



Supplemental Balancing Reserve Update & Demand Side Balancing Reserve

nationalgrid

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Winter 2015/16 - Volume Requirement

- Up to 1,800MW identified in June 2014 against the 2014 Future Energy Scenarios (FES)
- Updated analysis suggests a slightly reduced requirement in the range 1500 – 1800MW based on latest background assumptions
- Taking account of the 700MW procured under Tender Round 1, we are minded to procure up to 1,000MW of DSBR and SBR in the second tender round
- Volume Methodology review
- To increase granularity of the assessment and avoid anomalous results
- Volume Requirements to be updated in April/May based on FES 2015 and using the updated methodology, taking account of changes in the generation background and outturn demand/wind
- A third tender round will be run in the Summer if an additional requirement is identified

SBR – 2014/15 experience

- Contracts agreed with 3 Units, Littlebrook Unit 2 (570MW) , Rye House (675MW) and Peterhead (780MW)
- Service period closed at end of February, although these units will continue to be unavailable in the market until the end of September
- Margins remained adequate throughout the winter, due to plant returning as expected, good plant availability, mild windy weather and consistent imports
- SBR and DSBR provided a sensible insurance policy in case these factors reversed
- Cost : £23.5m in Capability Fees, ~£6m for Testing
- Concerns expressed over market impact of testing, and contracting with plant in the market
- Overall, these measures were considered a success in support in Security of Supply

SBR – 2014/15 experience - Testing

■ Peterhead

- One non-proving test permitted for re-commissioning
- Agreed to start subsequent tests earlier to ensure the unit was taken off the system before the daytime peak
- Problems during first proving test in November rectified and a successful retest undertaken
- Three subsequent proving tests successful, satisfying the required performance criteria

■ Littlebrook

- Issues with first proving test, but three subsequent tests successful, satisfying required performance criteria

■ Rye House

- Some minor difficulties experienced, but performance criteria satisfied
- One non-proving test permitted in January to improve reliability, Jan proving test considered unnecessary given this was successful

SBR – 2015/16 TR1 update

Update on Tender Round 1

- SBR contracts signed with the owners of the following generating plant for winter 2015/16:
 - Corby CCGT (353MW)
 - Barry CCGT (227MW)
 - South Humber Bank CCGT (providing 40MW of extra capacity)
- Total 620MW
- This considered a prudent initial step toward meeting the overall volume requirement for next winter

SBR – 2015/16 TR2 update

- Tender window open from 2nd March '15 to 24th April '15
- Product Amendments
 - Option to make Proving Tests discretionary and permitted overnight / weekend to minimise market impact
 - More relaxed penalty regime relative to 2014/15
- Tender Option Contracts
 - We will consider funding material avoidable costs associated with submitting a valid tender
- Procurement Methodology review
 - Exploring using Load Factors in the economic assessment of SBR tenders to better value additional plant
- Direct tender support available:
 - DSBR.SBR@nationalgrid.com / 01926 655258

DSBR – 2014/15 experience

- Contracts agreed with 24 DSBR Units from 12 companies, representing 431 sites / MPANs and 319MW
- Service period closed at end of February
- All units dispatched across 30 sample tests
- Majority of data now received from HHDCs
- 83% delivery performance (101% including over deliveries) – Thank you
- Some isolated under performance has prompted recovery of fixed fees and / or performance tests

DSBR – 2015/16 TR1 update

- Tender window open from 21st October '14 to 5th December '14
- Additional 10 week window offered for “Holding” MPAN process
- 36 DSBR Units / 13 companies / 589 MPANs / 343MW (including 110 Holding MPANs (44MW))
- A number of companies elected to wait for Tender Round 2
- Contracts offered to 23 DSBR Units / 9 companies / up to 242 MW / up to 350 MPANs*
- Holding MPAN validation ongoing. Volumes provided lower than originally tendered.

DSBR – 2015/16 TR2 update

- Tender window open from 2nd March '15 to 24th April '15
- Validation baseline dates available near end of March
- Alternative utilisation baselining methodology proposed
- Procurement Methodology review
 - Increase to Reliability Factor to 85%
 - Review of value assigned to each Settlement Period
- Holding MPAN functionality available upon request
- Direct tender support available:
 - DSBR.SBR@nationalgrid.com / 01926 655258

Q&A

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