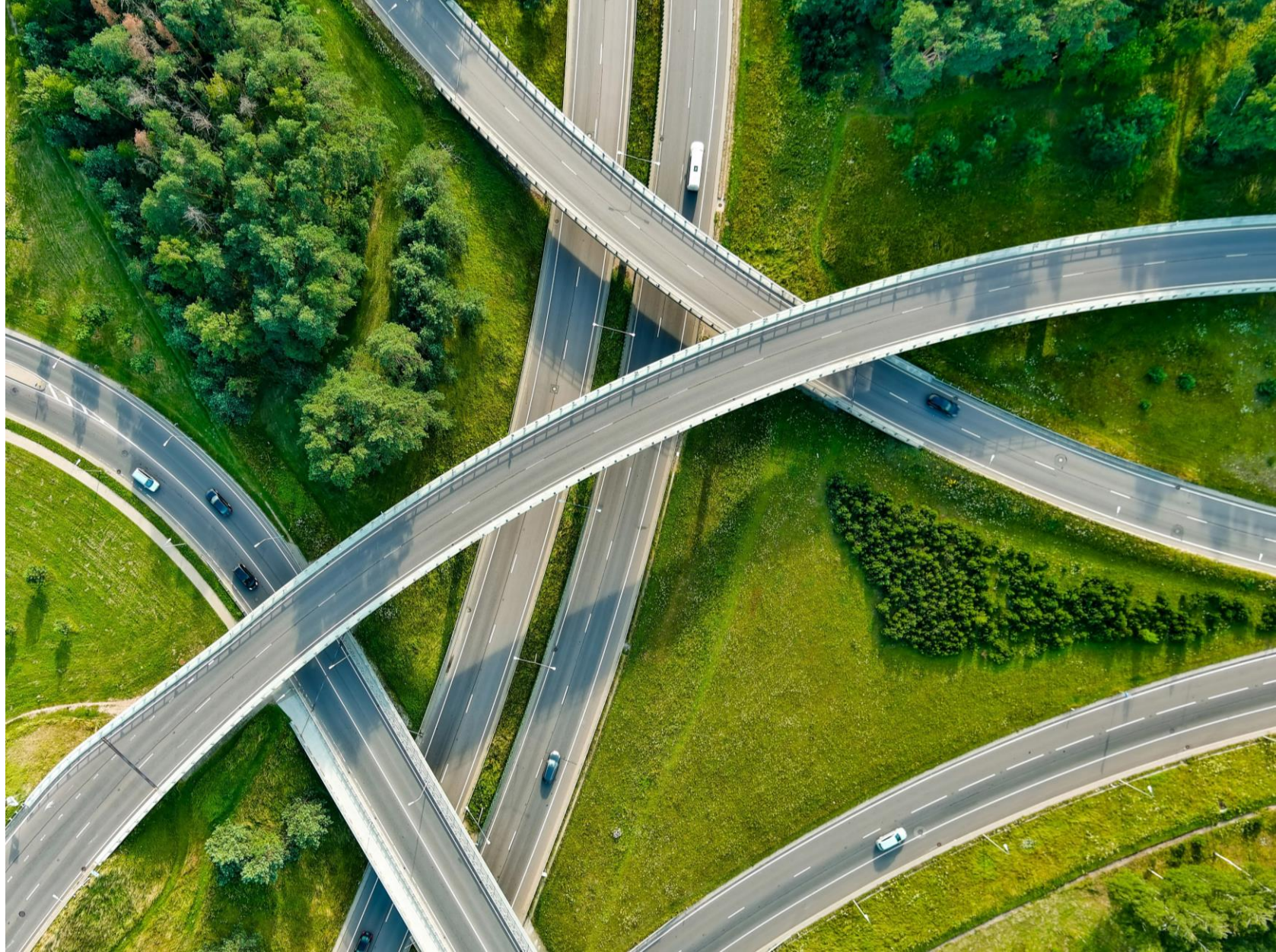


23 January 2025

Market Facilitator

Workshop #3 - Market
Facilitator (MF) Delivery Plan



Agenda

Item	Lead
Introduction and Context	Lawrence Jones (Head of Rules Management) /John Lucas (Head of Market Design)
MF Delivery Plan	Rashmi Radhakrishnan (Market Design Advisor)
Process and governance for creating the MF Delivery Plan and its timeline	Rashmi Radhakrishnan
10min short break	
Embedding the rules and processes of MF Delivery Plan development	Lawrence Jones
SAB and stakeholder interface & appeal process	Iain Nicoll (Wholesale Market Design Manager)
Target Operating Model	Steven Gough (Head of Flexibility)
Summary & Next steps	Lawrence Jones

Market Facilitator Workshop 3 Digital Meeting Etiquette

- Welcome to the Market Facilitator Workshop 3 – we'll start shortly
- We encourage attendees to **use video**, where bandwidth allows, especially if talking
- **Mute when not speaking:**
 - Minimize background noise to maintain focus
 - use Teams chat if you can't break through
- Stay on topic: Keep contributions relevant to the agenda
- Respect all perspectives: Foster a collaborative and inclusive environment
- We will be inviting you to provide views via <https://www.slido.com/> and open discussion

Slido Guidance

- We would love to gather your thoughts using Slido as we move through today's session. We hope this is an engaging experience.
- Everyone should be able to vote and answer questions live during the workshop using Slido

Requirements:

- Internet access
- Web browser
- Participants can join at slido.com with #2733249

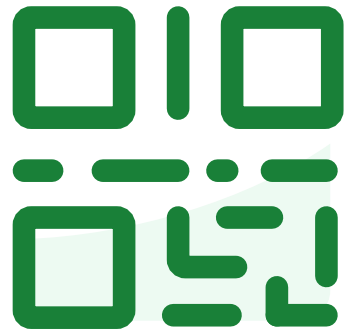
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Welcome to Market Facilitator (MF) Workshop #3 Delivery Plan

Objectives for today...



ELEXON

1

Agree roles, responsibilities, and activities for the development of MF Delivery Plan

2

Agree the process, governance and timeline for developing the MF Delivery Plan and annual delivery schedule

