
ADE RESPONSE

OFGEM CONSULTATION ON A MARKET ASSET REGISTRATION SOLUTION

23RD SEPTEMBER 2024

Context

On behalf of our mission Empowering Energy Demand, the ADE welcomes the opportunity to respond to Ofgem's consultation on the Market Asset Registration solution as part of their flexibility digital infrastructure.

Our mission is to embrace the value of a decarbonised, demand-led energy system, creating a future where households, businesses and industry are properly rewarded. The current electricity system is creaking under the demands of a rapidly changing system. We must harness the millions of EVs, heat pumps and the immense industrial demand we have right now to lower bills and keep our electricity system operable. Instead, we're fighting against them. Even more than that, industrial energy is decarbonising with long-term consequences for our energy system – creating new infrastructure and unlocking even greater sources of flexibility. The Government, Ofgem, the CCC and others all recognise that households, businesses and industry should play an active role in a decarbonised electricity system. Now is the time to make this a reality.

Summary

We support the introduction of a Market Asset Registration solution and the positive impacts that this could have across the industry. The proposals laid out in this consultation are still relatively vague, particularly the timeline for delivery which Ofgem has said will likely be between 2025-2028. It is important that industry is not made to wait, particularly with significant developments already happening. Duplication of work already being undertaken will not help progression towards an industry wide solution. It is promising to see that wider policy considerations have been given acknowledgement, such as the impact of operational metering requirements, skip rates, baselining methodologies, ESO/DSO market coordination and revenue stacking. However, it must be made clear from industry how influential these will be for the objectives of the solution to help facilitate participation in service offerings.

Wider work that is happening across industry must also be considered, such as the Automatic Asset Registration (AAR) programme that has developed a Central Asst Register (CAR) for assets at installation and existing DNO tender platforms. We believe that an enduring solution should be delivered by the Market Facilitator, drawing on the technical innovation that has been completed across the industry to establish a solution that facilitates equal access for all flexibility service providers.

Section 2

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

We agree with Ofgem's rationale behind this work. We have seen with the introduction of the Demand Flexibility Service the participation of both new Flexibility Service Providers and customers from having moved away from an arduous registration process. Standardisation will increase competition whilst facilitating a positive consumer experience, without diminishing the standards needed to facilitate delivery of properly stacked services.

We strongly agree that the impacts of wider policy and that significant policy intervention is needed to deliver this solution. Currently operational metering requirements cause exclusion of a wide range of small-scale flexible assets from participating in the BM. Skip rates (where control room chooses to dispatch a more-expensive larger unit rather than a cheaper smaller unit) is also a significant issue that will need to be overcome by ESO (soon to be NESO) before this solution can be impactful. We are still awaiting the results of the independent work conducted by LCP Delta on this issue. Without addressing these, smaller assets will not be able to participate in flexibility regardless of the registration process. Baseline methodologies, ESO/DSO market coordination and revenue stacking progress will also be influential, so we are glad to see the Market Facilitator have a large role in the establishment of this solution. The timeline that Ofgem anticipate for the full implementation of the Market Facilitator, will need to be considered.

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?

Confirmation from Ofgem that an assessment has been undertaken of the status of delivery of the core and supporting outcomes is needed. This would create a clearer steer for policy intervention from industry, such as if things are on track or if industry involvement is required.

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?

The current issue for asset meters located behind non-half hourly settled boundary meters must also be considered in this work and the impact this will have on distributed asset participation in flexibility services. This requirement inhibits participation for a majority of asset meters and must be addressed in the period between now and Market Wide Half Hourly Settlement. The implications of varying metering standards for the flexibility sector, such as the requirements of the Measuring Instruments Regulations (MIR) which currently contradict government policy on smart assets, including the EV Smart Charge Point Regulations 2021 (EV Regulations) and the Energy Act 2023 (owned by DESNZ) should also be considered. Detail on this is laid out in our consultation response to DESNZ's Smart Secure Electricity Systems (SSES) programme which we are glad to see Ofgem acknowledge in the consult. Our response to this can be read [here](#).

