# Ways of working

- We encourage attendees to **use video**, where bandwidth allows, especially when speaking

  - **Please mute when not speaking**

  - Minimise background noise to maintain focus

  - Use the Teams chat if you are having problems with the camera

- Stay on topic: Keep contributions relevant to the agenda

- Respect all perspectives: Foster a collaborative and inclusive environment

- We may adapt these ways of working as we progress, building on learning. Please feedback on how we can run the session as effectively as possible.

Flexibility Market Rules Working Groups

Vision for Market Coordination

Meeting 1

15 May 2025

ELEXON
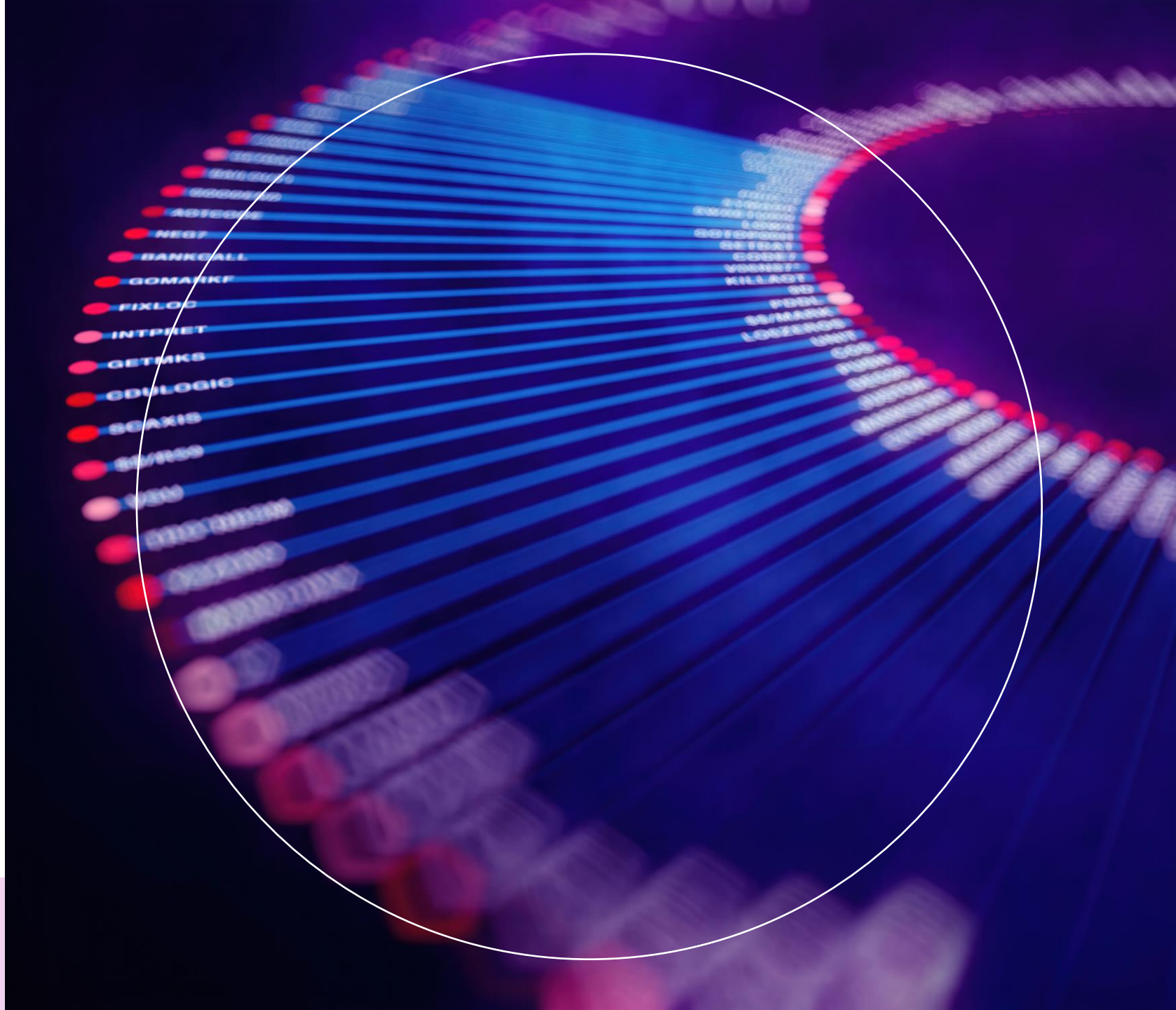
Agenda

- Welcome & Introductions - 15 mins
- Terms of Reference - 10 mins
- Context around the work to date - 20 mins
- Focus of this working group - 30 mins
- Frameworks for setting out what good looks like - 20 mins
- Next steps - 15 mins

ELEXON

01
Welcome & Introductions

ELEXON

Elexon Team

Mez Benmaamar

Market Design Advisor

Chair

Matt Watson

Senior Market Design Advisor

SME

Ayo Bammeke

Senior Change Lead

Technical Secretary

ELEXON

02
Terms of Reference

ELEXON

Terms of Reference

Terms of Reference were shared ahead of the meeting

Key points include:

- Elexon are chairing the working group.

