

Optional Downward Flexibility Management (ODFM) Service

Interactive Guidance Document



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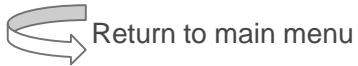
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Version Control

Version	Date published	Page No.	Comments
1.0	22/05/2020		First publication
1.1	10/06/2020	21 - 23	Additional Settlements process information, FAQ's separated out and linked to separate FAQ document on ESO portal

How to use this guide

- This document aims to provide ODFM service providers with clear, simple and transparent guidance on the service. It pulls together FAQs on the service and provides links to related documents.
- A menu button on each page allows access back to the main menu:



A toolbar runs along the bottom of every page, allowing for quick navigation to section menus. The colour-coded icons allow navigation to relevant sections of the document.

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

- Sections of the guidance are colour-coded, for ease of use.
- Please contact commercial.operation@nationalgrid.com if you have any questions or feedback.

1. Market Information

1.1 Context

1.2 Service Requirement

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

1.1 Context

Why are we doing this?

- When demand is low, there may be a requirement for additional flexibility to balance generation and demand, as well as to achieve sufficient negative reserve and high frequency response.
- This service will expand our ability to control output from providers we cannot currently access through the Balancing Mechanism (BM) and Platform for Ancillary Services (PAS).

Aims

- By contracting for ODFM in advance we aim to the aim is to provide additional flexibility to meet system security during periods of low demand.

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

1.2 Service Requirement

- Our requirement for ODFM is for during the **low demand** periods of the day. These low demand periods are typically during the overnight periods between 23:00 – 07:00
- We anticipate our requirement will be for **3-6 hours** during overnight periods at the **weekends and Mondays** and we will dispatch the service when a requirement is identified at day ahead.
- If the demand is **much lower** during the summer due to much higher wind and/or solar PV levels, this requirement could be on **any day** during the week and for extended periods
- During a protracted period this could be a requirement from **23:00 – 16.30**
- Our megawatt (MW) requirement for ODFM will **vary** day to day dependent on the demand and the generation profile. We anticipate that this will be between **0-3000MW**.

For more detail please see our website [here](#) for the latest Market Information

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

1.2 Service Requirement

	23:00-01:00	01:00-03:00	03:00-05:00	05:00-07:00	07:00-09:00	09:00-11:00	11:00-13:00	13:00-15:00	15:00-17:00	17:00-19:00	19:00-21:00	21:00-23:00	
Low Demand Period	Yes	Yes	Yes	Yes			Yes	Yes	Yes				
Requirement for Normal Demands		Sat Sun Mon	Sat Sun Mon	Sat Sun Mon									
Requirement for Low Demand and high wind PV Output	Any Day	Any Day	Any Day	Any Day	Any Day	Any Day	Any Day	Any Day	Any Day				

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

2. Service Overview

- The service is an optional product whereby volumes can be offered by providers on a week ahead basis;
 - Availability submission is required by 15:00 Wednesday
 - Service delivery commences Friday onwards 23:00 – 23:00
 - Availability must be for the same settlement periods every day
 - Delivery must be sustained for a minimum of a 3-hour continuous period.
- We are only looking to use ODFM over the summer period to 31st Aug 2020.
- DER will submit their £/MW/h for their service offering, along with the settlement periods they are making the service available for.
- The £/MW/h can be changed on a weekly basis.
- Once assessed, units who's offers are accepted will then receive email instruction as close to 17:00 as reasonably practical on the trading day prior to which delivery is required, of the settlement periods they are being asked to reduce their output/increase their demand for.
- Instruction will be based on the registered service volume.

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

2. Service Overview

- New service provides an opportunity for distribution connected embedded generation to enter into a voluntary contractual arrangement for service provision to NGENSO.
- Temporary arrangement which will support NGENSO in the management of specific network conditions during the summer of 2020, recognising the current abnormal electricity demand profile.
- Contractual arrangements sit entirely separate from the existing connection agreements established between each embedded generator and its host Distribution Network Operator (DNO), which remain unchanged.
- De-energisation and dispatch by DNOs of embedded generating plant under these connection agreements is entirely separate from, and not associated with ODFM balancing service and any payments by NGENSO under the Service Terms. DNO actions under arrangements with providers may have implications on availability for ODFM which is addressed in the Service Terms.

