

Local Constraint Market (LCM)

Glossary of Terms and Rules of Interpretation

Author: Market Operation
National Energy System Operator Limited
Faraday House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

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Part 1 – Introduction

1. This **LCM Glossary of Terms and Rules of Interpretation** shall apply to the **LCM Service Terms**, the **LCM General Terms and Conditions**, and any other document published or to be published by **NESO** which states (howsoever expressed) that it is governed by or subject to this **LCM Glossary of Terms and Rules of Interpretation** (in this document, a “**Related Balancing Services Document**”).
2. Any capitalised term used in this **LCM Glossary of Terms and Rules of Interpretation** shall have the meaning given to it (if any) in Parts 3 or 4 below.
3. Subject always to paragraph 4 below, **NESO** may update this **LCM Glossary of Terms and Rules of Interpretation** from time to time by publication of an updated version on **NESO**’s website, and each such updated version shall be effective from the date shown on its front cover.

Part 2 – Rules of Interpretation

1. Unless the context otherwise requires or expressly provided otherwise, all references in a **Related Balancing Services Document** to a particular paragraph or Schedule shall be a reference to that paragraph or Schedule in or to that **Related Balancing Services Document**.
2. A table of contents and headings inserted in this **LCM Glossary of Terms and Rules of Interpretation** and any **Related Balancing Services Document** is there for convenience only and shall be ignored in construing their terms.
3. In this **LCM Glossary of Terms and Rules of Interpretation** and the **Related Balancing Services Documents** all and any references to the words “include” or “including” are to be construed without limitation to the generality of the preceding words.
4. Unless the context otherwise requires, any reference in this **LCM Glossary of Terms and Rules of Interpretation** or a **Related Balancing Services Document** to an Act of Parliament or any part or section or other provision of or section to an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, order or regulations then in force and made under or deriving validity from the relevant Act of Parliament.
5. All references in this **LCM Glossary of Terms and Rules of Interpretation** and the **Related Balancing Services Document** to the masculine shall include the feminine and references in the singular shall include the plural and vice versa and words denoting persons shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organisation or other entity, in each case whether or not having separate legal personality.
6. Save as may otherwise be expressly provided, in the event of a conflict or inconsistency between the provisions of any two or more **Related Balancing Services Documents**, the **Related Balancing Services Documents** shall take precedence in the order of priority (if any) shown in the applicable section of Part 4 below.
7. Unless expressly provided otherwise, all references in a **Related Balancing Services Document** to time will be to Coordinated Universal Time (UTC).

Part 3 - General Terms

In each **Related Balancing Services Document**, unless the context otherwise requires, any capitalised term used therein shall have the meaning given to it (if any) in this Part 3.

“the Act”	the Electricity Act 1989;
“ABSVD Methodology Statement”	the document entitled “Applicable Balancing Services Volume Data Methodology Statement” as published by NESO as the same may be amended from time to time;

