

# Fast Reserve Market Information Delivery from September-19

July-19

# Contents

Contents.....	1
Introduction .....	2
1. Firm Fast Reserve.....	3
2. Highlights .....	3
Market Information .....	4
1. Firm Fast Reserve Requirement .....	5
2. Fast Reserve Utilisation Data: Excel Spreadsheet.....	8
2.1 Monthly utilisation volumes .....	8
2.2 Utilisation volumes by price band.....	8
2.3 Utilisation durations by time bands .....	8
2.4 Contracted Volume.....	8
2.5 24-month requirement .....	8
3. Market Developments .....	9
3.1 Use of Applicable Balancing Services Volume Data (ABSVD) for non-BM Balancing Services at the metered (MPAN) level .....	9
3.2 Embedded benefits .....	9
Appendices .....	10
A. Reason Codes .....	11
B. Tender Calendar .....	12



# 1

## Introduction

To Firm Fast Reserve Tender

# 1. Firm Fast Reserve

Fast Reserve provides the rapid and reliable delivery of active power through an increased output from generation or a reduction in consumption from demand sources, following receipt of an electronic dispatch instruction from National Grid Electricity System Operator (ESO). Fast Reserve requires all units to have the capability to commence service delivery within two minutes following instruction, at a rate of 25MW per minute or greater and provide a minimum of 25MW. Fast Reserve is an additional energy balancing service used to control frequency changes.

Fast Reserve may be provided as either a Firm service, procured through a tender process, or as an Optional service. Submitted tender prices are compared to the costs of alternatives to deliver the equivalent level of Fast Reserve. This report provides information about the volume of, and time periods over which, Firm Fast Reserve is required to current and potential providers.

To be an eligible service provider for Firm or Optional Fast Reserve you must have demonstrated your Fast Reserve capability to the ESO's reasonable satisfaction. This includes accepting instructions via National Grid ESO's dispatch platforms.

## 2. Highlights

In July-19, 36 tenders were received in total comprising:

- Seven tenders for EFA blocks 1 and 2 for the period 1<sup>st</sup> August 2019 to 31<sup>st</sup> August 2019
- Seven tenders for EFA blocks 3, 4, 5 and 6 for the period 1<sup>st</sup> November 2019 to 31<sup>st</sup> December 2019
- Fourteen tenders for EFA blocks 3, 4, 5 and 6 for the period 1<sup>st</sup> November 2019 to 31<sup>st</sup> March 2020
- Eight tenders for EFA blocks 3, 4, 5 and 6 for the period 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020.

Thirteen of these tenders were from UKPR, five were from BESS, four were from Drax, four were from ENWL, three were from Centrica, three were from First Hydro, three were from Limejump and one was from Arenko.

Following the July assessment, we have contracted 30MW from ENWL during EFA blocks 1 and 2 for the period 1<sup>st</sup> August 2019 to 31<sup>st</sup> August 2019 and 90MW from First Hydro for EFA blocks 3, 4, 5 and 6 for the period 1<sup>st</sup> November 2019 to 31<sup>st</sup> March 2020.

**We have extended the requirement of 150MW of fast reserve during EFA block 1 & 2 to the 31<sup>st</sup> December 2019. The August-19 tender round is a month ahead tender round only and is for the procurement of fast reserve volume during EFA blocks 1 and 2 for September-19.**

More details on the tenders that have been accepted or rejected are available from the post-assessment tender reports at: <https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?market-information>

The Fast Reserve Assessment Principles Report and other useful reports are available at: <https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate>

For a monthly cost summary of services procured please follow the below link to the Monthly Balancing Services Summary (MBSS), which gives a breakdown of costs by service including the Firm and Optional Fast Reserve costs: <https://www.nationalgrideso.com/balancing-data/system-balancing-reports>

### Key Points

This Market Information Report is relevant for tenders submitted in August-19 for delivery from September-19.

Tenders from eligible service providers for Firm Fast Reserve should be submitted by Thursday 1<sup>st</sup> August 2019 for all tenders.

National Grid will notify service providers of the outcome of the tender assessment by Friday 16<sup>th</sup> August 2019.

