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Balancing Reserve (BR) Release 1 – EBR Article 18 consultation

Dear Industry and Colleagues,

In accordance with Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into retained EU law and amended (EBR), NESO is proposing to update its terms and conditions relating to Balancing with respect to its Balancing Reserve (BR) product.

We are proposing updates to the Balancing Reserve (BR) Service Terms and BR Procurement Rules principally to facilitate co-optimisation of the BR auctions with the day-ahead auctions for Quick Reserve (QR) and Dynamic Response (DR) services (and also the new Slow Reserve (SR) product, if implemented), but also to make some additional changes to the contract documentation. A summary of the changes proposed to each document is included in Annex 1 to this document.

These changes related to BR are distinct from a separate consultation which is also being published today, proposing the introduction of the new Slow Reserve Balancing Service as mentioned above, which will also deal with certain consequential changes to facilitate the co-optimised auction.

Co-optimisation across these products requires a uniform definition of market welfare in each of the different product's Procurement Rules. NESO is therefore also proposing a consequential change to the Procurement Rules for each of QR, DR and SR, to sit alongside the equivalent definition included in the updated BR Procurement Rules. However, the change to the SR Procurement Rules is dependent upon that service having first been approved and brought into effect, which as mentioned above is being proposed as a part of the suite of changes which are the subject of the separate SR consultation.

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Details of the consequential changes proposed to be made to the QR, DR and SR Procurement Rules are set out in Annex 2 to this document.

Annex 3 to this document is a table showing how we believe the terms and conditions (and corresponding parts of the GB codes), as proposed to be amended, map across to the terms and conditions related to Balancing, described by Article 18 of EBR.

In accordance with EBR, the Consultation will be undertaken from 16 May 2025 until close of business 16 June 2025 please share your views by submitting responses via the MS Forms link below, a pro-forma response document is also provided to aid drafting.

Yours sincerely

Jon Wisdom

Head of Market Change Delivery

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Introduction

Article 18 of Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into retained EU law (EBR) requires TSOs to develop terms and conditions for balancing service providers and sets out the requirements for terms and conditions for both balancing service providers and balance responsible parties. We publish a mapping document to show how we believe our contract terms, notably Service Terms and Procurement Rules, but also other documentation such as the Grid Code, map across to these requirements.

These terms and conditions are required by EBR to be approved by the regulatory authority after industry consultation, and the GB balancing terms and conditions as currently approved by Ofgem include contract terms related to our Balancing Reserve service. EBR provides a process for NESO to propose amendments to approved terms and conditions, which is similarly subject to approval by the regulatory authority after industry consultation.

Accordingly, we are now consulting on proposed amendments to our Balancing Reserve contract terms and consequential changes to Quick Reserve, Slow Reserve and Dynamic Response . This document begins our formal industry consultation. In accordance with EBR, we are required to consult for not less than one month and must consider the views of stakeholders prior to submission of our proposals to Ofgem for approval.

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Consultation process and how to respond

In this document, we describe and explain the changes we are making. We have also published clean and redline versions of the Balancing Reserve Service Terms and Procurement Rules which include the proposed changes described in this Consultation.

Respondents should review the revised terms alongside this document. A table of changes is included for reference.

Industry is invited to provide feedback on the proposed changes during a formal consultation process which closes on 16 June 2025. We include questions in this document, with a full proforma document provided as part of this consultation pack with space to draft a written response. We ask respondents to submit their responses through Microsoft Forms to help us collate and compare responses efficiently and effectively: [BR Consultation Response Form](#).

Once the Consultation is closed, we will consider all responses. We will then, submit the Article 18 portion of this consultation for Ofgem approval. This will include our Final Proposals for changes to the Balancing Reserve Service Terms and Procurement Rules that reflect our consideration of all responses. Once the formal consultation has closed, NESO will document, in the form of a report, the final position on the proposed changes, along with the tracked changed versions of the Service Terms and Procurement Rules. The report will also include in a clear and transparent way, all industry responses and NESO's view for each of these. We intend that each of the proposed changes may be considered by Ofgem as separate 'submissions' such that they can be reviewed and hence approved by Ofgem in isolation. While in practice we expect all submissions to be approved at the same time, this ensures any delays or concerns the regulator has relating to an individual change does not result in an undue delay to other changes independent of that individual change.

