



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.

GENERATION WITH 'OTHER' FUEL TYPE PEAKS IN AUGUST 2020¹

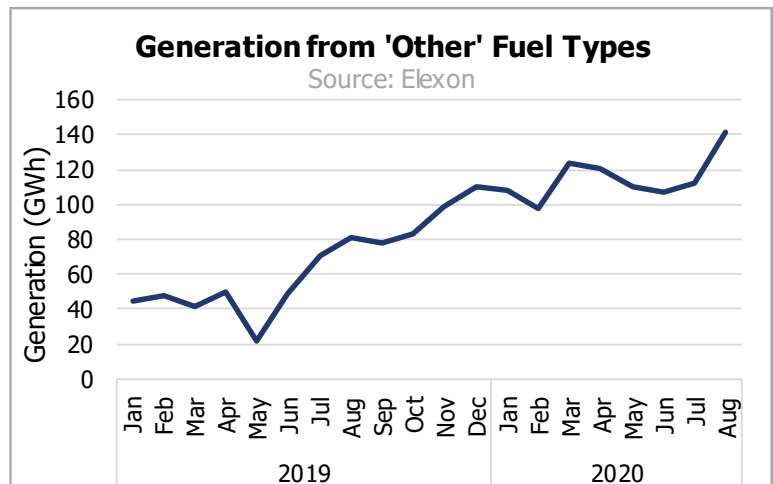
When recording transmission system connected generation, Elexon categorises each Balancing Mechanism Unit (BMU) with a fuel type based on their primary fuel. The 'Other' fuel type category relates to generation in Great Britain where we do not record the fuel type; usually because the fuel type used is not responsible for enough national generation to warrant categorisation. Prior to November 2018, 'Other' contained Biomass BMUs which were separated into their own fuel type as the generation attributed to Biomass grew to significant levels. Currently, the fuel type consists of mostly Battery Storage BMUs.

As shown in the graph, the generation from the 'Other' fuel type has been steadily increasing from January 2019. In August 2020, the total generation from 'Other' BMUs exceeded 140GWh and was 74% greater than August 2019. Despite the growth in generation, the fuel type still only accounted for 0.75% of total transmission system connected generation in August 2020.

The presence of 'Other' BMUs is also seen in balancing actions with July 2020 seeing the largest balancing volume (13GWh) seen since Biomass BMUs were removed from the fuel type in November 2018. See the 'Balancing Mechanism Volumes in July 2020' on the next page.

Total generation increased by 187GWh from July 2020 to August 2020. August 2020 had the highest total monthly generation across all fuel types since March 2020, at the end of which the UK Government introduced national lockdown due to the spread of COVID-19.

Please visit the Elexon website for [Elexon's latest COVID-19 information](#).

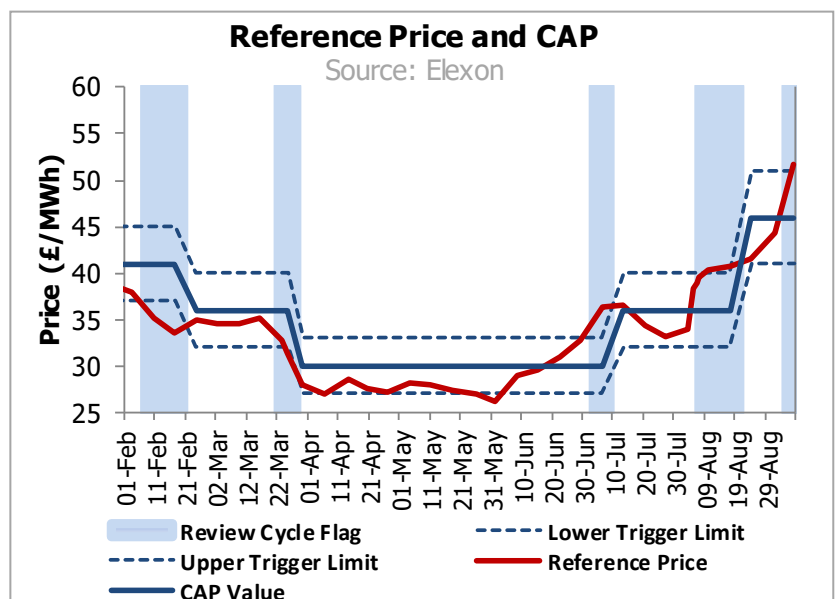


CAP BREACHES UPPER LIMITS IN AUGUST AND SEPTEMBER

The Credit Assessment Price (CAP) is changed when forward prices², used to calculate a reference price, move outside a specified trigger level (currently +/- £4/MWh). The reference price breached the upper trigger level of £40/MWh on 10 August 2020. Following a consultation, in which no responses disagreed with the new CAP value, the CAP is set to increase to £46/MWh on Thursday 10 September 2020 as notified in [Elexon Circular EL03184](#).

Once a new CAP has been notified to industry, the CAP review process resumes using the last notified CAP value. On Monday 7 September 2020, the CAP breached the upper trigger level of £51/MWh for the last notified value of £46/MWh. Elexon released a Circular ([EL03192](#)) notifying industry of the [consultation paper](#) regarding a proposed further increase of the CAP to £56/MWh on 7 October 2020. This would also raise the trigger level to +/- £6/MWh. BSC Parties are invited to respond to the consultation by Tuesday 15 September 2020.

