

# STOR Assessment

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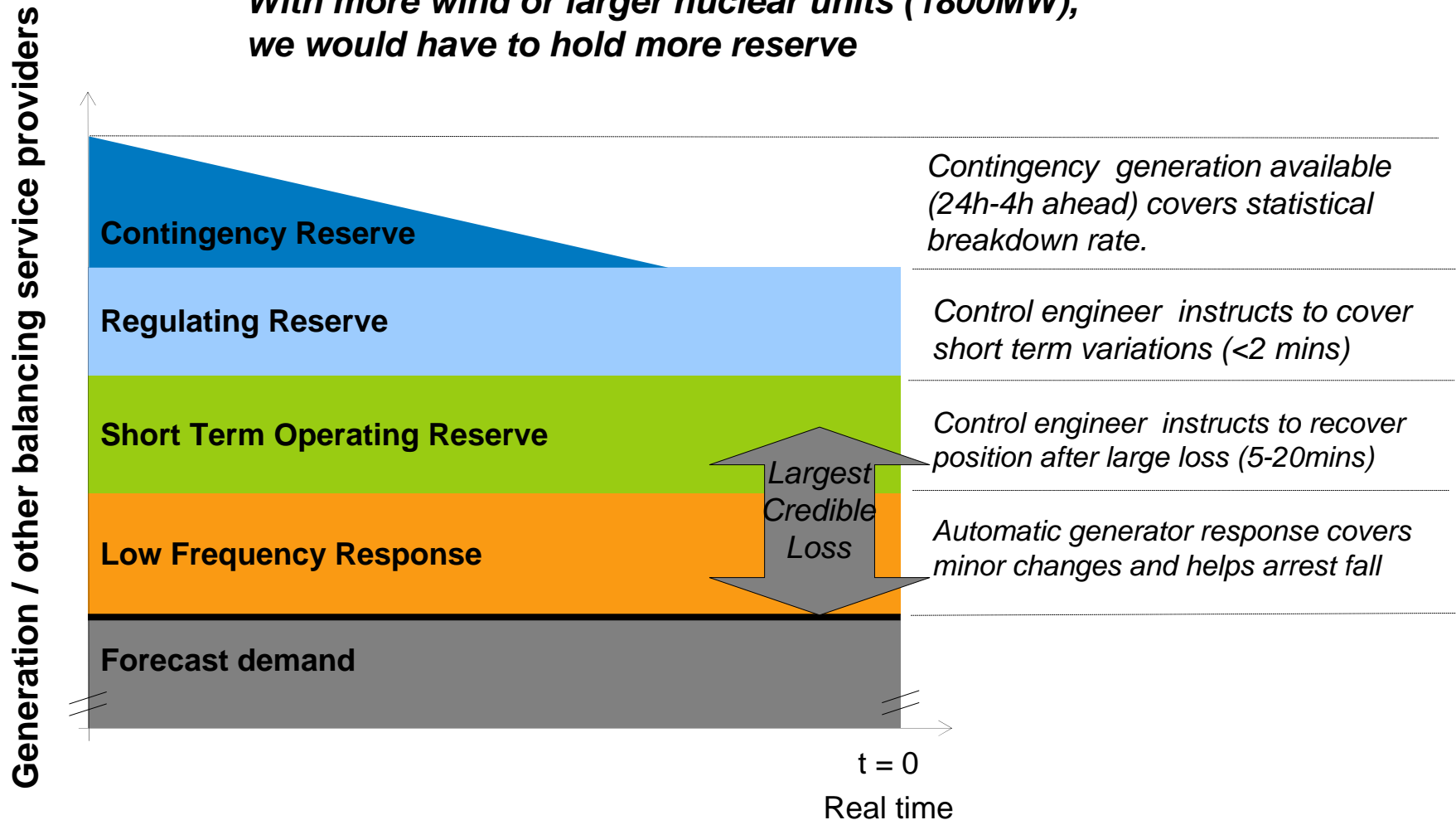
# STOR Assessment

