

# Fast Reserve Post Assessment WebEx June-18



21 June 2018

# Introduction

---

## ■ This WebEx:

- Relates to the results of the June-18 Fast Reserve tender round that were published on the website on the 20<sup>th</sup> June 2018.
- Provides you all with some more detailed feedback to ensure all suppliers are getting the same level of information.
- Please logon to the following website to provide us with feedback on the information we provide.

<https://www.sli.do/>

**Event code:#T665**

## **Q1. Please let us know the nature of your interest in this WebEx:**

- a) Fast Reserve provider;**
- b) Potential Fast Reserve provider; or**
- c) Other**

# Representatives

---

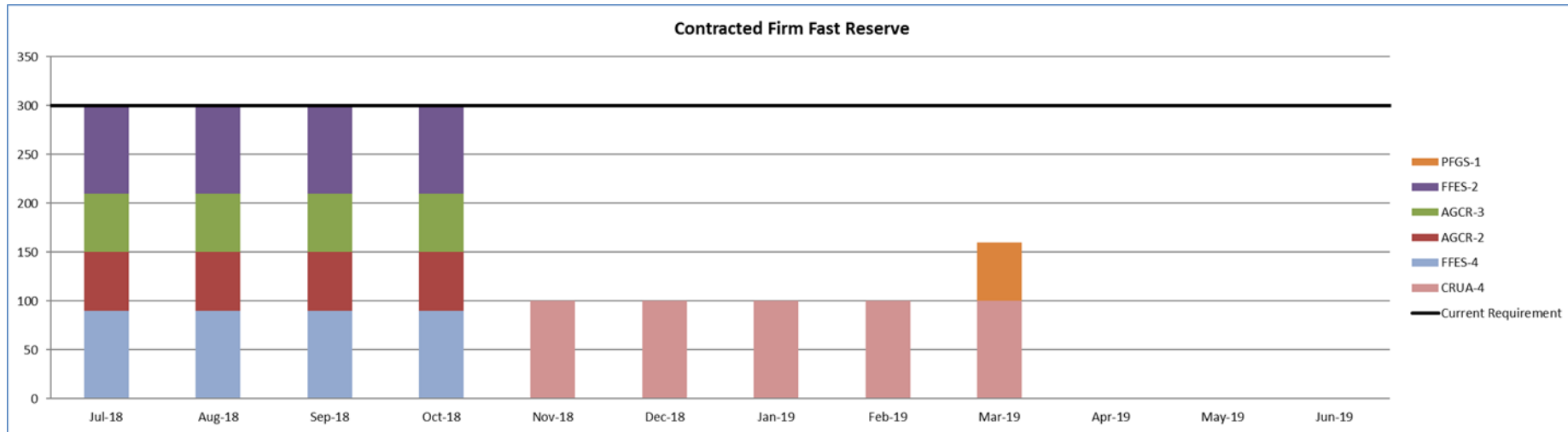
Person	Responsibility
Rachel Turner	Structuring & Optimisation Manager
Nisha Doshi	Ancillary Services Analyst
Holly Lake	Fast Reserve Service Lead/Account Manager
Emily Champion	Contracts Officer

# Agenda

---

1. Requirement
2. Overview of Tenders
3. Assessment
4. Reason Codes
5. Results
6. Assessment Updates
7. Next tender round
8. Fast Reserve Standardisation
9. Questions and Feedback

