

Public

Dynamic Response Services November 2025 Consultation

Proposed changes to the Dynamic
Response Terms and Conditions

Public

Contents

EBR Article 18 Consultation	5
Introduction	5
Summary of changes	8
1. Grace period reform	9
2. Ongoing submission of operational baselines and operational data	11
3. BMU unavailability due to FPN flags	13
4. New penalty for incorrect use of disarming flag	14
5. Provisions of additional Performance Data for the two settlement periods before a contracted service period	15
6. Tiered Performance Regime	15
7. Ability to publish provider penalty data	19
8. Unit suspension	20
9. Pre-approved baseline methodology required for stacking with other NESO services	21
10. Amendments to Schedule 3	22
11. Housekeeping changes	22
Appendix 1: Mapping Document	23

Public

National Energy System Operator
Faraday House
Gallows Hill
Warwick
CV34 6DA

Jonathan Wisdom
jon.wisdom@neso.energy
www.neso.energy

20 November 2025

Dynamic Response Terms and Conditions

Dear Industry and Colleagues,

In accordance with Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into assimilated EU law and amended (EBR), National Energy System Operator (NESO) is proposing to update its terms and conditions relating to balancing with respect to its Dynamic Response products (DC, DM and DR).

NESO is committed to driving changes to its balancing services markets that ensure system security, drive effective competition and realise consumer value. Our Dynamic Response markets have matured since their introduction through the RIIO-2 period and as such these changes build on their success. Changes proposed in this consultation will improve the operational effectiveness of the service and the approach to performance monitoring and penalisation, enhancing security, competition and value for money.

The proposed updates have been applied to the Response Service Terms and Procurement Rules.

In accordance with EBR, NESO is now consulting on these updates to those terms and conditions. The consultation will be undertaken from 20 November 2025 to 19 December 2025 17:00.

Please respond by 19 December 2025 17:00 using the proforma available on our website and submitting answers using the following MS Forms link: [Dynamic Response Consultation Proforma – Fill in form](#)

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

Public

If you have any questions regarding this proposal, please contact us at
box.futureofbalancingservices@neso.energy

Yours sincerely,

Jonathan Wisdom
Head of Market Change Delivery

Public

EBR Article 18 Consultation

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

These Terms and Conditions are required by EBR to be approved by the regulatory authority after industry consultation, and the GB balancing terms and conditions as currently approved by OFGEM include contract terms related to our Dynamic Response Services.

EBR provides a process for TSOs to propose amendments to approved terms and conditions, which is similarly subject to approval by the regulatory authority after industry consultation. Accordingly, we are now proposing to consult on amendments to our Dynamic Response contract terms, and this document begins our formal industry consultation. In accordance with EBR, we are required to consult for not less than 28 days and must consider the views of stakeholders prior to submission of our proposals to OFGEM for approval. We are required to provide sound justification for including (or excluding) consultation feedback alongside our submission.

Introduction

Dynamic Containment (DC), Dynamic Moderation (DM) and Dynamic Regulation (DR) make up our suite of Dynamic Response Services. Together they work to control system frequency and keep it within our licence obligations of 50Hz plus or minus 1%. DM provides fast acting pre-fault delivery for particularly volatile periods, DR is our staple slower pre-fault service and DC is our post-fault service.

The Response Service Terms and Response Procurement Rules make up the terms and conditions for our Dynamic Response Services¹.

Over the past year we have engaged extensively with service providers through regular webinars on key reforms, as well as 121 meetings and a pre-consultation webinar. All the feedback and insight received to date has been considered and input into the following proposals.

¹ Available at: <https://www.neso.energy/industry-information/balancing-services/frequency-response-services/dynamic-services-dcdmdr#Document-library>

Public

In this consultation, we are setting out our proposed changes to these terms and conditions and providing an opportunity for stakeholder feedback. We will take this feedback into account before submitting our final proposals to OFGEM for regulatory approval.

In this introduction we set out the consultation process and implementation timelines. In 'Summary of changes' we set out at a high level all the proposed changes. Then, we provide more detail on each change and set out specifically which terms and conditions are to be changed.

Consultation process and how to respond

In this document, we describe and explain the changes we are making. We have also published clean and tracked changed versions of the Response Service Terms and Response Procurement Rules which include the proposed changes described in this consultation. Respondents should review these revised terms alongside this document.

This consultation will be open until 19 December 17:00.

- [Response Services Service Terms \(tracked changes\)](#)
- [Response Service Procurement Rules \(tracked changes\)](#)

We include questions in this document, though we have separately published a pro-forma which includes all questions and space to draft a written response. We ask respondents to submit their responses through Microsoft Forms to help us collate and compare responses efficiently and effectively.

