

# Demand Flexibility Service Procurement Rules

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## 1. Introduction

- 1.1 These **DFS Procurement Rules** describe the eligibility rules and criteria for participation in **NGESO's** procurement of the **Demand Flexibility Service**.
- 1.2 These **DFS Procurement Rules** supplement, and should be read alongside, the following documents, which together with these **DFS Procurement Rules** constitute the "**DFS Procurement Documentation**":-
- 1.2.1 the **DFS Service Terms**;
  - 1.2.2 the **Balancing Services General Terms and Rules of Interpretation**;
  - 1.2.3 the **Common Flexibility Service Terms and Conditions** to the extent that any of its provisions are incorporated by any of the other **DFS Procurement Documentation** into such document(s); and
  - 1.2.4 such other document(s) as **NGESO** may designate from time to time as comprising a part of the **DFS Procurement Documentation**.
- 1.3 Subject always to paragraph 1.4, **NGESO** may update these **DFS 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.
- 1.4 To the extent required by the **Electricity Balancing Regulation** (and by reference to those provisions of the **DFS Procurement Documentation** which constitute 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 **DFS Procurement Rules** will be proposed and implemented in accordance with the applicable requirements in the **Electricity Balancing Regulation**.

## 2. Duration of Service Procurement

- 2.1 **NGESO** envisages procuring the **Demand Flexibility Service** for service delivery commencing on 1 November 2022, and for procurement to continue through to 31 March 2023 or such later date as **NGESO** may determine at its sole discretion by publication on its website and/or by notice in writing to all **Registered DFS Participants**.

## 3. Defined Terms and Interpretation

- 3.1 Unless the context otherwise requires, any capitalised term used in these **DFS Procurement Rules** shall have the respective 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 **DFS Procurement Rules**.
- 3.3 For the purposes of paragraph 3.1, with respect to any **DFS Bid**, "prevailing" shall mean the latest version of the applicable document which is in effect at the time of submission of that **DFS Bid**.

## 4. Registration of DFS Units

- 4.1 A **Registered Service Provider** may register from time to time one or more **DFS Units** in accordance with the **Registration and Pre-Qualification Procedure**.
- 4.2 Each **DFS Unit** shall:-

- 4.2.1 be designated to a specific **DFS Unit Type** (which may not then be changed except with **NGESO's** prior agreement in writing);
- 4.2.2 have a **Registered Unit Capacity** which shall be an integer from and including 1MW to and including 100MW;
- 4.2.3 have allocated to it by the **Registered Service Provider**, and accordingly be comprised of, one or more **Unit Meter Points** representing **Plant** or **Apparatus** which:-
- (a) shall each be **Half-Hourly Metered**;
  - (b) may be either **Half-Hourly Settled** or **Non-Half-Hourly Settled** or a combination of both;
  - (c) shall not be allocated to the DFS Unit of any other Registered Service Provider;
  - (d) shall not form part of a **BM Unit** except a **Supplier Base BM Unit**;
  - (e) shall not comprise (wholly or partly) a **CMU** which is the subject of a **Capacity Agreement** for any **CM Delivery Period** which overlaps to any extent with the **DFS Procurement Period**; and
  - (f) shall not be providing (whether solely or in conjunction with any other **Plant** or **Apparatus**, and including where providing via an aggregator) any other **Balancing Service** to **NGESO** or any similar service to any third party (which for these purposes shall exclude participation in **Active Network Management Schemes**); and
- 4.2.4 have associated **DFS Initiation Measures**, which shall include a process whereby, following each **DFS Acceptance**, the **Registered DFS Participant** will request the owner and/or occupier associated with each **Unit Meter Point** to confirm to the **Registered DFS Participant** its participation in the delivery of **DFS** in any **Contracted Settlement Period**.
- 4.3 As part of the **Registration and Pre-Qualification Procedure**, each **Registered Service Provider** shall describe the **DFS Initiation Measures** associated with each **DFS Unit**, which may not then be changed except with **NGESO's** prior agreement in writing.
- 4.4 Each **Registered Service Provider** shall retain for the duration of the **DFS Procurement Period** and for six (6) months thereafter a complete and accurate record of all **Unit Meter Points** allocated to each **DFS Unit** registered from time to time with **NGESO**, and such records shall promptly be made available to **NGESO** on request in writing.
- 4.5 **NGESO's** prior approval in writing shall be required to the marketing and/or branding of any product offered by the **Registered DFS Participant** to consumers and other relevant third parties in connection with the **DFS Initiation Measures** (including any such products offered by third parties on its behalf) including all references express or implied to **NGESO** and the procurement and delivery of the **Demand Flexibility Service**.
5. **Registration as Registered DFS Participant**
- 5.1 No **Registered Service Provider** may participate in **NGESO's** procurement of the **Demand Flexibility Service** unless and until **NGESO** has confirmed that it is a **Registered DFS Participant** in accordance with the **Registration and Pre-Qualification Procedure**.

5.2 Where **NGESO** determines (acting reasonably) that:-

- 5.2.1 any details provided, including confirmations and declarations given, by a **Registered Service Provider** pursuant to the **Registration and Pre-Qualification Procedure** are no longer true and/or accurate; and/or
- 5.2.2 having regard to monitoring of **Performance Data** and/or **Settlement Data** pursuant to the **DFS Service Terms** or otherwise, a **Registered DFS Participant** is materially and/or persistently failing to deliver the **Demand Flexibility Service** from one or more **DFS Units** in accordance with its submitted **Demand Reduction Volumes**; and/or
- 5.2.3 the **Registered DFS Participant** has persistently failed to provide compliant **Performance Data** in a timely manner; and/or
- 5.2.4 without prejudice to the foregoing, a **Registered Service Provider** is materially and/or persistently in breach of any of the warranties and undertakings in paragraph 12.1 and/or any of its obligations under these **DFS Procurement Rules** or the **DFS Service Terms**,

then **NGESO** may (but shall not be obliged to) de-register the relevant entity as a **Registered DFS Participant**. Such de-registration shall be notified by **NGESO** to the **Registered DFS Participant** by email, whereupon no further **DFS Bids** may be submitted by that **Registered Service Provider** unless and until it is re-registered in accordance with the **Registration and Pre-Qualification Procedure**.

## 6. DFS Operational Baselines

- 6.1 Each **DFS Unit** shall be associated with a **DFS Unit Type** as notified by the **DFS Registered Participant** pursuant to the **Registration and Pre-Qualification Procedure**, and its **DFS Operational Baseline** shall be derived from the methodology set out in Schedule 3.
- 6.2 The **Demand Reduction Volume** offered from time to time by the **Registered DFS Participant** from a **DFS Unit** as part of a **DFS Bid** shall be such amount as is reasonably considered by the **Registered DFS Participant** (acting in accordance with **Good Industry Practice**) to be deliverable in aggregate from the relevant **Unit Meter Points** by reference to that **DFS Unit's DFS Operational Baseline** (as determined by its **DFS Unit Type**) and on the basis that the applicable **DFS Initiation Measures** are implemented in full.

