

# Enabling Demand-side Flexibility in NESO Markets

December 2025 Update



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# Introduction

Clean Power 2030 (**CP30**) sets a vision for Britain to have a secure, affordable electricity system, dominated by at least 95% clean electricity by 2030. In our advice to government, NESO has been clear that achieving this vision depends on far more flexibility than we have today. A clean power system needs to be able to manage variable wind and solar output, changing demand profiles and periods of both excess and deficit renewable generation. Flexible gas-fired power stations have been one of the main mechanisms used to keep the system balanced, but as we move towards more electrification and clean energy, we will need a higher volume of flexibility from both clean power supply and demand to keep the system balanced and secure.

According to our CP30 analysis, by 2030 the level of demand-side flexibility may increase to four-to-five times today's levels. We could see demand-side flexibility from smart charging of electric vehicles, domestic and industrial demand and storage heating. We know that to tap into this potential, the markets must be inclusive and accessible so that we can benefit from demand-side flexibility helping to reduce peak load, lower system costs and in the long run, avoid more network investment.

To address this, NESO reviewed its own markets in 2024 and identified unintentional barriers to demand-side flexibility being able to participate as well as an overarching vision for demand-side flexibility. The resulting [Enabling Demand Side Flexibility \(EDSF\) report](#) was published in December 2024 and defines NESO's mid-term vision and strategic objectives for demand flexibility in NESO services, out to 2030.

**Purpose of this document:** This is an update on the EDSF programme of work, which has evolved over the past year. We will outline how things have changed (and how they may keep changing) and share with you the key results we are aiming for.

# Changes to the EDSF programme of work since last year

Since the publication of our EDSF report last year, there have been some significant changes. The Clean Power Action Plan was published in December 2024, out of which the Clean Flexibility Roadmap was developed. This comprehensive roadmap is the result of months of hard work between DESNZ, Ofgem and NESO. The Market Facilitator's role, the initial aims and delivery plan have also been shared over the course of 2025 and they have implications for our EDSF work as well. The scope of our EDSF programme has thus grown to incorporate actions from both of these developments, with more detail shown below.

## **Clean Flexibility Roadmap (CFR)**

Clean Flexibility Roadmap, developed by the government, Ofgem, NESO, was published in July 2025 to set the government's vision for flexibility by 2030. The roadmap includes industry wide actions assigned to different parties to support the achievement of CP30's vision to reach 10-12 GW of flexibility by 2030. We have since updated the EDSF programme to include all the markets-related and consumer-led flexibility CFR actions to ensure there is one central programme in NESO to manage and monitor the progress toward enabling demand-side flexibility.

## **Market Facilitator**

In July 2024, Elexon was chosen as the Market Facilitator to coordinate Great Britain's national and local flexibility markets. Since the publication of the last EDSF report, there has been more clarity on the role of the Market Facilitator. We have made changes to our objectives under the coordination outcome to reflect the new arrangements. We expect most of the deliverables to be decided by the Market Facilitator and will be publishing more details once the Market Facilitator priorities and deliverables are published.

# Scope of the EDSF programme at NESO

We are keen to ensure coordination of EDSF deliverables with the broader mission of unlocking flexibility. Hence the scope of EDSF is now updated to include markets and consumer flexibility actions from the Clean Flexibility Roadmap. One of the main outcomes we want to achieve from EDSF is to increase **competition** by creating a level playing field. The **Routes to Market review** was initiated to work with stakeholders to identify, prioritise and remove barriers in our markets. We are publishing [a separate report](#) on the RTM progress alongside this report.

- Clean Power 2030 Sets out plans for a two to three-fold increase in clean flexibility capacity, to a range of 51GW to 66GW, by 2030.
- By 2030, demand flexibility from consumers in the Clean Power 2030 pathways reaches 10–12 GW (via both implicit and explicit markets).

**Clean Power 2030  
(CP30)**

**DESNZ**



- The Clean Flexibility Roadmap sets out the government's vision for flexibility required for CP30.
- The roadmap includes actions for government, NESO and Ofgem to enable flexibility, including from demand-side participants.

**Clean Flexibility  
Roadmap (CFR)**

**DESNZ, Ofgem, NESO**



- This programme is NESO's organized effort to unlock participation from demand-side flexibility in NESO markets and achieve coherency, competition and coordination.

