

Firm Frequency Response (FFR) Results WebEx – TR100



25 April 2018

Introduction

- **This WebEx:**
 - Relates to the results of the March FFR tender round that were published on the website on the 18th April 2018.
 - Provides you all with some more detailed feedback to ensure all suppliers are getting the same level of information.

Representatives

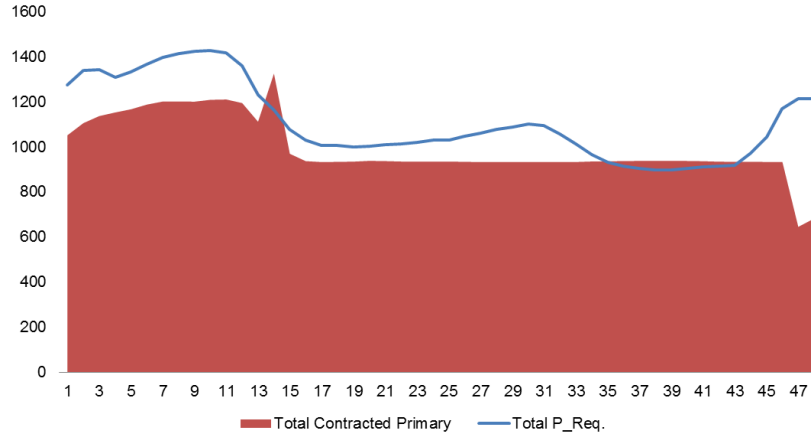
Person	Responsibility
Rachel Turner	Structuring & Optimisation Manager
Natalie Boahene	Ancillary Services Analyst
Andrew Rice	FFR Service Lead/Account Manager

Agenda

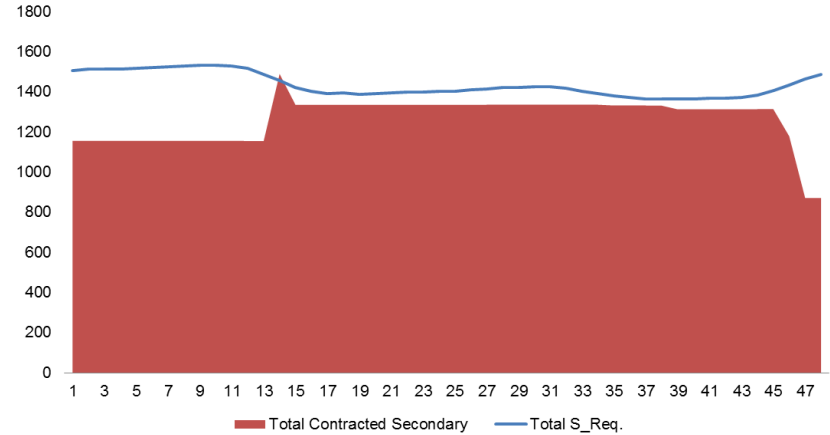
1. Requirement
2. Overview
3. Assessment
4. Results
5. Simplification of FFR tenders
6. Next Round
7. Questions

