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Sections 1, 2, 3 and 4 form the legally binding Flexibility Market Rule.

Defined terms capitalised in this document shall have the meaning given in Section 4.

Guidance

Summary of Standard Baselining Methodologies Flexibility Market Rule

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Context

The purpose of this rule is to introduce standardised baselining methodologies and processes to *Distribution Network Operator* (*DNO*) markets. Baselines set the level from which performance is calculated, and so are a key element of the commercial proposition for *flexibility services*.

Baselining Requirements

This *Flexibility Market Rule* specifies the allowed baselining techniques for *DNO* markets. These include:

- *Asset Capacity* (set by the capacity of the asset),
- *Fixed Reference* (based on standardised view of such an asset),
- *Zero*, and
- *Nomination* (set by the *FSP*).

The rule sets one of these as the *Default Baselining Methodology* (*DBM*) based on:

- Whether the site is domestic or an Industrial & Commercial site;
- Whether the metered point is Point of Connection or at the Asset;
- The *technology type*; and
- Direction of the service being offered (i.e. Demand Turn Down/Generation Turn Up or Demand Turn Up/Generation Turn Down).

Individual Assets can be combined into *Meterable Units* and an aggregated baseline is provided. Default Baseline Methodologies that are non-*Nomination* type cannot be combined with *Nomination* type baselines.

An *Alternative Baselining Methodology* (*ABM*) process is available where sites and Assets have atypical characteristics or operational behaviours, or a provider wants to combine a non-*Nomination* and a *Nomination Default Baselining Methodology* into a *Meterable Unit*. The *DNO* must approve this request.

We believe the impact of these requirements to be:

Impact on *System Operators*	**Impact on *FSPs***
DNOs must use this methodology to determine baselines. This includes setting out *Fixed Reference* Baseline values as required for each *DBM*. They also need to develop a process for the *ABM* requirements. This includes accepting, processing and analysing applications; publishing key deadlines; notification to applicant of decision to approve or reject; report to *Market Facilitator* number of approved *ABMs* approved. Finally, to support *Nomination* Baselines, they need to develop a process for the *Nomination* Baseline justification requirements. This includes accepting, processing and analysing *Nomination* justifications; notification to applicant of decision to approve or reject; instigating a *Nomination* Performance Review and reporting volumes to *Market Facilitator*. They also need to develop a process to assess the accuracy of the *Nomination* Baseline for both Net % and *Absolute % Error* as per the requirements of this rule; report results to the *Market Facilitator*.	The new baselining methodology will be used to assess the performance of *FSPs*. As such they must understand what baselining will be used for their assets. They must also adhere to the limitations surrounding to the components of *meterable units* for certain baselining combinations. Finally, where *Nomination* Baselines are used they must develop a process to determine a *Nomination* baseline in line with the principles of good industry practice as laid out in this rule; and participate in *Nomination* Performance Reviews as required.

***Implementation monitoring* requirements**

The key requirements are laid out below. A view across the rules is available in our deadline tracker.

Category	Requirement	Trigger for data submission	What we will do with it
Implementation tracking	Basic tracking of implementation status and target date	From 14/01/2026 (20 *working days* after the published date). Within 10 days of change	Track whether implementation is on track via our *Implementation tracker*.
***Flexibility Market Catalogue* data**	Confirmation of use of standardised methodologies and associated processes	From 01/04/2026. Within 10 days of change	Provide an overview of the *sub-market* and the market as a whole via the *Flexibility Market Catalogue*.
Effectiveness monitoring data	Monitoring of *ABM* requests; *Nomination* baseline accuracy; number of performance reviews	Every 3 months	Track the effectiveness of the *DBM* against number of *ABM* requests; and of *nomination* methodology process and performance of parties. Tracked via our Effectiveness Monitoring Report

***Derogations* against this rule**

The following *derogations* are in place:

Who	What	For how long	Why
SSEN	The full requirements	Until 01/07/2026	To allow for robust implementation
SSEN	The full requirements for LMA Interim Payment Service	Until 01/02/2027	To prevent blockers to LMA Interim Service settlement
NGED	Sections 2.2, 2.3, 2.4 and 2.6	Until 31/03/2027	To allow for robust implementation and initiation of Change Process

1 Applicability of this Flexibility Market Rule

1.0 This *Flexibility Market Rule* applies to all *Distribution Network Operator* (*DNO*) *Sub-markets* within the *Market Facilitator* scope.

Innovation trials are not bound by this *Flexibility Market Rule*.

All *DNOs* shall adopt the baselining methodology set out in section 2, for any contracts awarded after the *Implementation Date*.

All *DNOs* shall provide the data set out in section 3 no later than the timings also set out in section 3.

Variations to this rule are only permitted with an approved *Derogation* from the *Market Facilitator*.

The core dates for this *Flexibility Market Rule* are laid out below.

Table 1: Flexibility Market Rule dates

Published Date	04/02/2026
Implementation Date	01/04/2026
End Date	-

Guidance

Explainer: What is a Sub-Market?

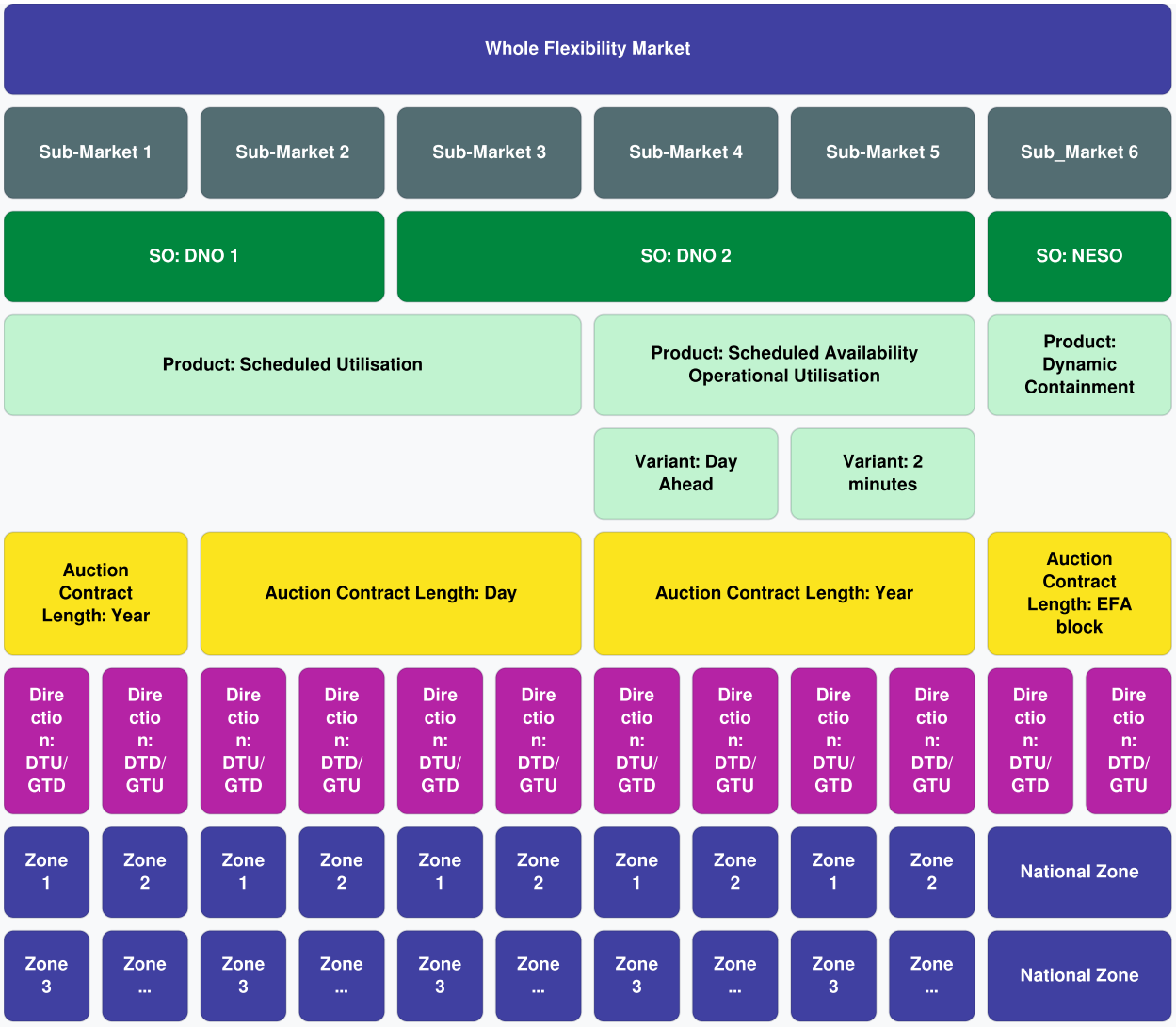
This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

A *Sub-Market* means a specific segment of the overall *Flexibility Market*, distinguished by a specific *System Operator*, procuring a specific Product within a specific time period.

A *Sub-market* may be built of multiple distinct geographic zones, operating in different directions, clearing different volumes at different prices.

The diagram below visualises the definition.

Flexibility Market Grid



DTU means Demand Turn Up, GTD means Generation Turn Down.

DTD means Demand Turn Down, GTU means Generation Turn Up.

2 Baselining Methodology

2.1 Standard Baselining Methodologies definitions

The baselining methodologies used in this *Flexibility Market Rule* are outlined in Table 2 below.