- [Dynamic Response Consultation Proforma – Fill in form](#)

Once the consultation is closed, we will consider all responses. We will then, in approximately 8 weeks, submit to OFGEM our final proposals for changes to the Service Terms and Procurement Rules that reflect considerations of all responses. OFGEM will have two calendar months to approve or reject our proposals.

Should you have questions about the consultation process or wish to discuss any of the proposals in more detail, please contact us at:

box.futureofbalancingservices@neso.energy

Implementation

OFGEM could approve our changes as soon as May 2026, and we intend to publish new Service Terms and Procurement Rules as soon as all relevant process and systems changes are implemented. We will do this as soon as feasibly possible following OFGEM

Public

decision, and we expect this to be in summer 2026. These documents would become the prevailing terms and conditions, published on our website.

Static Firm Frequency Response (FFR) Consultation

In parallel to this consultation, we are running a separate Article 18 consultation on the Static FFR Service Terms and Procurement Rules. More information on the proposed changes and how to respond to that consultation can be found [here](#). **Please note that any feedback on the proposed changes to the Static FFR terms and conditions should be submitted through that consultation.**

Public

Summary of changes

For each proposal, we are asking respondents to set out whether they agree or not – and to provide rationale – and whether they have any other comments on the proposal and proposed wording.

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

1. Grace period reform
2. Requiring Operational Baselines and Operational Data for the Assessment Period
3. BMU FPN flags set to false will result in deemed unavailability
4. New penalty to be introduced for incorrect use of disarming flag in performance monitoring data
5. Provision of additional Performance Data for the two settlement periods before a contracted service period
6. Tiered Performance Regime
7. Clause added to ensure NESO have the right to publish provider penalty data
8. Unit Suspension
9. Pre-approved baseline methodology required for stacking with other NESO services
10. Amendments to schedule 3

We provide more details in the following sections.

Public

1. Grace period reform

We propose to replace the current Grace Period 2 and instances of new contracts for Grace Period 1 with a Continuous Transition Period (CTP) to mitigate volatility and uncertainty around Service Period boundaries.

What is the proposed change?

Current arrangements

There are currently two types of Grace Periods:

- Grace Period 1 applies after a response unit begins delivery, after a period of missing data, or after switching from unavailable to available
- Grace Period 2 applies after changing from one Response Contract (or from Static FFR) to another Response Contract, including changes in volume only.

The durations of the Grace Periods are as follows:

Table 1: Grace Period Durations by Service

	Grace Period 1	Grace Period 2
DC	0.55s	2s
DM	0.55s	2s
DR	2s	10s

During these Grace Periods, performance bounds are relaxed and monitoring is limited, as such it creates a period of uncertainty and potential volatility as providers prioritise transitioning over providing response.

Proposal

We are proposing to replace Grace Period 2 and cases of new contracts from Grace Period 1 with a Continuous Transition Period (CTP), to apply to the transition into a response contract from a period not covered by a response contract, and the transition from one response contract (or from Static FFR) to another Response Contract. CTP will require providers to begin ramping 10 seconds before the start of the contracted EFA block and ramp down in the last 10 seconds of the contracted EFA block. There will no longer be any period where the upper and lower performance bounds are relaxed.

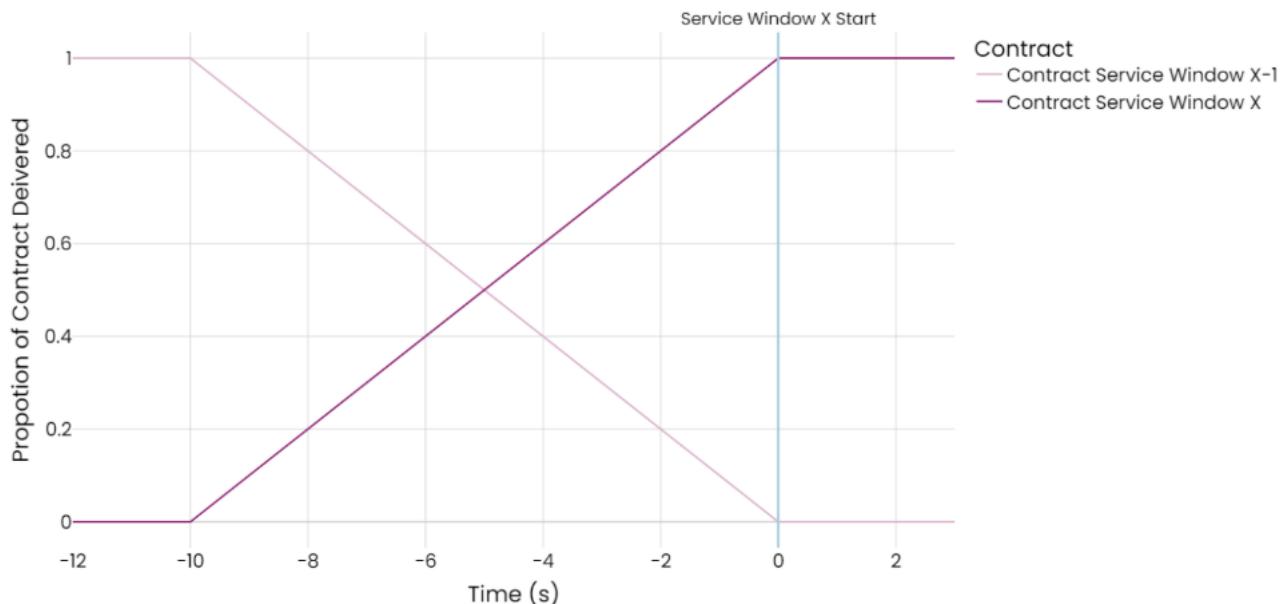
In detail:

1. In the 10 seconds leading up to the start of each contracted service window, a unit's response delivery curve will be set equal to a linearly increasing percentage of the contracted curve in the coming window.

Public

2. In the final 10 seconds of each contracted service window, a unit's response delivery curve will be set equal to a linearly decreasing percentage of the contracted curve from the current window.
3. If a unit is transitioning from one contract, or set of contracts, to another (whether changing services, quantities, or both) then the two transitions will happen simultaneously.

Figure 1: Example of ramping over continuous transition period



4. Performance monitoring will take place as usual during these periods. There will be a k-factor that is calculated for the duration of the CTP. Participants would have to supply additional data for the 1 hour before the EFA start, however only the last 30 seconds will be monitored.

We are aware that this change could provide challenges for providers jumping between different NESO services such as Quick Reserve or Balancing Reserve, or DNO services and Dynamic Response, we have engaged with DNOs and believe that there should be minimum impact on delivery of their services or the performance monitoring of those services. However, it is the responsibility of the provider to manage this risk.

Why are we proposing this change?

The current arrangements leave a short period of volatility, with potential for uneven distribution of response and/or sudden unexpected step-changes in output, at the start and end of each service period. There is a risk that these factors undermine system stability or increase balancing services costs through additional mitigation actions. This proposal should mitigate these risks by allowing for a smooth transition from one

Public

contract to the next, ensuring providers collectively deliver a consistent quantity of response.

Revised Service Terms Text

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

Service Terms

- Updates to Schedule 2 – Capability Data Tables
- Updates to Schedule 3 – Availability Payments

Questions

- Do you agree with the proposed change to introduce a continuous transition period? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

2. Ongoing submission of operational baselines and operational data

We propose requiring providers to submit ongoing operational data and operational baselines even outside of contracted periods. This change has particular impact on NBMUs as BMUs already must submit this data in accordance with the Grid Code.

What is the proposed change?

We propose that pre-qualified units, in order to participate in auctions, are required to submit, over a defined assessment period, data which the Service Terms currently require to be submitted only during contracted service periods. Specifically, we propose;

- Operational Data, as defined in the Service Terms and,
- Operational Baselines, as described in the Service Terms.

For the purpose of our proposal, the acceptable submission rate is submission 80% of the time, measured on a rolling 28-day assessment period, and calculated daily. If a pre-qualified unit has not submitted data in relation to a Response Unit for at least 80% of the time across 28 days prior to a particular service day, then sell orders submitted for that Response Unit on that service day shall not be valid.

We will calculate the submission rate for each set of data separately. That is, the provider must submit both operational data and operational baselines for the Response Unit at least 80% of the time; for example, a submission of less than 80% for operational data cannot be offset by a higher than 80% submission of operational baselines.

Public

For a newly created Response Unit (i.e., with the allocation of one or more eligible assets), the assessment will be done on a cumulative daily basis for 28 days. At which point, the calculation will revert to a rolling 28-day assessment. Therefore, a newly set up Response Unit can participate in auctions before 28 days.

This requirement is applicable to both BM and non-BM participating units. In practice, BM units are already required to submit this data per requirements in the Grid Code, and we will consider submission of Physical Notifications and Operational Metering per the Grid Code as conforming with this proposal.

For the avoidance of doubt, this proposal does not change the rules and penalties associated with non-submission during contracted service periods. That is, during contracted service periods, we will continue to deem participants unavailable for the settlement periods in which they do not submit operational data or operational baselines.

Why are we proposing this change?

The challenges of limited visibility of Distributed Energy Resources (DER) are well-established. By requiring ongoing operational data and operational baselines in Dynamic Response will contribute to expected consumer benefits of c.£3 billion over 10 years, through improved visibility and access to DER and CERs though reduced balancing costs, avoided network reinforcement costs and reduced cost of system resilience².

Through our DER Visibility programme, we are developing a roadmap for fuller DER visibility. However, there is an urgent case for enhanced visibility in the near term.

