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C9 Annual Review: Official Consultation

Proposed revisions to the Procurement
Guidelines, ABSVD Methodology, BSAD
Methodology, Balancing Principles and SMAF
Methodology C9 Statements for 2026/2027

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Executive summary

This official consultation has been produced by the National Energy System Operator (NESO)¹ in accordance with Condition C9² of the Electricity System Operator Licence (ESO Licence) to undertake an annual review of the C9 Statements.

The consultation details changes NESO are considering because of changes to the Balancing Services³ NESO intends to procure from 01 April 2026 to 31 March 2027. This consultation is mandated by the ESO Licence to run for a minimum of 28 days.

There are five statements that form part of Condition C9, all of which are open for review and change during this consultation process:

- 1) The Procurement Guidelines Statement (PGS)
- 2) Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- 3) Balancing Services Adjustment Data Methodology Statement (BSAD)
- 4) Balancing Principles Statement (BPS)
- 5) System Management Action Flagging Methodology Statement (SMAF)

NESO's proposed key focus areas for review of the five statements during the official consultation are:

- Housekeeping updates including formatting, spelling, grammar, contact information, link reviews and version control.
- Legacy references to "ESO", "NGESO" "National Grid" deleted and replaced with "NESO" where applicable, references to "C16" updated to "C9" as relevant, updated to reflect the transition to NESO in October 2024.
- Updates to Balancing Services to reflect procurement plans for 2026-2027.

¹ NESO shall mean National Energy System Operator for Great Britain (GB), being the independent system planner and operator for GB's energy system.

² Condition C9: Condition C9 Procurement and use of Balancing Services. Further details of the C9 Licence condition can be found within the ESO Licence Conditions, on Ofgem's licence [webpage](#).

³ Balancing Services as defined by the Electricity System Operator Licence. Further details of the C9 Licence condition can be found within the ESO Licence Conditions, on Ofgem's licence [webpage](#).

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- ABSVD and BSAD Methodologies updated to streamline documentation, align with the ESO Licence, clarify roles and data access and reinforce NESO's responsibilities.

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

NESO intends to consult separately regarding the ESO Licence Condition C9.8 to gain industry views and feedback on how NESO considers our duties under section 163⁴ and 164⁵ of the Energy Act 2023 within the BPS. Further communications regarding this will be shared with industry in due course.

NESO welcomes industry views on these proposed changes. Responses are required by **5pm 06 February 2026**. Details on how to make a response can be found in the "How to Respond" section of this document.

Following receipt of responses to this official consultation, NESO will produce a report that will summarise the final changes recommended to be made to this year's C9 statements and submit this to the Authority⁶ for review. This will detail all feedback received throughout the consultation process, NESO responses and final proposed changes to C9 statements.

The current versions of the C9 statements, consultations and reports to Authority will be published on our C9 Webpage: [C9 statements and consultations | National Energy System Operator](#).

If you have any questions about this document, please contact

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4 Energy Act 2023

5 Energy Act 2023

6 References to the Authority throughout this document is to the Office of Gas and Electricity Markets (Ofgem).

Please note that consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming regulatory changes that are not captured here will be actioned either in future annual reviews, or individual statement reviews, as appropriate. This document refers to several definitions contained in the NESO ESO Licence, Grid Code (GC), the Connection and Use of System Code (CUSC) and the Balancing Settlement Code (BSC). Terms used herein shall have the same meanings given to them in the NESO Licence, GC, CUSC and/or BSC as the case may be.

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Standard Licence Condition C9 process overview

The Review

In accordance with Standard Condition C9 of the Electricity System Operator (ESO) Licence, NESO is conducting its annual review of all licence statements, regular reviews of the methodologies and if appropriate, proposing changes to these documents.

The purpose of NESO's review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. NESO invites the Authority (Ofgem) to review the proposed changes. If the Authority chooses to exercise their powers of veto for these proposed changes to the C9 statements, the existing versions will remain in place. Alternatively, the proposed changes will become effective by 01 April 2026 unless the Authority issues a direction that statement changes should become effective earlier or are vetoed.

The following C9 statements are the focus of the annual review:

- Procurement Guidelines Statement (PGS)
- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Services Adjustment Data Methodology (BSAD)
- Balancing Principles Statement (BPS)
- System Management Action Flagging Methodology (SMAF)

Industry has been invited to provide informal feedback on the proposed changes during the C9 industry forum and informal consultation. We now invite industry to respond to the official C9 consultation that lasts not less than 28 days.

It should be noted that the annual review of the C9 statements is not the primary forum for the development of new balancing services. They will be created and consulted upon in a separate process, and any subsequent changes to the statements will reflect new products as required.

Report to Authority

Once the official consultation has closed, NESO will document, in the form of a report, the final position on the proposed changes, along with the tracked changed versions of the statements. The report will also include in a clear and transparent way all industry responses and NESO's view in response to each of these.

