

LCP Enact monthly analysis

Welcome to LCP's monthly balancing market analysis, designed to give you a snapshot of the key market activities for the Energy industry

July 2020



Contents

- Generation summary
- Bid and offer acceptance summary
- Balancing Services Use of System (BSUoS) summary
- System Price analysis
- Interconnector Flows
- Net Imbalance Value (NIV) summary
- LCP NIV Bot results – trading using the LCP system price forecast

Key statistics

- Coal accounted for **0%** of generation in July
- The total cost of all balancing actions in **July was £92** which is **down** from **June which was £100m**.
- The range in half hourly BSUoS charges was **£19.84/MWh** in July (from **£1.86/MWh** to **£21.70/MWh**)
- Periods of negative system pricing were **1% July** (7.5 hours).
- **National Grid's** NIV forecast was **50%** accurate in predicting the direction of the imbalance while **LCP's** NIV forecast was **65%** accurate
- LCP's NIV Bot made an average **£1/MWh** profit over 1400 trades made

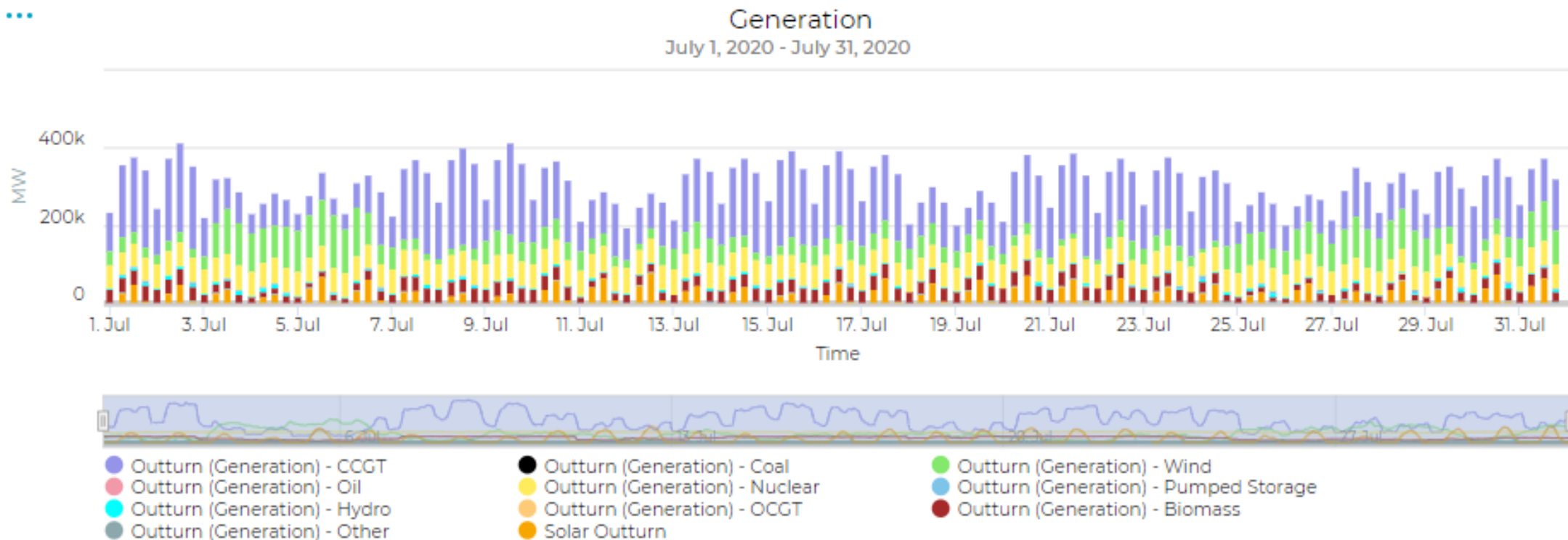
Balancing Market analysis

Generation

The total amount of power generated in GB for July was **19TWh** – significantly up from the 17TWh generated in June. The dominant generation technology was **CCGTs** at **44%** followed by **nuclear** at **20%** and **wind** at **17%**.

Renewables accounted for **35%** of all generation with low carbon sources accounting for 55% of generation.

