

Issue	Revision
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Demand-Side Balancing Reserve (DSBR) Procurement Methodology

**Produced in accordance with Special
Condition 4K of the NGET Transmission
Licence**

**Effective from
7th June 2014 to 31st March 2016**

DOCUMENT HISTORY

Version 1.0	June 2014	Version submitted to Ofgem for approval

BACKGROUND

Demand Side Balancing Reserve (DSBR) Overview

In our role as the National Electricity Transmission System Operator, National Grid Electricity Transmission plc procures various Balancing Services in order to balance supply and demand in real time and operate a secure electricity transmission system across Great Britain in accordance with our transmission licence obligations.

Historically, the margin of generation/supply over demand in the market, together with a range of contracted balancing services, has provided sufficient resources to support us undertaking this activity in an efficient, economic and co-ordinated manner. However, given concerns over tightening generation margins in the mid-decade period, we have established two new Balancing Services as additional tools to help in balancing the electricity transmission system against this emerging generation/supply background.

One of these services, Demand Side Balancing Reserve (DSBR) will enable us to request half hourly metered, non-domestic consumers to reduce or shift demand during winter non-holiday weekday evenings in return for a payment.

This product is designed to facilitate demand-side participation in balancing the transmission system, which will become increasingly important as traditional thermal generation is replaced with increasing volumes of intermittent plant.

Key Principles – Participation

Potential DSBR providers will fall into 3 categories: (a) non-domestic consumers able to reduce or shift demand; (b) non-domestic consumers able to increase 'behind-the-meter' generation; and/or (c) small embedded generation or storage accruing to a supplier's consumption account.

Of these potential providers, DSBR can be tendered directly or by third parties, including suppliers, aggregators or other intermediaries; in each case able to deliver demand reduction for a minimum of one hour during the 4pm to 8pm DSBR service window on non-holiday weekdays during November to February, when instructed by us to do so in our capacity as System Operator.

Demand reduction¹ is to be provided through meters that are half-hourly metered and settled, with the minimum collection of meters forming a DSBR Unit to be 1MW. Participation is conditional upon accurate validation of the information submitted as part of the tender for the provision of DSBR.

Potential DSBR providers will declare their capability to reduce demand (or increase generation output) for at least one hour relative to a baseline demand profile, designed as a proxy for the level of demand or output that would typically be expected on a winter weekday evening of high system demand (i.e. the capability offered should be additional to any demand reduction / increased output that is typically undertaken in response to price signals, such as Triad warnings).

¹ References to demand reduction include the ability to increase output from on-site or small embedded generation relative to a prescribed baseline profile. Please note that the minimum 1MW can potentially be made up of multiple MPANs.

As with other Balancing Services, a DSBR Unit must not be tendered if the assets/constituent parts are already contracted to other committed Balancing Services, or if they are engaged in Triad avoidance or other demand management activities. Only those elements capable of providing a service over and above the baseline demand profile are eligible to tender.

PART I: MARKET TENDER

General Procurement Principles

Fundamentally, as part of our procurement of DSBR, we will continue to follow our over-arching Procurement Guidelines² as required by our transmission licence. This DSBR Procurement Methodology document, produced in accordance with Special Condition 4K (DSBR and SBR Revenue restriction on External Costs), should be read in conjunction with the Procurement Guidelines as both will illustrate the mechanisms by which we envisage purchasing the new DSBR product.

National Grid shall contract for DSBR in a non-discriminatory manner, and we will continue to act consistently with our licence provisions in order to ensure value for money for the consumer. In contracting for the provision of both DSBR and Supplemental Balancing Reserve (SBR), 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.

We anticipate sufficient competition in the provision of DSBR and we will therefore seek to procure this service via an appropriate competitive process. Consequentially, we shall provide market information indicating the processes and terms under which contracts will be awarded. Please refer to PART III: MARKET INFORMATION for further details.

It should be recognised that the volume of services procured will be constrained by economic and technical factors, as further explained in the section below.

