



Piclo Response: [Flexibility Market Asset Registration](#)

Summary of Positions

Piclo is the leader in creating an asset registry, with over 300,000 assets registered from Flexibility Service Providers. Our Piclo Max solution enables those Providers and asset owners, to bid into multiple markets beyond Piclo and thus avoid having to re-register asset information elsewhere.

Pursuing such a decentralised approach across the sector, and increasing interoperability, will deliver the outcomes Ofgem is seeking.

Flexibility Digital Infrastructure Outcomes:

- **No further “technical” policy intervention is needed now:** We agree that Ofgem should continue to monitor the other outcomes and no further “technical intervention” (similar to the proposed Flex Market Asset Register) is required.
- **Speed up the enablers behind the FDI outcomes:** intervention would be useful by Ofgem speeding up the delivery of the “enablers” for the FDI outcomes, including standardisation efforts, which should be pushed forward through interventions where possible. Key to this will be the formation of Elexon’s priorities as they take over Open Networks from ENA as Market Facilitator.
- **Incentives and penalties:** Ofgem’s RIIO ED2 DSO Incentive assessment must contribute to driving the right behaviours to deliver the FDI outcomes. For instance, appropriate penalties and incentives are required to drive outcomes such as SO coordination or innovative services such as streamlining market access via Piclo Max. The FDI deliverables won’t emerge from business-as-usual activity without the regulatory framework driving the right behaviours and outcomes.

Flex Market Asset Register (FMAR):

- **Regulatory approach:** we previously highlighted our concerns with the regulatory approach to the issues facing flexibility markets focusing too much on defining technological solutions. Ofgem should define the outcomes and success criteria and ensure the right framework for incentives and penalties is in place to deliver on this. We still uphold that this is critical and that driving the right behaviour across parties, such as through a Markets Governance Framework, will be fundamental to delivering flexibility at scale and a common approach to access and registration for markets could be achieved through this approach, without the need for a FMAR.
- **General view on proposed FMAR:** we still uphold that the regulatory approach should focus on driving the right behaviours. However, if an asset register is going to be scoped and implemented we broadly agree with the approach taken by Ofgem. This includes the aim of the problem statement¹, the proposed scope for what data is included and the decentralised approach to registration, which occurs at the point of market entry with a strong emphasis on data sharing and interoperability.
- **Future-proofing:** Ofgem should commit to future-proofing the asset register from both a market perspective (including Capacity Market and wholesale) and asset (>1MW) to not fragment flexibility markets further.
- **Data:** we strongly agree that the data contained within the FMAR should be static and exclude dynamic data (such as pricing or availability), due to this kind of data not being necessary for the

¹ “the same data about the same assets needs to be registered multiple times in different ways for different flexibility markets”



stated problem statement such an asset register is trying to fix, the risk this would pose to competitive offerings emerging and the complexities associated with incorporating such data.

- **Role of Elexon:** we support Elexon's role in delivering the industry working groups. We agree with the positives outlined for the Market Facilitator to also be the FMAR Delivery Body and support this in principle.

Responses to Questions

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

We agree that policy intervention is needed to deliver the standardisation required to solve the problem statement that "the same assets need to be registered multiple times in different ways for different flexibility markets", as this has not emerged organically or at pace through System or Network Operator initiatives such as the Open Networks.

Piclo has sought to address this problem with our Piclo Max solution, which enables organisations to register their assets once, and then participate in multiple markets.

We support the Market Facilitator taking on this role as a neutral party. We also uphold that intervention is needed to drive the right behaviours - i.e. the right incentives, penalties and licence conditions must be in place. Without a strong regulatory framework in place for flexibility success measures, these will not emerge and continued "technical intervention" such as what we are seeing with the FMAR will continue, at the detriment of innovative, competitive solutions being able to be delivered.

A key learning from the standardisation attempts within the Open Networks is that any common FMAR must focus on "what" data needs to be collected, not "how". Too much focus on the "how" will result in an unnecessarily prescribed solution tailored to the needs of only one set of users.

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?

- **No further "technical" policy intervention is needed now:** We agree that Ofgem should continue to monitor the other outcomes and no further "technical intervention" (similar to the proposed Flex Market Asset Register) is required.
- **Speed up the enablers behind the FDI outcomes:** intervention would be useful by Ofgem speeding up the delivery of the "enablers" for the FDI outcomes, including standardisation efforts, which should be pushed forward through interventions where possible.
- **Incentives and penalties:** interventions such as Ofgem's ED2 assessment of DSO actions must contribute to driving the right behaviours to deliver the FDI outcomes. For instance, SO coordination or further market access value adds through Piclo Max won't emerge BAU without appropriate incentives and penalties for SOs being appropriately evaluated (e.g. not limited to a tick box exercise).