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Balancing Market analysis

Bid and offer acceptance summary

The majority of Balancing Market offer actions (being turned on/up) were provided by **CCGTs** in July at 63%.

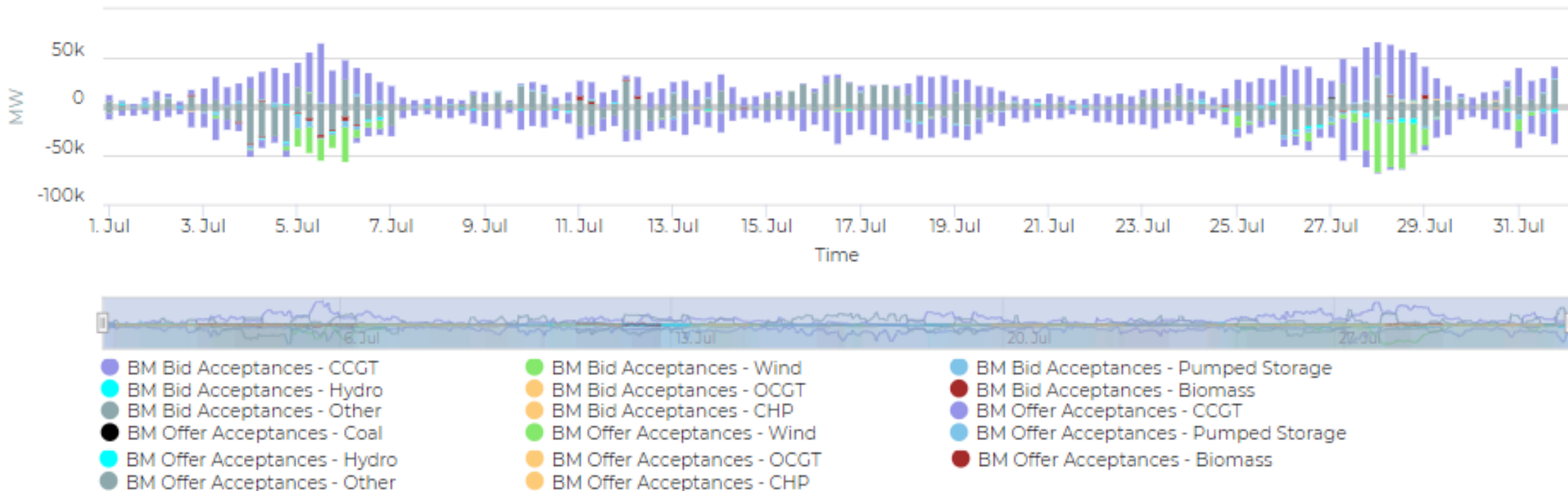
CCGTs also provided the majority of bid actions (being turned off/down) in July at 51.5% with BSAD actions providing 27.5% and wind provided 14%.

CCGTs provided the majority of flexibility in the BM for July

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BM Acceptance Summary
July 1, 2020 - July 31, 2020

