

# *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



September 2020

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## Key statistics

- Coal accounted for **0.9%** of generation in September
- The total cost of all balancing actions in **September was £98m** which is **up** from **August which was £73m**
- The range in half hourly BSUoS charges was **£9.05/MWh** in September (from **£0.95/MWh** to **£10.00/MWh**)
- Periods of negative system pricing were **0.1% September.**
- **National Grid's** NIV forecast was **46%** accurate in predicting the direction of the imbalance while **LCP's** NIV forecast was **68%** accurate
- LCP's NIV Bot made an average profit of **£1.43/MWh** over 1,400 trades

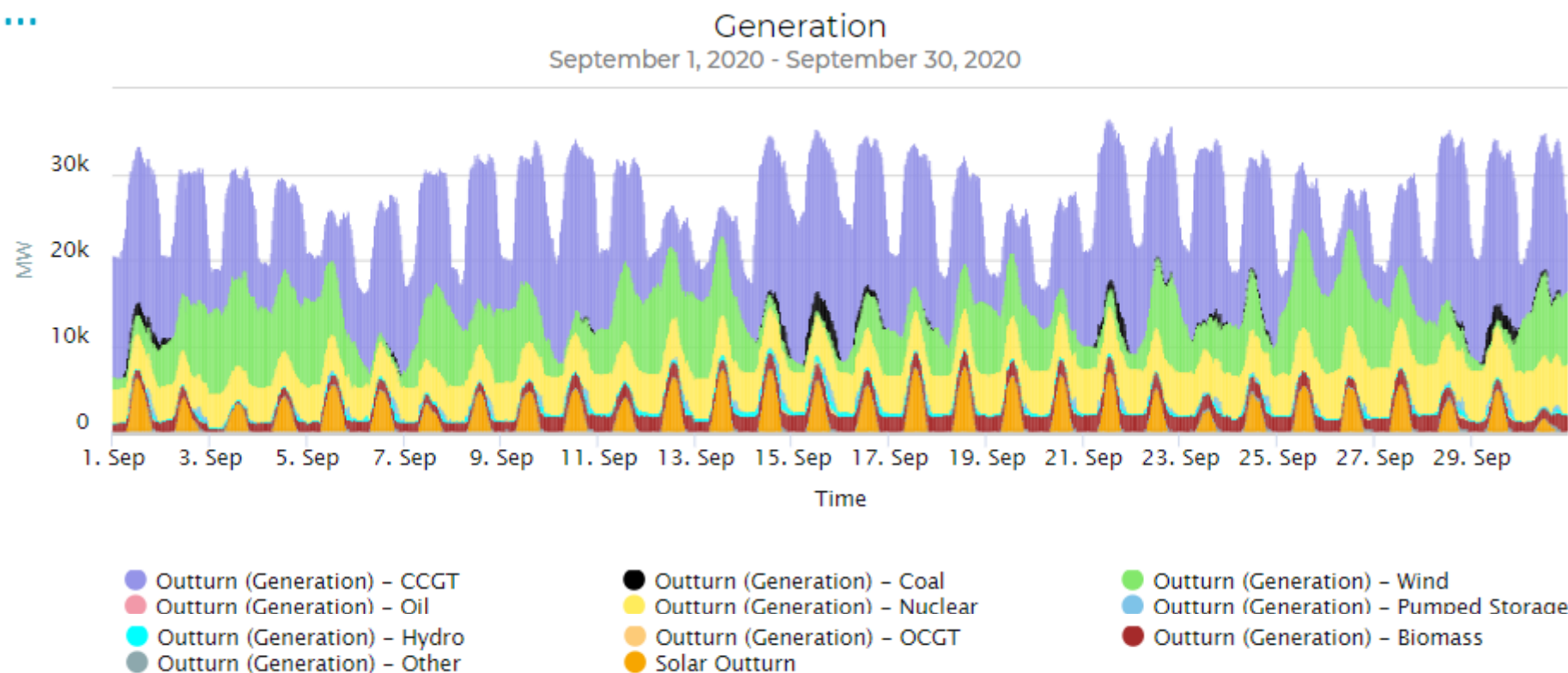
# Balancing Market analysis

## Generation summary

The total amount of power generated in GB for September was **19TWh** – slightly up from the 18TWh generated in August. The dominant generation technology was **CCGTs** at **46%** followed by **wind** at **21%** and **nuclear** at **18%**.

Renewables accounted for **33%** of all generation with low carbon sources accounting for **51%** of generation.

