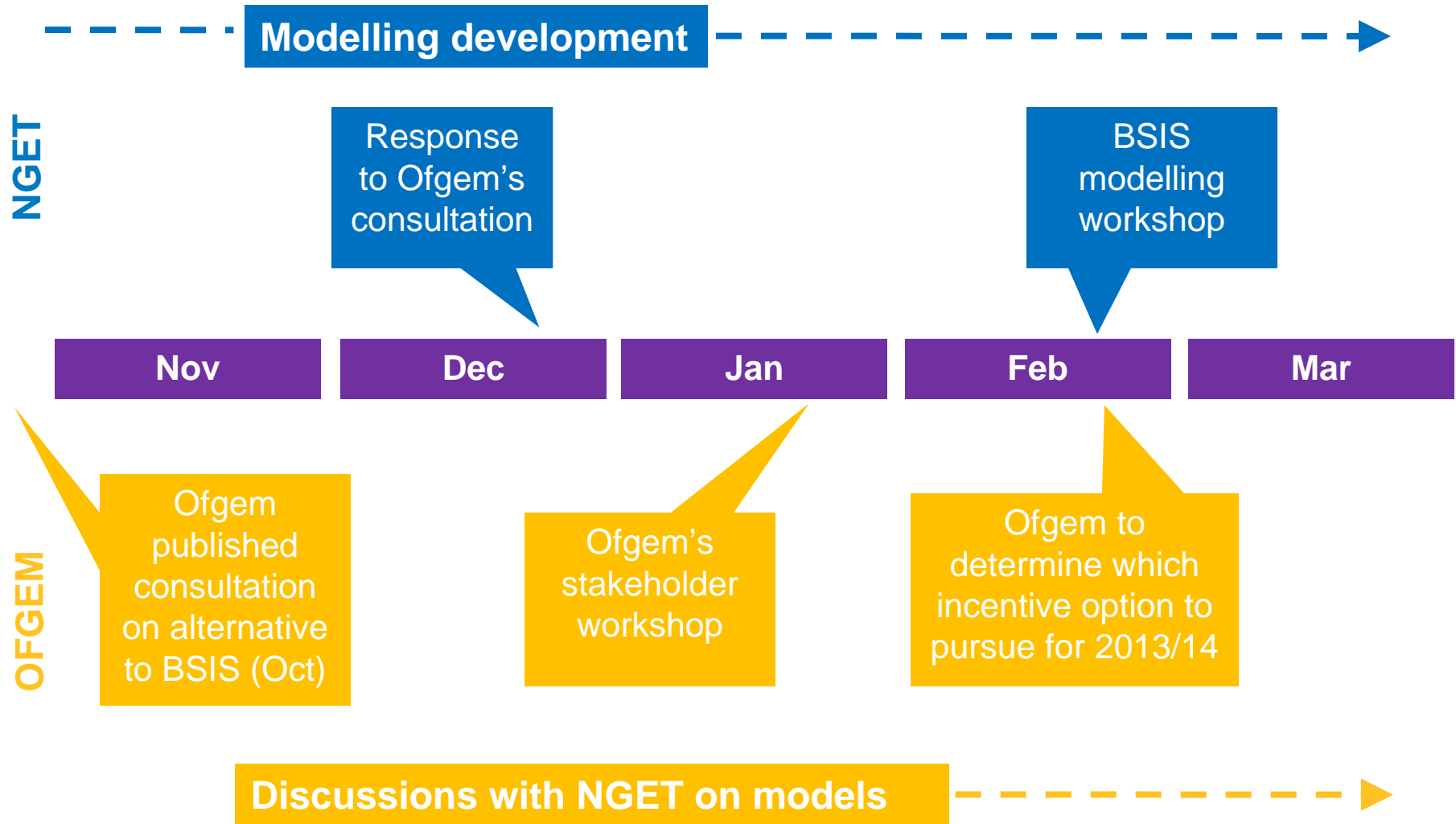


Operational and SO Cost Update



February 2013 Operational Forum

Recent Incentive Development



This afternoon's modelling workshop

- At Ofgem's workshop, stakeholders sought a more detailed understanding of the models used to derive a BSIS target
- The objectives for this afternoon's session are therefore:

Stakeholder confidence

Creating value

Creating an efficient target

Performance of the models

How the models work

Winter Margins 2012/13



Winter Margins 2012/13

- Margins have generally been comfortable
- Surplus reduction w/c10 December

Forecast Real Time Surplus Net Excess (RT MEL+ French–Demand–Plant constrained by ScotEx) above Short Term Op Reserve		Tue	Wed	Thu	Fri	Sat	Sun	Mon
Interconnectors at max import	Wind at max	5.2	3.1	4.6	6.7	10.5	13.7	9.4
	No wind	3.1	0.9	1.7	3.2	6.3	9.5	6.3
Interconnectors at max export	Wind at max	1.2	-0.9	0.6	2.7	8.5	8.7	4.4
	No wind	-0.9	-3.1	-2.3	-0.8	4.3	4.5	1.3
Interconnectors at Forecast	Wind at Forecast	4.1	0.5	1.6	3.4	10.0	10.3	6.4

12th December 2012

■ Surplus forecast at 11th December 2012

Forecast Real Time Surplus Net Excess (RT MEL+ Net ICs–Demand–Plant constrained by ScotEx) above Short Term Op Reserve		Wed	Thu	Fri
Interconnectors at max import	Wind at max	4.1	4.6	7.7
	No wind	2.0	2.2	4.5
Interconnectors at max export	Wind at max	0.1	0.6	3.7
	No wind	-2.0	-1.8	0.5
Interconnectors at Forecast	Wind at Forecast	0.3	1.5	4.3

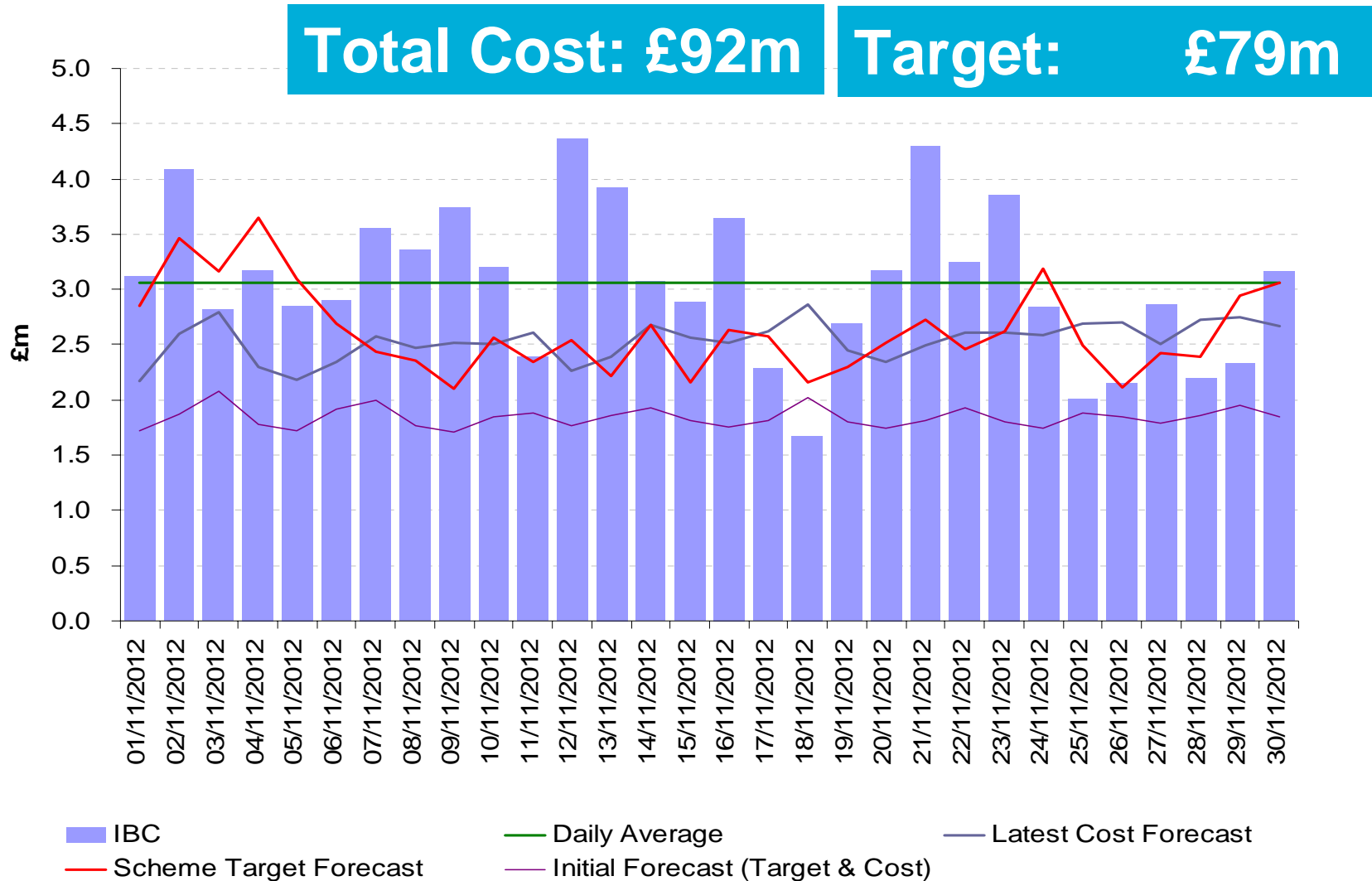
- No NISM called
- Interconnector trading to increase imports by 1000MW
- Cost saving of at least £3m

