

Public

# TERRE in 10 minutes

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Opportunities for Non BM Parties

11 September 2019  
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**ELEXON**

# Who are ELEXON?

## ELEXON provides essential energy market infrastructure

### Code Administration

- Industry rules management
- Trusted critical friend
- Dedicated customer support /training

### Code Operation

- 24/7 settlement
- Design/change implementation
- Assurance services
- Dedicated customer support/training

### Policy Delivery Support

- Impartial, expert advice/guidance
- Market scanning
- Providing support to deliver policy outcomes

We administer the Balancing and Settlement Code – rules governing the ‘meter to bank’ process, including imbalance prices calculation every half hour.

## ELEXON – trusted, reliable independent market experts

We serve market **466** participants including:



We settle around **44 TWh** each year in balancing actions and imbalance volumes



That's approximately **£2.5 billion** of settlement transactions



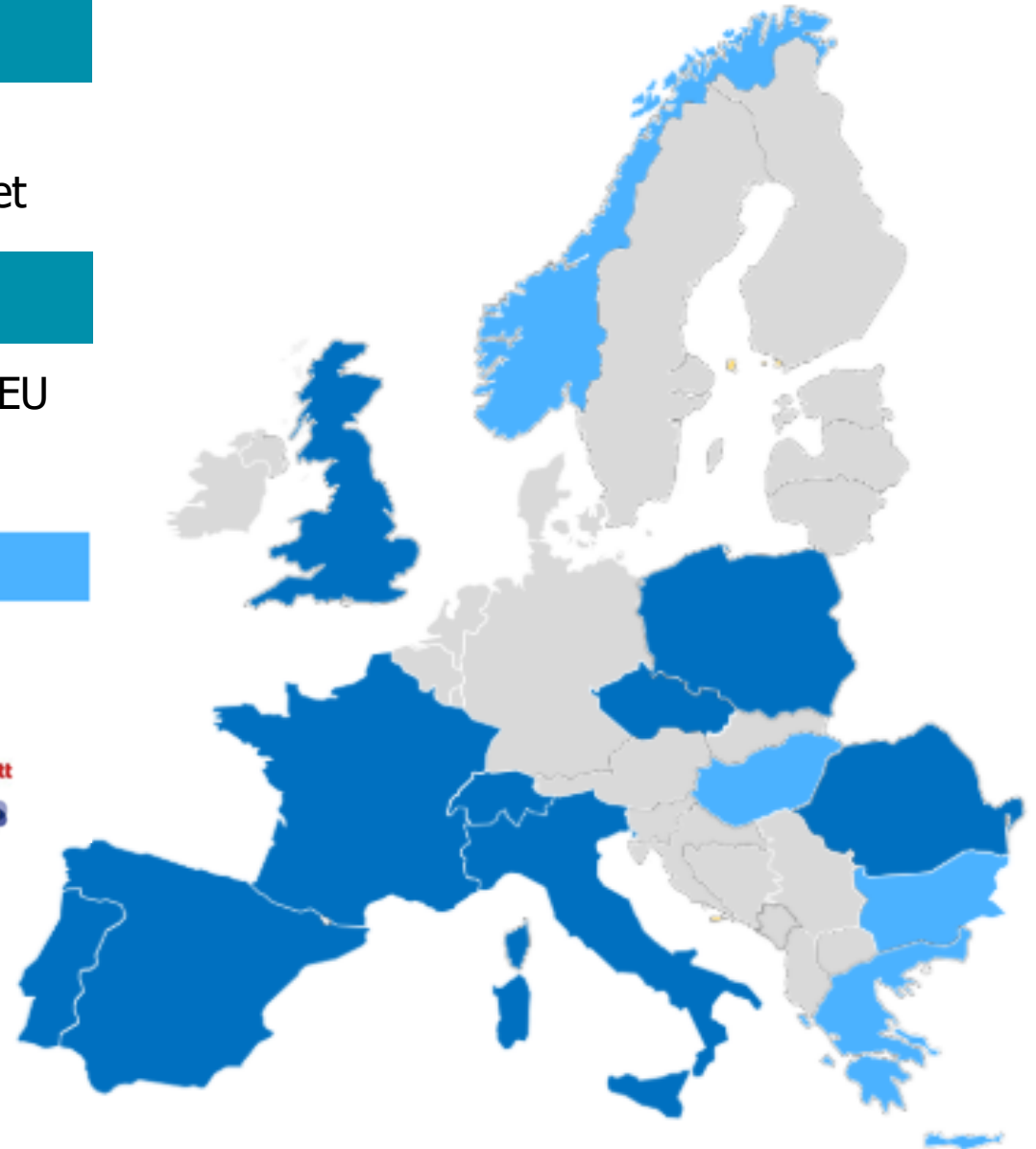
# Project TERRE















## What is Project TERRE?

Implementation Project to create a pan EU Replacement Reserve Balancing Energy market

