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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.

Unprecedented System Prices in January 2021¹

Monthly average System Prices for January 2021 were higher when the market was both short (34%) and long (62%), compared to December 2020. The average System Price regardless of length was **£77.47MWh**; £18.39MWh higher than December 2020 and the highest since a single System Price was implemented as part of [BSC Modification P305](#) on 5 November 2015.

System Prices exceeded £100/MWh on 149 occasions during January 2021; the highest number of System Prices exceeding £100/MWh since BSC Modification P305 was implemented.

The highest System Price this month, **£4,000/MWh**, occurred in Settlement Period 39 and 40 on 8 January 2021. The price was set by three Offers from the same two CCGT BMUs in both Settlement Periods. These were the two highest System Prices since 2001. The third highest System Price also took place on 8 January in Settlement Period 35 (£2,5750/MWh).

The beginning of January 2021 saw unprecedented System Price spikes in the System Price. On 7 and 8 January there were four Settlement Periods where the System Price exceeded £1,000/MWh. Only 11 other Settlement Periods have had prices greater than £1000/MWh since the implementation of BSC Modification P305 in November 2015.

National Grid ESO issued Electricity Margin Notices (EMNs) covering all four Settlement Periods that saw prices over

£1,000/MWh. Capacity margins were low due to low

temperatures brought from the 'Beast from the East 2' increasing demand on the GB System. Elexon measures the excess supply on the System during peak demand using the De-Rated Margin parameter. The lowest De-Rated Margin was 1,077MW during Settlement Period 35 on 8 January. You can see De-Rated Margin forecasts on Elexon's [BMRS Report: Loss of Load Probability and De-rated Margin](#).

There were no negative System Prices in January 2021, after 13 in December 2020. The lowest System Price, **£0.00/MWh**, occurred in 24 Settlement Periods across January. Ten of these Settlement Periods occurred in the Peak demand period.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Jan-21	110.71	34.64	124.2	37.78
Dec-20	82.75	21.41	94.92	25.69
Nov-20	62.2	16.31	66.46	17.05
Winter 20-21	96.12	28.43	108.38	32.55
Autumn 20	61.33	19.21	65.13	21.46
Summer 20	42.92	13.61	44.79	14.03
Spring 20	41.47	8.06	44.68	6.87
Winter 19-20	51.91	13.35	55.09	14.99
Jan-20	51.95	14.11	55.57	15.05

Trading Charges in December 2020²

Gross Party Imbalance cashflows were £169m in December 2020, an increase of 64% from November 2020. Debits for being short increased by £39m, and credits for being long fell by £28m, between November and December 2020.

Gross Party Imbalance Volumes increased by 5% from November to December 2020. Energy Imbalance Volumes for Parties that were long increased by 0.2% in December, compared to the previous month. Energy Imbalance Volumes for Parties that were short increased by 10%.

December **Offer** volume decreased by 20% and cashflow decreased by 5%, compared to November. The average price of Offers increased by £13.02/MWh to £83.69MWh.

Net **Bid** cashflow in December 2020 was £15.3m, £32.4m less than last month (£47.7m in November 2020). A positive net Bid cashflow means payment received by Parties for negative Bids were higher than payments from Parties for positive Bids.

Total Cashflow (£m)	Dec-20	Nov-20	Oct-20	Sep-20
Long Imbalance Charge (Credit)	-74.41	-46.83	-50.79	-47.18
Short Imbalance Charge (Debit)	95.03	56.19	62.16	58.93
RCRC Credit	23.52	12.04	14.81	14.4
RCRC Debit	-2.90	-2.68	-3.43	-2.65
Offer Cashflow	95.42	100.51	84.8	63.54
Bid Cashflow (Positive Bids)	-8.38	-5.45	-8.05	-6.81
Bid Cashflow (Negative Bids)	23.68	53.12	26.73	14.01

¹ System prices are based on the previous month's latest Initial Settlement (SF) & Interim Information (II) run data available.
² Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

Balancing Mechanism Volumes in December 2020²

The total volume of balancing actions taken in the Balancing Mechanism (BM) for December 2020 was 2.1TWh, a 26% decrease from November 2020. The majority (74%) of balancing volume in December came from Gas BMUs.

Accepted **Bid** volume in December decreased by 32% from the previous month. 53% of total Bid volume came from Gas BMUs, with 31% coming from Wind and 8% from Pumped Storage BMUs. Coal Bid volume increased by 125% from November to December 2020, but still only contributed 3% of December Bid volume.

Accepted **Offer** volume in December decreased by 20% compared to the previous month. Gas accounted for 92% of all Offer volume, with Pumped Storage BMUs responsible for a further 3%.

