

# Shaping the initial Flexibility Market Rules

The provisional handover plan from Open Networks to the market facilitator, including Year 0 delivery

March 2025

ELEXON

**ena**  
energy networks  
association

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# Foreword

The Government has set a target for clean power by 2030, underscoring the imperative for a flexible and responsive energy system. In 2024, Ofgem [appointed Elexon as the market facilitator \(MF\) delivery body](#) to align flexibility markets and to work with stakeholders across this landscape to ensure a strategic, whole system approach is developed and implemented.

Since its inception, the Energy Network Association's (ENA) [Open Networks](#) (ON) programme has played a leading role in shaping local flexibility markets. Through collaboration, thought leadership and the subsequent outcomes, ON has developed the foundation for an efficient, transparent and scalable flexibility market.

As we stand up the market facilitator, we aim to build on the achievements of ON, accelerating the evolution of the market in a way that delivers value for all stakeholders. Year 0 delivery (to December 2025) marks a crucial moment in this journey. Alongside the important broader work on market facilitator governance and process, we need to start delivering value, and this focuses on the development of Flexibility Market Rules.

We need to deliver the first version of clear and robust rules for Day 1, whilst developing new rules and thinking along the way. Whilst 2026 is our first year of formal market facilitator delivery, the market cannot afford to pause until then, and so we aim to deliver clear market improvements through our work this year.

**Steven Gough**  
Head of Flexibility, Elexon



# Executive Summary

Ofgem has proposed that Elexon take on the role of market facilitator by the end of 2025. While governance and process development continue, it is crucial we make progress in aligning the rules that govern flexibility markets. This provisional plan focuses on these rules and articulates how delivery will continue through the ENA's Open Networks programme, how responsibilities will transition to Elexon, and how progress will be made via the market facilitator.

The phased handover will take place between now and July, aligning with the closure of the ENA's Open Networks programme. Areas of ongoing development, such as Primacy, Baselining, and the Dispatch API, will be retained by Open Networks and transferred later to maintain momentum.

Meanwhile, completed or well-progressed areas will be handed over earlier. This will allow Elexon, supported by new diverse industry working groups, to develop new outputs where required. These include a common End-to-End flexibility process, a long-term vision for market coordination and the evolution of the Standard Agreement, whilst supporting the design of the Flexibility Market Asset Registration system.

Behind the scenes, Elexon will transform and refine existing outputs into new formats to maximise usability and value (as defined in the Flexibility Market Rules framework).

In August and September, the proposed Day 1 Flexibility Market Rules will be consulted on, so they can be finalised by November. By the end of the year the formal governance of the market facilitator will be established, and we will be ramping up for delivery against our 2026-2027 delivery plan.

To optimise value over the next nine months, we require your input. Please provide any comments on the plan [here](#) by the 30<sup>th</sup> of April and attend our [webinar](#) detailed on our website taking place on the 2<sup>nd</sup> of April.

We will soon be looking for participants to join our working groups, ensuring we gather the necessary insights from across the flexibility landscape to deliver the best outcomes. Please register any early interest [here](#).



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## The market facilitator: current state of play



# Market facilitator for accelerating flexibility markets

Ofgem's [market facilitator policy framework](#) consultation proposes Elexon's commencement as market facilitator at the end of 2025 to ensure both national and local flexibility markets are aligned, and to further develop the local flexibility landscape into transparent, coordinated and open markets that foster growth.

As we progress towards this proposed go-live date, we will continue to establish the necessary governance structures and processes. In parallel, we will further develop and strengthen our core functions of strategic leadership, market coordination and implementation monitoring to ensure effective market facilitation.

This plan outlines our handover approach from the ENA's Open Networks programme to Elexon's market facilitator, and what is expected to be delivered this year (2025).

To ensure effective stakeholder engagement in conjunction with delivery, it is important we share our latest interim plan. This allows us to drive forwards the earlier phases of work (including the first handovers), with the ability to reshape some of the latter delivery. This would follow views we receive from the market, changes that emerge from broader workstreams to develop the market facilitator, or further information surfacing as we progress through the handover.

