

Short Term Operating Reserve Market Information Report 07-01

Introduction

National Grid procures Short Term Operating Reserve (STOR) through a competitive tender process which is conducted three times per year. Following each STOR tender round this document is published to report on the most recent tendering activity, and to provide summary information in respect of the total amount of STOR that has been procured (including previous tender rounds) going forward.

For further information regarding this service, and the timetable for future tenders, please consult the 'tender and reports' section of National Grid's Balancing Services information website:

<http://www.nationalgrid.com/uk/Electricity/Balancing/tenderreports/stor2/index.htm>

The report is divided into 3 sections:

- Section 1 provides a summary of the most recent tender round, providing market participants with tendered and accepted volume and price information across relevant seasons, and an indication of the types of units participating in the service.
- Section 2 provides an overview of the total contracted position for each relevant season going forward and information on how procurement has evolved through tender rounds.
- Section 3 provides a glossary of terms and the specific dates of the service seasons

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Section 1 Overview of Tender Round 1

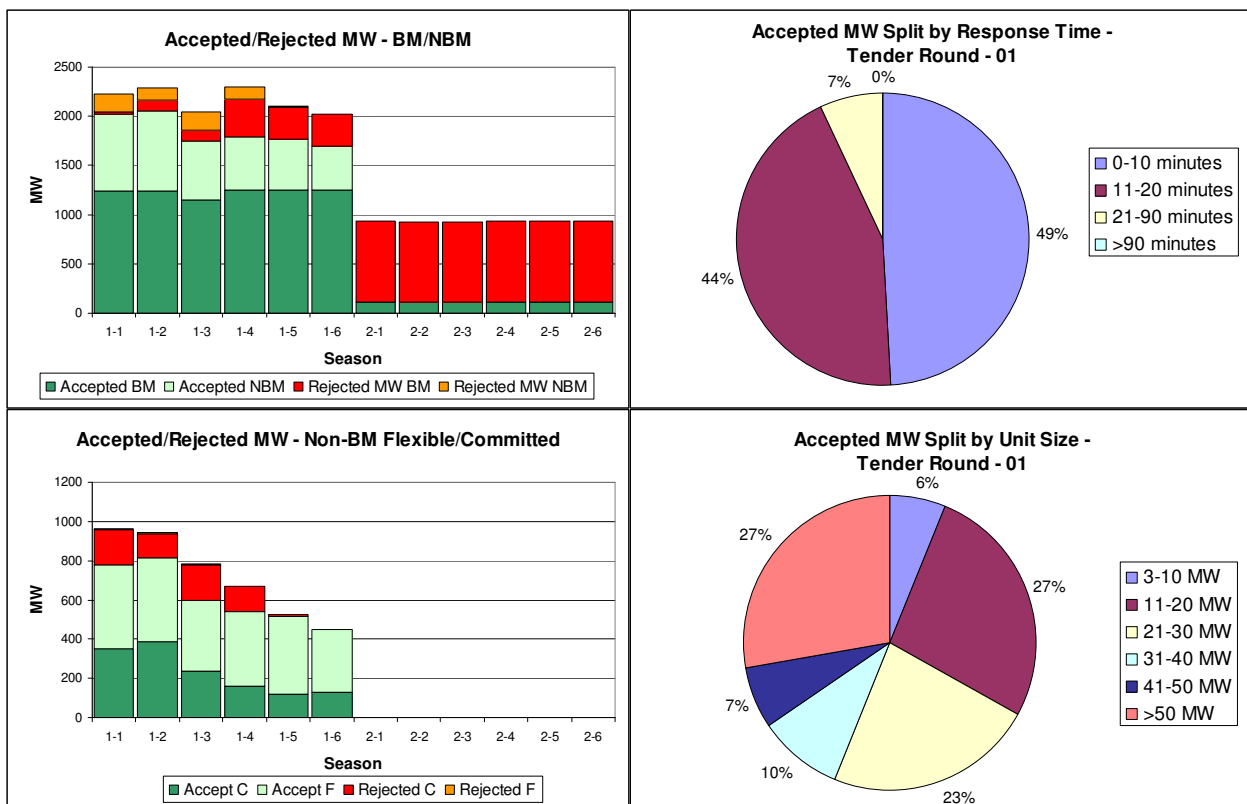
The table below shows a high-level overview of the tenders received by National Grid and those that were accepted through the assessment process.

