

Firm Frequency Response

Market Information for Tenders for August 2007

National Grid wishes to highlight to participants its overnight requirement for FFR. Participants are invited to note the inclusion of Figures 7 and 8 for this purpose, as well as the enhancement to the Price breakdown table on page 6.

Please note: In response to industry feedback this report has been enhanced to include Mandatory Response and BOA data from the last two months (Month-1 and Month-2), in contrast to previous reports that were formed with data from Month-2 and Month-3 due to data limitations.

Total Frequency Response Requirements

Our indicative daily Total Requirement for Frequency Response for the above month is shown on a Settlement Period basis for weekdays, in Figure 1 and for Saturdays, Sundays and Bank Holidays, in Figure 2. The graphs show the requirement at maximum frequency deviation: 0.8 Hz for Primary and 0.5 Hz for Secondary and High Response.

Figure 1

Indicative Total Response Requirement - Weekday

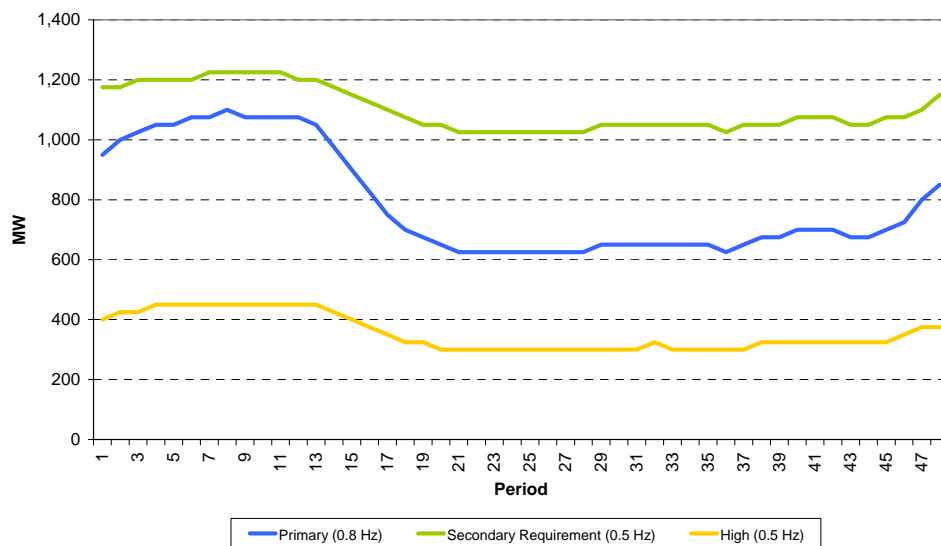
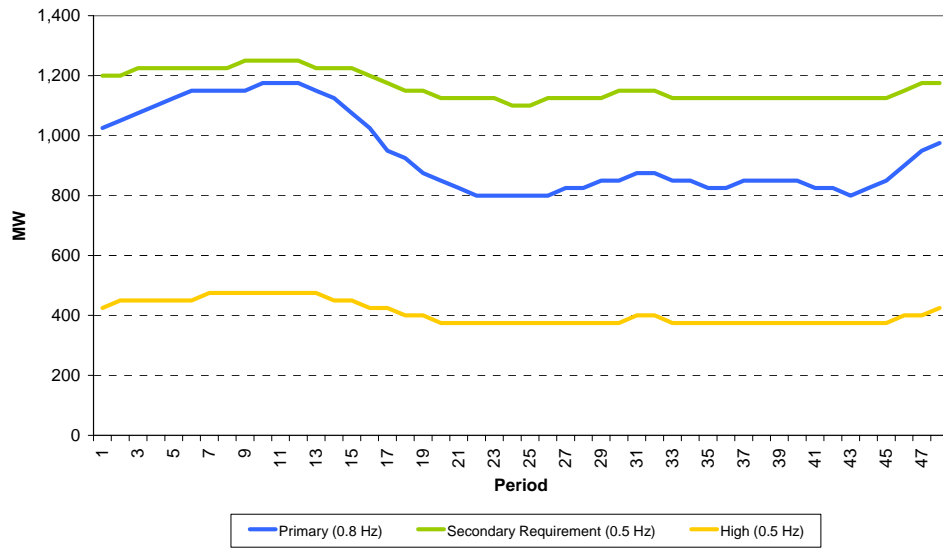