“Active Power”	the product of voltage and the in-phase component of alternating current measured in units of Watts and standard multiples thereof i.e. 1000 Watts = 1kW 1000 kW = 1MW 1000 MW = 1GW 1000 GW = 1TW;
“Affiliate”	in relation to an entity, any person that it Controls , is Controlled by or under the Control of that entity, or with whom that entity is under common Control , and for these purposes " Control " means the right of one person or entity, or two or more persons and/or entities acting in concert, (the "first person") to procure that the affairs of another person are conducted in accordance with the wishes of the first person, whether by virtue of holding equities, a partnership interest, membership of an unincorporated association, under contract or otherwise;
“Agency”	The Agency for the Cooperation of Energy Regulators established by Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009;
“Anti-Bribery Laws”	any and all statutes, statutory instruments, bye-laws, orders, directives, treaties, decrees and laws (including any common law, judgment, demand, order or decision of any court, regulator or tribunal) which relate to anti-bribery and/or anti-corruption, including the Bribery Act and the US Foreign Corrupt Practices Act 1977 (as amended from time to time);
“Anti-Slavery Laws”	any and all statutes, statutory instruments, bye-laws, orders, directives, treaties, decrees and laws (including any common law, judgment, demand, order or decision of any court, regulator or tribunal) anywhere in the world which relate to anti-slavery or servitude, anti-forced or compulsory labour and/or anti-human trafficking, including the Modern Slavery Act 2015;
“Anti-Tax Evasion Laws”	the Criminal Finances Act 2017;
“Apparatus”	all equipment in which electrical conductors are used, supported or of which they may form a part;
“Applicable Balancing Services Volume Data”	as defined in the BSC ;
“Authority”	The Gas and Electricity Markets Authority;
“Automatic Logging Device”	any electronic apparatus or other device capable of relaying instructions and confirmations between NESO and the Balancing Service Provider and/or memorising and storing any instructions and confirmations so given;
“Balancing and Settlement Code (BSC)”	has the meaning attributed to it in the Transmission Licence ;
“Balancing Mechanism”	has the meaning attributed to it in the Transmission Licence ;
“Balancing Services”	has the meaning attributed to it in the Transmission Licence ;
“Balancing Services Contract”	a legally binding contract entered into or otherwise formed between NESO and a

	Balancing Services Provider for the provision of and payment for a Balancing Service ;
“Balancing Service Provider”	NESO’s counterparty to a Balancing Services Contract ;
“Base Rate”	in respect of any Day , the rate per annum which is equal to the base lending rate from time to time of Barclays Bank plc as at the close of business on the immediately preceding Business Day ;
“Bilateral Embedded Licence exemptible Large power station Agreement”	as defined in the CUSC ;
“BM Participating”	in relation to any Plant and Apparatus , means either that it is registered as a BM Unit under and in accordance with the BSC or is otherwise able to participate in the Balancing Mechanism ;
“BM Unit”	as defined in the BSC ;
“Bribery Act”	the Bribery Act 2010;
“Business Day”	a weekday other than a Saturday or Sunday on which banks are open for domestic business in the City of London;
“Capacity Market Rules”	as defined in paragraph 18 (<i>EMR</i>) of the LCM General Terms and Conditions ;
“Competent Authority”	the Authority or any local, national or supra-national agency, authority, department, inspectorate, minister, official, court, tribunal or public or statutory person (whether autonomous or not) of the United Kingdom (or the government thereof) or the member states of the European Union (acting within its authority) which have jurisdiction over NESO or the subject matter of any Balancing Services Contract ;
“Confidential Information”	all confidential or proprietary information (however recorded or preserved) that is disclosed or made available (in any form or medium), directly or indirectly, by either NESO and/or the Balancing Service Provider to the other for the purpose of an actual or prospective Balancing Services Contract ;
“Connection Agreement”	any agreement in respect of the connection (including the maintenance and modification of that connection) of Plant and Apparatus to a System ;
“Connection and Use of System Code (CUSC)”	the Connection and Use of System Code designated by the Secretary of State as from time to time modified;
“Connection Site”	as defined in the CUSC ;
“Day”	a calendar day;
“Defaulting Party”	the party who has defaulted on one or more of its obligations under the terms of any Balancing Services Contract as more particularly described therein;
“Demand”	the demand of MW and Mvar of electricity (i.e. both Active Power and Reactive Power), unless otherwise stated;
“Demand Response Active Power Control”	as defined in the Grid Code ;
“Demand Response Provider”	as defined in the Grid Code ;
“Demand Response Services Code”	as defined in the Grid Code ;
“Directive”	any present or future directive, request, requirement, instruction, code of practice,

