

A nighttime photograph of a city street. In the foreground, a large, dark building with a grid of windows is visible. The street below is illuminated by streetlights, and a few cars and pedestrians can be seen. In the background, several tall skyscrapers are lit up, including one with a distinctive geometric facade. The sky is dark, and the overall atmosphere is urban and vibrant.

Firm Frequency Response (FFR) Market Information Report for Dec-18

Published

Oct-18

Key Points

This Market Information Report is relevant for tenders submitted in Nov-18 for delivery in **Dec-18**

Tenders from eligible service providers for Firm Frequency Response should be submitted on **Thu 01-Nov-18** (1st business day) for all tenders.

National Grid will notify service providers of the outcome of the tender assessment, and preliminary nominations, by **Fri 16-Nov-18** (12th business day).

From January 2018, non-compliant tenders will be rejected prior to assessment.

Providers must use the template provided in the Ariba system to tender in for FFR. Use of any other template or submissions via e-mail will not be accepted.

In line with the standardisation outlined in the Product Road Map, procurement of FFR will only take place across the standard 6 EFA blocks. Tenders must therefore only start, and end, at the following times: 2300, 0300 0700 1100 1500 1900. Submitted tenders must have a minimum window availability of 4 hours in line with EFA blocks.

Please note that this is a month ahead only tender. Tenders should therefore be submitted for **Dec-18** delivery.

The details regarding the dates, times and dial in details for the upcoming FFR Result WebEx can be found [here](#).

This Market Information Report provides information to FFR providers on the requirement for the tender (TR 107) for delivery in Dec-18.

Requirements for Dec-18 (TR 107)

As this is a month ahead only tender round, the full requirement is open for procurement.

Any requirement that sits outside the minimum dynamic requirement can be taken from either the dynamic or the non-dynamic market dependant on the economics of each solution.

Primary Response:

A dynamic primary requirement exists in EFA blocks 1 and 2. There is no requirement outside these blocks.

Secondary Response:

A dynamic secondary requirement exists in EFA blocks 1 and 2. The requirement for dynamic response in the remaining EFA blocks has been satisfied through previous tenders. A non-dynamic secondary requirement exists in most EFA blocks with larger volumes of requirement present in EFA block 5.

High Response:

A dynamic high requirement is present across EFA blocks 3 to 6.

A breakdown of the outstanding requirement for this tender round can be found in Appendix 1. A full breakdown of the long-term requirements can be found in Appendix 1 in the excel file.

Forward Look at Requirements for Jan-18 onwards (TR 108)

In the next long term tender – TR 108 (closes 1st December '18 for contracts effective 1st January '19 onwards), we will be aiming to procure volume in specific periods only. Any tenders submitted for periods where no procurement requirement is indicated will not be accepted. The specific periods of procurement are shown in Appendix 8.

Market Updates

FFR Auction Trial

Ahead of the FFR auction trial in which weekly FFR procurement will be undertaken, a portion of the dynamic and non-dynamic FFR requirement will be transferred from the monthly tenders to the weekly auction. Please look out for updates on the [Future of Balancing Services](#) webpage.

Real Time and Historic Frequency Data

Real-time data i.e. demand and frequency data, over the last 60 minutes can now be found on the [Realtime Extranet](#) section on the National Grid website. [Historic frequency data](#) as far back as 2014 can also be accessed for GB data at 1 second resolution.

Response BOA and Holding Volume and Cost

A high-level breakdown of the bid, offer and holding volumes and costs is available in Appendix 7 of the adjoining excel file. This data also offers an aggregated view of how much response holding volume was purchased against price bands in the mandatory market.

For further information please contact your account manager or:

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5 explanatory videos have been unloaded to the National Grid website. Each video focuses on a different element of Frequency Response as a balancing service, how Electricity National Control Centre makes use of it and how the Firm Frequency Response assessment is undertaken.

To view the videos, click on the linked images below.

