GOVERNANCE OF THE DATA SHARING INFRASTRUCTURE

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WRITTEN BY GEMSERV

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BACKGROUND

Gemserv is pleased to provide our response to Ofgem's 2024 consultation on the Governance of the Data Sharing Infrastructure. Gemserv has a 25-year long history of providing services to the electricity and gas markets. We are currently providing code management services for the Smart Energy Code, Retail Energy Code and the Independent Gas Transporters Uniform Network Code. Gemserv also provides data protection, information security and digital transformation capabilities to the Utilities industry, and feel we are both experienced in, and well placed to comment on, best practice for data sharing.

GEMSERV RESPONSE

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

Gemserv designs, develops and manages assurance schemes for some of the most significant industry initiatives including smart metering and retail market entry. As code manager for the Retail Energy Code (REC), and Administrator and Secretariat (SECAS) of the Smart Energy Code (SEC), Gemserv represents the members of these groups. Gemserv also sees the importance of digitalising the energy system and therefore sees the importance of the data sharing infrastructure (DSI) and the benefits it will bring for the members of the SEC and REC. As such we believe it will be vital that we become early users of the DSI to investigate and develop insights and data access to benefit the SEC, REC and new market entrants to the GB energy system.

There are multiple use cases emerging for Gemserv to use data from the DSI and these include:

1) **Cyber Security -** *As an expert provider of professional Cyber security professional services to financial services across the world, Gemserv is uniquely positioned to offer independent cyber threat assurance to the DSI.*

2) **Digital Market Entry** *- We are the trusted partner to multiple actors looking to enter the market as energy suppliers, IDNO's or generators. We provide governance and advise to these new market entrants. As the energy market is evolving, new players are demanding more from the market to innovate. By providing new market entrants access via Gemserv to the DSI we can help them develop new innovative business models and enable true digital innovation across the energy market.*

3) **Supporting a new Flexibility Provider** *- We are currently working with a new entrant looking to create an innovative virtual power plant. We can test the transfer of data from Gemserv to the provider across the DSI to test the interaction between two non-regulated parties.*

Gemserv would welcome the opportunity to be involved in the minimum viable product for the Data Sharing Infrastructure as set up by the DSI Coordinator.

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

The consultation document outlines a need for collaborative funding models to support the development and maintenance of the DSI. It suggests that costs should be distributed fairly among beneficiaries, including energy companies and regulatory bodies, given the potential operational benefits. However, it is essential to ensure that the funding structure does not disproportionately burden smaller companies or new entrants to the market. A clear, transparent approach to funding allocation will help balance the cost-sharing among stakeholders.

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

The timeline presented in the document seems ambitious – with work on the pilot beginning in 2024, and the MVP being delivered in 2025. This depends on what progress the NESO has made to date on the pilot. The phased approach allows for gradual implementation and testing, which is important for ensuring the system's reliability and security. There is some risk of delays, particularly if unforeseen challenges arise in stakeholder collaboration or technological integration. A more flexible timeline with built-in contingencies may better accommodate potential delays while ensuring smooth progress toward full deployment.

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?

Yes. We agree in principle with the model of the Interim DSI Coordinator. We believe that an entity acting in a 'coordinator' role can draw on industry views to inform decision making around mechanisms for data sharing during the interim governance period. We also support the data sharing infrastructure to be 'outsourced' by the Interim DSI Coordinator to a capable technology vendor, under Ofgem's model.

The role allotted to the DSI Coordinator, however, does not currently cover all of the governance needed for effective and consistent data sharing within the industry, even during the interim period. We elaborate on this further in our responses below.

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

We believe that there should be further responsibilities, either for the DSI Coordinator or a separate entity, to develop rules for safe and secure data sharing. We believe this is a separate capability to the existing role proposed for the DSI Coordinator, which is largely focused on technical architecture and design.

This further governance role, which involves upholding rules and principles underpinning the 'trust framework' rather than system architecture and design, is something we elaborate further on in our following responses.

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

Yes. We believe that there should be separate roles for technical infrastructure and governance for data sharing. We believe the Interim DSI Coordinator role only covers the former. Ofgem's model proposes to empower the Interim DSI Coordinator to develop a proposed "trust framework", which includes "the process of agreeing to rules for data sharing", "an integration process for enabling organisations to participate through a data sharing mechanism" and "technical components". However, we believe this needs to include further governance, as well as technical, elements.

We believe that additional governance roles for the DSI Coordinator should include:

- ***Rulemaking**: Develop rules for sharing data of different types, and what general principles and processes should apply for innovators seeking access to data. Communication with code managers is also necessary for the DSI Coordinator to identify how these principles will apply to their specific systems. This role could be additionally performed by the DSI Coordinator or another entity.*

- ***Data catalogue**: This should identify common definitions of data types of varying sensitivity used by industry. Building on Data Best Practice, we separately have suggested a 'spectrum' be used that should address the granularity of data, and where aggregate or anonymised data can be shared. We believe this role should be separately procured or identified.*

- ***Data mapping**: Conduct a data mapping exercise of information used by industry. This should allow the identification of where data – beyond network data – is going between systems or entities, to*

allow suitable controls to be applied. This role could be additionally performed by the DSI Coordinator or another entity.

- *Consumer dashboard: Ensure a method for consumer consent and transparency is used by industry. Consumers should be able to tell the data owner who they want their data shared with, which data, and how long for. This will involve both a technical aspect and a governance aspect. We note that Ofgem is considering this through a separate consultation.*

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

Yes. We believe that a 'coordinator' role, whereby the relevant entity is responsible for identifying technical, system and design requirements (and the digital architecture itself is tendered for) is necessary to ensure the entities with the best capabilities to perform administrative or system development tasks are assigned to them. We believe that the requirements for the entity to solicit feedback from data users, have a "strong cross-sectoral presence" and the ability to "cultivate relationships with industry members, stakeholder groups and other interested parties" allows for industry views to be represented. This suits the decentralised nature of data sharing within the industry that we advocate for.

