Public

Electricity Markets Advisory Council Meeting 11 December 2025

List of attendees

EMAC Members	Role
Eoin Kennedy (EirGrid)	Director of Innovation and Planning, EirGrid
Ainhoa Anda (Google)	Head of EMEA Energy Commercial Structuring, Google
Francis Dike (Elexon)	Head of Market Intelligence and Advisory, Elexon
James Samworth (Schroders Greencoat)	Partner, Schroders Greencoat
Robert Gross (Imperial College London)	Director, UK Energy Research Centre
Shai Hassid (Ofgem)	Deputy Director for Electricity Charging and Market Design, Ofgem
Sotiris Georgiopoulos (UKPN)	Director of Distribution System Operator, UKPN
Mark Duffield (NGV)	Head of Market Design, Interconnectors, NGV
Gillian Cooper (Citizens Advice)	Director of Energy, Citizens Advice
Alastair Martin (Flexitricity)	Founder and Chief Strategy Officer, Flexitricity
Simon Virley (KPMG)	Vice Chair and Head of Energy & Natural Resources, KPMG UK
Guy Newey (ESC)	Chief Executive Officer, Energy Systems Catapult
NESO	**Role**
Rebecca Beresford	Director of Markets
Lizzie Blaxland	Head of Future Market Design, EMAC Senior Sponsor
Magda Morenes	Technical Secretary
Carlos Vallejo	Technical Secretary
Cathy Fraser	Head of Market Requirements
Becky Hart	Interim Head of Flexibility and Electricity Market Development
Zohreh Mohammadi	Distributed Flexibility Strategy Senior Lead
Damien Kelly	Distributed Flexibility Strategy Lead
Martin Shannon	Gas Market Strategy Manager
Max Lambert	Gas Market Strategy Analyst

Agenda

1. Welcome (Rebecca Beresford, NESO; Lizzie Blaxland, NESO)
2. Enabling Demand Side Flexibility in Markets (Becky Hart, NESO; Zohreh Mohammadi, NESO)
3. Gas Future Market Plan (Martin Shannon, NESO; Max Lambert, NESO)
4. Product and Services Update (Cathy Fraser, NESO)
5. Close and Next Steps (Rebecca Beresford, NESO; Lizzie Blaxland, NESO)

Topics discussed:

Welcome:

- Rebecca Beresford welcomed the council members and introduced the agenda, highlighting the inclusion of a gas-related topic and the ongoing work in that area within NESO's Future Market Design team.
- Lizzie Blaxland provided a progress update on Reformed National Pricing (RNP). She advised that further details and opportunities for feedback will be made available in the new year.

Enabling Demand Side Flexibility in Markets:

- Becky Hart and Zohreh Mohammadi presented the Enabling Demand Side Flexibility (EDSF) programme, requesting feedback from members on the progress measures considered.
- Developing demand-side flexibility is a strategic priority, underpinned by CP30, with NESO providing regular updates to maintain stakeholder engagement.
- One council member mentioned the need for greater transparency on outputs, particularly regarding the Balancing Reserve (BR) product, with a request for clear communication on the scope of BR and its role as a mechanism for balancing the system in real time.
- Another member noted that one of the main strategic challenges for control room operators is the visibility of data, which requires greater integration efforts from industry. NESO confirmed that this action is also reflected in the Clean Flexibility Roadmap and agreed on the importance of data coordination.
- The timing of data exchange was also pointed out as critical. Clarity is needed on when this should occur, as limited time to react can create operational challenges.
- It was noted that the way the document has specifics about outcomes is helpful; however, there appears to be duplication with the Clean Flexibility Roadmap, raising the question of whether both are necessary.

- An observation was made that the document contains limited numeric targets. Becky consequently presented the flexibility dashboard used to track progress, confirming that targets for Industrial and Commercial (I&C) flexibility are being developed.
- Becky also highlighted that there is a diverse mix of flexibility approaches and recognised that the trajectory will depend heavily on market reform. The extent to which flexibility can be delivered via suppliers or aggregators remains uncertain, with multiple moving parts making quantification challenging.
- In response to a question, NESO also clarified that the data available so far is specific to NESO markets only and hasn't been consolidated with DNO data yet.