The experience Piclo has gained from running DSO and TSO markets both in the UK and internationally across Australia, the US and Europe, has constantly challenged and evolved our understanding of how to open up more DER value. One key learning is that whilst platforms, such as Piclo Flex, which help SOs run flexibility markets and provide a route to market are an important piece of the net zero puzzle, these alone will not result in optimal DER activity across markets nor the MWs of flexibility the system



requires by 2050. We launched Piclo Max to unlock further participation and value from DER, by kickstarting the development of solutions across two key emerging market coordination themes: 1) Improving match-ability: revamping the dynamics of flex value streams and 2) market synthesis: harmonising access, participation and coordination. The following case studies focus on our efforts across theme 2 and market synthesis.

Case Study: Piclo Max for market access

UK flexibility markets: Piclo Flex hosts several markets in the UK for SOs however, Piclo wanted to also simplify participation for FSPs across all markets, including ones primarily run on other platforms. The launch of Piclo Max enables FSPs to participate via Piclo in markets both hosted on Piclo and external platforms, such as NGEDs DSO flexibility market. In doing so, FSPs have more choice on how they participate and have access to a single place to participate in DSO and ESO markets. *"We're really excited about Piclo Max. By interfacing into our market gateway it's another route to market, giving Flexibility service providers ... access to multiple markets."* NGED

US utility programmes: Utility programmes in the US are often designed and operated in total siloes, making it difficult for DERs capable of participating in multiple of them to do so. Alongside a leading US utility, Piclo Max is currently developing the functionality to streamline participation across these different programmes. In particular, Piclo and the utility are analysing whether restrictive market rules across the various programmes can be updated or removed to enable and simplify revenue stacking on the platform.

Case Study: coordinating systems with Piclo

UK Local Constraint Market (LCM): NESO set up the LCM to bring new distribution-connected flexibility to help solve transmission-level constraints. However, the value of this is held back due to concern over the distribution-connected assets exacerbating issues on the LV network and a lack of data exchanges and agreed processes to remove this barrier. Several options to improve visibility, coordination and decision-making across SOs are under consideration and development, including:

- **Sharing dispatch instructions** - sharing dispatch decisions from NESO to the affected DSO
- **Capacity envelope** - DSOs identify headroom on their networks, which can be incorporated into Piclo Flex to identify how much flexibility can be dispatched in certain areas at certain times.
- **DSO shares outage plans** - similarly to the above, this data can be incorporated into Piclo Flex to prevent circumstances such as NESO dispatching assets where there are outages
- **Fault escalation** - during the event, DSOs can raise a serious issue and instruct the service to be stopped

Italy: e-Distribuzione DERMs <> Marketplace Integration: the seamless use of flexibility services close to real-time requires much greater system integration, including across SOs DERMs and the marketplace. In Italy, an integration between Piclo and e-Distribuzione's DERMs enables the automatic creation of a flexibility competition for FSPs to bid into after monitoring and identifying an issue on the network. This prevents the timely and manual competition creation step and standardises and automates the underlying data exchanges required. Future developments of this could also include the incorporation of DERs on ANM arrangements, enabling their participation in competitive flexibility services ahead of their being curtailed without remuneration.

These efforts directly correlate with Ofgem's outlined FDI outcomes such as 5 "Common Registration of Products: a harmonised directory of flexibility markets, so that product requirements, processes, and



value are provided in an easily comparable format”, 6 “Common asset prequalification mechanism: a cohesive process for prequalifying assets into markets, using asset registration data and product registration data”, and 7 “Common ESO/DSO Coordination services: a range of services to increase the transparency and coordination of system operator actions involving distributed flexibility”.

However, our ability to drive and implement more innovative solutions at pace in a business-as-usual manner (not ring-fenced within time-limited and innovation-funded projects), is reliant on the right behaviours being incentivised by SOs through their price control frameworks, annual assessments, incentives and penalties mechanisms and Licence Obligations. These need to be strong on the outcomes above to drive enduring solutions in areas such as SO Coordination (which in turn will help revenue stacking). Across these areas, we are concerned that a tick-box approach to their activities will result in slow progress and insufficient solutions. Equally important is the underlying enablers for such activities. We have made progress in providing a route to market to SO markets where this is possible (with NGED and ENWL), however, widening this further is still reliant on SO's willingness to integrate in such a manner and data standardisation for simpler participation.

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?

EU Network Code - alignment with European standards where possible would be beneficial for wider participation across flexibility markets.

