

CADL Review: 25th March 2019 to 31st July 2020

Introduction

National Grid Electricity System Operator (NGESO) has been requested by the BSC panel, through its proxy the Imbalance Settlement Group (ISG), to provide analysis to the ISG to allow it to draw conclusions as to the appropriate level with which to set the Continuous Acceptance Duration Limit otherwise known as CADL.

The CADL methodology aims to identify, and exclude from the imbalance price calculation, those Bid Offer Acceptance (BOA) actions deemed as taken for Fast Reserve. These actions may require above average ramping ability in order to fulfil their task of managing intra half hour energy imbalance. Given that these actions may require dynamic characteristics that is beyond those available to the majority of Balancing Mechanism Units (BMUs), there is the possibility that these actions may be taken out of cost merit.

The CADL function does not explicitly tag which actions should be classified as Fast Reserve. It employs a pragmatic solution to removing these actions from the imbalance price; it assumes that the duration of the BOA instruction, or set of concatenated BOA instructions, utilised to resolve intra half hour issues, will be shorter than the average BOA duration.

The CADL duration limit was reduced to 10 minutes from 15 minutes on 1st April 2019.

Methodology

1. Defining Fast Reserve Actions

For the purpose of this analysis, BMUs delivering Fast Reserve actions are deemed to be those that fulfil the following conditions (individually or in groups):

- Initial ramp rate is greater than or equal to 25MW/min; and
- BOA size is greater than or equal to 25MW; and
- Start point is greater than or equal to the unit's Stable Export Limit (SEL), unless it's a hydro or battery or OCGT station.

This definition of Fast Reserve reflects the latest minimum dynamic characteristics required by NGESO in order for BMUs to be eligible to provide Fast Reserve. Since 25th March 2019 there was a change made to the Fast Reserve requirements; the minimum BOA size was reduced 25MW, from 50MW. Please note Fast Reserve is utilised on both contracted and non contracted units. This CADL Review has considered Fast Reserve actions since the change was implemented.

The methodology of assessing the BOA dynamics provides an accurate view of the Fast Reserve actions employed by NGESO. This paper does not provide

a view on the relative merit order of Fast Reserve BOAs as compared to non-Fast Reserve BOAs.

However, since the introduction of P217A (5th November 2009) the imbalance price mechanism now utilises a pragmatic approach of determining whether CADL actions were in merit order. Elexon, when considering P217A, will examine the impact of Fast Reserve actions upon cash out.

2. Concatenating Acceptances

All instructions in this analysis have been concatenated. If a BMU receives a number of Bid Offer Acceptances (BOA) that either overlap or immediately follow each other, then this is classed as one instruction and will be counted only once in the duration of instruction analysis. The duration will be deemed the length of all the concatenated instructions.

Results

The above methodology has been used to assess all BOA instructions over a 16 month period, from 25th March 2019 to 31st July 2020.

The analysis has focused on the following areas:

- 1) Fast Reserve and Plant Type
- 2) BOA Volumes flagged by CADL
- 3) Number of Fast Reserve and Non Fast Reserve BOAs

