

# Monitoring of bidirectional contracts for Dynamic Regulation, Moderation and Containment Services – update 23.02.2024

## Introduction

Dear industry colleagues

Following on from the publication titled 'Monitoring of bidirectional contracts for Dynamic Regulation, Moderation and Containment Services' that was published on the ESO website in November 2023, the ESO would now like to inform you of the next steps.

All providers who have units registered for the Dynamic Containment, Moderation and Regulation services, will have a call to go through the tool that the ESO will be using for monitoring bidirectional bids and the residual MW capacity of the unit to enable State of Energy (SOE) capacity at the point of tendering. This monitoring activity will be done on a weekly basis (Monday to Sunday). The Response Service Terms require the provider to comply with the contracted quantities requirements and also the SOE requirements in clause 6.11.

Where we find through the monitoring, that (a) units have over bid, and/or (b) the SOE capacity held is above the guidance thresholds set out in the Symmetrical Bid Calculator, and if the ESO believes that a participant is not able to demonstrate that SOE is being effectively managed, then the ESO will in its reasonable opinion, as stated in clauses 5.7 and 6.12 of the response services service terms, treat the unit as 'deemed unavailable to deliver the service' with consequences for the availability payment.

Through this initial period until the end of March 2024, the ESO will contact any providers with findings that could result in the unit being deemed unavailable. After this initial period, where these circumstances occur the ESO will automatically treat such units as deemed unavailable.

To summarise, the performance monitoring process is as below.

1. Weekly, the ESO identifies units that have over bid or have possible insufficient SOE for the contracted period.
2. Until March 2024, the ESO will contact the specific provider with details of 'findings' where compliance with the requirements may be an issue.
  - a. The provider responds to finding.
  - b. ESO evaluates the provider response.
  - c. Provider informed of ESO decision.
3. Provider informed in writing of any contracts where the ESO is deeming units unavailable.
4. Any adjustment sent to settlements.
5. From April 2024 onwards, only steps 1, 3 and 4 are followed.

It is our aspiration that following the feedback shared between the ESO and the provider in the initial period, any issues and limitations will be discussed and mitigated. Therefore, when the process is automated for performance monitoring, there ought to be few cases for deemed unavailability. Providers can of course contact the ESO for more information and discussion if they disagree with the outcome.

If you have any questions about the proposed process above, please get in touch with by emailing [commercial.operation@nationalgrideso.com](mailto:commercial.operation@nationalgrideso.com) or by contacting your account manager.