy / sell price MW)
- As trading platforms have now decoupled, going forward, as EMRS receive both the buy and sell price for IMRP from N2EX and a third price from EPEX there is increased likelihood that these prices may differ between the average EPEX received and what would be the calculated avg. of the N2EX.
- CFD Standard Terms and Conditions state that the IMRP must be a volume weighted average of how ever many price provider sources are used. There is no maximum, there is only a limit of one price provider.
- EMRS received an urgent change request in December to ensure that only the greater of the N2EX volumes was used in the IMRP calculation.

# Example of IMRP Provider Files

## NordPool (N2EX Example File) Volume

start_date	period	purchase_or_sale	volume	mapped_date	mapped_period
2021-02-04T00:00:00+01:00	2	PUR	7291.1	04/02/2021	1
2021-02-04T00:00:00+01:00	2	SAL	7291.1	04/02/2021	1
2021-02-04T00:00:00+01:00	3	PUR	7183.3	04/02/2021	2
2021-02-04T00:00:00+01:00	3	SAL	7183.3	04/02/2021	2
2021-02-04T00:00:00+01:00	4	PUR	6769.6	04/02/2021	3

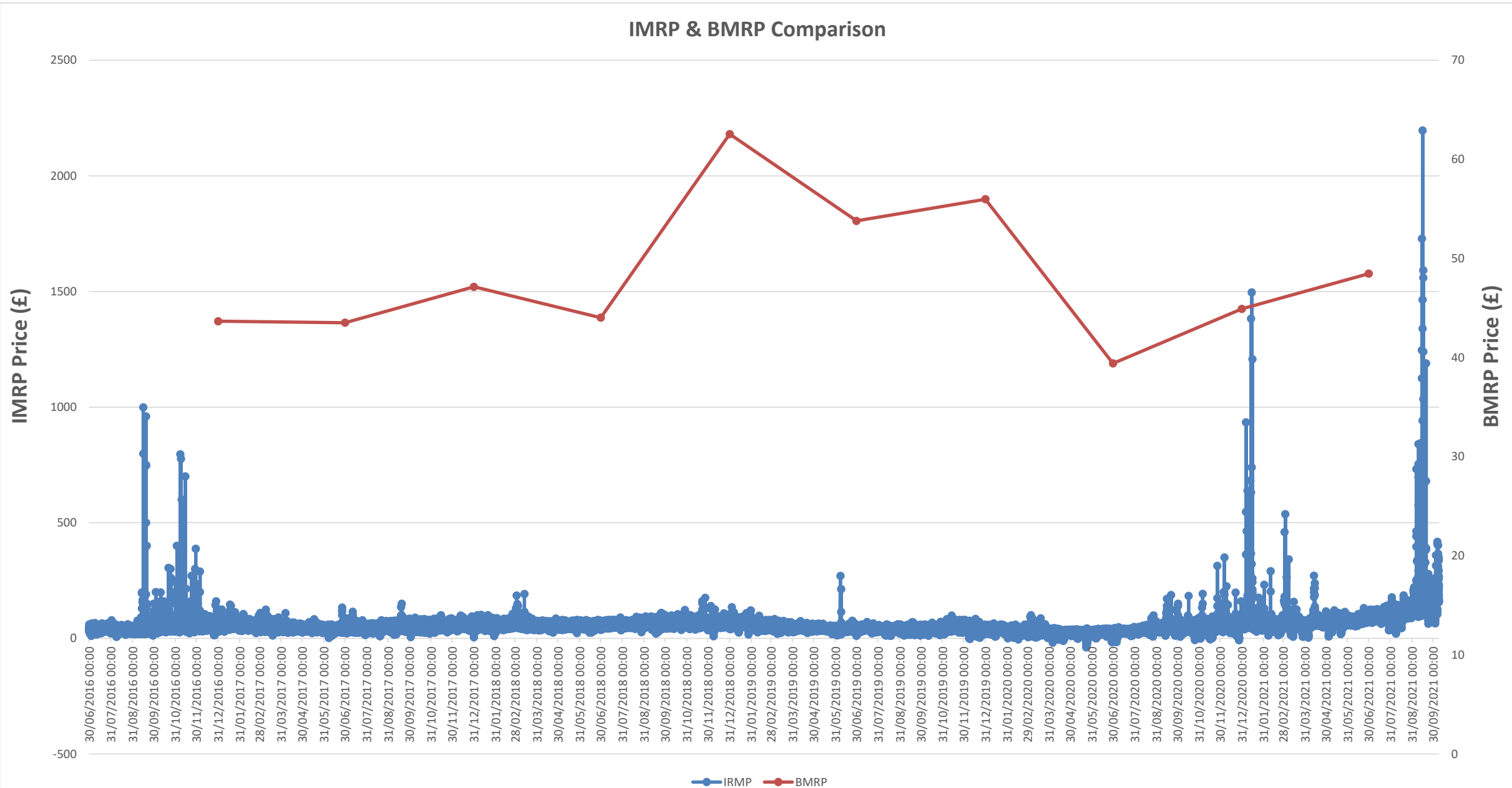
## NordPool (N2EX Example File) Price

change_time	userid	action	start_date	period	price	file_id	defaulted	mapped_date	mapped_period
00:58.7		D	04/02/2021	2	50.87	1906237	0	04/02/2021	1
00:58.7		D	04/02/2021	3	49.58	1906237	0	04/02/2021	2
00:58.7		D	04/02/2021	4	52	1906237	0	04/02/2021	3
00:58.7		D	04/02/2021	5	47.56	1906237	0	04/02/2021	4
00:58.7		D	04/02/2021	6	46.92	1906237	0	04/02/2021	5

