



# Demand Flexibility Service **Procurement Rules**

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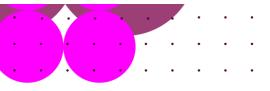


- 1. Introduction
- 1.1 These DFS Procurement Rules describe the eligibility rules and criteria for participation in NESO's procurement of the Demand Flexibility Service.
- 1.2 These DFS Procurement Rules supplement, and should be read alongside, the following documents, which together with these DFS Procurement Rules constitute the "DFS Procurement Documentation":-
  - 1.2.1 the DFS Service Terms;
  - 1.2.2 the Balancing Services Glossary of General Terms and Rules of Interpretation;
  - 1.2.3 the Flexibility Services Standard Agreement to the extent that any of its provisions are incorporated by any of the other DFS Procurement Documentation into such document(s); and
  - 1.2.4 such other document(s) as **NESO** may designate from time to time as comprising a part of the **DFS Procurement Documentation**.
- 2. Changes to these DFS Procurement Rules
- 2.1 Subject always to paragraph 2.2, **NESO** may update these **DFS Procurement Rules** from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover.
- 2.2 To the extent required by the Electricity Balancing Regulation (and by reference to those provisions of the DFS Procurement Documentation which constitute terms and conditions approved by the Authority as the terms and conditions related to balancing pursuant to Article 18 of the Electricity Balancing Regulation), any variation to these DFS Procurement Rules will be proposed and implemented in accordance with the applicable requirements in the Electricity Balancing Regulation.
- Defined Terms and Interpretation
- 3.1 Unless the context otherwise requires, any capitalised term used in these DFS Procurement Rules shall have the respective meaning given to it (if any) in either Schedule 1 or the prevailing Balancing Services Glossary of General Terms and Rules of Interpretation (as the case may be).
- The rules of interpretation set out in the Balancing Services Glossary of General Terms and Rules of Interpretation shall also apply to these DFS Procurement Rules.
- 3.3 Where there is a reference in these DFS Procurement Rules to "rounded", fractions of a MW below 0.05 shall be rounded down to one decimal place and fractions of a MW of 0.05 and above shall be rounded up to one decimal place.
- 4. Registration of DFS Units
- 4.1 A Registered Service Provider may register from time to time one or more DFS Units in accordance with the Registration and Pre-Qualification Procedure.
- 4.2 Each DFS Unit shall have a Registered Unit Capacity which shall be an amount (if not an integer, rounded to one decimal place) from and including <u>zero point</u> one (4<u>0.1</u>) MW to and including one hundred (100) MW (unless otherwise specified by NESO).





- 4.3 As part of the Registration and Pre-Qualification Procedure, each Registered Service Provider shall:-
  - 4.3.1 submit to NESO for validation (and retain for fifteen (15) months after submission) its initial Unit Meter Point Schedule containing the Unit Meter Points which it proposes to make available for delivery of the Demand Flexibility Service; and
  - 4.3.2 indicate in such initial Unit Meter Point Schedule against each Unit Meter Point:-
    - (a) its Consumer Type;
    - (b) the **DFS Zone** and postcode in which it is located;
    - (b)(c) whether it is a Boundary Meter or a Sub-Meter;
    - (d) if so required by NESO, whether included for Upwards Flexibility or Downwards Flexibility or both;
    - (c)(e) whether it is an Import Meter or an Export Meter;
    - if a **Boundary Meter**, its **MPAN**, and if a **Sub-Meter** its serial number or other unique identifier and the **MPAN(s)** of its associated **Boundary Meter(s)** (being the import **MPAN** together also with any export **MPAN**);
    - (e)(g) whether it is Manually Initiated or Directly Instructable;
    - (f)(h) whether it is designated as <u>Auto\_Opt-in</u> or <u>Opt-outManual\_Opt-In</u> (provided always that <u>Related\_Sub-Meters</u> shall always be designated collectively as <u>either Opt\_Inone</u> or <u>Opt\_Outthe\_other</u>);
    - a timestamp (in format HH:MM:SS) and date on which the Registered Service Provider obtained agreement from the owner and/or occupier of the Premises to its participation in the Demand Flexibility Service; and
    - (h)(j) the DFS Unit to which it is allocated (which for the avoidance of doubt may not subsequently be changed except by way of submission of an updated Unit Meter Point Schedule pursuant to paragraph 9), provided always that a DFS Unit shall only have allocated to it Unit Meter Points located in the same DFS Zone; and
  - 4.3.3 provide to NESO (either as part of the initial Unit Meter Point Schedule or separately as may be specified by NESO) all such other information as may be reasonably required by NESO for the purposes of the DFS Procurement Documentation and/or the ABSVD Methodology Statement.
- 4.4 It shall be the responsibility of each Registered Service Provider to ensure that, in relation to each Unit Meter Point included on its initial Unit Meter Point Schedule, none of:-
  - 4.4.1 the relevant owner and/or occupier of the Premises which are Metered by that Unit Meter Point (either solely or in conjunction with other Meter(s)); or
  - **4.4.2** where it is a **Boundary Meter**, the relevant owner and/or occupier of the **Premises** associated with each and any associated **Sub-Meter**(s); or





**4.4.3** where it is a **Sub-Meter**, the relevant owner and/or occupier of the **Premises** associated with its associated **Boundary Meter**,

were in agreement as at the timestamp referred to in paragraph  $4.3.2(\underline{\text{j}}) \pm 0.3.2(\underline{\text{j}}) \pm 0.00$  participate in the **Demand Flexibility Service** from that same **Unit Meter Point** with another **Registered Service Provider**.

- 4.5 The inclusion by a **Registered Service Provider** in its initial **Unit Meter Point Schedule** of a **Unit Meter Point:**-
  - 4.5.1 which is a Sub-Meter shall only be valid if all other Sub-Meters associated with the same Boundary Meter which are managed by the Registered Service Provider and eligible for inclusion pursuant to this paragraph 4 are also included in that Unit Meter Point Schedule and allocated to the same DFS Unit (that Sub-Meter and all such other Sub-Meters being "Related Sub-Meters"); and
  - 4.5.2 which is a **Boundary Meter** shall only be valid if all other **Boundary Meters** associated with the same **Premises** which are managed by the **Registered Service Provider** and are eligible for inclusion pursuant to this paragraph 4 (whether **Export Meters** or **Import Meters**) are also included in that **Unit Meter Point Schedule** and allocated to the same **DFS Unit**,

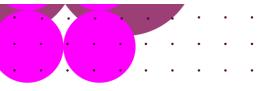
and for such purposes "managed" shall mean:-

- the Unit Meter Point relates to Premises owned and/or occupied by the Registered Service Provider; or
- (b) the Registered Service Provider is the Relevant Supplier with respect to the Premises and Unit Meter Point; or
- (c) the Registered Service Provider is a party to contractual arrangements with either the owner and/or occupier of the Premises to which the Unit Meter Point relates or the Relevant Supplier with respect to such Unit Meter Point which authorise the Registered Service Provider on behalf of such person(s) to participate in the Demand Flexibility Service with respect to such Unit Meter Point.
- 4.6 Notwithstanding paragraph 4.4, where:-
  - 4.6.1 the same Unit Meter Point appears on more than one initial Unit Meter Point Schedule: or
  - **4.6.2** a **Boundary Meter** and one or more of any associated **Sub-Meters** appear on the same or multiple **Unit Meter Point Schedule**(s),

then **NESO** shall in the case of paragraph 4.6.1 reject that **Unit Meter Point**, or in the case of paragraph 4.6.2 reject the **Boundary Meter** and each such **Sub-Meter**(s), in each case for inclusion on all **Unit Meter Point Schedule**(s) except that which shows the latest timestamp.

- 4.7 Each of the **Unit Meter Points** submitted for inclusion on the initial **Unit Meter Point Schedule** pursuant to paragraph 4.3.1 (or as the context admits the **Plant** or **Apparatus** it represents):-
  - 4.7.1 shall be Half-Hourly Metered;

. . . . . .





- 4.7.2 if a Boundary Meter <u>associated with a Consumer Type</u> which is Industrial & Commercial (<u>unlesswhere</u> the relevant Premises are Profile Class <u>31</u> or <u>42 only</u>), shall be Half-Hourly Settled;
- 4.7.3 if a Boundary Meter <u>associated with a Consumer Type</u> which is either <u>Domestic or Industrial & Commercial</u> (where the relevant <u>Premises</u> are <u>Profile Class</u> 3 or 4 only), may be either <u>Half-Hourly Settled</u> or <u>Non-Half-Hourly Settled</u>;
- 4.7.4 if a Boundary Meter associated with a Consumer Type which is Generation
  Asset, shall be Half-Hourly Settled;
- 4.7.44.7.5 if a Sub-Meter, may be either Half-Hourly Settled or Non-Half-Hourly Settled (but, for the avoidance of doubt, must be associated with a Boundary Meter which is Half-Hourly Metered);
- 4.7.54.7.6 shall not form part of a BM Unit except a Supplier Base BM Unit;
- 4.7.64.7.7 shall comprise Metering Equipment all of which (including for the avoidance of doubt any asset and voltage transformers) meets any relevant accuracy class requirements of Code of Practice 11;
- shall not (except as provided in paragraph 4.7.8) be registered with NESO or with any Public Distribution System Operator (or any other third party) to provide (whether solely, partly, or in conjunction with any other Plant or Apparatus and including where providing via an aggregator) any Balancing Service to NESO or any similar service to that Public Distribution System Operator (or third party) which for these purposes shall include participation in Active Network Management Schemes; and

#### 4.7.74.7.8 may:-

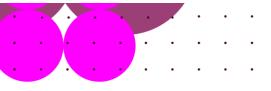
- 1. be registered with a Public Distribution System Operator to provide an Eligible DNO Flexibility Service; and/or
- (a) comprise (wholly or partly, including by virtue of being a Sub-Meter associated with a Boundary Meter which is) a CMU which is the subject of a Capacity Agreement but only for so long as CMUs are includedunless otherwise stated (or to the extent and upon such conditions as NESO may stipulate) in the DFS Stacking List; and/or
- (b) be participating in trials for new Balancing Services or other services from time to time undertaken by NESO but only insofar as included (andunless otherwise stated (or to the extent and upon such conditions as NESO may stipulate) in the DFS Stacking List; and/or.
- be part of an Active Network Management Scheme at NESO's sole discretion as more particularly described in the Registration and Pre-Qualification Procedure.
- 4.7.9 without limiting paragraph 4.7.8, and without prejudice to the operation of paragraph 8, shall not be registered with NESO or with any Public Distribution System Operator (or any other third party) to provide (whether solely, partly, or in conjunction with any other Plant or Apparatus and including where providing via an aggregator) any Balancing Service to NESO or any DNO Flexibility Service to that Public Distribution System





Operator (or similar service to another entity) including participation in an Active Network Management Scheme where so prohibited by the DFS Stacking List.

