Demand for Constraints Market Request for Information (RFI)

Version control

Version	Date Published	Comment
1.0	March 2026	First version

Executive Summary

NESO has been working with industry to assess possible solutions to reducing constraints costs in the short term through the Constraints Collaboration Project (CCP). As a result of this work, Demand for Constraints (DfC) was shortlisted as a potential solution for constraints management which is being taken forward for further assessment by NESO. Demand for Constraints seeks to incentivise additional flexible demand in areas with network constraints to increase their consumption of electricity following NESO instruction, reducing curtailment of renewable generation and alleviating thermal constraints. The next steps were for NESO to take this proposal, and based on the applicable business-case, identify how the service should be implemented.

This work continues, and as part of it, NESO are seeking industry perspectives on technical and commercial design that will help NESO understand potential market liquidity in order to finalise the service design and decide how to progress with its implementation.

NESO are particularly interested to hear from parties that can provide additional, flexible demand turn-up services and are interested in participating in a Demand for Constraints market. Please respond to this voluntary Request for Information (RFI) by **5pm Wednesday 1st April 2026.**

Purpose of RFI

This is a Request for Information (RFI) only and not part of a formal tender process. NESO will use the received information to refine NESO's understanding of the potential market liquidity available to a Demand for Constraints service. NESO welcomes feedback from industry on the high-level service design and feedback on the technical design of the service. NESO also requests your inputs to inform our further design of the commercial aspects of the service. This RFI welcomes feedback from all areas of industry, such as asset owners and managers, retail suppliers, aggregators, and industry support and representative bodies.

All information provided in this document is indicative and subject to change prior to the launch of any Demand for Constraints formal tender process. No guarantee is made that the information set out here will be applied in any subsequent tender process or contract agreements.

A contract will **not** be awarded as a result of a response to this RFI. However, parties are strongly encouraged to respond to this RFI if they are interested in taking part in a future Demand for Constraints market.

Technical Design

We have assessed the operational need for the Demand for Constraints service and identified the following technical parameters as our mind-to position for eligible demand assets to deliver the demand for constraints service:

- Units must be registered in the Balancing Mechanism (BM).
- Units providing the service from a non-zero Final Physical Notification baseline (FPN) must be flexible enough to receive instructions as small a 1 MW for as little as 1 minute as per the current BM restrictions. We expect this to be most units as they would have an existing baseload.
- Any units with a dynamic baseload that may have the deliver the service from a zero FPN must have the parameters outlined in the third column of the below table.

NESO is looking into reliable short-term forecasts for times DfC will not be required. In that case, Providers with a DfC contract can be sent a dedicated notification at day ahead, releasing them

from their obligation during Within Day for example. This can help by freeing assets from any DfC commitments in notified periods, unlocking more value by enabling participation in other markets.

Design Element	Non-zero FPN	Zero FPN
Notice Period	(NTO/NTB) 2 minutes or less	NDZ pending RFI
Time to full delivery	10 minutes or less	
Activation Period	Minimum 1 minute	MNZT: 0-8 hours
Recovery Period	Maximum 1 minute	MZT: 0-4 hours
Minimum Contract/Dispatch Size	1 MW Import, i.e. -1 MW	SIL, which must be between -25 MW and 0 MW
Dispatch Mechanism	All units will be BM registered and dispatched via BOAs (Bid Offer Acceptances)	
Notice given to industry	At day ahead publish a notice releasing the unit from the DfC contract if necessary– timing TBD	