A [webinar](#) covering this plan is scheduled for the 2<sup>nd</sup> of April, and we strongly encourage your participation to gain further insights and contribute to its continued development.

# Understanding Flexibility Market Rules

A Flexibility Market Rule is a proposed artefact owned by the market facilitator (MF) that system operators (SOs) will be licence bound to follow by Ofgem.

Ofgem have used the term ‘technical output’ in their policy framework. Moving forwards, we will adopt the term **Flexibility Market Rules**, as this better conveys their broad nature. They will be broad and cover a diverse set of formats such as calculation methodologies, technical standards, or even commercial agreements.

We are actively developing our approach to define, share, and maintain Flexibility Market Rules. This will be detailed in our **Flexibility Market Rules Framework**; initial views will be shared as part of the **Governance Arrangements Consultation** in Spring.

## Key context for Flexibility Market Rules:

Alongside the core ‘rule’, each Flexibility Market Rule will be structured to provide key contextual information, including:

- **Why?** A clear articulation of the expected benefit of the Flexibility Market Rules.
- **How?** Clarity on the implementation requirement (e.g., how the Flexibility Market Rule should be used and whether variations are allowed).
- **Who?** Identification of impacted stakeholders.
- **When?** A defined Implementation Timeline.
- **How will we know it is working?** A structured approach to monitoring implementation and assessing whether the Flexibility Market Rule is delivering its intended benefits.
- **Version history, change log and key dependencies** to track updates and interdependencies.

## Ongoing evolution of Flexibility Market Rules:

Flexibility Market Rules will continue to evolve and be subject to the enduring change process to accommodate future developments. Notably, there will not be a one-to-one relationship between ON technical working groups (TWGs) and market facilitator Flexibility Market Rules (or change processes).

# Developing the market facilitator

Whilst there is significant effort underway to develop the enduring governance and processes in 2025, we must also ensure we continue the development of the required Flexibility Market Rules. These rules (in purple below) are what drive the primary value of the market facilitator, and their delivery in 2025 is the primary focus of this plan.

