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SCHEDULE 1 – CAPABILITY DATA TABLES
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1. Introduction

1.1 These DM Service Terms shall apply to each Service Provider and Response Unit the subject of a DM Response Contract where, in accordance with the DM Auction Rules, and for any EFA Block and DM Product, the Service Provider’s DM Sell Order for that Response Unit is accepted by NGESO.

1.2 Each DM Response Contract so formed shall create a legally binding obligation on the Service Provider to provide from the relevant Response Unit, and for NGESO to pay for, Dynamic Moderation (comprising a single DM Product) to be delivered during the relevant Contracted EFA Block upon the terms of these DM Service Terms. For the avoidance of doubt, neither a Service Provider nor NGESO shall be under any obligation or commitment to provide or pay for Dynamic Moderation except pursuant to DM Response Contracts.

1.3 A DM Response Contract shall relate to a single Response Unit and shall apply only to a single EFA Block and DM Product.

1.4 An EFA Block the subject of a DM Response Contract is referred to in these DM Service Terms as a “Contracted EFA Block”.

1.5 Neither Party may terminate a DM Response Contract once formed except as provided or referred to in paragraph 14 or by agreement in writing between the Parties.

2. Changes to these DM Service Terms

2.1 Subject always to paragraph 2.2, NGESO may update these DM Service Terms from time to time by publication of an updated version on its website, and each such updated version shall be effective from the date shown on its front cover provided always that any updated version shall not apply to any DM Response Contract extant at the date of publication except with the consent in writing of the relevant Service Provider.

2.2 To the extent required by the Electricity Balancing Regulation (and by reference to those provisions of the DM 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 Regulation), any variation to these DM Service Terms will be proposed and implemented in accordance with the applicable requirements in the Electricity Balancing Regulation.

3. Defined Terms

3.1 Unless the context otherwise requires, any capitalised term used in these DM Service Terms shall have the meaning given to it (if any) in the prevailing DM Service Glossary.

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

3.3 For the purposes of paragraphs 3.1 and 3.2, with respect to any DM Response Contract, “prevailing” shall mean the latest version of the applicable document which is in effect at the time of formation of that DM Response Contract.

4. DM Procurement Documents

4.1 Together with these DM Service Terms, the following documents (each as amended or updated from time to time) shall comprise the DM Procurement Documents:

   i. the DM Auction Rules;
   ii. the DM Testing Guidelines;
   iii. the DM Service Glossary;
   iv. the Balancing Services Glossary of General Terms and Rules of Interpretation;
5. **Service Availability**

5.1 The **Service Provider** (or, where applicable, the **Secondary Service Provider**, and references in this paragraph 5 to “**Service Provider**” shall be construed accordingly) will procure that, with respect to each **DM Response Contract**, **Response** is made available from the **Response Unit** for delivery throughout each **Contracted EFA Block** in the manner provided in paragraph 6. It is a requirement of each DM Response Contract that, unless prevented by an unplanned outage or other unforeseen technical circumstances, a **Response Unit** will be available to provide **Dynamic Moderation** in accordance with these **DM Service Terms** continuously throughout the **Contracted EFA Block**, regardless of its **State of Energy** where applicable.

5.2 The **Service Provider** shall notify **NGESO** (by way of submission of **DM Operational Data** or (only if directed by **NGESO**) by way of submission of **DM Performance Data**, pursuant to paragraph 15.1) promptly upon becoming aware that any **Response Unit** (including any component **Eligible Asset**) has become unable (including, where it is **Energy Limited**, because of its **State of Energy**) to provide (in whole or part), and at any time during the relevant **Contracted EFA Block**, the **Contracted Quantity** or **Response Energy Volume** or comply with a **Dis-Arming Instruction** or **Re-Arming Instruction** or with any other requirement of **Dynamic Moderation** in accordance with these **DM Service Terms**.

5.3 The submission of **DM Operational Data** (or, where applicable, **DM Performance Data**) pursuant to paragraph 15.1 shall also be used by the **Service Provider** to notify **NGESO** promptly when it becomes aware that, following notification pursuant to paragraph 5.2, the ability of a **Response Unit** to meet the requirements of **Dynamic Moderation** in accordance with these **DM Service Terms** has been restored.

5.4 Upon request by **NGESO**, any notification pursuant to paragraph 5.2 or 5.3 shall be followed promptly by an explanation in sufficient (but not excessive) detail to enable **NGESO** to verify that the **Service Provider**’s notification related to unplanned outage or other unforeseen technical circumstances.

5.5 Except as provided in paragraphs 5.6 and 5.8, with effect from the start of the **Settlement Period** in which the **Response Unit** becomes unable to meet the requirements of the relevant **DM Product** (in whole or part, and whether or not notified by the **Service Provider** pursuant to paragraph 5.2) and until expiry of the **Settlement Period** in which the ability of a **Response Unit** to meet the requirements of such **DM Product** is restored (or, if later, the time when the **Service Provider** notifies **NGESO** that it has been restored), the **Response Unit** shall, for the purposes of paragraph 7, be deemed to be unavailable to deliver **Dynamic Moderation**.

5.6 A **Response Unit** which would otherwise be considered unavailable due to its **State of Energy** will be deemed available if the **Service Provider** has complied with the **State of Energy** management rules in accordance with paragraph 6.11 and no further such management is possible.

5.7 Where either:-

i. in the absence of notification from the **Service Provider** pursuant to paragraph 5.2, **NGESO** nonetheless has reasonable grounds for believing that a **Response Unit** is unable to meet the requirements of the **DM Response Contract** in all or any part of a **Contracted EFA Block**; or

ii. **NGESO** has reasonable grounds for believing that any notification from the **Service Provider** pursuant to paragraph 5.2 is for reasons other than related to an unplanned outage or other unforeseen technical circumstances and/or that the **Service Provider** has deliberately or recklessly failed to comply with the **State of Energy** management rules in accordance with paragraph 6.11,

then, notwithstanding paragraph 5.4 and for the purposes of paragraph 7, **NGESO** reserves the right to treat that **Response Unit** as deemed unavailable to deliver **Dynamic Moderation** for the entirety of the **Contracted EFA Block** in question (including any part thereof prior to the commencement of unavailability).

5.8 A **Response Unit** shall not be considered unavailable by reason solely of its inability to comply with a **Dis-Arming** (or **Re-Arming**) Instruction.
5.9 For the avoidance of doubt, with respect to any Transfer Period and for the purposes of this paragraph 5 and paragraph 7, all and any periods of unavailability of the applicable Response Unit(s) Registered to the Secondary Service Provider shall be treated as deemed unavailability of the Response Unit.

5.10 Further for the avoidance of doubt, the registration of Eligible Assets to a Response Unit may not be changed so as to be effective during the subsistence of a DM Response Contract.

6. Service Delivery

6.1 Throughout each Contracted EFA Block, and except to the extent the Response Unit is deemed to be unavailable to deliver Dynamic Moderation pursuant to paragraph 5 or is required to comply with a Disarming Instruction, the Service Provider (or, where applicable, the Secondary Service Provider, and references in this paragraph 6 to “Service Provider” shall be construed accordingly) shall procure the delivery of Response in accordance with this paragraph 6.

Operational Baselines

6.2 In relation to each Settlement Period falling in each Contracted EFA Block, the Service Provider shall notify NGESO of an intended operating profile (being a level (which may be zero) of Output or Demand) for the Response Unit (which, where applicable, shall be an aggregate operating profile across all Eligible Assets) (the “Operational Baseline”), together with confirmation of the technical and commercial parameters comprising each DM Response Contract, in accordance with either paragraph 6.3 or 6.4 (as applicable), and in relation thereto:-

i. each Operational Baseline shall be prepared by the Service Provider in accordance with Good Industry Practice so as to reflect for the relevant Response Unit the Service Provider’s best estimate of the operating profile of the Response Unit in the relevant Settlement Period;

ii. each Operational Baseline may be either an integer or a value with up to four (4) decimal places; and

iii. where the Response Unit is Energy Limited the Service Provider shall comply with the State of Energy management rules in paragraph 6.11.

