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Ad Hoc C9 and Dynamic Response A18 Consultation Document

Proposed changes to the Dynamic
Response Terms and Conditions and
ad hoc revisions to the Procurement
Guidelines, Balancing Principles, BSAD,
and ABSVD C9 Statements

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07 March 2025

Dynamic Response Terms and Conditions and Electricity System Operator License C9 Consultations

Dear Industry and Colleagues,

In accordance with the direction provided by Ofgem on 05 March 2025, we are launching a joint C9 Consultation which introduces changes for Quick Reserve Phase 2 launch, as well as C9 changes for ABSVD for Response and an Article 18 (A18) Consultation to facilitate the application of ABSVD to Non-Balancing Mechanism Units (Non-BMUs) in the Dynamic Response Market. Industry will have the opportunity to respond to changes both to the Standard Condition C9 suite of documents and the Dynamic Response Terms and Conditions.

As prescribed in the letter from Ofgem and throughout this document, the decision to join these Consultations has been made to ensure alignment and coordination of the decision from Ofgem and the go live of these changes.

The Article 18 portion of this Consultation has been produced in accordance with Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into retained EU law (EBR), NESO is proposing to update its terms and conditions relating to balancing with respect to its dynamic Response products (DM, DR and DC).

The C9 portion of this Consultation has been produced under Condition C9 of the Electricity System Operator Licence to undertake an additional review of the National Energy System Operators (NESO) C9 Statements to propose the changes necessary to implement to the planned updates to Dynamic Response and Reserve products.

The Consultation will be undertaken from Friday 07 March 2025 to Monday 07 April 2025.

Please respond by 17:00 on 07 April 2025 using the proforma available in Appendix 1 of this document and submitting answers via the below MS Forms link. **Please note, only one submission is required for both Consultations:**

- <https://forms.office.com/r/fMTLCGEAb8>

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Annexed to this document is a table showing how we believe the updated terms and conditions (and corresponding parts of the GB codes) map across to the terms and conditions related to balancing described by Article 18 of EBR.

If you have any queries regarding this proposal, please contact us at balancingservices@nationalenergyso.com

Yours sincerely

Jonathan Wisdom

Market Change Delivery Manager

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Article 18 Dynamic Response and ad hoc C9 Consultation Document

EBR Article 18 Consultation

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 dynamic response services.

EBR provides a process for TSOs 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 dynamic response contract terms, and 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. We are required to provide sound justification for including (or excluding) consultation feedback alongside our submission.

SLC C9 ad hoc process overview:

The review

In accordance with Standard Condition C9 of its Electricity System Operator Licence, NESO has conducted its annual review of all licence Statements, regular reviews of the methodologies and proposed changes to these documents. The report detailing the proposed changes to the Statement was submitted to the Authority on 28th February 2025. These updated Statements will be effective from 01 April 2025.

However, as a result of further changes required after the launch of the Annual Consultation to ensure alignment with the Reserve services launch and the reform of Response services, NESO are now holding an additional Consultation. The changes proposed in this ad hoc C9 Consultation can be seen highlighted in yellow in the tracked changes within the documents, the changes proposed during the Annual Consultation are not yet formally approved, so remain red line tracked whilst formatting changes are shown in blue. We have included an example of this at the beginning of each statement section below in this Consultation document.

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The following C9 Statements are the focus of this review:

- Procurement Guidelines Statement (PGS)
- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Principles Statement (BPS)
- Balancing Services Adjustment Data Methodology (BSAD)

As part of this review, NESO are only proposing changes to the Procurement Guidelines, ABSVD, BPS and BSAD Statements, there are no proposed changes to the System Management Action Flagging Methodology (SMAF) Statement in this Consultation although NESO welcomes feedback from industry if they feel revisions are necessary.

NESO's proposed key focus areas for review of the five Statements during this review are:

- Addition of Quick Reserve reflecting the launch of the non-Balancing Mechanism service later this year
- Addition of Slow Reserve reflecting the launch of the service later this year.
- Updates to the text for Dynamic Response services reflecting the reform of applying ABSVD to Non-BMUs

Further details of these proposed changes specific to each Statement can be found in the individual statement sections within this document and the Statements themselves.

