Response Services
Procurement Rules

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1 Introduction

1.1 These **Response Procurement Rules** describe the eligibility rules and processes by which **NESO** will procure **Auction Products** on a daily basis from prospective **Service Providers**.

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

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

1.3.1 the **Response 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 **Response 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 **Response Procurement Documentation**.

2 Changes to these Response Procurement Rules

2.1 Subject always to paragraph 2.2, **NESO** may update these **Response 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 **Response 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 **Response 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 **Response 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 **Response Procurement Rules**.

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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**.

4 Registration of Registered Auction Participants

4.1 Subject always to paragraph 4.2, no entity may participate in an **Auction** unless and until **NESO** has confirmed that it is a **Registered Auction 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 Auction 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 Auction Participant** and/or **Registered Service Provider** (as the case may be). Such **Deregistration** shall be notified by **NESO** to the **Registered Auction Participant** by email, whereupon it may no longer participate in the **Auctions** with respect to any **Auction Unit** unless and until it is re-registered in accordance with these **Response Procurement Rules** and the **Registration and Pre-Qualification Procedure**.

4.3 An entity may also be **Deregistered** as a **Registered Auction Participant** in the circumstances specified in the **Response Service Terms**.

4.4 An entity which has been confirmed as a **Registered Auction Participant** may only submit a **Sell Order** for an **Auction Product** and **Auction Unit** in respect of **Plant** and **Apparatus** where:-

4.4.1 such **Plant** and **Apparatus** has been pre-qualified by **NESO** to that **Auction Product** as an **Eligible Asset** subject to and in accordance with paragraph 5; and

4.4.2 such **Eligible Asset** has been allocated to that **Auction Unit** with a **Maximum Registered Capacity** subject to and in accordance with paragraph 6.

5 Pre-qualification of Eligible Assets

5.1 **Plant** and **Apparatus** may be notified by the **Registered Auction Participant** to **NESO** for pre-qualification as an **Eligible Asset** in accordance with the process described in the **Registration and Pre-Qualification Procedure**.

5.2 The pre-qualification of **Plant** and **Apparatus** as an **Eligible Asset** 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 an **Eligible Asset** in relation to more than one **Auction Product**.

5.3 **NESO** may either:-

5.3.1 having regard to declarations of unavailability notified by the **Registered Auction Participant** pursuant to the **Response Service Terms** (or otherwise) that any

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Eligible Asset is no longer capable of providing its **Maximum Registered Product Capacity** with respect to any **Auction Product**; or

5.3.2 in any other circumstances which may be specified in the **Response Service Terms**,

determine that an **Eligible Asset** shall be **Deregistered**, whereupon **NESO** shall so notify the **Registered Auction Participant** and the **Eligible Asset** shall then no longer be pre-qualified to the relevant **Auction Product**(s) and all other **Auction Product**(s) to which it is at that time prequalified, and in respect thereof any allocation of that **Eligible Asset** to an **Auction Unit** pursuant to paragraph 6 shall immediately cease.

5.4 For the avoidance of doubt, where an **Eligible Asset** has been **Deregistered** its constituent **Plant** and **Apparatus** may subsequently be notified by the **Registered Auction Participant** for pre-qualification once more in accordance with this paragraph 5.

6 Allocation of Eligible Assets to Auction Units

6.1 With respect to any **Auction Product**, an **Eligible Asset** may be allocated by the **Registered Auction Participant** to one or more **Auction Units** in accordance with the process described in the **Registration and Pre-Qualification Procedure**. For the avoidance of doubt, all **Eligible Assets** allocated to an **Auction Unit** shall be located in the same **GSP Group** and **Zone**.

6.2 Where an **Eligible Asset** is allocated at any time to more than one **Auction Unit**, each **Maximum Registered Product Capacity** shall be split across each such **Auction Unit** in such proportions as shall be specified by the **Registered Auction Participant** at the time of allocation, but so that in relation to any **Auction Product** the sum of all such proportions shall not at any time exceed (and for the avoidance of doubt may be less than) one hundred per cent (100%) of that **Eligible Asset's Maximum Registered Product Capacity**.

6.3 For the avoidance of doubt, an **Auction Unit** may be comprised of one or more **Eligible Assets** which may each be pre-qualified to more than one and/or for different **Auction Products**.

6.4 At any time, and based upon the prevailing allocation of **Eligible Assets** to it, an **Auction Unit** shall have:-

6.4.1 in relation to each **Auction Product**, a **Maximum Unit Product Capacity**, defined as the aggregate of the **Maximum Registered Product Capacities** (or specified proportions thereof where applicable); and

6.4.2 in relation to all **Auction Products** in a particular **Product Direction**, a **Maximum Unit Product Direction Capacity**, defined as the highest aggregate **Maximum Registered Product Capacity** (or specified proportion thereof where applicable), of all such **Auction Products**,

which shall define the eligibility of that **Auction Unit** to participate in the **Auctions** with respect to an **Auction Product**.

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6.5 In addition, for each **Auction Unit** which is not **Energy Limited**, and from a date to be specified by **NESO** by notice in writing to **Registered Auction Participants** for such purpose, the **Registered Auction Participant** may as part of the **Registration and Pre-Qualification Procedure** designate that **Auction Unit** with a **Zero Deadband** (and for the avoidance of doubt, an **Auction Unit** may be designated with a **Zero Deadband** for all (and not some only) of the **Auction Products**).

