

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



August 2020

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Key statistics

- Coal accounted for **0.5%** of generation in August
- The total cost of all balancing actions in **August was £73m** which is **down** from **July which was £92m**.
- The range in half hourly BSUoS charges was **£15.65/MWh** in August (from **£1.71/MWh** to **£17.36/MWh**)
- Periods of negative system pricing were **0% August**.
- **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 **£1.45/MWh** over 1,400 trades

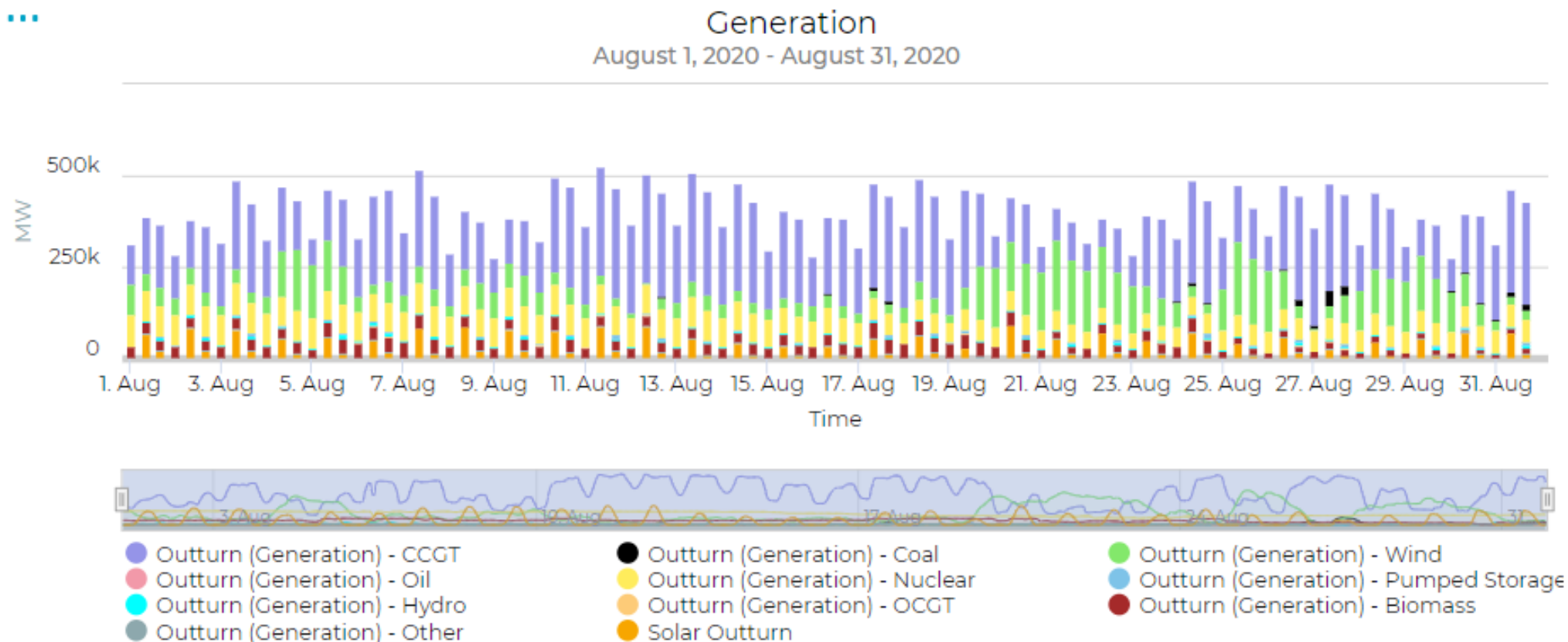
Balancing Market analysis

Generation summary

The total amount of power generated in GB for August was **18TWh** – slightly down from the 19TWh generated in July. The dominant generation technology was **CCGTs** at **49%** followed by **wind** at **18%** and **nuclear** at **17%**.

Renewables accounted for **32%** of all generation with low carbon sources accounting for **49%** of generation.

