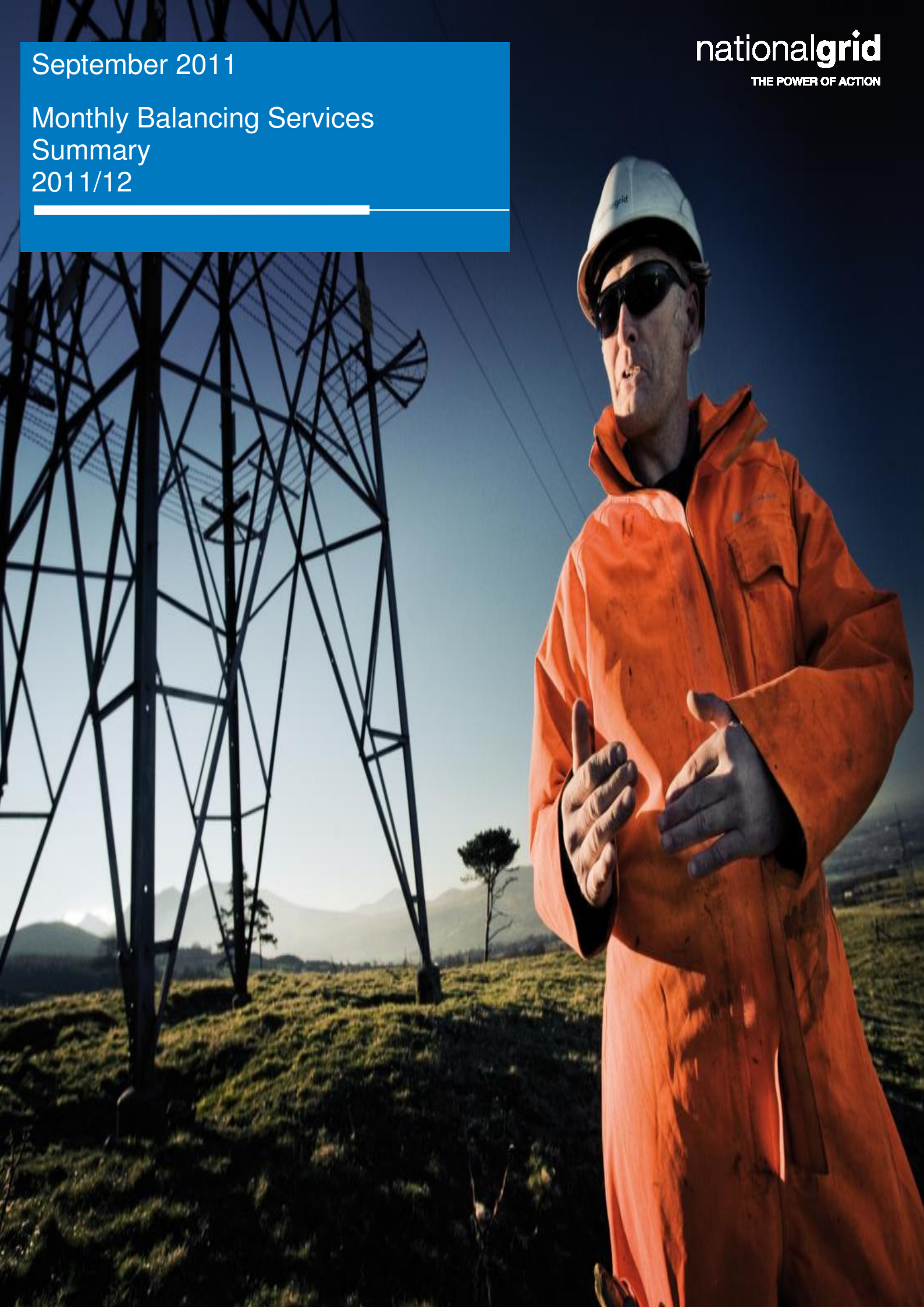


September 2011

Monthly Balancing Services  
Summary  
2011/12

---

**nationalgrid**  
THE POWER OF ACTION



# Contents

<b>1. Introduction</b>	<b>2</b>
1.1 Purpose of Monthly Balancing Services Summary Report	2
1.2 Nature of information provided in this report	2
1.3 Balancing Services	3
1.4 Report Structure	3
1.5 Services not included in the report	3
<b>2. Services Procured Via Market Arrangements</b>	<b>4</b>
2.1 Reactive Power	4
2.2 Fast Reserve (Tendered)	5
2.3 Short Term Operating Reserve (STOR) including Balancing Mechanism (BM) and Non Balancing Mechanism (NBM)	7
2.4 Tendered Frequency Response	9
<b>3. Services Procured Via Non-Tendered Bilateral Contracts</b>	<b>9</b>
3.1 Mandatory Frequency Response	9
3.2 Commercial Frequency Response	11
3.3 Fast Start	11
3.4 Black Start	12
3.5 BM Start up	13
3.6 Fast Reserve (Procured on a Non-Tendered basis)	14
3.7 System to System Services	14
3.8 System to Generator Operational Inter-tripping Schemes	15
3.9 Commercial Intertrip Service	16
3.10 Ancillary Contracts to manage System Issues	17
3.11 Maximum Generation Service	17
3.12 Other Services	17
<b>4. Energy Related Products</b>	<b>18</b>
4.1 Forward Trading	18
4.2 Pre-Gate BMU Transactions (PGBT)	19
<b>5. Constraints</b>	<b>20</b>
5.1 Summary of costs of constraint actions, including Balancing Mechanism, Trades and SO-SO actions	21
5.2 Break down of constraint costs per category	21
5.3 Explanatory Notes	22
<b>6. Summary</b>	<b>23</b>
<b>7. Further information</b>	<b>24</b>
<b>8. Information Summary Page</b>	<b>25</b>
<b>9. Summary of BSIS Costs</b>	<b>26</b>
<b>Glossary of Terms used in BSIS Tables</b>	<b>29</b>

## **1. Introduction**

National Grid procures Balancing Services to operate the transmission system in an efficient, economic and co-ordinated manner. A number of statements and market reports pertaining to the procurement and use of Balancing Services are already published on the industry information web site. National Grid has undertaken to publish this summary on a monthly basis to increase the timeliness and visibility of the Balancing Service actions taken during the given month. This Monthly Summary provides information on the procurement of Balancing Services in twelve separate monthly publications.

### **1.1 Purpose of Monthly Balancing Services Summary Report**

The purpose of the Monthly Balancing Services Summary Report is to provide information in respect of Balancing Services that National Grid has procured during the relevant month for the purpose of operating the electricity transmission system. This publication contains volume and cost information associated with these balancing services and is based on the latest data and information available at the time of publication. The data in this report is subject to revision post publication as reconciled information becomes available. This report, however, is intended only to give an indication of the balancing actions National Grid has undertaken and so the relevant months report will not be republished in light of any revisions.

### **1.2 Nature of information provided in this report**

The information provided for the relevant month is based upon preliminary data. As future monthly summaries are produced, information in the graphs and tables will be updated to reflect the latest information available at that time. Changes to preliminary data that occur after the publication of the relevant month's report will thus be visible in the graphs and tables of future reports. Each monthly report will report volume data on a monthly rolling basis. The cost values contained in this document are predominantly reported to 2 decimal places (£m). Due to confidentiality agreements in place within Balancing Services contracts and the resolution of utilisation on a monthly basis, some information cannot be published in relation to the provision of some of these services. Where there are only a limited number of providers in a given month, cost information will not be separately identified on a monthly basis against the relevant service.

### 1.3 Balancing Services

The Balancing Services National Grid has procured, either via market arrangements or bilateral contracts, throughout the period covered by the Report, are:

- Frequency Response
- Reactive Power
- Fast Start
- Black Start
- Reserve Services - Fast Reserve, Short Term Operating Reserve, BM Start-up
- System to Generator Operational Intertripping Schemes
- Commercial Intertrip Service
- Ancillary Contracts to manage System Issues
- Maximum Generation Service
- All Other Services
- System to System Services
- Energy Related Products (including PGBT)

It is important to note that Balancing Services are procured from both Balancing Mechanism and Non Balancing Mechanism Parties.

For further information regarding the type of providers of Balancing Services please consult the Procurement guidelines on the National Grid website.

### 1.4 Report Structure

This report presents the Balancing Services under four main titles:

- Services Procured via Market Arrangements
- Services Procured via Non-Tendered Bilateral Contracts
- Energy Related products
- A summary section providing the high level information for all services for the relevant month.

### 1.5 Services not included in the report

The monthly total costs in this document intentionally do not include the acceptance of Bids or Offers in the Balancing Mechanism. However where the structure of ancillary services include a utilisation component exercised through the Balancing Mechanism those Bid and Offer volumes and costs have been included in the relevant graphs to better inform participants of the costs in those areas.

Further information on Bid and Offer acceptances is contained within the Balancing Principles Statement which can be located on the National Grid Website in the Electricity section under Balancing Services & Transmission Licence Statements. All Bid and Offer information is available by clicking the following link to the NETA web site in the BRMS, <http://www.bmreports.com/>

## 2. Services Procured Via Market Arrangements

### 2.1 Reactive Power

National Grid manages voltage on the transmission system within statutory limits to ensure quality of supply. In doing this we ensure that reactive power resources are provided on a localised basis to meet the constantly varying needs of the system, and that there is sufficient reactive power reserve available to meet contingencies.

#### 2.1.1 Market Arrangements for Reactive Power

All contracts awarded via tender round 27 (TR27) commenced on the 1<sup>st</sup> April 2011. Further information regarding the nature of these contracts please refer to the National Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Balancing/services/ReactivePower/>.

For this reporting period, the total utilisation volume for reactive power procured via market arrangements was **0GVarh**. The total expenditure relating to the capability and utilisation costs of reactive power procured via market arrangements was **£0.0m**.

