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By email to: flexibility@ofgem.gov.uk

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Dear Euan,

SSEN Distribution response to Ofgem's Flexibility Market Asset Registration Consultation

We welcome this opportunity to respond to Ofgem's Consultation on Flexibility Market Asset Registration (FMAR). SSEN Distribution is the trading name of Scottish Hydro Electrical Power Distribution plc and Southern Electric Power Distribution plc. This response is being submitted on behalf of those licensees. We support the overall approach to move towards standardisation, in particular, focusing on common Flexibility Digital Infrastructure such that it reduces barriers to entry and costs into all GB Flexibility Markets.

Policy Intervention (Q1 – 3)

SSEN is supportive of the need for policy change to enable this element and the whole Flexibility Digital Infrastructure (FDI) outlined in the document. As the various elements evolve, we would expect consideration of interacting policies being developed (such as the Data Sharing Infrastructure (DSI)) to be incorporated where necessary.

We are aware that there are various existing initiatives that may influence or interact with both the FMAR and the wider FDI template and encourage learnings and collation of concepts to minimise repetition where possible. SSEN has contributed to the ENA working groups that have focused on delivering and evolving some elements of the FDI. We believe this has been a successful forum particularly impacting this initiative is the adoption of Open ADR 3 as the standard for operator and the agreement to develop standard APIs over the Flexibility Service. This has also been particularly successful for the ON PQQ (asset) template that all parties have committed to follow. We believe there will be a need to take a similar working group approach as the detail of the FMAR is developed to ensure that it requires proportionate effort to populate as value generated. We consider that feedback from DSOs and Flexibility Service Providers will need to be sought throughout the scoping stages.

We have concerns that with the number of current initiatives there may be loss of focus in the industry, or limited value for this particular element with such a narrow focus on assets involved in Flexibility Services. Flexibility Services and the technologies delivering them are evolving at a fast rate, so understanding what assets are participating today and what might in the future is key to future proofing the current design. We would particularly

like to see existing data sources used, and where databases have been challenging to implement and maintain, lessons learnt from the limitations in such a process.

Scope of the Proposed Markets, Asset and Data Collection

We are broadly supportive of the need for collection of data to support Flexibility Services and recognise the challenges for providers in registering assets in multiple places. However, we note several potential concerns with the proposed approach.

First, it is unclear how a permanent list of assets at such a small scale will help inform how services are formed. All buyers of Flexibility Services are reliant on providers of the services conducting aggregation. How this is aggregated and what assets are included will have many considerations and is commercially sensitive to the providers. These considerations will include how providers are stacking services between locational and non-locational markets and between DSO and ESO services. This means providers will be moving individual assets between markets as needed by their own optimisation algorithms. It is not clear how these optimisation algorithms will interface with FMAR to allow DSOs and the ESO to know the assets in their market today and the exact parameterisation of them.

The parameters identified for collection such as ramp rates, minimum and maximum demand are both a property of the individual asset and how a provider has chosen to aggregate their portfolio to deliver the market requirements. Whilst collating the individual asset properties may have benefit, when buying Flexibility Services our priority is understanding these parameters at the aggregated level for the region and time of service. It should be noted, this might not be a simple addition, as for longer service periods providers may use more assets for parts of the need timeframe.

We believe this interaction between providers individual assets and how they choose to aggregate them needs to be considered in the design of the FMAR to ensure the data collected is useful and relevant to the dispatch of Flexibility Services. At SSEN we currently focus on the definition of the 'virtual' aggregated assets rather than the individual assets behind this, as we recognise we are not experts in aggregation and it is not clear how the FMAR would get translated into this virtual asset.

In SSEN DSO services, we have individual assets that are dispatched both over and under 1MW. We also have aggregated units that are larger and smaller than this level, as the aggregation and volume offered depends on the size of the connected area under where we have a network need. Consequently, we encourage the scope to be widened so that it could be a complete data set of assets being dispatched and not have exclusions.

