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Instructions to Tenderers

Mid-Term (Y-1) Stability Market

Tender Year: 2024-2025

Delivery Year: 2026-2027

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Purpose of this document and the ITT Pack

This document and the other documents that make up the ITT Pack have been provided in good faith. The purpose of these documents is to provide the market with information about the tender rules and requirements to enable market participants to make an informed tender submission as part of the ITT. This document has been updated accounting for feedback received through the consultation that was held prior to the Invitation to Tender (ITT). As a result, ITT documents may supersede earlier documents and/or information previously communicated during the EOI.

Commercial Decisions

Any commercial decisions made by bidders to facilitate or support tender submissions are made at the full discretion of the tender participant. NESO shall not be liable for any results of these commercial decisions and does not accept responsibility for any commercial decisions made by participants.

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Version Control

Version	Description	Date
V1	Initial publication. Instructions to tenderers at EOI and consultation stage of the tender. This document is subject to amends/updates at ITT stage.	08 November 2024
V2	ITT Publication	17 January 2025

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Introduction

On behalf of National Energy System Operator (NESO), this document invites your company to tender in accordance with the documents set out in the ITT Pack (Appendix A) provided as part of this invitation to tender (ITT) for the second round of the Mid-Term (Y-1) Stability Market (delivery year 2026/2027) (NESO Tender Ref No: WS2211135389), which will be referred to as **Mid-Term 26/27** herein.

The purpose of this document is to:

- provide information about how the tender process will be facilitated.
- provide key instructions, rules, and guidelines.
- explains how bidders can respond to the ITT.

If there is any inconsistency or conflict between the terms of these instructions and any other document comprised in the ITT Pack, the provisions of these instructions in conjunction with the Contract Award Criteria shall prevail.

1. Mid-Term (Y-1) Stability Market Overview

The Mid-Term (Y-1) Stability Market operates based on annual tender rounds, where contract award will be made approximately one year prior to the service delivery year in question.

Each tender round will be focused on one delivery year at a time. For example, during the tender round to be held between 2024 and 2025, bidders can only bid for one delivery year (2026-2027).

To be contracted for a specific delivery year, bidders would need to take part in the relevant tender round.

Each tender round will be open to new bidding companies and/or new solutions/assets. It is not a pre-requisite to partake in a previous tender round to be able to partake in subsequent tender rounds.

For each tender round NESO will confirm the requirement and provide tender documentation to facilitate the process. Please note this document and the other published documentation that make up this **Mid-Term 26/27** ITT Pack are only applicable to the second tender round. As and when future tender rounds are completed, new tender documents will be published.

2024

2025

2026

2027

2028

2029

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2026/27 delivery year		Tender		Delivery		
2027/28 delivery year			Tender		Delivery	
2028/29 delivery year				Tender		Delivery

2. Mid-Term 26/27 Requirements – Summary Information

NESO is seeking solutions to support Great Britain’s inertia requirements between October 2026 and September 2027.

The table below provides a high-level summary of the requirements for this tender, but please refer to the other tender documents, for example the **Mid-Term 26/27** Technical Specification, for full details.

Table 1

Topic	Detail
Requirement	<p>The requirement for procurement in this tender is 15 GVA.s inertia between 2026 and 2027. The outturn requirement that NESO procure may be above or below this volume according to the bids received and what NESO considers to be the most economic action to take based on the assessment criteria.</p> <p>The indicative requirement reflects NESO’s best view of the requirement based on several different scenarios that the NESO has forecasted. For more details, please refer to the Technical Specification.</p>
Service delivery period	1 October 2026 to 30 September 2027
What voltage levels can solutions be offered at?	Solutions must either be directly connected to the transmission system or if Embedded have a User System Entry Point of 132kV. For clarity anyone connecting to the transmission system would be eligible to take part in this tender, including tertiary and grid park connections.

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	<p>This is due to the challenges in allowing DNO connections below 132kV, some of these challenges are:</p> <p>Solutions connecting at 110kV or above have more stringent technical requirements in the Grid Code. This includes enhanced fault ride through characteristics which are an important attribute for solutions providing stability services, which would need to be demonstrated by distribution assets. Further to this, there are technical limitations around being connected to low level voltages in DNO networks and interactions with loss of mains protection.</p> <p>There are several additional requirements to the normal technical requirements for Grid Forming technologies. Grid forming is a new emerging technology that is being deployed in very limited numbers across GB. Currently, there are no DNO connected grid forming assets deployed in GB, through this Mid-Term (Y-1) Stability Market we would first like to understand the performance and limitations of grid forming assets providing stability/inertia to the NESO at the higher voltage levels in DNO networks before expanding to cover lower voltage levels.</p> <p>To address some of these issues NESO has an ongoing innovation project for the monitoring of inertia which will likely help us to better understand the impact of inertia sources connected at lower voltage levels on the national requirement. NESO are also exploring opportunities to undertake further innovation work to assess the effectiveness of distribution connected solutions towards the national inertia requirement. Through this work NESO intend to work with DNO's to understand the implications for their networks from the installation of grid forming technology. Depending on the findings upon conclusion of these innovation projects, the eligibility criteria for the Mid-Term (Y-1) Market may be updated in the future.</p>
<p>Technology type</p>	<p>Mid-Term 26/27 is technology agnostic. NESO is seeking technologies that provide inertia services, based on a technology-agnostic specification. Any solution proposed must meet the tender criteria, such as the Technical Specification and the Eligibility Criteria (please refer to the separate documents for details).</p>
<p>Availability</p>	<p>This service requires at least 90% availability, and the contract will be paid on a pay-as-bid basis.</p>