## 7. Onboarding Tests

- 7.1 Following confirmation from **NGESO** that a **Registered Service Provider** has been registered as a **Registered DFS Participant**, and subject always to the **Registered DFS Participant** having registered one or more **DFS Units**, the **Registered DFS Participant** shall be entitled to have two (2) **Onboarding Tests** carried out during the next following complete calendar month under and in accordance with this paragraph 7.
- 7.2 Each **Onboarding Test** shall relate to all **DFS Units** registered by the **Registered DFS Participant**, and shall be for a single one (1) hour **DFS Service Window**.
- 7.3 **NGESO** may elect to carry out **Onboarding Tests** with more than one **Registered DFS Participant** on the same **Day** (for the same or different **DFS Service Windows**).
- 7.4 With respect to each **Onboarding Test**:-
  - 7.4.1 the start and end time of the **DFS Service Window** shall be determined by **NGESO** at its sole discretion and notified to the relevant **Registered DFS**

**Participant(s)** via email by way of an **Anticipated DFS Requirement Notice** and a **Service Requirement** each of which shall be indicated as an **Onboarding Test**;

- 7.4.2 **NGESO** shall additionally publicise that an **Onboarding Test** is planned to take place by notification on the **ESO Data Portal** and/or on its website (which notification may identify the **Registered DFS Participant**)
- 7.4.3 the **Onboarding Test** may be cancelled by **NGESO** for any reason at any time prior to issue of the **Service Requirement**, including by the notification to all **Registered DFS Participants** and publication on the **ESO Data Portal** that **Day** of a **Service Requirement** (not being an **Onboarding Test** or **Regular Test**), whereupon for the avoidance of doubt the cancelled **Onboarding Test** shall not count towards the entitlement specified in paragraph 7.1;
- 7.4.4 in response to a **Service Requirement**, the **Registered DFS Participant** may submit a **DFS Bid** in accordance with paragraph 10 and in respect of which **NGESO** shall be obliged to issue a **DFS Acceptance** in accordance with paragraph 13 except where paragraph 7.4.6 applies;
- 7.4.5 where the **Registered DFS Participant** fails to submit a **DFS Bid** in response to a **Service Requirement**, the **Onboarding Test** shall be deemed to be cancelled and the cancelled **Onboarding Test** shall be treated as having been carried out for the purposes of the entitlement specified in paragraph 7.1; and
- 7.4.6 with respect to any **DFS Bid** submitted in response to a **Service Requirement**, **NGESO** shall not be obliged to issue a **DFS Acceptance** if the **Utilisation Price** exceeds the **Guaranteed Acceptance Price**.
- 7.5 If at the expiry of the first complete calendar month referred to in paragraph 7.1 there remains one or both **Onboarding Tests** still to be carried out, then the entitlement to such **Onboarding Test(s)** not so carried out shall be carried forward into the next following calendar month(s) until both **Onboarding Tests** shall have been carried out unless in the calendar month from which the entitlement to such **Onboarding Test(s)** are to be carried forward **NGESO** shall have issued five (5) or more **Service Requirements**.
- 7.6 If by expiry of the **DFS Procurement Period** (ignoring any **Extension Period**) there remains any **Onboarding Tests** outstanding, then the **Registered DFS Participant** may be entitled to a payment from **NGESO** under and in accordance with the **DFS Service Terms**.
- 7.7 Notwithstanding the foregoing provisions of this paragraph 7, **NGESO** shall not be obliged to undertake any **Onboarding Test** during any **Extension Period**.

## 8. Weekly Indicative Forecasts

- 8.1 Each **Registered DFS Participant** shall use reasonable endeavours to provide to **NGESO** a weekly forecast of its anticipated maximum aggregate **Demand Reduction Volumes** together with its indicative **Utilisation Prices**, across each of its **DFS Units**, each such forecast referred to in the **DFS Procurement Documentation** as “the **Weekly Indicative Forecast**”.
- 8.2 The **Weekly Indicative Forecast** shall:-
- 8.2.1 be submitted to **NGESO** at or around 10.00 hours on each Friday to the email account designated by **NGESO** for such purpose;

- 8.2.2 include the details specified in paragraph 8.1 for each **Settlement Period** in each of the **Days** from and including the next following Saturday to and including the next following Friday; and
- 8.2.3 be in such format as may be specified from time to time by **NGESO**.
- 8.3 For the avoidance of doubt, failure to submit a timely **Weekly Indicative Forecast** on any Friday shall not disqualify the **Registered DFS Participant** from eligibility to submit **DFS Bids** with respect to any **Service Requirement** notified by **NGESO** with respect to the relevant **Day**.

## 9. Service Requirement

- 9.1 If **NGESO** anticipates that it may have a **Service Requirement** for any **Day**, including by way of a **Regular Test** pursuant to paragraph 9.4, then it may (but shall not be obliged to) publish such anticipated **Service Requirement** at or around 10.00 hours on the immediately preceding **Day**, each such publication referred to in the **DFS Procurement Documentation** as an “**Anticipated DFS Requirement Notice**”.
- 9.2 For the avoidance of doubt, each **Anticipated DFS Requirement Notice** shall be non-binding and accordingly shall not in any way commit **NGESO** to issue a **Service Requirement**.
- 9.3 At or around 14.30 hours on any **Day**, and irrespective of whether **NGESO** shall have published an **Anticipated DFS Requirement Notice**, **NGESO** may (but shall not be obliged to) notify a service requirement for **DFS** for the following **Day**, each such requirement referred to in the **DFS Procurement Documentation** as the “**Service Requirement**”.
- 9.4 Notwithstanding paragraphs 9.1 and 9.2, **NGESO** shall use reasonable endeavours to notify a **Service Requirement** on two (2) occasions in each calendar month during the **DFS Procurement Period** (but excluding any **Extension Period**) by way of a **Regular Test**, and in connection therewith:-
- 9.4.1 **NGESO** shall issue an **Anticipated DFS Requirement Notice** indicating that it anticipates issuing a **Service Requirement** as a **Regular Test**;
- 9.4.2 **NGESO**'s **Service Requirement** shall also indicate that it is issued pursuant to a **Regular Test** and **NGESO** shall simultaneously notify and publish the **Guaranteed Acceptance Price**;
- 9.4.3 a **Regular Test** may be cancelled by **NGESO** for any reason at any time prior to issue of the **Service Requirement**, including by the notification to all **Registered DFS Participants** and publication on the **ESO Data Portal** that **Day** of a **Service Requirement** (not being an **Onboarding Test** or **Regular Test**), whereupon for the avoidance of doubt the **Guaranteed Acceptance Price** shall no longer apply and the cancelled **Regular Test** shall not count towards the stipulated number of **Regular Tests** referred to above;
- 9.5 If at the end of any calendar month there remains one or both **Regular Tests** still to be carried out, then the entitlement to such **Regular Test(s)** not so carried out shall be carried forward into the next following calendar month(s) unless in the calendar month from which the entitlement to such **Regular Test(s)** are to be carried forward **NGESO** shall have issued five (5) or more **Service Requirements**.
- 9.6 If by expiry of the **DFS Procurement Period** (ignoring any **Extension Period**) there remains any **Regular Tests** outstanding, then the **Registered DFS Participant** shall be entitled to a payment from **NGESO** under and in accordance with the **DFS Service Terms**.

