BSC Panel 241: June 2015
Reporting periods: April 2015 and May 2015

ELEXON

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 Operation 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.

SYSTEM PRICES

Monthly average System Buy (SBP) Prices for May 2015[1] have increased from the previous month, while average System Sell Prices (SSP) have shown a decrease.

Average peak SBP was greater than the monthly average by 1.1% and that was the smallest positive premium since 2001. Average peak SSP exceeded the average by 3.2%. The SBP exceeded £100/MWh at one instance only reaching a maximum of £106.72/MWh in Settlement Period 43 on 7 May.

Negative SSP's appeared on 6, 9, 11, 16 and 17 May in 22 Settlement Periods in total. The lowest SSP was -£61.81/MWh in Settlement Period 32 on 16 May. This led to a low daily average of £14.51/MWh. Five wind farms (Whitelee, Blacklaw and Clyde Central, North and South), one coal power plant (West Burton) and one coal power station co-fired with biomass (Drax) submitted negatively-priced Bids that National Grid accepted to balance the system and these set the negative SSP.

This is the third consecutive month since February 2015 that notes a decrease in monthly average SSP. This mirrors the trend towards lower SSP's during the summer period.

	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
Period	**SBP**	**SSP**	**SBP**	**SSP**
May 15	46.08	34.75	46.60	35.85
Apr 15	44.90	35.65	45.83	36.00
Mar 15	45.07	36.25	48.15	37.70
Winter 14/15	48.36	37.36	54.72	41.39
Autumn 14	52.39	39.86	59.48	43.31
Summer 14	41.04	31.18	44.13	32.64
Spring 14	46.79	36.81	50.22	38.51
Winter 13/14	54.03	41.84	61.43	46.03
May 14	44.11	34.70	46.67	35.86

Month	Count of SBP >£100/MWh	Max SBP (£/MWh)	Count of SSP<£0/MWh	Min SSP (£/MWh)
May-15	1	106.72	22	-61.81
Apr-15	0	84.32	6	-36.78
Mar-15	8	126.22	2	-4.53
Feb-15	33	173.71	0	20.04
Jan-15	12	149.53	16	-35.26
Dec-14	8	132.36	13	-57.26
Nov-14	28	183.69	0	10.45
Oct-14	67	429.10	0	1.09
Sep-14	35	138.70	0	18.53

BALANCING VOLUMES

In April 2015[2] gas delivered 65.2% of the accepted Offers by volume, followed by coal with 30.9%. Gas and coal Offer volumes decreased from the previous month by 296.2 GWh and 83.1 GWh respectively. This caused a decrease in the total accepted Offers by volume from 868.3 GWh in March to 477.8 GWh in April.

	Bid Volume (MWh)		Offer Volume (MWh)	
Fuel Type	**Apr-15**	**Mar-15**	**Apr-15**	**Mar-15**
Coal	-524,736	-598,265	147,552	230,649
Gas	-430,161	-338,637	311,643	607,837
Hydro	-8,733	-30,088	192	1,349
OCGT	0	0	0	0
Oil	0	0	0	0
Pumped	-35,774	-49,375	18,091	28,112
Wind	-23,152	-90,341	287	316
Total	-1,022,556	-1,106,705	477,766	868,264

The total accepted Bids by volume also decreased from 1,106.7 GWh in March to 1,022.6 GWh in April; that was an 84.1 GWh decrease. That was largely due to a decrease in the accepted Bids by volume of coal and wind by 73.5 GWh and 67.2 GWh respectively.

The total volume of balancing actions was 1,500.3 GWh in April and that was a 24.0% (or 474.6 GWh) decrease from the total volume of balancing actions in March. A four-year trend of balancing volumes shows that in April 2015 these were normal for the spring period.

[1] System prices are based on the previous month's Interim Information (II) run data.
[2] Balancing volumes appear as per the latest month with Initial Settlement (SF) run data available.

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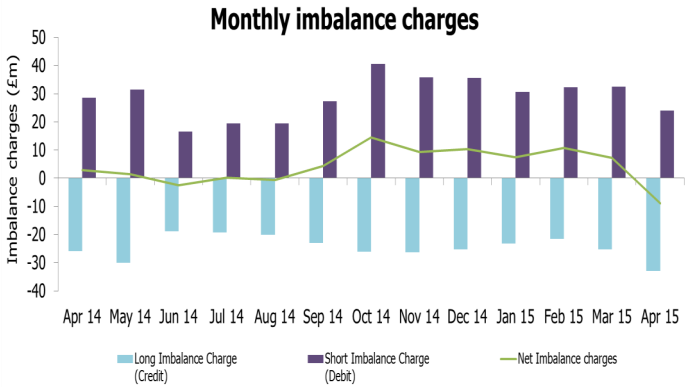
TRADING CHARGES

