

Operational and SO Cost Update

Jo Faulkner. Operational Forum, 16th June 2009

nationalgrid

The power of action.™

Agenda

Operational Issues

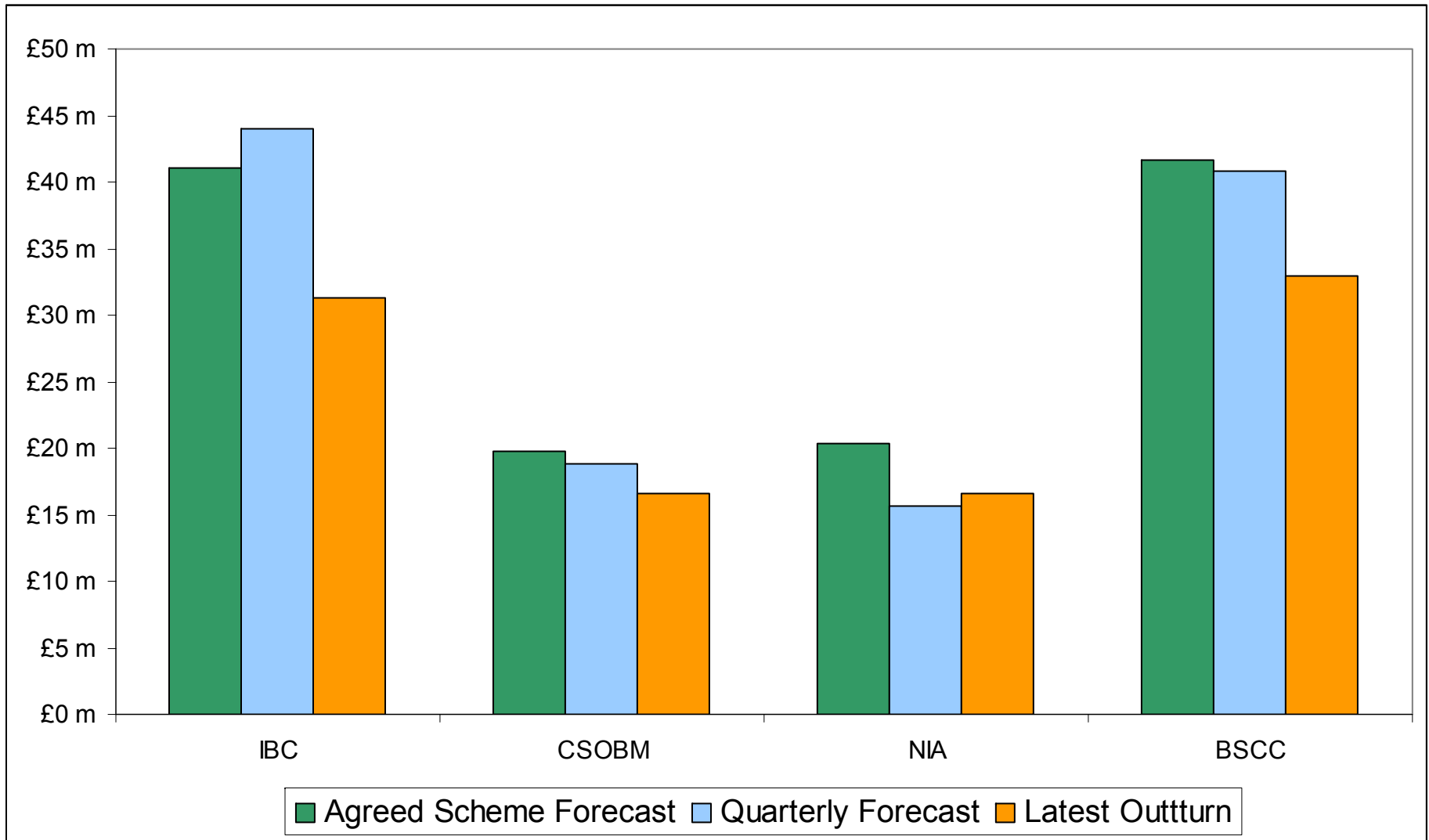
SO Cost Update

BSUoS Update

Operational Performance Summary

- ◆ **There have been three Significant Incident Reports requested in the last two months**
 - ◆ One for a unit failing to follow their submitted PN
 - ◆ One for switching a 132kV circuit out of service
 - ◆ One to clarify a planned sequence of 400 kV breaker operations
- ◆ **There has been one significant frequency excursion since the last operational forum**
 - ◆ 9th Apr – Frequency rose to 50.262 Hz
 - Increasing rate of decay of demand co-incident with 300 MW increase on French Interconnector transfer and 50 MW increase in wind generation