Video 1

How balancing services work



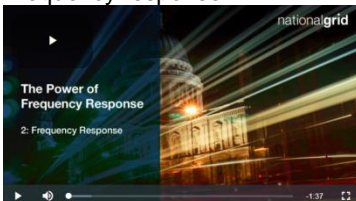
Video 2

The National Grid electricity control room



Video 3

Frequency response



Video 4

Firm frequency response



Video 5

The FFR assessment process



For providers wishing to start a tender on the last day of the previous month, these tenders cannot start earlier than 2300 or they will be deemed as non-compliant.

The minimum requirement across each specific EFA block will determine how much volume will be procured for each of the 6 daily 4 hour blocks.

Any outstanding shape will be satisfied, where necessary, closer to real time by the Electricity National Control Centre.

Testing

Providers are required to have successfully passed FFR testing of their asset by the National Grid Generator Compliance Team prior to tendering in for month ahead delivery. E.g. If tendering to provide a FFR service starting on 1st Dec-18, the unit must have passed testing prior to the tender submission window closing on the 1st business day in Nov-18. Tenders that do not meet this requirement will be deemed non-compliant and automatically rejected.

Limiting tenders

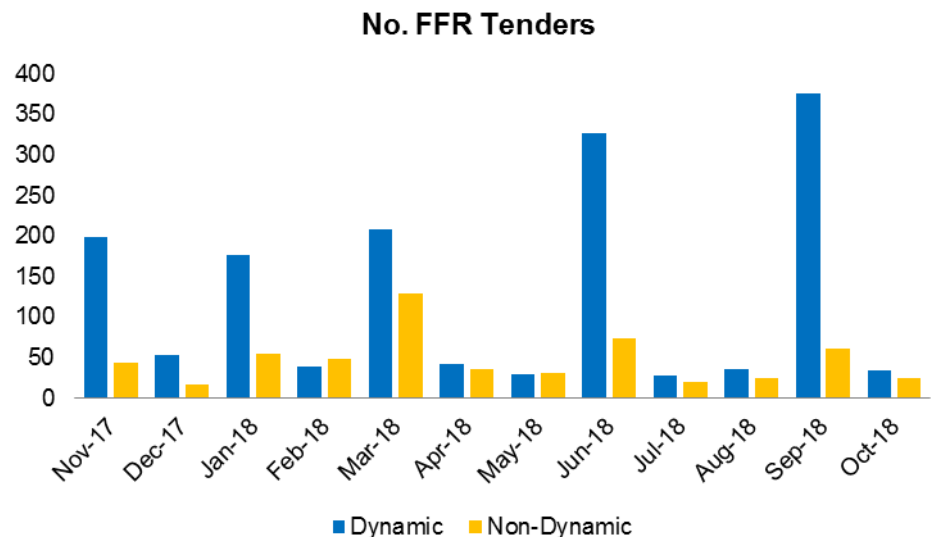
Providers are limited to submitting 2 tenders per unit, per tender period. A tender period is considered to be; month ahead, quarter ahead and per season. All-or-nothing bids will be considered as 1 tender submission.

Nov-18 FFR Delivery

57 active FFR contracts are due to provide FFR in Oct-18. These contracts are made up of:

- **35** dynamic contracts
- **22** non-dynamic contracts
- **2** contracts by BMU providers
- **55** contracts by NBMU providers

The chart below displays the number of tenders submitted in the FFR market for the last 12 months by service type.



Key messages

Tender rejection codes

The table below provides guidance as to the reasons why a tender has been rejected. They can be matched against the numbers in the 'Reason Code' section of the Post Tender Report. Please note that reason 1 has been updated. The new commentary will apply from TR 103 onwards.

FFR service Overview



Interactive guidance document

Product Roadmap



This document sets out the actions to be taken forward for frequency response and reserve.

