

Short Term Operating Reserve (STOR) Development

Outline Change Proposals Document

October 2009

nationalgrid

The power of action.™

CONTENTS

Executive Summary

1	Introduction	4
1.1	STOR Service	4
1.2	Amending Standard Contract Terms	4
2	Flexible STOR Service	6
2.1	Season 1 and 2 Tenders	6
2.2	Semi Committed Service	7
2.3	Separate Tender Process for Flexible and Committed Providers	8
3	Longer-term service	9
3.1	Longer-term service (>10 years)	9
3.2	Guaranteed Utilisation Volumes	10
3.3	Changes to Standard Contract Terms	10
4	Tender Assessment	12
4.1	Response Time	12
4.2	Reliability	12
5	Other Issues	14
5.1	Aggregator General Provisions	14
5.2	2010/11 Tender Round Dates	14
6	Responses	15
	Appendix 1 - STOR SCTs	16
	Appendix 2 - FFR SCTs	17

nationalgrid

The power of action.™

Executive Summary

In 2008, National Grid undertook a comprehensive review of the Short Term Operating Reserve (STOR) service and most notably, introduced a longer-term STOR product enabling potential service providers to tender for a period of up to 10 years in advance.

National Grid is intending to undertake a comprehensive review of all reserve products during 2010/11 to give consideration to the potential sources of future reserve, given the current forecasts of a significant rise in the Short Term Operating Reserve Requirement (STORR) driven in the main, by a greater penetration of intermittent generation and a higher infrequent loss risk of 1800MW (up from the current value of 1320MW).

While National Grid and the industry have identified other areas of STOR for development that may not be featured in this document, National Grid believes that they better fit into the wider reserve review given the timescales and the impact they would have on resource and systems etc. In light of this, the purpose of this Outline Change Proposals Document is to identify areas within the existing STOR service that National Grid believes would benefit from refinement now, to provide a framework which better facilitates the optimum use of the service from existing providers whilst encouraging potential new service providers into the market.

This document identifies three main areas for consideration:

- 1) Flexible STOR service;
- 2) Longer-term STOR service; and
- 3) Tender assessment.

Views are invited from the industry on each of the issues highlighted in this document, in addition to any other issues that industry members consider worthy of raising with a view to improving the STOR service.

**Responses to this consultation should be sent to
craig.maloney@uk.ngrid.com**

by 5pm on Friday 13th November 2009

nationalgrid

The power of action.™

Section 1 Introduction

1.1 STOR Service

- 1 In order to ensure the ability to be able to deal with actual demand being greater than forecast demand and/or unforeseen generation unavailability, as system operator of the transmission network, National Grid requires access to extra power in the form of either generation or demand reduction during certain periods of the day. These additional sources of power are referred to as 'Reserve' and comprise synchronised and non-synchronised sources.
- 2 National Grid procures the non-synchronised requirement primarily by contracting for Short Term Operating Reserve (STOR) via a competitive tender process from a range of service providers, for example in the form of standby generation and/or demand reduction from parties that may or may not participate in the Balancing Mechanism (BM).
- 3 STOR is a contracted Balancing Service whereby the service provider delivers a contracted level of power when instructed by National Grid, within pre-agreed parameters. The requirement for STOR varies depending on the time of year, week and day, being a function of the system demand profile at that time. The minimum capability requirements for the service are as follows:
 - a minimum contracted MW capability of 3MW;
 - a maximum response time for the delivery of the minimum contracted MW within 240 minutes of receipt of an instruction from National Grid; and
 - the ability to deliver the contracted MW for a continuous period of no less than 2 hours.
- 4 The contractual provisions relating to the STOR service are contained in the *Short Term Operating Reserve Standard Contract Terms Issue #3* which is available on the National Grid website.¹

1.2 Amending Standard Contract Terms

- 5 Schedule 1.2 of the Standard Contract Terms obliges National Grid to review the Standard Contract Terms from time to time, and where at any time National Grid wishes to propose one or more amendments, then it may at its sole discretion do so by formulating an Outline Change Proposal, the contents of which shall include without limitation:-
 - i) the rationale for the amendment(s), including whether or not required as a result of a Proposed Legal Requirement or Change in Law;
 - ii) if applicable, details of the Proposed Legal Requirement or Change in Law; and
 - iii) the Proposed Implementation Date.

