

Firm Frequency Response (FFR) Results WebEx – TR103



23 July 2018

Introduction

- **This WebEx:**
 - Relates to the results of the July FFR tender round that were published on the website on the 17th July 2018. This was a month ahead only tender
 - Provides you all with some more detailed feedback to ensure all suppliers are getting the same level of information.
- This month we will be using the live poll in Webex for feedback on this feedback session

Representatives

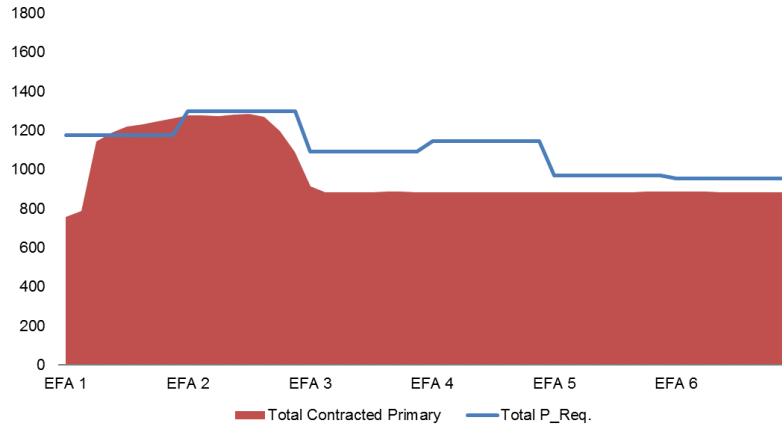
Person	Responsibility
Rachel Turner	Structuring & Optimisation Manager
Natalie Boahene	Ancillary Services Analyst
Andrew Rice	FFR Service Lead/Account Manager

Agenda

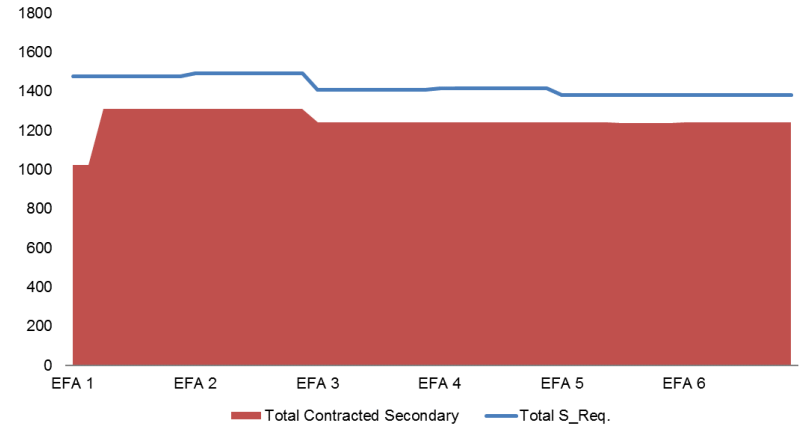
1. Requirement
2. Overview
3. Assessment
4. Results
5. Tender Proforma walkthrough
6. Next Round
7. Questions