3

Agree where rules and process of developing MF Delivery Plan to be incorporated

4

Agree SAB and stakeholder interface on developing the MF Delivery Plan

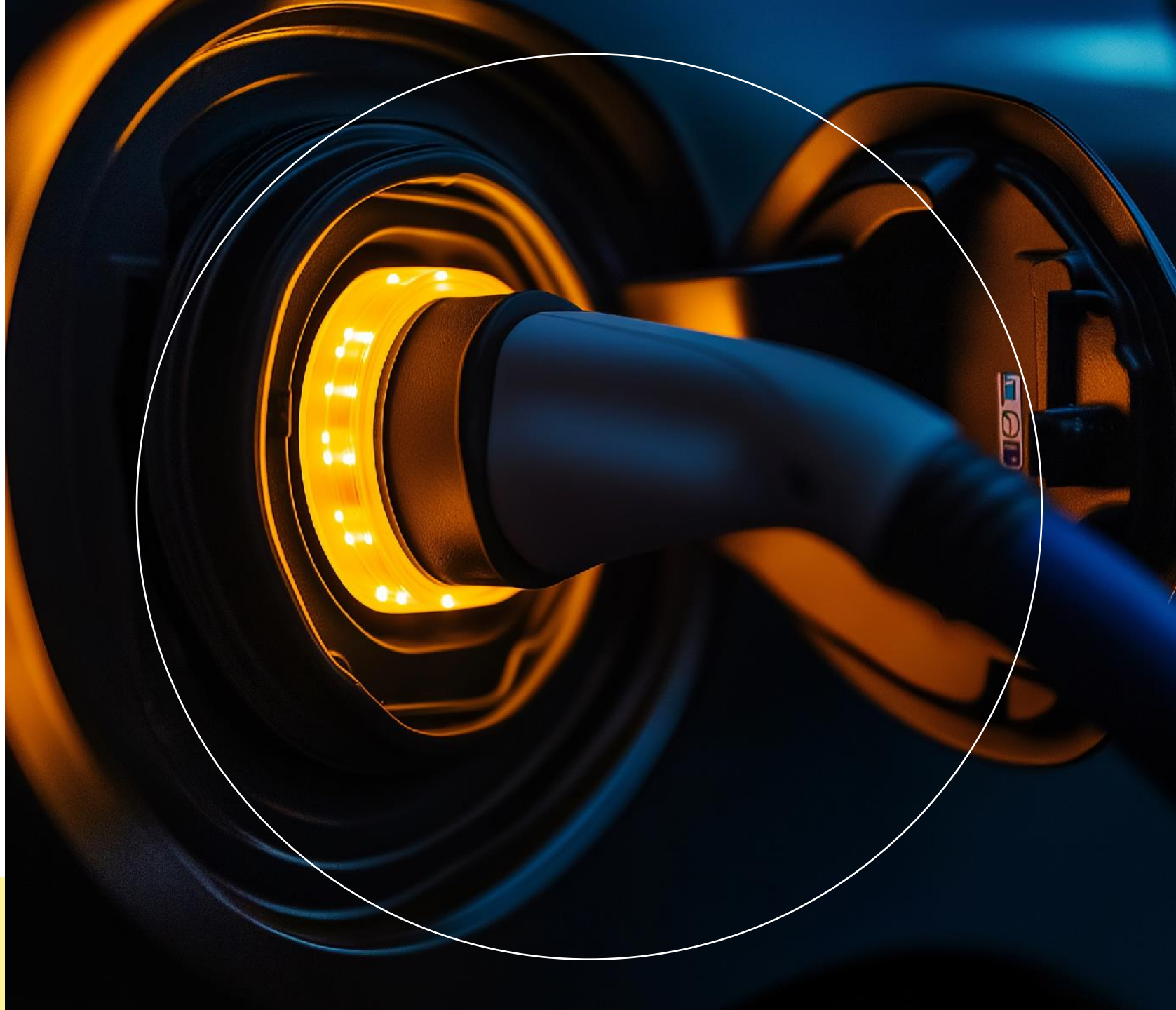
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Discuss the target Operating Model (2028 state)

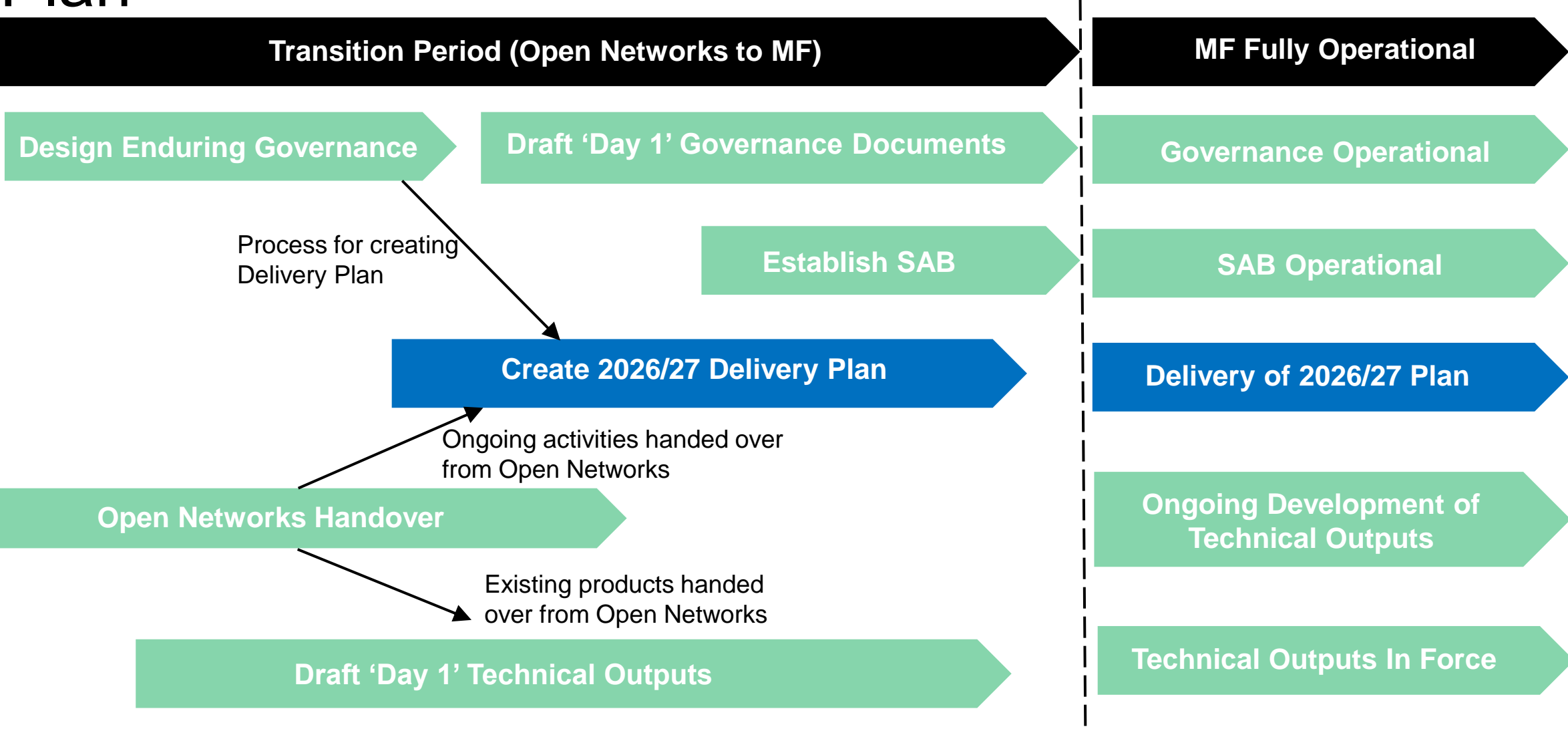
Ofgem published the [Market Facilitator policy framework consultation on 10 December 2024](#) (closes 11 February 2025)

01

Introduction and Roles & responsibilities



Context for creating the first (2026/27) MF Delivery Plan



Elexon as MF delivery body roles and responsibilities:

[from Ofgem's Market Facilitator policy framework consultation](#)

Strategic leadership function responsibilities:

- Monitor and horizon scan for upcoming challenges and opportunities.
- Provide strategic and expert advice to Ofgem / DESNZ, as requested or proactively where a policy or regulatory barrier has been identified.
- Recommend strategic updates to Ofgem to the market facilitator role as required
- Proactively identify barriers to flexibility
- Create a two-year delivery plan in line with Ofgem and DESNZ's flexibility policy, and an annual delivery schedule

Market Coordination function responsibilities:

- Design and develop new / update existing common rules, market processes, services, standards, in line with the delivery plan published in the form of technical outputs.
- Input into NESO service design process and market design framework.
- Lead the development process of DNO flexibility.
- Set out timelines for the adoption of new and updated common technical outputs
- Facilitate open, participative discussions with wide stakeholder representation in developing technical outputs
- Maintain an up-to-date repository of technical outputs in a publicly accessible place
- Engage and comply with the appeals process.