1. Requirement (Month Ahead)

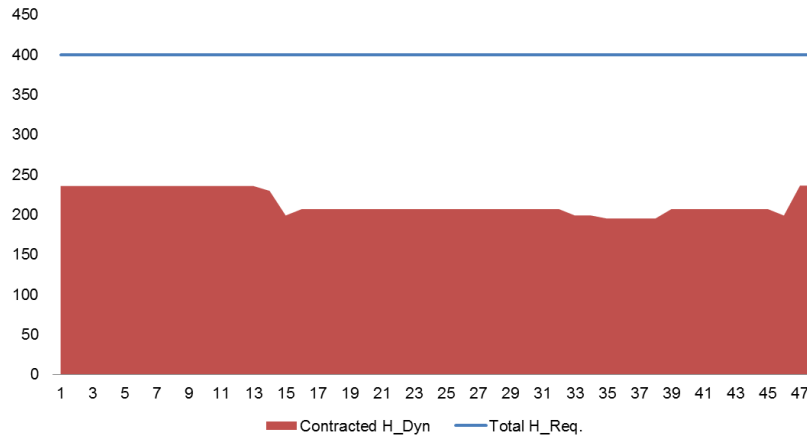
Total Primary FFR vs Requirement



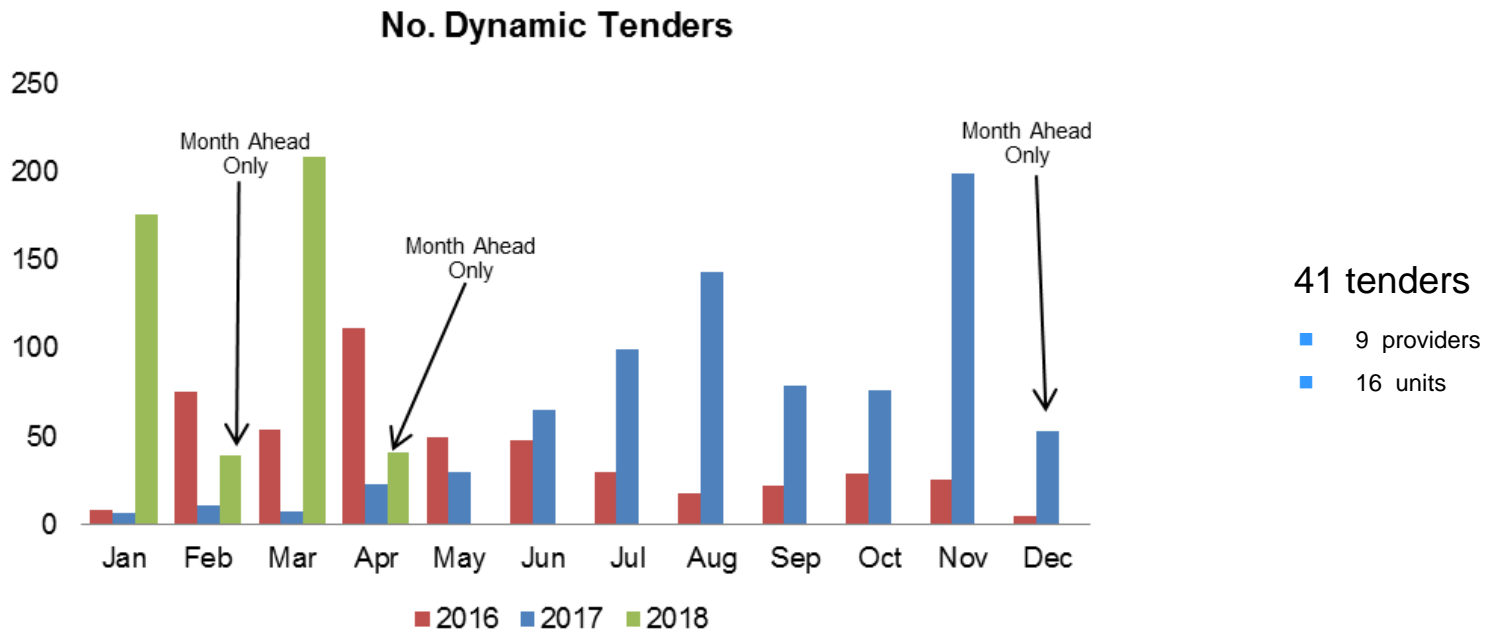
Total Secondary FFR vs Requirement



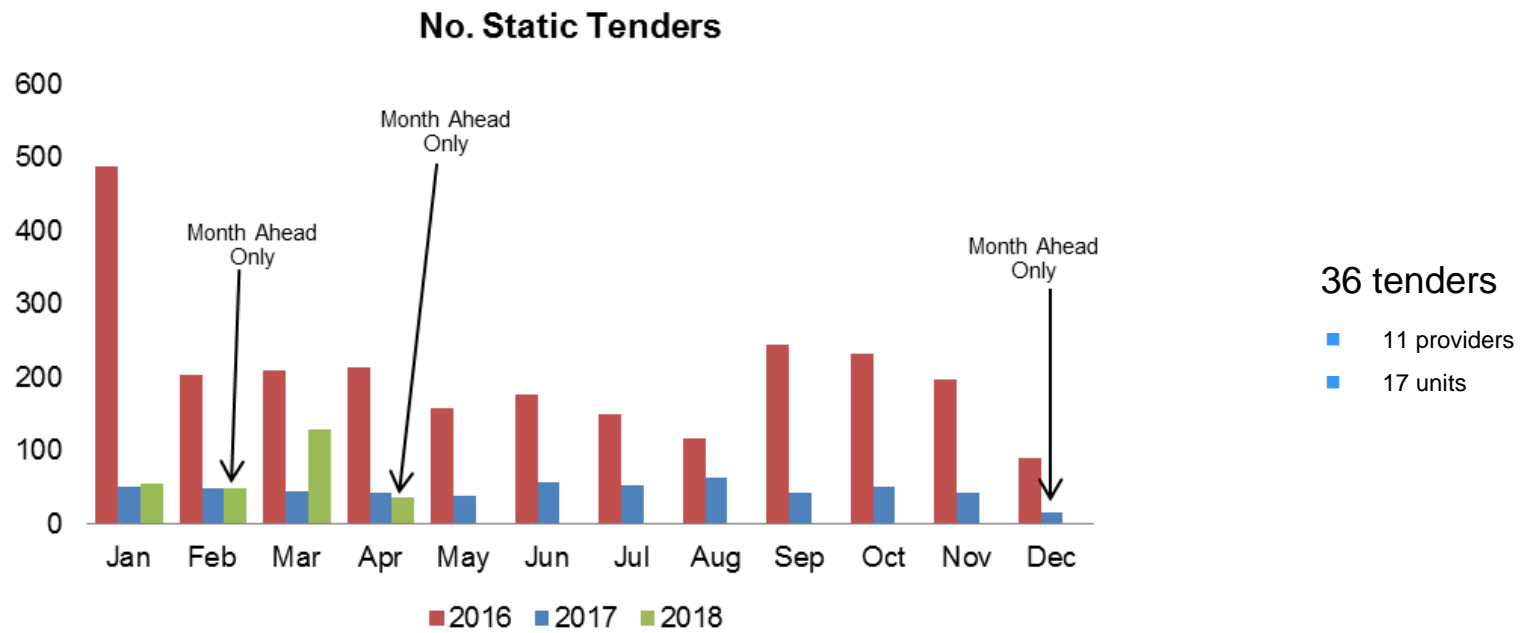
Total High FFR vs Requirement



2. Overview



3. Overview



3. Assessment

■ **Step 1**

- Tenders are evaluated against the cost of obtaining an equivalent service in the mandatory market
- This accounts for the start date, type of service delivered, duration of tender and service availability window

