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CONTINUOUS ACCEPTANCE DURATION LIMIT (CADL) AND DE MINIMIS ACCPETANCE THRESHOLD (DMAT) CONSULTATION PROFORMA

We are seeking your views on the CADL and DMAT review. If you represent BSC Parties your responses to the consultation should be submitted in this proforma.

Please send your responses to market.operations@elexon.co.uk by **17:00 on Friday 9 November 2018** and use email subject 'CADL / DMAT Review 2018'.

Respondent:	*Joshua Logan*
Company Name:	*Drax Group Plc*
No. of BSC Parties Represented	*3*
Parties Represented	*Drax Power Ltd, Opus Energy Ltd, Haven Power Ltd*
No. of Non BSC Parties Represented (e.g. Agents)	*0*
Non Parties represented	*N/A*
Role of Respondent	*Supplier/Generator*
Can we publish your response on the ELEXON website?	*Yes*

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Q	Question	Yes/No Error! Bookmark not defined.	Rationale
1	Currently the CADL is set to 15 minutes. Do you agree with the proposal to change CADL to 10 minutes (or some other value) based on the analysis provided? Please give any additional comments.	Yes	We agree with the analysis and believe there is benefit in reducing CADL to 10 minutes. The purpose of CADL is to flag fast reserve actions but not non-fast reserve actions. Once the CADL increases above 10 minutes, the volume of non-fast BOAs flagged exceeds the volume of fast BOAs flagged, and as such we believe 10 minutes is optimal. However, we would see merit in further work by ELEXON to understand if CADL is still fit for purpose and if the time duration could be further reduced with the aim of including fast-reserve actions in the cash-out price. Any analysis on this would be beneficial to understand the potential impact of such a change.
2	Currently the DMAT is set to 1MWh. Do you agree with the proposal to change DMAT to 0.1MWh (or some other value) based on the analysis provided? Please give any additional comments.	Yes	We believe the analysis demonstrates that reducing DMAT to 0.1MWh will make cash out prices more reflective of the true cost of energy. In addition, tagging a large amount of small (<1MWh) non-BM STOR out the calculation could lead to a NIV for a given settlement period that indicates the system was long, when if you consider the aggregated <1MWh actions that were removed, the system was actually short. In this case the imbalance price should be set by actions taken to increase generation or decrease demand, but will actually be set by actions taken to reduce generation or increase demand. The proposed change to 0.1MWh should mitigate this anomaly.

3	If a change to either parameter is approved, do you agree with the proposed implementation date of 1 April 2019 (or believe another data is more preferable)? Please give any additional comments.	It depends	Further analysis is necessary before an appropriate lead time can be determined. Suppliers account for the cost of imbalance in contracts based on the system price calculation not changing and we need to better understand the materiality of this change and thus if/how/when this should be reflected in pricing to customers. It is imperative that additional analysis is conducted, in particular on historic system prices at half-hourly granularity using the proposed DMAT and CADL values, along with PAR 1 and £6,000 VoLL, before we can judge the merits of any particular implementation lead time.
4	Do you have any further comments regarding the CADL review? Please give any additional comments.	No	N/A
Q	**Question**	**Yes/No** Error! Bookmark not defined.	**Rationale**
5	Do you have any further comments regarding the DMAT review? Please give any additional comments.	No	N/A

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6	Do you believe the proposed CADL change will have a material impact to your systems? Please give any additional comments.	No	We have not identified a material impact.
7	Do you believe the proposed DMAT change will have a material impact to your systems? Please give any additional comments.	No	We have not identified a material impact.