ISG200/07 - PROPOSED ETLMO VALUES FOR THE 2018/19 BSC YEAR

MEETING NAME	ISG 200
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Purpose of paper	Decision
Classification	Public
Summary	We have calculated the Estimated Transmission Losses Adjustment (ETLMO) values for the period 1 April 2018 to 31 March 2019 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 2018 to 31 March 2019. The Balancing Mechanism Reporting Agent (BMRA) uses ETLMO values to calculate indicative charges and payments for Imbalances, along with 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 also affects payments for Balancing Mechanism (BM) actions. 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 2018 to 31 March 2019

2.1 ELEXON recently procured a new BSC Agent, the Transmission Loss Factor Agent (TLFA) as part of Approved BSC Modification P350 'Introduction of a seasonal Zonal Transmission Losses scheme', which has an implementation date of 1 April 2018. The Modification results in an annual calculation of four locational Transmission Loss Factors (one per BSC Season) per Zone. Each Zone will be based on the geographic area covered by a Grid Supply Point (GSP) Group.

2.2 For a non-Interconnector BM Unit, this means that its Transmission Loss Multiplier (which adjusts its Metered Volume to allocate a share of transmission losses) will now include a locational element through the Transmission Loss Factor (TLF) in accordance with the equations defined in BSC Section T2.3.1. We have provided an explanation of these calculations in Attachment A.

2.3 The TLFA is required to calculate Indicative Transmission Loss Multiplier (TLM) and Transmission Losses Adjustments (TLMOj+ and TLMOj-) for each Settlement Period in a Reference Year (1 September to 31 August) using historic Metered Volume data and the Adjusted Seasonal Zonal Transmission Loss Factor (ATLFZSs) values calculated for the forthcoming BSC Year.

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2.4 To calculate the proposed seasonal ETLMO values, we have used an average of the indicative TLMOs included in the four TLFA-I014s 'Indicative TLM & TLMO Values - Part 2' files received from the TLFA, that are based upon the latest Settlement Data across the period 1 September 2016 to 31 August 2017, which is the Reference Year for the BSC Year 2018/19.

2.5 Table 1 below presents the results of our analysis and therefore the proposed seasonal ETLMO values for 1 April 2018 to 31 March 2019, and the average for the year period. The Spring season is split into two periods, April to May 2018 and March 2019, so values will be in line with the BSC Year.

Table 1 : Proposed ETLMO values for 1 April 2018 to 31 March 2019

Start Date	End Date	ETLMOj+	ETLMOj-	Approximated Transmission Loss
01/04/2018	31/05/2018	-0.00938	0.00720	1.97%
01/06/2018	31/08/2018	-0.00977	0.00706	2.03%
01/09/2018	30/11/2018	-0.00834	0.00705	1.74%
01/12/2018	28/02/2019	-0.00899	0.00555	1.86%
01/03/2019	31/03/2019	-0.00938	0.00720	1.97%
Annual Average		-0.00912	0.00671	1.90%

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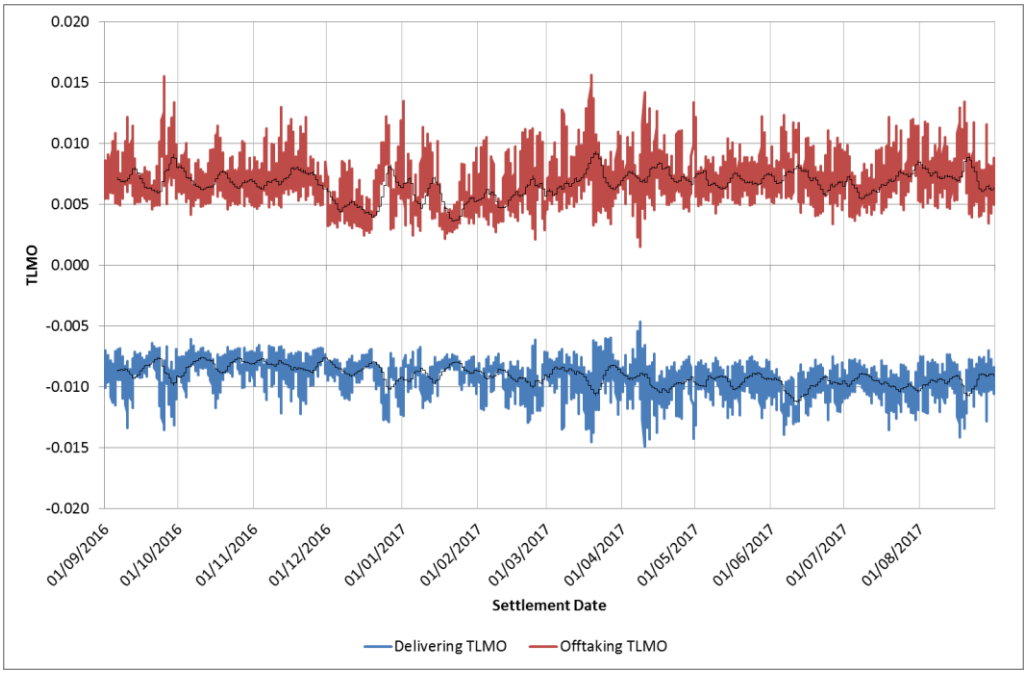
3. Analysis

