

# **Instructions to Tenderers: Market Qualification**

## **Mid-term Reactive Power Market**

Public

## Contents

|                                                                                 |    |
|---------------------------------------------------------------------------------|----|
| Contents .....                                                                  | 2  |
| Version Control .....                                                           | 5  |
| LEGAL DISCLAIMER .....                                                          | 6  |
| Copyright .....                                                                 | 6  |
| Purpose of this document and the Qualification Pack .....                       | 6  |
| Commercial Decisions .....                                                      | 6  |
| Delay, cancellation, and/or suspension of tender events .....                   | 6  |
| 1. Introduction .....                                                           | 7  |
| 2. Mid-term Reactive Power Market Overview .....                                | 7  |
| 3. Mid-term Reactive Power Market – Requirements Summary Information .....      | 9  |
| Indicative upcoming requirements .....                                          | 13 |
| 4. Qualification Process Overview .....                                         | 13 |
| 5. Qualification Submission Process Details and Deadlines .....                 | 14 |
| 6. Qualification Pack Content .....                                             | 17 |
| 7. Subsequent Mini-Tender Processes .....                                       | 19 |
| 8. Non-Competitive Awards .....                                                 | 19 |
| 9. Query Process .....                                                          | 20 |
| 10. Participant 121 Calls .....                                                 | 20 |
| 11. Market Procedure & Award of Contracts .....                                 | 21 |
| 12. Eligibility Criteria .....                                                  | 21 |
| 13. Revenue Stacking Rules .....                                                | 21 |
| What NESO mean by capability “in excess of minimum Grid Code obligations” ..... | 29 |
| 14. Webinars .....                                                              | 30 |

Public

|     |                                                                                    |    |
|-----|------------------------------------------------------------------------------------|----|
| 15. | iVALUA .....                                                                       | 30 |
| 16. | Intention to bid .....                                                             | 31 |
| 17. | Participant to Provide Password .....                                              | 31 |
| 18. | Bidding Rules, Solution Caps and Bundling .....                                    | 31 |
| 19. | Solution Sizing Requirements / Guidance .....                                      | 34 |
| 20. | Inability to Qualify/Tender .....                                                  | 34 |
| 21. | Amendments to Market Qualification Submissions .....                               | 34 |
| 22. | Language .....                                                                     | 34 |
| 23. | Currency .....                                                                     | 35 |
| 24. | Validity Period for Market Qualification Submissions .....                         | 35 |
| 25. | Sufficiency and Accuracy of Market Qualification Submissions .....                 | 35 |
| 26. | Investors, Sub-Contractors and Consultants .....                                   | 35 |
| 27. | Amendments, Suspension or Cancellation of Market .....                             | 35 |
| 28. | Market conduct and conflicts of interest .....                                     | 36 |
| 29. | Confidentiality .....                                                              | 37 |
| 30. | Contracting Entity .....                                                           | 37 |
| 31. | Form of Contract .....                                                             | 37 |
|     | Qualification Stage .....                                                          | 37 |
|     | Contract Signature at Qualification Stage .....                                    | 37 |
|     | Subsequent Mini-tender Processes / Non-competitive Awards .....                    | 38 |
|     | Contract Signatures following Mini-tender Processes / Non-Competitive Awards ..... | 38 |
| 32. | Acceptable Security Requirements .....                                             | 39 |
| 33. | Publication of Market Qualification Results .....                                  | 40 |
|     | Appendices .....                                                                   | 41 |

Public

Appendix A..... 41

Appendix B..... 42

**Joint Ventures**..... 42

Glossary ..... 44

Public

## Version Control

| Version | Description         | Date           |
|---------|---------------------|----------------|
| V1      | Initial publication | September 2026 |

Public

## LEGAL DISCLAIMER

### Copyright

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### Purpose of this document and the Qualification Pack

This document and the other documents that make up the Qualification Pack have been provided in good faith. The purpose of these documents is to provide the market with information about the tender rules and requirements to enable market participants to make an informed qualification submission as part of the Mid-Term Reactive Power Market. This document has been updated accounting for feedback received through the pre-market consultation that was held prior to the launch of this market. As a result, the Qualification Pack documents may supersede earlier documents and/or information previously communicated.

### Commercial Decisions

Any commercial decisions made by bidders to facilitate or support qualification and/or tender submissions, where they are not required as part of the tender criteria or other tender requirements, are made at the full discretion of the tender participant. Neither NESO nor any directors or employees of any such company shall be liable for any results of these commercial decisions and does not accept responsibility for any commercial decisions made by participants.

### Delay, cancellation, and/or suspension of tender events

NESO unconditionally reserves the right to delay, suspend, amend and/or cancel the Market or an associated Qualification / Tender Event at any point at its sole discretion and without any liability. The market / tender timelines provided by NESO are subject to change. NESO unconditionally reserves the right to amend the market / tender timeline at its sole discretion and without any liability.

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## 1. Introduction

On behalf of National Energy System Operator (NESO), this document invites participants to submit a qualification application for the **Mid-term Reactive Power Market ('MTR')** in accordance with the documents set out in the Mid-term Reactive Power Market Qualification Pack (see Appendix A for a checklist of documents).

The publication of the Mid-term Reactive Power Market Qualification Pack (**'Qualification Pack'**) represents the launch of the Mid-term Reactive Power Market. Going forward, in line with NESO's [business plan](#)<sup>1</sup>, this market and any subsequent tenders through the market will be run under our 'Network Services' programme.

The purpose of this document is to:

- provide information about how the market and subsequent tender processes will be facilitated.
- provide key instructions, tender rules, and guidelines.
- explain how participants can submit an application to qualify for the Mid-term Reactive Power Market.

If there is any inconsistency or conflict between the terms of these instructions and any other document comprised in the Qualification Pack, the provisions of these instructions in conjunction with the Market Qualification Criteria document shall prevail.

## 2. Mid-term Reactive Power Market Overview

The Mid-term Reactive Power Market will operate based on a qualification process where participants can apply to qualify for the market to become a Qualified Provider. This allows NESO to establish a pool of qualified market providers.

Achieving Qualified Provider status then allows the provider to take part in subsequent mini-tender processes under the Mid-term Reactive Power Market. Market participants will not be permitted to take part in these mini-tender processes without being a fully qualified market provider. The same also applies should NESO elect to follow a non-competitive process.

The intention is that participants will only need to pre-qualify their proposed solution(s) once. After which time the Qualified Provider will be able to participate with their qualified solution(s) in subsequent mini-tender process, or from time-to-time be considered for a non-competitive award.

Subsequent mini-tender processes will be based on either:

- a 'year-ahead' mini-tender, where call-off delivery contracts will typically be awarded a year-ahead of the service requirement in question. The duration of these contracts will be

<sup>1</sup> <https://www.neso.energy/about/strategic-priorities/our-regulatory-business-plan-2026-2028>

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in line with NESO’s identified requirements, for example: one-year, 18 months, two-years;  
or

- a ‘within-year’ mini-tender process, where call-off delivery contracts will typically be awarded within 12 months of the service requirement in question. The duration of these contracts will also be in line with NESO’s identified requirements but more likely to be shorter in duration, for example: 3 months, 6 months.

Each mini-tender process will be focused on a specific requirement over a specific period. To be contracted for a specific requirement, Qualified Providers would need to take part in the relevant mini-tender process for that requirement and meet any assessment criteria that are set for that mini-tender. For each mini-tender process, NESO will confirm the exact volume requirement and location of need, providing a set of mini-tender documents to facilitate the mini-tender process.

It should be noted that success in one mini-tender process would not guarantee success in a subsequent mini-tender process. It should also be noted that success in any previous Network Services tender would not guarantee success in this market.

In addition to these mini-tender processes, NESO reserve the right to award a contract through a non-competitive process in circumstances where this is deemed by NESO to be the most appropriate route to market (see Section 8 for more details). This option will only be available to Qualified Providers.

Figure 1 below provides an indicative and hypothetical visual of what these processes may look like. For more details on mini-tender and non-competed processes please see **Sections 7 and 8 respectively** below.

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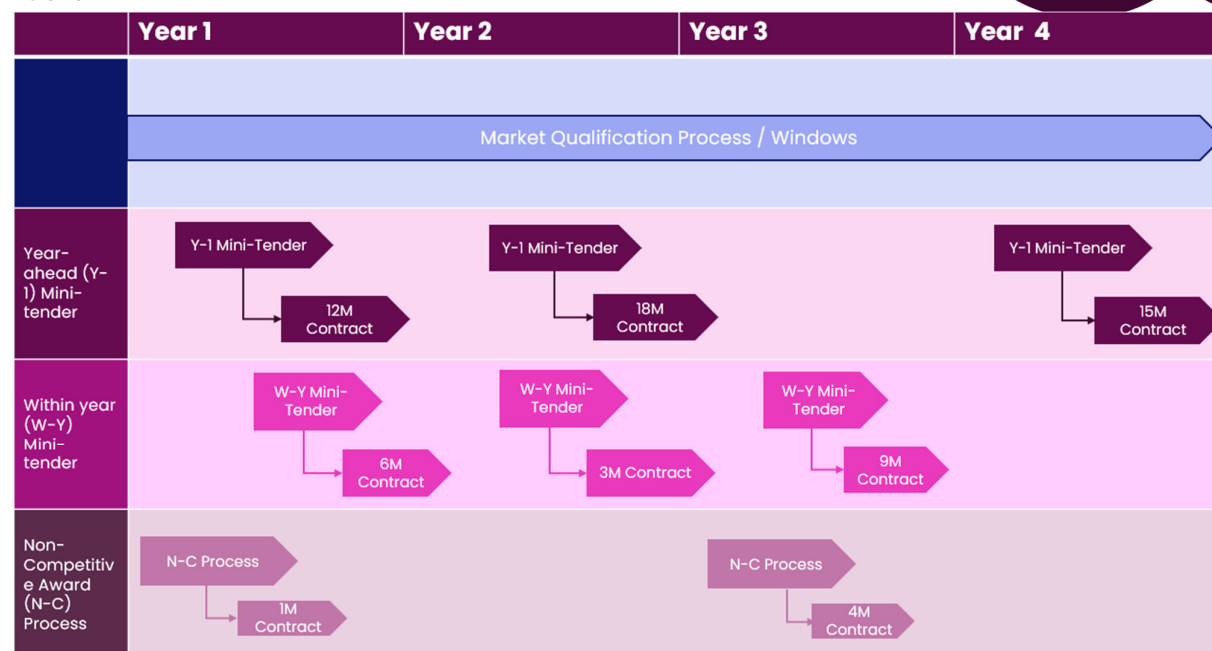


Figure 1

There is no set limit per year for a mini-tender process or otherwise. These processes would be run subject to there being a relevant requirement and this being the most appropriate route to market, a decision which will be taken at NESO's discretion.

