Balancing Reserve
Procurement Rules

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1 Introduction

1.1 These **BR Procurement Rules** describe the eligibility rules and processes by which **NESO** will procure **Auction Products** from prospective **Service Providers**.

1.2 Subject always to paragraph 1.3, only with respect to **BR Contracts** formed pursuant to these **BR Procurement Rules** will the **BR Service Terms** apply to the provision of, and payment for, **Auction Products** from **BR Units**.

1.3 These **BR Procurement Rules** supplement, and should be read alongside, the following documents, which together constitute the "**Balancing Reserve Procurement Documentation"**:-

1.3.1 the **BR Service Terms**;

1.3.2 the **Balancing Services Glossary of General Terms and Rules of Interpretation**;

1.3.3 the **Flexibility Services Standard Agreement** to the extent that any of its provisions are incorporated by any of the other **Balancing Reserve Procurement Documentation** into such document(s); and

1.3.4 such other document(s) as **NESO** may designate from time to time as comprising a part of the **Balancing Reserve Procurement Documentation**.

2 Changes to these BR Procurement Rules

2.1 Subject always to paragraph 2.2, **NESO** may update these **BR Procurement Rules** from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover.

2.2 To the extent required by the **Electricity Balancing Regulation** (and by reference to those provisions of the **Balancing Reserve Procurement Documentation** constituting terms and conditions approved by the **Authority** as the terms and conditions related to balancing pursuant to Article 18 of the **Electricity Balancing Regulation**), any variation to these **BR Procurement Rules** will be proposed and implemented in accordance with the applicable requirements in the **Electricity Balancing Regulation**.

3 Defined Terms and Interpretation

3.1 Unless the context otherwise requires, any capitalised term used in these **BR Procurement Rules** shall have the meaning given to it (if any) in either Schedule 1 or the prevailing **Balancing Services Glossary of General Terms and Rules of Interpretation** (as the case may be).

3.2 The rules of interpretation set out in the **Balancing Services Glossary of General Terms and Rules of Interpretation** shall also apply to these **BR Procurement Rules**.

3.3 For the purposes of paragraph 3.1, with respect to any **Sell Order**, "prevailing" shall mean the latest version of the applicable document which is in effect at the time of submission of that **Sell Order**.

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4 Registration of Registered BR Participants

4.1 Subject always to paragraph 4.3, no entity may participate in an **Auction** unless and until **NESO** has confirmed that it is a **Registered BR Participant** in accordance with the **Registration and Pre-Qualification Procedure**.

4.2 Where **NESO** determines (acting reasonably) that any details provided, including confirmations and declarations given by, a **Registered BR Participant** pursuant to the **Registration and Pre-Qualification Procedure** are no longer true and/or accurate, then **NESO** may (but shall not be obliged to) **Deregister** the relevant entity as a **Registered BR Participant** and/or **Registered Service Provider** (as the case may be). Such **Deregistration** shall be notified by **NESO** to the **Registered BR Participant** by email, whereupon it may no longer participate in the **Auctions** with respect to any **BR Unit** unless and until it is re-registered in accordance with these **BR Procurement Rules** and the **Registration and Pre-Qualification Procedure**.

4.3 An entity which has been confirmed as a **Registered BR Participant** may only submit a **Sell Order** for an **Auction Product(s)** and **BR Unit** in respect of **Plant** and **Apparatus** where such **Plant** and **Apparatus** has been pre-qualified by **NESO** to that **Auction Product** as a **BR Unit** subject to and in accordance with paragraph 5.

5 Pre-qualification of BR Units

5.1 To be eligible for pre-qualification as a **BR Unit** (for either **Auction Product**), **Plant** and **Apparatus** must at all relevant times:-

5.1.1 be registered as a **Primary BM Unit** or **Secondary BM Unit** under the **BSC**-:-

5.1.1.1 for which the **Registered BR Participant** is the **Lead Party** (which, for the avoidance of doubt, in relation to any **Registered BR Participant** which is a **Supplier** shall include any of its **Additional BM Units** but shall exclude its **Base BM Units**); and

5.1.1.2 which is not also comprised of any other **Plant** and **Apparatus** located in a different **GSP Group** or **Zone**;

5.1.2 be capable of despatch via **Control Telephony** and/or **System Telephony**; and

5.1.3 be capable of operating in accordance with the **BR Service Terms** (including without limitation the **BR Service Parameters**).

5.2 **Plant** and **Apparatus** meeting the eligibility criteria in paragraph 5.1 may be submitted by the **Registered BR Participant** to **NESO** for pre-qualification as a **BR Unit** for one or more **Auction Products** in accordance with the **Registration and Pre-Qualification Procedure**.

5.3 The pre-qualification of **Plant** and **Apparatus** as a **BR Unit** shall relate to a specific **Auction Product** and in respect of that **Auction Product** for a specific **Maximum Registered Product Capacity** and for the avoidance of doubt **Plant** and **Apparatus** may be pre-qualified as a **BR Unit** in relation to more than one **Auction Product**.

5.4 Where **NESO** determines (acting reasonably), having regard to declarations of unavailability notified by the **Registered BR Participant** pursuant to the **BR Service Terms** or otherwise, that any **BR Unit** no longer meets the eligibility criteria in paragraph 5.1, then **NESO** shall so

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notify the **Registered BR Participant** whereupon the **BR Unit** shall no longer be pre-qualified to the relevant **Auction Product**(s).

5.5 Notwithstanding the foregoing provisions of this paragraph 5, **NESO** may determine (at its sole discretion) that a **Registered BR Participant** may not participate in the **Auctions** with respect to any **BR Unit** if:-

5.5.1 that **BR Unit** is **Embedded** and participating in an **Active Network Management Scheme** as more particularly described in Schedule 2;

5.5.2 the location of that **BR Unit** would mean delivery of **Balancing Reserve** would compromise operational security;

5.5.3 in respect of that **BR Unit**, **Mandatory Availability Declarations** are:-

5.5.3.1 either not submitted or are withdrawn, on a persistent or repetitive basis; or

5.5.3.2 improperly withdrawn,

in either case as more particularly described in the **BR Service Terms**; or

5.5.4 otherwise provided in the **BR Service Terms**.

5.6 For the avoidance of doubt, where a **BR Unit** is no longer pre-qualified in the circumstances described in paragraph 5.4, its constituent **Plant** and **Apparatus** may subsequently be notified by the **Registered BR Participant** for pre-qualification once more in accordance with this paragraph 5.

6 Not Used

7 Buy Orders

7.1 **Buy Orders** for any **Auction Product** and **BR Service Window**, may be submitted (and updated) by **NESO** on the **Designated Auction Platform** at any time prior to the **Auction Closing Time** (or later as provided in paragraph 7.5).

7.2 Each **Buy Order** must include (in the correct format as specified from time to time by the **Auction Administrator**):-

7.2.1 a unique “order ID” allocated to the **Buy Order** by the **Auction Administrator;**

7.2.2 the applicable **Auction Product**;

7.2.3 the applicable **BR Service Window** over which it is defined;

7.2.4 a **Bid Quantity** (~~in MW) for the **Auction Product**, representing all or part of **NESO**’s requirement for the **Auction Product** in the applicable **BR Service Window** (~~which must be an integer and, for the avoidance of doubt, may be zero (0) MW); and

7.2.5 a single **Bid Price** (where the applicable pound and pence figures shall each be an integer, and which is not less than the **Minimum Market Price** and not greater than the **Maximum Market Price**~~), representing **NESO**’s price limit for the~~

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~~applicable **Auction Product** and **BR Service Window** (which for the avoidance of doubt may be zero (0) £/MW/h); and~~).

