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C9 Annual Review

Proposed revisions to the Procurement
Guidelines, Balancing Principles, BSAD,
SMAF and ABSVD C9 Statements for
2025/2026

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Contents

SLC C9 Process Overview:.....	5
Review of suggested changes during the C9 Consultation Process:.....	7
Proposals for the Procurement Guidelines Statement (2025-2026).....	7
Proposals for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement (2025-2026).....	8
Proposals for the Balancing Principles Statement (2025-2026).....	9
Proposals for the Balancing Services Adjustment Data (BSAD) Methodology Statement (2025-2026).....	10
Proposals for the System Management Action Flagging (SMAF) Methodology Statement (2025-2026).....	10
The Consultation Questions.....	11
How to respond.....	13
Appendix A: Response Proforma.....	13

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Executive Summary

This consultation has been produced under Condition C9 of the Electricity System Operator Licence to undertake an annual review of the National Energy System Operators (NESO) C9 Statements.

This consultation forms part of the C9 Licence Condition and will detail the revisions NESO are considering during this review as a result of changes to balancing services NESO intend to procure from April 1st 2025 to March 31st 2026.

There are five statements that form part of Condition C9, all of which are open for review and change during this consultation process:

- 1) The Procurement Guidelines Statement (PGS)
- 2) Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- 3) Balancing Principles Statement (BPS)
- 4) Balancing Services Adjustment Data Methodology Statement (BSAD)
- 5) System Management Action Flagging Methodology Statement (SMAF)

NESO's proposed key focus areas for review of the five statements during this review are:

- Housekeeping updates; this includes formatting, link reviews and version control.
- References to "ESO", "NGESO" "National Grid" deleted and replaced with "NESO" where applicable.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- Additional Obligations under NESO ESO Licence
- Updates to services including Balancing Reserve, Quick Reserve, Dynamic Moderation, Dynamic Regulation, Dynamic Containment, DFFR, DFS and MW Dispatch to reflect procurement plans for those services.
- General updates to formatting, spelling, grammar and link updates as normal.

Further details of these proposed changes specific to each statement can be found in the individual statement sections within this document and the statements themselves.

NESO welcomes industry views on these proposed changes. Responses are required by 5pm on 21st February 2025. Details on how to make a response can be found in the Consultation Questions section.

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Following receipt of responses to this consultation, NESO will produce a report that will summarise the final changes recommended to be made to this year's statements to be submitted to the Authority for review. This will detail all feedback received throughout the consultation process, NESO responses and final proposed changes to statements.

The current versions of the C9 statements, consultations and reports to Authority will be published at the link below:

[C9 statements and consultations | National Energy System Operator](#)

If you have any questions about this document, please contact

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Markets, National Energy System Operator

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Please note that consequential changes resulting from modifications to GB industry codes, stakeholder suggestions and upcoming regulatory changes that are not captured here will be actioned either in future annual reviews, or individual statement reviews, as appropriate

Penny Garner

Market Frameworks Senior Manager

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SLC C9 Process Overview:

The Review

In accordance with Standard Condition C9 of its Electricity System Operator Licence, NESO is conducting its annual review of all licence statements, regular reviews of the methodologies and if appropriate, proposing changes to these documents.

The purpose of NESO’s review and consultation is to ensure that each of the applicable documents remains current by seeking industry views on any proposed changes. NESO invites the Authority (Ofgem) to review the proposed changes. If the authority chooses to exercise their powers of veto for these proposed changes to the C9 statements, the existing versions will remain in place. Alternatively, the proposed changes will become effective by 01 April 2025 unless the Authority issues a direction that statement changes should become effective earlier or are vetoed.

The following C9 statements are the focus of the annual review:

- Procurement Guidelines Statement (PGS)
- Applicable Balancing Services Volume Data Methodology Statement (ABSVD)
- Balancing Principles Statement (BPS)
- Balancing Services Adjustment Data Methodology (BSAD)
- System Management Action Flagging Methodology (SMAF)

Industry are invited to provide feedback on the proposed changes during a formal consultation process that lasts not less than 28 days.

