

Public

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Response Reform October Webinar

Dynamic Response and
SFFR Consultations



Agenda

1. Timelines
2. Dynamic Response Proposals
3. SFFR Proposals
4. Q&A

Response Current Service Design Status



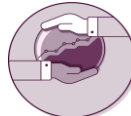
Needs case



Options
assessment



Service
design



Formal
Consultatio



Go Live



Engagement

Closer to Real Time
Dynamic Response



Locational
procurement



30 Minute Service
Window



Stacking
Response/Reserve



Timelines

	Oct	Nov	Dec	Jan	Feb	March	April	May
Dynamic	★		Consultation open	NESO review period & 121 discussions		OFGEM review period		
SFFR	★		Consultation open	NESO review period & 121 discussions		OFGEM review period		

★ Webinar

The consultations will be published on the relevant Dx or SFFR webpages
The consultation documents provided will give details on how to respond

All changes proposed will go live within 6 months following OFGEM decision
More details on any specific go live dates will be found in the consultation document

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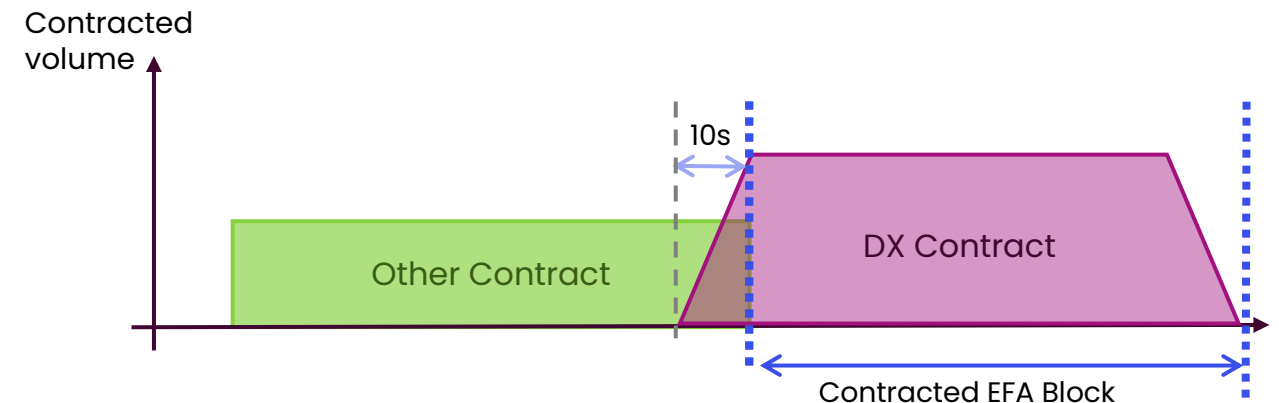
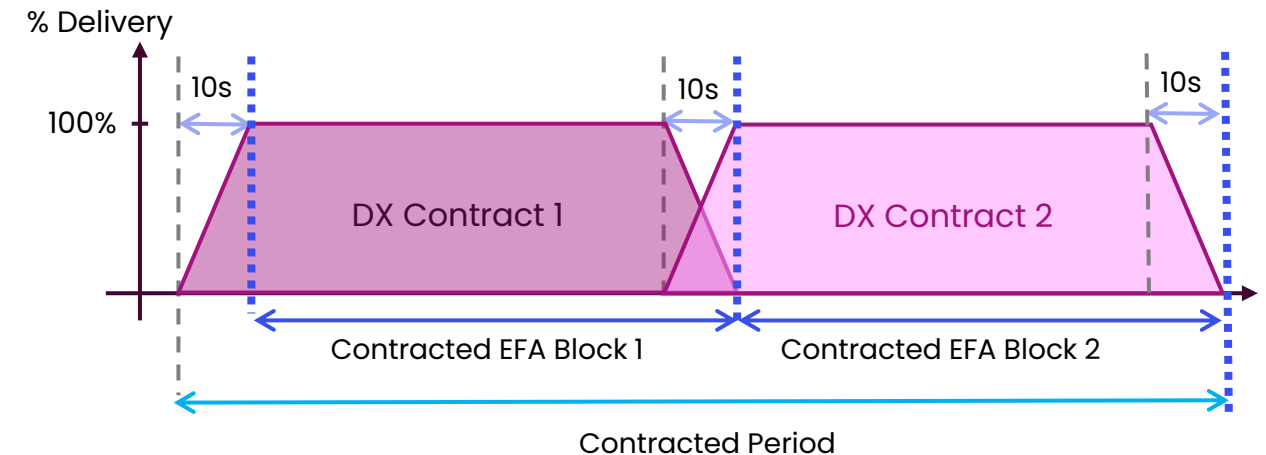
Dynamic Response Proposals

