



BSC OPERATIONS HEADLINE REPORT

1 In this report you will find commentary on BSC market operation, identification of key events and reporting of key data.

2 The [Trading Operation Report](#) publishes key market data graphically, giving a performance indicator for the Balancing and Settlement arrangements.

3 Trading Operations Report [Data](#). The graphs and backing data are available in Excel format on the ELEXON website.

SUPPLIER OF LAST RESORT

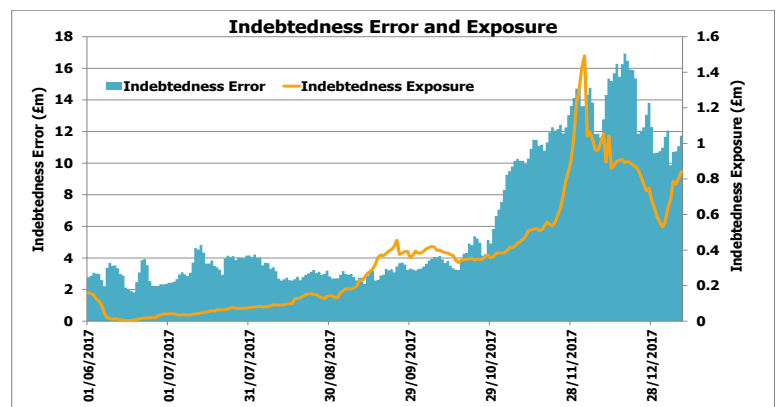
On 25 January 2018, Future Energy Utilities Limited (Party ID SIROCCO) ceased trading. The regional supplier, with 11,000 customers, confirmed to ELEXON they had "suspended payment of its debts due to its inability to pay amounts as they fall due", and so entered [BSC Section H](#) default. Their Chief Operating Officer, David Stroud, said the company had been "unable to convert sufficient customers to enable us to forward purchase energy at the most competitive rates".

Ofgem confirmed on 30 January 2018 that Hudson Energy Supply Limited (Party ID AMPERE), under the Green Star Energy brand, had been chosen as the Supplier of Last Resort (SoLR) for Future Energy's customers. This is the first SoLR event since GB Energy Supply stopped trading in November 2016. Following this confirmation, ELEXON arranged for the transfer of the MPID, to which those 11,000 customers are attached, to Hudson Energy Supply Limited effective from 00:01 on 31 January 2018. For further information, please refer to circulars [EL02753](#) and [EL02754](#).

INCREASING INDEBTEDNESS ERROR AND EXPOSURE

The Credit Cover calculation uses a combination of Calculated Energy Indebtedness and Actual Energy Indebtedness to form a level of Indebtedness that Parties must cover with collateral. Actual Energy Indebtedness uses Interim Information Run data, whilst Calculated Energy Indebtedness relies on parameters declared by Parties. Indebtedness Error is the difference between the Calculated Energy Indebtedness and Actual Energy Indebtedness.

Since October 2017, there has been a gradual increase in the Indebtedness Error, which has also led to an increase in Indebtedness Exposure. The Indebtedness Exposure is credit exposure not covered by Credit Cover or the Credit Cover calculation. The Indebtedness Error can be decreased by Parties declaring accurate Generation Capacity (GC) and Demand Capacity (DC) values. BSC Modifications [P357](#), [P358](#) and [P359](#) focus on the methods by which GC and DC values are declared.



TRADING CHARGES¹

Gross imbalance cashflows were £489m in December 2017, a 22% increase from £401m in November 2017. Credits for being long, and debits for being short, increased by £38m and £49m respectively between November and December.

Energy Imbalance Volumes for Parties that were long increased by 2%, and by 1% for Parties that were short.

The **Offer** cashflow increased by 8% in December, with the volume of Offers rising by 1%. The average price per MWh of Offer volume increased by 7% to £73.43/MWh.

Net **Bid** cashflow was -£17.1m in December compared to -£15.7m in November. Bid cashflow from positive Bids increased by 4%, but decreased by 3% for negative Bids, compared to last month.

Total Cashflow (£m)	Dec-17	Nov-17	Oct-17	Sep-17
Long Imbalance Charge (Credit)	-240.06	-201.92	-173.70	-161.94
Short Imbalance Charge (Debit)	248.46	199.44	173.02	162.27
RCRC Credit	17.44	7.85	8.56	7.68
RCRC Debit	-9.04	-10.33	-9.24	-7.35
Offer Cashflow	60.74	56.35	63.41	42.00
Bid Cashflow (Positive Bids)	-25.76	-24.68	-13.31	-10.61
Bid Cashflow (Negative Bids)	8.69	8.98	23.82	7.15

¹ Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

ENERGY BALANCING VOLUMES¹

The total volume of balancing actions for December was 1,683GWh, a 3% decrease from November 2017.