~~7.2.6 a **Paradoxical Acceptance Indicator**, which is either "True" or "False", indicating if the **Market Clearing Price** for the applicable **Auction Product** and **BR Service Window** may exceed the **Bid Price** of the **Buy Order**.~~

7.3 **Buy Orders** may indicate a **Buy Order Substitutable Family**, which associates the **Buy Order** with one or more other **Buy Orders** defined on the same **BR Service Window** and different **Auction Product(s)**, and may ~~A **Buy Order** may~~also indicate a **Joined Family**, which associates the **Buy Order** with one or more other ~~non-**Concomitant** **~~**Buy Orders** defined over the same **Auction Product**~~. but different **BR Service Window(s)**.~~

7.4 **Buy Orders** shall not be visible to **Registered BR Participants** on the **Designated Auction Platform** until publication in the **Daily Auction Report** pursuant to paragraph 11.

7.5 A **Buy Order** shall not be capable of being changed by **NESO** after the **Auction Closing Time**, save in exceptional circumstances where, in **NESO**'s reasonable opinion and having regard to market activity, there is a need to protect the integrity of the **Auctions**.

7.6 If, in the sole judgment of **NESO** or (where not **NESO**) the **Auction Administrator**, **NESO** has failed to submit a correct and valid **Buy Order** in accordance with this paragraph 7, **NESO** or the **Auction Administrator** reserve the right to:-

7.6.1 deem that **Buy Order** to be valid and correct; or

7.6.2 cancel a **Buy Order**; and/or

7.6.3 take any other action as it deems appropriate in the circumstances.

7A Zonal Requirements

7A.1 **NESO** shall ensure that, for each **Auction Product** and **Zone**, there is at all times a **Zonal Requirement** (in MW) (which must be an integer and, for the avoidance of doubt, may be zero (0) MW).

7A.2 Subject always to paragraph 7A.3, **Zonal Requirements** shall be submitted (and updated) by **NESO** on the **Designated Auction Platform**, and if at any time no **Zonal Requirement** for a **Zone** is submitted it shall be deemed to be zero (0) MW.

7A.3 With respect to any **BR Service Window**, **Zonal Requirements** may not be updated after the relevant **Auction Closing Time**.

7A.4 **Zonal Requirements** shall not be visible to **Registered Auction Participants** on the **Designated Auction Platform** until publication in the **Daily Auction Report** pursuant to paragraph 11.

8 Sell Orders

8.1 Where a **Registered BR Participant** shall have pre-qualified one or more **BR Units** to an **Auction Product** pursuant to paragraph 5, it may submit **Sell Orders** with respect to that **BR**

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Unit, each for one or more **Auction Products** and a single **BR Service Window** in accordance with the following provisions of this paragraph 8.

8.2 Each **Sell Order** must include (in the correct format as specified from time to time by the **Auction Administrator**):-

8.2.1 the name of the **Registered BR Participant**;

8.2.2 a unique "order ID" allocated to the **Sell Order** by the **Auction Administrator;**

8.2.3 the Basket ID of the **Basket** to which it belongs as described further in paragraph 8.4;

8.2.4 the identity of the **BR Unit;**

8.2.5 the applicable **BR Service Window** over which it is defined;

8.2.6 for the purpose of operation of the **Market Clearing Rules**, an indication of its **Sell Order Type** (being **Parent Order, Child Order,** or **Substitutable Child Order**); and

8.2.7 a single **Offer Price** (where the applicable pound and pence figures shall each be an integer), and which is not less than the **Minimum Market Price** and not greater than the **Maximum Market Price**.

8.3 Additionally, each **Sell Order** which is a **Parent Order** may include, and each **Sell Order** which is a **Child Order** or **Substitutable Child Order** must include:-

8.3.1 one or more **Auction Product(s)** to each of which the **BR Unit** must be pre-qualified;

8.3.2 for each of such **Auction Products** comprising the **Sell Order**, a unique "Product ID" allocated to the **Auction Product** by the **Auction Administrator**; and

8.3.3 for each of such **Auction Products** comprising the **Sell Order**, an **Offered Quantity** (in MW), which shall be an integer not less than one (1) MW.

8.4 By the use of **Baskets**, **Registered BR Participants** may submit **Sell Orders** for any single **BR Unit** which are mutually exclusive over **Concomitant BR Service Windows**, in accordance with the following provisions:-

8.4.1 each **Basket** shall have a unique "Basket ID" allocated to the **Basket** by the **Auction Administrator**;

8.4.2 each **Basket** shall be defined over a single **BR Unit** and **BR Service Window**;

8.4.3 each such **Sell Order** must belong to one (1) **Basket**;

8.4.4 each such **Sell Order** must be defined over the same **BR Unit** and **BR Service Window** as the **Basket** to which it belongs; and

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8.4.5 a **Basket** shall contain one **Parent Order** and may additionally contain one (1) or more **Child Order(s)** and/or one (1) or more **Substitutable Child Order(s),** provided always that a **Basket** shall be limited to a maximum of ten (10) **Child Orders** and ten (10) **Substitutable Child Orders**.

8.5 A **Basket** may be **Looped** to any one or more other **Baskets** defined over the same **BR Unit** and over other **BR Service Windows** in the same **Service Day** which are not **Concomitant**, so as to form a **Looped Family**.

8.6 The aggregate **Offered Quantity** for all **Sell Orders** shall be calculated for each **Basket** and **Auction Product**, but in each case, where a **Basket** includes **Substitutable Child Orders** then the **Offered Quantity** from only one such **Substitutable Child Order** shall be included in such aggregation being (where applicable) the **Substitutable Child Order** which results in the highest sum so calculated, and furthermore for that **Basket** to be valid, for each individual **Auction Product**, the sum so calculated shall not exceed the **BR Unit**'s **Maximum Unit Product Capacity**.

8.7 **Sell Orders** may be submitted by **Registered BR Participants** on the **Designated Auction Platform** at any time after the **Auction Opening Time** and before the **Auction Closing Time**. **Sell Orders** must be fully completed and correct as at the relevant **Auction Closing Time**. **Sell Orders** received after the **Auction Closing Time** shall be considered null and void regardless of cause unless otherwise decided by **NESO** at its sole discretion.

8.8 Validation of **Sell Orders** will be undertaken automatically at the time of submission (before operation of the **Auction** algorithm), and without prejudice to paragraph 8.13 all submitted **Sell Orders** so validated remain valid unless and until:-

8.8.1 the **Sell Order** is cancelled by the **Registered BR Participant** that submitted it on (and in accordance with) the **Designated Auction Platform**;

8.8.2 the **Registered BR Participant** modifies it on (and in accordance with) the **Designated Auction Platform**; or

8.8.3 the **Sell Order** is either **Accepted** (including **Partially Accepted**) or **Rejected** in accordance with the **Market Clearing Rules** (whereupon it expires).