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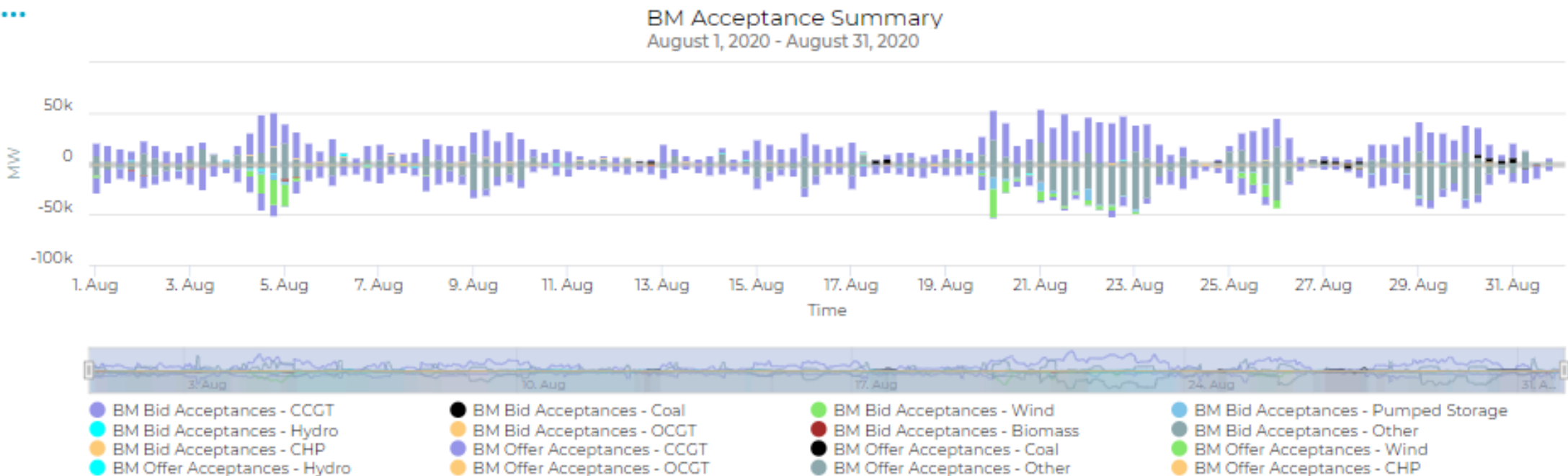
Balancing Market analysis

Bid and offer acceptance summary

The majority of Balancing Market offer actions (being turned on/up) were provided by **CCGTs** in August at **69%**.

BSAD actions provided the majority of bid actions (being turned off/down) in August at **44%** with **CCGTs** a close second providing 43% .