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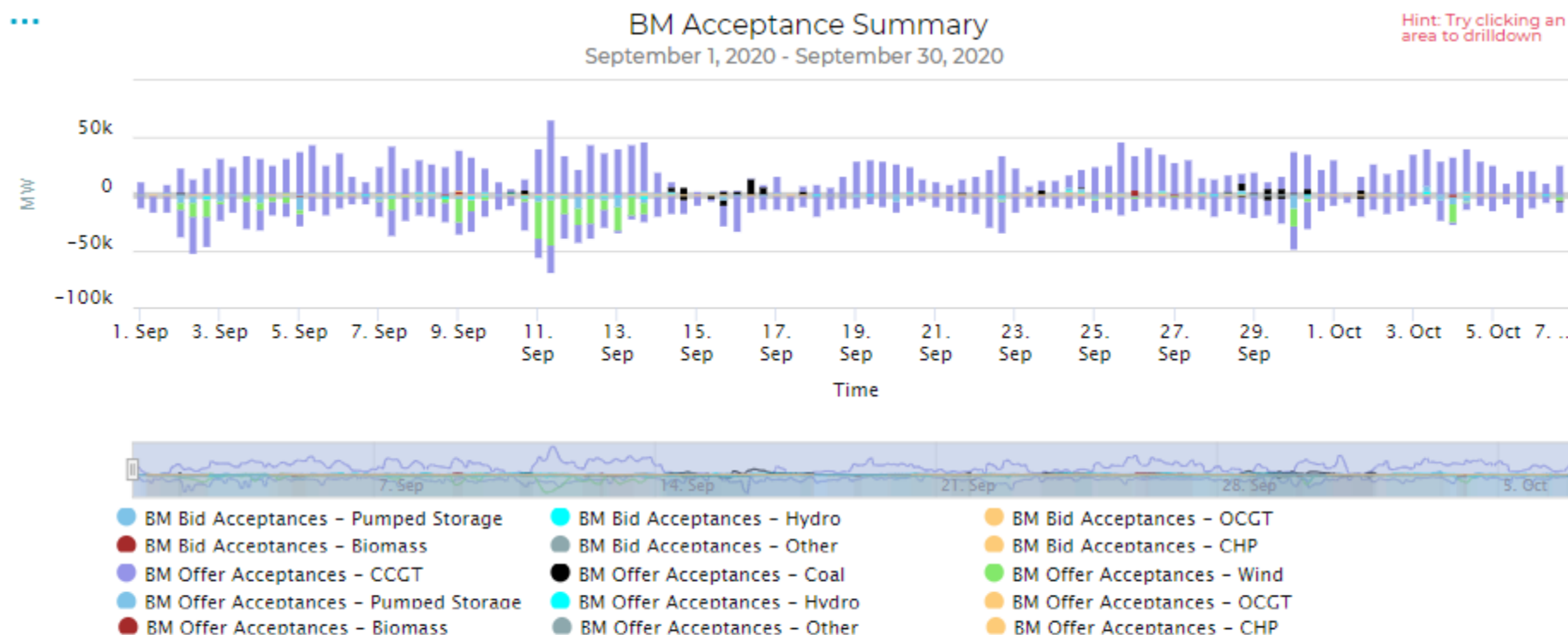
# Balancing Market analysis

## Bid and offer acceptance summary

The majority of Balancing Market offer actions (being turned on/up) were provided by **CCGTs** in September at **72%**.