Figure 2

Indicative Total Response Requirement - Weekend



Minimum Dynamic Response Requirement

The indicative minimum required levels for Dynamic response are shown for Weekdays, Figure 3, and Saturdays, Sundays and Bank Holidays, Figure 4. The levels are shown for delivery at 0.5 Hz deviation, although 0.2 Hz is the largest frequency deviation within normal operational range. The total amount of response delivered by Dynamic providers contributes to meeting the Total Response Requirement, Figures 1 and 2, above.

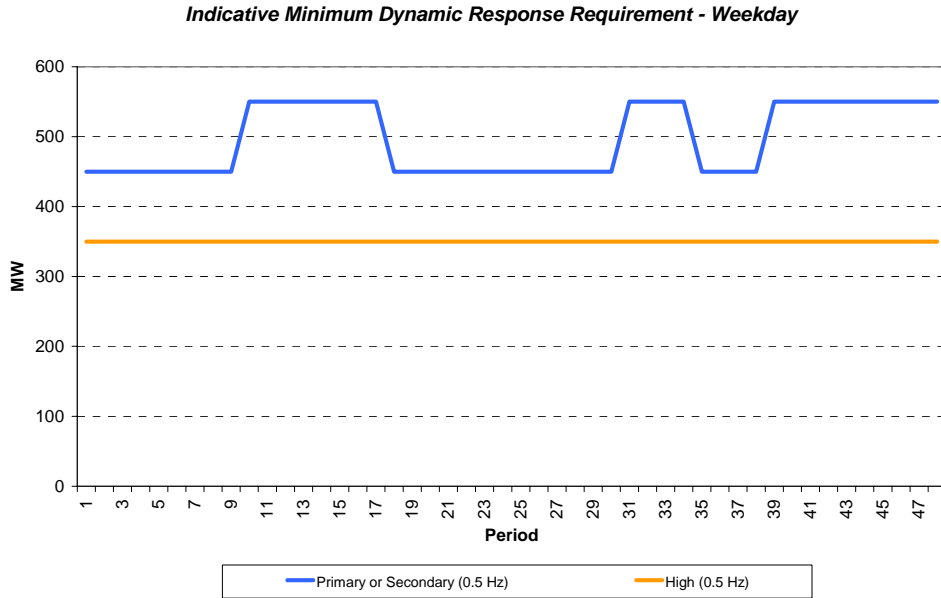


Figure 3

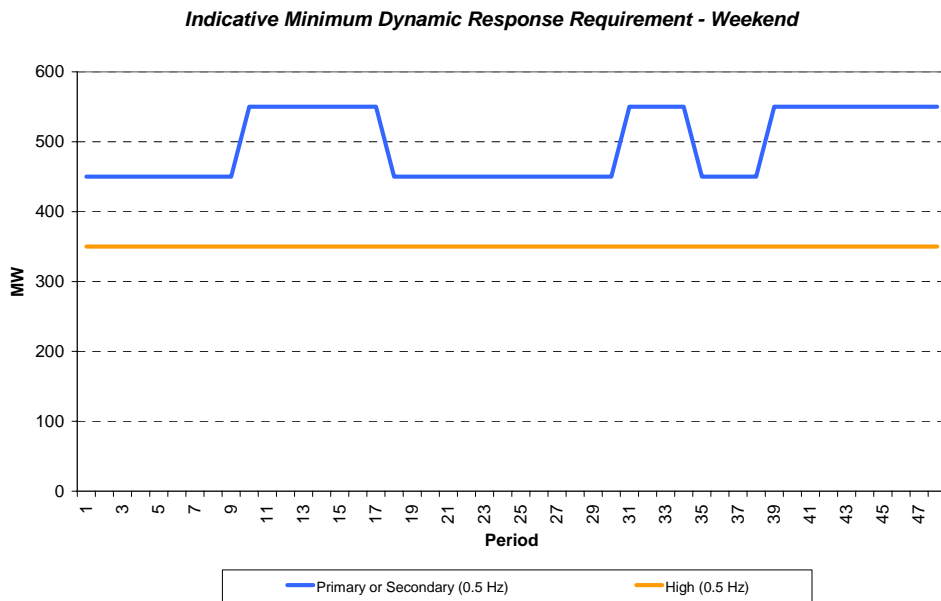


Figure 4

Maximum Non-Dynamic Response Level

The expected maximum level of Non-Dynamic Response is shown below for Weekdays, Figure 5, and for Saturdays, Sundays and Bank Holidays, Figure 6.