CCGTs provided the majority of flexibility in the BM for August



Balancing Market analysis

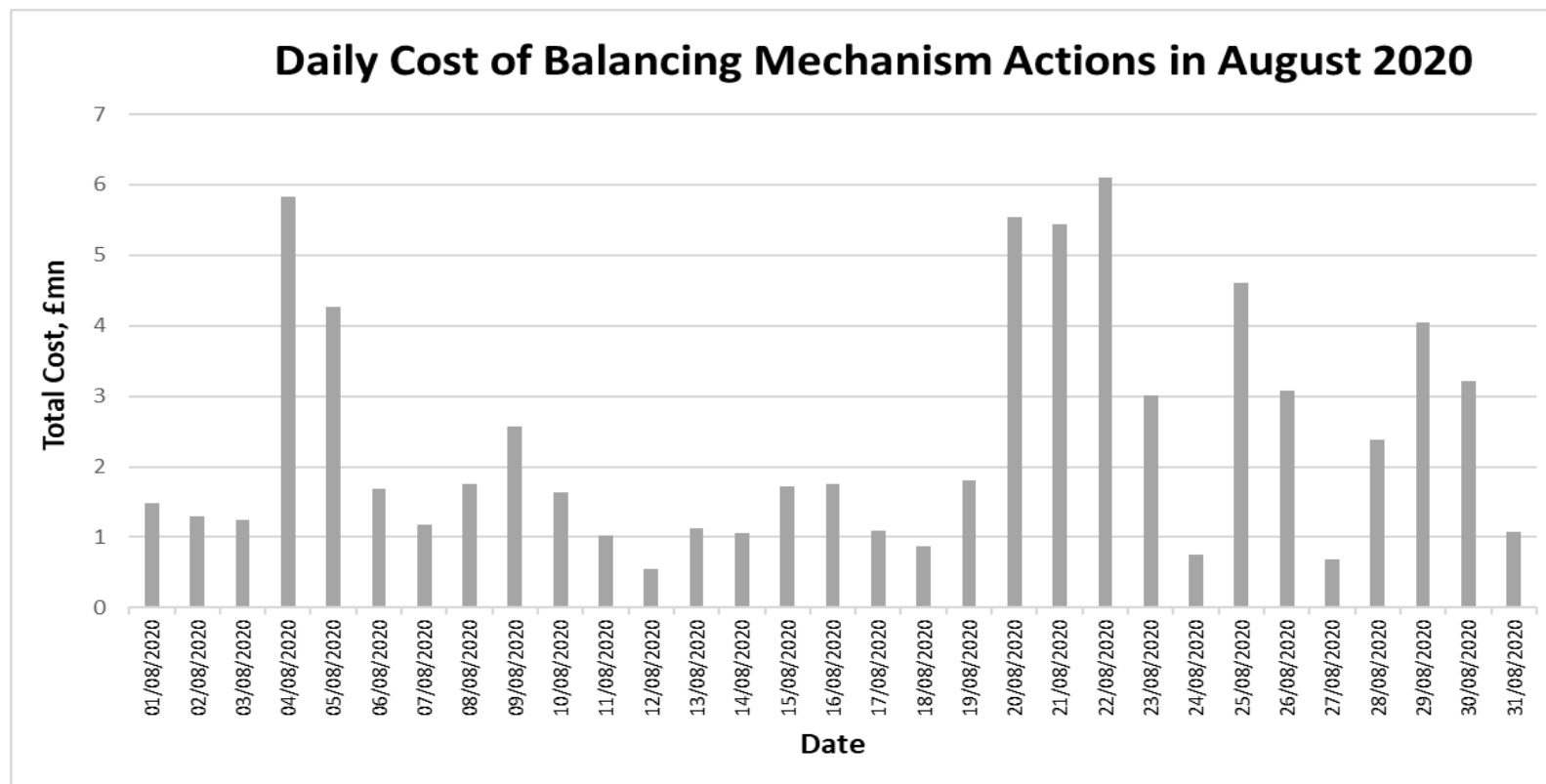
Bid and offer acceptance summary

The total cost of all balancing actions in August was **£74m** compared to **£92m** in July.

The total cost of flagged actions (actions taken for system reasons) was **£31.5m** with the total energy actions being **£42m**.

The total cost of non-flagged bids was **-£1m** with non-flagged offers being **£43m**.

The total cost of flagged bids was **£25m** with flagged offers being **£7m**.