6.6 Notwithstanding allocation of an **Eligible Asset** to an **Auction Unit**, **NESO** may determine (at its sole discretion) that a **Registered Auction Participant** may not submit a **Sell Order** with respect to any **Auction Unit** if that **Auction Unit** is comprised of one or more **Eligible Assets** whose location would mean delivery of the applicable **Auction Product** would compromise operational security.

6.7 It is a further pre-condition to participation in an **Auction** that, for the duration of each relevant **Response Window** the subject of a **Sell Order**, all and any energy volumes associated with the delivery of the relevant **Auction Product** pursuant to any **Response Contract** will be included within the **Applicable Balancing Services Volume Data**.

6.8 It is a further requirement that, for a **Sell Order** to be valid in an **Auction**, the relevant **Auction Unit** (whether or not **BM Participating**) must be compliant at the relevant time with the **Background Submission Data Rules**.

6.9 An **Eligible Asset** may not be unallocated from an **Auction Unit** (including by way of re-allocation to another **Auction Unit**) for so long as that **Auction Unit** is **Suspended** except as provided in paragraph 5.3.

6A Background Submission Data

6A.1 The validity of each **Sell Order** submitted by a **Registered Auction Participant** in an **Auction** shall be subject to submission by that **Registered Auction Participant** of **Background Submission Data** for the relevant **Auction Unit** which meets the **Required Threshold** over the relevant **Assessment Period**, provided always that this paragraph 6A.1 shall not invalidate a **Sell Order** submitted with respect to an **Auction Unit** in the period prior to its first **Assessment Period**.

6A.2 For the avoidance of doubt:-

6A.2.1 for an **Auction Unit** that is **BM Participating**, an **Operational Baseline** shall be treated as submitted for the purposes of this paragraph 6A when confirmed by submission of **Physical Notifications** (and associated **Dynamic Parameters**); and

6A.2.2 for an **Auction Unit** that is not **BM Participating**, an **Operational Baseline** shall be treated as submitted for the purposes of this paragraph 6A when confirmed by submission of **Non-BM Data Submissions** meeting the requirements of the **OBP**,

in each case as more particularly described in the **Response Service Terms**.

6A.3 For the purposes of paragraph 6A.1, the **Required Threshold** shall mean valid and complete **Background Submission Data** submitted:-

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6A.3.1 for each **Settlement Period** across the entire **Assessment Period** for both **Operational Data** and **Operational Baseline** (subject to the tolerance below);

6A.3.2 **Operational Data** or **Operational Baseline** shall be deemed to have met the requirements of paragraph 6A.3.1 if complete and valid submissions are made in respect of eighty percent (80%) or more of:

(a) in the case of **Operational Data**, the total number of seconds comprising the relevant **Assessment Period**; and

(b) in the case of **Operational Baseline**, the total number of minutes comprising the relevant **Assessment Period**,

(or such other percentage as **NESO** may from time to time notify in writing to **Registered Auction Participants**), and shall additionally be deemed to have met such requirements for any period where a **Registered Auction Participant** has been unable to submit all or any **Background Submission Data** due to any act or default of **NESO**.

6A.4 With respect to any **Service Day**, the duration of an **Assessment Period** shall be shorter than twenty-eight (28) consecutive **EFA Days** where an **Auction Unit** is first created with the allocation to it of one or more **Eligible Assets**, insofar as its first **Assessment Period** shall be the next complete **EFA Day** and shall then increase incrementally with each consecutive **EFA Day** for which it has **Eligible Asset**(s) allocated to it, until the duration is twenty-eight (28) consecutive **EFA Days** whereupon this paragraph 6A.4 shall no longer apply to that **Auction Unit**.

6A.5 For the purposes of operation of this paragraph 6A, where an **Eligible Asset** is allocated to an **Auction Unit**, the **Background Submission Data** for that **Auction Unit** shall include the **Operational Data** and **Operational Baseline** for that **Eligible Asset** only from the date that such **Eligible Asset** becomes allocated to that **Auction Unit**, and historic **Background Submission Data** associated with the **Auction Unit** to which that **Eligible Asset** has been allocated for earlier periods shall be ignored.

6A.6 **NESO** will use reasonable endeavours to make available to each **Registered Auction Participant** on a daily basis the percentage calculation associated with each of its **Auction Units** for the purpose of the threshold in paragraph 6A.3.2.

7 Buy Orders

7.1 **Buy Orders** for any **Auction Product** and **Response Window** in a **Service Day** 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 **Response 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 **Response 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 applicable **Auction Product** and **Response Window** (which for the avoidance of doubt may be positive, negative or zero (0) £/MW/h~~); and~~).

~~a **Paradoxical Acceptance Indicator**, which is either "True" or "False", indicating if the **Market Clearing Price** for the applicable **Auction Product** and **Response 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 **Concomitant Response Windows** and different **Auction Products**. and 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**.

7.4 **Buy Orders** shall not be visible to **Registered Auction 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** may at any time and at its sole discretion, for any **Auction Product** and **Zone** or for any group(s) of **Auction Products** and/or **Zones**, specify 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**.