No.	FFR Reason Code	Comment
1	Beneficial	While the price submitted was considered beneficial, on this occasion this tender was not accepted for one of the following reasons: 1.1. The outstanding or desired procurement requirement has already been satisfied by more beneficial tenders 1.2. There was no outstanding requirement 1.3. The desired volume against the National Grid procurement strategy for future tender months had already been satisfied 1.4. This tender formed part of an all-or-nothing group which did not collectively deliver enough benefit to be considered
2	Price not beneficial across tendered period	The price submitted was too high and did not provide any contract benefit against alternative actions including the mandatory and optional market.
3	Does not meet tender prerequisites	Please refer to the 'Technical Parameters' section using the following link to determine the criteria necessary to participate in the FFR market https://www.nationalgrid.com/uk/electricity/balancing-services/frequency-response-services/firm-frequency-response
4	Multiple tenders received for the same unit	Only the most valuable tender(s) of the total group of submitted tenders was considered.

Enhanced Frequency Response (EFR)

100% of EFR is included in the requirements from July 2018.

Procured Volume

When determining which tenders to accept, National Grid will take account of its planned procurement strategy. In general, a measured approach is taken to determine the appropriate volume to procure throughout the duration of the tender

Appendix 1:

Dynamic FFR requirements for TR 107

EFA Block	Dynamic Response Required (MW)		
	Primary	Secondary	High
1	195	61	0
2	195	61	0
3	0	0	35
4	0	0	35
5	0	0	85
6	0	0	35

Non-Dynamic FFR requirements for TR 107

EFA Block	Non-Dynamic Response Required (MW)		
	Primary	Secondary	High
1	0	19	0
2	0	2	0
3	0	50	0
4	0	41	0
5	0	310	0
6	0	100	0

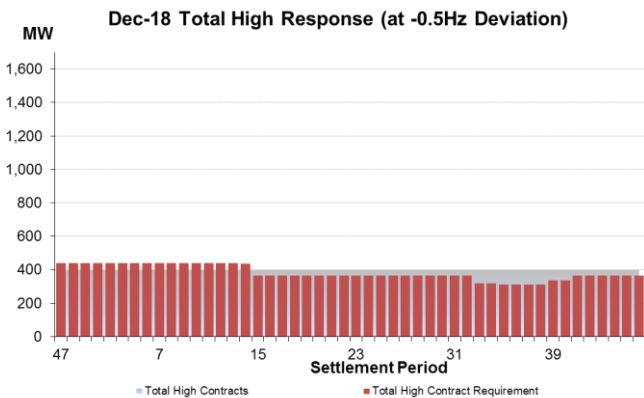
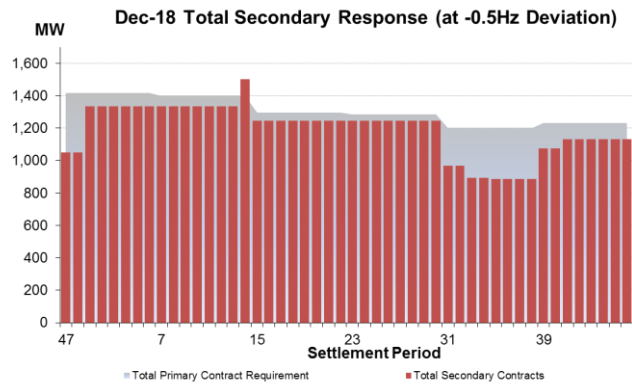
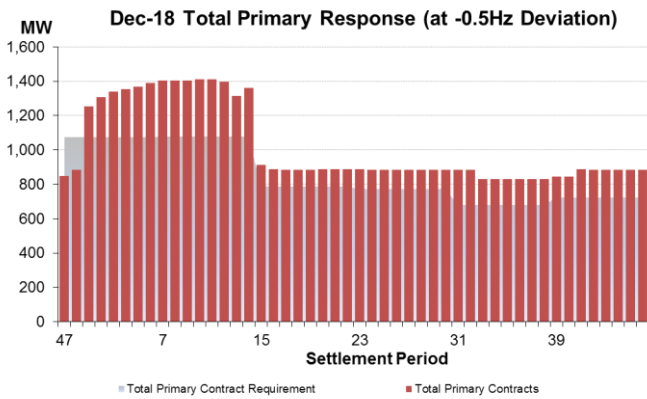
Appendix 2:
Dec-18
Requirements

The three charts below display the volume of frequency response left to contract at month ahead against the total response requirements. The red bars represent existing contracted service provision (both dynamic and non-dynamic) including any optional non-FFR services routinely used that National Grid forecast to be cost effective for the month ahead. The grey shaded area is the remaining volume to contract.