Implementation monitoring function responsibilities:

- Track implementation of market facilitator technical outputs across DNOs and NESO, and report implementation issues to Ofgem, in accordance with the implementation monitoring framework
- Input into the NESO performance assessment process and DSO incentive process
- Assess the effectiveness of services, processes, rules, standards, etc. and identify and feedback improvements or updates into the market coordination function.

DESNZ and Ofgem roles and responsibilities: [from Ofgem's](#)

[Market Facilitator policy framework consultation](#)

DESNZ/Ofgem responsibilities:

- Direction setting through the publication of policy and strategy documents
- Request strategic advice from Elexon subject to the agreed process
- An option to input into the annual delivery schedule
- An option to input into the development of the delivery plan
- Review the detailed governance arrangements developed by Elexon and undertake an annual performance assessment
- Compliance and enforcement of NESO and DNO licenses.
- Consider and decide any appeals relating to the market facilitator's budget or technical outputs, as set out

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Do you have any further views on the roles and responsibilities of MF delivery body and Ofgem/DESNZ?

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02

MF Delivery Plan



MF Delivery Plan(1 of 3)

According to Ofgem, Elexon, as the Market Facilitator(MF) delivery body, should:

- Develop and publish a two-year MF Delivery Plan to align the flexibility market arrangements of all DNOs and NESO with Ofgem and DESNZ's flexibility policy every 2 year.
- Develop and publish an annual delivery schedule that outlines detailed and specific objectives of the delivery plan.
- Publish a draft delivery plan for stakeholder review and invite feedback, which must be addressed and incorporated as part of the finalisation process.

However, in the transition phase, Elexon as MF delivery body, need to:

- Develop and publish its first 2 year MF Delivery Plan covering 1st Jan 2026 to 31st December 2027 period before 1st of January 2026 go-live.
- This plan will be informed by feedback gathered from the workshops and from Open Network handover.
- The proposal is to conduct consultation and finalise the plan in autumn/winter 2025.
- *Notably, this period will lack an established governance framework to guide the process. (Ofgem 2025 plan)*

MF Delivery Plan(2 of 3)

- The MF Delivery Plan aims to outline the key priorities and ambitions for the Market Facilitator, while the annual delivery schedule will provide detailed, granular actions to support these objectives.
- MF will lead on the development of the delivery plan and annual delivery schedule, taking into account stakeholders and wider industry developments.
- Elexon as MF delivery body will harmonise and standardise flexibility markets by developing common rules, market processes, services and standards. We will publish these as initial suite of “technical outputs”, which NESO and DSOs must comply with on day 1 of Go Live.
- These technical output will then develop throughout 2026 and 2027, using the agreed change processes (to be discussed at workshop 5), to achieve the ‘2028 target’ set out in Ofgem’s December 2024 consultation.
- Specific deliverables and outputs will be included to establish clear expectations and measurable benchmarks for progress and performance.
- The structure of the MF delivery plan, which will define the enduring approach to delivering each workstream, has yet to be finalised.
- Open Networks will continue delivering its work ahead of the Market Facilitator Go Live(Jan 2026).

MF Delivery Plan(3 of 3)

- The quality of this plan will heavily depend on the contributions of stakeholders. Providing thoughtful responses and detailed insights is crucial to ensuring the plan's credibility and feasibility. Without this collaborative input, the delivery plan risks falling short of these standards.
- Elexon aims to collaboratively develop a delivery plan that is transparent, robust, achievable, and measurable.
- A proposed Stakeholder Advisory Board (SAB) is anticipated to play a key role in the MF delivery plan, including providing input and reviewing the plan.
- Stakeholders will also play a key role in shaping the development of MF Delivery Plan and Annual delivery schedule.
- Ofgem has stated that they will contribute/input to the MF Delivery Plan as part of the public consultation and development process alongside other stakeholders. However, they will not play a role in approving the Market Facilitator delivery plan.
- Elexon is committed to working closely with all participants to identify challenges and opportunities, enabling the swift delivery of all MF workstreams and supporting the broader goal of achieving demand side flexibility targets for Clean Power 2030 and Net Zero in 2050.

MF Annual Delivery Schedule

We envision the MF Delivery Plan and Annual Delivery Schedule to be closely aligned together. The MF Delivery Plan will focus on the over-arching objectives and key outcomes for the two-year delivery period. The annual delivery schedule will outline the key deliverables and timescales for the specific activities.

- It is intended that this is will be in a form of a roadmap, most likely as a PDF documents.
- Although no formal consultation is needed, we anticipate sharing a draft annual delivery schedule to give stakeholders an opportunity to feedback.
- This will be done in the form of a webinar.
- In the event of a budget appeal, which may have an impact on delivery schedule, rather than re-issuing the plan we will publish an amendment document to explain the impact

