FFR Results WebEx (TR 110)

22nd February 2019

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Introduction

This WebEx:

- Relates to the results of the February FFR tender round that were published on the website on the 14th February 2019. (This was a month ahead only tender)
- Provides you with some more detailed feedback to ensure all suppliers are getting the same level of information.

This month we will be using the live poll in WebEx for feedback on this feedback session.

Representatives

	Responsibility	Contact
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Contents

1. Requirement

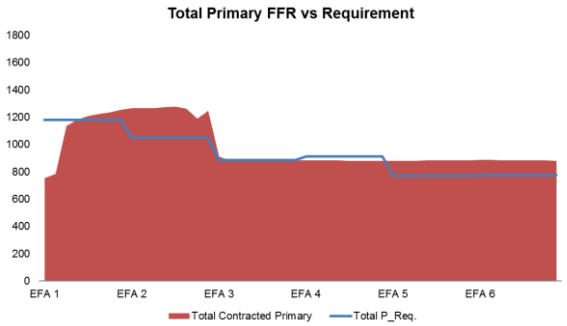
At month ahead, volume is procured economically from either the dynamic or non-dynamic market

A secondary non-dynamic requirement of varying volume for all EFA blocks remained

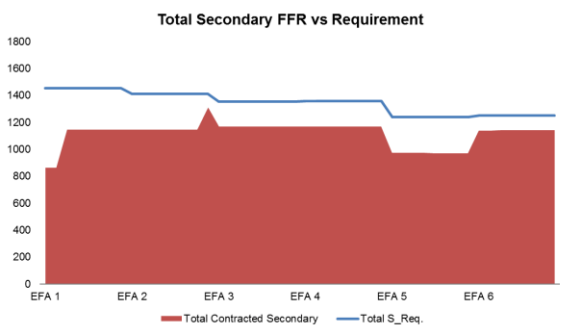
A primary & secondary dynamic requirement for EFA 1-2.

