

# Demand Flexibility Service Procurement Rules

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## 1. Introduction

1.1 These **DFS Procurement Rules** describe the eligibility rules and criteria for participation in NESO's procurement of the **Demand Flexibility Service**.

1.2 These **DFS Procurement Rules** supplement, and should be read alongside, the following documents, which together with these **DFS Procurement Rules** constitute the "**DFS Procurement Documentation**":-

1.2.1 the **DFS Service Terms**;

1.2.2 the **Balancing Services Glossary of General Terms and Rules of Interpretation**;

1.2.3 the **Flexibility Services Standard Agreement** to the extent that any of its provisions are incorporated by any of the other **DFS Procurement Documentation** into such document(s); and

1.2.4 such other document(s) as **NESO** may designate from time to time as comprising a part of the **DFS Procurement Documentation**.

## 2. Changes to these DFS Procurement Rules

2.1 Subject always to paragraph 2.2, **NESO** may update these **DFS Procurement Rules** from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover.

2.2 To the extent required by the **Electricity Balancing Regulation** (and by reference to those provisions of the **DFS Procurement Documentation** which constitute terms and conditions approved by the **Authority** as the terms and conditions related to balancing pursuant to Article 18 of the **Electricity Balancing Regulation**), any variation to these **DFS Procurement Rules** will be proposed and implemented in accordance with the applicable requirements in the **Electricity Balancing Regulation**.

## 3. Defined Terms and Interpretation

3.1 Unless the context otherwise requires, any capitalised term used in these **DFS Procurement Rules** shall have the respective meaning given to it (if any) in either Schedule 1 or the prevailing **Balancing Services Glossary of General Terms and Rules of Interpretation** (as the case may be).

3.2 The rules of interpretation set out in the **Balancing Services Glossary of General Terms and Rules of Interpretation** shall also apply to these **DFS Procurement Rules**.

3.3 Where there is a reference in these **DFS Procurement Rules** to "rounded", fractions of a MW below 0.05 shall be rounded down to one decimal place and fractions of a MW of 0.05 and above shall be rounded up to one decimal place.

## 4. Registration of DFS Units

4.1 A **Registered Service Provider** may register from time to time one or more **DFS Units** in accordance with the **Registration and Pre-Qualification Procedure**.

4.2 Each **DFS Unit** shall have a **Registered Unit Capacity** which shall be an amount (if not an integer, rounded to one decimal place) from and including zero point one (0.1) MW to and including one hundred (100) MW (unless otherwise specified by **NESO**).

**4.3** As part of the **Registration and Pre-Qualification Procedure**, each **Registered Service Provider** shall:-

**4.3.1** submit to **NESO** for validation (and retain for fifteen (15) months after submission) its initial **Unit Meter Point Schedule** containing the **Unit Meter Points** which it proposes to make available for delivery of the **Demand Flexibility Service**; and

**4.3.2** indicate in such initial **Unit Meter Point Schedule** against each **Unit Meter Point**:-

- (a) its **Consumer Type**;
- (b) the **DFS Zone** and postcode in which it is located;
- (c) whether it is a **Boundary Meter** or a **Sub-Meter**;
- (d) if so required by **NESO**, whether included for **Upwards Flexibility** or **Downwards Flexibility** or both;
- (e) whether it is an **Import Meter** or an **Export Meter**;
- (f) if a **Boundary Meter**, its **MPAN**, and if a **Sub-Meter** its serial number or other unique identifier and the **MPAN(s)** of its associated **Boundary Meter(s)** (being the import **MPAN** together also with any export **MPAN**);
- (g) whether it is **Manually Initiated** or **Directly Instructable**;
- (h) whether it is designated as **Auto Opt-in** or **Manual Opt-In** (provided always that **Related Sub-Meters** shall always be designated collectively as one or the other);
- (i) the applicable baselining methodology in accordance with Schedule 3 (including any election where applicable);
- (j) a timestamp (in format HH:MM:SS) and date on which the **Registered Service Provider** obtained agreement from the owner and/or occupier of the **Premises** to its participation in the **Demand Flexibility Service**; and
- (k) the **DFS Unit** to which it is allocated (which for the avoidance of doubt may not subsequently be changed except by way of submission of an updated **Unit Meter Point Schedule** pursuant to paragraph 9), provided always that a **DFS Unit** shall only have allocated to it **Unit Meter Points** located in the same **DFS Zone**; and

**4.3.3** provide to **NESO** (either as part of the initial **Unit Meter Point Schedule** or separately as may be specified by **NESO**) all such other information as may be reasonably required by **NESO** for the purposes of the **DFS Procurement Documentation** and/or the **ABSVD Methodology Statement**.

**4.4** It shall be the responsibility of each **Registered Service Provider** to ensure that, in relation to each **Unit Meter Point** included on its initial **Unit Meter Point Schedule**, none of:-

**4.4.1** the relevant owner and/or occupier of the **Premises** which are **Metered** by that **Unit Meter Point** (either solely or in conjunction with other **Meter(s)**); or

4.4.2 where it is a **Boundary Meter**, the relevant owner and/or occupier of the **Premises** associated with each and any associated **Sub-Meter(s)**; or

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

were in agreement as at the timestamp referred to in paragraph 4.3.2(i) to participate in the **Demand Flexibility Service** from that same **Unit Meter Point** with another **Registered Service Provider**.

4.5 The inclusion by a **Registered Service Provider** in its initial **Unit Meter Point Schedule** of a **Unit Meter Point**:-

4.5.1 which is a **Sub-Meter** shall only be valid if all other **Sub-Meters** associated with the same **Boundary Meter** which are managed by the **Registered Service Provider** and eligible for inclusion pursuant to this paragraph 4 are also included in that **Unit Meter Point Schedule** and allocated to the same **DFS Unit** (that **Sub-Meter** and all such other **Sub-Meters** being “**Related Sub-Meters**”); and

4.5.2 which is a **Boundary Meter** shall only be valid if all other **Boundary Meters** associated with the same **Premises** which are managed by the **Registered Service Provider** and are eligible for inclusion pursuant to this paragraph 4 (whether **Export Meters** or **Import Meters**) are also included in that **Unit Meter Point Schedule** and allocated to the same **DFS Unit**,

and for such purposes “managed” shall mean:-

- (a) the **Unit Meter Point** relates to **Premises** owned and/or occupied by the **Registered Service Provider**; or
- (b) the **Registered Service Provider** is the **Relevant Supplier** with respect to the **Premises** and **Unit Meter Point**; or
- (c) the **Registered Service Provider** is a party to contractual arrangements with either the owner and/or occupier of the **Premises** to which the **Unit Meter Point** relates or the **Relevant Supplier** with respect to such **Unit Meter Point** which authorise the **Registered Service Provider** on behalf of such person(s) to participate in the **Demand Flexibility Service** with respect to such **Unit Meter Point**.

4.6 Notwithstanding paragraph 4.4, where:-

4.6.1 the same **Unit Meter Point** appears on more than one initial **Unit Meter Point Schedule**; or

4.6.2 a **Boundary Meter** and one or more of any associated **Sub-Meters** appear on the same or multiple **Unit Meter Point Schedule(s)**,

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

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

4.7.1 shall be **Half-Hourly Metered**;

- 4.7.2 if a **Boundary Meter** associated with a **Consumer Type** which is **Industrial & Commercial** (where the relevant **Premises** are **Profile Class 1** or **2** only), shall be **Half-Hourly Settled**;
- 4.7.3 if a **Boundary Meter** associated with a **Consumer Type** which is either **Domestic** or **Industrial & Commercial** (where the relevant **Premises** are **Profile Class 3** or **4** only), may be either **Half-Hourly Settled** or **Non-Half-Hourly Settled**;
- 4.7.4 if a **Boundary Meter** associated with a **Consumer Type** which is **Generation Asset**, shall be **Half-Hourly Settled**;
- 4.7.5 if a **Sub-Meter**, may be either **Half-Hourly Settled** or **Non-Half-Hourly Settled** (but, for the avoidance of doubt, must be associated with a **Boundary Meter** which is **Half-Hourly Metered**);
- 4.7.6 shall not form part of a **BM Unit** except a **Supplier Base BM Unit**;
- 4.7.7 shall comprise **Metering Equipment** all of which (including for the avoidance of doubt any asset and voltage transformers) meets any relevant accuracy class requirements of **Code of Practice 11**;
- 4.7.8 may:-
- (a) comprise (wholly or partly, including by virtue of being a **Sub-Meter** associated with a **Boundary Meter** which is) a **CMU** which is the subject of a **Capacity Agreement** unless otherwise stated (or to the extent and upon such conditions as **NESO** may stipulate) in the **DFS Stacking List**; and/or
  - (b) be participating in trials for new **Balancing Services** or other services from time to time undertaken by **NESO** unless otherwise stated (or to the extent and upon such conditions as **NESO** may stipulate) in the **DFS Stacking List**.
- 4.7.9 without limiting paragraph 4.7.8, and without prejudice to the operation of paragraph 8, shall not be registered with **NESO** or with any **Public Distribution System Operator** (or any other third party) to provide (whether solely, partly, or in conjunction with any other **Plant** or **Apparatus** and including where providing via an aggregator) any **Balancing Service** to **NESO** or any **DNO Flexibility Service** to that **Public Distribution System Operator** (or similar service to another entity) including participation in an **Active Network Management Scheme** where so prohibited by the **DFS Stacking List**.
- 4.8 Following submission by a **Registered Service Provider** of its initial **Unit Meter Point Schedule**, **NESO** shall send a report to that **Registered Service Provider** ("**Validation Report**") in the form of a validated initial **Unit Meter Point Schedule** containing details of the **Unit Meter Points** which have been accepted and those that have been rejected, having regard to the requirements of this paragraph 4 and the **Registration and Pre-Qualification Procedure**.
- 4.9 Provided the initial **Unit Meter Point Schedule** is received by **NESO** before 09.00 hours on a **Business Day**, **NESO** will use reasonable endeavours to send the **Validation Report** to the **Registered Service Provider** by the end of that **Business Day**.
- 4.10 All **Unit Meter Points** appearing for the first time on a **Registered Service Provider's** **Unit Meter Point Schedule** shall, upon validation by **NESO** in a **Validation Report**, be

