

Balancing Reserve (BR) Procurement Rules

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1. Introduction

- 1.1 These **BR Procurement Rules** describe the eligibility rules and criteria for participation in **NGESO's** procurement of **Balancing Reserve**, including the daily auction processes pursuant to which **NGESO** procures **Balancing Reserve** from prospective **Service Providers** for one or more **BR Service Windows** in a **Service Day**.
- 1.2 These **BR Procurement Rules** supplement, and should be read alongside, the following documents, which together with these **BR Procurement Rules** constitute the "**BR Procurement Documentation**":-
- 1.2.1 the **BR Service Terms**;
 - 1.2.2 the **Balancing Services Glossary of 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 **BR 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 **BR Procurement Documentation**.

2. Changes to these BR Procurement Rules

- 2.1 Subject always to paragraph 2.2, **NGESO** may update these **BR Procurement Rules** from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover.
- 2.2 To the extent required by the **Electricity Balancing Regulation** (and by reference to those provisions of the **BR Procurement Documentation** constituting terms and conditions approved by the **Authority** as the terms and conditions related to balancing pursuant to Article 18 of the **Electricity Balancing Regulation**), any variation to these **BR Procurement Rules** will be proposed and implemented in accordance with the applicable requirements in the **Electricity Balancing Regulation**.

3. Defined Terms and Interpretation

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

4. Registration of Registered BR Participants

- 4.1 Subject always to paragraph 4.3, no entity may participate in an **Auction** unless and until **NGESO** has confirmed that it is a **Registered BR Participant** in accordance with the **Registration and Pre-Qualification Procedure**.
- 4.2 Where **NGESO** determines (acting reasonably) that any details provided, including confirmations and declarations given, by a **Registered BR Participant** pursuant to the **Registration and Pre-Qualification Procedure** are no longer true and/or accurate, then **NGESO** may (but shall not be obliged to) de-register the relevant entity as a **Registered BR Participant** and/or **Registered Service Provider** (as the case may be). Such de-registration shall be notified by **NGESO** to the **Registered BR Participant** by email, whereupon it may no longer participate in the **Auctions** with respect to any **BR Unit** unless and until it is re-registered in accordance with these **BR Procurement Rules** and the **Registration and Pre-Qualification Procedure**.
- 4.3 A **Registered BR Participant** may only participate in **Auctions** with respect to **Plant** and **Apparatus** which is eligible for pre-qualification as a **BR Unit** and registered as such by **NGESO** pursuant to paragraph 5.

5 Pre-qualification of BR Units

- 5.1 To be eligible for registration as a **BR Unit**, **Plant** and **Apparatus** must at all relevant times be:-
- 5.1.1 registered as a **Primary BM Unit** under the **BSC** for which the **Registered BR Participant** is the **Lead Party**;
 - 5.1.2 capable of despatch via **Control Telephony**;
 - 5.1.3 capable of operating in accordance with the **BR Service Parameters**; and
 - 5.1.4 capable of delivering **Mandatory Frequency Response** in accordance with a **Mandatory Service Agreement** to which the **Registered BR Participant** is a party.
- 5.2 **Plant** and **Apparatus** meeting the eligibility criteria in paragraph 5.1 may be submitted by the **Registered BR Participant** to **NGESO** for pre-qualification and registration as a **BR Unit** in accordance with the process described in the **Registration and Pre-Qualification Procedure**.
- 5.3 Where **NGESO** determines (acting reasonably), having regard to declarations of unavailability notified by a **Registered BR Participant** pursuant to the **BR Service Terms** or otherwise, that any **BR Unit** no longer meets the eligibility criteria in paragraph 5.1, then **NGESO** shall so notify the **Registered BR Participant** whereupon the **BR Unit** may no longer participate in the **Auctions** until such time as it is pre-qualified by **NGESO** once more and re-registered in accordance with the process described in the **Registration and Pre-Qualification Procedure**.
- 5.4 Notwithstanding the foregoing provisions of this paragraph 5, **NGESO** may determine (at its sole discretion) that a **Registered BR Participant** may not participate in the **Auctions** with respect to any **BR Unit** if:-
- 5.4.1 that **BR Unit** is **Embedded** and participating in an **Active Network Management Scheme** as more particularly described in Schedule 2;
 - 5.4.2 the location of that **BR Unit** would mean delivery of **Balancing Reserve** would compromise operational security;
 - 5.4.3 in respect of that **BR Unit**, **Mandatory Availability Declarations** are:-
 - 5.4.3.1 either not submitted or are withdrawn, on a persistent or repetitive basis; or
 - 5.4.3.2 improperly withdrawn,in either case as more particularly described in the **BR Service Terms**; or
 - 5.4.4 otherwise provided in the **BR Service Terms**.