- We aim to meet monthly. Meetings will be recorded to aid notes taking and will not be shared outside Elexon.

- The purpose is to help Elexon develop a clear vision for what effective coordination across sub-markets in GB looks like and develop an effective roadmap on how this can be deployed over the medium and long term.

- The scope of the working group is to:

    - Clarifying what good coordination across sub-markets could look like in GB.

    - Developing principles to support effective co-delivery across sub-markets, alongside actions required to implement this in the market facilitator's 2026-2027 delivery plan

    - Identify longer term options for coordination, and the work required to progress them

- Members are expected to draw on their expertise to represent the views of their organisation and their sector. While members may not represent all organisations within their sector, their views should be informed by their sector experience.

- All agendas, accompanying materials, meeting notes and the Feeback Log will be sent via email to members and published on the Elexon website. Feedback will not be attributed to individuals or organisations within the notes.

Do you have any questions/issues?

03
Context around Market Coordination

ELEXON

What do we mean by Market Coordination?

The market facilitator function has 3 core roles:

- Strategic Leadership

- **Market Coordination**

- Implementation Monitoring

Market Coordination includes **alignment of definitions of sub-markets** and processes, alongside **coordinating how those sub-markets interact with each other**.

This approach is reflected in our layered framework to Flexibility Market Rules.

- It starts with our Flexibility Market Catalogue providing an overview of the different markets across GB.

- This built up of Sub-Market Definitions and Market Coordination Rules.

- The existing Revenue Stacking and Primacy rules will feed into these Market Coordination Rules.

This working group will focus on coordination the interactions across sub-markets
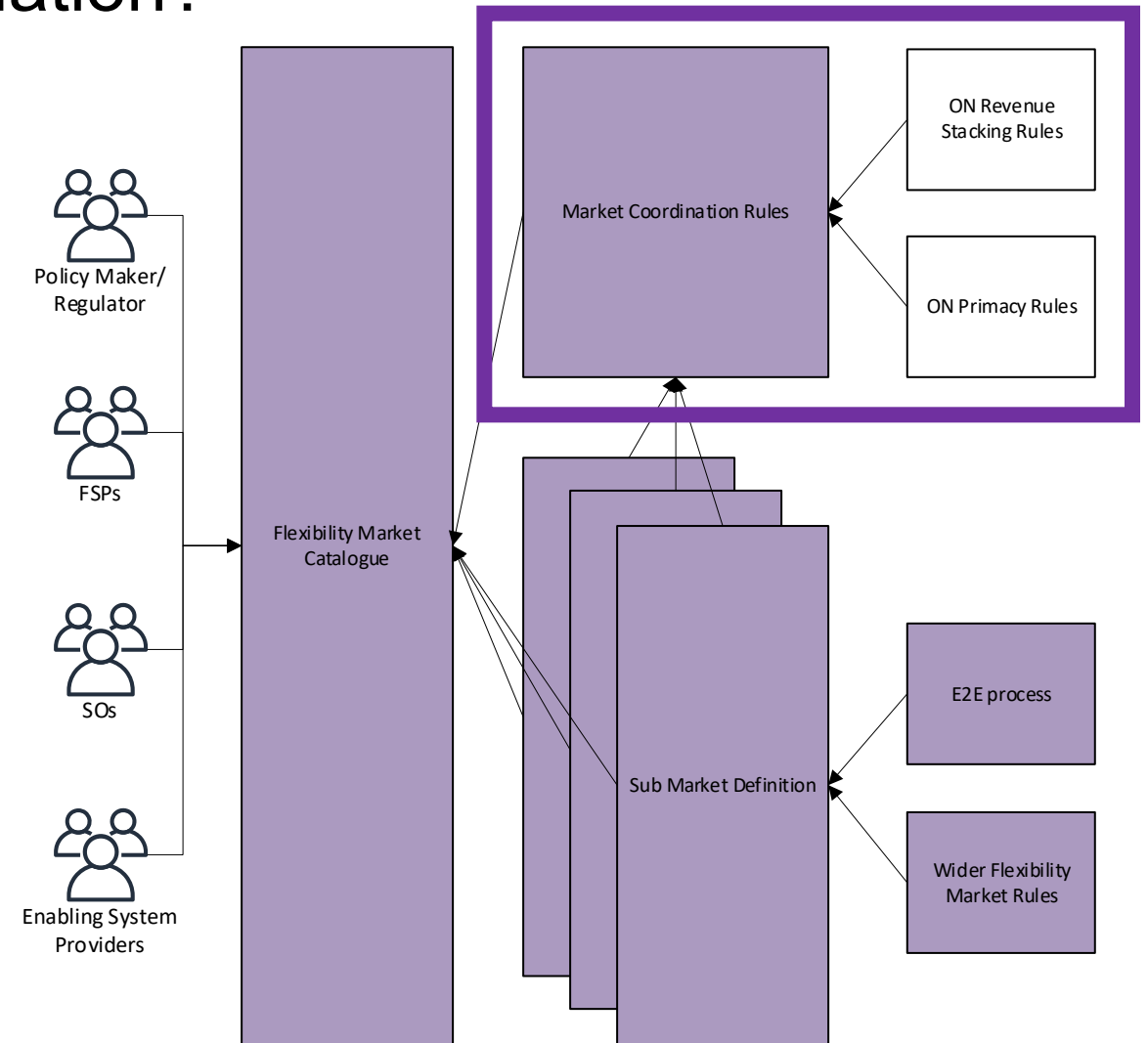
A summarized view of our layered approach to Flexibility Market Rules.

