

CONSULTATION PROFORMA

ATTACHMENT A

MARKET INDEX DEFINITION STATEMENT (MIDS) CONSULTATION PROFORMA

We are seeking your views on the MIDS review. If you represent BSC Parties or any other party in connection with the MIDS your responses to the consultation should be submitted in this proforma.

Please send your responses to analysis.insight@elexon.co.uk by **Friday 18 September 2020** and use email subject 'MIDS Review 2020'.

Respondent:	<i>Paul Monk</i>
Company Name:	<i>Catalyst Commodities</i>
No. of BSC Parties Represented	<i>Nil</i>
Parties Represented	<i>N/A</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>1</i>
Non Parties represented	<i>Catalyst Commodities</i>
Role of Respondent	<i>Catalyst Commodities provides intelligent, independent, fact-based insight, regular reports and bespoke advice for UK Power. Our customer base of 40+ companies, includes 30+ BSC parties, consultants, consolidators and exemptible generators. While our consultation response takes into account the interests and views of our customer base, it is not a formal representation on their behalf.</i>
Can we publish your response on the ELEXON website?	<i>Yes</i>

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Q	Question	Yes/No Error! Bookmark not defined.	Rationale
1	<p>As part of the BSC Modification P410 workgroup, the future of the MIDS will be determined. From 15 January 2021, the Market Index Price cannot be used as a component of the System Price calculation.</p> <p>Outside of its use as a component of the System Price calculation, what do you use the Market Index Price for and what would be the consequence to you if it were to be discontinued?</p>		<p>Catalyst Commodities provides intelligent, independent, fact-based insight, regular reports and bespoke advice for UK Power. Our customer base of 40+ companies, includes 30+ BSC parties, consultants, consolidators and exemptible generators. The intimate relationship we have with our customers means we understand how a great proportion of the UK power market assess near term value in relation to market indices. We, and our customers, regard MIP as a well-integrated, well understood and well accepted market measure for near-time value assessment and value creation.</p> <p>The benefits of the current MIP calculation arrangements are that the methodology is transparent, they are independently carried out, and the results are publicly available. This allows all parties to develop strategies and mark their performance against those strategies through an independent and transparent value measure.</p> <p>The UK power market remains very liquid in the prompt, and we remain convinced that the publication of MIP works, alongside other measures, to improve the transparency and function of the prompt market – a key enabler of liquidity. This is especially important to small players, who might not be members of power exchanges but actively participate in the prompt market. They therefore rely on Elexon’s MIP calculations to provide them with visibility of the level at which this increasingly important part of the market has traded.</p> <p style="text-align: right;">/... cont’d</p>

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Q	Question	Yes/No Error! Bookmark not defined.	Rationale
			<p>We believe that stopping the independent calculation of MIP will require market participants to calculate their own versions, which will reduce the transparency of the market and reduce also the quality of the price signals which drive near-term plant optimisation decisions, in support of a functioning and efficient near-term market. If Elexon were to cease calculating MIP, then data provision would be left in the hands of market participants, and additional safeguards (incurring cost and complexity) would be required to ensure that consumers of the data were confident in its accuracy. Continuing the existing provision, through Elexon, a BSC-funded organisation, would appear to be a robust and efficient solution with benefits for all interested parties.</p> <p>We therefore firmly support the continued calculation of MIP as an important, publicly available, independent, assured and transparent market index which supports the continued high liquidity and functioning of the prompt UK power market.</p>

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Q	Question	Yes/No Error! Bookmark not defined.	Rationale
2	<p>With regards to the calculation of the Market Index Price, currently timebands 1-5, representing trades made eight hours prior to the start of a Settlement Period, are weighted '1' meaning only these products are included in the calculation of Market Index Price.</p> <p>Do you agree with the current timeband weightings? Please give your rationale.</p>	Yes	<p>We agree with the analysis within the consultation and support the continued regular review of the parameters and timeband weightings.</p> <p>Our rationale is that the analysis shows a broad consistency with previous years; and against the context of a highly unusual year to date, we would support "no changes" in the form of MIP until such time as greater confidence on ongoing market characteristics is gained (e.g. next year's review).</p>
3	<p>Currently products H, 1, 2 and 4 are weighted '1' meaning only these products are included in the calculation of Market Index Price.</p> <p>Do you agree with the current product weightings? Please give your rationale.</p>	Yes	<p>We agree with the analysis within the consultation and support the continued regular review of the parameters and current product weightings.</p> <p>Our rationale is that the analysis shows a broad consistency with previous years; and against the context of a highly unusual year to date, we would support "no changes" in the form of MIP until such time as greater confidence on ongoing market characteristics is gained (e.g. next year's review).</p>
4	<p>The Individual Liquidity Threshold should remain at 25 MWh.</p> <p>Do you agree with this? Please give your rationale.</p>	Yes	<p>We agree with the analysis within the consultation and support the continued regular review of the parameters and Individual Liquidity Threshold.</p> <p>Our rationale is that the analysis shows a broad consistency with previous years; and against the context of a highly unusual year to date, we would support "no changes" in the form of MIP until such time as greater confidence on ongoing market characteristics is gained (e.g. next year's review).</p>

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Q	Question	Yes/No Error! Bookmark not defined.	Rationale
5	Do you have any further comments regarding this MIDS review?	No	