

# Operational and SO Cost Update

Stuart Bailey, Operational Forum, 7<sup>th</sup> October 2009



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# Agenda

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- ◆ Operational Issues
- ◆ SO Cost Update
- ◆ BSUoS Update

# Operational Performance Summary

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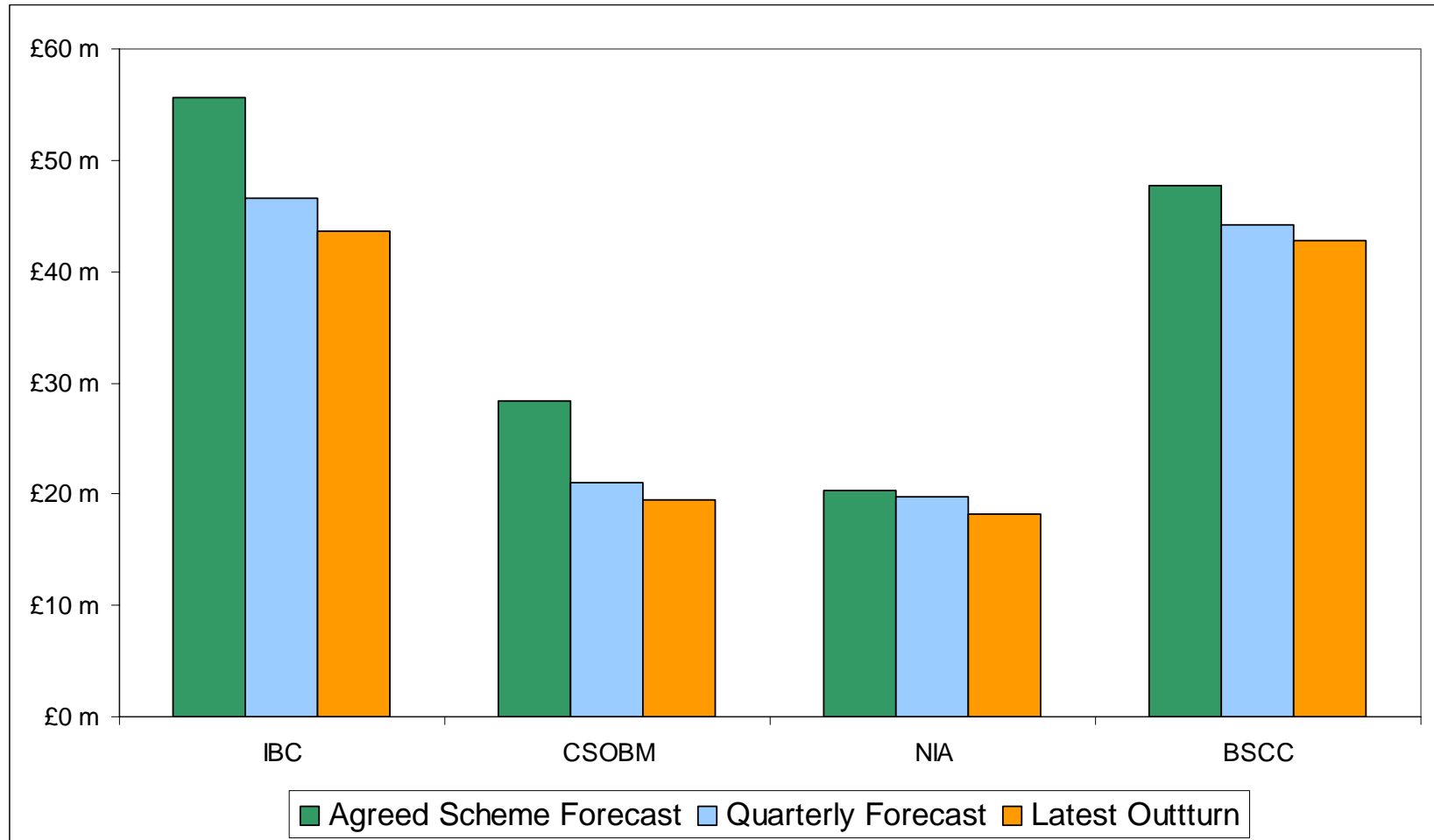
- ◆ There have been two Significant Incident Reports requested in the last two months
  - ◆ One for a unit failing to redeclare its MEL following a late synchronisation
  - ◆ One for significant power oscillations on a unit.

# Operational Performance Summary

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- ◆ There have been three significant frequency excursions since the last operational forum
  - ◆ 4<sup>th</sup> August – Frequency fell to 49.667 Hz
    - ◆ Plant trip of 650 MW.
  - ◆ 5<sup>th</sup> August – Frequency rose to 50.324 Hz
    - ◆ 250 MW drop in demand co-incident with an outage of a demand side response provider and a 200MW over despatch
  - ◆ 2<sup>nd</sup> September – Frequency rose to 50.289 Hz
    - ◆ Frequency outside operational limits for six minutes requiring generation reduction instructions as a consequence of the end of a 500 MW trade with RTE ramping back to float and a later than anticipated starting of 3 pumps

# IBC component comparison – August 2009



# August Summary - Constraints

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- ◆ England and Wales Constraint costs below forecast due to:
  - ◆ Favourable plant positions and interconnector flows
  - ◆ Some outages and plant returns delayed due to Current Transformer Safety Works.