subject to a **Pre-Participation Waiting Period** to allow for operation of paragraph 8, during which period they shall be deemed to be **Primacy Excluded**. At the expiry of the **Pre-Participation Waiting Period**, any such **Unit Meter Point** may participate in the **Demand Flexibility Service** unless indicated by **NESO** as **Primacy Excluded** in a **Primacy Exclusion Report** issued pursuant to paragraph 8.6.

**4.11** Information provided by a **Registered Service Provider** to **NESO** pursuant to the **Registration and Pre-Qualification Procedure** shall be kept up to date by the **Registered Service Provider** and any changes shall be notified promptly by the **Registered Service Provider** to **NESO** either by way of submission of an updated **Unit Meter Point Schedule** pursuant to paragraph 9 (where applicable) or otherwise by notice in writing to **NESO** in such format as **NESO** may specify.

**4.12** **NESO** reserves the right to disclose to **Public Distribution System Operators** the potential participation of **Unit Meter Points** in the **Demand Flexibility Service** via the inclusion in **Unit Meter Point Schedules** insofar as relevant to the management and operation of their **Distribution System(s)** and operation of paragraph 8, including without limitation the relevant **DFS Unit** and the location of any or all of the constituent **Unit Meter Points**.

## 5. Registration as Registered DFS Participant

**5.1** No **Registered Service Provider** may participate in **NESO's** procurement of the **Demand Flexibility Service** unless and until **NESO** has confirmed that it is a **Registered DFS Participant** in accordance with the **Registration and Pre-Qualification Procedure**.

**5.2** Where **NESO** determines (acting reasonably) that:-

**5.2.1** any details provided, including confirmations and declarations given, by a **Registered Service Provider** pursuant to the **Registration and Pre-Qualification Procedure** are no longer true and/or accurate; and/or

**5.2.2** having regard to monitoring of **Performance Data** and/or **Settlement Data** pursuant to the **DFS Service Terms** or otherwise, a **Registered DFS Participant** is materially and/or persistently failing to deliver the **Demand Flexibility Service** from one or more **DFS Units** in accordance with its submitted **Service Volumes**; and/or

**5.2.3** the **Registered DFS Participant** has persistently failed to provide compliant **Performance Data** in a timely manner; and/or

**5.2.4** without prejudice to the foregoing, a **Registered Service Provider** is materially and/or persistently in breach of any of the warranties and undertakings in paragraph 6.4 or 13 and/or any of its obligations under the **DFS Procurement Documentation**,

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

## 6. DFS Operational Baselines

**6.1** The **DFS Operational Baseline** for a **DFS Unit** shall be derived from one or both of the methodologies set out in Schedule 3 (as the case may be).

6.2 Each **DFS Operational Baseline** shall exclude any **Unit Meter Point** which is at the relevant time **Primacy Excluded**.

6.3 The **Service Volume** offered from time to time by the **Registered DFS Participant** from a **DFS Unit** as part of a **DFS Submission** shall be such amount as is reasonably considered by the **Registered DFS Participant** (acting in accordance with **Good Industry Practice**) to be deliverable in aggregate from the **Unit Meter Points** allocated to that **DFS Unit** at the relevant time (but subject always to paragraph 6.2) by reference to that **DFS Unit's DFS Operational Baseline** and on the basis that the applicable **DFS Initiation Measures** are implemented in full.

6.4 Without prejudice to paragraph 6.2, each **Registered DFS Participant** warrants and undertakes to **NESO**:-

6.4.1 In relation to **DFS Operational Baselines**:

- (a) except where (b) below applies, to act in good faith in a manner designed to ensure that, with respect to any **Unit Meter Points** allocated to a **DFS Unit**, the **Metered Volume** in an **Eligible Day** (each as defined in Schedule 3) is not adjusted with the intent of artificially inflating or reducing the **DFS Operational Baseline** from what it would have been but for the issue (or prospect of issue) of a **DFS Acceptance**; and
- (b) with respect to **Unit Meter Points** covered by the **Self-Nominated Baselining Methodology** as described in Schedule 3, to prepare and keep up to date its forecasts of **Output** required pursuant thereto in accordance with **Good Industry Practice**;

6.4.2 it has in place at all relevant times appropriate policies and/or procedures which are (insofar as may be reasonably practicable) designed to identify and promptly notify to **NESO** in writing, and will so notify **NESO** upon becoming aware, of any trends or patterns of behaviour across the **Unit Meter Points** on its **Unit Meter Point Schedule** which may suggest an artificial inflation or reduction of aggregate **DFS Operational Baselines** as described in paragraph 6.4.1; and

6.4.3 to act (and where it is not the owner and/or occupier of **Premises** which are **Metered by Unit Meter Point(s)** allocated to a **DFS Unit** procure that such owner and/or occupier acts) in good faith to implement the **DFS Initiation Measures** and deliver **DFS** in accordance with the **DFS Service Terms** including by preventing the deliberate displacement of any **Demand** or **Generation** represented by the **DFS Operational Baseline** to one or more other **Meter Points**.

## 7. Market Information Reports

**NESO** may from time to time publish on its **Industry Information Website** (and/or on the **NESO Data Portal**) a **Market Information Report**, which may contain non-binding indications of its anticipated **Service Requirements**.

## 8. Primacy

8.1 **Registered DFS Participants** acknowledge and agree that, to assist in the management of conflicts between **NESO** and **Public Distribution System Operator** with regard to their respective requirements and constraints, the content of **Unit Meter Point Schedules** will be shared by **NESO** in accordance with the provisions of this paragraph 8.

- 8.2 As a separate exercise from the production and submission of **Validation Reports** pursuant to paragraph 4.8, **NESO** will extract from all prevailing **Unit Meter Point Schedules** received from **Registered DFS Participants** pursuant to paragraphs 4 and 9, and submit to each relevant **Public Distribution System Operator**, the **MPAN(s)** for each **Boundary Meter(s)** located in that **Public Distribution System Operator's** network.
- 8.3 Provided that the initial or updated (as the case may be) **Unit Meter Point Schedule** is received by **NESO** before 09.00 hours on a **Business Day**, **NESO** will use reasonable endeavours to submit the **MPANs** to each relevant **Public Distribution System Operator** by no later than 11.00 hours on that **Business Day**.
- 8.4 In the submission pursuant to paragraph 8.2, **NESO** will invite each relevant **Public Distribution System Operator** to return to **NESO** a file ("**Risk of Conflict File**") before 11:00 hours on the following **Business Day**, showing, for each such **MPAN** and by reference to a time period, reason code and a conflict status, a percentage risk of conflict with any **DNO Flexibility Service**, **Active Network Management Scheme** or **DNO Operational Security Requirement**, including whether or not the conflict relates to **Upwards Flexibility** or **Downwards Flexibility** or both.
- 8.5 For the avoidance of doubt, where in response to an invitation pursuant to paragraph 8.4 a **Public Distribution System Operator** has provided multiple **Risk of Conflict Files** covering the same **Unit Meter Point**, **NESO** will rely, with respect to that **Unit Meter Point**, on the **Risk of Conflict File** which is last received.
- 8.6 **NESO** shall use reasonable endeavours to prepare and submit to each relevant **Registered DFS Participant**, no later than 14:00 hours on the **Business Day** which follows that in which the **Unit Meter Point Schedule** is received by **NESO** (provided received by **NESO** before 09.00 hours on that preceding **Business Day**), a report ("**Primacy Exclusion Report**") specifying those **Unit Meter Points** which **NESO** considers at its sole discretion (having regard to any **Risk of Conflict File(s)** received from the relevant **Public Distribution System Operator**) to be **Primacy Excluded**, and in each case the period or periods over which such **Unit Meter Point** shall be **Primacy Excluded**.
- 8.7 For the duration of any period or periods for which a **Unit Meter Point** is so indicated to be **Primacy Excluded**, that **Unit Meter Point** shall not be capable of participation in the **Demand Flexibility Service**, and for the avoidance of doubt where any **Unit Meter Point** is not so indicated as **Primacy Excluded** (which shall include where **NESO** has not received by the requested deadline a **Risk of Conflict Report** from the relevant **Public Distribution System Operator**) then such **Unit Meter Point** shall (subject always to paragraph 8.8) be treated for the purposes of this paragraph 8 as capable of participation in the **Demand Flexibility Service**.
- 8.8 In addition to paragraph 8.7, a **Unit Meter Point** shall not be capable of participation in the **Demand Flexibility Service** during its **Pre-Participation Waiting Period** during which time it is deemed to be **Primacy Excluded** in the circumstances specified in paragraph 4.10.
- 8.9 For the avoidance of doubt, a **Unit Meter Point** should not be required to be removed from a **Unit Meter Point Schedule** solely by reason of being on the **Primacy Exclusion Report**.
9. Updates to Unit Meter Point Schedules
- 9.1 For the purpose of these **DFS Procurement Rules**, unless the context otherwise requires, all references in these **DFS Procurement Rules**:-

