

Operational and SO Cost Update

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Network Operations

Agenda

- Operational Issues
- System Operator cost update

Operational Performance Summary

- ◆ No significant operational issues encountered
 - ◆ Some minor operational issues around LCPD related behaviour
- ◆ No system warnings or SIRs issued
- ◆ No frequency deviations outside of statutory limits

Walham – July 2007

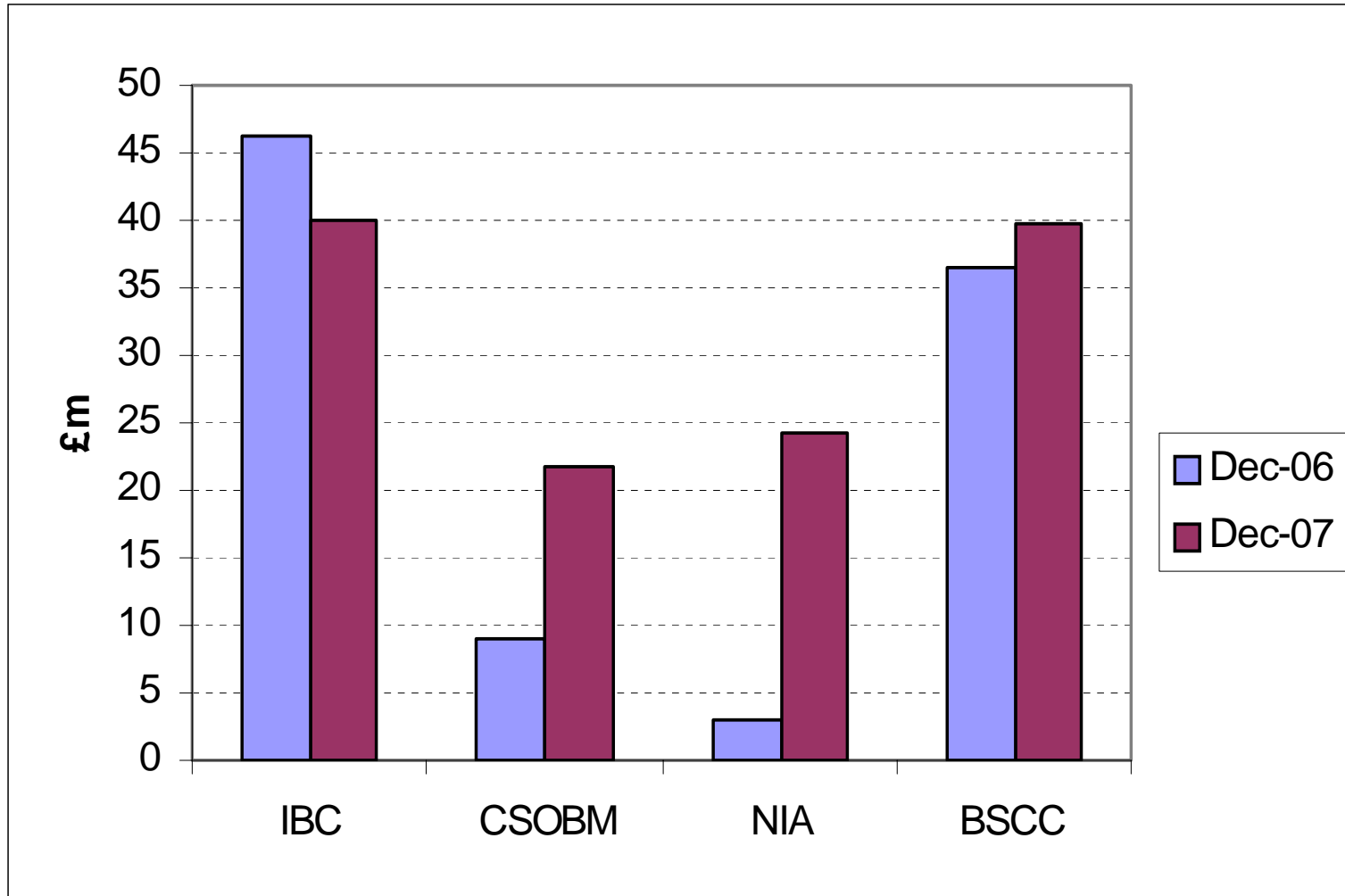


Walham – January 2008

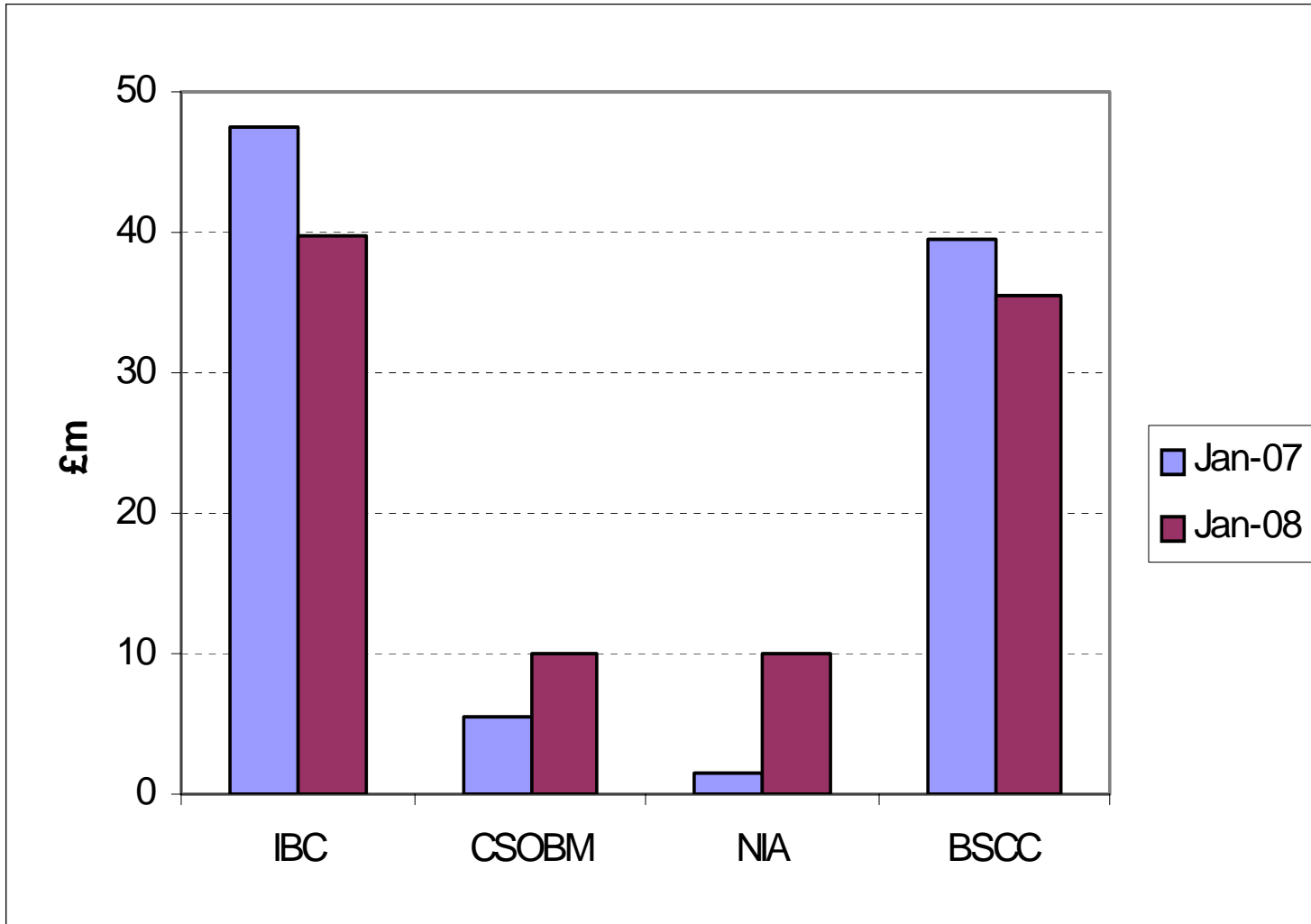


SO Cost Update

IBC component comparison – December 2006 vs 2007

