Operational and SO Cost Update

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Agenda

- Operational Issues
- System Operator cost update

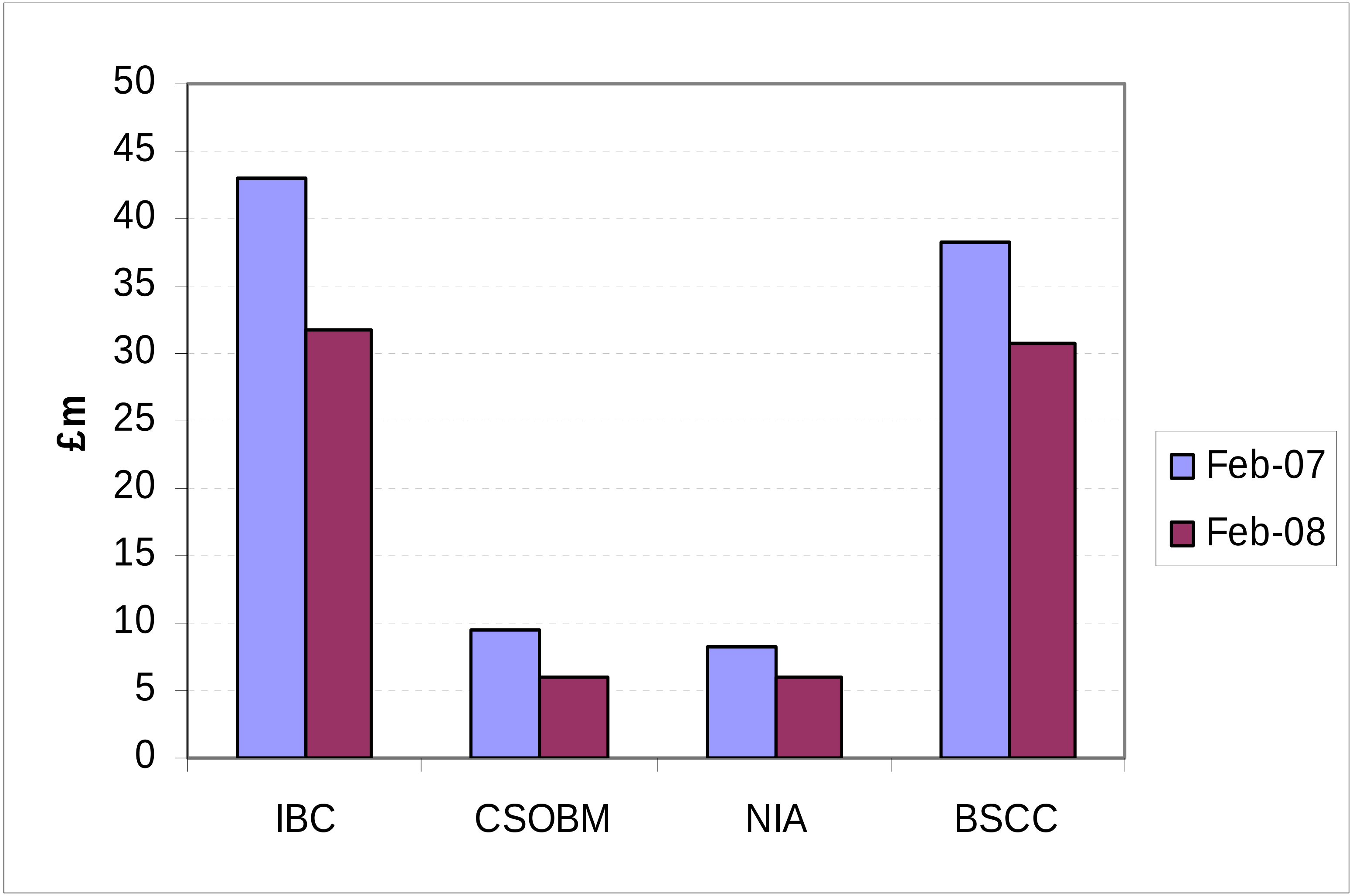
Operational Issues

Operational Performance Summary

- No significant operational issues encountered
- 1 NISM issued following loss of ~ 2GW close to demand peak; NISM cancelled with return of plant
- No SIRs issued
- No frequency deviations outside of statutory limits