Please note this document and the other documents published as part of the Qualification Pack are primarily about the overarching market qualification process. Some indicative information is provided about what subsequent mini-tender processes may look like, however the details of future mini-tender processes are subject to confirmation on a case-by-case basis accounting for the requirements identified. The same also applies for any non-competitive award process.

### 3. Mid-term Reactive Power Market – Requirements Summary Information

NESO is establishing the Mid-term Reactive Power Market as a route to market to access solutions that can provide reactive power services across Great Britain. Requirements in this market could be for either injection services or absorption services (or both) depending on system studies. Furthermore, requirements in this market could be for either static or dynamic reactive power (or both) depending on system studies.

This market will be in place from September 2026 until **30 April 2032**.

The table below provides a high-level summary of the requirements for this market, but please refer to all the published Qualification Pack documents for more details.

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| Topic                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mid-term Reactive Power Market |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Requirement                                      | <ul style="list-style-type: none"> <li>Reactive Power <ul style="list-style-type: none"> <li>Dynamic reactive power, and / or Static reactive power</li> <li>Injection services and / or absorption services</li> </ul> </li> </ul> <p>Please refer to the published Technical Specification document for more details.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |
| Service delivery period                          | <p>The Mid-term Reactive Power Market will be in place from September 2026 until <b>30 April 2032</b>.</p> <p>The contract includes options to extend the market beyond April 2032, and any decisions to do so will be taken by NESO considering information available at the time about enduring requirements.</p> <p>The delivery periods for any requirements procured through the Mid-term Reactive Power Market will be defined on a case-by-case basis according to the identified requirements.</p> <p>Typically:</p> <ul style="list-style-type: none"> <li>The contract term for service delivery of requirements procured through year-ahead (Y-1) mini-tenders will typically be at least 12 months. Though NESO reserve the right to set longer contract durations subject to NESO system requirements.</li> <li>The contract term for service delivery of requirements procured through within-year mini-tenders could be for any duration up to 12 months.</li> </ul> <p>The terms and conditions also provide for contract extensions, for both the overarching Framework and the call-off contracts (Tender Acceptance Forms). Please refer to the published contract documents for more details.</p> |                                |
| What voltage levels can solutions be offered at? | <p>In accordance with the Eligibility Criteria, solutions must be directly connected to the transmission system. This typically means 275kV and above in England and Wales or 132kV and above in Scotland. For clarity, anyone connecting to the transmission system through direct 132kV connections in England and Wales, tertiary and/or grid park connections would meet this criteria. Please see the Eligibility Criteria document for more details.</p> <p>NESO recognises the value that distributed energy resources (DER) offer, and this has been given due consideration. However, the approach to voltage level requirements for this market has been determined as part of a wider DER participation workpiece. Please see NESO's publication about <a href="#">DER participation in Reactive Power Markets</a><sup>2</sup> for more information on this approach.</p>                                                                                                                                                                                                                                                                                                                                  |                                |
| Technology type                                  | <p>NESO is seeking technologies that can provide reactive power services based on the published technical specification and qualification criteria. NESO have published a technology-agnostic technical specification.</p> <p>To become a Qualified Provider in the Mid-term Reactive Power Market, participants and their proposed solutions must meet the published qualification criteria, which is inclusive of the Eligibility Criteria. Please see the Market Qualification Criteria document for more details.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                |

<sup>2</sup> <https://www.neso.energy/industry-information/balancing-services/reactive-power-services/reactive-power-market>

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|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Availability / Utilisation Requirements</b>                        | <p>Any availability and / or utilisation requirements will be set on a case-by-case basis according to identified requirements.</p> <p>As an indication of availability requirements:</p> <ul style="list-style-type: none"> <li>Requirements procured through any year-ahead mini-tender process will typically seek 90% availability.</li> <li>Requirements procured through any within-year mini-tender process will likely seek 90–100% availability.</li> </ul>                                                  |
| <b>Can 0MW solutions take part?</b>                                   | <p>Zero-MW (0MW) solutions can participate. See the glossary for the definition of a zero-MW solution.</p> <p>To become a Qualified Provider in the Mid-term Reactive Power Market, participants and their proposed solutions must meet the published qualification criteria, which is inclusive of the Eligibility Criteria. Please see the Market Qualification Criteria document for more details.</p>                                                                                                             |
| <b>Can Non-0MW solutions take part?</b>                               | <p>Non-zero-MW (non-0MW) solutions can participate. See the glossary for the definition of a non-zero-MW solution.</p> <p>To become a Qualified Provider in the Mid-term Reactive Power Market, participants and their proposed solutions must meet the published qualification criteria, which is inclusive of the Eligibility Criteria. Please see the Market Qualification Criteria document for more details.</p>                                                                                                 |
| <b>Can services be stacked?</b>                                       | <p>Yes, please refer to <b>Section 13</b> of this document for more details.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Can market participants with existing connections participate?</b> | <p>Yes, market participants with existing connections can participate.</p> <p>Any reactive capability offered must be in excess of any minimum Grid Code obligations.</p> <p>Where market participants are not obligated to provide any minimum reactive capability under the Grid Code, then the above does not apply and full capability can be offered (such that it is not already under any other contract).</p> <p>Any solution that is bid into the market must satisfy the market qualification criteria.</p> |
| <b>Can Transmission Owners participate?</b>                           | <p>No, participation by TOs is not expected due to the TO regulatory regime.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Can Distribution Network Owners participate?</b>                   | <p>No, participation by DNOs is not expected due to the DNO regulatory regime.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Can Offshore Transmission Owners participate?</b>                  | <p>No, participation by OFTOs is not expected due to the OFTO regulatory regime.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Can Interconnectors participate?</b>                               | <p>Yes, interconnectors can participate and become a Qualified Provider if they meet the qualification criteria.</p> <p>Any reactive capability offered must be in excess of any minimum Grid Code obligations.</p>                                                                                                                                                                                                                                                                                                   |

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|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                           | <p>Where market participants are not obligated to provide any minimum reactive capability under the Grid Code, then the above does not apply and full capability can be offered (such that it is not already under any other contract).</p> <p>Any solution that is bid into the market must satisfy the market qualification criteria.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Can reactors operated by a company with a transmission license (referred to as TO Lite herein) participate?</b></p> | <p>Yes, this market will allow submissions from participants that have (or will have) a TO Lite licence with the view they will be contracted through the commercial contract.</p> <p>This is in line with Ofgem's decision about Mersey Reactive Power Limited (<a href="https://www.ofgem.gov.uk/publications/decision-proceed-licence-grant-process-electricity-transmission-licence-mersey-reactive-power-limited-operation-shunt-reactor">https://www.ofgem.gov.uk/publications/decision-proceed-licence-grant-process-electricity-transmission-licence-mersey-reactive-power-limited-operation-shunt-reactor</a>).</p> <p>Any reactive capability offered must be in excess of any minimum Grid Code obligations.</p> <p>Where market participants are not obligated to provide any minimum reactive capability under the Grid Code, then the above does not apply and full capability can be offered (such that it is not already under any other contract).</p> <p>Any solution that is bid into the market must satisfy the market qualification criteria.</p> |
| <p><b>Will any redundancy be procured for specifically, e.g., against N-1, beyond the published requirements?</b></p>     | <p>NESO do not intend to procure to cover for any N-1 largest loss scenarios<sup>3</sup> specifically. However, NESO reserve the right to procure above or below any requirement volumes published when procuring through this market, subject to bids received, engineering judgement and economic efficiency.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

When NESO run mini-tender processes through this market, NESO reserve the right to provide more information on specific volume requirements, location of requirements, or any further technical specification requirements that would apply to the mini-tender. This also applies should NESO elect to award a contract under the Mid-term Reactive Power Market through a non-competitive process.

**With regards to subsequent mini-tenders:** For the avoidance of doubt, NESO seeks to secure an overall portfolio of solutions that meet each of its service requirements in each region whilst minimising costs. As a result, if none of the solutions tendered by bidders provide economic benefits against the forecasted alternative cost of maintaining voltage through the Balancing Mechanism (BM) then this market may not proceed to award contracts to meet its voltage requirements. It is also possible that only part of the requirement is awarded to a market participant(s) where it is economic to do so, whilst the remaining requirement is sought through the BM. In summary, NESO may procure more or less than its requirements if it is economic to do

<sup>3</sup> This is where any volume procured through a tender would mitigate the risk of losing the largest solution that contributes to the region's requirements by procuring contingency such that the reactive power requirement could still be met in a region through remaining solutions in the event of the largest loss

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so. Full details of how economic assessments will be carried out will be provided through mini-tender documents.

### Indicative upcoming requirements

|                                 | 2027                                                         | 2028                                                                                                                                                                          | 2029 |
|---------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| <b>Year-ahead mini-tenders</b>  | N/A                                                          | There may be potential requirements in the following regions: South of England / South West of England, South Wales, and potentially across Central England and the Midlands. |      |
| <b>Within-year mini-tenders</b> | Potential requirements for the South West region of England. | The nature of within-year requirements is that they are emergent. NESO will provide information through market communications about any upcoming requirements when possible.  |      |

For the potential year-ahead requirements in 2028–2029, and potential within-year requirements in 2027, this may result in NESO running a year-ahead mini-tender in 2027 calendar year. On this basis, NESO encourage participants to submit qualification submissions as soon as possible after market launch for assets in these regions.

Beyond this, the above is a purely indicative signal of the location of upcoming requirements and this is subject to change. Requirements NESO will seek to procure will only be confirmed when launching a mini-tender (or non-competed) process.

