

Transmission Operational Forum Update

April 2010

Cross Codes Electricity Forum

National Grid and Elexon's first cross codes electricity forum, held on 19th March 2010, was well received by attendees. The next forum is scheduled for 14th May 2010 at Elexon's offices in London, with limited participation also available via the remote "webinar" facility. The forum focuses on changes to the BSC, CUSC and Grid Code in the morning and a discussion forum covering topical issues in the afternoon.

For more information or to register your interest, please visit Elexon's website at:

<http://www.elexon.co.uk/bscpanelandcommittees/panelcommittees/crosscodesforum/default.aspx>

Balancing Services Standing Group (BSSG) & Commercial Balancing Services Standing Group (CBSG)

National Grid is seeking members to join its new Commercial Balancing Services Group (CBSG), which will provide a focal point for the industry to discuss areas for development of commercial balancing services, for example Constraint Management, Short Term Operating Reserve and Firm Frequency Response.

We have also updated the terms of reference for the CUSC BSSG which will review the contractual arrangements for the procurement of Balancing Services as set out in the CUSC, including Reactive Power (mandatory and enhanced services), mandatory Frequency Response, System to Generator Operational Intertripping and the Maximum Generation Service.

To register your interest for either Group, please email bali.virk@uk.ngrid.com. Please note that to become a member of the BSSG, you will need to be nominated by a CUSC Party.

National Electricity Transmission Security & Quality of Supply Standards

You may be aware of the fundamental review of the Security and Quality of Supply Standards (SQSS), applicable to the National Transmission System Owners that is currently ongoing. Progress has been made in several areas but a number of issues are still being addressed. The SQSS review group believes that it is appropriate to update the industry at this time regarding the status of the review and the plans to take it forward. To this end, please find attached a link to the webpage containing an open letter from David Wright, SQSS review group chair, describing the background to the review and the programme that will progress it in the coming months.

<http://www.nationalgrid.com/uk/Electricity/Codes/gbsqsscode/fundamental/>

Offshore Development Information Statement: Future Scenarios

The industry consultation on the future scenarios which will be used in the 2010 Offshore Development Information Statement (ODIS) was issued by National Grid on Monday, 22nd March 2010. The 2009 ODIS was the first to be published by National Grid acting in its role as National Electricity Transmission System Operator (NETSO) in December 2009. The 2010 ODIS will be published by 30th September, and as part of its development, National Grid is consulting with industry participants on which future scenarios should form part of the Statement. The consultation outlines potential future scenarios for inclusion in the Statement which, if selected, will form the background against which the potential development of the national electricity transmission system will be assessed from a local and wider national

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electricity transmission system perspective, the outcomes of which will be presented in the 2010 Statement. The closing date for responses is close of business on Friday 14th May 2010 with all responses being directed to transmission.odis@uk.ngrid.com. The consultation is available on National Grid's website:

<http://www.nationalgrid.com/uk/Electricity/ODIS/CurrentStatement/>

Wind Speed and Direction Metering Information Disclosure Agreements

Following our successful wind power forecasting workshop in February, (see

<http://www.nationalgrid.com/uk/Electricity/Data/WindPowerOperation/WorkshopPresentations/>)

we've now signed a number of agreements with operators of wind farms to help improve our wind power forecasting accuracy. These agreements enable us to make available wind speed and wind direction metering data, already routinely provided to us for operational reasons, to our weather forecasting providers. We also outlined in a presentation why it's necessary to put these specific agreements in place (see

http://www.nationalgrid.com/NR/rdonlyres/5A560A2F-A765-4B33-82B4-F8E7B2202DF4/40075/05_ForecastingConfidentiality_Final.pdf

This outturn data helps weather companies to forecast wind speed and wind direction more accurately, leading to improved wind power output prediction. Please contact paul.auckland@uk.ngrid.com if you'd like to know more.

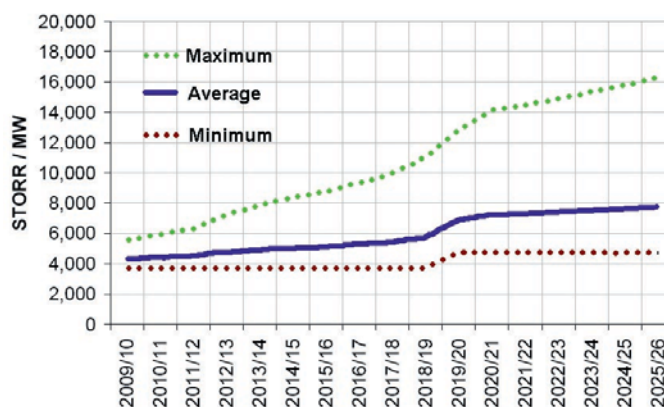
Longer-term STOR Development

Following the 2008 STOR Review, National Grid introduced a longer-term service which enabled providers to tender for a period of up to 10 years and to be able to tender before investment. The purpose of this was to encourage new providers and technologies to participate in the STOR market and assist National Grid in meeting the forecast future balancing services requirements. Following further consultation with the industry throughout 2009, the tender period has been extended to 15 years in recognition of the requirements for securing project finance.

National Grid is extremely encouraged by the response from the industry to date for the potential provision of longer-term STOR from parties both existing and new. However, through ongoing discussions it is becoming clear that further amendments to both the Framework Agreement and Standard Contract Terms may be required to facilitate this. As a consequence, National Grid intends to develop the Standard Contract Terms for the provision of longer-term

STOR and give further consideration to the suitability of the current indexation principles. This will be undertaken in conjunction with the industry as part of the 2010 STOR Review. The intention is to provide all interested parties with a transparent set of terms that provide a level playing field, whilst recognising the differing requirements of parties interested in tendering for the provision of STOR on a long-term basis. It is anticipated that National Grid will engage with the industry throughout the Summer of 2010 and we look forward to working with interested parties to ensure that all of the potential issues and concerns are captured and duly considered, with a view to implementing any recommended proposals from 1st April 2011 onwards.

Positive Reserve Requirement Forecast



Transmission Operational Forum 10:00am, Wednesday 21st April

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

Agenda

BSIS 2010/2011

David Smith

BSUoS - End of Scheme Reconciliation

Collin Williams

Operational Update

Guilherme Susteras

Summer Outlook

Paul Auckland