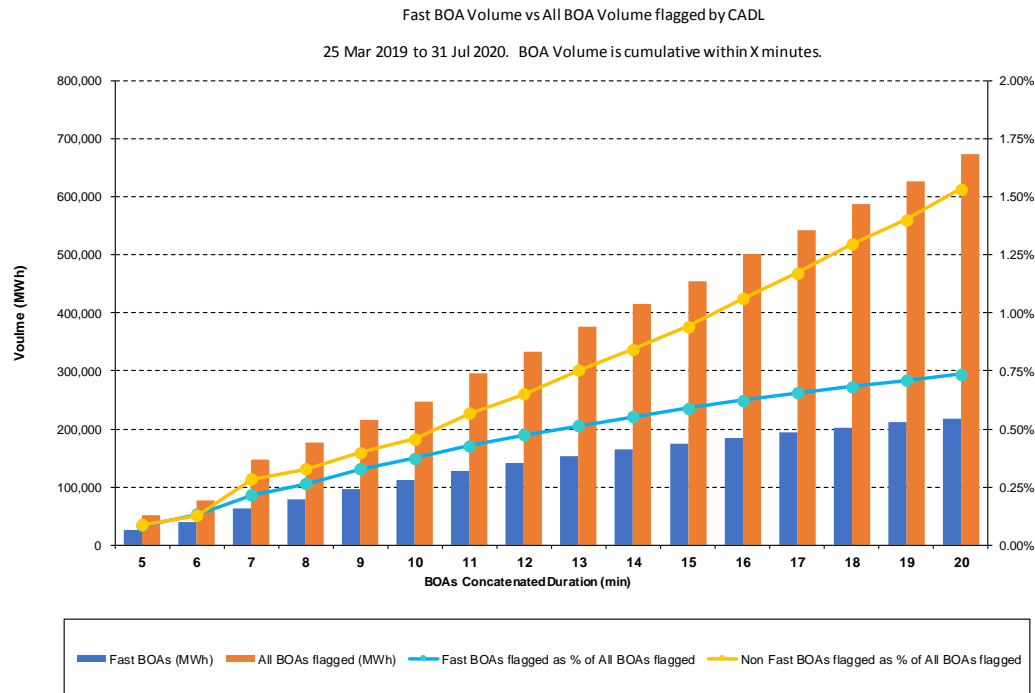
1. Fast Reserve and Plant Type

Applying the described methodology, 5 hydro stations, 16 gas stations, 2 diesel stations, and a battery station delivered Fast Reserve over the assessment period. The hydro stations delivered 78.9% of all Fast Reserve BOAs in the reporting period.

2. BOA Volumes flagged by CADL

Volumes flagged by the CADL process have been analysed in regard to the current CADL rules, in summary any BOA or concatenated BOA has been assessed against the duration of the instruction. BOA volumes have been classed as either Fast BOA volumes or non Fast BOA volumes.

The following chart shows the volume of actions flagged by the CADL process in relation to a CADL limit set between 5 and 20 minutes. The chart illustrates the volume of Fast Reserve BOAs and non Fast Reserve BOAs as a percentage of the total BOA volume, at each CADL limit.



The table below summarises the information displayed in the previous chart.

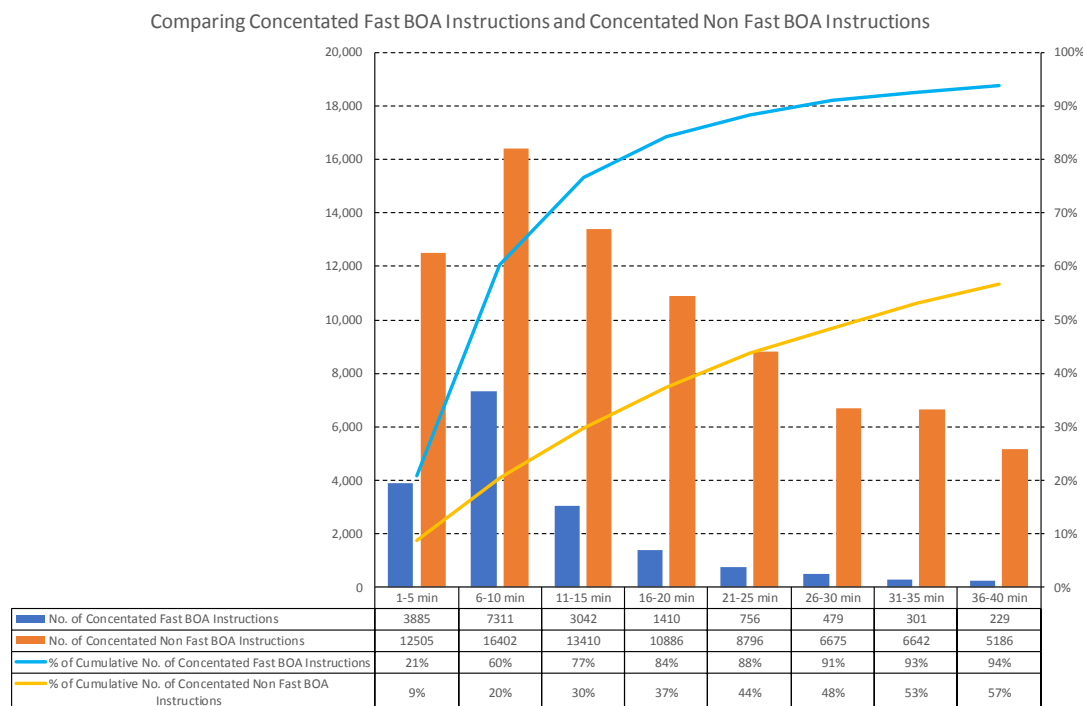
Duration (min) (cumulative)	Volume flagged by CADL (25 Mar 2019 to 31 Jul 2020)					
	Fast BOAs (MWh)	All BOAs flagged (MWh)	Fast BOAs as % of All BOAs flagged	All BOAs flagged as % of All BOAs	Fast BOAs flagged as % of All BOAs flagged	Non Fast BOAs flagged as % of All BOAs flagged
5	25,074	51,359	48.8%	0.2%	0.1%	0.1%
6	38,996	76,580	50.9%	0.3%	0.1%	0.1%
7	63,711	148,214	43.0%	0.5%	0.2%	0.3%
8	78,453	175,835	44.6%	0.6%	0.3%	0.3%
9	97,367	215,686	45.1%	0.7%	0.3%	0.4%
10	111,361	247,266	45.0%	0.8%	0.4%	0.5%
11	126,890	295,023	43.0%	1.0%	0.4%	0.6%
12	140,583	333,979	42.1%	1.1%	0.5%	0.7%
13	152,792	376,318	40.6%	1.3%	0.5%	0.8%
14	164,348	415,059	39.6%	1.4%	0.6%	0.8%
15	175,134	454,435	38.5%	1.5%	0.6%	0.9%
16	185,249	500,512	37.0%	1.7%	0.6%	1.1%
17	194,645	542,071	35.9%	1.8%	0.7%	1.2%
18	202,626	587,274	34.5%	2.0%	0.7%	1.3%
19	210,862	626,718	33.6%	2.1%	0.7%	1.4%
20	218,604	673,404	32.5%	2.3%	0.7%	1.5%