1. Requirement (Aug '18)

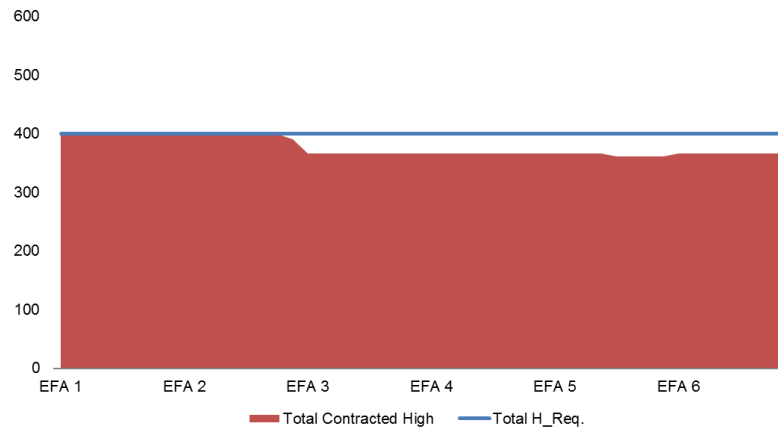
Total Primary FFR vs Requirement



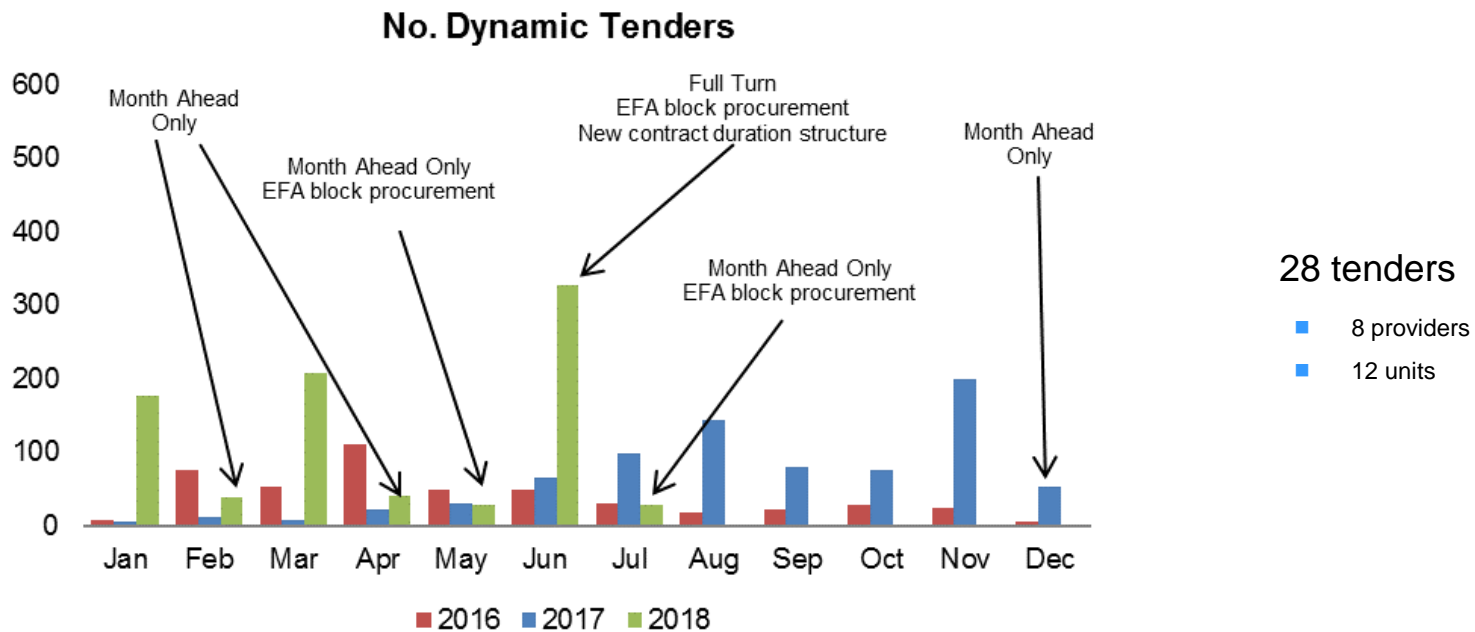
Total Secondary FFR vs Requirement



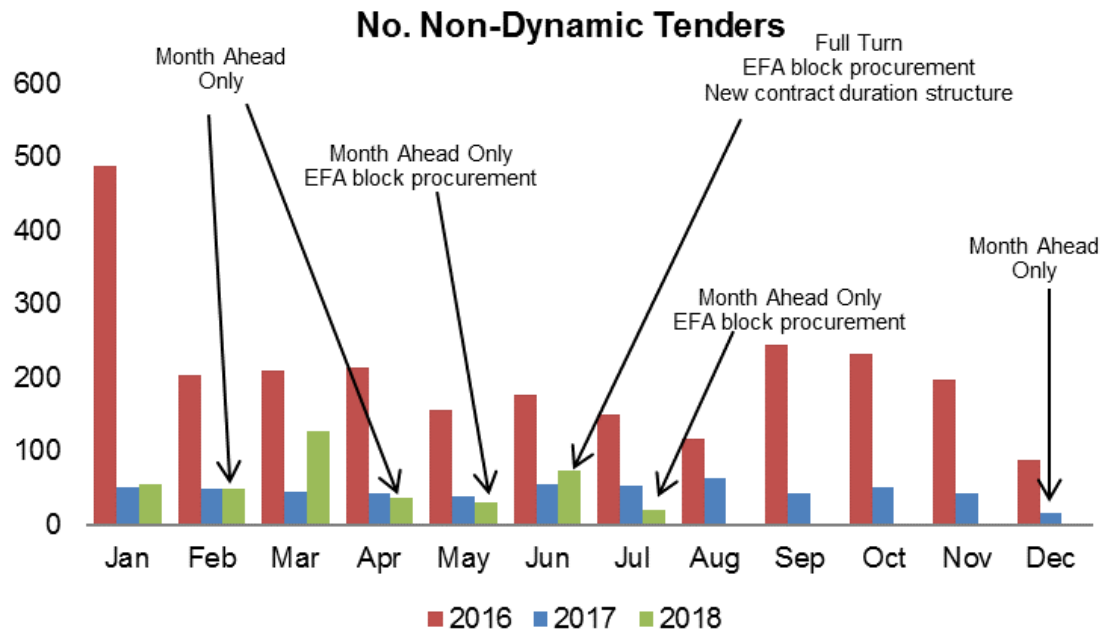
Total High FFR vs Requirement



2. Overview



2. Overview



19 tenders

- 7 providers
- 11 units

