

Euan Kirkmorris
Decentralised Energy Systems Team
Ofgem
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E14 4PU

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Dear Euan,

FLEXIBILITY MARKET ASSET REGISTRATION (FMAR) CONSULTATION

We welcome the opportunity to respond to Ofgem's consultation on its FMAR proposals. This response reflects the views of our Customer business. Our Networks business, SPEN, is responding separately from its perspective as a network licensee.

The development of a common FMAR infrastructure is a significant step towards supporting the growth of flexibility markets and addressing barriers identified by market participants. We broadly agree with the proposed approach and underscore the importance of enhanced market engagement, coordination, and the timely delivery of the Flexibility Digital Infrastructure.

While we support the overall direction of FMAR, we have concerns about the proposed timelines. Given the Government's 2030 grid decarbonisation target, we believe development must be accelerated. Reliance on the Market Facilitator, which is expected to be operational by 2025/2026, risks delaying critical foundational work. We suggest leveraging established platforms like the Energy Networks Association (ENA) Open Networks Project to fast-track essential preliminary activities and build momentum ahead of the Market Facilitator's full implementation.

Additionally, we would like to emphasise the importance of aligning the FMAR and Digital Infrastructure with other related workstreams, such as Automatic Asset Registration (AAR) (funded by the Net Zero Innovation Programme (NZIP)), as well as Ofgem's ongoing consultations on the Data Sharing Infrastructure (DSI) and Consumer Consent Solution. These initiatives are closely linked to the design and operation of the FDI, and a lack of coordination could lead to duplication or misalignment and wasted resources.

Without full integration and alignment across the industry, there is a risk of fragmentation. A siloed approach could compromise the goal of creating a unified digital infrastructure that supports the effective participation of distributed assets in flexibility markets.

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Sweet". The signature is written in a cursive style with a large, stylized 'R' and 'S'.

Richard Sweet
Director of Regulatory Policy

**FLEXIBILITY MARKET ASSET REGISTRATION CONSULTATION
– SCOTTISHPOWER RESPONSE**

Question 1: Do you agree that policy intervention is needed to deliver common Flexibility Market Asset Registration?

We agree that policy intervention is necessary to establish a common Flexibility Market Asset Registration (FMAR) regime. While organic growth has successfully kickstarted the market, we are now encountering friction points that require a more strategic and coordinated approach.

We support the creation of the Flexibility Digital Infrastructure (FDI) to enhance information provision, coordination of market access and operations, and trusted governance. The current barriers, such as a lack of transparent information, coordinated access, and trusted governance, hinder the full potential of distributed flexibility assets. Additionally, supporting the underpinning enablers like data standards, communication protocols, and standardised market products is crucial for the development of the FDI and for enabling distributed assets to access multiple flexibility markets.

Question 2: 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?

We consider that there may be a case for a more comprehensive programme to deliver common registration of products alongside asset registration if Ofgem and Government do not set out a clear strategy and way forward to guide the sector. Industry developments relating to the remaining FDI outcomes should be monitored closely. This is a fast-evolving sector with significant developments. Continuous monitoring will ensure that any emerging trends, innovations, or potential gaps are promptly identified and potential interventions considered to ensure that they can be integrated into the ongoing FDI development.

Question 3: 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?

We understand the significance of the Automatic Asset Registration (AAR) programme, which is currently moving into Phase 3. The insights and data captured through the AAR programme hold substantial value for informing the digital infrastructure of the Flexibility Market Asset Registration. Additionally, alignment of work should be monitored to ensure there are no redundancies or duplicated efforts, thereby maximising efficiency and effectiveness. This could potentially be achieved by including project representatives within the proposed Market Facilitator-led Working Group.

We would also like to emphasise the importance of aligning with Ofgem's ongoing consultations on the proposed Data Sharing Infrastructure (DSI), and the Consumer Consent Solution. The DSI, a mechanism to securely share standardised data between energy sector organisations, has overlapping ambitions, functions, and common data sets despite differing use cases. Although already referenced in the consultation, we would like to stress the need for coordination to ensure interoperability and simplify market access for participants.

The specifics of how the Consumer Consent Solution, which allows consumers to grant and manage consent to access new energy data, will underpin the FDI are not yet clear. However, it will undoubtedly shape the outcomes, usage of the data, and supplier engagement. Ofgem

should carefully consider how to limit the access of different market participants to consumer data effectively, to ensure security and effective competition.

We caution that without sufficient engagement with other workstreams or developments, efforts may be misaligned, resulting in inefficiencies and a lack of cohesive progress.

