

## **BREAKOUT SESSION**

### **Question 1 – Future Viability & Procurement**

What are the current and future issues that National Grid needs to consider that ensures stations are available for providing a Black Start service?

How should National Grid procure Black Start services?

#### **National Grid Criteria**

- 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

#### **Possible Options**

- Tendered Black Start service
- Highlight requirements on website – zonal shopping list
- Longer term contracts to give economic signals between refurbishment and investment in new plant
- Bundled contract with other services
- Combined Black Start and Reserve service

#### **Note to Delegates**

- National Grid requires an enduring economic Black Start service
- Black Start currently procured bilaterally
- Existing stations may close by end of 2015 (LCPD)
- What should National Grid do to ensure Black Start is considered by potential provider at new or existing stations?

## **Question 2 – Payment & Suitable Length of Service Agreement**

How should National Grid structure the payments for a Black Start service?

Taking into account National Grid's criteria, what would be a suitable length of service agreement?

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### **Notes to Delegates**

- Does current cost structure work through availability payments work?
- What factors make up availability payment?
- Black Start auxiliary units can be used in other services. National Grid does provide capital costs towards these units. What is potential effect on other services? What should National Grid consider to ensure appropriate remuneration is provided for these capital costs?
- Long term agreements, say 8-10 years, would ensure guaranteed income on assets for provider and guaranteed long term service for National Grid. Does locking in providers for long periods counteract National Grid criteria of 'creating competition'? What could National Grid do to prevent this counteraction?

### **Question 3 – Criteria & Possible Options**

How well does National Grid's criteria for Black Start service commercially (as below) meet with those of the service provider?

What other criteria is there that National Grid should try to meet?

How well do National Grid's proposed options meet the criteria?

What other options should be explored that may fit more closely the desired criteria?

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#### **Notes to Delegates on Criteria**

- Does National Grid criteria fit closely with provider expectations?
- Which work well and which don't quite work?
- Has National Grid missed anything fundamental?
- Has this criteria always been there but not addressed?
- Do they meet all future expectations, say beyond 2015?

#### **Notes to Delegates on Possible Options**

- These options are considerations and not final. There are many others possible not listed here
- What issues could there be with National Grid exposing its requirements on a zonal basis? (e.g. commercial and potentially system security wise)
- How can National Grid be assured that refurbishment and/or investment in new plant is right solution?
- What issues does bundling services bring to the industry?
- Would combining Black Start and Reserve have an impact on the tendered Reserve service?
- Given effort that went into reviewing Reserve and then design and implementing STOR, is it appropriate to play around with it now? Is the service mature enough to be merged with Black Start?