

Workshop report: Carbon-related reporting and non-financial incentives

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power
responsive



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1. Executive Summary

On 26 March 2026, Power Responsive hosted and facilitated a workshop alongside NESO Markets colleagues. The workshop explored whether carbon-related information and other non-financial incentives could help unlock additional participation in flexibility services, using the Demand Flexibility Service (DFS) as a proof of concept. The session was highly interactive, combining scene-setting, polls, breakout rooms and open discussion. 28 people registered and 17 attended and participated. Attendees represented a mix of organisations including suppliers, aggregators, education, facilities management, local authorities, energy intensive demand users, developers and DESNZ.

Participants showed strong interest in robust, trusted carbon information for ESG, regulatory reporting, internal decision-making and customer communication. They also highlighted several forms of meaningful non-financial incentives, particularly certification or badging (for example, “flex-ready” status), provision of useful data and insights, simpler processes, support for new asset connections and forward-looking carbon insights to strengthen business cases.

Alongside this, the workshop surfaced strong cautions around added complexity, misalignment with existing frameworks and the risk of greenwashing. Any future NESO work in this space will need to be simple, aligned, transparent and low-burden to gain broad support.

2. How the Workshop Was Run

The workshop followed Chatham House rules. The session was recorded for internal note-taking only, and it was made clear that NESO is exploring ideas rather than presenting proposals or committing to any future direction.

The format of the workshop was as follows:

- Welcome, context and framing – including NESO’s role and the Clean Flexibility Roadmap requirement to explore carbon reporting.
- Polls on carbon use cases, principles and barriers.
- Breakout discussions on value, risks and future needs.
- Polls and discussions on other non-financial incentives.
- Plenary feedback and synthesis of messages from across the breakout rooms.



3. Summary of Poll Insights

3.1 Where carbon information could be useful

Poll responses indicated that carbon-related information could be useful across a wide range of functions, including transparency, Environmental, Social and Governance (ESG) reporting, internal reporting, marketing, procurement relevance and operational insight. Several comments noted that any new information or metrics should be compatible with recognised reporting mechanisms so that organisations can incorporate them without running a parallel system.

3.2 Principles for exploration

Participants highlighted a consistent set of principles that should guide any exploration of carbon-related information in flexibility services:

- Simplicity – easy to understand and communicate.
- Low burden – minimal additional administrative effort.
- Fairness – not unduly favouring or penalising particular technologies or regions without justification.
- Clarity – clear definitions, boundaries and assumptions.
- Trust – metrics that can withstand scrutiny from regulators, NGOs and customers.
- Consistency – alignment with existing reporting frameworks and terminology.

3.3 Barriers to usefulness

Poll results and discussions highlighted several barriers that could limit the usefulness of any non-financial incentives or carbon information:

- Risk of incorrect or inconsistent reporting that undermines trust.
- Unclear or changing methodologies, making it hard to embed in internal processes.
- Concerns about greenwashing and potential criticism from external stakeholders.
- Additional administrative burden layered on already complex flexibility and reporting processes.
- Lack of alignment with existing legislation and ESG reporting requirements.
- The underlying financial value of participation may still be the primary barrier in some cases.



3.4 Non-financial incentives suggested

Participants suggested a range of potential non-financial incentives, including:

- Provision of useful data and insights (for example, on carbon savings or system impact).
- Certification or badging (for example, a recognised “flex-ready” status).
- Faster grid connections or smoother onboarding for new flexible assets.
- Forward-looking carbon impact information to support investment cases.

Simpler engagement processes with NESO and service providers.

4. Breakout Insights

4.1 Value of carbon-related information

Across the breakout rooms, participants described multiple ways in which carbon-related information could add value. For organisations delivering electrification projects, half-hourly or similarly granular carbon intensity data could be used to demonstrate genuine emissions reductions and feed into Scope 2 and, in some cases, Scope 3 reporting. Others emphasised the importance of carbon data for ESG performance tracking and customer communications, including demonstrating community-level benefits such as reduced curtailment of renewable generation.