A high dynamic requirement for all EFA blocks

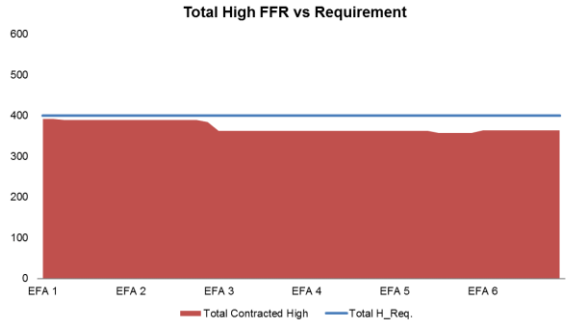
Total Primary FFR vs Requirement



Total Secondary FFR vs Requirement



Total High FFR vs Requirement



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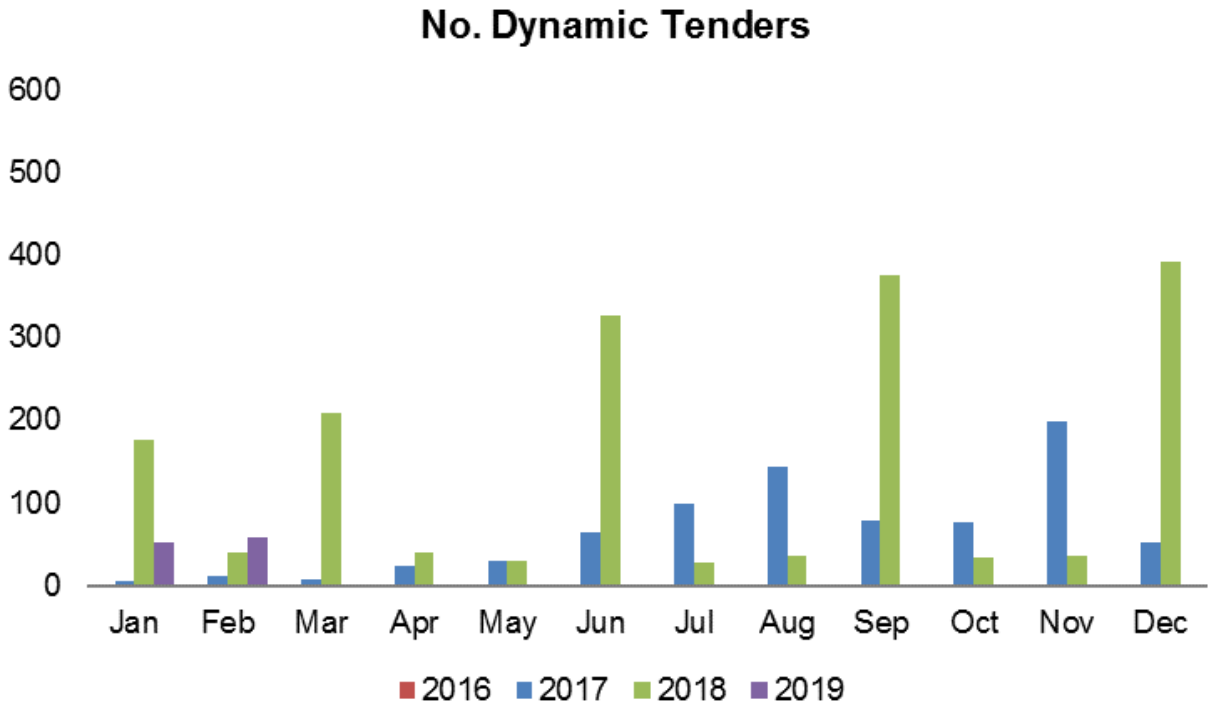
2. Overview

No. Dynamic Tenders



59 tenders

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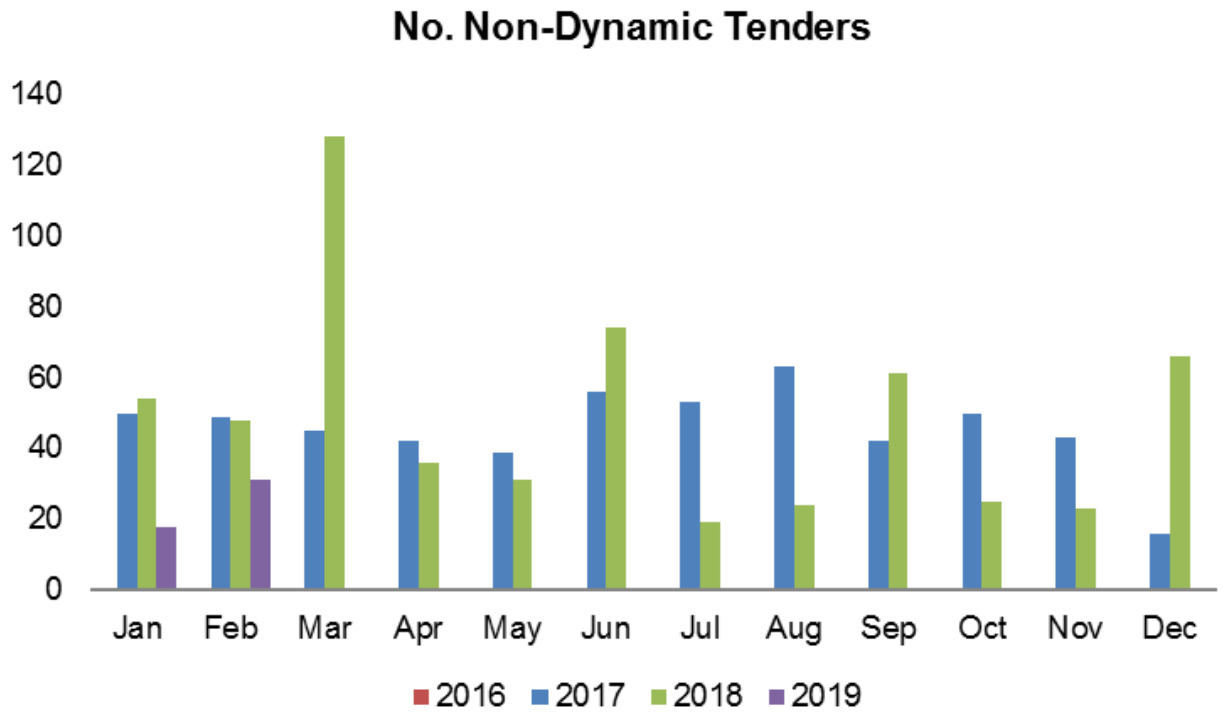
2. Overview

