

ELEXON

13 October 2025

By e-mail to: flexibility@ofgem.gov.uk

Dear Joseph Cosier

Re: Consultation on Coordinating flexibility: the market facilitator blueprint

Thank you for the opportunity to respond to your consultation on the market facilitator blueprint. The blueprint includes several key documents, the draft Governance Framework, draft Licence Conditions and the draft Impact Assessment, which together define the role, scope and responsibilities of the Market Facilitator, highlight its value, and, through the draft Licence Conditions in particular, help establish the foundations for its success.

Elexon is an independent, not-for-profit delivery body that has been operating for 25 years, playing a critical role opening up markets and supporting the transition to a net zero energy system. We provide governance, settlement and data platforms (Elexon Kinnect), and specifically manage the Balancing and Settlement Code (BSC). This enables the smooth and effective operation of the electricity market, which includes energy suppliers, generators, flexibility service providers and network companies across Great Britain. Over the past year, we have helped around 50 new companies enter the market, enabling a more flexible and innovative energy system.

Our end-to-end expertise in governance, assurance, technology platform development and electricity market data is available to support the industry, Government and Ofgem, as the energy sector transitions to net zero. Building on our purpose of serving the industry, the electricity market data we hold is open, and available for anyone to access, analyse and distribute. As a trusted, independent and reliable market expert, we continuously look to evolve and innovate for the benefit of our customers and consumers.

Ofgem has appointed us as the market facilitator for flexibility markets across both local and national markets. The market facilitator will focus on reducing friction for all parties, aligning system, transmission and distribution arrangements, and developing these markets, ensuring better coordination and alignment. The market facilitator is planned to be operational in December 2025, with transitional arrangements already underway and continuing across the year. We will also be responsible for delivering the Flexibility Market Asset Registration (FMAR) by 2027. FMAR will serve as a common asset registration platform and the 'single source of truth' for recording details of registered assets. This vital digital infrastructure will enhance visibility of flexibility assets and unlock their full value for service providers. It will also support the growth of consumer-led flexibility, which must scale from 2.5GW today to 12GW by 2030.

Ofgem has also appointed us as the Implementation Manager for implementing the Market-wide Half Hourly Settlement (MHHS) Programme, a key enabler of the flexibility required for the transition to net zero. Once MHHS is live, Elexon will manage up to 500-billion-meter readings every year. Half-hourly data is an important enabler for

demand side response, and used effectively, can encourage more flexible use of energy – reducing household bills and rewarding customers. Ofgem estimates half hourly settlement will deliver up to £4.5bn of net benefits to consumers by 2045.

In August, the Government confirmed that it is minded appointing Elexon to deliver the enduring governance for the Smart Secure Electricity Systems (SSES) Programme from mid-2026. Elexon will oversee and maintain the technical standards that enable interoperability of energy smart appliances, as well as the security requirements for both those appliances and flexibility service providers. The SSES Programme is a key enabler of the transition to a smarter, more flexible and cleaner energy system. It is a core part of the Government's Clean Flexibility Roadmap, which aims to unlock greater levels of consumer-led flexibility.

We have limited our response to areas where we feel we can add value. If you would like to discuss any areas of our response, please contact Steven Gough, Head of Flexibility (steven.gough@elexon.co.uk) or Hussein Osman, Market Advisor (hussein.osman@elexon.co.uk).

Yours sincerely,

Steven Gough
Head of Flexibility

Elxon's high-level consultation response

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?

Yes, the Draft Governance Framework document clearly defines the scope, roles and responsibilities, and deliverables of the Market Facilitator in a clear and accessible manner. We particularly welcome the way Ofgem, as in previous publications, has articulated the roles and responsibilities of different actors. This clarity is essential for establishing accountability across the market. However, we have some minor points.

In assessing the roles and responsibilities of the Stakeholder Advisory Board (SAB), we note that Ofgem has stated the SAB will contribute to the draft delivery plan and schedule and will have a formal role in the performance assessment of the Market Facilitator. However, there is no explicit reference to the SAB's role in the budget process or Market Facilitator change process. We recommend including, as part of the SAB's responsibilities, a role in reviewing and providing input into the Market Facilitator's budget where appropriate. This would further strengthen transparency and aligns with Elxon's governance documents.

In addition, under Ofgem's listed responsibilities is the role of 'reviewing the detailed governance arrangements developed by Elxon'. We consider this to be a transitional responsibility specific to the implementation phase. As such, we suggest that this reference be removed from the enduring version of the final governance framework to avoid any confusion about Ofgem's long-term role.

Finally, we would welcome clarification on the language used in relation to the draft delivery plan. In previous guidance, Ofgem indicated that Elxon's responsibility was to publish the draft delivery plan to 'invite stakeholder comments'. However, the current Draft Governance Framework refers to the plan being published 'for consultation', which suggests a more formal process. We have recently published our draft delivery plan for 2026–28, framing it as an invitation for feedback rather than a formal consultation. We recommend reverting to the earlier language of inviting stakeholder comments, rather than initiating a formal consultation process. This approach is more proportionate and flexible, particularly in the context of the numerous consultations and evolving developments expected as we progress toward Clean Power 2030.