Continuous Transition Period

We are proposing Continuous Transition Periods (CTP) to our Dynamic Response Services (DC/DM/DR) to reduce operational risk and ensure better control of response across the service window boundaries.

CTP will replace Grace Period 2, and cases of new contracts from Grace Period 1.

Providers will have to begin ramping 10s before the start of the contracted EFA block, which is likely to impact providers jumping between services.



Performance Regime

Current checks resulting in SP availability payment deduction:

- Failure to submit Operational Baseline
- Failure to submit Performance Monitoring Data
- Failure to comply with the State of Energy Management Rules

Additional checks that will be introduced with the tiered performance regime:

- Failure to comply with an arming/disarming instruction
- Incorrect use of disarming flag in Performance Monitoring Data
- Failure to submit Operational Data

Each unit can breach for each of the above once per Settlement Period (SP).

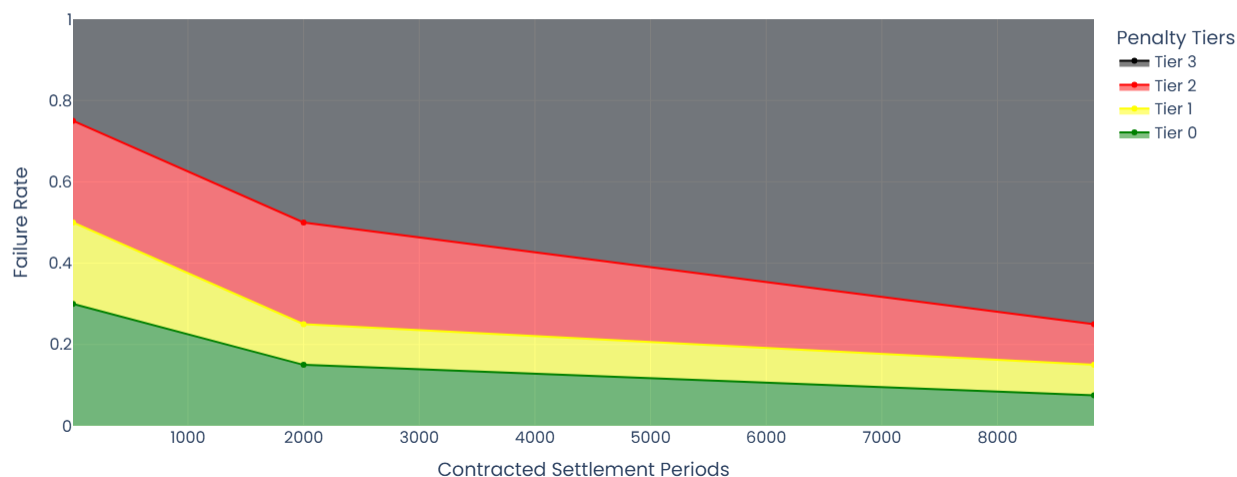
NESO will take the total number of breaches accumulated per month and will divide it by the number of contracted SPs.

This percentage value will determine in which Tier the asset will fall as part of the Tiered Performance Regime.

Performance Regime

Incentivises good behaviour
 Appropriate penalties for continual rule breaks
 Proportionate approach avoids unintended penalties for less/more active units
 Realistic targets for providers

Proposed Penalty Thresholds



Penalty Tier	Maximum allowed failure %		
	6 SPs	2000 SPs	8834 SPs
Tier 0 - SP availability deduction	30%	15%	7.5%
Tier 1 - EFA availability deduction	50%	25%	15%
Tier 2 - unit suspension	75%	50%	25%
Tier 3 - de-registration	N/A	N/A	N/A

Additional performance changes

New penalty for faulty use of the disarming flag in Performance monitoring files.

Clarification that if a BMU sets its FPN flag to FALSE it will be deemed unavailable.

