

# Frequency response products Market information report

Monthly report

Published July 2021



## Contents

Preamble.....	3
Firm Frequency Response monthly tender .....	4
Weekly Auction Trial – Phase 2.....	5
Dynamic Containment.....	5
Dynamic Moderation and Dynamic Regulation .....	5
Appendix 1 FFR September 2021 Requirements .....	5

## Preamble

The report covers essential information related to procurement of frequency response products, such as month ahead tender for Firm Frequency Response (FFR), week ahead auction (Phase 2 Auction Trial) and day ahead tender for Dynamic Containment Low Frequency (DC-LF). We provide our forecast requirements for these products and give guidance on how to participate in the tenders and auctions. We will also provide the latest updates related to our new suite of response products.

## Key Points - FFR

This section of Market Information Report is relevant for tenders submitted in July 2021 for delivery in **September 2021**.

Tenders from eligible service providers for Firm Frequency Response should be submitted on **Monday 2<sup>nd</sup> August 2021** (1<sup>st</sup> business day) for all tenders.

National Grid will notify service providers of the outcome of the tender assessment, and preliminary nominations, by **Tuesday 17<sup>th</sup> August 2021** (12<sup>th</sup> business day).

**From January 2018, non-compliant tenders will be rejected prior to assessment.**

Providers must use the template provided in the **Coupa** system to tender in for FFR. Use of any other template or submissions via e-mail will not be accepted.

In line with the standardisation outlined in the Product Road Map, procurement of FFR will only take place across the standard 6 EFA blocks. Tenders must therefore only start, and end, at the following times: 2300, 0300 0700 1100 1500 1900. Submitted tenders must have a minimum window availability of 4 hours in line with EFA blocks.

Please note that this is a month ahead only tender. Tenders should therefore be submitted for August 2021 delivery. A presentation that summarises the FFR results can be found [here](#).

Real-time data i.e. demand and frequency data, over the last 60 minutes can now be found on the [Realtime Extranet](#) section on the National Grid website. [Historic frequency data](#) as far back as 2014 can also be accessed for GB data at 1 second resolution.

For further information please contact your account manager or:

**Andy Rice**

- [Andrew.Rice@nationalgrideso.com](mailto:Andrew.Rice@nationalgrideso.com)

## Firm Frequency Response monthly tender

This section provides information to FFR providers on the requirement for the tender (TR 139) for delivery in August 2021.

### Requirements for September 2021 (TR 140)

#### Primary Response:

A dynamic primary requirement exists in all EFA blocks.

#### Secondary Response:

A dynamic secondary requirement exists in all EFA blocks.

There is a non-dynamic (static) secondary requirement in EFA 3 to 6.

#### High Response:

A dynamic high requirement exists in all EFA blocks.

**Image 1:** Requirement for 2021.

Month	Settlement Period	Dynamic Response Required (MW)			Static Response Required (MW)
		Primary	Secondary	High	Secondary
SEP-2021	EFA 1	450	450	350	0
	EFA 2	450	450	350	0
	EFA 3	450	450	350	120
	EFA 4	450	450	350	135
	EFA 5	450	450	350	78
	EFA 6	450	450	350	72
OCT-2021	EFA 1	450	450	350	0
	EFA 2	450	450	350	0
	EFA 3	450	450	350	52
	EFA 4	450	450	350	66
	EFA 5	450	450	350	0
	EFA 6	450	450	350	0
NOV-2021	EFA 1	450	450	350	0
	EFA 2	450	450	350	0
	EFA 3	450	450	350	0
	EFA 4	450	450	350	0
	EFA 5	450	450	350	0
	EFA 6	450	450	350	0
DEC-2021	EFA 1	650	650	550	0
	EFA 2	650	650	550	0
	EFA 3	650	650	550	11
	EFA 4	650	650	550	6
	EFA 5	650	650	550	0
	EFA 6	650	650	550	0
JAN-2022 – JUNE 2022	EFA 1	650	650	550	0
	EFA 2	650	650	550	0
	EFA 3	650	650	550	0
	EFA 4	650	650	550	0
	EFA 5	650	650	550	0

	EFA 6	650	650	550	0
--	-------	-----	-----	-----	---

## Key Points - FFR

### *Response BOA and Holding Volume and Cost*

This information is in Appendix 7 of the adjoining excel file.