6.3 Where the Response Unit is BM Participating, the Service Provider shall confirm its Operational Baseline to NGESO by submission of a Physical Notification in accordance with the Grid Code (where applicable, rounding up or down to the nearest integer), and shall maintain that Physical Notification as at Gate Closure (with any subsequent Bid-Offer Acceptance adjusting the Operational Baseline accordingly), and the Service Provider shall further maintain appropriate Dynamic Parameters throughout each relevant Contracted EFA Block to create sufficient headroom and/or footroom for delivery of the Contracted Quantity.

6.4 NGESO shall notify Registered DM Participants in writing of the date when it is able to receive Operational Baselines in respect of Response Units which are not BM Participating, and with effect from such date and in relation to each such Response Unit, the Service Provider shall confirm its Operational Baseline to NGESO by submission, no later than sixty (60) minutes prior to the start of each relevant Settlement Period, of a Non-BM Data Submission (in such format as NGESO shall specify in the DM Participation Guidance Document) comprising, for that Settlement Period:-

i. the Response Unit ID;

ii. confirmation of its Operational Baseline;

iii. a maximum export level or minimum import level which equals the Operational Baseline plus the Contracted Quantity; and

iv. a minimum export level or maximum import level which equals the Operational Baseline minus the Contracted Quantity,

which shall be submitted by the Service Provider by way of DM Operational Data or (only if directed by NGESO) by way of Performance Data, pursuant to paragraph 15.1.

6.5 Where, in respect of any Settlement Period in a Contracted EFA Block, the Service Provider has failed to prepare and submit an Operational Baseline for the relevant Response Unit in accordance with
paragraph 6.2 and (as applicable) paragraphs 6.3 or 6.4, then for the purposes of paragraphs 5 and 7 that Response Unit shall be deemed to be unavailable to deliver Dynamic Moderation for the entirety of that Settlement Period.

6.6 Unless otherwise instructed by NGESO, for the duration of each Contracted EFA Block, the Service Provider shall operate the Response Unit (where applicable at the Operational Baseline and with a State of Energy) so as to provide, for any Frequency deviation, at least the amount of Response shown in the capability data tables at Schedule 1 to these DM Service Terms (being expressed as a percentage of the Contracted Quantity) and for a continuous period not less than the Delivery Duration.

6.7 For the purposes of paragraph 6.6:-

i. Response is not required for Frequency deviations of up to not including + 0.015 Hz (in the case of DM-high) or up to but not including – 0.015 Hz (in the case of DM-low) in each case from Target Frequency, and from the edge of that dead band up to and including + 0.1 Hz (in the case of DM-high) or up to and including – 0.1 Hz (in the case of DM-low) the required level of Response shall be either:-

1. in the case of DM-high, a linear increase to a maximum of five percent (5%) of Contracted Quantity at + 0.1 Hz, and from that point the required level of Response shall be a linear increase to one hundred percent (100%) of Contracted Quantity at + 0.2 Hz; and

2. in the case of DM-low, a linear increase to a maximum of five percent (5%) of Contracted Quantity at – 0.1 Hz, and from that point the required level of Response shall be a linear increase to one hundred percent (100%) of Contracted Quantity at – 0.2 Hz;

ii. the required levels of Response in the tables are shown as a percentage of the Contracted Quantity;

iii. for a Frequency deviation at a given time differing from the figures shown in the tables, the required levels of Response shall be calculated by linear interpolation from the values derived from the table;

iv. for any Frequency deviation greater than the greatest Frequency deviation given in the tables (whether positive or negative), the required levels of Response shall be calculated by reference to the greatest Frequency deviation shown (whether positive or negative); and

v. required levels of Response for Frequency deviations lower than those specified in the tables shall be determined by deeming the tables to specify a level of zero (0) MW for a Frequency deviation of zero (0).

Response Units which are Energy Limited

6.8 Throughout each Contracted EFA Block and additionally during each Settlement Period falling immediately prior to and after that Contracted EFA Block, for any Response Unit which is Energy Limited the Service Provider shall procure that its Operational Baselines at all times observe the Maximum Ramp Rate. Any failure to do so in relation to any Settlement Period will deem the Response Unit to be unavailable to deliver Dynamic Moderation for the entirety of that Settlement Period for the purposes of paragraphs 5 and 7.

6.9 For the purposes of paragraph 6.8:-

i. as more particularly described in the DM Participation Guidance Document, the Maximum Ramp Rate shall be calculated by reference to whether the Response Unit is providing DM-low, DM-high or both, and whether its Operational Baseline is showing either an increase or reduction in level of Active Power Output or an increase or reduction in level of Demand;

ii. where there are two adjacent Contracted EFA Blocks with different Contracted Quantities, for two (2) adjacent Settlement Periods on the boundary of a change in Contracted Quantity, the relevant Maximum Ramp Rate will be that which incorporates the lowest maximum rate; and

iii. for the avoidance of doubt, where a Response Unit is BM Participating its Operational Baseline shall be adjusted by a Bid-Offer Acceptance, and accordingly to the extent complying with any such Bid-Offer Acceptance the Response Unit shall be deemed to be observing the Maximum Ramp Rate.
**Energy Limited – State of Energy management rules**

6.10 It shall be the responsibility of each Service Provider to manage the State of Energy of any Response Unit which is Energy Limited (and constituent Eligible Assets if any) in order to ensure it can meet the requirements of Dynamic Moderation and its obligations hereunder.

6.11 Without limiting paragraph 6.10, the Service Provider shall manage State of Energy so as to deliver from the Response Unit the Response Energy Volume following any activation at any point during the Contracted EFA Block, and with respect thereto:

i. at the start of each Settlement Period within a Contracted EFA Block, the Service Provider must assess (in accordance with Good Industry Practice) if the State of Energy is sufficient to deliver the Response Energy Volume as described above, and where State of Energy is assessed to be insufficient the Service Provider shall, before the end of that Settlement Period, calculate and submit a new Operational Baseline for either charging or discharging such that the State of Energy will become sufficient;

ii. the Response Unit should always be capable of recovering at least the volume of Energy Recovery in any single Settlement Period, through the recalculation and resubmission (where possible) of Operational Baselines;

iii. by way of explanation, in the case of a Response Unit providing both DM-low and DM-high with an asymmetric Contracted Quantity, the State of Energy requirement will also be asymmetrical;

iv. if stored energy moves outside of this range (for example in response to a Frequency event), the Service Provider must submit at the first opportunity a revised Operational Baseline that will recover the stored energy back to the acceptable range;

v. at its discretion (acting reasonably), NGESO may determine that the Service Provider should not be treated as having failed to manage State of Energy where System Frequency is affected by:-

1. extended periods of high or low System Frequency deviation beyond 0.1 Hz above or below 50Hz; or

2. multiple concurrent frequency events; and

vi. a Response Unit shall not deviate from its Operational Baseline (whether in order to manage State of Energy or otherwise) whilst System Frequency is within the 50Hz +/- 0.015Hz “deadband”.

6.12 If in the reasonable opinion of NGESO a Response Unit is operating during a Contracted EFA Block with a State of Energy which indicates that the Service Provider is not complying with the State of Energy management rules in paragraph 6.11, then NGESO reserves the right to treat that Response Unit as deemed unavailable to deliver Dynamic Moderation for the purposes of paragraphs 5 and 7 until such time as NGESO is satisfied (acting reasonably) that the Service Provider is in compliance once more.

6.13 State of Energy may only be managed by way of the submission of, and adherence to, Operational Baselines in accordance with this paragraph 6 (and not, for example, through deliberate imbalance, “spilling” and over/under delivery).

**Disarming (and Re-Arming) Instructions**

6.14 At any time during a Contracted EFA Block, and in respect of any Response Unit, NGESO may issue an instruction to the Service Provider to cease provision of Dynamic Moderation (“Dis-Arming Instruction”), and such Dis-Arming Instruction shall remain in place for the remainder of that Contracted EFA Block and all any subsequent Contracted EFA Blocks until NGESO instructs the Service Provider that provision of Dynamic Moderation can resume from that Response Unit (“Re-Arming Instruction”).

6.15 All Dis-Arming Instructions and Re-Arming Instructions shall be given by NGESO by electronic means, which shall be acknowledged by the Service Provider also by electronic means within two (2) minutes of receipt, in each case as more particularly described in the DM Participation Guidance Document.

6.16 No later than two (2) minutes following receipt of an Dis-Arming Instruction, the Service Provider shall procure that the Response Unit (and its constituent Eligible Asset(s)) is disarmed such that no Dynamic
Moderation is provided and the Response Unit resumes operation in accordance with its then prevailing Operational Baseline.

