

Power Responsive Steering Group

Meeting Summary

Date: 20th January 2025, 13:00–15:00.

Hosted online via Microsoft Teams.

For any questions, please contact power.responsive@nationalenergyiso.com

| Agenda |
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| 1. Welcome and introductions |
| 2. Department for Energy Security and Net Zero (DESNZ) update 3. Ofgem update |
| 4. Operational Metering Independent Review update 5. Enabling Demand Side Flexibility in NESO Markets report 6. Demand Side Flexibility Routes to Market stage 2 7. Power Responsive Annual Report 2024 update 8. Look ahead – Power Responsive engagements in 2025 |
| 9. Steering Group Actions, AOB & Meeting Close: i. Next Meeting – 13:00–15:00, 07 April 2025 via Teams. |

Introduction and Meeting Agenda: James Kerr (Power Responsive) introduced the meeting, outlining the agenda and the team members involved in the discussion, including updates from Anca Mihalache (DESNZ) and Ashley Malster (Ofgem) and others.

DESNZ update: Anca Mihalache (DESNZ) discussed the **Clean Power Action Plan**, highlighting the need for increased battery storage and demand side response by 2030, and the government's commitment to publishing a low carbon flexibility road map in 2025.

- **Publication and Purpose:** The Low Carbon Flexibility roadmap is set to be published in 2025. Its purpose is to consolidate existing and future actions to drive both short and long-duration flexibility for clean power by 2030 and for net zero by 2050.
- **Government Commitment:** The government has shown a strong commitment to flexibility, with the Secretary of State and Minister Shanks emphasizing its importance during recent workshops.
- **Consumer Focus:** The road map aims to put consumers at the heart of the transformation, referring to demand side response as consumer-led flexibility.
- **Coordination and Collaboration:** The road map addresses the challenge of coordinating across various policy areas, industry, and consumer groups. It aims to go beyond the 2030 horizon of the Clean Power Action Plan and consider flexibility needs for achieving net zero by 2050.
- **Workshops and Engagement:** Several workshops have been held, and more are planned for March and April to discuss potential actions for the road map. Stakeholders are encouraged to provide feedback and suggestions.
- **Monitoring Framework:** An enduring monitoring framework will be implemented to continue the dialogue with industry and consumers around the role of flexibility.
- **Contact information:** FlexibilityRoadmap@energysecurity.gov.uk

Ofgem update: Ashley Malster (Ofgem) provided an update covering Clean Power 30, Market Facilitator, Flexibility Asset Registration, LCM amendments, Electricity Distribution Price Controls (ED3) and the Smart Secure Energy Systems.

- **Promotion of Flexibility:** Ashley emphasized the role of Ofgem in promoting flexibility and reducing barriers to flexibility. This includes participating in the Clean Power 2030 and the Low Carbon Road Map initiatives.
- **Market Facilitator Role:** Ofgem is setting up a new governance role called the Market Facilitator to standardize the way different flex markets work, particularly the DSO markets, and align them with the ESO/NESO market arrangements.
- **Flexibility Digital Infrastructure:** Ashley discussed the flexibility market asset registration (F MAR) as a key first step in flexibility digital infrastructure. This aims to align registration processes across different markets and provide common collection, storage, and access of flexible asset data.
- **Regulation of NESO:** Ofgem has provided regulatory approval for market amendments to the Local Constraint Market (LCM) and the introduction of a new version of the demand flexibility scheme.
- **Electricity Distribution:** Ashley mentioned that Ofgem has been consulting on the overarching framework for the next electricity distribution network price control (ED3). The focus is on ensuring sufficient capacity in the DNA network to allow distributed flexibility to play its part in the nationwide system.
- **Smart Secure Energy Systems (SSES):** Ashley highlighted the new regulatory regime known as SSES, led by DESNZ, with Ofgem developing the draft license conditions.

Operational Metering Independent Review update: Will Gratton (NESO) updated on the independent review of operational metering requirements by DNV, highlighting challenges and delays, with final delivery expected in May 2025. [Detailed slides](#) from the Operational Metering Working Group on 08 January 2025 can be found on the [Power Responsive pages](#) of the NESO website.

- **Project Overview:** The review was initiated by NESO in May 2024 to address the operational metering requirements that have been identified as a key blocker for accessing the balancing mechanism and NESO balancing services.
- **Initial Findings:** In August 2024, DNV presented findings from the first two work packages, which assessed the current metering requirements against asset capabilities and benchmarked them against other TSOs across Europe and around the world. They found that the current requirements mainly act as a barrier for assets smaller than one megawatt due to the costs associated with achieving the current accuracy requirement of 1% and the read frequency of one second.
- **Recommendations:** DNV recommended that NESO should specify operational metering requirements at the portfolio level when aggregating smaller-scale assets from consumer energy resources.
- **Challenges and Delays:** The latest work package, which involves an in-depth impact assessment of different metering solutions on balancing activities, has encountered challenges and delays. The scope of work has been increased to include a detailed assessment of how much consumer energy resources could move at any one time as we move towards 2035 and beyond.
- **Next Steps:** The project is now expected to be completed by May 2025. There will be several touchpoints over the next few months, including a

touchpoint in February with the Operational Metering Working Group to present interim findings and start discussions on implementation. The final wrap-up of the impact assessment and continued conversations around implementation and monitoring are expected by the end of March.