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**

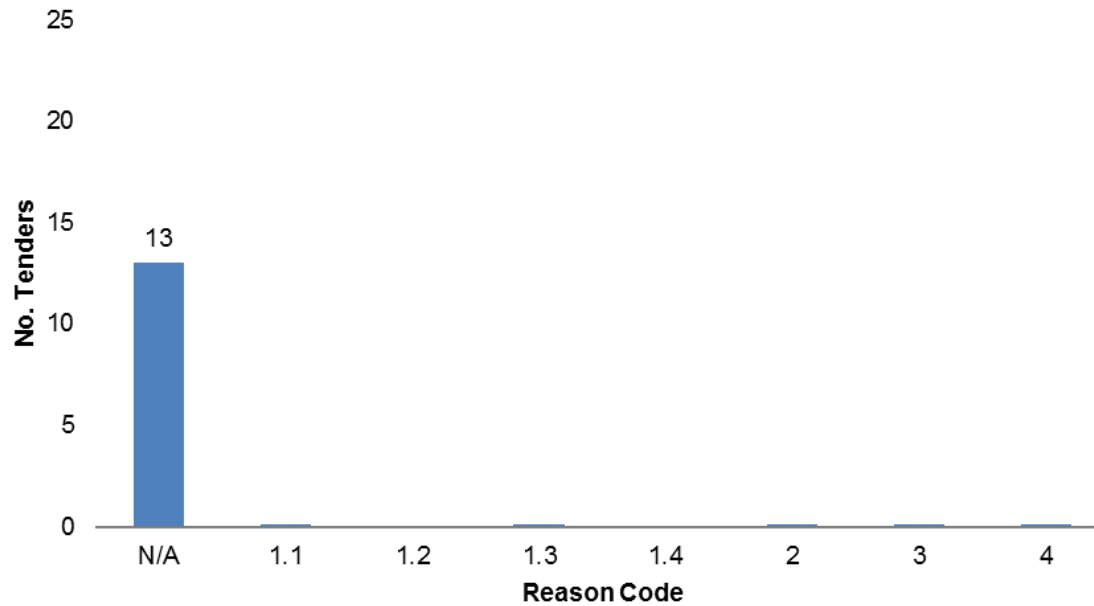
- Tenders are stacked in terms of benefit delivered against any outstanding requirement

■ **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

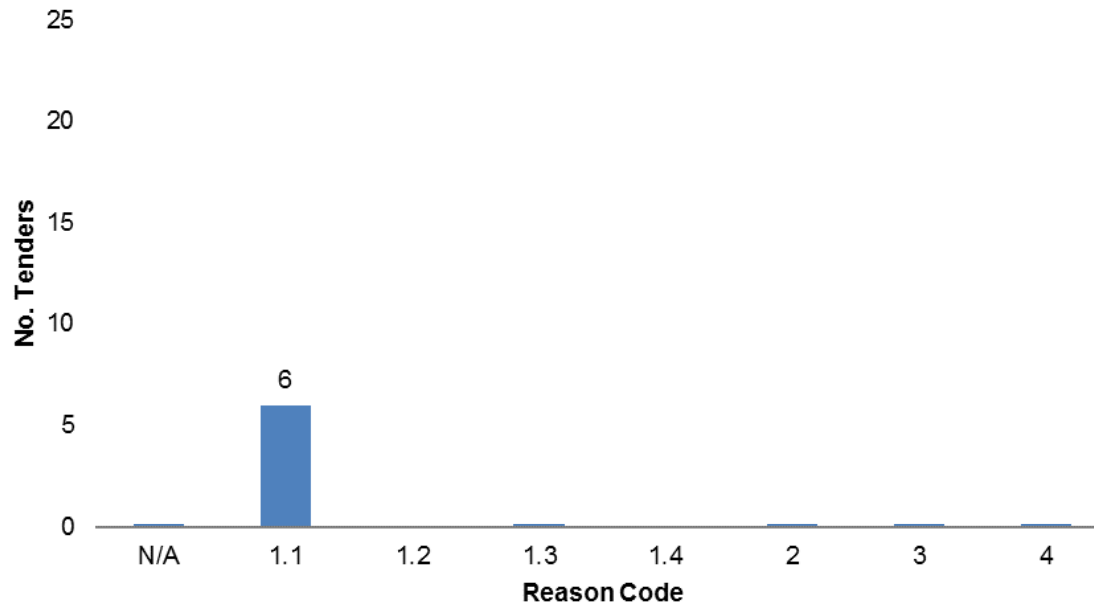
■ 1.4

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...