ELEXON

Work to date on sub-market coordination: Primacy and Revenue Stacking

Revenue Stacking and Primacy are closely related concepts that describe how different sub-markets in GB are coordinated.

Revenue Stacking rules cover the services that a single asset can provide. This coordinates the access of the asset to different sub-markets.
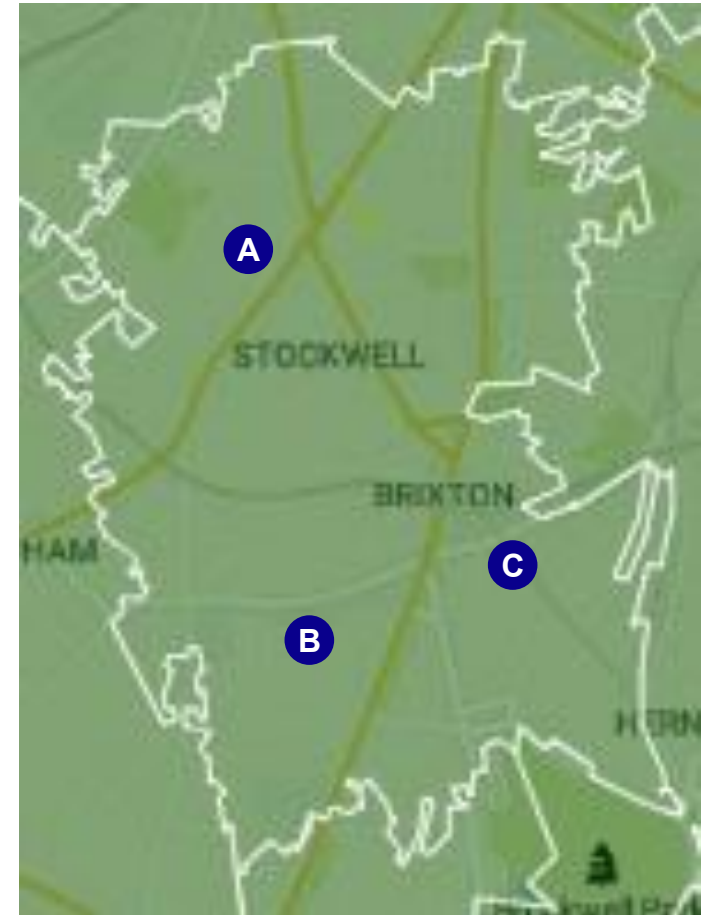
Primacy rules cover the rules for coordinating multiple assets where they are connected to the same local network. This coordinates the actions of the System Operators, to ensure efficient operation.

For example:

Stacking covers what services assets A, B and C can contract to deliver. This includes how participation in sub-market 1 might preclude participation in sub-market 2.

Primacy covers what should happen when asset A is asked to turn down by one System Operator and asset B is asked to turn up by another.

