URGENT MODIFICATION PROPOSAL P144 'REMOVAL OF CADL FROM THE BSC'

CONSULTATION DOCUMENT

1. INTRODUCTION

Modification Proposal P144 'Removal of CADL from the BSC' (P144) was raised by First Hydro Company on 10 October 2003.

P144 seeks to remove the concept of the Continuous Acceptance Duration Limit (CADL) from the Balancing and Settlement Code (the Code), such that Bid – Offer Acceptances are no longer removed from the Energy Imbalance Price calculation where they are of short duration (i.e. less than the CADL).

The Proposer asserts that P144 may improve the security of supply across this winter if it is implemented in time, and therefore it was proposed that, with agreement from the Transmission Company, the Modification Proposal should be treated as an Urgent Modification. On this basis, the Transmission Company requested that the Panel agree to urgent treatment of P144. The Panel agreed to grant urgent status to P144 and consequently submitted a request to the Authority that P144 be treated as urgent, in conjunction with a proposed timetable for P144. The Authority granted P144 Urgent status and agreed the proposed timetable for P144 on 14 October 2003. The proposed timetable requires that the Urgent Modification Report for P144 be provided for consideration at the Panel meeting on 13 November 2003

The Pricing Issues Standing Modification Group (PSMG) met on 17 October 2003 to consider the issues raised by P144. The PSMG considered the implications of P144 and agreed the format of this consultation.

This consultation document contains a summary of the deliberations of the PSMG to date in respect of P144.

2. CONSULTATION LOGISTICS

The consultation comprises this consultation document and supporting analysis.

Please send your responses, in the proforma provided, by:

09:00 on Friday 31 October 2003

to Modifications@elexon.co.uk and please entitle your email **'P144 Urgent Modification Consultation'**. Please note that any responses received after the deadline may not be considered by the Modification Group (due to the tight timescales for the PSMG consideration of the responses).

Any queries on the content of the consultation pro-forma should be addressed to Mandi Francis on 020 7380 4377, email address mandi.francis@elexon.co.uk.

3. BACKGROUND

The Continuous Acceptance Duration Limit (CADL) was implemented within the Code as a consequence of Approved Modification P18 'Removing / Mitigating the Effect of System Balancing Actions in the Imbalance Price'. P18 was approved by the Authority on 22 August 2001, and implemented within the Code and the BSC Systems on 25 September 2001.

The Modification Proposal discussed two differing solutions, referred to as P18A and P18B. Furthermore P18A was broken down into a number of different options, including one referred to as option CID 1a (Continuous Instruction Duration definition 1a, subsequently renamed to Continuous Acceptance Duration). It was P18A and CID 1a that formed the option recommended by the Modification Group and Panel, and subsequently approved by the Authority for implementation. Hence the implemented solution is often referred to as P18A.

The initial recommendation of P18 was that the Continuous Acceptance Duration Limit should be set to 15 minutes (as a consequence of Bid – Offer Acceptance analysis undertaken as part of the Modification Procedure), and it was this value of CADL that was adopted on implementation. It should be noted that the Panel can, from time to time, initiate a review of the CADL and recommend a different value, with that recommendation subject to Authority approval. Such a review took place at the request of the Panel towards the end of the calendar year 2002, and another is currently underway (see section 7 below).

4. RATIONALE FOR P18

At the time P18 was raised, the pre P78 Energy Imbalance Price calculation (which used Accepted Offers to set the System Buy Price and Accepted Bids to set the System Sell Price, with differentiation between system and electricity balancing actions undertaken by the application of the Balancing Reserve Level (BRL)) was resulting, under some circumstances, in high and volatile Energy Imbalance Prices, particularly in respect of the Energy Imbalance Price in the opposite direction to the overall system imbalance, i.e. the System Buy Price when the system was long and the System Sell Price when the system was short. This effect was particularly evident in the System Buy Price when the system was long.