During September 2020, BM volumes from Battery Storage BMUs saw a spike of 17,115MWh of Bid volume and 16,611MWh of Offer volume. Since this spike Battery Storage has contributed a monthly average Bid volume of 46MWh and 61MWh of Offer volume. December saw the lowest contribution from the fuel type (10MWh Bid volume and 5MWh Offer volume) since the fuel first started recording BM volume in January 2019.

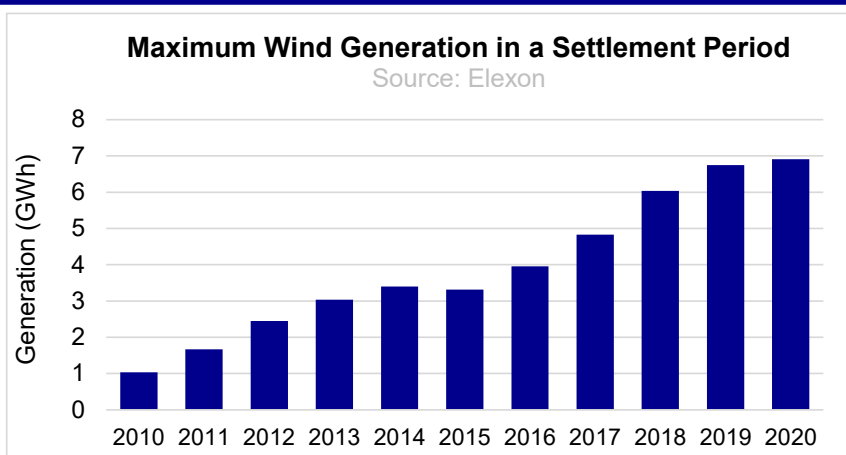
Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Dec-20	Nov-20	Dec-20	Nov-20
Battery Storage	-10	-20	5	20
Biomass	-10,626	-3,414	11,269	9,483
Coal	-27,463	-12,213	27,208	22,249
Gas	-501,339	-527,501	1,063,753	1,342,087
Hydro	-31,718	-65,015	3,428	3,615
Other	-5,993	-19,818	21,806	21,615
Pumped	-76,524	-96,524	32,511	41,711
Wind	-289,763	-663,767	1,927	3,184
Grand Total	-943,437	-1,388,272	1,161,908	1,443,964

Highest Wind generation in a single Settlement Period³

6.9GWh of wind Generation occurred on 18 December 2020 during Settlement Period 27. This is the highest wind generation in a Settlement Period.

In December, a total of 5.0TWh was generated by Wind generation connected to the GB Transmission System. This is the highest since March 2020 (5.2TWh). The total daily wind generation on 18 December 2020 was the second highest daily wind to be recorded (283GWh on 18 December 2020 compared to 285GWh on 10 February 2020).

Strong wind from Storm Bella on 26 December 2020 meant wind generation contributed to 44% of the total daily generation. This was the highest wind generation contribution to the fuel mix since 5 July 2020 (45%).



Wind, and Coal generation increased in December 2020 by 11% and 71% respectively, compared to November 2020. Despite the sharp increase in Coal generation, there was 31% less Coal generation in December 2020 compared to December 2019.

Credit defaults and SoLR's in January 2021

The Credit Default processes are triggered when a Party's Credit Cover Percentage (CCP) exceeds a given threshold. The Level 1 Credit Default process is triggered when the CCP exceeds 80% and the Level 2 Credit Default process is triggered when the CCP exceeds 90%. Parties always receive a consequence free period of at least 24 hours to resolve their Credit Default once the process is initially triggered.

In January 2021, there were 37 Parties who entered Credit Default, some on multiple occasions bringing the number of Credit Defaults in the month to 79. Seven of these Parties entered Level 2 Credit Default.

If a BSC Party is in Level 2 Credit Default with a CCP which exceeds 100%, and is unable to exit Level 2 Credit Default after two working days, they will be in Default of the BSC under BSC Section H. This occurred on four occasions during January. Two of these Parties lodged additional funds and are no longer in Section H Default or Credit Default. While the other two Parties subsequently had Suppliers of Last Resort (SoLRs) assigned for their customers after ceasing to trade.

50,000 domestic and a small number of non-domestic customers from Simplicity Energy Ltd. (Party ID: ARIZ) had British Gas Evolve appointed as their SoLR on 31 January 2021.

360,000 domestic and a small number of non-domestic customers from Green Network Energy Ltd. (Party ID: ZEPHYR) customers had EDF appointed as their SoLR on 31 January 2021.

² Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.
³ Generation data is taken from Elexon's internal database containing the latest Settlement Data. Settlement Period level generation can be found in the [Generation by Fuel Type](#) report on BMRS.