But .....

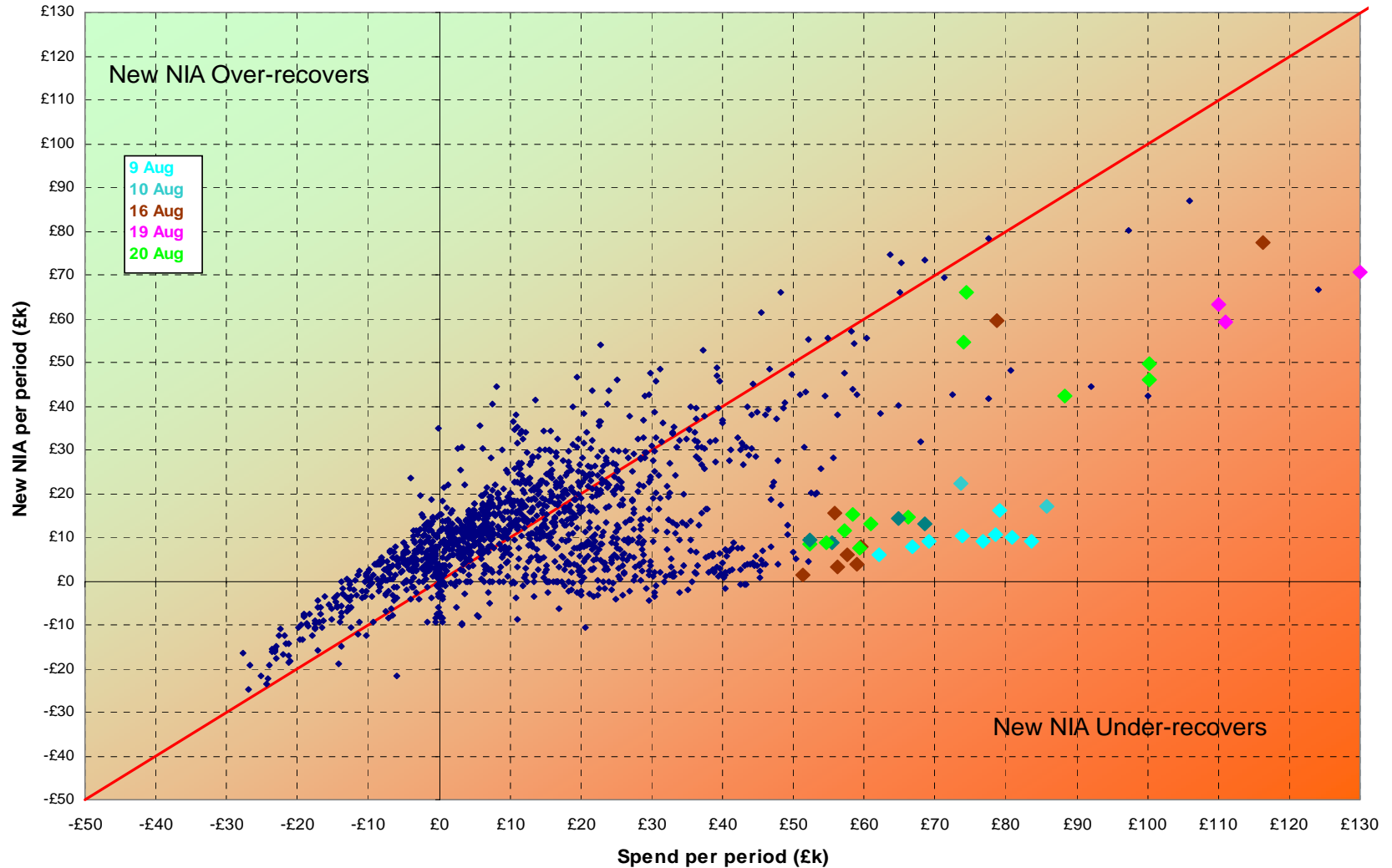
- ◆ Operational restrictions in North Wales increased the number of pumps / generators at single circuit risk, resulting in increased footroom and operating reserve costs.