This report must be issued to the Authority within 7 days (5 working days) from the closure of the official consultation, unless NESO is directed otherwise.

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Authority Decision and Statement Go Live

The final step in the review process is for the Authority to review all the documents submitted to them by NESO at the report submission stage.

As part of the licence condition, the Authority has 28 days to offer a direction or to challenge NESO's submission. If the Authority does not veto the proposed changes, then the revised statements will go live on the NESO website by 01 April 2026, unless directed otherwise. If the Authority does veto any proposed revisions, then there are two different directions for the statements to go live.

The Authority can either direct a change, or they can request NESO to run a further consultation on the specific issues they have identified. This may delay the statement go live date or a statement might go live pending further changes.

C9 Review Timeline

Annual Review Timetable	Start Date	End date
Industry Forum	13-Nov-25	13-Nov-25
Informal consultation published	18-Nov-25	08-Dec-25
Official consultation published	09-Jan-26	06-Feb-26
Report submission to the Authority	13-Feb-26	-
Authority review of C9 submission	13-Feb-26	13-Mar-26
Authority direction expected by	13-Mar-26	-
Changes effective from and published, unless directed otherwise	01-Apr-26	-

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Review of suggested changes during the C9 consultation process

Following the transition from National Grid ESO to the National Energy System Operator our Electricity System Operator (ESO) Licence has come into effect. We have considered how this updated licence, and associated roles and responsibilities, impacts the statements under Condition C9 of the ESO Licence.

The subsequent changes as a result of this broadly consist of:

- General updates to formatting, spelling, grammar, contact information and link updates as normal.
- Legacy references to "ESO", "NGESO" "National Grid" deleted and replaced with "NESO" where applicable, references to "C16" updated to "C9" as relevant, updated to reflect the transition to NESO in October 2024.
- Updates to Balancing Services to reflect procurement plans for 2026-2027.
- ABSVD and BSAD Methodologies updated to streamline documentation, align with the ESO Licence, clarify roles and data access and reinforce NESO's responsibilities.

To improve clarity within the tracked change statements, general updates to formatting will be tracked in green. Substantive updates will be red line tracked as per usual procedure.

Additional Licence Obligations under C9.8 NESO ESO Licence.

In the 2025 annual C9 review, NESO reviewed the balancing principles and associated statement and introduced changes to outline our consideration of duties under section 163 and 164 of the Energy Act, in accordance with C9.8.

NESO intends to consult separately regarding ESO Licence Condition C9.8 to gain industry views and feedback on how NESO considers our duties under section 163 and 164 of the Energy Act 2023 within the BPS. This expects to build upon the changes we made last year and continue to support our commitment to being transparent with industry in how the principles and criteria set out are consistent with our duties. Further communications regarding this will be shared with industry in due course.

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Industry engagement

Industry Webinar

An industry webinar was held on 13 November 2025, with attendance peaking at around 25 external attendees. The webinar included an overview of the C9 ESO Licence requirement and associated change process, a summary of the early changes proposed within the C9 informal consultation and detail on how industry can engage with the consultation process. Questions were taken during the webinar and responded to, where possible, during the Q&A segment of the webinar.

The presentation slides, webinar recording and [Q&A document](#) are available on the [NESO C9 2026/27 consultation area](#). We would like to thank industry for their attendance and active engagement with the webinar.

Informal C9 Consultation

The informal consultation was published on 18 November, with a deadline for responses of 08 December, with the aim of gathering early industry feedback to shape the official C9 consultation. Following the publication, we engaged with industry via the Balancing Services Distribution list, NESO News, Elexon Newscast and the Operational Transparency Forum (OTF), to provide notification of the publication and details of how to respond.

Summary of feedback related to NESO's proposed changes to the C9 Statements

We received responses from three industry participants, all of whom broadly support the majority of the proposed updates to all statements.

One respondent agreed with the proposed updates to constraint management and ancillary services within the Procurement Guidelines, recommending that NESO provide further information on constraint markets and future developments. They requested clarity on several areas; to ensure all relevant services are included in published tables and documentation i.e. hydro services, to understand the rationale for wording changes within the Procurement Guidelines, for NESO to provide clarification and more up to date data on the use of certain services (e.g., BM Start-Up) and suggested clearer definitions regarding inertia and voltage as well as the distinction between system and energy actions within the SMAF Methodology.

One respondent focussed on the application of Net Transfer Capacity (NTC) limits, calling for further transparency of NTC usage and adherence to the Balancing Principles. They welcomed the proposed changes to the Balancing Principles Statement regarding updating NTC wording, noting that this represents a positive change, aligning the BPS

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with Ofgem's Licence Condition C28 derogation decision⁷⁸. It was also recommended there was improved transparency regarding the range of tools and services NESO uses to manage the electricity system, including the order and timing of service procurement. Suggestions included publishing supplementary annexes or visual aids to help market participants understand NESO's operational toolkit and procurement processes.