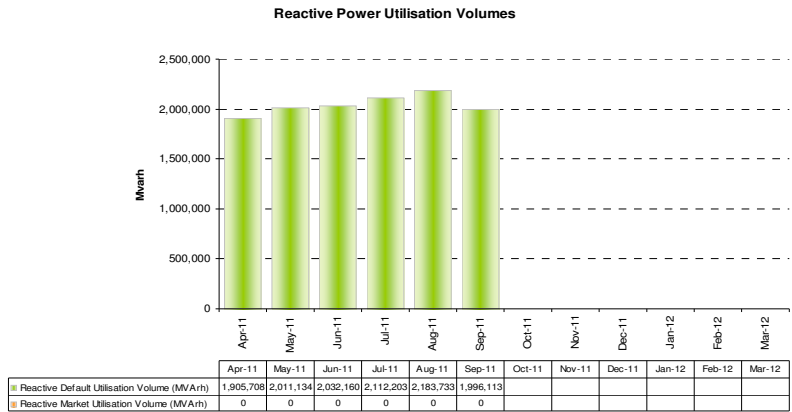
#### 2.1.2 Default Arrangements for Reactive Power

For this reporting period, the total utilisation volume for reactive power under the default arrangements was **1996GVarh**. The total amount spent on Reactive Power under the default arrangements during this reporting month was **£5.22m**.

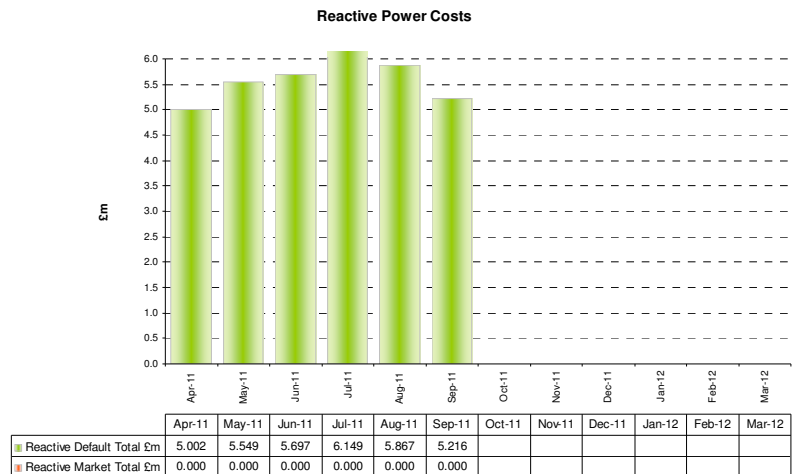
For further information regarding the default payment arrangements please view the Introduction to Reactive document which can be found on the National Grid Website.

For this month, the combined total expenditure on reactive power was **£5.22m**.

Utilisation of Reactive Power under market and default arrangements for the relevant month is detailed in the chart below.



Utilisation costs of Reactive Power under market and default arrangements over the relevant period are detailed in the chart below.



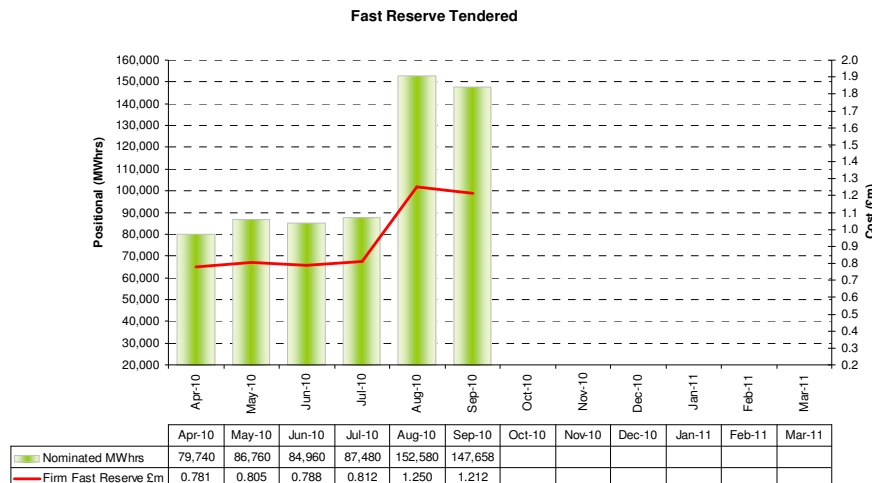
## 2.2 Fast Reserve (Tendered)

Further information explaining the service and assessment criteria of tenders for this Balancing Service can be found on the National Grid Website under Electricity/Balancing/tender reports/fast reserve.

The table detailed below lists the tender details for the relevant month.

	Eligible companies	Eligible units	Units tendered in previous months	Units tendered this month	Units accepted from previous months	Units accepted from this month	Total MW tendered	Total MW contracted	Max GWh tendered	Max GWh contracted	Nominated MWhrs
<b>Apr-11</b>	6	18	2	0	2	0	180	180	84.24	84.24	79,740
<b>May-11</b>	6	18	2	2	2	0	180	180	86.76	86.76	86,760
<b>Jun-11</b>	6	18	2	2	2	0	415	180	216.09	84.96	84,960
<b>Jul-11</b>	6	18	2	2	2	0	380	180	195.98	87.48	87,480
<b>Aug-11</b>	6	18	2	4	2	1	620	300	291.18	152.58	152,580
<b>Sep-11</b>	6	18	2	4	2	1	600	290.32	281.79	147.66	147,658
<b>Oct-11</b>											
<b>Nov-11</b>											
<b>Dec-11</b>											
<b>Jan-12</b>											
<b>Feb-12</b>											
<b>Mar-12</b>											

The following graph shows the variation in Fast Reserve capacity contracting by month.



A total of **290MW** of capacity was contracted during the month. The total expenditure on availability and utilisation excluding bids and offers was **£1.21m**.

For more information on Fast Reserve please refer Fast Reserve information at:

<http://www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/fastreserve/>.

Fast Reserve Contracts placed through non-tendered bilateral agreements are detailed in section 3.6 of this report.

**2.3 Short Term Operating Reserve (STOR) including Balancing Mechanism (BM) and Non Balancing Mechanism (NBM)**

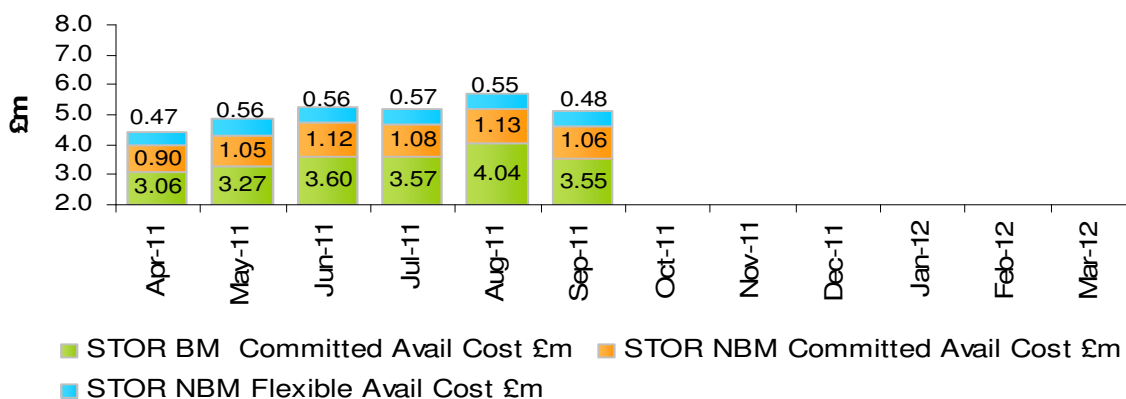
National Grid procures Short Term Operating Reserve (STOR) through a competitive tender process which is conducted three times per year. For further information regarding this service, and the timetable for future tenders, please refer to the STOR information at:

<http://www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/STOR/>.

The current reporting month falls in both **Season 2011/12 5.3 and 5.4**, which were covered by tender rounds **9 to 14**. The volume that was assessed as economic and proceeded to contract for tender round season **5.3** was **2983MW** and for season **5.4** was **3028MW**.

The average availability payment for STOR during season **5.3** was **£8.10/MW/h** and **£8.09/MW/h** for season **5.4** for both non-working days and working days. The average contracted utilisation payment for STOR during season **5.3** was **£225/MWh** and during season **5.4** was **£224MWh**.

