

# CIRCULAR

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**TYPE & NUMBER** ELEXON Circular – EL02337

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**Date** 26 November 2015  
**To** BSC Parties and other interested parties  
**From** ELEXON  
**Purpose** For information

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## Issue with National Grid's calculation and reporting of De-rated Margin and Loss of Load Probability data

### What is happening?

There is an ongoing issue with the National Grid systems used to generate the De-rated Margin (DRM) values which are published on Balancing Mechanism Reporting Services (BMRS) and feed through into the calculation of Loss of Load Probability (LoLP) values and Reserve Scarcity Prices (RSP).

The values of DRM and LoLP published today erroneously forecast considerable shortages in system margin (e.g. in the 12:00 and 8 hour ahead forecasts for Settlement Periods 37 and 38). National Grid is currently investigating the source of the problem but can confirm that current system margins are healthier than these published DRMs.

Until National Grid identifies and resolves the source of the problem, it will continue reporting potentially incorrect values of DRM and LoLP to the BMRS.

### How will I be impacted?

Corresponding LoLP values are being over calculated, which will impact the Reserve Scarcity Price used by the Balancing Mechanism Reporting Agent (BMRA) to calculate Indicative System Prices. In particular, if National Grid dispatched Short Term Operating Reserve (STOR) during any affected Settlement Period, related System Actions may be re-priced equal to an RSP based on erroneous DRM and LoLP data.

ELEXON is monitoring the situation and will provide further details to Parties of any adverse effects on Imbalance Prices and any corrective action that National Grid or ELEXON may need to take to ensure the Settlement Administration Agent (SAA) calculates Imbalance Prices using correct LoLP data as part of the Initial Settlement run (SF).

Therefore, assuming that LoLP data is corrected in time for the SF run, Parties' Imbalance Charges will not be affected by the issue currently being investigated.

### Do I need to take any further action?

Parties are not required to take any action.

National Grid is investigating the problem and looking to resolve it as soon as possible. In addition, ELEXON is monitoring Imbalance Prices and working with National Grid to ensure that any corrective action is taken in a timely manner to prevent or limit any impacts on Parties.

We will provide additional information on this issue as soon as we are able to.

For more information, please contact Nicholas Rubin ([nicholas.rubin@elexon.co.uk](mailto:nicholas.rubin@elexon.co.uk)) or Leon Walker ([leon.walker@nationalgrid.com](mailto:leon.walker@nationalgrid.com)).