Volume Requirement

The aggregate volume requirement for DSBR and SBR in any given year will be determined in accordance with the approved Volume Requirements Methodology published on our website. This will be determined as the equivalent volume of de-rated capacity that would be required to deliver the Government's Reliability Standard for a range of credible scenarios and sensitivities, subject to a cap of 5% of winter Average Cold Spell (ACS) demand (~2,750MW).

An indicative range for the aggregate SBR and DSBR volume requirement for the upcoming winter, net of any DSBR and SBR already procured for those winters, will be published ahead of the DSBR Tender. The final volume requirements will be firmed up in accordance with the Volume Requirements Methodology to take account of actual prices submitted in the tenders.

If the volume requirement identified for 2014/15 is marginal (e.g. below 500MW), this requirement will be met exclusively through a pilot of the new DSBR service. The rationale for this approach is set out below:

² <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Balancing-framework/Transmission-license-C16-statements/>

- It will allow us to test the new service and evolve the design as necessary over the first winter season in order to promote confidence in the reliability of the service for future seasons;
- It will enable demand-side participants to gain understanding and experience of the new service, promoting competition in the provision of this service in future tender events to deliver value for money to consumers in the procurement of this service over the mid-decade period;
- It will allow us to assess the reliability of the service. In subsequent tender events when the volume requirement is likely to be higher, this will allow the service to be more accurately valued, reducing the risk of under or over procurement. This will also reduce the risk of despatching more than is required during a stress event, thus reducing the associated utilisation costs.

For example, if 100MW of DSBR were to be procured as part of a trial to meet a 3 hour LOLE in 2014/15 and this was to cost £5,000/MWh more than meeting the requirement with a combination of SBR and DSBR, the incremental cost of the trial would be £1.5m (100MW x £5,000/MWh x 3hrs). Following the trial, clarity on the reliability of the DSBR product would improve the accuracy of assessing the volume of DSBR to procure. Assuming this improved accuracy reduces the volume procured by 50MW in a subsequent year (i.e. we only procure 450MW rather than 500MW because we have more confidence in its reliability), then if DSBR were priced at £10,000/MWh, and were procured against an LOLE of 5 hours, the resultant savings would be £2.5m (50MW x £10,000/MWh x 5hrs). Conversely, if the increased accuracy from the trial avoids under procurement of 50MW (i.e. we procure 550MW rather than 500MW because our initial view of reliability was overstated), the savings in terms of avoided lost load to consumers would be £4.25m (50MW x VoLL @ £17,000/MWh x 5hrs). Hence the savings as a consequence of the trial would more than offset the cost of the trial in the first year, demonstrating that running a DSBR trial for 2014/15 if the requirement is marginal will deliver value to consumers if the requirement increases in the following year;

- Expressions of interest received for providing DSBR have indicated that up to 1,000MW may be available in the market. Therefore a tender event for a marginal volume requirement is likely to be competitive, promoting the economic and efficient procurement of the service, thus minimising the associated costs to consumers; and
- Growth in demand-side services, particularly around load reduction/shifting, is widely regarded as a clean, cost effective alternative to building new peaking generation. DSBR is, in part, intended to stimulate this market ahead of the transitional arrangements for DSR participation in the Capacity Market beginning in 2016, thus supporting the delivery of a sustainable and cost effective electricity market in the medium to long-term. Undertaking a DSBR trial if the volume requirement is marginal will protect this intent, and thus be in the long-term interests of consumers.

These arrangements will apply only to 2014/15 and only where the volume requirement for 2014/15 is marginal. Thereafter any volume requirement identified, regardless of size, will be tendered to both DSBR and SBR.

Market Mechanism

The procurement process will be open and transparent, available to all parties that meet the participation criteria. All supporting materials for the procurement of DSBR will be made available on National Grid's website ahead of the tender opening. Relevant documents will comprise the following:

1. a statement of our service requirements (the aggregate range of DSBR and/or SBR volumes that we are looking to procure);
2. an invitation to tender, providing sufficient information to allow a tender to be submitted, including the draft DSBR standard contract terms and conditions; and
3. a statement of principles and criteria that we will consider when evaluating tenders and awarding contracts.

