



## BSC OPERATIONS HEADLINE REPORT

**1** In this report you will find commentary on BSC market operation, identification of key events and reporting of key data.

**2** The [Trading Operations Report](#) publishes key market data graphically, giving a performance indicator for the Balancing and Settlement arrangements.

**3** Trading Operations Report [Data](#). The graphs and backing data are available in Excel format on the ELEXON website.

### TWO BSC PARTIES TRIGGER SECTION H DEFAULT

On Monday 23 July, Gen4u Limited breached BSC Section H3.1.1(g)(ii). The BSC Panel unanimously agreed to enforce a number of resolutions, including notifying all BSC Parties of their decisions. Please see circular [EL02858](#) for more details.

On Friday 27 July, Iresa Limited breached BSC Section H3.1.1(g)(i). The BSC Panel unanimously agreed to enforce a number of resolutions, and Ofgem confirmed the Supplier of Last Resort (SoLR) process would be invoked. On Tuesday 31 July, Ofgem confirmed it had appointed Octopus Energy Limited to take over the supply of Iresa's 93,000 customers. Please see circulars [EL02860](#) and [EL02862](#) for more details.

Iresa Limited is the second supplier to enter the SoLR process this year, following Future Energy in January 2018, and is the largest electricity supplier to cease trading since GB Energy Supply in November 2016.

### TRADING CHARGES IN JUNE<sup>1</sup>

Gross Party Imbalance cashflows were £89m in June 2018, a 17% decrease from £108m in May. Credits for being long, and debits for being short, decreased by £11m and £8m respectively between May and June.

Energy Imbalance Volumes for Parties that were long decreased by 22% and by 21% for Parties that were short.

The **Offer** cashflow increased by 26% in June, with the volume of Offers also increasing by 22%. The average price per MWh of Offer volume increased by 3.3% to £73.83/MWh.

Net **Bid** cashflow was -£7.3m in June, compared to -£11.8m in May. Bid cashflow increased by 5% for positive Bids, and by 133% for negative Bids, compared to last month.

Residual Cashflow Reallocation Cashflow (RCRC) debits were 25% lower than in May.

Total Cashflow (£m)	Jun-18	May-18	Apr-18	Mar-18
<b>Long Imbalance Charge (Credit)</b>	-45.55	-56.30	-58.97	-87.11
<b>Short Imbalance Charge (Debit)</b>	43.67	51.67	55.78	102.24
<b>RCRC Credit</b>	6.64	6.72	8.65	27.78
<b>RCRC Debit</b>	-8.51	-11.35	-11.84	-12.64
<b>Offer Cashflow</b>	47.00	37.38	34.23	59.45
<b>Bid Cashflow (Positive Bids)</b>	-16.78	-15.92	-16.69	-23.34
<b>Bid Cashflow (Negative Bids)</b>	9.51	4.08	7.39	3.52

### BALANCING MECHANISM VOLUMES IN JUNE<sup>1</sup>

The total volume of balancing actions taken in the Balancing Mechanism for June was 1,293GWh, a 23% increase from May 2018. The majority (79%) of balancing volume came from Gas BMUs.

Accepted **Bid** volume increased by 24% from last month. Wind volumes increased by 152%, whilst Pumped Storage Bids increased by 125%. Gas Bid volume increased by 14%, accounting for 74% of total Bid volume. Wind accounted for 20% of total accepted Bid volume.

Accepted **Offer** volume increased by 22% from May. Gas, Coal and Pumped Storage Offer volumes increased by 21%, 11% and 31% respectively. In June, Coal and Pumped Storage accounted for a combined 12% of total Offers, with Gas Offers accounting for 84%.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Jun-18	May-18	Jun-18	May-18
<b>Coal</b>	-1,425	-7,586	42,140	38,001
<b>Gas</b>	-486,308	-427,616	532,791	441,655
<b>Hydro</b>	-3,920	-4,296	7,097	4,021
<b>OCGT</b>	0	0	0	0
<b>Pumped Storage</b>	-24,232	-10,767	36,438	27,800
<b>Wind</b>	-132,353	-52,448	730	58
<b>Biomass</b>	-7,777	-25,455	17,315	11,371
<b>Grand Total</b>	-656,014	-528,168	636,510	522,906

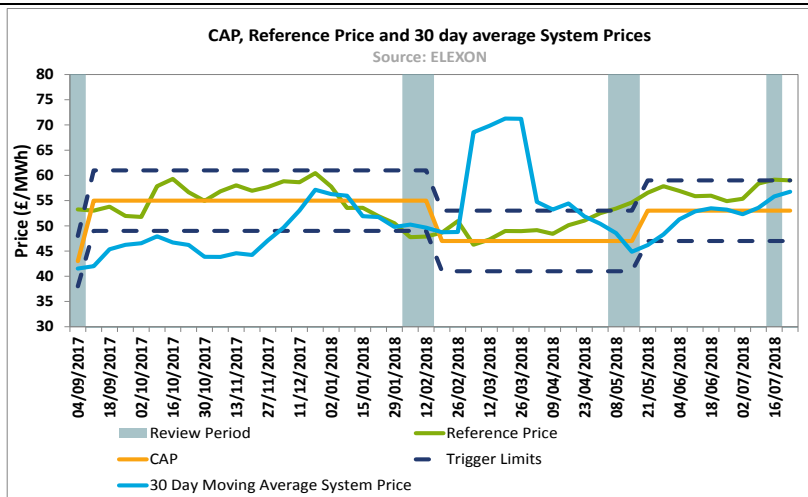
<sup>1</sup> Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

## CREDIT ASSESSMENT PRICE (CAP) TO INCREASE TO £59/MWh

Following industry consultation, which ended on 24 July 2018, the CAP will increase from £53/MWh to £59/MWh, effective from 15 August 2018. The trigger level will remain at +/-£6/MWh.