Table 2: Baselining methodologies

Name	Definition
Asset Capacity	Assumes the participating *Distributed Energy Resource* (*DER*) operates at its full rated capacity during the *flexibility* event, irrespective of actual operational conditions.
Fixed Reference	Uses a fixed daily profile derived from the observed energy behaviour of a representative group of *DERs* that represents normal operating behaviour or a *DNO*'s planning scenarios.
Nomination	Uses an estimated/expected set of meter values, provided by the *FSP*, based on the expected or normal operation of the site / *DER* without any *flexibility* event, for a future availability window that then becomes a utilisation event.
Recent History	Uses a set of recent, eligible days (i.e. excluding *Event Days* such as a day providing a *flexibility service*) preceding a utilisation event. This may also include correction factors such as within-day adjustments for weather variables or removal of outlier values.
Zero	The baseline energy consumption or generation is set to *zero*, meaning no energy usage or production is assumed in the absence of the utilisation event.

Guidance

Explainer: What does a baselining methodology look like in practice?

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

A simplified example for each baselining methodology specified in Table 1 is provided in this section. These examples are non-exhaustive and do not cover all circumstances where they would be used (e.g. only one direction of service is shown).

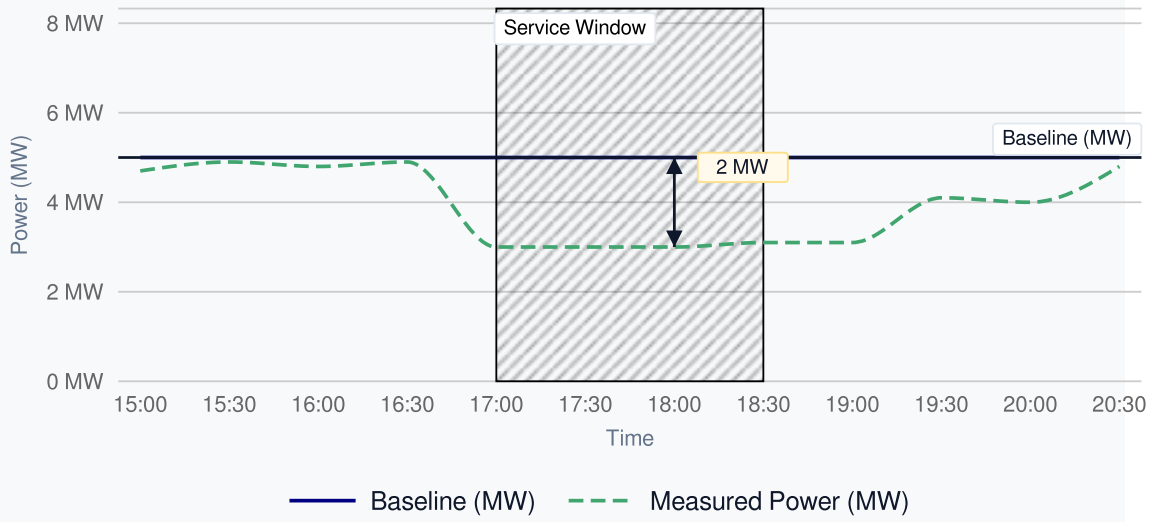
Asset Capacity

This methodology assumes the participating *DER* operates at its full rated capacity (no de-rating) during the *flexibility* event, irrespective of actual operational conditions. Worked examples of these principles are shown below for a Schedulable Generation *DER* which has a full rated export capacity of 5MW. In the example, the Generation *DER* has a Generation Turn Down contract for 2MW.

The *DER* turns down generation from 5MW to 3MW and is paid for 2MW as the baseline was set at 5MW (i.e. the full rated capacity) and the measured power during the Service Window was 3MW.

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Power Over Time



Line chart. Horizontal axis: Time. Vertical axis: Power.

Power Over Time

Time	Baseline (MW)	Measured Power (MW)
15:00	5 MW	4.7 MW
15:30	5 MW	4.9 MW
16:00	5 MW	4.8 MW
16:30	5 MW	4.9 MW
17:00	5 MW	3 MW
17:30	5 MW	3 MW
18:00	5 MW	3 MW
18:30	5 MW	3.1 MW
19:00	5 MW	3.1 MW
19:30	5 MW	4.1 MW
20:00	5 MW	4 MW
20:30	5 MW	4.8 MW

Annotations on the chart:

- Horizontal reference line "Baseline (MW)" at 5 MW.

- Reference band "Service Window" from 17:00 to 18:30.
- Callout "2 MW" pointing at 18:00, 4 MW.
- Arrow in both directions between 18:00, 3 MW and 18:00, 5 MW.

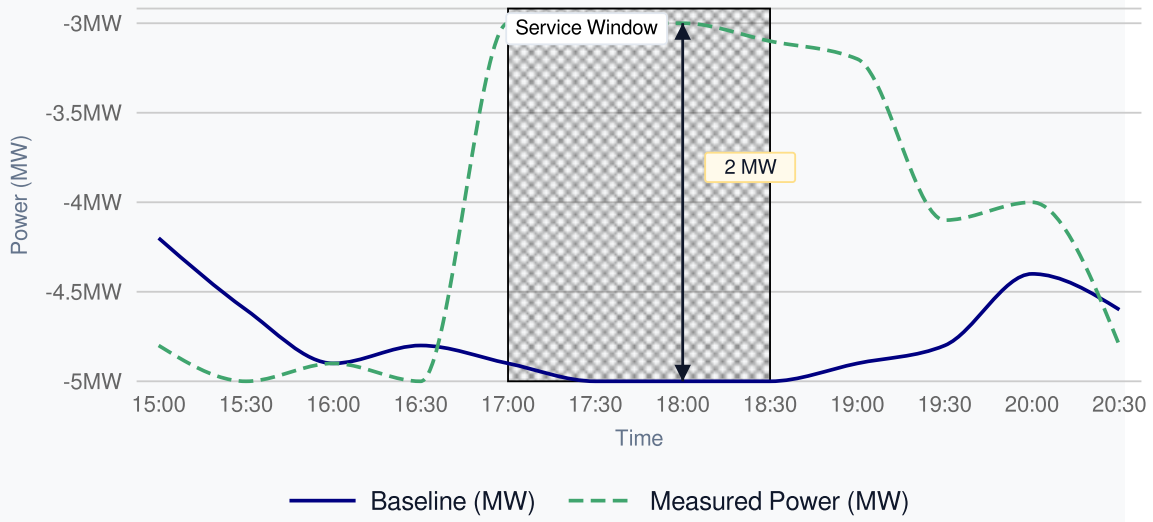
Fixed Reference

This methodology uses a fixed daily profile derived from the energy behaviour of a representative group of *DERs* that represents normal operating behaviour or from a *DNO*'s planning scenarios.

In the example shown below, the baseline value represents a reference, non-smart charging behaviour for a large group of domestic EV charging points.

It is this representative behaviour that is used to set the baseline value of -5MW to assess the level of Demand Turn Down provided by the *DER*. The measured output during the Service Window is -3MW, therefore it is deemed to have delivered a dispatched capacity of 2MW.

Power Over Time



Line chart. Horizontal axis: Time. Vertical axis: Power.

Power Over Time

Time	Baseline (MW)	Measured Power (MW)
15:00	-4.2MW	-4.8MW
15:30	-4.6MW	-5MW
16:00	-4.9MW	-4.9MW
16:30	-4.8MW	-5MW
17:00	-4.9MW	-3MW
17:30	-5MW	-3MW
18:00	-5MW	-3MW
18:30	-5MW	-3.1MW
19:00	-4.9MW	-3.2MW
19:30	-4.8MW	-4.1MW
20:00	-4.4MW	-4MW
20:30	-4.6MW	-4.8MW

Annotations on the chart:

- Reference band "Service Window" from 17:00 to 18:30.

- Callout "2 MW" pointing at 18:00, -4MW.
- Arrow in both directions between 18:00, -5MW and 18:00, -3MW.

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

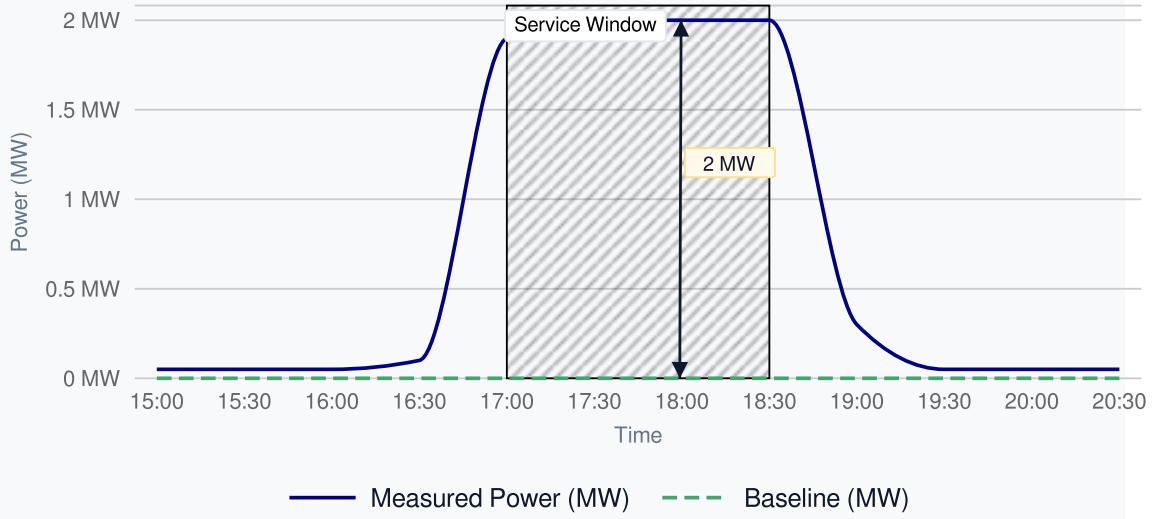
The above example covers the scenario where there is a reduction or increase in consumption and generation. Where the delivery of *flexibility* by a *DER* (e.g. Intermittent Generation, Storage and EV Charger V2G) results in a swing from prevailing Active Energy Import to Active Energy Export (or vice versa) which will typically be where the *FSP* uses a Point of Connection metering arrangement at a domestic site (not relevant to Industrial and Commercial (I&C) sites as Point of Connection uses *Nomination*) there may be a need to assess *flexibility* delivery in comparison to the *Fixed Reference* Baselines across both the Import and Export MPANs for the site.

