

Firm Frequency Response (FFR) Results WebEx – TR101



23 May 2018

Introduction

- **This WebEx:**
 - Relates to the results of the March FFR tender round that were published on the website on the 17th May 2018.
 - Provides you all with some more detailed feedback to ensure all suppliers are getting the same level of information.
- Today will be asking you to use Sli.do provide us with feedback on today's Webinar and what you would like to see included going forward.
- **To leave feedback please follow the instructions below:**
 - **Open a browser on any laptop, tablet or smartphone**
 - **Go to [slido.com](https://www.slido.com)**
 - **Enter the event code #C904**
- The feedback will be open during this webinar and remain open for 48 hours once the webinar closes

Representatives

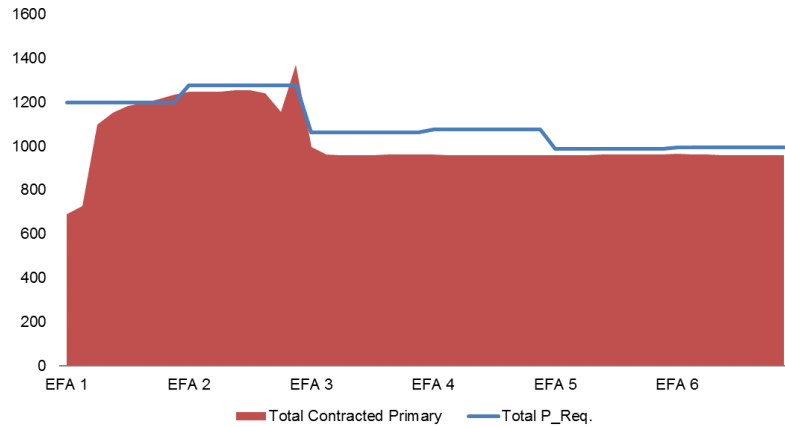
Person	Responsibility
Rachel Turner	Structuring & Optimisation Manager
Natalie Boahene	Ancillary Services Analyst
Andrew Rice	FFR Service Lead/Account Manager

Agenda

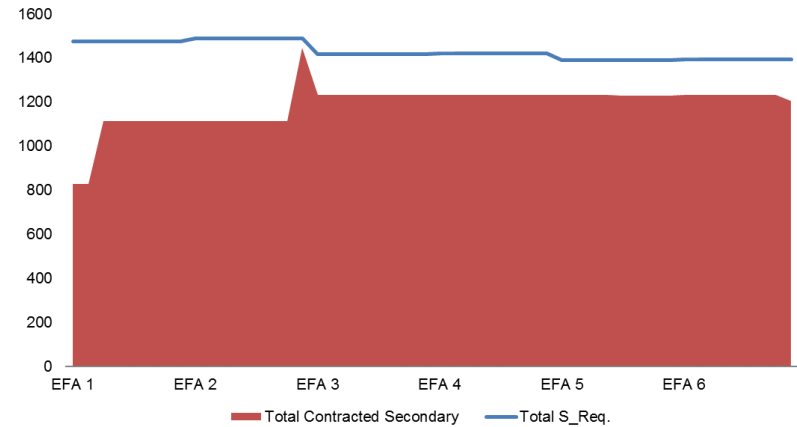
1. Requirement
2. Overview
3. Assessment
4. Results
5. Simplification of FFR tenders
6. Next Round
7. Questions

