

Balancing Services

Glossary of General Terms and Rules of Interpretation

Author:	Market Operation National Energy System Operator Limited Faraday House Warwick Technology Park Gallows Hill Warwick CV34 6DA
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Part 1 – Introduction

1. This **Glossary of General Terms and Rules of Interpretation** shall apply to any document published or to be published by **NESO** which states (howsoever expressed) that it is governed by or subject to this **Glossary of General Terms and Rules of Interpretation** (in this document, a “**Relevant Balancing Services Document**”).
2. Any capitalised term used in this **Glossary of General Terms and Rules of Interpretation** shall have the meaning given to it (if any) in Part 4 below.
3. Subject always to paragraph 4 below, **NESO** may update this **Glossary of General Terms and Rules of Interpretation** 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 provided always that any updated version shall not apply to any **Balancing Services Contract** extant at the date of publication except with the consent in writing of the relevant **Balancing Service Provider**.
4. To the extent required by the **Electricity Balancing Regulation** (and where relevant by reference to the provisions of any **Relevant Balancing Services Document** constituting all or part of 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 this **Glossary of General Terms and Rules of Interpretation** will be proposed and implemented in accordance with the applicable requirements in the **Electricity Balancing Regulation**.

Part 2 – Rules of Interpretation

5. Unless the context otherwise requires or expressly provided otherwise, all references in a **Relevant Balancing Services Document** to a particular paragraph or schedule shall be a reference to that paragraph or schedule in or to that **Relevant Balancing Services Document**.
6. A table of contents and headings inserted in this **Glossary of General Terms and Rules of Interpretation** and any **Relevant Balancing Services Document** is there for convenience only and shall be ignored in construing their terms.
7. In this **Glossary of General Terms and Rules of Interpretation** and the **Relevant Balancing Services Documents** all and any references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words.
8. Unless the context otherwise requires, any reference in this **Glossary of General Terms and Rules of Interpretation** or a **Relevant Balancing Services Document** to an Act of Parliament or any part or section or other provision of or section to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, order or regulations then in force and made under or deriving validity from the relevant Act of Parliament.
9. All references in this **Glossary of General Terms and Rules of Interpretation** and the **Relevant Balancing Services Document** to the masculine shall include the

feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.

10. Save as may otherwise be expressly provided, in the event of a conflict or inconsistency between this **Glossary of General Terms and Rules of Interpretation** and the provisions of any **Service Glossary** relating to a **Balancing Service**, then with respect only to that **Balancing Service** the **Service Glossary** shall take precedence.
11. Unless expressly provided otherwise, all references in a **Relevant Balancing Services Document** to time will be to Coordinated Universal Time (UTC).

Part 3 – Flexibility Services Standard Agreement

12. Where a **Relevant Balancing Services Document** incorporates any provision(s) of the **Flexibility Services Standard Agreement**, the latter shall be read and construed as follows:
 - 12.1. **“Affiliate”** shall have the meaning given in Part 4;
 - 12.2. **“Annexes”** shall mean (as the context admits) the **Relevant Balancing Services Document**;
 - 12.3. **“Applicable Law”** shall mean any applicable law, statute, by-law, regulation, order, regulatory policy, guidance or industry code, rule of court or directives or requirements of any regulatory body;
 - 12.4. **“Business Day”** shall have the meaning given in Part 4;
 - 12.5. **“Charge”** shall mean any charge or price offered from time to time by a **Registered Service Provider** with respect to any **Balancing Service** pursuant to the **Relevant Balancing Services Documents** or any of them;
 - 12.6. **“Company”** shall mean **NESO**;
 - 12.7. **“Company’s Network”** shall mean the part of the **System** (including **Distribution System**) adjacent to which the relevant **DER** and/or **Site** is located;
 - 12.8. **“Confidential Information”** shall have the meaning given in Part 4;
 - 12.9. **“Connection and Use of System Code”** or **“CUSC”** shall have the meaning given in Part 4;
 - 12.10. **“Contract”** shall mean the applicable **“Balancing Services Contract”**;
 - 12.11. **“Distribution Energy Resources”** or **“DER”** shall mean the electricity generators, electricity storage or electrical loads, and other **Site** equipment, machinery, apparatus, materials and other items used for the provision of the relevant **Balancing Service**;

