

Public

# Mid-term Reactive Power Market

## Pre-Market Consultation Summary

Network Services

25 March 2026

# Mid-term Reactive Power Market

Summary of received feedback



# Summary of feedback received (1 of 2)

Pre-Market Consultation Document	Summary of feedback received
Pre-Market Consultation Instructions document	<ul style="list-style-type: none"> <li>• NESO should provide signals of where they anticipate reactive power needs arising</li> <li>• NESO should clarify the expected timelines between NESO system need identification and NESO issuance of a mini-tender process</li> <li>• NESO should provide further information on what needs to be demonstrated to enable the revenue stacking rules with MSAs</li> <li>• NESO should make sure the payment mechanism information in the instructions document aligns with the contract terms</li> <li>• Supportive feedback of the option to use either an availability fee, a utilisation fee, or both. Supportive feedback on the concept of prorated payments where a site is partially available               <ul style="list-style-type: none"> <li>• Other feedback suggested that bidders have to account for import power costs for their technology and current pricing mechanism places this on the market participant to price in</li> </ul> </li> <li>• Supportive feedback that capability offered into this market should be in excess of minimum Grid Code obligations               <ul style="list-style-type: none"> <li>• Other feedback suggested that NESO could be clearer on what is meant by capability in excess of minimum Grid Code obligations</li> <li>• Other feedback suggests that bidders should still be able to bid in their minimum Grid Code capability and be compensated through Mid-term Reactive Power market if they forgo ORPS</li> </ul> </li> <li>• Supportive feedback of the prequalification process design / market structure</li> <li>• Supportive feedback on the stacking rules</li> </ul>
DRAFT Market Qualification Criteria document	<ul style="list-style-type: none"> <li>• Suggestion that further clarity on how for information only questions will be used would be helpful</li> <li>• Suggestion that NESO need to ensure there is clarity on pass/fail criteria (what constitutes a pass) when publishing the criteria for this market</li> <li>• Suggestion that NESO should not have the right to use a non-competitive award process based on the "Forecast Cost" criteria/scenario</li> <li>• Suggestion that NESO should publish detailed tender results as result of this market, including price information</li> <li>• Supportive feedback that the approach is clear and proportionate</li> <li>• Supportive feedback on the inclusion of project delivery criteria</li> <li>• Supportive feedback on the concept of allowing participants to re-apply to qualify if they have been previously unsuccessful</li> </ul>
DRAFT Eligibility Criteria	<ul style="list-style-type: none"> <li>• NESO should be clearer in their Eligibility Criteria document on whether directly connected tertiaries/Grid Parks are acceptable</li> <li>• Supportive feedback that the eligibility criteria are reasonable and aligned with market objectives</li> <li>• Supportive feedback on the criteria to operate at 0MW or independently of MW</li> <li>• Supportive feedback on the criteria to hold an existing connection agreement</li> <li>• Some feedback suggested the Voltage Level criteria should be expanded</li> </ul>

# Summary of feedback received (2 of 2)

Pre-Market Consultation Document	Summary of feedback received
DRAFT Qualification Technical Specification	<ul style="list-style-type: none"> <li>• Suggestion that 100% availability for within-year requirements may be difficult to achieve and this should be re-considered with regards to maintenance provisions</li> <li>• Suggestion that the sizing guidance should clarify what is expected for other transmission connected solutions not at 275/400kV</li> <li>• Suggestion that NESO should not require re-submission of RMS/EMT where a facility has a FON</li> <li>• Suggestion that greater clarity is needed on the technical specification requirements where the asset is a dynamic asset with regards to part 3.6 and 3.7 of the draft specification</li> </ul>
DRAFT Framework Agreement	<ul style="list-style-type: none"> <li>• Suggestion that the term of the Framework Agreement could be more clear</li> <li>• Suggestion that Providers should agree to any extensions to the term of the Framework Agreement</li> <li>• Suggestion that a tiered utilisation fee would be preferred</li> </ul>
DRAFT General Terms & Conditions	<ul style="list-style-type: none"> <li>• Suggestion that it could be more clear if rebates apply in the event of FM</li> <li>• Various feedback suggestions received in relation to Clause 13 regarding Performance Data</li> <li>• Suggestion that CPI indexation Schedule 2 Part D needs updating as specific year references are used</li> <li>• Various feedback suggestions received in relation to the Security Schedule that it could become more streamlined</li> <li>• Suggestion that clarity is needed for Dynamic Facilities with regards to instructions in Voltage Control Mode or Constant Reactive Power Control Mode</li> <li>• Suggestion that extensions granted can be via email rather than an amendment agreement</li> <li>• Suggestion regarding Repeating Test outcomes and ability to refer to Experts with back payment in the event of subsequently passing a further Repeating test</li> <li>• Suggestion that clarity is needed with regards to FM "Acts of Parliament" provisions and Relevant Changes in Law clauses</li> </ul>
DRAFT Acceptance Form	<ul style="list-style-type: none"> <li>• Positive feedback that the document is clear and easy to work with</li> <li>• Suggestion that Special Conditions must be agreed by both parties</li> <li>• Reiterated feedback that Providers should agree to extensions to the term of the Framework</li> <li>• Reiterated feedback that the payment mechanism information should align with Instructions document</li> </ul>

