

Chapter 15: Selection of Commercial Offer Data



Selection of Commercial Offer Data

- Which set of COD is used for pricing and settlement is based on:
 - The timing of the Balancing Market actions taken;
 - What formats of COD are submitted; and
 - The reason for which the action was taken (energy vs non-energy) – this only influences the COD used for settlement, not for pricing.

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- For timing of actions taken:
 - This depends on the timing of the Dispatch Instructions which open Bid Offer Acceptances;
 - Each Dispatch Instruction has the following time attributes:
 - Instruction Issue Time (i.e. the time the SO sends, or would have had to send, the Dispatch Instruction to the unit to result in a Bid Offer Acceptance); and
 - Instruction Effective Time (i.e. the time when, in order to comply with the instruction of meeting its instructed level in time, the unit must start changing its output).
 - If the Instruction Issue Time is before GC2 for the Imbalance Settlement Period with the Instruction Effective Time, then Complex COD must be used, otherwise Simple COD may be used.

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- For the formats submitted:
 - When Complex COD needs to be used, the following is the priority of submissions used:
 - Use Trading Day Specific Complex COD if submitted; else
 - Use Default Complex COD.
 - When Simple COD needs to be used, the following is the priority of submissions used:
 - Use Trading Period Specific Simple COD if submitted; else
 - Use Inc/Dec curve from Trading Day Specific Complex COD if submitted; else
 - Use Inc/Dec curve from Default Complex COD.

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- For the reason for which the action is taken:
 - If a unit is deemed to be used for non-energy actions in an Imbalance Settlement Period, its Complex Bid Offer Data is used the calculation of Bid Offer Acceptance quantities and prices in settlement for that period.
- Determining when unit deemed to be “non-energy”:
 - In imbalance pricing through combination of:
 - SO Flagging (the most accurate information available to tell if an action was taken for non-energy reasons);
 - NIV Tagging (where there are less SO Flagged actions than what can be removed to result in the Net Imbalance Volume, there may be non-energy actions taken for which the accurate information was not available, e.g. there are less SO Flagged actions than the NIV, or SO Flagging switched off, NIV tagging assumes that the most expensive actions are non-energy).
 - If unit SO Flagged or NIV Tagged within an Imbalance Settlement Period, it is deemed to be non-energy, and its Complex Bid Offer Data will apply in settlement calculations.

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- A Balancing Market Principles Code of Practice (BMPCOP) applies to Complex Bid Offer Data:
 - This document is the market power mitigation approach for settlement of non-energy actions decided by RAs, and is enforced through a generation licence condition;
 - The BMPCOP outlines requirements and guidance for the values allowed to be submitted to be reflective of costs;
 - **N.B.** This does not apply for calculation of quantities and prices for the Imbalance Pricing process:
 - Actions taken for non-energy reasons would be SO Flagged or NIV Tagged and therefore unable to set the Marginal Energy Action Price, and any out-of-merit prices would be removed from the remainder of the Imbalance Pricing Process through the Replacement Bid Offer Price, although the prices of in-merit non-energy actions could still impact the final Imbalance Price through the NIV and PAR Tagging process;
 - Results in different set of BOA quantities and prices in Imbalance Pricing process and Imbalance Settlement process.
- The BMPCOP does not apply to Simple Bid Offer Data:
 - Participant can submit values based on desired value, does not just have to be reflective of costs;
 - Actions taken for energy reasons after gate closure can reflect the desired value in the Imbalance Pricing process and the settlement process.