- 9.1.1 to the prevailing **Unit Meter Point Schedule** with respect to any **Day** shall mean the initial (or any updated) **Unit Meter Point Schedule** submitted by the **Registered Service Provider** and validated last in time by **NESO** (and for the avoidance of doubt excluding any **Unit Meter Point** rejected pursuant to paragraph); and
- 9.1.2 to a validated **Unit Meter Point** shall mean a **Unit Meter Point** accepted by **NESO** for inclusion on the prevailing **Unit Meter Point Schedule** and not at the relevant time rejected by **NESO** pursuant to paragraph 9.4.

9.2 Where the **Registered DFS Participant** wishes to:-

- 9.2.1 propose the inclusion or removal of **Unit Meter Points** from the prevailing **Unit Meter Point Schedule**; or
- 9.2.2 notify a change to the **Auto Opt-in** or **Manual Opt-in** designation of **Unit Meter Points**; or
- 9.2.3 notify a change to the designation of **Unit Meter Points** as **Manually Initiated** or **Directly Instructable**; or
- 9.2.4 reallocate a **Unit Meter Point** to a different **DFS Unit**; or
- 9.2.5 notify any changes to any of the other information specified in the prevailing **Unit Meter Point Schedule**,

it shall (subject always to paragraph 9.4 where applicable) submit to **NESO** such proposal or notification as an update to the prevailing **Unit Meter Point Schedule**, and as soon as reasonably practicable following any notification from **NESO** of a change to any **DFS Zone(s)** each **Registered DFS Participant** shall additionally be obliged to submit to **NESO** an update to the prevailing **Unit Meter Point Schedule** where necessary to reflect any change to the **DFS Zone** in which it is located (and its allocation to any **DFS Unit**), and in respect thereof the provisions of paragraphs 4.3 to 4.11 inclusive shall apply (and all references therein to the initial **Unit Meter Point Schedule** shall be to such updated **Unit Meter Point Schedule**).

9.3 Without prejudice to paragraph 4.4, each **Registered DFS Participant** shall use reasonable endeavours in cooperation with **NESO** to assist in the resolution of any instances of the same **Unit Meter Point** simultaneously appearing in two (2) or more **Unit Meter Point Schedules** or of a **Boundary Meter** and any one or more of its associated **Sub-Meters** appearing in the same or multiple **Unit Meter Point Schedules**.

9.4 Except with **NESO's** consent in writing, no **Meter Point** shall be included by a **Registered DFS Participant** on its **Unit Meter Point Schedule** if it has previously been included on that **Registered DFS Participant's Unit Meter Point Schedule** (or that of any of its **Affiliates**) and since then removed and subsequently registered by that **Registered DFS Participant** (or any of its **Affiliates**) with **NESO** or with any **Public Distribution System Operator** (or any other third party) so as to provide at any time during the preceding ninety (90) **Days** (whether solely, partly, or in conjunction with any other **Plant** or **Apparatus** and including where providing via an aggregator) any **Balancing Service** to **NESO** or any similar service to that **Public Distribution System Operator** (or third party), provided always that nothing in this paragraph 9.4 shall restrict or prevent the inclusion on a **Unit Meter Point Schedule** of a **Meter Point** solely by virtue of:-

- 9.4.1 its registration or participation as described in paragraph 4.7.8(a) or 4.7.8(b); or

- 9.4.2 it comprising (wholly or partly, including by virtue of being a **Sub-Meter** associated with a **Boundary Meter** which is) a **CMU** which is the subject of a **Capacity Agreement** as referred to in paragraph 4.7.8(b) (but only for so long as **CMUs** are included in the **DFS Stacking List**); or
- 9.4.3 its previous inclusion on the **Unit Meter Point Schedule** of another **Registered DFS Participant**.
- 9.5 **NESO** may at any time (acting reasonably and having regard to the requirements of paragraph 4) reject any **Unit Meter Point** previously accepted for inclusion on the prevailing **Unit Meter Point Schedule**, either by notifying the **Registered DFS Participant** in writing details of the rejected **Unit Meter Point(s)** or by way of submission to the **Registered DFS Participant** of an updated **Unit Meter Point Schedule**.
10. **Service Requirement**
- 10.1 At any time in a **Day**, **NESO** may (but shall not be obliged to) notify a service requirement(s) for **DFS** for one or more **DFS Service Window(s)** falling in the applicable **DFS Procurement Period**, each such requirement referred to in the **DFS Procurement Documentation** as a “**Service Requirement**”.
- 10.2 Notification of a **Service Requirement** shall be made by **NESO** via the **NESO Data Portal**, and **NESO** may also publish each **Service Requirement** by notification to each **Registered DFS Participant** on the **DFS Assessment Platform**.
- 10.3 Each **Service Requirement** shall set out the following:-
- 10.3.1 the **Event ID**;
- 10.3.2 the **DFS Service Window(s)**;
- 10.3.3 that part of **NESO’s** margin requirement (MW) which **NESO** envisages could be met (in whole or part) by the **Demand Flexibility Service**;
- 10.3.4 for each **DFS Zone**, a **Zonal Cap**, which for the avoidance of doubt may be zero (0) MW;
- 10.3.5 whether it is for **Upwards Flexibility** or **Downwards Flexibility**;
- 10.3.6 whether flagged as an energy or system action;
- 10.3.7 a **DFS Submission Time**; and
- 10.3.8 whether it is being issued as a **DFS Test**.
- 10.4 Where **NESO** intends to notify a **Service Requirement** by way of a **DFS Test**:-
- 10.4.1 the **Service Requirement** shall indicate that it is issued pursuant to a **DFS Test** and **NESO** shall simultaneously notify and publish the **Guaranteed Acceptance Price** for that **Service Requirement** (which for the avoidance of doubt may be zero);
- 10.4.2 in order to ensure that step changes in aggregate delivery of **DFS** over a **DFS Service Window** do not exceed operational limits, for each **DFS Service Window** comprising two or more consecutive **Settlement Periods** **NESO** may determine an allocation of one or more of such **Settlement Periods** to each **Registered DFS Participant** such that each **Registered DFS Participant** may only submit a **DFS Submission** for each of its **DFS Units** for the **Settlement Period(s)** to which it has been allocated;

**10.4.3** in making such allocations, **NESO** shall seek to act fairly as between all **Registered DFS Participants**, including by ensuring equitable allocation of preferred **Settlement Periods** across consecutive **DFS Tests**; and

**10.4.4** the **Service Requirement** shall set out **NESO's** allocation of **Settlement Periods** to **Registered DFS Participants** pursuant to paragraphs 10.4.2 and 10.4.3.

## 11. DFS Submissions

**11.1** Upon issue of a **Service Requirement**, and by no later than the **DFS Submission Time**, with respect to any **DFS Unit** associated with the relevant **DFS Zone**, a **Registered DFS Participant** may (but shall not be obliged to) submit **DFS Submission(s)** for any or all of the **Settlement Periods** contained in a **DFS Service Window**, in accordance with the following provisions of this paragraph 11, provided always that for any **DFS Test** the **Registered DFS Participant** may only submit **DFS Submissions** for the **Settlement Period(s)** allocated to it by **NESO** pursuant to paragraph 10.4.2.

**11.2** Each **DFS Submission** shall relate to a single **Settlement Period** comprised within the **DFS Service Window**, and in response to any **Service Requirement** a **Registered DFS Participant** may submit:-

**11.2.1** multiple **DFS Submissions** for the same **DFS Unit** but for different **Settlement Periods**; and

**11.2.2** multiple **DFS Submissions** for different **DFS Units** for the same **Settlement Period**;

but multiple **DFS Submissions** for a single **DFS Unit** may not be submitted for the same **Settlement Period**.

