

Developing a flexible GB market framework



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National Grid



Our aspiration is a flexible market framework which is *Accessible* and delivers value to the end consumer ...



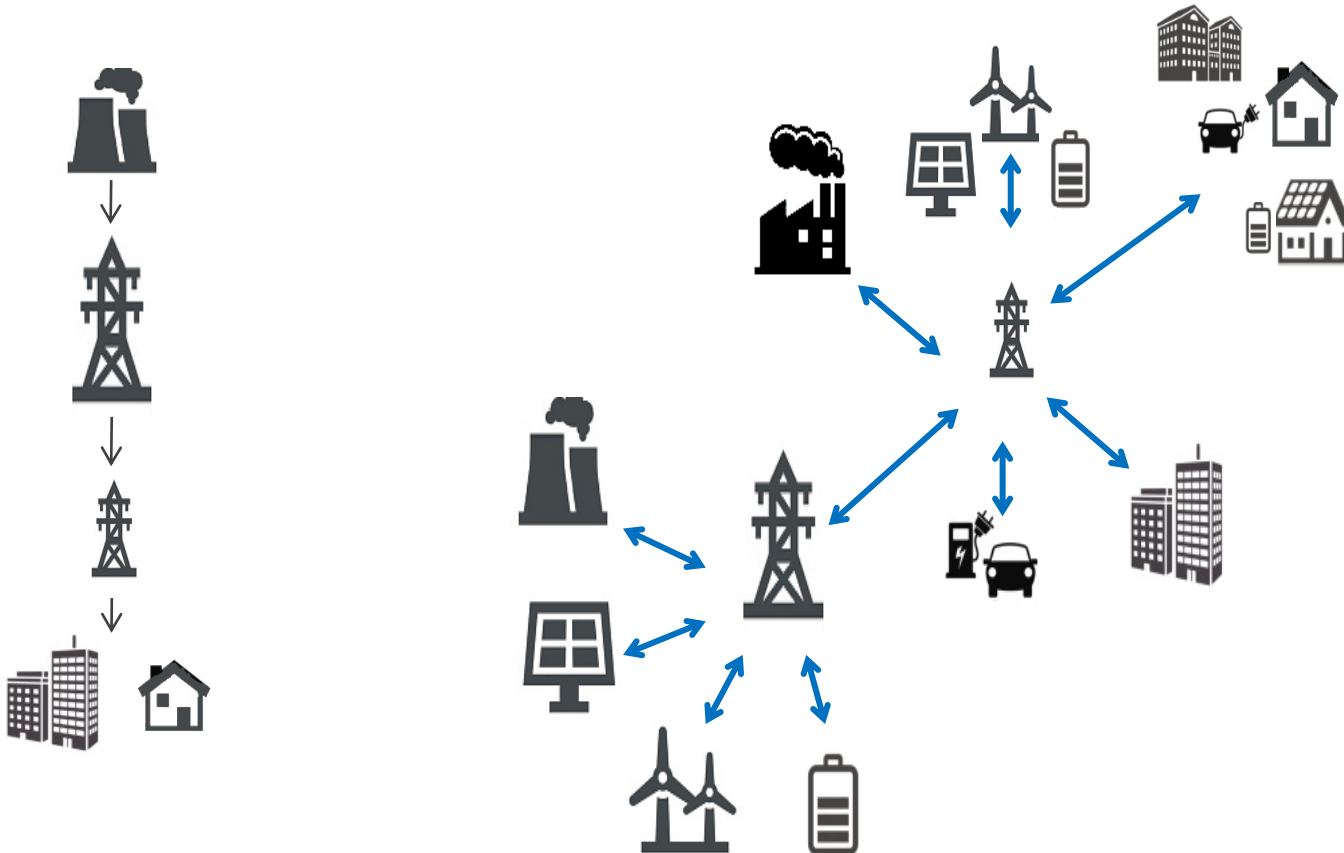
More flexibility is needed to deliver a system that accommodates our decarbonisation trajectory over the next 20 years



... which will enable us to deliver the energy system of the future ...

Yesterday

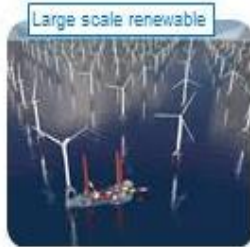
Future





... and facilitate the new interactions between supply & demand assets

Supply



Demand





Unlocking additional flexibility could also deliver up to² ~£2bn pa of consumer value