03

Process and Governance



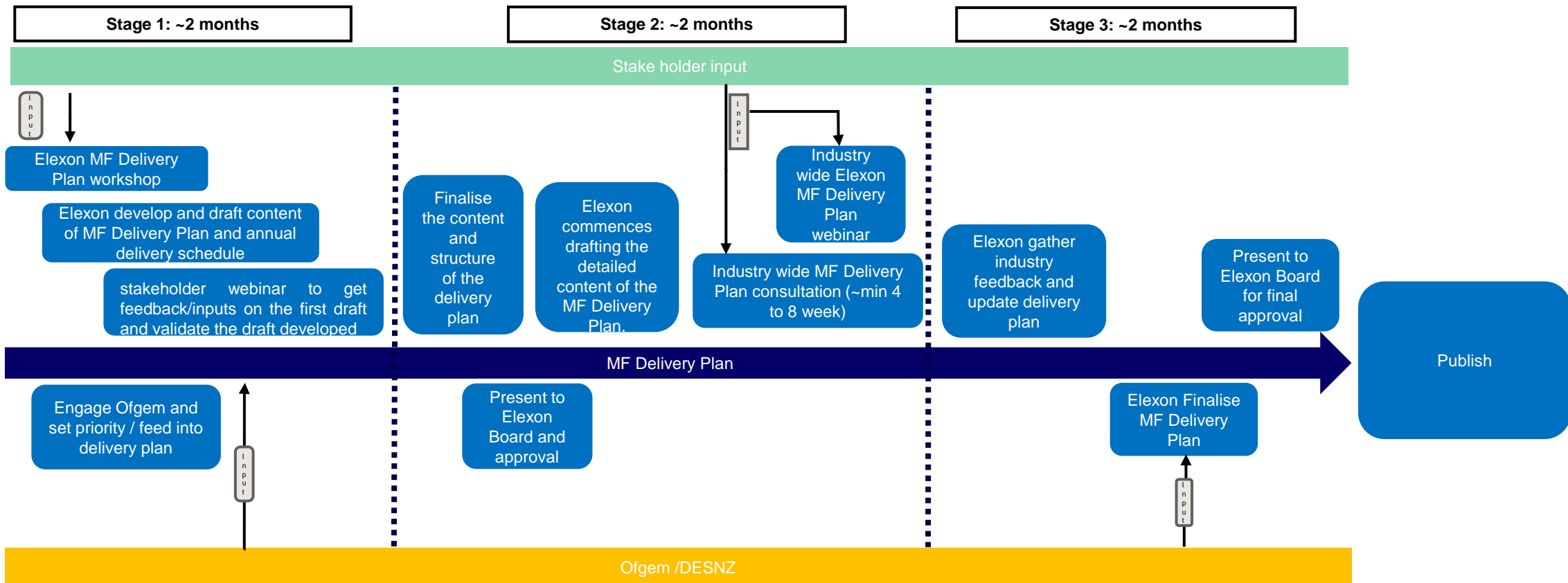
Process for creating MF Delivery Plan

Stage	Stage 1	Stage 2	Stage 3
Process/ Task included	<ol style="list-style-type: none"> 1. Identify and priorities opportunities for alignment across DSO and NESO flexibility markets. 2. Identify key milestones and address any identified issues 3. Engage with relevant stakeholders, get advise from SAB on high level objectives and gather their initial thoughts and feedback through workshops. 4. Develop an internal draft of a high-level plan, including key themes and the overall structure of the MF Delivery Plan and delivery schedule. 5. Agree internally on MF Delivery Plan content structure and delivery schedule structure 6. Conduct a stakeholder webinar to get feedback/inputs on the first draft and validate the draft developed <p>Output : Initial design</p>	<ol style="list-style-type: none"> 1. Finalise and confirm the structure of the MF Delivery Plan in collaboration with SAB and other stakeholders. 2. Elexon commences drafting the detailed content of the MF Delivery Plan. 3. Conduct a comprehensive review of the finalised MF Delivery Plan and delivery schedule. 4. Present it to Elexon board for their feedback. <p>Output : Ratification</p>	<ol style="list-style-type: none"> 1. Conduct a structured public consultation on the detailed MF Delivery Plan. 2. Conduct a webinar 3. Gather feedback and incorporate necessary revisions 4. Perform a final review of the developed MF Delivery Plan and proceed with external publication in a publicly accessible place. <p>Output : Consultation and publication</p>

Note: The BSC requires Elexon to prepare an annual budget, setting out the expenditure reasonably necessary in order to carry out the business strategy in the Plan Year. All MF activities will be covered in this.

Timeline and governance on producing an enduring MF Delivery Plan

- Exelon estimates that developing the MF Delivery Plan will take approximately six months, including time for preparation and consultation.
- Exelon will create and maintain a publicly accessible repository of technical outputs, ensuring stakeholders have easy access to the most up-to-date information.



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Are there any additional activities that should be included in the drafting process or governance around it?

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- 1. Do you agree with this level of engagement while developing the MF delivery plan?**
- 2. Is this an appropriate level of engagement? Too much? Too little?**

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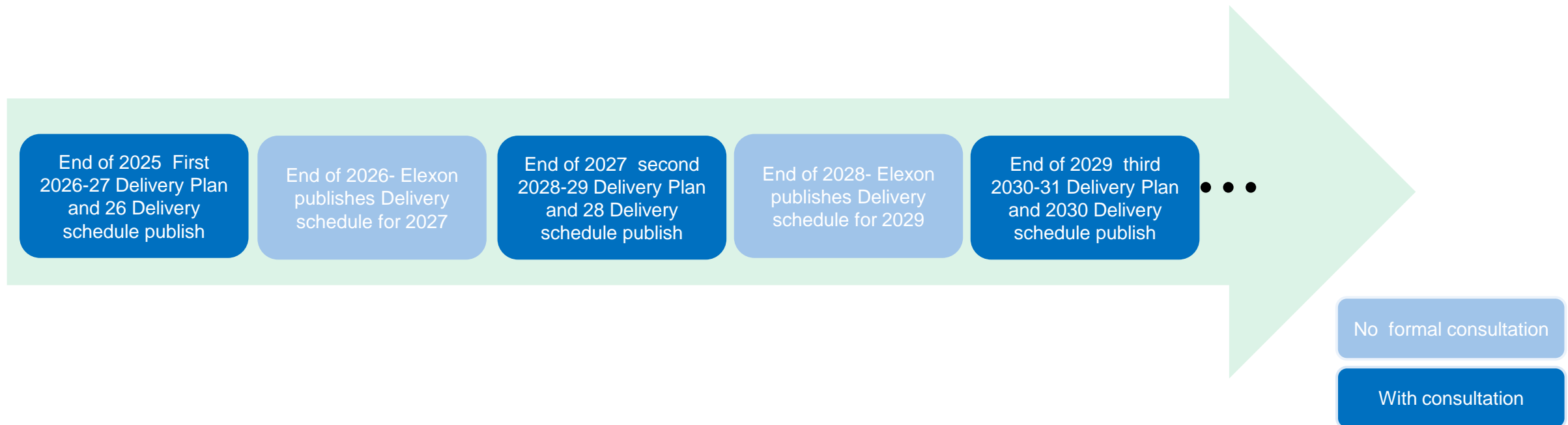
04

Timeline and Content



Delivery plan timeline

- As per Ofgem consultation, the first MF Delivery Plan, covering 2026-27, should be published at the end of 2025 December.
- The MF Delivery Plan will be produced every 2 year to cover the following next 2 year plan and a detailed annual delivery schedule.
- It will undergo consultation process before being finalised
- Unlike the MF Delivery Plan, annual updates to delivery schedule will not be consulted on ahead of the publication each year.
- The below diagram shows the timeline.



Options for Publishing the MF Delivery Plan Timeline

- The BSC requires Elexon to prepare a business strategy setting out the principal activities which it expects to be carrying out in the coming financial year (April-March) is published in April.
- The budget focuses on the on-going business as usual expenditure to deliver BSC and EMR obligations, including people costs based on the current structure, BAU Operational, Demand Led, System Strategy, and Contracted costs based on current contracts. The EMR budget is managed separately.
- The initial MF two-year delivery plan, spanning January 1, 2026, to December 31, 2027, is expected to be published by December 2025. This might impact Elexon's business planning, budget-setting processes and its timeline.
- **Elexon believes aligning the timeline of its business plan with the MF Delivery Plan will enable more accurate budget setting.**



Any preference on publishing the MF Delivery Plan & delivery schedule - Calendar year or Business year?

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Any preference on publishing the MF delivery plan and delivery scheduled - calendar year or business year?

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Options for Publishing the MF Delivery Plan Timeline

Option 1 Calendar year- Stick with end of year publish (end of December Publish)?

- MF Delivery Plan publish time (end of December) coincide with timeline of different strategic documents and license conditions which may have impact

Option 2 change to business year (1st of April publish)?

