

Joseph Cosier
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Ofgem
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16th October 2025

Dear Joseph,

Re: Coordinating flexibility: the market facilitator blueprint

I am writing on behalf of National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, National Grid Electricity Distribution (East Midlands) plc and National Grid Electricity Distribution (West Midlands) plc, collectively known as “NGED”, in response to the Coordinating flexibility: the market facilitator blueprint¹ which ran from 18th September to 16th October 2025.

Thank you for giving us the opportunity to respond to your consultation. This response consists of two sections:

- Section 1: Executive statement and key messages
- Section 2: Response to specific consultation questions per Annex_E

Executive statement and key messages

We welcome the opportunity to continue engaging in the development of the governance and regulatory documents to set up the Market Facilitator. We continue to support the establishment of the Market Facilitator and recognise the case for change, as detailed in our response to the consultations on the Future of Local Energy Institutions and Governance, the Market Facilitator Delivery Body, and the Market Facilitator Policy Framework Consultation².

Concurrent Consultations and Stakeholder Engagement

We would like to highlight the challenges posed by the volume and timing of consultations related to the Market Facilitator (MF). Between September and October 2025, stakeholders were asked to respond to five overlapping consultations.

The clustering of consultations placed considerable pressure on stakeholders and limited the depth and quality of engagement. The timing also coincided with the annual tendering period for most

¹ [Consultation: Coordinating flexibility: the market facilitator blueprint](#)

² [Consultation: Future of local energy institutions and governance](#) (1 March 2023 – 11 May 2023); [Consultation: Market facilitator delivery body](#) (13 December 2023 – 8 February 2024); and [Market Facilitator Policy Framework Consultation](#) (10 December 2024 – 12 February 2025)

DSOs, further constraining capacity—both for DSOs and Flexibility Service Providers. In any consultation process, whether statutory or non-statutory in nature, there must be adequate time for responses to be made by consultees. This has proved difficult in this case, particularly given the large volume of documentation being consulted on.

We are particularly concerned that smaller organisations may have faced even greater challenges in responding. While we recognise the need for Ofgem and Elexon to move at pace, there is a real risk that urgency could compromise the quality and robustness of the resulting governance framework. We encourage a more coordinated and phased approach to future consultations to ensure a more meaningful engagement across the sector.

Reporting requirements

As the Market Facilitator, Elexon plays a critical role in enabling the growth and standardisation of flexibility markets. To fulfil this role effectively, it is essential to strike the right balance between increasing market transparency and avoiding overly burdensome obligations that could hinder participation and progress. NGED firmly believes that any reporting requirements must demonstrably add value to market facilitation.

We would like to raise concerns regarding Elexon's proposed timelines for implementation and the associated reporting requirements, which we believe place a disproportionate burden on DSOs. The proposed obligations—particularly the requirement to submit a large amount of data within 20 working days of the rules "Created" date and to report any changes within 10 working days—are extremely onerous and feel unreasonable. These timelines do not reflect the complexity of internal processes that DSOs must adapt to comply with the new rules. In many cases, significant procedural and system changes will be required, which cannot be implemented overnight without risking disruption to market operations.

We urge Elexon to take a pragmatic approach and consider the trade-offs between accelerating market development and imposing extensive reporting obligations. Without sufficient time and resource planning, there is a real risk that flexibility markets stall under the weight of compliance demands. The additional costs and operational pressures must be carefully considered to avoid unintended consequences. A phased and proportionate approach would better support DSOs in meeting these new obligations while maintaining momentum in market growth.

Appeals Process and Performance Arrangements

We support the proposed appeals process and performance arrangements for Elexon as the MF. However, the grounds for appeal should be broadened beyond potential breaches of licence conditions. As we have highlighted in earlier responses, the Flexibility Market Rules (as proposed) may in some respects conflict with obligations arising from higher order legal sources (i.e. primary and secondary legislation or existing contract terms). The process should acknowledge this and provide Ofgem with the explicit ability to determine appeals based on conflicts between legal obligations.

In addition, the proposed 14-day appeal window is restrictive, without any apparent rationale, particularly for complex technical or financial matters requiring cross-functional input. In our view, without justification, this is capable of being characterised as procedurally unfair. We recommend

extending this to 30 calendar days to enable more considered and evidence-based responses.

DSO Incentive and Stakeholder Advisory Board

We welcome the clarification that the MF will input into the Distribution System Operation Output Delivery Incentive (DSO incentive). However, we believe this input should be channelled through existing mechanisms, rather than via a separate process. This would prevent duplication and mitigate conflicts of interest while ensuring that the MF's insights are captured consistently through the established incentive framework.

We also support the inclusion of a Stakeholder Advisory Board (SAB) as part of the governance arrangements but emphasise the importance of maintaining its independence. The MF should not be involved in reviewing or recommending SAB appointments, as this could undermine confidence in the impartiality of its membership.

Impact Assessment Assumptions

We have concerns about several underlying assumptions within the impact assessment. In particular, the resource implications of the new data reporting requirements introduced through Elexon's Flexibility Market Rules should be explicitly included in the assessment. Secondly, it is our view that the MF is not a primary driver of product delivery. Its value lies in enabling faster implementation and reducing costs for consumers—not in initiating innovation. As such, we recommend removing the delivery of new products and services from the MF's benefits case. This is consistent with the MF's draft delivery plan, which only commits to "review the constraint management products" rather than delivering new services.

Proposed Licence Conditions

We broadly support the proposed licence modifications and agree on the whole that they deliver the intended policy objectives. However, we suggest the following matters are considered further:

- Placeholders should be inserted for unused licence conditions (53 and 54) to preserve structural continuity within the Distribution Licence and avoid future confusion.
- Condition 55.6 should be broadened to include "obligations arising under existing agreements". This could limit the need for appeals to Ofgem on the Market Facilitator Rules and is consistent with concerns we have raised elsewhere about conflicts between the Rules and existing contract rights.
- It is unclear what condition 55.7 does to alleviate the potential conflicts we have highlighted regarding conflicts with confidentiality obligations and/or data protection legislation and the Market Facilitator Rules. If the intention of the drafting is to capture these conflicts, we recommend that it says so instead of adhering inaptly, in our view, to the Civil Procedure Rules.

Conclusion

We remain committed to supporting the development of the Market Facilitator and to shaping coordinated, efficient flexibility markets that deliver the most affordable route to decarbonisation and net zero. We welcome continued engagement with Ofgem and Elexon on this important work and would be happy to discuss any of the points raised in this response further.

Yours sincerely,

Cathy McClay

Via E-mail

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