NESO reserve the right to publish all provider penalties data.

Introduction of the ability to suspend units.

Requiring Operational Metering and Operational Baselines at all times

- This proposal remains the same as we previously consulted in 2024
- Submission rate below 80% will lead to suspension from the service
- Measured on a rolling 28-day assessment period

This proposal supports greater visibility of our service providers
Accelerating the benefits of DER visibility work
Resulting in more efficient balancing decisions

Other non-consultation Dynamic Response changes



Changes to re-submission deadline for Performance Monitoring Data

As of 1 February 2026, in the event of delayed or incorrect Performance Monitoring Data for the Dynamic Response Services, you will have **72 hours** from the end of the delivery window to upload correct or amended data before it is considered final. The submitted data will remain the same.

For example, if data for the one hour period starting at 2025-03-04 16:00 UTC requires resubmission, provider can resubmit this data until 2025-03-07 17:00 UTC. (This corresponds to 72h after the one hour period ends at 2025-03-04 17:00 UTC). **This ensures that final data is available at an earlier stage and helps prevent overloading systems associated with longer resubmission windows.**

The relevant documents will be updated and published to reflect these changes in the new year. Current rules will be in place until 31 January 2026, where providers have until the 5th of the following month to resubmit, the guidance can be found here:

<https://www.neso.energy/document/225776/download>

Detailed Service Design for Real-Time Dynamic Response

View the updated draft [Real-time Dynamic Response Service Design](#) which reflects changes made following your feedback on the previous draft.

We intend to launch a formal Article 18 Consultation on this change in the second half of 2026 which will provide additional opportunities for you to engage and provide feedback. We expect this change to go live early 2027.

If you have any comments or questions in the meantime, contact us at box.futureofbalancingservices@neso.energy

NBM Dynamic Response – Integration to OBP

↔ All providers that deliver Dynamic Response with NBM registered units (existing and new) will be required to integrate with the Open Balancing Platform (OBP) – For more information on this integration click [here](#).



If you are a provider that delivers Dynamic Response with NBM registered units, you will have already received communications from us throughout July – October 2025 regarding this integration and the ASDP to OBP cutover by the end of January 2026. There is no change required for providers that deliver Dynamic Response with BM registered units at this stage