- 4.8 Following submission by a Registered Service Provider of its initial Unit Meter Point Schedule, NESO shall send a report to that Registered Service Provider ("Validation Report") in the form of a validated initial Unit Meter Point Schedule containing details of the Unit Meter Points which have been accepted and those that have been rejected, having regard to the requirements of this paragraph 4 and the Registration and Pre-Qualification Procedure.
- 4.9 Provided the initial Unit Meter Point Schedule is received by NESO before 09.00 hours on a Business Day, NESO will use reasonable endeavours to send the report Validation Report to the Registered Service Provider by the end of the Business Day where the initial Meter Point Schedule is submitted before 09:00 hours on that Business Day.
- 4.10 All Unit Meter Points appearing for the first time on a Registered Service Provider's
  Unit Meter Point Schedule shall, upon validation by NESO in a Validation Report, be subject to a Pre-Participation Waiting Period to allow for operation of paragraph 8, during which period they shall be deemed to be Primacy Excluded. At the expiry of the Pre-Participation Waiting Period, any such Unit Meter Point may participate in the Demand Flexibility Service unless indicated by NESO as Primacy Excluded in a Primacy Exclusion Report issued pursuant to paragraph 8.6.
- 4.104.11 Information provided by a Registered Service Provider to NESO pursuant to the Registration and Pre-Qualification Procedure shall be kept up to date by the Registered Service Provider and any changes shall be notified promptly by the Registered Service Provider to NESO either by way of submission of an updated Unit Meter Point Schedule pursuant to paragraph 9 (where applicable) or otherwise by notice in writing to NESO in such format as NESO may specify.
- 4.114.12 NESO reserves the right to disclose to Public Distribution System Operators the potential participation of Unit Meter Points in the Demand Flexibility Service via the inclusion in Unit Meter Point Schedules insofar as relevant to the management and operation of their Distribution System(s) and operation of paragraph\_8, including without limitation the relevant DFS Unit and the location of any or all of the constituent Unit Meter Points.
- 5. Registration as Registered DFS Participant
- 5.1 No Registered Service Provider may participate in NESO's procurement of the Demand Flexibility Service unless and until NESO has confirmed that it is a Registered DFS Participant in accordance with the Registration and Pre-Qualification Procedure.
- 5.2 Where **NESO** determines (acting reasonably) that:-
  - 5.2.1 any details provided, including confirmations and declarations given, by a Registered Service Provider pursuant to the Registration and Pre-Qualification Procedure are no longer true and/or accurate; and/or
  - 5.2.2 having regard to monitoring of Performance Data and/or Settlement Data pursuant to the DFS Service Terms or otherwise, a Registered DFS Participant is materially and/or persistently failing to deliver the Demand Flexibility Service from one or more DFS Units in accordance with its submitted Demand ReductionService Volumes; and/or
  - 5.2.3 the Registered DFS Participant has persistently failed to provide compliant Performance Data in a timely manner; and/or





5.2.4 without prejudice to the foregoing, a **Registered Service Provider** is materially and/or persistently in breach of any of the warranties and undertakings in paragraph 6.36.4 or 13 and/or any of its obligations under the **DFS Procurement Documentation**,

then NESO may (but shall not be obliged to) Deregister the relevant entity as a Registered DFS Participant and/or Registered Service Provider. Such Deregistration shall be notified by NESO to the Registered DFS Participant by email, whereupon it may no longer submit DFS <a href="BidsSubmissions">BidsSubmissions</a> unless and until it is reregistered in accordance with the Registration and Pre-Qualification Procedure.

- 6. DFS Operational Baselines
- The **DFS Operational Baseline** for a **DFS Unit** shall be derived from <u>one or both of</u> the <u>methodologies</u> set out in Schedule 3 <u>(as the case may be)</u>.
- 6.2 Each DFS Operational Baseline shall exclude any Unit Meter Point which is at the relevant time Primacy Excluded.
- The Demand ReductionService Volume offered from time to time by the Registered DFS Participant from a DFS Unit as part of a DFS BidSubmission shall be such amount as is reasonably considered by the Registered DFS Participant (acting in accordance with Good Industry Practice) to be deliverable in aggregate from the Unit Meter Points allocated to that DFS Unit at the relevant time (but subject always to paragraph 6.2) by reference to that DFS Unit's DFS Operational Baseline and on the basis that the applicable DFS Initiation Measures are implemented in full.
- 6.36.4 Without prejudice to paragraph 6.2, each **Registered DFS Participant** warrants and undertakes to **NESO**:-

## 6.4.1 In relation to DFS Operational Baselines:

- (a) except where (b) below applies, to act in good faith in a manner designed to ensure that, with respect to any Unit Meter Points allocated to a DFS Unit, the Metered Volume in an Eligible Day (each as defined in Schedule 3) is not adjusted with the intent of artificially inflating or reducing the DFS Operational Baseline from what it would have been but for the issue (or prospect of issue) of a DFS Acceptance; and
- (b) with respect to Unit Meter Points covered by the solar/wind methodology as described in Schedule 3, to prepare and keep up to date its forecasts of Output required pursuant thereto in accordance with Good Industry Practice;
- 6.3.26.4.2 it has in place at all relevant times appropriate policies and/or procedures which are (insofar as may be reasonably practicable) designed to identify and promptly notify to NESO in writing, and will so notify NESO upon becoming aware, of any trends or patterns of behaviour across the Unit Meter Points on its Unit Meter Point Schedule which may suggest an artificial inflation or reduction of aggregate DFS Operational Baselines as described in paragraph 6.3.16.4.1; and
- 6.3.36.4.3 to act (and where it is not the owner and/or occupier of Premises which are Metered by Unit Meter Point(s) allocated to a DFS Unit procure that such owner and/or occupier acts) in good faith to implement the DFS Initiation Measures and deliver DFS in accordance with the DFS Service Terms including by preventing the deliberate displacement of any



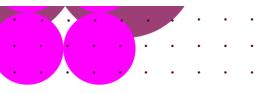


consumption Demand or Generation represented by the DFS Operational Baseline to one or more other Meter Points.

- 7. Market Information Reports
  - **NESO** may from time to time publish on its **Industry Information Website** (and/or on the **NESO Data Portal**) a **Market Information Report**, which may contain non-binding indications of its anticipated **Service Requirements**.
- 8. Weekly Indicative Forecasts Primacy
- 8.1 Registered DFS Participants acknowledge and agree that, to assist in the management of conflicts between NESO and Public Distribution System Operator with regard to their respective requirements and constraints, the content of Unit Meter Point Schedules will be shared by NESO in accordance with the provisions of this paragraph 8.
- 8.2 As a separate exercise from the production and submission of Validation Reports pursuant to paragraph 4.8, NESO will extract from all prevailing Unit Meter Point Schedules received from Registered DFS Participants pursuant to paragraphs 4 and 9, and submit to each relevant Public Distribution System Operator, the MPAN(s) for each Boundary Meter(s) located in that Public Distribution System Operator's network.
- 8.3 Provided that the initial or updated (as the case may be) Unit Meter Point Schedule is received by NESO before 09.00 hours on a Business Day, NESO will use reasonable endeavours to submit the MPANs to each relevant Public Distribution System Operator by no later than 11.00 hours on that Business Day.
- 8.4 In the submission pursuant to paragraph 8.2, NESO will invite each relevant Public

  Distribution System Operator to return to NESO a file ("Risk of Conflict File") before

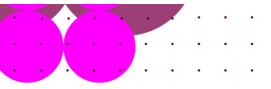
  11:00 hours on the following Business Day, showing, for each such MPAN and by reference to a time period, reason code and a conflict status, a percentage risk of conflict with any DNO Flexibility Service, Active Network Management Scheme or DNO Operational Security Requirement, including whether or not the conflict relates to Upwards Flexibility or Downwards Flexibility or both.
- Each Registered DFS Participant shall use reasonable endeavours to provide to NESO a weekly forecast of its anticipated maximum aggregate Demand Reduction Volumes from each DFS Unit (based on the allocation of validated Unit Meter Points to that DFS Unit), together with its indicative Utilisation Prices for each DFS Unit, each such forecast referred to in the DFS Procurement Documentation as "the Weekly Indicative Forecast".
- c. The Weekly Indicative Forecast shall:
  - i. be submitted to NESO at or around 10:00 hours on each Friday via the DFS Assessment Platform;
  - ii. include the details specified in paragraph 8.1 for each Settlement Period in each of the Days from and including the next following Saturday to and including the next following Friday; and
  - iii. be in such format as may be specified from time to time by NESO.
- d. Each Registered DFS Participant may submit an updated Weekly Indicative Forecast at any time to reflect any changes it becomes aware of to the anticipated maximum aggregate Demand Reduction Volumes from each DFS Unit for the next and/or subsequent Days, and may also update its indicative Utilisation Prices in respect





thereof. Any updated Weekly Indicative Forecast shall meet the requirements of paragraphs 8.1 and 8.2.

- For the avoidance of doubt, failure to submit a timely Weekly Indicative Forecastwhere in response to an invitation pursuant to paragraph 8.1 shall not disqualify the Registered DFS Participant from eligibility to submit DFS Bids with respect to any Service Requirement notified by NESO with respect to the relevant Day-8.4 a Public Distribution System Operator has provided multiple Risk of Conflict Files covering the same Unit Meter Point, NESO will rely, with respect to that Unit Meter Point, on the Risk of Conflict File which is last received.
- 8.6 NESO shall use reasonable endeavours to prepare and submit to each relevant Registered DFS Participant, no later than 14:00 hours on the Business Day which follows that in which the Unit Meter Point Schedule is received by NESO (provided received by NESO before 09.00 hours on that preceding Business Day), a report ("Primacy Exclusion Report") specifying those Unit Meter Points which NESO considers at its sole discretion (having regard to any Risk of Conflict File(s) received from the relevant Public Distribution System Operator) to be Primacy Excluded, and in each case the period or periods over which such Unit Meter Point shall be Primacy Excluded.
- 8.7 For the duration of any period or periods for which a Unit Meter Point is so indicated to be Primacy Excluded, that Unit Meter Point shall not be capable of participation in the Demand Flexibility Service, and for the avoidance of doubt where any Unit Meter Point is not so indicated as Primacy Excluded (which shall include where NESO has not received by the requested deadline a Risk of Conflict Report from the relevant Public Distribution System Operator) then such Unit Meter Point shall (subject always to paragraph 8.8) be treated for the purposes of this paragraph 8 as capable of participation in the Demand Flexibility Service.
- 8.8 In addition to paragraph 8.7, a Unit Meter Point shall not be capable of participation in the Demand Flexibility Service during its Pre-Participation Waiting Period during which time it is deemed to be Primacy Excluded in the circumstances specified in paragraph 4.10.
- 8.9 For the avoidance of doubt, a **Unit Meter Point** should not be required to be removed from a **Unit Meter Point Schedule** solely by reason of being on the **Primacy Exclusion** Report.
- 9. Updates to Unit Meter Point Schedules
- 9.1 For the purpose of these **DFS Procurement Rules**, unless the context otherwise requires, all references in these **DFS Procurement Rules**:-
  - 9.1.1 to the prevailing **Unit Meter Point Schedule** with respect to any **Day** shall mean the initial (or any updated) **Unit Meter Point Schedule** submitted by the **Registered Service Provider** and validated last in time by **NESO** (and for the avoidance of doubt excluding any **Unit Meter Point** rejected pursuant to paragraph 9.4); and
  - 9.1.2 to a validated Unit Meter Point shall mean a Unit Meter Point accepted by NESO for inclusion on the prevailing Unit Meter Point Schedule and not at the relevant time rejected by NESO pursuant to paragraph 9.4.
- 9.2 Where the Registered DFS Participant wishes to:-
  - 9.2.1 propose the inclusion or removal of Unit Meter Points from the prevailing Unit Meter Point Schedule; or





- 9.2.2 notify a change to the <u>Auto Opt-in</u> or <del>Opt-out</del> <u>Manual Opt-in</u> designation of Unit Meter Points: or
- 9.2.3 notify a change to the designation of Unit Meter Points as Manually Initiated or Directly Instructable; or
- 9.2.4 reallocate a Unit Meter Point to a different DFS Unit; or
- 9.2.5 notify any changes to any of the other information specified in the prevailing Unit Meter Point Schedule,

it shall (subject always to paragraph 9.4 where applicable) submit to **NESO** such proposal or notification as an update to the prevailing **Unit Meter Point Schedule**, and as soon as reasonably practicable following any notification from **NESO** of a change to any **DFS Zone**(s) each **Registered DFS Participant** shall additionally be obliged to submit to **NESO** an update to the prevailing **Unit Meter Point Schedule** where necessary to reflect any change to the **DFS Zone** in which it is located (and its allocation to any **DFS Unit**), and in respect thereof the provisions of paragraphs 4.3 to 4.94.11 inclusive shall apply (and all references therein to the initial **Unit Meter Point Schedule** shall be to such updated **Unit Meter Point Schedule**).

