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

128 responses

Greater transparency of the System Operators day to day activities

10+ industries consulted

A reduction in barriers to entry

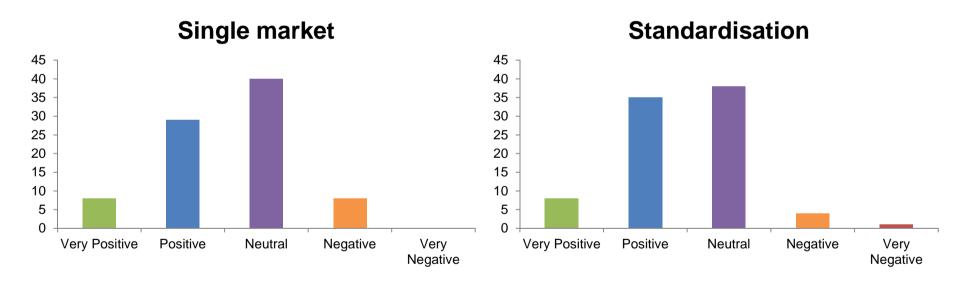
98% agree with approach

The System Operator to provide more details on its simplification of products

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.



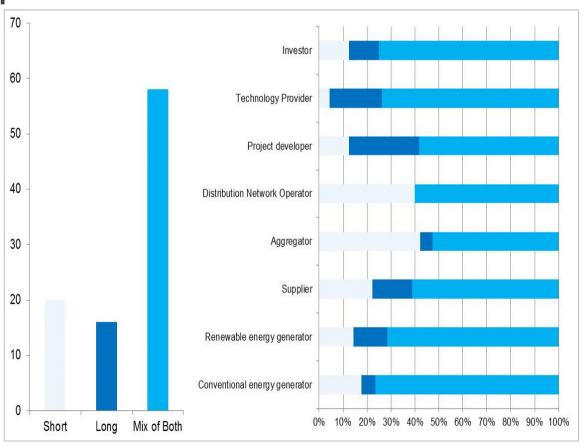
57% believe standardising products will have a positive effect on competition

79% believe standardising products will have a positive effect on transparency



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



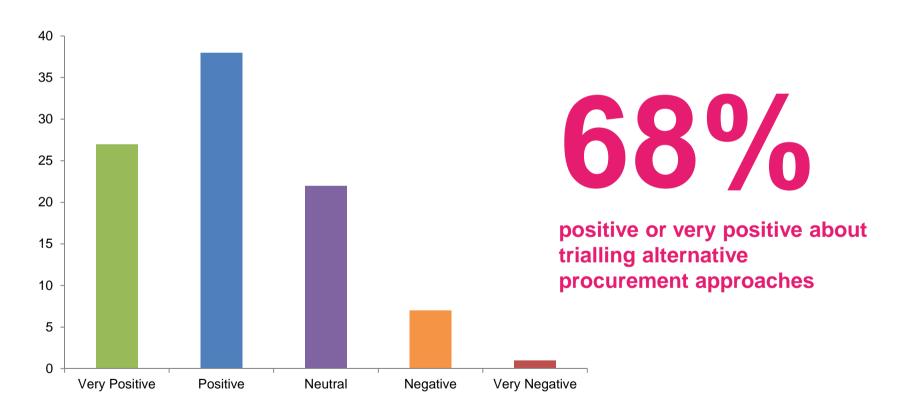
62%

favour a mix of short and long term contracts



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Insights – Procurement Trials: Positive response



Product simplification: proposed principles

needs will be clear to the market ahead of time

Our procurement decisions will be transparent and our methodology and

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

- Our products will be designed to meet both operational requirements and the technical ability of provider assets while meeting system security
- The procurement of balancing services shall comply with European guidelines, insofar as this represents the most economic approach for GB consumers

What product evolution national grid 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 national grid contributing to which deliver access to markets

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

Reserve: Remove obsolete products and further standardise existing markets where possible and appropriate

2 short papers; constraint needs and SO thinking on inertia

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)

Publish the current strategy for black start and provide view of when new information will be made available

Finalise the commercial design for power potential project – creation of a market for reactive power