

## **BREAKOUT SESSION 1**

Do the options National Grid is minded to take meet the industry expectations and also the criteria National Grid originally set?

Is National Grid right to not to progress further (for now) the “menu of values” and tender routes?

### Further Information

#### **National Grid Criteria for Black Start Review**

- Transparent defined procurement strategy
- Balance between economic procurement & promotion of competition in determining suitable length for service agreement
- Appropriate remuneration for funding Black Start investment
- Investment signals for new/existing Black Start service providers, taking into account
  - Large Combustion Plant Directive
  - Ageing OCGT fleet
- Promote competition i.e. attract new technologies and arrangements

#### **National Grid Options it is minded to pursue**

- National Grid internal lines of responsibility under review
- National Grid Black Start requirements to be published
  - Either zonal map or generic requirements across 3year periods
- Long term contracts (circa10yrs)
  - New and existing providers where capital costs requested
  - Allows recovery of capital and firm service for National Grid
  - 3yr termination notice/extension review
  - Appropriate termination penalties
  - RPI Indexation of availability prices across term
- Medium term contracts (c3-10 yrs)
  - Where it is efficient to do so for both parties
- Look into service tenders for >2yrs for 2009/10 onwards
  - Tender before connection
  - Conditional on Black Start terms being agreed
  - Fixed known costs for tender comparison
  - Available to all so no discrimination
- Flexibility in Black Start arrangements
- Rights to Test
  - Fail test – availability payment Event of Default
- Bid/Offer price for test agreed within CSA

#### **National Grid Options it is minded not to pursue**

- Menu of values (akin to Irish model)
  - Defines value of Black Start
  - Unsure if providers want this
  - How would it be imposed?
  - Could be a route to follow down the line if...
    - Proposed strategy doesn't work with step change in providers available
    - Black Start becomes a connection condition (extreme)
    - Administered payments seen as appropriate
- Tender route
  - Complex
  - Would have to be on 3yr plus lead time to requirement

**Note to Delegates**

- Should there be up front capital costs or tapered cost provision across term of contract?
- What is appropriate termination penalty for National Grid and provider respectively?
- For longer term contracts is RPI indexation on Availability prices appropriate?
- National Grid recognises there could be requirement in the future for bespoke black start arrangements (e.g. tripartite). Would providers be welcome of such an arrangement?

## **BREAKOUT SESSION 2**

National Grid agrees that there should be more appropriate signalling with regards Black Start requirement across next 5, 10, 15 etc year periods. It also believes that the publication of zones removes National Grid ability to flex zones to create competition. Would for example general traffic light system across 5yr periods provide adequate signalling or should it be on a year by year basis to reflect agreements expiring and coming to fruition?

How should National Grid give earlier commitment to new stations for the provision of A Black Start service?

National Grid believes that a contracted station should be capable of a Black Start service when called upon. To this effect, National Grid intends to apply an Event of Default to a station for failing a black start test for example through withholding availability/capital payments. Is National Grid right to do this? Should National Grid go one step further and have right to terminate Black Start agreement for an agreed number of test failures?

One of the frustrations of arranging tests for National Grid and providers is not being able to agree Bid/Offer prices for the test until day before arranged test which arises in uncertainty and a rushed process of getting National Grid management sign on and side letter agreements in place between the companies at very short notice. One possible way round this is to develop some type of indexation to be included within the Black Start agreement so only thing to be agreed is the technical test programme. Is this the right approach or should the process remain as is?

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### **Notes to Delegates**

- Where should National Grid provider National Grid requirements? SYS, Balancing Services website, through connection discussions etc
- Is zonal information important to providers? Does releasing zonal requirement remove National Grid ability to flex boundaries to create competition within Black Start?
- How much information does industry require above indication of requirements?
- Should a station fail to Black Start under a real unplanned situation an Event of Default is applicable. Therefore for a planned test there should be a reduce risk of the plant failing the test so is National Grid right to apply an Event of Default as it is paying for a service that was not achieved under test conditions?
- What methodology should National Grid work out Bid/Offer prices within a CSA for testing? If this is used what prices should Generators submit within Balancing Mechanism?
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