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Steering Group Meeting



20 January 2025

Meeting Admin

- Please stay on mute unless you are speaking.
- Introduce yourself and who you are representing.
- The meeting will be recorded to assist with minute-keeping only. The recording will not be published.
- Chatham House rules will apply – comments will not be directly attributed to individuals.
- Any questions that are not addressed will be followed up either directly with you or through a published Q&A with the meeting minutes.
- Please use Slido code **#PRSGJan24** to ask questions or raise virtual hand.



Agenda

Q&A: [Sli.do](https://sli.do) #PRSGJan25

13:00	5 mins	Welcome and introductions James Kerr, Power Responsive
13:05	15 mins	Department for Energy Security and Net Zero (DESNZ) update Anca Mihalache, DESNZ
13:20	15 mins	Ofgem update Ashley Malster, Ofgem
13:35	10 mins	Operational Metering Independent Review update Will Gratton, NESO
13:45	15 mins	Enabling Demand Side Flexibility in NESO Markets Nicolas Manea, NESO
14:00	15 mins	Demand Side Flexibility Routes to Market stage 2 Damien Kelly, NESO
14:15	5 mins	Power Responsive Annual Report 2024 update James Kerr, Power Responsive
14:20	5 mins	Look ahead – Power Responsive Engagements in 2025 Vanessa Jones, Power Responsive
14:25	15 mins	Steering Group Actions, AOB & Meeting Close James Kerr, Power Responsive

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DESNZ update

Anca Mihalache, DESNZ



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Ofgem update

Ashley Malster, Ofgem



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Operational Metering Requirements for Small Scale Flexible Assets

Will Gratton, NESO

Project Update

- ✓ - Delivered
- 🕒 - Work in progress

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We last presented to you the findings of work package 1 & 2 in **August '24**. WP3 was initiated in September, to conduct an in-depth impact assessment on the effect of different metering solutions on BM balancing activities.

WP3 Scope

1. Read accuracy, frequency & latency impacts ✓
2. Assess different methods to reduce errors ✓
3. Establish impact in 2035 and actions/costs to mitigate errors 🕒
4. Counterfactual impact 🕒

As DNV have moved through this work package they have **experienced challenges that have led to delays**. This has been driven by difficulties in obtaining adequate data related to different technology types to support early modelling and data related to forecast growth of small flexible providers for future scenario modelling.

Additionally, the following questions arose during the methodology development:

1. How do you define the acceptable operational risk profile for errors associated with operational metering and how do you translate this to balancing costs?
2. Operational risk is highest during periods where flexibility providers change output, particularly if large volumes move at the same time. Based on the Future Energy Scenarios (FES) and operational experience, how much of this volume can reasonably be expected to move at the same time in the future and how could this impact the requirements for operational metering.

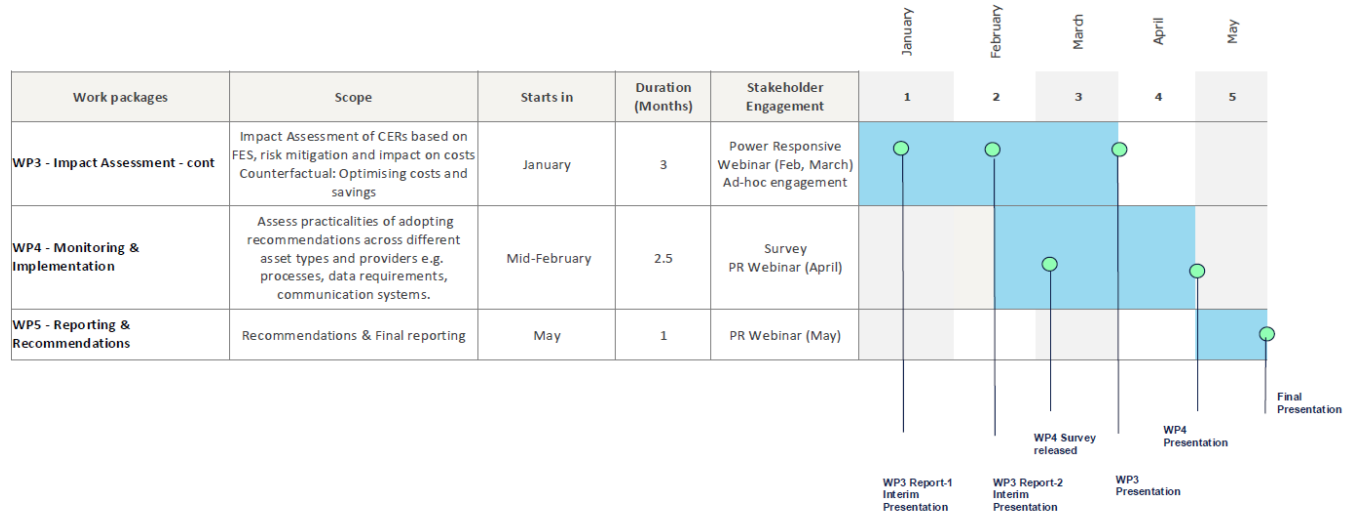
Adequately responding to these questions will ensure the robustness of the DNV analysis and recommendations and provide the correct signals to the industry, avoiding the need to revisit the topic.