# August Summary - Constraints

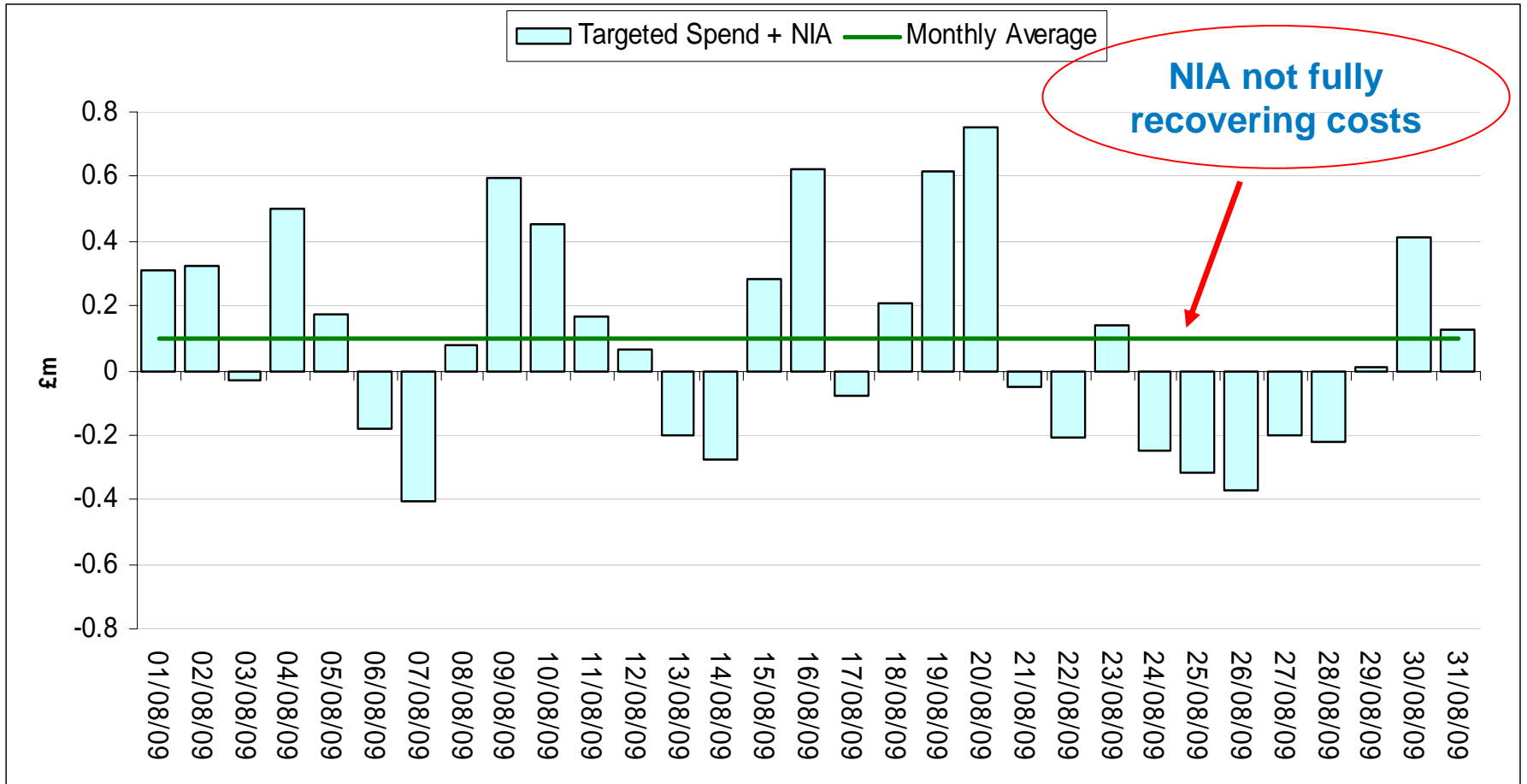
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- ◆ Internal Scottish and Cheviot constraints costs below forecast, primarily due to a successful National Grid contracting strategy in agreeing to limit the output of some Scottish power stations and use the intertrip facility