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	<p>For GBGF-S technologies, there are two forms of payments. One payment will be an availability fee on a £/settlement period basis, which will be paid when assets are available for provision of their contract stability services, but they have not been actively instructed to provide the service. There will be a further utilisation payment when instructed throughout the delivery year (see next section).</p> <p>For GBGF-I technologies, payment will be made through a single availability fee payment with no separate utilisation payment.</p> <p>For both GBGF-S and GBGF-I units, the availability fee will be fixed for the delivery year, with no indexation applied.</p> <p>For information on how stacking will impact availability and availability payments please see Section 8 below.</p>
<p>Utilisation Profile</p>	<p>During periods when contracted GBGF-S solutions have been instructed to provide the service, the intention is that, for GBGF-S technologies both the availability and utilisation payments will be made subject to the provider’s solution being available and accepting the instruction to provide the service. The utilisation fee will be fixed for each delivery year, with no indexation applied. For more details on utilisation payment, please refer to the contract terms and conditions.</p> <p>For GBGF-I technologies payment will be made through a single availability only fee as there will be no additional utilisation instruction for these technologies.</p> <p>Please refer to the Technical Specification for information on the utilisation profile, and the Contract Award Criteria for how utilisation will be assessed in the tender assessment. Please note the utilisation will not be capped in the contract.</p> <p>For information on how stacking will impact availability and availability payments please see Section 8 below.</p>
<p>Can OMW solutions take part?</p>	<p>OMW solutions can participate in the tender process. Any proposed solution must satisfy the tender requirements (including the Eligibility Criteria) to be considered for a contract. Please refer to the Contract Award Criteria for more information.</p>

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Can Non-0MW solutions take part?	Non-0MW solutions can participate in the tender process. Any proposed solution must satisfy the tender criteria (including the Eligibility Criteria) to be considered for a contract. Please refer to the Contract Award Criteria for more information.
Can services be stacked?	Yes, please refer to Section 8 of this document for more details.
Can existing connections participate?	Yes. Any solution proposed must satisfy the tender criteria (including the Eligibility Criteria) to be considered for a contract. Please refer to the Contract Award Criteria for more information.
Can Transmission Owners participate?	No. TOs are not permitted to participate in this market. Their regulatory arrangement does not allow for this.
Can Distribution Network Owners participate?	No. DNOs are not permitted to participate in this market. Their regulatory arrangement does not allow for this.
Can Offshore Transmission Owners participate?	No. OFTOs are not permitted to participate in this market. Their regulatory arrangement does not allow for this.
Can Interconnectors participate?	Yes. Interconnectors are able to participate in this market and receive a commercial contract for the provision of the service. Any proposed solution must satisfy the tender criteria (including Eligibility Criteria) to be considered for a contract. Please refer to the Contract Award Criteria for more information.
Will any redundancy be procured based on N-1?	No, NESO is not seeking to procure redundancy based on the N-1 methodology in this tender. However, please note NESO's comments within the 'Requirement' row of this table.

For the avoidance of doubt, NESO seeks to secure an overall portfolio of solutions that minimises costs to manage inertia across the system. As a result, NESO may procure more or less than its requirements if it is economic to do so.

If none of the solutions tendered by bidders provide economic benefits against the forecasted alternative cost of managing inertia through the Balancing Mechanism (BM) then this **Mid-Term 26/27** tender may not proceed to award contracts. It's possible that

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only part of the requirement is awarded through this tender, whilst the remaining requirement is sought through the BM.

3. Tender Process and Timeline Overview

The **Mid-Term 26/27** tender will follow the process outlined below, which consists of a pre-tender Expression of Interest (EOI) stage followed by a combined commercial and technical Invitation to Tender (ITT).



Table 2

Indicative Timelines	
Task	Date
EOI Launch	08 November 2024
Consultation Deadline	29 November 2024
EOI 'Early Bird' Deadline	10 December 2024
EOI 'Backstop' Deadline	24 January 2025
ITT Launch	17 January 2025
ITT Window	17 January 2025 – 16 May 2025
ITT Deadline	16 May 2025
NESO Internal Tender Assessments	May 2025 – August 2025
NESO Internal Sanction Process	September 2025
Contract Award	October 2025

4. Tender Submission Process and Deadline

To return a Tender Submission, bidders must complete and return the Tender Submission Documents through the Ariba platform by the Tender Submission deadline.

The Tender Submission deadline is **16 May 2025 12:00PM**.

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All Tender Submissions must, unless otherwise agreed in writing by NESO, be submitted online through Ariba. If bidders face technical challenges in uploading their submission via Ariba, they must inform NESO at the earliest opportunity.

Bidders may withdraw from the ITT at any point prior to the tender submission deadline, providing a reason for withdrawing from the tender process. Please see Section 15 for more information.

Return of Tender Submissions using ARIBA

Bidders must return via Ariba the fully completed Tender Submission documents together with any supporting documentation on the Tender Submission deadline.

Your submission must comprise the following:

- One password-protected submission zip file via Ariba (upload all response documents into one zipped folder in section 2.2). This should include as a minimum a clearly named 'Technical Submission Document', 'Commercial Submission Document' and 'Tenderer Declaration'. Please note the information system capacity constraints – Ariba uploads are limited to 20mb per section. Please use additional information fields provided to further upload.
- If additional uploads are required, please use section 2.3 Additional upload space in Ariba.

When requested to do so by NESO, and in any event at the end of the ITT, Tenderers are required to destroy all copies of the ITT documentation which have been issued as part of this ITT.

