

# ISG229/01 NEW GENERIC SECALF VALUES

**MEETING NAME** Imbalance Settlement Group

**Date of meeting** 05 May 2020

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**Purpose of paper** Decision

**Classification** Public

**Summary** This paper proposes changes to generic Supplier Export Credit Assessment Load Factor (SECALF) values for use from the Autumn 2020 BSC Season onwards and changes to the way that these factors are calculated.

## 1. Background

- 1.1 Supplier Export Credit Assessment Load Factors (SECALF) values are load factors which ELEXON uses in the Credit Cover Percentage calculations to estimate energy volumes for Supplier Meter Registration Service (SMRS) registered Primary Balancing Mechanism (BM) Units that include sites that export electricity. For a Primary BM Unit to qualify for a SECALF value as opposed to a CALF value it has to be a Supplier type Primary BM Unit, non-Credit Qualifying, have a Generation Capacity (GC) of greater than zero and Demand Capacity (DC) of zero.
- 1.2 SECALF values are calculated for each BM Unit using historic Metered Data, however when there is insufficient historical BM Unit Metered Volume data to calculate a specific SECALF, ELEXON uses a generic SECALF value.
- 1.3 The Imbalance Settlement Group (ISG) agreed the calculation method of generic SECALF values on 26 May 2015 (paper reference [ISG169/01](#)). It involves taking an average of specific SECALFs across all SECALF-qualifying BM Units for each BSC Season over the last two years and then average across the two equivalent BSC Seasons (e.g. Spring 2017 and Spring 2018 to find the generic SECALF for Spring 2019). The method rounds generic SECALF values to two decimal places.
- 1.4 On 23 February 2016, the ISG approved a method for reviewing and updating the accuracy of generic SECALF values and drafted changes to the CALF Guidance Document (paper reference [ISG178/01](#)). This process requires ELEXON to review the generic SECALF values every year in May with the intention that any amendments apply from the beginning of the next Autumn BSC Season. To review generic SECALF values, ELEXON must use the last two full years of BM Unit Metered Volume data to recalculate values, compare these to the current published values and where (for a given BSC Season) there are absolute differences of  $\geq 0.02$ , propose to the ISG that it replaces the published value(s) with the recalculated one(s).
- 1.5 The method for calculating and reviewing generic SECALF values is set out in the [CALF Guidance document](#).
- 1.6 The current generic SECALF values are as follows:

BSC Season	Generic SECALF
Autumn 2019	0.2000
Winter 2019	0.2000
Spring 2020	0.2100
Summer 2020	0.2100

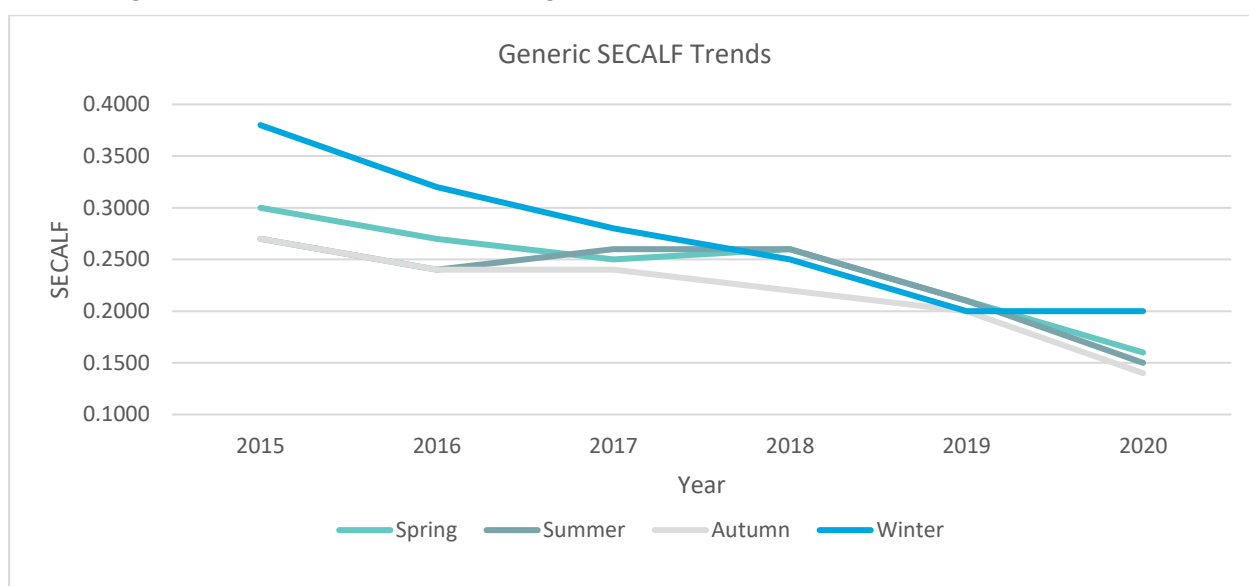
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## 2. Proposed new generic SECALF values

