

SUPPLEMENTAL BALANCING RESERVE EXPLANATION AND TENDER GUIDANCE DOCUMENT

**For Supplemental Balancing Reserve (SBR) Agreements
Commencing
1st November 2014**

Issued on 2nd September 2014

**Contract Services
National Grid Electricity Transmission plc
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www.nationalgrid.com/uk/electricity/additionalmeasures

nationalgrid

Important - Please Read

Introduction

This Explanation and Tender Guidance Document is to be read in conjunction with the following documentation which is available on National Grid's website via www.nationalgrid.com/uk/electricity/additionalmeasures

- Supplemental Balancing Reserve Tender Sheets & Certificate of Bona-Fide Tender (for Supplemental Balancing Reserve Agreements commencing 1st November 2015)
- Supplemental Balancing Reserve Overview version 4.0
- Supplemental Balancing Reserve Service Description & Tender Process
- Frequently Asked Questions - Supplemental Balancing Reserve (SBR)
- Supplemental Balancing Reserve Operational Methodology
- Supplemental Balancing Reserve Procurement Methodology
- Supplemental Balancing Reserve Indicative Contract Terms

Together with this Explanation and Tender Guidance Document referred to as “the Documentation”.

Disclaimer and Tenderer's Responsibility

The information supplied with, contained in, or referred to in the Documentation, and all other information relating to Supplemental Balancing Reserve (SBR), and any contract whereby SBR may be made available to, and provided to National Grid Electricity Transmission plc (“National Grid”), which is provided by National Grid at any time, whether before or after the date hereof, is given in good faith. However, no warranty or representation or other obligation or commitment of any kind is given by National Grid, its employees or advisors as to the accuracy or completeness of any such information or that there are not matters material to the arrangements and matters referred to therein other than is contained or referred to in such information. Neither National Grid nor its employees or advisors shall be under any liability for any error or misstatement or as a result of any failure to comment on any information provided by National Grid or the recipient of the Documentation or any other person or any answers to any questions or for any omission and none of such information shall constitute a contract or part of a contract.

Tenderers for SBR shall satisfy themselves of the accuracy and completeness of any information they may use in preparing their SBR Tenders whether such information is provided by National Grid or comes from any other source. National Grid, its advisors and any other person responsible for production of any information to a tenderer do not accept any duty of care to the tenderer. It is the duty and responsibility of a tenderer to ensure that it takes into account all considerations relating to the SBR Tender and the entering into of an agreement for SBR.

National Grid reserves the right not to proceed with any tenders or proposals made in response to the Documentation.

Terminology and Interpretation

The Documentation makes reference to various technical and industry-related terms and phrases. Save where otherwise expressly defined, these shall have the meanings set out in the Supplemental Balancing Reserve Indicative Contract Terms.

In the event of any conflict between the Indicative Contract Terms and any other information supplied with, contained in or referred to in the Documentation (and any other information supplied at any time by National Grid with respect to Supplemental Balancing Reserve), tenderers and prospective tenderers should rely solely on the terms and conditions set out or referred to in the Indicative Contract Terms.

The information contained in this Explanation and Tender Guidance Document is, to the best of National Grid's belief, accurate and has been given in good faith. However, no warranty or representation or other obligation or commitment of any kind is given by National Grid, its employees or advisers as to the accuracy and completeness of any information contained in this Explanation and Tender Guidance Document, or that there are not other matters material to the matters referred to herein other than is contained or referred to in such information. Neither National Grid nor its employees or advisers shall be under any liability for any error, misstatement or omission in this Explanation and Tender Guidance Document and none of such information shall constitute a contract or part of a contract.

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1. OVERVIEW OF TENDER AND CONTRACTING PROCESS

SBR plant will be required to be available on weekdays between 6am and 8pm from the beginning of November 2014 to the end of February 2015, and either have a gas connection or have sufficient fuel stocks available to run during the availability period for 5 consecutive service periods.

All providers must be able to deliver their SBR capability within BM timescales (less than or equal to 89 minutes notice) during the service period, or be able to be made available in BM timescales via a BM Start-Up instruction such that the full contracted SBR capability can be delivered within 24 hours of such an instruction being issued.

