

Flexibility Digital Infrastructure: Strategic direction setting

Publication date: 4th November 2025

This open letter sets out Ofgem's policy positions on whether common digital infrastructure is needed across NESO and DSO flexibility markets. It provides our current policy position for each step of the flexibility market process and outlines our forward monitoring approach. We welcome stakeholder feedback to flexibility@ofgem.gov.uk by Tuesday 2 December 2025.

To support the participation of small-scale flexible assets in NESO and DSO flexibility markets, Ofgem is considering where common digital infrastructure might be needed across flexibility market processes. We previously decided that Flexibility Market Asset Registration should be delivered as common digital infrastructure by Elexon as the Market Facilitator. Now we are considering whether there are other steps in the flexibility market process where common digital infrastructure might be needed.

Our current policy position is that common digital infrastructure is now proposed for Exploration (Market Information), Entity Registration, and Verification, via appropriate industry initiatives. We cannot take a policy position on Transmission-Distribution Coordination, until the Market Facilitator progresses enabling work. For other steps in the flexibility market process, we are not currently proposing common digital infrastructure. This could change in future as Flexibility Digital Infrastructure policy will be kept under review, with key monitoring timepoints.

© Crown copyright 2025

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the Open Government Licence.

Without prejudice to the generality of the terms of the Open Government Licence, the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to psi@nationalarchives.gsi.gov.uk.

Open Letter - Flexibility Digital Infrastructure: Strategic direction setting

To interested parties,

Introduction

Purpose:

This open letter sets out the policy positions for Flexibility Digital Infrastructure (FDI) outcomes. We are doing this to set the strategic direction of travel for industry and provide an opportunity for informal industry feedback. Please email us to arrange a meeting or send any comments to flexibility@ofgem.gov.uk by Tuesday 2 December 2025.

We are not consulting on the FDI policy positions, as we are only endorsing industry-led initiatives and are not making material policy interventions.

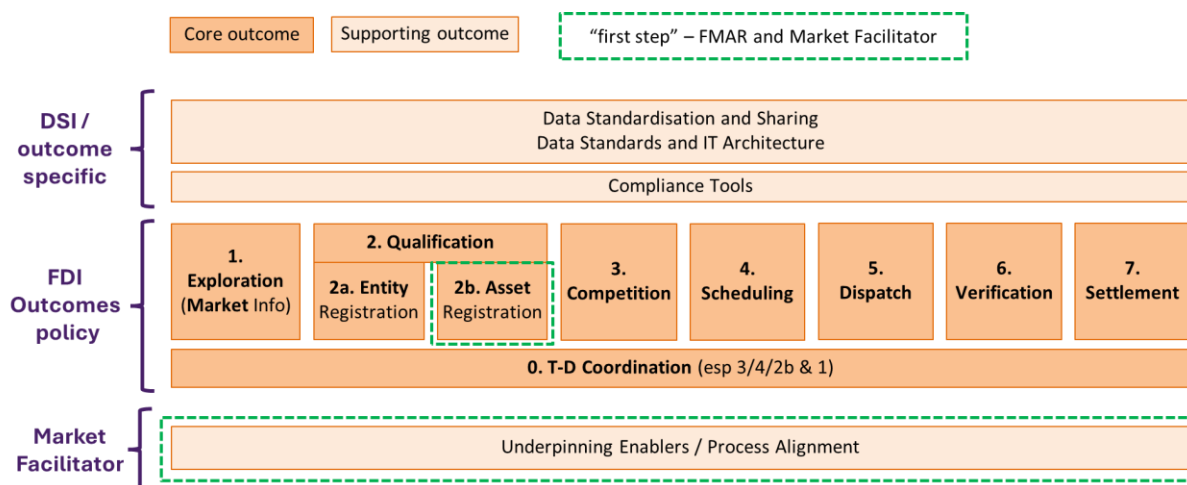
Context:

Our aim is to maximise the participation of small-scale flexible assets in NESO and DSO flexibility markets, aligned with Clean Power 2030 and Clean Flexibility Roadmap ambitions. To achieve this, firstly, markets need coordinating and standardising, hence setting up the Market Facilitator, and in addition underpinning enablers are needed to remove barriers. Secondly, IT systems may need aligning across NESO and DSOs, hence developing FDI policy. The scope of FDI policy is all NESO (ancillary services and Balancing Mechanism where appropriate) and DSO flexibility markets, so Wholesale markets and the Capacity Market are out of scope. The scope covers all steps in the flexibility market process, see Figure 1.