Tenderers must submit their Tender Submissions in the format requested by NESO.

If NESO has requested that a response is restricted to a set amount of words or pages this must be adhered to. Any response in excess of the maximum word count or page count will only be considered up to the word or page count that was set. Anything beyond this will not be considered.

Any additional documents, attachments and appendices provided must clearly state the Tenderer's name and the question number it relates to using the following document naming convention:

[Company Name] [Commercial/Technical] – [Solution Reference] [Question No].

Special characters (&, %, \$, £, ~, # etc) must not be used in document names.

Failure to comply with these rules may invalidate the submission.

Conditions of returning a tender submission

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By making a Tender Submission for this ITT, Tenderers are agreeing to be bound by the terms of the ITT Pack and the final contract terms (Service Agreement) without negotiation or material amendment.

Bidders also confirm that they shall ensure that any JV/Group/consortium members and/or subcontractors comply with all applicable laws, codes of practice and statutory guidance.

Information that is supplied to Tenderers as part of this ITT is supplied in good faith. The information contained in the ITT Tender Pack and in any related written or oral communication is believed to be correct at the time of issue, but NESO will not accept any liability for its accuracy, adequacy or completeness and no warranty is given as such. This includes but is not limited to Ofgem’s announcement on the treatment of synchronous condensers which can be found [here](#).

Any reliance by a Tenderer or any third party on the information provided by NESO as part of this ITT is at the Tenderer’s and/or third party’s risk.

Tender Submission Guidance

Bidders will be required to confirm the name of the contracting entity for each solution put forward as part of their Tender Submission. This means that for bidders who are parent companies of subsidiaries/Special Purpose Vehicles (SPVs) intended to be the contracting entity, these bidders will be able to confirm which subsidiary/SPV would be the contracting entity against each solution that is proposed, rather than needing to submit separate Tender Submissions for each subsidiary/SPV. This information will be used to populate the contract agreements where a third-party market participant is successful in the tender.

Where contracting entities do not exist yet and would be set up upon success in this tender (e.g., an SPV), the name of the contracting entity that would enter the Service Agreement should still be provided. This information should not change between tender submission and contract signature; however, amendments can be made by exception where necessary subject to NESO discretion.

Joint Ventures

If a Tenderer is responding to the ITT as a group / consortium (including any joint venture) (a "Group"), the following information must be provided in an additional document at Tender submission:

- a. Company names of all Group members; and
- b. if the Group is formed as a separate legal entity to be contractually responsible for delivery of the contract, full details of the actual or proposed

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percentage shareholding of the constituent members within the new legal entity;
or

- c. if the Group is not to be set up as a separate legal entity, then the Group lead (the entity with responsibility for submitting the Tender) should make it clear who the lead member of the group is, and who will be contractually responsible for delivery of the contract; and
- d. if the Group is not proposing to form a separate legal entity, full details of the proposed arrangements between the Group members.

Notwithstanding any indication by a Group that they do not intend to form a separate legal entity, NESO may require the Group to assume a specific legal form if awarded the contract, to the extent that a specific legal form is deemed by NESO as being necessary for the satisfactory performance of the contract.

By electing to submit a response and accepting these Instructions, the Tenderer (including all entities which are being relied upon to meet the requirements of the ITT, each sub-contractor that is intended to play a significant role in delivering key contract requirements and, where the Tenderer is a Group, all members of the Group, as applicable) signifies its agreement to:

- a. keep and maintain the information contained in the ITT Tender Pack (including any addenda thereto, any clarifications or contact details issued by NESO) confidential. This obligation shall survive the Procurement and shall apply whether the Tenderer is successful or not. Any Tenderer which does not intend to submit a response shall be subject to the same confidentiality obligations hereunder. NESO requires each Group member to enter the Confidentiality Agreement set out in Ariba; and
- b. where members of a Group are submitting Tender responses individually in addition to as part of a Group, that the terms of the Non-Collusion Agreement set out in Ariba will be adhered to.

Tenderers are reminded that new Tenderers cannot be admitted to the ITT once the Expression of Interest deadline has passed. Accordingly, it is not possible for a Group to dissolve and for individual members to submit a Tender separately if those individual members have not registered as individuals and provided separate Confidentiality Agreements and Non-Collusion Agreements.

Furthermore, it is not possible for a Group to dissolve and new Tenders to be submitted for individual member(s) after the Tender submission deadline has passed.

Tenderers are reminded that NESO must be notified immediately of any changes, or proposed changes, in relation to information provided by a Tenderer in their Tender

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response (including in relation to the bidding entity e.g. Group members) so that a further assessment can be carried out.

NESO reserves the right to eliminate a Tenderer prior to any award of a contract, either based on an assessment of the updated information where that assessment is carried out in accordance with the Contract Award Criteria or where a Tenderer fails to disclose any such change.

5. ITT Content

The **Mid-Term 26/27** ITT Pack consists of the following:

Part 1 – Tender Instructions

The documents in this part provide instructions and guidelines on the key rules and requirements for Tender submission.

- Invitation to Tender Letter
- Instructions to Tenderers (this document)
- Contract Award Criteria
- Tender Query Log

Part 2 – Tender Information

The documents in this part provide information to be used as part of Tender submission.

- Technical Specification
- Eligibility Criteria
- Feasibility Study Guidance
- Terms and Conditions Documents (zip file)
 - Framework Agreement
 - Standard Contract Terms
 - Tender Acceptance Letter
- Indicative Payment Calculator
- Acceptable Security NESO Drafts (zip file)
 - Letter of Credit Template

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- Parent Company Guarantee Joint & Several
- Parent Company Guarantee Standard
- Summary of Consultation Feedback

Part 3 – Tender Submission Documents

The documents in this part are the templates that must be completed and submitted as part of Tender submissions.