Zero

The baseline energy consumption or generation for this methodology is set to *zero*, meaning no energy usage or production is assumed in the absence of the utilisation event.

In the example shown below, the *DER* is deemed to have provided a dispatched capacity of 2MW through a Generation Turn Up service as the measured output during the Service Window was 2MW.

Measured Power Over Time



Line chart. Horizontal axis: Time. Vertical axis: Power.

Measured Power Over Time

Time	Measured Power (MW)	Baseline (MW)
15:00	0.05 MW	0 MW
15:30	0.05 MW	0 MW
16:00	0.05 MW	0 MW
16:30	0.1 MW	0 MW
17:00	1.9 MW	0 MW
17:30	2 MW	0 MW
18:00	2 MW	0 MW
18:30	2 MW	0 MW
19:00	0.3 MW	0 MW
19:30	0.05 MW	0 MW
20:00	0.05 MW	0 MW
20:30	0.05 MW	0 MW

Annotations on the chart:

- Reference band "Service Window" from 17:00 to 18:30.

- Callout "2 MW" pointing at 6.393, 0.82 MW.
- Arrow in both directions between Measured Power (MW) at 5.991 and Baseline (MW) at 5.976.

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Nomination

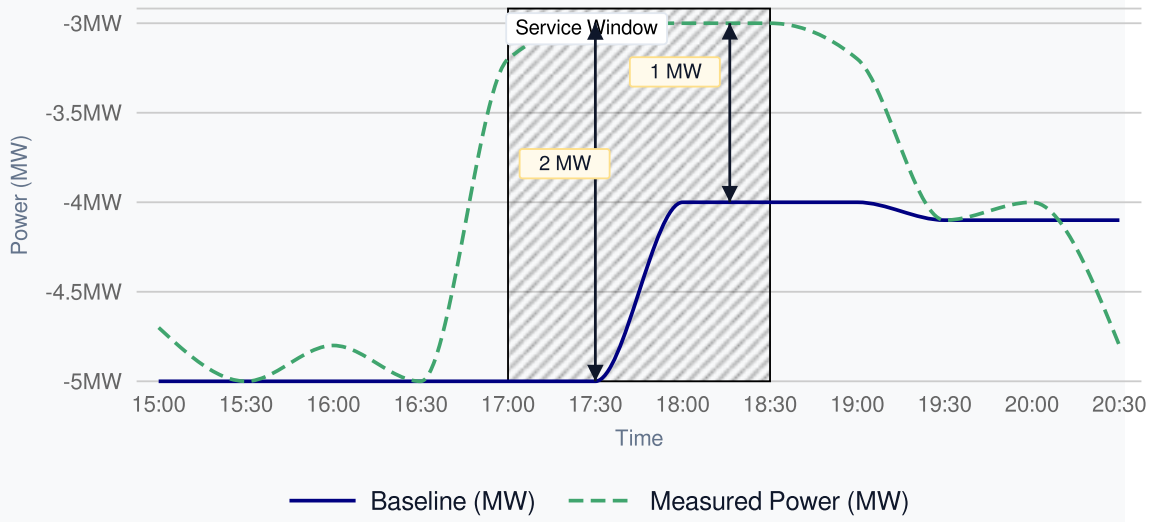
This methodology uses a proposed estimated/expected set of meter values / data, provided by the *FSP*, based on the expected or normal operation of the site / *DER* without any *flexibility* event, for a future availability window that then becomes a utilisation event. The timelines for submission of a *Nomination* baseline are detailed in the *Nomination* Baselining Methodology Submission Deadline section of this *Flexibility Market Rule*.

Nomination values may differ over the Service Window or be a single value that is applied for the whole Service Window.

As *nomination* baseline methodologies rely on *FSPs* to propose the values used, there will be accuracy standards that the *DNO* requires the *FSP*'s *nominations* to adhere to, to ensure the nominated values accurately reflect normal operating behaviour. This is detailed in the *Nomination* Baselining Methodology Accuracy section of this *Flexibility Market Rule*.

In the example shown below, a variable *nomination* value has been proposed by the *FSP* (-5MW for the earlier part of the Service Window and -4MW for the later part). In this scenario, the *DER* is paid for a dispatched capacity of 2MW of Demand Turn Down for the first part of the Service Window and a dispatched capacity of 1MW for the latter part.

Power Over Time



Line chart. Horizontal axis: Time. Vertical axis: Power.

Power Over Time

Time	Baseline (MW)	Measured Power (MW)
15:00	-5MW	-4.7MW
15:30	-5MW	-5MW
16:00	-5MW	-4.8MW
16:30	-5MW	-5MW
17:00	-5MW	-3.2MW
17:30	-5MW	-3MW
18:00	-4MW	-3MW
18:30	-4MW	-3MW
19:00	-4MW	-3.2MW
19:30	-4.1MW	-4.1MW
20:00	-4.1MW	-4MW
20:30	-4.1MW	-4.8MW

Annotations on the chart:

- Reference band "Service Window" from 17:00 to 18:30.

- Callout "2 MW" pointing at 4.418, -3.98MW.
- Callout "1 MW" pointing at 5.677, -3.547MW.
- Arrow in both directions between 17:30, -5MW and 17:30, -3MW.
- Arrow in both directions between Baseline (MW) at 6.539 and Measured Power (MW) at 6.539.

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

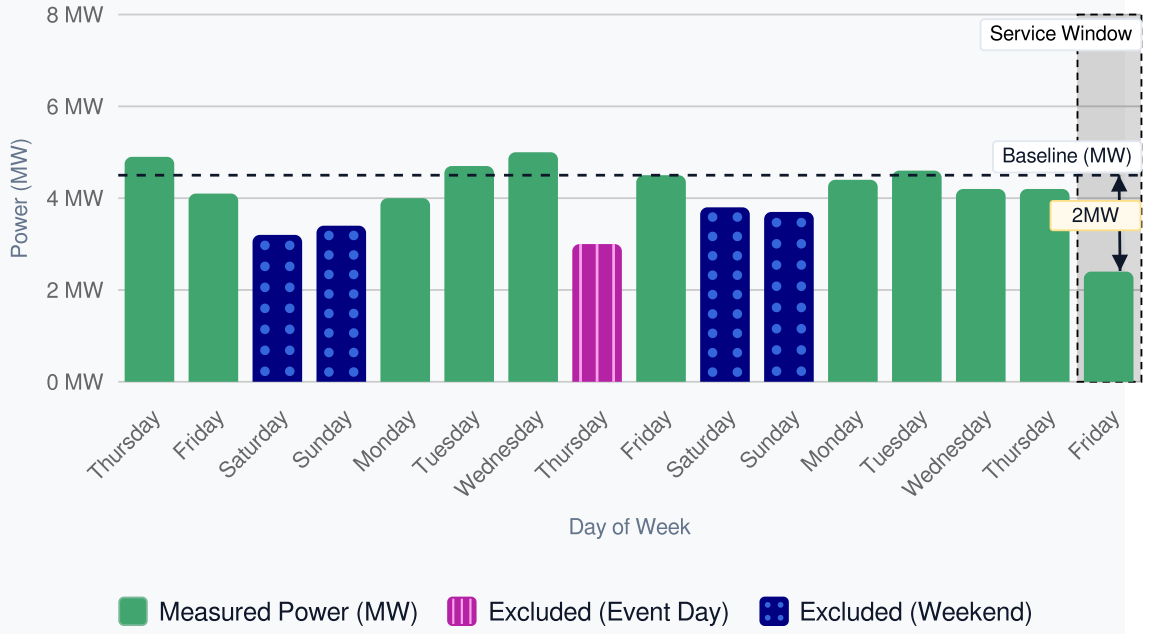
Recent History

This methodology uses a set of recent, eligible days preceding a utilisation event and will complete an assessment based on the same time of day (i.e. 30-minute window) and type of day (i.e. *working day* or non-*working day*). This may also include correction factors such as a within-day adjustment for something like weather variables or removal of outlier values (typically defined as *Event Days*).

Event Days can include activities such as delivery of Balancing Services, Virtual Trading, Site Outage, Equipment and/or Site Disconnection.

In the example shown below, a *DER* baseline of 4.5MW for a Service Window on a Friday is set based on the mean average of the 10 most recent *working days*, which weren't *Event Days*. Weekends and the Purple coloured Thursday (which met the criteria to be defined as an Event Day) are therefore excluded from the calculation. The measured power during the Service Window was 2.5MW of generation, and therefore, the *DER* is paid for a dispatched capacity of 2MW of Generation Turn Down.

Power by Day of Week



Bar chart. Horizontal axis: Day of Week. Vertical axis: Power.

Power by Day of Week

Day of Week	Measured Power (MW)	Excluded (Event Day)	Excluded (Weekend)
Thursday	4.9 MW	0 MW	0 MW
Friday	4.1 MW	0 MW	0 MW
Saturday	0 MW	0 MW	3.2 MW
Sunday	0 MW	0 MW	3.4 MW
Monday	4 MW	0 MW	0 MW
Tuesday	4.7 MW	0 MW	0 MW
Wednesday	5 MW	0 MW	0 MW
Thursday	0 MW	3 MW	0 MW
Friday	4.5 MW	0 MW	0 MW
Saturday	0 MW	0 MW	3.8 MW
Sunday	0 MW	0 MW	3.7 MW
Monday	4.4 MW	0 MW	0 MW
Tuesday	4.6 MW	0 MW	0 MW
Wednesday	4.2 MW	0 MW	0 MW
Thursday	4.2 MW	0 MW	0 MW
Friday	2.4 MW	0 MW	0 MW

Annotations on the chart:

- Horizontal reference line "Baseline (MW)" at 4.5 MW.
- Reference band "Service Window" from 15 to 16.
- Callout "2MW" pointing at 15.322, 3.508 MW.
- Arrow in both directions between reference line "Baseline (MW)" and 15.666, 2.413 MW.