We will then expect a decision from Ofgem on all the proposed changes around mid-September 2025. Should you have questions about the consultation process or wish to discuss any of the proposals in more detail, please contact us at:

box.futureofbalancingservices@nationalenergyso.com.

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Slow Reserve (SR) Consultation

In parallel to this consultation, we are also publishing a consultation on a new Slow Reserve Balancing Service, part of which also seeks to co-optimize its auction alongside BR, QR, and DR from the proposed go live of the service in October 2025.

The SR consultation is available on the Slow Reserve webpage [here](#). Any feedback on Slow Reserve related elements should be submitted to that consultation.

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Summary of Changes

A high-level summary of each change is provided here for convenience:

1. We propose to change the Auction timing from 08:15 am to 14:00 local time (UK) and to co-optimize with the day ahead auctions for Quick Reserve (QR) and Dynamic Response (DR) (and also the new Slow Reserve (SR) product, if implemented).
2. We propose the following changes to the Dispatch Flexibility Rules:
 - a. allowing units dispatching from a 0 FPN to provide 25MW of indivisible capacity, therefore allowing a SEL and/or SIL of up to 25MW
 - b. allowing units to set a MNZT of up to 5 minutes
3. We propose to mirror the excessive pricing clauses in Quick Reserve that will allow NESO to deem units unavailable if their utilisation prices are excessively high.
4. We propose to mirror the contract transfer clauses in Quick Reserve where in case of a contract transfer, assignment of all rights and obligations including payment will be made to the secondary provider.

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Proposed Product Changes and Rationale for Changes

Auction timing and co-optimisation

What is the proposed change?

We propose to change the auction timing from 08:15 am to 14:00 local time (UK) and co-optimize BR with the day ahead auctions for QR and DR (and also the new SR product, if implemented).

As a consequence of the co-optimisation across Response and Reserve services, BR will lose the ability to split with opposite direction Response products, whilst Response and Reserve baskets are independent of each other. Only splitting across the same service in opposite directions will be possible. Work is ongoing across the Response and Reserve services to address the wider questions of Stacking and Splitting for these services.

Why are we proposing this change?

We have received feedback from our Balancing Reserve Call for Input (May-June 2024) that the current timing of the BR auction is sub-optimal as providers must submit their bids before the wholesale day-ahead market results are released at 9:50 am.

We undertook an assessment to consider the BR auction timing and the possibility of co-optimising BR with our other Dynamic Response and Reserve products on the Enduring Auction Capability (EAC) platform. Our assessment and industry feedback support our proposal to move BR procurement to the 14:00 UK Time co-optimised auction.

We believe this change will deliver value for end consumers and make it easier and simpler for market participants to determine their sell order prices for BR. Alongside these benefits we expect that this change will reduce risk premia currently being included in BR sell orders and reduce complexity for market participants at an already busy time of trading. This move will also improve our ability to secure services which are most crucial to system operations during periods of market scarcity.

Questions

Do you agree with the proposal to change the Balancing Reserve auction timing to 14:00(UK) and to co-optimize with the day ahead auctions for Quick Reserve (QR) and Dynamic Response (DR) (and also the new Slow Reserve (SR) product, if implemented)?

Do you have any other comments or questions on the proposal for changing the auction timing and co-optimising with other Dynamic Response and Reserve auction products?

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Dispatch Flexibility Rules

What is the proposed change?

We propose the following changes to the Dispatch Flexibility Rules:

- allowing units dispatching from a 0 FPN to provide up to 25MW of indivisible capacity, therefore allowing up to 25MW SEL and SIL.
- allowing units to set their MNZT for up to 5 minutes.

We also intend to implement checks to ensure units can follow their submitted parameters when dispatched from, or through, zero.

