

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



October 2020

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Key statistics

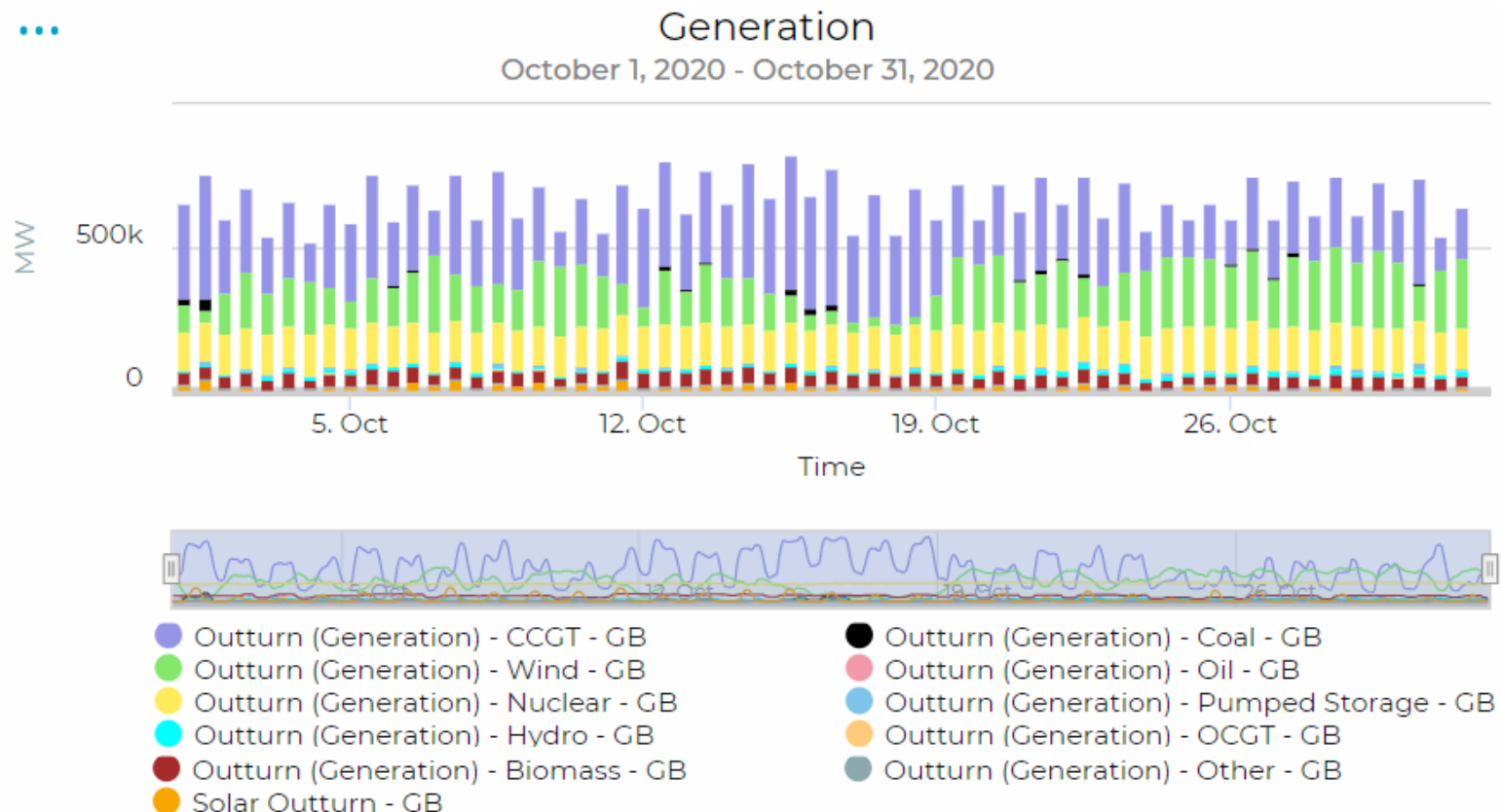
- Coal accounted for **0.6%** of generation in October
- The total cost of all balancing actions October was £117m which is up from £98m in September.
- The range in half hourly BSUoS charges was **£13.57/MWh** in October
- Periods of negative system pricing were **1.6% October.**
- **National Grid's** NIV forecast was **53%** 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 **£1.53/MWh** over 1,200 trades

Balancing Market analysis

Generation summary

The total amount of power generated in GB for October was **21TWh** – slightly up from the 19TWh generated in September. The dominant generation technology was **CCGTs** at **40%** followed by **wind** at **25%** and **nuclear** at **22%**.

Renewables accounted for **36%** of all generation with low carbon sources accounting for **58%** of generation.