6 Buy Orders

- 6.1 **Buy Orders** for **Balancing Reserve** may be submitted (and updated) by **NGESO** for any or all **BR Service Windows** in an **EFA Day** at any time prior to the **Auction Closing Time** (or later as provided in paragraph 6.4) in the preceding **EFA Day**.
- 6.2 **Buy Orders** shall indicate **NGESO's** requirement for **Balancing Reserve** in the relevant **BR Service Window** (which for the avoidance of doubt may be zero (0) MW) and an associated **Buy Order Price Limit** for each indicated quantity. For the avoidance of doubt, with respect to any single **BR Service Window** **NGESO** may submit a **Buy Order** for **Positive Balancing Reserve** and a **Buy Order** for **Negative Balancing Reserve**.
- 6.3 **Buy Orders** shall not be visible to **Registered BR Participants** on the **Designated Auction Platform** until the **Auction Closing Time** (although **NGESO** may from time to time publish its indicative requirement for **Balancing Reserve** in each **BR Service Window**), and each associated **Buy Order Price Limit** shall not be published by **NGESO** except in the **Daily Auction Report** pursuant to paragraph 11.

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

7 Sell Orders

7.1 Where a **Registered BR Participant** shall have pre-qualified one or more **BR Units** pursuant to paragraph 5, it may submit **Sell Orders** with respect to each such **BR Unit** in accordance with the following provisions of this paragraph 7.

7.2 **Sell Orders** may be submitted by **Registered BR Participants** at any time after the **Auction Opening Time** and before the **Auction Closing Time**. **Sell Orders** received after the **Auction Closing Time** shall be considered null and void regardless of cause unless otherwise decided by **NGESO** at its sole discretion.

7.3 Each **Sell Order** shall relate to a single **BR Unit** and **BR Service Window**, and for any **BR Unit** and **BR Service Window** the **Registered BR Participant** may submit only one Sell Order for Positive Balancing Reserve and/or one Sell Order for Negative Balancing Reserve. For the avoidance of doubt, for any BR Service Window—Unit and BR Service Window multiple Sell Orders for either Positive Balancing Reserve or Negative Balancing Reserve may not be submitted.

7.4 To be valid, each **Sell Order** will need to be fully completed and correct as at the relevant **Auction Closing Time**, and must include (in the correct format as specified from time to time by the **Auction Administrator**):-

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

7.4.2 a unique identifier for the applicable **BR Unit** (insofar as not already submitted to **NGESO** pursuant to the **Registration and Pre-Qualification Procedure**);

7.4.3 the applicable **BR Service Window**;

7.4.4 a price (in £/MW/h, where the applicable pound and pence figures shall each be an integer);

7.4.5 the **Offered Capacity** (in MW), which shall be:-

7.4.5.1 an integer not less than fifty (50) MW; and

7.4.5.2 not in excess of the **BR Capacity** reasonably expected of that **BR Unit** in the applicable **BR Service Window**;

7.4.6 whether **Positive Balancing Reserve** or **Negative Balancing Reserve**;

7.4.7 any other **Sell Order(s)** to which it is **Linked**.

7.5 All **Sell Orders** which are **Linked** shall:-

7.5.1 relate to the same **BR Unit**;

7.5.2 relate to consecutive **BR Service Windows**; and

7.5.3 each be for either **Positive Balancing Reserve** or **Negative Balancing Reserve**.