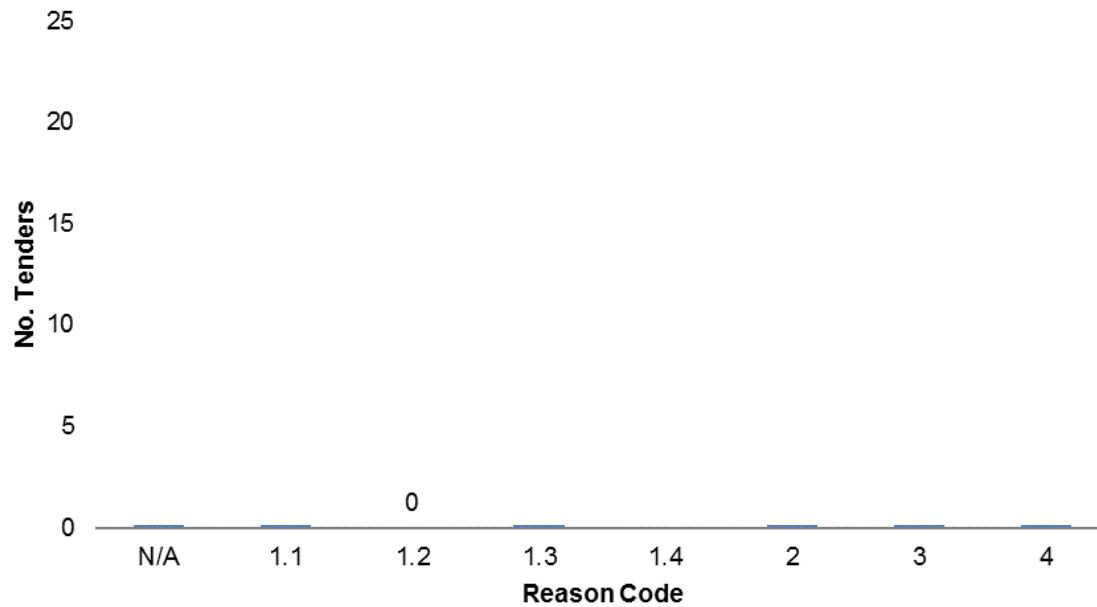
*The outstanding requirement
has already been satisfied by
more beneficial tenders*



4. Results – Reason Code 1.2

Beneficial however ...

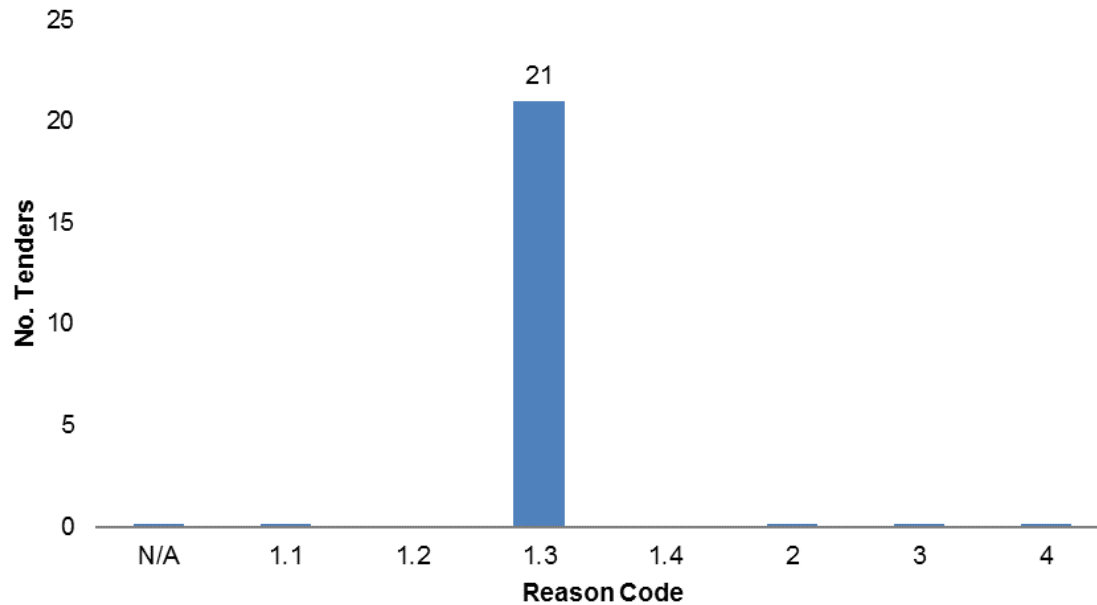
There was no outstanding requirement



4. Results – Reason Code 1.3

Beneficial however...

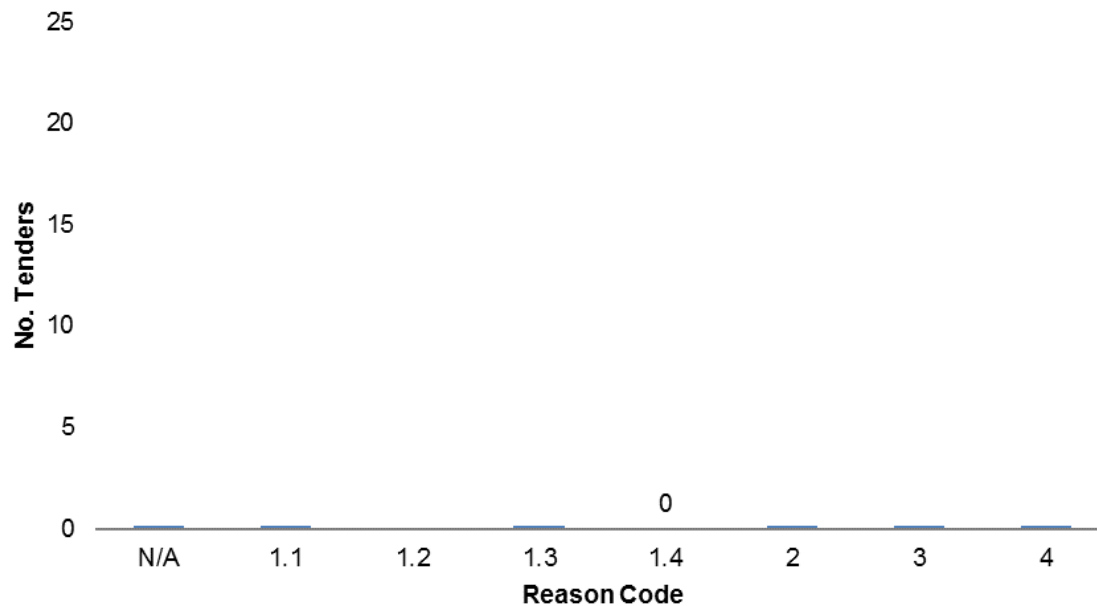
The desired volume against the National Grid procurement strategy for future tender months had already been satisfied