Consultation approach

We have made the decision to join these ad hoc C9 and A18 Consultations, due to the interdependency of the ABSVD change for Dynamic Response.

A joint Consultation alongside the [direction from Ofgem](#) to extend the usual submission deadline for the C9 Report to Authority will enable Ofgem to provide a decision on both proposals on the same date. This aims to minimise the risk of the change being accepted in only one of the two Consultations and align the outcomes. Furthermore, this approach will reduce the number of Consultations industry are required to respond to, as the following section will explain, only one response will be required for all the relevant changes within this joint C9 and A18 Consultation.

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Related Consultations

Quick Reserve Article 18 Consultation

We have also published a Consultation on the Quick Reserve Phase 2 Procurement Rules and Service Terms on 12 February 2025. This Consultation submission will be submitted to Ofgem on the same date as the Response Article 18 section of this Consultation (25 April 2025), to further ensure alignment of decisions from Ofgem of all related topics. Any feedback on the Quick Reserve Service Terms and Procurement Rules should be submitted to that Consultation by 14 March 2025, that Consultation is available [here](#).

Annual C9 Consultation

NESO conducted its annual review of the C9 Statements earlier this year. The changes proposed as part of that Consultation were consulted upon with industry and the report detailing the proposed changes and industry responses has been submitted to the Authority on 28 February 2025, NESO expects a direction from Ofgem on these proposed changes on or before 28 March 2025.

As a result of this, the Statements shared as part of this additional Consultation contain red line tracked changes proposed during the annual process as these changes have not yet been approved and will not be effective until 1st April 2025. Changes that are being proposed as part of the additional Consultation are red line tracked and yellow highlighted to ensure they are clearly visible.

Consultation process and how to respond

In this document, we describe and explain the changes we are making. We have also published clean and tracked changed version of the Response Service Terms and Licence Conditions which include the proposed changes described in this Consultation. Respondents should review the revised terms alongside this document.

- [Response Services Service Terms \(tracked changes\)](#)
- C9 Licence Condition (tracked changes) Statements:
- Procurement Guidelines Statement (PGS)
- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Principles Statement (BPS)
- Balancing Services Adjustment Data Methodology (BSAD)

Industry is invited to provide feedback on the proposed changes during a formal Consultation process that lasts not less than 28 days. This Consultation will be issued to industry on 07 March 2025 and will be open for responses until 17:00, 07 April 2025.

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We include questions in this document, with a full proforma in [Appendix 1](#) of this document which includes all questions for both the A18 and C9 sections of this Consultation, and 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. **Please note only one response that covers answers to both the relevant A18 and C9 questions are required.**

- <https://forms.office.com/r/fMtLCGEAb8>

Once the Consultation is closed, we will consider all responses. We will then, submit the Article 18 portion of this Consultation for Ofgem approval on 25 April 2025 this will include our Final Proposals for changes to the Response Service Terms 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 Statements. The report will also include in a clear and transparent way all industry responses and NESO's view for each of these. In line with the direction provided by Ofgem we will submit the C9 report on 28 May 2025.

We will then expect a decision from Ofgem on all the proposed changes no later than 25 June 2025. Should you have questions about the consultation process or wish to discuss any of the proposals in more detail, please contact us at balancingservices@nationalenergyiso.com.

Implementation

Subject to Ofgem decision, the go live of each of the changes that are proposed within these Consultations will be implemented with the go live of Quick Reserve Phase 2 in July 2025.

Table 1: Implementation Timeline

Date	Action
7 March 2025	Consultation for amendments to Dynamic Response Services T&C and C9 Statements launch.
7 April 2025	Consultation for amendments to Dynamic Response Services T&C and C9 Statements closes.
25 April 2025	NESO submit Dynamic Response Services T&C and Quick Reserve Service T&C for Ofgem review.
28 May 2025	NESO submit report to Ofgem on proposed changes to C9 Statements.