No. Non-Dynamic Tenders



31 tenders

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3. Results

Accepted Tenders: Beneficial against the outstanding requirement or upon account of overholding

1.1: The outstanding 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

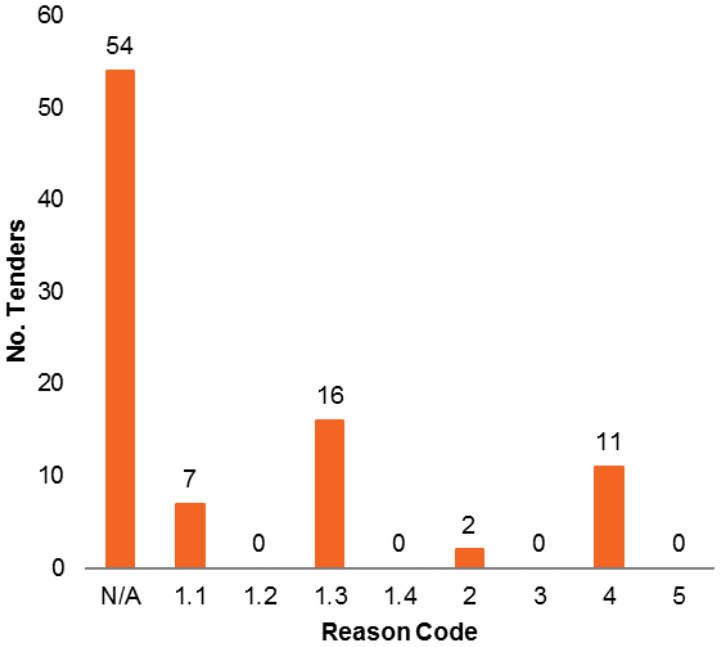
1.4: This tender formed part of an all-or-nothing group which did not collectively deliver enough benefit to be considered

2: Price not beneficial across tendered period. Either against the mandatory market or other alternative services

3: Does not meet tender prerequisites. Service requirements can be located on the frequency response section of the ESO website

4: Multiple tenders received for the same unit. The most beneficial of the tenders on the unit was accepted

5: Beyond desired procurement volume



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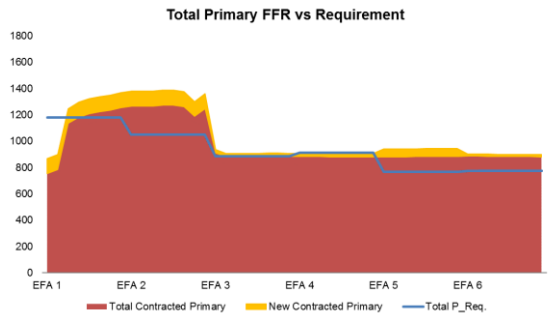
3. Results

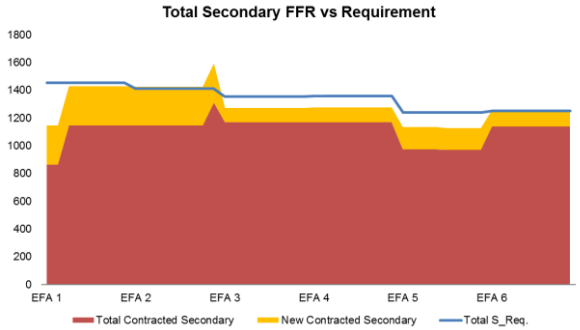
At month ahead, volume is procured economically from either the dynamic or non-dynamic market