- Aligns with most of the publications, making it efficient for compliance and collaboration
- Example: C9 consultation and change process by NESO (NESO Procurement and use of Balancing Services annual C9 preparation start in October and go live in April), Elexon Business plan timeline (November and go live in April) and several others.
- Changing to April helps to set the budget in line with other strategic direction.
- Ofgem plan to publish the MF governance framework document and decision on MF licence conditions by end of 2025. Which will form the baseline to produce MF Delivery Plan and publish the first MF Delivery plan in April

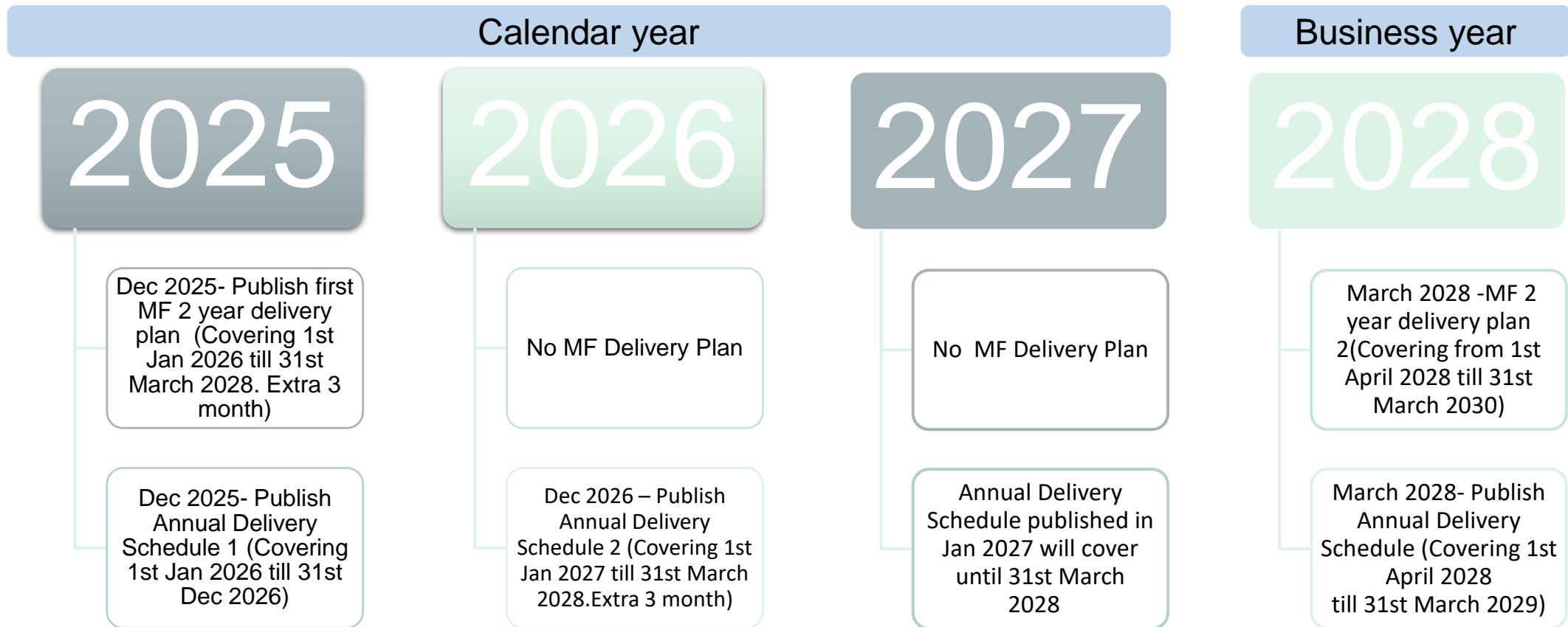
Option 2a: Transition from a calendar year to a business year publication format with the release of the first MF Delivery Plan and annual delivery schedule.

- Consider the transition plan to cover until end of March 2026 period
- And publish the first MF Delivery Plan and annual delivery schedule on 31st of March 2026 to go live in 1st of April 2026 covering 1st of April 2026 to 31st of March 2028.

Option 2b: Transition from a calendar year to a business year publication format with the release of the second iteration of the MF Delivery Plan and annual delivery schedule.

- In December 2025 MF first Delivery Plan publication, include an extended timeline of MF deliverables/ambitions from January 2026 to March 2028 (with an additional 3 months)
- And publish the second MF Delivery Plan and annual delivery schedule on 31st of March 2028 to go live in 1st of April 2028 covering 1st of April 2028 to 31st of March 2030.

Transition from Calendar year to Business year



What is the preferred option?

Option 2b is our preferred option - Transition from a calendar year to a business year publication format with the release of the second iteration of the MF Delivery Plan and on 3rd iteration of annual delivery schedule.

- In December 2025 MF first Delivery Plan publication, include an extended timeline of MF deliverables/ambitions from January 2026 to March 2028 (with an additional 3 months)
- And publish the second MF Delivery Plan and annual delivery schedule on 31st of March 2028 to go live in 1st of April 2028 covering 1st of April 2028 to 31st of March 2030.

Justification :

- Aligns with most important publications, making it efficient for compliance and collaboration
- Example: C9 consultation and change process by NESO(NESO Procurement and use of Balancing Services annual C9 preparation start in October and go live in April), Elexon Business plan timeline (November and go live in April) and several others.
- Changing to April helps to set the budget in line with other strategic direction.



Do you agree with option 2b as the preferred option?

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**Do you agree with option 2b
as the preferred option?**

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MF Delivery Plan Content

The structure of the MF delivery plan, which will define the enduring approach to delivering each workstream, is yet to be finalised. But in high level(TBC)

Sections	What's included
Introduction	<ul style="list-style-type: none">•Brief overview of the plan and its purpose.
Executive foreword	<ul style="list-style-type: none">•Message from leadership highlighting the importance and vision of the initiative
Objective and scope of the Market Facilitator Delivery plan	<ul style="list-style-type: none">•Define the key goals and intended outcomes.•Outline the scope, including focus areas and boundaries
Detailed Overview of Key Areas and Services	<ul style="list-style-type: none">•Provide an in-depth description of the core services and priority areas addressed by the plan.
Details and Timeline of technical outputs requiring further development under the new change process	<ul style="list-style-type: none">•Outline specific deliverables and technical areas requiring further work.•Provide a clear timeline of activities and milestones for implementation
Key benefits of enabling the Flexibility Market and Our Long-Term Strategic Goals	<ul style="list-style-type: none">•Highlight the benefits of enabling a flexible market.•Describe the broader, long-term Elexon strategic commitments supported by the plan.
How we measure the success	<ul style="list-style-type: none">•Define success metrics and key performance indicators (KPIs).•Explain the process for ongoing monitoring and evaluation. (upcoming workshop 5)
Stakeholder involvement in developing the MF Delivery Plan	<ul style="list-style-type: none">•Detail the roles and contributions of key stakeholders in shaping and executing the plan.
Risk management	<ul style="list-style-type: none">•Identify potential risks and their implications.•Outline mitigation strategies and contingency planning.
Glossary and Appendices	<ul style="list-style-type: none">•Provide definitions of terms, acronyms, and concepts.•Include supporting documents, diagrams, and additional resources as needed.