## **Scope:**

- All NESO energy services. Voltage, stability and restoration are out of the scope this programme.
- The scope was updated in 2025 to incorporate all the markets and consumer led flexibility actions in the Clean Flexibility Roadmap.

**Enabling Demand-side  
Flexibility (EDSF)  
Programme**

**NESO**



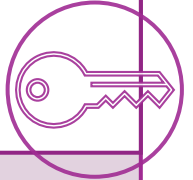
- Routes to Markets review is part of the EDSF programme and aims to increase competition. This initiative addresses the need to create a level playing field by identifying and removing barriers to NESO markets where feasible.

## **Scope**

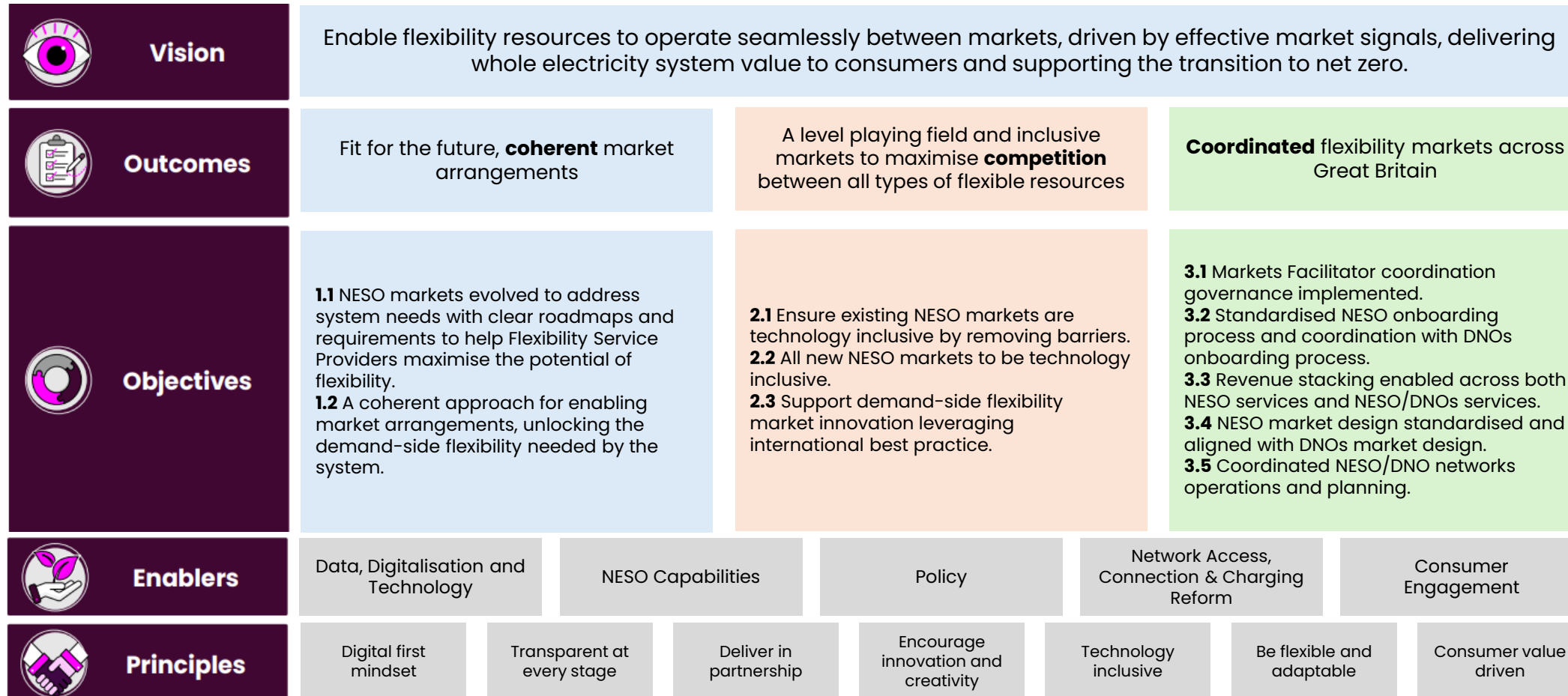
- Identified barriers
- Priorities of barriers
- Progress of removing barriers