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7A.3 With respect to any **Response 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 Auction Participant** shall have pre-qualified one or more **Eligible Assets** to an **Auction Product** pursuant to paragraph 5 and allocated any such **Eligible Asset(s)** to an **Auction Unit** pursuant to paragraph 6, and except as provided in paragraphs 6.4 and 6.7, it may submit **Sell Orders** with respect to that **Auction Unit**, each for one or more **Auction Products** and a single **Response Window** in a **Service Day** 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 Auction 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 **Auction Unit;**

8.2.5 the applicable **Response 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 at least one **Eligible Asset** allocated to the **Auction 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:-

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8.3.3.1 shall be an integer not less than one (1) MW and not greater than the **Maximum Sell Size**; and

8.3.3.2 where the **Auction Unit** is **Energy Limited**, preserves its **Reserved Capacity** (such that the **Offered Quantity** does not utilise any part of that **Reserved Capacity**), and furthermore where a **Service Provider** has **Stacked** one or more **Auction Products**, the sum of (1) the **Offered Quantity** of each **Auction Product** in the same **Product Direction**, when aggregated with the **Reserved Capacity** for each, and (2) such aggregate amount for the **Auction Products** in the other **Product Direction**, shall not exceed the **Maximum Unit Registered Capacity**.

8.4 By the use of **Baskets**, **Registered Auction Participants** may submit **Sell Orders** for any single **Auction Unit** which are mutually exclusive over **Concomitant Response 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 **Auction Unit** and **Response 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 **Auction Unit** and **Response Window** as the **Basket** to which it belongs; and

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 **Auction Unit** and over other **Response 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:

8.6.1 for each **Basket** and **Auction Product**; and

8.6.2 for each **Basket** and **Product Direction**,

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 pursuant to paragraph 8.6.1 or 8.6.2 (as the case may be), and furthermore for that **Basket** to be valid:

8.6.3 for each individual **Auction Product**, the sum calculated pursuant to paragraph 8.6.1 shall not exceed the **Auction Unit**'s **Maximum Unit Product Capacity**; and

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8.6.4 for each **Product Direction**, the sum calculated pursuant to paragraph 8.6.2 shall not exceed the **Auction Unit's Maximum Unit Product Direction Capacity**.

8.7 **Sell Orders** may be submitted by **Registered Auction 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 8.14 all submitted **Sell Orders** so validated remain valid unless and until:-

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

8.8.2 the **Registered Auction 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 Auction Participant** is responsible for ensuring that the **Sell Orders** it submits are correct and valid, and also that the relevant **Auction Unit** is able to discharge any **Response 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~~8.12, upon becoming aware of any error in a **Sell Order**, the **Registered Auction 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 Auction Participant**.

8.11 With respect to each **Auction** and **Service Day**, **Background Submission Data** for each **Auction Unit** shall be assessed by **NESO** prior to the **Auction Closing Time** for compliance with the **Background Submission Data Rules** and where for that **Service Day** the **Auction Unit** is not so compliant then all **Sell Orders** associated with that **Auction Unit** for the relevant **Service Day** will be treated as null and void.

8.12 After the **Auction Closing Time**, **Sell Orders** may not be modified or cancelled by the **Registered Auction Participant** and are binding and irrevocable subject always to paragraphs 8.8 and 8.14.

8.13 **Sell Orders** submitted by **Registered Auction Participants** for each **Response Window** and **Auction Product** shall not be visible to other **Registered Auction Participants** on the **Designated Auction Platform** until publication in the **Daily Auction Report** in the manner described in paragraph 11.

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8.14 If, in the sole judgment of **NESO** or (where not **NESO**) the **Auction Administrator**, a **Registered Auction 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:-

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

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

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

8.15 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 Auction 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 9.2.12;

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 **Response 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 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

~~9.2.4~~9.2.6 the **Acceptance Ratio** of a **Buy Order** is between zero (0) and one (1) inclusive;

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~~9.2.5~~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;

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

~~9.2.6 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**;~~

~~9.2.7~~9.2.9 the **Acceptance Ratios** of the **Parent Orders** in each **Basket** of a **Looped Family** are equal;

Baskets

~~9.2.8~~9.2.10 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

~~9.2.9 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 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 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); 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);

~~1.1.1 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

9.2.12 for any **Auction Product** and **Response Window**, the **Auction** algorithm shall ensure so far as possible that each applicable **Zonal Requirement** (if any) is satisfied;

General

~~9.2.12~~9.2.13 for any **Auction Product** and **Response 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

~~1.1.2~~1.1.1 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~~

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~~**Paradoxical Acceptance Indicator** equal to "True" may have an **Acceptance Ratio** greater than zero (0~~).

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 **Response 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 **Response Contract** for that **Auction Unit** and the relevant **Response 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 **Response Procurement Documentation** and any **Response 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 Auction 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 Auction 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 Auction 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 Auction Participant** indemnifies **NESO** from and against any losses, liabilities, claims, expenses and demands which **NESO** might suffer as a result of the **Registered Auction Participant** being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 10.1.2.

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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**:-

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 the relevant **Zone**;

11.2.4 for each **Sell Order** which is not **Accepted**, a **Reason Code**;

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

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

11.2.6 the **Auction Clearing Quantity**; and

~~11.2.6~~11.2.7 the **Zonal Requirement**.

11.3 The **Daily Auction Report** may include such additional information as **NESO** may determine at its sole discretion.

12 Formation of Response 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 **Response 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 Auction Participant**.

12.2 There shall be one **Response 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~~, **Response Window** and the applicable **Zone** shall apply, as more particularly provided in this paragraph 12.

12.3 Each **Registered Auction Participant** awarded a **Response Contract** pursuant to paragraph 12.1 shall provide the relevant **Auction Product** from the applicable **Auction**

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Unit during the applicable **Response Window** pursuant to and in accordance with the **Response Service Terms**.

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

12.5 Each **Response Contract** shall be personal to **NESO** and the **Registered Auction 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 **Response Contract** except as permitted by the **Response Service Terms** or in accordance with paragraph 20 of the **Flexibility Services Standard Agreement** as if such provision was set out in full herein.