- Technical Submission Document
- Commercial Submission Document
- Tenderer Declaration
- Feasibility Study Submission Template
- Fast Track Declaration form

Note: All documents listed above are applicable to all bidders unless otherwise indicated. At any time prior to the Tender Submission deadline, NESO may amend any of the ITT Pack or provide additional information. This information will be issued to all Tenderers through the ARIBA platform. It is the responsibility of the Tenderer to ensure they have all updated information, and that Tender Submissions comply with any updated or new information that is provided. If appropriate, to ensure Tenderers have reasonable time in which to take such amendment into account, the timeline shall, at the discretion of NESO, be extended. Tenders must comply with any amendment made by NESO or their submission may be rejected.

Document updates following consultation

Earlier in the Mid-Term 26/27 procurement process NESO sought industry feedback on elements of the EOI Pack. Please note that some documents within the ITT Pack may be updated versions of documents initially published at the EOI stage. These updates may supersede information previously communicated during the EOI. It is the responsibility of bidders to ensure that they fully understand the ITT documents and to reach out to the NESO if they have any questions.

The changes following consultation are outlined below:

- Introduction of a cap on the LAD calculation
 - NESO proposed a new method for calculating the security value for **Mid-Term 26/27** as part of the consultation. The new calculation has now been

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implemented and can be found in the general terms and conditions. However, following consultation NESO has reinstated the £70k daily cap on liquidated damages, as was the case during Mid-Term 25/26.

- The target requirement for **Mid-Term 26/27** has now been confirmed as 15 GVA.s and an expected inertia shortfall of between 10–20% of settlement periods within the delivery year.
- For GBGF-I plant a maximum H-Constant limit has been clarified as 25.
- A maximum solution size has been confirmed at 5 GVA.s of inertia per solution.

6. Award Procedure

The award of the contract(s) will be based on the most economically efficient combination of solutions, as identified in accordance with the Contract Award Criteria.

7. Eligibility Criteria

Bidders will be considered for a contract in the **Mid-Term 26/27** tender provided that the eligibility criteria have been satisfied. Please refer to the Contract Award Criteria document for how the assessment will be carried out.

If bidders have any queries or concerns regarding how they meet the eligibility criteria, please contact the Stability Market team through the query process defined in Section 10 below.

8. Service Stacking Rules

Service stacking is permitted under the contract for **Mid-Term 26/27**, such that, in NESO’s sole opinion, it does not impact the bidder’s ability to provide the contracted service. The table below lists out which services can be stacked.

Table 3

Service	Is Stacking Permitted?
Frequency Response (FR)	Yes – providing sufficient capability is reserved to deliver the contracted stability services in parallel with the contracted Frequency Response service. This capability must be demonstrated and accepted by NESO before the services can be stacked. NESO expect

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	to provide more details at a later stage on how this can be done.
Reserve	<p>Yes – providing sufficient capability is reserved to deliver the contracted stability services in parallel with the contracted Reserve service. This capability must be demonstrated and accepted by NESO before the services can be stacked. NESO expect to provide more details at a later stage on how this can be done.</p> <p>Note: Whilst this stacking is permitted subject to the above, GBGF-S non-0MW synchronous providers will forego their stability availability fee payment under this contract when they generate above 0MW.</p>
Reactive power (RP)	Yes – paid for through ORPS. This capability must be demonstrated and accepted by NESO before the services can be stacked. NESO expect to provide more details at a later stage on how this can be done.
Capacity Market (CM)	<p>Yes - does not impact service delivery</p> <p>Please note, NESO do not believe it is not necessary to list the Mid-Term Stability Market as a "Relevant Balancing Service" within the Capacity Market, because in the event where there is a Capacity Market Stress Event, from a whole system perspective it is unlikely that there will also be a need to instruct providers in the Mid-Term Stability Market. So there is no need to prioritise the Mid-Term Stability Market through the Capacity Market's definition of Relevant Balancing Services.</p>
Restoration	Yes - does not impact service delivery
Constraint Management Intertrip Service (CMIS)	No, not permitted
Balancing Mechanism (BM)	Yes - however Non-0MW synchronous providers will forego payment when they generate above 0MW due to being instructed by NESO in the BM
Wholesale Market (WM)	Yes - however Non-0MW synchronous providers will forego payment when they generate above 0MW either

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	due to self-dispatching (>0MW FPN) or are instructed by NESO in the BM
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Please note from an availability perspective with regards to the 90% requirement, in any settlement periods where providers are stacking any of the **permitted** services above, the provider will still be treated as available. Please see the below table for how this will translate into payments under this contract whilst stacking services.

Table 4

Example	Will payment still be made under the Stability Mid-Term contract when stacking?							
	FR	Reserve	RP	CM	Restoration	CMIS	BM	WM
Non-0 MW synchronous generator able to provide stability at 0MW export (GBGF-S)	Yes	No	Yes	Yes	Yes	No	No	No
Non-0 MW synchronous generator unable to provide stability at 0MW export (GBGF-S)	Does not meet eligibility criteria, would not receive a Mid-Term 26/27 contract.							
0MW export Synchronous compensator (GBGF-S)	N/A	N/A	Yes	N/A	Yes	No	N/A	N/A
Non-synchronous battery storage	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes

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solution with grid forming capability (GBGF-I)								
Non-synchronous battery storage solution without grid forming capability	Does not meet eligibility criteria, would not receive a Mid-Term 26/27 contract.							