- 9.3 Without prejudice to paragraph 4.4, each Registered DFS Participant shall use reasonable endeavours in cooperation with NESO to assist in the resolution of any instances of the same Unit Meter Point simultaneously appearing in two (2) or more Unit Meter Point Schedules or of a Boundary Meter and any one or more of its associated Sub-Meters appearing in the same or multiple Unit Meter Point Schedules.
- 9.4 Except with NESO's consent in writing, no Meter Point shall be included by a Registered DFS Participant on its Unit Meter Point Schedule if it has previously been included on that Registered DFS Participant's Unit Meter Point Schedule (or that of any of its Affiliates) and since then removed and subsequently registered by that Registered DFS Participant (or any of its Affiliates) with NESO or with any Public Distribution System Operator (or any other third party) so as to provide at any time during the preceding ninety (90) Days (whether solely, partly, or in conjunction with any other Plant or Apparatus and including where providing via an aggregator) any Balancing Service to NESO or any similar service to that Public Distribution System Operator (or third party), provided always that nothing in this paragraph 9.4 shall restrict or prevent the inclusion on a Unit Meter Point Schedule of a Meter Point solely by virtue of:-
  - **9.4.1** its registration or participation as described in paragraph 4.7.8(a), (c) or (d)4.7.8(a) or 4.7.8(b); or
  - 9.4.2 it comprising (wholly or partly, including by virtue of being a **Sub-Meter** associated with a **Boundary Meter** which is) a **CMU** which is the subject of a **Capacity Agreement** as referred to in paragraph 4.7.8(b) (but only for so long as **CMU**s are included in the **DFS Stacking List**); or
  - 9.4.3 its previous inclusion on the Unit Meter Point Schedule of another Registered DFS Participant.
- 9.5 NESO may at any time (acting reasonably and having regard to the requirements of paragraph 4) reject any Unit Meter Point previously accepted for inclusion on the prevailing Unit Meter Point Schedule, either by notifying the Registered DFS Participant in writing details of the rejected Unit Meter Point(s) or by way of submission to the Registered DFS Participant of an updated Unit Meter Point Schedule.

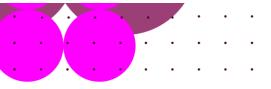




- 10. Service Requirement
- e. If NESO anticipates that it may have a Service Requirement for any Day, including by way of a DFS Test pursuant to paragraph 10.6, then it may (but shall not be obliged to) publish such anticipated Service Requirement, each such publication referred to in the DFS Procurement Documentation as an "Anticipated DFS Requirement Notice".
- f. For the avoidance of doubt, each **Anticipated DFS Requirement Notice** shall be non-binding and accordingly shall not in any way commit **NESO** to issue a **Service Requirement**.
- 10.1 Irrespective of whether NESO shall have published an Anticipated DFS Requirement Netice, atAt any time in a Day, NESO may (but shall not be obliged to) notify a service requirement(s) for DFS for one or more DFS Service Window(s) falling in the remainder of that Dayapplicable DFS Procurement Period, each such requirement referred to in the DFS Procurement Documentation as thea "Service Requirement".
- Notification of a Service Requirement shall be made by NESO via the NESO Data Portal, and NESO may also publish each Service Requirement by notification to each Registered DFS Participant on the DFS Assessment Platform.
- 10.3 Each Service Requirement shall set out the following:-

### 10.3.1 the Event ID;

- **10.3.1**10.3.2 the **DFS Service Window**(s);
- 40.3.210.3.3 that part of **NESO**'s margin requirement (MW) which **NESO** envisages could be met (in whole or part) by the **Demand Flexibility Service**; and
- 10.3.4 for each DFS Zone, a Zonal Cap, which for the avoidance of doubt may be zero (0) MW;
- 10.3.5 whether it is for Upwards Flexibility or Downwards Flexibility;
- **10.3.6** whether flagged as an energy or system action;
- 10.3.7 a DFS Submission Time; and
- 40.3.310.3.8 whether the Service Requirement it is being issued as a DFS Test.
- and NESO may also specify in the Service Requirement a DFS Bid Submission Time.
- 10.4 Notwithstanding paragraphs 10.1 10.2 and 10.3, where Where NESO intends to notify a Service Requirement by way of a DFS Test:-
  - 10.4.1 the Service Requirement shall indicate that it is issued pursuant to a DFS Test and NESO shall simultaneously notify and publish the Guaranteed Acceptance Price for that Service Requirement (which for the avoidance of doubt may be zero);
  - in order to ensure that step changes in aggregate delivery of DFS over a DFS Service Window do not exceed operational limits, for each DFS Service Window comprising two or more consecutive Settlement Periods NESO shallmay determine an allocation of one or more of such Settlement Periods to each Registered DFS Participant such that each Registered DFS Participant may only submit a DFS BidSubmission for each of its DFS Units for the Settlement Period(s) to which it has been allocated;





- 10.4.3 in making such allocations, NESO shall seek to act fairly as between all Registered DFS Participants, including by ensuring equitable allocation of preferred Settlement Periods across consecutive DFS Tests; and
- 10.4.4 the Service Requirement shall set out NESO's allocation of Settlement Periods to Registered DFS Participants pursuant to paragraphs 40.6.210.4.2 and 40.6.310.4.3.
- Submission of DFS Bids Submissions
- 11.1 By Upon issue of a Service Requirement, and by no later than the DFS Bid-Submission Time, and with respect to any DFS Unit associated with the relevant DFS Zone, a Registered DFS Participant may (but shall not be obliged to) submit DFS BidSubmission(s) for any or all of the Settlement Periods contained in a DFS Service Window, in accordance with the following provisions of this paragraph 11, provided always that for any DFS Test the Registered DFS Participant may only submit DFS BidsSubmissions for the Settlement Period(s) allocated to it by NESO pursuant to paragraph 10.6.210.4.2.
- 11.2 Each DFS BidSubmission shall relate to a single Settlement Period comprised within the DFS Service Window, and in response to any Service Requirement a Registered DFS Participant may submit:-
  - 11.2.1 multiple DFS <u>BidsSubmissions</u> for the same DFS Unit but for different Settlement Periods; and
  - 11.2.2 multiple DFS <u>BidsSubmissions</u> for different DFS Units for the same Settlement Period<sub>7.</sub>

but multiple **DFS** <u>BidsSubmissions</u> for a single **DFS** <u>Unit</u> may not be submitted for the same <u>Settlement</u> <u>Period</u>.

- 11.3 DFS <u>BideSubmissions</u> received after the <u>time specified in paragraph 11.1DFS</u>
  <u>Submission Time</u> shall be considered null and void regardless of cause unless otherwise decided by **NESO** at its sole discretion.
- 11.4 To be valid, each DFS BidSubmission will need to be submitted by the Registered DFS Participant via the DFS Assessment Platform, be fully completed in accordance with paragraph 11.5 and be in the correct format as specified from time to time by NESO which unless otherwise specified by NESO in writing shall be a composite submission containing all DFS BidsSubmissions for all of the Registered DFS Participant's DFS Units.
- 11.5 Each DFS BidSubmission shall include:-
  - 11.5.1 the Event ID associated with the Service Requirement in question;
  - 11.5.2 whether Upwards Flexibility of Downwards Flexibility;
  - 41.5.11.5.3 the name of the Registered DFS Participant (matching the name given pursuant to the Registration and Pre-Qualification Procedure);
  - 41.5.211.5.4 the DFS Unit ID (matching its ID allocated to it pursuant to the Registration and Pre-Qualification Procedure);
  - 11.5.3 11.5.5 the applicable Settlement Period over which the DFS BidSubmission is defined:





41.5.411.5.6 a Utilisation Price (in £/MWh, where the applicable pound and pence figures shall each be an integer); and

11.5.511.5.7 the offered Demand ReductionService Volume (in MW), which shall:-

- (a) be based on the **Unit Meter Points** allocated to the relevant **DFS Unit** on the prevailing **Unit Meter Point Schedule** and derived in accordance with paragraph 6.2 (for the avoidance of doubt excluding any such **Unit Meter Points** which are (or deemed to be) **Primacy Excluded**);
- (b) be an amount (if not an integer, rounded to one decimal place) not less than the **Minimum BidSubmission Size** and not exceeding the **Maximum BidSubmission Size** (or such other maximum limit which may be specified from time to time by **NESO**); and
- (c) not in any event exceed the relevant DFS Unit's Registered Unit  $\mathbf{Capacity}_{\overline{\imath}_2}$

and NESO shall provide the facility for the offered Demand Reduction Volume to be submitted by GSP Group.

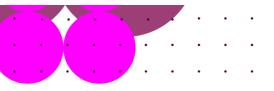
- 11.6 Where a Registered DFS Participant wishes to modify or withdraw a DFS BidSubmission with respect to any Settlement Period, then subject always to paragraph 11.7 it may do so by resubmission of the relevant DFS BidSubmission(s) in accordance with paragraphs 11.1 to 11.5 inclusive.
- 11.7 After the time specified in paragraph 11.1, DFS <u>BidsSubmissions</u> may not be modified or withdrawn by the **Registered DFS Participant** and shall become irrevocable subject always to paragraph 11.13, and if subject to a **DFS Acceptance** issued by **NESO** pursuant to paragraph 14 shall be binding on the **Registered DFS Participant** upon the terms of the **DFS Service Terms**.
- 11.8 Where, in relation to any DFS Unit, any DFS BidSubmission is submitted for a Settlement Period which is the subject of a valid DFS BidSubmission previously submitted for that DFS Unit and Settlement Period, then the earlier DFS BidSubmission shall be treated as withdrawn.
- 11.9 Validation of DFS <u>BidsSubmissions</u> will be undertaken by NESO at the time of submission, and without prejudice to paragraph 11.13 all submitted DFS <u>BidsSubmissions</u> so validated remain valid and open for acceptance by NESO by way of a DFS <u>Acceptance</u> unless and until the DFS <u>BidSubmission</u> is either:-
  - 11.9.1 modified by the Registered DFS Participant pursuant to paragraph 11.6; or
  - **11.9.2** withdrawn by the **Registered DFS Participant** pursuant to paragraph 11.6 (including in the manner described in paragraph 11.8).
- 11.10 Each Registered DFS Participant is responsible for ensuring that the DFS BidsSubmissions it submits are correct and valid.
- 11.11 Subject always to paragraph 11.13, upon becoming aware of any error in a DFS 

  BidSubmission, the Registered DFS Participant shall modify the DFS 

  BidSubmission in accordance with paragraph 11.6 where possible otherwise shall notify 

  NESO immediately, provided that in such event there shall be no obligation on NESO to 
  take any steps to avoid or mitigate any potential losses to the Registered DFS 

  Participant.



