

DS3 System Services Consultation – Volume Capped Procurement

This questionnaire has been prepared to facilitate responses to the consultation. Respondents are not restricted to this template and can provide supplementary material if desired.

Please send responses in electronic format to DS3@eirgrid.com or DS3@soni.ltd.uk

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Note: It is the TSOs' intention to publish all responses. If your response is confidential, please indicate this by marking the following box with an "x". Please note that, in any event, all responses will be shared with the Regulatory Authorities.

Response

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General Comments

GWM welcomes the opportunity to respond to the TSOs consultation on the DS3 System Services Volume Capped Procurement. The breadth of the issues under consideration in the consultation underlines the challenge faced by both the TSOs, in developing, and industry, in participating effectively, in a competitive procurement process in the timescales available.

While the consultation focuses on developing the Capped Procurement process in a technologically agnostic way, as seen in the 2016 EFR auction, implemented by National Grid in GB, utility scale battery storage systems are one of the technology categories likely to feature in the delivery of fast response capability on the system in the future. Acknowledging the work that was undertaken by the TSO in 2016 to bringing forward the Power Park Module modifications to the respective Grid Code Review Panels and as later approved by the RA's which incorporated Energy Storage Units into the Eirgrid and SONI Grid Codes as a subset of Power Park Modules, GWM considers that there remains a number of areas where the technical requirements that will be placed on battery storage systems remain to be clarified.

As an example the Grid Codes set out the requirement for reactive power capability for Controllable PPMs as a chart of the reactive power range divided by max. capacity over the active power range. This chart show active power from registered capacity down to zero but in the case of battery storage it is possible for a reactive range could be specified for the area from zero to the maximum charge capacity. In advance of opening the capped procurement process it would be preferable if this and other similar areas of technical specification can be clarified. GWM welcomes the workshop on the integration of storage technology planned for the 15th May and considers this be a useful and timely opportunity to clarify these issues.

The planned timing of the DS3 Capped Procurement process where an OJEU notice is to be published in September and tenderers will be required to submit their bids by November represents a significant challenge to participants. In this period participants will need to translate the OJEU notice along with any related documentation into a specification for tender for OEMs and then once the OEMs response translate the response received into a bid submission. In order to allow sufficient time for participants to form a fully refined bid price, GWM proposes that the DS3 Capped Procurement be divided onto to a two stage process. In the first stage, participants go through a qualification process in the timeframe suggested, i.e. closed by end of November. Participants who meet the qualification requirement then go on to the second stage to be held at the start of 2019 where they then bid submit their finalised bids. This second stage could be held over a limited number of days so as to allow the TSOs to complete the assessment and award contract in advance of the May'19 timeline to complete the process.

Below are GWM detailed comments on the question asked in the consultation documents.

<p><u>Question 7:</u> Do you have a view on the proposed bid pricing requirements and the mechanism for assessing bids and determining price?</p>	<p>Given that the timing of the delivery of the service provision to be contracted through the Capped Procurement process is a key enabler of the increased % SNSP limits which will support the achievement of the 2020 RES-E targets. GWM proposes that explicit value be attached to the early delivery of contracted system through the bid assessment process.</p> <p>In assessing the bids received a specific weighting e.g. 20% would be associated with project that commit to deliver before the end of 2020. GWM supports the TSO proposal that bidder be provided with a set of standardised data to apply to model their revenues and form the bid prices. However rather than a single year assumption set GWM proposes that a lower (low wind) and upper (high wind) bound be set. These bounds can then be used in settlement to set a floor/ceiling on payments to be received under the contract. Bidder can then apply their own assumption to the level of payments that will be available during the term of the contract in forming their bid submissions. Also in having a range in the available remuneration will ensure that the incentive structure built into the DS3 framework through the scarcity scalar is seen by contracted services providers.</p>
<p><u>Question 8:</u> Do you agree with the proposed maximum volume proposed per separate grid connection?</p>	<p>In setting a limit on the maximum size of an individual service provider to be contracted there will be a trade-off between the economies of scale for a larger project size and the increased risks relating to a single point of failure in technology and project delivery. In setting a maximum limit on 30MW GWM considers that these risks are balanced, additionally battery storage projects in this scale have been successfully delivered in GB as part of the National Grid's EFR auction process.</p> <p>Also this limit in combination with the 100MW sizing of the first auction offers the opportunity for the resulting projects to dispersed across the system. GWM proposes that in future rounds second phase projects on the same site as previously contracted service providers should only be excluded where there is shown to be a N-1 contingency which could result in the aggregate service provision being disconnected.</p>
<p><u>Question 9:</u> Do you have a view on the proposed application of performance, scarcity, product and</p>	<p>As outlined in response to Question 7, GWM believe that an element of exposure to scarcity</p>

<p>locational scalars?</p> <p><u>Question 10</u>: Do you have a view on the market interactions outlined here and the proposed mechanism for mitigating?</p> <p><u>Question 11</u>: Do you agree with the proposed mechanism for assessing applications?</p>	<p>scalar should be maintained by setting a floor and ceiling to the payments available to contracted services providers. In this way, in addition to the minimum availability requirement providers will have an incentive to ensure they are available in the periods when services are most valuable.</p> <p>In relation to the product scalar for faster FFR, GWM supports Option 2 proposed in the consultation. This option will allow service providers to recover the additional cost of providing the faster FFR service and maintain the incentive the scalar was intended to introduce.</p> <p>GWM supports the TSOs proposals in relation to the ISEM market interactions. The proposed availability requirement will act as the primary incentive for contracted service providers to maintain a high level of service provision availability. However at the level proposed it is considered that it should not act as a barrier to contracted services providers participating in the capacity market and taking on a Reliability Obligation.</p> <p>Similarly in the balancing market services providers (above demin) will be required to submit three party offer in line with the Balancing Market Code of Practise (BMCOP), in some case this could result in a service provider being dispatched of energy or non-energy action by the TSO but the services provider will be responsible for managing the recovery of any stored energy. The consultation refers to this as trickle charging, in GWM's view the service provider should be able to recover any stored energy in line with their contracted MIC, this will allow the services providers to make a commercial decision on the level of MIC to be contracted and related costs compared to the rate of recovery of stored energy and related service availability.</p> <p>As mentioned under general comments GWM proposes that in order to maximise the time available to participant to form the bids the procurement process be split into a second process, with qualification followed by bid submission.</p> <p>A procurement process where an OJEU notice is to be published in September and tenderers are required to submit their bids by November represents a significant challenge to participants. In this period participants will need to translate the OJEU notice along with any related documentation into a specification for tender for OEMs and then once the OEMs</p>
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	<p>response is received, translate the response received into a bid submission. In order to allow sufficient time for participants to form a fully refined bid price. In the first stage, participants go through a qualification process in the timeframe suggested, i.e. closed by end of November. Participants who meet the prequalification requirement then go on to the second stage to be held in early '19 where they submit their finalised bids. This second stage could be held over a limited number of days so as to allow the TSOs to complete the assessment and award contract in advance of the May'19 timeline to complete the procurement process.</p>
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