Invitation to Tender for SBR

National Grid will commence an Invitation to Tender (ITT) process on 2nd September 2014.

All SBR Tenders in respect of this tender round must be submitted not later than 5pm on 30th September 2014.

The detailed requirements and guidance in respect of the completion and submission of SBR Tenders can be found in Sections 2 to 5 of this Explanation and Tender Guidance Document.

Acceptance and Rejection of SBR Tenders:

National Grid will assess all SBR Tenders which it receives, applying the assessment principles set out in the SBR Procurement Methodology document. National Grid will endeavour to accept or reject SBR tenders in respect of this tender round by 31st October 2014 and will contract accordingly, incorporating the technical parameters and other data contained within the SBR tender and is subject to and governed by the Indicative SBR Contract Terms.

2. MANDATORY REQUIREMENTS OF THE TENDER PROCESS

- 2.1 Each SBR Tender must be in respect of one registered Balancing Mechanism Unit (BMU) or part BMU.
- 2.2 Contractually, each unit must be able to achieve the contracted capability within BM timescales (less than or equal to 89 minutes), or provide a BM Start Up service of less than 24 hours such that it can be prepared for despatch in the Balancing Mechanism with less than 24 hours notice. Each unit must also have a Minimum Non Zero Time of less than 6 hours.
- 2.3 Where applicable, all Technical Parameters submitted in a SBR Tender in respect of a BM Unit should be consistent with the Other Relevant Data (as referred to in Grid Code BC 1.4.2(f)) (if any) in respect of that BM Unit which the tenderer, in its reasonable expectation, expects to apply for the term of any SBR Contract resulting from the SBR Tender. In the event that a tenderer submits SBR Tender(s) in respect of two or more BM Units at the same Power Station, then the tenderer shall ensure that the tendered Technical Parameters permit National Grid to instruct all tendered BM Units at that Power Station to provide SBR during the same Settlement Period.
- 2.4 Tenderers must complete all fields on the tender sheets, and must enter only 1 data item per field.
- 2.5 Tenderers must confirm the following:
- It holds a generation licence (or exemption), has acceded to the CUSC and is party to a bilateral connection agreement with NGET, or where applicable with the Host DNO.
 - Has acceded to the BSC and is the Lead Party (as defined in the BSC) in relation to the BM Unit.
 - Is able to provide a SBR service on weekdays between the hours of 6am and 8pm, November 2014 to February 2015.
 - Is capable of delivering the full SBR capability within 24 hours of instruction whether in the Balancing Mechanism or as part of a BM Start Up / Hot Standby service.
 - Has obtained from the Authority all necessary derogations from Grid Code requirements.
 - Will surrender any pre-existing Balancing Services contracts for the BM Unit during the Contract Window – except in relation to Black Start.
 - Has Energy Metering Equipment installed at the Site in accordance with the BSC.
 - Has Operational Metering Equipment installed at the Site in accordance with the terms of the Grid Code CC6.4.4 or CC6.5.6 and the service provider's Bilateral Agreement.
 - The Control Point, being the point from which the BM Unit is physically controlled, is at the power station in which the BM Unit is located in accordance with the Grid Code Requirements for Large and Medium Power Stations.
 - It has (or will have prior to commencement of the SBR Contract) adequate fuel supply/fuel stocking arrangements and / or a connection to a gas transmission or distribution network in place for the operation of the BM Unit in accordance with the requirements of the SBR Contract for 5 consecutive service windows at a level of output equal to the contracted capability of the BM Unit.
- 2.6 In providing the SBR service, the tenderer must also be compliant with any statutory or other enactment applicable to it and provision of SBR must not interfere with the tenderer's obligations under any other agreements and arrangements to which the tenderer may be a party, for example:
- the Electricity Safety, Quality and Continuity Regulations 2002 (as amended from time to time)
 - any regulations made under Section 29 of the Electricity Act 1989
 - the Grid Code
 - the Distribution Code of any Public Distribution System Operator
 - any licence granted to the tenderer for the generation, supply or distribution of electricity
 - any restrictions and conditions attaching to the relevant authorisations of the Environment Agency
 - any agreement for load management
 - any agreement for the supply of electricity to or by the tenderer or for the tenderer's connection to and use of any transmission or distribution system.