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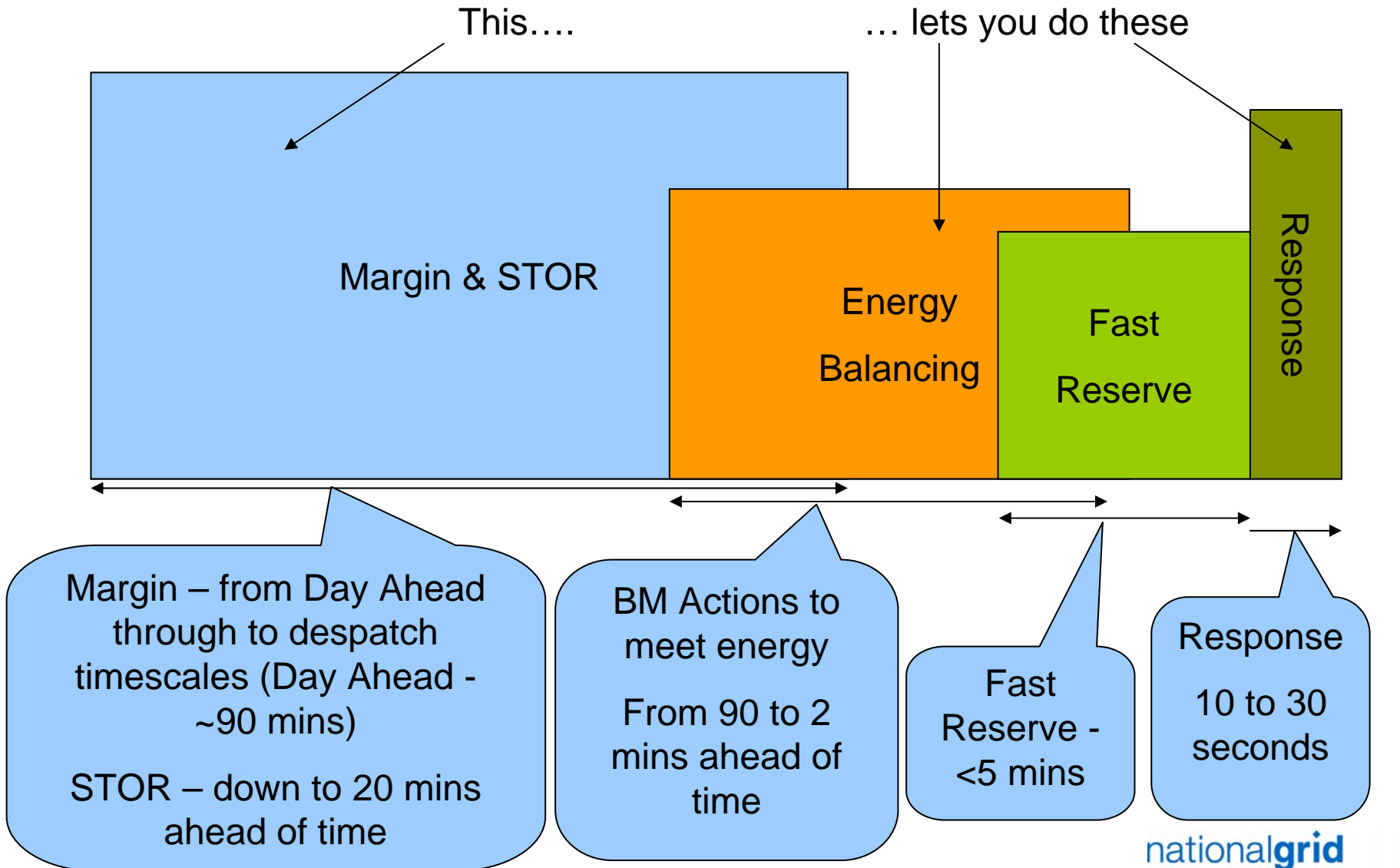
- ◆ Requirement for STOR
- ◆ STOR Tender Assessment
- ◆ Issues associated with longer STOR tenders

