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Transition of STOR to Slow Reserve Requirement and Procurement Options

Request for input

Introduction/Context

NESO acknowledges that a successful transition from legacy service to a new service relies on clear and timely signals to facilitate growth and competition in the new markets. To support this, NESO is committed to continuing to improve transparency of both how and when NESO communicates the future needs. NESO would like to support its service providers to transition and would like to invite you to make the crucial decision on how and when the transition should take place.

Slow Reserve (SR) will be divided into positive and negative. Positive SR will ultimately replace the legacy Short Term Operating Reserve (STOR) service. This paper explains the initial requirement and procurement strategy options for the transition of STOR to SR. Two options are considered for the transitional phases: Hard Stop and Phasing Out approaches to SR. NESO welcomes industry feedback on the most preferable option considered. The existing proposed SR service and procurement design is available [here](#).

Questions

- What are the possible approaches for transitioning STOR into SR?
- What are the illustrative examples for the transitional phases?
- What are the potential impacts for each of the transitional options?

Options

1. STOR Hard Stop.
2. STOR Phase Out approach to SR.

Conclusion

Two potential options are proposed for your consideration: Hard Stop and Phasing Out approaches for the transition of STOR to SR. Each option has its own set of implications and timelines. While the Hard Stop approach is currently NESO's preferred option, industry feedback is crucial in determining the most preferable option for this transition. The goal is to ensure the smooth transitioning from STOR to SR while ensuring industry feedback is captured, guaranteeing efficiency and reliability of reserve services.

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Submission Guidelines

Please submit your feedback to through our Slow Reserve transition survey [here](#) by 4pm on 5th March 2025.

Options and Impact Assessment

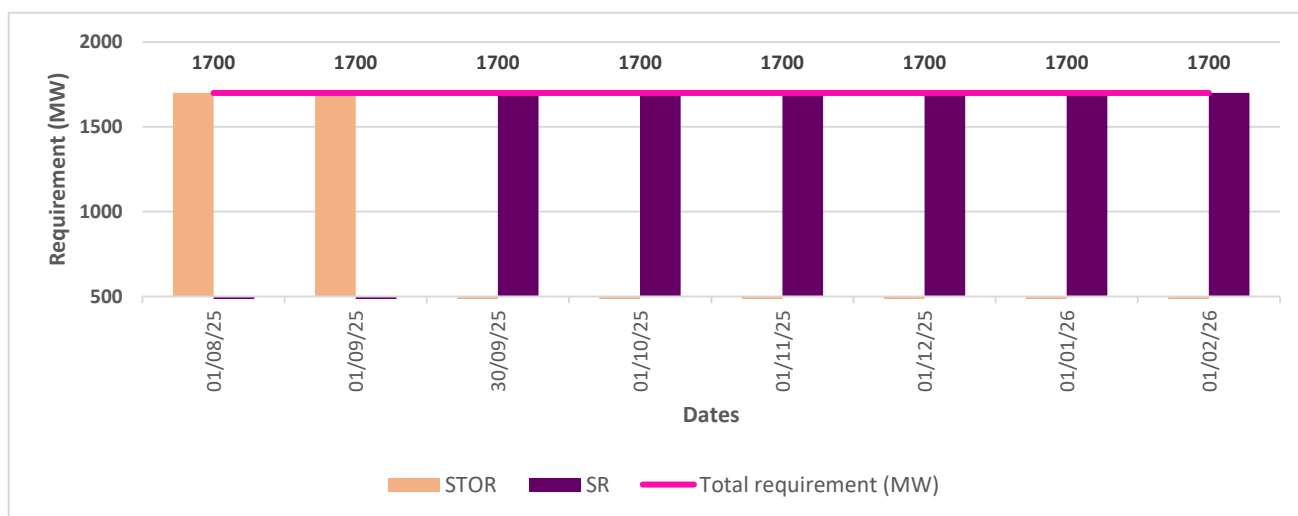
Below are the two options that NESO has considered. Please note requirement numbers are non-indicative and may be subject to change following future review of system operating conditions and closer to the pre-launch of SR.

Option 1: STOR Hard Stop

Illustrative example

Positive STOR and SR

This approach would mean that positive STOR procurement would cease after the SR go live and will transition to positive SR with full requirement. It eliminates the complexity of managing two procurement events for very similar services with similar buy orders but different auction timings.



Period	Requirement (MW)		Total Positive Requirement (MW)
	STOR	SR	
01/08/25	1700	0	1700
01/09/25	1700	0	1700
30/09/25	0	1700	1700
01/10/25	0	1700	1700
01/11/25	0	1700	1700
01/12/25	0	1700	1700
01/01/26	0	1700	1700
01/02/26	0	1700	1700