## What is Replacement Reserve?

Type of Balancing Energy Product defined by EU



RR TSOs members (9 TSOs)	Observers
France 	Greece 
Great Britain 	Bulgaria 
Italy 	Hungary 
Portugal 	Norway 
Spain 	ENTSO-E 
Switzerland 	
Czech Republic 	
Poland 	
Romania 	

# What are the BSC Project TERRE arrangements?

## P344: Project TERRE

### Replacement Reserve



### Wider Access

Balancing Energy Product which is similar in purpose to STOR

- Removes barriers
- Enable the use of independent flexible assets in the BSC



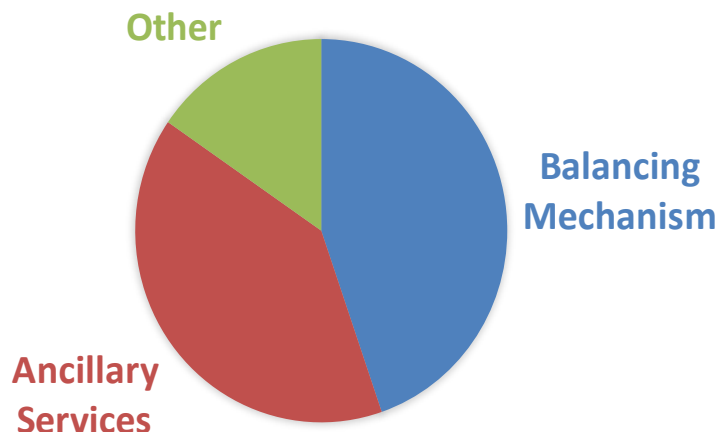
STOR	RR
Availability Window	24h Availability
£ Availability	
£ Activation (paid as bid)	£ Activation (paid as cleared)

**Virtual Lead Party**

**Secondary BMU**

# Balancing Mechanism (BM) Opportunities

## NGESO BALANCING COSTS 2018/2019



- Annually NGENSO spend circa **£500 m** net on the Balancing Mechanism
- Accounts for **45%** of NGENSO total balancing costs of **£1.1 billion**
- So it's a significant opportunity for VLPs to earn revenue

## Balancing Mechanism



Last year we paid

**88** market participants

££££££ ~ -£246 m Bid Debits

££££££££ ~ £174 m Bid Credits

££££££££££ ~ £692 m Offer Credits

££££££££££££ ~ £1 billion Total Absolute BOA Cashflow

# Replacement Reserve (RR) Opportunities

NGESO estimate

**25%** of annual  
need will be fulfilled  
through RR

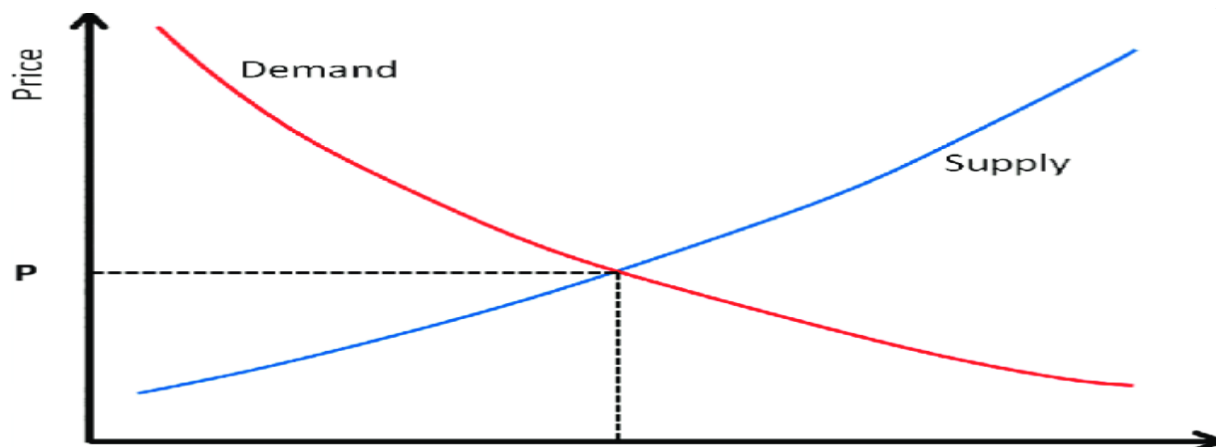
- Standing down STOR  $\sim 164$  MWh p / day
- Coarse energy balancing  $\sim 1.4$  GWh p / day
- Controlling I/C flows  $\sim 1.4$  GWh p / day
- Total yearly volume  $\sim 1.10$  TWh

Using a **£50** p/MWh  
clearing price



That's a forecast GB RR  
market of **£55 m**

## Replacement Reserve



“If GB connected TSOs have a collective 5TWh requirement, that equates to a **£250m** pool - broadly on a par with the current Ancillary Services market.”

