



# Ofgem Consultation Response

Governance of a Data Sharing Infrastructure

20/09/2024

**Electricity  
Distribution**

**nationalgrid**

## Approval

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## Document Revision & Review

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## Document Submission

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## 1. Chapter 2: What is the DSI and why is it needed

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

National Grid Electricity Distribution (NGED) recognises the potential a Data Sharing Infrastructure (DSI) could offer in enhancing our day-to-day operations, particularly with data sharing, interoperability, and the coordination of flexibility services and markets. The DSI presents an opportunity to address several challenges we currently face and aligns well with the strategic objectives of our Digitalisation Strategy. Listed below are some business activities which we believe a DSI could support:

#### 1. Enhanced Data Interoperability & Integration

As part of NGED's broader Digitalisation Strategy, we are committed to improving data interoperability and integration across our systems and with external stakeholders to ensure efficient and effective data flows. This also aligns with Ofgem's Data Best Practice (DBP) Guidance. We believe the DSI would directly support cross-sector data interoperability and integration by providing a standardised data sharing platform. A DSI could help eliminate some of the challenges associated with disparate data platforms and bespoke data curation, thereby enhancing the overall efficiency of data exchange within the energy sector.

#### 2. Flexibility Service Management & Operation

Facilitating and operating flexibility services is a key regulatory requirement for DNOs to transition to DSOs as set out by Ofgem's RIIO-ED2 Determination. NGED recognises that to effectively coordinate and manage flexibility services, real-time access to data and enhanced visibility of network conditions are key for optimising the use of Distributed Energy Resources (DERs) and demand side management. The DSI could play an important role by enabling real-time data sharing between NGED, the National Energy System Operator (NESO), the market facilitator, flexibility service providers, and other market participants. Further, this could enable better coordination of flexibility services, improve the responsiveness of network management, and support the overall goal of creating a more flexible and resilient energy system.

#### 3. Empowering Consumers Through Enhanced Data Access & Control

Empowering consumers by giving them greater access to, and control over, their data is another key area of focus in NGED's Digitalisation Strategy. The aim is to enhance consumer engagement by providing them with tools to manage their energy usage, participate in flexibility services, and make informed decisions about their energy consumption. The DSI could support this outcome by integrating consumer consent management and ensuring that data is shared securely with authorised parties. NGED currently makes data available to consumers and stakeholders via our Connected Data Portal (CDP), however, this platform is mostly intended for data sets classified as 'open' or 'shared' and does not manage consumer consent. Integrating consumer consent into a DSI solution could play a role in boosting consumer confidence and promoting a more open and collaborative energy system.

#### 4. Accelerating the Integration of Distributed Energy Resources

As DERs become more prevalent, there is a growing need for systems that can efficiently manage and integrate these resources into the wider energy system. NGED is committed to accelerating the integration of DERs as part of our strategy to support the transition to a low-carbon energy system. The DSI could help achieve this outcome by enabling simplified exchange of data related to DER performance, availability, and operational status. By providing a standardised approach for data exchange with relevant stakeholders, including system operators and market participants, the DSI could facilitate better coordination and integration of DERs, supporting NGED's goal of creating a more sustainable and decentralised energy system.

In parallel to this consultation, NGED will be submitting a response to Ofgem consultation's; *Flexibility Market Asset Registration*, and *Consumer Consent Solution*. Whilst specific responses will be submitted for those consultations, we deem there to be sufficient overlap with this consultation, Governance of a Data Sharing Infrastructure, to include relevant commentary within this response.

Regarding the Flexibility Market Asset Registration consultation, we believe the DSI could support the following:

**1. Streamlined Asset Registration**

The Flexibility Market Asset Registration consultation outlines the need for a common digital infrastructure to streamline the registration of distributed energy assets across different flexibility markets. The current process requires asset owners to register the same data multiple times across various platforms, which is burdensome and creates a barrier to market entry. The DSI could provide the digital infrastructure to enable a model where data is collected and stored in a standardised format and is accessible to relevant market participants. This could reduce duplication and enhance market participation.

**2. Interoperability Across Markets**

There is a need for better coordination between the NESO and DSOs to facilitate seamless participation in flexibility markets. The DSI could support this by providing a standardised data sharing platform that ensures interoperability between different market platforms.

**3. Support for Flexibility Services**

As flexibility markets evolve, there is a growing need for data to be shared efficiently between service providers, system operators, and other stakeholders. The DSI could play a role in supporting the entire lifecycle of flexibility services, including procurement, market pricing, service dispatch, monitoring, and settlement. By providing data sharing infrastructure, the DSI could help ensure that all parties have access to accurate, up-to-date information, thereby streamlining the coordination of flexibility services.

**4. Enhanced Market Visibility & Decision-Making**

The DSI could also support enhanced visibility into the availability and performance of distributed assets in flexibility markets. By enabling greater access to real-time data; system operators and market participants could make more informed decisions to better coordinate flexible resources.

In order to support Flexibility Market Asset Registration, we would encourage an early use case for DSI is implemented. At present the use cases set out primarily focus on the planning timescales.

Regarding the Consumer consent Solution consultation, we believe the DSI could support the following:

**1. Centralised Consent Management**

The Consumer Consent Solutions consultation emphasises the need for a streamlined, centralised system to manage consumer consent across various platforms and services. The DSI could support a unified consent management framework by providing digital infrastructure to enable data sharing with only authorised parties. This could improve overall transparency and help build consumer trust.