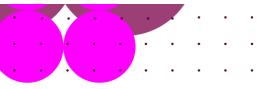


- 11.12 DFS <u>BidsSubmissions</u> submitted by <u>Registered DFS Participants</u> shall not be visible to other <u>Registered DFS Participants</u> until publication in the <u>DFS Utilisation Report</u> in the manner described in paragraph 16.
- 11.13 If, in the sole judgment of NESO, a Registered DFS Participant has failed to submit a correct and valid DFS <u>BidSubmission</u> in accordance with this paragraph 11, NESO reserves the right to:-
  - 11.13.1 deem that DFS BidSubmission to be valid and correct; or
  - 11.13.2 cancel that DFS BidSubmission; and/or
  - 11.13.3 take any other action as it deems appropriate in the circumstances including requesting the Registered DFS Participant to resubmit and/or amend the DFS BidSubmission so that it is correct and valid.
- 11.14 The decision of **NESO** as to whether or not a **DFS BidSubmission** is correct and valid shall be final, and the **Registered DFS Participant** may be notified of such decision without prior consultation or explanation.
- 12. Assessment of DFS BidsSubmission
- 12.1 All submitted DFS <u>BidsSubmissions</u> shall be assessed by NESO in accordance with this paragraph 12 save that, with respect to all DFS Tests, DFS <u>BidsSubmissions</u> for which the <u>Utilisation Price</u> is at or below the <u>Guaranteed Acceptance Price</u> will not be assessed and NESO will issue DFS Acceptances in accordance with paragraph 14.
- All valid DFS <u>BidsSubmissions</u> shall be ranked, <u>for each relevant Event ID</u>, by price (from lowest to highest) and (subject to paragraph 12.3) accepted until <u>NESO</u> has secured its required aggregate volume for the relevant <u>Settlement Period and Event ID</u> and <u>without exceeding the Zonal Caps</u>, and for such purpose the required aggregate volume shall be based on the published <u>Service Requirement</u> but adjusted by <u>NESO</u> at its sole discretion to reflect:-
  - 12.2.1 prevailing system conditions; and/or
  - 12.2.2 submitted Utilisation Prices where procurement would be uneconomic.
- 12.3 Since DFS <u>BidsSubmissions</u> shall not be **Curtailable** as provided in paragraph 14.3, **NESO** may at its sole discretion either accept in full or reject the marginal **DFS**<u>BidSubmission</u> if to accept would result in **NESO** securing in excess of its required aggregate volume <u>for that DFS Zone</u>, and <u>NESO similarly reserves the right to accept a DFS Submission so as to cause a **Zonal Cap** to be exceeded.</u>
- 12.4 Where there is more than one marginal DFS BidSubmission for a DFS Zone, and subject always to paragraph 12.3, NESO shall accept the DFS BidSubmission whose offered Demand ReductionService Volume most closely meets NESO's required aggregate volume, and where offered Demand ReductionService Volumes of one or more DFS BidSubmissions for a DFS Zone are identical then NESO shall accept the DFS BidSubmission with the lowest last resort rank factor.
- **12.5** For the purposes of paragraph 12.4, all valid **DFS** Bids Submissions shall be assigned by **NESO** with a unique last resort rank factor.
- 13. Warranties and Undertakings
- Without prejudice to its other obligations under and/or pursuant to the DFS Procurement Documentation and subject to paragraphs 10.1 and 10.3 of the Flexibility Services Standard Agreement which shall apply as if set out in full herein:-





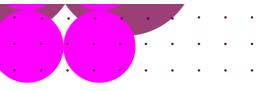
- 13.1.1 NESO and each Registered DFS Participant warrants and undertakes to the other in the manner set out in paragraph 5.1 of the Flexibility Services Standard Agreement as if set out in full herein; and
- each Registered DFS Participant warrants and undertakes that it has (and will at all relevant times have) full power and authority and all necessary consents from and on behalf of the owners and occupiers of all Premises associated with each Unit Meter Point allocated to its Unit Meter Point Schedule for the disclosure and use of information related to each Unit Meter Point as referred to in paragraphs 17.2 and 17.3.
- 13.1.3 on each occasion it submits a DFS <u>BidSubmission</u>, the **Registered DFS**Participant warrants and undertakes to NESO:-
  - (a) that each of the **Unit Meter Points** allocated to the relevant **DFS Unit** in a **DFS BidSubmission** complies with the requirements of paragraph 4;
  - (b) that it has all consents and permissions necessary for the delivery of DFS from each Unit Meter Point allocated to the relevant DFS Unit and the discharge of its obligations under these DFS Procurement Rules and the DFS Service Terms with respect to each such Unit Meter Point, including from each owner and/or occupier of Premises associated with each such Unit Meter Point;
  - (c) without limiting paragraph (b) above, that it has access to the Metered Data for each of the Unit Meter Points allocated to the relevant DFS Unit for all purposes connected with the DFS Procurement Documentation including for the purpose of including energy volumes within the Applicable Balancing Services Volume Data as required by the DFS Service Terms;
  - (d) that each of the **Unit Meter Points** allocated to the relevant **DFS Unit** for the purpose of deriving the offered **Demand ReductionService Volume** is not otherwise participating in the **Demand Flexibility Service** by way of allocation to a **DFS Unit** registered by another **DFS Registered Participant**; and
  - (e) in the manner set out in paragraph 5.2 of the Flexibility Services Standard Agreement as if set out in full herein.
- 13.2 Without prejudice to any other right or remedy, NESO and the Registered DFS Participant shall each be entitled to claim damages from the other for any breach of the warranties and undertakings or any of them set out or referred to in this paragraph 13 subject to paragraphs 10.1 and 10.3 of the Flexibility Services Standard Agreement which shall apply as if set out in full herein.
- 13.3 Each Registered DFS Participant indemnifies NESO from and against any losses, liabilities, claims, expenses and demands which NESO might suffer as a result of the Registered DFS Participant being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 13.1.2.
- 14. DFS Acceptances
- NESO shall use reasonable endeavours to notify, at or around the DFS Results Time, all of those Registered DFS Participants who submitted DFS BidSubmissions whether each DFS BidSubmission was accepted or rejected in accordance with paragraph 12, and each such notification of acceptance is referred to in the DFS Procurement Documentation as a "DFS Acceptance".





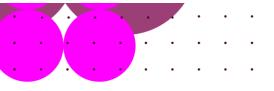
- All notifications from NESO pursuant to paragraph 14.1 shall be in writing and ordinarily made by way of publication on the NESO Data Portal but NESO reserves the right to notify DFS Acceptances by any other appropriate means which may be by way of publication on the DFS Assessment Platform.
- 14.3 NESO may only accept a DFS <u>BidSubmission</u> in full (both as to period and volume), and to that extent all <u>DFS <u>BidsSubmissions</u> shall be treated as not <u>Curtailable</u>.</u>
- 14.4 For the avoidance of doubt, where with respect to any Service Requirement a Registered DFS Participant has submitted multiple DFS BidsSubmissions for a DFS Unit, DFS Acceptances may relate to one or more of such DFS BidsSubmissions and where multiple DFS BidsSubmissions are accepted which relate to the same DFS Unit the relevant Settlement Periods do not need to be consecutive.
- 15. Delivery of DFS
- 15.1 Each Registered DFS Participant in receipt of a DFS Acceptance shall provide the Demand Flexibility Service from the applicable DFS Unit during the applicable Contracted Settlement Period pursuant to and in accordance with the DFS Service Terms, and.
- For the avoidance of doubt, the delivery of the Demand Flexibility Service from a DFS

  Unit shall exclude any Unit Meter Point which at the relevant time is (or is deemed to be) Primacy Excluded.
- 45.215.3 Further for the avoidance of doubt, once a DFS Acceptance is issued by NESO no further instruction or confirmation shall be given by NESO to the Registered DFS Participant.
- 45.315.4 Each DFS BidSubmission and the contract formed between NESO and the Registered DFS Participant upon issue of a DFS Acceptance shall be personal to NESO and the Registered DFS Participant and neither Party shall assign, transfer, mortgage, charge, sub-contract or deal in any other manner with any or all of its rights and obligations thereunder except as may be permitted by the DFS Service Terms or in accordance with paragraph 11.2 of the Flexibility Services Standard Agreement as if such provision was set out in full herein.
- 16. DFS Utilisation Reports
- As soon as reasonably practicable following notification of DFS Acceptances, NESO shall publish (and may subsequently revise) on the NESO Data Portal (and/or on its Industry Information Website) the DFS Utilisation Report.
- 16.2 Each DFS Utilisation Report may (at NESO's sole discretion) include in relation to each DFS Service Window and for each DFS BidSubmission:
  - **16.2.1** the information contained in paragraph 11.5; and
  - 16.2.2 the applicable DFS Zone(s); and
  - 46.2.216.2.3 whether or not it was the subject of a DFS Acceptance.
- 17. Confidentiality
- 17.1 Subject always to paragraphs 17.2 and 17.3, the provisions of paragraph 12 of the Flexibility Services Standard Agreement shall apply to all and any information provided by NESO or any Registered DFS Participant to the other (whether orally or in writing) pursuant to or in connection with these DFS Procurement Rules as if set out in full herein.





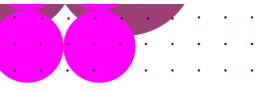
- 17.2 Each Registered DFS Participant agrees to:
  - the publication by **NESO** of the information contained in the **DFS Utilisation Reports**, including in a non-anonymised form, insofar as relating directly or indirectly to the **Registered DFS Participant** and the relevant **DFS Unit**; and
  - 17.2.2 the disclosure and/or use by NESO of information related to Unit Meter Points insofar as allocated to DFS Units the subject of DFS BidsSubmissions for the purpose of research and innovation provided always that any such disclosure is anonymised.
- 17.3 Without limiting paragraph 17.2, each Registered DFS Participant also agrees to:-
  - 17.3.1 the disclosure by NESO to the relevant Public Distribution System Operator of information related to the potential participation of Unit Meter Points in the procurement of the Demand Flexibility Service pursuant to paragraph 4.104.12: and
  - 17.3.2 the general publication by **NESO** of anonymised data associated with **DFS**<u>BidsSubmissions</u> aggregated by <u>GSP Group</u>.
- 18. Exceptional Circumstances
- 18.1 If an exceptional situation arises, in particular if a system or the information needed to receive and/or assess DFS <u>BidsSubmissions</u> is unavailable or if an incident prevents the procurement of DFS in normal circumstances, then NESO may take any or all of the following measures (at its sole discretion):-
  - 18.1.1 modify any or all of the deadlines in these DFS Procurement Rules;
  - 18.1.2 authorise Registered DFS Participants to submit new DFS BidsSubmissions or modify existing DFS BidsSubmissions;
  - 18.1.3 authorise Registered DFS Participants to submit DFS BidsSubmissions otherwise than in accordance with paragraph 11;
  - 18.1.4 cancel any **Service Requirement** at any time prior to issue of **DFS Acceptances**; and/or
  - 18.1.5 take such other actions or steps as it reasonably considers to be necessary.
- 19. Communication Principles
- 19.1 Registered DFS Participants shall comply at all relevant times with the Communication Principles as regards the marketing and branding of customer facing products and associated processes related to the DFS Initiation Measures and any other aspect of the DFS Procurement Documentation referred to therein.
- 20. Accuracy of Information
- 20.1 All and any information provided by NESO to Registered DFS Participants for the purposes of these DFS Procurement Rules including in each DFS Utilisation Report is provided in good faith, but no representation or warranty is given by NESO (or any of its employees, officers, agents or advisers) as to the accuracy or completeness of such information.





