

Quick Reserve Webinar

A18 Consultation Webinar Question & Answer

Webinar questions - 08/07/24

Question	Answer
Will ESO be buying the full volume requirement for Quick Reserve, only from December 2025?	No, we will seek to procure our full fast-acting reserve requirement from day 1. However, this is subject to it being economic to do so, and should other markets prove more economic then we will look to supplement our volume requirement through these avenues.
How will ESO make sure the phase out Optional Fast Reserve will be as planned, and will not be delayed as seen with the Firm Frequency Response service?	<p>The phase out of Optional Fast Reserve is linked to the decommissioning of the (Ancillary Service Dispatch Platform (ASDP)).</p> <p>With Mandatory Frequency Response (MFR), other risk mitigating measures had to be considered before we could increase our requirements for Dynamic Moderation and Regulation.</p> <p>We don't have this limitation on our buy order with Quick Reserve, however during the period where both markets are running, our ability to reliably procure Optional Fast Reserve will feed in to the price we are willing to pay for Quick Reserve, and therefore simulate competition between the markets.</p>
How much Positive Quick Reserve (PQR) and Negative Quick Reserve (NQR) do you plan to procure when the service goes live? And how much after you've retired OFR?	<p>Our current expectation for the minimum requirement is 500MW of Positive Quick Reserve and 300MW of Negative Quick Reserve.</p> <p>Our aim will be to buy this from day 1 if economic to do so. This will be monitored alongside Optional Fast Reserve volumes and prices to understand how much we are willing to pay. However, the retirement of Optional Fast Reserve will not impact the volume we aim to procure.</p>
<p>How does the proposal for Linked Buy Orders affect the energy requirement to be able to deliver full capacity for the entire period?</p> <p>Is the expectation that any provider offering a service in a 60 or 90-minute window must be able to sustain full delivery for the entire 60 or 90 minutes?</p>	<p>Providers are still expected to be able to deliver their full contracted capacity per settlement period, regardless of whether contracted settlement periods are linked.</p> <p>It would be the same as if the provider had won multiple back-to-back contracts. Each Quick Reserve service window is a discrete 30-minute contract and all requirements therefore apply to each contract, including state of energy.</p>

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<p>Must a provider offering a service in a 60 or 90-minute window be able to sustain full delivery for the entire 60 or 90-minutes?</p>	<p>We understand that minimising the use of this will be important to industry, which is why we are taking the approach to start without Linked Buy Orders and only use them if we see issues occurring.</p>
<p>Will participants be able to offer Response and Quick Reserve in the same basket?</p>	<p>No. The key factor for deciding which services can go into the same basket is whether these services are stackable. As Quick Reserve cannot be stacked with response services they cannot be offered in the same basket.</p> <p>The basket is defined on the unit level and each basket must be defined on a single unit. If a basket contains Quick Reserve and response the unit may end up stacking Quick Reserve and response, which isn't currently allowed.</p>
<p>In section 7 of the Quick Reserve Summary document, it says;</p> <ul style="list-style-type: none"> <i>"It is estimated that around 30% of the non-BM Optional Fast Reserve capacity (close to 320MW) can achieve the 1-minute time to full delivery."</i> <p>Does this mean you are expecting 70% of current non-BM Optional Fast Reserve capacity to be unable to participate in Quick Reserve?</p>	<p>We have been working with providers to understand how they can best meet the requirements of the new Quick Reserve service, and some providers may be able to participate with investment or different operational configurations. Here we have quoted the volume already capable.</p>
<p>We understand ruling out stacking Quick Reserve with the Dynamic Response services on the same side (e.g. Positive and Positive or Negative and Negative), as there is concern about performance monitoring e.g. if both ramp at the same time or in the same period there could be quite sharp changes.</p> <p>But when it comes to ruling out stacking with Dynamic Response services on the other side (e.g. Positive with Negative), what is the rationale? Especially as you can do this Balancing Reserve?</p> <p>Batteries will be ramping at 1-minute in both Balancing Reserve and Quick Reserve.</p> <p>We would potentially need a significantly higher price going into Quick Reserve if we cannot stack with Dynamic Response services.</p>	<p>Stacking with other Ancillary Services will not be allowed during phase 1 due to a limited capability in performance monitoring granularity. We are working on allowing stacking with the Dynamic Response services in phase 2 once 1 second performance monitoring capability is available.</p> <p>For Balancing Reserve, there are some mitigations to the risks: it is a slower service; it isn't co-optimised directly with response and we were able to implement some changes to performance assessment. As such we decided the risk of enabling stacking in the opposite direction was justified for the increased benefits.</p> <p>With QR being faster delivery, and likely less delivery volume, there was a higher risk of performance monitoring difficulties and the fact that it will be co-optimised directly with response means that providers can use prices to let the algorithm choose which market is the most suitable use of their asset.</p>
<p>How many baskets are allowed for Quick Reserve?</p>	<p>100 baskets per unit per auction day (average of 2 baskets per window).</p> <p>If the asset is qualified for Response and Quick Reserve, the limit is 125 baskets per unit per auction day.</p>

Commented [AS(1)]: Are we sure this is phase 2 i.e. June 2025?

Commented [MC(2R1)]: Rephrased to working on

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During the transition period of removing the Optional Fast Reserve service, is it the intention to look to procure all volume from Quick Reserve, and therefore potentially no Optional Fast Reserve in period of November 2024 to December 2025?

Yes, we aim to procure our minimum requirement in the Quick Reserve market, and this may increase if we are aware of additional uncertainty on the system.

However, this will be monitored alongside Optional Fast Reserve volumes and prices to understand how much we are willing to pay.

If in real time, there is a need for additional volume, then Optional Fast Reserve remains an option for the ESO to use.

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