

Firm Frequency Response

Simplification update

Overview

This publication provides information on the progress we are making towards standardisation of the FFR product in the short term.

Over the last 12 months we have seen significant increases in provider tendering into the FFR market as shown in the graph opposite. This is particularly true of those offering a dynamic response. This increase has given us an opportunity to examine what providers require from National Grid to allow them to participate in this increasingly competitive market place.

Product Road Map for Frequency Response and Reserve services

In December we will be publishing the Product Road Map for Frequency Response and Reserve services for frequency response and reserve, which will set out our intentions and timeframes for further development of the products and markets involved. This will be followed early next year by the Product Road Map for other system services such as reactive power and blackstart.

Coming soon

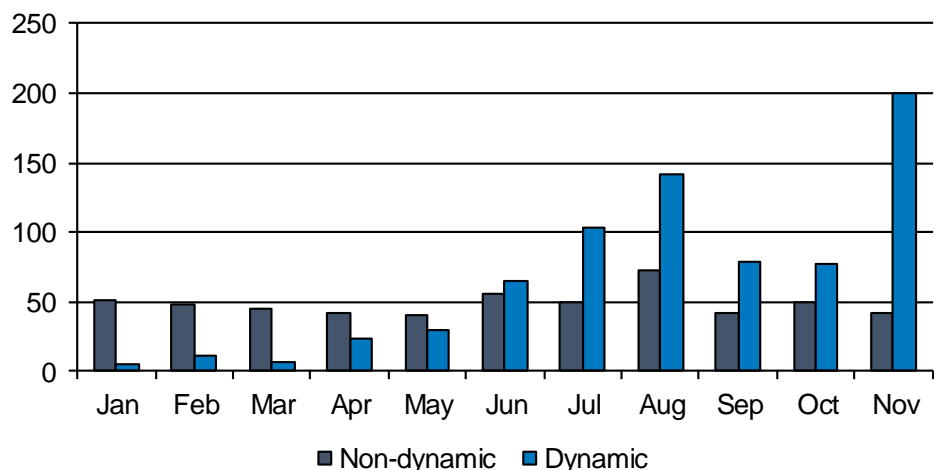


LOOK OUT for our new YouTube channel where we will be uploading a series of videos explaining how the FFR service works

Firm Frequency Response (FFR) is often the entry point for new participants to the balancing market. There has been a marked increase in the number of FFR tender responses this year as interest in the market has increased. This trend, combined with the variability of tender parameters, makes interpreting the market increasingly difficult for both the System Operator (SO) and industry.

This document provides an explanation of the work we are doing to standardise the service we procure for Firm Frequency Response and is intended to increase transparency. This info sheet is made available in advance of publishing the Product Road Map for Frequency Response and Reserve services next month and follows on from the [letter](#) regarding rationalisation of products and short term actions in the Firm Frequency Response market.

Number of FFR tenders received, 2017



Summary of short term actions in the FFR market

Standardisation of tendering process:	
We will specify FFR Availability Windows to standardise tenders received	Q1 2018
We will alternate each month between procuring for short term and all (long and short term) requirements	Q1 2018
Improving transparency:	
We will publish our key assessment principles	Q4 2017
We will explain how the Mandatory Frequency Response market interacts with FFR	Q4 2017
We will re-design and simplify the market information reports	Q4 2017
We will introduce an FFR tender results webinar	Q4 2017
We will provide videos on our website to answer FAQs relating to the service	Q4 2017
Other activities:	
We will publish guidance on state of charge management for battery assets	Q1 2018
We will provide guidance as to how stacked volume can be submitted in tenders	Q4 2017

Keeping updated on what is changing

Updates on the changes to FFR will continue to be provided through the monthly [Market Information Report](#) and [Post-Tender Reports](#) as work progresses.



“Planned improvements to the process sound encouraging”

“More information can only be helpful along with clear direction on what the SO values”

Feed Back - October Ops Forum

Have you visited the power responsive website? If interested, please click the link below



Future of Balancing Services

For a broader view of Standardisation and the work being undertaken to make our balancing services fit for the future, please visit the [Future of Balancing Services](#) website.

Standardisation of the tendering process

Within day availability windows: In the current FFR tender process, participants specify when they will be available. This results in a wide range of responses both in terms of when facilities are available to provide the FFR service and for how long. The number of variations in tenders received increases the complexity of the tender assessment process, meaning it is difficult for market participants to interpret the results. Within quarter one 2018, the tendering process will specify the blocks of time that may be tendered. These will have a set duration with a clear start and finish time. We are currently working on this development in order to understand the optimal time windows to implement. We will communicate more detail through the Market Information Reports.