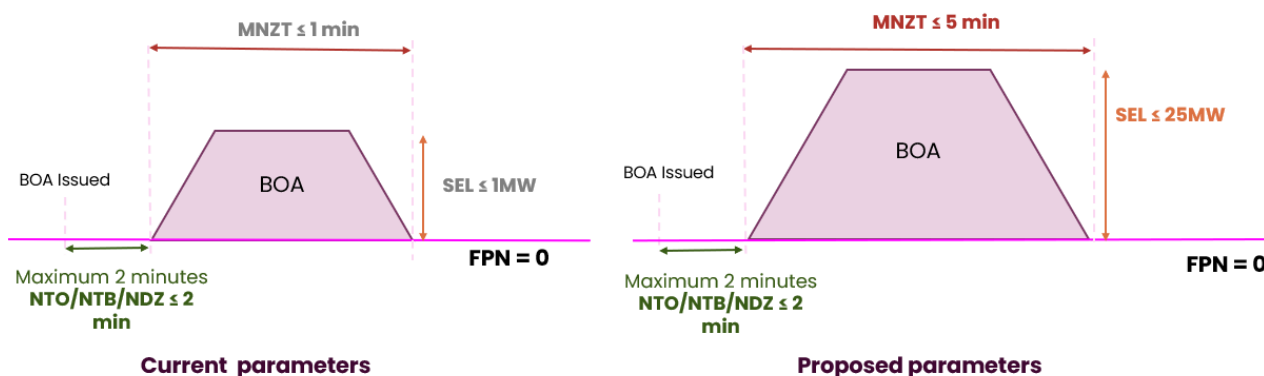


Figure 1 Example of changes for Dispatch Flexibility rules for a unit providing PBR from a FPN of 0MW

Why are we proposing this change?

Incremental MW rule

The existing BR rules require a BR provider to be able to be incrementally dispatched for every MW in their contracted range. This is enforced for units delivering BR from a 0MW FPN to have a Stable Export Limit (SEL) or Stable Import Limit (SIL) of 0MW or 1MW.

Following a detailed and comprehensive review of the dispatch flexibility rules, and engagement with industry, we are proposing to allow units to offer up to 25MW of “all of nothing” capability. This, in practice, would allow a BR unit to deliver the service from a 0MW FPN with a SEL/SIL of up to 25MW. For dispatches from a non-zero FPN there is no mechanism under the existing BM parameterisation to guarantee that dispatches will be made in 25MW increments.

We believe that this rule change will enable greater participation in the BR service from non-traditional providers of reserve capacity whilst still providing sufficient flexibility for BR capacity to be dispatched for precision energy balancing.

1-minute dispatch rule

The existing BR rules require a BR provider to be able to deliver dispatches as short as 1-minute in duration (not including notice periods and ramping time). This is enforced in practice by ensuring

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that the Minimum Non-Zero Time (MNZT) for units delivering BR from a OMW FPN is no longer than 1-minute.

Following a detailed and comprehensive review of the dispatch flexibility rules and engagement with industry we are proposing to allow units to set their MNZT to up to 5 minutes. Our analysis shows that a longer MNZT is more detrimental to our ability to balance generation and consumption on the GB system than the size of “all-or-nothing” capacity. This is due to the volatility of energy imbalances which tend to increase or decrease in size rapidly. However, assuming that new competitively priced capacity can come forward to participate in BR following this change, allowing units to set their MNZT to 5 minutes when delivering the service from a OMW FPN could deliver value for the end consumer compared to the existing rules.

Prior to this consultation, we sought input to ascertain whether additional units could participate in Balancing Reserve following a relaxation of the rules. Our findings provided sufficient evidence to support this conclusion.

For units which are not delivering Balancing Reserve from a OMW FPN or through-zero – there are no restrictions on SEL/SIL and MNZT.

Questions

Do you agree with the proposed changes to the Dispatch Flexibility Rules? Will this proposed changes enable additional units to participate in Balancing Reserve?

Any additional comments around the Dispatch Flexibility Rules?

Proposed changes to align with Quick Reserve

Excessive Pricing

What is the proposed change?

We propose to mirror the excessive pricing clauses in Quick Reserve that will allow NESO to deem units unavailable if their utilisation prices are excessively high.

Why are we proposing this change?

This change will ensure that Balancing Reserve capacity that is secured via the Day Ahead auction is able to be dispatched in real-time and is not commercially unavailable due to high utilisation prices. This change will improve outcomes for end-consumers by incentivising contracted BR providers to submit competitive utilisation prices and close a loophole which has allowed energy limited assets to avoid being dispatched whilst holding BR contracts to protect their state of energy.

Through our learning from BR and other Balancing Services we have identified instances where some energy limited assets have had insufficient energy to honour their full contracted period

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and have maintained market positions (such as discharging PNs) and increased their Bid-Offer prices during contracted periods such that their high prices make the units unlikely to be dispatched as they are economically out of merit, but continue to receive the capacity Availability Payments.

