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Newcastle upon Tyne
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7 February 2024

Joseph Cosier, Senior Policy Manager
DSO Governance
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Dear Joseph,

Consultation on market facilitator delivery body, following consultation on Local Energy Institutions and Governance

Northern Powergrid agrees in principle with Ofgem's assessment of the options of the FSO and Elexon as the delivery body for the market facilitation role. While we recognise the benefits and limitations of both options, our recommendation is for Elexon to take the role due to their clear impartial position. The expertise of the FSO would still feed into development of processes and standards as a participant.

As noted in our previous response to the consultation on Local Energy Institutions and Governance, we agree that the FSO is well positioned to carry out the role and any potential conflicts of interest are not unmanageable. However, we believe establishing the FSO to address the new responsibilities it will hold is already a significant undertaking and that any addition to those responsibilities must be well considered in terms of deliverability.

In addition, if Elexon is the Market Facilitator the FSO will naturally remain closely involved as a participant alongside DNOs and as such the institutional skills regarding flexibility markets and the potential to help align transmission and distribution markets will not be lost.

The proposal of Elexon as delivery body fully addresses any impartiality concerns and provides an option that brings additional capacity to the growing area of flexibility markets, adding both a new organisational perspective and resource.

NORTHERN POWERGRID

We believe Ofgem's assessment of the implementation steps to modify the BSC to write the market facilitator role into the BSC is fair, however we do not see it as a reasonable impediment to implementing the market facilitator role in the required time-scales.

In summary, we believe that Elexon would be the preferred candidate to take on the role of Market Facilitator due to its clear independence and there would be the added benefit of supplementing the area of flexibility markets with additional capacity and capability.

Yours sincerely,

A handwritten signature in black ink, appearing to read "P. Glendinning". The signature is written in a cursive, flowing style.

Paul Glendinning
Director of Energy Systems