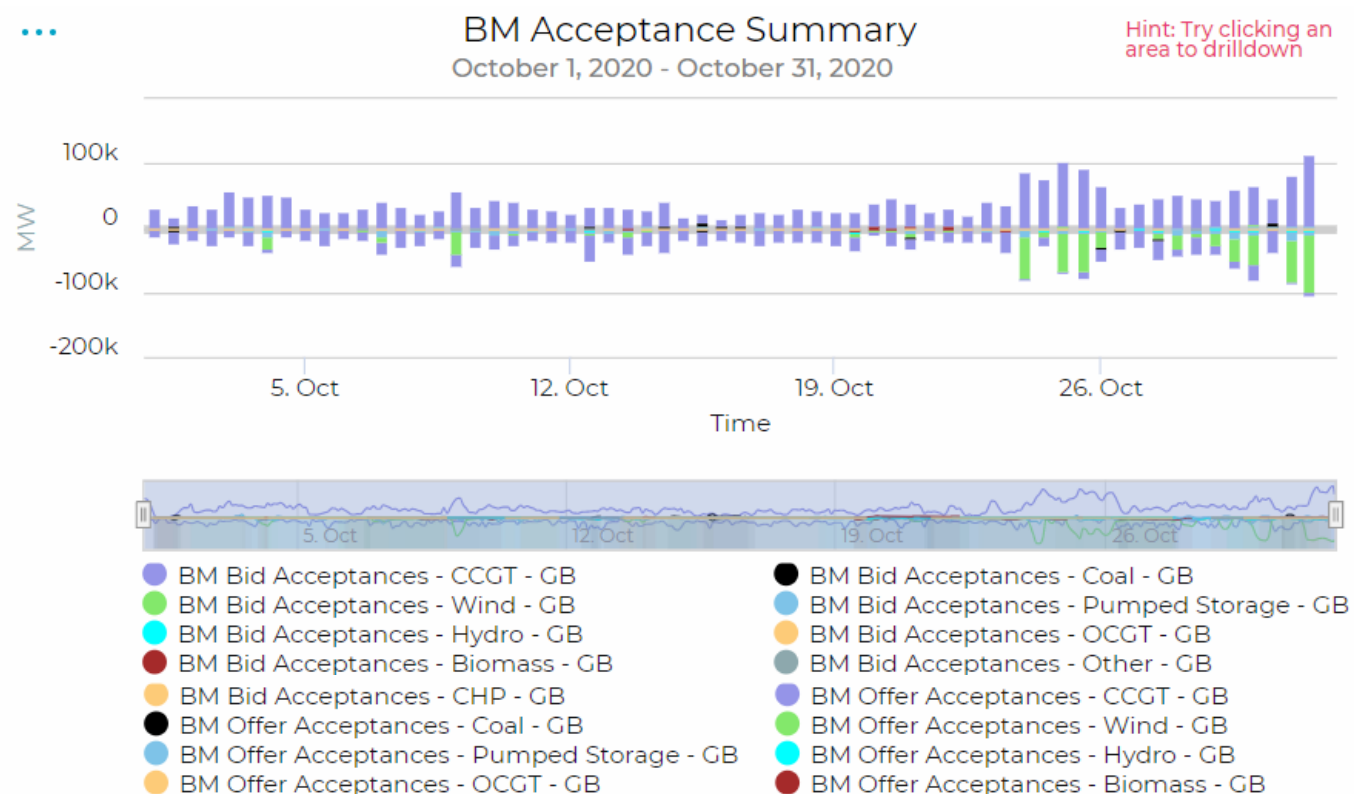
Balancing Market analysis

Bid and offer acceptance summary

The majority of Balancing Market offer actions (being turned on/up) were provided by **CCGTs** in October at **95%**. **CCGTs** also provided the majority of bid actions (being turned off/down) in October at **57%**.

Battery volumes in the Balancing Market have reduced in October due to the introduction of Dynamic Containment.