Tenders should be submitted using the latest Tender Submission Form on the Coupa E-Tender platform. If you have not registered in Coupa or received an invite to the event, please contact your Account Manager in the first instance. If you have any questions about the event, email: [Commercial.Operation@nationalgrideso.com](mailto:Commercial.Operation@nationalgrideso.com)

This report is under continuous review and development, therefore if you have any comments or suggestions of information you would like to see in the future reports, please contact your account manager or email the assessment team: [box.AncillaryAssessment@nationalgrideso.com](mailto:box.AncillaryAssessment@nationalgrideso.com)



# 2

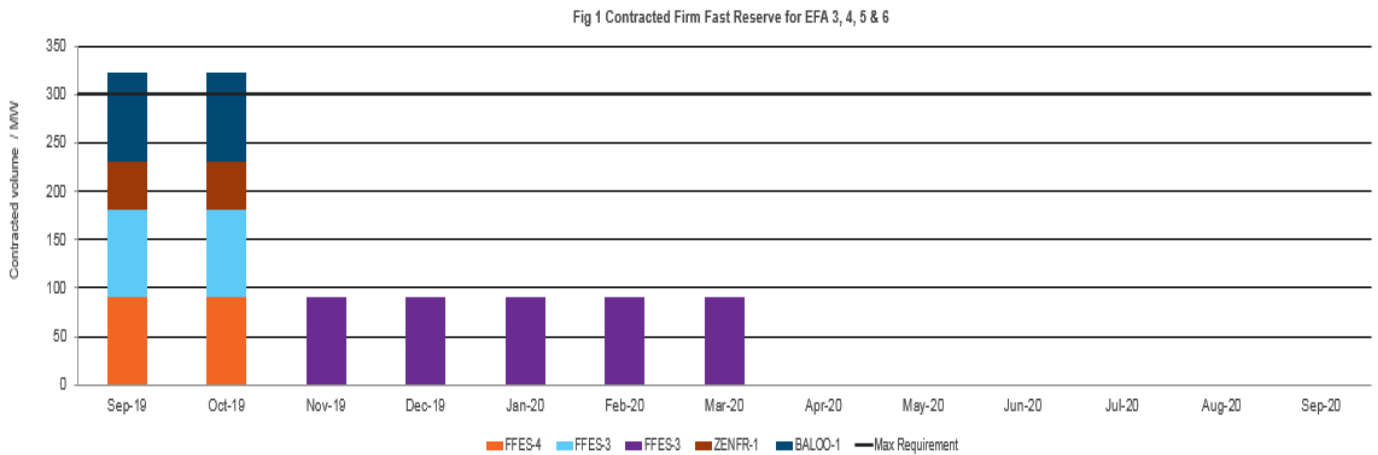
## Market Information

# 1. Firm Fast Reserve Requirement

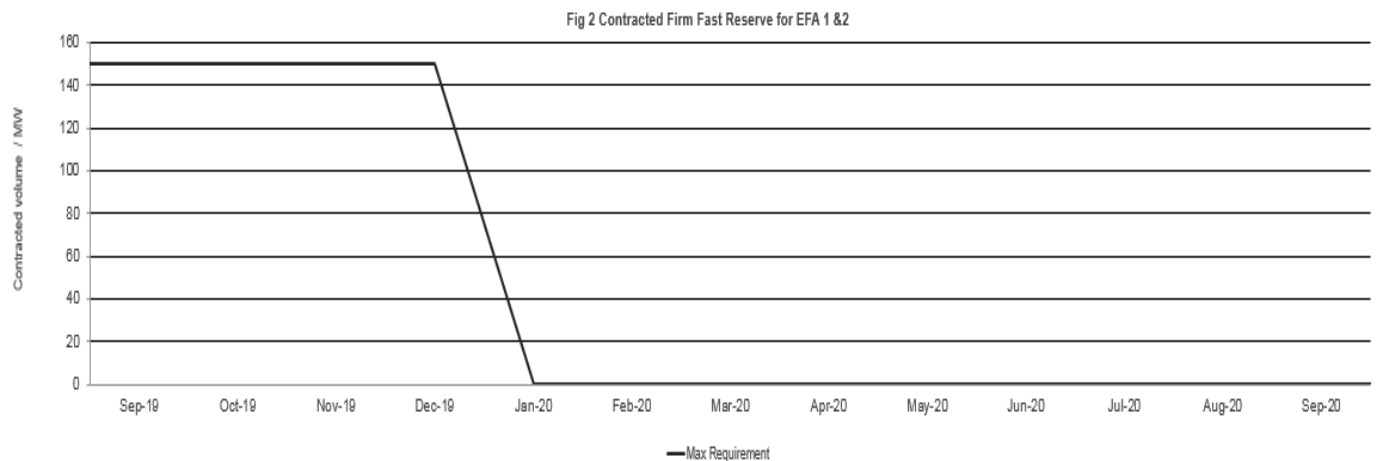
The data used to produce the graphs of the Firm Fast Reserve requirement and contracted volume for each delivery month is available in the [Fast Reserve Market Information Data spreadsheet](#).