Table 4 above is not exhaustive. If you have any concerns with regards to how the stacking rules apply to your proposed solution, please contact the Stability Market team in line with the query process defined in Section 10 below. If there is a service you wish to stack that is not listed above, please contact the Stability Market team in line with the query process defined in Section 11 below so that this can be addressed.

In reference to other Network Services/Pathfinder contracts, please see details below on these stacking rules.

Table 5

Service	Is stacking permitted?
Voltage 2026 contracts	<p>Generally, these contracts can be stacked.</p> <p><u>GBGF-S Technologies</u></p> <p>Where the same reactive power capability is stacked in these contracts, the provider will forgo the ORPS payments due under the Mid-Term (Y-1) Stability Market contract and only be paid for its reactive power capability through the Voltage 2026 contract.</p> <p>With regards to stability payments, the provider will continue to be paid the availability fee under the Mid-Term (Y-1) Stability Market contract when stacking, and be paid the utilisation fee under the Mid-Term (Y-1) Stability Market contract when the system inertia (published here System Inertia National Energy System Operator) is below the</p>

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	<p>NESO’s target inertia level at that time based on the published FRCR policy.</p> <p><u>GBGF-I Technologies</u></p> <p>Where the same reactive power capability is stacked in these contracts, the provider will forgo the ORPS payments due under the Mid-Term (Y-1) Stability Market contract and only be paid for its reactive power capability through the Voltage 2026 contract.</p> <p>With regards to stability payments, the provider will continue to be paid the availability fee under the Mid-Term (Y-1) Stability Market contract when stacking.</p>
<p>Stability Phase 1 contracts</p>	<p>These contracts are expiring during the mid-term market 26/27 delivery year therefore no stacking is expected.</p>
<p>Stability Phase 2 contracts</p>	<p>Stacking these contracts is permitted so long as any capability bid into the Mid-Term (Y-1) Stability Market is additional stability capability beyond what is already contracted in the existing Stability Phase 2 contract (i.e., the stability capability must only be contracted under one stability contract).</p> <p>Furthermore, for GBGF-S, the provider needs to be able to dispatch this additional capability independently from the dispatch of the existing capability already under the existing Stability Phase 2 contract, such that the inertia contracted under each contract would be available to the NESO separately.</p>
<p>Stability Phase 3 contracts</p>	<p>Stacking these contracts is permitted so long as any capability bid into the Mid-Term (Y-1) Stability Market is additional stability capability beyond what is already contracted in the existing Stability Phase 3 contract (i.e., the stability capability must only be contracted under one stability contract).</p> <p>Furthermore, for GBGF-S, the provider needs to be able to dispatch this additional capability independently from the</p>

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	<p>dispatch of the existing capability already under the existing Stability Phase</p> <p>3 contract, such that the inertia contracted under each contract would be available to the NESO separately.</p>
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The stacking rules about Stability Pathfinder contracts also apply to any other type of contract that may be in place where a bidder is compensated for stability services.

9. ITT Webinar

In addition to the EOI Webinar held by NESO on 21 November 2024 (recording can be found [here](#)). NESO may choose host a further ITT webinar session or alternatively upload further guidance directly onto the NESO website. Further information on this will be released during the ITT window.

10. Query Process – ITT Stage

Any queries must be submitted using the Tender Query Log through the Ariba Message Board for the duration of the ITT window.

Any generic queries received will be documented and the responses shared with all bidders through the Ariba Message Board using a Generic Query Log.

Where bidders believe their queries are confidential, these should be marked as such. If NESO receive a query that has been flagged by a bidder as confidential, but NESO do not agree that it is confidential then NESO will confirm this with the relevant bidder and seek agreement that the response can be made available to the wider market. If the relevant bidder does not agree with NESO’s determination that the query is not confidential they will be able to withdraw the query.

Please note that NESO will also facilitate at least one virtual meeting with each Tenderer during the tender window and will attempt to facilitate any additional virtual meetings that Tenderers may request. All questions and responses in these meetings will be documented through a Tender Query Log. Any non-confidential questions that are answered in these sessions will be documented and shared with all other tenderers through the Ariba Message Board as part of the Tender Query Process.

To request a meeting please message NESO using the Ariba Message Board.

11. Ariba

The ITT stage for **Mid-Term 26/27** will be facilitated using Ariba. Ariba is the name of a web-based document management and collaboration solution that allows NESO to communicate and share the latest information with all bidders in a secure online

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environment that maintains tender confidentiality and integrity. The system enables tasks to be generated, information to be issued, and requests for information to be routed to the right people for action and subsequent follow-up.

Any questions to do with the Ariba platform should be submitted through the [Ariba Help Centre](#).

12. Acknowledgement of Receipt

Receipt of this ITT must be acknowledged within **15 working days** of issue by posting a message on the Ariba message board. When posting an acknowledgement NESO requests that bidders clearly state an intention to provide a Tender Submission or decline the ITT.

Tenderers who choose to decline the ITT will be locked out of the Ariba event which will restrict access to the ITT Tender Pack, communications and remove the ability to return a tender submission. Please see Section 15 for more information.

Tenderers who state an intention to bid can later withdraw from the tender after posting this acknowledgement message. These bidders will also be locked out of the Ariba event. Please see Section 15 for more information.

13. Bidder to Provide Password

When exchanging confidential information between a bidder and the NESO, password protection may be adopted to maintain confidentiality. Bidders are asked to provide a confidential password to NESO. If bidders have not provided a password by the time an exchange of confidential information is required, NESO will create a password and share this with the bidder.

