

# Contract Development

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David Smith

# Agenda

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- ◆ Fast Reserve Update
- ◆ Firm Frequency Response Proposals
- ◆ Maximum Generation Service Overview

# Fast Reserve Update

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National Grid

# Fast Reserve Update

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- ◆ Presented at August Ops Forum
- ◆ Draft generic services terms published in late October
- ◆ Proposal to implement terms in by February or August in line with multi month tender timescales
- ◆ Feedback now received from providers

# Proposed service changes

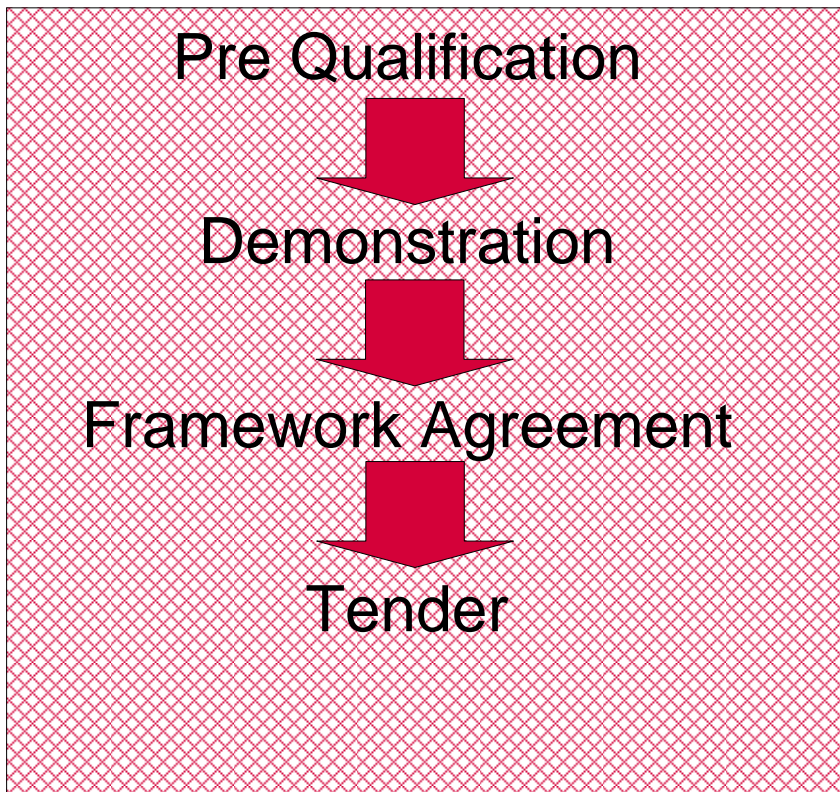
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## Specified tender months for longer-term tenders

- ◆ Risk of tenders being submitted for same periods at different times
  - ◆ Balance between flexibility and assessment risk
- ◆ Longer-term tenders must be submitted in February or August for
  - ◆ April or October commencement (for any period in the future)
- ◆ Providers can also tender at month ahead for monthly periods only

# Proposed service changes

## Additional flexibility for providers who need to invest



# Proposed service changes

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## Review of optional service parameters

- ◆ Inclusion of payment for non BM providers when enhanced dynamics are provided

# Proposed service changes - feedback

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## Specified tender months for longer-term tenders

- ◆ Terms suggest tenders cannot be submitted for a period other than an April or October start
- ◆ The ability to tender in February, March, August and September for longer-term tenders
- ◆ Timing of multi month tenders should be five days earlier
- ◆ For longer-term tenders indexation should be considered (RPI or market index)

## Next steps?

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- ◆ Revised draft of terms and conditions and place on web site in February
- ◆ Seek feedback
  - ◆ Feedback to [bea.ennim@uk.ngrid.com](mailto:bea.ennim@uk.ngrid.com), 01926 653448
  - ◆ Or your Account Manager
- ◆ Implement revised contract forms (by August 08)

# Firm Frequency Response

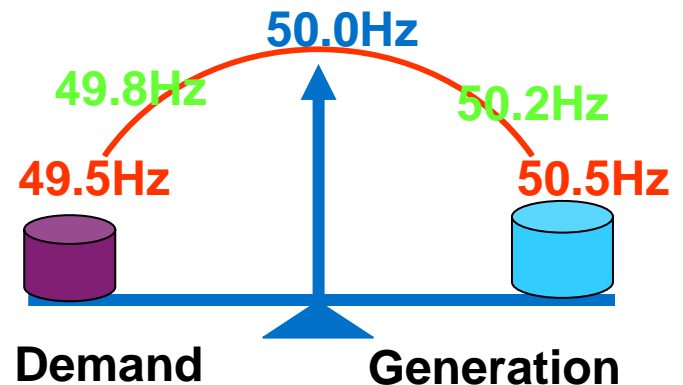
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Proposed Service Developments

# Firm Frequency Response (FFR)

## What is FFR?

- ◆ Firm provision of Dynamic or Non-Dynamic Response to changes in frequency
- ◆ Procured via a GB-wide tender
- ◆ Open to all
  - ◆ BM and Non-BM providers
  - ◆ Demand and generation



# Firm Frequency Response (FFR)

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## Why is it Needed?

