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## Market Facilitator Workshop 3 – Delivery Plan

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Meeting number	<b>3</b>	Venue	<b>Virtual via MS Teams</b>
Date of meeting	<b>23 January 2025 – 10am to 1pm</b>	Classification	<b>Public</b>

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### Summary

#### 1. Introduction and Context

The Chair opened the meeting by welcoming attendees and providing an overview of the purpose and intended objectives of this Market Facilitator Workshop. The session aimed to achieve five key objectives:

- Agree roles, responsibilities, and activities for the co-ordination of the Market Facilitator (MF) Delivery Plan
- Agree the process, governance and timeline for developing the MF Delivery Plan and annual delivery schedule
- Agree where rules and process of developing Delivery Plan to be incorporated
- Agree Stakeholder Advisory Board (SAB) and stakeholder interface on developing the MF Delivery Plan
- Discuss the target Operating Model (2028 state)

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

Elexon started the workshop by outlining the key steps and timeline for developing the first 2026/27 MF Delivery Plan. This included activities such as designing enduring governance, drafting governance documents, establishing the SAB, incorporating inputs from Open Networks and developing technical outputs. They also highlighted the transition process, which involves the handover of ongoing activities and products from Open Networks, leading to the MF framework becoming fully operational by Q4 2025.

#### Elexon as MF delivery body roles and responsibilities: from Ofgem's [Market Facilitator policy framework consultation](#)

Elexon proposes, in line with Ofgem's proposals in its Policy Framework consultation, to create a two-year Delivery Plan aligned with Ofgem and DESNZ's flexibility policy, supplemented by an annual delivery schedule. This ensures alignment with strategic goals and provides a clear roadmap for delivering market facilitator responsibilities.

#### DESNZ and Ofgem roles and responsibilities:

Elexon outlined the roles and responsibilities of DESNZ and Ofgem in the Market Facilitator framework, in line with Ofgem's proposals in its Policy Framework consultation. Key responsibilities include setting policy direction, requesting strategic advice from Elexon, and providing input into the annual delivery schedule and development of the Delivery Plan. DESNZ and Ofgem will also review governance arrangements, ensure compliance with NESO and DNO licenses, and handle appeals related to the Market Facilitator's budget and technical outputs. These measures ensure accountability and alignment with overarching policy goals.

Stakeholder feedback during this section:

- A participant asked about interactions with Mission Control. Elexon clarified that they are engaging with a few individuals at a high level, but Mission Control is unlikely to be involved in the deployment or implementation of the Market Facilitator. Engagement will continue to be maintained at a high-level.
- A comment was made that the slides should have included a communication strategy and references to leadership within the slides. Elexon responded by confirming that they are recruiting a new stakeholder lead who will join soon to address these needs. This individual will focus on stakeholder mapping and developing a comprehensive stakeholder strategy. A monthly update on the development of MF to industry is in progress and will be published soon.

- A participant asked what the specific goals were for this first delivery plan and how success would be measured. Exelon explained that the focus of this workshop was on the interim and enduring processes for establishing the Delivery Plans (and schedules) . Exelon added that there would be further engagement with stakeholders on the goals and measures for the Delivery Plans, in due course.
- When asked about a month-by-month view of publications, Exelon stated they are adopting a more seasonal approach aligned with the objectives set out in the Ofgem consultation.

## 2. Market Facilitator Delivery Plan

Exelon is tasked with developing and publishing a two-year MF Delivery Plan, aligned with Ofgem and DESNZ's flexibility policies. The plan will outline key arrangements for flexibility markets and include an annual delivery schedule. The Delivery Plan will focus on setting priorities for flexibility markets, providing granular actions in an annual schedule. It will include initial "technical outputs" for NESO and DSOs to comply with at Go Live, while acknowledging that some technical outputs may have implementation dates beyond Go Live, taking into consideration stakeholder feedback. Exelon will work collaboratively with stakeholders, supported by a Stakeholder Advisory Board (SAB). Ofgem will contribute but not approve the final Delivery Plan or Schedule. The aim is to achieve flexibility targets supporting Clean Power 2030 and Net Zero 2050 goals. The annual schedule will complement the two-year Delivery Plan by detailing key deliverables and timelines.

