# Market Facilitator Governance Consultation Response Form

Publication date: 18 September 2025

Please use this response form to respond to the Market Facilitator Governance Consultation which was published on Thursday 18 September 2025.

Please submit your response to flexibility@ofgem.gov.uk by 5pm on Thursday 16 October 2025.

| **Respondent details** |
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| Date of submission: 16th Oct 2026 |
| **Confidentiality** |
| We will publish non-confidential responses on our website. However, You can ask us to keep your response, or parts of your response, confidential. |
| Do you want all or part of your response treated as confidential? If yes, please confirm if all or part of the response should be treated as confidential and if so, which part    No (delete as applicable) |

**Questions**

| **Annex A – Draft Governance Framework Document** |
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| 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? |
| Octopus Energy supports the creation of the Market Facilitator (MF) as a vital mechanism to unlock demand-side flexibility and aid in achieving the Clean Power 2030 target of 12GW of consumer-led flexibility (CLF). We believe the proposed arrangements generally meet Ofgem’s expectations and lay a promising foundation.  However, we believe the MF must be empowered and expected to perform a far more robust Strategic Leadership role. Our primary focus is ensuring that the MF acts as a market-shaper, not simply a rules-keeper, driving coherence, ambition, and urgency across the energy system. We are therefore pleased to see Ofgem reinforce the importance of the strategic leadership pillar in the consultation.  We expect this to signal to the MF to start proactively identifying barriers, work with industry to co-design solutions, and amplify issues to Ofgem where regulatory intervention is required to unlock flexibility beyond the immediate scope of the Flexibility Market Asset Registration (FMAR) and Flexibility Market Rules.  Additionally, we welcome the confirmation that the second delivery plan will be widened to the Wholesale Market; however, we note that this widening happening in 2028 and that there would be benefits from bringing this date forward alongside clarifying the scope for the Capacity Market. |
| 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? |
| **Appeals**  Octopus Energy agrees with the proposed appeals process - ensuring there is a structured and auditable appeals route to Ofgem is in place will be very important.  We do note that the window to raise an appeal is only 14 days (not specified as working days)- we would like to see this increased to at least mean working days, if not further.  While supporting the formal appeals route, Octopus Energy expresses concern that the underlying Change Management Process may become too slow or bureaucratic. We therefore request further clarity on the process for urgent change proposals.  **Performance arrangements**  Whilst we support that assessing Elexon’s performance as MF will be based on delivery plan and ambition - we are concerned that ambition does not reflect what Elexon has achieved. We would welcome a more specific performance criteria setting out progress against ambition and consumer value achieved.  Given that the Stakeholder Advisory Board (SAB) is scheduled to meet only quarterly, there is concern that urgent issues could be delayed unnecessarily, constrained by the meeting cycle. They expect urgent changes to be picked up and progressed more quickly, noting that historical experiences (e.g., the Capacity Market Advisory Group (CMAG)) show the risk of underperformance if the process is slow |
| Q3. Do you have any other comments on the Draft Market Facilitator Governance Framework Document? |
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| **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? |
| Octopus Energy agrees that the potential benefits of implementing the Market Facilitator (MF) are substantial and well-recognised in the consultation materials.  We strongly support the MF's creation as an important mechanism to unlock demand-side flexibility and meet the Clean Power 2030 target. We recognise that the potential benefits of unlocking flexibility at scale are huge. Analysis from Cornwall Insight shows that the potential benefits of greater CLF utilisation could deliver up to £14.1bn per year in savings by 2040. We believe that intervention and coordination is necessary in order to recognise these benefits.. |
| 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 believe that further work is needed to ensure that the costs, delivery risks, and enablers for unlocking these benefits are fully understood and transparently presented. For example:   * **Transparency on resourcing and budgeting:**  While we support the proposed cost recovery approach via BSC trading party mechanisms, greater clarity on headcount, staffing assumptions, and the phasing of expenditure would build confidence that the MF is appropriately resourced without becoming bureaucratic. Transparency will be key to ensuring that costs remain efficient, proportionate, and clearly linked to outcomes. * **Strategic scope and capability:** Realising the full value of flexibility will depend on the MF acting as a strategic market-shaper, not just a process administrator. As mentioned above, to unlock the identified benefits, the MF must have the capability and remit to identify systemic barriers to flexibility and escalate issues to Ofgem where regulatory intervention is required. Without this strategic focus, the benefits outlined in the Impact Assessment may not materialise. * **Delivery agility and risk management:**  The success of the MF will also depend on its ability to respond quickly and effectively to change. We have previously seen how overly rigid change processes can slow innovation and market reform. To manage delivery risk and ensure benefits are realised, the MF should embed agile governance, including sandbox routes and fast-track change procedures, alongside clear accountability to its Stakeholder Advisory Board. |
| **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? |
| [Please write your response here] |
| 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? |
| [Please write your response here] |
| 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? |
| [Please write your response here] |
| 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? |
| [Please write your response here] |
| Q5. Do you have any additional comments or suggestions? |
| [Please write your response here] |