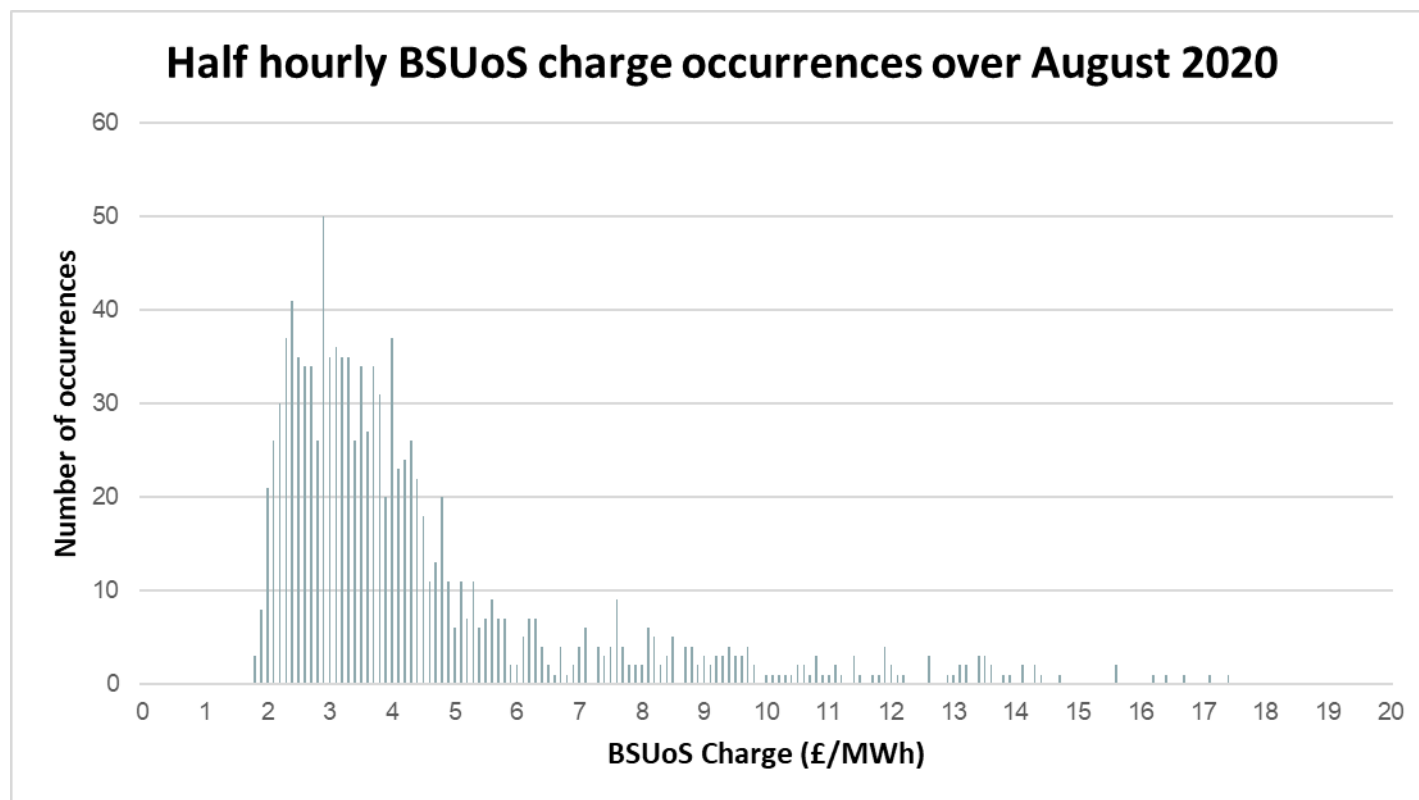


Balancing Market analysis

Balancing Services Use of System (BSUoS) summary

In August, BSUoS charges reached lows of **£1.71/MWh** and highs of **£17.36/MWh** with the average half-hourly BSUoS charge being **£4.43/MWh**. This is slightly lower to the levels seen last month (**£5.19/MWh**) and June (**£5.09/MWh**). The £15/MWh cap on BSUoS charges was reduced to £10/MWh on the 14 August meaning that just over **£1.7m** of charges will have be deferred in August.

National Grid's half hourly BSUoS forecast is within £2/MWh of the actual outturn **49%** of the time, while LCP's live BSUoS forecast is within £2/MWh of the actual outturn **97%** of the time.