- 21. Intellectual Property
- 21.1 NESO and each Registered DFS Participant retain ownership of the documents, data and information of any kind (including all intellectual property rights in them) that are provided to the other pursuant to these DFS Procurement Rules.
- 21.2 Each Registered DFS Participant undertakes to NESO that it will at all times when participating in NESO's procurement of the Demand Flexibility Service, hold all and any authorisations and/or property rights and/or licences for all of the configurations, interfaces, firmware and software needed by it for it to participate in such procurement.
- 21.3 Each Registered DFS Participant shall comply (and use reasonable endeavours to ensure that its staff and other representatives comply) with all and any applicable user licences and terms of use of which the Registered DFS Participant is aware governing use by the Registered DFS Participant of the systems or software applications comprised in the NESO's processes for procurement of the Demand Flexibility Service.
- 21.4 Each Registered DFS Participant indemnifies and keeps indemnified NESO from and against any claims from a third party relating to an infringement of that third party's intellectual property rights or other property rights arising out of participation by the Registered DFS Participant in NESO's procurement processes in breach of any user licence or terms of use referred to in paragraph 21.3 of which it is aware.
- 21.5 NESO shall procure such third-party intellectual property authorisations as may be necessary to enable the Registered DFS Participant to participate in NESO's processes for procurement of the Demand Flexibility Service.
- 21.6 NESO shall indemnify and keep indemnified the Registered DFS Participant from and against any claims from a third party if and to the extent that the Registered DFS Participant's participation in NESO's processes for procurement of the Demand Flexibility Service infringes a third party's intellectual property rights or other property rights.
- 21.7 In respect of the indemnities given in paragraphs 21.4 and 21.6 the indemnified party shall:-
  - 21.7.1 notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 21, "IPR Claim");
  - 21.7.2 give the indemnifying party control of the IPR Claim;
  - 21.7.3 make no admissions in respect of an **IPR Claim** without prior written consent of the indemnifying party; and
  - 21.7.4 provide such support in respect of the IPR Claim as the indemnifying party may reasonably require at the cost of the indemnifying party.
- 22. Costs
- 22.1 For the avoidance of doubt, each Registered DFS Participant shall remain responsible for all costs and expenses incurred by it in connection with these DFS Procurement Rules including all costs of registration, pre-qualification and allocation of assets, compilation and updating of its Unit Meter Point Schedule and preparing and submitting DFS Bids and Weekly Indicative Forecasts Submissions.
- 23. Notices
- 23.1 Save to the extent the manner of communication between NESO and Registered DFS Participants is stipulated in the Registration and Pre-Qualification Procedure,

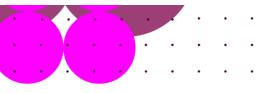
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paragraph 16 of the **Flexibility Services Standard Agreement** shall apply as if set out in full herein to any notice required to be submitted under these **DFS Procurement Rules** by either **NESO** or the **Registered DFS Participant** to the other.

- For the purposes of paragraph 23.1, the relevant contact details and addresses of each Party shall be those notified from time to time by that Party to the other pursuant to the Registration and Pre-Qualification Procedure.
- 24. Dispute Resolution
- 24.1 The provisions of paragraph 17 of the Flexibility Services Standard Agreement shall apply in relation to any dispute or difference of whatever nature however arising under, out of, or in connection with these DFS Procurement Rules as if set out in full herein, save that:-
  - 24.1.1 no Party shall have any right to refer any dispute to an Expert for determination except where the dispute is stated in these DFS Procurement Rules to be referable to an Expert for determination or otherwise agreed in writing by the Parties to be so referable;
  - 24.1.2 nothing in this paragraph 24 shall prevent the Parties from agreeing to resolve any dispute or difference through the courts in which case paragraph 25.1 shall apply; and
  - 24.1.3 where any dispute is referred to arbitration, the prevailing rules of the London Court of International Arbitration shall apply unless otherwise agreed in writing by the Parties (and paragraph 17.6 of the Flexibility Services Standard Agreement shall be read and construed accordingly).
- 25. Governing Law and Jurisdiction
- 25.1 Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these **DFS Procurement Rules** or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.
- 25.2 Subject always to paragraph 24.1, **NESO** and each **Registered DFS Participant** submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with these **DFS Procurement Rules** or their enforceability and waives any objection to proceedings being brought in such courts or on the grounds that proceedings have been brought in an inconvenient forum.



"CM Delivery Period"

"Code of Practice 11"

"CMU"



## Schedule 1 - Defined Terms

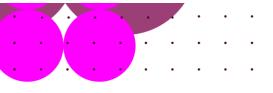
Schedule 1	<ul> <li>Defined Terms</li> </ul>	
"Active Network Management (or ANM) Scheme"	a scheme operated by a <b>Public Distribution System Operator</b> which is designed to continually monitor in real time constraints on an area of the network for the purpose of allocation of available capacity;	
<b>**Anticipated DFS Requirement Notice**</b>	as defined in paragraph 10.1;	Deleted Cells
"Asset Meter"	as defined in the <b>BSC</b> (but so that the reference therein to paragraph 3.1.5 of Code of Practice 11 shall be to paragraph 3.16);	Deleted Cells
<u>"Auto Opt-in"</u>	in relation to any Unit Meter Point designated as	Inserted Cells
	such, that it is Participating for all Contracted Settlement Periods unless the owner and/or	Inserted Cells
"Balancing Services Glossary of General	occupier of the relevant Premises notifies the Registered DFS Participant that it does not wish to be Participating and, in the case of a Related Sub-Meter, that the owner(s) and/or occupier(s) of all such Premises associated with each one of such Related Sub-Meter(s) so notify, and for such purpose such notification from the owner and/or occupier shall be either an indication of non-participation in response to a communication from the Registered DFS Participant (where Manually Initiated) or rejection of the direct communication to the Unit Meter Point (where Directly Instructed);	
Terms and Rules of Interpretation"	on behalf of <b>NESO</b> from time to time;	
<u>"Bank Holiday"</u>	a national public holiday in the United Kingdom;	Inserted Cells
"Base Rate"	in respect of any <b>Day</b> , the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding <b>Business Day</b> ;	Inserted Cells
"Boundary Meter"	a Meter comprised in a Boundary Point Metering System;	
"Boundary Point Metering System"	as defined in the BSC;	
"Capacity Agreement"	as defined in the Capacity Market Rules;	
"Clean Energy Regulation"	the English version of Commission Regulation (EU) 2019/943 of 5 June 2019 as converted into <b>Retained EU Law</b> ;	

the "Delivery Period" as defined in the Capacity

the latest version from time to time of the 'Code of Practice (CoP) 11 for the Metering of Balancing Services Assets for Settlement Purposes' published pursuant to the BSC;

as defined in the Capacity Market Rules;

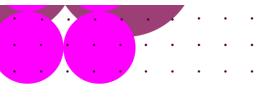
Market Rules;





"Communication Principles"	the principles relating to the marketing and branding of customer facing products and associated processes related to DFS Initiation Measures and other aspects of the DFS Procurement Documentation, published by or on behalf of NESO for the purposes of these DFS Procurement Rules on or before the start of the DFS Procurement Period and as may be modified by NESO from time to time;
"Consumer Type"	either (1) Domestic or (2) Industrial & Commercial or (3) Generation Asset being solar, (4) Generation Asset being wind, or (5) other Generation Asset, all as more particularly described in the Registration and Pre-Qualification Procedure;
"Contracted Settlement Period"	a Settlement Period comprising all or a part of a DFS Service Window defined by the relevant DFS BidSubmission the subject of a DFS Acceptance;
"Curtailable"	the capability of a <b>DFS</b> BidSubmission to be partially accepted;
"Day"	a calendar day;
"Demand Flexibility Service" or "DFS"	a Balancing Service designed to allow NESO to access downward flexibilityboth Downwards Flexibility and Upwards Flexibility from assets that would not otherwise be accessible in real time (including through the Balancing Mechanism);
"Demand Reduction Volume Turn Down"	in respect of any DFS Unit, the volume of aggregate demand reduction from the constituent Unit Meter Points offered by the Registered DFS Participant as specified in its DFS Bida decrease in import of Active Power (expressed in MW) from a Unit Meter Point;
"Demand Turn Up"	an increase in import of Active Power (expressed in MW) from a Unit Meter Point;
"Deregistered"	in relation to (1) any Registered DFS Participant, means the cessation of that Registered DFS Participant's eligibility to submit DFS BidsSubmissions and (2) any Registered Service Provider, means the cessation of that Registered Service Provider's eligibility to provide Balancing Services to NESO via the Single Market Platform;
"DFS Acceptance"	as defined in paragraph 14.1;
"DFS Assessment Platform"	the tools and/or processes (including any contingency procedures) used by NESO from time to time for purposes connected with the procurement of DFS as more particularly described in these DFS Procurement Rules as notified by NESO to Registered DFS Participants;

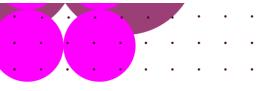
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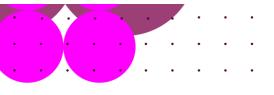
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<u>"DFS Bid"</u>	in respect of a DFS Unit, a bid submitted by a Registered DFS Participant in accordance with these DFS Procurement Rules for the delivery upon and subject to the DFS Service Terms of the Demand Flexibility Service during a single Settlement Period comprising all or part of a DFS Service Window;
"DFS Bid Submission Time"	with respect to any Service Requirement, sixty (60) minutes after issue of that Service Requirement, or such other time as NESO may specify in that Service Requirement;
"DFS Delivered Volume"	in respect of any DFS Unit and Contracted Settlement Period, and for all constituent Unit Meter Points which are Participating, the aggregate of:-  (1) subject to (2) below, any demandDemand or Generation reduction (in MWh) or (as the case may be) any demandDemand or Generation increase (in MWh) delivered from each such Unit Meter Point whether Opt-In or Opt-OutAuto Opt-in or Manual Opt-in; and  (2) where any such Unit Meter Point is a Sub-Meter which is a Related Sub-Meter to one or more other Sub-Meters, and whether Opt-In or Opt-Out, any demandAuto Opt-in or Manual Opt-in, any Demand or Generation reduction (in MWh) or (as the case may be) demandDemand or Generation increase (in MWh) delivered from all such Related Sub-Meters (regardless of whether any of such other Related Sub-Meters are Non-
	Participating), in each case delivered against the DFS Operational Baseline and derived from Half-Hourly Metering, and excluding any energy volumes associated with Unit Meter Points which at the relevant time are (or are deemed to be) Primacy Excluded;
"DFS Initiation Measures"	means such actions and processes as shall be implemented by the Registered DFS Participant, with respect to Unit Meter Points which are Participating, following submission by NESO of a DFS Acceptance so as to deliver Demand Reductiona Service Volume, as more particularly described by the Registered DFS Participant pursuant to the Registration and Pre-Qualification Procedure, and which may be Manually Initiated or Directly Instructable or a combination of both;

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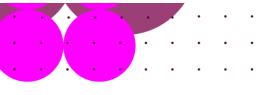


"DFS Operational Baseline"	in respect of any <b>DFS Unit</b> , means the assumed aggregate demandDemand or Generation profile of the constituent <b>Unit Meter Points</b> designated to that <b>DFS Unit</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> expressed in MWh over the relevant <b>Contracted Settlement Period</b> and as more particularly described in Schedule <b>3</b> Schedule 3;
"DFS Procurement Documentation"	as described in paragraph 1.2;
"DFS Procurement Period"	thea period ever which NESO intends to procure the Demand Flexibility Service of eight (8) hours (or any extended period as may be permitted by the Authority from time to time) commencing from the DFS Submission Time;
"DFS Procurement Rules"	this document as published by <b>NESO</b> from time to time;
"DFS Results Time"	with respect to any <b>Service Requirement</b> , sixty (60) minutes after the <b>DFS Bid-Submission Time</b> , or such other time as <b>NESO</b> may specify in writing from time to time;
"DFS Service Terms"	the prevailing document titled "DFS Service Terms" published by or on behalf of NESO from time to time containing the terms and conditions governing the delivery and settlement of the Demand Flexibility Service;
"DFS Service Window"	a single Settlement Period or consecutive Settlement Periods the subject of a Service Requirement;