**Route to Market (RTM)  
Review**

**NESO**



# NESO's vision for demand-side flexibility



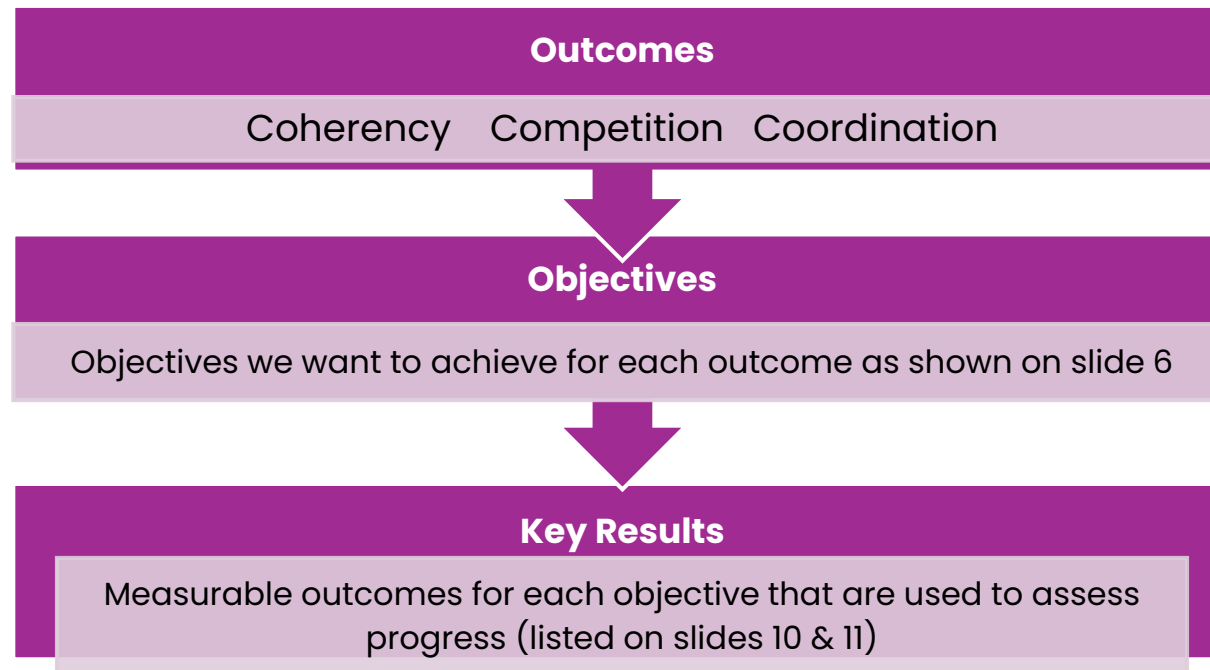
## What has changed?

- Coordination objectives have been reviewed to reflect the new arrangement with Market Facilitator.

# Measuring progress in the EDSF programme

We are using an objectives and key results framework to turn the EDSF programme's objectives into actionable, measurable key results. We will use these clearly defined, 'key results' as the reference point against which to track progress towards each objective.

We will use a RAG system to visualise the risk and progress of each key result. In this document we provide: (1) list of key results defined for each objective; (2) progress update of each key result.



**Green:** Key delivery is on track and meeting its goals.

**Amber:** Some issues or risks exist, but they are not critical and there is a plan to resolve them.

**Red:** A significant issue or risk exists that put the timely delivery of the key result at risk.

**Blue:** Completed

# Our approach to engagement

## EDSF Updates:

This report clarifies the deliverables of EDSF programme and provides an update on the progress so far. Going forward, we intend to include a high-level update in NESO's Markets Roadmap each year and publish a more detailed progress report in the third quarter each year, as required out to 2030.

## RTM Updates:

We will be engaging our stakeholders on a quarterly basis to review our work to remove barriers to NESO services as well as publishing a quarterly progress report.

You can find the first update report in [this link](#).

Stakeholder engagement	Frequency
Power Responsive Update	Quarterly
NESO Markets Forum Update	Twice a year
Clean Flexibility Roadmap Workshops	Quarterly

Progress report	Note
EDSF annual progress report	<ul style="list-style-type: none"><li>• High level update to be published in the Markets Roadmap annually.</li><li>• Detailed annual progress report to be published in Q3.</li></ul>
RTM quarterly progress report	<ul style="list-style-type: none"><li>• Via Power Responsive newsletter and published on NESO website</li></ul>



## Targeted Outcomes of EDSF

Key results are targeted, measurable outcomes defined for each objective. They are used to assess progress towards achieving the EDSF programme's objectives.

