

Monitoring Framework for the Electricity Balancing Significant Code Review (EBSCR) reforms

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P305 Introduces:



Demand Control Pricing: Demand Control action added to the stack, priced at Value of Lost Load (VoLL)

VoLL: Win 15/16 = £3k/MWh

VoLL: Win 18/19 = £6k/MWh

Demand Control @ VoLL

Energy actions stacked in price order



Win-18/19 PAR1

Win-15/16 PAR50

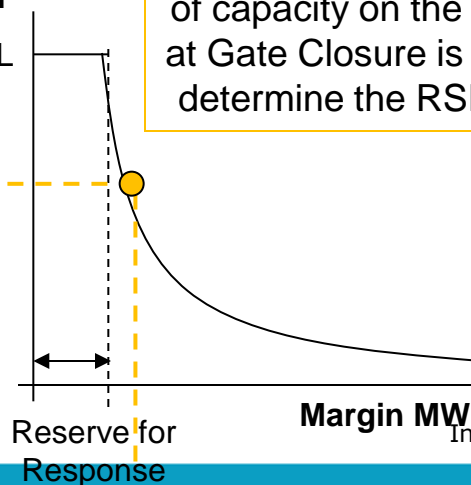
Current PAR500

More Marginal Price: Phased reduction of Price Average Reference (PAR) volume over which the weighted average of the most expensive actions are taken

RSP Price
£/MWh

VoLL

Pricing Reserve: Level of capacity on the system at Gate Closure is used to determine the RSP price



Margin MW

Reserve for
Response

		System Position	
		Long	Short
Party Position	Long	Receive Main Price	Receive Reverse Price
	Short	Pay Reverse Price	Pay Main Price



		System Position	
		Long (SSP sets price) / Short (SBP sets price)	
Party Position	Long	Receive Main Price	
	Short	Pay Main Price	

Reverse price \Rightarrow inefficiency:

- Those parties are effectively helping to balance the system
- The price is not reflective of the cost saving to the SO (and consumer)



Let you know how we plan to monitor the effect of the reform.