1. Requirement (Month Ahead)

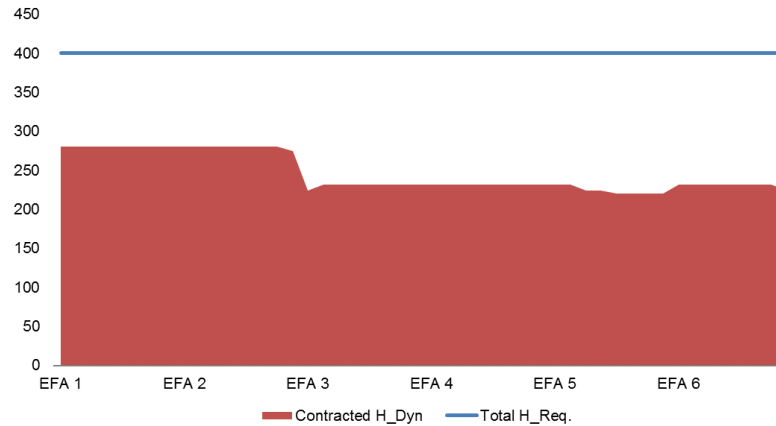
Total Primary FFR vs Requirement



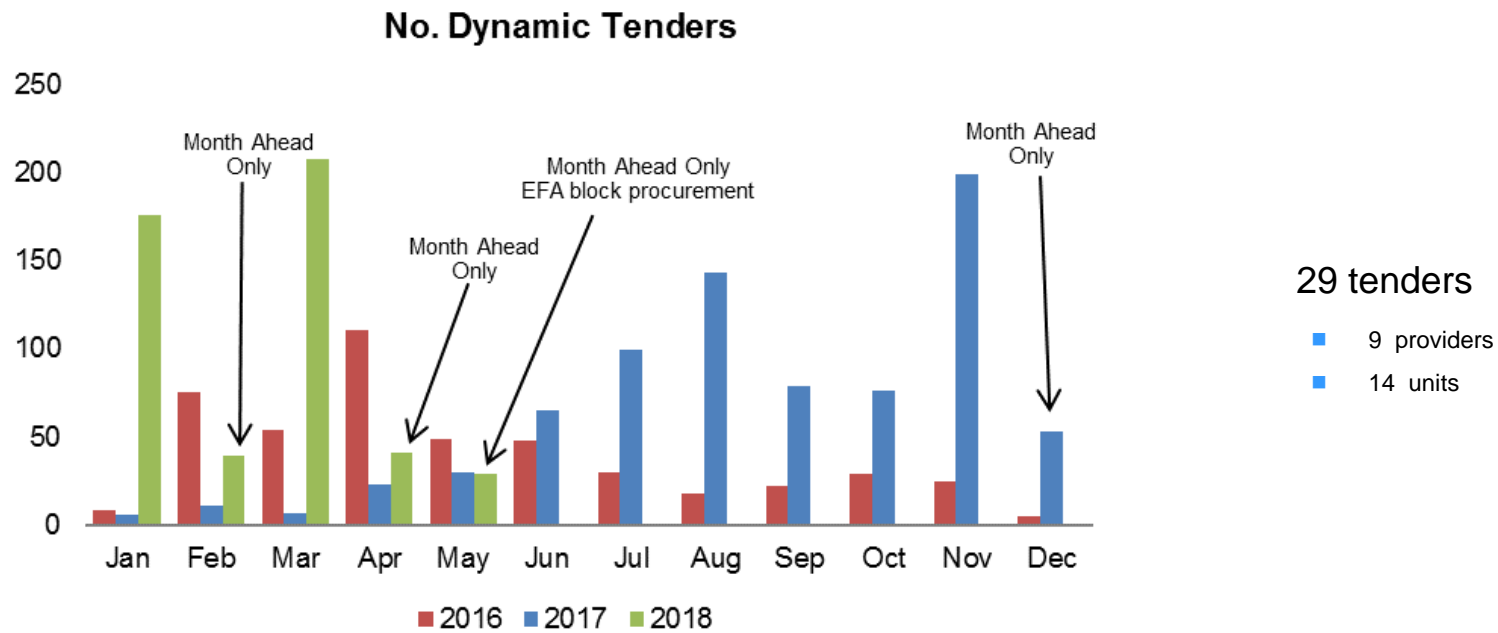
Total Secondary FFR vs Requirement



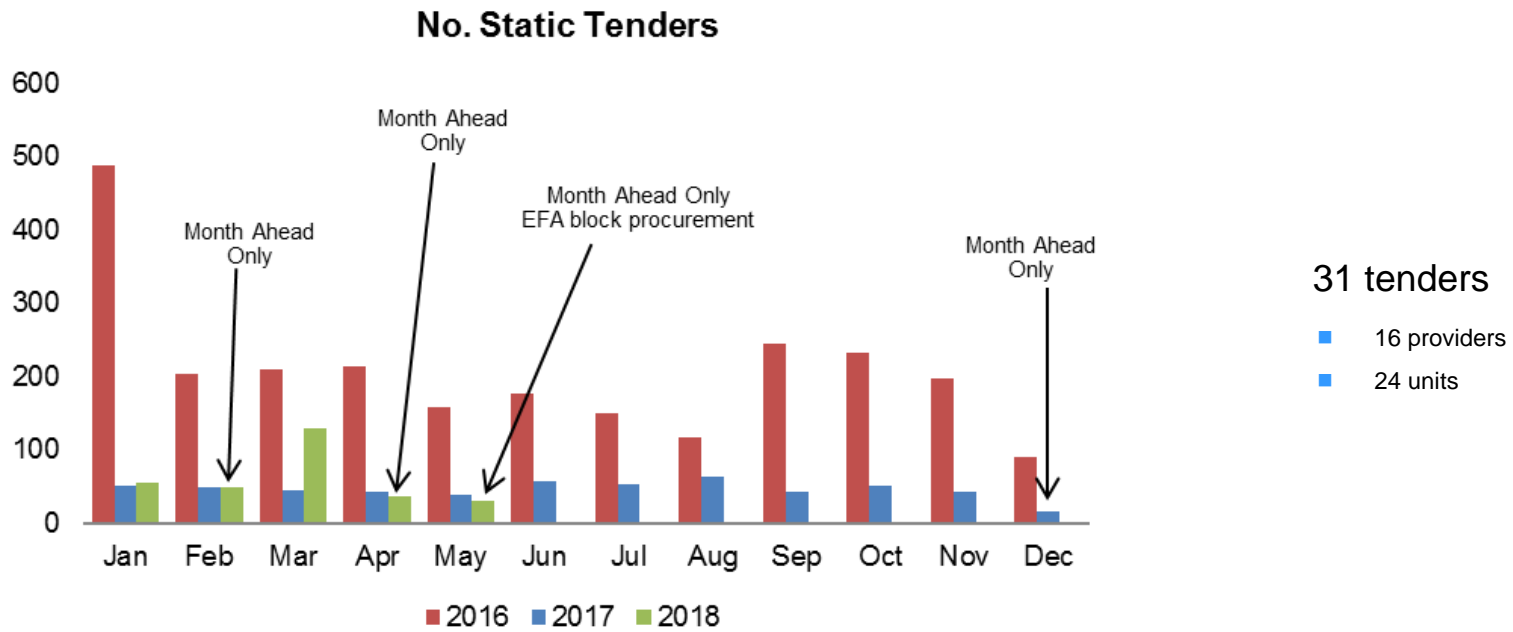
Total High FFR vs Requirement



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**

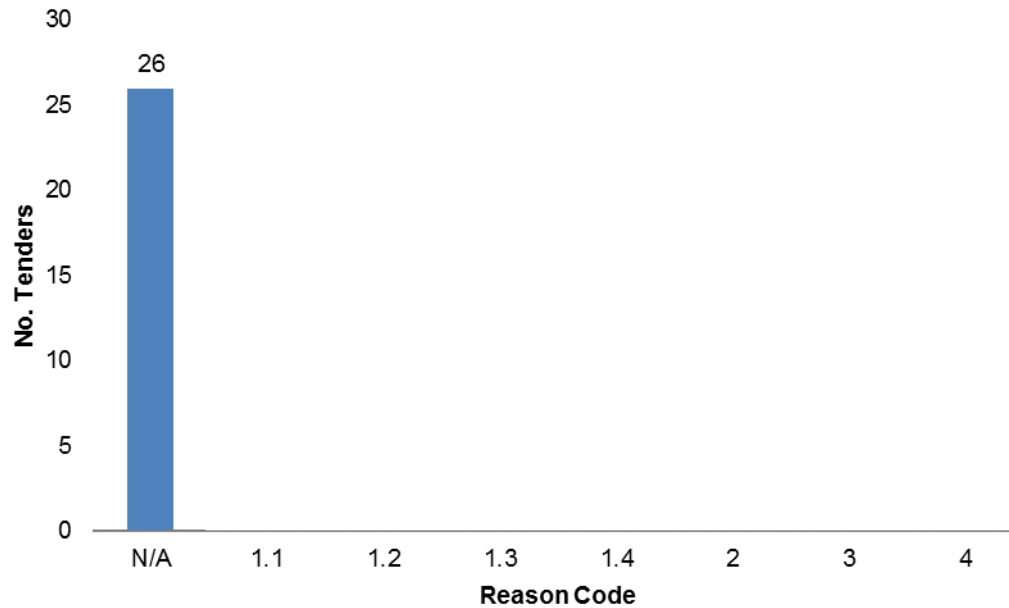
- Tenders are stacked in terms of benefit delivered against any outstanding requirement

■ **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

Beneficial however...