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 Auction Participant** to the other (whether orally or in writing) pursuant to or in connection with these **Response Procurement Rules** as if set out in full herein.

13.2 Each **Registered Auction 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 Auction Participant** and the relevant **Auction Unit**.

13.3 Without limiting paragraph 13.2, each **Registered Auction 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 each **Eligible Asset** allocated to the relevant **Auction 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 Auction Participants** to submit new **Sell Orders** or modify existing **Sell Orders**;

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

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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 Auction 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 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 **Response 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.

16 Accuracy of Information

16.1 All and any information provided by **NESO** to **Registered Auction Participants** for the purposes of these **Response 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 Auction 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 **Response Procurement Rules**.

17.2 Each **Registered Auction 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 Auction 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 Auction Participant** is aware governing use by the **Registered Auction Participant** of the systems or software applications comprised in the **Designated Auction Platform**.

17.4 **Registered Auction 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 Auction 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.

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

17.6 **NESO** shall indemnify and keep indemnified the **Registered Auction 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 Auction 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.

18 Viruses

18.1 Each **Registered Auction 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 Auction 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 Auction Participant** shall remain responsible for all costs and expenses incurred by it in connection with these **Response Procurement Rules** including all costs of preparing and submitting **Sell Orders**.

20 Site Export and Import Limits

20.1 Each **Registered Auction Participant** shall, prior to submitting a **Sell Order**, ensure sufficient export and/or import capacity at the premises at which each relevant **Eligible Asset** 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

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each and every applicable **Response Window** in accordance with its obligations under the **Response 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 16 of the **Flexibility Services Standard Agreement** shall apply as if set out in full herein to any notice required to be submitted under these **Response Procurement Rules** by either **NESO** or the **Registered Auction Participant** to the other.

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

22 Dispute Resolution

22.1 The provisions of paragraph 17 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 **Response 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 **Response Procurement Rules** to be referable to an **Expert** for determination or otherwise agreed in writing by **NESO** and the **Registered Auction 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 prevailing rules of the **London International Court of Arbitration** 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 **Response Procurement Rules** or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.

23.2 Subject always to paragraph 22, **NESO** and each **Registered Auction 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 **Response 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;
"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;
"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);
"Agent"	in respect of any **Registered Auction Participant**, its agent (if any) notified to **NESO** pursuant to the **Registration and Pre-Qualification Procedure**;
"Assessment Period"	in relation to any **Service Day**, the period of twenty-eight (28) consecutive **EFA Days** expiring on the **EFA Day** which immediately precedes the **Auction Closing Time** for that **Service Day** or such shorter period expiring on that **EFA Day** in the circumstances described in paragraph 6A.4;
"Auction"	in respect of all **Auction Products** and **Response 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 **Response Window** falling in any **Service Day**, the sum of the **Contracted Quantities**;
"Auction Closing Time"	in respect of the **Response Windows** falling in any **Service Day**, 14:00 hours on the **EFA Day** which immediately precedes that **Service Day**;

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"Auction Opening Time"	in respect of the **Response Windows** falling in any **Service Day**, 08:00 hours on D-15 where D is the **Service Day**;
"Auction Product"	any **Response Product**;
"Auction Results Time"	in respect of the **Response Windows** falling in any **Service Day,** 16:00 hours on the **EFA Day** which immediately precedes that **Service Day**;
"Auction Unit"	a collection of one or more **Eligible Assets** registered at the relevant time as an **Auction Unit** in accordance with the **Registration and Pre-Qualification Procedure**;
"Background Submission Data"	the **Operational Data** and **Operational Baseline** each as defined in the **Response Service Terms**;
"Background Submission Data Rules"	the requirements applicable to **Auction Units** set out in paragraph 6A;
"Balancing Reserve"	as defined in the **BR Procurement Rules**;
"Balancing Reserve Auction Products"	the '*Balancing Reserve Products'* as defined in the **BR Procurement Rules;**
"Basket"	in respect of any **Response Window** and **Auction Unit**, a collection of one or more **Sell Orders** which meet the requirements of paragraph 8;
"Bid Price"	the price (£/MW/h) associated with each **Buy Order** as more particularly described in paragraph 7.2.5;
"Bid Quantity"	in respect of any **Buy Order**, the volume of an **Auction Product** required by **NESO** in the **Response Window** defined by that **Buy Order** as more particularly described in paragraph 7.2.4;
"BM Participating"	in respect of a **Contracted Unit**, that for the duration of the relevant **Response Contract**, it is or will be registered as a **BM Unit**;

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"BR Procurement Rules"	the prevailing document titled *'Balancing Reserve Procurement Rules*' published by or on behalf of **NESO** from time to time governing the procurement of **Balancing Reserve**;
"Buy Order"	an **Order** submitted by **NESO** in accordance with paragraph 7 comprising a **Bid Quantity** for an **Auction Product** and **Response 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 **Concomitant Response Windows** 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;
"Concomitant"	in respect of any two or more **Sell Orders** or **Baskets** related to the same **Auction Unit**, that the respective **Response 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;
"Contracted Service Window"	in respect of any **Service Provider**, a **Response Window** which is the subject of an **Accepted Sell Order**;
"Contracted Unit"	an **Auction Unit** that is, for any **Response Window**, subject to a subsisting **Response Contract** formed upon **Acceptance** of a **Sell Order**;
"Daily Auction Report"	the report (which may comprise more than one document, published separately) published by **NESO** pursuant to paragraph 11.1;

