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## Market Facilitator Workshop 4 – Implementation Monitoring

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Meeting number	<b>4</b>	Venue	<b>Virtual via MS Teams</b>
Date of meeting	<b>6 February 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 the workshop. The session aimed at gathering feedback on Elexon’s proposed approach on four topics:

- ‘Day 1’ Technical Outputs
- Monitoring change implementation
- Ongoing monitoring
- General approach to Implementation monitoring

#### What is ‘Implementation Monitoring’?

- Elexon started the workshop by outlining the concept of Implementation Monitoring taking its description from Ofgem’s consultation on Governance Framework [Market Facilitator policy framework consultation](#) as one of the three key functions of the Market Facilitator alongside the strategic leadership and market coordination. As per Ofgem’s proposals in the current consultation, implementation monitoring will include items such as -
  - tracking implementation of Market Facilitator (MF) Technical Outputs across Distribution System Operators (DSOs) and the National Energy System Operator (NESO);
  - reporting Implementation issues to Ofgem;
  - inputting into the NESO performance assessment process and DSO incentive process; and
  - assessing the effectiveness of services, processes, rules and standards.

#### 2. What are Technical Outputs?

- Elexon presented a proposal for the key documents which will underpin the rules associated with Market Facilitator. These will include common rules, market processes, services, standards, IT tools etc. DSOs and NESO will be obliged to adopt these rules, and in some circumstances, they may also apply indirectly to flexibility service providers and platform providers. They are approved by the Market Facilitator and can also be appealed to Ofgem.
- Key purpose of the discussion was around implementation and delivery of these Technical Outputs including key aspects of how they will be implemented. Elexon provided an overview of the relationships between the new Governance Framework Document and Technical Outputs which will be subject to Ofgem’s decision. It was highlighted that NESO and DSOs will be obliged by their license conditions to adopt the Technical Outputs.
- Elexon sought views from attendees on renaming the ‘Technical Outputs’ which are primarily a group of commercial and operational items. The attendees shared a range of options which Elexon will consider after the workshop.
- Elexon explained what the ‘Day 1’ Technical Outputs will mean – a set of rules for system operators to comply with immediately as Market Facilitator becomes operational at the end of this year with an implementation plan associated with them.
- The change process will ensure that the Technical Outputs will evolve and change to align with market conditions and deal with required updates. One of the key steps in structuring them will be to standardise them with the end-to-end flexibility process from the start and all the way through to the settlement process while factoring the collection of data. The other outputs will be a new flexibility product catalogue, primacy rules and data schemas and data flow definitions.

- Elexon shared the timeline for the drafting of 'Day 1' Technical Outputs which will be developed alongside the handover from the Open Networks Programme and includes establishing the Stakeholder Advisory Board (SAB).
- In terms of mapping the Technical Working Groups output to the Technical Outputs, Elexon showed how the two link and illustrated visually the mapping of the key components from the Technical Working Groups with the different Technical Outputs.
- Elexon shared the process of the Standardised End to End Flexibility Process which it is looking to define the process from the point of view of the customer journey to make sure there is consistency in the way it is implemented across the system operators and to make it easier for the Flexibility Service Providers (FSPs) to access multiple markets simultaneously.
- Flexibility product catalogue: Elexon outlined that this will be looking at the aspects of stackability as well as ensuring consistency in defining each of the flexibility products across all the different markets.
- One of the attendees enquired if Elexon will define which assets can participate with these products. Elexon responded that most of the products have definitions on who can participate and in terms of megawatts delivered etc. Elexon will capture that in parts in the flexibility product catalogue. Other attendees raised concerns on technology neutrality by the relevant system operator / network provider when they develop a product. If they have not been clear to the market what is required (e.g. outputs) for the technology types in scope it may mean that no products can be compliant with the new market / service. A technology type needs to be able to meet the requirements / outputs (e.g. ramp rate) of the flexibility product. Elexon agreed to consider this assessment takes place, and it is clear what technology types for which it would work.
- Elexon shared the approach on data schemas and data flow definitions which largely involves using appropriate data metrics and having the right meta data in place and ensuring the common definitions are being adhered to in terms of data sharing between different platform providers and between different FSPs. This will help avoid data interoperability issues.
- Elexon sought views from attendees if they agree with Elexon's proposed 'Day1' Technical outputs. Attendees asked if they will be documented or implemented on 'Day 1'. Elexon responded that they will be implemented on 'Day 1', but the versions in effect at that point will not reflect the desired end-state. There may be obligations that are documented in the Technical Outputs but still subject to an ongoing implementation process; and there will be other obligations not yet captured in the Technical Outputs that will be developed through the enduring process (in an agile way, in accordance with the agreed delivery plan for 2026 and 2027).
- Elexon also responded to questions related to the specifics of the Flexibility Market Asset Registration (FMAR), the standardised flexibility process requiring common registration processes. The Ofgem minded-to position is that the Market Facilitator should hold design workshops with relevant stakeholders to clarify the requirements and required design. Elexon intends to progress these workshops as quickly as possible, subject to confirmation by Ofgem of their minded-to position.
- Elexon also responded to questions related to success measures, these include key elements on setting up, delivering against the plans and schedule, focusing on reduction of key barriers to entry which is an ongoing exploration behind the scenes currently.

