

## Topic - Cumulative Imbalance Deviation



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# Outline

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- Introduction
- Review Group 291 & considerations
- Strawman – Cumulative Imbalance Deviation
- Examples
- Next steps

## Introduction

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- C27 Licence obligation to consult and if appropriate, introduce a Linepack Product;
  - Cashout “Default System Marginal Prices (SMPs)” can be a proxy for User’s access to end-of-day NTS Linepack
  - System Operator (SO) Incentive to keep daily NTS Linepack change within 2.8 mcm – this restriction might be deemed an inefficient use of Linepack

## Review Group 291 & considerations

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- RG291 has discussed operational and commercial issues with the potential removal of the Linepack Incentive (2.8mcm target)
- National Grid supportive of greater NTS Linepack utilisation but mindful it has to balance the system within safe operational pressures in order to meet varying supply/demand patterns
- Users may utilise NTS Linepack as a balancing tool leading to potentially greater swings and/or volatility in NTS Linepack usage
- Key question is how to afford Users with the opportunity to utilise end-of-day NTS Linepack;
  - without compromising the safe, economic and efficient management of the system;
  - Targeting costs to Users

# Strawman – Cumulative Imbalance Deviation

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- National Grid NTS continues to manage LP within set boundaries (calculated daily based on competing LP uses)
- Users remain incentivised as required to balance - daily imbalances to be cashed-out at SAP
- Introduce Users' cumulative imbalance deviation (CiD):
  - Cleardown of Users' cumulative imbalance by either rolling [5] Day period or, on a day when National Grid NTS takes a Market Balancing Action in either direction
  - New additional cashout charge based on:
    - CiD qty \* fixed diff value or,
    - CiD \* highest price in the event a Market Balancing Action is taken

## Examples - CiD calculation

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- Notes:
  - Users' rolling CiD imbalance 'charged' and reset to zero every [5] days *or* when National Grid NTS takes a Market Balancing Action
  - Receipts into Balancing Neutrality
- Please see separate examples

## Pros and cons

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### ■ Pros

- Afford Users with further opportunity to manage energy imbalances over several days;
- CiD is not retrospective (does not change SAP or SMP prices) but does consider how the Users have utilised, and National Grid managed, the system over a rolling period
- Regime change, not dependent on new 'release' mechanisms
- CiD standalone or implemented with Linepack Product

### ■ Cons

- Will require IS (UK Link) system changes to implement
- Not based on an 'auction' mechanism

## Next Steps

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- National Grid (through Joint Office) to facilitate additional Workshops to discuss / develop and agree business rules?
- Raise development proposal?