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"Deadband"	**Frequency** deviations between but not including +0.015Hz and -0.015Hz +fD and -fD in each case from the **Target Frequency**;
"Deregistered"	in relation to (1) any **Eligible Asset** , means the cessation of that **Eligible Asset'**s pre-qualification to all and any **Auction Products**, and (2) any **Registered Auction Participant**, means the cessation of that **Registered Auction 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**;
"DRSC Liable User"	any **Service Provider** whose **Response Contract** renders it a **Demand Response Provider** by virtue of the relevant **Auction Product** comprising a source of controllable **Demand**;
"Dynamic Containment" or "DC"	a fast-acting post-fault (low or high **Frequency**) **Balancing Service** designed to contain **System Frequency** in the event of a sudden demand or generation loss, delivered primarily when **System Frequency** falls outside of operational limits (50 Hz +/- 0.2%), and DC-high (DC-H) and DC-low (DC-L) shall be construed accordingly;
"Dynamic Moderation" or "DM"	a fast-acting pre-fault (low or high **Frequency**) **Balancing Service** designed to contain **System Frequency** in the event of a sudden change in demand or generation, delivered primarily when **System Frequency** is within operational limits (50 Hz +/- 0.2%)%), and DM-high (DM-H) and DM-low (DM-L) shall be construed accordingly;
"Dynamic Regulation" or "DR"	a slow-acting pre-fault (low or high **Frequency**) **Balancing Service** designed to contain **System Frequency** in the event of a change in demand or generation, delivered primarily when **System Frequency** is within operational limits (50 Hz +/- 0.2%) %), and DR-high (DR-H) and DR-low (DR-L) shall be construed accordingly;

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"Eligible Asset"	any item of **Plant** and **Apparatus** which has been validated by **NESO** in accordance with the **Registration and Pre-Qualification Procedure** as capable (either individually or in combination with one or more other **Eligible Assets**) of providing one or more **Auction Products** in accordance with the **Response Service Terms**;
"Final Physical Notification" or **"FPN"**	the meaning given to that term in the **BSC**;
"Energy Limited"	the meaning given to that term in the **Response Service Terms**;
"Grid Supply Point"	the meaning given to that term in the **BSC**;
"GSP Group"	the meaning given to that term in the **BSC**;
"Industry Information Website"	the web page listed under the **NESO** website for the publication of information for the use by **Registered Auction Participants** and other interested parties;
"IPR Claim"	as defined in paragraph 17.7.1;
"Joined"	in respect of a **Buy Order**, that it is associated with one or more other **Buy Orders** 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;
"Looping" or "Looped"	in respect of a **Basket**, that **Acceptance** of its **Sell Order**(s) is a pre-condition to **Acceptance** of **Sell Order**(s) comprising one or more other **Basket**(s) to which it is **Looped** as more particularly described in ~~paragraph 9.2.7;~~paragraph8.5;
"Looped Family"	two (2) or more **Baskets** which are **Looped** as more particularly described in paragraph 8.5;
"Malicious Software"	as defined in paragraph 18.1;
"Market Clearing Price"	the price (£/MW/h) derived for an **Auction Product** ~~and~~, **Response Window** and applicable **Zone** by operation of the **Market Clearing Rules** as more particularly described in paragraph 9.4;

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"Market Clearing Rules"	the rules set out in paragraph 9 of these **Response Procurement Rules** for creation of **Response 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 **QR Procurement Rules** but with respect only to limb (1) and the **Quick Reserve Auction Products**, and (3) the 'Market Welfare' for that **Service Day** as defined in the **BR Procurement Rules** but with respect only to limb (1) and the **Balancing Reserve 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 Auction 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 may be positive or negative or zero;
"Maximum Registered Capacity"	in respect of any **Eligible Asset**, the maximum capacity (in MW) described as such and notified to **NESO** by the **Registered Auction Participant** pursuant to the **Registration and Pre-Qualification Procedure**;
"Maximum Registered Product Capacity"	in respect of any **Eligible Asset** 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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"Maximum Sell Size"	in relation to each **Response Product**, such volume (MW) as may be notified in writing by **NESO** to **Registered Auction Participants** from time to time, being the maximum permitted **Offered Quantity**, and which for the avoidance of doubt shall be one hundred (100) MW for each **Response Product** unless otherwise notified;
"Maximum Unit Product Capacity"	in respect of any **Auction Unit** and **Auction Product**, the aggregate of the **Maximum Registered Product Capacities** (or specified proportions thereof where applicable) of each **Eligible Asset** allocated to it at the relevant time, as more particularly described in paragraph 6.4.1;
"Maximum Unit Product Direction Capacity"	in respect of any **Auction Unit** and all **Auction Products** in a particular **Product Direction**, the highest aggregate **Maximum Registered Product Capacity** (or specified proportion thereof where applicable) of such **Auction Products**, as more particularly described in paragraph 6.4.2;
"Maximum Unit Registered Capacity"	in respect of any **Auction Unit**, the aggregate **Maximum Registered Capacities** of each of the **Eligible Assets** allocated to it;
"Minimum Market Price"	such price (£/MW/h) as may be notified in writing by **NESO** to **Registered Auction 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 may be positive or negative or zero;
"Non-BM Data Submission"	as defined the **Response Service Terms**;
"Offer Price"	the price (£/MW/h) associated with each **Sell Order** as more particularly described in paragraph 8.2.7;
"Offered Quantity"	in respect of any **Sell Order**, the volume of an **Auction Product** offered by a **Registered Auction Participant** in its **Sell Order** as more particularly described in paragraph 8.3.3;
"Open Balancing Platform" or **"OBP"**	the **NESO** flexible dispatch platform, intended as a direct replacement for the legacy ASDP/PAS dispatch system, which is capable of sending and receiving real-time data (including availability submissions and dispatch notifications) to and from

