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Dear Euan, Nina and Francis

Flexibility Market Asset Registration Consultation

BUUK Infrastructure (BUUK) welcomes the opportunity to respond to this consultation regarding implementing a new Flexibility Market Asset Registration service.

Overview of our business

BUUK Infrastructure (BUUK) is the leading UK multi-utility infrastructure investor, working across Great Britain and competing against incumbent utility companies. Our initial interest in utilities began with ownership of regulated gas networks and we have gradually expanded our portfolio into other utility sectors including electricity, fibre, water, wastewater, and heat.

Our IDNO electricity distribution networks business supplies over 800,000 domestic customers. In the load control and Demand Side Response (DSR) service provider market BUUK infrastructure's Levelise and Passiv businesses aim to be major future players and are at the forefront of developments in the market. An overview of their current activities:

Levelise

Levelise was founded in 2017 in Oxford and purchased by BUUK Infrastructure in 2023. Levelise provides a fully managed service for onboarding and orchestrating Energy Smart Appliances (ESA) and offers a full route to market asset optimisation service.

In October 2019 Levelise became the first provider of Firm Frequency Response services solely from residential behind the meter assets to the Electricity System Operator (ESO), and since has continuously provided ancillary services. Levelise is the UK's largest optimiser of residential assets and has over 5,000 assets connected to our virtual power plant (VPP), including solar PV connected battery storage systems and hot water tanks.

Levelise enables domestic residential owners of ESA assets to be paid to participate in valuable flexibility markets, reducing the payback period for their investments and extending the operating life and efficiency of their solar battery storage systems.

Passiv

Passiv is part of the BUUK Infrastructure group of companies. With experience in over 50 innovation projects over the past three years Passiv has explored the DSR potential of the electrification of heat. As part of these projects, Passiv has implemented several domestic

DSR solutions with heat pumps, utilising both the thermal fabric of the home as well as batteries and thermal stores.

Passiv is a leading provider of smart heat pump control solutions. For over a decade, Passiv has developed cutting edge optimisation algorithms that maximise the efficiency of domestic heat pumps and hybrid systems. We develop predictive control, energy aggregation and flexibility services at the intersection of consumers' homes with the energy system. Our vision is 'to be the home decarbonisation technology leader.'

Summary of BUUK views

As a provider of residential flexibility services, we recognised the issues that this initiative is aimed to help resolve and are therefore supportive of its implementation.

We understand the logic for choosing Elexon to oversee and implement the new service and have experience of working with them, most recently with their Market Wide Half Hourly Settlement programme. With a suitable increase in resource and the right choice of service providers we believe that they could deliver the service described in the consultation.

A key challenge will be to meet the proposed implementation timetable. Agreeing the specification and details for the new service is likely to be time consuming.

We understand the logic for an industry working group to help define the details of the service and support its establishment but these can extend the timescales of industry projects. It will be essential that Elexon properly chairs and supports this group and allows for sufficient consultation with interested parties who are not able to commit to joining this work. An open and transparent process will be crucial to ensure the solution has the support of industry parties.

Alex Travell
Head of Regulation

Responses to consultation questions:***Q1. Do you agree that policy intervention is needed to deliver common Flexibility Market Asset Registration?***

Yes, we recognise the issue and as a flexibility service provider have experience of the administration that is currently required in providing services to the ESO. A new service that aims to mitigate this burden and makes the process of engaging with the ESO and DSO easier would be welcome. The industry has been unable to work collaboratively to deliver collective solutions to the issue to date and therefore an intervention to deliver a solution is justified.

Q2. Do you agree that for other FDI outcomes policy intervention is not needed at this stage? Are there any risks to consider with this approach to FDI delivery?

We recognise that other aspects of the FDI might provide value and be beneficial but these would mostly rely on their being a common register of assets in place and therefore pursuing the implementation of this first makes logical sense.

Q3. Are there any other policy alignments or industry developments, in the UK or internationally, which should be considered as part of ongoing FDI policy development?

Not that we are aware of. There are risks with the development of the DSI in tandem with the development of the Flexibility Market Asset Register and the potential for misalignment.

These can only be mitigated by a close working relationship between NESO and Elexon in their respective development. Whether the organisations will be able to deliver this is not certain at this point as both are new to this area of work. We believe there will be a valuable role for Ofgem in ensuring that these licenced entities work collaboratively in delivering their respective and interlinked projects.

Q4. Do you agree with the scope proposed for markets, assets, and data? Should anything else be considered?

Yes, the scope of the markets and the proposed data items to be collected seem correct.

Q5. Do you agree with the functional outcomes? Should anything else be considered?

Yes, although it isn't clear as to who will define, or ensure, the quality of the data held on the register, it is sufficient to meet the needs of the service use cases. Clarity on this should be clearly set out from the outset.

