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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

The [System Price Analysis Report](#) provides data and analysis specific to System Prices and the Balancing Mechanism.

Balancing Volumes in January 2021¹

From this report onwards, this article will contain balancing volumes of Balancing Services Adjustment Actions (BSAAs). BSAAs include, but are not limited to, balancing actions such as system-to-system services, Short Term Operating Reserve actions taken outside the Balancing mechanism and forward contracted energy products. BSAAs provided 35% of balancing volume in 2020. Balancing Volumes are now reported as part of the System Price Analysis Report

The total volume of balancing actions taken in January 2021 was 1.62TWh, a 39% decrease from December 2020. The majority (74%) of balancing volume in January 2021 came from Gas BMUs..

Accepted **Bid** volume in January decreased by 38% from the previous month. 67% of total Bid volume came from Gas BMUs, with 20% coming from BSAAs and 4% from Wind.

Bid volume from Wind and Pumped Storage BMUs decreased by 89 and 70% respectively. Conversely, Battery Storage Bid volume increased by 140MWh to 150MWh from December 2020.

Accepted **Offer** volume in January decreased by 39% compared to the previous month. Gas accounted for 81% of all Offer volume, with BSAAs responsible for a further 9%.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Jan-21	Dec-20	Jan-21	Dec-20
Battery Storage	-150	-10	33	5
Biomass	-15,328	-10,626	5,851	11,269
Coal	-23,618	-27,463	10,357	27,208
Gas	-519,984	-501,339	689,617	1,063,753
Hydro	-5,522	-31,718	5,673	3,428
Other	-4,785	-5,993	22,209	21,806
Pumped Storage	-23,024	-76,524	35,883	32,511
Wind	-30,803	-289,763	498	1,927
BSAA	-153,297	-313,969	78,066	236,033
Grand Total	-776,512	-1,257,406	848,186	1,397,942

Trading Charges in January 2021¹

Gross Party Imbalance cashflows were £267m in January 2021, an increase of 34% from December 2020. Debits for being short increased by £26m, and credits for being long increased by £30m, between December 2020 and January 2021.

Gross Party Imbalance Volumes decreased by 7% from the previous month. Energy Imbalance Volumes for Parties that were long decreased by 5% and 9% for Parties that were short in January.

January 2021 had the highest average system Price since a single System Price was implemented as part of [BSC Modification P305](#) on 5 November 2015. The higher prices caused significant increase in Imbalance cashflows despite a decrease in Imbalance Volumes.

January **Offer** volume decreased by 34% but cashflow increased by 12%, compared to December 2020. The average price of Offers increased by £59.69/MWh to £143.41/MWh.

Net **Bid** cashflow in January was -£11.6m, £32.4m less the previous month (£15.3m in December 2020). A negative net Bid cashflow means payment received by Parties for negative Bids were lower than payments from Parties for positive Bids. January 2021 is the first month there has been a negative net Bid cashflow since November 2019.

Total Cashflow (£m)	Jan-21	Dec-20	Nov-20	Oct-20
Long Imbalance Charge (Credit)	-105.12	-74.65	-46.89	-50.78
Short Imbalance Charge (Debit)	121.7	95.25	56.25	62.18
RCRC Credit	21.94	23.51	12.05	14.82
RCRC Debit	-5.36	-2.9	-2.68	-3.43
Offer Cashflow	107.26	95.45	100.55	84.85
Bid Cashflow (Positive Bids)	-14.21	-8.38	-5.45	-8.05
Bid Cashflow (Negative Bids)	2.65	23.68	53.12	26.73

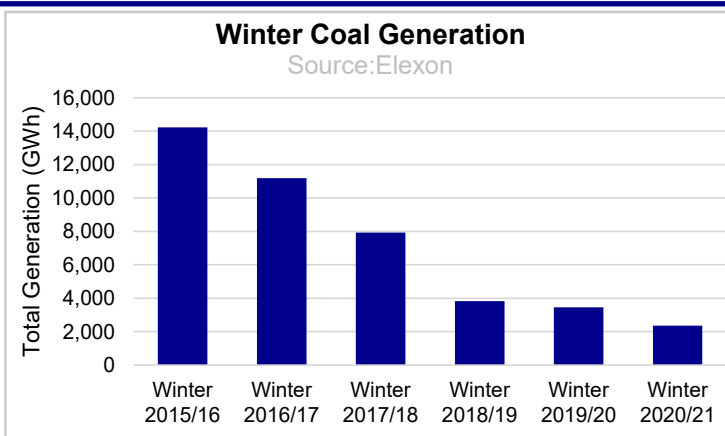
¹ Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

Lowest Winter Coal Generation on Record²

The BSC Winter Season lasts from 1 December to 28 February and requires the most electricity generation of all BSC Seasons. An increase in electricity demand during winter cause coal generation to be called upon during these periods. Winter 2019/20 saw 686% more Coal generated electricity than the average Coal generation of all other 2019 Seasons.