CCGTs provided the majority of flexibility in the BM for October

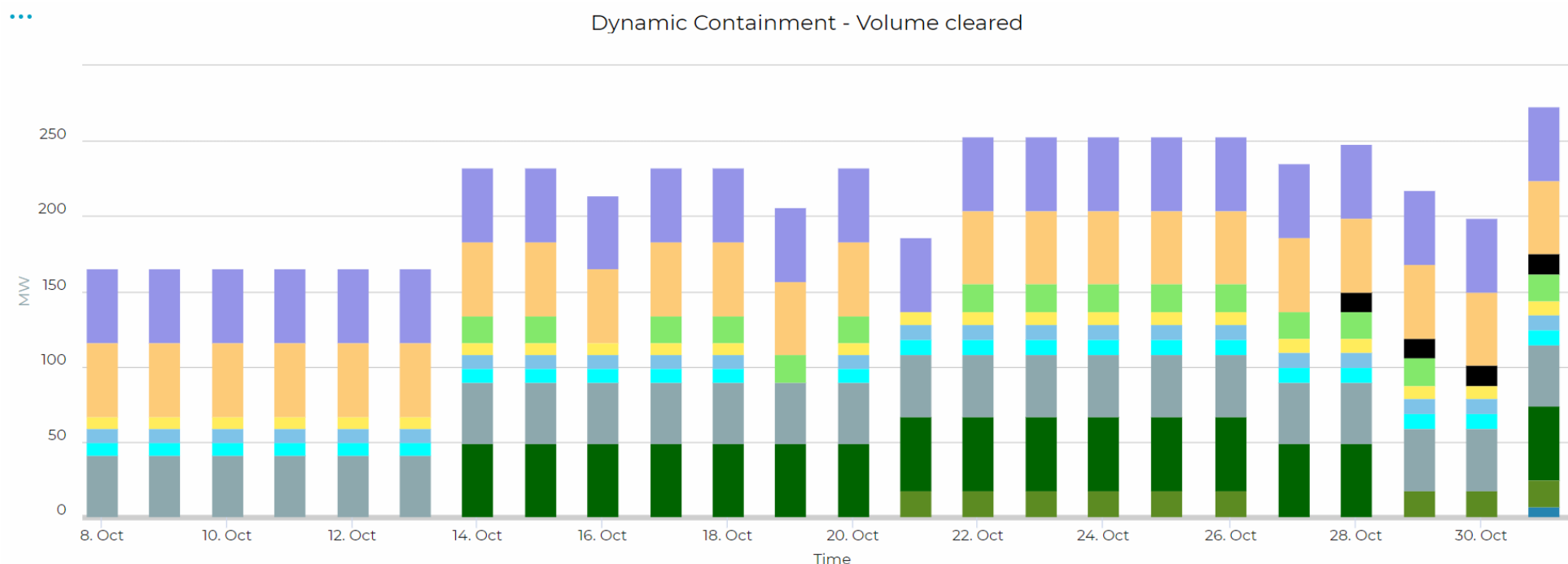


Dynamic Containment analysis

National Grid ESO's new frequency response service

National Grid ESO launched its new frequency response service in October called Dynamic Containment. Dynamic containment has been developed to meet the need to contain frequency with full activation needed within 1 second.

Due to the 500MW market cap not being reached the auction has cleared around the value of the price cap (£17/MWh) for the majority of the month.



