

25th February 2016

Dear Colleague

GB System Service Requirement Notice for April 2016 to March 2017

National Grid, as a prudent GB System Operator, has identified a need to procure a contracted service in order to maintain our existing Black Start capability.

Following a number of generators announcing their potential closure or mothball, detailed analysis has been carried out on the impact to the operability of the electricity transmission system. This analysis has concluded that there is a requirement for a minimum of two Balancing Mechanism Units (BMUs) to be contracted for 2016/17, with the potential for a 6 month extension. We would prefer these BMUs to be Black Start capable, but we will also consider those who are able to demonstrate the ability to rapidly recommence generation¹, filling a block to support the restoration of the transmission system.

In accordance with National Grid’s obligation to procure in an economic manner, National Grid invites all providers capable of meeting this requirement to contact us. National Grid considers that this requirement is excluded from the Utilities Contracts Regulations 2006 (as amended).

Due to the distinct locational element of this requirement, bilateral discussions have already commenced with potential providers. We believe it is now prudent to conclude discussions and move towards competitive contracting to ensure consumer value for money. This Notice requests that all best and final offers are submitted from all potential providers. Providers are invited to submit information as to the level and nature of service they are able to offer, relative to the requirement detailed below, and to provide final costs for this service.

Service Requirement

Requirement Location: North East England, North West England

Requirement Duration: 12 months

Start Time	End time	Extension
00:00 01/04/2016	23:59 31/03/2017	Option to extend by a further 6 months

¹ This is defined as having the ability to resynchronise within 4 hours of supplies being restored

Requirement Summary

- Preferably, proven compliance with Black Start Technical Requirements² but would consider those with the ability to resynchronise within 4 hours of supplies being restored
- Capable of running via instruction from National Grid
- Grid Code compliant (subject to any agreed derogations)
- Efficient cost

Assessment Criteria

National Grid will assess each potential provider's contribution to Black Start capability, whilst attempting to minimise distortion to the energy market, which will include making an assessment of:

- The potential to provide required availability (i.e. maintain warm state) without exporting MWs on to the network
- The ability to provide Black Start capability across zones and contribution to restoration timescales in neighbouring zones
- The ability to start BMUs independently if more than one BMU is contracted at one physical location

Required Information

- Please provide a required warming pattern (hours per x days) in order to meet required 2 hour synchronisation criteria
- Please provide a required warming pattern (hours per x days) in order to meet required 4 hour synchronisation criteria
- Please provide availability and warming costs associated with providing Black Start capability for 1 BMU
- Please provide availability and warming costs associated with providing Black Start capability for additional BMU at same physical location (if applicable)
- Please confirm whether availability to meet 2 hour/4 hour synchronisation criteria can be maintained by running BMU to Hot Standby (i.e. not synchronising on to system)
- Please provide alternative contract structure that meets specified criteria (if applicable)

Indicative Terms

- Requirement to commit to pre-agreed warming criteria (as detailed in expression of interest)
- Requirement to commit to specified contract structure (unless alternative approach identified and agreed as equally beneficial)
 - Availability and warming payments spread across agreed warming profile
 - Pre-agreed fixed penalty to apply in the event that BMU exports on to the system outside of agreed warming profile or National Grid instruction
- Contract to be signed by 31 March 2016

² Please refer to Black Start Service Description <http://www2.nationalgrid.com/uk/services/balancing-services/system-security/black-start/>

Timescales

We recognise that there are critical deadlines approaching, such as the Transmission Entry Capacity reduction deadline on 24 March 2015 (five business days before 1 April 2015), and therefore propose the following timetable to contract for this requirement:

Business Day	Date	Process
Business Day 1; 17:00	Thursday 25 February 2016	Requirements outlined
Business Day 12; 17:00	Friday 11 March 2016	Submission of final prices & parameters
Business Day 17; 17:00	Friday 18 March 2016	Results / Provisional contract agreed

Submission of Service and Price Offers

Best and final proposals for this constraint management requirement should be submitted to Andrew Ford and copied to the email address: commercial.operation@nationalgrid.com in accordance with the timescales above.

Please note that all responses will be held as confidential and represent a firm proposal from the service provider. It is not however a commitment from National Grid to accept any declared service. National Grid will assess all responses and will progress to contract award, pending economic assessment and recognising that certain technical parameters may change as a result of subsequent bilateral discussions.

Please contact either myself or Andrew Ford if you have any questions.

Yours sincerely

Claire Spedding
Security of Supply Manager

Claire Spedding
Claire.spedding@nationalgrid.com
+44 01926 655915

Andrew Ford
Andrew.j.ford@nationalgrid.com
+44 01926 654159