Balancing Reserve (BR) Procurement Rules

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Version: 1.0
Effective From: [       ] 2022 2023
Date Published: [TBC] 2023
Website: https://www.nationalgrideso.com
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Schedule 1 – Defined Terms

Schedule 2 – Registration and Pre-Qualification Procedure
1. Introduction

1.1 These BR Procurement Rules describe the eligibility rules and criteria for participation in NGESO’s procurement of Balancing Reserve, including the daily auction processes pursuant to which NGESO procures Balancing Reserve from prospective Service Providers for one or more BR Service Windows in a Service Day.

1.2 These BR Procurement Rules supplement, and should be read alongside, the following documents, which together with these BR Procurement Rules constitute the “BR Procurement Documentation”:

1.2.1 the BR Service Terms;
1.2.2 the Balancing Services Glossary of General Terms and Rules of Interpretation;
1.2.3 the Common Flexibility Service Terms and Conditions to the extent that any of its provisions are incorporated by any of the other BR Procurement Documentation into such document(s); and
1.2.4 such other document(s) as NGESO may designate from time to time as comprising a part of the BR Procurement Documentation.

2 Changes to these BR Procurement Rules

2.1 Subject always to paragraph 2.2, NGESO may update these BR Procurement 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 Regulation (and by reference to those provisions of the BR Procurement Documentation 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 BR Procurement Rules will be proposed and implemented in accordance with the applicable requirements in the Electricity Balancing Regulation.

3 Defined Terms and Interpretation

3.1 Unless the context otherwise requires, any capitalised term used in these BR Procurement Rules shall have the respective meaning given to it (if any) in either Schedule 1 or the prevailing Balancing Services Glossary of General Terms and Rules of Interpretation (as the case may be).

3.2 The rules of interpretation set out in the Balancing Services Glossary of General Terms and Rules of Interpretation shall also apply to these BR Procurement Rules.

3.3 For the purposes of paragraph 3.1, with respect to any Sell Order, “prevailing” shall mean the latest version of the applicable document which is in effect at the time of submission of that Sell Order.

4 Registration of Registered BR Participants

4.1 Subject always to paragraph 4.3, no entity may participate in an Auction unless and until NGESO has confirmed that it is a Registered BR Participant in accordance with the Registration and Pre-Qualification Procedure.

4.2 Where NGESO determines (acting reasonably) that any details provided, including confirmations and declarations given, by a Registered BR Participant pursuant to the Registration and Pre-Qualification Procedure are no longer true and/or accurate, then NGESO may (but shall not be obliged to) de-register the relevant entity as a Registered BR Participant and/or Registered Service Provider (as the case may be). Such de-registration shall be notified by NGESO to the Registered BR Participant by email, whereupon it may no longer participate in the Auctions with respect to any BR Unit unless and until it is re-registered in accordance with these BR Procurement Rules and the Registration and Pre-Qualification Procedure.

4.3 A Registered BR Participant may only participate in Auctions with respect to Plant and Apparatus which is eligible for pre-qualification as a BR Unit and registered as such by NGESO pursuant to paragraph 5.
5 Pre-qualification of BR Units
5.1 To be eligible for registration as a BR Unit, Plant and Apparatus must at all relevant times be:-

5.1.1 registered as a Primary BM Unit under the BSC for which the Registered BR Participant is the Lead Party;

5.1.2 capable of despatch via Control Telephony;

5.1.3 capable of operating in accordance with the BR Service Parameters; and

5.1.4 capable of delivering Mandatory Frequency Response in accordance with a Mandatory Service Agreement to which the Registered BR Participant is a party.

5.2 Plant and Apparatus meeting the eligibility criteria in paragraph 5.1 may be submitted by the Registered BR Participant to NGESO for pre-qualification and registration as a BR Unit in accordance with the process described in the Registration and Pre-Qualification Procedure.

5.3 Where NGESO determines (acting reasonably), having regard to declarations of unavailability notified by a Registered BR Participant pursuant to the BR Service Terms or otherwise, that any BR Unit no longer meets the eligibility criteria in paragraph 5.1, then NGESO shall so notify the Registered BR Participant whereupon the BR Unit may no longer participate in the Auctions until such time as it is pre-qualified by NGESO once more and re-registered in accordance with the process described in the Registration and Pre-Qualification Procedure.

5.4 Notwithstanding the foregoing provisions of this paragraph 5, NGESO may determine (at its sole discretion) that a Registered BR Participant may not participate in the Auctions with respect to any BR Unit if:-

5.4.1 that BR Unit is Embedded and participating in an Active Network Management Scheme as more particularly described in Schedule 2;

5.4.2 the location of that BR Unit would mean delivery of Balancing Reserve would compromise operational security;

5.4.3 in respect of that BR Unit, Mandatory Availability Declarations are:-

5.4.3.1 either not submitted or are withdrawn, on a persistent or repetitive basis; or

5.4.3.2 improperly withdrawn,

in either case as more particularly described in the BR Service Terms; or

5.4.4 otherwise provided in the BR Service Terms.

