

Fast Reserve (FR) Development

Detailed Change Proposal Document (DCP-01)

23rd November 2012

nationalgrid

THE POWER OF ACTION

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Executive Summary



Outline Change Proposal's (OCP-01)

- 1 National Grid published the Outline Change Proposal document (OCP-01) on **28th September 2012**. This OCP-01 document detailed a number of changes to the Fast Reserve service being proposed by National Grid. The OCP-01 document requested responses from Fast Reserve service providers, via a series of questions related to each proposed service change, to provide feedback for National Grid's consideration.

http://www.nationalgrid.com/NR/rdonlyres/E16B74E2-EA1D-446A-A57A-384833D8AC25/56645/Fast_Reserve_Outline_Change_Proposals_Final.pdf

Responses to OCP-01

- 2 Fast Reserve Providers were requested to return responses to OCP-01 back to National Grid, within 10 Business Days, by **12th October 2012**, the timeframe for which is specified under Standard Contract Term (SCT) Clause 1.2.4. National Grid then compiled the responses for consideration.
- 3 National Grid received a total of five responses to OCP-01 from the industry.

Withdrawal, Modification and Implementation of OCP-01

- 4 As outlined in SCT Clause 1.2.5, National Grid, having given regard to comments submitted by Fast Reserve Providers, may decide to withdraw, modify or implement any or all of the Outline Change Proposals. The decision must be notified 20 Business Days following the original notification of the Outline Change Proposals.
- 5 National Grid therefore published the Proposal Decisions document on **26th October 2012**, notifying of the decision to withdraw, modify or implement each of the Outline Change Proposals.

<http://www.nationalgrid.com/NR/rdonlyres/036345A6-F76F-4F61-840F-619A27257553/57261/FastReserveOCP01ProposalDecisions.pdf>

Detailed Change Proposals

- 6 As outlined in SCT Clause 1.2.6, National Grid, having notified of its Outline Change Proposal Decisions, shall formulate a Detailed Change Proposal for those Outline Change Proposals it notified an intention to implement. The Detailed Change Proposals shall be notified by National Grid to Fast Reserve Providers in writing by **Friday, 23rd November** and shall specify a Final Implementation Date.
- 7 As part of the Detailed Change Proposals National Grid shall publish the proposed new version Standard Contract Terms in the Fast Reserve section of the National Grid website. This document will be in the form of the current Standard Contract Terms with the proposed changes, tracked throughout the document.
- 8 This will allow for a transparent view of the effect of the detailed changes which National Grid indicated its intention to implement in the Proposal Decision document on 26th October 2012.
- 9 Below, National Grid will outline the original OCP-01 questions, the Proposal Decision and then guidance on the specific clauses in the Standard Contract Terms that have been amended to implement the change. As such the document should be read in conjunction with reviewing the tracked change Standard Contract Term's. National Grid will also advise which other service documentation may also be updated as part of the Detailed Change Proposals.

Final Implementation Date

- 10 As mentioned above, National Grid must specify a Final Implementation Date on which the Detailed Change Proposals, outlined below, shall come into effect. The Final Implementation date will be **1st April 2013**. On this date National Grid will ensure the new Standard Contract Terms and other service documentation is published on the Fast Reserve section of the website.

Section 1

DCP-01 – SCT Amendment Process

Outline Change Proposal – Question 1

Decision – Implement Proposal

- 11 *Do you consider that the response time permitted for Providers to respond to an OCP should be increased from the current 10 Business Days, to 20 Business Days? If not, could you recommend a more appropriate timescale?*

Outline Change Proposal – Question 2

Decision – Implement Proposal

- 12 *Do you consider that a period of 20 Business Days following receipt of responses to an OCP from Providers is an appropriate timescale for National Grid to give due consideration to these responses and notify of its intention to either withdraw or modify the proposals, or implement them via the publication of a DCP? If not, could you recommend a more appropriate timescale?*

Outline Change Proposal – Question 3

Decision – Implement Proposal

- 13 *Do you consider that an increased period of 20 Business Days would be more appropriate than the current timescales in the interests of arriving at a mutually beneficial negotiation of Special Condition(s) or contract prices? If not, could you recommend a more suitable timescale?*

- 14 **All of the change proposals linked to Questions 1, 2 & 3 above, have been implemented through amendment to Clause 1.2 – “Changes To This Document” in the Standard Contract Terms.**

Outline Change Proposal – Question 4

Decision – Implement Proposal

- 15 *Do you believe that the proposed change to introduce a process allowing changes to be made to the SCT's following agreement from all parties, without conducting the full review process, will make the SCT's and Fast Reserve*

Service more flexible to future changes? Are you supportive of such a proposal?

- 16 This change proposal introduces the ability for National Grid and all Providers to agree to a change in the Standard Contract Terms, if agreed by all Parties, in a shorter term period than previously.**

- 17 This change proposal has been implemented in the Standard Contract Terms through amendment to Clause 1.2.1 and by the introduction of Clause 1.2.22.**

Section 2

DCP-01 – Tender Dates

Outline Change Proposal – Question 5

Decision – Implement Proposal (keeping tender dates under review)

- 18 *Do you consider the new proposed tender dates to be an appropriate change? If not, could you recommend a more suitable timescale?*
- 19 **The amendments to the tender dates are specifically dealt with by changes to Clause 2.3.3 of the Standard Contract Terms. The effect is to combine both Single Month and Multiple Month Market Day as the first Business Day of each calendar month.**
- 20 **Amendment to Clause 2.5.1 of the Standard Contract Terms amends the Business Day by which National Grid will inform tendering parties of the acceptance or rejection of their tender.**
- 21 **The Tender Guidance and Explanation Document will be updated to reflect these changes.**

