



## How to run successful power trading operations in Great Britain

### A checklist for physical and non-physical traders

In making the decision to trade in the GB power market, whether you own generation assets or engage in financial trading, the objective will be to establish profitable operations that conform to Elexon's Balancing and Settlement Code, to take advantage of day ahead and intraday opportunities.

However, as you develop your trading operations, navigating through Elexon's communications protocols to meet dispatching deadlines and reconcile when you are buying or selling power in each settlement period throughout the day becomes highly challenging.

Our high level checklist will enable you to assess whether you have the right internal processes and resources in place to be meet the complex demands of **day ahead** and **intraday trading** in the GB market.

#### Time is of the essence

In preparing and processing day ahead orders, it becomes essential you have a certified physical trading system with straight through processing capabilities. The system needs to be able to generate the orders, send them, process the exchange acknowledgements and manage any requirements for applying corrections.

If your trading platform does not offer these core capabilities, then you stand a good chance of missing trading opportunities or even worse, generating costly physical imbalances. Regardless of the exchange trading platform (notification agent) you select in entering the GB market, you will need the ability to:

#### Non-physical trading checklist

- ✓ Immediately be notified of acceptances or errors in your orders.
- ✓ Process notification of day ahead auction results without delay.
- ✓ Instantly modify the price limit of your order, if deemed to be outside the limits set by the notification agent.
- ✓ Adjust existing orders as many times as required before gate closure.
- ✓ Ensure your latest net traded position is updated in real-time upon receiving either day ahead market results or a new intraday continuous trade.
- ✓ Ensure your latest open position is updated ideally within 30 seconds of receiving an updated generation forecast, day ahead market results or a new intraday continuous trade.
- ✓ Reconcile your net traded position with Elexon's daily Notification, Forward Contact and Energy Contract Volume Notification Acceptance Feedback reports, as soon as they are published (can be multiple times a day).
- ✓ View your net expected imbalance at various granularities based on the latest available data.
- ✓ Process a multitude of Settlement Administration Agent Reports published by Elexon within specified timeframes. Data needs to be collated and prepared for Indicative Settlement, Interim Information Settlement, Initial Settlement, Reconciliation Settlement and Final Reconciliation Reports.

For any of these processes data integrity is crucial. A failure to meet the key market deadlines could lead to financial loss through high imbalance charges as well the loss of a trading opportunity.

If you are a physical trader, understanding your generation capabilities and forecasting your customers' demands on an ongoing basis is essential to make the appropriate trading decisions and participation in the Balancing Mechanism. Accurate metering data is essential for settlement reporting. Your back-office and scheduling departments need the ability to:

### Physical trading checklist

- ✓ Access the latest generation forecasts on a half-hourly delivery period.
- ✓ Reconcile your actual meter data with the latest published Elexon Settlement report.
- ✓ Ensure half hour metering data is available to meet intraday reporting obligations.
- ✓ Address any missing meter data value with sound assumptions based on times series analysis.
- ✓ Schedule MCN flows on IFA, BritNed and Nemo through each Balancing Mechanism Unit (i.e. each generation asset) and have these reflected in your overall balance.

### Are you ready?

If you are embarking on entering the GB market as a physical or non-physical power trader, we recommend asking the following questions:

**Do I have the direct connectivity to the relevant exchanges and market areas?**

**Do I have the appropriate workflows and automation in place to eliminate manual steps, streamline processes to reduce operational risk?**

**Do I have the flexibility to scale and grow my trading operations?**

Brady has proven expertise in helping energy companies trade in the GB day ahead and intraday power market. We offer you a software platform to address the challenges described in this article.

Let us help you be successful in GB power trading operations.

Learn more at [www.bradytechnologies.com](http://www.bradytechnologies.com)

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