

# Project TERRE

## Progress update

24 March 2021

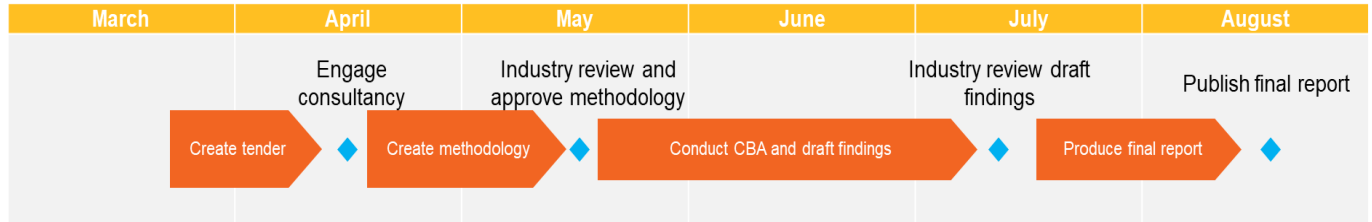
### GB Replacement Reserve cost-benefit analysis

We have been engaging with industry on the implementation of Project TERRE through the GB TERRE Implementation Group.

At the latest meeting on 3 February 2021, we committed to considering the most efficient way to carry out a cost-benefit analysis (CBA) on a GB Replacement Reserve product. This is consistent with Scenario 1a previously agreed by the group.

Since that meeting, we have had further conversations with Ofgem. We have agreed that the ESO will commission a third-party to carry out such a CBA. We believe this is the right way forward: it respects the fact that the original CBA indicated benefit of €17 million per year to GB consumers, but also allows us to consider the outcome of the UK–EU Trade & Cooperation Agreement and changes to the energy market since the pre-EU exit CBA was carried out. Moreover, a CBA carried out by a third-party will also ensure independence and reflect feedback from the group including that other parties such as market participants and interconnectors are unable to commit resource to TERRE at present.

### Provisional timetable - CBA



### Next steps

In line with the above timetable, we will reconvene the Implementation Group to review the proposed methodology. This is likely to be in May.

### Contact us

If you have any questions, please contact [box.BalancingProgramme@nationalgrideso.com](mailto:box.BalancingProgramme@nationalgrideso.com)