Industry Expert Panel Summary

Meeting held Wednesday 10th June

This report provides summary notes from the first substantive RNP Industry Expert Panel session held on Wednesday 10th June 2026. Prior to the meeting, panel members received the pre-read pack which can be found **here.** The day was split into an introductory session followed by 6 breakout sessions.

The main objectives of the session were to test our interpretation of the Call for Input (CfI) feedback and to address key design questions to properly quantify the impacts on the different market participants. A short summary and the key points raised from each breakout session is provided below.

Lower Balancing Mechanism (BM) Threshold (Reform 1)

Summary: The Expert Panel was largely supportive of the reform, however, highlighted that lowering the BM threshold could create disproportionate cost, complexity and operational barriers for smaller participants, with clearer registration requirements and alternative participation routes needed.

Theme	Concise summary
Small participant impacts	Disproportionate metering, compliance and capability burdens, with questions around Grid Code requirements, PN submission limits, dispatch likelihood and BOA tie-breaking.
BM registration	Registration is perceived as complex, manual and time-consuming, particularly for already connected assets. Stakeholders highlighted the need to simplify the process for securing a Bilateral Embedded Generation Agreement (BEGA), meeting compliance requirements, registering within the SORT process and completing Central Volume Allocation (CVA) arrangements.
Operational barriers	Participation in the Balancing Mechanism (BM) may provide less certainty than wholesale market revenues and could limit interaction with the Distribution Network Operator (DNO), access to wider flexibility markets, or participation by assets constrained through Technical Limits (TL) arrangements or Active Network Management (ANM) schemes.
Alternative routes	Panel members asked whether alternatives to BM participation, such as improved forecasting or power requirement work, could meet the same objectives.

FPNs to match Traded Position; and Align Market Trading Deadline with Gate Closure (Reforms 2 & 3)

Summary: Panel feedback on reform 2 focused on the need for clearer objectives, visibility requirements and evidence for the proposals, with questions around how additional data would be used, whether existing sources could deliver the same value, and how any changes would work across different asset types. Forecasting, operational and imbalance risks were raised for reform 3 which varied across different portfolios.

Theme	Concise summary
Clarity & understanding	Mixed understanding of what FPN-related changes involve and what is being proposed. Strong ask for clearer definition of visibility requirements and use of FPN data.
Market Impacts and Risks	Concern that aligning trading deadlines could reduce liquidity, particularly from non-physical traders and create an artificial break in the market. Panel members expect that there will be higher premium on wholesale products. Impacts seen as uneven across asset classes, with greater effect on flexible and intermittent assets. Increased collateral with Elexon seen as additional financial burden on participants.
Alternative solutions	Multiple suggestions that existing or emerging data sources (e.g. market data, asset registers) could achieve similar outcomes. Preference to leverage what is already available before introducing new requirements.
Design considerations	Need to consider differences across asset types when designing FPN-related interventions. Questions on costs and practicality of visibility requirements. Concerns that these two reforms do not adequately account for long-term changes in the industry and are narrowly focussed on challenges faced currently.

Unit Bidding (Reform 4)

Summary: Panel feedback questioned the need for unit bidding, highlighting risks to existing business models, diverse market behaviours, and a preference to use existing regulatory tools before pursuing structural reform.

Theme	Concise summary
Clarity of objective	Stakeholders questioned why unit bidding is needed and what specific problem it solves. Some perceived the reform as disproportionate to the issue.
Impact on Business Models	Significant variation in how participants structure portfolios and optimise assets and concern that moving to unit-level approaches may undermine portfolio optimisation and value-sharing models.
Diverse market behaviours	Different participants operate very different trading strategies (unit-level vs portfolio-level) this creates challenges in designing a one-size-fits-all approach.

Regulatory alternatives	Strong sentiment that existing tools (e.g. TCLC) should be better utilised instead with the view that Ofgem enforcement and clarity may address issues without structural reform.

Shorter Settlement Period (Reform 5)

Summary: Panel members were broadly in favour of the reform but highlighted the need to align shorter settlement periods with wider reforms, manage retail and consumer impacts, and pursue a targeted, phased approach given delivery complexity and resource constraints.