	direction or rule of any Competent Authority and any modification, extension or replacement thereof;
“Distribution Code”	the Distribution Code(s) drawn up by Public Distribution System Operators pursuant to the terms of their respective Distribution Licence(s) as from time to time revised in accordance with those Distribution Licences ;
“Distribution Licence”	a Licence issued under section 6(1)(c) of the Act;
“EFA Block”	a four-hourly electricity forward agreement period falling in an EFA Day , save that any such period spanning across the March or October clock-change days shall be one hour shorter (on the short-clock change day) or one hour longer (on the long-clock change day) than normal;
“EFA Day”	the period commencing 23.00 hours on any Day and ending 23.00 hours on the next following Day , so that the start of one EFA Day coincides with the end of the previous EFA Day (and a Day shall be deemed to precede an EFA Day when it is the Day on which the EFA Day starts, and shall be deemed to correspond to the EFA Day when it is the Day on which the EFA Day ends);
“Electricity Balancing Guidelines”	means European Commission Regulation 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as applicable (and as amended) in Great Britain;
“Electricity Supply Industry Arbitration Association”	the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules;
“Energy Imbalance Cashflow”	as defined in the BSC ;
“Equipment”	fixed and movable items used in the generation and/or supply and/or transmission and/or distribution of electricity other than Apparatus ;
“Events of Default”	one or more events of default described as such and set out in the terms of any Balancing Services Contract ;
“Expert”	an independent expert appointed for the purposes of Expert Determination ;
“Expert Determination”	the process specified in paragraph 11 (<i>Dispute Resolution</i>) of the LCM General Terms and Conditions ;
“Force Majeure”	in relation to either Party , any event or circumstance which is beyond the reasonable control of such Party (not being, without limitation an event or circumstance caused by the negligence or lack of care and attention of that Party or its officers or employees) but subject thereto including act of God, strike lockout or other industrial disturbance, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, accumulation of snow or ice, lack of water arising

	from weather or environmental problems, explosion, governmental restraint, Act of Parliament, other legislation, bye law and Directive (not being any order, regulation or direction under Section 32, 33, 34 and 35 of the Act);
"Frequency"	the number of alternating current cycles per second (expressed in Hertz) at which a System is running;
"Frequency Deviation"	as defined in the CUSC ;
"Generating Unit"	any Apparatus which produces electricity, including for the avoidance of doubt a CCGT Unit ;
"Generation"	the electrical output (in MW) of a Generating Unit ;
"Grid Code"	the Grid Code drawn up pursuant to the Transmission Licence as from time to time revised in accordance with the Transmission Licence (and references to any specific provision or part of the Grid Code shall be construed as references to such provision or part as from time to time amended);
"Insolvency Event"	<p>in respect of a Party, the following events:</p> <p>(a) an order of the High Court is made or an effective resolution passed for its insolvent winding-up or dissolution; or</p> <p>(b) a receiver (which expression shall include (where relevant) an administrative receiver within the meaning of Section 29 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking is appointed; or</p> <p>(c) an administration order under Section 8 of the Insolvency Act 1986 is made or any other steps are taken to appoint an administrator or a voluntary arrangement is proposed under Section 1 of that Act; or</p> <p>(d) it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Authority); or</p> <p>(e) it is unable to pay its debts within the meaning of Section 123 (1) or (2) of the Insolvency Act 1986 save that such section shall have effect as if for seven hundred and fifty pounds sterling (£750.00) there was inserted two hundred and fifty thousand pounds sterling (£250,000) (and such Party shall not be deemed to be unable to pay its debts if any demand for payment is being contested in good faith by it with recourse to all appropriate measures and procedures),</p> <p>and in any such case within twenty-eight (28) Days of appointment of the liquidator, receiver, administrative receiver, administrator, nominee or other similar officer, such person has not provided to the other Party a guarantee of future performance in such form and amount as may be reasonably required;</p>