We believe that withholding the Availability Payment does not provide a sufficient sanction to deter this behaviour. Therefore, we propose introducing new terms that deal with excessively high or excessively low Bid-Offer prices and provide NESO, at its discretion, with a range of enforceable sanctions.

Questions

Do you agree with the proposed inclusion of this excessive pricing clause?

Contract transfer process

What is the proposed change?

We propose to mirror the contract transfer clauses in Quick Reserve where in the case of a contract transfer, assignment of all rights and obligations including payment to the secondary provider.

Why are we proposing this change?

Currently, when a BR contracted provider transfers a contract to a different unit (whether their own or operated by another provider) the BR contract revenue is still paid to the operator of the original contract holder, whilst performance is assessed related to the secondary provider. We propose to update the BR service terms to align with QR whereby, when there is a contract transfer, assignment of all rights and obligations including the payment and the performance are all made against the secondary provider.

Questions

Do you agree with this change to the Contract Transfer process?

Any further comments on the Contract Transfer process?

Any additional comments or questions regarding these changes or in general regarding the Balancing Reserve service?

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Annex 1 – summary of proposed changes

NESO are proposing changes to the Service Terms and Procurement Rules for Balancing Reserve, primarily to facilitate co-optimisation with Quick Reserve and Dynamic Reserve (and Slow Reserve if implemented) but also to make a small number of additional improvements and updates to the terms.

The following table sets out all the proposed changes to the existing Balancing Reserve Service Terms and Procurement Rules (ignoring cross referencing updates, changes in consequence of NESO's new name, and typographical or formatting changes).

Contract Section	Proposed Changes
Service Terms Clause 5.11	New sub-clause inserted to confer remedies for NESO if pricing in the BM is considered to be excessive (drafting based on equivalent clause in other service terms e.g. Quick Reserve). Consequential updates to the end of clause 5.14 to utilise new defined term "Deregistered" in Procurement Rules.
Service Terms Clause 8	Updates to the dispatch flexibility rules. Now allows submission of a SEL/SIL up to 25MW so as to create an exception to the 1MW increment dispatch volume rule. The minimum 1-minute duration rule is also now qualified by the ability for a provider to submit a MNZT of up to 5-minutes.
Service Terms Clause 23	Changes to contract transfer provisions to align with other services e.g. Quick Reserve, mainly so that transfers are of the entirety of rights and obligations associated with a BR Contract meaning NESO settles for service delivery with the transferee. Minor consequential changes elsewhere in text including deletion of clause at end of a number of provisions (e.g. 5.15, 6.3, 7.4, 9.3 and 10.2).
Service Terms Clause 29	Reference to arbitration body updated from Electricity Arbitration Association to London Court of International Arbitration.
Service Terms Clauses 17, 19, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35	In line with other terms e.g. for Quick Reserve, references to ENA's standard flexibility terms changed to use latest terminology (Flexibility Services Standard Agreement) as defined in Balancing Service Glossary.

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Service Terms Schedule 2	New Schedule to bring together BR service parameters previously included in a defined term.
Procurement Rules Clause 1.4	Housekeeping – removal of reference to Effective date (and associated defined term) as now historical.
Procurement Rules Clauses 1.3.3, 10, 13, 21, 22 and 23	In line with other terms e.g. for Quick Reserve, references to ENA's standard flexibility terms changed to use latest terminology (Flexibility Services Standard Agreement) as defined in Balancing Service Glossary.
Procurement Rules Clause 12.5	Deletion of reference to paragraph 21 of ENA service terms as not needed (in line with Quick Reserve procurement rules).
Procurement Rules Schedule 1 Definition "Auction Closing Time"	Changed to 1400 hours on D-1.
Procurement Rules Schedule 1 Definition "Auction Opening Time"	Reworded to align with Quick Reserve (D-15 where D is the Service Day).
Procurement Rules Definition "Auction Results Time"	Changed to 1430 hours on D-1.
Procurement Rules Definition "Deregistered"	New definition inserted to simplify drafting (per Quick Reserve terms).
Procurement Rules Definition "Ramp-Down Period"	Deleted as not used, and replaced by new definitions of "Run-Down Rate" and "Run-Up Rate".
Procurement Rules Definition "Market Welfare"	Updated to facilitate co-optimisation with Dynamic Response and Quick Reserve, and also with Slow Reserve if the new Slow Reserve terms have been approved at the time these changes to the BR procurement rules become effective.