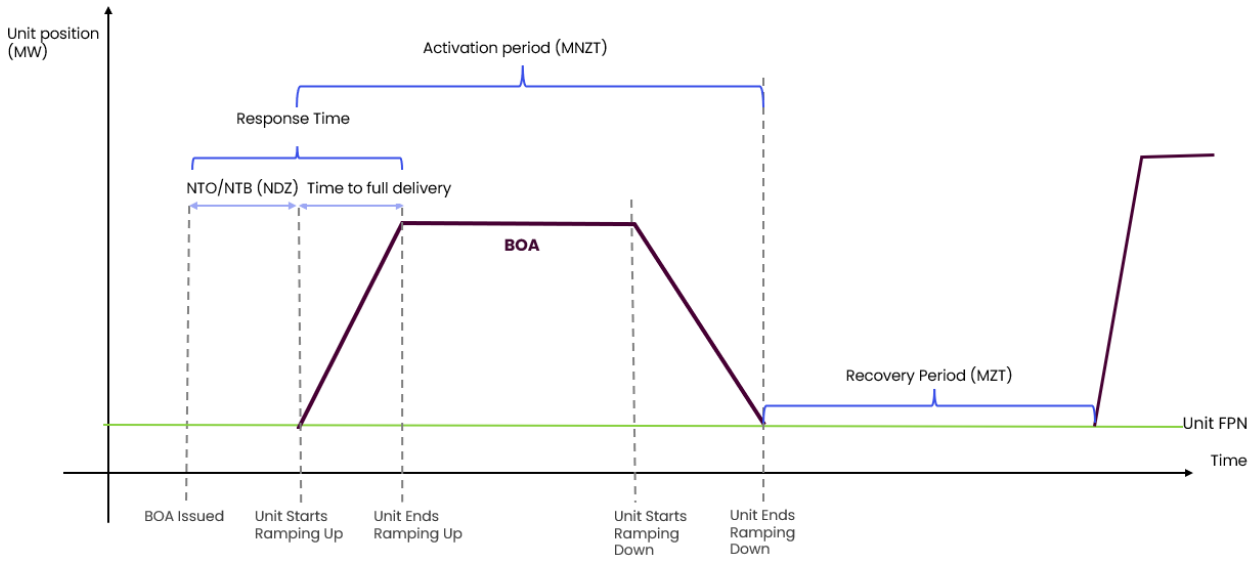

Figure 1: Technical parameters. Please note the acronyms in brackets indicate the parameter name when the FPN is at 0MW

Please note that the table reflects our initial position and we would value any feedback, suggestions for changes or support, of the proposal.

Proposed Contract Format

Demand for Constraints is seeking to offer long-term contracts to assets located in Scotland that would be capable of flexibly increasing electricity consumption in response to an instruction from NESO. The contracted parties agree to increase net electricity consumed when instructed and to use the increased electricity as final demand without wasting energy, in ways that can help to alleviate thermal constraints.

We are considering a payment mechanism which would comprise a reasonable contribution to costs of refurbishing or building a new flexible demand asset and if required may also include a utilisation payment towards non-energy costs associated with NESO instructed electricity turn up, where any such costs continue to be demonstrably incurred. Where justified, the contract payments may include a contribution towards new costs incurred by parties in meeting the requirements of the Balancing Mechanism.

The earliest contract start is anticipated to be 2028 so that the service can be in place before thermal constraints peak in 2030 and deliver value ahead of new network is build. NESO is exploring the length of contract that delivers maximum consumer value, while providing guaranteed revenue streams to incentivise demand. Contract length is also subject to feedback received from industry, technology types and business case needs.

NESO intends to end these contracts by or before 2040. By that time, we expect network capacity to be in place. On exit from the contract, the service assets can continue to participate in the balancing mechanism wherever units are eligible to receive ongoing BM payments for flexibility to help with wider balancing actions.

RFI Questions

Please provide responses to the RFI questions, or any other aspects of the RFI, via the MS forms link below. A supporting spreadsheet version of the questions (called **Demand for Constraints Market RFI_Supporting Pro-Forma**) is available to allow internal working/drafting, as we understand this may facilitate editing and shared drafting. Completed answers should be copied into the MS Forms link by the respondent for submission.

- Demand for Constraints (DfC) Market Request for Information – Fill in form

RFI Submission Information

The submission deadline for responses to this RFI is **5pm Wednesday 1st April 2026.** Please ensure your responses to the questions, supporting documents and communications relating to this RFI are provided in English.

Please provide answers to all the questions using the above MS Forms link. If you wish to provide further information in separate documents, please clearly state the question number in the file name of these additional documents, using the following naming convention: ***Q(number)-***

(document name)-(company name). These documents should be sent to the following address: box.market.dev@neso.energy and CC in Jeremy.Taylor@neso.energy.

All communications and queries arising from this RFI should be conducted by email using the email address detailed above.

Please ensure all emails in relation to this RFI include the following in the subject box: **Demand for Constraints Market RFI 2026.**

Any queries **must** be submitted no later than three days prior to the submission deadline for this RFI (27th March 2026). At the end of the RFI questionnaire there will be the opportunity for stakeholders to submit their interest in participating in a 121 follow-up call with the team. These calls fall into two types of engagement:

1) Running from 5th March - 1st April, stakeholders can ask any clarification questions regarding the RFI or the technical design to NESO.
2) After 1st April, it will be NESO's turn to ask any clarification questions to industry stakeholders (following their submission).

RFI Expenses

NESO shall not be responsible for or pay for any costs or expenses that may be incurred by the supplier in the preparation and submission of a response to this RFI.

Confidentiality

You must ensure that you have an adequate confidentiality agreement in place with any subcontractors, consultants or agents before issuing them with any information concerning the requirements of this RFI.