**11.3** **DFS Submissions** received after the **DFS Submission Time** shall be considered null and void regardless of cause unless otherwise decided by **NESO** at its sole discretion.

**11.4** To be valid, each **DFS Submission** will need to be submitted by the **Registered DFS Participant** via the **DFS Assessment Platform**, be fully completed in accordance with paragraph 11.5 and be in the correct format as specified from time to time by **NESO** which unless otherwise specified by **NESO** in writing shall be a composite submission containing all **DFS Submissions** for all of the **Registered DFS Participant's** **DFS Units**.

**11.5** Each **DFS Submission** shall include:-

**11.5.1** the **Event ID** associated with the **Service Requirement** in question;

**11.5.2** whether **Upwards Flexibility** of **Downwards Flexibility**;

**11.5.3** the name of the **Registered DFS Participant** (matching the name given pursuant to the **Registration and Pre-Qualification Procedure**);

**11.5.4** the **DFS Unit** ID (matching its ID allocated to it pursuant to the **Registration and Pre-Qualification Procedure**);

**11.5.5** the applicable **Settlement Period** over which the **DFS Submission** is defined;

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

**11.5.7** the offered **Service Volume** (in MW), which shall:-

- (a) be based on the **Unit Meter Points** allocated to the relevant **DFS Unit** on the prevailing **Unit Meter Point Schedule** and derived in accordance with paragraph 6.2 (for the avoidance of doubt excluding any such **Unit Meter Points** which are (or deemed to be) **Primacy Excluded**);
  - (b) be an amount (if not an integer, rounded to one decimal place) not less than the **Minimum Submission Size** and not exceeding the **Maximum Submission Size** (or such other maximum limit which may be specified from time to time by **NESO**); and
  - (c) not in any event exceed the relevant **DFS Unit's Registered Unit Capacity**.
- 11.6** Where a **Registered DFS Participant** wishes to modify or withdraw a **DFS Submission** with respect to any **Settlement Period**, then subject always to paragraph 11.7 it may do so by resubmission of the relevant **DFS Submission(s)** in accordance with paragraphs 11.1 to 11.5 inclusive.
- 11.7** After the time specified in paragraph 11.1, **DFS Submissions** may not be modified or withdrawn by the **Registered DFS Participant** and shall become irrevocable subject always to paragraph 11.13, and if subject to a **DFS Acceptance** issued by **NESO** pursuant to paragraph 14 shall be binding on the **Registered DFS Participant** upon the terms of the **DFS Service Terms**.
- 11.8** Where, in relation to any **DFS Unit**, any **DFS Submission** is submitted for a **Settlement Period** which is the subject of a valid **DFS Submission** previously submitted for that **DFS Unit** and **Settlement Period**, then the earlier **DFS Submission** shall be treated as withdrawn.
- 11.9** Validation of **DFS Submissions** will be undertaken by **NESO** at the time of submission, and without prejudice to paragraph 11.13 all submitted **DFS Submissions** so validated remain valid and open for acceptance by **NESO** by way of a **DFS Acceptance** unless and until the **DFS Submission** is either:-
- 11.9.1** modified by the **Registered DFS Participant** pursuant to paragraph 11.6; or
  - 11.9.2** withdrawn by the **Registered DFS Participant** pursuant to paragraph 11.6 (including in the manner described in paragraph 11.8).
- 11.10** Each **Registered DFS Participant** is responsible for ensuring that the **DFS Submissions** it submits are correct and valid.
- 11.11** Subject always to paragraph 11.13, upon becoming aware of any error in a **DFS Submission**, the **Registered DFS Participant** shall modify the **DFS Submission** in accordance with paragraph 11.6 where possible otherwise shall notify **NESO** immediately, provided that in such event there shall be no obligation on **NESO** to take any steps to avoid or mitigate any potential losses to the **Registered DFS Participant**.
- 11.12** **DFS Submissions** submitted by **Registered DFS Participants** shall not be visible to other **Registered DFS Participants** until publication in the **DFS Utilisation Report** in the manner described in paragraph 16.
- 11.13** If, in the sole judgment of **NESO**, a **Registered DFS Participant** has failed to submit a correct and valid **DFS Submission** in accordance with this paragraph 11, **NESO** reserves the right to:-
- 11.13.1** deem that **DFS Submission** to be valid and correct; or

11.13.2 cancel that **DFS Submission**; and/or

11.13.3 take any other action as it deems appropriate in the circumstances including requesting the **Registered DFS Participant** to resubmit and/or amend the **DFS Submission** so that it is correct and valid.

11.14 The decision of **NESO** as to whether or not a **DFS Submission** is correct and valid shall be final, and the **Registered DFS Participant** may be notified of such decision without prior consultation or explanation.

## 12. Assessment of DFS Submission

12.1 All submitted **DFS Submissions** shall be assessed by **NESO** in accordance with this paragraph 12 save that, with respect to all **DFS Tests**, **DFS Submissions** for which the **Utilisation Price** is at or below the **Guaranteed Acceptance Price** will not be assessed and **NESO** will issue **DFS Acceptances** in accordance with paragraph 14.

12.2 All valid **DFS Submissions** shall be ranked, for each relevant **Event ID**, by price (from lowest to highest) and (subject to paragraph 12.3) accepted until **NESO** has secured its required aggregate volume for the relevant **Settlement Period** and **Event ID** and without exceeding the **Zonal Caps**, and for such purpose the required aggregate volume shall be based on the published **Service Requirement** but adjusted by **NESO** at its sole discretion to reflect:-

12.2.1 prevailing system conditions; and/or

12.2.2 submitted **Utilisation Prices** where procurement would be uneconomic.

12.3 Since **DFS Submissions** shall not be **Curtable** as provided in paragraph 14.3, **NESO** may at its sole discretion either accept in full or reject the marginal **DFS Submission** if to accept would result in **NESO** securing in excess of its required aggregate volume for that **DFS Zone**, and **NESO** similarly reserves the right to accept a **DFS Submission** so as to cause a **Zonal Cap** to be exceeded.

12.4 Where there is more than one marginal **DFS Submission** for a **DFS Zone**, and subject always to paragraph 12.3, **NESO** shall accept the **DFS Submission** whose offered **Service Volume** most closely meets **NESO**'s required aggregate volume, and where offered **Service Volumes** of one or more **DFS Submissions** for a **DFS Zone** are identical then **NESO** shall accept the **DFS Submission** with the lowest last resort rank factor.

12.5 For the purposes of paragraph 12.4, all valid **DFS Submissions** shall be assigned by **NESO** with a unique last resort rank factor.

## 13. Warranties and Undertakings

13.1 Without prejudice to its other obligations under and/or pursuant to the **DFS Procurement Documentation** and subject to paragraphs 10.1 and 10.3 of the **Flexibility Services Standard Agreement** which shall apply as if set out in full herein:-

13.1.1 **NESO** and each **Registered DFS Participant** warrants and undertakes to the other in the manner set out in paragraph 5.1 of the **Flexibility Services Standard Agreement** as if set out in full herein; and

13.1.2 each **Registered DFS Participant** warrants and undertakes that it has (and will at all relevant times have) full power and authority and all necessary consents from and on behalf of the owners and occupiers of all **Premises** associated with each **Unit Meter Point** allocated to its **Unit Meter Point**

**Schedule** for the disclosure and use of information related to each **Unit Meter Point** as referred to in paragraphs 17.2 and 17.3.

**13.1.3** on each occasion it submits a **DFS Submission**, the **Registered DFS Participant** warrants and undertakes to **NESO**:-

- (a) that each of the **Unit Meter Points** allocated to the relevant **DFS Unit** in a **DFS Submission** complies with the requirements of paragraph 4;
- (b) that it has all consents and permissions necessary for the delivery of **DFS** from each **Unit Meter Point** allocated to the relevant **DFS Unit** and the discharge of its obligations under these **DFS Procurement Rules** and the **DFS Service Terms** with respect to each such **Unit Meter Point**, including from each owner and/or occupier of **Premises** associated with each such **Unit Meter Point**;
- (c) without limiting paragraph (b) above, that it has access to the **Metered Data** for each of the **Unit Meter Points** allocated to the relevant **DFS Unit** for all purposes connected with the **DFS Procurement Documentation** including for the purpose of including energy volumes within the **Applicable Balancing Services Volume Data** as required by the **DFS Service Terms**;
- (d) that each of the **Unit Meter Points** allocated to the relevant **DFS Unit** for the purpose of deriving the offered **Service Volume** is not otherwise participating in the **Demand Flexibility Service** by way of allocation to a **DFS Unit** registered by another **DFS Registered Participant**; and
- (e) in the manner set out in paragraph 5.2 of the **Flexibility Services Standard Agreement** as if set out in full herein.

**13.2** Without prejudice to any other right or remedy, **NESO** and the **Registered DFS Participant** shall each be entitled to claim damages from the other for any breach of the warranties and undertakings or any of them set out or referred to in this paragraph 13 subject to paragraphs 10.1 and 10.3 of the **Flexibility Services Standard Agreement** which shall apply as if set out in full herein.

