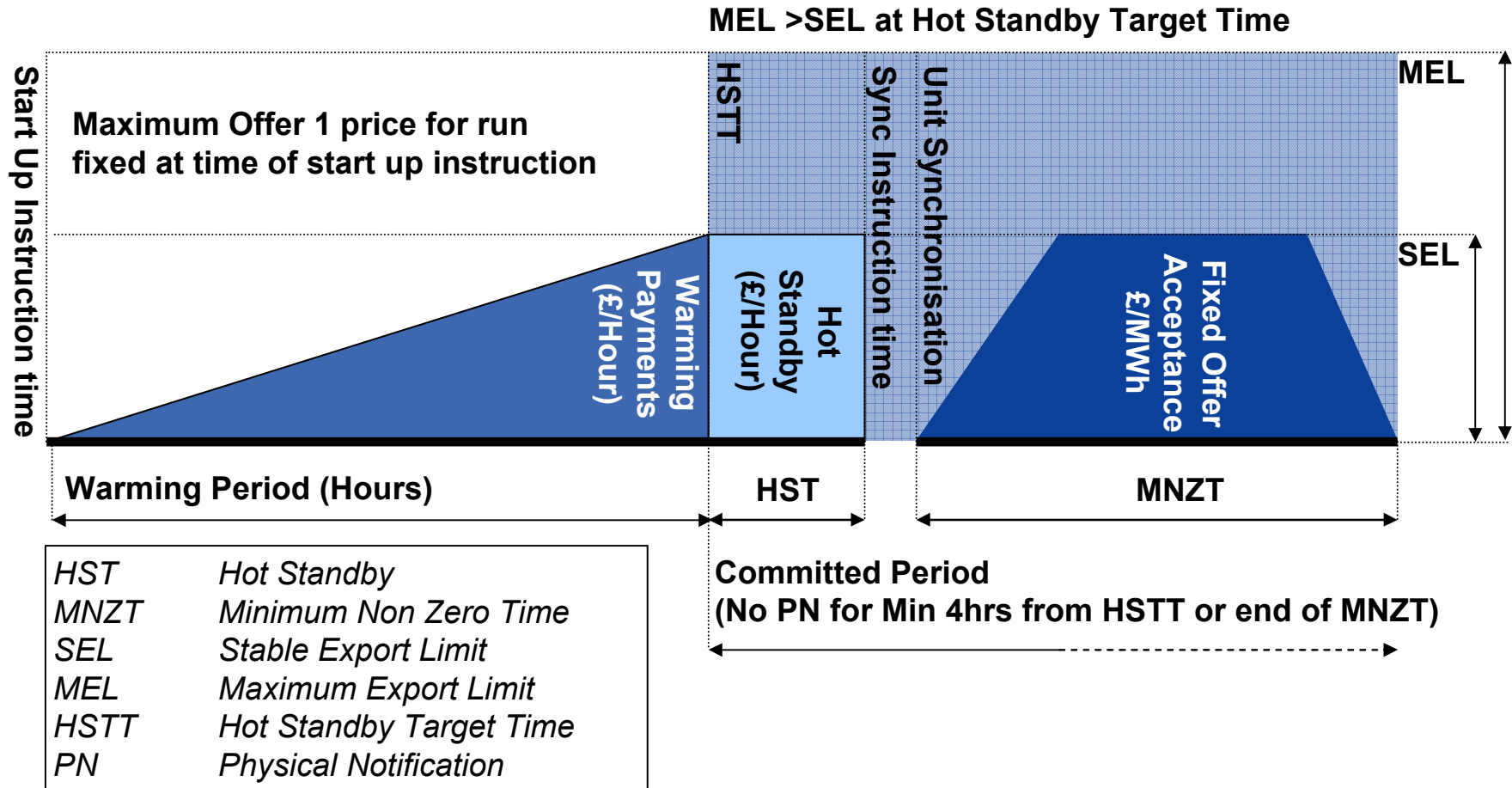


BM Start Up BPA – Treatment in Cash Out

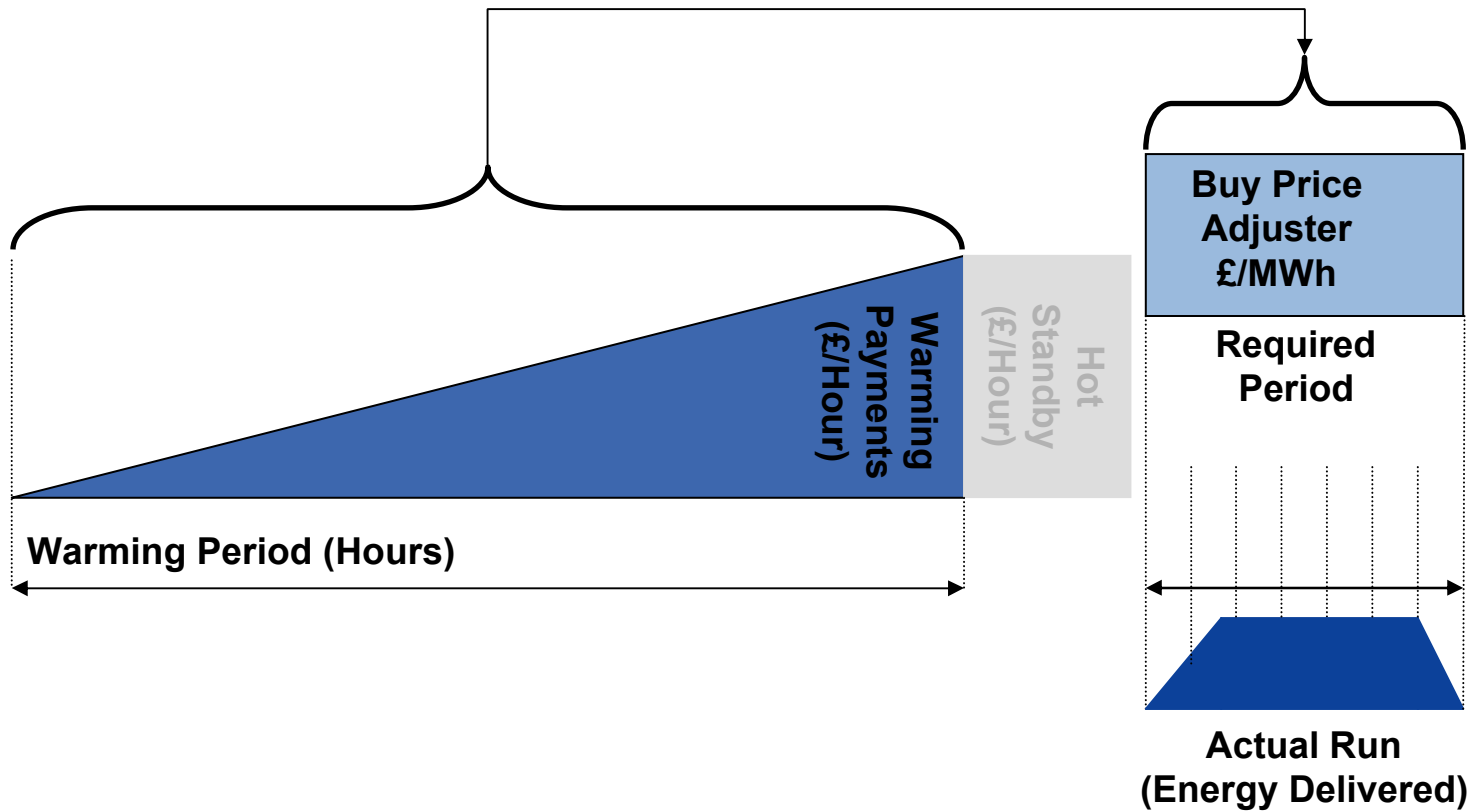
Bill Reed



BM Start Up Contract



BM Start Up Contract and BPA



Calculating the Buy Price Adjustment (BPA)

- BM Start Up element of BPA derived as follows:

$$\text{BPA} = \text{Warming period (Hours)} * \frac{\text{Warming Rate (£/hr)}}{\text{MWh under contract}}$$

