

# Frequency Response Day-ahead market – Straw-man

# Issues to address

- National Grid can never be certain of the mix of plant that will generate and the associated response capability.
- Income for responsive plant is too uncertain to ensure that it is despatched by the generator out of merit.
- Current FFR market is risky for provider with exposure to fuel / power price changes as it covers such a long period.

# Day-Ahead market concept

- Aligning the self-despatch process with response provision will allow out of merit, responsive units to price their response capability to ensure that they can run when needed.
- Efficiency is gained by optimising both the energy and response decisions at the same time.
- By the de-loading being taken onto account by the generator, the SO role is reduced and the plant running on the day will have the required capability determined by National Grid.
- Entirely compatible with ability to trade obligations (Option 1)

# Day-Ahead market

- Similar to FFR concept but run daily
- Open to all (pre-qualified) providers
- Providers offer price for MW response capability that includes de-loading cost for generators.
- If accepted, provider will run the accepted unit de-loaded and provide response if instructed.

# Issues

- Complexity
- Process
- Interaction with day-ahead energy markets. Which runs first? Could be run simultaneously with NG auction for replacement energy.
- Within-day failures still need SO flexibility