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	Service Providers with respect to **Auction Units** which are not **BM Participating**, using a common communication data interface capable of receiving web-based data from **Service Providers** via an API;
"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 **Response 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;~~
"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);
"Procurement Cost"	in respect of an **Auction Product** and **Response Window**, the sum of the product of the **Market Clearing Price** and **Contracted Quantity** in each **Zone**;
"Product Direction"	either (1) **Output Increase** or **Demand Turn-Down** so as to contribute towards the management of downward **Frequency Deviations** or (2) **Output Curtailment** or **Demand Turn-Up** so as to contribute towards the management of upward **Frequency Deviations**;
"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 **Response Window** and the **Zone** over which it is defined, and (2) the **Offer Price** of that **Sell Order**;

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"Quick Reserve"	as defined in the **QR Procurement Rules**;
"Quick Reserve Auction Products"	the 'Auction Products' as that term is defined in the **QR Procurement Rules**;
"QR Procurement Rules"	the prevailing document titled "Quick Reserve (QR) Procurement Rules (Phase 1)" published by or on behalf of **NESO** from time to time governing the procurement of **Quick Reserve**;
"Ramp-Down Period"	the instructed MW divided by the **Run-Down Rate** (or the average **Run-Down Rate** where **BM Participating**);
"Ramping Period"	the **Ramp-Up Period** or the **Ramp-Down Period** as the context admits;
"Ramping Rate"	the **Run-Up Rate** or the **Run-Down Rate** as the case may be;
"Ramp-Up Period"	the instructed MW divided by the average **Run-Up Rate** (or the average **Run-Up Rate** where **BM Participating**);
"Reason Code"	a code designated by **NESO** from time to time to a reason why an **Order** is not **Accepted**;
"Registered Auction 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;
"Rejected"	in respect of any **Order**, where its **Acceptance Ratio** is zero (0);
"Relevant Metering"	the **BSC** accredited half hourly metering registered to each **Eligible Asset**;
"Required Threshold"	the meaning given to that term in paragraph 6A.3;

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"Reserve Auction Products"	the **Balancing Reserve Auction Products**, the **Quick Reserve Auction Products** and the **Slow Reserve Auction Products**;
"Reserved Capacity"	with respect to any **Auction Unit** and **Sell Order**, a portion of that **Auction Unit**'s **Maximum Unit Product Capacity**, being an amount not less than X percent of the **Offered Capacity**, where X is: (a) in the case of **Dynamic Containment**, ten (10) percent; (b) in the case of **Dynamic Moderation**, twenty (20) percent; and in the case of **Dynamic Regulation**, forty (40) percent;
"Response"	when used in the **Response Procurement Documentation**, any or all of the **Response Products** as the context admits;
"Response Contract"	a **Balancing Services Contract** for the delivery of **Response** from an **Auction Unit** formed pursuant to paragraph 12 and more particularly described in the **Response Service Terms**;
"Response Procurement Documentation"	as described in paragraph 1.3;
"Response Procurement Rules"	this document as published by **NESO** from time to time;
"Response Products"	**Dynamic Containment** (Low), **Dynamic Containment** (High), **Dynamic Moderation** (Low), **Dynamic Moderation** (High), **Dynamic Regulation** (Low) and **Dynamic Regulation** (High);
"Response Service Terms"	the prevailing document titled "Response Service Terms" published by or on behalf of **NESO** from time to time containing the terms and conditions governing **Response Contracts**;
"Response Window"	each consecutive four (4) hour period commencing at 23.00 hours;
"Sell Order"	an **Order** submitted by a **Registered Auction Participant** in accordance with these **Response Procurement Rules** for the delivery upon and subject to the **Response Service Terms** of an **Auction Product** during a **Response Window**

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	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 **Response Service Terms**;
"Service Provider"	in respect of any **Contracted Unit**, **NESO**'s counterparty to a **Response 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**;
"Stacking" or **"Stacked"**	with respect to any **Auction Unit** and **Response Window**, that more than one **Balancing Service** is or will be provided simultaneously (for the avoidance of doubt in the case of **Response Services**, each under a separate **Response Contract**);
"State of Energy Management Rules"	the meaning given to that term in the **Response Service Terms**;
"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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"Suspension"	in relation to any **Auction Unit**, means that it may no longer participate in an **Auction** for any **Auction Product** for the duration of any period of **Suspension** which may be prescribed in the **Response Service Terms**, in accordance with the process described in the **Registration and Pre-Qualification Procedure**, and "**Suspended**" shall be construed accordingly;
"Testing Rules"	the meaning given to that term in the **Response Service Terms**;
"Total Auction Procurement Cost"	for any **Service Day**, the total of (1) the sum, over all **Auction Products** ~~and **Response Windows**~~, of the **Auction Clearing Quantity** multiplied by the applicable **Market Clearing Price**~~.~~, in respect of each **Response Window** and **Zone**, and (2) the equivalent sum, over all **Reserve Auction Products**, as derived under the **BR Procurement Rules**, the **QR Procurement Rules** and the **SR Procurement Rules**;
"Weighted Average Market Clearing Price"	in respect of an **Auction Product** and **Response Window**, the **Procurement Cost** divided by the total **Contracted Quantity**, where the total **Contracted Quantity** is zero (0), the price is not calculated;
"Zero Deadband"	a designation given to an **Auction Unit** which is not **Energy Limited** as part of the **Registration and Pre-qualification Procedure** which means that, for all **Auction Products**, the **Deadband** is replaced by a deadband defined by **Frequency** deviations between but not including +0.0Hz and -0.0Hz +fD and -fD in each case from the **Target Frequency**~~.~~;
"Zonal Requirement"	shall mean, where applicable, for any **Response Window**, **NESO**'s maximum and minimum required volume (MW) of each **Auction Product** in each **Zone**; and
"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 **Response 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:**