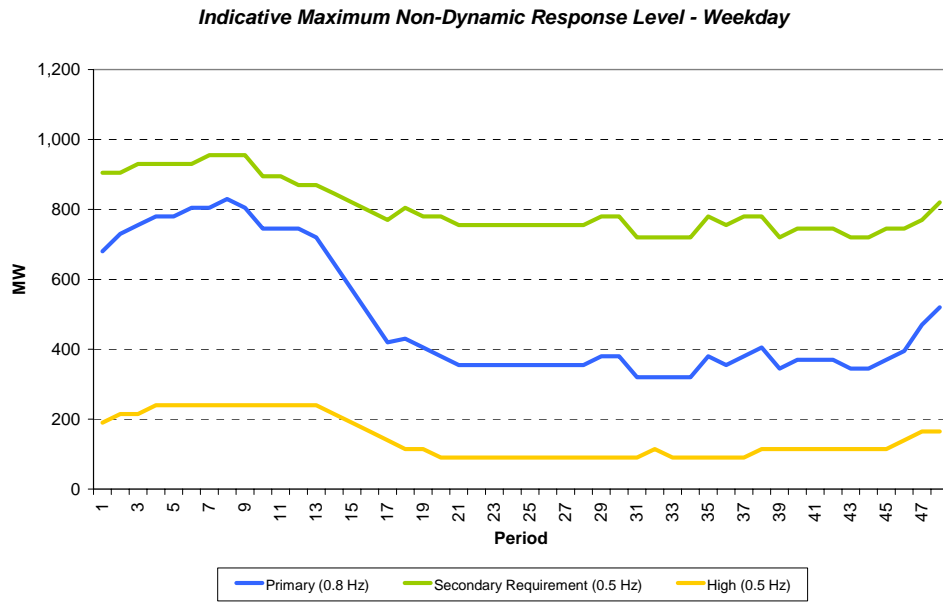


Figure 5

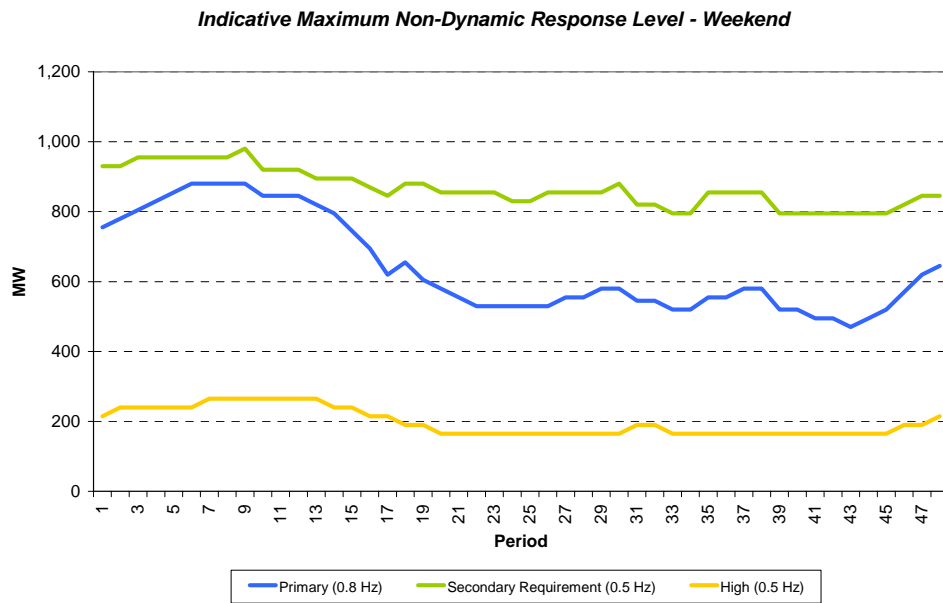


Figure 6

The maximum level of Non-Dynamic Response achievable is the Total Response Requirement (at 0.5 and 0.8Hz) less the Minimum Dynamic Response Requirement delivery (at 0.5 and 0.8Hz as appropriate).

Balancing Mechanism instructions on Frequency Responsive plant

Figure 7, below, shows a post-event analysis of the volume of Bid Offer Acceptances instructed on Balancing Mechanism Units that were, in conjunction with the delivery of the BOA energy, also providing Frequency Response. This analysis covers May 07 and