

Transmission Operational Forum Update

August 2010

Interim Electricity Operational Forum 10:00am, Tuesday 10th August 2010

The Interim Forum takes place in between Full Forums and is facilitated by a Live Meeting link.

Agenda

- Operational Update - Jo Faulkner
- Cross Border Balancing - Roisin Quinn
- Constraint Management Flagging - Ben Smith
- Electricity SO incentive Review - Ian Pashley
- November 2009 Brazilian Blackout - Gil Susteras
- Preliminary Winter Outlook Report - Matthew Magill

Short Term Operating Reserve

Tender Round 11

The results day for the short term STOR tenders was the 23rd July 2010. 99 units tendered to provide STOR. 59 units had either some or all of their tender accepted.

The results of the long term STOR assessment will be sent to tenderers by the 6th August 2010.

The Market Report for TR11 will be published on the 13th August 2010.

Tender Round 12

The Invitation to Tender pack for STOR TR12 was released on the 30th July 2010. This tender round, providers can tender to provide the service from the 1st November 2010 for up to 15 years. The Market Day for tenders is the 27th August 2010.

Providers wishing to change their Framework Agreement before TR12 should contact their Account Manager and aim to have changes made before 13th August 2010.

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

Reserve Review

Following the initiation of the Reserve Review at the June Operational Forum, National Grid has subsequently set out in a pre-consultation the overall objectives for the review and invited industry input into the overall direction of each element of the review. This pre-consultation will be available on the National Grid website shortly.

The objectives of the review are two-fold:

1. In the short to medium term to further develop and enhance the existing reserve products and the associated systems, through incremental improvements to contract and service forms for the joint

benefit of all existing and potential providers and National Grid.

2. In the longer term, explore options to meet the challenges posed to the reserve market by the anticipated major changes to the generation types connected to the transmission and distribution systems

In what promises to be a significant review, National Grid is keen to gain feedback and build consensus on the areas that the industry as a whole believes warrants greatest investigation and review. To this end, alongside the pre-consultation National Grid has also convened the first Reserve Review seminar, to be held at the National Grid offices in Warwick on 6th August. At this event it is hoped that through further discussion amongst interested parties that process of identifying issues and building consensus on the most appropriate way forward can begin. All information from the seminar and non-confidential responses to the pre-consultation will be published on the National Grid website and further updates to the Operational Forum will of course be given. Should parties wish to meet with National Grid on a bilateral basis, National Grid would be happy to facilitate such a meeting. Any such enquiries should, in the first instance, be directed to Mark Duffield (mark.duffield@uk.ngrid.com) otherwise please contact your Account Manager.

Transmission Price Control Review: Preliminary stakeholder consultation

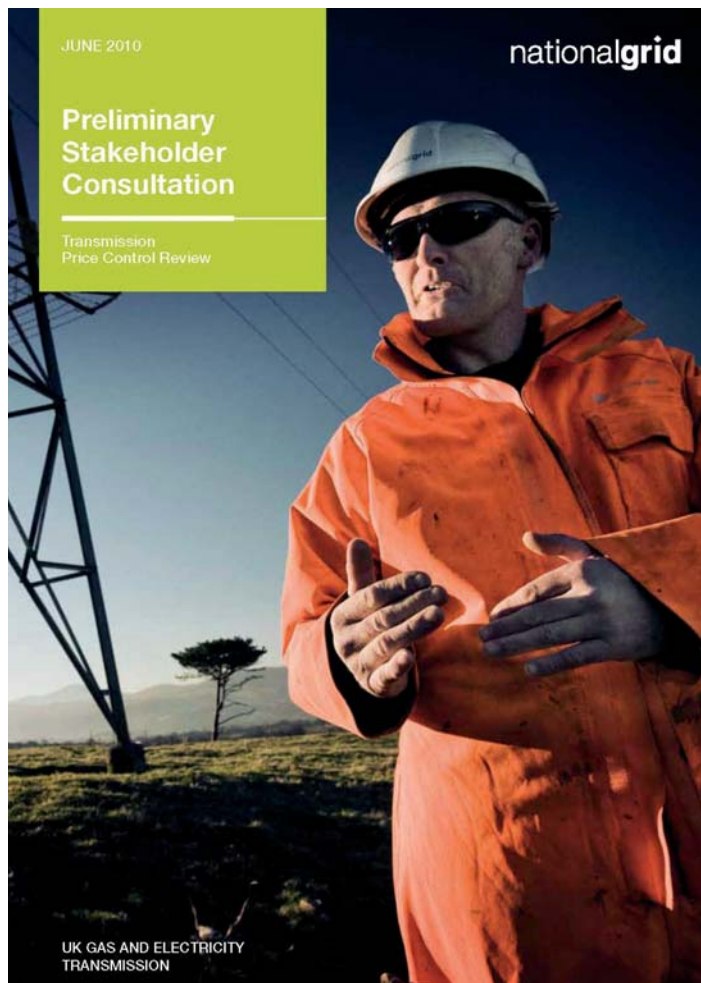
National Grid has begun a preliminary consultation with stakeholders in a new approach to the review of its business plans for both gas and electricity transmission for 2013 and beyond. The energy world is changing, hence the number of stakeholders we are consulting with in this and future Transmission Price Control Reviews is widening

The opportunity for stakeholders to say how they want to be involved in the consultation process begun on 25th June 2010. Price Control Reviews are the mechanism, agreed by Ofgem, for regulation of network businesses to protect the interest of consumers.

This preliminary consultation will run to 6th August and more information is available by

emailing TPCR5views@uk.ngrid.com or by following this link:

<http://www.nationalgrid.com/uk/EnergyandServices/TPCR/>



Constraint Management

Following initial discussion within the recently formed Commercial Balancing Services Group (CBSG) and a constraints presentation at the June Operational Forum, we published two constraint management requirements on our website. The first was a requirement to manage a constraint in Scotland from 7th August to 29th October 2010 and the second for a requirement in the Humber area from 23rd August to 12th November 2010. These have both been run as two-stage, open tenders to which we have received a number of responses from potential service providers. The final outcomes of these constraint requirements have now been published on our website which can be found using the following link:

http://www.nationalgrid.com/uk/Electricity/Balancing/services/systemsecurity/constraint_agree/Requirement/

The process employed in these instances will be reviewed over the next few months using the CBSG in order to better meet the needs of both service providers and National Grid.