

# Ways of Working

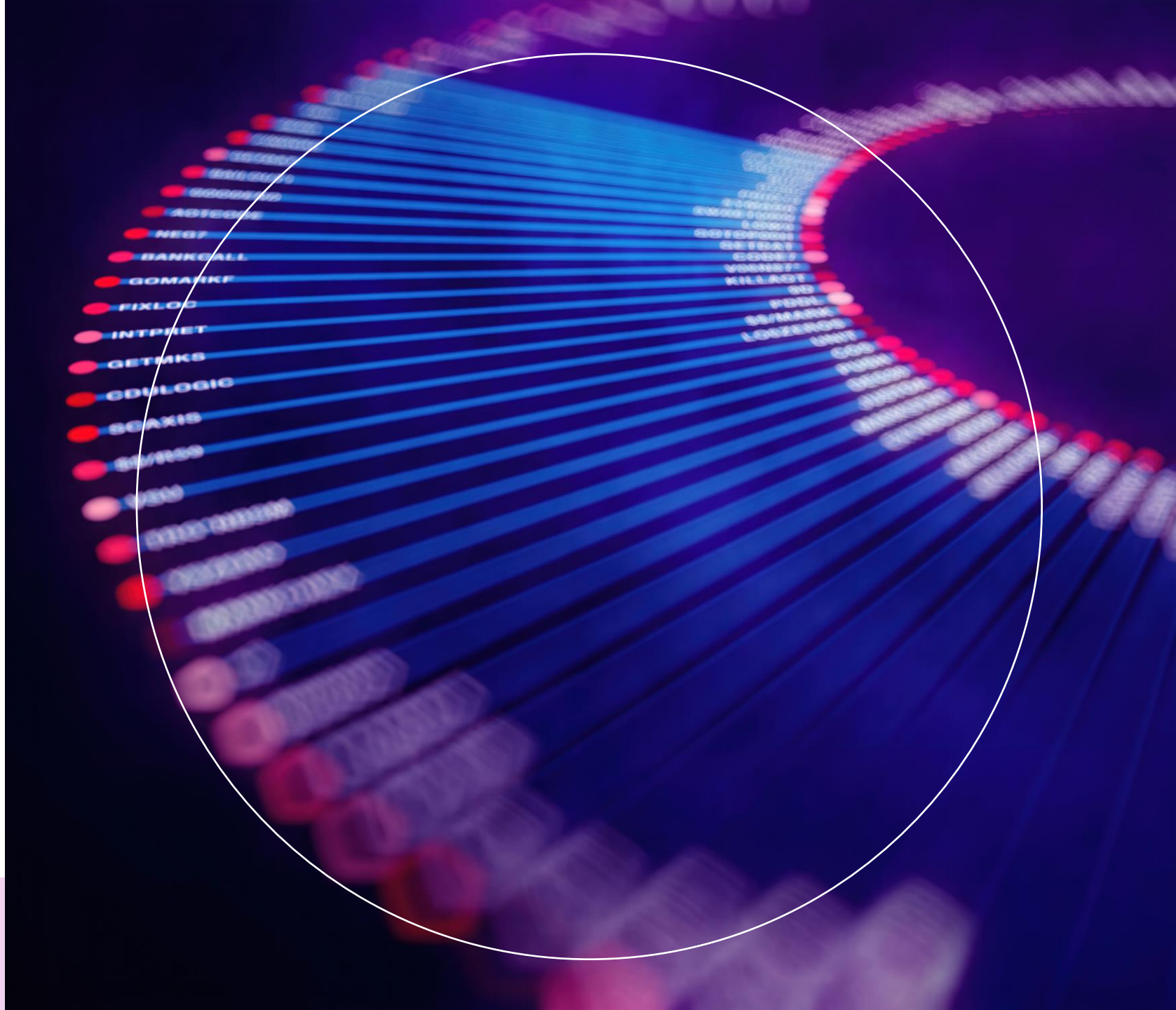
- We encourage attendees to **use video**, where bandwidth allows, especially when speaking
  - **Please mute when not speaking**
  - Minimise background noise to maintain focus
  - Use the Teams chat if you are having problems with the camera
- Stay on topic: Keep contributions relevant to the agenda
- 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 3

22 July 2025



# Agenda

- Welcome & Introductions - 5 mins
- Summary of previous working group – 5 mins
- Update on approach - 30 mins
- Market Sequencing & Capacity Release - 30 mins
- DSO adjustments – 20 mins
- Enhanced information – 10 mins
- Next steps – 5 mins



01

# Welcome & Introductions

# Elexon Team



Anshu Choudhary

Senior Change Lead

Chair



Matt Watson

Senior Market Design Advisor

SME

02

# Summary of last meeting

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Agenda Item	Summary
Co-delivery. Where we are today	Summary of the status quo for co-delivery. Existence of a definition, but limited access, and limited information See session slides for more details.
Examples of co-delivery	Went through some simplified examples to highlight where co-delivery is and isn't working. Asked for any further examples: none received to date See session slides for more details.
Emerging concepts	Discussed some of the concepts emerging from the examples, such as the procurement of different service types, different market adjustments and different types of co-delivery. These are feeding into this session. See session slides for more details.

