

Public

Power Responsive Challenge Group

2 March 2026

Agenda

1. Welcome and admin	James Kerr	5 minutes
2. Local Constraints Market (LCM) update & Q&A	Minesh Solanki	20 minutes
3. Route to Market (RtM) programme & Enabling Demand Side Flexibility (EDSF) update & Q&A	Natasha Smellie	20 minutes
4. SubMW and non-integer participation update Q&A	Gus Clunies-Ross	30 minutes
5. Operational metering update	Calum McCarroll	5 minutes
6. Any other business and close	James Kerr	5 mins

The Power Responsive Challenge Group

Aim: To provide expert challenge and discussion to drive participation in NESO flexibility markets



Meeting frequency

Proasionally every 3 months



Topics

Enabling flexibility (EDSF, RTM barriers)
Service/product updates
Emerging/new topics



Input from members

Active participation
Bring us topics to discuss



Membership

SMEs from Trade Bodies, Flex Providers, Tech providers, DSOs, Suppliers
Attendance – 1 per organisation
Nominate an alternate



Meeting admin

Power Responsive Chair
Agenda and pre-reading sent in advance
Chatham House rules
Time for discussion
Meeting notes published

Flexibility is our hidden power

Power Responsive is a NESO programme that supports flexible assets to participate in national and local flexibility markets.

We work with asset owners, businesses and intermediaries to:

- identify flexible demand and distributed assets
- clarify routes into flexibility markets
- support organisations through the early stages of participation

Our role is to help translate flexibility potential into flexible megawatts in operation, while sharing insight back into NESO to support effective market development.

NESO 
power
responsive



Sign up to our [newsletter](#)



Follow us on [LinkedIn](#)

Our public commitments

NESO Power Responsive Actions from the [Clean Flexibility Roadmap](#)



Onboarding function

Launched October 2025

Dedicated support from interest to participation



Call to industry

Launched October 2025

Open to large consumers, aggregators and solution providers



Minimum ambition

Published December 2025

[750MW of non-domestic flexibility](#) in NESO services by 2030

Public

LCM – Proposed changes

February 2026

Minesh Solanki

Proposal to make changes



Locational Constraints Market

Current status

The current LCM agreement runs to end January 2027, therefore to utilise the period left NESO want to try to maximise the service as much as possible

Proposal

We propose making some changes to the LCM service which flags the broader market principles we seek to design our products and in turn closer to real time procurement.

The aim is to bring the LCM service in line with other NESO services procured.

Outcome Following Feedback

The LCM Service Terms give NESO the flexibility to amend the document from time to time and provide that the changes will be effective from the date of publication on the NESO website.

Local Constraints Market (LCM)

Indicative changes

Indicative Change	Benefits/Learning
Removal of day ahead procurement.	We have seen over 90% of day ahead auctions expire therefore closer to real-time is being considered
Publication of an auction based on requirement Vs fixed time in contract.	The change in the auctions would allow full flexibility for NESO in creating the LCM auctions. NESO could set up an auction at any time during the day dependant on the service requirements.
Removing blanket 48 SP's clearly articulating need period to bid against.	Provides NESO & market providers with a definitive timeframe for use of LCM
Condensing procurement process. Bid window open for 1 hour then results.	The plan would be to give providers 1-2 hours to submit data and then NESO would have an hour or so to decision the bids for delivery
Removing final provider approval process.	Current process steps seems unnecessary, future process will mean bid acceptance means contract award

Discussion

Please raise your virtual hand and introduce yourself when first speaking.



Route to Market (RtM) Programme Update

Natasha Smellie
2 March 2026

EDSF Competition Pillar – Overview

EDSF Competition objective & key result

Objective 1, key result 1.1

Barriers are identified & prioritised through quarterly engagement with stakeholders (**Routes to Market Review**). 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 33a)

Objective 1, key result 1.2

NESO has explored the potential to report on consumer carbon savings resulting from flexibility actions. (CFR Action 7d)

Objective 1, key result 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 33d)

Objective 2, key result 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, key result 3.1

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

Objective 4, key result 4.1

Increased NESO engagement with non-domestic flexibility capacity and organisations, to promote NESO markets (CFR Action 7a).