■ **Step 2**

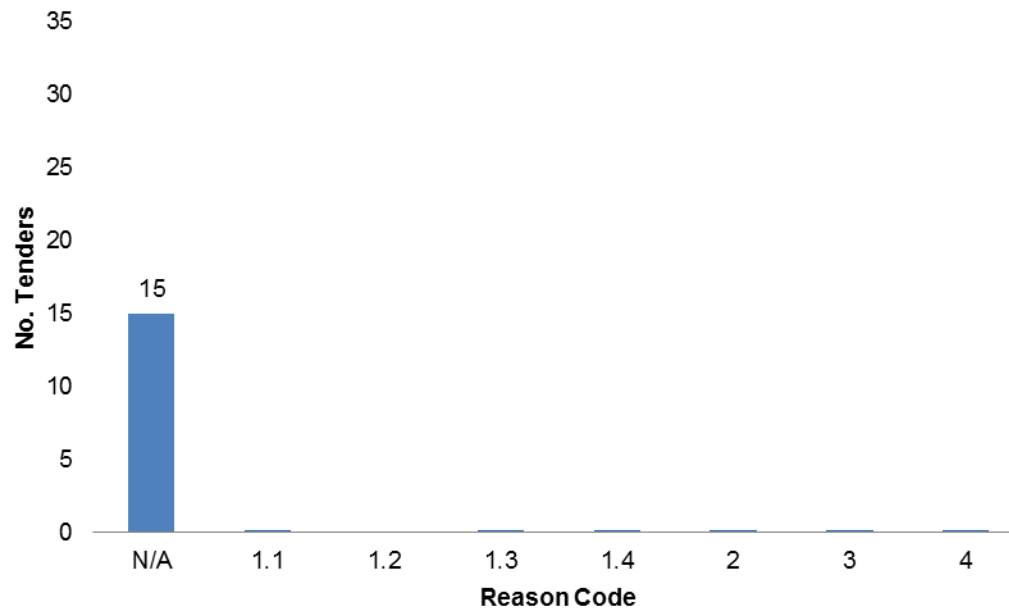
- Tenders are stacked in terms of benefit delivered against any outstanding requirement

■ **Step 3**

- Where applicable, any possible over holding is also accounted for. In this periods, tenders are assumed to offer no value where the requirement has already been satisfied. Tenders are then restacked against the recalculated perceived benefit

4. Results – Reason Code N/A

Accepted tenders



4. Results – Reason Code 1 Expanded

■ 1.1

The outstanding requirement has already been satisfied by more beneficial tenders

■ 1.2

There was no outstanding requirement

■ 1.3

The desired volume against the National Grid procurement strategy for future tender months had already been satisfied

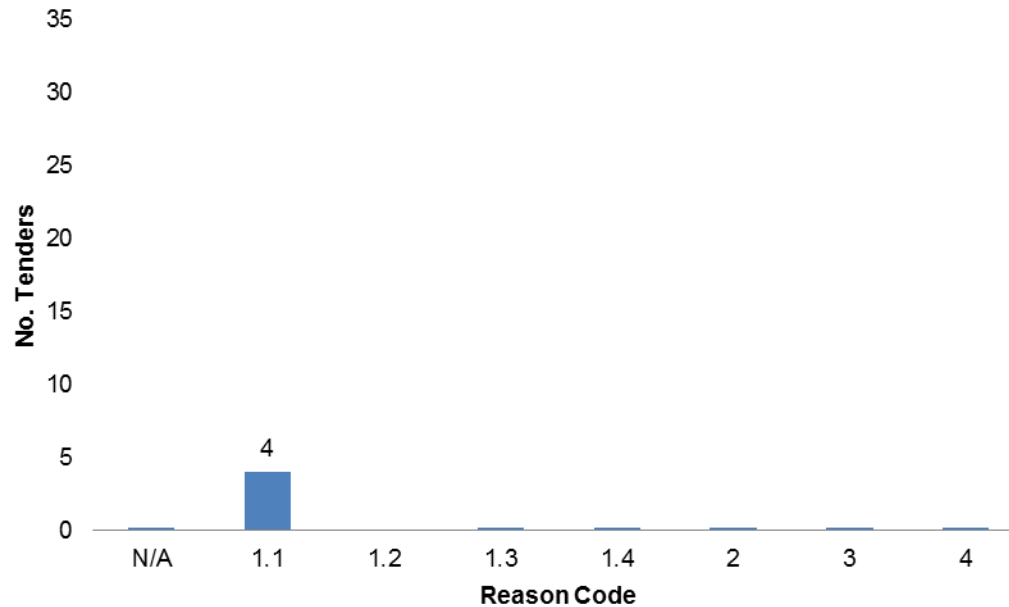
■ 1.4

This tender formed part of an all-or-nothing group which did not collectively deliver enough benefit to be considered

4. Results – Reason Code 1.1

Beneficial however...

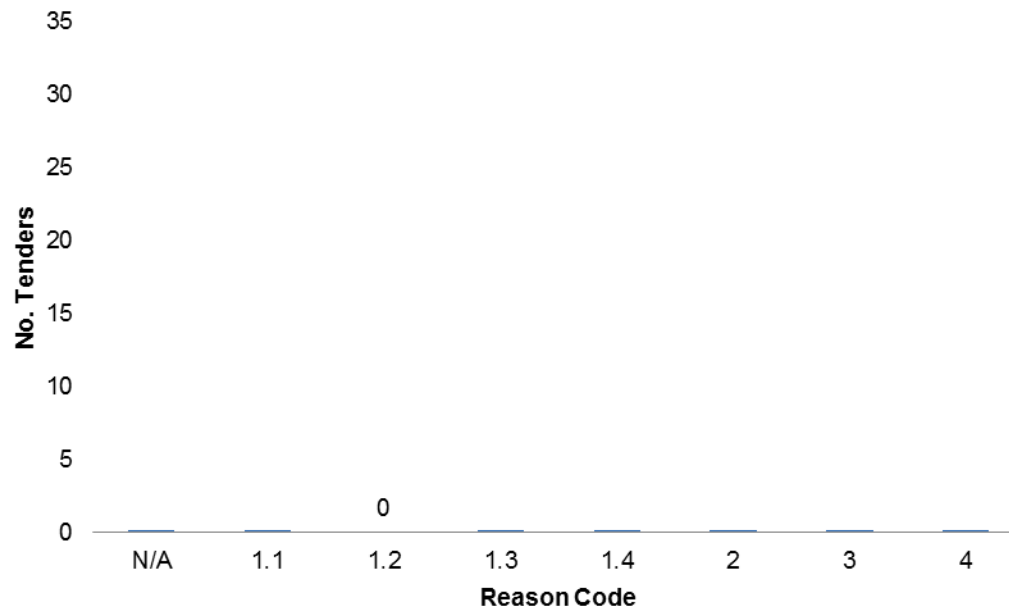
The outstanding requirement has already been satisfied by more beneficial tenders