8.9 Each **Registered BR Participant** is responsible for ensuring that the **Sell Orders** it submits are correct and valid, and also that the relevant **BR Unit** is able to discharge any **BR Contract(s)** which may subsequently be formed by operation of the **Market Clearing Rules** as more particularly referred to in paragraph 9.5.

8.10 Subject always to paragraph 8.11, upon becoming aware of any error in a **Sell Order**, the **Registered BR Participant** shall modify the **Sell Order** where possible otherwise shall notify **NESO** immediately, provided that in such event there shall be no obligation on **NESO** to take any steps to avoid or mitigate any potential losses to the **Registered BR Participant**.

8.11 After the **Auction Closing Time**, **Sell Orders** may not be modified or cancelled by the **Registered BR Participant** and are binding and irrevocable subject always to paragraphs 8.8 and 8.13.

8.12 **Sell Orders** submitted by **Registered BR Participants** for each **BR Service Window** and **Auction Product** shall not be visible to other **Registered BR Participants** on the

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Designated Auction Platform until publication in the **Daily Auction Report** in the manner described in paragraph 11.

8.13 If, in the sole judgment of **NESO** or (where not **NESO**) the **Auction Administrator**, a **Registered BR Participant** has failed to submit a correct and valid **Sell Order** in accordance with this paragraph 8, **NESO** or the **Auction Administrator** reserve the right to:-

8.13.1 deem that **Sell Order** to be valid and correct; or

8.13.2 cancel that **Sell Order**; and/or

8.13.3 take any other action as it deems appropriate in the circumstances including requesting the **Registered BR Participant** to resubmit and/or amend the **Sell Order** so that it is correct and valid.

8.14 The decision of **NESO** or the **Auction Administrator** as to whether or not a **Sell Order** is correct and valid shall be final, and the **Registered BR Participant** may be notified of such decision without prior consultation or explanation.

9 Market Clearing Rules

9.1 After the **Auction Closing Time**, and in accordance with and subject to the provisions of this paragraph 9, the **Auction** algorithm will match valid **Buy Orders** and **Sell Orders** in order to determine:-

9.1.1 the **Acceptance Ratio** of all **Sell Orders** and **Buy Orders** with the objective of maximising **Market Welfare**~~;~~ having regard to paragraph 9.2.13;

9.1.2 the **Contracted Quantity** of each **Auction Product** with respect to any **Accepted Sell Order**; and

9.1.3 the unique **Market Clearing Price** for each **BR Service Window** and **Auction Product** and **Zone**.

9.2 The **Auction** algorithm will determine the **Acceptance Ratio** of **Buy Orders** and of **Sell Orders** in accordance with the following rules:-

Sell Orders

9.2.1 the **Acceptance Ratio** of a **Parent Order** is either one (1) or zero (0);

9.2.2 the **Acceptance Ratio** of a **Child Order** is between zero (0) and one (1) inclusive;

9.2.3 the sum of the **Acceptance Ratios** of all **Substitutable Child Orders** in a **Basket** is between zero (0) and one (1) inclusive;

~~9.2.4~~1.1.1 ~~the **Acceptance Ratio** of a **Buy Order** is between zero (0) and one (1) inclusive;~~

~~9.2.5~~9.2.4 the **Acceptance Ratio** of a **Child Order** or **Substitutable Child Order** is less than or equal to the **Acceptance Ratio** of the **Parent Order** in its **Basket**;

9.2.5 the **Acceptance Ratio** of a **Child Order** or **Substitutable Child Order** is greater than zero (0) only if its **Order Surplus** is greater than or equal to zero (0);

Buy Orders

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9.2.6 the **Acceptance Ratio** of a **Buy Order** is between zero (0) and one (1) inclusive;

9.2.7 the sum of the **Acceptance Ratios** of all **Buy Orders** that are members of the same **Buy Order Substitutable Family** is between zero (0) and one (1) inclusive;

~~9.2.6~~1.1.1 ~~the **Acceptance Ratios** of the **Parent Orders** in each **Basket** of a **Looped Family** are equal;~~

~~9.2.7~~9.2.8 the **Acceptance Ratios** of the **Buy Orders** in a **Joined Family** are equal;

Baskets

~~9.2.8~~9.2.9 the sum of the **Acceptance Ratios** of the **Parent Orders** in any two **Baskets** which are **Concomitant** is less than or equal to one (1);

Looped Family

9.2.10 the **Acceptance Ratios** of the **Parent Orders** in each **Basket** of a **Looped Family** are equal;

~~9.2.9~~1.1.1 ~~the **Acceptance Ratio** of a **Child Order** or **Substitutable Child Order** is greater than zero (0) only if its **Order Surplus** is greater than or equal to zero (0);~~

~~9.2.10~~9.2.11 the **Acceptance Ratio** of a **Parent Order** in a **Basket** that is not a member of a **Looped Family** is equal to one (1) only if the sum of the **Order Surplus** of all **Sell Orders** in the **Basket** is greater than or equal to zero (0);

~~9.2.11~~9.2.12 the **Acceptance Ratio** of a **Parent Order** in a **Basket** that is a member of a **Looped Family** is equal to one (1) only if the sum of the **Order Surplus** of all **Sell Orders** in all the **Baskets** that comprise the **Looped Family** is greater than or equal to zero (0);

~~9.2.12 the **Acceptance Ratio** of a **Buy Order** that has a **Paradoxical Acceptance Indicator** equal to "False" may be greater than zero (0) only if its **Order Surplus** is greater than zero (0);~~

Zonal Requirement and Available Transfer Capacities

9.2.13 for any **Auction Product** and **BR Service Window**, the **Auction** algorithm shall ensure so far as possible (and having regard to (and so as not to exceed) all and any **Available Transfer Capacities**) that each applicable **Zonal Requirement** is satisfied;

General

~~9.2.13~~9.2.14 for any **Auction Product** and **BR Service Window**, the sum across all **Sell Orders** of the **Matched Quantity** is equal to the sum across all **Buy Orders** of the **Matched Quantity**; and

~~9.2.14~~9.2.15 for the avoidance of doubt, a **Sell Order** or a **Buy Order** with an **Order Surplus** greater than zero (0) may have an **Acceptance Ratio** less than one (1~~), and a **Buy Order** with an **Order Surplus** less than zero (0) that has a **Paradoxical Acceptance Indicator** equal to "True" may have an **Acceptance Ratio** greater than zero (0~~).

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9.3 The **Auction** algorithm will determine the **Contracted Quantity** of each **Auction Product** with respect to **Sell Orders** which are **Accepted** in accordance with the following rules: -

9.3.1 for a **Parent Order**, the **Contracted Quantity** of each **Auction Product** is the **Matched Quantity** of that **Auction Product**;

9.3.2 for a **Child Order**, the **Contracted Quantity** of each **Auction Product** is the **Matched Quantity** of that **Auction Product**, rounded up or down to the nearest integer (subject always to paragraph 9.3.3); and

9.3.3 for a **Substitutable Child Order**, the **Contracted Quantity** of each **Auction Product** is the **Matched Quantity** of that **Auction Product**, rounded down to the next smallest integer.

