Meeting Summary

Power Responsive Challenge Group

Date:	30/06/2026	**Location:**	Microsoft Teams
Start:	13.00 PM	**End:**	15:00 PM

Welcome, Introductions & Meeting Expectations

Presenter: James Kerr (Power Responsive Engagement Lead)

James welcomed attendees to the June 2026 Power Responsive Challenge Group and outlined the purpose of the session.

Key points noted:

- The meeting was recorded to support note-taking and transcript generation.
- The recording and transcript will not be published; meeting notes will be published on the Power Responsive webpage.
- Chatham House rules apply, meaning comments will not be attributed to individuals or organisations in published notes.
- The group continues to provide constructive challenge and feedback on enabling greater participation in flexibility markets, particularly consumer-led flexibility.
- Members were encouraged to suggest future agenda items and raise barriers or challenges ahead of future meetings to enable relevant NESO teams to participate.

James also introduced updated Terms of Reference, noting no substantive changes to the group's objectives and inviting feedback from members following the meeting.

Flexibility Markets Asset Register (FMAR) – Implementation Approach

Presenters: Marina Sykes, Ewan Cameron & Royston Black (Elexon)

The Elexon team provided an update on the Flexibility Markets Asset Register (FMAR) programme and the development of implementation approach options ahead of formal consultation.

FMAR Overview

FMAR is intended to address fragmentation in asset registration across flexibility markets by introducing a single standardised asset registration process.

Key objectives include:

- Reducing duplicate registration requirements.
- Creating a single trusted source of asset data.
- Simplifying onboarding across multiple markets.
- Improving visibility and coordination between market participants and operators.
- Supporting greater participation from smaller and aggregated assets.

The programme continues to progress through industry engagement via design and data working groups, with a formal consultation planned for September 2026.

Implementation Approach Options

Elexon has developed five implementation options for consideration.

The programme has discounted phased delivery of system functionality and instead focused on phased onboarding of participants.

Options range from:

- A full “big bang” implementation where all parties go live simultaneously.
- Phased onboarding approaches involving:
    - One System Operator first.
    - One Market Platform first.
    - NESO plus one DNO.
    - NESO plus a Market Platform and associated DNOs.

The programme highlighted that while phased approaches reduce delivery risk, they still require associated market participants and flexibility service providers connected to those organisations to be ready simultaneously.

Industry Engagement

An Information Request was issued on 23 June 2026, with responses due by 13 July 2026.

Industry feedback is being sought on:

- Implementation cost.
- Technical feasibility.
- Participant readiness.
- Delivery timelines.
- Operational risk.

- Alignment with Ofgem outcomes and FMAR objectives.

Feedback will inform a preferred implementation approach ahead of formal consultation.

Discussion Summary

Discussion focused on implementation timing and interaction with wider industry changes.

Participants highlighted:

- Potential overlap between FMAR implementation and ED3 transition activities.
- Risks associated with multiple industry transformation programmes occurring simultaneously.
- The importance of understanding cumulative delivery impacts across flexibility markets.

Elexon confirmed:

- These risks are being tracked within programme governance.
- Detailed impact assessment will be undertaken once a preferred implementation approach is identified.
- The ongoing Market Facilitator delivery planning process is intended to provide a coordinated view of industry change programmes and associated risks.

Additional discussion highlighted the importance of:

- Asset duplication management.
- Consistent asset reallocation arrangements.
- Coordination between FMAR and wider flexibility market reforms.

Elexon confirmed that asset reallocation and duplication management remain key workstreams within the Market Facilitator programme.

Routes to Market (RtM) Programme – Q2 2026 Update

Presenter: Pravnick Heer (NESO)

Pravnick provided an overview of the Q2 2026 Routes to Market publication, which was released on 29 June 2026.

Programme Context

Routes to Market aims to remove barriers preventing participation in NESO markets, particularly for smaller and aggregated flexibility assets.

The programme supports:

- Increased competition across NESO services.

- Improved operational efficiency.
- Greater market accessibility.
- Delivery of objectives within the Enabling Demand-Side Flexibility Programme and Clean Flexibility Roadmap.

Key Barrier Updates

Sub-Megawatt & Non-Integer Participation

DFS and sFFR progress continues following:

- Introduction of sub-megawatt participation in the Demand Flexibility Service (DFS).
- Approval of similar changes within Static FFR.

For BM, Response and Reserve an internal strategic assessment concluded that increased access aligns with EDSF objectives. The next phase will focus on:

- Cost-benefit analysis.
- Development of internal recommendations for future updates.

EFA Block Procurement

This barrier has moved from Green to Amber.

The change reflects a short delay in publishing analysis regarding procurement outside traditional EFA blocks and potential movement towards settlement-period-based procurement.

A technical report remains expected in July 2026.

Performance Penalties

NESO reviewed barriers associated with service performance penalties.

The programme concluded that Article 18 consultations provide appropriate mechanisms for reviewing service performance standards.

