

11 November 2013

DEMAND SIDE BALANCING RESERVE AND SUPPLEMENTAL BALANCING RESERVE: FINAL PROPOSALS CONSULTATION

Thank you for the opportunity to respond to your consultation on final proposals for Demand Side Balancing Reserve and Supplemental Balancing Reserve. Please find the responses from Barking Power Limited below.

Q3: Additionality provisions

We note the proposed requirement in paragraph 154 that the board of directors of a company tendering for SBR make a declaration to the effect that the relevant plant will not be participating in the markets for energy or other balancing services. We consider it likely that any Board would give very careful consideration to any declaration that it makes and its implications, recognising that it requires a commitment to constrain future strategic options in a manner which would not arise in the normal course of business, and that such a declaration would be given in good faith. Accordingly, we would not support any "reinforcement" of provisions in respect of additionality.

Whilst there has been significant debate over additionality, we are aware of little consideration of the implications of the converse, namely that capacity which NGC assumes will be available based on OC2 forecasts at the time any tender for SBR is undertaken is subsequently retired or mothballed for economic reasons. In our view, there are sufficient plausible scenarios in which this could occur that NGC should give consideration to the implications of such an outcome and, in light of the underlying rationale of the SBR, what provisions to cater for this might be appropriate.

Q5: Support for taking forward the SBR Product

We believe in current circumstances that making additional balancing tools available to NGC is reasonable and as such broadly support taking forward the SBR product.

Testing Regime

We note the proposals to introduce a monthly performance test, data from which would be used in the calculation of the non-delivery charge. The technical characteristics which dictate the frequency with which plant needs to be exercised in order to ensure that it remains in an optimum state to respond when needed will vary from plant to plant. We suggest that the programme of performance

tests/plant exercising (which could for example be at a greater frequency) is best agreed between individual SBR providers and NGC following the outcome of any SBR tender assessment.

A handwritten signature in blue ink, appearing to read 'Nigel Burrows', with a stylized flourish at the end.

Nigel Burrows
Commercial Manager
Thames Power Services
Barking Power Station