

Demand Flexibility Service

Post Consultation Update and
Preparing for Go Live

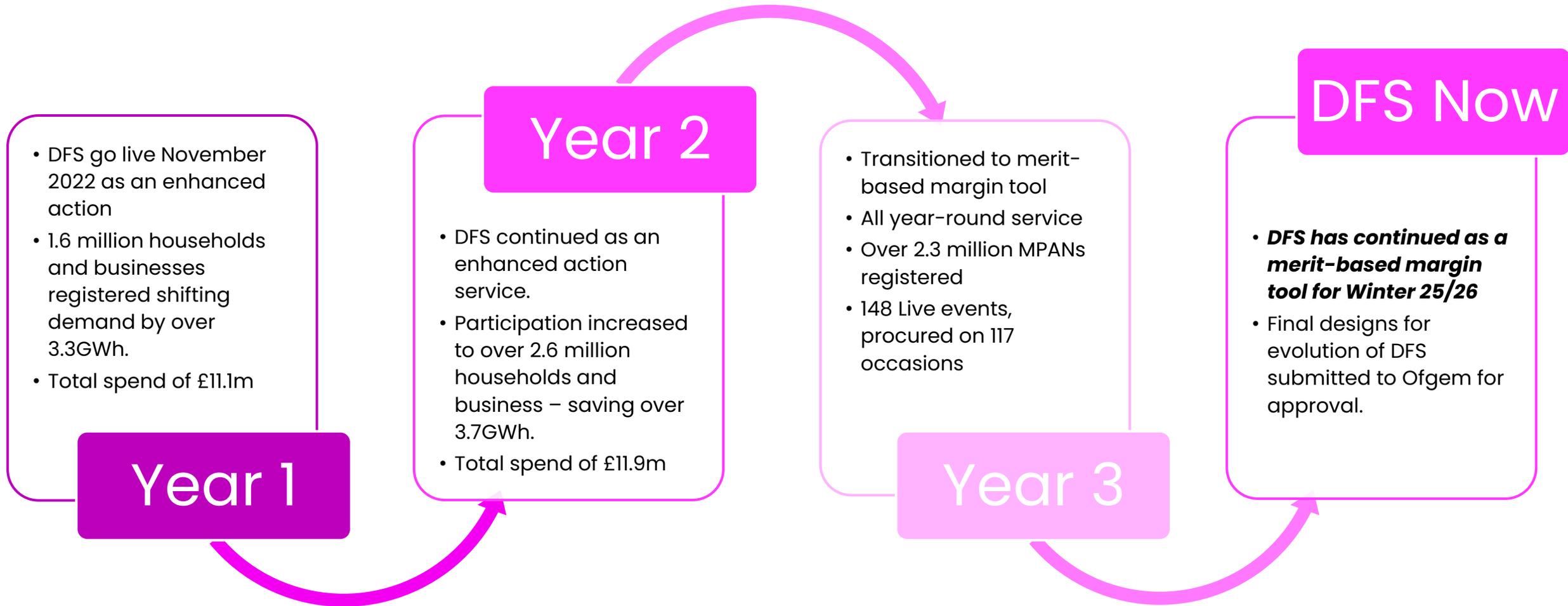
February 2026

Agenda

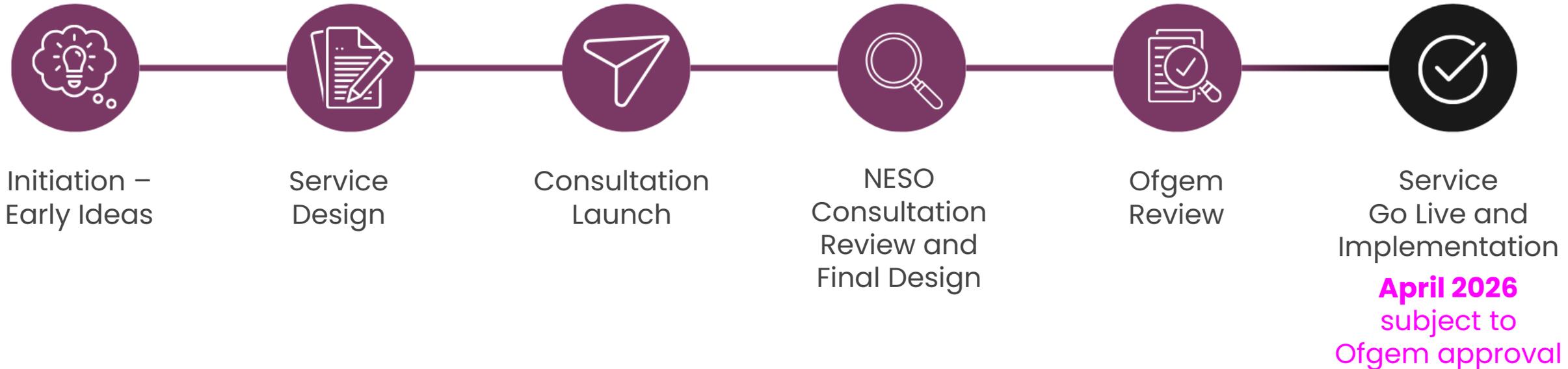
- DFS History
- Consultation overview
- Summary and changes from consultation
- Preparing for Go Live

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DFS History



Journey to DFS Launch



Consultation Overview and Summary of Changes

Consultation Overview

- 16 responses received
 - [DFS Consultation Submission](#)