Balancing Market analysis

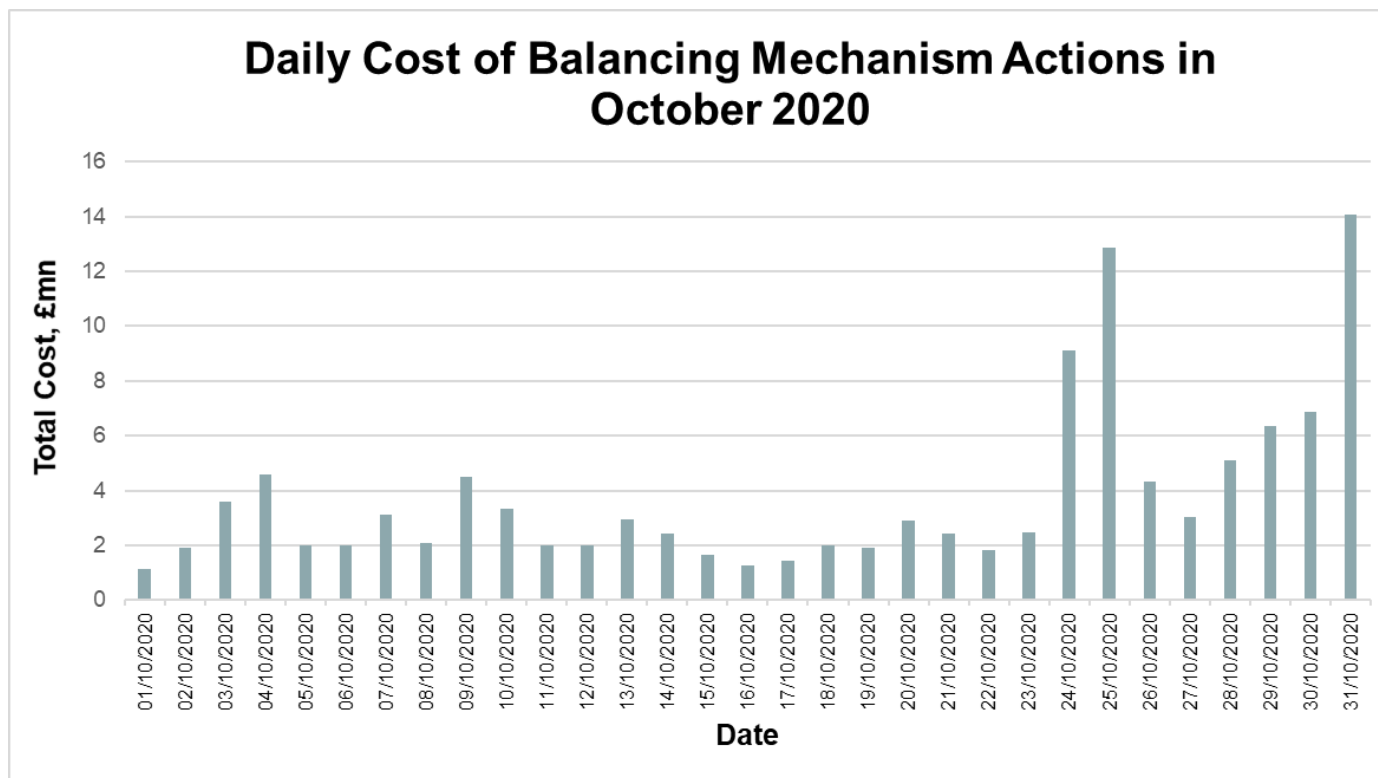
Bid and offer acceptance summary

The total cost of all balancing actions in **October** was **£117m** compared to £98m in September.

The total cost of flagged actions (actions taken for system reasons) was **£50m** with the total actions taken for energy reasons being **£67m**.

The total cost of non-flagged bids was **-£6m** with non-flagged offers being **£73m**.

The total cost of flagged bids was **£22m** with flagged offers being **£28m**.

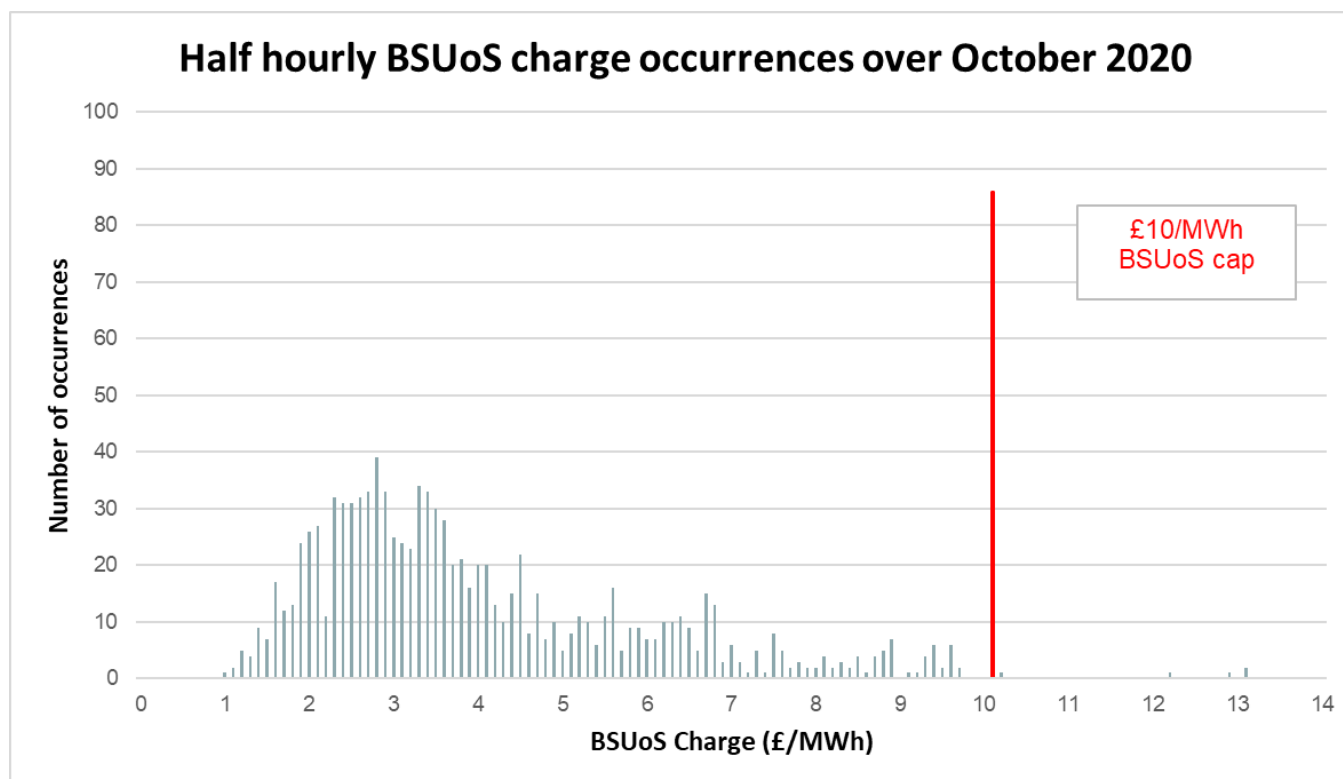


Balancing Market analysis

Balancing Services Use of System (BSUoS) summary

In October, BSUoS charges reached lows of **£0.98/MWh** and highs of **£26.27/MWh** (although this was capped at £10/MWh until the 25th October) with the average half-hourly BSUoS charge being **£4.54/MWh**. The £10/MWh cap on BSUoS charges means that that nearly **£4m** of charges will have be deferred in October.

