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## Market Facilitator Workshop 1 - Enduring Governance Arrangements Workshop Meeting 1 Summary

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### Summary

#### 1. Welcome & Introduction and Context

- The Chair opened the meeting by welcoming attendees and providing an overview of the purpose and intended outputs of the Market Facilitator Workshops. Elexon team members introduced themselves, briefly explaining their roles and contributions to the Market Facilitator initiative. The following topics were covered during the Introduction and Context section:
- **What is the Market Facilitator?**  
The Chair provided an overview of the Market Facilitator, its purpose, and its key objectives. This mirrors Ofgem's detailed design position from its workshops held between August and October this year.
- **Scope of the Market Facilitator:**  
The Chair outlined the scope of the role, highlighting the areas covered and those out of scope. This mirrors Ofgem's detailed design position from its workshops held between August and October this year.
- **High-Level Timeline:**  
An explanation was given on the progression of the Market Facilitator, starting from Ofgem's appointment of Elexon in July 2024, through the transition period, and into full operational capability.
- **Roles of Ofgem and Elexon During the Transition Period:**  
The Chair clarified the responsibilities of Ofgem and Elexon during this phase, including how they will collaborate to design and implement the Market Facilitator role. The Chair confirmed that the Market Facilitator will issue its design proposals for consultation and Ofgem will approve them. The implementation artefacts will also be issued for consultation. Ofgem will attend the Market Facilitator workshops and is continuing to engage with the Market Facilitator on the detailed design. Ofgem will be issuing its Policy Framework consultation in early December, which builds on its design workshops.
- **What Are We Planning to Do During the Transition Period?**  
The Chair provided an overview of the transition period, detailing what will occur within each key workstream to ensure a smooth handover and development of enduring governance arrangements and technical outputs from Open Networks Programme(ONP).
- **Elexon's Objectives During the Transitional Period:**  
The Chair outlined the objectives set by Ofgem, including preparing for Market Facilitator go-live by the end of 2025, leading the required BSC changes, and working collaboratively with stakeholders to define the arrangements.
- **Stakeholder Comments during this Section:**
  - There was a question about whether this work is being conducted as a formal industry programme. Elexon responded that while it will run the development of the Market Facilitator as a programme internally, the transition itself is not being treated as an industry programme.
  - A participant expressed concern about this initiative running in parallel with Ofgem's work but noted they were reassured by the explanation provided during the session i.e. Ofgem attending the Market Facilitator workshops, the Market Facilitator continuing to engage Ofgem throughout, the timing of the Ofgem Policy Framework consultation, the Market Facilitator consultation on its detailed design and that Ofgem will ultimately approve the Market Facilitator detailed design proposals.
  - There was a question about Elexon's relationship with Open Networks Programme. Elexon responded that it is a new relationship and that they are working closely with Open Networks Programme on transition plans.

- A participant asked how the Market Facilitator role is being designed to be future-facing and adaptable to an uncertain market. Elexon responded that flexibility will be a core principle when it designs the change management rules, in collaboration with stakeholders. Furthermore, it expects the governance and rules will evolve over time through a well-designed change management process.
- A participant suggested providing a higher-level introduction and background material for those new to the topic. Elexon responded that meeting notes will include links to useful resources, and Ofgem confirmed that materials from their previous workshops was available online and so could be shared with attendees. Elexon noted the feedback that providing a training/education service would be valuable and agreed to consider it, as it was not currently in scope. Furthermore, in order to meet the timescales, Elexon is assuming that those attending the workshops will have reviewed material in advance and be well placed to contribute to discussions.
- A participant asked if the outputs from these workshops would be presented to Ofgem for decision. Elexon confirmed that after consultation, the final design proposals will be submitted to Ofgem for decision. Elexon also confirmed that the legal documents to be put in place as part of the implementation phase would also be subject to consultation.