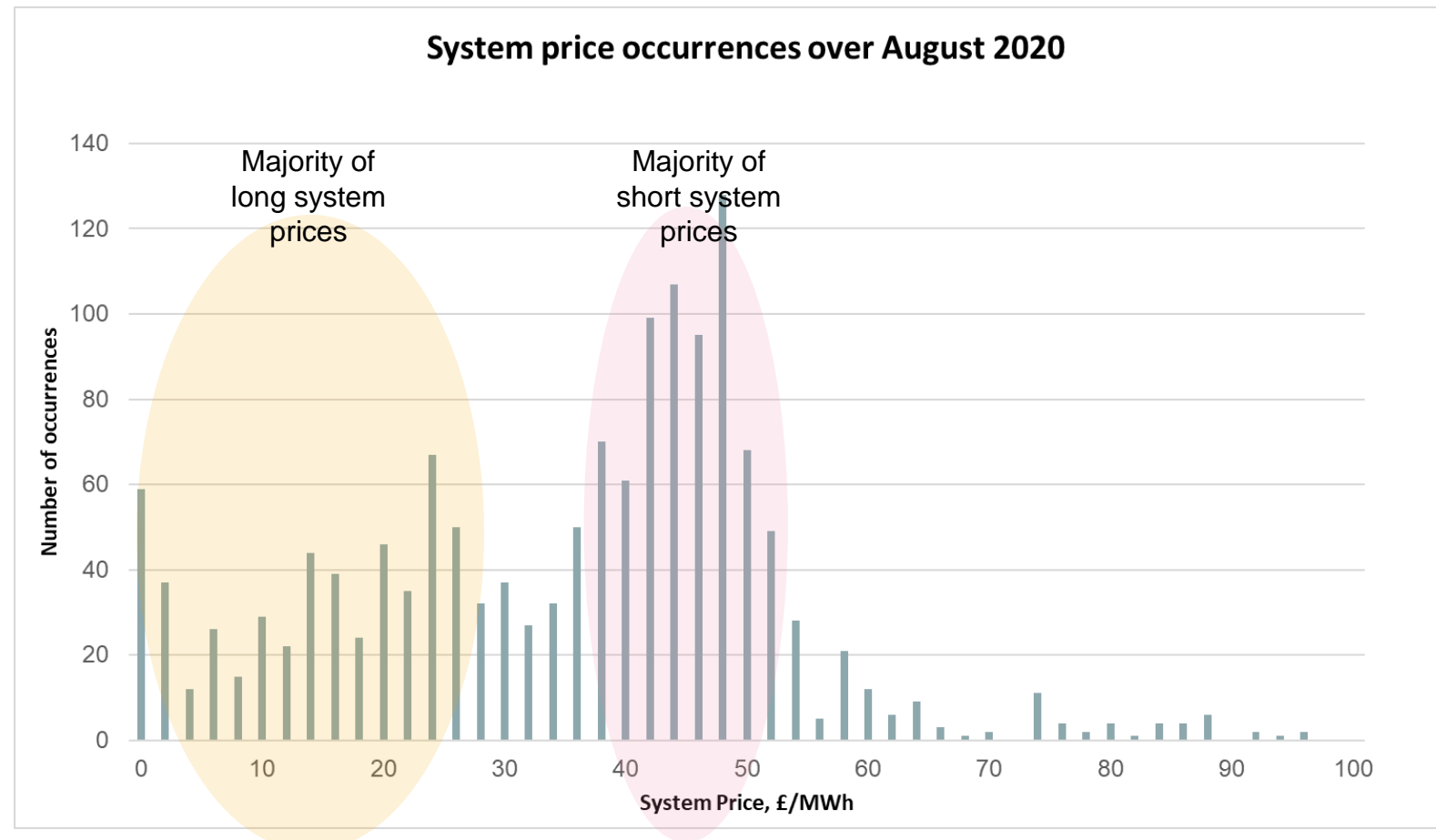
*The range in BSUoS charges was **£15.65/MWh** in August*

Balancing Market analysis

System Price analysis

System Prices for August reached a high of **£98.00/MWh** with the lowest System Price being **£0.00MWh**. The average system price for the month was **£35.73/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 but there were no negative pricing periods in August.