We shall communicate the DSBR service requirement by contacting those parties who we believe may be interested in providing the service, based on historic interest in the product or any subsequent expressions of interest exercises undertaken ahead of the tender. Other media may be used to build awareness across the range of potential providers of the DSBR opportunity available.

An electronic tender portal will be available for providers to tender for DSBR. This will be open for a minimum of six weeks for the first tender round, and four weeks for each subsequent tender round³, and will include the documentation set out above. The portal will enable potential providers to register and submit tenders for individual DSBR Units, agree to the DSBR standard contract terms, and receive confirmation or otherwise that their tender has been accepted.

Except in the case of a DSBR pilot, both DSBR and SBR tenders will be invited for a given volume requirement, enabling tenders to be assessed together with the most economic mix of DSBR and SBR contracts established to meet the identified volume requirement at least cost.

Tender Process – Key Dates

If a requirement for this service is identified for the upcoming winters, the expected timetable for this product is to invite tenders in June 2014 for the 2014/15 winter (Nov-Feb) delivery season, and in both the late summer/early autumn of 2014 and in the early spring of 2015 for the 2015/16 winter delivery season. Contracts will be offered for individual winter seasons for valid tenders that are successful in the economic assessment process.

The timing of these tender events is linked to the lead times associated with returning mothballed plant to an operational state. For example, it may be necessary to tender SBR in 2014 to secure plant that would otherwise be unavailable in the winter of 2015/16. However, this may be too far in advance for DSBR which is more suited to being tendered closer to the point of delivery. As a compromise, up to 75% of any 2015/16 requirement will be tendered to both DSBR and SBR in the late summer/early autumn of 2014, with the remainder held back and tendered to both DSBR and SBR during the early spring of 2015. This will ensure that any DSBR unable to participate in 2014 tender event will have a second opportunity to participate in 2015.

³ Recognising that DSBR is a new product, the first DSBR tender will be open for a minimum of 6 weeks to allow time for marketing the product, recruitment of new sites and the preparation of bids. Given that the volume requirement for 2015/16 will be announced in June 2014, the actual tender windows for 2015/16 will be shorter given the long lead times available to prepare for these tenders.

An indicative timetable for the June 2014 tender is outlined below. This is subject to change, however the exact dates will be confirmed as part of the information published ahead of any tender event.

EVENT	DATE
2014/15 Requirement Published	June 2014
Tender Window Open	June 2014, for 6 weeks
Tender Window Close	July 2014
National Grid Validation of Tendered Data	July/August 2014
Assessment & Announce Results	July/August 2014
Contracts Established	August/September 2014
Market Report	October 2014
Service Commencement	November 2014

Further tenders at different times during the year may be undertaken if additional volume requirements are identified and again, the exact dates will be communicated prior to any tender event.

Tender Declaration

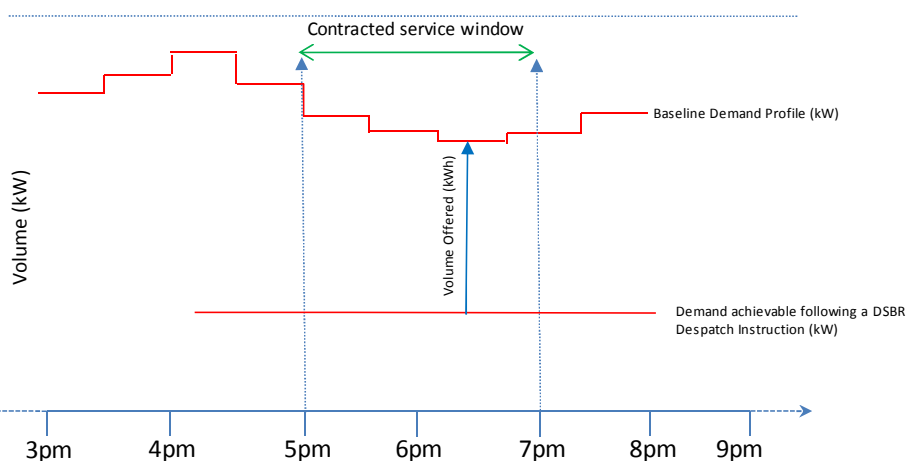
All tenderers for the DSBR service will be required to give a declaration, confirming that:

- (i) They have the right to control demand or generation from the relevant Meter Point Administration Points (MPANs) that comprise the DSBR Unit being offered;
- (ii) The quantity of offered DSBR Capability represents a reasonable expectation of demand reduction that can be both delivered relative to their baseline demand profile and be sustained for the duration specified in the tender;
- (iii) The offered DSBR Capability from each MPAN (demand reduction or generation) will not also be engaged in demand management activities (i.e. TRIAD avoidance) in the Settlement Periods offered for DSBR;
- (iv) No attempt will be made to displace demand or generation from any relevant MPAN to any other site controlled by the tenderer for the sole or main purpose, or having the effect materially of, undermining the value to NGET of DSBR delivered;
- (v) Each relevant MPAN meets the prescribed qualification criteria (including as to being half hourly metered and settled);
- (vi) All reasonable steps will be taken to keep in place the necessary DSBR despatch and delivery procedures and systems;
- (vii) All necessary consents and permissions (including as to access to premises and data) will be obtained and maintained; and
- (viii) No attempt has been or will be made to manipulate the baseline demand profile.

DSBR Capability and the Baseline Demand Profile

DSBR providers must have the ability to reduce demand for at least one hour against their baseline demand profile, as instructed by the System Operator, in a “contracted service window” on non-holiday winter weekdays in the months November to February. The contracted service window is selected by the DSBR provider as the settlement periods in which the offered DSBR Capability can be delivered, and will be all or part of the DSBR 4pm to 8pm service window. DSBR may be despatched outside the contracted service window (but between 4pm and 8pm), recognising that the offered DSBR Capability may not be fully available outside this window.

For these purposes, in order to ascertain their offered DSBR Capability, tenderers will need to derive their baseline demand profile for each relevant MPAN, being the half hour demands averaged across 10 days that will be nominated by National Grid ahead of the tender. The offered DSBR Capability should be no more than the difference between the lowest half hour baseline during the service window offered and the level of demand achievable in that window following a DSBR Despatch instruction.



For tenderers who are successful and are awarded a DSBR contract, utilisation fees will be calculated by reference to a similar baseline demand profile, calculated by reference to the 10 days of highest system demand over the previous 12 months.

Tender Requirements

The tender documents will ask the DSBR tenderer to submit the following non-exhaustive information for National Grid to consider:

Information at a Company Level

- Registered Company Name, Address and Company Number;
- Name of Commercial Contact and contact details for Tender & relevant declarations;
- VAT number;
- Nature of service (Single Site / Customer Portfolio / Third Party Intermediary (i.e. Aggregator / Supplier));
- Number of DSBR Units tendering;
- 5 letter prefix to be used for all DSBR Units tendering;
- Dispatch Contact person and contact details (to be used for all DSBR units); and
- Security Questions (for system access administration).

Information at a DSBR Unit Level

- DSBR Unit ID;
- The aggregate level of demand reduction or increased output from embedded generation (the DSBR Capability in MW) offered relative to the baseline demand profile, which cannot exceed the aggregate Offered Capability from each component MPAN;

- The consecutive settlement periods within the DSBR 4pm to 8pm service window for which the offered DSBR Capability can be delivered (minimum of 2 and \geq sustainability period), i.e. the contracted service window;
- The minimum duration (sustainability period) the DSBR Capability offered can be sustained (minimum of 1 hour);
- Whether the DSBR Service Provider opts to receive the £10,000/MW Setup Fee (see below);
- Utilisation rate (see below); and
- The tendered Administration Fee where applicable (see below); and
- Confirmation that the tenderer is authorised to offer the DSBR service via the declared MPANs.