Stakeholder feedback during this section:

- A participant suggested conducting an online survey to identify aspects of Open Networks that did not work effectively, covering topics such as stakeholder body composition, consultation frequency, priority setting, and industry expectations for a Market Facilitator website. They emphasized the need for detailed delivery plans and schedules to ensure clarity and accountability. Exelon agreed the plans would need to contain sufficient detail to provide clarity. It also agreed to consider the survey, but was keen to avoid contributing to survey fatigue and that lessons learnt activities with key stakeholders had been conducted and shared with Exelon.
- A participant asked about the go-live date. Exelon responded that the target is to go live by the end of this year, as outlined in Ofgem's licence conditions. From Day 1, system operators will be required to comply with the established schedules. Exelon is currently working with Open Networks to finalise the content of these compliance requirements. As a caveat, Exelon noted that the process of drafting the technical outputs will largely reflect the current state of the market, ensuring there are no sudden or significant implementation changes introduced this year. This approach aims to provide a smooth transition and minimise disruption.
- Concerns were raised over a potentially significant amount of planning. Exelon noted actions are being worked in parallel, Exelon are actively progressing the priorities of flexibility to facilitate to Clean Power 2030.
- Concerns were raised regarding the extensive planning required to achieve the goals. Exelon assured participants that actions are being progressed in parallel and that priorities around flexibility are actively being addressed to support the Clean Power 2030 initiative. One participant suggested identifying and delivering "quick wins" to demonstrate rapid progress, emphasising that a five-year timeline is relatively short for achieving meaningful change.
- A participant queried whether the proposed plan could be tested and optimised using a digital twin environment with stakeholder input. Exelon welcomed the suggestion but was cautious on whether this was feasible with the current availability and quality of industry data. The participant added that developing a digital twin could help identify gaps and issues with the data.

## 3. Process and Governance for Creating the MF Delivery Plan and its Timeline

### Process for creating MF Delivery Plan & annual schedule BSC Business Plan and Budget Setting Process

Exelon will identify opportunities for alignment across DSO and NESO flexibility markets, set key milestones, and engage stakeholders, including the SAB, for advice on objectives. A high-level draft of the plan, including structure and key themes, will be developed and validated through a stakeholder webinar. Exelon will finalise the structure of the plan in collaboration with the SAB and stakeholders. The content of the Delivery Plan will be drafted, reviewed comprehensively, and presented to the Exelon board for feedback. A structured public consultation and webinar will gather feedback to incorporate necessary revisions.

Stakeholder feedback during this section:

- A participant asked for a draft Target Operating Model (TOM) and full RACI chart to be provided as soon as possible, suggesting the lower-level operating model can follow later. Exelon welcomed the challenge and stated that it will take the feedback onboard as something they could do after further development.
- A participant questioned why six months is allocated to a high-level plan, stating this duration should be sufficient for a detailed plan. Exelon confirmed that by the end of the sixth months, the MF Delivery Plan and annual Delivery Schedule with granular details will be produced and published.

- Concern was raised that deliverables must be agreed upon with industry partners to ensure the Market Facilitator plan is achievable, transparent, and aligned with expectations. Elexon responded that it would consult stakeholders in setting implementation and delivery timescales.
- Emphasis on ensuring flexibility is delivered with consumer consent, engagement, and participation, highlighting the importance of the user experience (UX) and avoiding detriment to end customers. Elexon agreed that they wish to see the end-to-end process is barrier free and as easy as possible, to encourage the uptake of flexibility.
- A participant queried whether Elexon could provide clear scope statements within the next month or two, asking for clarification on whether the Supplier Hub principle, which addresses barriers for independent aggregators, would be revisited, or if this would be explicitly excluded. Elexon stated that it is not currently on the Agenda for MF to change the Supplier Hub process. Elexon agreed to catch up with the participant to discuss further as to why they believe this is a barrier and highlighted that the MF change process (to be discussed in workshop 5) would likely be an open change process, so participants could raise such issues.
- A participant proposed implementing a system to log all stakeholder suggestions and make them publicly accessible, along with a clear indication of which suggestions Elexon plans to progress. Elexon acknowledged the value of this approach and committed to exploring its feasibility.
- A participant stated that while engagement is vital, it should not hinder progress. They emphasised that clarity and consensus should take precedence over achieving universal agreement

### **Timeline and governance on producing an enduring MF Delivery Plan**

Elexon estimates approximately six-month timeline to develop the MF Delivery Plan, including preparation and consultation phases.