6 Buy Orders
6.1 Buy Orders for Balancing Reserve may be submitted (and updated) by NGESO for any or all BR Service Windows in an EFA Day at any time prior to the Auction Closing Time (or later as provided in paragraph 6.4) in the preceding EFA Day.

6.2 Buy Orders shall indicate NGESO’s requirement for Balancing Reserve in the relevant BR Service Window (which for the avoidance of doubt may be zero (0) MW) and an associated Buy Order Price Limit for each indicated quantity. For the avoidance of doubt, with respect to any single BR Service Window NGESO may submit a Buy Order for Positive Balancing Reserve and a Buy Order for Negative Balancing Reserve.

6.3 Buy Orders shall not be visible to Registered BR Participants on the Designated Auction Platform until the Auction Closing Time (although NGESO may from time to time publish its indicative requirement for Balancing Reserve in each BR Service Window), and each associated Buy Order Price Limit shall not be published by NGESO except in the Daily Auction Report pursuant to paragraph 11.
6.4 A 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.

7 Sell Orders

7.1 Where a Registered BR Participant shall have pre-qualified one or more BR Units pursuant to paragraph 5, it may submit Sell Orders with respect to each such BR Unit in accordance with the following provisions of this paragraph 7.

7.2 Sell Orders may be submitted by Registered BR Participants at any time after the Auction Opening Time and before the Auction Closing Time. 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.

7.3 Each Sell Order shall relate to a single BR Unit and BR Service Window, and for any BR Unit and BR Service Window the Registered BR Participant may submit only one Sell Order for Positive Balancing Reserve and/or one Sell Order for Negative Balancing Reserve. For the avoidance of doubt, for any BR Service Window, Unit and BR Service Window multiple Sell Orders for either Positive Balancing Reserve or Negative Balancing Reserve may not be submitted.

7.4 To be valid, each 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):

7.4.1 the name of the Registered BR Participant;
7.4.2 a unique identifier for the applicable BR Unit (insofar as not already submitted to NGESO pursuant to the Registration and Pre-Qualification Procedure);
7.4.3 the applicable BR Service Window;
7.4.4 a price (in £/MW/h, where the applicable pound and pence figures shall each be an integer);
7.4.5 the Offered Capacity (in MW), which shall be:-
    7.4.5.1 an integer not less than fifty (50) MW; and
    7.4.5.2 not in excess of the BR Capacity reasonably expected of that BR Unit in the applicable BR Service Window;
7.4.6 whether Positive Balancing Reserve or Negative Balancing Reserve;
7.4.7 any other Sell Order(s) to which it is Linked.

7.5 All Sell Orders which are Linked shall:-

7.5.1 relate to the same BR Unit;
7.5.2 relate to consecutive BR Service Windows; and
7.5.3 each be for either Positive Balancing Reserve or Negative Balancing Reserve.

7.6 All Sell Orders shall be Curtailable subject to a minimum acceptance quantity of fifty (50) MW.

7.7 Validation of Sell Orders will be undertaken automatically at the time of submission (before operation of the Auction algorithm), and without prejudice to paragraph 7.13 all submitted Sell Orders so validated remain valid unless and until:-

7.7.1 the Sell Order is cancelled by the Registered BR Participant that submitted it;
7.7.2 the Registered BR Participant modifies it; or
7.7.3 the **Sell Order** is either accepted (including part accepted) or rejected in accordance with the **Market Clearing Rules** (whereupon it expires).

7.8 Each **Registered BR Participant** is responsible for ensuring that the **Sell Orders** it submits are correct and valid.

7.9 Subject always to paragraph 7.10, upon becoming aware of any error in a **Sell Order**, the **Registered BR Participant** shall modify the **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 BR Participant**.

7.10 After the **Auction Closing Time**, **Sell Orders** may not be modified or cancelled by the **Registered BR Participant** and are binding and irrevocable subject always to paragraph 7.12.

7.11 **Sell Orders** submitted by **Registered BR Participants** for each **BR Service Window** shall not be visible to other **Registered BR Participants** on the **Designated Auction Platform** until publication in the **Daily Auction Report** in the manner described in paragraph 11.

7.12 If, in the sole judgment of **NGESO** or the **Auction Administrator**, a **Registered BR Participant** has failed to submit a correct and valid **Sell Order** in accordance with this paragraph 7, **NGESO** or the **Auction Administrator** reserves the right to:-

7.12.1 deem that **Sell Order** to be valid and correct; or

7.12.2 cancel that **Sell Order**; and/or

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

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

7.14 **Registered BR Participants** must not divulge or release details of the **Sell Order** to any third party, other than on an "in confidence" basis to those parties having a legitimate need to know, or with whom they need to consult for the purpose of preparing a **Sell Order**.