03

# Update on our approach



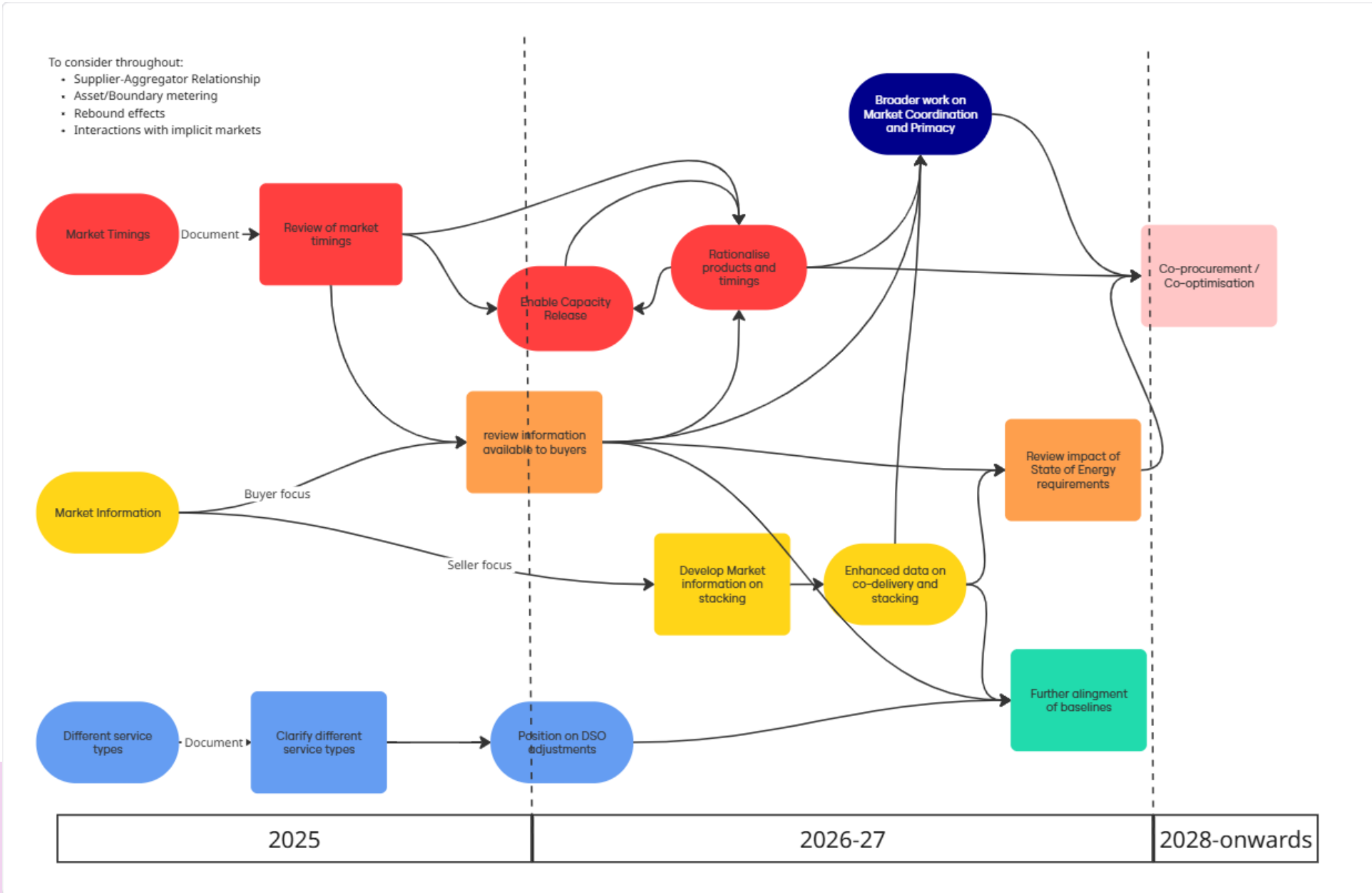
# Latest view on timings

- We are progressing 2 core areas of focus, with different timelines.
- These are approximate, and each will have own sub-elements of work.
- Timings will be further refined as we better understand these elements of work