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

While we are broadly supportive of the proposed performance arrangements, we believe there is an opportunity to further refine the grounds for appeal, particularly in relation to the Flexibility Market Rules. As currently drafted, the governance framework outlines seven grounds for appeal. We are concerned that the breadth of these grounds may introduce unnecessary delays to decision-making and delivery.

We believe there is a strong case for placing greater reliance on the SAB. As a group made up of market participants, a DNO representative, Ofgem, DESNZ and other key stakeholders, the SAB is well placed to act as a critical friend to Elxon and provide informed, balanced views. Appeals should be considered primarily when there is a material divergence between Elxon's position and that of the SAB.

In relation to the development and change of the Flexibility Market Rules, we suggest referring to the "Change Process" rather than explicitly referencing workshops or consultations. As the development and change of these rules may not always involve working groups or the same engagement methods, it would be more appropriate to refer to the overarching process rather than specific mechanisms.

In the document you set out outcomes if Ofgem upholds an appeal to the budget, we believe it would be beneficial to include a reference to the potential impact on the Delivery Plan and Schedule in cases where Ofgem upholds an appeal. Given the interconnected nature of the budget, Delivery Plan and Schedule, it may be necessary to make subsequent changes to those documents to ensure alignment.

We are supportive of the performance objectives for the Market Facilitator and welcome the revised wording compared to the wording proposed in the Policy Framework consultation in December 2024. We believe this change is fairer and more reasonable.

We are also supportive of the performance assessment process that has been outlined. It appears that Ofgem has introduced a self-assessment report for the Market Facilitator, which will form part of the overall assessment. We see this as a deliverable we can produce and have relevant experience in doing so through the BSC Annual Report. We are supportive of the 20-page limit, as we believe it is proportionate and manageable to deliver annually alongside the other deliverables.

Regarding the performance assessment for FMAR between April 2025 and March 2026, we would welcome further discussions with Ofgem on some of the proposed deliverables. We also consider it important to discuss the timing and precise scope of FMAR's go-live, specifically the most appropriate point within Q3 2027, to ensure alignment between both parties' timelines.

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

We strongly recommend that there is alignment between the publication of the finalised documents and the proposed go-live date, with documents being published either ahead of or on the same day. The finalised Governance Framework Document and Licence Conditions are what give our governance documents and the flexibility market rules their legal effect. Therefore, our legal go-live must align with the publication of these documents. A mismatch between the go-live date and the publication of the governance documents could create operational confusion for market participants, and risk delaying the effective implementation of the new governance arrangements.

We welcome Ofgem's approval of Elexon's governance documents and confirm that we have implemented the one minor amendment by including a DESNZ representative as a full member of the SAB, rather than in the capacity of a potential attendee. However, we note that our approved design includes a right of appeal for proposers of alternative solutions to appeal to Ofgem where we reject an alternative solution that the SAB believes should be considered, in cases where there are more than three alternative solutions. The Governance Framework Document should therefore be updated to reflect this additional role for Ofgem and any associated appeal process, ensuring alignment with the approved design.

We did not have the opportunity to respond to the decision on the Market Facilitator Policy Framework Document, but we welcome the fact that several of the policy changes we proposed in our February 2025 response have been acted upon. We were pleased to see progress in the following areas:

- Moving the delivery plan and annual schedule from a calendar year to a fiscal

year better aligns with strategic planning processes across the sector. This change will help streamline internal processes for Elexon and other stakeholders.

- We agree with the decision to remove quantitative metrics, as no meaningful or appropriate measures could be developed. This reflects our earlier position that, given the complexity of the market and the number of actors involved, defining single-organisation performance metrics is complex and difficult.
- We support the updated wording of the performance objectives to ensure they reflect Elexon's remit and focus on factors within its control. This will allow for a fairer and more accurate assessment of performance.

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?

N/A

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?

N/A

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 are supportive of the updated and newly introduced definitions within the licences. For consistency and alignment, we recommend including within the "Market Facilitator Information" definition the term "reasonable" in the third clause to ensure it is consistent with the wording used in the proposed licence condition.

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?

Yes, we are supportive of the updated proposed licence condition clauses relating to the Flexibility Market Rules. The revised approach reflects our suggestion in response to the non-statutory consultation to reference the Market Facilitator Governance Framework Document in relation to appeals, rather than setting out the grounds for appeal in both documents. This approach improves consistency and allows Ofgem to make changes more efficiently through updates to the Governance Framework Document.

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 are supportive of the change from "Market Facilitator Intelligence" to "Market Facilitator Information," as it aligns with terminology used across other related workstreams involving similar stakeholders. We consider the current wording to be sufficiently clear and believe it provides the Market Facilitator with appropriate access to DSO and NESO information, where necessary, which is essential for fulfilling its

roles and obligations.

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?

No comment.

Q5. Do you have any additional comments or suggestions?

No.