Both discussions have been ongoing for a number of years.
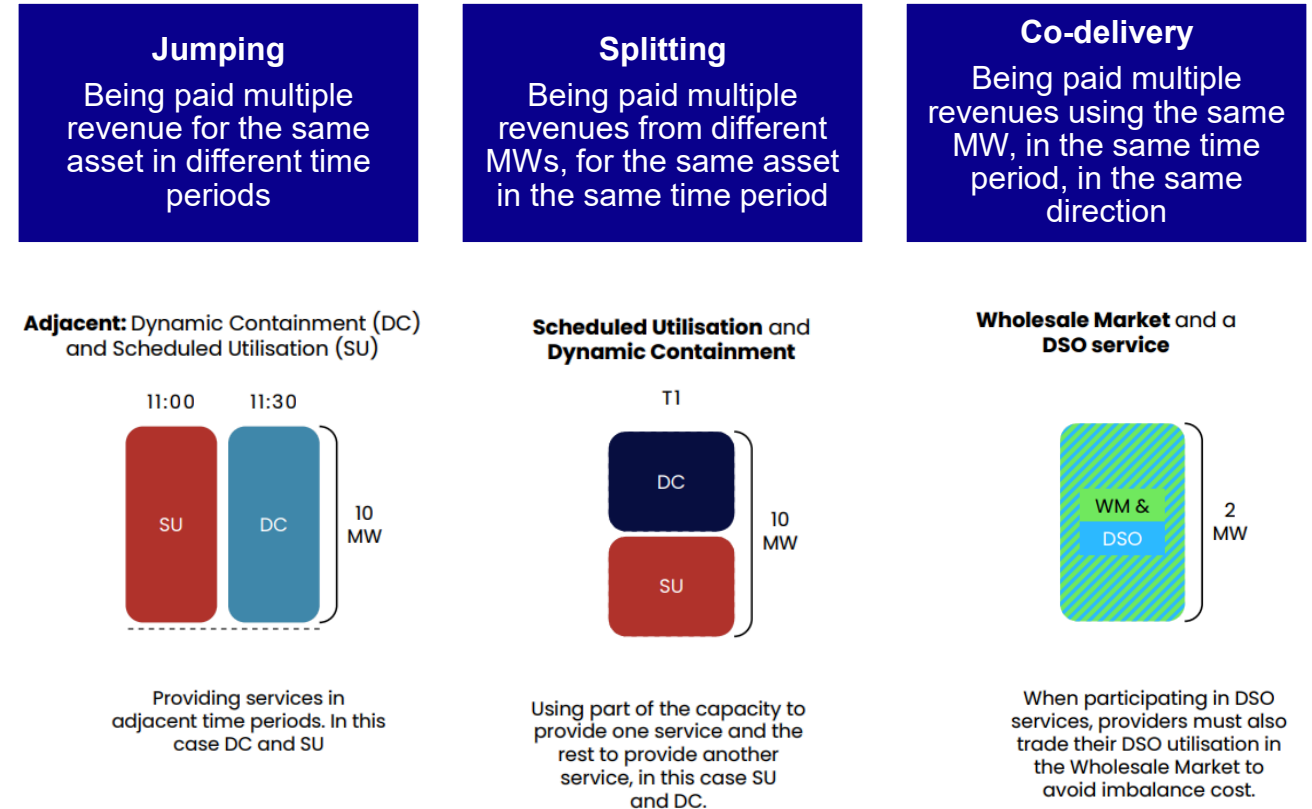

ELEXON

Where are we with Revenue Stacking?

There have been 2 broad themes within the work:

- Clarifying the existing rules

- Developing better rules.

Key progress to date:

- Development of 3 subsets of stacking: Jumping, Splitting and Co-delivery

- Clear overviews of rules for each

- Commitment to "stacking by default" statement

Jumping is now available across most services, splitting is emerging, generally when in the same direction. Co-delivery remains a challenge.

Jumping
Being paid multiple revenue for the same asset in different time periods

Adjacent: Dynamic Containment (DC) and Scheduled Utilisation (SU)

11:00   11:30

SU   DC   10 MW

Providing services in adjacent time periods. In this case DC and SU

Splitting
Being paid multiple revenues from different MWs, for the same asset in the same time period

Scheduled Utilisation and **Dynamic Containment**

T1

DC

SU   10 MW

Using part of the capacity to provide one service and the rest to provide another service, in this case SU and DC.

Co-delivery
Being paid multiple revenues using the same MW, in the same time period, in the same direction

Wholesale Market and a **DSO service**

WM & DSO   2 MW

When participating in DSO services, providers must also trade their DSO utilisation in the Wholesale Market to avoid imbalance cost.

ELEXON

Where are we with Revenue Stacking?

There have been 2 broad themes within the work:

- Clarifying the existing rules

- Developing better rules.

Key progress to date:

- Development of 3 subsets of stacking: Jumping, Splitting and Co-delivery

- Clear overviews of rules for each

- Commitment to "stacking by default" statement

Jumping is now available across most services, splitting is emerging, generally when in the same direction. Co-delivery remains a challenge.

Jumping

ELEXON

Where are we with Revenue Stacking?

There have been 2 broad themes within the work:

- Clarifying the existing rules

- Developing better rules.

Key progress to date:

- Development of 3 subsets of stacking: Jumping, Splitting and Co-delivery

- Clear overviews of rules for each

- Commitment to "stacking by default" statement

Jumping is now available across most services, splitting is emerging, generally when in the same direction. Co-delivery remains a challenge.

Stacking by default .

By default, all active power services should be readily 'jumpable' and 'splitable1 ' across NESO, DSO and wholesale electricity markets.
The following features should be avoided wherever practical:

1. *Services launched without explicit guidance on stacking*

2. *Use of Exclusivity Clauses*

3. *Carve outs for particular services which cannot be easily updated (ie 'Relevant Balancing Services')*

4. *Use of historic baselines without a practical way of adjusting for a wide range of service events*

5. *DSO dispatch after Balancing Mechanism gate closure*

6. *Long availability windows with no incentive or mechanism to release capacity*

7. *Penalisation of over-delivery*

ELEXON

Where are we with Primacy?

Within Primacy 4 types of primacy have been identified:

- No Primacy (default)

- DSO Primacy

- NESO Primacy

- Joint Primacy

Two core use cases have now been identified.