The additional modelling required to deliver this work and to complete WP4 and 5 will delay the output of the project until May 2025.

Updated schedule and engagement

- You can find the full details of the review on the [PR section of the NESO website](#)
 - [Independent Review overview](#)
 - [Work Package 1/2 \(August webinar\)](#)
 - [Work Package 3 update \(January webinar\)](#)
- Updated schedule from DNV

Project schedule and stakeholder engagement



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Enabling Demand Side Flexibility in NESO Markets

Nicolas Manea, NESO

Introduction

- This report is an outcome of the **Call for Input** in did in Summer 24.
- More information on the **detailed workstream plan** will follow later this year, joined and aligned with DESNZ Flexibility Roadmap.
- Demand side flexibility refers to **flexibility across all consumer groups** (domestic, industrial, commercial and public sector).
- Generally considered to be “**behind the meter**” generation, storage and controllable assets.

We will host a question-and-answer session on 29 January 14:00 – 15:30







Enabling demand side flexibility in NESO markets

- **Publish** CFI responses
- **Publish** Report
- **Publish** Workstreams Detailed Plans

Regularly review to stay in line with the changing landscape and provide update through **Power Responsive**

- CP2030 Action Plan and subsequent publication
- REMA Outcomes
- Market Facilitator implementation
- Start of Market wide Half Hourly Settlement

Process Overview

 Vision	Enable flexibility resources to operate seamlessly between markets, driven by effective market signals, delivering whole electricity system value to consumers and supporting the transition to net zero										
 Outcomes	Fit for the future, coherent market arrangements	A level playing field and inclusive markets to maximise competition between all types of flexible resources			Coordinated flexibility markets across Great Britain						
 Objectives	1.1 NESO markets evolved to address system needs with clear roadmaps and requirements to help Flexibility Service Providers maximise the potential of flexibility. 1.2 A coherent approach for enabling market arrangements, unlocking the demand side flexibility needed by the system.		2.1 Ensure existing NESO markets are technology inclusive by removing barriers. 2.2 All new NESO markets to be technology inclusive. 2.3 Support demand side flexibility market innovation leveraging international best practice.		3.1 Markets Facilitator coordination governance implemented. 3.2 Standardised NESO and DNO onboarding process. 3.3 Revenue stacking enabled across NESO-DNOs. 3.4 NESO market design standardised and aligned with DNOs market design. 3.5 Coordinated NESO – DNO network operations and planning						
 Workstreams (Implementation plans to follow)	Develop longer term roadmap for NESO markets	Work with policy makers and industry: Foundation for future market arrangements	Identify and remove barriers	Transform our digital infrastructure to enable flexibility		Standardisation across NESO and coordination with DNOs					
 Enablers	Data, Digitalisation and Technology		NESO Capabilities		Policy		Network Access, Connection & Charging Reform		Consumer Engagement		
 Principles	Digital first mindset	Transparent at every stage	Deliver in partnership	Encourage innovation and creativity		Technology inclusive		Be flexible and adaptable		Consumer value driven	

Key Actions

Coherency

Develop coherent roadmaps for NESO markets, focusing first on more joined-up plans for thermal constraints and slow reserve markets coming later in 2025, to clarify how demand side flexibility can realise its potential.

Competition

Remove barriers from current NESO markets including the Balancing Mechanism and ensure demand side flexibility capabilities are informing service design for Slow Reserve and Static Recovery.

Coordination

Include "stackable " in our market design principle and ensure the new services we launch will enable stacking where possible. Work with DNOs and the Market Facilitator to avoid conflicts through Primacy rules.

