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Challenge Group Meeting

06 May 2025



Meeting Admin

- 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 The recording will not be published.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.
- Actions or challenges will be added to the Power Responsive Challenge Log and reviewed at the next meeting.
- Use Slido code **#PRCGMay25** to ask questions or raise virtual hand.
- AI bots will be removed from the meeting.



Agenda

Q&A: sli.do #PRCGMay25

- | | |
|---------|---|
| 3 mins | Welcome and introductions
James Kerr, Power Responsive |
| 15 mins | Rebecca Beresford
Director of Markets, NESO |
| 15 mins | Department for Energy Security and Net Zero (DESNZ) update
Abbie Foster, DESNZ |
| 15 mins | Ofgem update
Mary Keogh, Ofgem |
| 15 mins | Demand Flexibility Service (DFS) update
Richard Hanson, NESO |
| 15 mins | 'Out of hours' telephony requirements
Discussion |
| 15 mins | Demand Side Flexibility Routes to Market stage 3
Damien Kelly, NESO |
| 5 mins | Power Responsive Annual Report 2024 update
Vanessa Jones, Power Responsive |
| 5 mins | Look ahead – Power Responsive Engagements in 2025
Vanessa Jones, Power Responsive |
| 15 mins | AOB & Meeting Close
Callum Wright, Power Responsive |

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Rebecca Beresford

Director of Markets, NESO



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DESNZ update

Abbie Foster, DESNZ



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Ofgem update

Mary Keogh, Ofgem



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Demand Flexibility Service developments

Rich Hanson, NESO

Agenda

- Overview of core changes
- DFS Overview
- Looking forward
- What's Next

Core changes

Change from an enhanced action to a merit based margin tool



Allow stacking with Capacity Market & DNO Flexibility Services



Remove day-ahead procurement window & keep within-day only



No planned testing or Guaranteed Acceptance Prices – *retained contractually*



Introduce performance incentives



Remove the requirement for asset meters to be associated to HHS boundary meter



Enhanced API capabilities



Regulatory approval for a multi-year service



DFS Overview

99.58%
MPANs
Manually
Instructed

70
Live Events
& Procured
55 times

£1,290
Per MWh
Highest
Accepted
Bid Price

59%
I&C
MPANs
Non-
HHS

~£500k
Forecasted
Savings

28
Registered
Providers
2.04m
Registered
MPANs

746
MW
8 Jan
Cumulative
Event
Volume



£1,240,915 Total Accepted Bids

Total MW Accepted **10,937 MW**

196MW Peak SP volume

Looking Forward



**Winter 24/25
Report**



**Spring/Summer
Operation**

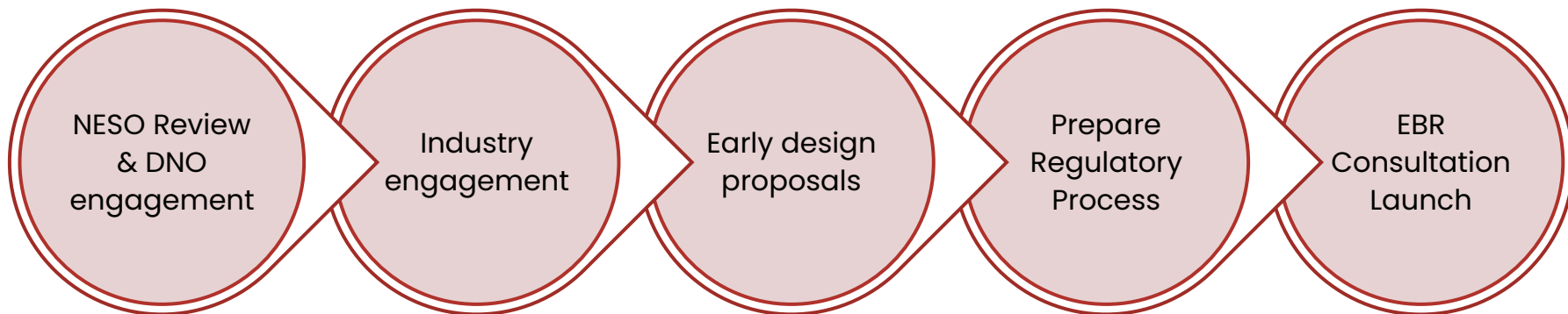


**Bi-Directional
Review**



**Locational
Considerations**

What's Next



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'Out of hours' telephony requirements

Discussion

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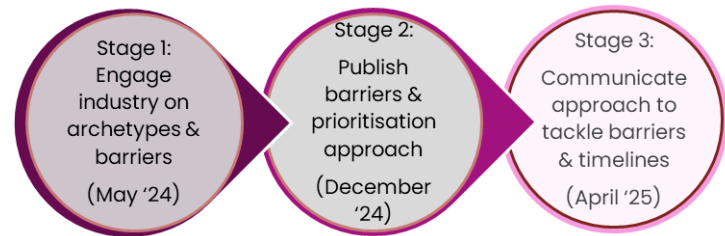
Q&A: [Sli.do](https://sli.do) #PRCGMay25



Demand Side Flexibility Routes to Market Stage 3

Damien Kelly, NESO

We are committed to enabling demand side flexibility



Objective of Routes to Market Review

This report is a part of the third stage of the NESO Routes to Market Review for Demand Side Flexibility, that seeks to remove barriers for demand side flexibility in our markets.