November & December Outturns

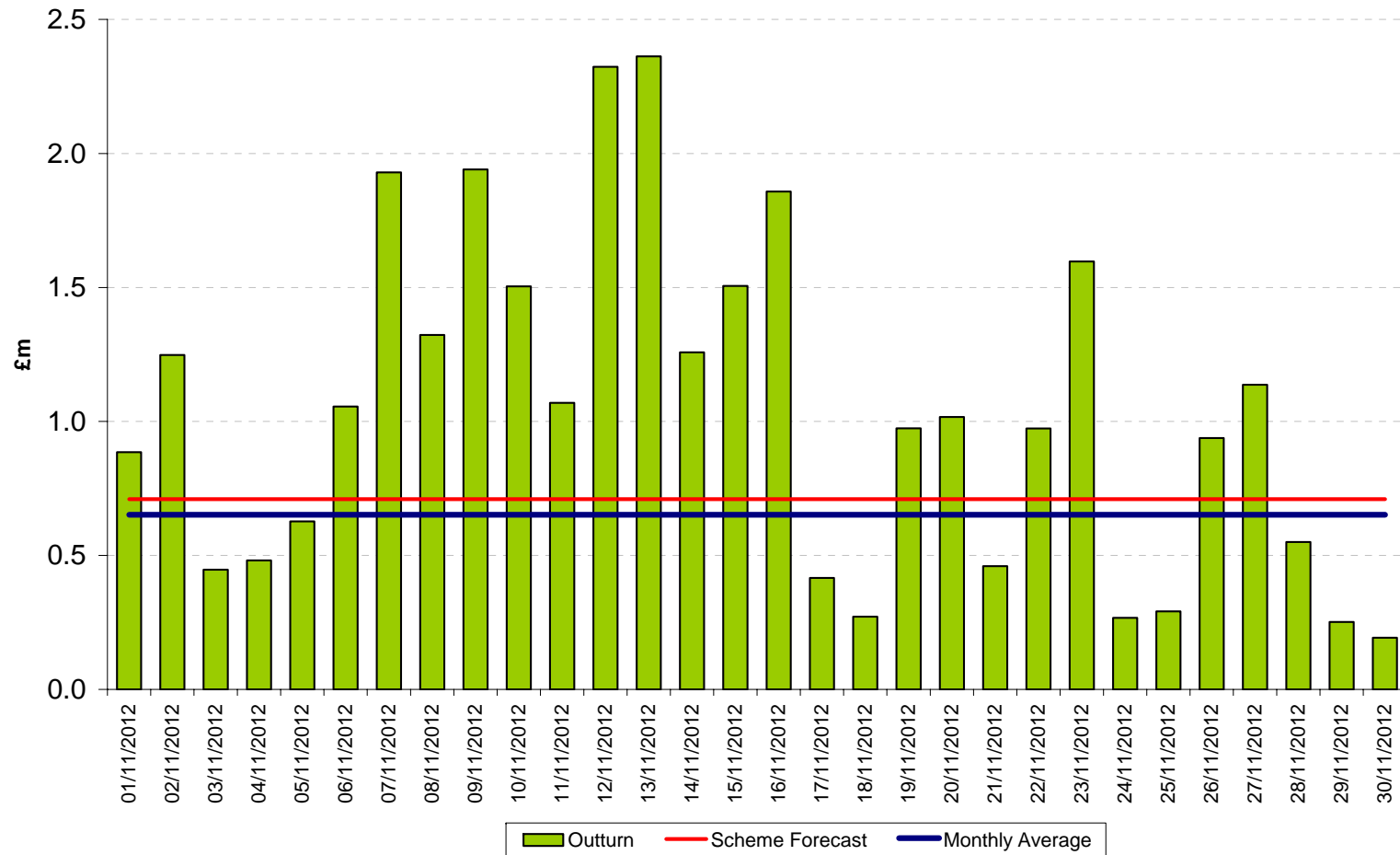


Total Incentivised Balancing Cost (IBC) for November 2012

