

Procurement Guidelines

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Version Control

<u>Date</u>	<u>Version No.</u>	<u>Notes</u>
<u>20.3.01</u>	<u>1.0</u>	<u>Initial version</u>
<u>21.109.0</u> <u>1</u>	<u>1.1</u>	<u>Revision to initial version to incorporate new intentions on the procurement of Fast Reserve</u>

The Guidelines have been developed in consultation with the Authority/Director. The Guidelines may only be modified in accordance with the processes set out in Condition 7B of the Transmission Licence. We will continuously monitor the validity of the Guidelines and intend, in discussion with the Authority/Director, to periodically review the form of the Guidelines and, where appropriate, make such revisions as are necessary.

In the event that it is necessary to modify the Guidelines in advance of issuing the annual updated version of this document, then this will be done by issuing a supplement to these Guidelines.

The latest version of this document is available, together with the relevant change marked version (if any), electronically from our website. Alternatively a copy may be requested from the Contracts and Trading Manager. Full contact details are set out in Part E of this document.

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PART A: INTRODUCTION

1. Purpose of Document

This document sets out the Procurement Guidelines (“the Guidelines”) which The National Grid Company plc is required to establish in accordance with Licence Condition 7B of the Transmission Licence. The purpose of these Guidelines is to set out the kinds of Balancing Services which we may be interested in purchasing, together with the mechanisms by which we envisage purchasing such Balancing Services.

The Guidelines are not prescriptive of every possible situation that we are likely to encounter, but rather represent a generic statement of the procurement principles we expect to follow.

The remainder of this document is structured in four parts. Part B sets out the broad definitions of Balancing Services, the general principles we expect to follow in procuring such services, the relationship between various Balancing Services and a description of when actions will be taken outside of the Balancing Mechanism. Part C describes the kinds of Balancing Services we expect to procure and Part D sets out the procurement mechanisms we expect to utilise in procuring such Balancing Services. Part E contains historical Balancing Services volumes and describes other information we will provide to ensure that appropriate signals are available to market participants and other interested parties.

In the event that it is necessary to modify the Guidelines in advance of issuing the annual updated version of this document, then this will be done by issuing a supplement to these Guidelines.

The Guidelines have been developed in consultation with the Authority/Director. The Guidelines may only be modified in accordance with the processes set out in Condition 7B of the Transmission Licence. We will continuously monitor the validity of the Guidelines and intend, in discussion with the Authority/Director, to periodically review the form of the Guidelines and, where appropriate, make such revisions as are necessary.

The Guidelines make reference to a number of definitions contained in the Grid Code and Balancing and Settlement Code. In the event that any of the relevant provisions in the Grid Code or Balancing and Settlement Code are amended it may become necessary for us to modify the Guidelines in order that they remain consistent with the Grid Code and/or Balancing and Settlement Code.

In any event, where our statutory obligations or the provisions of the Grid Code are considered inconsistent with any part of these Guidelines, then the relevant statutory obligation and/or Grid Code provision will take precedence.

Unless defined in the Guidelines, terms used herein shall have the same meanings given to them in the Transmission Licence, the Grid Code and/or the Balancing and Settlement Code as the case may be.

The latest version of this document is available electronically from our website. Alternatively a copy may be requested from the Contracts and Trading Manager. Full contact details are set out in Part E of this document.

PART B: GENERAL PRINCIPLES

1. Balancing Services

The services that we need to procure in order to operate the transmission system constitute Balancing Services.

The Transmission Licence defines Balancing Services as:

- “(a) Ancillary Services;
- (b) offers and bids made in the Balancing Mechanism; and
- (c) other services available to the Licensee which serve to assist the Licensee in operating the Licensee’s Transmission System in accordance with the Act or the Conditions and/or in doing so efficiently and economically.”

Ancillary Services:

These services are described in Connection Condition 8 of the Grid Code and are services procured from Authorised Electricity Operators (AEOs) or persons that make interconnector transfers. These services can be mandatory or commercial in nature. They are not procured from electricity consumers.