6.17 No later than two (2) minutes following receipt of a Re-Arming Instruction (if given during a Contracted EFA Period), the Service Provider shall procure that the Response Unit (and its constituent Eligible Asset(s)) are re-armed such that provision of Dynamic Moderation is resumed in accordance with this paragraph 6.

6.18 For the purpose of paragraphs 5 and 7 the issue of a Dis-Arming Instruction shall not affect payment of the Availability Payment during the relevant Contracted EFA Block(s), and furthermore there shall be no deduction to the Availability Payment with respect to any Contracted EFA Block as a consequence of any non-compliance with a Dis-Arming (or Re-Arming) Instruction.

7. Availability Payments

7.1 In respect of each DM Response Contract, NGESO shall, in accordance with paragraph 8, pay to the Service Provider an Availability Payment calculated in accordance with the formulae in Schedule 2.

7.2 No Availability Payment shall be made by NGESO to the Service Provider pursuant to this paragraph 7 in respect of any period or periods of deemed unavailability pursuant to paragraphs 5 or 6.

7.3 Without prejudice to its other rights and remedies, NGESO reserves the right to withhold payment of any Availability Payment where the Service Provider has failed to provide relevant DM Operational Data and/or DM Performance Data pursuant to paragraph 15.

7.4 With respect to any Transfer Period, and for the avoidance of doubt:-

i. for the purposes of this paragraph 7, the availability and provision of Response pursuant to the relevant DM Response Contract shall be assessed by reference to the Response Units(s) Registered to the Secondary Service Provider and not to the Primary Service Provider’s Response Unit; and

ii. all and any Availability Payments accruing pursuant to this paragraph 7 shall be payable to the Primary Service Provider and nothing in these DM Service Terms shall create any liability or obligation on the part of NGESO to make any such payments to the Secondary Service Provider.

8. Payment Procedure

8.1 In respect of each calendar month during which the Service Provider has been party to one or more DM Response Contracts, NGESO shall send to the Service Provider a Monthly Statement setting out, in respect of each such DM Response Contract, its calculation of:-

i. the Availability Payments payable to the Service Provider pursuant to paragraph 7;

ii. any adjustments made to previous Monthly Statements; and

iii. the resulting net amount due to (or from, as the case may be) the Service Provider,

and in respect thereof the provisions of Schedule 3 shall apply.


9.1 The provision by the Service Provider of Dynamic Moderation shall not relieve it of any of its obligations or affect such obligations (where applicable) set out in the Grid Code (including its obligations (if any) to provide Mode A Frequency Response when instructed by NGESO pursuant to the CUSC and/or the Grid Code) or to provide Demand control when instructed by NGESO pursuant to Grid Code OC6) or in the Distribution Code of its host Public Distribution System Operator.

9.2 Without limiting paragraph 9.1, each Service Provider that is or becomes a DRSC Liable User shall, for the duration of each Contracted EFA Block, comply in all respects with the Demand Response Services Code as it refers to Demand Response Active Power Control.
10. **Maintenance of Eligible Assets**

The **Service Provider** shall maintain each **Eligible Asset** to such a standard that the **Service Provider** can meet its obligations to provide **Dynamic Moderation** in accordance with each **DM Response Contract** and these **DM Service Terms**.

11. **Third Party Claims**

11.1 The **Service Provider** undertakes to **NGESO** that the availability and delivery of **Dynamic Moderation** from any **Response Unit** pursuant to and in accordance with each **DM Response Contract** and these **DM Service Terms** (including during any **Transfer Period**) will not at any time during any **Contracted EFA Block** cause the **Service Provider** to be in breach of or to otherwise be non-compliant with any **Connection Agreement** and/or any agreement for the supply of electricity or related services to or from any constituent **Eligible Asset** or any **Plant** and **Apparatus** associated with it.

11.2 Notwithstanding paragraph 11.1, in the event that the **Service Provider** (or, during any **Transfer Period**, any **Secondary Service Provider**) delivers **Dynamic Moderation** in accordance with these **DM Service Terms** in consequence of which **NGESO** suffers or incurs any loss in respect of a claim brought by any third party related to any actual or alleged breach or non-compliance by the **Service Provider** as described in paragraph 11.1, then the **Service Provider** shall indemnify **NGESO** against all and any losses, liabilities, claims, expenses and demands suffered or incurred by **NGESO** in connection therewith. Such indemnity shall include any legal costs and expenses reasonably incurred in the contesting of such claims including the court costs and reasonable attorney’s fees and other professional advisors’ fees. The **Parties** agree and accept that, for the purposes of paragraph 18 all such legal costs and expenses expressed to be the subject of such indemnity shall be treated as direct losses.

11.3 In the event of any such claim referred to in paragraph 11.2 being made against **NGESO**, **NGESO** shall as soon as reasonably practicable give notice of the claim together with all relevant supporting documentation to the **Service Provider**. The **Service Provider** shall be entitled, upon written notice to **NGESO** and subject to **NGESO** receiving from the **Service Provider** such reasonable undertakings as **NGESO** shall reasonably require to protect **NGESO** against damage to its name and reputation, to assume at its own expense the sole conduct of all proceedings relating to such claim including the right to contest such claim in the name of **NGESO**. **NGESO** shall supply the **Service Provider** with all information, assistance and particulars reasonably required by the **Service Provider** in connection therewith. **NGESO** shall not accept, settle, pay or compromise any such claim without the prior written approval of the **Service Provider** (not to be unreasonably withheld or delayed). The **Service Provider** shall reimburse to **NGESO** all of its reasonable expenses incurred in connection with the provision of any such information, assistance or particulars in the contesting of any such claim.

12. **Provision of Other Services**

12.1 The **Service Provider** undertakes to **NGESO** that the availability and delivery of **Dynamic Moderation** from any **Response Unit** pursuant to and in accordance with a **DM Response Contract** and these **DM Service Terms** will not at any time during any **Contracted EFA Block** (including during any **Transfer Period**) be impaired or otherwise prejudiced by the **Service Provider’s** (or, during any **Transfer Period**, any **Secondary Service Provider’s**) performance of any agreement with a third party (including another **Service Provider**) relating to any **Eligible Asset** or any associated **Plant** and **Apparatus**, including the making available and/or delivery of services to that third party by the **Service Provider** (whether by way of increases or reductions in **Generation** or **Demand** or stipulated running profiles, participation in any other services (including where part of a trial service) or otherwise, and whether to assist in the management, operation or protection of a **User System** or pursuant to the **Capacity Market Rules** or otherwise).

12.2 Notwithstanding paragraph 12.1, and without prejudice to paragraph 12.6, in the event that the **Service Provider** (or, during any **Transfer Period**, any **Secondary Service Provider**) is unable to provide **Dynamic Moderation** (to any extent) in all or any part of any **Contracted EFA Block** for any reason described in paragraph 12.1, then the **Service Provider** shall (or shall procure that the **Secondary Service Provider** shall) give a full explanation to **NGESO** in its notification of unavailability pursuant to paragraph 5.2, and **NGESO** may in its absolute discretion (except where paragraph 12.5 applies) terminate the **DM Response Contract** in question pursuant to paragraph 14).

12.3 Subject always to paragraph 12.4, and irrespective of whether or not **NGESO** elects to terminate the **DM Response Contract**, the **Service Provider** hereby agrees to reimburse to **NGESO** all and any additional
costs and expenses incurred by it as a result of such inability including NGESO's additional costs of alternative or replacement service provision.

12.4 The amount or amounts for which the Service Provider may be liable to reimburse NGESO pursuant to paragraph 12.3 in respect of any single DM Response Contract shall not exceed in aggregate the greater of (1) two hundred and fifty thousand pounds sterling (£250,000), and (2) an amount equal to the aggregate Availability Payments in respect of that DM Response Contract calculated by reference to all Settlement Periods in the relevant Contracted EFA Block (ignoring any periods of unavailability and whether or not declared by the Service Provider).