Objective 4, key result 4.2

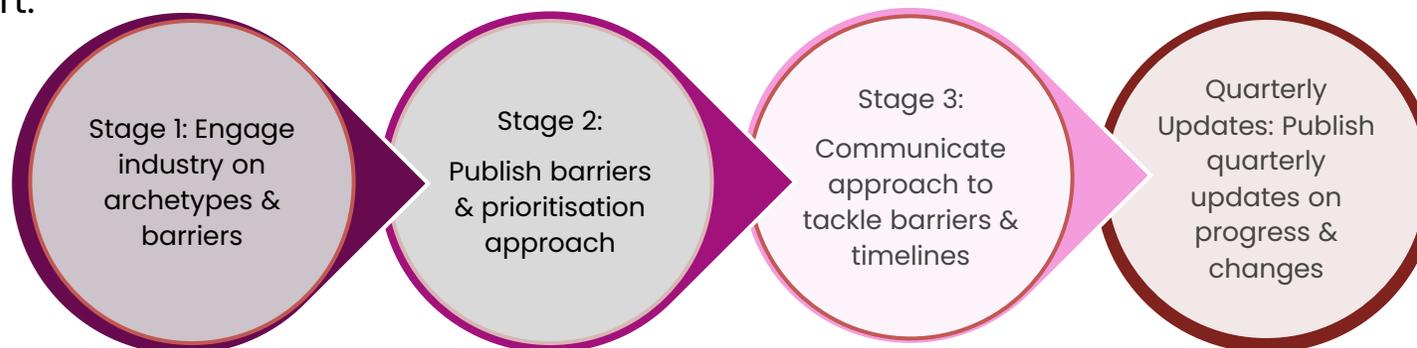
NESO has increased onboarding support: for non-domestic consumers and their suppliers/aggregators (CFR Action 7c).

We are removing barriers for demand-side flexibility

The Demand-side Flexibility Routes to Market Review is NESO's project for **removing barriers** to NESO services for demand-side flexibility. It is a part of the [Enabling Demand-side Flexibility in NESO Markets programme](#) that is seeking to deliver increased **competition, coordination** and **coherent** market arrangements for GB, in collaboration with DESNZ, Ofgem, Elexon, DNOs and industry.