	Case 1 and 4 – 'Into a constraint'	Case 2 and 3 – 'Out of a constraint'
Conflict case	Conflict case 1: DSO counters NESO action with negative flexibility to manage thermal constraint	Conflict case 2: DSO counters NESO action with positive flexibility to absorb newly-created headroom
	Conflict case 4: DSO counters NESO action with positive flexibility to manage thermal constraint	Conflict case 3: DSO counters NESO action with negative flexibility to absorb newly-created headroom
Primacy rule with optimal CBA	Optimal approach: <u>DSO primacy</u>	Optimal approach: <u>NESO primacy</u>

This follows a change from an initial per-use case approach, to a framework approach

The focus of the Primacy working is on implementation.

ELEXON
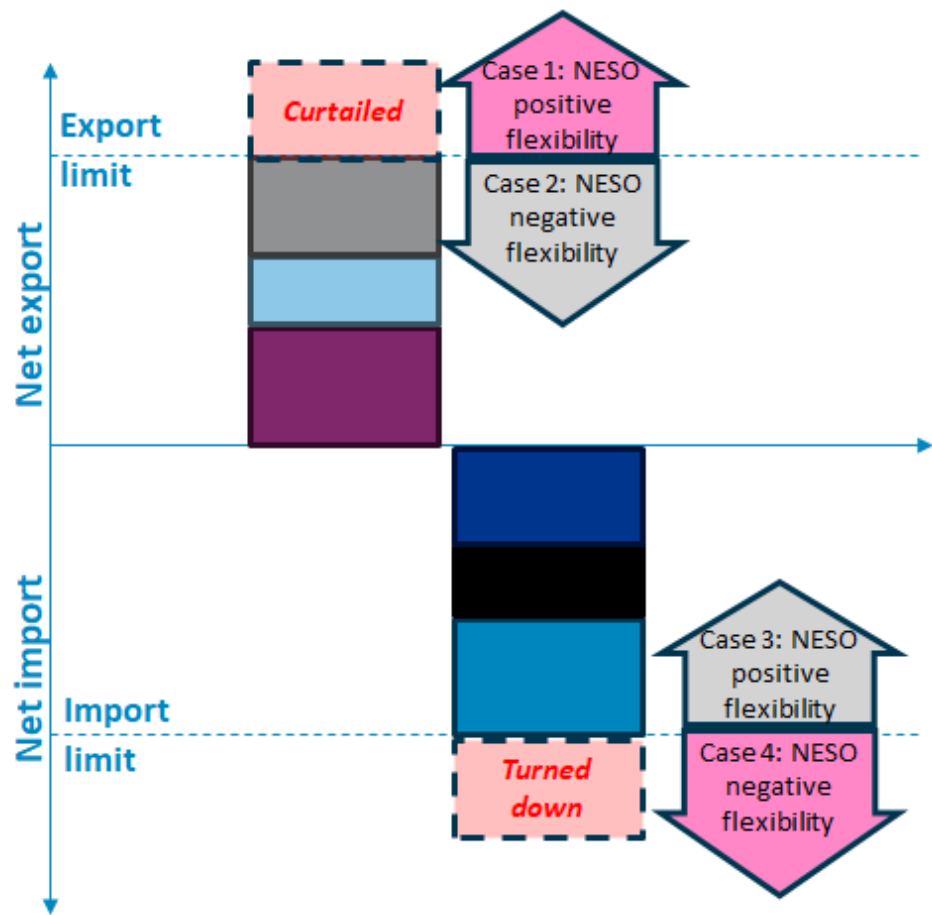
Any Questions or Clarifications so far?

04
Focus areas for the working group

There are many potential areas of work

Theme	Area of work	Work underway	Potential for future work
Guidance & Documentation	Improved guidance on services and stacking	Translate existing guidance into our Flexibility Markets Catalogue Develop robust updating process NESO developing policy on flexible connections	Widen guidance and reduce the number of "implicit" positions
Data & Digitalisation	Improved market data to support value assessment		Develop common data standards. Develop central location
	Common asset IDs to aid registration and coordination	FMAR design work	FMAR delivery
	Improved operational, and market data for System Operators		DSO visibility of FPNs Improved visibility of tariff data
Sub-market alignment	Aligned, and appropriate baselines	ON work on baselines	Further alignment and rationalisation
	Refining the available products in the market		Rationalization of products across markets Incorporate innovation and learning from new styles of DSO products
Primacy	Implementing and then improving Primacy rules	development of implementation plan	Improving the efficiency of current rules Considering joint primacy Investment for whole system efficiency
Coordination and Co-delivery	Directions setting on Co-delivery		
	Aligned settlement and penalties across markets (including supplier compensation, DSO ABSVD…)	Issue 114	
	Approach to coordination: Market Sequencing, bid forwarding, co-procurement		
Engagement	Regular engagement on new barriers		

ELEXON

Focus of the working group

To explore the core theme of coordination and co-delivery we want to explore two key questions:

What does good sub-market coordination look like?
• How do we frame the discussion, what might some options be? • Where should we be aiming? • How can we deliver this over time ? • *Longer term aim (beyond first delivery plan)*

What should our approach be on co-delivery?
• Are we clear on what it means? • Are we clear on the value? • If so how can we begin to enable it? • *Shorter term aim (what can we deliver in the first delivery plan)*

Within this working group we will look to progress both discussions, as they are inter-related.