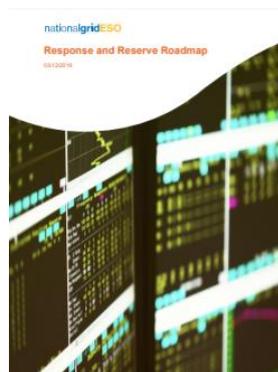


## FFR service Overview



## Product Roadmap

This document sets out the actions to be taken forward for frequency response and reserve.



We evaluate the requirement on a regular basis and should the requirement change, we will communicate it via MIR. This does not signal the end of the Static Secondary Response service, though in accordance with our RIIO-2 deliverables, we have communicated our intent to transition away from existing response services as we implement the new product suite.

## Procurement Rules

### *Testing*

Providers are required to have successfully passed FFR testing of their asset by the National Grid Generator Compliance Team prior to tendering in for month ahead delivery. If tendering to provide an FFR service starting on 1<sup>st</sup> August 2021, the unit must have passed testing prior to the tender submission window closing on the 1st business day in July 2021. Tenders that do not meet this requirement will be deemed non-compliant and automatically rejected.

### *Limiting tenders*

Providers are limited to submitting 3 tenders per unit, per tender period. A tender period is considered to be; month ahead, quarter ahead and per season. All-or-nothing bids will be considered as 1 tender submission.

### *EFA Block Procurement*

**For providers wishing to start a tender on the last day of the previous month, these tenders cannot start earlier than 2300 or they will be deemed as non-compliant.**

The minimum requirement across each specific EFA block will determine how much volume will be procured for each of the 6 daily 4-hour blocks.

Any outstanding shape will be satisfied, where necessary, closer to real time by the Electricity National Control Centre. **Results**

### *Publication – TR140 onwards*

From TR140 onwards the unit location will be detailed as part of the results that are published in the FFR Post Tender Report. The locational details that will be publishing will consist of the first 4 digits of the postcode for single units that are 1MW or greater. We will be sending out further clarity regarding how assets that are 1MW or greater that are part of an aggregated units will be reported

### Enhanced Frequency Response (EFR)

100% of EFR is included in the requirements from July 2018.

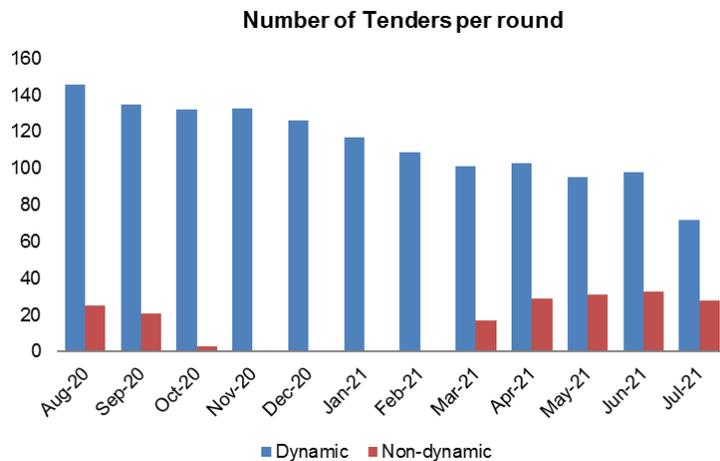
### August 2021 FFR Delivery

70 active FFR contracts are due to provide FFR in August 2021. These contracts are made up of:

- 44 dynamic contracts
- 26 non-dynamic contracts
- 0 contract by BMU providers
- 70 contracts by NBMU providers

The chart below displays the number of tenders submitted in the FFR market for the last 12 months by service type.

