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Electricity Markets Advisory Council Meeting 18 September 2025

List of attendees

EMAC Members	Role
Harry Mayhew	Deputy Director of Wholesale Electricity Markets, DESNZ
Simon Masterson	RNP Programme Director, DESNZ
Amir Alikhanzadeh	Head of Electricity Market Design, Ofgem
Stephen Gannon	Head of Future Power Markets Design Authority, EirGrid
Ainhua Anda (Online)	Head of Data Centre Energy EMEA, Google
John Lucas	Head of Market Design, Elexon
Rober Epstein (Online)	Head of Regulatory Affairs, Schroders Greencoat
Robert Gross (Online)	Director, UK Energy Research Centre
Sotiris Georgiopoulos	Director of Distribution System Operator, UKPN
Rob Rome	Director of Commercial, Customer & Regulation, National Grid Ventures
Laura Sandys	Chair, Electrify Industry
Gillian Cooper	Director of Energy, Citizens Advice
David Wellard	Head of Regulatory Affairs, Ørsted
Alastair Martin	Chief Strategy Officer, Flexitricity
Simon Virley	Vice Chair & Head of Energy & Natural Resources, KPMG UK
Guy Newey	Director of Strategy, ESC
NESO	Role
Rebecca Beresford	Director of Markets
Lizzie Blaxland	Head of Future Market Design, EMAC Senior Sponsor
Magda Morenes (Online)	Technical Secretary
Carlos Vallejo	Technical Secretary
Rein de Loor	Dispatch Strategy Manager
Danny Taylor	Dispatch Strategy Analyst
Robert Westmancoat (Online)	Dispatch Strategy Senior Lead
Rachel Smith (Online)	Business Planning Manager
Jon Wisdom (Online)	Head of Market Change Delivery
Lei Chedham	Whole Energy Markets Manager
Usman Farooq	Senior Whole Energy Market Analyst

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Agenda

1. Welcome (Rebecca Beresford, NESO; Lizzie Blaxland, NESO)
2. DESNZ update on REMA (Harry Mayhew, DESNZ; Simon Masterson, DESNZ)
3. Update on RNP Balancing Reforms: (Rein De Loor, NESO; Danny Taylor, NESO)
4. NESO 1 Business Plan (Rachel Smith, NESO; Jon Wisdom, NESO)
5. Whole Energy Market Coordination Report (Lei Chedham, NESO)
6. Close and Next Steps (Rebecca Beresford, NESO; Lizzie Blaxland, NESO)

Topics discussed:

Welcome:

- Rebecca Beresford opened the meeting with thanks to members for their time and input. She also gave an update about the chair selection process, which at the time was not yet finalised.
- Lizzie Blaxland outlined the day's agenda and emphasized the importance of considering interactions between vectors.
- Members expressed interest in aligning the day's discussion with broader sector priorities, including innovation and cost reduction.

DESNZ update on Reformed National Pricing (RNP):

- DESNZ representatives confirmed the decision to pursue national pricing rather than zonal pricing, with the decision resting on the view that investment signals can still be delivered effectively at national level. They highlighted the importance of the Strategic Spatial Energy Plan (SSEP) in identifying where generation will be located.
- They explained how DESNZ is now focusing on how to structure reforms and deliver a workable framework. They pointed out how different levers will need to be used, such as network charges, network build, support schemes, planning the system, seabed leasing or connections queue. With a first approach planned for the call for input that will be launched in the coming months.
- The timeframe of any reforms was also discussed, with an expressed preference for small incremental reforms and transitional arrangements and the need to consider legislative timelines. They highlighted the need for certainty for developers.
- Calls were made by members to integrate industrial electrification (e.g., steel, chemicals) into planning. This was noted as a major driver of future system needs.
- Members noted the importance of including measurable criteria to effectively assess the upcoming reforms.

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- Members reported widespread industry confusion about institutional responsibilities, suggesting a clearer division of roles between government, regulator and the system operator to reduce duplication and costs.