## 4. Qualification Process Overview

Immediately after the launch of the Mid-Term Reactive Power Market, the qualification window will be open continuously (24/7) for market participants to submit their qualification submissions. Please refer to **Section 5** for more details.

- This qualification window will remain open on this continuous basis up until the launch of the first mini-tender process under the Mid-Term Reactive Power Market.
- This means that, during this time, market participants can apply to qualify for the market at any time up until the launch of the first mini-tender process.
- This continuously open qualification window will revert to an application window-based qualification process on the day that the first mini-tender process is launched (see more information on this below).
  - NESO will communicate clearly when the process reverts to the application window-based process.

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After receipt of a qualification submission in this time frame, NESO will assess the participant's submission against a set of qualification criteria. Please refer to the published Market Qualification Criteria document for information on these criteria.

- If the qualification submission is successful, the market participant will become a Qualified Provider.
- If the qualification submission is not successful, the market participant will be provided feedback as to why. Such participants will not be prohibited from attempting to qualify for the market again because they were initially unsuccessful.

After the launch of the first mini-tender process, the market qualification process will revert to an application window-based process. This means that market participants can only apply to qualify for the market during the defined application windows. Please refer to **Section 5** for more details.

After receipt of a qualification submission through these application windows, NESO will assess the participant's submission against a set of qualification criteria. Please refer to the published Market Qualification Criteria document for information on these criteria.

- If the qualification submission is successful, the market participant is deemed to be a Qualified Provider.
- If the qualification submission is not successful, the market participant will be provided feedback as to why. Such participants will not be prohibited from attempting to qualify for the market again because they were initially unsuccessful.

Achieving Qualified Provider status allows the market participant to then take part in and be considered for subsequent mini-tender tender processes under the mid-term reactive power market. The same applies to any non-competitive award. Please see **Sections 7 and 8 respectively** for more details on these processes.

Please refer to **Section 31** below for more information on the form of contract for this market.

## 5. Qualification Submission Process Details and Deadlines

### Key dates/deadlines

| Milestone/Key Date                |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Initial 24/7 qualification window | <p>This qualification window will remain open on this continuous basis up until the launch of the first mini-tender process.</p> <p>This continuously open qualification window will revert to an application window-based qualification process on the day that the first mini-tender process is launched.</p> <p>NESO will communicate clearly when the process reverts to the application window-based process.</p> |
| Annual application window 1       | 1 April – 30 June. Please see Figure 2 below for a visual.                                                                                                                                                                                                                                                                                                                                                             |
| Annual application window 2       | 1 October – 31 December. Please see Figure 2 below for a visual.                                                                                                                                                                                                                                                                                                                                                       |

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Submissions received outside of the application windows described above will not be considered. Please also note that timeframes for this market are subject to change/updates as the market develops.

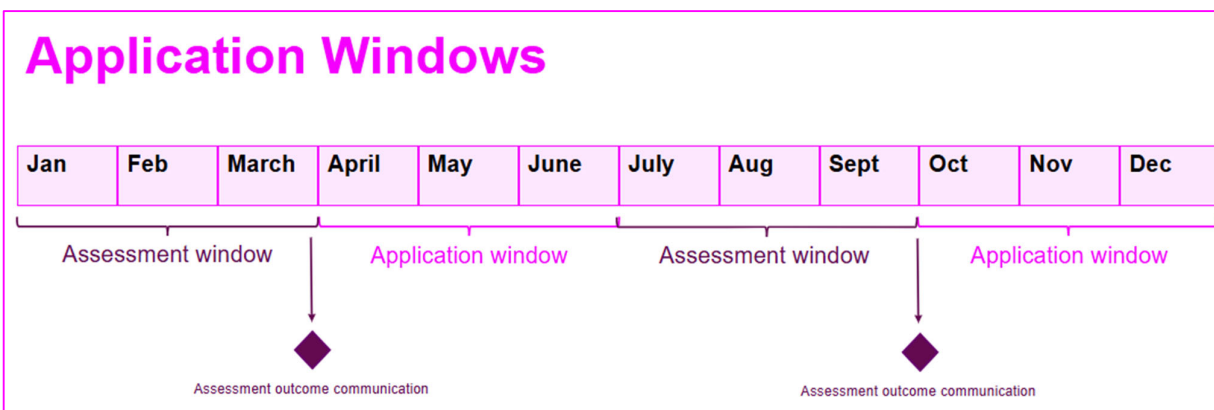


Figure 2

## Submissions via iVALUA

All Market Qualification Submissions must, unless otherwise agreed in writing by NESO, be submitted online through iVALUA. If participants face any technical challenges in uploading their submission via iVALUA, they must inform NESO at the earliest opportunity through [box.voltage@neso.energy](mailto:box.voltage@neso.energy).

When returning Market Qualification Submissions, participants must return via iVALUA the fully completed Qualification Submission documents together with any supporting documentation they wish to include. This must be submitted in line with the process, windows and deadlines set out above.

Your submission must comprise of the following as a minimum:

- Completed technical qualification submission proforma (as per Section 6)
- Completed commercial qualification submission proforma (as per Section 6)
- Completed Confidentiality Agreement and Non-Collusion Agreement (as per Section 6)
- Please note there may be upload capacity constraints within the iVALUA system. If you experience this, please contact NESO via the Discussion Board or failing that via [box.voltage@neso.energy](mailto:box.voltage@neso.energy) such that this can be resolved. A supplementary solution (e.g. Egress) may be required to overcome any upload size constraints.

Please see **Section 15** for more information about iVALUA.

Participants must submit their Market Qualification Submissions in the format requested by NESO. If NESO has requested that a response is restricted to a set amount of words or pages this must be adhered to. Any response in excess of any maximum word count or page count may only be

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considered up to the word or page count that was set. Anything beyond this may not be considered.

Any additional documents, attachments and appendices that Bidders submit must be clearly named, including any relevant solution references and/or question numbers that the document relates to using the following document naming convention:

[Company Name] [Solution Reference] [Question No].

**Special characters (&, %, \$, £, ~, # etc) must not be used in document names. Long file name should also be avoided.**

**Bidders should avoid embedding folders within folders to avoid long file path names as this can cause corruption issues when extracting documents from submissions.**

Failure to comply with the above may invalidate the submission providing NESO with the right to reject a qualification submission.

When requested to do so by NESO, and/or upon the conclusion of the Mid-term Reactive Power Market, Bidders are required to destroy all copies of any documentation which has been issued as part of this Market.

## Withdrawal

Participants may withdraw from the qualification process at any point prior to notification of their qualification outcome, providing formal notification, including a reason for withdrawing from the process. Please see **Section 20** for more information.

## Qualification Submission Rules

Each participant will be required to return completed versions of the qualification submission documents as listed in **Section 6**. Bidders at their discretion can also provide supporting documentation.

Any response submitted as part of the qualification process may at NESO's discretion be rejected if it:

- contains gaps, omissions, misrepresentations, errors, or uncompleted sections
- contains handwritten or digital amendments which have not been initialled by an authorised signatory
- does not reflect and confirm full and unconditional compliance with any requirements issued by NESO
- contains any caveats, or any other statements, or assumptions, qualifying the submission, that are not compliant for evaluation in accordance with any documents issued by NESO in any way
- is not submitted in a manner consistent with the provisions set out in the request for qualification submissions or any subsequent or supporting documents
- is received outside of any application windows as defined above

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Participants will be required to confirm the name of the contracting entity for each solution put forward as part of their Qualification Submission. This information will be used to populate the contract documents where a participant is successfully qualified.

This means that for participants who are parent companies of subsidiaries/Special Purpose Vehicles (SPVs) intended to be the contracting entity, these participants will be able to confirm which subsidiary/SPV would be the contracting entity against each solution that is proposed, rather than needing to submit separate Qualification Submissions for each subsidiary/SPV. Bidders can still choose to submit separate Qualification Submissions for each subsidiary/SPV if they wish to.

Where contracting entities do not exist yet and would be set up upon successful qualification into this market (e.g., an SPV), the name of the contracting entity that would enter the contract should still be provided. This information should not change between qualification submission and framework signature; however, amendments can be made by exception where necessary subject to NESO discretion.

### Example

Company A puts forward 5 solutions within their Tender Submission and Company A would be the contracting entity for each of those 5. In the submission document, the tenderer would list 'Company A' as the contracting entity for each solution.

Company B put forward 5 solutions in their Tender Submission, but the contracting entity for each solution would be different a subsidiary, or SPV, set up under Company B (e.g., CompanyB1, CompanyB2 etc.). In the submission document the relevant subsidiary or SPV that would be the contracting entity would need to be confirmed against each solution.

## Joint Ventures

Participation by Joints Ventures (JV) / Groups is permitted. Please see **Appendix B** for more details.

### Conditions of submitting a qualification response

By returning a Market Qualification Submission, participants are agreeing to be bound by the terms of the Qualification Pack and the terms and conditions of the Mid-term Reactive Power Market Agreement without negotiation or material amendment. Participants also confirm that they shall ensure that any JV/Group/Consortium members and/or subcontractors comply with all applicable laws, codes of practice and statutory guidance.

## 6. Qualification Pack Content

The Qualification Pack consists of the following:

- Instructions documents

## Public

- MTR Invitation to Qualify Letter
- MTR Instructions to Tenderers (this document) V1
- MTR Market Qualification Criteria V1
- MTR Query Log
- Information documents
  - MTR Eligibility Criteria V1
  - MTR Market Qualification Technical Specification V1
  - MTR Market Proving Test Compliance Guidance Notes V1
  - MTR Services Agreement zip file:
    - General Terms & Conditions V1
    - Framework Agreement V1
    - Acceptance Form V1
  - MTR Indicative Payment Calculator V1
  - NESO Policies zip file
    - NESO HSW Policy Statement\_External
    - P0003 – Anti Financial Crimes Policy
    - P0049 – Code of Ethics
    - P0052 – NESO Data Policy
- Submission documents (These documents are the templates that must be completed and returned as part of market qualification submissions)
  - MTR Technical Proforma V1
  - MTR Commercial Proforma V1
  - MTR NESO Confidentiality Agreement V1
  - MTR NESO Non-Collusion Agreement V1

A checklist of documents is also available in **Appendix A**. All documents listed above are applicable to all participants unless otherwise indicated.