- From the total volume flagged by the current CADL limit of 10 minutes, 45% were Fast Reserve BOAs.
- The current CADL limit of 10 minutes flagged 0.8% of all BOAs instructed by NGESO, of which 0.4% of all BOAs were related to Fast Reserve.

3. Number of Fast Reserve and Non Fast Reserve BOAs

As well as examining volumes flagged by CADL, the number of BOA instructions has also been considered. All instructions taken over the assessment period have been categorised as either Fast Reserve BOAs or non Fast Reserve BOAs in regard to the outlined methodology. The table and graph below illustrates the number of BOA instructions, categorised by BOA duration.

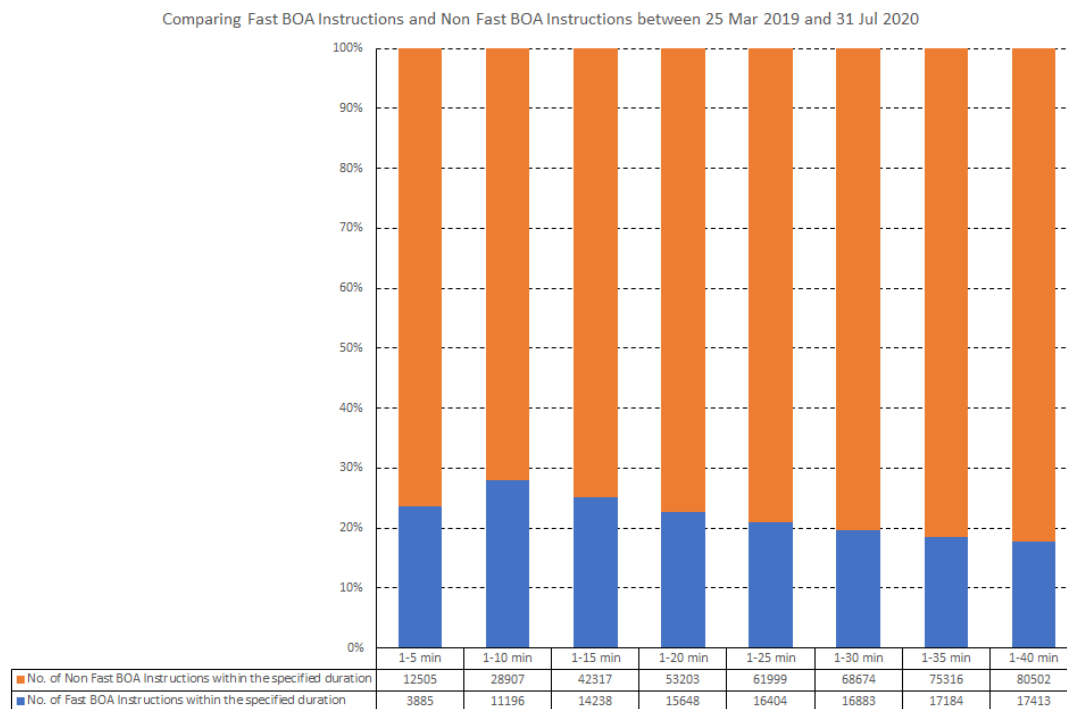
- The bar chart shows the number of BOA instructions split by their duration (0 to 5 minutes, 5 to 10 minutes, 10 to 15 minutes, and so on).
- The line chart shows the cumulative distribution of both Fast Reserve and non Fast Reserve BOA Instructions, for example 21% of the Fast Reserve BOA instructions lasted for 5 minutes or less, 60% of the Fast Reserve BOA instructions lasted for 10 minutes or less, 77% of the Fast Reserve BOA instructions lasted for 15 minutes or less, and so on.



- The number of Fast Reserve BOA instructions peaked in the 6 to 10 minute duration category.
- The number of non Fast Reserve BOA instructions peaked in the 6 to 10 minute duration category.
- The current CADL limit of 10 minutes captured 60% of Fast Reserve BOA instructions over the assessment period.

- The current CADL limit of 10 minutes captured 20% of non Fast Reserve BOA instructions over the assessment period.

The following chart shows the proportion of Fast Reserve and non Fast Reserve BOA instructions, grouped by duration.



- The proportion of Fast Reserve BOA instructions compared to non Fast Reserve BOA instructions peaks in the 1-10 min interval.