Balancing Mechanism offers and bids:

These are commercial services offered by generators and suppliers and procured through arrangements set out in Paragraph 5.1, Section Q of the Balancing and Settlement Code. They represent a willingness to increase or decrease the energy output from BM Units in exchange for payment. Accepted services are used to control the national and local balance of generation and demand.

"Other Services":

These are commercial services that can be entered into with any party, which are classified neither as Ancillary Services nor as Balancing Mechanism offers and bids. These services can be provided by parties who are not AEOs. This category would include any service provided by parties that are not signatories to the Balancing and Settlement Code. Other Services may also include the procurement of energy for balancing purposes. Further details on 'Other Services' can be found in Part C paragraphs 1 and 2.2.

2. Procurement Principles

When procuring Balancing Services, we will apply the following principles.

- Without prejudice to the factors below and after having taken relevant price and technical differences into account, we shall contract for Balancing Services in a non-discriminatory manner.
- In contracting for the provision of Balancing Services we will purchase from the most economical sources available to us having regard to the quality, quantity and nature of such services at that time available for purchase.

The types of issues considered with regards to quality and nature are best explained via an example. When considering a requirement for frequency response from two potential providers we will have regard to the quality, quantity and nature of frequency response available for purchase. In assessing the quality of the service we will consider, for example, the historical performance of the provider. In assessing the nature of the service we will

consider, for example, whether the nature of the provider's frequency response service is dynamic or static.

- Where there is, or is likely to be, sufficient competition in the provision of a Balancing Service we will seek to procure that service via an appropriate competitive process (identified in Table 1) or market mechanism, as described in Part D of this document. In such instances we shall provide a statement¹ indicating the processes and terms under which contracts will be awarded. Copies of these statements are available from the Information Provision Contact listed in Part E of this document.
- If we consider that there is insufficient competition in the provision of a Balancing Service (e.g. where there is some form of local monopoly) we shall contract for such provision on a negotiated bilateral basis.
- If Balancing Services are required over a relatively long term, we shall advertise that requirement as appropriate through the communication media set out in Part D of this document.
- If a third party requires Balancing Services, and if we secure provision of such services on their behalf, the associated costs of provision will be fully recharged to the party requiring such services.

3. **Balancing Services Relationships**

Both Ancillary Services and "Other Services" will be procured against the principles set out in this statement. It should be recognised that the volume of services procured will be constrained by economic and

¹ "statement" will be a hyperlink to an appropriate index page on our web-site.

technical factors, including the level and nature of services delivered through Balancing Mechanism offers and bids.

Offers and bids within the Balancing Mechanism will be accepted in price order, after taking account of system technical limitations and dynamic parameters associated with the offers and bids. Taking account of these constraints, when all available offers/bids that can be accepted have been exhausted, emergency action may need to be initiated.

Ancillary Services and "Other Services" can be considered collectively as services procured outside the Balancing Mechanism. We will need to procure Ancillary Services and "Other Services" for:

- System Security - Services may be procured outside the Balancing Mechanism if we consider that there will be insufficient offers and bids available within the Balancing Mechanism to balance the system and maintain security of supply.
- Cost - Services may be procured outside the Balancing Mechanism if we consider that it would provide an economic alternative to purchasing services through the Balancing Mechanism.
- Differentiation - Services may be procured outside the Balancing Mechanism if the required technical characteristics are not available through Balancing Mechanism offers and bids.

4. **Taking Actions Outside the Balancing Mechanism**

Our consideration of whether to undertake actions within or outside the Balancing Mechanism will be based on a forecast of the level and cost of services expected to be available within the Balancing

Mechanism. Contracts will be entered into outside the Balancing Mechanism when we anticipate a shortage of appropriate offers and bids in the Balancing Mechanism to meet system security requirements, or if we consider that such contracts will lead to a reduction in overall cost or provide technical characteristics that are not available through Balancing Mechanism offers and bids. The principles by which we will forecast the sufficiency or otherwise of offers and bids in the Balancing Mechanism, and technical characteristics, are set out in the Balancing Principles Statement.