12.5 Where, during any one or more Settlement Periods in a Contracted EFA Block, a Service Provider is required under the terms of any agreement with NGESO to provide from any Eligible Asset any other Balancing Service (except with respect to Reactive Power) the Parties agree and acknowledge that to the extent that such service provision is inconsistent or in conflict with the delivery of Dynamic Moderation (as determined by NGESO acting reasonably) then Dynamic Moderation cannot be provided simultaneously with such other Balancing Service. Accordingly, unless pursuant to the terms for provision of and payment for such other Balancing Services the relevant Response Unit is deemed unavailable to provide Dynamic Moderation or except as may otherwise be specified by NGESO, the relevant Response Unit shall be deemed unavailable to provide such other Balancing Service, and availability of the Response Unit to provide Dynamic Moderation pursuant to these DM Service Terms shall prevail.

12.6 For the avoidance of doubt, paragraph 12.5 shall not affect the submission by a Service Provider of bids and offers (and the issue of Bid-Offer Acceptances) under the Balancing Mechanism where not made pursuant to terms agreed with NGESO for provision of any other Balancing Service, and furthermore unless otherwise indicated by NGESO in the prevailing DM Participation Guidance Document, different DM Products shall be capable of being provided by a Response Unit simultaneously. Further information regarding simultaneous provision of Balancing Services is contained in the Stacking Guidance as published by NGESO from time to time.

12.7 Where, during any one or more Settlement Periods in a Contracted EFA Block, a Service Provider (or, during any Transfer Period, any Secondary Service Provider) is making available and/or delivering services to a third party in breach of paragraph 12.1, then the relevant Response Unit shall be deemed unavailable for the purposes of paragraph 7.

12.8 For the purposes of this paragraph 12 and for the avoidance of doubt, where a DM Response Contract is formed with respect to a Response Unit which is not registered as a BM Unit and with a Contracted Capacity which is less than the aggregate Registered Quantity of each component Eligible Asset, then the making available and/or delivery of services by the Service Provider to NGESO or a third party from such Eligible Assets or any of them with respect to any or all of that excess capacity shall be deemed to impair, and be inconsistent or in conflict with, the delivery of Dynamic Moderation pursuant to such DM Response Contract unless such excess capacity is demonstrated to NGESO's reasonable satisfaction to be separately metered so as to enable the production of DM Operational Data and DM Performance Data pursuant to paragraph 15.

13. Communications

13.1 Any communications required by these DM Service Terms to be given in writing shall unless otherwise provided in this paragraph 13 be made and deemed to have been received in accordance with paragraph 26 (Notices) save as may be otherwise agreed by the Parties.

13.2 The Parties consent to the recording of all telephone conversations between them relating in whole or in part to these DM Service Terms, and each Party agrees to notify its employees of that consent and obtain their consent to that recording if required by Law.

13.3 All notifications to be made by the Service Provider with respect to any unavailability (and restoration of availability) of a Response Unit to provide Dynamic Moderation pursuant to paragraph 5 shall be made as part of DM Operational Data using a Data Concentrator (unless otherwise provided in paragraph 15).

13.4 All Operational Baselines prepared by a Service Provider pursuant to paragraph 6.2 shall be submitted by the Service Provider to NGESO in accordance with paragraphs 6.3 or 6.4 (as applicable), which for Response Units which are BM Participating shall be via BM Unit Data submissions and for Response Units which are not BM Participating shall be submitted using such means as NGESO may direct or (for
such period and upon such conditions as NGESO may specify) electronic transfer as part of DM Performance Data.

14. Termination of DM Response Contracts

14.1 Either Party shall have the right to terminate a DM Response Contract in the circumstances set out in paragraph 8.1 of the prevailing Common Flexibility Service Terms and Conditions as if paragraphs 8.1 and 8.2 were set out in full herein.

14.2 Without prejudice to paragraph 14.1, and in addition to any other rights of termination available under the DM Procurement Documents, NGESO may in its absolute discretion terminate a DM Response Contract in respect of a Response Unit with immediate effect by notice in writing to the Service Provider in the following circumstances:

i. where the Service Provider is in material breach of a warranty or declaration given under any of the Registration Documents and/or the DM Procurement Documents;

ii. where NGESO (acting reasonably) determines that the Response Unit, and/or one or more Eligible Assets comprising the Response Unit, is not ready for commercial operation and/or delivery of Dynamic Moderation; or

iii. where the Service Provider fails to comply in any material respect with its obligations under the Testing Documents, including where NGESO determines (acting reasonably) that the Service Provider’s Independent Technical Expert is failing to meet the required technical standard and/or is not sufficiently independent (each as defined in the Testing Documents).

14.3 Paragraphs 8.4 to 8.6 inclusive of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein.

15. Monitoring and Metering Data

Operational data

15.1 To enable NGESO to verify the Operational Baseline and facilitate calculation of Availability Payments in accordance with paragraph 7 and Schedule 2, and unless and to the extent otherwise directed by NGESO, the Service Provider shall procure and submit to NGESO, on a continuous basis and with a maximum delay of five (5) seconds, the following data (“DM Operational Data”) for each Response Unit, all at a granularity of one (1) measurement per second (1 Hz):

i. date/time stamp;

ii. whether or not the Response Unit is available for Dynamic Moderation pursuant to paragraph 5, and if so whether for DM-low or DM-high;

iii. whether or not the Response Unit is the subject of a Dis-Arming Instruction;

iv. Metered Active Power Output or Demand (as the case may be); and

v. where the Response Unit is Energy Limited, its State of Energy in MWh (Active Power Output and Demand).

15.2 All DM Operational Data shall be submitted using such means as NGESO may specify, and shall cover the entirety of each Contracted EFA Block together also with each Settlement Period which falls immediately before and after. Insofar as NGESO is unable to receive State of Energy of a Response Unit as DM Operational Data, then it shall so notify in writing Registered DM Participants, whereupon relevant Service Providers shall only be required to submit State of Energy from Energy Limited Response Units as part of DM Operational Data from the date 30 days after subsequent notice in writing from NGESO to Registered DM Participants that it is able to receive such submissions, and paragraph 15.1 shall be read and construed accordingly.
Performance data

15.3 In addition, and without limiting paragraph 15.1, to enable NGESO to monitor the delivery of Response pursuant to a DM Response Contract and to facilitate calculation of Availability Payments in accordance with paragraph 7 and Schedule 2, the Service Provider shall procure and retain (for a period of not less than three (3) months) the data specified or referred to in paragraph 15.4 (“DM Performance Data”) and shall submit the DM Performance Data to NGESO by electronic transfer on an hourly basis using a Data Concentrator throughout the Contracted EFA Block.

15.4 Unless otherwise specified by NGESO from time to time in the DM Participation Guidance Document, whether or not the Response Unit is the subject of a Dis-Arming Instruction, the DM Performance Data shall comprise (at a granularity of twenty (20) measurements per second (20 Hz)), for each Response Unit:-

i. date/time stamp;

ii. Input Frequency (for one of the relevant Eligible Assets);

iii. whether or not the Response Unit is available for Dynamic Moderation pursuant to paragraph 5, and if so whether for DM-low or DM-high;

iv. Metered Active Power Output or Demand (as the case may be);

v. where the Response Unit is Energy Limited, its State of Energy in MWh (Active Power Output and Demand); and

vi. the Performance Baseline, which shall update any Operational Baseline, and shall be either an integer or a value with up to four (4) decimal places.

15.5 All DM Operational Data and DM Performance Data to be provided by the Service Provider pursuant to this paragraph 15:-

i. shall be provided where applicable at an aggregate level for each Response Unit; and

ii. shall be to a margin of error of 0.001 Hz for System Frequency and one percent (1%) for Metered Active Power Output or Demand.

Publication of data

15.6 For the purposes of paragraph 22 (Confidentiality) the Service Provider consents to NGESO publishing all DM Operational Data and DM Performance Data on its website in a non-anonymised format.

Delivery Failure Report

15.7 Where in relation to any one or more Settlement Periods in a Contracted EFA Block the Availability Payment calculated for a Service Provider is affected by an active K factor (as more particularly described in Schedule 2), then no later than five (5) Business Days following request from NGESO the Service Provider shall provide to NGESO a report in writing (in such form as NGESO may reasonably require) setting out in reasonable detail an explanation for the underlying performance of the relevant Response Unit(s) attributed to such K factor.

Measurement of frequency

15.8 For the purposes of this paragraph 15, the Parties agree that System Frequency shall be measured in accordance with the Frequency Measurement Specification.