April 2009 IBC component comparison



April Summary - Constraints

◆ Cheviot and Scottish Internal Constraint costs below forecast

- National Grid managed to forward contract greater volumes than forecast, at lower spreads than forecast.
- Plant running arrangements have been more favourable than forecast
- Favourable movements above partially offset by the move of a generator outage to which a planned transmission outage had been aligned.

◆ England and Wales Constraint costs below forecast

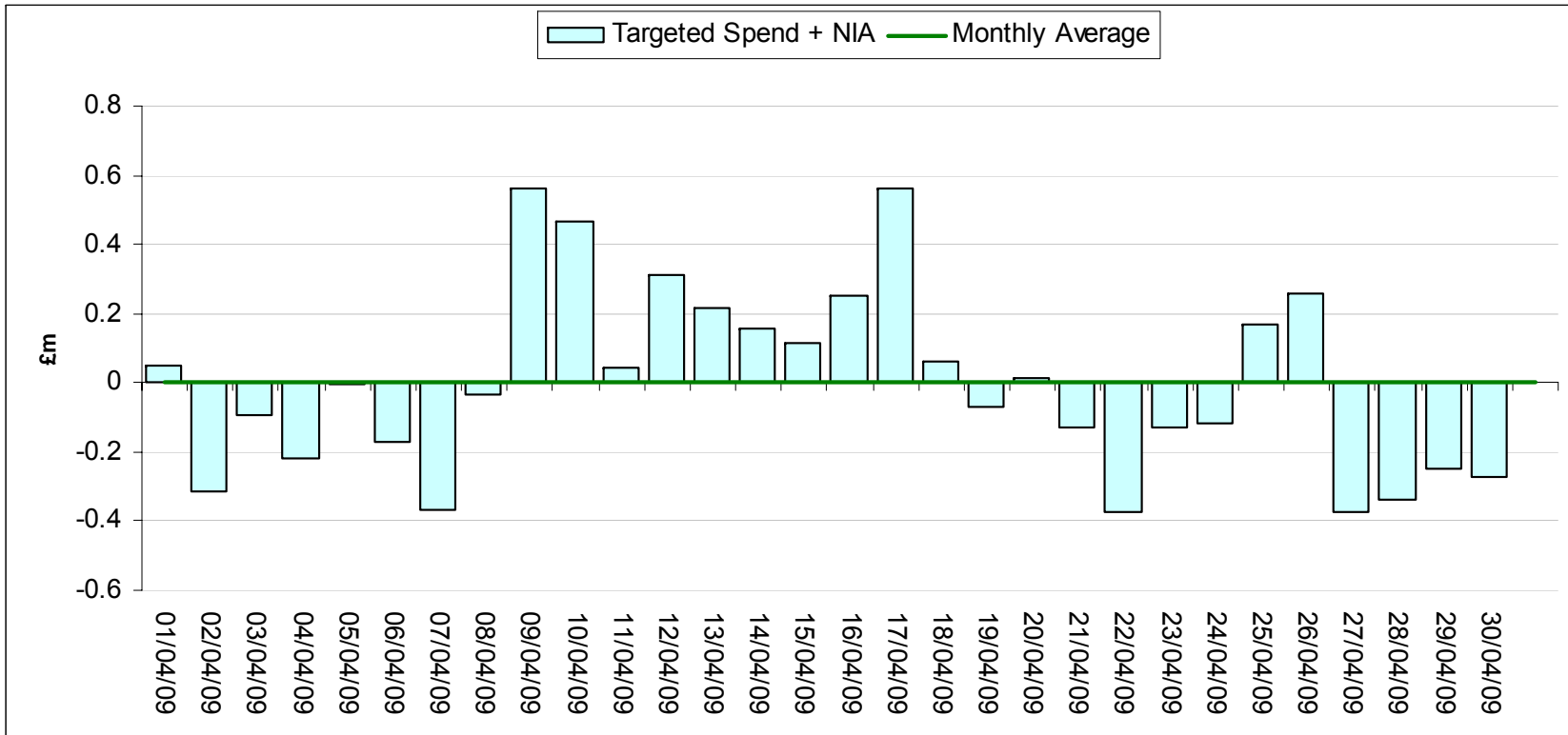
- The cancellation of a transmission outage coupled with National Grid's optimisation of running arrangements at 2 stations avoided costs from a major east-west flow constraint.
- A planned transmission outage restricted potential exports to France. However, costs were lower than forecast as exports to France were lower than anticipated.
- A North Wales export constraint was avoided due to a station outage being extended
- A South Wales import constraint required generation to run. Limited costs were incurred as sufficient generation either self dispatched or was in merit for margin and dispatched by National Grid.

