



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.

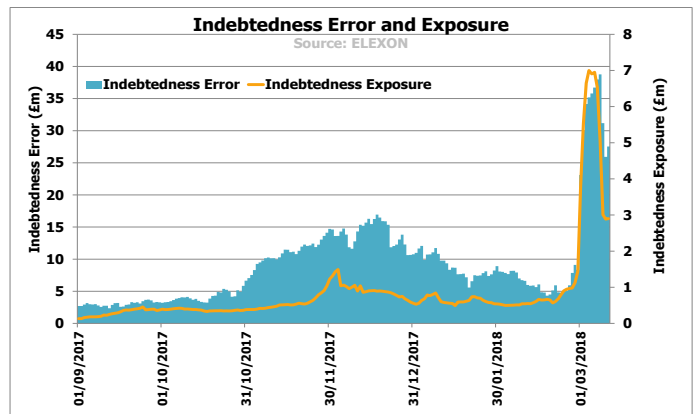
2 The [Trading Operation Report](#) publishes key market data graphically, giving a performance indicator for the Balancing and Settlement arrangements.

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

INCREASED INDEBTEDNESS ERROR AND EXPOSURE

The Credit Cover calculation uses a combination of Calculated Energy Indebtedness (CEI) and Actual Energy Indebtedness (AEI) to form a level of Indebtedness that Parties must cover with collateral. Indebtedness Error is the difference between the CEI and AEI.

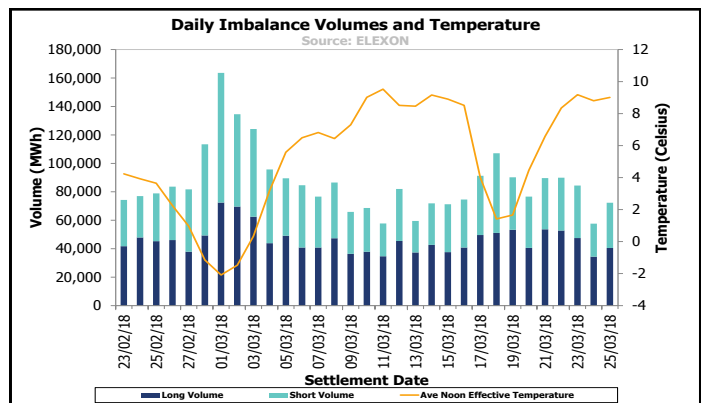
Since the start of March 2018, there has been a steep increase in the Indebtedness Error, which has led to an increase in Indebtedness Exposure. The Indebtedness Exposure is credit exposure not covered by the Credit Cover calculation. CEI relies on parameters (Generation and Demand Capacity values) declared by Parties which did not account for the unseasonably cold temperatures. The difference between these values and the actual values used for AEI meant there was an increase in Indebtedness Error.



LOW TEMPERATURES INCREASE DAILY IMBALANCE VOLUMES

This chart displays the average Noon-Effective Temperature and Imbalance Volumes from late February to late March, to highlight potential correlation. Extreme temperatures can have a subsequent effect on Suppliers' ability to accurately forecast demand, and result in imbalance charges being more likely. Low temperatures between 28 February - 3 March, and 17 - 19 March, correspond with higher daily Imbalance Volumes.

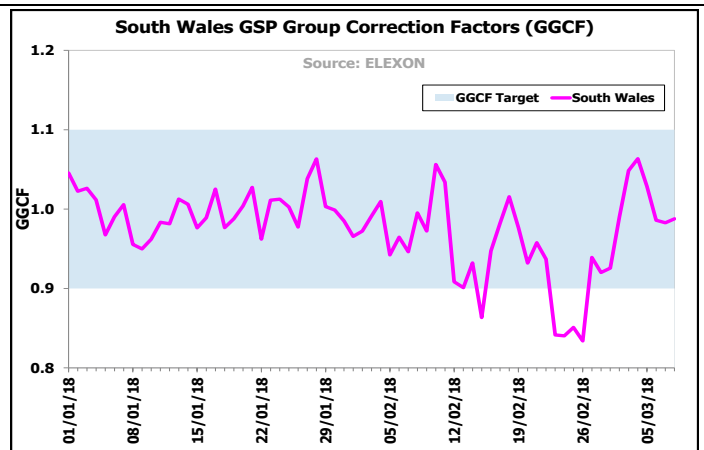
Note the Imbalance Volumes for a BSC Party who use the energy in one account to balance their position in the other are excluded from this chart, as due to their high volume they mask the impact of temperature on imbalance volume.



LOW GSP GROUP CORRECTION FACTORS IN SOUTH WALES

The graph is an adaptation of "Daily Average GSP Group Correction Factor (GGCF)" from the [Trading Operations Report](#). GGCF values usually range between 0.9 and 1.1, as values outside of this range may indicate an issue with metered volumes.