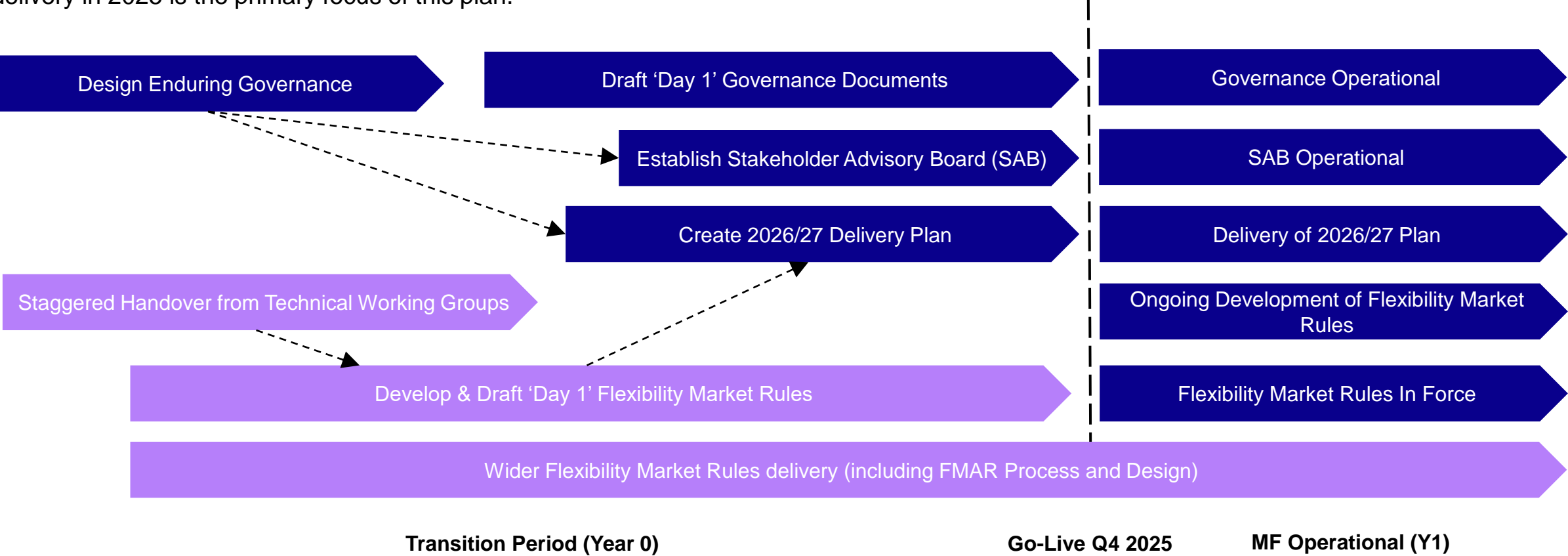


Figure 1: The key activities necessary throughout the Transition Period (Year 0) for the market facilitator to go live in Q4 2025.

# Flexibility Market Asset Register (FMAR) & common flexibility asset registration

[Ofgem have also appointed Elexon](#), as part of the market facilitator role to undertake the design and delivery activities for the FMAR. Once built this will streamline the registration of the millions of flexible assets needed to decarbonise the system, improving visibility and coordination across buyers of flexibility, whilst reducing administrative burden for sellers.

Whilst we see the FMAR system as a market facilitator system, forming part of the broader Flexible Digital Infrastructure (FDI) development, many of the requirements will still be documented within Flexibility Market Rules. We will also develop a transparent, consistent and interoperable data schema for the register itself.

Phase 1 (running till H1 2026), focusses on designing a common FMAR process and the target architecture. The process design will be a Flexibility Market Rule, developed in Year 0 (though it is not expected to be final and live for market facilitator Go Live).

For all FDI outcomes, Ofgem envisions process alignment across the National Energy System Operator (NESO) and Distribution System Operator (DSO) markets.