The following figures show the existing contracted Fast Reserve volume per month and per day. Furthermore, for the certainty of available Fast Reserve volume its preferable to have a continuous contracted service during the Fast Reserve requirement window

**Figure 1. The monthly Fast Reserve requirement for EFA Blocks 3, 4, 5 and 6 against our current contracts for the next 13 months.**



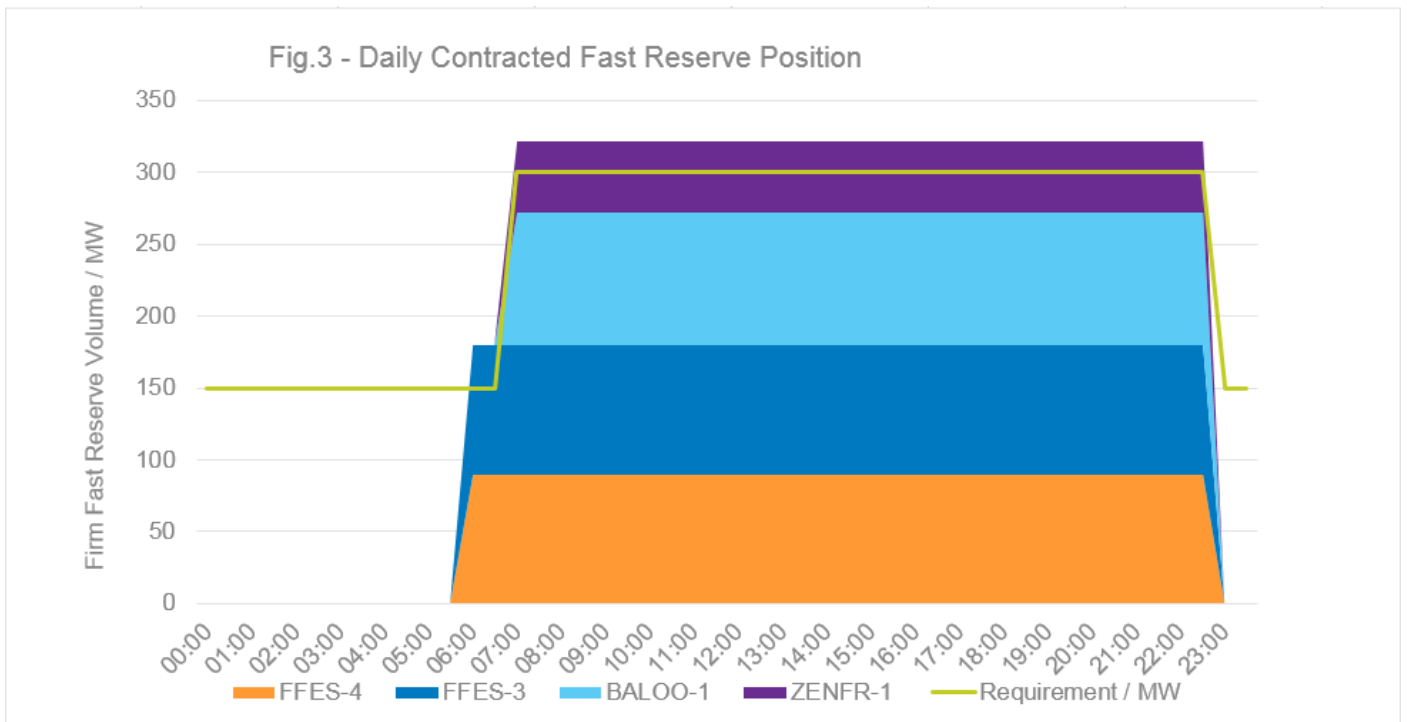
**Figure 2. The monthly Fast Reserve requirement for EFA Blocks 1 and 2 against our current contracts for the next 13 months**



**Table 1. 13 months' requirement**

Month	<b>Additional Optimal Max Firm Requirement (MW)</b>	EFA Block 1	EFA Block 2	EFA Block 3	EFA Block 4	EFA Block 5	EFA Block 6
Sep-19	0	150	150	0	0	0	0
Oct-19	0	150	150	0	0	0	0
Nov-19	210	150	150	210	210	210	210
Dec-19	210	150	150	210	210	210	210
Jan-20	210	0	0	210	210	210	210
Feb-20	210	0	0	210	210	210	210
Mar-20	210	0	0	210	210	210	210
Apr-20	300	0	0	300	300	300	300
May-20	300	0	0	300	300	300	300
Jun-20	300	0	0	300	300	300	300
Jul-20	300	0	0	300	300	300	300
Aug-20	300	0	0	300	300	300	300
Sep-20	300	0	0	300	300	300	300

Figure 3 shows our requirement and contracted Fast Reserve by day for delivery for September-19





## 2. Fast Reserve Utilisation Data: Excel Spreadsheet

### 2.1 Monthly utilisation volumes

The monthly utilisation volume in the excel spreadsheet is based on the aggregate of all accepted offers for Firm and Optional services, from BM and NBM units to provide Fast Reserve. Please note the data is for the total utilisation for the whole month across all settlement periods and is not the average utilisation by settlement period.