Examples of other schemes, which are not in scope of this *Flexibility Market Rule* that use a *recent history* baseline are:

- Balancing Settlement Code (BSC) historical baseline used for the Balancing Mechanism by Virtual Lead Parties (VLPs) and for Virtual Trading Parties (VTPs) in the wholesale market

based on the Baselining Methodology Document. This includes a within-day adjustment for use in the Balancing Mechanism.

- *NESO* Demand *Flexibility Service* (DFS), where the 'DFS Participation Guidance document' details an example of the Operational Baseline calculation in Appendix 5.
- Capacity Market Rules use a historical baseline, as defined in Schedule 2 ('Baseline Methodology'), for Demand Side Response (DSR) Capacity Market Units (CMUs).

2.2 Default Baseline Methodologies

The Default Baseline Methodologies (*DBM*) set out the expected baselining methodology in a given scenario.

The *DBM* have been designed to align with the variables included in the Standard Pre-Qualification Criteria of:

- Asset Scale (i.e. Domestic or I&C).
- Metering Arrangement (i.e. Point of Connection Boundary Point Metering System or Asset Metering System at, or part of the Asset providing the *flexibility service*).
- *Technology Type* (i.e. the type of *DER* which is the asset providing the *flexibility service*).
- Demand Turn Down (DTD) / Generation Turn Up (GTU) or Demand Turn Up (DTU) / Generation Turn Down (GTD).

The *DBMs* are shown in Tables 2 (Domestic) and 3 (I&C) below:

Table 2: *DBMs* for Domestic *DER*

<table>
<tr><th>Asset Scale</th><th>Metering Arrangement</th><th>Technology Type</th><th>DTD / GTU</th><th>DTU / GTD</th></tr>
<tr><td rowspan="8">Domestic</td><td rowspan="5">Asset Level</td><td>Schedulable Generation</td><td rowspan="2">Zero</td><td rowspan="2">Asset Capacity
(no de-rating)</td></tr>
<tr><td>Intermittent Generation</td></tr>
<tr><td>Storage</td><td colspan="2">Zero</td></tr>
<tr><td>Heat Pump</td><td colspan="2" rowspan="4">(Asset Level)
Fixed Reference</td></tr>
<tr><td>EV Charger DSR</td></tr>
<tr><td>EV Charger V2G</td></tr>
<tr><td>Flexible Site Demand</td></tr>
<tr><td rowspan="2">Point of Connection</td><td>Schedulable Generation</td><td rowspan="2">Zero
+
(Flexible Site Demand)
Fixed Reference</td><td rowspan="2">Asset Capacity
(no de-rating)
+
(Flexible Site Demand)
Fixed Reference</td></tr>
<tr><td>Intermittent Generation</td></tr>
</table>

		Storage	*Zero* + (Flexible Site Demand) *Fixed Reference*
		Heat Pump	(Asset Level) *Fixed Reference* + (Flexible Site Demand) *Fixed Reference*
		EV Charger DSR	
		EV Charger V2G	
		Flexible Site Demand	(Flexible Site Demand) *Fixed Reference*

Table 3: *DBMs* for I&C *DER*

Asset Scale	Metering Arrangement	*Technology Type*	DTD / GTU	DTU / GTD
I&C	Asset Level	Schedulable Generation	*Zero*	*Nomination*
		Intermittent Generation		
		Storage	*Zero*	
		Heat Pump	*Nomination*	
		EV Charger DSR		
		EV Charger V2G		
		Flexible Site Demand		
	Point of Connection	Schedulable Generation		
		Intermittent Generation		
		Storage		

		Heat Pump	
		EV Charger DSR	
		EV Charger V2G	
		Flexible Site Demand	

The *DBM* should be allocated at the point of registration.

NOTE: Where a *DER* has different default methodologies depending on the direction of the service (i.e. DTD/GTU or DTU/GTD), all relevant options should be listed, and at the point of bidding for a service, where the relevant direction is known, the specific default methodology will be confirmed.

Where a *DNO* allows Planned Assets (such as *DERs* that are currently under development or an intention of an *FSP* to recruit third-party *DERs* in the future) to be bid into their *flexibility markets*, the *FSP* may not have all the information required for the *DBM* to be allocated at the point of bid submission. Under this scenario, no *DBM* will be allocated, but as part of the Development Plan that would be agreed between the *DNO* and the *FSP*, a deadline for the *DBM* process to be completed before the first contracted service period will be agreed.

Guidance

Guidance: Mapping of the Energy Source/Technology Types used in the Pre-Qualification Criteria to the technology types in this document

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

The following mappings apply:

Energy Source/*Technology Type*	**Consolidated Baselining Category**
Advanced Fuel (produced via gasification or pyrolysis of biofuel or waste)	Schedulable Generation
Biofuel – Biogas from anaerobic digestion (excluding landfill & sewage)	
Biofuel – Landfill gas	
Biofuel – Other	
Biofuel – Sewage gas	
Biomass	
Fossil – Brown coal/lignite	
Fossil – Coal gas	
Fossil – Gas	
Fossil – Hard coal	
Fossil – Oil	
Fossil – Oil shale	
Fossil – Other	

Fossil – Peat	
Geothermal	
Hydrogen	
Nuclear	
Waste	
Solar	Intermittent Generation
Water (flowing water or head of water)	
Wind	
Stored Energy (all stored energy irrespective of the original energy source)	Storage
Onsite Battery	
Air Source Heat Pump	Heat Pump
Ground Source Heat Pump	
Water Source Heat Pump	
Hybrid Heat Pump	

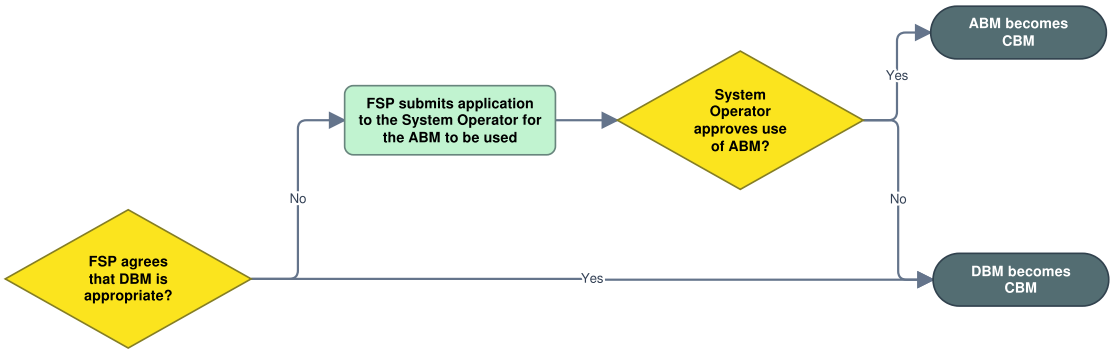
EV Charger DSR	EV Charger DSR
EV Charger V2G	EV Charger V2G
Flexible Site Demand	Flexible Site Demand

2.3 Alternative and Confirmed Baselining Methodologies

An *Alternative Baselining Methodology* (*ABM*) is available to ensure that *DERs* with atypical characteristics or operational behaviours can be fairly and appropriately assessed where the *DBM* is not suitable. The only option for an *ABM* is a *Nomination* baseline. Further details are set out in later sections.

A high-level overview of the *ABM* request process and how it leads to the *Confirmed Baselining Methodology* (*CBM*) is shown below:

The *CBM* shall be used for all verification and settlement calculations.



By the implementation deadline of this *Flexibility* Marker Rule, *DNOs* will begin publishing the key deadlines for:

1) confirming the allocated *DBM*

2) the latest point at which an *FSP* can raise an *ABM* request

3) when the *CBM* will be confirmed by the *DNO*.

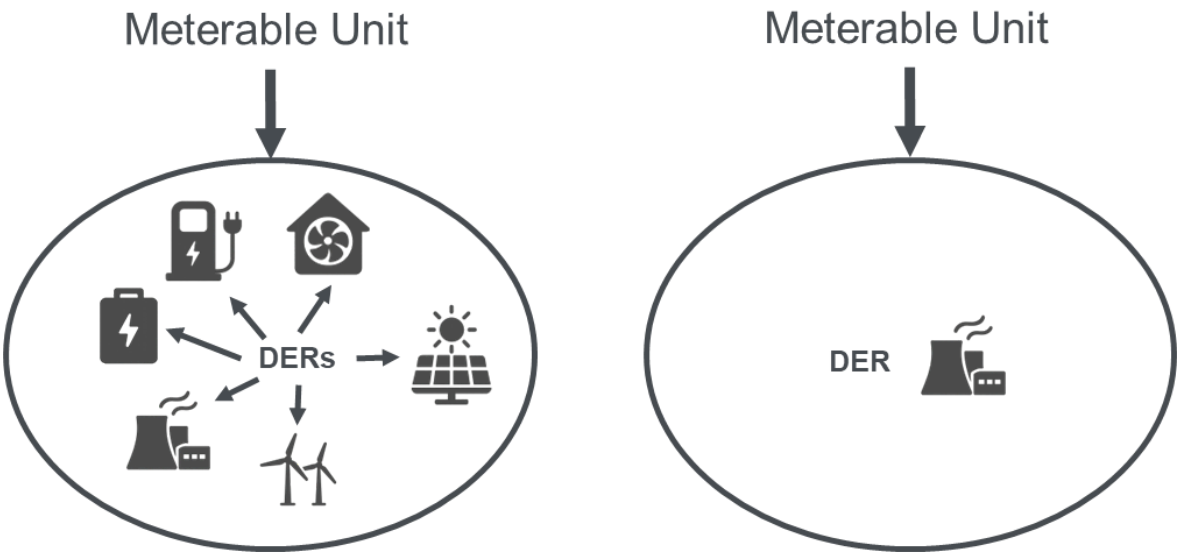
NOTE: While it is anticipated that in the majority of cases that once the *CBM* notification deadline passes, there should be no further changes to the applicable baselining methodology for a *Meterable Unit*, there may be certain cases where

this is an appropriate action. In such cases, either the *DNO* or the *FSP* may propose a change to the *CBM* after the standard deadline, which will be implemented if agreed by both parties.