“Law”	means any Act of Parliament, regulation, Licence or Directive of a Competent Authority ;
“Lead Party”	as defined in the BSC ;
“Licence”	any one or more as appropriate of the Licences granted pursuant to Section 6 of the Act ;
“Metering Equipment”	as defined in the BSC ;
“Metering Point”	as defined in the Retail Energy Code ;
“Modern Slavery Practice”	any practice that amounts to: (a) slavery or servitude (each as construed in accordance with Article 4 of the Convention for the Protection of Human Rights and Fundamental Freedoms of 4 November 1950, as amended); (b) forced or compulsory labour (as defined by the International Labour Organisation’s Forced Labour Convention 1930 (No. 29) and Protocol); and/or (c) human trafficking or (d) the arrangement or facilitation of the travel of another person with a view to that person being exploited;
“Monthly Statement”	as defined in paragraph 4 (<i>Payments</i>) of the LCM General Terms and Conditions ;
“National Electricity Transmission System”	as defined in the CUSC ;
“NESO”	National Grid Electricity System Operator Limited, a company registered in England with number 11014226 whose registered office is at 1-3 Strand, London WC2N 5EH (and shall include its successors and/or permitted assigns);
“Output”	Active Power output;
“Parties”	with respect to any Balancing Services Contract , NESO and a Balancing Services Provider , and “Party” shall be construed accordingly;
“Party Liabile”	as defined in paragraph 5 (<i>Limitations of Liability</i>) of the LCM General Terms and Conditions ;
“Plant”	fixed and movable items used in the generation and/or supply and/or transmission and/or distribution of electricity other than Apparatus ;
“Power Station”	as defined in the CUSC ;
“Proceedings”	as defined in paragraph 12 (<i>Governing law and jurisdiction</i>) of the LCM General Terms and Conditions ;
“Prohibited Act”	any one or more of the following acts:(a) a failure to comply with all applicable Anti-Bribery Laws and Anti-Slavery Laws ; (b) offering, promising, giving, requesting, agreeing to receive, receiving or accepting a bribe or financial or other advantage or committing any corrupt act or any offence involving bribery, corruption, fraud or dishonesty; (c) engaging in any Modern Slavery Practice ; (d) knowingly employ or engage in any practices that constitute or may constitute an offence under Anti-Slavery Laws ; (e) doing or omitting to do any act or thing which causes or may cause NESO to be in breach of and/or to commit an offence under any Anti-Bribery Laws or Anti-Slavery Laws ;

	(f) without prejudice to clause (e) above, doing or omitting to do any act or thing which causes or may NESO to be guilty of an offence under section 7 of the Bribery Act (or would or may do so if NESO was unable to prove that it had in place adequate procedures designed to prevent persons associated with it from undertaking such conduct); and (g) defrauding, attempting to defraud or conspiring to defraud NESO ;
"Public Distribution System Operator"	the legal holder of a Distribution Licence ;
"Reactive Power"	the product of voltage and current and the sine of the phase angle between them measured in units of voltamperes reactive and standard multiples thereof, ie: 1000 VAr = 1 kVAr 1000 kVAr = 1 Mvar;
"Reasonable and Prudent Operator"	a person seeking in good faith to perform its contractual obligations, and in so doing, and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions;
"Related Balancing Services Document"	when used in this Glossary of Terms and Rules of Interpretation or the LCM General Term and Conditions , the meaning attributed to it therein, as the context admits;
"Relay"	an electrical measuring relay intended to operate when its characteristic quantity (Frequency) reaches the relay setting by an increase or decrease (as the case may be) in Frequency together with the associated and supporting equipment thereto;
"Renewables Obligation Certificate"	a renewables obligation certificate issued by the Authority under section 32B of the Act and pursuant to the Renewables Obligation Order 2002 or the Renewables Obligation (Scotland) Order 2002;
"Response"	an automatic fluctuation in, or increase or reduction in, Generation or Demand , delivered by Plant and Apparatus in response to a change in System Frequency in a direction and within a timescale which assists NESO in management of System Frequency , typically delivered as either dynamic or static response;
"Retail Energy Code"	has the meaning given to the term "Retail Energy Code" in each licence for the supply of electricity granted under section 6 of the Act;
"Settlement Period"	a period of thirty (30) minutes ending on the hour or half hour in each hour during a Day ;
"Settlement Run"	as defined in the BSC ;
"STTEC"	as defined in the CUSC ;
"System"	as defined in the CUSC ;
"Transmission Entry Capacity"	as defined in the CUSC ;
"Transmission Licence"	the Licence granted to NESO under Section 6(1)(b) of the Act ;

