

Consultation

Non-statutory consultation on proposed licence conditions to support the operation of the market facilitator

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We are consulting on proposed licence conditions to be added to the Standard Conditions of the Electricity Distribution Licence and the Electricity System Operator Licence for Distribution Network Operators and NESO to comply with Flexibility Market Rules that will be developed and owned by the market facilitator. This is a non-statutory consultation prior to statutory consultation intended for September 2025. We would like views from licensees and any interested stakeholders, including flexibility service providers.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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Executive Summary

We are introducing new licence conditions to the Standard Conditions of the Electricity Distribution Licence and the Electricity System Operator Licence. These will require Distribution Network Operators (DNOs) and National Energy System Operator (NESO) to comply with the outputs of the market facilitator in its role to standardise local flexibility markets and align with national flexibility markets. The market facilitator is due to go live by the end of 2025.

This is a non-statutory consultation. The proposed licence conditions have been developed internally and through stakeholder engagement. We held two stakeholder workshops in June 2025 and the feedback received has informed the current version of the new licence condition clauses.

Requirements for new licence conditions

In previous publications we proposed roles and responsibilities for DNOs and NESO and explained that these would be set out in licence conditions:

- Flexibility Market Rules – licensees will be required to adhere to the rules that will be developed in collaboration with DNOs and NESO and other interested stakeholders, through working groups and consultation
- Implementation monitoring – licensees will be required to provide data and information, referred to as “Market Facilitator Intelligence”, to the market facilitator to demonstrate their compliance with the Flexibility Market Rules
- Market facilitator input into NESO service design – introducing clauses relating to how the market facilitator will work with NESO on service design (for services in scope of the market facilitator) and consultation

We have decided not to proceed with the introduction of a named senior sponsor, but expect licensees to engage with the market facilitator and its processes at a working level.

Next steps

The consultation will be open for four weeks. We will consider consultation responses prior to statutory consultation, which we are intending to publish in September 2025, followed by a decision in December 2025.

1. Introduction

Section summary

This section provides background and context to the market facilitator role and the policy journey so far. We set out what we are consulting on and next steps.

Background and context

- 1.1 In our November 2023 decision on the reform to local governance arrangements, we stated our intention to introduce new licence conditions for Distribution Network Operators (DNOs) and National Energy System Operator (NESO) to ensure compliance with the market facilitator's Flexibility Market Rules.
- 1.2 Following our decision in June 2025 on the detailed policy framework, we are now proposing licence conditions for non-statutory consultation. Specifically, we will be amending both the Standard Licence Conditions of the Electricity Distribution Licence and NESO's Electricity System Operator (ESO) Licence to include complying with Flexibility Market Rules and providing data and information to the market facilitator to support its implementation monitoring function.
- 1.3 We have engaged with stakeholders extensively, as outlined in our policy journey below. We held two workshops in June 2025 focused on proposed licence drafting, and the feedback gathered from these sessions has informed the proposed licence text presented for non-statutory consultation.
- 1.4 In Workshop 1, we documented the feedback in an issue log that was shared with stakeholders, and we updated the draft licence text prior to Workshop 2.
- 1.5 During Workshop 2, participants discussed the revised draft, which included further adjustments based on stakeholder feedback.
- 1.6 Meanwhile, Elexon has been engaging with stakeholders regarding the detailed design approach for implementing the market facilitator.
- 1.7 This is a non-statutory consultation. We intend to carry out a statutory consultation in September 2025 before making a decision on the proposed licence modifications in December 2025.
- 1.8 This consultation primarily addresses the licence text; however, broader governance arrangements such as the Stakeholder Advisory Board, change

processes, finance and budget, and performance monitoring will be formalised in Ofgem and Elexon's governance documents.

The market facilitator policy journey so far

- 1.9 Our [April 2022 Call for Input](#) on local energy governance revealed inconsistent practices among DNOs, unequal access to information, and limited coordination between local and national flexibility markets.
- 1.10 In [March 2023](#), we consulted on proposals to introduce a new market facilitator role to address these issues. Following this, in [November 2023](#), we confirmed our decision to appoint a single expert entity to fulfil this role.
- 1.11 [In December 2023](#), we sought input on whether Elexon or NESO should carry out this function. [In July 2024](#), we confirmed the appointment of Elexon as the market facilitator delivery body.
- 1.12 Since then, Elexon has collaborated with the Energy Networks Association's (ENA) Open Networks programme to facilitate the transition of relevant activities from DNOs. Elexon published a draft handover plan in March 2025 and a final version in [May 2025](#).
- 1.13 [In December 2024](#), we issued a consultation on the detailed policy framework for the market facilitator and in [June 2025](#), we published our decision on this.
- 1.14 This non-statutory consultation presents our proposed licence condition changes to the Standard Conditions of the Electricity Distribution Licence and the ESO Licence for licensees to comply with the Flexibility Market Rules and implementation monitoring.