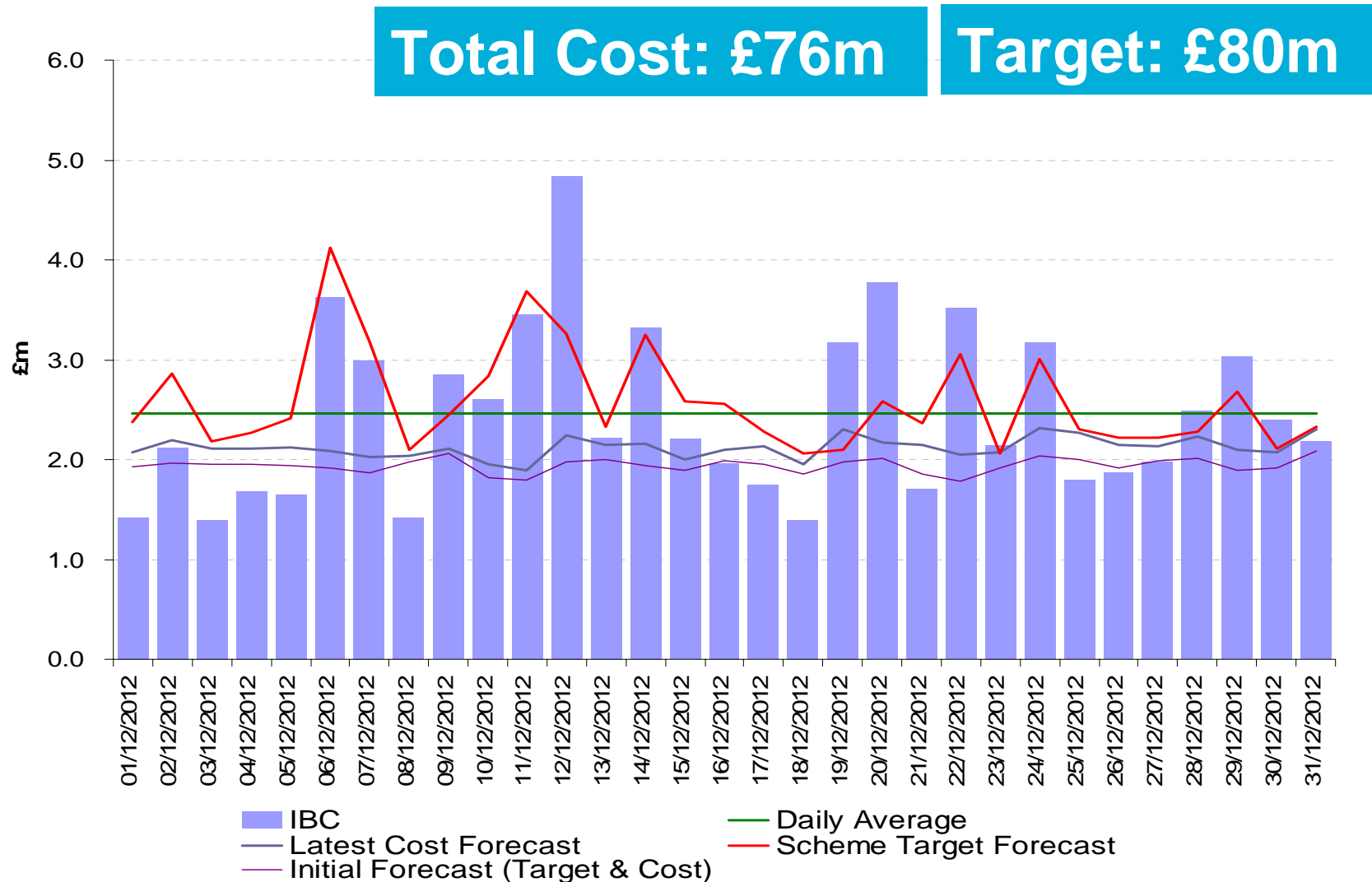
nationalgrid



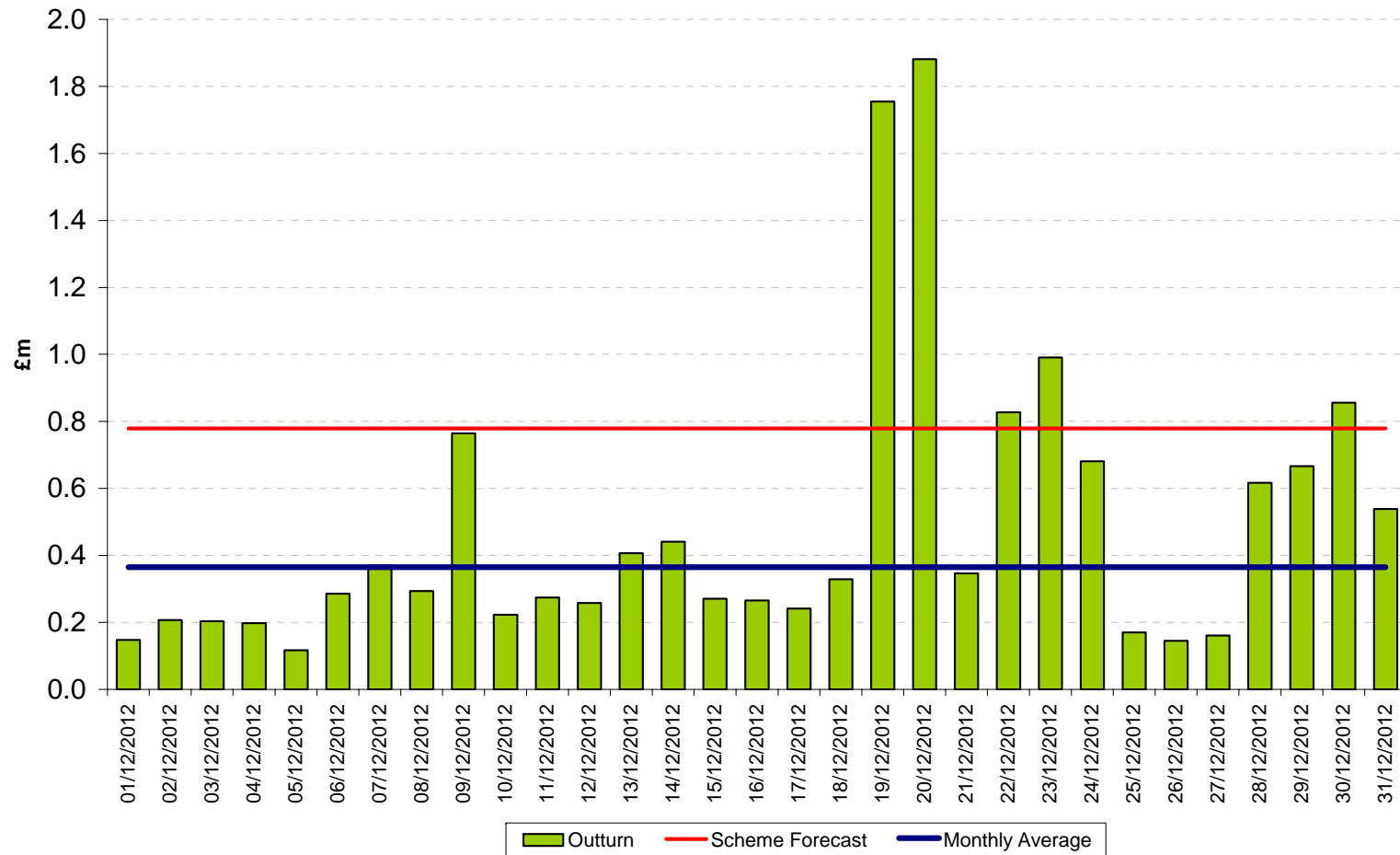
Constraint Costs for November 2012