7.6 All **Sell Orders** shall be **Curtaileable** subject to a minimum acceptance quantity of fifty (50) MW.

7.7 Validation of **Sell Orders** will be undertaken automatically at the time of submission (before operation of the **Auction** algorithm), and without prejudice to paragraph 7.13 all submitted **Sell Orders** so validated remain valid unless and until:-

7.7.1 the **Sell Order** is cancelled by the **Registered BR Participant** that submitted it;

7.7.2 the **Registered BR Participant** modifies it; or

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- 7.7.3 the **Sell Order** is either accepted (including part accepted) or rejected in accordance with the **Market Clearing Rules** (whereupon it expires).
- 7.8 Each **Registered BR Participant** is responsible for ensuring that the **Sell Orders** it submits are correct and valid.
- 7.9 Subject always to paragraph 7.10, upon becoming aware of any error in a **Sell Order**, the **Registered BR Participant** shall modify the **Sell Order** 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 BR Participant**.
- 7.10 After the **Auction Closing Time**, **Sell Orders** may not be modified or cancelled by the **Registered BR Participant** and are binding and irrevocable subject always to paragraph 7.12.
- 7.11 **Sell Orders** submitted by **Registered BR Participants** for each **BR Service Window** shall not be visible to other **Registered BR Participants** on the **Designated Auction Platform** until publication in the **Daily Auction Report** in the manner described in paragraph 11.
- 7.12 If, in the sole judgment of **NGESO** or the **Auction Administrator**, a **Registered BR Participant** has failed to submit a correct and valid **Sell Order** in accordance with this paragraph 7, **NGESO** or the **Auction Administrator** reserves the right to:-
- 7.12.1 deem that **Sell Order** to be valid and correct; or
 - 7.12.2 cancel that **Sell Order**; and/or
 - 7.12.3 take any other action as it deems appropriate in the circumstances including requesting the **Registered BR Participant** to resubmit and/or amend the **Sell Order** so that it is correct and valid.
- 7.13 The decision of **NGESO** or the **Auction Administrator** as to whether or not a **Sell Order** is correct and valid shall be final, and the **Registered BR Participant** may be notified of such decision without prior consultation or explanation.
- 7.14 **Registered BR Participants** must not divulge or release details of the **Sell Order** to any third party, other than on an "in confidence" basis to those parties having a legitimate need to know, or with whom they need to consult for the purpose of preparing a **Sell Order**.
- 8 Integrity of Sell Orders**
- 8.1 By submitting a **Sell Order**, each **Registered BR Participant** hereby warrants and undertakes to **NGESO** that:-
- 8.1.1 the **BR Unit** is reasonably expected to be available to deliver **Balancing Reserve** in accordance with the **BR Service Terms** at its **Offered Capacity** continuously throughout the **BR Service Window** defined by that **Sell Order**; and
 - 8.1.2 it has neither fixed nor adjusted the offered prices or volumes under or in accordance with any agreement or arrangement with any other person, and that it has neither communicated to a person (other than its professional advisers) the amount or approximate amount of the offered prices or volumes (other than in confidence in order to obtain quotations necessary for insurance purposes) or as provided in paragraph 7.14) nor entered into any agreement or arrangement with any other person to restrain that other person from bidding or to fix or adjust the offered prices or volumes to be submitted by that other person.
- 8.2 Each **Registered BR Participant** indemnifies **NGESO** from and against any losses, liabilities, claims, expenses and demands which **NGESO** might suffer as a result of the **Registered BR Participant** being in breach of the warranty and undertaking set out in this paragraph 8.