National Grid's half hourly BSUoS forecast is within £2/MWh of the actual outturn **76%** of the time, while LCP's live BSUoS forecast is within £2/MWh of the actual outturn **77%** of the time.



*The range in BSUoS charges was **£13.57/MWh** in October*

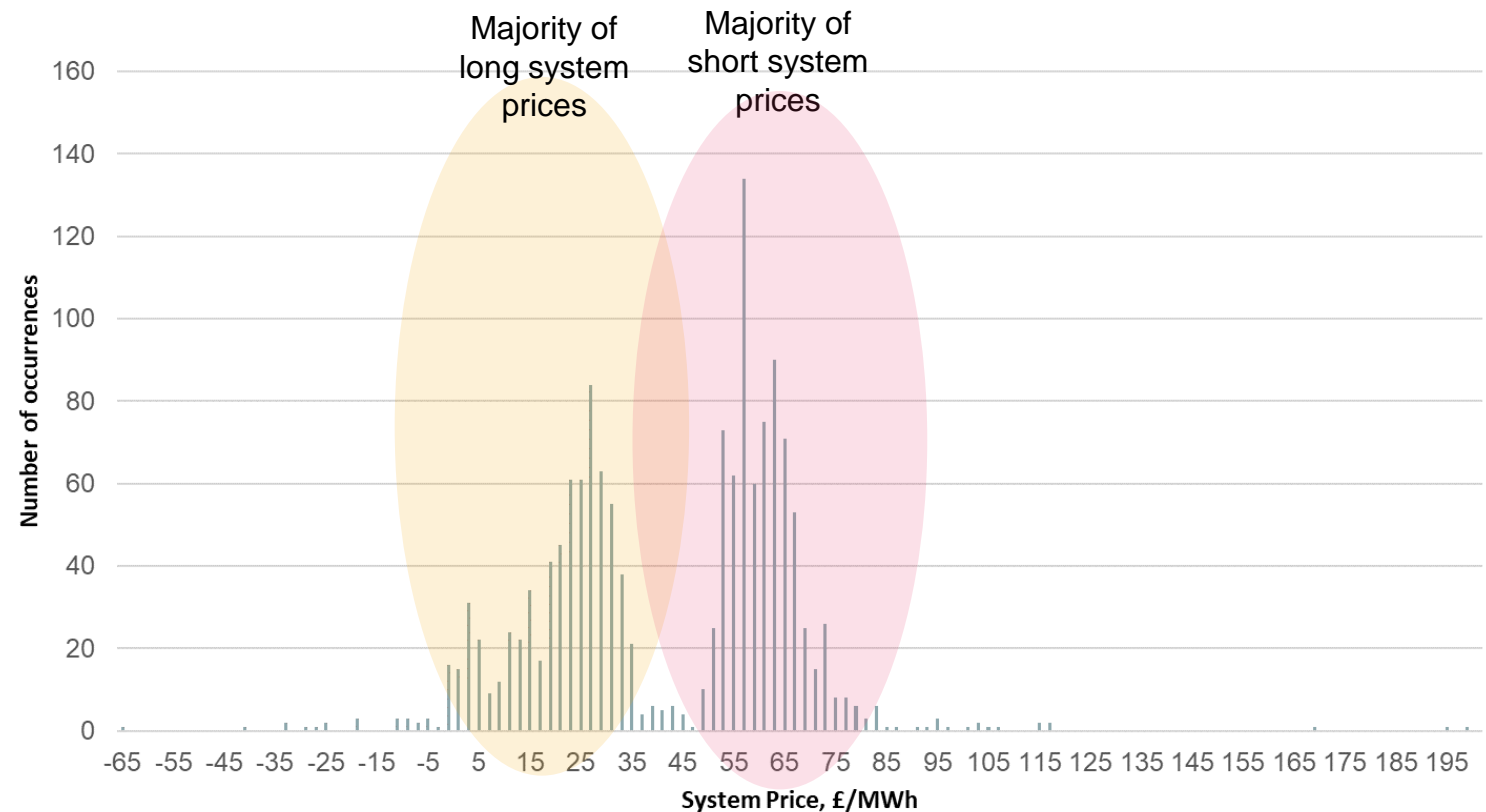
Balancing Market analysis

System Price analysis

System Prices for October reached a high of **£200.00/MWh** with the lowest System Price being **£-63.93/MWh**. The average system price for the month was **£43.07/MWh**.