Questions:
- Are there any themes/existing work that we have missed?
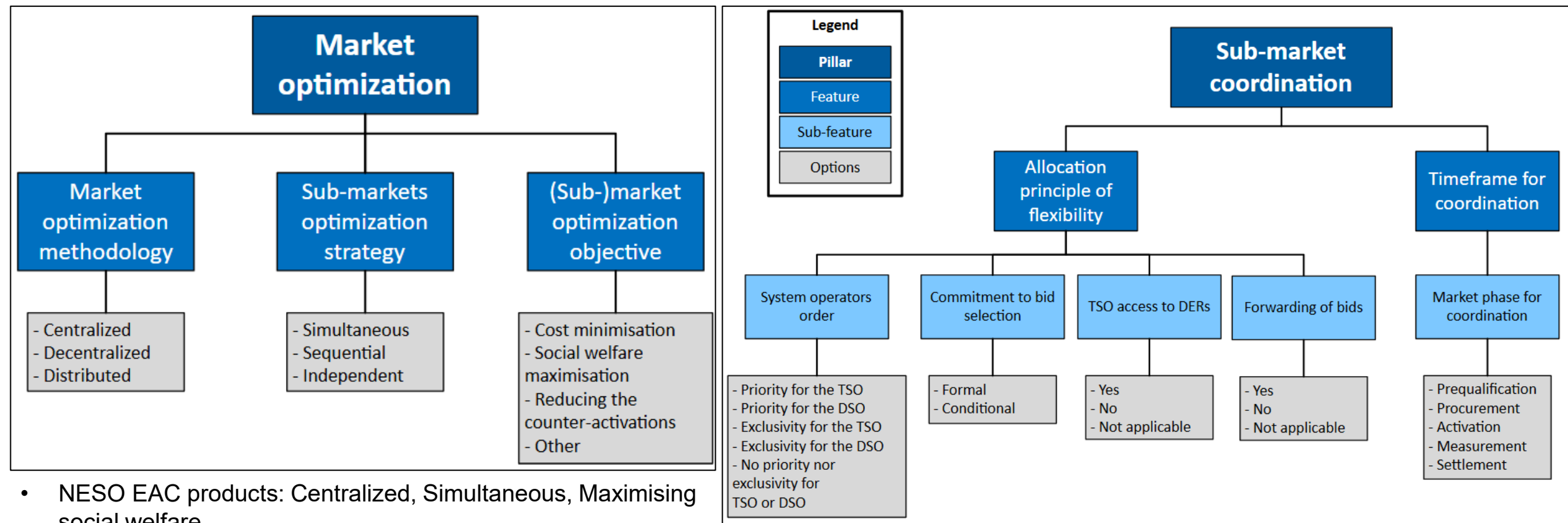- Is our approach clear?