This effect seemed to have circular consequences, whereby the volatility exhibited in the System Buy Price drove the market long to avoid exposure to the System Buy Price, which in turn reduced the volume of Offers the Transmission Company needed to take for electricity balancing the system. This was postulated to have had the effect of causing the tagging for the purposes of differentiation between system and electricity balancing (by the application of the Balancing Reserve Level) to fail, as a consequence of the lack of volume in the reverse stack. This consequentially meant that the reverse stack was polluted with (more highly priced) system balancing actions that contributed to the Energy Imbalance Price. As the market went longer and longer in response to the volatility in the System Buy Price, the effect became more pronounced, and the circularity continued.

It should be noted that the system – electricity balancing differentiation was considered to have failed equally in respect of both the reverse and the main Energy Imbalance Price (i.e. the Energy Imbalance Price derived from balancing actions in the same direction as the market, so the System Sell Price when the system is long, and the System Buy Price when the system is short). However, the volume of acceptances on the main stack was often large enough to mitigate the price signal from the system balancing actions contributing to the Energy Imbalance Price, and thus the effect was not so nearly as pronounced as on the reverse stack.

Therefore P18 was raised in order to attempt to improve the differentiation between system and electricity balancing by using a mechanistic process to make an assessment as to the purpose of an acceptance, i.e. system or electricity, thus seeking to mitigate / remove the influence of the system balancing actions on the Energy Imbalance Prices.

It should be noted at this point that it is generally accepted that differentiating between system and electricity balancing actions is problematic and inexact, as any particular acceptance may have both system and electricity portions. Therefore any approach makes an approximation of system versus electricity, and therefore may not be perfect under all circumstances. P18A was considered to have been a (far) better approximation than the baseline at the time of implementation.

A number of ways were considered of making the system – electricity balancing assessment, for example the volume of an acceptance was considered (P18B). However, it was determined that the most appropriate mechanism would be the duration of an acceptance. The general principle was asserted as being that electricity balancing occurs at Settlement Period level, and thus acceptance made for electricity balancing are likely to be relatively long. However, system balancing was considered as likely to occur intra Settlement Period, for relatively short duration in order to address the system requirement, a cited example was TV pick up.

Analysis of the P18 options was undertaken by the Modification Group, and the Transmission Company, in respect of the likely duration threshold, under which was likely to have been system balancing and over which was likely to have been electricity balancing. The recommendation, supported by the Panel and the Authority was that 15 minutes was appropriate.

Thus a mechanism was implemented that sought to exclude balancing actions of less than a 15 minute duration from the Energy Imbalance Price calculation, on the basis that these acceptances are deemed by the mechanism, to have been taken for system balancing purposes.

P18 and Approved Modification P78

Approved Modification P78 'Revised Definitions of System Buy Price and System Sell Price' (P78) was implemented on 11 March 2003.

P78 sought to (further) address the issue of the differentiation between system and electricity balancing in respect of deeming equal and opposite balancing actions to have been taken for system balancing purposes. P78 argued that the market can only be in imbalance in one direction in any Settlement Period, and therefore the balancing actions in the reverse direction must have been taken for system balancing purposes, along with an equal and opposite amount in the main direction. Thus the P78 mechanism removes the reverse stack in entirety, and nets the volume of the reverse stack off the most expensive actions in the main stack. This is referred to as Net Imbalance Volume Tagging. The volume remaining after the netting off is referred to as the Net Imbalance Volume, and this is the volume deemed to be the electricity imbalance of the market. In order to derive the deemed electricity imbalance of the market (the Net Imbalance Volume), all balancing action volumes are required to be represented in the stacks for netting.

P78 retained CADL Tagging, but required that the volumes associated with CADL Tagging contribute to the Net Imbalance Volume derivation (as described below in section 5), in the form of 'known' system balancing volumes.

5. CADL MECHANISM

The CADL mechanism is applied to Bid – Offer Acceptances to determine whether each individual acceptance, or group of acceptances where the acceptances overlap, was of 'short duration', i.e. less than the value of CADL.

