

Fast Reserve

Market Information for Tenders for August 2002

National Grid publish the following information, in order to inform participants in the Fast Reserve tender round for August 2002.

Fast Reserve Availability

Our indicative daily requirement for Fast Reserve in August is shown on a Settlement Period basis in Figure 1. This requirement covers weekdays, Saturdays and Sundays.

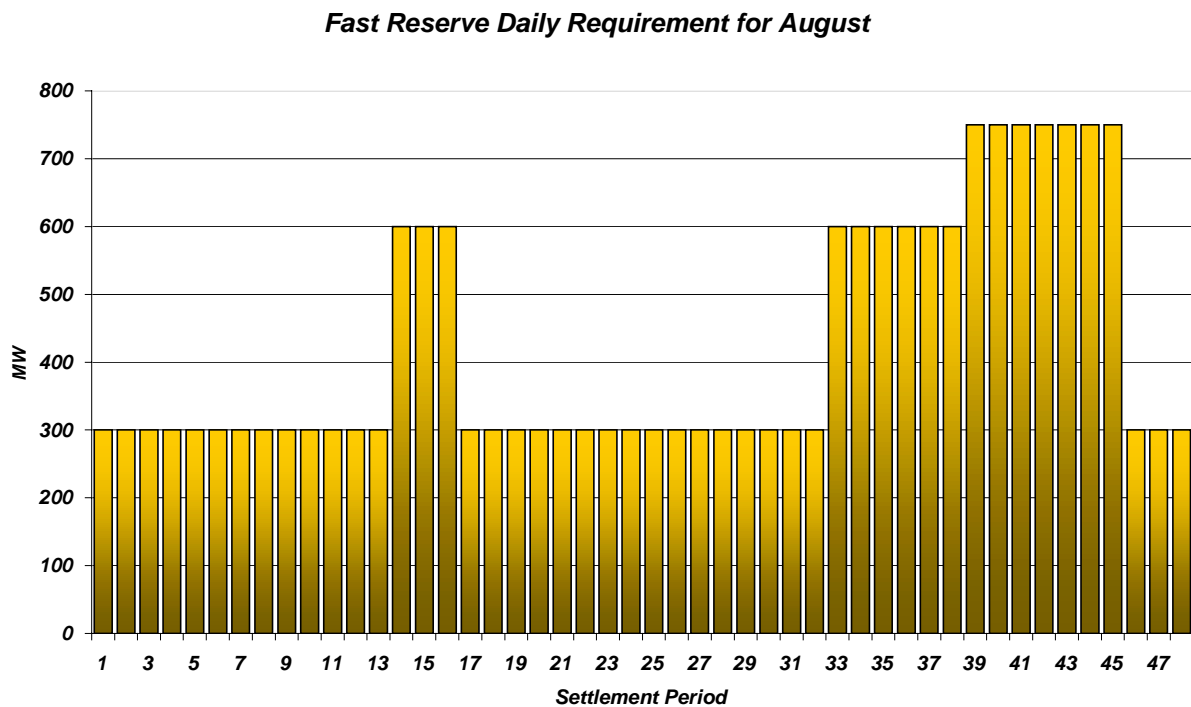


Figure 1

This Figure gives an indication of the times of day when Fast Reserve is most useful to us. The actual amount of Fast Reserve "holding" varies from day to day, according to system conditions, but on average amounts to approximately one half of these requirements.

Fast Reserve Utilisation

Figure 2 shows the daily utilisation of Fast Reserve in the BM during May (1st - 31st May 2002) and June (1st - 30th June 2002). This information is based on the aggregate of Offers plus |Bids| accepted to provide Fast Reserve in the BM.