It is the responsibility of those tendering to ensure that the provision by them of SBR will not place them in breach or non-compliance as described above.

3. COMPLETION AND SUBMISSION OF SBR TENDERS

- 3.1 Tenderers must submit a SBR Tender which is:-
- 3.1.1 Fully compliant (without any qualification) with the mandatory requirements of SBR set out in Section 2 of this Explanation and Tender Guidance Document;
 - 3.1.2 Not accompanied by statements that could be construed by National Grid as rendering the SBR Tender equivocal and/or prevent its evaluation on an equal basis with other SBR Tenders;
 - 3.1.3 Set out on the relevant tender sheets contained in the document entitled **“SUPPLEMENTAL BALANCING RESERVE TENDER SHEETS”** in accordance with Section 4 of this Explanation and Tender Guidance Document;
 - 3.1.4 Returned by post or by hand (not facsimile or email) to:

Peter Bingham
Supplemental Balancing Reserve Tender
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

To be received no later than 5pm on 30th September 2014.

Envelopes containing SBR Tenders must be clearly marked on the top left hand corner ‘Supplemental Balancing Reserve’.

- 3.2 If, in the sole judgement of National Grid, a tenderer has failed to submit a compliant SBR Tender, National Grid reserves the right to:-
- 3.2.1 accept the SBR Tender in question; or
 - 3.2.2 disqualify the SBR Tender in question; and/or
 - 3.2.3 take any other action it deems appropriate in the circumstances including requesting the tenderer to amend any parameters other than prices or resubmit a non-compliant SBR Tender, so that it is made compliant.

National Grid's decision as to whether or not a SBR Tender is compliant shall be final, and the tenderer concerned may be notified of such decision without prior consultation or explanation.

- 3.3 No costs or expenses incurred in the course of preparing and/or submitting a SBR Tender will be paid for by National Grid.
- 3.4 If any further information is required to assist with the preparation of a SBR Tender, the tenderer should request this information from National Grid. National Grid may consider it necessary to copy any further information given in response to specific enquiries to all other tenderers.
- 3.5 SBR Tenders will be opened by an evaluation panel no earlier than 1st October 2014.
- 3.6 The SBR Tender documentation will be treated as private and confidential. Tenderers must not divulge or release details of the SBR Tender documentation to any third party, other than on an 'In Confidence' basis to those parties having a legitimate need to know, or whom they need to consult for the purpose of preparing the tender.
- 3.7 In accordance with Regulation 32 of the Utilities Contracts Regulations 2006, National Grid may be required to communicate details of SBR Contracts to the European Commission. National Grid will request the European Commission to keep details of the SBR Contracts confidential and withhold publication in the Official Journal of the European Communities. These details may be forwarded to the European Commission within 2 months of award of the SBR Contracts.

4. GUIDANCE NOTES FOR COMPLETION OF THE TENDER SHEETS

The document entitled “**SUPPLEMENTAL BALANCING RESERVE TENDER SHEETS (for 2014/15)**” comprises:

Tender Sheet 1
Tenderer’s Details

- must be submitted for each Tender

Tender Sheet 2
Plant & Dynamic Parameters

- must be submitted for each tendered Unit or part Unit and for each scenario if applicable

Tender Sheet 3
BM Start Up Parameters

- must be submitted for each Unit or part Unit that is unable for despatch within BM timescales without prior warming, and therefore requires a BM Start Up instruction in advance to enable despatch within Balancing Mechanism timescales. Tender Sheet 3 must also be submitted for each scenario if applicable.

Tender Sheet 4
Reliability, Tender Term and Prices

- must be submitted for each tendered Unit or part Unit and for each scenario if applicable

Tender Sheet 5
Tenderer Declarations, Signature and Acknowledgement and Certificate of Bona Fide Tender and of Non Canvassing

- must be submitted for each tendered Unit or part Unit

TENDER SHEET 1 – Tenderer’s Details

Tender Sheet 1 must be completed by all tenderers at the contracting entity level.