■ 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

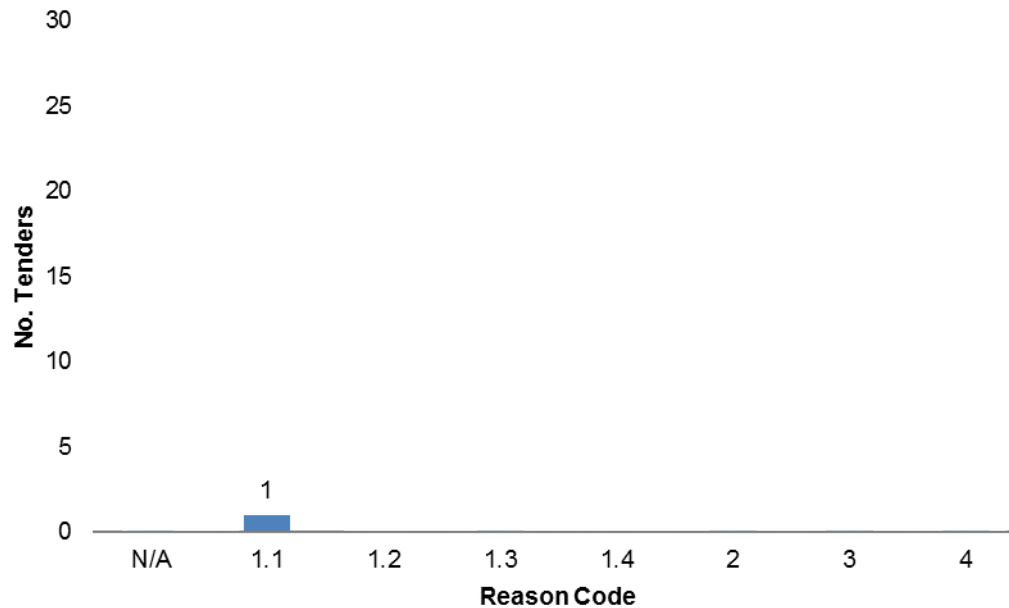
■ 1.4

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...

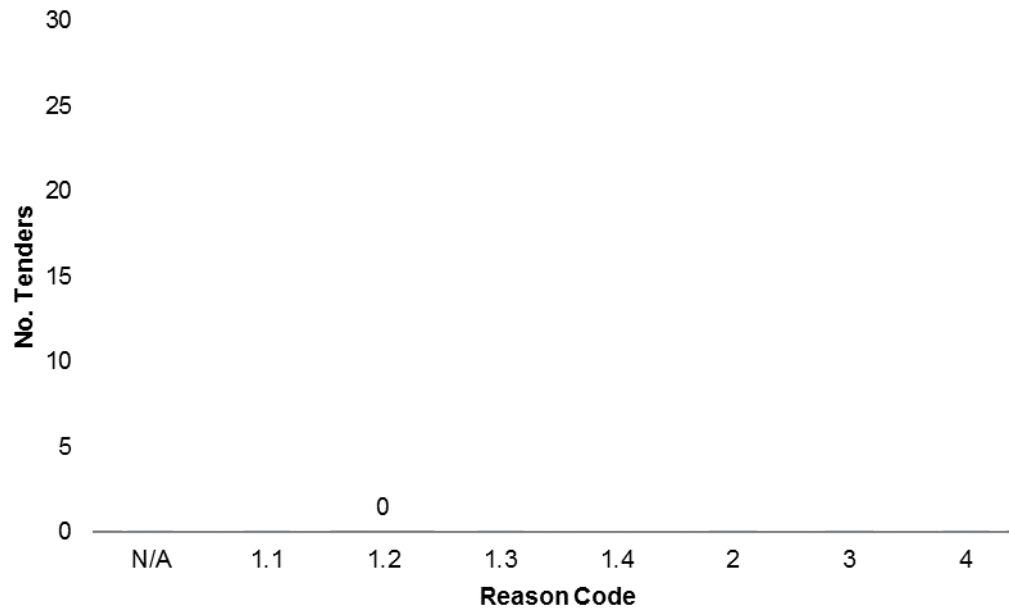
*The outstanding requirement
has already been satisfied by
more beneficial tenders*



4. Results – Reason Code 1.2

Beneficial however ...

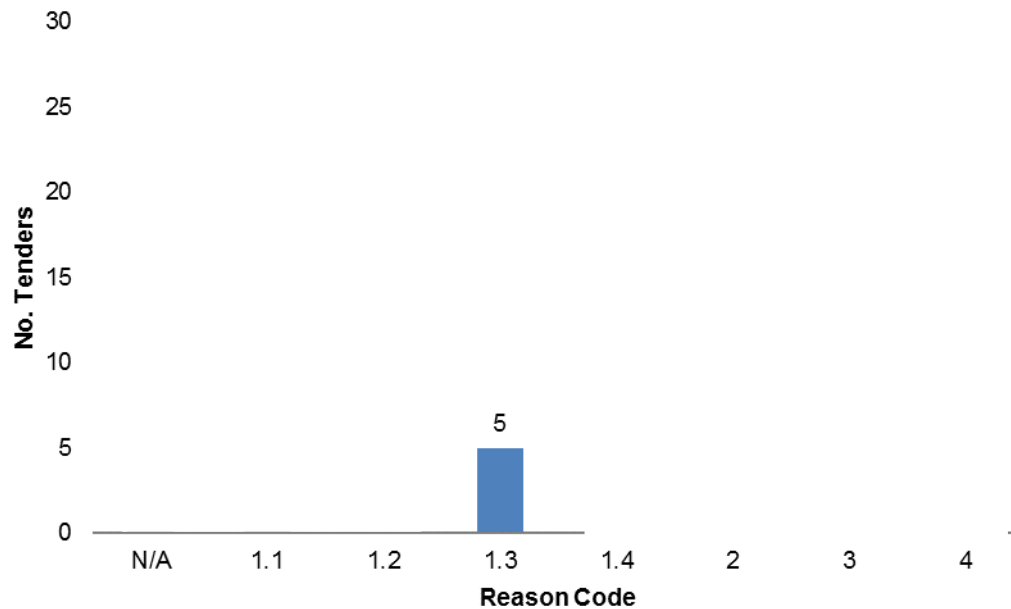
There was no outstanding requirement



4. Results – Reason Code 1.3

Beneficial however...

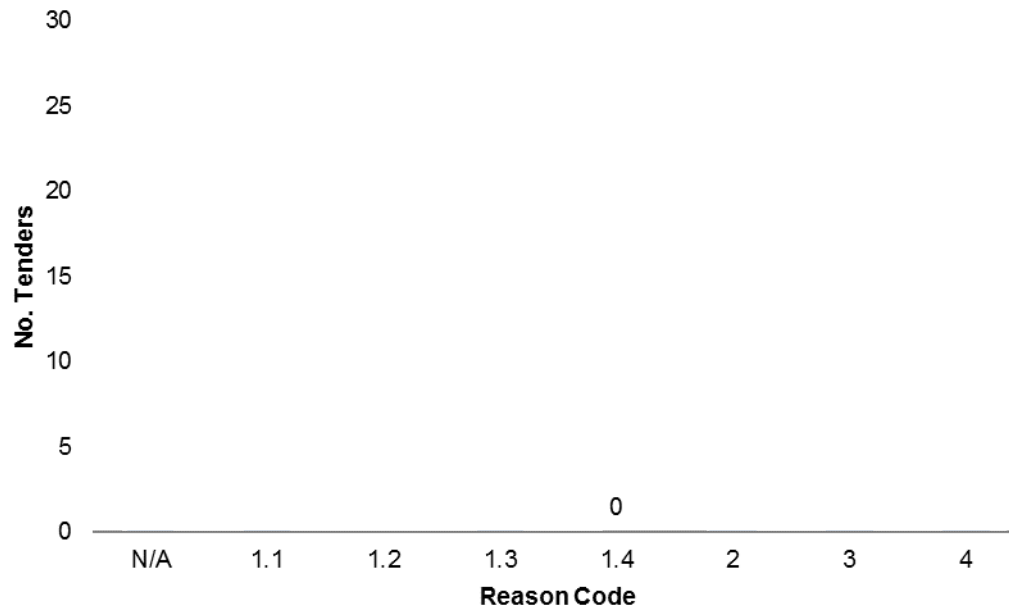
The desired volume against the National Grid procurement strategy for future tender months had already been satisfied



