EB GL A26 – Specific Products Proposal

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This Podcast

- **Gives an overview of the NGESO proposal for Article 26 of the EBGL and some background explaining why it is required.**
- **Is pre-recorded**
- **If you have any questions following this podcast, please let us know at europeancodes.electricity@nationalgrideso.com**

Contents

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Purpose of this presentation

Know	• What is required by Article 26 of the EBGL • The key points of our proposal • Where you can get further information
Feel	• That you have what you need to respond to the consultation
Do	• Respond to the consultation

Who does this impact?

- Market participants who currently provide, or would like to provide Balancing Services to the Electricity System Operator (ESO).

How?

- We are not proposing any changes to our existing products and services.
- Our proposal is to maintain the products currently in use that are categorised as Replacement Reserves. These products are **STOR** and **BM activations** for balancing purposes.
- DTU has been discontinued, and therefore we are not including this product in our proposal.

Terminology

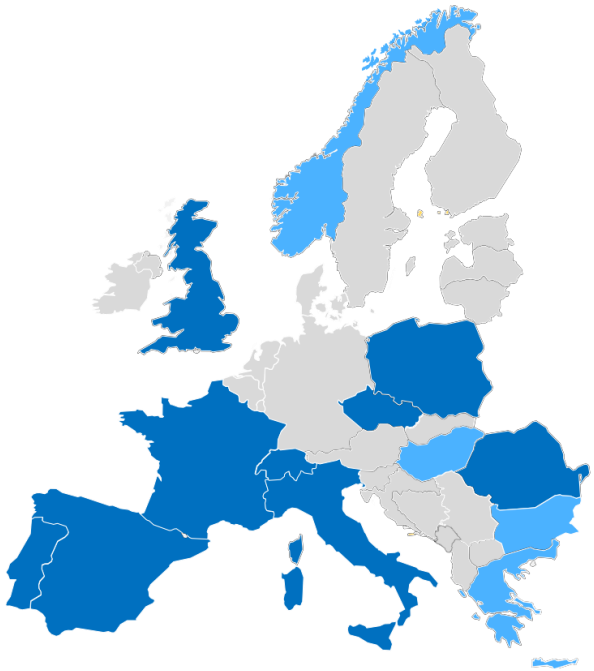
- **Replacement Reserves (RR) – The standard product with an activation time of 30 minues**

- **Project TERRE – The implementation project implementing the platform for exchange of Replacement Reserves**

- **LIBRA platform – The name of the platform, developed by project TERRE which will facilitate the exchange of RR.**

European standard products

The Electricity Balancing Guideline (EBGL) aims to facilitate a pan-European balancing market



- It does this through the requirement to establish balancing platforms for the exchange of Standard Products
- Standard Products are harmonised balancing products which can be easily exchanged between TSOs. (RR, FRR)

Specific products

Anything other than the European standard products are defined as specific products by the EBGL. These products need to be defined in a proposal as per Article 26, and approved by the regulator.

Specific products come into existence when standard products exist:

(A26.3 "The specific products shall implemented in parallel to the implementation of the standard products…")

- Products have been mapped against the European product types as defined in SOGL:
- Replacement Reserves
- Frequency Restoration Reserves
- Frequency Containment Reserves).

Product mapping

Balancing Services		Proposed Final Product Type		Estimated activation date of final product type	Current Product Type
Contract Type	Service	Group	Type		
Mandatory frequency response	Primary response	FCR	Specific	2022+ (TBC)	GB existing
	High response	FCR	Specific	2022+ (TBC)	GB existing
	Secondary response	FRR	Specific	2022	GB existing
Commercial Frequency Response Service	Primary response	FCR	Specific	2022+ (TBC)	GB existing
	High response	FCR	Specific	2022+ (TBC)	GB existing
	Secondary response	FRR	Specific	2022	GB existing
Firm frequency response (FFR)	Primary response	FCR	Specific	2022+ (TBC)	GB existing
	High response	FCR	Specific	2022+ (TBC)	GB existing
	Secondary response	FRR	Specific	2022	GB existing
Enhanced frequency response	Enhanced frequency response	FCR	Specific	2022+ (TBC)	GB existing
Commercial Frequency Management Service	N/A	FCR	Specific	2022+ (TBC)	GB existing
STOR	Delivery < 15 minutes	FRR	Specific	2022	GB existing
	Delivery > 15 minutes	RR	Specific	2020	GB existing
Demand Turn Up	Delivery < 15 minutes	FRR	Specific	2022	GB existing
	Delivery > 15 minutes	RR	Specific	2020	GB existing
Fast Reserve		FRR	Specific	2022	GB existing
BM Bids and Offers	Delivery < 15 minutes	FRR	Specific	2022	GB existing
	Delivery > 15 minutes	RR	Specific	2020	GB existing
Fast Start		FRR	Specific	2022	GB existing
MARI		FRR	Standard	2021	Draft Standard Product
TERRE		RR	Standard	H2 2019	Draft Standard Product