- We submitted final proposals to Ofgem on Friday 30 January 2026
- Ofgem to decide by 30 March 2026
- We intend to launch evolved service on 14 April 2026 following Ofgem approval

Changes Post Consultation



Demand Turn-Up

Original Proposal

Add a Negative Margin element to the service

Consultation Feedback

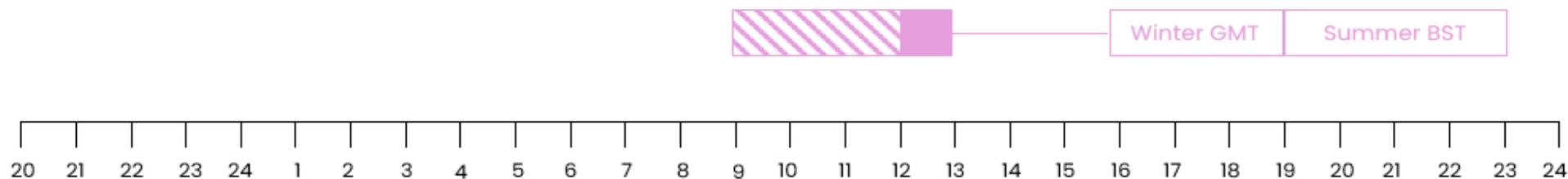
All 16 respondents were in favour

Outcome Following Feedback

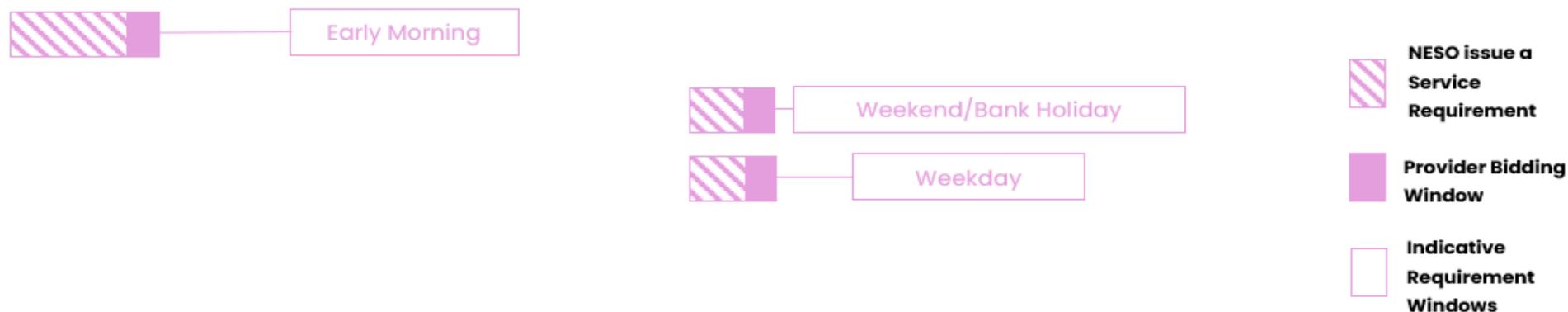
No change – proceed with plan to make DFS bi-directional service