Image 2: Quantity of FFR Tenders



### Tender rejection codes

The table below provides guidance as to the reasons why a tender has been rejected. They can be matched against the numbers in the 'Reason Code' section of the Post Tender Report.

No.	FFR Reason Code	Comment
1	Beneficial	While the price submitted was considered beneficial, on this occasion this tender was not accepted for one of the following reasons: <b>1.2.</b> There was no outstanding requirement <b>1.3.</b> The desired volume against the National Grid procurement strategy for future tender months had already been satisfied <b>1.4.</b> This tender formed part of an all-or-nothing group which did not collectively deliver enough benefit to be considered
2	Price not beneficial across tendered period	The price submitted was too high and did not provide any contract benefit against alternative actions including the mandatory and optional market.
3	Does not meet tender prerequisites	Please refer to the 'Technical Parameters' section using the following link to determine the criteria necessary to participate in the FFR market <a href="https://www.nationalgrid.com/uk/electricity/balancing-services/frequency-response-services/firm-frequency-response">https://www.nationalgrid.com/uk/electricity/balancing-services/frequency-response-services/firm-frequency-response</a>
4	Multiple tenders received for the same unit	Only the most valuable tender(s) of the total group of submitted tenders was considered.

## Key Points – Weekly Auction

For latest news and updates please refer to homepage for the weekly auction:

### Phase 2 Auction Trial

The auction trial is an innovation project which is procuring Low Frequency Static (LFS) and Dynamic Low High (DLH) frequency products through the EPEX SPOT Auction Platform on a weekly basis.

Auction Results are published on DataPortal:

[nationalgridESO](#)



**The weekly auction trial closes at the end of November this year and we will be moving the weekly auction volume into the monthly FFR tenders in the short-term, whilst the new response and reserve services are being developed (expected to deliver next spring).**

## Weekly Auction Trial – Phase 2

This section provides information to Weekly Auction providers on the requirement for Dynamic Low High and Low Frequency Static Products

In summer 2020 we published findings and learnings about the Auction Trial project in a project [evaluation report](#), which was independently created by ESP Consulting.

### Procured Volume (FFR and Weekly Auction)

The buy order in the weekly auctions in July will be at least 200 MW in each EFA block. We will seek to procure any unfilled volume in the FFR monthly tender through the weekly auction in order to meet our requirements for minimum dynamic response.

## Dynamic Containment

This section provides information on requirements for the Dynamic Containment Low Frequency (DC-LF) product that we use to manage post-fault low frequency deviations caused by large infeed losses on the system.

The first ten months of DC-LF delivery have been a success with volumes in July approaching 900MW. The requirements given in **Image 3** on p.10 outline the expected maximum and minimum DC-LF requirements for September to November 2021 broken down per EFA block. Whilst we currently procure DC in one 24 hour time period, we will be moving to EFA block procurement and intend to deliver these changes at the end of August, depending on the outcome of the EBGL consultation. DC will be procured via a pay-as-clear auction on the EPEX platform, which we currently use for the weekly auction trial. This is an interim step whilst we develop our auction capabilities under RIIO-2.

In preparation for the changes to procurement, we hosted a mock auction on 21<sup>st</sup> July. Thank you to everyone who participated. The mock results are now live on [DataPortal](#).

More granular procurement will enable us to optimise our DC-LF requirements across the EFA day based on the system conditions and the size and number of loss risks operational on the system at any given time. The methodology and results of this analysis will be shared in due course. We intend to transition to more granular DC-LF requirements from the end of August; dependant on the outcome of the EBGL consultation.

The values shown in **Image 3** are dependent on multiple factors including demand, inertia, and loss sizes and are subject to change. Please note that these requirements are in addition to existing frequency response products with the total response volume managing BMU-only loss risks and any consequential RoCoF losses that are allowed to occur. Please see the Frequency Risk and Control Report (FRCR) available [here](#) for the latest updates on frequency management policy.

