

Decentralised Energy Systems Team

The Office of Gas and Electricity Markets

10 South Colonnade

Canary Wharf

London

E14 4PU

By email to: flexibility@ofgem.gov.uk

Date

23rd September 2024

Dear Euan, Nina Klein and Francis Mosley

SP Energy Networks response to Ofgem's Flexibility Market Asset Registration Consultation

This letter is from SP Energy Networks (SPEN), representing SP Distribution (SPD), SP Manweb (SPM) and SP Transmission (SPT). We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD) which serves two million customers, and Merseyside and North Wales (SPM) which serves one and a half million customers. We are also the Transmission Owner (SPT) for Central and South Scotland.

We welcome the opportunity to respond to Ofgem's consultation on Flexibility Market Asset Registration (FMAR). The development of common FMAR will support the growth of flexibility markets and address one of the barriers identified by market participants. This will need to be supported by improved market engagement, market coordination and the delivery of the remaining Flexibility Digital Infrastructure (FDI) outcomes.

In developing a timely and cost-effective solution consideration should be given to existing Independent Market Platforms as part of the FMAR system. These platforms are existing vehicles that are easily able to communicate with customers and collect registration data, and DNOs are currently incentivised to work with these platforms. This data could then be held, managed, and governed by another entity such as the Market Facilitator.

Given the timeframe for the establishment of the Market Facilitator it also seems prudent to utilise the existing Energy Networks Association (ENA) Open Networks project to accelerate the delivery of the FMAR. This approach could both compress the timelines proposed for delivery and provide the Market Facilitator with significant pre-work on common asset registration before it is fully established in late 2025 or early 2026. Elexon should be actively engaged throughout this process to ensure that early FMAR development aligns with their long-term strategy for the system.

The involvement of stakeholders outlined in sections 4.15 and 4.16 of the consultation is also paramount. The common asset registration process must be developed with clear user journeys mapped, defined and streamlined in order to meet the functional specification of the FMAR.

In designing the FMAR it should also be recognised that the ESO and DSOs need to have some way to reconcile the electrical connectivity of assets being registered. Whilst postcodes or X,Y coordinates may be sufficient for widescale flexibility requirements they do not provide the specificity for DSOs who could be procuring flexibility to address LV or HV network issues. For this reason, we believe it is essential that any assets registered reference an MPAN, the existing unique identifier for each metered point on the network. The design of the FMAR will still need to consider how it will reconcile multiple assets registered to the same MPAN if they are being operated by different Flexibility Service Providers (FSPs).

Our detailed responses to the questions in the consultation can be found in **Annex 1**.

Please do not hesitate to contact me if you wish to discuss any aspect of this letter or our response to the questions in the consultation.

Yours faithfully

Gerard Boyd

Head of Flexibility

ANNEX 1

SP Energy Networks (SPEN) response to Ofgem's Flexibility Market Asset Registration consultation

Q1. Do you agree that policy intervention is needed to deliver common Flexibility Market Asset Registration?

We broadly agree that policy intervention may be beneficial to deliver FMAR and detail the long-term governance and ownership of this system. However, in depth consideration should be given to the existing initiatives that have or are looking to deliver similar benefits, as some of these may be combined, repurposed or enhanced to drive the same outcome with the least duplication of effort.

Key areas where policy intervention could drive benefits include:-

- Providing clarity on data protection and data sharing mechanisms.
- Clearly defined roles and responsibilities for data handling and transfer between interoperable platforms, System Operators and FSPs.
- Mandating of interoperability between flexibility platforms, asset registration tools and System Operator access arrangements.

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?

Whilst policy intervention may not be required at this time, regulatory guidance and support on the development of FDI outcomes will help to progress other FDI outcomes prior to the implementation of the Market Facilitator role.

We agree that other FDI outcomes can be achieved without additional policy intervention. Many of these areas are being progressed through innovation projects and ENA's Open Networks programme. To highlight a few areas progressed by Open Networks, 80% of technical and commercial pre-qualification data requirements have been aligned across DNOs, with ESO having committed to aligning with this standard where technically and commercially feasible. DSO flexibility services have been harmonised through aligned technical requirements and processes. The standardisation of DSO settlement processes is underway, including a standardised set of equations to establish a consistent value of services provided across the network. Open Networks is also progressing further areas of ESO-DSO coordination through enhancing and standardising operational data exchanged across T-D boundaries and developing processes and defining data requirements for establishing primacy rules.

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?

Ofgem recently consulted on the Governance of the Data Sharing Infrastructure, whilst the use cases may differ there is a clear overlap in terms of ambition, function and common data sets. It is critical that developments across the FDI and DSI are coordinated and avoid where

possible duplication of effort and ensure interoperability whilst simplifying processes and market access for existing or future participants.