8 **Integrity of Sell Orders**

8.1 By submitting a **Sell Order**, each **Registered BR Participant** hereby warrants and undertakes to **NGESO** that:-

8.1.1 the **BR Unit** is reasonably expected to be available to deliver **Balancing Reserve** in accordance with the **BR Service Terms** at its **Offered Capacity** continuously throughout the **BR Service Window** defined by that **Sell Order**; and

8.1.2 it has neither fixed nor adjusted the 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 offered prices or volumes (other than in confidence in order to obtain quotations necessary for insurance purposes) or as provided in paragraph 7.14 nor entered into any agreement or arrangement with any other person to restrain that other person from bidding or to fix or adjust the offered prices or volumes to be submitted by that other person.

8.2 Each **Registered BR Participant** indemnifies **NGESO** from and against any losses, liabilities, claims, expenses and demands which **NGESO** might suffer as a result of the **Registered BR Participant** being in breach of the warranty and undertaking set out in this paragraph 8.
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9 Market Clearing Rules

9.1 After the Auction Closing Time, the Auction algorithm will optimise the matching of all valid Sell Orders to the Buy Orders through the acceptance (or partial acceptance) of Sell Orders to determine for each BR Service Window, a Market Clearing Price for each BR Service Window, Negative Balancing Reserve and a Market Clearing Price for Positive Balancing Reserve, all as more particularly described or referred to in this paragraph 9.

9.2 The Auction algorithm will accept (or partially accept) Sell Orders in accordance with the following rules:-

9.2.1 Sell Orders will be accepted in price ascending order wherever possible (or partially accepted) to maximise total auction surplus, subject always to the other provisions of this paragraph 9.2;

9.2.2 each Buyaccepted Sell Order must have a non-negative order surplus or belong to a Linked Family that has a non-negative order surplus;

9.2.3 for the avoidance of doubt, a Sell Order with positive order surplus can be rejected;

9.2.4 where a Sell Order, if otherwise accepted, would cause the aggregate Offered Capacity of all accepted Sell Orders to exceed the Buy Order, then it may be partially accepted to the extent that such Buy Order is not thereby exceeded but subject always to paragraph 9.2.5;

9.2.5 a Sell Order shall not be capable of being Curtailed to the extent its Contracted Capacity would fall below the minimum acceptance quantity specified in paragraph 7.6;

9.2.6 a Sell Order will only be partially accepted only if any resulting underholding would result in a lower overall cost than overholding by rejecting that Sell Order if it has an order surplus equal to zero (0);

9.2.7 where a Sell Order is stated to be Linked, it can only be accepted (or partially accepted) if the Sell Order(s) to which it is Linked are also accepted (or partially accepted), and in any such case that Sell Order may accordingly be rejected (alongside all other Sell Order(s) to which it is Linked) notwithstanding it has a positive order surplus, or accepted (or partially accepted) (alongside all other Sell Order(s) to which it is Linked) notwithstanding it has a negative order surplus;

9.2.8 for the purposes of this paragraph 9, in relation to any Sell Order:-

(a) accepted means the Sell Order shall form a BR Contract for that BR Unit and for the BR Service Window over which the Sell Order is defined, and the Contracted Capacity for each BR Contract so formed shall be equal to the Offered Capacity of the Sell Order;

(b) partially accepted means the Sell Order shall form a BR Contract for that BR Unit and for the BR Service Window over which the Sell Order is defined, and the Contracted Capacity for each BR Contract so formed shall be an integer less than the Offered Capacity of the Sell Order and greater than or equal to the minimum acceptance quantity of the Sell Order;

(c) rejected means the Sell Order does not form a BR Contract;

(d) order surplus with respect to a Sell Order means for the BR Service Window on which the Sell Order is defined, the Contracted Capacity times the difference between the Market Clearing Price for that BR Service Window less the offered price of that Sell Order; order surplus with respect to a Linked Family means the sum of the order surplus of all Sell Orders which comprise that Linked Family; and order surplus with respect to a Buy Order means the sum of the Contracted Capacities for all BR Contracts for the BR Service Window on which the Buy Order is defined, times the difference between the Buy Order Price limit corresponding this sum of Contracted Capacities, less the Market Clearing Price for that BR Service Window; and
(e) **total auction surplus** means the sum of the order surplus of all **Buy Orders** plus the sum of the order surplus of all accepted or partially accepted **Sell Orders**.

9.3 Each **Sell Order** for a **BR Service Window** accepted (or partially accepted) in accordance with the market clearing process described in paragraph 9 shall form a **BR Contract** for that **BR Unit** and **BR Service Window** as more particularly provided in paragraph 12.

9.4 For any **BR Service Window**, the **Market Clearing Price** for each of **Positive Balancing Reserve** and **Negative Balancing Reserve** shall be produced by the **highest offered price of all accepted (including partially accepted) Sell Orders**, and **Auction algorithm consistent with the rules set out in paragraph 9.2, and each such Market Clearing Price shall derive the relevant **BR Availability Payment** for that **BR Service Window** for the purposes of the **BR Service Terms**.