The first step in FDI policy, was requiring common Flexibility Market Asset Registration (FMAR), which is now being delivered by Elexon as Market Facilitator.¹ The next step, is to consider other steps in the flexibility market process where common IT might be needed, see Figure 1. By setting out a strategic direction on common IT, industry can better plan their IT systems functionality and investments, and coordination is improved across different entities, which benefits Flexibility Service Providers (FSPs). However, we also appreciate that the market will continue to develop itself, with competition driving improvement and strategic entities progressing the sector. Therefore, ongoing monitoring and policy development is important in the space.

¹ [Decision: Flexibility Market Asset Registration - Ofgem](#)

Figure 1: The key steps in the flexibility market process and how they are covered by policy and industry initiatives.



Status:

We developed the latest FDI policy positions by drawing on existing projects in the UK and internationally, conducting deep dives with expert stakeholders, and through a workshop to gather wider stakeholder views. We have collaborated closely with Elexon as Market Facilitator on all policy development, and the positions for each FDI outcome are aligned with the Market Facilitator's Draft Delivery Plan.² We sincerely thank all stakeholders who have given their time and expertise to engage in the policy development process.

We are now presenting these policy conclusions for informal feedback; to sense check the current positions and to feed into future policy development. This open letter also fulfils Path Building Action 41. c) of the Clean Flexibility Roadmap.³ We don't intend to publish a response to this open letter and will only do so if we receive strong feedback requiring us to reconsider policy positions. However, the market will continue to develop and FDI outcomes will be delivered over time. Therefore, FDI policy will be kept under review, and we set out below key monitoring timepoints. We will consider at those timepoints whether further updates or publications are necessary.

² [Market Facilitator Draft Delivery Plan 2026-2028 - Elexon](#)

³ [Clean Flexibility Roadmap - DESNZ, Ofgem, NESO](#)

Policy positions

Scope:

This open letter provides policy positions for both common IT and process alignment.

- Common IT common refers to using shared digital infrastructure and systems (for example a single API implementation or shared servers/storage) rather than implementing individual separate systems. Common IT could be decentralised across many highly integrated systems or centralised on a single system. Common IT is the focus of FDI policy, where Ofgem sets direction and takes decisions for subsequent implementation and delivery.
- Process alignment refers to for example aligning process steps, developing data standards or an API specification for multiple individual implementations. Process alignment is a necessary precursor to common IT and also removes market entry barriers. However, this sits within the Market Facilitator's remit. Therefore, Ofgem policy positions should help guide the Market Facilitator delivery plan prioritisation; but ultimately existing Market Facilitator governance processes, which we have fed into at working level, will determine the final content.

This open letter also sets out key monitoring timepoints, for delivery of common IT or to inform future decisions on common IT, as FDI policy will be kept under review.

The main body sets out the key policy positions on common IT and monitoring. The annex covers process alignment and provides more details individually per FDI outcome.

Overview:

Table 1 below provides a summary of the policy positions for each FDI outcome.

- For common IT: "yes" means common IT is needed and an intervention is currently proposed, "no" means common IT is not proposed at the current time (but this could change in future, see details for each outcome in the annex).
- For process alignment: "high" means it is high priority to align processes, "low" means it is low priority to align processes.

Table 1: A summary of the policy positions for each FDI outcome, covering common IT and process alignment.