The two recent increases in the CAP follow an increase implemented on 13 July 2020. The increase in forward prices is occurring after the CAP was at its lowest level (£30/MWh from 30 March to 6 July 2020) since 2007. At this time, various measures were being taken by the UK Government to reduce the impacts of COVID-19.



¹ Generation data is taken from the ELEXON Portal from the [Historic Fuel HH](#) webpage.
² Forward Market prices taken from ICIS Heren.

BALANCING MECHANISM VOLUMES IN JULY 2020³

The total volume of balancing actions taken in the Balancing Mechanism (BM) for July 2020 was 2.2TWh, a 7% decrease from June 2020. The majority (82%) of balancing volume in July came from Gas BMUs.

Accepted **Bid** volume in July increased by 25% from last month. 71% of total Bid volume came from Gas BMUs, with 20% coming from Wind and 6% from Pumped Storage BMUs. Bid volume from Gas BMUs increased by 55% (277GWh) from the previous month.

Accepted **Offer** volume in July decreased by 26% compared to last month. Gas accounted for 94% of all Offer volume, with Pumped Storage BMUs responsible for a further 3%.

Bid and Offer volume from Other BMUs were at their highest since the Fuel Type was first categorised in January 2019. Bid volume from Other BMUs increased by 321% from June 2020 to 6,568MWh. Offer volume rose by 410% from June 2020 to 6,129MWh.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Jul-20	Jun-20	Jul-20	Jun-20
Biomass	-9,219	-20,708	9,317	15,119
Coal	0	-220	89	0
Hydro	-25,472	-9,029	11,438	9,277
OCGT	-783	0	1,754	3,762
Other	-6,568	-1,560	6,129	1,202
Pumped Storage	-61,392	-85,010	32,726	51,119
Wind	-215,283	-258,011	1,019	551
Gas	-782,287	-505,512	990,108	1,346,084
Grand Total	-1,101,002	-880,049	1,052,579	1,427,114

SYSTEM PRICES IN AUGUST 2020⁴

Monthly average System Prices for August 2020 were higher when the market was both short (17%) and long (36%), compared to July 2020. The average System Price regardless of length was **£35.67/MWh**; £7.55/MWh higher than July 2020 and the highest monthly average System Price since December 2019 (£38.50/MWh).

System Prices did not exceed £100/MWh during August 2020; the fifth consecutive month where prices have remained below £100/MWh. The highest System Price this month, **£97.75/MWh**, occurred in Settlement Period 41 on 12 August 2020. The price was set by one balancing action from a Coal fuelled BMU priced at £97.75/MWh.

There were no negative System Prices in August 2020, compared to 15 in July. This is the first time there have been no negative prices since July 2019.

The lowest System Price, **£0.00/MWh**, occurred in five Settlement Periods during August. Two of these Settlement Periods occurred during peak times.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Aug-20	47.35	17.83	49.16	18.62
Jul-20	40.32	13.13	42.82	13.72
Jun-20	40.48	10.44	41.83	10.02
Summer 20	42.92	13.61	44.79	14.03
Spring 20	41.47	8.06	44.68	6.87
Winter 19-20	51.85	13.25	55.00	14.85
Autumn 19	55.66	19.04	58.81	21.20
Summer 19	56.81	25.05	60.03	25.20
Aug-19	54.20	22.11	55.69	22.29

TRADING CHARGES IN JULY 2020³

Gross Party Imbalance cashflows were £67m in July 2020, an increase of 3% from June 2020. Debits for being short increased by £1.0m, and credits for being long rose by £0.8m, between June and July 2020.

Gross Party Imbalance Volumes decreased by 6% from June to July 2020. Energy Imbalance Volumes for Parties that were long increased by 15% this month, compared to last month. Energy Imbalance Volumes for Parties that were short decreased by 21%.

July **Offer** volume and cashflow both decreased by 26% and 24% respectively, compared to June. The average price of Offers increased by £1.09/MWh to £46.54/MWh this month.

Net **Bid** cashflow in July 2020 was £16.5m, £8.2m lower than last month (£24.7m in June 2020). This means payment received by Parties for negative Bids were once again significantly higher than payments from Parties for positive Bids.

Total Cashflow (£m)	Jul-20	Jun-20	May-20	Apr-20
Long Imbalance Charge (Credit)	-30.47	-29.64	-26.57	-30.77
Short Imbalance Charge (Debit)	36.96	36.01	33.81	40.97
RCRC Credit	8.28	8.49	8.97	11.61
RCRC Debit	-1.79	-2.12	-1.73	-1.41
Offer Cashflow	48.9	64.74	76.55	65.64
Bid Cashflow (Positive Bids)	-4.59	-1.22	-0.81	-1.18
Bid Cashflow (Negative Bids)	21.12	25.91	25.31	16.03

³ Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.
⁴ System prices are based on the previous month's latest Initial Settlement (SF) & Interim Information (II) run data available.