All version references (E.g. V1) listed above are correct at the time this document has published. However, at any time NESO may amend any of the above documents to provide additional information and/or clarifications. Any additional information will be issued to all participants through the iVALUA platform in the first instance.

It is the responsibility of the participant to ensure they have all updated information and that any Market Qualification Submissions comply with any updated or new information that is provided. Participants must comply with any amendment made by NESO or their submission may be rejected.

Information that is supplied as part of this Mid-term Reactive Power Market is supplied in good faith. The information contained in the Qualification Pack and in any related written or oral communication is believed to be correct at the time of issue. This includes but is not limited to Ofgem’s announcement on the treatment of synchronous condensers which can be found

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here<sup>4</sup>, and the announcement on Ofgem’s decision on TO Licences for operation of a shunt reactor which can be found here<sup>5</sup>.

More recently, Ofgem consulted on the regulatory arrangements for dedicated provision of network services which can be found here<sup>6</sup>. No decision on this has yet been published at the time of producing this document, but should one be published during the course of this Mid-term Reactive Power Market NESO will review it and if required update the details of the Mid-term Reactive Power Market where necessary.

## 7. Subsequent Mini-Tender Processes

Subsequent mini tenders will likely follow the process set out below. Though NESO note the exact processes that will be followed will be communicated and confirmed on a case-by-case basis.



The Expression of Interest (EOI) stage has been marked as optional. This is because on a case-by-case basis NESO may simply invite all Qualified Providers to an invitation to tender stage. The Negotiations element has also been marked as optional, NESO may elect to carry out negotiations at their discretion.

Please refer to the Market Qualification Criteria document that has been published for more details on indicative assessment criteria for subsequent mini-tender processes.

Any contract(s) awarded would be a ‘call-off’ from the overall Agreement for this market. Please refer **Section 31** for more information on the form of contract for this market.

### Indicative timelines between identification of requirements and launch of a mini-tender

The timelines between the identification of a NESO requirement and the launch of a mini-tender will depend on the requirements identified and whether it is being procured through a year-ahead or within-year process. There is not a minimum amount of time that NESO can provide at this time. As the market develops and processes become more standardised, NESO will consider if a minimum timeframe could be provided.

## 8. Non-Competitive Awards

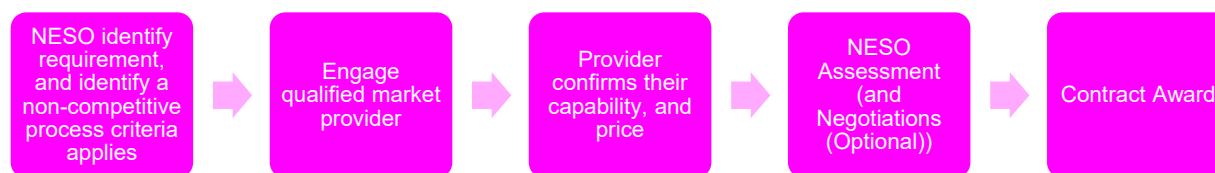
Any non-competitive awards will likely follow the process set out below. Though NESO note the exact process that will be followed will be communicated and confirmed on a case-by-case basis.

<sup>4</sup> <https://www.ofgem.gov.uk/publications/review-regulatory-framework-ancillary-service-assets-and-clarification-our-short-term-treatment-synchronous-condensers>

<sup>5</sup> <https://www.ofgem.gov.uk/decision/decision-proceed-licence-grant-process-electricity-transmission-licence-mersey-reactive-power-limited-operation-shunt-reactor>

<sup>6</sup> <https://www.ofgem.gov.uk/consultation/regulatory-arrangements-dedicated-provision-network-services>

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The Negotiations element has been marked as optional, NESO may elect to carry out negotiations at their discretion.

Please refer to the Market Qualification Criteria document that has been published for more details on indicative scenarios where this process may be applied and associated indicative assessment criteria.

Any contract(s) awarded would be a 'call-off' from the overall Agreement for this market. Please refer **Section 31** for more information on the form of contract for this market.

## 9. Query Process

Any queries should be submitted through the Discussion Board on the Ivalua Portal for the duration of the Market Qualification windows(s). Failing this, please email [box.voltage@neso.energy](mailto:box.voltage@neso.energy).

Participants are encouraged to use the Query Log template provided to submit queries.

Any generic queries received will be documented and the responses shared with all participants through a generic query document, or similar. Any confidential queries and responses will be documented in a participant's confidential query log.

Where participants believe their queries are confidential, these should be marked as such when submitting queries, for example by using the indicator within the Query Log. If on receipt of a query NESO believe the query not to be confidential NESO will confirm this with the relevant participant and seek agreement that the response can be made available to all participants. If the relevant participant does not agree with NESO's determination that the query is not confidential they will be able to withdraw the query.

## 10. Participant 121 Calls

NESO will, with best endeavours, try to facilitate at least one 121 virtual meeting with participants whilst they prepare any Qualification submission. These 121 meetings will be facilitated upon receipt of a request from a participant.

All confidential questions and responses in these meetings will be documented through the Query Logs as explained above in **Section 9**. Any non-confidential questions that are answered in these sessions will be documented and shared with all other participants as part of the Query Process.

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## 11. Market Procedure & Award of Contracts

The market qualification process will be based on the published Market Qualification Criteria. Participants who qualify for the market will enter the overarching Mid-term Reactive Power Market Agreement with NESO.

The award of any delivery contract(s) as a result of a subsequent mini-tender process (or non-competed process) under the Mid-term Reactive Power Market Agreement will be based on the most economically optimal combination of solutions that met any identified service requirements across Great Britain, in accordance with any published the Contract Award Criteria for said process.

This Market (and its associated mini-tender processes/non-competitive processes) is not regulated by the Procurement Act 2023.

## 12. Eligibility Criteria

Participants must meet the Eligibility Criteria to qualify for the Mid-term Reactive Power Market and become a Qualified Provider. Please refer to the published Eligibility Criteria document for more details. If participants have any queries regarding how they meet the Eligibility Criteria, please contact NESO using the query process explained in **Section 9**.

Please note, the Eligibility Criteria are only a sub-set of the market qualification criteria that market participants would have to meet to become a Qualified Provider. Please refer to the Market Qualification Criteria document for more information.

## 13. Revenue Stacking Rules

Revenue stacking is permitted such that, in NESO's sole opinion, it does not impact the bidder's ability to provide the contracted service. The tables below list out the services which can be revenue stacked. With regards to the stacking rules, it should be noted that as part of the Eligibility Criteria for this market NESO are seeking provision of reactive power services independently from any MW export.

**Table of services permitted**

| Service                                   | Is revenue stacking permitted?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Commercial Frequency Response (FR)</b> | <p>Yes, revenue stacking is permitted: Providing the bidder has sufficient capability to deliver the contracted voltage service in parallel with the contracted Frequency Response service.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO also reserve the right to request for this stacking to be demonstrated (for example via simulations) by contracted providers for review and</p> |

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|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | <p>acceptance by NESO before these services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Reserve</b>                    | <p>Yes, revenue stacking is permitted: Providing the bidder has sufficient capability to deliver the contracted voltage service in parallel with the contracted Reserve service.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO also reserve the right to request for this stacking to be demonstrated (for example via simulations) by contracted providers for review and acceptance by NESO before these services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Long-term Stability Market</b> | <p>The mid-term reactive power market is seeking reactive power capability through assets where this capability is in excess of Grid Code obligations.</p> <p>Market participants with Stability Long-term contracts can stack these services such that:</p> <ol style="list-style-type: none"> <li>1. The capability offered into this reactive power mid-term market is in excess of Grid Code.</li> <li>2. Any ORPS payments for reactive power capability in the long-term stability market is forgone such that the contracted provider is only compensated through the mid-term reactive power market, where the same MVar volume is bid into the mid-term reactive power market that is already associated with any long-term stability market contract.</li> </ol> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO may also require this capability to be demonstrated (for example via simulations) and accepted by NESO before the services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p> |
| <b>Mid-term Stability Market</b>  | <p>The mid-term reactive power market is seeking reactive power capability through assets where this capability is in excess of Grid Code obligations.</p> <p>Market participants with existing Stability mid-term contracts can stack these services such that:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | <ol style="list-style-type: none"> <li>1. The capability offered into this reactive power mid-term market is in excess of Grid Code,</li> <li>2. Any ORPS payments for reactive power capability in the mid-term stability market is forgone such that the contracted provider is only compensated through the mid-term reactive power market, where the same MVar volume is bid into the mid-term reactive power market that is already associated with any mid-term stability market contract.</li> </ol> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO may also require this capability to be demonstrated (for example via simulations) and accepted by NESO before the services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p> <p>The above is also subject to the stacking rules set in the mid-term stability market. Bidders should refer to the latest version of the stacking rules set out in the latest version of the tender rules for the relevant mid-term stability market delivery year for details.</p> |
| <b>Capacity Market (CM)</b>                           | <p>Yes, this revenue stacking is permitted: The current NESO view is this stacking will not impact service delivery of reactive power services</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>At this time, NESO does not believe it is necessary to list the provision of reactive power through the Mid-term Reactive Power Market as a "Relevant Balancing Service" within the Capacity Market, because in the event where there is a Capacity Market Stress Event, from a whole system perspective it is unlikely that there will also be a need to instruct contracted providers in the Mid-term Reactive Power Market. So, there is no need to prioritise the Mid-term Reactive Power Market through the Capacity Market's definition of Relevant Balancing Services.</p> <p>However, feedback on the definition of RBS can be provided through the usual consultation process for determination of what should be defined as an RBS. For more details, please contact <a href="mailto:emr@neso.energy">emr@neso.energy</a> who can support you further.</p>                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Constraint Management Intertrip Service (CMIS)</b> | <p>Permitted on the basis that the Market Participants can demonstrate provision of service through quick de-load (or alternative activation of CMIS) with MVar left intact as part of tests.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO also reserve the right to request for this stacking to be demonstrated (for example via simulations) by contracted providers for review and acceptance by NESO before these services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p> <p><i>Note: Qualified Providers cannot be connected behind another entity who holds a CMIS contract whereby their availability could be impacted if said CMIS contract was tripped.</i></p> |
| <b>Balancing Mechanism (BM)</b> | <p>Yes, this stacking is permitted.</p> <p>However, contracted providers will forego ORPS when stacking where the contracted provider would be eligible for ORPS for the MVar capability that is contracted through the Mid-term Reactive Power Market, such that it is only compensated for this MVar capability through this mid-term market.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Wholesale Market (WM)</b>    | <p>Yes, this stacking is permitted.</p> <p>However, contracted providers will forego ORPS when stacking where the contracted provider would be eligible for ORPS for the MVar capability that is contracted through the Mid-term Reactive Power Market, such that it is only compensated for this MVar capability through this mid-term market.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |

**Mid-term Reactive Power Market payment when revenue stacking**

| Example                                                                       | FR                                                                    | Reserve | L-T<br>Stability<br>* | M-T<br>Stability<br>* | CM  | CMIS | BM* | WM* |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------|-----------------------|-----------------------|-----|------|-----|-----|
| 0MW Shunt Reactor                                                             | N/A                                                                   | N/A     | N/A                   | N/A                   | N/A | N/A  | N/A | N/A |
| Non-0 MW synchronous generator able to provide voltage at 0MW export          | Yes                                                                   | Yes     | Yes                   | Yes                   | Yes | Yes  | Yes | Yes |
| Non-0 MW synchronous generator <b>unable</b> to provide voltage at 0MW export | This type of solution would <b>not</b> meet the Eligibility Criteria. |         |                       |                       |     |      |     |     |
| 0MW export Synchronous compensator                                            | N/A                                                                   | N/A     | Yes                   | Yes                   | N/A | N/A  | N/A | N/A |
| Non-synchronous battery storage                                               | Yes                                                                   | Yes     | Yes                   | Yes                   | Yes | Yes  | Yes | Yes |

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|---------------------------------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| solution <b>with</b> grid forming capability                                    |     |     |     |     |     |     |     |     |
| Non-synchronous battery storage solution <b>without</b> grid forming capability | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

*\*Note: Contracted Providers will forego ORPS when stacking with services where the provider's contracted MVar would be eligible for ORPS*

The above table depicting how payment would be made whilst revenue stacking is **not exhaustive**. If you have any questions with regards to how the stacking rules apply to your proposed solution, please contact the NESO in line with the query process (**Section 9**).

Please see below additional revenue stacking rules in relation to existing 'Pathfinder' Contracts

| Service                  | Is revenue stacking permitted?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stability Phase 1</b> | <p>The mid-term reactive power market is seeking reactive power capability through assets where this capability is in excess of Grid Code obligations.</p> <p>Market Participants with existing Stability Phase 1 contracts can stack these services such that:</p> <ol style="list-style-type: none"> <li>1. The capability offered into this reactive power mid-term market is in excess of Grid Code</li> <li>2. Any ORPS payments for reactive power capability in the Stability Phase 1 contract is forgone such that the contracted provider is only compensated through the mid-term reactive power market, where the same MVar volume is bid into the mid-term reactive power market that is already associated with any Stability Phase 1 contract.</li> </ol> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO may also require this capability to be demonstrated (for example via simulations) and accepted by NESO before the services can be stacked . This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p> |
| <b>Stability Phase 2</b> | <p>The mid-term reactive power market is seeking reactive power capability through assets where this capability is in excess of Grid Code obligations.</p> <p>Market Participants with existing Stability Phase 2 contracts can stack these services such that:</p> <ol style="list-style-type: none"> <li>1. The capability offered into this reactive power mid-term market is in excess of Grid Code</li> <li>2. Any ORPS payments for reactive power capability in the Stability Phase 2 contract is forgone such that the contracted provider is only compensated through the mid-term reactive power market, where the same MVar volume is bid into the mid-term reactive power market that is already associated with any Stability Phase 2 contract.</li> </ol> <p>This would be permitted on the basis of <b>splitting</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          | <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO may also require this capability to be demonstrated (for example via simulations) and accepted by NESO before the services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Stability Phase 3</b> | <p>The mid-term reactive power market is seeking reactive power capability through assets where this capability is in excess of Grid Code obligations.</p> <p>Market Participants with existing Stability Phase 3 contracts can stack these services such that:</p> <ol style="list-style-type: none"> <li>1. The capability offered into this reactive power mid-term market is in excess of Grid Code</li> <li>2. Any ORPS payments for reactive power capability in the Stability Phase 3 contract is forgone such that the contracted provider is only compensated through the mid-term reactive power market, where the same MVar volume is bid into the mid-term reactive power market that is already associated with any Stability Phase 3 contract.</li> </ol> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>As part of the market qualification process, market participants are required to explain how they will stack this service without impacting the solution's ability to also provide the reactive power voltage service.</p> <p>NESO may also require this capability to be demonstrated (for example via simulations) and accepted by NESO before the services can be stacked. This may occur after market qualification but prior to any service provision. Whether this will be required and the process for this will be discussed and confirmed in line with the terms and conditions</p> |
| <b>Voltage Mersey</b>    | <p>The mid-term reactive power market is seeking reactive power through existing reactive power capabilities in excess of Grid Code obligations.</p> <p>Market Participants with existing Voltage Mersey contracts can stack these services such that the capability being offered into the mid-term market is in excess of any capability already under contract in the Voltage Mersey contract.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>Note: where stacking with the long-term reactive power market contract, please note that any utilisation payments that apply under the mid-term reactive power market would be paid in any settlement period where the solution gets instructed to provide a voltage service (and the solution subsequently does provide the service).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Voltage Pennines</b>  | <p>The mid-term reactive power market is seeking reactive power through existing reactive power capabilities in excess of Grid Code obligations.</p> <p>Market Participants with existing Voltage Pennines contracts can stack these services such that the capability being offered into the mid-term market is in excess of any capability already under contract in the Voltage Pennines contract.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | Note: where stacking with the long-term reactive power market contract, please note that any utilisation payments that apply under the mid-term reactive power market would be paid in any settlement period where the solution gets instructed to provide a voltage service (and the solution subsequently does provide the service).                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Voltage 2026</b> | <p>The mid-term reactive power market is seeking reactive power through existing reactive power capabilities in excess of Grid Code obligations.</p> <p>Market Participants with existing Voltage 2026 contracts can stack these services such that the capability being offered into the mid-term market is in excess of any capability already under contract in the Voltage 2026 contract.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>Note: where stacking with the long-term reactive power market contract, please note that any utilisation payments that apply under the mid-term reactive power market would be paid in any settlement period where the solution gets instructed to provide a voltage service (and the solution subsequently does provide the service).</p> |

#### Mid-term Reactive Power Market payment when revenue stacking Pathfinder contracts

| Example                                                                         | SP1*                                                                  | SP2* | SP3* | VM  | VP  | V26 |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|------|------|-----|-----|-----|
| 0MW Shunt Reactor                                                               | N/A                                                                   | N/A  | N/A  | Yes | Yes | Yes |
| Non-0 MW synchronous generator able to provide voltage at 0MW export            | Yes                                                                   | Yes  | Yes  | Yes | Yes | Yes |
| Non-0 MW synchronous generator <b>unable</b> to provide voltage at 0MW export   | This type of solution would <b>not</b> meet the Eligibility Criteria. |      |      |     |     |     |
| 0MW export Synchronous compensator                                              | Yes                                                                   | Yes  | Yes  | Yes | Yes | Yes |
| Non-synchronous battery storage solution <b>with</b> grid forming capability    | N/A                                                                   | Yes  | Yes  | Yes | Yes | Yes |
| Non-synchronous battery storage solution <b>without</b> grid forming capability | N/A                                                                   | N/A  | N/A  | Yes | Yes | Yes |

*\*Note: Contracted Providers will forego ORPS when stacking with services where the provider's contracted MVar would be eligible for ORPS*

The above table depicting how payment would be made whilst revenue stacking is **not exhaustive**. If you have any questions with regards to how the stacking rules apply to your proposed solution, please contact the NESO in line with the query process (**Section 9**).

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With regards to revenue stacking with other Reactive Power contracts, please see the table below.

| Service                                 | Is revenue stacking permitted?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Reactive Power Long-term Market</b>  | <p>The mid-term reactive power market is seeking reactive power through existing reactive power capabilities in excess of Grid Code obligations.</p> <p>Market Participants with a long-term reactive power market contract may revenue stack with the mid-term reactive power market such that the capability being offered into the mid-term market is in excess of any capability already under contract in the associated long-term reactive power contract.</p> <p>This would be permitted on the basis of <b>splitting</b>.</p> <p>Note: where stacking with the long-term reactive power market contract, please note that any utilisation payments that apply under the mid-term reactive power market would be paid in any settlement period where the solution gets instructed to provide a voltage service (and the solution subsequently does provide the service).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Reactive Power Short-term Market</b> | <p>The short-term (day-ahead) market for reactive power is not being progressed at the time of producing this document. If NESO progress with this market, then a revenue stacking rule will be determined.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>MSAs</b>                             | <p>Contracted Providers must continue to meet any minimum MSA Grid Code obligations, and will continue to be compensated for this minimum obligation via the MSA contract. Minimum obligatory MVar will not be contracted via the Mid-term Reactive Power Market. This means the MSA ORPS payments for minimum obligatory MVar only can be stacked with this Mid-term Reactive Power Market.</p> <p>However, revenue stacking with MSAs is not permitted for reactive power MVar capability in excess of Grid Code obligations which is bid into and contracted through the Reactive Power Mid-term Market.</p> <p>This means contracted providers will forgo any ORPS payments for the MVar capability for the solution (or its relevant asset/BMU) that is being bid in to the Reactive Power Mid-term Market such that contracted providers are only paid for their excess capability under the mid-term reactive power contract. This concept of forgoing ORPS only applies when a contracted provider is contracted for supply under the Mid-term Reactive Power Market through a 'call-off' contract. Once the call off ends, the provider can resume receiving ORPS.</p> <p>It should be noted that in the qualification technical submission proforma, Bidders are asked to confirm their Grid Code obligatory volume (in MVar) and the additional capability being proposed for the Mid-term Market (in MVar).</p> |
| <b>CSAs</b>                             | <p>Revenue stacking with CSAs is not permitted for reactive power MVar capability in excess of any minimum MSA Grid Code obligations which is bid into the Reactive Power Mid-term Market.</p> <p>Contracted Providers must not revenue stack the same capability with CSAs, and contracted providers will forgo any CSA payments such that they are only paid for their capability under the Reactive Power Mid-term Market contract.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Specifically, Providers can bid into the Mid-term Reactive Power Market if they already hold a CSA, however, these providers would be required to forgo any CSA payments such that they are only paid for their capability under the Reactive Power Mid-term Market. |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Mid-term Reactive Power Market payment when revenue stacking other Reactive Power contracts

