

Public

# Markets Forum

28<sup>th</sup> April 2026

3pm-5pm

#MFAPR26

# Agenda

- Operability Strategy Report
- Electricity Markets Roadmap
- Distributed Energy Resources and Consumer Energy Resources Access Roadmap
- Reformed National Pricing
- Power Responsive
- Gas Markets Roadmap
- Ancillary Service and Market Update
- Capacity Market & Contracts for Difference Update
- Industry Codes

Please scan the QR code or use #MFAPR26 in Sli.do



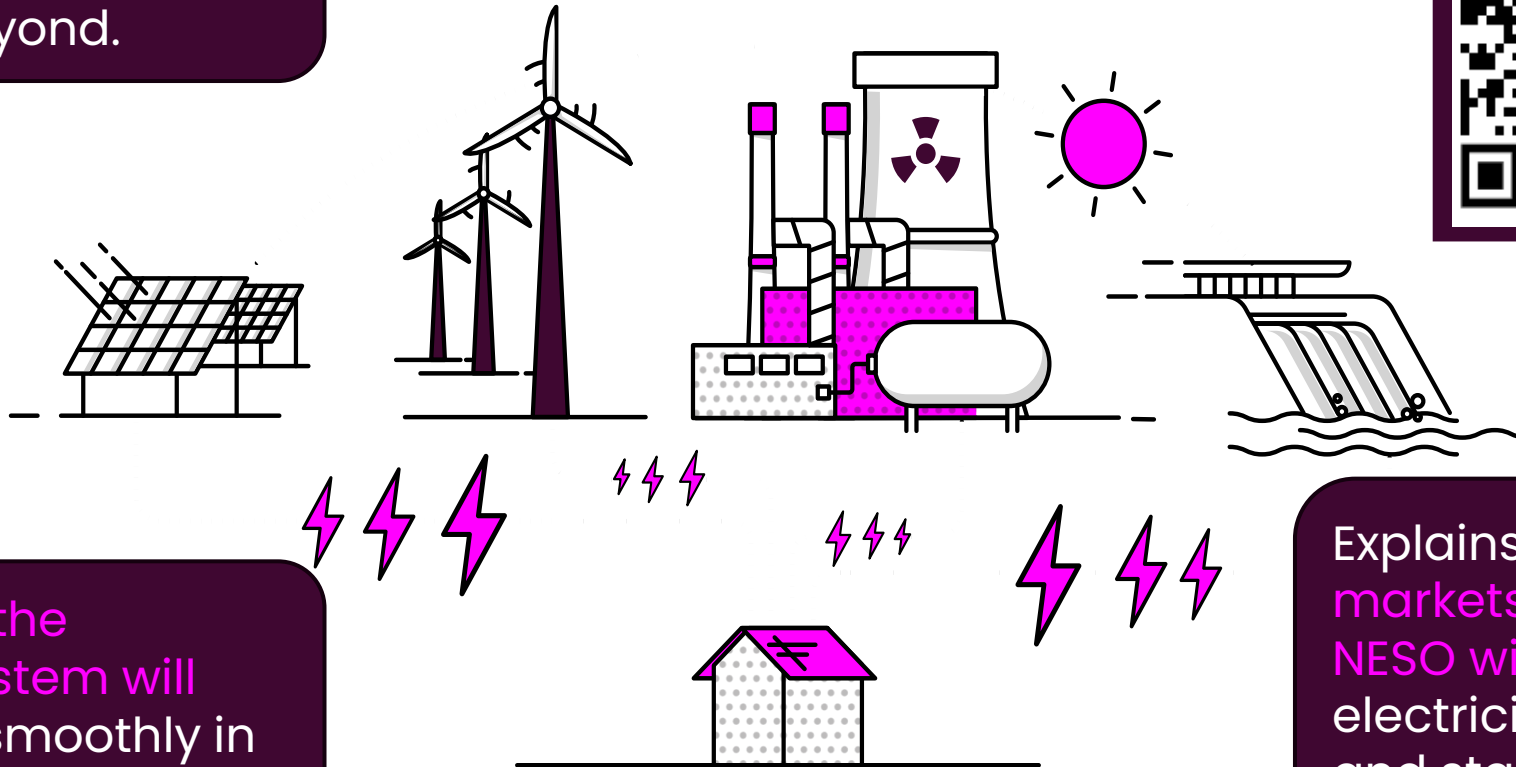
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# Operability Strategy Report

Jon McDonald

# Why an OSR?

Highlights the key changes needed as we move to clean power by 2030 and beyond.



