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Annex A Industry Responses to C9 Annual Consultation 2025–2026

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Procurement Guidelines Statement

Question	Stakeholder	Industry Response	NESO Response
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?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you object to the removal of Fast Reserve from the list of tendered services in Description of Commercial Ancillary Services on P19? Please provide rationale.	The ADE	No	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the updates to the text on Balancing	The ADE	Yes we agree with the change in text in this document. We don't however agree with the design of the	Balancing Reserve (BR) is a product which has been designed to provide precision pre-fault balancing options (via BM dispatches) in real time. The size and length of the imbalances

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<p>Reserve to reflect the service launch on P20?</p>		<p>service which, like Quick Reserve (set out below) excludes a significant volume of low carbon flexible assets. This includes non-dedicated large-scale heat pumps, EV charge points and home energy management systems (HEMs) as a result of dispatch flexibility rules requiring assets to be able to dispatch its contracted quantity in one or multiple consecutive increments of 1MW for ramping periods of 1 minute.</p>	<p>between demand and generation are changeable and require flexibility in dispatch to manage. Buying capacity via the BR market which cannot offer flexibility in dispatch constrains the options available to the real time dispatch engineers and we believe creates additional cost in balancing.</p> <p>However, following industry feedback we have been reviewing these rules via a Cost Benefit Analysis to identify the service design which could provide the greatest value to end consumers. This requires us to trade-off the costs of inflexible dispatch with the benefits gained by attracting more participating volume to the BR market. Unfortunately, this review can only use existing BM participating units and their dynamic parameters to determine additional volume that could join the market. We currently have limited experience of the dispatch characteristics of non-dedicated large-scale heat pumps, EV charge points and home energy management systems (HEMs) operating in the BM and would welcome specific feedback on dispatch limitations from this technology type to help us with any service design changes. Please contact futureofbalancingservices@nationalenergysystemoperator.com with any feedback or to set up a call.</p>
<p>Do you agree with the amendments to the text on Quick Reserve on P22 to</p>	<p>The ADE</p>	<p>Yes</p>	<p>Thank you for your response, we appreciate the feedback you have provided.</p>

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reflect the service launch?			
Do you agree with the addition of "Response Avoidance" following feedback during the C9 Audit process on P24?	The ADE	NA	Thank you for your response, we appreciate the feedback you have provided.
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?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the deletion of text on MW Dispatch to reflect service launch on P27?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the updates made to the text on Demand Flexibility	The ADE	Yes, despite not agreeing with the design of the service this year, such as the removal of the guaranteed acceptance price	Registered Service Providers hold the relationship with consumers participating in the service. NESO have facilitated a free route to market for consumers to ensure maximum competition to drive innovation in the consumer offerings.

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<p>Service in line with planned procurement on P30?</p>		<p>without the introduction of availability payments to provide flexibility service providers and consumers revenue certainty. It is clear from the procurement volumes of the service this year that the changes that have been implemented have not been positive for encouraging consumer participation in demand side response, losing the momentum that has been built for the service over the past two years.</p>	<p>NESO do not set the incentive/rewards mechanism that providers choose to share with their customers. We recognise that different providers pass on differing %'s to their customers or package rewards up in different ways.</p> <p>NESO compare any submitted costs against our alternative options, and if we can meet our requirement through trades at for example 10p/kWh, then it does not make sense for us to pay for DFS at a higher price or offer a GAP or availability fee, as that additional spend would ultimately go back on consumer bills.</p> <p>NESO have opened a competitive route to market for flexibility and have 1.7m MPAN's registered already this year which surpasses the winter 2022/23 service with GAP's associated. We feel momentum is gathering steadily for this iteration of the service considering the wider flex opportunities now available outside of DFS for consumers.</p>
<p>Do you agree with the update of the go live date on DFFR to align with procurement plans on P32?</p>	<p>The ADE</p>	<p>Yes</p>	<p>Thank you for your response, we appreciate the feedback you have provided.</p>
<p>Do you agree with the updates to the text made for alternative</p>	<p>The ADE</p>	<p>Yes</p>	<p>Thank you for your response, we appreciate the feedback you have provided.</p>

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voltages projects under Reactive Power on P34?			
Do you agree with the updates to Table 2 Active Commercial Ancillary Services table on P40?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the updates made to Part E Information Provision to reflect the correct years for the regulatory framework on P44?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
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?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.