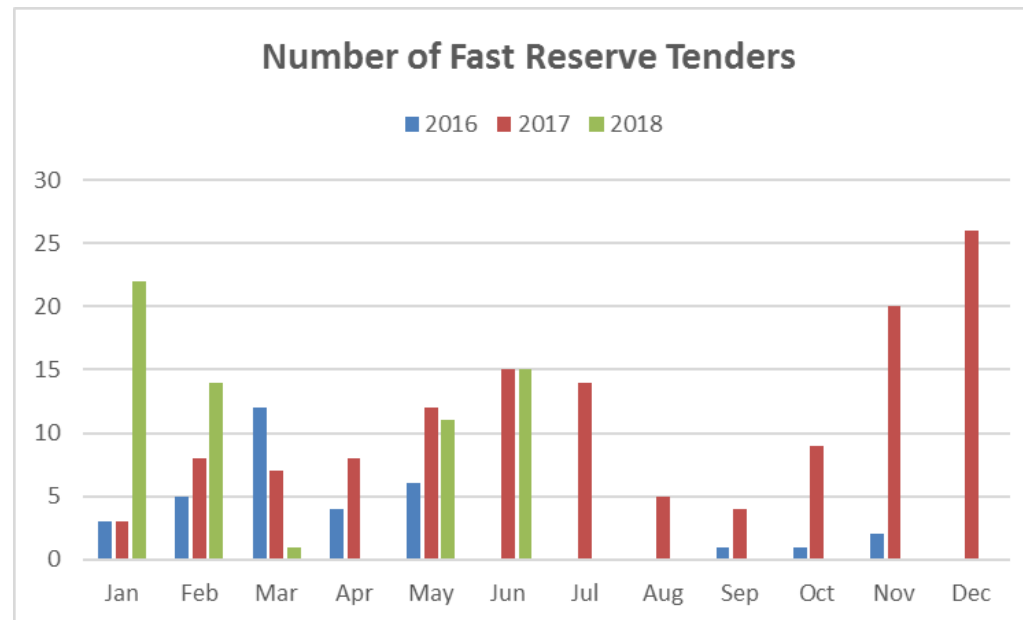
# 1. Requirement



***“National Grid has an outstanding requirement for twelve months from November-18. From the June-18 tender round onwards, National Grid will look to fulfil this requirement with contracts commencing from November-18 onwards.”***

## 2. Overview of Tenders

---



- 15 tenders received in June-18
  - 3 Providers
  - 6 units

## 2. Overview of Tenders

Tender Ref	Company	Unit	Date_From	Date_To	Time of Day	MW	Avail_Fee £/h	Posit_Fee £/h	Firm_Energy £/MWh
180601	First Hydro	FFES-3	01-Nov-18	31-Mar-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	375	375	110
180602	First Hydro	FFES-3	01-Nov-18	28-Feb-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	415	415	110
180603	First Hydro	FFES-4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	250	250	100
180604	First Hydro	FFES-4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	250	250	110 (Nov-18 to Mar-19) & 93 (Apr-19 to Oct-19)
180605	Peak Gen	PFGS-1	01-Aug-18	31-Oct-18	Mon-Fri 07:00 to 23:00 Sat, Sun & BHs 07:00 to 23:00	90	288		103
180606	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84
180607	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 06:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 23:30 Mar to Oct - Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	228		84
180608	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84
180609	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84
180610	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84
180611	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84
180612	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84
180613	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84
180614	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun&BHs 07:00 to 23:30	60	273		84
180615	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	208		84

## 3. Assessment

---

### ■ Step 1

- Tenders are evaluated against the cost of obtaining an equivalent service in the optional market.
- This accounts for, type of service delivered, duration of tender and availability window.
  - The costs of any periods of unavailability are assessed.
  - Any periods with availability beyond the Fast Reserve window will be valued based on the relevant parameters outside these windows.