A publicly accessible repository of technical outputs and other relevant documents will be created and maintained to ensure stakeholders have up-to-date information readily available.

### **Delivery plan timeline**

The first MF Delivery Plan, covering 2026–27, is expected to be published by the end of December 2025, as per Ofgem's consultation. The Delivery Plan will be updated every two year.

A consultation process will be undertaken before finalising the MF Delivery Plan. Annual updates to the delivery schedule will not be subject to consultation prior to their publication however the MF is aiming to get stakeholder feedback through workshops.

Stakeholder feedback during this section:

- A participant highlighted the practical challenges of having a disconnect between the financial year and the delivery plan year, suggesting that aligning the two would reduce unnecessary complexity.
- A participant queried what actions are being taken in parallel to drafting plans, noting that 2025 constitutes a significant portion of the timeline towards achieving the 2030 flexibility target.
- A participant emphasised the importance of scheduling consultations to avoid overlaps with holidays or capacity market prequalification periods.
- A participant asked how the proposed timelines will align with DS/NO business planning cycles, which typically commence in April.
- A participant questioned whether accountancy practices might delay progress towards achieving National Net Zero objectives. Elexon commented that the process for Delivery Plans would work, whether they ran financial or calendar years but believed aligning to financial years was more efficient and that there should be no impact from accountancy practices.
- A participant queried if the delivery plan aligns with CP 2030 response timelines, expressing concerns about risks to achieving the 2030 objectives due to potential dependencies or assumptions linked to MF deliverables.

### **Options for Publishing the MF Delivery Plan Timeline**

The BSC requires Elexon to publish a business strategy in March, outlining its principal activities for the upcoming financial year (April–March). The budget focuses on BAU costs to meet BSC and EMR obligations, covering operational, demand-led, system strategy, contracted expenses and Market Facilitator with the EMR budget managed separately.

The initial MF Delivery Plan (2026–2027) is set for publication by December 2025. Elexon supports aligning the MF Delivery Plan timeline with its business plan to reduce the complexity in setting the budget. Running the delivery plan on a calendar year basis would mean that it would have to be accounted for across two financial years. Elexon outlined its options.

### **What is the preferred option?**

The preferred option is Option 2b, which transitions to a business year (financial year) publication format starting with the second iteration of the MF Delivery Plan and the third iteration of the annual delivery schedule. The first MF Delivery Plan, to be published in December 2025, will include an extended timeline from January 2026 to March 2028, adding three months. The second MF Delivery Plan will then be published on 31 March 2028, covering April 2028 to March 2030. This approach aligns with key publications, such as NESO's C9 process and Elexon's Business Plan, enhancing compliance and collaboration while enabling budget alignment with strategic goals.

Stakeholder feedback during this section:

- A participant stated that while a two-year delivery plan is useful, there should be greater long-term visibility beyond the formal plan to avoid gaps in strategy. They highlighted a potential risk where the lack of forward-looking strategic guidance at the end of 2027 could leave the industry without direction. They propose publishing a "state of play" document for the post-2027 period, providing high-level priorities for 2029 and beyond. This would help industry actors plan strategically without waiting until the next formal delivery plan is published.
- Another participant felt this was not a priority and should be revisited once MF is fully established. Elexon noted that it had received feedback suggesting alignment of the delivery year with the financial year. They acknowledged that this alignment impacts both their own processes and those of participants. Elexon emphasised that it would be easier to address this issue during the implementation phase rather than later. However, they agreed that it was not a top priority at this stage.

#### 4. Embedding the rules and processes of MF Delivery Plan development

##### Where to Embed the Rules and Processes for the MF Delivery Plan

The rules and processes developed during the design phase should be included in legally binding documents. Three options were identified for embedding these rules: the BSC (requiring a Modification), Ofgem's Governance Framework Document (GFD), or a new MF Governance Document owned by the Market Facilitator, that would be given effect via Ofgem's GFD. Elexon proposes creating a new MF Governance Document, as this allows the MF to maintain responsibility without requiring changes to the BSC or GFD. The new subsidiary document will be developed and updated based on the proposals outlined in Workshop 5 (Change Management). Elexon added that it will be important to ensure that the GFD and the MF documents 'hang together' legally.