◆ Windy Day

- 9th April saw a significant volume of wind generation in Scotland.
- Combination of planned outages and wind caused significant constraints. National Grid optimised bids over a large number of units, however costs were still above forecast.

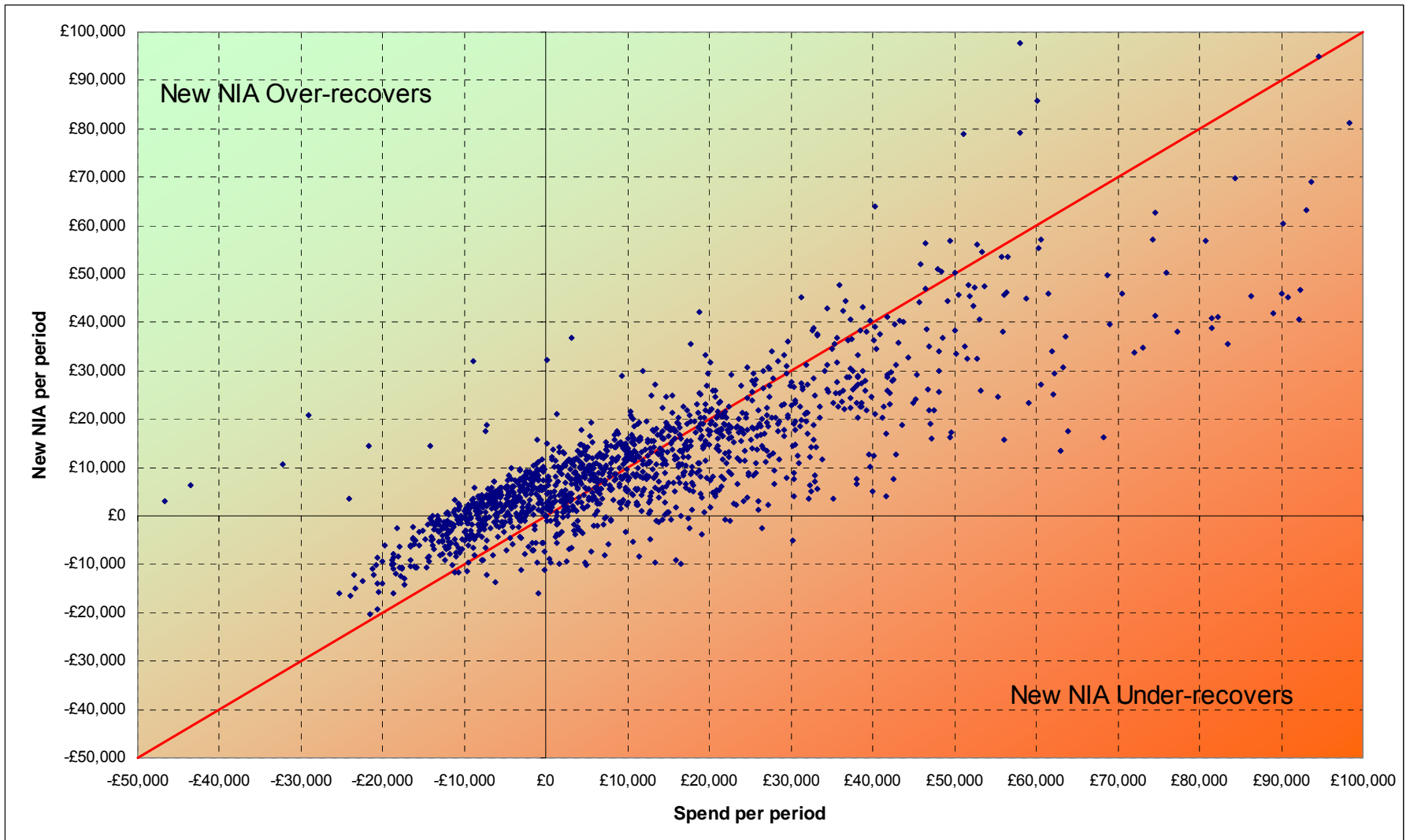
April Summary – NIA

◆ NIA recovery close to targeted costs



◆ The revised co-efficients for the Net Imbalance Adjustment ensured an effective recovery against costs outside of National Grid's control during April