Q6. Do you agree with the design principles? Should anything else be considered?

Yes, the solution should also include a design principle that the solution is adaptable and easy to change.

The requirements and scope are bound to change over time and having a service that can evolve to meet changing needs will be vital. Not having this a consideration risks implementing an inflexible service that becomes a barrier to the market developing and evolving.

For example, there is clear potential overlap between this service and a potential Common Asset Register. Restricting the ability of the service to evolve to meet future need would be a mistake.

Q7. Do you agree with the enablers and design activities needed and for the Market Facilitator to coordinate Working Groups for them? If not, what other activities and governance arrangements should be considered?

Yes, it is important for someone to lead on the delivery of the design for the service and to be accountable for its delivery. The process will need to be transparent and inclusive to deliver the best outcome and to ensure that there is broader buy-in and support for the final design.

This can only be achieved by a process that is open to a broad range of stakeholders, allowing them to either participate directly or to have visibility of what is being discussed.

This may be a challenge for Elexon. Its experience of administering the BSC is based upon closed working groups made up of named individuals with outputs not often being made publicly available.

Evolving to deliver a different level and style of stakeholder engagement will be a challenge for them and will require a move away from their current operating model. This however is a requirement for their new role as the Flexibility Market Facilitator and the delivery of the Flexibility Market Asset Register will be the first test for them of whether they can meet the challenge.

Q8. What are the advantages and disadvantages of the proposed delivery body options for the Flexibility Market Asset Registration digital infrastructure? Are there any additional options that should be considered? Do you agree with the justification for discounting approaches?

We agree with the logic applied to choosing the option for the Flexibility Market Facilitator to deliver the Flexibility Market Asset Register.

Q9. Do you agree with the timelines proposed? Should anything else be considered?

The new Flexibility Market Facilitator role is not likely to be fully established until 2026. There is however nothing stopping Elexon using its current resource to start the design work in 2025.

It is unlikely that this work will be completed by the end of 2025 as this activity needs to be thorough, include input from many stakeholders and be widely consulted upon. This stage of the process often takes longer to deliver than policy makers initially suggest but is vital in ensuring that the eventual outcome and service is robust and meets the needs of the market.

Assuming the design stage is completed by mid-2026 then it should not take too long for the Flexibility Market Facilitator to source and implement a solution. Therefore, the suggested implementation date of 2028 should be achievable.

Q10. What existing or new policy levers could be used to improve asset visibility?

The most effective policy lever to improve asset visibility would be to amend Building Regulations as this would have the greatest impact and visibility for homeowners and

installers. Amendments to IET Wiring Regulations may also be beneficial as this would apply greater pressure to installers. However, this is less well understood by consumers and therefore potentially less of a driver in the discussions between them and their chosen ESA installer.

Q11. What use cases for asset visibility should be considered as priorities and why?

The use cases for flexibility service providers and distribution network operators are clear and should be prioritised in the first instance.

Further use cases could include academic research, supporting policy development and helping the NESO develop Regional Energy System Plans. Additional use cases are likely to be dependent on other aspects of the Government's Digitalisation Strategy being in place, especially the DSI and the Consumer Consent service.

Q12. What costs, benefits or factors should be considered in a Cost-Benefit Analysis for asset registration solutions? Consideration should be given to: a) the time (in minutes) and resources required to complete current EREC G98, EREC G99 and MCS asset registrations (accounting for any recent process improvements, including ENA's Connect Direct) b) the current rate of duplicative registration processes for assets (e.g. networks and MCS) c) whether any additional asset data (beyond that of the current registration processes) needs to be registered to enable the benefit cases to be realised d) the costs to establish and maintain a register of assets e) the process required to assess suitability in accessing asset data f) what the essential asset registration requirements are to enable the benefit cases to be realised

We anticipate that we will have reduced administration costs for our flexibility service provider companies once the Flexibility Market Asset Register is implemented. It is however difficult at this point in time to quantify this without further detail from Elexon as to how the new service will work in detail.

It isn't clear to us as to how the proposed Flexibility Market Asset Register will aid in the processing of G98/G99 applications by our electricity network business. The trialled Common Asset Register (and associated Automated Asset Register) currently being trialled by DESNZ has potential to make the process more robust and to reduce our administrative costs.

However, until there is clarity as to how this will be implemented and when it is difficult for us to provide any detailed costs. Qualitative benefits are easier to see and include improvements to the quantity of assets notified by installers, reduced effort on behalf of the customers and their asset installers and lower administrative costs for our network business in processing applications.

It would be good to get greater clarity next year from Government and Ofgem on how the Flexibility Market Asset Register and Common Asset Register will evolve, how any duplication can be avoided and how a solution that meets the complementary use cases can be developed as quickly and as robustly as possible.