**CCGTs** also provided the majority of bid actions (being turned off/down) in September at **91%**.

*CCGTs provided the majority of flexibility in the BM for September*



# Balancing Market analysis

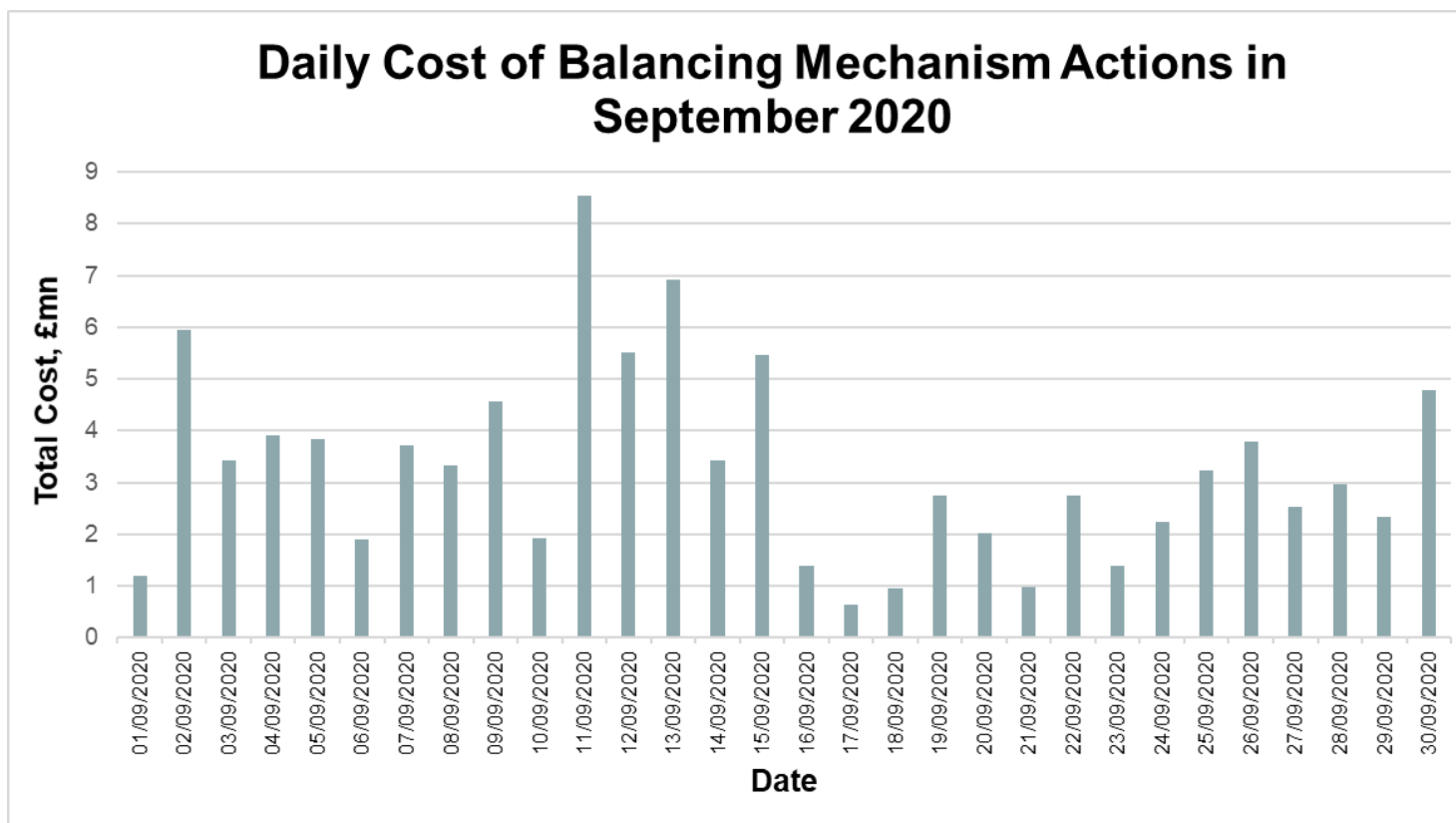
## Bid and offer acceptance summary

The total cost of all balancing actions in **September** was **£98m** compared to £74m in August .

The total cost of flagged actions (actions taken for system reasons) was **£40m** with the total energy actions being **£58m**.

The total cost of non-flagged bids was **-£6m** with non-flagged offers being **£64m**.

The total cost of flagged bids was **£12m** with flagged offers being **£28m**.

