

As a market leader in the provision of domestic flexibility services, Octopus Energy is pleased to respond to Ofgem's consultation on the Flexibility Market Asset Register (FMAR). Octopus is a leading energy technology company, harnessing the power of Kraken, which connects all parts of the energy system, from customer billing to flexible management of renewable generation, energy storage and consumer devices such as EVs, home batteries and heat pumps. Our mission is to use technology to deliver Net Zero in a way that benefits customers.

We see FMAR as a crucial step in driving forward the flexibility needed to support the energy transition. However, while this initiative is important, it represents just one piece of a much larger puzzle. The overall landscape for flexibility lacks clarity, not only within Ofgem's Flexibility Digital Infrastructure (FDI) policy but also across the broader spectrum of flexibility initiatives. There are a huge number of policies and programmes being considered and it is not always clear how they come together to create a coherent and cost effective flexibility enabling package. Greater coordination between Ofgem and DESNZ together with clear leadership is essential. Updating the Smart Systems and Flexibility Plan should be a priority to align these efforts.

We broadly agree with the direction of the FMAR proposal but have concerns about specific elements of its approach, particularly regarding delivery speed. We would also welcome further detail on key aspects of the initiative more quickly.

The proposed timeline, with deliverables expected between 2025 and 2028, is concerning. A 2028 implementation would come too late to effectively support the demand-side participation needed to meet the UK's decarbonisation targets by 2030. We are particularly worried that other essential initiatives required to enable demand-side participation may be delayed or deprioritised in the process. An updated Smart Systems and Flexibility Plan should clearly chart interdependencies, what needs to be done elsewhere to unlock the FMAR, what the FMAR will enable, and how flexibility initiatives can work together to achieve 2030.

We strongly encourage Ofgem to explore the possibility of fast-tracking the FMAR design phase. This would allow the industry to engage more meaningfully with a concrete, well-defined deliverable. Bringing in external consultancy support could accelerate the process and ensure a more timely outcome.

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

We agree with the principle that intervention is needed to improve asset registration in flexibility markets. More generally, there is a lack of leadership across flexibility currently and we welcome Ofgem providing strategic direction. Flexibility markets are currently highly fragmented. Intervention is needed to ensure:

- That standardisation is delivered. It is not clear that the market will deliver a solution to create a solution for a single FMAR without a requirement and/or steer to do so;
- Speed of delivery. Although we remain concerned about the proposed timelines and reliance on the Market Facilitator being in place before the FMAR development can begin; and
- Alignment with other initiatives in this space.

However, it's worth noting that this is just one part of the picture when it comes to participation of domestic and smaller assets in the market. There are a number of other initiatives that need to be developed, such as changes to operational metering standards in the Balancing Mechanism and Market-Wide Half Hourly settlement. It is imperative that Ofgem and DESNZ work together to provide a coordinated vision for the swift expansion of flexibility provision. This leadership should help align initiatives to ensure interdependent enablers are in place as swiftly as possible so that consumer flexibility can help drive Great Britain towards a zero carbon grid.

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?

While policy intervention may not be needed for the specific initiatives, there is a concerning lack of leadership from Ofgem and Government across low carbon flexibility, and demand side flexibility in particular.

There is a need to have a clear joint strategy from Ofgem and Government to encourage market participants to develop flexibility markets and to bring down barriers to entry for smaller scale participants.

As part of this, we would welcome an updated version of the Smart Systems and Flexibility Plan, which would help provide visibility of the state of play of flexibility and all relevant initiatives. In addition, Ofgem and Gov need to provide a stronger steer to the market and system operators about the importance of opening up markets. This should include significant incentives on the NESO to grow domestic flexibility in particular.

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?

There are a number of other industry developments that should be considered as part of the FDI policy development, including

- The Smart Systems and Flexibility plan;
- The roles and rules for Asset Meters in providing flexibility;
- Smart and Secure Energy Systems;
- Operational metering changes to the BM;
- Skip rates in the BM;
- Changes to the Capacity Market to support participation of domestic assets; and
- Revenue stacking across multiple markets;
- The EU network code on Demand Response, which ACER is currently consulting on.

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

We agree that both ESO and DSO markets should be included, and think the initiative should go further to also include the Capacity Market and the wholesale market. The Capacity Market in particular is burdensome for domestic assets. As this is commonly stacked with other balancing services, it makes sense to ensure that they work well together.

We support the initial focus on sub 1MW assets, but we should not lose sight of larger assets - any kind of differential treatment between assets of different sizes risks creating an unlevel playing field. It is vital that the developer considers how the register will grow to include larger distributed assets.