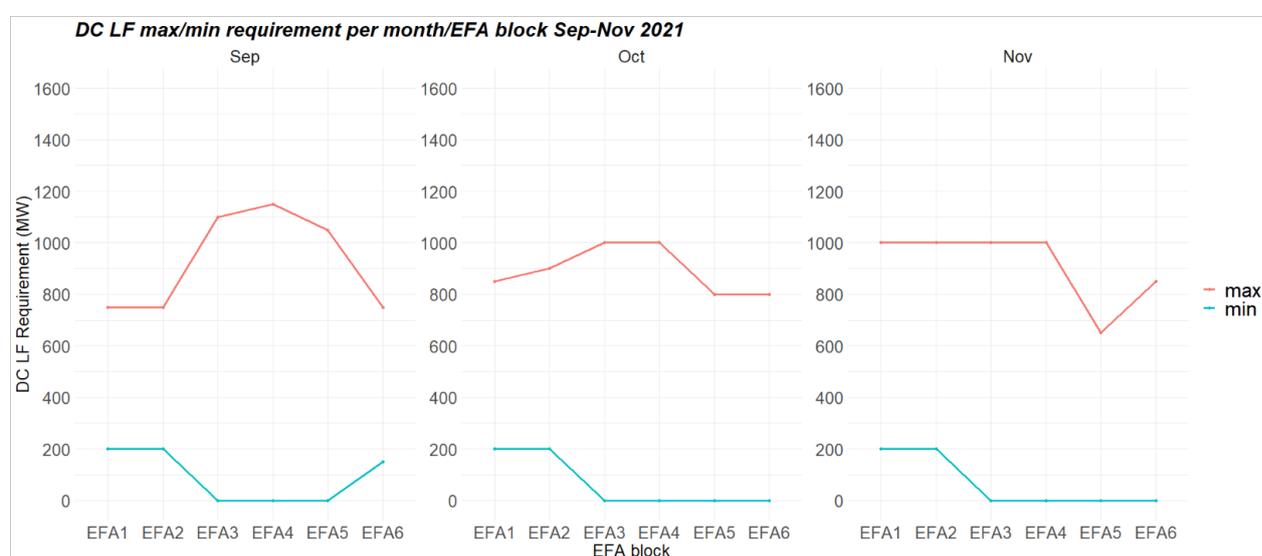
**Image 4** on p.10 is a graphical version of **Image 3** showing how the DC LF requirement varies across EFA blocks. The requirements can be summarised as follows:

- There is always a DC-LF requirement overnight in EFA1 and EFA 2. This is due to more periods of lower inertia and increased exposure of tripping embedded generation set on RoCoF protection
- The maximum overnight requirement is generally lower compared to the daytime due the reduction in solar generation that in-turn reduces the volume of embedded generation at risk of tripping on RoCoF protection
- The peak DC-LF requirement occurs in EFA 4 and coincides with the maximum volume of embedded generation set on RoCoF protection
- The risk of embedded generation tripping on RoCoF protection is mitigated when inertia is relatively high. This results in a minimum 0MW requirement across EFA3 – EFA5 for September and EFA3 – EFA6 for October and November

**Image 3:** Minimum and Maximum forecast for DC LF requirements, September – November 2021, broken down per month and EFA block.

Month: Sept	EFA 1	EFA2	EFA3	EFA4	EFA5	EFA6
Min MW	200	200	0	0	0	150
Max MW	750	750	1100	1150	1050	750
Month: Oct	EFA 1	EFA2	EFA3	EFA4	EFA5	EFA6
Min MW	200	200	0	0	0	0
Max MW	850	900	1000	1000	800	800
Month: Nov	EFA 1	EFA2	EFA3	EFA4	EFA5	EFA6
Min MW	200	200	0	0	0	0
Max MW	1000	1000	1000	1000	650	850

**Image 4:** Graph of Minimum and Maximum forecast for DC LF requirements, September – November 2021, broken down per month and EFA block.