Section 3

DCP-01 – Tender Sheet

Outline Change Proposal – Question 6

Decision – Implement Proposal

- 22 *Do you consider the updating of tender sheets, tender guidance and the introduction of the above specifically outlined proposed changes (see OCP-01) will give the tendering Party and National Grid more flexibility around the monthly service tender? If not, what could you recommend what changes would provide more flexibility?*
- 23 **The introduction of the ‘partial tender acceptance’ facility is achieved through amendments to Standard Contract Term Clause 2.3.5(a) and 2.5.1.**
- 24 **A new term, “Partial Election Facility” has been introduced as a Definition at Standard Contract Term Clause 6.3.**
- 25 **With regard to other documentation, National Grid shall introduce, to the template for Tender Sheet 3, an option, in the form of a tick box, to allow the tendering Provider to indicate whether the tender should be considered for partial (by month) acceptance, in addition to full acceptance. Should this box not be ticked, National Grid shall only consider acceptance or rejection of the tender in full, as is currently the case.**
- 26 **In addition, National Grid shall amend the template for Tender Sheet 3 to introduce more flexibility regarding the Tendered Service Period (per Operational Day) section service period offered by the tendering Provider. This section of Tender Sheet 3 shall provide the option to tender for a number of specific periods during an Operational Day, three compared to the single option currently available.**
- 27 **The Tender Guidance and Explanation Document will be updated to reflect these changes.**

Section 4

DCP-01 – Optional Prices

Outline Change Proposal – Question 7

Decision – Implement Proposal

- 28 *Do you consider the proposal of introducing a facsimile process for amending the Optional Fast Reserve Service price an improvement and preferable to the current system where amendment of the entire Fast Reserve Framework Agreement is required?*
- 29 **Implementation of this proposed change is achieved through amendment of Clause 3.3 – Optional Service, more specifically Clause 3.3.3(c). The effect of this change is that Fast Reserve Framework Agreements can be either amended or newly drafted so as to allow amendment of Optional Prices through a facsimile process. A template facsimile will be appended to any new or amended Fast Reserve Framework Agreements.**
- 30 **The Option to update Framework Agreements will be available from the Final Implementation Date, as will the updated template Fast Reserve Framework Agreement.**

Outline Change Proposal – Question 8

Decision – Implement Proposal in Standard Contract Terms however, further consultation to take place before publishing any Optional Prices.

- 31 *Would you support the inclusion of each Provider's current Optional Fast Reserve Service prices as part of the template for the monthly Fast Reserve Market Report to make the Optional Market both more open and fluid? If not, what alternative process would you suggest?*
- 32 **This proposed change has been implemented through amendment under Clause 2.6 – Market Information. Specifically Clause 2.6.3 which has been extended to include all Optional Prices agreed between Providers and National Grid as part of the Market Information provided to the market.**
- 33 **National Grid notes further consultation will take place with Providers prior to publishing any Optional Price information.**

Section 5

DCP-01 – SCT Revisions

Outline Change Proposal – Question 9

Decision – Implement “Definitions” Proposal

Implement “Bribery Act” Proposal

Withdraw “European Legislation” Proposal for further consideration

34 *Do you accept the proposed legislative changes outlined in this document? Do you believe other changes that have not been outlined here should be considered for inclusion?*

35 **The Definitions Clause at Standard Contract Term Clause 6.3 has been generally updated following review of the Standard Contract Terms document.**

36 **A number of new terms have been entered into Clause 6.3 and these include “Adequate Procedures”, “Associated Person”, “Bribery Act” “Contracted Service Periods”, “National Electricity Transmission System”, “Partial Acceptance Facility” and “Relevant Requirements”.**

37 **A number of the terms have been amended including “Contract Prices”, “Contracted Service Term”, “Firm Fast Reserve”, and “Proposed Implementation Date”.**

38 **The Standard Contract Term changes required following the Bribery Act, 2010 have been implemented through the introduction of the Anti-Bribery Clause 5.16.**

39 **In addition some associated terms have been entered into Clause 6.3 – Definitions. The new definitions include “Adequate Procedures”, “Associated Person”, “Bribery Act” and “Relevant Requirements”.**

Outline Change Proposal – Question 10

Decision – Implement Proposal

- 40 *Would you support an amendment to the Fast Reserve SCT's to position the service ensuring that any option to tender electronically could be quickly implemented, should that become a possibility?*
- 41 **The Tender Guidance and Explanation Document will be updated to contemplate the possibility of a future electronic tender. Should a sufficient electronic tendering system become available, National Grid will update the current Tender Sheets or introduce specific Electronic Tender Sheets and will also amend all other guidance or explanatory documentation accordingly.**
- 42 **Following review of the Standard Contract Terms it was decided that no specific amendments were required to the document.**

Outline Change Proposal – Question 11

Decision – Implement Proposal

- 43 *Do you support the inclusion of a suite of template documents with brief guidance notes on use of each template facsimile and inclusion of word format on the National Grid website?*
- 44 **To give effect to this implementation, National Grid will produce a document, as described in the OCP, which contains the template Facsimile Forms which are annexed within the SCT's. The document will be in MS Word format for practical usage and will contain guidance with regard to use each template. The document will be made available on the website with the other updated documentation on the Final Implementation Date – 1st April 2013.**

Contracted MW Profile – Clarity of Clause 4.2.1

- 45 In the Outline Change Proposal document (paragraph 50, 51 & 52) National Grid explained that Clause 4.2.1 – concerning a Contracted MW profile service – required amendment to clarify the Clauses’ intent, this followed comment by a Provider (and agreement by National Grid) that it may be unclear. There was no specific question regarding this point.
- 46 National Grid has updated the Clause for clarity. Consequently amendments have been made to Clause 4.2.1 at sub sections (d), (e) and (f).