Information at an MPAN Level

- The Meter Point Administration Number (MPAN) for each site forming a DSBR Unit;
- Whether provision of the service is from demand reduction or an increase in output of an embedded generating unit;
- Latest date when generation last ran (generation only);
- Address, Contact Name, e-mail and Telephone number(s) for the person responsible for managing demand at each site;
- Confirmation whether the MPAN site contact should be sent a complimentary SMS communication when DSBR Unit is dispatched;
- Offered Capability from each MPAN (MW). For demand reduction this cannot exceed the absolute lowest half hourly metered demand of that MPAN across the contracted service window in each of the 10 days that will be nominated by National Grid ahead of the tender. For generation, this cannot exceed the maximum export capability of that generator, net of any demand supported by that generator;
- Confirmation that the MPAN will not provide committed STOR and / or other Commercial Balancing Service; and
- Confirmation that offered capability from each MPAN (demand reduction or generation) will not also be engaged in demand management activities (i.e. Triad avoidance) in the Settlement Periods offered for DSBR.

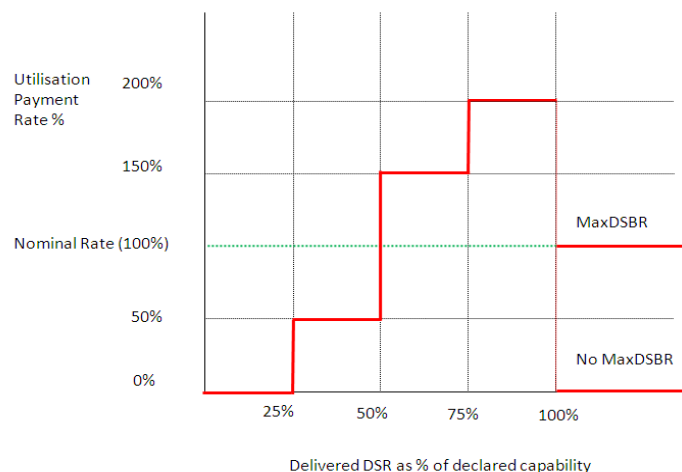
Pricing Information

Tenderers will indicate whether they wish to receive an optional setup fee to support them in establishing their demand reduction capability. This will be £10,000/MW for demand reduction that can be sustained for at least two hours, and pro-rated for demand reduction that can be sustained only for a period of less than two hours (but equal or greater than one hour).

A tendered Utilisation Rate at which the DSBR provider would wish to be paid for reducing demand would be selected from a range of nominal rates: £250/MWh, £500/MWh, £750/MWh, £1,000/MWh; £1,500/MWh; £2,000/MWh; £3,000/MWh; £4,000/MWh; £5,000/MWh; £7,500/MWh; £10,000/MWh; £12,500/MWh; and £15,000/MWh. The choice of Utilisation Rate will determine the order in which DSBR Units are despatched, starting with those offering the lowest price.

Except in certain circumstances, DSBR providers will be paid for utilisation within two months after the month in which they were despatched. Generally, utilisation payments will be calculated according to a stepped payment schedule whereby: the first 25% of demand reduction is not paid; the second 25% is paid at 50% of the tendered Utilisation Rate; the third 25% at 150% of

the Utilisation Rate; and the last 25% being paid at 200% of the Utilisation Rate. If a DSBR Unit is despatched with <2 hours notice, within 2 hours of a previous instruction, via a Max DSBR instruction, or for periods in the DSBR 4pm to 8pm service window but outside the contracted service window, then any such demand reduction will be paid at the full tendered Utilisation Rate.



In addition, to encourage and support intermediaries in recruiting and managing a large number of smaller sites, Third Party Intermediaries or those offering a Customer Portfolio may tender an Administration Fee for each DSBR Unit (in £/MW of DSBR Capability offered). To qualify for this fee, each DSBR Unit tendered must comprise of at least 50 individual sites. The fee will be paid at the end of the winter season of the relevant year, unless the DSBR unit fails a DSBR Performance Test.

