ELEXON

Vision for Market Coordination Working Group Summary Notes

Meeting number	**2**	Venue	**Virtual via MS Teams**
Date of meeting	**12 June 2025: 2:00 pm – 4:00 pm**	Classification	**Public**

Summary

1. Welcome & Introductions

1.1 The Chair opened the session by welcoming attendees and setting out the aims for the second meeting of the Vision for Market Coordination Working Group. Attendees were reminded of the group's overall purpose: to explore effective coordination across sub-markets and support the development of a delivery roadmap. The Chair also introduced the core Elexon team supporting the session and reiterated the group's commitment to transparency, inclusivity, and building on feedback received throughout the process.

2. Summary of Last Working Group

2.1 Elexon provided a brief recap of the first session, highlighting key areas covered. These included the context for market coordination and the links between Primacy and Revenue Stacking, as well as a discussion on frameworks for defining 'what good looks like' across markets—such as the OneNet and Commander models. The group also reviewed proposed focus areas, including guidance, data improvements, and engagement models. Members were reminded that the group would continue exploring co-delivery and coordination in parallel over the coming months.

3. Co-delivery: where we are today

3.1 Elexon provided an overview of the status of co-delivery in the GB flexibility market, building on definitions from the ENA's Revenue Stacking FAQ. Co-delivery was defined as a single asset receiving multiple payments for using the same capacity, at the same time, in the same direction. Illustrative examples showed how co-delivery can occur between markets like the Capacity Market and Dynamic Containment, or between DFS and DNO services. Elexon also presented a matrix from the ENA's Revenue Stacking Assessment Tool that highlights which combinations of services support co-delivery—explicitly, implicitly, or not at all. Only the Capacity Market currently supports co-delivery explicitly, while many NESO services do not, and significant gaps in data and transparency remain. Elexon emphasised that the aim is not to mandate co-delivery everywhere, but to build shared understanding of what is possible, where clarity is needed, and where future improvements could be made. This work will feed into the development of the Flexibility Market Catalogue.

3.2 Stakeholder Comments during this Section:

- A participant asked whether the framework would allow multiple aggregators or service providers to use the same asset to access different markets. Elexon responded that this scenario is realistic and under consideration, though it introduces complexity around roles and responsibilities.

3.3 A participant asked if behind-the-meter asset models like Asset Metering or AMVLP would be considered in future examples. Elexon responded that future work would expand into more complex and realistic examples and welcomed input to help shape them.

- A participant from Northern Powergrid highlighted that DSOs had previously submitted co-delivery positions via the ENA working group, and this data could help populate the table shown. Elexon responded that they would follow up with the ENA to obtain this information, and Alex Howard offered to assist by locating relevant submissions.

- Elexon clarified that the examples shown were intentionally simplified to explain core concepts, and that further refinement and detail would be introduced in later stages of work.

4. Examples of Co-delivery

4.1 Elexon presented a series of illustrative examples to help participants understand how co-delivery operates across different market interactions, focusing on the Capacity Market, wholesale markets, DSO services, and non-BM ancillary services. The first example examined the Capacity Market and relevant balancing services, where the rules explicitly support co-delivery. In such cases, participation in relevant balancing services like STOR can reduce Capacity Market obligations, allowing both services to be fulfilled simultaneously. A second example explored interactions between the Capacity Market and the wholesale market, where co-delivery is technically possible, but historical participation can affect baselining and future eligibility.

4.2 Similarly, co-delivery between the Capacity Market and DSO services was shown to be viable in theory, though again limited by baseline interactions and energy constraints. Elexon then explored several DSO–wholesale examples, including scheduled and operational utilisation scenarios. These highlighted how the timing of instructions and the absence of adjustments in certain markets can result in revenue opportunities—or conversely, imbalance risks—depending on when and how actions are taken. The final example showcased the role of ABSVD in adjusting wholesale positions when non-BM ancillary services are activated.

4.3 Elexon concluded by outlining limitations in the examples, including the omission of state-of-energy considerations, rebound actions, directionality, imperfect delivery, and aggregator compensation. These examples were intended as a foundation for developing clearer principles and identifying areas requiring further coordination or reform.

