

Decentralised Energy Systems Team
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

SSE plc
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Abiye.martynsyellowe@sse.com

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Dear Decentralised Energy Systems Team,

SSE response to Ofgem's Flexibility Market Asset Registration (FMAR) consultation

This letter is in response to Ofgem's FMAR consultation¹ and is submitted on behalf of SSE's energy businesses – SSE Thermal, SSE Renewables, SSE Enterprise, SSE Energy Solutions and SSE Energy Markets. As we indicated in our response to Ofgem's Call for Input on the Future of Distributed Flexibility last year, we support Ofgem's general ambitions to accelerate the growth of distributed flexibility markets.² We believe Ofgem's current proposals are premature. We have provided answers to the questions posed in the consultation in Annex A, but a summary is also provided below.

- **Requirement for cost benefit analysis:** The development and maintenance of a register of this scale should not be under-estimated. The practicalities around creating a new register as against the current method of registration of assets partaking in flex services needs to be evaluated to be certain that the benefits outweigh the cost before embarking on the project. The cost benefit analysis needs to consider the full costs associated with ongoing maintenance and updates, arising from new approvals/consents, home moves, assets ownership updates etc.
- **Concerns on scope:** We agree with Ofgem's view that there is value in aligning Distribution Network Operator (DNO) and Electricity System Operator (ESO) services, but we are concerned that the proposed scope excludes many assets, including those used by aggregators.
- **Requirement for appropriate incentives:** We are concerned that without mandatory participation and clear incentives, uptake of the register and hence the benefit of it may be limited. When customers are left to make an active choice even with benefits explained, they may not always act and if this turns out to be the case, the register may not necessarily have full visibility of these assets. Mandatory registration at installation could simplify the process and improve participation.
- **Workshops should precede detailed design:** A working group with industry stakeholders should assess and develop this policy, focusing on practical implementation, costs, and current developments in flexibility. Impact on different customer classes, including vulnerable customers should also be considered. Several of these issues could be first explored as part of the cost benefit analysis before detailed development and industry workshops begin.

¹ [Flexibility Market Asset Registration | Ofgem](#)

² [Call for Input: The Future of Distributed Flexibility | Ofgem](#)

- **Leveraging existing workstreams:** Ofgem should build on the experience of ongoing flexibility service workstreams, building on platforms that have already been developed. Ofgem should ensure the proposed delivery body collaborates closely with the ESO, Distribution System Operator (DSO), Flexibility Service Provider (FSP) and other stakeholders currently involved in delivering flexibility services.

Our response is not confidential.

Yours sincerely,

Abiye Martyns-Yellowe
Senior Regulation Analyst

ANNEX A

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

SSE agree that a standardised 'just once' registration for the flexibility market would be beneficial. However, as proposed in the consultation, the benefits to the end user are not very clear and it is of note that the DSO and ESO services have different onboarding requirements but have operated well around their individually set parameters. Given potential complexity and cost of a solution, we consider a cost benefit analysis is carried out and taken into consideration before any concrete plans for implementation progresses.

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?

SSE believe that the policy framework for all the supporting FDI outcomes needs to be sufficiently mature and clearly defined before decisions can be made on the FMAR outcome. The risk to progressing on one outcome in isolation is poor policy interoperation.

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? Section 3

The OneNet programme³, which includes a flexibility register for market operations, and the Australian Energy Market Operator's DER Register⁴ should be considered.

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

Yes, we agree but observe that 3.16 in Ofgem's consultation refers to FSP details, and under 1.22 Ofgem indicates installers would also be a potential source of information - but they are not an FSP. Is Ofgem's intention for the role of installers, to be satisfied under 3.17 which talks about the technical details of the asset?

The scope also seems too narrow as described as we believe important asset classes will be excluded by the suggested scope. Whilst the suggested scope is targeting small-scale domestic and small business assets, given Ofgem's proposed timeline of 2025-2028, we see value in also including larger assets in scope for the register. These could offer the benefit of being less of a complicated asset to hold and maintain registration details for. If prioritised, this could also serve as an important blueprint for future design of a wider register for smaller assets.