9.4 The **Auction** algorithm will determine, with respect to each **Zone**, the **Market Clearing Price** for each **Auction Product** and each **BR Service Window,** with the objective that the **Total Auction Procurement Cost** is minimised, but subject always to the provisions of ~~paragraphs 9.2.9, 9.2.10 and 9.2.11.~~paragraph 9.2.

9.5 Each **Sell Order** that is **Accepted** in accordance with the **Market Clearing Rules** shall form a **BR Contract** for that **BR Unit** and the relevant **BR Service Window** for each of the **Auction Products** over which it is defined, as more particularly provided in paragraph 12.

10 Warranties and Undertakings

10.1 Without prejudice to its other obligations under and/or pursuant to the **Balancing Reserve Procurement Documentation** and any **BR Contract** and subject to paragraphs 10.1 and 10.3 of the **Flexibility Services Standard Agreement** which shall apply as if set out in full herein:-

10.1.1 **NESO** and each **Registered BR Participant** warrants and undertakes to the other in the manner set out in paragraph 5.1 of the **Flexibility Services Standard Agreement** as if set out in full herein; and

10.1.2 on each occasion it submits a **Sell Order**, the **Registered BR Participant** warrants and undertakes to **NESO** in the manner set out in paragraph 5.2 of the **Flexibility Services Standard Agreement** as if set out in full herein.

10.2 Without prejudice to any other right or remedy, **NESO** and the **Registered BR Participant** shall each be entitled to claim damages from the other for any breach of the warranties and undertakings or any of them set out or referred to in this paragraph 10 subject to paragraphs 10.1 and 10.3 of the **Flexibility Services Standard Agreement** as if set out in full herein.

10.3 Each **Registered BR Participant** indemnifies **NESO** from and against any losses, liabilities, claims, expenses and demands which **NESO** might suffer as a result of the **Registered BR Participant** being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 10.1.2.

11 Daily Auction Reports

11.1 By such time following the **Auction Results Time** as may be specified by **NESO** from time to time, **NESO** shall publish (and may subsequently revise) the **Daily Auction Report**.

11.2 Each **Daily Auction Report** shall include, for each **Service Day**:-

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11.2.1 for each **Buy Order** (whether or not **Accepted**), the information described in paragraphs 7.2 and 7.3;

11.2.2 for each **Sell Order** (whether or not **Accepted**), the information described in paragraphs 8.2 to 8.5 inclusive;

11.2.3 for each **Sell Order** which is **Accepted**, the **Contracted Quantity(ies~~);~~)** and relevant **Zone**;

and in relation to each **Auction Product** ~~and~~, **BR Service Window** and **Zone**:-

11.2.4 the **Market Clearing Price**; ~~and~~

11.2.5 the **Auction Clearing Quantity**~~.~~; and

11.2.6 the **Zonal Requirement**.

11.3 The **Daily Auction Report** shall include **Available Transfer Capacities** for each **Zone** and may include such additional information as **NESO** may determine at its sole discretion.

12 Formation of BR Contracts

12.1 The **Auction Administrator** shall make available on the **Designated Auction Platform** the outcome of each **Auction** by no later than the **Auction Results Time** and the outcome shall also be published by **NESO** (whether or not it is also the **Auction Administrator**) at such time and in such format as it shall determine in its sole discretion. Insofar as **NESO**'s publication confirms the **Acceptance** (including **Partial Acceptance** where applicable) of a **Sell Order**, one or more **BR Contract(s)** will be formed automatically and simultaneously with such publication at this time and for the purposes of paragraph 12.3 shall be treated as awarded to the relevant **Registered BR Participant**.

12.2 There shall be one **BR Contract** formed for each **Auction Product** the subject of each **Accepted Sell Order**, and with respect thereto the **Market Clearing Price** for that **Auction Product** ~~and~~, **BR Service Window** and the applicable **Zone** shall apply, as more particularly provided in this paragraph 12.

12.3 Each **Registered BR Participant** awarded a **BR Contract** pursuant to paragraph 12.1 shall provide the relevant **Auction Product** from the applicable **BR Unit** during the applicable **BR Service Window** pursuant to and in accordance with the **BR Service Terms**.

12.4 For the avoidance of doubt, for any **Registered BR Participant** with a **BR Contract** the subject of one or more **Accepted** (or part **Accepted**) **Sell Orders** in a **Service Day** (whether for the same or different **BR Unit**(**s~~);~~**)), there shall be a separate **BR Contract** formed in respect of each **BR Unit** for each **BR Service Window** and **Auction Product**.

12.5 Each **BR Contract** shall be personal to **NESO** and the **Registered BR Participant** and neither **Party** shall assign, transfer, mortgage, charge, contract or deal in any other manner with any or all of its rights and obligations under a **BR Contract** except as permitted by the **BR Service Terms**.

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13 Confidentiality

13.1 Subject always to paragraphs 13.2 and 13.3, the provisions of paragraph 12 of the **Flexibility Services Standard Agreement** shall apply to all and any information provided by **NESO** or any **Registered BR Participant** to the other (whether orally or in writing) pursuant to or in connection with these **BR Procurement Rules** as if set out in full herein.

13.2 Each **Registered BR Participant** agrees to the publication by **NESO** of the information contained in the **Daily Auction Reports**, including in a non-anonymised form, insofar as relating directly or indirectly to the **Registered BR Participant** and the relevant **BR Unit**.

13.3 Without limiting paragraph 13.2, each **Registered BR Participant** also agrees to the disclosure by **NESO** to the relevant **Public Distribution System Operator** of information related to any **Sell Order** (whether or not accepted) insofar as relevant to the management and operation of its **Distribution System**, including without limitation location of **BR Unit** and its MPAN and technology type, **Auction Product** and the **Contracted Quantity**.

14 Exceptional Circumstances

14.1 If an exceptional situation arises, in particular if a system or the information needed to operate an **Auction** is unavailable or if an incident prevents an **Auction** from being held in normal circumstances, then **NESO** may take any or all of the following measures (at its sole discretion):

14.1.1 modify any or all of the **Auction Opening Time**, **Auction Closing Time** or **Auction Results Time**;

14.1.2 authorise **Registered BR Participants** to submit new **Sell Orders** or modify existing **Sell Orders**;

14.1.3 authorise **Registered BR Participants** to submit **Sell Orders** otherwise than in accordance with paragraph 8;

14.1.4 cancel the **Auction** for any one or more **Service Days**; and/or

14.1.5 take such other action or steps as it reasonably considers to be necessary.

15 Use of Designated Auction Platform

15.1 Insofar as made available as part of the **Auctions**, each **Registered BR Participant** agrees to use the **Designated Auction Platform** (including all and any associated hardware and software IT and telecommunications equipment and transmission media):-

15.1.1 in compliance with all applicable **Law**;

15.1.2 in compliance with all and any technical specifications provided from time to time by or on behalf of **NESO** or (if not **NESO**) the **Auction Administrator**; and

15.1.3 solely for the purpose of formation of **BR Contracts** (and any other contracts for **Balancing Services** from time to time procured by **NESO** on the **Designated Auction Platform**),

and any other use is strictly prohibited.

