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## Update on STOR and Fast Reserve tenders

Dear industry colleagues,

We wrote to you back in [June](#) to update you on our STOR and Fast Reserve tenders and the progress we are making with our work to comply with Article 6.9 of Regulation (EU) 2019/943 (Clean Energy Package). In this letter, we committed to providing you with clarity around our plans for STOR and Fast Reserve procurement for the immediate and medium term.

### Fast Reserve

After careful consideration, we are now able to confirm that we do not intend to procure any further firm fast reserve in its current form. Due to the technical nature of the product, we do not believe it to be suitable for procuring at day ahead, and instead we intend to focus our efforts on reserve reform and the design and implementation of standardised fast acting reserve products (both upwards and downwards). We intend to continue to use the optional fast reserve service to meet our total fast reserve volume whilst we also develop and implement the new standardised reserve products and the platform in which these products can be procured via a day ahead mechanism.

### STOR

We continue to focus our efforts on making the existing STOR product compliant with the requirements of Clean Energy Package Article 6.9, whilst also looking at how this product fits with our future standardised requirements, through reserve reform.

Whilst we have yet to finalise our future procurement strategy, we don't currently foresee any further firm STOR procurement in 2020. We will continue to operate with existing contracts and the optional STOR service. Should we need to procure any firm STOR during early 2021, as we transition to day ahead procurement, then we will ensure we announce this in good time. Any such additional procurement would be subject to a derogation against Article 6.9, and we will continue to engage with Ofgem on our derogation request for STOR.

We fully understand that the above decisions, whilst providing some clarification on our procurement of reserve services, may have implications and that you may have questions for us. We will be hosting a webinar in the next few weeks on current Fast

Reserve and STOR procurement and will address any questions you have. Further details for the webinar will be sent out shortly. In the meantime, please direct any immediate questions to your account manager or to [Commercial.Operation@nationalgrideso.com](mailto:Commercial.Operation@nationalgrideso.com).

When we wrote to you in June, we included a link to a short survey on day ahead procurement. We have collated the results received and we will explore the results in the webinar. In the meantime, here is a summary of the responses:

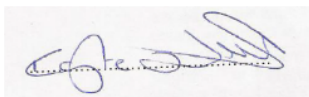
- The majority (83%) of providers said they were interested in moving to day ahead procurement.
- Timelines for moving to day ahead procurement:
  - 53% of providers said they could move to day ahead procurement immediately
  - 26% of providers said they could move to day ahead procurement within 6 to 12 months
- A number of benefits were highlighted by providers such as:
  - allows for more flexibility
  - more market reflective pricing
  - increase in market liquidity
- However, providers also foresee several blockers such as:
  - system interactions between providers and NGENO
  - additional resource required which will likely lead to additional cost
  - additional time required for assessments and prequalification/onboarding

If you haven't already, we would encourage you to take the time to complete the [survey](#) and share your feedback. We intend to keep the survey open until 31 July with the output forming the basis of our next steps of engagement.

Over the next few weeks, we plan to publish a podcast and host a webinar on Clean Energy Package Article 6.9, share the survey feedback and the next steps of the project.

Thank you for your continued patience and engagement throughout this process.

Yours sincerely,



Kayte O'Neill  
Head of Markets