

System Needs and Product Strategy

Transmission Charging Methodology Forum 09/08/2017

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What is SNaPS?



SNaPS is the first document released as part of our **Future of Balancing Services Ambition**.

It outlines our aim to simplify services, provide more transparent information to markets, and design accessible balancing services that are fit for the future.

- Inertia/RoCoF
- Frequency Response
- Reserve
- Reactive Power
- Black Start

Five **System Needs**

- Rationalisation
- Simplification
- Improvement

Three Step **Product Strategy**

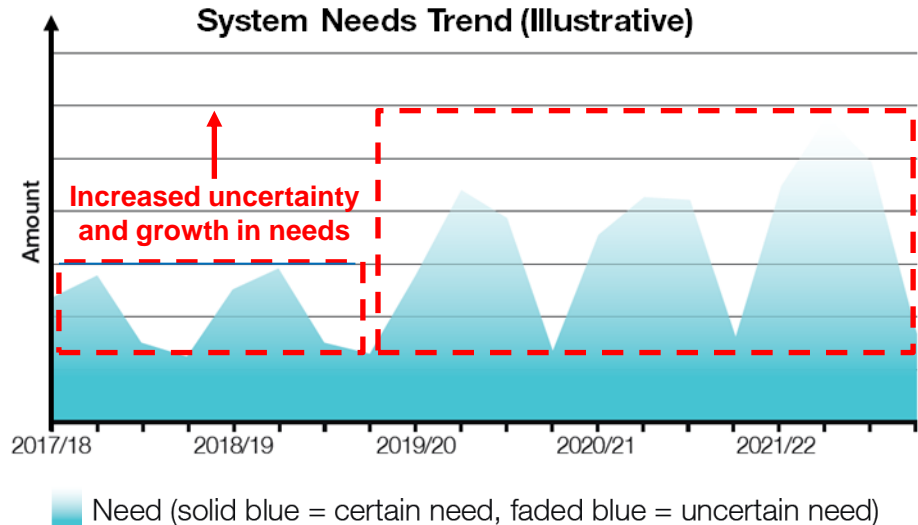
Why are we doing this?

Customers have told us that our present balancing services are:

- Too numerous, complicated and not transparent
- Inconsistent in their methods of procurement and dispatch
- Not accessible to all potential providers across the whole system
- Favour incumbents and do not facilitate competition from new entrants
- Not future-proof as the power sector changes and innovation is needed
- Don't give investors the information they need to make informed decisions

System Needs

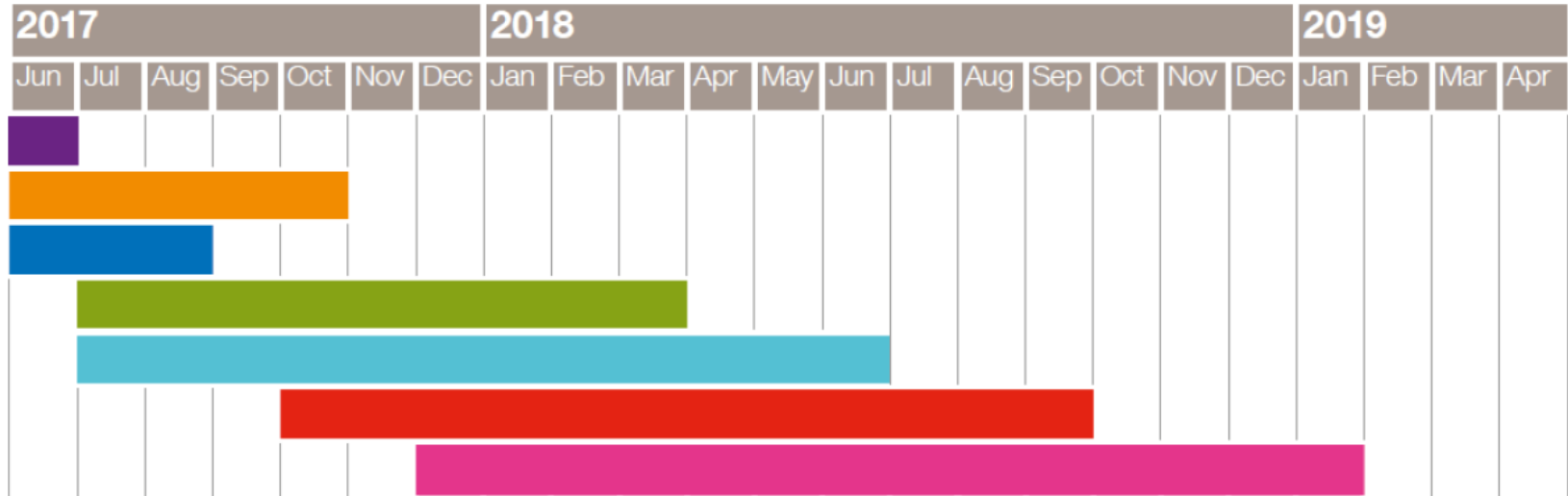
- Balancing services needs are increasing, with greater extremes and more volatility.
- There is an increasing requirement for flexibility particularly closer to real-time.
- Today, we contract ahead for firm needs and access flexibility via trading and BM.
- Flexibility is becoming less available in the BM which reduces our ability to meet system needs using existing methods.
- Improvements are needed to facilitate access to flexibility closer to real-time.



Product Strategy

- We asked the industry for their views on areas such as:
 - Standardisation vs. diversification of services
 - Spectrum of short vs. long term contracts
 - Appropriate mix of fixed vs. variable service parameters
 - Potential to introduce secondary trading of service obligations
 - Views on stacking of products
- We are currently reviewing responses and not yet at detailed design stage.
- All developments will be considered holistically in the context of our broader role as Electricity SO.
- Any impacts on codes/frameworks will be brought to the relevant forums.

Timeline



- Rationalisation
- Standardisation
- Improvement strategy
- Frequency response improvement
- Reactive improvement
- Reserve improvement
- Black start improvement

Continuing the Conversation

You can find System Needs and Product Strategy on our new web site for the Future of Balancing Services:

www2.nationalgrid.com/futureofbalancingservices

A summary of consultation responses and all future information will be published on the web site in due course.

Contact us via email:

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