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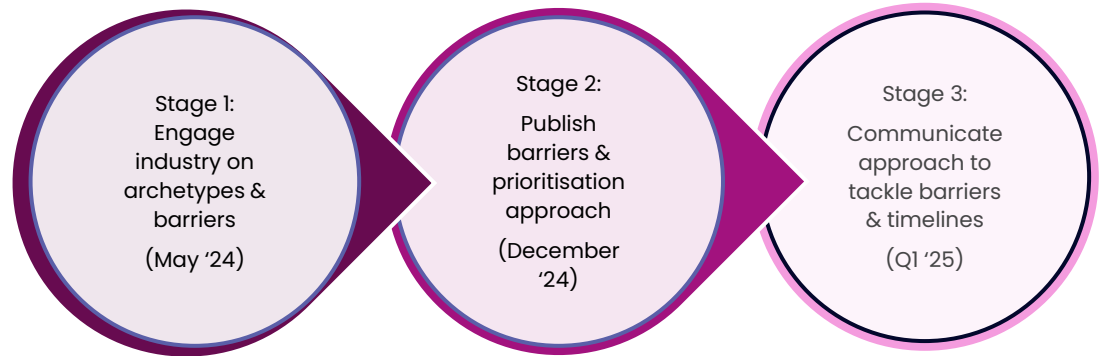


Demand Side Flexibility Routes to Market Stage 2

Damien Kelly, NESO


Introduction

- This review aims to identify and prioritise barriers and set out our approach to removing them and timeframes for doing so.
- A key indicator for success will be seeing a material increase in volume of demand side flexibility participating in our services



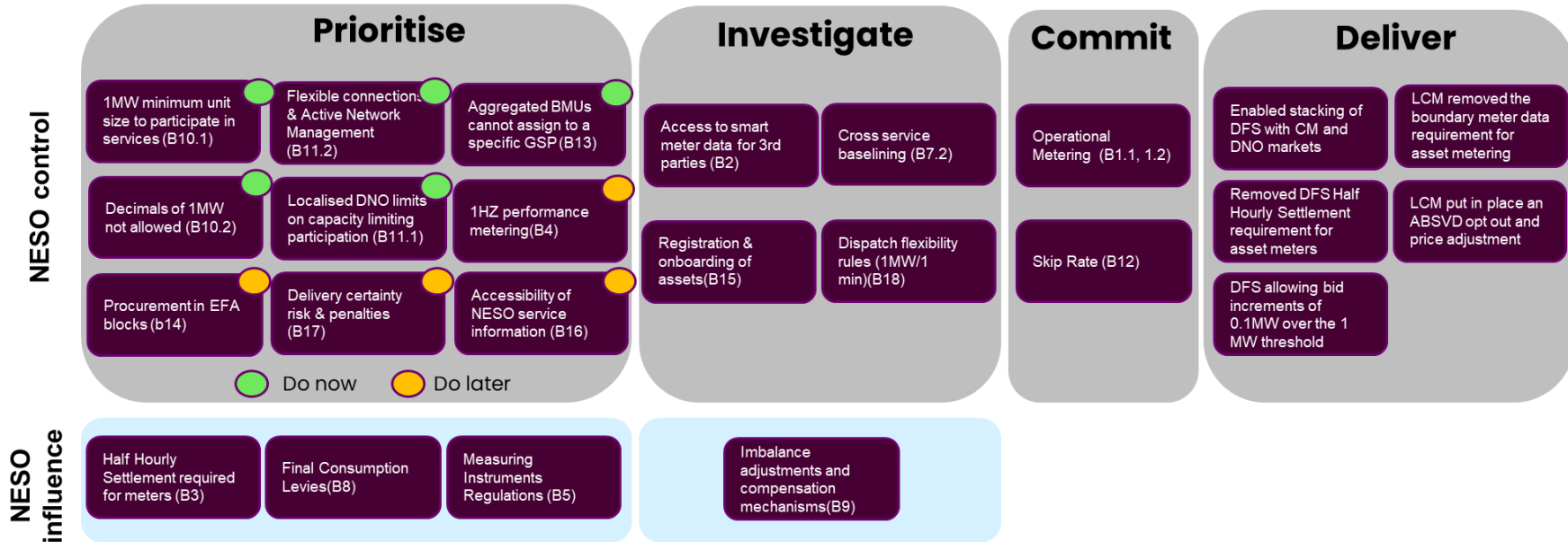
Service Prioritisation

- We considered initially the first of the evaluation criteria (i.e., Value). This revealed a priority with respect to services. Ancillary services delivering bulk energy generally bring more value to NESO, while services that mainly deliver frequency control broadly have an existing supply sufficient for future needs, and therefore their barriers are generally lower priority for attention.
- As a result, we will focus on the five services highlighted in the table to the right. This service-first approach will help to avoid that all services become only "partially unblocked".
- Not in scope: STOR will be retired at the end of 2025. Static FFR will be replaced by Static Recovery in 2026, and we aim to begin stakeholder engagement on the design of Static Recovery in 2025. LCM is planned be retired at the end of 2025. Throughout 2025, we will continue to develop a coherent approach to managing thermal constraints.