9 Market Clearing Rules

- 9.1 After the **Auction Closing Time**, the **Auction** algorithm will optimise the matching of all valid **Sell Orders** to the **Buy Orders** through the acceptance (or partial acceptance) of **Sell Orders** to determine ~~a~~ **for each BR Service Window**, a **Market Clearing Price** for ~~each BR Service Window~~ **Negative Balancing Reserve** and a **Market Clearing Price for Positive Balancing Reserve**, all as more particularly described or referred to in this paragraph 9.
- 9.2 The **Auction** algorithm will accept (or partially accept) **Sell Orders** in accordance with the following rules:-
- 9.2.1 **Sell Orders** will be ~~accepted in price ascending order wherever possible~~ **(or partially accepted)** to maximise total auction surplus, subject always to the other provisions of this paragraph 9.2;
- 9.2.2 ~~each Buy accepted Sell Order must have a non-negative order surplus or belong to a Linked Family that has a non-negative order surplus;~~
- 9.2.3 for the avoidance of **doubt**, a **Sell Order** with positive order surplus can be rejected;
- 9.2.4 where a **Sell Order**, if otherwise accepted, would cause the aggregate **Offered Capacity** of all accepted **Sell Orders** to exceed the **Buy Order**, then it may be partially accepted to the extent that such **Buy Order** is not thereby exceeded but subject always to paragraph 9.2.5;
- 9.2.5 a **Sell Order** shall not be capable of being **Curtailed** to the extent its **Contracted Capacity** would fall below the minimum acceptance quantity specified in paragraph 7.6;
- 9.2.6 a **Sell Order** will ~~only~~ be partially ~~accepted only if any resulting underholding would result in a lower overall cost than overholding by rejecting that Sell Order;~~ **it has an order surplus equal to zero (0)**;
- 9.2.7 where a **Sell Order** is stated to be **Linked**, it can only be accepted (or partially accepted) if the **Sell Order(s)** to which it is **Linked** are also accepted (or partially accepted), and in any such case that **Sell Order** may accordingly be rejected (alongside all other **Sell Order(s)** to which it is **Linked**) notwithstanding it has a positive order surplus, or accepted (or partially accepted) (alongside all other **Sell Order(s)** to which it is **Linked**) notwithstanding it has a negative order surplus;
- 9.2.8 for the purposes of this paragraph 9, in relation to any **Sell Order**:-
- accepted** means the **Sell Order** shall form a **BR Contract** for that **BR Unit** and for the **BR Service Window** over which the **Sell Order** is defined, and the **Contracted Capacity** for each **BR Contract** so formed shall be equal to the **Offered Capacity** of the ~~of the~~ **Sell Order**;
 - partially accepted** means the **Sell Order** shall form a **BR Contract** for that **BR Unit** and for the **BR Service Window** over which the **Sell Order** is defined, and the **Contracted Capacity** for each **BR Contract** so formed shall be an integer less than the **Offered Capacity** of the **Sell Order** and greater than or equal to the minimum acceptance quantity of the **Sell Order**;
 - rejected** means the **Sell Order** does not form a **BR Contract**;
 - order surplus** with respect to a **Sell Order** means for the **BR Service Window** on which the **Sell Order** is defined, the **Contracted Capacity** times the difference between the **Market Clearing Price** for that **BR Service Window** less the offered price of that **Sell Order**; **order surplus with respect to a Linked Family** means the sum of the **order surplus** of all **Sell Orders** which comprise that **Linked Family**; and **order surplus** with respect to a **Buy Order** means the sum of the **Contracted Capacities** for all **BR Contracts** for the **BR Service Window** on which the **Buy Order** is defined, times the difference between the **Buy Order Price** limit corresponding this sum of **Contracted Capacities**, less the **Market Clearing Price** for that **BR Service Window**; and

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(e) **total auction surplus** means the sum of the order surplus of all **Buy Orders** plus the sum of the order surplus of all accepted or partially accepted **Sell Orders**.

9.3 Each **Sell Order** for a **BR Service Window** accepted (or partially accepted) in accordance with the market clearing process described in this paragraph 9 shall form a **BR Contract** for that **BR Unit** and **BR Service Window** as more particularly provided in paragraph 12.