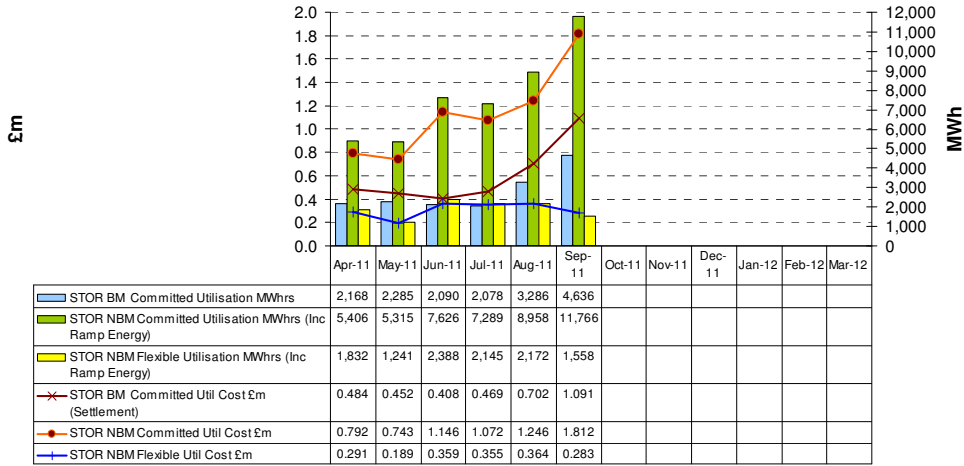
**STOR BM & NBM Availability Costs**



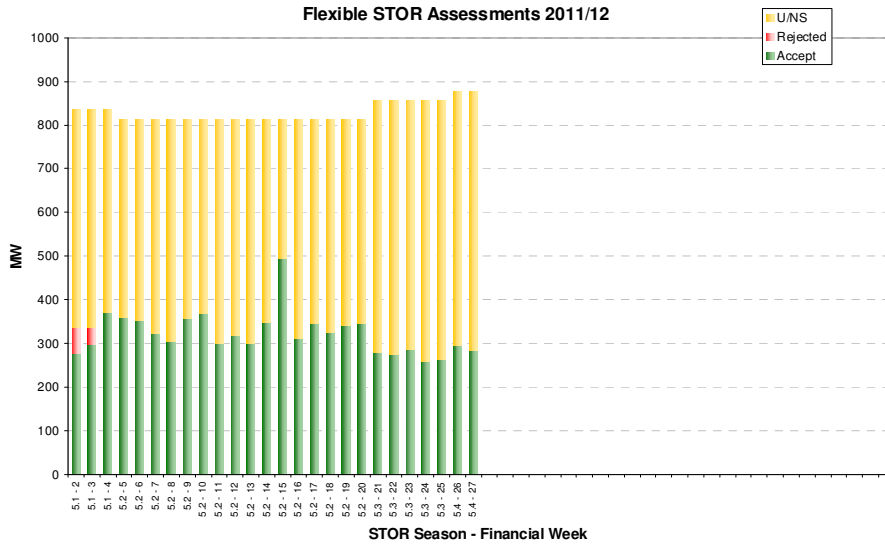
**Previous Year STOR BM & NBM Availability Costs**

Previous Years September costs	September 2010/11	September 2009/10	September 2008/09	September 2007/08
STOR BM committed Avail Cost £m	4.69	3.71	3.37	2.95
STOR NBM committed Avail Cost £m	0.54	0.99	0.61	0.52
STOR NBM flexible Avail Cost £m	0.48	0.34	0.16	0.35
Average utilisation payment £/MWh	271.26	280.87		

STOR BM & NBM Utilisation MWhr and Cost



Flexible STOR Assessments 2011/12



Non-BM STOR Availability payments, Non-BM STOR Utilisation payments and BM STOR Availability payments are paid as Balancing Services. BM STOR Utilisation payments are paid via the BM Bids and Offers, not as a Balancing Service, they are included in this report only to clarify the total STOR expenditure.

The total STOR expenditure on availability payments and utilisation payments to both BM and NBM providers for the month was **£8.28m**.

The total STOR Utilisation volume for both BM and Non-BM units for the month was **17,960MWh**.

For further information on the nature of this service please refer to the STOR information at:

<http://www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/STOR/>

#### **2.4 Tendered Frequency Response.**

Please see Section 3.2

### **3. Services Procured Via Non-Tendered Bilateral Contracts**

#### **3.1 Mandatory Frequency Response**

Mandatory Frequency Response is a mandatory service provided by large generators (>100MW) to automatically change their active power output in response to a change in system frequency. The Grid Code Connection Condition 6.3.7 and 8.1 describe the technical requirements for this service.

Payments for Mandatory Frequency Response comprise a Holding Payment (£/MW/h) and a Response Energy Payment (£/MW/h). Details on frequency response holding are given below. More information on this can be found on the National Grid Website:

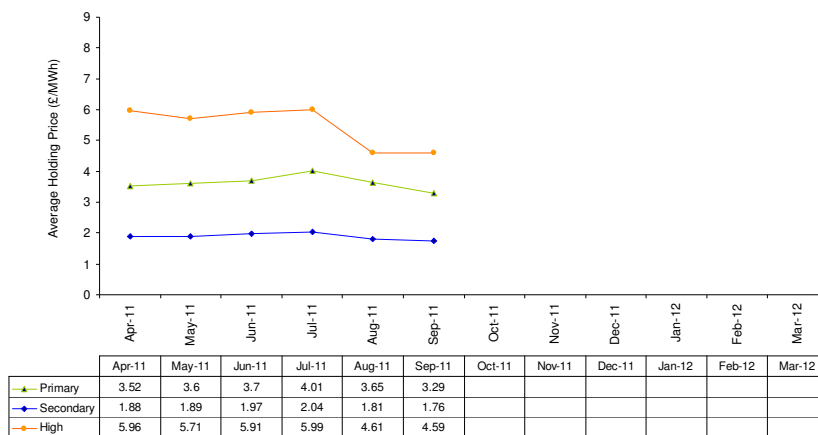
<http://www.nationalgrid.com/uk/Electricity/Balancing/services/frequencyresponse/mandatoryfreqresp/>.

**Mandatory Frequency Response Holding**



The chart below shows the Average Holding cost of Mandatory Frequency Response.

**Mandatory Frequency Response Average Holding Price**



Spend on Mandatory Frequency Response holding for the reporting month was **£4.23m**.

Spend on Response Energy Payments was **£0.35m<sup>1</sup>**. The methodology for calculating these payments is given in the Connection & Use of System Code

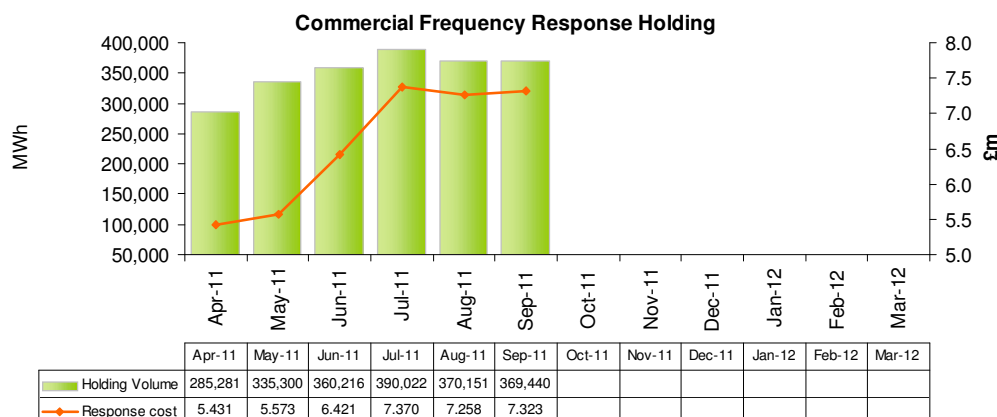
<sup>1</sup> The Response Energy Payment can be both a positive or negative payment, dependant upon the relative volumes of high and low frequency response dispatched during the course of the relevant month.

(CUSC) section [4.1.3.9 & 4.1.3.9A](#). The CUSC can be found on the National Grid website.

The total expenditure on Mandatory Frequency Response during the reporting month was **£4.58m**.

### 3.2 Commercial Frequency Response

Commercial Frequency Response is a collection of services that can be provided by demand side participants and generation plant. The technical characteristics of these services are different to those required under mandatory service arrangements, and range from enhanced mandatory dynamic services through to non-dynamic services effected via LF relays. Part of the contract portfolio includes services provided by demand side participants through Frequency Control Demand Management (FCDM) and through the firm frequency response (FFR) tender rounds.

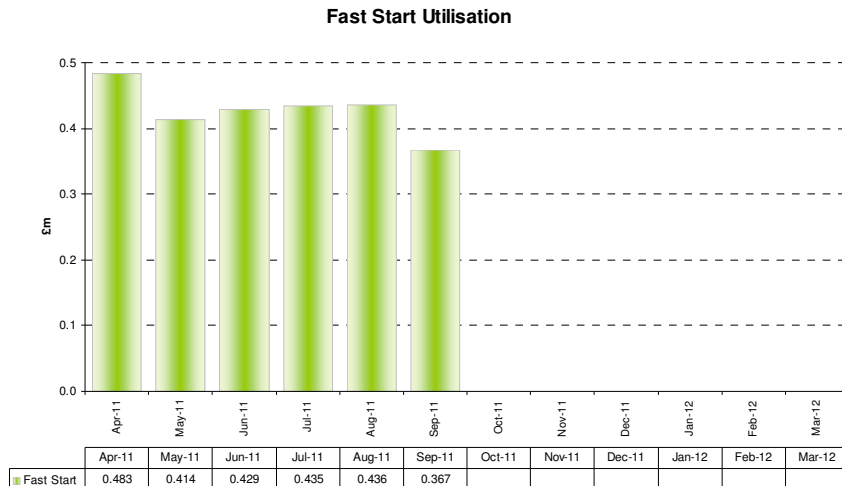


The total amount spent on Commercial Frequency Response holding during the reporting month was **£7.32m**.

Further information on Commercial Frequency is found in the appropriate place on the National Grid Website, or specifically on firm frequency response through the tenders and reports section of National Grid’s Balancing Services website.

### 3.3 Fast Start

Fast Start is the ability of Open Cycle Gas Turbine (OCGT) plant to start rapidly from a standstill condition and to deliver its rated power output automatically within a defined time period. Fast Start details below:

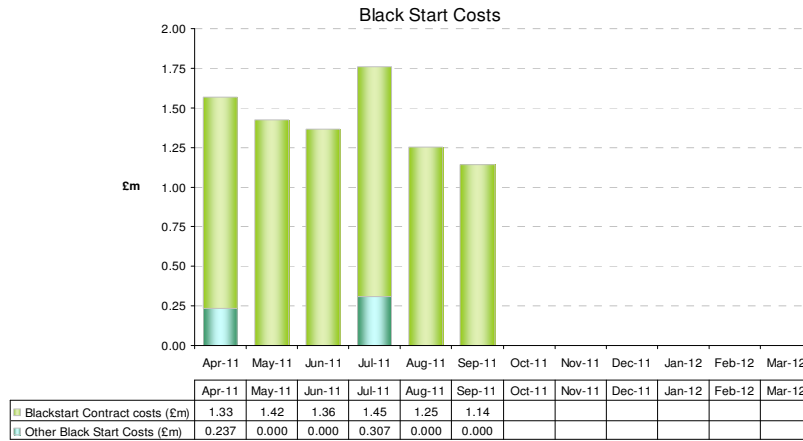


The total amount paid during the relevant reporting month for the availability and utilisation of the Fast Start service was **£0.37m**.

