Operational and SO Cost Update

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Network Operations

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Agenda

Operational Issues

SO Cost Update

BSUoS Update

Operational Performance Summary

October:

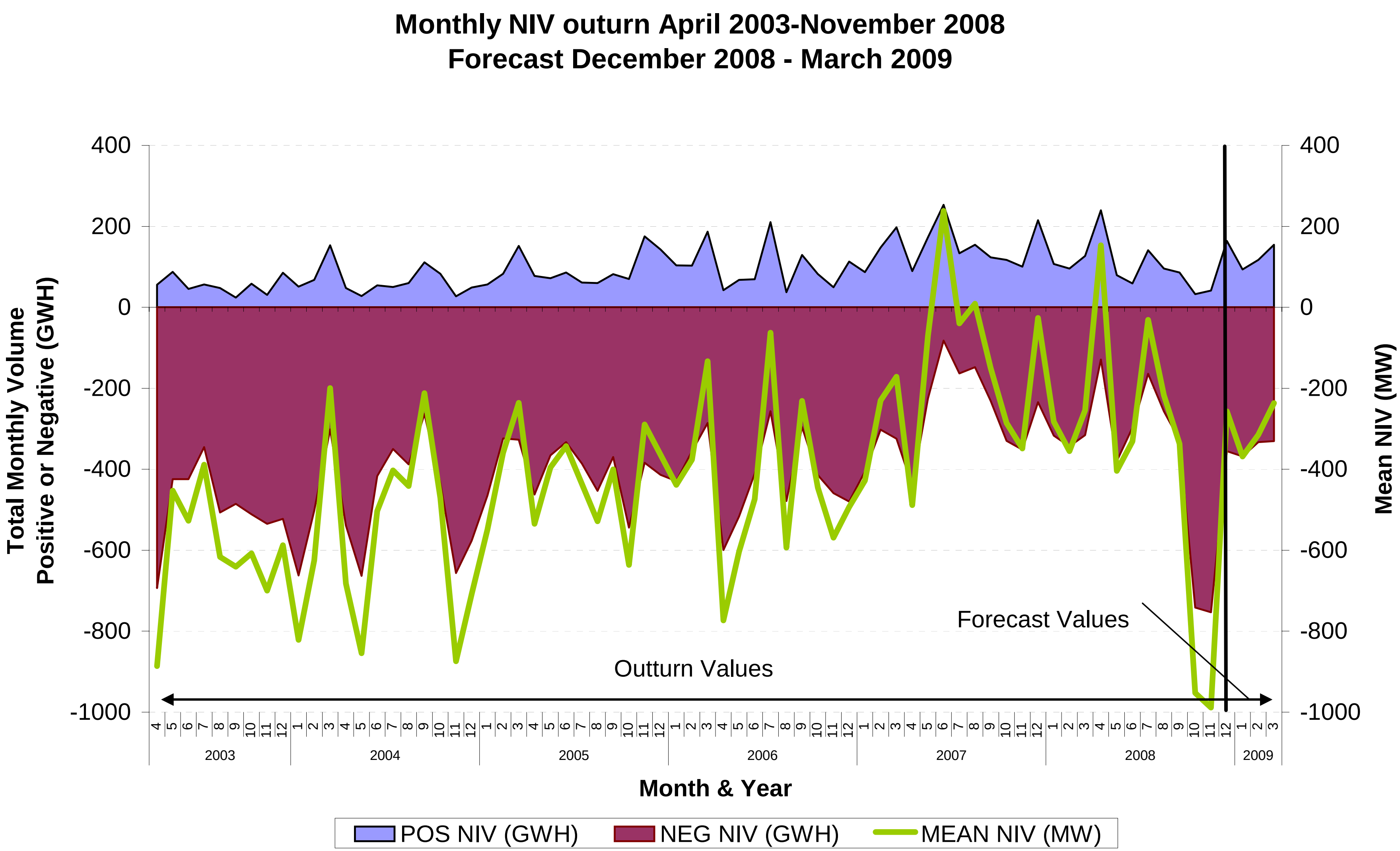
- Market length dramatically longer than during summer
- This reduced the need for additional margin due to available free headroom

November

- Plant surpluses in the early weeks turned out to be better than indicated in OC2 data

Main issues in both months were towards the end of October / beginning of November where plant margins were tight and oil fired generation required. However, only one NISM was necessary (Evening peak, Fri 7th Nov.).