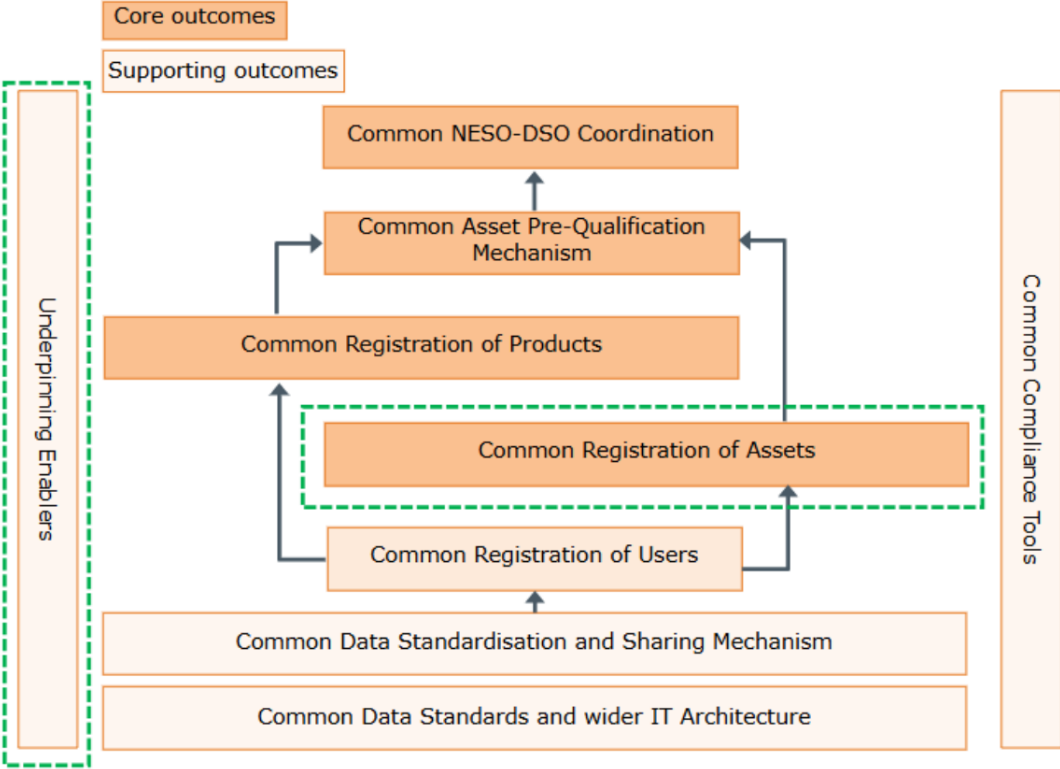


Figure 2 - Overview of [Ofgem's FDI outcomes](#)

# Broader market developments

As the market facilitator (MF) expands its capabilities, we will closely monitor the development and outcomes of key industry initiatives and evaluate the impact on our scope of work.

Key areas of focus being delivered outside of the market facilitator include:

- Elexon's work on Issue 114, including the challenges surrounding the provision of demand turn up services for independent aggregators.
- NESO's demand side flexibility routes to market work.
- Ongoing developments within the Distribution System Operator markets.
- Net Zero Innovation Portfolio projects and related activities.
- Relevant international work, such as the EU demand response network code.

By tracking these areas amongst others, we can ensure our approach as MF remains aligned with the evolving flexibility landscape and regulatory changes.



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## Transition & handover: maintaining momentum for Flexibility Market Rules



# A phased approach to handover

The technical working groups (TWG) from Open Networks will be handed over to the Elexon in a phased manner. This will maintain momentum in ongoing TWG deliveries, effectively manage the handover workload, and allow for continuous learning throughout the process.

The phased approach has been designed to align with natural breaks in the TWGs output and may be adjusted as necessary to support its delivery.

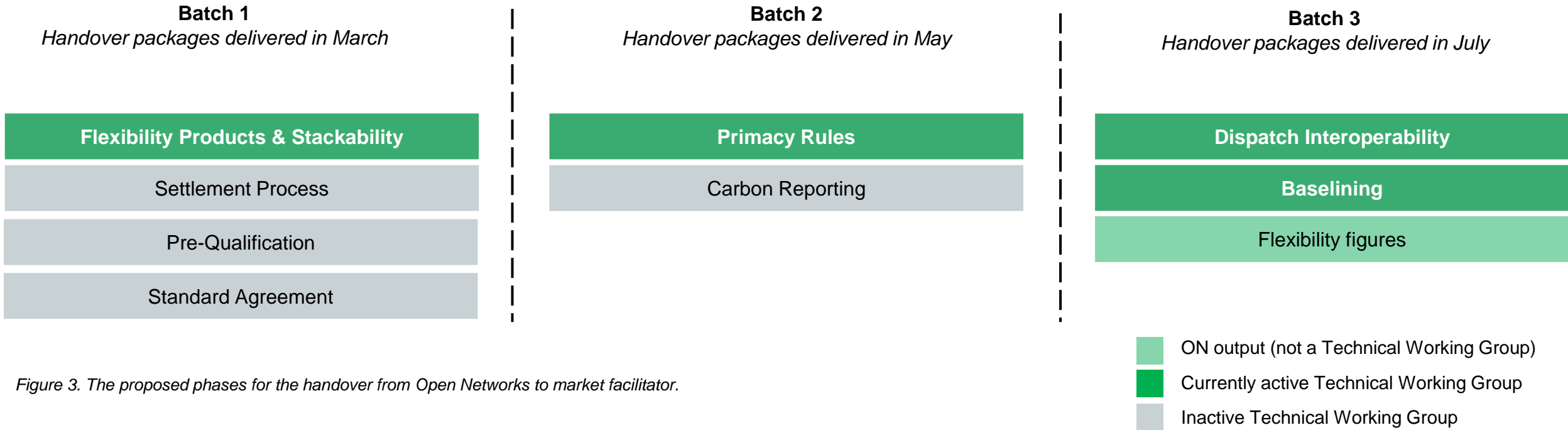


Figure 3. The proposed phases for the handover from Open Networks to market facilitator.