Section 3

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

We agree with the scope of markets such as that the Capacity Market have not been included at this time and should be considered later down the line. We also agree that the data that Ofgem has proposed to

be in scope and that specific data fields should be decided through working group sessions hosted by the Market Facilitator, such as how more complex data is integrated into the solution in the future. We would expect for the wholesale market to be included within the scope of this work at a later time also.

We do also agree with the assets that are within scope at this time, as at larger than Type 4 or 5 meter, the installation process is likely to be caught by the 1MW+ registers. In time, these should be brought in scope, but it's not necessary at this time.

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

Consideration into the cost of 'common client APIs' will be required. The costs for organisations to establish APIs could be high, so clarity is needed from Ofgem on the potential funding model for this solution. More clarity on who would be responsible for processing raw data that has not yet been standardised is also required from Ofgem. This could create significant manual pressure across industry participants, so organisations being able to afford to sort through the data will need to be considered. If this was to become the responsibility of the enduring delivery body or industry needs to be set out by Ofgem also.

We would see this infrastructure becoming a public service and therefore should open opportunities for this to be funded in a collective way. We do understand that the funding model would be dependent upon the delivery body chosen.

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

Yes, we agree with the design principles.

Section 4

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. The ENA taking on this work until the Market Facilitator is fully implemented is important and will need to be closely monitored. As laid out in [Ofgem's open letter in July 2023](#), the pace of this work has previously been slow, so consideration into how this work will be resourced over the next two years to deliver the key outcomes and enablers is vital. Elexon must be engaged with this process until they begin coordinating the working groups.

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 Ofgem that this should not be carried out by the DNOs/ ESO (NESO) as they are both 'Not neutral entities in flexibility markets'. Additionally, continuous delay and overspend on IT projects from ESO as well as current approaches to transparency in market design (as highlighted above) adds to these disadvantages. More on this can be read in [our recent publication](#) which emphasises these issues and why we would not consider them the appropriate delivery body.

We consider the Market Facilitator the most appropriate delivery body at this time. Given their 'ability to upskill and take on new roles' in recent years and continually acquiring knowledge through code modification processes, we don't doubt that they are equipped to take on the F-MAR. Within their role, they will also be required to 'work hand-in-hand with NESO and together they will deliver more accessible, coordinated and transparent flexibility markets' where they will be able to acquire transmission network expertise. Elexon adopt a controlled and moderated approach to stakeholder engagement with relevant industry participants, a skill which we would consider especially desirable for this role and for the coordination of industry working groups. Coordination with the REC would be required, which is currently proposed to house the Smart Secure Electricity Systems (SSES) Tariff Data Interoperability Standard.

We agree with Ofgem that the work that has been completed on this in industry through existing innovation projects such as the AAR CAR must be considered by the future delivery body. The evolution of what is happening across industry by the time an enduring solution begins to be developed should also be at the centre of what is established.

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

Although we agree with the proposed timeline, this does not give industry a specific indication as to when they would expect this solution to be implemented. 2025-2028 is vague. As above, industry must not be made to wait for this solution with significant developments already happening. A clearer timeline for deliverables would be useful.

Section 5

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

We agree with the policy levers that have been laid out by Ofgem in the consultation as well as those mentioned above.

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

Consideration into the work ESO have been doing on DER Visibility should be given for asset prioritisation. We do question if use cases such as these are needed to justify the work being carried out by Ofgem, or if we can move forward with a justification by faith that in simply registering these assets, we will create more innovative use cases.

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

Consideration should be given to the counterfactual costs of DNOs adopting one or more registers, with ESO also continuing to adopt a separate registration solution. The associated costs for Flexibility Service Provider and System Operator admin for registering with separate solutions must also be included. Additionally, Ofgem should assess the financial impact that a market asset registration solution would have on revenue stacking, such as the benefits it could provide should also be considered, based on the work that has been done on this by Open Networks and NGED.

A review should be carried out on if any information does not need to be collected by the register, such as longitude and latitude for ESO services for example.

FOR MORE INFORMATION, PLEASE CONTACT:

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