Market Length



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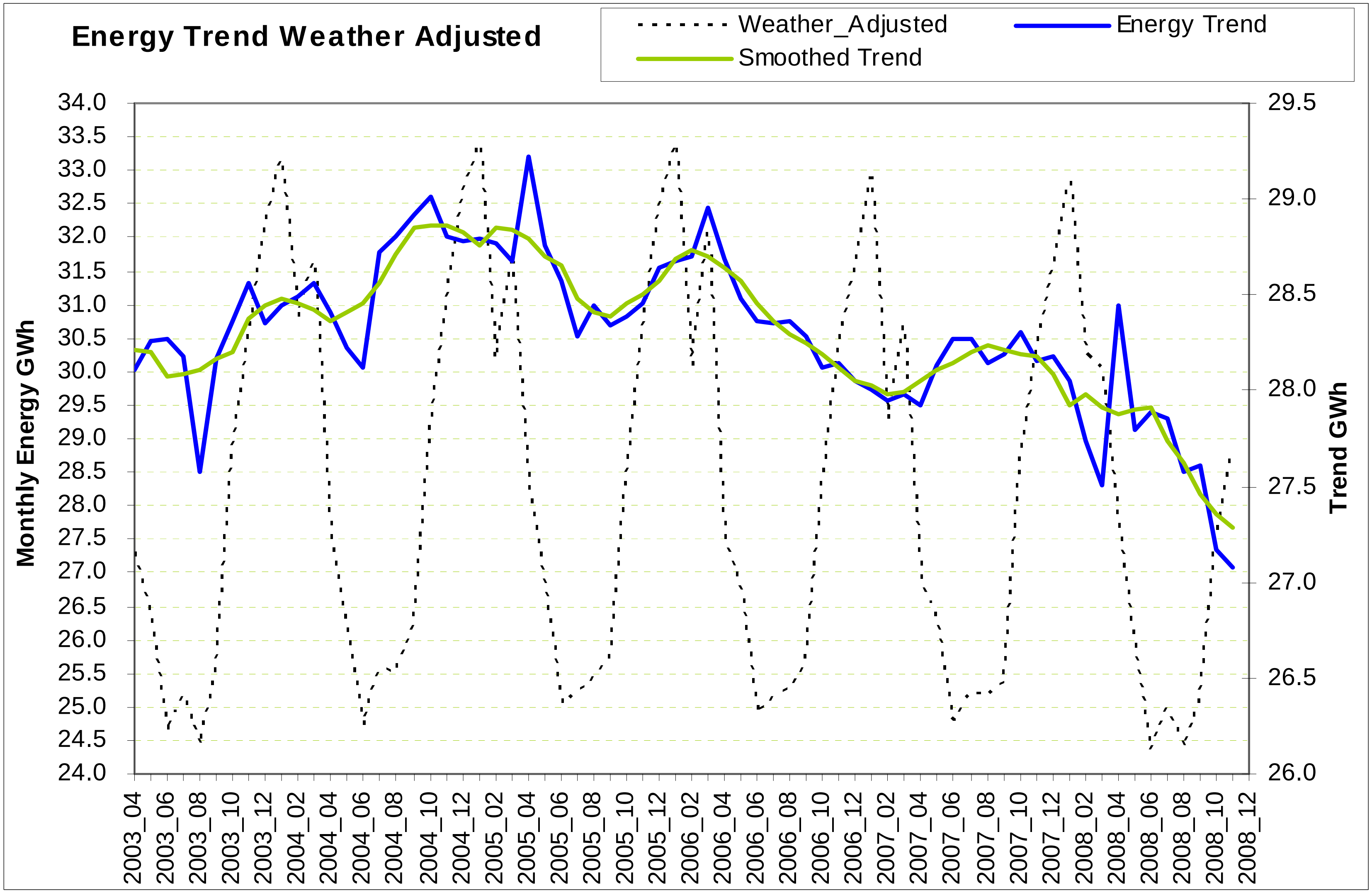
Demand reduction