FDI Outcome	Common IT	Process Alignment
1. Exploration (Market Information)	Yes - provided by the Market Facilitator Flexibility Market Catalogue and Market Data Portal	High - via Market Facilitator Flexibility Market Catalogue and Market Data Portal design and wider market data and definitions alignment work
2. Qualification	No	High - via Market Facilitator FMAR process alignment work
- 2a. Entity Registration	Yes - provided as FMAR functionality extension, via the Market Facilitator FMAR design process	High - via Market Facilitator FMAR design
- 2b. Asset Registration	Yes - provided by FMAR	High - via Market Facilitator FMAR design
0. Transmission-Distribution Coordination	Maybe - depends on Market Facilitator T-D coordination model decision	High - via Market Facilitator roadmap for market coordination work
3. Competition	No	Medium/Low - via Market Facilitator roadmap for market coordination work
4. Scheduling	No - but explore FMAR support	High - via Market Facilitator risk of conflict reporting and DSO primacy work
5. Dispatch	No	Medium/High - via Market Facilitator dispatch API work
6. Verification	Yes - DSOs and Market Facilitator to explore opportunities with Elexon's Smart Data Repository if established	Low
7. Settlement	No	Low

Key enablers:

To enable the common IT set out above, process alignment is an important precursor. The policy position summary is that process alignment is a high priority for all common IT where the position is decided above or noted specifically for a decision in future. The detailed policy positions are provided in the annex.

Standardisation is also an important foundation to common IT. Interoperability is key to unlocking the benefits of competition and to providing a seamless user journey. When undertaking process alignment and delivering common IT for FDI outcomes, we expect industry to do the following.

- Use standard data models and communication protocols, aligned with international standards where possible, and to take approaches which avoid vendor lock-in. We are not specifying specific standards, however, as they are very use case specific.
- Provide good, publicly accessible, documentation to enable integration, and to have collaborative open governance processes.

These approaches support a competitive ecosystem of public good and commercial providers, and also reduce costs by opening up to the international marketplace of solutions.

Additionally, where process alignment or common IT requires trusted data exchange, we encourage industry to utilise the Data Sharing Infrastructure (DSI) where efficient and appropriate.⁴

Common IT currently proposed:

There are some FDI Outcomes where common IT is currently proposed. This sets a clear strategic direction for industry, providing coordination and FSP benefits.

1. Exploration (Market Information)

It is important for FSPs to have clear and comparable market information in one place, to aid market entry decisions. We support existing Market Facilitator plans, set out in their delivery plan consultation, to provide this market information on the Flexibility Market Catalogue (showing rules and requirements) and on the Market Data Portal (showing market information).⁵ This existing industry led initiative will deliver the common IT for the FDI outcome.

Given the overlaps with reporting requirements in Standard Licence Condition 31E (C31E) “Procurement and Use of Flexibility Reporting Guidance for Electricity Distribution Licensees”, we propose reforming this licence condition and removing

⁴ [Governance of the Data Sharing Infrastructure - Ofgem](#)

⁵ [Market Facilitator Draft Delivery Plan 2026-2028 - Flexon](#)

reporting requirements where possible, and providing the same outcomes via the Market Facilitator instead.⁶ This will require further policy work and consultation, in close collaboration with the Market Facilitator Market Data Portal design work and Flexibility Market Rule development.

2a. Entity Registration

In the same way FMAR supports asset data registration, it would smooth market entry for entity data to be entered “just once” and ported across multiple markets. We support existing current FMAR design proposals to include functionality for entity level registration data, and they should be delivered on a timeline which doesn’t delay the mid-2027 FMAR launch.⁷ This existing industry led initiative will deliver the common IT for the FDI outcome.

The FMAR design process will determine key details for example DSO and NESO scope alignment, and a centralised or decentralised architecture. We propose that important functionalities to achieve are a common entry point for registration and a defined single source of truth for entity data.

6. Verification

Given improvements in metering data provision, we believe there is potential for duplication to be reduced and assurance to be increased by aligning more across markets.⁸ There is currently a proposal for Elexon to establish a Smart Data Repository (SDR), however, this is subject to due industry process and final Ofgem decision to approve or reject.⁹ For the avoidance of doubt, these FDI policy proposals do not in any way influence Ofgem’s independent decision on the SDR proposal. If a SDR is established, we propose and expect DSOs to explore opportunities to use the SDR for the provision of metering data. If established this proposed new industry led initiative could deliver the common IT for the FDI outcome.