NOTE: Following notification from a *DNO* of *ABM* approval, the platform provider will override the *DBM* allocated to the specific *DER* based on an approved use of the *ABM* for a specific group of *DER*(s) within a *Meterable Unit*. This *ABM* allocation should be the enduring position rather than time limited.

2.4 Aggregation of DERs into Meterable Units

Baselining will be completed at a *Meterable Unit* level rather than individual *DER* level. A *Meterable Unit* is the aggregated level used for settlement and may consist of either multiple *DERs* or a single *DER*, as shown in the examples below:



The following controls will be implemented:

- Non-*Nomination* baselined *DERs* (using the baselines of *Asset Capacity*, *Zero* or *Fixed Reference*) can be grouped into a single *Meterable Unit*, as all methodologies make use of static values, which are known in advance and are set by *DNOs*.
- Non-*Nomination* baselined *DERs* cannot be grouped into a *Meterable Unit* containing *Nomination* baselined *DERs*, as *Nomination* baselines use values which are submitted by the *FSP* and therefore, a *Meterable Unit* containing *Nomination* baselined *DERs* are subject to accuracy standards.
- If an *FSP* wishes to combine Non-*Nomination* baselined *DERs* with *Nomination* baselined *DERs* into a *Meterable Unit*, the *FSP* would be required to submit an *ABM* request (see next section) to the *DNO* for all Non-*Nomination* baselined *DERs* to become *Nomination* baselined.

NOTE: Where a *DER* has an option for the *DBM* used dependent on the direction of the service (i.e. DTD/GTU or DTU/GTD), care must be taken in grouping applicable *DERs* into a *Meterable Unit*. For example, I&C *DBMs* metered at Asset Level for Schedulable Generation or Intermittent Generation have a DTD/GTU methodology of "*Zero*" but a DTU/GTD methodology of "*Nomination*". This means that this particular variant of *DER* could be grouped into different *Meterable Units* (i.e. *Nomination* or Non-*Nomination*) depending on which direction the service is for.

Guidance

Explainer: What does aggregation into a Meterable Unit look like in practice?

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

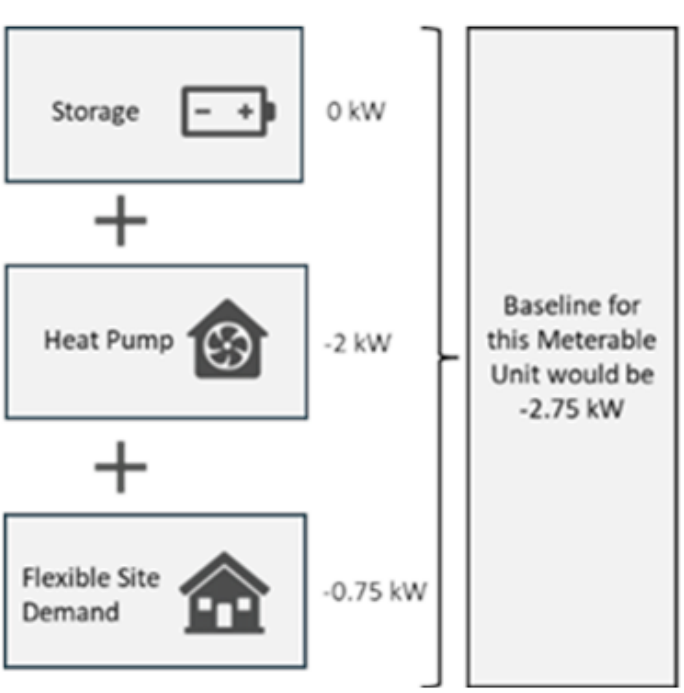
A simplified example for two scenarios is provided in this section. These examples are non-exhaustive and do not cover all circumstances where they would be used (e.g. combining other types of asset or multiples of the same asset type).

Example - For the grouping of Non-*Nomination* Baselined *DERs* into a *Meterable Unit*. It requires the aggregation of the static baseline values.

In the example, the *technology types* involved are a Heat Pump and Storage. In both cases, they are installed at a domestic site, the metering arrangement used is Point of Connection, and the service direction is DTD/GTU. From the table for the overview of *DBMs* for domestic sites (Table 2) the relevant baseline methodology in this case is the *Zero* plus *Fixed Reference* baseline for Flexible Site Demand to be used for the Point of Connection metered Storage *DER*, while the Point of Connection metered Heat Pump *DER* calls for the Heat Pump *Fixed Reference* and Flexible Site Demand to be used.

In this example, the Heat Pump and Storage *DERs* are located in the same domestic property. Therefore, the *Fixed Reference* value for the Flexible Site Demand is only used once in the baseline values. If these *DERs* were located at separate domestic properties, the Flexible Site Demand would be included twice to reflect this.

The diagram below illustrates how this would work in practice and, using the indicative figures, would result in a baseline value of -2.75 kW for the property and *Meterable Unit*.



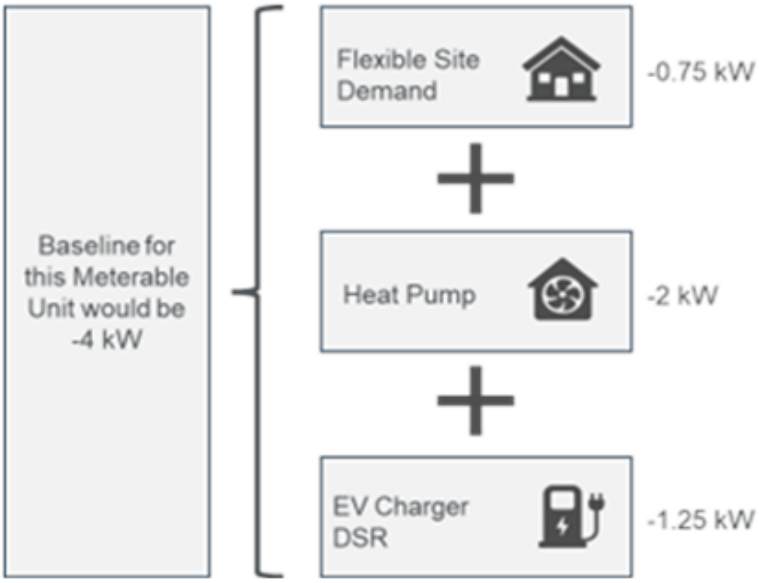
NOTE: Note kW values shown are for illustration purposes only

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Taking a second example: the *technology types* involved are a Heat Pump and an EV Charger DSR. In both cases, they are installed at a domestic site, the metering arrangement used is Point of Connection, and the service direction is DTD/GTU. From the table for the overview of *DBMs* (Table 2) for domestic sites the relevant baseline methodology in this case is the EV Charger *Fixed Reference* baseline and Flexible Site Demand to be used for the Point of Connection metered EV Charger DSR *DER* while the Point of Connection metered Heat Pump *DER* calls for the Heat Pump *Fixed Reference* and Flexible Site Demand to be used.

Again, in this example, the Heat Pump and EV Charger DSR *DERs* are located in the same domestic property. Therefore, the *Fixed Reference* value for the Flexible Site Demand is only used once in the baseline values. If these *DERs* were located at separate domestic properties, the Flexible Site Demand would be included twice to reflect this.

The diagram below illustrates how this would work in practice and, using the indicative figures, would result in a baseline value of -4 kW for the property and *Meterable Unit*.



NOTE: Note kW values shown are for illustration purposes only

2.5 Alternative and Confirmed Baselining Methodologies

DNOs shall independently calculate and set their *Fixed Reference* Baselines.

To provide better visibility of these calculations, *DNOs* shall submit Reference Data, containing their *Fixed Reference* Baselines for each distinct categorisation to the *Market Facilitator*.

2.6 Nomination Baselining Requirements

2.6.1 *Nomination* Baselining Methodology Submission Deadline

For any *Meterable Unit* where a *Nomination* baseline is the *CBM*, the *FSP* must submit a *Nomination* to the *DNO* no later than the bid submission deadline during the *flexibility services* tender process. This ensures that, should the *FSP* be issued a *contract award* notice, the *DNO* will already hold a valid *nomination* value that can be used as a fallback for settlement purposes if no updated *Nomination* is received before the first *flexibility service* period.

NOTE: Where there may be a significant gap between *contract award* notice and service delivery (e.g. in the case of long-term tenders), the expected behaviour of a *Meterable Unit* may change over time (e.g. changes may arise due to portfolio churn within the *Meterable Unit* or improvements in forecast accuracy closer to delivery). To mitigate this, *FSPs* will have the ability to resubmit updated *Nominations* beyond the original bid submission deadline, where appropriate.