Update on RNP Balancing Reforms:

- NESO's Dispatch Strategy team presented data showing the increase expected in balancing costs (from £3bn annually today to potential £8bn by 2030). This was followed by a deep dive into the five potential balancing and settlement reforms under consideration for RNP: shorter imbalance settlement period (ISPs), lower Balancing Mechanism (BM) participation threshold, traded position alignment with Physical Notifications (PNs), BM gate closure and market trading deadline alignment, and unit-level bidding.
- Some participants argued that shorter ISPs could increase volatility and create risks for renewables. It was highlighted that demand-side appetite remains unclear. Concern was also expressed about the cost of the transition. NESO highlighted the need to define the right ISP granularity and drew attention to the difference in the system since previous ISP reviews were conducted, with much faster and volatile changes not aligned with demand due to wind or interconnectors.
- It was stated that this change would trigger a great amount of data and the need of system digitalization, some members agreed reforms should wait for robust digital infrastructure, otherwise operational risk increases. Risk mitigation measures such as ancillary services or intraday markets were also mentioned.
- On the point of a lower BM threshold, while more competition is positive, some members underlined that smaller units may not necessarily lower costs and that evidence was needed.
- Members pointed out how alternatives that provide the same benefits and are less disruptive to the market should be considered (i.e. use of smart meter data to provide visibility to the control room).
- The point was raised about the need to see how all reforms fit together in the short, medium and long term. Reforms must not be considered in isolation but alongside other measures such as constraint management and ancillary services, while taking into account the architecture of the system (batteries, flex demand...). It was also suggested the need to taking sensible steps for introducing these changes.
- The need for cost-benefit clarity was emphasized, as it will be key to provide transparency and avoid unintended consequences of the reforms.

NESO 1 Business Plan:

- Rachel Smith introduced NESO's next business plan, NESO 1, covering the period 2026–2028. She highlighted it is still work in progress and that all the feedback obtained will be used for its development.

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- She explained that the plan is structured around six performance objectives: a decarbonised operable grid, intelligent real-time operation, whole system resilience, energy planning, digitalisation/innovation and enabling smarter and cleaner markets. The performance objectives define the key outcomes NESO wants to deliver and are supported by deliverables and success measures.
- Jon Wisdom provided an overview of the major deliverables and success measures for Markets.
- Members asked for the criteria used to deal with conflicts, urging prioritisation of deliverables with the highest system benefit given time and resource constraints. NESO confirmed prioritisation is still under development but that key deliverables already identified are flexibility and balancing.
- A request was made for clearer links between objectives and more concise definitions.
- Concern was raised over NESO's role overlapping with other industry bodies such as Ofgem or Elexon, with a call for clarity, especially for those objectives requiring NESO to provide support or advice.
- The relationship between major deliverables and success measures was flagged as unclear. A request was also made for measurable success indicators for each objective to track progress and hold delivery accountable, especially regarding the evaluation of supporting and advising activities.
- NESO confirmed that consumer benefit is at the centre of its delivery, but more clarity was requested on how the plan delivers for consumers.

Whole Energy Market Coordination Report:

- Lei Chedham presented an update on the Whole Energy Market Coordination Report, requesting a steer from industry on next steps post-publication. The request for feedback was centred on three focus areas: environmental levies, long term incentives for demand reduction and markets and planning integration.
- The discussion covered, among others, the topics of clean heat, time-of-use tariffs, hydrogen and demand side response.
- Some members raised questions regarding whether NESO's involvement in issues such as levies was appropriate, while others emphasised the significance of NESO's responsibility to accurately address these topics.
- Members recommended NESO to examine heat and evaluate the interlinkages between markets to effectively manage the balance between gas and electricity.
- They noted the need for a holistic view that integrates markets and planning, starting with SSEP and ending with the procurement of ancillary services. There are different trade-offs that need to be considered when covering this interrelated set of interventions, and they proposed these need to be looked at through the lens of investors and consumers

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- A question was raised about new vectors relevant to security of supply and the purpose of hydrogen in the electricity system overall. The role of demand side response in security of supply was also discussed.

Close and Next Steps

- Rebecca Beresford and Lizzie Blaxland thanked participants and confirmed the intention to further engage on demand-side issues and to work on clarifying institutional roles and responsibilities.