Gas Future Market Plan

- Martin Shannon introduced this section by providing an update on relevant market insights such as the anticipated role of hydrogen and biomethane.
- An overview of how the Gas Future Market Strategy is structured within NESO was provided, underlining that both the electricity and gas markets operate under the same directorate.
- Additionally, Martin offered a concise explanation of NESO's statutory duties and licence obligations. He explained that, through one of its license obligations, the Gas Advisory Council (GAC), NESO is engaging with industry stakeholders to develop projects that address both current and future challenges.
- The GAC has so far identified three key projects to address strategic priorities for the gas sector: gas storage, hydrogen blending and biomethane – post subsidy support 2030. Industry engagement remains a cornerstone of NESO's approach, with market participants actively invited to share their perspectives.
- Feedback was provided by council members on the ongoing necessity for gas within the energy system, noting that current government policy is constraining upstream development. There are significant challenges in deploying heat pumps and other electrification initiatives, and investors are also encountering difficulties in advancing new gas projects.
- NESO is seeking to gain insights from investors to assess what is feasible and to identify areas of stress within the market, while also fostering greater collaboration between electricity and gas teams to address these complex issues.
- The topic of the future of the gas network was also raised, specifically the importance of contingency planning.
- It was highlighted that scaling one infrastructure up (renewables) while winding another down (fossil fuels) poses significant cost challenges and represents a fundamental dilemma for the energy system. The inherent flexibility of molecules, such as those in gas, is highly beneficial from a system perspective, and the successful deployment of renewables will continue to rely on contributions from gas and other molecular projects.

- It was also noted that the political landscape adds further complexity, as consensus around Net Zero has diminished, making strategic direction more difficult. While much of the current focus is operational, exploring more strategic approaches is needed.
- Members reiterated that there are real and pressing issues surrounding reliability and security of supply, with the sector increasingly dependent on assets that have not yet been fully tested. The role of market mechanisms and protocols in aligning investment signals for low-carbon gases was also highlighted.
- The observation was made that there are mixed signals regarding the deployment of the Future Market Plan, particularly in relation to licence requirements. There is a need for greater clarity on whether stakeholders are seeking advice or a concrete plan. There are also factors such as asset depreciation, carbon capture and storage (CCS), and hydrogen, all of which contribute to the uncertainty. NESO acknowledged that coherence is a priority for future planning.
- The complexity of the energy ecosystem was pointed out, with reference to monopoly assets, vector interactions, CCUS, biomethane, and hybrid heating systems, with DESNZ actively developing business models for each component. It was questioned whether there is scope to rethink current approaches and whether market mechanisms are being considered to reveal the optimal balance between different energy vectors.
- As a final point, the role of corporate buyers in shaping market dynamics and the design of subsidy rules that enable private investment was suggested as a new dimension for consideration in future strategy development.

Product and Services Update

- In this section, Cathy Fraser presented both the current and forthcoming services offered by NESO, showcasing the organisation's commitment to continuous market development.
- Cathy confirmed that NESO is planning further enhancements to reserve and response services, with new offerings such as Quick Reserve and Slow Reserve being co-optimised alongside dynamic response products.

<u>Comments on Demand Flexibility Service (DFS)</u>

- The observation was made that a day-ahead timeframe does not accurately reflect the operational needs of this service. The key issue is the accuracy of delivery in relation to actual system requirements, with instructions often given too far in advance. This was identified as a weakness not only in DFS but also in other related products.
- There were reflections about whether DFS is truly competitive with other services and the BM itself, or if it serves as a "side door" for parties not active in the BM. This "side door" was described by one council member as a second-best solution in the absence of half-hourly settlement, with I&C sectors having significant volumes that could be better utilised.

- There was a general support for the DFS evolution proposals. It was noted that reducing the minimum unit size to 0.1 MW is a highly positive development, as it allows participants to fully utilise their available volume without wastage.
- The importance of baselines was emphasised, with a need for NESO to monitor credible self-nomination and ensure alignment between procured and delivered services.
- NESO confirmed that its approach is to ensure services remain technology-agnostic.

Comments on Response Services

- Issues with the payment process and delayed settlements were discussed, stressing the necessity for getting even small design details right.
- Changes in the trigger level for frequency response were noted, with support for expanding participation, particularly among large industrial loads.
- Restrictions on generator use due to CO_2 emission limits were mentioned, underlining the need of alternative solutions that do not rely on fossil fuels.

Comments on Reserve

- Concerns were raised about balancing reserve reverting to a limited technology service, with implications for market participation if only a narrow range of technologies are eligible.

Cross service changes

- Cathy outlined the concept of locational procurement and the value it could deliver, confirming it remains a key strategic priority for the future. The proposal was welcomed by members, which noted its potential to improve operational efficiency and provide strong investment signals for two-way assets. Calls for accelerated implementation were made.

Close and Next Steps

- Rebecca and Lizzie warmly thanked everyone for their engagement throughout all the EMAC meetings this year and for sharing such valuable insights.