

Emma Kelso
Partner, *Wholesale Markets*
Ofgem,
9 Millbank,
SW1P 3GE

Cathy McClay
Head of Commercial, Electricity
Cathy.McClay@NationalGrid.com
Direct tel +44(0) 7870 159677

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Minded to decision to remove the Supplemental Balancing Reserve (SBR) and Demand Side Balancing Reserve (DSBR) cost recovery arrangements for 2017/18.

Dear Emma

We welcome Ofgem's letter setting out your minded to position to remove the Supplemental Balancing Reserve (SBR) and Demand Side Balancing Reserve (DSBR) cost recovery arrangements for 2017/18

As stated in your letter SBR and DSBR were designed to be short term tools to address specific concerns about the supply outlook for 2014/15 and 2015/16, and were further extended to cover 2016/17 and 2017/18. However, in light of the Early Capacity Auction (ECA) there is no apparent requirement for SBR and DSBR in 17/18.

We agree with Ofgem's minded to decision to issue a direction to remove NGET's SBR and DSBR cost recovery arrangements and obligations to submit methodologies in respect of procuring, testing and utilising SBR and DSBR for 2017/18.

It is important that we are still able to recover costs associated with SBR for Winter 2016/17. Therefore any modifications to NGET's licence in respect of the wider SBR and DSBR provisions should not take place until the cost recovery process for 2016/17 is complete.

We have no specific comments on the draft direction provided in the consultation.

Yours sincerely

By Email

Cathy McClay
National Grid