| Example                                                                         | LTR                                                                   | STR | MSA* | CSA           |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----|------|---------------|
| 0MW Shunt Reactor                                                               | Yes                                                                   | N/A | N/A  | Not permitted |
| Non-0 MW synchronous generator able to provide voltage at 0MW export            | Yes                                                                   | N/A | Yes  | Not permitted |
| Non-0 MW synchronous generator <b>unable</b> to provide voltage at 0MW export   | This type of solution would <b>not</b> meet the Eligibility Criteria. |     |      |               |
| 0MW export Synchronous compensator                                              | Yes                                                                   | N/A | N/A  | Not permitted |
| Non-synchronous battery storage solution <b>with</b> grid forming capability    | Yes                                                                   | N/A | Yes  | Not permitted |
| Non-synchronous battery storage solution <b>without</b> grid forming capability | Yes                                                                   | N/A | Yes  | Not permitted |

*\*Note: Contracted Providers should continue to meet minimum Grid Code obligations, but will forego ORPS for their excess MVar capability where the provider's contracted MVar would be eligible for ORPS*

### Relationship between revenue stacking and availability requirements

In instances where a contracted provider is actively stacking one of the above services during a settlement period, as permitted by the rules outlined above and within the contract documents, the contracted provider will still be treated as available for the purpose of contract management against the availability requirement.

### What NESO mean by capability "in excess of minimum Grid Code obligations"

For clarity, we mean the MVar capability a market participant's solution has that exceeds the obligated minimum MVar capability set by the Grid Code, where these Grid Code obligations apply to a provider (it is noted some technology types are not obligated).

By way of an illustrative and hypothetical example: a BESS asset with 300MW might have a Grid Code obligation of approximately +/-99MVar (based on current Grid Code obligations). Their full

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MVar capability might be  $\pm 200$  MVar. Their excess capability would be  $\pm 200$  subtract  $\pm 99 = \pm 101$  MVar.

Please also see Figure 3 below for an illustrative and indicative diagram.

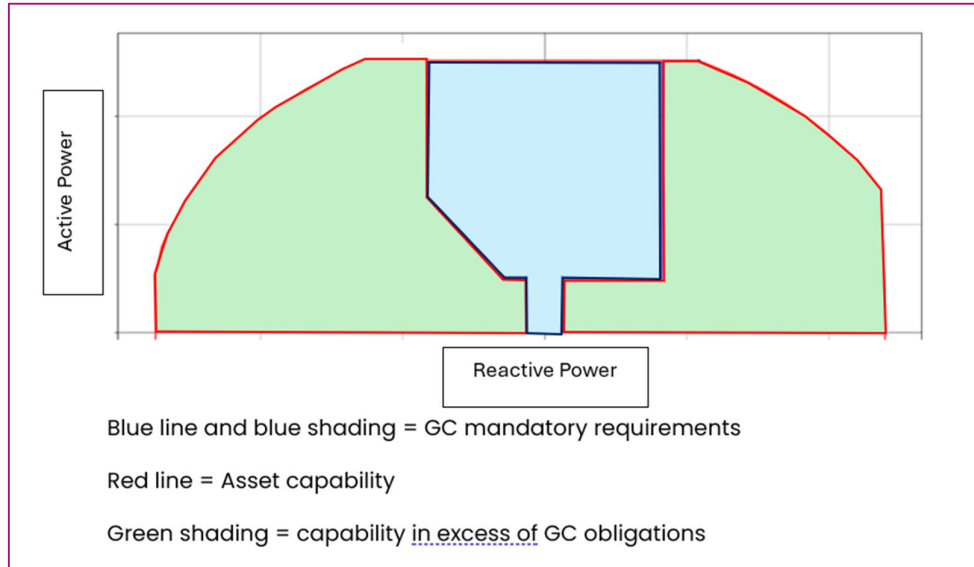


Figure 3

It is noted Grid Code obligations are subject to change and any change in Grid Code obligations during the life of any Mid-term Reactive Power Contract would be managed via Clause 7.2 of the published Terms and Conditions.

## 14. Webinars

To support the qualification process, NESO will be publishing a pre-recorded webinar video. These will be available for market participants to watch at their convenience. Any questions participants have related to these videos should be submitted in line with the query process.

## 15. iVALUA

The Mid-term Reactive Power Market will be facilitated using iVALUA.

iVALUA is the name of a cloud-based procurement platform that allows document management, and for NESO to communicate and share the latest information with all participants in a secure online environment that maintains tender confidentiality and integrity. The system enables tasks to be generated, information to be issued, and requests for information to be routed to the right people for action and subsequent follow-up.

### Accessing the Mid-term Reactive Power Market on iValua

1. Participants will need to have an iValua account for their organisation if they have not already done so

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- a. For more information about iValua, please refer to the guidance available on this webpage [Suppliers | National Energy System Operator](#)
2. Once you have created your account and can successfully log in to iValua:
  - a. Navigate to 'Sourcing' > Navigate to 'Show public request for proposals'
  - b. Navigate to 'Mid-term Reactive Power Market' which has ID BPM000176
  - c. Click 'Participate' (there may also be a pencil icon to click)
  - d. Navigate to the Questionnaire tab and complete the required Questionnaire(s) documents
  - e. Once you have completed this, you will click Validate & Submit Proposal. NESO should then receive your qualification submission and be able to commence the assessment process. You should only submit this once.

## 16. Intention to bid

Participants are requested to inform NESO if they intend to submit a qualification submission in one of the given qualification windows. This must be done via the iValua portal. Participants who state an intention to bid can later withdraw from the process. Please see **Section 20** for more information.

## 17. Participant to Provide Password

When exchanging confidential information between a participant and NESO, password protection may be adopted to maintain confidentiality. Participants are asked to provide a confidential password to NESO. If participants fail to provide a password by the time an exchange of confidential information is required, NESO will create a password and share this with them.

When creating a password, best practice is that it should be at least 8 characters long and should include at least one lower case, one upper case, one number and one special character e.g. Special@123, or Pa55word!

## 18. Bidding Rules, Solution Caps and Bundling

- Market participants can bid in multiple solutions
- For the purpose of this market, a solution is any asset/unit or group of assets/units connected through a shared connection point
- Participants who wish to bank / aggregate multiple assets that connect through one connection point must offer these as one solution
- Participants cannot aggregate assets that connect through different connection points and submit this as one solution. Assets that connect through different connection points must be submitted as separate solutions.

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- The same underlying asset/project should only be qualified once i.e. you cannot qualify the same underlying asset/project multiple times as different variations of itself. This would be inefficient based on the qualification criteria that NESO have set for this market.
  - During subsequent mini-tender processes, Qualified Providers can bid any MVAR capability level such that it is within the qualified maximum capability for the solution (and in excess to Grid Code minimum obligations).
  - Consequently, in mini-tender processes, Qualified Providers may choose to offer variations of their qualified asset/project as different solutions in line with any tender rules published for said process.
    - Qualified Providers may choose to offer variations of the same qualified asset based on a range of parameters e.g. at different price points/levels of MVAR.
    - Mini-tenders may place a cap on how many solution variations can be offered. Such caps will be determined on a tender-by-tender basis.
- As such, the cap on solutions at qualification stage is: one (1) solution per underlying connection point with no overall cap on how many different solutions can be pre-qualified. This cap will apply per market participant/bidder.

|                         |                                                                                                                                  |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Cap on solutions</b> | <b>1 solution per underlying connection point per bidder.</b><br>There will be no overall cap at the market qualification stage. |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------|

- The cap on solutions is absolute and cannot be exceeded.
- Where a company, e.g. a parent company, is submitting on behalf of multiple subsidiary companies or SPVs, the cap will apply across the subsidiary companies/SPVs.
- The cap will also apply across market participants who are affiliated in another way. This will be the case even where the affiliate relationship is not one of a true parent.
  - For example, where two participants have the same ownership in companies house. NESO's decision is final on whether companies are considered 'linked' for the purposes of this cap.
- Participants can choose to bid in a static or dynamic service at their discretion according to their technology type (whether they are a static asset or a dynamic asset). Definitions for static assets and dynamic assets can be found below.

|                      |                                                                                                                                                                                                                                                                                                                                      |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Static Asset</b>  | An asset which delivers the Reactive Power Service by absorbing or injecting an approximately constant level of reactive power level during normal operation.                                                                                                                                                                        |
| <b>Dynamic Asset</b> | An asset which delivers the Reactive Power Service according to the characteristics of its control mode. In this mode the reactive power output of the asset changes in proportional to changes in the system voltage. This includes but not limited to Synchronous Compensators, Static Var Compensators (SVC), or STATCOM devices. |

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- Where the participant does bid in a dynamic asset that has hybrid capability (i.e. it can also operate in constant Q mode at a constant level of reactive power), NESO reserve the right to use the asset in constant Q mode as specified in the technical specification document and contract terms.
- If you have two co-located technologies, or one hybrid solution, where one is static and one is dynamic (or both, i.e. STATCOM+MSR), the participant may be required to confirm which service is being offered (static or dynamic) and how it will be delivered.

## Joint venture solution cap rules

- Where joint ventures return a qualification submission and the companies that form the joint venture also submit as separate participants, any solutions submitted under the joint venture's submission will contribute to the solution cap to each of the companies that form the joint venture.
- For example, if Company X and Company Y form joint venture Z, and all three entities return qualification submissions, any solutions submitted under joint venture Z will count towards the cap of Company X and Company Y. This means if joint venture Z submitted 1 solution at connection point A, neither Company X or Company Y could submit a qualification submission for the same solution at connection point A.
- If in any doubt about whether companies would count toward the cap, please enquire about this with NESO.