9.4 For any **BR Service Window**, the **Market Clearing Price for each of Positive Balancing Reserve and Negative Balancing Reserve** shall be ~~produced by the highest offered price of all accepted (including partially accepted) Sell Orders, and Auction algorithm consistent with the rules set out in paragraph 9.2, and each such Market Clearing Price shall derive the relevant BR Availability Payment for that BR Service Window for the purposes of the BR Service Terms.~~

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10 Warranties and Undertakings

10.1 Without prejudice to its other obligations under and/or pursuant to the **BR Procurement Documentation** and any **BR Contract** and subject to paragraphs 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein:-

10.1.1 **NGESO** and each **Registered BR 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

10.1.2 on each occasion it submits a **Sell Order**, the **Registered BR Participant** warrants and undertakes to **NGESO** 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.

10.2 Without prejudice to any other right or remedy, **NGESO** and the **Registered BR Participant** shall each be entitled to claim damages from the other for any breach of the warranties and undertakings or any of them set out or referred to in this paragraph 10 subject to paragraphs 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein.

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

11 Daily Auction Reports

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

11.2 Each **Daily Auction Report** may (at **NGESO**'s sole discretion) include in relation to each **BR Service Window**:-

- 11.2.1 the **Buy Order** requirement and associated **Buy Order Price Limit**;
- 11.2.2 the identity of the **BR Unit** associated with each **Sell Order**;
- 11.2.3 the name of the **Registered BR Participant** associated with each **Sell Order**;
- 11.2.4 if applicable, an indication of the fuel type used by the **BR Unit** associated with each **Sell Order**;
- 11.2.5 an indication of which **Sell Orders** were accepted;
- 11.2.6 the offered price for each **Sell Order**;
- 11.2.7 the **Offered Capacity** for each **Sell Order**;
- 11.2.8 if **Curtailed**, the accepted portion of a **Sell Order**;
- 11.2.9 any other **Sell Order(s)** to which a **Sell Order** is **Linked**;

11.2.10 the **Auction Clearing Quantity**; and

11.2.11 the **Market Clearing Price**.

12 Formation of BR Contracts

- 12.1 The **Auction Administrator** shall publish the outcome of each **Auction** by no later than the **Auction Results Time** and such information shall also be published by **NGESO** at such time and in such format as it shall determine in its sole discretion. Insofar as **NGESO**'s publication confirms the acceptance (or partial acceptance where applicable) of a **Sell Order**, a **BR Contract** will be formed automatically and simultaneously with such publication and for the purposes of paragraph 12.2 shall be treated as awarded to the relevant **Registered BR Participant**.
- 12.2 Each **Registered BR Participant** awarded a **BR Contract** pursuant to paragraph 12.1 shall provide **Balancing Reserve** from the applicable **BR Unit** during the applicable **BR Service Window** pursuant to and in accordance with the **BR Service Terms**.
- 12.3 For the avoidance of doubt, for any **Registered BR Participant** with a **BR Unit** the subject of two or more accepted (or part accepted) **Sell Orders** in a **Service Day**, there shall be a separate **BR Contract** formed in respect of that **BR Unit** for each applicable **BR Service Window**.
- 12.4 Each **BR Contract** shall be personal to **NGESO** and the **Registered BR 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 under a **BR Contract** except as permitted by the **BR Service Terms** or in accordance with paragraph 21 of the prevailing **Common Flexibility Service Terms and Conditions** 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 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 BR Participant** to the other (whether orally or in writing) pursuant to or in connection with these **BR Procurement Rules**.
- 13.2 Each **Registered BR Participant** agrees to the publication by **NGESO** of the information contained in the **BR Daily Reports**, including in a non-anonymised form, insofar as relating directly or indirectly to the **Registered BR Participant** and the relevant **BR Unit**.
- 13.3 Without limiting paragraph 13.2, each **Registered BR Participant** also agrees to the disclosure by **NGESO** 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**.

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 **NGESO** may take any or all of the following measures (at its sole discretion):-
- 14.1.1 modify any or all of the **Auction Opening Time**, **Auction Closing Time** or **Auction Results Time**;
- 14.1.2 authorise **Registered BR Participants** to submit new **Sell Orders** or modify existing **Sell Orders**;
- 14.1.3 authorise **Registered BR Participants** to submit **Sell Orders** otherwise than in accordance with paragraph 7;
- 14.1.4 cancel the **Auction** for any one or more **Service Days**; and/or
- 14.1.5 take such other actions or steps as it reasonably considers to be necessary.