¹ http://www.nationalgrid.com/NR/rdonlyres/CA693E1A-1C09-40A5-A69E-1707D1FB70CB/30820/STOR_SCTs_Issue_3_Final_Dec_08.pdf

- 6 Each Outline Change Proposal shall be notified by National Grid to all Reserve Providers in writing giving a reasonable opportunity and, in any event, not less than 10 Business Days to review and provide National Grid with written comments on each Outline Change Proposal. National Grid shall then consider in good faith any written comments submitted by the Reserve Provider and shall, insofar as is reasonably practicable, address such comments in any Detailed Change Proposal.
- 7 This Outline Change Proposal considers a range of areas within the STOR Standard Contract Terms with a view to potential implementation on 1st April 2010, and invites responses from existing and potential future Reserve Providers.

Section 2 Flexible STOR Service

- 8 There are two types of STOR service:
1. Committed service; and
 2. Flexible service.
- 9 Under the committed service, a service provider must make the service available for all availability windows within the contracted term². Both BM and non-BM service providers can offer the committed service.
- 10 The flexible STOR service is only available to non-BM service providers. Flexible service providers have greater freedom as to how many hours they wish to make the service available, and when that availability is offered. However, National Grid may choose to reject flexible service availability and, provided the rejection is issued in the defined timescales, National Grid will not make availability payments for rejected flexible service availability.

2.1 Season 1 and 2 Tenders

- 11 Following the 2008 STOR development final proposals³, a longer-term service was introduced enabling potential service providers to tender for a committed service up to 10 years in advance. The main driver for the development of the longer-term service is to facilitate an efficient mechanism by which providers can be guaranteed a future revenue stream to either recover the capital costs of investment or to assist potential service providers in the securing of funding for capital investment.
- 12 In developing the service, a longer-term tender was specified as any period from Year 2 onwards and consequently, the preceding terms for tendering for Year 2 were amended to form part of the longer-term service terms. On the basis that the service was developed such that longer-term tenders could only be made on a committed basis, flexible service providers can now only tender for the provision of the STOR service within year when previously, they could tender for both the remaining seasons of the present STOR year in addition to Year 2. This is illustrated in Figure 1 below.

Figure 1 Tender Round Dates (TR4 – TR7)

Tender Round	Key Tender Round Dates					Seasons Available in Tender Round																
	Tender sheets available by	Market Day	Results Day	Market Report Published by	Service Start Date	2008/09						2009/10										
						2.1	2.2	2.3	2.4	2.5	2.6	3.1	3.2	3.3	3.4	3.5	3.6					
2008 TR4	14-Dec-07	25-Jan-08	07-Mar-08	18-Apr-08	01-Apr-08	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2008 TR5	16-May-08	20-Jun-08	18-Jul-08	01 Aug 08	17-Aug-08			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2008 TR6	25-Jul-08	29-Aug-08	26-Sep-08	07-Nov-08	26-Oct-08					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2009 TR7	23-Dec-08	30-Jan-09	06-Mar-09	17-Apr-09	09-Apr-09							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

² Except when the unit/site is technically unable to provide the service and subject to the rejection by the service provider of new availability windows introduced in a subsequent year

³ http://www.nationalgrid.com/NR/rdonlyres/C7EA4ED0-CDB7-40EE-A3B6-033C8B15AE66/29508/STOR_Service_Development_FinalProposal.pdf

- 13 By restricting service providers to tendering for Year 2 on a committed basis only, those wishing to tender for the provision of a flexible service in seasons 4.1 and 4.2 (effective from 1 April 2010 onwards) will only be afforded one opportunity in which to do so (Tender Round 10), where for Season 3.1 and 3.2 in 2009/10, they were eligible to tender on up to a maximum of four occasions as identified in Figure 1 above.
- 14 In view of this, National Grid believes that the way in which longer-term STOR was implemented could be considered to the detriment of flexible service providers, when compared with the previous arrangements. National Grid therefore considers that it may be appropriate for potential service providers to be eligible to tender on a flexible basis as they could under the previous arrangements (i.e. for Year 2), and invites views from the industry regarding this.

Question 1 – Do you consider that the current tender arrangements for flexible STOR providers should be modified to afford flexible providers the opportunity to tender for both STOR Years 1 and 2, in line with the arrangements which preceded the implementation of longer-term STOR?