# August NIA per settlement period vs spend



# August Summary – NIA



# August Summary – Other BSIS Costs

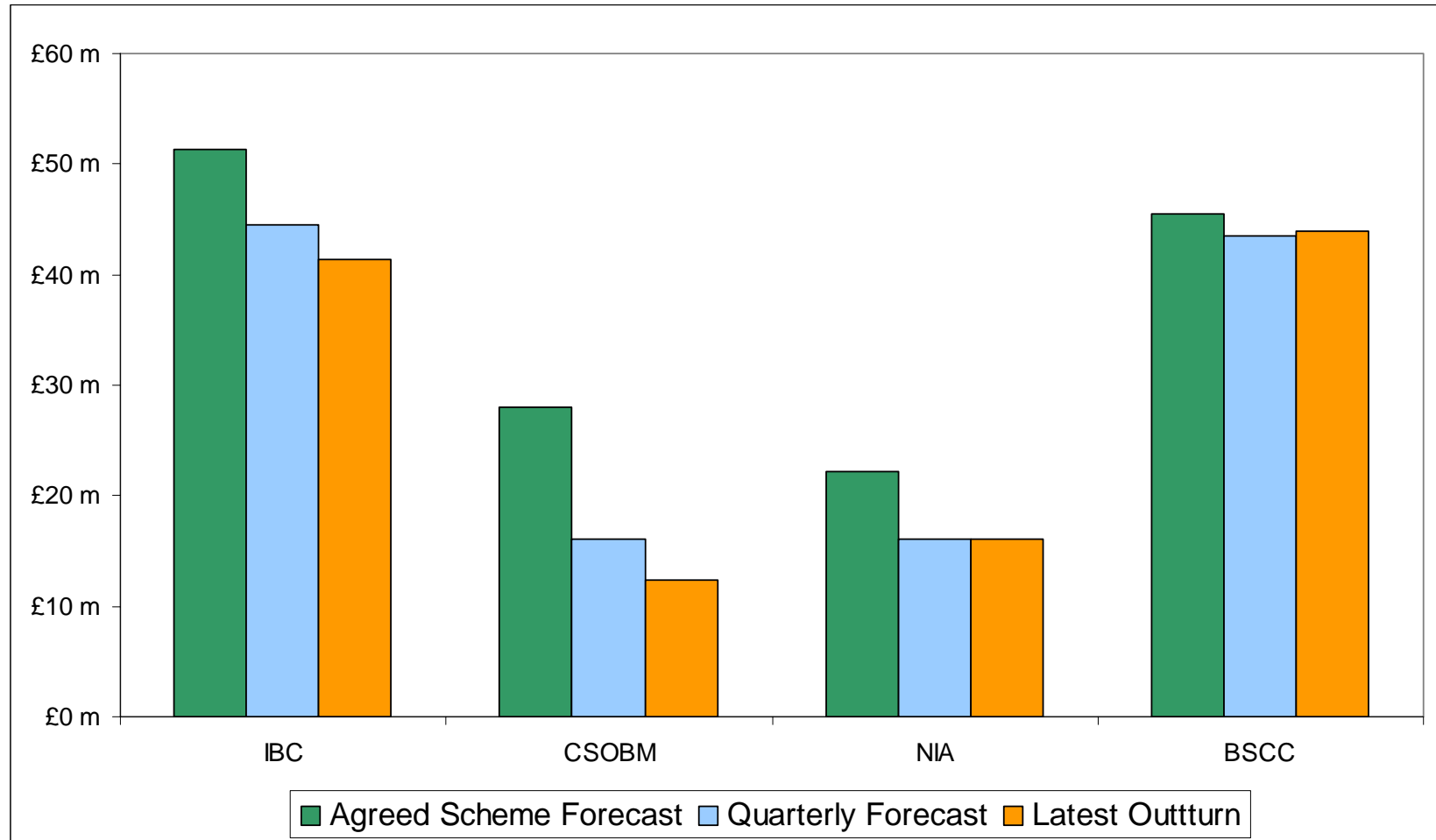
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- ◆ Operating reserve costs for the month were £3.5m below forecast value due to
  - ◆ lower volumes of actions required due to the market being longer than forecast
  - ◆ Optimisation of the reserve requirement calculation methodology to give a variable requirement that changes with NIV

# August Summary – Other BSIS Costs

- ◆ Footroom costs still high (£4.6m) due to a number of interacting factors:
  - ◆ The current level of nuclear availability is above that experienced in recent summers. This increases the amount of inflexible generation on the system.
  - ◆ Low gas prices resulted in higher levels of generation overnight due to gas fired generators running through, despite low margins/spark spreads.
  - ◆ A substation switch fault near a large demand site resulted in higher than usual HF requirements

# IBC component comparison - September 2009



# September Summary - Constraints

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- ◆ England and Wales Constraint costs below forecast due to:
  - ◆ Favourable plant positions (compared to Generators' OC2 submissions when outage planned) and the deferment of some outages due to CT issues
  - ◆ Late implementation of capacity management system on the French Interconnector. This will result in an downward adjustment to BSIS target this year

