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Joseph Cosier
Ofgem
10 South Colonnade
LONDON
E14 4PU

By email only to: flexibility@ofgem.gov.uk

14 October 2025

Dear Joseph

Coordinating flexibility: the market facilitator blueprint

Thank you for the opportunity to respond to the above consultation dated 18 September 2025. This response is made on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.5 million homes and businesses.

Our detailed feedback on your specific questions and on each document are set out in the appendix to this letter.

If you have any queries on these, please do not hesitate to contact Alex Howard and Paul Measday in the first instance.

Yours sincerely

James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy: Paul Wheeler, Ofgem
Alex Howard, Head of Flexibility Markets (DSO), UK Power Networks
Paul Measday, Regulatory reporting & Compliance Manager, UK Power Networks



Appendix

Draft Market Facilitator Governance Framework Document (Annex A)

1. **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?**

Please see our detailed comments below on this document.

2. **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 would appreciate clarity on why the timescale for the performance management assessment was chosen. Elexon was appointed as the Market Facilitator in July 2024 and will first be assessed in April 2026. We had a question as to whether an earlier, potentially lighter touch, assessment could have been undertaken sooner, covering the first 9 months of the regulatory period 2024/25 for which Elexon was the Market Facilitator. If this option was explored we would welcome seeing the rationale for why it has not been taken up.

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

Please see our detailed comments on this document:

1. In respect of paragraph 1.25 it would be sensible to clarify what input stakeholders and Elexon themselves would have to the process to identify and document any updates to the Market Facilitator Governance Framework Document before a direction is issued.
2. As the Market Facilitator Governance Framework Document is a formal document any contractions such as "it's" in paragraph 2.1 should be removed.
3. We are unclear as to what paragraph 2.5 ("The scope and remit of the Market Facilitator relates to its objectives.") means in practice. It would benefit from a more detailed explanation.
4. We are unclear as to why the Ofgem input into the development of the two-year delivery plan and the annual delivery schedule set out in paragraph 2.11 is optional. See also paragraphs 3.17 and 3.22.
5. In the strategic leadership section of paragraph 2.12 the following bullet is unclear: "Recommend strategic updates to Ofgem to the Market Facilitator role as required". We believe the second "to" should be "in respect of" or similar. The other point of note here is that Elexon inherently become masters of their own destiny as they are recommending to Ofgem what they should be doing in the future. Without suitable controls this risks being a *licence* to grow the Market Facilitator role which ultimately customers end up paying for.
6. Paragraph 3.9 references "implementation and adoption of Flexibility Market Rules" but only the escalation of "implementation issues" to Ofgem. We believe that "adoption" issues should also escalated too.
7. The strategic advice set out in paragraphs 3.28 to 3.31 appears confusing as Ofgem would be emailing itself if it was the requestor (read paragraphs 3.28 and 3.30 together). This would benefit from clarification as we believe this is about DESNZ or wider teams in Ofgem emailing the System Flexibility team to triage/coordinate the request before it is sent to Elexon.
8. There is an unnumbered paragraph under the Context heading at the start of chapter 4.
9. It would be sensible to clarify whether the 14 days in paragraphs 4.12 and 4.43 are working or calendar days to avoid any misinterpretation. This would then also align with the format used in paragraphs 4.22 and 4.23.
10. It is unclear how the additional points set out in paragraphs 4.17 and 4.47 are to be made – these should be on the face of the earlier referred to Appeal Form.
11. Paragraph 4.41 should be clarified as housekeeping changes should be appealable if a party believes that a change has incorrectly been categorised as housekeeping.

12. The final bullet on paragraph 4.48 is missing opening wording to align with the earlier bullets e.g. “the risk of a...”.
13. At the end of the first bullet of paragraph 4.56 it is not clear what the “for either new or existing” is referring to. It may be that this wording should immediately follow “Flexibility Market Rule”.
14. The final bullet to paragraph 4.56 should read “...and it may propose”, i.e. “it” should be added.
15. It is unclear whether the “evaluative assessment undertaken by Ofgem” in the final bullet of paragraph 5.2 has any financial or reputational outcomes – these are clear in the earlier two bullets.
16. The bullets in paragraph 5.3 are a straight copy of those set out in paragraphs 1.4 to 1.7 inclusive – they should not be repeated in paragraph 5.3 to avoid the risk of future misalignment, instead they should be cross referenced from paragraph 5.3.
17. What format will the quarterly check-ins referred to in paragraph 5.7 take place? Will these be short phone calls or more structured meetings with minutes (which are published) which will provide Elexon and stakeholders a documented (if provisional) view of progress as the year proceeds?
18. It would be sensible to include in paragraphs 5.16 to 5.17 the date that the Market Facilitator’s self-assessment report is due to be submitted to Ofgem. It is not provided until paragraph 5.42 – if Ofgem wish to leave it in that paragraph then signposting where it is set out is a suitable alternative.
19. Paragraph 5.24 should be clarified so that it is clear that the answer to be provided by stakeholders is narrative/written to give context to the score already provided.
20. The promotion by the Market Facilitator of the stakeholder survey (referred to in paragraph 5.27) should be done in a manner so as to not introduce any bias and the paragraph wording should reflect this. This could build on precedent set in the DSO survey where an organisation only counts once in terms of its score.
21. Table 1 repeats the paragraphs above it and should be removed (or alternatively the paragraphs could be removed).
22. Paragraph 5.48 should be strengthened from “expected to support a smooth transition” to “required to”.
23. Paragraph 5.49 can be merged with paragraph 5.48 as it is better read as one.
24. In line 7 of table 2 the assessment criteria is grammatically unclear.
25. In line 10 of table 2 the first bullet of the assessment criteria needs clarifying by changing it to “...in accordance with the delivery plan and budget and does it fulfil detailed...”
26. In respect of the budget appeal form in Appendix 2, the block for grounds for appeal should be a tick box selection. The same also applies to the form in Appendix 3.

Draft impact assessment (Annex B)

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

In paragraphs 3.7 and 3.8 you refer to the exclusion of costs for flexibility service providers, NESO, DNOs and other industry parties such as flexibility platform providers. The justification given is that costs for these parties would not be materially different between the preferred option and counterfactual cases. Given the wider scope of Elexon’s work and the pace at which it will be driven compared to the counterfactual we believe that this assumption is not valid and costs should have been estimated. In addition we should be careful to not underestimate the costs of setting up the new processes and systems to deliver this change.

That said for both of the above points, we do not believe that they would change the overall outcome so this is feedback for information only.

2. 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?

Please see our answer to question 1 above.

Statutory consultation on new NESO and DNO licence conditions (Annex C)

Please see our separate response to the statutory consultation.