Except for circumstances where there is a specific dynamic requirement and for month ahead, the requirement will be taken from either dynamic or non-dynamic providers where deemed economic to do so. This means that any requirement found in the non-dynamic market may be procured in the dynamic market if considered more beneficial. With no primary non-dynamic market in existence, procurement of this volume across any EFA block will instead be taken from the dynamic market.

The breakdown of the requirement against dynamic and non-dynamic response can be seen in the tables in appendix 1.

In the move to standard EFA block window durations, the minimum of the total requirement across each EFA block outlines the level to be procured. In light of this transition, the minimum dynamic requirement remains a key component to be satisfied and outstanding volume against this will continue to be procured for operational purposes. For Dec-18, this is highlighted in the table in Appendix 1.



Appendix 4: Historical Profile of Firm Frequency Response (FFR) Value

The following information provides a historical overview of FFR value variation during the last two years. A breakdown of the relative values of Primary, Secondary and High Response over the same two years is also provided. This study is based on historical data taken from **1 October 2015 to 30 September 2017**. It is the same data used to calculate the costs reported within the Monthly Balancing Services Summary and for the avoidance of doubt is not a forecast of future value variation.

The FFR assessment principles document highlights that the main economical assessment of the value of individual FFR tenders is based upon the following costs:

- Cost of alternative service holding fees
- Cost of alternative utilisation (Bid Offer Acceptances)
- Cost of alternative margin services (BM Offers)

As the profile across the day is different across these three alternative actions, the costs have been combined for reasons of simplicity. It is important however, to note that the assessment has to use forecasts for some of these alternative costs. The assessment therefore has to take account of the associated uncertainty with using forecasts when considering the value of any tender for any time period. From this point, the document will refer to the value of FFR.

The relative values shown in Figures 1 and 2 provide a comparison of every settlement period relative to each other.

The lower, average and upper relative values for each of the 48 settlement periods that make up daily cost have been calculated and plotted in Figure 1 (summer) and Figure 2 (winter). Periods of low and high value are highlighted in Figure 1. Higher value periods are typically a result of the use of alternative margin services, especially notable in the winter during Settlement Periods **33-39**.

The following is an example of how FFR values are assessed. In Figure 2, for Settlement Period 17, the average relative value is approximately **2%** while for Period 35, the proportional value is approximately **4%**. The interpretation is therefore that period 35 is **2** times more valuable than Period 17.

The breakdown of the Primary, Secondary and High Response values over the same time period are included in the Appendix in Table 1 (summer) and Table 2 (winter).

This breakdown shows that during the winter overnight settlement periods (33-41) there is a larger share of value in Secondary Response with 70-75% which reflects the value provided from margin.

Contrast this to the summer, during overnight settlement periods (3-12) there is a significant proportion of value in High Response (40-45%). This is because demand is likely to be low, resulting in a greater requirement and hence value of high response.