4. Results – Reason Code 1.2

Beneficial however ...

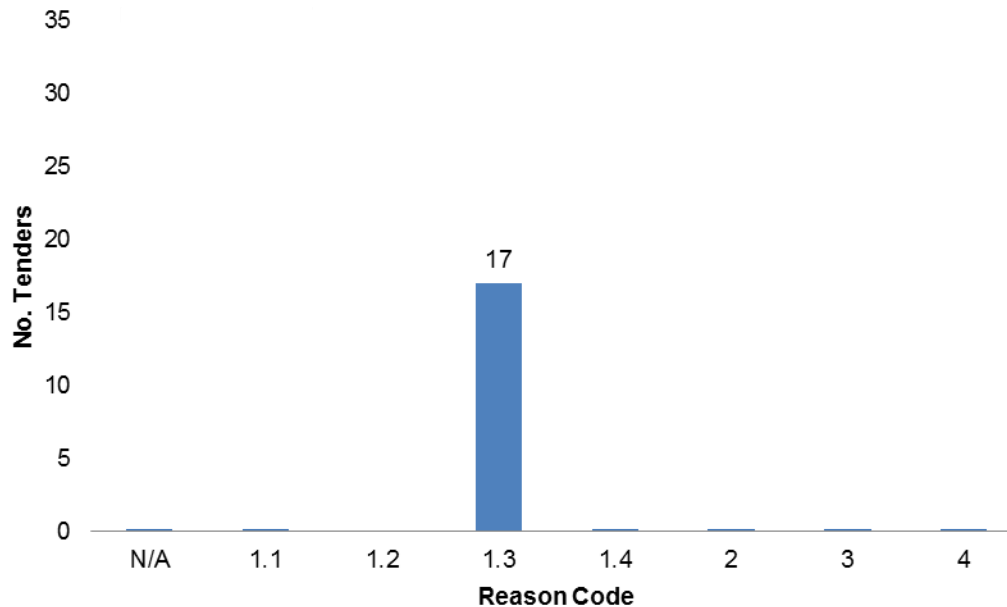
There was no outstanding requirement



4. Results – Reason Code 1.3

Beneficial however...

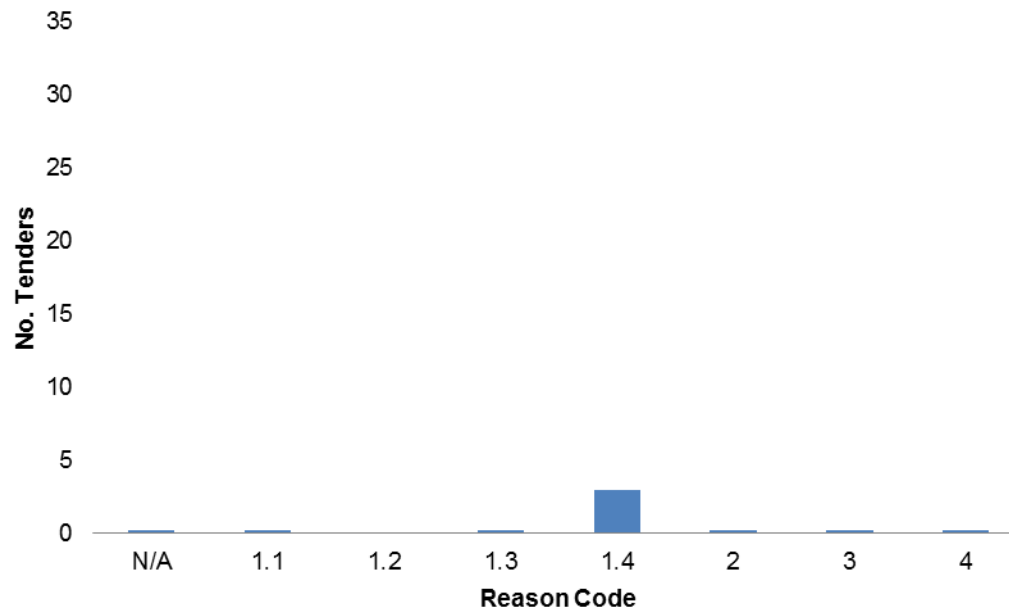
The desired volume against the National Grid procurement strategy for future tender months had already been satisfied