What are we consulting on

- 1.15 We are consulting on the proposed new licence conditions to be added to the Standard Conditions of the Electricity Distribution Licence and the ESO Licence. These proposed conditions would require licensees to adhere to the Flexibility Market Rules established by the market facilitator. The aim of these proposed changes is to implement the market facilitator policy framework, which supports Elexon's new role as market facilitator in coordinating both local and national flexibility markets.

Next steps

- 1.16 This consultation is open from 10 July 2025 and closes on 7 August 2025. After the four week consultation period ends, we will review the responses and consider whether to make changes to the proposed draft licence conditions

based on stakeholder feedback. This feedback will be evaluated and may lead to revisions.

- 1.17 We intend to publish a statutory consultation in September 2025, lasting no less than 28 days, to formally consult on the proposed licence conditions. Following the statutory consultation close, we will carefully consider all responses before publishing our decision on the proposed licence modifications.
- 1.18 We intend to publish a decision in December 2025, and the licence conditions will come into effect 56 days after the decision is published.

2. Licence conditions context

Section summary

This section explains the requirements for the new licence conditions, which have been set out in previous publications. We also explain what a Flexibility Market Rule is.

Requirements for licence conditions

Our position

- 2.1 In previous publications we have set out requirements for licence conditions to be added to the Standard Conditions of the Electricity Distribution Licence and NESO's ESO Licence to ensure licensees' compliance with the outputs (now known as Flexibility Market Rules) of the market facilitator.
- 2.2 This is a significant shift to the arrangements under the ENA's Open Networks programme.
- 2.3 In the [Future of local energy institutions and governance decision](#), we set out (in footnote 10) that we intend to require DNOs and the Future System Operator (FSO) (now NESO) to adopt the outputs specified by the market facilitator through changes to their licences.
- 2.4 The licence conditions added to the Standard Conditions of the Electricity Distribution Licence will only apply to DNOs and not Independent Distribution Network Operators (IDNOs).
- 2.5 As part of the market facilitator's implementation monitoring function, it will report implementation issues to Ofgem which will assess whether compliance and enforcement action are required.
- 2.6 In the [market facilitator policy framework consultation](#) we set out roles and responsibilities for DNOs and NESO, and we explained that these requirements will be included in their licences.
- 2.7 For DNOs and NESO, we proposed the following roles and responsibilities:
 - Adopt the market facilitator's technical outputs
 - Report the implementation status of technical outputs in accordance with the implementation monitoring process
 - Designate a named senior "sponsor" who is responsible for the market facilitator relationship. Specifically, we proposed the sponsor is ultimately responsible for ensuring that the relevant parts of the business engage in

full, including adopting the agreed technical outputs and complying with the agreed processes (e.g. implementation monitoring)

2.8 In addition, for NESO, we also proposed an additional requirement:

- Consult at an early stage with the market facilitator as part of the NESO's service design process and get market facilitator input to the market design framework

2.9 Therefore some of the licence conditions will be common in both the Standard Conditions of the Electricity Distribution Licence and NESO's ESO Licence, whilst the additional requirement on NESO will only be in NESO's ESO Licence.

2.10 In the next section, we will refer to these under the following categorisation:

- Flexibility Market Rules
- Implementation monitoring
- Named Senior Sponsor
- Market facilitator input into NESO service design (NESO only)

Flexibility Market Rules

2.11 In early publications we previously used the term 'outputs' of the market facilitator and then 'technical outputs'. These are the common processes, rules, services, standards and IT tools for adoption by DNOs and NESO, specified by the market facilitator and developed in collaboration with licensees and other interested stakeholders.

2.12 We now use the term Flexibility Market Rules. These are one of the key market facilitator deliverables.

2.13 Therefore previous references to outputs and technical outputs now refer to Flexibility Market Rules in terms of adoption and reporting implementation status.