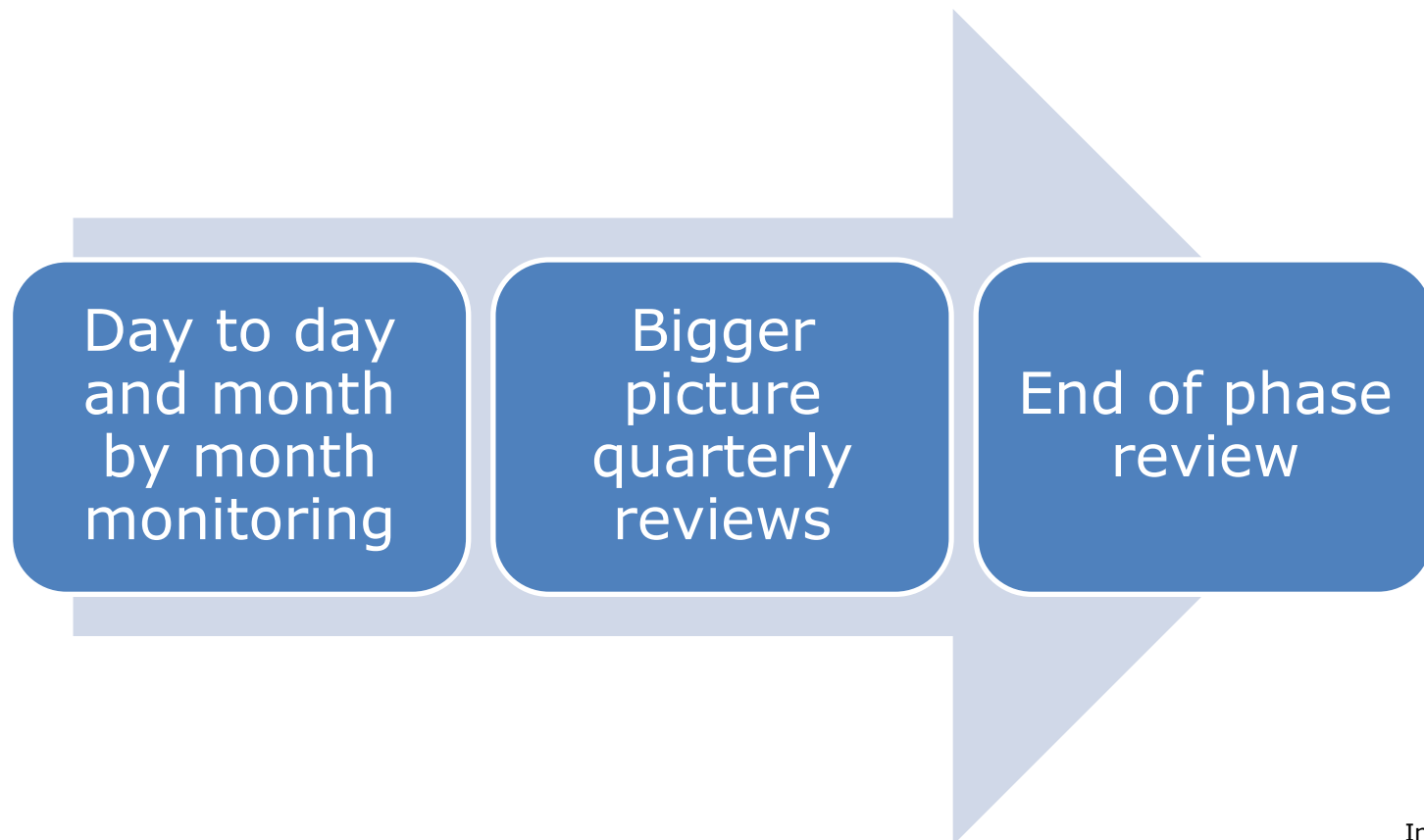


Ask you to work with us and keep us informed.



To give you assurance that we will be completing an ex-post review on our reforms.

We have three stages to our approach to monitoring the reforms.



- All Data will be the same used by NGET and ELEXON in any of their published analysis
- Data from different sources will be in line with publically available data or scrutinised before use.

Current Stage

- BSC Panel Request for Access to Data
- In conversation with NGET for Data provision

Day to day:

This is the everyday monitoring that will consist of monitoring a small number of high level metrics.

Metrics:

- Cash-out price
- System Margin
- NIV
- LOLP/RSP utilization

Month by month reports:

These incorporate the monitoring that will be done by ELEXON. They are strictly the monitoring of metrics but there will be a larger number of them and the reports will include the highlighting of trends.

Metrics:

- Informed by the ELEXON report and our own day to day analysis, we will assess whether to carry out further and more in-depth monitoring.

Quarterly Reviews

These will be larger pieces of work that consist of a more in depth look at the trends and data relationships found in the data collected in the quarter, with comparisons to historic data and scenario analysis.

Metrics

- Monthly Monitoring Data
- Credit Data
- REMIT Data
- Historic Comparisons
- Industry Feedback

End Of Phase Report

The End of Phase Report will be a Report published to Industry, likely to be Q1 of 2018, that will review the analysis we have done so far in highlighting trends, data relationships and scenarios. This analysis will compare the post P305 data with historic data to draw comparison.

Metrics

- All Quarterly Report Data
- Longer Term Data
- Industry Feedback

Published to Industry

- ELEXON's monthly reports
- Ofgem's End of Phase Review
- Updates on progress at BSC working group

Three things to take away from this presentation



We have a framework for monitoring the reform but we are very open to receiving your views on the framework and what we should look at.



We would appreciate your input throughout the initial phase of the reform and have a dedicated EBSCR inbox for you to send your thoughts and data to us.



We will be conducting a review of the reform's initial phase before the implementation of the second stage in 2018

Feedback!

For all monitoring and EBSCR feedback and queries we have a dedicated inbox for you to use:

EBSCR@ofgem.gov.uk

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We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.