Several further responsibilities for the DSI Coordinator are still needed for effective governance, in our opinion. We believe additional capability is required for an entity to develop common rules for the energy industry. This should cover the identification of data items and systems, developing processes for consumer involvement and oversight of data sharing, and suitable guidance for code managers and other 'data owners' to interoperate with the infrastructure. This will enable safe, secure and trustworthy data sharing.

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?

Yes. From a technical aspect, we agree that the deliverable to "determine potential future use cases for the DSI" is necessary to identify the types, scale and purposes of data that can be used by industry. We also agree with the requirement for the DSI Coordinator to develop a "knowledge base" of the "process, procedures, assessment models, cyber security requirements, onboarding and in-life processes" for the infrastructure is vital, given the sensitivity of information about critical infrastructure or residential premises that could be shared.

The "forward-looking technology assessment to maintain a future-proof platform" is, for similar reasons, a valuable deliverable to ensure data shared via the infrastructure remains safeguarded in a state-of-the-art fashion. We also believe the 2-year "report on the platform's evolution" is a necessary deliverable for industry transparency.

These deliverables, however, are focused on the technological capabilities of the infrastructure. Further deliverables are nevertheless required, in Gemserv's opinion, for appropriate data sharing governance to be in place. We believe that the proposed 'trust framework' should go further and include:

- *Rulemaking: Review and publish a code of practice for data sharing, for code managers and other data owners. This should be defined as a deliverable. This would set out rules for sharing data of*

different types and what general principles, and processes, should be in be followed. This is needed to ensure a similar standard of practice across the industry when using the infrastructure.

- **Data catalogue**: Publication of a set of definitions for data types used by industry is needed prior to a data sharing infrastructure being established. This is necessary to ensure energy industry organisations are on the same page with which data to share or make available. This should be complemented by rules for sharing data of different types.

- **Data mapping**: Maintain asset or data mapping activities that identify where data is going, should be a deliverable. This will enable allow suitable security and process controls to be applied to systems by the relevant business owners. This role could be additionally performed by the DSI Coordinator or another entity.

- **Consumer dashboard**: In future, if the data sharing is expanded to personal data, further governance will be required. In this case rules, and a technical solution, for the involvement of the energy consumer in how their data is shared and used, need to be developed and applied. We note, however, that Ofgem is considering this through a separate consultation.

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 believe that, in its current form, the National Grid Electricity System Operator (NGESO) or the National Energy System Operator (NESO) have the relevant expertise to identify the technology and architecture requirements for the data sharing infrastructure. We therefore believe a satisfactory option for this limited purpose.

Under Ofgem's proposed governance set-up, we note that the System Operator will be required to draw input from stakeholder contributor resources drawn from "licensees, stakeholders and Ofgem". However, to represent relevant perspectives across industry, we believe the DSI Coordinator should be required to further draw in additional perspectives from suppliers, technology operators and consumer representatives within the energy industry, more widely than those that the NGESO or NESO would have.

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

We believe that the relevant assessment criteria identified of interoperability and common standards, operational capability, independence of the DSI Coordinator, engagement and cyber security are suitable for assessing the entity to take on the Interim DSI Coordinator role. However, when it comes to enduring governance, we believe the following criteria are necessary:

- **Data governance**: To effectively perform the additional 'rulemaking' role we have identified, the entity should be assessed in terms of its ability to identify, manage and develop rules for data and assets. This should involve a capability of policies and procedures for data management; staff with experience and qualifications in information governance and data protection; and organisational training and awareness of data governance standards.

- ***Consumer trust***: *The entity should engage with energy consumers, and bodies representing consumers, in developing a consumer-facing transparency and consent solution. The entity should be scored on consumer feedback, in how trustworthy and safe they believe the data sharing infrastructure to be.*

Gemserv has experience in providing services to the electricity and gas markets – including code management services for the Smart Energy Code, Retail Energy Code and the Independent Gas Transporters Uniform Network Code. We also provide assurance for market participants from a market entry, digital and cybersecurity perspective, and believe we are well placed to contribute to any committees and bodies established to support the Interim DSI Coordinator. This could occur by participation in the Stakeholder advisory groups proposed by Ofgem.

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?

With a particular focus on addressing digitalisation and data sharing in the energy sector, we believe that further criteria are required in the capability of the entity providing enduring governance. These include:

- ***AI deployment***: *Knowledge of AI systems, particularly machine learning and generative AI capabilities, should be required for the entity. This is due to the need for AI to be deployment to help identify cyber security threats to the data sharing infrastructure, as well to help develop appropriate rules for data sharing use cases that involve the use of AI – such as for consumer profiling. This will include assessing the presence of staff with particular skills sets (such as machine learning engineers), as well as staff with experience in data ethics and AI governance.*

- ***IT and device engineering***: *To ensure the interoperability of databases and systems and design the appropriate infrastructure requirements, the chosen entity should have staff with knowledge of IT. This would include assessing the entity's staff's capabilities in terms of certifications in IT service management and project management, as needed to manage the procurement of the data sharing infrastructure from the vendor. Additionally, staff with experience of the architecture and functionality of Internet-of-Things technologies (such as smart home technologies and sensors) would be needed to identify the data collected from such systems and apply appropriate data sharing rules.*

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