## Independent and mutually exclusive solutions

**During the qualification process:** There is no requirement to state whether any proposed solutions are independent or mutually exclusive of one another based on the above bidding rules & solution caps.

**During subsequent mini-tender processes:** Participants may be required to state whether any of the proposed solutions are independent of one another or mutually exclusive. Whether solutions are mutually exclusive or independent, both will count towards any solutions cap that has been set for the mini-tender process (as appropriate).

- Mutually exclusive: The tenderer wishes for only one of these solutions to be accepted.
- Independent: The tenderer can deliver all these solutions independently of one another if they were all to be accepted.

Any solutions submitted by the same participant at the same substation will be treated by NESO as mutually exclusive of one another, i.e., only one of those solutions can be accepted.

Any solutions submitted by different participants but at the same substation will be treated by NESO as independent of one another, i.e., NESO may accept bids from different tenderers that all connect at the same substation.

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## 19. Solution Sizing Requirements / Guidance

Please refer to the Technical Specification documents for any requirements related to solution sizing.

## 20. Inability to Qualify/Tender

If for any reason a participant is unable to submit a qualification or chooses to withdraw from the process prior to making their qualification submission, these participants should formally notify NESO in writing, providing a reason for declining to submit a qualification.

For participants who withdraw from the process, NESO reserve the right to remove such participants from the market event on iVALUA which will restrict access to the published Qualification Pack, communications and remove the ability to return a qualification submission.

These participants are also asked to please destroy/delete **ALL** copies of documents immediately to maintain the confidentiality and integrity of the process.

## 21. Amendments to Market Qualification Submissions

Participants can amend and update their Market Qualification submissions at any time prior to their submission to NESO. After the Market Qualification submission has been made to NESO, participants must not amend any part of their submission. The information that is submitted will be what is assessed, and if successful, taken forward into the Mid-term Reactive Power Market Agreement.

From time to time during the qualification assessment process, NESO may clarify details of the submissions with participants. Clarifications may be sought in writing or through a clarification meeting with the participant in question. This may require participants to provide clarification responses, or to submit additional / amended information for consideration in the assessment. Where this is triggered by a NESO clarification it is acceptable.

Beyond this, participants **should not** submit any additional information, or any alterations, after the submission has been made without prior request for clarification from NESO.

Furthermore, any alteration or omission made without the prior consent of NESO to any NESO document forming part of the market qualification process may result in the participant's submission being rejected from at the discretion of NESO.

## 22. Language

Any qualification submissions, supporting documents and subsequent communications relating to this tender shall be in the English language.

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## 23. Currency

This market will be facilitated based on **pounds sterling**. All payments made under any subsequent contract shall be made in **pounds sterling**.

## 24. Validity Period for Market Qualification Submissions

Market Qualification submissions shall remain valid for acceptance by NESO throughout the qualification process from the date the submission is made.

## 25. Sufficiency and Accuracy of Market Qualification Submissions

By returning a Market Qualification Submission, participants will be confirming that they have examined all the documents comprising the Qualification Pack (and any clarifications, amendments or additions thereto issued by NESO at any time during the course of the market).

It is the responsibility of each participant to check the completeness and accuracy of their Market Qualification Submission prior to its submission. Material errors or omissions may result in a Market Qualification Submission being rejected or disqualified at the discretion of NESO.

## 26. Investors, Sub-Contractors and Consultants

It is the responsibility of each participant to share the appropriate and relevant information with any of their chosen investors, consultants and/or sub-contractors in line with the Confidentiality requirements of this market.

NESO will not respond to any direct approach from such potential investors, consultants, and/or sub-contractor for details about this market.

NESO will only engage with investors, consultations, and/or sub-contractors in relation to this market on a triparty basis where the Market Participant is party to the engagement.

For avoidance of doubt, NESO does carry out its own engagement with supply chain parties such as Original Equipment Manufacturers (OEMs). However, it is still the responsibility of the participant to share relevant information with their chosen consultants/sub-contractors to develop their own submissions.

## 27. Amendments, Suspension or Cancellation of Market

By launching the Mid-term Reactive Power Market and issuing this Qualification Pack, entering into clarification communications with participants or by having any other form of communication with bidders, NESO is not bound in any way to enter any contractual or other arrangement with any participant.

This market will operate in accordance with the provisions of this Qualification Pack, but NESO reserves the right to terminate, suspend, amend or vary (to include, without limitation, in relation to any timescales or deadlines) the Mid-term Reactive Power Market by notice to all participants

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in writing. NESO will have no liability for any losses, costs or expenses suffered or incurred by bidders as a result of such termination, suspension, amendment or variation.

## 28. Market conduct and conflicts of interest

For the duration of this Mid-term Reactive Power Market with effect from its launch, any attempt by participants or their advisors to inappropriately influence the qualification process or any subsequent delivery contract award process in any way may result in the bidder being disqualified.

Specifically, participants shall not directly or indirectly, at any time:

- a) devise or amend the content of their Market Qualification Submission in accordance with any agreement or arrangement with any other person, other than in good faith with a person who is a proposed subcontractor, funder, consultant or agent;
- b) enter into any agreement or arrangement with any other person as to the form or content of any other Market Qualification Submission, or offer to pay any sum of money or valuable consideration to any person to effect changes to the form or content of any other Market Qualification Submission;
- c) enter into any agreement or arrangement with any other person that has the effect of prohibiting or excluding that person from participating in this market;
- d) canvass NESO or any employees or agents of NESO in relation to this market (including but not limited to attempting to discuss this market in unrelated meetings, or approaching NESO directors to discuss this market outside of provided market processes); or
- e) attempt to obtain information about the market and its associated processes outside of the defined communication channels for the market; or
- f) attempt to obtain information from any of the employees or agents of NESO or their advisers concerning another participant;
- g) Misrepresent to NESO details of its organization or its solutions; or
- h) Collude in any way;
- i) Fix or set the price for the services;
- j) Engage in bribery by you or your appointed advisers in relation to the competitive procurement event; or
- k) Inappropriately influence this procurement event in any other way

Participants are responsible for ensuring that no conflicts of interest exist between the participant and its advisers, and NESO and its advisers.

NESO reserves the right to disqualify from the market any market participant if they breach these rules.

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## 29. Confidentiality

All confidential details of the market and associated confidential documents must be treated as private and confidential and shall not be disclosed to any other party, except where this is necessary for participants to prepare and return their tender submission.

Participants must ensure that they have an adequate confidentiality agreement in place with any subcontractors, funders, consultants or agents before issuing them with any confidential information concerning the requirements of this market. Participants must release only that part of the information concerning the requirements as is essential to obtain quotations from potential subcontractors, consultants or agents.

NESO reserves the right to audit participants to confirm if such confidentiality agreements are in place. If the participant is not in compliance with these provisions, NESO reserves the right to disqualify the participant from further participation in the event.

By returning a Market Qualification Submission, the participant irrevocably consents to NESO carrying out all necessary actions to verify the information that they have provided, including but not limited to sharing with Network Owners or third-party verification.

## 30. Contracting Entity

Participants should be aware that any contract(s) awarded through the Mid-term Reactive Power Market will be entered into with National Energy System Operator Ltd.

## 31. Form of Contract

### Qualification Stage

If a participant is successful during the qualification process, they will enter into the Mid-term Reactive Power Agreement with NESO, made up of:

- 1) the Framework Agreement,
- 2) the General Terms and Conditions, and
- 3) the Acceptance Form.

This will cover the overarching terms and conditions for provision of reactive power services through the Mid-term Reactive Power Market. These are the terms on which NESO wishes to contract.

### Contract Signature at Qualification Stage

If a participant is successful during the qualification process, NESO will notify them of their outcome and then subsequently share the Framework Agreement document for signature.

This must be done and returned to NESO by no later than 30 business days of receiving the Framework Agreement for signature. The exact deadline for Contract Signature will be confirmed

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at the time. NESO will provide Counter-Signature and date the Framework Agreement after a Bidder has completed their Contract Signature.

If a bidder fails to sign the Framework Agreement in time, NESO reserve the right to revoke the qualification outcome and revoke the Framework Agreement.

Please note that if the contracting entity doesn't exist yet and would be set up upon successful qualification, there will be no additional time granted.

## Subsequent Mini-tender Processes / Non-competitive Awards

If a participant is subsequently successful during a mini-tender process (or a non-competitive award), the Mid-term Reactive Tender Acceptance Form will be used to "call-off" the overarching Framework Agreement and the associated terms and conditions.

Participants should note that where a participant is successful during a mini-tender process or selected for a non-competitive award, the Tender Acceptance Form will be amended by NESO to incorporate information from the relevant mini-tender or non-competitive award process about the selected solution (including any clarifications) in each case, as applicable.

For the avoidance of doubt, a service delivery contract will be formed upon the issue of the Acceptance Form.

## Contract Signatures following Mini-tender Processes / Non-Competitive Awards

If a participant is successful during a mini-tender process (or non-competitive award), NESO will notify them through their outcome letter, before issuing the relevant Mid-term Reactive Tender Acceptance Form.

There will be no requirement to sign the Tender Acceptance Form as this will become a binding service delivery contract upon issue by NESO in line with Clause 2.2 of the Framework Agreement.

If any successful participant decides they can no longer fulfil the contracted requirements following the issue of a Tender Acceptance Form within 180 days, NESO reserves the right to revoke the contract award, and in the case of any mini-tender process, reserve the right to re-evaluate any tender submissions to identify any alternative or decide to secure the residual requirements through an alternative mechanism.

## Payment Mechanism

- NESO will follow a pay-as-bid approach.
- Through mini-tender processes (or non-competed processes), Qualified Providers will be requested to submit their price(s).
- On a case-by-case basis, NESO reserve the right to request prices and facilitate payment based on any of the following payment structures:
  - An availability fee only structure, e.g., £/Settlement Period
  - An availability fee and utilisation fee structure e.g., £/Settlement Period

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- A utilisation fee only structure e.g., £/Settlement Period
  - In each case, NESO reserve the right to calculate the resulting £/Settlement Period/MVAr for information purposes
- NESO will confirm through the mini-tender processes (or non-competed process) which of the above structures is applicable on a case-by-case basis, considering the requirements being procured in said process.
  - The decision as to which structure applies will be solely at NESO's discretion based on the identified requirements.
- Successful Qualified Providers will receive their availability fee and/or their utilisation fee for each settlement period in which they are available and deliver the service as per the contract terms.
- Payment will be prorated based on available MVAr capability compared to the contracted MVAr capability as per the contract terms.