	YEAR 1: 1 APRIL 2007 - 31 MARCH 2008						YEAR 2: APRIL 2008 - 31 MARCH 2009					
	1-1	1-2	1-3	1-4	1-5	1-6	2-1	2-2	2-3	2-4	2-5	2-6
Tendered Companies	33	33	29	28	26	25	3	3	3	3	3	3
Tendered Units	107	110	97	95	85	78	22	22	22	22	22	22
Tendered MWs [MW]	2230	2291	2041	2299	2103	2026	930	928	928	930	930	930
Average Availability Price* (submitted) [£/MW/h]	£6.14	£6.38	£6.53	£7.21	£6.99	£7.02	£8.73	£8.73	£8.73	£9.11	£9.11	£9.11
Average Utilisation Price* (submitted) [£/MWh]	£202.20	£197.58	£200.07	£201.34	£212.33	£210.15	£226.44	£226.37	£226.37	£226.44	£226.44	£226.44
Accepted Units	95	97	82	84	82	76	2	2	2	2	2	2
Accepted MWs [MW]	2021	2051	1749	1791	1766	1696	115	113	113	115	115	115
Average Availability Price* (Accepted) [£/MW/h]	£5.72	£5.79	£5.80	£6.35	£6.41	£6.48	£5.37	£5.37	£5.37	£8.50	£8.50	£8.50
Average Utilisation Price* (accepted) [£/MWh]	£214.11	£213.16	£220.28	£218.54	£219.24	£216.40	£193.48	£192.30	£192.30	£193.48	£193.48	£193.48

Note: Although the data presented in this table shows individual seasons, tenderers may choose to restrict National Grid's ability to accept/reject tenders on an individual season basis. Therefore in these circumstances assessment and any subsequent procurement will be based on the overall value of the tender across the tendered period.

Illustration of Volumes and Unit Characteristics

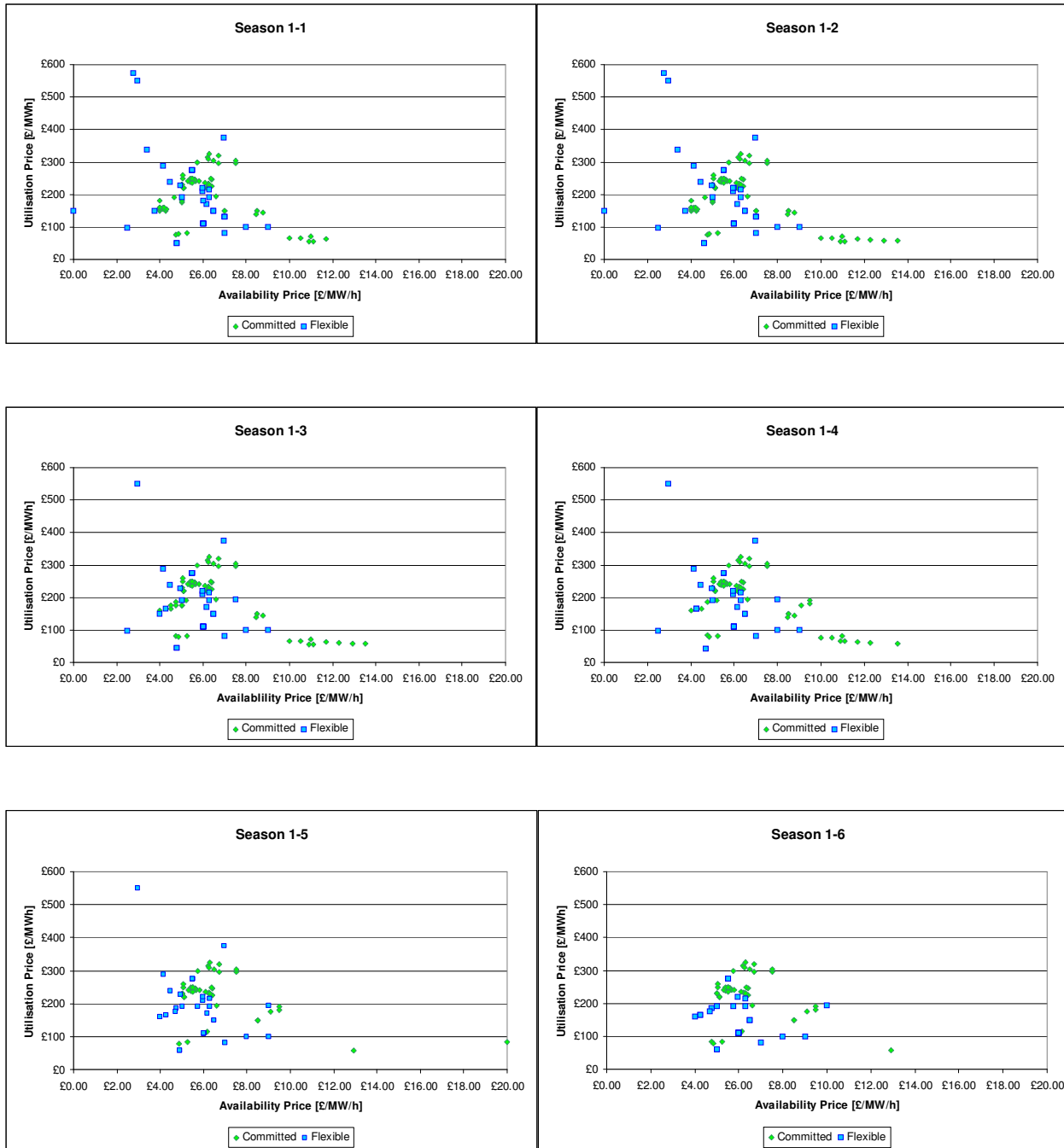
The graphs below illustrate the volumes of service that have been tendered and the volumes and characteristics of services procured.