The feedback has been reviewed, discussed further with respondents where required, and where appropriate has informed some of the changes proposed to the statements within the official consultation.

We would like to thank industry for their engagement with the informal consultation and for the feedback provided.

Following the C9 report submission to the Authority, NESO will publish all non-confidential responses to the informal and official consultation with a NESO response, on the C9 webpage.

⁷ <https://www.ofgem.gov.uk/decision/decision-grant-national-grid-electricity-system-operator-derogation-standard-licence-condition-c28-procure-net-transfer-capacity-non-market-based-manner>

⁸ <https://www.ofgem.gov.uk/decision/decision-grant-national-grid-electricity-system-operator-extension-derogation-standard-licence-condition-c28-net-transfer-capacity-september-2023#:~:text=Under%20our%20powers%20outlined%20in,expiring%20on%2030%20September%202026.>

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Proposals for the Procurement Guidelines Statement (2026-2027)

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

The key amendments proposed to the Procurement Guidelines Statement are summarised below. Please note, page numbers are linked to the tracked change document version.

Change ID	Page number	Change summary	Rationale
PGS.01	All	General housekeeping updates to version control, formatting, spelling, grammar, contact information and link updates as normal.	Enhance clarity and readability throughout the statement.
PGS.02	5	Wording added regarding development of the PGS statement.	To align C9 statement introductions and clarify the C9 statement has been developed by NESO, in consultation with industry and approved by the Authority, in accordance with our ESO Licence.
PGS.03	14	Wording added to Balancing Mechanism Offers and Bid section, within Part B, section 1.	Ensure accurate representation of units NESO utilises in the Balancing Mechanism (BM).
PGS.04	15	Wording update of 'Forward Plan' to 'Business Plan', within Part B section 2.	Ensure use of correct terminology for improved clarity.
PGS.05	20-21	Wording added and updated to Part B, section 3. Taking actions outside the Balancing Mechanism, relating to Forward Trading.	Increase transparency around what is considered to be Forward Trading and to provide clarity regarding Grid Trade Master Agreements.

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PGS.06	21-22	Wording added for Net Transfer Capacity (NTC) section, within Part B, section 3.	Increase transparency and clarity regarding NTC Methodology and Policy.
PGS.07	22-24	Wording added and updated to Part C, section 1 System Ancillary Services.	Clarify requirements under Connection 8.1 of the Grid Code.
PGS.08	24	Wording updated relating to the Electricity System Restoration Assurance Framework, within Part C, section 1 The Future Requirements for Part 2 System Ancillary Services.	References the most current framework document and updates hyperlink.
PGS.09	25	Wording removed relating to Dynamic Services within Part C, section 1 The Future Requirements for Part 2 System Ancillary Services.	Eliminate repetition; Dynamic services are described elsewhere in the document.
PGS.10	27	Wording removed from Constraint Management Services section, within Part C, section 1, relating to changes to loss of mains protection procurement.	To update in line with NESOs current procurement practices for the 2026-2027 procurement year
PGS.11	27-28	Wording for Balancing Reserve is removed from Part C, section 1 within Commercial Ancillary Services list, to section 2.1.	To avoid duplication and improve statement readability.
PGS.12	30-31	Wording added for Balancing Reserve around co-optimising auction timing, within Part C section 2.1.	Clarify updates to the Balancing Reserve service for the 2026-2027 procurement year.
PGS.13	32	Wording updated for Quick Reserve for Non- Balancing Mechanism (Non-BM)	Reflect service updates following Non-BM Quick Reserve Go Live.

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		participants, within Part C section 2.1.	
PGS.14	33-34	Existing wording for Super SEL moved within statement from page pp43-44 to within Part C section 2.1.	Place SuperSEL wording in the Reserve section to clarify service categorisation; wording unchanged.
PGS.15	36	Wording added for Static FFR (SFFR) to reflect proposed changes to the service, within Part C, section 2.1.	Update to reflect proposed changes to SFFR for the 2026-2027 procurement year. ⁹ Please note changes proposed to SFFR service are still subject to an Authority decision as part of the SFFR Electricity Balancing Regulation (EBR) Article 18 consultation.
PGS.16	37-40	Wording removed, updated and added for the Obligatory Reactive Power Services (ORPS) section within Part C section 2.1.	Wording removed to clarify distinction between commercial services and System Ancillary Services. ORPS is a System Ancillary Services which are covered in Part C, System Ancillary Services. Wording updated and added to clarify Reactive Power Procurement and new markets for 2026-2027.
PGS.17	40	Wording added for Constraint management services section, within Part C section 2.1.	Clarify categorisation.
PGS.18	41	Wording updated within Megawatt Dispatch (MWD) section, within Part C section 2.1.	Clarify future development for potential expansion of MWD type of solutions.