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16 Accuracy of Information

16.1 All and any information provided by **NESO** to **Registered BR Participants** for the purposes of these **BR Procurement Rules** including in each **Daily Auction Report** is provided in good faith, but no representation or warranty is given by **NESO** (or any of its employees, officers agents or advisers) as to the accuracy or completeness of such information.

17 Intellectual Property

17.1 **NESO** and each **Registered BR Participant** retain ownership of the documents, data and information of any kind (including all intellectual property rights in them) that are provided to the other pursuant to these **BR Procurement Rules**.

17.2 Each **Registered BR Participant** undertakes to **NESO** that it will at all times when participating in an **Auction**, hold all and any authorisations and/or property rights and/or licences for all of the configurations, interfaces, firmware and software needed by it for it to participate in the applicable auction process through the **Designated Auction Platform**.

17.3 Each **Registered BR Participant** shall comply (and use reasonable endeavours to ensure that its staff and other representatives comply) with all applicable user licences and terms of use of which the **Registered BR Participant** is aware governing use by the **Registered BR Participant** of the systems or software applications comprised in the **Designated Auction Platform**.

17.4 Each **Registered BR Participant** indemnifies and keeps indemnified **NESO** from and against any claims from a third party relating to an infringement of that third party's intellectual property rights or other property rights arising out of use by the **Registered BR Participant** of the **Designated Auction Platform** in breach of any user licence or terms of use referred to in paragraph 17.3 of which it is aware.

17.5 **NESO** shall procure such third party intellectual property authorisations as may be necessary to enable the **Registered BR Participant** to use the **Designated Auction Platform** for the purposes of the **Auctions**.

17.6 **NESO** shall indemnify and keep indemnified the **Registered BR Participant** from and against any claims from a third party if and to the extent that the use of the **Designated Auction Platform** by such **Registered BR Participant** for the purposes of a **Sell Order** infringes a third party's intellectual property rights or other property rights.

17.7 In respect of the indemnities given in paragraphs 17.4 and 17.6 the indemnified party shall:

17.7.1 notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 17, "**IPR Claim**");

17.7.2 give the indemnifying party control of the **IPR Claim**;

17.7.3 make no admissions in respect of an **IPR Claim** without prior written consent of the indemnifying party; and

17.7.4 provide such support in respect of the **IPR Claim** as the indemnifying party may reasonably require at the cost of the indemnifying party.

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18 Viruses

18.1 Each **Registered BR Participant** shall, prior to uploading any information to the **Designated Auction Platform** or otherwise interfacing with it, use up to date versions of anti-virus software available from an industry accepted anti-virus software vendor to check for and delete from its systems viruses, trojan horses, worms, time-bombs, keystroke loggers, spyware, adware or any other harmful programmes or similar computer code designed adversely to affect the operation of any computer software or hardware (in this paragraph 18, "**Malicious Software**").

18.2 If, notwithstanding the provisions of paragraph 18.1, **Malicious Software** is found on the **Designated Auction Platform**, the **Registered BR Participant** shall co-operate with **NESO** to reduce the effect of the **Malicious Software** and, particularly if **Malicious Software** causes loss of operational efficiency to the **Designated Auction Platform**, assist **NESO** to mitigate any losses and restore the **Designated Auction Platform** to its original operating efficiency.

19 Costs

19.1 For the avoidance of doubt, each **Registered BR Participant** shall remain responsible for all costs and expenses incurred by it in connection with these **BR Procurement Rules** including all costs of preparing and submitting **Sell Orders**.

20 Site Export and Import Limits

20.1 Each **Registered BR Participant** shall, prior to submitting a **Sell Order**, ensure sufficient export and/or import capacity at the premises at which each relevant **BR Unit** is situated (including where applicable **Transmission Entry Capacity** (and, if relevant, the STTEC)) so as to enable it to provide the relevant **Auction Product** during each and every applicable **BR Service Window** in accordance with its obligations under the **BR Contract** which may be formed in relation thereto and in conformance with its obligations owed to the owner of the relevant part of the **National Electricity Transmission System** or the relevant **Distribution System** or such other network (as applicable).

21 Notices

21.1 Save to the extent the manner of communication between the **Parties** is stipulated in the **Registration and Pre-Qualification Procedure**, paragraph 6 of the **Flexibility Services Standard Agreement** shall apply as if set out in full herein to any notice required to be submitted under these **BR Procurement Rules** by either **NESO** or the **Registered BR Participant** to the other.

21.2 For the purposes of paragraph 21.1, the relevant contact details and addresses of each **Registered BR Participant** shall be those notified from time to time by that **Registered BR Participant** to the other pursuant to the **Registration and Pre-Qualification Procedure**.

22 Dispute Resolution

22.1 The provisions of paragraph 7 of the **Flexibility Services Standard Agreement** shall apply in relation to any dispute or difference of whatever nature however arising under, out of, or in connection with these **BR Procurement Rules** as if set out in full herein, save that:-

22.1.1 no **Party** shall have any right to refer any dispute to an **Expert** for determination except where the dispute is stated in these **BR Procurement Rules** to be referable

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to an **Expert** for determination or otherwise agreed in writing by **NESO** and the **Registered BR Participant** to be so referable; and

22.1.2 nothing in this paragraph 22 shall prevent the **Parties** from agreeing to resolve any dispute or difference through the courts in which case paragraph 23.1 shall apply; and

22.1.3 where any dispute is referred to arbitration, the rules of the **Electricity Arbitration Association** shall apply unless otherwise agreed in writing by the **Parties** (and paragraph 17.6 of the **Flexibility Services Standard Agreement** shall be read and construed accordingly).

23 Governing Law and Jurisdiction

23.1 Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these **BR Procurement Rules** or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.

23.2 **NESO** and each **Registered BR Participant** submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with these **BR Procurement Rules** or their enforceability and waives any objection to proceedings being brought in such courts or on the grounds that proceedings have been brought in an inconvenient forum.

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SCHEDULE 1 – DEFINED TERMS

"Acceptance Ratio"	for any **Order**, a number between zero (0) and one (1), indicating the proportion of an **Offered Quantity** or a **Bid Quantity** which has been matched by the **Auction** algorithm;
"Accepted" or **"Acceptance"**	in respect of any **Order**, where its **Acceptance Ratio** is greater than zero (0), and for the avoidance of doubt such **Sell Order** shall be **Partially Accepted** if its **Acceptance Ratio** is less than one (1);
"Active Network Management Scheme"	a scheme operated by a **Public Distribution System Operator** which is designed to continually monitor in real time constraints on an area of the network for the purpose of allocation of available capacity;
"Additional BM Unit"	as defined in the **BSC**;
"**Agent**"	in respect of any **Registered BR Participant**, its agent (if any) notified to **NESO** pursuant to the **Registration and Pre-Qualification Procedure**;
"Auction"	in respect of all **Auction Products** and **BR Service Windows** in a **Service Day**, the operation of the algorithm pursuant to the **Market Clearing Rules** and the submission of **Orders** pursuant thereto;
"Auction Administrator"	the operator from time to time of the **Designated Auction Platform** (which may be **NESO**);
"**Auction Clearing Quantity**"	in respect of any **Auction Product** and for each **BR Service Window** falling in any **Service Day**, the sum of the **Contracted Quantities**;
"Auction Closing Time"	in respect of the **BR Service Windows** falling in any **Service Day**, 14:00 hours on the **Service Day** which immediately precedes that **Service Day**;
"**Auction Opening Time**"	in respect of the **BR Service Windows** falling in any **Service Day**, 08:00 hours on D-15 where D is that **Service Day**;
"Auction Product"	any **Balancing Reserve Product**;