2.2 Semi Committed Service

- 15 During the 2008 STOR review, feedback from service providers identified triad management as a key reason for choosing to opt out of being committed in certain windows of certain seasons (i.e. window 2 of seasons 5 and 6). The industry suggested that a more acceptable alternative would be to allow providers to commit to some windows and still be able to provide the flexible service for other windows rather than completely opting out of the service. In response, National Grid expressed agreement with this approach and proposed to consider a new 'semi-committed service', whereby providers would be allowed to choose to be committed in some windows and be flexible or unavailable for other windows over the course of a season. For example, a non-BM provider could choose to be committed for all of the morning windows and flexible for all of the afternoon windows for the winter seasons.
- 16 National Grid noted however, that Information System constraints currently prevent a service provider from tendering different prices for each window i.e. they can only submit a single set of availability and utilisation prices for both committed and flexible windows in a season. In view of this, National Grid considered that a longer-term project was required to improve the systems to enable providers to submit different prices by window and implementation in 2008 was therefore not a possibility.
- 17 Throughout 2010/11, National Grid intends to undertake a comprehensive review of all reserve services. Given this, National Grid does not propose to take forward the concept of a 'semi-committed service' at this time. Instead, National Grid considers that the reserve review is the most appropriate vehicle by which to assess the potential value of a semi-committed service from both a service provider and National Grid perspective and the development of the Information Systems required to facilitate such a service.

2.3 Separate Tender Process for Flexible and Committed Providers

- 18 Also as part of the 2008 STOR review, National Grid proposed to remove the need for flexible participants to participate in the same tender round as a committed provider. Instead, once a flexible provider had signed up to a Framework Agreement, and following a short period of time to add them to the necessary Information Systems, it was proposed that the service may commence with a provider eligible to amend their Framework Agreement parameters (including contract MW levels and prices) six weeks prior to the start of a new season. Under the proposals, each flexible provider would still be assessed under the STOR assessment criteria on a weekly basis as is presently the case.
- 19 The proposal was considered by the industry to be a welcome improvement to the service as it removed some of the fuel price risks associated with the current tender process for flexible providers. The industry recognised that it would also provide flexibility to providers that are growing their service (particularly where the timescales for the delivery of new capacity is uncertain) and would allow them to gain value from additional capacity as and when it becomes available.
- 20 As with the 'semi committed service', National Grid considers that at this time it would be most appropriate to take this proposal forward as part of the forthcoming reserve review, to include a comprehensive assessment of the potential benefits of providing increased flexibility in the tender process and also the interaction with the committed service tender process. In the meantime, National Grid considers that the existing flexible tender process provides sufficient flexibility for providers to make use of additional units contracted mid-season.

Section 3 Longer-term Service

21 The introduction of a longer-term service was one of the major developments of the 2008 STOR review, implemented with a view to enabling potential service providers to tender for the provision of a committed service up to 10 years in advance.

3.1 Longer-term Service (>10 years)

22 In developing the service, the 'bankability' of availability payments (£/MW/hr) over the period of a longer-term STOR contract was perceived to significantly enhance the potential for funding of new projects and following consultation, a period of 10 years was considered to be a reasonable length of contract from both a revenue perspective for service providers, and from an assessment perspective.

23 To date, whilst a number of potential longer-term service providers have declared an interest and are actively giving consideration of the opportunity to tender longer-term, no service providers have submitted such a tender.

24 Whilst this is perhaps unsurprising given that the service was only introduced for Tender Round 8 in June 2009 and the lead times associated with developing such projects, National Grid has received feedback from potential providers looking to build new STOR plant, that the current maximum tender period of 10 years may not be sufficient to secure funding for investment or provide a return on capital investment. For example, in the event of a Mandatory Works programme with a 3-year timescale agreed for the completion of required works, this may only provide a guaranteed revenue stream for up to 7 years. Consequently, service providers have requested that National Grid give consideration to extending the longer-term service beyond the current 10-year period.

25 Extending the 10-year period has implications from National Grid's perspective in terms of both being able to accurately assess the potential value of a tender, in addition to fixing the STOR windows for such a long duration ahead. In reality, given the ever changing nature of generation accessing the transmission system and intermittent generation in particular, the operation of the transmission system will change considerably within these timescales, which might necessitate the requirement to have alternative windows. In view of this, National Grid would welcome views from the industry as to the potential increased value to service providers and ultimately, the increased likelihood of being able to enter the STOR market in the event that the current maximum 10-year tender is extended and also, what a more appropriate timescale might be considered to be.

Question 2 – Do you consider that the current framework to allow a maximum of 10 years for entering into a longer-term STOR contract should be amended?

Question 3 – If, having answered YES to Question 2, what would you consider to be an appropriate period for a longer-term contract in terms of securing investment for a potential project?

