

Response Reform October

Webinar Q&A Document

Dynamic Response and Static Firm Frequency Response (FFR) Consultation

Dynamic Response Questions

Question	Answer
Continuous Transition Periods (CTP)	
With CTP, would it mean the state of charge management will also be continuous? Right now they are treated as different contracts and batteries need to serve extra energy to start with correct state of charge for the second block.	The SOE monitoring methodology does not change. For subsequent contracts the SOE checks will occur at the hour mark, and the CTP will be included in the 60% REV calculation using the previous contract volumes. If the unit was not contracted previously then the check will be made using the SOE values at the start of the CTP. Due to the short duration of the CTP, we do not expect it to significantly increase the difficulty of managing SOE.
Performance Regime	
How do you calculate which SPs or EFAs are deducted if this is over a whole month?	Currently the SPs in which the breaches/failures occur are penalised. The same will apply for EFAs if a breach/failure occurred in the EFA, that EFA will be penalised. More details on how this will work in practice and the assessment period will be provided in the Service Terms and Consultation Document when the consultation launches.
What timelines is NESO considering for introducing Tier 3 penalties? Will this be followed by additional consultation?	The Tier 3 penalties are included in the package of Tiered Penalties that NESO will be consulting on this change later this year, with go-live following Ofgem approval which we hope to get early in 2026.
Sorry on the tier 3 penalties, this was specifically about de-registration which is "N/A" on the slides. So when will this be consulted on if not this round?	N/A indicates that there is no 'maximum failure %' for Tier 3 as anything above the maximum for Tier 2 would be considered Tier 3 with no upper limit to this.
Will REV penalties be included in the tiered penalty regime?	SOE management failures are failures and will contribute towards the failure rates calculated for the unit.

Follow up on REV – REV breaches already cause a whole EFA block of payment removed, does that mean a unit with REV breaches will be in a higher tier automatically?

Currently, SOE breaches result in a Settlement Period of payment removed, this check will form part of the tiered performance regime.

Details about the calculations for the tiered performance regime will be provided soon. The value that determines what tier a unit falls into reflect its behaviour over a given time period. If a unit frequently experiences REV breaches it may fall into a higher tier, however if REV breaches rarely occur then it would likely remain in the lowest tier.

Can units declare unavailable when they expect to fail to comply with REV, avoiding a breach in Dynamic Response?

Performance data provided is still used for monitoring even when a provider declares a Unit is unavailable. Unavailability is also monitored.

A unit can declare that they are unavailable when they are no longer capable of delivering their contract. This should be done in real-time as soon as possible. As this enables the ENCC to procure alternative response to cover the shortfall. Performance monitoring data should show that the unit was no longer capable of delivery. However, it is not permissible to declare unavailable to renege on a contractual commitment to provide the service. The new strategic unavailability check, which is part of the tiered penalty regime, will identify this behaviour and units displaying this behaviour will have their availability payment deducted. If NESO observe a pattern of this behaviour a unit may end up in a higher performance tier and could encounter more serious consequences.

In line with our published [SOE Guidance](#), where units cannot meet the REV requirements due to prolonged delivery of Dynamic Response in the EFA block prior, the same considerations will be made and the affected SPs will not constitute a breach in Dynamic Response.

Can you explain the tiered penalties again? The allowable % failure being 2000 or 8834 SPs, is this unit specific? If so, over what timeframe? If unit specific 2000 SPs is constantly failing to deliver for 41 days?

NESO shall review the performance of a unit over a rolling 6-month period, a performance factor will be derived by dividing the total number of breaches over the 6-month period by the total number of contracted SPs. With 6 SPs being the lowest possible number of contracted SPs and 8834 SPs being the highest possible number of contracted SPs. A knee-point of 2000 SPs has been established to ensure the percentages are proportional and not overly penal for more or less active units.

Can you give an outline of how the tiered penalties will actually be

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applied? It's not clear on how they apply to specific contracted payments. I get the full detail will be in the service terms

The respective percentage values are show in the table below, and for SP totals in between these values the percentage shall be derived through linear interpolation

The penalties will be applied to the relevant settlement periods or EFAs in which the failures occur. E.g. if a unit is in tier 1, then all EFAs in which failures occurred will experience payment penalties.

If a unit is experiencing a failure in each contracted settlement period its failure rate will be 1, which places it in tier 3 for any number of contracted settlement periods.

24/7 Data

Continuous submission of data: what should providers submit during onboarding/offboarding periods or outages. when a BMU exists but no active asset is attached to it?

Baselines Data (or PNs) and Ops Metering data should be submitted at all times, even where the unit is not generating or demanding.

To rephrase the question about continuous ops metering: what if the site is in a state where there is no functioning meter attached to it? During an outage, the site may be entirely powered down, for example. The meter isn't powered up. Should we just synthesise a zero for the ops metering signal?

A unit will need to have a submission rate of at least 80% for Ops Metering data and PN data over the course of 28 days. This means that a unit can have more than 5.5 days without submitting metering and remain unaffected.

If a provider anticipates that their unit may be offline longer than that they should contact their account manager to arrange for this.

NBM Operational Data 24x7: Would this only be for days where a provider is participating in a service? Do you expect Non-BM providers to follow baselines submitted at 1hr ahead in periods where they are not delivering services?

