

REA Members Briefing: Frequency Response Auction Trial

Introduction

The UK Electricity System Operator (National Grid ESO) are reforming the various frequency response (FR) products. The Frequency Response procurement auction trial goes live from 25/26 April 2019. The REA has compiled this members-only briefing on the auction trial. This mechanism will help provide a route to market for distributed energy resources and energy storage as part of a suite of reformed balancing services from National Grid as ESO.

Service Requirements

Participants must provide:

At least 30 minutes' worth of capacity

Response within at least 1 second

Activation point is at 49.6 Hertz

Contracts will be allocated via a weekly auction. Initial registration is fairly straightforward, with two forms needing to be provided. The pre-qualification process is shown below:

Prequalification process - Auction Trial documentation

Providers submit to NGESO	FORM A: Company Registration	One submission per Parent Company / Agent / Aggregator (+ 1 Appendix per Related Entity)
	FORM B: Service Certificate	Provides legal declarations regarding Auction Trial documentation
NGESO	FORM C: NGESO Confirmation	NGESO confirmation of Provider prequalification – <u>not</u> a confirmation of contract for investment purposes
Contract documents – available to download on NGESO website	Auction Rules	Sets out how to take part in the Auction Trial. Establishes that a contract is formed upon acceptance of Sell Order in a weekly auction. Confirms the "rules of the game"
	Service Terms	Sets out the obligations of the Provider and NGESO once a contract has been awarded following a weekly auction.
	Testing guidance document	Guidance document – prequalification testing information
	General Terms & Conditions	Standard NGESO legal terms as per existing contracts: legal boilerplate
	Glossary	Defined terms, as referenced in above legal documents

Pre-qualification Paperwork

Applicants must provide:

40 Strand
London, WC2R 0DT

Tel: 020 7925 3570

<http://www.r-e-a.net/>

The information and opinions within this briefing are for information purposes only. They are not intended to constitute legal or other professional advice, and should not be relied on or treated as a substitute for specific advice relevant to particular circumstances. The Renewable Energy Association, or any of its subsidiaries, shall accept no responsibility for any errors, omissions or misleading statements in this briefing, or for any loss which may arise from reliance on materials contained in it.

Form A: Company information - this must be in the exact same format as the firm's details on Companies House.

This form effectively registers the organisation for the range of National Grid ESO (NG ESO) Balancing Services markets, if they wish to provide them (individual service options also required). One form is required per parent company/agent or aggregator, which can have a sole Company Director signatory.

Form B: Registration of interest in providing specific FR Auction Trial service.

Form C (to Applicants): NG ESO will send confirmation of acceptance onto the scheme via 'Form C' (but not confirmation of a FR auction contract – this depends on the auction outcomes)

Online Portal entry: Each company then provides the details of specific units participating in the auction via the Online portal.

Technical testing and verification: these are required prior to capacity delivery but it is unclear how this will operate/what will be required, at this stage.

NG ESO also say there will be a 'week by week' opportunity to pre-qualify for the auction even after the Go live date (details TBC).

Auction process

Contracts will be allocated on a Pay-as-Clear basis - like the CfD mechanism - with bids stacked by lowest prices and assessed by their impact on the available capacity.

Auctions will be run on a weekly basis as follows:

10am Thursday – NG issue the volume to be procured and maximum price

12pm Thursday – Participants must lodge their final bids

12pm Friday – Results of the auction are published by NG

11pm Friday – Capacity must be delivered from this time

Further information

A webinar was held 21st March 2019, and the link to the slides used by National Grid ESO is available to [download here](#)

An FAQ document covering questions arising has also been published, available to [download here](#)

Contact:

For more information on the above contact Frank Gordon, REA - fgordon@r-e-a.net