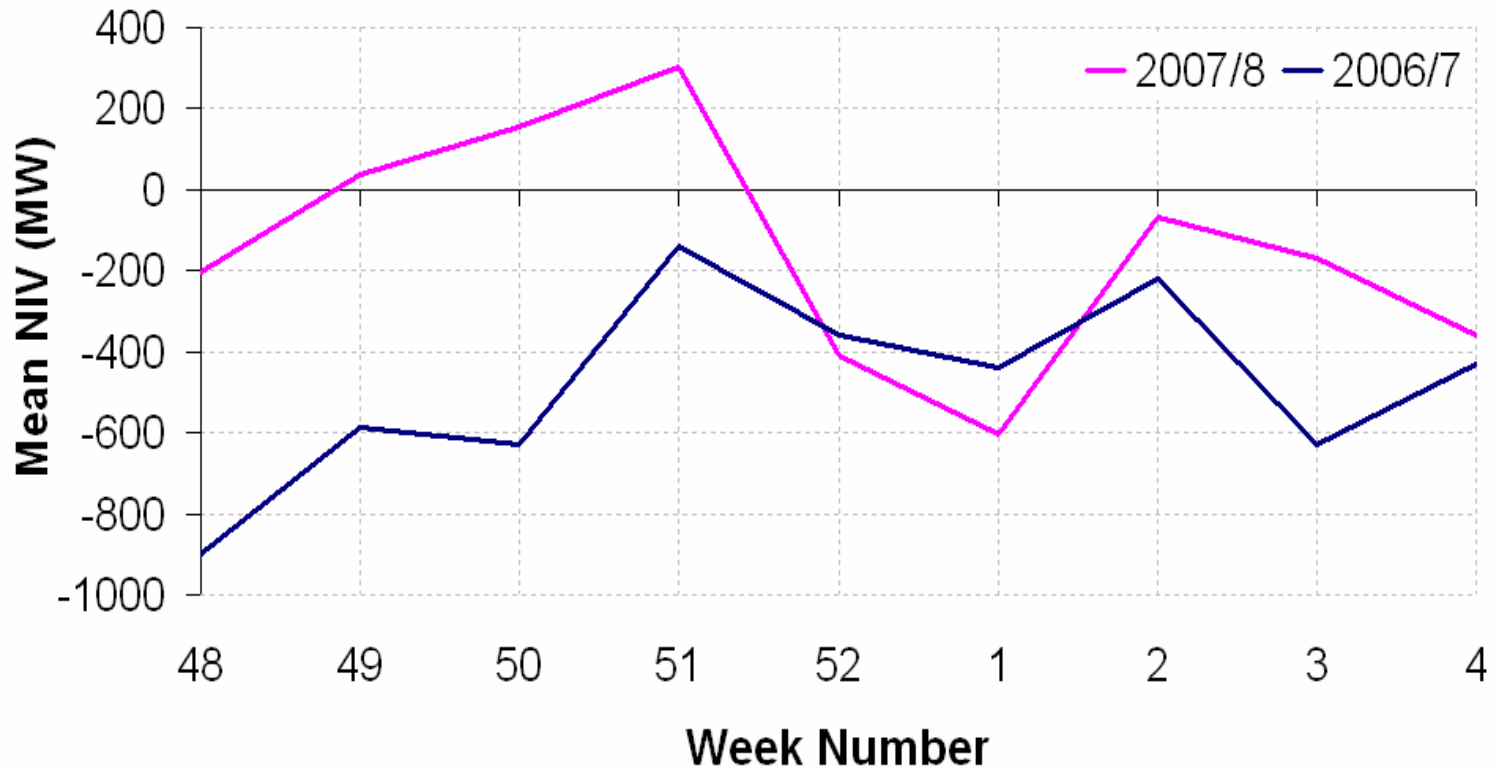


IBC component comparison - January 2007 vs 2008



NIV December & January

Comparison of Mean NIV Dec/Jan 2006/7 & 2007/8



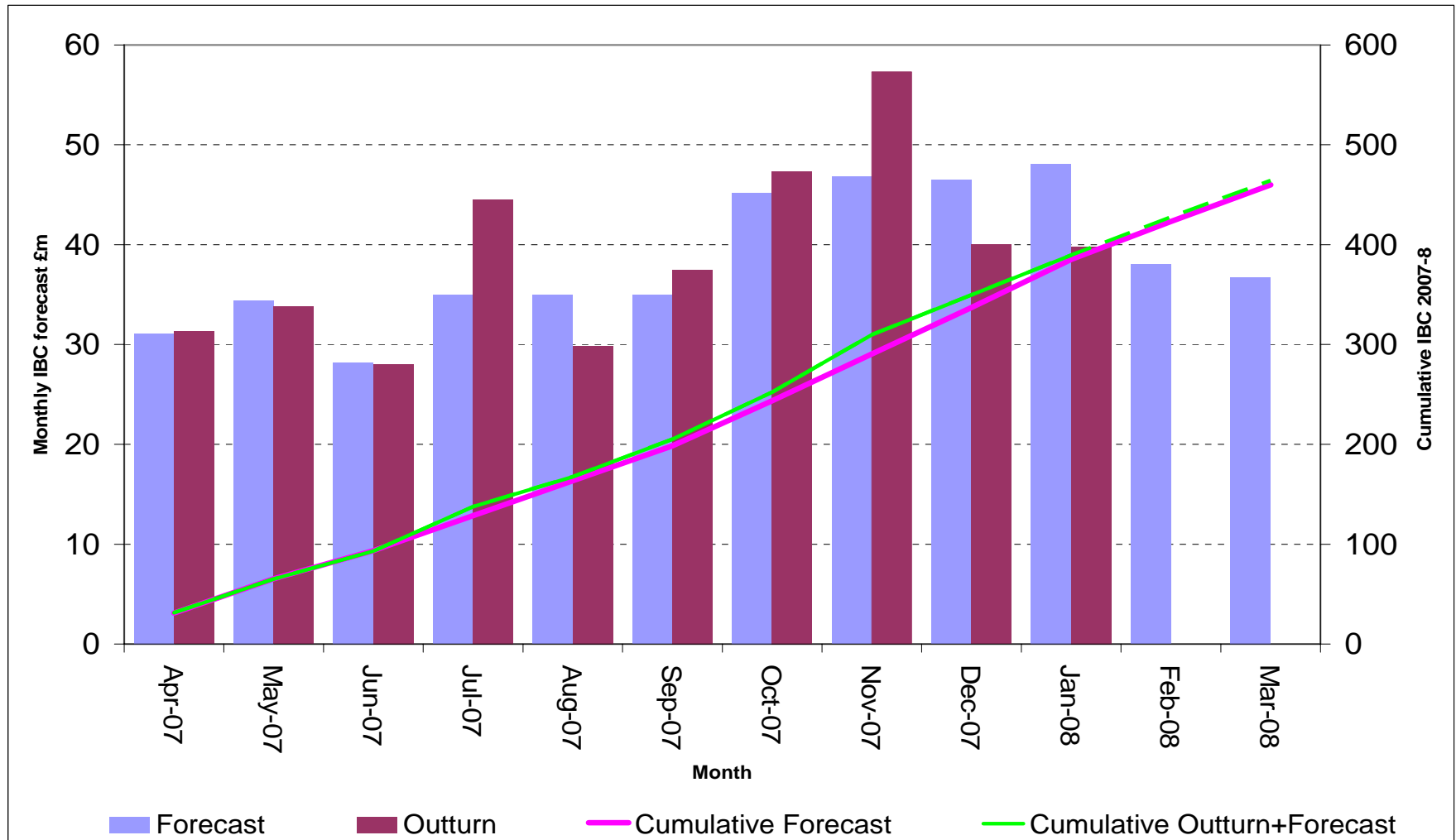
December Summary

- ◆ CSOBM and NIA both much higher than in 2006
 - ◆ Mostly due to a continued shortening of NIV prior to Christmas
 - ◆ December 19th saw NIV reach 3GW short
 - ◆ Increased CSOBM largely driving increased BSUoS charges
- ◆ Expensive oil fired units often had to be synchronised for margin.
 - ◆ Also required for real time energy balancing
- ◆ No major constraint issues (£2.7m in 2007 vs £5.8m in 2006)