Further information on Fast Start can be found on the National Grid Website: [http://www.nationalgrid.com/uk/Electricity/Balancing/services/balanceserv/serve\\_serv/faststart/](http://www.nationalgrid.com/uk/Electricity/Balancing/services/balanceserv/serve_serv/faststart/).

### 3.4 Black Start

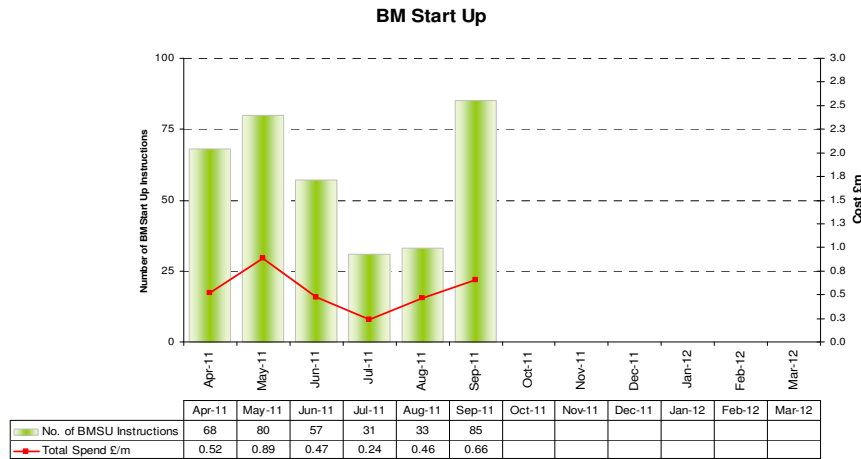
During the reporting month there were up to **22** stations with Black Start agreements in place. No new agreements were entered into during the period. The total amount paid during the relevant reporting month for the availability of the Black Start service was **£1.14m**.



Further information on Black Start can be found on the National Grid Website: <http://www.nationalgrid.com/uk/Electricity/Balancing/services/systemsecurity/blackstart2/>.

### 3.5 BM Start up

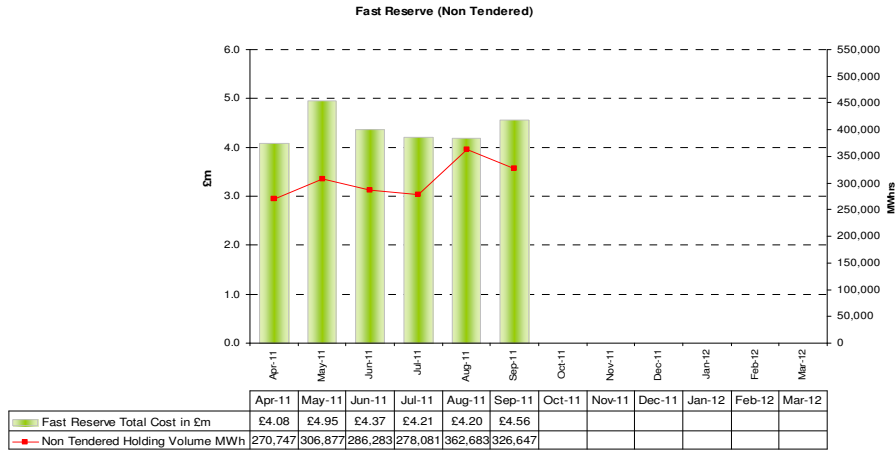
The chart below contains information relating to the procurement of BM Start Up Balancing Services.



The total amount spent on BM Start Up during the reporting month was **£0.66m**. The total number of BM Start Up instructions was **85**. Further details are available via the National Grid Website: <http://www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/bmstartup/>.

### 3.6 Fast Reserve (Procured on a Non-Tendered basis)

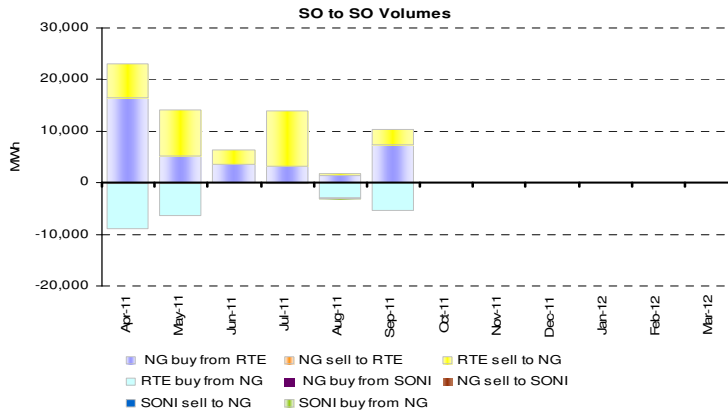
Non-Tendered Fast Reserve is a service that is contracted on a bilateral basis with service providers. The nature of the service is similar to the Firm Fast Reserve service although the payment and utilisation mechanisms differ for each service.



The availability payments during the relevant month totalled **£4.56m**. Excluding Utilisation Via Offers and Bids Accepted in the Balancing Mechanism).

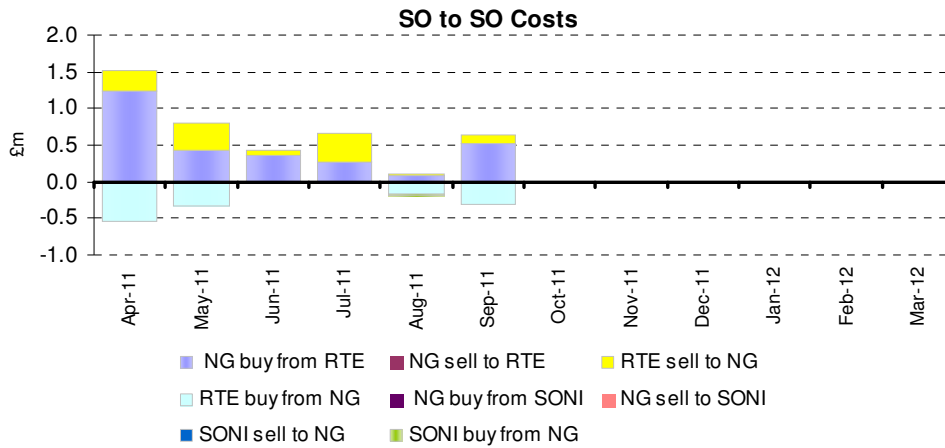
### 3.7 System to System Services

System to System services are provided mutually with other Transmission System Operators connected to the GB system via interconnectors. Such services are typically used to manage interconnector transfer profiles and to increase or reduce power flows across an interconnector to resolve transmission constraints on either side, or provide Emergency Assistance if required. The graph below shows the total net volume imported and exported between GB, France and Northern Ireland.



The total energy volumes associated with system to system services during the reporting month was **-5GWh** export (from GB) and **10GWh** import (to GB).

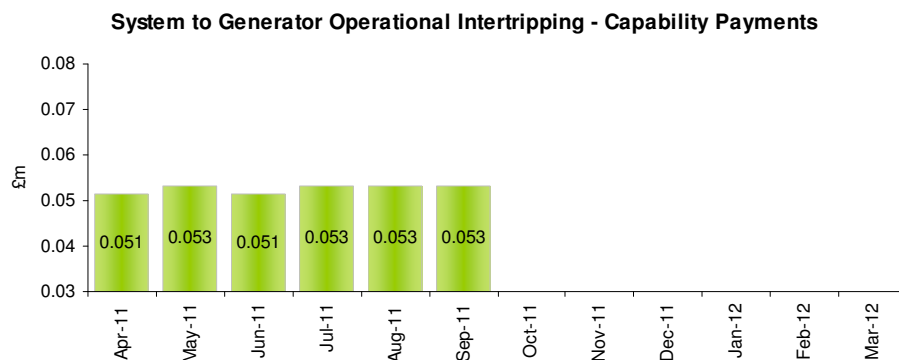
The next graph shows total net expenditure associated with System to System Services and was **£ 0.33m**.



### 3.8 System to Generator Operational Inter-tripping Schemes

As a consequence of their connection conditions, certain generators are obligated to have in place operational intertrip schemes.

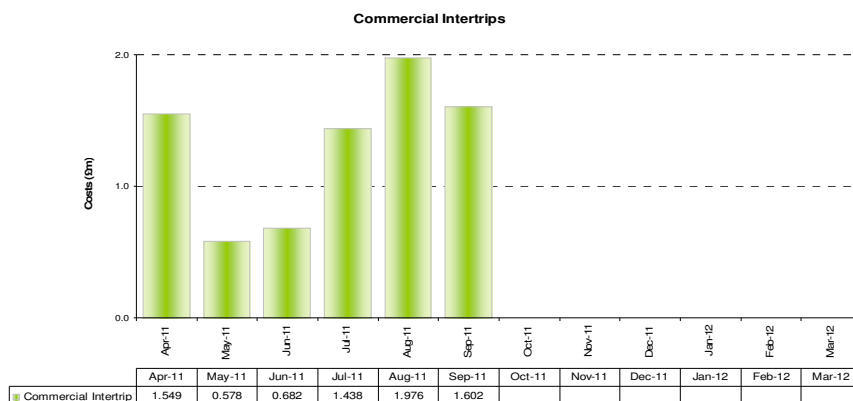
These schemes fall under a number of different category types as defined under section 4.2.A of the CUSC which describes the compensation arrangements relating for these schemes. A proportion of these categories entitle the counter party to payments for the arming (capability fee) and utilisation of this service.