# Response and Reserve

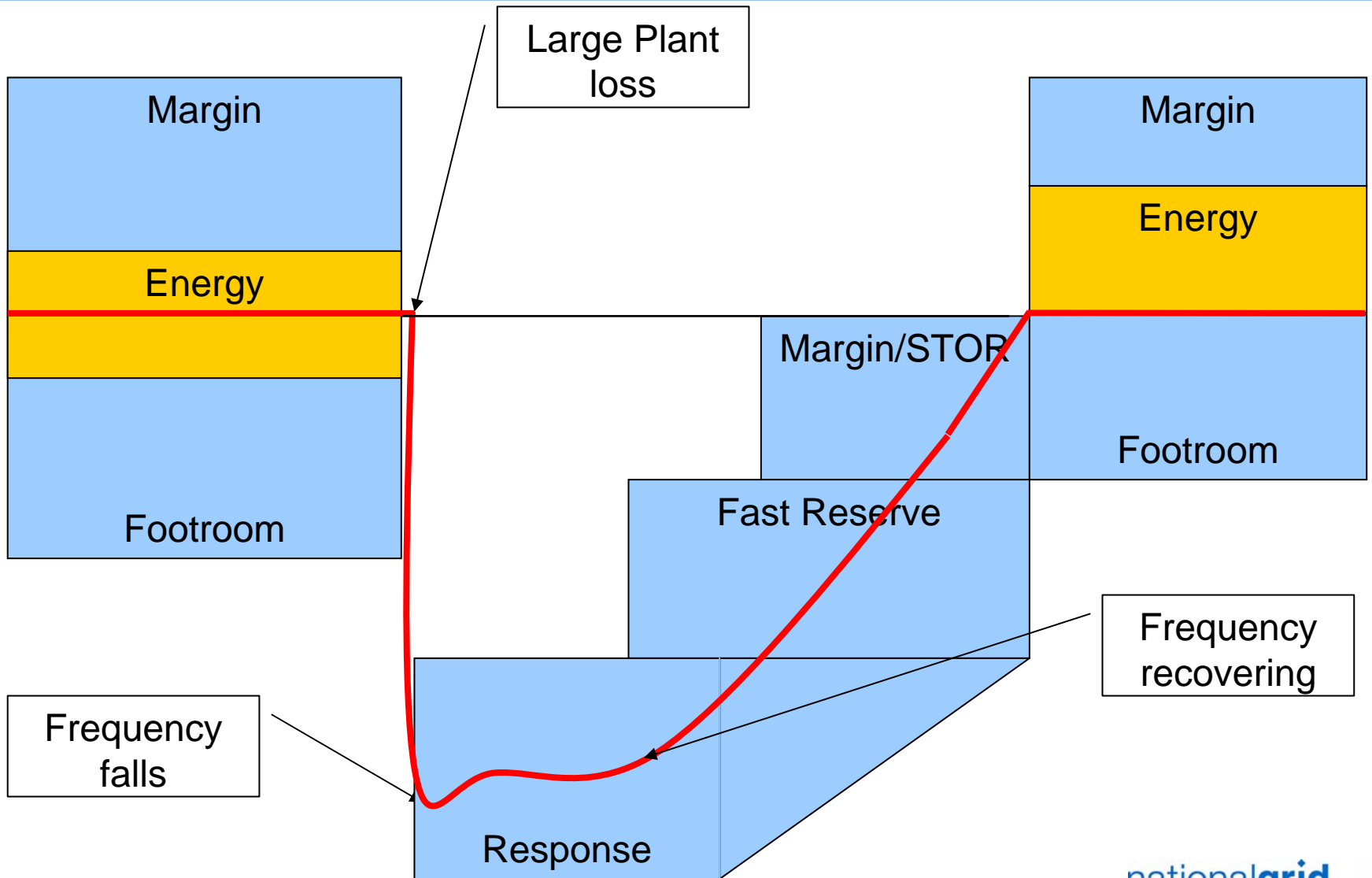
*With more wind or larger nuclear units (1800MW), we would have to hold more reserve*