**13.3** Each **Registered DFS Participant** indemnifies **NESO** from and against any losses, liabilities, claims, expenses and demands which **NESO** might suffer as a result of the **Registered DFS Participant** being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 13.1.2.

## 14. DFS Acceptances

**14.1** **NESO** shall use reasonable endeavours to notify, at or around the **DFS Results Time**, all of those **Registered DFS Participants** who submitted **DFS Submissions** whether each **DFS Submission** was accepted or rejected in accordance with paragraph 12, and each such notification of acceptance is referred to in the **DFS Procurement Documentation** as a “**DFS Acceptance**”.

**14.2** All notifications from **NESO** pursuant to paragraph 14.1 shall be in writing and ordinarily made by way of publication on the **NESO Data Portal** but **NESO** reserves the right to notify **DFS Acceptances** by any other appropriate means which may be by way of publication on the **DFS Assessment Platform**.

**14.3** **NESO** may only accept a **DFS Submission** in full (both as to period and volume), and to that extent all **DFS Submissions** shall be treated as not **Curtable**.

14.4 For the avoidance of doubt, where with respect to any **Service Requirement** a **Registered DFS Participant** has submitted multiple **DFS Submissions** for a **DFS Unit**, **DFS Acceptances** may relate to one or more of such **DFS Submissions** and where multiple **DFS Submissions** are accepted which relate to the same **DFS Unit** the relevant **Settlement Periods** do not need to be consecutive.

## 15. Delivery of DFS

15.1 Each **Registered DFS Participant** in receipt of a **DFS Acceptance** shall provide the **Demand Flexibility Service** from the applicable **DFS Unit** during the applicable **Contracted Settlement Period** pursuant to and in accordance with the **DFS Service Terms**.

15.2 For the avoidance of doubt, the delivery of the **Demand Flexibility Service** from a **DFS Unit** shall exclude any **Unit Meter Point** which at the relevant time is (or is deemed to be) **Primacy Excluded**.

15.3 Further for the avoidance of doubt, once a **DFS Acceptance** is issued by **NESO** no further instruction or confirmation shall be given by **NESO** to the **Registered DFS Participant**.

15.4 Each **DFS Submission** and the contract formed between **NESO** and the **Registered DFS Participant** upon issue of a **DFS Acceptance** shall be personal to **NESO** and the **Registered DFS Participant** and neither **Party** shall assign, transfer, mortgage, charge, sub-contract or deal in any other manner with any or all of its rights and obligations thereunder except as may be permitted by the **DFS Service Terms** or in accordance with paragraph 11.2 of the **Flexibility Services Standard Agreement** as if such provision was set out in full herein.

## 16. DFS Utilisation Reports

16.1 As soon as reasonably practicable following notification of **DFS Acceptances**, **NESO** shall publish (and may subsequently revise) on the **NESO Data Portal** (and/or on its **Industry Information Website**) the **DFS Utilisation Report**.

16.2 Each **DFS Utilisation Report** may (at **NESO's** sole discretion) include in relation to each **DFS Service Window** and for each **DFS Submission**:-

16.2.1 the information contained in paragraph 11.5;

16.2.2 the applicable **DFS Zone(s)**; and

16.2.3 whether or not it was the subject of a **DFS Acceptance**.

## 17. Confidentiality

17.1 Subject always to paragraphs 17.2 and 17.3, the provisions of paragraph 12 of the **Flexibility Services Standard Agreement** shall apply to all and any information provided by **NESO** or any **Registered DFS Participant** to the other (whether orally or in writing) pursuant to or in connection with these **DFS Procurement Rules** as if set out in full herein.

17.2 Each **Registered DFS Participant** agrees to:-

17.2.1 the publication by **NESO** of the information contained in the **DFS Utilisation Reports**, including in a non-anonymised form, insofar as relating directly or indirectly to the **Registered DFS Participant** and the relevant **DFS Unit**;

17.2.2 the publication by **NESO** of any or all **DFS Operational Baseline(s)** for a **DFS Unit** including in a non-anonymised format; and

17.2.3 the disclosure and/or use by **NESO** of information related to **Unit Meter Points** insofar as allocated to **DFS Units** for the purpose of research and innovation provided always that any such disclosure is anonymised.

17.3 Without limiting paragraph 17.2, each **Registered DFS Participant** also agrees to:-

17.3.1 the disclosure by **NESO** to the relevant **Public Distribution System Operator** of information related to the potential participation of **Unit Meter Points** in the procurement of the **Demand Flexibility Service** pursuant to paragraph 4.12; and

17.3.2 the general publication by **NESO** of anonymised data associated with **DFS Submissions** aggregated.

## 18. Exceptional Circumstances

18.1 If an exceptional situation arises, in particular if a system or the information needed to receive and/or assess **DFS Submissions** is unavailable or if an incident prevents the procurement of **DFS** in normal circumstances, then **NESO** may take any or all of the following measures (at its sole discretion):-

18.1.1 modify any or all of the deadlines in these **DFS Procurement Rules**;

18.1.2 authorise **Registered DFS Participants** to submit new **DFS Submissions** or modify existing **DFS Submissions**;

18.1.3 authorise **Registered DFS Participants** to submit **DFS Submissions** otherwise than in accordance with paragraph 11;

18.1.4 cancel any **Service Requirement** at any time prior to issue of **DFS Acceptances**; and/or

18.1.5 take such other actions or steps as it reasonably considers to be necessary.

## 19. Communication Principles

19.1 **Registered DFS Participants** shall comply at all relevant times with the **Communication Principles** as regards the marketing and branding of customer facing products and associated processes related to the **DFS Initiation Measures** and any other aspect of the **DFS Procurement Documentation** referred to therein.

## 20. Accuracy of Information

20.1 All and any information provided by **NESO** to **Registered DFS Participants** for the purposes of these **DFS Procurement Rules** including in each **DFS Utilisation Report** is provided in good faith, but no representation or warranty is given by **NESO** (or any of its employees, officers, agents or advisers) as to the accuracy or completeness of such information.

## 21. Intellectual Property

21.1 **NESO** and each **Registered DFS Participant** retain ownership of the documents, data and information of any kind (including all intellectual property rights in them) that are provided to the other pursuant to these **DFS Procurement Rules**.

- 21.2** Each **Registered DFS Participant** undertakes to **NESO** that it will at all times when participating in **NESO's** procurement of the **Demand Flexibility Service**, hold all and any authorisations and/or property rights and/or licences for all of the configurations, interfaces, firmware and software needed by it for it to participate in such procurement.
- 21.3** Each **Registered DFS Participant** shall comply (and use reasonable endeavours to ensure that its staff and other representatives comply) with all and any applicable user licences and terms of use of which the **Registered DFS Participant** is aware governing use by the **Registered DFS Participant** of the systems or software applications comprised in the **NESO's** processes for procurement of the **Demand Flexibility Service**.
- 21.4** Each **Registered DFS Participant** indemnifies and keeps indemnified **NESO** from and against any claims from a third party relating to an infringement of that third party's intellectual property rights or other property rights arising out of participation by the **Registered DFS Participant** in **NESO's** procurement processes in breach of any user licence or terms of use referred to in paragraph 21.3 of which it is aware.
- 21.5** **NESO** shall procure such third-party intellectual property authorisations as may be necessary to enable the **Registered DFS Participant** to participate in **NESO's** processes for procurement of the **Demand Flexibility Service**.
- 21.6** **NESO** shall indemnify and keep indemnified the **Registered DFS Participant** from and against any claims from a third party if and to the extent that the **Registered DFS Participant's** participation in **NESO's** processes for procurement of the **Demand Flexibility Service** infringes a third party's intellectual property rights or other property rights.
- 21.7** In respect of the indemnities given in paragraphs 21.4 and 21.6 the indemnified party shall:-
- 21.7.1** notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 21, "**IPR Claim**");
  - 21.7.2** give the indemnifying party control of the **IPR Claim**;
  - 21.7.3** make no admissions in respect of an **IPR Claim** without prior written consent of the indemnifying party; and
  - 21.7.4** provide such support in respect of the **IPR Claim** as the indemnifying party may reasonably require at the cost of the indemnifying party.
- 22. Costs**
- 22.1** For the avoidance of doubt, each **Registered DFS Participant** shall remain responsible for all costs and expenses incurred by it in connection with these **DFS Procurement Rules** including all costs of registration, pre-qualification and allocation of assets, compilation and updating of its **Unit Meter Point Schedule** and preparing and submitting **DFS Submissions**.
- 23. Notices**
- 23.1** Save to the extent the manner of communication between **NESO** and **Registered DFS Participants** is stipulated in the **Registration and Pre-Qualification Procedure**, paragraph 16 of the **Flexibility Services Standard Agreement** shall apply as if set out in full herein to any notice required to be submitted under these **DFS Procurement Rules** by either **NESO** or the **Registered DFS Participant** to the other.