The mechanism deems those Bid – Offer Acceptances that are of short duration to have been taken for the purposes of system balancing, and therefore seeks to exclude these acceptances from setting / contributing to the Energy Imbalance Price.

Therefore, Bid – Offer Acceptances are tested to determine whether an individual acceptance / related acceptances (where the acceptances overlap, as defined in the Code Section T 3.1A) on a BM Unit has a duration of less than the Continuous Acceptance Duration Limit (currently 15 minutes).

Where this is the case, then all acceptances on that BM Unit for any Settlement Period where an acceptance, or part thereof, has been found to have been less than CADL, are removed and stopped from going forward to the Energy Imbalance Price calculation (as defined in the Code, Section T 3.8A.1). This is referred to as CADL Tagging, with CADL Tagged referring to the acceptances that are removed.

Bid – Offer Acceptances that are CADL Tagged (i.e. of short duration, or made on the same BM Unit in the same Settlement Period as a short duration acceptance / CADL Tagged acceptance), are referred to as 'unpriced', i.e. they do not go forward to the Energy Imbalance Price calculation. Bid – Offer Acceptances that are not CADL Tagged are referred to as 'priced' and these go forward to the Energy Imbalance Price calculation.

Under the current mechanism, although the CADL Tagged Unpriced acceptances cannot set / contribute to the Energy Imbalance Price, the volumes associated with the acceptances are used in the derivation of the Net Imbalance Volume, as indicated below. For the avoidance of doubt, where any CADL Tagged volume remains in the Net Imbalance Volume, it is excluded from contributing to the Energy Imbalance Price.

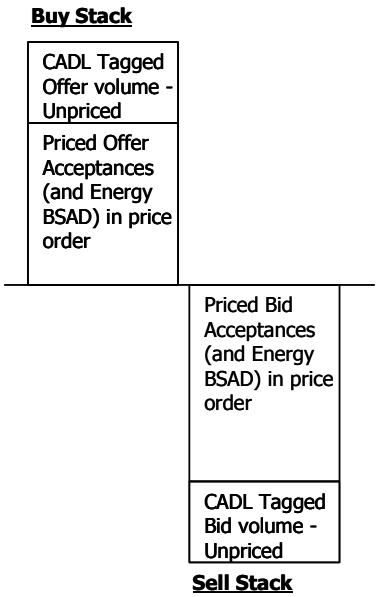

Figure 1: CADL Tagged Total Unpriced Acceptance Volumes – Contribution to the Net Imbalance Volume

6. URGENT MODIFICATION PROPOSAL P144: RATIONALE

P144 seeks to remove the concept of the Continuous Acceptance Duration Limit from the Code.

The Modification Proposal asserts that the CADL mechanism is effectively redundant under the current mechanism as the Net Imbalance Volume Tagging makes the differentiation between system and electricity balancing (see section 4), and therefore an additional assessment as to the system / electricity purpose of a Bid – Offer Acceptance is superfluous and thus obsolete.

Furthermore, the Modification Proposal asserts that the way in which CADL Tagging is applied means that acceptances that are longer than the CADL are being CADL Tagged, as a consequence of the tagging of all acceptances for a BM Unit that fall in the same Settlement Period as an acceptance on the BM Unit that is less than CADL. This, in the opinion of the Proposer, is potentially removing electricity balancing actions from the Energy Imbalance Price calculation.

Thus the Proposer believes that removing the CADL from the Energy Imbalance Price calculation will create a more cost reflective Energy Imbalance Price, as it allows the NIV Tagging to make the differentiation between electricity and system balancing, and thus more appropriately target the costs of electricity balancing to those in imbalance.

Furthermore, a more cost reflective Energy Imbalance Price will send strengthened price signals to the market of the costs of being in imbalance. This in turn may have the effect of better incentivising Parties to balance. The Modification Proposal asserts that this aspect is particularly important given the negative generation surplus forecasted for this winter, as were P144 to be implemented in time for this winter, it may have the effect of enhancing incentives for Parties to cover their positions sufficiently to avoid exposure to imbalance, especially when the system is short, thus improving plant availability and reducing the generation shortfall, and improving security of supply.