10 **Warranties and Undertakings**

10.1 Without prejudice to its other obligations under and/or pursuant to the **BR Procurement Documentation** and any **BR Contract** and subject to paragraphs 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein:-

10.1.1 **NGESO** and each **Registered BR Participant** warrants and undertakes to the other in the manner set out in paragraph 6.1 of the prevailing **Common Flexibility Service Terms and Conditions** as if set out in full herein; and

10.1.2 on each occasion it submits a **Sell Order**, the **Registered BR Participant** warrants and undertakes to **NGESO** in the manner set out in paragraph 6.2 of the prevailing **Common Flexibility Service Terms and Conditions** as if set out in full herein.

10.2 Without prejudice to any other right or remedy, **NGESO** and the **Registered BR Participant** shall each be entitled to claim damages from the other for any breach of the warranties and undertakings or any of them set out or referred to in this paragraph 10 subject to paragraphs 12.1 and 12.3 of the prevailing **Common Flexibility Service Terms and Conditions** which shall apply as if set out in full herein.

10.3 Each **Registered BR Participant** indemnifies **NGESO** from and against any losses, liabilities, claims, expenses and demands which **NGESO** might suffer as a result of the **Registered BR Participant** being in breach of the warranties and undertakings or any of them set out or referred to in paragraph 10.1.2.

11 **Daily Auction Reports**

11.1 By such time following the **Auction Results Time** as may be specified by **NGESO** from time to time, **NGESO** shall publish (and may subsequently revise) the **Daily Auction Report**.

11.2 Each **Daily Auction Report** may (at **NGESO**’s sole discretion) include in relation to each **BR Service Window**:-

11.2.1 the **Buy Order** requirement and associated **Buy Order Price Limit**;

11.2.2 the identity of the **BR Unit** associated with each **Sell Order**;

11.2.3 the name of the **Registered BR Participant** associated with each **Sell Order**;

11.2.4 if applicable, an indication of the fuel type used by the **BR Unit** associated with each **Sell Order**;

11.2.5 an indication of which **Sell Orders** were accepted;

11.2.6 the offered price for each **Sell Order**;

11.2.7 the **Offered Capacity** for each **Sell Order**;

11.2.8 if **Curtailed**, the accepted portion of a **Sell Order**;

11.2.9 any other **Sell Order(s)** to which a **Sell Order** is linked;
11.2.10 the Auction Clearing Quantity; and
11.2.11 the Market Clearing Price.

12 Formation of BR Contracts

12.1 The Auction Administrator shall publish the outcome of each Auction by no later than the Auction Results Time and such information shall also be published by NGESO at such time and in such format as it shall determine in its sole discretion. Insofar as NGESO’s publication confirms the acceptance (or partial acceptance where applicable) of a Sell Order, a BR Contract will be formed automatically and simultaneously with such publication and for the purposes of paragraph 12.2 shall be treated as awarded to the relevant Registered BR Participant.

12.2 Each Registered BR Participant awarded a BR Contract pursuant to paragraph 12.1 shall provide Balancing Reserve from the applicable BR Unit during the applicable BR Service Window pursuant to and in accordance with the BR Service Terms.

12.3 For the avoidance of doubt, for any Registered BR Participant with a BR Unit the subject of two or more accepted (or part accepted) Sell Orders in a Service Day, there shall be a separate BR Contract formed in respect of that BR Unit for each applicable BR Service Window.

12.4 Each BR Contract shall be personal to NGESO and the Registered BR Participant and neither Party shall assign, transfer, mortgage, charge, sub-contract or deal in any other manner with any or all of its rights and obligations under a BR Contract except as permitted by the BR Service Terms or in accordance with paragraph 21 of the prevailing Common Flexibility Service Terms and Conditions as if such provision was set out in full herein.

13 Confidentiality

13.1 Subject always to paragraphs 13.2 and 13.3, the provisions of paragraph 16.2.2 of the prevailing Common Flexibility Service Terms and Conditions shall apply to all and any information provided by NGESO or any Registered BR Participant to the other (whether orally or in writing) pursuant to or in connection with these BR Procurement Rules.

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

13.3 Without limiting paragraph 13.2, each Registered BR Participant also agrees to the disclosure by NGESO to the relevant Public Distribution System Operator of information related to any Sell Order (whether or not accepted) insofar as relevant to the management and operation of its Distribution System.

14 Exceptional Circumstances

14.1 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):-

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

14.1.2 authorise Registered BR Participants to submit new Sell Orders or modify existing Sell Orders;

14.1.3 authorise Registered BR Participants to submit Sell Orders otherwise than in accordance with paragraph 7;

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

14.1.5 take such other actions or steps as it reasonably considers to be necessary.
15 Use of Designated Auction Platform

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

15.1.1 in compliance with all applicable Law;

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

15.1.3 solely for the purpose of formation of BR Contracts (and any other contracts for Balancing Services from time to time procured by NGESO on the Designated Auction Platform), and any other use is strictly prohibited.

