

To interested parties

Marzia Zafar

Deputy Director

Energy Systems Design and Development

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Email: flexibility@ofgem.gov.uk

Ofgem decision on Elexon's detailed design proposals

This letter sets out Ofgem's decision on Elexon's proposed detailed design governance arrangements for the market facilitator role, submitted to us via email on 27 June 2025 and subsequently [published on the Elexon website](#).

As per our [Market Faciliator Policy Framework decision](#), Elexon is required to develop and submit proposals on the Market Facilitator detailed design arrangements for Ofgem approval. These proposals cover the processes and detailed arrangements that will govern how Elexon delivers the market facilitator role and must comply with the requirements we set out in our decision document.

We have decided to accept Elexon's proposals, in full, in relation to cost recovery, budgeting and finance; the structure of the flexibility market rules; the market coordination delivery plan; the enduring change management process; and implementation monitoring. In relation to the stakeholder advisory board, we have decided to accept Elexon's proposals with one minor amendment: adding DESNZ as a representative.

We are encouraged to see strong levels of stakeholder support on most topic areas, although note mixed views on the Stakeholder Advisory Board proposals and some concerns about the change management process. We are satisfied that Elexon has carefully considered and addressed stakeholder concerns on these and all other issues in its updated proposals, which we believe are well justified and thought-through.

Overall, we are confident that Elexon has followed a robust and transparent process to develop these proposals, which we believe meet our requirements and are aligned with the policy intent we have set out for the Market Facilitator.

In the appendix we set out our decision and the rationale for each topic.

Above all else, we want Elexon to deliver at pace and align NESO and DSO market arrangements by the end of the first delivery plan period. While the governance arrangements are important, ultimately, we will be measuring Elexon's success against that overarching outcome.

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Deputy Director, Energy Systems Design and Development

Appendix 1. Decision and rationale for each topic area

Cost recovery, budgeting and finance

We have decided to accept Elexon's proposals on cost recovery, budgeting and finance in full.

While alternative approaches were considered, such as recovering costs on specific BSC parties, we believe this approach represents a practical and proportionate approach for Elexon to recover the market facilitator costs, commensurate with the scale of the costs. We also note that all consultation respondents, barring one, supported the proposed approach to cost recovery.

Stakeholder Advisory Board

We have decided to accept Elexon's proposals relating to the stakeholder advisory board with one minor amendment: adding DESNZ as a representative, rather than a potential attendee.

We think it's important for DESNZ to have a standing invite to the Stakeholder Advisory Board, providing advice and also helping to hold Elexon to account for the Market Facilitator's role in contributing towards government's clean power and net zero targets. We note that the Stakeholder Advisory Board (SAB) was an area of high stakeholder interest with mixed views on Elexon's proposals, including in relation to its composition and governance.

Overall, we are satisfied that Elexon has adequately and proportionately addressed stakeholder concerns. There are inevitable trade-offs in determining the size and make-up for the SAB which Elexon has factored into its proposals. We do not believe that further increasing the size through additional members or representatives would have been appropriate. Ultimately the SAB is an advisory board and just one of the checks and balances embedded in the decision-making process.

Structure of the Flexibility Market Rules

We have decided to accept Elexon's proposals on the Flexibility Market Rules (FMRs) framework in full.

Elexon has proposed a coherent and robust framework for defining, documenting and organising FMRs that will make it easier for market participants and market operators to identify and navigate the rules that are in force at any given time. This rigour and transparency will be important as we grow flexibility markets and deliver on the ambition of the Clean Flexibility Roadmap.

Market coordination delivery plan

We have decided to accept Elexon's proposals on the market coordination delivery plan in full.

The proposals submitted are well-aligned with the requirements we set out in the market facilitator policy framework. We are satisfied that the processes set out for drafting, consulting and ratifying the delivery plan combine effective stakeholder scrutiny with clear accountability, in keeping with our vision for the market facilitator.

The addition of prioritisation criteria is useful and should help strengthen and expedite decision-making in a transparent way.

Enduring change management process

We have decided to accept Elexon's proposal on enduring change management in full.

We welcome the transparency, accessibility and logical structure underpinning the change management process and support an open governance process. This provides an additional route for stakeholders to identify key problems and solutions. This will help generate more and better ideas - crucial to meet the ambitions set out in the Clean Flexibility Roadmap.

We note some concerns in stakeholder responses in which parties can raise requests, the volume of work from an open governance process and in relation to impact assessments.

We agree that adequate resourcing and timely processing of proposals - combined with decisive decision-making on Elexon's part - will be critical under an open governance process. We will consider these as part of our annual performance assessment process.

Ultimately, we are satisfied that Elexon has adequately considered these concerns and risks and put in place effective mitigation measures.

Implementation monitoring

We have decided to accept Elexon's proposals on implementation monitoring in full.

Effective implementation monitoring was identified early on in our policy development as a key market facilitator function.

Some stakeholders have requested greater clarity on implementation plans and called on Elexon to ensure that existing data and regulatory submissions are used wherever possible to minimise the burden on DNOs and NESO. While we agree and expect Elexon to be proportionate in its data requests, and use existing data where possible, this will not always be possible. Bespoke requests will also be required.