

# Fast Reserve Market Information Delivery from February-19

January-19

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# 1

## Introduction

To Firm Fast Reserve Tender

# 1. Firm Fast Reserve

Fast Reserve provides the rapid and reliable delivery of active power through an increased output from generation or a reduction in consumption from demand sources, following receipt of an electronic dispatch instruction from National Grid Electricity System Operator (ESO). Fast Reserve requires all units to have the capability to commence service delivery within two minutes following instruction, at a rate of 25MW per minute or greater and provide a minimum of 50MW. Fast Reserve is an additional energy balancing service used to control frequency changes.

Fast Reserve may be provided as either a Firm service, procured through a tender process, or as an Optional service. Submitted tender prices are compared to the costs of alternatives to deliver the equivalent level of Fast Reserve. This report provides information about the volume of, and time periods over which, Firm Fast Reserve is required to current and potential providers.

To be an eligible service provider for Firm or Optional Fast Reserve you must have demonstrated your Fast Reserve capability to the ESO's reasonable satisfaction. This includes accepting instructions via National Grid ESO's dispatch platforms.

## 2. Highlights

In December-18, no tenders were received, therefore no additional volume has been contracted.

We have determined that while we have not met our 300 MW requirements in February-19 we will not contract any further volume for this period. Contracting any further volume, with a minimum volume requirement of 50 MW will lead to overholding. Units are assessed to considering overholding and therefore their resulting benefit will be significantly reduced. The requirement for March 2019 has been filled, and no additional volume is expected to be procured.

**Following previous statements regarding previously procured volume. Our intention is to consider procuring volume to be delivered between April 2019 and October 2019. Subject to the output of the OCP, the requirement has now been described in EFA blocks to provide additional clarity, however all participants are not currently obliged to tender on a EFA block.**

### Key Points

This Market Information Report is relevant for tenders submitted in **January-19** for delivery from **February- 19**.

Tenders from eligible service providers for Firm Fast Reserve should be submitted by **Thursday 3rd January 2019** for all tenders.

National Grid will notify service providers of the outcome of the tender assessment by **Thursday 17th January 2019**.

Tenders should be submitted using the latest Tender Submission Form on the ARIBA E-Tender platform. If you have not registered in ARIBA or received an invite to the event, please contact your Account Manager in the first instance. If you have any questions about the event, email: [commercial.operations@nationalgrid.com](mailto:commercial.operations@nationalgrid.com)

More details on the tenders that have been accepted or rejected are available from the post-assessment tender reports at: <https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?market-information>

The Fast Reserve Assessment Principles Report and other useful reports are available at: <https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate>

For a monthly cost summary of services procured please follow the below link to the Monthly Balancing Services Summary (MBSS), which gives a breakdown of costs by service including the Firm and Optional Fast Reserve costs: <https://www.nationalgrideso.com/balancing-data/system-balancing-reports>

This report is under continuous review and development, therefore if you have any comments or suggestions of information you would like to see in the future reports, please contact your account manager or email the assessment team: [box.AncillaryAssessment@nationalgrid.com](mailto:box.AncillaryAssessment@nationalgrid.com)





