System Needs and Product Strategy

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Recap - SNAPS

- Published in June 2017
- Provided an overview of SO system needs
- Consulted on potential future changes to balancing services products
Product Simplification: consultation insights

Key Themes from consultation responses

1. Greater transparency of the System Operators day to day activities
2. A reduction in barriers to entry
3. The System Operator to provide more details on its simplification of products

128 responses

10+ industries consulted

98% agree with approach
Product simplification: consultation insights

Insights – Service Stacking: Impact of Single Market and Standardisation

Consultation demonstrates the broad view that standardised products, rather than single markets, would better enable stacking of services.

57% believe standardising products will have a positive effect on competition

79% believe standardising products will have a positive effect on transparency
System Needs and Product Strategy

Insights – Short term markets v long term contracts: A balance preferred

62% favour a mix of short and long term contracts
Insights – Procurement Trials: Positive response

68% positive or very positive about trialling alternative procurement approaches
Product simplification: proposed principles

1. Our procurement decisions will be transparent and our methodology and needs will be clear to the market ahead of time.

2. The design of our products, the way we procure, and the contractual arrangements will increase competition in provision of services to SO.

3. Our products will be designed to meet both operational requirements and the technical ability of provider assets while meeting system security.

4. The procurement of balancing services shall comply with European guidelines, insofar as this represents the most economic approach for GB consumers.
What product evolution actions are we taking in the next 12 months?

**Frequency Response**

- Remove obsolete products: Rationalisation
- Standardisation of existing FFR market – streamline windows to create more standardised buckets in different time horizons as well as clarify specific issues (e.g. state of charge)
- Auction trial on FFR buckets
- Investigate how to include faster acting Frequency Response products in the existing FFR tender
Potential other actions we are contributing to which deliver access to markets

Reserve, Publications, constraint management, reactive power and black start

1. Reserve: Remove obsolete products and further standardise existing markets where possible and appropriate
2. 2 short papers; constraint needs and SO thinking on inertia
3. ENA SO-DSO framework which will define how SO and DSO work together on the roll out of whole system solutions (e.g. for constraint management)
4. Publish the current strategy for black start and provide view of when new information will be made available
5. Finalise the commercial design for power potential project – creation of a market for reactive power