4. Results – Reason Code 1.4

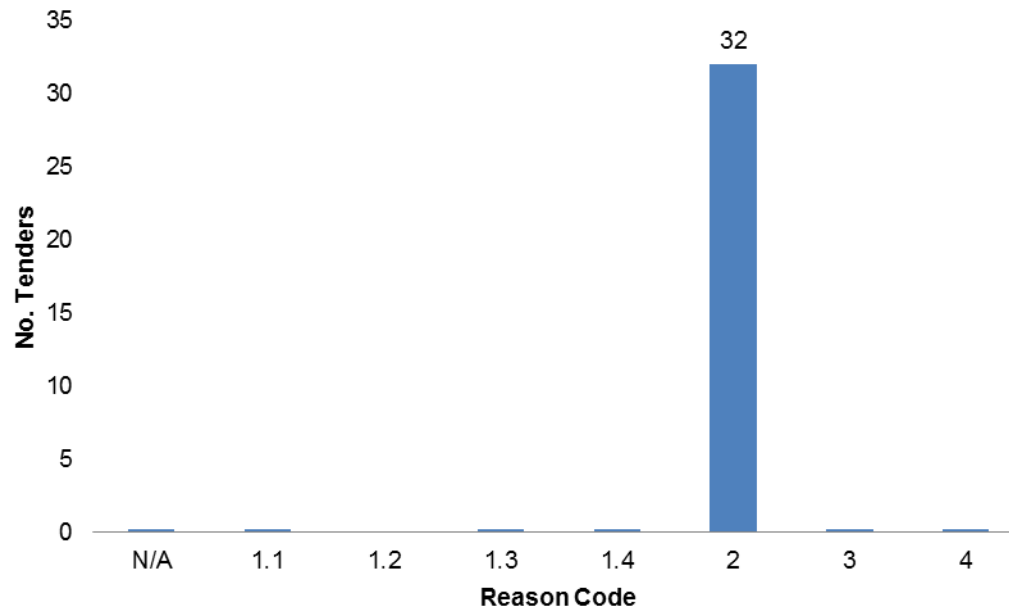
Beneficial however ...

This tender formed part of an all-or-nothing group which did not collectively deliver enough benefit to be considered



