# Dynamic Containment Auction Rules

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1. Introduction

1.1 These DC Auction Rules describe the daily auction process by which NGESO will procure Dynamic Containment from prospective Service Providers during one or more EFA Blocks in a DC Service Day. Only if a DC Sell Order for an EFA Block submitted pursuant to this process is accepted (or part accepted) by NGESO (or where the context otherwise requires) will the DC Service Terms apply with respect to the provision of and payment for Dynamic Containment in relation to that EFA Block and the Response Unit in question.

1.2 These DC Auction Rules supplement, and should be read alongside, the DC Participation Guidance Document.

2. Changes to these DC Auction Rules

2.1 Subject always to paragraph 2.2, NGESO may update these DC Auction Rules from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover.

2.2 To the extent required by the Electricity Balancing Guidelines (and by reference to those provisions of the DC Procurement Documents constituting terms and conditions approved by the Authority as the terms and conditions related to balancing pursuant to Article 18 of the Electricity Balancing Guidelines), any variation to these DC Auction Rules will be proposed and implemented in accordance with the applicable requirements in the Electricity Balancing Guidelines.

3. DC General Terms and Conditions and Glossary of Terms

3.1 These DC Auction Rules are subject to the prevailing DC General Terms and Conditions published by NGESO alongside these DC Auction Rules.

3.2 Unless the context otherwise requires, any capitalised term used in these DC Auction Rules shall have the meaning given to it (if any) in the prevailing DC Glossary of Terms and Rules of Interpretation, and the rules of interpretation set out in that document shall also apply.

4. Registration

4.1 No entity may submit a DC Sell Order unless and until NGESO has confirmed pursuant to the provisions of the Registration Documents that it is a Registered DC Participant, and for such purpose (and unless otherwise specified by NGESO in the DC Participation Guidance Document) Forms A and B of the Registration Documents must be submitted to NGESO by the date specified in the DC Participation Guidance Document.

4.2 Where NGESO determines (acting reasonably) that any details provided, including confirmations and declarations given, in Forms A and/or B (including any accompanying Declaration, as defined in Form A) of the Registration Documents by or on behalf of a Registered DC Participant are no longer true and/or accurate, then NGESO may (but shall not be obliged to) de-register the relevant entity as Registered DC Participant and/or Registered ServiceProvider (as the casemay be). Such de-registration shall be notified by NGESO to the Registered DC Participation by email, whereupon no further DC Sell Orders may be submitted by that entity unless and until it is re-registered pursuant to the provisions of the Registration Documents.

4.3 Subject always to paragraph 4.6, a DC Sell Order may only be submitted by a Registered DC Participant in respect of Plant and Apparatus where:-

4.3.1 such Plant and Apparatus has been validated by NGESO as an Eligible Asset pursuant to the Testing Documents; and

4.3.2 such Eligible Asset has been registered to a Response Unit with a Registered Quantity, in each case, in accordance with the DC Participation Guidance Document.

4.4 For the purposes of paragraph 4.3:-
4.4.1 Plant and Apparatus must be notified by the Registered DC Participant to NGESO for validation as an Eligible Asset; and

4.4.2 an Eligible Asset must be registered by the Registered DC Participant to a Response Unit, in each case by the respective date and time specified in the DC Participation Guidance Document.

4.5 Where NGESO determines (acting reasonably), having regard to declarations of unavailability notified by the Registered DC Participant pursuant to the DC Service Terms or otherwise, that any Eligible Asset is no longer capable of providing its Registered Quantity, then NGESO shall so notify the Registered DC Participant whereupon the Eligible Asset shall be ineligible for registration to any Response Unit until such time as it is re-validated by NGESO in accordance with the Testing Documents.

4.6 NGESO may determine (at its sole discretion) that a Registered DC Participant may not submit a DC Sell Order with respect to any Response Unit if that Response Unit is comprised of one or more Eligible Assets whose location would mean delivery of Dynamic Containment would compromise operational security.

4.7 It is a further pre-condition to participation in the DC procurement process that, in respect of each Response Unit and for the duration of each relevant EFA Block the subject of a DC Sell Order, the Service Provider shall have procured that for the purposes of the ABSVD Methodology Statement and by exercise (or not) of any opt-out conferred on it (or on the Lead Party of all relevant BM Units), all and any energy volumes associated with the delivery of Response pursuant to any DC Response Contract will be included within the Applicable Balancing Services Volume Data if the Response Unit is BM Participating, otherwise will not be so included.

5. DC Buy Orders

5.1 DC Buy Orders for any EFA Block may be submitted (and updated) by NGESO at any time prior to the Auction Closing Time (or later as provided in paragraph 5.4).