When creating a password, it should be at least 8 characters long and should include at least one lower case, one upper case, one number and one special character e.g. Special@123, or, Pa55word!

14. Solution Caps and Bundling

Bidders will be able to propose multiple solutions within their tender submissions up to a cap.

For the avoidance of doubt, a solution is any one asset (e.g. one synchronous compensator) or group of assets (e.g. four aggregated synchronous compensators) connected through one connection point.

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Bidders will be able to propose multiple solutions based on variations of the same underlying asset/group of assets, e.g., at different capacity levels, if they wish, up to the solution cap.

Where a bidder has multiple assets across different connection points, each asset with its own connection point represents a unique solution for the purpose of the **Mid-Term 26/27** tender cap.

The cap will be 3 solutions per underlying asset/group of assets through one connection point. This cap is absolute and cannot be exceeded. There is no overall cap on how many different solutions can be bid.

This cap will also apply to bidders that are affiliated, or in some way linked, with the ownership of another bidder involved, even where the affiliate/ linked relationship is not one of a true parent. For example, where two bidders have the same ownership, or where a bidder takes part individually and as part of a JV.

NESO's decision is final on whether companies are considered 'linked' for the purposes of this cap.

NESO will not accept any solutions over the cap.

Independent and mutually exclusive rules

For the purpose of the economic optimisation stage of the **Mid-Term 26/27** tender assessment there is a need to understand whether solutions are independent or mutually exclusive of one another. Please refer to the Glossary for definitions of these terms.

Please see below the rules that will be applied in the tender assessment:

- Where bidders propose solutions which are variations of the same asset/group of assets behind one connection point, e.g. at different capacity levels or different price points, these will be treated as mutually exclusive of one another.
 - Example: Bidder A owns a machine that connects at Substation X Connection Point 1. This Bidder could bid two solutions based on two variations of this machine. One offering 50MW.s inertia and the other offering 100MW.s inertia. These two solutions would be treated as mutually exclusive so that only one could be selected during the tender assessment process.
 - Bidders who own multiple assets (e.g., multiple synchronous compensator machines) that connect through one shared connection point are encouraged to provide these as one solution. If each asset is proposed as

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an individual solution, they will be treated as mutually exclusive of one another such that only one could be chosen.

- Where bidders propose solutions based on multiple assets that each have their own separate connection points, these should be submitted as separate solutions and will be treated as independent of one another (unless otherwise agreed with NESO).
 - Example: Bidder B owns machine 1 that connects at Substation Y Connection Point 1, and also owns machine 2 that connections at Substation Z Connection Point 2. This Bidder could bid a solution based each of these machines. They could both offer 100MW.s inertia. These two solutions would be treated as independent (unless otherwise agreed with NESO) meaning that both could be selected during the tender assessment process.

Joint venture specific solution cap rules

Where joint ventures provide a tender submission and the companies that form the joint venture also submit as separate bidders, should both the joint venture and the individual bidders submit solutions based on the same underlying asset, then the cap will be applied across all parties.

For example, if Company X and Company Y form joint venture Z, and all three entities in separate tender submissions propose solutions based on the same asset, the cap that will be applied across all parties is **3**.

If in any doubt about whether companies would count toward the cap, please enquire about this with NESO through the query process (Section 10).

NESO's decision is final on whether companies are considered 'linked' for the purposes of this cap.

NESO will not accept any solutions over the cap.

15. Inability to Tender

If for any reason a Tenderer is unable to submit or choses to withdraw from the ITT prior to the submission date, please destroy/delete ALL copies of documents immediately, providing the reasons for declining to tender. Tenderers who choose to decline the ITT will be locked out of the Ariba event which will restrict access to the ITT Tender Pack, communications and remove the ability to return a tender submission.

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16. Amendments to ITT Submissions

Tender Submissions can be amended at any time before the closing time and date for submission. The latest submission at the time of the Tender Submission deadline shall be used in the tender assessment.

The details of Tender Submissions cannot change after the Tender Submission deadline. The information that is submitted will be what is assessed, and if successful, taken forward into the Service Agreement.

From time to time during the assessment process, NESO may clarify details of the tender submissions. This may require bidders to submit clarified, additional or amended information for consideration in the tender assessment. Where this is triggered by an NESO clarification it is acceptable.

17. Rejection/Removal of tender submissions or other documents

A Tender Submission or any other document requested by NESO as part of the ITT may be rejected (at NESO’s discretion) if, but not limited to, it:

- contains gaps, omissions, misrepresentations, errors or uncompleted sections;
- contains handwritten amendments that have not been initialled by the authorised signatory;
- does not reflect and confirm full and unconditional compliance with all of the documents issued by NESO forming part of the ITT;
- contains any caveats or any other statements or assumptions qualifying the tender response that are not capable of evaluation in accordance with the evaluation model or requiring changes to any documents issued by NESO in any way;
- is not submitted in a manner consistent with the provisions set out in these Instructions and the ITT Tender Pack;
- is quoted in any currency other than pounds sterling;
- does not include agreement of all tender conditions as set out in the Submission Documents;
- is received after the Tender submission deadline.

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18. Language

Tender submissions, supporting documents and subsequent communications relating to this tender shall be in the English language.

19. Currency

During the ITT stage, the offer must quote prices in pounds sterling. All payments made under any subsequent contract shall be made in pounds sterling.

20. Validity of Tender

Tender submissions shall remain valid for acceptance for a period of 180-days from the date fixed for the Tender Submission deadline.

