

BSIS Consultation

Roisin Quinn, October 7th 2009, Operational Forum



nationalgrid

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Agenda

- ◆ Timetable for development of proposals
- ◆ Mini consultations - Responses and Actions
- ◆ Key forecast drivers and assumptions

Timetable

- ◆ June/July 2009 Initial Industry Consultation/Engagement
- ◆ July/ August 2009 Publication of mini consultation documents
- ◆ October 2009 Publication of Initial Proposals
- ◆ November 09 Industry Event
- ◆ November 09 Ofgem to provide initial comments
- ◆ December 09 Initial Proposals consultation period closes
- ◆ Early 2010 Ofgem consultation on final proposals
- ◆ April 2010 Scheme 'Go-Live'

National Grid would like to engage with the industry at all stages of the process

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Mini Consultation Responses

- ◆ Transmission Losses, Reactive and Black Start (6 responses)
 - ◆ Support for Indexation of Reactive costs to power price
 - ◆ Limited support for unbundling of losses
 - ◆ Limited support for longer term schemes
- ◆ Energy Related Components (6 responses)
 - ◆ Limited support for unbundling
 - ◆ Limited support for multi years scheme
 - ◆ Mixed views on NIA

Mini Consultations Follow Up

◆ Multi Year Schemes

- ◆ Further details on expected benefits and costs required
- ◆ Clarity on potential operation of two year scheme required
- ◆ Risk of increased occurrence of Income Adjusting Events

◆ Unbundled Schemes

- ◆ Transparent methodology for separation of costs of interaction components detailed in Initial Proposals Consultation
- ◆ Component targets set to drive overall reduction in costs

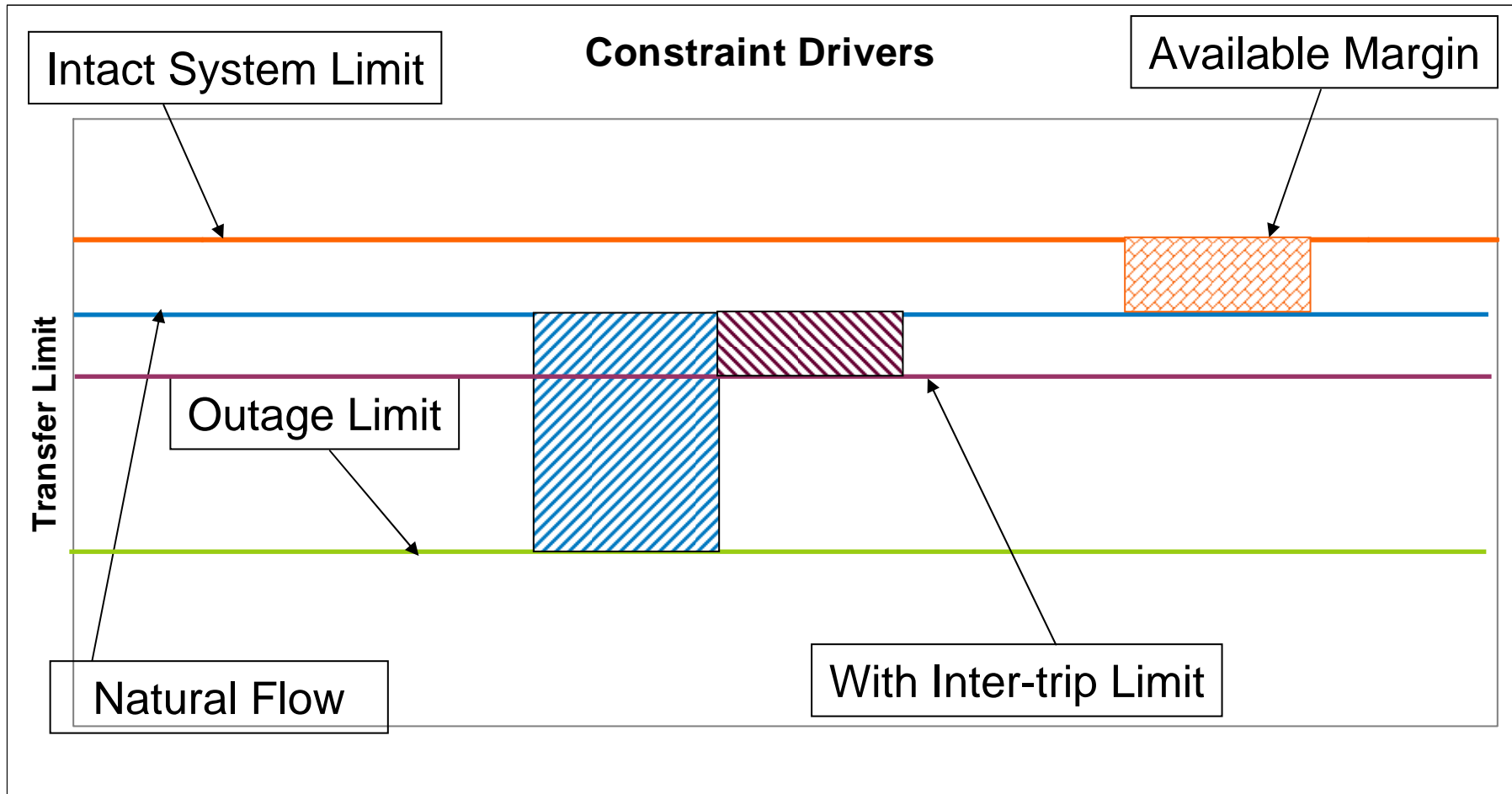
Initial Proposals Consultation

Component Cost Drivers - Energy

- ◆ Costs are the result of the volume of services required and the price of these services
 - ◆ Electricity market price
 - ◆ Balancing mechanism prices
 - ◆ Price paid for Ancillary Services contracts
 - ◆ Volume of wind generation
 - ◆ Level of market imbalance (market length)
 - ◆ Generator availability and operating regime
 - ◆ Volume of balancing services required to maintain system security levels

Initial Proposals Consultation

Component Cost Drivers - Constraints



Initial Proposals Consultation

Forecast Assumptions

- ◆ Energy Model:
 - ◆ Power and Fuel prices
 - ◆ Net Imbalance Volume
 - ◆ NIA Coefficients
 - ◆ Wholesale to Balancing Mechanism Price Multipliers
 - ◆ Wind capacity and load factor
 - ◆ And Others.....

Initial Proposals Consultation

Forecast Assumptions

- ◆ Constraint Model:
 - ◆ Transmission equipment outage programme
 - ◆ Generation Outage data from OC2
 - ◆ Generation Availability Assumption
 - ◆ Market Length and Margin (from Energy Model)

Summary

- ◆ Initial Proposals Consultation due end of October
- ◆ Responses vital to determine industry opinion
 - ◆ Will be considered by Ofgem in development of Final Proposals
- ◆ Workshop planned for November 10th 2009 at Wokingham
 - ◆ Please contact us if interested in further bilateral meetings