When considering the scope of FMAR, we encourage thought of its evolution within the industry and how other mandated requirements may interact with this. Currently, the consultation is recommending the collection of EVs, heat pumps and domestic battery systems. We believe the focus should not be limited to this to ensure the system is future proofed, and designed for the technology of tomorrow that has not reached market yet, so we are not inadvertently limiting flexibility services in the future. At the other end of the spectrum, consideration should be given for existing home installations where some of the listed data is not available and this should not be a barrier

to entry. For example, through the Load Managed Areas system, our network has a large portion of electric storage heating that is being managed through DCUSA mandated systems, as we work on our LMA innovation to evolve the service some of these electric storage heaters may become available for 'normal' Flexibility Services. It would be disappointing if a legacy system where the date of installation is unknown is excluded from participating just because of inability or difficulty to register in the FMAR.

Further to this, there must be a clear process of data change from the first day. All domestic customers have the right to change supplier or change between behind-the-meter aggregator, consequently even the data identified in the consultation as 'static' has the potential to change significantly with limited notice. Therefore, the process of transferring domestic customer data between providers on the database needs to be simple and potentially interact automatically with existing process for switching suppliers.

Functional Outcomes and Design Principles

We support the functional outcomes of the database. We encourage consideration of how the dataset may be useful outside the scope of Flexibility Services, where this is appropriate to use within the trust framework customers have consented to. We note the database of all assets participating in Flexibility Services has the potential to be valuable to other parties such as for research and development; commercial advantage and identifying groups who are being missed from Flexibility Service opportunities. Some of these activities could be very beneficial to communities and some as an industry we may wish to guard against as being out of the trust framework. Consideration of these other uses may need to be incorporated at the design phase to maximise value or minimise risk.

Whilst we can understand the intent of the FMAR minimise the asset registration burden, as previously mentioned there is a challenge on how this would then map to aggregation. Locational aggregation in particular, is a challenge for DSO Flexibility Services. We propose considering another approach, or including location aggregation within the FMAR. We believe a standardisation of geographical aggregation would be helpful outcome to aid the transparency of flexibility service, mitigate some of the identified aggregation challenges, and depending on how implemented reduce the amount of personal data being shared, stored and used. A common geographical framework (e.g. Home | H3 (h3geo.org)), would allow those asset to be aggregated under one UK wide geographical framework this would be directly compatible with market and dispatch operations. This could either be combined with also registering individual domestic data or remove this need, depending on other applications for the dataset.

For the design principles, we would add scalability and adaptability, recognising Flexibility Services is a fast changing area of our industry with many more assets to become available in future years and potentially types of assets that do not exist today. As such we recommend the application of service-oriented architecture principles, to better support scalability, resilience and integration.

Enablers and Market Facilitator

We support this work being driven by Elexon as the Market Facilitator and look forward to working with them on this piece of work as they develop their capabilities.

We recognise the listed enablers and design activities are needed ahead of FDI being completed. However, we note that it should be possible to deliver some of these items in parallel to the FMAR to minimise any delay to implementation. For example, alignment of procurement processes between the ESO and the DSOs whilst desirable, would not stop the FMAR from being implemented successfully, and given the DSOs and the ESO are procuring services under different legal obligations aligning these processes may be complex.

Proposed Timescale

We agreed with the assessment that any FMAR that will be implemented needs to be done as soon as possible whilst still being a high quality database delivered. Particularly noting the longer the timeframe between now and implementation the more assets added into the system that will be difficult to retrospectively capture and register. The time period of 2025 – 2028 is a long time, and given the Elexon is expected to launch in 2025, we recognise this could be later to deliver. We are open to discussion via the Open Networks programme and Elexon of what processes can be put in place sooner to start alignment to make the transition to the FMAR at a later date as easy as possible.

Asset visibility

We recognise the work Ofgem, ourselves and the wider industry has done to improve asset visibility. We believe there has been material improvement in some areas of asset visibility, but recognise there is ongoing challenges on the smallest assets and as noted in our response it is a concern that the FMAR could suffer from a similar issue. We note that the registering of assets was more successful when Feed-in-Tariffs existed for domestic solar panels and suggest this would be the most likely way to establish location of assets. When the FMAR is established, given this is an incentive to register the asset, combining the two lists may prevent multiple lists being created and could be used as an incentive for registering assets as a requirement to participate in a flexibility service.

Please don't hesitate to contact us if you would like to discuss our response further, with Catherine Winning (Catherine.Winning@sse.com) and Rose Tresidder (Rose.Tresidder@sse.com) being the relevant leads.

Yours sincerely

Catherine Winning

DSO: Flexibility Markets Manager