NOTE: For any *flexibility* products where the Utilisation Instruction Timing is set at the point of trade, meaning that upon receiving a *contract award* notice, the *FSP* has certainty that *flexibility* delivery will be required in the awarded service period (e.g. *Peak Reduction* and *Scheduled Utilisation* products). Allowing unrestricted *Nomination* resubmissions after *contract award* introduces a material risk of gaming, as there is no opportunity to verify the *FSP*'s *nomination* against typical operating behaviour. As such, for these products, the Standard Resubmission Deadline is also the bid submission deadline. Nonetheless, provisions have been established to enable post-deadline *nomination* resubmissions in exceptional circumstances, subject to *DNO* approval.

Details of the deadlines for *nomination* submissions are shown in Table 4 below.

Table 4: Deadlines for Nomination baseline methodology submissions

<table>
<tr><th rowspan="2">Product Type</th><th rowspan="2">Utilisation Instruction Timings</th><th colspan="3">Nomination Type</th></tr>
<tr><th>1st Submission</th><th>Standard Resubmission Deadline</th><th>Extended Resubmission Deadline</th></tr>
<tr><td>Peak Reduction</td><td rowspan="2">At trade</td><td rowspan="4">Bid Submission Deadline</td><td rowspan="2">Bid Submission Deadline</td><td rowspan="3">Day-1, 12:00</td></tr>
<tr><td>Scheduled Utilisation</td></tr>
<tr><td rowspan="3">Operational Utilisation (including Scheduled Availability & Variable Availability where applicable)</td><td>Week Ahead</td><td>Week-1, Thursday 12:00</td></tr>
<tr><td>Day Ahead</td><td>Day-1, 12:00</td><td>Day, Hour-1</td></tr>
<tr><td>15 Minutes</td><td rowspan="2">Day, Hour-1</td><td rowspan="2">N/A</td></tr>
<tr><td>2 Minutes</td></tr>
</table>

An *FSP* may make a request to a *DNO* for approval to apply the Extended Resubmission Deadline for a *Meterable Unit* in situations where the Standard Resubmission Deadline has passed, but extenuating circumstances have materially affected the expected behaviour of that *Meterable Unit*.

Extenuating circumstances may include, but are not limited to:

- Outages affecting the *Meterable Unit*'s normal operation

- Communication system failures that prevented the timely submission of a *Nomination*
- Demand Control Events
- The impact of *Event Days* from other contracted services
- Significant portfolio churn or fundamental changes in the *Meterable Unit*'s expected behaviour

Upon receiving such a request, the *DNO* will assess whether the circumstances constitute a valid extenuating event with a material impact and is satisfied that sufficient evidence (where requested) has been provided to determine whether to grant the use of the Extended Resubmission Deadline for the affected *Meterable Unit*.

2.6.2 Guidance for *Nomination* Baselining

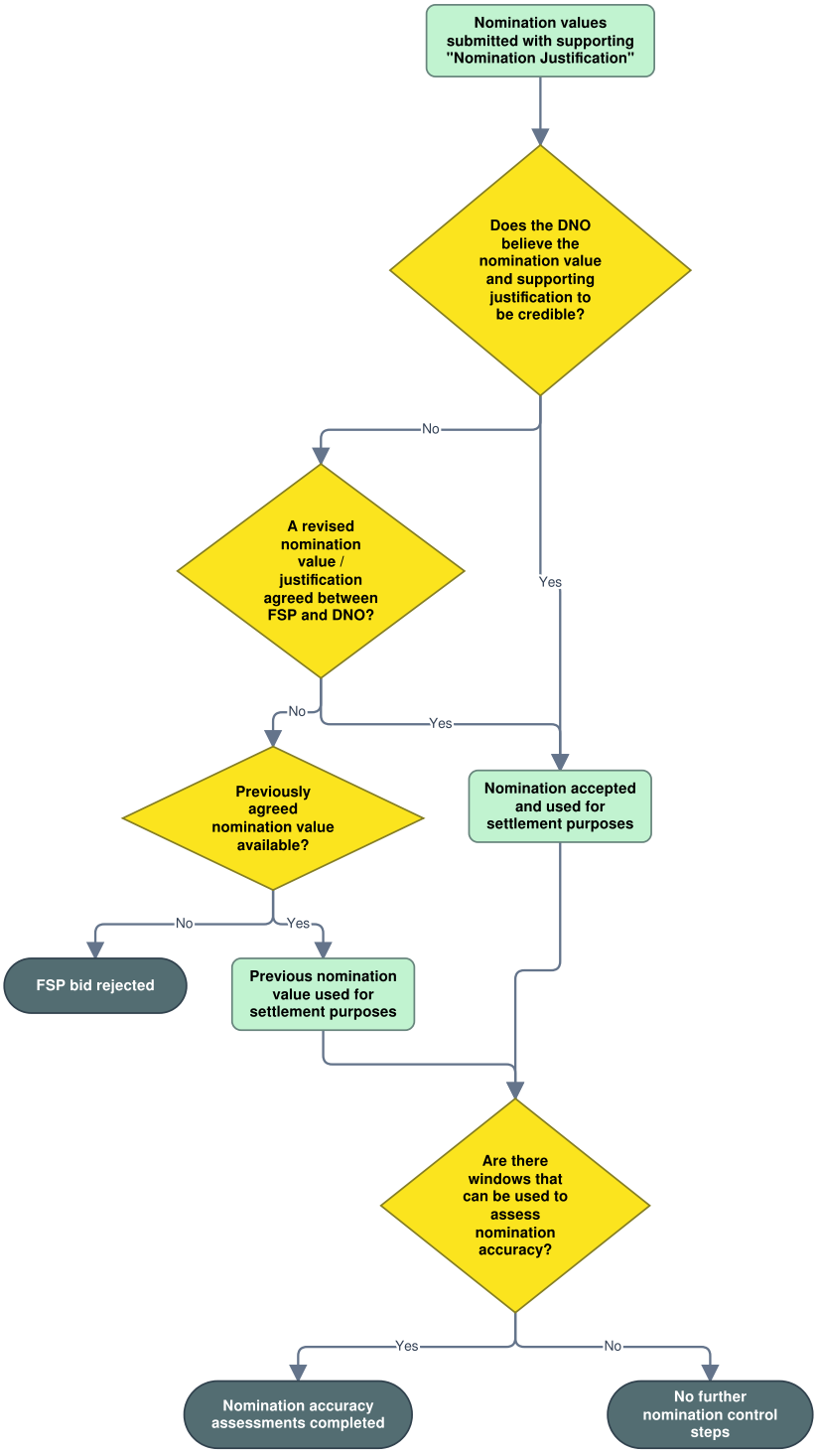
FSPs shall adhere to the principles outlined below when developing a *Nomination* baseline. These principles are recognised as good industry practice.

- Consistency: *Nominations* should be based on a stable and repeatable methodology that does not change arbitrarily between events or periods.
- Data-driven approach: Where possible, *Nominations* should be informed by recent historical meter data or justified forecasts aligned to known operational characteristics, including the impacts of factors such as stacking.
- Transparency and traceability: The rationale and assumptions behind *Nomination* values must be clearly documented and made available to the *DNO* if requested as part of a *Nomination* Performance Review.
- Forward-looking basis: *Nominations* should reflect expected behaviour in the nominated period, not be retroactively adjusted based on past performance.
- Auditability: The methodology used to generate *nominations* must be capable of independent verification by the *DNO* as part of a *Nomination* Performance Review.

2.6.3 *Nomination* Baselining Justification

Justification of the *Nomination* baseline should be submitted by *FSPs* to *DNOs* in a concise manner.

The process map below provides a high-level overview of how the *Nomination* justification and accuracy process should operate.



In most cases, where a consistent methodology is used, *FSPs* should be able to reuse their justifications across events with no or minimal change. Only in situations where unique or time-sensitive conditions have affected the *Nomination*, such as operational constraints or the influence of revenue stacking, would a more specific explanation be required.

In accordance with principles outlined above (i.e. good industry practice), the justification for a *Nomination* baseline developed by an *FSP* should address the following questions:

Consistency

- What methodology have you used to calculate the *Nomination*?
- Has this methodology been applied consistently across other events or periods? If not, why not?

Data-Driven Approach

- What data sources (e.g. historical meter data, forecasts, control system outputs) informed your *Nomination*?
- How have you accounted for known operational factors, including the impact of revenue stacking?

Transparency and Traceability

- What are the key assumptions behind your nominated value?
- Where are these assumptions and data sources documented for reference?

Forward-Looking Basis

- How does the *Nomination* reflect expected behaviour during the nominated period?
- If it differs from recent historic usage, what justifies the change?

Auditability

- Can you provide supporting evidence (e.g. data files, forecast models, internal approval records) if requested?
- Is the *nomination* process traceable and verifiable by an independent reviewer?

NOTE: *FSPs* can submit a standardised justification statement, rather than a submission for each *nomination*, for scenarios where the asset and site operating conditions allow the principle of consistency to be met. This approach shall be agreed with the relevant DSO.

2.6.4 *Nomination* Baselining Methodology Accuracy

Accuracy assessments will be completed on a quarterly basis for each calendar month by the *DNO*, and the results will be reported to the *Market Facilitator* as per section 3.

The accuracy calculation assessment has been designed to account for the maximum usable swing in either direction (import to export and vice versa), constrained by any declared operational limitations (the Available Capacity), and assesses error levels in proportion to the *Meterable Unit*'s capacity, to ensure the measure reflects the relative scale of the *Meterable Unit*.

These will be assessed against the *Net % Error* and the *Absolute % Error*.