## 2. Workshop Approach & Objectives

- The Senior Change Lead introduced the approach and objectives for the workshops, explaining that this is the first of six or seven sessions running until March 2025. The initial focus is on developing the detailed design of the Market Facilitator operating model and the transition from Open Networks Programme. Workshops will follow a structured approach, with materials shared in advance, specific proposals presented for discussion, and Ofgem guidance incorporated throughout.
- The objectives for this session are to:
  - Gather feedback on the detailed design, the transition process, and stakeholder engagement during the transition.  
It was clarified that implementation workstreams and FMAR (Flexibility Market Asset Registration ) design (as still subject to Ofgem decision) would not be covered in detail at this stage.
- Stakeholder comments during this section:
  - A participant asked if this work would lead to modifications to the Grid Code or the Connection and Use of System Code (CUSC). Elexon responded that this is not expected at this stage, as the focus is primarily on the governance of the Market Facilitator role, which is anticipated to sit within the BSC or standalone Market Facilitator documents. No related modifications are currently on the radar but could be raised if needed.
  - A participant suggested that, given the various overlapping initiatives—such as Ofgem, the Open Networks Programme ,FMAR consultations, and these design workshops—it might be useful to develop an overarching communications and engagement strategy. Elexon agreed and noted that this is something already being considered, with plans to communicate further once the scope is established as part of this session. Ofgem also confirmed that its upcoming Policy Framework consultation would further detail key activities between now and go-live.

## 3. Scope of Enduring Governance Arrangements

- **What do we mean by ‘enduring governance arrangements’?**  
A Market Design Advisor from Elexon provided an overview of the concept of "enduring governance arrangements," explaining the need for clear rules and obligations before the Market Facilitator becomes operational, the distinction between transitional and enduring arrangements, and the iterative process of stakeholder input and Ofgem decisions to define the governance framework.
- **One possible model for the document set implementing enduring governance arrangements**  
A Market Design Advisor detailed a consideration for the model of how the document set could look. They explained how the current documents governing National Energy System Operator (NESO), Distribution System Operators (DSOs), and BSC will feed into the Governance Framework Document, which will set out high-level rules for Market Facilitator arrangements and mandate compliance with other supporting documents, such as governance processes, technical outputs, and product definitions.

Stakeholder comments during this section:

- A participant asked if the Retail Energy Code (REC) had been considered for inclusion in the governance framework. Elexon responded that there was no perceived need to place an obligation on REC or REC parties, as the primary obligations to deliver this sit with Elexon, NESO and DSOs.
- A participant sought clarification on whether funding arrangements are being treated separately or considered as part of the governance framework. Elexon confirmed that funding is in scope and is a potential area that could be incorporated into the BSC, though this is yet to be confirmed.
- A participant highlighted the importance of clearly defining and articulating the roles and responsibilities of different actors, such as system operators and flexibility service providers, in delivering the planned outcomes.

- **Topics currently out of scope for our workshop process**

Elexon's Market Design Advisor presented the topics currently out of scope for the workshop process, explaining that these include the details of the new NESO and DSO Licence Conditions, Ofgem's processes for holding the Market Facilitator to account, and any formal arrangements for stakeholder involvement or representation, such as Stakeholder Advisory Boards, as these are still under consideration by Ofgem.

- **Upcoming Workshops**

The Wholesale Market Design Manager presented the proposed order of upcoming workshops, which include topics such as clarifying scope and deliverables, budgeting and finance, and implementation monitoring. It was explained that the workshops are scheduled to run from November 2024 to March 2025, and specific attention is being given to prioritising budgeting and finance as an early focus area. Feedback was sought from participants on whether the proposed order of workshops is appropriate.

Stakeholder comments during this section:

- Participants raised comments regarding the order of the workshops, specifically the timing of the budgeting and finance discussion. While it was acknowledged that exploring funding arrangements early is sensible, some participants noted that holding the second workshop on budgeting and finance may be premature, as the scope and approach of the Market Facilitator are likely to evolve through subsequent workshops. It was highlighted that it may be challenging for participants to agree on a funding approach without a clear understanding of what will be included within the governance framework.
- Participants suggested that a second discussion on budgeting should be scheduled later in the workshop series, after the scope and approach have been clarified. There was also a question on how funding parties will have representation in the governance structure.
- Elexon agreed to this feedback and confirmed that there will now be two sessions on budgeting and finance: the first, as originally planned, in the second workshop, and a second session toward the end of the series. The later session will ensure that the funding discussion incorporates the full scope of the Market Facilitator once it is agreed. Elexon also confirmed the importance of communicating the workshop agendas and consequently which expertise and stakeholders should attend, in order to ensure the 'right people are in the room'.

- **Workshop 2: Budgeting and Finance**

Elexon presented the proposed agenda for Workshop 2, focusing on cost recovery, budgeting, and finance processes for the Market Facilitator. Key topics include determining which parties will fund the Market Facilitator and how costs will be apportioned, exploring Ofgem's preferred budget-setting model with stakeholder scrutiny, and discussing finance processes such as invoicing frequency, managing payment shortfalls, and reconciling budgeted and actual costs. Feedback was requested on whether these topics adequately cover the scope of budgeting and finance.