9.7 Notification of a **Service Requirement** shall be via email to each **Registered DFS Participant**, and **NGESO** shall also publish each **Service Requirement** on the **ESO Data Portal**.

9.8 Each **Service Requirement** shall set out the following:-

9.8.1 the **DFS Service Window(s)**; and

9.8.2 its total required volume (MW) of **Demand Flexibility**.

## 10. Submission of DFS Bids

10.1 By no later than 15.30 hours following issue of a **Service Requirement** (or if a **Service Requirement** is issued after 14:30 hours, by no later than sixty (60) minutes following issue of that **Service Requirement**) and with respect to any **DFS Unit**, a **Registered DFS Participant** may (but shall not be obliged to) submit **DFS Bid(s)** for any or all of the **Settlement Periods** contained in, a **DFS Service Window**, in accordance with the following provisions of this paragraph 10.

10.2 Each **DFS Bid** shall relate to a single **Settlement Period** comprised within the **DFS Service Window**, and in response to any **Service Requirement** a **Registered DFS Participant** may submit:-

10.2.1 multiple **DFS Bids** for the same **DFS Unit** but for different **Settlement Periods**; and

10.2.2 multiple **DFS Bids** for different **DFS Units** for the same **Settlement Period**,

but multiple **DFS Bids** for a single **DFS Unit** may not be submitted for the same **Settlement Period**.

10.3 **DFS Bids** received after the time specified in paragraph 10.1 shall be considered null and void regardless of cause unless otherwise decided by **NGESO** at its sole discretion.

10.4 To be valid, each **DFS Bid** will need to be submitted to the email account designated by **NGESO** for such purpose, be fully completed in accordance with paragraph 10.5 and be in the correct format as specified from time to time by **NGESO** which unless otherwise specified by **NGESO** in writing shall be a composite submission containing all **DFS Bids** for all of the **Registered DFS Participant's DFS Units**.

10.5 Each **DFS Bid** shall include:-

10.5.1 the name of the **Registered DFS Participant**;

10.5.2 the **DFS Unit** (by reference to its "portfolio name" allocated to it);

10.5.3 the applicable **Settlement Period** over which the **DFS Bid** is defined;

10.5.4 a utilisation price (in £/MWh, where the applicable pound and pence figures shall each be an integer); and

10.5.5 the offered **Demand Reduction Volume** (in MW), which shall:-

(a) be derived in accordance with paragraph 6;

(b) be an integer not less than the **Minimum Bid Size** and not exceeding the **Maximum Bid Size** (or such other maximum limit which may be specified from time to time by **NGESO**); and



- (c) not in any event exceed the relevant **DFS Unit's Registered Unit Capacity**.
- 10.6** Where a **Registered DFS Participant** wishes to modify or withdraw a **DFS Bid** with respect to any **Settlement Period**, then subject always to paragraph 10.7 it may do so by resubmission of the relevant **DFS Bid(s)** in accordance with paragraphs 10.1 to 10.5 inclusive.
- 10.7** After the time specified in paragraph 10.1, **DFS Bids** may not be modified or withdrawn by the **Registered DFS Participant** and shall become irrevocable subject always to paragraph 10.13, and if subject to a **DFS Acceptance** issued by **NGESO** pursuant to paragraph 12 shall be binding on the **Registered DFS Participant** upon the terms of the **DFS Service Terms**.
- 10.8** Where, in relation to any **DFS Unit**, any **DFS Bid** is submitted for a **Settlement Period** which is the subject of a valid **DFS Bid** previously submitted for that **DFS Unit** and **Settlement Period**, then the earlier **DFS Bid** shall be treated as withdrawn.
- 10.9** Validation of **DFS Bids** will be undertaken by **NGESO** at the time of submission, and without prejudice to paragraph 10.13 all submitted **DFS Bids** so validated remain valid and open for acceptance by **NGESO** by way of a **DFS Acceptance** submitted pursuant to paragraph 10 unless and until the **DFS Bid** is either:-
- 10.9.1** modified by the **Registered DFS Participant** pursuant to paragraph 10.6; or
  - 10.9.2** withdrawn by the **Registered DFS Participant** pursuant to paragraph 10.6 (including in the manner described in paragraph 10.8).
- 10.10** Each **Registered DFS Participant** is responsible for ensuring that the **DFS Bids** it submits are correct and valid.
- 10.11** Subject always to paragraph 10.13, upon becoming aware of any error in a **DFS Bid**, the **Registered DFS Participant** shall modify the **DFS Bid** in accordance with paragraph 10.6 where possible otherwise shall notify **NGESO** immediately, provided that in such event there shall be no obligation on **NGESO** to take any steps to avoid or mitigate any potential losses to the **Registered DFS Participant**.
- 10.12** **DFS Bids** submitted by **Registered DFS Participants** shall not be visible to other **Registered DFS Participants** until publication in the **DFS Utilisation Report** in the manner described in paragraph 16.
- 10.13** If, in the sole judgment of **NGESO**, a **Registered DFS Participant** has failed to submit a correct and valid **DFS Bid** in accordance with this paragraph 10, **NGESO** reserves the right to:-
- 10.13.1** deem that **DFS Bid** to be valid and correct; or
  - 10.13.2** cancel that **DFS Bid**; and/or
  - 10.13.3** take any other action as it deems appropriate in the circumstances including requesting the **Registered DFS Participant** to resubmit and/or amend the **DFS Bid** so that it is correct and valid.
- 10.14** The decision of **NGESO** as to whether or not a **DFS Bid** is correct and valid shall be final, and the **Registered DFS Participant** may be notified of such decision without prior consultation or explanation.

## 11. Assessment of DFS Bids

- 11.1 All submitted **DFS Bids** shall be assessed by **NGESO** in accordance with this paragraph 11 save that, with respect to all **Onboarding Tests** and **Regular Tests**, **DFS Bids** for which the **Utilisation Price** is at or below the **Guaranteed Acceptance Price** will not be assessed and **NGESO** will issue **DFS Acceptances** in accordance with paragraph 13.
- 11.2 All valid **DFS Bids** shall be ranked by price (from lowest to highest) and (subject to paragraph 11.3) accepted until **NGESO** has secured its required aggregate volume for the relevant **Settlement Period**, and for such purpose the required aggregate volume shall be based on the published **Service Requirement** but adjusted by **NGESO** at its sole discretion to reflect:-
- 11.2.1 prevailing system conditions; and/or
- 11.2.2 submitted **Utilisation Prices** where procurement would be uneconomic.
- 11.3 Since **DFS Bids** shall not be curtailable as provided in paragraph 13.3, **NGESO** may at its sole discretion either accept in full or reject the marginal **DFS Bid** if to accept would result in **NGESO** securing in excess of its required aggregate volume.
- 11.4 Where there is more than one marginal **DFS Bid**, and subject always to paragraph 11.3, **NGESO** shall accept the **DFS Bid** whose offered **Demand Reduction Volume** most closely meets **NGESO's** required aggregate volume, and where offered **Demand Reduction Volumes** of one or more **DFS Bids** are identical then **NGESO** shall accept the **DFS Bid** with the lowest last resort rank factor.
- 11.5 For the purposes of paragraph 11.4, all valid **DFS Bids** shall be assigned by **NGESO** with a unique last resort rank factor.