In South Wales, there was an issue with the metered volume for a Distribution Systems Connection Point (DSCP) between GSP Groups following a meter replacement on 7 February. The issue was corrected on 26 March 2018. The graph displays GGCFs at the latest Settlement Run, and some corrections can already be seen. GGCFs from 12 February until the end of the month will see a correction at the R1 Settlement Run.



SYSTEM PRICES IN MARCH¹

Monthly average System Prices for March were higher when short (55.8%) and when long (6.5%) compared to February 2018. The average System Price regardless of length was **£69.08/MWh** this month, 31% higher than last month. In March 2018 the market has been long in 55%, and short in 45%, of Settlement Periods; last month it was long in 60%, and short in 40%, of Settlement Periods.

System Prices exceeded £100/MWh 128 times in March 2018 (compared to 66 times in February) across 16 different days. The highest System Price, **£990/MWh**, occurred in Settlement Period 27 on 1 March 2018. It was set by Offers from two CCGT BMUs priced at £990/MWh.

The market was short in 73% of Settlement Periods on 1 March 2018. The average System Price when short on this day was £372.40/MWh, with the 19 highest System Prices in March occurring on this day. The average System Price when the system was short across the rest of March was £88.20/MWh.

There were **three negative** System Prices in March, all less than -£100/MWh. The lowest System Price of the month was **-£142.78/MWh**. This was the second lowest System Price since the implementation of [BSC Modification P305](#) in November 2015 (following -£150/MWh seen in February 2018). This occurred in Settlement Period 13 on 2 March 2018, and was set by Bids from two Wind BMUs and a Pumped Storage BMU, priced between -£135/MWh and -£152.10/MWh.

Period	Average (£/MWh)		Average (£/MWh) Peak 07:00-19:00	
	Short System	Long System	Short System	Long System
Mar-18	102.98	41.02	114.55	41.52
Feb-18	66.11	38.53	71.93	38.64
Jan-18	70.02	35.97	76.95	37.11
Spring 18	102.98	41.02	114.55	41.52
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
Mar-17	78.17	29.25	89.85	29.49

ENERGY BALANCING VOLUMES IN FEBRUARY²

The total volume of balancing actions for February was 1,075GWh, a 33% decrease from January 2018.

Accepted **Bid** volume decreased by 25% from January. Wind and Gas Bid volumes decreased by 69% and 28%, whilst Coal Bid volume increased by 82%. 70% of total Bid volume came from Gas, whilst Coal accounted for 21% of Bid volume. Wind accounted for 5% of Bid volume.

Accepted **Offer** volume decreased by 41% from January. Coal and Gas Offer volumes decreased by 55% and 42% respectively, whilst Pumped Storage Offers increased by 7%. Coal accounted for 15% of Offers in February, whilst Gas Offers accounted for 74%.

Fuel Type	Bid Volume (MWh)		Offer Volume (MWh)	
	Feb-18	Jan-18	Feb-18	Jan-18
Coal	-131,934	-72,445	64,991	143,472
Gas	-438,416	-605,475	332,587	575,425
Hydro	-4,998	-24,213	2,241	1,924
CCGT	0	-23	1,391	296
Pumped Storage	-22,488	-34,968	42,053	39,437
Wind	-30,571	-97,640	572	858
Biomass	-289	-4,522	2,988	1,640
Other	0	0	0	0
Grand Total	-628,695	-839,286	446,823	763,052

TRADING CHARGES IN FEBRUARY²

Gross imbalance cashflows were £428m in February 2018, a 5% decrease from £449m in January. Credits for being long, and debits for being short, decreased by £10m and £11m respectively between January and February.

Energy Imbalance Volumes for Parties that were long decreased by 8%, and by 10% for Parties that were short.

The **Offer** cashflow decreased by 32% in February, with the volume of Offers falling by 41%. The average price per MWh of Offer volume increased by 16% to £81.67/MWh.

Net **Bid** cashflow was -£19.9m in February compared to -£16.5m in January. Bid cashflow decreased by 5% for positive Bids, and by 68% for negative Bids, compared to last month.

Total Cashflow (£m)	Feb-18	Jan-18	Dec-17	Nov-17
Long Imbalance Charge (Credit)	-214.19	-224.05	-240.06	-201.92
Short Imbalance Charge (Debit)	213.98	225.00	248.46	199.44
RCRC Credit	11.14	11.59	17.44	7.85
RCRC Debit	-11.35	-10.65	-9.04	-10.33
Offer Cashflow	36.49	53.67	60.74	56.35
Bid Cashflow (Positive Bids)	-22.02	-23.14	-25.76	-24.68
Bid Cashflow (Negative Bids)	2.12	6.60	8.69	8.98

¹ System prices are based on the previous month's Interim Information (II) run data. Due to time of publication, II data only available until 26 February 2018.

² Balancing volumes and trading charges appear as per the latest month with Initial Settlement (SF) run data available.