Question 4: Do you agree with the scope proposed for markets, assets, and data? Should anything else be considered?

We support prioritising small-scale distributed assets initially. However, the register should not overlook assets above the 1MW threshold, which could be disadvantaged by additional burdens and cost; indeed, at the margins, this could distort investment away from 1MW+ assets.

Additionally, we also support the initial focus on balancing and ancillary DSO flex markets given the current assets in focus. However, the scope should evolve to encompass a broader range of assets and markets and this should be incorporated in the plan. This evolution will ensure the most effective and wide-ranging enablement of flexible participation.

We also observe that section 3.16 does not address the possibility of multiple flexibility service providers (FSPs). Data related to the FSP and the consumer contract requires careful consideration, especially regarding whether a consumer can have contracts with multiple FSPs. The design of the FMAR must address the reconciliation of the instance where multiple assets are registered to the same MPAN when operated by different FSPs.

Question 5: Do you agree with the functional outcomes? Should anything else be considered?

We agree with the high-level functional outcomes outlined in the consultation.

Question 6: Do you agree with the design principles? Should anything else be considered?

We agree that the design principles outlined are sensible and well-considered. We recognise that the Working Group will determine the finer details of both the functional outcomes and design principles.

Question 7: 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 that the Market Facilitator is the appropriate entity to oversee the delivery of design activities and the Working Groups that will facilitate these efforts. The participation of stakeholders, as detailed in section 4.16 of the consultation, is crucial to ensure that this process is well considered. It is essential that the common asset registration process is developed with clearly mapped, defined, and streamlined user journeys to enable the functional outcomes outlined.

Question 8: 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 that the Market Facilitator is the preferred option. Elexon's role in coordinating ESO and DSO markets makes them well-suited to manage the digital infrastructure effectively.

However, we are concerned about the impact that this could have on the timelines, since the Market Facilitator role will not be established until 2025/2026. As we mention in our response to Question 9 below, we consider that the project should be progressed in the near term so it is as useful as possible and does not lead to the sector establishing things that will become redundant. This could be progressed by, for example ENA or ESO. As such, we believe that the ESO should not be discounted as a viable option. The ESO's extensive experience and established infrastructure could provide significant advantages in terms of reliability and integration.

Question 9: Do you agree with the timelines proposed? Should anything else be considered?

We advocate more ambitious timelines, as the proposed deployment window of 2025 to 2028 appears overly conservative. We aim for the deployment of a Minimum Viable Product (MVP) by 2025 and recommend the urgent formation of the Work Group essential for the product's design.

While we understand the reliance on the Market Facilitator to manage the Working Groups related to product design and development, we believe that a year could be spent collaborating with the ENA Open Networks Programme beforehand. Elexon should be engaged in this process, and this time should be used for pre-work and pre-scoping to expedite the project.

Question 10: What existing or new policy levers could be used to improve asset visibility?

We would like to emphasise the importance of drawing on policy levers used in international projects to ensure that developments here align with those overseas. The consultation references several international projects, such as the EU-funded OneNet programme, the Australian Energy Market Operator's DER Register, and the German Network Agency's Marktstammdatenregister.

We would also like to highlight the potential alignment with the BeFlexible project,¹ an EU-funded initiative aimed at increasing the participation of prosumers to enhance the flexibility of the electricity system across Europe. This project, in which the Iberdrola Group is an active participant, includes a conceptual block entirely focused on the platforms, architecture, and data standards required to facilitate interoperability. Further investigation of and collaboration with international projects like BeFlexible may help to drive not only UK standards but also international standards, supporting an increasing number of FSPs operating in multiple international markets.

Question 11: What use cases for asset visibility should be considered as priorities and why?

We currently have no specific use cases outside the growth and coordination of flexibility markets to propose. We believe these will be better developed through discussions within the Working Groups.

Question 12: What costs, benefits or factors should be considered in a Cost-Benefit Analysis for asset registration solutions?

Ofgem suggests (paragraphs 5.21 to 5.22) that cost-benefit analysis and impact assessments may be used to determine which potential use cases and approaches to an asset visibility solution are most suitable. If that is the case, the scope of the cost-benefit analysis should

¹ [BeFlexible project](#) – EU funded BeFlexible project

extend beyond the factors listed in Question 12 to include the detailed usefulness of the asset or use case. Specifically, the cost-benefit analysis may need to balance the time savings provided by the FDI against the asset's usefulness. For example, even if an asset is twice as time-consuming to manage, it may still be worthwhile if it is three times as useful. Therefore, both the direct costs and the relative value and utility of the assets are essential factors in our decision-making process.

ScottishPower
September 2024