The Credit Assessment Price (CAP) is changed when forward prices<sup>2</sup>, used to calculate a reference price, move outside a specified trigger level. The reference price breached the upper trigger level of £59/MWh on 16 July 2018.

As a result, Parties may notice a change in their Credit Cover Percentage, and should review the amount of Credit Cover lodged. CAP is considered a proxy for out-turn System Prices.



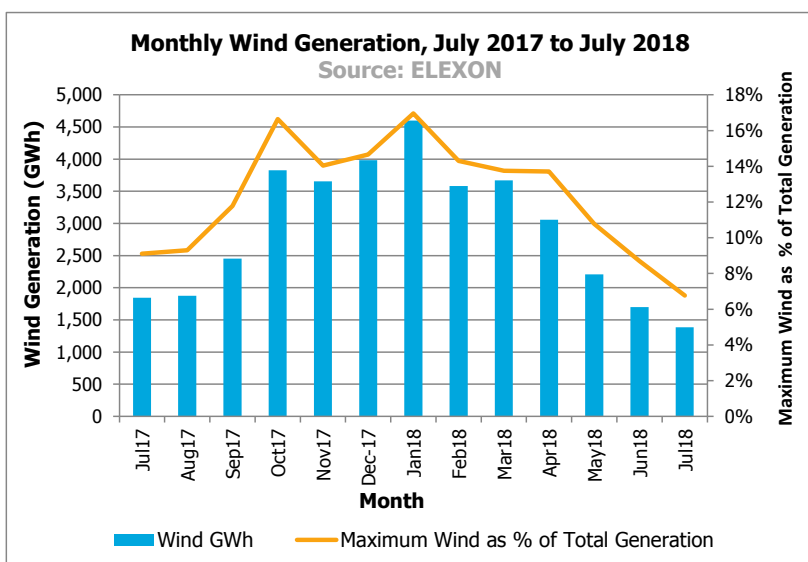
## WIND GENERATION FALLS TO NEW ANNUAL LOW

Wind generation in July 2018 was the lowest for the past year, with 1,385GWh of electricity produced by Wind this month<sup>3</sup>. This equates to 7% of total generation for the month.

However, there have been periods of high Wind generation this month; in Settlement Period 39 on 18 July, Wind accounted for 31% of total generation.

Compared to July 2017, Wind generation has fallen by 25%; in July 2017 Wind generation accounted for 1,844GWh compared to 1,385GWh in July 2018, or 9% of total generation in July 2017, compared to 7% in July this year.

Wind generation for a month peaked at 4,598GWh in January 2018. The highest Wind generation in a Settlement Period in the last year, 5.5GWh, occurred during the cold weather in March (Settlement Period 29 on 17 March). The highest Wind generation as a percentage of total generation (39%) was in Settlement Period 8 on 14 June 2018.



## SYSTEM PRICES IN JULY<sup>4</sup>

Monthly average System Prices for July were higher when short (9.8%) and long (2.9%), compared to June 2018. The average System Price regardless of length was **£57.25/MWh**, which was 10% higher than last month. In July 2018, the market was long in 53%, and short in 47% of Settlement Periods.

System Prices exceeded £100/MWh a total of 36 times in July 2018, compared to six times in June. The highest System Price of the month, **£158/MWh**, occurred in Settlement Periods 19 and 20 on 27 July 2018. The prices in these Settlement Periods were set by Offers from a Gas BMU priced at £158/MWh.

There were three Settlement Periods where the System Price was £0/MWh, and 12 negative System Prices, in July. 11 of the 12 negative System Prices occurred on 28 July, with the other occurring on 31 July.

The lowest System Price, **-£70.45/MWh**, occurred during Settlement Period 26 on 28 July. This price was set by a weighted average of negatively priced Bids from two Wind BMUs, priced at -£69.76/MWh and -£70.69/MWh.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Jul-18	74.00	42.20	77.77	41.81
Jun-18	67.41	41.00	68.64	42.14
May-18	70.45	36.80	75.78	36.86
Summer 18	70.97	41.58	73.67	41.99
Spring 18	83.53	37.68	92.59	37.97
Winter 17/18	71.99	38.08	77.94	39.31
Autumn 17	67.00	32.68	72.19	34.44
Summer 17	65.87	25.10	72.67	25.42
Jul-17	65.50	25.14	72.39	24.93

<sup>2</sup> Forward Market prices taken from ICIS Heren.

<sup>3</sup> Wind generation data taken from operationally metered data available on BMRS and the ELEXON Portal.

<sup>4</sup> System prices are based on the previous month's Interim Information (II) run data. Indicative Balancing Mechanism data has been used for 30 and 31 July 2018 in the absence of II data.