Tendering rounds: We have had feedback from a number of providers that the current monthly tender process does not provide enough time to understand and analyse results before needing to tender in to the next round. We are therefore implementing a change to how we tender for our FFR requirements. We will continue to tender on a monthly tender basis as per the [Standard Contract Terms](#); however, we will alternate on a monthly basis between procuring for our short term requirement (month ahead only), and for both our short & long term requirement (from month ahead to 30 months out). This will provide more time to analyse results to inform long term tender strategies and also provide sufficient time for feedback to be taken on board and improvements made.

Improving Transparency

Assessment principles: The process by which we assess the tenders is complex. By the end of 2017 we will set out, in a clear format, the key principles that we adhere to when assessing tender responses. We will provide more clarity on what is required to balance the transmission system and therefore what we are looking for when making assessment decisions.

The interaction between the tender process and Mandatory Frequency Response:

Some generation technologies are obliged to provide frequency response on instruction as a condition of connection to the transmission network; this is called [Mandatory Frequency Response](#) (MFR). To ensure best value for consumers we look at the prices being offered in the MFR market as part of the FFR tender assessment process. In December 2017 we will publish an explanation of how information from the mandatory frequency response market is used in the assessment of FFR tender responses.

Simplifying Market Information Reports:

As part of our commitment towards continuous improvement, the existing market reports are being re-designed and a new format will be available [here](#) in December 2017. They will be simplified so that key information is more prominent and easier to locate. They will also include information on future service needs as well as other relevant market information, such as observed market trends, that may affect the FFR market. A summary of the previous month's FFR tender results will be added.

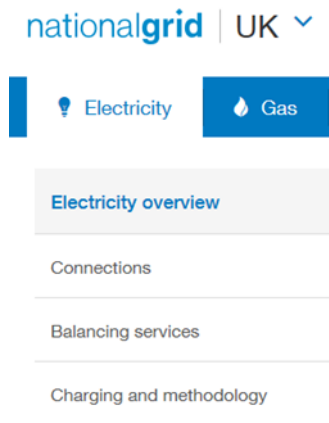
Better tender decision information:

We recognise it is not always clear why some tender responses are successful whilst other, sometimes apparently lower cost, responses are rejected. To provide greater clarity on tender decisions we have, from October 2017, included tender rejection codes in our market reports.

As part of the new monthly tender process, we will also be introducing an FFR tender results webinar in December 2017. The day after the tender results are announced a webinar will be offered to all providers who participated in that month's tender round. This will offer participants the opportunity to go through the tender results in more detail.

Video guides to FFR: By the end of 2017 we will have begun to provide videos on our website explaining the different elements that make up the FFR service. These videos will include basic guides on what FFR is as well as more detail on how FFR is used to balance the transmission network.

Have you visited the new National Grid website yet?



<https://www.nationalgrid.com/uk>

Other Activities

Batteries and FFR: Providers have asked for advice on how they can best manage state of charge (SoC) for battery assets providing FFR services. National Grid feels that providers are in the best position to manage their asset, however it is recognised that parameters for allowing SoC management are needed. We have therefore been consulting with providers about the options that could aid SoC management. The ideas that were suggested are now being modelled to understand the impacts on the electricity network. By the end of Q1 2018 we will publish the results of this modelling alongside guidance on SoC management.

Stacking volumes: For a number of reasons service providers may wish to add additional capacity over and above the existing tested and validated volume they already have contracted. This is called 'stacked volume'. Stacked volume was introduced in the [Detailed Change Proposal](#) published in February 2017. By the end of 2017 we will provide guidance to explain how stacked volume can be submitted in tenders. This update will also include clarification on the testing requirements for stacked volume.

Keeping updated on what is changing

Updates on the changes to FFR will continue to be provided through the monthly [Market Information Report](#) and [Post-Tender Reports](#) as work progresses. In addition we are undertaking a programme of simplification across the suite of balancing services. This work was initiated through the [System Needs & Product Strategy](#) consultation in the summer, and has continued with further information throughout the autumn.

Further information and regular updates on this programme's progress will continue to be made via the Power Responsive forums, Operational Forums and meetings on both a one to one basis and with trade associations and industry bodies. However for more information on specific products or for particular queries please contact your Account Manager or the Business Development Team at commercial.operation@nationalgrid.com

For further information please contact

National Grid

+44 01926 654611

commercial.operation@nationalgrid.com