

# Reserve Review Update



# Reserve Review

## Key Headlines

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- Last Update at the June Operational Forum
- July & August 2010: Industry Seminar and Pre-Consultation
- Total of 10 industry responses to the Pre-Consultation
  - 1 Confidential
- Document setting out next steps to be published in November 2010

- Industry Responses – Key Headlines:
  - Focus on establishing the “Quick Wins” for each service rather than take forward fundamental changes
  - Build on the transparency of the services and communication of National Grid’s requirements
  - Any work on cash-out issues should be left to the Ofgem Significant Code Review workstream

- National Grid – intended focus of work:
  - Transparency of Services – STOR and BM Start-Up in particular
  - Standard Contract Terms for STOR Aggregators
  - Negative Reserve – development and extension of Generation Curtailment Service for Summer 2011
  - Possible reform of multiple reserve products (BM Start-Up, STOR, Fast Reserve) into single product

- Industry Responses – Key Headlines:
  - See Workstream 2 as a key piece of work
    - greater effort should perhaps be directed at Workstream 2
  - Key will be to dovetail the work with the DECC Electricity Market Assessment project and pathways analysis
  - Other angles such as European Regulatory developments should also be accounted for

- National Grid – intended focus of work:
  - Obvious interaction with DECC work on Electricity market Assessments, and work will feed into that project
  - Clear need to further analyse and build upon the existing published future reserve requirements
  - Analysis of existing and future reserve procurement mechanisms
  - Analysis of reserve availability and utilisation moving forwards
  - Analysis of how wholesale market behaviours may affect reserve procurement

# Reserve Review

## Way Forward

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- STOR Review 10/11 – Outline Change Proposals published 27<sup>th</sup> September 2010
- Publication of Next steps Document – November 2010
- DECC Electricity Market Assessment – November 2010 (tbc)
- BM Start-Up consultation / working group - December
- Follow up Future Reserve work – March 2011

# Long Term STOR Update



# Long Term STOR

## Way Forward

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- *Results Day* for Tender Round 12 is this Friday
- E-mails sent out yesterday to inform providers
- 277MW in total has been accepted @ £11.75/MW/h or less (availability price)
- Engagement of the Industry has been outstanding
- Combined with previous tender round of 116MW will give us 393MW which is just short of the expected LCPD loss

# Long Term STOR

## Way Forward

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- National Grid needs to take stock of...
  - its own position, and
  - the volumes/timescales of its requirements
- We need to ensure the correct balance between new providers, existing providers and demand side.
- We need to ensure we are procuring within appropriate timescales

# Long Term STOR

## Way Forward

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- We need to continue our dialogue with Ofgem on the regulatory arrangements and feed into DECC on the *Electricity Market Reform* discussions
- We are therefore minded to suspend the long term element of Tender Round 13 to allow time for this analysis and discussions to take place