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Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGESO to NESO transition?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGESO to NESO transition?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you have any further comments or amendments you would like to see	The ADE	Fast Reserve' has not been removed from page 36	Thank you for your response. Fast Reserve has been removed from the list of Tendered Services on P19 to reflect the correct procurement of the service. However, the method of procurement outlined in the table on

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regarding the Procurement Guidelines?			P36 remains correct so Fast Reserve does not need to be removed here.
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ABSVD Statement

Question	Stakeholder	Industry Response	NESO Response
Do you agree with the updates to the table "BM ABSVD Applied" on P10?	Habitat Energy	<p>No.</p> <p>As identified in BSC Issue 114, NESO currently submits ABSVD against Secondary BM Units. This is despite the live Methodology Statement stating that BM ABSVD will only be applied against Primary Units. The proposed updates align the Methodology Statement with NESO's current practice but do not address the inconsistency identified in Issue 114.</p> <p>If a Secondary BM Unit receives a BOA, the Balance Responsible Party - i.e. Supplier - has its imbalance position adjusted through</p>	<p>Many thanks for your response, NESO appreciate the feedback you have provided.</p> <p>NESO ABSVD settlement process has been consistent over time. This update proposed here is to ensure the methodology is updated and remains factual in line with the BSC process.</p> <p>Until the inconsistencies identified as part of Issue Group 114 are amended within the BSC we are not able to propose changes which address those inconsistencies. Further detail on these inconsistencies <u>BSCP40: Change Management</u></p> <p>If changes are made once solutions to those inconsistencies within BSC are implemented then NESO will update the C9 Statements to reflect the most up to date process.</p> <p>NESO would urge all industry stakeholders to participate in the process for Issue Group 114 in order to reach a holistic solution together.</p> <p>In the meantime, NESO ancillary services will continue to submit ABSVD volumes for primary and secondary units to be included in the imbalance calculation performed by Elexon.</p>

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		<p>submission of MSID Pair delivered volumes. This is the mechanism used for Non-BM Provider ABSVD, and Secondary BM Units meet the definition of a Non-BM Provider in Part A of the Methodology Statement.</p> <p>If an imbalance adjustment for a BOA delivered by a Secondary BM Unit needs to be processed at the MSID Pair level to ensure the Balance Responsible Party is not affected, why is NESO not seeking to do the same for balancing services included in ABSVD?</p>	
	The ADE	<p>Yes, we agree with this amendment and that this should align</p>	<p>Thank you for your response, we appreciate the feedback you have provided.</p>

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		with the BSC and outputs of Issue 2, as set out in Issue Group 114.	
	Centrica	<p>We are concerned that NESO’s position on the application of ABSVD to secondary BMUs is increasingly unclear and inconsistent. Specifically, NESO has proposed to remove the “Unit Type” column from the “BM ABSVD Applied” table in the updated ABSVD Methodology statement.1 We have interpreted this change as meaning ABSVD is now applicable to both Primary and Secondary BMUs delivering Dynamic Frequency Response Services.</p>	<p>Many thanks for your response, NESO appreciate the feedback you have provided.</p> <p>NESO ABSVD settlement process has been consistent over time. This update proposed here is to ensure the methodology is updated and remains factual in line with the BSC process.</p> <p>Until the inconsistencies identified as part of Issue Group 114 are amended within the BSC we are not able to propose changes which address those inconsistencies. Further detail on these inconsistencies <u>BSCP40: Change Management</u></p> <p>If changes are made once solutions to those inconsistencies within BSC are implemented then NESO will update the C9 Statements to reflect the most up to date process.</p> <p>NESO would urge all industry stakeholders to participate in the process for Issue Group 114 in order to reach a holistic solution together.</p> <p>In the meantime, NESO ancillary services will continue to submit ABSVD volumes for primary and secondary units to be included in the imbalance calculation performed by Elexon.</p> <p>NESO have considered the request regarding the removal of references to “references to “Balancing Responsible Party” and “Balancing Services Provider”</p> <p>The definition of Balancing Responsible Party is found within EBGL Art. 2(7) ‘balance responsible party’ means a market participant or its chosen representative responsible for its imbalances; whilst the definition of “Balancing Services</p>