Question 4 – As a potential longer-term service provider, what other factors might currently prove to be an obstacle to entering the STOR market?

3.2 Guaranteed Utilisation Volumes

- 26 In addition to extending the period over which a longer-term STOR contract could be entered into, a service provider considered that in order to assist in the securing of funding for potential STOR projects, that National Grid should give consideration to guaranteeing a minimum utilisation volume (e.g. X hours per year).
- 27 Whilst National Grid considers that guaranteeing utilisation volumes would provide value to a service provider, the nature of the STOR service itself (i.e. to cater for unforeseen circumstances in the operation of the network) does not lend itself to being able to guarantee a minimum utilisation volume. Additionally, this would provide increased complexity in the assessment of any tenders submitted on this basis as in practice, the volume of utilisation would be directly linked to the utilisation price tendered, whilst a requirement on National Grid to make use of the minimum utilisation hours could potentially result in STOR units being despatched out of merit resulting in less efficient operation of the transmission system. In view of this, National Grid does not intend to take this proposal forward.

3.3 Changes to Standard Contract Terms

- 28 Following the 2008 review, a service provider expressed concerns around the process for making changes to the Standard Contract Terms and in particular, with regard to *Section 1.2.10 Affected Reserve providers*. The concern was that section 1.2.10(a) may apply a test of the provider being (in its reasonable view) materially prejudiced in providing the service or complying with the terms. It was discussed that it is not clear as to what this test is intended to capture and under what circumstances it would apply. In effect, it also allowed National Grid the ability to amend a commercial contract without the other party having an absolute right to reject such change and therefore potentially being forced into contract changes that it may not find favourable.
- 29 It was considered that where changes to the Standard Contract Terms do not translate into direct costs, but an increase in potential risk for instance, a test of 'materially prejudiced' does not give the provider comfort that they would be in control of the change process. As an extreme example, if National Grid were at some time in the future to propose to remove the rights set out in 1.2.10, would that qualify as materially prejudicing a provider's ability to provide the service or to comply with the terms.
- 30 National Grid agreed that it would be appropriate to give further consideration to the appropriateness of this clause, in conjunction with the industry as part of any subsequent STOR review. National Grid invites views from the industry as to whether service providers agree with the views expressed and as to whether the legal text contained in Section 1.2.10 of the Standard Contract Terms for Firm

Frequency Response might be appropriate for STOR. The relevant Standard Contract Terms for both services are included in Appendix 1 and Appendix 2 of this document.

Question 5 – Do you consider that the current drafting of Section 1.2.10 of the Standard Contract Terms should be amended?

Question 6 – If, having responded YES to Question 5, do you consider that Section 1.2.10 of the Standard Contract Terms for Firm Frequency Response presents the basis of a more suitable alternative?

Section 4 Tender Assessment

4.1 Response Time

- 31 The product which preceded STOR (Standing Reserve) was designed to allow for sufficient short-notice providers to be available to secure the transmission system following generation losses and unpredicted changes in demand which required a response time of 20 minutes and less. The same requirement for reserve that can respond within these timescales still exists and the desire is to meet this requirement through STOR.
- 32 STOR was developed recognising that other potential service providers who cannot meet a 20 minute response time could still be of value in meeting National Grid's reserve requirement. Hence, a key aspect in the definition of the STOR product was to extend the maximum response time to 240 minutes to allow potential new providers to participate, with a lower value placed on providers with longer response times.
- 33 Increasingly, National Grid receives STOR tenders from service providers with units which have a response time in excess of 20 minutes. Whilst the principles by which STOR tenders are assessed are published on the National Grid website⁴, it has become apparent following discussion with service providers that whilst the principles indicate that a response time in excess of 20 minutes has a lower value, no supporting information beyond this is provided by National Grid which would enable a provider to appropriately factor the increased response times into their tenders.
- 34 National Grid invites views from the industry as to whether existing or potential STOR service providers with a response time in excess of 20 minutes would value additional clarification within the Assessment Principles that would enable a provider to more accurately assess the value of their response times when structuring their tender.

Question 7 – Would you find it useful if National Grid published additional information within the STOR Assessment Principles with regards to the balancing services which providers of STOR of varying response timescales are assessed against on an economic basis?

