

Mid-Term (Y-1) Stability Market – Round 2 Results FAQ

Q: Can NESO explain why they have only procured 7.3GVAs against their target of 15GVAs despite having additional GVA available to procure?

As part of the Mid-Term (Y-1) Stability tender process, we assess projected system needs against the cost of managing those needs through alternative real-time actions in the balancing mechanism. This ensures contract awards deliver best value for consumers.

The assessment found that the cost of procuring the full 15GVA.s requirement over the 26/27 delivery year through the Mid-term Stability Market was higher than the forecast cost to meet some of the requirement shortfalls operationally in real-time. Therefore, procuring the full 15 GVA.s through the market was not economically justified. The volume that has been contracted was the optimal outcome.

The volume that has been contracted therefore represents the optimal outcome when assessed against the tender’s economic criteria. This outcome was explicitly possible within the tender rules, which stated that: “The outturn requirement that NESO procure may be above or below this volume according to the bids received and what NESO considers to be the most economic action to take based on the assessment criteria.”

Q: How did economic optimisation influence the volume of stability services procured in Stability Mid-term (Y-1) Round 2?

In determining the final volume of stability services to procure, NESO applied an economic optimisation that assessed whether additional contracted inertia would deliver better value for consumers than alternative operational actions available in real time. This assessment considered tender bids individually and in combination, across a range of expected system conditions during the delivery year.

Where the cost of procuring additional capacity exceeded the expected cost of managing stability requirements through alternative means, further volume was not awarded. This ensured that the final contracted volume reflected an optimal balance between system needs, operational risk, and consumer value, rather than procuring the full target requirement through the Mid-term Market alone.

Q: Will NESO consider revisiting the contract award?

No. NESO does not intend to revisit the contract award. The outcome reflects the application of the published assessment criteria and represents the most economic solution based on bids received.

Q: Can NESO explain why all GBGF-I technologies were unsuccessful during the assessment phase of the tender process for Mid-term (Y-1) Stability, given their success in previous Pathfinder tenders?

The outcome of the most recent Mid-term (Y-1) Stability Market tender was not driven by technology type, and NESO did not exclude GBGF-I technologies, including grid-forming batteries. Through the Network Services Procurement process, all submissions were assessed against the published commercial and technical criteria, which are explicitly technology-agnostic and can, in principle, be met by a range of technologies, including GBGF-I solutions.

The Mid-term (Y-1) Stability Market is designed to procure firm, predictable and enduring stability services, including a fixed inertia constant for the year and sustained operation in grid-forming mode. These requirements reflect learnings from previous tenders and, as a result, NESO has enhanced its technical specifications to deliver improved value for consumers. As with all bidders, GBGF-I submissions were required to clearly and sufficiently demonstrate compliance with each element of the criteria, supported by appropriate technical and commercial evidence.

Where GBGF-I submissions did not progress through the assessment stages, this reflected how the information submitted did not demonstrate compliance with the published requirements, rather than any inherent exclusion of GBGF-I technologies. NESO has provided feedback to all unsuccessful bidders as part of the tender conclusion process but does not disclose technology- or bidder-specific assessment outcomes, in order to protect sensitive information and maintain procurement integrity.

NESO remains committed to transparency and to supporting the market both within tender processes and more widely through industry guidance outside of live tenders. This includes wider industry engagement activities, such as the recently held NESO Grid Forming webinar, which is available [here](#), and which provides additional context on expectations, technical requirements and learnings relevant to grid-forming technologies.

Q. Why are NESO not publishing full commercial results, including prices for all bids, like what used to be done for previous Pathfinder tenders?

The tender results that NESO publishes for this market are in line with our C9 licence obligations while balancing these with the need to protect commercially sensitive information and bidder confidentiality. Our overarching goal is to ensure best value for consumers. As the market is developing, and the levels of competition still growing, it is NESO's view that at this time publishing individual bid prices would have unintended consequences for competition, by shaping bidding behaviour in ways that do not support consumer value.

In this context, aggregated reporting strikes the right balance between transparency and commercial sensitivity. The level of detail NESO publishes varies by service, reflecting the specific characteristics of each market, the level of competition, and the potential impact on future tender behaviour.

Q: Can NESO confirm which, if any, 25/26 Mid-Term (Y-1) Stability Market contracts have been rolled over to 26/27?

The current 25/26 delivery year runs until 30 September 2026, and as confirmed by the respective published tender results files for Mid-term (Y-1) Stability Round 2, none of the Mid-Term (Y-1) Stability 25/26 contracts have been rolled over into the 26/27 delivery year.

Q: What alternative routes to market are available for assets that were technically compliant but unsuccessful in securing a contract in Mid-term (Y-1) Stability Round 2?

Assets that were technically compliant but unsuccessful in being awarded a Mid-term (Y-1) Round 2 contract are still encouraged to participate in future stability and related markets, subject to meeting the relevant requirements at the time of each procurement. The Mid-term (Y-1) Stability Market operates on a competitive, round-by-round basis, and outcomes from one tender do not determine success in future rounds.

Depending on their technical capability and operating characteristics, assets may be able to participate in other markets as NESO continues to develop and refine the stability market. NESO encourages providers to review forthcoming stability opportunities and to use the feedback provided as part of the Round 2 process to inform future submissions.

In this context, NESO has recently published a webinar relating to a potential Short-Term Stability Market, which outlines emerging thinking on short-term procurement options and invites feedback from industry on market design and participation. The webinar recording and materials are available [here](#), and NESO welcomes feedback through the channels signposted in the webinar content and on the NESO website.