ELEXON

05
Frameworks for what good looks like?

ELEXON

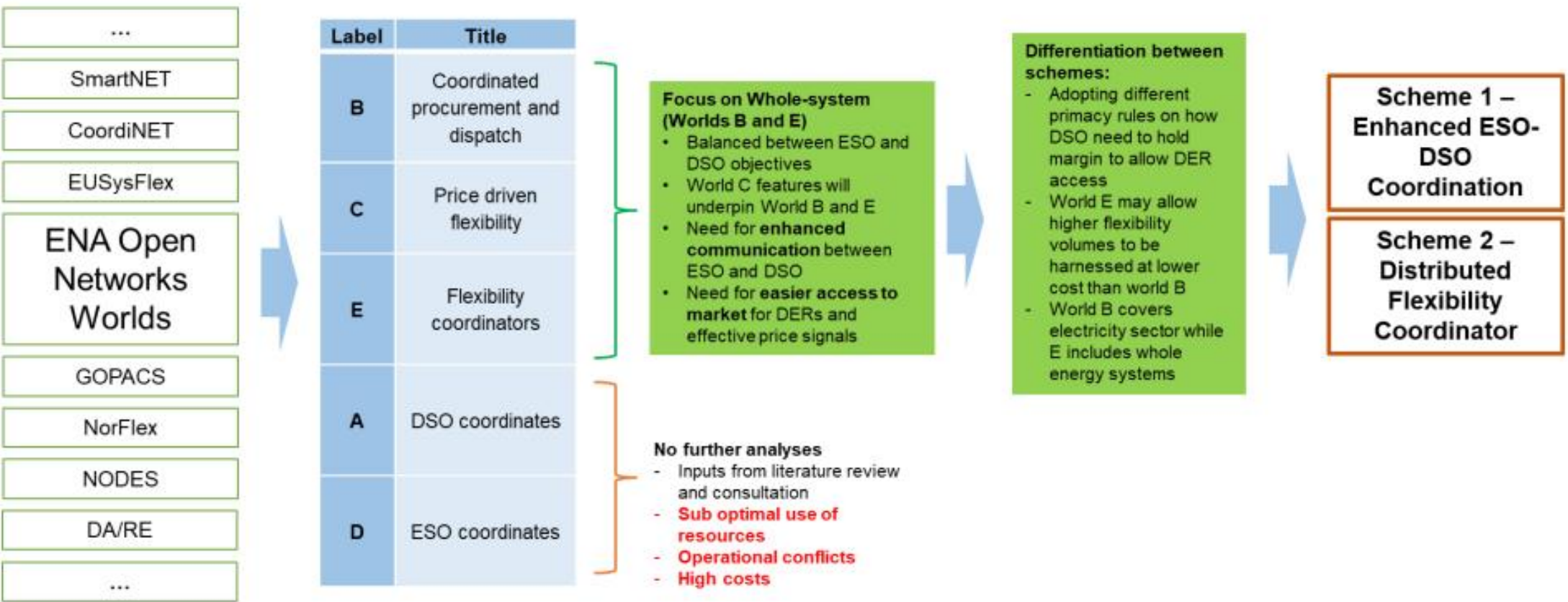# Theoretical Market Framework – OneNet
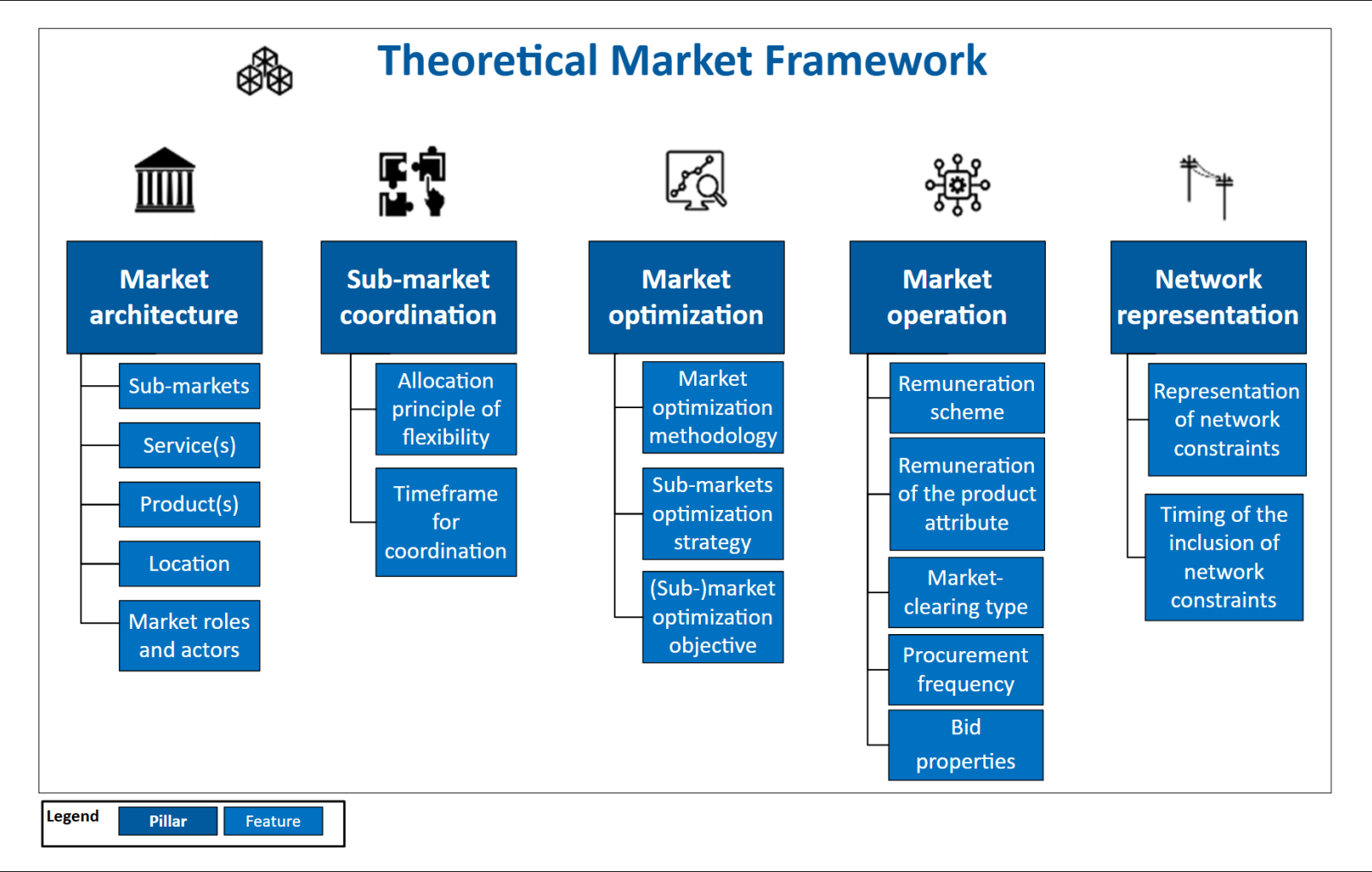
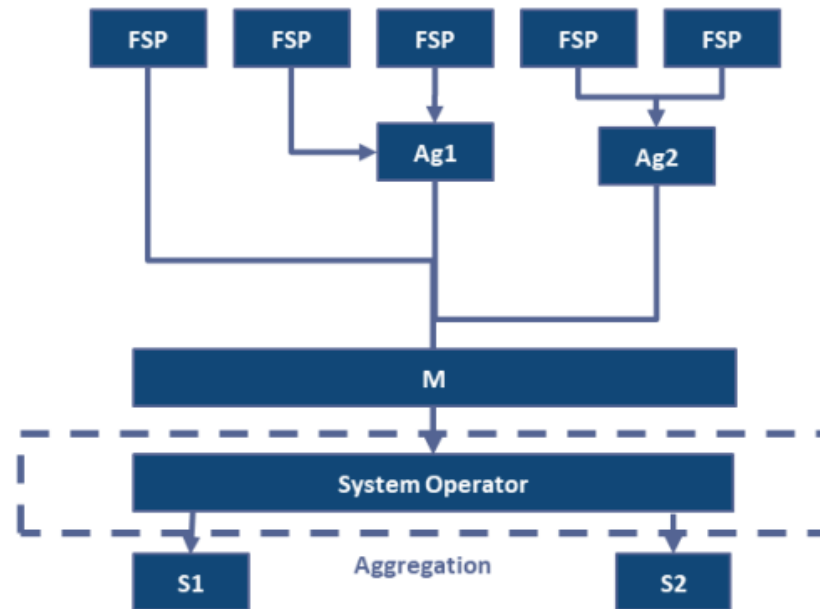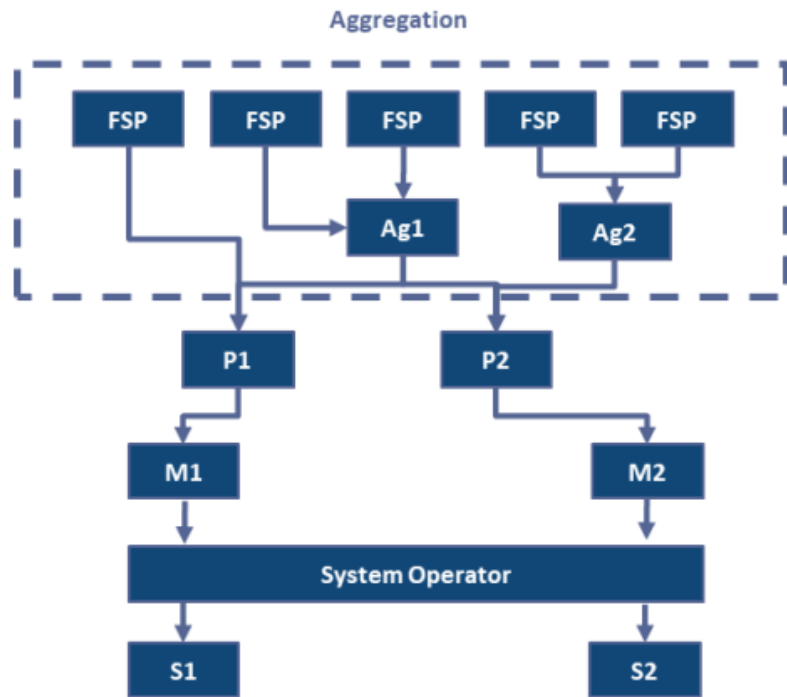# Theoretical Market Framework – OneNet