# Energy Time Line



# When are services used?



# STOR Assessment

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- ◆ Aiming to secure a proportion of the reserve requirement, economically and efficiently
- ◆ Will consider:
  - ◆ The cost and value of the tender
  - ◆ The economic cost of procuring that volume from alternative sources
  - ◆ The requirement and variations across STOR seasons and windows and timeframe of the tender
  - ◆ Other factors such as location and reliability

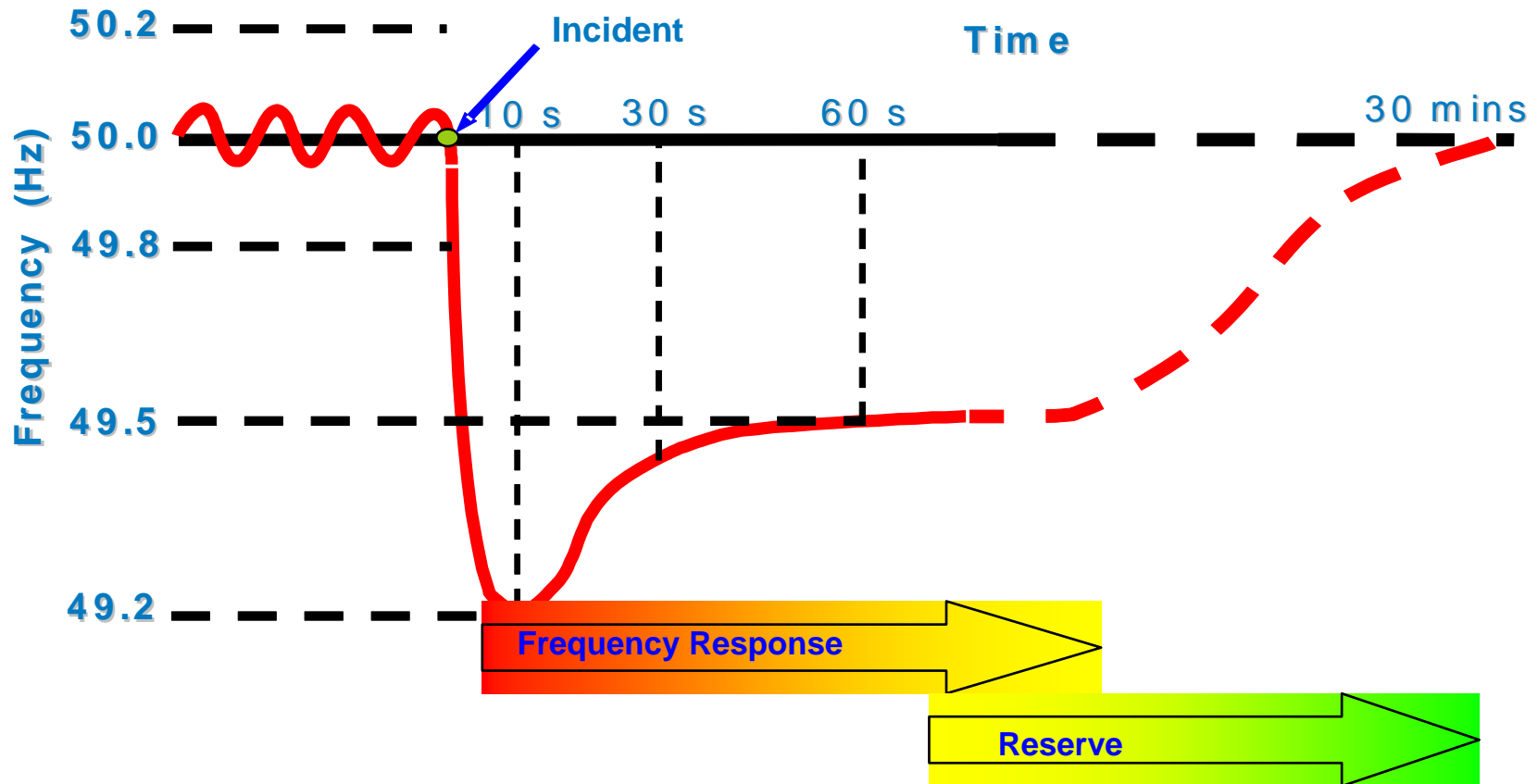
# Economic Assessment

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- ◆ Tender Cost
  - ◆ Expected availability fees
    - ◆ Tendered availability \* MW \* Indexation factor \* Expected hours of availability
  - ◆ Utilisation payments
    - ◆ Tendered utilisation price \* Indexation factor \* forecast MWh of utilisation
- ◆ Cost of alternative actions
  - ◆ Cost of securing reserve
  - ◆ Cost associated with Energy Balancing

