

Clean Flexibility

Roadmap Action 7a:

I&C Flexibility Target for NESO Markets

Introduction

As part of Clean Flexibility Roadmap Action 7a, NESO has set an annual target for new industrial and commercial (I&C) flexibility to be delivered through NESO Markets by 2030. This target is based on a detailed assessment of flexibility potential and supports the broader Clean Power (CP30) ambition of 1.7GW by 2030.

Non-domestic Consumer-Led Flexibility (CLF) is central to the UK's transition to a secure, low-carbon energy system. Large consumers can shift, reduce, or increase electricity demand in response to system signals, helping balance the grid as renewables grow. This supports system stability and offers businesses opportunities to reduce costs, generate revenue, and contribute to national decarbonisation goals.

NESO's commitment to clear, measurable targets for industrial and commercial flexibility underscores the vital role of non-domestic consumers in accelerating clean power integration, reducing fossil fuel reliance, and supporting the UK's ambition for green growth.

What the target includes and excludes: The target counts new industrial and commercial flexibility added directly through NESO markets, measured as annual peak demand reduction. It does not include flexibility from tariffs, the Capacity Market, embedded generation, wholesale trading, or transport, as these are outside NESO's market mechanisms.

Potential for future revision: Targets may be revised upwards in future as additional policy interventions, market reforms, or technological advancements are brought in. NESO will continue to monitor progress and adapt targets to reflect evolving opportunities and sector engagement.

Minimum Ambition: The NESO target for new non-domestic CLF is set as a minimum ambition, not a ceiling. However, it does require us to deliver on our route to market barrier removal objectives, with the potential to increase if new measures or market developments are introduced.

Baseline: The current baseline of CLF capacity is estimated to be c.200MW. This is based on BM, DFS and ancillary services for demand/load response (and considering only "demand turn down" as much as possible). The new target is additional to this baseline, aiming to accelerate growth and close gaps identified through market engagement and technical assessments.

These targets are informed by market engagement, an assessment of GB's flex potential, and a targets assessment

1 Market Engagement

- Large end-users demonstrate high flex awareness but raise valid concerns related to cybersecurity, equipment control and remuneration levels.
- New & electrifying sectors (i.e. hydrogen, and data centres or transport) show interest but require support to understand revenue potential and stacking opportunities.
- Flex providers see potential in more tailored flex services, longer revenue certainty, and relaxed minimum size requirements.

Stakeholders Engaged:



2 Flex Potential Assessment

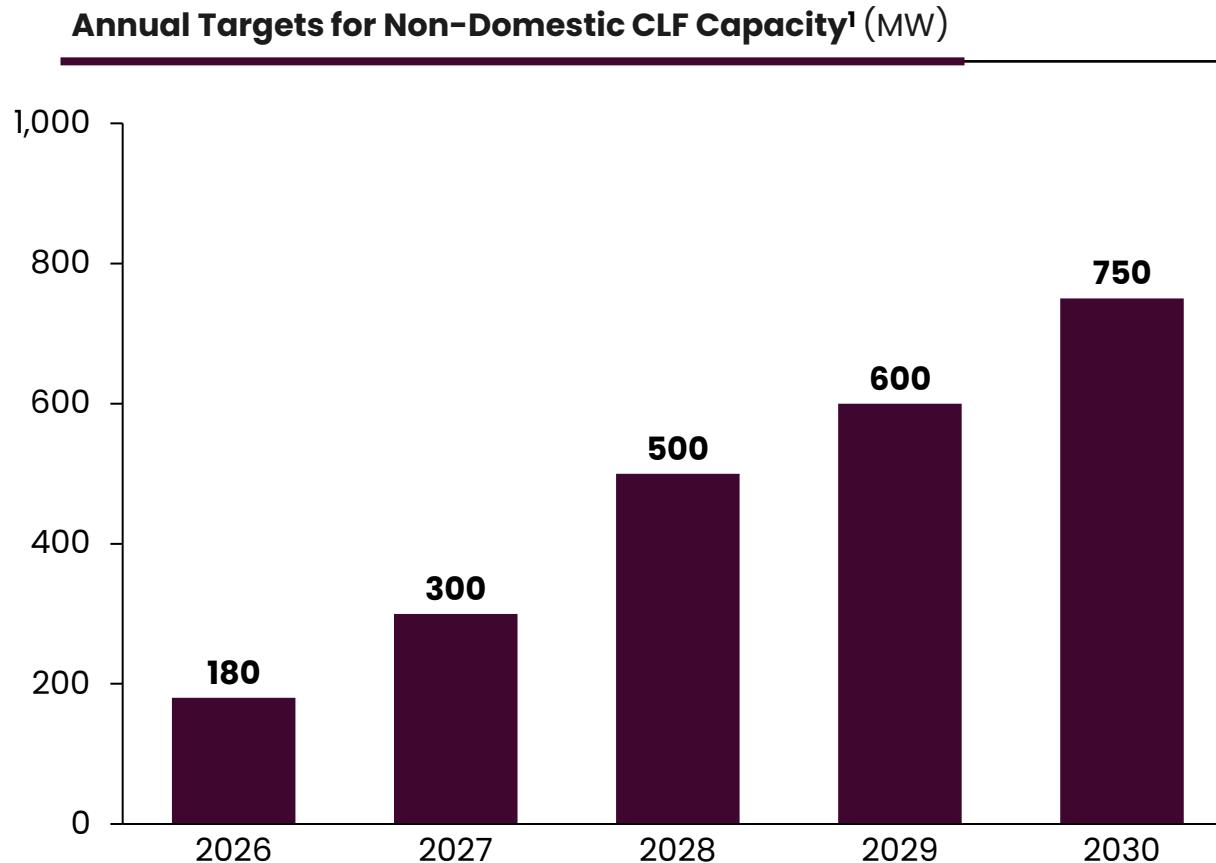
- The flex potential assessment covered a wide range of sectors, including traditional industrial & commercial sectors, and new & electrifying sectors.
- The analysis estimated the technical, economic and achievable peak demand reduction flex potential across GB, from 2026 through 2030.
- The analysis considered various incentive scenarios, long-term participation rates, flex capabilities of common end-uses and equipment, amongst other factors.

