

Fast Reserve Post Assessment WebEx

November-18



Introduction

This WebEx:

- Relates to the results of the December FR tender round that were published on the website on the 16th November 2018.
- Provides you with some more detailed feedback to ensure all suppliers are getting the same level of information.

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- You can use an anonymous name and email address to login if you have any concerns.
- This information will only be used to improve the information we provide to you regarding the ancillary services.

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National Grid Webinar

Monday, July 16, 2018 | 11:00 am GMT Summer Time (GMT+01:00) | 1 hour | ● Started

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1. Fast Reserve Assessment

Step 1

- The forecasted cost of a tenders are evaluated against the cost of obtaining an equivalent service in the optional market. This includes:
 - The cost of creating the equivalent reserve
 - The alternative utilisation cost
 - The cost of positioning units to offer fast acting reserve
- We account for the type of service delivered, duration of tender and availability window
 - Utilisation restrictions such as periods of unavailability and MNZT are factored into the forecasted contract cost.
 - Maximum utilisation volumes are accounted for in the forecasted utilisation volume
 - Windows with durations beyond the requirement are valued based on forecasts of potential utilisation volumes

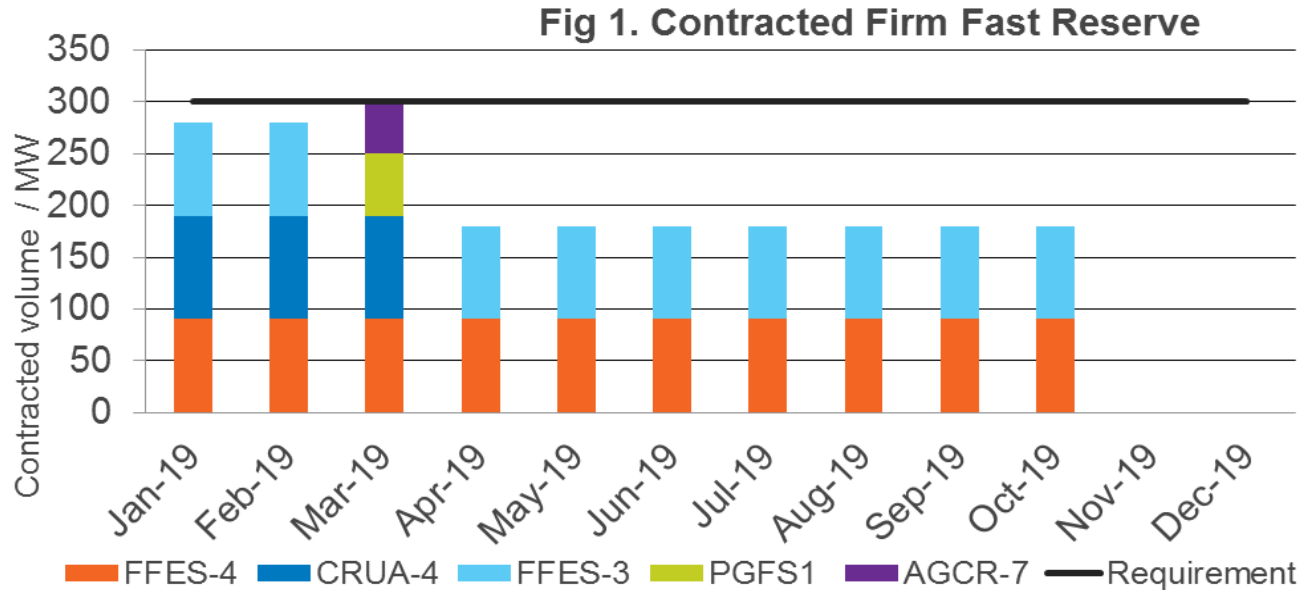
Step 2

- 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.