15 Use of Designated Auction Platform

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

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

15.1.2 in compliance with all and any technical specifications provided from time to time by or on behalf of **NGESO** or the **Auction Administrator**; and

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

and any other use is strictly prohibited.

16 Accuracy of Information

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

17 Intellectual Property

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

17.2 Each **Registered BR Participant** undertakes to **NGESO** that it will at all times when participating in a **Balancing Reserve** auction process, 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** through the **Designated Auction Platform**.

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

17.4 Each **Registered BR Participant** shall indemnify and keep 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 use by the **Registered BR Participant** of the **Designated Auction Platform** in breach of any user licence or terms of use referred to in paragraph 17.3 of which it is aware.

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

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

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

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

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

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

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

18 Viruses

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

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

19 Costs

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

20 Site Export and Import Limits

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

21 Notices

21.1 Save to the extent the manner of communication between **NGESO** and **Registered BR Participants** is stipulated in the **Registration and Pre-Qualification Procedure**, paragraph 17 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 **BR Procurement Rules** by either **NGESO** or the **Registered BR Participant** to the other.

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

22 Dispute Resolution

22.1 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 **BR Procurement Rules** as if set out in full herein, save that:-

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

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 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).

23 Governing Law and Jurisdiction

- 23.1 Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these **BR Procurement Rules** or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.
- 23.2 Subject always to paragraph 22, **NGESO** and each **Registered BR Participant** submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with these **BR Procurement Rules** or their enforceability and waives any objection to proceedings being brought in such courts or on the grounds that proceedings have been brought in an inconvenient forum.

Schedule 1 – Defined Terms

“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;
“Auctions”	the forty-eight (48) separate auctions for each BR Service Window in a Service Day ;
“Auction Administrator”	the operator(s) from time to time of the Designated Auction Platform or any part of it (which may for the avoidance of doubt be or include NGESO , in which case all references to Auction Administrator shall mean NGESO acting in that capacity);
“Auction Clearing Quantity”	for each BR Service Window falling in any Service Day , the sum of the quantities (MW) of all executed Sell Orders ;
“Auction Closing Time”	in respect of the BR Service Windows falling in any Service Day , 08: 30 15 hours on the EFA Day which immediately precedes that Service Day ;
“Auction Opening Time”	in respect of the BR Service Windows falling in any Service Day , 00:00 hours on the seventh EFA Day which immediately precedes that Service Day ;
“Auction Results Time”	in respect of the BR Service Windows falling in any Service Day , 09:00 hours on the EFA Day which immediately precedes that Service Day ;
“Balancing Reserve”	a Balancing Service which secures a predetermined amount of Regulating Reserve day-ahead for a specified period;
“BR Capacity”	the maximum amount (in MW) of Balancing Reserve available at the relevant time from a BR Unit represented by the difference between <u>either</u> the prevailing (1) MEL or MIL , <u>or</u> SEL or SIL (as the case may be) and (2) Final Physical Notification ; <u>or, in the case of a Power Park Module powered by an Intermittent Power Source, the prevailing (1) Power Available and (2) Final Physical Notification</u> ;
“BR Contract”	a Balancing Services Contract for the delivery of Balancing Reserve from a BR Unit in a BR Service Window as more particularly described in the BR Service Terms ;
“BR Procurement Documentation”	as described in paragraph 1.2 of these BR Procurement Rules ;
“BR Procurement Rules”	this document as published by or on behalf of NGESO from time to time;