If a SDR is established, then in early 2026 Elexon will create a roadmap for SDR development. If established, we propose and expect DSOs to engage in that process to plan for how a SDR could provide metering data to support verification. Ofgem will monitor the industry direction of travel, especially whether a SDR is established or not, and provide FDI policy updates as necessary.

Common IT currently uncertain:

There are also some FDI Outcomes where it is currently too early to propose whether common IT is needed or not. Our policy approach here is to be responsive and agile. FDI

⁶ [Procurement and Use of Flexibility Reporting Guidance for Electricity Distribution Licensees - Ofgem](#)

⁷ [FMAR Design GitHub - Elexon](#)

⁸ [Code of Practice 11: Metering of Balancing Services Assets for Settlement Purposes - Elexon](#) and [Market-wide Half-Hourly Settlement \(MMHS\) Programme](#)

⁹ [P494 Establishing a Smart Data Repository \(SDR\) - Elexon](#)

policy will be kept under review, considering key monitoring timepoints, and policy positions updated as appropriate.

0. Transmission-Distribution Coordination and 4. Scheduling

There is potential for common IT to support data exchange between NESO and DSO for flexibility coordination, across various FDI outcomes but especially 4. Scheduling. However, industry work needs to progress further before a policy position can be taken on whether common IT is needed or not.

A decision needs to be taken on the model for transmission-distribution coordination. We expect this decision to be taken via the Market Facilitator work on a roadmap for market coordination which industry will participate in. Additionally, existing initiatives need time for current implementations to be tested. We believe this will be delivered via the Market Facilitator work on risk of conflict reporting and DSO primacy. We will reconsider FDI policy positions as appropriate when these areas of industry work are sufficiently progressed.

Monitoring:

FDI policy will be kept under review given the interdependencies present; some process alignment work is at an early stage and there are ongoing market developments. We will consider whether further updates on FDI policy are needed, bearing in mind the key monitoring timepoints below.

For delivery monitoring of common IT already proposed, we propose backward looking monitoring via the general Market Facilitator performance assessment process which Ofgem undertakes annually.¹⁰ For mid-2026 a light touch assessment is proposed, especially on FMAR design. For mid-2027 a normal assessment is proposed, especially on FMAR delivery, and Market Data Portal and Flexibility Market Catalogue delivery. Ofgem will publish our general assessment, as set out in the Market Facilitator governance framework document.

For monitoring to inform future decisions on whether common IT is needed or not, we propose FDI specific monitoring at specific timepoints. At the end of 2026 we propose a check in, especially on the SDR Roadmap if established and risk of conflict report implementation, and to also consider a look internationally especially at the EU Network Code on Demand Response.¹¹ At the end of 2027 we propose a decision point, to update FDI policy positions as necessary and inform the Market Facilitator delivery plan for 2028 onwards. This would especially consider learning from FMAR delivery, decisions on the transmission-distribution coordination model, and the risk of conflict

¹⁰ [Coordinating flexibility: the Market Facilitator blueprint - Ofgem](#)

¹¹ [Consultation: new Network Code on Demand Response - European Commission](#)

report and DSO primacy implementations. We will decide at the appropriate time if further updates or publications are necessary.

Next steps

We hope industry find it useful to have the FDI policy positions set out, and we want to thank all stakeholders who contributed to their development.

We welcome industry providing general feedback on all the above positions, what you agree or disagree with and why. Please email to arrange a meeting or send any comments to flexibility@ofgem.gov.uk by Tuesday 2 December 2025. We don't intend to publish an update to this open letter and will only do so if we receive strong feedback which requires us to reconsider the policy positions.

As set out above, FDI policy and industry developments will be kept under review, with key monitoring timepoints. We will engage stakeholders in the policy development process and provide updates on policy positions as appropriate. We will decide at the appropriate time if further updates or publications are necessary. The next timepoints are mid-2026 for a light touch Market Facilitator annual performance assessment, and end 2026 for an FDI specific check in.