16 Accuracy of Information

16.1 All and any information provided by NGESO to Registered BR Participants for the purposes of these BR Procurement 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.

17 Intellectual Property

17.1 NGESO and each Registered BR 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 BR Procurement Rules.

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

17.3 Each Registered BR 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 BR Participant is aware governing use by the Registered BR Participant of the systems or software applications comprised in the Designated Auction Platform.

17.4 Each Registered BR Participant shall indemnify and keep 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 BR Participant of the Designated Auction Platform in breach of any user licence or terms of use referred to in paragraph 17.3 of which it is aware.

17.5 NGESO shall procure such third party intellectual property authorisations as may be necessary to enable the Registered BR Participant to use the Designated Auction Platform for the purposes of each Auction.

17.6 NGESO shall indemnify and keep indemnified the Registered BR 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 BR Participant for the purposes of a Sell Order infringes a third party’s intellectual property rights or other property rights.

17.7 In respect of the indemnities given in paragraphs 17.4 and 17.6 the indemnified party shall:

17.7.1 notify the indemnifying party as soon as possible of any claim the subject of the indemnity (in this paragraph 17, “IPR Claim”);

17.7.2 give the indemnifying party control of the IPR Claim;

17.7.3 make no admissions in respect of an IPR Claim without prior written consent of the indemnifying party; and
17.7.4 provide such support in respect of the IPR Claim as the indemnifying party may reasonably require at the cost of the indemnifying party.

18  
**Viruses**

18.1 Each Registered BR 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, 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 18, “Malicious Software”).

18.2 If, notwithstanding the provisions of paragraph 18.1, Malicious Software is found on the Designated Auction Platform, the Registered BR 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 NGESO website, assist NGESO to mitigate any losses and restore the Designated Auction Platform to its original operating efficiency.

19  
**Costs**

19.1 For the avoidance of doubt, each Registered BR Participant shall remain responsible for all costs and expenses incurred by it in connection with these BR Procurement Rules and participation in NGESO’s procurement of Balancing Reserve including all costs of preparing and submitting Sell Orders.

20  
**Site Export and Import Limits**

20.1 Each Registered BR Participant shall, prior to submitting a Sell Order, ensure sufficient export and/or import capacity at the premises at which each relevant Plant and Apparatus is situated (including where applicable Transmission Entry Capacity (and, if relevant, the STTEC)) so as to enable it to provide Balancing Reserve during each and every BR Service Window in accordance with its obligations under the BR 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).

21  
**Notices**

21.1 Save to the extent the manner of communication between NGESO and Registered BR Participants is stipulated in the Registration and Pre-Qualification Procedure, paragraph 17 of the prevailing Common Flexibility Service Terms and Conditions shall apply as if set out in full herein to any notice required to be submitted under these BR Procurement Rules by either NGESO or the Registered BR Participant to the other.

21.2 For the purposes of paragraph 21.1, 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 and Pre-Qualification Procedure.

22  
**Dispute Resolution**

22.1 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 BR Procurement Rules as if set out in full herein, save that:-

22.1.1 no Party shall have any right to refer any dispute to an Expert for determination except where the dispute is stated in these BR Procurement Rules to be referable to an Expert for determination or otherwise agreed in writing by the Parties to be so referable;

22.1.2 nothing in this paragraph 22 shall prevent the Parties from agreeing to resolve any dispute or difference through the courts in which case paragraph 23.1 shall apply; and

22.1.3 where any dispute is referred to arbitration, the Electricity Arbitration Association arbitration rules 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).
23.1 Any claim, dispute or matter (whether contractual or non-contractual) arising under or in connection with these BR Procurement Rules or their enforceability shall be governed by and construed in accordance with the laws of England and Wales.

