Consultation name: Governance of a Data Sharing Infrastructure

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Territorial extent: Great Britain
Response author: SGN
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SGN

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Via email to: digitalisation@ofgem.gov.uk

20th September 2024

Dear Jeff,

Governance of a Data Sharing Infrastructure

Thank you for the opportunity to respond to the above consultation[1] in relation to the development and governance of a Data Sharing Infrastructure (DSI). For the ease of comparison with other respondents, we have provided comments in line with the questions posed within the consultation document.

SGN manages the network which distributes natural and green gas to approximately six million homes and businesses across Scotland and southern England. Our pipes deliver gas safely, reliably and efficiently to each of these customers. We're committed to caring for our customers, especially those in vulnerable circumstances, working with specialist organisations on initiatives aimed at making a positive impact on society and improving the lives of the people in our communities. Our strategy and long-term plan to deliver net zero focuses on replacing the natural gas in our network with greener technologies, enabling the decarbonisation of heat and power in our Scotland and Southern networks by 2045. Alongside the UK and Scottish Governments and the other Gas Distribution Networks (GDNs), we are developing the world's first zero-carbon gas grid and shaping a net zero future for the UK.

While the consultation appears to primarily focus on the potential future benefits that the DSI could deliver in the electricity market[2], we understand that the intention is to implement the DSI industry wide. As such, we would welcome early engagement in its development, noting that use cases and design requirements may vary between electricity and gas, and equally there may be the opportunity, and likely necessity, to harmonize elements of data sharing to facilitate a whole systems approach to net zero.

Should you wish to discuss the above further, please do not hesitate to contact me at Gabrielle.Barnard@SGN.co.uk. We look forward to continued engagement with Ofgem in this area, including working with industry and the ESO to develop the DSI.

Yours sincerely,

Gabrielle Barnard

Head of Information Management

SGN

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[1] Governance of a Data Sharing Infrastructure (ofgem.gov.uk)
[2] The Smart Secure Electricity Systems, Flexibility Digital Infrastructure and Automatic Asset Registration, 2.41, p24

Section 2 Questions

A1.1 Q1. Do you see potential uses for the DSI within your day-to-day operation in the energy sector?

SGN agrees that the DSI could be used for certain day-to-day operational exchanges in data with other actors across the energy sector.

We are interpreting 'outage planning' as the initial use case to refer to electricity supply outages. As discussed above, it is important that whole industry is considered in development of the DSI, and therefore this primary use case could be extended to also include the gas networks, subject to its testing as an appropriate test case.

Looking further ahead, once the DSI is established, potential use cases on a routine operational basis could be:

- The sharing of gas quality and calorific value data – to potentially support reverse compression and hydrogen blending
- Annual submission of the Regulatory Reporting Packs (RRP) by the GDNs to Ofgem
- Regional Energy Strategic Plan (RESP) data sharing requirements, such as planning and demand data, currently under consultation
- Peaking Plant data

Certain activities, such as the RRP, as currently subject to their own assurance processes[3], which would have an overlap with the trust framework in the DSI, however provided this is navigated and potentially amended appropriately, this would not be insurmountable.

A1.2 Q2. Do you have any comments on the funding mentioned within this section?

We are broadly supportive with the proposed funding mechanism, insofar as the NIA and SIF being used in relation to the development and initial operational costs. We presume that there will be no direct impact on the funding available to energy networks in GD3 for other NIA and/or SIF initiatives.

However, we would welcome clarity on the proposed funding mechanism for the necessary GDN DSI development work – each of the Prepare, Trust and Share stages will require development of processes and systems on the GDN (and general counter-party) side of the DSI. We note that the proposed timelines[4] create an overlap in terms of the Pilot and Minimum Viable Product (MVP) costs in relation to the final two years of RIIO-GD2 and the first two years of RIIO-GD3, after which there will be also ongoing operational costs. We would welcome Ofgem's view on the proposed funding mechanism for GDNs in relation to these capex and opex costs, particularly given the timelines for GD3 business plan submission in December 2024.

A1.3 Q3. Do you have any comments on the timeline shown?

While we recognise the benefits which could potentially be realised by implementation of a DSI sooner rather than later, we note that the timeline is highly ambitious and requires multi-party engagement, preparation, and ultimately implementation.

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[3] RRP submission is currently governed by the Data Assurance Guidance
[4] Figure 2, p22

Particularly in terms of the first use case (outage planning) we are concerned that the intended 2024 'build and test pilot' phase[5] may not be including sufficient pre-engagement, particularly in the case of the gas participants, to adequately develop and test this use case within the proposed timings.

As an example, the proposed timescales must take into account levels of data and technical interoperability to ensure that all participants are well prepared to deliver against the plan. This will require a high level of pre-engagement to communicate pre-requisites to participation, including security and automated connectivity, and to factor in the relevant interface and user testing. There are other joint projects, such as the National Underground Asset Register (NUAR)[6], from which timing lessons could be adopted, for example such as the planning and preparation from all participants leading into the pilot commencement.

Another consideration would be the security elements of participating with the pilot and degree to which automated connectivity is required. This requirement will add considerable time to pre-requisite planning for the participants.