The Modification Proposal ties the justification for the Modification back to the Applicable BSC Objectives.

7. INTERACTION WITH CURRENT CADL REVIEW

It should be noted that there is currently a CADL review being undertaken by BSCCo, in response to a request from the Panel. The review is at the analysis stage, and therefore nothing has been published as yet. The intent is that the results of the CADL review be provided for consideration at the Panel meeting of 11 December 2003 Panel meeting, where the Panel will make a recommendation in respect of the value of CADL to the Authority.

There has been some discussion by the PSMG as to whether there is an overlap between the CADL review and P144, in that a Code modification is not required to set CADL to zero, as a value of zero can be recommended by the CADL review as an appropriate value for CADL at this time. However, it should be noted that the CADL review does not address the principle of CADL, i.e. the review assumes that there is a variable called CADL that is applied in Settlement Calculations, at an appropriate value.

In terms of P144, the Modification Proposal seeks to remove CADL from the Code in entirety, (this can be achieved in the systems by setting CADL to zero, but it should be noted that this is invisible and to all intents and purposes CADL will not exist). This is different to the CADL review setting CADL to zero, as then there is

an option later to have another CADL review to set CADL to a non zero value, whereas P144 will mean that there is no such thing as CADL. Therefore if P144 is approved by the Authority, the CADL review is curtailed and references to CADL removed from the Code and other documentation.

If P144 is rejected by the Authority, then the CADL review continues and the value of CADL is assessed, and potentially amended as part of that review and it should be noted that this does not preclude a value of zero as a result of that review, if the principle of CADL is accepted, and it is considered that 0 is an appropriate value at this point in time.

The analysis to be undertaken for both no CADL (P144) and CADL = 0 (CADL review) will be the same, and therefore the analysis undertaken for P144, i.e. no CADL, will feed into the CADL review, such that there will be limited duplication of analysis.

Of further note, the solution to P144 is no CADL and therefore there is not an Alternative Modification that is a different value for CADL over the currently defined value. On this basis the Modification Group are assessing the principle of CADL, not what the CADL value should be.

8. DELIBERATIONS OF THE PSMG

The PSMG considered the issues raised by P144 at its meeting of 17 October 2003.

The PSMG considered the principle of CADL, namely whether the principle of CADL still stands in light of the implementation of NIV Tagging.

The PSMG noted the Proposer's view of P144, namely that the implementation of NIV Tagging has made CADL Tagging redundant. NIV Tagging performs a differentiation between system and electricity balancing by removing an equal and opposite volume of balancing actions to leave the electricity imbalance of the system, the Net Imbalance Volume. Those balancing actions removed by the NIV Tagging mechanism are deemed to have been attributable to system balancing.

A number of the PSMG believe NIV Tagging to be a better mechanism for differentiating between system and electricity balancing than CADL Tagging, as they believe that CADL Tagged short duration acceptances may be relevant to electricity balancing and that they should not be treated differently to any other balancing action for the purposes of NIV Tagging, i.e. the NIV Tagging alone should make the differentiation between system and electricity, especially given that CADL Tagging removes more than just the short duration acceptances on a BM Unit in a Settlement Period (see section 5), and thus has the potential to remove electricity balancing volumes from the Energy Imbalance Price calculation. Thus some members of the PSMG believe that CADL Tagging was appropriate to the pre P78 mechanism (section 4), but that it has been superseded by NIV Tagging, and furthermore detracts from the NIV Tagging process by potentially overstating the system balancing volume.