4.4 Stakeholder Comments during this Section:

- A participant noted that co-delivery eligibility can be based on availability, not just active delivery, and praised the accuracy of this nuance in Elexon's definitions.
- A participant raised concerns about differing baseline methodologies across services, particularly in DSO markets, which could lead to mismatches in delivery calculations.
- There was broad agreement that baseline conflicts between DSO and Capacity Market services pose a key challenge, especially when delivery in one market affects future eligibility in another.
- Several participants flagged P376 and other baseline mechanisms as insufficiently robust, noting that they do not account for reconstitution and can penalise past service delivery.
- A participant observed that timing mismatches between services—e.g. DSO requiring action at 5pm and Capacity Market at 6pm—could leave energy-limited assets unable to deliver both.
- The need for better visibility and coordination between markets was raised, particularly to prevent accidental overcommitment or conflicting service delivery (splitting).
- One participant queried whether short-notice operational utilisation (e.g. 2-minute dispatches) should still qualify as co-delivery, given the unpredictability and imbalance risk it introduces.
- The importance of considering rebound actions, non-perfect delivery, and supplier compensation was emphasised as part of a more complete framework for evaluating co-delivery feasibility.
- A participant highlighted that ABSVD adjustments don't apply to all party types (e.g. secondary BMUs or VLPs), limiting the reach of its protections.
- It was suggested that market facilitator responsibilities could include rules or processes to ensure DSOs and NESO don't simultaneously procure conflicting services from the same asset.

5. Emerging Concepts

5.1 Elexon's presentation on emerging concepts explored how different sub-markets procure different service types—some focusing on energy, others on capacity, or a blend of both. The diversity in procurement leads to inherent differences in design philosophies and interaction models. Balancing services, for example, are carefully structured to avoid co-delivery due to sequential technical requirements, whereas constraint management services—particularly those operated by DSOs—allow more discretion and nesting, potentially

enabling co-delivery. Elexon also reviewed the existing market adjustment mechanisms (like ABSVD, Supplier Compensation, and Capacity Market Baseline Adjustments), their purposes (e.g., enabling co-delivery, de-risking imbalance exposure), and limitations, such as inconsistent baselining and limited scope.

5.2 The sequencing and timing of actions across sub-markets was another key concept; long lead-time actions (like Scheduled Utilisation) allow better coordination, while near-real-time actions (especially by DSOs) pose risks without position adjustments. The session concluded with a proposed classification of co-delivery types—ranging from additive to explicitly disallowed—and opened the floor to discussion on how markets should evolve: whether to support co-delivery directly or improve inter-market coordination and data flows.

5.3 Stakeholder Comments during this Section:

- A participant questioned the logic behind designing balancing services to block co-delivery, suggesting that this restricts system efficiency and does not reflect international best practice.
- A participant noted that the absence of adjustment mechanisms in some areas might be due to the fact that co-delivery from the demand side has not yet become common enough to necessitate them.
- A participant pointed out that real-time services are particularly difficult to align with wholesale market operations where trading positions are set well in advance, creating unavoidable imbalances if there is no mechanism to adjust those positions.
- A participant raised concerns that increased transparency or information-sharing could backfire if market parties respond to each other's positions in a way that distorts intended outcomes—such as a supplier adjusting for visible VTP demand reduction.

5.4 A participant shared an example involving availability payments where a party is later released from delivery, enabling participation in a second market. This highlighted ambiguity in how such scenarios is categorised within Elexon's proposed co-delivery subsets.

- A participant remarked that, in practice, flexibility providers make commercial choices to avoid stacking services where risks, complexity, or unclear rules outweigh potential benefits.
- A participant asked whether the long-term goal was to permit co-delivery explicitly or to better coordinate procurement such that each service is met without requiring overlap. Elexon responded that the future path remains open and may involve a combination of both approaches.

6. Next Steps:

6.1 Elexon confirmed that participant feedback will be reviewed to inform next steps. The forward plan includes two main workstreams: broader market coordination and co-delivery. Each involves a series of focused workgroup meetings through to November, covering sub-market coordination, roadmap development, and principles-based design. These sessions aim to progressively refine policy direction and explore practical implementation options across flexibility markets.