

# P217 and BOA Tagging

Paul Hurlock, 2<sup>nd</sup> December, Interim Operational Forum



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# P217 Background

- ◆ What is P217?
  - ◆ A BSC modification raised by RWE (Nov 2007)
  - ◆ A proposed change to the main imbalance price calculation
  - ◆ Ofgem approved Oct 2008
  - ◆ Implemented 5<sup>th</sup> Nov 2009
- ◆ What is P217 trying to do?
  - ◆ Similar to the other two cash out modifications in progress at the time, P217 is designed to remove 'pollution' from the imbalance price
    - ◆ Specifically the removal of any premium (from cash out) associated with constraint management activity



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# P217 System Management Flagging

- ◆ **“System Management Action Flagging Methodology Statement”**

“any balancing service used by National Grid that partially or wholly resolves a transmission constraint”

“any system-to-system balancing service used by National Grid in respect of electricity flows over an interconnector to avoid adverse effects arising on the National Electricity Transmission System, from significant load profile changes.

“any system-to-system balancing service used by a Transmission System Operator (TSO) other than National Grid, for the purposes of resolving a system operation issue in a connected transmission system.”

# P217 – Effect on BSAD

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## ◆ Pre-P217

- ◆ BSAD actions flagged as “System” or “Energy”
- ◆ Aggregated
- ◆ Entered into cashout price calculation at average price of all actions

## ◆ Post-P217

- ◆ BSAD action flagged as “System” or “Energy”
- ◆ Not aggregated
- ◆ Entered in to price stack in price order

# BM vs BSAD

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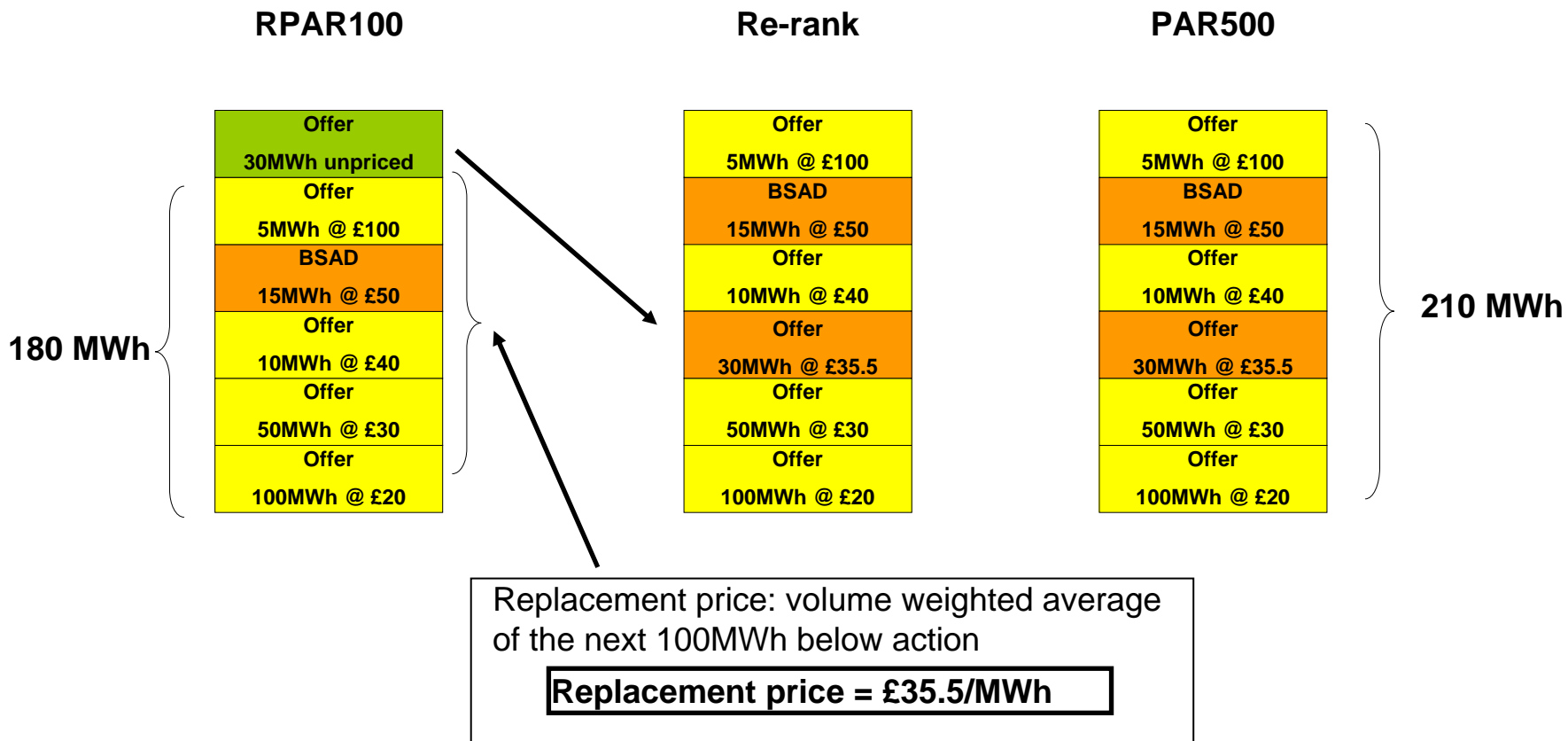
- ◆ BM 'flags' updated in line with changing system conditions
- ◆ BSAD flags set at time enacted, not revised if conditions change
- ◆ For example:
  - ◆ BM Start Up contract for margin (not System Flagged)
  - ◆ Transmission System Fault occurs
  - ◆ Fault causes transmission constraint
  - ◆ Margin unit now affects constraint – Offers system flagged

