

Black Start Commercial Review Workshop 2 - Background Information

**Friday November 9th 2007
1000-1500
National Grid House, Warwick**

1. Introduction

This brief is intended to provide background information regarding the aims and structure of the second Black Start workshop to be held at Warwick on 9th November 2007. The first workshop was held on 30th August 2007 and National Grid presented current issues with Black Start commercially, which were identified for addressing to ensure the enduring availability of Black Start as a necessary Balancing Service. National Grid recognise that in order for the Black Start service to move forward, with no step change in quality or quantity of service, there are certain criteria that need to be met as listed below:

- Transparent defined procurement strategy
- Balance between economic procurement & promotion of competition in determining suitable length for service agreement
- Appropriate remuneration for funding Black Start investment
- Investment signals for new/existing Black Start service providers, taking into account
 - Large Combustion Plant Directive
 - Ageing OCGT fleet
- Promote competition i.e. attract new technologies and arrangements

2. Workshop 1

Within Workshop 1 National Grid asked questions to the industry attendees that covered:

- Future viability and procurement of Black Start
- Payment & suitable length of service agreement
- National Grid's criteria and possible options of solution

The feedback has been collated by National Grid and there was a healthy crossover of response from the above questions. From the feedback received National Grid collated the information into the following categories:

- Investment incentive/signals & National Grid requirements
- Bundled services
- Recovery of capital costs & contract length
- Contract type
- Payment – e.g. menu of values
- Tender process

Further to these categories and from the provider feedback, National Grid has identified that there may be different requirements in the procurement methodology for new and existing providers, although it is recognised there is overlap under some circumstances.

Workshop 2 will look to explore this distinction further in parallel with National Grid presenting in which direction it is minded to go with regards procurement of Black Start.

3. Outline aims of second workshop

- National Grid to outline which options it is minded to pursue to meet the requirements of the Black Start review
- Discuss National Grid outline proposals and agree which should be progressed and which elements may require further work
- Discuss methods for National Grid to highlight BS requirement to industry and also ensure that National Grid indicates early during Connection Application stage if they wish to discuss BS service
- National Grid to outline developments in the Commercial terms around Black Start testing

4. Moving Forward

From the outcome of the workshop, National Grid would like to be in a position where the next steps would involve drafting generic Heads of Terms/Procurement Guideline to define the service, payment terms, contract durations etc. It will be agreed at the workshop whether there will be the requirement for any further workshop or whether the review can be concluded through circulation and bilateral meetings.