'DFS Settlement Volume"	in respect of any <b>DFS Unit</b> and <b>Contracted Settlement Period</b> , and for all constituent <b>Unit Meter Points</b> which are <b>Participating</b> , the aggregate of:-	
	(1) subject to (3) below, any demandin the case of Downwards Flexibility, any Demand reduction or Generation increase (in MWh), or in the case of Upwards Flexibility, any Demand increase or Generation reduction (in MWh) delivered from each such Unit Meter Point which is Opt-InManual Optin;  (2) subject to (3) below, any demandDemand	
	or Generation reduction (in MWh) or (as the case may be) any demandor increase (in MWh) delivered from each such Unit Meter Point which is Opt-OutAuto Optin; and  (3) where any such Unit Meter Point is a Sub-	
	Meter which is a Related Sub-Meter to one or more other Sub-Meters, and whether Opt-In or Opt-Out, any demandAuto Opt-in or Manual Opt-in, any Demand or Generation reduction (in MWh) or (as the case may be) demandDemand or Generation increase (in MWh) delivered from all such Related Sub-Meters (regardless of whether any of such other Related Sub-Meters are Non-Participating),	
	in each case delivered against the DFS Operational Baseline and derived from Half-Hourly Metering, and excluding any energy volumes associated with Unit Meter Points which are at the relevant time are (or are deemed to be) Primacy Excluded;	
'DFS Stacking List"	the list of products and services which <b>NESO</b> considers to be capable of being stacked with the <b>Demand Flexibility Service</b> referred to in the document which is described as such and published by or on behalf of <b>NESO</b> for the purposes of these <b>DFS Procurement Rules on or before the start of the DFS Procurement Period</b> and as may be modified by <b>NESO</b> from time to time;	
'DFS Submission"	in respect of a DFS Unit, a submission submitted	Inserted Cells
	by a Registered DFS Participant in accordance with these DFS Procurement Rules for the delivery upon and subject to the DFS Service Terms of the Demand Flexibility Service during a single Settlement Period comprising all or part of a DFS Service Window;	Inserted Cells
'DFS Submission Time"	the deadline for DFS Submissions specified by NESO as set out in the Service Requirement;	





"DFS Test"	a <b>Service Requirement</b> issued in the circumstances described in paragraph 40.610.4;	
"DFS Unit"	a collection of Unit Meter Points within the same DFS Zone registered as such by a Registered DFS Participant at the relevant time in accordance with the Registration and Pre-Qualification Procedure;	
"DFS Utilisation Report"	the report (which may comprise more than one document, published separately) published by <b>NESO</b> pursuant to paragraph 16;	
"DFS Zone"	the geographical areas within Great Britain as	Inserted Cells
	delineated and identified in the document which is described as such and published by or on behalf of NESO for the purposes of these DFS Procurement Rules and as may be modified by NESO from time to time by notice in writing to Registered DFS Participants;	Inserted Cells
"Directly Instructable" or "Directly Instructed"	the facility made available to a Registered DFS Participant by the owner and/or occupier of a Unit Meter Point during the DFS Procurement Period for the Registered DFS Participant to initiate delivery of DFS from a Unit Meter Point by communicating directly with the Unit Meter Point (which may be by an appropriate signal to the onsite Metering Equipment);	
"DNO Flexibility Service"	any of the services procured from time to time by	Inserted Cells
"DNO Flexibility Service"	any of the services procured from time to time by any one or more Public Distribution System Operators by way of direction of power flows across its or their Distribution System(s) excluding for these purposes an Active Network Management Scheme and any DNO Operational Security Requirement;	Inserted Cells Inserted Cells
"DNO Flexibility Service"  "DNO Operational Security Requirement"	any one or more Public Distribution System Operators by way of direction of power flows across its or their Distribution System(s) excluding for these purposes an Active Network Management Scheme and any DNO Operational	
	any one or more Public Distribution System  Operators by way of direction of power flows across its or their Distribution System(s) excluding for these purposes an Active Network Management Scheme and any DNO Operational Security Requirement:  a network requirement determined by a Public Distribution System Operators and notified to NESO which requires a Unit Meter Point to be excluded from participation in the Demand	
"DNO Operational Security Requirement"	any one or more Public Distribution System Operators by way of direction of power flows across its or their Distribution System(s) excluding for these purposes an Active Network Management Scheme and any DNO Operational Security Requirement; a network requirement determined by a Public Distribution System Operators and notified to NESO which requires a Unit Meter Point to be excluded from participation in the Demand Flexibility Service; for the purposes of these DFS Procurement Rules, and in relation to a Unit Meter Point, that it records imports to or exports from Premises at which a supply of electricity is taken wholly or	
"DNO Operational Security Requirement"  "Domestic"	any one or more Public Distribution System Operators by way of direction of power flows across its or their Distribution System(s) excluding for these purposes an Active Network Management Scheme and any DNO Operational Security Requirement; a network requirement determined by a Public Distribution System Operators and notified to NESO which requires a Unit Meter Point to be excluded from participation in the Demand Flexibility Service; for the purposes of these DFS Procurement Rules, and in relation to a Unit Meter Point, that it records imports to or exports from Premises at which a supply of electricity is taken wholly or mainly for a domestic purpose;	Inserted Cells



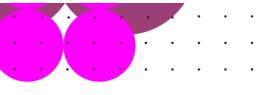


"Eligible DNO Flexibility Service Event Day"	any of the services procured from time to time by any one or more Public Distribution System Operators by way of direction of power flows across its or their Distribution System(s) which at the relevant time are included on the DFS Stacking List, but which shall exclude for these purposes an Active Network Management Schemeas defined in Schedule 3;
"Event DaylD"	as defined in Schedule 3means a unique identifier assigned by NESO to each Service Requirement;
"Export Meter"	a Meter which records exports from the relevant Premises;
"Grid Supply PointGeneration Asset"	as defined in the Grid Codemeans any Generating Unit of any technology type;
"Generation Turn Down"	a curtailment in output of Active Power (expressed in MW) from a Unit Meter Point;
"Generation Turn Up"	an increase in output of Active Power (expressed in MW) from a Unit Meter Point;
"Grid Supply Point Group" or "GSP GroupGood Industry Practice"	the meaning given to "GSP Group" in the BSCin relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
"Guaranteed Acceptance Price"	the price (£/MWh) published by <b>NESO</b> from time to time with respect to <b>DFS Tests</b> ;
"Half-Hourly Metering"	Metered Data provided from a Meter at half-hourly resolution (or smaller) for settlement purposes, and "Half-Hourly Metered" and "Half-Hourly Metered Data" shall be construed accordingly;
"Half-Hourly Settled"	a <b>Meter</b> whose <b>Half-Hourly Metering</b> is used directly to calculate the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b> ;
"Import Meter"	a <b>Meter</b> which records imports from the relevant <b>Premises</b> ;
"Industrial & Commercial"	for the purposes of these <b>DFS Procurement Rules</b> , and in relation to a <b>Unit Meter Point</b> , that it records imports to or exports from <b>Premises</b> at which a supply of electricity is not taken wholly or mainly for a domestic purpose;
"Industry information Website"	the web page listed under the <b>NESO</b> website for the publication of information for the use of <b>Registered DFS Participants</b> and other interested parties;
"IPR Claim"	as defined in paragraph 21;



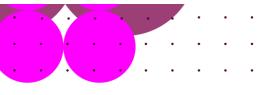


"Manual Opt-In"	in relation to any <b>Unit Meter Point</b> designated as	
	such, that it is Non-Participating for all Contracted Settlement Periods unless the owner and/or occupier of the relevant Premises notifies the Registered DFS Participant that it wishes to be Participating and, in the case of a Related Sub-Meter, that the owner(s) and/or occupier(s) of all such Premises associated with each one of such Related Sub-Meter(s) so notify, and for such purpose such notification from the owner and/or occupier shall be either an indication of participation in response to a communication from the Registered DFS Participant (where Manually Initiated) or confirmation and/or validation of the direct communication to the Unit Meter Point (where Directly Instructed);	
"Manually Initiated"	the initiation of delivery of <b>DFS</b> from a <b>Unit Meter Point</b> by an action on the part of the owner and/or occupier of the <b>Premises</b> associated with that <b>Unit Meter Point</b> in response to a communication from the <b>Registered DFS Participant</b> ;	
"Market Information Report"	the prevailing report described in paragraph 77;	
"Maximum BidSubmission Size"	100MW;	
"Meter"	means a device for measuring Active EnergyPower, being either an Import Meter or an Export Meter;	
"Metered Data"	consumption data recorded by a <b>Meter</b> ;	
"Metered Volume"	as defined in Schedule 3;	
"Metering Equipment"	as defined in the BSC;	
"Minimum BidSubmission Size"	<del>1MW</del> 0.1MW;	
"Monthly Statement"	as defined in Schedule 2 of the <b>DFS Service Terms</b> ;	
"MPAN" or "Meter Point Administration Number"	the unique reference number used to identify a <b>Boundary Meter</b> ;	
"NESO Data Portal" and/or "NESO Data Analytics Platform"	the online portal/platform hosted by <b>NESO</b> which is used to publish data related to its procurement of certain <b>Balancing Services</b> ;	
"Non-Half-Hourly Settled"	a <b>Meter</b> whose <b>Metered Data</b> is subject to application of a load profile before being applied towards the calculation of the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b> ;	
"Non-Participating"	means in respect of any Unit Meter Point allocated to a DFS Unit for a Contracted Settlement Period, that it is not Participating;	





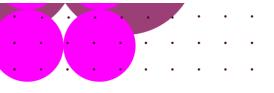
<u>"Opt-in"</u>	in relation to any Unit Meter Point designated as	Deleted Cells
	such, that it is Non-Participating for all Contracted Settlement Periods unless the owner	Deleted Cells
	and/or occupier of the relevant <b>Premises</b> notifies	
	the Registered DFS Participant that it wishes to	
	be Participating and, in the case of a Related	
	Sub-Meter, that the owner(s) and/or occupier(s) of	
	all such Premises associated with each one of	
	such Related Sub-Meter(s) so notify, and for such	
	purpose such notification from the owner and/or occupier shall be either an indication of	
	participation in response to a communication from	
	the Registered DFS Participant (where Manually	
	Initiated) or confirmation and/or validation of the	
	direct communication to the Unit Meter Point	
	(where Directly Instructed);	
"Opt-out"	in relation to any Unit Meter Point designated as	
	such, that it is Participating for all Contracted	
	Settlement Periods unless the owner and/or	
	occupier of the relevant Premises notifies the Registered DFS Participant that it does not wish	
	to be Participating and, in the case of a Related	
	Sub-Meter, that the owner(s) and/or occupier(s) of	
	all such Premises associated with each one of	
	such Related Sub-Meter(s) so notify, and for such	
	purpose such notification from the owner and/or	
	occupier shall be either an indication of non- participation in response to a communication from	
	the Registered DFS Participant (where Manually	
	Initiated) or rejection of the direct communication	
	to the Unit Meter Point (where Directly	
	Instructed);	
"Participating"	in respect of any Unit Meter Point allocated to a	
_	DFS Unit and for a Contracted Settlement	
	Period, and by reference to:-	
	(1) whether that Unit Meter Point is	
	designated as Auto Opt-in or Opt-	
	outManual Opt-in; and	
	(2) the nature of any notification from the relevant owner(s) and/or occupier(s) of the	
	relevant <b>Premises</b> upon being <b>Manually</b>	
	initiated or Directly Instructed (as the	
	case may be),	
	that such owner(s) and/or occupier(s) intend for	
	such <b>Premises</b> to respond to the relevant <b>Service</b>	
	Requirement;	
"Performance Data"	as defined in paragraph 6.1 of the DFS Service	
	Terms;	
<u>"Power Station"</u>	as defined in the CUSC;	Inserted Cells
"Premises"	any land, building or structure to which a supply of electricity is made;	Inserted Cells
	oloomony is made,	