Although Coal generation was higher in the Winter 2020/21 compared to the other 2020 Seasons, the total Winter Coal generation of 2,353GWh was the lowest amount on record.

Coal provided 3.5% of GB Transmission System connected generation throughout Winter 2020/21. This compares to 5% of Winter generation in 2019/20 and 35% in 2015. CCGT and Wind provided the most GB electricity throughout Winter 2020/21; CCGT provided 43% and Wind provided 24%.



First Full Month of Operation for IFA2

The IFA2 Interconnector provided its first GB electricity on 22 January 2021. In February 2021, the IFA2's first full calendar month of operation, it provided 409GWh of electricity. This represented 2% of February 2021 Transmission System connected generation making it the second most productive Interconnector in February 2021.

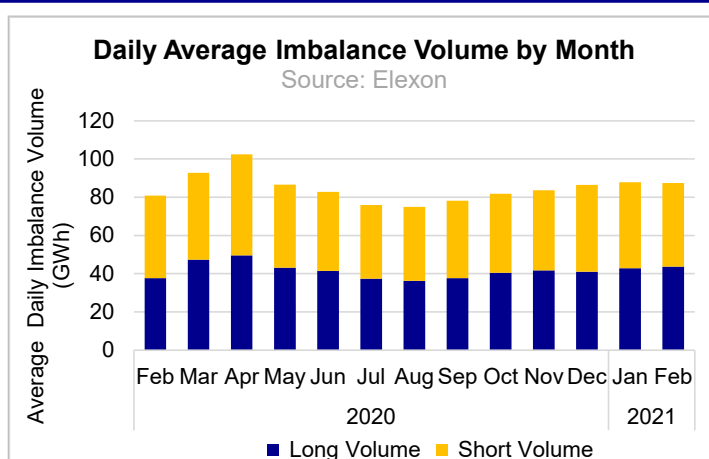
IFA2 is the second connection between the electricity markets of Great Britain and France. It has an capacity of 1GW, and brings the total volume of energy that can be transmitted between these two markets to 3GW.

Imbalance Volumes Increase During January and February 2021

The average of daily Imbalance Volume in January (88GWh) and February 2021 (87GWh) was the highest since April 2020 (102GWh). February 2021 Imbalance Volumes are 9% higher than in February 2020 (80GWh).

In April 2020, when the first National Lockdown was implemented, Imbalance Volumes were 15% higher than February 2021. During the January and February 2021 National Lockdown Imbalance Volumes have been less impacted by government restrictions causing changes to electricity demand.

There is also a seasonal trend in Energy Imbalance Volumes, then tend to decrease in the summer months and increase in Autumn and Winter. This seasonal will also have influenced February 2021 Imbalance Volumes.



System Prices in February 2021³

Monthly average System Prices for February 2021 were lower when the market was both short (31%) and long (22%), compared to January. The average System Price regardless of length was **£52.25/MWh**; £25.23/MWh lower than January 2021 and the third highest average System Price in the past year.

System Prices exceeded £100/MWh on 31 occasions during February 2021. The highest System Price this month, **£725/MWh**, occurred in Settlement Period 43 on 10 February 2021. The price was set by three Offers from a Coal BMU and one Offer from a CCGT BMU.

There were 17 negative System Prices in February 2021, after none in January. The lowest System Price, **-£60/MWh**, occurred in Settlement Period 8 on 17 February and Settlement Period 22 on 23 February 2021. On 17 February, the price was set by four Offers from a CCGT BMU and, on 23 February, by nine Offers from a different CCGT BMU.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Feb-21	76.56	26.89	81.56	28.55
Jan-21	110.71	34.64	124.2	37.78
Dec-20	82.75	21.41	94.92	25.69
Winter 20-21	90.62	27.9	100.89	31.12
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
Feb-20	46.1	11.1	48.03	12.05

² Generation data is taken from the Elexon Portal from the [Generation by Fuel Type - Historic HH](#) webpage.

³ System prices are based on the previous month's latest Initial Settlement (SF) & Interim Information (II) run data available.