## 12. Warranties and Undertakings

- 12.1 Without prejudice to its other obligations under and/or pursuant to the **DFS Procurement Documentation** and subject to clauses 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein:-
- 12.1.1 **NGESO** and each **Registered DFS Participant** warrants and undertakes to the other in the manner set out in paragraph 6.1 of the prevailing **Common Flexibility Service Terms and Conditions** as if set out in full herein; and
- 12.1.2 on each occasion it submits a **DFS Bid**, the **Registered DFS Participant** warrants and undertakes to **NGESO**:-
- (a) that each of the **Unit Meter Points** allocated to the relevant **DFS Unit** complies with paragraph 4,2,3;
  - (b) that it has access to the **Metered Data** for each of the **Unit Meter Points** allocated to the relevant **DFS Unit** for all purposes connected with the **DFS Procurement Documentation**;
  - (c) that it has access to all necessary data for each of the **Unit Meter Points** allocated to the relevant **DFS Unit** which is **Half-Hourly Settled** for the purpose of including energy volumes within the **Applicable Balancing Services Volume Data** pursuant to the **DFS Service Terms**;
  - (d) that no **Unit Meter Point** allocated to a **DFS Unit** registered by another **DFS Registered Participant**; and

- (e) in the manner set out in paragraph 6.2 of the prevailing **Common Flexibility Service Terms and Conditions** as if set out in full herein.

**12.2** Without prejudice to any other right or remedy, **NGESO** and the **Registered DFS 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 12 subject to clauses 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein.

**12.3** Each **Registered DFS Participant** indemnifies **NGESO** from and against any losses, liabilities, claims, expenses and demands which **NGESO** might suffer as a result of the **Registered DFS Participant** being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 12.1.2.

### 13. DFS Acceptances

**13.1** At or around 16.30 hours following issue of a **Service Requirement**, **NGESO** shall notify all of those **Registered DFS Participants** who submitted **DFS Bids** whether each **DFS Bid** was accepted or rejected in accordance with paragraph 11, and each such notification of acceptance is referred to in the **DFS Procurement Documentation** as a “**DFS Acceptance**”.

**13.2** All notifications from **NGESO** pursuant to paragraph 13.1 shall be submitted to the email account designated by the **Registered DFS Participant** for such purpose pursuant to the **Registration and Pre-Qualification Procedure**.

**13.3** **NGESO** may only accept a **DFS Bid** in full (both as to period and volume), and to that extent all **DFS Bids** shall be treated as non-curtable.

**13.4** For the avoidance of doubt, where with respect to any **Service Requirement** a **Registered DFS Participant** has submitted multiple **DFS Bids** for a **DFS Unit**, **DFS Acceptances** may relate to one or more of such **DFS Bids** and where multiple **DFS Bids** are accepted which relate to the same **DFS Unit** the relevant **Settlement Periods** do not need to be consecutive.

**13.5** **Registered DFS Participants** shall acknowledge receipt of each **DFS Acceptance** by email to **NGESO** within thirty (30) minutes of receipt of the **DFS Acceptance**.

### 14. Delivery of DFS

**14.1** Each **Registered DFS Participant** in receipt of a **DFS Acceptance** shall provide the **Demand Flexibility Service** from the applicable **DFS Unit** during the applicable **Contracted Settlement Period** pursuant to and in accordance with the **DFS Service Terms**, and for the avoidance of doubt once an **DFS Acceptance** is issued by **NGESO** no further instruction or confirmation shall be given by **NGESO** to the **Registered DFS Participant**.

**14.2** Each **DFS Bid** and the contract formed between **NGESO** and the **Registered DFS Participant** upon issue of a **DFS Acceptance** shall be personal to **NGESO** and the **Registered DFS Participant** and neither **Party** shall assign, transfer, mortgage, charge, sub-contract or deal in any other manner with any or all of its rights and obligations thereunder except as may be permitted by the **DFS Service Terms** or in accordance with paragraph 22 of the prevailing **Common Flexibility Service Terms and Conditions** as if such provision was set out in full herein.

### 15. Updated Volume Forecasts

**15.1** Each **Registered DFS Participant** receiving a **DFS Acceptance** in any **Day** shall use reasonable endeavours to provide to **NGESO** an update of the offered **Demand**

**Reduction Volumes** the subject of that and all other **DFS Acceptances** received in that **Day**. Such aggregate **Demand Reduction Volumes** shall be shown by **GSP Group**, and are referred to in the **DFS Procurement Documentation** as “the **Updated Volume Forecast**”.

- 15.2** The **Updated Volume Forecast** shall specify the **Registered DFS Participant**'s best estimate of the aggregate volume capable of being delivered as **DFS** across all relevant **Unit Meter Points** in each **GSP Group**, taking into account all and any responses received from the owners or occupiers of relevant **Unit Meter Points** following implementation of the **DFS Initiation Measures** as more particularly described in paragraph 4.2.4, and for the avoidance of doubt shall be indicative only and non-binding.
- 15.3** Each **Updated Volume Forecast** shall be submitted to **NGESO** at or around 10.00 hours on the **Day** in which the **Contracted Settlement Period** falls or (if earlier) the time four (4) hours prior to commencement of the **Contracted Settlement Period**, and shall be in such format as may be specified from time to time by **NGESO**.
- 15.4** For the avoidance of doubt, failure to submit a timely **Updated Volume Forecast** shall not affect the provisions of the **DFS Service Terms** as regards delivery of, and payment for, the **Demand Flexibility Service**.

## **16. DFS Utilisation Reports**

- 16.1** As soon as reasonably practicable following notification of **DFS Acceptances**, **NGESO** shall publish (and may subsequently revise) on the **ESO Data Portal** and/or on its website the **DFS Utilisation Report**.
- 16.2** Each **DFS Utilisation Report** may (at **NGESO**'s sole discretion) include in relation to each **DFS Service Window** and for each **DFS Bid**:-
- 16.2.1** the information contained in paragraph 10.5; and
- 16.2.2** whether or not it was the subject of a **DFS Acceptance**.