					DP 1								DP2											
					2026				2027				2028				2029				2030			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Co delivery	Understand the issues/Develop framing																							
	Develop Options																							
	Impact Assessment																							
	Detailed Design																							
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Broader coordination	Understand the issues/Develop framing																							
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# Current view on areas of work for co-delivery

- Most of the work elements are inter-related.
- This is our initial view on how we could sequence the work
- It will evolve as we generate new learning
- In the long run, it feeds into the broader topics on coordination.



# Questions

- Is the approach clear?
- Are there any other key topics missing?

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# Market Sequencing and Capacity Release

# Initial view of market timings

Service Type	Sub-Market	> Year ahead	Year Ahead	Month Ahead	Week Ahead	Day Ahead	Within Day	Gate Closure (1 hour ahead)	Real Time	Post Event
Security of Supplier (DESNZ)	CM	Procurement (T-4 auctions)	Procurement (T-1 auctions)				Market Information (Capacity Market Notice)		Utilisation (implied)	Notification (System Stress Event)
Wholesale (suppliers & VTPs)	Wholesale					Procurement (DA 9.20 & 15.30)	Procurement (ID 08:00 & 17.30 & continuous markets)	Procurement (ID continuous markets)	Procurement (ID continuous markets)	
Constraint Management (DSOs)	PR	Procurement & Utilisation	Procurement & Utilisation							
	SU	Procurement & Utilisation	Procurement & Utilisation	Procurement & Utilisation	Procurement & Utilisation	Procurement & Utilisation				
	OU-2 or 15								Procurement & Utilisation	
	SAOU-DA	Procurement	Procurement			Utilisation				
	VAOU-WA	Procurement	Procurement		Utilisation					
	VAOU-DA	Procurement	Procurement			Utilisation				
	VAOU-2 or 15	Procurement	Procurement						Utilisation	
Constraint Management (DSOs)*	Outages			Utilisation						
	ANM					Forecast			Utilisation	
Constraint Management (NESO)	LCM					Procurement & Utilisation (18:00-21:00)	Procurement & Utilisation (10:00-13:00)			
	MWDDispatch					Procurement (16:00)			Utilisation	
	BM							Procurement & Utilisation		
Energy Balancing (NESO)	Response and Reserve					Procurement (14:00 except FFR, 11:00)			Utilisation (Ancillary services)	
	DFS						Procurement & Utilisation (10-11 but can change)			
	BM							Procurement & Utilisation		

\* Not a formal service, but does feed into decision making

Term	Definition (in this table)
Procurement	Price & volume setting
Utilisation	Use of volume

# Market Sequencing - Observations

- DSO markets tend to procure earlier, NESO markets are later.
- There are a lot of variations in timings across the DSOs.
- There is limited overlap between DSO and NESO constraint management timelines.

## Questions

- Are there errors?
- Is there more information to capture?

# Options for Capacity Release

Capacity Release (allowing entry into wider markets once the need in the first market has diminished) was raised at the last session and feels like a low regret option to enable. This is particularly relevant to DSO markets, where utilization is instructed/not at or ahead of Day Ahead.

Our understanding is that contractually, once the window for utilization instructions is complete, the FSP is free to enter other markets. i.e. it is possible under current arrangements.

To make this clearer we could:

- make this more explicit contractually
- implement notifications of release (positive confirmation rather than waiting for no confirmation)

For this to add more value FSPs should be able to understand the likelihood of release at the time of procurement. This could be done with:

- Historic data (although requirements may change over time, and by CMZ)
- Forecasts provided by the DSOs.

## **Questions:**

- Is this possible under current contractual terms? Are there any barriers?
- Would there be value in making this more explicit?
- What information would be useful? How difficult would this be?

# Potential for Sub-Market Rationalisation

There are lots of different DSO markets.

There are varying timings across the variants. Within the variants, definitions are broad (week ahead, day ahead).

Some work has been done to better define some elements. (UKPN, NGED alignment)

Simpler coordination could be achieved by (in order of complexity):

- Confirm and align the timings across the existing DSO sub-markets
- Rationalizing the number of DSO products
- Rationalize the timings across reduced markets
- Aligning DSO and NESO constraint management products
- Sequencing/Co-optimized/Sharing the products.

This would be a longer piece of work, with incremental benefits as we progress.