Total Peak Demand
 (Non-Domestic)
Technical Potential
Economic Potential
Achievable Potential

3 Targets Assessment

- The proposed target represents an ambitious, yet achievable, trajectory towards 2030, reflective of long-term participation potential under existing market conditions but is reliant on NESO meeting the RTM barrier removal objectives.
- To align with CP30 and FES modelling, the flex targets focus exclusively on demand *turn-down* capacity.
- This means it does not include demand *turn-up*.
- The flex targets exclude:
 - Transport, as total flex capability is estimated using peak winter demand periods where we anticipate EV's to be responding to tariff signals; and
 - Embedded generation, as this aligns to the FES modelling where it is classified as generation rather than demand.

NESO has set a target of 750MW of additional I&C flexibility added to our Markets by 2030.



NESO target is to grow Non-Domestic Consumer-Led Flexibility (CLF) by 750MW by 2030.

- The 750MW target for new industrial and commercial Consumer-Led Flexibility (CLF) is an incremental goal, set above the current estimated baseline of 200–400MW in NESO markets.
- This target is designed to contribute to the broader Clean Power (CP30) target of 1.7GW by 2030. The broader target includes both explicit NESO market flexibility and also implicit flexibility from tariff price signals.
- The 750MW target is a subset of the overall ambition, focused specifically on NESO-facilitated industrial and commercial flexibility.

NESO is accelerating several initiatives to unlock growth in non-domestic CLF capacity:

- **Routes-to-Market Review:** Reviewing and improving the pathways for non-domestic consumers to participate in flexibility markets.
- **Onboarding Support:** The NESO Power Responsive team is scaling up support to help new participants enter the market.
- **Stakeholder Collaboration:** Ongoing engagement with DESNZ, Ofgem, Elexon, and other market stakeholders to attract additional capacity, especially where it is cost-effective and supports the Clean Power Action Plan.

NESO is undertaking key activities to unlock non-domestic flexibility and drive achievement of these targets

1 Routes to Market Review Activities

NESO is prioritising activities that will remove technical barriers to participation in existing flex services.

→ This includes reducing minimum capacity thresholds, implementing skip rates and adjusting dispatch flexibility rules.

2 Power Responsive

NESO is scaling up activities to support the onboarding of non-domestic consumers and increase consumer awareness.

→ This includes direct engagement with consumers, increased awareness & education activities, and addressing perceived participation risks.

3 Flexibility Markets Development

NESO is working closely with DESNZ, Ofgem and Elexon exploring opportunities to supporting the evolution of flexibility markets.

→ This includes the continuous development of our services – including new opportunities where appropriate to support system and consumer needs.