

Final Response | Coordinating flexibility: the market facilitator blueprint

16 OCTOBER 2025

Context

ADE: Demand welcomes the opportunity to respond to Ofgem on the consultation for the market facilitator blueprint.

Our vision, and what ADE: Demand exists to make happen, is no less than a complete re-imagining of the role of demand in our energy system so that:

1. Demand is given equal consideration to generation.
2. Every household, commercial business and industrial site has a commercially viable path to decarbonisation.
3. It is recognised that energy users and their assets have a day job – they shouldn't have to work around the energy system, the energy system should work around them.
4. Millions of users with automated energy provision can play a major part in keeping the lights on.

ADE: Demand Response

ADE: Demand is pleased to see the draft framework for the Market Facilitator. Ofgem have provided a comprehensive breakdown of the expected roles and responsibilities between themselves and Elexon, and this is a powerful tool for industry.

As stated in our Consumer-led Clean Power Report, we believe that at the nexus of the foundational pillars strong leadership and market signals, access and incentivisation, we believe that Ofgem has the ability to set the regulatory environment as such that the market facilitator can innovate and expedite routes for consumer-led flexibility. We believe that if this is done right then the positive impacts that having a dedicated home to flexibility will have on the sector are exponential. The regulatory environment that Ofgem have drafted show consideration for the ongoing working relationship between the two entities, and we see these documents being useful tools for the Market Facilitator.

We will continue to ask that Ofgem consider what they can do to make sure accountability is highlighted and that industry clearly understands where responsibilities lay. There is immense power held within Elexon, and while we have confidence that they will be able to execute the role of Market Facilitator, we see transparent and accessible governance as a key facet of success. While this has not always been the case for Ofgem, DESNZ and NESO, the opportunity for Elexon is within reach. In addition, we are disappointed to see the lack of coordination that occurred amongst the various Market Facilitator consultations. Considering the volume of collateral that requires review, combined with short and tight timelines, we do not feel that Ofgem and Elexon consulted with one another to make this process as accessible to industry as possible. We will continue to engage with Ofgem and Elexon over this concern.

Annex A: Draft Governance Framework Document

Q1: Do you agree that the Draft Governance Framework Document clearly defines the scope, roles & responsibilities and deliverables of the Market Facilitator? If not, what would you change and why?

We agree that the Framework document clearly defines the scope, roles & responsibilities and deliverables of the Market Facilitator. Though we would ask that Ofgem add links to the Elexon Market Facilitator governance and flexibility market rules for continuity.

Q2: Do you agree with the appeals process and the proposed performance arrangements for Elexon as the Market Facilitator? If not, what would you change and why?

We agree with the draft appeals process for the Market Facilitator. The process is in line with previous consultations and, and other appeals processes. We believe that having the appeals process separate from Elexon and it's business-as-usual activities is the best option to limit conflicts and reduce additional risks, where Ofgem has the ability to triage and progress appropriate issues.

Our outstanding concern is the very short timeline proposed. Appellants have 14 days / two weeks to respond to the publication of the budget or a Market Facilitator decision. While we support that Ofgem are considering how to keep moving at pace, this tight turn will mean that some possible respondents may miss it or they may not feel equipped to respond ie. they may want to see the rule change in action before committing to an appeal.

Q3: Do you have any other comments on the Draft Market Facilitator Governance Framework Document?

We are pleased to be provided an easy to navigate document that outlines the relevant day-to-day information of the Market Facilitator, and the breakdown of roles between the MF and Elexon. Feedback from industry has repeatedly noted that there is a lot of noise occurring in the sector and it is not always clear where responsibility lies or who holds the pen when making final decisions. It is Ofgem's role as the regulator to provide industry and consumers the tools to make utilising flexibility services as simple as possible.

Annex B: Draft Market Facilitator Impact Assessment

Q1: Do you agree that we have, to a reasonable extent, identified and understood the potential costs and benefits of implementing the Market Facilitator?

We agree that Ofgem has considered the potential costs and benefits of implementing the Market Facilitator. The proposed costs of £7.7m do not appear to be egregious considering the proposed subject matter expertise required to facilitate such a comprehensive role. We recognise that Ofgem have provided the Draft Impact Assessment as a direct setting tool rather than establishing a cost baseline, as such we support Ofgem and Elexon publishing updated, and transparent cost models for the operation of the Market Facilitator. This aligns with our request for transparency and accountability.

Q2: Do you agree that we have, to a reasonable extent, identified and understood the potential impacts of the introduction of the Market Facilitator? Are there any unintended consequences of implementing the Market Facilitator that we have not identified?

We agree that the potential impacts of the introduction of the Market Facilitator have been addressed. The one gap that we would flag is that while Ofgem holds the right to reduce Elexon's role, or remove the role of Market Facilitator from Elexon, should it not meet the minimum requirements of its objectives, it is not clear how this process would be shared with the public and what the consequences would be (outside of reputational damage).

The Market Facilitator has been signed up to a comprehensive and long list of actions that already cover the initial delivery plan period. We have previously flagged that we are concerned that Elexon may not have the resources to deliver the sheer volume of these actions at the expected quality, and while we do not want to approach the Market Facilitators inception with apprehension, it is important for industry to have confidence in what they are promised.

Annex C: Licence Changes

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

We agree with the updated definitions that Ofgem have proposed for the Standard Conditions of the Electricity Distribution Licence and the ESO license. We also support the included stakeholder feedback edits which improve the clarity and intention of the definitions.

Q2: Do you agree with the updated 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?

We agree with the "absolute obligation to comply with the Flexibility Market Rules" as the sector requires strong and clear direction to ensure access and compliance is straightforward.

We support the inclusion of the additional workshop that will go into further detail around the appeals process and the specific circumstances in which an appeal may arise.

We agree that the current wording in the draft licence does not create overlap or confusion between the role of NESO and the FMRs.

We agree that FSPs should not be subject to the FMRs as individual entities due to the role of the DNOs and NESO in managing the markets, and the additional contractual burden that is already placed on FSPs.

Q3: Do you agree with the updated 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?

We agree with the updated licence condition clauses for implementation monitoring. Noting that the inclusion of "reasonably requested" will require further pinning down due to the varying sizes and capabilities of the DNOs and NESO.

Q4: Do you agree with the updated 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?

We strongly agree that Elexon and NESO should be engaging with one another prior to any consultation, as well as during and after, the continued working relationship between these two entities is integral to the success of the flexibility sector in GB.

The inclusion of a formal working-level agreement is an important guarantee for industry and consumers to understand the strategic direction the sector is moving in and how they can best work with NESO and Elexon during the transitions. The inclusion of greater transparency becomes an integral tool in aligning the separate streams of policy, strategy, regulation and licencing that currently make up the sector. In particular, we see the long-term benefit a strong working relationship will have on achieving the actions and targets in the Clean Flexibility Roadmap, by the end of 2030.

Q5: Do you have any additional comments or suggestions?

No comment.

FOR MORE INFORMATION, PLEASE CONTACT:

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