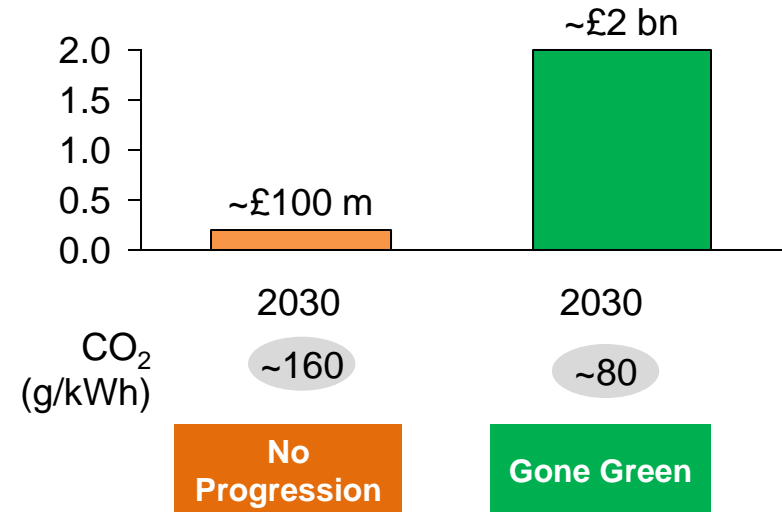
Flexibility creates consumer value in four ways

- 1 Reducing wholesale costs by displacing high cost plant
- 2 Reducing the cost of curtailing renewables
- 3 Reducing balancing costs of scheduling flexible generation
- 4 Reducing costs of network congestion

Adding¹ flexibility could deliver up to² £2bn pa of consumer value by 2030

Whole system savings, £ pa, 2015 basis

Consumer value of adding flexible technologies to FES 2015 scenarios

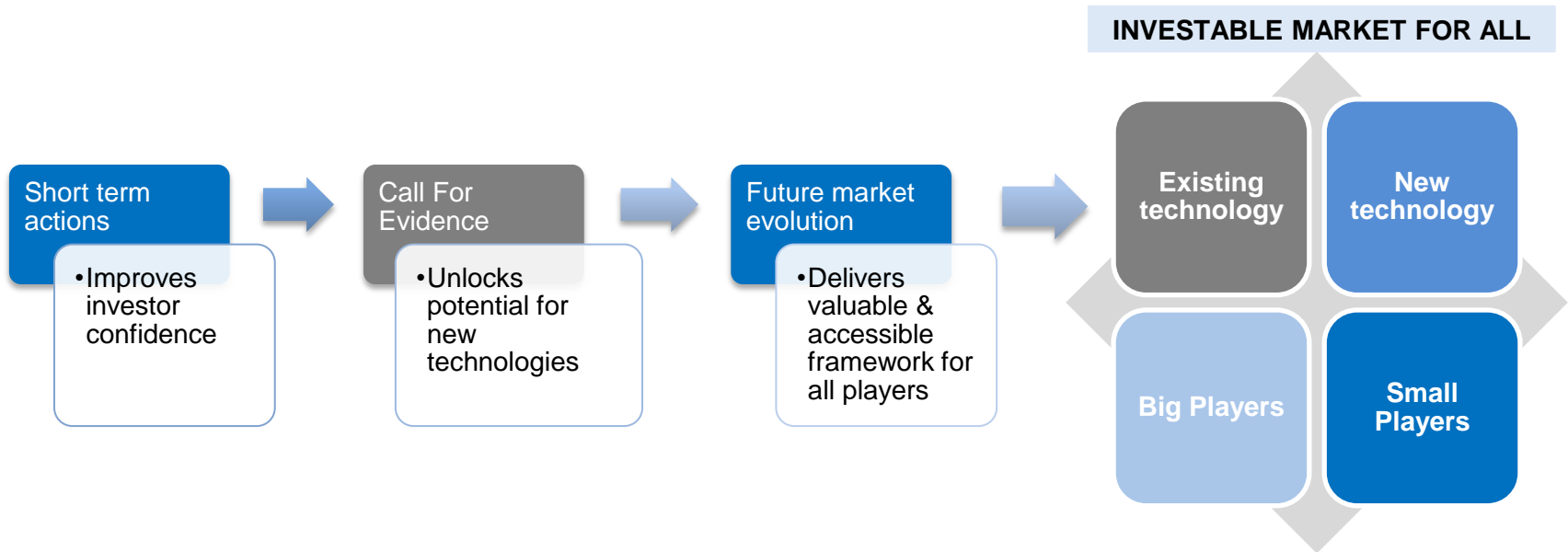


The value of flexibility is highest in scenarios with high volumes of inflexible capacity

Source: National Grid internal analysis, FES 2015, Imperial College & Carbon Trust (*Can Storage help reduce the cost of a Future Electricity System*).
 1. Flexibility added could include storage, DSR & interconnection; amount deployed dependent on economics of technologies and the economic value available in the market.
 2. Compared with operating the GG system with no flexibility.



The industry needs a route map to a market vision





We have developed 3 short term actions which will be delivered in the next 12 months

1. Improve effectiveness of information provided to market

- Improve historical information available to market participants
- Simplify where possible information on various products and services available
- Provide market with forward visibility of how products are likely to change over time
- Provide forward projections of commercial requirements

2. Simplify the SO's products where appropriate

- Trial to demonstrate how a shared services framework could work (part of this is underway with Demand Turn up service).
- Review of products to potentially allow for bundling of services

3. Improve the effectiveness of the SO's commercial strategy

- Improve the identification and communication of the SO's commercial requirements
- Deploy a process to create external market signals, ahead of need

Flexibility recommendations will be delivered as part of the Power Responsive campaign



In addition, a review of key design decisions of the market is needed to deliver the vision