April NIA per settlement period versus spend



April Summary – Other BSIS Costs

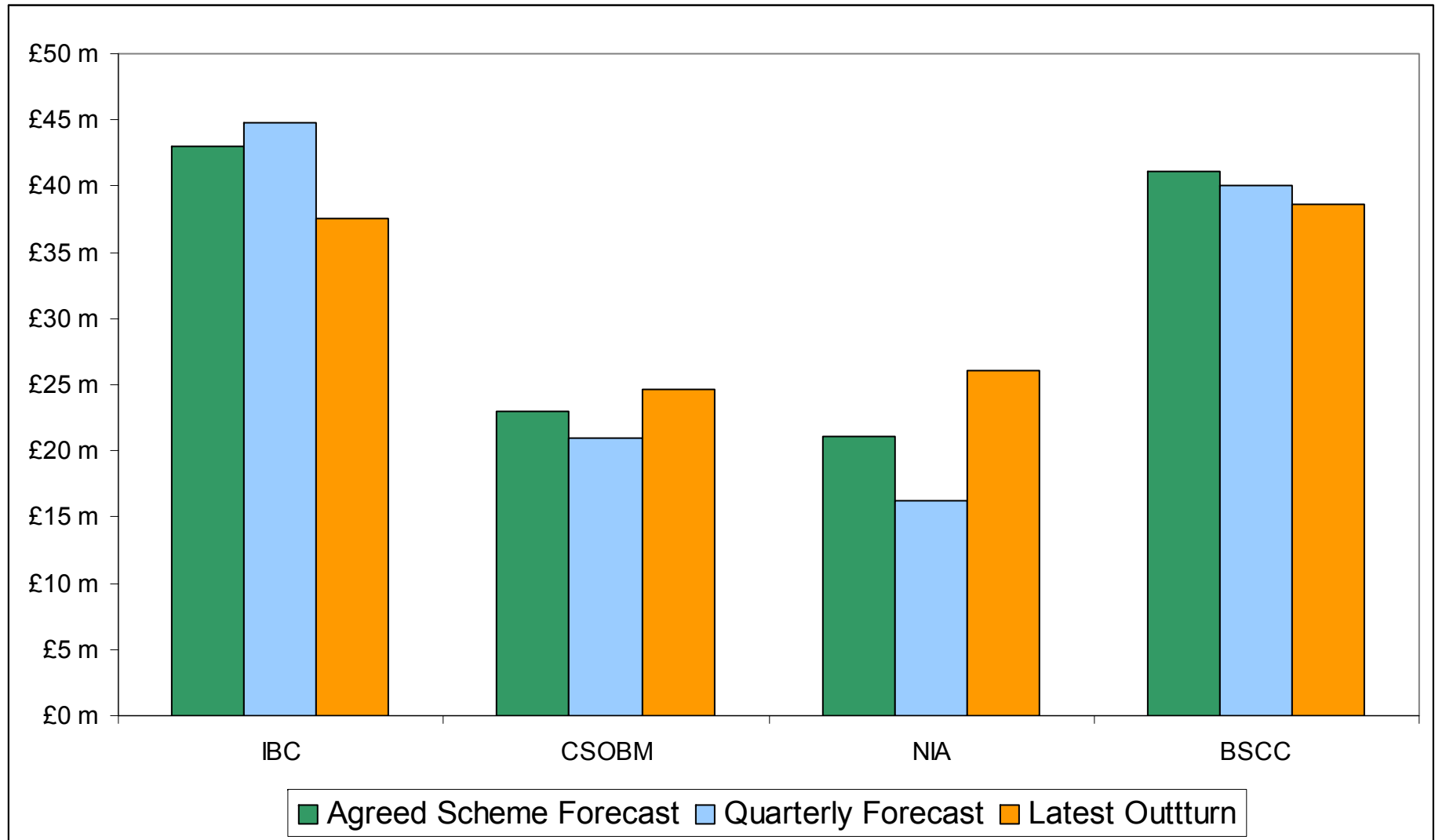
◆ Response below forecast

- Changes in National Grid’s contracting strategy resulted in contract response costs coming in below target.
- This was offset by a small increase in mandatory response costs and a £2.5M increase in BM response costs.
- Generally long markets and good plant availability through April helped reduce cost.

