nationalgrid

Transmission Constraint Management Requirement Notice: Invitation to Tender Pack, Letter 1

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To All Service Providers

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Issue 1

Dear Service Provider

TRANSMISSION CONSTRAINT MANAGEMENT REQUIREMENT NOTICE - TCMRN/05/16

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

Index Price Only

Given the current uncertainty around plant running, National Grid is not looking to procure contracts for this requirement on a fixed price basis. We are inviting tenders based on an index price only as detailed below. Please note the below requirement is for a voltage only service at minimum output.

Constraint Requirement

Zonal Requirement:	Mersey
Potential Service Providers:	RockSavage, Fiddlers Ferry
Additional Notes:	Options 1 -3 pre 10:00am for 23:00pm same night Options 4-6 pre 17:00pm for 23:00pm same night We require 1 unit. Submissions can be tendered for a range of SELS. We require prices for the following options. Set 1 - notice due 10.00am within day for 23:00pm same night. 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. Set 2 - 17:00pm for 23:00pm same night. Option 4 - where at the time of the instruction, PN < SEL in EFA block 6 and EFA block 3.

	Option 5 - 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 6 - where at the time of the instruction, PN >= SEL in EFA block 6 and EFA block 3.
Estimated volume required:	1 Unit

Service providers are requested to provide prices for the following service:
Spread index linked

Service description:	Voltage Only
Service Type:	Optional spread index without availability component
Term:	From: 23:00 (01/07/16) To: 07:00 (02/09/16)
Extension:	None
Period:	Overnight, 23:00 – 07:00 daily
Payment Rate:	On days when National Grid enacts the option, National Grid payment calculated as the difference between the day ahead spark spread and pre-agreed strike level (SEL) for the contracted period, as detailed in the Voltage Constraint Formula document
Notice:	10:00 within day

Please note that the above service is based on historic information and any service provider may offer an alternative if it is felt it may meet the requirement. Any new service offer, including prices, will be published as detailed below.

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

Timescales
The timescales for this particular process are as follows:

Business Day 1, 17:00	Tuesday 21 June 2016	Requirement published
Business Day 4, 17:00	Friday 24 June 2016	Submission of prices & services
Business Day 7, 17:00	Monday 27 June 2016	Outcome published
Business Day 10, 17:00	Thursday 30 June 2016	Contract in place

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 your Balancing Services Account Manager **and** the email address: commercial.operation@nationalgrid.com in accordance with the timescales above.

This process is not governed by National Grid 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

National Grid 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 National Grid of any such information. To this end, National Grid 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

Andy Rice
Account Manager

APPENDIX 1 - GAS

Contract Fee

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

Contract Fee (CF) = (Max (0, SP – $CSS_{d)}$)) * SEL * H_d

Where:

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

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

CSS_d = 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 2015EUA + 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 Heren 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 Heren Weekend Gas Index published on that day, quoted as pence/therm

Dec 2015EUA = 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 from 1st April 2015

Gas Carbon Intensity = 0.41

Gas Efficiency Constant = 0.49

Gas Conversion Factor = 29.3071

SEL = the **Contracted SEL**

H_d = 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.

APPENDIX 1 - COAL

Contract Fee

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

Contract Fee (CF) = (Max (0, SP – CDS_d)) * CO * H_d

Where:

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

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

CDS_d = for **Service Periods** expiring in calendar day d, the day ahead **Clean Dark Spread**

Clean Dark Spread = GBPP – Coal Cost – Carbon Cost

Where:

Coal Cost = (Front Month API2/ Coal Conversion Factor) / Coal Efficiency Constant

Carbon Cost = (Dec 2015EUA + CPS) * Coal 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

Front Month API2 = the coal All Published Index number 2 closing price for the following calendar month as published by Bloomberg on calendar day d-1 (or, where this not a Working Day, on the immediately preceding Working Day), converted to £/ton

Dec 2015EUA = 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 £9.55/tonne until 31st March 2015 and £18.08/tonne from 1st April 2015

Coal Carbon Intensity = 0.94

Coal Efficiency Constant= 0.36

Coal Conversion Factor = 6.97

CO = the **Contracted Output**

H_d = 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.