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Annex 2 – Consequential changes for Quick Reserve, Dynamic Response and Slow Reserve

Co-optimisation across auction products requires a uniform definition of market welfare in each of the different procurement rules for each product, and so as part of this latest update to the terms and conditions related to Balancing, to sit alongside the proposed updated Balancing Reserve Procurement Rules, NESO is proposing a consequential change to the Market Welfare definition in the procurement rules for each of Quick Reserve (QR), Dynamic Response (DR) and Slow Reserve (SR).

This change to the SR Procurement Rules is dependent upon SR first being approved and implemented (which will then see it co-optimised with QR and DR, which are already co-optimised with each other), and this is being proposed as a part of the suite of changes which are the subject of a separate consultation process. Subject to those changes being approved by Ofgem, full co-optimisation across all four products will then be effective from the date the BR updates take effect (“BR Effective Date”).

However, if SR has not been approved, implemented and co-optimised with QR and DR in this way before the designated BR Effective Date, then BR will be co-optimised with QR and DR only, and full co-optimisation across all four products will only take place if and when the changes to SR are approved by Ofgem and brought into effect.

The definition in the proposed updated BR Procurement Rules is shown below:

the aggregate of:-

- (1) the sum of the **Order Surpluses** with respect to all **Buy Orders** and **Sell Orders** in a **Service Day**, and
- (2) the ‘Market Welfare’ for that **Service Day** as defined in the **Response Procurement Rules** but with respect only to limb (1) and the **Response Auction Products** and
- (3) the ‘Market Welfare’ for that **Service Day** as defined in the **QR Procurement Rules** but with respect only to limb (1) and the **QR Auction Products**, and
- (4) only if the **Authority** shall have approved the **SR Procurement Rules** prior to the **Effective Date**, the ‘Market Welfare’ as defined in the **SR Procurement Rules** but with respect only to limb (1) and the **SR Auction Products**;

The following table outlines how the existing Procurement Rules for each of the below balancing services will be amended, as to allow co-optimisation across all products:

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Service	Current definition “Market Welfare”	Proposed amendment	When effective
Quick Reserve	the aggregate of (1) the sum of the Order Surpluses with respect to all Buy Orders and Sell Orders in a Service Day , and (2) the ‘Market Welfare’ for that Service Day as defined in the Response Procurement Rules but with respect only to limb (1) and the Response Auction Products ;	The insertion after the end of the definition in the prevailing version of the Procurement Rules of: <u>and</u> <u>(3)[or (4)]¹ the ‘Market Welfare’ for that Service Day as defined in the BR Procurement Rules but with respect only to limb (1) and the Balancing Reserve Auction Products;</u>	BR Effective Date
Dynamic Response (DM/DR/DC)	the aggregate of (1) the sum of the Order Surpluses with respect to all Buy Orders and Sell Orders in a Service Day , and (2) the ‘Market Welfare’ for that Service Day as defined in the QR Procurement Rules but with respect only to limb (1) and the Quick Reserve Auction Products ;	The insertion after the end of the definition in the prevailing version of the Procurement Rules of: <u>and</u> <u>(3)[or (4)]¹ the ‘Market Welfare’ for that Service Day as defined in the BR Procurement Rules but with respect only to limb (1) and the Balancing Reserve Auction Products;</u>	BR Effective Date
Slow Reserve (only if already updated to co-optimize with Dynamic Response and Quick Reserve)	Note – the below assumes the changes the subject of the separate SR consultation have already been approved by Ofgem and implemented prior to the BR Effective Date: the aggregate of:- (1) the sum of the Order Surpluses with respect to all	The insertion after the end of the definition in the prevailing version of the Procurement Rules of: <u>and</u> <u>(4) the ‘Market Welfare’ for that Service Day as defined in the BR Procurement Rules but with respect only to limb (1) and the</u>	BR Effective Date

¹ Note - either SR will have already have been added before the BR Effective Date (as a new (3)) as part of the SR consultation, in which case these current changes insert a new (4) for BR, or the SR consultation has not been approved by the BR Effective Date in which case the current changes insert a new (3) for BR.