When considering what actions will be undertaken outside the Balancing Mechanism or what actions will be taken before Gate Closure it is useful to examine energy related products separately from Other Services, in addition to Ancillary Services.

- Ancillary Service Agreements are normally entered into prior to Gate Closure such that prices and service capability are agreed well before they are exercised. Ancillary Service Agreements provide for the services to be exercised within Gate Closure timescales and for payments to be made in addition to those made within the Balancing Mechanism. An example of this type of payment is the frequency response capability payment which is contracted for in advance and then made when a provider is placed in a state where it is capable of deviations in its output as a result of deviations in system frequency.
- In the case of Balancing Services not provided by AEOs, agreements are again normally entered into prior to Gate Closure. These services are exercised within Gate Closure timescales, but the providers will often not be a Trading Party within the Balancing and Settlement Code. An example of this is the provision of frequency response services from the demand side. This results in the contract being entirely outside the Balancing Mechanism.

- For energy we will trade, subject to any restrictions set out in the Transmission Licence, using the same instruments as other traders. For example we will enter into agreements prior to Gate Closure to pay a provider an option fee to ensure that energy is available in the Balancing Mechanism. This option may then be exercised prior to or after Gate Closure.

PART C: BALANCING SERVICES REQUIRED

1. Types of Balancing Services

We are interested in procuring the following types of Balancing Services:

Ancillary Services

- System Ancillary Services (Part 1), the mandatory services required to be provided by all licensed generators, of:
 - Reactive Power; and
 - Frequency Response.

- System Ancillary Services (Part 2), the necessary services required from some generators and provided if agreement is reached, of:
 - Black Start Capability; and
 - Fast Start Capability.

- Commercial Ancillary Services. The following services, required from some generators and provided if agreement is reached, of:
 - Enhanced Reactive Service;
 - Commercial Frequency Response Service;
 - Reserve Services; comprising:
 - Fast Reserve;
 - Standing Reserve; and
 - Warming.
 - Commercial Intertrips;
 - System-to-System Services (including Emergency Assistance; and
 - Transmission Related Agreements.

Other Services

Other Services, other than those provided as an Ancillary Service, comprise:

- Reactive Power;
- Frequency Response;
- Standing Reserve; and
- Fast Reserve; and
- Demand Intertrip.

Energy Related Products, comprising of:

- Forward Energy Trades;
- Power Exchange Trades; and
- Energy Balancing Contracts.

A number of services are listed under both Ancillary Services and Other Services. This distinction arises from the definition of Ancillary Services in the Transmission Licence, which defines Ancillary Services as being provided by AEOs or interconnector parties. Thus where parties that are not AEOs provide a service, such as frequency response, then it is classified as an Other Service rather than an Ancillary Service.

2. Description of Balancing Services

2.1 Ancillary Services

There are two broad types of Ancillary Service, as defined in the Grid Code.

System Ancillary Services, which are divided into two parts, comprise Part 1 System Ancillary Services that are mandatory services required from all licensed generators and Part 2 System Ancillary Services that are necessary services provided by some generators, on a site by site basis, to meet specific system requirements where agreement is

reached. Any Ancillary Service which is not a System Ancillary Service and which is provided by an AEO is termed a Commercial Ancillary Service.

System Ancillary Services comprise the services as set out in and described in Connection Condition 8.1 of the Grid Code:

- All licensed generators are required to provide Part 1 System Ancillary Services to ensure the provision of a minimum technical capability to deliver voltage and frequency response services.
- Some generators are required to provide the Part 2 System Ancillary Services of Black Start Capability and/or Fast Start Capability. Our additional requirements for these services depend on the actual and expected provision of such services by existing providers.

Future Requirements

We are interested in discussing arrangements with potential new providers of the Black Start Capability service. However, there is no requirement for any additional Fast Start Capability beyond the current provision from all existing providers.

