

Electricity Market Reform (EMR) Contingency Products



Peter Bingham – EMR Team

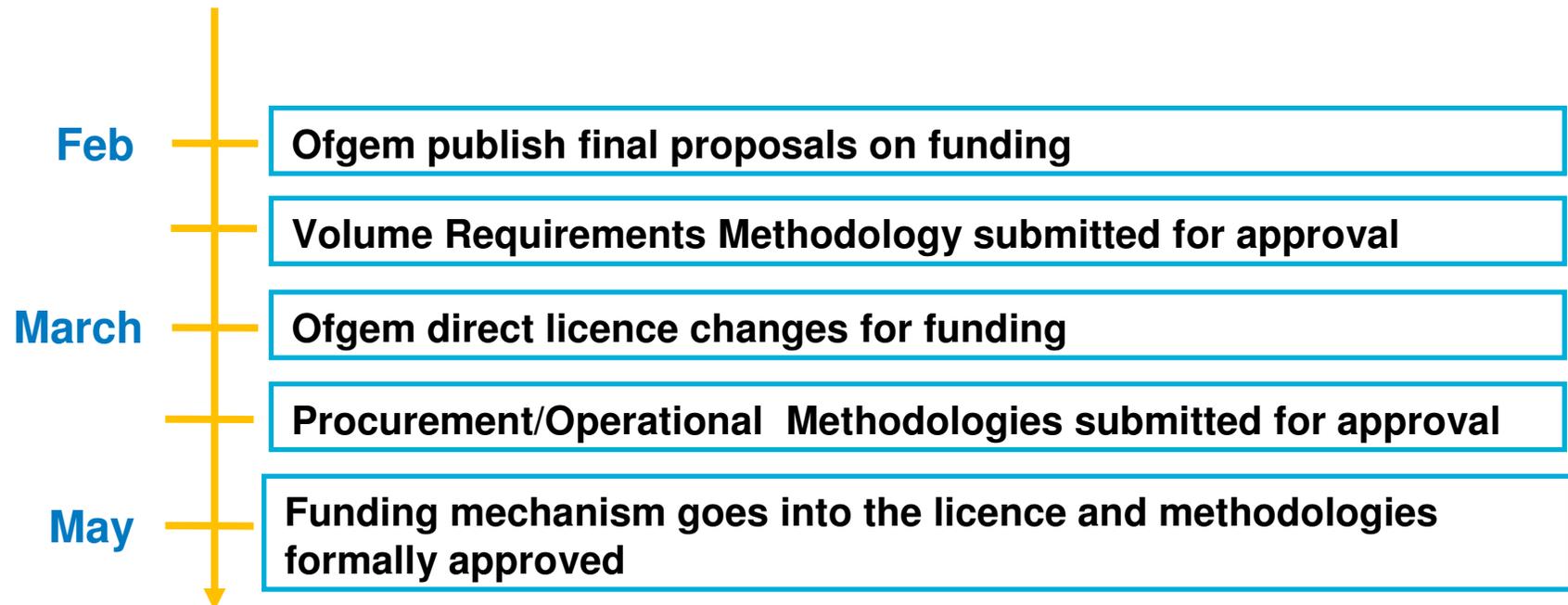
Balancing Reserve Overview

	Demand-Side Balancing Reserve (DSBR)	Supplemental Balancing Reserve (SBR)
Participation	<ul style="list-style-type: none"> • Half-hourly metered consumers, including embedded generation • Excludes Committed STOR and those who already reduce demand or run embedded generation at peak (e.g. Triad Avoiders) in response to pricing signals 	<ul style="list-style-type: none"> • Targeted at plant that has/will exit the market • Generating plant with dedicated BM Unit, with direct control/operational metering • Excluded from participation in the energy & balancing markets
Availability	<ul style="list-style-type: none"> • Reduce demand on request between 4pm-8pm on winter weekdays 	<ul style="list-style-type: none"> • Available to run between 6am and 8pm on winter weekdays
Price	<ul style="list-style-type: none"> • Optional setup payment of 10/kW • Utilisation price (£0.25/kWh - £15/kWh) • Tendered Admin Fee for Aggregators/Suppliers 	<ul style="list-style-type: none"> • Tendered capability, availability and utilisation prices
Tender Assessment	<ul style="list-style-type: none"> • DSBR and SBR tenders accepted in economic price order to meet volume requirement • Tenders rejected if forecast cost > VoLL 	
Despatch	<ul style="list-style-type: none"> • Despatched in ascending price order, after all feasible BM actions • Sample testing undertaken 	<ul style="list-style-type: none"> • Despatched as last resort (after BM & DSBR) ahead of Emergency Actions - subject to dynamics