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Service	Current definition “Market Welfare”	Proposed amendment	When effective
	<p>Buy Orders and Sell Orders in a Service Day, and</p> <p>(2) (the ‘Market Welfare’ for that Service Day as defined in the Response Procurement Rules but with respect only to limb (1) and the Response Auction Products and</p> <p>(3) the ‘Market Welfare’ for that Service Day as defined in the QR Procurement Rules but with respect only to limb (1) and the QR Auction Products;</p>	<p>Balancing Reserve Auction Products;</p>	

In addition, in each of the procurement rules for the above products, three new definitions (as used in the above proposed amendments) are added in schedule 1 in alphabetical order:

Defined Term	Definition
“ BR Procurement Rules ”	the prevailing document titled ‘Balancing Reserve (BR) Procurement Rules’ published by or on behalf of NESO from time to time governing the procurement of Balancing Reserve ;
“ Balancing Reserve ”	as defined in the BR Procurement Rules ;
“ Balancing Reserve Auction Products ”	the ‘Balancing Reserve Products’ as that term is defined in the BR Procurement Rules ;

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Annex 3 – EBR Article 18 mapping for the Balancing Reserve Terms and Conditions

This table cross references the terms and conditions related to balancing described in Article 18 of the Electricity Balancing Regulation against the corresponding parts of the GB codes and relevant contractual provisions, with particular reference to the updated Balancing Reserve Service. This cross referencing includes the terms and conditions for balancing service providers and the terms and conditions for balance responsible parties.

Nothing in this table shall prejudice or otherwise affect the operation of the GB codes and relevant contractual provisions, and in the event of any conflict or inconsistency between this table and Article 18 EBR the latter shall prevail.

Table 1

Article	Text	Code or document	Section
18.2	The terms and conditions pursuant to paragraph 1 shall also include the rules for suspension and restoration of market activities pursuant to Article 36 of Regulation (EU) 2017/2196 and rules for settlement in case of market suspension pursuant to Article 39 of Regulation (EU) 2017/2196 once approved in accordance with Article 4 of Regulation (EU) 2017/2196.	Grid Code	OC9.4
		BSC	G3, P1.6, P5, Q4.3.4, Q5.4, Q5A and T1.7
18.4	The terms and conditions for balancing service providers shall:	-	-

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18.4.a	Define reasonable and justified requirements for the provisions of balancing services;	BR Procurement Rules & Service Terms	BR Procurement Rules 4 – Registration of Registered BR Participants 5 – Prequalification of BR Units 12 – Formation of BR Contracts 15 – Use of Designated Auction Platform
			BR Service Terms 5 – Service Availability 8 – Dispatch Flexibility Rules 9 – BR Availability Payments 10 – Energy Utilisation Payments 11 – Payment Procedure 15 – Provision of Other Services Schedule 2 – Service Parameters
		BSC	A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7 and J3.8
		CUSC	Section 4.1.3
18.4.b	Allow the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to offer	Grid Code	BC1, BC2, BC3 & BC4
		BSC	K3.3, K8, S6.2, S6.3 and S11, S12, S13 and S14
		Grid Code	DRSC 4.2, BC1.4

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	balancing services subject to conditions referred to in paragraph 5 (c);	BR Procurement Rules	BR Procurement Rules 4 – Registration of Registered BR Participants 5 – Pre-qualification of BR Units Schedule 2 – Registration and Pre-Qualification Procedure <i>[note: aggregation not applicable]</i>
		BSC	K3.2, K3.3, K8
18.4.c	Allow demand facility owners, third parties and owners of power generating facilities from conventional and renewable energy sources as well as owners of energy storage units to become balancing service providers;	BR Procurement Rules	BR Procurement Rules 4 – Registration of Registered BR Participants 5 – Prequalification of BR Units Schedule 2 – Registration and Pre-Qualification Procedure
18.4.d	Require that each balancing energy bid from a balancing service provider is assigned to one or more balance responsible parties to enable the calculation of an imbalance adjustment pursuant to Article 49.	BSC	T4, Q7.2, Q6.4
18.5	The terms and conditions for balancing service providers shall contain:	-	-