4. Results – Reason Code 1.4

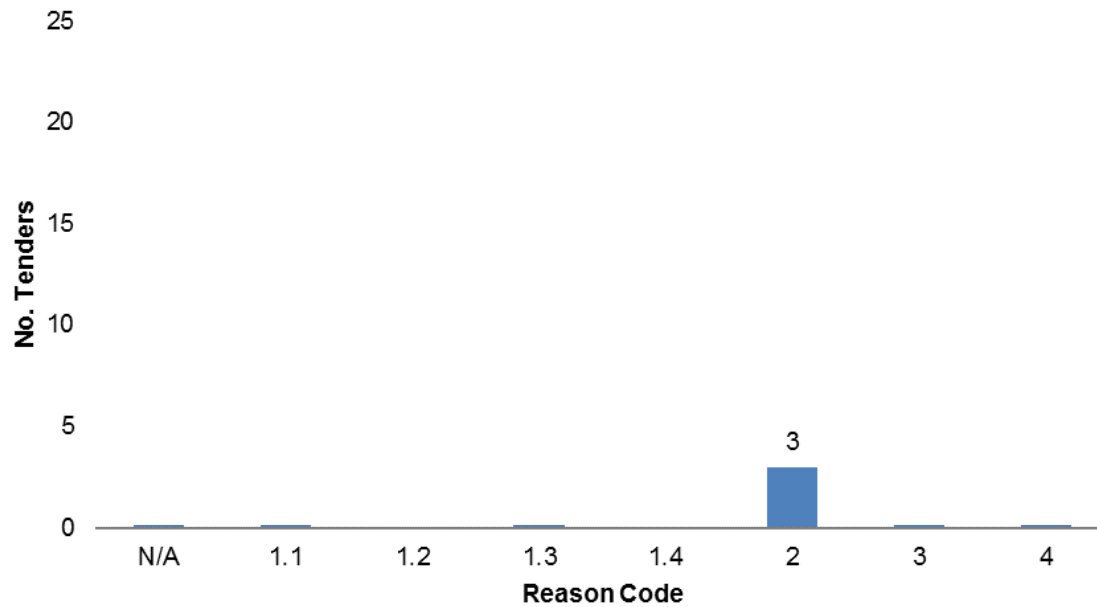
Beneficial however ...