Requiring Dynamic Response service providers to submit data and baseline data 24/7, represents a practical and targeted way to accelerate the benefits of DER visibility. Specifically, we anticipate near term benefits in forecasting and situational awareness, which can drive more efficient balancing decisions. Response Units already have technical and communication capability to submit the data, and our systems are set up to receive and process the data for these use cases. Meanwhile, by virtue of being price sensitive flexible assets, Response Units are disproportionately, compared to other DER, likely to drive forecasting errors and situational awareness challenges.

Last year we circulated a survey via the Future of Balancing newsletter in which we asked providers about the capability and costs of providing this data 24/7. We followed up with several providers. Feedback indicated capability and minimal cost for providing the data at all times. Some providers were concerned that penalties for not conforming

² [DER & CER visibility benefits](#)

Public

with baselines submitted outside contracted service would disincentivise NIV chasing which could lead to higher prices or market exit. This proposal does not include provisions for penalties due to non-conformity with operational baselines submitted outside contracted service periods.

Revised Procurement Rules Text

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

Procurement Rules

- Addition of paragraph 6.8
- Addition of section 6A Background Submission Data
- Addition of defined terms:
 - Assessment Period
 - Background Submission Data
 - Background Data Submission Rules
 - Required Threshold

Questions

- Do you agree with the proposed change to request operational data and operational baselines outside of contracted service periods? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

3. BMU unavailability due to FPN flags

We have added a clarification to make clear that if a BMU sets its FPN flag to FALSE it will be deemed unavailable for Dynamic Response.

What is the proposed change?

NESO propose to add a clarification that when a BMU sets its FPN flag to FALSE it will be deemed unavailable for Dynamic Response.

Why are we proposing this change?

This change will ensure that the correct process is followed to de-register a BMU and reregister should providers wish to switch from a BMU to a NBMU.

Revised Service Terms and Procurement Rules Text

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

Public

Service Terms

- Addition of paragraph 5.10

Procurement Rules

- Addition of defined term “Final Physical Notification” or ‘FPN’
- Updates to Schedule 2

Questions

- Do you agree with the proposed change to clarify that when a BMU sets its FPN flag to FALSE it will be deemed unavailable? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

4. New penalty for incorrect use of disarming flag

We have added an additional penalty for incorrect use of the disarming flag in Performance Monitoring Data.

What is the proposed change?

We have added a penalty that will result in deemed unavailability for the settlement period where a provider disarms or uses the disarming flag in their performance monitoring data where they have not received a corresponding disarming instruction.

Why are we proposing this change?

This change will ensure that providers are using the correct flags in their performance monitoring data and are appropriately penalised when the incorrect flag is used. This will encourage improved quality of data and support a level playing field through consistent monitoring and enforcement.

Revised Service Terms Text

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

Service Terms

- Addition of paragraph 6.20

Questions

- Do you agree with the proposed change to add an additional penalty on the incorrect use of the disarming flag in performance monitoring data? Please explain your rationale.

Public

- Do you have any further comments or questions on the proposal or proposed wording?

5. Provisions of additional Performance Data for the two settlement periods before a contracted service period

NESO propose requiring submission of additional performance data to support the monitoring of the Continuous Transition Period.

What is the proposed change?

Performance Data is currently required to be provided over the duration of each Contracted Service Period, and we are proposing to extend this to the two settlement periods which fall before a Contracted Service Period.

Failure to provide data over that one-hour period will result in loss of availability payments for the first settlement period in the relevant Contracted Service Period.

Why are we proposing this change?

This change will ensure NESO have the correct data to monitor provider adherence to the proposed Continuous Transition Period.

Revised Service Terms Text

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

Service Terms

- Updates paragraph 7.3, 15.4

Questions

- Do you agree with the proposed change to submit additional performance data for the two settlement periods before the contracted service period? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

6. Tiered Performance Regime

In order to continue to support NESOs key objectives of operating a fair and transparent market, we are proposing the introduction of a tiered performance regime. This will address instances of non-compliance through a progressive series of actions and provides an opportunity for rectification.

Public

Upon analysis of instances of non-compliance earlier this year, some changes have been made on how providers will progress through the tiers.

What is the proposed change?

1. Requirements within scope of the tiered performance regime:

These refer to the specific requirements and obligations outlined in the Service Terms that service providers must adhere to.

- Submission of Operational Baselines
- Submission of Operational Data
- Submission of Performance Data
- Compliance with State of Energy Management Rules
- Compliance with any Disarming/re-arming instructions
- Faulty use of dis-arming flag in performance monitoring data

2. Gaming Checks that could trigger any relevant performance tier should it be deemed a provider has purposefully misrepresented its performance in delivery of Dynamic Response through any of the following:

- Misalignment of real-time and post event data
- Misuse of unavailability flag to cover poor performance
- Other inaccuracies or discrepancies that prove to intentionally misrepresent performance in delivery of the service.