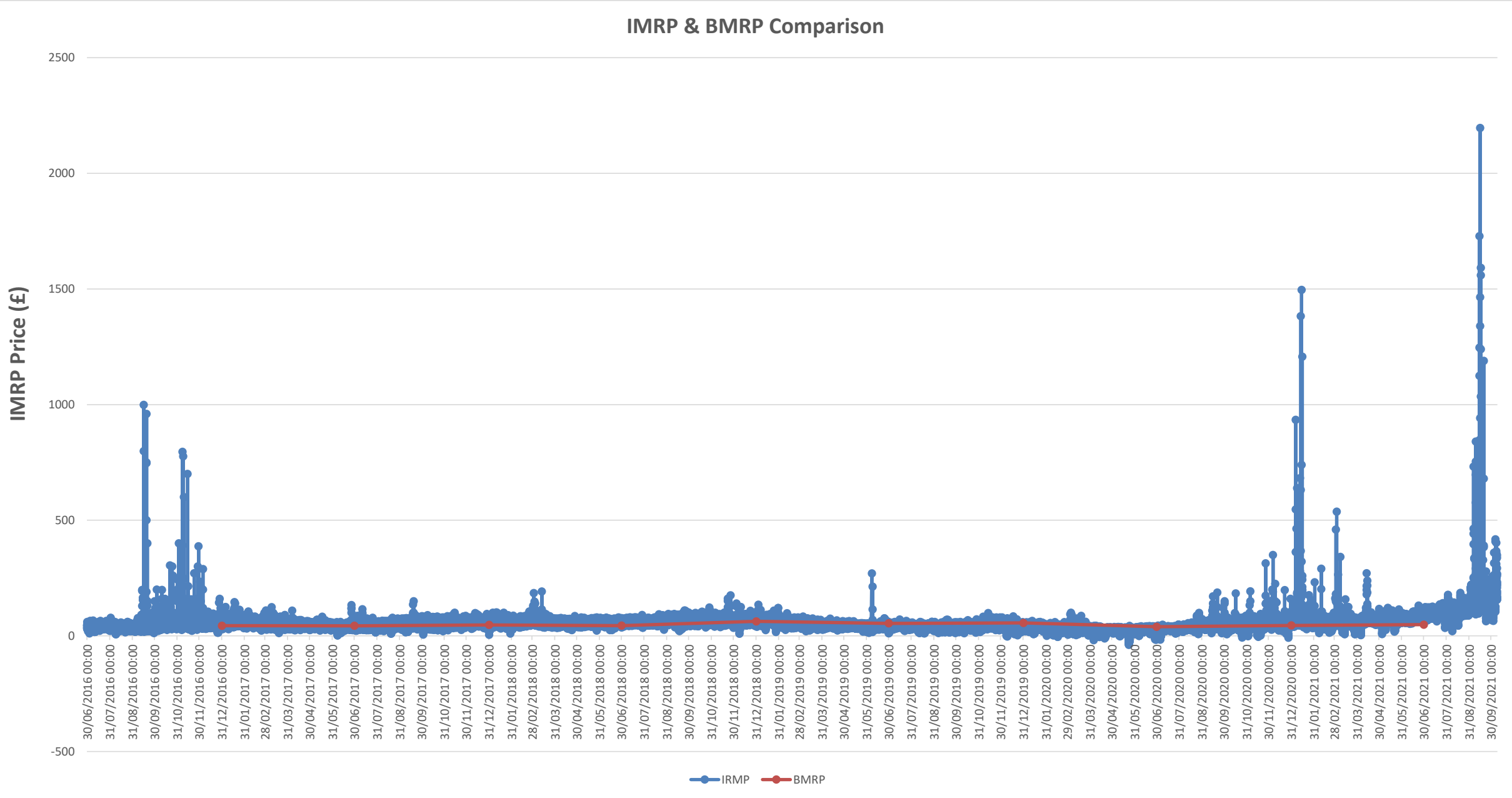
## APX (EPEX) Example File

settlement_date	sequence	period_range	price	volume	file_id	defaulted	mapped_date	mapped_period
04/02/2021	1	23-00	50	3635.6	1908156	N	04/02/2021	24
04/02/2021	2	00-01	52.3	3707.8	1906285	N	04/02/2021	1
04/02/2021	3	01-02	50	3935.3	1906285	N	04/02/2021	2
04/02/2021	4	02-03	47	4023	1906285	N	04/02/2021	3
04/02/2021	5	03-04	43	4313.7	1906285	N	04/02/2021	4

# Data and Data Sources



# Data and Data Sources



## Data and Data Sources

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In previous P415 WG discussions it was noted that the day ahead markets (i.e. spot markets) prices whilst simple and cost effective to implement would not be a reasonable estimation of a Suppliers sourcing costs.

