

## Frequency Response Auction Trial

September 2019

The logo for National Grid ESO, featuring the text 'nationalgridESO' in a sans-serif font. 'national' is in blue, 'grid' is in a darker blue, and 'ESO' is in yellow. The logo is positioned on a white background that transitions into a yellow wave-like shape at the bottom.

Dear industry colleagues,

Our Phase 2 Frequency Response Auction Trial platform, developed in cooperation with our auction partners EPEXSPOT, is planned to be released in the week commencing Monday 28th October. The first Commercial Phase 2 Auction will take place on Friday 29th November, with delivery commencing at 23:00 GMT that same evening. This plan is in line with our Forward Plan commitment to deliver the Frequency Response Auction Trial in Q3 2019/20.

This email provides further information about the activities we have planned to prepare for these go-live milestones over the coming weeks, and about the products that we will procure on the new platform at go-live.

### Technical Go-Live of the Phase 2 Frequency Response Auction Trial Platform

The Phase 2 Frequency Response Auction Trial Platform will be made available to participants in the week commencing October 28th 2019. During the month following this release, we will run a series of weekly mock auctions in order to onboard participants and to educate them on the use of the platform, the construction of sell orders, and the auction clearing algorithm. This exercise will also test our internal business processes and those of EPEXSPOT, the auction market operator.

We would appreciate the support of industry in expressing an intention to participate in these mock auctions before **Monday 7th October 2019** by emailing [Commercial.Operation@nationalgrideso.com](mailto:Commercial.Operation@nationalgrideso.com) including the line PHASE 2 FR AUCTION TRIAL in the email subject.

## Commercial Go-Live of the Phase 2 Frequency Response Auction Trial

The first Commercial Phase 2 Auction will take place in the week commencing 25th November. The timelines for the week are set out in the table below:

Activity	Date and Time
Gate Opens for submission of Sell Orders for first Commercial Auction	Wednesday 27 <sup>th</sup> November (12:00 GMT)
Gate Closes for submission of Sell Orders for first Commercial Auction	Thursday 28 <sup>th</sup> November (15:00 GMT)
Auction Results published	Friday 29 <sup>th</sup> November (15:00 GMT)
Delivery Week begins	Friday 29 <sup>th</sup> November (23:00 GMT)

Our go-live plan is subject to successful testing of our internal business processes and the EPEX auction platform, as well as the delivery of required upgrades by an external vendor to our internal systems. We expect to complete these activities successfully and in line with the timescales above, but we will regularly update the industry about the progress of the project and any risks to this go-live plan.

### Phase 2 Frequency Response Auction Trial Products

As we stated in our previous communication to industry of 5th August 2019, the products we will procure in the initial Phase 2 Frequency Response Auction Trial are:

- A Low Frequency Static product (LFS), identical to the product we are procuring in the Phase 1 Frequency Response Auction Trial, and
- A Dynamic Low and High product (DLH), which is a standardised version of the Dynamic PSH (Primary, Secondary, High) product that we currently procure in our monthly Firm Frequency Response tenders. This DLH product will consist of equal amounts of low and high response.

We plan to procure up to 100 MW of each of these products in the Auction Trial on an ongoing basis. Participant offers will be capped at 20 MW per unit for each of these products.

Full descriptions of these two products will be available in the Service Terms, which together with the Auction Rules and our General Terms and Conditions will form part of

the contract documentation package which we will publish for industry review in the coming weeks.

## **Interaction with the Firm Frequency Response Tender**

Market participants may submit offers for the November FFR tender and also submit sell orders for the 29th November auction. Units committed in the November tender must offer 0 MW volume for 30th November EFA Day in the auction.

## **Next Steps for Frequency Response and Reserve**

We will be communicating further information about our roadmap for Frequency Response and Reserve products in mid-October 2019.

Our Frequency Response Auction Trial is designed to enhance our understanding of how procurement of services closer to real-time can realise significant benefits for system operation, market participants, and GB energy consumers. As we prepare for our go-live milestones this autumn, we will be releasing more detailed information on the registration process and the use of the auction platform.

We appreciate your support while we introduce this exciting new procurement methodology for Frequency Response and look forward to working with you to make the Auction Trial a success.

**Many thanks,**

National Grid Electricity System Operator

Our mailing address is:  
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