3. Tiered Performance Levels:

Failure to comply with the Service Terms resulting in poor performance in non-compliance checks will result in a performance tier as outlined below:

- **Tier 0:** Non-compliance will result in the service provider being deemed unavailable for the Settlement Period (SP) during which the breach occurred. This initial sanction serves as a warning and an immediate consequence of failing to comply with the specified regulations. This is effectively the limit of the current status of penalty enforcement.
- **Tier 1:** Where tier 1 is triggered, the unit will be deemed unavailable for the entire EFA block in which a breach has occurred. This level of sanction reflects a more serious breach and indicates a pattern of non-compliance that requires stronger deterrence.

Public

- **Tier 2:** Where tier 2 is triggered, this will result in a temporary suspension from the market for a duration of 28 days. This sanction aims to provide a significant consequence that encourages corrective action and compliance with the Service Terms.
- **Tier 3:** Where tier 3 is triggered, this will result in de-registration from the market. This final sanction is a last resort where providers repeatedly breach, and effective action is not taken to address this behaviour. This tier may also be imposed at the discretion of NESO using these principles:
 - Seriousness of the Default: Impact on System Security, Impact on Competition, Impact on Functioning of the Auctions and NESO's ability to operate them.
 - Degree of Culpability of the Service Provider: Determining if the act or omission causing the default was intentional or due to negligence, and reviewing the compliance record of the Service Provider, including previous occurrences of the same or similar defaults.

4. Performance thresholds:

NESO shall review the performance of a unit over a rolling 6-month period, and a performance factor will be derived by dividing the total number of defaults over the 6-month period by the total number of contracted settlement periods. With 6 settlement periods being the lowest possible number of contracted settlement periods and 8834 settlement periods being the highest possible number of contracted settlement periods. A knee-point of 2000 settlement periods has been established to ensure the percentages are appropriate. The respective percentage values are shown in the table below, and for 'SP totals' in between these values the percentage shall be derived through linear interpolation:

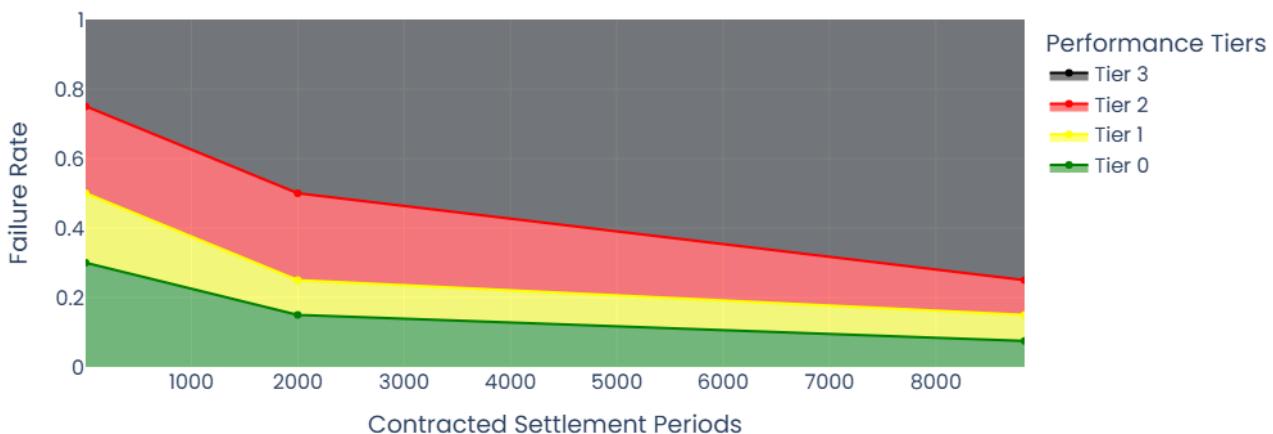
Table 2: Maximum allowed failure % per performance tier

Default Tier	Maximum allowed failure %		
	6 SPs	2000 SPs	8834 SPs
Tier 0	30%	15%	7.5%
Tier 1	50%	25%	15%
Tier 2	75%	50%	25%
Tier 3	N/A	N/A	N/A

This is visualised in the following graph:

Public

Figure 2: Proposed Performance Tier Thresholds



Why are we proposing this change?

We are proposing the tiered performance regime to promote system security by ensuring consistent and reliable delivery of auction products. It encourages compliance through timely and accurate data submissions and adherence to State of Energy rules. Additionally, it provides proportionate disincentives by implementing sanctions that more accurately reflect the severity and frequency of non-compliance. This revised performance regime will better align penalties with the actual impact of non-compliance, creating stronger incentives for service providers to adhere to contractual obligations and enhancing the reliability and responsiveness of our services.