4. Results – Reason Code 1.4

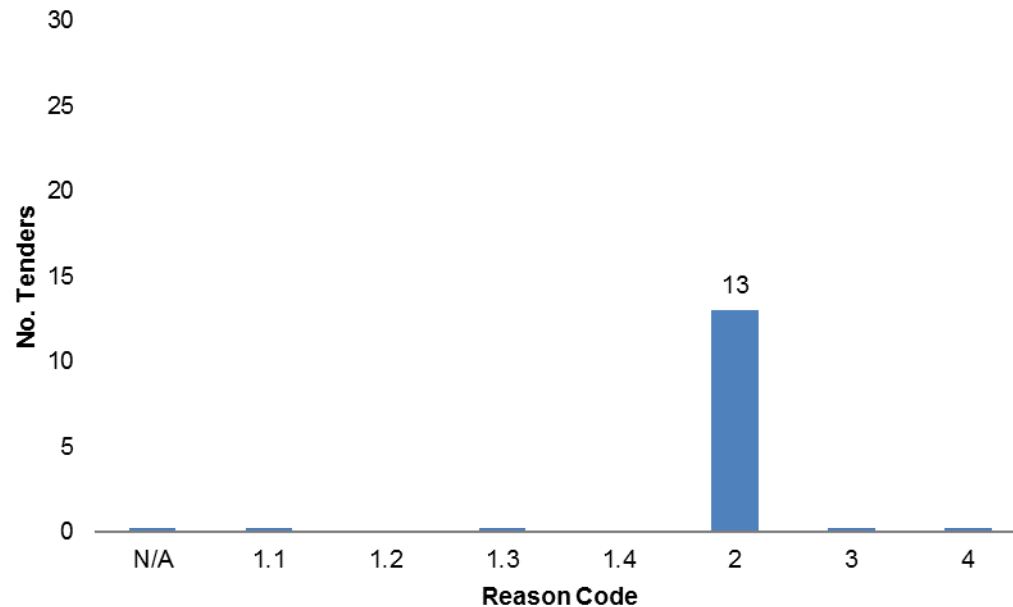
Beneficial however ...

