

Contingency Imbalance Price Methodology and BSC Panel Acceptance

BSC Panel

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Owner/author	Richard Baker	Purpose of paper	For Information
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Summary	Elexon has provided an outline of what a Contingency Imbalance Price is, how it would be determined and how the Panel would be engaged and approve during an 'Emergency Situation' event.		

1. Background

- 1.1 During a Section G 'Black Start Event', there becomes a time when the NETSO issues Elexon instruction that the Market Suspension Threshold¹ has been breached. At this time, Elexon will suspend the market aligned to the date and beginning of the Settlement Period as advised by the NETSO. The Market will remain suspended until instruction from the NETSO is received of when total system restoration could take place and the suspension on the market lifted.
- 1.2 A key step prior to resuming normal BSC market operations as part of the final steps of a Market Suspension exit, is the application of the Contingency Imbalance Price, to the Settlement Administration Agent (SAA). The following will describe the process for determining the price(s), the methodology used and the process for engaging Panel and seeking approval for usage of the 'Contingency Imbalance Price'.

2. Process Overviews

The following is a simplified version of the process as described in BSC Procedure Black Start and Fuel Security Contingency Provisions and Claims Processes [BSCP201](#).

¹ Where the NETSO informs Elexon (pursuant to OC9.4 of the Grid Code) that a Partial Shutdown exists, the NETSO will monitor the spot time Initial National Demand Out-Turn against its spot time National Demand forecast made day-ahead and prior to the commencement of the Partial Shutdown (the "baseline forecast") at least once every 15 minutes. This monitoring will continue until the time at which either:

- (a) there is a Total Loss of the transmission system, evoking a Full Shutdown
- (b) the NETSO determines, in its reasonable opinion, that the spot time Initial National Demand Out-Turn is equal to or lower than 95% of the baseline forecast (the "Market Suspension Threshold");
- (c) no more baseline forecast data is available to the NETSO; or
- (d) 72 hours have elapsed since the time and date that the Partial Shutdown commenced (as initially determined by the NETSO)

2.1 Determining the point of normal Market Operations

When	Action	From	To	Information / Activity	Method
After NETSO has determined and notified Elexon of the time and date that the Total System could return to normal operation	Elexon to determine the Settlement Day and Settlement Period from which normal BSC market operations should resume based on: - NETSO information - BSC Systems Availability	Elexon	The Panel	Elexon proposes when normal market operations could resume, based on: - NETSO information - BSC Systems Availability	Panel Meeting
Optional step	If the Panel deems appropriate/necessary consult the industry, on the suitability of the Settlement Day and Settlement Period from which normal BSC market operations are proposed to resume	The Panel	Industry (inc. NETSO)	Proposed Settlement Day and Settlement Period of return to normal BSC market operations	As part of Panel Meeting
Post any NETSO and/or industry engagement and deliberation	1.Make final determination on the Settlement Day and Settlement Period from which normal BSC market operations should resume 2.Agree any instructions on the requirements and timing of relevant BSC System reports, including the 7-day forward contract report	The Panel	Elexon (via Elexon)	Proposed Settlement Day and Settlement Period of return to normal BSC market operations	As part of Panel Meeting
Promptly after Panel Meeting	Communicate the Settlement Day and Settlement Period from which normal BSC market operations shall resume, and that the end of the Settlement Period immediately before this shall represent the end of both the Market Suspension Period and the Black Start Period	Elexon	BSC Parties BSC Agents Party Agents CM Settlement Services Provider NETSO MIDP(s) The Authority	Settlement Day and Settlement Period of return to normal BSC market operations	Circular via e-mail, BSC Website, BMRS website and other methods as agreed

2.2 Agreeing the Contingency Imbalance Price

The following is a lift of the pertinent points of the process and interactions of The Panel, as described in Section 3.4 of BSCP201:

When	Action	From	To	Information / Activity	Method
As part of the same Panel Meeting in '2.1'	Agree the proposed methodology to calculate the Contingency Imbalance Price(s) in accordance with BSC Section T1.7.1A	Elxon	The Panel	Proposed Contingency Imbalance Price methodology	Panel Meeting
As part of the same Panel Meeting in '2.1'	Elxon to demonstrate to The Panel the Contingency Imbalance Price methodology used, including price(s) created	Elxon	The Panel	Proposed Contingency Imbalance Price methodology (including price(s))	Panel Meeting
As part of deliberation and assessment	Where necessary, consult industry on the proposed methodology to calculate the Contingency Imbalance Price(s)	The Panel	BSC Parties The Authority NETSO	Proposed Contingency Imbalance Price methodology	Electronic, or other method as agreed
As part of deliberation and assessment	Provide information relevant to the calculation of the Contingency Imbalance Price(s)	NETSO	The Panel	Methodology used in proposed Contingency Imbalance Price aligns to BSC Section T1.7.1A	Electronic, or other method as agreed
Following deliberation and assessment	Request approval of the Contingency Imbalance Price methodology	The Panel	The Authority	Final proposed Contingency Imbalance Price methodology	Communication between the Authority and the Panel is to be done via Elxon
Promptly following request for approval and assessment	Approve the Contingency Imbalance Price methodology	The Authority	The Panel	Final proposed Contingency Imbalance Price methodology	Communication between the Authority and the Panel is to be done via Elxon
Following Authority and Panel approval	Communicate Contingency Imbalance Price methodology	Elxon	BSC Parties BSC Agents NETSO The Authority	Approved Contingency Imbalance Price methodology	Electronic, or other method as agreed
In parallel with previous step (Communicating the Contingency Imbalance Price methodology)	Apply methodology to calculate Contingency Imbalance Price(s)	Elxon	SAA	Approved Contingency Imbalance Price methodology applied to SAA	Internal process

Should the situation arise where The Panel does not approve the methodology used to create the Single Imbalance Price(s), The Panel would:

- Explain to Elexon the elements of methodology used that The Panel does not agree with. There could be a single factor, or multiple factors in combination, that may lead to the non-approval of methodology, such as:
 - Inclusion of specific Settlement Periods from calculation, where there were extreme price fluctuations impacting the mean Settlement Period price (based on NETSO advice and consultation).
 - Market events mean that the proposed number of days used to calculate the mean prices is not reflective of the market and thus the number of days used in the methodology may be increased or reduced accordingly.

3. Methodology

3.1 The following methodology is based on Section 1.7 of [Section T: Settlement and Trading Charges \(Single Imbalance Price²\)](#).

Steps	Activity
Step 1	<p>Elexon obtains the latest version of the 'Best View Prices' from the Elexon Portal</p> <ul style="list-style-type: none">• Weekly copies are being kept for resilience in the event of data availability issues at the time of needing to create the Contingency imbalance Price
Step 2	<p>The mean of the System Sell Price and the System Buy Price calculated respectively for each set of corresponding Settlement Periods in the 30 whole Settlement Days immediately preceding the Settlement Day on which the Black Start Period commenced.</p>
Step 3	<p>Exclusion of any Settlement Periods, the NETSO determines unsuitable or occurred during a previous event, i.e. where emergency instructions were issued during a previous Grid Code event.</p>
Step 4	<p>If any day within the 30-day period preceding the Settlement Day of a Black Start event are a Clock Change Day, this day is to be excluded and a further Settlement Day (immediately prior to 30 Settlement Days) used to achieve a mean of 30 System Sell Prices and System Buy Prices, for each corresponding Settlement Period.</p>

² Note that a 'Single Imbalance Price' and a 'Contingency Imbalance Price' have the same meaning in the context of a restoration of normal market operations, following a Black Start event.

4. Recommendation

4.1 We invite the Panel to:

- a) **NOTE** the methodology that would be used to create the Contingency Imbalance Price
- b) **NOTE** that the Panel will need to approve or reject the proposed Contingency Imbalance Price, and if rejected confirm reasons for rejection
- b) **NOTE** how Panel would be engaged to recommence the market during an 'Emergency Situation'.

For more information, please contact:

Richard Baker, Settlements & Invoicing Delivery Lead

Richard.Baker@elexon.co.uk

020 7380 4071