- ◆ Designed to compliment other sources of frequency response
- ◆ Provides a route to market for providers whose services might otherwise be inaccessible
- ◆ Allows providers a degree of stability against price uncertainty

# Firm Frequency Response (FFR)

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## Technical Requirements

- ◆ Operate at tendered level of demand/generation when instructed
- ◆ Capability to operate in Frequency Sensitive Mode
- ◆ Measurable - Operational metering or equivalent
- ◆ Reliable - Proven delivery capability

# Firm Frequency Response (FFR)

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## Technical Requirements

- ◆ Minimum 10MW Response Energy
- ◆ Be able to instruct and receive via a single point of contact where a single FFR unit comprises of two or more sites located at the same premises

# Firm Frequency Response (FFR)

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## Payment Arrangements

### Firm

- ◆ Availability Fee £/hour
  - ◆ For the hours that the provider has tendered to make the service available for

### Usage

- ◆ Window Initiation Fee £/window
- ◆ Nomination Fee £/hour
- ◆ Response Energy Fee £/MWh

# Firm Frequency Response (FFR)

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- ◆ Market Information, Pre and Post Assessment Report
  - ◆ <http://www.nationalgrid.com/uk/Electricity/Balancing/services/frequencyresponse/ffr/>
- ◆ Information included in Monthly Balancing Services Summary (MBSS)
  - ◆ Monthly volume holding and costs
  - ◆ Tender information by month
    - ◆ <http://www.nationalgrid.com/uk/Electricity/Balancing/services/>

# Firm Frequency Response Proposed Service Changes

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## Submission of multi month tenders

- ◆ Multi month tenders will be submitted in March and September
- ◆ For any number of months beginning any time after May or November
- ◆ Follows month after Fast Reserve

# Firm Frequency Response Proposed Service Changes

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## Submission of multi and single month tenders

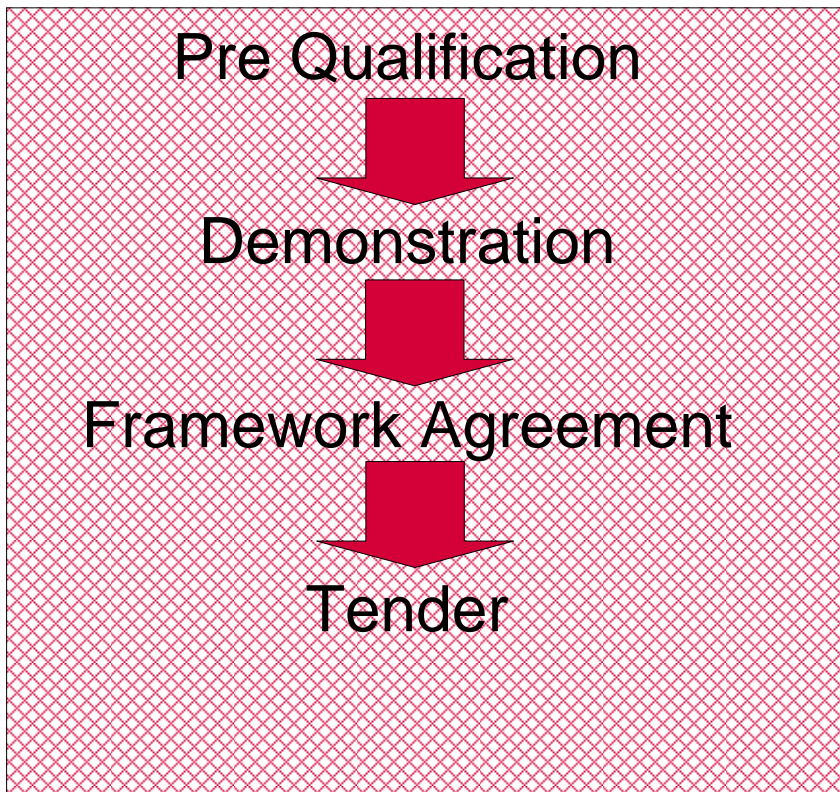
- ◆ Considering ability to withdraw tender before acceptance

## Benefits of these changes

- ◆ Increase efficiency in the procurement/assessment process
- ◆ Improved competition by introducing specified tender months for longer-term tenders
- ◆ Consistent with Fast Reserve

