

Addressee

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31st July 2009

Dear Service Provider

SHORT TERM OPERATING RESERVE – TENDER ROUND 9
INVITATION TO TENDER

Please be advised that the Invitation to Tender for Short Term Operating Reserve Tender Round 9 is now available on National Grid's website.

<http://www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/STOR/>

Tenders are invited for service provision for one or more seasons within the period 26th October 2009 – 1st April 2019.

The ITT documents that have been published today are as follows:

1. Tender Sheets
2. Tenderer's Contact Details Sheet
3. Explanation and Tender Guidance
4. General Service Description

Associated applicable documents already published are as follows:

1. Tender Assessment Principles.
2. STOR Despatch Procedure v1.3
3. Indexation Principles Document
4. Issue #3 of the STOR Standard Contract Terms

As explained in the Explanation and Tender Guidance, Issue #3 of the STOR Standard Contract Terms has taken effect from 1st April 2009. This means that as from the previous tender round, (Tender Round 8) providers can tender for seasons up to 2019 for the committed STOR service and have the option to apply indexation to their Contract Prices for a Subsequent Year Tender. Providers can either use the existing indexation methodology set out in the Indexation Principles Document or a new methodology proposed by the provider and agreed by National Grid. Providers are also able to tender before carrying out mandatory works necessary to enable the provision of STOR. Both the indexation methodology and the Mandatory Works Provisions need to be agreed in the STOR Framework Agreement before providers submit the tenders.

Existing STOR Contracts in force on 1st April 2009 will continue from that date upon and subject to the terms set out in Issue #3 of the STOR Standard Contract Terms.

The key dates for this Tender Round are as follows:

- Market Day
2009
- 17:00 hours on Friday 4th September

- Tender Opening Monday 7th September 2009
- Tenderers notified of results for First Year tenders Friday 2nd October 2009
- Tenderers notified of results for Subsequent Year tenders Friday 23rd October 2009
- Service commencement 05:00 hours on Monday 26th October 2009
- Market Report Friday 13th November 2009

Market Day is the latest day in which tenders can be accepted by National Grid - all tenders must be received by post (or delivered by hand) no later than 17:00 hours on Friday 4th September 2009 to the address below. Envelopes should be clearly marked “**STOR – TR9**”.

Craig Maloney
 Network Operations
 National Grid Electricity Transmission plc
 National Grid House
 Warwick Technology Park
 Gallows Hill
 Warwick
 CV34 6DA

Should tenderers wish to deliver their tender by hand then this intention must be notified to National Grid in advance (see above for my contact details).

STOR Framework Agreement & STOR Framework Amending Agreement

A STOR Framework Agreement must be concluded by any party wishing to submit a STOR Tender. The STOR Framework Agreement will give effect to the current STOR Standard Contract Terms i.e. Issue #3. The deadline for concluding a STOR Framework Agreement (for participation in this Tender Round 9) is 17:00 hours on Friday 4th September 2009. If you have not already entered into a STOR Framework Agreement or wish to amend your current STOR Framework Agreement to introduce agreed indexation methodology, new STOR sites or STOR sub-sites and/or Mandatory Works Provisions, please contact your Balancing Services account manager to assist in progressing a STOR Framework Agreement or STOR Framework Amending Agreement, should you intend to participate in Tender Round 9.

For further information and a more detailed explanation of the tender process please refer to the STOR Service Description and the STOR Tender Guidance within the ITT documentation.

Alternatively please contact either myself or your Contracts Account Manager should you have any queries.

Yours sincerely,

Craig Maloney