Hint: Try clicking an area to drilldown



Balancing Market analysis

Bid and offer acceptance summary

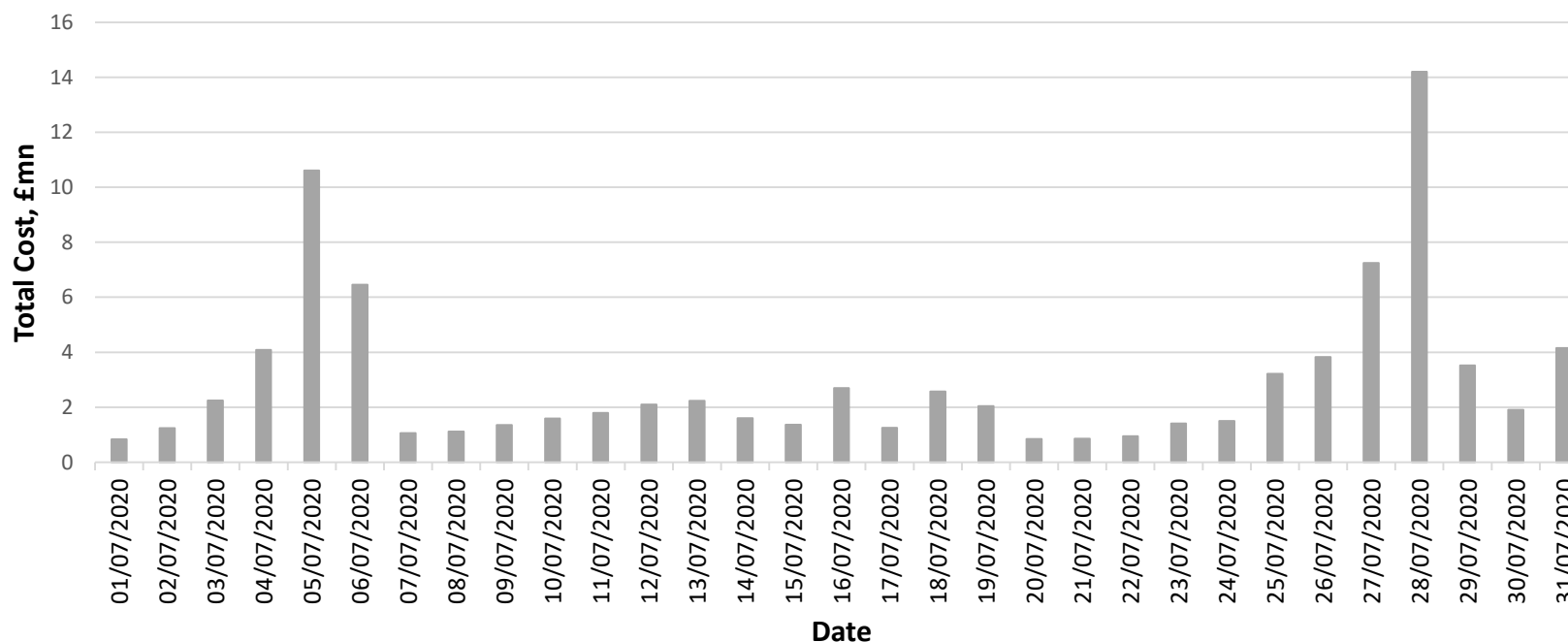
The total cost of all balancing actions in July was **£92m** compared to **£100m** in June.

The total cost of flagged actions (actions taken for system reasons) was **£54m** with the total energy actions being **£38m**.

The total cost of non-flagged bids was **-£0.17m** with non-flagged offers being **£38m**.

The total cost of flagged bids was **£18m** with flagged offers being **£36m**.