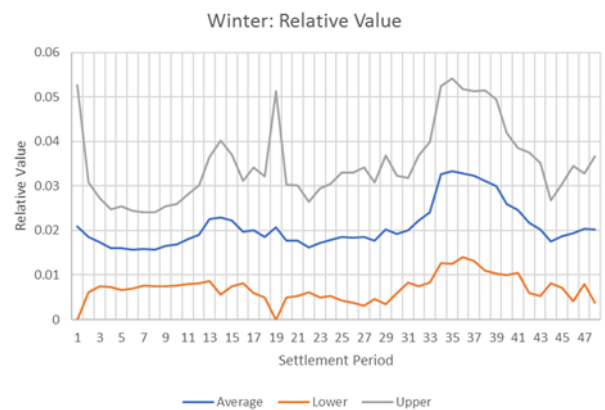


Figure 2: Relative Value of FFR by Settlement Period (Winter)

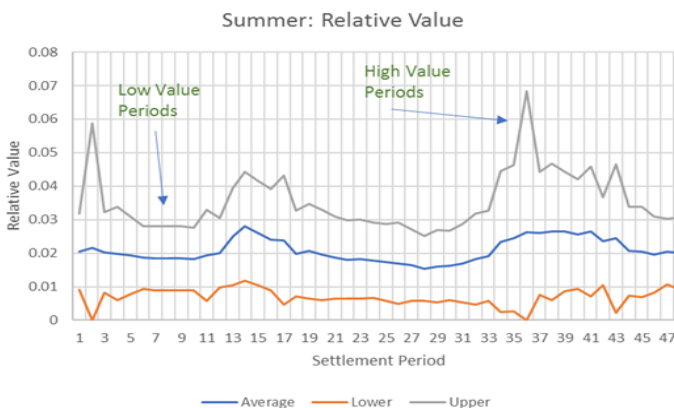


Figure 1: Proportional Value of FFR by Settlement Period (Summer)

Appendix 5: Proportional Value of FFR by Settlement Period

The tables below provide the background data to figures 1 and 2 above. This data is also contained in Appendix 5 of the excel file.

Table 1: Summer (Apr – Oct)

Settlement Period	Summer		
	Proportional Value		
	Average	Lower	Upper
1	0.020433	0.0090568	0.03181
2	0.021533	0	0.058754
3	0.02018	0.0081317	0.032229
4	0.019801	0.0058907	0.033711
5	0.019361	0.0078785	0.030843
6	0.018686	0.0094367	0.027936
7	0.018457	0.0088851	0.028029
8	0.018504	0.0089619	0.028047
9	0.018507	0.0089062	0.028107
10	0.018245	0.0088284	0.027662
11	0.019289	0.0056872	0.032892
12	0.020073	0.009725	0.030422
13	0.025019	0.0105523	0.039486
14	0.02808	0.0118922	0.044268
15	0.026033	0.0104737	0.041593
16	0.023951	0.0088068	0.039096
17	0.023892	0.0046278	0.043156
18	0.019869	0.0070425	0.032696
19	0.020594	0.0063904	0.034798
20	0.019489	0.006019	0.032959
21	0.018779	0.00655	0.031007
22	0.018075	0.0063674	0.029783
23	0.018244	0.0063993	0.030089
24	0.017886	0.0066154	0.029157
25	0.017239	0.0056884	0.02879
26	0.017	0.0048734	0.029127
27	0.016449	0.0058103	0.027087
28	0.015408	0.0056937	0.025122
29	0.01612	0.0052163	0.027023
30	0.016342	0.0059913	0.026693
31	0.016994	0.0052611	0.028727
32	0.018199	0.0046871	0.031711
33	0.019186	0.0056874	0.032684
34	0.023452	0.0024111	0.044493
35	0.024541	0.0027122	0.046369
36	0.02634	0	0.068389
37	0.025958	0.0075351	0.04438
38	0.026383	0.0060569	0.046709
39	0.026555	0.0087153	0.044395
40	0.025606	0.0092317	0.041981
41	0.026448	0.0070774	0.045819
42	0.023572	0.0103709	0.036773
43	0.024375	0.0022737	0.046476
44	0.02059	0.0073474	0.033834
45	0.020356	0.0068297	0.033882
46	0.019532	0.0082147	0.03085
47	0.020451	0.0106712	0.03023
48	0.019923	0.0091385	0.030707

Table 2: Winter (Nov – Mar)