# 2

## Market Information

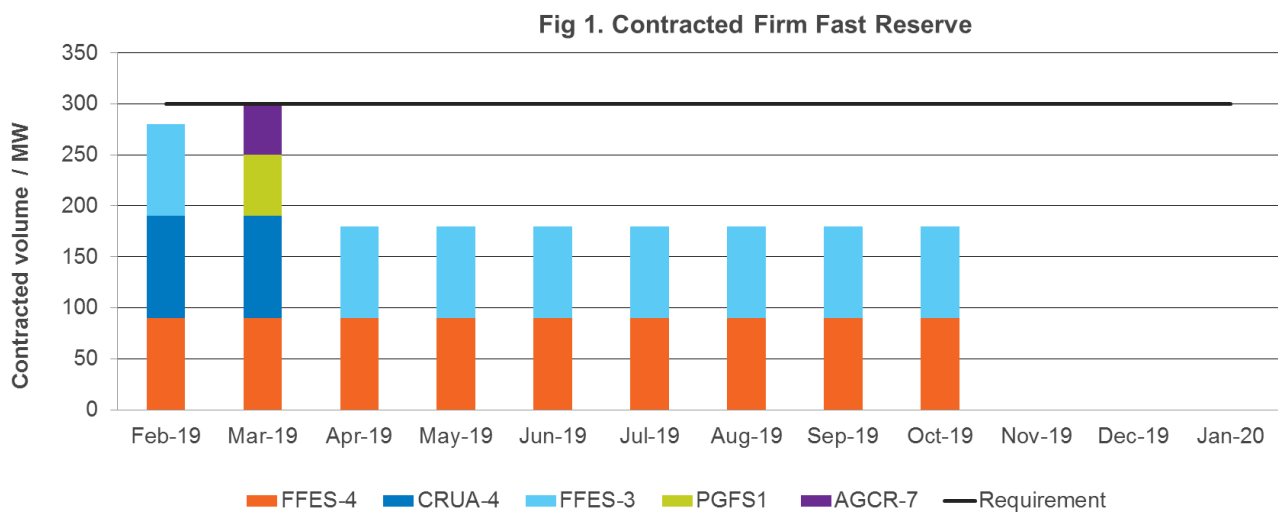
# 1. Firm Fast Reserve Requirement

The data used to produce the graphs of the Firm Fast Reserve requirement and contracted volume for each delivery month is available in the [Fast Reserve Market Information Data spreadsheet](#).

The following figures show the existing contracted Fast Reserve volume per month and per day Furthermore, for the certainty of available Fast Reserve volume its preferable to have a continuous contracted service during the Fast Reserve requirement window

We have determined that while we have not met our 300 MW requirements in February-19 we will not contract any further volume for this period. Contracting any further volume, with a minimum volume requirement of 50 MW will lead to overholding. Units are assessed considering overholding and therefore their resulting benefit will be significantly reduced. The requirement for March 2019 has been filled, and no additional volume is expected to be procured for this period.

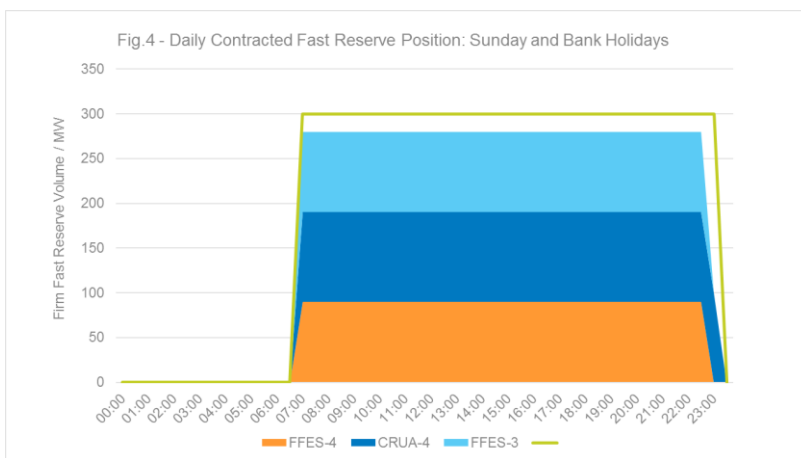
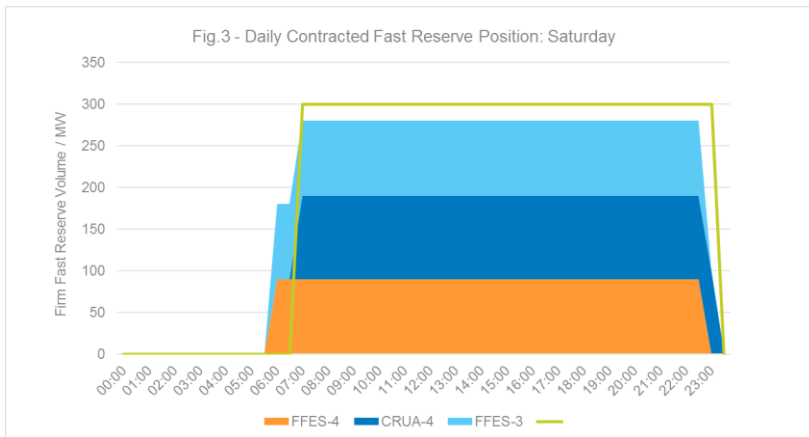
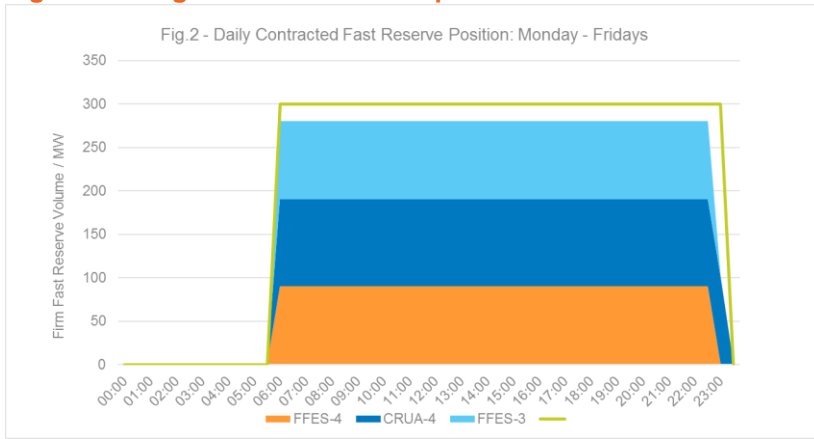
**Figure 1. The monthly Fast Reserve requirement against our current contracts for the next 12 months**