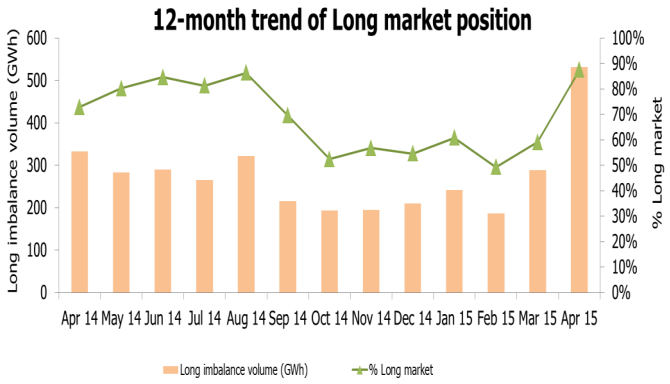
Gross imbalance cash flows have decreased from £57.6m in March 2015 to £56.9m in April 2015[3]. That was due to a decrease from the previous month in debits for being short. Short imbalance volumes decreased from March to April by 124.3 GWh (or 62.2%) and this led to the decrease in the short imbalance cash flow.

Despite the fall in system prices from March to April, the increase in the long imbalance cash flow was largely due to an increase in the long imbalance volume by 84% (or 242.GWh) from the preceding month.

Total Cash Flow (£m)	Apr-15	Mar-15	Feb-15	Jan-15
Long Imbalance Charge (Credit)	-32.87	-25.17	-21.55	-23.23
Short Imbalance Charge (Debit)	24.05	32.42	32.32	30.57
RCRC Credit	7.15	15.32	15.86	13.01
RCRC Debit	-15.97	-8.07	-5.09	-5.67
Offer Cash Flow	32.45	56.20	52.16	62.44
Bid Cash Flow (Positive Bids)	-29.92	-27.09	-22.02	-17.90
Bid Cash Flow (Negative Bids)	2.30	7.10	4.96	12.25

In April 2015 credits (in absolute terms) were greater than debits for the first time since August 2014, resulting in a net imbalance cash flow of -£8.82m (the lowest for the past 12 months). That month long imbalance volume reached its maximum for the past four years (since April 2011 when long imbalance volume was 605.7 GWh) at 531.2 GWh and the market had an 88% long imbalance volume. This was mainly attributed to Trading Parties' consumption accounts which incurred a total long imbalance volume of 649 GWh.





Negative Residual Cashflow Reallocation Cashflow (RCRC Debit) also noted its minimum for the past 12 months at -£15.97m. That was the third lowest RCRC debit ever noticed (following a RCRC debit of -£20.14m in April 2011 and -£17.77m in March 2011).

The Offer cash flow has decreased from £56.2m in March to £32.5m in April due to less accepted Offers that month (see page 1). Net Bid cash flow increased from -£20.0m in March to -£27.6m in April. That was because the Bid cash flow associated with negative Bids decreased between the two months from £7.1m in March to £2.3m in April.

NEW SECALF PARAMETER TO REFLECT £5.9M OF GENERATION

A new parameter, the Supplier Export Credit Assessment Load Factor (SECALF) will be introduced on 25 June 2015. This new parameter will allow SECALF qualifying BM Units to reflect their export in the first five working days of the 29 day Credit Cover Percentage calculation. Currently, they have zero export volumes reflected. To qualify, BM Units must be Supplier BM Units, with a positive Generation Capacity and zero Demand Capacity.

Summer Generation Capacities have been registered for all qualifying BM Units, totalling 2.4 GW. Further, the Imbalance Settlement Group has determined that a Generic SECALF value of 0.2700 applies to all BM Units in the first BSC Season of operation (Summer 2015). The two parameters combined will include £5.9m of energy in the first five working days (or eight calendar days) in the Credit Cover Percentage calculations.

SECALF is a product of Modification P310 'Revised Credit Cover for Exporting Supplier BM Units'. For more information please visit the Modification webpage or contact us at credit-default@elexon.co.uk.

[3] Trading charges appear as per the latest month with Initial Settlement (SF) run data available.