**23.2** For the purposes of paragraph 23.1, the relevant contact details and addresses of each **Party** shall be those notified from time to time by that **Party** to the other pursuant to the **Registration and Pre-Qualification Procedure**.

## 24. Dispute Resolution

**24.1** The provisions of paragraph 17 of the **Flexibility Services Standard Agreement** shall apply in relation to any dispute or difference of whatever nature however arising under, out of, or in connection with these **DFS Procurement Rules** as if set out in full herein, save that:-

**24.1.1** no **Party** shall have any right to refer any dispute to an **Expert** for determination except where the dispute is stated in these **DFS Procurement Rules** to be referable to an **Expert** for determination or otherwise agreed in writing by the **Parties** to be so referable;

**24.1.2** nothing in this paragraph 24 shall prevent the **Parties** from agreeing to resolve any dispute or difference through the courts in which case paragraph 25.1 shall apply; and

**24.1.3** where any dispute is referred to arbitration, the prevailing rules of the **London Court of International Arbitration** shall apply unless otherwise agreed in writing by the **Parties** (and paragraph 17.6 of the **Flexibility Services Standard Agreement** shall be read and construed accordingly).

## 25. Governing Law and Jurisdiction

**25.1** Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these **DFS Procurement Rules** or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.

**25.2** Subject always to paragraph 24.1, **NESO** and each **Registered DFS Participant** submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with these **DFS Procurement Rules** or their enforceability and waives any objection to proceedings being brought in such courts or on the grounds that proceedings have been brought in an inconvenient forum.

## Schedule 1 – Defined Terms

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

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

<p><b>“DFS Delivered Volume”</b></p>	<p>in respect of any <b>DFS Unit</b> and <b>Contracted Settlement Period</b>, and for all constituent <b>Unit Meter Points</b> which are <b>Participating</b>, the aggregate of:-</p> <ol style="list-style-type: none"> <li>(1) subject to (2) below, any <b>Demand</b> or <b>Generation</b> reduction (in MWh) or (as the case may be) any <b>Demand</b> or <b>Generation</b> increase (in MWh) delivered from each such <b>Unit Meter Point</b> whether <b>Auto Opt-in</b> or <b>Manual Opt-in</b>; and</li> <li>(2) where any such <b>Unit Meter Point</b> is a <b>Sub-Meter</b> which is a <b>Related Sub-Meter</b> to one or more other <b>Sub-Meters</b>, and whether <b>Auto Opt-in</b> or <b>Manual Opt-in</b>, any <b>Demand</b> or <b>Generation</b> reduction (in MWh) or (as the case may be) <b>Demand</b> or <b>Generation</b> increase (in MWh) delivered from all such <b>Related Sub-Meters</b> (regardless of whether any of such other <b>Related Sub-Meters</b> are <b>Non-Participating</b>),</li> </ol> <p>in each case delivered against the <b>DFS Operational Baseline</b> and derived from <b>Half-Hourly Metering</b>, and excluding any energy volumes associated with <b>Unit Meter Points</b> which at the relevant time are (or are deemed to be) <b>Primacy Excluded</b>;</p>
<p><b>“DFS Initiation Measures”</b></p>	<p>means such actions and processes as shall be implemented by the <b>Registered DFS Participant</b>, with respect to <b>Unit Meter Points</b> which are <b>Participating</b>, following submission by <b>NESO</b> of a <b>DFS Acceptance</b> so as to deliver a <b>Service Volume</b>, as more particularly described by the <b>Registered DFS Participant</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b>, and which may be <b>Manually Initiated</b> or <b>Directly Instructable</b> or a combination of both;</p>
<p><b>“DFS Operational Baseline”</b></p>	<p>in respect of any <b>DFS Unit</b>, means the assumed aggregate <b>Demand</b> or <b>Generation</b> profile of the constituent <b>Unit Meter Points</b> designated to that <b>DFS Unit</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> expressed in MWh over the relevant <b>Contracted Settlement Period</b> and as more particularly described in Schedule 3;</p>
<p><b>“DFS Procurement Documentation”</b></p>	<p>as described in paragraph 1.2;</p>
<p><b>“DFS Procurement Period”</b></p>	<p>a period of eight (8) hours (or any extended period as may be permitted by the <b>Authority</b> from time to time) commencing from the <b>DFS Submission Time</b>;</p>
<p><b>“DFS Procurement Rules”</b></p>	<p>this document as published by <b>NESO</b> from time to time;</p>

<p><b>“DFS Results Time”</b></p>	<p>with respect to any <b>Service Requirement</b>, sixty (60) minutes after the <b>DFS Submission Time</b>, or such other time as <b>NESO</b> may specify in writing from time to time;</p>
<p><b>“DFS Service Terms”</b></p>	<p>the prevailing document titled <b>“DFS Service Terms”</b> published by or on behalf of <b>NESO</b> from time to time containing the terms and conditions governing the delivery and settlement of the <b>Demand Flexibility Service</b>;</p>
<p><b>“DFS Service Window”</b></p>	<p>a single <b>Settlement Period</b> or consecutive <b>Settlement Periods</b> the subject of a <b>Service Requirement</b>;</p>
<p><b>“DFS Settlement Volume”</b></p>	<p>in respect of any <b>DFS Unit</b> and <b>Contracted Settlement Period</b>, and for all constituent <b>Unit Meter Points</b> which are <b>Participating</b>, the aggregate of:-</p> <ol style="list-style-type: none"> <li>(1) subject to (3) below, in the case of <b>Downwards Flexibility</b>, any <b>Demand</b> reduction or <b>Generation</b> increase (in MWh), or in the case of <b>Upwards Flexibility</b>, any <b>Demand</b> increase or <b>Generation</b> reduction (in MWh) delivered from each such <b>Unit Meter Point</b> which is <b>Manual Opt-in</b>;</li> <li>(2) subject to (3) below, any <b>Demand</b> or <b>Generation</b> reduction or increase (in MWh) delivered from each such <b>Unit Meter Point</b> which is <b>Auto Opt-in</b>; and</li> <li>(3) where any such <b>Unit Meter Point</b> is a <b>Sub-Meter</b> which is a <b>Related Sub-Meter</b> to one or more other <b>Sub-Meters</b>, and whether <b>Auto Opt-in</b> or <b>Manual Opt-in</b>, any <b>Demand</b> or <b>Generation</b> reduction (in MWh) or (as the case may be) <b>Demand</b> or <b>Generation</b> increase (in MWh) delivered from all such <b>Related Sub-Meters</b> (regardless of whether any of such other <b>Related Sub-Meters</b> are <b>Non-Participating</b>),</li> </ol> <p>in each case delivered against the <b>DFS Operational Baseline</b> and derived from <b>Half-Hourly Metering</b>, and excluding any energy volumes associated with <b>Unit Meter Points</b> which are at the relevant time are (or are deemed to be) <b>Primacy Excluded</b>;</p>
<p><b>“DFS Stacking List”</b></p>	<p>the list of products and services which <b>NESO</b> considers to be capable of being stacked with the <b>Demand Flexibility Service</b> referred to in the document which is described as such and published by or on behalf of <b>NESO</b> for the purposes of these <b>DFS Procurement Rules</b> and as may be modified by <b>NESO</b> from time to time;</p>

“DFS Submission”	in respect of a <b>DFS Unit</b> , a submission submitted by a <b>Registered DFS Participant</b> in accordance with these <b>DFS Procurement Rules</b> for the delivery upon and subject to the <b>DFS Service Terms</b> of the <b>Demand Flexibility Service</b> during a single <b>Settlement Period</b> comprising all or part of a <b>DFS Service Window</b> ;
“DFS Submission Time”	the deadline for <b>DFS Submissions</b> specified by <b>NESO</b> as set out in the <b>Service Requirement</b> ;
“DFS Test”	a <b>Service Requirement</b> issued in the circumstances described in paragraph 10.4;
“DFS Unit”	a collection of <b>Unit Meter Points</b> within the same <b>DFS Zone</b> registered as such by a <b>Registered DFS Participant</b> at the relevant time in accordance with the <b>Registration and Pre-Qualification Procedure</b> ;
“DFS Utilisation Report”	the report (which may comprise more than one document, published separately) published by <b>NESO</b> pursuant to paragraph 16;
“DFS Zone”	the geographical areas within Great Britain as delineated and identified in the document which is described as such and published by or on behalf of <b>NESO</b> for the purposes of these <b>DFS Procurement Rules</b> and as may be modified by <b>NESO</b> from time to time by notice in writing to <b>Registered DFS Participants</b> ;
“Directly Instructable” or “Directly Instructed”	the facility made available to a <b>Registered DFS Participant</b> by the owner and/or occupier of a <b>Unit Meter Point</b> for the <b>Registered DFS Participant</b> to initiate delivery of <b>DFS</b> from a <b>Unit Meter Point</b> by communicating directly with the <b>Unit Meter Point</b> (which may be by an appropriate signal to the on-site <b>Metering Equipment</b> );
“DNO Flexibility Service”	any of the services procured from time to time by any one or more <b>Public Distribution System Operators</b> by way of direction of power flows across its or their <b>Distribution System(s)</b> excluding for these purposes an <b>Active Network Management Scheme</b> and any <b>DNO Operational Security Requirement</b> ;
“DNO Operational Security Requirement”	a network requirement determined by a <b>Public Distribution System Operators</b> and notified to <b>NESO</b> which requires a <b>Unit Meter Point</b> to be excluded from participation in the <b>Demand Flexibility Service</b> ;
“Domestic”	for the purposes of these <b>DFS Procurement Rules</b> , and in relation to a <b>Unit Meter Point</b> , that it records imports to or exports from <b>Premises</b> at which a supply of electricity is taken wholly or mainly for a domestic purpose;
“Downwards Flexibility”	<b>Generation Turn Up</b> or <b>Demand Turn Down</b> ;