June 07 on a daily basis. This data gives an indication of periods during which National Grid takes balancing actions which also contribute to the optimisation of the response holding across the system. However, readers should be aware that this is only indicative and actions may have been required for other reasons apart from (or as well as) Frequency Response optimisation (such as resolving energy imbalance or transmission system constraints).

Average volume of BOAs on Frequency Responsive BM Units

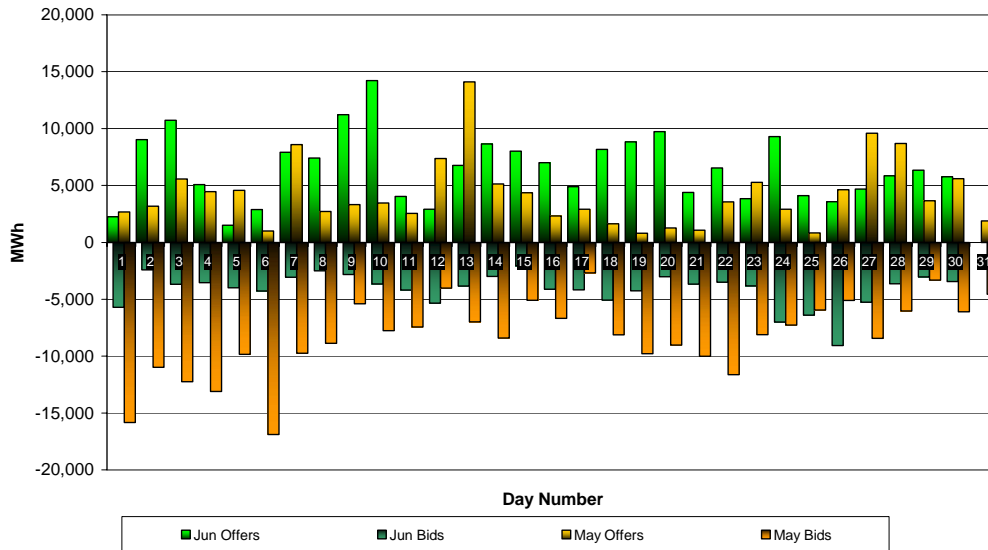


Figure 7

Figure 8 represents this data on a settlement period basis.