1. Market
information

2. Service
overview

3. How to
participate

4. Assessment
principles

5. Settlement

6. Frequently
asked questions

3. How to Participate

3.1 Who can participate?

3.2 How to Participate

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

3.1. Who can participate?

Assets which:

- Are not currently registered as a Balancing Mechanism Unit under the Balancing & Settlement Code.
- Can sustain service delivery for a minimum of 3 hours.
- Have the capability to deliver the service following email instruction by NGENSO (as close to 17:00 as reasonably practical on the trading day prior to delivery).
- Can deliver the service on non-working days and bank holidays.
- Have a total unit capacity of 1MW or above.
- Assets can be aggregated up to a GSP level but cannot contain a mixture of technology types.
- Generation assets must reduce to 0MW for the specified time period.
- Demand assets can sustain consistent increased demand for the specified time period
- Units must NOT be participating in or contracted to any other balancing/flexibility or related services during periods when the service is offered.
- Units connected to an ANM scheme cannot participate

1. Market information

2. Service overview

3. How to participate

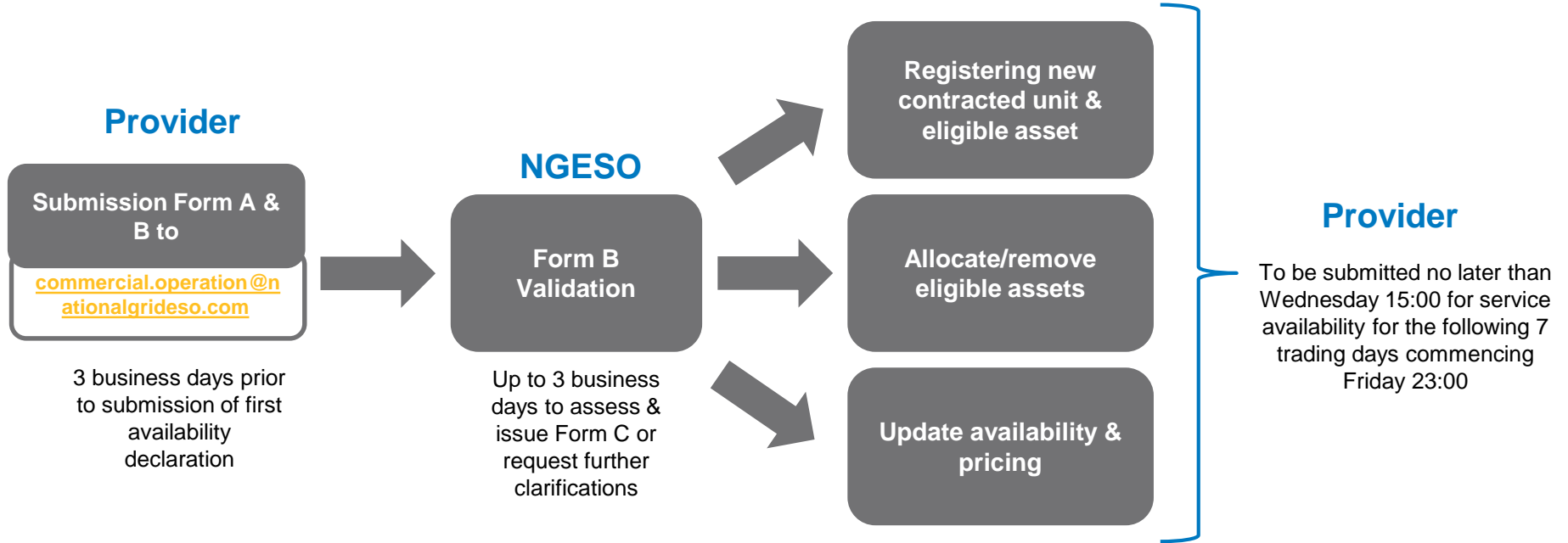
4. Assessment principles

5. Settlement

6. Frequently asked questions

3.2 How to participate - Registration process

Anyone interested in delivering this service can register up until mid-August



1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

3.2 How to participate - Registration process

- Complete **Form A & B**:
 - For a participant to register as a potential provider of ODFM, it must become a Registered Service Provider and pre qualify the assets.
- NGENSO issue **Form C** confirming you are a registered ODFM provider.
- Complete **Provider Data Template**:
 - To register eligible assets, for allocation to contracted units.
 - These contracted units are then declared as available to NGENSO for ODFM service delivery.
- NGENSO assess availability across all providers.
- NGENSO issue **dispatch instruction by email**, we need:
 - Email address, Operational contact , Telephone contact number

1. Market
information

2. Service
overview

3. How to
participate

4. Assessment
principles

5. Settlement

6. Frequently
asked questions

3.2 How to participate – Weekly process



1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

3.2. How to Participate – Activity summary

Activity	Provider	NGESO
Submission Form A & B	3 business days prior to submission of first availability declaration.	N/A
Form B Validation	N/A	Up to 3 business days to assess and issue Form C or request further clarifications
Registering New Contracted Unit & Eligible Asset (Provider Data Template) Allocate/Remove Eligible Assets (Provider Data Template) Update availability & pricing (Availability Declaration in Provider Data Template)	To be submitted no later than Wednesday 15:00 for service availability for the following 7 trading days commencing Friday 23.00.	