In addition, a number of the PSMG considered the possibility that the volume delivered by a short duration Bid - Offer Acceptance could be far greater than the volume delivered from a Bid – Offer Acceptance that lasted for the whole Settlement Period. For example, with CADL set at 15 minutes, it is possible that a 70 MWh Bid – Offer Acceptance from a flexible BM Unit would be CADL Tagged whereas a less flexible BM Unit might only increase its output by a few MW across the Settlement Period, contributing perhaps 5 MWh to the electricity balance in a Settlement Period, but which would not be CADL Tagged. These members of the PSMG

considered that the flexible BM Unit could be contributing a much greater volume to the electricity balance in the Settlement Period, but will be removed from the Energy Imbalance Price calculation by CADL Tagging. Thus some of the PSMG believed that it is therefore appropriate that all Bid - Offer Acceptances are treated in similar fashion.

Conversely, a number of the PSMG believe that CADL Tagging is still appropriate under the current mechanism as it performs a different type of system – electricity balancing differentiation to NIV Tagging. As stated above, NIV Tagging addresses the differentiation from the 'equal and opposite' aspect, i.e. building on the principle that for a system balancing action there should be an equal and opposite 'compensatory' action, (and the principle that the system can only be in electricity imbalance in one direction in a Settlement Period).

Thus, a number of the PSMG believe that NIV Tagging does not actively address the system – electricity balancing differentiation for intra Settlement Period system events where (short duration) acceptances are made that do not necessarily have an equal and opposite action taken, such as TV pick up and/ or Transmission Company response to system frequency.

Since the electricity market involves the trading and settlement of MWh delivered "flat" in a Settlement Period, a number of the PSMG believe that it is important that Energy Imbalance Prices are set on a basis consistent with this aspect and which therefore reflect the costs of balancing actions taken to meet imbalances across the Settlement Period, and not the cost of balancing actions which were taken for very short-durations to meet a dynamic profile of deliveries within a Settlement Period. For this reason, these members of the PSMG argued that setting the Energy Imbalance Price for a Settlement Period's worth of electricity with the price of a balancing action taken for a very short-duration was unlikely to be cost reflective or to send a consistent economic imbalance price signal to the forward markets.

These members of the PSMG therefore believe that it is not appropriate to allow these sorts of balancing actions to contribute to the Energy Imbalance Price, as they could be considered to be for system balancing reasons, and would not be directly targeted by NIV Tagging, as it could be argued that identifying these sorts of balancing actions as system balancing was not the intent of the NIV Tagging mechanism. In their view, this rationale, which underpinned the consideration and development of P18A, continues to remain valid.

Furthermore, some members of the PSMG also believe that there is (potentially significant) value in retaining the concept of CADL and thereby retaining the flexibility to alter the limit (to more or less than 15 minutes) or to set CADL to zero. In their opinion, retaining this flexibility would be particularly valuable in the light of potential future changes to the Energy Imbalance Price methodology, which could affect the need for, and significance of, CADL in the Energy Imbalance Price methodology (including Modification Proposals P136 and P137 currently being considered).

These members of the PSMG believe that the removal of the concept of CADL from the Code in entirety removes this flexibility and, in their opinion, could therefore be seen as undermining the efficient administration of the balancing and settlement arrangements (contrary to the Applicable BSC objective 3 (d)).

Thus some members of the PSMG believe that CADL Tagging is necessary in addition to NIV Tagging, in order to achieve the best differentiation between system and electricity balancing that is reasonably possible mechanistically and thus to remove as much system balancing from the Energy Imbalance Price as is possible.

The PSMG noted that any assessment as to whether the removal of CADL Tagging improves cost reflectivity of the Energy Imbalance Price is likely to be predicated on the assessment / view as to whether the system – electricity balancing action differentiation is improved by the removal of CADL.

The PSMG also considered P144 specifically in relation to the grounds for urgency, noting that P144 asserts that the removal of CADL will have the effect of creating a more cost-reflective Energy Imbalance Price, which strengthens price signals, specifically aimed at strengthening them in time for this winter. The PSMG noted that analysis was being undertaken (not available at the time of the PSMG meeting) to analyse (historical) Energy Imbalance Prices with CADL removed, which could further inform the debate in this area. This analysis is provided with this consultation.

