



CAP173 - Reactive Power Market Tender

CUSC Panel 31/07/09

nationalgrid

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Overview

- ◆ CAP173 has been raised by National Grid with the purpose of improving the reactive power market tender arrangements within the CUSC
- ◆ This presentation will:
 - Outline the defect/issue under consideration and proposed solution, in consideration of the reactive power market tender process
 - Outline recommendation for a way forward

Reactive Power Market Tender Process

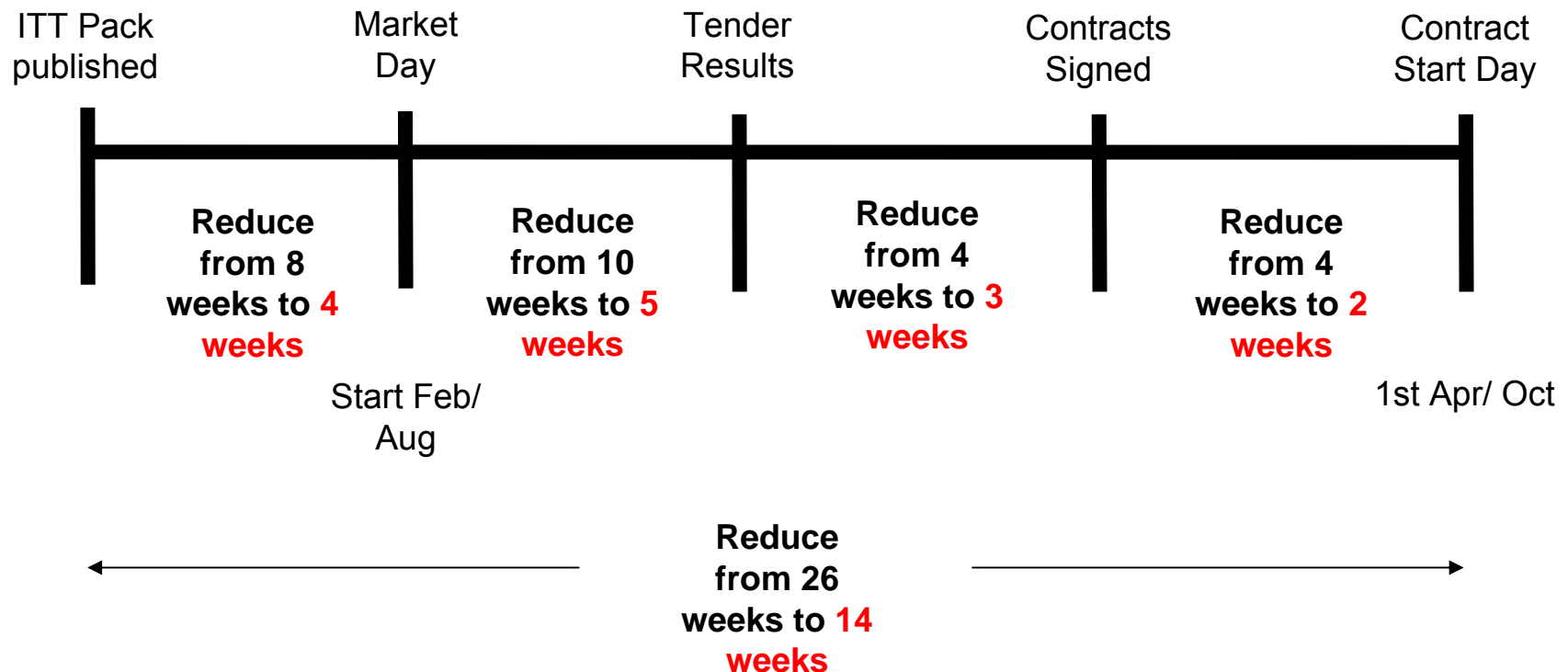
Defect

- ◆ Currently timescales for the Reactive power market tender process are relatively long

Proposal

- ◆ Proposal to significantly reduce tender timescales from 26 to 14 weeks by reducing:
 - Tender preparation period
 - Assessment period
 - Market agreement completion period
- ◆ Successful CUSC Amendment Proposal will:
 - Improve, and reduce the timescales involved with, the market tender process in order to facilitate competition within the reactive power market

Current and Proposed Tender Timescales



Please note a mistake in the proposed impact on the CUSC outlined in the Amendment Proposal has been identified – Clause 3.3 (a) (i) (a) and (b) should refer to Clause 3.3 (a) (ii) (a) and (b)

Impact on Applicable CUSC Objectives

CAP173 better facilitates CUSC Applicable Objective (b) by:

- ◆ Ensuring that the reactive power market tender process better meets the requirements of both National Grid and providers – thus facilitating competition within the reactive power market

Recommendation

- ◆ The proposal has been developed through discussion with the CUSC BSSG
- ◆ A consultation on the proposal was held with the wider industry – with support for the proposal from balancing services participants
- ◆ As such, we recommend that the proposal proceeds straight to consultation by the Company