There were 24 periods of negative pricing in October representing 1.6% of the total number of settlement periods.

System price occurrences over October 2020



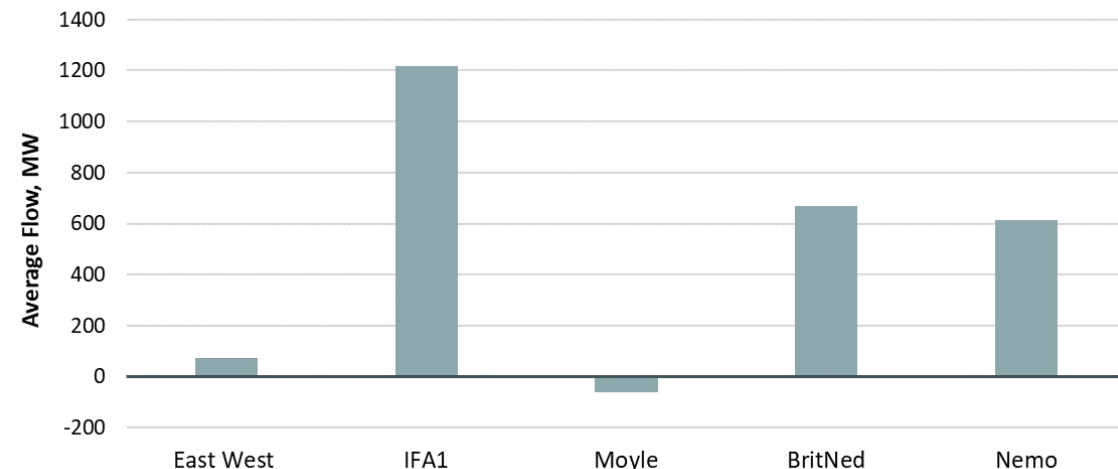
Balancing Market analysis

Interconnector flows

Interconnectors provided nearly 4.5% of power to GB in October (on a net basis).

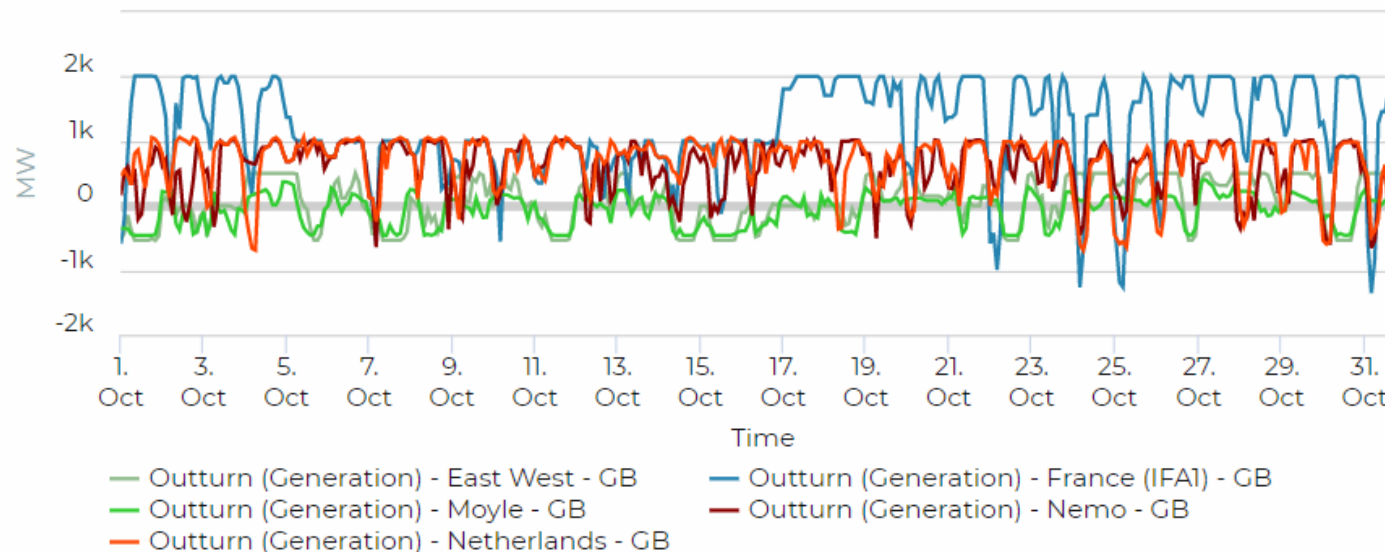
We imported power from all interconnectors on a net basis in October except for the Moyle interconnector which was slightly exporting overall.