- 12.12. **“Distribution Limit”** shall mean five hundred thousand pounds sterling (£500,000);
- 12.13. **“Flexibility Service”** shall mean the applicable **Balancing Service**;
- 12.14. **“Force Majeure Event”** shall have the same meaning as **“Force Majeure”** in Part 4;
- 12.15. **“Industry Code”** shall have the meaning given in the **CUSC**;
- 12.16. **“Insolvency Event”** has the meaning given in Part 4;
- 12.17. **“Party”** shall mean **NESO** or a **Registered Service Participant** or a **Balancing Services Provider** (as the context admits), and **Parties** shall be construed accordingly;
- 12.18. **“Performance Data”** shall mean as defined in the relevant **Service Terms**;
- 12.19. **“Provider”** shall mean a **Registered Service Participant** or a **Balancing Services Provider** (as the context admits);
- 12.20. **“Service Requirement”** shall mean the specification for the relevant **Balancing Service** as more particularly described in the **Relevant Balancing Services Document**;
- 12.21. **“Service Terms”** shall have the meaning given in Part 4;
- 12.22. **“Sites”** shall mean the locations of the items of **Plant** and **Apparatus** owned and/or operated by a **Balancing Services Providers** individually or in combination with other items providing the relevant **Balancing Service**;
- 12.23. **“Term”** shall mean the duration of the **Balancing Services Contract**;
- 12.24. **“Transmission System”** shall have the same meaning as **“System”** in Part 4; and
- 12.25. **“Utilisation Instruction”** shall mean an instruction by the **Company** to the **Balancing Services Provider** to deliver the relevant **Balancing Service**.

Part 4 - General Terms

- 13. In each **Relevant Balancing Services Document**, and in any provision of the **Flexibility Services Standard Agreement** which is incorporated therein (and unless given a meaning in Part 3), unless the context otherwise requires, any capitalised term used therein shall have the meaning given to it (if any) in this Part 4.

“ABSVD Methodology Statement”	the document entitled “Applicable Balancing Services Volume Data Methodology Statement” as published by NESO as the same may be amended from time to time;
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“the Act”	the Electricity Act 1989;
“Active Power”	<p>the product of voltage and the in-phase component of alternating current measured in units of Watts and standard multiples thereof i.e.</p> <p>1000 Watts = 1kW</p> <p>1000 kW = 1MW</p> <p>1000 MW = 1GW</p> <p>1000 GW = 1TW;</p>
“Additional BM Unit”	as defined in the BSC ;
“Affiliate”	<p>in relation to an entity, any person that it Controls, is Controlled by or under the Control of that entity, or with whom that entity is under common Control, and for these purposes "Control" means the right of one person or entity, or two or more persons and/or entities acting in concert, (the "first person") to procure that the affairs of another person are conducted in accordance with the wishes of the first person, whether by virtue of holding equities, a partnership interest, membership of an unincorporated association, under contract or otherwise;</p>
“Anti-Bribery Laws”	<p>any and all statutes, statutory instruments, byelaws, orders, directives, treaties, decrees and laws (including any common law, judgment, demand, order or decision of any court, regulator or tribunal) which relate to anti-bribery and/or anti-corruption, including the Bribery Act and the US Foreign Corrupt Practices Act 1977 (as amended from time to time);</p>
“Anti-Slavery Laws”	<p>any and all statutes, statutory instruments, byelaws, orders, directives, treaties, decrees and laws (including any common law, judgment, demand, order or decision of any court, regulator or tribunal) anywhere in the world which relate to anti-slavery or servitude, anti-forced or compulsory labour and/or anti-human trafficking, including the Modern Slavery Act 2015;</p>

“ Anti-Tax Evasion Laws ”	the Criminal Finances Act 2017;
“ Apparatus ”	all equipment in which electrical conductors are used, supported or of which they may form a part;
“ Applicable Balancing Services Volume Data ”	as defined in the BSC ;
“ Authority ”	the Director General of Electricity Supply appointed for the time being pursuant to section 1 of the Act or, after the coming into force of section 1 of the Utilities Act 2000, the Gas and Electricity Markets Authority established by that section;
“ Base BM Unit ”	as defined in the BSC ;
“ Base Rate ”	in respect of any Day , the rate per annum which is equal to the base lending rate from time to time of the Bank of England as at the close of business on the immediately preceding Business Day ;
“ Balancing and Settlement Code (BSC) ”	has the meaning attributed to it in the Transmission Licence ;
“ Balancing Mechanism ”	as defined in the Grid Code ;
“ Balancing Services ”	has the meaning attributed to it in the Transmission Licence ;
“ Balancing Services Contract ”	a legally binding contract entered into or otherwise formed between NESO and a Balancing Services Provider for the provision of and payment for a Balancing Service ;
“ Balancing Services Glossary of General Terms and Rules of Interpretation ”	means this document as in force from time to time;
“ Balancing Service Provider ”	a market participant as defined by the Electricity Balancing Guidelines who is NESO’s counterparty to a Balancing Services Contract ;
“ Bid-Offer Acceptance ”	as defined in the Grid Code ;