“BR Service Parameters”	each of the following: (1) ramp-up and ramp-down rates of not less than ten (10) MW/minute; (2) BR Capacity of not less than fifty (50) MW; (3) a Response Time not exceeding two (2) minutes;
“BR Service Terms”	the prevailing document titled “Balancing Reserve Service Terms” published by or on behalf of NGESO from time to time containing the terms and conditions governing the delivery and settlement of Balancing Reserve ;
“BR Service Window”	each of the forty-eight (48) consecutive Settlement Periods commencing from the start of a Service Day ;
“BR Unit”	Plant and Apparatus meeting the eligibility criteria described in these BR Procurement Rules and registered as such by a Registered BR Participant at the relevant time in accordance with the Registration and Pre-Qualification Procedure ;
“Buy Order”	an Order submitted by NGESO in accordance with paragraph 6 of these BR Procurement Rules comprising its requirement (MW) for the procurement of Balancing Reserve (being either Positive Balancing Reserve or Negative Balancing Reserve) in each BR Service Window during Service Days , validly registered as such on the Designated Auction Platform , with each having an associated Buy Order Price Limit ;
“Buy Order Price Limit”	in respect of any Buy Order , the maximum Market Clearing Price(s) as determined by NGESO at its sole discretion;
“Cancellation Notice”	as defined in paragraph 22 of the BR Service Terms ;
“Contracted BM Unit”	a BM Unit the subject of a BR Contract for any BR Service Window ;
“Contracted Capacity”	in respect of any BR Unit and BR Service Windows , such part of the Offered Capacity which a Service Provider has agreed to provide in accordance with a BR Contract ;
“Control Telephony”	as defined in the Grid Code ;
“Curtailable”	the capability of a Sell Order to be partially accepted as more particularly described in paragraph 9.2.4;
“Daily Auction Report”	the report (which may comprise more than one document, published separately) published by NGESO pursuant to these BR Procurement Rules ;

“Designated Auction Platform”	the auction platform(s) from time to time designated by NGESO for use in connection with the Auctions , including any user interface hosted by NGESO on its website;
“DRSC Liable User”	any Service Provider whose BR Contract renders it a Demand Response Provider by virtue of the relevant BR Unit comprising a source of controllable Demand ;
“Grid Supply Point”	as defined in the Grid Code ;
“Intermittent Power Source”	<u>as defined in the Grid Code;</u>
“IPR Claim”	as defined in paragraph 17 of these BR Procurement Rules ;
“Linked”	in respect of any Sell Order relating to a BR Unit and BR Service Window , that its acceptance is dependent on the acceptance of one or more other Sell Order(s) relating to that BR Unit for one or more other consecutive BR Service Window(s) ;
“Linked Family”	<u>a Sell Order and all other Sell Orders to which it is Linked;</u>
“Malicious Software”	as defined in paragraph 18 of these BR Procurement Rules ;
“Mandatory Availability Declaration”	a declaration or redeclaration of BM Unit Data with respect to a BR Service Window made under and in accordance with the BR Service Terms ;
“Mandatory Frequency Response”	operation of a BR Unit in accordance with Grid Code CC 6.3.6 and BC 3.5 (with the exception of BC 3.5.2) as described in Paragraph 4.1.3.2 of the CUSC ;
“Mandatory Services Agreement”	as defined in the CUSC ;
“Market Clearing Price”	<u>as defined for any BR Service Window, the price for Positive Balancing Reserve or Negative Balancing Reserve (as applicable) referred to in paragraph 9.4 of these BR Procurement Rules (so that, in each Service Day, there shall be up to forty-eight (48) Market Clearing Prices for Positive Balancing Reserve and up to forty-eight (48) Market Clearing Prices for Negative Balancing Reserve, each such Market Clearing Price attributable to a single BR Service Window);</u>
“Market Clearing Rules”	the rules set out or referred to in paragraph 9 of these BR Procurement Rules ;
“Metering Equipment”	as defined in the BSC ;
“Monthly Statement”	as defined in Schedule 2 of the BR Service Terms ;
“Negative Balancing Reserve”	Balancing Reserve delivered by Plant and Apparatus as a reduction in Output ;