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No later than 25 June 2025

July 2025

Ofgem publish position on proposed amendments to Dynamic Response Services T&C, Quick Reserve T&C and C9 Statements. All changes live.

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Dynamic Response Article 18 Consultation

Article 18 Dynamic Response: proposal to apply ABSVD to Non-BMUs

We propose to apply ABSVD to Non-Balancing Mechanism Units (Non-BMUs) in the Dynamic Response Market. We believe this will remove distortion in the market where currently ABSVD is only applied to some market participants.

What is the proposed change?

We are proposing to apply ABSVD to Non-BMUs in the Dynamic Response Market.

Why are we proposing this change?

ABSVD prevents the energy dispatched in providing balancing services from facing imbalance adjustments with associated payments. The effect is to deliver a comparative advantage for BMU participants in the High response services and a disadvantage for them in the Low response services. It conversely provides a comparative advantage for Non-BMU market participants in the Low response services and a disadvantages for them in the High response services. The purpose of making this change through the Article 18 process is to minimise the distortion across the market through the currently unequal application of ABSVD to BMU and Non-BMU participants. NESO propose to align the BMU and Non-BMU sides of the markets, to provide a level playing field for competition, by applying ABSVD to Non-BMU response units.

How does this change fit into the wider context of Issues Group 114?

We understand from feedback from Aggregators that service providers who are not the Balance Responsible Party (BRP), who have imbalance volumes adjusted for ABSVD, will not receive or be compensated for associated ABSVD adjustments if this change is to be implemented. We welcome further evidence regarding the potential impacts of this change that we should consider as part of this decision.

This issue will be reviewed as part of BSC Issues Group 114 and we expect that the outcomes of issues group 114 will provide an enduring solution that is service agnostic. It is important that in the meantime NESO investigates any necessary action through the Article 18 Consultation and Dynamic Response Market to ensure a level playing field between BMU and Non-BMU through applying ABSVD to both types of market participants. Broader issues as mentioned above should be addressed through Issue Group 114.

Revised Service Terms text

We propose the following changes to the Service Terms to bring this change into effect:

- Changes made to section 16 in the Response Service Terms

The full tracked changes draft is available [here](#).

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Questions

- Do you agree with the proposed change to apply ABSVD to Non-BMUs? Please explain your rationale.
- Do you have any additional comments or questions on the proposal or proposed wording?

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Review of suggested changes for this C9 ad hoc Consultation Process:

Proposals for the Procurement Guidelines Statement (2025–2026)

The Procurement Guidelines set out the types of Balancing Services which NESO may be interested in purchasing, together with the mechanisms by which NESO purchases such Balancing Services. It acts as a generic statement of the procurement principles that NESO expects to follow.

The amendments proposed to the Procurement Guidelines Statement are:

- Addition of text relating to Slow Reserve because of the planned service launch later in 2025.

General updates to formatting, spelling, grammar and link updates as normal.

Please see the tracked changes document for the Procurement Guidelines Statement (PGS) for detail of the proposed changes.

PLEASE NOTE: The tracked change version of the Statements contains proposed amendments as part of the Annual Review of the C9 Statements, as these changes have not yet been approved they remain as red line tracked changes. **Changes that are the focus of this ad hoc review are both red line tracked and yellow highlighted** to ensure clarity. Please see an example below:

<u>01.04.25</u>	<u>25</u>	<u>Revision following additional review</u>
<u>25.06.25</u>	<u>26</u>	<u>Revision to reflect updates to response and reserve services</u>

The statement is stored within the folder “C9 Consultations 2025–26” which can be located on the C9 webpage:

C9 statements and consultations | National Energy System Operator

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Proposals for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement (2025–2026)

The Applicable Balancing Services Volume Data Methodology Statement (ABSVD) sets out the information on Applicable Balancing Services that will be taken into account for the purposes of determining imbalance volumes.