**Questions:**

- Do you see value in this work?
- How do we avoid the pitfalls of previous attempts?

09:00	9:20-10:00 Day-Ahead Wholesale auctions
10:00	10:00 DSO communicates day-ahead requirements
11:00	
12:00	12:00 Provider submits capacity and prices
13:00	
14:00	13:30 DSO dispatches for day-ahead
15:00	
	14:30-15:00 ESO Response and Reserve auctions

**NGED-UKPN Learning Together consultation**  
(the follow up highlighted the potential value of bringing forwards the DSO instruction to 12.30 to allow for more time ahead of the 14.00 NESO auctions)



# Next steps

## Sequencing:

- Refine view/information on sequencing

## Capacity Release:

- Confirm legal position under current arrangements
- Decide what interventions are needed to maximise the value

## Sub-Market Rationalisation

- Confirm the detailed market timings being used by DSOs
- Define the timings of future work via our Delivery Plan.

## Review information available to buyers.

- Map out information currently available
- Consider what information can be shared between markets (considering constraints such as granularity, commercial sensitivity...)

05

# DSO adjustments: Different Service types

# DSO adjustments – options

DSOs procure a change in capacity. They do not currently account for the energy associated with the capacity.

There are a few theoretical options to account for the energy:

- Give the DSOs energy accounts, with requirements/incentives to manage them. *Significant departure from current market design.*
- Allow FSPs to manage the energy
- Adjust the energy

# DSO adjustments – initial thoughts

**For sub-markets where utilisation is instructed far ahead of real time.**

With sufficient notice, the energy associated with the DSO sub-market can be managed effectively by the FSP (if they have access to the wholesale market, as a supplier or VTP).

This leaves the FSP, who has the best understanding of the actions to manage the position

That FSP can accommodate the different baselining approaches across markets

This would create no need for any adjustments

## **Challenges:**

- What if the FSP doesn't have access to the wholesale market (whilst open to a broader pool, not all FSPs have access)?
- What if the asset doesn't have access to the wholesale market (should be improved with P483 widening access to non HH boundary meters)?
- What if the FSP chooses not to account in the wholesale market when financially disadvantageous (DTD during negative pricing)?
- Limitations of Supplier Compensation Model persist (DTU remains challenging for independent aggregators).

## **Questions**

- Do you agree with the approach?
- What else should we be considering?

# DSO adjustments – initial thoughts

## **For sub-markets where utilisation is instructed close to real time**

Due to the late notice, the FSP/Supplier cannot accommodate these changes and would be out of balance.

It could also impact the NESO's energy balancing actions.

As such there should be some form of mitigation including:

- Imbalance adjustment (ABSVD equivalent),
- Supplier compensation,
- DSO consideration of additional NESO costs (DSOs should not be prohibited from close to real time actions, but should consider the wider system implications/costs)

We suggest the cross over for “close to real time” should be Gate Closure (i.e. 15- or 2-minute DSO services).

Further investigation of the volume of such “close to real time” sub-markets is needed to understand the materiality of this issue.

## **Questions**

- Do you agree with the approach?
- What else should we be considering?

# Next Steps

- Validation of the approach
- Work through the challenges
- Assessment of materiality of close to real time actions

06

# Enhanced information

# Market Information

- We will investigate the information available to buyers as we build out the market sequencing work.
- Alongside this, there is a need to develop robust market information on what stacking is already in place. i.e. which assets are doing what, when.
- Our understanding is that information on stacking across the NESO response/reserve markets exists.
- Broader, cross system operator information is limited, with no common Asset IDs to tie data together.
- FMAR should support the development of such IDs, but phase 1 isn't due for deployment until Q2 2027.
- Further information could be requested from FSPs; however, this could be quite cumbersome.

## Questions:

- What information is already available to the market?
- What would be valuable?



# 07

## Next Steps

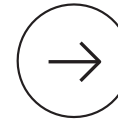
# Next Steps

- We aim to share the notes within 5WD.
- We will process the inputs from today's meeting
- The next workgroup meeting was provisionally booked for 19 August 2025. We expect to move this to September due to annual leave.

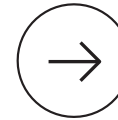
Phase	Task	Engagement required	Timing
Kick off	Set out context and direction of work	1 workgroup meeting	May
Co-delivery	Set out current position on co-delivery	1 workgroup meeting	June
	Develop principles-based direction, and road map to feed into delivery plan	2-3 workgroup meetings	July/Oct
Broader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



# Thank you



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[Market Facilitator Website](#)



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the session here