

Fast Reserve

Market Report of Tenders received for provision of service from December 2008

The Fast Reserve service was established by National Grid on 1 August 2001. Further details on this service can be obtained from our industry website at:

www.nationalgrid.com/uk/Electricity/Balancing/services/reserveservices/fastreserve/

To be eligible to participate, all potential Service Providers are required to fulfil a pre-qualification process to demonstrate their capability to meet the service criteria. Upon successful fulfilment of this, terms for the provision of Fast Reserve are drawn up which establish the relevant Fast Reserve parameters and a fee for the provision of an optional service. In addition, these same terms permit the Service Provider to tender for a firm service in accordance with the timetable of the monthly tender process, which is set out in the terms.

Since October 2004, new changes were made to the Fast Reserve Tender that increases the flexibility for providers in an attempt to facilitate competition and enhance the existing process. To reiterate the changes as set out on the website, the changes are as follows:

- You may now tender for a Firm Fast Reserve Period covering a period of consecutive calendar months, if desired, rather than simply a calendar month.
- You now have the opportunity to aggregate more than one unit at station to meet a required deliverability of 70MW at an aggregated unit (the minimum 50MW still applies for single BM units). This facility allows stations that are comprised of a number of smaller BM units that would not otherwise meet the required deliverability, the opportunity to submit a tender.

Highlights of the tender round for a firm service from 1st December 2008 are as follows:

- On 7th November 2008 National Grid published (on its industry website) indicative requirements for the Fast Reserve service from the month of December 2008.
- No new additional tenders were received.
- Please note that the details of the other tenders for this month are long-term tenders that were previously accepted or rejected for the period up to 31st March 2010.

For **January 2009** tenders from eligible Service Providers for a firm Fast Reserve service should be submitted to National Grid by close of business on Friday 12th December 2008. Notification of tender outcome will be available on Friday 19th December 2008.

Service Providers wishing to submit a tender should read the Market Information for Tenders from January 2009, which will be published on our industry website by Friday 5th December 2008.

Summary of Market Participation to date

The following table provides data relating to the Fast Reserve tenders accepted or rejected on a month by month basis.

| | Jul '08 | Aug '08 | Sep '08 | Oct '08 | Nov '08 | Dec '08 |
|--|---------|---------|---------|---------|---------|---------|
| Eligible number of companies to tender (BM and non BM) | 6 | 6 | 6 | 6 | 6 | 6 |
| Eligible No. of units | 18 | 18 | 18 | 18 | 18 | 18 |
| No. of new units tendered | 0 | 0 | 0 | 1 | 0 | 0 |
| No. units accepted for month | 2 | 2 | 2 | 3 | 3 | 3 |
| MW total tendered | 180 | 180 | 180 | 304 | 314 | 355 |
| MW total taken | 180 | 180 | 180 | 304 | 314 | 355 |
| Max tendered volume (GWh) | 87.84 | 87.12 | 84.96 | 124.36 | 122.79 | 138.66 |
| Max accepted volume (GWh) | 87.84 | 87.12 | 84.96 | 124.36 | 122.79 | 138.66 |

Please note that the table above also includes those units that have been previously tendered on a long term basis covering the period from 1st April 2007 to 31st March 2010.

Note: Eligible means those providers who have units available to provide the service via a CSA (Commercial Services Agreement).

The graph below shows the maximum volume tendered and accepted on a month by month basis since January 2007.