Impacts

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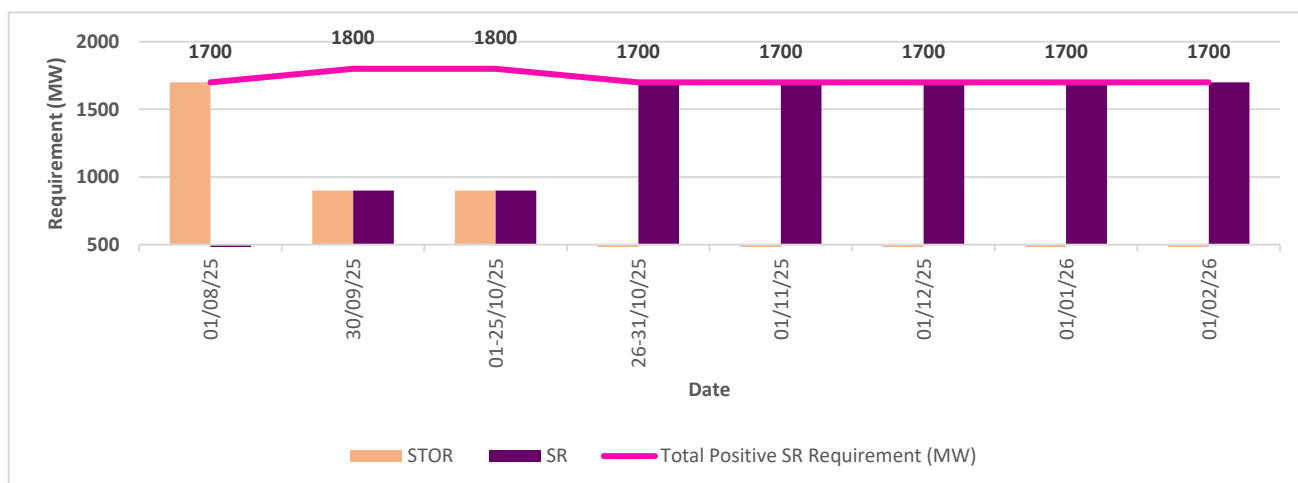
- Market participants can benefit from Enduring Auction Capability (EAC) with flexibilities around splitting sell orders. The information about EAC algorithm is available [here](#) and please click [here](#) for the main information about EAC.
- Allows more time for most providers to onboard to new services.
- Eliminates complexities of running two similar services at different timescales and two different buy orders.

Option 2: STOR Phase Out

Illustrative example

Positive STOR and SR

This approach would mean procuring positive STOR until August 2025. NESO would implement a transition strategy with step change starting from September 2025 with 900MW which would involve fixing the STOR buy order and gradually decreasing the quantity and price for STOR before the GMT 2025 Clock change. The positive SR service will transition from September 2025 with initial 900MW and the full 1,700MW volume requirement delivery after the GMT 2025 Clock change.



Period	Requirement (MW)		Total Positive Requirement (MW)
	STOR	SR	
01/08/25	1700	0	1700
30/09/25	900	900	1800
01-25/10/25	900	900	1800
26-31/10/25	0	1700	1700
01/11/25	0	1700	1700
01/12/25	0	1700	1700
01/01/26	0	1700	1700
01/02/26	0	1700	1700

Impacts

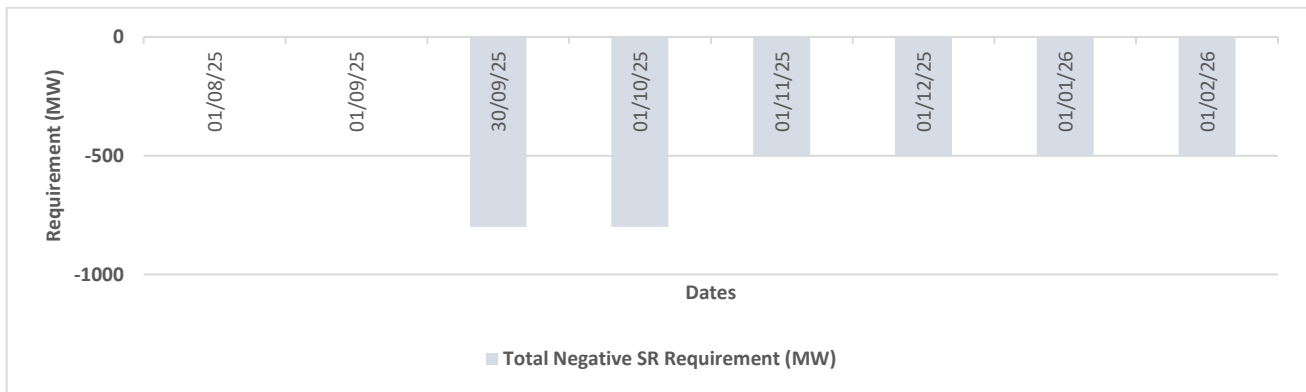
- Market participants can benefit from EAC with flexibilities around splitting sell orders. The information about EAC algorithm is available [here](#) and please click [here](#) for the main information about EAC.
- Complexity around moving requirement across two different services within day ahead timeframe if STOR does not clear its set requirement.

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- Managing two similar services at two different procurement events with different parameters (service windows, auction timings) is complex.

Negative Slow Reserve for Hard Stop and Phase Out

Since there is no negative STOR, the negative -800MW SR requirement will be applied in accordance with the full positive SR go live from September 2025. Later, -500MW negative SR requirement will cover the GMT 2025 and the early GMT term of 2026.



Period	Total Negative SR Requirement (MW)
01/08/25	0
01/09/25	0
30/09/25	-800
01/10/25	-800
01/11/25	-500
01/12/25	-500
01/01/26	-500
01/02/26	-500

Request for input:

NESO would be grateful if you could provide your thoughts on these questions:

- Are you currently actively participating in STOR Day Ahead auction?
- Are you considering moving from STOR to Positive Slow Reserve?
- What are your thoughts and preferences around the two proposed transition options? Do you have an alternative suggestion?
- Once you pre-qualified in Slow Reserve, would you like to retain right to bid in STOR until completely phased out?