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| **Transmission Constraint Management Requirement Notice:**  **Invitation to Tender Pack, Letter 1**      To All Service Providers | Steve Miller  Senior Contracts Manager  [steve.k.miller@nationalgrideso.com](mailto:steve.k.miller@nationalgrideso.com)  Direct tel: +44 (0)1926 653245  Direct fax: +44 (0)7500 126470 |
|  |  |
| 5 June 2019 |  |
| Issue 1 |  |

Dear Service Provider

**Transmission Constraint Management Requirement Notice - [TCMRN/01/19]**

The following Transmission Constraint Management Requirement has been identified by National Grid Electricity System Operator Limited (“NGESO”) to manage forecast constraint costs and volumes, arising from asset health, planned outages and forecast system conditions. NGESO is therefore, seeking to procure constraint management services in order to economically and efficiently manage a potential constraint.

There are two contract requirements as detailed below and we are inviting tenders for the firm contract or optional contract or both. Please note the below requirement is for a voltage only service at minimum output.

With these requirements, there are several other documents to go alongside which will be published on the website:

* Tender submission spreadsheet
* Generic contract terms for firm contract
* Generic contract terms for optional contract

Please note when providers submit tenders this is on the basis that the contract terms can be delivered. The contract terms will not be amended post tender, please read the contract terms thoroughly before submitting a tender.

**Constraint Requirement**

|  |  |
| --- | --- |
| **Zonal Requirement:** | East Midlands |
| **Potential Service Providers:** | Spalding, Little Barford, Rye House , Sutton Bridge |
| **Additional Notes:** |  |
| **Estimated volume required:** | 2 Units |

Service providers are requested to provide prices for the following service(s):

|  |  |
| --- | --- |
| **Service description:** | 1. Voltage Only (Firm) |
| **Service Type:** | Firm to run at SEL for the overnight period for three nights |
| **Term:** | From: 05/07/2019 (23:00)  To: 08/07/2019 (07:00) |
| **Period:** | 23:00 to 07:00 |
| **Payment Rate:** | £/SP |
| **Notice:** | N/A |
| **Additional notes:** |  |

|  |  |
| --- | --- |
| **Service description:** | 2. Voltage Only (Optional) |
| **Service Type:** | Option price without availability component |
| **Term:** | From: 08/07/2019 (23:00)  To: 20/07/2019 (07:00) |
| **Extension:** | n/a |
| **Period:** | 23:00 to 07:00 |
| **Payment Rate:** | On days when NGESO enacts the option, NGESO payout to unit based on the difference between the day ahead spark spread and pre-agreed strike price (SP) for the contracted period, as detailed in the Voltage Constraint Formula document. |
| **Notice:** | 10:00 within day for 23:00 same night |
| **Additional notes:** | We require prices for the following options.  Option 1 - where at the time of the instruction, PN < SEL in EFA block 6 and EFA block 3.  Option 2 - where at the time of the instruction, PN >= SEL in EFA block 6 or where at the time of the instruction PN >= SEL in EFA block 3.  Option 3 - where at the time of the instruction, PN >= SEL in EFA block 6 and EFA block 3. |

These requirements are NGESO’s current best view based on OC2 generation availability, demand estimates, asset condition and forecast market conditions. However, if in NGESO’s view the drivers change significantly then NGESO reserves the right to amend or withdraw these requirements. Where appropriate NGESO may republish the tender requirements, and revise the relevant timescales accordingly.

**Timescales**

The timescales for this process are as follows:

|  |  |  |
| --- | --- | --- |
| Business Day 1, 17:00 | Wednesday 5th June 2019 | Requirement published |
| Business Day 9, 17:00 | Monday 17th June 2019 | Submission of prices & services |
| Business Day 14, 17:00 | Monday 24th June 2019 | Outcome published |
| Business Day 19, 17:00 | Monday 1st July 2019 | Contract in place |
| Business Day 23, 23:00  Business Day 24, 23:00 | Friday 5th July 2019  Monday 8th July 2019 | Service commencement (Fixed)  Service commencement (Optional) |

**Submission of Service and Price Offers**

Should a service provider wish to submit service and price offers for these constraint management requirements, these should be submitted to Steve Miller **and** the email address: [commercial.operation@nationalgrid.com](mailto:commercial.operation@nationalgrid.com) in accordance with the timescales above.

This process is not governed by NGESO standard contract terms, therefore the electronic submission of such offers are acceptable providing the above timescales are complied with.

**A template for submissions is provided in Excel format on the constraint management website. Please use this Tender Sheet for your offer submission.**

If there are any technical limitations on your stations ability to deliver this service, please ensure these are included in the tender for consideration in the assessment.

**Publication of Information**

NGESO shall publish and / or announce details of the information submitted for the provision of constraint management from any service provider, and the service provider is required to consent to the disclosure by NGESO of any such information. To this end, NGESO cannot accept an offer from any potential service provider unless they consent to the disclosure of such information.

**Further Information**

For further information and a more detailed explanation of the procurement process for the above or similar requirements, please contact your Balancing Services Account Manager.

Yours faithfully

Steve Miller

Senior Contracts Manager

**APPENDIX 1 - GAS**

**Contract Fee**

The **Contract Fee** for each **Service Period** shall be determined as follows:-

**Contract Fee** (CF) = (Max (0, SP – CSSd))) \* SEL \* Hd

Where:

CF = the **Contract Fee** for the relevant **Service Period.**

SP = the Strike Price, being [ ] £/MWh

CSSd = for **Service Periods** expiring in calendar day d, the day ahead **Clean Spark Spread**

**Clean Spark Spread** = GBPP – Gas Cost – Carbon Cost

Where:

Gas Cost = (Day Ahead NBP/ Gas Conversion Factor \* 10)/ Gas Efficiency Constant

Carbon Cost = (Dec 2019EUA + CPS) \* Gas Carbon Intensity

And where:

GBPP = a mean average across each **Settlement Period** throughout the **Service Period** of the clearing prices for those **Settlement Periods** published by APX following the day ahead auction on calendar day d-1, quoted as £/MWh

Day Ahead NBP = the Day Ahead Gas Index as published by Argus on calendar day d-1 (or, where this is not a Working **Day**, on the immediately preceding Working **Day**) or, where the Working **Day** immediately preceding calendar day d is a Friday, the Argus Weekend Gas Index published on that day, quoted as pence/therm

Dec 2019EUA = the European Union Allowance price (expressed in €/tonne) for December of the relevant year published by the Intercontinental Exchange as the ‘Settle Price’ within the end of day report for contract C-EUA and dated the Day in which the Settlement Period falls or, if no report is published for that Day, the report published most recently prior to that Day, converted to £/tonne at the Euro to Sterling daily spot exchange rate for that Day published by the Bank of England.

CPS = UK carbon price support being £18.08/tonne

Gas Carbon Intensity = [ ]

Gas Efficiency Constant = [ ]

Gas Conversion Factor = 29.3071

SEL = the **Contracted SEL**

Hd = the number of hours comprised in the relevant **Service Period** excluding periods of deemed unavailability pursuant to Sub-Clause 3.3.3 and any **Settlement Periods** in respect of which the **Generator** fails to comply with any of its obligations hereunder as referred to in Sub-Clause 3.5.2.

Euro GBP conversion = daily spot rate as published by the Bank of England.