We would also like to emphasise the importance of aligning with Ofgem's ongoing consultation on the Consumer Consent Framework. Although the specifics of how the Consent Solution will underpin the FDI are not yet clear, it will undoubtedly shape the outcomes, usage of the data, and supplier engagement.

Our colleagues Iberdrola Group are active participants in the BeFlexible¹ project, an EU funded initiative seeking to increase the participation of prosumers to increase the flexibility of the electricity system across Europe. This project has a conceptual block entirely focused on the platforms, architecture and data standards required to facilitate interoperability. Further investigation of and collaboration with international projects like BeFlexible may help to drive not just UK standards but international standards, this will support an increasing number of FSPs that are operating in multiple international markets.

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

In terms of assets, it should be considered that both the ESO and DSOs need the capability to reference an asset to the point at which it is connected to the network. It is our view that the MPAN number is the most appropriate existing unique identifier that can be used for this purpose. Whilst Postcode or X,Y coordinates provide an approximation of location that is suitable for the ESO this does not provide sufficient specificity for DSOs who could be procuring flexibility to address LV or HV network issues. It should also be noted that whilst it may be possible for multiple assets to be registered at a single MPAN and to be managed by different FSPs (e.g. a Heat Pump and an EV Charge point being managed by two FSPs at a single premise) this will require additional market coordination between those FSPs. This also further complicates the process of baselining and measuring against said baseline for the purpose of measuring the level of service provided by and FSP.

It is also essential that the design of a common asset register considers and handles the implications of the types of data populated, in particular the fact that some of the data highlighted will fall within the bounds of GDPR (e.g. MPAN). The ESO and DSOs will need to access this information so the design of the common asset register will need to allow, seamless access to all pertinent information.

Consideration should be given to cyber security where FSPs are able to access customer data and there are possible critical national infrastructure interactions. A process should be defined for authentication of who is registering an asset at the user/FSP level or asset level. A parallel can be drawn with social security numbers in the US and the ability to prove ownership of a designated user ID. We recommend that robust processes are developed to not only collect but also validate asset registration data where possible, and to avoid duplication.

¹ [BeFlexible project](#) – EU funded BeFlexible project

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

We agree with the functional outcomes but would again emphasise the importance of MPAN, as a critical reference point to the electrical connectivity of an asset. The MPAN is essential to allow DSOs to relate an asset to the network.

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

We agree with the design principles, although we recognise the challenge in aligning to often competing design principles e.g. cost effectiveness vs timely delivery.

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?

We agree that the Market Facilitator is the correct body to deliver the common asset registration deliverable from the Flexibility Digital Infrastructure.

The involvement of stakeholders outlined in sections 4.15 and 4.16 of the consultation is also paramount. The common asset registration process must be developed with clear user journeys mapped, defined and streamlined in order to meet the functional specification outlined within the consultation.

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?

Whilst we agree that the Market Facilitator is the correct body to deliver the common asset registration deliverable, there is significant design and development work that could be carried out via the ENA Open Networks project. This approach could both compress the timelines proposed for delivery and provide the Market Facilitator with significant pre-work on common asset registration before it is fully established in late 2025/early 2026. The Market Facilitator should be actively engaged throughout this process to ensure that the early development aligns with their long-term strategy for the system.

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

Referencing our response to question 8, it may be possible to compress the delivery timelines if sufficient design work can be carried out in 2025 ahead of the establishment of the Market Facilitator.

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

Across the Ofgem defined DSO roles; Network Planning, Market Development and Network Operation we are increasingly identifying use cases where access to smart meter data at an MPAN level would provide beneficial outcomes for customers. Whilst the original decision to allow DNOs access to aggregated smart meter data was predicated on Data Privacy, if we are to unlock the value of the DSO roles and facilitate the transition to Net Zero at lowest overall cost this decision needs to be revisited. This could support common asset registration, through improved processes for customer permissions and also support the baselining of domestic flexibility.

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

We have no specific use cases to propose at this time outside the growth and coordination of flexibility markets.

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

A detailed Cost Benefit Analysis (CBA) will be crucial to determine the value provided by a common asset register, however the practical factors outlined above may not sufficiently justify the cost to implement and maintain such a system. The true value in removing barriers to market participation aligns with the needs and benefits case for ESO and DSO flexibility markets and how they need to grow in order to meet the inherent challenge of transitioning to Net Zero. The contribution of common asset registration to this market growth may be difficult to quantify but the CBA should outline clearly any assumption(s) on the level of increased participation by FSPs that it justify its creation and ongoing support.