## **17. Confidentiality**

- 17.1** Subject always to paragraphs 17.2 and 17.3, the provisions of paragraph 16.2.2 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply to all and any information provided by **NGESO** or any **Registered DFS Participant** to the other (whether orally or in writing) pursuant to or in connection with these **DFS Procurement Rules** as if set out in full herein.
- 17.2** Each **Registered DFS Participant** agrees to the publication by **NGESO** of the information contained in the **DFS Utilisation Reports**, including in a non-anonymised form, insofar as relating directly or indirectly to the **Registered DFS Participant** and the relevant **DFS Unit**.
- 17.3** Without limiting paragraph 17.2, each **Registered DFS Participant** also agrees to:-
- 17.3.1** the disclosure by **NGESO** to the relevant **Public Distribution System Operator** of information related to any **DFS Bid** (whether or not accepted) insofar as relevant to the management and operation of its **Distribution System**, including without limitation the **DFS Unit Type** and **Registered Unit Capacity** of the relevant **DFS Unit** and the location of any or all of the constituent **Unit Meter Points**;
- 17.3.2** the publication by **NGESO** of aggregated (and anonymised) **Updated Volume Forecasts**; and

- 17.3.3 the general publication by **NGESO** of anonymised data associated with **DFS Bids** aggregated by **DFS Unit Type** and/or **GSP Group**.

## 18. Exceptional Circumstances

- 18.1 If an exceptional situation arises, in particular if a system or the information needed to receive and/or assess **DFS Bids** is unavailable or if an incident prevents the procurement of **DFS** in normal circumstances, then **NGESO** may take any or all of the following measures (at its sole discretion):-

- 18.1.1 modify any or all of the deadlines in these **DFS Procurement Rules**;
- 18.1.2 authorise **Registered DFS Participants** to submit new **DFS Bids** or modify existing **DFS Bids**;
- 18.1.3 authorise **Registered DFS Participants** to submit **DFS Bids** otherwise than in accordance with paragraph 10;
- 18.1.4 cancel any Service Requirement at any time prior to issue of **DFS Acceptances**; and/or
- 18.1.5 take such other actions or steps as it reasonably considers to be necessary.

## 19. Accuracy of Information

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

## 20. Intellectual Property

- 20.1 **NGESO** and each **Registered DFS 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 **DFS Procurement Rules**.
- 20.2 Each **Registered DFS Participant** undertakes to **NGESO** that it will at all times when participating in **NGESO's** procurement of the **Demand Flexibility Service**, 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 such procurement.
- 20.3 Each **Registered DFS Participant** shall comply (and use reasonable endeavours to ensure that its staff and other representatives comply) with all and any applicable user licences and terms of use of which the **Registered DFS Participant** is aware governing use by the **Registered DFS Participant** of the systems or software applications comprised in the **NGESO's** processes for procurement of the **Demand Flexibility Service**.
- 20.4 Each **Registered DFS Participant** indemnifies and keeps indemnified **NGESO** 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 participation by the **Registered DFS Participant** in **NGESO's** procurement processes in breach of any user licence or terms of use referred to in paragraph 20.3 of which it is aware.
- 20.5 **NGESO** shall procure such third-party intellectual property authorisations as may be necessary to enable the **Registered DFS Participant** to participate in **NGESO's** processes for procurement of the **Demand Flexibility Service**.

**20.6** **NGESO** shall indemnify and keep indemnified the **Registered DFS Participant** from and against any claims from a third party if and to the extent that the **Registered DFS Participant's** participation in **NGESO's** processes for procurement of the **Demand Flexibility Service** infringes a third party's intellectual property rights or other property rights.

**20.7** In respect of the indemnities given in paragraphs 20.4 and 20.6 the indemnified party shall:-

**20.7.1** notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 20, "**IPR Claim**");

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

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

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

## **21. Costs**

**21.1** For the avoidance of doubt, each **Registered DFS Participant** shall remain responsible for all costs and expenses incurred by it in connection with these **DFS Procurement Rules** including all costs of registration, pre-qualification and allocation of assets, and preparing and submitting **DFS Bids**, **Weekly Indicative Forecasts** and **Updated Volume Forecasts**.

## **22. Notices**

**22.1** Save to the extent the manner of communication between **NGESO** and **Registered DFS Participants** is stipulated in the **Registration and Pre-Qualification Procedure**, paragraph 20 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply as if set out in full herein to any notice required to be submitted under these **DFS Procurement Rules** by either **NGESO** or the **Registered DFS Participant** to the other.

**22.2** For the purposes of paragraph 22.1, the relevant contact details and addresses of each **Party** shall be those notified from time to time by that **Party** to the other pursuant to the **Registration and Pre-Qualification Procedure**.

## **23. Dispute Resolution**

**23.1** The provisions of paragraph 18 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply in relation to any dispute or difference of whatever nature however arising under, out of, or in connection with these **DFS Procurement Rules** as if set out in full herein, save that:-

**23.1.1** no **Party** shall have any right to refer any dispute to an **Expert** for determination except where the dispute is stated in these **DFS Procurement Rules** to be referable to an **Expert** for determination or otherwise agreed in writing by the **Parties** to be so referable;

**23.1.2** nothing in this paragraph 20 shall prevent the **Parties** from agreeing to resolve any dispute or difference through the courts in which case paragraph 24.1 shall apply; and

**23.1.3** where any dispute is referred to arbitration, the Electricity Arbitration Association arbitration rules shall apply unless otherwise agreed in writing by

the **Parties** (and paragraph 18 of the prevailing **Common Flexibility Service Terms and Conditions** shall be read and construed accordingly).

**24. Governing Law and Jurisdiction**

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

**24.2** Subject always to paragraph 23, **NGESO** and each **Registered DFS 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 **DFS 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.

Consultation Draft

## Schedule 1 – Defined Terms

“Active Network Management Scheme”	a scheme operated by a <b>Public Distribution System Operator</b> which is designed to continually monitor in real time constraints on an area of the network for the purpose of allocation of available capacity;
“Anticipated DFS Requirement Notice”	as defined in paragraph 9.1 of these <b>DFS Procurement Rules</b> ;
“Base Rate”	in respect of any <b>Day</b> , the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding <b>Business Day</b> ;
“Boundary Point Metering System”	as defined in the <b>BSC</b> ;
“Capacity Agreement”	as defined in the <b>Capacity Market Rules</b> ;
“Clean Energy Regulation”	the English version of Commission Regulation (EU) 2019/943 of 5 June 2019 as converted into <b>Retained EU Law</b> ;
“CM Delivery Period”	the “Delivery Period” as defined in the <b>Capacity Market Rules</b> ;
“CMU”	as defined in the <b>Capacity Market Rules</b> ;
“Contracted Settlement Period”	a <b>Settlement Period</b> comprising all or a part of a <b>DFS Service Window</b> defined by the relevant <b>DFS Bid</b> the subject of a <b>DFS Acceptance</b> ;
“Curtaillable”	the capability of a <b>DFS Bid</b> to be partially accepted;
“Day”	a calendar day;
“Delivered Demand Reduction Volume”	in respect of any <b>DFS Unit</b> and <b>Contracted Settlement Period</b> , the actual aggregate demand reduction (in MWh) delivered from the constituent <b>Unit Meter Points</b> against the <b>DFS Operational Baseline</b> , derived from <b>Half Hourly Metering</b> ;
“Demand Flexibility Service”	a <b>Balancing Service</b> designed to allow <b>NGESO</b> to access downward flexibility from assets that would not otherwise be accessible in real time (including through the <b>Balancing Mechanism</b> );
“Demand Reduction Volume”	in respect of any <b>DFS Unit</b> , the volume of aggregate demand reduction from the constituent <b>Unit Meter Points</b> offered by the <b>Registered DFS Participant</b> as specified in its <b>DFS Bid</b> ;
“DFS Acceptance”	as defined in paragraph 13.1 of these <b>DFS Procurement Rules</b>