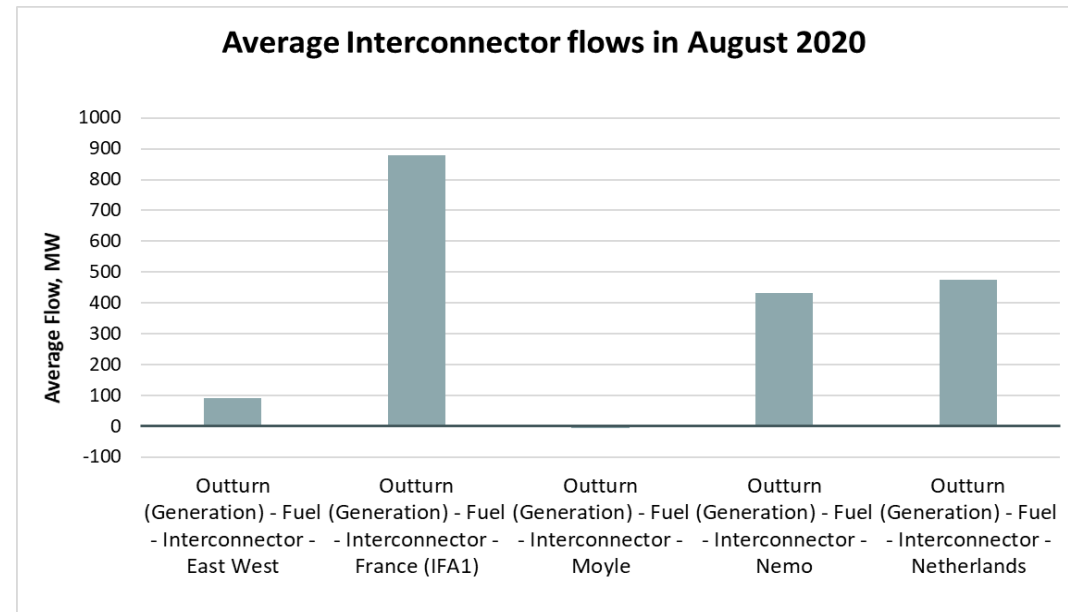


Balancing Market analysis

Interconnector flows

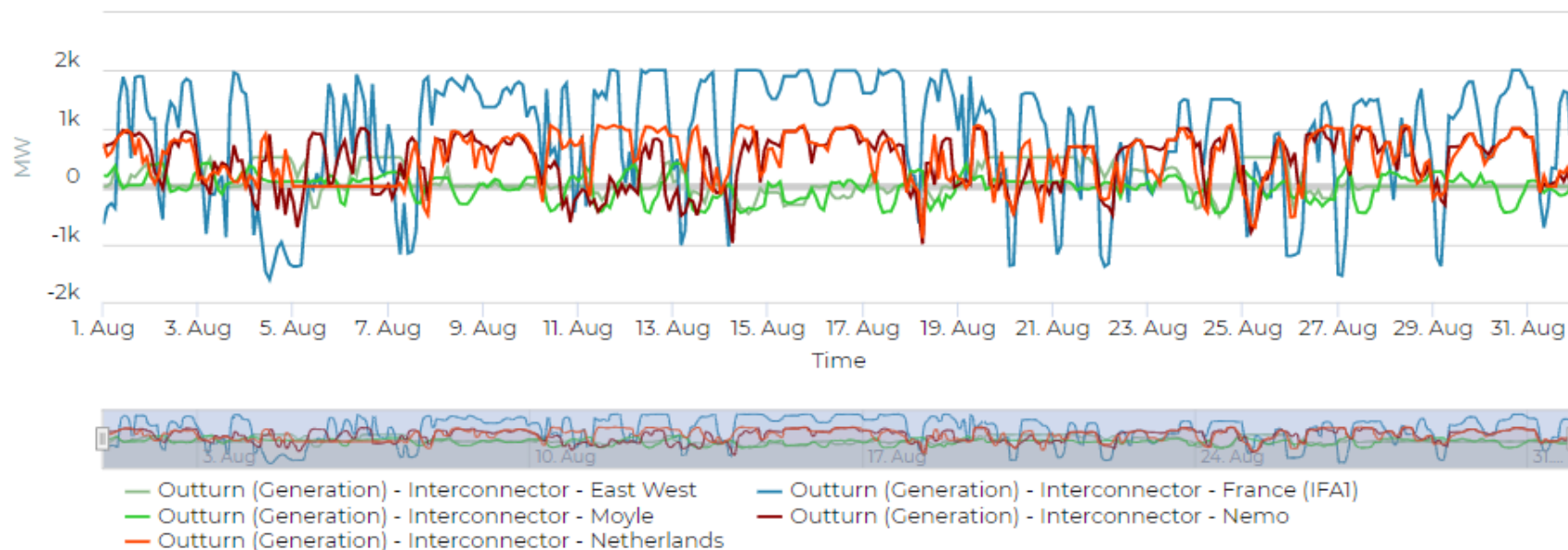
Interconnectors provided nearly 4% of power to GB in August (on a net basis).