#### **How do we monitor the implementation of Technical Outputs:**

- Elexon highlighted that as per Ofgem's consultation suggested that Elexon will need to establish the rules and procedures for implementation monitoring.
- Elexon proposed their approach on the implementation of anything new in the market – such as a new Application Programming Interface (API), or a new product. Elexon will look to track the implementation of these based on their agreed dates. The second aspect will be ongoing monitoring which will be when something has gone live, understanding the extent to which Technical Outputs are being used as per their intended purpose on some key measures.

#### **Why would we be changing Technical Outputs?**

- Technical Outputs can be amended if there is a need to. It can involve changes to a dispatch API, for example, if they will need to evolve as markets are changing or it can be a consequential change to the Technical Outputs because NESO are implementing a new ancillary service. The detailed change process will be discussed in the upcoming workshop 5. The assumption is that every change will have an Implementation Date and during the change process Elexon will work with DSOs, NESO and flexibility providers which are impacted by the changes. There may be situations which will require different Implementation Dates depending on different system operator's regulatory requirements and NESO needing to go through Article 18 processes.
- Attendees asked about the need for a single place where flex market participants can find in a simple way which market is implementing the changes with their approved timelines. Elexon responded that they will look to simplify this process to the extent possible and will provide flexibility where reasonable.
- Elexon also responded that all the technical documents will use the latest Microsoft document versions with help from their enterprise architecture team.
- Elexon sought views from attendees on different implementation dates and shared their proposed approach to implementation monitoring. There was broad agreement on the proposed approach.

## How should we track the implementation of changes?

- Exelon provided two options for the attendees with their proposed approach to tracking the implementation of changes.
- Option 1: track implementation only when things go wrong.  
Option 2: tracking implementation routinely which will require regularly checking through an implementation plan in advance which is Exelon's preferred plan as it will help Exelon to identify any risk of delay in implementation and allow us to provide support in removing any barriers and consider any broad steps that Exelon can take to mitigate the impact on the flexibility markets. This will mean NESO and DSOs will have to provide a 'Change Implementation Plan' containing a high level plan for agreed changes to Technical Outputs monthly to Exelon. The 'Change Implementation plans' and 'Issue resolution plans' will not be published online publicly by the Market Facilitator.
- Public notifications will only be made public where there is the possibility of a reasonably likely delay in course correction by the market participants in Exelon's assessment. Some information on such delays will be shared with Ofgem.
- Exelon will try to resolve any delay in implementation and will try to avoid any escalation to Ofgem by working with system operators and only when reasonable steps were not taken and non-cooperation by them will then be raised to Ofgem. SAB will provide advice on this aspect of monitoring to Exelon. Exelon sought advice from attendees on the proposed approach: Attendees raised concerns about conflict of interests of SAB members in such issues, and level of transparencies of when the participants should be informed when there is a risk of something being delivered on time. Exelon proposed that they will strive to achieve a balance in terms of achieving a right way forward.
- There was a broad agreement on Exelon's proposed approach of monitoring implementation of changes.

## 3. Ongoing Monitoring of Adoption of Technical Outputs

- A second type of monitoring beyond IT products was proposed to ensure Technical Outputs are being used and having the desired effect. For example, if a change is introduced to a standard agreement to make it easier for certain types of FSPs to sign up to it, but they are not signing up to it or having to sign a different agreement which means the change is not having a desired effect in that case Exelon will need to be aware of this situation. So, Exelon proposed ongoing monitoring of what is happening in flexibility markets, how much flexibility is being procured and used and how much of that is before the process is set out in Technical Outputs. This links to the discussion about maintaining balance on how prescriptive the standardisation should be and the need for it to be simple and easy for the participants to comply with them. The purpose of this is to understand the compliance issues, challenges with products, services having desired effect and not realising the benefits associated with them.

### Existing reporting and Proposed reporting requirements

- Exelon recognised that there is already a lot of reporting about flexibility and in an ideal world, Exelon would not want to be further burden people.

Exelon shared that DSOs have got existing reporting requirements and conditions through licence condition 31E and NESO also makes a lot of data available through BMRS. Both NESO and DSOs also have additional requirements of reporting to Ofgem. The intention is to not repeat the reporting which will be duplication and is not adding any value. Exelon proposed some new reporting around contracted flexibility and utilisation and proposed that NESO and DSOs to report directly to Exelon on details related to their contracted flexibility. It would identify specific flexibility service providers and assets contracted for, their capacity and date range and data rights. This will help Exelon understand whether Technical Outputs are being used or not at the right time.