# Key Results for each EDSF objective

## Coherency

### Key Results – Targeted outcomes for each objective to achieve by 2030

**Objective 1:** NESO markets evolved to address system needs with clear roadmaps and requirements to help Flexibility Service Providers maximise the potential of flexibility

- 1.1** 2030 within-day flexibility requirements are modelled and communicated through Operability Strategy Report..
- 1.2** NESO to publish non-domestic flexibility capacity target (**CFR Action**).
- 1.3** NESO to share its vision for demand-side flexibility in its markets in the 2026 Markets Roadmap.
- 1.4** Longer term direction of travel for LCM and DFS is designed and communicated (**CFR Action**).

**Objective 2:** Deliver a coherent approach for enabling market arrangements, unlocking the flexibility required for CP2030

- 2.1** Clean flexibility roadmap is published ( support role).
- 2.2** Market reform options post-REMA decision are designed with demand-side flexibility in mind (support role).

## Competition

### Key Results – Targeted outcomes for each objective to achieve by 2030

**Objective 1:** Ensure existing NESO markets are technology inclusive by removing barriers.

- 1.1** Barriers are identified & prioritised through quarterly engagement with stakeholders. Internal NESO processes are in place to assess and remove barriers if appropriate and to communicate the progress update to both stakeholders and Clean Flex Governance. (**CFR Action**)(**Route to Market Review**)
- 1.2** NESO has explored the potential to report on consumer carbon savings resulting from flexibility actions (**CFR Action**)
- 1.3** NESO teams have access to the distributed energy data and capabilities required to operate a clean power system with increased volume of distributed energy assets, including forecasting and operating demand flexibility. (Publishing the roadmap by Q1,2026 is part of the **CFR Action**)

**Objective 2:** All new NESO markets to be technology inclusive.

- 2.1** Demand-side flexibility capabilities are fully understood and incorporated into new NESO markets including Slow Reserve and Static FFR, balancing reserve, LCM, DFS

**Objective 3:** Support demand-side flexibility market innovation leveraging international best practice.

- 3.1** Flexibility availability and dispatch behaviour of residential demand, EVs and low carbon heating are studied via innovation projects.

**Objective 4:** Engage & support non-domestic flexibility capacity and providers to enter NESO markets

- 4.1** Increased NESO engagement with non-domestic flexibility capacity and organisations, to promote NESO markets (**CFR Action**) .
- 4.2** NESO has Increased onboarding support for non-domestic consumers and their suppliers/aggregators (**CFR Action**)



# Key Results

## Coordination

### Key Results – Targeted outcomes for each objective to achieve by 2030

**Objective.1** Markets Facilitator coordination governance implemented.

**1.1** NESO's internal governance and ways of working with the Market Facilitator are designed and implemented.  
**1.2** Flexibility market rules designed by the Market Facilitator are implemented as required.

**Objective 2:** Standardised NESO onboarding process and coordination with DNOs onboarding process\*

**2.1 NESO Services:** Balancing Mechanism and Slow Reserve registration have moved to the Single Markets Platform(SMP).  
**2.2 Coordination with DNOs:** NESO has integrated with the Flexibility Markets Asset Registration (FMAR) platform and process.

**Objective 3:** Revenue stacking enabled across both NESO services and NESO/DNOs.\*

**3.1 NESO Services:** Overview of revenue stacking in NESO services and next step is communicated to stakeholders.  
**3.2 Coordination with DNOs:** Stacking principles in ways of working (designed by ENA) is implemented by NESO.

**Objective 4:** NESO market design standardised and aligned with DNOs market design.\*

**4.1 NESO Services** Standardisation challenges across NESO services are identified and prioritised including services window, procurement and performance monitoring.  
**4.2 Coordination with DNOs:** Market Facilitator will be assigning further priorities to coordinate NESO/DNOs market design.

**Objective 5:** Coordinated NESO – DNO network operations and planning.\*

**5.1 Coordination with DNOs:** Regional Energy Strategic Plans are established to enable whole system planning.  
**5.2 Coordination with DNOs:** Primacy rules across NESO/DNOs designed by Market Facilitator are implemented in NESO's internal operation.

