

# SHORT TERM OPERATIONAL RESERVE (STOR)

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## Taking an innovative approach to getting the best out of the National Grid's STOR energy balancing scheme.

*The short term operating reserve (STOR) market has changed significantly over the last 2 years. This has resulted in diminishing revenues for customers. Despite this backdrop it is still possible to generate substantial returns through integrating opportunities in STOR with energy procurement and demand reduction initiatives.*

### The benefits to you

Through our integrated approach, advanced modelling techniques and understanding of the building design and generation capability we are able to position your bid to provide the highest return on investment.

### Who can access this service?

This service is designed for customers with generation assets and who are planning or currently implementing on site renewables/generation.

### What you get

We have designed a service to enable you to fully understand what the STOR market has to offer at a site specific and/or strategic level. We ensure you have the opportunity not only to consider all revenue opportunities in the marketplace, but to be best placed to make best use of them as UK Energy Policy continues to accommodate and be aligned with on-site generation.

By working with Novesus Energy on the opportunities offered through STOR, you will benefit from our:

- **In-depth understanding** - Based on deep and comprehensive analysis of the market over the past five years, we've gained an in-depth understanding of the market, and how best to position each customer's offer to National Grid to maximise the probability of generating revenue
- **Effective business modelling** - We have developed a scenario-based business model designed to structure and deliver a winning bid strategy
- **No ties** - We have an agnostic approach to recommending a direct or aggregated route to market which maximises the commercial opportunity for you
- **Market expertise** - Unlike the niche providers of STOR services we have extensive knowledge of the energy procurement market which allows us to correlate both supply and demand

**NOVEUS**  
**ENERGY**  
OPTIMISING SUPPLY AND DEMAND THROUGH INNOVATION

## The context for STOR

The OFGEM Electricity Capacity Assessment Report 2014 notes significant uncertainty about the security of supply outlook. It points to a reduction in generation margins over the next two winters which will reach their lowest point in 2015/2016 as a result of a reduction in supplies from conventional power generation.

The government already has, and continues to introduce, schemes such as STOR to support the Grid's ability to "keep the lights on" in peak periods. These schemes are often misunderstood and therefore underutilised - missing the opportunity for your organisation to maximise revenue generation.

National Grid predicts the reliance on STOR generation will double in the next eight years. While the maintenance regimes and reliability of standby generation have been questioned in the past, STOR is different. It not only provides revenue but also supplements the maintenance and reliability of the standby generation - since it enables you to test and use your back-up system regularly.

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**WE WILL HELP YOU CREATE A  
WINNING BID TO ENABLE YOU  
TO BENEFIT SIGNIFICANTLY FROM  
SUPPORTING THE NATIONAL GRID  
THROUGH STOR.**

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## Our approach

### Step 1 - Bespoke business model

We will create a bespoke business model designed to clarify the scope of your STOR opportunity in terms of risk, financials, technical requirements and operational engagement. This provides you with a measured and logical tool that will assist decision making.

### Step 2 - Single point of contract

We provide single points of contact (both an engineer and commercial advisor) for technical surveys, infrastructure works and framework agreement execution. This provides a more efficient framework negotiation process with fewer opportunities for delays and errors.

### Step 3 - Winning bid strategy

We will produce a tailored competitive bid strategy specifically designed and tested against your business model data. Because there is a significant variation (can be as much 70%) between offers made to National Grid and the final accepted prices, the thought process behind your bid, and therefore the quality of the bid structure, is crucial.

### Step 4 - Timely and accurate invoicing

We will produce accurate invoices to National Grid, together with full reconciliation of availability and utilisation payments. These will ensure that the full revenue payments are made on time.

### Step 5 - Benefit reporting

We will deliver detailed benefit reporting showing the financial performance of the STOR contract. We fully understand the relative benefit provided by the Capital and Operational expenditure over time - a factor that's often overlooked in the market.

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