

Electricity SO Incentives Historic Costs

2005/06 to 2010/11



Overview

This note provides a component by component breakdown of forecast Balancing Service Incentive Scheme (BSIS) costs, and National Grid's performance against those forecasts, for the period 2005/06 to 2010/11.

The forecast data for 2005/06 to 2009/10 represents National Grid's internal forecasts made prior to scheme start each year using the latest information available at that time. This information is used for internal monitoring of incentive performance. The forecast data for 2010/11 represents the agreed scheme forecast, updated to reflect the impact of the adjustments¹ for IFA flows and Scottish generation connections.

It must be noted that the nature of some components has changed over the years, and so it is potentially misleading to seek to compare different years. For example, the change in payments for starting a BMU from Warming payments to BM Start Up payments resulted in movement of costs between the Warming / BM Start up and Operating Reserve components. Similarly, the basis of some component costs changed due to changes in market arrangements, such as the increased Frequency Response costs following the introduction of CAP047 and the change in the NIA calculation methodology implemented in 2009/10.

If you would like to discuss any aspect of SO Incentives, please contact us via the contact details below:

On the web:

The dedicated Incentives web pages are available at the following addresses:

Electricity SO Incentives: <http://www.nationalgrid.com/uk/Electricity/>

Gas SO Incentives: <http://www.nationalgrid.com/uk/gas/>

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¹<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Ian%20Marlee%20Generation%20Sideletter%20250310%20Updated.pdf>;
<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Ian%20Marlee%20IFA%20SideLetter%20250310.pdf>

Category	05-06		06-07		07-08		08-09		09-10		10-11	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
Margin	178	173	234	152	157	184	258	358	300	187	222	156
STOR	67	47	67	69	76	58	65	75	88	85	99	90
Operating reserve	90	119	157	71	66	112	178 ^[2]	254	191	90	111	61
Warming / BM start up	21	7	10	12	15	15	15	29	21	11	13	6
Footroom	6	-5	8	9	6	5	4	5	7	30	28	12
Fast reserve	39	51	52	58	53	58	60	61	72	63	70	70
Response	72	137	93	161	155	158	145	201	197	162	191	163
Reactive	55	54	61	53	41	47	63	62	56	43	46	47
Black start	17	14	18	15	18	14	17	17	21	15	23	15
Unclassified BM	17	18	25	10	10	11	9	20	18	21	24	12
Losses	-9	-5	-11	9	0	7	0	0	0	0	0	-31
BM+AS general	5	1	4	4	4	1	4	3	5	1	2	-1
Energy Imbalance	-55	6	-117	-28	-21	20	42	-72	-48	12	16	-67
Reconciliation ^[1]	0	4	0	7	0	3	0	3	0	6	0	5
Total Balancing Costs (Excl. Constraints)	325	448	363	450	423	509	424	658	628	538	621	384
NIA	-4	-104	35	-65	-65	-128	-196	-94	-292	-261	-282	-273
Incentivised Energy Costs	321	344	398	385	358	381	228	564	336	276	339	111
Constraints	36	84	57	108	82	70	124	263	279	139	200	170
E&W	15	13	15	28	24	29	24 ^[3]	31	70 ^[4]	37	71 ^[7]	20
Cheviot	11	44	17	25	30	22	70	178	139	86	67 ^[8]	132
Within Scotland	10	26	25	55	29	20	35	54	70	16	62 ^[8]	18
Total balancing costs	361	532	419	560	505	579	731	920	907	677	821	554
Total Balancing Costs (Inc. NIA)	358	427	454	495	440	451	535	827	615	416	539	280
Payment to/from NGET		-9.9 ^[5]		No scheme		-1		-15		15		15
Annual average baseload wholesale price	29	44	53	31	30	37	56	74	50	34	41	41

[1] Correction term between CSOBM+BSCC total and per category breakdown. This is a result of differing data sources/timescales.

[2] Includes £10m for LCPD reserve and £10m for Wind reserve

[3] Includes £5m for LCPD constraints

[4] Includes £21m UIOLI

[5] Does not include IAE claim for Scottish constraints

[6] NIA calculation changed from 2009/10

[7] Includes Adjustment for IFA Transfer

[8] Includes Adjustment for new generation connections in Scotland