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	<p>Whilst we acknowledge NESO’s rational, this change comes just 10 months after NESO’s ABSVD methodology statement published in April 2024² which indicated that ABSVD was applied only to Primary BMUs. This interpretation was rolled forward into the v18 version of the document published in October 2024.³ When we asked NESO to confirm the rules applying to secondary BMU’s, it responded by referring to the October 2024 methodology document and confirming that “As described on page 10 in the NESO ABSVD methodology⁴ only Primary</p>	<p>Provider” is found within EBGL Art. 2(6) “balancing service provider’ means a market participant with reserve-providing units or reserve-providing groups able to provide balancing services to TSOs;” as these are both included in retained law we do not feel it would be appropriate to remove these references at this time. However NESO continues to keep retained law under review and will seek to make changes to the statements should it become necessary.</p>
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	<p>units will be used in Imbalance Calculation".5 Before the April 2024 document, NESO had not provided any documentation making it explicitly clear that ABSVD applied only to Primary BMUs for Dynamic Frequency Response Services. We had therefore thought NESO was providing explicit clarity on ABSVD's application to the market. The now shifting interpretation of ABSVD application in this consultation is creating significant commercial uncertainty and making it challenging for Centrica to optimise its assets effectively. Bid</p>	
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		<p>prices for these services vary significantly depending on whether ABSVD is applied or not, and misinterpretation of the rules has substantial financial consequences. This lack of regulatory clarity undermines market confidence and reduces the effectiveness of strategies to manage assets efficiently. To ensure a level playing field among battery storage providers, we acknowledge that ABSVD should be applied consistently to both BMUs and non-BMUs. In that sense we welcome this change, however NESO must ensure it</p>	
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	<p>remains consistent going forward. NESO should also provide further clarity on how exactly ABSVD is applied and settled as we currently are unable to reconcile the information provided by NESO and Elexon with observed actions from other VLP market participants. A consistent approach would enhance market transparency and improve the efficiency of the market. Assuming we have interpret the application of ABSVD correctly, we believe the document itself could be made more explicit. For example, the section that has had the</p>	
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		<p>“Unit Type” amendment could be labelled “Primary and Secondary BMUs”. Further, the second Non-BMU section could be qualified with ‘for assets that are registered in SMRS and not registered in a secondary BMU”.</p> <p>We would also ask NESO to consider removing references to “Balancing Responsible Party” and “Balancing Services Provider”, given these are not terms applicable in the UK.</p> <p>We look forward to NESO’s response and further clarification on the issues raised.</p>	
Do you agree with	Habitat Energy	No.	Thank you for your response, we appreciate the feedback you have provided.

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the updates to the text relating to LCM on P14?		The revised wording retains the caveat that NESO will submit ABSVD for LCM where it is feasible to do so. Does this mean that NESO is not able to submit ABSVD for LCM in all situations? It would be preferable to have more clarity.	<p>The details around ABSVD submission for LCM can be found in the LCM Services Terms 17.1:</p> <p>As mentioned in LCM Service Terms 17.1, all and any energy volumes associated with an LCM instruction are included in ABSVD data, subject to Clause 17.2. which states: "17.2. The Service Provider may elect by notice in writing to NESO to exclude LCM Volumes from the Applicable Balancing Services Volume Data if it provides evidence to NESO's reasonable satisfaction that."</p> <p>For the full text of the LCM service terms relating to ABSVD, please see the service terms here: https://www.neso.energy/document/277791/download with terms relating to ABSVD beginning on Page 11.</p>
	The ADE	Yes in alignment with the newly implemented opt-out solution in the LCM.	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the changes made i.e naming updates, license references, to reflect the updates to naming from the NGESO to NESO transition?	Habitat Energy	Yes	Thank you for your response, we appreciate the feedback you have provided.
	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with	Habitat Energy	Yes	Thank you for your response, we appreciate the feedback you have provided.