Average Interconnector flows in October 2020



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Interconnector Outturns
October 1, 2020 - October 31, 2020



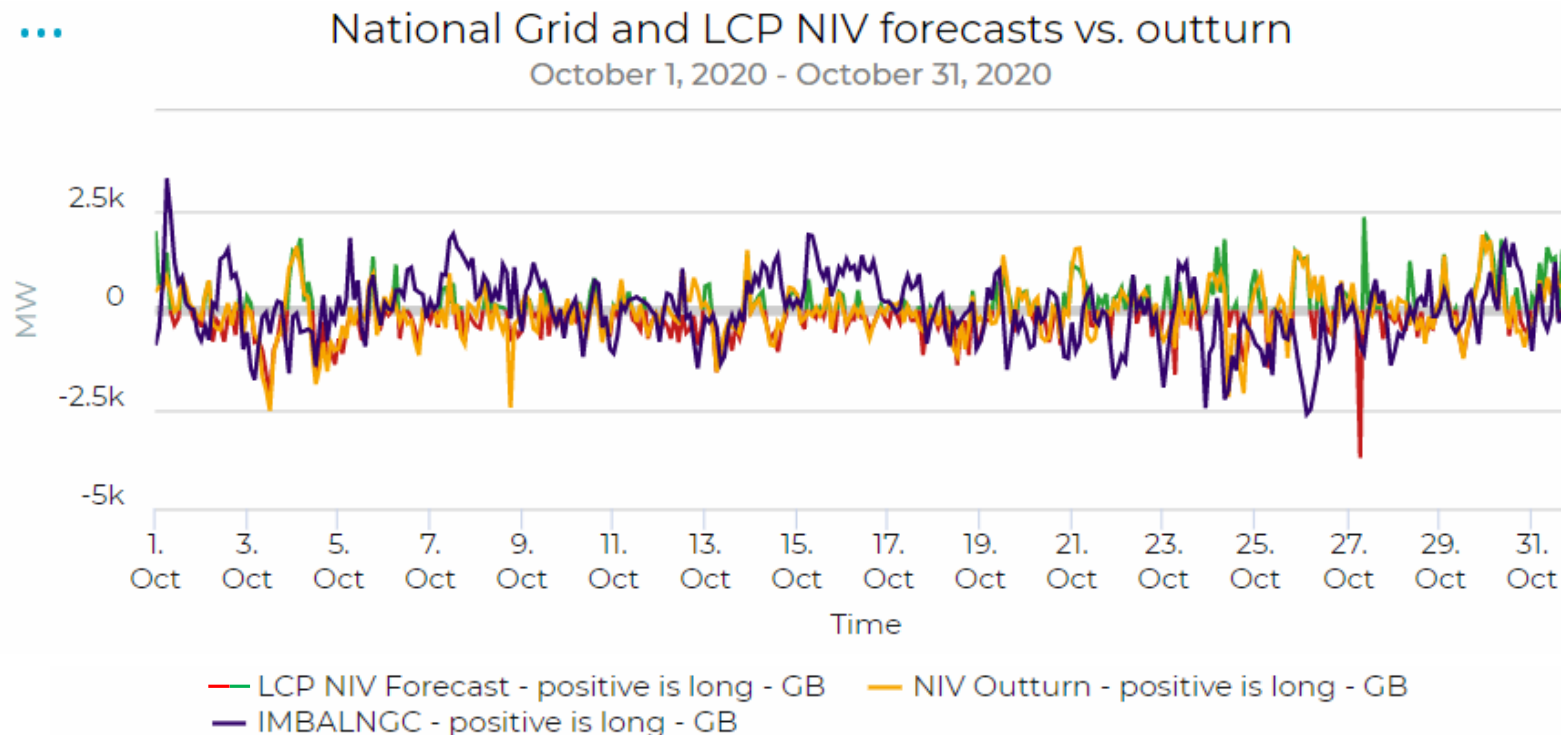
Balancing Market analysis

Net Imbalance Value (NIV) summary

NIV Summary and National Grid vs. LCP Forecast Accuracy

The average NIV outrun for October was -52.39MW with the maximum being 2,479MW long and minimum being -3,622MW short.