- NESO EAC products: Centralized, Simultaneous, Maximising social welfare
- NESO EAC vs DSO, Distributed, Sequential, N/A

The sequential nature of GB DSO/NESO sub-markets means there is minimal allocation between sub-markets.

ELEXON

ENA Worlds and Commander

Products vs Markets – OneNet

(FSP = flexibility service provider, Ag = aggregator, P = product, M= market, S = service)

Products led:
Products tend to be bound to fewer needs (services) and hence have tighter, clearer requirements.
Optimisation across needs sits with the Aggregator.
NESO ancillary services such as QR, DM, DR, DC.

Markets led:
Markets tend to be broader, with FSPs updating key parameters. The same response can be used to meet multiple needs
Optimisation across needs sits with the System Operator.
Example: BM.

ELEXON

Question:

Are there other frameworks we should be considering?

ELEXON

06
Next Steps

ELEXON

Next Steps

- We aim to share the notes within 5WD.

- We will process the inputs from today's meeting

- The next workgroup meeting is on 12 June 2025.

| Phase	Task	Engagement required	Timing
Kick off	Set out context and direction of work	1 workgroup meeting	May
Broader coordination	Set out options for sub-market coordination	2-3 workgroup meetings	June/Aug
	Reduce option and develop a road map	2-3 workgroup meetings	Sept/Nov
Co-delivery	Set out current position on co-delivery	1 workgroup meeting	June
	Develop principles-based direction	2-3 workgroup meetings	July/Sept
	Develop road map	2 workgroup meetings	Oct/Nov

Thank you
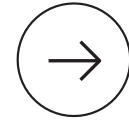
→ MF@elexon.co.uk
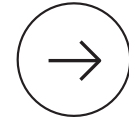
→ [Market Facilitator Website](#)

ELEXON