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the housekeeping changes relating to updates to format, grammar and link updates?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you have any further comments or amendments you would like to see regarding the ABSVD Methodology?	Habitat Energy	Will NESO also update Service Terms where there are inconsistencies with the proposed changes? For example, the current Service Terms for Response Services state that volumes associated with delivering the service will not be included in ABSVD save where the Response Unit is BM Participating (for the avoidance of doubt as a Primary BM Unit).	Thank you for your response, we appreciate the feedback you have provided. Service Terms will be updated where there are consistencies with the proposed changes, Response Services will be consulted upon in Spring 2025 for proposed changes to the Service Terms, Art 18 and C9 statements.
	The ADE	No further comments until the issues set out in Issue Group 114 have	Thank you for your response, we appreciate the feedback you have provided.

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		progressed towards resolutions.	
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Balancing Principles Statement

Question	Stakeholder	Industry Response	NESO Response
<p>Do you agree with the replacement of the text in Part B General Principles to reflect the additional obligations under C9.8 beginning on P9?</p>	<p>The ADE</p>	<p>Despite agreeing with the additional obligations that have been set out under C9.8 and the detail that NESO have provided on page 9 regarding their obligations, we are unable to agree with the statement that ‘current principles allow zero carbon technologies to fully participate in our balancing activities, providing competitive services which meet system need’. There is a significant volume of short duration flexible assets that are</p>	<p>Many thanks for your feedback. In the Routes to Market review for Demand Side Flexibility, we presented five evaluation criteria against which we assess actions to remove barriers to participation, more detail on these criteria can be found in the presentation here: https://www.neso.energy/document/349491/download</p> <p>While applying these criteria, we were also mindful that not all flexibility services are suitable for participation by all providers. Some barriers to participation are in fact core system security requirements (such as “time to full delivery”), and these requirements will necessarily remain as part of the service design. However, other barriers can be mitigated to allow for wider participation.</p> <p>These updates to the Balancing Principles as result of the obligations under C9.8 are an initial update during the first review of the statements following the transition to NESO, we will continue to refine our approaches and suggest changes to provide greater clarity to industry during following reviews of the Balancing Principles Statement and NESO welcome industry feedback on any future changes.</p>

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		<p>unable to participate in NESO balancing markets as a result of how they are designed, which is demonstrated clearly in the Routes to Market Review work currently underway. The process to revoke existing service design has been problematic, creating a heavy burden of proof on industry as to why changes are needed, which we think must be reversed to become the obligation of NESO to prove why not. Further requirements are needed within the NESO licence conditions to facilitate this, to achieve the objectives of</p>	
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		<p>the BPS and Clean Power by 2030. It is positive to see that emphasis has been given to the requirement to meet Clean Power by 2030 objectives, yet there is more to be done to 'refine innovative approaches to balancing services', so we are supportive of keeping the KPS under consistent review.</p>	
<p>Do you agree with the updates made to Quick Reserve to reflect the service launch on P33?</p>	<p>The ADE</p>	<p>We support the introduction of positive and negative Quick Reserve in 2024. However, we have made clear to NESO on multiple occasions the negative impact that the continuation of products designed specifically for</p>	<p>We believe there are many asset types which can participate in the Quick Reserve service that match the requirements. Batteries, pump storage, small BMUs, CCGT and possibly wind units are all expected to participate, helped in some part by the allowance of non-zero baselines. Due to the fast-acting and flexible nature of the requirement, the service does lend itself to more flexible and fast-acting units and is a direct reflection of the needs of the system to manage an ever-more volatile frequency profile. Whilst we are technology agnostic, that does not mean we can make all services accessible to all providers. The services we design are merely a reflection of what is required in order to economically and efficiently manage the network, and we have no bias on particular technology types. We do aim to have a variety of services which allow a variety of asset types to have routes to market and achieve value</p>