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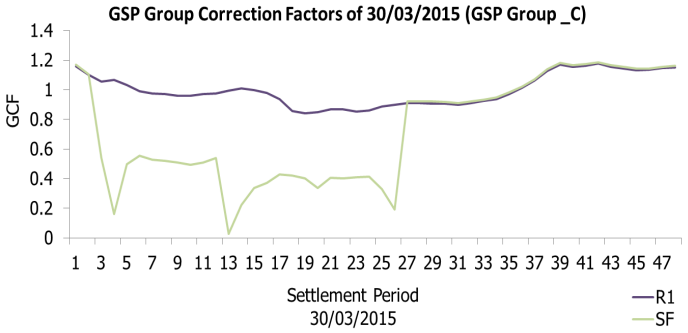
UPDATE: GSP GROUP CORRECTION FACTORS OF 30/03/2015 BACK TO NORMAL LEVELS

Further to our report last month, low GSP Group Correction Factors (GCFs) with a daily average of 0.7 and a minimum value of 0.03 appeared on 30 March 2015 in London GSP Group (_C) based on data at the Initial Settlement Run (SF).

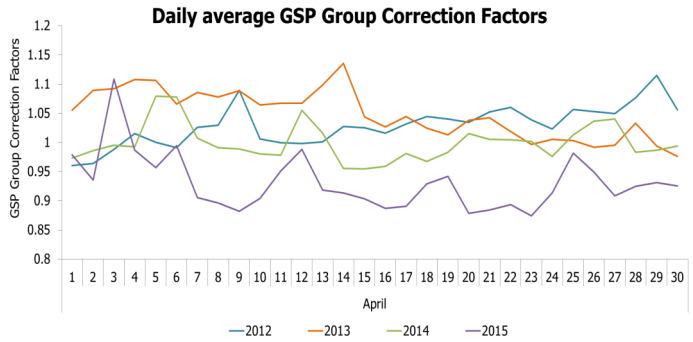
These abnormally low values were attributed to incorrect import half-hourly data for a single site. The Party involved rectified the issue and correct metered data were submitted for the First Reconciliation Run (R1).

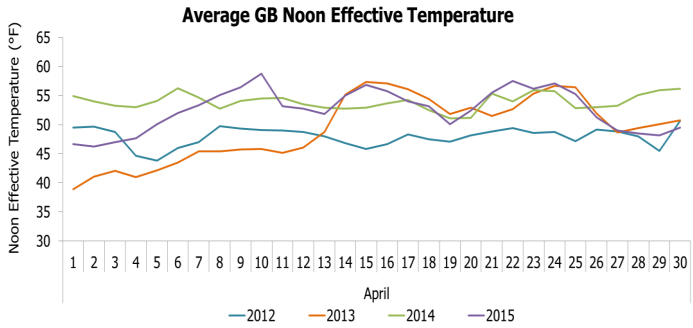


Suppliers who were impacted by the low GCFs at SF have had their Imbalance Charges reconciled at R1 using the corrected GCFs. Total daily gross energy imbalance volume across all Trading Parties' consumption accounts decreased from 50.10 GWh at SF to 36.46 GWh at R1.

LOW GSP GROUP CORRECTION FACTORS IN APRIL 2015

There has been a noticeable reduction in the average GSP Group Correction Factors (GCFs) for April 2015 compared to the same month of the previous three years. Below are some observations that explain this decrease.





South Scotland (_N) GSP Group

In this region there is a trend for low GCFs during the night period between Settlement Periods 3-16. This area is known for its large number of Teleswitch customers whose storage load gets switched on at different patterns during the night. Due to warm weather in April 2015 it is likely that storage and heating load did not turn on, but profiles did not capture this. As a result consumption was overestimated for that period and low GCFs occurred in a need to scale Suppliers' estimated energy down to match the actual GSP Group Take in this region.

North Scotland (_P) GSP Group

Low GCFs were particularly evident in April 2015 mainly in North Scotland (_P) GSP Group. On 8 April the lowest value that occurred in _P was 0.5942, leading to daily average of 0.7591. On 22 April the daily average was 0.7090, the lowest for the month, with a minimum GGCF of 0.5545 (the lowest for the month as well). GSP Group _P is known for its high wind generation, which causes this distribution region to be heavily exporting. This reduces the GSP Group Take and results in unusually low GCFs.

Temperature effect

Another trend in April 2015 was for average GCFs below 0.9 to appear between Settlement Periods 19-32. This is the result of increased photovoltaics generation mainly in South West (_L), but also in Southern (_H), London (_C) and South Wales (_K), GSP Groups. In relation to that, we believe temperature was a big contributor to April's low correction factors. The load profiles effective from 1 April 2015 were based on experience (i.e. consumption data) of the previous three years. That month was warmer relative to the previous years, and this led to lower demand which was overstated by the existing profiles, leading to low average GCFs. The lowest daily average GCFs occurred on 9, 20 and 23 April at 0.8823, 0.8786 and 0.8741 respectively.