Tendered Prices – Year 1

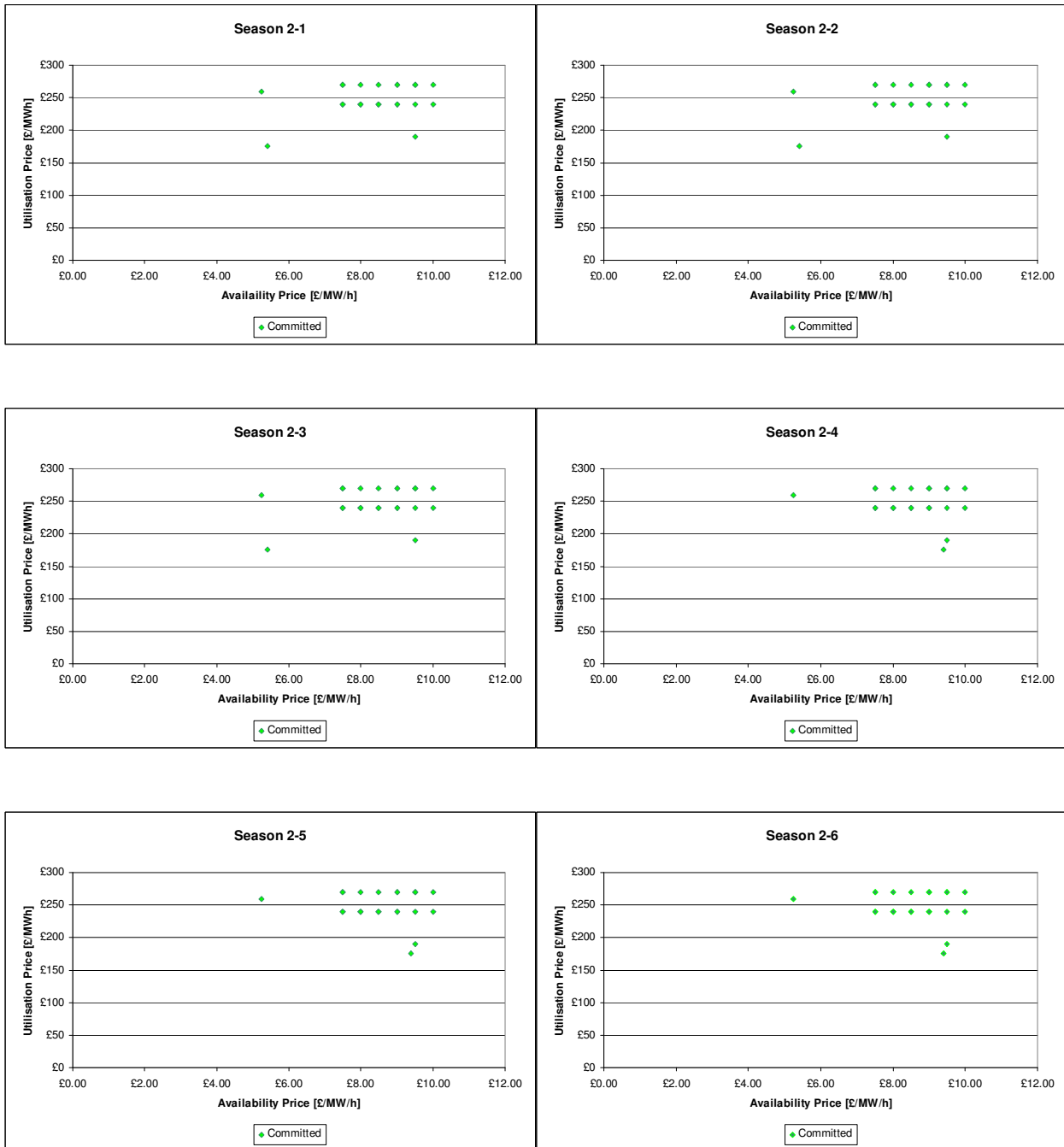
Scatter plots of availability and utilisation prices for each season is shown below. Note that price is not the only factor in determining whether a service is procured or not.