5.2 Each DC Buy Order shall be for a single DC Product and EFA Block, and for that EFA Block shall indicate NGESO’s requirement (in MW) for that DC Product (which for the avoidance of doubt may be zero (0) MW) and a Buy Order Price Limit.

5.3 DC Buy Orders shall not be visible to Registered DC Participants on the Designated Auction Platform until publication in the Daily Auction Report pursuant to paragraph 10.

5.4 A DC Buy Order shall not be capable of being changed by NGESO after the Auction Closing Time, save in exceptional circumstances where, in NGESO’s reasonable opinion and having regard to market activity, there is a need to protect the integrity of the Auctions.

6. DC Sell Orders

6.1 DC Sell Orders for any EFA Block may be submitted by Registered DC Participants at any time after the Auction Opening Time and before the Auction Closing Time.

6.2 DC Sell Orders received after the Auction Closing Time shall be considered null and void regardless of cause unless otherwise decided by NGESO at its sole discretion.

6.3 Each DC Sell Order shall relate to a single Response Unit, DC Product and EFA Block, and in relation to any Response Unit:-

6.3.1 a Registered DC Participant may submit multiple DC Sell Orders for the same EFA Block and/or DC Product, and

6.3.2 a Registered DC Participant may submit DC Sell Orders for different DC Products in respect of the same EFA Block.
6.4 To be valid, each **DC Sell Order** will need to be fully completed and correct as at the relevant **Auction Closing Time**, and must include (in the correct format as specified from time to time by the **Auction Administrator**):-

6.4.1 the name of the **Registered DC Participant** and its unique “order ID” allocated to it by the **Auction Administrator**;

6.4.2 the **Response Unit** (by reference to its “portfolio name” allocated to it as either BMU ID or Non-BM Unit ID);

6.4.3 the applicable **DC Product**;

6.4.4 the **EFA Block** or consecutive **EFA Block(s)** in the same **DC Service Day** over which it is defined;

6.4.5 a “block code” indicating whether the **DC Sell Order** is a **Parent Block** (C01) or a **Child Block** (C02) or a **Loop Block** (C88);

6.4.6 if a **Loop Block**, its **Minimum Acceptance Ratio**;

6.4.7 a price (in £/MW/h, where the applicable pound and pence figures shall each be an integer); and

6.4.8 the offered **Contracted Quantity** (in MW) for each applicable **EFA Block**, which shall be an integer not less than one (1) MW and shall not exceed any maximum limit which may be specified from time to time by NGESO, and which shall not in any event exceed the aggregate **Registered Quantity** of each component **Eligible Asset**.

6.5 Accordingly, and for the avoidance of doubt, it is possible for a **Registered DC Participant** to submit, for any **EFA Day** and **DC Product**, between one (1) and six (6) separate **DC Sell Orders** for each **Response Unit**.

6.6 All **DC Sell Orders** which are **Parent Blocks** or **Child Blocks** shall comply with the following requirements:-

6.6.1 a **Parent Block** may have more than one (1) **Child Block** across multiple **EFA Blocks** but only one (1) **Child Block** per **EFA Block**;

6.6.2 a **Parent Block** shall not be **Curtailable**;

6.6.3 all **Child Blocks** shall be **Curtailable**;

6.6.4 all **Child Blocks** must be defined over a single **EFA Block** comprising:-

   (a) any of the **EFA Block(s)** over which its **Parent Block** is defined; or

   (b) the **EFA Block** immediately preceding the **EFA Block** (or the first **EFA Block**) over which its **Parent Block** is defined (if within the same **EFA Day**); or

   (c) the **EFA Block** immediately succeeding the **EFA Block** (or the last **EFA Block**) over which its **Parent** is defined (if within the same **EFA Day**);

6.6.5 a **Child Block** and its **Parent Block** must relate to the same **DC Product** and **Response Unit**.

6.7 All **DC Sell Orders** which are **Loop Blocks** shall comply with the following requirements:-

6.7.1 a **Loop Block** shall comprise a **Loop Family** with just one (1) other **Loop Block**, each relating to a different **DC Product**;

6.7.2 each **Loop Block** shall be **Curtailable**, defined by its **Minimum Acceptance Ratio**;

6.7.3 **Loop Blocks** of the same **Loop Family** must relate to the same **Response Unit**.
6.8 Where, in relation to any Response Unit, any DC Sell Order is submitted for an EFA Block and DC Product which are the subject of a valid DC Sell Order previously submitted for that Response Unit, then the earlier DC Sell Order shall be treated as cancelled.