Daily Cost of Balancing Mechanism Actions in July 2020



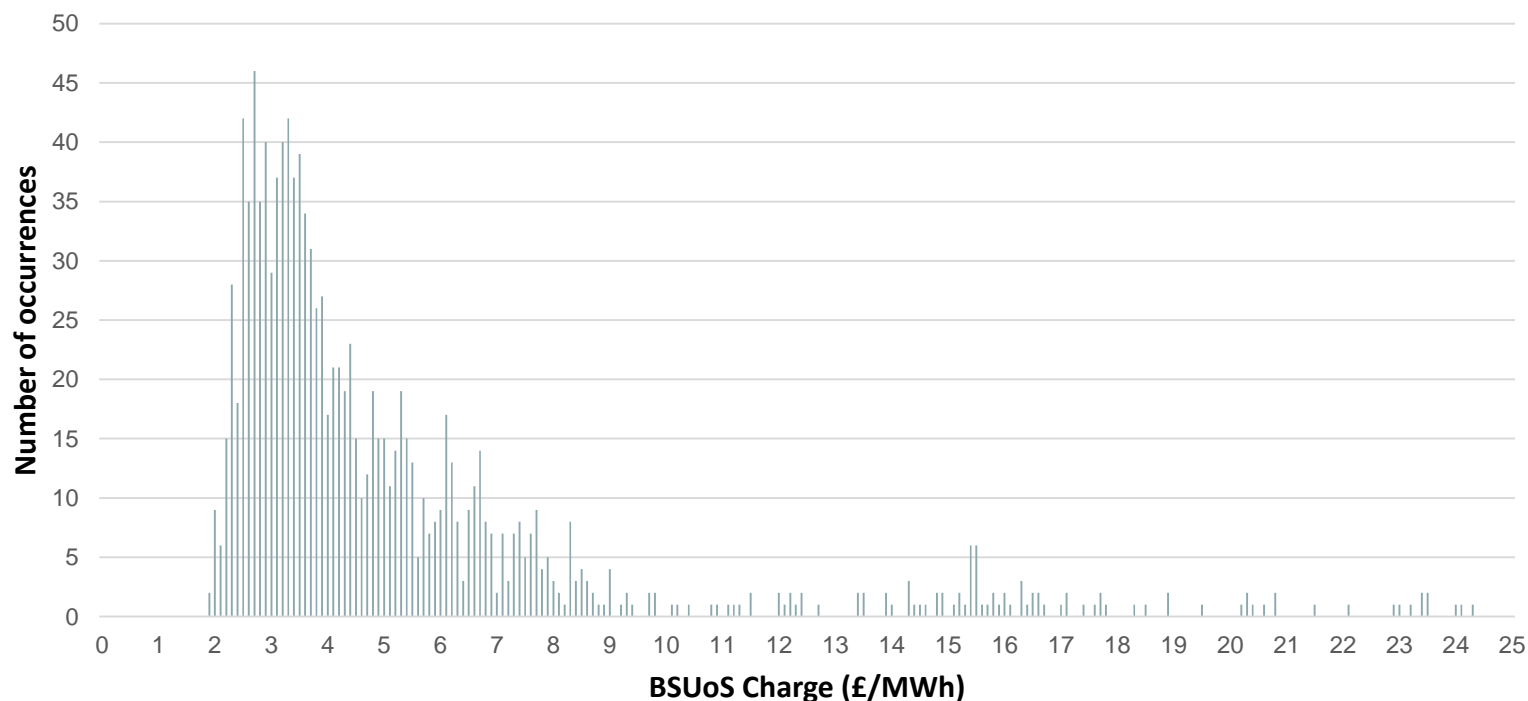
Balancing Market analysis

Balancing Services Use of System (BSUoS) summary

In July, BSUoS charges reached lows of **£1.86/MWh** and highs of **£24.27/MWh** with the average half-hourly BSUoS charge being **£5.19/MWh**. This is similar to the levels seen last month (**£5.09/MWh**) and May (**£5.85/MWh**). The £15/MWh cap on BSUoS charges will mean that just over **£2m** of charges will be differed.

National Grid's half hourly BSUoS forecast is within £2/MWh of the actual outturn **71%** of the time, while LCP's live BSUoS forecast is within £2/MWh of the actual outturn **94%** of the time.