“ Bid-Offer Data ”	the meaning attributed to it in the BSC ;
“ BM Participating ”	in respect of any Plant and/or Apparatus relating to a Balancing Services Contract , that it is, or will, be registered as a BM Unit during the term of that Balancing Services Contract ;
“ BM Unit ”	as defined in the BSC ;
“ BM Unit Data ”	the meaning attributed to it in the Grid Code ;
“ Bribery Act ”	the Bribery Act 2010;
“ Business Day ”	a weekday other than a Saturday or Sunday on which banks are open for domestic business in the City of London;
“ Capacity Market Rules ”	the rules made under section 34 of the Energy Act 2013 as modified from time to time in accordance with that section and the Electricity Capacity Regulations 2014 (as amended);
“ Competent Authority ”	the Secretary of State, the Authority, or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof, acting within its authority) which have jurisdiction over NESO or the subject matter of any Balancing Services Contract ;
“ Confidential Information ”	all confidential or proprietary information (however recorded or preserved) that is disclosed or made available (in any form or medium), directly or indirectly, by either NESO and/or the Balancing Service Provider to the other for the purpose of an actual or prospective Balancing Services Contract ;
“ Connection Agreement ”	any agreement in respect of the connection (including the maintenance and modification of that connection) of Plant and Apparatus to a System ;

“Connection and Use of System Code (CUSC)”	as defined in the CUSC ;
“Connection Site”	as defined in the CUSC ;
“Day”	a calendar day;
“Defaulting Party”	the party who has defaulted on one or more of its obligations under the terms of any Balancing Services Contract as more particularly described therein;
"Demand"	the demand (in MW) of Mvar of Electricity;
“Demand Response Active Power Control”	as defined in the Grid Code ;
“Demand Response Provider”	as defined in the Grid Code ;
“Demand Response Services Code”	as defined in the Grid Code ;
“Directive”	any present or future directive, request, requirement, instruction, code of practice, direction or rule of any Competent Authority and any modification, extension or replacement thereof;
“Distribution Code”	the Distribution Code(s) drawn up by Public Distribution System Operators pursuant to the terms of their respective Distribution Licence(s) as from time to time revised in accordance with those Distribution Licences ;
“Distribution Licence”	a Licence issued under section 6(1)(c) of the Act;
“Distribution System”	a distribution network owned and/or operated by the holder of a Distribution Licence ;
“Dynamic Parameters”	as defined in the Grid Code ;
“EFA Block”	a four-hourly electricity forward agreement period falling in an EFA Day , save that any such period spanning across the March or October clock change days shall be one hour

	shorter (on the short-clock change day) or one hour longer (on the long-clock change day) than normal;
“EFA Day”	the period commencing 23.00 hours on any Day and ending 23.00 hours on the next following Day , so that the start of one EFA Day coincides with the end of the previous EFA Day (and a Day shall be deemed to precede an EFA Day when it is the Day on which the EFA Day starts, and shall be deemed to correspond to the EFA Day when it is the Day on which the EFA Day ends);
“Electricity Balancing Regulation”	the English version of Commission Regulation (EU) 2017/2195 of 23 November 2017 as converted into Retained EU Law ;
“Electricity Transmission System Operation Regulation”	the English version of Commission Regulation (EU) 2017/1485 of 2 August 2017 as converted into Retained EU Law ;
“Events of Default”	one or more events of default described as such and set out in the terms of any Balancing Services Contract ;
“Expert”	an independent expert appointed for the purposes of Expert Determination ;
“Expert Determination”	the process specified in paragraph 17 of the Flexibility Services Standard Agreement ;
“Flexibility Services Standard Agreement”	the glossary and general terms and conditions comprised within version 3.0 of the document of that title published by the Energy Networks Association in the form which is published on NESO’s website;
“Force Majeure”	in relation to either Party , any event or circumstance which is beyond the reasonable control of such Party (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that Party or its officers or employees) but subject thereto including act of God, strike lockout or other industrial

	disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising from weather or environmental problems, explosion, governmental restraint, Act of Parliament, other legislation, bye law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act);
"Frequency"	as defined in the CUSC ;
"Gate Closure"	in relation to a Settlement Period , the spot time one hour before the spot time at the start of that Settlement Period , or otherwise as may be defined from time to time in the BSC ;
"Generating Unit"	unless otherwise provided in any Relevant Balancing Services Document means any Apparatus which produces electricity including for the avoidance of doubt a CCGT Unit ;
"Generation"	the electrical output (in MW) of a Generating Unit ;
"Good Industry Practice"	in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances;
"Grid Code"	the Grid Code drawn up pursuant to the Transmission Licence as from time to time revised in accordance with the Transmission Licence (and references to any specific provision or part of the Grid Code shall be construed as references to such

	provision or part as from time to time amended);
“Insolvency Event”	<p>in respect of a Party, the following events:</p> <ul style="list-style-type: none"> (a) an order of the High Court is made or an effective resolution passed for its insolvent winding-up or dissolution; or (b) a receiver (which expression shall include (where relevant) an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or (c) an administration order under Section 8 of the Insolvency Act 1986 is made or any other steps are taken to appoint an administrator or a voluntary arrangement is proposed under Section 1 of that Act; or (d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Authority); or (e) it is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that, in respect of NESO, such section shall have effect as if for seven hundred and fifty pounds sterling (£750.00) there was inserted two hundred and fifty thousand pounds sterling (£250,000) (and NESO shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures), <p>and in any such case within twenty-eight (28) Days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer,</p>

	such person has not provided to the other Party a guarantee of future performance in such form and amount as may be reasonably required;
“ Law ”	any Act of Parliament, regulation, Licence or Directive of a Competent Authority ;
“ Lead Party ”	as defined in the BSC ;
“ Licence ”	any one or more as appropriate of the Licences granted pursuant to Section 6 of the Act ;
“ London Court of International Arbitration ”	the London-based arbitral institution and not-for-profit company limited by guarantee of that name with a registered company number of 0204767 providing for the resolution of commercial disputes in accordance with its arbitration rules;
“ Maximum Export Limit ”	as defined in the Grid Code ;
“ Maximum Import Limit ”	as defined in the Grid Code ;
“ Metered ”	unless otherwise specified in any Relevant Balancing Services Document or by NESO in writing, measured by Metering Equipment designed for the measurement of quantities of Active Energy ;
“ Minimum Non-Zero Time ” or “ MNZT ”	as defined in the Grid Code (and which, in the case of a Generating Unit which is not BM Participating , shall be read and construed accordingly);
“ Minimum Zero Time ” or “ MZT ”	as defined in the Grid Code (and which, in the case of a Generating Unit which is not BM Participating , shall be read and construed accordingly);
“ MSID Pair ”	as defined in the BSC ;
“ MSID Pair Data ”	as defined in the BSC ;
“ MSID Pair Delivered Volume ”	as defined in the BSC ;

“Mode A Frequency Response”	as defined in paragraph 4.1.3.3 in Section 4 of the CUSC ;
“Modern Slavery Practice”	any practice that amounts to: (a) slavery or servitude (each as construed in accordance with Article 4 of the Convention for the Protection of Human Rights and Fundamental Freedoms of 4 November 1950, as amended); (b) forced or compulsory labour (as defined by the International Labour Organisation’s Forced Labour Convention 1930 (No. 29) and Protocol); and/or (c) human trafficking or the arrangement or facilitation of the travel of another person with a view to that person being exploited;
“Monthly Statement”	as defined in the Relevant Balancing Services Document ;
“National Electricity Transmission System”	as defined in the CUSC ;
“NESO”	National Energy System Operator Limited, a company registered in England with number 11014226 whose registered office is at 13 Strand, London WC2N 5EH (and shall include its successors and/or permitted assigns);
“Non-Working Day”	an Operational Day commencing at 05.00 hours on a Sunday or each of the Operational Days commencing at 05.00 hours on statutory bank holidays in England and Wales;
“Output”	Active Power output (in MW) achieved by Plant and/or Apparatus ;
“Parties”	with respect to any Balancing Services Contract , NESO and a Balancing Services Provider , and “ Party ” shall be construed accordingly;
“Performance Monitoring”	monitoring by NESO of performance by a Balancing Services Provider of its obligations pursuant to a Balancing Services Contract as more particularly described in