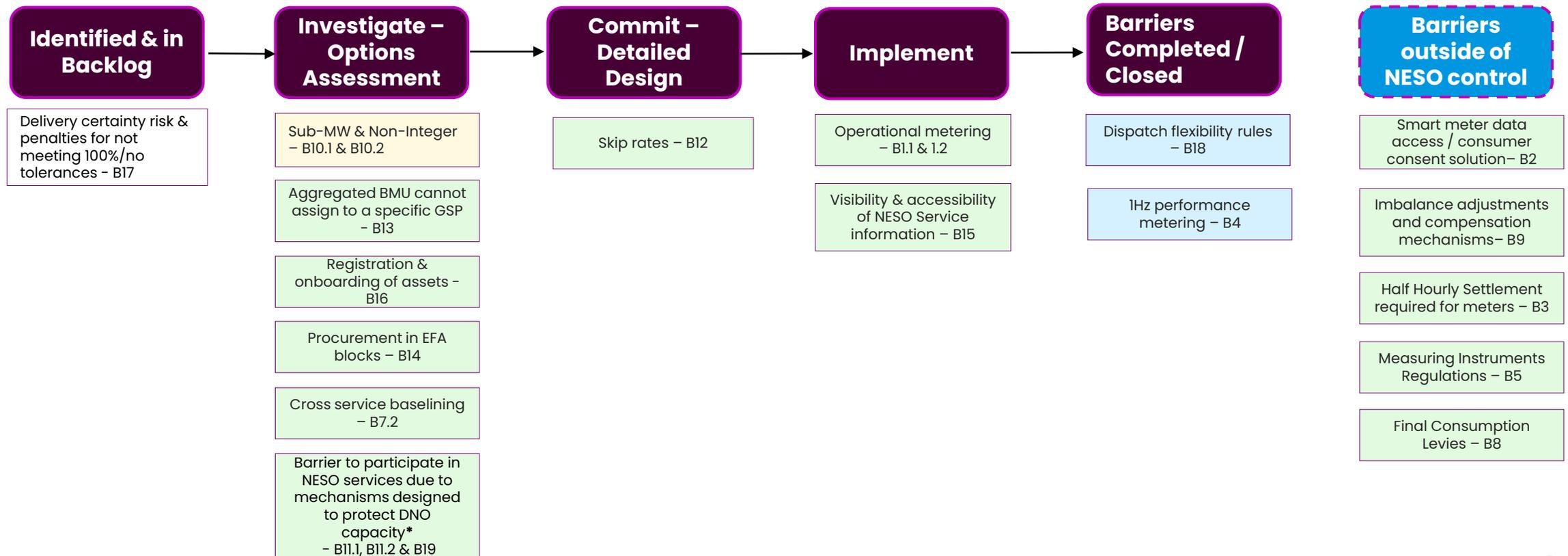
[Stage 1](#) of the Review was published in May 2024 and set out to identify barriers for a range of archetypes across NESO services. [Stage 2](#), published in December 2024, set out our barrier removal process and approach to prioritisation. [Stage 3](#), published in May 2025, included the barrier removal plan and set out our ongoing engagement approach. The [first quarterly update report](#) was published in December 2025.

The upcoming Q1 2026 report is the second of our quarterly update reports. It includes a progress update, an update to the RAG service barrier table and a change log, and the Demand-side Flexibility in NESO markets data dashboard, which is published alongside this report.



Where Each Barrier Stands Today

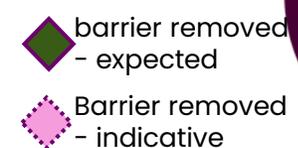
- This diagram highlights where each barrier sits in the removal process. B numbers refer to the barrier number & description from our [stage 2 report](#). Not all barriers are in the control of NESO to fully or partially resolve, the barriers outside of our control are highlighted.
- The RAG ratings illustrate NESO's progress on the barrier reduction/removal solution:
 - Clear – No workplan has been defined.
 - Red – No work has been delivered.
 - Yellow – Work is slightly behind schedule.
 - Green – Work is on track.
 - Blue – Work has been completed.



* Barrier to participate in NESO services due to mechanisms designed to protect DNO capacity, is a combination of these barriers:

- Localised DNO limits on capacity limiting participation – B11.1
- Flexible connections & Active Network Management (ANM) prequalification assessment – B.11.2
- (new) ANM impacts on Demand Turn Up & Demand Turn Down – B19

Barrier removal programme plan (Q1 '26)



Draft Q1 2026 update

Quarters are calendar years throughout this report		2026				2027				2028			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Onboarding	B16 Registration & onboarding of assets	Continuous improvement of onboarding & registration systems, processes & information											
	B15 Visibility of service information	Onboarding team supporting non domestic consumers & aggregators/suppliers & improved digital experience											
Procurement & Dispatch	B10.1 & B10.2 Sub-MW & Non-Integer	Options assessment											
	B13 Aggregated BMU location	Assessment											
	B12 Skip rates	Phase 2 Skip Rate programme activities											
	B11.1, B11.2 & B19 Barrier to participate in NESO services due to mechanisms designed to protect DNO capacity	Detailed design & implementation subject to outcome of Options Assessment.											
	B11.1, B11.2 & B19 Barrier to participate in NESO services due to mechanisms designed to protect DNO capacity	DFS sFFR											
Settlement	B9 Imbalance & compensation	BSC modification for NESO ancillary services											
	B1.1, 1.2 Operational metering	Stage gate 1											
Metering & Baselines	B2 Smart meter data access	Stage gates 2 & 3											
	B5 Measuring Instrument Regs	Consumer consent solution MMP											
	B14 Procurement in EFA blocks	Consumer consent solution iterative releases											
	B7.2 Cross Service Baseline	DSIT response (estimated)											
	B7.2 Cross Service Baseline	Needs assessment standardised 30 minute for Response services											
Metering & Baselines	B7.2 Cross Service Baseline	NESO and DSO services aligned, in line with Market Facilitator Flexibility Market Rules											
	B7.2 Cross Service Baseline	NESO and DSO services aligned, in line with Market Facilitator Flexibility Market Rules											