Validation

In assessing each DSBR tender, we would undertake a number of desktop validation checks to verify that the sites tendered are capable of providing the quantity of offered DSBR Capability. In submitting their tender, the DSBR Providers would consent to National Grid validating related information. The process of validation could include:

- Verifying MPAN addresses;
- Contacting each individual site;
- Confirming the volume tendered for DSBR Capability is not participating in other Balancing Services;
- Reviewing volume data from the Data Collectors to ensure that the DSBR Capability offered is consistent with metered quantities across the sites that comprise the DSBR Unit; and
- Verifying that the DSBR Capability offered (demand reduction or generation) will not also be engaged in demand management activities (i.e. TRIAD avoidance) in the Settlement Periods offered for DSBR.

Subject to these validation checks, National Grid reserves the right to reject a tender for an MPAN and / or DSBR Unit, or consider a lower capability than that which was originally tendered. The volumes that National Grid has been able to verify shall continue to the assessment stage once approved by the tenderer.

National Grid reserves the right to either reject or accept a DSBR Unit on the basis of only being able to validate a lower indicative DSBR capability than that which was originally tendered.

PART II: TENDER ASSESSMENT

Main Economic Assessment

Where both DSBR and SBR tender events are conducted for the same winter period, DSBR and SBR tenders will, in principle, be assessed together for a given volume requirement, and accepted in economic cost order to achieve that requirement at least cost, taking account of the tendered quantities and prices.

Tenders will not be accepted if considered uneconomic, i.e. the unit cost of the contract is expected to exceed the expected to exceed the Value of Lost Load (VoLL).

DSBR Cost Assessment

The cost of each DSBR tender will be determined as follows:

$$\text{DSBR Cost} = \text{DSBR Capability} \times (\text{Setup Fee} + \text{Administration Fee}) + \Delta\text{EEU} \times \text{Utilisation Rate} (\text{£/MWh})$$

where

Setup Fee if requested, is £10,000MW for $S \geq 2$ hours, or £10,000/MW $\times S/2$ for $S < 2$ hours, where S is the number of hours that the tendered capability can be sustained;

Administration Fee is the cost (if any) in £/MW tendered by a third party intermediary or for a customer portfolio associated with the recruitment and administration of a DSBR Unit comprising at least 50 individual sites;

DSBR Capability is the offered DSBR capability in MW to reduce demand or increase output, sustainable for ≥ 1 hour, during the contracted service window on a winter weekday, relative to the baseline demand profile;

ΔEEU is the assessed reduction in expected energy unserved (in MWh) resulting from the DSBR Unit, calculated as:

$$\Delta\text{EEU} = \text{DSBR Capability (MW)} \times \text{LOLE (hrs)} \times \text{RF} \times \text{CF}$$

Where:

LOLE is the Loss of Load Expectation (in hours) for the upcoming winter, determined as part of the Volume Requirement Methodology, adjusted to take account of the contribution from any DSBR tenders so far accepted in the assessment process;

RF is the assumed DSBR Reliability Factor used to assess DSBR Units, reflecting a balance between non-firm nature of this service and the incentive to deliver through potentially high utilisation payments; and

CF is the Contribution Factor for the DSBR Unit, calculated in accordance with the following formula:

$$\text{CF} = \text{DP} \times \text{PF}$$

Where

DP is the relative demand profile calculated as the average value of the demand profile figures in the table below taken across the settlement periods in which the offered DSBR capability can be delivered (the contracted service window); and

Settlement Period	33	34	35	36	37	38	39	40
Demand Profile	0.96	1.01	1.03	1.03	1.02	1.01	0.99	0.95

PF is the statistical probability that the DSBR Unit will be able to support a 3 hour stress event between 4pm and 8pm on a winter weekday evening, taken from the table below with reference to the maximum number continuous settlement periods in which the offered DSBR capability can be delivered and the number of hours that the offered DSBR Capability can be sustained.

