

MARKET INDEX DEFINITION STATEMENT (MIDS) REVIEW 2019

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| MEETING NAME | BSC Panel Meeting |
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| Date of meeting | 14 November 2019 |
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| Purpose of paper | For Decision |
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| Classification | Public |
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| Summary | ELEXON has carried out the review of the Market Index Definition Statement (MIDS), as required at least annually by the BSC. After considering the analysis provided by ELEXON, the Imbalance Settlement Group (ISG) sought industry views on the current parameters weightings and products used. Following the consultation, the ISG recommended that no change is made to the MIDS. |
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1. Summary

- 1.1 The Market Index Definition Statement (MIDS) defines a set of parameters used to determine the Market Index Price (MIP). ELEXON, on behalf of the Panel, review the MIDS and consult interested parties annually, as required by the Balancing Settlement Code (BSC). The 2019 MIDS Review can be found in Attachment A of this paper.
- 1.2 Our review showed that following changes made as part of [BSC Modification P377](#), the current Individual Liquidity Threshold (ILT), timebands and product weightings remain suitable.

2. BSC Modification P377

- 2.1 Following the 2018 MIDS review, BSC Modification P377 amended the description of the timebands in the MIDS so they refer to the Submission Deadline (i.e. the beginning of a Settlement Period) rather than Gate Closure. This has allowed trades between Gate Closure and the Submission Deadline to be included in the calculation of MIPs. BSC Modification P377 also removed timeband 6 as a weighted product in Market Index Data (MID). BSC Modification P377 was implemented on 18 April 2019.
- 2.2 The changes have resulted in the trades used to calculate the MIP being closer to real time, as they are now up to eight hours ahead of the start of the Settlement Period rather than between one and 13 hours ahead. The changes to timebands has meant that the daily average Market Index Volume (MIV) has increased, and the percentage of Settlement Periods with traded volume less than the ILT has decreased.
- 2.3 The assessment of the changes from BSC Modification P377 to the timebands is based on only three months and 13 days of the P377 calculation, so the impact should be further assessed at the next MIDS review in a year's time.

3. ISG Recommendation and Consultation Result

- 3.1 ELEXON issued the MIDS Review Consultation (Attachment A), with the response proforma (Attachment B), for a two-week industry consultation period. No responses were received for the 2019 MIDS Review.
- 3.2 This is not unexpected, as in the 2016 and 2017 MIDS reviews where no changes were suggested, only one response was received each year. In both cases, this response was from the same ISG Member. Additionally when changes were suggested as part of the 2018 MIDS Review, no responses were received.
- 3.3 The ISG discussed the consultation result at its October 2019 meeting ([ISG222](#)) and recommended that no change is made to the MIDS.

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4. Next Step

- 4.1 If the Panel agrees with the ISG's recommendations, ELEXON will not change the MIDS and will conduct the next review in 12 months' time.

5. Recommendations

- 5.1 We invite you to:
- a) **NOTE** the ISG's recommendation; and
 - b) **AGREE** that no change is made to the Market Index Definition Statement (MIDS).

Attachments

Attachment A – MIDS Review 2019 Consultation

Attachment B – MIDS Review 2019 Consultation proforma

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