6.9 Validation of DC Sell Orders will be undertaken automatically at the time of submission (before operation of the Auction algorithm), and without prejudice to paragraph 6.14 all submitted DC Sell Orders so validated remain valid until and until:-

6.9.1 the DC Sell Order is cancelled by the Registered DC Participant that submitted it (including in the manner described in paragraph 6.86.7);

6.9.2 the Registered DC Participant modifies it (and, in such case, paragraph 6.8 shall apply); or

6.9.3 the DC Sell Order is either accepted (including part accepted) or rejected in accordance with the market clearing process described in paragraph 7 (whereupon it expires).

6.10 Each Registered DC Participant is responsible for ensuring that the DC Sell Orders it submits are correct and valid.

6.11 Subject always to paragraph 6.12, upon becoming aware of any error in a DC Sell Order, the Registered DC Participant shall modify the DC Sell Order where possible otherwise shall notify NGESO immediately, provided that in such event there shall be no obligation on NGESO to take any steps to avoid or mitigate any potential losses to the Registered DC Participant.

6.12 After the Auction Closing Time, DC Sell Orders may not be modified or cancelled by the Registered DC Participant and are binding and irrevocable subject always to paragraph 6.9.

6.13 DC Sell Orders submitted by Registered DC Participants for each EFA Block and DC Product shall not be visible to other Registered DC Participants on the Designated Auction Platform until publication in the Daily Auction Report in the manner described in paragraph 10.

6.14 If, in the sole judgment of NGESO or the Auction Administrator, a Registered DC Participant has failed to submit a correct and valid DC Sell Order, NGESO or the Auction Administrator reserves the right to:-

6.14.1 deem that accept that DC Sell Order to be valid and correct; or

6.14.2 cancel that DC Sell Order; and/or

6.14.3 take any other action as it deems appropriate in the circumstances including requesting the Registered DC Participant to resubmit and/or amend the DC Sell Order so that it is correct and valid.

6.15 The decision of NGESO or the Auction Administrator as to whether or not a DC Sell Order is correct and valid shall be final, and the Registered DC Participant may be notified of such decision without prior consultation or explanation.

7. Market Clearing Rules

7.1 After the Auction Closing Time, and for each EFA Block and DC Product, the Auction algorithm will optimise the matching of all valid DC Sell Orders to the DC Buy Order through the acceptance (or partial acceptance) of DC Sell Orders, to determine a Market Clearing Price for that EFA Block, all as more particularly described or referred to in this paragraph 7 and in the DC Participation Guidance Document.

7.2 For a given EFA Block and DC Product, the Auction algorithm will accept (or partially accept) DC Sell Orders in accordance with the following rules:-

7.2.1 DC Sell Orders will be accepted in ascending price order wherever possible;

7.2.2 where a DC Sell Order is not Curtailable:-

(a) if in the money, it can be either fully rejected (paradoxically rejected) or fully accepted;
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7.2.3 where a DC Sell Order is a Parent or Child Block:

(a) a Child Block at the money can be partly accepted;
(b) if at the money, it can be either fully rejected, fully accepted or
(c) if out of the money, it can only be fully rejected;
(d) a Child Block cannot be accepted if its Parent Block is rejected; and
(e) a Parent Block out of the money can be accepted if its Child Block(s) once accepted provides sufficient surplus to compensate; and

7.2.4 where a DC Sell Order is a Loop Block:

(a) that Loop Block cannot be accepted if the other Loop Block in its Loop Family is rejected;
(b) any partial acceptance will be for a ratio at or above the highest Minimum Acceptance Ratio of the two Loop Blocks (if different), rounded down to the nearest MW;
(c) a Loop Block out of the money can be accepted if the other Loop Block in its Loop Family once accepted provides sufficient surplus to compensate.

7.2.5 for the purposes of this paragraph 7.2, in relation to any DC Sell Order:

(a) in the money means the average of the rounded Market Clearing Prices over the relevant hours and weighted by the corresponding accepted volume is higher than the price limit of that DC Sell Order;
(b) at the money means the average of the rounded Market Clearing Prices over the relevant hours and weighted by the corresponding accepted volume is equal to the price limit of that DC Sell Order;
(c) out of the money means the average of the rounded Market Clearing Prices over the relevant hours and weighted by the corresponding accepted volume is less than the price limit of that DC Sell Order;
(d) paradoxically rejected means, due to DC Sell Order acceptance constraints (where not Curtailable), that DC Sell Order can be rejected even if its price limit is less than the Market Clearing Price; and;
(e) surplus in relation to a DC Sell Order (Child or Loop) means the sum over the relevant EFA Block over which the DC Sell Order is defined, of the difference between the Market Clearing Price less the price limit of that DC Sell Order, multiplied by the accepted volume of that DC Sell Order.