Yours sincerely,

Marzia Zafar

Deputy Director, Energy Systems Design and Development

Appendix - Individual FDI outcomes policy position detail

1. Exploration (Market Information)

Description

Market entry and operation requirements (both technical and commercial), presented in a clear and comparable format, and in a standard machine-readable way. May include wider information for example historic volumes or prices. It is so FSPs can decide which markets to enter.

Common IT

We believe there is value in presenting information in one place, in a comparable format, with key summary graphics. This supports FSP market exploration, which was a strong theme from our stakeholder engagement. This also supports tracking of policy targets such as Clean Power 2030 and the Clean Flexibility Roadmap.

The Market Facilitator already proposed a Flexibility Markets Catalogue to show market rules and requirements as part of the Market Facilitator Repository. The Market Facilitator is now also proposing a single display for historic market volume data (procurement and dispatch) by extending their Market Data Portal, with associated FMRs to collect NESO and DSO data.¹² We support these existing initiatives as common IT and will monitor their delivery. We believe they will provide benefits to the sector.

Given scope overlaps, we propose that C31E content relating to reporting requirements and tools be transferred to a FMR and covered by the Market Data Portal.¹³ We are not proposing content or timeline specifics here, as the Market Data Portal design process and C31E reforms process will work through the details and decide. However, the FDI policy aim is for data provision to support FSPs in market entry decisions. Therefore, this should include historic volumes and prices, and future flexibility needs. Any differences in scope need to be worked through collaboratively as part of the design and reform processes.

We appreciate that this data is complex and is presented differently across DSOs, and differently again for NESO. Therefore, we expect the process of achieving this outcome to be proportionate, considering the costs vs the benefits, and iterative over time.

Given this policy position, we will reform C31E and remove reporting requirements where possible, which is aligned with government growth policy, and also modify and transfer the Clean Flexibility Roadmap action on a DSO dashboard to Elexon.¹⁴ This will require further policy work and consultation, in close collaboration with the Market Facilitator.

¹² [Market Facilitator Draft Delivery Plan 2026-2028 - Elexon](#)

¹³ [Procurement and Use of Flexibility Reporting Guidance for Electricity Distribution Licensees - Ofgem](#)

¹⁴ [Clean Flexibility Roadmap - DESNZ, Ofgem, NESO](#)

Process alignment

To deliver common IT will need process alignment. Alignment of rules and requirements is happening via Market Facilitator Flexibility Market Catalogue design and wider market definitions alignment work. This also supports market entry for FSPs. Alignment of historic market data, including covering C31E attributes, will happen via the Market Facilitator Market Data Portal design and wider market data alignment work.

Monitoring

We propose monitoring Market Facilitator delivery of common IT, the Flexibility Markets Catalogue and the Market Data Portal, as per the timelines in their delivery plan. We will do this via the mid-2027 general Market Facilitator performance assessment process.

2. Qualification (process)

Description

NESO and DSO processes to qualify entities and assets into markets, in a standard machine-readable way. For example, entity qualification includes signing T&Cs and commercial checks, and asset qualification includes test assets and units, and network checks. It is so FSPs and assets can qualify for markets in a consistent way with automated data provision.

Common IT

We are not proposing common IT, as NESO and DSOs need to undertake checks for their own assurance, given their liabilities and network operation responsibilities. Although other FDI outcomes support entity and asset data on common IT, the processes of using that data for qualification is not proposed to be on common IT.

Process alignment

The currently disparate processes are a barrier to market entry and should be resolved. We support Market Facilitator FMAR design work to progress process alignment in targeted way.

Monitoring

We propose monitoring delivery as per the general Market Facilitator performance assessment process.

2a. Entity Registration (data)

Description

Entity or user level data needed for qualification and beyond (includes onboarding users onto individual IT systems). It is so entity level data is standard and can be easily provided into qualification processes, in an automated way.