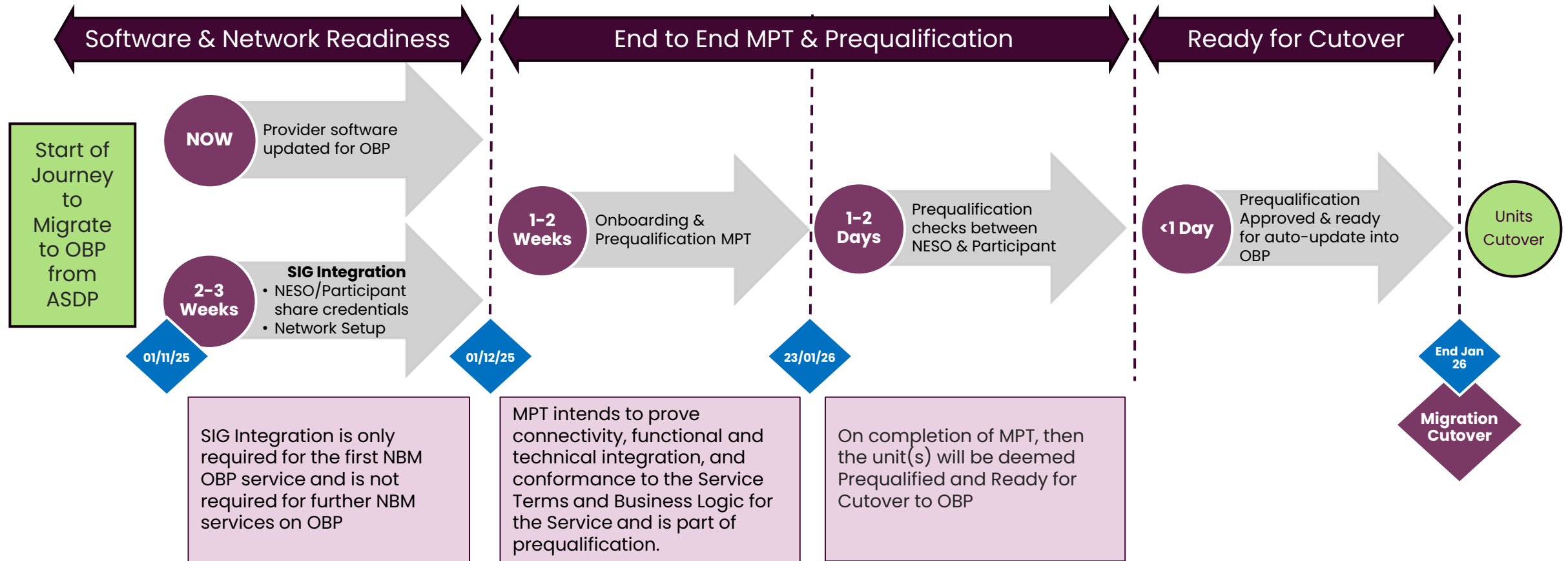


To integrate, NBM providers will need to update their software to operate with OBP, pass the Secure Internet Gateway (SIG) process & complete Market Participant testing (MPT); documentation relating to the integration including the business logic document, web services specification, and WSDLs is available [here](#).

- **SIG Process:** Providers will need to exchange & configure end points URLs, credentials and IPs for the new NESO SIG, ready for prequalification of the updated service integration with OBP. All providers of Dynamic Response with NBM registered units need to contact box.balancingprogramme@neso.energy no later than the 1st November 2025, to enable us to initiate the SIG process ahead of MPT.
- **MPT:** Once the SIG process has been completed MPT can be initiated. MPT for integration with OBP will commence in October 2025. MPT needs to have started by the 1st December 2025 for us to guarantee providers will be cutover from ASDP to OBP at the end of January 2026 for NBM Dynamic Response.
- On completion of MPT, the unit(s) will be deemed Prequalified and ready for cutover to OBP.



NBM Dynamic Response Migration Timeline



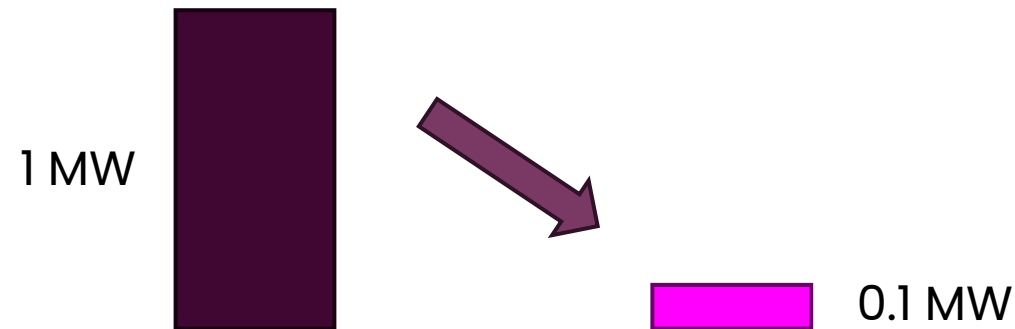
* The range of time period allows for time taken to make corrective actions, such as defects, process changes etc