- *Net % Error* – Identify, over an assessment period, the average net error of a *Meterable Unit* to highlight whether on average, a *Meterable Unit*'s behaviour is consistently over or under an *FSP*'s *Nomination* values

$$\text{Net \% Error}_{u,m} = \frac{\sum_{s \in S(m)} (\text{Nomination}_{u,s} - \text{Metered Output}_{u,s})}{\sum_{s \in S(m)} \text{Effective Capacity}_{u,s}}$$

- *Absolute % Error* – Identify performance of a *Meterable Unit* over an assessment period in absolute terms to mitigate the risk of positive and negative *Net % Errors* netting to give a false indication of accurate *Nominations*. The absolute error assessment provides a clear indication of accuracy over an assessment period.

$$\text{Absolute \% Error}_{u,m} = \frac{\sum_{s \in S(m)} \left|\text{Nomination}_{u,s} - \text{Metered Output}_{u,s}\right|}{\sum_{s \in S(m)} \text{Effective Capacity}_{u,s}}$$

Where Effective Capacity is:

$$\text{Effective Capacity}_{u,s} = \min(\max(\left|\text{Import Capacity}_{u,s}\right|, \left|\text{Export Capacity}_{u,s}\right|), \left|\text{Available Capacity}_{u,s}\right|)$$

The terms used in the formulae are defined in Table 5.

Table 5: Variable terms definitions

Variable	**Description**
u	The *Meterable Unit* being assessed.
m	The month being analysed.
$s \in S(m)$	Each settlement period “s” within the month “m”
$\text{Nomination}_{u,s}$	The *Nomination* submitted by the *FSP* for the *Meterable Unit* in MW at time “s”
$\text{Metered Output}_{u,s}$	The metered value in MW at time “s”
$\text{Import Capacity}_{u,s}$	The fully rated import capacity of the *Meterable Unit* in MW at time “s”
$\text{Export Capacity}_{u,s}$	The fully rated export capacity of the *Meterable Unit* in MW at time “s”
$\text{Available Capacity}_{u,s}$	The declared available capacity for the *Meterable Unit* at time “s”

Thresholds, for the measures will be set by the *DNOs*, in alignment with the standard values set out in Section 3. Upon failure to meet these thresholds, the *DNO* will have the right to initiate a *Nomination* Performance Review. These thresholds may be updated in a future revision of this *Flexibility Market Rule* following data analysis on actual performance data.

Guidance

Explainer: What data is used in the Net % Error and Absolute % Error calculation?

The calculation is based on using data where the contracted asset has not been dispatched for a period within a contracted service window. Taking an example to illustrate this, where the contracted service window is between 16:00 and 18:00 for two days and the service is being delivered by an asset that has a *Nomination* Baseline.

- Day #1 – service is dispatched – meter reads for the full 2-hour service window are provided by the *FSP* to the *DNO* - These are used for settlement against the nominated baseline value.
- Day #2 – service is not dispatched – meter reads for the full 2-hour service window are provided by the *FSP* to the *DNO* – The *DNO* can then use these meter reads to directly compare to the nominated baseline values, enabling a full analysis of the accuracy of the *nomination*, without a dispatch event skewing the behaviour.

The Day #2 data is what would be used in the calculation of *Net % Error* and *Absolute % Error* for that month. Day #1 data, where the service is dispatched, is only used for settlement purposes.

Event Days should be excluded from the calculation, as this skews the accuracy. In the example, if on Day #2 the service isn't dispatched by the *DNO* and the *FSP* knows it isn't going to be utilised and can use the asset for a *NESO* service this would qualify as an Event Day, one option is to allow the use of the Extended Resubmission Deadline (allows for an *FSP* to extend the time period that they can re-submit *nominations* with one of those listed in section 2.6 Table 4, valid reason being the impact from *Event Days* from other contracted services).

The other option is to account for it under the *Nomination* Performance Review, where Stage 1 allows that 'the *FSP* may submit additional information to the *DNO* to provide any mitigation that explains the cause for the accuracy standards not being adhered to'. This could also cover the scenario where the *FSP* did breach the thresholds for responding to a dispatch that had been received after the Extended Resubmission Deadline.

Where there are no days that are not *Event Days* there would be no data available for the *Net % Error* or *Absolute % Error* calculations, so the *DNO* wouldn't be expected to run the calculations. In this scenario where all service windows have been dispatched, this is where the *nomination* justification would be used. As there isn't a period that allows a direct observation of normal behaviour, the *DNO* instead would use the *nomination* justification as the basis for an assurance technique for the assessment.

Guidance

Example: Nomination Baseline Accuracy

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

The following example for a Battery Energy Storage System (BESS) operating bi-directionally over the assessment period illustrates how the assessment of accuracy would work in practice.

In the example, there are five periods under consideration (Table 6 s1 to s5) and the standard sign convention of export being a positive value and import being a negative value has been used.

Table 6: Example data

Interval	***Nomination* (MW)**	**Metered Output (MW)**	**Import Capacity (MW)**	**Export Capacity (MW)**	**Available Capacity (MW)**
s1	-3	-5	-5	5	-4
s2	2.5	1	-5	5	-6
s3	-1	1	-5	5	-3
s4	3	2.5	-5	5	-5
s5	-2	-1.5	-5	5	-2.5

NOTE: The Available Capacity covers any swing from import to export, or vice versa, where the *technology type* has that capability. For example, in the table above, the Available Capacity for period s2 is -6MW and this could be a GTD of 2.5MW and a DTU of 3.5MW.

The *Nomination* (MW) less Metered Output (MW) for each period is aggregated to give a total of 1.5MW of the net error calculation. The absolute value of *Nomination* (MW) less Metered Output (MW) for each period is aggregated to give a total of 6.5MW of the absolute error calculation.

Table 7: Aggregated net and absolute value of Nomination (MW) less Metered Output (MW) for s1 to s5

Interval	***Nomination*** **(MW) – [A]**	**Metered Output (MW) – [B]**	**Aggregate net value** **[A] – [B] (MW)**	**Aggregate Absolute value** **ABS([A] – [B] (MW)**
s1	-3	-5	2	2
s2	2.5	1	1.5	1.5
s3	-1	1	-2	2
s4	3	2.5	0.5	0.5
s5	-2	-1.5	-0.5	0.5
TOTAL			1.5	6.5

The aggregated Effective Capacity is -19.5MW (Table 8).

Table 8: Aggregated Effective Capacity for s1 to s5

Interval	Import Capacity (MW) – [A]	Export Capacity (MW) – [B]	Available Capacity (MW) – [C]	Min (Max(|A|, |B|), |C|) (MW)
s1	**-5**	**5**	**-4**	**4**
s2	**-5**	**5**	**-6**	**5**
s3	**-5**	**5**	**-3**	**3**
s4	**-5**	**5**	**-5**	**5**
s5	**-5**	**5**	**-2.5**	**2.5**
TOTAL				**19.5**

This gives a *Net % Error* of 7.69% (i.e. 1.5MW / 19.5MW) and an *Absolute % Error* of 33.3% (i.e. 6.5MW / 19.5MW).

2.6.5 ***Nomination*** **Performance Reviews**

Where an *FSP* is not meeting the accuracy performance requirements (i.e. *Net % Error* and/or *Absolute % Error*) for a *Nomination* baseline, a *DNO* has the right to initiate a *Nomination* Performance Review. There are three possible stages to the process:

Stage 1: *Nomination* Performance Review

- The *DNO* will notify the *FSP* where accuracy standards have not been met. The notification will include the identifier for the *Meterable Unit*(s), the assessment period and, as applicable, the calculated *Net % Error* and/or *Absolute % Error* figures.
- The *FSP* may submit additional information to the *DNO* to provide any mitigation that explains the cause for the accuracy standards not being

adhered to. The information shall demonstrate that the *FSP* was acting in accordance with the principles of good industry practice as defined in this *Flexibility Market Rule* and, if applicable, details of a reasonably unforeseeable circumstance which caused the accuracy standards to be exceeded.

- If the *DNO* is satisfied that the principles of good industry practice have been followed, then no further action will be taken, and the *FSP* may continue participating as normal.

Stage 2: Advanced Monitoring Stage

- If the *DNO* is not satisfied that the *FSP* demonstrated adherence to the principles of good industry practice during the initial stage of the performance review or that there was a reasonably unforeseeable circumstance which caused the accuracy standards to be exceeded, the *DNO* will place the *Meterable Unit* under Advanced Monitoring.
- During this period, the *FSP* will be expected to improve both accuracy performance and compliance with the principles of good industry practice, with more frequent reviews (i.e. more frequently than quarterly).

Stage 3: Removal from *Flexibility Services*

- If, during the Advanced Monitoring stage, the *FSP* continues to fail to meet the required accuracy thresholds and fails to demonstrate any improvement in either performance or alignment with the principles of good industry practice, the *DNO* may, at their sole discretion, terminate the contract for *flexibility services* relating to the affected *Meterable Unit*(s).

3 Market Information

3.1 Implementation tracking

The *DNOs* must provide the *Market Facilitator* with the data set out in Table 9. The data provided should accurately reflect their implementation of the rule.

The expected values required for compliance are also set out in Table 9.

Initial data shall be sent no later than 20 *working days* after the Published Date of this *Flexibility Market Rule*.

Updates shall be sent as soon as reasonably practical, and no later than 10 *working days* after any changes to the values.

Elexon reserves the right to publish this data within its *Implementation Tracker*.

Table 9: Implementation tracking requirements

	Parameter	**Required value (per *Sub-Market*)**
FMR-SBM	Implementation Status	Dependent on date: • Before *Implementation Date*: Not yet started, Implementing, Paused, Implemented • Between *Implementation Date* and End Date: Implemented • After End Date: Superseded
	Target *Implementation Date*	No later than *Implementation Date*

3.2 Flexibility Market Catalogue data

The *DNOs* must update the *Market Facilitator* with the data set out in Table 10 below for each *Sub-Market* in scope of this *Flexibility Market Rule*. This should accurately reflect their implementation of each *Sub-Market*.

