

Modification Proposal 10 – Eliminating Imbalance Price Spikes caused by truncating effects - NGC (2nd May 2001)

Aim:

- Modification Report to Ofgem by close of play Friday 11th May (Report phase completed)

Issue:

- Removal of Price spikes in System Buy Price caused by spurious Bid/Offer Acceptances as a result of NGC truncating instructions to whole minutes or integer volume of megawatts.

Justification:

- Improves transparency in the calculation of system buy and sell prices, and thereby better meets objective of “promoting efficiency in the implementation and administration of the balancing and settlements agreement”
- Spurious high prices may affect participants trading in imbalance market;
- Incidences have occurred and future incidents may occur.

Urgency:

- NGC have recommended that this Modification Proposal be treated as Urgent. The need for urgent resolution is supported by the Panel and ELEXON.

Process:

1. ELEXON: **Friday 4th – Tuesday 8th May**
 - evaluate proposal and options (plus any other options), send to Logica for assessment
 - agree process and timetable with Panel Chairman (including Mods group membership propose use P3 Mods Group and invite Panel member Tony Bramley as sponsor and confirm budget for assessments)
 - agree process and timetable with Ofgem
 - Justin Andrews (lead, mods group) -John Lucas (report), Gwilym Rowlands (data), Richard Haigh (initial context)
2. Modifications Group (using Mods Group P3, invite attendees) – **Wed. 10.00hrs 9th May:**
 - Review proposal
 - Review identified solutions, impacts on central processes, systems, trading parties
 - Agree way forward
3. Issue consultation to Trading Parties on agreed solution – **by 18:00hrs Wednesday 9th May**
4. Consultation - **comments back by 08:00hrs Friday 11th May**
5. Collate responses – issue report to Ofgem – **by 18:00hrs Friday 11th May**
6. If required, presentation, explanation and discussion of report with Ofgem – **a.m. Monday 14th May**

Possible Solutions (all these need to be assessed for impact on Trading Arrangements and ELEXON working procedures) (Initial view is that only impacts BMRA and SAA software)

- Options 1,2 within Proposal
- 2 further variants identified based on options in Proposal

Timetable

Mod Proposal	Mon 7 th	Tue 8 th	Wed 9 th	Thu 10 th	Fri 11 th	Sat 12 th	Sun 13 th
P10	-	Elexon analysis	Mods Gp meeting Report	Consult	Collate Issue Report to Ofgem	-	-
	Mon 14 th	Tue 15 th	Wed 16 th	Thu 17 th	Fri 18 th	Sat 19 th	Sun 20 th
P10	Present report to Ofgem	-	-	-	-	-	-

Membership (utilise Modifications Group for P3, invite all Trading Parties to attend)

Member	Organisation	Confirmed attendance
Ian Moss	APX	
Andrew Murray	Axia Energy	
Mark Trott	BGT	
Martin Mate	British Energy Group	N/A (supports mod)
Maurice Smith	Campbell Carr	
Libby Glazebrook	Edison Mission Energy	
Paul Dawson	Enron	(alternate)
Paul Mott	London Electricity	
Tony Diccico	PowerGen	James Hawkins
Steve Wilkin	St Clements Services	Yes
Ben Willis	Yorkshire Electricity	Yes
John Greasley	Transmission Company (proposer)	
Mike Calviou	Transmission Company	Peter Bingham
Andrew Shaw and Adam Higginson	Ofgem	Yes

Attendees	
Justin Andrews	ELEXON (Chairman)
Gwilym Rowlands	ELEXON
John Lucas	ELEXON