Common IT

It would simplify market access to have a common point of registration, where required entity level data can be entered once and ported across multiple markets, reducing the burden on FSPs. Given the level of DSO standardisation and NESO Single Markets Platform consolidation, we don't believe this is very complex to deliver.

The Market Facilitator FMAR design process is proposing to include a Service Provider Module, enabling FSPs to upload registration data “just once” for qualification across multiple markets.¹⁵ We support this extension of FMAR functionality, however, it should only be included in release 1 if it does not delay the mid-2027 launch. If it will delay the mid-2027 launch, then it should be provided in release 2 after the mid-2027 launch. We support this existing development as common IT and will monitor the FMAR design and delivery. We believe this will provide benefits to FSPs.

We expect this additional functionality to broadly have the same functional outcomes as FMAR.¹⁶ In particular, we propose the following functionality. A common entry point for registration, which enables data input and export to other systems for “just once” entity registration; there should be a standard API with good supporting technical specifications to enable commercial offerings to integrate. A defined single source of truth for entity data; this should provide a clear single master data record to port across systems, but we are not specifying a centralised or decentralised architecture, which is for the FMAR detailed design to determine. A unique FSP IDs assigned to each FSP, as is already required by FMAR.

Process alignment

To deliver common IT will need process alignment. Alignment of entity registration data is happening via the Market Facilitator's FMAR design process, appreciating that there will be some differences between NESO and DSOs.

Monitoring

We propose monitoring the Market Facilitator delivery of the Service Provider Module in FMAR as common IT. We propose monitoring the design via the light touch mid-2026 general Market Facilitator performance assessment process, and the delivery via the mid-2027 general Market Facilitator performance assessment process.

¹⁵ [FMAR Design GitHub - Elexon](#)

¹⁶ [Decision: Flexibility Market Asset Registration - Ofgem](#)

2b. Asset Registration (data)

Description

Asset or unit level data need for qualification and beyond in flexibility markets. This may support Transmission-Distribution Coordination. It is so asset level data is standard and can be easily provided into qualification processes, in an automated way.

Common IT & process alignment

We have already proposed and implemented common IT and process alignment via the Market Facilitator delivery of FMAR.

Monitoring

We propose monitoring the Market Facilitator delivery of FMAR as common IT. We propose monitoring the design via the light touch mid-2026 general Market Facilitator performance assessment process, and the delivery via the mid-2027 general Market Facilitator performance assessment process and also the end-2027 FDI specific decision point monitoring.

0. Transmission-Distribution Coordination

Description

NESO and DSO processes and data exchanges for transmission-distribution coordination. This may relate to market co-design/co-procurement or real time network/market data. It is so NESO and DSO have operational visibility of assets, networks and markets, and can coordinate procurement and dispatch. This FDI outcome is especially relevant to other outcomes 3, 4, 2b, and 1.

Common IT

A policy position on common IT cannot be taken until the transmission-distribution coordination model is known, so this is dependent on process alignment work. A highly integrated coordination model would suggest the need for common IT, but a more separate or individual approach to coordination would not require common IT.

Process alignment

A decision on the transmission-distribution coordination model is needed to progress FDI policy and other dependent industry initiatives. The Market Facilitator should develop options and a take decision on the transmission-distribution coordination model via the roadmap for market coordination work as proposed in their delivery plan. The Market Facilitator is an expert, neutral facilitator with a remit to coordinate and align NESO and DSO markets and has already proposed work in this area. We welcome this industry led approach and want industry to engage with the issues collaboratively and bring forward their preferred solutions.

This work should cover aspects such as co-procurement or co-optimisation, visibility and primacy considerations especially for consumer and distributed assets, and future models for NESO-DSO coordination. It should build on existing work, for example the ENA future worlds models, the OneNet theoretical market framework, and various projects such as COMMANDER and Harmony.^{17, 18, 19, 20}

Monitoring

We propose monitoring decisions on the transmission-distribution coordination model via the end-2027 FDI specific decision point monitoring.