Total Incentivised Balancing Cost (IBC) for December 2012

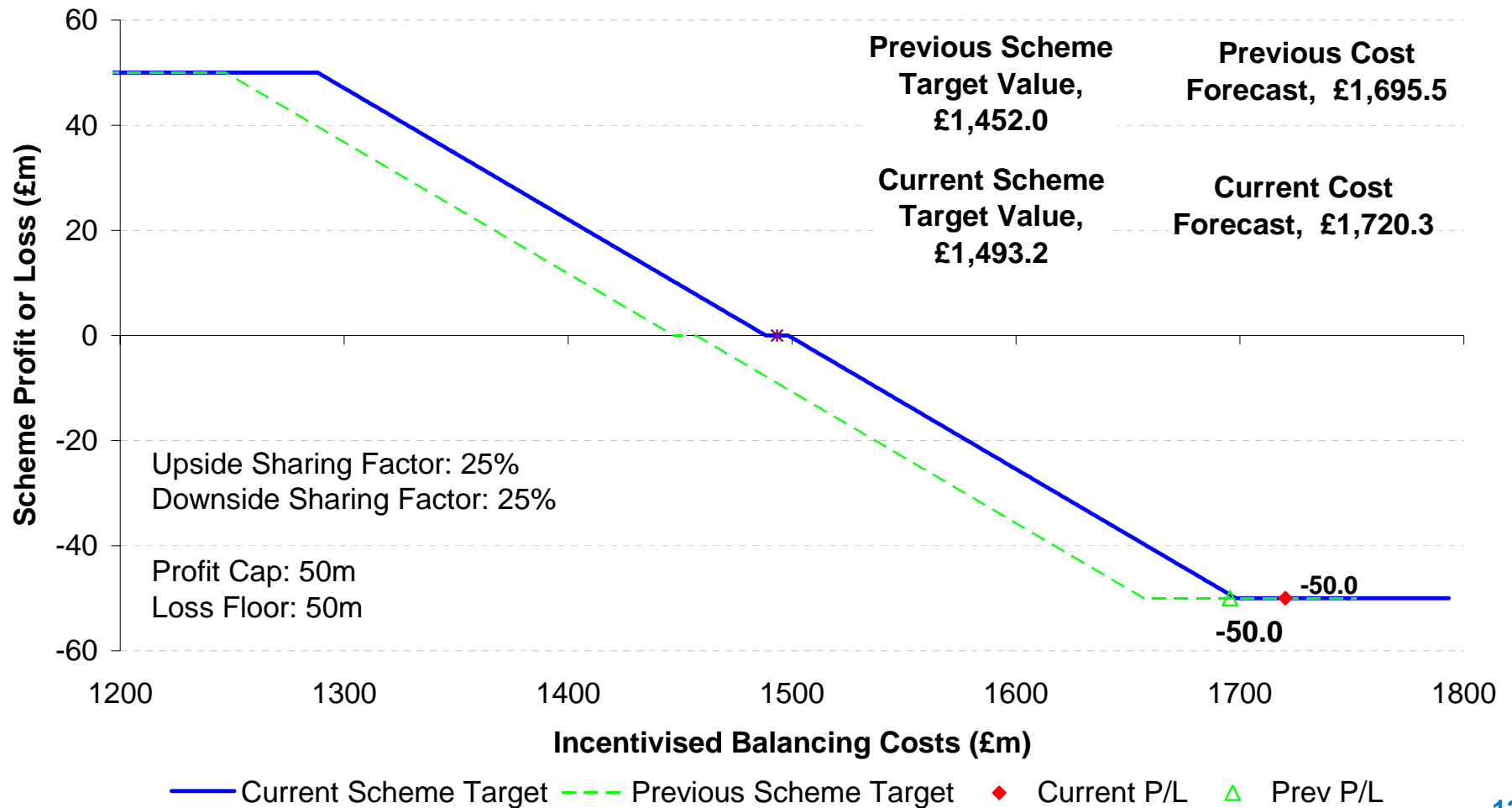


Constraint Costs for December 2012