It should be noted that the annual review of the C9 statements is not the primary forum for the development of new balancing services. They will be created and consulted upon in a separate process, and any subsequent changes to the statements will reflect new products as required.

Report to Authority

Once the formal consultation has closed, NESO will document, in the form of a report, the final position on the proposed changes, along with the tracked changed versions of the statements. The report will also include in a clear and transparent way all industry responses and NESO’s view for each of these.

This report must be issued to the Authority within 7 days (5 working days) from the closure of the formal consultation unless NESO is directed otherwise.

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Authority Decision and Statement Go Live

The final step in the review process is for the Authority to review all the documents submitted to them by NESO at the report submission stage.

As part of the licence condition, the Authority has 28 days to offer a direction or to challenge NESO's submission. If the Authority does not veto the proposed changes, then the revised statements will go live on the NESO website on the 01 April 2025, unless directed otherwise. If the Authority does veto any proposed revisions, then there are two different directions for the statements to go live.

The Authority can either direct a change or they can request NESO to run a further consultation on the specific issues they have identified which may push back the go live date or a statement might go live pending further changes.

C9 Timeline

Action	Start Date	End Date
Consultation	24 th January 2025	21 st February 2025
Report	21 st February 2025	28 th February 2025
Authority Decision	28 th February 2025	28 th March 2025
Revised Statements Go Live	1 st April 2025	

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Review of suggested changes during the C9 Consultation Process:

As a result of the transition from National Grid ESO to the National Energy System Operator our transmission licence has now taken effect as the electricity system operator licence. We have considered relevant changes to the licence conditions and there have arisen a number of changes that need to be made to the statements under Condition C9 of the Electricity System Operator Licence. These broadly consist of:

- References to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new conditions under the Electricity System Operator Licence.
- Additional obligations under NESO ESO Licence
- Updates to Balancing Services to reflect changes to the services for the procurement year 2025-2026.
- General updates to formatting, spelling, grammar and link updates as normal.

In order to improve clarity within the tracked change statements, general updates to formatting will be tracked in blue. Substantive updates to new services and wording updates as a result of licence changes arising from the transition to NESO will be red line tracked as per usual procedure.

Additional Licence Obligations under C9.8 NESO ESO Licence.

Under C9.8 of the National Energy System Operators ESO Licence, NESO are obliged to update the statement to include how NESO considers the principles and criteria identified in the Balancing Principles Statement are consistent with its duties under S163 and S164 of the Energy Act 2023As a result of this, NESO has reviewed the balancing principles and associated statement and proposed revisions to parts of the statement text to include our consideration of these duties.

Proposals for the Procurement Guidelines Statement (2025-2026)

The Procurement Guidelines set out the types of Balancing Services which NESO may be interested in purchasing, together with the mechanisms by which NESO purchases such Balancing Services. It acts as a generic statement of the procurement principles that NESO expects to follow.

The amendments proposed to the Procurement Guidelines Statement are:

- References to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable,.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- General updates to formatting, spelling, grammar and link updates as normal.
- Updates to the text relating to Balancing Reserve to reflect the launch of the service since the last revision of the statements.

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- Updates to the text relating to Quick Reserve to reflect the launch of the service since the last revision of the statements.
- Updates to Dynamic Moderation, Dynamic Containment and Dynamic Regulation, the service has been deleted from the “Future Requirements” section and details provided within the Response section as these are now established services.
- Updates to the text on Firm Frequency response to reflect current procurement through daily auctions.
- Updates to the text on the Demand Flexibility Service to reflect procurement plans for the service.
- Addition of text detailing “Response Avoidance” a service NESO utilises in exceptional events e.g. the Kings Coronation. The omission of this service has been highlighted during the C9 audit process. As there is always the potential for an exceptional event, NESO has proposed adding the service to the list of “services we expect to procure” in the Procurement Guidelines Statement.

Please see the tracked changes document for the Procurement Guidelines Statement (PGS) for detail of the proposed changes. This is stored within the folder “C9 Annual Consultations 2025-26” which can be located on the C9 webpage:

[C9 statements and consultations | National Energy System Operator](#)

Proposals for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement (2025-2026)

The Applicable Balancing Services Volume Data Methodology Statement (ABSVD) sets out the information on Applicable Balancing Services that will be taken into account for the purposes of determining imbalance volumes.