7.3 Each DC Sell Order for an EFA Block accepted (or part accepted) in accordance with the market clearing process described in this paragraph 7 in relation to a DC Product shall form a DC Response Contract for that Response Unit, EFA Block and DC Product as more particularly provided in paragraph 10.

8. Warranty and Undertaking

8.1 By submitting an DC Sell Order, each Registered DC Participant hereby warrants and undertakes to NGESO that it has neither fixed nor adjusted its offered prices or volumes under or in accordance with any agreement or arrangement with any other person, and that it has neither communicated to a person (other than its professional advisers) the amount or approximate amount of the tendered prices or volumes (other than in confidence in order to obtain quotations necessary for insurance purposes) nor entered into any agreement or arrangement with any other person to restrain that other person from tendering or to fix or adjust the tendered prices or volumes to be submitted by that other person, and each Registered DC Participant indemnifies NGESO from and against any losses, liabilities, claims, expenses and demands
which NGESO might suffer as a result of the Registered DC Participant being in breach of the warranty and undertaking set out in this paragraph 8.

9. **Daily Auction Reports**

9.1 By such time following the Auction Results Time as may be specified in the DC Participation Guidance Document, NGESO shall publish (and may subsequently revise) the Daily Auction Report.

9.2 Each Daily Auction Report may (at NGESO’s sole discretion) include in relation to each DC Product and EFA Block:

9.2.1 for each DC Sell Order, the information contained in paragraph 6.4, together with the location of each relevant Eligible Asset (whether or not the subject of an accepted DC Sell Order);

9.2.2 the DC Buy Order requirement;

9.2.3 the Market Clearing Price;

9.2.4 the Auction Clearing Quantity; and

9.2.5 in relation to each accepted DC Sell Order, the quantity of the DC Product the subject of a DC Response Contract.

10. **Formation of DC Response Contracts**

10.1 The Auction Administrator shall publish the outcome of each Auction by no later than the Auction Results Time, and insofar as that confirms the acceptance (or partial acceptance where applicable) of a DC Sell Order, a DC Response Contract will be formed automatically and simultaneously with such publication and for the purposes of paragraph 10.2 shall be treated as awarded to the relevant Registered DC Participant.

10.2 Each Registered DC Participant awarded a DC Response Contract pursuant to paragraph 10.1 shall provide the relevant DC Product from the applicable Response Unit during the applicable EFA Block pursuant to and in accordance with the DC Service Terms.

10.3 For the avoidance of doubt, for any Registered DC Participant with a Response Unit the subject of one or more accepted (or part accepted) DC Sell Orders in a DC Service Day, there shall be a separate DC Response Contract formed in respect of that Response Unit for each EFA Block and DC Product.

10.4 Each DC Response Contract shall be personal to the Registered DC Participant and may not be assigned otherwise than in accordance with paragraph 7 (Assignment and Transfer) of the DC General Terms and Conditions without the consent of NGESO (not to be unreasonably withheld or delayed).

11. **Confidentiality**

11.1 Subject always to paragraphs 11.2 and 11.3, the provisions of paragraph 8 (Confidentiality and Announcements) of the DC General Terms and Conditions shall apply to all and any information provided by NGESO or any Registered DC Participant to the other (whether orally or in writing) pursuant to or in connection with these DC Auction Rules.

11.2 Each Registered DC Participant agrees to the publication by NGESO of the information contained in the Daily Auction Reports, including in a non-anonymised form, insofar as relating directly or indirectly to the Registered DC Participant and the relevant Response Unit.

11.3 Without limiting paragraph 11.2, each Registered DC Participant also agrees to the disclosure by NGESO to the relevant Public Distribution System Operator of information related to any DC Sell Order (whether or not accepted) insofar as relevant to the management and operation of its Distribution System, including without limitation location of each Eligible Asset allocated to the relevant Response Unit and its MPAN and technology type, DC Product Type and the Contracted Quantity.
12. Exceptional Circumstances

12.1 If an exceptional situation arises, in particular if a system or the information needed to operate an Auction is unavailable or if an incident prevents an Auction from being held in normal circumstances, then NGESO may take any or all of the following measures (at its sole discretion):

12.1.1 modify any or all of the Auction Opening Time, Auction Closing Time or Auction Results Time;

12.1.2 authorise Registered DC Participants to submit new DC Sell Orders or modify existing DC Sell Orders;

12.1.3 authorise Registered DC Participants to submit DC Sell Orders otherwise than in accordance with paragraph 6;

12.1.4 cancel the Auction for any one or more DC Service Days; and/or

12.1.5 take such other actions or steps as it reasonably considers to be necessary.