Shows what the electricity system will need to run smoothly in the future.



Publication



Feedback

Explains the tools, markets and capabilities NESO will use to keep the electricity system secure and stable.

# Electricity Markets Roadmap

Thomas Pownall

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# Purpose of the Electricity Markets Roadmap

## Objectives

- ↳ Sets out the strategic direction for NESO markets.
- ↳ Summarises NESO market reform activities and outlines why they are needed.
- ↳ Ensures stakeholders are confident in the market reforms we are making.

## Publication



[Website links](#)

Website now includes:

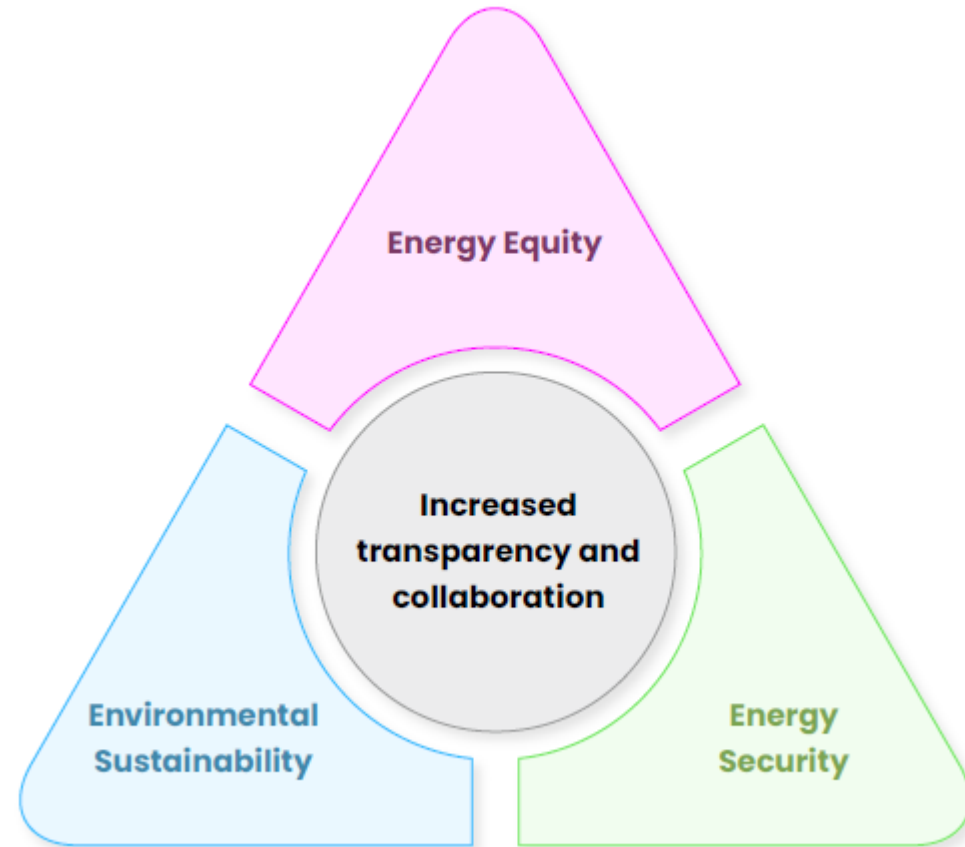
- Publications
- Interactive documents
- Timelines
- Publication map

# Context for market reforms

NESO's balancing services markets are all driven by the trilemma.

This year, we provide a breakdown of reforms by each leg of the trilemma.

Doing so, we demonstrate the coherency across our market reforms.