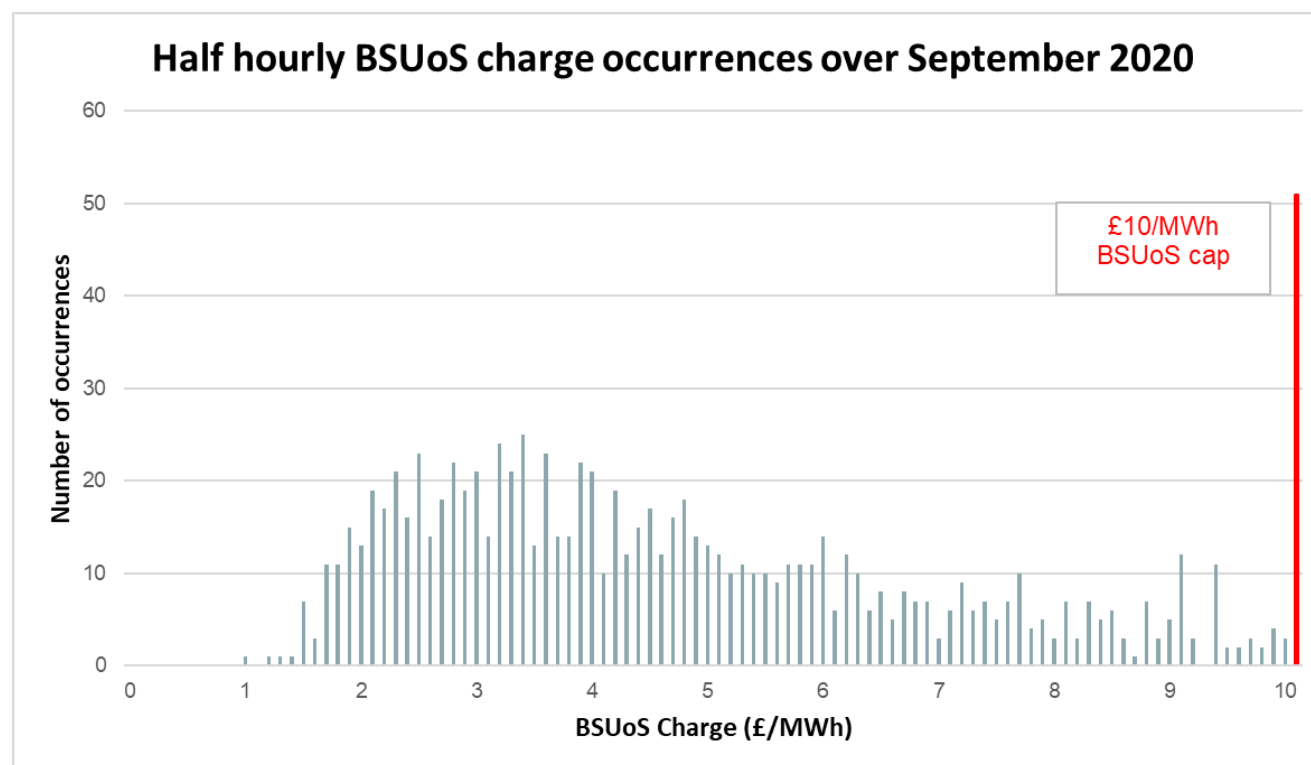


# Balancing Market analysis

## Balancing Services Use of System (BSUoS) summary

In September, BSUoS charges reached lows of **£0.95/MWh** and highs of **£28.41/MWh** (although this was capped at £10/MWh) with the average half-hourly BSUoS charge being **£4.93/MWh (£3.28/MWh with the cap)**. The £10/MWh cap on BSUoS charges means that just over **£1m** of charges will have been deferred in September.

National Grid's half hourly BSUoS forecast is within £2/MWh of the actual outturn **59%** of the time, while LCP's live BSUoS forecast is within £2/MWh of the actual outturn **92%** of the time.