Negative Margin – Indicative Timings

Positive Margin Current Timings



Negative Margin Indicative Timings



Changes Post Consultation



Locational Procurement & Primacy

Original Proposal

- Introduce locational procurement
- 5 Locational Zones
- Introduce early Primacy process

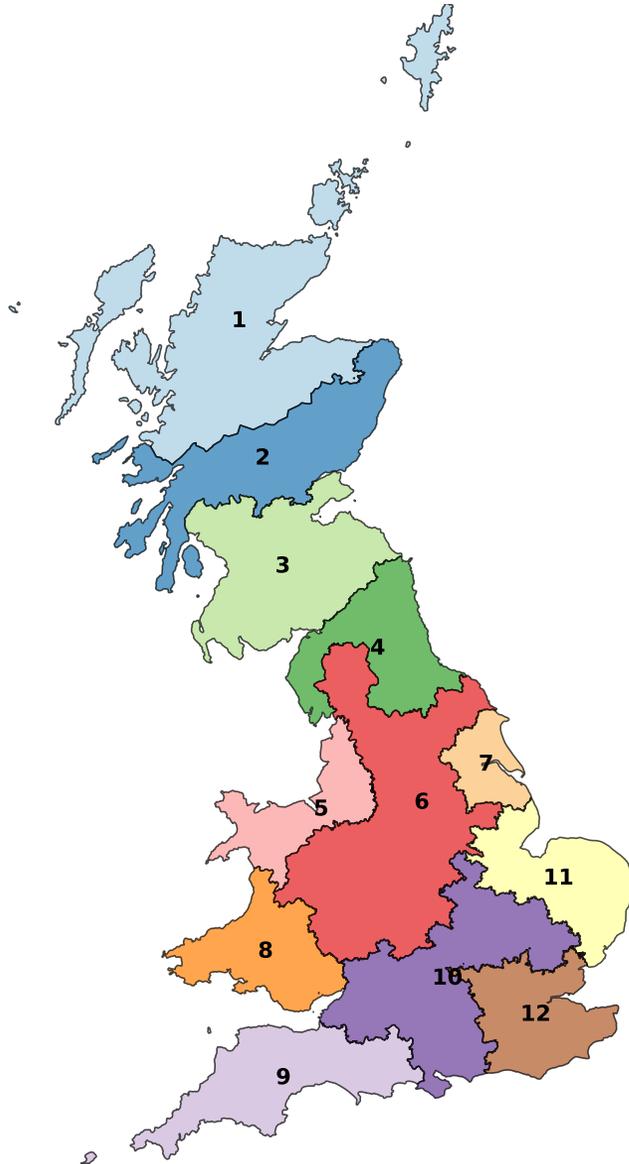
Consultation Feedback

- 13 of the 16 respondents agreed with locational procurement proposals.
- Mixed feedback to proposal of 5 zones – some feel worth implementing 12 zones from day one
- On primacy, 9 agree, 2 disagree, 4 unclear. Feedback focused on consistency and transparency

Outcome Following Feedback

- Continue to introduce locational element
- **Change** – Will progress with 12 zones, rather than 5
- Continue with implementation of Primacy process

Locational – Zones

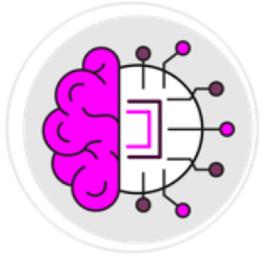


- We have introduced the concept of zones throughout the contractual terms – for clarity, the number of zones we seek to use are not specified in the terms
- Indicative 5 zone file shared for industry review
- Feedback received that there is merit in aligning with the core reform work with our Response & Reserve services from go live.
- Recognise benefits for optimal operational decisions
 - Aligns more efficiently with the major boundaries
 - Reduces the burden for providers to re-allocate in the future