### Dynamic Containment high frequency (DC-HF)

DC-HF is planned to launch in October 2021 to help manage large outfeed losses in the system. The EBGL Article 18 Consultation for changes to contractual terms as we introduce Dynamic Containment (DC) High Frequency closed on **19 July 2021**. The suite of consultation documents can be accessed via [the link](#). Thank you for all your feedback which we are currently reviewing and taking into consideration. The proposal will be submitted to Ofgem shortly.

### Future requirements for 2022 and beyond

The amount and type of response the ESO procures is under review to help manage both pre-fault and post-fault frequency as efficiently as possible. The DC requirements will be updated in due course and will be based on a number of factors including:

- Progress of the Accelerated Loss of Mains Change Program (ALoMCP) reducing the risk associated with embedded generation loss
- Continued growth in the DC volumes and interaction with existing FFR markets
- New high capacity connections e.g. North Sea Link
- Introduction of new pre-fault frequency response products (Dynamic Moderation and Regulation)
- Outputs from the Stability Pathfinder project and roadmap for system inertia

## Dynamic Moderation and Dynamic Regulation

This section provides information on developments related to our new suite of products.

Please refer to [Dynamic Moderation page](#) and [Dynamic Regulation page](#) for details related to the new suite of products.

In order to implement the new product suite and avoid overholding of response volumes, it will be necessary to gradually reduce our long-term procurement of the existing P, S and H products. We will continue to hold monthly FFR tenders for month ahead volume and we will communicate how we will manage the transition from the existing mix of products into the new product suite. Please sign up for [updates](#) for future balancing services.

### Response requirement for DM and DR

In early summer we hosted technical design workshops with industry, the output of which will ultimately shape the product designs. Detailed modelling to determine the exact volume requirements for the new products is ongoing. Our overall response requirement is driven by the frequency risks on the system which are changing with new large generation connecting to the network in the next few years. The FRCR reviews these risks, ultimately enabling the ESO to transparently agree with industry the appropriate cost-risk balance for frequency control for consumers in that year.

Dynamic Regulation (DR) will allow us to offset the use of existing products (Primary, Secondary and High dynamic (PSH)) to meet our current minimum dynamic requirement of 550MW which we currently seek to procure through our month-ahead FFR tender and weekly DLH auction. 550MW is based on current system conditions and has remained an almost constant requirement for the last 3 years, although at times there are operational conditions (such as during periods of higher uncertainty) where this volume is increased to better manage small frequency deviations close to 50Hz. As a more efficient product, the requirement for Dynamic Regulation is likely to be less than the current 550MW of PSH used to meet this system need.

Dynamic Moderation (DM) is designed to manage sudden imbalances which cause frequency deviations (for example, arising from changing weather fronts and forecasting errors) which is a system need that will evolve as the system further decarbonises. At this stage we expect to procure smaller volumes of DM than DR as we launch the products and expect this to grow in the future.

Detailed volume requirements will be published in due course as part of the response reform programme. As the system evolves and markets for these new products become liquid we will seek to deliver consumer value through cost optimisation across products.

## Appendix 1 FFR September 2021 Requirements

The three charts below display the volume of frequency response left to contract at month ahead.

For month ahead only, except for circumstances where there is a specific dynamic requirement, the requirement will be taken from either dynamic or non-dynamic providers where deemed economic to do so. This means that any requirement found in the non-dynamic market may be procured in the dynamic market if considered more beneficial. With no primary non-dynamic market in existence, procurement of this volume across any EFA block will instead be taken from the dynamic market.

In the move to standard EFA block window durations, the minimum of the total requirement across each EFA block outlines the level to be procured. In light of this transition, the minimum dynamic requirement remains a key component to be satisfied and outstanding volume against this will continue to be procured for operational purposes. For September 2021, this is shown in the table in FFR section of this document.

