



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.

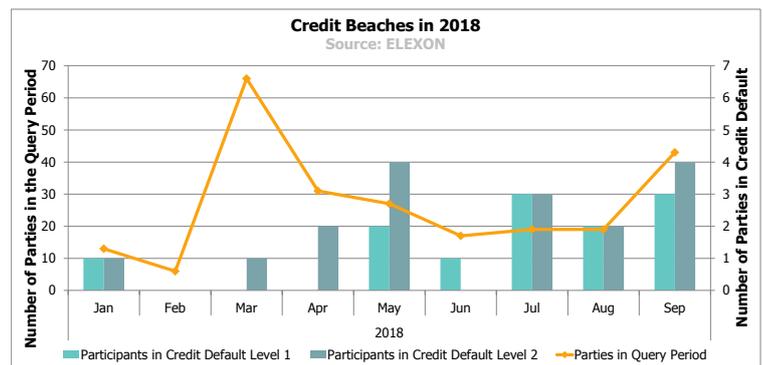
3 Trading Operations Report [Data](#). The graphs and backing data are available in Excel format on the ELEXON website.

HIGH NUMBER OF CREDIT BREACHES IN SEPTEMBER 2018

There were 43 Credit breaches in September 2018; the second highest monthly amount this year. A Credit Breach occurs when a BSC Party's indebtedness is above 80% of their lodged Credit Cover. 241 Credit Breaches have occurred in 2018 so far, which is more than the 239 seen in the previous two years combined (91 in 2016 and 148 in 2017).

The increased number of breaches in September 2018 can be attributed to multiple factors, including: an increased amount of estimated data in the Credit Cover calculation over the August Bank Holiday, new seasonal Demand Capacity values, and an increase in the Credit Assessment Price to £75/MWh¹.

In September, four Parties were in Level 2 Credit Default, whilst three were in Level Credit Default 1. Credit Defaults Notices are posted on the [BM Reports](#) website.



TRADING CHARGES IN AUGUST²

Gross Party Imbalance cashflows were £105m in August 2018, a 2% increase from £103m in July. Credits for being long increased by 2m, whilst debits for being short decreased by £0.2m between July and August.

Energy Imbalance Volumes increased by 6% for Parties for that were long in August, whilst remaining similar for those that were short.

Offer cashflow reduced by 8% in August, with the volume of Offers decreasing by 13% compared to July. The average price per MWh of Offer volume increased by 5% to £80.75/MWh.

Net **Bid** cashflow was -£7.1m in August, compared to -£5.8m in July. Bid cashflow decreased by 12% for negative Bids compared to last month.

Total Cashflow (£m)	Aug-18	Jul-18	Jun-18	May-18
Long Imbalance Charge (Credit)	-53.64	-51.79	-45.55	-56.30
Short Imbalance Charge (Debit)	51.49	51.65	43.67	51.67
RCRC Credit	8.63	9.02	6.64	6.72
RCRC Debit	-10.78	-9.16	-8.51	-11.35
Offer Cashflow	44.44	48.56	47.00	37.38
Bid Cashflow (Positive Bids)	-15.49	-15.35	-16.78	-15.92
Bid Cashflow (Negative Bids)	8.43	9.56	9.51	4.08

BALANCING MECHANISM VOLUMES IN AUGUST²

The total volume of balancing actions taken in the Balancing Mechanism for August was 1,067GWh, a 9% decrease from July 2018. The majority (77%) of balancing volume came from Gas BMUs.

Accepted **Bid** volume decreased by 3% from last month. Gas Bid volumes decreased by 12%, Wind Bids decreased by 9%, whilst Pumped Storage Bids increase by 87% to 32GWh. Gas Bid volume accounted for 67% of total Bid volume, compared to 74% last month. Wind accounted for 20% of total accepted Bid volume.

Accepted **Offer** volume decreased by 13% from July. Gas Offer volumes decreased by 14%, whilst Pumped Storage Offer volumes decreased by 8%. In August, Coal and Pumped Storage accounted for a combined 11% of total Offers, with Gas Offers accounting for 86%.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Aug-18	Jul-18	Aug-18	Jul-18
Coal	-12,823	-5,207	14,248	17,742
Gas	-346,721	-394,354	473,654	550,604
Hydro	-7,699	-1,495	5,627	4,182
OCGT	0	0	4,468	490
Pumped Storage	-32,170	-17,171	47,155	51,293
Wind	-101,382	-110,994	606	323
Biomass	-15,460	-4,827	4,573	9,467
Grand Total	-516,255	-534,048	550,331	634,101

¹ Effective from 28 September 2018.

² Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

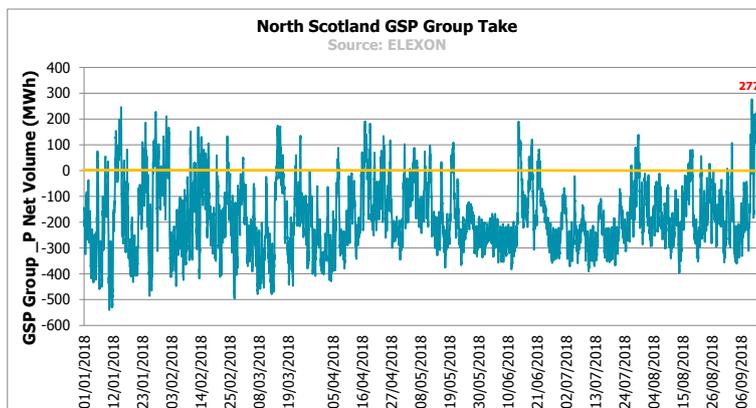
NORTH SCOTLAND AS A NET EXPORTER

On 10 September 2018 in Settlement Period 5, the GSP Group Take for North Scotland (GSP Group _P) reached a high for this year of 277MWh. A positive net volume means the GSP Group as a whole was exporting energy to the Transmission Network. Since 1 January 2018, North Scotland has tended to be a net importer, as shown by the negative net volumes. The concept of North Scotland being a net exporter rather than a net importer is not uncommon, as Settlement Periods with low demand and high wind generation often lead to this.

Since the start of the year, North Scotland has been a net exporter in 10.8% of Settlement Periods. However, only 39 Settlement Periods in 2018 have had an export volume greater than 200MWh.

In 2017, North Scotland was a net exporter in 19.2% of Settlement Periods, with a maximum net export volume of 326MWh.

For Supplier BM Units within the base Trading Unit of the GSP Group, net exporting for the GSP Group as a whole will lead to Delivering, instead of Offtaking, Transmission Loss Multipliers being applied in Settlement.



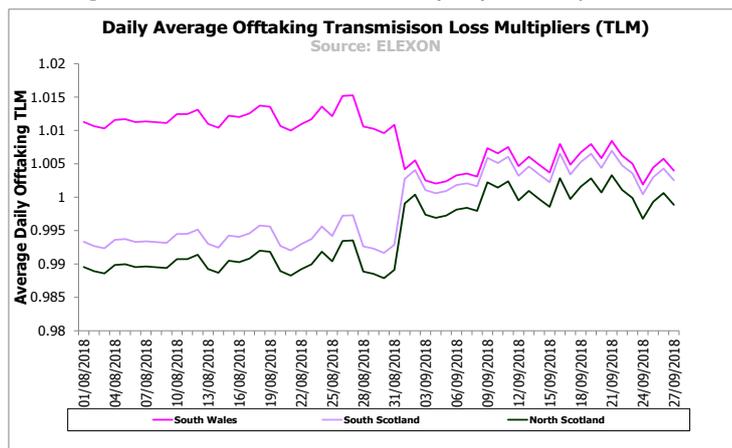
SEASONAL CHANGES IN OFFTAKING TLMs

This graph is an adaptation of "Daily Average Offtaking Transmission Loss Multiplier (TLM)" from the Trading Operations Report, with a number of GSP Groups removed. Following implementation of P350 'Introduction of a seasonal Zonal Transmission Losses scheme' on 1 April 2018, TLMs vary by region and season. The change in Transmission Loss Factors (TLF) on 1 September, due to the change in season from Summer to Autumn, has impacted TLMs in some regions more than others.

South Scotland Offtaking TLMs averaged 0.994 during August, increasing to average 1.004 in September. North Scotland TLMs also increased on average following the inclusion of the new seasonal TLFs, from 0.990 to 0.999.

In contrast, South Wales saw the biggest decrease in average Offtaking TLM from August to September, from 1.011 to 1.005.

Historic TLM and Seasonal TLF data is available on the ELEXON Portal.



SYSTEM PRICES IN SEPTEMBER³

Monthly average System Prices for September were higher when short (5.1%) and long (7.7%), compared to August 2018. The average System Price regardless of length was **£62.55/MWh**, which was 8% higher than last month. In September 2018 the market was long in 55%, and short in 45%, of Settlement Periods.

System Prices exceeded £100/MWh a total of 45 times in September 2018, compared to 40 times in August. The highest System Price of the month, **£189.26/MWh**, occurred in Settlement Period 35 on 20 September 2018. The price in this Settlement Period was set by Offers from a CCGT and Pumped Storage BMU, priced at £149/MWh and £210/MWh respectively.

There were 10 Settlement Periods where the System Price was £0/MWh, and 17 negative System Prices, in September. The 17 negative System Prices occurred across eight different days.

The lowest System Price, **-£71.45/MWh**, occurred during Settlement Period 32 on 23 September. This was set by Bids from four Wind BMUs priced between -£70.69/MWh and -£79/MWh.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Sep-18	82.71	46.15	85.63	48.07
Aug-18	78.68	42.85	83.14	43.46
Jul-18	74.00	42.20	77.77	41.81
Autumn 18	82.71	46.15	85.63	48.07
Summer 18	73.46	42.02	76.60	42.52
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
Sep-17	68.89	31.84	73.67	33.67

³ System prices are based on the previous month's Interim Information (II) run data.