

# C16 External Workshop

6<sup>th</sup> December 2018

# House-keeping

- **Fire Alarms**
- **Facilities**
- **Red Lanyards**

## WIFI

Ask one of us if you do not have any details

# Introductions

## Adelle Wainwright

Senior Commercial  
Lead



## Audrey Ramsay

Commercial Operation  
Strategy Manager



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Commercial  
Analyst



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Performance Review  
Manager



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Team Leader



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# Introduction to the C16 Process



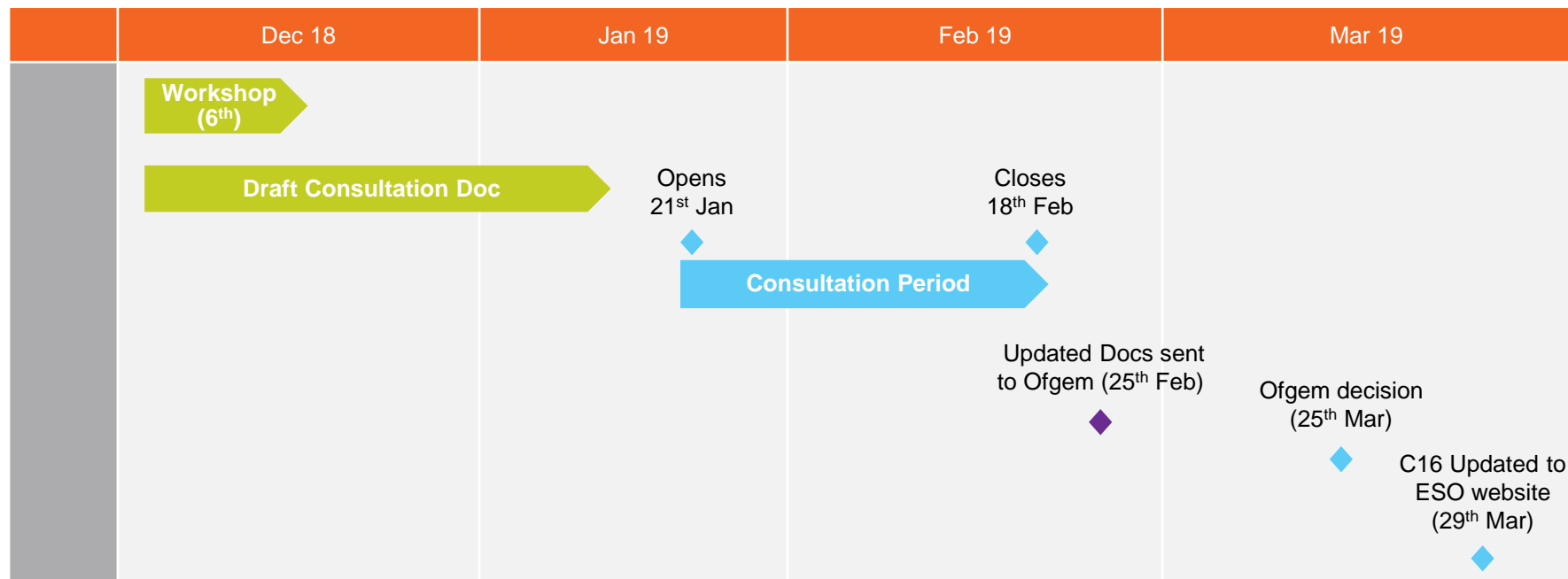
# Intro to C16 process

- C16 requires us to maintain and annually update
  - Balancing principles statement
  - Procurement guidelines
  - System management action flagging (SMAF) methodology
  - Balancing services adjustment data (BSAD) methodology
  - Applicable balancing services volume data (ABSVD) methodology
- Together these set out how we procure balancing services and how data relating to these is passed to Elexon

# What does each document do

Document	What does it do?
Balancing principles statement	Sets out the principles around the type of balancing services we use.
Procurement guidelines	Sets out services we procure and how we procure them and publish information about this procurement.
System management action flagging	Describes the process National Grid will use to identify whether Balancing Service Adjustment Actions were used for system management reasons.
Balancing services adjustment data (BSAD)	All balancing services volumes and prices with appropriate flags passed through to Elexon for use in the imbalance price calculation.
Applicable balancing services volume data (ABSVD) methodology	Enables neutralisation of balancing service delivered volumes in the relevant BSC party account so providing balancing services does not impact their imbalance

# C16 Timeline & why do we hold this workshop?



Once the C16 consultation commences, timelines are fixed according to our Licence.





# General feedback

# General questions

- What is the impact of EBGL requirements on C16 processes?
- Should C16 documents be rationalised to avoid duplication (raised at previous consultation)?
- At what point should we include mention of Replacement Reserves product delivered by Project TERRE?