Product Design Changes

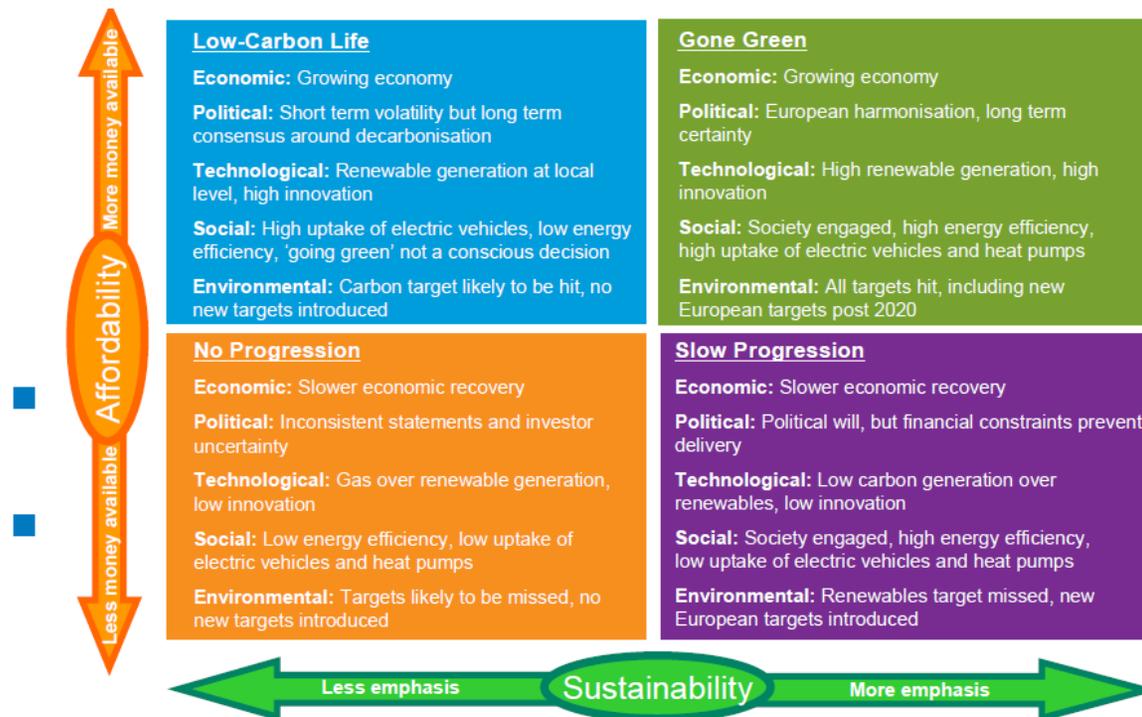
- SBR and DSBR tenders to be assessed together where practical and accepted in economic merit order
- DSBR will still be despatched ahead of SBR
- Aggregators / Suppliers can bid for an Admin Fee to support recruitment and administration of a large number of individual sites
- DSBR will be subject to sample testing to promote reliability

Funding Timeline – DSBR & SBR



Volume Requirements Methodology

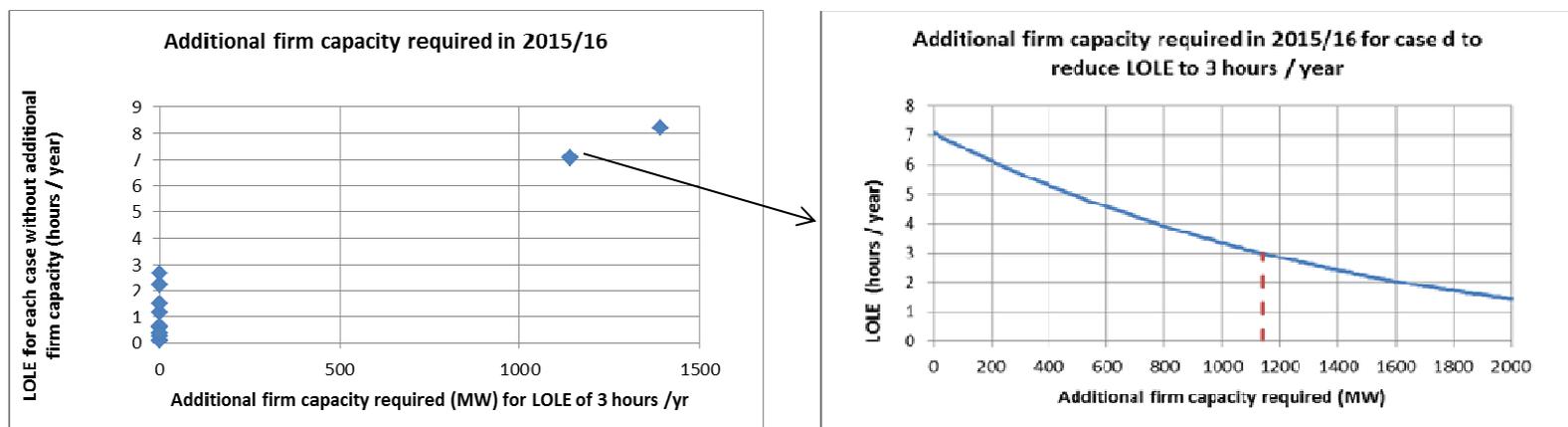
- Currently under development – draft to be published shortly
- Requirement based on the four scenarios and associated sensitivities being developed for the latest [2014] Future Energy Scenarios