Stage 1 – identify Barriers

Stage 1 of this review focused on identifying barriers across all of our markets for a range of demand side flexibility archetypes. <https://www.neso.energy/publications/markets-roadmap/demand-side-flexibility-routes-market-review#Stage-1>

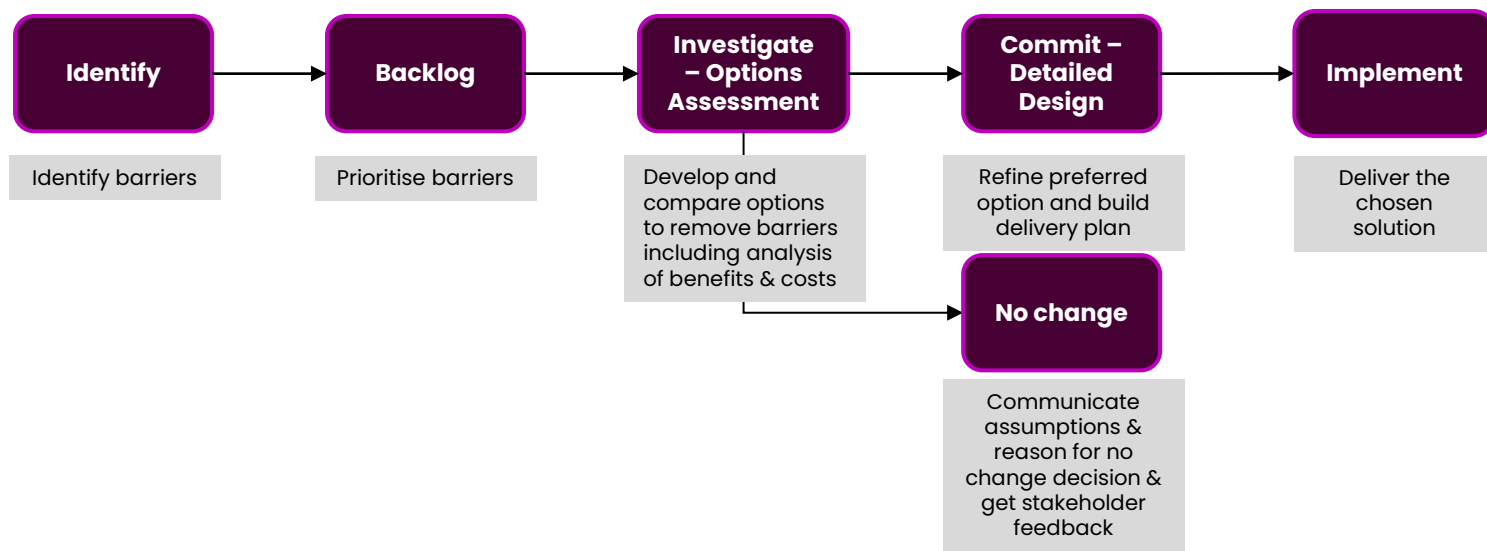
Stage 2 – Prioritise Barriers

This clarifies that we will be prioritising the following balancing and ancillary services markets as part of this review: The **Demand Flexibility Service**(DFS), the **Balancing Mechanism**(BM), **Slow Reserve**, **Balancing Reserve**(BR) and **Static Recovery**. We will also be focusing on all barriers identified for “**demand turn up**”.