# ELEXON's Digital Platform

Digitalising our services, creating a customer-centric digital platform delivering a smart and flexible central solution for the industry, which will be delivered through a number of releases over the next few years

## Settlement solution

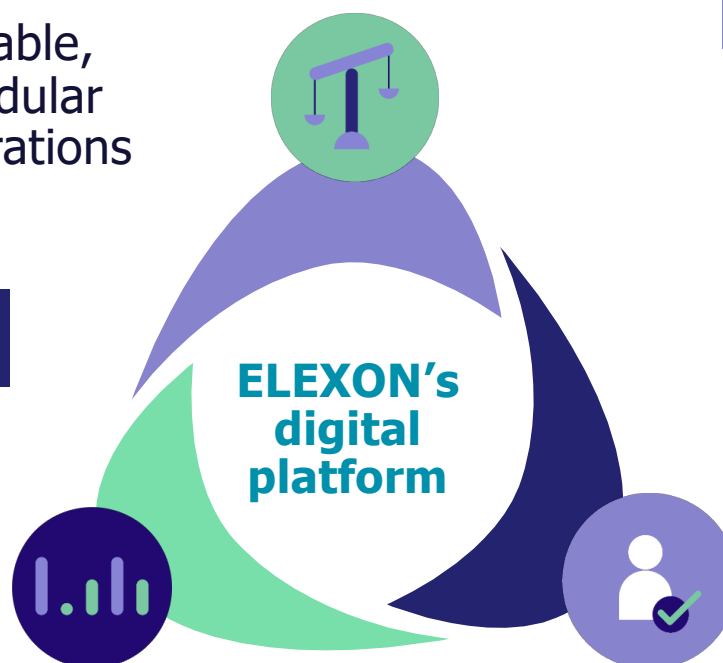
- ✓ to perform scalable, flexible and modular settlement operations

## Insights solution

- ✓ using cloud services to receive, process and publish data for the industry

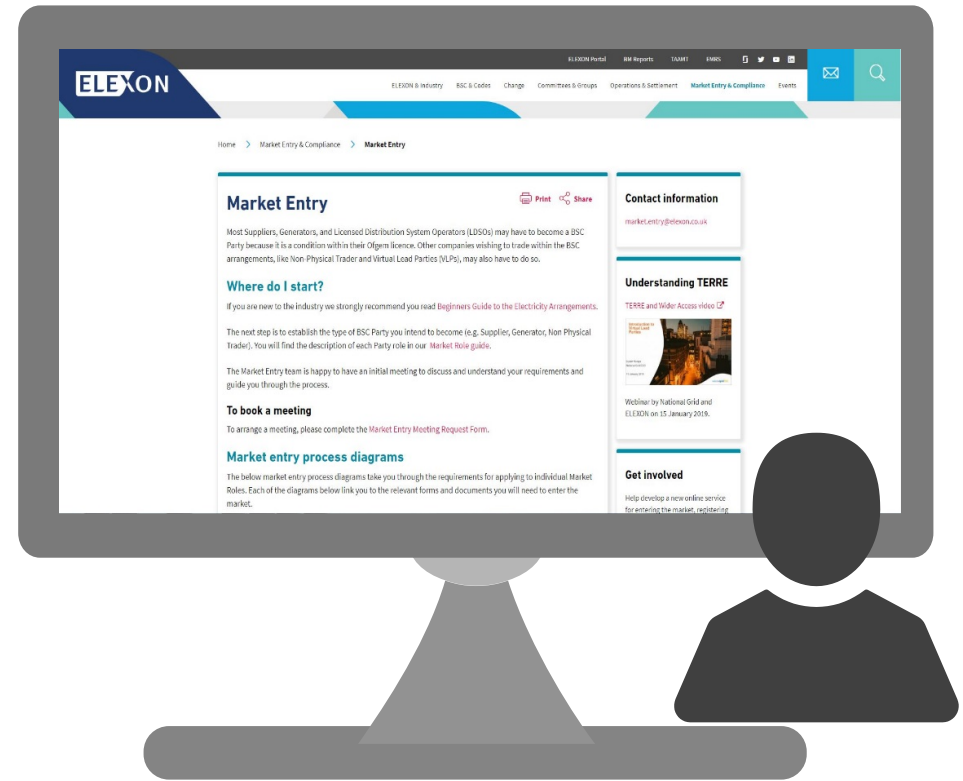
## Customer solution

- ✓ simplifying and automating processes
- ✓ providing an intuitive digital front end
- ✓ aiding market entry and registration for new and existing entrants



# Have any questions?

Or want to **find out more**  
about the BSC  
**and what we do?**



For more information visit the

[Market Entry &  
Qualification](#)

[Wider Access and  
Project TERRE](#)

pages of the ELEXON website



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