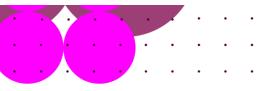
"Pre-Participation Waiting Period"	in relation to a <b>Unit Meter Point</b> , the period
, FIE-Faiticipation Waiting Period	commencing at the time of issue of the Validation Report and ending, where the Unit Meter Point is first submitted for validation prior to 09.00 hours on a Day, on expiry of the next following Business Day otherwise on expiry of the Business Day which next follows;
"Primacy Excluded"	in relation to a <b>Unit Meter Point</b> that has been so indicated by <b>NESO</b> in a <b>Primacy Exclusion Report</b> , that it shall be excluded from participation in the <b>Demand Flexibility Service</b> by reason of operation of paragraph 8:
"Primacy Exclusion Report"	as defined in paragraph 8.6;
"Profile Class"	the basic types of load profile used for electricity settlement of <b>Premises</b> ;
"Registered Unit Capacity"	in relation to any <b>DFS Unit</b> , the maximum <b>Demand ReductionService Volume</b> capable of being delivered as <b>Demand Flexibility</b> as validated by <b>NESO</b> ;
"Registered DFS Participant"	a Registered Service Provider who has registered with NESO pursuant to the Registration and Pre-Qualification Procedure as eligible to participate in the procurement of the Demand Flexibility Service, which shall include acceding to the DFS Procurement Documentation;
"Registered Service Provider"	an entity who has submitted the relevant
	Registration Documents and to whom NESO has confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;
"Registration and Pre-Qualification Procedure"	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-
	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;  the procedure and processes described in
Procedure"	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;  the procedure and processes described in Schedule 2;  such documents and/or processes as NESO may stipulate from time to time pursuant to the Registration and Pre-Qualification Procedure, including without limitation Forms A, B and C;  as defined in paragraph 4.5.1;
Procedure"  "Registration Documents"  "Related Sub-Meters"  "Relevant Supplier"	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;  the procedure and processes described in Schedule 2;  such documents and/or processes as NESO may stipulate from time to time pursuant to the Registration and Pre-Qualification Procedure, including without limitation Forms A, B and C;
Procedure"  "Registration Documents"  "Related Sub-Meters"	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;  the procedure and processes described in Schedule 2;  such documents and/or processes as NESO may stipulate from time to time pursuant to the Registration and Pre-Qualification Procedure, including without limitation Forms A, B and C;  as defined in paragraph 4.5.1;  with respect to any Unit Meter Point and the Premises at which it is located, the holder of a Licence to supply electricity who is registered at
Procedure"  "Registration Documents"  "Related Sub-Meters"  "Relevant Supplier"	confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure;  the procedure and processes described in Schedule 2;  such documents and/or processes as NESO may stipulate from time to time pursuant to the Registration and Pre-Qualification Procedure, including without limitation Forms A, B and C;  as defined in paragraph 4.5.1;  with respect to any Unit Meter Point and the Premises at which it is located, the holder of a Licence to supply electricity who is registered at the relevant time to that Unit Meter Point;  as defined by section 6(7) of the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement Act)

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"Service Volume"	in respect of any DFS Unit, the aggregate energy	Inserted Cells	
	volume from the constituent Unit Meter Points	Inserted Cells	
	offered by the Registered DFS Participant as		
	specified in its DFS Submission, being either		
	Generation Turn-Up and/or Demand Turn-Down		
	(for Downwards Flexibility) or Generation Turn- Down and/or Demand Turn-Up (for Upwards		
	Flexibility), as the case may be;		
	riexibility), as the case may be,		
"Settlement Data"	as defined in paragraph 8.2 of the DFS Service		
	Terms;		
"Single Market Platform"	the online platform hosted by NESO comprising		
<b>g</b>	(inter alia) the Registration and Pre-Qualification		
	<b>Procedure</b> and which facilitates the registration of		
	Registered DFS Participants and DFS Units;		
"Sub-Meter"	a Meter which is either an Asset Meter or a Meter		
Oub-Meter	which meets the eligibility requirements in the BSC		
	to be an <b>Asset Meter</b> and which is associated with		
	a Boundary Meter which is Half Hourly Metered;		
"O !' B BM !! '!'	•		
"Supplier Base BM Unit"	a <b>BM Unit</b> registered to a licensed supplier pursuant to paragraph 3.3.1 of Section K of the		
	BSC:		
	- ,		
"Unit Meter Point"	either a Boundary Meter or a Sub-Meter in either		
	case measuring consumption/demand or export of		
	or from relevant Premises or other Plant or		
	Apparatus, as validated by NESO pursuant to		
	these DFS Procurement Rules;		
"Unit Meter Point Schedule"	the initial or any updated schedule of Unit Meter		
	Points validated by NESO pursuant to paragraphs		
	4 or 9 as the case may be;		
"Upwards Flexibility"	Generation Turn Down or Demand Turn Up:	Inserted Cells	
"Utilisation Payments"	as defined in paragraph 7.1 of the DFS Service	Inserted Cells	
Cambadon i aymonto	Terms;		
"Utilisation Price"	the price described as such in paragraph		
Canada i i iio	11.5.411.5.6 and specified in the relevant <b>DFS</b>		
	BidSubmission:		
WALLEY IN THE TOTAL OF THE TOTA	· · · · · · · · · · · · · · · · · · ·		
"Weekly Indicative ForecastValidation	as defined in paragraph 8.1.4.8;		
Report"			
<u>"Zonal Cap"</u>	for any DFS Zone, the maximum aggregate	Inserted Cells	
	amount (MW) of DFS which can be delivered from	Inserted Cells	
	DFS Units allocated to that DFS Zone specified by		
	NESO at its sole discretion in its Service		
	Requirement pursuant to paragraph 10.3.4.		





## Schedule 2 - Registration and Pre-Qualification Procedure

## Summary

For an entity to register as a **Registered DFS Participant**, it must first become a **Registered Service Provider** by submitting its corporate details onto **NESO** systems and (if accepted) receiving a user ID.

Once registration is complete, a **Registered Service Provider** may then register with **NESO** one or more **DFS Units**, with a **Registered Unit Capacity**, and in respect of which it may participate in **NESO**'s procurement of the **Demand Flexibility Service**.

To become a Registered DFS Participant, a Registered Service Provider must however accede to the DFS Procurement Documentation and DFS Service Terms.

#### **Process**

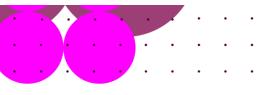
Outlined below are the process for registration. Further detail will be provided from time to time by **NESO** on the **Single Market Platform**. Whilst it is important that participants allow sufficient time to register and prepare for participation, **NESO** will endeavour to allow participants some flexibility in relation to delivery where practicable.

- Step 1 entity requests registration as a Registered Service Provider (and associated user IDs)
- Step 2 NESO validates registration and issues user IDs (entity is now a Registered Service Provider)
- Step 3 Registered Service Provider submits one or more DFS Units for registration
- Step 4 Registered Service Provider applies for registration as a Registered DFS Participant including by acceding to DFS Procurement Documentation
- Step 5 NESO confirms registration of entity as Registered DFS Participant and approval of registration of DFS Units (entity is now a Registered DFS Participant)
- Step 6 Registered DFS Participant submits its initial Unit Meter Point Schedule for validation
- Step 7 NESO validates initial Unit Meter Point Schedule

Except where the contingency procedure applies (which is summarised below) Steps 1 to 5 are to be completed via the **Single Market Platform**, and the entity must ensure that all information submitted on the **Single Market Platform** is fully complete and correct.

In the event that the **Single Market Platform** is unable to be utilised to complete any or all of the above steps, **NESO** may (at its discretion) implement a contingency procedure and notify this to participants in writing providing as much advance notice as is reasonably practicable in the circumstances. The contingency procedure may include completion of Steps 1 to 5 using Forms A, B and C, copies of which will be made available as required on the **Industry Information Website**, and registration of **DFS Units** under Step 3 by email submission of the 'DFS Provider Data Template' available on request from **NESO**. The notification from **NESO** informing participants that the contingency procedure has been implemented shall confirm the manner and timescales in which such documentation is to be submitted to **NESO**.

References below to the **Single Market Platform** are to be construed as including the contingency procedure where applicable, unless the context otherwise requires.





## Registration as Registered Service Provider

Each participant is required to submit its corporate details.

In addition, where it has not already done so, each participant must ensure that it has completed the necessary vendor setup forms that are outlined on **NESO**'s Settlement webpage to be set up as a vendor on **NESO**'s systems. These should be submitted as soon as possible so that **NESO** can make payments in a timely manner in accordance with the **DFS Service Terms**.

# Registration of DFS Units

Registered Service Providers are able to create DFS Units via the Single Market Platform.

Each **DFS Unit** shall have a **Registered Unit Capacity** which shall not be less than 4 <u>MWMInimum Submission Size</u> and not more than 400 MWthe <u>Maximum Submission Size</u> (unless otherwise specified by **NESO**).

The registration of a **DFS Unit** will not be approved by **NESO** until **NESO** has approved the registration of the **Registered Service Provider** as a **Registered DFS Participant**.

Once approved, a **DFS Unit** may have validated **Unit Meter Points** allocated to it as described below.

Further restrictions on DFS Units are set out in paragraph 4 of these DFS Procurement Rules.

## Validation of Unit Meter Points

Registered DFS Participants shall submit Unit Meter Points for validation by NESO via submission of an initial or updated Unit Meter Point Schedule using such process as NESO shall specify from time to time.

A **Unit Meter Point** may not be submitted for validation more than once at any time (either by the same or different **Registered DFS Participants**, and any duplications will be removed and the **Unit Meter Point** in question must be re-submitted for validation.

A Unit Meter Point which is a Boundary Meter may not be included on a Unit Meter Point Schedule where one or more associated Sub-Meters are also included, and similarly no Unit Meter Points which are Sub-Meters may be included in a Unit Meter Point Schedule where the associated Boundary Meter is also included.

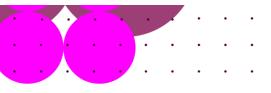
When resolving the above,  $\bf NESO$  will take into account the  $\bf Unit\ Meter\ Point$  with the latest timestamp.

Each Unit Meter Point associated with a Consumer Type must be identified as being (1) either Domestic or Industrial & Commercial and (2)) either Opt-In or Opt-Out either Auto Opt-in or Manual Opt-in, and in addition Registered DFS Participants are required to provide a description of the DFS Initiation Measures associated with each Unit Meter Point and such other information as may be required by these DFS Procurement Rules.

Each Unit Meter Point associated with a Generation Asset must be identified by its technology type.

With respect to each **Unit Meter Point** submitted by **Registered DFS Participants** for validation, the **Unit Meter Point Schedule** shall indicate to which registered **DFS Unit** it is allocated. <u>Each DFS Unit must contain Unit Meter Point(s)</u> within the same <u>DFS Zone</u>.

Where the Registered DFS Participant is aware that a Unit Meter Point is covered by an Active Network Management Scheme, the Registered DFS Participant shall so notify NESO. NESO will consider on a case by case basis whether a Unit Meter Point which is notified by the Registered DFS Participant (or otherwise coming to NESO's attention) as covered by an Active Network Management Scheme is suitable for inclusion on a Unit Meter Point Schedule for participation in the Demand Floxibility Service. NESO may (at its sole discretion)





decide to validate the **Unit Meter Point** for participation if there is reasonable evidence to demonstrate that the asset has very lower levels of utilisation under the **Active Network Management Scheme** during periods when **DFS** is typically required (for example as shown by Curtailment Assessment Reports from DNOs). **NESO** shall continue to keep this under review and any changes to this position shall be consulted accordingly.

The validation of **Unit Meter Points** will not be confirmed by **NESO** until **NESO** has approved the registration of the **Registered Service Provider** as a **Registered DFS Participant**.

# Registration as Registered DFS Participant

To be registered as a **Registered DFS Participant** for eligibility to submit **DFS BidsSubmissions**, a participant must accede to the **DFS Procurement Documentation** via the **Single Market Platform**.