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	(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 Auction 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 Auction Participant** it must then accede to the **Response Procurement Documentation**. Once registration is complete, a **Registered Auction Participant** may then submit assets under its operation or control for prequalification by **NESO** as **Eligible Assets**.

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

Once pre-qualified, an **Eligible Asset** may be allocated by the **Registered Auction Participant** to an **Auction Unit** created for a specific **Auction Product**, and for the avoidance of doubt an **Eligible Asset** may only be allocated to an **Auction Unit** for the relevant **Auction Product**. Once an **Auction Unit** has at least one **Eligible Asset** allocated to it, it may participate in the daily auctions for the applicable **Auction Product**.

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 submits one or more assets for pre-qualification as an **Eligible Unit**, specifying the **Auction Product**(s) for which it seeks prequalification

- Step 4 - entity accedes to **Response Procurement Documentation** (*entity is now a **Registered Auction Participant**)*

  Step 5 – **NESO** undertakes any necessary asset testing and validation

- Step 6 – where relevant, **NESO** validates onboarding to the **OBP** (and/or any other relevant flexible dispatch platform)

- Step 7 – **NESO** confirms completion of prequalification process (*assets are now **Eligible Assets** for the relevant **Auction Product**(s), capable of being allocated to an **Auction Unit**)*

- Step 8 – entity allocates **Eligible Assets** to **Auction Units** *(participant can now enter **Auction Units** into daily auctions for the applicable **Auction Products**)*

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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, 6, 7 and 8 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 **Response Service Terms**.

Once registered, a participant may be **Deregistered** by **NESO** as a **Registered Service Provider** in the circumstances described in these **Response Procurement Rules** and the **Response Service Terms**, whereupon it may no longer provide **Balancing Services** to **NESO** via the **Single Market Platform** (notwithstanding its accession to the **Response Procurement Documentation** or any other similar documentation for other **Balancing Services**). A participant once **Deregistered** may subsequently apply to **NESO** for its registration as **Registered Service Provider** to be restored which **NESO** may agree at its sole discretion.

Registration as Registered Auction Participant

To be registered as a **Registered Auction Participant** with eligibility to pre-qualify and allocate **Eligible Assets** for participation in the **Auctions**, a participant must accede to the **Response Procurement Documentation** via the **Single Market Platform**.

Once registered, a participant may be **Deregistered** by **NESO** as a **Registered Auction Participant** in the circumstances described in these **Response Procurement Rules** and the **Response Service Terms**, whereupon it may no longer participate in any **Auctions** (notwithstanding its accession to the **Response Procurement Documentation**). A participant once **Deregistered** may subsequently apply to **NESO** for its registration as a **Registered Auction Participant** to be restored which **NESO** may agree at its sole discretion.

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Pre-qualification of Eligible Assets

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** which may be by reference to **Testing Rules**, and where applicable will classify the asset as **Energy Limited**.

Each **Eligible Asset** registered to an **Auction Product** will be given a **Maximum Registered Product Capacity**, representing the maximum capacity of the relevant **Auction Product** which it is capable of delivering. Validation will be required before the **Maximum Registered Product Capacity** of an **Eligible Asset** can be increased, which may be by reference to the **Testing Rules.**

Eligible Assets 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** / Flexibility Connection. 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.

Once an asset has been pre-qualified and registered to an **Auction Product** as an **Eligible Asset**, it may be **Deregistered** by **NESO** as an **Eligible Asset** in the circumstances described in these **Response Procurement Rules** and the **Response Service Terms**, whereupon it shall no longer be pre-qualified to any **Auction Product(s)** to which it is prequalified at that time. The **Registered Auction Participant** may subsequently resubmit the relevant asset(s) for pre-qualification to such **Auction Product(s)**.

Allocation to Auction Units

Registered Auction Participants are able to create **Auction Units** via the **Single Market Platform**, to which it may allocate one or more **Eligible Assets**.

An **Eligible Asset** may be allocated to more than one **Auction Unit**, in which case for each **Auction Product** the **Maximum Registered Product Capacity** shall be split across each such **Auction Unit** in such proportion as shall be specified by the **Registered Auction Participant**. Where the **Maximum Registered Product Capacity** is split in this way, the sum of all such proportions shall not at any time exceed (but may be less than) 100% of the **Maximum Registered Product Capacity**.

Each **Auction Unit** shall have a **Maximum Unit Product Capacity** for each **Auction Product**, defined as the aggregate of the **Maximum Registered Product Capacities** (or specified proportions thereof where applicable) associated with each **Eligible Asset** allocated to it.

Each **Auction Unit** will also have, in relation to all **Auction Products** in a particular **Product Direction**, a **Maximum Unit Product Direction Capacity**, defined across all **Eligible Assets** allocated to it as the highest aggregate **Maximum Registered Product Capacity** (or specified proportion thereof where applicable) of all such **Auction Products**.