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



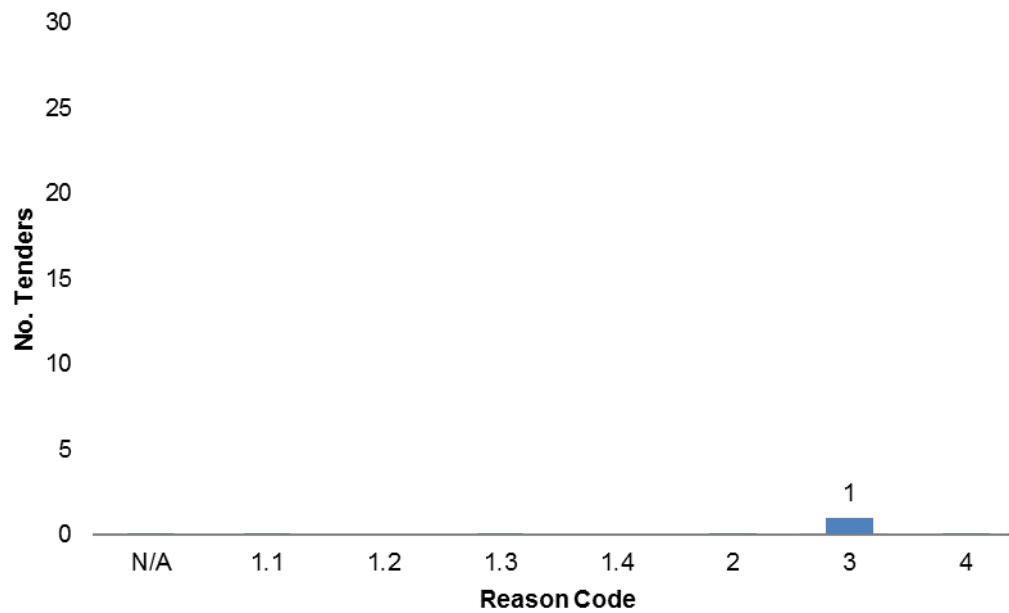
4. Results – Reason Code 2

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



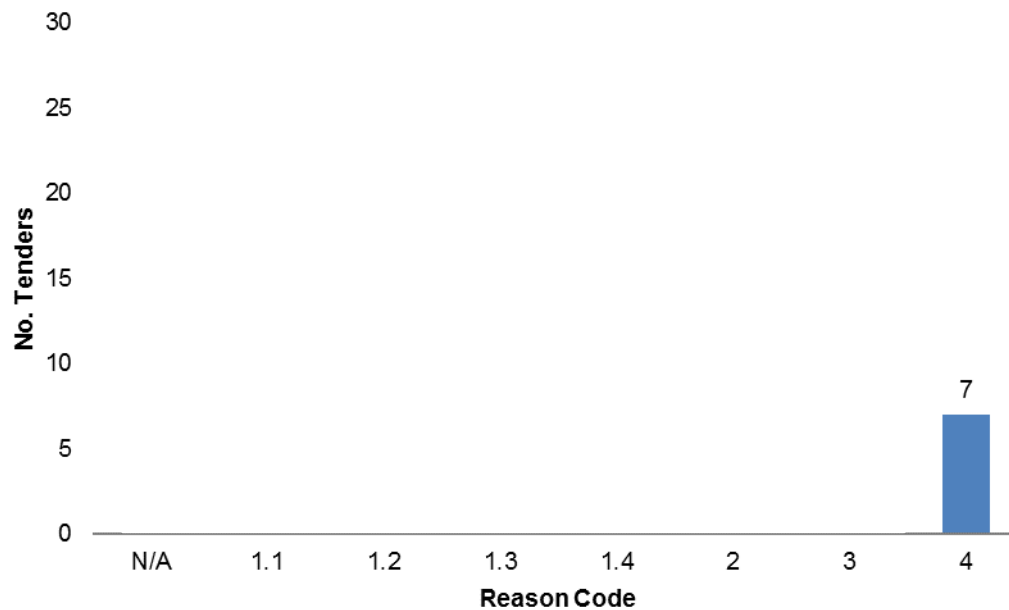
4. Results – Reason Code 3

Does not meet tender prerequisites



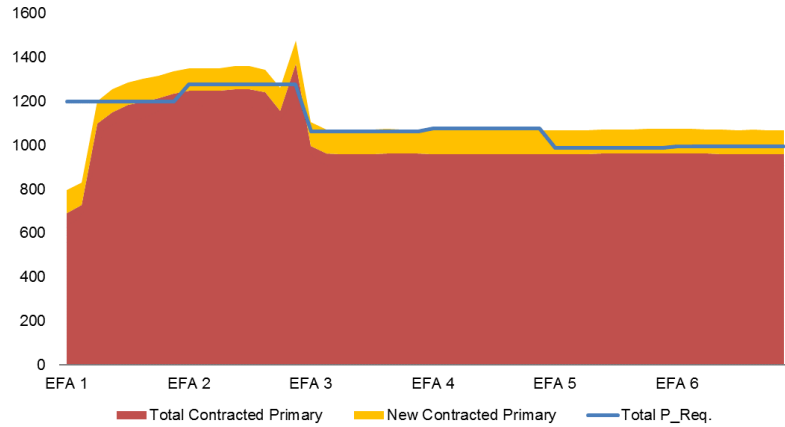
4. Results – Reason Code 4

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

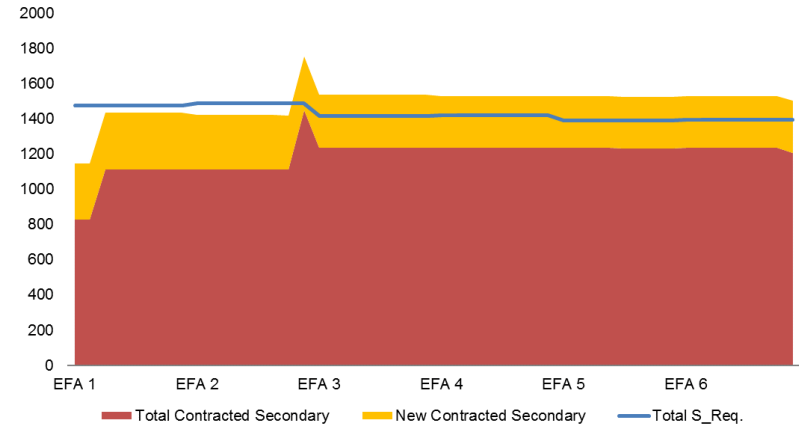


4. Results (Month Ahead)

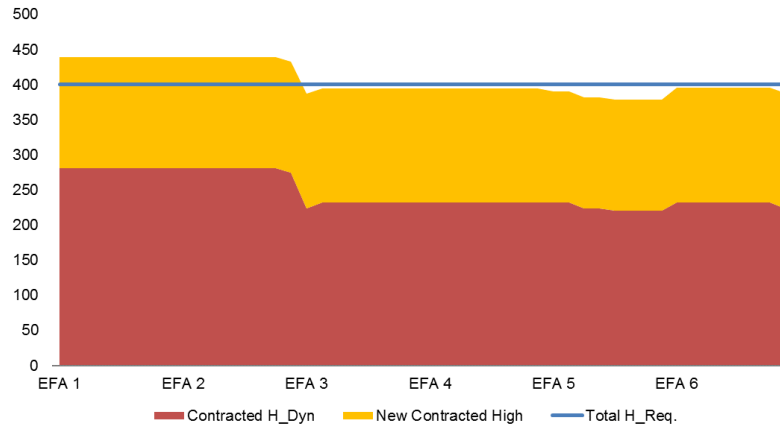
Total Primary FFR vs Requirement



Total Secondary FFR vs Requirement



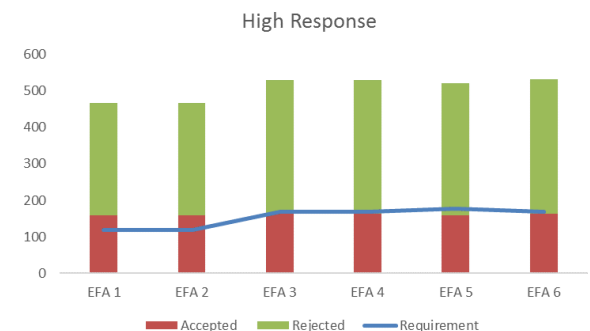
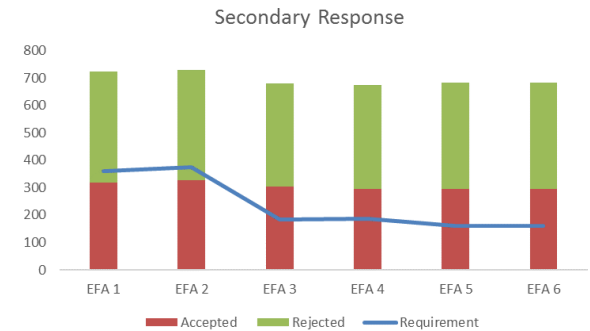
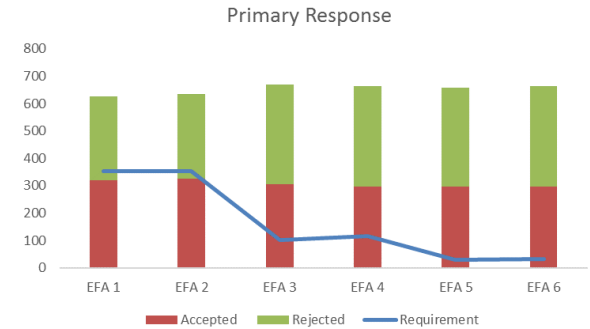
Total High FFR vs Requirement



4. Results

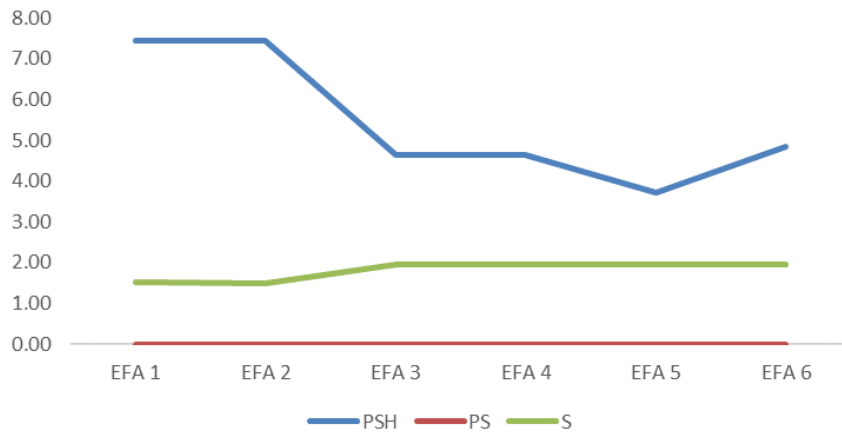
- Tendered volume by service element

- On average:
 - 53% of primary volume was rejected
 - 56% of secondary volume was rejected
 - 68% of high volume was rejected