# Procurement Guidelines



# Purpose of the procurement guidelines

## Published under Transmission Licence Condition C16

- They set out the kinds of Balancing Services which we may be interested in purchasing, together with the mechanisms by which we envisage purchasing such Balancing Services. A generic statement of the procurement principles we expect to follow.
- Part A – Introduction - Purpose
- Part B – General Principles
- Part C – Balancing Services Required
- Part D – Procurement Mechanisms
- Part E – Information Provision

# Links to strategy reporting

Longer term strategy documents:



Year ahead requirements framework:



Future Energy Scenarios



Electricity Ten Year Statement



System Operability Framework



System Needs and Product Strategy



Product Roadmap for Reactive Power



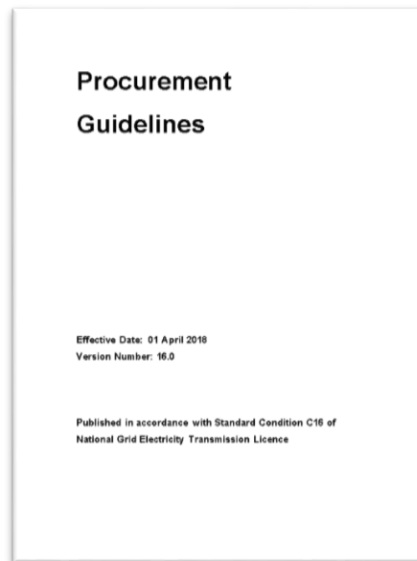
Wider Access to the Balancing Mechanism



Transmission Thermal Constraint management



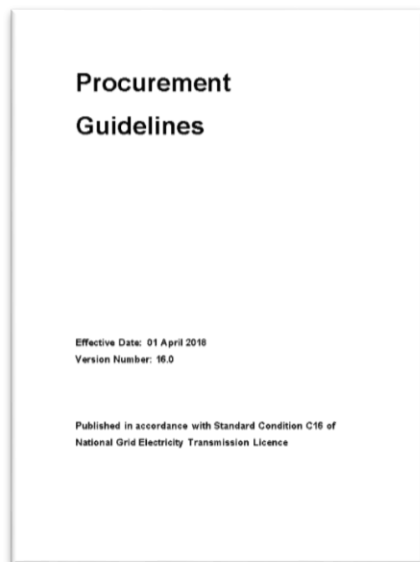
Operability Strategy Report



# Links to service specific information

Year ahead requirements framework:  Service specific information:

National Grid ESO > Balancing services > e.g. Firm Frequency Response



- Service overview
- Market Information Report
- FAQs
- Latest news and updates
- Technical requirements
- How to tender
- Testing and performance
- Standard contract terms
- Framework agreements
- Tender assessment principles
- Tender results and feedback webinars and Q&A
- Service Review documents
- Post tender report

# Post event reporting

Service specific information:



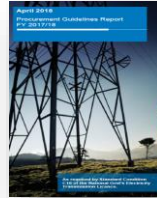
Post event reporting:

National Grid ESO > Balancing data > System balancing reports

- Operating Reserve
- STOR
- Other Reserves
- Constraints
- Negative Reserve
- Response
- Reactive Power
- Black Start



Monthly Balancing Summary Statement (MBSS)



Procurement Guidelines Report



Market Information Reporting

## Summary of proposed changes:

- Explain difference between System Ancillary Services and Commercial Ancillary Services
- Commit to procuring Commercial Ancillary Services through market mechanisms where possible
- Align with the categories reported in the MBSS
- Update each service description and expectation for year ahead
- Add signposting to further service information on the ESO website

## Annual update

- Update the list of balancing services, remove or comment on services we don't expect to buy e.g. Enhanced Reactive Power (subject to CUSC changes)
- Add a summary of service developments for the next year e.g. new services, service trials, review of service framework.
- <sup>16</sup> Signal changes to requirement volumes for each service



# Changes by section

## PART B General Principles

1. Balancing Services
  2. Procurement Principles
  3. Balancing Services Relationships
  4. Taking Actions Outside the Balancing Mechanism
- 
- Clarify difference between System Ancillary Services and Commercial Ancillary Services
  - Wherever practical to do so we will seek to procure Commercial Ancillary Services via appropriate competitive process
  - We do not plan to procure new or additional volumes of existing Commercial AS contracts through bilateral contracts
  - Our long-term strategy is to reduce the number of existing bilateral Commercial AS
  - Remove reference to PGBTs

# Changes by section

## PART C Balancing Services Required

1. Types of Balancing Services
  2. Description of Balancing Services
  3. Demand Side Providers and Small Generators
- 
- Move 'Description of Balancing Services' section before 'Types of Balancing Services'
  - Simplify split of Ancillary Services to Commercial and System Ancillary Services
  - Remove reference to 'Other Ancillary Services'
  - List Ancillary Services categories that align with the MBSS and service types that fit within them
  - Clarify which Commercial Ancillary Services we do and don't expect to procure
  - Update descriptions of specific service types and expectations for next year
  - Remove distinction between Ancillary Services from demand side providers
  - Remove 'interest in entering into bilateral discussions with demand side providers'