**Table 1. 12 months requirement**

Month	<b>Additional Optimal Max Firm Requirement (MW)</b>	EFA Block 1	EFA Block 2	EFA Block 3	EFA Block 4	EFA Block 5	EFA Block 6
Feb-19	20	0	0	20	20	20	20
Mar-19	0	0	0	0	0	0	0
Apr-19	120	0	0	120	120	120	120
May-19	120	0	0	120	120	120	120
Jun-19	120	0	0	120	120	120	120
Jul-19	120	0	0	120	120	120	120
Aug-19	120	0	0	120	120	120	120
Sep-19	120	0	0	120	120	120	120
Oct-19	120	0	0	120	120	120	120
Nov-19	300	0	0	300	300	300	300
Dec-19	300	0	0	300	300	300	300

**Figure 2 to Figure 4 shows our requirement and contracted Fast Reserve by day for delivery for February -19**





## 2. Fast Reserve Utilisation Data: Excel Spreadsheet

### 2.1 Monthly utilisation volumes

The monthly utilisation volume in the excel spreadsheet is based on the aggregate of all accepted offers for Firm and Optional services, from BM and NBM units to provide Fast Reserve. Please note the data is for the total utilisation for the whole month across all settlement periods and is not the average utilisation by settlement period.

This utilisation data is available on a per settlement period for the last 12 months. This will allow all participants to complete their own analysis on utilisation, on any period they wish to tender in for.

Please note the utilisation graphs have been removed, in favour of the data in the associated excel spreadsheet. Feedback on this approach, is appreciated.

### 2.2 Utilisation volumes by price band

Within the excel spreadsheet, the utilisation by price band gives the total volumes of BM and NBM Fast Reserve utilisation for the financial year to date broken down into price bands. The price information is based on all accepted offers for Firm and Optional services, from BM and NBM units to provide Fast Reserve.

### 2.3 Utilisation durations by time bands

The information on utilisation durations, counts all accepted offers for Firm and Optional services, from BM and NBM units based on the Fast Reserve instruction duration. It is expected that this data will remain relatively static from month to month. The data provided is the summation of Fast Reserve utilisation instructions since 1<sup>st</sup> April 2016.

### 2.4 Contracted Volume

The Contracted volume, which is illustrated in figures 2 to 4, is provided in table form. This includes all accepted contracts for the initial tender month – February 2019.

### 2.5 24 month requirement

The requirement for the next 24 months is outlined in the excel spreadsheet, this includes a current overview of the requirement per EFA block. This is the requirement for the whole period and does not reflect any procurement strategy that may be employed by the System Operator. Information on short term procurement decisions can be found in the relevant market information report.

## 3. Market Developments

### 3.1 Use of Applicable Balancing Services Volume Data (ABSVD) for non-BM Balancing Services at the metered (MPAN) level

On 18th June 2018 the Authority, (Ofgem) approved the proposed modification to the BSC P354 for implementation on 1 April 2020 as a standalone BSC Systems Release. The modification will allow the Transmission Company to provide ABSVD for non-BM Balancing Services providers to BSC Central Systems for allocation to the appropriate Supplier BM Unit to correct their Energy Imbalance position. More details on the proposal and the Authority's approval can be found on Elexon's website:

<https://www.elexon.co.uk/mod-proposal/p354/>

### 3.2 Embedded benefits

There have been both Connection and Use of System Code (CUSC) modifications (CMP264 and CMP265) and Balancing and Settlement Code (BSC) modifications (P348 and P349) that will have significant impacts on the payments and transmission charges for smaller embedded generation (under 100MW). These changes are being introduced through a three-year phased implementation, beginning on 1st April 2018. Further details can be found on Ofgem's website.

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-decision-industry-proposals-cmp269-and-cmp270>

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-impact-assessment-and-decision-industry-proposals-cmp264-and-cmp265-change-electricity-transmission-charging-arrangements-embedded-generators>

<https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-decision-industry-proposals-p348-and-p349>



# A

## Appendices

Reason Codes



## A. Reason Codes

The table below provides guidance as to the reasons that a tender has been rejected. They can be matched against the numbers in the 'Reason Code' section of the Post Tender Report. This will be effective for tenders submitted from November 2017.

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="https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate">https://www.nationalgrideso.com/balancing-services/reserve-services/fast-reserve?how-to-participate</a>
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)

Where appropriate, new reasons will be added following each tender round.

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