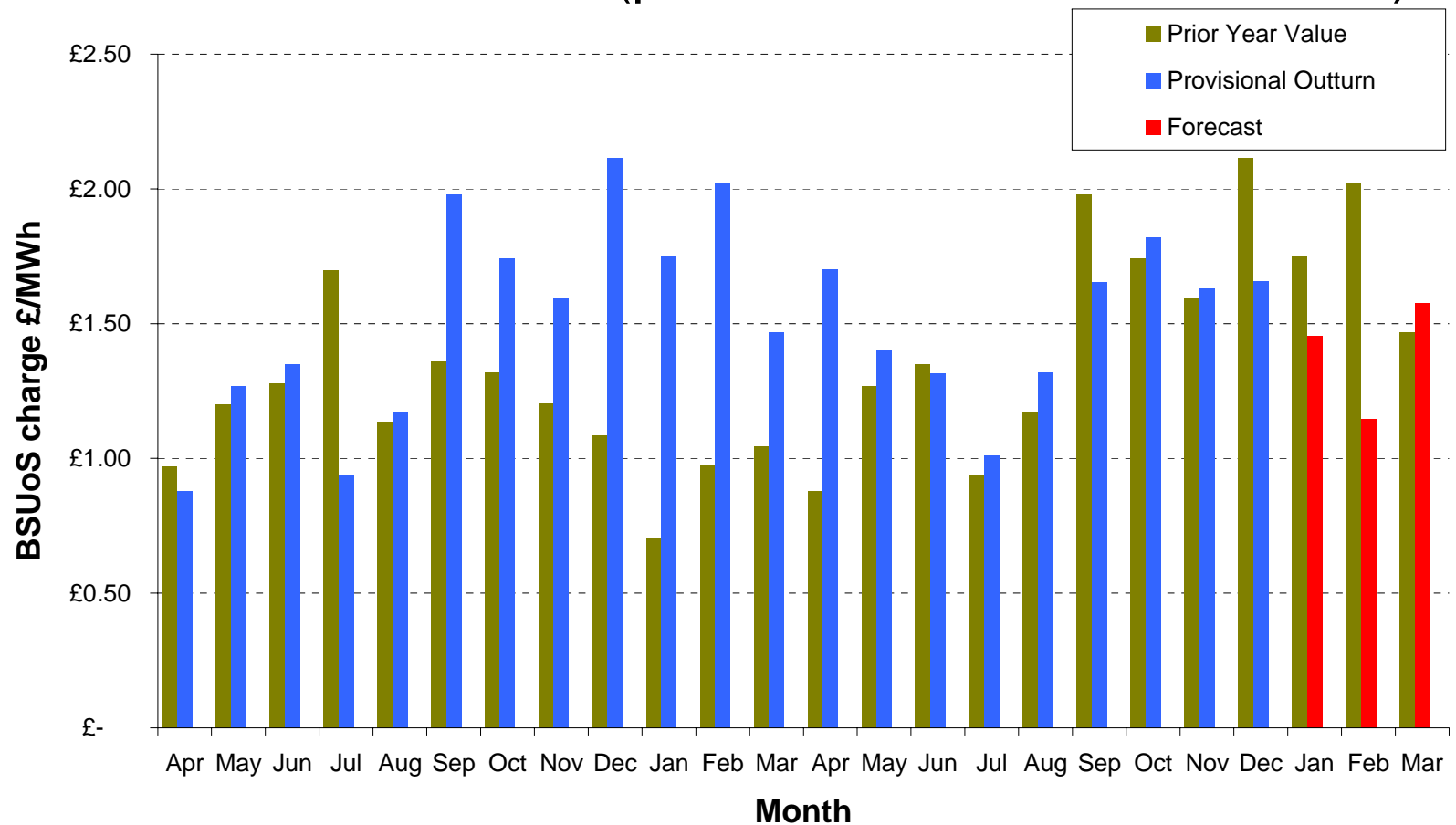
Incentive Performance

BSIS 2011-13



BSUoS

- 2011/12: £1.47/MWh (previous forecast £1.47/MWh)
- 2012/13: £1.40/MWh (previous forecast £1.39/MWh)





Q&A

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