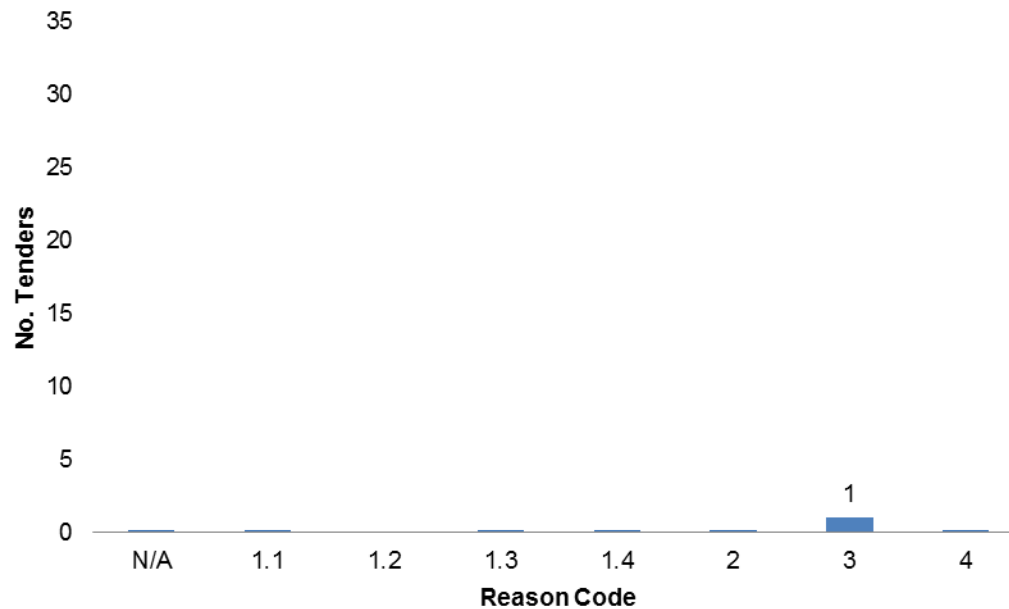
4. Results – Reason Code 2

***Price not beneficial
across tendered period***



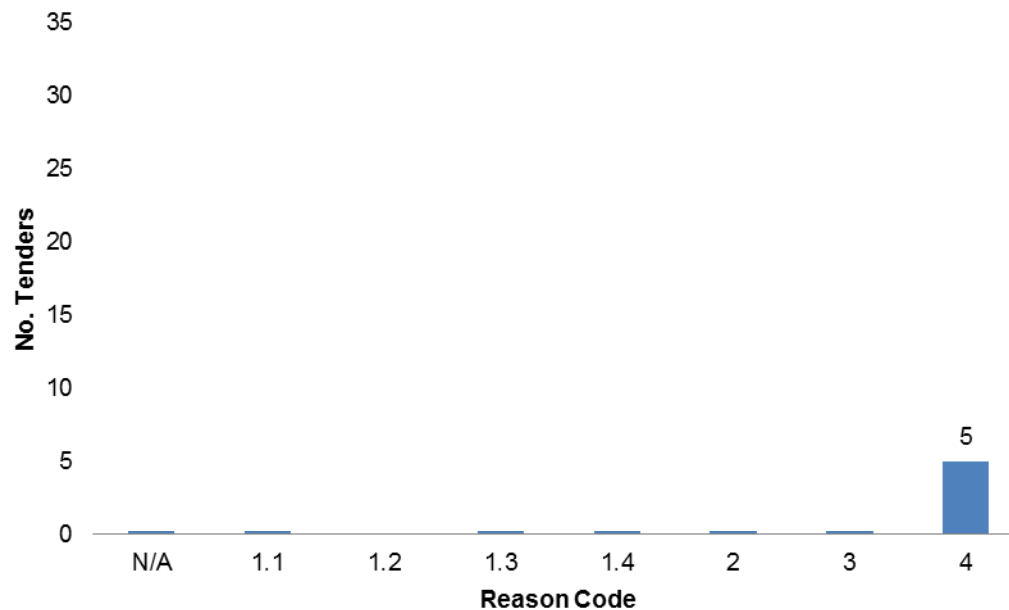
4. Results – Reason Code 3

Does not meet tender prerequisites



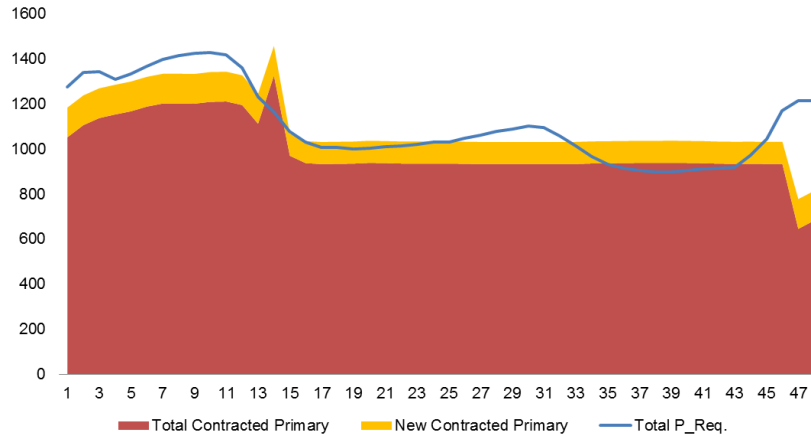
4. Results – Reason Code 4

***Multiple tenders
received for the same
unit***

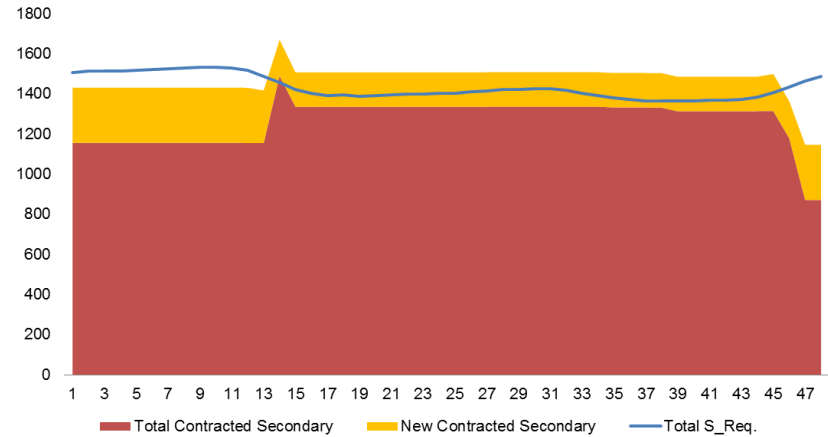


4. Results (Month Ahead)

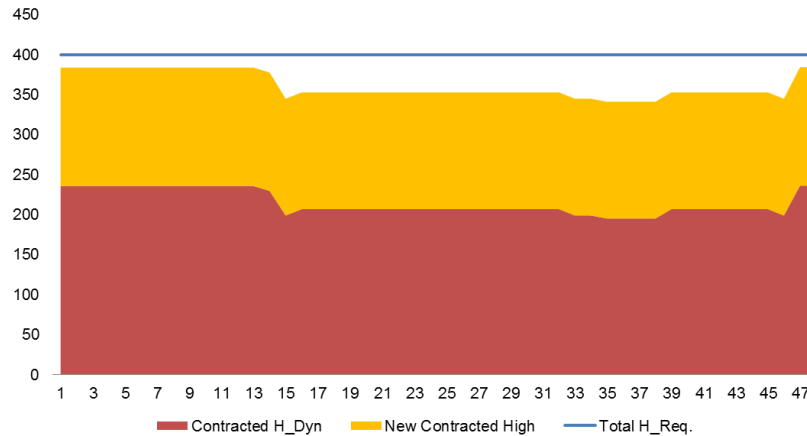
Total Primary FFR vs Requirement



Total Secondary FFR vs Requirement



Total High FFR vs Requirement

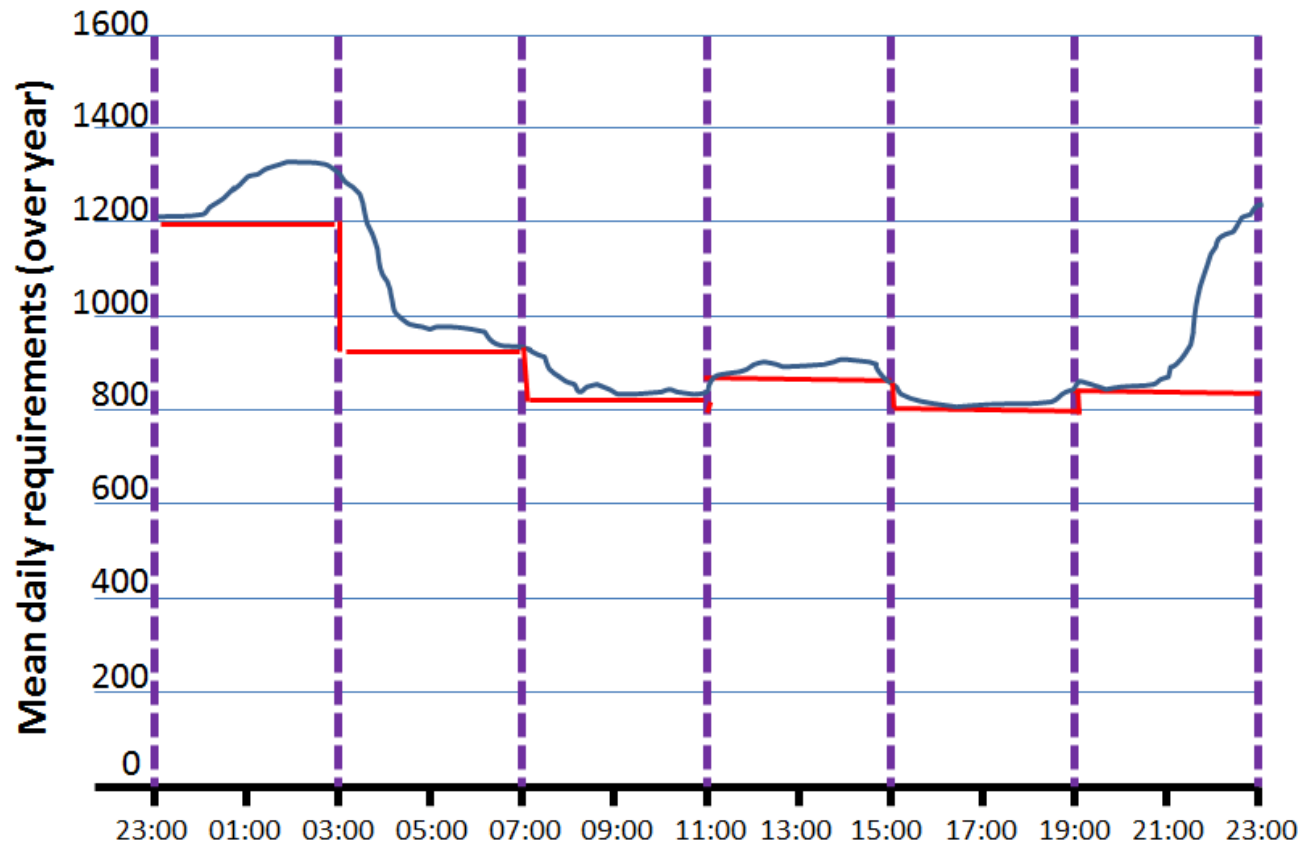


5. Simplification of FFR

- Product Roadmap for Frequency Response and Reserve published in December 2017
- Outlined two areas of simplification:
 - Standardised within-day windows
 - Standardised duration of contract