# ENA Open Network's continued delivery

The ON TWGs will continue to play a critical role in delivering outputs until the handover is complete.

Those that are mid-delivery will continue until a natural handover point to avoid any loss of momentum.

The key outputs include:

- Developing new, much broader primacy rules alongside their implementation requirements
- Driving a more common approach to DSO baselining
- The development of the new dispatch API, including the new GB specification within OpenADR 3.0.

Stakeholders are encouraged to continue to feed into these processes to ensure they deliver robust outputs to the market facilitator.

The Open Networks programme will formally close in July, following successful handover of all work.

	NESO positive flexibility	NESO negative flexibility		
<b>Export-constrained distribution network:</b> DSO/ANM is, or is close to, effecting negative flexibility	<b>Case 1</b>		<b>Case 2</b>	
	<b>Conflict case:</b> DSO counters NESO action with negative flexibility to manage thermal constraint		<b>Conflict case:</b> DSO counters NESO action with positive flexibility to absorb newly-created headroom, reducing the curtailment of customers in the area	
<b>Import-constrained distribution network:</b> DSO is, or is close to, effecting positive flexibility	<b>DSO primacy:</b> NESO opts out of dispatching positive flexibility from the area	<b>NESO primacy:</b> NESO can only dispatch positive flexibility if headroom has first been created on the constrained distribution network		<b>DSO primacy:</b> NESO opts out of dispatching negative flexibility from the area, so the DSO takes no action and no curtailment reduction occurs
	<b>DSO primacy:</b> NESO opts out of dispatching positive flexibility from the area, so the DSO takes no action and no demand turn-down reduction occurs	<b>NESO primacy:</b> NESO dispatches positive flexibility, and the DSO ensures that it does not reduce demand turn-down in response or release the newly-created headroom to customers being curtailed		<b>NESO primacy:</b> NESO dispatches negative flexibility, and the DSO ensures that it does not release the newly-created headroom to customers being curtailed
	<b>Case 3</b>		<b>Case 4</b>	
	<b>Conflict case:</b> DSO counters NESO action with negative flexibility to absorb newly-created headroom, reducing demand turn-down in the area		<b>Conflict case:</b> DSO counters NESO action with positive flexibility to manage thermal constraint	
	<b>DSO primacy:</b> NESO opts out of dispatching positive flexibility from the area, so the DSO takes no action and no demand turn-down reduction occurs	<b>DSO primacy:</b> NESO opts out of dispatching negative flexibility from the area		<b>NESO primacy:</b> NESO can only dispatch negative flexibility if headroom has first been created on the constrained distribution network

Figure 4 – Summary of [Primacy Rules](#)

# Interim change process for the market facilitator

The core of most Day 1 Flexibility Market Rules will be inherited from Open Networks TWGs. All will be aligned to the Flexibility Market Rules Framework, whilst some will require further development ahead of day 1. This process will integrate into the enduring change process in Year 1 of the market facilitator.

We need a process that balances the need for openness versus the requirement to deliver at pace.

Process	Minor Change (aligned to Flexibility Market Rules Framework)	Major Change (development of new requirements)	Comments
Raise Change	Raised by market facilitator as per the handover plan	Raised by market facilitator as per the handover plan	
Assess (Development)	Led by market facilitator	Market facilitator led working group to be raised	Our new working groups will comprise a broad membership.
Assess (Consult)	Via Flexibility Market Rules Consultation (for Day 1 Flexibility Market Rules)	Via Flexibility Market Rules Consultation (for Day 1 Flexibility Market Rules)	Where the change is not delivering a for Day 1 Flexibility Market Rules, then we may consult at a later stage.
Decide	Decision taken by market facilitator and delivered in final Day 1 Flexibility Market Rules.	Decision taken by market facilitator and delivered in final Day 1 Flexibility Market Rules	
Change implementation	Should be minimal. Led by impacted parties. Monitored by market facilitator	Led by impacted parties. Monitored by market facilitator	Impacted parties extends beyond the SOs, and includes FSPs, platform providers...