23.2 Subject always to paragraph 22, NGESO and each Registered BR 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 BR Procurement Rules 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.
<table>
<thead>
<tr>
<th><strong>Defined Terms</strong></th>
<th><strong>Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>“Active Network Management Scheme”</td>
<td>a scheme operated by a Public Distribution System Operator which is designed to continually monitor in real time constraints on an area of the network for the purpose of allocation of available capacity;</td>
</tr>
<tr>
<td>“Auctions”</td>
<td>the forty-eight (48) separate auctions for each BR Service Window in a Service Day.</td>
</tr>
<tr>
<td>“Auction Administrator”</td>
<td>the operator(s) from time to time of the Designated Auction Platform or any part of it (which may for the avoidance of doubt be or include NGESO, in which case all references to Auction Administrator shall mean NGESO acting in that capacity);</td>
</tr>
<tr>
<td>“Auction Clearing Quantity”</td>
<td>for each BR Service Window falling in any Service Day, the sum of the quantities (MW) of all executed Sell Orders;</td>
</tr>
<tr>
<td>“Auction Closing Time”</td>
<td>in respect of the BR Service Windows falling in any Service Day, 08:15 hours on the EFA Day which immediately precedes that Service Day;</td>
</tr>
<tr>
<td>“Auction Opening Time”</td>
<td>in respect of the BR Service Windows falling in any Service Day, 00:00 hours on the seventh EFA Day which immediately precedes that Service Day;</td>
</tr>
<tr>
<td>“Auction Results Time”</td>
<td>in respect of the BR Service Windows falling in any Service Day, 09:00 hours on the EFA Day which immediately precedes that Service Day;</td>
</tr>
<tr>
<td>“Balancing Reserve”</td>
<td>a Balancing Service which secures a predetermined amount of Regulating Reserve day-ahead for a specified period;</td>
</tr>
<tr>
<td>“BR Capacity”</td>
<td>the maximum amount (in MW) of Balancing Reserve available at the relevant time from a BR Unit represented by the difference between either the prevailing (1) MEL or MIL or SEL or SIL (as the case may be) and (2) Final Physical Notification, or, in the case of a Power Park Module powered by an Intermittent Power Source, the prevailing (1) Power Available and (2) Final Physical Notification;</td>
</tr>
<tr>
<td>“BR Contract”</td>
<td>a Balancing Services Contract for the delivery of Balancing Reserve from a BR Unit in a BR Service Window as more particularly described in the BR Service Terms;</td>
</tr>
<tr>
<td>“BR Procurement Documentation”</td>
<td>as described in paragraph 1.2 of these BR Procurement Rules;</td>
</tr>
<tr>
<td>“BR Procurement Rules”</td>
<td>this document as published by or on behalf of NGESO from time to time;</td>
</tr>
</tbody>
</table>
**“BR Service Parameters”**

Each of the following:

1. Ramp-up and ramp-down rates of not less than ten (10) MW/minute;
2. **BR Capacity** of not less than fifty (50) MW;
3. a **Response Time** not exceeding two (2) minutes;

**“BR Service Terms”**

The prevailing document titled “Balancing Reserve Service Terms” published by or on behalf of NGESO from time to time containing the terms and conditions governing the delivery and settlement of **Balancing Reserve**;

**“BR Service Window”**

Each of the forty-eight (48) consecutive **Settlement Periods** commencing from the start of a **Service Day**;

**“BR Unit”**

**Plant and Apparatus** meeting the eligibility criteria described in these **BR Procurement Rules** and registered as such by a **Registered BR Participant** at the relevant time in accordance with the **Registration and Pre-Qualification Procedure**;

**“Buy Order”**

An **Order** submitted by NGESO in accordance with paragraph 6 of these **BR Procurement Rules** comprising its requirement (MW) for the procurement of **Balancing Reserve** (being either **Positive Balancing Reserve** or **Negative Balancing Reserve**) in each **BR Service Window** during **Service Days**, validly registered as such on the **Designated Auction Platform**, with each having an associated **Buy Order Price Limit**;

**“Buy Order Price Limit”**

In respect of any **Buy Order**, the maximum **Market Clearing Price(s)** as determined by NGESO at its sole discretion;

**“Cancellation Notice”**

As defined in paragraph 22 of the **BR Service Terms**;

**“Contracted BM Unit”**

A **BM Unit** the subject of a **BR Contract** for any **BR Service Window**;

**“Contracted Capacity”**

In respect of any **BR Unit** and **BR Service Windows**, such part of the **Offered Capacity** which a **Service Provider** has agreed to provide in accordance with a **BR Contract**;

**“Control Telephony”**

As defined in the **Grid Code**;

**“Curtailable”**

The capability of a **Sell Order** to be partially accepted as more particularly described in paragraph 9.2.4;