- Standardising will increase transparency and facilitate price discovery
- We will be introducing these for the tender round closing on **1st May** as stated in the previous 2 webinars

5. Standard Within-Day Windows - Example

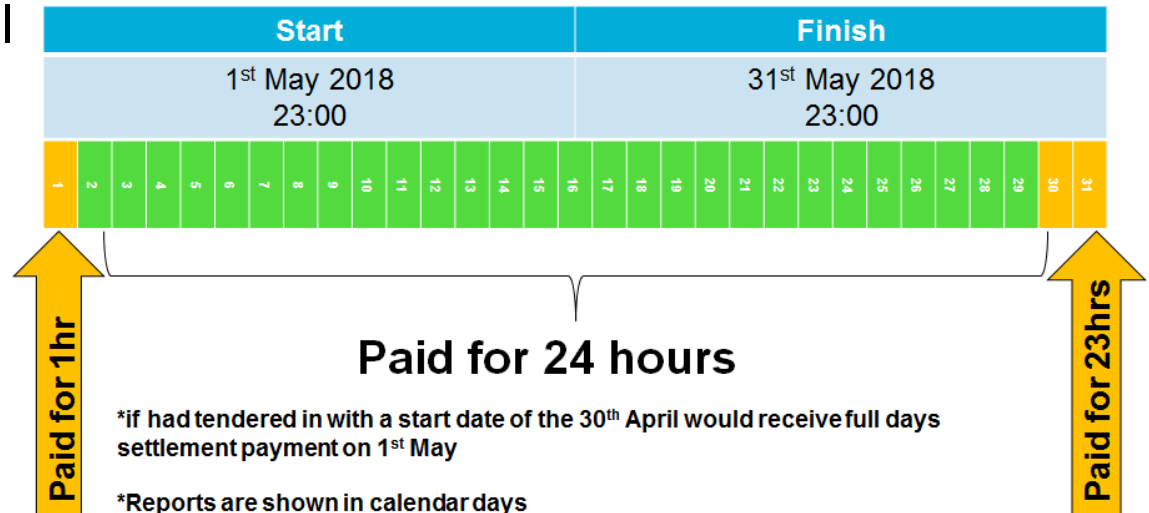
- We will be moving to 4-hourly EFA blocks as below:



— Mean daily requirement - - - EFA block boundaries — Tendered requirement

5. Standard Within-Day Windows

- Tenders will be restricted to starting and finishing at 0300, 0700, 1100, 1500, 1900, 2300 hours
- Full month tenders should start at 2300 on the last day of the previous month, e.g. for the month of May the tender should start at 2300 on 30th April



- Providers can still use all-or-nothing linked tenders to manage within day periods of unavailability