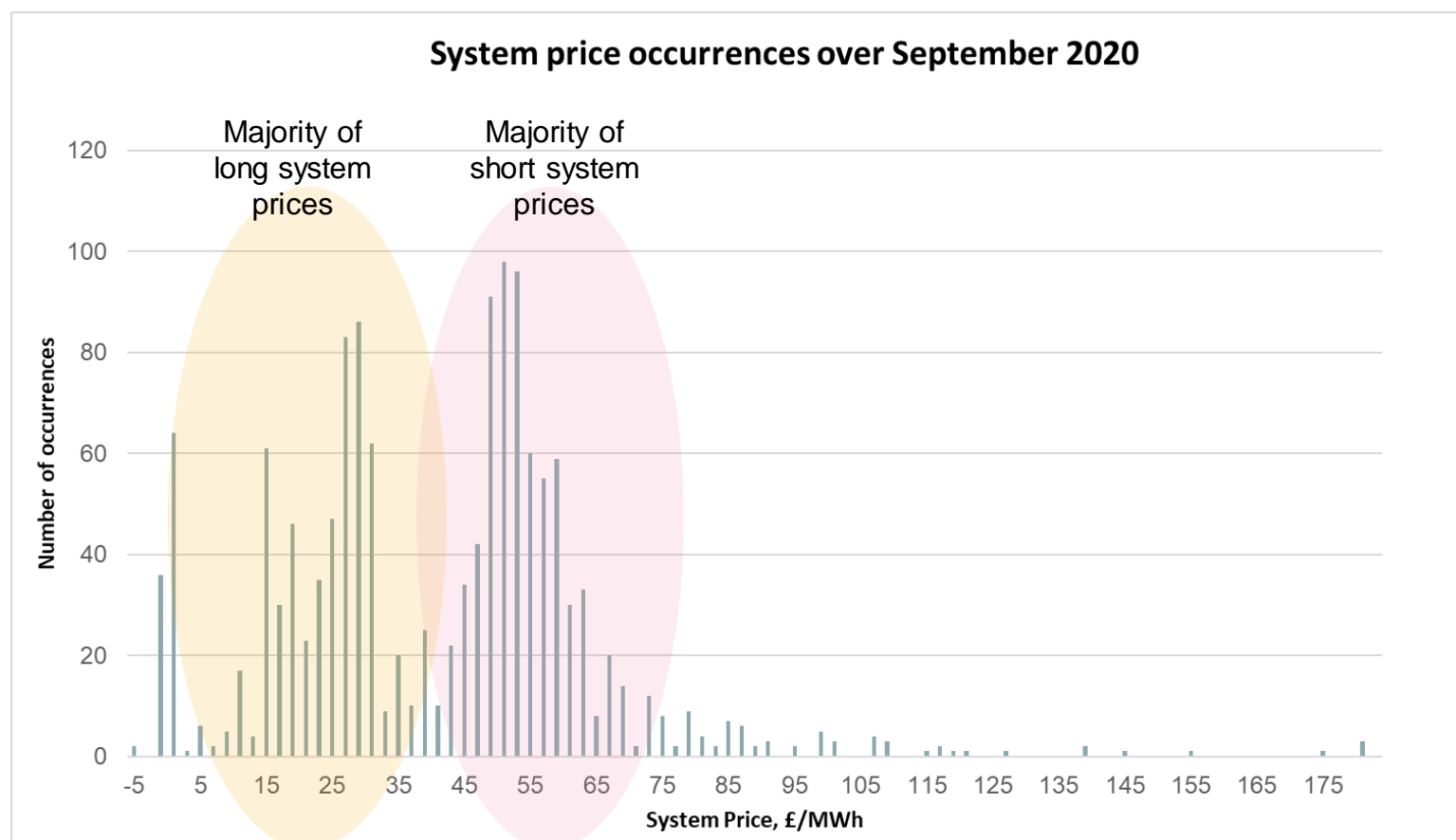
*The range in BSUoS charges was **£9.05/MWh** in September*

# Balancing Market analysis

## System Price analysis

System Prices for September reached a high of **£540.00/MWh** with the lowest System Price being **£-5.00/MWh**. The average system price for the month was **£43.24/MWh**.

The £540/MWh period (September 15th, 6pm) was due to a high loss of load probability and so expensive BSAD actions were taken above £600/MWh to restore balance. The intraday market was trading at over £1000/MWh, pricing in the risk of STOR being used and setting cashout at LOLP\* VOLL, the situation we saw earlier in the year when system prices exceeded £2,000/MWh, which in this case did not materialise.