◆ Footroom costs rising

- Footroom costs were high (£1.2m) due to low demands and high nuclear availability.

May 2009 IBC component comparison



May Summary - Constraints

◆ Cheviot and Scottish Internal Constraint costs below forecast

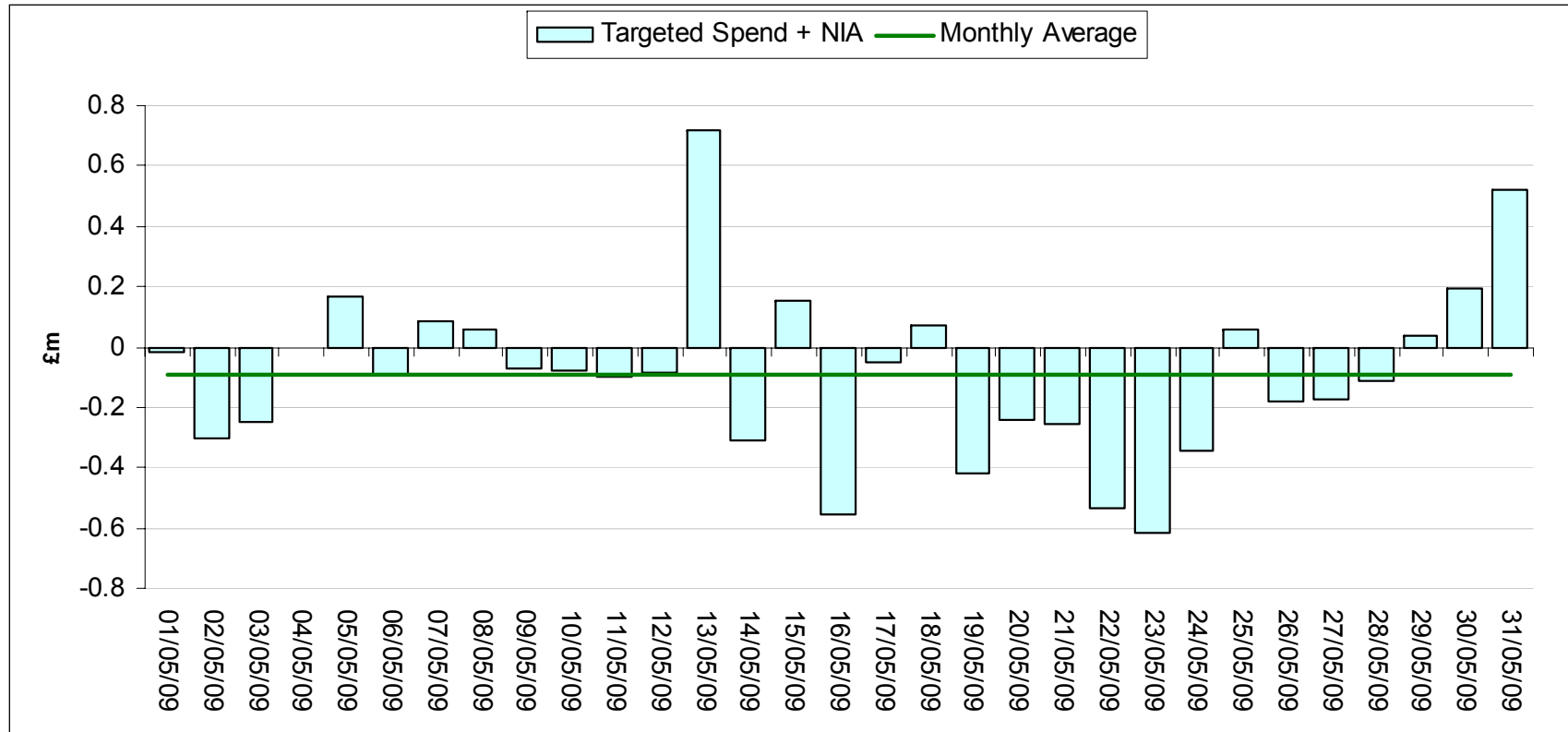
- Contracting strategy for the month continues to deliver costs below scheme forecast.
- High wind days have activated internal constraints during the 2nd week.
- Plant running arrangements have been more favourable than forecast