On data, we think the programme would benefit from starting small and keeping it simple by focusing on the data needed for flexibility market access - likely to be the asset type/model, MPAN and postcode data - before working with industry to understand if there's a case for any further data collection. Data such as ramp rates and max/min duration is unlikely to be needed at asset level, and should instead be driven by service terms that flexibility service providers can work across their portfolios to meet. We support excluding dynamic data (such as battery charge, asset availability, pricing, and user settings like minimum home temperature) from FMAR, as including it would make the system more complex and costly to implement. It could also create market barriers because dynamic data may be provided at an aggregated level rather than an asset level. A simpler approach would avoid these issues.

The FMAR should also consider how and when that data needs updating, e.g. where consumers move to and the new owner looks to take over and update the registered entry at that address.

For user data, we recommend it should be those market participants that are engaging in flexibility markets that are responsible for inputting data, as they have the strongest incentives to ensure that data is filled in and is accurate. To facilitate this registration, all smart devices could have a 'flex-ready' QR code sticker that contains all relevant data (except for locational data).

We support the efforts of projects like the Automatic Asset Register (AAR) and Central Asset Register (CAR), which focus on minimising the data needed for registration (MPAN and product serial number) and using cloud platforms to automate the rest.

It's crucial to align this with other digital infrastructure like the Data Sharing Infrastructure (DSI) for secure data exchange and the Customer Consent solution, which will manage access to energy data. These systems must work together seamlessly — for example, when someone moves, the system should reset consent and settings for the new occupant, ensuring they're not enrolled in services until they opt in. Data storage must also align with what's required to achieve the functional outcomes and ensure that there is sufficient data for the FMAR to become the respected single source of truth.

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

We support the functional outcomes at a high level, however it is difficult to comment conclusively without proper detail.

This is an area where we would welcome more visibility earlier on, before the Market Facilitator working group has been set up. If the working group is starting from agreeing high level functional requirements, then progress will be slow and deadlines are unlikely to be met.

The functional outcomes should aim to reduce operational and administrative burdens on market participants rather than add hurdles. The outcomes should focus on how people will actually use the tool, considering how to increase take up by speeding up or removing existing processes.

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

We agree with the design principles. The impact on the consumer and the consumer journey should also be considered. Here the FMAR might look to the

EU network code on Demand Response to see what it can learn about reducing consumer burdens. For instance, development should ensure that the FMAR doesn't require asset owners to re-register or update their data unless there is a change in their data. As such, the architecture should consider data portability and replicability. An update or change in software should not require the user to input their data again.

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 strongly agree that there are a lot of interdependencies and potential enablers, many of which are captured by the consultation. However, it is vital that as much of this work can be done in parallel as possible. This will clearly require significant collaboration and clear communication with strong oversight and guidance from Ofgem and DESNZ to help align and drive progress. We do not think that design activities can wait for the formation of the Market Facilitator and the working groups as this will take too long, particularly given it is unclear when these will be launched. The importance of growing flexibility services and markets now is too great to wait.

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 proposal to not wait for a commercial solution to arise, as this hasn't happened to date and there is no indication that this will happen. We agree that ESO and DNOs are not well placed to deliver the FMAR, as they do not have remit across all flexibility markets. We also agree with the discounting for the reasons the consultation gives. We think that the Market Facilitator could be well placed to take on delivery, noting the issues we have already raised with waiting for its formation before work begins. Ofgem should consider how it can harness industry know-how, perhaps by forming an interim working group led by Ofgem/DESNZ, to accelerate delivery until an enduring delivery body is in place.

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

No, we think that the proposed timelines are too long and have too much uncertainty in them as they rely on the timeline formation of the Market Facilitator, the working groups and the progression of those working groups. It is imperative this process is expedited. As mentioned in the summary at the start of this document, Ofgem could consider harnessing consultants to help shape initial

design work. Starting small and ensuring the design is adaptable to future market evolution should also help drive progress at pace.

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

The capacity market and single markets platform are two additional levers that could be used to improve asset visibility. We would be hesitant about reaching for levers that dissuade the uptake of flexible assets, for example by creating additional planning hurdles/consent. It is better to create incentives for their uptake and participation across different markets as a means to increasing visibility than to reach for other levers that would stifle demand.

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

We believe the most important use case is supporting flexibility markets, including the capacity market. As markets continue to open up it will become increasingly important for customers to be able to access multiple markets, and to jump between them.

Facilitating smooth entry into flexibility markets will increasingly be an important element of supporting competition in the supply market, as being in a flexibility market should not create any barriers to customers switching.

The functional outcomes and design should therefore be built with this application in mind.

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

The impact of reduced administrative burden for market participants should also be considered.