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"**Auction Results Time**"	in respect of the **BR Service Windows** falling in any **Service Day,** 14:30 hours on the **Service Day** which immediately precedes that **Service Day**;
"Available Transfer Capacity"	in relation to two adjacent **Zones**, and for each **BR Service Window** in a **Service Day**, the prevailing maximum capacity available for transfer of **Auction Products, QR Auction Products** and **SR Auction Products** between those **Zones** (in each direction) as submitted by **NESO** on the **Designated Auction Platform** on or prior to the preceding **Service Day**;
"Balancing Reserve"	a **Balancing Service** which secures a predetermined amount of **Regulating Reserve** day-ahead for a specified period;
"Balancing Reserve Procurement Documentation"	as described in paragraph 1.3 of these **BR Procurement Rules**;
"Balancing Reserve Product"	either of **Negative Balancing Reserve** and **Positive Balancing Reserve**;
"Base BM Unit"	as defined in the **BSC**;
"Basket"	in respect of any **BR Service Window** and **BR Unit**, a collection of one or more **Sell Orders** which meet the requirements of paragraph 8 of these **BR Procurement Rules**;
"Bid Price"	the price (£/MW/h) associated with each **Buy Order** as more particularly described in paragraph 7.2.5 of these **BR Procurement Rules**;
"Bid Quantity"	in respect of any **Buy Order**, the volume of an **Auction Product** required by **NESO** in the **BR Service Window** defined by that **Buy Order** as more particularly described in paragraph 7.2.4 of these **BR Procurement Rules**;
"**BM Participating**"	In respect of a **Contracted Unit**, that for the duration of the relevant **BR Contract**, it is or will be registered as a **BM Unit** as described in paragraph 5.1 of these **BR Procurement Rules**;
"BR Contract"	each contract made between **NESO** and a **Service Provider** for the provision by the **Service Provider** to **NESO** of an **Auction Product**, formed upon acceptance by **NESO** of a **Sell Order** pursuant to these **BR Procurement Rules**;

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"BR Procurement Rules"	this document as published by **NESO** from time to time;
"BR Service Parameters"	as defined in the **BR Service Terms**;
"BR Service Terms"	the prevailing document titled "Balancing Reserve Service Terms" published by or on behalf of **NESO** from time to time containing the terms and conditions governing **BR Contracts**;
"BR Service Window"	each of the forty-eight (48) consecutive **Settlement Periods** in a **Service Day** commencing from the start of a **Service Day**;
"BR Unit"	**Plant** and **Apparatus** meeting the eligibility criteria described in these **BR Procurement Rules** and registered as such by a **Registered BR Participant** at the relevant time in accordance with the **Registration and Pre-Qualification Procedure**;
"Buy Order"	an **Order** submitted by **NESO** in accordance with paragraph 7 comprising a **Bid Quantity** for an **Auction Product** and **BR Service Window**, and an associated **Bid Price**, validly registered as such on the **Designated Auction Platform**;
"Buy Order Substitutable Family"	a group of two (2) or more **Buy Orders** defined over the same **Settlement Period** as more particularly described in paragraph 7.3 and whose **Acceptance Ratios** are constrained as described in paragraph 9.2.7;
"Child Order"	in respect of any **Basket**, a **Sell Order** whose acceptance (1) is dependent on the acceptance of another **Sell Order** in that **Basket** (being its **Parent Order**), and (2) independent of the **Acceptance** of any other **Child Order**(s) in that **Basket,** and having such other characteristics as are described in paragraphs 8 and 9 of these **BR Procurement Rules**;
"Concomitant"	In respect of any two or more **Buy Orders,** or two or more Sell **Orders** or **Baskets** related to the same **BR Unit**, that the respective **BR Service Windows** over which they are defined have at least one instant in time in common;
"**Contracted Quantity**"	for each **Auction Product** in an **Accepted Sell Order**, the **Matched Quantity**, rounded to an integer according to the rules appropriate to the **Sell Order Type** as more particularly described in paragraph 9.3 of these **BR Procurement Rules**;

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"**Contracted Service Window**"	in respect of any **Service Provider**, a **BR Service Window** which is the subject of an **Accepted Sell Order**;
"**Contracted BR Unit**"	a **BR Unit** that is, for any **BR Service Window**, subject to a subsisting **BR Contract** formed upon acceptance by **NESO** of a **Sell Order**;
"Control Telephony"	as defined in the **Grid Code**;
"**Daily Auction Report**"	the report (which may comprise more than one document, published separately) published by **NESO** pursuant to paragraph 11.1 of these **BR Procurement Rules**;
"Deregistered"	in relation to (1) any **Auction Product**, means the cessation of an **Auction Unit**'s pre-qualification to that **Auction Product**, and (2) any **Registered BR Participant**, means the cessation of that **Registered BR Participant**'s eligibility to participate in the **Auctions**, and (3) any **Registered Service Provider**, means the cessation of that **Registered Service Provider**'s eligibility to provide **Balancing Services** to **NESO** via the **Single Market Platform**;
"Designated Auction Platform"	the auction platform(s) from time to time designated by **NESO** for use in connection with the **Auctions**;
"**Industry Information Website**"	the web page listed under the **NESO** website for the publication of information for the use by **Registered BR Participants** and other interested parties;
"**IPR Claim**"	as defined in paragraph 17.7.1 of these **BR Procurement Rules**;
"Joined"	in respect of a **Buy Order**, that it is associated with one or more other **Buy Orders** defined over the same **Auction Product** and which are not **Concomitant**;
"Joined Family"	two (2) or more **Buy Orders** which are **Joined** as more particularly described in paragraph 7.3 of these **BR Procurement Rules**;
"Looping" or **"Looped"**	in respect of a **Basket**, that acceptance of its **Order**(s) (being either **Sell Order**(s) or **Buy Order**(s)) is a pre-condition to acceptance of **Sell Order**(s) or **Buy Order**(s) (as the case may be) comprising one or more other **Basket**(s) to which it is **Looped** as more