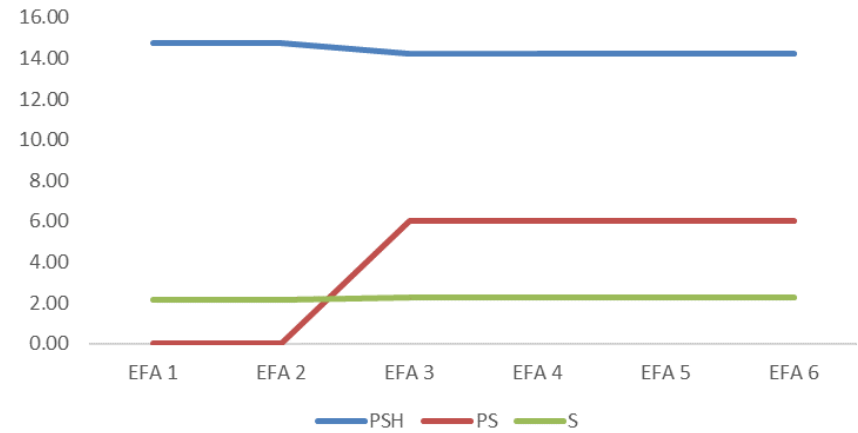


4. Results

Average Accepted Price by Service



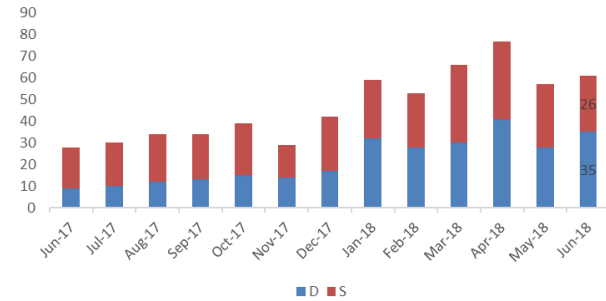
Average Rejected Price by Service



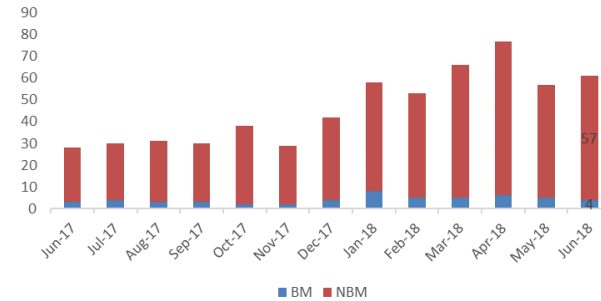
4. Active contract for June '18 delivery

- 61 active contracts in June '18
 - 35 dynamic contracts
 - 26 static contracts
 - 4 BM contracts
 - 57 NBM contracts

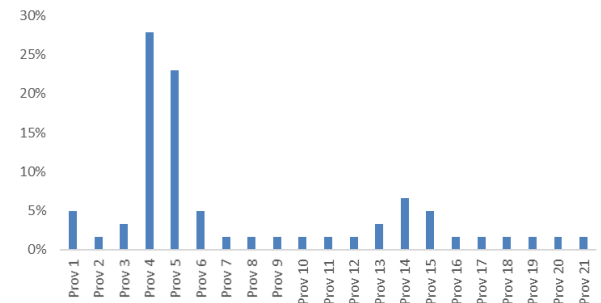
No. Active Contracts By Service Type



No. Active Contracts By Provider Type



Contracts Per Provider

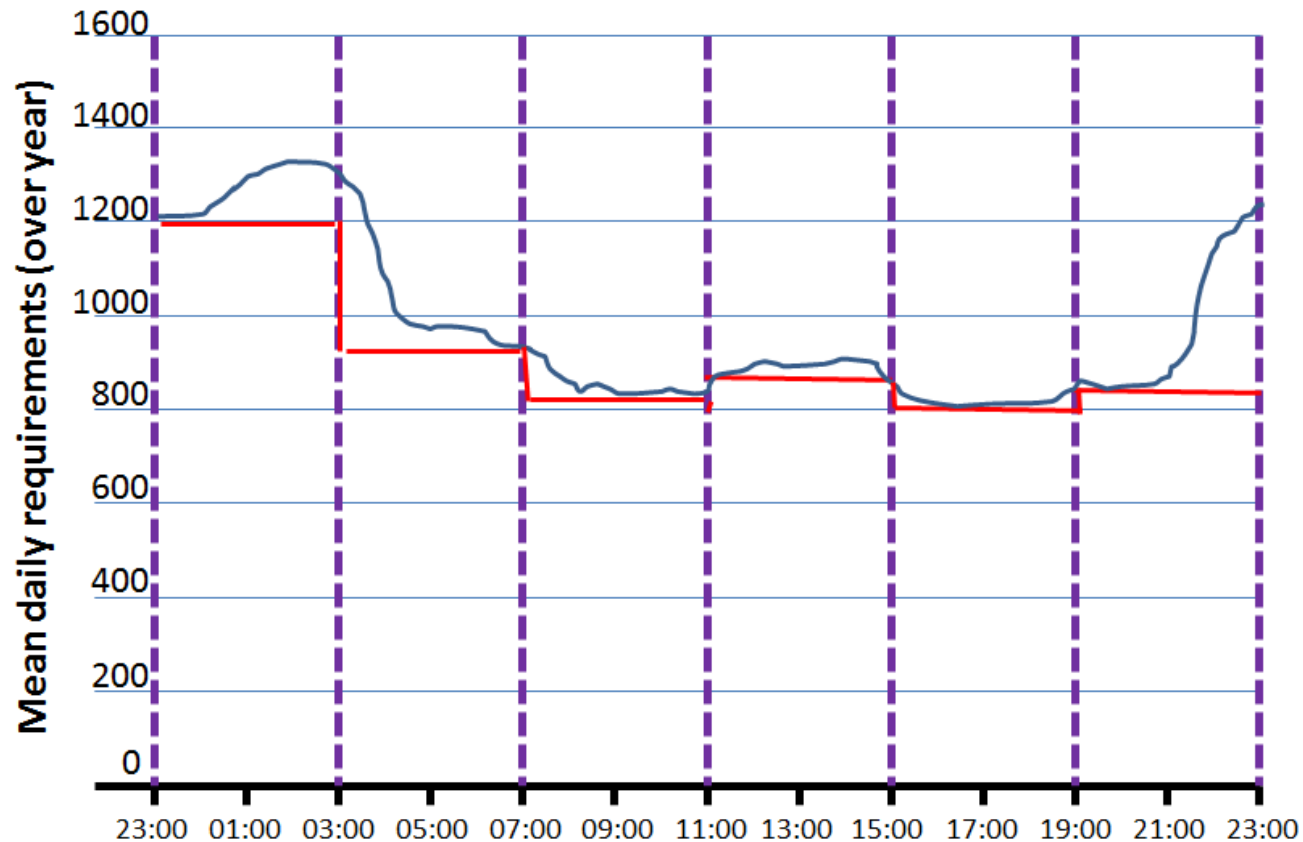


5. Simplification of FFR

- 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
- These were introduced for tender round TR101 as stated in the previous 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