xxx Required start of stage date to ensure readiness for Migration Cutover

SFFR Proposals

Reducing minimum bid & unit size

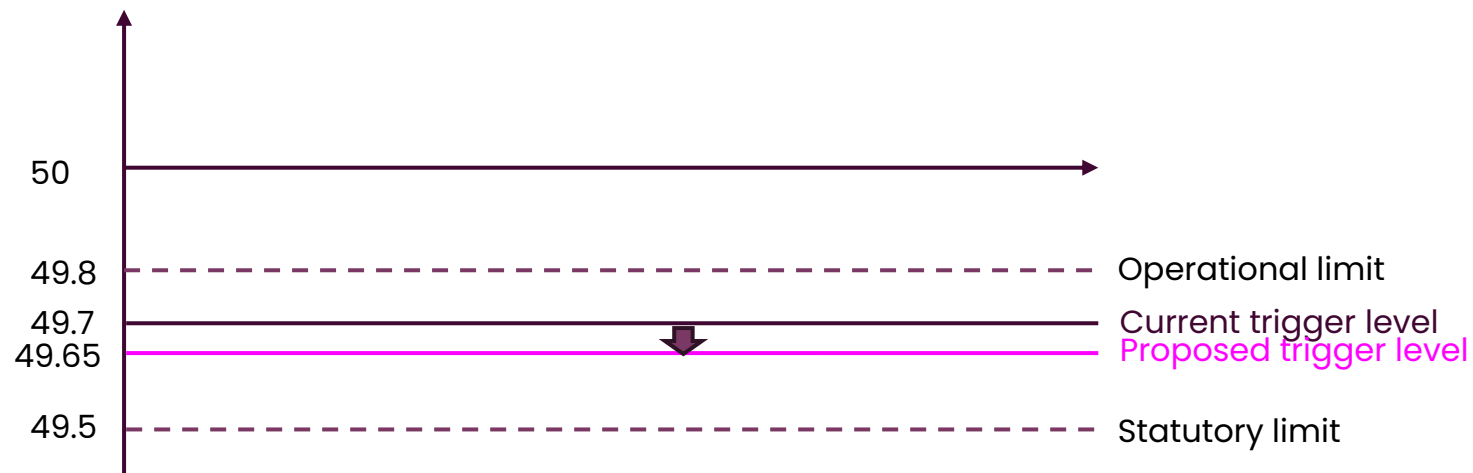
Proposal is to reduce the minimum bid & unit size from 1 MW to 0.1MW



Improve access to the market
Increase delivery accuracy
Facilitate aggregation at a local level
Alignment with other services

Reduce Trigger Level

Proposal is to reduce the trigger level from 49.7Hz to 49.65Hz



Improve access to the market
Cost benefit
Reduce risk of service triggering in non-fault situations

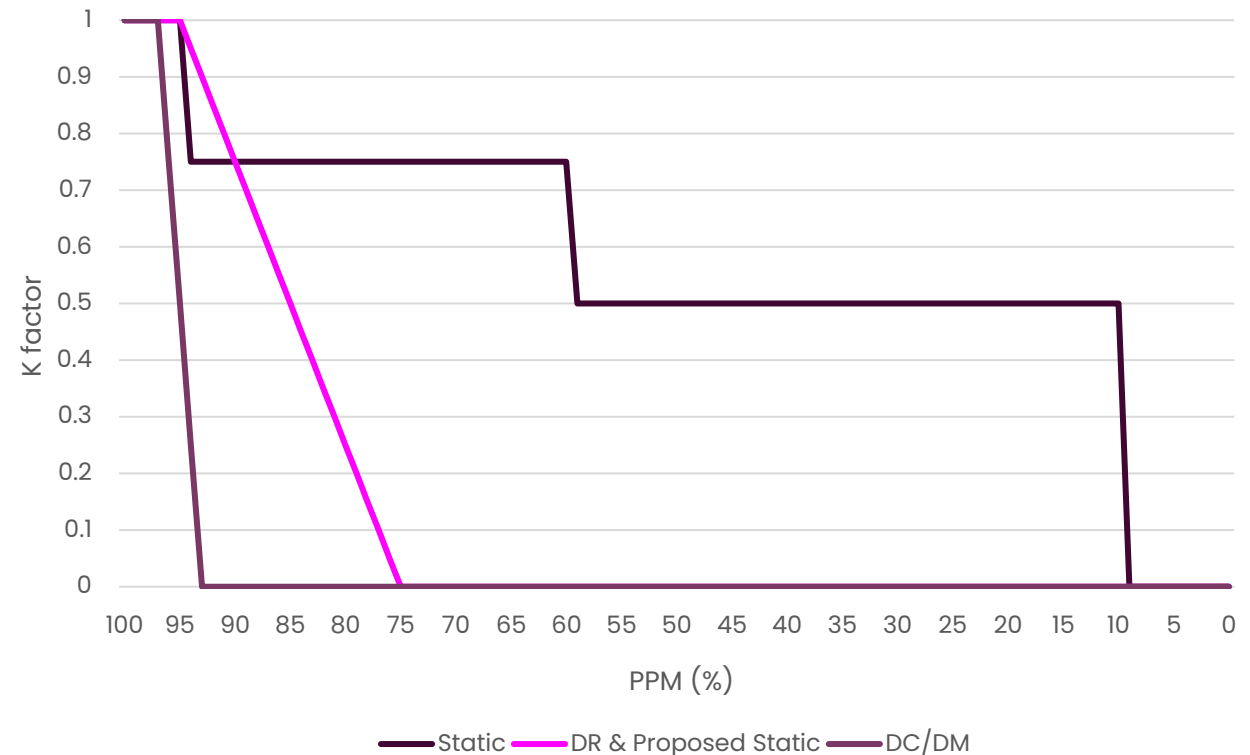
Performance Monitoring – New Requirements

Update Percentage Performance Measure (PPM), to aligning with DR requirements.