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18.5.a	The rules for the qualification process to become a balancing service provider pursuant to Article 16;	BR Procurement Rules & Service Terms	BR Procurement Rules 4 – Registration of Registered BR Units 5 – Pre-qualification of BR Units Schedule 2 – Registration and Pre-Qualification Procedure BR Service Terms 15 – Provision of Other Services
		Grid Code	<i>BC5, BC4.4.2</i>
		CUSC	Section 4.1
		BSC	J3.3, J3.6, J3.7, J3.8, K3.2, K3.3 and K8
18.5.b	The rules, requirements and timescales for the procurement and transfer of balancing capacity pursuant to Articles 32 and 34;	BR Procurement Rules & Service Terms	BR Procurement Rules 7 – Buy Orders 8 – Sell Orders 9 – Market Clearing Rules 12 – Formation of BR Contracts BR Service Terms 6 – Service Instruction 7 – Service Delivery 15 – Provision of Other Services 23 – Transfer of BR Contracts

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18.5.c	The rules and conditions for the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to become a balancing service provider;	BR Procurement Rules & Service Terms	BR Procurement Rules 4 – Registration of Registered BR Units 5 – Pre-qualification of BR Units 20 – Site Export and Import Limits Schedule 2 – Registration and Pre-Qualification Procedure BR Service Terms 15 – Provision of Other Services
		BSC	K3.3 and K8
		Grid Code	BC1.4 and BC1.A.10
18.5.d	The requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve connecting DSO during the prequalification process and operation of the balancing market;	BR Procurement Rules & Service Terms	BR Procurement Rules 4 – Registration of Registered BR Participants 5 – Pre-qualification of BR Units 11 – Daily Auction Reports 13 – Confidentiality 16 – Accuracy of information 17 – Intellectual Property Schedule 2 – Registration and Pre-qualification Procedure BR Service Terms

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			21 - Records and Audits 24 - Confidentiality 25 - Intellectual Property Rights
		BSC	O
		Grid Code	DRC, BC5 BC1.4,
		CUSC	4.1.3.14 and 4.1.3.19
18.5.e	The rules and conditions for the assignment of each balancing energy bid from a balancing service provider to one or more balance responsible parties pursuant to paragraph 4 (d);	BSC	T4
		BR Procurement Rules & Service Terms	BR Procurement Rules 8 - Sell Orders 9 - Market Clearing Rules 12 - Formation of BR Contracts BR Service Terms 15 - Provision of Other Services 22 - Assignment 23 - Transfer of BR Contracts
18.5. f	The requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve connecting DSO to evaluate the provisions of balancing services pursuant to Article 154(1), Article 154(8),	BR Procurement Rules	BR Procurement Rules 4 - Registration of Registered BR Participants 5 - Pre-qualification of BR Units

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	Article 158(1)(e), Article 158(4)(b), Article 161(1)(f) and Article 161(4)(b) of Regulation (EU) 2017/1485;		11 – Daily Auction Reports 13 – Confidentiality 16 – Accuracy of Information 17 – Intellectual Property Schedule 2 – Registration and Pre-qualification Procedure
		Grid Code	BC1.4, BC1.A.10,
		CUSC	4.1.3.19
18.5. g	The definition of a location for each standard product and each specific product taking into account paragraph 5 (c);	Grid Code	BC1.4
18.5.h	The rules for the determination of the volume of balancing energy to be settled with the balancing service provider pursuant to Article 45;	BSC	T3
18.5. i	The rules for the settlement of balancing service providers defined pursuant to Chapters 2 and 5 of Title V;	BR Service Terms	BR Service Terms 5 – Service Availability 9 – BR Availability Payments 10 – Energy Utilisation Payments 11 – Payment Procedure Schedule 3 – BR Availability Payments Schedule 4 – Payment Provisions

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		BSC	T1.14, T3 and U
		CUSC	4.1.3.9 and 4.1.3.9A
18.5. j	A maximum period for the finalisation of the settlement of balancing energy with a balancing service provider in accordance with Article 45, for any given imbalance settlement period;	BR Service Terms	BR Service Terms 9 – BR Availability Payments 10 – Energy Utilisation Payments 11 – Payment Procedure Schedule 3 – BR Availability Payments Schedule 4 – Payment Provisions
		BSC	U2.2
		CUSC	4.3.2.6
18.5. k	The consequences in case of non-compliance with the terms and conditions applicable to balancing service providers.	BR Procurement Rules & Service Terms	BR Procurement Rules 4 – Registration of Registered BR Participants 5 – Pre-qualification of BR Units Schedule 2 – Registration and Pre-Qualification Procedure BR Service Terms 15 – Provision of Other Services 17 – Termination of BR Contracts
		BSC	H3, Z7 and A5.2