2.1 ELEXON has recalculated the generic SECALF values in line with the methodology above as follows:

Season	Previous Figures	Recalculated	Absolute Delta
Spring	0.2100	0.1600	0.0250
Summer	0.2100	0.1500	0.0300
Autumn	0.2000	0.1400	0.0300
Winter	0.2000	0.2000	0.0000

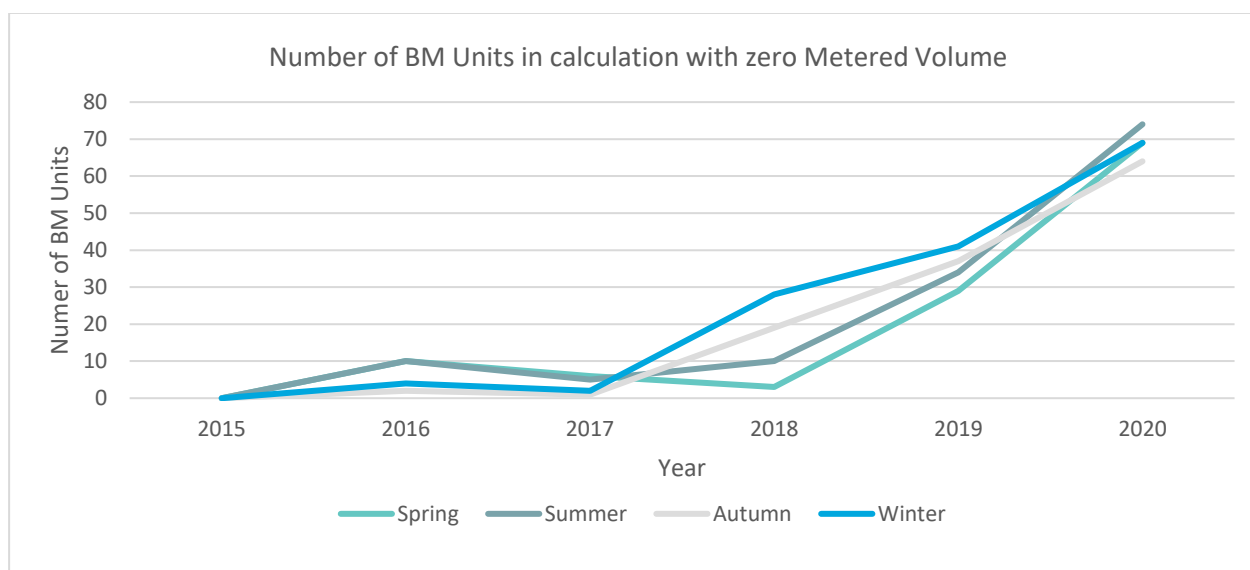
2.2 We have noted that the figures have decreased. The following graph and table shows how SECALF values have changed since we first started calculating them:



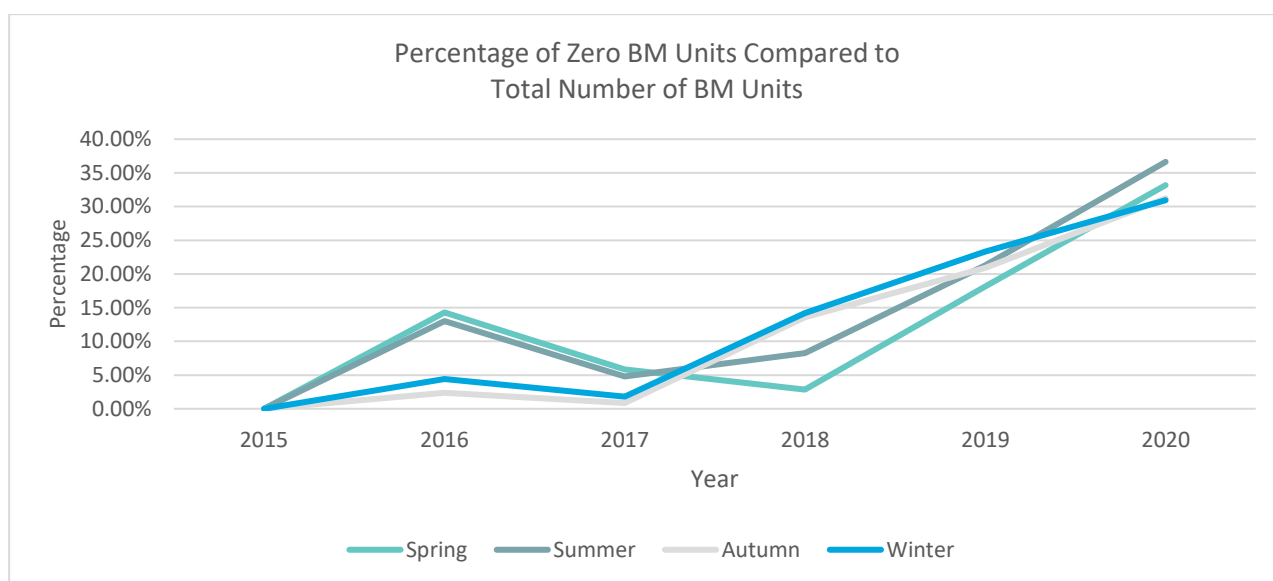
	Spring	Summer	Autumn	Winter
2015	0.30	0.27	0.27	0.38
2016	0.27	0.24	0.24	0.32
2017	0.25	0.26	0.24	0.28
2018	0.26	0.26	0.22	0.25
2019	0.21	0.21	0.2	0.2
2020	0.16	0.15	0.14	0.2

2.3 We analysed the data to determine if there was anything underlying that was contributing to the decrease in the figures over time. We noted that when the first set of SECALFs were calculated, all the values used in the calculation were non-zero. Over time however, an increasing number of BM Units were SECALF qualifying but had zero Metered Data leading to a SECALF of zero. These zero SECALF values have been used in the calculation of the Generic SECALF. The graph below shows how the number of zero SECALF values that have been included in the calculation has changed over time:

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- 2.4 We also identified that the percentage of SECALF qualifying Primary BM Units with zero Metered Volume compared to the total number of BM Units had also increased over time as shown in the graph below:

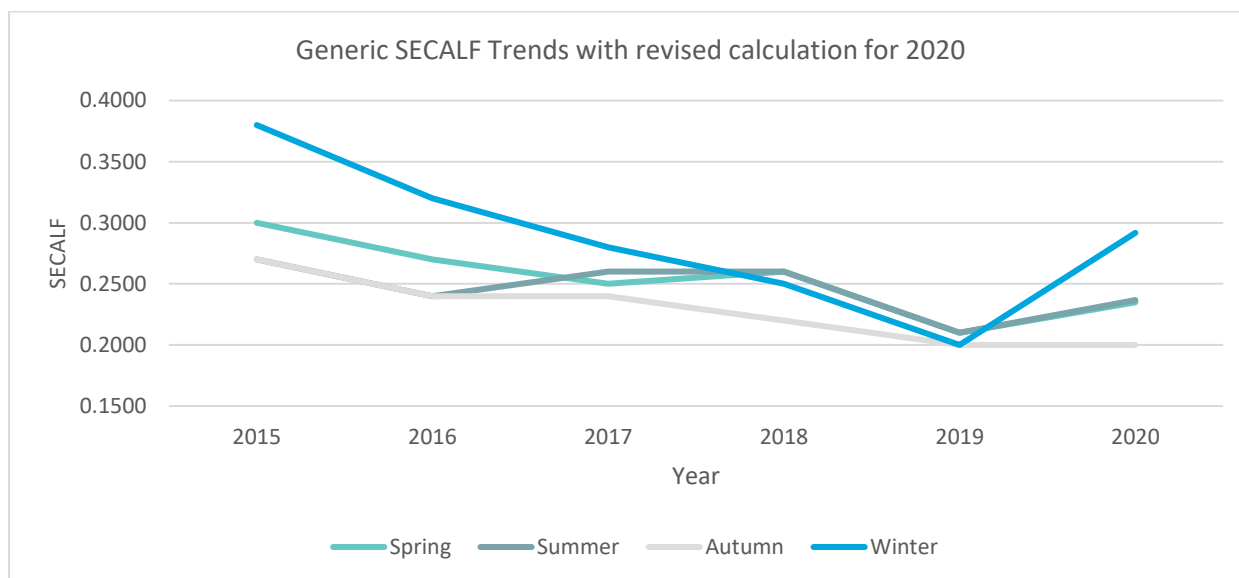


- 2.5 We believe that the SECALF qualifying Primary BM Units with zero Metered Volume are skewing the average of the SECALF values for each season, meaning that the Generic SECALF that we have calculated using the current methodology does not reflect how the market has changed over the last couple of years and looks to continue to change. We therefore propose that we should change the methodology to exclude the BM Units with zero average Metered Volume from the calculation of generic SECALF. We also propose that going forwards we should only use the previous year's reference data to calculate the generic SECALF as opposed to two years' worth as this will align with the calculation of Working Day and Non-Working Day CALF values. We will continue to calculate the values to two decimal places as we are taking an average of SECALFs.
- 2.6 Using this revised methodology, we have calculated another set of Generic SECALF values:

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Season	Published	Recalculated	Absolute Delta	Update	Proposed
Spring	0.2100	0.2300	0.0200	Yes	0.2300
Summer	0.2100	0.2400	0.0300	Yes	0.2400
Autumn	0.2000	0.2100	0.0100	No	0.2000
Winter	0.2000	0.2900	0.0900	Yes	0.2900

2.7 The following graph shows how the change in methodology affects the values:



2.8 All new SECALF values, except Autumn, have an absolute delta of greater than 0.02 between the current value and the new value. ELEXON therefore proposes that the new set of generic SECALF values below be used, effective from the Autumn 2020 BSC Season:

Season	Proposed
Autumn 2020	0.2000
Winter 2020	0.2900
Spring 2021	0.2300
Summer 2021	0.2400

### 3. Changes to the CALF Guidance

- 3.1 In order to implement the new set of generic SECALF values, ELEXON will update Table 2 in section 5.29 of the CALF Guidance Document. SECALF values are published three months ahead of each BSC Season. The values for the Spring and Summer 2020 BSC Season were agreed by the ISG in May 2019 so the CALF guidance will contain values for both Spring and Summer 2020 and Spring and Summer 2021.
- 3.2 ELEXON also propose to amend paragraphs 5.32 and 5.33 of the CALF Guidance document to detail the change to the calculation of generic SECALF values.
- 3.3 Attachment A details the redlined changes to the CALF Guidance Document.

### 4. Recommendations

4.1 We invite you to:

- a) **NOTE** that ELEXON has completed the annual generic SECALF process;

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- b) **NOTE** that ELEXON propose changes to the calculation of generic SECALF values from Autumn 2020 onwards
- c) **APPROVE** the proposed new set of generic SECALF values, for use from the Autumn 2020 BSC Season onwards; and
- d) **APPROVE** the red-lined changes to the CALF Guidance Document.

### Attachments

Attachment A – ISG229\_01A\_CALF\_Guidance\_Document\_v26.2 Section 5 Extract red-lined changes (ISG229\_01A)

#### **For more information, please contact:**

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