ISG213/02 - PROPOSED ETLMO VALUES FOR THE 2019/20 BSC YEAR

MEETING NAME	ISG 213
Date of meeting	22 January 2019
Paper number	213/02
Owner/author	Angus Fairbairn
Purpose of paper	Decision
Classification	Public
Summary	We have calculated the Estimated Transmission Losses Adjustment (ETLMO) values for the period 1 April 2019 to 31 March 2020, and are presenting them for approval.

1. Introduction

1.1 In accordance with Section V2.6.3 of the Balancing and Settlement Code (BSC), we have calculated Estimated Transmission Losses Adjustment (ETLMO) values for the period 1 April 2019 to 31 March 2020. The Balancing Mechanism Reporting Agent (BMRA) uses ETLMO values to calculate indicative charges and payments for Balancing Mechanism (BM) actions, and the Energy Imbalance Price, in near to real-time.

1.2 The level of transmission losses allocated to each BM Unit in a Settlement Period affects payments for BM actions and the calculation of the Energy Imbalance Price. The actual allocation of such losses for Settlement is determined using metered data; however this is not collected until after the Balancing Mechanism Reporting Service (BMRS) data is published. Therefore we need to estimate the level of transmission loss adjustments for the purposes of BMRS reporting.

1.3 The parameters used for BMRS reporting are set out in Section V2.6.3 of the BSC. These parameters are the estimated values of the 'Delivering Transmission Losses Adjustment' (ETLMOj+), and the 'Offtaking Transmission Losses Adjustment' (ETLMOj-). Attachment A describes how the BMRA and Settlement Administration Agent (SAA) account for transmission losses in the BSC. ETLMOj+ and ETLMOj- are values which the Panel may from time to time determine.

2. Proposed ETLMO values for the period 1 April 2019 to 31 March 2020

2.1 To calculate the proposed ETLMO values, we have used an average of the indicative Transmission Losses Adjustment values (TLMOs). These indicative values have been calculated for each day of a season by the Transmission Loss Factor Agent (TLFA).

2.2 The TLFA has been created as part of Approved BSC Modification P350 'Introduction of a seasonal Zonal Transmission Losses scheme', which was implemented on 1 April 2018. The Modification results in non-zero Zonal Transmission Loss Factors (TLFs) being used in Transmission Loss Multiplier (TLM) equation defined in BSC Section T2.3.1. We have provided an explanation of these calculations in Attachment A.

2.3 The output files used in our proposed ETLMOs are the seasonal TLFA-I014s 'Indicative values of TLMij, $TLMO^{+}_{j}$ and $TLMO^{-}_{j}$ calculated using "non-0" TLFs' received from the TFLA. The average is based upon the latest Settlement Data across the season in the period 1 September 2017 to 31 August 2018, which is the Reference Year for the BSC Year 2019/20.

ISG213/02 - PROPOSED ETLMO VALUES FOR THE 2019/20 BSC YEAR

2.4 Approximate Transmission Losses have been removed from this year's paper as the calculation is not possible using only the TLMOs. This is a result of the implementation of P350 on 1 April 2018.

2.5 Table 1 below presents the results of our analysis; the proposed seasonal ETLMO values for 1 April 2019 to 31 March 2020, and the average for the year period. The Spring season is split into two periods, 1 April to 31 May 2019 (Spring A) and 1 to 31 March 2020 (Spring B), to align with the BSC Year.

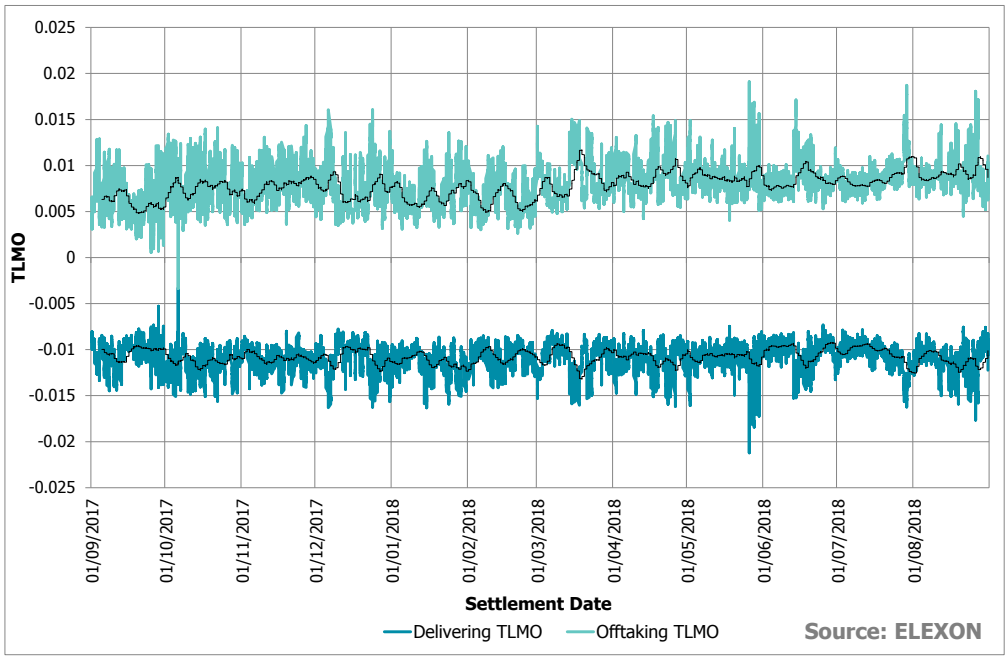
Table 1 : Proposed ETLMO values for 1 April 2019 to 31 March 2020

