

Decision

Revisions proposed by the Electricity Market Reform Delivery Body to the Relevant Balancing Services Guidelines

Publication date:	28 November 2025
Contact:	Matthew Fovargue – Policy Manager
Team:	NESO Regulation
Email:	nesoregulation@ofgem.gov.uk

Decision on revisions proposed by the Electricity Market Reform Delivery Body for the Relevant Balancing Services Guidelines, November 2025.

Decision Revisions proposed by the Electricity Market Reform Delivery Body to the Relevant Balancing Services Guidelines

© Crown copyright 2025

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the Open Government Licence.

Without prejudice to the generality of the terms of the Open Government Licence, the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to psi@nationalarchives.gsi.gov.uk.

Decision Revisions proposed by the Electricity Market Reform Delivery Body to the Relevant Balancing Services Guidelines

Contents

1. Introduction.....	4
Background	4
2. Authority decision and rationale	5
Stakeholder responses.....	5
3. Next steps	6

Decision Revisions proposed by the Electricity Market Reform Delivery Body to the Relevant Balancing Services Guidelines

1. Introduction

National Energy System Operator (NESO) in its role as the Delivery Body (DB) for Electricity Market Reform,¹ [consulted on changes](#) to the Relevant Balancing Services (RBS) Guidelines between 15 September 2025 and 14 October 2025. We² received a report from the DB on 23 October 2025 following this consultation, in line with requirements set out in Schedule 4 of the Capacity Market (CM) rules. The DB's submission to us included a version of the RBS Guidelines document indicating the final proposed revisions.

Our [decision on 5 July 2021](#) changed the CM Rules, removing the list of RBS and the Non-Balancing Mechanism Adjustment Formulae definitions for “Contracted_Output” and “Declared_Availability” from Schedule 4. These elements are now published in a separate document, the RBS Guidelines. Responsibility for maintaining and publishing the RBS Guidelines rests with the DB.

Background

The Capacity Market is designed to ensure that there is sufficient reliable capacity available, reinforcing long term security of electricity supply. Capacity Committed Capacity Market Units (CCCMUs) hold Load Following Capacity Obligations (LFCO). Where a CCCMU also holds a Balancing Service contract for a relevant Settlement Period, the LFCO has to be adjusted to account for this contract. This is done through an Adjusted Load Following Capacity Obligation (ALFCO). ALFCO is calculated using the formula set out under clause 8.5.2 of the [CM Rules](#). The Balancing Services that have an ALFCO applied are defined in the RBS.

Previously, the list of RBS which are to be considered within the ALFCO was defined under Schedule 4 of the CM Rules. With the RBS Guidelines now a separate document, the Delivery Body can conduct reviews of them without being required to consult on the entire CM Rules. In accordance with Schedule 4 of the Capacity Market rules, the DB has conducted a review of the RBS Guidelines.

This review proposed the following revisions:

- The addition of Slow Reserve to the RBS list
- Update the name of Firm Frequency Response to Static Firm Frequency Response
- The removal of Enhanced Frequency Response (EFR) from the RBS list

¹ The DB refers to the national system operator, as defined in The Electricity Capacity Regulations 2014. See <https://www.legislation.gov.uk/ukxi/2014/2043/part/1>. National Energy System Operator is currently the national system operator for Great Britain.

² The terms “we”, “us”, “our”, “Ofgem” and “the Authority” are used interchangeably throughout this document, referring to the Gas and Electricity Markets Authority. Ofgem is the Office of the Authority.

2. Authority decision and rationale

In making our decision, we assessed the DB's submission of proposed changes to the RBS Guidelines against the requirements under Schedule 4 of the CM Rules, as well as in line with our statutory duties. We considered stakeholder feedback where relevant and engaged with NESO to further understand these proposals.

In line with Schedule 4, and having consulted with the relevant parties as laid out in Schedule 4 of the CM rules, we hereby:

- approve the addition of Slow Reserve to the RBS;
- approve the update of service name from Firm Frequency Response to Static Firm Frequency Response; and
- reject the removal of EFR from the RBS.

We consider that the addition of Slow Reserve to the RBS list is an appropriate inclusion. We agree with the DB that limited risk exists adding this service to the RBS list ahead of its go-live, but we feel this is mitigated sufficiently given [NESO's commitment](#) and our [earlier decision and expectation](#) that the service will go-live no later than 31 March 2026. Slow Reserve is due to replace Short Term Operating Reserve, so we expect the DB would seek to remove reference to this service eventually.

We consider that the proposal to update the service name from Firm Frequency Response to Static Firm Frequency Response is beneficial. This should aid clarity as NESO has removed the dynamic element of the service and now procures the service only under the name Static Firm Frequency Response.

We do not approve the proposal to remove EFR from the list of RBS. Following further consultation with the DB, we understand that a legacy EFR contract may remain in place for the foreseeable future.³ We understand that this provider is currently a Capacity Committed CMU,⁴ meaning that if a System Stress Event occurred whilst they were contracted to provide EFR, they could be disadvantaged due to this removal and there is no obvious benefit to the broader system in removing this. Should the DB consider value in removing this service from the RBS list in future, further consultation would be required at that point.

Stakeholder responses

The DB received two responses to its consultation. One supported the proposed revisions; the other did not put forward whether they supported or opposed them. Instead, the neutral respondent proposed that the DB looks into formally recognising Distribution System Operator (DSO) services within the RBS.

³ We understand this could be a period of several years.

⁴ And in any case, could be eligible for one.

Decision Revisions proposed by the Electricity Market Reform Delivery Body to the Relevant Balancing Services Guidelines

We note that the DB has indicated willingness to further explore the suggestions relating to DSO services. We consider that it is important to ensure alignment across industry rules and markets and support further investigation on this. We note though, that this does not affect our view that the current DB proposals are beneficial.

We encourage the DB to pursue its suggestion to publish guidance on the impacts and intentions of the RBS as well as how the CM can be delivered alongside other services, like DSO services. We consider that this could address some of the uncertainty shared in the response received from industry.

3. Next steps

The DB should publish the updated version of the RBS Guidelines within seven working days of this decision, with changes live from the date of publication of the revised version. For clarity, this updated version will contain the following two proposed and approved revisions:

- The addition of Slow Reserve to the RBS list
- An update, changing the name of Firm Frequency Response to Static Frequency Response

The updated version will not include the proposal to remove EFR from the RBS list.

The DB should continue to consult on the services which are to be classed as RBS at an appropriate frequency or as NESO's procurement of services changes, in line with the process set out in Schedule 4 of the CM Rules. Any review should maintain the RBS Guidelines as a relevant document which aids transparency and efficiency of markets.

Yours sincerely,

James Hill

Principal Policy Expert – Electricity System Operation