	the Relevant Balancing Services Document ;
“Physical Notification”	as defined in the Grid Code ;
"Plant"	fixed and movable items used in the generation and/or supply and/or transmission and/or distribution of electricity other than Apparatus ;
“Proceedings”	as defined in the Relevant Balancing Services Document ;
“Prohibited Act”	<p>any one or more of the following acts:</p> <ul style="list-style-type: none"> (a) a failure to comply with all applicable Anti-Bribery Laws and Anti-Slavery Laws; (b) offering, promising, giving, requesting, agreeing to receive, receiving or accepting a bribe or financial or other advantage or committing any corrupt act or any offence involving bribery, corruption, fraud or dishonesty; (c) engaging in any Modern Slavery Practice; (d) knowingly employ or engage in any practices that constitute or may constitute an offence under Anti-Slavery Laws; (e) doing or omitting to do any act or thing which causes or may cause NESO to be in breach of and/or to commit an offence under any Anti-Bribery Laws or Anti-Slavery Laws; (f) without prejudice to clause (e) above, doing or omitting to do any act or thing which causes or may NESO to be guilty of an offence under section 7 of the Bribery Act (or would or may do so if NESO was unable to prove that it had in place adequate procedures designed to prevent persons associated with it from undertaking such conduct); and (g) defrauding, attempting to defraud or conspiring to defraud NESO;
“Public Distribution System Operator”	the meaning attributed to it in the CUSC ;

<p>“Reactive Power”</p>	<p>the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof, ie: 1000 VAR = 1 kVAr 1000 kVAr = 1 Mvar;</p>
<p>“Registration Procedure”</p>	<p>the procedure by which an applicant is registered as a Registered Service Participant as more particularly specified by NESO from time to time;</p>
<p>“Registered Service Participant”</p>	<p>an entity which has registered with NESO and is eligible to participate in the procurement of one or more Balancing Services;</p>
<p>“Relevant Balancing Services Document”</p>	<p>the meaning given in paragraph 1 of Part 1 of this Balancing Services Glossary of General Terms and Rules of Interpretation;</p>
<p>“Relay”</p>	<p>an electrical measuring relay intended to operate when its characteristic quantity (Frequency) reaches the relay setting by an increase or decrease (as the case may be) in Frequency together with the associated and supporting equipment thereto;</p>
<p>“Response”</p>	<p>an automatic fluctuation in, or increase or reduction in, Generation or Demand, delivered by Plant and Apparatus in response to a change in System Frequency in a direction and within a timescale which assists NESO in management of System Frequency, typically delivered as either dynamic or static response;</p>
<p>“Retained EU Law”</p>	<p>as defined by section 6(7) of the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement Act) 2020;</p>
<p>“Service Terms”</p>	<p>the prevailing service terms applicable to any Balancing Service published by or on behalf of NESO from time to time;</p>

"Settlement Period"	a period of thirty (30) minutes ending on the hour or half hour in each hour during an Operational Day ;
"Settlement Run"	as defined in the BSC ;
"Service Glossary"	in relation to any Balancing Service , the defined terms contained in the relevant Related Balancing Services Document ;
"Stable Export Limit"	as defined in the Grid Code ;
"Stable Import Limit"	as defined in the Grid Code ;
"STC" or "System Operator – Transmission Owner Code"	as defined in the CUSC ;
"STTEC"	as defined in the CUSC ;
"System"	the National Electricity Transmission System , as defined in the CUSC ;
"System Frequency"	the Frequency of the System ;
"Target Frequency"	as defined in the CUSC ;
"Transmission Entry Capacity"	as defined in the CUSC ;
"Transmission Licence"	the Licence granted to NESO under Section 6(1)(b) of the Act ;
"User System"	as defined in the Grid Code ;
"Value Added Tax" or "VAT"	Value Added Tax as defined by the Value Added Tax Act 1994 and any modification or re-enactment thereof and any new tax of a similar nature; and
"Working Day"	means an Operational Day commencing at 05.00 hours on either a Monday, Tuesday, Wednesday, Thursday, Friday or Saturday but excluding statutory bank holidays in England and Wales.