# Key headlines from 2025

Chapter	Update
Demand-Side Flexibility	Bespoke chapter to recognise importance
Power Responsive	Significant milestones met across 2025
Balancing Mechanism	Open Balancing Platform continues to improve visibility and dispatch efficiency Awaiting outcome of Reformed National Pricing proposals
Response	Increased procurement of day-ahead dynamic services
Reserve	Slow Reserve went live
Stability	Long-term tender launched and 2 <sup>nd</sup> mid-term procured 7.3 GVA.s
Voltage	Long-term tender launched and mid-term market live Q2 2026
Restoration	Long-term tender launched Distributed restart contracts awarded in Northern region
Thermal	Constraint Collaboration Project is progressing

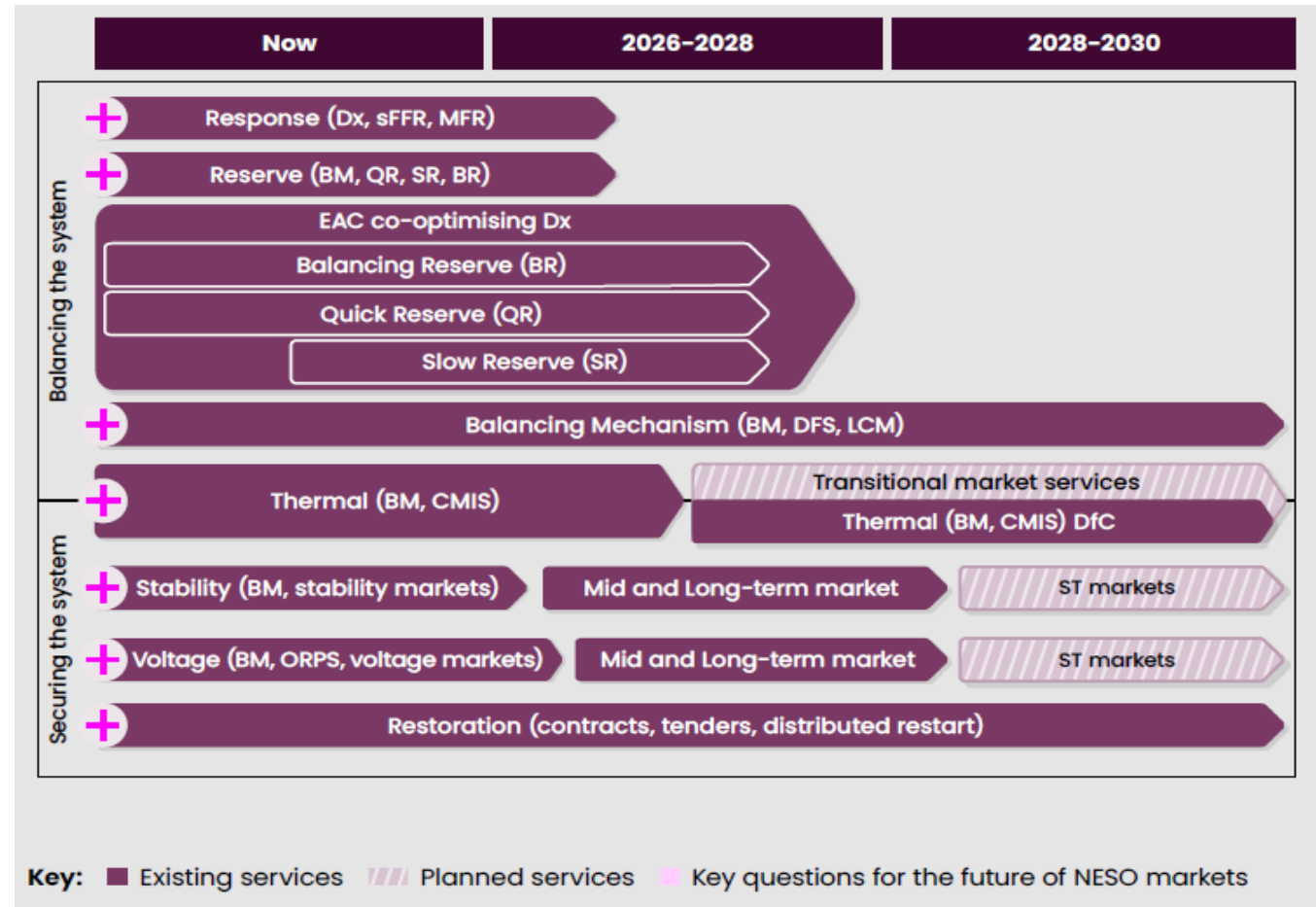
# Fit for purpose markets: CP 2030

Our roadmap details our planned market reforms

These are ongoing to ensure our markets are fit for purpose. For example:

- Breaking the provision of inertia and MVars with active power
- Doing so reduces both cost and carbon

All existing, and proposed markets, undergo a [Market Design Framework](#) assessment



