

CMP305: Removal of the Enhanced Reactive Power Service (ERPS)

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Background

- The ESO has been working with industry to deliver reforms to balancing services markets, communicated in SNAPS (System Needs and Product Strategy) and our Product Roadmaps.
- The Reactive Power Roadmap was released in May. In it, we communicated a desire to design reactive power services that:
 - deliver transparency and clear information to the market,
 - facilitate greater competition in the provision of services,
 - meet changing operational requirements whilst addressing the needs of balancing services providers.
- Our intent to raise a modification to remove ERPS was the first step set out in the Roadmap. This modification was presented to CISG in July 2018.



What is ERPS and why should it be removed?

- ERPS is a tendered service for reactive power, in excess of mandatory requirements.
- It is presently the only opt-in commercial ancillary service where the service design and requirement for National Grid to tender (every 6 months) are set out in the CUSC.
- We have not contracted for this service since October 2009 and have not received any responses to tenders since January 2011.
- Numerous stakeholders have informed us that a more flexible set of arrangements is needed, and that the current methods for reactive power procurement do not meet their requirements based on feedback from SNAPS.
- Removing ERPS from the CUSC will enable our future commercial needs for reactive power to be addressed in a more flexible, competitive and agile manner whilst facilitating opportunities for all providers on a level playing field, including those not party to CUSC.
- Continuing to tender for a service that is not presently functional creates an ongoing administrative burden. This effort would be better focused on delivering market reform.

The proposal

- This modification proposal is to remove the CUSC obligation for NGSO to tender for ERPS, and to remove all references to it from the CUSC to enable a functional commercial ancillary service to be developed.
- CUSC Sections where references to ERPS need to be removed include:
 - Sections 4
 - Section 11
 - Schedule 2
 - Schedule 3

Recommendation

- This recommendation has positive impacts on CUSC Standard Objectives (a), (b) and (d)
- We propose that the modification proceed directly to code admin consultation, as we do not envisage any alternatives to the proposed solution.
- This will enable the development of a commercially beneficial reactive power service, procured consistently with other service markets, that better meets the needs of the system operator and market participants whilst being open to all potential providers.

Thank you

- Any questions?