Commercial Ancillary Services, described in Connection Condition 8.2 of the Grid Code, are agreed bilaterally and set out, subject to satisfactory commercial terms, in an Ancillary Services Agreement. The Commercial Ancillary Services we expect to procure are:

- Enhanced Reactive Service - which exceeds the minimum technical requirement set out in Connection Condition 6.3.2 of the Grid Code. We will contract for such services as described

in the relevant reactive power market arrangements (see Part D).

- Commercial Frequency Response Service - which provides for combinations of different technical characteristics (compared to mandatory frequency response services), together with alternative pricing arrangements. We contract for such services when the anticipated cost is lower than the alternative service provision.
- Reserve Services - these are instructed services required over a variety of time frames to deal with the matching of generation with demand. The services we expect to procure can be broken down into the following components:

~~Fast Reserve - which is a fast acting dynamic service, provided by synchronised plant, capable of delivery within 2-5 minutes, required to provide a load correction and frequency following service.~~

- Fast Reserve – which is a fast acting, reliable, flexible service, provided by plant capable of increasing energy production or reducing energy consumption, at defined rates and within a defined time period. The details of this service will be described in the detailed statements associated with its procurement via tender (see Part D).

- Standing Reserve - which is provided by plant that is not synchronised but which can start within a defined time period. The details of this service will be described in the detailed statements associated with its procurement via tender (see Part D).

- Warming - which is required prior to Gate Closure. This may be required to ensure that there is sufficient flexible plant available at Gate Closure. It involves contracting with plant to reduce its notice to deviate from zero and be available to submit a Balancing Mechanism offer. This service may be required where there is a reasonable expectation that the plant dynamics are likely to exceed the timing of Gate Closure.
- Commercial Intertrip - this service is required to minimise the pre transmission line fault output restrictions that may apply to Power Stations. This service is the same as a normal intertrip with the exception of the generator not being obliged to provide the service as part of its connection conditions. There is a very limited and localised requirement for such a service.
- System-to-System ~~Services~~ Services (including Emergency Assistance) - these services provide for mutual support of the transmission system with other interconnected systems. These services are only required via interconnectors.
- Transmission Related Agreements - from time to time we have entered into "Transmission Related Agreements". These agreements deal with specific circumstances where connection arrangements result in the output of generation being constrained by events on the Transmission System. We do not envisage entering into any more agreements of this type.

2.2 Other Services

As indicated in Part B, "Other Services" include services which are not classified as "Ancillary Services", but technically can provide the same effect from different service providers. An example of "Other Services" would be frequency response provided by an electricity consumer (a party that is not an AEO).

Other Services may also include the purchase of energy in connection with operating the transmission system and/or doing so economically and efficiently. Purchases via bilateral forward contracts or through a recognised exchange will fall within this category. The levels of purchased energy will be included in the BSAD data which is submitted to the Balancing Mechanism Reporting Agent in line with the BSAD Methodology Statement for inclusion in the calculation of System Sell Price and System Buy Price in accordance with the Balancing and Settlement Code.

2.3 Prohibited Activities

We have been given discretion with regard to the procurement of Balancing Services, subject to a licence obligation to operate the transmission system in an efficient, economic and co-ordinated manner and under the umbrella of an incentive scheme.

We should be able to make the best use of the range of tools available to us including (but not limited to) energy contracts and option contracts called both inside and outside of the Balancing Mechanism.

In addition to the licence obligation to operate the transmission system in an efficient, economic and co-ordinated manner, we are also prohibited from purchasing or otherwise acquiring electricity except pursuant to the procurement or use of Balancing Services in connection with operating the transmission system and doing so economically and efficiently (or with the consent of the Director / Authority) with the result that we are prohibited from speculative trading.

In addition we are required to publish a range of information to market participants in relation to how we envisage procuring Balancing Services and energy purchases. Full details of the range of information

that we will publish and details on where this information can be found on our web-site.

