



# Demand Side Balancing Reserve & Supplemental Balancing Reserve Update

nationalgrid

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## Progress since March

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- Updated Volume Requirement, Procurement and Operational Methodology documents published following approval by Ofgem
- Ofgem approval for the recovery of SBR and DSBR costs for 14/15 winter
- DSBR Composition survey results published
- Tender Round 2 closed for both services on 7<sup>th</sup> May
- Tenders assessed and market update on volume procured published on 3<sup>rd</sup> June (DSBR volume validation ongoing)
- Claire Spedding joins the Contingency Balancing Reserve team

## 2015/16 Tender Round 2 results

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- SBR – 20 tenders, from 7 companies, representing 5.2GW across 11 different power stations
- DSBR – 25 Units tendered, from 15 companies, representing 325MW across 163 MPANs

Many thanks again for the high levels of participation across both services

- Optimal procurement volume requirement determined as 2.5GW

### **DSBR Results**

- Contracts to be offered for up to 300MW (subject to volume validation and contract acceptance)

## 2015/16 Tender Round 2 results

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### SBR Results

- Contracts offered for a total volume of 1,784MW (de-rated) to the following power stations

Unit	Owner	De-Rated Capability (MW)
Peterhead CCGT (2 x 375MW)	SSE	675
Killinghome CCGT (1 x 660MW)	Centrica	660
Deeside CCGT (Additional 250MW)	GdF Suez	250
Uskmouth (1 x 100MW Coal Unit)	Uskmouth Power	90
Fiddlers Ferry GTs (2 x 17MW )	SSE	32
Ferrybridge GTs (2 x 16MW)	SSE	30
Keadby GT (1 x 23MW)	SSE	22
Rugeley GT (1 x 25MW )	GdF Suez	25
<b>Total</b>		<b>1,784</b>

## 2015/16 – Current contracted position

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Tender	Total Capability (MW)	De-Rated Capability (MW)
DSBR Round 1	215	65
SBR Round 1	600	600
DSBR Round 2	300*	112
SBR Round 2	1,874	1,784
<b>Total</b>	<b>2,989</b>	<b>2,561</b>

\* Subject to DSBR volume validations and contract acceptances

- A 3<sup>rd</sup> tender round for 2015/16 is currently not envisaged

# Consultation on future of services

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- Margins look set to remain tight in 2016/17 and 2017/18 winters
- Upcoming consultation to consider:-
  - Whether the existing services should be extended
  - What changes to these services should be considered
  - Whether an alternative to SBR should be considered
  - Potential interactions between Capacity Mechanism Transitional Arrangement and DSBR
- Views welcome on what should be included in the consultation and what options that should be considered

## Pricing SBR and DSBR into cash-out

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- NGET circulated an [Open Letter](#) to market on 15<sup>th</sup> June regarding treatment of SBR and DSBR in cash-out
  - This followed an earlier Open Letter, an Industry Workshop and a BSC Issue Group (Issue 56)
  - High-level proposal is for both services to be priced at VoLL (£3000/MWh) as they can be considered a proxy for Demand Control
  - Finalised changes will be implemented via the C16 statements (e.g. BSAD, SMAF etc...)
  - BSC modification also required to enable changes to SBR imbalance treatment can be made without affecting BM Cash-flow
- Responses encouraged by **3<sup>rd</sup> July** to [BalancingServices@nationalgrid.com](mailto:BalancingServices@nationalgrid.com)
  - However, any comments wished to be reflected in the BSC mod proposal need to be received no later than 12:00 noon on **24<sup>th</sup> June**
  - In case of questions, please contact [alex.haffner@nationalgrid.com](mailto:alex.haffner@nationalgrid.com)



# Q&A

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