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INACCURATE TRANSMISSION LOSS MULTIPLIERS AT II

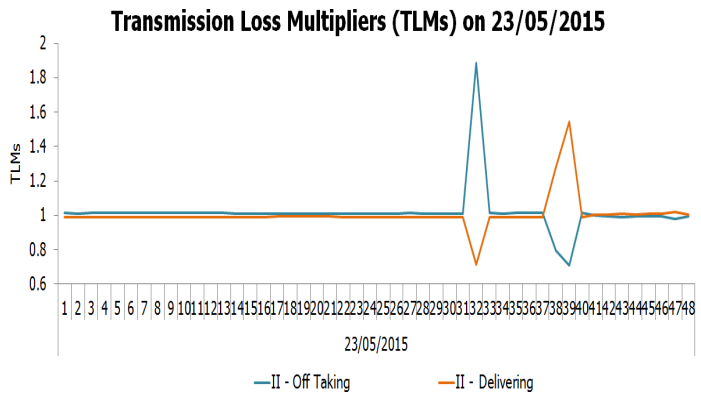
Inaccurate Transmission Loss Multipliers (TLMs) appeared on Settlement Dates 23 and 24 May 2015 at the Interim Information (II) Settlement Run.
More specifically:

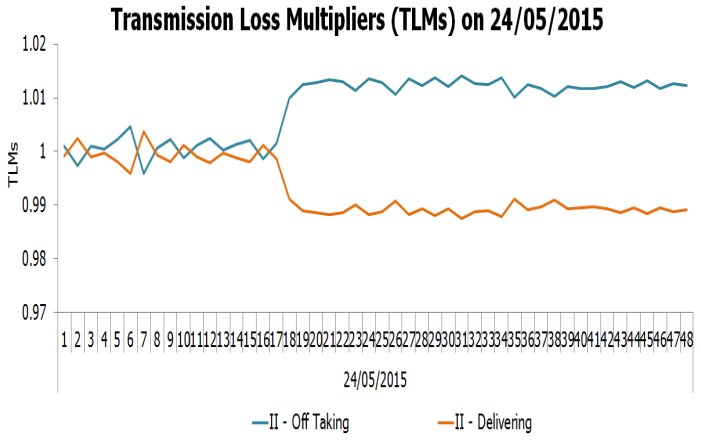
- Abnormally high Offtaking and low Delivering TLMs appeared on Settlement Period 32 on 23 May;
- Abnormally low Offtaking and high Delivering TLMs appeared on Settlement Periods 38-39 on 23 May;
- Reverse TLMs (Offtaking TLMs lower than 1 and Delivering TLMs greater than 1) occurred between Settlement Periods 41-48 on 23 May and on Settlement Periods 2, 7, 10 and 16 on 24 May;
- TLMs returned to normal from Settlement Period 17 on 24 May.

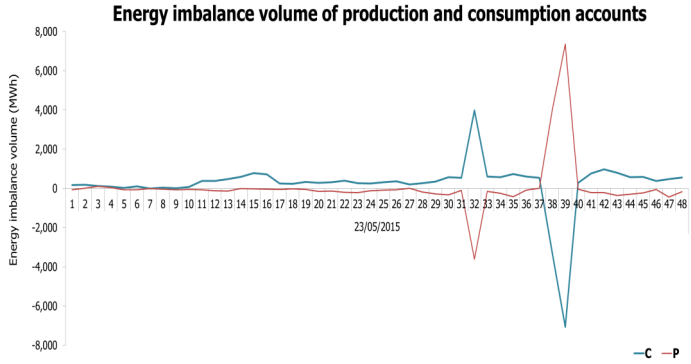
The issues were caused by metering failures on four Central Volume Allocation BM Units. Erroneous data was used in the II Settlement Run and resulted in the inaccurate TLMs.

The TLMs have reversed which resulted in Offtaking Trading Units having their metered volume scaled down and Delivering Trading Units having their metered volume scaled up.

The overall TLM issue affected Trading Parties' credited energy and as a result their imbalance volumes and imbalance charges. However, that was identified at an early stage at the II Settlement Run, which gives indicative information. There are no BSC invoices associated with the II Run. Correct metered data will appear at the Initial Settlement (SF) Run for which Parties will receive their first Trading Charges for the above two Settlement Dates.







Our 20th BSC Operations Headline Report!

Our June report is the 20th issue of the BSC Operations Headline Report following its introduction in November 2013. If you would like to suggest any other analysis for our report, or want to provide feedback please email the Market Analysis Team.

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