

Balancing Services Adjustment Data (BSAD) Methodology Issues

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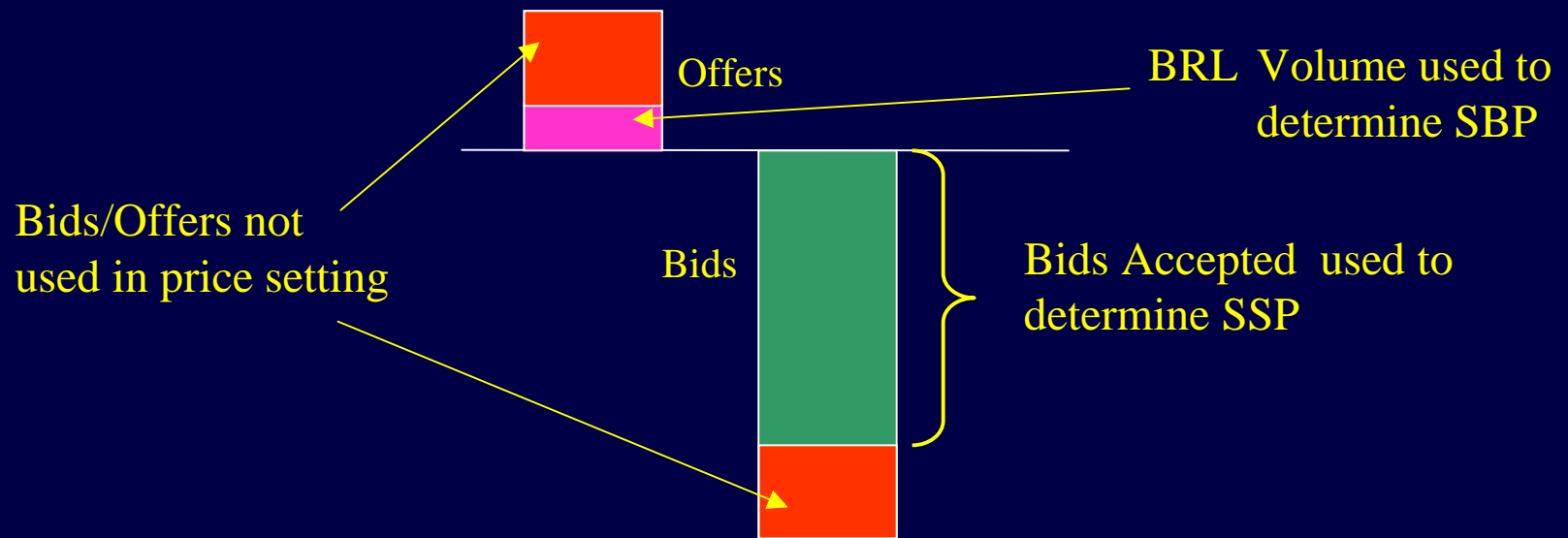
- ◆ **Existing Arrangements**
- ◆ **Aims & Concept of P78**
- ◆ **Changes to BSAD Methodology**
- ◆ **Summary**

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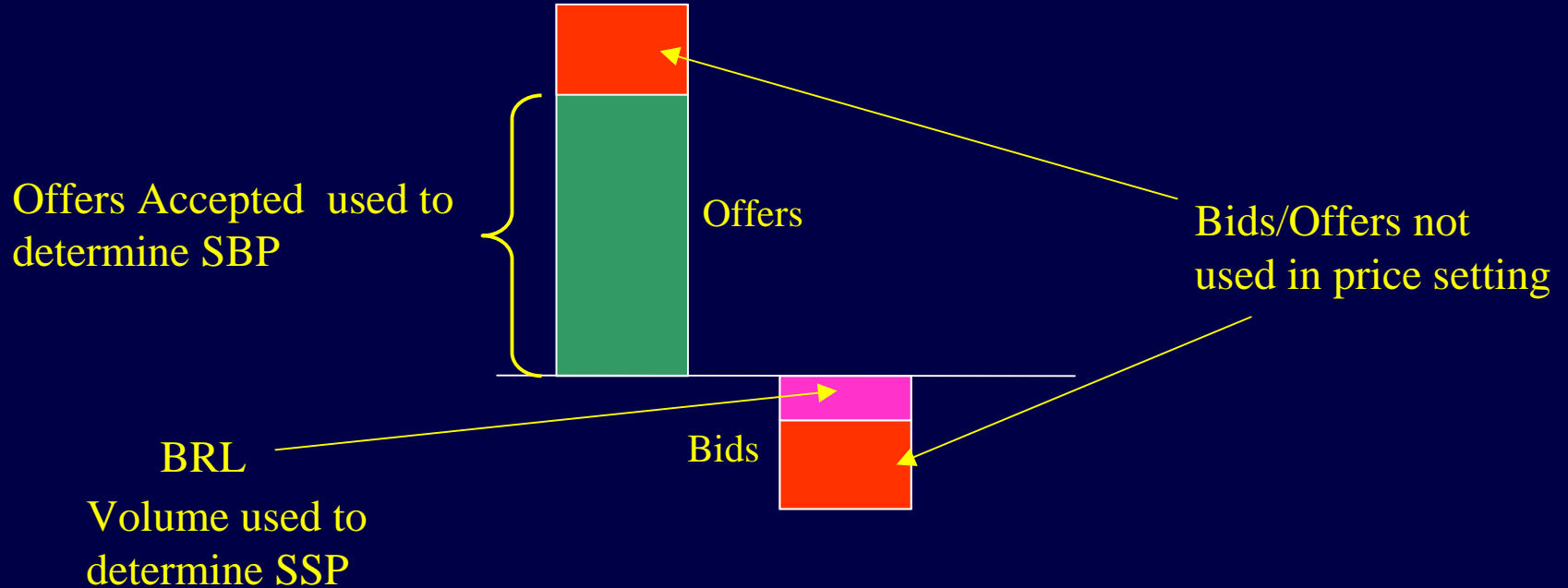
Existing Arrangements