January Summary

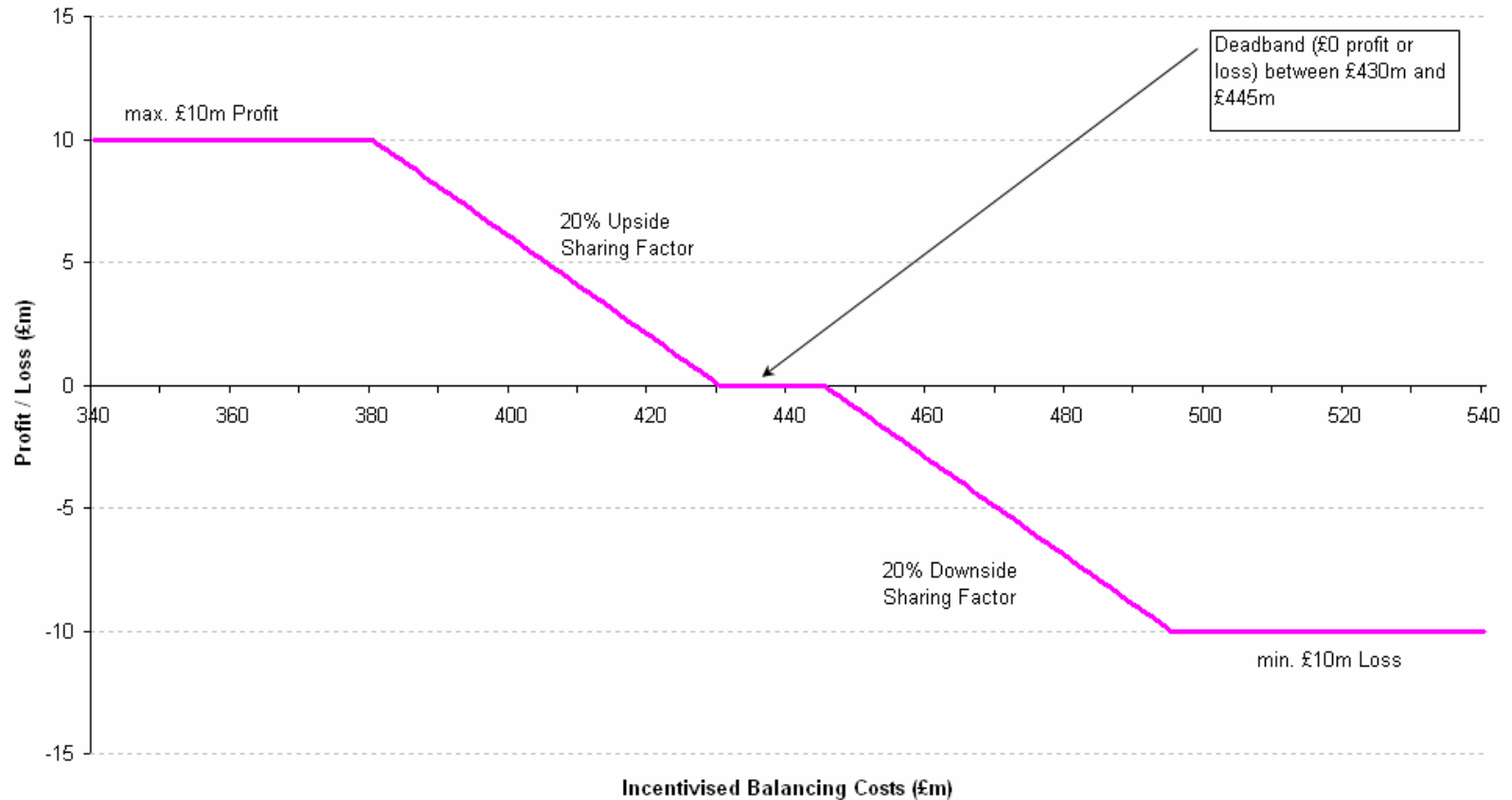
- ◆ CSOBM and NIA both continue to be higher than in the previous year
 - ◆ NIV remains shorter on average than in 2006
- ◆ Margin costs much lower than in December
 - ◆ Less frequent need for oil fired generation
 - ◆ Milder weather
- ◆ As with December, constraint costs reduced compared to 2006/7 (£2.9m in January 2008 vs £4.4m in January 2007)