“DFS Bid”	in respect of a <b>DFS Unit</b> , an bid submitted by a <b>Registered DFS Participant</b> in accordance with these <b>DFS Procurement Rules</b> for the delivery upon and subject to the <b>DFS Service Terms</b> of the <b>Demand Flexibility Service</b> during a single <b>Settlement Period</b> comprising all or part of an <b>DFS Service Window</b> ;
“DFS Initiation Measures”	means such actions and processes as shall be implemented by the <b>Registered DFS Participant</b> following submission by <b>NGESO</b> of a <b>DFS Acceptance</b> so as to deliver <b>Demand Reduction Volume</b> , as more particularly described by the <b>Registered DFS Participant</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> ;
“DFS Operational Baseline”	in respect of any <b>DFS Unit</b> , means the assumed aggregate demand profile of the constituent <b>Unit Meter Points</b> designated to that <b>DFS Unit</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> expressed as an average MWh over the relevant <b>Contracted Settlement Period</b> and as more particularly described in Schedule 3;
“DFS Procurement Documentation”	as described in paragraph 1.2 of these <b>DFS Procurement Rules</b> ;
“DFS Procurement Period”	the period over which <b>NGESO</b> intends to procure the <b>Demand Flexibility Service</b> as described in paragraph 2.1 of these <b>DFS Procurement Rules</b> ;
“DFS Procurement Rules”	this document as published by <b>NGESO</b> from time to time;
“DFS Service Terms”	the prevailing document titled “ <b>DFS Service Terms</b> ” published by or on behalf of <b>NGESO</b> from time to time containing the terms and conditions governing the delivery and settlement of the <b>Demand Flexibility Service</b> ;
“DFS Service Window”	a single <b>Settlement Period</b> or consecutive <b>Settlement Periods</b> the subject of a <b>Service Requirement</b> ;
“DFS Unit”	a single <b>DFS Unit Type</b> comprising a collection of <b>Unit Meter Points</b> registered as such by a <b>Registered DFS Participant</b> at the relevant time in accordance with the <b>Registration and Pre-Qualification Procedure</b> ;
“DFS Unit Type”	either ‘Domestic’ or ‘Industrial and Commercial (I&C)’, as more particularly described in Schedule 3 and the <b>Registration and Pre-Qualification Procedure</b> ;
“DFS Utilisation Report”	the report (which may comprise more than one document, published separately) published by <b>NGESO</b> pursuant to paragraph 16 of these <b>DFS Procurement Rules</b> ;

“DRSC Liable User”	any <b>Registered DFS Participant</b> whose receipt of a <b>DFS Acceptance</b> renders it a <b>Demand Response Provider</b> by virtue of the relevant <b>DFS Unit</b> comprising a source of controllable <b>Demand</b> ;
“Electricity Balancing Regulation”	the English version of Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into <b>Retained EU Law</b> ;
“ESO Data Portal”	the online portal hosted by <b>NGESO</b> which is used to publish data related to its procurement of certain <b>Balancing Services</b> ;
“Extension Period”	any period beyond 31 March 2023 which extends the <b>DFS Procurement Period</b> as may be published and/or notified by <b>NGESO</b> pursuant to paragraph 2.1 of these <b>DFS Procurement Rules</b> ;
“Grid Supply Point”	as defined in the <b>Grid Code</b> ;
“Grid Supply Point Group” or “GSP Group”	the meaning given to “GSP Group” in the <b>BSC</b> ;
“Guaranteed Acceptance Price”	the price (£/MWh) published by <b>NGESO</b> from time to time with respect to <b>Onboarding Tests</b> and <b>Regular Tests</b> ;
“Half-Hourly Metering”	<b>Metered Data</b> provided from a <b>Meter</b> at half-hourly resolution (or smaller) for settlement purposes, and “ <b>Half-Hourly Metered</b> ” shall be construed accordingly;
“Half-Hourly Settled”	a <b>Meter</b> whose <b>Half-Hourly Metering</b> is used directly to calculate the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b> ;
“IPR Claim”	as defined in paragraph 20 of these <b>DFS Procurement Rules</b> ;
“Maximum Bid Size”	100MW;
“Metered Data”	consumption data recorded by a <b>Meter</b> ;
“Metering Equipment”	as defined in the <b>BSC</b> ;
“Minimum Bid Size”	1MW;
“Monthly Statement”	as defined in schedule 3 of the <b>DFS Service Terms</b> ;
“Non-Half-Hourly Settled”	a <b>Meter</b> whose <b>Metered Data</b> is subject to application of a load profile before being applied towards the calculation of the half-hourly imbalance position attributable to a <b>Responsible Party</b> under and for the purposes of the <b>BSC</b> ;

“Non-Participating”	means, in respect of any <b>Unit Meter Point</b> and <b>Contracted Settlement Period</b> , that such <b>Unit Meter Point</b> (1) was not included by the <b>Registered DFS Participant</b> in the <b>DFS Initiation Measures</b> for the relevant <b>DFS Acceptance</b> and/or (2) the relevant owner or occupier did not accept its participation in the delivery of <b>DFS</b> as more particularly described in paragraph 4.2.4 of these <b>DFS Procurement Rules</b> and/or (3) the <b>Metered Data</b> for that <b>Unit Meter Point</b> showed an increase in <b>Demand</b> over that <b>Contracted Settlement Period</b> ;
“Performance Data”	as defined in paragraph 7.2 of the <b>DFS Service Terms</b> ;
“Registered Unit Capacity”	in relation to any <b>DFS Unit</b> , the maximum <b>Demand Reduction Volume</b> capable of being delivered as <b>Demand Flexibility</b> as validated by <b>NGESO</b> ;
“Registered DFS Participant”	a <b>Registered Service Provider</b> who has registered with <b>NGESO</b> pursuant to the <b>Registration and Pre-Qualification Procedure</b> as eligible to participate in the procurement of the <b>Demand Flexibility Service</b> , which shall include acceding to the <b>DFS Procurement Documentation</b> ;
“Registered Service Provider”	an entity who has submitted the relevant registration documents and to whom <b>NGESO</b> has confirmed is subsequently registered as such in each case pursuant to the <b>Registration and Pre-Qualification Procedure</b> ;
“Registration and Pre-Qualification Procedure”	the procedure and processes described in Schedule 2 of these <b>DFS Procurement Rules</b> ;
“Registration Documents”	such documents and/or processes as <b>NGESO</b> may stipulate from time to time pursuant to the <b>Registration and Pre-Qualification Procedure</b> , including without limitation Forms A, B and C;
“Retained EU Law”	as defined by section 6(7) of the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement Act) 2020;
“Regular Test”	a <b>Service Requirement</b> issued in the circumstances described in paragraph 9.4 of these <b>DFS Procurement Rules</b> ;
“Service Requirement”	as defined in paragraph 9.3 of these <b>DFS Procurement Rules</b> ;
“Settlement Data”	as defined in paragraph 8.2 of the <b>DFS Service Terms</b> ;