**“Daily Auction Report”**

The report (which may comprise more than one document, published separately) published by NGESO pursuant to these **BR Procurement Rules**;
<p>| <strong>“Designated Auction Platform”</strong> | The auction platform(s) from time to time designated by NGESO for use in connection with the Auctions, including any user interface hosted by NGESO on its website; |
| <strong>“DRSC Liable User”</strong> | any Service Provider whose BR Contract renders it a Demand Response Provider by virtue of the relevant BR Unit comprising a source of controllable Demand; |
| <strong>“Grid Supply Point”</strong> | as defined in the Grid Code; |
| <strong>“Intermittent Power Source”</strong> | as defined in the Grid Code; |
| <strong>“IPR Claim”</strong> | as defined in paragraph 17 of these BR Procurement Rules; |
| <strong>“Linked”</strong> | in respect of any Sell Order relating to a BR Unit and BR Service Window, that its acceptance is dependent on the acceptance of one or more other Sell Order(s) relating to that BR Unit for one or more other consecutive BR Service Window(s); |
| <strong>“Linked Family”</strong> | a Sell Order and all other Sell Orders to which it is Linked; |
| <strong>“Malicious Software”</strong> | as defined in paragraph 18 of these BR Procurement Rules; |
| <strong>“Mandatory Availability Declaration”</strong> | a declaration or redeclaration of BM Unit Data with respect to a BR Service Window made under and in accordance with the BR Service Terms; |
| <strong>“Mandatory Frequency Response”</strong> | operation of a BR Unit in accordance with Grid Code CC 6.3.6 and BC 3.5 (with the exception of BC 3.5.2) as described in Paragraph 4.1.3.2 of the CUSC; |
| <strong>“Mandatory Services Agreement”</strong> | as defined in the CUSC; |
| <strong>“Market Clearing Price”</strong> | as defined for any BR Service Window, the price for Positive Balancing Reserve or Negative Balancing Reserve (as applicable) referred to in paragraph 9.4 of these BR Procurement Rules (so that, in each Service Day, there shall be up to forty-eight (48) Market Clearing Prices for Positive Balancing Reserve and up to forty-eight (48) Market Clearing Prices for Negative Balancing Reserve, each such Market Clearing Price attributable to a single BR Service Window); |
| <strong>“Market Clearing Rules”</strong> | the rules set out or referred to in paragraph 9 of these BR Procurement Rules; |
| <strong>“Metering Equipment”</strong> | as defined in the BSC; |
| <strong>“Monthly Statement”</strong> | as defined in Schedule 2 of the BR Service Terms; |
| <strong>“Negative Balancing Reserve”</strong> | Balancing Reserve delivered by Plant and Apparatus as a reduction in Output; |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offered Capacity</strong></td>
<td>the offered quantity of <strong>BR Capacity</strong> associated with a <strong>BR Unit</strong> and <strong>BR Service Window</strong> and specified in a <strong>Sell Order</strong>;</td>
</tr>
<tr>
<td><strong>Order</strong></td>
<td>a <strong>Sell Order</strong> or a <strong>Buy Order</strong>;</td>
</tr>
<tr>
<td><strong>Positive Balancing Reserve</strong></td>
<td><strong>Balancing Reserve</strong> delivered by <strong>Plant and Apparatus</strong> as an increase in <strong>Output</strong>;</td>
</tr>
<tr>
<td><strong>Power Available</strong></td>
<td>as defined in the <strong>Grid Code</strong>;</td>
</tr>
<tr>
<td><strong>Power Park Module</strong></td>
<td>as defined in the <strong>Grid Code</strong>;</td>
</tr>
<tr>
<td><strong>Primary Service Provider</strong></td>
<td>as defined in paragraph 22 of the <strong>BR Service Terms</strong>;</td>
</tr>
<tr>
<td><strong>Registered BR Participant</strong></td>
<td>a <strong>Registered Service Provider</strong> who has registered with <strong>NGESO</strong> pursuant to the <strong>Registration and Pre-Qualification Procedure</strong> as eligible to participate in the procurement of <strong>Balancing Reserve</strong>, which shall include acceding to the <strong>BR Procurement Documentation</strong>;</td>
</tr>
<tr>
<td><strong>Registered Service Provider</strong></td>
<td>an entity who has submitted the relevant registration documents and to whom <strong>NGESO</strong> has confirmed is subsequently registered as such in each case pursuant to the <strong>Registration and Pre-Qualification Procedure</strong>;</td>
</tr>
<tr>
<td><strong>Registration and Pre-Qualification Procedure</strong></td>
<td>the procedure and processes described in Schedule 2 of these <strong>BR Procurement Rules</strong>;</td>
</tr>
<tr>
<td><strong>Regulating Reserve</strong></td>
<td>a <strong>Balancing Service</strong> used to manage energy imbalance primarily delivered by an increase in or reduction in <strong>Output</strong> from synchronised <strong>BM Units</strong> responding to <strong>Bid-Offer Acceptances</strong> in the <strong>Balancing Mechanism</strong> in a manner consistent with the <strong>BR Service Parameters</strong>;</td>
</tr>
<tr>
<td><strong>Response Time</strong></td>
<td>the maximum period of time from receipt of a <strong>Bid-Offer Acceptance</strong> to commencement of ramping;</td>
</tr>
<tr>
<td><strong>Secondary Service Provider</strong></td>
<td>as defined in paragraph 22 of the <strong>BR Service Terms</strong>;</td>
</tr>
<tr>
<td><strong>Sell Order</strong></td>
<td>in respect of a <strong>BR Unit</strong>, an <strong>Order</strong> submitted by a <strong>Registered BR Participant</strong> in accordance with these <strong>BR Procurement Rules</strong> for the delivery upon and subject to the <strong>BR Service Terms</strong> of <strong>Balancing Reserve</strong> during a <strong>BR Service Window</strong>, validly registered as such on the <strong>Designated Auction Platform</strong>;</td>
</tr>
<tr>
<td><strong>Service Day</strong></td>
<td>an <strong>EFA Day</strong> comprising one or more <strong>BR Service Windows</strong> in respect of which <strong>NGESO</strong> has issued a <strong>Buy Order</strong> with a non-zero quantity;</td>
</tr>
<tr>
<td><strong>Service Provider</strong></td>
<td>with respect to any <strong>BR Contract</strong>, the applicable <strong>Registered BR Participant</strong>;</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>“Single Market Platform”</td>
<td>The online platform hosted by NGESO comprising (inter alia) the Registration and Pre-Qualification Procedure and which facilitates the pre-qualification of BR Units.</td>
</tr>
<tr>
<td>“Transfer Notice”</td>
<td>As defined in paragraph 22 of the BR Service Terms.</td>
</tr>
<tr>
<td>“Transfer Period”</td>
<td>The period described as such in a Transfer Notice as may be shortened upon the cancellation or withdrawal of that Transfer Notice or otherwise in accordance with paragraph 22 of the BR Service Terms.</td>
</tr>
</tbody>
</table>
Schedule 2 - Registration and Pre-Qualification Procedure