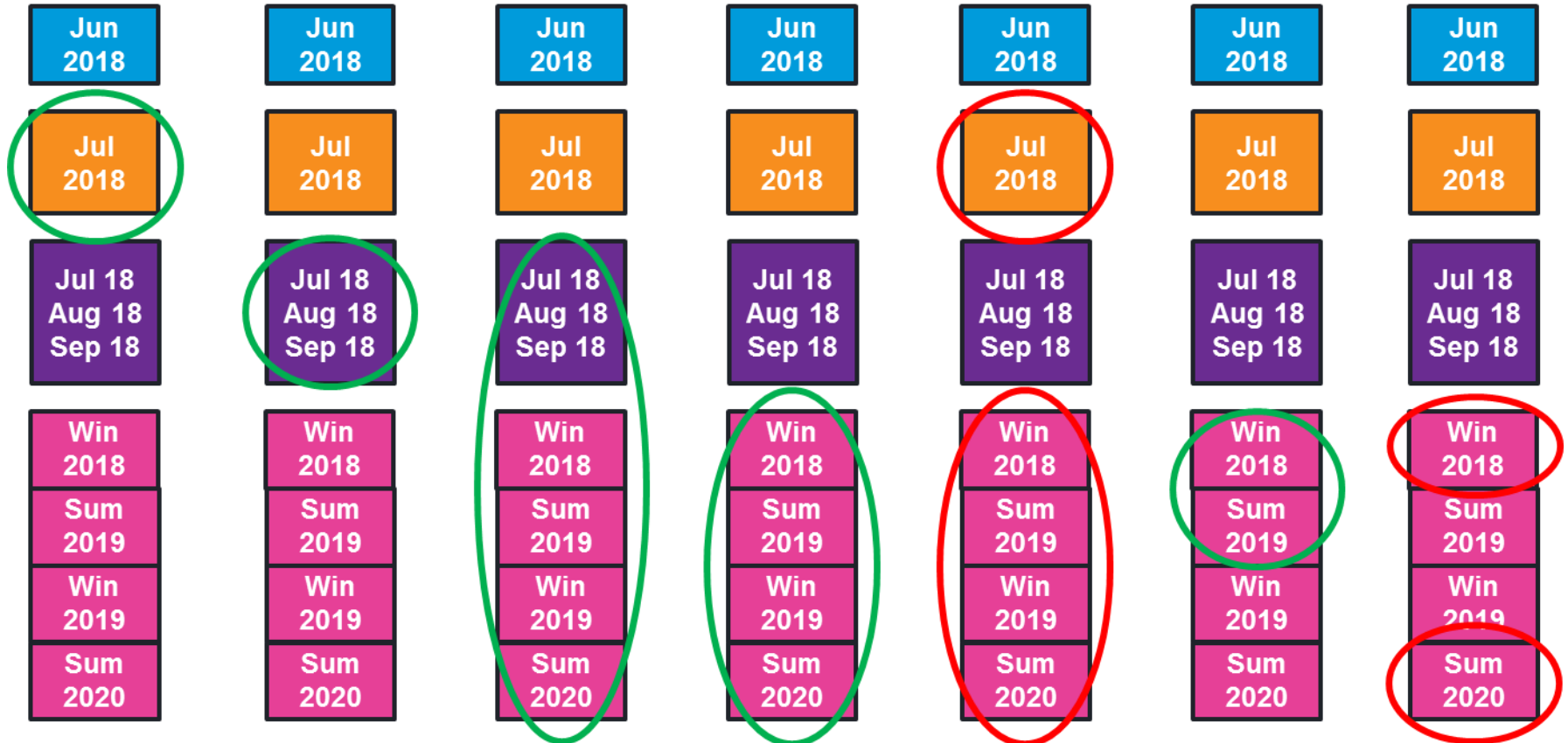
5. Standard Duration of Contract

- We will be moving to a quarterly long-term procurement based on quarters and seasons, the 1st long term tender will be TR102
- We will offer volume up to 30 months ahead.
- We will continue with month ahead every month
- We will provide an indication of volume requirements and valuation for each future season in the monthly Market Information Report

5. Standard Duration of Contract



5. Standard Duration of Contract



7. 'Next Round' TR101

- **May-18 – TR 101**
 - Month ahead only tender round, procuring volume for delivery in June 18
 - Tender submission date of **Tuesday 1st May 2018 at 17:00**
 - Any bids not submitted on the latest tender proforma that is sent out in Ariba will be considered as a non compliant tender
 - Only units that have passed testing will be able to tender in for month ahead tender rounds

- The next Market Information Report will be released on:
 - **Thursday 26th April 2018**

- Look out for:
 - Only units that have passed testing will be able to tender in for month ahead tender rounds
 - From tender round 102 the restriction on tendering up to 6 months ahead will be removed. There will be back stop date that contracts can be awarded up to.
 - E – Auctions - We are developing weekly e-auctions that are due to commence in Dec 18. look out for any updates.

- Reminder: We value your feedback on these webinars, please can you spare a few minutes and complete the feedback survey we sent out.

8. Questions

- If we are unable to answer a question on the call and offer to take it away, the answer will be provided back in writing to all those on the call.
- National Grid reserve the right to refuse to answer any questions deemed inappropriate

Any Questions?

8. Questions

Feedback Webinar for Tender Round 100

Questions and Answers

Q. Not clear when the tender submission date is, 1 or 2nd of May?

A. Tender submission is Tuesday 1st May at 17:00

Q. Hi, what capacity will be available in the short term weekly auctions which are planned? Is there a set aside, or will this just be for any capacity which could not be contracted in the monthly auctions?

A. National Grid are still working through the details for the Weekly auctions, once the details have been defined they will be messaged out to the market.

Q. What is the difference between 1.2 and 1.3 rejection codes? Is it that 1.2 means that the requirement was already filled in during one past tender, so only during one tender, when 1.3 means that requirements has already been filled in during several tenders in the past?

A. Reason code 1.2 relates to there being no outstanding requirement to satisfy for the majority of the tendered period. E.g. From May '18 until April '19, the dynamic primary and secondary requirement has been satisfied. In spite of tenders over these periods being beneficial, their acceptance would result in complete over-holding over the daytime period. In many cases, this will only relate to tenders which are outside of month ahead only.

In a longer term tender, reason code 1.3 relates to the desired volume against the National Grid procurement strategy already being satisfied by more beneficial bids higher up in the stack. At the month ahead only stage, this reason code implies that these tenders delivered a benefit below the marginal unit and could therefore not be considered for acceptance.