KPIs: Service barriers summary

Services		DFS	LCM	Slow Reserve	Balancing Reserve	Quick Reserve	Static FFR	Dynamic Regulation	Dynamic Moderation	Dynamic Containment	Balancing Mechanism
Demand-side flexibility ¹											
Domestic consumer	Supplier	●	●	●	●	●	●	●	●	●	●
	Virtual Lead Party (VLP)	●	●	●	●	●	●	●	●	●	●
	Non VLP aggregator	●	●	●	●	●	●	●	●	●	●
Non Domestic consumer	Supplier	●	●	●	●	●	●	●	●	●	●
	Virtual Lead Party (VLP)	●	●	●	●	●	●	●	●	●	●
	Non VLP aggregator	●	●	●	●	●	●	●	●	●	●

● Not aware of any insurmountable barriers

● Barriers or design requirements are likely stopping some of the market

● Barriers or design requirements are stopping all of the market

● Not capable of participating in service

No change in service RAGs since last update, however upcoming changes expected (DFS & sFFR) as proposals have been submitted to Ofgem.

Future barrier identification:

- If you think there are additional Route to Market (RtM) barriers that should be added to this programme, we'd love to hear from you!



Discussion

Please raise your virtual hand and introduce yourself when first speaking.



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Power Responsive Challenge Group – SubMW & non-integer participation

Gus Clunies-Ross

2 March 2026

Overview

Problem statement

Currently NESO instructs in the BM and most NESO services in whole MW values and does not allow decimal values e.g. 0.1MW, 2.7MW.

This has been raised as a 'barrier' for DSF assets & providers which we expect to see growing capacity available to NESO.

Service	Non-integer	Sub-MW
BM	N	N
QR, SR, BR	N	N
DC, DM, DR, MFR, (current) SFFR	N	N
DFS (current)	Y	N
LCM	Y	Y
Proposed reformed SFFR	Y	Y (0.1MW)
Proposed reformed DFS	Y	Y (0.1MW)

Recap

Context and EDSF info

- *Routes to Market (24-25) identified this as an issue*
- *Integrated in EDSF programme for assessment in 2025*
- *Changes proposed for Demand Flexibility Service and Static FFR*

Phase 1 work (2025)

- *Considered option of introducing BM and response and reserve services*
- *Identified some potential benefits and options for implementation*

Phase 2 (2026) intro

- *Investigating trial options for BM participation*
- *Conducting impact assessment for response and reserve services*

Potential benefits and challenges

Benefits:

Increased participation/liquidity

Supporting growth of small and aggregated units

More flexible asset allocation for units

Improved visibility and dispatch efficiency

Challenges:

Implementation impact

BM dispatch optimisation timelines (primarily for SubMW)

Systems/computation limitations, eg performance monitoring and auction clearing

Something important we've missed? Let us know through our form

Areas of interest

Service areas:

BM

BMU participation in response and reserve services

Non-BMU participation in response and reserve services

Participation in other services (please specify)

Participation type:

Sub-MW

Non-integer

Sub-MW and non-integer areas of interest

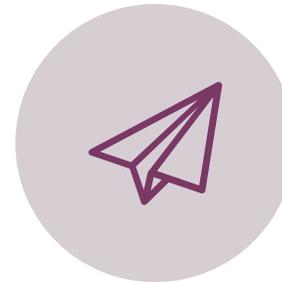


[Link to form](#)

Feedback and next steps



We are looking at running some workshops around April to discuss in more detail our CBA



Details of the workshops will be confirmed through the Power Responsive newsletter and LinkedIn

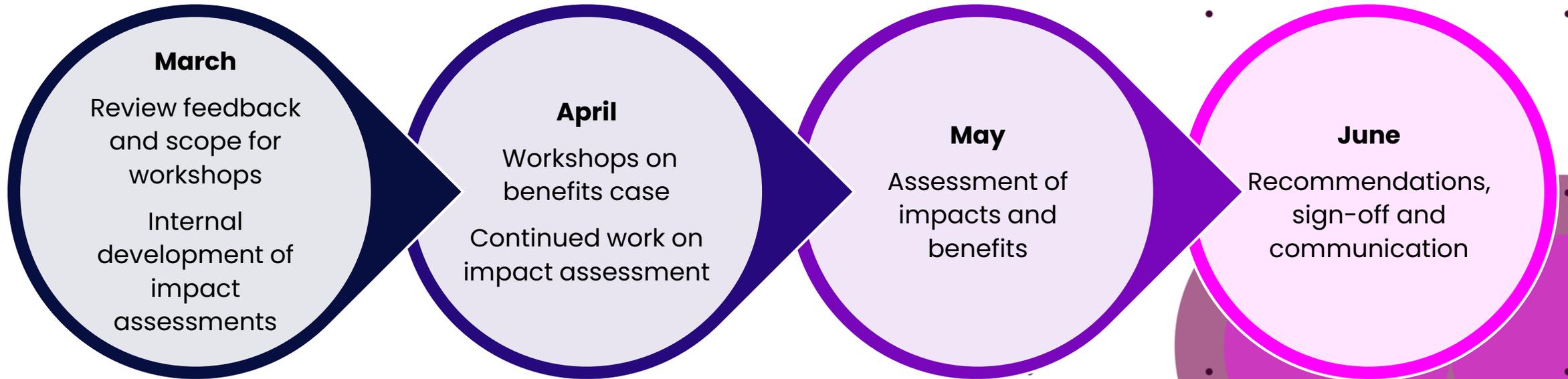


If you have any feedback or insight on how we might quantify the benefits, please share these with us using the [form](#) by end of March



If you have any questions or comments that fall outside of this, please reach out to us at box.market.dev@neso.energy

Target timeline



Discussion

Please raise your virtual hand and introduce yourself when first speaking.



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Balancing Mechanism (BM) Operational Metering Changes

Calum McCarroll

2 March 2026

BM Operational Metering Changes

Following an independent review of the Balancing Mechanism operational metering requirements, we are implementing a proportionate set of revised standards for Consumer Energy Resources to facilitate access for flexible technologies, such as electric vehicles and domestic batteries.

Go-live webinar:

Wednesday 4th march (15:00-16:30)

Email: calum.mccarroll@neso.energy

Phase 1 (March 2026)

- Accuracy requirement change
- Meter read frequency requirement change
- Latency requirement amended
- New rule for combining large and small assets in a single BMU
- Data retention policy change
- Change to Single Markets Platform registration process

AOB

- **New topics / challenges** – bring us topics to discuss
- **Non-financial incentives** to participation workshop– look out for invite
- Demand Flexibility Service (DFS) relaunch in April – **help us grow volume and spread our messages** – [LinkedIn post](#)
- Markets Roadmap will include Power Responsive content
- Next meeting – target June – date TBC

- Anything from the room?

Engage with us

- Visit our [website](#)
- Sign up to our [mailing list](#)
- Book a 1:1 with us
- On-boarding support from interest to participation

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