4.2 Methodological considerations

Participants provided detailed reflections on what a credible carbon reporting methodology would need to include. A consistent theme was the importance of greater temporal granularity, with several contributors expressing a strong preference for half hourly carbon intensity values rather than static national averages. They noted that national figures lack the resolution needed for accurate reporting or operational use, while half hourly data better reflects real-time system conditions and supports more meaningful insights.

Participants also described existing external frameworks—such as those used in the low carbon hydrogen standard—as useful reference points because they already rely on half hourly regional grid carbon intensity. This was highlighted as a potential “gold standard” model worth considering when NESO evaluates options for any future carbon related reporting approach.



Crucially, participants emphasised that any NESO developed methodology must be symmetric. That is, it should capture both positive and negative carbon impacts, rather than focusing solely on reductions. This was seen as essential for credibility, avoiding greenwashing concerns, and ensuring reporting aligns with organisations' real world regulatory and ESG requirements.

Together, this feedback reflects a clear stakeholder preference for granular, time-specific, regionally sensitive and symmetric methodologies that support robust, defensible carbon reporting.

4.3 Process considerations

Beyond the carbon calculations themselves, participants highlighted practical process considerations. Many observed that the processes for participating in flexibility services (for example, DFS registration, testing and baselining) are already demanding. Any additional reporting or incentive mechanism must not add disproportionate complexity or administration.

Participants also stressed the need for a clear value proposition. Organisations are time-poor and need to understand quickly what the information is valid for (for example, which scopes and standards), how it can be used (regulatory reporting, ESG, marketing), and how it compares to the costs and effort of participation. Breakout discussions recommended starting with simple, entry-level approaches that build on existing mechanisms rather than creating entirely new frameworks from scratch.

5. What NESO Should / Should Not Consider

The table below summarises the main themes from the workshop on what NESO should and should not consider when exploring carbon-related information and non-financial incentives.

NESO should	NESO should not
Use a granular, half-hourly and symmetric methodology that reflects real system conditions and shows both positive and negative carbon impacts.	Rely on coarse national averages or one-sided reporting that only captures benefits.
Keep methodology simple, clear and low-burden.	Introduce unnecessary complexity or significant additional administrative burden.

Ensure transparency, robustness and defensibility of metrics.	Create unclear or dubious methodologies that cannot withstand scrutiny.
Use existing mechanisms and frameworks wherever possible.	Invent standalone frameworks that are detached from recognised reporting practices.
Provide meaningful, accessible system and asset data.	Offer purely symbolic incentives that have no real practical use.
Offer recognised certification or badging (for example, “flex-ready”).	Assume that non-financial incentives can compensate for weak underlying financial value.
Reflect the full system impact, including both positive and negative carbon effects.	Only report positive impacts, increasing the risk of greenwashing concerns.
Align with regulators and reporting bodies so that data can be used in existing schemes.	Work in isolation from regulatory and reporting contexts.
Simplify onboarding and reduce friction where possible.	Add further steps or requirements that make participation harder.
Support storytelling and public understanding of flexibility.	Rely solely on complex technical language or metrics.
Start with simple, scalable test-bed approaches.	Over-engineer early designs in ways that could inhibit adoption.

6. Closing Reflections

The workshop demonstrated strong support for NESO’s exploration of carbon-related information and broader non-financial incentives, provided that any future work is simple, aligned with existing frameworks, transparent and low-burden. Participants recognised that meaningful non-financial incentives can complement – but not replace – financial value, particularly in segments where flexibility revenues are modest.

Participants encouraged NESO to proceed carefully and collaboratively, engaging with stakeholders and regulators, and focusing on tools and metrics that are both technically robust and practically useful for real-world reporting, investment and engagement needs.



7. Next Steps for NESO

Action	
1	Publish this workshop report for transparency on NESO's activities.
2	Respond to Clean Flexibility Roadmap Action 7D.
3	Integrate stakeholder feedback (carbon methodologies, principles, risks, value, needs) into thinking on carbon related reporting within DFS.
4	Commitment to engage further with stakeholders as NESO explores what to progress on this topic.