# Acting on stakeholder feedback

## You said,

## We did

### Greater alignment between NESO publications

- We have taken a greater focus on alignment this year.
- Expect this to continue into future publications

### Enhance accessibility of document to our customers and service providers

- The website has been updated to make it easier for our customers and service providers to navigate
- We'll seek feedback to improve this further

### Link the publication to wider strategic priorities

- Greater emphasis on facilitating NESO's wider strategic objectives e.g., Clean Power
- Agreement on key messages across publications

### Demonstrate NESO's independence

- Focused on areas within NESO's remit
- Clarity on NESO / wider institution roles e.g., RNP's Cfl

### Make the publication more concise

- Slimmed down the Electricity Markets Roadmap
- Better use of annexes, infographics and the website
- Greater signposting to key NESO documents

### Seek greater profile for the reports and collect feedback from industry on the publications

- Extensive comms plan developed and is being enacted



# Introduction to NESO's DER/CER Visibility and Access Roadmap

Deepak Lala

# DER/CER Visibility and Access Roadmap

## What it is

Sets out our **vision for the future of distributed energy in GB** and how it supports **Clean Power ambitions**.

## Why we need it now

Rapid growth in distributed assets is creating **operational, coordination and market challenges that need addressing now**.

## What we need from you

Feedback on the activities needed to integrate Distributed Energy Resources (DERs) and Consumer Energy Resources (CERs) into operations, so we can ensure solutions are practical and effective.

**Consultation closes at midnight on Thursday, 30 April.**

[\*\*Click here to view the roadmap and report\*\*](#)

Public

# Reformed National Pricing

Rein de Loor

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# Reformed National Pricing

In 2022, the Government launched the Review of Electricity Market Arrangements (REMA) to assess options for reforming the GB wholesale electricity market to deliver a low-cost, secure, and decarbonised electricity system. The REMA programme considered a range of options before publishing its policy outcome to progress Reformed National Pricing (RNP) in its REMA Summer Update.

The RNP package, being delivered in partnership with the Department for Energy Security and Net Zero and Ofgem retains the single national price and introduces a series of reforms to market arrangements to help deliver a more efficient, secure and affordable clean power system. The package is built around three interlinked pillars:

## Reform siting and investment levers

- This focusses on how the Strategic Spatial Energy Plan (SSEP) can be implemented through a package of siting and investment levers (e.g. connections reform, network charging, government policy support, etc.) and NESO continue to support this work.
- DESNZ will provide an update on this in their upcoming RNP delivery plan.
- OFGEM will also be issuing a Call for Input – exploring potential options for how locational network charging could be designed to meet RNP objectives.

## Improve system operability and efficiency

- Reducing the cost of running the power system in real-time, by reforming balancing and settlement arrangements, considering the potential for further dispatch reforms.

Focus of NESOs recent Call for Input

## Further bear down on network constraint costs

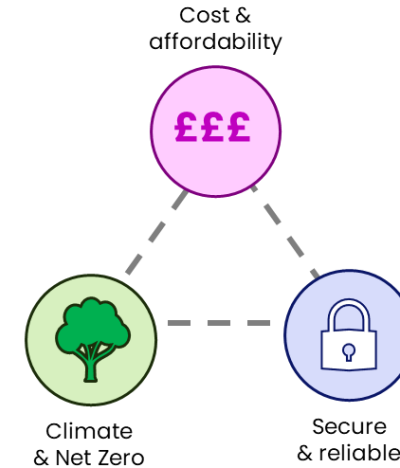
- As part of this workstream, NESO has a portfolio of initiatives aimed at avoiding constraints arising and reducing prices.
- These span markets, network optimisation, and regulatory change.
- NESO is also supporting DESNZ and Ofgem in their work on constraints, including supporting analysis on constraint drivers.
- This work is in parallel to NESO's wider balancing cost portfolio.
- We will follow up in detail on RNP Constraints work once the DESNZ RNP delivery plan is published.