Click [here](#) to read our latest Market Guidance document

[Download DFS I2 Zone GeoJson map](#)

Changes Post Consultation



Baselines

Original Proposal

- Retain P376 methodology for Domestic and Industrial & Commercial(I&C) Participants
- Introduce optional self-nominated baseline methodology for intermittent renewable assets

Consultation Feedback

- 8 of 16 agreed, 3 disagreed, 3 unclear and 2 no answer. Ask from 2 respondents to extend self-nominated to I&C as well. General call for alignment with Market Facilitator
- 7 agreed and 3 disagreed. 5 did not answer and 1 was unclear. Those who disagreed believe renewable assets should not be able to participate in DFS

Outcome Following Feedback

- No change to baseline methodology for Domestic providers – will retain P376
- **Change** – extend the self-nominated option to I&C participants as well as intermittent renewable assets

Changes Post Consultation



Eligibility Rules

Original Proposal

- Align with outcome of Issue Group 114 for Issue 1, maintain existing ABSVD rules in place
- Reduce eligibility criteria from 1MW to 0.1MW
- Publish more than 1 Service Requirement with Event ID

Consultation Feedback

- General support for this proposal - 10 agreed, 1 disagree and 5 did not answer
- All 16 respondents agreed – removing barriers to participation
- General support for this with majority in agreement

Outcome Following Feedback

- No change to any of these proposals

Changes Post Consultation



Eligibility Rules

Original Proposal

- Reduce Tender bidding window from 60 minutes to 30 minutes
- DFS bid submission close times in the published Service Requirement
- Remove weekly indicative forecast and anticipated DFS Service Requirement
- Maintain existing performance incentive structure and extend for negative margin

Consultation Feedback

- 6 agree and 2 disagreed – others did not answer. Those who disagreed explained 30 minutes isn't long enough
- 7 agreed, 1 disagree and 8 did not answer – disagreed respondent generally with proposal to reduce to 30 mins
- Majority in support with 8 agreed, 1 disagree and 7 did not answer
- All who answered were in favour with 9 agreeing. 7 did not answer