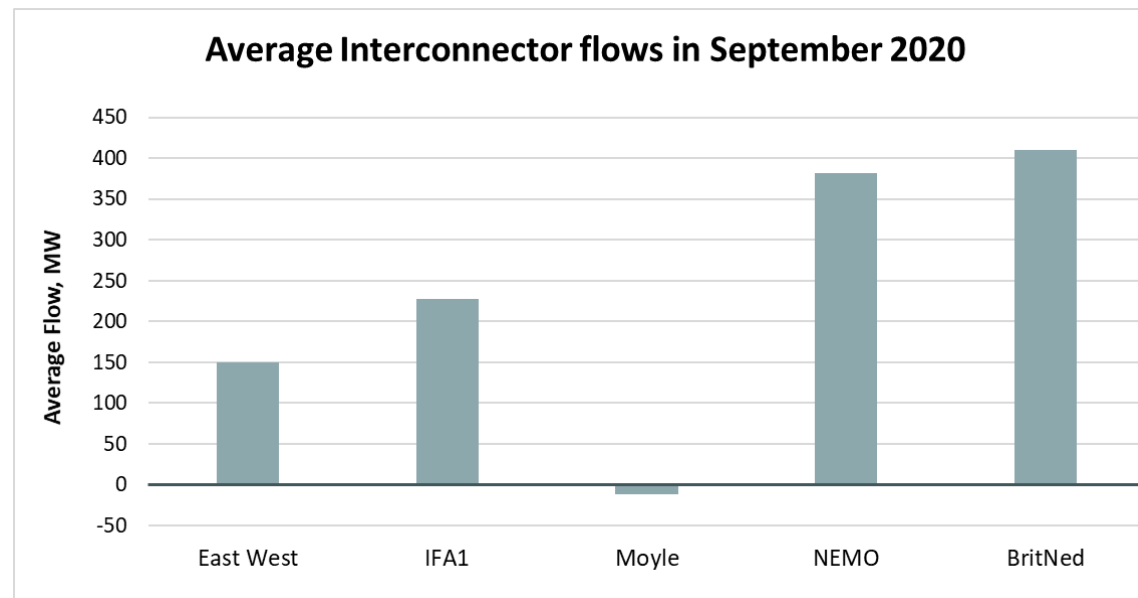


# Balancing Market analysis

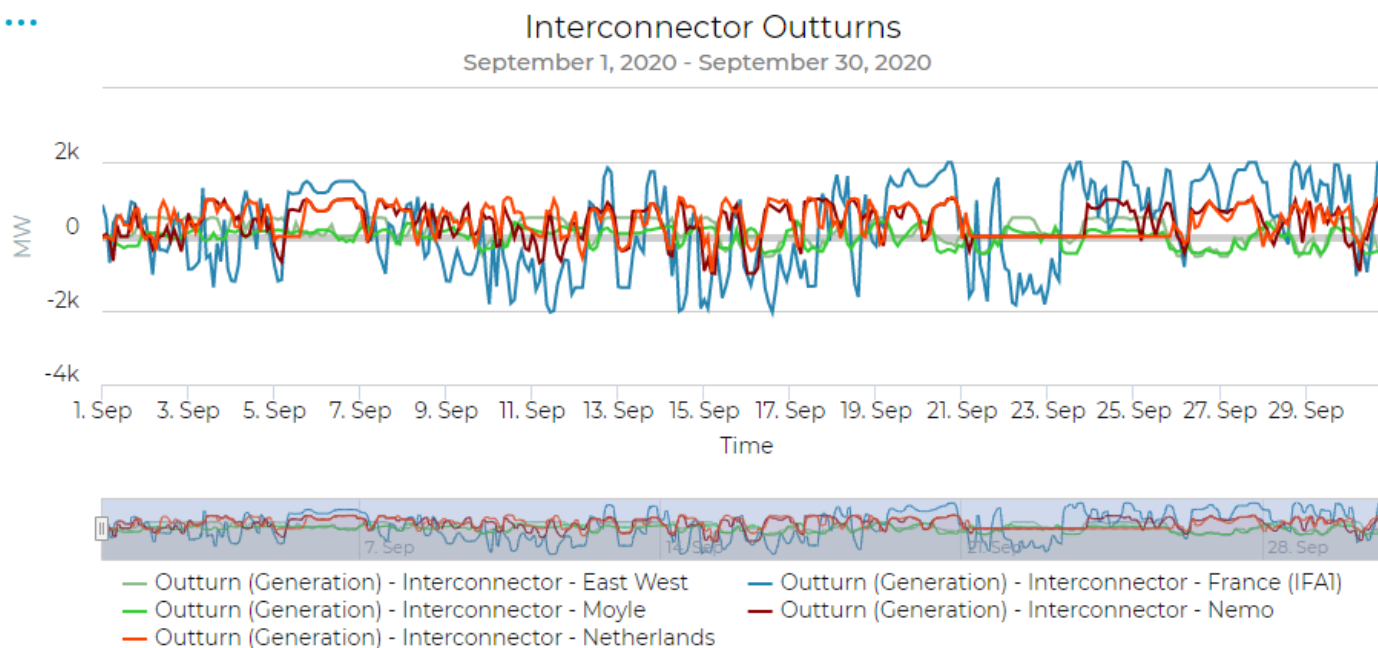
## Interconnector flows

Interconnectors provided nearly 2% of power to GB in September (on a net basis).

We imported power from all interconnectors on a net basis in September except for the Moyle interconnector which was slightly exporting overall.