# STOR Assessment Factors

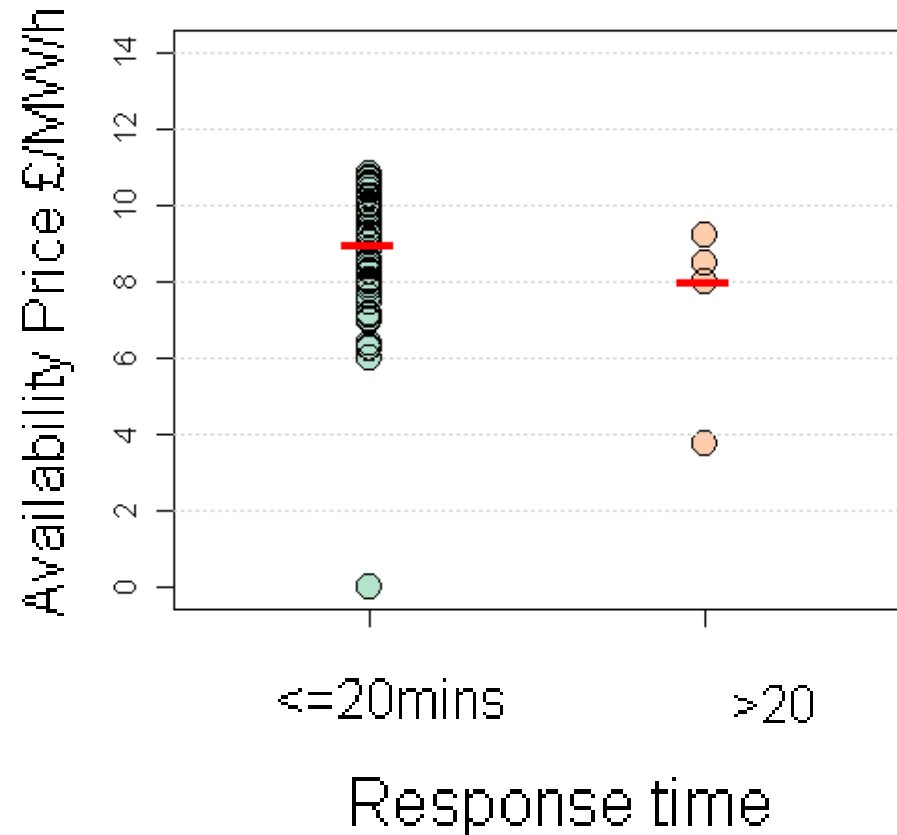
## Response Time



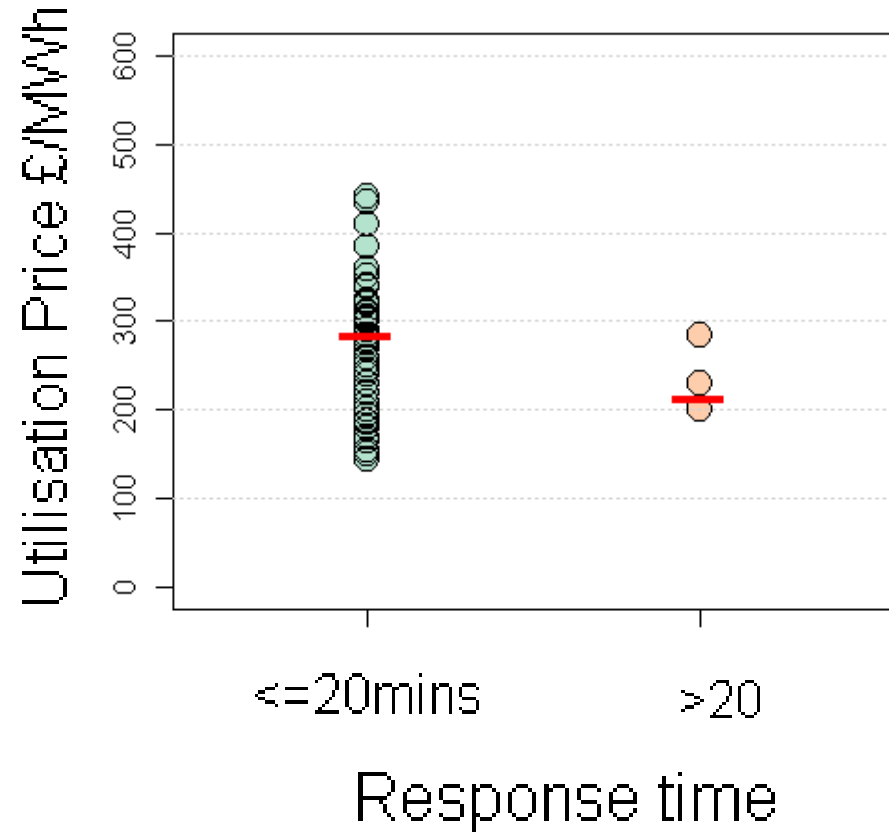
# STOR Assessment Factors

## Accepted Prices Tender Round 10

### Availability



### Utilisation



# STOR Assessment Factors

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- ◆ Reliability
  - ◆ Non – delivery will result in actions taken on services with quicker response time and higher prices
- ◆ Location of STOR unit or Site
  - ◆ Additional reserve required to meet a shortfall may not be accessible due to congestion on the Transmission or Distribution system
- ◆ Flexible Providers
  - ◆ Provides route to market for additional service providers