16. ABSVD

For the purposes of the ABSVD Methodology Statement, the Service Provider hereby consents (where applicable for and on behalf of the Lead Party of all relevant BM Units) to all and any energy volumes associated with delivery of Response pursuant to these DM Service Terms not being included within the Applicable Balancing Services Volume Data save where the Response Unit is BM Participating in which case energy volumes will be included within the Applicable Balancing Services Volume Data.
17. **Force Majeure**

17.1 Save for paragraphs 10.2.2 and 10.4 which shall not apply, paragraph 10 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply as if set out in full herein.

18. **Liability, Indemnity and Insurance**

18.1 Paragraph 11 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply as if set out in full herein.

19. **Records and Audits**

19.1 Paragraph 5 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply as if set out in full herein.

20. **Assignment**

20.1 Paragraph 12 of the prevailing **Common Flexibility Service Terms and Conditions** shall apply as if set out in full herein.

21. **Transfer of DM Response Contracts**

21.1 At any time during the subsistence of a **DM Response Contract**, a **Service Provider** (the “Primary Service Provider”) may nominate another **Registered DM Participant** (the “Secondary Service Provider”) to discharge its obligations to **NGESO** with respect to the delivery of **Response** in the applicable **Contracted EFA Block** pursuant to that **DM Response Contract**.

21.2 The effect of any such nomination once validated by **NGESO** pursuant to this paragraph 21 is to treat delivery of **Response** from one or more **Response Units** registered to the **Secondary Service Provider** as if delivered by the **Primary Service Provider** from its **Response Unit** for the purposes of these **DM Service Terms**.

21.3 No nomination shall be valid unless:

i. both entities are **Registered DM Participants**;

ii. the **Secondary Service Provider** has **Eligible Assets** which are **Registered** to it and allocated to one or more **Response Units** pursuant to the **DM Participation Guidance Document** with sufficient aggregate **Registered Quantity** and proven capability to deliver **Dynamic Moderation** to enable the **DM Response Contract** to be discharged during the applicable **Contracted EFA Block**;

iii. the specified **Transfer Period** during which the nomination is to be effective is a period which comprises the entire **Contracted EFA Block** created by a subsisting **DM Response Contract** to which the **Primary Service Provider** is a party; and

iv. the nomination is validly notified to **NGESO** pursuant to paragraphs 21.4, 21.5 and 21.6 and the **Transfer Notice** validated by **NGESO**.

**Transfer Notices**

21.4 Each nomination shall be notified to **NGESO** by the **Primary Service Provider** by no later than one (1) hour prior to commencement of the applicable **Contracted EFA Block**, and each such nomination is referred to in these **DM Service Terms** as a “**Transfer Notice**”.

21.5 Unless otherwise stipulated in the **DM Participation Guidance Document**, each **Transfer Notice** shall comprise the entirety of a **Contracted EFA Block**, and shall specify:-

i. the identity of the **Primary Service Provider** and **Response Unit**; and

ii. the identity of the **Secondary Service Provider** and its **Response Unit(s)** and **Eligible Assets**.
21.6 Each nomination shall comprise the entire Contracted Quantity associated with the DM Response Contract during the relevant Transfer Period, and for the avoidance of doubt the Contracted Quantity shall not be capable of being split amongst two or more Secondary Service Providers.

21.7 In giving a Transfer Notice, the Primary Service Provider warrants that the Secondary Service Provider accepts the nomination.

21.8 NGESO shall notify the Primary Service Provider as soon as reasonably practicable following receipt of the Transfer Notice whether or not the Transfer Notice has been validated. In the absence of any notification by NGESO of validation of the Transfer Notice by commencement of the relevant Contracted EFA Block the Transfer Notice shall be deemed not to have been validated.

21.9 Where in NGESO’s reasonable opinion the delivery of Response pursuant to the DM Response Contract during the Transfer Period by the Secondary Service Provider’s designated Response Unit(s) would or might endanger operational security within the meaning of the Electricity Transmission System Operation Regulation, then NGESO shall so notify both Registered DM Participants whereupon the Transfer Notice shall be deemed withdrawn.

21.10 A Transfer Notice shall be invalid if the Secondary Service Provider’s designated Response Unit or any Eligible Asset allocated to it is the subject of a DM Response Contract for the same Contracted EFA Block, in which case NGESO shall so notify both whereupon the Transfer Notice shall be deemed withdrawn.

Cancellation Notice

21.11 A Transfer Notice may be cancelled by the Primary Service Provider (but not under any circumstances by the Secondary Service Provider) by notification to NGESO in writing (“Cancellation Notice”) specifying the date and time from which the cancellation is to be effective.

Effect of Transfer Notice

21.12 For the duration of each Transfer Period (or any earlier period where the Transfer Period comes to an end pursuant to the foregoing provisions), NGESO consents to the Primary Service Provider’s obligation to deliver Response pursuant to the relevant DM Response Contract being discharged on its behalf by the Secondary Service Provider from its Response Unit(s).

Form of notifications

21.13 All Transfer Notices and Cancellation Notices and other notifications related thereto between the Parties referred to in this paragraph 21 shall be made using the method of communication specified from time to time by NGESO.

22. Confidentiality

22.1 The provisions of paragraph 12 of the prevailing Common Flexibility Service Terms and Conditions shall apply to all and any information provided by NGESO or any Registered DM Participant to the other (whether orally or in writing) pursuant to or in connection with these DM Service Terms as if set out in full herein.

23. Intellectual Property Rights

23.1 The provisions of paragraph 14 of the prevailing Common Flexibility Service Terms and Conditions shall apply to all Intellectual Property Rights owned by or licensed to either Party as if set out in full herein.

24. Data Protection

24.1 The provisions of paragraph 15 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein.

25. Modern Slavery, Anti-bribery and Living Wage

25.1 The provisions of paragraph 16 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein, and without limitation as at the date of formation of each DM Response Contract the Service Provider warrants, represents and undertakes to NGESO in the manner set out in paragraph 16.1 thereof and indemnifies NGESO as provided in paragraphs 16.2 and 16.7 thereof.
25.2 Any breach of this paragraph 25 by the Service Provider shall be deemed a material breach of all and any relevant DM Response Contracts for the purposes of paragraph 14.1.

26. Notices
26.1 Save to the extent the manner of communication between the Parties is otherwise stipulated in these DM Service Terms, paragraph 17 of the prevailing Common Flexibility Service Terms and Conditions shall apply to any notice required to be submitted under these DM Service Terms by either NGESO or the Registered DM Participant to the other as if set out in full herein.

26.2 For the purposes of paragraph 26.1, the relevant contact details and addresses of each Party shall be those notified from time to time by that Party to the other pursuant to the Registration Procedure.

27. Dispute Resolution
27.1 The provisions of paragraph 18 of the prevailing Common Flexibility Service Terms and Conditions shall apply in relation to any dispute or difference of whatever nature however arising under, out of, or in connection with these DM Service Terms as if set out in full herein, save that:-
   i. no Party shall have any right to refer any dispute to an Expert for determination except where the dispute is stated in these DM Service Terms to be referable to an Expert for determination or otherwise agreed in writing by the Parties to be so referable;
   ii. nothing in this paragraph 27.1 shall prevent the Parties from agreeing to resolve any dispute or difference through the courts in which case paragraph 28.2 shall apply; and
   iii. where any dispute is referred to arbitration, the rules of the Electricity Arbitration Association shall apply unless otherwise agreed in writing by the Parties (and paragraph 18 of the prevailing Common Flexibility Service Terms and Conditions shall be read and construed accordingly).

28. Governing Law and Jurisdiction
28.1 Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these DM Service Terms or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.

28.2 Subject always to paragraph 27.1, NGESO and each Registered DM Participant submits to the exclusive jurisdiction of the courts of England and Wales over any claim, dispute or matter arising under or in connection with these DM Service Terms or their enforceability and waives any objection to proceedings being brought in such courts or on the grounds that proceedings have been brought in an inconvenient forum.

29. Severance
29.1 The provisions of paragraph 19 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein.

30. Third Party Rights
30.1 The provisions of paragraph 20 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein with the exception of the words “other than the Distribution and Transmission Licensees (the Company) who shall be entitled to independently enforce all of the terms of the Contract”.

31. No Agency or Partnership
31.1 The provisions of paragraph 21 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein.