Half hourly BSUoS charge occurrences over July 2020



*The range in BSUoS charges was **£22.41/MWh** in July*

Balancing Market analysis

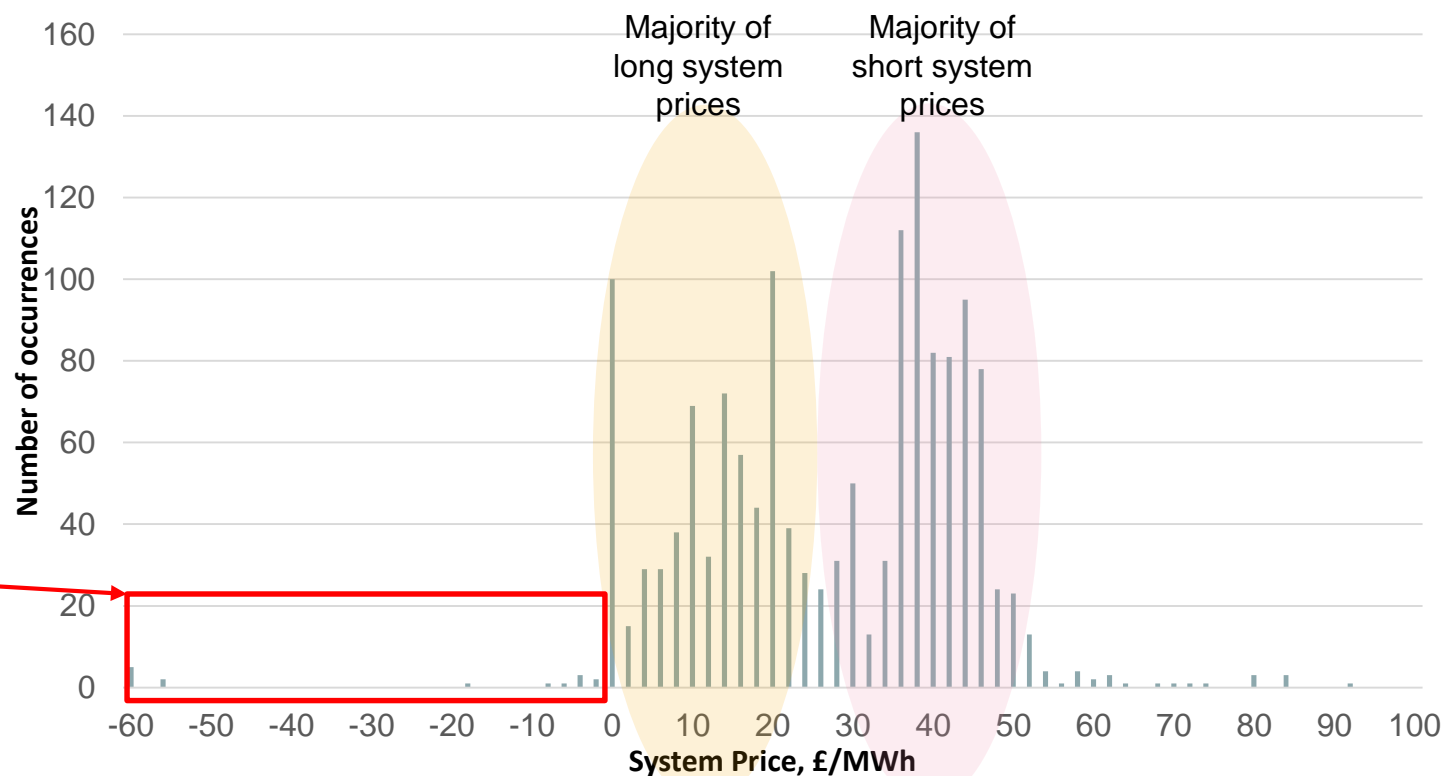
System Price analysis

System Prices for July reached a high of **£92.14/MWh** with the lowest System Price being **-£60MWh**. The average system price for the month was **£27.92/MWh**.

There had been an increase in negative system prices over the past couple of months as low demand resulted in high amounts of renewable generation being turned off/down in the Balancing Market.

1% of periods in July had negative system prices, which is less than the 4% seen in June and 5% in May.