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

- **General view on proposed FMAR:** we still uphold that the regulatory approach should focus on driving the right behaviours. However, if an asset register is going to be scoped and implemented we broadly agree with the approach taken by Ofgem. This includes the aim of the problem statement², the proposed scope for what data is included and the decentralised approach to registration, which occurs at the point of market entry with a strong emphasis on data sharing and interoperability.
- **Future-proofing:** Ofgem should commit to future-proofing the asset register from both a market perspective (including Capacity Market and wholesale) and asset (>1MW) to not fragment flexibility markets further
- **Data:** we strongly agree that the data contained within the FMAR should be static and exclude dynamic data (such as pricing or availability), due to this kind of data not being necessary for the stated problem statement such an asset register is trying to fix, the risk this would pose to competitive offerings emerging and the complexities associated with incorporating such data.

Assets: agree with the prioritisation of small-scale assets <1MW but this should be future-proofed to either enable integration with other asset registers or to be expanded to a larger scale not initially captured.

Data: agree the data should be limited to static, with dynamic information like pricing and availability excluded. We would be happy to contribute to our experience with building out an asset register for flexibility markets with over 300,000 assets on our system, what data we collect and the experience of applying a “standardised” asset qualification file on top of this.

² “the same data about the same assets needs to be registered multiple times in different ways for different flexibility markets”



Use cases: we think that applications of how and when data can be shared and by whom should be worked through. This is important to preserve and enhance the competition in the market and continue to drive innovative services and value adds moving forward.

Ofgem highlights its intention to create a “single source of truth”. As such, a stronger indication of what future-proofing will take place will be an important signal to the market, such as “We intend to incorporate all asset types and sizes into the FMAR in future” and “We intend that the FMAR will incorporate all markets such as wholesale and the Capacity Market”. Without this, fragmentation of a different type will take place across flexibility markets with some FSPs having different market access routes depending on the size of their assets, as opposed to the markets they are participating in. Equally, for marketplaces acting as the point of registration, there would need to be two different processes for different asset sizes, with the larger being prohibited from having their data shared to participate in wider markets.

Furthermore, Ofgem highlights that the timeframe for the FMAR implementation could be as far as 2028. By this point, the Capacity Market significant review should be underway and many smaller-scale assets should be participating in the wholesale market via P415. Asset registration is a difficult challenge to tackle, which is why it hasn’t been easily solved already! This difficulty to better improve the experience of FSPs across all markets, including wholesale, shouldn’t be shied away from due to the complexity of the challenge - this is where Ofgem can come in and drive real value and change through ensuring the difficult areas are included, that otherwise would not be solved.

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

Broadly, yes. However, with the following points:

1. Single master data record: we support the further exploration of a more decentralised way of storing recorded data. We agree it should be able to support static data, however, disagree with its ability to support dynamic data due to the points raised previously.

4. Appropriate collection points: agree that data should be able to be collected at the point of market entry

5. Common data access: Agree that common data access should be possible. However, the specific use cases on how and when this is applied, and for what users are essential to this process. We agree that FSPs should only have to register once for markets and the data sharing behind this is necessary, however, have built up a large repository of data from FSPs due to our commercial value proposition, which should not be threatened by this development with our competitors.

7. User experience: A key learning from the standardisation attempts within the Open Networks is that any common FMAR must focus on “what” data needs to be collected, not “how”. Too much focus on the “how” will result in an unnecessarily prescribed solution tailored to the needs of only one set of users. User experience is a value-added, commercial proposition for the market entry points to best decide. As such, this shouldn’t be prescribed within the functional outcomes.

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

Broadly agree with the design principles.

5. Competitive and Innovative “avoid vendor or technology lock-in” and “technology agnostic”: we agree with this being included, particularly to avoid any anti-competitive data sharing where possible.



This risk could be minimised by defining the use cases under which asset and FSP data can be accessed and shared across platforms.

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 with this and for the Market Facilitator to coordinate these 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?

It is hard to assess the advantages/disadvantages of delivery body options without first understanding what the design is going to be. However, we broadly agree with the assessment of advantages and disadvantages set out and in principle would support the Market Facilitator taking on the role of the delivery body.

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

The FMAR should be future-proofed where possible. Ofgem highlights that the timeframe for the FMAR implementation could be as far as 2028. By this point, the Capacity Market significant review should be underway and many smaller-scale assets should be participating in the wholesale market via P415. Asset registration is a difficult challenge to tackle, which is why it hasn't been easily solved already! This difficulty to better improve the experience of FSPs across all markets, including wholesale, shouldn't be shied away from due to the complexity of the challenge - this is where Ofgem can come in and drive real value and change through ensuring the difficult areas are included, that otherwise would not be solved.