Accepted **Bid** volume decreased by 6% from November. Gas and Wind Bid volumes decreased by 6% and 4%, whilst Coal Bid volume decreased by 20%. 63% of total Bid volume came from Gas, with Wind accounting for more Bid volume than Coal (14% and 13% respectively).

Accepted **Offer** volume increased by less than 1% from November. Whilst Gas Offers increased by 3%, Coal and Pumped Storage Offer volumes decreased by 10% and 7% respectively, with Coal accounting for 17% of Offers this month. Gas Offers accounted for 79% of Offers in December, compared to 77% the month before.

Fuel Type	Bid Volume		Offer Volume	
	Dec-17	Nov-17	Dec-17	Nov-17
Coal	-110,668	-137,929	138,175	154,009
Gas	-535,850	-566,822	651,272	629,909
Hydro	-24,100	-25,064	1,928	1,114
OCGT	0	0	120	259
Pumped Storage	-41,841	-47,949	33,502	35,882
Wind	-122,525	-127,770	256	320
Biomass	-20,471	-1,296	1,858	10
Other	0	0	0	0
Grand Total	-855,456	-906,830	827,112	821,502

SYSTEM PRICES IN JANUARY²

Monthly average System Prices for January were lower when both short (-3.8%) and long (-8.0%) compared to December 2017. The average System Price regardless of length was **£50.44/MWh** this month, which is 11% lower than last month. In January 2018 the market has been long in 58%, and short in 42%, of Settlement Periods. In contrast, the market was long in 48%, and short in 52%, of Settlement Periods last month.

System Prices **exceeded £100/MWh** 56 times in January 2018 (compared to 67 times in December), with these System Prices occurring on 13 different days. The highest System Price, **£188.45/MWh**, occurred in Settlement Period 35 on 5 January 2018 and was set by an Offer from a CCGT BMU priced at £167/MWh and a Buy Price Price Adjustment (BPA) of £21.45/MWh.

In two **Settlement Periods** the System Price was **£0/MWh** in January. These System Prices were set by Bids priced at £0/MWh by Hydro and Pumped Storage BMUs.

There were **six negative** System Prices in January. The lowest System Price of the month was **-£68.43/MWh** occurring in Settlement Period 15 on 14 January 2018. The price was set by a Bid from a Wind BMU.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Jan-18	70.87	35.88	78.10	37.15
Dec-17	73.30	39.00	78.46	41.25
Nov-17	64.79	37.04	70.61	38.36
Winter 17/18	72.09	37.44	78.28	39.20
Autumn 17	67.00	32.55	72.26	34.32
Summer 17	65.87	25.10	72.67	25.42
Spring 17	69.15	28.58	80.98	28.12
Winter 16/17	82.60	35.93	92.90	37.27
Jan-17	84.32	39.09	93.85	40.20

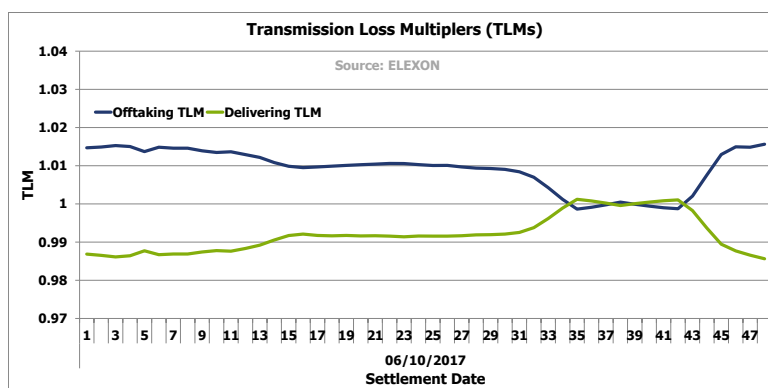
TRANSMISSION LOSS MULTIPLIERS AT R2

An issue with the metered volume of a large generation BM Unit is impacting the Transmission Loss Multipliers (TLMs) at the R2 Settlement Run. Metered volume from the site is causing higher Delivering and lower Offtaking TLMs in Settlement between 2 October and 8 October 2017 at Settlement Run R2. TLMs allocate Transmission Losses to BSC Parties Credited Energy Volumes.

Traditionally, TLMs are greater than 1 for Offtaking Trading Units, and less than 1 for Delivering Trading Units. Note, however, this may no longer be the case following the [implementation of BSC Modification P350](#) on 1 April 2018, which introduces seasonal zonal Transmission Loss Factors.

In Settlement Periods 35 to 37 and 40 to 42 on 6 October 2017 Delivering TLMs were above 1 and Offtaking TLMs were below 1.

The issue first occurred at the R2 Settlement Run, with TLMs looking normal at the previous R1 Run. ELEXON has investigated the issue, identified the root cause, and is working with the Central Data Collection Agent (CDCA) to ensure the metered volumes for this BM Unit are correct in future Settlement Runs.



¹ Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.

² System prices are based on the previous month's Interim Information (II) run data. Due to time of publication, II data only available until 29 January 2018.