SO Cost Update

IBC component comparison – February 2007 vs 2008



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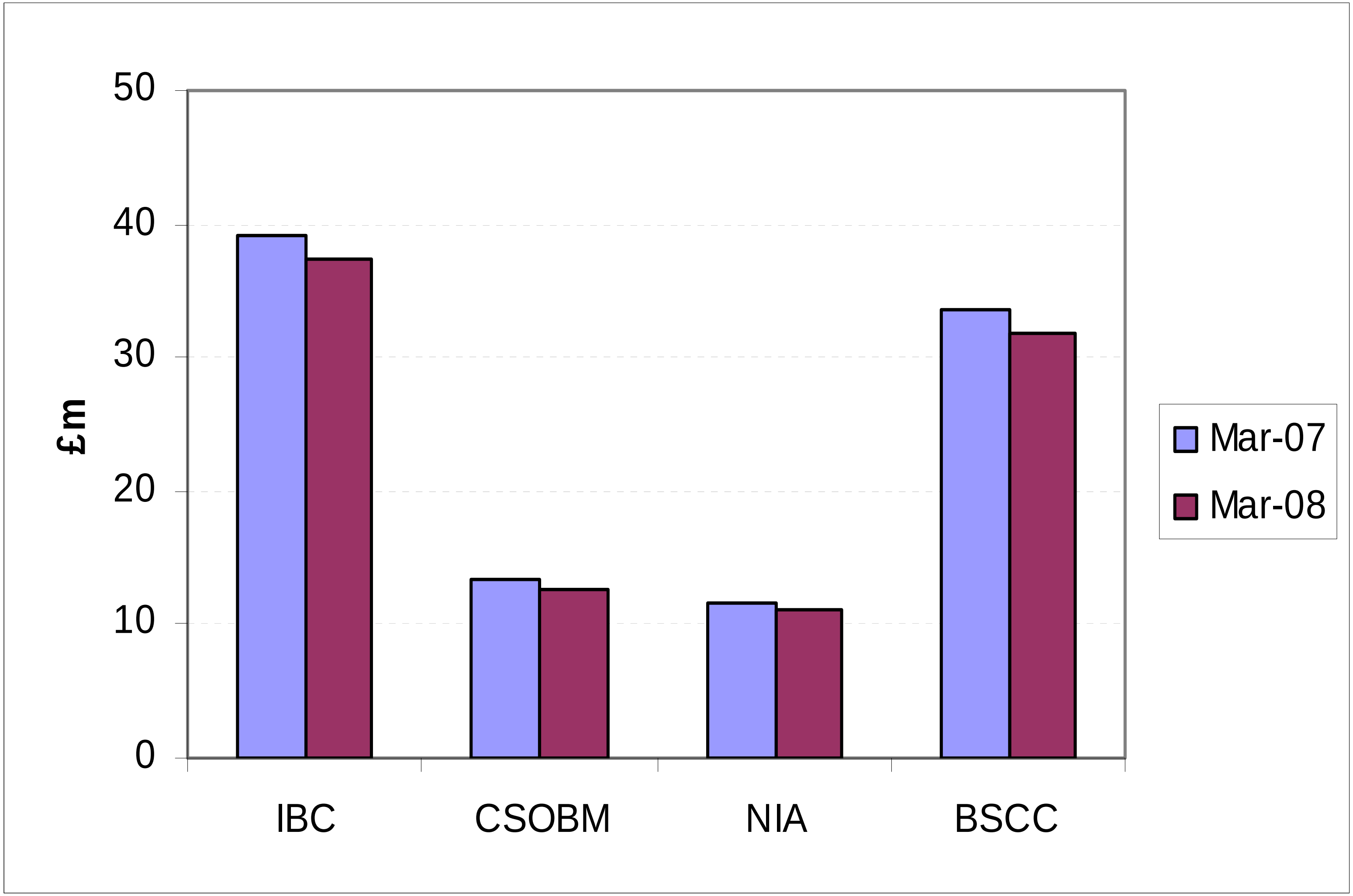
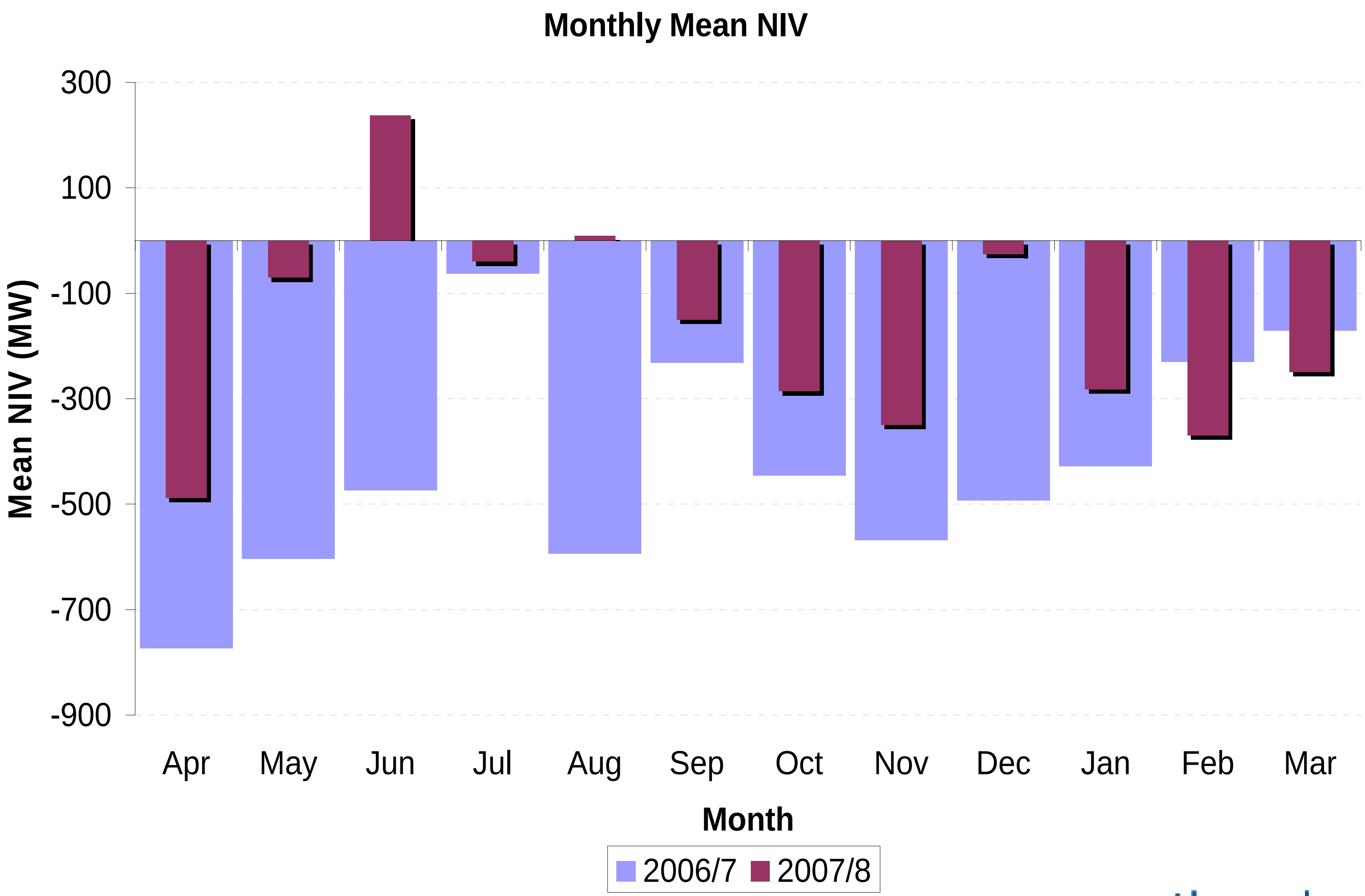
IBC component comparison - March 2007 vs 2008