# Scope of Reform





## Balancing and Dispatch reform

**Balancing and dispatch arrangements must support a secure and cost-effective clean power system, efficient investment and provide enduring value for consumers. This must balance:**

- **Maintaining system reliability and operability**
- **Operating the system at lowest cost to consumers**
- **Supporting decarbonisation objectives**



## Balancing and dispatch challenges

-  Operability and cost challenge from increasing redispatch
-  Insufficient visibility of, and access to, balancing resources
-  Overlap between the wholesale market and balancing
-  Distorted wholesale price signals, and incentives to exacerbate system constraints



## Balancing reform

- Lower mandatory BM participation threshold
- Alignment of the market trading deadline with Gate Closure
- FPNs that must match traded positions
- Unit-level bidding
- Shorter Settlement Period

## Dispatch reform

- Explore dispatch reform options with a view to improving system operability and reducing consumer costs

# Power Responsive

James Kerr

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# 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 energy intensive industrial consumers, 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.



Sign up to our [newsletter](#)



Follow us on [LinkedIn](#)



# Get help from our dedicated Power Responsive on-boarding team

**Your guide to  
NESO  
services**

**Answers to  
your  
questions—  
big or small**

**Clear,  
step-by-step  
onboarding**

**Support for  
direct  
participants  
& aggregator  
route**

**One-to-one  
help  
available**

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

[power.responsive@neso.energy](mailto:power.responsive@neso.energy)

# Gas Market Roadmap Markets update

Martin Shannon

# Gas Market Roadmap

- The first Gas Market Roadmap (GMR) will set out NESO's view of the key market challenges arising from the changing role of gas in Great Britain. It will focus on **market strategy and industry arrangements** and will not seek to design wider Government policy or legislative change.
- The GMR is still in draft and subject to governance with a planned publication date of 31<sup>st</sup> July 2026
- As a first publication, it will be **concise and proportionate**, identifying three central challenges, strategic questions and areas for further work. It is intended to support collaboration across industry and to complement wider NESO and DESNZ work developing later in the year.
- Development is supported by the Gas Advisory Council (GAC).
- Licence Condition C7 requires NESO to produce a Future Market Plan for gas once every two regulatory years.
- Three central challenges identified for the first Gas Market Road.



# Central Challenges

Our assessment identified three central challenges that are likely to shape how gas market arrangements in Great Britain evolve through the transition. These central challenges lead into Strategic Questions and areas for Further Work over the next GMR two-year cycle, by NESO and the Gas Advisory Council and other market participants.



## 01 Gas Market Transition

How costs, charging, regulation and wider network transition issues may evolve as gas demand declines.

## 02 Market Resilience

How market arrangements may need to evolve as gas supply becomes more import-dependent and system resilience becomes more important.

## 03 Emerging Markets

How frameworks may need to evolve as gas increasingly interacts with hydrogen, biomethane, CCUS and wider cross-vector developments.