32. Waiver
32.1 The provisions of paragraph 22 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein.
33. **Entire Agreement**

33.1 The provisions of paragraph 23 of the prevailing *Common Flexibility Service Terms and Conditions* shall apply as if set out in full herein.

34. **EMR**

34.1 Notwithstanding any confidentiality obligations and any restriction on the use or disclosure of information set out in the *DM Procurement Documents*, the *Services Provider* consents to *NGESO* and each of its subsidiaries using all and any information or data supplied to or acquired by it in any year under or in connection with any *Balancing Services Contract* for the purpose of carrying out its *EMR Functions*.

34.2 For the purposes of this paragraph 34 only:-

i. “**AF Rules**” has the meaning given to “allocation framework” in section 13(2) of the Energy Act 2013;

ii. “**Capacity Market Rules**” means the rules created pursuant to section 34 of the Energy Act 2013 as modified from time to time in accordance with The Electricity Capacity Regulations 2014;

iii. “**EMR Functions**” has the meaning given to “EMR functions” in Chapter 5 of Part 2 of the Energy Act 2013; and

Service parameters

The service parameters below are included solely for the interpretation and understanding of the above tables and the formulae in Schedule 2. In the event of any conflict or inconsistency between these service parameters and terminology used or defined elsewhere in the DM Procurement Documents, the former shall prevail.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Description</th>
<th>I.D</th>
<th>Value (possible range)</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency &amp; delivery quantity parameters</td>
<td>Nominal frequency Statutory system frequency for GB</td>
<td>f_n</td>
<td>50 Hz</td>
<td></td>
</tr>
<tr>
<td>Parameter</td>
<td>Description</td>
<td>I.D</td>
<td>Value (possible range)</td>
<td>Comment</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----</td>
<td>------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Target frequency</td>
<td>System frequency that NGESO aims to achieve</td>
<td>( f_0 )</td>
<td>50 Hz</td>
<td></td>
</tr>
<tr>
<td>Dead-band frequency range</td>
<td>Frequency range over which the service does not deliver</td>
<td>( f_d )</td>
<td>( f_0 - 0.015Hz ) to ( f_0 + 0.015Hz )</td>
<td>This has been specified to align with SOGL Article 154, Annex 5. Active power delivery will commence at ( f_d )</td>
</tr>
<tr>
<td>Knee-point frequency</td>
<td>Frequency set point which defines the beginning of the delivery curve</td>
<td>( f_a )</td>
<td>( f_a ) +/- 0.1 Hz</td>
<td>The knee point describes where delivery of the service begins.</td>
</tr>
<tr>
<td>Full delivery frequency (saturation)</td>
<td>Frequency set point at which the service must deliver full contracted quantity ((Q_{contract(h,l)}))</td>
<td>( f_s )</td>
<td>( f_n ) +/- 0.2 Hz</td>
<td>At this frequency set point the service must deliver the full contracted quantity.</td>
</tr>
<tr>
<td>Quantity at target and deadband</td>
<td>The percentage amount of ( Q_{contract} ) to be delivered at ( f_0 ) and ( f_d )</td>
<td>( R_0 )</td>
<td>0 %</td>
<td></td>
</tr>
<tr>
<td>Quantity at knee-point</td>
<td>The percentage amount of ( Q_{contract} ) to be delivered at ( f_a )</td>
<td>( R_a )</td>
<td>5 %</td>
<td>The delivery profile is linear between ( f_d ) and ( f_a )</td>
</tr>
<tr>
<td>Quantity at saturation</td>
<td>The percentage amount of ( Q_{contract} ) to be delivered at ( f_s )</td>
<td>( R_s )</td>
<td>100 %</td>
<td>At the full delivery frequency the service must deliver 100 % of the contracted quantity.</td>
</tr>
<tr>
<td><strong>Contract quantity parameters</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted quantity</td>
<td>The amount of service that a provider is contracted to deliver. Can be either high or low frequency, or both. ( Q_{contract(h,l)} )</td>
<td>( Q_{contract(h,l)} )</td>
<td>Min 1MW</td>
<td>( h ) refers to contracted quantity for high frequency service. ( l ) refers to contracted quantity for low service. This is the <strong>Contracted Quantity</strong> as defined in the <strong>DM Service Glossary</strong></td>
</tr>
<tr>
<td>Contracted LF quantity</td>
<td>The quantity of LF service that a provider is contracted to deliver</td>
<td>( P )</td>
<td>Min 1MW</td>
<td>Is equivalent to ( Q_{contract(l)} )</td>
</tr>
<tr>
<td>Contracted HF quantity</td>
<td>The quantity of HF service that a provider is contracted to deliver</td>
<td>( Q )</td>
<td>Min 1MW</td>
<td>Is equivalent to ( Q_{contract(h)} )</td>
</tr>
<tr>
<td><strong>Energy limited parameters</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery duration</td>
<td>Time that an energy limited provider must be capable of</td>
<td>( T_{sus} )</td>
<td>30 minutes</td>
<td></td>
</tr>
<tr>
<td>Parameter</td>
<td>Description</td>
<td>I.D</td>
<td>Value (possible range)</td>
<td>Comment</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------</td>
<td>------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Response energy volume</td>
<td>The volume of stored energy required to be delivered before State of Energy management is required to avoid unavailability</td>
<td></td>
<td>( V_{\text{maxC}(h,l)} )</td>
<td>( = \left( \frac{T_{\text{sus}}}{60} \right) \times Q_{\text{contract}} ) MWh                                                                                           This is NOT the maximum energy volume that could be delivered over the duration of a <strong>Contracted EFA Block</strong>.</td>
</tr>
<tr>
<td>Energy recovery</td>
<td>The minimum volume of energy recovery possible (by submission of Operational Baseline) in a single settlement period. As a percentage of ( V_{\text{maxC}(h,l)} )</td>
<td></td>
<td>20%</td>
<td>Applicable only to energy limited providers. This equates to 3 minutes of energy when ( T_{\text{sus}} ) is 15 minutes.</td>
</tr>
<tr>
<td>Response delivery parameters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Max initiation time</td>
<td>The maximum time between a change in frequency and change in the delivery of response</td>
<td>( T_{\text{MAX}} )</td>
<td>0.5 s</td>
<td>The provider must begin their response to a change in frequency between 0 s and 0.5 s after the deviation occurred.</td>
</tr>
<tr>
<td>Max time to full delivery</td>
<td>The maximum time between frequency deviation occurring and delivery of the saturation quantity ( (R_s) )</td>
<td>( T_{\text{dMAX}} )</td>
<td>1.0 s</td>
<td>For a change in frequency that requires a change in response from 0 to ( R_s ) this is the maximum time it should take.</td>
</tr>
<tr>
<td>Ramp time upper bound</td>
<td>The upper time bound of start of delivery to delivery of full contracted quantity</td>
<td>( t_{r_{\text{max}}} )</td>
<td>0.5 s</td>
<td>Equivalent to ((T_{\text{iMAX}} - T_{\text{MAX}})). If the provider initiates response at latest possible time, this is the longest duration that a response unit can reach saturation quantity ( (R_s) ) output after initiation at the max initiation time.</td>
</tr>
<tr>
<td>Maximum ramp rate for Baselines</td>
<td>The maximum ramp rate per minute permitted at any point within a baseline submitted by an energy limited provider as a percentage of</td>
<td>( RR_{\text{bp}(h,l)} )</td>
<td>5% per minute</td>
<td>The ramp rate limit can be calculated from the contracted quantity. There will be a different maximum ramp rate if the volumes of high/low response are different – please see the <strong>DM Participation Guidance Document</strong>.</td>
</tr>
<tr>
<td>Parameter</td>
<td>Description</td>
<td>I.D</td>
<td>Value (possible range)</td>
<td>Comment</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----</td>
<td>------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>contracted quantity</td>
<td>$Q_{\text{contract}}(h, l)$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Error tolerance for full payment</td>
<td>The response error up to and including where no performance payment penalties are applied.</td>
<td>A</td>
<td>0.03</td>
<td>This is an error of 3% of contracted quantity. See Schedule 2.</td>
</tr>
<tr>
<td>Error limit for zero payment</td>
<td>The response error at and above which performance payment penalties are 100%.</td>
<td>B</td>
<td>0.07</td>
<td>This is an error of 7% of contracted quantity (with linear interpolation of penalties between 3% and 7%) See Schedule 2.</td>
</tr>
</tbody>
</table>
SCHEDULE 2 - AVAILABILITY PAYMENTS

Calculation of Settlement Value

The payment formula is:

\[ S_i^e = \sum_j^{\text{CEB}} \text{Round} \left( P_{ij}^e \times V_{ij}^e \times 2 \right) \times F_{ij}^e \times K_e \]

Where

- \( S_i^e \) is the settlement value for the relevant DM Product calculated in respect of Response Unit \( i \) for the applicable Contracted EFA Block \( e \)
- \( \sum_j \) is the summation over the Settlement Period \( j \) in the relevant Contracted EFA Block \( e \)
- \( P_{ij}^e \) is the applicable Market Clearing Price, in GBP/MW/h, attributable to Settlement Period \( j \) for the relevant Contracted EFA Block \( e \) and DM Product
- \( V_{ij}^e \) is the Contracted Quantity in megawatts, in respect of Response Unit \( i \) and Settlement Period \( j \), for the relevant Contracted EFA Block \( e \)
- \( F_{ij}^e \) is zero where there is any period or periods of unavailability within Settlement Period \( j \) during the relevant Contracted EFA Block \( e \), otherwise is 1
- \( K_e \) is defined in the remainder of this Schedule 2 below.