# Changes by section

## PART D Procurement Mechanisms

1. Procurement Process
2. Procurement Communication Media
3. Procurement Summary

- 'wherever practical' we will seek to procure through a market mechanism
- 'we do not intend to enter into bilateral contracts for Commercial Ancillary Services'
- Update Balancing Services Summary Table, focus on Commercial AS. Review list of services, procurement timescales, and indicative requirement

# Changes by section

## **PART E Information Provision**

1. General Provisions
  2. Information Provision Contact
  3. Information Provision Detail
  4. Volumes of Balancing Services
  5. Information Provision Summary
  6. Future Developments
- 
- Signpost information on the ESO website for each service, provide links
  - Add service development update, expectation and key dates for next year

# Service Developments in 2019/20

## Frequency Response Auction Trial

- Due summer 2019, will procure 4 products which are effectively standardised versions of existing products plus the first of the new frequency response product suite:
  - Low/High Frequency Dynamic (standardised P S H)
  - Low/High Frequency Static (new fast static products)

## New Frequency Response Product Suite

- Implementation of other products of the new suite is under consideration, more detail will be published in December in the implementation plan

<https://www.nationalgrideso.com/balancing-services/frequency-response-services/future-frequency-response-products>

# Your feedback

At the year ahead stage, what information do market participants need to make informed decisions about ancillary services?

What key information do you think is missing from the Procurement Guidelines?

Does the service specific information provided on the ESO website meet your requirements?

Do you agree with the approach of a high-level framework within the Procurement Guidelines, and detailed requirements on the ESO website?

What would you add to our list of proposed changes?



# Balancing Principles Statement

# Purpose of the document

**Published as required under Transmission Licence Condition C16**

**Defines the broad principles of when and how we will use balancing services and other balancing actions to manage the system:**

- A) Introduction
- B) General Principles
- C) Principles of using balancing measures
- D) Principles of using constraint management and response/reserve products
- E) General day ahead and within day processes
- F) Security standards for operations
- G) Exceptions



# Balancing principles statement – changes proposed

- **Does the new requirement for EFR need to be included? The need for it and characteristics are different to historic forms of active frequency response**
  - **(2017 comment)**

We agree that the current document does not include all the products that are currently in active procurement, or will be in the future.

Rather than providing a list of the currently available products and markets (which can easily be found on the internet, and is not the stated purpose of the document), we propose rewording sections of the documents to refer to the principles around why we are using the products.

We believe that this change is more in line with the purpose of the document, which is to explain the principles behind when and why we use balancing measures.

# Balancing Services Adjustment Data (BSAD)



## Potential BSAD change

- UK Power Reserve raised BSC modification P371 in September 2018 to include non-BM Fast Reserve in the Imbalance Price calculation.
- We believe if this modification is taken forward it is worth clarifying that non-BM Fast Reserve data is included in BSAD.
- Timescale wise this could take place in next year's update once the outcome of the mod is known (or in an adhoc update if an approved implementation date was ahead of April 2020).

# LUNCH





# System Management Action Flagging (SMAF)

# Reasons for System Flagging

- **Constraints** - Any action taken to resolve or partially resolve a constraint should be flagged System
- **SO – SO trades** - action to slow down ramp rates, Emergency Assistance, Intertrip, and External SO trades
- **BM Start Up** - BM Start up required for transmission constraint
- **Black Start** - Units that are warmed and run to maintain black start capability should be flagged System, i.e.: any BM Start Up instructions and BOAs sent to the BMU in question should be flagged System.
- **Rate of Change of Frequency actions (RoCoF) / Largest loss Restrictions** - Any action taken to reduce system infeed or demand loss below the risk and associated response holding determined at the time by the OEM will be flagged as Energy
- **Fault Level Management instructions** - Any actions taken to manage fault levels will be flagged as System

# SMAF Report

- The report reviews the accuracy of the system flagging in accordance with the System Management Action Flagging (SMAF) methodology.
- Since 2014 the System Operator has been able to amend the System Flag post event via the Correction of Bid-Offer Acceptance Data (BSCP18) process. We become aware of Incorrect system flags via a Data Inquiry Report (DIR) from the control room, an email from a customer or the daily post event reporting. The amendment(s) need to be processed within 5 WD.
- Using these correction we can then compare the accuracy of the system flagging.
- The SMAF Report is published in May/June of each calendar year.



# Applicable Balancing Services Volume Data (ABSVD)





# Applicable Balancing Services Volume Data

- ABSVD for EFR has been raised – should this be included?
- How do we ensure correct volumes are being allocated?
- Intend to reference the source of backing data in ABSVD methodology (2017 comment)

Other areas to  
consider





Your thoughts?



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