System to Generator Operational Intertripping – Capability Payments in the reporting month totalled **£0.05m**.

### 3.9 Commercial Intertrip Service

In addition to System to Generator Operational Inter-tripping Schemes, National Grid will seek to, where it proves economic and efficient to do so, enter into commercial Intertrip schemes to manage system issues.



Expenditure on Commercial Intertrips was **£1.6m**.

Month	Capability Payment £'s	Arming Payment £'s	Number of Hours of Intertrip Arming, Outside of Pre-Paid Arming Contract(s)	Contracted Pre-paid Arming £'s	Number of Hours Armed under Pre-Paid Arming Contract(s)	Number of Trips	Tripping Payment £'s
Apr-11	90,389	1,239,762	224	210,240	136	0	0
May-11	107,802	134,869	218	325,872	229	0	0
Jun-11	306,389	48,753	54	315,360	481	0	0
Jul-11	316,602	149,925	279	962,232	388	0	0
Aug-11	595,962	105,731	394	1,265,261	198	0	0
Sep-11	93,402	386,368	720	1,121,011	772	0	0
Oct-11							
Nov-11							
Dec-11							
Jan-12							
Feb-12							
Mar-12							

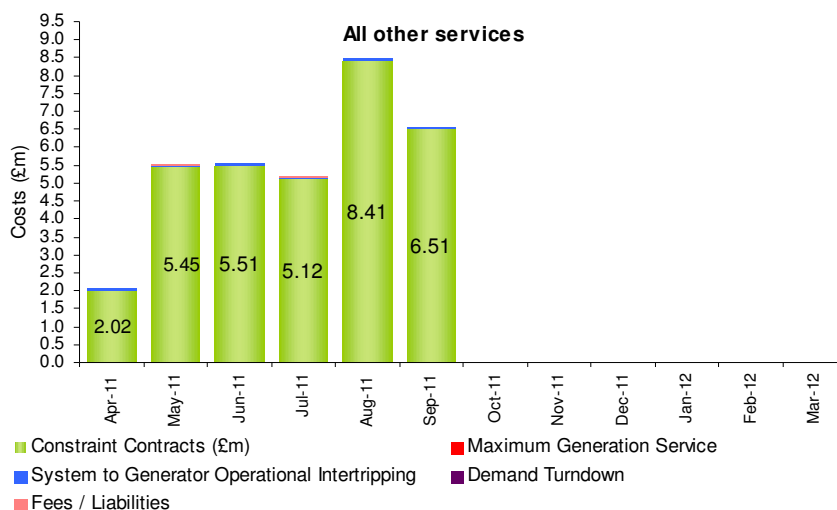
Under commercial intertrip agreements arming is payable either as;

1. A fixed pre-agreed sum, this may be for a fixed number of hours or unlimited hours (shown above as Contracted arming) or;
2. Payable on utilisation with the generator typically having the right to alter their payments with a short notice period (shown above as Arming Payments).
3. An agreement has been put in place with a generator from March 2010 to manage system issues which include the use of a number of hours of arming on an intertrip. The figure quoted in the "Contracted arming" column is the maximum firm payment that could be made assuming the intertrip is available for use for all the Contracted Arming Hrs as quoted in the above table during the contracted period.

- Contracted pre-paid arming allows for arming of the intertrip for an aggregated total of 50% of the hours across the duration of the contract.

### 3.10 Ancillary Contracts to manage System Issues

On occasion, National Grid enters into bespoke Ancillary contracts to manage certain transmission system issues. The number and nature of these contracts is necessarily confidential. The costs reported here include any costs of ‘Transmission Related Agreements’, which are entered as a consequence of certain customer choices of connection conditions.



### 3.11 Maximum Generation Service

The Maximum Generation Service (MGS) is required to provide additional short term generation output during periods of system stress for system balancing. This service allows access to unused capacity outside of the Generator’s normal operating range. MGS will be initiated by the issuing of an Emergency Instruction in accordance with the Grid Code BC2.9.2. Details of the service are contained in the CUSC section 4.2.

### 3.12 Other Services

These include bespoke services to manage specific system conditions and costs relating to fees and liabilities.

The total expenditure on All Other Services during the reporting month was **£0.00m**.

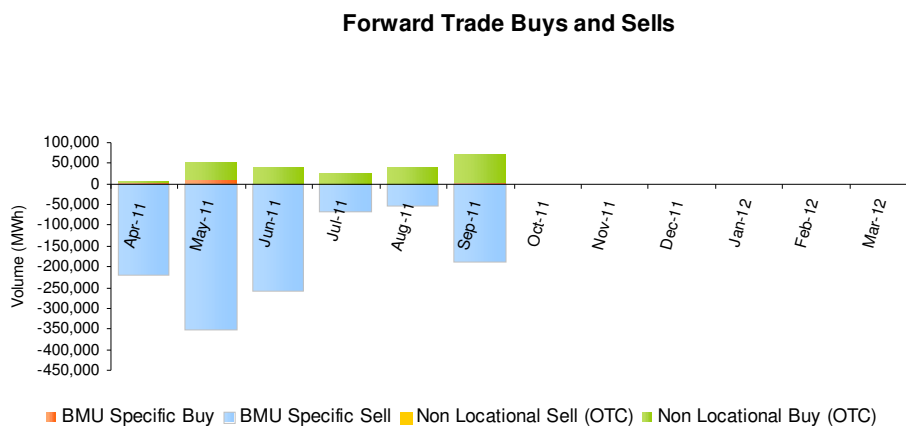
## 4. Energy Related Products

### 4.1 Forward Trading

National Grid’s forward trading is undertaken to reduce the overall costs of balancing the system, and to resolve system issues as appropriate. There are a number of products and procurement mechanisms available. During the reporting month, National Grid traded a gross volume of **263,238MWh**.

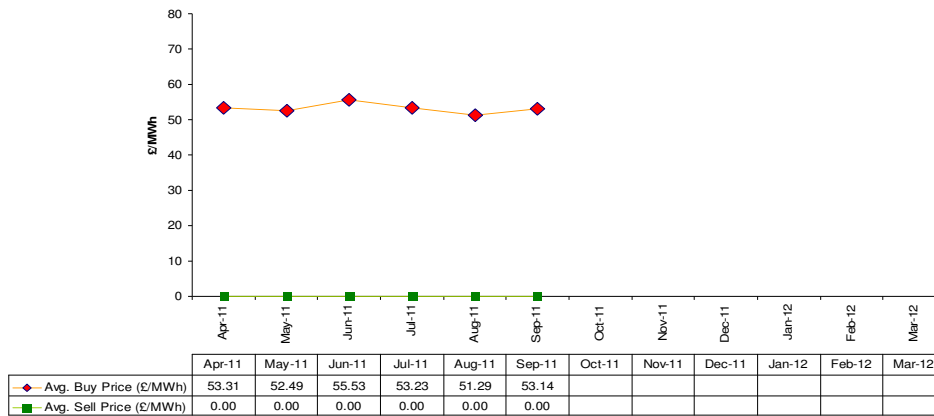
<b>Non Locational</b>		} Total Net Spend <b>£1.76m</b>
Buy Volume	71,340MWh	
Sell Volume	0MWh	
<b>BMU Specific</b>		
Buy Volume	2,552MWh	
Sell Volume	189,346MWh	

The following chart shows the monthly profile of our trading activities, both for non-locational energy trades and BMU-Specific trades.



The following graph shows the monthly profile of our non-locational energy trading activities. It comprises all the trades undertaken by National Grid through Power Exchanges and through the use of brokerage houses for that purpose.

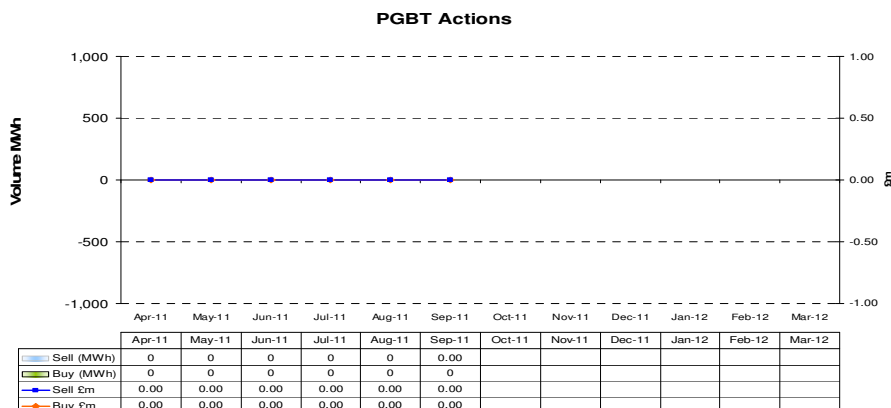
Average Price of Non-Locational Energy Trades



Further details are available via the National Grid Website:  
<http://www.nationalgrid.com/uk/Electricity/Balancing/services/energyrelated/>.

### 4.2 Pre-Gate BMU Transactions (PGBT)

Information on PGBT activity Transactions Sourced and Agreed is given in the chart below.



The total net spend on PGBT during the reporting month was **£0.00m**.

Details on real time PGBT transactions can be found on the BMRS (system warning page) and post event, on the National Grid Website.

## 5. Constraints

National Grid resolves constraints in the GB Transmission System through different mechanisms, including bids and offers in the Balancing Mechanism, PGBTs, Trades and SO-SO actions. This section presents the costs for National Grid to resolve constraints in the reporting period, breaking them down into the three aforementioned categories. The costs of resolving constraints via intertrip contracts (see section 3.9) and bilateral contracts (see section 3.10) have already been explored.

