Public

Response Reform June Webinar

This session will be recorded and all materials including a full Q&A will be published.

Please submit all questions via SLIDO with code #2149785 or the QR code

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Balancing Services – Dynamic Response Current Service Design Status

	Needs case	Options assessment	Service design	Formal Consultatio	Go Live
	Engagement				
Instructible Dynamic Response			★		
Static Response Reform		★			
Locational procurement		★			
30 Minute Service Window	★				
Stacking Response/Reserve	★				

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Real-time response

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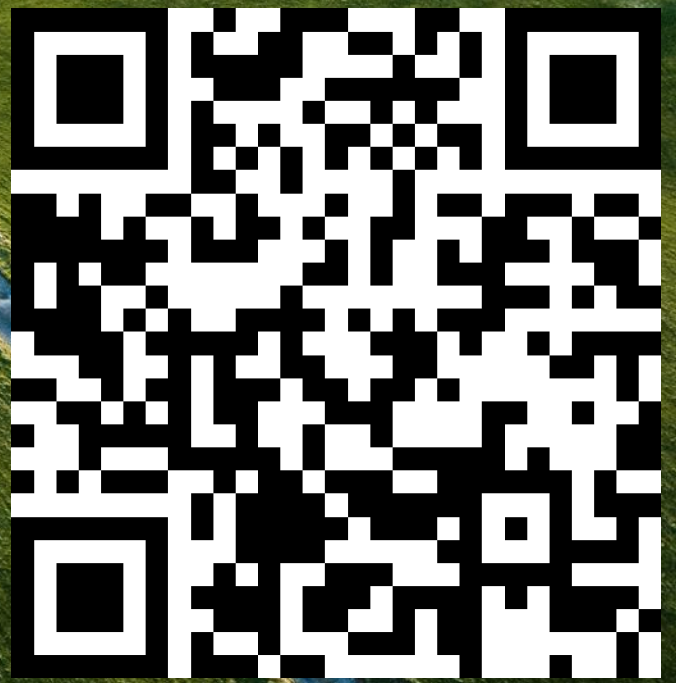

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A Brief Recap

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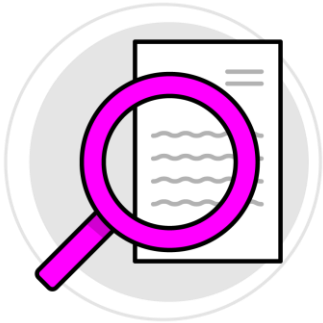
The Goal: Implement a real-time element of Dynamic Response to (eventually) replace MFR.

We explained the challenges we're facing...

...and with input from across industry...



...we published a first draft of the new real-time service...

...which we will keep refining in line with your feedback...

...to deliver the best possible outcome for the GB consumer

Key Design Elements

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Limits and Prices	Capability calculation	Instructions and stacking	Performance Monitoring
Declare offerings for each service	Determine maximum available response	Instructions are open-ended	Performance targets aggregated
Commitments become firm at deadline	Adapt to other instructions, variable baselines	Splitting with day-ahead response	Transparency data published

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Limits and Prices

- Deadlines too early
- Please clarify what “firm” means

This is the only change from the published service design (so far?)

Deadlines

- We initially proposed 16:00 D-1
- Clear feedback that this is unviable
- New proposal: gate closure

This delays service go-live, but probably only by 3-6 months

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Firm Limits

- Instructions can only be rejected on technical and safety grounds.
- But limit submission **is not** a guarantee of availability (MW or charge)

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Capability Calculation

- How would this interact with GC0166?

A specific policy will be communicated nearer service launch

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GC0166

- Introduces two new BM parameters: MDO, MDB (Maximum Delivery Offer/Bid)
- These will be used to inform decisions about (among other things) real-time response arming
- A unit only capable of providing for a few minutes would not be considered
- During periods of low margin, units with low charge would be kept in reserve
- MDO/MDB are (per current draft text) submitted net of any day-ahead Ancillary Service obligations

Modification process & timetable

1	**Proposal Form**	29 November 2023
2	**Workgroup Consultation**	18 November 2024 – 09 December 2024
3	**Workgroup Report**	23 April 2025
4	**Code Administrator Consultation**	06 May 2025 – 06 June 2025
5	**Draft Modification Report**	18 June 2025
6	**Final Modification Report**	08 July 2025
7	**Implementation**	10 Business Days after Authority Decision

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Instructions and stacking

- Why pay-as-bid?

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Pay-as-clear markets are great…

- Greater transparency
- Clear price signals
- Incentivise marginal pricing
- Lower volatility

…when the product is homogeneous

- Location
- Timing
- State of charge management
- Competition with energy balancing

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Instructions and stacking

- Why pay-as-bid?

Location

Could be mitigated with zonal pricing.

Not trivial! Network boundaries can move frequently in real-time.

Real risk of reducing transparency/clarity.

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Could go to 1-minute granularity clearing.

Is that true competition?

Timing

State of Charge + Energy Balancing

Co-optimising a pay-as-clear and pay-as-bid market in the same timescales doesn't currently have a good solution.

While location and timing are challenges, this obstacle is the primary reason NESO is minded to use pay-as-bid clearing for this market.

This isn't the end of this conversation!

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Performance Monitoring

- Please clarify rules for ends of instruction

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Instruction Start/End

- Each instruction will be treated as a short-term contract
- Thus, current grace period rules would apply at the start and end

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30-minute procurement

We are exploring procuring our Dynamic Response Services (DC/DM/DR) in half hour blocks instead of EFA blocks.

We are currently in the early stages of our investigation – we foresee significant challenges around State of Energy (SoE) and Grace Periods and would like your feedback on our options.

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State Of Energy (SoE)

Current SoE management rules for DX rely on energy-limited assets reviewing the level of stored energy at the start of each settlement period during that EFA Block, accounting for the net energy delivery in the previous settlement period. The target levels of SoE reset at the start of each EFA block.

30-minute procurement would mean that assets can be contracted for longer consecutive periods, therefore increasing the risk of SoE depletion.

We are considering the following solutions:

- Explicitly setting a maximum number of consecutive contracts
- Increasing the Energy Recovery target so providers can provide energy for more consecutive periods

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Grace Periods

Grace Period 1

"After a response unit begins delivery, after a period of missing data, or after switching from unavailable to available"

- Beginning of delivery is defined as the start of a dynamic service delivery from any other service not within the dynamic service suite or FFR.

Grace Period 2

"To allow time to change from one Response Contract (or from Dynamic FFR or Static FFR) to another Response Contract"

E.g. DC switches:

- DCL to DCH/DCLH
- DCH to DCL/DCLH
- DCH to DCH or DCL to DCL (if there is a change in Volume)
- FFR/ DM/ DR to DC

	Grace Period 1	Grace Period 2
DC	0.55s	2s
DM	0.55s	2s
DR	2s	10s

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Grace Periods

Procuring DX in 30-min blocks would greatly increase the number of Grace Periods, and therefore duration for uncertainty.

We are currently considering the following options for Grace Periods:

- Reduce the duration of Grace Periods
- Mandating a minimum number of consecutive contracted windows to reduce the occurrences of Grace Periods
- Replacing grace periods with a smooth transition for the bounds of delivery

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Q&A

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