# September Summary - Constraints

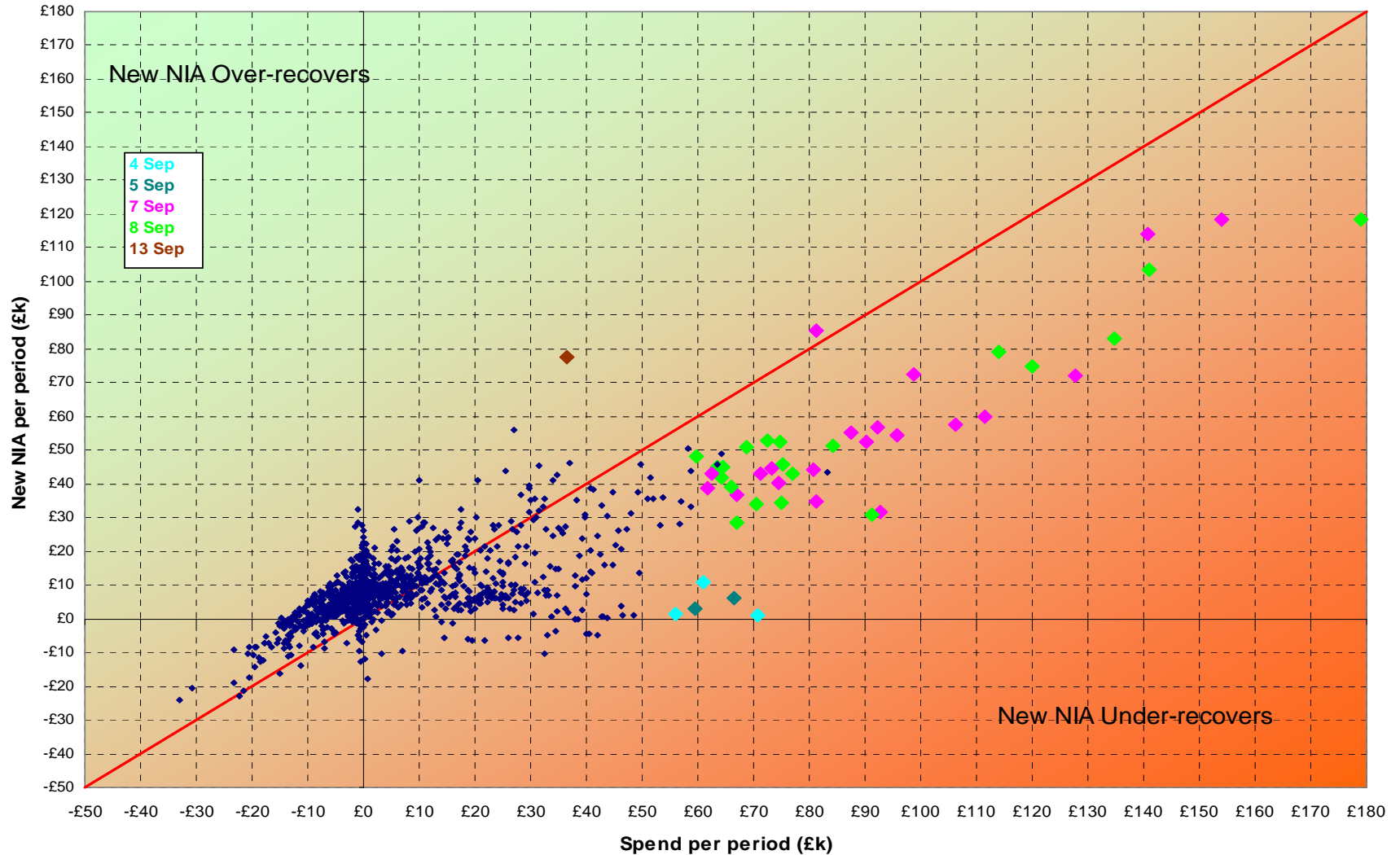
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- ◆ Internal Scottish and Cheviot constraints costs below forecast due to:
  - ◆ A successful National Grid contracting strategy in agreeing contracts to constrain output of some Scottish stations & use intertrip facility