Monthly IBC 2007/8 forecasts and outturn



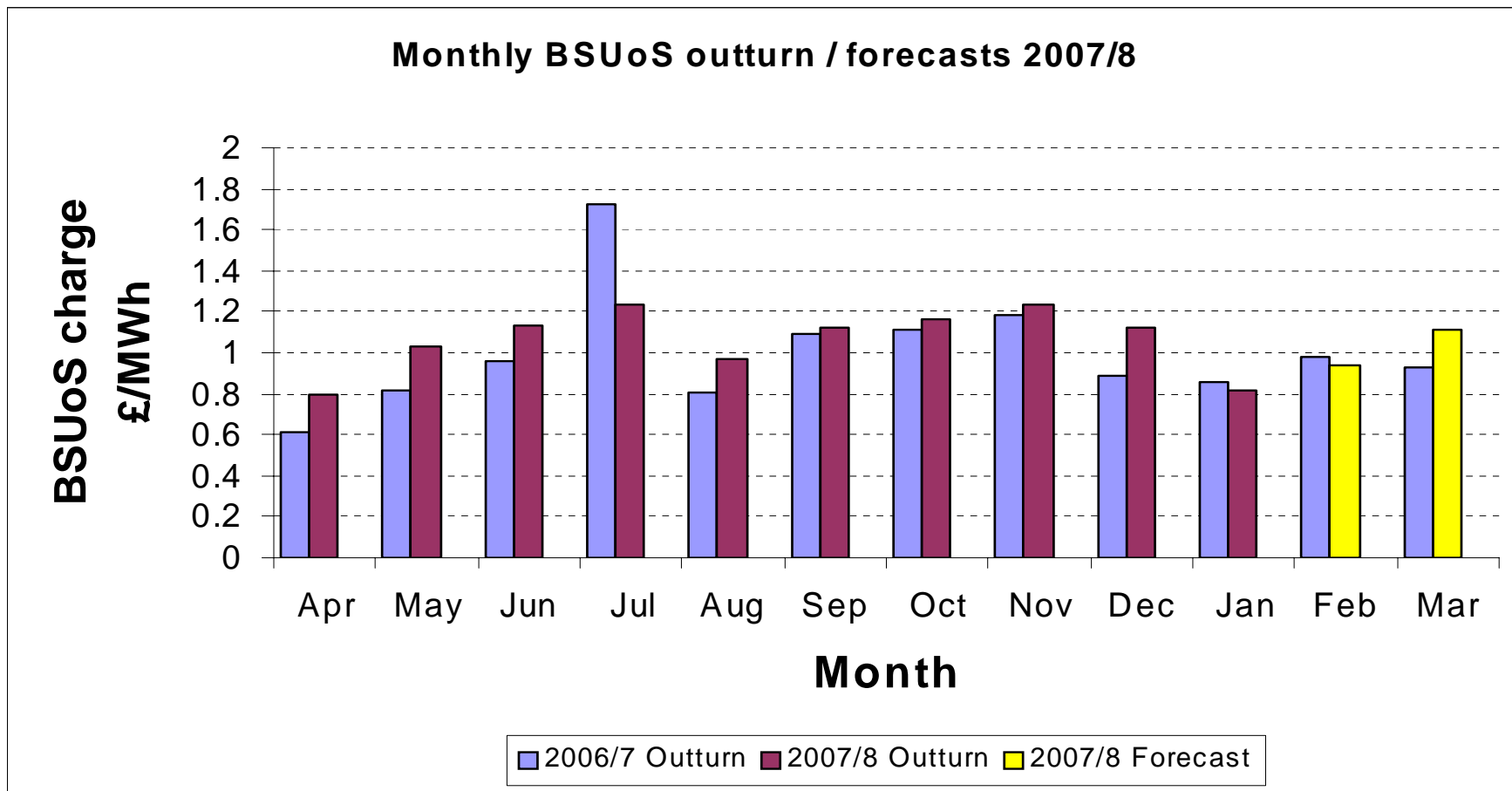
2007/8 BSIS scheme

2007/8 Balancing Services Incentive Scheme

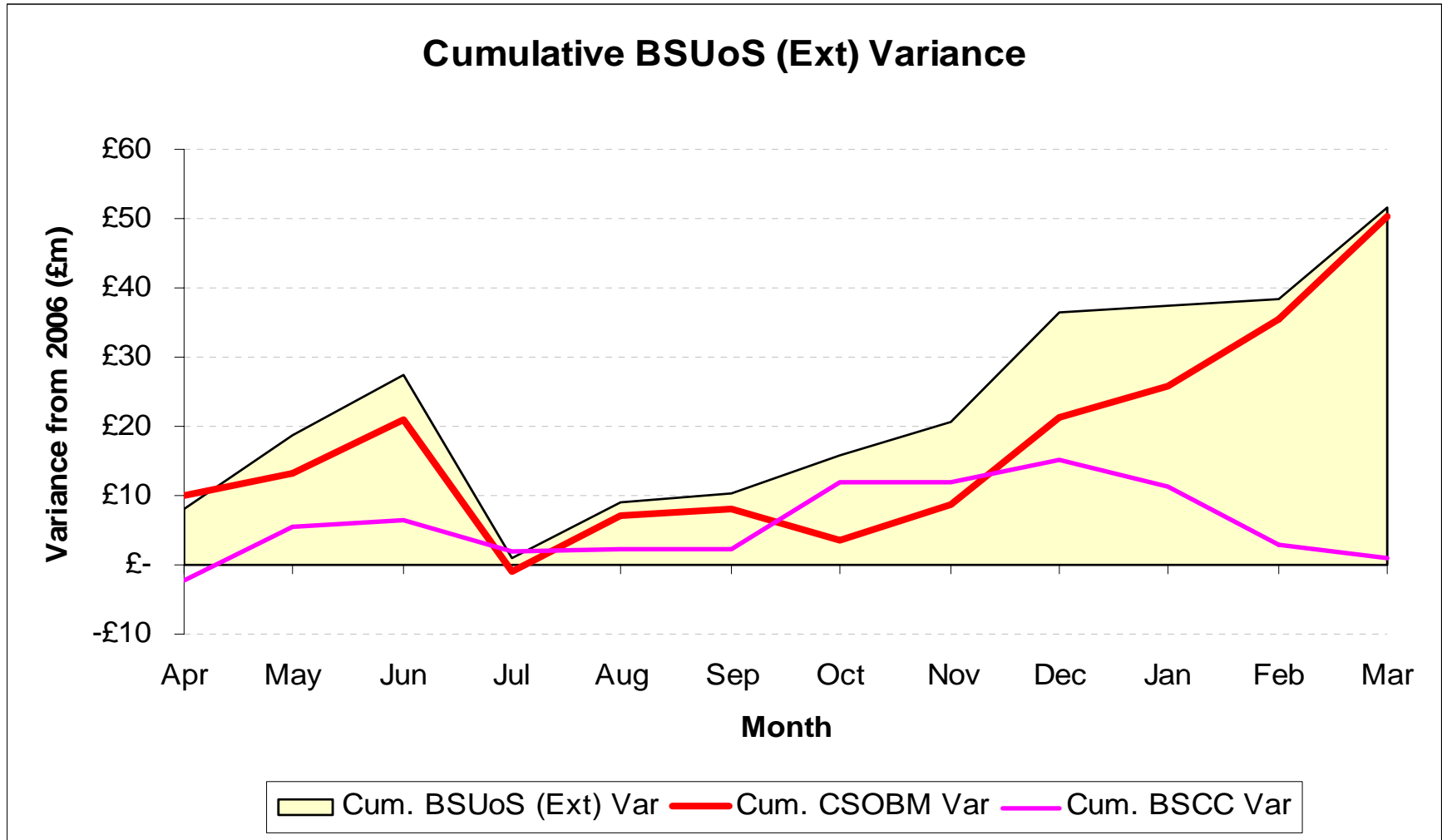


Monthly BSUoS outturn / forecasts 2007/8

- ◆ Current BSUoS charge forecast higher than 2006/7 at £1.05/MWh
- ◆ BSUoS Price was £0.99/MWh in 2006/7



BSUoS (External) Variance vs 2006



- ◆ Most of BSUoS increase is from CSOBM