- The same reporting approach was proposed for the dispatched flexibility which will comprise of information about the assets, products, volumes that were dispatched, actual half hour in which it was dispatched, and some data items along various dimensions to confirm whether Technical Outputs were complied with and the standard Dispatch API used.

Exelon proposed that DSOs and NESO should identify the specific assets providing flexibility so the information sent to Exelon will not be anonymised to help Exelon understand how different markets work together and identify whether revenue stacking is working or not. Exelon proposed that they would not share any of the data publicly that will identify any of the flex providers (although, as noted below, feedback from DSOs and NESO was that FSP details are already published, so we agreed to reconsider this point). This will be looked into in more detail to understand if contracts will need to be changed for NESO and DSOs to share the data with Exelon. In instances where the data cannot be shared, it will be considered on an anonymity basis. Exelon responded to the questions advising that the Single Markets Platform (SMP) will be in the scope of FMAR.

- Attendees feedback was positive on Exelon's proposed approach and a few points were raised to consider having a balance between transparency and reporting, linking the reporting into FMAR, importance of unit level data in reporting for example.

### How would reporting work in practice?

- Elexon shared their proposed approach in the medium term which will ensure reporting to be automated. In the short term, Elexon proposed a monthly reporting format subject to fulfilling IT requirements. The details will be discussed with NESO and DSOs separately before making these requirements formal. All the implemented changes will be subjected to the change management process.

### What will Elexon do with this data after they receive it?

- Elexon proposed to publish the data to provide transparency on the implementation of Technical Outputs, individual FSP details will not be shared publicly. NESO and DSO details will be shared publicly. There is a possibility that it will help Elexon understand the deviations from standard agreements, and which will enable Elexon to resolve issues by working with market entities and only as a last resort the issues will be escalated to Ofgem. The data may also highlight any issues with the Technical Outputs which Elexon will use the Change Management process to improve them.
- Attendees feedback was positive on the proposed approach. One of the DNO representative advised that as part of their existing reporting requirements, they already publish data on bids accepted and rejected along with FSP. Elexon responded that it will factor this information while developing its proposal (and consider public reporting of FSP details). Elexon will look into the feedback received through Slido in detail after the workshop.

## 4. Summary of the Proposed approach

- Elexon summarised its approach of tracking implementation and Market Facilitator Technical Outputs for DSOs and NESO. The issues will be managed by tracking issue resolution plans.
- Reporting of implementation issues to Ofgem will be done in accordance with the implementation monitoring framework to make sure Ofgem is aware and only if the necessary steps are not taken to resolve the issues. SAB will be advising Elexon on these decisions.
- No specific process was proposed for inputting into NESO performance assessment process and DSO incentives as requested by Ofgem. Elexon will use the information provided to it to feed into public process and provide information to Ofgem as requested.
- Elexon will also be assessing the effectiveness of Technical Outputs and will use regular stakeholder inputs to assess the beneficial impacts of Technical Outputs which will be subject to the change management process as and when a change is needed.
- The implementation monitoring will be aligned with Ofgem's governance outcomes in terms of accountability, efficiency, delivering at pace, being inclusive and collaborative, ensuring transparency and demonstrating trust within the industry.
- Elexon responded to questions related to Market Facilitator's role in dispute resolution between NESO and DSOs where there are conflicts in their objectives for balancing and new products, services are being developed. Elexon shared that they are looking to be involved in service design elements but with DSOs as the lead of such processes. Attendees provided feedback for Elexon to use more approaches to demonstrate leadership in the Market Facilitator role beyond the use of data for tracking against certain metrics.
- Elexon responded to questions related to lessons learnt from some of the recent BSC Modifications that were about widening access to the Balancing Mechanism. Elexon shared that they have learnt ways on benefit realisation and being careful about not spending a lot of money upfront which is factored into Elexon's proposed approach in these workshops.
- Attendees provided feedback on the scope of the domestic flexibility and consumer understanding, the need of a clear role and remit of Market Facilitator working alongside Ofgem and NESO, setting up conflicts resolution and setting policy for optimum outputs, system benefits and significant future volumes at lower immediate volume prioritisation and setting clear flex goals. Attendees also provided input into the existing reporting by the DNOs and DSOs around the flexibility tenders. and shared willingness to publish more information if that is needed to provide more transparency.

## 5. Next Steps

The next workshop is scheduled on 26 February 2025 which was moved from its earlier date to avoid the impact of half-term break.

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## Actions

No.	Workshop raised	Action	Owner	Status
1.	WS4	Elexon to consider how it would ensure product assessment is done properly and it is clear to participants what is needed from the technology	Elexon	Open
2.	WS4	Elexon to reconsider possibility of including FSP details in published implementation monitoring reports.	Elexon	Open