Flexibility Market Asset Registration

2.14 In March 2025, we published our [Flexibility Market Asset Registration decision](#) which set out that Elexon, as market facilitator, would be the Flexibility Market Asset Registration delivery body.

2.15 We have decided that rather than setting out specific requirements in licences in relation to requirements relating to Flexibility Market Asset Registration (FMAR), these will be developed as Flexibility Market Rule(s) for FMAR, which licensees will be required to comply with.

- 2.16 As with other FMRs, the market facilitator will develop FMR(s) for FMAR in collaboration with licensees and other interested stakeholders.

3. Proposed licence conditions

Section summary

In this section we set out the proposed clauses to be included in the licence conditions to be added to the Electricity Distribution Licence and the ESO Licence. We explain the policy intent behind each proposed licence condition clause and ask stakeholders for their views.

Questions

- Q1. Do you agree with the proposed Definitions to be added to the Standard Conditions of the Electricity Distribution Licence and the ESO Licence? Are any changes required?
- Q2. Do you agree with the proposed licence condition clauses for Flexibility Market Rules to be added to both Licences? Does the current drafting deliver the policy intent? Do you have any suggested changes?
- Q3. Do you agree with the proposed licence condition clauses for implementation monitoring to be added to both Licences? Does the current drafting deliver the policy intent? Do you have any suggested changes?
- Q4. Do you agree with the proposed licence condition clauses for market facilitator input into NESO service design to be added to the ESO Licence? Does the current drafting deliver the policy intent? Do you have any suggested changes?
- Q5. Do you have any additional comments or suggestions?

Licence modifications

- 3.1 We are proposing to introduce new licence conditions to the Standard Conditions of the Electricity Distribution Licence and to NESO's ESO Licence. NESO has two licences, Electricity System Operator (ESO) and Gas System Planner (GSP), however, licence conditions only need to be added to the ESO Licence as the market facilitator role relates to electricity not gas.
- 3.2 This non-statutory consultation is to seek views on whether the proposed licence conditions deliver the policy intent that has been developed through previous consultations and stakeholder engagement and set out in our decisions.
- 3.3 When introducing new licence conditions we are also required to introduce new definitions which support the new drafting. We will set these out in this chapter along with the proposed drafting.

- 3.4 The draft licence conditions presented in this non-statutory consultation have been developed internally and through stakeholder engagement.
- 3.5 We recognise that licensees and stakeholders are interested to see other governance documents which have relevance to the licence conditions, including the Market Facilitator Governance Framework Document (which will be developed and owned by Ofgem) and Elexon's detailed governance arrangements.
- 3.6 As we set out in our forward workplan in the market facilitator policy framework decision, we will consult on the draft Market Facilitator Governance Framework Document in September 2025, due to be published at the same time as the statutory consultation on licence conditions and the draft impact assessment.
- 3.7 We will consider if it will be possible to share the high-level details of what will be in the draft Market Facilitator Governance Framework Document earlier, so that stakeholders can review this ahead of the statutory consultation on licence conditions.

Named senior sponsor

- 3.8 As set out in the previous chapter we proposed a licence requirement for licensees to provide a named senior "sponsor" who would be responsible for the market facilitator relationship. This individual would be ultimately responsible for ensuring that the relevant parts of the business engage in full with the market facilitator (and with Ofgem), including responsibility for adopting the agreed FMRs and complying with the agreed processes (e.g. implementation monitoring).
- 3.9 We proposed draft licence condition clauses on this requirement, including setting out the roles and responsibilities of the named senior sponsor and how the licensee would notify Ofgem of the named individual.
- 3.10 However, at the first stakeholder workshop on 12 June 2025, we received feedback that it was unprecedented to include a named individual for a specific licence condition and that ultimately the new proposed market facilitator licence condition already requires the licensee organisation to comply and meet the requirements of the new licence conditions.
- 3.11 There were concerns raised that in the proposed tasks and duties for the named senior sponsor it would likely be more than one individual.