FES 2014 Scenarios and Sensitivities being developed though an extensive stakeholder consultation and feedback exercise during Autumn 2013

Volume Requirements Methodology

- LOLE calculated for each scenario/sensitivity
- Volume Requirement identified as the equivalent volume of capacity required to reduce LOLE to 3 hours for the majority of these scenarios and sensitivities
- Least Worst Regrets analysis, based on cost and consumer benefits, used to determine the optimal number of scenarios/sensitivities to cover.
- Using 2013 Data, Volume Requirement identified as 570MW for 14/15 and 1140MW for 15/16
- Volume Cap – 5% of ACS Demand ~ Limiting the procurement of de-rated DSBR/SBR to 2.8GW



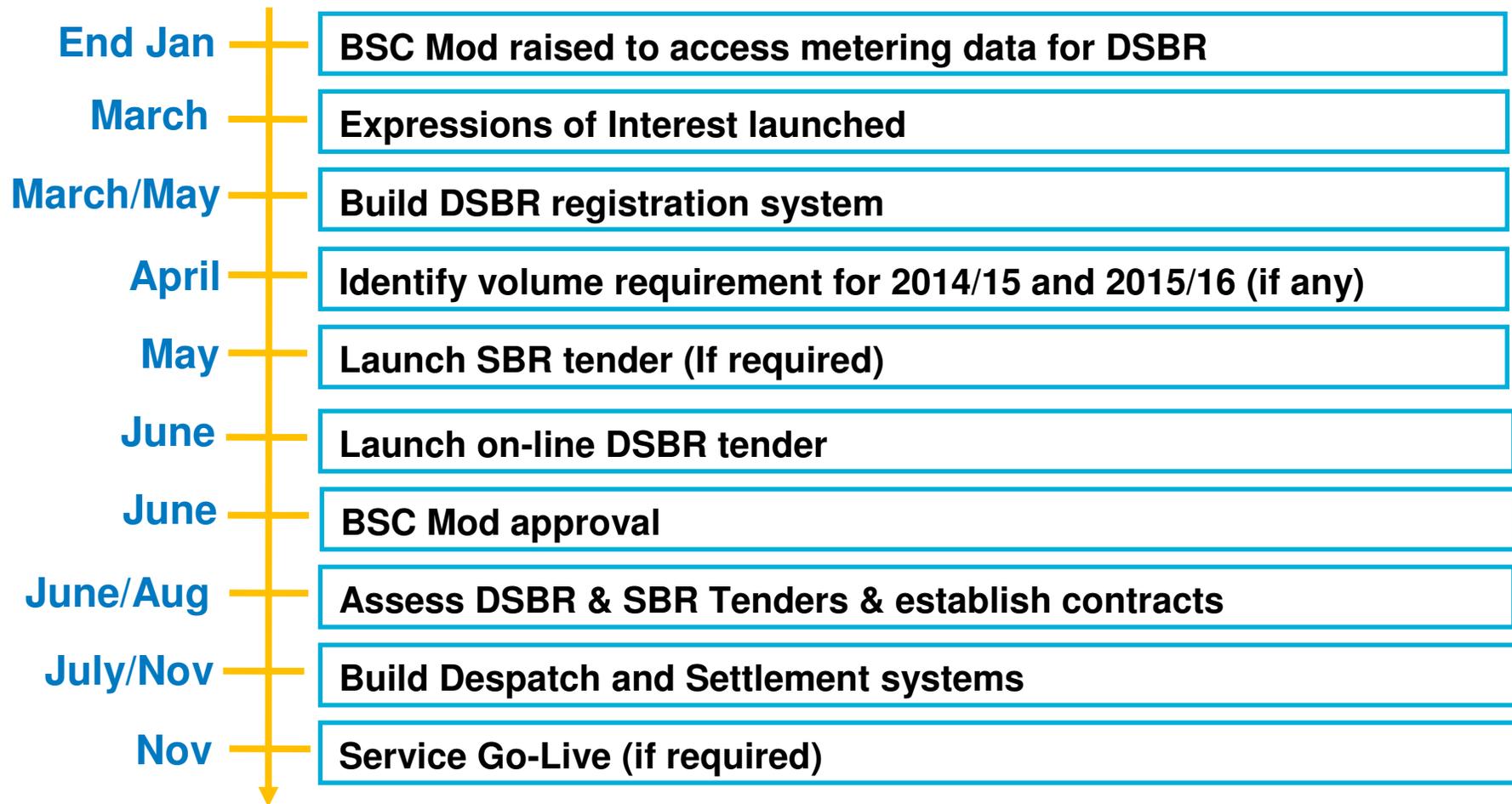
Expressions of Interest

- On-Line survey to be launched early next week
- Open for ~3 weeks
- Gauge level of interest in the products, including potential volumes available
- Latest Service Descriptions will be posted on our website:

www.nationalgrid.com/uk/electricity/AdditionalMeasures

Procurement Timeline – DSBR & SBR

Indicative – subject to change





Q&A

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