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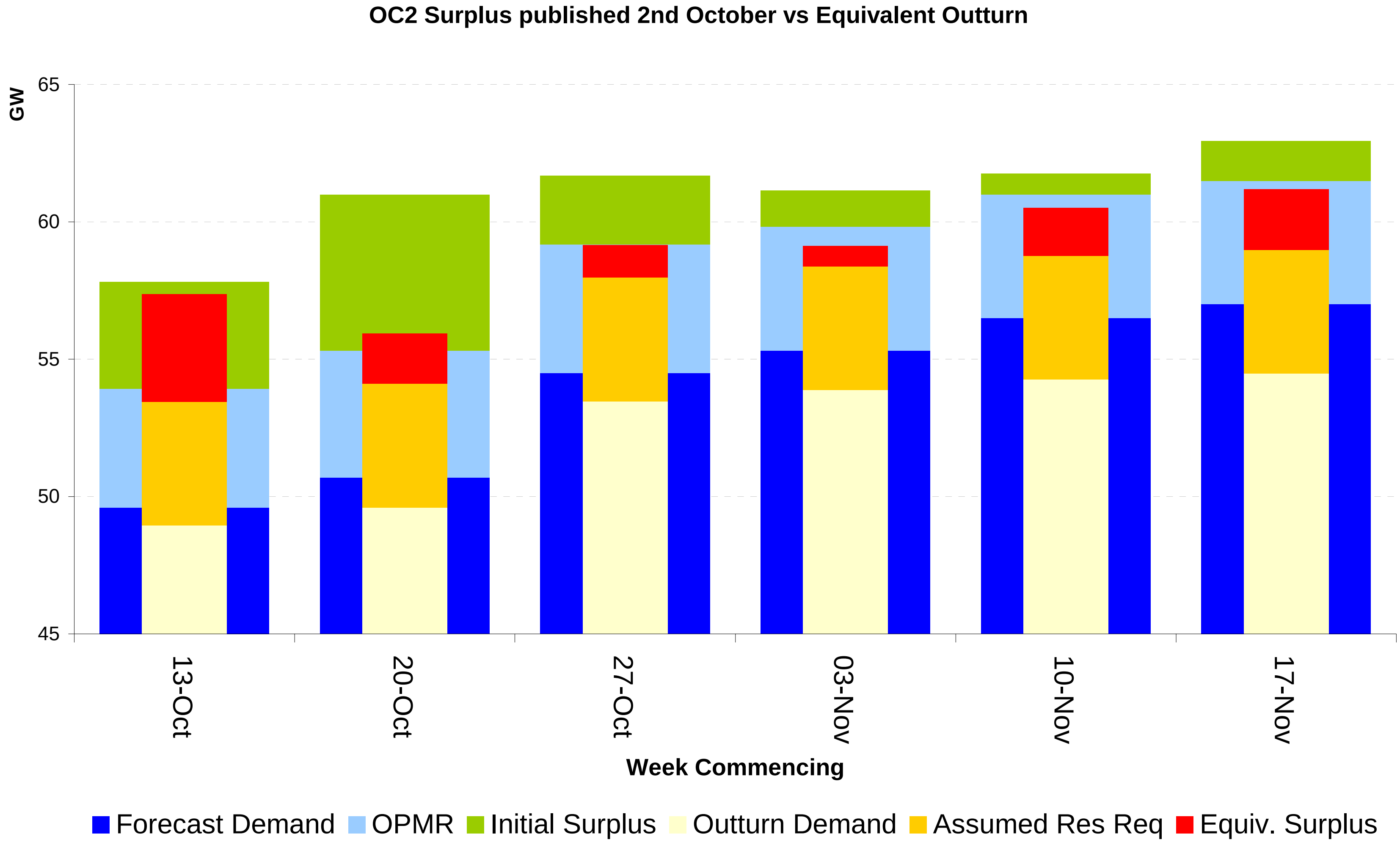
Possible drivers of demand change