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	particularly described in paragraph ~~9.2.6~~8.5 of these **BR Procurement Rules**;
"Looped Family"	two (2) or more **Baskets** which are **Looped** as more particularly described in paragraph 8.5 of these **BR Procurement Rules**;
"**Malicious Software**"	as defined in paragraph 18.1 of these **BR Procurement Rules**;
"**Market Clearing Price**"	the price (£/MW/h) derived for an **Auction Product** ~~and~~, **BR Service Window** and applicable **Zone** by operation of the **Market Clearing Rules** as more particularly described in paragraph 9.4 of these **BR Procurement Rules**;
"Market Clearing Rules"	the rules set out in paragraph 9 of these **BR Procurement Rules** for creation of **BR Contracts** and establishment of **Market Clearing Prices**;
"Market Welfare"	the aggregate of:- (1) the sum of the **Order Surpluses** with respect to all **Buy Orders** and **Sell Orders** in a **Service Day**, and (2) the 'Market Welfare' for that **Service Day** as defined in the **Response Procurement Rules** but with respect only to limb (1) and the **Response Auction Products**, and (3) the 'Market Welfare' for that **Service Day** as defined in the **QR Procurement Rules** but with respect only to limb (1) and the **QR Auction Products,** and (4) the 'Market Welfare' as defined in the **SR Procurement Rules** but with respect only to limb (1) and the **SR Auction Products**;
"Matched Quantity"	in respect of any **Order** and **Auction Product**, either the **Acceptance Ratio** multiplied by the **Offered Quantity** in the case of a **Sell Order**, or the **Acceptance Ratio** multiplied by the **Bid Quantity** in the case of a **Buy Order**, and in either case where the **Matched Quantity** need not be an integer;
"Maximum Market Price"	such price (£/MW/h) as may be notified in writing by **NESO** to **Registered BR Participants** from time to time, being the maximum permitted **Bid Price** and **Sell Price** associated with (respectively) a **Buy Order** and **Sell Order**, and which for the avoidance of doubt shall not be less than zero;
"Maximum Registered Product Capacity"	in relation to any **BR Unit** and **Auction Product**, the maximum capability for which its component **Plant** and **Apparatus** are pre-qualified in accordance with the **Registration and Pre-Qualification Procedure**;

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"Minimum Market Price"	such price (£/MW/h) as may be notified in writing by **NESO** to **Registered BR Participants** from time to time, being the minimum permitted **Bid Price** and **Sell Price** associated with (respectively) a **Buy Order** and **Sell Order**, and which for the avoidance of doubt shall not be less than zero;
"Negative Balancing Reserve"	**Balancing Reserve** delivered by **Plant** and **Apparatus** as a reduction in **Output** or increase in **Demand**;
"Offer Price"	the price (£/MW/h) associated with each **Sell Order** as more particularly described in paragraph 8.2.7 of these **BR Procurement Rules**;
"**Offered Quantity**"	in respect of any **Sell Order**, the volume of an **Auction Product** offered by a **Registered BR Participant** in its **Sell Order** as more particularly described in paragraph 8.3.3 of these **BR Procurement Rules**;
"**Order**"	a **Sell Order** or a **Buy Order** (as the context admits);
"Order Surplus"	in respect of a **Sell Order**, the sum of the **Product Surpluses** of all **Auction Products** over which it is defined, and with respect to a **Buy Order**, the **Matched Quantity** multiplied by the difference between (1) the **Bid Price** of that **Buy Order** and (2) the **Weighted Average Market Clearing Price** for the **Auction Product** and **BR Service Window** over which it is defined**;**
~~**"Paradoxical Acceptance Indicator"**~~	~~an indicator selected by **NESO** for each **Buy Order**, as more particularly described in paragraph 7.2.6 of these **BR Procurement Rules**;~~
"Parent Order"	in respect of any **Basket**, a **Sell Order** whose acceptance is a pre-condition to acceptance of one or more other **Sell Orders** in that **Basket** (each being its **Child Orders**);
"Partially Accepted"	in respect of any **Accepted Sell Order**, where its **Acceptance Ratio** is less than one (1);
"**Positive Balancing Reserve**" ("**PBR**")	**Balancing Reserve** delivered by way of an increase in **Output** or reduction in **Demand;**

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"Primary BM Unit"	as defined in the **BSC**;
"Procurement Cost"	in respect of an **Auction Product** and **BR Service Window**, the sum of the product of the **Market Clearing Price** and **Contracted Quantity** in each **Zone**;
"Product Surplus"	in respect of a **Sell Order** and **Auction Product**, the **Matched Quantity** multiplied by the difference between (1) the **Market Clearing Price** for the **Auction Product** and **BR Service Window**, and the **Zone** over which it is defined, and (2) the **Offer Price** of that **Sell Order**;
"QR Auction Products"	the '*Quick Reserve Products'* as that term is defined in the **QR Procurement Rules**;
"QR Procurement Rules"	the prevailing document titled '*Quick Reserve (QR) Procurement Rules'* published by or on behalf of **NESO** from time to time governing the procurement of **Quick Reserve**;
"Quick Reserve"	as defined in the **QR Procurement Rules**;
"**Registered BR Participant**"	a **Registered Service Provider** who is subsequently registered with **NESO** as eligible to participate in the **Auctions**;
"**Registered Service Provider**"	a person registered from time to time pursuant to the **Registration and Pre-Qualification Procedure** as eligible to provide any one or more **Balancing Services** to **NESO** including any successor(s) in title to, or permitted assign(s) of, such person;
"**Registration and Pre-Qualification Procedure**"	the procedure and processes described in Schedule 2 to these **BR Procurement Rules**;
"Regulating Reserve"	a **Balancing Service** used to manage energy imbalance primarily delivered by an increase in or reduction in **Output** from **BM Units** responding to **Bid-Offer Acceptances** in the **Balancing Mechanism** in a manner consistent with the **BR Service Parameters**;
"Rejected"	in respect of any **Order**, where its **Acceptance Ratio** is zero (0);
"Response"	as defined in the **Response Procurement Rules**;
"Response Auction Products"	the 'Response Products' as that term is defined in the **Response Procurement Rules**;

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"Response Procurement Rules"	the prevailing document titled 'Response Services Procurement Rules' published by or on behalf of **NESO** from time to time governing the procurement of **Response**;
"Secondary BM Unit"	as defined in the **BSC**;
"**Sell Order**"	an **Order** submitted by a **Registered BR Participant** in accordance with these **BR Procurement Rules** for the delivery upon and subject to the **BR Service Terms** of an **Auction Product** during a **BR Service Window** falling in a **Service Day**, validly registered as such on the **Designated Auction Platform** and being one of the **Sell Order Types**;
"Sell Order Type"	**Parent Order**, **Child Order** and **Substitutable Child Order**;
"**Service Day**"	each twenty-four (24) hour period commencing at 23.00 hours;
"Service Parameters"	such requirements and/or parameters for delivery of an **Auction Product** as may be specified in the **BR Service Terms**;
"**Service Provider**"	in respect of any **Contracted BR Unit**, **NESO**'s counterparty to a **BR Contract**;
"**Single Market Platform**"	the online platform hosted by **NESO** comprising the **Registration and Pre-Qualification Procedure**;
"Slow Reserve"	as defined in the **SR Procurement Rules**;
"SR Auction Products"	the *'Slow Reserve Products'* as defined in the **SR Procurement Rules**;
"SR Procurement Rules"	the prevailing document titled '*Slow Reserve Procurement Rules'* published by or on behalf of **NESO** from time to time governing the procurement of **Slow Reserve**;
"Substitutable Child Order"	in respect of any **Basket**, a **Sell Order** whose acceptance is dependent on the acceptance of another **Sell Order** in that **Basket** (being its **Parent Order**), and whose **Acceptance** is constrained by the **Acceptance** of any other **Substitutable Child Order**(s) in that **Basket**;