“Single Market Platform”	the online platform hosted by <b>NGESO</b> comprising (inter alia) the <b>Registration and Pre-Qualification Procedure</b> and which facilitates the registration of <b>Registered DFS Participants</b> and <b>DFS Units</b> ;
“Supplier Base BM Unit”	a <b>BM Unit</b> registered to a licensed supplier pursuant to paragraph 3.3.1 of Section K of the <b>BSC</b> ;
“Unit Meter Points”	the consumption or demand of relevant premises <b>Metered</b> by a <b>Boundary Point Metering System</b> and identified by a unique ‘Meter Point Administration Number’ or MPAN;
“Updated Volume Forecast”	as defined in paragraph 15.1 of these <b>DFS Procurement Rules</b> ;
“Utilisation Price”	the price described as such in paragraph 10.5.4 and specified in the relevant <b>DFS Bid</b> ;
“Weekly Indicative Forecast”	as defined in paragraph 8.1 of these <b>DFS Procurement Rules</b> ;

## Schedule 2 - Registration and Pre-Qualification Procedure

### Summary

For an entity to register as a **Registered DFS Participant**, it must first become a **Registered Service Provider** by submitting its corporate details onto **NGESO** systems and (if accepted) receiving a user ID.

Once registration is complete, a **Registered Service Provider** may then register with **NGESO** one or more **DFS Units**, each of a designated **DFS Unit Type** and with a **Registered Unit Capacity**, and in respect of which it may participate in **NGESO's** procurement of the **Demand Flexibility Service**.

To become a **Registered DFS Participant**, a **Registered Service Provider** must however accede to the **DFS Procurement Documentation**.

### Process and Timings

Outlined below are the process for registration. Further detail will be provided from time to time by **NGESO** on the **Single Market Platform**. Whilst it is important that participants allow sufficient time to register and prepare for participation, **NGESO** will endeavour to allow participants some flexibility on timescales in relation to the soft launch period of delivery where practicable.

- Step 1 – entity requests registration as a **Registered Service Provider** (and associated user IDs)
- Step 2 – **NGESO** validates registration and issues user IDs (*entity is now a **Registered Service Provider***)
- Step 3 - entity populates **DFS Unit** details
- Step 4 – entity submits one or more **DFS Units** for registration and applies for registration as a **Registered DFS Participant** including by acceding to **DFS Procurement Documentation**
- Step 5 – **NGESO** confirms approval (via email) of registration of **DFS Unit(s)** and registration of entity as **Registered DFS Participant** (*entity is now a **Registered DFS Participant** and can now submit **DFS Bids** in response to **Service Requirements***).

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 entity 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, **NGESO** 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 (and part of Step 4) using Forms A, B and C, copies of which are available on the **Single Market Platform**, and registration of **DFS Units** under Step 4 by email submission of the 'DFS Provider Data Template' available on request from **NGESO**. The notification from **NGESO** informing participants that the contingency procedure has been implemented shall confirm the manner and timescales in which such documentation is to be submitted to **NGESO**.

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.

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 **NGESO's** Settlement webpage to be set up as a vendor on **NGESO's** systems. These should be submitted as soon as possible via the **Single Market Platform** so that **NGESO** can make payments in a timely manner in accordance with the **DFS Service Terms**.

### *Registration of DFS Units*

**Registered Service Providers** are able to create **DFS Units** via the **Single Market Platform**.

Each **DFS Unit** must be of a specified **DFS Unit Type**, and must comprise one or more **Unit Meter Points** as appropriate to its **DFS Unit Type**.

Each **DFS Unit** shall have a **Registered Unit Capacity** which shall not be less than 1 MW and not more than 100 MW (unless otherwise specified by **NGESO**).

The registration of a **DFS Unit** will not be approved by **NGESO** until **NGESO** has approved the registration of the **Registered Service Provider** as a **Registered DFS Participant**.

Further restrictions on **DFS Units** are set out in paragraph 5 of these **DFS Procurement Rules**.

### *Registration as Registered DFS Participant*

To be registered as a **Registered DFS Participant** for eligibility to submit **DFS Bids**, a participant must accede to the **DFS Procurement Documentation** via the **Single Market Platform**.

Each **Registered DFS Participant** must have the ability to implement the relevant **DFS Initiation Measures** for its **DFS Units**, and for each **DFS Unit** for which it submits **DFS Bids** it must have access to relevant data with respect to each relevant **Unit Meter Point** as more particularly described in paragraph 12 of these **DFS Procurement Rules**.

### *Changes to registration status*

If **Registered DFS Participants** wish to change the registration status of a **DFS Unit**, including increasing its **Registered Unit Capacity**, this must be done as described above (on the **Single Market Platform** or using any contingency arrangements where applicable). Any increase in **Registered Unit Capacity** must be accompanied by an explanation of any changes to the associated **DFS Initiation Measures**.

All queries and communications shall be made via a **Registered DFS Participant's** account manager or [commercial.operation@nationalgrideso.com](mailto:commercial.operation@nationalgrideso.com).

## Schedule 3 – DFS Operational Baselines

In this Schedule 3:

“Baseline Value” shall have the meaning given in this Schedule 3;

“Eligible Day” shall have the meaning given in this Schedule 3;

“Energy Contract Volume Notification” shall be as defined in the **BSC**;

“Event Day” shall have the meaning given in this Schedule 3;

“In Day Adjustment” shall have the meaning given in this Schedule 3;

“In Day Reference Window” shall have the meaning given in this Schedule 3;

“Metered Volume” shall mean the energy volume as metered by the **HH Unit Meter Point**;

“Metering System” shall mean all the components making up the **Unit Meter Point**;

“Microbusinesses” shall mean a domestic sized **Unit Meter Point** that the **Registered DFS Participant** can identify as being used predominantly for business purposes;

“Non-Working day” shall mean a Settlement Day that is not a **Working Day**;

“Settlement Day” shall mean the period from 00:00 hours to 24:00 hours on each day;

“Unadjusted Baseline Value” shall have the meaning given in this Schedule 3;

“Working Day” shall mean a day (other than a Saturday or a Sunday) on which banks are open in London for general interbank business in Sterling;

Where a term is defined in this Schedule 3, and also in the **Glossary Of General Terms And Rules Of Interpretation**, the former shall apply

Baselining is required to calculate the actual demand reduction delivered at **DFS Unit** level. Two baseline methods will be employed in the **Demand Flexibility Service**. For **DFS Units** which are designated to the ‘Domestic’ **DFS Unit Type**, the methodology outlined in BSC P376 ‘Utilising a Baselining Methodology to set Physical Notifications’ (methodology id: BL01), which has been previously approved by Ofgem in another context, will be applied. The same P376 methodology will be applied to **DFS Units** which are designated to the ‘Industrial and Commercial (I&C)’ **DFS Unit Type** (which shall be deemed to include **Microbusinesses**), but without the final In Day Adjustment.