The Proposal- EBGL Requirements

A26.1 Following the approval of the implementation frameworks for the European platforms pursuant to Articles 19, 20 and 21, each TSO may develop a proposal for defining and using specific products for balancing energy and balancing capacity. This proposal shall include at least:

(a) a definition of specific products and of the time period in which they will be used;

(b) a demonstration that standard products are not sufficient to ensure operational security to maintain the system balance efficiently or a demonstration that some balancing resources cannot participate in the balancing market through standard products;

(c) a description of measures proposed to minimise the use of specific products subject to economic efficiency;

(d) Where applicable, the rules for converting the balancing energy bids from specific products into balancing energy bids from standard products and the information on which common merit order list the conversion will take place

(e) Where applicable, the information on the process for the conversion of balancing energy bids from specific products into balancing energy bids from standard products and the information on which common merit order list the conversion will take place;

(f) A demonstration that the specific products do not create significant inefficiencies and distortions in the balancing market within and outside the scheduling area.

This proposal will need to be approved upon the go-live of project TERRE (Dec 19)

The proposal - overview

- Proposal is structured according to the requirements in A26.1
- Focus of STOR and BM activations (RR products)
- These products are vital because:

1. Volume from the LIBRA platform is not guaranteed

2.The RR product has a long activation time, and longer lead time

3. Locational constraints need to be considered when balancing the system

a) Definition of products

- **Includes general definition of reserve services**
- **Detailed definition of both STOR and BM activations**
  - Committed vs. flexible STOR
  - BM activations for balancing purposes only
- **Table providing overview of characteristics such as**
  - Mode of activation
  - Full activation time
  - Min/ Max quantity
  - Price of bids

b) a demonstration that standard products are not sufficient to ensure operational security and to maintain the system balance efficiently

- Replacement Reserves have an activation period of 30 mins. We need other tools available to us that can deliver in faster timescales than this in order to continue secure operation following a system event.
- We will always need to be aware of locational constraints when balancing the system. LIBRA does not take these into account.
- The ESO control room will need to submit their imbalance needs to the LIBRA platform by 45 minutes ahead of real-time. Conditions can change during this time, and so we will need tools to manage these changes
- System Operator needs are not guaranteed to be filled by LIBRA

C) measures proposed to minimise the use of specific products subject to economic efficiency

- NGESO have a programme of work looking at the future of balancing services. These will be built around European standard products
- RR will be one of the first tools used to satisfy balancing needs (45 mins ahead of real-time)
    - Volume from LIBRA is not guaranteed, so we will still need alternatives
- TSOs are able to associate limit prices with needs that are submitted to LIBRA. Ensuring that actions are economic
- Post-even analysis will allow us to assess where our strategy can evolve and improve.

f) a demonstration that the specific products do not create significant inefficiencies and distortions in the balancing market

- Robust pricing methodology to ensure that specific products will only be used when it is economically efficient to do so
- RR is likely to be used for energy balancing. Specific products are likely to be used to manage locational and whole system constraints
- GB Implementation of RR has been designed to ensure that market participants have the ability to choose which products they provide to the ESO.

How to respond

- Consultation documentation can be found on our website here
- Please use the “Article 26 Consultation Response Proforma” to give your feedback.
- Send responses to europeancodes.electricity@nationalgrideso.com

- Consultation closes at **23:59 on Monday 17th June 2019**

You’re feedback is really important!

Thank you

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