

Balancing Services Review

Craig Dyke, Senior Account Manager

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Agenda

- ◆ **Energy Event 08**
- ◆ **Balancing Services Review Update**
 - ◆ Firm Frequency Response (FFR)
 - ◆ Fast Reserve
 - ◆ Short Term Operating Reserve (STOR)

Energy Event 08

- ◆ **10th – 11th September – Motorcycle Museum**
- ◆ **Raise awareness of opportunities for demand side**
- ◆ **General feedback**
 - ◆ Lots of potential out there
 - ◆ Commercial opportunities – little awareness
 - ◆ Website needs developing
 - ◆ Barriers still exist
- ◆ **Good leads on potential service providers**

Balancing Services Review Update

- ◆ **2008 Balancing Service Reviews**
 - ◆ Firm Frequency Response (FFR)
 - ◆ Fast Reserve
 - ◆ Short Term Operating Reserve (STOR)
- ◆ **Facilitate new entrants and capital investment**
- ◆ **Create right market signals**
- ◆ **Provision of long term tenders**
- ◆ **Develop suitable indexation methodology**
- ◆ **Introduce level of flexibility for long term tenders**

Balancing Services Review Update

◆ What's new?

- ◆ Long term tender process
- ◆ Allow tender submission before investment made – new and existing
- ◆ Price indexation methodology
- ◆ Increased flexibility for long term tenders
- ◆ Information provision improvements

- ◆ Dynamic demand terms currently being drafted (FFR)

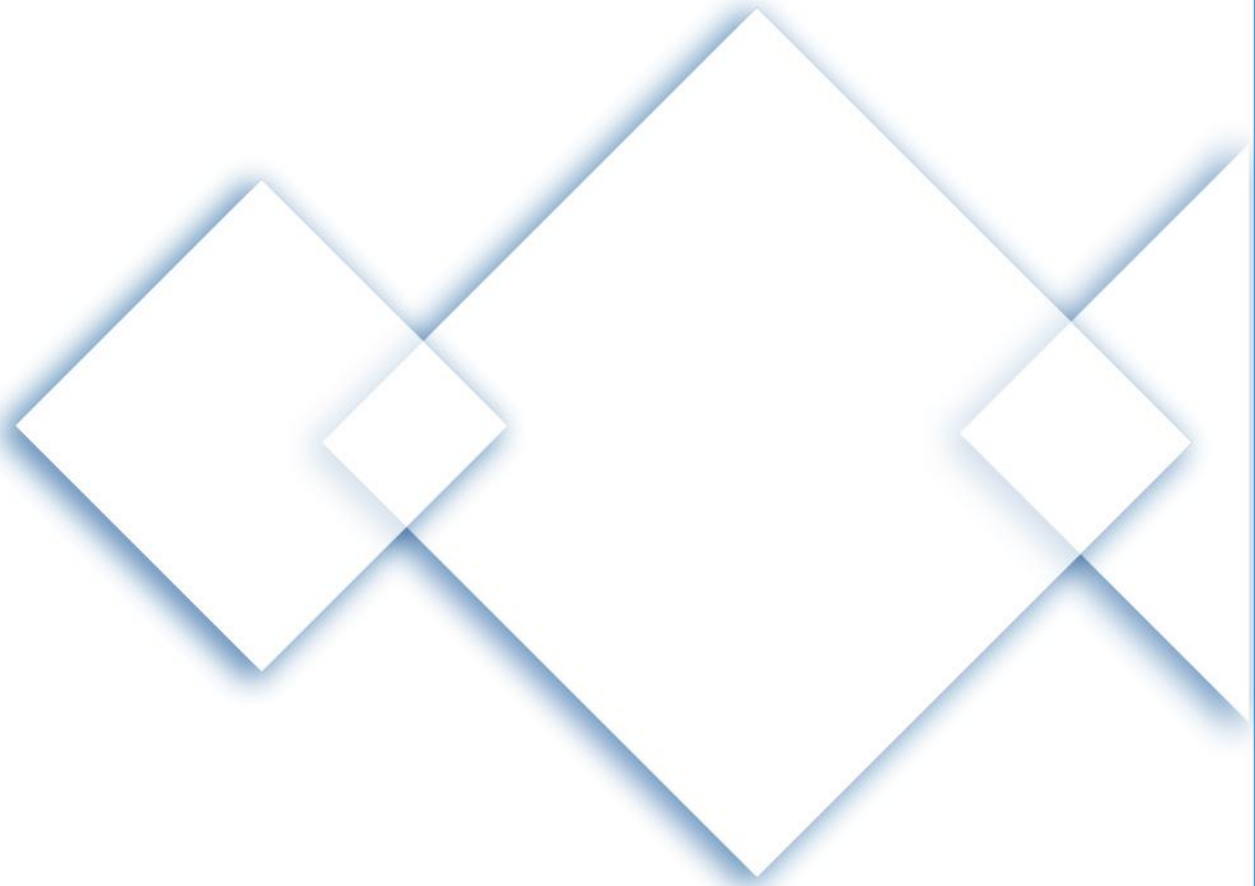
Balancing Services Review Update

- ◆ **Series of workshops held**
- ◆ **Consultation documents published on website**
- ◆ **FFR/Fast Reserve:**
 - ◆ Standard Contract Terms published mid November
 - ◆ Published late December, effective January 08
- ◆ **STOR**
 - ◆ Draft SCTs published mid-November 08
 - ◆ Final SCTs published 12th December 08
 - ◆ Implementation 1st April 09

Summary

- ◆ **Significant untapped demand side potential**
- ◆ **Developing services to address feedback**
- ◆ **Barriers still exist**
- ◆ **Reduce information complexity**
- ◆ **Clear signals on opportunities**

- ◆ **National Grid has to:**
 - ◆ Continue to challenge the barriers
 - ◆ Continue to develop the services and systems further that better facilitate demand side



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