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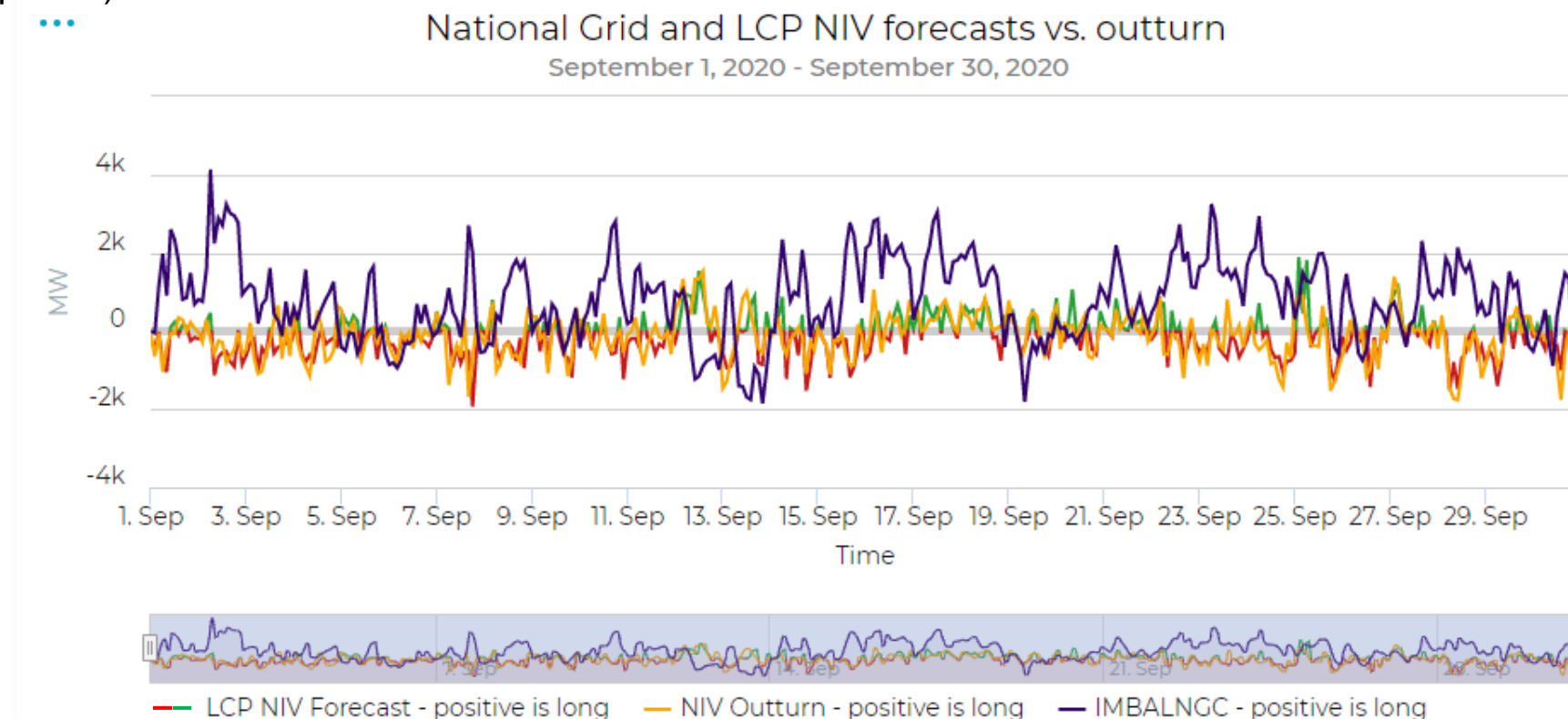
# Balancing Market analysis

## Net Imbalance Value (NIV) summary

### NIV Summary and National Grid vs. LCP Forecast Accuracy

The average NIV outrun for September was -137MW with the maximum being 2,140MW long and minimum being -2,691MW short.

**National Grid's NIV forecast was 46%** accurate in predicting the direction of the imbalance while **LCP's NIV forecast was 68%** accurate in predicting the direction of the imbalance (30 minutes before the start of the period).





