

11/02/2025

Joseph Cosier
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flexibility@ofgem.gov.uk

Non-confidential

Dear Joseph,

Drax Response: Market Facilitator policy framework consultation

Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. Drax also owns two retail businesses, Drax Energy Solutions and Opus Energy, which supply renewable electricity and energy services to business customers.

We welcome Ofgem's review of the policy framework to support the new Market Facilitator functions and believe that the proposed changes have the potential to significantly improve co-ordination and delivery of integrated flexibility markets.

Having participated in the Ofgem and Elexon led workshops we believe that Ofgem has set a clear, well-constructed and carefully thought through framework. In summary:

- We are supportive of the principles, scope and approach to developing the Market Facilitator's detailed plan.
- We welcome the inclusion of licence obligations on the NESO and DNOs, and would also include clauses compelling the sharing of data and information with the Market Facilitator.

The appendix to this letter provides our detailed responses to the questions in the consultation. We would be happy to discuss any aspect of our response with you further if it would be helpful.

Yours sincerely,

Paul Youngman

Regulation Manager – Industry governance
Drax Group Plc

Appendix – Drax response to questions in the consultation

Q1. Do you agree with the proposed forward workplan and roles and responsibilities for setting up the market facilitator?

Yes.

Q2. Do you agree with the proposed scope of the market facilitator, in particular in relation to the Balancing Mechanism? If not, what would you change and why?

Yes, we agree with the initial scope including capturing all the Commercial Ancillary Services. Ideally this should be expanded in the second delivery plan period (spanning 2028-29) or sooner, to include reactive power and stability services. We also agree with responsibility for registration processes coming under the role of the market facilitator. We hope this will enable better co-ordination and flexibility in the registration and participation of new sites in the balancing mechanism.

Q3. Do you agree with the proposed enduring roles and responsibilities for Elexon as market facilitator, in particular on working with NESO and inputting in NESO and DNO performance assessment? If not, what would you change and why?

Yes, we fully agree with this approach.

Q4. Do you agree with our proposed roles and responsibilities for key actors and on stakeholder and external scrutiny, in particular in relation to including a stakeholder survey, a stakeholder advisory board and an appeals process? If not, what would you change and why?

We are fully supportive of the approach to include licence obligations on the NESO and DNOs. There may need to be explicit information / data sharing obligations included in the licences to facilitate the market facilitator function.

We are broadly supportive of the proposed approach to stakeholder engagement. Our view is that the stakeholder advisory board is essential in providing expertise and support for future decisions. We believe the board should be industry led and provide a critical and reflective steer to the market facilitator as it implements its plans.

Q5. Do you agree with our proposals on the market facilitator delivery plan, in particular in relation to the two-year timeframe, adding an annual delivery schedule and Ofgem's role? If not, what would you change and why?

We agree with the proposal for the delivery plan and the need for a clear annual delivery schedule.

Q6. Do you agree with our proposals on the market facilitator budget, in particular in relation to Ofgem's role and the proposed requirements? If not, what would you change and why?

We agree with the proposals.

Q7. Do you agree with our proposals on the other key market facilitator deliverables? If not, what would you change and why?

We agree with all the proposals.

Q8. Do you agree with our proposal not to include financial incentives and instead require Elexon to link its senior management performance related remuneration policy with our performance assessment? If not, what would you change and why?

Yes, we agree.

Q9. Do you agree with our proposals on performance assessment, in particular do you have views on the quantitative metrics we should consider? If not, what would you change and why?

Yes, we agree with the approach as it appears proportionate. We feel there are sufficient opportunities for stakeholder input to ensure that target setting and delivery can be assessed.

Q10. Do you agree with our proposals on performance expectations, in particular in relation to our proposed 2028 objective? If not, what would you change and why?

We agree with the objective to align DNO and NESO flexibility markets by the beginning of 2028. We believe that Elexon operating as the market facilitator will be able to provide the trusted leadership to complete the open networks programme.