9. ENERGY IMBALANCE PRICE ANALYSIS

Comparison of Energy Imbalance Prices: 11 March 2003 to 8 October 2003

For all Settlement Periods since Settlement Period 1 on 11 March 2003 (implementation of the current (P78) mechanism) to Settlement Period 48 on 8 October 2003 (the last day that settlement data was available for at the point the analysis was undertaken), the Energy Imbalance Price was calculated with CADL set to 0, i.e. no CADL. The resulting Energy Imbalance Prices have been compared to those derived under the current mechanism, i.e. for CADL 15. This resulted in a comparison of CADL 15 with no CADL over 10,174 Settlement Periods.

It should be noted that historical data analysis is based on historical data. Any amendment to the Energy Imbalance Price calculation may alter Parties behaviour, and this in turn may affect the resulting Energy Imbalance Prices. Therefore this data should be used with that caveat in mind.

A spreadsheet containing all of the data used in this comparison is provided with this consultation.

Approximately 22% of Settlement Periods are impacted by the removal of CADL, with the System Sell Price more often impacted (17.7%). However, this appears to be a feature of the predominance of the System Sell Price as the main price (i.e. derived from balancing actions) rather than an indication that the System Sell Price is more sensitive to the removal of CADL Tagging (the System Sell Price is the main price generally three quarters of the time). Therefore it appears that the System Sell Price and System Buy Price are equally impacted.

From the comparison tables provided below, it can be seen that the removal of CADL Tagging will change the resulting Energy Imbalance Price by less than 1% in the vast majority of Settlement Periods. Of 2274 Settlement Periods (1794 on the SSP and 480 on the SBP), only 23 (1% of the changed Settlement Periods and 0.2% of the total Settlement Periods) had the resulting Energy Imbalance Price changed by more than 20%.

Furthermore, from the analysis, it can be seen that removing CADL increases System Sell Price or reduces System Buy Price, approximately two thirds of the time.

Comparison of the System Sell Price:

Of the 10,174 Settlement Periods, 1794 Settlement Periods (17.7%) showed a change to the Energy Imbalance Price from having no CADL tagging.

Of these 1794 Settlement Periods:

- In **634** Settlement Periods (35%) the System Sell Price reduced; and
- In **1160** Settlement Periods (65%) the System Sell Price increased.

The following table compares the percentage increase / decrease in the System Sell Price for these 1794 Settlement Periods:

Percentage change	Decrease in SSP	Increase in SSP
Less than 1%	89% 565 Settlement Periods	80.6% 935 Settlement Periods
1 to 5%	9% 57 Settlement Periods	15.4% 179 Settlement Periods
5 to 10%	None	2.7% 31 Settlement Periods
10 to 20%	1% 6 Settlement Periods	0.7% 8 Settlement Periods
Greater than 20%	1% 6 Settlement Periods Highest -123.85% change	0.6% 7 Settlement Periods Highest 113.72% change

Comparison of the System Buy Price:

Of the 10,174 Settlement Periods, 480 Settlement Periods (4.1%) showed a change to the Energy Imbalance Price from having no CADL tagging.

Of these 480 Settlement Periods:

- In **308** Settlement Periods (64.1%) the System Buy Price reduced; and
- In **172** Settlement Periods (35.9%) the System Buy Price increased.

The following table compares the percentage increase / decrease in the System Buy Price for these 480 Settlement Periods:

Percentage change	Decrease in SBP	Increase in SBP
Less than 1%	68.1% 210 Settlement Periods	77.9% 134 Settlement Periods
1 to 5%	23.1% 71 Settlement Periods	11.6% 20 Settlement Periods
5 to 10%	4.9% 15 Settlement Periods	None
10 to 20%	2.9% 9 Settlement Periods	3.5% 6 Settlement Periods
Greater than 20%	1% 3 Settlement Periods Highest -53.53% change	7% 12 Settlement Periods Highest 539.39% change

Comparison of Energy Imbalance Prices: 10 December 2002

A comparison of 10 December 2002 was undertaken for the current mechanism with CADL 15 and no CADL. 10 December 2002 was chosen for analysis, as this was the Settlement Day that exhibited the highest peak demand (in Settlement Period 35) in the winter last year (2002 / 2003). The analysis is included in the data provided with this consultation.