		Settlement Periods						
		8	7	6	5	4	3	2
Sustainability (Hours)	4	100%						
	3½	100%	94.4%					
	3	100%	94.4%	83.3%				
	2½	83.3%	83.3%	79.6%	72.2%			
	2	66.7%	66.7%	66.7%	63.9%	57.8%		
	1½	50%	50%	50%	50%	47.8%	42.6%	
	1	33.3%	33.3%	33.3%	33.3%	33.3%	31.5%	27%

The Contribution Factor (CF) deals with the contribution of DSBR Units that that cannot deliver demand reduction throughout the full 8 settlement periods of winter weekday evening periods and therefore cannot reduce the level of Expected Energy Unserved (EEU) to the same extent as a DSBR Unit (or SBR Unit) that can deliver throughout the full evening period.

The Reliability Factor (RF) will default to 0.75 for tendered DSBR Units in the first year. The reliability of DSBR will not be known until it is tested and used, and therefore an initial estimate of reliability is required to assess the value of the service. The initial estimate of 0.75 reflects a conservative level of reliability for a non-firm service in the absence of operational experience, without unduly discounting its value. This will be updated in light of experience in testing and utilising the service.

The unit cost for each DSBR tender will then be determined as follows:

DSBR Unit Cost (£/MWh) = DSBR Cost / ΔEEU

The DSBR Cost Threshold, which is the maximum assessed cost of a DSBR contract that would be regarded as economic will be determined for each DSBR tender as follows:

DSBR Cost Threshold = VoLL

Where the Value of Lost Load (VoLL) is set to £17,000/MWh in accordance with the central estimate of the Value of Lost Load used in the Reliability Standard Methodology under Annex C of the Electricity Market Reform Delivery Plan⁴, based on a study undertaken for DECC by London Economics⁵.

SBR Cost Assessment

The cost of each SBR tender will be determined in accordance with the SBR Procurement Methodology.

Assessment Process

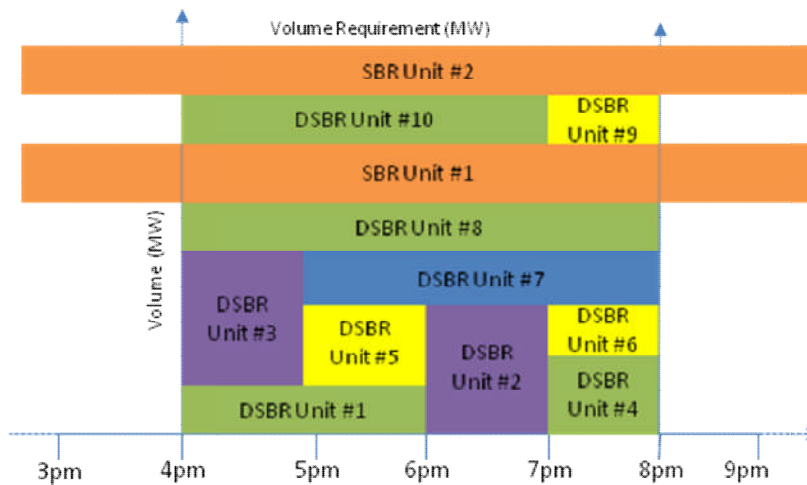
The calculations set out above will be undertaken for each valid tender received, and in general, the DSBR or SBR tender assessed as having the lowest unit cost (DSBR Unit Cost or SBR Unit Cost) will be accepted, subject to the following criteria:

DSBR Unit Cost < DSBR Cost Threshold

SBR Unit Cost < SBR Cost Threshold

SBR will not be included in this assessment process for any DSBR trial undertaken for the winter of 2014/15.

Where the acceptance of DSBR tenders in strict unit cost order were to result in an uneven profile of capability between 4pm and 8pm, such tenders may be rejected in favour of accepting tenders at a higher unit cost to maintain an even capability profile.