Table 1: The interim change process for minor or major changes needed to develop Flexibility Market Rules.

# Collaborative working groups

As we move forward with the delivery, we will establish market facilitator working groups to evaluate and address the proposed major changes, ensuring a structured approach to managing these amendments.

The market facilitator will take the lead in chairing these working groups, overseeing the drafting of necessary changes, and ultimately making decisions to ensure clarity and accountability in the process.

The working groups will play a valuable role in providing input and constructive challenges, fostering a collaborative environment to deliver the best outcomes.

The market facilitator will actively seek representation from across industry, with system operators remaining key stakeholders.

We will issue calls for engagement for these working groups in the coming weeks and months. If you would like to express early interest in what we intend to be our first three working groups or indicate an interest for future ones, please register [here](#).



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## Flexibility Market Rules: deliverables



# What we are delivering

In this section, we outline what we expect to deliver this year as we move towards the proposed full market facilitator (MF) go-live date.

For settlement and carbon reporting, there is a simple role in transposing the agreed Open Networks (ON) deliverables into the MF format, ensuring they are as valuable and user-friendly as possible. This will commence once we have detailed our framework for Flexibility Market Rules. Additionally, pre-qualification will also go through this process, whilst learning and identified next steps are fed into the Flexibility Market Asset Register (FMAR) design.

We have identified some issues with the standard agreement, and we will be reviewing both its content and application to ensure it delivers the anticipated value. This may result in a version 3.1, or simply a more adaptable approach to implementation.

ON work on products and stacking will drive two actions. The first involves consolidating existing insights by developing an initial “flexibility markets catalogue,” which provides an overview of flexibility markets in GB and how they interconnect. Additionally, we will be launching an investigation into the future of market coordination. As the ON work on stacking, end-to-end and primacy focuses on implementation, we will take an opportunity to review how we should best approach this key topic going forwards. Reviewing the existing GB work alongside international experience will help shape delivery beyond 2026-27.

Another key output is documenting an end-to-end process for flexibility. This compliments the framework for Flexibility Market Rules and helps establish a common language both to articulate differences across markets and areas where alignment may drive value.

Baselining and Dispatch API will remain with ON for the longest, as they are in progress and delivering output. However, they are expected to be handed over with limited work required to transpose them into an MF format.

Finally, flexibility figures will be published by ON this year whilst the MF develops capabilities around implementation and market monitoring.

# Batch 1 deliverables

In March, we expect to receive the following in Batch 1:

Technical Working Group	Deliverable Received	Action required in Year 0 for Day 1 Flexibility Market Rules	Day 1 Flexibility Market Rules*	Year 0 delivery that will not be a Day 1 Flexibility Market Rules*
Flexibility Products and Stackability	Product definitions	Build into MF Flexibility Markets catalogue Develop implementation monitoring & maintenance process	Flexibility Market Catalogue (including Stacking reference)	Develop approach to incorporating NESO
	Technical requirements of all products			Longer term vision for market coordination
	Stacking tool			
Pre-Qualification	Aligned commercial and technical questions	Transpose to MF format Develop implementation monitoring process	Standard Pre-Qualification criteria	Develop approach to incorporating NESO
Settlement	Settlement Calculation	Merge and transpose to MF format Develop implementation monitoring process	Metering and Settlement Specification	Develop approach to incorporating NESO
	Broader Alignment (including metering granularity, payment timings, direction and units...)			
Standard Agreement	Standard Agreement 3.0 Issue log associated with implementation	Evolution of the Standard Agreement (clarify implementation expectations, update wording/structure if needed) Transpose to MF format Develop implementation monitoring process	Standard Agreement 3.0 (or 3.1 if deemed valuable)	
<i>We have also identified the need to develop an end-to-end process for flexibility, to help frame the wider work on Technical Outputs</i>				
-	-	Develop the process	End to End process	

\* Specific breakdown and format to be refined following development of the Technical Output Framework

Table 2: The deliverables received from Open Networks in 'Batch 1.'