Average volume of BOAs on Frequency Responsive BM Units

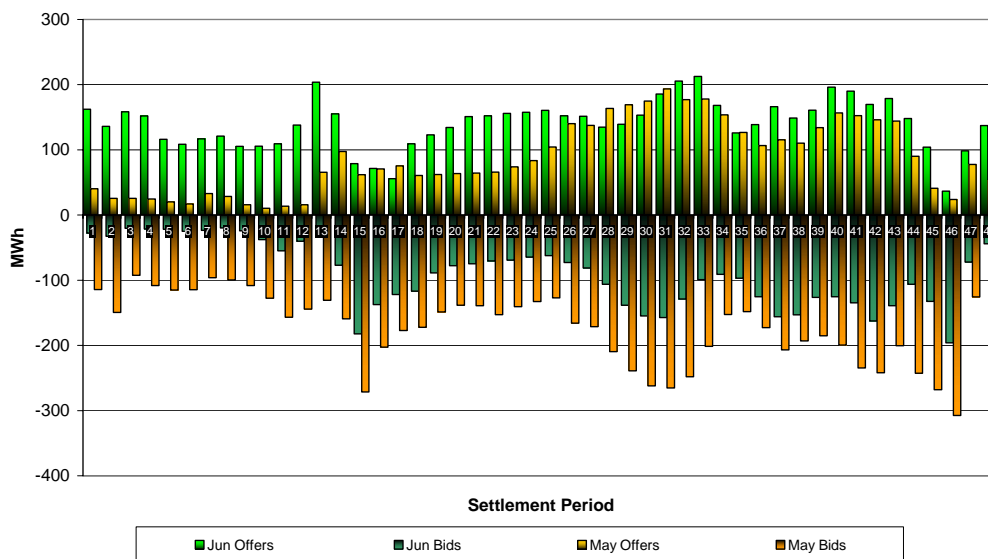


Figure 8

Indication of Firm Contract Position

Figure 9 below shows the aggregated firm position that National Grid has already procured for weekdays through a combination of non-dynamic and dynamic providers.

Secondary Response Requirement vs Firm Position - Weekday

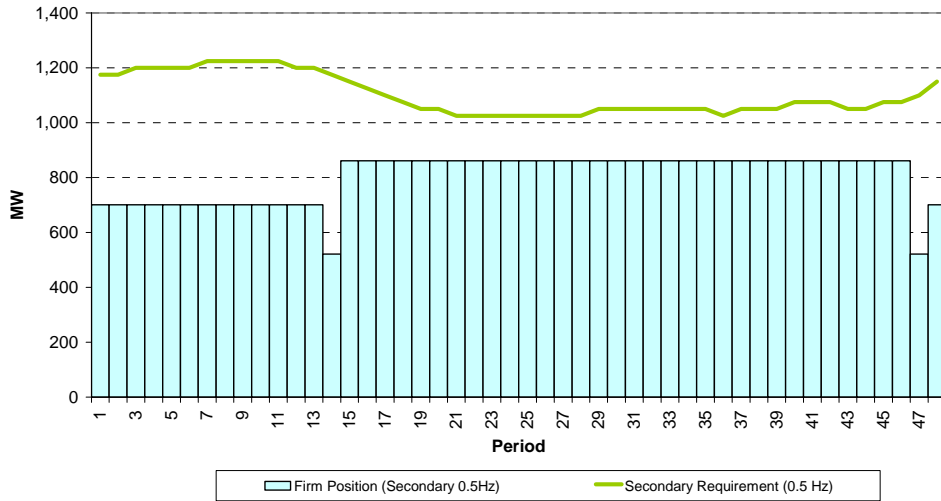


Figure 9

Figure 10 below shows the aggregated firm position that National Grid has already procured for weekend through a combination of non-dynamic and dynamic providers.