This utilisation data is available on a per settlement period for the last 12 months. This will allow all participants to complete their own analysis on utilisation, on any period they wish to tender in for.

Please note the utilisation graphs have been removed, in favour of the data in the associated excel spreadsheet.

Feedback on this approach, is appreciated.

### 2.2 Utilisation volumes by price band

Within the excel spreadsheet, the utilisation by price band gives the total volumes of BM and NBM Fast Reserve utilisation for the financial year to date broken down into price bands. The price information is based on all accepted offers for Firm and Optional services, from BM and NBM units to provide Fast Reserve.

### 2.3 Utilisation durations by time bands

The information on utilisation durations, counts all accepted offers for Firm and Optional services, from BM and NBM units based on the Fast Reserve instruction duration. It is expected that this data will remain relatively static from month to month. The data provided is the summation of Fast Reserve utilisation instructions since 1<sup>st</sup> April 2016.

### 2.4 Contracted Volume

The Contracted volume, which is illustrated in figure 3 is provided in table form.

### 2.5 24-month requirement

The requirement for the next 24 months is outlined in the excel spreadsheet, this includes a current overview of the requirement per EFA block. This is the requirement for the whole period and does not reflect any procurement strategy that may be employed by the System Operator. Information on short term procurement decisions can be found in the relevant market information report.

## 3. Market Developments

### 3.1 Use of Applicable Balancing Services Volume Data (ABSVD) for non-BM Balancing Services at the metered (MPAN) level

On 18<sup>th</sup> June 2018, the Authority, (Ofgem) approved the proposed modification to the BSC P354 for implementation on 1<sup>st</sup> April 2020 as a standalone BSC Systems Release. The modification will allow the Transmission Company to provide ABSVD for non-BM Balancing Services providers to BSC Central Systems for allocation to the appropriate Supplier BM Unit to correct their Energy Imbalance position. More details on the proposal and the Authority's approval can be found on Elexon's website:

<https://www.elexon.co.uk/mod-proposal/p354/>

### 3.2 Embedded benefits

There have been both Connection and Use of System Code (CUSC) modifications (CMP264 and CMP265) and Balancing and Settlement Code (BSC) modifications (P348 and P349) that will have significant impacts on the payments and transmission charges for smaller embedded generation (under 100MW). These changes are being introduced through a three-year phased implementation, beginning on 1<sup>st</sup> April 2018. Further details can be found on Ofgem's website.

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-decision-industry-proposals-cmp269-and-cmp270>

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-impact-assessment-and-decision-industry-proposals-cmp264-and-cmp265-change-electricity-transmission-charging-arrangements-embedded-generators>

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-decision-industry-proposals-p348-and-p349>



# A

## Appendices

Reason Codes

## A. Reason Codes

The table below provides guidance as to the reasons that a tender has been rejected. They can be matched against the numbers in the 'Reason Code' section of the Post Tender Report.

No.	FR Reason Codes	Definition
1	Price not beneficial across tendered period	The price submitted was too high and did not provide any contract benefit against alternative actions.
2	Tender was not beneficial across any duration of the tender period	The tender submitted was not considered beneficial when evaluated against the forecasted cost of alternative actions over any duration of the tender period.
3	Multiple tenders received for the same unit	Only the most valuable tender of the total group of submitted tenders was considered.
4	Beneficial but the benefit is lower than that of other tenders	While the tender submitted was considered as beneficial, on this occasion there were tenders that provided a higher benefit.
5	Beneficial but requirement already satisfied	While the tender submitted was assessed as beneficial, the benefit was not determined as sufficient for us to contract above our procurement requirement.
6	Does not meet tender prerequisites and rules	Please refer to the 'Technical requirements' and 'How to participate' sections using the following link to determine the criteria necessary to participate in the FR market. <a href="https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate">https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate</a>
7	Beneficial but desired procurement volume already satisfied	While the tender submitted was considered beneficial, the desired procurement volume has already been met (or sits below marginal unit)

Where appropriate, new reasons will be added following each tender round.

# B. Tender Calendar

Below is the market calendar for 2019/2020.

Tender Round	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Month Ahead	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Quarter				Nov-19 Dec-19			Jan-20 Feb-20 Mar-20			Apr-20 May-20 Jun-20		
Seasons	Nov-19 - Mar-20			Nov-19 - Mar-20 Apr-20 - Sep-20			Apr-20 - Sep-20			Apr-20 - Sep-20 Oct-20 - Mar-21		

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