Removing current stepped approach with more proportional penalties for performance.

We are proposing to introduce an escalation process for poor delivery with ability to suspend units and de-register providers.

Ability to investigate delivery that could be determinantal to system frequency.



Other non-consultation SFFR updates

Performance Monitoring – Current Service Terms

We are recommending that unit delivery is assessed in alignment with the current Service Terms.

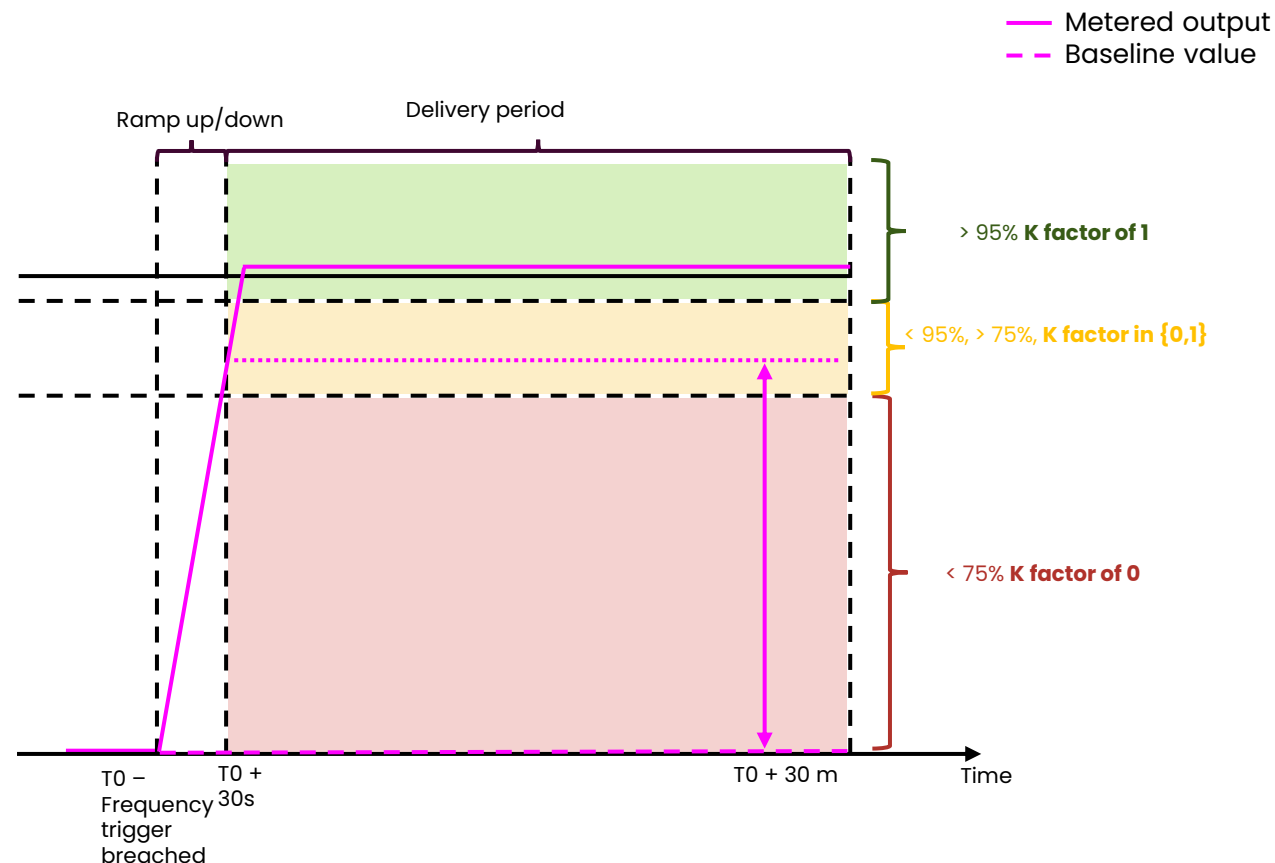
If service triggered, delivery error calculated based on minimum performing period of delivery window