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When allocating **Eligible Assets** to an **Auction Unit**, **Registered Auction Participants** are required to submit technical details for that **Auction Unit** representing its overall capability and operating parameters based on the capability and operational parameters of each such allocated **Eligible Asset**, which must be consistent with the relevant **Service Parameters.**

When creating an **Auction Unit** which is not **Energy Limited**, and from a date to be specified by **NESO** by notice in writing to **Registered Auction Participants** for such purpose, a **Registered Auction Participant** may designate that **Auction Unit** with a **Zero Deadband** (which for the avoidance of doubt may not subsequently be changed). For **Auction Units** already created on such date and which are not **Energy Limited**, the relevant **Registered Auction Participant** may subsequently designate a **Zero Deadband** (which for the avoidance of doubt may not subsequently be changed).

Every **Auction Unit** created on the **Single Market Platform** must have at least one **Eligible Asset** allocated to it to be capable of participating in the daily auctions.

An **Auction Unit** can only have allocated to it multiple **Eligible Assets** if they are all located within the same **GSP Group** and **Zone**, although **NESO** may (at its discretion) determine that, for system operational reasons, this restriction may need to be increased to require multiple **Eligible Assets** allocated to an **Auction Unit** to be located within the same **Grid Supply Point**.

An **Eligible Asset** may be unallocated from an **Auction Unit** including by reallocation to another **Auction Unit**.

An **Eligible Asset** may be unallocated from an **Auction Unit** including by reallocation to another **Auction Unit**, but an **Eligible Asset** may not be so unallocated from an **Auction Unit** whilst that **Auction Unit** is **Suspended**.

Deregistration of BM Unit

For avoidance of doubt, a **Service Provider** is required to follow **NESO** formal deregistration procedures and the BSCP 15 process to deregister a **BM Unit**. Therefore where a **Service Provider** switches its **FPN** flag to false it shall not be deemed to have deregistered its **BM Unit**.

Suspension of Auction Units

In the circumstances set out in the **Response Service Terms**, **NESO** may notify a **Registered Auction Participant** that an **Auction Unit** is **Suspended**, whereupon for the period specified in the **Response Service Terms** that **Auction Unit** may not participate in the **Auctions** for any **Auction Product**, and all **Eligible Assets** allocated to that **Auction Unit** at the commencement of the **Suspension** shall remain allocated for the duration of the period of **Suspension**.

Timescales

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

Activity	Provider	NESO

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Pre-qualification of **Eligible Assets**	In order to enable allocation activity, valid and complete data should be submitted 13 calendar days in advance.	Allocation activity can take place 13 calendar days after submission of validly completed data. **NESO** will notify the **Registered Auction Participant** if allocation activity can be accommodated sooner.
Allocation of **Eligible Assets** to **Auction Units**	Allocation can only occur on a weekly basis and must be sent to **NESO** in the "market window" on a Monday (see further below)	Deemed accepted upon submission, subject to errors and/or incomplete data New/updated **Auction Units** can participate in daily auctions from and including that for **Service Days** commencing 23.00 hours the following Thursday. **NESO** will notify **Registered Auction Participants** if allocation activity can be accommodated sooner.

Changes to pre-qualification status or allocation

If **Registered Auction Participants** wish to change the pre-qualification status and/or allocation to an **Auction Unit** of **Eligible Assets**, including introducing new **Eligible Asset**(s) for pre-qualification or increasing the **Maximum Registered Product Capacity** of an existing pre-qualified **Eligible Asset**, this must be done as described above (on the **Single Market Platform** or using any contingency arrangements where applicable). Any increase in capacity of an existing **Eligible Asset** must be accompanied by a testing approval report in the same manner as for new **Eligible Assets**.

Allocation of **Eligible Assets** to **Auction Units**, whether submitted via the **Single Market Platform** or using the 'Provider Data Template' (where the contingency arrangements apply) are only processed by **NESO** on a weekly basis, although **NESO** will notify the **Registered Auction Participants** if allocation activity can be accommodated more regularly. In the absence of any such notification, allocations can only therefore be submitted in the stipulated daily "market window" ending on Monday each week. The market window is the period from 15.00 hours on a calendar day to 10.00 hours on the next calendar day (and where this document refers to a market window for a particular calendar day, unless otherwise indicated that is a reference to the market window which ends on that day). Any submissions from **Registered Auction Participants** received outside this market window will be rejected, and so will not be applicable, and must be resubmitted in the next following Monday market window.

For the avoidance of doubt, allocation submissions are not required to be made every week. Once validly submitted, a subsequent submission is only required should any information change. As explained above, and subject to any notification from **NESO** as referred to above, any updates submitted during the Monday market window will not become effective until the **Service Day** commencing 23.00 hours on the following Thursday.

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Changes to ownership or operation of an Eligible Asset

Where there is a change in ownership and/or operation of an **Eligible Asset** from one **Registered Auction Participant** to another, then such change shall be notified to **NESO** whereupon the **Eligible Asset** in question shall cease to be registered to the transferring **Registered Auction Participant** and become registered to the recipient **Registered Auction Participant**.

With respect to, and effective from, such change in ownership and/or operation: (1) the allocation of that **Eligible Asset** to any **Auction Unit** shall cease, (2) the pre-qualification of that **Eligible Asset** to the relevant **Auction Product**(s) shall cease, and (3) any **Response Contract** formed in relation to that **Auction Unit** to which the transferring **Registered Auction Participant** is a party and whose **Contracted Service Window** shall not have ended at the time of such change shall be deemed to be terminated.

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

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