Any additional volume required for Mar ‘19 delivery will be procured by the ENCC in accordance with the daily system needs

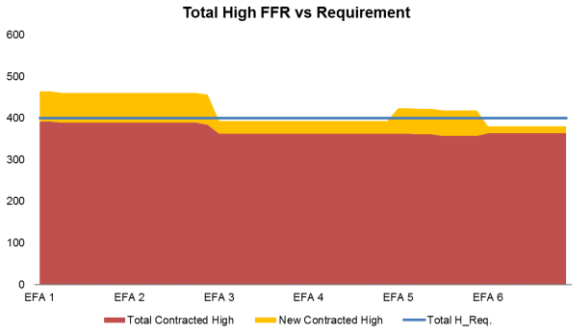
Total Primary FFR vs Requirement



Total Secondary FFR vs Requirement



Total High FFR vs Requirement



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4.1 Assessment

Step 1

- Tenders are evaluated against the cost of obtaining an equivalent service in the mandatory market
- This accounts for the start date, type of service delivered, duration of tender and service availability window

Step 2

- Tenders are stacked in terms of benefit delivered against any outstanding requirement

Step 3

- Where applicable, any possible over holding is accounted for. Tenders are assumed to offer no value where the requirement has already been satisfied. Tenders are then restacked against the recalculated perceived benefit

Step 4

- The ESO procurement strategy is applied to ensure a measured approach is taken to procure volume for future delivery periods

Correction to slide 17-19

Please note that slides 17-19 below have a correction to the alternative cost adjusted for overholding value for tender 5a.

As there is no overholding for the contract there is no change to the alternative cost once overholding is taken into account.

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00						
2	0	0	1	£ 1,488.00	744	£ 4,535.00						
3	6	6	6	£ 15,900.00	388	£ 60,000.00						
4	45	45	45	£120,000.00	372	£ 395,000.00						
5a	20	20	0	£ 44,650.00	248	£ 58,000.00						
5b	0	0	20	£ -	248	£ 33,000.00						

Alternative cost is calculated based on the expected alternative actions in the BM with avoided costs for headroom and footroom included

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%					
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%					
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%					
4	45	45	45	£120,000.00	372	£ 395,000.00	229%					
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%					
5b	0	0	20	£ -	248	£ 33,000.00	100%					

Contract benefit is calculated for each individual tender line

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%	-19%				
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%	205%				
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%	277%				
4	45	45	45	£120,000.00	372	£ 395,000.00	229%	229%				
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%					
5b	0	0	20	£ -	248	£ 33,000.00	100%	123%				

Contract benefit for AON tenders is represented as one number (sum the benefits of the AON tender lines)

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%	-19%	0.00			
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%	205%	0.00			
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%	277%	620.00			
4	45	45	45	£120,000.00	372	£ 395,000.00	229%	229%	33480.00			
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%		0.00			
5b	0	0	20	£ -	248	£ 33,000.00	100%	123%	33480.00			

Overholding volume is calculated for each individual tender line (or AON tender) as if only that tender had been accepted

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%	-19%	0.00	£ 52,487.00		
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%	205%	0.00	£ 4,535.00		
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%	277%	620.00	£ 44,000.00		
4	45	45	45	£120,000.00	372	£ 395,000.00	229%	229%	33480.00	£ 129,543.00		
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%		0.00	£ 58,000.00		
5b	0	0	20	£ -	248	£ 33,000.00	100%	123%	33480.00	£ -		

Alternative cost is recalculated considering only the volume delivering against the requirement – essentially adjusting for overholding volume