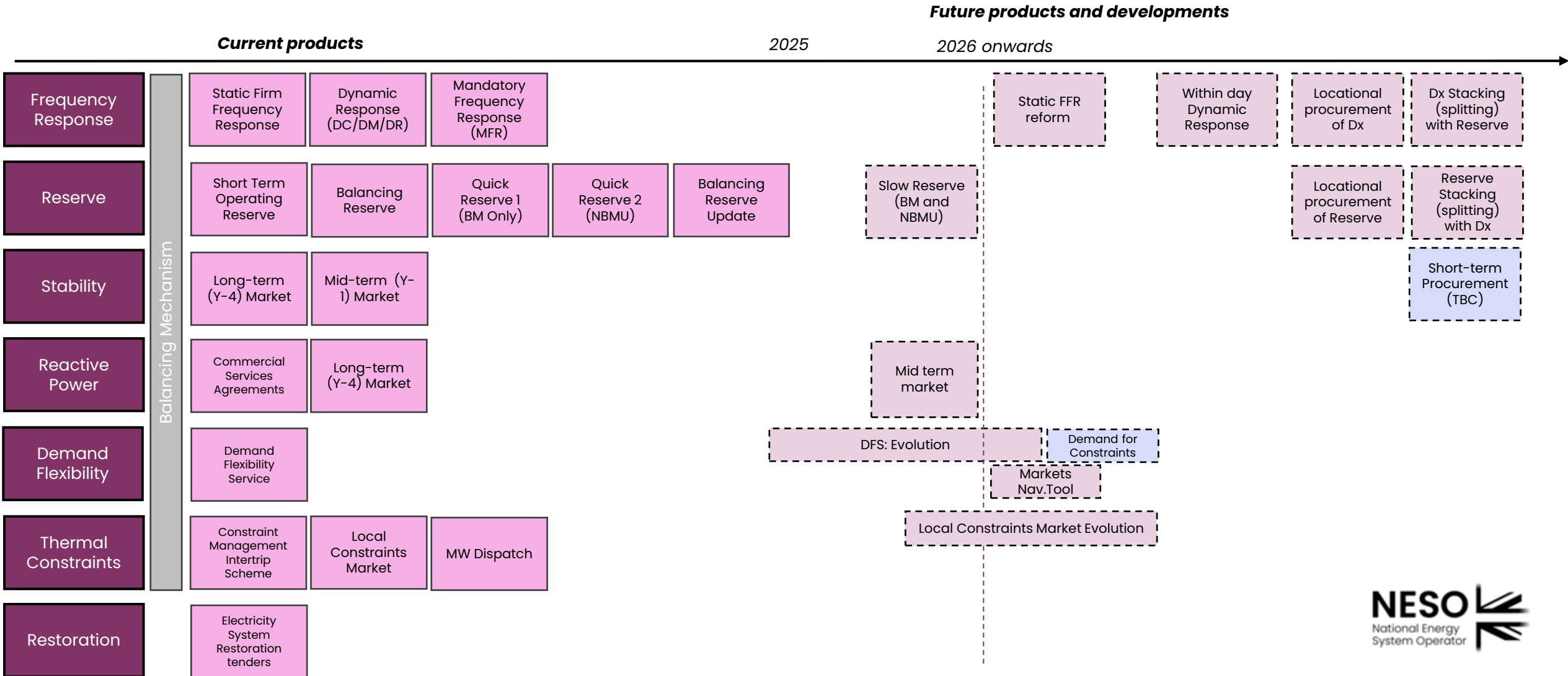
# Market and Ancillary Services

Jon Wisdom

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# Market and Ancillary Services – Overview and Roadmap

To operate a safe and secure power system, NESO procure a suite of ancillary services through designated markets and via Bid Offer Acceptances (BOAs) in the Balancing Mechanism.



# Market and Ancillary Service Update

At our Summer Forum, we ran a series of workshops to understand your hopes and fears around the future development of our ancillary services and markets. You shared valuable feedback on barriers, risks, and areas where greater clarity is needed. The table below summarises the key themes you raised and how NESO has been taking action in response.

You said	We Did
Barriers to entry for smaller demand side assets	NESO have reduced the minimum unit size for assets to participate in DFS and subject to Ofgem decision SFFR from 1MW to 0.1MW to reduce the barriers to entry for smaller assets.
Delivery risk and reform overload	NESO is trying to strike a balance with making valuable changes that benefit the markets and drive customer benefits while providing industry with enough time and notice to implement these changes.
Clarity around stacking and how NESO services interact	NESO have launched a Revenue Stacking Strategy project that is evaluating how the different NESO services interact and how they may interact in the future. Part of this work will ensure we produce clear and concise guidance. Response Stacking Guidance – one example of where we have done this so far.
Investment risk – Locational procurement zones	We have been engaging extensively with industry on the proposals and market design for locational procurement to ensure they are aware early and have had the opportunity to feedback on these. In addition, the Primacy project will coordinate both distribution and transmission constraints.

# Ways to continue getting involved

- The team holds regular **webinars** on a variety of topics where we aim to share options early rather than final proposals
- The team is always open to **1-2-1s** with anyone who wishes to discuss any elements of market design
- Reserve – We will soon be **inviting providers to share their feedback** and suggestions regarding aspects of Reserve Services (QR, SR, BR) that they believe should be reviewed, improved, or updated. This input will help guide our efforts to enhance these services.
- Response – We will be launching a **consultation** to introduce real-time instruction of the dynamic response services in July 2026.
- Response – We will be launching a **call for input** on a compliant and accessible replacement for MFR. It will also seek input on aligning the technical requirements of DR with other dynamic response services.
- SMP – We continue to engage collaboratively to develop and re-prioritise its backlog on an ongoing basis through monthly "**Show and Listen**" webinars, fortnightly "**drop-in surgeries**" as well as the opportunity for adhoc **1-2-1s** as necessary.
- LCM – We will be **sharing draft terms** of the evolved design following engagement as we look to launch the evolved service over the summer.