“User System”	as defined in the Grid Code ;
“Value Added Tax” or “VAT”	Value Added Tax as defined by the Value Added Tax Act 1994 and any modification or re-enactment thereof and any new tax of a similar nature.

Part 4 – Service Specific Terms

In each **Related Balancing Services Document**, unless the context otherwise requires, any capitalised term used therein shall have the meaning given to it (if any) in the applicable section of this Part 4, and each section of this Part 4 may also set out the order of priority of **Related Balancing Services Documents**.

Order of priority of **Related Balancing Services Documents**

- (a) **LCM Service Terms**;
- (b) **LCM General Terms and Conditions**;
- (c) this **LCM Glossary of Terms and Rules of Interpretation**; and
- (d) **Local Constraint Market Guidance Document**.

“Actual Service Volume”	as defined in paragraph 7.1 of the LCM Service Terms ;
“Availability Withdrawal Declaration”	a notification by a Service Provider to NESO of unavailability of Local Constraint Service by reason of inability of any Eligible Asset to provide the Offered Service Volume (either all or part) as Generation Turn Down or Demand Turn-Up (as the case may be), made in accordance with paragraph 5.5 of the LCM Service Terms ;
“Baseline Demand”	in relation to an Instructed Service Period , the baseline demand profile of the relevant Eligible Assets calculated as the forecast Demand of those Eligible Assets (on an uninstructed or default basis) for the twenty-four (24) consecutive Settlement Periods falling immediately before and twenty-four (24) consecutive Settlement Periods immediately after that Instructed Service Period ;
“Baseline Output”	in relation to an Instructed Service Period , the baseline Output profile of the relevant Eligible Assets calculated as the forecast Output of those Eligible Assets (on an uninstructed or default basis) for the twenty-four (24) consecutive Settlement Periods falling immediately before and twenty-four (24) consecutive Settlement Periods immediately after that Instructed Service Period ;

“Cease Instruction”	as defined in paragraph 6.3v of the LCM Service Terms ;
“Day”	a calendar day;
“Demand Turn Up”	an increase in import of Active Power (expressed in MW) in response to a Service Instruction attributable to all relevant Eligible Assets ;
“DRSC Liable User”	any Service Provider whose provision of Local Constraint Service renders it a Demand Response Provider by virtue of the relevant Eligible Assets comprising a source of controllable Demand ;
“Effective Time”	as defined in paragraph 6.3v;
“Eligible Asset”	an item of Plant and Apparatus which has been validated by NESO as capable (either individually or in combination with one or more other Eligible Assets with the same Meter Point or with Meter Points associated with the same Grid Supply Point) of providing the Local Constraint Service and references to an “ Eligible Asset ” shall include such a group of Eligible Assets where the context so requires;
“Generation Turn Down”	a curtailment in exports of Active Power (expressed in MW) in response to a Service Instruction attributable to all relevant Eligible Assets ;
“Instructed Service Period”	the Settlement Periods in which the Service Provider is instructed to provide Generation Turn Down or Demand Turn Up under paragraph 6.2ii of the LCM Service Terms , as the same may be curtailed by a Cease Instruction ;
“Intermittent Renewable Power Station”	for the purposes of the LCM Service Terms means a Power Station which generates electricity by the use of either solar radiation when captured by a photovoltaic array, or wind;
“Local Constraint Market Service Documents”	the following documents: <ul style="list-style-type: none"> (a) LCM Service Terms; (b) LCM General Terms and Conditions; (c) this LCM Glossary of Terms and Rules of Interpretation; (d) Local Constraint Market Guidance Document;
“Local Constraint Market Guidance Document”	the prevailing document titled “Local Constraint Market Service Guidance Document” published by or on behalf of NESO from time to time setting out the rules for participation in NESO ’s procurement of Local Constraint Service ;
“LCM General Terms and Condition”	the prevailing document titled “LCM General Terms and Conditions” published by or on behalf of NESO from time to time;
“LCM Declaration”	as defined in paragraph 5.2 of the LCM Service Terms as the same may be revised in accordance with paragraph 5.4 of the LCM Service Terms ;