2.4 Buying Energy or Selling Energy Related Contracts

Reasons why we may buy or sell energy or energy related contracts forward include:

- To meet our mean forecast requirement for balancing energy.
- To provide options to meet potential variations from the mean forecast. The Reserve Services described above may fulfil this requirement.
- To reduce the total cost of balancing the transmission system using the Balancing Mechanism. For example, if a certain volume of offers are forecast to be required in the Balancing Mechanism (e.g. for the purposes of establishing spinning reserve), it may be more economic to purchase a volume of energy forward such that a reduced volume of offers and bids are required.
- Direct Arbitrage between different balancing instruments in order to yield a lower overall balancing cost. In order to comply with the Transmission Licence, this would only be valid if an immediate cost saving can be obtained by directly replacing one balancing instrument to fulfil a specific requirement with another which replaces the same requirement. An example of such a direct arbitrage could be to sell a 12-month contract and replace it with 2 consecutive 6-month contracts.

PART D: PROCUREMENT MECHANISMS

1. Procurement Process

As indicated in Part B of these Guidelines, where sufficient competition exists, we will seek to contract for Balancing Services via some form of market mechanism. In other circumstances, bilateral contracts will be entered into with the service providers. In all such circumstances we will be mindful of our Licence obligations when entering into these agreements.

Market mechanism

This will normally be a tender based process for the selection and award of service contracts. In each case, the mechanism will include:

- a statement of our service requirements;
- the issuing of invitation to tender documentation, providing sufficient information to allow the provision of a service offer to be made, including standard contract terms and conditions;
- arrangements for governance of the process;
- a statement of principles and criteria that we will consider when evaluating the awarding of contracts; and
- a report providing information on previous tenders.

Schedule 3 of CUSC contains the market mechanism arrangements for reactive power. This information is supplemented by other information available on our web-site. The information noted above may be requested from the Contracts and Trading Manager. Full contact details are set out in Part E of this document.

Bilateral Contracts

Bilateral contracts may be required where limited competition exists in the supply of a service (taking into account locational factors where

necessary). This may be due to special technical requirements of the desired service, where some form of monopoly exists or the unique characteristics of certain individual providers.

Where we consider there to be a limited degree of competition, we will

- contact those service providers we believe to be capable of providing the required service or who have expressed an interest in providing the service in order to establish whether they wish to enter into a contract for the service in question; and
- offer non-discriminatory terms for the acquisition of the service.

However, if there is insufficient time to identify and contact other providers, we reserve the right to contract as appropriate to meet system security requirements.

Where we consider that no competition exists (such as the provision of a locational service), we will offer non-discriminatory terms for the acquisition of the required service.

2. **Procurement Communication Media**

We shall communicate any service requirement by contacting those parties that we believe may be interested in providing the service, including any existing or past service providers, and anyone that has expressed a prior interest in providing such services in the future. In addition, notification of tenders will normally be advertised in trade magazines as appropriate and on our web-site.

3. **Procurement Summary**

This summary Table 1 sets out the Balancing Services we expect or intend to procure and the mechanisms by which we expect to procure them. It also sets out the timescales over which we intend to procure those Balancing Services set out in Part C, section 1 of these Guidelines.