Outcome Following Feedback

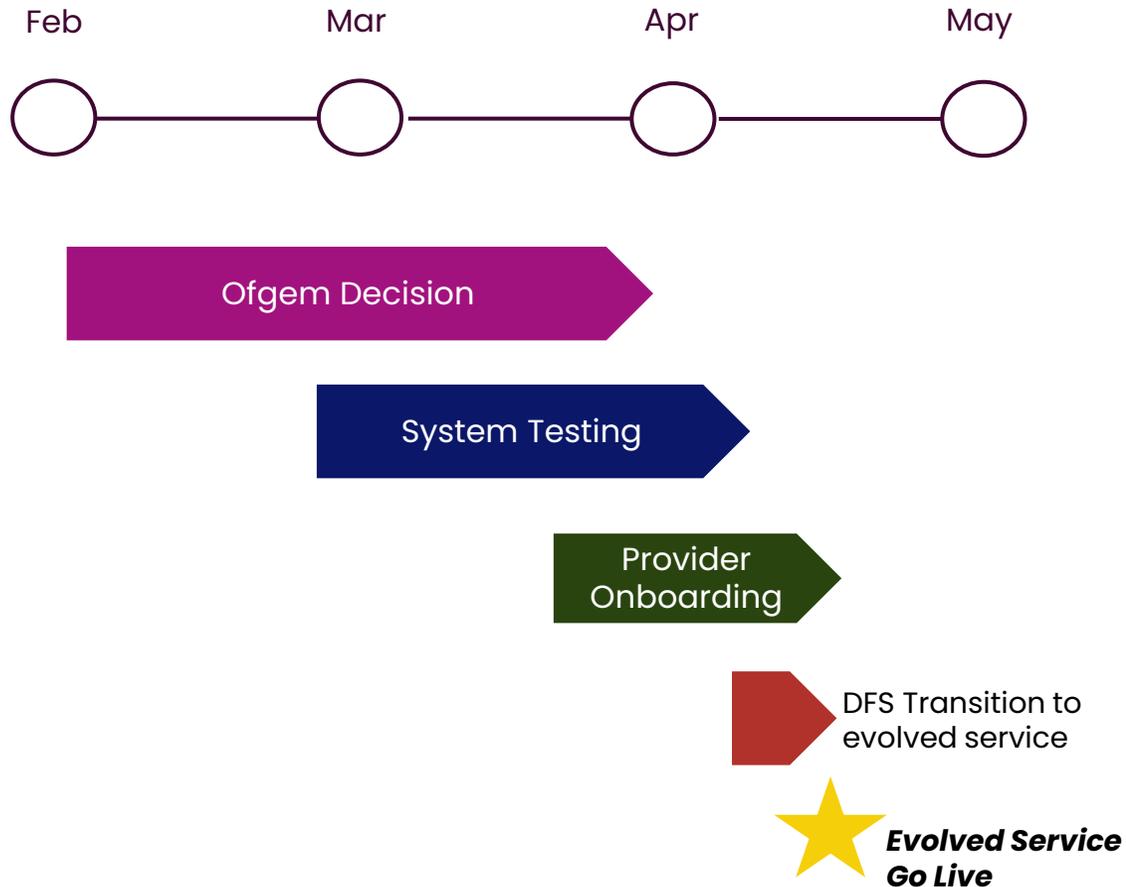
- No change to any of these proposals

Proposed Service Design Elements

Technical Design Element	Proposal (initial position)	New/Existing
Service Positioning	In-merit margin tool	Existing
Direction	Positive and Negative	New
Payment Structure	Pay as bid, utilisation only	Existing
GAP and Tests	Currently none planned, retain concept	Existing
Procurement Timescales	Within day only	Existing
Procurement Timescales	Ability to run different hours as negative requirement may mean earlier publication beneficial.	New
Minimum Contract Size	<1MW, allowing decimal points. 0.1 Min	New
Metering	Asset meter associated to HHM boundary meter	Existing
Operational Metering	COP 11 standard/equivalent	Existing
Dispatch Mechanism	Data Portal Results	Existing
Performance monitoring	<25% no payment, 25% - 50% delivery scale, 50% - 120% receive 100% of delivered volume, 120%+ no payment - will extend for negative margin	Existing
Baseline Methodology	Existing P376 methodology for Domestic participants Optional self-nominated baseline for I&C participants and intermittent renewable assets	Existing/New
Stacking	Capacity Market, DNO services, Crowdflex. LCM No BM/Core stacking	Existing
Locational Aspects	Ability to define requirements by zone 12 locational zones	New
Processes	Remove weekly indicative forecast and anticipated DFS Service Requirement	REMOVE
Processes	Embed Primacy rules	New
Data	Additional fields MPAN file to accommodate Primacy process	New
Tender	Ability to publish more than one service requirement with event ID included Reduce the bid window from 60 minutes to 30 minutes DFS bid submission close times to be included in the published Service Requirement	New

Preparing for Go Live

Indicative Timeline



Key Points:

- Ofgem decision by – 30th March
- Final day of current DFS service – 7th April
- DFS transition to evolved service – 8th – 13th April
- *Evolved Iteration Go Live* – aiming for 14th April

How to Prepare for Go Live

- Testing and onboarding available from February 2026
- SMP updates from 9 April 2026 – steps can be taken now to prep for this, see document on next slide
- Primacy rules – submit any new Unit Meter Point Schedules by 9am on 10 April
- If you would like to participate in DFS and/or become a Registered Provider, please complete this [form](#)

Publications to support

All documents can be found on the DFS webpage – [Demand Flexibility Service \(DFS\) | National Energy System Operator](#)

- EBR Article 18 Consultation Documents & Market Guidance
 - [Ofgem A18 Consultation Submission](#)
 - [DFS – Service Terms v.4](#)
 - [DFS – Procurement Rules v.4](#)
 - [DFS Market Guidance February 2026](#)
- Go Live Supporting Documents
 - [Onboarding for Day 1](#)
 - [Register](#) your interest to become a DFS Registered Provider

Keep in touch

Any questions & queries or would like to
arrange a direct call

demandflexibility@neso.energy



Public

Thank you