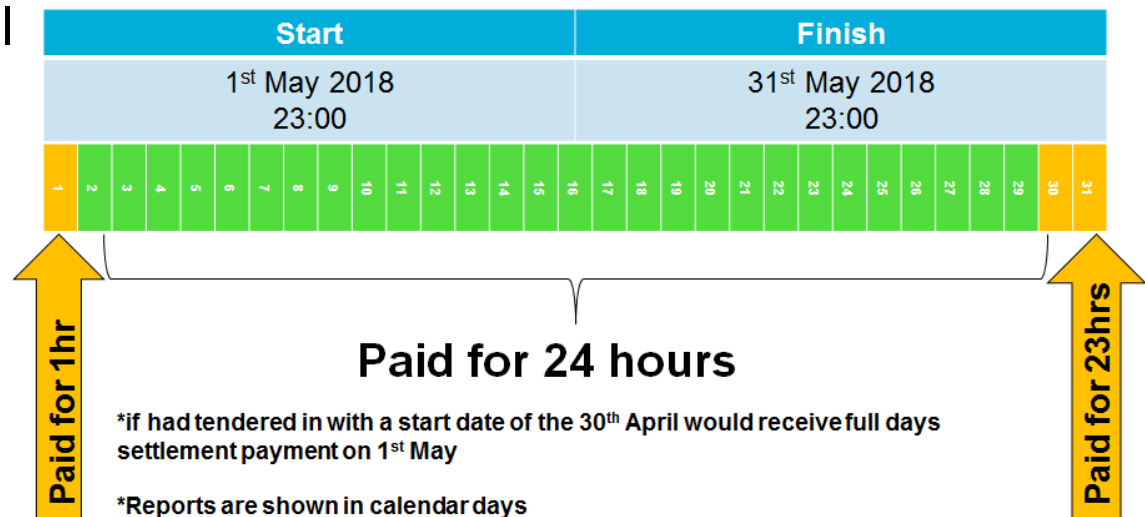
5. Standard Within-Day Windows

- Tenders will be restricted to starting and finishing at 0300, 0700, 1100, 1500, 1900, 2300 hours in line with EFA blocks as shown below

	EFA 1	EFA 2	EFA 3	EFA 4	EFA 5	EFA 6
Start Time	23:00	03:00	07:00	11:00	15:00	19:00
End Time	03:00	07:00	11:00	15:00	19:00	23:00

5. Standard Within-Day Windows

- 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



- Please be aware that a tender that starts in EFA block 1 will finish the following day. This includes weekdays that go through to weekends and visa versa
- Providers can still use all-or-nothing linked tenders to manage within day periods of unavailability

5. Standard Within-Day Windows

EFA block examples- the following examples show how tendered EFA blocks could work

- 24 hour starting in EFA block 1

EFA Block	1			2				3				4				5				6				1
	0.00	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00	23.00
Monday	Red			Red				Red				Red				Red				Green				
Tuesday	Green			Green				Green				Green				Green				Pink				
Wednesday	Pink			Pink				Pink				Pink				Pink				Cyan				
Thursday	Cyan			Cyan				Cyan				Cyan				Cyan				Olive				
Friday	Olive			Olive				Olive				Olive				Olive				Yellow				
Saturday	Yellow			Yellow				Yellow				Yellow				Yellow				Blue				
Sunday	Blue			Blue				Blue				Blue				Blue				Red				

*Please note these examples are purely for demonstration purposes only

5. Standard Within-Day Windows

EFA block examples- the following examples show how tendered EFA blocks could work