Table 1 below summarises the key features of the P376 Baselining Methodology:

Table 1 – Summary of P376 Baselining Methodologies					
Methodology Id	Data range	Selection criteria	Selected data	Working Day	Non Working Day
BL01	60 Days	Is a like Day (e.g. Working/Non-Working Day)	Up to 10 Days for Working Days, 4 days for Non-Working Days	Straight average over available data	Straight average of middle 2 Days

### Baselining Methodology BL01

The process by which Baselining Methodology BL01 calculates Baseline Values for a **Unit Meter Point** on a given **Settlement Day** D can be summarised as follows:

1. Identify the required number of previous Settlement Days of the same type (**Working Day** or **Non-Working Day**) for which **Metered** data is available. If insufficient Settlement Days are available, the Baseline Value will default to the **Metered** data for the same **Settlement Period** (i.e. the Baseline will equal the out-turn **Metered** data), and the Metering System(s) in the **Unit Meter Point** will be reported to the **Lead Party** as having insufficient data.
2. For each **Settlement Period**, calculate an Unadjusted Baseline Value (for the **Unit Meter Point**) by averaging the **Metered** data values of the corresponding **Settlement Period** in some or all of the previous Settlement Days identified in step 1.
3. Calculate an In Day Adjustment, and add it to the Unadjusted Baseline Value (this adjustment only applies to 'Domestic' **DFS Unit Type**)

### BL01 Step 1 – Identify historical days with metered data

Step 1 of the BL01 process is to identify the historical Settlement Days (in the sixty-day window from day D–60 to day D–1) that will be used to calculate the **DFS Operational Baseline**. The process begins with identifying all “Eligible Days” for each relevant **Unit Meter Point** i.e. Settlement Days in the sixty-day window that:

- are of the same time type (**Working Day** or **Non-Working Day**) as day D;
- have **Half-Hourly (HH) Metered** data available for the **Unit Meter Point**
- are not Event Days; and
- are not ‘clock change’ days (i.e. the calendar days at the start and end of British Summer Time, currently the last Sunday of March and October).

An Event Day for these purposes is a Settlement Day containing a **Settlement Period** in respect of which **NGESO** issued a **DFS Acceptance** and the relevant **Unit Meter Point** (1) has associated to it an owner or occupier which confirmed to the **Registered DFS Participant** as part of implementation of the **DFS Initiation Measures** that it accepted participation in delivery of **DFS** in that **Settlement Period** and (2) was not otherwise **Non-Participating**.

Having identified the Eligible Days, those used to calculate the **DFS Operational Baseline** will be selected (four for a **Non-Working Day**, and up to ten for a **Working Day**), in accordance with Table 2 below:

Table 2 – Selection of Eligible Days for use in calculating the baseline		
Day Type	No. of Eligible Days identified in the 60-day window	Historical Settlement Days used to calculate the baseline
<b>Working Day</b>	Ten or more Eligible Days	Ten most recent Eligible Days
<b>Working Day</b>	5 to 9 Eligible Days	All Eligible Days
<b>Working Day</b>	Less than five Eligible Days	Baseline Values default to out-turn metered data for the Metering System(s) in the <b>Unit Meter Point</b> , and they will be reported to the <b>Lead Party</b> as having insufficient data.
<b>Non-Working Day</b>	Four or more Eligible Days	Four most recent Eligible Days
<b>Non-Working Day</b>	Less than four Eligible Days	Baseline Values will default to out-turn metered data for the Metering System(s) in the <b>Unit Meter Point</b> , and they will be reported to the <b>Lead Party</b> as having insufficient data.

### BL01 Step 2 – Calculate Unadjusted Baseline Value

Step 2 of the BL01 methodology is to calculate an Unadjusted Baseline Value (for each **Settlement Period** of the Settlement Day D), as follows:



- a) Identify the subset of historical Settlement Days (identified in step 1) that will be used to calculate the Unadjusted Baseline Value:
  - o For a **Working Day**, all of the six to ten Eligible Days identified in step 1 will be used; and
  - o For a **Non-Working Day**, two of the four Eligible Days identified in step 1 will be used. The two selected will be the middle 2 of the four (ranking them in order of the total **Unit Meter Point Metered Volume**, summed over the Settlement Day)
- b) For each Settlement Period in Settlement Day D, calculate the Unadjusted Baseline Value as the arithmetic mean of the **Unit Meter Point HH Metered Volume** in the corresponding **Settlement Period** of each of the historical days identified in step (a).

#### Treatment of Clock Change Days

Where Settlement Day D is a clock change day, step (c) must take this into account when identifying the corresponding **Settlement Period** in each historical Settlement Day. When Settlement Day D is a 'long day', containing fifty **Settlement Periods**, the mapping is as follows:

- **Settlement Periods** 1-2 on Settlement Day D correspond to **Settlement Periods** 1-2 on the historical Settlement Day;
- **Settlement Periods** 3-4 on Settlement Day D also correspond to **Settlement Periods** 1-2 on the historical Settlement Day; and
- **Settlement Periods** 5-50 on Settlement Day D correspond to **Settlement Periods** 3-48 on the historical Settlement Day.

When Settlement Day D is a 'short day', containing forty-six **Settlement Periods**, the mapping is as follows:

- **Settlement Periods** 1-2 on Settlement Day D correspond to **Settlement Periods** 1-2 on the historical Settlement Day; and
- **Settlement Periods** 3-46 on Settlement Day D correspond to **Settlement Periods** 5-48 on the historical Settlement Day.

Note that these are the same rules used for Energy Contract Volume Notifications (in Section P of the BSC).

#### BL01 Step 3 – Calculate In Day Adjustment (only applies to 'Domestic' DFS Unit Types)

The Unadjusted Baseline Values create a profile shape for a day based on previous days' data, but will not account fully for variations in factors such as weather and temperature. For this reason, In Day Adjustments are used to provide an up or down lift, ensuring the values used in settlement calculations are better representative of conditions on the day.

The In Day Adjustment will consider actual **Metered** data over the three hour period up until one hour ahead of the relevant **Settlement Period** when the service starts to deliver. This will be compared to the calculated values and an additive adjustment applied to ensure that the profile created by the baseline best matches real data for the run up to the **Settlement Period**. In other words:

$$\text{In Day Adjustment} = \sum_j (\text{Unit Meter Point Metered Volume} - \text{Unadjusted Baseline Value}) / 6$$

where  $\sum_j$  represents summation over the six **Settlement Periods** in the "In Day Reference Window". The In Day Reference Window is defined as the three-hour period ending at one hour ahead of the first **Settlement Period** in Settlement Day D.

#### BL01 Step 4 – Calculate Baseline Values

For each 'Domestic' **Unit Meter Point** (and each **Settlement Period** within Settlement Day D), Baseline Value is calculated as:

$$\text{Baseline Value} = \text{Unadjusted Baseline Value} + \text{In Day Adjustment}$$

For each 'Industrial & Commercial (I&C)' **Unit Meter Point** (and each **Settlement Period** within Settlement Day D), Baseline Value is the same as its Unadjusted Baseline Value.

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