⁹ For more information regarding the changes NESO is proposing for SFFR in the EBR Article 18 consultation (now closed at the time of this publication), please visit the [SFFR webpage](#).

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PGS.19	41-42	Wording updated within Local Constraint Market (LCM) section within Part C section 2.1.	Clarify any changes for LCM for the procurement year 2026-2027.
PGS.20	43-44	Wording updated and added for Demand Flexibility Service (DFS), within Part C section 2.1.	Clarify proposed changes for DFS for the procurement year 2026-2027 ¹⁰ . Please note changes proposed to the DFS service are still subject to an Authority decision as part of the EBR Article 18 consultation.
PGS.21	44-45	Wording added for Constraints Collaboration Project (CCP) within Part C section 2.1.	Updated in line with informal consultation industry feedback, to improve formatting to clarify information regarding CCP, associated projects and potential tendering for the procurement year 2026-2027. Further information on CCP, project developments and upcoming engagements can be found on the CCP website.
PGS.22	45-46	Wording updated to Stability markets section, within Part C section 2.1.	Clarify day ahead stability market consideration for the procurement year 2026-2027.
PGS.23	47	Wording updated within Part C section 2.2, within Other Reserves – commercial.	Clarify the services classed as other Reserves that we do not plan to procure any additional volumes of the following services above what we already have contracted.
PGS.24	47	Wording removed for Dynamic Frequency Response (DFFR), within Part C section 2.2.	Clarify that the service ceased in 2023.

¹⁰ For more information regarding the changes NESO is proposing for DFS in the EBR Article 18 consultation (now closed at the time of this publication), please visit the [DFS webpage](#).

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PGS.25	49	Wording updated for Enhanced Reactive Power Service (ERPS), within Part C section 2.2.	Clarify plans to remove ERPS, with removal pending the launch of the mid-term reactive power market.
PGS.26	52	Wording removed from Part C, section 3 Demand Side Providers and Small generators relating to Power Potential Innovation project.	Remove references to the project which ended in 2020.
PGS.27	56-57	Updates added to Table 1: BM Trading and System Ancillary Services, within Part D.	Clarify services for the 2026-2027 procurement year.
PGS.28	57-60	Updates added to Table 2: Active Commercial Ancillary Services, within Part D.	Clarify services for the 2026-2027 procurement year.
PGS.29	62-63	Updates to Table 3 Commercial Ancillary Services under review, within Part D.	Updated in line with informal consultation industry feedback, to improve formatting, alignment for clarity, to reflect status of removal of Enhanced Reactive Power Services and include Hydro Optional Spin Gen and Hydro Optional Pump De-Load services.
PGS.30	64	Wording update to Part E General Provisions, section 1 relating to the 2021-2026 regulatory framework.	To reflect the right document. In November 2025, NESO published our second business plan as the National Energy System Operator and the first under the post-RIO-2 regulatory framework.
PGS.31	69-74	Updates to Table 2: Balancing Services Information Provision Summary, within part E.	To update table numbering and information provision for services, whilst also improving table clarity, formatting, and alignment.

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Please see the tracked changes document for the Procurement Guidelines Statement (PGS) for full detail of the proposed changes. This is stored within the folder “**C9 Consultations, 2026–2027**” which can be located on the [C9 webpage](#).

Proposals for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement (2026–2027)

The Applicable Balancing Services Volume Data Methodology Statement outlines the process NESO takes to determine and provide the volumes of Applicable Balancing Services which are to be taken into account in determining Applicable Balancing Services Volume Data under the Balancing and Settlement Code (BSC)¹¹.

In response to feedback from previous C9 consultations, queries and to be well aligned with our ESO Licence, the ABSVD Methodology Statement has been updated to streamline and simplify the methodology documentation.

Key updates include:

- Clearer signposting to:
 - Relevant BSC rules & definitions
 - Roles & responsibilities within the process between NESO & Elexon¹²
 - Where relevant data can be viewed
 - Where the related queries can be addressed
- Removal of any Imbalance¹³ calculation references to align better to the scope & purpose of the document
- Provision of ABSVD to Elexon process is unchanged

The key amendments proposed to the ABSVD Methodology Statement are summarised below. Please note, page numbers are linked to the tracked change document version.

¹¹ The Balancing and Settlement Code (BSC) contains the rules and governance arrangements for electricity balancing and settlement in Great Britain. For more information see [here](#).

¹² Elexon is the administrator of the Balancing and Settlement Code (BSC). For more information, please visit [Elexon's website](#).