The amendments proposed to the ABSVD Methodology Statement are:

- Addition of Non-BM Quick Reserve
- Addition of Non-BM Slow Reserve
- Addition of Non-BM Frequency Response Service (DC, DM, DR).
- General updates to formatting, spelling, grammar and link updates as normal.

Please see the tracked changes document for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement for detail of the proposed changes.

PLEASE NOTE: The tracked change version of the Statements contains proposed amendments as part of the Annual Review of the C9 Statements, as these changes have not yet been approved they remain as red line tracked changes. **Changes that are the focus of this ad hoc review are both red line tracked and yellow highlighted** to ensure clarity. Please see an example below:

<u>01.04.25</u>	<u>25</u>	<u>Revision following additional review</u>
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This Statement is stored within the folder “C9 Consultations 2025–26” which can be located on the C9 webpage:

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Proposals for the Balancing Principles Statement (2025–2026)

The Balancing Principles Statement defines the broad principles and criteria (the Balancing Principles) used by NESO that will determine, at different times and in different circumstances, which Balancing Service it will use to assist in the efficient and economic operation of the transmission system and also to define when NESO would resort to measures not involving the use of Balancing Services.

The amendments proposed to BPS are:

- Addition of text relating to Slow Reserve
- Updates to the text relating to Quick Reserve
- General updates to formatting, spelling, grammar and link updates as normal.

Please see the tracked changes document for the Balancing Principles Statement for detail of the proposed changes.

PLEASE NOTE: The tracked change version of the Statements contains proposed amendments as part of the Annual Review of the C9 Statements, as these changes have not yet been approved they remain as red line tracked changes. **Changes that are the focus of this ad hoc review are both red line tracked and yellow highlighted** to ensure clarity. Please see an example below:

<u>01.04.25</u>	<u>25</u>	<u>Revision following additional review</u>
<u>25.06.25</u>	<u>26</u>	<u>Revision to reflect updates to response and reserve services</u>

This Statement is stored within the folder “C9 Consultations 2025–26” which can be located on the C9 webpage:

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Proposals for the Balancing Services Adjustment Data (BSAD) Methodology Statement (2025–2026)

The Balancing Services Adjustment Data Methodology Statement (BSAD) sets out the information on relevant balancing services that will be taking into account under the Balancing and Settlement Code for the purposed of determining imbalance prices.

The amendments proposed to the BSAD Methodology Statement are:

- Insertion of Non-BM Quick Reserve
- Insertion on Non-BM Slow Reserve
- General updates to formatting, spelling, grammar and link updates as normal.

Please see the tracked changes document for the Balancing Services Adjustment Data (BSAD) Methodology Statement for detail of the proposed changes. **PLEASE NOTE:** The tracked change version of the Statements contains proposed amendments as part of the Annual Review of the C9 Statements, as these changes have not yet been approved they remain as red line tracked changes. **Changes that are the focus of this ad hoc review are both red line tracked and yellow highlighted to ensure clarity.** Please see an example below:

<u>01.04.25</u>	<u>25</u>	<u>Revision following additional review</u>
<u>25.06.25</u>	<u>26</u>	<u>Revision to reflect updates to response and reserve services</u>

This Statement is stored within the folder “C9 Consultations 2025–26” which can be located on the C9 webpage:

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The Consultation Questions

We invite industry to provide feedback on the changes proposed to the Dynamic Response Service Terms (A18), Procurement Guidelines, Balancing Principles, BSAD, SMAF and ABSVD 2025/26 C9 Statements. The Consultation questions below are also within the response proforma in **Appendix 1**.

Responses should be submitted using the MS Forms, **Please note only one response that covers answers to both the relevant A18 and C9 questions are required.**

- <https://forms.office.com/r/fMtLCGEAb8>

Article 18: Dynamic Response Service Terms proposal to apply ABSVD to Non-BMUs

- Do you agree with the proposed change to apply ABSVD to Non-BMUs? Please explain your rationale.
- Do you have any additional comments or questions on the proposal or proposed wording?