Therefore I propose that data shall:

- not be based on power exchange day ahead markets (or intra day markets)
- be based on bilaterally traded volumes. Options include:
  - Anonymised traded volumes (need only MW and £/MWh values) like B
  - Power Forward Indices are the volume weighted average of all trades transacted during the given time period which (dependent of the particular index) can cover weeks / months / quarters / seasons etc). Typically they are calculated daily.

# Data and Data Sources

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## Example - Month Ahead Baseload Index

Calculated using a volume-based, weighted average of all month-ahead baseload trades executed in London by contributing brokers between 16.00hrs and 16.15 hrs London time each trading day.

The Month Ahead Window Index values baseload trades for delivery in the EFA month following the EFA month in which the deal is executed.

The index month is the delivery month e.g. the index published on the 17 June 2009 is based on all the trades executed on the 17 June 2009 for delivery every day during the EFA month of July 2009.



## Supplier Compensation Price Methodology

- **DETERMINE** the preferred data source for the Supplier Compensation Price Methodology

**Question:** Which option (if any) do the WG prefer for the Supplier Compensation Price Methodology data source?



# P415 SUPPLIER REPORTING REQUIREMENTS

# Supplier Reporting Requirements Context

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The P344 Workgroup developed two solutions i.e. a Proposed modification and an Alternative modification.

1. **Proposed Solution:** This is a customer consent model, whereby the customer must consent to the relevant supplier receiving the granular data (HH Delivered Volumes). Under this solution, Elexon would only issue the data to suppliers where customers have given their consent.
2. **Alternative Solution:** This is the mandating information sharing model, whereby customer consent would not be required for suppliers to receive HH delivered volumes data.

## BSC Panel View

The BSC Panel by a small majority (6-4 votes) considered that the P344 Alternative Modification (mandatory data sharing) is better than the P344 Proposed Modification (customer consent) on the grounds that:

- P344 **Proposed Modification** (customer consent) would better facilitate Applicable **BSC Objectives (c) and (e)**; and
- P344 **Alternative Modification** (mandatory) would better facilitate Applicable BSC Objectives **(c), (d) and (e)**.

As a result, the Panel provided a view that the P344 Alternative Modification should be approved.

## BSC Objectives

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The relevant BSC Objectives can be found below:

(b) the efficient, economic and co-ordinated operation of the national electricity transmission system

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

(e) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency

**Question:** Do the WG agree with the BSC Panel recommendation? Should the same logic be applied to P415?

**Question:** If the Supplier is to be compensated for VLP activity in the wholesale market is this still an issue? I.e. Does the Supplier need to know which site an action took place as (through compensation) there is no loss of revenue?



# Supplier Reporting Requirements Context

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## Authority P344 Decision

We [OFGEM] have previously published our views on this issue in an Open Letter ([link](#)) where we expressed that

“a careful balance may need to be struck between enabling information flows to support efficient contractual arrangements, and the potential impact on competition in the market for flexibility.”

We [OFGEM] believe that the Proposed modification (customer consent) better strikes this balance when compared to the Alternative (mandatory sharing). We consider that the Proposed modification, by not mandating data sharing, enables information flows to support efficient contractual arrangements, and at the same time, allows for the commercial confidentiality matters to be agreed between the concerned parties if and where deemed appropriate.

**NOTE** this is consistent with a decision on a very similar issue of data sharing for P354 (specifically ABSVD MSID data).

**Question:** Do the WG agree with the OFGEM decision? Should the same logic be applied to P415?

# Supplier Reporting Requirements

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## Supplier Reporting Requirements

- **DETERMINE** whether the Deviation Volumes should be mandatory reported to the Supplier or follow the customer consent model

**Question:** If the Supplier is to be compensated for VLP activity in the wholesale market is this still an issue? I.e. Does the Supplier need to know which site an action took place as (through compensation) there is no loss of revenue?





# NEXT STEPS

## Next Steps

- Elexon will continue to document emerging requirements and look to schedule further Workgroups ahead of the P415 CBA, if there are remaining areas to resolve.

Event	Date
Present IWA to Panel	8 October 2020
Workgroup meeting 1	11 December 2020
Workgroup meeting 2	9 February 2020
Workgroup meeting 3	25 March 2021
Workgroup meeting 4	25 May 2021
Workgroup meeting 5	29 July 2021
Workgroup meeting 6	3 September 2021
Workgroup meeting 7	28 October 2021
Further Workgroup meetings as necessary	Nov/Dec 2021 onwards

# ELEXON

## THANK YOU

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**Ivar Macsween**

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