13. Use of Designated Auction Platform

13.1 Insofar as made available as part of the Auctions, each Registered DC Participant agrees to use the Designated Auction Platform (including all and any associated hardware and software IT and telecommunications equipment and transmission media):

13.1.1 in compliance with all applicable Law;

13.1.2 in compliance with all and any technical specifications provided from time to time by or on behalf of NGESO or the Auction Administrator; and

13.1.3 solely for the purpose of formation of DC Response Contracts,

and any other use is strictly prohibited.

14. Accuracy of Information

14.1 All and any information provided by NGESO to Registered DC Participants for the purposes of these DC Auction Rules including in each Daily Auction Report is provided in good faith, but no representation or warranty is given by NGESO (or any of its employees, officers agents or advisers) as to the accuracy or completeness of such information.

15. Intellectual Property

15.1 NGESO and each Registered DC Participant retain ownership of the documents, data and information of any kind (including all intellectual property rights in them) that are provided to the other pursuant to these DC Auction Rules.

15.2 Each Registered DC Participant undertakes to NGESO that it will at all times when participating in an Auction, hold all and any authorisations and/or property rights and/or licences for all of the configurations, interfaces, firmware and software needed by it for it to participate in the applicable Auction through the Designated Auction Platform.

15.3 Each Registered DC Participant shall comply (and use reasonable endeavours to ensure that its staff and other representatives comply) with all applicable user licences and terms of use of which the Registered DC Participant is aware governing use by the Registered DC Participant of the systems or software applications comprised in the Designated Auction Platform.

15.4 Each Registered DC Participant indemnifies and keeps indemnified NGESO from and against any claims from a third party relating to an infringement of that third party’s intellectual property rights or other property rights arising out of use by the Registered DC Participant of the Designated Auction Platform in breach of any user licence or terms of use referred to in paragraph 15.3 of which it is aware.
15.5 NGESO shall procure such third party intellectual property authorisations as may be necessary to enable the Registered DC Participant to use the Designated Auction Platform for the purposes of each Auction.

15.6 NGESO shall indemnify and keep indemnified the Registered DC Participant from and against any claims from a third party if and to the extent that the use of the Designated Auction Platform by such Registered DC Participant for the purposes of a DC Sell Order infringes a third party’s intellectual property rights or other property rights.

15.7 In respect of the indemnities given in paragraphs 15.4 and 15.6 the indemnified party shall:

15.7.1 notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 15, “IPR Claim”);

15.7.2 give the indemnifying party control of the IPR Claim;

15.7.3 make no admissions in respect of an IPR Claim without prior written consent of the indemnifying party; and

15.7.4 provide such support in respect of the IPR Claim as the indemnifying party may reasonably require at the cost of the indemnifying party.

16. Viruses

16.1 Each Registered DC Participant shall, prior to uploading any information to the Designated Auction Platform or otherwise interfacing with it, use up to date versions of anti-virus software available from an industry accepted anti-virus software vendor to check for and delete from its systems viruses, trojan horses, worms, time-bombs, keystroke loggers, spyware, adware or any other harmful programmes or similar computer code designed adversely to affect the operation of any computer software or hardware (in this paragraph 16, “Malicious Software”).

16.2 If, notwithstanding the provisions of paragraph 16.1, Malicious Software is found on the Designated Auction Platform, the Registered DC Participant shall co-operate with NGESO to reduce the effect of the Malicious Software and, particularly if Malicious Software causes loss of operational efficiency to the Designated Auction Platform, assist NGESO to mitigate any losses and restore the Designated Auction Platform to its original operating efficiency.

17. Costs

17.1 For the avoidance of doubt, each Registered DC Participant shall remain responsible for all costs and expenses incurred by it in connection with these DC Auction Rules and participation in Auctions including all costs of preparing and submitting DC Sell Orders.

18. Site Export and Import Limits

18.1 Each Registered DC Participant shall, prior to submitting a DC Sell Order, ensure sufficient export and/or import capacity at the premises at which each relevant Eligible Asset is situated (including where applicable Transmission Entry Capacity (and, if relevant, the STTEC)) so as to enable it to provide Dynamic Containment during each and every applicable EFA Block in accordance with its obligations under the DC Response Contract which may be formed in relation thereto and in conformance with its obligations owed to the owner of the relevant part of the National Electricity Transmission System or the relevant Distribution System or such other network (as applicable).