The performance monitoring scheme for Dynamic Moderation adjusts the value calculated for a Contracted EFA Block by a factor \( K \) based on the worst of the performance scores in that Contracted EFA Block. Performance scores are described below, calculated using performance bounds to represent valid response delivery. Performance bounds are a pair of time series that enclose possible valid Dynamic Moderation delivery profiles – this accounts for different lag times and ramp rate between services.

NGESO may at its sole discretion (but shall not be obliged to) ignore a performance score when determining factor \( K \) in the calculation of the settlement value for any particular Contracted EFA Block:-

- (i) where the Response Unit in question is Energy Limited, and the performance monitoring error in question arose due to inadequate State of Energy in circumstances where the Service Provider was compliant in all respects with the State of Energy management rules in paragraph 6.11; or
- (ii) where that Contracted EFA Block falls in a ‘grace period’ to which NGESO has given its prior agreement in writing (which shall not exceed fourteen (14) consecutive days) to recognise on-boarding by the relevant Service Provider of control systems and other IS interfaces necessary for the delivery and monitoring of Dynamic Moderation.

Metered response is derived from DM Operational Data and DM Performance Data for the relevant Response Unit obtained by NGESO pursuant to paragraph 15 of these DM Service Terms.

Determination of \( K \) factor

Response Curve

The Dynamic Moderation response curve is defined as the linear interpolation between 6 pairs of frequency and response % delivery.

<table>
<thead>
<tr>
<th></th>
<th>( f_{S\pm} = f_0 \pm 0.2 \text{ Hz} )</th>
<th>( R_{S\pm} = \mp 100% )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activation</td>
<td>( f_{A\pm} = f_0 \pm 0.1 \text{ Hz} )</td>
<td>( R_{A\pm} = \mp 5% )</td>
</tr>
<tr>
<td>Delivery/deadband</td>
<td>( f_{D\pm} = f_0 \pm 0.015 \text{ Hz} )</td>
<td>( R_{D\pm} = 0% )</td>
</tr>
</tbody>
</table>
These are the equations for LF and HF only moderation response curves.

\[ R_{\text{sym}}(f) = \begin{cases} 
R_{S^-} : f < f_{S^-} \\
R_{A^-} + \frac{R_{S^-} - R_{A^-}}{f_{S^-} - f_{A^-}} \times (f - f_{A^-}) : f_{S^-} \leq f < f_{A^-} \\
\frac{R_{A^-}}{f_{A^-} - f_{D^-}} \times (f - f_{D^-}) : f_{A^-} \leq f < f_{D^-} \\
0 : f_{D^-} \leq f < f_{D^+} \\
R_{A^+} + \frac{R_{S^+} - R_{A^+}}{f_{S^+} - f_{A^+}} \times (f - f_{A^+}) : f_{A^+} \leq f < f_{S^+} \\
R_{S^+} : f_{S^+} \leq f 
\end{cases} \]

\[ R_{\text{LF}}(f) = \begin{cases} 
R_{S^-} : f < f_{S^-} \\
R_{A^-} + \frac{R_{S^-} - R_{A^-}}{f_{S^-} - f_{A^-}} \times (f - f_{A^-}) : f_{S^-} \leq f < f_{A^-} \\
\frac{R_{A^-}}{f_{A^-} - f_{D^-}} \times (f - f_{D^-}) : f_{A^-} \leq f < f_{D^-} \\
0 : f_{D^-} \leq f < f_{D^+} \\
R_{A^+} + \frac{R_{S^+} - R_{A^+}}{f_{S^+} - f_{A^+}} \times (f - f_{A^+}) : f_{A^+} \leq f < f_{S^+} \\
\end{cases} \]

\[ R_{\text{HF}}(f) = \begin{cases} 
R_{S^-} \times (f - f_{D^-}) : f_{D^-} \leq f < f_{D^+} \\
0 : f < f_{D^+} \\
R_{A^+} \times (f - f_{D^+}) : f_{D^+} \leq f < f_{A^+} \\
R_{A^+} + \frac{R_{S^+} - R_{A^+}}{f_{S^+} - f_{A^+}} \times (f - f_{A^+}) : f_{A^+} \leq f < f_{S^+} \\
\end{cases} \]
**Lags and ramp limits**

Lag upper bound (maximum initiation time): \( T_{i\text{MAX}} = 0.50 \text{ s} \)

Lag upper bound tolerance: \( t_{o\text{lMAX}} = 0.05 \text{ s} \)

Ramp time upper bound: \( t_{r\text{MAX}} = T_{d\text{MAX}} - T_{i\text{MAX}} = 0.50 \text{ s} \)

Ramp rate (proportional) lower bound: \( r_{r\text{MIN}} = \frac{1}{t_{r\text{MAX}}} = 2 \text{ s}^{-1} \)

**Performance bounds definition**

**Frequency bounds**

The frequency bounds are used in the definition of the performance bounds. The upper and lower frequency bounds describe the highest and lowest frequencies that can be found within the lag window.

Upper frequency band at time \( t \):

\[
F^{\text{upper}}(t) = \max_{0 \leq t_{\text{lag}} \leq T_{i\text{MAX}} + t_{o\text{lMAX}}} f(t - t_{\text{lag}})
\]

Lower frequency band at time \( t \):

\[
F^{\text{lower}}(t) = \min_{0 \leq t_{\text{lag}} \leq T_{i\text{MAX}} + t_{o\text{lMAX}}} f(t - t_{\text{lag}})
\]

Where \( f(t) \) is the Input Frequency at time \( t \).
**Ramp limits**

Ramp limits are applied to the response curves used in the calculation of the performance bounds. The ramp limits are defined as limits to the rate of change of response.

Upwards ramp limit for function $R(t)$ with ramp limit $r$:

$$RLU(R(t), r) = \begin{cases} 
R(t) = R(t) + r \times \Delta t & \text{if } R(t) > R(t) + r \times \Delta t \\
R(t) = R(t) - r \times \Delta t & \text{otherwise}
\end{cases}$$

Where $RLU_{prev} = RLU(R(t - \Delta t), r)$.

Downwards ramp limit for function $R(t)$ with ramp limit $r$:

$$RLD(R(t), r) = \begin{cases} 
R(t) = R(t) - r \times \Delta t & \text{if } R(t) < R(t) - r \times \Delta t \\
R(t) = R(t) + r \times \Delta t & \text{otherwise}
\end{cases}$$

Where $RLD_{prev} = RLD(R(t - \Delta t), r)$.

**Performance bounds**

The upper bound $UB(t)$ is the response curve applied to the lower lagged frequency, with the ramp limit applied when decreasing.
The lower bound $LB(t)$ is the response curve applied to the upper lagged frequency, with the ramp limit applied when increasing.

For the first 0.55 seconds after a response unit begins delivery, after a period of missing data, or after switching from unavailable to available the upper and lower performance bounds will be set to $P$ and $-Q$ respectively.

To allow time to change between contracts (a change in $P$ or $Q$): the performance bounds will be calculated for 10 seconds after the change using whichever of the contracts gives the lower bound, and the higher upper bound.