Year 1 Submitted Tender Prices – Scatter Plots of availability & utilisation prices



Tendered Prices – Year 2

Year 2 Submitted Tender Prices – Scatter Plots of availability & utilisation prices

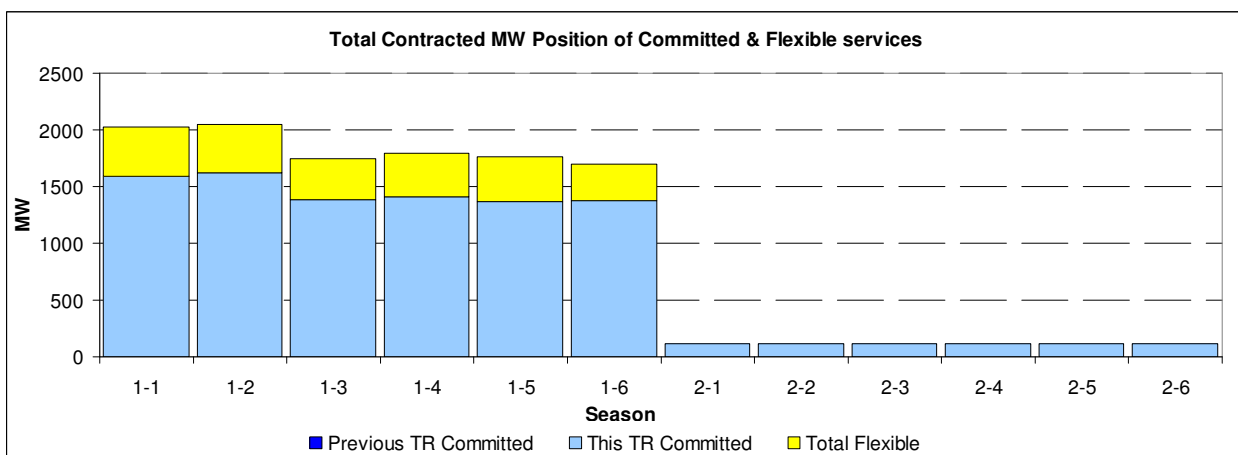
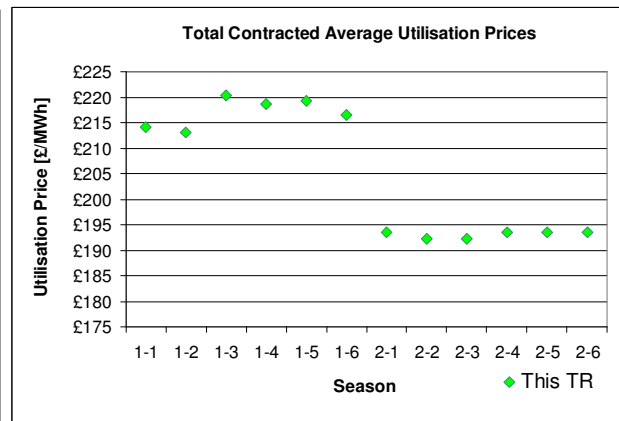
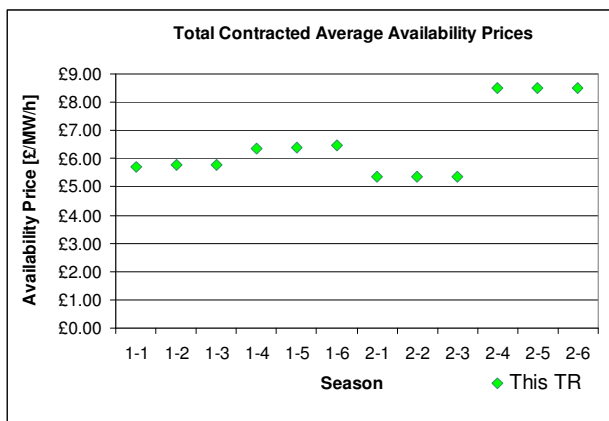