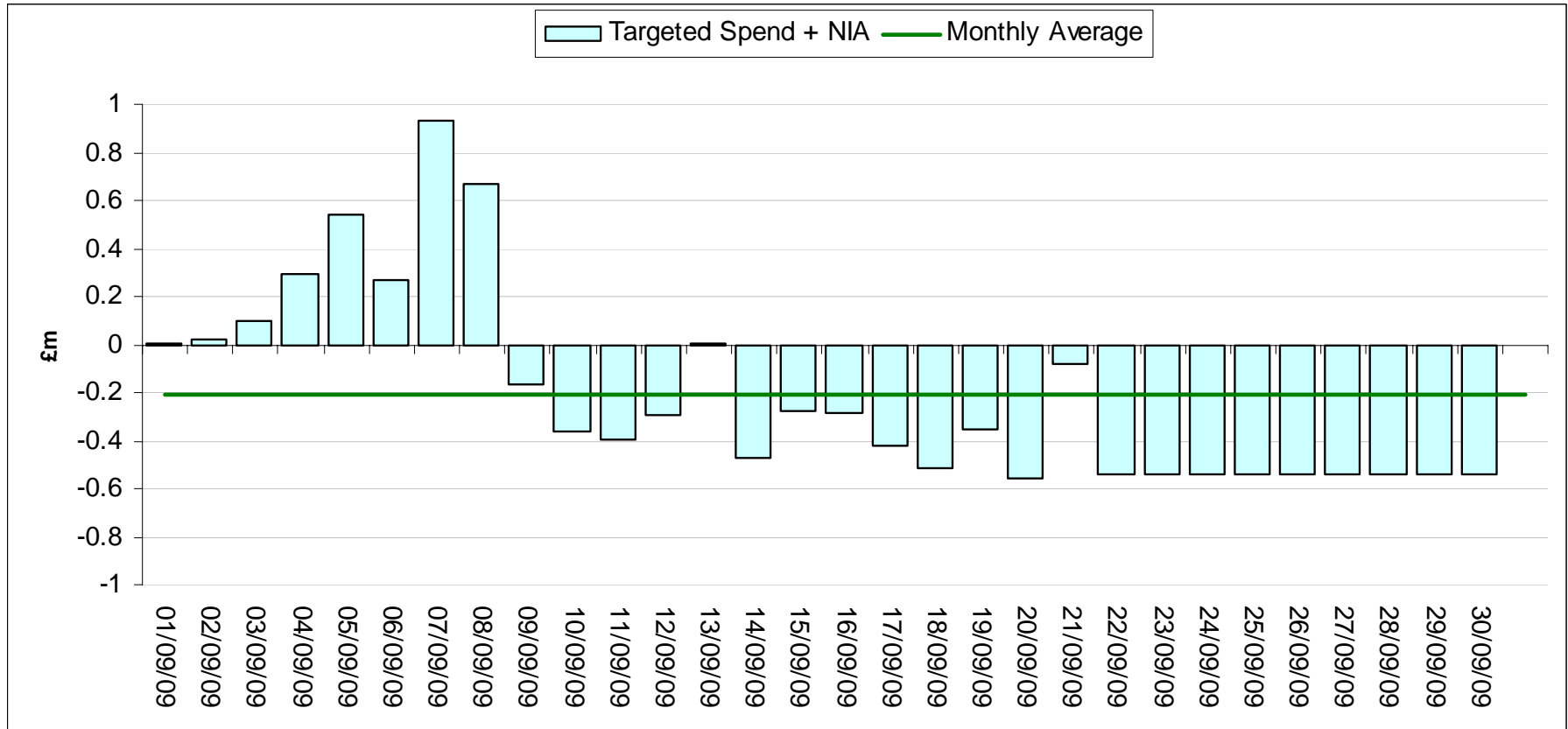
Offset by .....

- ◆ High costs incurred in restricting flows between England and Scotland to float to allow a four hour outage in Scotland for FMJL CT works.