- 3.12 There were also concerns raised about needing to recognise that due to staff turnover or organisational changes the named senior sponsor could change so this would need to be recognised and allowed for in the licence condition.
- 3.13 Stakeholders were concerned that including a named individual could set a precedent for future licence conditions.
- 3.14 Our intent for the inclusion of a named senior sponsor was to ensure enduring support, engagement and buy-in for the market facilitator from DNOs and NESO, as has been experienced in Open Networks.
- 3.15 Also, so that both the market facilitator and Ofgem have a dedicated named contact on market facilitator-related matters in case of any discussion required or any issues.
- 3.16 After considering stakeholder feedback we are removing this requirement from the draft licence conditions in both the Standard Conditions of the Electricity Distribution Licence and NESO's ESO Licence.
- 3.17 However, we expect that DNOs and NESO will be able to provide named contacts to the market facilitator to support its work.
- 3.18 If there were to be any issues with the market facilitator relationship with DNOs and NESO or their compliance with the new licence conditions we will reach out to licensees as required.

Definitions

- 3.19 We are proposing to introduce new definitions to be added to the Standard Conditions of the Electricity Distribution Licence and NESO's ESO Licence.
- 3.20 Some definitions will be common to both licences and therefore be replicated in both. However, there will be some definitions which are specific to NESO only.
- 3.21 We will set out the proposed definitions first of all before setting out the proposed licence conditions.
- 3.22 These definitions have already been updated based on feedback at stakeholder workshops and internal review.
- 3.23 We welcome stakeholder feedback on whether the proposed definitions are satisfactory and comprehensive or whether further information is required.
- 3.24 We also welcome feedback on whether further definitions are required or would be helpful.
- 3.25 Table 1 relates to definitions which are common to DNOs and NESO:

Table 1 – new definitions common to both the Electricity Distribution Licence and ESO Licence

Defined term	Definition
Flexibility Market Asset Registration	means common digital infrastructure enabling the collection, storage and access of asset registration data for local and national flexibility markets, covering technical asset data and flexibility service data.
Flexibility Market Rules	means the set of rules of that name (inclusive of rules in respect of Flexibility Market Asset Registration) owned by the Market Facilitator and developed in collaboration with the licensee.
Market Facilitator	means the role created by the Authority with a mandate to standardise local flexibility markets and align with national flexibility markets.
Market Facilitator Intelligence (Electricity Distribution Licence)	means such information (other than information subject to legal privilege) to be provided by the licensee to the Market Facilitator which: (a) Relates to the licensee's Distribution System; (b) Is in the possession or control of the licensee; and; (c) the Market Facilitator considers necessary for its implementation monitoring function.
Market Facilitator Intelligence (ESO Licence)	means such information (other than information subject to legal privilege) to be provided by the licensee to the Market Facilitator which: (a) Relates to the Transmission System; (b) Is in the possession or control of the licensee; and; (c) the Market Facilitator considers necessary for its implementation monitoring function.

3.26 Table 2 relates to definitions which will only be in the ESO Licence (as they relate to the specific requirement on NESO relating to market facilitator input into NESO service design):

Table 2 – new definitions for the ESO Licence only

Defined term	Definition
Electricity Balancing Regulation	means Commission Regulation (EU) No 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as it had effect immediately before IP Completion Day as read with the modifications set out in both SI 2019/532 and SI 2024/706.
Market Facilitator Governance Framework Document	means the document of that name that is published by the Authority and amended from time to time.
NESO-Market Facilitator Ways of Working Document	means the document of that name to establish a framework for coordination between the licensee and Market Facilitator relating to the design of the NESO Services and other matters.
NESO Services	means the services which are deemed to be in scope of the Market Facilitator as set out in the Market Facilitator Governance Framework Document.

Licence conditions common to both the Electricity Distribution and ESO Licences

Proposed drafting

Introduction

XX.1

The purpose of this condition is to set an obligation on the licensee to engage and comply with the Market Facilitator in its role to align and standardise flexibility markets and flexibility market arrangements and processes.

Part A: Flexibility Market Rules

Proposed drafting

XX.2

The licensee must comply with the Flexibility Market Rules.

XX.3

The Market Facilitator will issue and amend the Flexibility Market Rules. The licensee shall have the right to appeal the issuing or amending of the Flexibility Market Rules solely in circumstances where:-

[INSERT CIRCUMSTANCES IN WHICH APPEAL ARISES]

XX.4

Nothing in this condition replaces, overrides or limits: (a) any statutory duty imposed on the licensee; or (b) any other obligation of the licensee under the licence or any industry code.