◆ England and Wales Constraint costs below forecast

- Continued optimisation by National Grid of running arrangements at 2 stations plus a deferment of a transmission outage reduced costs for a major east-west flow constraint.
- Another outage which exacerbated the same east-west constraint was curtailed.
- Exports to France remained low reducing the costs on an outage forecast to restrict exports.
- Two outages deferred due to changes in generation availability
- Above partially offset by high constraint volumes on a few days with plant running more than expected and had been seen recently.

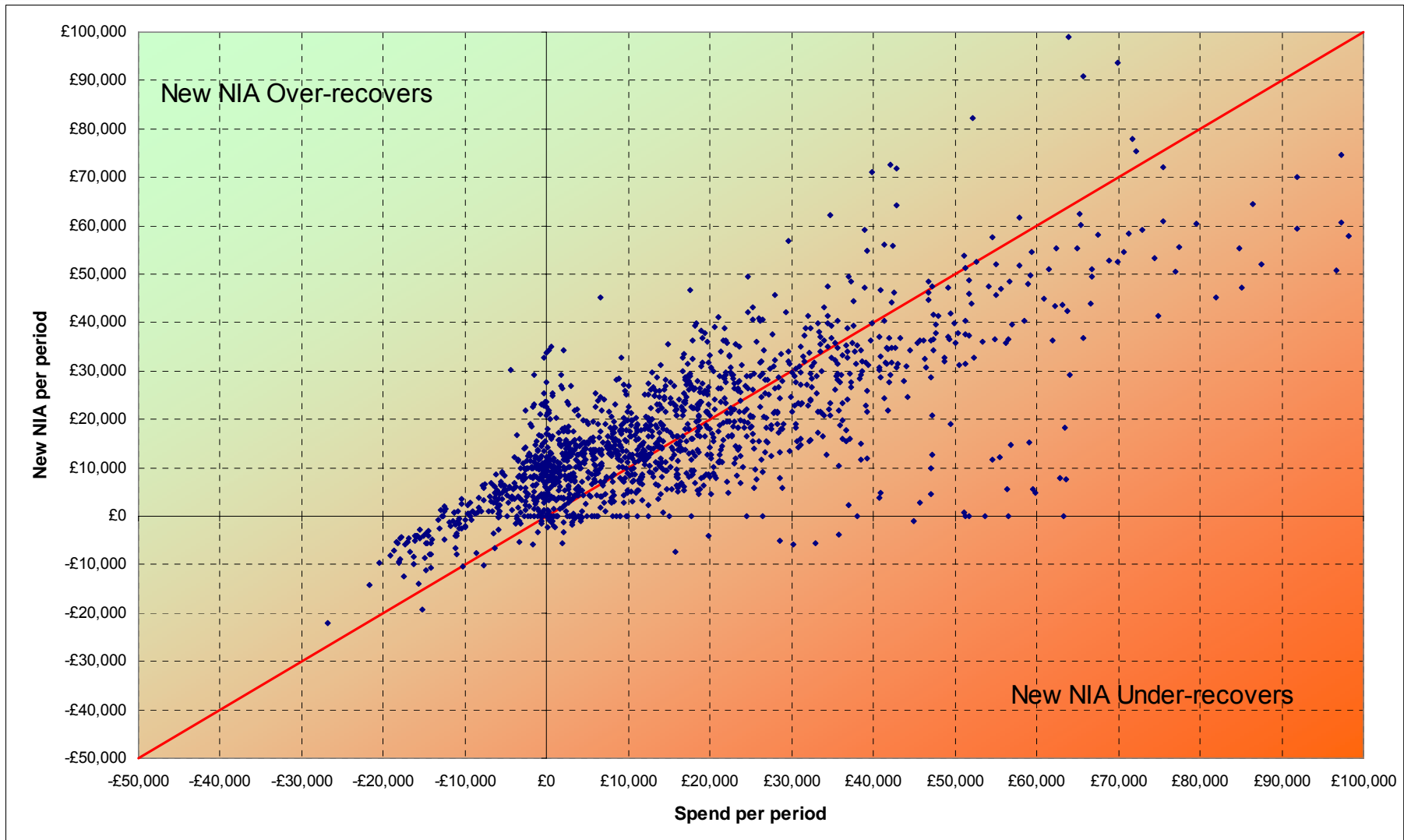
May Summary –NIA

◆NIA recovery close to targeted costs



◆The revised co-efficients for the Net Imbalance Adjustment ensured an effective recovery against costs outside of National Grid’s control during May