Examples of data doesn't seem to allow for simple Demand Side Response (DSR), at domestic boundary meter level (like Demand Flexibility Service, which is not a single asset per se but a collection responding to change output detected at meter level).

³ [Structure - OneNet Project \(onenet-project.eu\)](https://onenet-project.eu)

⁴ [AEMO | About the DER Register](#)

Lastly, Ofgem needs to consider how the assets in an aggregator's fleet used in providing flexibility services are catered to, as this is not currently clear.

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

Yes - SSE support the functional outcomes. We also believe an additional area of focus should be around vulnerability. Whilst it may seem like a consideration suited more to the design principles of the digital infrastructure, the needs of vulnerable persons are significant enough to be designated a functional outcome and built into design principles as well. An example of this is where a stable level of electricity is required to power medical devices or to maintain temperatures within the household through devices such as heat pumps where available. This would need to be exempt from potential flexibility services which aim to deliver flexibility from such devices or properties. Permission rights should be built into register to take account of these.

Also, SSE considers that appropriate incentives should be built in along with a mandatory element to the register. If mandated at installation then consumers only need to indicate to a DSO or FSP if they consent to take part in a particular service which they are then entered into, as their asset details are already registered and retained. The rules that will mandate registration of assets at installation will have to give due attention to proportionality as it might not be a simple case of one rule applying to all.

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

The problem statement put forward (3.1 in the consultation) could be resolved by using a singular approach to registration in all such markets. We note Ofgem talk about alignment of all DSO and ESO services and agree that this will be key in delivering a register that is easy to interact with by all parties for any service. If the onboarding requirements across all flexibility services are the same, it becomes easier for all the different workstreams to bring together individually held information into a central register, with the consent of asset owners.

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?

SSE support the proposal for the Market Facilitator to coordinate working groups as required subject to a cost benefit analysis having confirmed that a FMAR provides greater value than the cost to create and maintain one. It should also be a key objective of the working groups to determine the extent to which activities need to be considered as enablers and what design principles should look like. These working groups should comprise industry and market participants with working knowledge of flexibility services to capably identify challenges and opportunities adequately.

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?

SSE agree with the three aspects of the digital infrastructure as defined in 4.17 of the consultation. We believe that the use cases defining specifically how the data is to be used, by whom and for what purposes is required to define the data dictionary and data structure required.

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

SSE agree with the logic of the 2025-2028 deployment, however, advise caution as at this stage there is insufficient detail to know what is required to complete the deployment. We believe it is more important for the Delivery Body or Market Facilitator to be empowered to work at pace using workgroups to define and trial a solution as soon as it is possible rather than defining and working to a three-year timeline.

We are also of the opinion that the timeline is long enough to include larger assets into the scope as the larger assets should not pose as much of a challenge to integrate into a register as the smaller assets will.

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

We suggest following initial registration to qualify for flexibility, an easy process to keep assets in the register updated or a process for change of circumstances to be easily reflected such as house moves or asset ownership transfer, where updated consents and permissions can be given.

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

We propose that the initial priority should be to capture new installations above a certain minimum threshold. It will be easier to start collecting for new than for existing deployed assets and the sooner the collection starts, the less the discrepancy is for installed assets. A mandatory registration for new “behind the meter” assets, e.g. solar, heat pumps will also support and aid more accurate measurement of government progress towards targets.

Q12. What costs, benefits or factors should be considered in a Cost-Benefit Analysis for asset registration solutions? Consideration should be given to:

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

Useable capacity - installed capacity is not always useable capacity and this should be considered in any evaluation of the costs and benefits to be certain how much capacity is being accounted for.

d) the costs to establish and maintain a register of assets

The maintenance of a register of this scale should not be under-estimated and we recommend a cost benefit analysis before proceeding. There will be complexities to navigate especially around updates to ensure accuracy. This again takes us to the point of adopting a standard from one of the currently trialled and tested services to create a register of some sort as these are issues, they have prior experience dealing with.