

Change Proposal – BSCP40/02

CP No: 1359

Version No: 1.0

Title:

Introducing new products into the Market Index Definition Statement

Description of Problem/Issue:

The BSC obligates ELEXON to review annually the Market Index Definition Statement (MIDS). The MIDS defines the way the Market Index Price (MIP) – used to determine the ‘reverse’ Energy Imbalance Price – is calculated. The MIP is a volume weighted average of qualifying trades made on the power exchanges; the MIDS defines which trades qualify. We review the MIDS annually, as required by the BSC.

At the BSC Panel meeting in October, the Panel considered the annual Review of the Market Index Definition Statement (MIDS)

(http://www.elexon.co.uk/ELEXON%20Event%20Documents/188_10.pdf). The MIDS sets out the calculation for the reverse energy imbalance price, and defines what trades made on the power exchanges go into that calculation.

The MIDS includes a set of relevant products and timebands in which trades are made on those products, and sets weightings on them to determine which should be used to calculate the Market Index Price and Market Index Volume submitted by each power exchange in their role as Market Index Data Providers. The suitability of the current product and timeband weightings are part of the annual review.

The review was issued for industry consultation, and on the basis of responses received and recommendations made by the Imbalance Settlement Group, the Panel have recommended that the MIDS is changed to incorporate two new products:

- A 1 hour block product is being launched on the APX power exchange from Quarter 4 2011, this should be included in the MIDS with a weighting of one and hence included in the calculation of the Market Index Price.
- Also both the APX and N2EX power exchanges offer a Day Ahead Auction product. It is not proposed that this be used to calculate the reverse price, but that it should be included in the Market Index Definition Statement as a relevant product with a zero weighting.

Any changes are subject to Authority approval before implementation.

Proposed Solution:

The MIDS document will need to be updated to include these new products – a redlined copy is attached.

The introduction of the new APX product (Product 1) will require a parameter change to the systems used to calculate the Market Index Data that APX submits to ELEXON, the Settlement Administration Agent and the Balancing Mechanism Reporting System.

It is not envisaged that including the Day Ahead Auction Product as a relevant product in the MIDS

should require any changes to Market Index Data Providers' systems.

Justification for Change:

The BSC Panel has recommended this change be raised based upon the ISGs recommendation following industry consultation.

To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code?

The Market Index Definition Statement is defined in Section T 1.5 of the BSC.

Estimated Implementation Costs:

Minimal, 1 ELEXON man day equating to £240

Configurable Items Affected by Proposed Solution(s):

Market Index Definition Statement - version 6.0

Impact on Core Industry Documents or System Operator-Transmission Owner Code:

None

Related Changes and/or Projects:

This CP is being raised in conjunction with CP1358. The expectation is that if they are both approved that they will be implemented at the same time.

Requested Implementation Date:

1 April 2012

Reason:

Beginning of the BSC year. It has been noted that this is a Sunday; however, we see no reason as to why that should affect this. If this turns out to be an issue we will amend.

Version History:

Version 1.0 was raised on 28 October 2011.

Originator's Details:

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Date 28 October 2011

Attachments: Yes

No. of Pages attached: MIDS redlined (23 pages)