- Various manufacturers reporting reduced production

- Some councils reducing street lighting

- Increased embedded generation

Indicative Plant Surplus
(2-52 Week vs Estimated Equivalent Outturn)



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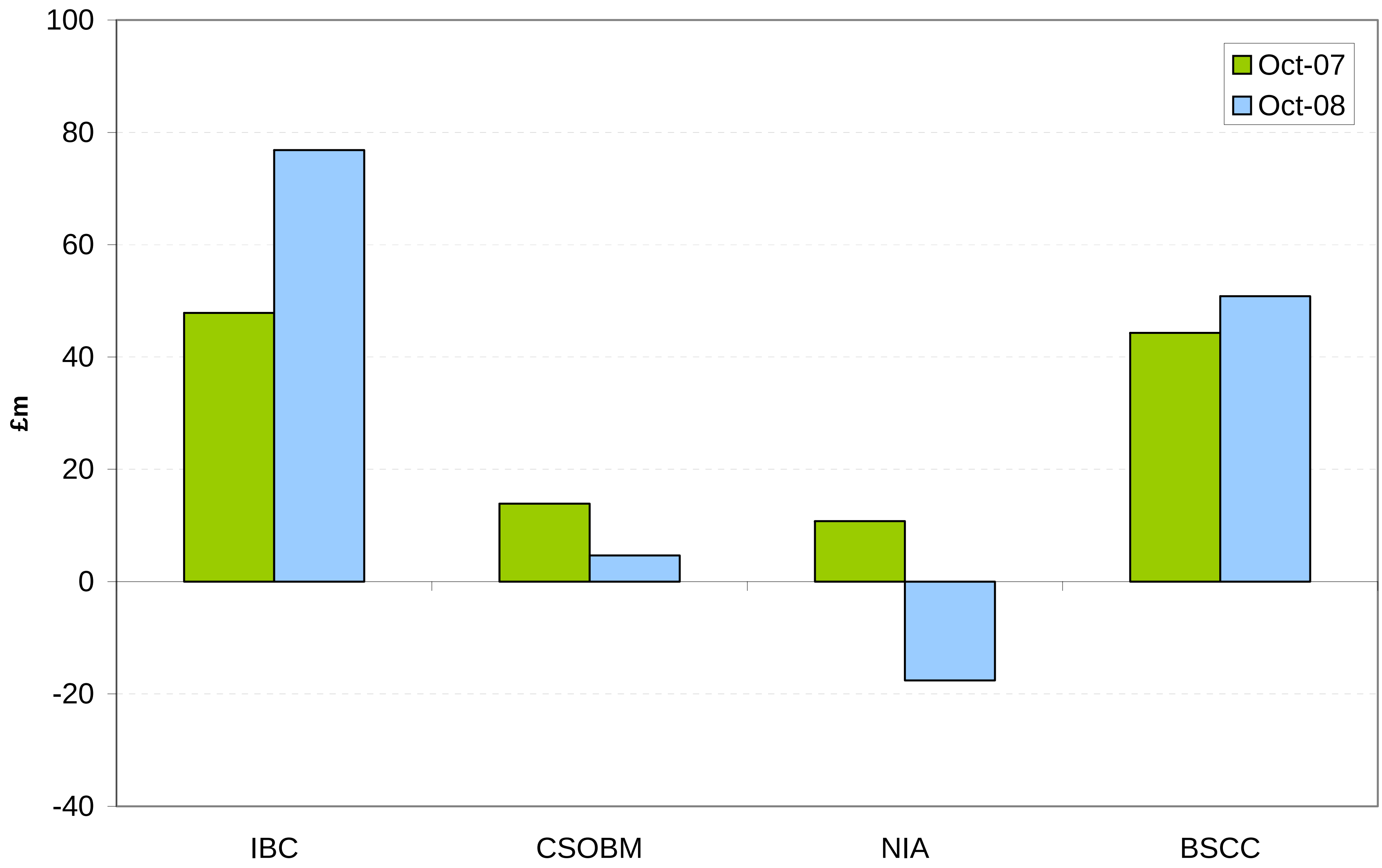
IBC component comparison – October 2007 vs 2008