Settlement Period	Winter		
	Proportional Value		
	Average	Lower	Upper
1	0.02098886	0	0.052636
2	0.01847584	0.0061735	0.030778
3	0.01731116	0.0074099	0.027212
4	0.01609112	0.0073866	0.024796
5	0.01599554	0.0066316	0.025359
6	0.01570355	0.0069584	0.024449
7	0.01583563	0.0075677	0.024104
8	0.01574464	0.0074063	0.024083
9	0.01646762	0.0074777	0.025458
10	0.0167957	0.0077324	0.025859
11	0.0180945	0.007994	0.028195
12	0.01912494	0.0081814	0.030069
13	0.02252939	0.0085995	0.036459
14	0.02292868	0.005685	0.040172
15	0.02227854	0.0075098	0.037047
16	0.01969832	0.0081764	0.03122
17	0.02009697	0.0060541	0.03414
18	0.01854429	0.0049941	0.032094
19	0.02077347	0	0.051282
20	0.01763538	0.0049166	0.030354
21	0.01775842	0.005324	0.030193
22	0.01627084	0.0060666	0.026475
23	0.01726167	0.0050217	0.029502
24	0.01789986	0.0053639	0.030436
25	0.01862037	0.0042198	0.033021
26	0.01841293	0.0038142	0.033012
27	0.01863923	0.0031333	0.034145
28	0.01770455	0.0045913	0.030818
29	0.02020937	0.0034979	0.036921
30	0.01915349	0.0059967	0.03231
31	0.02006174	0.0083366	0.031787
32	0.0221834	0.0075234	0.036843
33	0.02410633	0.0083769	0.039836
34	0.032578	0.0127633	0.052393
35	0.03334998	0.0124873	0.054213
36	0.03288638	0.0140503	0.051722
37	0.03228603	0.0132391	0.051333
38	0.03121332	0.0109266	0.0515
39	0.02992614	0.0103686	0.049484
40	0.0259286	0.009995	0.041862
41	0.02453442	0.0104726	0.038596
42	0.02176889	0.0060094	0.037528
43	0.02023719	0.0052538	0.035221
44	0.0174795	0.0081903	0.026769
45	0.01873756	0.0070827	0.030392
46	0.01935592	0.0042082	0.034504
47	0.02039713	0.0079027	0.032892
48	0.02023475	0.0038269	0.036643

Appendix 6: Proportional Response value by component

This data is also contained in Appendix 6 of the excel file.

Table 1: Summer (Apr – Oct)

Settlement Period	Summer		
	Share of Value		
	Primary	Secondary	High
1	29%	35%	36%
2	38%	41%	22%
3	27%	31%	42%
4	26%	28%	45%
5	25%	25%	49%
6	25%	25%	50%
7	24%	23%	53%
8	24%	23%	53%
9	24%	24%	52%
10	25%	25%	50%
11	25%	31%	44%
12	28%	33%	39%
13	31%	40%	30%
14	31%	43%	26%
15	28%	49%	23%
16	26%	51%	23%
17	25%	53%	21%
18	24%	52%	24%
19	22%	56%	22%
20	22%	54%	24%
21	23%	52%	24%
22	23%	52%	25%
23	23%	52%	25%
24	24%	51%	26%
25	24%	50%	27%
26	23%	50%	27%
27	23%	47%	30%
28	24%	44%	32%
29	21%	50%	29%
30	20%	53%	27%
31	20%	54%	25%
32	21%	55%	24%
33	21%	56%	23%
34	18%	65%	17%
35	19%	65%	16%
36	25%	62%	13%
37	17%	68%	15%
38	17%	67%	15%
39	18%	67%	15%
40	17%	67%	16%
41	19%	65%	16%
42	19%	64%	17%
43	19%	63%	18%
44	17%	62%	21%
45	18%	59%	23%
46	20%	55%	25%
47	29%	43%	28%
48	29%	40%	32%

Table 2: Winter (Nov – Mar)