3. Competition

Description

Communicate the requirements and results of competitions, in a standard machine-readable way. It is so FSPs can easily engage in competitions in a consistent and potentially automated way. Also, NESO and DSO processes for clearing markets. It is so NESO and DSO are selecting the appropriate assets to economically and securely meet system needs.

Common IT

A policy position on common IT cannot be taken until the transmission-distribution coordination model is known, so this is dependent on process alignment work. Common IT might be needed if the model has NESO and DSO co-procuring or co-optimising across markets.

Process alignment

A decision on the transmission-distribution coordination model is needed to progress FDI policy. This work will be undertaken by the Market Facilitator via the roadmap for market coordination work as proposed in their delivery plan.

Additionally, improvements could be made to support staking, for example considering aligning market sequencing and pricing mechanisms. Further in the future common APIs could be considered. We support the prioritisation and deprioritising of work proposed in the Market Facilitator delivery plan.

Monitoring

We propose monitoring decisions on the transmission-distribution coordination model via the end-2027 FDI specific decision point monitoring.

¹⁷ [Future Worlds Impact Assessment Report - ENA](#)

¹⁸ [Public Deliverables: D3.1-D3.4 - OneNet](#)

¹⁹ [COMMANDER: Coordinated Operational Methodology for Managing and Accessing Network Distributed Energy Resources - ENA](#)

²⁰ [Project Harmony: Improving coordination in GB flexibility markets – UKPN & LCP Delta](#)

4. Scheduling

Description

Operational timescales exchange of operational and metering data for asset and network visibility, in a standard machine-readable way. It is so NESO and DSOs have operational visibility of assets, networks, and markets, and can coordinate dispatch.

Common IT

There could be a case for common IT to support operational data sharing, but the area is currently too nascent for a policy position to be taken. NESO and DSOs need to develop visibility capabilities and data exchange processes first and there needs to be time for current implementations to develop, before taking a position on common IT.

However, in the interim the Market Facilitator should explore opportunities for synergies with FMAR, for example using Unique Asset IDs in risk of conflict reporting.

Process alignment

NESO and DSOs need to develop capabilities (across monitoring, data, assumptions, and modelling), in a proportionate way targeted to deliver system value. This will be driven by the Market Facilitator risk of conflict reporting and DSO primacy work and supported by the ED2 and ED3 frameworks and incentives.

There is a need to progress common process, via the Market Facilitator risk of conflict report and DSO primacy work. These should be the single common mechanism for exchanging scheduling data. There should be a move towards modern digital and automated approaches, and standard operating procedures. The scope should be iteratively extended to cover more use cases, including MW dispatch, ANM interactions and network constraints, and the LCM and DFS. There should also be iterative improvements in the breadth of the analysis feeding in, and the accuracy of the assessments.

Wider initiatives should make progress via this Market Facilitator work, not create separate competing approaches. In NESO's TIDE project, aspects related to flexibility market data should go via this Market Facilitator work, not separately.²¹ We understand that the ENA Operational Data Sharing work has now concluded, so any future initiatives on operational data sharing related to flexibility markets should again be via the Market Facilitator.²²

The overall principle is that it is not acceptable for distributed energy resources (DER), including consumer energy resources (CER), to be blocked from participating in markets due to lack of DSO visibility or lack of NESO-DSO coordination. We want to set this as an expectation and, therefore, we expect industry to up-skill proactively, in a

²¹ [TIDE: Transformation to Integrate Distributed Energy - NESO](#)

²² [FY 24/25 Operational Data Sharing Report - ENA](#)

targeted way to enable participation. This aligns with positions on digitalisation and flexibility proposed in the ED3 sector specific methodology consultation.²³

Monitoring

We propose monitoring Market Facilitator progress on risk of conflict reporting and DSO primacy, decisions and implementations, via the end-2026 FDI specific check in and via the end-2027 FDI specific decision point monitoring.

5. Dispatch

Description

NESO and DSOs dispatching assets for delivery of flexibility, in a standard machine-readable way. It is so FSPs receive clear and consistent dispatch signals, which support automation.