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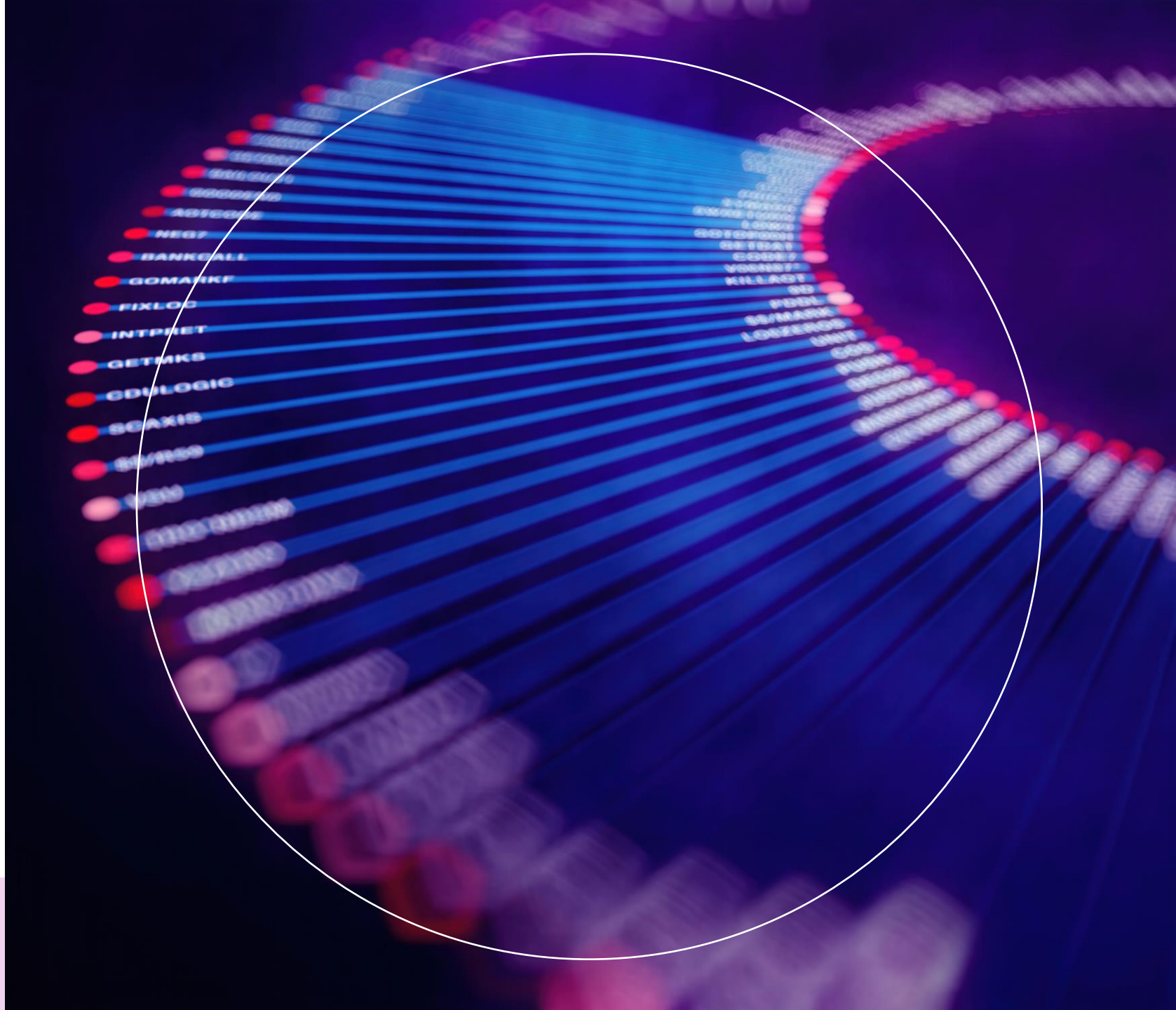


Do you have any feedback on the delivery plan content? Is there anything else you'd like to add?

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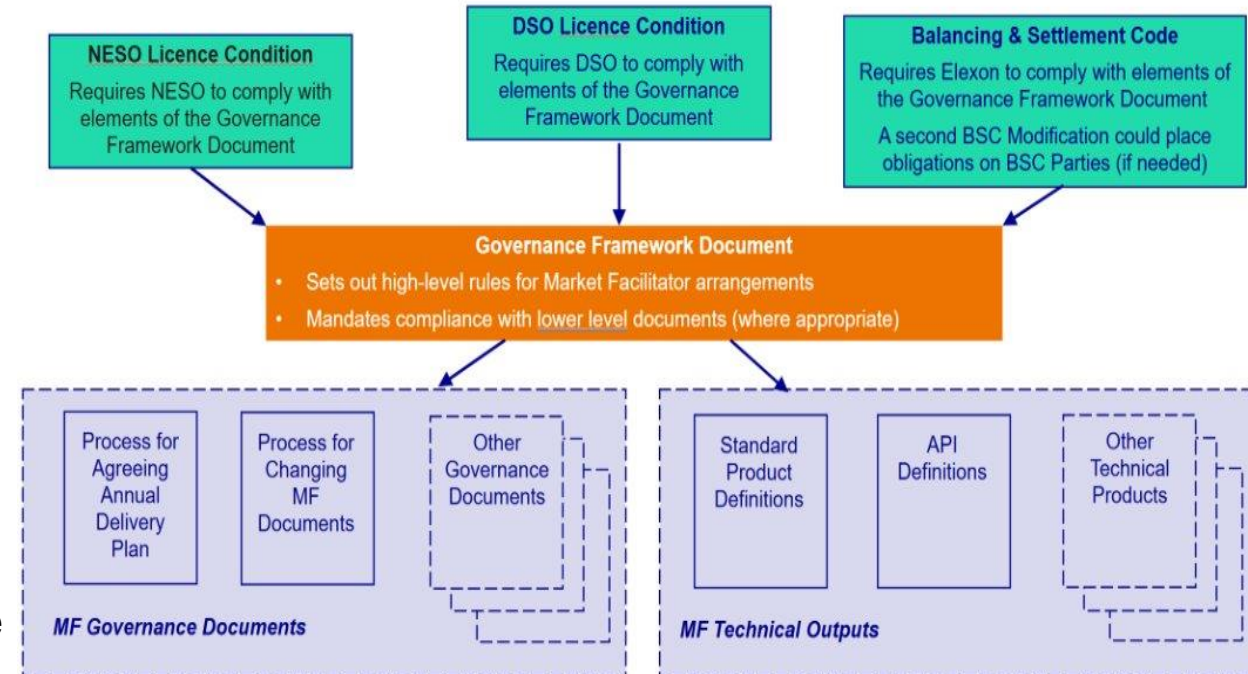
05

Embedding Rules and Process



Where to Embed the Rules and Processes for the MF Delivery Plan (1 of 2)

- The rules and processes developed as part of this detailed design phase need to be discharged into legally binding documents
- We have identified three areas where the design could be discharged to:
 1. The BSC – this will require a BSC Modification to implement the rules into the BSC
 2. The Governance Framework Document (GFD) – this will require Ofgem to implement the rules into this document, that they own
 3. MF Governance Documents – this will require the MF to implement the rules into a new document (subsidiary to the GFD), that the MF will own
- We propose that the model on the right is adopted



Where to Embed the Rules and Processes for the MF Delivery Plan (2 of 2)

We would like to include the rules and processes for the MF Delivery Plan in **a new MF Document**, that is given effect via Ofgem's Governance Framework Document, a GFD subsidiary document or schedule.

- We do not believe it necessary or appropriate to include these rules in the BSC, as the MF Delivery Plan does not lean on any BSC processes nor is it associated or dependent on them
- We do not believe it efficient to include in Ofgem's Governance Framework Document. By including in a subsidiary document to the Governance Framework Document, the MF can maintain the processes and rules it is responsible for without requiring Ofgem to update the Governance Framework Document
 - The change process for this new subsidiary document will be subject to our proposals in Workshop 5 – Change Management
- As a reminder, we proposed to include the cost-recovery, budget and finance rules and processes in the BSC, as there were significant efficiencies in doing so

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Do you have any further views on including the Delivery Plan process and rules in a new subsidiary document to the Governance Framework Document?