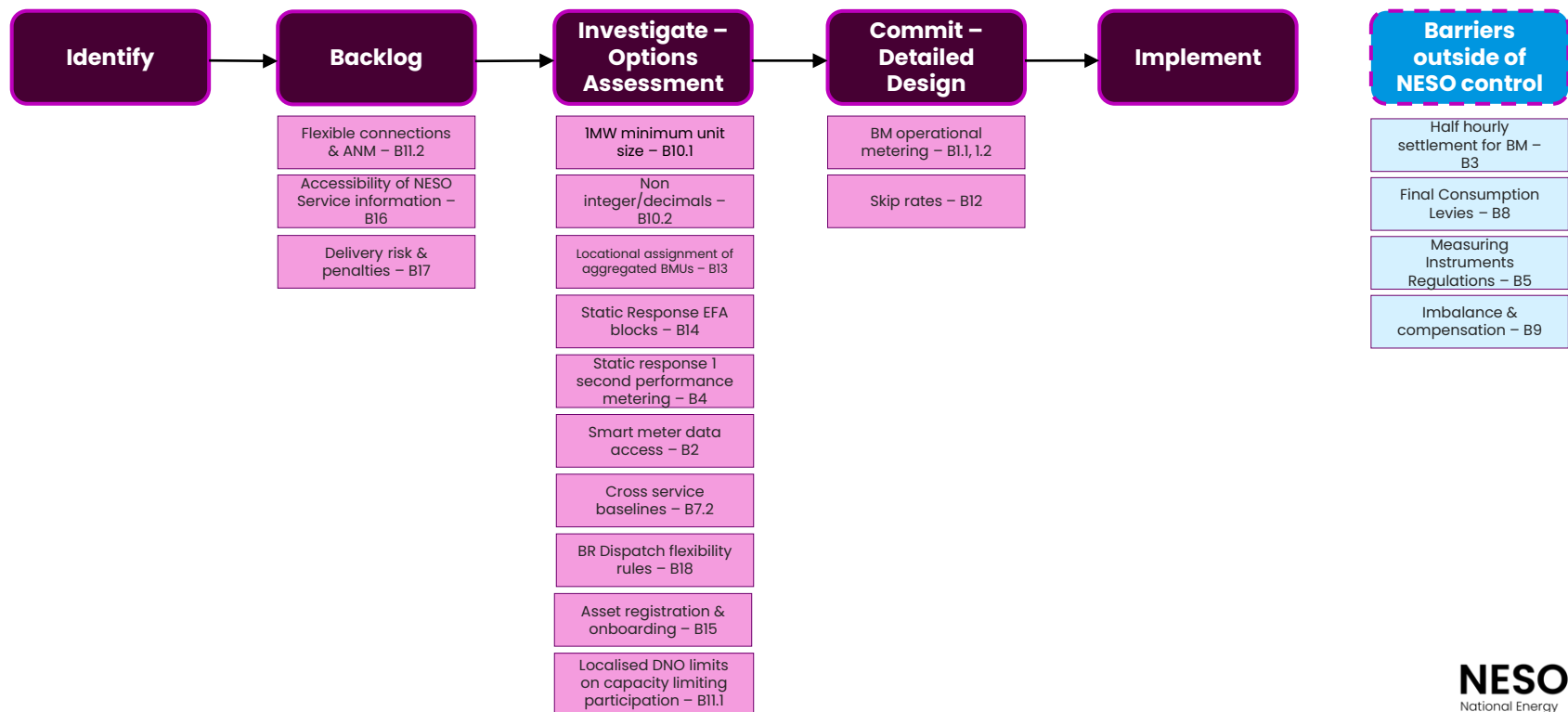
<https://www.neso.energy/publications/markets-roadmap/demand-side-flexibility-routes-market-review#Stage-2>

A Structured Process has been established for Barrier Removal

We have developed an overarching change process for identifying, prioritising and removing barriers from our services. This process aligns with our internal market change process stages¹.



Where Each Barrier Stands Today



How We're Measuring Performance in Removing Barriers

Indicator	Reporting frequency
NESO Service Barrier Summary for Demand Side Flexibility (see RAG table in appendix), and associated change log	Quarterly
Barrier removal programme status dashboard update, including progress updates, timelines and delays	Quarterly
Demand side flexibility registered & dispatched in NESO markets	Quarterly

- We will also be tracking and reporting KPIs as part of the DESNZ, Ofgem and NESO Low Carbon Flexibility Roadmap monitoring framework.

Next Steps

Stage 3 report: <https://www.neso.energy/publications/markets-roadmap/demand-side-flexibility-routes-market-review#Stage-3>



We will be holding a Webinar on **12th May**, from 1 – 3pm, to present this report and hold a Q&A, as well as provide updates on some key barriers projects. Please Register here [Demand Side Flexibility Routes to Market Review – update and Q&A](#)



We welcome 1 to 1 discussions and written feedback so please reach out to the team at flexibilitystrategy@nationalenergyiso.com



We will also be including commitments to remove barriers for demand side flexibility in NESO markets as part of the DESNZ, Ofgem and NESO Low Carbon Flexibility Roadmap, to be published this summer.

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Annual Report update

Vanessa Jones, NESO

Annual Report 2024

- Our 2024 report and data-book will be published imminently.
- The report itself covers:
 - Highlights of recent policy, regulatory and industry-led initiatives supporting or impacting DSF.
 - Demand side metrics showing activities across NESO and DSO markets in 2024.
 - Future outlook for demand side markets and flexibility opportunities.
- Thank you to input from Ofgem, DESNEZ, NESO colleagues, and Everoze for producing the report.
- We appreciate your support in sharing this with your networks when published – liking, commenting or sharing our LinkedIn post.



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

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2025 Look Ahead

Vanessa Jones, Power Responsive

PR Events 2025



So far....

- Glasgow Flex Summit, Distributed Energy Show

Coming up.....

- Routes to Market stage 3 [webinar](#)
 - 12 May
- Flex Summit – London
 - 22 May
- Ops Metering Working Group
 - Early June – TBC
- Flex Summit – South West
 - Date TBC
- Autumn Event
 - Date TBC
- EMEX
 - 19/20 November 2025
 - **Expressions of interest to speak welcomed**

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AOB

Callum Wright, Power Responsive

And finally...

- **Please complete our short feedback survey (2 mins)**
<https://forms.office.com/r/DFW3G8jNTm>
- 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 summary.
- The next meeting will be the in-person Autumn event.