Theme	Concise summary
Interactions with wider reforms	Need to align with IEM discussions and any potential dispatch reform and manage the risk that external drivers (e.g. European alignment) could ultimately shape direction.
Market and consumer impacts	Questions about impact on domestic flexibility and retail participants. Panel members raised that costs and complexity sit heavily on the retail side. Concerns about higher volatility, imbalance exposure, and operational risk.
Targeted vs full rollout	Strong interest in a targeted or phased approach e.g. focusing on wholesale first or specific participant groups. Preference for gradual, asset-level approached transition (e.g. align with natural asset/meter life cycles, opt-ins).
Implementation challenges	Attendees discussed concerns about overlapping industry change and resource constraints in addition to significant concern around IT systems, delivery complexity, and past programme failures. Overall sentiment leans towards 15-minute SP as a more practical option, with 5-minute considered longer-term or requiring alternative solutions.

Implementation planning

Summary: Panel feedback supported the overall approach to assessing implementation and costs, but raised concerns on delivery feasibility, industry capacity, and uncertainty on impacts. Strong emphasis on phased, sequenced implementation aligned to wider industry constraints and lessons from past programmes.

Theme	Concise summary
Ambitious timeline considering industry capacity constraints	While the overall approach is supported, timelines were viewed as too ambitious given overlapping industry initiatives, limited participant capacity, internal engagement requirements before responding externally, and challenges in data collection.
General understanding of the Target Operating Model	Target Operating Modal (TOM) approach broadly understood, but stakeholders raised concerns on the scale of operational and technical impacts and emphasised the need for careful

(TOM) methodology but highlighted complexity in planning realistic delivery timelines	sequencing, and consideration of interactions across reforms. Suggestion that some implementation challenges stem from design choices, and stressed the importance of learning from past programmes, future proofing, and using phased or transitional arrangements to enable delivery. Noted that it would be helpful to see the As-is and To-be processes in future sessions.
Broad acceptance of stakeholder segmentation but need for refinement and clarity on applicability	Segmentation generally accepted but required refinement (e.g. separating NPTs and aggregators), expanded coverage of additional stakeholders (e.g. community groups), and greater clarity on applicability of reforms for certain groups (e.g. demand-side/flexibility participants).

CBA

Summary: The Panel supported the whole-system Cost Benefit Analysis approach while highlighting key uncertainties and modelling considerations, particularly around liquidity impacts, behavioural responses and sensitivity testing across design choices.

Theme	Concise summary
Capturing market dynamics	Stakeholders consistently highlighted that liquidity, behaviour change and trading strategies are likely to have the most material impacts but are also the most challenging to model robustly. Participants raised the exclusion of policy changes such as P462 from the counterfactual and the need to reflect phased implementation of some reforms.
Definition and scope of a "whole-system" CBA	Stakeholders support a whole-system approach to the Cost Benefit Analysis, however there were differing views on the exact scope. Participants pushed for clarity with regards to distribution-level impacts, interactions with flexibility markets and implications for / interactions with network investment.
BM action efficiency	Several participants mentioned skip rates and associated lost revenue, particularly for smaller or newly participating assets. They asked what assumptions would be made regarding skip rates in the analysis. Concerns were raised that lowering BM thresholds without addressing skip rates could materially reduce revenues and distort incentives, with limited ability to recover losses through CM or CfD mechanisms. NESO noted the ongoing work it is performing to lower skip rates.
NESO's use of existing tooling	Participants highlighted that NESO may not be fully utilising existing tools and capabilities today and questioned how this could evolve in the future. This was identified as an important consideration when defining the counterfactual against which the reforms are assessed.

Next Steps

NESO is considering the feedback obtained in the session to tailor the Cost Benefit Analysis and Implementation Assessments. This will conclude in the Cost Benefit Analysis methodology proposal that will be shared and discussed with the Expert Panel in July. Along with the development of the assessment, NESO is setting up a workplan to address the concerns related with the implementation of the reforms, in order to provide a holistic recommendation on the balancing reforms.