As a result:

- The barrier is progressing towards closure.
- Stakeholders were invited to provide feedback before final decisions are taken.

Registration & Onboarding

Work continues to improve onboarding arrangements, with a target delivery date of September 2027.

Demand-Side Flexibility Dashboard Update

Presenter: Ridwan Ibrahim (NESO)

Ridwan provided an update on the Demand-Side Flexibility Dashboard.

Dashboard Developments

Recent enhancements include:

- Addition of fuel-type reporting.
- Inclusion of Q1 2026 data.
- Introduction of a total demand-side flexibility capacity tracker.
- Improved Power BI functionality replacing the original Excel-based reporting approach.

NESO reported an approximately 4% increase in tracked demand-side flexibility capacity.

This increase is largely attributed to improved data capture during registration processes, including additional identification of demand-side flexibility assets within registration systems.

Stakeholders were encouraged to continue providing feedback on dashboard functionality and future reporting requirements.

Power Responsive Update

Presenter: Nicolas Manea (Power Responsive Business Development Lead)

Nicolas provided an update on progress against Power Responsive commitments within the Clean Flexibility Roadmap.

Progress Against Commitments

Power Responsive continues to deliver:

- Onboarding Support Service

Established in October 2025, the onboarding service provides support from initial interest through to market participation.

Support includes:

- Identifying suitable market opportunities.
- Explaining commercial opportunities.
- Supporting registration and prequalification processes.
- Coordinating onboarding alongside NESO Account Managers.
- Industry Engagement Activity

The team continues broad engagement across:

- Industrial and commercial customers.
- Aggregators.
- Trade associations.
- Technology providers.
- Solution providers.

Progress Towards Flexibility Target

NESO's ambition remains to facilitate approximately 750MW of industrial and commercial consumer-led flexibility in NESO markets by 2030.

Following methodology updates, both demand turn-down and demand turn-up volumes are now included within reporting.

2026 Performance Update

During the first six months of 2026:

- Approximately 255 engagement activities have been completed.
- 170MW of new dispatchable industrial and commercial demand-side flexibility has entered NESO markets.

Volumes have been delivered across multiple sectors and market services, including:

- Balancing Mechanism participation.
- Demand Flexibility Service participation.

Nicolas highlighted strong market interest following recent DFS reforms, particularly:

- Introduction of demand turn-up capability.
- Reduction of the participation threshold to 0.1MW.
- Introduction of self-nominated baselines.

Stakeholders were encouraged to introduce organisations with industrial and commercial flexibility potential to the Power Responsive team.

Discussion: Demand Turn-Up Participation & Market Signals

A substantive discussion took place regarding demand turn-up participation, market incentives and consumer behaviour.

Key Themes Raised

Participants highlighted:

- Challenges associated with incentivising genuine incremental demand where electricity costs remain higher than demand turn-up rewards.
- Ongoing work relating to Final Consumption Levies (FCLs) and their potential impact on flexibility participation.
- Differences between industrial/commercial and domestic participation models.
- Interactions between tariffs and flexibility services.

Discussion Points

Challenge Group members observed that:

- Demand turn-up participation remains challenging where tariffs create strong incentives to avoid consumption during certain periods.
- Domestic consumers increasingly respond to tariff signals and may be reluctant to increase consumption during traditionally expensive periods.
- Future demand turn-up opportunities may depend on tariff reform as much as flexibility market design.

NESO representatives noted:

- Strong interest in understanding the impacts of FCL reform.
- The importance of considering wider market developments including Market-Wide Half-Hourly Settlement and electricity market reform.
- Growing evidence that consumers respond strongly to dynamic pricing signals.

The group agreed that further discussion on Final Consumption Levies and demand turn-up incentives would be valuable at future meetings.

Capacity Market Discussion

Participants also discussed the role of the Capacity Market in supporting flexibility participation.

NESO noted:

- Capacity Market participation is not currently included within the 750MW flexibility target because the target measures dispatchable flexibility delivered through operational services.
- Capacity Market revenues often play an important role in building the overall business case for flexibility investments.
- For many participants, Capacity Market participation provides a stepping-stone into operational flexibility services such as DFS, BM and LCM.

Any Other Business

NESO highlighted several recent activities:

Carbon Reporting Workshop

Materials from the carbon reporting workshop held earlier in 2026 remain available.

Demand for Constraints Service

Stakeholders were encouraged to review materials from the recent commercial design webinar for the Demand for Constraints service.

Power Responsive Newsletter

Members were invited to submit relevant flexibility-related content for consideration in future editions of the Power Responsive newsletter.

Future Topics

The following potential future discussion topics were identified:

- Final Consumption Levy reforms.
- Demand turn-up market participation.
- Interactions between tariffs and flexibility incentives.
- Additional market barriers raised by Challenge Group members.

Next Meeting

The next Challenge Group meeting is expected to take place in September 2026, subject to confirmation.