Monthly availability check to ensure units have the necessary headroom to delivery the service (as well as delivery checks when service triggered)

Incentivises good performance across full delivery window
Builds confidence in delivery, especially if moving to less triggers

Performance monitoring – Delivery

- Unit metering requirement – 1 Hz for Active Power and Frequency
- Baselined value – remains the metered output immediately before frequency trigger is breached
- PPM – Calculated based on minimum difference between metered output and baseline, against contracted capacity



$$\text{Percentage Performance Measure (PPM)} = \left(\frac{\text{Min}(\text{Baseline value} - \text{metered output across delivery period})}{\text{contracted capacity}} \right)$$

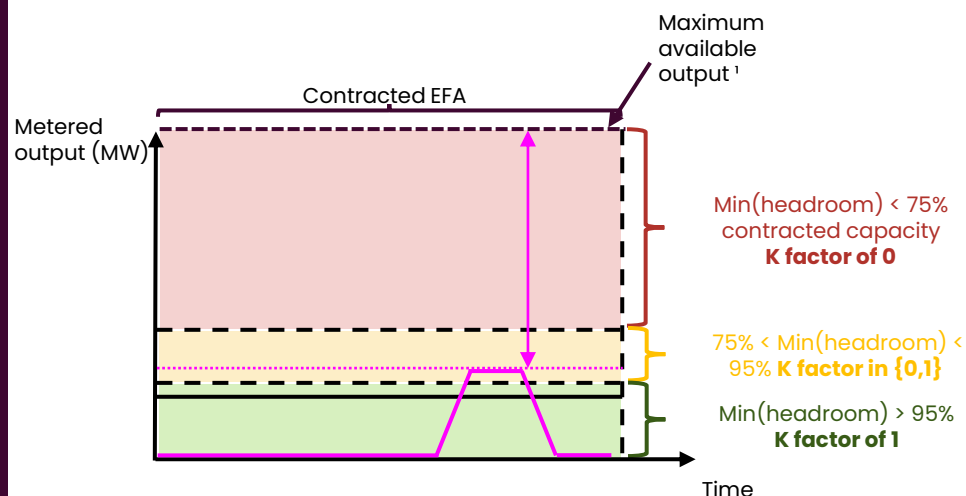
Performance monitoring – Availability

Headroom capacity assessed as:

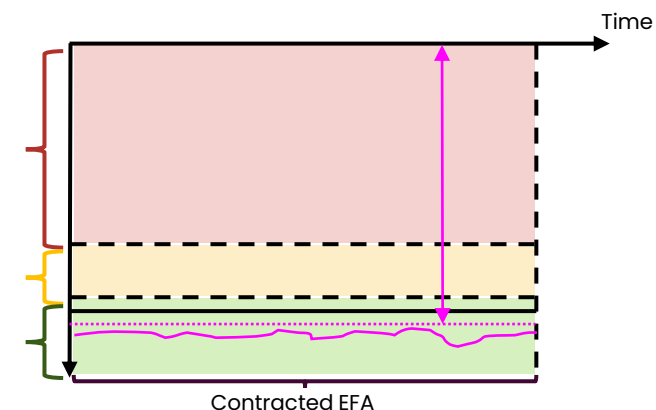
- Generation/Bi-directional – (Maximum output - Maximum point in generation profile)/contracted capacity
- Demand units – Minimum point in demand profile/contracted capacity

— Metered output

Generation & bidirectional units



Demand units



¹ Maximum available output the aggregate of the Registered Quantities for each Eligible Asset allocated to the Static FFR Unit

Longer term changes for Static Response

Thank you for comments and feedback on topics so far, certain changes will be upcoming in future consultations. We will continue engage with you on these topics before consultation around Summer 2026.

- Aggregation will be moving to zonal aggregation in line with locational procurement work
- Frequency measurement point
- Real-time metering/signals
- Flexible delivery instructions/Recovery periods
- Auction process, platform and co-optimisation

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Q&A

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