“ LCM Service Terms ”	the prevailing document titled “Local Constraint Market Service Terms” published by or on behalf of NESO from time to time containing the terms and conditions governing the Local Constraint Service ;
“ Local Constraint Market Guidance ”	the prevailing document titled “Local Constraint Market Service Guidance Document” published by or on behalf of NESO from time to time setting out the rules for participation in NESO ’s procurement of the Local Constraint Service ;
“ Local Constraint Service ”	the service described in the Local Constraint Market Guidance ;
“ Maximum Import Capability ”	the maximum continuous Active Power that an Eligible Asset can import from the National Electricity Transmission System , as specified in the applicable Connection Agreement ;
“ Metered Volume Reallocation Notification ”	as defined in the BSC Code ;
“ Offered Service Volume ”	the amount of Generation Turn Down or Demand Turn Up (expressed in MWh) specified by a Service Provider in a LCM Declaration for each Settlement Period of a Service Window in which the Service Provider will provide either Demand Turn-Up or Generation Turn Down ;
“ Platform ”	the independent online platform ‘Piclo Flex’ upon which Service Providers must be registered to provide the Local Constraint Service ;
“ Platform Provider ”	Open Utility Limited, a company registered in England and Wales with company number 08384033;
“ Platform Provider Conditions ”	the document titled ‘Flex Terms and Conditions’ set out by the Platform Provider to which Service Providers must adhere;
“ Qualification Area ”	as defined in the Platform Provider Conditions ;
“ Ramping Rates ”	the ramp up and ramp down rates (if any) as notified by the Service Provider to NESO for each relevant Eligible Asset in accordance with the Local Constraint Market Service Guidance Document (and where applicable in accordance with paragraph 6.5iii of the LCM Service Terms);
“ Registered Service Provider ”	an entity who has been registered on the Platform for the provision of the Local Constraint Service and to whom NESO has confirmed is subsequently registered as such;
“ Relevant Data ”	as defined in paragraph 15.1 of the LCM Service Terms ;
“ Relevant Metering ”	means, in relation to an Eligible Asset or group of Eligible Assets , either: <ul style="list-style-type: none"> (i) Metering Equipment registered in accordance with the BSC; or (ii) a Metering Point registered in accordance with the Retail Energy Code;
“ Service Utilisation Fee ”	the service fee with respect to any Offered Service Volume notified by the Service

	Provider pursuant to paragraph 5 of the LCM Service Terms ;
“Service Instruction”	as defined in paragraph 6.2 of the LCM Service Terms ;
“Service Payment”	with respect to a Service Instruction , an amount calculated in accordance with the formula in paragraph 7 of the LCM Service Terms and by reference to the Service Fee ;
“Service Provider”	as defined in paragraph 1.2 of the LCM Service Terms ;
“Service Window”	either Service Window 1 or Service Window 2 (as the context requires);
“Service Window 1”	the period of time from 07:00 to 06:59 on a Day ;
“Service Window 2”	the period of time from 19:00 to 06:59 on a Day ; and
“Weekly Availability Forecast”	as defined in paragraph 5.1 of the LCM Service Terms .