“Offered Capacity”	the offered quantity of BR Capacity associated with a BR Unit and BR Service Window and specified in a Sell Order ;
“Order”	a Sell Order or a Buy Order ;
“Positive Balancing Reserve”	Balancing Reserve delivered by Plant and Apparatus as an increase in Output ;
“Power Available”	<u>as defined in the Grid Code</u> ;
“Power Park Module”	<u>as defined in the Grid Code</u> ;
“Primary Service Provider”	as defined in paragraph 22 of the BR Service Terms ;
“Registered BR Participant”	a Registered Service Provider who has registered with NGESO pursuant to the Registration and Pre-Qualification Procedure as eligible to participate in the procurement of Balancing Reserve , which shall include acceding to the BR Procurement Documentation ;
“Registered Service Provider”	an entity who has submitted the relevant registration documents and to whom NGESO has confirmed is subsequently registered as such in each case pursuant to the Registration and Pre-Qualification Procedure ;
“Registration and Pre-Qualification Procedure”	the procedure and processes described in Schedule 2 of these BR Procurement Rules ;
“Regulating Reserve”	a Balancing Service used to manage energy imbalance primarily delivered by an increase in or reduction in Output from synchronised BM Units responding to Bid-Offer Acceptances in the Balancing Mechanism in a manner consistent with the BR Service Parameters ;
“Response Time”	the maximum period of time from receipt of a Bid-Offer Acceptance to commencement of ramping;
“Secondary Service Provider”	as defined in paragraph 22 of the BR Service Terms ;
“Sell Order”	in respect of a BR Unit , an Order submitted by a Registered BR Participant in accordance with these BR Procurement Rules for the delivery upon and subject to the BR Service Terms of Balancing Reserve during a BR Service Windows , validly registered as such on the Designated Auction Platform ;
“Service Day”	an EFA Day comprising one or more BR Service Windows in respect of which NGESO has issued a Buy Order with a non-zero quantity;
“Service Provider”	with respect to any BR Contract , the applicable Registered BR Participant ;

“Single Market Platform”	the online platform hosted by NGESO comprising (inter alia) the Registration and Pre-Qualification Procedure and which facilitates the pre-qualification of BR Units ;
“Transfer Notice”	as defined in paragraph 22 of the BR Service Terms ;
“Transfer Period”	the period described as such in a Transfer Notice as may be shortened upon the cancellation or withdrawal of that Transfer Notice or otherwise in accordance with paragraph 22 of the BR Service Terms .

Schedule 2 - Registration and Pre-Qualification Procedure

Summary

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

Pre-qualification may involve asset validation.

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

Process

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

- 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 accedes to **BR Procurement Documentation** (*entity is now a **Registered BR Participant***)
- Step 4 – entity submits one or more eligible **Plant** and **Apparatus** for pre-qualification and registration as a **BR Unit**
- Step 5 – **NGESO** confirms completion of pre-qualification and registration process (***Plant and Apparatus** is now a **BR Unit**, and participant can now enter the **BR Unit** into daily auctions for **Balancing Reserve***).

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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, **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 using Forms A, B and C, copies of which are available on the **Single Market Platform** or will otherwise be made available by **NGESO**, and Steps 4 and 5 by email submission of the '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, 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 **NGESO**'s Settlement webpage to be set up as a vendor on **NGESO**'s systems. These should be submitted as soon as possible so that **NGESO** can make payments in a timely manner in accordance with the **BR Service Terms**.

Registration as Registered BR Participant

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

Pre-qualification and registration of BR Units

For asset pre-qualification and registration, **NGESO** may require submission via the **Single Market Platform** of relevant technical details associated with the **Plant and Apparatus** to enable **NGESO** to complete any necessary validation.

Plant and Apparatus which would otherwise be eligible for registration as a **BR Unit** may (at **NGESO**'s sole discretion) be determined as ineligible to participate in the **Auctions** if it is **Embedded** and is participating in an **Active Network Management Scheme**. **NGESO** will consider this on a case by case basis, and shall continue to keep this under review and any changes to this position shall be consulted accordingly.

Timescales

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

Activity	Provider	NGESO
Pre-qualification and registration of BR Units	In order to enable Auction participation, valid and complete data should be submitted seven (7) Days in advance.	NGESO will notify the Registered Service Provider if Auction participation can be accommodated sooner.

Changes to pre-qualification status

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

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