Market Length, 2006/7 vs 2007/8



February Summary

- February 2008 substantially less expensive than 2007

- Net of CSOBM and NIA in 2008 similar to 2007
  - Market's longer on average compared to February 2007
  - Margin costs some £4m up compared to February 2007

- Majority of savings in BSCC
  - Constraints some £5m lower in 2008 compared to 2007

March Summary

- Longer markets in March 2008, on average, compared to 2007
  - Specific combination of short & long markets experienced across the month along with higher wholesale prices has resulted in a similar NIA total in both years

- Margin costs some £5m up, but net energy balancing costs £4m down

- Overall IBC within £2m year on year based on latest data

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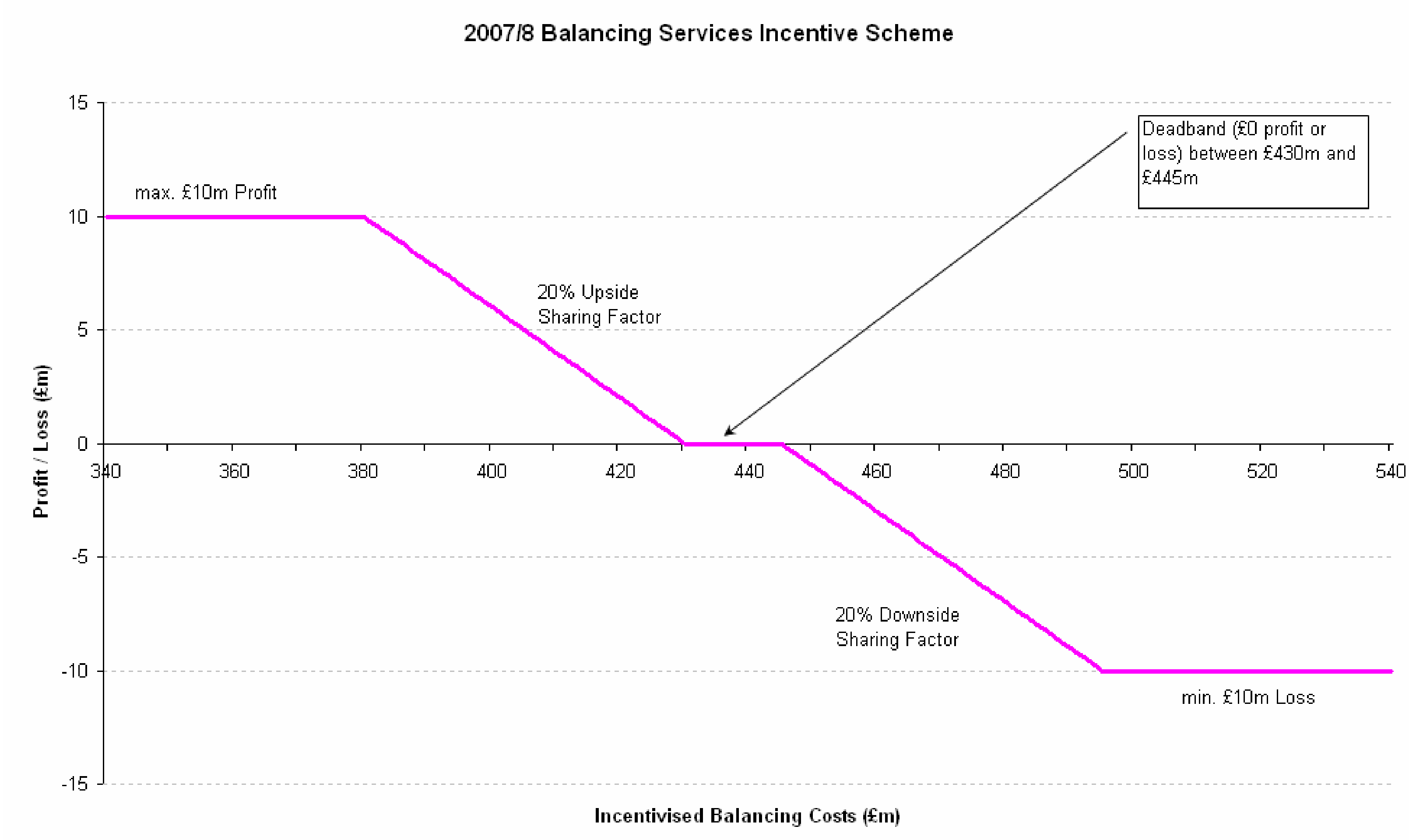
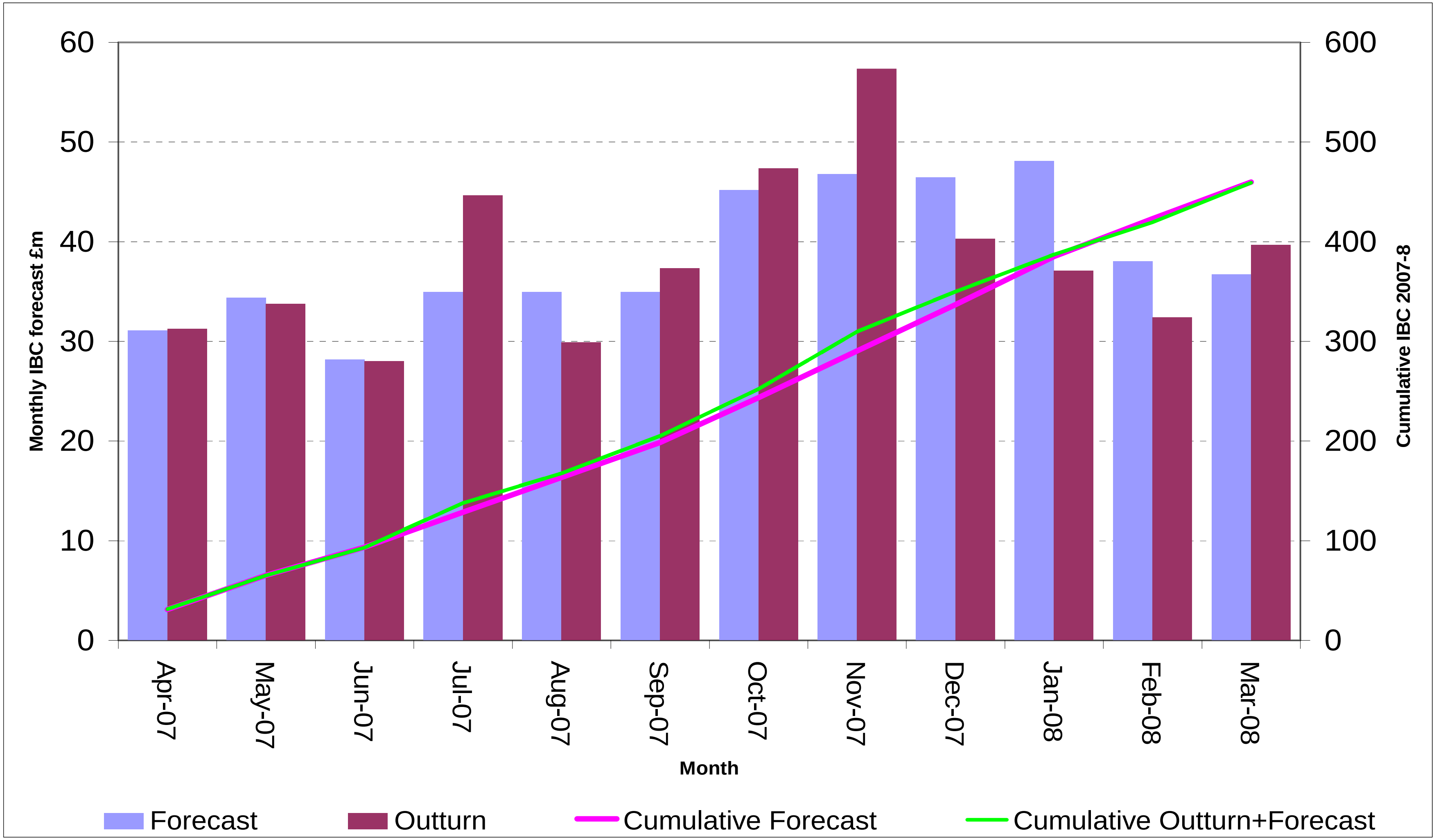
2007/8 BSIS Parameters