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



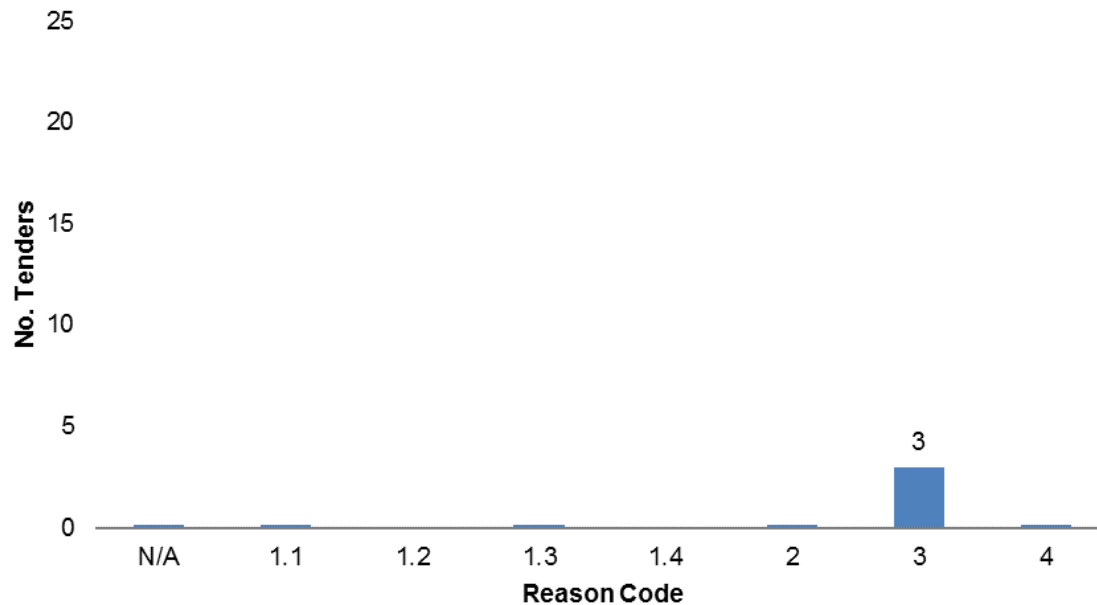
4. Results – Reason Code 2

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



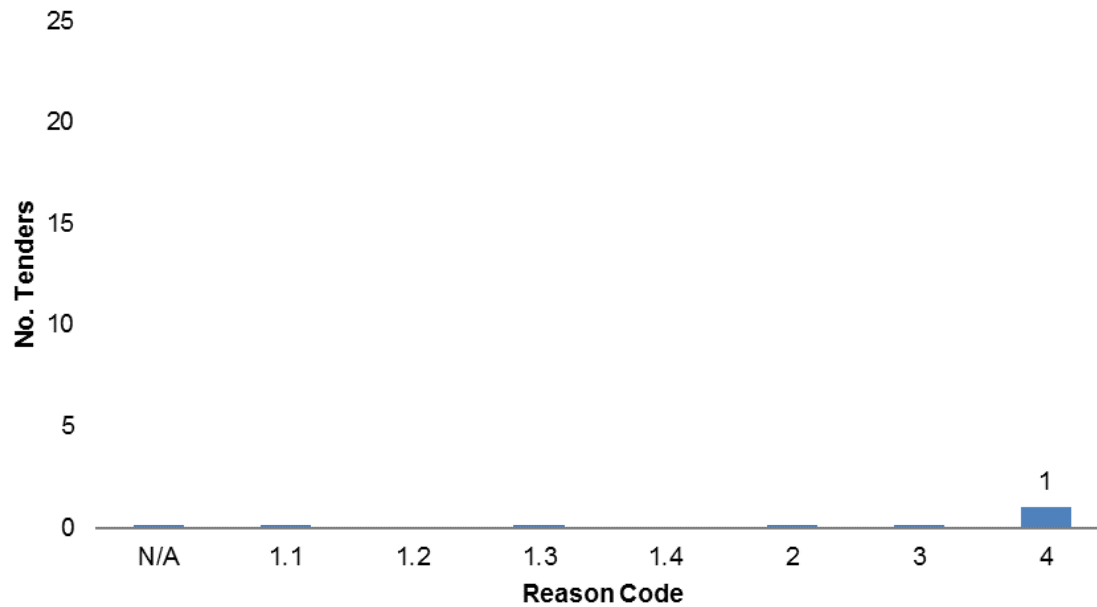
4. Results – Reason Code 3

Does not meet tender prerequisites



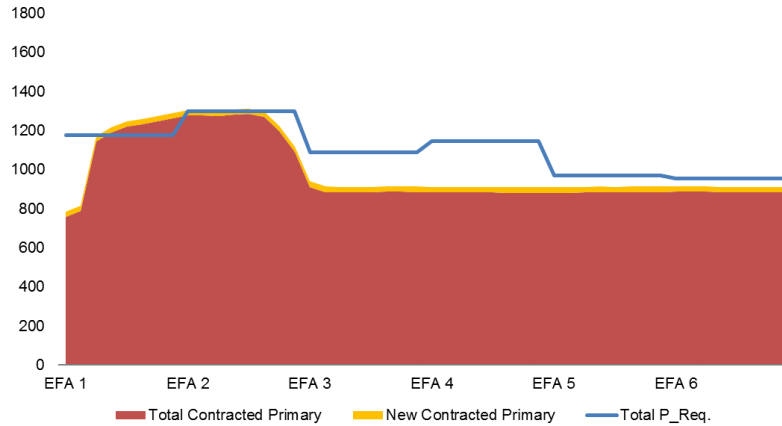
4. Results – Reason Code 4

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

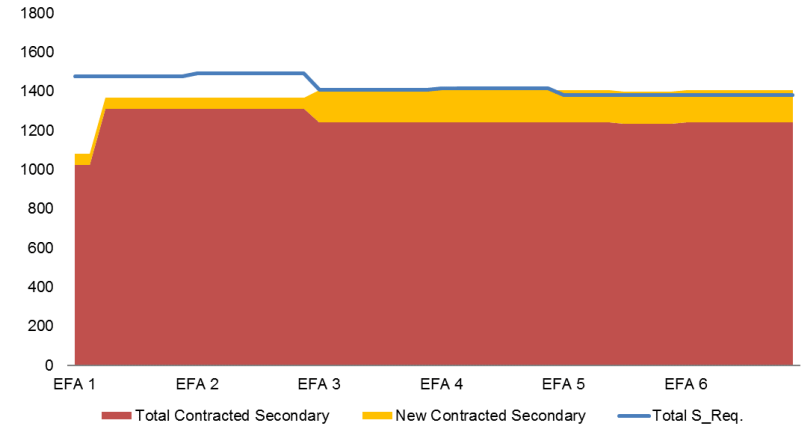


4. Results (Aug '18)

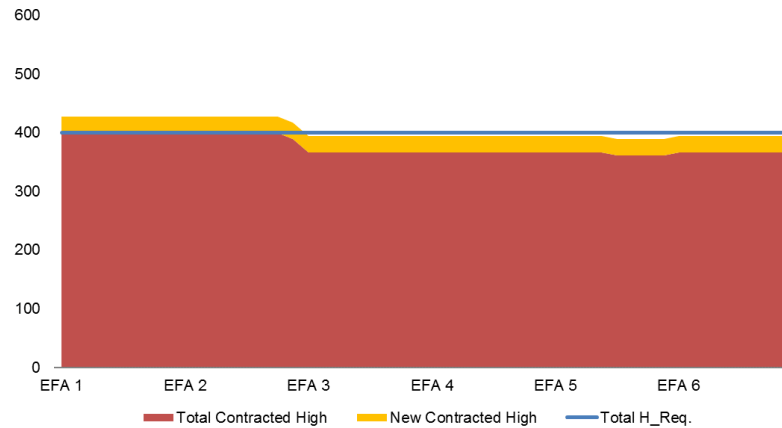