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	<p>batteries will have on the future of flexibility and the importance of delivering services that are technology agnostic, in principle and practically. We again must make this clear for the design of Quick Reserve. Quick Reserve has become another service designed to be dominated by batteries, the fifth ancillary service introduced through RIIO-2 to do this due to the requirements for assets to be able to get to maximum delivery in 1 minute and the maximum recovery period of 3 minutes. Not only is this an</p>	<p>from their capabilities. We have analysed the market and found that there is around 5.5GW (minimum) of potential capacity that is eligible for the Quick Reserve market, of which would be competing for a typical 500MW +ve/300MW -ve volume. This includes many technology types, not just batteries.</p>
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		<p>unrealistic expectation for many short duration flexible assets, but this could also have a significant impact on asset health. Seeing the 1Hz granularity Operational Metering requirements continued is also disappointing, given the work that is currently being undertaken by NESO in the 300MW trial in the balancing mechanism. This work makes the case clear for relaxing these requirements if we are going to prevent investment in assets that do not have the ability to participate in flexibility. We cannot expect to see the</p>	
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		value of the implementation of Enduring Auction Capability (EAC), Single Markets Platform (SMP) or the Open Balancing Platform (OBP) if distributed energy resources are unable to participate in NESO markets.	
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?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the housekeeping changes relating to updates to format, grammar	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.

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and link updates? Please provide rationale.			
Do you have any further comments or amendments you would like to see regarding the Balancing Principles Statement?	The ADE	As Above	Thank you for your response, we appreciate the feedback you have provided.

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BSAD Statement

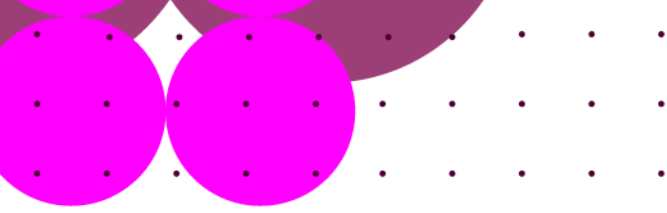
Question	Stakeholder	Industry Response	NESO Response
Do you agree with the housekeeping changes made throughout the document i.e naming updates, license references, to reflect the updates to naming from the NGESO to NESO transition?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you have any further comments or amendments you would like to see regarding the BSAD Methodology?	The ADE	No	Thank you for your response, we appreciate the feedback you have provided.

SMAF Statement

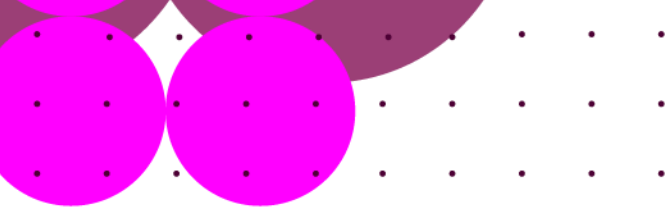
Question	Stakeholder	Industry Response	NESO Response
Do you agree with the addition of point 5, System Management in Part B Flagging on P7?	The ADE	NA	Thank you for your response, we appreciate the feedback you have provided.

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Do you agree with the updates to the text relating to Black Start to reflect the changes to Electricity System Restoration on PII?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
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?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you agree with the housekeeping changes relating to updates to format, grammar and link updates?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.
Do you have any further comments or amendments you would like to see regarding the SMAF Methodology?	The ADE	Yes	Thank you for your response, we appreciate the feedback you have provided.



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