¹³ As defined by the BSC, Imbalance is a situation where there is a difference between the amount of power produced (supply) and the amount of electricity contracted or sold (demand). For more information, visit [Elexon's website](#).

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Change ID	Page number	Change summary	Rationale
ABSVD.01	All	General housekeeping updates to version control, contents page, formatting, spelling, grammar, contact information and link updates as normal.	To improve clarity and readability throughout the statement.
ABSVD.02	All	Wording for Transmission Licence updated to NESO Electricity System Operator Licence and clarity provided for references to NESO.	To reflect NESO's transition from National Grid ESO and ensure accurate licensing references.
ABSVD.03	All	Legacy references to C16 updated to C9 as relevant.	As a result of the transition from National Grid ESO to the National Energy System Operator, the Electricity System Operator Licence has taken effect, requiring updates to reflect the correct licensing references.
ABSVD.04	8-16	Restructuring of the start of the statement: introducing Part A Introduction to contain 2 parts: Foreword section and Purpose of Document section. Existing wording removed, updated and new wording added within new Part A.	Sections consolidated to enhance clarity, remove duplication and improve readability at the start of the statement. Amendments also clarify NESO and Elexon roles and responsibilities within the ABSVD process. To also align C9 statement introductions and clarify the C9 statement has been developed by NESO, in consultation with industry and approved by the Authority, in accordance with our ESO Licence.
ABSVD.05	17	Wording removed and existing wording updated	Sections consolidated to enhance clarity for Balancing Mechanism

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		within Part B, section 1 Basis of Calculation.	Units, remove duplication and improve readability at the start of the statement
ABSVD.06	17-23	Wording removed, existing wording updated, and section retitled within Part B, section 1.1 Variables included in the ABSVD and Section 1.2 Balancing Services for inclusion in the ABSVD.	<p>To improve clarity around Balancing Mechanism Units and to clarify the specific process within the BSC.</p> <p>To focus the statement on NESO processes and clarify NESO/Elexon roles and responsibilities.</p> <p>To improve clarity on treatment of DFS BM ABSVD Volumes delivered by a Non-BM provider (without its own individual BM Unit) and submitted to Elexon via BM ABSVD applied process (p21-22).</p> <p>To align with NESO's process, as NESO sends BOA instruction data to Elexon for volume calculation (pp21-22).</p>
ABSVD.07	23-24	Wording updated within Part B, section 1.3 ABSVD Provision.	To improve clarity and readability.
ABSVD.08	24	Wording updated within Part B, section 1.5 Re-submission of ABSVD.	To improve clarity and readability.
ABSVD.09	25-26	Existing Wording for Disputes (pp50-52) have been moved to within Part B: Applicable Balancing Services Volume Data 'ABSVD For BM Participants, with a minor change to wording.	<p>To improve readability and clarity of the disputes process for BM participants.</p> <p>To also replace the previous reference to telephone meetings with wording that accommodates both in-person and virtual meetings.</p>
ABSVD.10	27-34	Wording updated, section retitled and synthesised	Sections consolidated and updated to simplify content, remove

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		for Part C: Applicable Balancing Services Volume Data (ABSVD) For Non-Bm Providers, section 1 Balancing Services for inclusion in the ABSVD and section 2. ABSVD Calculation for Non-BM Providers for Applicable Reserve Balancing Services.	repetition and enhance readability, making the methodology easier to understand and apply regarding the ABSVD process for non-BM volumes. It also clarifies NESO/Elexon roles and responsibilities.
ABSVD.11	34	New section added, Registration of Metering System Identifier (MSID) pairs.	To clarify the process for MSID registration.
ABSVD.12	34-36	Wording updated within Part C, section 3. ABSVD Provision for Applicable Reserve Balancing Services from Non-BM Providers.	To clarify the process and NESO/Elexon roles and responsibilities.
ABSVD.13	36	Wording removed within Part C, Section 4. ABSVD Calculation and Submission for Non-BM Providers for Applicable Response Balancing Services.	To improve clarity, as this information has been included in the NBM table.
ABSVD.14	36-37	Wording updated within Part C, Section 5 Re-submission of ABSVD section.	To enhance clarity and readability throughout the statement and contact information.
ABSVD.15	37-39	Existing Wording for Disputes (pp60-62) have been moved to within Part C: Applicable Balancing Services Volume Data 'ABSVD For Non-BM	To improve readability and clarity around the dispute process for Non-BM participants. To also replace the previous reference to telephone meetings with wording that accommodates

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		Participants, with a minor change to wording.	both in-person and virtual meetings.
ABSVD.16	40-50	Removal of Part D: ABSVD Methodology for BM Participants, section 1. Principles within Part D ABSVD Methodology for BM Participants section.	To streamline the document, signpost ABSVD process, and clarify NESO/Elexon roles and definitions. Removed formulas and calculations related to Elexon Imbalance calculation to align with the document's scope and purpose.
ABSVD.17	52-59	Removal of Part D, Section 3. Worked examples, Section 3.1 Provision of Mode A Frequency Response example and 3.2 Provision of Short Term Operating Reserve (STOR).	To streamline the document and focus on NESO processes; removed Elexon Imbalance calculations to align with the document's scope and purpose.
ABSVD.18	60-63	Removal of Part E ABSVD Methodology for Non-BM Providers section 1. Principles, 2. Disputes and 3. Calculation of ABSVD.	Section 1 and 2 removed to remove duplication due to section wording moved elsewhere in document and removes reference to Elexon's process. Section 3 removed as this section refers only to expected volumes. This information has also been included within the NBM table.