Total Primary FFR vs Requirement



Total Secondary FFR vs Requirement

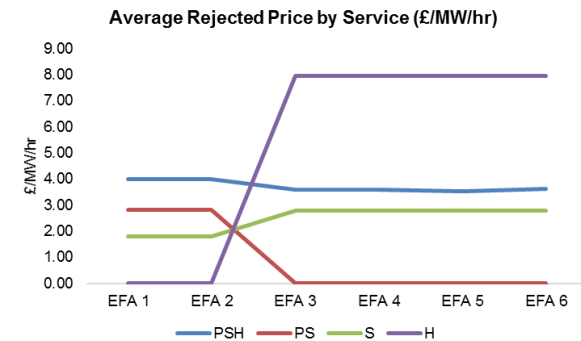
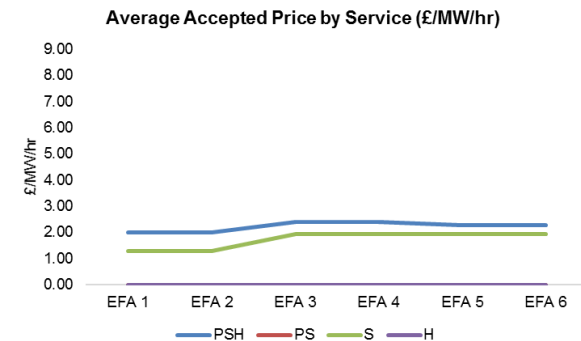


Total High FFR vs Requirement



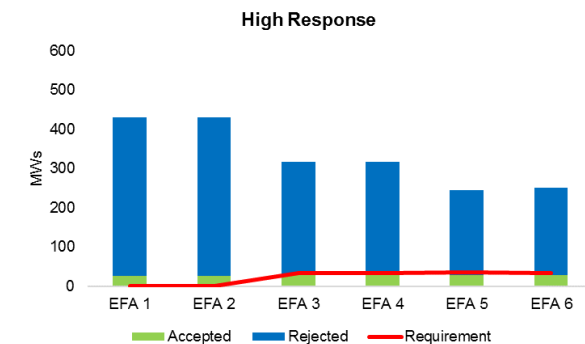
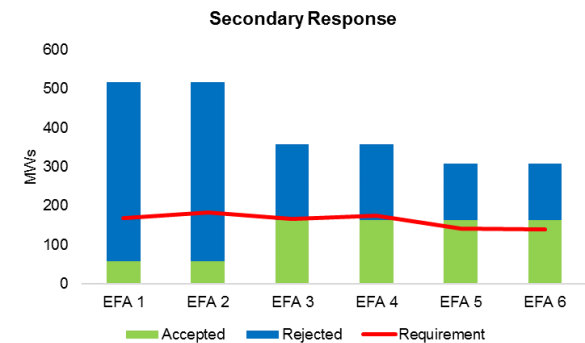
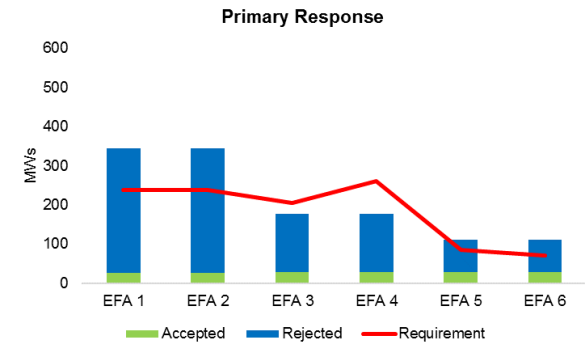
4. Tendered Prices for Aug'18

- Close price convergence of dynamic and static price
- Lowest priced 24hr dynamic tender was cheaper than the lowest price static tender
 - Static = £4.00/MW/hr (S only)
 - Dynamic = £2.33/MW/hr (PSH)