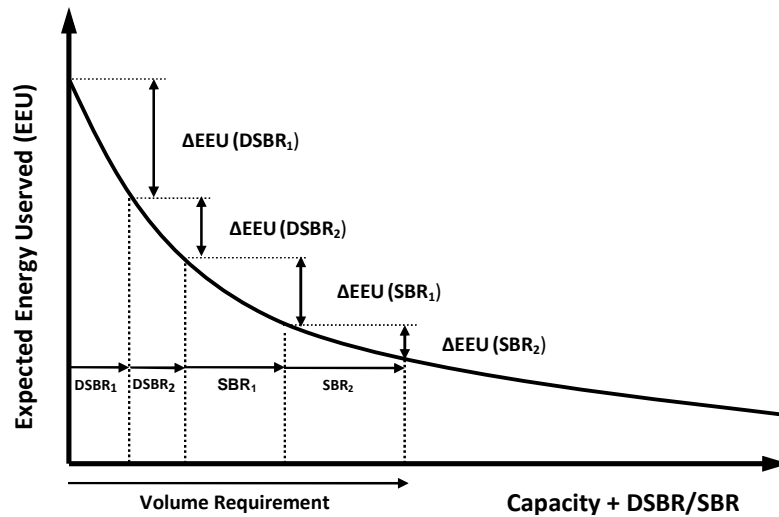


⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267613/Annex_C_-_reliability_standard_methodology.pdf

⁵ London Economics 'The Value of Lost Load (VoLL) for Electricity in Great Britain' (2013)

For example, if a high proportion of DSBR tenders were accepted that could deliver between 6pm and 8pm, the next DSBR tender accepted might be that offering the lowest unit cost that could deliver between 4pm and 6pm. The diagram below illustrates the ‘Tetris’ challenge of filling the volume requirement across the 4pm – 8pm evening peak at least cost, without creating any gaps in capability over that period.

This assessment process is iterative, requiring the costs associated with each tender to be recalculated following the acceptance of a tender, given that LOLE and EEU will reduce each time a DSBR contract is established. This iterative process is illustrated in the figure below.



The contracted volume of DSBR and SBR would be calculated as the sum of the DSBR Capability for each accepted DSBR contract multiplied by the Reliability Factor (RF), plus the sum of contracted SBR Capability de-rated according to its tendered Reliability Factor (RF^T):

$$\text{Contracted Volume} = \sum \text{DSBR Capability} \times \text{RF} + \sum \text{SBR Capability} \times \text{RF}^T$$

This assessment process will be repeated until either

- (i) all valid DSBR and SBR tenders have been assessed;
- (ii) no further tenders remain that satisfy the economic criteria set out above; or
- (iii) the Volume Requirement has been met.

If the acceptance of a DSBR or SBR tender were to result in a quantity procured in excess of the volume requirement, then a smaller volume at a higher unit cost may be procured if this enables the volume requirement to be met at least cost. Consideration would also be given to stopping marginally short of the volume requirement if the incremental cost of meeting the volume requirement was judged to be materially more costly than the most expensive tender accepted.

If there are any DSBR tenders remaining that did not request a Setup Fee or Administration Fee, these tenders will also be accepted.

PART III: MARKET INFORMATION

General Provisions

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

In the circumstances where tenders are held, as is the case with DSBR, we will publish information on the outcome of these processes via market information reports, which will be available on our website.

Tendered & Accepted Volumes

Pre-Tender

In order to promote transparency associated with the procurement of DSBR, an indicative range for the aggregate volume requirement for SBR and DSBR will be published on our website ahead of the tenders.

Post Tender

The results of each DSBR tender will be published on our website after the tender event. The information available shall include, but not limited to, the quantity of DSBR procured for each Utilisation Rate and the associated Setup Fees that will be paid (and if applicable, Administration Fees). These details will also be published in the annual Procurement Guideline Report to provide market participants with complete transparency over the procurement of DSBR.

Disclaimer

All information published or otherwise made available to market participants and other interested parties pursuant to this DSBR Procurement Methodology is done so in good faith. However, no warranty or representation is given by National Grid Electricity Transmission plc, 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.