Summary
For an entity to register as a Registered BR Participant, it must first become a Registered Service Provider by submitting its corporate details onto NGESO systems and (if accepted) receiving a user ID. To become a Registered BR Participant it must then accede to the BR Procurement Documentation. Once registration is complete, a Registered BR Participant may then submit eligible Plant and Apparatus under its operation or control for pre-qualification and registration by NGESO as BR Units.

Pre-qualification may involve asset validation.
Once pre-qualified and registered, a BR Unit may participate in the daily auctions for Balancing Reserve.

Process
Outlined below is the process for registration and asset pre-qualification. Further detail will be provided from time to time by NGESO.

- **Step 1** – entity requests registration as a Registered Service Provider (and associated user IDs)
- **Step 2** – NGESO validates registration and issues user IDs (entity is now a Registered Service Provider)
- **Step 3** - entity accedes to BR Procurement Documentation (entity is now a Registered BR Participant)
- **Step 4** – entity submits one or more eligible Plant and Apparatus for pre-qualification and registration as a BR Unit
- **Step 5** – NGESO confirms completion of pre-qualification and registration process (Plant and Apparatus is now a BR Unit, and participant can now enter the BR Unit into daily auctions for Balancing Reserve)

Except where the contingency procedure applies, all of the above steps (which are summarised below) are to be completed via the Single Market Platform, and the participant must ensure that all information submitted on the Single Market Platform is fully complete and correct.

In the event that the Single Market Platform is unable to be utilised to complete any or all of the above steps, NGESO may (at its discretion) implement a contingency procedure and notify this to participants in writing providing as much advance notice as is reasonably practicable in the circumstances. The contingency procedure may include completion of Steps 1, 2 and 3 using Forms A, B and C, copies of which are available on the Single Market Platform or will otherwise be made available by NGESO, and Steps 4 and 5 by email submission of the ‘Provider Data Template’ available on request from NGESO. The notification from NGESO informing participants that the contingency procedure has been implemented shall confirm the manner and timescales in which such documentation is to be submitted to NGESO.

References below to the Single Market Platform are to be construed as including the contingency procedure where applicable, unless the context otherwise requires.

Registration as Registered Service Provider
Each participant is required to submit its corporate details, together with details of any related entity on whose behalf it is acting as agent.

In addition, where it has not already done so, each participant must ensure that it has completed the necessary vendor setup forms that are outlined on NGESO’s Settlement webpage to be set up as a vendor on NGESO’s systems. These should be submitted as soon as possible so that NGESO can make payments in a timely manner in accordance with the BR Service Terms.

Registration as Registered BR Participant
To be registered as a Registered BR Participant with eligibility to pre-qualify and register Plant and Apparatus as BR Units for participation in the Auctions, a participant must accede to the BR Procurement Documentation via the Single Market Platform.

Pre-qualification and registration of BR Units

For asset pre-qualification and registration, NGESO may require submission via the Single Market Platform of relevant technical details associated with the Plant and Apparatus to enable NGESO to complete any necessary validation. Plant and Apparatus which would otherwise be eligible for registration as a BR Unit may (at NGESO’s sole discretion) be determined as ineligible to participate in the Auctions if it is Embedded and is participating in an Active Network Management Scheme. NGESO will consider this on a case by case basis, and shall continue to keep this under review and any changes to this position shall be consulted accordingly.

Timescales

Initial registrations must be completed in line with the timings outlined below:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Provider</th>
<th>NGESO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-qualification and registration of BR Units</td>
<td>In order to enable Auction participation, valid and complete data should be submitted seven (7) Days in advance.</td>
<td>NGESO will notify the Registered Service Provider if Auction participation can be accommodated sooner.</td>
</tr>
</tbody>
</table>

Changes to pre-qualification status

If Registered BR Participants wish to change the pre-qualification status of BR Units, including introducing new Plant and Apparatus for pre-qualification and registration, this must be done as described above (on the Single Market Platform or using any contingency arrangements where applicable).

All queries and communications shall be made via a Registered BR Participant’s account manager or commercial.operation@nationalgrideso.com.