# Balancing Market analysis

## LCP NIV Bot

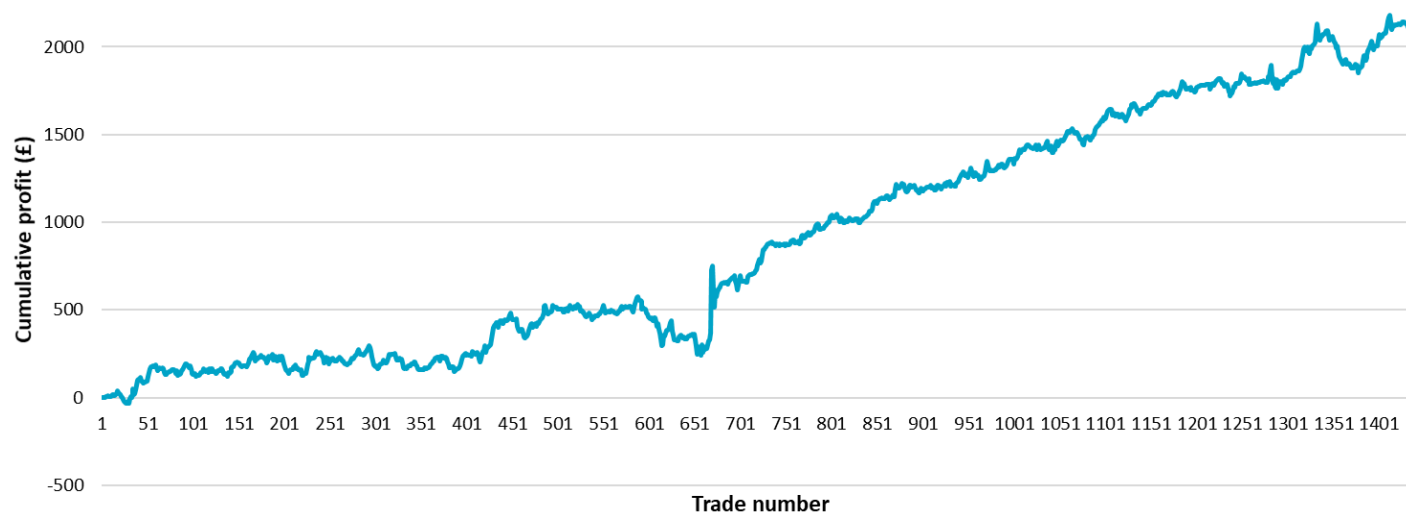
LCP's NIV bot tests the accuracy of our NIV and System price forecasts in real time, by comparing our system price forecast against the price being traded on EPEX 30 minutes before delivery.

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

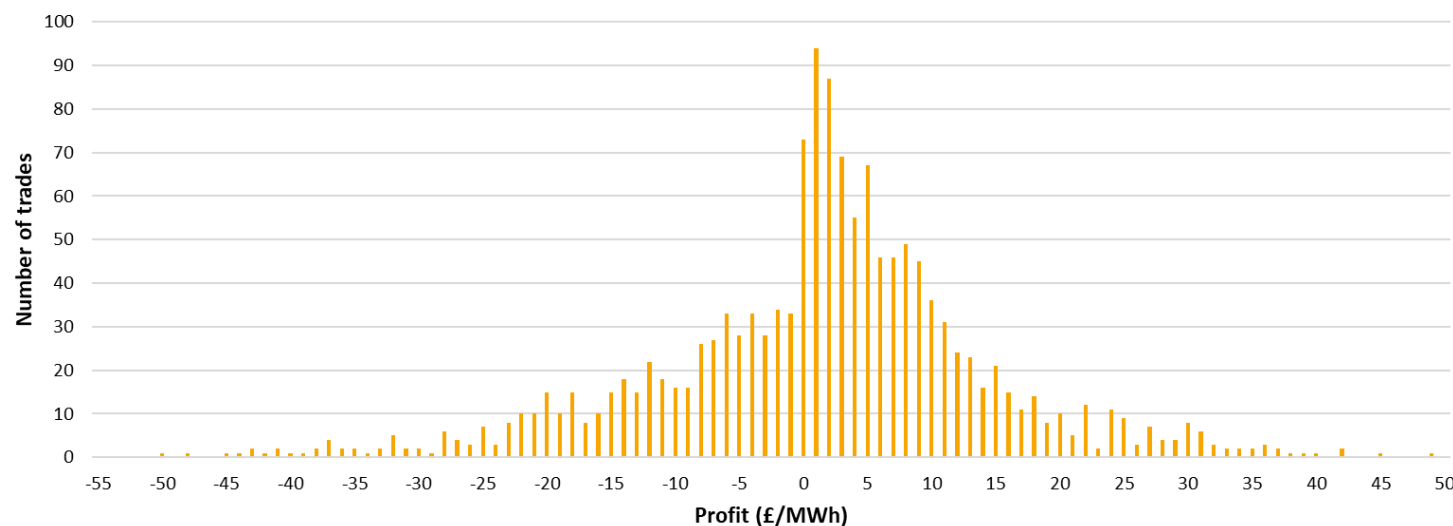
The profit/loss (depending on whether it made the right decision to buy or sell power on EPEX) is the difference between the traded price and cashout price.

LCP's NIV bot was still able to secure an average **£1.43/MWh** profit over **1400** trades made.

Cumulative profit of LCP's NIV bot over September 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.



*Rajiv Gogna*  
Partner

[rajiv.gogna@lcp.uk.com](mailto:rajiv.gogna@lcp.uk.com)

+44 (0)20 7432 3097



*Kyle Martin*  
Head of Market Insight

[kyle.martin@lcp.uk.com](mailto:kyle.martin@lcp.uk.com)

+44 (0)20 3824 7430

[lcpenact.com](https://lcpenact.com)

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