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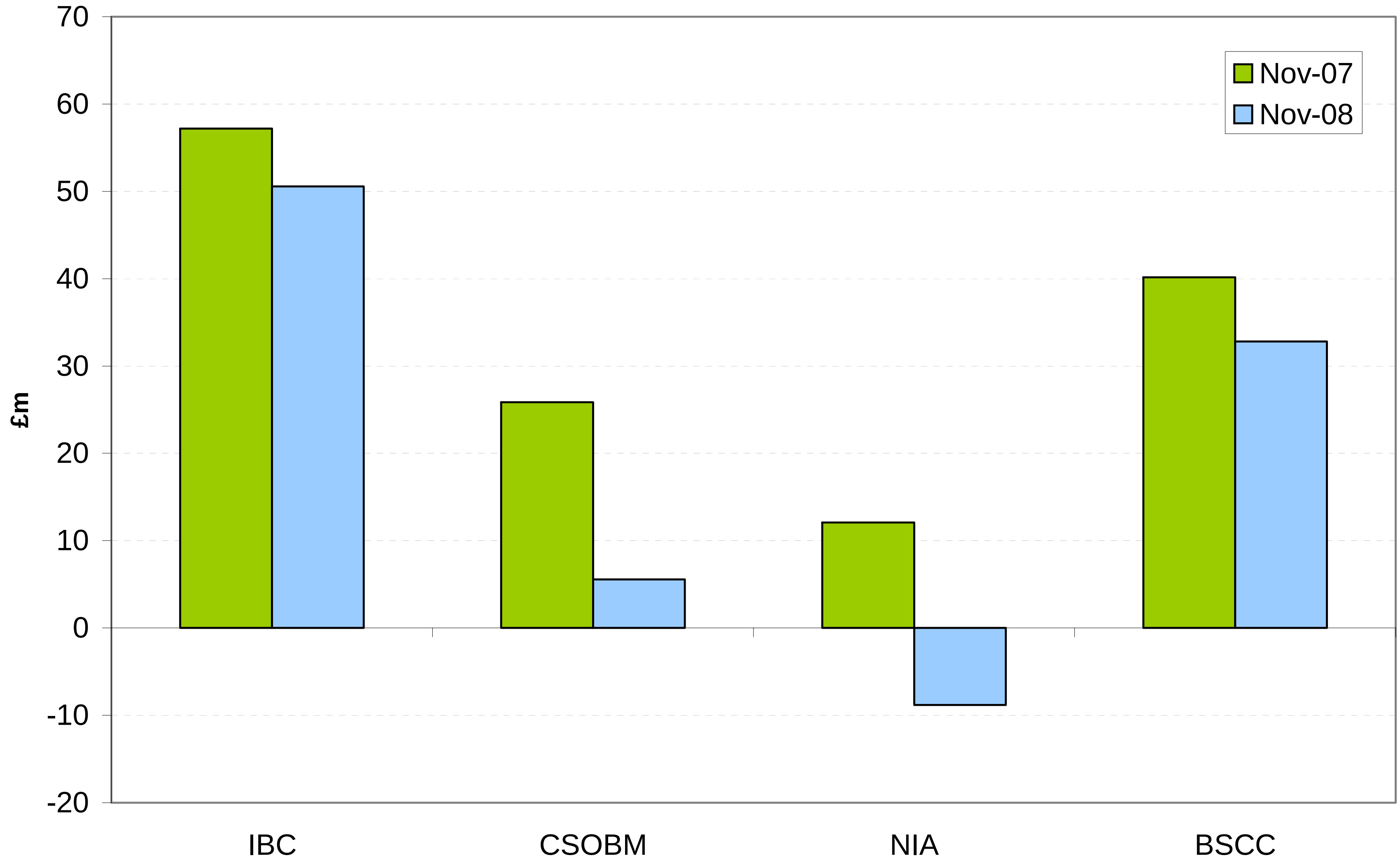
IBC component comparison - November 2007 vs 2008



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October & November Summary

Margin, Constraints and BM actions to create Frequency Response have been the major areas of expenditure in each month