“DRSC Liable User”	any <b>Registered DFS Participant</b> whose receipt of a <b>DFS Acceptance</b> renders it a <b>Demand Response Provider</b> by virtue of the relevant <b>DFS Unit</b> comprising a source of controllable <b>Demand</b> ;
“Electricity Balancing Regulation”	the English version of Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into <b>Retained EU Law</b> ;
“Event Day”	as defined in Schedule 3;
“Event ID”	means a unique identifier assigned by <b>NESO</b> to each <b>Service Requirement</b> ;
“Export Meter”	a <b>Meter</b> which records exports from the relevant <b>Premises</b> ;
“Generation Asset”	means any <b>Generating Unit</b> of any technology type;
“Generation Turn Down”	a curtailment in output of <b>Active Power</b> (expressed in MW) from a <b>Unit Meter Point</b> ;
“Generation Turn Up”	an increase in output of <b>Active Power</b> (expressed in MW) from a <b>Unit Meter Point</b> ;
“Good Industry Practice”	in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
“Guaranteed Acceptance Price”	the price (£/MWh) published by <b>NESO</b> from time to time with respect to <b>DFS Tests</b> ;
“Half-Hourly Metering”	<b>Metered Data</b> provided from a <b>Meter</b> at half-hourly resolution (or smaller) for settlement purposes, and “ <b>Half-Hourly Metered</b> ” and “ <b>Half-Hourly Metered Data</b> ” shall be construed accordingly;
“Half-Hourly Settled”	a <b>Meter</b> whose <b>Half-Hourly Metering</b> is used directly to calculate the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b> ;
“Import Meter”	a <b>Meter</b> which records imports from the relevant <b>Premises</b> ;
“Industrial & Commercial”	for the purposes of these <b>DFS Procurement Rules</b> , and in relation to a <b>Unit Meter Point</b> , that it records imports to or exports from <b>Premises</b> at which a supply of electricity is not taken wholly or mainly for a domestic purpose;
“Industry information Website”	the web page listed under the <b>NESO</b> website for the publication of information for the use of <b>Registered DFS Participants</b> and other interested parties;
“IPR Claim”	as defined in paragraph 21;

<p><b>“Manual Opt-In”</b></p>	<p>in relation to any <b>Unit Meter Point</b> designated as such, that it is <b>Non-Participating</b> for all <b>Contracted Settlement Periods</b> unless the owner and/or occupier of the relevant <b>Premises</b> notifies the <b>Registered DFS Participant</b> that it wishes to be <b>Participating</b> and, in the case of a <b>Related Sub-Meter</b>, that the owner(s) and/or occupier(s) of all such <b>Premises</b> associated with each one of such <b>Related Sub-Meter(s)</b> so notify, and for such purpose such notification from the owner and/or occupier shall be either an indication of participation in response to a communication from the <b>Registered DFS Participant</b> (where <b>Manually Initiated</b>) or confirmation and/or validation of the direct communication to the <b>Unit Meter Point</b> (where <b>Directly Instructed</b>);</p>
<p><b>“Manually Initiated”</b></p>	<p>the initiation of delivery of <b>DFS</b> from a <b>Unit Meter Point</b> by an action on the part of the owner and/or occupier of the <b>Premises</b> associated with that <b>Unit Meter Point</b> in response to a communication from the <b>Registered DFS Participant</b>;</p>
<p><b>“Market Information Report”</b></p>	<p>the prevailing report described in paragraph 7;</p>
<p><b>“Maximum Submission Size”</b></p>	<p>100MW;</p>
<p><b>“Meter”</b></p>	<p>means a device for measuring <b>Active Power</b>, being either an <b>Import Meter</b> or an <b>Export Meter</b>;</p>
<p><b>“Metered Data”</b></p>	<p>consumption data recorded by a <b>Meter</b>;</p>
<p><b>“Metered Volume”</b></p>	<p>as defined in Schedule 3;</p>
<p><b>“Metering Equipment”</b></p>	<p>as defined in the <b>BSC</b>;</p>
<p><b>“Minimum Submission Size”</b></p>	<p>0.1MW;</p>
<p><b>“Monthly Statement”</b></p>	<p>as defined in Schedule 2 of the <b>DFS Service Terms</b>;</p>
<p><b>“MPAN” or “Meter Point Administration Number”</b></p>	<p>the unique reference number used to identify a <b>Boundary Meter</b>;</p>
<p><b>“NESO Data Portal” and/or “NESO Data Analytics Platform”</b></p>	<p>the online portal/platform hosted by <b>NESO</b> which is used to publish data related to its procurement of certain <b>Balancing Services</b>;</p>
<p><b>“Non-Half-Hourly Settled”</b></p>	<p>a <b>Meter</b> whose <b>Metered Data</b> is subject to application of a load profile before being applied towards the calculation of the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b>;</p>
<p><b>“Non-Participating”</b></p>	<p>means in respect of any <b>Unit Meter Point</b> allocated to a <b>DFS Unit</b> for a <b>Contracted Settlement Period</b>, that it is not <b>Participating</b>;</p>

<p><b>“Participating”</b></p>	<p>in respect of any <b>Unit Meter Point</b> allocated to a <b>DFS Unit</b> and for a <b>Contracted Settlement Period</b>, and by reference to:-</p> <ol style="list-style-type: none"> <li>(1) whether that <b>Unit Meter Point</b> is designated as <b>Auto Opt-in</b> or <b>Manual Opt-in</b>; and</li> <li>(2) the nature of any notification from the relevant owner(s) and/or occupier(s) of the relevant <b>Premises</b> upon being <b>Manually initiated</b> or <b>Directly Instructed</b> (as the case may be),</li> </ol> <p>that such owner(s) and/or occupier(s) intend for such <b>Premises</b> to respond to the relevant <b>Service Requirement</b>;</p>
<p><b>“Performance Data”</b></p>	<p>as defined in paragraph 6.1 of the <b>DFS Service Terms</b>;</p>
<p><b>“Power Station”</b></p>	<p>as defined in the <b>CUSC</b>;</p>
<p><b>“Premises”</b></p>	<p>any land, building or structure to which a supply of electricity is made;</p>
<p><b>“Pre-Participation Waiting Period”</b></p>	<p>in relation to a <b>Unit Meter Point</b>, the period commencing at the time of issue of the <b>Validation Report</b> and ending, where the <b>Unit Meter Point</b> is first submitted for validation prior to 09.00 hours on a <b>Day</b>, on expiry of the next following <b>Business Day</b> otherwise on expiry of the <b>Business Day</b> which next follows;</p>
<p><b>“Primacy Excluded”</b></p>	<p>in relation to a <b>Unit Meter Point</b> that has been so indicated by <b>NESO</b> in a <b>Primacy Exclusion Report</b>, that it shall be excluded from participation in the <b>Demand Flexibility Service</b> by reason of operation of paragraph 8;</p>
<p><b>“Primacy Exclusion Report”</b></p>	<p>as defined in paragraph 8.6;</p>
<p><b>“Profile Class”</b></p>	<p>the basic types of load profile used for electricity settlement of <b>Premises</b>;</p>
<p><b>“Registered Unit Capacity”</b></p>	<p>in relation to any <b>DFS Unit</b>, the maximum <b>Service Volume</b> capable of being delivered as <b>Demand Flexibility</b> as validated by <b>NESO</b>;</p>
<p><b>“Registered DFS Participant”</b></p>	<p>a <b>Registered Service Provider</b> who has registered with <b>NESO</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> as eligible to participate in the procurement of the <b>Demand Flexibility Service</b>, which shall include acceding to the <b>DFS Procurement Documentation</b>;</p>
<p><b>“Registered Service Provider”</b></p>	<p>an entity who has submitted the relevant <b>Registration Documents</b> and to whom <b>NESO</b> has confirmed is subsequently registered as such in each case pursuant to the <b>Registration and Pre-Qualification Procedure</b>;</p>
<p><b>“Registration and Pre-Qualification Procedure”</b></p>	<p>the procedure and processes described in Schedule 2;</p>