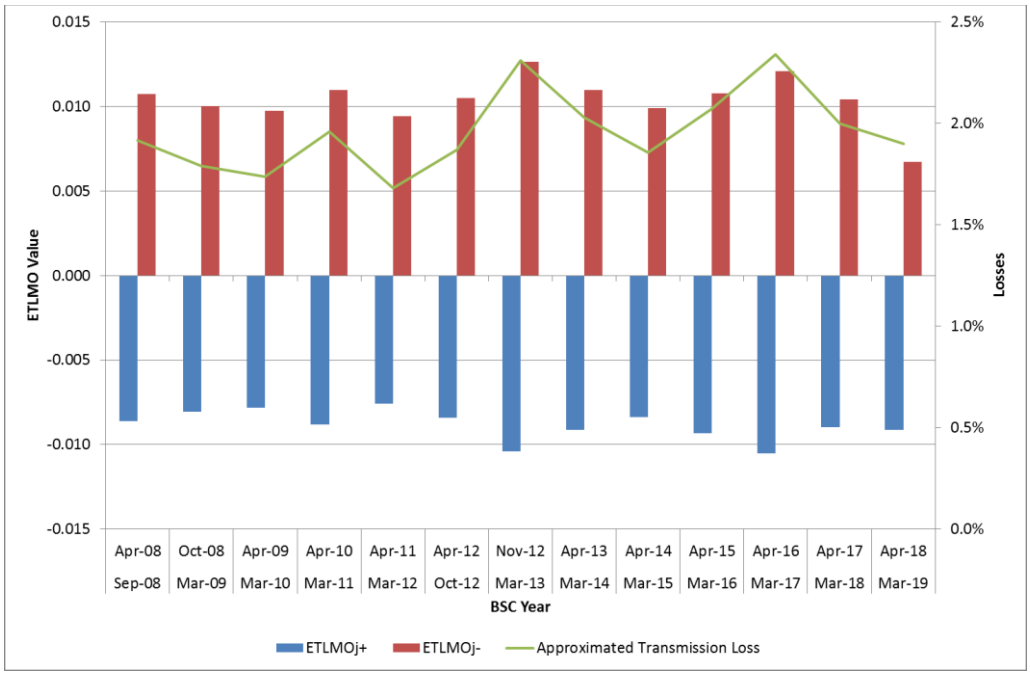
3.1 Graph 1 shows the indicative TLMO values with ATLFZSs across the analysed period from 1 September 2016 to 31 August 2017.

Graph 1: Transmission Loss Adjustment values for 1 September 2016 to 31 August 2017



3.2 Graph 2 displays the historical approved ETLMO values, the corresponding approximated transmission loss percentage, and the average annual ETLMOs for 2018/19.

Graph 2: Historical ETLMO and Approximated Transmission Losses values



3.3 Note that ELEXON calculated ETLMO values for the annual period commencing April 2012 based on the period 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.

3.4 For 1 April 2018 to 31 March 2019, 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 2018/19, in line with BSC Modification P350.

4. Recommendations

4.1 We invite you to:

a) **APPROVE** the Delivering and Offtaking ETLMO values for use in the BSC Year 2018/19, with the effective from and to dates stated below.

Start Date	End Date	ETLMOj+	ETLMOj-
01/04/2018	31/05/2018	-0.00938	0.00720
01/06/2018	31/08/2018	-0.00977	0.00706
01/09/2018	30/11/2018	-0.00834	0.00705
01/12/2018	28/02/2019	-0.00899	0.00555
01/03/2019	31/03/2019	-0.00938	0.00720

Attachments

Attachment A – Treatment of Transmission Losses in the BSC

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