
Market Facilitator Workshop 5 – Change Management Process

Meeting number	5	Venue	Virtual via MS Teams
Date of meeting	26 February 2025 – 10am to 1pm	Classification	Public

Summary

1. Introduction and Context

The Chair opened the meeting by welcoming attendees and providing an overview of the Background and Context of this Market Facilitator Workshop. The Market Facilitator framework, set to go live in Q4 2025, will introduce Governance Documents and Technical Outputs, supported by a Change Management Process to ensure they remain effective. Any MF rules within the BSC will follow the BSC change process, while MF-specific changes will be managed separately. Ofgem expects the Market Facilitator to develop a flexible and efficient change process, drawing on experiences from Code Reform, Data Integration Platform (DIP), and BSC Change, to meet industry needs. The MF Change Process will be in place from go-live, with its scope covering Governance Documents and Technical Outputs, but excluding the BSC (has its own governance process) and Governance Framework Document (owned by Ofgem)..

2. Design Principles and Change Objectives

Design Principles

Elexon outlined the design principles underpinning the Market Facilitator's change process, which focus on ensuring open, transparent, and accessible governance. The process aims to be simple and agile while maintaining robust oversight, supporting evidence-based decision-making, and ensuring proportionality in assessing and implementing changes. Emphasis was also placed on leveraging technology for efficiency and accessibility while maintaining neutrality to prevent market dominance by specific players.

Market Facilitator Change Objectives

The Market Facilitator Change Objectives were then presented, outlining the key goals for guiding Change decisions. These include reducing barriers to entry in flexibility markets, promoting efficiency and transparency, encouraging competition, and ensuring compliance with regulatory obligations. The objectives also emphasise delivering benefits for consumers and the environment while enhancing the overall efficiency of the Market Facilitator's role and responsibilities.

Stakeholder feedback during this section:

- A participant asked whether the Market Facilitator Change Objectives would function similarly to the Applicable BSC Objectives. Elexon responded that while they would provide objective criteria for decision-making, the key difference is that the Market Facilitator, rather than industry, will be the decision-maker, ensuring transparency in the process. MF will seek SAB views on the objectives and from participants via consultation and workgroups, where needed.
- A participant suggested that Objective 4 (Proportionality) should explicitly reference Condition 31E (C31E) for Distribution Network Operators (DNOs). Elexon responded that while C31E is primarily for Ofgem's understanding of flexibility uptake and performance, it will serve as a key data source for implementation monitoring. Elexon acknowledged its role in ensuring consistency in data presentation but clarified that C31E is an Ofgem-led process rather than part of the Market Facilitator change process.
- A participant inquired how possible changes would be assessed against each objective and whether there would be open and transparent criteria for evaluation. Elexon clarified that the objectives themselves effectively serve as the criteria. When assessing a change proposal, they would determine whether it better facilitates, is neutral to, or is detrimental against the objectives. This approach aligns with how decisions are made under other codes, including code modifications.

3. Change Process – Covering Different Stages

Exelon proposes a three-stage Change Process: Raise, Assess, and Decide. Proposers submit changes with Market Facilitator support, followed by impact assessments, consultation, and Stakeholder Advisory Board (SAB) input. The final decision will consider assessments and feedback, with an appeal mechanism available. This structured approach ensures proportionate and effective change management for Governance Documents and Technical Outputs.

Market Facilitator Change Process - Role of Proposer and Raising a Change

Exelon proposes an open and inclusive process for raising changes, allowing any interested party, including the Market Facilitator, to submit a Change proposal. This approach broadens the range of potential issues that can be addressed, reduces administrative burden on key participants, and aligns with open governance principles. Proposers will be required to submit a valid proposal form detailing, amongst other things, the issue, proposed solution, and expected impact. Once raised, the Market Facilitator will log and assess the Change, inform stakeholders, and determine the appropriate progression route, which will include consultation and impact assessment, and may include workgroup input. The Proposer retains ownership of their solution but may request the Market Facilitator to represent them. Exelon also proposes a right to prioritise changes, allowing changes to be progressed based on strategic importance, with decisions made in consultation with the SAB.