System price occurrences over July 2020



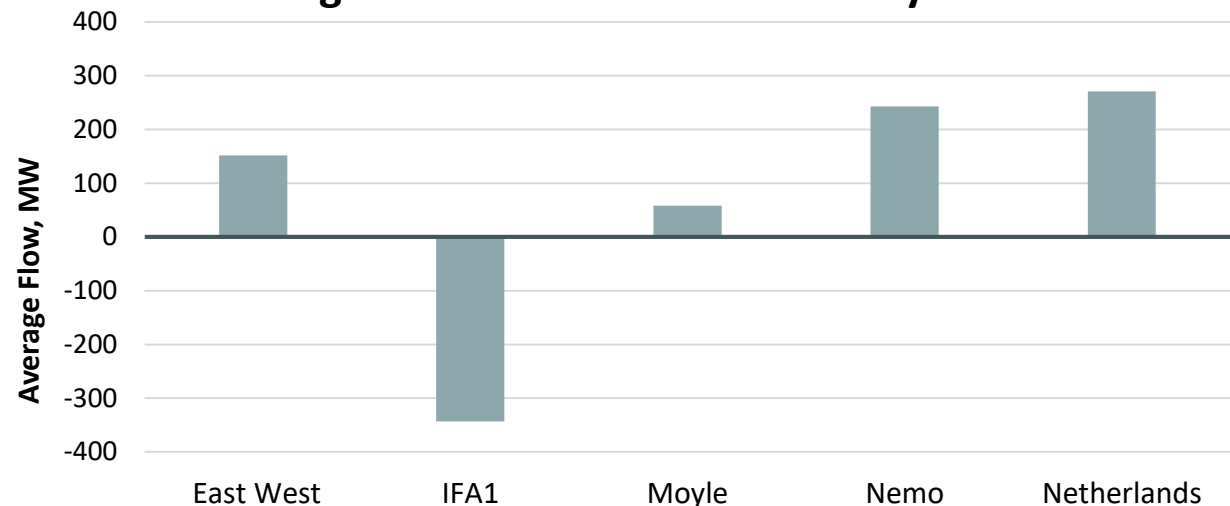
Balancing Market analysis

Interconnector Flows

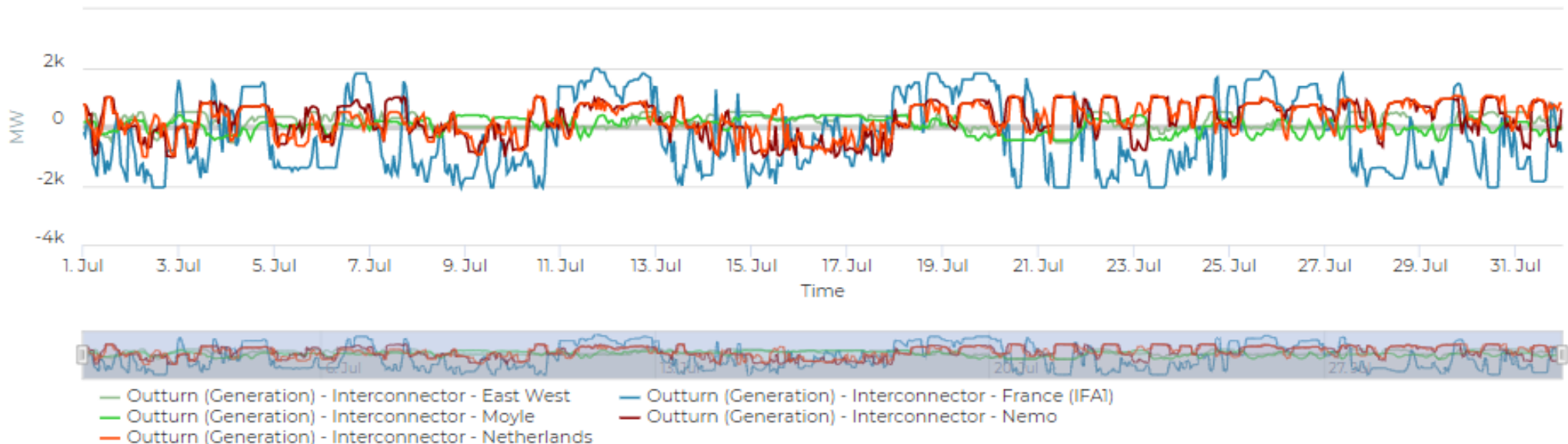
Interconnectors provided just under **284GWh** to GB in July.

We imported power from all interconnectors on net basis in July except for the French interconnector (IFA1) which exporting on a net basis.