Long Market



Existing Arrangements

Short Market



Existing Calculation of SBP

$$\text{SBP} = \frac{\text{Total Cost of Accepted Energy Offers} + \text{Forward Energy Cost}}{\text{Total Volume of Accepted Energy Offers} + \text{Forward Energy Volume}} + \frac{\text{Option Costs}}{\text{Option Volume}}$$

Existing Calculation of SBP

$$\text{SBP} = \frac{\text{Total Cost of Accepted Energy Offers} + \text{BCA}}{\text{Total Volume of Accepted Energy Offers} + \text{BVA}} + \text{BPA}$$

Existing Imbalance Prices

$$SBP_j = \frac{\{\sum_i \sum^n \{QAPO_{ij}^n * PO_{ij}^n * TLM_{ij}\} + BCA_j\}}{\{\sum_i \sum^n \{QAPO_{ij}^n * TLM_{ij}\} + BVA_j\}} + BPA_j$$

$$SSP_j = \frac{\{\sum_i \sum^n \{QAPB_{ij}^n * PB_{ij}^n * TLM_{ij}\} + SCA_j\}}{\{\sum_i \sum^n \{QAPB_{ij}^n * TLM_{ij}\} + SVA_j\}} + SPA_j$$

Balancing Services Adjustment Data

- ◆ **There are six BSAD variables:-**
 - ◆ **BVA Buy Price Volume Adjustment**
 - ◆ **SVA Sell Price Volume Adjustment**
 - ◆ **BCA Buy Price Cost Adjustment**
 - ◆ **SCA Sell Price Cost Adjustment**
 - ◆ **BPA Buy Price Price Adjustment**
 - ◆ **SPA Sell Price price Adjustment**