Frequency	<ul style="list-style-type: none"> •Dynamic Containment •Dynamic Moderation •Dynamic Regulation •Static Recovery •Quick Reserve 	 <ul style="list-style-type: none"> • Shorter response time • Faster ramping • Shorter duration • Shorter recovery time • Smaller energy volume
Frequency + Energy	<ul style="list-style-type: none"> •Slow Reserve •Balancing Reserve •Balancing Mechanism 	
Energy	<ul style="list-style-type: none"> •Demand Flexibility Service 	

Barrier Summary

In the table below we have outlined where each of the identified “priority” barriers sits across our barrier removal process. We have also outlined whether NESO is in direct control of solving the barriers (or some of the options to solve the barriers) or whether the barrier is outside of our direct control, and where we can influence, such as policy, regulation or codes.



Barrier Summary

Services		DFS	LCM	Slow Reserve	Balancing Reserve	Quick Reserve	Static FFR	Dynamic Regulation	Dynamic Moderation	Dynamic Containment	Balancing Mechanism
Demand side flexibility ¹											
Domestic consumer	Supplier	●	●	●	●	●	●	●	●	●	●
	Virtual Lead Party (VLP)	●	●	●	●	●	●	●	●	●	●
	Non VLP aggregator	●	●	●	●	●	●	●	●	●	●
Non Domestic consumer	Supplier	●	●	●	●	●	●	●	●	●	●
	Virtual Lead Party (VLP)	●	●	●	●	●	●	●	●	●	●
	Non VLP aggregator	●	●	●	●	●	●	●	●	●	●

● Not aware of any insurmountable barriers

● Barriers or design requirements are likely stopping some of the market

● Barriers or design requirements are stopping all of the market

● Not capable of participating in service

¹ We have simplified how we present the “archetypes” in the summary by removing technologies. This is because even at an individual technology level, there are considerable differences in capabilities, such as metering, speed of response and communication technologies. Our previous approach also didn’t incorporate aggregation of different technologies.

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Annual Report update

James Kerr, NESO

Annual Report 2024

- We have commissioned Everoze to produce PR Annual Report again.
- Similar style to 2022 & 2023 Annual Report
- Target publication – April 2025
- Appreciate your support in sharing this with your networks when published - liking, commenting or sharing our LinkedIn post



Question: Any feedback on 2023 report?

[Previous reports \(Link\)](#)

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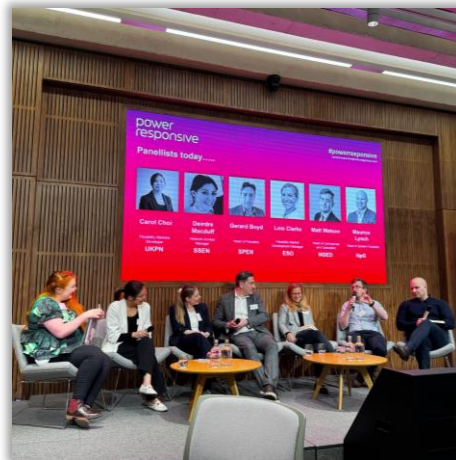
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2024 Look Ahead

Vanessa Jones, Power Responsive

PR Events 2025



- **Flex Summit - Glasgow**
February – date TBC
- **Distributed Energy Show**
12/13 March 2025
- **Steering Group**
07 April 2025
- **Summer/Autumn Event**
date TBC
- **EMEX**
19/20 November 2025

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AOB and Actions

And finally...

- **Please complete our short feedback survey (2 mins)**
<https://forms.office.com/r/0bZUUdtfQ5>
- Meeting summary will be uploaded to the Power Responsive website
- Any unanswered questions will be followed up directly with you and/or answered in the meeting meeting summary.
- The next Steering Group meeting is scheduled for **07 April 2025** – watch out for invites.