

Chapter 9: Final Imbalance Price Calculation

Final Imbalance Price Calculation

- Following determination of the PAR Tag for each action, a combination of NIV Tag and PAR Tag are created to identify which actions should be included in calculating the final price:
 - The Imbalance Price Tag (TIP) for each action is calculated by multiplying TNIV and TPAR, so that if either are zero, the action is excluded from the calculation;
 - The final calculation considers a quantity-weighted average of the price of all actions which are not NIV or PAR tagged.

Final Imbalance Price Calculation

- The final Imbalance Price calculation is carried out in three steps:
 - The Initial Imbalance Price ($PIIMB_{\phi}$) is calculated as a quantity-weighted average of the price of all actions which are not NIV or PAR tagged;
 - The Imbalance Price ($PIMB_{\phi}$) for Imbalance Pricing Period ensures that if the Administered Scarcity Price (PAS_{ϕ}) is higher, it sets the Imbalance Price;
 - Imbalance Settlement Price for Imbalance Settlement Period is the simple average of all Imbalance Prices for Imbalance Pricing Periods within the Imbalance Settlement Period.
- In the calculation of $PIMB_{\phi}$, if the result is greater than the Price Cap (PCAP) then $PIMB_{\phi}$ is made equal to PCAP, and if the result is greater than the Price Floor (PFLOOR) then $PIMB_{\phi}$ is made equal to PFLOOR:
 - The RA policy parameters decision stated that the values for these parameters for I-SEM go-live will be PCAP = 10,000 €/MWh, PFLOOR = -1,000 €/MWh.
- Since the Imbalance Settlement Price is an of the six Imbalance Pricing Period (five minutes), this means that if a high priced action was accepted for a short period of time, it does not set the price for the whole half-hour.