Average Interconnector flows in July 2020



Interconnector Outturns July 1, 2020 - July 31, 2020



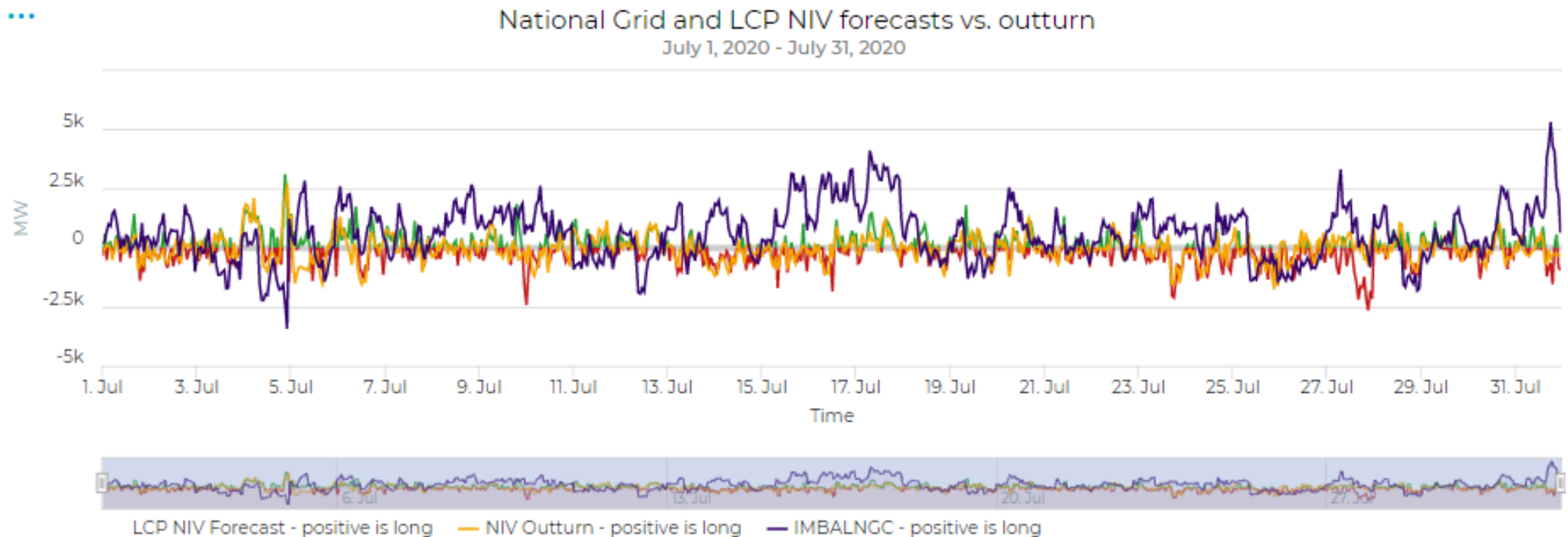
Balancing Market analysis

Net Imbalance Value (NIV) Summary

NIV Summary and National Grid vs. LCP Forecast Accuracy

The average NIV outrun for July was -54.16MW with the maximum being 3,656MW long and minimum being -1,982MW short.

National Grid's NIV forecast was 50% accurate in predicting the direction of the imbalance while **LCP's NIV forecast was 65%** accurate in predicting the direction of the imbalance (30 minutes before the start of the period).



Balancing Market analysis

LCP NIV Bot

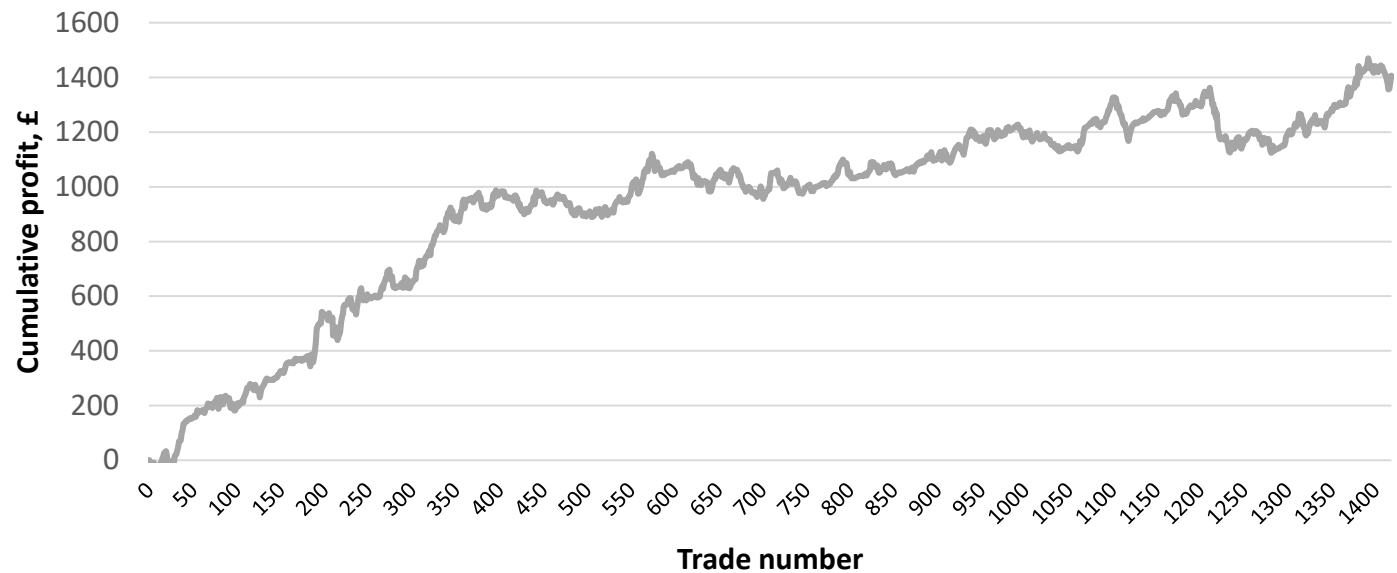
LCP's NIV bot tests the accuracy of our NIV and System price forecasts in real time, by comparing our system price forecast against the price being traded on EPEX 30 minutes before delivery.

