

## Frequency Response Reform June Webinar

### Webinar 17/06/2025 Q&A

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- *The event would be more useful if we had the slides first.*

This is helpful feedback – it may not always be possible but we'll aim to do this in future.

#### **Pricing and procurement**

- *If the market is pay-as-bid, can we maximise transparency by publishing the “bids” just after gate closure, as it happens with BODs in the BM?*

This is a very sensible suggestion and we are looking into incorporating it into our service design.

- *Thanks for explaining rationale behind pay-as-bid. Is it worth reaching out to further expertise to tackle co-optimising pay-as-clear and pay-as-bid in the same timescales?*

We have engaged internally and externally with experts in the field of optimisation while exploring the feasibility of pay-as-clear pricing as against pay-as-bid. We are still open to additional insights from other sources as we seek to identify the best solution.

- *How is live response procurement expected to impact DA response volume requirement?*

We are expecting that real-time Dx will replace the majority of our MFR procurement rather than changing the day-ahead procured levels, but as the service evolves we would look to procure what we need in the most efficient way to maximise value for consumers.

- *Will this service be procured in addition to or instead of MFR?*

To begin with we would expect to purchase instructible Dx in addition to MFR, with a transition period reducing the purchase of MFR and increasing Dx, eventually retiring MFR and replacing it with instructible Dx.

### **Technical implementation**

- *Would there be changes required to EDL/EDT on the providers end, and if so would the required updates be detailed and shared during consultation?*

We don't yet have a design for the IT implementation of this change; once this is available we will publish it. We do already know that we will need to introduce new Reason Codes. These will be introduced by a change to the appropriate grid code technical document and will follow the correct grid code change process.

- *How will NESO have the real-time visibility for non-BM participants (in contrast to the new MDO/MDB parameters for BMUs)?*

We expect that non-BM participants will be able to signal their availability adequately using their existing parameters. After service go-live, we will re-assess whether the cost of replicating any needed parameters from GC0166 would deliver material additional clarity (or volume).

- *Is partial availability allowed?*
- *Can you provide some more explanation on limits being "firm" (instructions only rejected on technical or safety grounds), yet submission is not a guarantee of availability?*

Availability is a yes or no flag, set per service (so "unavailable for DRL" would cover both day-ahead and real-time provision). This is distinct from limits which apply only to the real-time service and specify the maximum instructible response per service in real-time.

The actual quantity available to instruct may be less than the limit, for example when the unit has received a BOA that moves it close to its minimum or maximum output. In this case, an instruction just requires delivery of whatever response is available (up to the submitted limit).

Thus, instructions are firm (in the sense that they can only be rejected for technical or safety reasons) but they only require delivery of whatever quantity of response is available. If no response (for a particular service) is available, no instruction would be sent.

### **30-minute service windows**

- *Are the real-time and half-hourly procurement proposals mutually exclusive or designed to be implemented together?*

They are independent: we may well implement both and might implement them in either order. If both are ready for consultation at the same time, we may combine them for consultation purposes.

- *At the moment, “DFR Minimum SOE Requirement” resets at the start of the EFA block, independently of the potential DFR response in the previous EFA block. For settlement period procurement, will the “DFR Minimum SOE Requirement” reset at the start of each settlement period?*

We are considering multiple options for how and when the minimum SoE requirement might reset in the world of settlement period procurement, including a reset at the start of each settlement period (although that option puts a significant burden on providers and thus scores badly as compared with other options).

### **State of Energy management**

- *We calculated SOE changes for LB/UB of H/L services, and compared them Vs perfect response. Assets effectively need minimum efficiencies of DC 97.5%, DM 96.5%, DR 84.2% (on average) to keep up with NESO's HFE/LFE changes. Is this intentional, and can these minimums be communicated to participants?*

We have reached out for more detailed data on this topic and will give a full response in due course.