

## Response and EAC Interactions Including Response Procurement Rules Destination Table

### *Drafting approach*

Once approved by Ofgem, the new Reserve/Response procurement rules will establish the combined auction platform for procurement of response services (DC, DM and DR) as well as the new reserve services (slow and quick reserve). Auctions will open under the new Reserve/Response procurement rules on a date designated by ESO following Ofgem approval of the Reserve/Response procurement rules, for contracts commencing from the “EAC Go-Live Date”.

Initially, only Response services will be procured in the new auction platform.

To enable ESO to utilise the EAC platform for procurement of reserve services, and upon Ofgem approval, ESO will publish in due course a new set of reserve service terms to establish the contractual provisions applicable to reserve contracts formed in the auction (e.g. availability, despatch, service delivery, monitoring, settlement etc).

The new response services are different in that they are already procured, under the existing reserve procurement rules, with corresponding service terms established under the existing response service terms. These procurement rules and service terms (each version 1.0) were effective from 1 April 2023 and replaced the separate sets of procurement rules and service terms which applied to each of DC, DM and DR.

### *Updates to response procurement rules and service terms*

Since the intention is to procure response contracts under the EAC auction platform in the same way as reserve contracts, it will be necessary to update the response procurement rules and response service terms, to create version 2.0 of each. These updates, which will also be subject to Ofgem approval, will facilitate the coming into effect of the Reserve/Response procurement rules, by:

- (i) inserting a new clause into the response procurement rules, providing for the automatic termination of the response procurement rules on the day prior to the EAC Go-Live Date,
- (ii) inserting certain provisions into the response service terms which currently appear in the response procurement rules on and from the EAC Go-Live Date, specifically certain defined terms and asset testing provisions (as more particularly described below), and
- (iii) making some consequential changes to the response service terms.

in each case from and subject to the EAC Go-Live Date.

The effect of (i) will be to enable a transition on the EAC Go-Live Date from the response procurement rules to the new Reserve/Response procurement rules, so that response contracts formed on one service day under the former will, from the next service day, be formed under the latter.

The rationale for (ii) is that currently terms used in the response service terms are defined in a definitions schedule in the response procurement rules (which also contains defined terms used solely in the response procurement rules). Furthermore, asset testing rules are currently contained

in a separate schedule in the response procurement rules. Given that the response procurement rules will terminate on the EAC Go-Live Date, these provisions will need to “lift and shift” into the response service terms from that date.

The changes referred to in (iii) are outlined in the Annex of the EBR Article 18 Proposal – Summary of Changes (Pro-Forma).

The table below illustrates where provisions currently found in the response procurement rules will be found after the EAC Go-Live Date:

Clause ref in existing response procurement rules	Description	Destination		Comments/notes
		Reserve/Response Procurement Rules	Response Service Terms	
1	Introduction	X		
2	Changes to these Response Procurement Rules	X		
3	Defined Terms and Interpretation	X	X	
4	Registration of Registered Response Participants	X		
5	Prequalification of Eligible Assets	X		
6	Allocation of Eligible Assets to Response Units	X		
7	Buy Orders	X		
8	Sell Orders	X		
9	Market Clearing Rules	X		
10	Warranties and Undertakings	X		
11	Daily Auction Reports	X		
12	Formation of Response Contracts	X		
13	Confidentiality	X		
14	Exceptional Circumstances	X		

Clause ref in existing response procurement rules	Description	Destination		Comments/notes
		Reserve/Response Procurement Rules	Response Service Terms	
15	Use of Designated Auction Platform	X		
16	Accuracy of Information	X		
17	Intellectual Property	X		
18	Viruses	X		
19	Costs	X		
20	Site Export and Import Limits	X		
21	Notices	X		
22	Dispute Resolution	X		
23	Governing Law and Jurisdiction	X		
Schedule 1	Defined Terms	X (where used in Reserve/Response procurement rules)	X (where only used in service terms)	
Schedule 2	Registration and Pre-Qualification Procedure	X		
Schedule 3	Testing		X	
Schedule 4	Independent Technical Expert: Definitions		X	