

## **MCS Foundation's response to Ofgem's Call for Input : Flexibility Market Asset Registration**

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### **About us**

Our vision is to make every UK home carbon free. The MCS Foundation drives positive change to decarbonise homes, heat and energy. In the face of today's climate emergency, a carbon free future for UK homes is vital - a future where everyone has access to renewable energy in homes that are warm and energy efficient. Making that happen as quickly as possible drives all of the Foundations work. In addition, the Foundation oversees the [Microgeneration Certification Scheme \(MCS\)](#) which defines, maintains and improves quality standards for renewable energy at buildings scale and is run for public benefit, with the profits going back into the Foundation.

### **Summary**

We support the introduction of a Market Asset Registration solution and recognise the positive impact it could have across the industry. However, the proposals in this consultation remain somewhat vague, particularly regarding the timeline for implementation, which Ofgem anticipates could fall between 2025 and 2028. It is encouraging to see that broader policy considerations have been acknowledged, such as the implications of operational metering requirements, skip rates, baselining methodologies, ESO/DSO market coordination, and revenue stacking. However, the industry must clearly emphasise how critical these factors are in meeting the solution's objectives to enable wider participation in service offerings. Additionally, ongoing initiatives across the industry, such as the Automatic Asset Registration (AAR) program with its Central Asset Register (CAR) for assets at installation and existing DNO tender platforms, should be taken into account. We believe that a sustainable solution should be delivered by the Market Facilitator, leveraging the technical advancements achieved across the sector.

We will answer the specifics in our response to the questions.

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

We support Ofgem's rationale for this initiative, particularly recognising the need for significant policy intervention and the influence of broader policy considerations in delivering an effective solution. Currently, operational metering requirements prevent many small-scale flexible assets from participating in the Balancing Mechanism (BM). Additionally, skip rates (where the control room opts to dispatch a larger, more expensive unit over a smaller, cost-effective one) pose a major challenge that ESO (soon to be NESO) must address for this solution to realise its full potential. We are still

awaiting the findings from LCP Delta's independent research on this issue. Without resolving these barriers, smaller assets will remain unable to participate in flexibility, irrespective of the registration process. Baselining methodologies, improved ESO/DSO market coordination, and advancements in revenue stacking will also play critical roles, so we are pleased to see the Market Facilitator's significant involvement in developing this solution. The timeline Ofgem anticipates for the full implementation of the Market Facilitator will also need careful consideration.

**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?**

n/a

**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 issue of asset meters located behind non-half-hourly settled boundary meters also needs to be addressed in this work, as it significantly impacts the ability of distributed assets to participate in flexibility services. This requirement currently limits participation for a large number of asset meters and should be tackled before the rollout of Market Wide Half-Hourly Settlement. Additionally, the implications of varying metering standards across the flexibility sector—such as the Measuring Instruments Regulations (MIR), which currently conflict with government policies on smart assets, including the 2021 EV Smart Charge Point Regulations and the Energy Act 2023 (under DESNZ)—should also be carefully considered.

As we stated in our response to the DESNZ Smart Secure Electricity Systems consultation, we would advocate that metering should be a requirement of the smart mandate instead of power consumption estimates using a look-up table. Asset meters are preferable for customers, providers, and buyers of flexibility services in a large variety of cases. All markets, including ESO balancing mechanism, Distribution System Operator (DSO) flexibility markets, and independent Demand Side Response Service Provider (DSRSP) participation in the wholesale market as per BSC Mod P415, demands metering accuracy within 2%.

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

Yes.

We agree with the scope of markets outlined, especially the decision to exclude the Capacity Market. We also support the inclusion of the data proposed by Ofgem and believe that specific data fields should be determined through working group sessions led by the Market Facilitator, addressing how more complex data may be integrated into the solution over time. We anticipate that the wholesale market will be incorporated into the scope of this work in the future.

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

Consideration of the costs associated with 'common client APIs' will be essential. Establishing these APIs may be expensive for organisations, so it would be helpful for Ofgem to provide clarity on potential funding models for this solution. We envision this infrastructure functioning as a public

service, which could present opportunities for collective funding. We also understand that the funding model will likely depend on the selected delivery body.

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

Yes.

**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. 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 role should not be undertaken by the DNOs or ESO (soon to be NESO), as they are "not neutral entities in flexibility markets." Additionally, ESO's ongoing delays and budget overruns on IT projects, along with existing transparency issues in market design (as previously highlighted), further underscore these limitations. The ADE's recent publication expands on these points and details why they are not the appropriate choice as a delivery body.<sup>1</sup>

We view the Market Facilitator as the most suitable delivery body at this time. Their proven ability to upskill, adapt to new roles, and gain expertise through code modification processes has prepared them well to take on F-MAR responsibilities. In this role, the Market Facilitator will be expected to "collaborate closely with NESO," enabling the development of more accessible, coordinated, and transparent flexibility markets while acquiring transmission network expertise. Elexon's structured and inclusive approach to stakeholder engagement with relevant industry participants is an asset, particularly valuable for this role and for effectively coordinating industry working groups.

We also agree with Ofgem that the delivery body should consider the progress made in existing innovation projects, such as AAR and CAR, in developing a solution. The ongoing evolution within the industry by the time an enduring solution is ready for implementation should remain central to its design.

**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.

**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.

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<sup>1</sup> [Demanding More: How the National Energy System Operator Can Empower Energy Demand](#)

**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.

**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) 4 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**

n/a