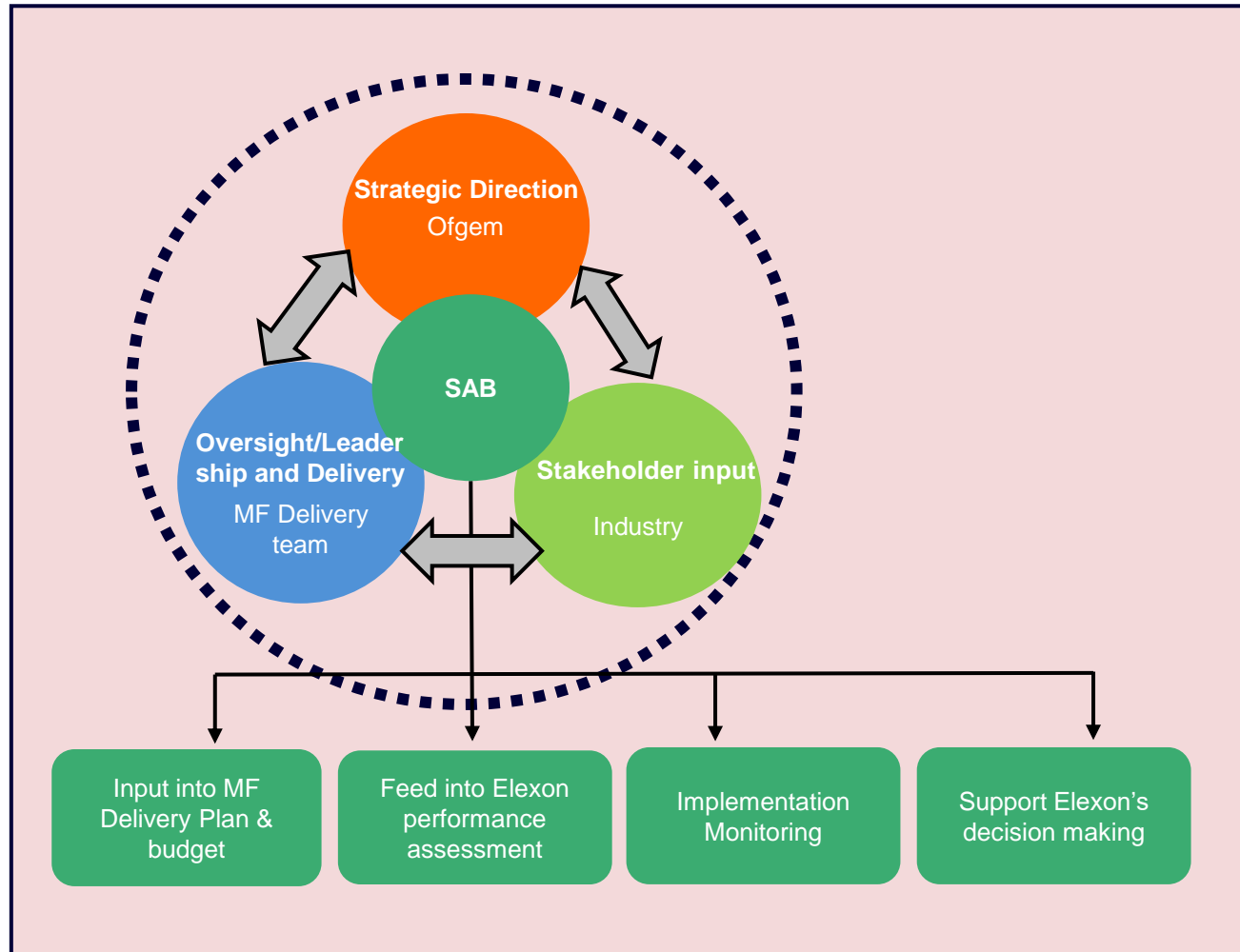
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06

Satkeholder interface & Appeal process



SAB and Stakeholder interface with the MF Delivery Plan



Market Facilitator:

- Strategic leadership
- Market coordination
- Implementation monitoring

Key actors- Stakeholder Advisory Board:

- Made of representative from industry.
- Support MF's decision making
- Feed into Ofgem's assessment Elexon's Performance as MF.
- They will input into MF Delivery Plan and monitor Elexon MF implementation

Key actors- Stakeholders:

- Input into Industry consultations, workgroups
- Participate in Annual Stakeholder Survey
- Opportunity to be part of SAB
- Appeal/ dispute process

Key actors' roles and responsibilities:

Market participants, market actors and wider stakeholder responsibilities:

- Stakeholders will play a key role in shaping the development of MF technical outputs, MF delivery plans and MF budgets
- Contribute to the development of technical outputs, delivery plans and budgets.
- Input to the market facilitator's performance assessment process (through the stakeholder survey and stakeholder advisory board (SAB))
- Stakeholders can appeal on market facilitator decision (Technical outputs and budget)

Apart from the above responsibilities, NESO and DNO also has to:

- Adopt MF technical outputs
- NESO to consult at an early stage with the Market Facilitator as part of the NESO's service design process
- Report the implementation status of technical outputs in accordance with the implementation monitoring process
- NESO and DNO to designate a named senior "sponsor" who is responsible for the market facilitator relationship.



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According to Ofgem, decisions on the governance framework and license conditions will be made by Winter 2025 (as outlined in the timeline below), with the first MF Delivery Plan scheduled for publication by the same timeframe.

1. Would you prefer SAB to be appointed in Summer 2025 to assist in the development and publication of the inaugural MF delivery plan or after go live?

Publication	When?	Who?
Policy framework decision	Spring 2025	Ofgem
Transition / handover plan	Spring 2025	Elexon
Detailed governance arrangements consultation	Spring 2025	Elexon
Draft Governance Framework Document consultation	Summer 2025	Ofgem
Non-statutory licence consultation	Summer 2025	Ofgem
Statutory licence consultation	Summer 2025 / Autumn 2025	Ofgem
Draft detailed governance arrangements documents	Summer 2025	Elexon
Final detailed governance arrangements documents	Autumn 2025	Elexon
Governance Framework Document	Winter 2025	Ofgem
Licence conditions decision	Winter 2025	Ofgem
The first enduring delivery plan	Winter 2025 (TBC)	Elexon