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

4. Assessment Principles

4.1 General Assessment Information

4.2 ODFM as an additional NGENSO tool

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

4.1. General Assessment Information

All units are assessed in line with the following principles:

- Assess whether the volume is accessible to NGENSO due to system constraints
 - Units restricted due to network constraints are rejected
- Assess whether the volume is available during the period of our requirement
 - Reject all bids which cannot deliver in the settlement periods for which for service is required.
- Bids are ranked according to their effective price (£/MW/hr / NGENSO forecast load factor).
- Assess the ramping times for units and any additional costs incurred from this
- Accept bids in effective price order until the requirement is met.
- All other bids above the requirement are rejected.

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions

4.2 How ODFM acts as an additional tool for NGENSO

Everyday Actions	Order	Comments
Bid actions on all other flexibility in the BM, including super-SEL	#1 based on Cost	Forecast at Day Ahead volumes, action taken in real time
Selling power to the continent to create exports on the interconnectors	#1 based on Cost	Forecast at Day Ahead, action taken at Day Ahead by National Grid Traders
Creating demand through pumping demand at pump storage sites	#1 based on Cost	Managed within the control timescales action taken within day
Enhanced Actions (if everyday actions are insufficient)	Order	Comments
Usage of ODFM service	#2 based on Cost	Enacted at day ahead based on forecasts of other actions.
Issuing an NRAPM and flag as alert status on the ENTSO-E transparency platform.	#3	Issue if, the above actions still leave a requirement. Managed within the control timescales action taken within day
Taking additional actions obtained through NRAPM	#4	Managed in real time
Emergency Actions	Order	Comments
Emergency Instruction to Transmission connected generation	#5 can only be done following #2	The ESO will not Emergency Instruct a BM unit that as been instructed on
Emergency Instruction to DNO to disconnect DER	#5	As per GC0143, DNO decides which DER to disconnect



5. Settlement

- OFDM service will be settled against a utilisation-based service fee (£/MW/h) which is submitted by parties through the Availability Declaration
- NGESO requires participants to submit a fully complete and accurate Settlement Data Template in line with the Service Terms
- Where NGESO and/or Elexon are unable to facilitate ABSVD, NGESO will settle energy imbalance cashflow as per paragraph 17.3 of the Service Terms
- Each participant must ensure that it has completed the necessary account forms that are outlined on our Settlement webpage in order to be set up as a vendor on NGESO's systems

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions



5.1 Settlement Process Insight

We recognise that for a number of parties this is their first time participating in an ESO balancing service. Therefore we wanted to share some insight into the settlement process around ODFM specifically as there are some differences to our more established services processes.

The ESO Settlements team is responsible for delivering settlement processes for all Ancillary Services procured by NGENSO. The team process operational, contractual and standing data to allocate payments to each provider for each service they have delivered. Settlement takes place a month in arrears, so May delivery is settled and paid in June. The Settlements team run two rounds of invoicing every month, preliminary and final. Preliminary statements and associated backing data are issued on the 8th working day of every month. Final statements and associated backing data are issued on the 18th working day of the month. Invoices issued to providers by NG ESO for Ancillary Services are self-billing. Preliminary statements give providers an indication of what the ESO intends to pay them at the end of the month, and give them the opportunity to review and dispute settlement data, so that the correct calculations are included in the final statements. **Payment is issued on the 21st working day of every month.**

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions



5.1 Settlement Process Insight continued

Due to the expedited nature of the ODFM implementation, it is not possible at this time to include ODFM data in preliminary statements. ODFM data will only be included in final statements for the foreseeable future. Please note, even though you will not be able to dispute ODFM settlement data and payments in advance, you will be able to raise disputes retrospectively, if required. Every dispute will be investigated and if the payment amount needs to be corrected, you will receive additional payment as an adjustment to the following month's invoice. Similarly, if NGESO themselves identify that the payment amount was understated or overstated (i.e. due to sub-optimal delivery performance), they reserve the right to make additional payments or claw back amounts in the following month's invoice.

To ensure we can settle the services you provide and issue payment, please ensure you have filled in the attached new service provider set up form which can be found here:

<https://www.nationalgrideso.com/industry-information/balancing-services/settlements> and send it to the Settlements team at settlement.queries@nationalgrideso.com.

Once the form has been processed, a member of the team will confirm you are set up on settlement systems and will advise you that the Finance team will contact you to request your bank/contact details. Please ensure you have provided bank details to the Finance team, when asked to do so, to ensure you will receive payment.

1. Market information

2. Service overview

3. How to participate

4. Assessment principles

5. Settlement

6. Frequently asked questions



Return to main menu

Frequently Asked Questions

You can find a list of frequently asked questions on the data portal [here](#)

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