Please see the tracked changes document for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement for full detail of the proposed changes. This is stored within the folder "**C9 Consultations, 2026-2027**" which can be located on the [C9 webpage](#).

Given the extensive structural changes suggested for the ABSVD Statement in this year's review, a clean version (Appendix E - ABSVD Statement v21 Clean Copy Example for Official Consultation) has been included to enhance readability and present a clear view of the final statement, should all proposed modifications be implemented. For a comprehensive overview of the changes, please consult the tracked change document.

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Proposals for the Balancing Services Adjustment Data (BSAD) Methodology Statement (2026–2027)

The Balancing Services Adjustment Data Methodology Statement (BSAD) outlines the process NESO takes to determine and provide the costs and volumes of the relevant balancing services which are to be taken into account under the BSC for the purposes of determining Imbalance Price(s)¹⁴.

In response to feedback from previous C9 consultations, queries and to be well- aligned with our Licence, the BSAD Methodology Statement has been updated to streamline and simplify the methodology documentation.

Key updates include:

- Clearer signposting within the BSAD Methodology to:
 - Relevant BSC rules & definitions
 - Roles & Responsibilities within the process between NESO & Elexon
 - Where relevant data can be viewed
 - Where the related queries can be addressed

The key amendments proposed to the BSAD Methodology Statement are summarised below. Please note, page numbers are linked to the tracked changes document version.

Change ID	Page number	Change summary	Rationale
BSAD.01	All	General housekeeping updates to version control, contents page, formatting, spelling, grammar, contact information and link updates as normal.	Enhance clarity and readability throughout the statement.
BSAD.02	All	Legacy references to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable.	The Energy Act of 2023 created NESO as an independent public body, separating it from National Grid PLC. NESO began operations in October 2024.

¹⁴ The Imbalance price can be defined as the price used to settle energy imbalance volumes. For more information, please visit [Elexon's webpage](#).

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BSAD.03	All	Legacy references to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence i.e. references to C16 updated to C9 as relevant.	As a result of the transition from National Grid ESO to the National Energy System Operator, the Electricity System Operator Licence has taken effect, requiring updates to reflect the correct licensing references.
BSAD.04	8-14	Restructuring of the start of the statement: introducing Part A Introduction to contain 2 parts: Foreword section and Purpose of Document section. Existing wording removed, updated and new wording added within new Part A.	Sections consolidated to enhance clarity, remove duplication and improve readability at the start of the statement. To also align C9 statement introductions and clarify the C9 statement has been developed by NESO, in consultation with industry and approved by the Authority, in accordance with our ESO Licence.
BSAD.05	14-15	Part B: Balancing Services Adjustment Data (BSAD) section updated. Existing wording removed, updated and new wording added.	Sections consolidated and updated to simplify content and enhance readability, making the methodology easier to understand and apply.
BSAD.06	16-17	Part B, section 2. Balancing Service Adjustment Actions wording updated.	Sections consolidated and updated to simplify content and enhance readability, making the methodology easier to understand and apply.
BSAD.07	18-24	Part B, section 2.1 Balancing Services included within Balancing Service	Sections consolidated and updated to simplify content and enhance readability, making the methodology

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		Adjustment Actions wording removed and updated.	easier to understand and apply. Note 4 wording updated to remove reference to the Elexon process to avoid suggesting different treatment of volumes for system flagged events. Please note changes proposed to the DFS service are still subject to an Authority decision as part of the EBR Article 18 consultation.
BSAD.08	25	Wording removed from within Part B, section 3. Buy Price Adjuster (BPA) section.	Wording removed due to being irrelevant to the formula described within the section.
BSAD.09	26-27	Wording removed and updated from within Part B, section 3.1, Buy Price Adjuster and BM Start Up.	The reference is to the BM Start Up service and not related to BSAD process.
BSAD.10	28-29	Wording added and existing wording updated within Part B, section 3.1.2 Worked Example: Buy Price Adjuster.	To provide additional clarity to the BPA Calculation process and signpost where further information can be found.
BSAD.11	30-32	Wording added and existing wording updated within Part C, section 1. BSAD submission.	Sections updated to simplify content and enhance readability, making the methodology easier to understand and apply. It also signposts where further information and datasets associated to BSAD can be found.
BSAD.12	33-34	Wording removed and existing wording updated	To ensure the statement reflects the process

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		from Part C, section 2. Re-submission of BSAD section.	accurately and provides additional contact information for BSAD related queries.
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Please see the tracked changes document for the Balancing Services Adjustment Data (BSAD) Methodology Statement for full detail of the proposed changes. This is stored within the folder "**C9 Consultations, 2026-2027**" which can be located on the [C9 webpage](#).