It should be noted that 10 December 2002 was prior to the implementation of the current (P78) mechanism and therefore, the Energy Imbalance Prices for that day have been recalculated using the current mechanism, with CADL 15, and then again with the current mechanism and no CADL.

Comparing the resulting Energy Imbalance Prices indicates that removing CADL had an effect on fourteen of the forty-eight Settlement Periods. The table below contains the data for the affected Settlement Periods:

10 December 2002:

Settlement Period	No CADL	Current (CADL 15)	Main Price	Difference (£ / MWh)	Percentage Difference
43	75.330	103.679	SBP	-28.349	-27.34
42	61.181	81.744	SBP	-20.563	-25.16
41	110.081	137.140	SBP	-27.059	-19.73
39	271.574	296.752	SBP	-25.178	-8.48
40	213.597	226.743	SBP	-13.146	-5.80

Settlement Period	No CADL	Current (CADL 15)	Main Price	Difference (£ / MWh)	Percentage Difference
38	325.692	336.036	SBP	-10.344	-3.08
33	184.682	188.223	SBP	-3.541	-1.88
35	322.064	328.159	SBP	-6.095	-1.86
36	270.578	274.261	SBP	-3.683	-1.34
30	27.094	27.434	SBP	-0.340	-1.24
47	15.567	15.568	SBP	-0.001	-0.01
32	133.027	119.722	SBP	13.305	11.11
31	67.604	51.786	SBP	15.818	30.54
5	**10.706**	**10.708**	**SSP**	**-0.002**	**-0.02**

CADL Volumes Remaining in the Net Imbalance Volume

As discussed previously in this consultation document, CADL Tagged volumes are added into the NIV derivation at the top of the stack, such that it is the first balancing action (other than system BSAD) to get NIV Tagged.

Analysis of all the Settlement Periods between 11 March 2003 and 8 October 2003 (inclusive) was undertaken to determine how often NIV Tagging resulted in CADL Tagged volumes remaining in the NIV (noting that these CADL Tagged volumes are excluded from setting / contributing to the main Energy Imbalance Price). The analysis is included in the data provided with this consultation.

Offers

When looking at the CADL Tagged volume in respect of CADL Tagged Accepted Offer volumes, only 15 Settlement Periods have CADL Tagged volumes remaining in the NIV. Of these 15 Settlement Periods, 5 of them have 100% of the CADL Tagged volume remaining in the Net Imbalance Volume.

Bids

When looking at the CADL Tagged volume in respect of CADL Tagged Accepted Bid volumes, 455 Settlement Periods have CADL Tagged volumes remaining in the NIV. Of these 455 Settlement Periods, 310 of them have 100% of the CADL Tagged volume remaining in the Net Imbalance Volume and a further 20 have between 90 and 100% remaining in the Net Imbalance Volume.

Only CADL In the Net Imbalance Volume

Taking a step on from the analysis of how often NIV Tagging leaves CADL Tagged volumes in the NIV, the same 10,174 Settlement Periods (11 March to 8 October 2003) were analysed to determine whether there were any Settlement Periods where CADL'ed volume was the only volume remaining in the Net Imbalance Volume, i.e. there had been no other balancing actions in that Settlement Period, and under the circumstance where CADL is removed, those acceptances would have set the Energy Imbalance Price (without mitigation from other Acceptances).

Under the current baseline, should this circumstance occur, then the defaulting mechanism kicks in and sets the Energy Imbalance Price from the Market Index Data. However, without CADL, these acceptances would set the Energy Imbalance Price like any 'normal' acceptance(s) remaining in the Net Imbalance Volume.

There were no such Settlement Periods.