\* We expect the Market Facilitator to define further key outcomes to coordinate NESO-DNOs services

# Coherency

This section provides update on each key result defined for the coherency objectives.



# Coherency

Objectives	Objective 1: NESO markets evolved to address system needs with clear roadmaps and requirements to help Flexibility Service Providers maximise the potential of flexibility.			
Key Results	1.1 2030 within-day flexibility requirements are modelled and communicated through Operability Strategy Report.	1.2 NESO to publish non-domestic flexibility capacity target. (CFR Action)	1.3 NESO to share its vision for demand-side flexibility in its markets in the 2026 markets roadmap.	1.4 Longer term direction of travel for LCM and DFS is designed and communicated. (CFR Action)
RAG Rating				
Progress	Review of latest assumptions around growth of renewable generation, flexible and inflexible demand from FES2025 and other sources. Development of methodology to estimate current and future system within-day flexibility needs based on projected trends.	The aim is to establish a set of actionable targets for NESO to attract and integrate non-domestic consumer-led flexibility each year out to 2030. This initiative started in Sep 2025. The scope, engagement plan, and methodology and analysis are complete and we are currently working on the draft of the report.	Building on the EDSF report published in 2024, NESO will share more on the vision for demand flexibility side in the 2026 markets roadmap.	This is amber as it's delayed against the CFR deadline, however work has not stalled. We published an update on LCM in July 2025 and NESO also held a webinar on DFS evolution in July 2025. Given these recent updates, we are providing our next update in December 25, after the DFS consultation and reviewing LCM performance since the change to pricing policy, to provide a better view of how we see these services developing.
Next Steps	Estimate future requirements for within-day flexibility and publish in 2026 Operability Strategy Report.	Publication of targets externally by the end of 2025.	A new section on EDSF will be added to the Markets Roadmap from 2026.	We are working to provide another update and communication of the next steps before the end of December 2025, once the consultation is complete and feedback reviewed.

# Coherency

Objectives	<b>Objective 2:</b> Deliver a coherent approach for enabling market arrangements, unlocking the flexibility required for CP2030.	
Key Results	<b>2.1</b> CP30 Demand flexibility roadmap to be published (support role).	<b>2.2</b> Market reform options post-REMA decision are designed with demand-side flexibility in mind (support role).
RAG Rating		
Progress	<p>Clean Flexibility Roadmap was published in July 2025. The roadmap outlines a vision for a cleaner, more flexible electricity system, which maximises the use of energy infrastructure to minimise energy bills for consumers.</p> <p>EDSF Roadmap is updated to include CFR Action related to markets and consumer flexibility. EDSF now includes all the actions by NESO required to enable demand flexibility from consumers.</p>	<p>Following the decision made by the government, NESO has been supporting DESNZ on Reformed National Pricing (RNP) by studying five different reform options including shortening imbalance settlement periods, physical notifications to match traded positions, lowering the mandatory BM participation threshold, moving the market trading deadline to BM Gate Closure Time and unit-level bidding reform options. This will feed into any decisions being made by the RNP programme on whether to implement these reforms.</p>
Next Steps	None	Publication of call for input by NESO and publication of RNP delivery plan by DESNZ.

# Competition

This section provides update on each key result defined for the competition objectives.



# Competition

Objectives	Objective 1: Ensure existing NESO markets are technology inclusive by removing barriers.		
Key Results	<b>1.1</b> Barriers are identified & prioritised through quarterly engagement with stakeholders. Internal NESO processes are in place to assess and remove barriers if appropriate and to communicate the progress update to both stakeholders and Clean Flex Governance. <b>(CFR Action)(Routes to Market Review Project)</b>	<b>1.2</b> NESO has explored the potential to report on consumer carbon savings resulting from flexibility actions. <b>(CFR Action)</b>	<b>1.3</b> NESO teams have access to the distributed energy data and capabilities required to operate a clean power system with increased volume of distributed energy assets, including forecasting and operating demand flexibility. (Publishing the roadmap by Q1, 2026 is part of the <b>CFR Action</b> )
RAG Rating			
Progress	<p>The Routes to Market Review (RTM) project was designed in 3 stages: <u>stage 1</u> identified barriers to NESO markets in May 2024, <u>stage 2</u> set out NESO's prioritisation approach, barrier removal process, and prioritisation method and was published in December 2024.</p> <p><u>Stage 3</u> set out our plan for barrier removal and our ongoing approach to collaborating and communicating with stakeholders.</p> <p>As committed to in the Clean Flexibility Roadmap, the first quarterly update for the Routes to Market Review is being published alongside this document (December 2025). These will then be published every quarter going forwards.</p>	Scoping the potential for NESO to support carbon savings from markets, taking learnings from DFS.	The transformation to integrate distributed energy(TIDE) programme is currently focussing on understanding the NESO use-cases and creating the first draft of the delivery roadmap.
Next Steps	We will continue to hold quarterly engagement sessions through Power Responsive and other trade associations including Energy UK and ADE. A quarterly update will also be published on the NESO website.	By April 2026, building on the DFS scheme, NESO will explore the potential to report on consumer carbon savings resulting from flexibility actions.	Roadmap to be published by Q1, 2026 for consultation and finalised by July 2026.