Details of your response to this RFI shall not be disclosed to any third party unless such disclosure is required by OFGEM, DESNZ, and/or law or court order.

Following the conclusion of the RFI, NESO reserve the right to publish an anonymised summary of responses.

Appendix

Technical Parameters

Below is a table with simplified explanations for the Technical Parameters. The legal definitions can be found in the Grid Code and the Balancing and Settlements Code.

Acronym	Definition	Explanation	May Impact
PN	Physical Notification	PN is the planned output of a unit. A positive PN means the unit is exporting and a negative PN means the unit is importing. 0MW PN means the unit is neither importing nor exporting. This can be changed up to gate closure (1 hour ahead of real time).	N/A
FPN	Final Physical Notification	FPN is the planned output of a unit at the time of gate closure (and therefore cannot be changed) – it is a term of convenience for the PN that a unit has committed to.	
MEL	Maximum Export Limit	The most a unit can export, this is a positive MW value.	Contract Size
SEL	Stable Export Limit	The least a unit can export in steady state, this is a positive MW value. If the Control room is dispatching the unit from 0MW they must dispatch at least to the SEL.	
MIL	Maximum Import Limit	The most (in terms of magnitude) a unit can import, this is a negative MW value.	
SIL	Stable Import Limit	The least (in terms of magnitude) a unit can import in steady state, this is a negative MW value.	
NTB	Notice to Bid	The minimum time a unit needs between acceptance an instruction and starting to ramp down/ deliver on a bid.	Notice Period
NTO	Notice to Offer	The minimum time a unit needs between acceptance an instruction and starting to ramp up/ deliver on an offer.	
NDZ	Notice to Deviate from Zero	Notice to bid/offer if the unit is at 0MW.	

MNZT	Minimum Non-Zero Time	The minimum duration of that unit must spend away from 0MW before it can be returned to 0MW. It must be considered when instructing from /to 0MW and it includes the duration of the ramp.	Activation Period
MZT	Minimum Zero Time	The minimum duration a unit needs to spend at 0MW before it can be instructed away from 0MW.	Recovery Period
RURI	Run-up Rate for an Importing BM Unit	The MW/min and associated elbow points. Run up rates refer to the MW figure becoming more positive.	Ramp Rates, Time to full delivery, Response Time
RDRI	Run-down Rate for an Importing BM Unit	The MW/min and associated elbow points. Run down rates refer to the MW figure becoming more negative.	

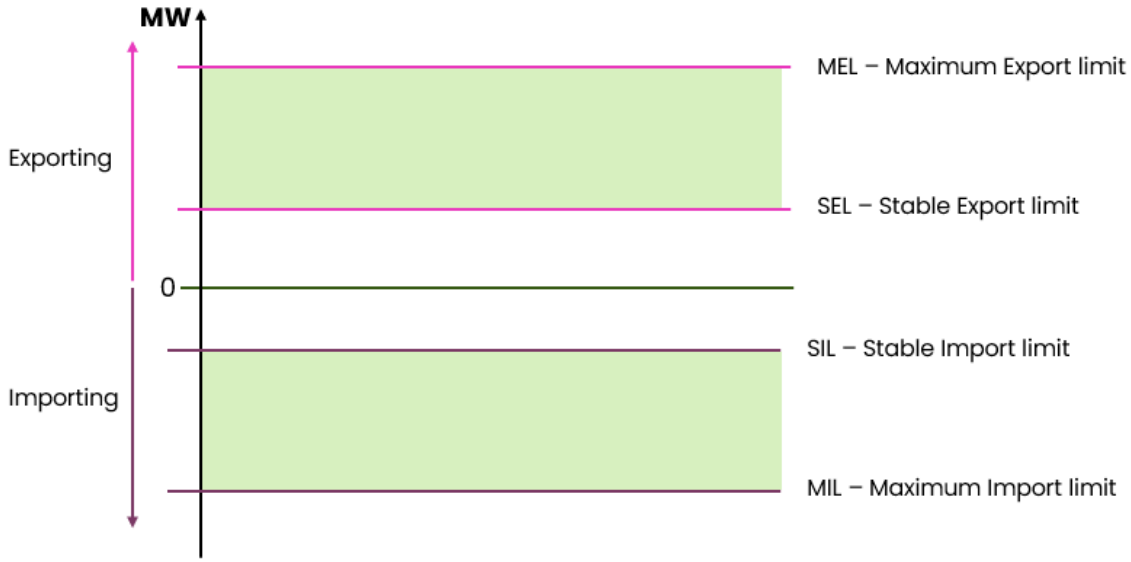

Figure 2: Potential Values of the FPN. The target value of an instruction must be in the green bands or at 0MW, with some rare exceptions.