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[www.nationalgrideso.com](http://www.nationalgrideso.com)

29 January 2020

## **Future firm STOR and Fast Reserve tenders**

Dear industry colleagues,

On [19 December 2019](#) we wrote to you to advise that we had taken the decision to suspend the next STOR tender round (TR40) due to uncertainty around the potential implications of the recast Electricity Regulation within the Clean Energy Package on how we procure STOR. The decision was taken to allow us time to review the current arrangements for the procurement of STOR and to work with Ofgem on our associated derogation requests until we have a clear legal framework agreed.

Similarly, with Fast Reserve we wrote to you on [14 January 2020](#) to explain that the January tender round would not be concluded and that we would be suspend the monthly procurement of Fast Reserve.

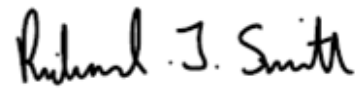
We fully understand the implications and uncertainty that these decisions have on our providers, in particular with the forthcoming Capacity Market auctions and we committed in those letters to keep you updated on our engagement with Ofgem and our internal plans for the future, as well as what this means for subsequent planned tender rounds for STOR and Fast Reserve.

We have taken the decision to not procure any further firm STOR or firm Fast Reserve contracts until we have concluded our discussions with Ofgem, and we will write to you to inform you of those conclusions. We will continue to operate with existing contracts as we believe these are not affected by the requirements of A6.9, and the optional routes for STOR and Fast Reserve are available to units that have prequalified. In addition, wider access remains a route for providers wanting to offer their capacity in the Balancing Mechanism.

In our recent [Response and Reserve Roadmap](#) we stated that we would be looking at the reform of reserve services between now and March 2021 when we intend to publish our proposals. Though we have cancelled tenders for STOR and Fast Reserve, we will be keeping you updated and engaged at key stages during the next 12 months as we progress through the development of our future reserve services.

Whilst our engagement with Ofgem is ongoing, we do not yet have an agreed position to communicate regarding the provisions within Article 6 of the recast Electricity Regulation within the Clean Energy Package. We intend to continue working with Ofgem to ensure there is a clear legal framework upon which to base reserve reform (including in relation to our derogation requests) and we will be meeting with Ofgem and BEIS in the coming weeks where we intend to share our emerging short and longer term plans for our reserve products.

Yours sincerely,

A handwritten signature in black ink that reads "Richard J. Smith". The signature is written in a cursive style with a clear, legible font.

Richard Smith  
Head of Commercial