# September NIA per settlement period vs spend



# September Summary – NIA

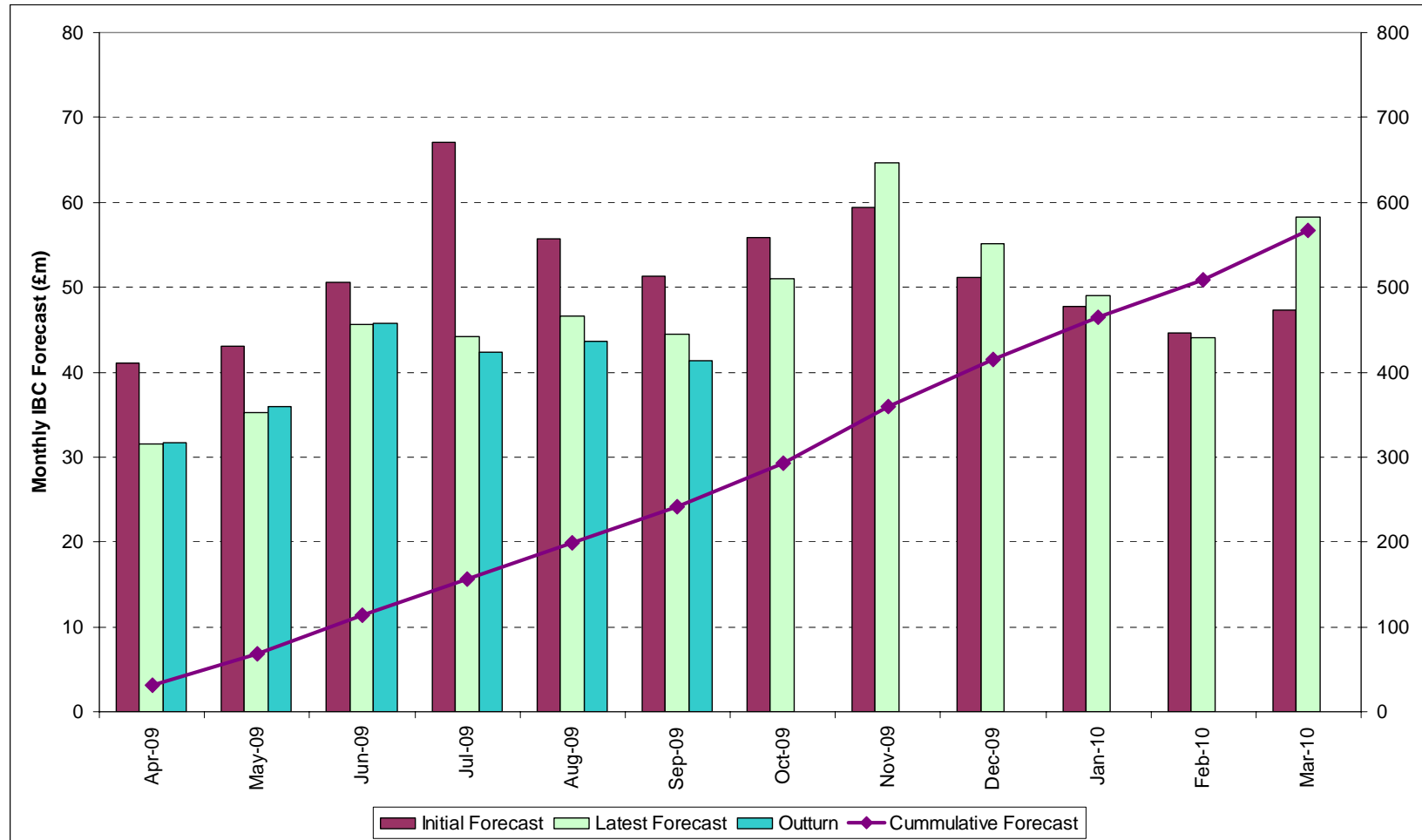


# September Summary – Other BSIS Costs

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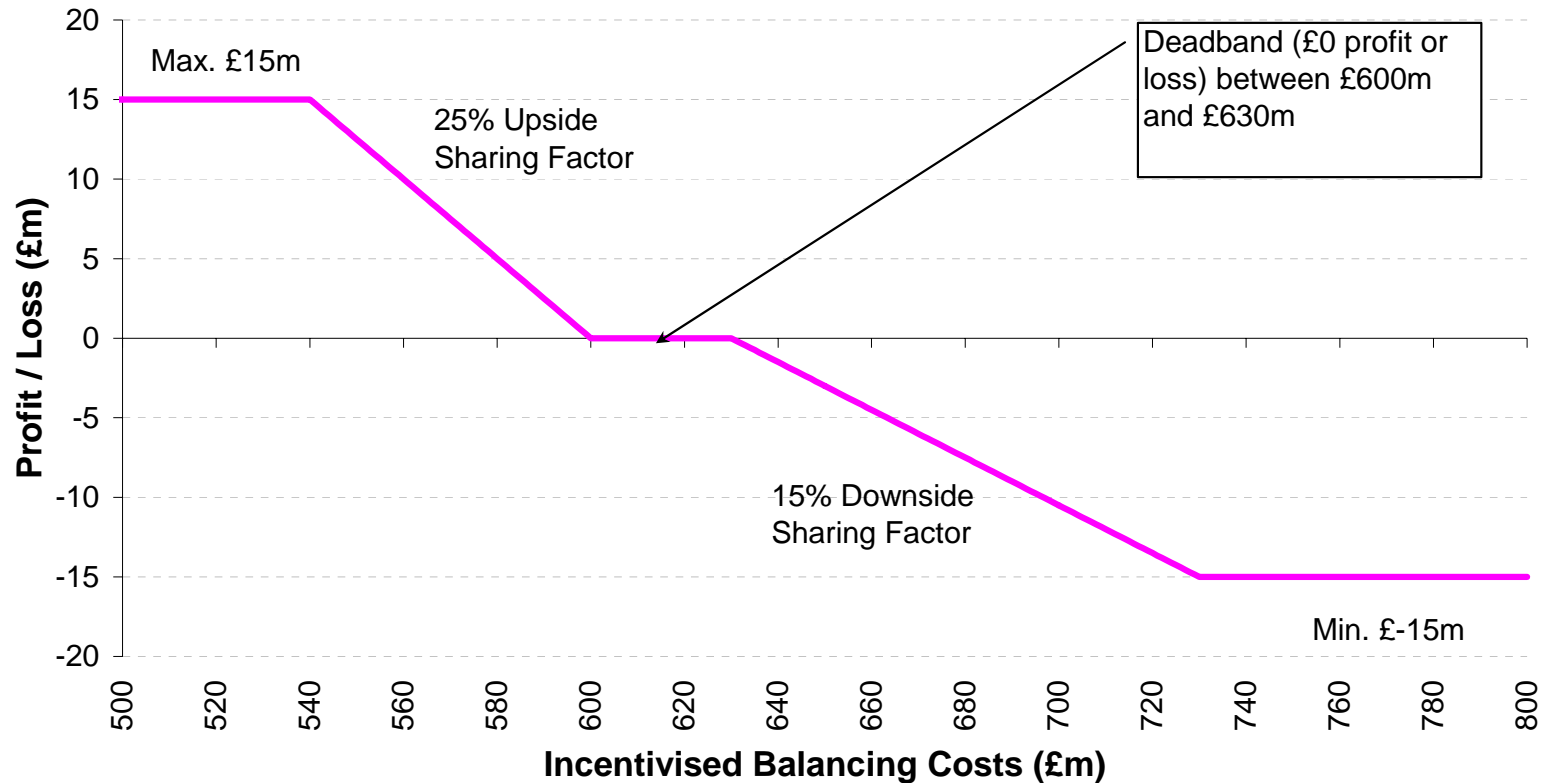
- ◆ Operating reserve costs for the month were £3.0m below forecast value due to
  - ◆ lower volumes of actions required due to the market being longer than forecast
  - ◆ Optimisation of the reserve requirement calculation methodology to give a variable requirement that changes with NIV