Stakeholder comments on additional topics to be considered under Workshop 2:

- Governance/funding party engagement
- understanding how the funding parties are engaged in the budget setting. Especially around budget approval and representation of those parties
- Demonstrate and ensure value for money for end consumers
- Could options like the Innovation Grant be explored?
- How will financing/budget be reported publicly seeing as it will be consumers who will be paying for this
- A view of budgeting and finance of various governance/business models that will be considered

- Payment methods available to funding parties to pay invoices?

- **Workshop 3: Market Coordination Delivery Plan**

Exelon outlined the provisional agenda for Workshop 3, focusing on the process for agreeing a Delivery Plan. Key topics include the process for drafting, consulting on, and agreeing the Delivery Plan, stakeholder engagement mechanisms (e.g., a Stakeholder Advisory Forum), and considerations for both the Year 1 plan (2026) and the enduring process. Feedback was invited on whether the enduring Delivery Plan should follow a January-December or April-March schedule and whether these topics address the key aspects of the Delivery Plan.

Stakeholder comments on additional topics to be considered under Workshop 3:

- To understand what the “Market Coordination Delivery Plan” is / its scope
- Strategy, target operating model, management structure, procurement
- Include all key milestones and stage gate reviews. i.e. broken into specific blocks and decision points that are needed
- Clear mapping of expected outcomes to the plan, including FMAR and other currently excluded items
- Interactions with system operators and add flexibility service providers and annual budget setting processes, especially for actions that have IT related investment required

- **Workshop 4: Implementation Monitoring**

Exelon presented the proposed agenda for Workshop 4, focusing on processes to monitor DSO and NESO compliance under the Market Facilitator Arrangements. Topics include defining metrics for assessing compliance, with the understanding that initial metrics will remain flexible and evolve through the change management process. The discussion will also address the implementation monitoring process, including how DSOs and NESO provide data, how this data is used, what information is published, and how issues are identified and referred to Ofgem. Feedback was sought on whether these topics adequately cover implementation monitoring.

Stakeholder comments on additional topics to be considered under Workshop 4:

- How flexibility service providers’ compliance be monitored
- Whether additional data sharing agreements are needed
- Look at existing processes and obligations, and design any new processes to complement the existing requirements

- **Workshop 5: Enduring Change Management**

Exelon outlined the agenda for Workshop 5, focusing on the enduring process for managing changes to governance and technical outputs under the Market Facilitator Arrangements. Key topics include determining which rules and processes should sit within the BSC, Market Facilitator documents, or Ofgem-owned documents, and establishing processes for proposing, consulting on, and implementing changes. Stakeholder engagement throughout these processes will also be a core focus. Feedback was sought on whether these topics adequately address change management.

Stakeholder comments on additional topics to be considered under Workshop 5:

- The current marketplace providers (e.g. Piclo) are key stakeholders in this space and should be closely involved in change management
- Continuous improvement following a change. i.e. Measuring its impact, did it work, and updating things to make it effective post implementation
- Change management processes must also support an appeal/arbitration mechanism for participants
- Impacted Parties engaged and their needs facilitated
- Consult on changes to Enduring Market Facilitator Technical Outputs
- Given that the Market Facilitator isn’t bound to the existing BSC Change process, is this an opportunity to introduce a more tightly bound change process across BSC, NESO, DSOs to avoid the typical 'sister mod' route?
- Consider any outputs from Energy Code Reform

- **Remaining Workshops**

Exelon proposed one or two additional workshops following Workshop 5 to take a holistic view of outputs from earlier sessions, address any changes or guidance from Ofgem, and cover remaining topics. Potential areas

include changes to BSCCo governance, processes for providing strategic guidance, and the Market Facilitator's role in supporting or coordinating innovation while mitigating risks of stifling innovation by DSOs and NESO.

- **What happens after the workshops?**

Elxon outlined the next steps following the workshops, including a stakeholder consultation on the detailed design of the operating model in April 2025 and submission of final proposals to Ofgem in June 2025. Once Ofgem approves the detailed design, further implementation work will begin, including progressing a second BSC Modification Proposal (if required) and drafting Market Facilitator governance documents, with another consultation on these planned for Autumn 2025. Feedback was sought on whether other aspects of the operating model need to be considered

Stakeholder feedback on this section:

- One participant mentioned lessons learnt from other Change Projects should be considered. Elxon responded by stating that key stakeholders have already been engaged on Lessons Learned from the current Open Network Programme to help feed into the current approach.

