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## **Response to Coordinating flexibility: the market facilitator blueprint consultation**

BUUK Infrastructure (BUUK) welcomes the opportunity to respond to the recent consultation on developing an effective enduring governance framework for the new flexibility market facilitator role that Elexon is performing.

As well as our response to the consultation we've provided a short overview of our business and set out the key aspects of the proposals that we believe are important to make any scheme a success in the future.

### **Overview of our business**

BUUK is a leading British multi-utility infrastructure investor, working across Great Britain and competing against incumbent utility companies.

Our initial interest in utilities began with ownership of regulated gas networks and we have gradually expanded our portfolio into other utility sectors including electricity, fibre, water, wastewater, and heat. We have provided over three million utility connections and serve these customers across 50,000 discrete networks. This includes over one million customers served by our electricity IDNO business. We also provide smart low carbon technology (LCT) solutions to help decarbonise homes through our Passiv business and flexibility services for domestic customers via our Levelise businesses.

### **Summary of our views**

We support the proposed governance arrangements for the new Elexon market facilitator role. We also support the proposed approach to licence amendments to support the new arrangements.

We believe that the supporting changes to the distribution licence are an opportunity to amend the existing SLC 31E, helping to reduce regulatory burden on industry parties.

The detail included in the appendices is particularly welcome and provides us with clarity on how the new scheme will operate. Although we note that some of the timescales for appeals of decisions made by the Market Facilitator are quite short and are not aligned to similar arrangements that are in place for existing Elexon operated industry governance arrangements. We would like to see these extended.

I hope our responses are helpful and we would be happy to discuss them in more detail with you.

Yours faithfully,

Alex Travell

Head of Regulation

### **Responses to consultation questions:**

#### **Draft Governance Framework Document**

***1. Do you agree that the Draft Governance Framework Document clearly defines the scope, roles & responsibilities and deliverables of the Market Facilitator?***

Yes, the document is very clear and it is easy to understand what is to be expected from Elexon when it is undertaking the role of flexibility market facilitator.

***2. Do you agree with the appeals process and the proposed performance arrangements for Elexon as the Market Facilitator?***

Yes. We appreciate the detail and clarity set out in the document. This is an aspect of governance that has often been lacking in industry codes when they are first implemented. This has created issues in the past when appeals have been made and led to decisions being delayed and introduced inefficiencies and costs to the process. Setting this out clearly from the outset will mitigate this risk.

Our only substantive comment with regards to the proposed process is that any appeals to decisions on changes to the governance documents made by the Market Facilitator need to be raised to Ofgem within 14 days.

This is a relatively short timescale and may inadvertently lead in the future to people missing the opportunity to appeal a decision, for example perhaps due to annual leave by key people.

The recently implemented Ofgem appeal process to the new Elexon managed DIP service governance operates with a 30-calendar window for appeals. It would be better, and more consistent, to align the appeals for the Market Facilitator process with this timescale.

**3. Do you have any other comments on the Draft Market Facilitator Governance Framework Document?**

The delivery plan periods, budget setting and assessments of Elexon's performance do not appear to align.

It would be good to expand the timetable set out in the consultation for performance assessment to include budget setting and drafting of the delivery plans to provide clarity and assurance that these will all be aligned and flow in a logical way.

The terms of the service contracts for the Flexibility Market Asset Registration (FMAR) digital infrastructure will be key in the event that it is decided that a different organisation should undertake the Market Facilitator role in the future. An assessment of this should be included in Ofgem's performance oversight of Elexon in providing these services.

**Draft impact assessment**

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

Yes

**2. Do you agree that we have, to a reasonable extent, identified and understood the potential impacts of the introduction of the Market Facilitator?**

Yes

**Licence Changes**

**1. Do you agree with the updated proposed Definitions to be added to the Standard Conditions of the Electricity Distribution Licence and the ESO Licence?**

Yes

***2. Do you agree with the updated proposed licence condition clauses for Flexibility Market Rules to be added to both licences?***

Yes

***3. Do you agree with the updated proposed licence condition clauses for implementation monitoring to be added to both Licences?***

Yes.

We believe that the implementation of SLC 55 Part B does provide an opportunity to amend and potentially remove SLC 31E .8 to SLC 31E .17 of the existing electricity distribution licence.

The requirement to provide prescriptive statements and reporting on performance regarding flexibility would appear to be replicated in the future, with similar information being requested by both Ofgem and Elexon.

It would be more efficient for Ofgem to utilise the more flexible arrangements included as part of SLC 55 Part B to obtain any information that it wants regarding procured flexibility services. This would provide an opportunity to streamline the distribution licence and reduce regulatory burden.

***4. 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?***

Yes

***5. Do you have any additional comments or suggestions?***

We agree with the decision to exclude IDNO at this time from the new licence conditions and the rationale for this presented in the consultation. This situation can be revisited in the future, if need be, should IDNO need to use flexibility services. As an IDNO we welcome the implementation of the Market Facilitator. We see the products and services that it will deliver as helpful for any future flexibility services that we may need, providing us with enhanced confidence in market led options.