# Monthly IBC 2009/10 forecasts and outturn



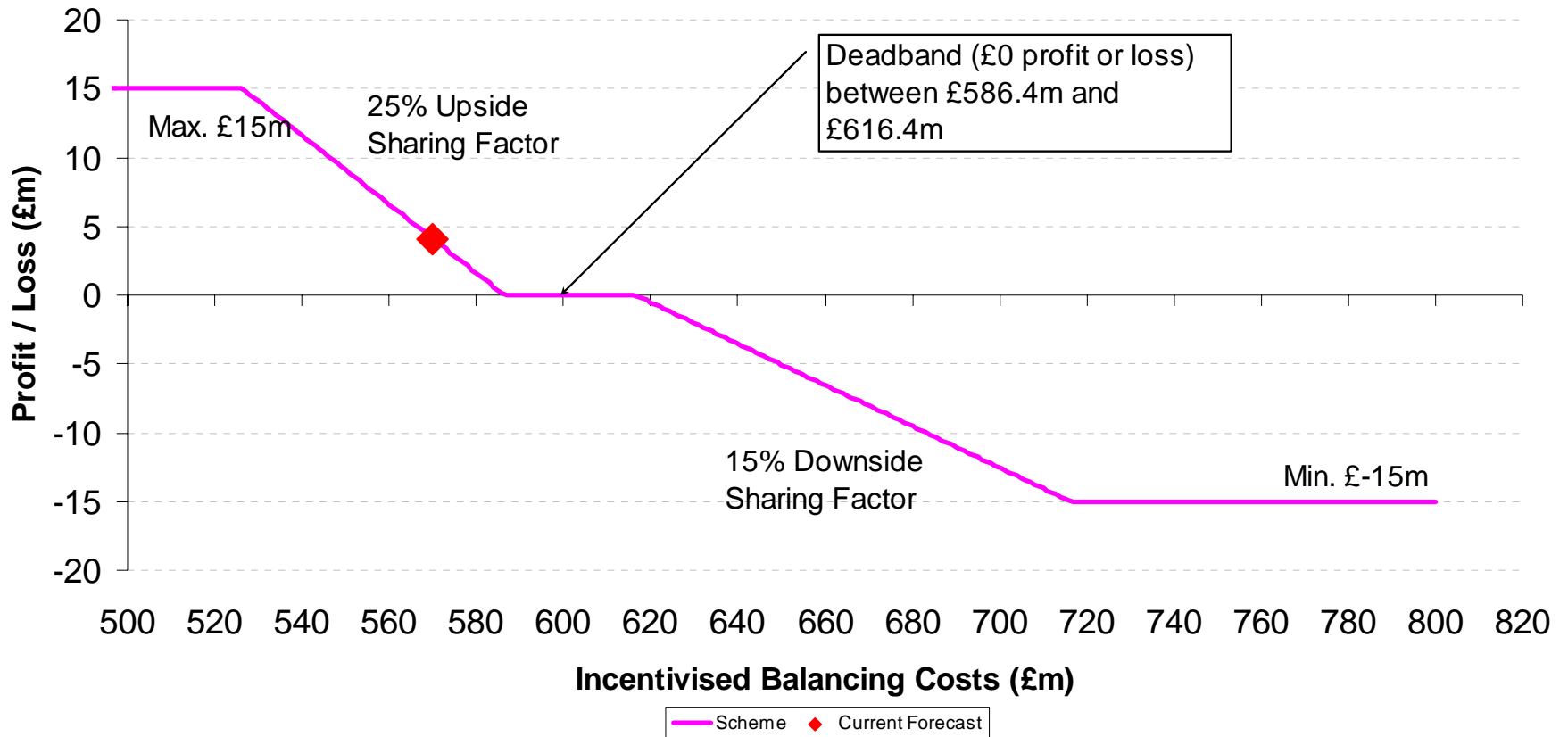
# 2009/10 Scheme Parameters

## 2009/10 Balancing Services Incentive Scheme



# 2009/10 Scheme Parameters (adjusted)

## 2009/10 Balancing Services Incentive Scheme



# Provisional BSUoS outturn / forecasts 2009/10

- ◆ Current BSUoS central forecast £1.38 MWh
- ◆ Overall forecast range £1.30/MWh to £1.50/MWh

Provisional Monthly BSUoS outturn / forecasts 2009/10

