



BSC OPERATIONS HEADLINE REPORT

1 In this report you will find commentary on BSC market operation, identification of key events and reporting of key data.

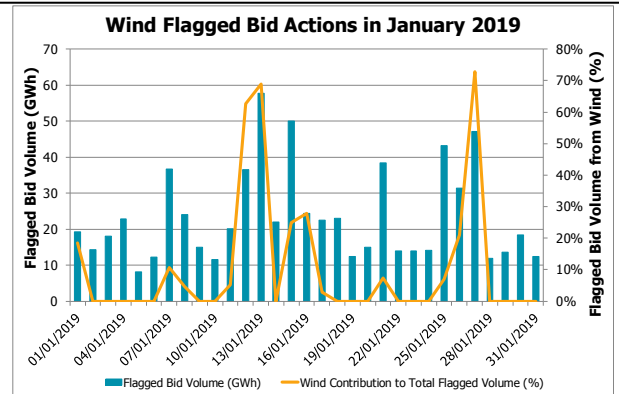
2 The [Trading Operations Report](#) publishes key market data graphically, giving a performance indicator for the Balancing and Settlement arrangements.

3 Trading Operations Report [Data](#). The graphs and backing data are available in Excel format on the ELEXON website.

FLAGGED BIDS FROM WIND IN JANUARY

There were 47GWh of flagged Bid Actions taken on the 27 January 2019; 73% of this volume was attributed to Wind BMUs. Wind flagged actions accounted for 139GWh (20%) of total flagged Bid volume in January, with 69GWh (70%) of this flagged volume occurring on 3 days (12, 13 and 27 January 2019). Conversely, there were 16 days where flagged Wind Bid volume was zero.

On 27 January 2019, the average initial price of all flagged actions was -£51.60/MWh. Of the 2,718 Accepted Wind Bids, 2,273 (84%) were System Operator (SO) or Continuous Acceptance Duration Limit (CADL) flagged. Flagged Balancing Actions are marked for potential repricing downwards.



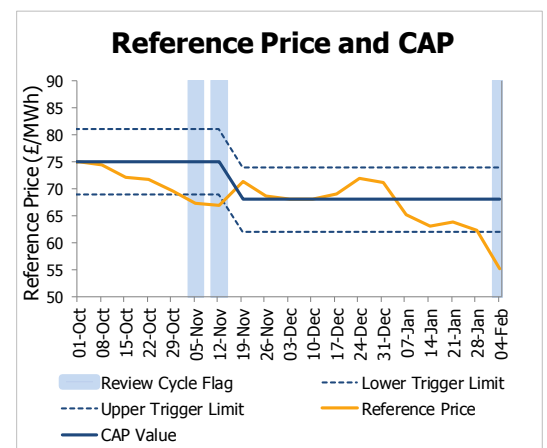
CAP BREACH ON 4 FEBRUARY

The Credit Assessment Price (CAP) is reviewed when the absolute difference between the CAP and the reference price is greater than the current trigger levels. The CAP is currently £68/MWh, with trigger levels of **+/-£6/MWh**.

The Credit Assessment Price (CAP) reference price breached the lower trigger limit of **£62/MWh** on 4 February 2019. ELEXON have published [inter-active CAP graphs](#) to allow customers to explore this data.

ELEXON issued a [consultation](#) on 4 February, suggesting a new CAP value of **£56/MWh**. If there are no responses to the industry consultation, this new CAP value will be implemented on 6 March 2019.

When there is a change to the CAP, Parties may notice a change in their Credit Cover Percentage, and should review their lodged Credit Cover.



SYSTEM PRICES IN JANUARY¹

Monthly average System Prices for January 2019 were higher when short (1.3%) and lower when long (2.0%), compared to December 2018. The average System Price regardless of length was **£59.82/MWh**; 2% lower than last month. In January 2019 the market was long in 62%, and short in 38%, of Settlement Periods.

System Prices exceeded £100/MWh a total of 79 times in January 2019, compared to 50 times in December. The highest System Price of the month, **£195.00/MWh**, occurred in Settlement Period 23 on 24 January 2019. This price was set by two Buy Actions from a Hydro BMU, both priced at £195.00/MWh.

The lowest System Price, **-£50/MWh**, occurred during Settlement Period 42 on 29 January. These prices were set by nine Bid Actions from a Pumped Storage BMU, all priced at -£50/MWh.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short Sys-tem	Long Sys-tem	Short Sys-tem	Long Sys-tem
Jan-19	85.07	44.48	92.08	46.48
Dec-18	83.95	45.39	89.01	49.38
Nov-18	81.59	45.63	86.16	48.07
Winter 18/19	84.51	44.94	90.55	47.93
Autumn 18	82.75	45.80	86.62	48.39
Summer 18	73.46	42.02	76.60	42.52
Spring 18	83.53	37.68	92.59	37.97
Winter 17/18	71.99	38.08	77.94	39.31
Jan-18	70.02	35.97	76.95	37.11

¹ System prices are based on the previous month's Interim Information (II) run data.