# Capacity Market and Contracts for Difference

Richard Griffiths

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# EMR CM & CfD Delivery Body focus on customer facing improvements and upcoming engagement opportunities

## Customer enhancements to Capacity Market Portal

Between April 2025 and March 2026, the EMR Delivery Body **delivered 14 separate enhancements to the Capacity Market Portal** approved via the Capacity Market Customer User Group

These updates were aimed at improving user experience, efficiency, and clarity across all major portal areas, including Applications, CMUs, Disputes, Reporting, Pre-auction tasks and Data publication.

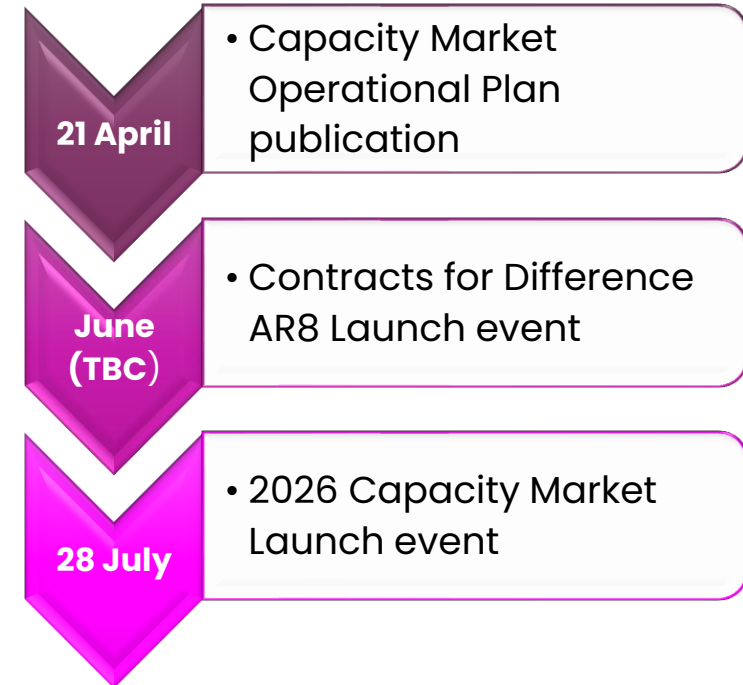
## High level summary of recent Contracts for Difference Customer Survey

**Responses:** 32 responses received

**What worked well:** Query management was rated most highly, with respondents citing prompt, clear and supportive responses; guidance was also viewed as helpful.

**Priorities for improvement:** Portal experience is positive overall but with some areas of challenge reported; requests focused on navigation/signposting and validation and single sign-on.

## Forward look customer engagement



# Industry Codes

Penny Garner

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# Why are Codes Important?

**Industry codes underpin the electricity and gas wholesale and retail markets, with Market Participants required to comply in accordance with their licence. Codes operate under Open Governance which means everyone who has signed up to them (or “acceded”) has a responsibility to keep them fit for purpose.**

We administer the following codes at NESO:

- **CUSC:** The contractual framework for connecting to and using the National Electricity Transmission System
- **Grid Code:** The technical code for connection and development of the National Electricity Transmission System
- **STC:** Governs the relationship between the Transmission owners and System Operator
- **SQSS:** Sets out the criteria and methodology for planning and operating the National Electricity System

We are also active in the BSC (Balancing & Settlement Code) and UNC (Uniform Network Code)

# How to get involved

**Attend code development forums**  
We hold regular forums to discuss the development of future code mods

**Become a workgroup member or observe**  
Participate in meetings to refine solutions for specific code changes (must be signed up to the relevant code), or observe

**Sign up to our code distribution lists via the NESO Newsletter:**  
<https://www.neso.energy/news-and-events>

**Respond to consultations**  
Modifications have two consultations to gather Industry views

**Raise modifications**  
All parties signed up to a code can raise a modification. Eligible parties can also nominate others to propose

**Get in touch with the team:**  
[cusc.team@neso.energy](mailto:cusc.team@neso.energy)  
[grid.code@neso.energy](mailto:grid.code@neso.energy)  
[stcteam@neso.energy](mailto:stcteam@neso.energy)

**Browse our website**  
You can find all documentation for any modification online including proposals, materials shared with workgroup, consultation documents, reports

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# Q&A

Please scan the QR code or use #MFAPR26

If you have any questions after the event  
please contact  
[box.marketsengagement@neso.energy](mailto:box.marketsengagement@neso.energy)