Section 2 Summary of Total Contracted STOR

	YEAR 1: 1 APRIL 2007 - 31 MARCH 2008						YEAR 2: 1 APRIL 2008 - 31 MARCH 2009					
	1-1	1-2	1-3	1-4	1-5	1-6	2-1	2-2	2-3	2-4	2-5	2-6
Accepted Units	95	97	82	84	82	76	2	2	2	2	2	2
Accepted MWs [MW]	2021	2051	1749	1791	1766	1696	115	113	113	115	115	115
Previously Contracted [MW]	0	0	0	0	0	0	0	0	0	0	0	0
Total Contracted [MW]	2021	2051	1749	1791	1766	1696	115	113	113	115	115	115
Total Average Availability Price* [€/MWh]	£5.72	£5.79	£5.80	£6.35	£6.41	£6.48	£5.37	£5.37	£5.37	£8.50	£8.50	£8.50
Total Average Utilisation Price* [€/MWh]	£214.11	£213.16	£220.28	£218.54	£219.24	£216.40	£193.48	£192.30	£192.30	£193.48	£193.48	£193.48

Evolution of Contracted STOR

A graphical overview of the above table is shown below to highlight the total breakdown between providers and previous tender rounds.



Section 3 Terminology and Definitions

Term	Definition
STOR	Short-Term Operational Reserve
STORR	Short-Term Operational Reserve Requirement
Unit	As described within a STOR framework agreement as constituting a STOR site
Tendered / Accepted MW	The maximum availability in the specified period
Year 1	Equivalent to Financial Year 2007/08 commencing on 1st April 2007
Year 2	Equivalent to Financial Year 2008/09 commencing on 1st April 2008
Average Availability / Utilisation Price	The volume weighted average price for the specified period
TR	Tender Round

Season Dates

Season Number	Operational Date From	Operational Date To
1-1	01-Apr-07	28-Apr-07
1-2	29-Apr-07	18-Aug-07
1-3	19-Aug-07	23-Sep-07
1-4	24-Sep-07	27-Oct-07
1-5	28-Oct-07	02-Feb-08
1-6	03-Feb-08	31-Mar-08
2-1	01-Apr-08	26-Apr-08
2-2	27-Apr-08	16-Aug-08
2-3	17-Aug-08	21-Sep-08
2-4	22-Sep-08	25-Oct-08
2-5	26-Oct-08	31-Jan-09
2-6	01-Feb-09	31-Mar-09