Stakeholder feedback during this section:

- A participant asked how interactions or overlaps between technical outcomes from the Market Facilitator and existing codes (e.g., the Grid Code) would be addressed. Specifically, he inquired whether such changes would be absorbed into the Market Facilitator delivery program or managed separately, given their potential separate timelines. Elexon clarified that if amendments to other codes are required, the time to raise and progress those changes would need to be factored into the delivery plans. Similarly, any need for changes to Market Facilitator rules, technical outputs, or governance identified by code workshops or workgroups would follow the Market Facilitator's change process.
- A participant queried whether there are concerns about creating the new MF documents within the ambitious timelines, noting that this approach may seem more time-consuming. Elexon commented that it did not consider it more time consuming to do this, as the majority of the content would be the same, regardless of where it sits.
- A participant asked for clarification on the legal standing and enforceability of the GFD. Ofgem commended that it would need to consider this.
- A participant commented that it is a sensible approach to provide the MF with its own document set. While this may introduce initial complexity, it will ultimately reduce it over time and provide greater clarity for users.

#### 5. SAB and stakeholder interface & appeal process

##### SAB and Stakeholder interface with the MF Delivery Plan:

**Stakeholder Advisory Board (SAB):** Comprised of industry representatives, the SAB supports MF decision-making, contributes to Ofgem's performance assessments of Elexon, and provides input into the MF Delivery Plan and monitoring.

**Stakeholders:** Offer input through consultations, workgroups, and an annual survey. Stakeholders also have the opportunity to join the SAB, participate in decision-making, and engage in appeal or dispute processes.

##### Key actors' roles and responsibilities:

**Stakeholders:** Actively shape the development of MF technical outputs, Delivery Plans, and budgets. They contribute to these areas and provide input into the market facilitator's performance assessment via the SAB and stakeholder surveys. Stakeholders can also appeal decisions related to technical outputs and budgets.

**NESO and DNOs:** Must adopt MF technical outputs, consult with the MF during the service design process, and report on the implementation status of outputs. They are required to appoint a senior “sponsor” to oversee the relationship with the market facilitator.

Stakeholder feedback during this section:

- There was varied views on when the SAB should be appointed. One participant agreed with Summer 2025 whilst others stated appointment should be ASAP using BSC Panel governance as a template.
- Elexon emphasised that the SAB will not be an alternative to stakeholder engagement, particularly in this transitional phase.

### Appeal process

Ofgem proposes embedding an appeals process within the MF Governance Framework Document, allowing stakeholders to appeal decisions on technical outputs and budget. While appeals will not apply to the published MF Delivery Plan or annual delivery schedule, any appeal affecting these areas will result in amendments to the relevant documents, which will be published and shared with stakeholders. Additionally, revisions or annexes will address necessary updates to maintain alignment with the original MF Delivery Plan.

## 6. Target Operating Model (TOM)

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

The 2026–27 Market Facilitator Delivery Plan will cover DNO flexibility services, most NESO ancillary services, and parts of the Balancing Mechanism, focusing on procurement, availability, dispatch, and reporting. Key NESO products in scope include Response, Reserve, Constraint Management Services, and Balancing Reserve. By 2028–29, the scope will expand to include the Capacity Market and Wholesale Market, pending Ofgem’s exploration and proposals.

## 7. Summary and Next Steps

The workshop focused on developing the MF Delivery Plan to meet Ofgem’s governance outcomes. Key discussions included a two-year Delivery Plan with annual schedules, stakeholder input through the SAB, and aligning the plan with Elexon’s business strategy and NESO licence changes. The goal is to ensure efficiency, transparency, and collaboration while delivering within agreed timelines.

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### Actions

No.	Workshop raised	Action	Owner	Status
1.	WS3	To have further discussions on whether the Supplier Hub Principle is a significant barrier.	Elexon	Open
2.	WS3	Further exploration on a method of tracking stakeholder suggestion for MF	Elexon	Open