Given the extensive structural changes suggested for the BSAD Statement in this year's review, a clean version (Appendix F - BSAD Statement v27 Clean Copy Example for Official Consultation) has been included to enhance readability and present a clear view of the final statement, should all proposed modifications be implemented. For a comprehensive overview of the changes, please consult the tracked change document.

Proposals for the Balancing Principles Statement (2026-2027)

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

In the 2025 annual C9 review, NESO reviewed the balancing principles and associated statement and introduced changes to outline our consideration of duties under section 163 and 164 of the Energy Act, in accordance with C9.8.

NESO intends to consult separately regarding ESO Licence Condition C9.8 to gain industry views and feedback on how NESO considers our duties under section 163 and 164 of the Energy Act 2023 within the BPS. This expects to build upon the changes we made last year and continue to support our commitment to being transparent with industry in how the principles and criteria set out are consistent with our duties. Further communications regarding this will be shared with industry in due course.

The key amendments proposed to the BPS Statement are summarised below. Please note, page numbers are linked to the tracked change document version provided.

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Change ID	Page number	Change summary	Rationale
BPS.01	All	General housekeeping updates to formatting, spelling, grammar, contact information and link updates as normal.	Enhance clarity and readability throughout the statement.
BPS.02	All	Legacy references to "ESO", "NGESO", "NGET" and "National Grid" deleted and replaced with "NESO" where applicable.	The Energy Act of 2023 created NESO as an independent public body, separating it from National Grid PLC. NESO began operations in October 2024.
BPS.03	All	Legacy References to C16 updated to C9 as relevant.	As a result of the transition from National Grid ESO to the National Energy System Operator, the Electricity System Operator Licence has taken effect, requiring updates to reflect the correct licensing references.
BPS.04	4	Wording added regarding development of the BPS statement.	To align C9 statement introductions and clarify the C9 statement has been developed by NESO, in consultation with industry and approved by the Authority, in accordance with our ESO Licence.
BPS.05	11	Wording updated within Part B General Principles, section 1 Licence Duties.	Removes outdated wording.
BPS.06	12-14	Wording updated within Part B General Principles, section 1 Licence Duties.	Clarifies the government's Clean Power 30 (CP30) metrics within our net zero

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			statutory obligation (Energy Act s.163(1)(a)). Updates references and provision of information for Network Services.
BPS.07	16-25	Wording added to Part B: and Part C for non-BMUs.	Clarify requirements for non-BMUs.
BPS.08	19	Wording added to Part B (c) System and Localised Negative Reserve Active Power Margin.	Update references to 'synchronised' to reflect correctly.
BPS.09	22	Wording updated for Part B Section (g) communication failure.	Clarify outdated references to NGET.
BPS.10	27	Wording added to Balancing Principles Part C, section 4 to consider cost changes after instructing a longer notice service.	Clarifies that a full post event look back may appear out of cost order due to changes in costs that occurred between different procurement times.
BPS.11	32	Wording updates and added within the Net Transfer Capacity (NTC) description, within Part C, section 10.	Clarifies existing use of the term "economic", which could be misleading and does not align with Ofgem's NTC derogation decisions ¹⁵¹⁶ or NESO's approach.
BPS.12	35	Wording updated to Part D, section 2.1 Year Ahead, point (i).	Updated in line with informal consultation industry feedback, NESO agrees the reference to 'NGET' should be updated

¹⁵ <https://www.ofgem.gov.uk/decision/decision-grant-national-grid-electricity-system-operator-extension-derogation-standard-liscence-condition-c28-net-transfer-capacity-september-2023#:~:text=Under%20our%20powers%20outlined%20in,expiring%20on%2030%20September%202026.>

¹⁶ <https://www.ofgem.gov.uk/decision/decision-grant-national-grid-electricity-system-operator-derogation-standard-liscence-condition-c28-procure-net-transfer-capacity-non-market-based-manner>