National Grid's NIV forecast was 53% 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

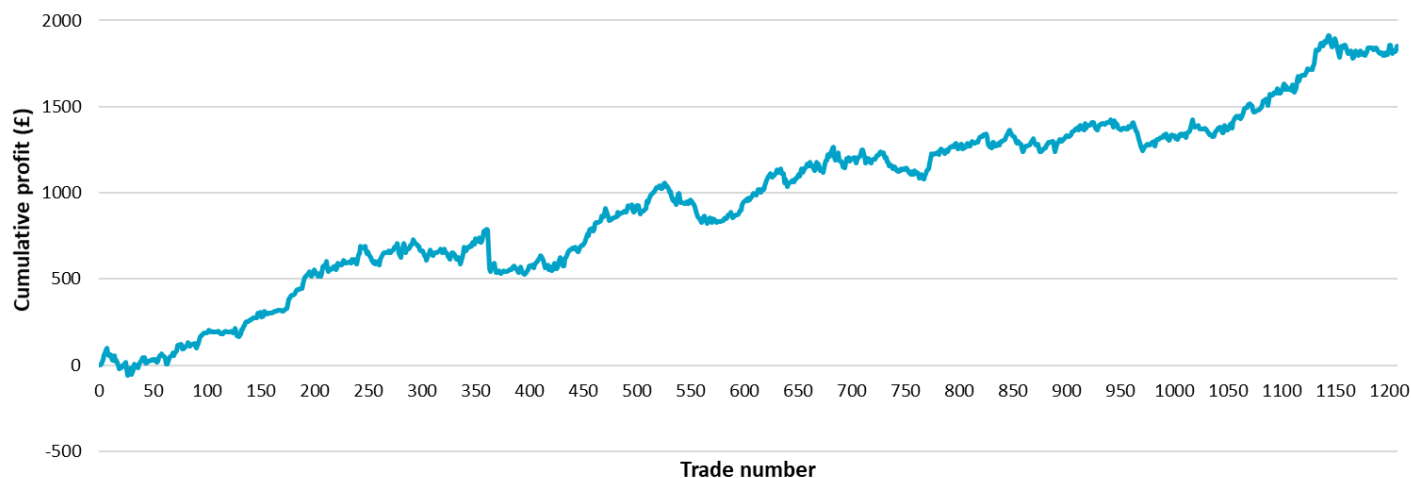
LCP's NIV bot tests the accuracy of our NIV and System price forecasts in real time, by comparing our system price forecast against the price being traded on EPEX 30 minutes before delivery.

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

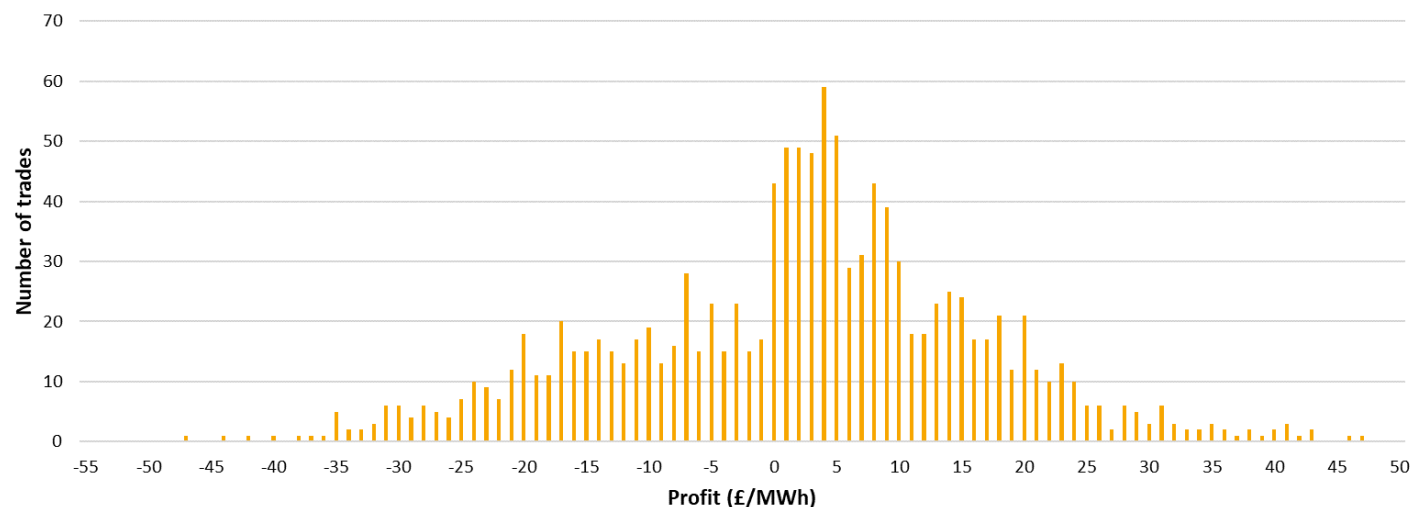
The profit/loss (depending on whether it made the right decision to buy or sell power on EPEX) is the difference between the traded price and cashout price.

LCP's NIV bot was still able to secure an average **£1.53/MWh** profit over **1200** trades made.

Cumulative profit of LCP's NIV bot over October 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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