October: £76m

- Margin £27m (-£2m), Constraints £20m (-£7m) & Frequency Response £17m (-£1.5m)
- Net Energy Balancing £-11m (+£9m)

November £50.6m

- Margin £26m (-£13m), BM Response £15m (-£3m)
- Net Energy Balancing £6m (+£6m)
- Constraints £3m – as forecast

Numbers in brackets reflect variance from forecast

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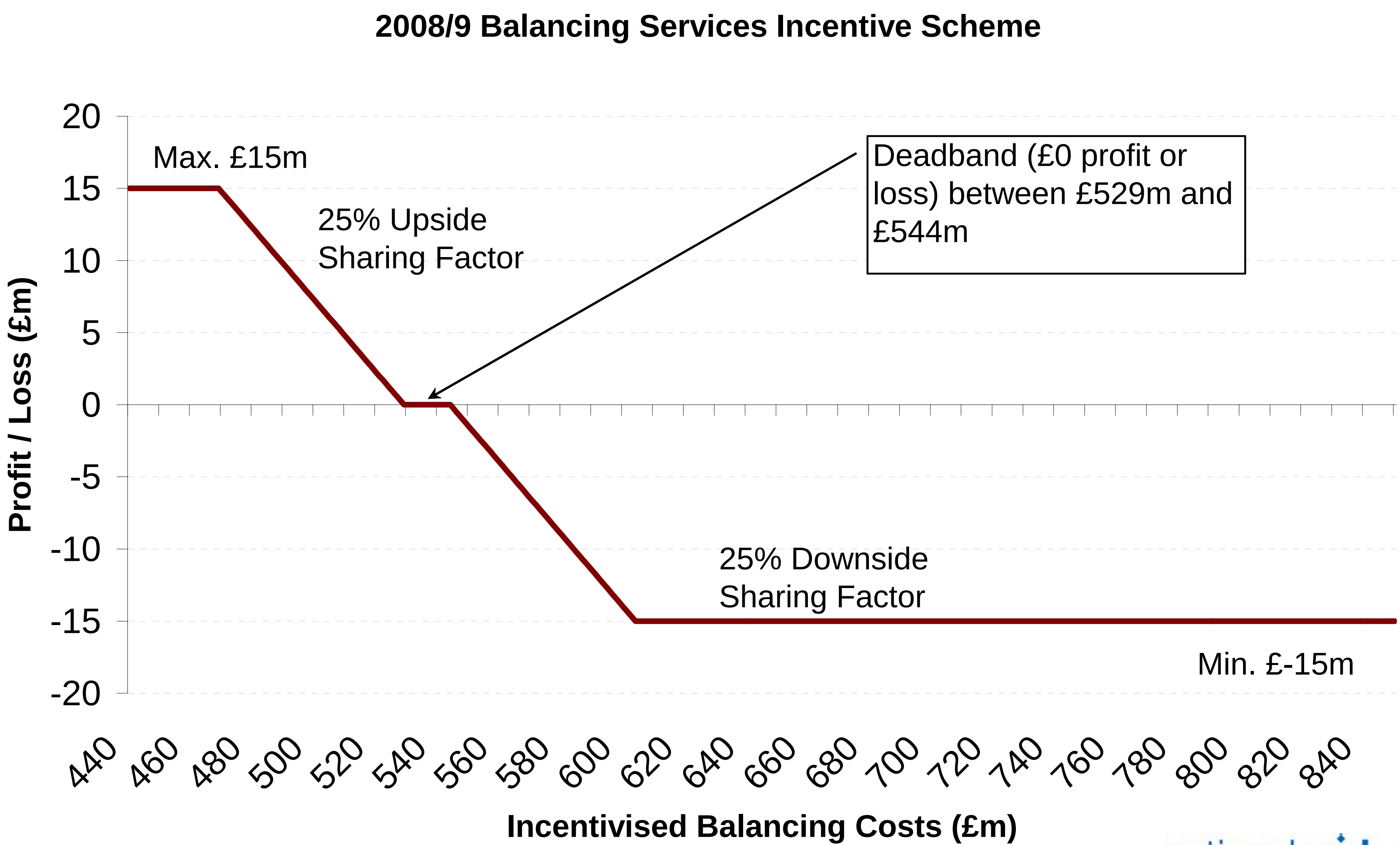
2008/9 Scheme Parameters