21. Sufficiency and Accuracy of Tender Submissions

By making a Tender Submission, Tenderers will be confirming that they have examined all the documents comprising the ITT (and any amendments or additions thereto issued by NESO during the ITT window).

It is the responsibility of each Tenderer to check the completeness and accuracy of their Tender Submission prior to its submission. Errors or omissions may result in a Tender being rejected or disqualified at the discretion of NESO.

22. Qualified Tenders

Once Tenderers have uploaded their Tender Submissions and the Tender Submission deadline has closed Tenderers must not amend any part of their Tender. Any alteration, omission made without the prior consent of NESO to any NESO document forming part of the ITT may result in the Tenderer being disqualified at the discretion of NESO.

23. Sub-Consultants / Sub-Contractors

It is the responsibility of each Bidder to share the appropriate and relevant information with any of their chosen sub-consultants and/or sub-contractors in line with the Confidentiality requirements of this tender.

NESO will not respond to any direct approach from such potential sub-consultants/sub-contractor for details about this ITT.

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24. Suspension or Cancellation of Tender Event

By issuing this ITT, entering into clarification communications with potential providers or by having any other form of communication with Tenderers, NESO is not bound in any way to enter into any contractual or other arrangement with any Tenderer. This ITT will take place in accordance with the provisions of this ITT, but NESO reserves the right to terminate, suspend, amend or vary (to include, without limitation, in relation to any timescales or deadlines) this ITT by notice to all Tenderers in writing. NESO will have no liability for any losses, costs or expenses suffered or incurred by Tenderers as a result of such termination, suspension, amendment or variation.

25. Confidentiality

All details of the ITT and associated documents must be treated as private and confidential and shall not be disclosed to any other party, except where this is necessary for Bidders to prepare and return their tender submission. Bidders must ensure that they have an adequate confidentiality agreement in place with any subcontractors, funders, consultants, or agents before issuing them with any information concerning the requirements of this ITT. Bidders must release only that part of the information concerning the requirements as is essential to obtain quotations from potential subcontractors, consultants, or agents.

NESO reserves the right to audit Bidders to confirm if such confidentiality agreements are in place. If the Bidder is not in compliance with these provisions, NESO reserves the right to disqualify the Bidder from further participation in the event.

By returning a tender submission, the Bidder irrevocably consents to NESO carrying out all necessary actions to verify the information that they have provided, including but not limited to sharing with network owners or third-party verification.

26. Tender Conduct and Conflicts of Interest

For the duration of this tender process with effect from the launch of the EOI, any attempt by bidders or their advisors to influence the contract award process in any way may result in the bidder being disqualified.

Specifically, bidders shall not directly or indirectly, at any time:

- a) devise or amend the content of their Tender Submission in accordance with any agreement or arrangement with any other person, other than in good faith with a person who is a proposed subcontractor, funder, consultant or agent;

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- b) enter into any agreement or arrangement with any other person as to the form or content of any other Tender Submission, or offer to pay any sum of money or valuable consideration to any person to effect changes to the form or content of any other Tender Submission;
- c) enter into any agreement or arrangement with any other person that has the effect of prohibiting or excluding that person from submitting a tender;
- d) canvass NESO or any employees or agents of NESO in relation to this procurement; or
- e) attempt to obtain information from any of the employees or agents of NESO or their advisers concerning another Tenderer or tender.

Bidders are responsible for ensuring that no conflicts of interest exist between the bidder and its advisers, and NESO and its advisers. Any tenderer who fails to comply with this requirement may be disqualified from the procurement at the discretion of NESO.

27. Negotiations

NESO reserves the right to initiate negotiations as part of this tender process.

28. Form of Contract

Should a bidder be successful in this tender, the chosen form of contract for this requirement will be the Stability Mid-Term (Y-1) Market Framework Agreement and Standard Contract Terms. These are the terms on which NESO wishes to contract.

Framework Agreements will be entered on a 'per solution' basis rather than on a 'per company' basis.

As the basis of this contract is a Framework Agreement, it is possible for bidders to be successful in receiving a Framework Agreement, but not selected in the portfolio of the **Mid-Term 26/27** delivery year specifically if the requirement can be met through more cost-effective solutions. For details on contract award methodology please refer to the Contract Award Criteria document.

Bidders should note that where a bidder is successful in being awarded a call-off contract, the contract form will be amended by NESO to incorporate information for that delivery year from the relevant ITT documentation and the winning Tender Submission (including any clarifications) in each case, as applicable.

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29. Signature of contract

For the Mid-Term (Y-1) Stability Market, bidders are required to agree to the Terms and Conditions and execute the Framework Agreement as part of their Tender Submission. If bidders are successful in receiving a Framework Agreement, NESO will countersign the Framework Agreement and return it to the bidders at Contract Award. If bidders are also successful in receiving the delivery year contract, they will receive a Tender Acceptance Letter detailing the relevant information about the winning submission and this will become binding in line with the Framework Agreement set-up. There will be no need to sign each subsequent Tender Acceptance Letter for each delivery year.

Bidders who have been previously successful and already have a countersigned Framework Agreement for their solution with NESO do not need to re-sign the Framework Agreement for that solution. However, if a bidder is bidding in a new asset or solution that has not previously been successful in receiving a countersigned Framework Agreement, the above still applies.