Stakeholder feedback during this section:

- A participant asked whether the change process would be within the scope of Ofgem's Preliminary Strategic Direction Statement (SDS) (as part of Energy Code Reform), particularly regarding the introduction of prioritisation criteria for code modifications. Exelon responded that the Market Facilitator is not part of the code manager scope under Ofgem's SDS. However, the proposals have been reviewed, and relevant aspects have been incorporated where appropriate. Ofgem confirmed this stance – it is not within the scope of Code Reform.
- A participant asked whether the Market Facilitator would assist proposers in breaking down complex changes into smaller, more manageable parts to improve efficiency and speed. Exelon responded that this aligns with their "critical friend" role, where they would support proposers in shaping changes, even at an early draft stage. They emphasised that while the final decision on the proposal to raise rests with the proposer, Exelon would provide advice and feedback on whether breaking changes into smaller parts would be beneficial. Exelon also confirmed they would support Proposers in drafting proposals and developing solutions.
- A participant asked how the Market Facilitator process would interact with the BSC particularly in cases where a change has already been raised or rejected, or where a BSC Modification is required alongside it. They also raised concerns about avoiding duplication, stakeholder fatigue, and ensuring a holistic view of changes rather than just focusing on individual components. Exelon responded that while the Market Facilitator process and BSC Modifications involve different rules and artefacts, efforts will be made to align them where possible. If a BSC Modification or vice versa requires a corresponding Market Facilitator change, coordination will take place to minimise duplication and ensure consistency. This approach aligns with similar cross-code considerations, such as those required under Article 18 and Condition C9. However, some process differences will remain, given the distinct governance structures involved.
- A participant asked whether anyone could propose a change, or if there is a specific definition of an "interested party." Exelon responded that anyone can propose a change. The term "interested party" is more of a legal definition, but in practice, it refers to anyone who wants to propose a change to the Market Facilitator rules or artefacts. Taking note that Exelon would reject any invalid proposals based on if they were insubstantial or fatuous. Another participant noted the need to recognise that there is a trade-off between open governance and the need to have safeguards to filter spurious modifications.
- A participant asked whether data would be cleaned before the change is launched to streamline new processes. Exelon responded that the approach focuses on setting metadata standards and expectations for system operators to comply with. While broader data cleaning will be necessary, data owners are expected to meet standards at a sufficient level. Achieving a perfect dataset is challenging, so the priority is ensuring standards drive the intended outcomes and that the effort to clean data is proportionate to its impact..

Market Facilitator Change Process – Assessment Phase

Exelon's proposal for the assessment phase of the change process includes convening Workgroups where specialist expertise is needed to refine solutions. Workgroups will provide input on solution design and impacts and provide views on the merits of the proposal but will not make final recommendations.

To ensure robust decision-making, alternative solutions can be raised, with a cap of three alternatives per proposal to balance innovation with efficiency. Impact Assessments (IAs) will be conducted to evaluate costs, benefits, and implementation feasibility, with Exelon having the right to require a mandatory IA from the National Energy System Operator (NESO) and Distribution System Operators (DSOs) to support robust decision making. The industry will be consulted at key stages, with standard consultation periods of 10 or 20 working days (WDs), ensuring all proposals are thoroughly reviewed against Market Facilitator objectives.

Stakeholder feedback during this section:

- A participant questioned the resource demands of conducting IAs and whether NESO and DSOs would be expected to carry out most of them. Elexon responded that while governance changes may require fewer IAs, Technical Outputs will likely require more. We do not intend to mandate IAs unless justified. As the governance framework only binds NESO and DSOs, these are the only entities that can be required to provide IAs. However, we expect the majority of IAs to come from these parties. If downstream impacts on other stakeholders arise, those should also be identified, but decisions will rely on the information provided. While acknowledging the resource intensity of IAs, Elexon suggested that this process should incentivise the submission of relevant data to support informed decision-making. Elexon agreed to review the proposed default IA periods of 10WDs and 20WDs and would also seek SAB input on the appropriate IA period.
- An attendee also queried how new changes would impact DNO resources/budgets. Elexon responded by suggesting that there was a trade-off between open governance and fixed plans. Having an open governance change process, creates uncertainty about what changes you will need to support. DNOs and NESO should be used to managing this, given that code modifications (particularly BSC and DCUSA for DNOs) are mostly driven by industry demand and so presumably some contingency is provided for this in DNO/NESO plans/budgets.

Decision Process

Elexon proposes that the Market Facilitator will make decisions on changes, informed by consultation responses and reviewed by the SAB. Decisions, justifications, and implementation timelines will be published for transparency. The preferred decision-making approach is assessing changes against Market Facilitator Change Objectives, ensuring consistency and accountability.