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Aims of P78

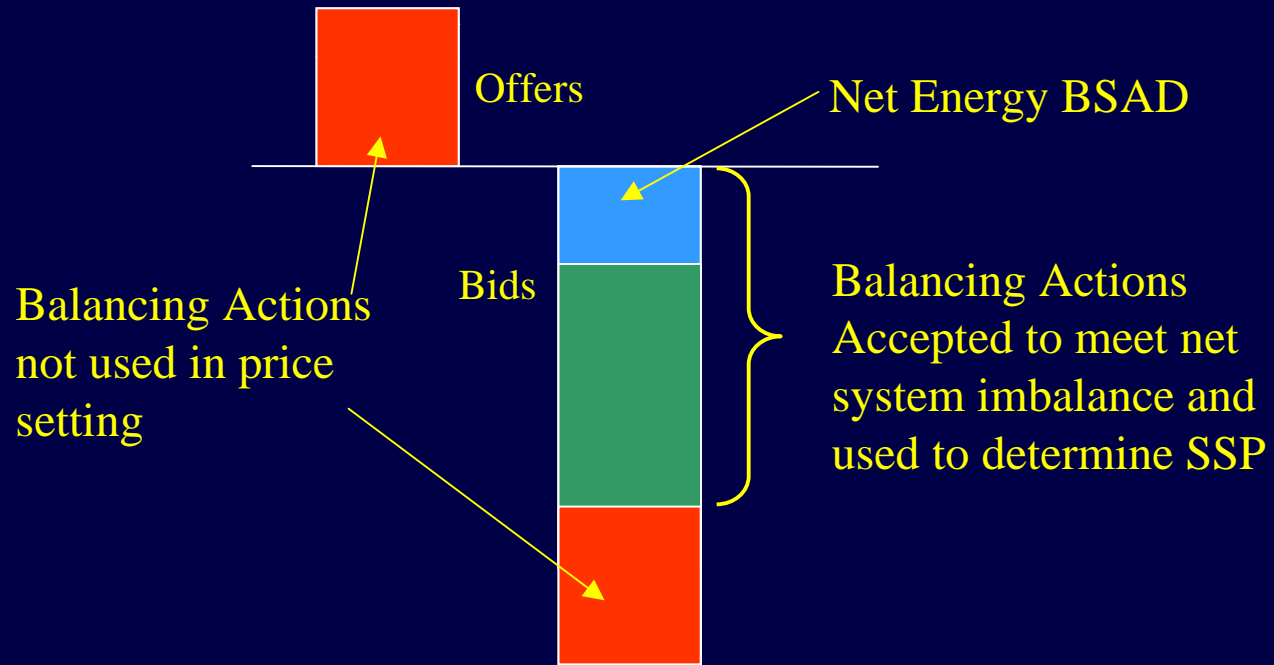
- ◆ **Change existing flawed rules**
 - currently leading to high and volatile SBP's
- ◆ **SBP/SSP should be more cost-reflective**
 - length of market should be included
- ◆ **Remove system effects from reverse price**
 - reverse price to be based on 'Market Price'

Market Price

- ◆ **Neutral in effect (no benefit gained from being in imbalance against contracting ahead)**
- ◆ **Methodology to be based upon Power Exchange prices**
- ◆ **Market Indices Data Providers are currently being assessed**