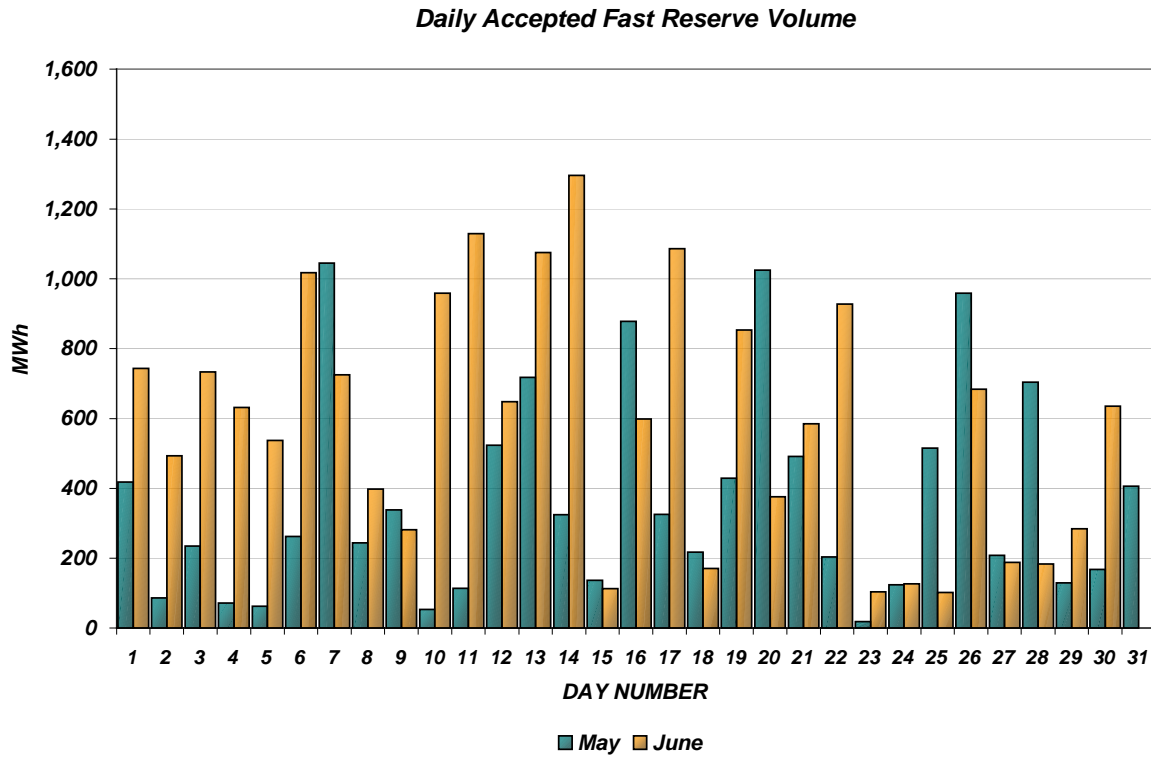


Figure 2

Figure 3 re-presents this data, as an average utilisation per Settlement Period across each month. This shows the daily profile of Fast Reserve utilisation.

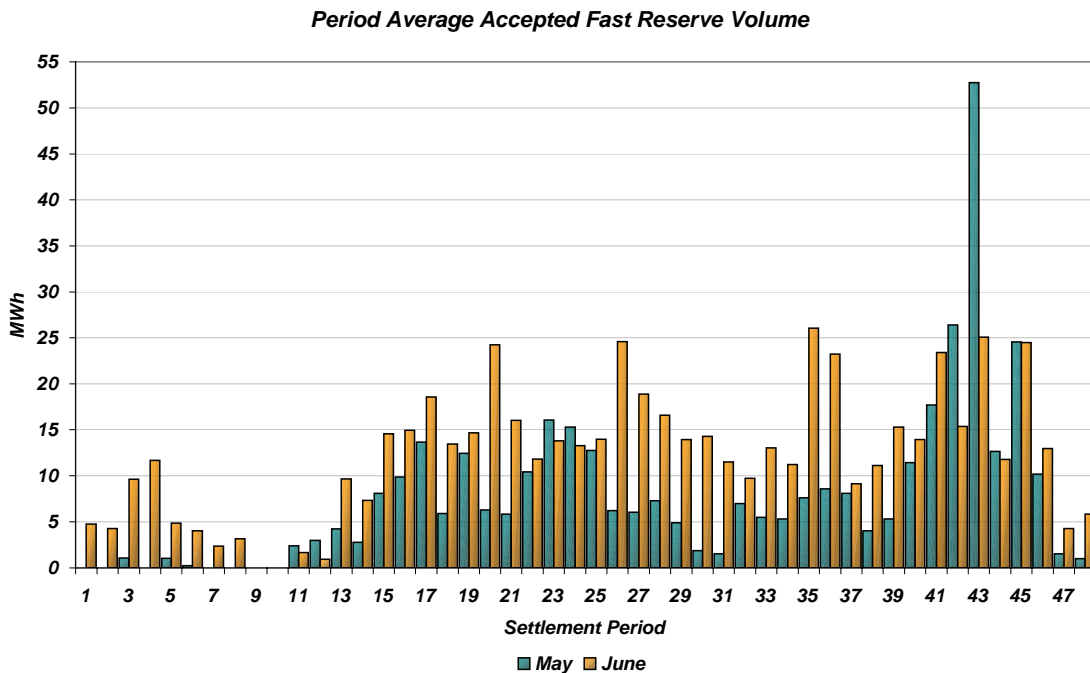


Figure 3

The total volumes of Fast Reserve utilisation of **11.4 GWh** for May and **17.7 GWh** for June break down into price bands as follows:

MAY	Price band (£/MWh range)	Volume (MWh)	Average Price (£/MWh)	Cost (£m)
OFFERS	2000 to 10000	0	n/a	n/a
	1000 to 2000	0	n/a	n/a
	300 to 1000	180	496	0.1
	0 to 300	10,829	114	1.2
Total		11.0 GWh		£1.3 m
BIDS	0 to 300	-279	9	0.0
	-300 to 0	-118	-153	0.0
	-1000 to -300	0	n/a	n/a
	-2000 to -1000	0	n/a	n/a
	-10000 to -2000	0	n/a	n/a
Total		-0.4 GWh		£0.0 m
Total		11.4 GWh		£1.3 m

JUNE	Price band (£/MWh range)	Volume (MWh)	Average Price (£/MWh)	Cost (£m)
OFFERS	2000 to 10000	0	n/a	n/a
	1000 to 2000	0	n/a	n/a
	300 to 1000	108	638	0.1
	0 to 300	13,448	106	1.4
Total		13.6 GWh		£1.5 m
BIDS	0 to 300	-3,274	10	0.0
	-300 to 0	-884	-136	0.1
	-1000 to -300	0	n/a	n/a
	-2000 to -1000	0	n/a	n/a
	-10000 to -2000	0	n/a	n/a
Total		-4.2 GWh		£0.1 m
Total		17.7 GWh		£1.6 m

These charts and tables show that from May to June Fast Reserve utilisation cost increased by 18% and the volume utilised increased by 55%. (We had some interesting experiences during World Cup matches).

By July, the demand shape has settled to summer levels and the 1A overnight heating peak has disappeared. Accordingly, we expect Fast Reserve utilisation and value to approach levels observed by the end of last summer. Tenders submitted will need to reflect this factor into their pricing. Subject to market conditions not changing we would expect similar priced tenders for July to be uneconomic for August.

For the month of **August**, tenders from eligible Service Providers for a firm Fast Reserve service should be submitted to National Grid by close of business on Friday 12th July. National Grid will notify Service Providers of the outcome of the tender assessment by Friday 19th July.