The amendments proposed to the ABSVD Methodology Statement are:

- References to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable,.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- General updates to formatting, spelling, grammar and link updates as normal.
- Updates to the BM ABSVD Applied Table to remove the “Unit Type” column. Following further clarification arising from the outputs of BSC Issue Group 114 “Issues relating to Settlement of ABSVD for ancillary services delivered through independent aggregators” it has been indicated that there is currently an inconsistency in approach in adjusting Suppliers’ for BM Unit ABSVD submitted against Secondary BM Units within the Elexon Imbalance process. This change aligns with the wording within the BSC.

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ABSVD data is submitted for BMU's by NESO, however Providers should be aware of the following inconsistency in adjustment of Suppliers' positions for BM Units within the Elexon process as outlined in Issue 2, further details can be found in the following location:

[BSCP40: Change Management](#)

- Updates to the text relating to LCM. LCM ABSVD Opt Out solution is presently live and included as part of the settlement processes as it is stated in LCM Service Terms version 2.0, effective from 04/10/2024, published on 25/11/2024.

Please see the tracked changes document for the Applicable Balancing Services Volume Data (ABSVD) Methodology Statement for detail of the proposed changes. This is stored within the folder "C9 Annual Consultations 2025-26" which can be located on the C9 webpage:

[C9 statements and consultations | National Energy System Operator](#)

Proposals for the Balancing Principles Statement (2025-2026)

The Balancing Principles Statement defines the broad principles and criteria (the Balancing Principles) used by NESO that will determine, at different times and in different circumstances, which Balancing Service it will use to assist in the efficient and economic operation of the transmission system and also to define when NESO would resort to measures not involving the use of Balancing Services.

The amendments proposed to BPS are:

- References to "ESO", "NGESO" "National Grid" deleted and replaced with "NESO" where applicable,.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- Updates to the text relating to Quick Reserve to reflect the launch of the service since the last revision of the statements.
- General updates to formatting, spelling, grammar and link updates as normal.
- Updates to reflect NESO's new obligations under C9.8.

Please see the tracked changes document for the Balancing Principles Statement for detail of the proposed changes. This is stored within the folder "C9 Annual Consultations 2025-26" which can be located on the C9 webpage:

[C9 statements and consultations | National Energy System Operator](#)

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Proposals for the Balancing Services Adjustment Data (BSAD) Methodology Statement (2025-2026)

The Balancing Services Adjustment Data Methodology Statement (BSAD) sets out the information on relevant balancing services that will be taking into account under the Balancing and Settlement Code for the purpose of determining imbalance prices.

The amendments proposed to the BSAD Methodology Statement are:

- References to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable,.
- References to C16 updated to C9 as relevant.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- General updates to formatting, spelling, grammar and link updates as normal.
- Updates to include text from sections of the Balancing and Settlement Code for clarity.

Please see the tracked changes document for the Balancing Services Adjustment Data (BSAD) Methodology Statement for detail of the proposed changes. This is stored within the folder “C9 Annual Consultations 2025-26” which can be located on the C9 webpage:

[C9 statements and consultations | National Energy System Operator](#)

Proposals for the System Management Action Flagging (SMAF) Methodology Statement (2025-2026)

The System Management Action Flagging (SMAF) Methodology Statement sets out the means which the licensee will use to identify (using reasonable endeavours) balancing services that are for system management reasons.

The amendments proposed to the SMAF Statement are:

- References to “ESO”, “NGESO” “National Grid” deleted and replaced with “NESO” where applicable,.
- References to C16 updated to C9 as relevant.
- Addition of text into Part B Flagging for system flagging test instructions.
- References to other conditions under the transmission licence updated to reflect new condition references under the Electricity System Operator Licence.
- General updates to formatting, spelling, grammar and link updates as normal.