2. Fast Reserve Requirement



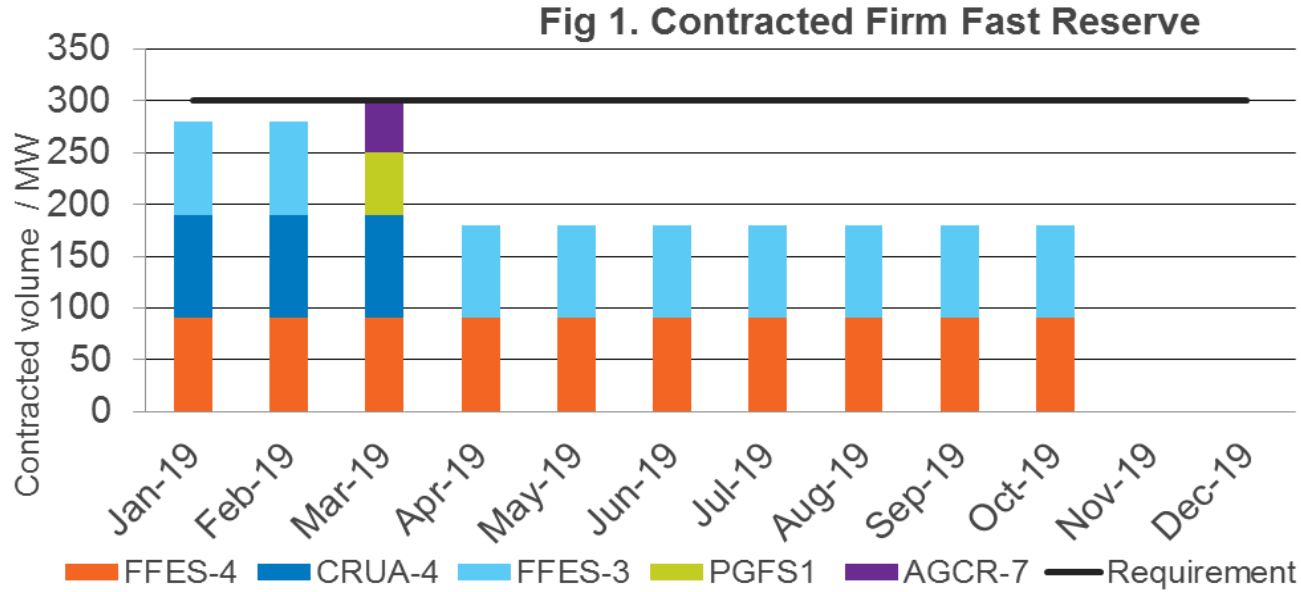
“Following the September-18 tender we have now contracted sufficient volume against our procurement strategy and therefore do not need to secure any further volume until the January-19 tender round. We are required to run a monthly tender but for the sake of clarity we will not accept any more volume until the tender round beginning 1st January.”

3. Overview of tenders

Tendered Unit	Tendered Period		Tendered Window	Length /months	Average Availability fee £/h	Average Positional fee £/h	Utilisation Fee (£/MWh)	FR volume/MW	MWh limit /per operational day	Max Utilisations / per operational day	MNZT /mins	MZT /mins
PLUTFR-1 A	01-Apr-19	31-Oct-19	07:00 - 23:00	7	540 (April 19 - May 19) 600 (June 19 - Oct 19)	0.00	100.00	120	480.00	5.00	2.00	15.00
PLUTFR-1 B	01-Apr-19	31-Oct-19	07:00 - 23:00	7	300.00	0.00	100.00	60	480.00	5.00	2.00	15.00

4. Results

- No additional volume was procured
- April – 19 volume and beyond will become the focus of procurement activity from January 2019



5.Rejection Reason Code

2 tenders received did not reflect the market information report and were rejected under reason code 7

Tendered Unit	Tendered Period		Tendered Window	Length /months	Average Availability fee £/h	Average Positional fee £/h	Utilisation Fee (£/MWh)	FR volume/MW	MWh limit /per operational day	Max Utilisations / per operational day	MNZT /mins	MZT /mins	Reason Code
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6. Reason Codes

To provide clarity an additional reason code has been added

No.	FR Reason Codes	Definition
7	Beneficial but desired procurement volume already satisfied	While the tender submitted was considered beneficial, the desired procurement volume has already been met (or sits below marginal unit)

No.	FR Reason Codes	Definition
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.

7. Next tender round, December-18

December Tender Round

- Procuring volume for delivery from January-19.
- Tender submission date of Monday 3rd December 2018 at 17:00.
- Tenders must use the latest submission form to be compliant.
- Providers must have proved Fast Reserve delivery to our satisfaction.

8. Next tender round, December-18

Although we have not met our 300 MW requirement our current intention is to not procure any further volume for the period January-19 to February-19.

Contracting any further volume, with a minimum requirement of 50 MW will lead to significant overholding.

- Units are assessed to take into account overholding and therefore their resulting benefit will be significantly reduced.