# Competition

Objectives	<b>Objective 2:</b> All new NESO markets to be technology inclusive.	<b>Objective 3:</b> Support demand-side flexibility market innovation leveraging international best practice.	<b>Objective 4:</b> Engage & support non-domestic flexibility capacity and providers to enter NESO markets	
Key Results	<b>2.1</b> Demand-side flexibility capabilities are fully understood and incorporated into new NESO markets including Slow Reserve and Static FFR, balancing reserve, LCM, DFS.	<b>3.1</b> Flexibility availability and dispatch behaviour of residential demand, EVs and low carbon heating are studied via innovation projects.	<b>4.1</b> Increased NESO engagement with non-domestic flexibility capacity and organisations, to promote NESO markets( <b>CFR Action</b> ).	<b>4.2</b> NESO has Increased onboarding support: for non-domestic consumers and their suppliers/aggregators ( <b>CFR Action</b> ).
RAG Rating				
Progress	<ul style="list-style-type: none"> <li>Slow Reserve service approved by Ofgem in October '25. This includes amendments to the originally proposed 1 second asset metering requirement to 15 seconds(at a unit level).</li> <li>Static Firm Frequency Response(FFR) service reform consultation launched in November, including a proposal to reduce the minimum bid threshold from 1MW to 0.1MW.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">The Crowdflex Strategic Innovation Fund (SIF)</a> project has delivered flexibility and trials and learnings which are published on the <a href="#">Crowdflex webpage</a>.</li> <li>The Market Signals for the Electrification of Heat project studied home heating electrification impact and opportunities for flexibility, and provided a range of recommendations for next steps to unlock flexible operation of electric heating solutions.</li> </ul>	Campaign for key non-domestic sectors launched at the end of October	NESO has launched a new onboarding team at the end of October, and updated website content for better communication and information on NESO and flexibility markets.
Next Steps	Additional proposals for Frequency Response procurement are being assessed, with a decision on next steps in 2026.	Crowdflex will conclude in April 2026 and will produce a range of data and summary reports for project learnings, that will be incorporated into a range of activities across NESO such as Future Energy Scenario (FES) modelling and control room forecasting.	Ongoing communications campaign and outreach. Further engagement planned in key sectors.	Continued growth of our onboarding capabilities

# Coordination

This section provides update on each key result defined for the coordination objectives.



# Coordination

Objectives	<b>Objective 1:</b> Markets Facilitator coordination governance implemented.		<b>Objective 2:</b> Standardised NESO onboarding process and coordination with DNOs onboarding process	
Key Results	<b>1.1</b> NESO's internal governance and ways of working with the market facilitator are designed and implemented	<b>1.2</b> Flexibility market rules designed by the Market Facilitator are implemented as required.	<b>2.1 NESO Services:</b> Balancing Mechanism and Slow Reserve registration have moved to the single markets platform(SMP).	<b>2.2 Coordination with DNOs:</b> NESO has integrated with the Flexibility Markets Asset Registration (FMAR) platform and process.
	<b>Further Key results</b> to achieve standardisation across NESO/DNOs to be decided by the market facilitator and will be published in the future publications			
RAG Rating				
Progress	NESO is establishing a first version of a NESO-Elexon Ways of Working document, reflecting a requirement under new licence conditions to support MF arrangements.	Elexon has shared a list of Flexibility Market Rules for Day 1, which will come into effect post Market Facilitator becoming operational.	Currently, all NESO enduring day ahead services have moved to our Single Market Platform (SMP) except Demand Flexibility Service (DFS) and Short-Term Operating Reserve (STOR). Migration of Balancing Mechanism (BM) registration to SMP took place between January to March 2025.	NESO has been engaging with Elexon through 121s and industry workshops and the SMP team hosted a meeting of technical teams in November to actively discuss the potential design of FMAR and SMP specific use cases
Next Steps	Go-live of MF arrangements with new NESO ways of working processes embedded into our markets function in 2026	Will deliver on the Flexibility Market Rules as they come into effect.	Slow Reserve will replace STOR and will become live on SMP in 2026. There is still work to determine the enduring design of DFS ahead of fully moving to SMP.	NESO to implement necessary changes when the design is made available by Elexon.