Common IT

NESO and DSOs currently have separate control rooms and individual security of supply responsibilities. This won't change unless the transmission-distribution coordination model decision changes to a deeper integration approach. Therefore, we are not proposing common IT.

Process alignment

A common dispatch API is in train, and it is a high priority that there is a single consistent implementation. We expect the Market Facilitator to progress delivery via their dispatch API work.

Monitoring

We propose monitoring decisions on the transmission-distribution coordination model via the end-2027 FDI specific decision point monitoring. We propose monitoring dispatch API delivery, via the mid-2027 general Market Facilitator performance assessment process.

6. Verification

Description

Post-event exchange of metering data (and system/contract data etc) and calculation of delivery (including interactions), then communication of performance results in a standard machine-readable way. It is so NESO, DSOs and FSPs have a common accurate view of delivery performance.

²³ [Sector specific methodology consultation: electricity distribution price control \(ED3\) - Ofgem](#) especially sections 5.83 and 5.32-5.34

Common IT

There is currently a proposal for Elexon to establish a Smart Data Repository (SDR), however, this is subject to due industry process and final Ofgem decision to approve or reject.²⁴ For the avoidance of doubt, these FDI policy proposals do not in any way influence Ofgem's independent decision on the SDR proposal.

If established, Elexon's SDR could hold relevant metering data (boundary SMETS half-hourly and asset COP11 half-hourly). Therefore, we propose and expect DSOs and Elexon to explore opportunities to use a SDR as common IT across DSO markets if established. We do not propose it would cover NESO markets, which have distinct metering requirements. This approach to common IT could avoid duplication and enhance assurance if a SDR is established.

If a SDR is established, then in early 2026 Elexon will develop a SDR roadmap. If established, we propose and expect that as part of that process Elexon and DSOs explore opportunities and consider a feasible implementation timeline. Whilst some DSO markets are still developing, higher levels of assurance are increasingly appropriate as some DSO markets are paying out more substantial sums of money overall.

Even if established, we appreciate a SDR will not cater to all DSO verification needs, and additionally that there will be implementation approaches and standardisation to work through. We suggest that DSOs and Elexon consider what forums are needed to best support any delivery or coordination work required, likely as part of the Market Facilitator role.

Process alignment

There is a proposed FMR and metering template, which should be used to establish a minimum foundation, and now the proposed future move to align with a SDR if established. Therefore, although developing a data standard or API might deliver some smaller incremental benefit, it does require moderate effort and now is not a productive timepoint to focus on it.

We propose and expect that process alignment work should be initially explored by DSOs using metering data when SDR integration work is being developed, if a SDR is established. We propose and expect that initial DSO work could subsequently be formalised through Market Facilitator process alignment work in the second Delivery Period. Alternatively, process alignment work could be undertaken when Market Facilitator delivery planning suggests it is appropriate after wider metering changes bed in.²⁵ This process alignment work should develop standard approaches to SDR, if established, and non-SDR metering data and also standard approaches to using SDR

²⁴ [P494 Establishing a Smart Data Repository \(SDR\) - Elexon](#)

²⁵ [Consultation on Metering Dispensation D/610 - Elexon](#)

data, if established, for assurance of non-SDR metering data. We support the prioritisation and deprioritising of work proposed in the Market Facilitator delivery plan.

Monitoring

We propose monitoring whether a SDR is established and any subsequent SDR roadmap decisions, and any changes to metering work currently appropriately deprioritised by the Market Facilitator, via the end-2026 FDI specific check in and via the end-2027 FDI specific decision point monitoring.

7. Settlement

Description

Calculate payments, communicate invoices, and process payments, in a standard machine-readable way. It is so FSPs can easily be paid in a consistent and potentially automated way.

Common IT

Flexibility market payment is based on bilateral contracts and NESO and DSOs have general enterprise IT payment systems. Therefore, we do not believe there is a case for common IT.

Process alignment

The current status quo is broadly acceptable, further progress not a high priority currently.

Monitoring

We propose specific monitoring for FDI policy positions is not required.