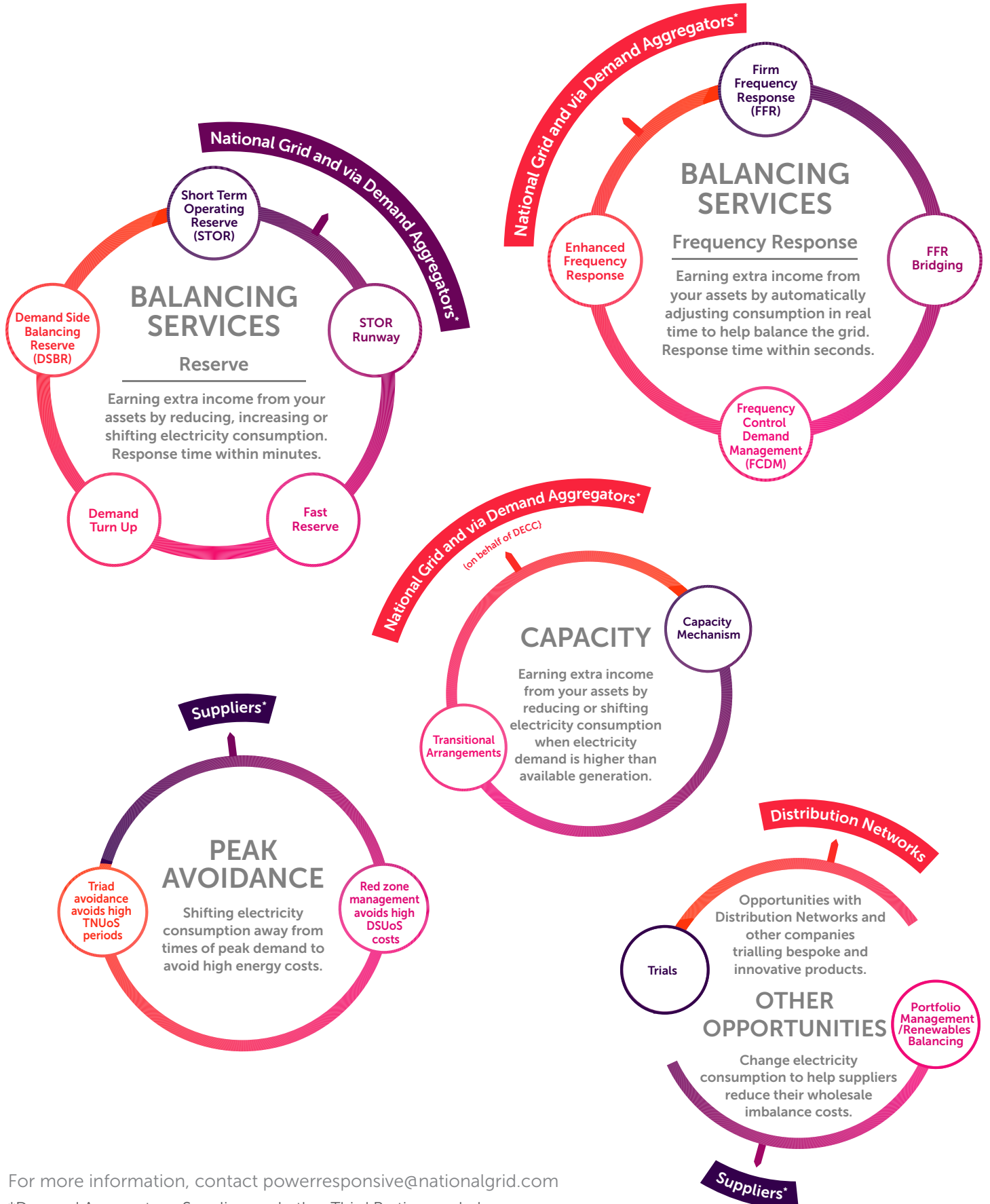


DEMAND SIDE OPPORTUNITIES

Opportunities for large electricity users by category and procurer



For more information, contact powerresponsive@nationalgrid.com

*Demand Aggregators, Suppliers and other Third Parties can help users access these opportunities and identify combinations that work best for them.

Demand Side Opportunities: Product Glossary

Balancing Services: Frequency Response

- **Firm Frequency Response (FFR)** – A monthly electronically tendered service through which National Grid procures energy that can respond within 30 seconds.
- **FFR Bridging** – A bilateral agreement that allows businesses to build up volume over a one or two year period to transition in to the FFR tender.
- **Frequency Control by Demand Management (FCDM)** – A bilateral agreement for businesses to interrupt electricity supply within 2 seconds for 30 minute duration.
- **Enhanced Frequency Response** – A new, faster frequency response product, which requires businesses to provide full response in less than a second.

Balancing Services: Reserve

- **Short Term Operating Reserve (STOR)** – An important source of reserve energy for National Grid. Procured via 3 tenders throughout each year, a response time of up to 20 minutes is required.
- **STOR Runway** – An alternative route in to the STOR market, via a growth contract; designed to help businesses get off the ground in demand side services.
- **Fast Reserve** – A monthly tendered market designed to procure large blocks of reserve energy of 50MW to respond within 2 minutes.
- **Demand Turn Up** – A service currently being developed which will pay businesses to increase demand when there's too much energy in the system, typically responding within 10 minutes.
- **Demand Side Balancing Reserve (DSBR)** – A time-limited tendered product aimed at major energy users willing to reduce their electricity use between 4pm and 8pm on winter weekdays in return for payment.

Capacity

- **Capacity Mechanism** – The capacity mechanism is a catch-all term for the auctions for the Capacity Market that National Grid runs to guarantee capacity for any given year. The Capacity Market is one of the main building blocks in the UK Government's Electricity Market Reform (EMR) programme.
- **Transitional Arrangements** – auctions that are in place to help demand side providers enter the Capacity Market; working in exactly the same way as the main Capacity Market auction, but for a much shorter term.

Peak Avoidance

- **Triad Avoidance** – Reducing consumption at periods where peak winter national demand is forecast, in order to proportionally reduce TNUoS (Transmission Network Use of System) charge.
- **Red Zone Management** – Shifting consumption to avoid periods of highest distribution network cost (DUoS; Distribution Use of System), often referred to as "red-zones".

Other Opportunities

- **Trials** – Distribution Network Operators are running bespoke local trials for demand response which offer opportunities for business users to get involved.
- **Portfolio Management/Renewables Balancing** – Some Suppliers offer revenue opportunities for businesses via services to aid balancing of their portfolio.