# Batch 2 & Batch 3 deliverables

In May, we expect to receive the following in Batch 2:

Technical Working Group	Deliverable Received	Action required in Year 0 for Day 1 Flexibility Market Rules	Day 1 Flexibility Market Rules*	Year 0 delivery that will not be a Day 1 Flexibility Market Rules
Primacy	Primacy Rules	Transpose to MF format Develop Implementation Plan Develop implementation monitoring process	Primacy Rules V1.0 Supporting data and processes (with implementation plan for both)	Longer term vision for market coordination (tied into batch 1)
	Impact Assessment of implementation pre-requisites (data, systems & commercial)			
Carbon Reporting	Reporting Methodology	Transpose to MF format Develop implementation monitoring process	Standard Carbon Reporting methodology	

Table 3: The deliverables received from Open Networks in 'Batch 2.'

In July, we expect to receive the following in Batch 3:

Technical Working Group	Deliverable Received	Action required in Year 0 for Day 1 Flexibility Market Rules	Day 1 Flexibility Market Rules*	Year 0 delivery that will not be a Day 1 Flexibility Market Rules
Dispatch API	Technical Standard (including Technical & Security Architecture, Product dispatch profiles, Reporting profiles, Product to report mappings, Endpoint behaviour definitions, reference implementation)	Transpose to MF format Monitor Implementation & Develop implementation monitoring process	Dispatch API Technical Standard	
	Independent Security (Cyber) Assessment			
Baselining	Baselining Methodology	Transpose to MF format Monitor Implementation & Develop implementation monitoring process	Standard Baselining Methodologies	
Flexibility Reporting	Flexibility Figures	-	-	Consider future reporting (including interaction with Implementation monitoring)

Table 4: The deliverables received from Open Networks in 'Batch 3.'

\* Specific breakdown and format to be refined following development of the Technical Output Framework

Due to the ongoing development of these areas by the ON programme, we expect limited further development from the MF in Year 0.