4.2 Reliability

- 35 Following Tender Round 8, National Grid rejected a number of STOR tenders on the basis of poor historical performance. Whilst reliability is noted as a factor in the STOR Assessment Principles, the decision to reject units on this basis raised a number of questions from those service providers affected. In particular, providers questioned the percentage of reliability that is considered by National Grid to influence the decision to accept / reject a tender and, should a unit be rejected on the basis of reliability, what then is the process for the unit to re-prove itself for subsequent tenders given that it would be excluded from

⁴ http://www.nationalgrid.com/NR/rdonlyres/7B8CA1AB-4964-4965-B5A2-126C8C202A11/30793/STOR_Assessment_Principles_2008_12_Final.pdf

providing a service and would therefore be unable to demonstrate improved levels of performance.

- 36 National Grid invites views from the industry as to whether it would be useful to publish further information in the Assessment Principles as to the levels of reliability that are expected, in addition to amending the Standard Contract Terms to detail the re-proving process following rejection of a previously submitted tender. In addition, National Grid welcomes the views of the industry as to whether there might be some value in publishing performance data on a regular basis, in the Monthly Balancing Service Summary Report for example.

Question 8 – Would you find it useful if National Grid were to publish additional information in the STOR Assessment Principles with regard to the expected performance levels of a STOR unit and the threshold at which this may influence the decision to accept or reject a tender?

Question 9 – Would you consider the regular publication of performance data of despatched STOR units in the Monthly Balancing Services Summary Report for example, to be a useful tool?

Section 5 Other Issues

5.1 Aggregator General Provisions

- 37 Schedule 2 of the STOR Standard Contract Terms sets out some general provisions for Agents of reserve providers. These include, payment terms, confidentiality and announcements and notices. Currently, there are no general provisions for Aggregators.
- 38 National Grid considers that the Standard Contract Terms should be updated to reflect the role and responsibility of Aggregators given that they are required to enter into a Framework Agreement (this is not a requirement of Agents). Views are invited from the industry as to whether service providers are in agreement, in addition to the items that might be included.

Question 10 – Do you consider it appropriate that the Standard Contract Terms are updated to reflect the role and responsibilities of Aggregators?

Question 11 – If, having answered YES to Question 10, what would you expect to be included in the general provisions for Aggregators?

5.2 Future Tender Round Dates

- 39 Figure 2 below, identifies the dates which National Grid proposes for the Tender Rounds taking place in 2010/11 and invites views from the industry as to their suitability.

Figure 2 Proposed 2010/11 Tender Round Dates

Tender Round	Key Tender Round Dates					
	Tender sheets available by	Market Day	Results Day (Short Term)	Results Day (Long Term)	Market Report Published by	Service Start Date
2010 TR10	16-Dec-09	15-Jan-10	05-Mar-10	26-Mar-10	16-Apr-10	01-Apr-10
2010 TR11	30-Apr-10	11-Jun-10	23-Jul-10	06-Aug-10	13-Aug-10	16-Aug-10
2010 TR12	30-Jul-10	27-Aug-10	01-Oct-10	22-Oct-10	12-Nov-10	01-Nov-10

Question 12 – Do you have any comments regarding the proposed 2010/11 Tender Round Dates?

Section 6 Responses

- 40 National Grid welcomes responses from the industry on any of the issues raised in this Outline Change Proposals Document, in addition to any other issues that industry members consider worthy of raising with a view to improving the way in which the STOR service currently operates. More specifically, National Grid would welcome responses to the following questions:

Question 1 - Do you consider that the current tender arrangements for flexible STOR providers should be modified to afford flexible providers the opportunity to tender for both STOR Years 1 and 2, in line with the arrangements which preceded the implementation of longer-term STOR?

Question 2 – Do you consider that the current framework to allow a maximum of 10 years for entering into a longer-term STOR contract should be amended?

Question 3 – If, having answered YES to Question 2, what would you consider to be an appropriate period for a longer-term contract in terms of securing investment for a potential project?

Question 4 – As a potential longer-term service provider, what other factors might currently prove to be an obstacle to entering the STOR market?

Question 5 – Do you consider that the current drafting of Section 1.2.10 of the Standard Contract Terms should be amended?

Question 6 – If, having responded YES to Question 5, do you consider that Section 1.2.10 of the Standard Contract Terms for Firm Frequency Response present the basis of a more suitable alternative?

Question 7 – Would you find it useful if National Grid published additional information within the STOR Assessment Principles with regards to the balancing services which providers of STOR of various response timescales are assessed against on an economic basis?

Question 8 – Would you find it useful if National Grid were to publish additional information in the STOR Assessment Principles with regard to the expected performance levels of a STOR unit and the threshold at which this may influence the decision to accept or reject a tender?