Notes

1. Please insert the Tenderer’s company name in the space provided. For the avoidance of doubt, this should be the contracting entity.
2. Please insert the Tenderer’s registered Company number.
3. Please insert the Tenderer’s registered office address of the Company.
4. Please insert the name of the person that will have the day to day relationship with National Grid in respect of the SBR Tender.
5. Please insert the day to day office address of the contact listed above.
6. Please insert the day to day telephone number of the contact listed above.
7. Please insert the day to day fax number of the contact listed above.
8. Please insert the day to day email address of the contact listed above.

TENDER SHEET 2 – Plant and Dynamic Parameters

Tender Sheet 2 must be completed by all tenderers, in respect of each tendered Unit or part Unit.

Notes

- 1 Please insert the Tenderer's company name in the space provided. For the avoidance of doubt, this should be the contracting entity.
- 2 Please insert the identification of the Unit or part Unit for which SBR is being tendered. (This must be the same as the registered identification for that Unit or part Unit).
- 3 Please delete (Yes/No) as appropriate if EDL/EDT is currently operational for this Unit or part Unit.
- 4 Please delete (Yes/No) as appropriate if you wish to tender more than one scenario in respect of this Unit or part Unit.

If Yes, please indicate the scenario number at the top right of each Tender Sheet 2, 3 and 4 (incl) for each scenario proffered.

- 5 Please describe the relevant scenario in respect of the Unit or Part Unit.
- 6 Please describe the status of the plant in relation to the above scenario i.e. mothballed; available in the market; additional headroom... etc.

If mothballed, or in a state of preservation, please provide a list of actions required in advance of the tendered period including but not limited to: staffing, recommissioning, fuel stocking and timeframes required. If plant is available, please detail any impediments which would have an adverse effect on the provision of the SBR service.

- 7 Please state the lead time for making the SBR service available following contract signature
- 8 Please delete (Full/Partial) as appropriate if you are offering a full or partial Unit for SBR.
- 9 Insert the tendered SBR capability in whole MW you are offering.
- 10 Insert the Stable Export Limit (SEL) in whole MW you can achieve.
- 11 Insert the maximum time in whole minutes it takes to make SBR available again after it has been utilised.
- 12 Insert the maximum time in whole minutes for your Minimum Non Zero Time (MNZT). Note MNZT must be less than or equal to 6 hours/360 minutes to minimise market distortion from running SBR plant
- 13 Please delete (Yes/No) as appropriate if the Unit or part Unit can be despatched within operational timescales ($NDZ \leq 89$ mins) during the SBR Service Window.

If yes, please provide the following information for 14, 15 & 16. Please note: this information should be provided for the worst case scenario on the basis that the plant has not been synchronised for 28 days

If no, please provide BM Start Up parameters on Tender Sheet 3.

- 14 Insert the rate in MW/min at which the Unit or part Unit will change load in response to a SBR Instruction or Bid/Offer Acceptance to start providing SBR. Please round up the figure for two decimals.
- 15 Insert the rate in MW/min at which the Unit or part Unit will change load in response to a SBR Instruction or Bid/Offer Acceptance to cease providing SBR. Please round up the figure for two decimals.
- 16 Insert the maximum amount of time (rounded up to the next whole minute) it would take from the time of receipt of an acceptance to synchronise to the system and commence ramping.

Note: in determining availability and enabling Instructions of the service, the NDZ parameter must be ≥ 3 and ≤ 89 minutes.

TENDER SHEET 3 – BM Start Up Parameters

Tender Sheet 3 must be submitted for each Unit or part Unit that is not available for despatch within BM timescales without prior warming (i.e. ≤ 89 minutes), and therefore will require a BM Start Up instruction in advance to enable despatch within BM timescales.

Notes

- 1 Insert the maximum amount of time in minutes it would take from the time of receipt of a SBR Instruction or BM Start-Up Instruction to synchronise to the system and commence ramping to enable the full contracted SBR capability to be delivered within 24 hours/1440 minutes of receipt of such an instruction. Please note: this should be the worst case scenario on the basis that the plant has not been synchronised for 28 days.