# Energy / System Reconciliation

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- ◆ There are some cases where a “System” flagged action will be included in the imbalance price stack
  - ◆ If more expensive “energy” actions have been taken then “System” flagged action will still be included
- ◆ If “System” flagged, and needed to reach PAR, then a replacement price will be calculated.
  - ◆ Volume weighted average of preceding 100MWh

# P217 Example – Replacement Price



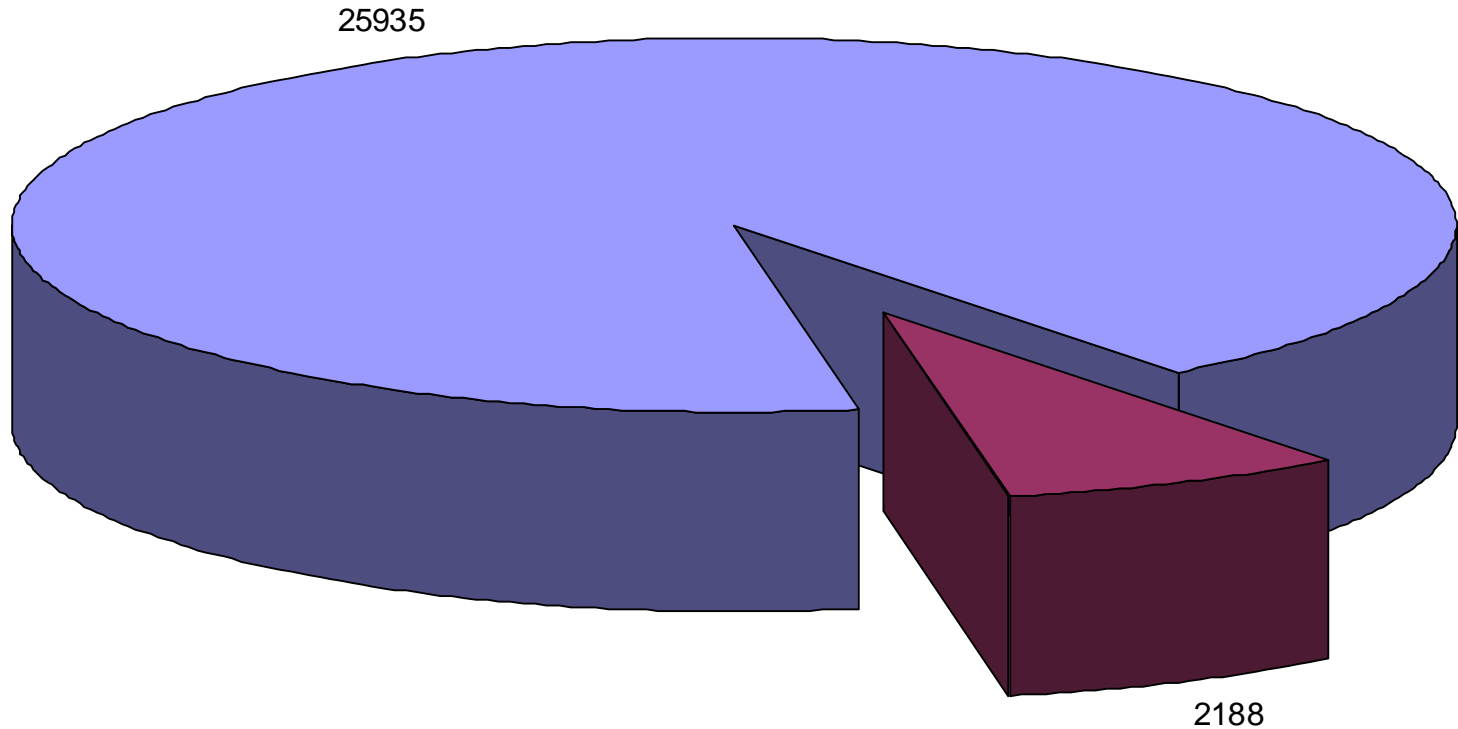
# P217 so far



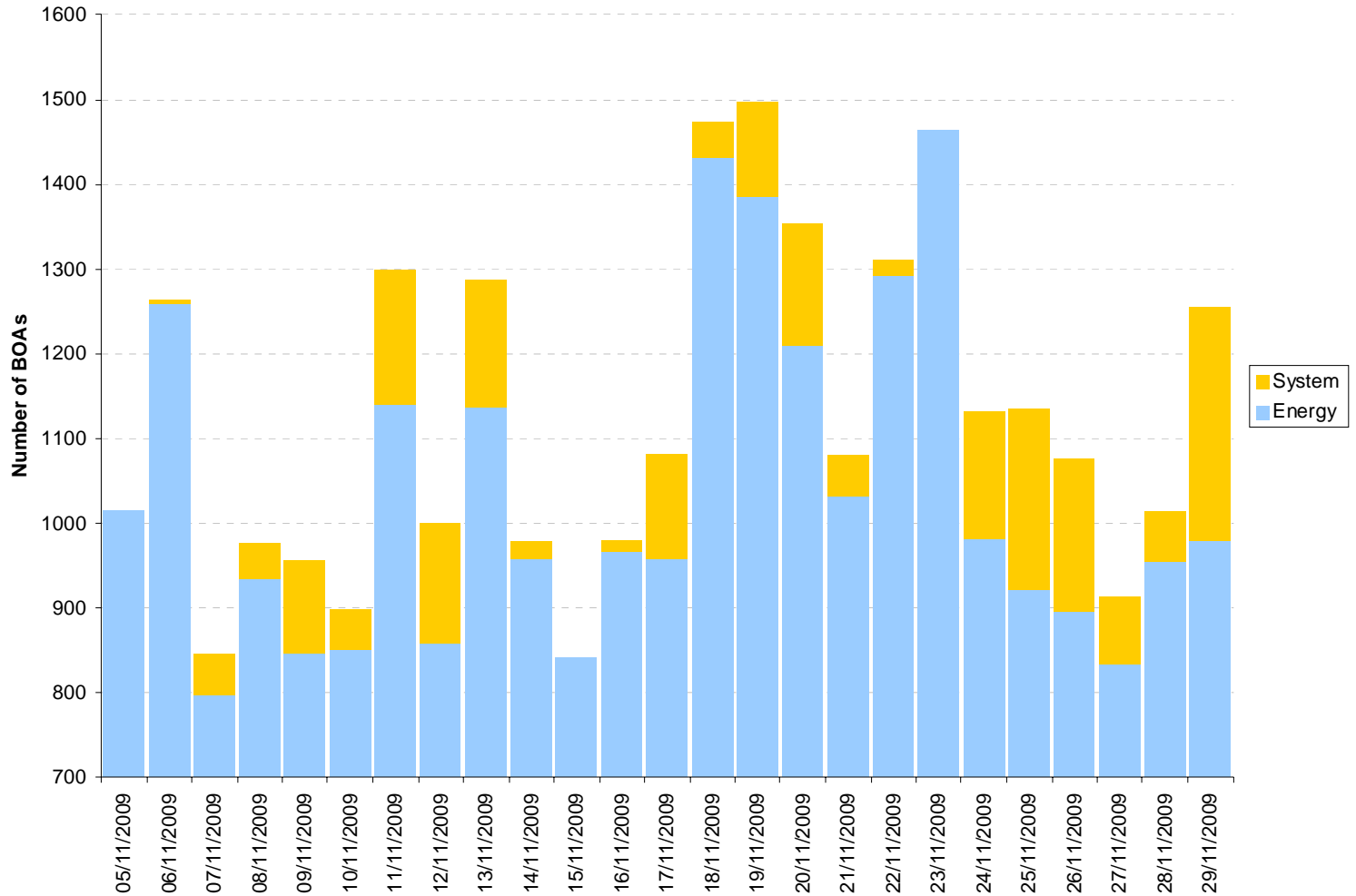
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# Split of BM Actions (Total)

- ◆ Between 5<sup>th</sup> and 29<sup>th</sup> November
  - ◆ Energy: 25935 BOAs
  - ◆ System 2188 BOAs



# Split of BM Actions (Daily)



# Accuracy of Flagging

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- ◆ Report to be published:
  - ◆ “In order to provide confidence to the industry, National Grid will report the accuracy of the Flagging Methodology 6 months after the implementation of the System Management Action Flagging Methodology. Thereafter, National Grid will as a minimum, report annually on the accuracy of the flagging methodology.”
- ◆ Internal review of flags on-going