## Indexation

- The indexation mechanism that will be used for this Mid-term Reactive Power Market is CPI.
- Due to the possibility of varying durations of requirements in the Reactive Power Mid-term Market, NESO will determine if indexation is applicable for each delivery contract on a case-by-case basis depending on NESO's requirements and the duration of the requirement.
- NESO will confirm on a case-by-case basis whether CPI is applicable or not so that this is transparently communicated to bidders each time.
  - The decision as to whether CPI applies will be solely at NESO's discretion

## Disclaimer

No information set out or referred to in this document shall form the basis of any contract. Any successful participant shall be required to enter into the contract, acknowledging that it has not relied on, or been induced to enter into such an agreement by, any representation, warranty, assurance or undertaking save as expressly set out in that agreement.

## 32. Acceptable Security Requirements

There is no requirement for participants to provide an Acceptable Security document (e.g. PCG, Cash in Escrow, performance bond, letter of credit) when qualifying for the market.

However, NESO reserve the right to request that an Acceptable Security (e.g. PCG, Cash in Escrow, performance bond, letter of credit) is provided by Qualified Providers for any subsequent requirement procured through the Mid-term Reactive Power Market to underpin the delivery

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contracts for specific requirements. This would be confirmed during the mini-tender processes or non-competitive award processes.

Where this is required, NESO reserve the right to request that any security document is provided by a set deadline, e.g. 30 business days, after the issue of a Tender Acceptance Form. This will be tracked as a Conditions Precedent (CP) through the Tender Acceptance Form.

If any successful Qualified Provider fails to provide the security document by any deadline stipulated, NESO reserves the right to revoke the contract award, and in the case of any mini-tender process, re-evaluate any tender submissions to identify any alternative in line with the tender rules set out in **Section 31**.

### **33. Publication of Market Qualification Results**

Commercially sensitive details of any Market Qualification Submission shall not be disclosed to any third party unless such disclosure is required by OFGEM, DESNZ, and/or law or court order.

NESO reserve the right (but shall not be obligated) to publish qualification assessment outcome results through a results document on the NESO website. The level of details published will be in accordance with NESO's C9 licence obligations, unless disclosure is otherwise required by OFGEM, DESNZ and/or law or court order.

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## Appendices

### Appendix A

| Mid-term Reactive Power Qualification Pack                                                                                                                            |                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Document Reference                                                                                                                                                    | Bidder's Required Action          |
| MTR Invitation to Qualify Letter                                                                                                                                      | For review                        |
| MTR Instructions to Tenderers (this document)                                                                                                                         | For review                        |
| MTR Market Qualification Criteria                                                                                                                                     | For review                        |
| MTR Query Log                                                                                                                                                         | For review                        |
| MTR Eligibility Criteria                                                                                                                                              | For review                        |
| MTR Market Qualification Technical Specification                                                                                                                      | For review                        |
| MTR Market Proving Tests Compliance Guidance Notes                                                                                                                    | For review                        |
| MTR Service Agreement (zip file) <ul style="list-style-type: none"> <li>General Terms and Conditions</li> <li>Framework Agreement</li> <li>Acceptance Form</li> </ul> | For review                        |
| MTR Indicative Payment Calculator                                                                                                                                     | For review                        |
| NESO Policies zip file                                                                                                                                                | For review                        |
| MTR Technical Proforma                                                                                                                                                | For completion and return to NESO |
| MTR Commercial Proforma                                                                                                                                               | For completion and return to NESO |
| MTR Confidentiality Agreement                                                                                                                                         | For completion and return to NESO |
| MTR Non-Collusion Agreement                                                                                                                                           | For completion and return to NESO |

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## Appendix B

### Joint Ventures

If a Participant is responding to the Market as a group / consortium (including any joint venture) (a "Group"), the following information must be provided in an additional document at Qualification Submission:

- a. Company names of all Group members; and
- b. if the Group is formed as a separate legal entity to be contractually responsible for delivery of the contract (if successful), full details of the actual or proposed percentage shareholding of the constituent members within the new legal entity; or
- c. if the Group is not to be set up as a separate legal entity, then the Group lead (the entity with responsibility for submitting the Tender) should make it clear who the lead member of the group is, and who will be contractually responsible for delivery of the contract; and
- d. if the Group is not proposing to form a separate legal entity, full details of the proposed arrangements between the Group members.

Notwithstanding any indication by a Group that they do not intend to form a separate legal entity, NESO may require the Group to assume a specific legal form if awarded the contract, to the extent that a specific legal form is deemed by NESO as being necessary for the satisfactory performance of the contract.

By electing to submit a response and accepting these Instructions, the participant (including all entities which are being relied upon to meet the requirements of the Market Qualification, each sub-contractor that is intended to play a significant role in delivering key contract requirements and, where the participant is a Group, all members of the Group, as applicable) signifies its agreement to:

- a. keep and maintain the information contained in the Qualification Pack (including any addenda thereto, any clarifications or contact details issued by NESO) confidential. This obligation shall survive the Procurement and shall apply whether the participant is successful or not. Any participant which does not intend to submit a response shall be subject to the same confidentiality obligations hereunder. NESO requires each Group member to enter the Confidentiality Agreement set out as part of this market; and
- b. where members of a Group are submitting Qualification Submissions individually in addition to as part of a Group, that the terms of the Non-Collusion Agreement will be adhered to.

Participants are reminded that only Qualified Providers will be invited to subsequent mini-tender processes (or be considered for non-competitive awards).

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Accordingly, it is not possible for a Group to dissolve and for individual members to be considered in a mini-tender or non-competitive award process separately if those individual members have not qualified as individuals and provided separate Confidentiality Agreements and Non-Collusion Agreements.

Participants are reminded that NESO must be notified immediately of any changes, or proposed changes, in relation to information provided by a participant in their Qualification Submission (including in relation to the bidding entity e.g. Group members) so that a further assessment can be carried out.

NESO reserves the right to eliminate a participant prior to any award of a contract, either based on an assessment of the updated information where that assessment is carried out in accordance with the Qualification Criteria or where a participant fails to disclose any such change.

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## Glossary

| Term                                             | Explanation/Definition                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bidder/Tenderer/Market Participant / Participant | A generic collective term to refer to all market participants who may take part in this market. Might be used interchangeably.                                                                                                                                                                                           |
| Contract Award                                   | The point in time where NESO confirm to bidders that they have been successful in either a) the qualification process and will receive a Framework Agreement, or b) a mini-tender (or non-competitive) process and will receive a delivery contract. Term may be used interchangeably.                                   |
| Contract Countersignature                        | The point in time where NESO countersigns the Framework Agreement(s) following Contract Signature.                                                                                                                                                                                                                       |
| Contract Signature                               | The point in time where the successful bidder signs their Framework Agreement(s) for the Mid-term Reactive Power Market.                                                                                                                                                                                                 |
| Qualification Pack                               | Suite of documents published at Market launch to facilitate the Market Qualification process.                                                                                                                                                                                                                            |
| Expression of Interest (EOI) stage               | The window of time for companies to express their interest in participating in any subsequent mini-tender process.                                                                                                                                                                                                       |
| Facility                                         | The term used to refer to the asset that is enabling the provision of the contracted service through a contract, which a Qualified/Contracted Provider is responsible for. Please refer to the contract for exact definition.                                                                                            |
| Independent                                      | When two or more proposed solutions can be delivered independently of one another. The delivery of one does not impact the delivery of another.                                                                                                                                                                          |
| Invitation to Tender (ITT) stage                 | The window of time for any Qualified Provider to develop their tender submission as part of any subsequent mini-tender process, ending with the tender submission deadline.                                                                                                                                              |
| Mutually exclusive                               | When only one solution out of two or more proposed solutions could be selected and therefore are mutually exclusive. The delivery of one impacts or prevents the delivery of another.                                                                                                                                    |
| NESO                                             | National Energy System Operator Ltd                                                                                                                                                                                                                                                                                      |
| Network owner                                    | Any Transmission Owner e.g., NGET.                                                                                                                                                                                                                                                                                       |
| Non-zero-MW (non-0MW) solution                   | A solution which can provide reactive power, with the capability of injecting or absorbing active power in steady-state condition beyond any intrinsic operational losses, e.g., generators, batteries, and wind farms.                                                                                                  |
| Qualified Provider                               | A market participant/bidder who successfully qualifies for the Mid-term Reactive Power market and enters a Framework Agreement with NESO.                                                                                                                                                                                |
| Contracted Provider                              | Used to refer to whichever qualified provider is successful following a mini-tender or non-competitive process, and contracted for provision of the reactive power service when referring to their obligations within the technical specification or the contract. Please refer to the contract for an exact definition. |

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|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Solution                 | <p>Any one asset or group of assets connected through one connection point/bay being proposed for qualification into this market.</p> <p>E.g.: A 200MVar reactor connecting at Substation X.</p> <p>A change to the asset and connection point would represent a completely new and different solution.</p> <p>E.g.: Solution 1: a 200MVar reactor connecting at Substation X,<br/>Solution 2: a 100MVar BESS connecting at Substation Y.</p> |
| Qualification Submission | <p>The overall proposal (both technical and commercial) made by a bidder in response to the Market Qualification process, with the view to become a Qualified Provider.</p>                                                                                                                                                                                                                                                                   |
| Tender Submission        | <p>The overall proposal (both technical and commercial) made by a qualified provider in response to a mini-tender process or non-competitive process.</p>                                                                                                                                                                                                                                                                                     |
| Zero-MW (0MW) solution   | <p>A solution which can provide stability and/or reactive power, without the capability of injecting or absorbing active power in steady-state condition, excluding any intrinsic operational losses, e.g., reactors, synchronous compensators, SVCs, and STATCOMs.</p>                                                                                                                                                                       |