Secondary Response Requirement vs Firm Position - Weekend

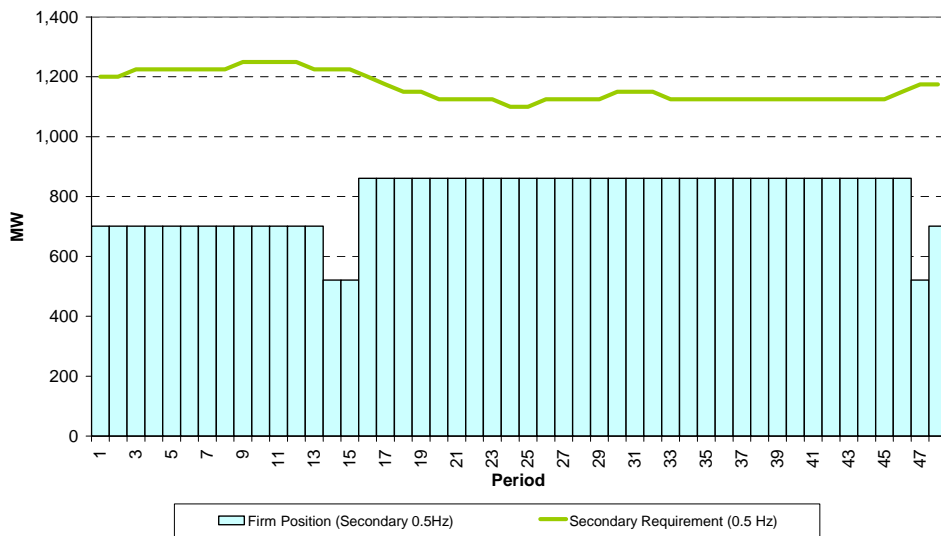


Figure 10

The total volumes for Frequency Response holding on Mandatory service providers are **1,021 GWh** for May 07 and **0,753 GWh** for Jun 07, and break down into price bands as follows:

May 2007	Primary	Secondary	High
Price band (£/MWh range)	Volume (MWh)	Volume (MWh)	Volume (MWh)
Greater than 8	1,632	197	418,178
6 to 8	2,431	0	36,768
4 to 6	31,238	12,149	22,243
2 to 4	65,994	15,086	38,514
0 to 2	177,390	179,878	19,155
Totals	278.7 GWh	207.3 GWh	534.9 GWh
Costs	£0.65 m	£0.29 m	£5.64 m
Total Frequency Response Holding Volume			1,021 GWh
Total Frequency Response Holding Cost			6.58 £m

Jun 2007	Primary	Secondary	High
Price band (£/MWh range)	Volume (MWh)	Volume (MWh)	Volume (MWh)
Greater than 8	399	0	293,331
6 to 8	2,202	0	71,818
4 to 6	55,851	21,533	50,984
2 to 4	75,352	9,005	34,374
0 to 2	125,514	136,142	22,702
Totals	259.3 GWh	166.7 GWh	473.2087 GWh
Costs	£0.66 m	£0.25 m	£4.29 m
Total Frequency Response Holding Volume			0,899 GWh
Total Frequency Response Holding Cost			5.20 £m

Please note that the MW/h units of payment are defined in the CUSC and do not relate to the units of 0.8Hz Primary and 0.5 Hz Secondary and High Response as quoted for the requirements, above.

For August 2007, Frequency Response Requirements are anticipated to be in line with the forecast Figures 1 – 6, above. The availability of response services on optional contracts and on part loaded units means that it is unlikely that National Grid will seek to procure the entirety of its forecast requirement through this tender round. However, National Grid will procure in line with the principles laid out in the Assessment Principles.

For the month of **August**, tenders from eligible Service Providers for Firm Frequency Response should be submitted by 6th July 2007 (5th business day). National Grid will notify Service Providers of the outcome of the tender assessment by 17th July 2007 (12th business day). For successful tenders, National Grid will notify nominated windows, following assessment, by the 19th July 2007 (14th business day).

Tenders should be sent for the attention of:

Bea Ennim
Network Operations
National Grid plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Tenders can be sent by email to Bea.Ennim@uk.ngrid.com