#### 4. **Scope of Activities & Deliverables to Transition from Open Networks Project**

- **Activities moving from Open Networks Project to Market Facilitator**

The Head of Market Design outlined activities currently undertaken by the Energy Networks Association (ENA) Open Networks Programme that will fall under the scope of the Market Facilitator and transition to Elxon. These include stackability of assets across markets, standardising flexibility products, agreements, and processes, ensuring interoperability through technical standards and Application Programming Interfaces (APIs), developing primacy rules to manage asset utilisation conflicts, and implementing carbon reporting methodologies. Feedback was sought on whether these areas align with participant expectations for the Market Facilitator's scope.

Stakeholder comments on this Section:

- Interoperability seems like a bit of a red herring – does any evidence exist that shows it's actually inhibiting the uptake of flexibility?
- Will there be a road map of how Market Facilitator envisages changes interacting with other major change areas, such as Energy Code Reform (ECR), Review of Electricity Market Arrangements (REMA). Elxon noted that this would be factored into the delivery plan

- **Process for developing transition plan**

Elxon outlined the process for transitioning from ENA to the Market Facilitator, as discussed at the Ofgem workshop on 20 August 2024. Emphasis was placed on the importance of developing a clear transition plan in collaboration with ENA and communicating this effectively to stakeholders. Stakeholder input will help define both short-term transition priorities and medium- to long-term operational priorities.

- **What does this mean for ENA Technical Working Groups?**

Elxon provided a high-level overview of the transition process for ENA Technical Working Groups. Currently active groups, such as those focusing on primacy rules and baselining, will transition to Elxon. Some groups, which are winding down, will not transition, while others will continue under ENA but are expected to interact with Market Facilitator activities. A few groups have been identified as having no interaction with the Market Facilitator. A detailed plan will be developed to manage the transition process effectively.

- **Stackability**

Elxon highlighted "stackability" as a key objective identified by Ofgem, linking it to work like BSC [Issue 114](#) on revenue stacking for ancillary services and wholesale markets. The ENA Working Group has focused on clarifying rules and identifying quick wins to support Ofgem's Flexibility Digital Infrastructure. Participants were asked if revenue stacking issues hinder flexibility markets and whether exploring a system-wide approach during the transition would be valuable.

- **Standardising Products, Agreements and Processes**

Elxon outlined progress on standardising aspects of flexibility markets. For **products**, DSOs have aligned on five standardised product types, with ongoing work to reduce the number of variants further. Regarding **agreements**, DSOs have implemented version 3 of standard agreements and associated service terms, though concerns remain about their suitability for all asset types and sizes. For **processes**, ENA Technical Working Groups have aligned DSO and some NESO processes in areas such as prequalification, settlement, and baselining, with consultants engaged to identify further opportunities for standardisation. Significant progress



has also been made in aligning products across flexibility markets.

- **Interoperability**

Elexon highlighted ongoing ENA work on interoperability, focusing on dispatch and developing a common API between system operators (NESO/DSOs) and flexibility service providers based on OpenADR 3.0. External service providers will be appointed to establish the standard, with development planned for Q1 and Q2 2025.

- **Primacy Rules**

Elexon presented the importance of primacy rules for efficient coordination between NESO and DSOs. The ENA has published two increments of primacy rules and commissioned consultants to address potential conflicts, stakeholder impacts, interaction with existing rights and obligations, and the information flows needed to implement these rules. Primacy rules were noted to intersect with broader issues such as access rights under SCR and legacy connection agreements.

Stakeholder feedback on this section:

- A participant highlighted that while conflicts are currently minimal, they are expected to grow significantly as network complexity increases, making primacy rules crucial for future operations.
- Another participant stressed the need for standardising language and offerings across suppliers to engage households with flexibility services, suggesting that primacy between local and balancing flexibility should be addressed before demand signals reach customers.

## 5. How Should We Engage with Stakeholders During the Transition Period?

- **Stakeholder engagement – Detailed Design work stream**

Elexon outlined plans for stakeholder engagement in the detailed design process, including six or seven workshops from November 2024 to March 2025. Further consultations on the detailed design and implementing documents are scheduled for Summer and Autumn 2025, respectively. Attendees agreed with this level of engagement from Elexon

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### Actions

No.	Workshop raised	Action	Owner	Due by	Status
1.	WS1	To have two sessions on budgeting. One to discuss the initial topics mentioned and perhaps any further topics. And then another at the end of all the sessions as the topics from other Workshop sessions will feed into this.	Elexon	WS2	Open
2.	WS1	Elexon to review and amend the content and topics of each upcoming Workshop to incorporate feedback received during Workshop 1.	Elexon	WS 2-6	