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Please see the tracked changes document for the System Management Action Flagging (SMAF) Methodology Statement for detail of the proposed changes. This is stored within the folder “C9 Annual Consultations 2025-26” which can be located on the C9 webpage:

[C9 statements and consultations | National Energy System Operator](#)

The Consultation Questions

We invite industry to provide feedback on the changes proposed to the Procurement Guidelines, Balancing Principles, BSAD, SMAF and ABSVD 2025/26 C9 Statements. The consultation questions below are also within the response proforma in Appendix A.

Procurement Guidelines Statement (PGS)

1. Do you agree with moving the detail on Dynamic Containment, Dynamic Moderation and Dynamic Regulation from Future Requirements on P16 to the Response section in Commercial Ancillary Services we expect to procure on P24?
2. Do you object to the removal of Fast Reserve from the list of tendered services in Description of Commercial Ancillary Services on P19?
3. Do you agree with the updates to the text on Balancing Reserve to reflect the service launch on P20?
4. Do you agree with the amendments to the text on Quick Reserve on P22 to reflect the service launch?
5. Do you agree with the addition of “Response Avoidance” following feedback during the C9 Audit process on P24?
6. Do you agree with the deletion of the removal of words relating to Monthly Tenders under Firm Frequency Response to reflect the procurement through daily auctions on p23?
7. Do you agree with the deletion of text on MW Dispatch to reflect service launch on P27?
8. Do you agree with the updates made to the text on Demand Flexibility Service in line with planned procurement on P30?
9. Do you agree with the update of the go live date on DFFR to align with procurement plans on P32?
10. Do you agree with the updates to the text made for alternative voltages projects under Reactive Power on P34?
11. Do you agree with the updates to Table 2 Active Commercial Ancillary Services table on P40?
12. Do you agree with the updates made to Part E Information Provision to reflect the correct years for the regulatory framework on P44?
13. Do you agree with the addition of SFFR, DC, DM and DR into Information Provision Detail to reflect the publication of tender information on a monthly or daily basis service dependent on P45?

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14. Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGENSO to NESO transition?
15. Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?
16. Do you have any further comments or amendments you would like to see regarding the Procurement Guidelines?

Applicable Balancing Services Volume Data Methodology Statement (ABSVD)

1. Do you agree with the updates to the table “BM ABSVD Applied” on P10?
2. Do you agree with the updates to the text relating to LCM on P14?
3. Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGENSO to NESO transition?
4. Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?
5. Do you have any further comments or amendments you would like to see regarding the ABSVD Methodology?

Balancing Principles Statement (BPS)

1. Do you agree with the updates made to Part B General Principles to reflect the additional obligations under C9.8 on P9?
2. Do you agree with the updates made to Quick Reserve to reflect the service launch on P33?
3. Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGENSO to NESO transition?
4. Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?
5. Do you have any further comments or amendments you would like to see regarding the Balancing Principles Statement?

Balancing Services Adjustment Data Methodology Statement (BSAD)

1. Do you agree with the insertion of the full text of Section Q, Paragraph 6.3.2 of BSC to specify the BSAD data on P11?
2. Do you agree with the housekeeping changes made throughout the document i.e naming updates, license references, to reflect the updates to naming from the NGENSO to NESO transition?
3. Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?
4. Do you have any further comments or amendments you would like to see regarding the BSAD Methodology?

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System Management Action Flagging Statement (SMAF)

1. Do you agree with the addition of point 5, System Management in Part B Flagging on P7?
2. Do you agree with the updates to the text relating to Black Start to reflect the changes to Electricity System Restoration on P11?
3. Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming form the NGENSO to NESO transition?
4. Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?
5. Do you have any further comments or amendments you would like to see regarding the SMAF Methodology?

How to respond

Responses should be submitted by replying to the consultation questions within the response proforma, attached as Appendix A and emailing the completed proforma to balancingservices@nationalenergyso.com.

(note: please ensure there is an “s” at the end of the balancing services, as there have been issues of the “s” not populating when clicking on the hyperlink)

If you do not wish any elements of your response to be made publicly available, please mark these as confidential.

Responses should be returned no later than 5.00PM on 21st February

Appendix A: Response Proforma

The proforma can be found on the NESO webpage in the 2025-2026 C9 Consultations Folder here: [C9 statements and consultations | National Energy System Operator](#)