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17 Jul 2015

National Grid has published a consultation today asking for industry feedback as to whether it would be prudent to continue the use of additional balancing tools for winters 2016/17 and 2017/18 in order to manage uncertainty around electricity margins.

Prior to winter 2014/15, National Grid introduced Supplemental Balancing Reserve (SBR) and Demand Side Balancing Reserve (DSBR) to be used to help balance the electricity transmission system against an uncertain generation background.

The additional balancing services tools were in place last winter and 2.56GW has been procured for winter 2015/16, which results in a margin of 5.1%.

While the uncertain generation picture might encourage the market to delay plant closure or bring back mothballed plant, it may not happen to the extent required for the next two winters, therefore one of the proposals in the consultation is to continue to make the SBR and DSBR balancing services available.

Claire Spedding, Balancing Services Manager at National Grid said:

"There are some uncertainties around the supply and demand outlook prior to the capacity market coming into force in 2018/19. Given the uncertainty over whether there will be sufficient capacity margins available in the electricity market for balancing purposes, it is prudent that we explore options that help us do our job in transporting Britain's energy".

National Grid use a 'loss of load expectation' (LOLE) methodology to analyse different winter scenarios, and apply different sensitivities to the scenarios to understand what the future may look like. The results show a wide range of outcomes, hence the decision to consult on balancing services.

National Grid consults on continuing the use of additional balancing services for Winters 2016/17 and 2017/18.

The balancing services consultation will close on Friday 14th August and an update will be announced in the Autumn.

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Notes for editors

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at https://www.nationalgrid.com/group/news

National Grid undertakes no obligation to update any of the information contained in this release, which speaks only as at the date of this release, unless required by law or regulation.

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