The bot chooses to simulate a buy or sell of 1MWh and then rebalance through cashout when the period closes.

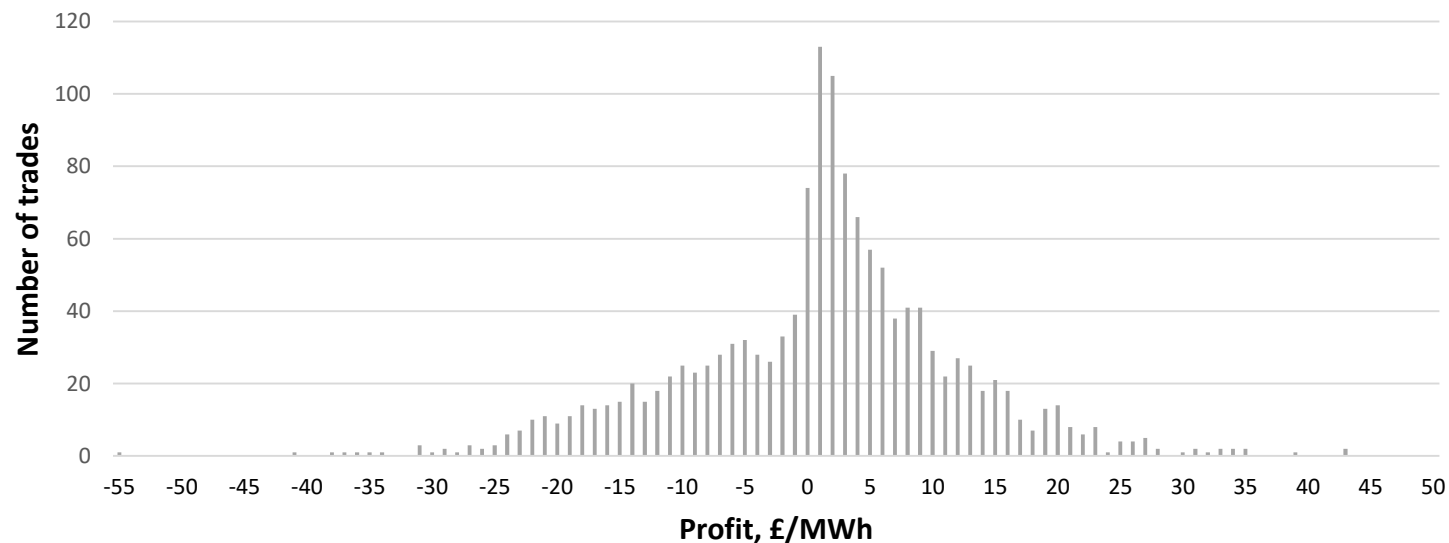
The profit/loss (depending on whether it made the right decision to buy or sell power on EPEX) is the difference between the traded price and cashout price.

July saw significantly less volatility in the market, with low levels of wind prevailing through most of the month and a return to more usual demand conditions. However, the LCP NIV bot was still able to secure an average £1/MWh profit over 1400 trades made.

Cumulative profit of LCP's NIV bot over July 2020



Distribution of profit per trade



Any questions?

If you would like any assistance or further information on the contents of this analysis, please contact one of the team below.



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