

CIRCULAR

TYPE & NUMBER ELEXON Circular – EL02901

Date 26 October 2018

To BSC Parties

From BSC Operations

Purpose For information

Implementation of Dynamic LoLP for P305 Stage 2

What is happening?

On 1 November 2018, Approved Modification P305 'Electricity Balancing Significant Code Review Developments' Stage 2 will be implemented. Because National Grid send ELEXON Loss of Load Probability (LoLP) data for up to 80 Settlement Periods in a single file, it is not possible to cut over from 'static' LoLP to 'dynamic' LoLP via a 'big bang' implementation at midnight on **1 November 2018**. As a result, an alternative transitional approach is necessary.

National Grid will start sending 'dynamic' LoLP data to the Balancing Mechanism Reporting Service (BMRS) from 12:00 on Tuesday 30 October, because this file will be the first to include Settlement Periods for **1 November 2018**.

From this time, BMRS will only receive and display 'dynamic' LoLP data. In particular, National Grid will begin sending, and BMRS will publish 'dynamic' LoLP values for the '12:00 forecast', the '8 hour forecast', the '4 hour forecast' and the '2 hour forecast', as well as the Final LoLP value at Gate Closure. The Reserve Scarcity Price for all Settlement Periods from, and including, the period starting from **13:00 on 30 October 2018** will be derived from a 'dynamic' LoLP value.

The method for calculating and publishing De-Rated Margin (DRM) data is not changing for P305 Stage 2.

How will I be affected by the introduction of P305 Stage 2?

As well as the transition from calculating, publishing and using 'static' to 'Dynamic' LoLP, P305 Stage 2, which will be fully implemented on **1 November 2018**, will **also** amend the following items delivered in Stage 1:

- Value of Lost Load (VoLL) will be set at £6,000/MWh; and
- Price Average Reference (PAR) will be reduced to 1MWh.

You will not need to change your systems, as there are no changes to the structure or format of files and interfaces amended or introduced for P305 Stage 1.

This means that on **1 November 2018**:

- The new values of PAR and VoLL take effect;
- These values will be used in the calculation of the Indicative Price for SP01 on that Settlement Day; and
- The new values will be used for all subsequent Settlement Periods and Settlement Runs (including II) for SP01 on **1 November 2018** onwards.

Please refer to the [P305 Final Modification Report](#) for full details of all changes for P305.

Want to know more?

For more information on this Circular, please email market.operations@elexon.co.uk.