Table 1 BALANCING SERVICES SUMMARY TABLE

ANCILLARY SERVICES	MEANS OF PROCUREMENT	TIMESCALES
Part 1 Services		
Reactive Power	Contracts derived from Market tenders and Bilateral contracts	Evergreen
Frequency Response	Bilateral contracts	Evergreen
Part 2 Services		
<ul style="list-style-type: none"> • Black Start 	Bilateral contracts	Up to life of asset
<ul style="list-style-type: none"> • Fast Start 	Bilateral contracts	Up to life of asset
Commercial Ancillary Services		
Enhanced Reactive Services	Contracts derived from Market tenders	Min Annual
Frequency Response	Bilateral contracts	Min Seasonal
Reserve		
<ul style="list-style-type: none"> • Fast Reserves 	Bilateral contracts <u>or contracts derived from market tenders</u>	Min Annual <u>monthly via bilateral contract or tender process</u>
<ul style="list-style-type: none"> • _____ 		
<ul style="list-style-type: none"> • _____ 		
<ul style="list-style-type: none"> • _____ 		
<ul style="list-style-type: none"> • Standing Reserve 	Contracts derived from Market tenders.	Min Annual
<ul style="list-style-type: none"> • Warming 	Bilateral contracts	Min Annual
Commercial Intertrip	Bilateral contracts	As required
Emergency Assistance	Bilateral contracts	Evergreen
BALANCING MECHANISM OFFERS AND BIDS	Services are procured under the provisions of the Balancing and Settlement Code	N/A
OTHER SERVICES		
Reactive Power	Contracts derived from Market tenders	Min Annual
Frequency Response	Bilateral contracts	Min Seasonal
Standing Reserve	Contracts derived from Market tenders	Min Annual
<u>Fast Reserve</u>	<u>Bilateral contracts or contracts derived from market tenders</u>	<u>Min monthly via bilateral contract or tender process</u>
Demand Intertrip	Bilateral contracts Procured via Markets/Bilateral	As required

Energy Related Products	contracts	As required
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PART E: INFORMATION PROVISION

1. General Provisions

We shall publish information on the Balancing Services that we intend to procure. In doing so we will seek to provide market participants and other interested parties with sufficient information without compromising the commercial position of any contracting party.

As part of the provision of information we will provide Balancing Services Adjustment Data (BSAD). The calculation methodology used is set out in a separate document entitled "BSAD Methodology Statement" established by The National Grid Company plc under the Transmission Licence.

2. Information Provision Contacts

All queries regarding the provision of Balancing Services we intend to procure should be made, in the first instance, to:

Mr John Pettigrew
Contracts and Trading Manager
Market Development
The National Grid Company plc,
Kirby Corner Road,
Coventry,
CV4 8JY.
Tel: 02476 423107
Fax: 02476 423114

3. Information Provision Detail

In the circumstances where tenders are held we publish information on the outcome of these processes via market reports, which are available on our web-site. This is currently the case for Reactive Power (every six months) and Standing Reserve (annually). In other cases we publish the aggregated cost and volume information set out in the Balancing Services Information Provision Summary table (Table 3) on our web-site.

4. Volumes of Balancing Services

Table 2 below sets out the historical average volume of Balancing Services over the three-year period 1996 to 1998. Volumes are mainly rounded to the nearest TWh or 500 call-offs as appropriate.

Table 2: Volumes of Balancing Services

Service	Volume	Notes
Reactive	38 TVArh	These are the volumes of the Grid Code service through the Reactive Market.
Frequency Response	6.5 TWh Primary 7.5 TWh Secondary 5 TWh High	This is delivered from steam, CCGT, hydro, and demand-side providers.
Contingency Reserve	2500 call-offs pa	This includes Fast Start, Cancelled Start and Hot Standby
Regulating Reserve	10 TWh	Regulating reserve covers all categories of reserve held on synchronised plant, excluding frequency response
Standing Reserve	8 TWh of availability 80 GWh of energy	-
Black Start	15 – 20 sites	-

5. **Information Provision Summary**

Table 3 sets out the information on Balancing Services that we will make available to market participants and other interested parties from NETA Go-live. A number of services set out in Table 1 have been aggregated in Table 3 to ensure that we provide market participants and other interested parties with sufficient information without compromising the commercial position of any contracting party.

Table 3 sets out the volume and price information we are able to make available and the timescales over which the information will be updated. In many cases the information will be provided pursuant to the BSAD Methodology Statement. In addition Table 3 sets out the source of the information and in many cases contains hyperlinks to the information. Hard copies of this information may be requested from the Contracts and Trading Manager. Full contact details are set out in section 2 above.