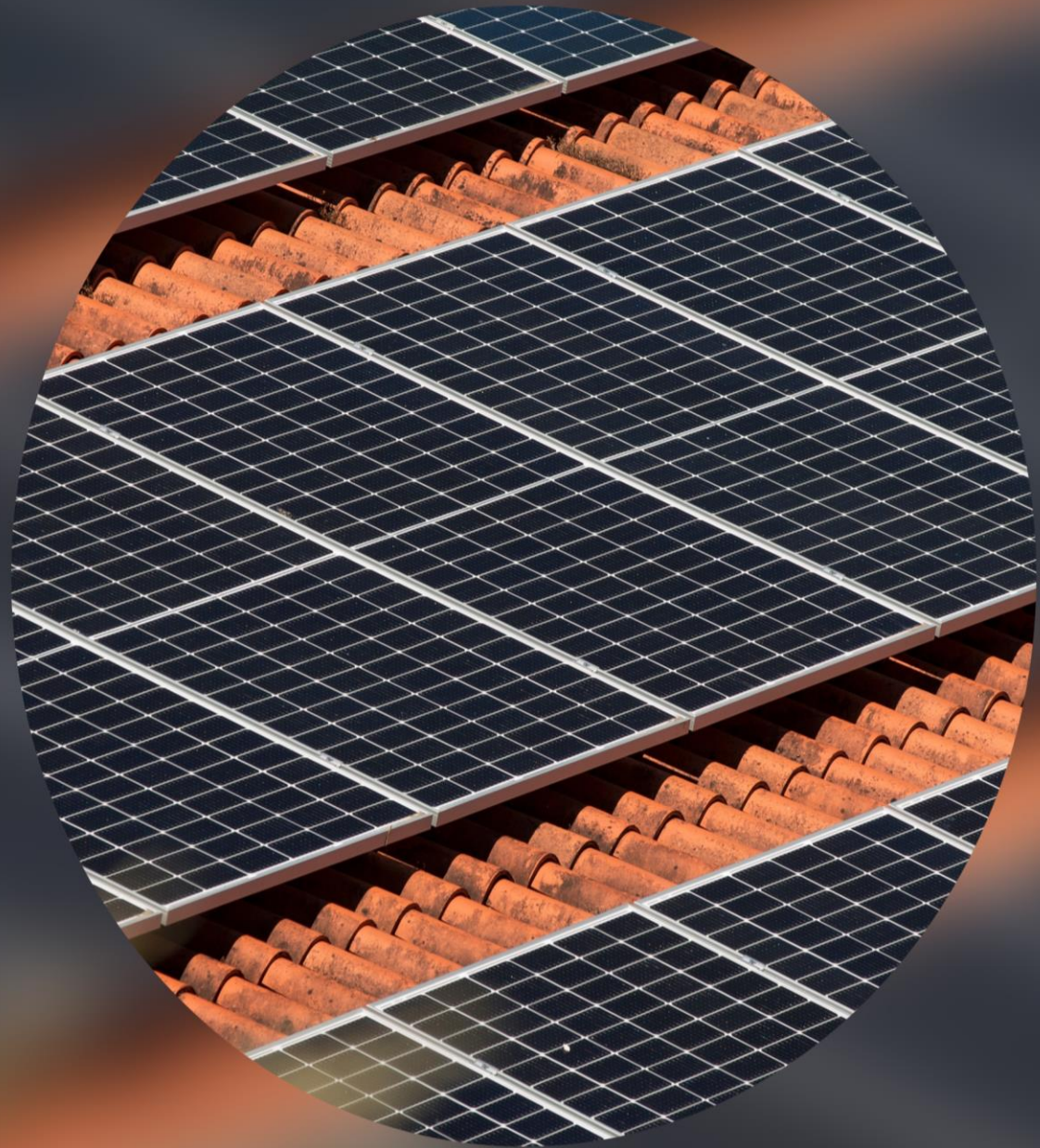
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Appeal process

- Ofgem proposed embedding an appeals process within the MF Governance Framework Document.
- The decision on technical output and budget can only be appealed by the stakeholders.
- No appeal process will be associated with either of the published MF Delivery Plan or the annual delivery schedule.
- We acknowledge that an appeal concerning technical outputs or budget setting could affect the MF Delivery Plan and/or the annual delivery schedule. In such instances, we will prepare and publish amendments to the relevant Technical Output document in a publicly accessible location and notify stakeholders of the changes. Additionally, we will aim to revise or issue an annex with amendments to the originally published MF Delivery Plan or annual delivery schedule.

07

Target Operating Model



How does the Target Operating Model look like (2028 target state)?

Market Facilitator two-year delivery plan (2026-27) include

- DNO flexibility services, most NESO ancillary services and some aspects of the Balancing Mechanism (excluding operations but including Procurement and Reporting) are in scope. (Stability and Reactive power is not in scope)
- NESO Ancillary services include products:
 - Response
 - Reserve
 - Constraint Management Services
 - Balancing Reserve.
- The Market Facilitator include end-to-end flexibility process for the above, from procurement (exploration, registration and competition) to operations (availability and dispatch) and reporting (verification and settlement).

Market Facilitator two-year delivery plan (2028-29) include

- All the above from the first delivery plan
- Ofgem proposes to explore bringing the Capacity Market and Wholesale Market within scope

08

Summary and Next steps



Summary

Consideration	Preferred option	Reason
What is the process for drafting, consulting on and agreeing the enduring Delivery Plan?	A delivery plan and detailed annual delivery schedule will be produced to meet Ofgem requirements that include consultation	2 year delivery plan and annual delivery schedule will be published to meet Ofgem requirements
How should stakeholders engage with the process for the enduring Delivery Plan?	Elexon aims to collaboratively develop a delivery plan that is transparent, robust, achievable, and measurable.	Stakeholders and the SAB will be invited to comment on the delivery plan and annual delivery schedule.
Delivery Plan to encompass the period from January to December 2026 or more?	2 year delivery plan will contain a high level plan for 2 years and a granular annual deliver delivery schedule. We propose the first Delivery Plan is 1 Jan 26 to 31 Mar 28 and then runs every two years Apr to Mar	This will bring efficiency benefits
How do we draft, consult on and agree the process for year 1 (2026), given the enduring process may not yet be agreed?	Will aim to follow the process explained in section process and governance (Slide 17 to 19)	Aim to engage and consult industry and other relevant parties to make sure a MF Delivery Plan is produced which is transparent, robust, achievable, and measurable
We're open to feedback from stakeholders on whether the enduring process (Y2 onwards) should also be Jan-Dec or Apr-March	April to March(business year)	It will align with Elexon business plan and other important NESO licence condition changes.

Summary – alignment with Ofgem governance outcomes

- How have we met Ofgem’s governance outcomes for the MF in relation to preparing MF Delivery plan
- Accountable – Stakeholders and the SAB will be invited to input and comment on the delivery plan and annual delivery schedule.
- Efficient – our proposals make use of existing processes and mechanism for efficiency, where appropriate
- Delivery at pace – our proposals are deliverable within the timescales
- Inclusive and collaborative – we will factor in feedback from this workshop and consultation, the proposals themselves include public consultations, checks and balances and scrutiny from a Stakeholders and Stakeholder Advisory Board
- Transparent – we will include our forecasted budget in our business plan for consultation and all MF Delivery Plan, schedules and consultation responses will be published
- Trusted – we will do what we say we will do

Next steps

- Our next meeting is on the **Implementation Monitoring** and is scheduled for **[6 Feb 25]**
- We will share a high-level summary of this meeting and publish it on our website within the next week
-
- You can access the questions from today here: [Market Facilitator Workshop 3 Questions](#)

MF Detail Design Timetable

Workshop	Date
#1 Scope and deliverables	27 November 2024
#2 Budgeting and Finance	18 December 2024
#3 Market Facilitator Delivery Plan	23 January 2025
#4 Implementation Monitoring	6 February 2025
#5 Enduring Change Management	26 February 2025
#6 Wash-Up of Remaining Governance Topics – revisit Budgeting and Finance	4 March 2025
#7 Mop-Up and Holistic Review	20 March 2025
MF Detailed Design Consultation	April 2025

Thank you