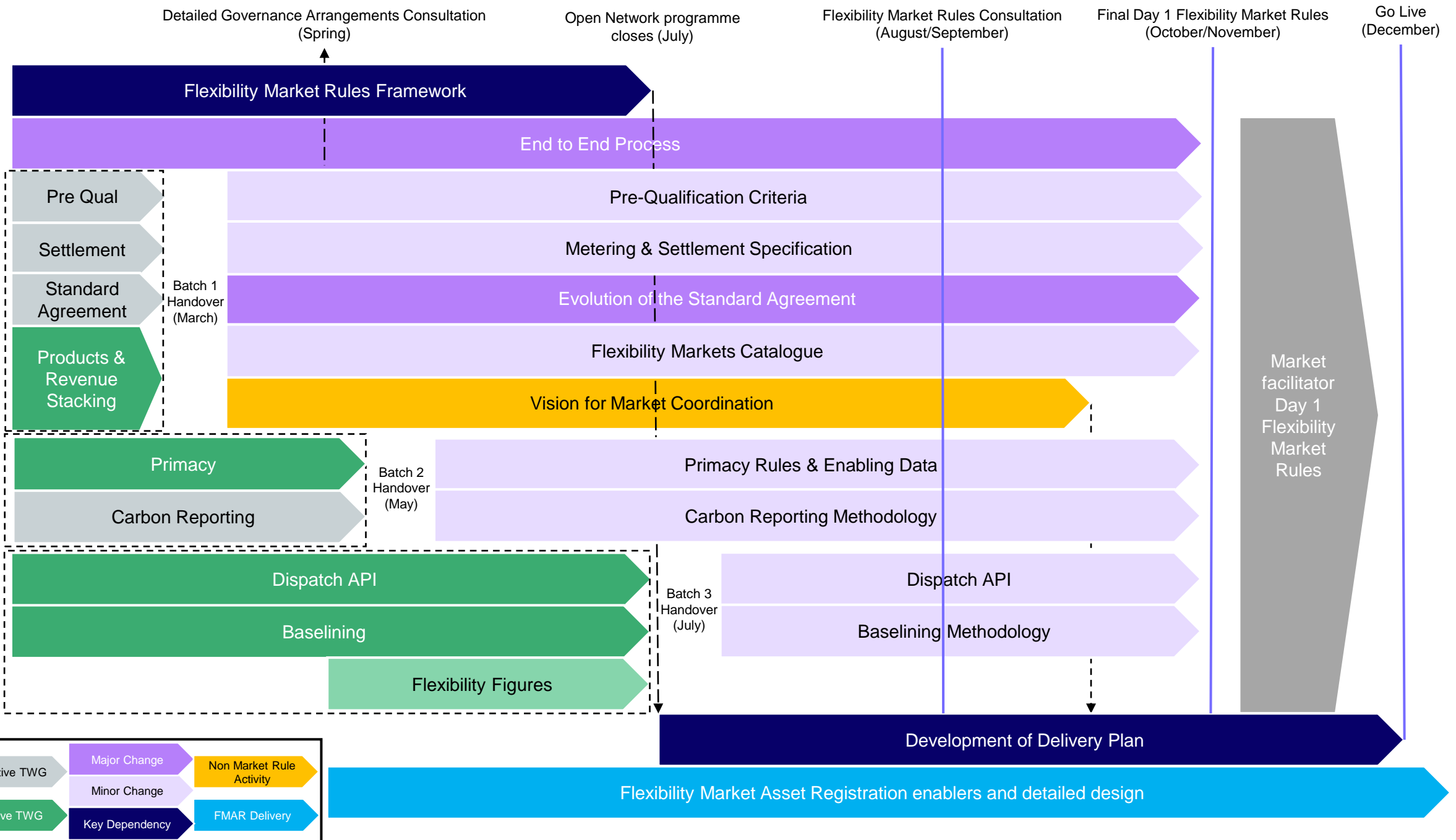


Figure 5: The overarching handover framework with broad timelines and market facilitator activities.

# Market Impact in Year 0

This is a key year as we stand up the market facilitator and need to develop robust governance processes, establish working practices, build capability and knowledge whilst also ensuring we are delivering improvements to the market.

The 2026/27 market facilitator delivery will set out what the market facilitator will deliver. The latest understanding of all the Flexibility Market Rules will feed into that plan, and the process for developing it. The End-to-End Process and longer-term vision for market coordination are of most strategic importance.

This year, we will be contributing to and handing over key ON areas of work such as:

- The new, broader primacy rules.
- A more common approach to DSO baselining.
- The development of the new dispatch API.

We will also be delivering additionality through:

- Documenting an End-to-End process for the procurement & delivery of flexibility services.
- A common Flexibility Market Asset Registration process.
- Defining the longer-term vision for Market Coordination
- A clearer understanding on how to use and adapt the standard agreement.
- A robust framework for Flexibility Market Rules. Ensuring the rules we develop are as accessible, useable and maintainable as possible.

These balance the requirement to deliver value this year, whilst setting strong foundations for 2026-27.

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## Ways to engage



# Ways to Engage

## Please note:

If you are already subscribed to our Flex Newsletter or have previously registered for a market facilitator workshop or event, you do not need to register again unless you wish to express early interest in our working groups (3).

You will automatically receive event invitations and communications through our market facilitator distribution list.

If you have any queries or would like to opt out of our distribution list, please email: [mf@elexon.co.uk](mailto:mf@elexon.co.uk)

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Subscribe to **Flex News**

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Register **here** for our webinar detailing the handover plan

3

Register your interest **here** for our working groups

4

Provide comments on the plan **here** by the 30<sup>th</sup> of April