6. **Future Information Provision**

Table 4 sets out the additional information on Balancing Services that we expect to make available to market participants and other interested parties as soon as reasonably possible after NETA Go-live, but in any event by April 2002. To help interpretation we have followed the same format and service aggregation as used in Table 3. We would hope to provide market participants and other interested parties with sufficient information, however, in providing such information we would seek not to compromise the commercial position of any contracting party.

7. **Information Currently Unavailable**

Further to the recent Ofgem consultation on the Procurement Guidelines, Balancing Principles Statement, BSAD Methodology Statement and Information Provision, Ofgem have submitted to NGC a table of information that reflects comments received. To help the development of the provision of information we have included this table

as Table 5 with an additional column setting out the issues associated with the provision of this information.

To develop the provision of information on Balancing Services to market participants and other interested parties we are currently considering setting up a forum to discuss the Procurement Guidelines and the BSAD Methodology Statement. As part of this forum we would also expect to consider the development of the provision of information to market participants and other interested parties in order to achieve the correct balance between confidentiality and need for information. It is anticipated that this forum would meet on a quarterly basis, or as required. Further details will be made available on NGC's website in the near future.

8. **Disclaimer**

All information published or otherwise made available to market participants and other interested parties pursuant to these Procurement Guidelines is done so in good faith. However, no warranty or representation is given by NGC, its officers, employees or agents as to the accuracy or completeness of any such information, nor is any warranty or representation given that there are no matters material to any such information not contained or referred to therein. Accordingly, no liability can be accepted for any error, misstatement or omission in respect thereof, save in respect of a misrepresentation made fraudulently.

TABLE 3: Balancing Services Information Provision Summary for NETA Go-live

Balancing Service	Volume information	Price information	Timescale	Information Source
Reactive Power	<p>Historical utilisation figures set out in Reactive Power Invitation To Tender.</p> <p>Utilisation volumes by genset in the Reactive Power Market Report.</p>	<p>Default utilisation prices set out in CUSC Schedule 3, Part 1.</p> <p>Full successful tender details by genset in Reactive Power Market Report.</p>	<p>Market Report published after each tender round (as set out in CUSC). Market Report produced every 6 months.</p>	<p>Market Report issued to all relevant service providers.</p> <p>Market Report available on our website.</p>
Frequency Response	<p>Primary, secondary and high frequency response volume requirement curves and tables to indicate system need.</p>	<p>Average price of contracted primary, secondary, and high frequency response.</p>	<p>Prices will be updated once every two months.</p> <p>Requirement curves will be updated annually.</p>	<p>Primary, secondary and high frequency response prices and requirement curves available on our website.</p>
Standing Reserve	<p>Tendered volume and contracted volume contained in Standing Reserve Market Report.</p> <p>Total volume of standing reserve contracted for will be reported for each settlement period.</p> <p>Reserve volume requirement curves to indicate system need.</p>	<p>Tender price information contained within Standing Reserve Market Report.</p> <p>Total cost of standing reserve in each settlement period contained in the BSAD</p>	<p>Standing Reserve Market Report published after each tender round (annually).</p> <p>BSAD² will be published at 5pm D-1. Volumes available will also be reported at this stage</p>	<p>Market Report issued to all relevant service providers. Market Report available on NGC website.</p> <p>BSAD will be published at 5pm D-1 on the National Grid website. BSAD is disaggregated to show standing reserve costs. Volumes will also be reported at this stage</p>

² A detailed description of the data within BSAD is contained within the BSAD Methodology Statement

<u>Fast Reserve</u>	<u>Indicative volume requirement by Settlement Period</u> <u>Historic utilisation by day and average by Settlement Period</u>	<u>Total historic volume reported by three price bands (bids and offers)</u>	<u>Requirements published monthly in advance</u>	<u>This information will be published on our website</u>
Warming Contracts	Total MW contracted Plant held for warming	Average price contracted Average price plant held for warming	This information will be provided ex-post on a daily resolution.	This information will be published on our website
Energy Products	Total MW contracted (buy and sell) pre gate closure for each Settlement period	Total cost (buy and sell) is contained within the BSAD	BSAD will be published at 5pm D-1.	BSAD will be published at 5pm D-1 on our website. BSAD is disaggregated to show energy related costs and volumes (buy and sell)