Question 9 – Would you consider the regular publication of performance data of despatched STOR units in the Monthly Balancing Services Summary Report for example, to be a useful tool?

Question 10 – Do you consider it appropriate that the Standard Contract Terms are updated to reflect the role and responsibilities of Aggregators?

Question 11 – If, having answered YES to Question 10, what would you expect to be included in the general provisions for Aggregators?

Question 12 – Do you have any comments regarding the proposed 2010/11 Tender Round Dates?

- 41 Any questions regarding the content of this Outline Change Proposals Document should be directed to **Craig Maloney** on **01926 655896**. All responses should be emailed to craig.maloney@uk.ngrid.com by no later than Friday 13th November, 2009.

Section 7

Appendix 1 – STOR SCTs

STOR Standard Contract Terms – Issue #3

Affected Reserve Providers

- 1.2.10 With respect to a **Detailed Change Proposal**, each and any **Affected Reserve Provider** may, no later than 15 **Business Days** after notification by **National Grid** of that **Detailed Change Proposal**, elect by notice in writing to **National Grid**, and subject always to sub-paragraph 1.2.11, to either:-
- (a) where the **Affected Reserve Provider** is of the reasonable opinion that its ability to provide **Short Term Operating Reserve** and/or comply with such **Affected STOR Contract(s)** will be materially prejudiced by the amendments to this **Document** described in such **Detailed Change Proposal**, reject the application of such amendments to each of the **Affected STOR Contracts**; or
 - (b) where the **Affected Reserve Provider** is of the reasonable opinion that the net cost to it of providing **Short Term Operating Reserve** and/or complying with such **Affected STOR Contract(s)** has increased as a result of such amendments, seek an increase to any or all of the **Contract Prices** in respect of each of such **Affected STOR Contracts**.
- 1.2.11 With respect to any **Detailed Change Proposal** required as a result of a **Proposed Legal Requirement** or a **Change in Law**, the **Affected Reserve Provider** may not make an election pursuant to sub-paragraph 1.2.10(a), and furthermore may only make an election pursuant to sub-paragraph 1.2.10(b) if the amendments are required as a result of a **Qualifying Change in Law**, provided always that where the **Affected Reserve Provider** disputes that such amendments are required as a result of a **Proposed Legal Requirement** or a **Change in Law** (including a **Qualifying Change in Law**) then it may, within the period of 15 **Business Days** specified in sub-paragraph 1.2.10, refer the matter to **Expert Determination**.
- 1.2.12 Each notice of election by an **Affected Reserve Provider** pursuant to sub-paragraph 1.2.10(a) or (b) shall be accompanied by a full and detailed justification.

Section 7

Appendix 2 – FFR SCTs

FFR Tender Rules and Standard Contract Terms – Issue #4

Affected FFR Providers

- 1.2.10 With respect to a **Detailed Change Proposal**, each and any **Affected FFR Provider** may, no later than 15 **Business Days** after notification by **National Grid** of that **Detailed Change Proposal**, elect by notice in writing to **National Grid**, and subject always to sub-paragraph 1.2.11, to either:-
- (a) reject the application of such amendments to each of such **Affected FFR Contracts** provided that such rejection is accompanied by a statement of the reason why, in the reasonable opinion of the **Affected FFR Provider**, such rejection is being made; or
 - (b) where the **Affected FFR Provider** is of the reasonable opinion that the net cost to it of providing **Firm Frequency Response** and/or complying with such **Affected FFR Contract(s)** has increased as a result of such amendments, seek an increase to any or all of the **Contract Prices** in respect of each of such **Affected FFR Contracts**.
- 1.2.11 With respect to any **Detailed Change Proposal** required as a result of a **Proposed Legal Requirement** or a **Change in Law**, the **Affected FFR Provider** may not make an election pursuant to sub-paragraph 1.2.10(a), and furthermore may only make an election pursuant to sub-paragraph 1.2.10(b) if the amendments are required as a result of a **Qualifying Change in Law**, provided always that where the **Affected FFR Provider** disputes that such amendments are required as a result of a **Proposed Legal Requirement** or a **Change in Law** (including a **Qualifying Change in Law**) then it may, within the period of 15 **Business Days** specified in sub-paragraph 1.2.10, refer the matter to **Expert Determination**.
- 1.2.12 Each notice of election by an **Affected FFR Provider** pursuant to sub-paragraph 1.2.10(a) or (b) shall be accompanied by a full and detailed justification.