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Transmission Constraint Management Requirement Notice: Invitation to Tender Pack, Letter 2

Laura Brock
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To All Service Providers

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Issue 1

Dear Service Provider

TRANSMISSION CONSTRAINT MANAGEMENT REQUIREMENT NOTICE - [TCMRN/04/15]

The following Transmission Constraint Management Requirement was identified by National Grid Electricity Transmission ("National Grid") to manage forecast constraint costs and volumes, arising from asset health, planned outages and forecast system conditions. National Grid therefore, sought to procure constraint management services in order to economically and efficiently manage this potential constraint.

Constraint Requirement

Zonal Requirement:	East Midlands
Potential Service Providers:	Ratcliffe, Staythorpe & Little Barford
Additional Notes:	The default mechanism will continue to be used for the payment of MVarh
Estimated volume required:	Two units

For a full description of the service, please refer to 'Letter 1' below.

Assessment and Results

We would like to thank those who have taken the time to participate in this tender round. Tenders were received on behalf of Ratcliffe and Staythorpe. These offers are summarised in Appendix One to this letter. Following economic assessment of the tendered offers we would like to take forward services with Staythorpe power station – as highlighted in Appendix One.

Further Information

For further information and a more detailed explanation of the procurement process for the above or similar requirements, please contact your Balancing Services Account Manager.

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Yours faithfully

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Account Manager

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Appendix One

BMU ID	Staythorpe 1 unit	Staythorpe 2 units	RATS-2	RATS-4
Strike Price (£/MWh)	29.75	25.50	25.36	25.36
MW Level (SEL)	195	195	230	230
MVAr Range Lead:Lag	-214:300	-214:300	128:193	147:207

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Invitation to Tender Pack, Letter 1

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To All Service Providers

02 June 2015
Issue 1

Dear Service Provider

TRANSMISSION CONSTRAINT MANAGEMENT REQUIREMENT NOTICE - [TCMRN/04/15]

The following Transmission Constraint Management Requirement has been identified by National Grid Electricity Transmission ("National Grid") to manage forecast constraint costs and volumes, arising from asset health, planned outages and forecast system conditions. National Grid is therefore, seeking to procure constraint management services in order to economically and efficiently manage a potential constraint.

Index Price Only

Given the current uncertainty around plant running National Grid is not looking to procure contracts for this requirement on a fixed price basis. We are inviting tenders based on an index price only as detailed below. Please note the below requirement is for a voltage only service at minimum output.

Constraint Requirement

Zonal Requirement:	East Midlands
Potential Service Providers:	Ratcliffe, Staythorpe, Little Barford
Additional Notes:	The default mechanism will continue to be used for the payment of MVarh
Estimated volume required:	2 Units

Service providers are requested to provide prices for the following service:

Service description:	Voltage Only
Service Type:	Firm (Generation at SEL)
Term:	From: 23:00 1 July 2015 To: 07:00 1 August 2015
Extension:	Potential to extend up to 15 August 2015. Extension will be notified on a weekly basis 3 days ahead at 10:00.
Period:	Overnight, 23:00 – 07:00 daily
Payment Rate:	Contract Fee based on tendered strike price based on formula in Appendix 1

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Please note that the above service is based on historic information and any service provider may offer an alternative if it is felt it may meet the requirement. Any new service offer, including prices, will be published as detailed below.

These requirements are National Grid's current best view based on OC2 generation availability, demand estimates, asset condition and forecast market conditions. However, if in National Grid's view the drivers change significantly then National Grid reserves the right to amend or withdraw these requirements. Where appropriate National Grid may republish the tender requirements and revise the relevant timescales accordingly.

Timescales
The timescales for this particular process are as follows:

Business Day 1, 17:00	Tuesday 2 June 2015	Requirement published
Business Day 11, 17:00	Tuesday 16 June 2015	Submission of prices & services
Business Day 16, 17:00	Tuesday 23 June 2015	Outcome published
Business Day 21, 17:00	Tuesday 30 June 2015	Contract in place

Submission of Service and Price Offers
Should a service provider wish to submit service and price offers for these constraint management requirements, these should be submitted to your Balancing Services Account Manager **and** the email address: commercial.operation@nationalgrid.com in accordance with the timescales above.

This process is not governed by National Grid standard contract terms, therefore the electronic submission of such offers are acceptable providing the above timescales are complied with.

A template for submissions is provided in Excel format on the constraint management website. Please use this Tender Sheet for your offer submission.

If there are any technical limitations on your stations ability to deliver this service, please ensure these are included in the tender for consideration in the assessment.

Publication of Information
National Grid shall publish and / or announce details of the information submitted for the provision of constraint management from any service provider, and the service provider is required to consent to the disclosure by National Grid of any such information. To this end, National Grid cannot accept an offer from any potential service provider unless they consent to the disclosure of such information.

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Further Information

For further information and a more detailed explanation of the procurement process for the above or similar requirements, please contact your Balancing Services Account Manager.

Yours faithfully

Laura Brock
Account Manager

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APPENDIX 1

Contract Fee

The sum of all **Contract Fees** cannot exceed a cap of £2,728,000 over the relevant **Service Term**:

The **Contract Fee** for each **Service Period** shall be determined as follows:-

Contract Fee (CF) = $(Max (0, SP - CSS_d)) * SEL * H_d$

Where:

CF = the **Contract Fee** for the relevant **Service Period.**

SP = the Strike Price, being [   ] £/MWh

CSS_d = for **Service Periods** expiring in calendar day d, the day ahead **Clean Spark Spread**

Clean Spark Spread = GBPP – Gas Cost – Carbon Cost

Where:

Gas Cost = (Day Ahead NBP/ Gas Conversion Factor * 10)/ Gas Efficiency Constant

Carbon Cost = (Dec 2015EUA + CPS) * Gas Carbon Intensity

And where:

GBPP = a mean average across each **Settlement Period** throughout the **Service Period** of the clearing prices for those **Settlement Periods** published by APX following the day ahead auction on calendar day d-1, quoted as £/MWh

Day Ahead NBP = the Day Ahead Gas Index as published by Heren on calendar day d-1 (or, where this is not a Working **Day**, on the immediately preceding Working **Day**) or, where the Working **Day** immediately preceding calendar day d is a Friday, the Heren Weekend Gas Index published on that day, quoted as pence/therm

Dec 2015EUA = the December 2015 European Union Allowance price published by Bloomberg on calendar day d-1, converted to £/tonne.

CPS = UK carbon price support being £18.08/tonne from 1st April 2015

Gas Carbon Intensity = 0.41

Gas Efficiency Constant = 0.49

Gas Conversion Factor = 29.3071

SEL   =   the **Contracted SEL**

H_d =   the number of hours comprised in the relevant **Service Period** excluding periods of deemed unavailability pursuant to Sub-Clause 3.3.3 and any **Settlement Periods** in respect of which the **Generator** fails to comply with any of its obligations hereunder as referred to in Sub-Clause 3.5.2.