May NIA per settlement period versus spend

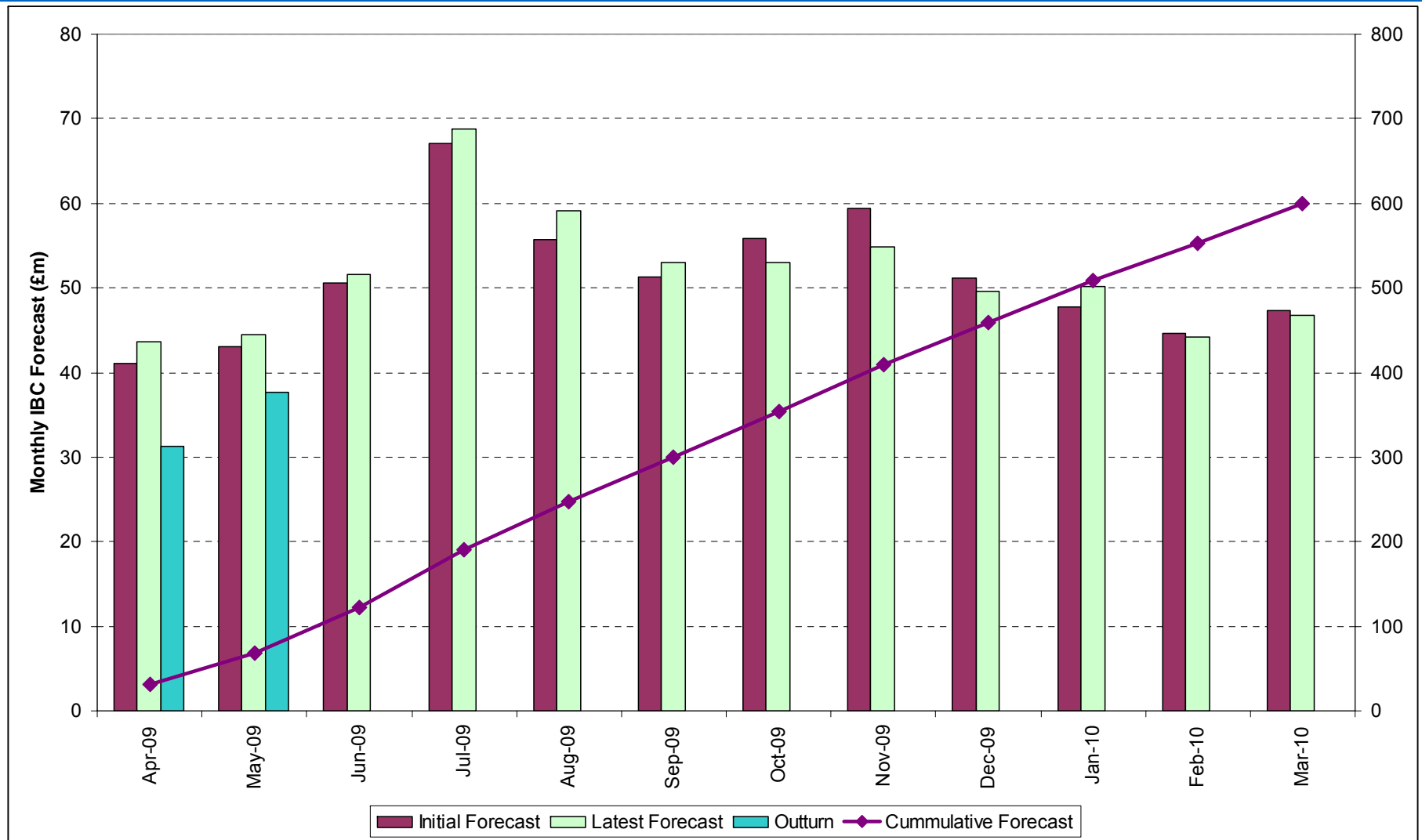


May Summary – Other BSIS Costs

◆Footroom costs rising

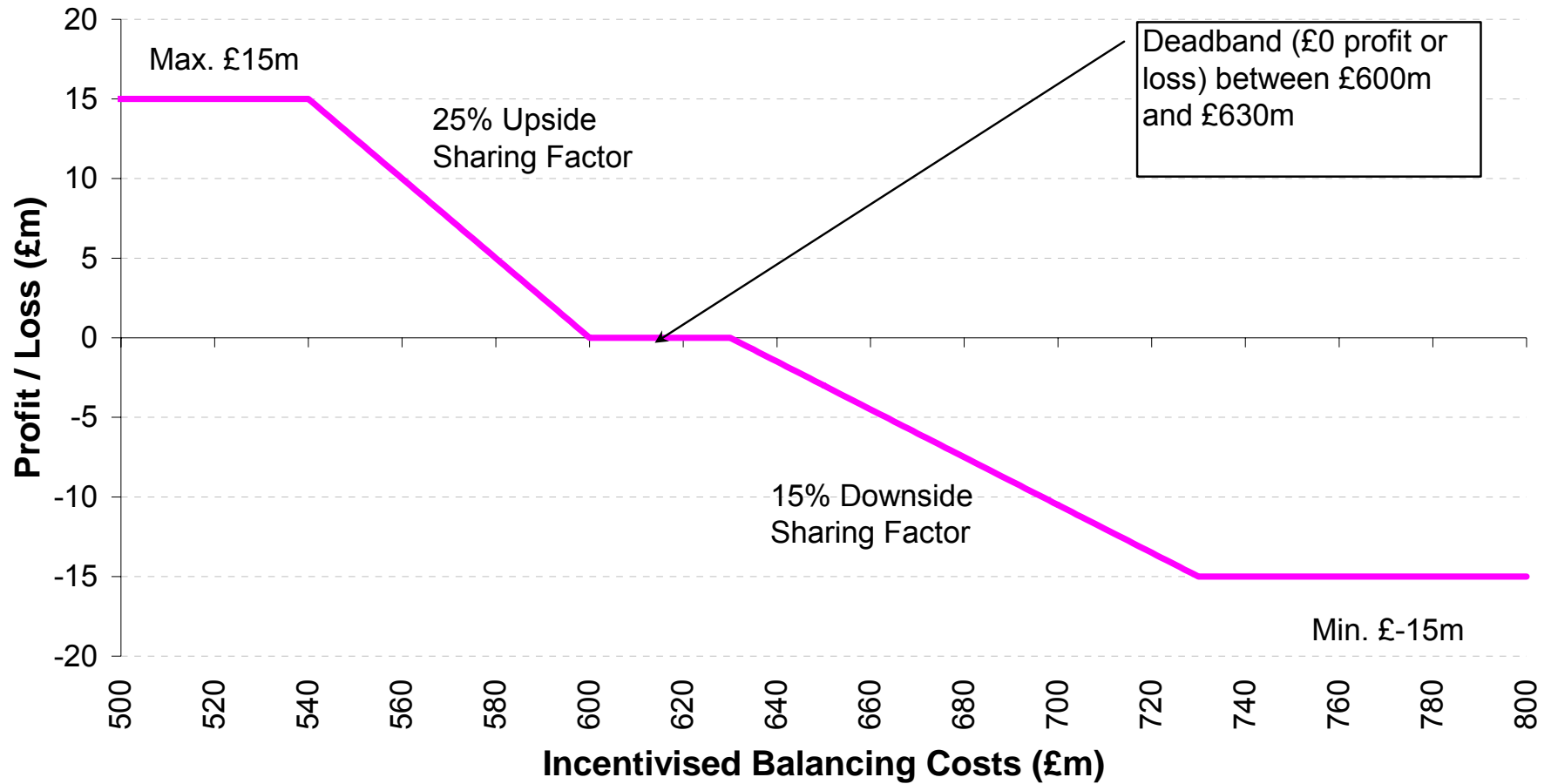
- Footroom costs continue to be high (£1.3m) due to low demands and high nuclear availability.

Monthly IBC 2009/10 forecasts and outturn



2009/10 Scheme Parameters

2009/10 Balancing Services Incentive Scheme



Provisional BSUoS outturn / forecasts 2009/10

- ◆ Current BSUoS central forecast £1.45/MWh
- ◆ Overall forecast range £1.35/MWh to £1.55/MWh

Provisional Monthly BSUoS outturn / forecasts 2009/10