The expected values required for compliance are also set out in Table 10.

Initial data shall be sent no later than the *Implementation Date* of this *Flexibility Market Rule*.

Updates shall be sent as soon as reasonably practical, and no later than 10 *working days* after any changes to the values.

DNOs shall also publish this information themselves.

Elexon reserves the right to publish this data within its *Flexibility Market Catalogue*.

Table 10: Flexibility Market Catalogue data

Parameter	Description	Required Value
Baselining	Summary of the baselining approach used	As per Standard Baselining Methodology
Maximum allowable *Net % error* for *nomination* baselines	Maximum error allowed in the Accuracy methodology before performance reviews are kicked off	10%
Maximum allowable *Absolute % error* for *nomination* baselines	Maximum error allowed in the Accuracy methodology before performance reviews are kicked off	20%

Guidance

Comment

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

We acknowledge there is overlap between the first parameter and that set out in "*Sub-Market* Definition" *Flexibility Market Rule* (FMR-SMD) We will look to review this and remove duplication in due course. In the meantime, *DNOs* are expected to copy the definition data between both rules.

3.3 Effectiveness monitoring

The following metrics shall be used to assess the effectiveness of the rule.

The *DNOs* must provide the *Market Facilitator* with any Additional Input Data as set out in Table 11 below for element in scope of this rule. The data provided should accurately reflect their implementation of the rule.

The expected values and the minimum required values for compliance, if any, are also set out in Table 11.

Initial Additional Input Data shall be sent as reasonably practical following the first quarter of implementation of this *Flexibility Market Rule*.

Additional Input Data shall be sent in accordance with the Cadence set out in Table 11.

Updates to Additional Input Data shall be sent as soon as reasonably practical, and no later than 10 *working days* after any changes to the values.

Elexon reserves the right to publish this data within its *Implementation Tracker*.

Table 11: Effectiveness monitoring metrics

Metric 1	**Description**	**Number of *ABM* requests approved**
	Why are we tracking this?	To validate the effectiveness of the *DBM*. A high volume of *ABM* requests could highlight an issue with a particular *DBM*(s) that would require further analysis and potential amendment in a subsequent version of this rule.
	Cadence	Quarterly
	Data Source	Existing Data - Additional Input Data – Number of *ABM* requests approved in the last quarter
	What does good look like?	Low volumes
	Minimum Requirement	
Metric 2	Description	Average *Nomination* Baselining *Net % Error* for a *Meterable Unit*
	Why are we tracking this?	To validate the effectiveness of the *Nomination* Baseline calculation by an *FSP* for a *Meterable Unit*. A high *Net % Error* figure could

		highlight an issue with a particular *FSP* or *Meterable Unit* in their procedures for determining a *Nomination* Baseline. It will also be used to determine if the limits, as specified in Table 12 are at the correct level. This would inform further analysis and potential amendment in a subsequent version of this rule.
	Cadence	Quarterly
	Data Source	Existing Data - Additional Input Data – Average (monthly) *Net % Error* figures per *Meterable Unit* over the last quarter
	What does good look like?	Low percentage
	Minimum Requirement	
Metric 3	Description	Average *Nomination* Baselining *Absolute % Error* for a *Meterable Unit*
	Why are we tracking this?	To validate the effectiveness of the *Nomination* Baseline calculation by an *FSP* for

		a *Meterable Unit*. A high *Absolute % Error* figure could highlight an issue with a particular *FSP* or *Meterable Unit* in their procedures for determining a *Nomination* Baseline. It will also be used to determine if the limits, as specified in Table 12 are at the correct level. This would inform further analysis and potential amendment in a subsequent version of this rule.
	Cadence	Quarterly
	Data Source	Existing Data - Additional Input Data – Average (monthly) *Absolute % Error* figures per *Meterable Unit* over the last quarter
	What does good look like?	Low percentage
	Minimum Requirement	
Metric 4	Description	Number of *Nomination* Performance Reviews
	Why are we tracking this?	To validate the effectiveness of the *Nomination* Baseline

		procedures of an *FSP*. A high number of reviews could highlight an issue with a particular *FSP* or *Meterable Unit* in their procedures for determining a *Nomination* Baseline.
	Cadence	Quarterly
	Data Source	Existing Data - Additional Input Data – Number of *Nomination* Performance Reviews in the last quarter
	What does good look like?	Low volumes
	Minimum Requirement	

4 Glossary

4.0 The following definitions are specific to this *Flexibility Market Rule*. These are supplemented by the definitions in the *Market Facilitator Glossary*. If there is an inconsistency between definitions, the definition in this document shall prevail.

Glossary

Term	Aliases	Definition
Absolute % Error	–	Means, over an assessment period, the calculated average absolute error of a Meterable Unit.
Alternative Baselining Methodology	ABM	a non-DBM baselining approach where the applicable DBM is not suitable due to the DER having atypical characteristics or operational behaviours.
Asset Capacity	–	a baselining technique which assumes the participating DER operates at its full rated capacity during the flexibility event, irrespective of actual operational conditions.
Confirmed Baselining Methodology	CBM	the baselining methodology that will be utilised in the assessment of the performance of the DER. This will either be the relevant DBM, or, where approved by the DNO, the ABM.
Distributed Energy Resource	DER	energy resources comprised of generation and/or storage and/or controllable load, which is connected at the low or medium voltage distribution level.
Default Baselining Methodology	DBM	the baselining methodology that should be applied based on the Location Type, Metering Location, Technology Type and direction of the service (i.e. DTD/GTU or DTU/GTD).
Event Days	–	a day that can be excluded from a Recent History baseline methodology for activities such as delivery of Balancing Services, Virtual Trading, Site

Term	Aliases	Definition
		Outage, Equipment and/or Site Disconnection occurring on that day.
Fixed Reference	–	a baselining technique which uses a fixed daily profile derived from the observed energy behaviour of a representative group of DERs that represents normal operating behaviour or a DNO's planning scenarios.
Location Type	–	either a domestic premise or an Industrial & Commercial (I&C) premise.
Meterable Unit	–	an aggregated collection of DERs, or a single DER, that are either all a non-Nomination DBM or all a Nomination DBM.
Metering Location	–	a location for the metering either at the Point of Connection to the Distribution System (i.e. the Boundary Point Metering System) or a behind the Boundary Point Metering System located at the asset providing the flexibility service.
Net % Error	–	Means, over an assessment period, the calculated average net error of a Meterable Unit. A negative net error indicates Nominations are higher than the Meterable Unit's normal behaviour, while a positive error indicates the Nominations are under the Meterable Unit's normal behaviour.
Nomination	–	a baselining technique which uses an estimated/expected set of meter values, provided

Term	Aliases	Definition
		by the Flexibility Services Provider (FSP), based on the expected or normal operation of the site / DER without any flexibility event, for a future availability window that then becomes a utilisation event.
Recent History	–	a baselining technique which uses a set of recent, eligible days (i.e. excluding Event Days such as a day providing a flexibility service) preceding a utilisation event. This may also include correction factors such as within-day adjustments for weather variables or removal of outlier values.
Technology Type	–	the type of Distributed Energy Resource (DER) which is the asset providing the flexibility service. For example, an EV Charger.
Zero	–	a baselining technique where the baseline energy consumption or generation is set to zero, meaning no energy usage or production is assumed in the absence of the utilisation event.

FMR: Standard Baselining Methodologies - Amendment record

Guidance

This section is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Version	Last Updated Date:	Document Status	Description of Changes	Change Proposal Reference	*Market Facilitator* Decision Report Ref
1.0	12/12/2025	Final	Document Published		
2.0	04/02/2026	Final	Housekeeping changes	CP002	CP002
2.1	17/02/2026	Final	*Derogation* Rule added		
2.2	18/03/2026	Final	*Derogation* Rule added		

4.0.2 Annex 1: Associated meta-data

Guidance

This annex is provided as guidance to the Flexibility Market Rule. Therefore, it is not legally binding and falls outside of the formal change management process.

Identifier	FMR-SBM
Title	Standard Baselining Methodologies
Type	*Flexibility Market Rule*
Collection	*Sub-Market* Alignment
Audience	*DNOs*, *FSPs*, market platform providers
Expertise	Baselining, Performance Management
Owner	*Market Facilitator*
Expected benefit	Aligned baselining process, reduced variation across *DNOs*
Related end-to-end process reference	Q11. Register Baseline
References	FMR-SMD**,** FMR-PD
IsReferencedBy	FMR-SMD
Published version number	2.2
Applicability	All *DNO sub-markets*
Published Date	04/02/2026

Implementation Date	01/04/2026
End Date	-
Terms of variations	Approved *Derogation*
IsReplacedBy	N/A
Replaces	N/A
Status	Final
Change since last version	Housekeeping changes – Improvements to *Nomination* Baselining Methodology Accuracy (text changes and guidance). Update to sections 3.3, *Sub-market* and technology mapping guidance.
Description	**What?** This rule sets out the minimum expectation for the use of standardised baselining methodologies in *DNO* markets. **How?** The rule defines different types of baselining techniques that should be used in defined criteria/circumstances. It defines the minimum accuracy requirements for *Nomination* baselines, expectations on following the principles of good industry practice for developing *Nomination* baselines, escalation routes and enhanced monitoring. It also sets out the requirements for the use of any alternatives to the defined methodologies. It sets out requirements for stakeholders to share/submit information to meet this rule. **Who?** This rule impacts all *DNOs*, *FSPs* and market platform providers.

	When? This rule comes into force on 01/04/2026 **Why?** The rule aims to provide a standard approach to the use of baselining methodologies in *DNO* markets.