Policy intent

- 3.27 We previously set out that we want licensees to comply with the Flexibility Market Rules.
- 3.28 These will be developed by the market facilitator in collaboration with DNOs, NESO and other interested parties, so licensees will have sufficient opportunity to input into the development of Flexibility Market Rules and provide feedback to the market facilitator on any issues.
- 3.29 We set out in the market facilitator policy framework decision that there will be appeals process for the Flexibility Market Rules. Appeals will ultimately be made to Ofgem as the decision-maker, as a last resort, and the process will be set out in the Market Facilitator Governance Framework Document or Elexon's governance documentation.
- 3.30 The circumstances in which a right of appeal arises have not yet been set out but will be by the time of the statutory consultation on licence conditions, hence the square bracket in the proposed licence condition for the appeals criteria.
- 3.31 In our market facilitator policy framework decision we set out (paragraph 3.30) that we will develop robust, transparent appeals processes for Flexibility Market Rules (and also the market facilitator budget). We strongly agreed with respondents to the market facilitator policy framework consultation that (see paragraph 3.46 in the market facilitator policy framework decision) that appeals should only be enabled where substantive concerns exist.

Part B: Implementation monitoring

Proposed drafting

XX.5

The licensee must, within a reasonable timeframe, provide Market Facilitator Intelligence to the Market Facilitator as and when requested by the Market Facilitator.

XX.6

The Market Facilitator Intelligence must be provided by the licensee in sufficient quality and format as the Market Facilitator may reasonably request.

Policy intent

- 3.32 Ofgem are responsible for compliance and enforcement of licence conditions, however, we set out that the market facilitator will maintain responsibility for implementation monitoring, which is monitoring licensees' compliance with the Flexibility Market Rules. There will be thresholds for referring matters to Ofgem.
- 3.33 These arrangements will be set out in the governance documents to be developed by Ofgem and Elexon.
- 3.34 The market facilitator will need data and information from DNOs and NESO to demonstrate their compliance with the Flexibility Market Rules.
- 3.35 Within the licence condition we refer to this as "Market Facilitator Intelligence". We will expect the market facilitator to use data that is already publicly available if possible, to reduce the burden on DNOs and NESO, and we set out that any request must be reasonable.
- 3.36 Licensees must provide this data as requested. We note that some data may be legally privileged and therefore propose that this type of data is excluded. This is set out in the definition of Market Facilitator Intelligence.

Licence conditions to be added to the ESO Licence only

Part C: Market facilitator input into NESO service design

Proposed drafting

XX.7

The licensee must fully engage and consult with the Market Facilitator from an early stage in the service design for new and existing NESO Services prior to implementation decisions being made and allowing for formal consultation (required under Condition C9 of this licence and Article 18 of the Electricity Balancing Regulation) by the licensee, for NESO Services.

XX.8

The licensee must, in collaboration with the Market Facilitator, jointly establish and maintain the NESO-Market Facilitator Ways of Working Document.

XX.9

The licensee must comply with the terms of the NESO-Market Facilitator Ways of Working Document.

XX.10

The NESO-Market Facilitator Ways of Working Document, must contain at least:

[XX]

XX.11

The licensee must provide a copy of the NESO-Market Facilitator Ways of Working Document to the Authority no later than the date on which this condition comes into effect, or another date agreed with the Authority.

Policy intent

- 3.37 We recognise that there are already existing processes for NESO to develop and consult on new and existing NESO products as part of its service design. Therefore we want to recognise this in a licence condition clause which is only in the ESO Licence.
- 3.38 We have previously set out that NESO and the market facilitator should engage prior to formal consultation by NESO which is required under Condition C9: Procurement and use of Balancing Services and Article 18 of the Electricity Balancing Regulation, so make reference to these consultations in the document.
- 3.39 In our market facilitator policy framework decision we set out (paragraph 3.44) that we will work with NESO and Elexon (and DESNZ where appropriate) to agree clear ways of working.
- 3.40 In this consultation we propose a formal Ways of Working document between NESO and Elexon as market facilitator to ensure successful working now and in the future. We welcome views on this. We recognise that Elexon and NESO have already been developing proposals on how to work together.
- 3.41 We also welcome views on the requirements that should be included in the Ways of Working document, to be added to XX.10.

4. Your response, data and confidentiality

Consultation stages

- 4.1 The consultation will be open from 10 July 2025 until 7 August 2025.
- 4.2 We will consider the consultation responses to inform the licence conditions to be consulted on in the statutory consultation, intended to be published in September 2025.