### ■ Step 2

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

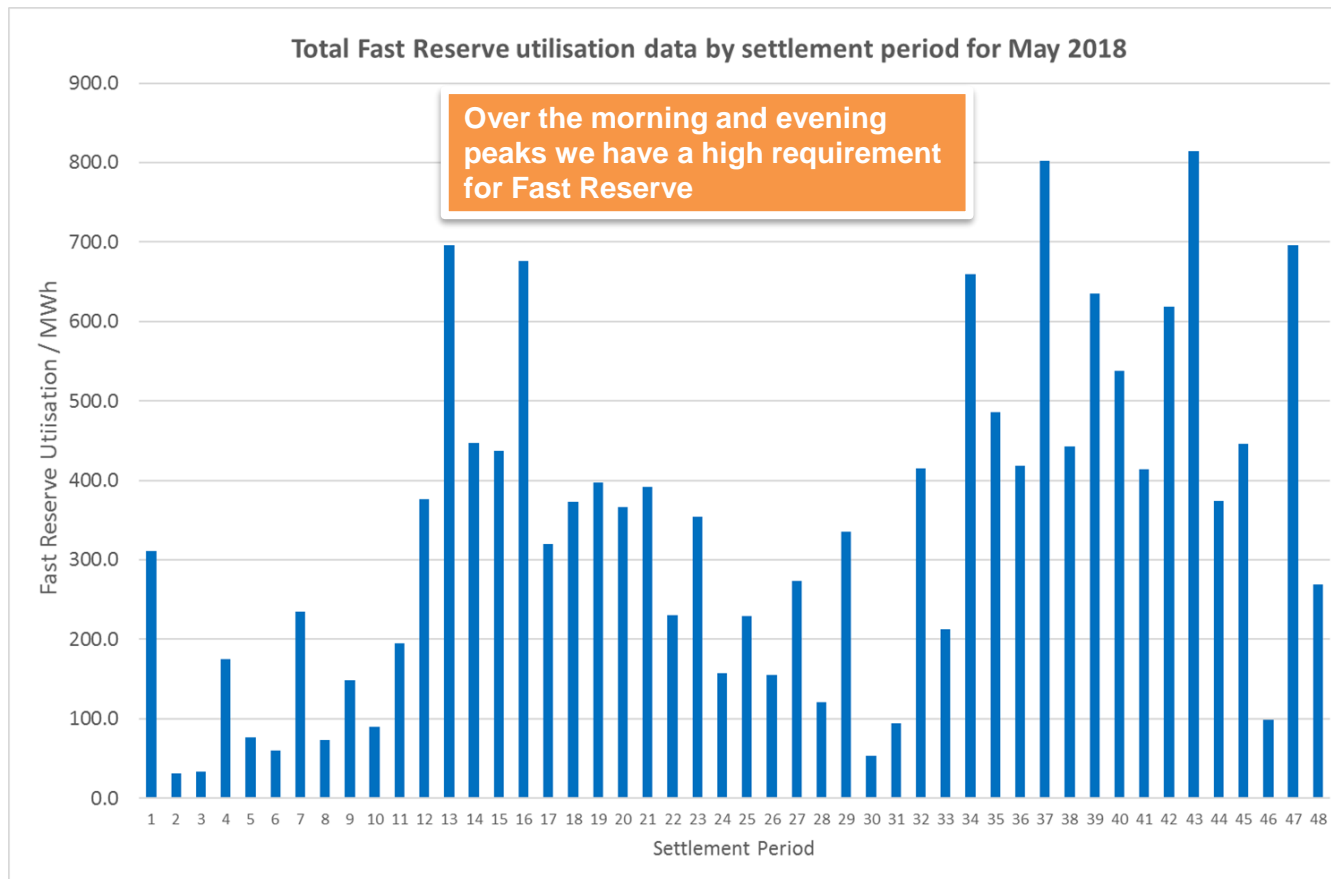
### ■ Step 3

- Where applicable, any possible over holding is also accounted for in the assessment.