We imported power from all interconnectors on a net basis in August except for Moyle which was slightly exporting



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Interconnector Outturns
August 1, 2020 - August 31, 2020



Balancing Market analysis

Net Imbalance Value (NIV) summary

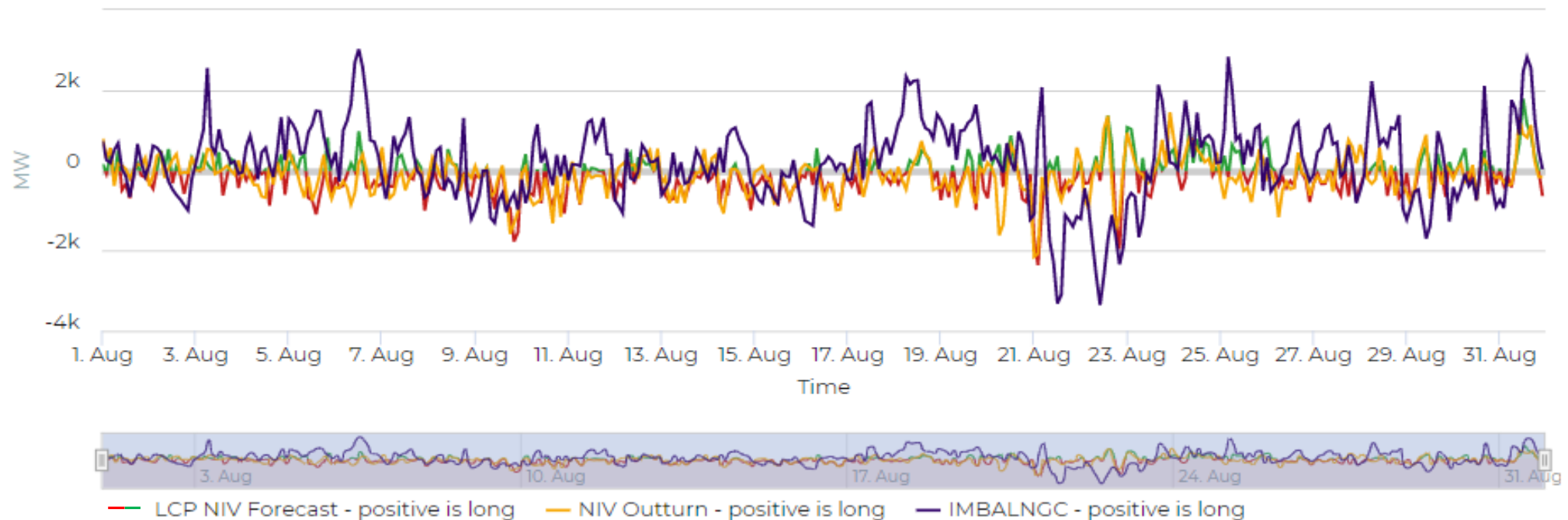
NIV Summary and National Grid vs. LCP Forecast Accuracy

The average NIV outrun for August was -130MW with the maximum being 1,922MW long and minimum being -2,588MW 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).

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National Grid and LCP NIV forecasts vs. outturn
August 1, 2020 - August 31, 2020



Balancing Market analysis

LCP NIV Bot

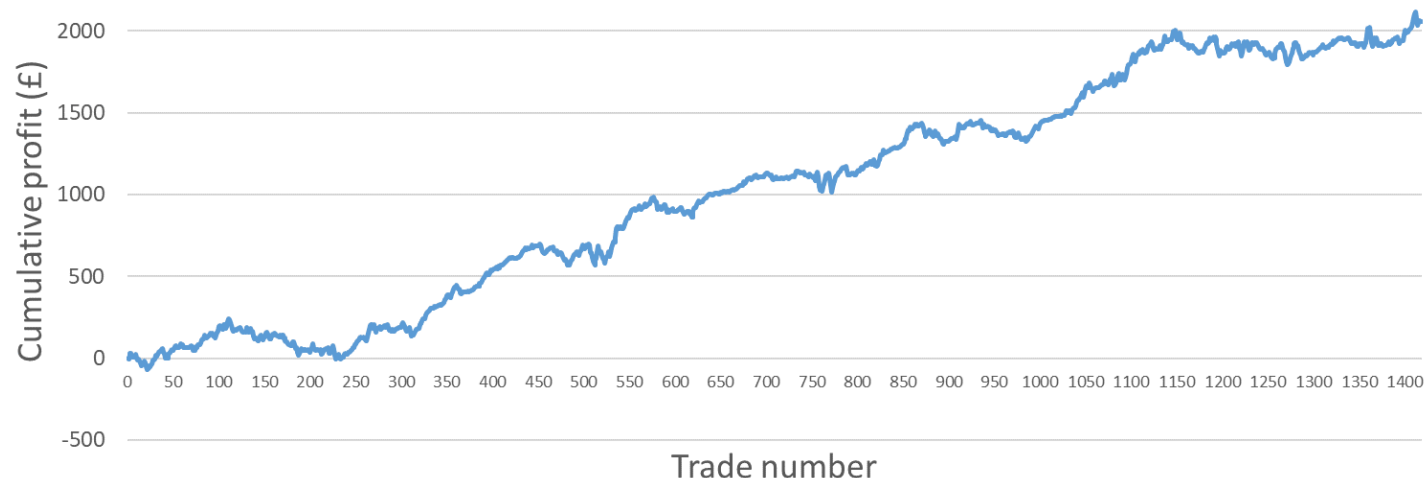
LCP's NIV bot tests the accuracy of our NIV and System price forecasts in real time, by comparing our system price forecast against the price being traded on EPEX 30 minutes before delivery.