Settlement Period	Winter		
	Share of Value		
	Primary	Secondary	High
1	26%	42%	32%
2	26%	41%	33%
3	27%	38%	35%
4	26%	35%	38%
5	26%	34%	40%
6	26%	32%	43%
7	25%	31%	43%
8	26%	31%	43%
9	27%	31%	42%
10	27%	32%	41%
11	29%	34%	37%
12	30%	36%	34%
13	28%	45%	28%
14	26%	46%	28%
15	27%	48%	25%
16	25%	49%	26%
17	23%	52%	25%
18	24%	50%	26%
19	25%	54%	21%
20	22%	52%	26%
21	22%	52%	26%
22	22%	52%	26%
23	18%	60%	23%
24	18%	61%	21%
25	18%	62%	21%
26	19%	60%	21%
27	19%	61%	19%
28	19%	60%	20%
29	14%	69%	17%
30	14%	69%	18%
31	14%	69%	17%
32	14%	70%	15%
33	14%	72%	14%
34	16%	73%	11%
35	16%	74%	10%
36	16%	73%	11%
37	18%	71%	11%
38	17%	71%	12%
39	19%	69%	12%
40	20%	65%	15%
41	21%	63%	16%
42	21%	60%	19%
43	22%	55%	23%
44	23%	52%	26%
45	22%	53%	25%
46	24%	48%	27%
47	27%	46%	27%
48	27%	43%	30%

Appendix 8: Forward Look at Requirements for Jan-18 onwards (TR 108)

In the next long term tender – TR 108 (closes 1st December '18 for contracts effective 1st January '19 onwards), we will be aiming to procure volume in specific periods only. Any tenders submitted for periods where no procurement requirement is indicated will not be accepted. The specific periods of procurement are shown below.

Dynamic Primary & Secondary:

Period:	EFA Block 1	EFA Block 2	EFA Block 3	EFA Block 4	EFA Block 5	EFA Block 6
Month ahead (Jan 19)	Yes	Yes	No	No	No	No
Quarter ahead (Jan 19 – Mar 19)	Yes	Yes	No	No	No	No
Summer 19 (Apr 19 – Sep 19)	Yes	Yes	No	No	No	No
Winter 19/20 (Oct 19 – Mar 20)	Yes	Yes	Yes	Yes	Yes	Yes
Summer 20 (Apr 20 – Sep 20)	Yes	Yes	Yes	Yes	Yes	Yes
Winter 20/21 (Oct 20 – Mar 21)	Yes	Yes	No	No	No	No

Dynamic High:

Period:	EFA Block 1	EFA Block 2	EFA Block 3	EFA Block 4	EFA Block 5	EFA Block 6
Month ahead (Jan 19)	Yes	Yes	Yes	Yes	Yes	Yes
Quarter ahead (Jan 19 – Mar 19)	No	No	No	No	No	No
Summer 19 (Apr 19 – Sep 19)	No	No	No	No	No	No
Winter 19/20 (Oct 19 – Mar 20)	No	No	Yes	Yes	Yes	Yes
Summer 20 (Apr 20 – Sep 20)	No	No	Yes	Yes	Yes	Yes
Winter 20/21 (Oct 20 – Mar 21)	No	No	No	No	No	No

Non-dynamic Secondary:

Period:	EFA Block 1	EFA Block 2	EFA Block 3	EFA Block 4	EFA Block 5	EFA Block 6
Month ahead (Jan 19)	Yes	Yes	Yes	Yes	Yes	Yes
Quarter ahead (Jan 19 – Mar 19)	Yes	Yes	Yes	Yes	Yes	Yes
Summer 19 (Apr 19 – Sep 19)	Yes	Yes	Yes	Yes	Yes	Yes
Winter 19/20 (Oct 19 – Mar 20)	No	No	Yes	Yes	Yes	Yes
Summer 20 (Apr 20 – Sep 20)	No	No	Yes	Yes	Yes	Yes
Winter 20/21 (Oct 20 – Mar 21)	No	No	Yes	Yes	No	No