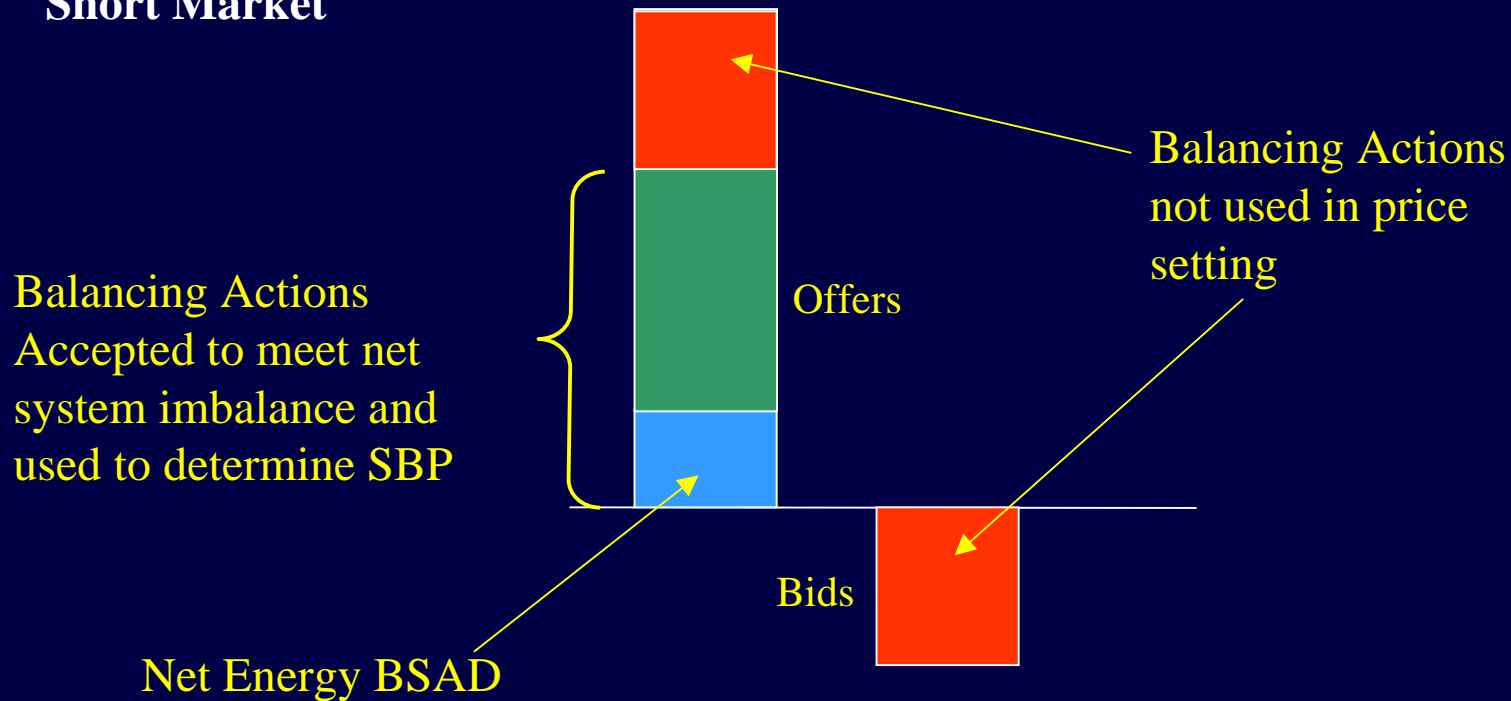
Concept of P78

Long Market



Concept of P78

Short Market



Calculation of SBP under P78

In a Long Market

$$SBP = \text{“Market Price”}$$

In a Short Market

$$SBP_j = \frac{\{\sum_i \sum^n \{QAPO_{ij}^n * PO_{ij}^n * TLM_{ij}\} + UEBCA_j\}}{\{\sum_i \sum^n \{QAPO_{ij}^n * TLM_{ij}\} + UEBVA_j\}} + BPA_j$$

Calculation of SBP under P78

In a Long Market

$$\text{SBP} = \text{“Market Price”}$$

In a Short Market

$$\text{SBP} = \text{Volume weighted average of Offers/Buy trades to meet net system imbalance}$$

Calculation of SSP under P78

In a Long Market

SSP = Volume weighted average of Bids/Sell trades
to meet net system imbalance

In a Short Market

SSP = “Market Price”

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Consequences of New BSAD

- ◆ **In order to calculate market length:**
 - ◆ **Net volumes of all forward trading will be included in BSAD submission, however,**
- ◆ **In order calculate imbalance prices:**
 - ◆ **System BSAD will not include a price (SBP/SSP prices represent the impact of energy balancing only)**

Balancing Services Adjustment Data

- ◆ **There will be eight BSAD variables:-**
- ◆ **SBVA Net Buy Price Volume Adjustment (system)**
- ◆ **SSVA Net Sell Price Volume Adjustment (system)**

- ◆ **EBVA Net Buy Price Volume Adjustment (energy)**
- ◆ **ESVA Net Sell Price Volume Adjustment (energy)**
- ◆ **EBCA Net Buy Price Cost Adjustment (energy)**
- ◆ **ESCA Net Sell Price Cost Adjustment (energy)**
- ◆ **BPA Buy Price Price Adjustment**
- ◆ **SPA Sell Price Price Adjustment**

BSC/BSAD Interaction

- ◆ **BSC/BSAD interaction issues managed in a timely manner**
- ◆ **Eg. BSAD Consultation for P78**
 - ◆ **Assessment report to BSC Panel - 18/07/02**
 - ◆ **Following initial indication of approval BSAD consultation issued on 23/07/02 for 14wd**
 - ◆ **Recommendation from BSAD consultation sent to Ofgem on 09/08/02**
 - ◆ **Modification recommendation confirmed by BSC Panel on 15/08/02 and sent to Ofgem on 16/08/02**
 - ◆ **Ofgem made combined decision on 09/09/02**

Maintaining Transparency

- ◆ Net BSAD reduces transparency
- ◆ National Grid will continue to publish gross BSAD values
- ◆ Collated BSAD data will be available for download

BSAD DATA	Filename	Period e.g. 1/4/01 to 31/3/02					
Date	Settlement Period	BCA (£)	BVA (MWh)	SCA (£)	SVA (MWh)	BPA (£/MWh)	SPA (£/MWh)
01/04/02	1	0	0	0	0	0	0
01/04/02	2	0	0	0	0	0	0
01/04/02	3	0	0	0	0	0	0
01/04/02	4	0	0	0	0	0	0
						
01/04/02	48	0	0	0	0	0	0
02/04/02	1	0	0	0	0	0	0
02/04/02	2	0	0	0	0	0	0
02/04/02	3	0	0	0	0	0	0
02/04/02	4	0	0	0	0	0	0
	...						
02/04/02	48	0	0	0	0	0	0

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Summary

- ◆ **P78 introduces concept of Market Length**
- ◆ **Net volumes (system & energy) required in BSAD**
- ◆ **Gross BSAD will continue to be reported**
- ◆ **P78 and BSAD Methodology changes approved by the Authority for implementation on 25 February 2003**