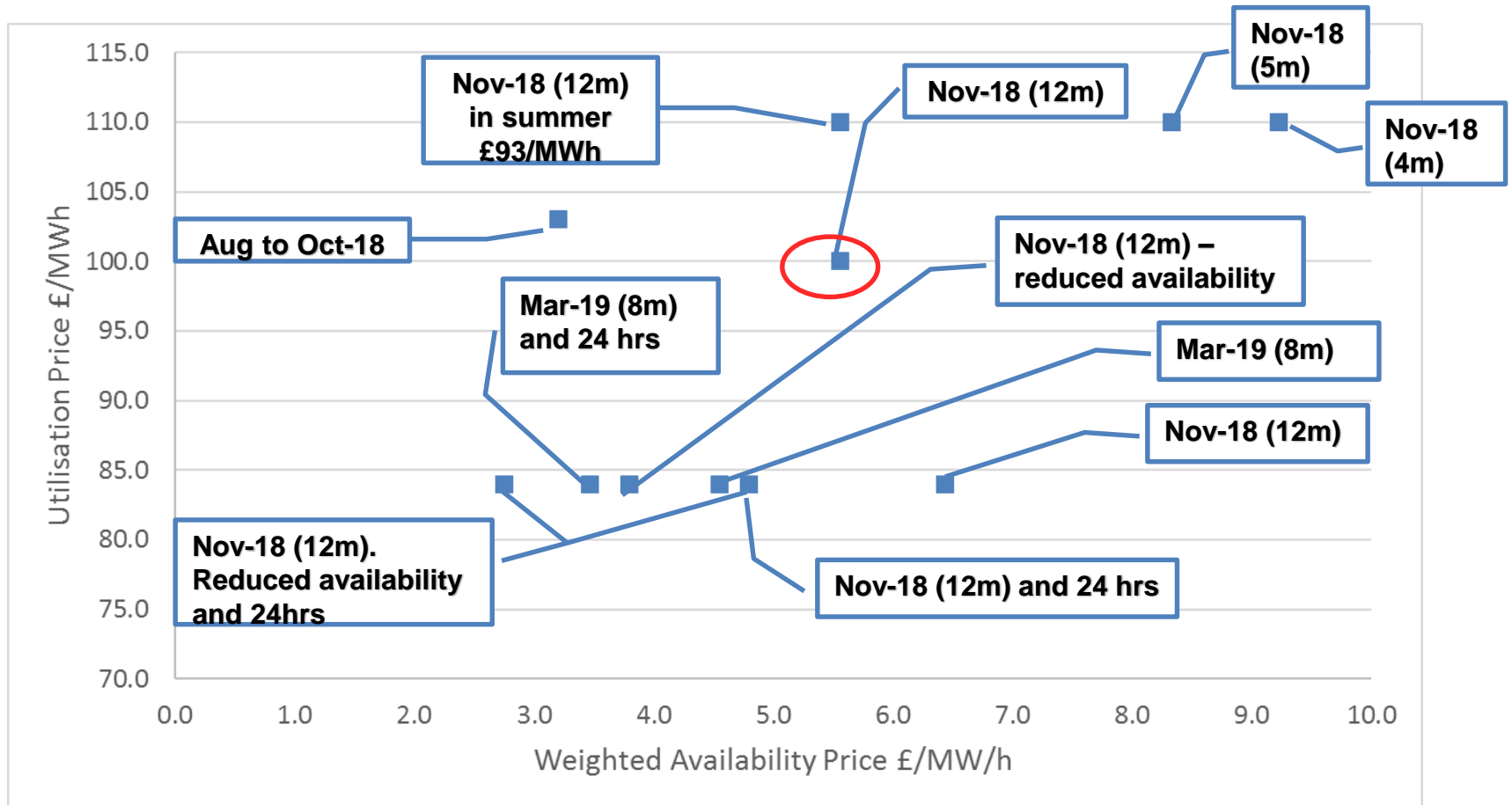


### 3. Assessment

- Based on our utilisation profile of Fast Reserve we value tenders that offer us availability over our peak requirement.



### 3. Assessment



## 4. Reason Codes

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="http://www2.nationalgrid.com/uk/services/balancing-services/reserve-services/fast-reserve/">http://www2.nationalgrid.com/uk/services/balancing-services/reserve-services/fast-reserve/</a>

## 4. Rejection Reason Code 5

---

Tender Ref	Company	Unit	Date_From	Date_To	Time of Day	MW	Avail_Fee £/h	Posit_Fee £/h	Firm_Energy £/MWh	Rejection Reason code
180605	Peak Gen	PFGS-1	01-Aug-18	31-Oct-18	Mon-Fri 07:00 to 23:00 Sat, Sun & BHs 07:00 to 23:00	90	288		103	5

- While tenders were assessed as beneficial they led to overholding against the requirement or against the procurement strategy.
- Please note once our requirement has been fulfilled we will not procure any further volume. If we require further volume, we will update you via the Market Information Report.

## 4. Rejection Reason Code 4

Tender Ref	Company	Unit	Date_From	Date_To	Time of Day	MW	Avail_Fee £/h	Posit_Fee £/h	Firm_Energy £/MWh	Rejection Reason code
180601	First Hydro	FFES-3	01-Nov-18	31-Mar-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	375	375	110	4
180609	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84	4
180613	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84	4
180614	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun&BHs 07:00 to 23:30	60	273		84	4

- While tenders were assessed as beneficial these bids were lower in the stack. Only the most beneficial tenders were considered against our procurement strategy.

## 4. Rejection Reason Code 3

Tender Ref	Company	Unit	Date_From	Date_To	Time of Day	MW	Avail_Fee £/h	Posit_Fee £/h	Firm_Energy £/MWh	Rejection Reason code
180602	First Hydro	FFES-3	01-Nov-18	28-Feb-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	415	415	110	3
180604	First Hydro	FFES-4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	250	250	110 (Nov-18 to Mar-19) & 93 (Apr-19 to Oct-19)	3
180606	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84	3
180607	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 06:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 23:30 Mar to Oct - Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	228		84	3
180608	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180610	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84	3
180611	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180612	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180615	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	208		84	3