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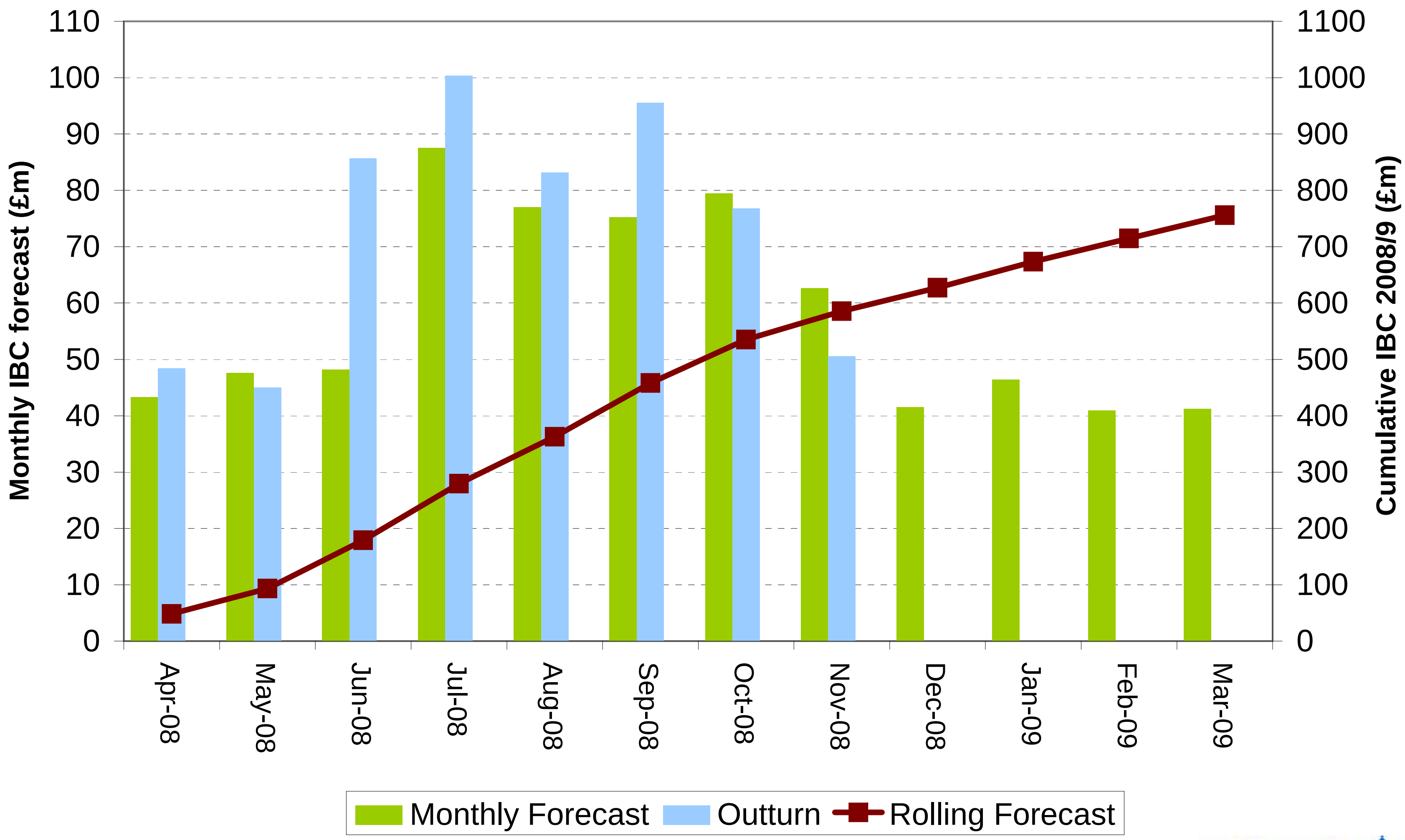
Monthly IBC 2008/9 forecasts and outturn