- Non 24 hour offer

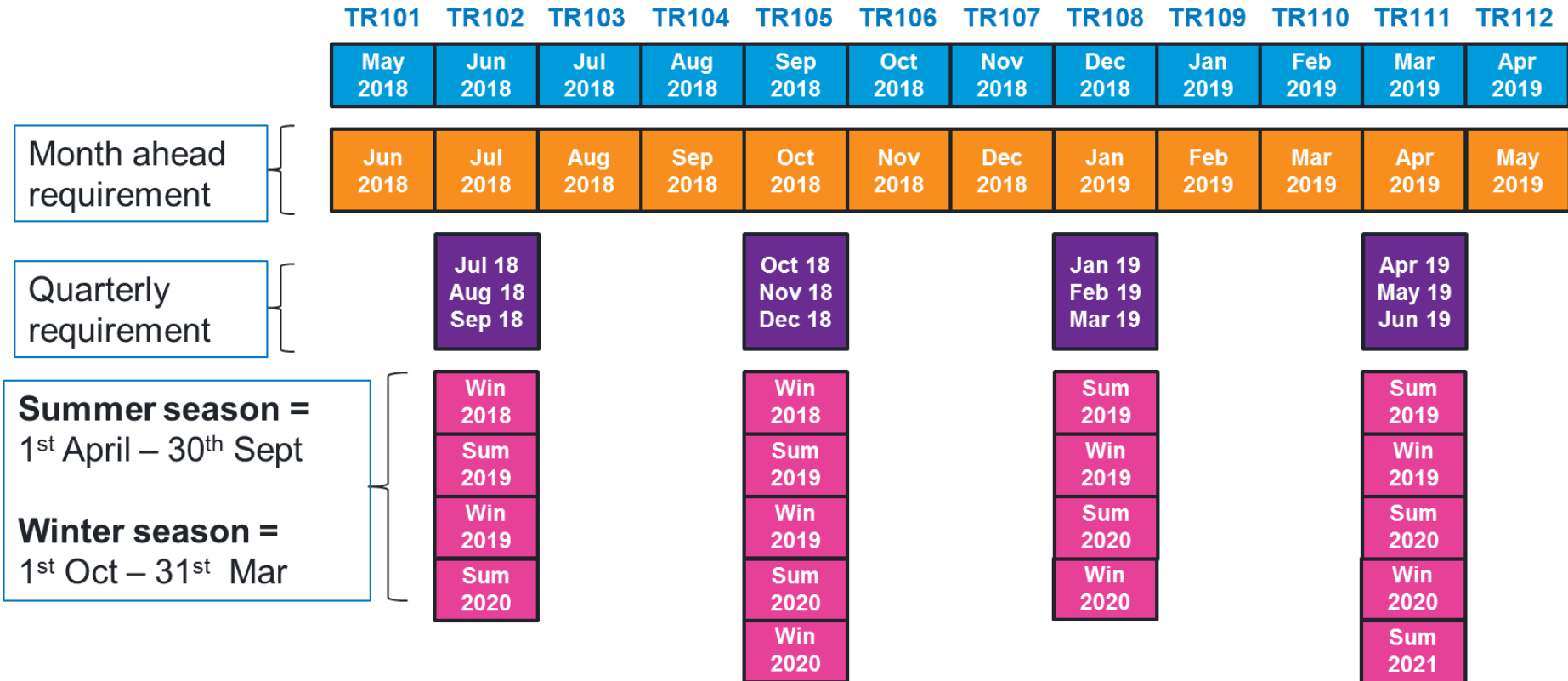
EFA Block	1			2				3				4				5				6				1		
	0.00	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00	23.00		
Monday																										
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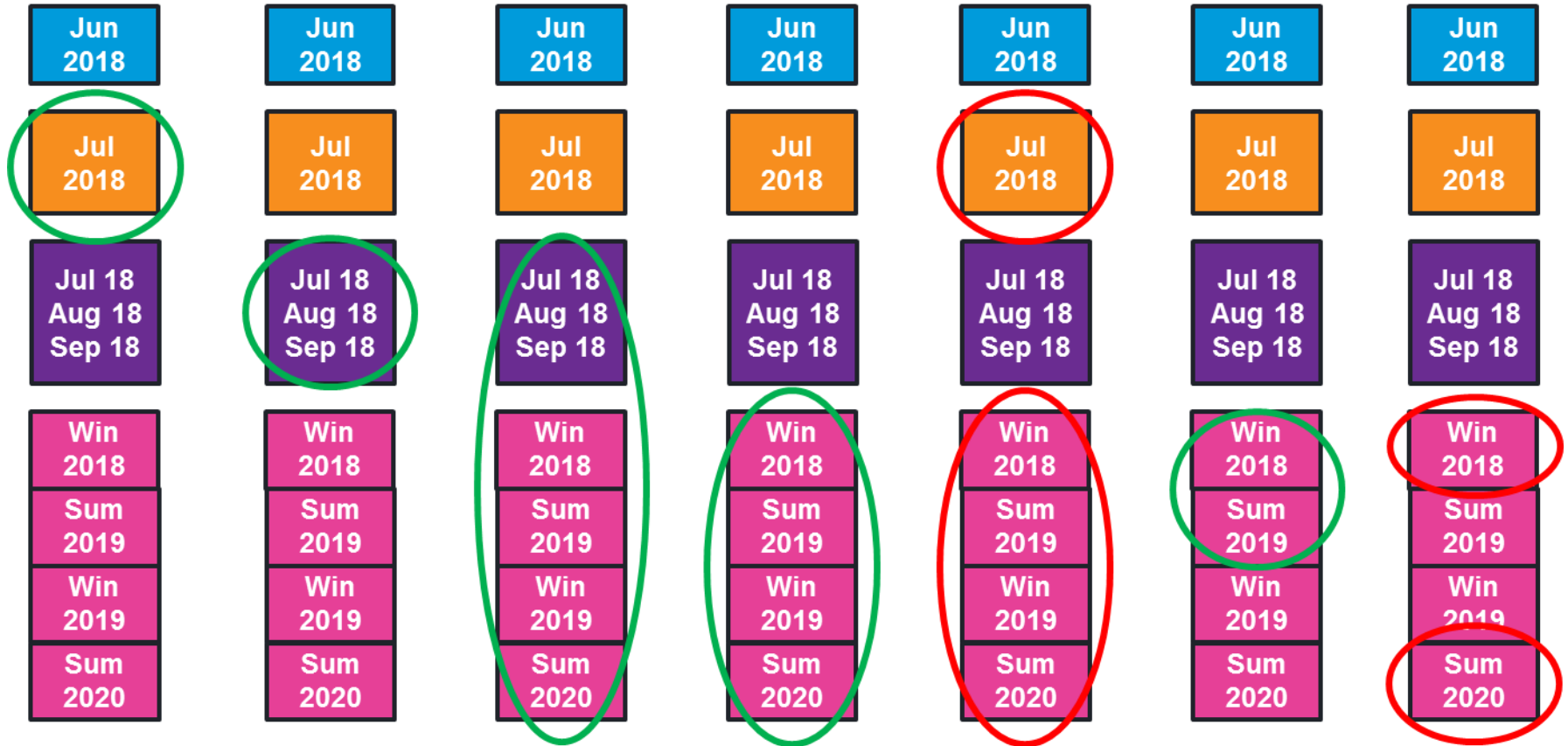
5. Standard Duration of Contract

- 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



6. 'Next Round' TR102

- **June-18 – TR 102**
 - Full tender round, procuring volume for delivery in July 18 onwards
 - Tender submission date of **Friday 1st June 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, For units that are forward tendering they must have passed testing 1 month prior to delivery of awarded contract

- The next Market Information Report will be released on:
 - **Friday 25th May 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 using Sli.do that is now live. [Sli.do.com](https://www.sli.do) – Event code **#C904**

7. 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?

7. Questions & Answers

Q1. Is there any update on the new battery specific tender product coming this winter?

- **Please refer to the Product Roadmap regarding timescales for delivery of fast acting response**

Q2. Can the MIR be made available before Friday 25th? it feels too close to the tender deadline?

- **Unfortunately not. We are aware of the time times scales throughout the entire tender process**

Q3. Do you intend to split out your dynamic and static requirements moving forward?

- **Outside of MA only, the requirement remains split across D and S. Accepted volume will therefore be done against this.**

Q4. Can we bid July Y MW (one tender) and August/September Y MW (another tender) which are all or nothing

- **No. Tenders can be for delivery at Month Ahead or quarter ahead if made mutually exclusive. Individual months in the quarter cannot be tendered.**

Q5. Could you give us a flavour for how much volume is going to be reserve for monthly/quarterly/seasonal auctions?

- **This is to be decided. Any updates will be provided in the MIR and any documentation regarding the SNAPs work.**

Q6. Can you confirm that for each tendered period (for example summer 2019) two bids can be submitted per FFR unit?

- **Yes. Two bids per unit are allowed for each tender period. If however submitted bids may generate overlap (i.e. 2 month ahead, bids and 2 quarter ahead bids) the first two must be made mutually exclusive or the second two.**

Q7. Can you shed any light as to whether volume will be withheld from the market for the auction trial starting in December 2018?

- **Any updates will be provided in the MIR and any documentation regarding the Product Simplification work.**

Q8. Have all EFR contract holders, begun their contracts on time? Will allowance be made in D-FFR for delays to EFR projects?

- **Any volume that becomes available is released back to the tendered market .**

Q9. Based on the contracted volumes for June 2018 delivery, does this mean National Grid will not require mandatory frequency response for all times where required volume is met by commercial FFR?

- **The tendered requirements are an average. If additional response outside of the tendered FFR requirement is needed in real time, due to changing system needs, the ENCC will take necessary actions.**