Monthly IBC 2007/8 forecasts and outturn



Forecast Performance 2007/8

All Categories £m	2006-7 Outturn	2007/8							
		March Forecast	Changes Mar-Sep	Sep Forecast	Changes Sep-Dec	Dec Forecast	Changes Mar-Sep	Latest View
Net Energy	-92	-86	-13	-99	-8	-107	-2	-109
Margin + STOR	152	157	12	169	18	187	-6	181
NetEng + Margin	60	71	-1	70	10	81	-8	72
Constraints	108	82	-2	81	9	90	-14	76
Fast Reserve	58	53	4	57	1	57	0	58
Response	161	155	-10	145	5	150	7	156
Reactive	53	41	3	44	6	50	-2	48
TLA	9	0	26	26	-4	22	-11	11
Others	47	38	-4	34	-3	31	3	34
Total	495	440	17	456	24	480	-25	455

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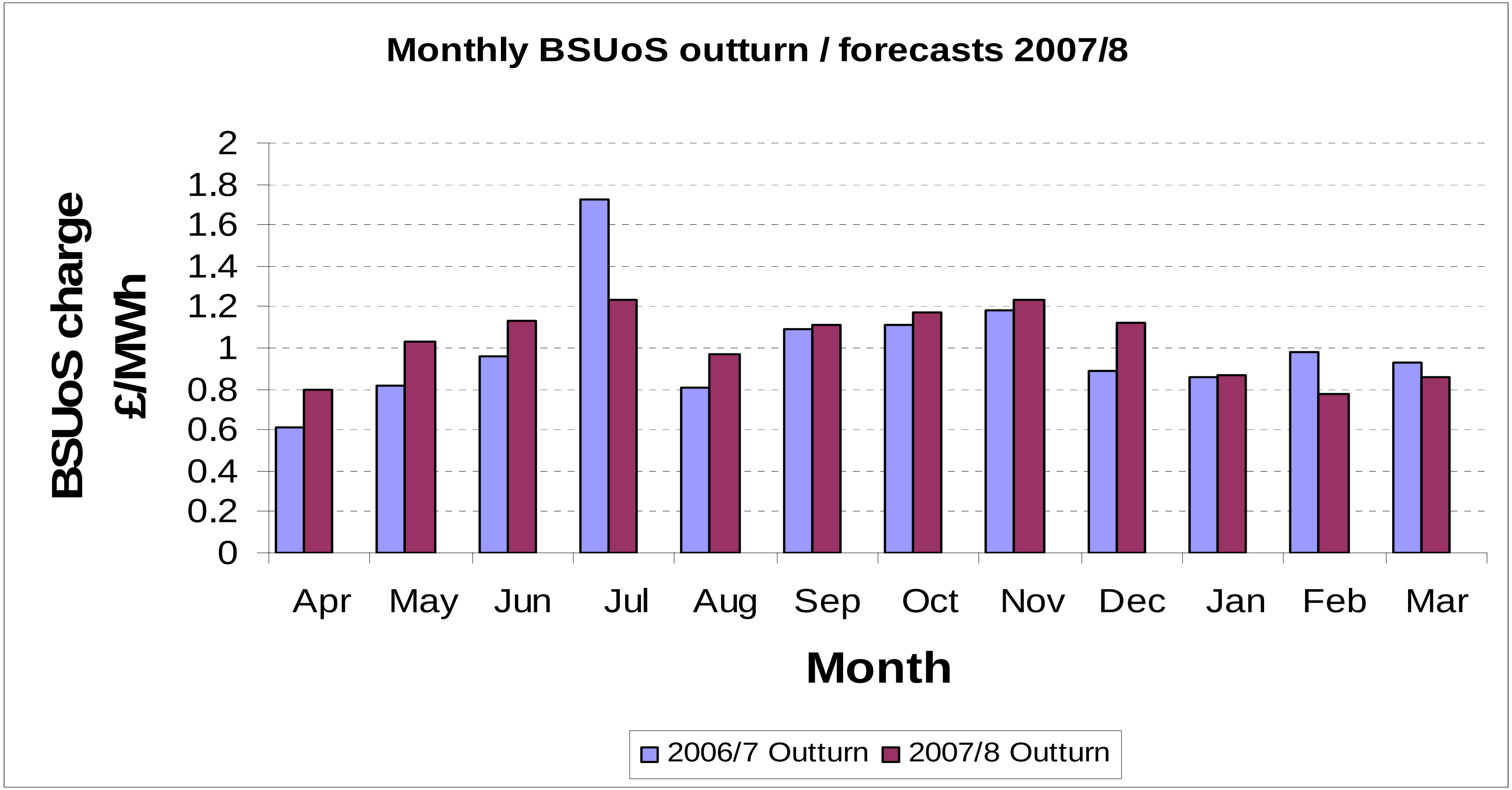
Monthly BSUoS outturn / forecasts 2007/8

- **Current BSUoS charge forecast higher than 2006/7 at £1.02/MWh**
- **Has fallen since last forum due to lower outturns in February and March**



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Grid Code Change

- Grid Code Consultation G/06 (Power Park Modules and Synchronous Generating Units) implemented on 1st April 2008
- Proposal have introduced significant changes to the data requirements for PPMs' Week 24 submissions
  - New provisions will affect this year's data submissions
  - Guidance Notes on Submission of Grid Code Data will be amended and available on the Grid Code website shortly
- Proposals have also codified generic performance specifications for Synchronous Generating Units and PPMs which are currently defined in the Bilateral Agreement
  - Applicable for new connections and/or modifications with a completion date of or after 1st January 2009
- Full details of the changes available on the Grid Code website
- Any queries should be directed to your Customer Account Manager

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