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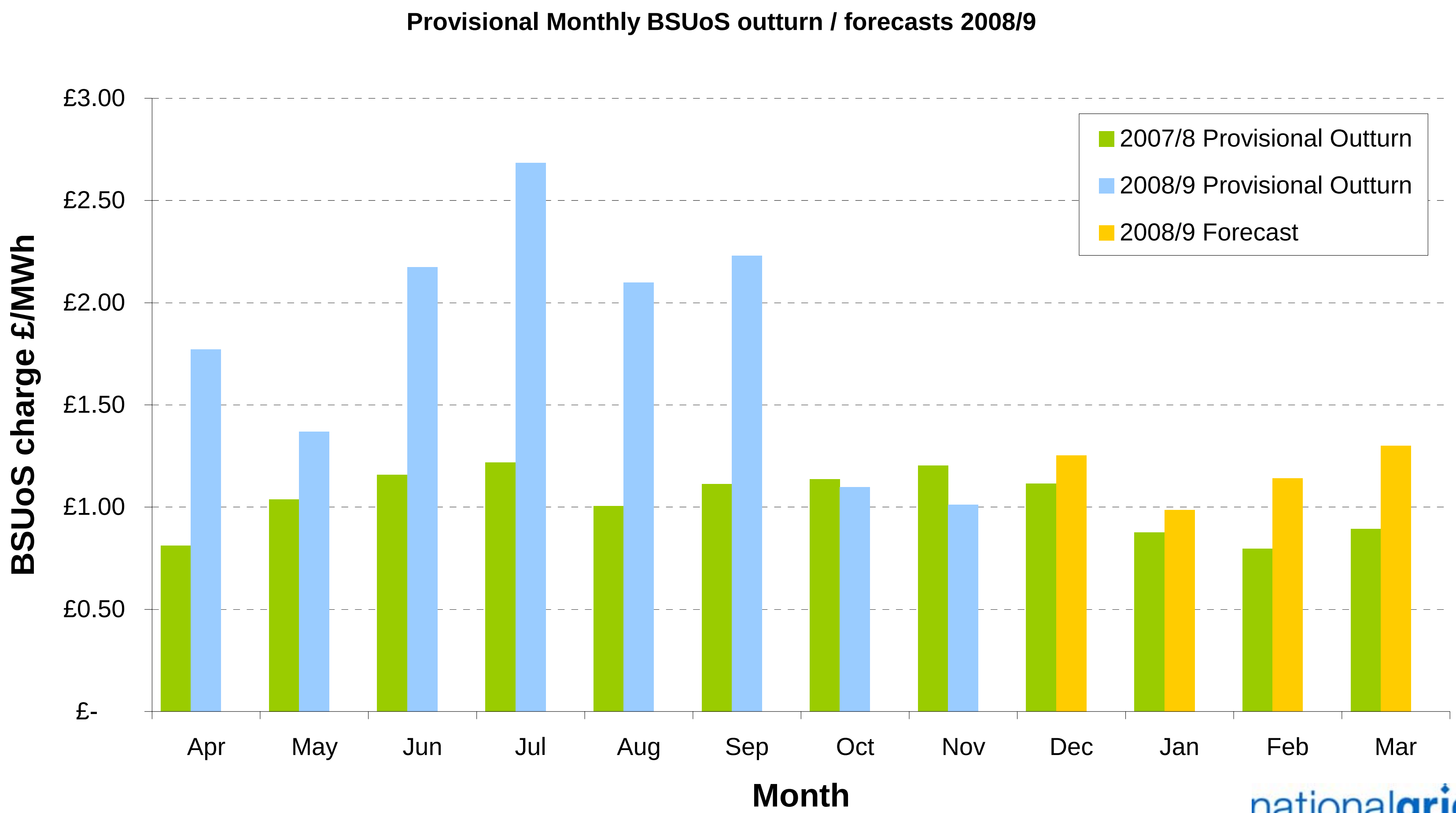
Provisional BSUoS outturn / forecasts 2008/9

- **Current BSUoS central forecast has fallen slightly to £1.53/MWh**
- **Overall forecast range £1.40/MWh to £1.70/MWh**



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