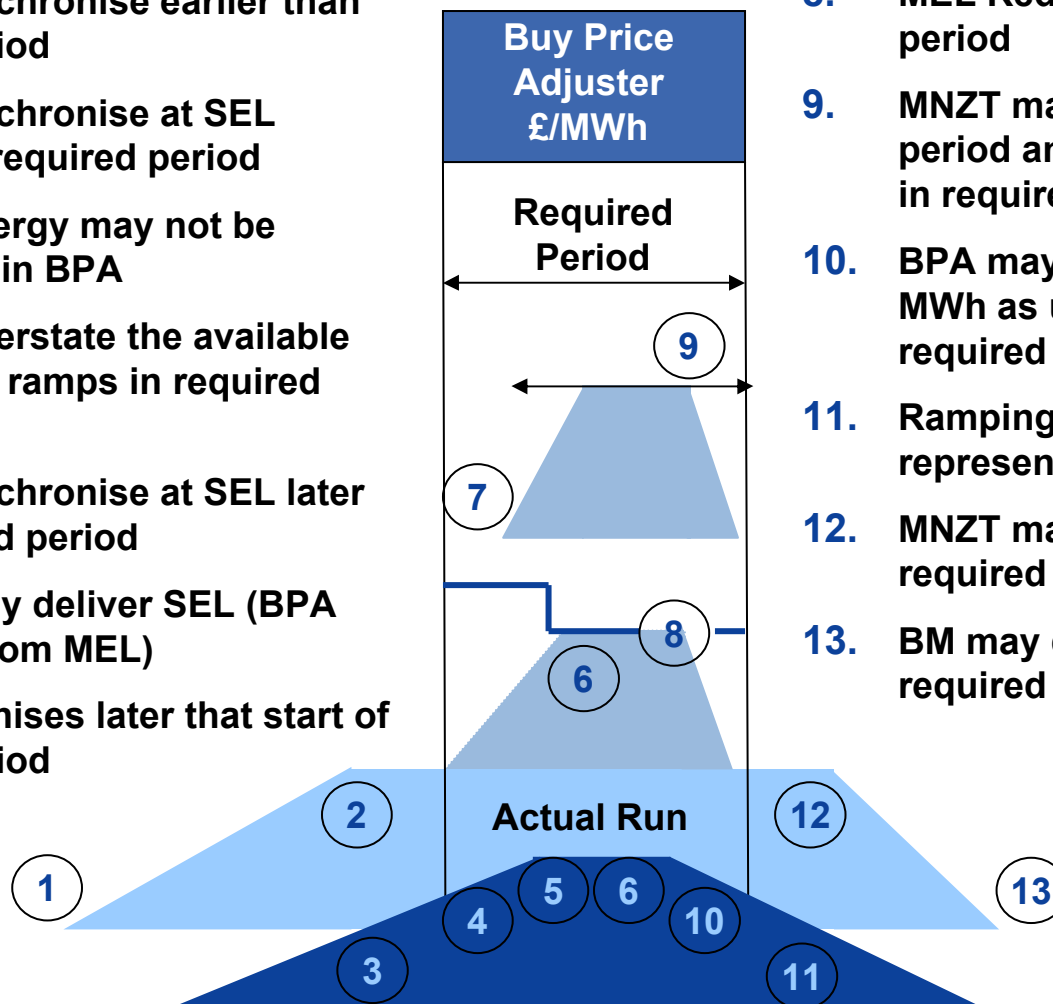
- Where

$$\text{MWh under contract} = \frac{\text{Maximum Export Limit (MW)}}{\text{“Required Settlement Periods (hours)”}}$$

- And...

- MEL is defined at time of warming instruction
- Required settlement periods (hours) defined ex ante by NGET

- 8. MEL Reduced during required period**
- 9. MNZT may be less than required period and offer prices can go up in required period**
- 10. BPA may overstate the available MWh as unit ramps down in required period**
- 11. Ramping energy may not be represented in BPA**
- 12. MNZT may be greater than required period**
- 13. BM may desynchronise after required period**



Overview of Buy Price Adjuster

- BPA currently used to reflect the option fees for reserve into cash out
- Additional uplift for BM Start Up service
 - BPA uplift reflects “option fees” (warming payments)
 - BPA uplift based on “contracted capability” (MEL)
 - Applied to “required periods” defined ex ante by NGET
 - Added to SBP
 - **Always added irrespective of whether unit delivers or cost incurred**
 - Once a unit is warmed a BM start up element will be added to BPA

