

# CIRCULAR

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**TYPE & NUMBER** ELEXON Circular – EL02340

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**Date** 27 November 2015  
**To** BSC Parties and other interested parties  
**From** ELEXON  
**Purpose** For information

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## Update on 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 erroneously forecast considerable shortages in system margin for 26 November 2015 (e.g. in the 12:00 and 8 hour forecasts for Settlement Periods 37 and 38). National Grid is still investigating the source of the problem but can confirm that current system margins are healthier than these published DRMs.

In light of its ongoing investigation, National Grid, in consultation with ELEXON, has decided to stop sending potentially erroneous DRM and LoLP values until this issue has been resolved.

Until National Grid identifies and resolves the source of the problem, zero values for LoLP will be assumed in the calculation of system prices. Suspending the sending of DRM and LoLP data means that the BMRS will not publish this data until National Grid resumes sending it.

### How will I be impacted?

For as long as National Grid does not send LoLP and DRM data, the Balancing Mechanism Reporting Agent (BMRA) and Settlement Administration Agent (SAA) will assume zero LoLP values, which will mean the RSP, used to calculate System Prices is also zero. In particular, if National Grid dispatched Short Term Operating Reserve (STOR) during any affected Settlement Period, related System Actions will continue to be priced according to the original Offer Price.

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 SAA calculates Imbalance Prices using correct LoLP data as part of Settlement Runs.

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

Parties are not required to take any action.

National Grid is investigating the problem and is looking to resolve it as soon as possible. This is a priority to resolve. 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)).