

Addendum to Annual Balancing Services Spend Report

Net Transfer Capacity Spend April 2021 – March 2022

**Published in accordance with Standard Condition C16 of
National Grid Electricity System Operator Transmission Licence**

Effective Date: 17th February 2023

Version Number: 1.0

Contents

- 1. Version Control4
- 2. Purpose of Addendum5
- 3. Introduction6
- 4. NTC Spend Overview7

Table of Figures

Figure 1: NTC Spend (£m).....7
Figure 2: NTC Restriction Volumes (MWh)7

1. Version Control

Version No.	Date	Version / Amendment
1.0	17/02/2023	Initial Version

2. Purpose of Addendum

National Grid Electricity System Operator (NGESO) created and published the Annual Balancing Services Spend Report April 2021 – March 2022 in accordance with Clause 8, Part G of Ofgem’s Electricity Transmission Licence Standard Conditions. The report can be found on NGESO’s website: <https://www.nationalgrideso.com/industry-information/codes/balancing-settlement-code-bsc/c16-statements-and-consultations>

On its submission, a statement from an independent auditor accompanied the report, confirming that the report is accurate and detailing the auditor’s independent assessment of the extent to which NGESO has complied with the relevant statements contained within the published Procurement Guidelines and Balancing Principles Statement.

The purpose of this addendum is to document and provide further detail of the total spend made by NGESO on Net Transfer Capacity (NTC) throughout the previous regulatory year (April 2021 – March 2022).

PLEASE NOTE: this addendum is not accompanied by a statement from an independent auditor.

3. Introduction

NGESO are responsible for balancing demand and supply every minute of every day to ensure the security and quality of electricity supply across Britain's transmission system. This activity is required because electricity cannot be stored in large quantities. To do this, NGESO utilise a number of tools and services. One such service is Net Transfer Capacity (NTC). NTCs are the method by which System Operators (SO) on both sides of each interconnector can restrict the capacities released to the interconnector auctions. They are required to ensure that system security can be maintained at all times.

NTCs are obtained through trilaterally agreed procedures for each interconnector between the connected SOs and the interconnector.

NTCs are compensation payments made under the arrangements of the Methodology for GB Commercial Arrangements relating to Interconnector Capacity Calculation. Only interconnectors covered under this arrangement are included within this addendum, as such, not all interconnectors are included within the data.

4. NTC Spend Overview

The tables below show the costs and volumes of Net Transfer Capacity (NTCs) used on the GB interconnectors covered by the Methodology for GB Commercial Arrangements.

Figure 1 below shows the costs in millions (£), Figure 2 shows the import and export restriction volumes in MWh.

The reasons for the restrictions are shown in the final column.

NGESO pay National Grid Interconnectors Limited (NGIL) a fee to be included within the scheme – this is shown on the first line of Figure 1 below.

Month	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Reason
NGIL Interconnector Capability - Fixed Fee (£m)	0.30	0.31	0.30	0.31	0.31	0.30	0.31	0.30	0.31	0.31	0.28	0.31	
UK - Norway NTC (£m)	0.00	0.00	0.00	0.00	0.00	0.00	1.55	0.00	0.10	0.01	0.15	1.38	Largest Securable Loss
NGIL Intertrip & NTC (Commercial) Total (£m)	0.30	0.31	0.30	0.31	0.52	0.30	1.86	0.30	0.41	0.32	0.43	1.69	

Figure 1: NTC Spend (£m)

Please note: Feb-22 and Mar-22 UK-Norway NTC payments were made as adjustments following the end of the financial year.

Month	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Reason
UK - Norway NTC Export Restriction (MWh)	-	-	-	-	-	-	12,296	378	170	397	97,464	202,597	Largest Securable Loss
UK - Norway NTC Import Restriction (MWh)	-	-	-	-	-	-	13,141	-	289	-	1,650	28,947	Largest Securable Loss

Figure 2: NTC Restriction Volumes (MWh)