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		CUSC	4.1.3.9, 4.1.3.9A and 4.1.3.14
18.6	The terms and conditions for balance responsible parties shall contain:	-	-
18.6. a	The definition of balance responsibility for each connection in a way that avoids any gaps or overlaps in the balance responsibility of different market participants providing services to that connection;	BSC	K1.2, P3 and T4.5
18.6. b	The requirements for becoming a balance responsible party;	BSC	A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7, J3.8,, K2, K3.3 and K8
18.6.c	The requirement that all balance responsible parties shall be financially responsible for their imbalances, and that the imbalances shall be settled with the connecting TSO;	BSC	N2, N6, N8, N12, and T4,
18.6. d	The requirements on data and information to be delivered to the connecting TSO to calculate the imbalances;	BSC	O, Q3, Q5.3, Q5.6, Q6.2, Q6.3, Q6.4
		Grid Code	BC1.4.2,3,4, BC1 Appendix 1 BC2.5.1,
18.6. e	The rules for balance responsible parties to change their schedules prior to and after the intraday energy gate closure time pursuant to paragraphs 3 and 4 of Article 17;	BSC	P2
		Grid Code	BC1.4.3.4,
18.6.f	The rules for the settlement of balance responsible parties defined pursuant to Chapter 4 of Title V;	BSC	T4, U2

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18.6.g	The delineation of an imbalance area pursuant to Article 54(2) and an imbalance price area;	-	<i>GB constitutes one imbalance area and imbalance price area and they are equal to the synchronous area</i>
18.6.h	A maximum period for the finalisation of the settlement of imbalances with balance responsible parties for any given imbalance settlement period pursuant to Article 54;	BSC	U2.2
18.6.i	The consequences in case of non-compliance with the terms and conditions applicable to balance responsible parties;	BSC	H3,Z7 and A5.2
18.6.j	An obligation for balance responsible parties to submit to the connecting TSO any modifications of the position;	BSC	P2
18.6.k	The settlement rules pursuant to Articles 52, 53, 54 and 55;	BSC	T4, U2
18.6.l	Where existing, the provisions for the exclusion of imbalances from the imbalance settlement when they are associated with the introduction of ramping restrictions for the alleviation of deterministic frequency deviations pursuant to Article 137(4) of Regulation (EU) 2017/1485.	Deterministic frequency deviation is a continental European concept and is not a characteristic of the GB system. Therefore, this requirement does not apply to GB.	N/A

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Non- Mandatory Elements

Article	Text	Comment
18.7. a	-	Sub-paragraph 18.7.a was repealed pursuant to paragraph 18(6)(a) of Schedule 2 of the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019/532.
18.7. b	Where justified, a requirement for balancing service providers to offer the unused generation capacity or other balancing resources through balancing energy bids or integrated scheduling process bids in the balancing markets after day ahead market gate closure time, without prejudice to the possibility of balancing service providers to change their balancing energy bids prior to the balancing energy gate closure time or the integrated scheduling process gate closure time due to trading within intraday market;	NESO does not expect to require this from Balancing Service Providers, except where balancing capacity or energy has been contracted. Although in the BM defaulting rules apply if data is not updated, there is no legal requirement for parties to offer unused generation capacity or any other balancing resource.
18.7.c	-	Sub-paragraph 18.7.c was repealed pursuant to paragraph 18(6)(c) of Schedule 2 of the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019/532.
18.7. d	Specific requirements with regard to the position of balance responsible parties submitted after the day-ahead market timeframe to ensure that the sum of their internal and external commercial trade schedules equals the sum of the physical generation and consumption schedules, taking into account	NESO does not expect to require this from Balancing Service Providers. No BSC party is required to contract to match its Final Physical Notifications (FPNs).

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	electrical losses compensation, where relevant;	
18.7. e	An exemption to publish information on offered prices of balancing energy or balancing capacity bids due to market abuse concerns pursuant to Article 12(4)	NESO does not expect to require this exemption. Such data is published on Insights Real-Time Information Service (IRIS).
18.7. f	an exemption to predetermine the price of the balancing energy bids from a balancing capacity contract pursuant to Article 16(6)	-
18.7. g	An application for the use of dual pricing for all imbalances containing the information set out in Article 52(2)(a)(i) and (ii).	NESO does not expect to apply for the use of dual pricing for all imbalances. A single imbalance price was adopted by the GB market in November 2015.