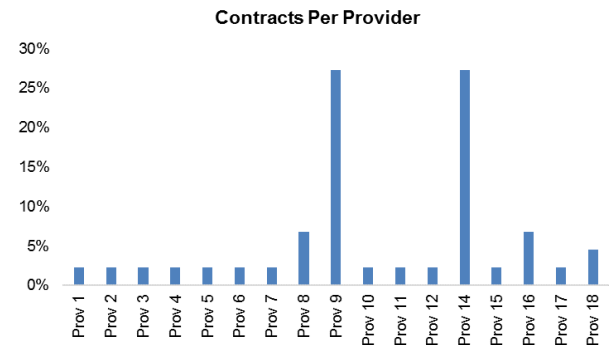
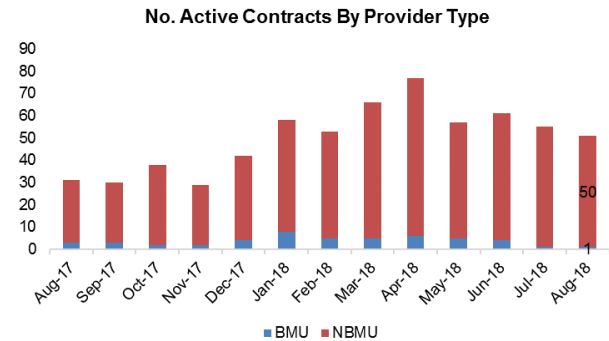
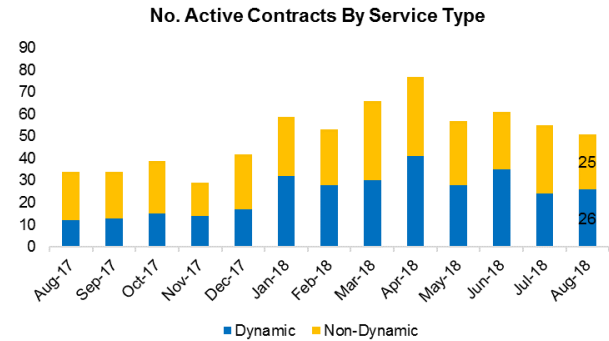
4. Tendered Volume

- Large proportion of outstanding requirement was purchased
- Any outstanding requirement will be purchased in RT as deemed necessary for system security



4. Active contracts for Aug '18 delivery

- 55 active contracts in July '18
 - 25 dynamic contracts
 - 26 non-dynamic contracts
 - 1 BM contract
 - 50 NBM contracts



5. Tender Proforma walkthrough

- Over the past tender rounds we have noticed that some tender submissions have had errors in them
- National Grid stated that from TR103 NG will deem any tender submission with errors as non complaint bids. To aid with this we will walk through the key areas of the tender proforma.
- Latest Tender Proforma is the one issues via Ariba



Microsoft Excel
Macro-Enabled Worksl

6. 'Next Round' TR104

- **August-18 – TR 104**
 - Month ahead only tender round, procuring volume for delivery in September 18
 - Tender submission date of **Wednesday 1st August 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
 - Reminder that only units that have passed testing by NG Generator compliance are able to tender in for month ahead tender rounds.

- The next Market Information Report will be released on:
 - **25th July 2018**

- Look out for:
 - FFR Auction update published at the end of July / early August

- Reminder: We value your feedback on these webinars, please can you spare a few minutes before we move on to Q&A and complete the feedback survey using webex live Poll that will be on your screens shortly.

7. Questions

- Before we move onto the answering the posted questions section can I ask you all to leave feedback using Webex live Poll that will be appearing on your screen in the next few minutes
- 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. TR103 Questions and Answers

What do you mean 'where economic to do so' regarding procurement - what is the benchmark that FFR providers need to measure against?

A. This statement relates to National Grid endeavouring to satisfy any outstanding requirement in the most economic and efficient way. The benchmark used in the assessment is the mandatory market, optionally procured services and previously accepted tender prices.

What do you mean where you say 'opening the requirement up to the dynamic market' - how does that work? Were dynamic tenders accepted over static ones this month, even though dynamic is at a higher cost?

A. Each tender round represents the last opportunity to procure volume for month ahead delivery ahead of real time purchasing by the ENCC. The assessment desires to have 100% of the requirement satisfied at this stage where it is deemed more cost effective than alternative means of procurement. Previously, this meant that where the non-dynamic requirement could not be satisfied due to lack of volume or significantly high prices, the volume was sought for satisfaction in the dynamic market. More recently, non-dynamic and dynamic prices have begun to converge. This means that any volume requirement outside of the minimum dynamic requirement – which can only be satisfied by the dynamic market for operational reasons – will either be taken from the dynamic or non-dynamic market as deemed the most cost effective and economical option.

Presumably all dynamic primary and secondary tenders for EFA blocks 3, 4, 5 and 6 should have been rejected this month as there was no requirement?

A. National Grid desired to satisfy any outstanding requirement in the most economic way. This means taking account of any overholding that a potential tender may provide to determine whether the value delivered by the tender still warrants acceptance. It is also important to note that at month ahead, some of the non-dynamic requirement may be accepted in the dynamic market as mentioned in the MIR.