**Performance bounds for LF only**

$$UB_{LF}(t) = RLD\left( R_{LF}(F_{lower}(t)), r_{r_{min}} \right) \times P$$

$$LB_{LF}(t) = RLU\left( R_{LF}(F_{upper}(t)), r_{r_{min}} \right) \times P$$

**Performance bounds for HF only**

$$UB_{HF}(t) = RLD\left( R_{HF}(F_{lower}(t)), r_{r_{min}} \right) \times Q$$

$$LB_{HF}(t) = RLU\left( R_{HF}(F_{upper}(t)), r_{r_{min}} \right) \times Q$$

**Performance bounds for LF and HF**

$$UB(t) = ub(t) \times \begin{cases} P & ub(t) \geq 0 \\ Q & ub(t) < 0 \end{cases}$$

$$LB(t) = lb(t) \times \begin{cases} P & lb(t) \geq 0 \\ Q & lb(t) < 0 \end{cases}$$

**Where:**

$$ub(t) = RLD\left( R_{sym}(F_{lower}(t)), r_{r_{min}} \right)$$

$$lb(t) = RLU\left( R_{sym}(F_{upper}(t)), r_{r_{min}} \right)$$
Figure 2: Example of symmetric performance bounds calculation using the frequency bounds from figure 1

**Error calculation**

The performance monitoring error is zero if the metered response is between the upper and lower performance bounds and is otherwise the difference between the metered response and the closer of the performance bounds.

The error $e_m$ for one time measurement and metered response $R$:

$$ e_m = \begin{cases} 
L_B - R & R < L_B \\
0 & L_B \leq R \leq U_B \\
R - U_B & R > U_B 
\end{cases} $$

Scaled error $es_m$ for one measurement:

For $P > 0, Q = 0$:

$$ es_m = \frac{e_m}{P} $$

For $Q > 0, P = 0$:

$$ es_m = \frac{e_m}{Q} $$

For $P > 0, Q > 0$: 


The performance score for a **Settlement Period** is:

\[ E = \max_m \left( \text{rolling minimum } es_m \right) \]

This is used to derive a K factor for **Settlement Period** \( j \), being:

\[ k_j = \begin{cases} 
1 & E < A \\
1 - (E - A)/(B - A) & A \leq E \leq B \\
0 & E > B
\end{cases} \]

Where \( A = 0.03 \) and \( B = 0.07 \)

The K factor for the **Contracted EFA Block** is then:

\[ K_e = \min_j k_j \]

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**Figure 3: Payment adjustment (K factor) curve**

\[ es_m = \begin{cases} 
\frac{e_m}{Q} & F_{\text{lower}}^m > 50 \\
\frac{e_m}{P} & F_{\text{upper}}^m < 50 \\
\max(P, Q) & \text{otherwise}
\end{cases} \]
SCHEDULE 3 - PAYMENT PROVISIONS

Where amounts falling due by or to NGESO under these DM Service Terms are expressed to be payable in accordance with this Schedule 3, then with respect to all and any such amounts the following provisions shall apply.

1. On the eighth (8th) Business Day of each calendar month NGESO shall send to the Service Provider a statement (the “Monthly Statement”) setting out, for each DM Response Contract, details of the following (to the extent applicable) in respect of the preceding calendar month, together with such other information as may be required to be provided under the these DM Service Terms:-
   a. the aggregate number of hours of service provision, together with any Applicable Balancing Services Volume Data, with respect to both availability and utilisation (as applicable);
   b. details of events of default or service failures, and any consequential amounts withheld by or payable to NGESO with respect thereof;
   c. the amounts payable by or to NGESO as a result; and
   d. in relation to all DM Response Contracts, the total net amount falling due to or from the Service Provider.

2. If the Service Provider disagrees with the content of any Monthly Statement, it may notify NGESO in writing, with evidence upon which it relies in support of such disagreement, no later than the date falling ten (10) Business Days after receipt thereof, but in the absence of any such notification by such date the Monthly Statement shall be final and binding on the Parties subject only to paragraph 4.

3. Where a disagreement is notified by the Service Provider pursuant to paragraph 2, the Parties shall discuss and endeavour to resolve the same in good faith, and any revisions to a Monthly Statement agreed as a result thereof shall be reflected in a revised Monthly Statement, which shall promptly be issued by NGESO. In the absence of agreement, the Monthly Statement shall be binding upon the Parties until such time as otherwise agreed in writing between the Parties or as may otherwise be determined by an Expert following a referral by either Party to an Expert for determination, and which in each case shall be reflected in a revised Monthly Statement which shall promptly be issued by NGESO.

4. Where, having regard to any Settlement Run or to the results of any other monitoring by NGESO of service delivery, NGESO or the Service Provider discovers that some or all of any calculations and/or amounts falling due shown in any Monthly Statement are incorrect, then it shall promptly notify the other in writing whereupon NGESO shall, at its discretion, revise the Monthly Statement and re-issue the same to the Balancing Service Provider, and the provisions of paragraphs 2 and 3 shall apply mutatis mutandis to such revised Monthly Statement.

5. In the absence of fraud, neither NGESO nor the Balancing Service Provider may invoke the provisions of paragraph 4, with respect to the contents of any Monthly Statement (including any revised Monthly Statement) after the period of twelve (12) months has elapsed following submission of the original Monthly Statement in which the calculations and/or amounts in question were first stated, after which date such calculations and/or amounts shown in the last Monthly Statement (including any revised Monthly Statement) issued by NGESO shall be final and conclusive.

6. No later than the eighteenth (18th) Business Day of each month, NGESO will issue a self-billing invoice (or credit note) in accordance with paragraph 11 reflecting the Monthly Statement issued pursuant to paragraph 1 (as may have been revised pursuant to the foregoing provisions), and no later than five (5) Business Days after such date of issue NGESO shall pay to the Service Provider (or the Service Provider shall pay to NGESO, as the case may be) the net amount shown as due from NGESO to the Service Provider (or from the Service Provider to NGESO, as the case may be) in that Monthly Statement (or revised Monthly Statement).

7. All payments shall be made in pounds sterling by direct bank transfer or equivalent transfer of immediately available funds to the other Party’s bank account, details of which shall be as notified by each Party to the other from time to time in accordance with these DM Service Terms.

8. If by virtue of the foregoing provisions, it is determined or agreed that:-
   a. the Service Provider was entitled to a further payment from NGESO, then the Service Provider shall be entitled to interest at the Base Rate on the amount of such further payment from the due date until the date of actual payment; or
   b. the Service Provider was not entitled to any payment it has received, then NGESO shall be entitled to interest at the Base Rate on such amount from the date of payment by NGESO until the date of repayment by the Service Provider (or, as the case may be, until the date when NGESO makes a payment to the Service Provider pursuant to paragraph 6 against which such amount is offset).

9. All amounts specified falling due and payable pursuant to these DM Service Terms shall be exclusive of any Value Added Tax or other similar tax and NGESO shall pay to the Service Provider Value Added Tax at the rate for the
time being and from time to time properly chargeable in respect of the making available and/or provision of the applicable DM Product under these DM Service Terms.

10. Sums payable by one Party to the other pursuant this Schedule 3 whether by way of charges, interest or otherwise, shall (except to the extent permitted by these DM Service Terms or otherwise required by Law) be paid in full, free and clear of and without deduction, set-off or deferment in respect of any disputes or claims whatsoever provided that either Party shall be entitled to set off any payment due and payable by the other Party under this Schedule 3 against any payment it makes to that Party under this Schedule 3.

11. For so long as the Service Provider is a Registered DM Participant, the Service Provider agrees that NGESO shall maintain a self-billing system whereby each Monthly Statement shall constitute a self-billing invoice for VAT purposes. Accordingly, NGESO and the Balancing Service Provider shall enter into a self-billing agreement in accordance with VAT legislation and published guidance from HM Revenue and Customs from time to time, and agree to comply with all relevant requirements in relation to self-billing, and for such purpose the Service Provider hereby warrants and undertakes to NGESO that:

a. it is registered for VAT and will inform NGESO forthwith if its ceases to be so registered or changes its VAT registration number;

b. it will account to HM Revenue and Customs for the VAT paid by NGESO pursuant to paragraph 9; and

c. it will not issue its own VAT invoices for provision of the applicable DM Product.

12. The provisions of this Schedule 3 shall survive the termination of any DM Response Contract.