We have identified cases of providers' repeated non-compliance with requirements of the Service Terms. In addition, we are concerned about the risk of providers deliberately submitting false data to influence the performance management process. These behaviours risk distorting the market. Establishing robust mechanisms for deterring such behaviours is a high priority for NESO. This has also been highlighted as a priority by a number of providers who have expressed very strong support for the introduction of the new performance regime to ensure a level playing field.

We are implementing new automated and systematic tools, and processes for monitoring and reporting of service provider behaviour and implementing sanctions where necessary. This new regime is part of our work to ensure that we are operating fair and transparent markets.

Revised Service Terms Text

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

Service Terms

- Addition of section 15A Performance Regime

Public

- Addition of defined terms:
 - Default
 - Default Tier
 - Performance Regime
 - Relevant Settlement Period

Questions

- Do you agree with the proposed change to introduce a tiered performance regime? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

7. Ability to publish provider penalty data

We are proposing to add a clause to the terms and conditions that allow NESO to publish provider default data.

What is the proposed change?

NESO will have the ability to publish provider default data. This data will be published in two different formats:

1. An anonymised aggregate data set will be published the month after delivery, which will include the total number of defaults accrued over the previous month and the total availability payments withheld.
2. NESO will publish a non-anonymised data set that will highlight all of the defaults accrued and the associated availability payment withheld for each unit. This data will be published on a monthly basis at least 12 months in arrears to ensure the window to raise any disputes has closed.

Why are we proposing this change?

This change will improve transparency related to sanctions applied to providers and should further incentivise good behaviour across the market.

Revised Service Terms Text

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

Service Terms

- Updates to paragraph 15.6

Questions

Public

- Do you agree with the proposed change to allow NESO to publish provider default data? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

8. Unit suspension

We propose to introduce the ability to suspend units from the Dynamic Response market.

What is the proposed change?

NESO propose to introduce the ability to suspend units from the Dynamic Response market, where the service provider persistently or materially fails to meet any of the obligations contained in the Service Terms and/or Procurement Rules.

Why are we proposing this change?

The ability to suspend units incentivises providers to adhere to their obligations, ensuring efficient and reliable delivery of the service. This change facilitates the Tiered Performance Regime and the new requirement to submit ongoing operational metering and operational baselines.

Revised Service Terms and Procurement Rules Text

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

Service Terms

- Updates to paragraph 15.11
- Addition of paragraph 15A.6 (iii)

Procurement Rules

- Addition of paragraph 6.9
- Addition of defined term 'Suspension'
- Updates to Schedule 2 – Registration and Pre-qualification Procedure

Questions

- Do you agree with the proposed change to permit unit-suspension? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

Public

9. Pre-approved baseline methodology required for stacking with other NESO services

We have provided some additional guidance on expectations for providers who which to stack the Dynamic Response Services with other services.

What is the proposed change?

We have provided additional [guidance](#) on requirements for stacking Dynamic Response Services with Inertia/Stability Network Procurement Services. As such we have updated the references in the Service Terms to reflect the updated Stacking Guidance which now, not only includes stacking with the BM, but also the requirements for stacking Dynamic Response with other NESO services.

In order to consolidate the guidance further, the 'Response Stacking Guidance' also includes guidance on stacking SFFR with the BM. Any feedback on the Static FFR content should be included in responses to that consultation that is running in parallel to this consultation.

Why are we proposing this change?

This change will ensure that providers are meeting the necessary requirements when stacking Dynamic Response with Stability/Inertia Network Procurement Services.

By updating the current guidance, we aim to ensure it is consolidated, clear, and accessible. By having a single document, participants can more easily navigate the rules and requirements, leading to more efficient and effective stacking.

Revised Service Terms Text

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

Service Terms

- Addition of paragraph 12.6
- Update to Defined Term 'Stacking Guidance'

Questions

- Do you agree with the proposed change to update the reference to stacking guidance in the Service Terms? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

Public

10. Amendments to Schedule 3

What is the proposed change?

Changes to schedule 3 include updating the variable names used in some formulae to be consistent with those used in the rest of the Service Terms.

Why are we proposing this change?

This change removes inconsistencies and improves clarity.

Revised Service Terms

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

Service Terms

- Updates to Schedule 3 – Availability Payments

Questions

- Do you agree with the proposed changes to Schedule 3? Please explain your rationale.
- Do you have any further comments or questions on the proposal or proposed wording?

11. Housekeeping changes

In addition to the above proposals, we are making some housekeeping changes. These do not fundamentally change the terms and conditions of the service, these include:

- ASDP updated to OBP
- Clarification added on termination of contracts post transfer of asset ownership
- Removed defined terms that were not used
- Addition of defined term 'Deregister' for consistency with other product terms and conditions

We do not consider these changes in scope of EBR Article 18, but nonetheless we welcome stakeholder comment.

Questions

- Do you have any further comments or questions on any of the housekeeping changes?