Yes, NESO will expect units to provide baseline data (PNs) and Operational Metering data at all times, including when not under contract. NESO would encourage providers to submit their best estimate of their units position, NESO will be checking how closely PNs are followed but does not anticipate enforcing adherence to the submitted baselines.

How will NESO assess the quality of baselines during periods in which services are not being delivered?

Whilst we do not enforce adherence to operation baselines they are a valuable indication to the control toom of the units intended operating profile.

Stacking Response with other NESO Services

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<p>I thought NESO were including an update on stacking Response with other NESO services, e.g. stability, as part of this consultation period? Such as guidance for baseline methodology development</p> <p>When will the updated guidance document be published?</p>	<p>This will form part of this consultation, as the change from a service terms drafting perspective is rather small and deemed more of a house keeping change it hasn't been included in this presentation.</p> <p>This will be published alongside the consultation documents.</p>
<p>Real-Time Dynamic Response</p>	
<p>Why do the draft transparency requirements only publish dispatches at the end of the half-hour? Expected (and necessary) requirements are immediate publication after dispatch, just like BOAs, Non-BM Quick Reserve, Non-BM Frequency Response, Forward Trades, etc</p>	<p>Assuming this is the Real-Time Dynamic Response draft service design – this is our mistake, we had this feedback before and agree with it, the intention was to include it in the latest draft, we will update and re-publish.</p>
<p>Future considerations for Response Services</p>	
<p>Has NESO done any work around creation of a dynamic product that would increase export on B6 boundary e.g. increase procurement of high throughput services north of boundary when excess generation.</p>	<p>This is being investigated by the Constraints Collaboration Project (CCP) – the business case is still being developed so we aren't yet at the point of service design.</p>
<p>Is there likely to be a national inertia-based product responding to RoCoF as an addition to the existing suite of Frequency Response services?</p>	<p>Alongside our Stability pathfinder contracts, we have launched a Mid-term (year ahead) Inertia product which procures inertia from assets that can provide it independently of power provision (i.e. at 0 MW generation). Delivery for the first year began this October and the second round of tenders is underway for delivery starting October 2026.</p> <p>NESO are assessing whether more markets in this space, including a day ahead inertia product (similar to FR services), are required. This assessment is being done based on forecasted levels of shortfalls on the network against the current requirement, the expected market competition in this space and ultimately whether we believe there is any value in this above the current procurement methods in place (Pathfinder contracts,</p>

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	Mid-term contracts or BM instructions). We expect to share results with industry in the near future.
Will you be moving to decimal level bidding in other services like DC or BM?	We recognise that decimal place bidding is a point of interest for NESO services and has been raised as a barrier on our routes to market work. This team is currently reviewing the options around decimal place bids in the BM and other ancillary services, assessing the relevant benefits and impacts. More details of this are due to be published in the next Routes to Market update, communication will be sent through the Power Responsive newsletter.

Static FFR Questions

Question	Answer
Static FFR Performance Checks	
Will there be over delivery penalties in SFFR as well as under delivery?	Initially there won't be, however, we will keep this under review and if we believe there is any behaviour that could be detrimental to balancing (system security or cost implications), we will look at introducing this. We would consult on this and explain any reasoning for introducing this.
Random EFA checks for SFFR ? Why are checks so penal for Dynamic Response by comparison?	<p>We are making changes to enhance the performance monitoring of Static FFR to make it more robust which brings this service more in line with the Dynamic Response Services. However, given the criticality of Static FFR and frequency of activation compared to Dynamic Response we want to ensure proportionality of enforcement effort. It is important to balance the provider burden with NESO assurance to ensure both system security and economic procurement. We think these proposals strike this balance.</p> <p>We don't want performance checks to be overly onerous unnecessarily. If performance checks show performance that isn't as we would expect (i.e. compromised K factor), we would be requesting further contracted EFA periods to assess performance and applying availability payment penalties where necessary. We also propose to bring in an escalation process to allow suspension and de-registration of units that are consistently under-performing.</p>

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Given SFFR is a post fault service and would be triggered rarely, has NESO thought about introducing test activations where NESO sends test activations real time to check if providers can deliver their obligations ?

This is a helpful suggestion and will help build confidence in delivery as we look towards less triggers, so definitely something we want to consider and discuss with providers. Thank you.

Reduction of Static FFR activations

Will there be any additional procurement of other services to make up for reduction in SFFR activation frequency?

Static FFR procurement is optimised with DCL procurement, meaning any shortfalls in Static procurement will be picked up in DCL procurement. These services work together to meet our containment and recovery obligations, as set out in the SQSS and FRCR. The reduction in trigger level will update the requirements for both services in order to meet these obligations. Although we do not expect this to have any significant impacts of volume requirements.

We don't expect the reduction in the number of triggers to have a significant cost implication in post fault situations, given the low number of instances the service delivers currently. However, we will continue to monitor this and keep this cost implication in mind before lowering the service further.

Why is SFFR still valuable if likely to only be used once per year?

The value of SFFR is in the recovery of frequency to operational limits following a large loss.

Prior to the introduction of DC, the MW's needed for recovery were greater than those needed for containment for a wide range of loss sizes. Now DC is firmly embedded, SFFR is only needed for a smaller range of more extreme events.

This does not change the value of the service – we still need to secure those rare/extreme events.