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

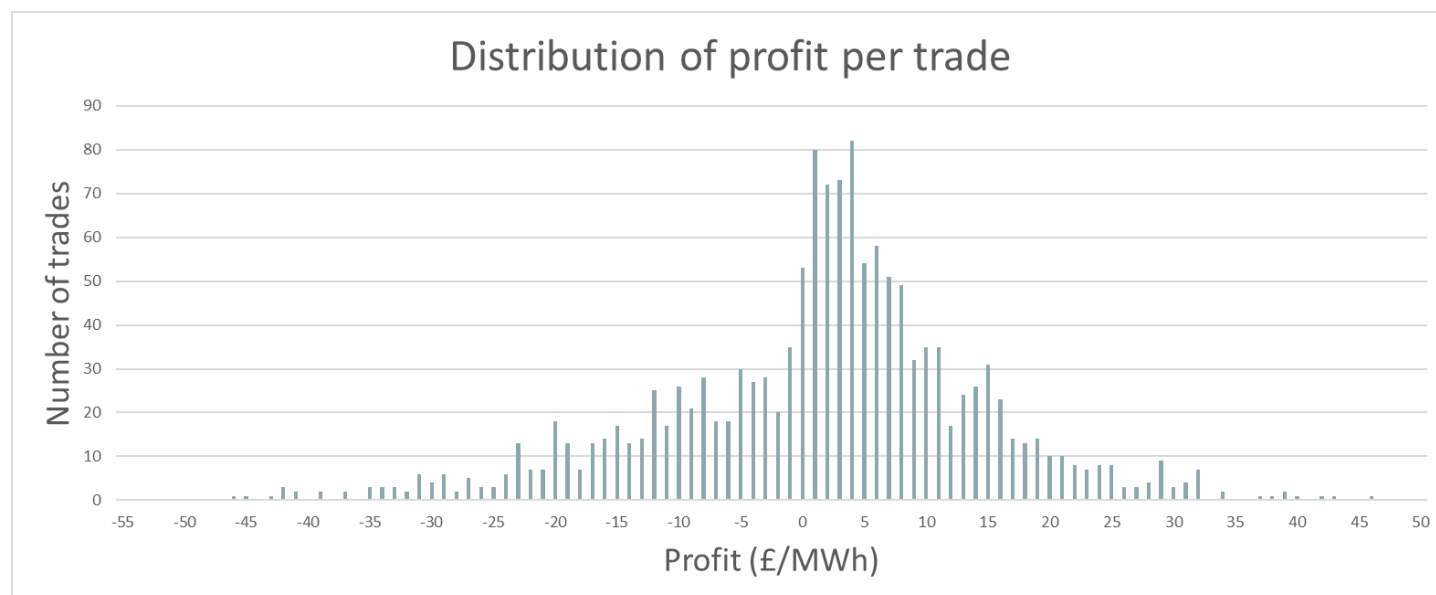
The profit/loss (depending on whether it made the right decision to buy or sell power on EPEX) is the difference between the traded price and cashout price.

LCP's NIV bot was still able to secure an average **£1.45/MWh** profit over **1400** trades made.

Cumulative profit of LCP's NIV bot over August 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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