TABLE 4: Balancing Services Information Provision (available from April 2002)

Balancing Service	Volume information	Price information	Timescale	Information Source
Reactive Power	<p>Searchable database of utilisation data on a lead and lag basis per BM Units.</p> <p>Reactive Power capability requirement index.</p>	<p>Searchable database of contractual information, including key contractual information such as price, capability, commencement and term.</p>	<p>Database updated two months in arrears.</p> <p>Index to be published from Tender Round 9 (i.e. contracts starting 1 April 2002, tender pack issued Sept/Oct 2001)</p>	<p>Searchable databases of utilisation and contractual information to be available on our website.</p> <p>Index contained in the Reactive Power Invitation To Tender.</p>
Frequency Response	<p>For Primary and Secondary response the contracted volume based on an initial deviation of - 0.5Hz, followed by a sustained deviation of - 0.5Hz, at minimum stable generation. High frequency response contracted volume based on full load and a high frequency deviation of 0.5Hz.</p>	<p>The contracted volumes will be broken down into price bands.</p> <p>Frequency response imbalance compensation prices (£/MW/hour of capability held) will be published as soon as reasonably possible after NETA Go-live</p>	<p>Price and contracted volume will be updated every two months (this being the frequency that service providers can change prices).</p> <p>Frequency response imbalance compensation prices will be published two months in arrears</p>	<p>Primary, secondary and high frequency response prices, contracted volumes available on our website.</p> <p>Frequency response imbalance compensation prices will be published on our website.</p>
Energy Products	<p>Volume information as specified within Table 3</p>	<p>Price information as specified within Table 3</p>	<p>Half hourly at Gate Closure for settlement period 3.5 hours ahead</p>	<p>National Grid will make this information available to be published on the BMRS. This is dependent upon the BMRS being able to receive and publish the information to all interested parties.</p>

TABLE 5: Information to be reviewed post NETA Go-live

Service	Information required	OFGEM Information Requirement		Issues Associated with Provision
		Format of Information	Timescale	
For each of Primary, Secondary and High Frequency Response	Utilisation of contracted quantity	National utilised volume by utilisation price band (daily resolution)	Produced on a monthly frequency for the previous month	It is currently not possible to measure the actual volume of energy provided as a consequence of providing frequency response. We will review this issue from time to time.
	Contracted quantity held	National held volume by price band (daily resolution)	Produced on a monthly frequency for the previous month	Volume information is available via the system requirements curves. Price information can not be meaningfully reported due to the interaction of contractual prices with BM prices. National Grid will be providing information on planned frequency response headroom to Elexon for monitoring Balancing Reserve Levels.
Standing Reserve and Fast Reserve	Information on system requirement, contracted quantity and utilisation of contracted quantity.			Given the current liquidity in these markets National Grid do not believe that it is appropriate to publish any further information on these services over and above that currently provided within Table 3. We will keep this situation under review reflecting any changes in market conditions.
Regulating Reserve	Information on system requirement, contracted quantity and utilisation of contracted quantity			NGC do not currently procure Regulating Reserve as a Balancing Service. We will review the provision of information from time to time if the situation changes. National Grid will be providing information on planned regulating reserve levels to Elexon for monitoring Balancing Reserve Levels.

Service	Information required	OFGEM Information Requirement		Issues Associated with Provision
		Format of Information	Timescale	
Warming contracts	Information on contracted holding, utilisation of contracted quantity, capacity of warm plant held, and capacity of warm plant utilised			<p>National Grid does not believe it is appropriate to release any further information over and above that specified in Table 3. In particular National Grid consider that reporting of half hourly resolution data, price band data, or utilisation of warmed plant will be problematic given the likely number of service providers and the anticipated level of utilisation of this service.</p> <p>We will keep this situation under review reflecting any changes in market conditions or service utilisation.</p>