The total cost of resolving constraints via those mechanisms was **£26.93m**. This cost includes part of the costs of SO-SO actions (section 3.7), Trades (section 4.1) and PGBTs (section 4.2) already reported above.

Explanatory notes on the meaning of each row in the tables below follow at the end of this section.

**5.1 Summary of costs of constraint actions, including Balancing Mechanism, Trades and SO-SO actions**

	Type of Constraint	Location	Date						
	Export			Export summary	Import			Import summary	Grand Summary
	Scotland	Cheviot	England & Wales		Scotland	Cheviot	England & Wales		
Constrained Volume (GWh) [A]	-81.755	-239.634	-78.479	-399.868	4.648	0.000	35.344	39.992	439.860
Average Price of Action (£/MWh) [B]	-22.61	6.28	33.03	5.62	146.56	0.00	88.27	95.04	13.75
Average Energy Replacement Price (£/MWh) [C]	44.35	45.77	49.12	46.14	42.92	0.00	53.73	52.48	46.71
Total Direct Cost (£m) [G]=[A*(B-C)]	5.47	9.46	1.26	16.20	0.48	0.00	1.22	1.70	17.90
Reserve Replaced (GWh)	64.655	262.010	102.877	429.542	0.000	0.000	0.140	0.140	429.682
Volume of Actions Required for Reserve Replacement (GWh) [D]	38.443	176.488	65.137	280.068	0.000	0.000	0.163	0.163	280.231
Average Reserve Replacement Price (£/MWh) [E]	87.81	80.11	79.01	124.24	0.00	0.00	25.00	21.47	124.20
Average Energy Reference Price for Reserve Replacement (£/MWh) [F]	48.53	51.03	48.82	76.87	0.00	0.00	57.15	49.09	76.86
Total Reserve Cost (£m) [H]=[D*(E-F)]	1.51	5.13	1.97	8.61	0.00	0.00	-0.01	-0.01	8.60
Total Cost (£m) [I]=[G+H]	6.98	14.60	3.23	24.81	0.48	0.00	1.22	1.70	26.51
Additional (Transferred) Costs (£m) [J]	0.29	0.83	0.02	1.14	-0.05	0.00	-0.67	-0.72	0.42
Total constraint net cost (£m) [I+J]	7.27	15.42	3.25	25.95	0.44	0.00	0.55	0.98	26.93

\*Please note Constrained Volumes for Import and Export are now shown as positive volumes. The Grand Summary therefore is the absolute constrained volume.

**5.2 Break down of constraint costs per category**

ACTION TYPE	Export	Import	Total
BM Actions	17.05	0.94	17.99
SO-SO Trades	0	0	0
Trades (including PGBT)	8.89	0.04	8.94
<b>Total</b>	<b>25.95</b>	<b>0.98</b>	<b>26.93</b>

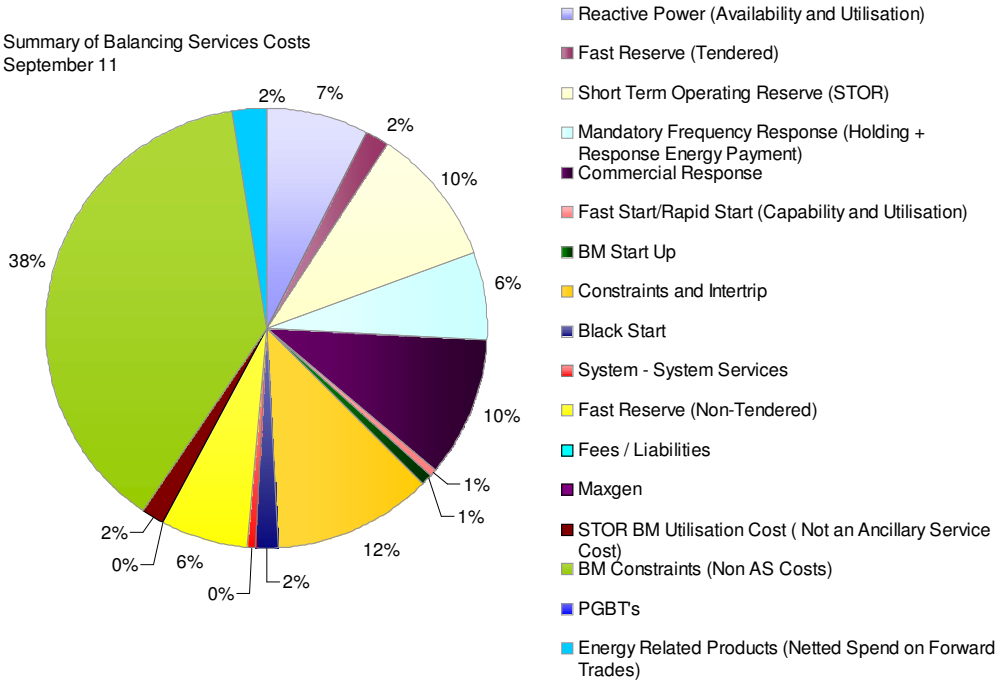
**5.3 Explanatory Notes**

Row	Description
Constrained Volume (GWh)	Total volume of bids/offers accepted for BM Units within a constrained zone
Average Price of Action (£/MWh)	Volume weighted average prices of bids / offers
Average Energy Replacement Price (£/MWh)	Volume weighted average of the energy reference price(*)
Total Direct Cost (£m)	Constrained Volume x (Average Price of Action - Average Energy Replacement Price)
Reserve Replaced (GWh)	Additional reserve created to replace reserve sterilised behind constraints e.g. capacity of additional units synchronised to the system
Volume of Actions Required for Reserve Replacement (GWh)	Volume of actions required by National Grid to create replacement reserve e.g. offers in the BM to run a unit at SEL thus gaining access to capacity of unit.
Average Reserve Replacement Price (£/MWh)	Volume weighted average of prices of the reserve actions
Average Energy Reference Price for Reserve Replacement (£/MWh)	Volume weighted average of the energy reference price(*) for periods when reserve is replaced
Total Reserve Cost (£m)	Reserve replaced x (Average Reserve Replacement Price - Average Energy Reference Price for Reserve Replacement)
Total Cost (£m)	Total Direct Cost + Total Reserve Cost
Additional (Transferred) Costs (£m)	For some import constraints, actions taken in BM units within the constrained zone may end up being the cheapest option for creating system reserve - in this case all or part of the cost is transferred to the relevant account. In all other circumstances,
Total constraint net cost (£m)	Total Cost + Additional (Transferred) Costs
(*) Energy reference price (£/MWh)	For each settlement period, it is the volume weighted average of the submitted bids/offers available for National Grid to resolve NIV, i.e. the lowest (highest) available price of offers (bids) stacked up to NIV when the market is short (long)

## 6. Summary

This report has provided information on the Balancing Services procured (or acquired) during this month.

Summary of Balancing Services Costs  
September 11



## 7. Further information

For further information on the types of Balancing Services that National Grid intends to procure, please refer to the prevailing **Procurement Guidelines**. Information on bid and offer acceptances in the Balancing Mechanism is contained within the **Balancing Principles Statement Report**. These documents, along with the **Procurement Guidelines Report**, are published in accordance with Standard Condition C16 of the Transmission Licence and are available on the National Grid Industry Information website.

The Procurement Guidelines and Balancing Principles Statement Reports can be accessed via:

<http://www.nationalgrid.com/uk/Electricity/Balancing/transmissionlicencestatements/>

### **Electricity Balancing Services**

Email: [BSIS@uk.ngrid.com](mailto:BSIS@uk.ngrid.com)

8. Information Summary Page

Balancing Services	Info Provision	Total costs £m	Total Value
Reactive Power Market	Utilisation Volume (MA) Utilisation Volume (DefaultPM) Total Spend (MA) Total Spend (Default PM)	0.00 5.22	0GVArh 1996GVArh
Short Term Operating Reserve(STOR) Including BM and NBM Availability & Utilisation	Average Contracted Availability Payment Average Contracted Utilisation Payment Total Spend Total Utilisation Volume (MWh)	8.28	£8.09 /MW/h £224 /MW/h 17960.394 MWh
Mandatory Frequency Response	Holding Volumes & Prices: Average Volume held MW Average price £/MW/h Total Holding Spend Total Response Energy Payment Spend	4.23 0.35	Primary / Sec / High 467 363 806 3.29 1.76 4.59
Commercial Frequency Response	No. Of Contracts Total Spend	7.32	
Fast Start	Total Spend	0.37	
Black Start	Total Spend	1.14	22
BM Start Up	Total Cost of BM Start Up Number of instructions	0.66	85
Fast Reserve-Tendered	Total Spend on Availability & Utilisation	1.21	290.32MW
Fast Reserve Non-Tendered	Total Spend on Availability	4.56	
SO to SO	Volume Imported Volume Exported Total Spend	0.33	10GWh -5GWh
System to Generator operational inter-trips	Capability Payments Utilisation Payments	0.053 0.00	
Commercial Intertrip Service	Total Spend	1.60	
Balancing Services Constraint Contracts	Total Spend	6.51	
BM Constraints only	Total Spend	26.93	
Maximum Generation Service	Total Spend	0.00	
All Other Services	Total Spend	0.00	
Forward Trading	Traded gross volume Net cost of forward trading OTC - Power Exchange & Energy Buy Volume Sell Volume OTC - BMU Specific Buy Volume Sell Volume	1.76	263238MWh 71340MWh 0MWh 2552MWh -189345.5MWh
PGBT	No. of PGBT entered into: Sourced Agreed Average PGBT Prices £/MWh: Buy Sell Volume MWh: Buy Sell Total Cost of PGBT	0.00	0 0 0.00 0.00 0MWh 0MWh
Summary	Total	£70.53m	

### 9. Summary of BSIS Costs

MBSS costs report absolute costs (volume x price) on services. Costs differences in the table below compared to summary on page 24 are directly related to the estimate of the additional costs of obtaining that service above the costs of balancing the system.