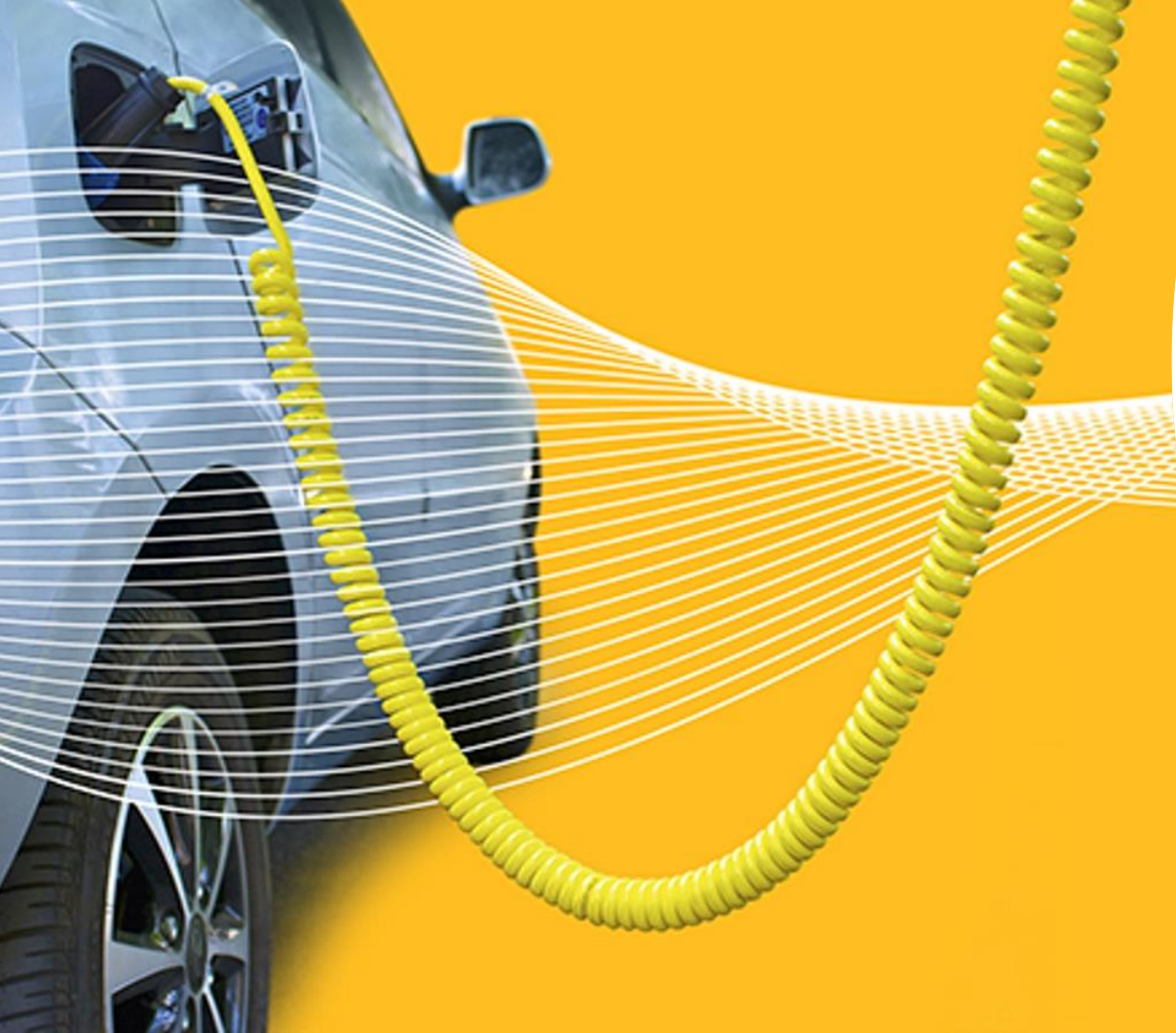
Following the September-18 tender we have now contracted sufficient volume against our procurement strategy. Our current intention is to not procure any further Fast Reserve for Summer 19 until the January tender round.

- The Market Information Report will be released by Monday 26th November 2018.

9. Tender round, January -19

Due to the Christmas period the tender timeline will be amended slightly as below:

- Market Information Report will be published by 20th December
- Tender submission deadline will be 5pm on 3rd January
- Notification of outcome of the tender assessment by 17th January
- Results published online by 21st January



11. Feedback

Before we move onto the questions section, we ask you to leave your feedback using Webex live poll that will shortly be appearing on your screen shortly

12. 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

Question 1: From the latest market reports you are only looking to procure Firm FR for the period April 19 onwards in the January tender round. In light of the proposed changes to the bidding process identified in the outline change proposal are you expecting bids to be in EFA blocks rather than the existing Firm FR windows?

The Market Information Report for the January tender round will include the requirement in EFA blocks, though providers are not obliged to submit tenders that align with EFA blocks.

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