“Registration Documents”	such documents and/or processes as <b>NESO</b> may stipulate from time to time pursuant to the <b>Registration and Pre-Qualification Procedure</b> , including without limitation Forms A, B and C;
“Related Sub-Meters”	as defined in paragraph 4.5.1;
“Relevant Supplier”	with respect to any <b>Unit Meter Point</b> and the <b>Premises</b> at which it is located, the holder of a <b>Licence</b> to supply electricity who is registered at the relevant time to that <b>Unit Meter Point</b> ;
“Retained EU Law”	as defined by section 6(7) of the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement Act) 2020;
“Risk of Conflict File”	as defined in paragraph 8.4;
“Self-Nominated Baseline Methodology”	the baselining methodology described as such in Schedule 3;
“Service Requirement”	as defined in paragraph 10.1;
“Service Volume”	in respect of any <b>DFS Unit</b> , the aggregate energy volume from the constituent <b>Unit Meter Points</b> offered by the <b>Registered DFS Participant</b> as specified in its <b>DFS Submission</b> , being either <b>Generation Turn-Up</b> and/or <b>Demand Turn-Down</b> (for <b>Downwards Flexibility</b> ) or <b>Generation Turn-Down</b> and/or <b>Demand Turn-Up</b> (for <b>Upwards Flexibility</b> ), as the case may be;
“Settlement Data”	as defined in paragraph 8.2 of the <b>DFS Service Terms</b> ;
“Single Market Platform”	the online platform hosted by <b>NESO</b> comprising (inter alia) the <b>Registration and Pre-Qualification Procedure</b> and which facilitates the registration of <b>Registered DFS Participants</b> and <b>DFS Units</b> ;
“Sub-Meter”	a <b>Meter</b> which is either an <b>Asset Meter</b> or a <b>Meter</b> which meets the eligibility requirements in the <b>BSC</b> to be an <b>Asset Meter</b> and which is associated with a <b>Boundary Meter</b> which is <b>Half Hourly Metered</b> ;
“Supplier Base BM Unit”	a <b>BM Unit</b> registered to a licensed supplier pursuant to paragraph 3.3.1 of Section K of the <b>BSC</b> ;
“Unit Meter Point”	either a <b>Boundary Meter</b> or a <b>Sub-Meter</b> in either case measuring consumption/demand or export of or from relevant <b>Premises</b> or other <b>Plant</b> or <b>Apparatus</b> , as validated by <b>NESO</b> pursuant to these <b>DFS Procurement Rules</b> ;
“Unit Meter Point Schedule”	the initial or any updated schedule of <b>Unit Meter Points</b> validated by <b>NESO</b> pursuant to paragraphs 4 or 9 as the case may be;
“Upwards Flexibility”	<b>Generation Turn Down</b> or <b>Demand Turn Up</b> ;
“Utilisation Payments”	as defined in paragraph 7.1 of the <b>DFS Service Terms</b> ;

“Utilisation Price”	the price described as such in paragraph 11.5.6 and specified in the relevant <b>DFS Submission</b> ;
“Validation Report”	as defined in paragraph 4.8;
“Zonal Cap”	for any <b>DFS Zone</b> , the maximum aggregate amount (MW) of <b>DFS</b> which can be delivered from <b>DFS Units</b> allocated to that <b>DFS Zone</b> specified by <b>NESO</b> at its sole discretion in its <b>Service Requirement</b> pursuant to paragraph 10.3.4.

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## Schedule 2 - Registration and Pre-Qualification Procedure

### Summary

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

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

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

### Process

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

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

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

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

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

## *Registration as Registered Service Provider*

Each participant is required to submit its corporate details.

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

## *Registration of DFS Units*

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

Each **DFS Unit** shall have a **Registered Unit Capacity** which shall not be less than **Minimum Submission Size** and not more than the **Maximum Submission Size** (unless otherwise specified by **NESO**).

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

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

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

## *Validation of Unit Meter Points*

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

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

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

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

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

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

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

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

### *Registration as Registered DFS Participant*

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

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

### *Changes to registration status*

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

All queries and communications shall be made via a **Registered DFS Participant's** account manager or [commercial.operation@neso.energy](mailto:commercial.operation@neso.energy).

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## Schedule 3 – DFS Operational Baselines

### Part 1 – Defined Terms and assumptions

In this Schedule 3:

“Baseline Value” shall have the meaning given in this Schedule 3;

“Eligible Day” shall have the meaning given in this Schedule 3;

“Energy Contract Volume Notification” shall be as defined in the **BSC**;

“Event Day” shall have the meaning given in this Schedule 3;

“In Day Reference Window” shall have the meaning given in this Schedule 3;

“Metered Volume” shall mean the energy volume as metered by the **HH Unit Meter Point**;

“Metering System” shall mean all the components making up the **Unit Meter Point**;

“Non-Working day” shall mean a Settlement Day that is not a **Working Day**;

“Settlement Day” shall mean the period from 00:00 hours to 24:00 hours on each day;

“Unadjusted Baseline Value” shall have the meaning given in this Schedule 3;

“Working Day” shall mean a day (other than a Saturday or a Sunday) on which banks are open in London for general interbank business in Sterling;

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

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

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

### Part 2 – Baselining methods

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

1. As further described in Part 3 below, the methodology outlined in BSC P376 'Utilising a Baselining Methodology to set Physical Notifications' (methodology id: BL01), which has been previously approved by the **Authority** in another context, will be applied to all **Unit Meter Point(s)** allocated to the relevant **DFS Unit** except where paragraph 2 below applies, but without the final in day adjustment (as described in the P376 Baselining Methodology); and
2. At the election of the relevant **Registered DFS Participant** (by way of specifying in the **Unit Meter Point Schedule**), the **Self-Nominated Baselining Methodology** described in Part 4 below shall be available for any **Unit Meter Point** which is **Industrial & Commercial** or **Generation Asset** (wind, solar or other). For the avoidance of doubt, this methodology shall not be available for a **Unit Meter Point** of any other **Consumer Type** including **Domestic**.

### Part 3 - P376 Baseline Methodology

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

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

#### Baselining Methodology BL01

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

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

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

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

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

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

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

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

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

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

### **BL01 Step 2 – Calculate Unadjusted Baseline Value**

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

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

### Treatment of Clock Change Days

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

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

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

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

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

### BL01 Step 3 – Calculate Baseline Values

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

### Audit and Inspection Rights

For the avoidance of doubt, all information and data used to calculate Baseline Values for a **Unit Meter Point** pursuant to this Part 3 shall be retained by the **Registered DFS Participant** and provided to and/or made available for inspection by **NESO** under and in accordance with Paragraph 4 of the **Flexibility Services Standard Agreement**.

#### Part 4 – Self-Nominated Baseline Methodology

- For each relevant **Unit Meter Point** allocated to a **DFS Unit**, and for each **Settlement Period** in a **Day** (excluding any period during which it is or is deemed to be **Primacy Excluded**), the **Registered DFS Participant** shall submit a forecast of the **Output** from that **Unit Meter Point**.
- Each such forecast shall be submitted to **NESO** for any **Day** not sooner than commencement of the immediately preceding **Business Day**.
- Each such forecast shall be submitted via the **DFS Assessment Platform** and in such format as may be prescribed by **NESO** from time to time but in one single file as a consolidated statement showing the individual forecast for each relevant **Unit Meter Point** allocated to a **DFS Unit** (“the **Consolidated MPAN Forecast**”).
- Once submitted, the **Registered DFS Participant** shall ensure that, as soon as reasonably practicable upon becoming aware of any changes to the forecasted **Output** of a **Unit Meter Point**, it updates its **Consolidated MPAN Forecast** by way of submission of an updated **Consolidated MPAN Forecast**, which shall be submitted in accordance with the foregoing provisions, and for the relevant **Day** that revised **Consolidated MPAN Forecast** shall replace all earlier versions.
- With respect to each and any **Service Requirement**, the **Consolidated MPAN Forecast** last received by **NESO** at the time of issue of that **Service Requirement** shall apply for the purpose of calculation and assessment of **Service Volumes** for the relevant **DFS Unit**, **DFS Delivered Volumes** and **DFS Settlement Volumes**.
- For the avoidance of doubt, the **DFS Operational Baseline** submitted by the **Registered DFS Participant** with respect to the relevant **DFS Unit** pursuant to the **DFS Service Terms** shall (with respect to the relevant **Unit Meter Points** which are subject to this **Self-Nominated Baseline Methodology**) be derived from forecasted **Output** shown in the **Consolidated MPAN Forecast** last submitted at the time of the relevant **Service Requirement**, and in the event of any discrepancy **NESO** reserves the right to remove the volumes associated with the relevant **Unit Meter Point(s)** from its calculation of the settlement value pursuant to the **DFS Service Terms**.
- For the avoidance of doubt, all information and data used to compile each **Consolidated MPAN Forecast** shall be retained by the **Registered DFS Participant** and provided to and/or made available for inspection by **NESO** under and in accordance with Paragraph 4 of the **Flexibility Services Standard Agreement**.