P359 AND GENERATION/DEMAND CAPACITY BREACHES²

GC/DC values are submitted each BSC season. During a BSC Season, BSC Parties with BMUs that breach their declared Generation or Demand Capacity (GC/DC) values beyond the BSC permitted tolerances (see table) are contacted by ELEXON. Parties are requested to make a mid-season re-declaration with new GC/DC values for any BMUs that have breached.

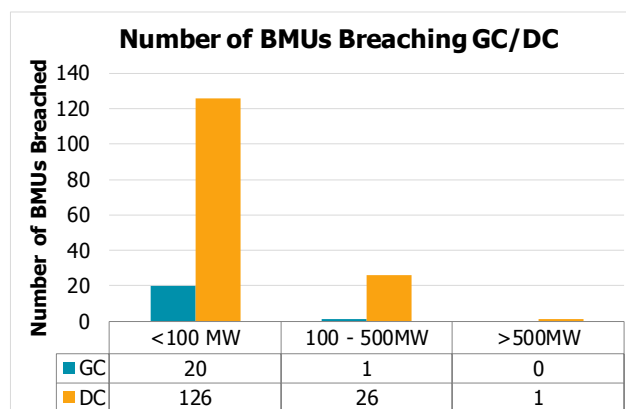
The graph is based on data from the Trading Operations Report (TOR), and shows GC and DC breaches using SF run data. For BMUs with a capacity of below 100MW, 146 out of 1,087 BMUs breached either their declared GC or DC. At the other end of the scale, the single BMU in the greater than 500MW capacity has also breached its permitted DC value.

Frequent breaches indicate a Party needs to re-declare a higher GC/DC value. Currently, this requires ELEXON to contact the BSC Party responsible for the breach and requesting they manually re-declare their GC/DC values.

From the 28 February 2019, BSC Modification P359 will automate the re-declaration of GC/DC values. This will improve the accuracy of GC and DC re-declarations, and remove the need for BSC Parties to have to manually re-declare. Currently the majority of breaches occur where BMUs have a capacity of below 100MW, especially where the BSC Party has declared GC/DC values of 0MW for their BMUs.

See [P359 'Mechanised Process for GC/DC Declarations'](#) webpage for more information on the upcoming modification.

Breach Thresholds	
Declared GC/DC	Limit
<100MW	>2MW
100 - 500MW	2% of declared value
>500MW	>10MW



BALANCING MECHANISM VOLUMES IN DECEMBER³

The total volume of balancing actions taken in the Balancing Mechanism for December was 1,615GWh, a 5.5% increase from November 2018. The majority (68%) of balancing volume in December came from Gas BMUs.

Accepted **Bid** volume increased by 6% from last month. Wind and Coal Bid volumes increased by 15% and 10% respectively, whilst Pumped Storage Bid volume decreased by 8%. Gas Bid volume accounted for 58%, and Wind 17%, of all Bid volume.

Accepted **Offer** volume increased by 5% from November 2018. Biomass, Wind and Hydroelectric Offer volumes increased by 930%, 184% and 125% respectively, but combined these still only account for 2% of total Offer volume. In December, Gas accounted for 79% of Offer volumes, whilst Pumped Storage and Coal combined accounted for 19% of Offer volumes.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Dec-18	Nov-18	Dec-18	Nov-18
Coal	-146,151	-132,481	106,557	76,954
Gas	-517,183	-497,853	575,527	582,833
Hydro	-27,635	-25,266	3,068	1,364
OCGT	0	0	576	1,173
Pumped Storage	-35,507	-38,742	32,257	32,494
Wind	-151,567	-131,422	896	316
Biomass	-9,820	-10,020	8,583	833
Grand Total	-887,862	-835,784	727,464	695,966

TRADING CHARGES IN DECEMBER³

Gross Party Imbalance cashflows were £138m in December 2018, less than £1m below November's Gross Party Imbalance cashflows. Credits for being long increased by £0.95m, whilst debits for being short decreased by £1.63m, between November and December.

Energy Imbalance Volumes increased by 0.8% for Parties for that were long in December, and by 0.4% for those that were short.

December **Offer** cashflow decreased by 2% , but the volume of Offers increased by 5%, compared to the month before. The average price per MWh of Offer volume decreased by 2% to £82.72/MWh.

Net **Bid** cashflow was -£19.24m in December, compared to -£17.28m in November. December Bid cashflow increased by 12.5% for negative Bids, and 11.7% for positive Bids, compared to the month before.

Total Cashflow (£m)	Dec-18	Nov-18	Oct-18	Sep-18
Long Imbalance Charge (Credit)	-68.62	-67.67	-75.27	-60.16
Short Imbalance Charge (Debit)	68.91	70.54	77.02	61.84
RCRC Credit	12.84	14.03	13.81	13.19
RCRC Debit	-12.55	-11.17	-12.07	-11.51
Offer Cashflow	60.18	58.76	87.58	92.82
Bid Cashflow (Positive Bids)	-31.15	-27.88	-25.68	-20.39
Bid Cashflow (Negative Bids)	11.92	10.60	26.19	29.09

² GC/DC values are from the latest month of SF data available on 11 February 2019.

³ Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.