# Coordination

Objectives	<b>Objective 3:</b> Revenue stacking enabled across both NESO services and NESO/DNOs		<b>Objective 4:</b> NESO market design standardised and aligned with DNOs market design.
Key Results	<b>3.1 NESO Services:</b> Overview of revenue stacking in NESO services and next step is communicated to stakeholders.	<b>3.2 Coordination with DNOs:</b> Stacking Principles in Ways of Working (designed by ENA) is implemented by NESO.	<b>4.1 NESO Services:</b> Standardisation challenges across NESO services are identified and prioritised including service windows, procurement, performance monitoring.
	<b>4.2 Coordination with DNOs:</b> Market Facilitator will be assigning further priorities to coordinate NESO/DNOs market design.		
	<b>Further Key results</b> to achieve standardisation across NESO/DNOs to be decided by the market facilitator and will be published in the future publications		
RAG Rating			Not applicable as the initiative has not started
Progress	Completed internal strategy papers on service stacking and produced an updated list detailing potential stacking opportunities across NESO services.  Changes has been made to DFS to allow stacking with LCM.	NESO has developed an internal methodology which will allow NESO to carefully consider each stacking design principle throughout NESO's end-to-end service creation process in Oct 2025.  Changes has been made to DFS to allow stacking with CM and DNO services.	As these key results are closely linked to Market Facilitator actions, work will begin once more clarity on the Market Facilitator Delivery Plan is published.
Next Steps	Assess benefits, risks and priorities for unlocking further stacking combinations.	Stacking principles methodology to be implemented by Jan 2026.	Scope and timeline to be confirmed



# Coordination

<b>Objectives</b>	<b>Objective 5:</b> Coordinated NESO – DNO network operations and planning	
<b>Key Results</b>	<b>5.1 Coordination with DNOs:</b> Regional Energy Strategic Plans (RESP) are established to enable whole system planning.	<b>5.2 Coordination with DNOs:</b> Primacy rules across NESO/DNOs designed by market facilitator are implemented in NESO's internal operation.
	<b>Further Key results</b> to achieve standardisation across NESO/DNOs to be decided by the market facilitator and will be published in the future publications	
<b>RAG Rating</b>		
<b>Progress</b>	NESO has published the transitional RESP methodology consultation in Q4 2025.	<p>Publication of ENA's Primacy Rules Framework in January 2025.</p> <p>Completion of NESO's internal digital system architecture discovery phase, providing indicative costs and timelines for implementing different forms of Primacy across NESO services in March 2025.</p> <p>Primacy rules are Embedded into DFS service design for April 2026 release so that primacy rules are applied in DFS dispatches.</p> <p>Consultation in progress on draft DFS contract including primacy rule application in Q4 2025.</p>
<b>Next Steps</b>	<p>Transitional RESP output to be published in Q1 2026</p> <p>Final RESP methodology to be published in Q2 2026</p> <p>RESPs enduring full publication published in Q4 2027.</p>	<p>The NESO/DNOs data sharing process to identify conflicting service requirements will go live in January 2026. NESO will support investment case for developing primacy use cases in January 2026 as well.</p> <p>In the DFS v.4 consultation, we are proposing enabling capabilities that allow DNOs to advise where assets would be constrained or unwound due to DNO network requirements, enabling these units to be Primacy excluded from DFS participation for operational security and system coordination purposes.</p> <p>Phased implementation of Primacy across NESO services including Reserve and Response, with statutory consultations and go-live dates aligned to RIIO-2 timeline across 2026–2029.</p>

# We appreciate your feedback



If you have any feedback regarding the key results and progress, please email us at:

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