Season	Start Date	End Date	ETLMOj+	ETLMOj-
Spring A	01/04/2019	31/05/2019	-0.01085	0.00864
Summer	01/06/2019	31/08/2019	-0.01055	0.00877
Autumn	01/09/2019	30/11/2019	-0.01082	0.00713
Winter	01/12/2019	29/02/2020	-0.01093	0.00681
Spring B	01/03/2020	31/03/2020	-0.01085	0.00864
Annual Average			-0.01080	0.00800

3. Analysis

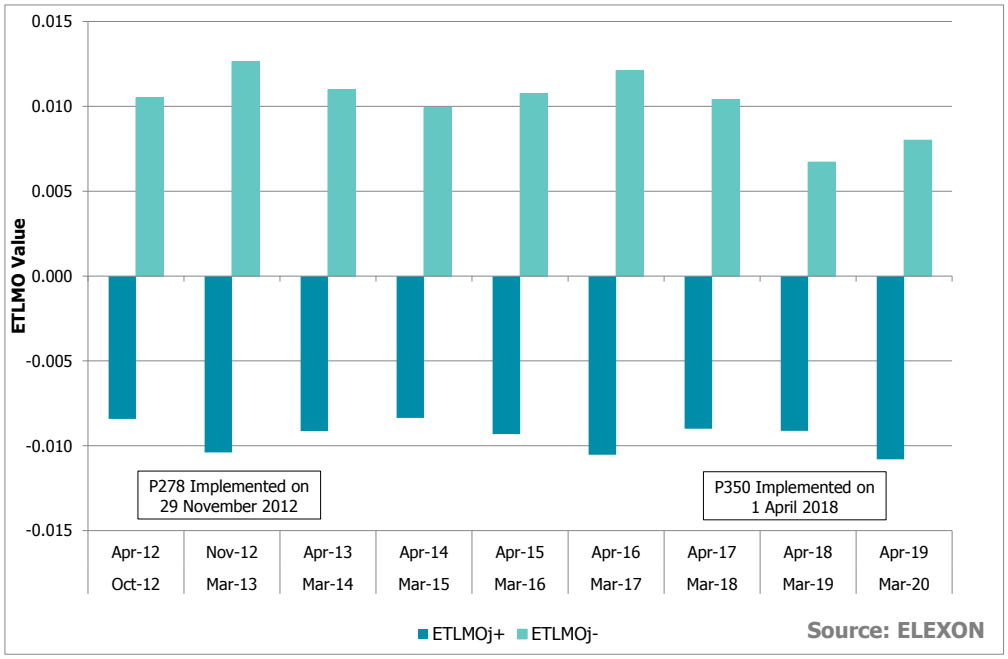
Graph 1 shows the indicative TLMO values with non-zero TLFs across the analysed period from 1 September 2017 to 31 August 2018. Metering issues with a BMU resulted in a large drop in TLMO on 6 October 2017. ELEXON has worked with the party to obtain the most reliable data available, and this has been used.

Graph 1: Transmission Loss Adjustment values for 1 September 2017 to 31 August 2018.



3.1 Graph 2 displays the historical approved ETLMO values, the corresponding approximated transmission loss percentage, and the average annual ETLMOs for 2019/20.

Graph 2: Historical ETLMO and Approximated Transmission Losses values.



3.2 Note that ELEXON calculated ETLMO values for the annual period commencing April 2012 based on the period from 1 January 2011 to 31 December 2011. ELEXON revised the values in November 2012 due to the implementation of Modification P278. The values were higher for the period November 2012 to March 2013, comparing to the historical figures, as a result of using the winter period and the new calculation process excluding interconnectors.

3.3 For 1 April 2019 to 31 March 2020, the average Delivering ETLMO (ETLMOj+) value is in line with the historical trend for previous years. The Offtaking ETLMO (ETLMOj-) is low compared to the historical trend of previous years. This is due to the inclusion of non-zero TLFs in the calculation of the ETLMOs for 2019/20, in line with BSC Modification P350 implemented on 1 April 2018.

4. Recommendations

4.1 We invite you to:

a) **APPROVE** the Delivering and Offtaking ETLMO values for use in the BSC Year 2019/20, with the effective from and to dates stated below.

Season	Start Date	End Date	ETLMOj+	ETLMOj-
Spring A	01/04/2019	31/05/2019	-0.01085	0.00864
Summer	01/06/2019	31/08/2019	-0.01055	0.00877
Autumn	01/09/2019	30/11/2019	-0.01082	0.00713
Winter	01/12/2019	29/02/2020	-0.01093	0.00681
Spring B	01/03/2020	31/03/2020	-0.01085	0.00864

Attachments

Attachment A: Treatment of Transmission Losses in the BSC

For more information, please contact:

Angus Fairbairn, Market Analyst

angus.fairbairn@elexon.co.uk

020 7380 4357