Enabling Demand Side Flexibility in NESO Markets: Nicolas Manea (NESO) presented the publication on enabling demand side flexibility in NESO markets, outlining the vision, outcomes, and key actions to develop coherent market arrangements, remove barriers and align with the DSOs.

- **Vision and Outcomes:** Nicolas emphasised the importance of developing a coherent, competitive and coordinated market arrangement that supports demand side flexibility. This involves creating a set of workstreams that showcases the action plans for the integration of flexible assets into the energy system, ensuring that these assets can participate in various market mechanisms.
- **Key Actions:** Nicolas highlighted several key actions that need to be taken to achieve this vision. These include:
 - Develop coherent roadmaps for NESO markets, focusing first on more joined-up plans for thermal constraints and slow reserve markets coming later in 2025, to clarify how demand side flexibility can realise its potential.
 - Remove barriers from current NESO markets including the Balancing Mechanism and ensure demand side flexibility capabilities are informing service design for Slow Reserve and Static Recovery.
 - Include "stackable " in our market design principle and ensure the new services we launch will enable stacking where possible.
 - Work with DNOs and the Market Facilitator to improve market coordination across both service design, procurement and operation
- **Contact details:** flexibilitystrategy@nationalenergyiso.com

Demand Side Flexibility Routes to Market Review stage 2: Damien Kelly (NESO) discussed the routes to market review, focusing on identifying and removing barriers for demand side flexibility, with plans to publish stage 3 in the coming months.

- **Project Objective:** The project aims to identify and remove barriers for demand side flexibility across services to increase competition and participation.
- **Stages of the Review:** Stage 1 involved engaging with industry and stakeholders to identify barriers, while Stage 2 focused on setting out prioritization of service changes.
- **Prioritization Approach:** The prioritization approach involves focusing on services where small changes can enable significant participation, with static recovery, slow reserve, balancing mechanism, and DFS being key priorities.
- **Barrier Removal Process:** The report outlines a high-level process for barrier removal, from identification to implementation, and maps barriers against this process.
- **Current Status:** The updated barrier summary highlights progress over the past six months and simplifies the presentation of barriers based on feedback.
- **Future Plans:** Future plans include publishing a document around Stage 3 and initiating an ongoing process of barrier identification and removal.
- **Contact details:** flexibilitystrategy@nationalenergyiso.com

Industry Feedback and Concerns: Participants expressed concerns about the speed of change and the need for more iterative and flexible approaches to implementing market changes.

Power Responsive Annual Report and Future Events: James Kerr (Power Responsive) provided a brief update on the annual report for 2024 and Vanessa Jones (Power Responsive) outlined upcoming events and conferences to foster collaboration and innovation within the community.

Actions and Next Steps: The meeting concluded with a discussion summary of next steps, emphasizing the importance of feedback and collaboration to achieve shared goals. The next Steering Group meeting is scheduled for **07 April 2025** – invites will be sent via email.

- **Action:** All attendees requested to complete a short feedback survey
 - [Complete the survey](#)
- **Action:** Power Responsive to share slides and whiteboards from Low Carbon Flexibility roadmap workshops.
 - Whiteboards shared in Teams chat in meeting – *n.b. whiteboards are now closed*
 - Slides to be shared with meeting notes via email
- **Action:** Power Responsive to share link to Enabling Demand Side Flexibility webinar – 14:00–15:30, Wednesday 29 January 2025
 - [Sign up here](#)

Summary of questions not answered in meeting:

1. What steps were skipped or shortened to achieve DFS launch so quickly in 2022?
 - *Answer. In 2022, the ESO was facing an extremely challenging winter because of sub-optimal operational contingency availability caused by geopolitical shocks to the energy market. DFS was developed at pace, alongside customers, to provide the system operator with additional contingency outside of the ESO's suite of core balancing services. Due to the critical urgency of the operational need, the ESO and Ofgem were able to accelerate the timeline for design and approvals in this case.*
2. The DFS column in the barriers to entry diagram is already out of date, the new rules are stopping some of the market from participating.
 - *Answer. The Route to Market review is based on the current DFS terms. We welcome any feedback or barriers for providers participating in DFS that we're not already aware of though the Routes to Market review or through your engagement with the DFS team.*
3. What aspects of new DFS rules are stopping things?
 - *Answer. This question may have been asked in response to question 2. You can find details of the barriers we have identified in the [Demand Side Flexibility Routes to Market Review – Stage 2: prioritisation document](#).*