Stackable by default statement

We – the NESO and DSOs – believe there are significant whole-system benefits to revenue stacking and that any barriers must be challenged during the Design phase. Changing existing services, sometimes with existing contracts, can be significantly harder than embedding the right principles from the beginning.

By default, all active power services should be readily 'jumpable' and 'splitable[1] ' across NESO, DSO and wholesale electricity markets[2] .

Any deviation from this principle should be reviewed by Elexon, as the Market Facilitator[3] , to ensure there is a legitimate purpose to the restriction (including minimising system costs) and that purpose could not be achieved in a less restrictive way.

In particular – the following features, identified as common barriers to stacking, should be avoided wherever practical. This checklist should be updated as required by the Market Facilitator and embedded within the design and approval processes for new NESO and DSO services.

1. **Services launched without explicit guidance on stacking.** All services should propose and make updates to the central stackability register and service technical requirements register, providing clear examples of what is and is not permissible

2. **Use of Exclusivity Clauses.** Services should not by default restrict the activities of the Flexibility Provider in delivering other services, unless these can be shown to materially compromise their ability to deliver

3. **Carve outs for particular services which cannot be easily updated.** Where possible services should allow stackability with all services, or a list of services that can be readily updated by the Market Facilitator. In particular, reference to 'Relevant Balancing Services', beyond its current use for Capacity Market, should be avoided

4. **Use of historic baselines without a practical way of adjusting for a wide range of service events.** Where baselines are calculated based on a provider's recent behaviour, there should be mechanisms in place to discount or adjust observed behaviour during utilisation events for other services

5. **DSO dispatch after Balancing Mechanism gate-closure.** Late dispatch services prevent providers making accurate submissions to the Balancing Mechanism. The principle should be for DSOs to handover responsibility for balancing to NESO (or the designated operator in islanded operating conditions) at BM gate closure, making minimal changes to physical positions after this point. Where requirements could reasonably be foreseen, Distribution System Operators should provide advance notice of dispatch

6. **Long availability windows with no incentive or mechanism to release capacity.** Long availability windows can sterilise flexible capacity. System Operators should take reasonable care to optimise the

length of availability windows and incentivise themselves to release assets for other services if they are no longer required

7. **Disproportionate penalties for over-delivery.** Penalising 'over-delivery' of services can limit opportunities for providers to split asset capacity between multiple services in the same direction. System Operators should take proportionate steps to reflect any cost of over-delivery. Such costs could include, for example, requiring additional compensating actions to restore energy balance

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[1] In the same direction

[2] NESO and DSOs recommend that appropriate circumstances for co-delivery should be established as a matter of priority and fed into this guidance.

[3] Conditional on the detailed design for the Market Facilitator role.

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