Procurement Guidelines Statement (PGS)

- Do you object to the introduction of text relating to Quick Reserve on P22 to reflect plans to introduce Quick Reserve for Non-BM Participants? Please explain your rationale.
- Do you object to the insertion of text relating to Slow Reserve on P23 to reflect the planned service launch? Please explain your rationale
- Do you have any further comments or amendments you would like to see made to the Procurement Guidelines?

Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

- Do you object to the insertion of Positive Slow Reserve into the table of Balancing Services with ABSVD applied on P12? Please explain your rationale.
- Do you object to the insertion of Negative Slow Reserve into the table of Balancing Services with ABSVD applied on P12? Please explain your rationale.
- Do you object to the insertion of Non-BM Quick Reserve into the Non-BM ABSVD Applied table on P13? Please explain your rationale.

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- Do you object to the insertion of Non-BM Slow Reserve into the Non-BM ABSVD Applied table on P13? Please explain your rationale.
- Do you object to the insertion on Non-BM Frequency Response Services (DC,DM, DR) into the Non-BM ABSVD Applied table on P13? Please explain your rationale.
- Do you object to the insertion of Quick Reserve into the list of services whose collared delivered volumes will be based on metered delivered volumes on P16 under ABSVD Calculation for Non-BM Providers? Please explain your rationale.
- Do you object to the insertion of Slow Reserve into the list of services whose collared delivered volumes will be based on metered delivered volumes on P16 under ABSVD Calculation for Non-BM Providers? Please explain your rationale.
- Do you have any further comments or amendments you would like to see made to the ABSVD Statements?

Balancing Principles Statement (BPS)

- Do you object to the inclusion of wording relating to Slow Reserve on P33? Please explain your rationale.
- Do you have any further comments or amendments you would like to see made to the BPS Statement?

Balancing Services Adjustment Data Methodology Statement (BSAD)

- Do you object to the inclusion on Non-BM Quick Reserve into the list of Balancing Service Adjustment Actions on P11? Please explain your rationale.
- Do you object to the inclusion on Non-BM Slow Reserve into the list of Balancing Service Adjustment Actions on P11? Please explain your rationale.
- Do you have any further comments or amendments you would like to see made to the BSAD Statement?

System Management Action Flagging Statement (SMAF)

- Do you have any comments or amendments you would like to see made to the SMAF Statements?

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Appendix 1: Response Proforma

The proforma can be found on the NESO webpage in the 2025-2026 C9 Consultations Folder here:
C9 statements and consultations | National Energy System Operator

This proforma is intended for internal working only and final responses should be submitted via the following MS Forms:

- <https://forms.office.com/r/fMtLCGEAb8>

Appendix 2: Article 18 Mapping Table

EBR Article 18 mapping for the Dynamic Response Terms and Conditions

Please note: This table cross references the terms and conditions related to balancing described in article 18 of Commission Regulation (EU) 2017/2195 of 23 November 2017 (as incorporated into EU retained law, and as amended by the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019/532) ("**EBR Article 18**") against the corresponding parts of the GB codes and relevant contractual provisions, with particular reference to the Response service. This cross referencing includes the terms and conditions for balancing service providers and the terms and conditions for balance responsible parties.

References in this table to the 'Response Service Terms' means version 5 of the document titled 'Response Services Service Terms'. References to the 'Response Procurement Rules' means the document titled 'Response Procurement Rules'.

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 EBR Article 18 the latter shall prevail.

Table 1 – Mandatory Elements

Below is the mapping of EBR Article 18 with references to the relevant Response terms and conditions.