Each Registered DFS Participant must have the ability to implement the relevant DFS Initiation Measures for all Unit Meter Points allocated to its DFS Units, and for each DFS Unit for which it submits DFS BidsSubmissions it must have access to relevant data with respect to each of those Unit Meter Points as more particularly described in paragraph 13 of these DFS Procurement Rules

# Changes to registration status

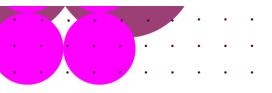
If Registered DFS Participants wish to change the registration status of a DFS Unit, including increasing its Registered Unit Capacity, this must be done as described above (on the Single Market Platform or using any contingency arrangements where applicable). It is the responsibility of Registered DFS Participants to ensure that the Registered Unit Capacity remains accurate and up to date. NESO reserve the right to seek assurance of timely compliance from Registered DFS Participants with Pre-Qualification Procedure.

All queries and communications shall be made via a **Registered DFS Participant**'s account manager or commercial.operation@nationalgrideso.comcommercial.operation@neso.energy.

## Participants in DFS Winter 23/24

With respect to the DFS Procurement Period:-

- 4. any Registered Service Provider which was registered as a Registered DFS Participant as at March 2024 does not need to re-register for eligibility to submit DFS Ride:
- where any such Registered DFS Participant had created DFS Units as at March 2024, those DFS Units (as updated to meet the requirements of these DFS Procurement Rules including the allocation to each of Unit Meter Points) shall remain valid for submission of DFS Bids; and
- any Unit Meter Points which were validated by NESO for delivery of DFS as at March 2024 will need to be resubmitted to NESO on an updated Unit Meter Point Schedule for validation for delivery of DFS during the DFS Procurement Period.





## Schedule 3 – DFS Operational Baselines

#### Part 1 - Defined Terms and assumptions

In this Schedule 3:

- "Baseline Value" shall have the meaning given in this Schedule 3;
- "Eligible Day" shall have the meaning given in this Schedule 3;
- "Energy Contract Volume Notification" shall be as defined in the BSC;
- "Event Day" shall have the meaning given in this Schedule 3;
- "In Day Reference Window" shall have the meaning given in this Schedule 3;
- "Metered Volume" shall mean the energy volume as metered by the HH Unit Meter Point;
- "Metering System" shall mean all the components making up the Unit Meter Point;
- "Non-Working day" shall mean a Settlement Day that is not a Working Day;
- "Settlement Day" shall mean the period from 00:00 hours to 24:00 hours on each day;
- "Unadjusted Baseline Value" shall have the meaning given in this Schedule 3;
- "Working Day" shall mean a day (other than a Saturday or a Sunday) on which banks are open in London for general interbank business in Sterling;

Where a term is defined in this Schedule 3 and also in the **Balancing Services Glossary of General Terms and Rules of Interpretation**, the former shall apply.

The following assumptions are to be applied regarding import and export conventions:-

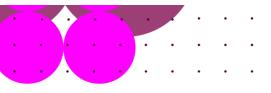
- (a) export MPAN: Metered > 0 when exporting to the grid. Baseline > 0 when exporting to the grid
- (b) import MPAN: Metered > 0 when importing from the grid. Baseline > 0 when importing from the grid.

## Part 2 - Baselining methods

Baselining is required to calculate the actual demand reduction delivered at **DFS Unit** level. One Two baseline methods will be employed in the **Demand Flexibility Service:** 

- TheAs further described in Part 3 below, the methodology outlined in BSC P376 'Utilising a Baselining Methodology to set Physical Notifications' (methodology id: BL01), which has been previously approved by the Authority in another context, will be applied to all DFS Units (except where paragraph 2 below applies) but without the final in day adjustment (as described in the P376 Baselining Methodology)—: and
- Unless otherwise agreed by NESO at its sole discretion, the solar/wind methodology described in Part 4 below shall be used for any Unit Meter Point associated with a Generation Asset being wind and/or solar.

. . . . . . . . .





#### Part 3 - P376 Baselining Methodology

Table 1 below summarises the key features of the P376 Baselining Methodology:

Table 1 – Summary of P376 Baselining Methodologies						
Methodology Id	Data range	Selection criteria	Selected data	Working Day	Non- Working Day	
BL01	Sixty most recent Days	Is a like <b>Day</b> (e.g. Working/Non-Working Day)	Up to ten most recent Days for Working Days, four more recent days for Non- Working Days	Straight average over available data	Straight average of middle two <b>Days</b>	

#### **Baselining Methodology BL01**

The process by which Baselining Methodology BL01 calculates Baseline Values for a **Unit Meter Point** on a given **Settlement Day** D can be summarised as follows:

- Identify the required number of previous Settlement Days of the same type (Working Day or Non-Working Day) for which Metered data is available. If insufficient Settlement Days are available, the Baseline Value will default to the Metered data for the same Settlement Period (i.e. the Baseline will equal the out-turn Metered data), and the Metering System(s) in the Unit Meter Point will be reported to the Lead Party as having insufficient data.
- For each Settlement Period, calculate an Unadjusted Baseline Value (for the Unit Meter Point) by averaging the Metered data values of the corresponding Settlement Period in some or all of the previous Settlement Days identified in step 1.

#### BL01 Step 1 - Identify historical days with metered data

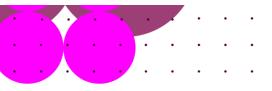
Step 1 of the BL01 process is to identify the historical Settlement Days (in the sixty-day window from day D–60 to day D–1) that will be used to calculate the **DFS Operational Baseline**. The process begins with identifying all "Eligible Days" for each relevant **Unit Meter Point** i.e. Settlement Days in the sixty-day window that:

- are of the same time type (Working Day or Non-Working Day) as day D;
- have Half-Hourly (HH) Metered data available for the Unit Meter Point
- are not Event Days; and
- are not 'clock change' days (i.e. the calendar days at the start and end of British Summer Time, currently the last Sunday of March and October).

An **Event Day** for these purposes is a Settlement Day containing a **Settlement Period** in respect of which:-

(a) NESO issued a DFS Acceptance and the relevant Unit Meter Point (1) has associated to it an owner or occupier which confirmed to the Registered DFS Participant as part of implementation of the DFS Initiation Measures that it accepted participation in delivery of DFS in that Settlement Period and (2) was not otherwise Non-Participating; or

. . . . . . . . .





- (b) the relevant Unit Meter Point delivered demand reduction or demand increase as an Eligible DNO Flexibility Service in response to an instruction issued by a Public Distribution System Operator not earlier than 48 hours prior to commencement of such delivery; or
- (c) the relevant Unit Meter Point, where comprising (wholly or partly, including by virtue of being a Sub-Meter associated with a Boundary Meter which is) a CMU which is the subject of a Capacity Agreement, delivered demand reduction or demand increase pursuant thereto; or
- (d) the relevant Unit Meter Point delivered demand reduction or demand increase as a new Balancing Service or other service pursuant to a trial undertaken by NESO as referred to paragraph 4.7.8 of these DFS Procurement Rules and in response to an instruction issued by NESO not earlier than 48 hours prior to commencement of such delivery.

Having identified the Eligible Days, those used to calculate the **DFS Operational Baseline** will be selected (four for a **Non-Working Day**, and up to ten for a **Working Day**), in accordance with Table 2 below:

Table 2 – Selection of Eligible Days for use in calculating the baseline				
Day Type	No. of Eligible Days identified in the 60-day window	Historical Settlement Days used to calculate the baseline		
Working Day	Ten or more Eligible Days	Ten most recent Eligible Days		
Working Day	Five to nine Eligible Days	All Eligible Days		
Working Day	Less than five Eligible Days	Baseline Values default to out-turn metered data for the Metering System(s) in the <b>Unit Meter Point</b> , and they will be reported to the <b>Lead Party</b> as having insufficient data.		
Non-Working Day	Four or more Eligible Days	Four most recent Eligible Days		
Non-Working Day	Less than four Eligible Days	Baseline Values will default to out-turn metered data for the Metering System(s) in the <b>Unit Meter Point</b> , and they will be reported to the <b>Lead Party</b> as having insufficient data.		

#### BL01 Step 2 - Calculate Unadjusted Baseline Value

Step 2 of the BL01 methodology is to calculate an Unadjusted Baseline Value (for each **Settlement Period** of the Settlement Day D), as follows:

- a) Identify the subset of historical Settlement Days (identified in step 1) that will be used to calculate the Unadjusted Baseline Value:
  - For a Working Day, all of the six to ten Eligible Days identified in step 1 will be used;
  - For a Non-Working Day, two of the four Eligible Days identified in step 1 will be used.
     The two selected will be the middle 2 of the four (ranking them in order of the total Unit Meter Point Metered Volume, summed over the Settlement Day)
- b) For each Settlement Period in Settlement Day D, calculate the Unadjusted Baseline Value as the arithmetic mean of the **Unit Meter Point HH** Metered Volume in the corresponding **Settlement Period** of each of the historical days identified in step (a).





#### **Treatment of Clock Change Days**

Where Settlement Day D is a clock change day, step (c) must take this into account when identifying the corresponding **Settlement Period** in each historical Settlement Day. When Settlement Day D is a 'long day', containing fifty **Settlement Periods**, the mapping is as follows:

- Settlement Periods 1-2 on Settlement Day D correspond to Settlement Periods 1-2 on the historical Settlement Day:
- Settlement Periods 3-4 on Settlement Day D also correspond to Settlement Periods 1-2 on the historical Settlement Day; and
- Settlement Periods 5-50 on Settlement Day D correspond to Settlement Periods 3-48 on the historical Settlement Day.

When Settlement Day D is a 'short day', containing forty-six **Settlement Periods**, the mapping is as follows:

- Settlement Periods 1-2 on Settlement Day D correspond to Settlement Periods 1-2 on the historical Settlement Day; and
- Settlement Periods 3-46 on Settlement Day D correspond to Settlement Periods 5-48 on the historical Settlement Day.

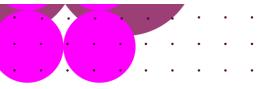
Note that these are the same rules used for Energy Contract Volume Notifications (in Section P of the BSC).

## **BL01 Step 3 - Calculate Baseline Values**

For each **Unit Meter Point** (and each **Settlement Period** within Settlement Day D), Baseline Value is the same as its Unadjusted Baseline Value.

## Part 4 - Solar/Wind Baselining Methodology

- For each relevant Unit Meter Point allocated to a DFS Unit, and for each Settlement Period in a Day (excluding any period during which it is or is deemed to be Primacy Excluded), the Registered DFS Participant shall submit a forecast of the Output from that Unit Meter Point.
- Each such forecast shall be submitted to NESO for any Day not sooner than commencement
  of the immediately preceding Day.
- Each such forecast shall be submitted via the DFS Assessment Platform and in such format
  as may be prescribed by NESO from time to time but in one single file as a consolidated
  statement showing the individual forecast for each relevant Unit Meter Point allocated to a DFS
  Unit ("the Consolidated MPAN Forecast").
- Once submitted, the Registered DFS Participant shall ensure that, as soon as reasonably practicable upon becoming aware of any changes to the forecasted Output of a Unit Meter Point, it updates its Consolidated MPAN Forecast by way of submission of an updated Consolidated MPAN Forecast, which shall be submitted in accordance with the foregoing provisions, and for the relevant Day that revised Consolidated MPAN Forecast shall replace all earlier versions.





- With respect to each and any Service Requirement, the Consolidated MPAN Forecast last received by NESO at the time of issue of that Service Requirement shall apply for the purpose of calculation and assessment of Service Volumes for the relevant DFS Unit, DFS Delivered Volumes and DFS Settlement Volumes.
- For the avoidance of doubt, the DFS Operational Baseline submitted by the Registered DFS Participant following a DFS Acceptance with respect to the relevant DFS Unit pursuant to the DFS Service Terms shall be derived from forecasted Output shown in the Consolidated MPAN Forecast last submitted at the time of the relevant Service Requirement, and in the event of any discrepancy NESO reserves the right to remove the volumes associated with the relevant Unit Meter Point(s) from its calculation of the settlement value pursuant to the DFS Service Terms.

