



Market Facilitator Delivery Body

About myenergi

myenergi is a manufacturer of energy smart technology targeted at the domestic sector. Our mission is to promote energy independence through a range of innovative, eco-smart products, all manufactured and designed in the UK.

myenergi has more than 100,000 connected devices installed in UK homes, with an estimated total installed capacity of 600MW or more. As a manufacturer of energy smart technology targeted at the domestic sector, we are predominantly interested in the opportunity for demand side response services from residential customers.

Consultation

Q1. Do you agree with the proposed market facilitator design principles (in paragraphs 2.22 - 2.28)? If not, what additions or changes do you suggest?

myenergi agrees that the proposed market facilitator design principles Ofgem have highlighted are sensible and imperative to delivering the vision set out within the consultation document.

In terms of additions to the list of design principles, we believe that 'accessibility' should also be considered as viable attribute. The role of the market facilitator is to deliver easily accessible DSO markets, and we believe that this should be highlighted as one of the key design principles.

There are currently common barriers preventing flexibility providers from participating within the flexibility market. These barriers often impact smaller flexibility providers as the market is currently very much set up to cater for much larger, industrial and commercial-scale operators. Accelerating the delivery of coordinated and trusted markets involves lifting these barriers and improving market access to create a level playing field and accessibility for all participants. Therefore, myenergi considered 'accessibility' to be a key design of the market facilitator, ensuring that any processes or governance arrangements enables accessibility to the flexibility markets, and reduces barriers for all participants.

It could be argued that 'accessibility' would perhaps fall under the design principles of 'inclusive and collaborative' or 'transparent', but we believe that 'accessibility' should be observed as its own principle, to evaluate the merits of Elexon and the FSO.

Q2. Do you think some of the design principles are more important than others? If so, which should we attach greater weight to?

Whilst we agree that all of the design principles are imperative to enabling a successful and suitable market facilitator, we believe that 'delivery at pace' is perhaps the principle which should have the greatest weight attached to it. Achieving Net Zero is reliant on energy

flexibility, however, energy regulation and governance can be slow and hinder innovation and progression in some markets. Most, if not all, of the other design principles highlighted are reliant on decisions and progress being delivered quickly. For example, accessibility, a design principle we believe should be included, requires decisions to be made quickly in order to achieve fully accessible markets. Barriers, such as insufficient visibility, and lack of coordination and common processes, will prevent smaller flexibility providers from participating in the market. However, if there is no progress in removing these barriers in a timely manner, then the markets remain inaccessible and the benefits of flexibility cannot be unlocked at scale.

The fast-moving pace of the evolving energy sector, and uptake of renewable energy technology, requires flexibility to emerge quickly and at scale. Slow decision making processes will only cause delay to delivering the vision for market facilitation of flexible resources and meeting decarbonisation targets.

Q3. How important is it for the market facilitator to be able to align transmission and distribution flexibility market arrangements? Why?

The market facilitator would be responsible for aligning transmission and distribution flexibility market arrangements, therefore it is very important that they are able to do this successfully.

Q4. How important is ease of implementation and enabling a smooth transition when considering the market facilitator delivery body? Why?

The speed and ease of the market facilitator becoming operational is an important consideration when deciding who is most suitable for the role. The flexibility market will have a huge role to play in the energy system as the number of connected assets grow in the UK. The government's ambition to reach net zero means that the UK will be running mainly from renewable energy, and flexibility is the only logical way of achieving this goal successfully, therefore, it is important that the benefits of flexibility are unlocked as soon as possible.

We understand the concern raised by Ofgem in that appointing Elexon as the market facilitator may lead to delays in enabling a smooth transition due to relying on a third party to raise a modification proposal, which may be a lengthy process. However, the process of Elexon potentially becoming the market facilitator has been clearly established by Ofgem within this consultation document, which will also provide significant opportunities for stakeholders to engage throughout this process. The issue appears to be the timeline of this process, and the uncertainty that surrounds that.

However, the FSO does not yet exist, and there is still an element of uncertainty around the scope of works and responsibilities the FSO will be expected to undertake. It is difficult to be confident that the FSO will enable a smooth transition as it has not yet been established, therefore it cannot be determined what the timeline would be to appoint the FSO as the market facilitator.

Q5. Do you agree with our assessment of Elexon's suitability for the market facilitator role? If not, why not?

myenergi agrees with the assessment made of Elexon's suitability for the market facilitator role and believe it is a credible option. Elexon should be impartial due to them not directly participating in flexibility markets, therefore there should be no conflict of interest.

Elexon has a positive reputation within the energy industry, and we believe that they would be inclusive of all energy market actors. We believe that Elexon will be the most sensible choice for the role of market facilitator from the available options.

Q6. Do you agree with our assessment of the FSO's suitability for the market facilitator role? If not, why not?

As the Future System Operator has not yet been established in terms of scope, it is difficult to make an assessment of whether the FSO is able to accept further burden by taking on the market facilitator role. The FSO has evolved from the Electricity System Operator, therefore, it is assumed that the FSO will be resourced from existing roles within the ESO. There are concerns that the FSO may not have the right experience in engaging with the energy market actors the market facilitator role will affect, due to their already established relationships within the energy sector.

Ofgem have stated that their vision for market facilitation of flexible resources, is for open and transparent markets that are not biased by the commercial interests of the buyer(s). myenergi, along with other industry stakeholders, are concerned that there may be a potential conflict of interest should the FSO be appointed the market facilitator role.

Q7. Do you believe Elexon or the FSO is better suited to take on the market facilitator role when considering the design principles and wider considerations?

myenergi believes that Elexon is better suited to take on the market facilitator role. Ofgem themselves have stated that the markets should not be biased by the commercial interest of the buyer(s), therefore, as stated previously, we can foresee a potential conflict of interest should the FSO be appointed the market facilitator role. The market facilitator should be completely independent from existing flexibility markets which includes the ESO and DSO's.

Elexon are already established, unlike the Future System Operator, therefore there is no uncertainty around the scope of works they already undertake and whether they are adequately resourced to take in the market facilitator role.