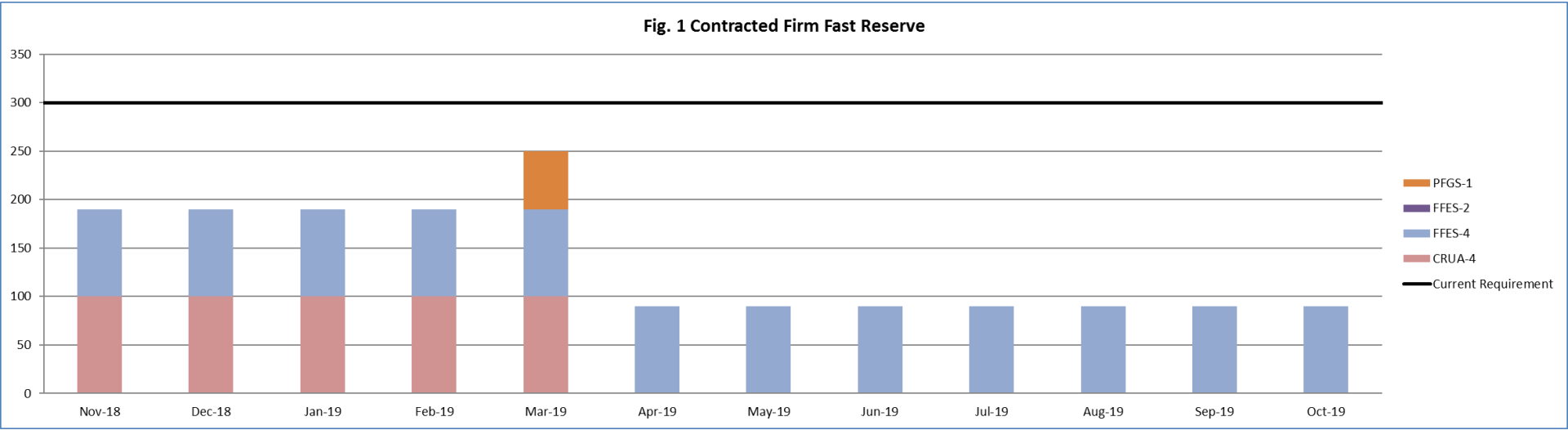
- For mutually exclusive tenders only the most valuable were considered.

# 5. Results

Tender Ref	Company	Unit	Date_From	Date_To	Time of Day	MW	Avail_Fee £/h	Posit_Fee £/h	Firm_Energy £/MWh	Rejection Reason code
180601	First Hydro	FFES-3	01-Nov-18	31-Mar-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	375	375	110	4
180602	First Hydro	FFES-3	01-Nov-18	28-Feb-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	415	415	110	3
180603	First Hydro	FFES-4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	250	250	100	Accepted
180604	First Hydro	FFES-4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:00 Sat 06:00 to 23:00 Sun & BHs 07:00 to 23:00	90	250	250	110 (Nov-18 to Mar-19) & 93 (Apr-19 to Oct-19)	3
180605	Peak Gen	PFGS-1	01-Aug-18	31-Oct-18	Mon-Fri 07:00 to 23:00 Sat, Sun & BHs 07:00 to 23:00	90	288		103	5
180606	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84	3
180607	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 06:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 23:30 Mar to Oct - Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	228		84	3
180608	UKPR	AGCR4	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180609	UKPR	AGCR4	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84	4
180610	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	386		84	3
180611	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180612	UKPR	AGCR3	01-Nov-18	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	288		84	3
180613	UKPR	AGCR3	01-Nov-18	31-Oct-19	Nov to Feb - Mon-Fri 05:00 to 16:30 Nov to Feb - Mon-Fri 19:30 to 04:59 Mar to Oct - Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	165		84	4
180614	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 06:00 to 23:30 Sat, Sun & BHs 07:00 to 23:30	60	273		84	4
180615	UKPR	AGCR2	01-Mar-19	31-Oct-19	Mon-Fri 05:00 to 04:59 Sat, Sun & BHs 05:00 to 04:59	60	208		84	3

# 5. Results

Fig. 1 Contracted Firm Fast Reserve





## 6. Assessment Updates

---

- As the dispatch of Fast Reserve moves to PAS and to further develop our assessment, we will ask for the following information to be provided in the Fast Reserve tender submission form:
  - from August-2018 tender the Minimum Non Zero Time or MNZT (mins).

## 7. Next tender round, July-18

---

### ■ **July-18 Tender Round**

- Procuring volume from delivery in August-18.
- Tender submission date of Monday 2<sup>nd</sup> July 2018 at 17:00.