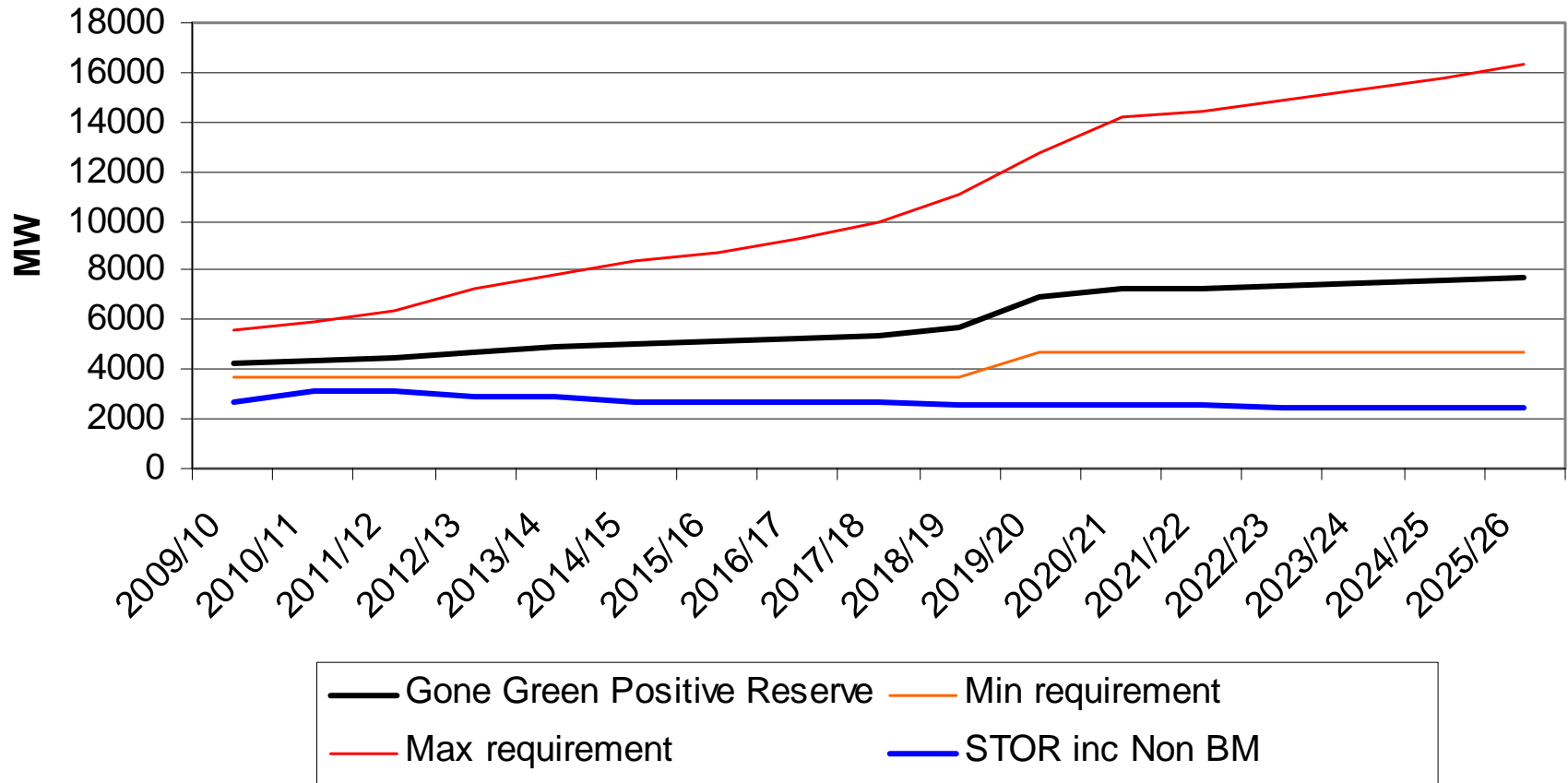
# Longer Time Frame Tenders

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- ◆ How will a tender for multiple years be assessed?
  - ◆ How does the requirement for STOR change in the future?
    - ◆ What level of confidence in that requirement?
  - ◆ How will a provider establish the lifetime cost of the tender be?
    - ◆ Availability, utilisation, indexation
  - ◆ What will alternative actions cost?
  - ◆ Will the requirement be consistent with current provision windows?

# Future Reserve Requirement

## Reserve Requirements 15 years



# STOR Assessment - Indexation

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- ◆ Proposed methodologies must be agreed in Framework Agreement
- ◆ Acceptance is based on several factors such as :
  - ◆ Robustness of Index
  - ◆ Appropriateness of index
  - ◆ Scope of Index
- ◆ Current indexes include RPI for availability payments and a combination of RPI and a relevant fuel index for utilisation payments

# Summary

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- ◆ Due to differing profiles of use, higher value placed on response times <20mins
- ◆ Requirement increases against a reduced number of providers
- ◆ Further information on Indexation Principles available on website:

[http://www.nationalgrid.com/NR/rdonlyres/81963E9A-C78D-4D4D-A2F9-D438D2E22E1C/38100/Indexation\\_Principles\\_Final.pdf](http://www.nationalgrid.com/NR/rdonlyres/81963E9A-C78D-4D4D-A2F9-D438D2E22E1C/38100/Indexation_Principles_Final.pdf)

- ◆ Contact your account manager early!