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%	-19%	0.00	£ 52,487.00	-19%	
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%	205%	0.00	£ 4,535.00	205%	
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%	277%	620.00	£ 44,000.00	177%	
4	45	45	45	£120,000.00	372	£ 395,000.00	229%	229%	33480.00	£ 129,543.00	8%	
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%		0.00	£ 58,000.00	30%	
5b	0	0	20	£ -	248	£ 33,000.00	100%	123%	33480.00	£ -	£ -	

Contract benefit is recalculated for each individual tender line using the adjusted alternative cost just calculated

4.2 Dynamic Assessment Example

Tender Ref	P	S	H	Contract cost (£)	Hours of delivery	Alternative cost	Contract benefit	Contract benefit AON	Overholding volume (MWh)	Alternative cost adjusted for overholding	Contract benefit	Contract benefit AON
From tender submission						*BMU holding, Alt holding, BMU BOA, Alt BOA, headroom & footroom benefit*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*	*Calculated by comparing tender against requirement + any accepted tenders*	*Only considers volume delivering against requirement*	*(Alternative cost - contract cost)/ contract cost*	*Sum of benefits for all or nothing tenders*
1	25	25	25	£ 64,728.00	496	£ 52,487.00	-19%	-19%	0.00	£ 52,487.00	-19%	-19%
2	0	0	1	£ 1,488.00	744	£ 4,535.00	205%	205%	0.00	£ 4,535.00	205%	205%
3	6	6	6	£ 15,900.00	388	£ 60,000.00	277%	277%	620.00	£ 44,000.00	177%	177%
4	45	45	45	£120,000.00	372	£ 395,000.00	229%	229%	33480.00	£ 129,543.00	8%	8%
5a	20	20	0	£ 44,650.00	248	£ 58,000.00	23%		0.00	£ 58,000.00	30%	
5b	0	0	20	£ -	248	£ 33,000.00	100%	123%	33480.00	£ -	£ -	30%

Contract benefit for AON tenders is represented as one number (sum the benefits of the AON tender lines)

4.2. Dynamic Assessment Example

- The tenders are then stacked in contract benefit (high to low) order
- The first tender in the stack is compared against the requirement to decide whether to accept or reject
- If accepted, the alternative cost adjusted for overholding for all subsequent tenders is reassessed and the stack reordered
- The next tender in the stack is then compared against the requirement to decide whether to accept or reject
- This process is repeated until the requirement is filled or the prices for the tenders become unfavourable
- If a tender is rejected, all subsequent tenders covering that exact period are also rejected and then the next tender in the stack is assessed

4.2. Dynamic Assessment Example

- Using this assessment process ensures that any tender is ascribed benefit only for the elements of the tender which meet a requirement
- For ‘zero-priced’ tender lines submitted for periods of zero requirement
  - As there is no requirement, all the volume will be considered as overholding and as such will lead to a contract benefit of 0% being calculated using the methodology covered above
  - There is no additional benefit or penalty to providers tendering in this way

5. ‘Next Round’ – TR 111

March ‘19 – TR 111

- Month ahead only tender round, procuring volume for delivery for April ‘19
- Tender submission date of Friday 1st March ‘19 at 17:00. Only units that have passed testing by NG Generator compliance are able to tender in for month ahead delivery (April ‘19 delivery)
- The next Market Information Report will be released: **No later than Tuesday 26th February 2019**

Look out for: Implementation plan for our new suite of frequency response products.

- Update from our messaging regarding this publication, the implementation plan for our new suite of frequency response products will be published in the near future. This report will provide more information on the products we will be introducing, and what the preconditions and dependencies of implementation are. It will also explore the interactions of implementing the new products with the existing FFR market.

6. Questions?

Please submit your questions using the chat function in Webex

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6. Questions and Answers

1. Do we know when the implementation plan for the new suite of frequency response products will be released? In the last webinar it was suggested this would be at the end of January I believe

A. The information we have is that the publication will be coming out very soon, it is in the final review stages