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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Article	Text	Code or Document	Section
18.4.a	Define reasonable and justified requirements for the provisions of balancing services;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction Units 12 – Formation of Response Contracts
		Response Service Terms	Response Service Terms 5 – Service Availability
		BSC	A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7 and J3.8
		CUSC	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 balancing services subject to conditions referred to in paragraph 5 (c);	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
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	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets Schedule 2 – Registration and Pre-Qualification Procedure
		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	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants
		BSC	K3.2, K3.3, K8

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Article	Text	Code or Document	Section
	of energy storage units to become balancing service providers;		5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction 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:	-	-
18.5.a	the rules for the qualification process to become a balancing service provider pursuant to Article 16;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction Units Schedule 2 – Registration and Pre-Qualification Procedure
		Grid Code	BC5, BC4.4.2
		CUSC	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;	Response Procurement Rules	Response Procurement Rules 7 – Buy Orders
		Response Service Terms	8 – Sell Orders 9 – Market Clearing Rules

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Article	Text	Code or Document	Section
			12 – Formation of Response Contracts Response Service Terms 21 – Transfer of Response Contracts
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;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets Schedule 2 – Registration and Pre-Qualification Procedure
		BSC	K3.3 and K8
		Grid Code	BC1.4 and BC1A.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;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 8 – Sell Orders Schedule 2 – Registration and pre-qualification Procedure
		Response Service Terms	
		BSC	O
		Grid Code	DRC, BC5 BC1.4,
		CUSC	4.1.3.14 and 4.1.3.19

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Article	Text	Code or Document	Section
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
		Response Procurement Rules Response Service Terms	Response Procurement Rules 12 – Formation of Response Contracts Response Service Terms 20 – Assignment 21 – Transfer of Response 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), Article 158(1)(e), Article 158(4)(b), Article 161(1)(f) and Article 161(4)(b) of Regulation (EU) 2017/1485;	Response Service Terms	Response Service Terms 5 – Service Availability 6 – Service Delivery 15 – Monitoring and Metering Data
		Grid Code	BC1.4, BC1.A.10,
		CUSC	4.1.3.19
18.5.g	the definition of a location for each balancing 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;	Response Service Terms	Response Service Terms 7 – Availability Payments 8 – Payment Procedure

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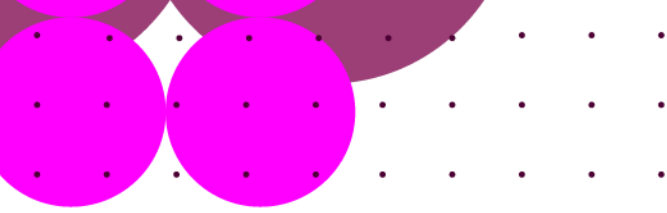
Article	Text	Code or Document	Section
			Schedule 3 – Availability Payments Schedule 4 – Payment Provisions
		BSC	T1.14, T3 and U
		CUSC	4.1.3.9 and 4.1.3.9A
18.5. j	a maximum period for the finalisation of the settlement of balancing energy with a balancing service provider in accordance with Article 45, for any given imbalance settlement period;	Response Service Terms	Response Service Terms 7 – Availability Payments 8 – Payment Procedure Schedule 3 – 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.	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Prequalification of Eligible Assets Schedule 2 – Registration and Pre-Qualification Procedure
		Response Service Terms	Response Service Terms 5 – Service Availability 6 – Service Delivery 14 – Termination of Response Contracts

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Article	Text	Code or Document	Section
			15 – Monitoring and Metering Data
		BSC	H3, Z7 and A5.2
		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 paragraph 4 of Article 17;	BSC	P2
		Grid Code	BC1.4.3,4,

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Article	Text	Code or Document	Section
18.6.f	the rules for the settlement of balance responsible parties defined pursuant to Chapter 4 of Title V;	BSC	T4, U2
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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Table 2 – 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 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 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.
	-	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 electrical losses compensation, where relevant;	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).
18.7. e	an exemption to publish information on offered prices of balancing energy or	NESO does not expect to require this exemption. Such data is published on

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	balancing capacity bids due to market abuse concerns pursuant to Article 12(4)	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 based on the conditions established pursuant to Article 52(2)(d)(i) and the methodology for applying dual pricing pursuant to Article 52(2)(d)(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.