As discussed in our response to A1.2 Q2, there is also a significant cost impact associated with the timelines, in the respect that the imminent development work falls across the RIIO-GD2 and GD3 price controls, with the current detail available regarding DSI requirements, in addition to the submission process for GD3 business plans likely precluding any inclusion of costs in baseline allowance. It is assumed that gas participants are anticipated to be included in the first use case but will also certainly be engaged in the subsequent proposed use cases – Strategic Planning (in relation to the RESP Centralised Strategic Network Plan and Connections Reform – both of which are anticipated to be delivered by the end of 2025 and will therefore fall within the (currently unfunded) GD2 price control. As such, the timeline must also give consideration to the funding in relation to all relevant participants.

We would welcome visibility on the proposed timelines at a more granular level, which take into account the above development and funding phases.

Section 3 Questions

A1.4 Q4. Do you agree with our short-term governance structure model where the Interim DSI Coordinator is responsible for leading the short-term governance (2024 – 2028) of the DSI?

We are supportive, as we consider that this period is sufficient to develop and establish the DSI to the point of stable operation in advance of the longer-term governance adoption.

A1.5 Q5. If not, state your reasons and propose an alternative governance model or improvements to our proposed solution.

N/A

A1.6 Q6. Are there any additional governance roles that are not covered by the proposed governance model? If so, what are these?

From the information provided we are broadly supportive of the responsibilities but would note that this is based on an initial high-level view and more detail will emerge as the governance model becomes fully operational.

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[5] As per timeline in Figure 2, p22

[6] Initially the London Underground Asset Register, this project was developed by the Geospatial Commission, funded by Government, to share details of GDN assets on maps to enhance safe working for excavations.

We specifically welcome the inclusion of Cyber Security as specific role established by the DSI Coordinator and would like to take the opportunity to highlight the importance of this role. While there are benefits to the DSI in terms of data accessibility, given the significant volume of Critical National Infrastructure (CNI) asset information which may ultimately be accessible through the DSI, the relative risk profile of a single-access data gateway, as opposed to the relatively lower (but still significant) risk profile of distribution data repositories, must be carefully considered during both technical and governance development. As such, Cyber Security is a critical role.

A1.7 Q7. Do you agree with the responsibilities of the interim DSI Coordinator? Are there any additional responsibilities that it should undertake?

From the information provided we are broadly supportive of the responsibilities in that it is too early to meaningfully comment until the governance model is fully operational.

A1.8 Q8. Do the proposed deliverables reflect the outputs that the Interim DSI Coordinator should focus on in the initial DSI stages? Do you suggest any additional deliverables?

We are supportive of the deliverables however; we note that assessment and communication of the value to be enabled from the Minimum Viable Product (MVP) in relation to net zero will be a critical reflection point for both participants and stakeholders. As such, we would also suggest that the Interim DSI Coordinator produces information relating to:

- How the DSI is supporting the pathways to net zero,
- Total cost of operation for all participants, and,
- Use case successes and delivery of outcomes.

The above deliverables will enable ongoing costs/benefits evaluation, as well as an assessment of value-for-money.

Section 4 Questions

A1.9 Q9. Do you agree with us that the System Operator is the best option as the Interim DSI Coordinator? If no, explain your reasons and justify your proposed option.

We are supportive of this option for interim DSI Coordinator.

A1.10 Q10. What assessment criteria do you foresee being required when transitioning from short-term governance to an enduring governance model?

It is also important to have a clear sense of criteria in advance wherever possible, in order that industry and the DSI Coordinator (both interim and any interested parties in the future role) have a stable point from which to work. However, some flexibility should be retained as it is likely that the criteria will evolve during the interim stages, as the DSI Coordinator and industry participants' experience of the DSI develops.

The five criteria expected of the Interim Coordinator[7] provide a good basis of assessment; interoperability and common standards, operational capability, independence, engagement and cyber security. As a general point, it is crucial that these criteria applied to the interim DSI Coordinator are at least maintained, or ideally improved upon by the future Coordinator – for example, the future DSI Coordinator should be able to demonstrate at least the same level of independence, or operational capability etc, as the Interim Coordinator.

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[7] P32, 4.2

Other assessment considerations, which may overlap with the five above criteria, could be;

- Benefits enabled through the period of DSI oversight
- Data availability & accessibility for energy sector participants
- Cost of participation and operation
- Viable use cases adopted in improving pathway to net zero,
- System complexity,
- Maintenance of security of supply,
- ensuring an efficient, coordinated and economical system,
- Demonstrably meeting the business case(s) defined in the use-cases i.e. net zero,
- Creation of social value in the use of data shared
- Cost reduction through whole system thinking
- Level of readiness for participants prior to initiating transition to new governing model and set of use-cases e.g. technology, architecture, data, expertise, costs to participate
- The stability of the core service – stable, mature, and operated to SLAs, with an understood costing model
- Maturity of the processes and resources – both corporate and digital.

Finally, in advance of the transition, there should be a review of the Interim Coordinator's function in coordinating and governing architecture, technology, cyber security and data, to establish what worked well, and where inevitable improvements can be made and should be taken forwards.

A1.11 Q11. What suggestions or feedback do you have for refining these governance assessment criteria to better meet the requirements and challenges of digitalisation in the energy sector?

The assessment criteria will likely evolve over the interim governance period and we have aimed to outline our initial thoughts, at this stage, in section A1.10 Q10 above.