2011/12	A. Year to Date Total Cost	B. Year To Date Target	C. Year to Date Latest Cost Forecast	D. Year to Date Initial Target Forecast	E. Projected Total Cost for Year (Cost Outturn + Latest Cost Forecast)	F. Projected Scheme Target Total (Year 1)	G. Initial Forecast for Year
Energy Imbalance	-£49.5	-£33.9	-£16.9	-£16.9	-£65.9	-£50.4	-£33.3
Operating Reserve	£16.6	£45.3	£23.2	£24.6	£38.8	£77.2	£56.4
BM Startup	£1.5	£5.3	£3.4	£3.4	£7.3	£11.0	£9.2
STOR	£40.5	£39.2	£38.8	£38.8	£79.3	£78.0	£77.6
Constraints - E&W	£37.2						
Constraints - Cheviot	£76.5	£65.4	£86.8	£86.8	£241.8	£180.9	£202.3
Constraints - Scotland	£18.6						
Footroom	£9.5	£15.2	£17.3	£17.3	£15.2	£21.0	£23.1
Fast Reserve	£42.2	£36.2	£35.2	£35.2	£87.5	£81.5	£80.6
Response	£89.7	£94.6	£92.7	£92.7	£171.0	£175.9	£173.9
Reactive	£33.5	£25.9	£25.7	£25.7	£68.2	£60.6	£60.5
Minor Components	£27.0	£21.6	£19.1	£19.1	£43.1	£40.1	£35.1
<b>TOTAL (excl TLIC)</b>	<b>£343.3</b>	<b>£314.7</b>	<b>£325.4</b>	<b>£326.8</b>	<b>£686.3</b>	<b>£675.8</b>	<b>£685.4</b>
<b>TLIC</b>	<b>£15.6</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£10.3</b>	<b>£0.0</b>	<b>£0.0</b>
<b>Total (incl TLIC)</b>	<b>£358.9</b>	<b>£314.7</b>	<b>£325.4</b>	<b>£326.8</b>	<b>£696.6</b>	<b>£675.8</b>	<b>£685.4</b>

Note- Individual cost forecasts of 'England & Wales, Cheviot and Scotland' are not available. Outturn costs remain split by area.

#### New Wind Generation

New wind generation reported in Elexon Settlement Data as having generated more than 2 MW in any half hour for the first time during this month:

None

## Detail BSIS Costs

2011-13		Outturn for Month	Target for Month	Latest Cost forecast for month	Initial Target forecast for month	Scheme to Date Total Cost	Scheme to Date Target Forecast	Scheme to Date Initial Target	Projected Total cost for Scheme (Cost Outturn + Latest Cost Forecast)	Projected Total Target for Scheme	Initial Target Forecast for Scheme
<b>Energy Imbalance</b>		-1.2	1.1	-2.3	-2.3	-49.5	-33.9	-16.9	-99.1	-83.6	-66.5
	BM	-1.5	1.1	-2.3	-2.3	-51.7	-33.9	-16.9	-101.4	-83.6	-66.5
	Forward Trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	SO-SO	0.3	0.0	0.0	0.0	2.2	0.0	0.0	2.2	0.0	0.0
<b>Operating Reserve</b>		3.3	10.4	2.4	3.8	16.6	45.3	24.6	85.8	124.1	103.4
	BM	1.6	5.1	0.3	1.7	9.4	27.1	13.8	43.2	70.6	57.3
	Constrained Margin	1.7	4.0	1.7	1.7	6.6	12.9	7.9	32.5	38.8	33.8
	Forward Trade	-0.1	0.1	0.0	0.0	0.0	0.6	0.3	1.0	1.6	1.3
	UTUV (Forward Trade)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Forward Constrained Margin	0.0	0.2	0.1	0.1	0.2	0.8	0.5	1.7	2.3	2.0
	SO-SO	0.0	0.5	0.2	0.2	0.4	2.4	1.2	4.2	6.3	5.1
	SO-SO Constrained Margin	0.0	0.5	0.2	0.2	0.0	1.5	0.9	3.1	4.6	4.0
	AS Demand Downturn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS Capacity Contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BM Startup</b>		0.4	0.9	0.7	0.7	1.5	5.3	3.4	16.8	20.6	18.7
<b>STOR</b>		7.5	6.6	6.4	6.4	40.5	39.2	38.8	171.7	170.4	170.0
	Standing Reserve	0.3	0.3	0.2	0.2	2.0	1.8	1.4	6.2	6.0	5.6
	AS - BM Reserve Option Fees	3.6	6.2	6.2	6.2	21.1	37.4	37.4	148.1	164.3	164.3
	AS - NBM Reserve Option Fees	1.6	0.0	0.0	0.0	9.6	0.0	0.0	9.6	0.0	0.0
	AS - NBM Reserve Utilisation	2.1	0.0	0.0	0.0	8.6	0.0	0.0	8.6	0.0	0.0
	AS - Supplemental Standing Reserve	0.0	0.0	0.0	0.0	-0.7	0.0	0.0	-0.7	0.0	0.0
<b>Constraints</b>		35.1				132.3					
	BM	18.0				52.6					
	Forward Trade	8.9				38.5					
	SO-SO	0.0	16.9	19.2	19.2	0.0	65.4	86.8	421.9	361.0	382.4
	AS - Intertrip and Constraints	8.2				41.2					
<b>Footroom</b>		2.6	1.5	1.8	1.8	9.5	15.2	17.3	39.9	45.7	47.7
	BM	2.6	1.5	1.8	1.8	9.0	15.2	17.3	39.4	45.7	47.7
	Forward Trade	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.5	0.0	0.0
	SO-SO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fast Reserve</b>		7.6	6.5	6.0	6.0	42.2	36.2	35.2	171.4	165.4	164.4
	BM	1.4	1.5	1.5	1.5	7.3	8.8	8.8	42.4	43.9	43.8
	AS - Firm Fast Reserve	1.2	1.1	1.0	1.0	5.6	6.0	5.8	26.4	26.7	26.5
	AS - SpinGen	4.1	3.3	2.9	2.9	24.1	17.8	17.2	85.3	79.0	78.4
	AS - Other Fast Reserve	4.6	3.5	3.1	3.1	26.6	19.2	18.5	92.6	85.1	84.4
	AS - Fast Start	0.4	0.4	0.4	0.4	2.6	2.2	2.1	10.1	9.7	9.6
<b>Response</b>		18.2	13.8	13.7	13.7	89.7	94.6	92.7	340.3	345.2	343.2
	BM	6.4	3.3	3.2	3.2	21.6	30.4	28.9	82.0	90.8	89.4
	AS - Generator Response	4.2	4.6	4.6	4.6	26.9	28.3	28.0	110.5	111.9	111.7
	AS - Demand Side Response	0.8	0.8	0.8	0.8	4.8	5.1	5.1	20.0	20.3	20.3
	AS - Response Energy	0.4	0.1	0.1	0.1	2.1	0.6	0.6	4.0	2.5	2.5
	AS - Other Response	6.5	4.9	4.9	4.9	34.4	30.2	30.0	123.7	119.5	119.3
<b>Reactive</b>		5.2	4.2	4.1	4.1	33.5	25.9	25.7	130.0	122.4	122.3
	AS - Default Utilisation	5.2	4.2	4.1	4.1	33.5	25.9	25.7	130.0	122.4	122.3
	AS - Market Agreement Available Capabs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Market Agreement Synchronised Ca	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Market Agreement Utilisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Sync Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Black Start</b>		2.3	1.9	1.9	1.9	16.9	11.5	11.5	45.4	40.0	40.0
	BM+BMSU	1.1	0.5	0.5	0.5	8.4	3.0	3.0	9.9	4.5	4.5
	AS - Black Start Availability Contracts	1.1	1.2	1.2	1.2	8.0	7.4	7.4	31.7	31.1	31.1
	AS - Black Start Capital Contributions	0.0	0.1	0.1	0.1	0.5	0.5	0.5	2.2	2.2	2.2
	AS - Black Start Feasibility Studies	0.0	0.1	0.1	0.1	0.1	0.6	0.6	1.6	2.2	2.2
	Other Blackstart costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Unclassified BM</b>		1.9	1.4	1.0	1.0	8.3	8.4	6.0	26.5	29.0	24.1
<b>BM+AS General</b>		-0.4	0.4	0.2	0.2	-1.9	1.7	1.6	3.0	6.6	6.5
	Non Delivery	-0.5	0.0	0.0	0.0	-2.9	0.0	0.0	-2.9	0.0	0.0
	Other Reserve (Unwinding)	0.2	0.2	0.1	0.1	1.1	0.9	0.8	3.6	3.4	3.3
	Ramping	0.0	0.1	0.0	0.0	0.0	0.3	0.3	1.0	1.3	1.3
	SO-SO invoked by external party	-0.1	-0.2	-0.1	-0.1	-0.4	-1.0	-1.0	-3.3	-4.0	-3.9
	AS - SO-SO BSUS	0.0	0.1	0.0	0.0	0.1	0.3	0.3	0.9	1.1	1.1
	AS - SO-SO Interconnector	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.6	0.8	0.8
	AS - Trading Option Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Bank Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Incidentals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	AS - Disputes Formally Raised	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.6	0.7	0.7
	AS - Queries/NGC Identified Issues	0.0	0.2	0.1	0.1	0.0	0.9	0.8	2.4	3.3	3.3
<b>Reconciliation</b>		1.6	0.0	0.0	0.0	3.7	0.0	0.0	3.7	0.0	0.0
<b>TOTAL (Excel TLIC)</b>		84.3	65.5	55.3	56.7	343.3	314.7	326.8	1357.1	1346.6	1356.2

Note- Individual constraint cost forecasts of 'BM, Forward Trades, SO-SO and AS-Intertrip and constraints' are not available. Outturn costs remain split by variable.

