

# **Product Development & Engagement Strategy**

The purpose of this session will be to get the MAC's input on:

- 1. How we are improving our Product Development process, and
- 2. How we are changing out engagement strategy to align with effective product deployment

## **Questions for the MAC**

- What lessons can the ESO learn from other markets with similar characteristics in terms of product development?
- Do the lengthy requirements for development (in GB Retained Law following EU Exit) help or hinder product design processes? (I.e. requirement for 1month consultation, 1month ESO response, 2month Ofgem decision timeline?
  - Stakeholder engagement



Full consideration of change by all parties



• Lack of efficiency/difficult to engage with by smaller parties



Lack of speed/urgent process could lead to perverse market outcomes



# **ASR Delivery Cycle – How do we implement a markets product?**

- Service design and implementation requires continual engagement with market participants and internal stakeholders where opposing views are often held
- This necessitates a lengthy process and requirements may change in this time

#### 1. Diagnose

- Roadshows & individual meetings
- Review product backlog
- Impact assess and prioritise potential changes covering service design, contracts and IT

#### 4. Implement

- Receive Ofgem decision
- IT testing and delivery
- Provider unit testing and onboarding (where applicable)

#### 2. Design

- Amend contractual terms
- Define IT requirements
- Host webinar
- Launch EBR consultation (duration: 1 calendar month)

#### 3. Develop

- Amend contractual terms (based on EBR feedback)
- Amend IT requirements (where applicable)
- Respond to EBR consultation and submit to Ofgem (duration: 2 calendar months)

### Path to sign-off of EAC Consultation & Go live

**Key Fundamental Elements** 2022) Dec (agreed Design

Algorithm Objective Function

Co-optimisation

Stacking / Splitting

**Negative Pricing** 

**Key Detail Design** agreed Feb 2023 **Elements** 

**Detail Sell Order Design** 

Detail Buy Order Design

Clearing Rules (including Overholding)

**EAC Consultation** 

2023)

**Detail Design of Co-optimisation** across Response and Reserve

**Definition of Market Clearing Prices** 

**Procurement Rules** 

Frequency Response Service Terms

**Provider Guidance** 

A18 Mapping document and destination table

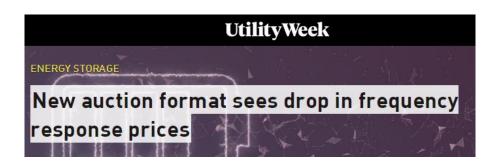
2 SNIP Look and Listen Workshops
Narket Education packs
2 Market Education packs 6 Internal Governance meetings 6 Regular meetings with Offenn 1 UI demonstration Workshop 16 Mock Auctions 2 Industry questionnaires 2 Response Reform Roadshows 3 Industry Webinars A EAC Consultation drop in

## **EAC** Deep Dive

Platform launched on the 19th Oct first auction took place 2nd Nov.

#### **Key highlights**

- All 23 market participants were ready and participated at go live
- 16.9 -18GW of cleared volumes
- Prices ranging from -£7.80 to £18/MW
- Reduced clearing prices.
- Negative pricing and all auction functionality used.
- Positive feedback from industry on the EAC project delivery





Single market for response and reserve



Co-optimisation



**Splitting** 



New sell order design



New clearing algorithm



**Negative prices** 



Overholding