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"System Telephony"	as defined in the **Grid Code**;
"Total Auction Procurement Cost"	for any **Service Day**, the total of (1) the sum, over all **Auction Products** ~~and **BR Service Windows**~~**,** of the **Auction Clearing Quantity** multiplied by the applicable **Market Clearing Price**~~.~~, in respect of each **BR Service Window** and **Zone**, and (2) the equivalent sum, over all **SR Auction Products**, as derived under the **SR Procurement Rules**, and (3) the equivalent sum, over all **QR Auction Products**, as derived under the **QR Procurement Rules**, and (4) the equivalent sum, over all **Response Auction Products**, as derived under the **Response Procurement Rules**;
"Weighted Average Market Clearing Price"	in respect of an **Auction Product** and **BR Service Window**, the **Procurement Cost** divided by the total **Contracted Quantity**, where the total **Contracted Quantity** is zero (0), the price is not calculated;
"Zonal Requirement"	shall mean, for any **BR Service Window**, **NESO**'s required volume (MW) of each **Auction Product** in each **Zone**;
"Zone"	the geographical areas within Great Britain as delineated and identified as such and described in a document published by or on behalf of **NESO** for the purposes of these **BR Procurement Rules** and as may be modified by **NESO** from time to time by notice in writing to **Registered Auction Participants**, but so that any change to a **Zone:** (a) shall only be after review by **NESO** of all **Zones** to take place periodically (no less frequently than every three (3) years) or earlier consequent upon significant changes in the network topology or other constraint conditions; and (b) shall be effective not earlier than two (2) years after either the date of first publication of such document or such later date when the last to occur change to that **Zone** was effective, provided always that a change to a **Zone** may be effective sooner where exceptional circumstances apply or in order to correct an error but not so as to cause the number of **Zones** to change.

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SCHEDULE 2 – REGISTRATION AND PRE-QUALIFICATION PROCEDURE

Summary

For an entity to register as a **Registered BR Participant**, it must first become a **Registered Service Provider** by submitting its corporate details onto **NESO** systems and (if accepted) receiving a user ID. To become a **Registered BR Participant** it must then accede to the **Balancing Reserve Procurement Documentation**. Once registration is complete, a **Registered BR Participant** may then submit assets under its operation or control for prequalification by **NESO** as **BR Units**.

Prequalification as a **BR Unit** will relate to a specific **Auction Product**. An asset may be pre-qualified as a **BR Unit** to more than one **Auction Product.**

Pre-qualification may involve asset validation.

Once pre-qualified, a **BR Unit** may participate in the daily auctions for **Balancing Reserve**.

Process and Timings

Outlined below is the process and associated timings for registration and asset pre-qualification. Further detail will be provided from time to time by **NESO**.

- Step 1 – entity requests registration as a **Registered Service Provider** (and associated user IDs)
- Step 2 – **NESO** validates registration and issues user IDs (e*ntity is now a **Registered Service Provider**)*
- ~~Step 3 - entity accedes to **Balancing Reserve Procurement Documentation** (*entity is now a **Registered BR Participant**)*~~

  Step 3
- ~~Step 4~~ – entity submits one or more eligible assets for pre-qualification as a **BR Unit**, specifying the **Auction Product**(s) for which it seeks prequalification
- Step ~~5~~4 – **NESO** undertakes any necessary asset testing and validation
- Step 5 - entity accedes to **Balancing Reserve Procurement Documentation** (*entity is now a **Registered BR Participant**)*

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- Step 6 – **NESO** confirms completion of prequalification process (**Plant** and **Apparatus** is now a ***BR Unit,*** *and participant can now enter* ***BR Units*** *into daily auctions for the applicable* ***Auction Products).***

Except where the contingency procedure applies, all of the above steps (which are summarised below) are to be completed via the **Single Market Platform**, and the participant must ensure that all information submitted on the **Single Market Platform** is fully complete and correct.

In the event that the **Single Market Platform** is unable to be utilised to complete any or all of the above steps, **NESO** may (at its discretion) implement a contingency procedure and notify this to participants in writing providing as much advance notice as is reasonably practicable in the circumstances. The contingency procedure may include completion of Steps 1, 2 and 3 using Forms A, B and C, copies of which are available on the **Single Market Platform** or will otherwise be made available by **NESO**, and Steps 4, 5 and 6 by email submission of the 'Provider Data Template' available on request from **NESO**. The notification from **NESO** informing participants that the contingency procedure has been implemented shall confirm the manner and timescales in which such documentation is to be submitted to **NESO**.

References below to the **Single Market Platform** are to be construed as including the contingency procedure where applicable, unless the context otherwise requires.

Registration as Registered Service Provider

Each participant is required to submit its corporate details, together with details of any related entity on whose behalf it is acting as agent.

In addition, where it has not already done so, each participant must ensure that it has completed the necessary vendor setup forms that are outlined on **NESO**'s Settlement webpage to be set up as a vendor on **NESO**'s systems. These should be submitted as soon as possible so that **NESO** can make payments in a timely manner in accordance with the **BR Service Terms**.

Registration as Registered BR Participant

To be registered as a **Registered BR Participant** with eligibility to pre-qualify **Plant** and **Apparatus** as **BR Units** for participation in the **Auctions**, a participant must accede to the **Balancing Reserve Procurement Documentation** via the **Single Market Platform**.

Pre-qualification of BR Units

For asset pre-qualification, **NESO** will require submission via the **Single Market Platform** of all relevant technical details associated with the asset's capability and operating parameters to enable **NESO** to complete validation for the relevant **Auction Product**. Validation will include an assessment that the asset is capable of operating in accordance with the relevant **Service Parameters**, and where applicable will classify the asset as **Energy Limited**.

For **Reserve Products**, validation will also record (1) if the asset will deliver **Reserve** by passing through zero MW to move from **Output Curtailment** to **Demand Turn-Up** (**Negative Reserve**) and/or from **Demand Turn-Down** to **Output Increase** (**Positive Reserve**), and if so (2) the applicable **Run-Down Rate** and **Run-Up Rate** for each (if different).

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BR Units will not normally be pre-qualified to an **Auction Product** if they have a condition in their DNO connection agreement whereby they are signed up to an **Active Network Management Scheme**. However, **NESO** will consider this on a case by case basis and may (at its sole discretion) enable such participation if there is reasonable evidence to demonstrate that the asset has very high forecasted availability (for example as shown by Curtailment Assessment Reports from DNOs). **NESO** shall continue to keep this under review and any changes to this position shall be consulted accordingly.

Timescales

Initial registrations must be completed in line with the timings outlined below:

Activity	Provider	NESO
Pre-qualification of **BR Units**	Valid and complete data should be submitted 7 calendar days in advance.	Auction participation can take place 7 calendar days after submission of validly completed data. **NESO** will notify the **Registered BR Participant** if allocation activity can be accommodated sooner.

Changes to pre-qualification status

If **Registered BR Participants** wish to change the pre-qualification status of a **BR Unit**, including introducing new **Plant** and **Apparatus** for pre-qualification, this must be done as described above (on the **Single Market Platform** or using any contingency arrangements where applicable).

All queries and communications shall be made via a **Registered BR Participant**'s account manager or ~~commercial.operation@nationalenergyso.com.~~commercial.operation@neso.energy.

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