Locational Procurement – Onboarding Guidance

November 2026

NESO will shortly commence the formal EBR Article 18 consultation relating to the proposed Locational Procurement of Dynamic Response (DC, DM, DR) and Reserve (BR, QR, SR) balancing services.

As part of the Locational Procurement proposal, the network will be divided into 12 zones aligned with key transmission boundaries and the daily procurement requirement will be aligned to these zones.

As a consequence of the Locational Procurement zones, and in addition to existing aggregation rules (GSP group), all Dynamic Response and Reserve units (BM & NBM) must have assets located in a single zone. This requirement applies to the Dynamic Response and Reserve balancing services only - all other Balancing Mechanism or NBM units (active in other balancing services) are not affected by the Locational Procurement zones.

Prior to implementation, NESO will assign all existing Dynamic Response and Reserve units to a specific zone. We will do this using the asset level GSP ID location data held within the Single Markets Platform (SMP), as submitted by market participants through the prequalification process for the relevant balancing service.

To support the assigning of units to zones, all market participants active in Dynamic Response or Reserve should check that the GSP ID held in SMP for each of their assets and units is complete and accurate. Any missing GSP location information must be provided before Locational Procurement goes live so that the unit can be assigned to the correct zone.

Once market participants have checked that their GSP ID in SMP is complete and accurate, they should review each unit against the following scenarios to ensure they are ready for Locational Procurement:

1. **Existing BM or NBM units containing assets in more than one zone – action required:** Where the aggregated assets assigned to the unit are in more than one Locational Procurement zone, the unit will no longer be able to bid into the co-optimised auction for Dynamic Response or Reserve from go-live of Locational Procurement. Should you wish to continue to participate in Dynamic Response or Reserve you will need to realign/remove assets from the unit to comply with the Locational Procurement single zone requirement.

2. **Existing BM or NBM units containing assets in one zone – no action required:** Where the aggregated assets assigned to the unit do not cross more than one zone, no further action is required to continue to participate in Dynamic Response or Reserve from go-live of Locational Procurement.

3. **Proposed new BM units yet to commence the BM registration process:** Careful consideration should be given to the Locational Procurement single zone rules applicable to Dynamic Response and Reserve services when allocating assets to proposed BM unit/s (should you intend to enter these markets in future).

NESO has already contacted providers whose BM or NBM units are believed to contain assets that are across more than one zone and we will be on hand to support you through the above process. If you have any concerns about your portfolio or whether your units meet the single zone requirement, please contact your Account Manager or commercial.operation@neso.energy