Exception Process

Housekeeping changes, limited to minor corrections and inconsistencies, will not require consultation but will be published with an implementation date. Only the Market Facilitator can raise these changes, with a 15WD objection window for stakeholders. If objected to, the change will follow the standard consultation process. No separate urgent process is proposed, as Changes will be handled flexibly based on urgency.

Issue Process

Elexon proposes an Issue Process for cases where a proposal lacks clarity for a formal change. Issues can explore potential problems and solution options, leading to an Issue Report with recommendations for further changes or no action. Anyone can raise an issue, and relevant experts will be invited to contribute.

Change Process for Enduring Market Facilitator Technical Outputs

The Change Process for Market Facilitator Technical Outputs will follow the same rules as those for Enduring Governance Documents. Any variations in implementation will depend on the specific technical artefacts being changed and the parties affected, ensuring simplicity, accessibility, and flexibility while minimising unnecessary steps.

Appeals to Ofgem

Stakeholders will have the right to appeal any Market Facilitator decisions on Technical Outputs, excluding housekeeping changes. Governance changes deemed material may also be appealed, with the Market Facilitator required to justify its reasoning, and the SAB given an opportunity to comment. Appeals must be submitted to Ofgem within 15 WDs of the Market Facilitator decision, with the Market Facilitator publishing relevant appeal information.

Stakeholder feedback during this section:

- A participant questioned whether mandatory changes, such as those directed by primary legislation or the Department for Security and Net Zero (DESNZ), would bypass much of the change process. They suggested that if a change is legally required, it may not need the same assessment steps but could still allow for feedback before implementation. Elexon responded that the same process would be used and could be flexed appropriately e.g. a consultation could be shortened. Historical examples, such as changes under the BSC made through the Energy Act, show that legislative directives can alter governance without going through the usual industry-led process.
- A participant asked about the timescales for the 'solution development' phase, noting that while timescales exist for IAs, consultations, and appeals, no specific timeframe has been provided for the full development process. Elexon responded that they have deliberately not set fixed timescales, as each change will vary. Instead, the expected solution development timeline will be outlined during the raise process and reported to the SAB to ensure accountability.

4. Engagement with NESO and Interactions with Article 18 and C9

Engagement with NESO

NESO operates under specific regulatory requirements, including Article 18 and License Condition C9, which do not apply to DSOs. As these processes interact with the Market Facilitator Change Process, there is a need for engagement between the Market Facilitator and NESO. While broader interactions exist, only specific aspects related to the Market Facilitator Change Process were in scope for discussion. Ofgem has outlined that Market Facilitator should input into NESO's service design and market framework to ensure alignment with flexibility market arrangements.

Interaction of C9 and Article 18 with Market Facilitator Change Process

C9 governs the procurement and coordination of balancing services, while Article 18 sets out rules for balancing electricity markets, including cross-border trade and imbalance settlements. These requirements influence how changes within the Market Facilitator framework align with NESO's responsibilities. Ensuring consistency with these regulatory obligations is key to avoiding conflicts and maintaining transparency in market operations.

When the Market Facilitator is progressing, a change that has impact on these two sets of documents

Market Facilitator will flag relevant Changes to NESO at the pre-raise stage, allowing NESO to participate in workgroups and impact assessments. Two approaches were considered: separate consultations by Market Facilitator and NESO, which risk misalignment in evidence, or a preferred approach of running parallel consultations with aligned timelines to streamline decision-making and minimizing industry confusion, so far as is possible.

When NESO is progressing, a change that has impacts on Market Facilitator Enduring Governance documents and/or Technical Outputs

When NESO initiates a change affecting Market Facilitator governance or Technical Outputs, the Market Facilitator will determine whether a corresponding change is necessary. If such a Change is raised, Market Facilitator will seek to leverage NESO's evidence base during the assessment phase of such Changes, where applicable. At the consultation stage, Market Facilitator will align its process with NESO's consultation timeline to ensure consistency and reduce duplication.

5. SAB and Change Reporting

The SAB is expected to play an advisory role in the Market Facilitator change process. Two options were considered: one where SAB formally approves Changes, and another where SAB provides guidance while Market Facilitator makes final decisions. The preferred approach is the latter, ensuring efficiency, transparency, and alignment with Ofgem's consultation. SAB's advice will be considered for all changes except housekeeping, and any decision that deviates from SAB's views will be justified in final reports.

To enhance transparency, all changes will be recorded in a Change Log, with consultations and reports published online. The terminology used in the Market Facilitator Change Process aligns with the DIP and BSC change processes, but feedback on potential refinements is welcomed.