- 2 Insert the maximum amount of time (rounded up to the next whole minute) the Unit or part Unit can be held in Hot Standby mode. Please note: this should be the worst case scenario on the basis that the plant has not been synchronised for 28 days.

- 3 Insert the rate in MW/min at which the Unit or part Unit will change load in response to a SBR Instruction to start providing SBR when in Hot Standby mode. Please round up the figure for two decimals. Please note: this should be the worst case scenario on the basis that the plant has not been synchronised for 28 days.

- 4 Insert the rate in MW/min at which the Unit or part Unit will change load in response to a SBR Instruction to cease providing SBR. Please round up the figure for two decimals. Please note: this should be the worst case scenario on the basis that the plant has not been synchronised for 28 days.

TENDER SHEET 4 – Reliability, Tender Term and Prices

Tender Sheet 4 must be submitted for each Unit or part Unit and for each scenario if applicable.

Note: In the event that NGET exercises its option to extend the Contract Term, the prices tendered will apply in any Extension Year, subject to indexation by reference to the change in the Retail Prices Index over the period from 1 October in the last winter period to 1 October in that Extension Year.

Notes

- 1 Please insert the Tenderer's company name in the space provided.
- 2 Please insert the identification of the Unit or part Unit for which SBR is being tendered. (This must be the same as the registered identification for that Unit or part Unit).
- 3 Please insert the Reliability Factor, expressed as a decimal value between 0 and 1 that represents your best estimate of the reliability that will be achieved by the Unit or part Unit in providing the SBR service.

For example: if you consider your plant will be 100% available/reliable, you should insert 1; if you consider that your plant will be 75% available/reliable you should insert 0.75, noting that these are used for the economic assessment of tenders and the calculation of any non-delivery payments.
- 4 The contract term is 1st November 2014 to 30th September 2015. Note: the SBR Service Term is 1st November 2014 to 28th February 2015. National Grid reserves the right to extend the Contract Term in accordance with the SBR Contract for up to two further years.
- 5 Insert the price in £/MW/per annum you wish to be paid for the capability of the Unit or part Unit to provide the SBR Service. Please round up the figure for two decimals.
- 6 Insert the price in £/MWh you wish to be paid when National Grid instructs and utilises SBR. Please round up the figure for two decimals.
- 7 Insert the price in £/h you wish to be paid (if applicable) when National Grid instructs you via BM Start Up where an NDZ ≤ 89 mins cannot be achieved. Please round up the figure for two decimals
- 8 Insert the price in £/h you wish to be paid (if applicable) when National Grid instructs you to operate in Hot Standby Mode. Please round up the figure for two decimals.

TENDER SHEET 5 – Tenderer’s Declarations, Signature and Acknowledgement and Certificate of Bona Fide Tender & Non Canvassing

Tender Sheet 5 must be completed, signed and dated by an authorised signatory on behalf of the prospective Reserve Provider. Failure to complete this tender sheet will invalidate the SBR Tender.

5. ASSESSMENT OF SBR TENDERS AND SELECTION FACTORS

- 5.1 After the SBR Tender submission deadline, all SBR Tenders received will be opened, examined for completeness, and logged electronically by an evaluation panel.
- 5.2 National Grid reserves the right to deal with late submissions in a manner which it feels most appropriate taking account of any particular circumstances. In general, any late submissions will not be accepted.
- 5.3 Any submission that is regarded as non-compliant or unclear may be referred by National Grid back to the tenderer for clarification. If necessary, technical parameters may be adjusted by a tenderer to ensure compliance, but price information may not be changed.
- 5.4 The logging process records all information specified on the tender sheets in electronic form.
- 5.5 This electronic data, forms the basis for tender assessment. Each SBR Tender will be assessed for each Contract Term to which it refers. The assessment methodology is available in the Procurement Methodology document.
- 5.6 An acceptance letter (“SBR Tender Acceptance”) or rejection letter (“SBR Tender Rejection”) will be sent to each tenderer by the published date as appropriate..

6. FURTHER INFORMATION

Any communications with National Grid associated with the Documentation or the tender process should be addressed to:

Peter Bingham

Supplemental Balancing Reserve Tender
Market Operation (D2)
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Email: peter.bingham@nationalgrid.com