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			to 'Transmission Owner' as the correct reference.
BPS.13	37	Wording updated to Part D Transmission Constraint Management and Response/Reserve Principles, section 2.2, step 4.	Updated in line with informal consultation industry feedback, to improve formatting, to reflect that other Balancing Services, not just the BM Start Up service, are considered to maintain system security of the transmission system at the day ahead stage.
BPS.14	39-40	Wording updated relating to MW Dispatch, within Part D, section 2.5.	Reflects current service terms.
BPS.15	42	Wording added relating to Dynamic Containment, within Part D, section 3.1.	Ensures all Dynamic services are included, maintaining alignment across PGS and BPS.
BPS.16	43	Wording updated relating to Regulating Reserve, Part D section 3.2 b).	Update references to 'synchronised' to reflect correctly.
BPS.17	43-44	Wording updated and added relating to Balancing Reserve within Part D, section 3.2 (b).	Provides clarity on Balancing Reserve auction timings, subject to Ofgem approval in 2025.
BPS.18	45	Wording updated relating to Quick Reserve within Part D, section 3.2 (e).	Reflects the launch of the service to allow Non-BM participation since the last statement revision and updates timelines for Fast Reserve phase out.

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BPS.19	46	Wording updated relating to Slow Reserve Part D, section 3.2 (f).	Reflects anticipated delivery timescales and expected service go-live.
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Please see the tracked changes document for the Balancing Principles Statement for detail of the full proposed changes. This is stored within the folder "**C9 Consultations, 2026-2027**" which can be located on the [C9 webpage](#).

Proposals for the System Management Action Flagging (SMAF) Methodology Statement (2026-2027)

The System Management Action Flagging (SMAF) Methodology Statement sets out the means which NESO will use to identify (using reasonable endeavours) balancing services that are for system management reasons, these services are subsequently classified as SO-Flagged.

The key amendments proposed to the SMAF Statement are summarised below. Please note, page numbers are linked to the tracked change document version.

Change ID	Page number	Change summary	Rationale
SMAF.01	All	General housekeeping updates to version control, formatting, spelling, grammar, contact information and link updates as normal.	Enhance clarity and readability throughout the statement.
SMAF.02	4	Wording added regarding development of the SMAF statement.	To align C9 statement introductions and clarify the C9 statement has been developed by NESO, in consultation with industry and approved by the Authority, in accordance with our ESO Licence.
SMAF.03	11	Addition of wording to section 2. The balancing services that will be SO-	To provide clarity that all accepted bids for DFS will be considered, to determine whether they were used for

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		Flagged for Demand Flexibility Service (DFS).	<p>system management reasons.</p> <p>To clarify that test runs also fall under this definition. This allows NESO to correctly reflect the use of the service as more flexibility is introduced with turn up and locational elements.</p> <p>Please note changes proposed to the DFS service are still subject to an Authority decision as part of the EBR Article 18 consultation.</p>
SMAF.04	13	Reference updated from NESO to refer to "System Operator" within paragraph referring to notifications around Automatic Low Frequency Demand Disconnection (AFDD).	The referenced text passage pertains to events in 2015, prior to the establishment of NESO. NESO was not in existence at that time, so references have been updated to accurately reflect the organisational context.

Please see the tracked changes document for the System Management Action Flagging (SMAF) Methodology Statement for full detail of the proposed changes. "**C9 Consultations, 2026-2027**" which can be located on the [C9 webpage](#).

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The consultation questions

We invite industry to provide feedback on the changes proposed within the official consultation to the Procurement Guidelines, ABSVD, BSAD, Balancing Principles and SMAF 2026/27 C9 Statements.

The consultation questions are included within **Appendix G C9 Official Consultation Response Proforma 2026-2027**.

The following suite of documents can be located on the [C9 Website](#) within the C9 consultations, 2026-2027 consultation folder, to support parties responding to the consultation.

- Procurement Guidelines Statement v27 effective from 01 2026 tracked changes for Official Consultation
- ABSVD Methodology Statement v21 effective from 01 April 2026 tracked changes for Official Consultation
 - Appendix E- ABSVD Statement v21 Clean Copy Example for Official Consultation
- BSAD Methodology Statement v27 effective from 01 April 2026 tracked changes for Official Consultation
 - Appendix F- BSAD Statement v27 Clean Copy Example for Official Consultation
- Balancing Principles Statement v27 effective from 01 April 2026 tracked changes for Official Consultation
- SMAF Methodology Statement effective from 01 April 2026 tracked changes for Official Consultation
- Appendix G – C9 Official Consultation Response Proforma 2026-2027

Please note, quoted page numbers within the statement change summaries and associated consultation questions are linked to the tracked change document version.

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How to respond

Responses should be submitted via **Appendix G C9 Official Consultation Response Proforma 2026–2027** and emailed to box.EFTConsultations@neso.energy.

Responses should be returned no later than **5pm on 06 February 2026**.

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

To receive updates relating to the C9 timeline or consultation publications please register to the [Balancing Service mailing list](#) on our NESO help centre.

For any questions, please contact box.EFTConsultations@neso.energy.