

ORPS methodology review

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What is Obligatory Reactive Power Service (ORPS)

- To assist with voltage support in stabilising the grid, NESO can access reactive power as an ancillary service, through Mandatory Service Agreements with generators.
- For providing this mandatory service, providers are remunerated through the (Obligatory Reactive Power Service) ORPS default payment mechanism, as outlined in the CUSC schedule 3, part 1, appendix 1.
- There have been significant changes in the energy landscape. There is no more coal, has been a reduction in gas, and an increase in renewables and intermittent energy generators as we move to net-zero.
- The default payment mechanism is based on gas prices and hasn't changed since 2007.
- We recognise that the methodology requires review.
- There is also the Enhanced Reactive Power Service (ERPS). This hasn't been bid in to for many years. (ERPS is not within the scope of the project but is impacted by ORPS)

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Approach

- The project approach will be to review the costs for present and emerging technologies providing mandatory reactive power. There have been 11 potential technologies identified.
- Innovation project funding has been secured and a 3rd party appointed to support the review of the remuneration calculation.
- We will be seeking input from industry participants on what works and what doesn't, as a key part of the project's inputs.
- The project will keep participants informed as the work develops with its outputs, via workshops, webinars and other NESO communication channels.

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Scope and outputs

- The project is due to kick-off in the next few weeks and is forecasted to last for approximately 7-8 months.
- We will be arranging industry work groups etc, to validated current assumptions and generate ideas which help shape a solution.
- As part of the work, we will identify a revised remuneration methodology that is both fair and transparent.
- The key outputs will be:
 - A revised approach for remunerating for mandatory reactive power services.
 - An assessment of any codes and systems that are impacted by the revised approach.
- It is worth noting that the project's focus is on proposing what changes are required. Whether and how the change will be delivered will be by the BAU code change process.

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Reason for comms

- We have brought the project to TCMF to raise awareness. We would be pleased to hear from anyone who feels their organisation would like to be more involved.
- We are seeking a broad representation of industry bodies and technologies which may be impacted by the project and would welcome nominations to be considered as part of the working group.
- If you would like to register your interest in project comms and updates, please do so by contacting Jeremy.taylor@nationalenergyso.com - 07583 139217.
- In addition, if you wish your organisation to be involved in the working group discussions and have a candidate you want to be considered, please submit your nomination within the next two weeks (by Friday 6th December). When doing so please advise what expertise you can bring to the group, what segment of industry you are from, and your technology of interest. We would like the first meeting to take place before the end of the year.