Public

Appendix 1: Mapping Document

EBR Article 18 mapping for the Dynamic Response Term and Conditions

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

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

Table 1 – Mandatory Elements

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

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

Public

Article	Text	Code or Document	Section
18.4			
18.4.a	Define reasonable and justified requirements for the provisions of balancing services;	Response Procurement Rules Response Service Terms BSC CUSC Grid Code	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 12 – Formation of Response Contracts Response Service Terms 5 – Service Availability 12 – Provision of Other Services A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7 and J3.8 4.1.3 BC1, BC2, BC3 & BC4
18.4.b	allow the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to offer balancing services subject to conditions referred to in paragraph 5 (c);	BSC Grid Code Response Procurement Rules	K3.3, K8, S6.2, S6.3 and S11, S12, S13 and S14 DRSC 4.2, BC1.4 Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction Units Schedule 2 – Registration and Pre-Qualification Procedure

Public

Article	Text	Code or Document	Section
18.4.c	allow demand facility owners, third parties and owners of power generating facilities from conventional and renewable energy sources as well as owners of energy storage units to become balancing service providers;	BSC Response Procurement Rules	K3.2, K3.3, K8 Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction Units Schedule 2 – Registration and Pre-Qualification Procedure
18.4.d	require that each balancing energy bid from a balancing service provider is assigned to one or more balance responsible parties to enable the calculation of an imbalance adjustment pursuant to Article 49.	BSC	T4, Q7.2, Q6.4
18.5	The terms and conditions for balancing service providers shall contain:	-	-
18.5.a	the rules for the qualification process to become a balancing service provider pursuant to Article 16;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets Schedule 2 – Registration and Pre-Qualification Procedure
		Grid Code	BC5, BC4.4.2
		CUSC	4.1

Public

Article	Text	Code or Document	Section
		BSC	J3.3, J3.6, J3.7, J3.8, K3.2, K3.3 and K8
18.5.b	the rules, requirements and timescales for the procurement and transfer of balancing capacity pursuant to Articles 32 and 34;	Response Procurement Rules Response Service Terms	Response Procurement Rules 7 – Buy Orders 8 – Sell Orders 9 – Market Clearing Rules 12 – Formation of Response Contracts Response Service Terms 21 – Transfer of Response Contracts
18.5.c	the rules and conditions for the aggregation of demand facilities, energy storage facilities and power generating facilities in a scheduling area to become a balancing service provider;	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6 – Allocation of Eligible Assets to Auction Units Schedule 2 – Registration and Pre-Qualification Procedure
		BSC	K3.3 and K8
		Grid Code	BC1.4 and BC1.A.10

Public

Article	Text	Code or Document	Section
18.5.d	<p>the requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve connecting DSO during the prequalification process and operation of the balancing market;</p>	<p>Response Procurement Rules Response Service Terms</p>	<p>Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Pre-qualification of Eligible Assets 6A Background Submission Data 8 – Sell Orders 13 – Confidentiality Schedule 2 – Registration and pre-qualification Procedure</p> <p>Response Service Terms 5 – Service Availability 6 – Service Delivery 15 – Monitoring and Metering Data 15A – Performance Regime 19 – Records and Audits</p>
		BSC	O
		Grid Code	DRC, BC5 BC1.4,
		CUSC	4.1.3.14 and 4.1.3.19
18.5.e	<p>the rules and conditions for the assignment of each balancing energy bid from a balancing service provider to one or more balance responsible parties pursuant to paragraph 4 (d);</p>	<p>BSC Response Procurement Rules Response Service Terms</p>	<p>T4</p> <p>Response Procurement Rules 12 – Formation of Response Contracts</p> <p>Response Service Terms 20 – Assignment 21 – Transfer of Response Contracts</p>

Public

Article	Text	Code or Document	Section
18.5. f	<p>the requirements on data and information to be delivered to the connecting TSO and, where relevant, to the reserve connecting DSO to evaluate the provisions of balancing services pursuant to Article 154(1), Article 154(8), Article 158(1)(e), Article 158(4)(b), Article 161(1)(f) and Article 161(4)(b) of Regulation (EU) 2017/1485;</p>	<p>Response Service Terms</p>	<p>Response Service Terms</p> <p>5 – Service Availability 6 – Service Delivery 15 – Monitoring and Metering Data 15A – Performance Regime 19 – Records and Audits</p>
			<p>Grid Code</p> <p>BC1.4, BC1.A.10,</p>
			<p>CUSC</p> <p>4.1.3.19</p>
18.5. g	the definition of a location for each balancing product taking into account paragraph 5 (c);	Grid Code	BC1.4
18.5. h	the rules for the determination of the volume of balancing energy to be settled with the balancing service provider pursuant to Article 45;	BSC	T3
18.5. i	<p>the rules for the settlement of balancing service providers defined pursuant to Chapters 2 and 5 of Title V;</p>	<p>Response Service Terms</p>	<p>Response Service Terms</p> <p>5 – Service Availability 6 – Service Delivery 7 – Availability Payments 8 – Payment Procedure Schedule 3 – Availability Payments Schedule 4 – Payment Provisions</p>
			<p>BSC</p> <p>T1.14, T3 and U</p>