### ■ **Market Information Report**

- The Market Information Report will be released by Tuesday 26<sup>th</sup> June.
- Please note we will give further detail about over which periods we are looking to procure volume.

### ■ **Procuring volume for September 2018**

- For two weeks in September, 180 MW of our contracted Firm Fast Reserve will be unavailable.
- We will look to procure this volume in the August-18 tender round.

## 8. Fast Reserve Standardisation

---

- National Grid will be consulting on changes to the contract through the OCP for delivery in Q3. This will include:
  - Simplification of tenders through standardising contract terms
- Potential to reduce the entry size following successful implementation of PAS.

## 9. Feedback

---

- We value your feedback on these WebEx, please can you spare a few minutes and complete Slido survey.
- Join at:

<https://www.sli.do/>

Event code: #T665

**Q2.** On a scale of 1 to 4 how useful was the July-18 Market Information Report?

**Q3.** Please suggest any additional data or material that would be useful for us to provide in the Market Information Report?

**Q4.** On a scale of 1 to 4, how useful did you find this Webinar?

## 10. Questions

---

- Please ask your questions via the WebEx chat function
  - If we are unable to offer an answer to a question on the call, we will take it away and provide an answer back in writing to all those on the call.
- National Grid reserve the right to refuse to answer any questions deemed inappropriate.

## Questions and Answers

---

**Q1.** Can you please expand on the Optional Fast Reserve - it seems to be more spend than procured Fast Reserve. How is it used, why is it not procured monthly?

**Answer:** Due to the nature of the Optional Service National Grid will pay a premium price and this forms part of the Fast Reserve Framework Agreement. The MBSS report is not made up solely of the optional Fast Reserve Service. The non-tendered fast reserve in the MBSS includes holding costs for spin gen units. This is the cost to put these units in position to provide, fast acting reserve.

We procure our base requirement for Fast Reserve but within day more fast acting reserve may be required. Additionally, it may be deemed more economic to use optional reserve services.

## Questions and Answers

---

**Q2.** What is the likely new figure for the potential reduction in barrier to entry?

**Answer:** A potential reduction to Fast Reserve MW entry is dependent on the reliability of providers delivering through PAS. We are looking further into what minimum volume requirement should be and this will form part of the Fast Reserve Outlined Change Proposal (OCP) that is due to be published in August.

**Q3.** It looks like the weighted availability you use is the sum of the availability & the positional fee.

**Answer:** That is correct, we assume maximum costs i.e. units will be positioned for all tendered hours in order to access the Fast Reserve volume.

## Questions and Answers

---

**Q4.** Do National Grid envisage that FR requirements will reduce or increase as part of the SNAPS review?

**Answer:** As part of a regular process we review the Fast Reserve volume requirement and will continue to do this and update you via the Market Information Report.



## Questions and Answers

---

**Q5.** Do National Grid value more: RUR / Max potential delivery time / MW holding / location?

**Answer:** We do not directly value the run up rates of services but are looking into whether this will aid our assessment. We do value units with significantly higher run up rates (e.g. Hydro pump storage units) as they are assumed to offset a higher value of spin generation costs.

Those with a higher MW volume will offset a large utilisation volume than a lower volume unit if at the same utilisation price. This does not necessarily lead to a higher benefit as this is only one factor in the assessment process.

All units must sustain delivery for a minimum of 15 mins, we therefore do not value the maximum potential delivery.

Location can be taken into consideration if constraints are relevant. **25**

## Questions and Answers

---

**Q6.** How many assets are utilised under Optional Fast Reserve - just the pumped storage assets?

**Answer:** All providers that hold a Framework Agreement for Fast Reserve participate in the optional market. Currently we have several NBM units that offer Optional Fast Reserve, all units (BM and NBM) that have a framework agreement can offer their services for Optional Fast Reserve, but please note it is requested by the control room at an intra-day timescale. Spin Generation Commercial Service Agreements are also scheduled at intra-day timescales.

## Questions and Answers

---

**Q7.** Can BM be aggregated with non-BM assets to form a pool for Fast Reserve?

**Answer:** This is not something that we have looked at before; it would be good to understand a bit more about how you propose that will work. If you could send this through to [holly.lake@nationalgrid.com](mailto:holly.lake@nationalgrid.com) then it can be reviewed.

**Q8.** Is the pack made available online afterwards?

**Answer:** Yes.