# Query Responses

- In addition to the feedback received, various consultation responses also embedded various queries or statements requesting clarification
- NESO has used the query log process to provide responses to such queries/statements through this consultation process
  - A majority of these were considered generic and non-confidential. These queries and NESO's responses can be found in the generic query log which will be published.
  - Otherwise, confidential responses can be found in the confidential logs which are specific to those who responded to the consultation.

# Mid-term Reactive Power Market

Next Steps following Pre-Market  
Consultation feedback



# Market Next Steps and Timelines

**Now:** NESO to prepare market documents. This will include amends / refinement, considering received feedback.

**May 2026:** Market Webinar

**By End of April 2026:** Launch Market on iValua

Market open for qualification submissions via **iValua**

- Market feedback suggests general support of the concept of the Mid-term Reactive Power Market (as opposed to not launching said market)
- **NESO plan to progress with the launch of the Mid-term Reactive Power Market**
  - Target timelines can be found above but these are subject to change
- This market will be facilitated using iValua, NESO's new procurement platform
  - More information about iValua can be found by contacting [box.CFOtransformation@neso.energy](mailto:box.CFOtransformation@neso.energy)
- The market documents will be updated and finalised based on the feedback received during the Pre-Market Consultation (see next slide for more details)

# Next Steps as result of feedback

Document	Next steps
Tender Rules / Instructions document	<ul style="list-style-type: none"> <li>NESO will seek to provide indicative information / signals of where NESO anticipate reactive power needs arising as best as possible at this time</li> <li>NESO will consider clarifying whether information can be provided on expected timelines between system need identification and issuance of a mini-tender process</li> <li>NESO will align the payment mechanism information with the contract terms</li> <li>NESO will consider the suggestion that bidders should be able to bid in their Grid Code capability if they forgo ORPS. Otherwise, will seek to provide clarity on what is meant by capability in excess of minimum Grid Code obligations</li> <li>NESO will seek to provide further information on what needs to be demonstrated to enable the revenue stacking rules with MSAs</li> </ul>
Market Qualification Criteria document	<ul style="list-style-type: none"> <li>NESO will consider how to provide clarity on how 'for information only' questions will be used</li> <li>NESO will ensure there is clarity on pass/fail criteria (what constitutes a pass) when publishing / launching the market</li> <li>NESO will remove the Forecast Cost scenario from the table of scenarios which give rise to the use of a non-competitive process</li> <li>NESO will publish tender results as result of this market in line with C9 licence obligations</li> </ul>
Eligibility Criteria	<ul style="list-style-type: none"> <li>NESO will seek to be clearer on whether directly connected tertiaries/Grid Parks are acceptable as part of the published criteria</li> </ul>
Qualification Technical Specification	<ul style="list-style-type: none"> <li>NESO will consider all the submitted suggestions about the technical specification and whether any clarifications are to be made, such as: <ul style="list-style-type: none"> <li>NESO will review the indicative availability profiles published for within-year requirements with regards to maintenance provisions</li> <li>NESO will clarify the sizing guidance approach that should be taken for other transmission connected solutions not at 275/400kV</li> <li>NESO will review requirements regarding submission of RMS/EMT if an agreed model is already in place</li> <li>NESO will clarify technical specification requirements where the asset is a dynamic asset with regards to part 3.6 and 3.7 of the draft specification</li> <li>NESO will clarify technical specification requirements in part 3.5 of the draft specification</li> </ul> </li> </ul>
Contract documents	<ul style="list-style-type: none"> <li>Various minor clarifications will be made in line with the minor suggestions received</li> <li>Primary updates include: <ul style="list-style-type: none"> <li>Clarity on termination rights in the event FM occurs prior to service start date</li> <li>Reproving test clauses are being updated to include a right to refer to an Expert with backdated payments if a further test is passed</li> <li>Relevant Change in Law clauses are being clarified in line with market feedback</li> <li>FM clarifications such that legislative changes qualify as a Relevant Change in Law</li> <li>Amendments to the Change Control Schedule to allow the Provider right to terminate in the event changes are made due to change in law that may prejudice ability to provide the service in line with contractual obligations</li> <li>Clauses 13.4 and 13.5 will be removed from the GTCs following further review</li> </ul> </li> </ul>

# Questions?

If you have any further questions about the Mid-term Reactive Power Market please send them to [box.voltage@neso.energy](mailto:box.voltage@neso.energy)

If you have any further questions about the new iValua procurement platform please send them to [box.CFOtransformation@neso.energy](mailto:box.CFOtransformation@neso.energy)