NESO expects that all bidders and solutions that are successful in receiving a delivery year contract will provide their contracted service between 1 October 2026 and 30 September 2027 in full, as this is a condition of the Tenderer Declaration that all Tenderers must return as part of their Tender Submission. However, if for any reason this is breached after Tender Acceptance Letters have been issued, and a Provider defaults during the first 180-days after Contract Award prior to 1 October 2026, NESO reserve the right to return to the stack and procure the most economic replacement(s). Alternatively, NESO reserve the right to manage the system through the Balancing Mechanism or re-tender for the remaining requirement if necessary.

30. Publication of bidder information

By participating in the ITT all Tenderers consent to publication of details of their Tender Submission regardless of whether they are successful and enter into a Framework Agreement or not.

31. Tender Fast Tracking

Bidders who already hold an executed Mid-Term Stability Y-1 Framework Agreement from a previous tender round are eligible to be fast tracked through certain stages of the assessment process, on the basis that they can confirm no changes have been

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made to their proposal since they were first assessed on that criterion. More details are available in the Contract Award Criteria. Bidders who wish to declare to be fast tracked can do so on the commercial and technical submission templates in the relevant space provided.

Appendices

Appendix A – ITT Pack – Document Checklist

Table 6

Mid-Term 26/27 ITT Pack	
Document Reference	Tenderer’s Required Action
Mid-Term Stability Market 26_27 Invitation to Tender Letter	For Information
Mid-Term Stability Market 26_27 Instructions to Tenderers - ITT V3	This document - For information
Mid-Term Stability Market 26_27 Contract Award Criteria	For information
Mid-Term Stability Market 26_27 Query Log	For information
Mid-Term Stability Market 26_27 Technical Specification	For information
Mid-Term Stability Market 26_27 Eligibility Criteria	For information
Mid-Term Stability Market 26_27 Proving Test Document	For information – will be published during the ITT window after ITT launch.
Mid-Term Stability Market 26_27 Feasibility Study Requirements	For information

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Mid-Term Stability Market 26_27 Indicative Payment Calculator	For information
Mid-Term Stability Market Contract Terms <ul style="list-style-type: none"> • Framework Agreement • Standard Contract Terms Tender Acceptance Annex	For information
Mid-Term Stability Market Acceptable Security ESO Drafts <ul style="list-style-type: none"> • Letter of Credit Template • Parent Company Guarantee Joint & Several Parent Company Guarantee Standard	For information
Mid-Term Stability Market 26_27 Technical Submission Proforma	For completion and return
Mid-Term Stability Market 26_27 Feasibility Study Template	For completion and return
Mid-Term Stability Market 26_27 Commercial Submission Proforma	For completion and return
Mid-Term Stability Market 26_27 Tenderer Declaration	For completion and return
Summary of EOI Consultation Feedback	For information
Tenderer Fast Track Declaration	For completion and return (only for applicable bidders)

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Appendix B – Glossary

Table 7

Term	Explanation/Definition
OMW solution	A solution which can provide inertia power whilst operating at OMW active power export.
Contract Award	The point in time where NESO confirm to bidders whether they have been successful in the tender and will receive a contract for the stability mid-term market. Please note it is possible for bidders to receive a framework agreement for the mid-term market but not receive a call-off for the 2026/2027 delivery year if they were technically acceptable but not chosen in the most cost-effective portfolio for the 2026/2027 delivery year.
Contract Countersignature	The point in time where NESO countersigns the successful contracts, following Contract Signature
Contract Signature	The point in time where the successful bidder signs their contract(s).
Efficiency group	When multiple solutions could be offered for a price efficiency if all solutions were selected.
Embedded (as per Grid Code)	Having a direct connection to a User System or the System of any other User to which Customers and/or Power Stations are connected, such connection being either a direct connection or a connection via a busbar of another User or of a Relevant Transmission Licensee (but with no other connection to the National Electricity Transmission System).
EOI Pack	Collation of documents published by NESO at the EOI stage.
Expression of Interest (EOI) stage	The window of time for companies to express their interest in participating in the Mid-Term 26/27 tender process.
Facility	The term used to refer to the asset that is enabling the provision of the stability service through a contract, which a Provider is responsible for. Please refer to the contract for exact definition.
Independent	When two or more proposed solutions can be delivered independently of one another. The delivery of one does not impact the delivery of another.

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Invitation to Tender (ITT) stage	The window of time for any company that expressed their interest to develop their tender submission, ending with the tender submission deadline
Market participant / bidder / tenderer	A generic collective term to refer to third party market participants in both the singular and plural form who may take part in this tender. Might be used interchangeably.
Mutually exclusive	When only one solution out of two or more proposed solutions could be selected and therefore are mutually exclusive. The delivery of one impacts or prevents the delivery of another.
NESO	National Energy System Operator
Non-OMW solution	A solution which can provide inertia power irrespective of its MW output.
Provider	Used to refer to whichever company is successful and contracted for provision of the stability service when referring to their obligations within the technical specification or the contract. Please refer to the contract for an exact definition.
Solution	Any one asset or group of assets connected through one connection point/bay being proposed as a solution to the stability mid-term market. A change to the asset, the capacity of the asset, or connection point would represent a completely new and different solution.
Tender / Tender Process	The end-to-end sourcing process for the Mid-Term 26/26 tender process for delivery year 2026/2027, from EOI through to Contract Award
Tender Submission	The overall proposal (both technical and commercial) made by a bidder in response to the Invitation to Tender. May include multiple solutions.
User System Entry Point (as per Grid Code)	A point at which a Power Generating Module, Generating Unit, a CCGT Module or a CCGT Unit or a Power Park Module, or an Electricity Storage Module or a DC Converter or an HVDC Converter, as the case may be, which is Embedded connects to the User System.