Public

Article	Text	Code or Document	Section
		CUSC	4.1.3.9 and 4.1.3.9A
18.5. j	a maximum period for the finalisation of the settlement of balancing energy with a balancing service provider in accordance with Article 45, for any given imbalance settlement period;	Response Service Terms	Response Service Terms 7 – Availability Payments 8 – Payment Procedure Schedule 3 – Availability Payments Schedule 4 – Payment Provisions
		BSC	U2.2
		CUSC	4.3.2.6
18.5. k	the consequences in case of non-compliance with the terms and conditions applicable to balancing service providers.	Response Procurement Rules	Response Procurement Rules 4 – Registration of Registered Auction Participants 5 – Prequalification of Eligible Assets Schedule 2 – Registration and Pre-Qualification Procedure
		Response Service Terms	Response Service Terms 5 – Service Availability 6 – Service Delivery 12 – Provision of Other Services 14 – Termination of Response Contracts 15 – Monitoring and Metering Data 15A – Performance Regime

Public

Article	Text	Code or Document	Section
		BSC	H3, Z7 and A5.2
		CUSC	4.1.3.9, 4.1.3.9A and 4.1.3.14
18.6	The terms and conditions for balance responsible parties shall contain:	-	-
18.6. a	the definition of balance responsibility for each connection in a way that avoids any gaps or overlaps in the balance responsibility of different market participants providing services to that connection;	BSC	K1.2, P3 and T4.5
18.6. b	the requirements for becoming a balance responsible party;	BSC	A, H3, H4.2, H4.7, H4.8, H5.5, H6, H10, J3.3, J3.6, J3.7, J3.8,, K2, K3.3 and K8
18.6. c	the requirement that all balance responsible parties shall be financially responsible for their imbalances, and that the imbalances shall be settled with the connecting TSO;	BSC	N2, N6, N8, N12, and T4,
18.6. d	the requirements on data and information to be delivered to the connecting TSO to calculate the imbalances;	BSC	O, Q3, Q5.3, Q5.6, Q6.2, Q6.3, Q6.4
		Grid Code	BC1.4.2,3,4, BC1 Appendix 1 BC2.5.1,
18.6. e	the rules for balance responsible parties to change their schedules prior to and after the intraday energy gate closure time pursuant to paragraph 4 of Article 17;	BSC	P2
		Grid Code	BC1.4.3,4,

Public

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

Public

Table 2 - Non- Mandatory elements

Article	Text	Comment
18.7. a	-	Sub-paragraph 18.7.a was repealed pursuant to paragraph 18(6)(a) of Schedule 2 of the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019/532.
18.7. b	where justified, a requirement for balancing service providers to offer the unused generation capacity or other balancing resources through balancing energy bids in the balancing markets after day ahead market gate closure time, without prejudice to the possibility of balancing service providers to change their balancing energy bids prior to the balancing energy gate closure time due to trading within intraday market;	NESO does not expect to require this from Balancing Service Providers, except where balancing capacity or energy has been contracted. Although in the BM defaulting rules apply if data is not updated, there is no legal requirement for parties to offer unused generation capacity or any other balancing resource.
	-	Sub-paragraph 18.7.c was repealed pursuant to paragraph 18(6)(c) of Schedule 2 of the Electricity Network Codes and Guidelines (Markets and Trading) (Amendment) (EU Exit) Regulations 2019/532.
18.7. d	specific requirements with regard to the position of balance responsible parties submitted after the day-ahead market timeframe to ensure that the sum of their internal and external commercial trade schedules equals the sum of the physical generation and consumption schedules, taking into account electrical losses compensation, where relevant;	NESO does not expect to require this from Balancing Service Providers. No BSC party is required to contract to match its Final Physical Notifications (FPNs).
18.7. e	an exemption to publish information on offered prices of balancing energy or balancing capacity bids due to market abuse concerns pursuant to Article 12(4)	NESO does not expect to require this exemption. Such data is published on Insights Real-Time Information Service (IRIS).

Public

18.7. f	an exemption to predetermine the price of the balancing energy bids from a balancing capacity contract pursuant to Article 16(6)	-
18.7. g	an application for the use of dual pricing for all imbalances containing on the information set out in Article 52(2)(d)(i) and the methodology for applying dual pricing pursuant to Article 52(2)(d)(ii).	NESO does not expect to apply for the use of dual pricing for all imbalances. A single imbalance price was adopted by the GB market in November 2015.