How to respond

- 4.3 We want to hear from anyone interested in this consultation. Please send your response to flexibility@ofgem.gov.uk.
- 4.4 We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 4.5 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, your data and confidentiality

- 4.6 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 4.7 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 4.8 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 3.

- 4.9 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 4.10 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
1. Do you have any comments about the overall process of this consultation?
 2. Do you have any comments about its tone and content?
 3. Was it easy to read and understand? Or could it have been better written?
 4. Were its conclusions balanced?
 5. Did it make reasoned recommendations for improvement?
 6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

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Would you like to be kept up to date with *Consultation*
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Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

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Appendix 1 – Full list of consultation questions

Q1. Do you agree with the proposed Definitions to be added to the Standard Conditions of the Electricity Distribution Licence and the ESO Licence? Are any changes required?

Q2. Do you agree with the proposed licence condition clauses for Flexibility Market Rules to be added to both Licences? Does the current drafting deliver the policy intent? Do you have any suggested changes?

Q3. Do you agree with the proposed licence condition clauses for implementation monitoring to be added to both Licences? Does the current drafting deliver the policy intent? Do you have any suggested changes?

Q4. Do you agree with the proposed licence condition clauses for market facilitator input into NESO service design to be added to the ESO Licence? Does the current drafting deliver the policy intent? Do you have any suggested changes?

Q5. Do you have any additional comments or suggestions?

Appendix 2 – Glossary

Distributed flexibility

The ability for DERs and CERs, connected to a distribution network, to modulate their operation in response to an external signal to deliver a flexibility service.

CER – Consumer Energy Resources is the collective term for consumer owned energy system assets. These can include demand, storage, and generation assets, such as EVs (including V2G), heat pumps, HVAC, white goods, batteries, and rooftop solar or wind.

DER – Distributed Energy Resources is the collective term for business-owned small-scale power generation or storage devices connected to the distribution network, located close to where energy is consumed. Their purpose is to provide energy system services or business services.

Examples include medium sized solar farms, wind farms or batteries, commercial electric vehicle fleet charging, and industrial and commercial demand side response from equipment or buildings.

Distribution Network Operator (DNO)

A DNO is a company that operates the electricity distribution network, which includes all parts of the network from 132kV down to 230V in England and Wales. In Scotland, DNOs operate all parts of the distribution network up to but do not include 132 kV as 132 kV is considered part of the transmission network and, therefore, not included in DNOs' activities. There are 14 DNO licensees that are subject to RIIO price controls. These are owned by six different groups.

Energy Networks Association (ENA)

The Energy Networks Association is a not-for-profit industry body representing energy network operators in the UK and Ireland.

Flexibility

Modifying generation and/or consumption patterns in reaction to an external signal (such as a change in price) to provide a service within the energy system.

Flexibility markets

Flexibility market refers to the arena of flexibility service procurement processes across various market operators within GB. This includes DNO local flexibility markets, NESO

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Frequency and Ancillary services, Balancing Mechanism, Wholesale Market, Capacity Market, P2P services (i.e. Power Purchase Agreements (PPAs)) etc.

Flexibility services

Using on-network or customer owned equipment to control power and energy flows across network infrastructure, leading to more efficient and cost-effective outcomes.

Flexibility Market Asset Registration (FMAR)

The Flexibility Market Asset Register is a Ofgem policy proposing digital infrastructure where data is collected once, stored as a single source of truth by a trusted entity, and can be accessed by multiple users who need it.

Flexibility Service Provider (FSP)

Flexibility Service Provider is an umbrella term for the party who takes delivery and other contractual risks when providing flexibility services. This may be the asset owners, asset operators, aggregators, Virtual Lead Parties, and Demand Side Response Service Providers.

Market facilitator

A new role tasked with reducing friction across distribution markets and aligning distribution and transmission market arrangements, to help unlock the full value of flexibility.

National Energy System Operator (NESO)

NESO is the publicly owned body that took on all the main roles and responsibilities of National Grid ESO and the longer-term planning, forecasting and market strategy functions with respect to gas. NESO was established on 1 October 2024.

Open Networks programme

The Open Networks programme is led by the ENA and supported by DNOs and the NESO to support the development of local flexibility markets. It was launched in 2017 in response to the Smart System and Flexibility Plan.

Appendix 3 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

N/A

5. For how long we will keep your personal data, or criteria used to determine the retention period.

We will retain your personal data until six months after the market facilitator is fully up and running (intended for the end of 2025).

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data

- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".