Volume of BM Actions by Category

	Total for Month	Scheme forecast for Month	Year to Date Total	Year to Date Scheme Forecast	Projected total for year	Scheme Forecast for Year
<b>Energy Imbalance</b>	<b>-123,000</b>	<b>-186,064</b>	<b>-1,526,852</b>	<b>-1,738,051</b>	<b>-1,526,852</b>	<b>-5,948,224</b>
BM	-128,465	-186,064	-1,570,283	-1,738,051	-1,570,283	-5,948,224
Forward Trade	0	0	0	0	0	0
SO-SO	5,464	0	43,431	0	43,431	0
<b>Operating Reserve</b>	<b>420,696</b>	<b>211,211</b>	<b>2,100,854</b>	<b>1,133,064</b>	<b>2,100,854</b>	<b>4,548,345</b>
BM	87,623	82,204	600,681	600,750	600,681	2,251,837
Constrained Margin	254,432	101,892	1,237,043	395,730	1,237,043	1,739,358
Forward Trade	20,700	1,827	109,140	13,350	109,140	50,041
UTUV (Forward Trade)	0	0	0	0	0	0
Forward Constrained Margin	51,048	5,994	120,184	23,278	120,184	102,315
SO-SO	2,451	7,307	15,576	53,400	15,576	200,163
SO-SO Constrained Margin	4,442	11,987	18,229	46,556	18,229	204,630
<b>Absolute STOR</b>	<b>2,846</b>	<b>913</b>	<b>14,271</b>	<b>6,675</b>	<b>14,271</b>	<b>25,020</b>
Standing Reserve	2,846	913	14,271	6,675	14,271	25,020
<b>Constraints by Area</b>	<b>439,860</b>	<b>TBC</b>	<b>2,108,121</b>	<b>TBC</b>	<b>2,108,121</b>	<b>TBC</b>
E&W	113,823		778,853		778,853	
Cheviot	239,634		1,051,554		1,051,554	
Scotland	86,403		277,714		277,714	
<b>Constraint Margin Replacement</b>	<b>429,682</b>	<b>TBC</b>	<b>2,020,252</b>	<b>TBC</b>	<b>2,020,252</b>	<b>TBC</b>
E&W	103,017		562,388		562,388	
Cheviot	262,010		1,208,964		1,208,964	
Scotland	64,655		248,900		248,900	
<b>Footroom</b>	<b>-127,582</b>	<b>-125,166</b>	<b>-595,181</b>	<b>-1,152,698</b>	<b>-595,181</b>	<b>-3,324,276</b>
BM	-127,001	-125,166	-569,620	-1,152,698	-569,620	-3,324,276
Forward Trade	-562	0	-23,882	0	-23,882	0
SO-SO	-19	0	-1,680	0	-1,680	0
<b>Fast Reserve</b>	<b>14,831</b>	<b>16,024</b>	<b>81,748</b>	<b>94,764</b>	<b>81,748</b>	<b>471,086</b>
BM	14,831	16,024	81,748	94,764	81,748	471,086
<b>Absolute Response</b>	<b>307,916</b>	<b>206,506</b>	<b>2,087,441</b>	<b>1,870,353</b>	<b>2,087,441</b>	<b>5,739,514</b>
BM	307,916	206,506	2,087,441	1,870,353	2,087,441	5,739,514
<b>Unclassified BM</b>	<b>Unclassified BM</b>	<b>0</b>	<b>-461,490</b>	<b>0</b>	<b>-461,490</b>	<b>0</b>
<b>BM General</b>	<b>-1,468</b>	<b>0</b>	<b>13,816</b>	<b>0</b>	<b>13,816</b>	<b>0</b>
Non Delivery	0	0	0	0	0	0
Other Reserve (Unwinding)	378	0	3,301	0	3,301	0
Ramping	0	0	0	0	0	0
SO-SO invoked by external party	-1,846	0	10,514	0	10,514	0
<b>Transmission Losses</b>	<b>500,128</b>	<b>332,618</b>	<b>2,560,495</b>	<b>2,011,720</b>	<b>9,448,775</b>	<b>8,900,000</b>
Transmission Losses	500,128	332,618	2,560,495	2,011,720	9,448,775	8,900,000

**Glossary of Terms used in BSIS Tables**

<b>NIA</b>		The Net Imbalance Adjustment
<b>Energy Imbalance</b>		
	BM	Offers and bids taken in the BM to manage the difference between generation supplied to the BM and system demand
	Forward Trade	Trades undertaken ahead of gate closure to reduce the forecast difference between generation to be supplied to the BM and system demand
	SO-SO	Interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure to reduce the forecast difference between generation to be supplied to the BM and system demand
<b>Operating Reserve</b>		
	BM	Offers and bids taken in the BM to establish headroom on BMUs
	Constrained Margin	Offers and bids taken in the BM which both create additional reserve and replace pre-existing headroom that is sterilised behind a constraint boundary
	Forward Trade	Trades undertaken ahead of gate closure to establish additional headroom on BMUs
	UTEV (Forward Trade)	UnTagged Energy Volume is non-locational energy trade volume traded to help meet the forecast energy imbalance.
	Forward Constrained Margin	Trades undertaken ahead of gate closure which both create additional reserve and replace pre-existing headroom that is sterilised behind a constraint boundary
	SO-SO	Interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure to establish additional headroom on BMUs
	SO-SO Constrained Margin	Interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure which both create additional reserve and replace pre-existing headroom that is sterilised behind a constraint boundary
	AS Demand Downturn	Ancillary services that enable demand to turndown relative to synchronised generation which, when pulled back to maintain energy balance, creates additional headroom
	AS Capacity Contracts	Ancillary services that provide additional generation capacity for headroom
<b>BM Startup</b>		Optional service that allows BMUs to be warmed ready to synchronise in BM timescales and held in a state of hot-standby if required

<b>STOR</b>		
	Standing Reserve	Offers and bids taken in the BM to run STOR BMUs
	AS - BM Reserve Option Fees	Ancillary service availability fees for STOR BMUs
	AS - NBM Reserve Option Fees	Ancillary service availability fees for non-BM STOR providers
	AS - NBM Reserve Utilisation	Ancillary service utilisation fees for non-BM STOR providers
	AS - Supplemental Standing Reserve	Ancillary service fees associated with supplemental standing reserve
<b>Constraints</b>		
	BM	Offers and bids taken in the BM to resolve constraints
	Forward Trade	Trades undertaken ahead of gate closure to resolve constraints
	SO-SO	Interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure to resolve constraints
	AS - Intertrip and constraints	Ancillary services which provide operational intertrips, commercial intertrips and bespoke contracts to manage constraints
<b>Footroom</b>		
	BM	Offers and bids taken in the BM to establish negative regulating reserve capability (for example by desynchronising a BMU operating at SEL and increasing output on another BMU)
	Forward Trade	Trades undertaken ahead of gate closure to establish footroom
	SO-SO	Interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure to establish footroom
<b>Fast Reserve</b>		
	BM	Offers and bids taken in the BM to run fast reserve BMUs
	AS - Firm Fast Reserve	Ancillary service availability fees associated with fast reserve contracts
	AS - SpinGen	Ancillary service fees associated with spingen fast reserve
	AS - Other Fast Reserve	Ancillary service fees associated with non-BM fast reserve units
	AS - Fast Start	Ancillary service fees associated with OCGT fast start
<b>Response</b>		
	BM	Offers and bids taken in the BM to position BMUs to be able to provide frequency response
	AS - Generator Response	Ancillary service payments for frequency response capability on generation BMUs
	AS - Demand Side Response	Ancillary service payments for frequency response capability from demand side service providers
	AS - Response Energy	Ancillary service payments for the energy delivered when providing frequency response
	AS - Other Response	Ancillary service payments for firm response, and firm

		response energy, including part loaded response.
<b>Reactive</b>		
	AS - Default Utilisation	Ancillary service payments for metered reactive power provided under the Default Payment Arrangements
	AS - Market Agreement Available Capability	Ancillary service payments for the available capability to provide reactive power pursuant to a market agreement
	AS - Market Agreement Synchronised Capability	Ancillary service payments for the synchronised capability to provide reactive power pursuant to a market agreement
	AS - Market Agreement Utilisation	Ancillary service payments for metered reactive power provided pursuant to a market agreement
	AS - Sync Comp	Ancillary service payments for provision of synchronous compensation
<b>Unclassified BM</b>		Actions not satisfying the specific criteria of any other category
<b>BM+AS General</b>		
	Non Delivery	Correction for failure to delivery energy as contracted.
	Other Reserve (Unwinding)	Costs associated with reversing a previously agreed BOA.
	Ramping	Costs associated with managing changes on the interconnectors to limit rate of change of transfer to the technically achievable ramp rates
	SO-SO invoked by external party	SO-SO trades over an interconnector instigated at the request of the other system operator connected to the interconnector
	AS - SO-SO BSUoS	BSUoS charges associated with interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure
	AS - SO-SO Interconnector	Interconnector fees associated with interconnector actions entered into between the system operators of the interconnected transmission systems following interconnector gate closure
	AS - Trading Option Fees	Energy trading broker fees
	AS - Bank Charges	Interest costs in respect of disputes
	AS - Incidentals	Exchange rate adjustments
	AS - Disputes Formally Raised	Disputes raised on AS payments
	AS - Queries/NGC Identified Issues	Forecast cost of unsigned contracts/disputes not yet formally raised