# Proposed service changes

## Additional flexibility for providers who need to invest



# Next steps?

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- ◆ Advising industry now
  - ◆ Directly via Account Managers
  - ◆ Today's Operational Forum
- ◆ Revise current terms and conditions and place on web site in March
- ◆ Seek feedback
  - ◆ Feedback to [hannah.morgan@uk.ngrid.com](mailto:hannah.morgan@uk.ngrid.com), 01926 653444
  - ◆ Or your Account Manager
- ◆ Implement revised generic contract forms (by September 08)

# Maximum Generation Service

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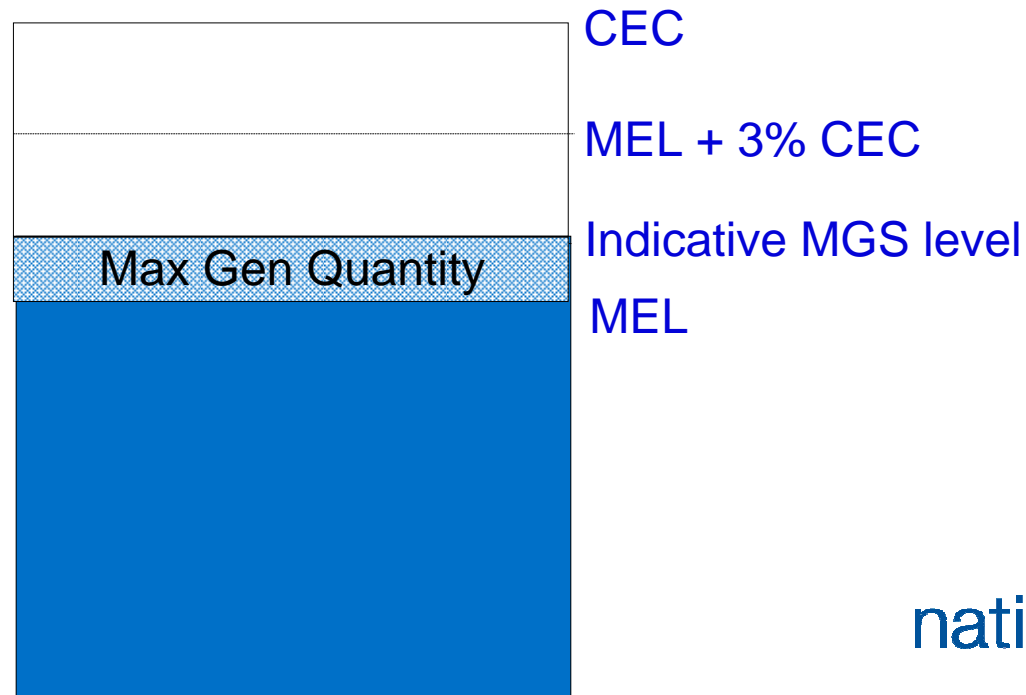
# Maximum Generation Service (MGS)

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- ◆ Allows access to unused capacity outside of generators normal operating range
- ◆ Used to provide short term generation during periods of system stress

# Maximum Generation Service (MGS)

- ◆ Generation above Maximum Export Limit (MEL) and less than or equal to BM Unit Connection Entry Capacity (CEC)
  - ◆ Quantity normally limited to 3% of CEC



# Maximum Generation Service (MGS)

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- ◆ Initiated by emergency instruction
- ◆ Provided on non firm basis
  - ◆ Providers paid for any energy delivered
  - ◆ Maximum Generation is included in the determination of the Applicable Balancing Services Volume Data (ABSVD)
- ◆ Last use in July 2006, payments approx £0.02m

# Maximum Generation Service (MGS)

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- ◆ Maximum Generation Service Agreement needs to be entered to provide service
  - ◆ Maximum Generation Energy Fee
    - ◆ May be revised monthly
  - ◆ Indicative Maximum Generation Capability
  - ◆ Limitations on quantity as percentage of Connection Entry Capacity

# Maximum Generation Service (MGS)

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- ◆ Publication of Maximum Generation Agreement Information (BM Unit level)
  - ◆ Maximum Generation Energy Fee
  - ◆ Indicative Maximum Generation Capability
  - ◆ Limitations on quantity as percentage of Connection Entry Capacity
- ◆ Publication of Maximum Generation Instruction
  - ◆ Maximum Generation Energy Fee
  - ◆ Periods service provided
  - ◆ MW level delivered

# Maximum Generation Service (MGS)

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- ◆ Further detail

- ◆ [http://www.nationalgrid.com/uk/Electricity/Balancing/services/system\\_security/maxgeneration/](http://www.nationalgrid.com/uk/Electricity/Balancing/services/system_security/maxgeneration/)
- ◆ CUSC 4.2

- ◆ Please contact

- ◆ Sam Wither, Lead Account Manager for MGS on 01926 656492 ([sam.wither@uk.ngrid.com](mailto:sam.wither@uk.ngrid.com)) or your Account Manager