**2. Interoperability of Consent Data**

With the increasing complexity of the energy market, consent data often needs to be shared across multiple systems and platforms. The consultation highlights the challenges in ensuring that consumer consent is respected across these different environments. A DSI could enable data interoperability of consent data which could provide benefits with solution scalability, data accuracy, and energy system integration.

To summarise, NGED sees substantial value in the implementation of a DSI. The DSI would help address existing challenges related to data sharing and interoperability, offering a scalable solution that enhances consistency across the industry. We believe that a DSI will enable us and other industry participants to achieve greater efficiency, reliability, and innovation within the energy sector, contributing to a smarter, more sustainable energy system.

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

NGED has identified there are actually three funding stages to support the DSI. Two funding stages are explicitly described, these are; Near-term Funding (up to 2028), and Long-term Funding (beyond 2028). The third funding stage is implied, Transitional Funding (2028), which transitions the DSI from an MVP funding arrangement to a more enduring business-as-usual arrangement.

Below is a summary of what NGED understands about the funding arrangements, from the information provided in the consultation document, accompanied by our comments.

### 1. Near-term Funding (up to 2028)

During the initial stages, up to 2028, the funding for the DSI's Minimum Viable Product (MVP) is primarily sourced from existing funding mechanisms which include:

- I. Strategic Innovation Fund (SIF)
- II. Network Innovation Allowance (NIA)
- III. System Operator's Baseline Funding

NGED understands the intended purpose and scope of the listed funding mechanisms, however, we feel that more detailed information should be provided about which aspects of the DSI MVP will be funded via each of the funding mechanisms. As discussed in our response to Question 1 of this consultation, NGED sees the potential future value of having a DSI for the energy industry. Having a clear view of which funding mechanisms support the delivery of the various aspects of the MVP solution, could help with sourcing funding for developing future use cases for the DSI.

To realise the expected benefits of the Outage Planning MVP use case, DNOs will be required to interface and interact with the developed DSI solution. Before NGED can commit to supporting the DSI, we will require more detailed information about the proposed technical architecture of the DSI interface. It is extremely likely that NGED, and possibly other DNOs, will need to undertake dedicated IT system development. Further analysis and consultation will likely be required to determine how DNOs will be funded to support this activity and whether this is in line with the RIIO-ED2 licence obligations.

Finally, further information should be shared on the financial recovery loops for the proposed Outage Planning MVP use case, such that use cases that may be developed in the future can follow a similar approach.

### 2. Transitional Funding (2028)

As the DSI progresses beyond the MVP Near-term Funding stage, the funding mechanism will need to evolve. During this transitional period, it is anticipated that the DSI's costs will grow as more use cases are integrated and the infrastructure scales.

It is stated that the "*System Operator is committed to building a proposal for DSI MVP funding following the completion of the Pilot and aligned with the HM Treasury's Green Book guidance*". Whilst this could be a funding mechanism to operate the DSI MVP from 2028, the funding is not guaranteed and no details are provided on how long it will endure. Furthermore, no details are provided for whether this funding will cover DNO operational costs associated with supporting and interfacing with the DSI MVP Outage Planning use case.

### 3. Long-term Funding (beyond 2028)

In the long-term, the funding for the DSI is expected to rely more heavily on:

- I. Connection Charges
- II. Usage-based Charges
- III. Target Charges

NGED believes this approach is reasonable and offers a financially sustainable approach as the DSI becomes a productionised operational system. However, careful consideration needs to be given to the following:

- I. **System Owner Ship** – Who will be the enduring system owner?
- II. **Funding Mechanism** – What will the enduring funding mechanism be?
- III. **Regulation** – How will the solution be technically and financially regulated?

- IV. **Customer Value** – How will operational costs be monitored to ensure customer value for money?
- V. **Stakeholder Participation & Inclusivity** – Who will ensure all stakeholders are able to participate and interface with the solution and technical and financial barriers are minimised?

In summary, NGED is comfortable with the Near-term funding arrangements as the funding mechanisms proposed are well established, regulated, and provide sufficient financial guardrails. The Transitional and Longer-term funding are more uncertain and we believe more work is required before a longer-term commitment to utilise the DSI can be made. We also think that more in depth consideration should be given to the impact on DNOs and if there is appropriate RIIO-ED2 funding to support the development and operation of a DSI. As such, NGED may require additional Ofgem funding via a re-opener to accommodate the DSI delivery.

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

NGED has understood both the high-level road map shown by Figure 2 in the consultation document and the proposed time scales for the DSI funding arrangements.

Regarding the proposed time scales for the DSI funding arrangements, we believe the funding periods support the currently proposed high-level road map. We do, however, feel that more detailed milestone information should be provided to show how the DSI funding models will evolve. Having oversight of this information will help NGED prioritise and align our IT development activities to support the adoption of a DSI in the energy sector. Furthermore, it would help support efficient financial planning/funding allocation for delivery over the RIIO-ED2 period.

Regarding the high-level road map, shown in Figure 2, we would request more detail be shared. There generally appears to be an underlying assumption indicated in both Figure 2 and the broader consultation, that DSI MVP will automatically transition to a more productionised and widely adopted solution. As outlined in our response to Question 1, NGED is supportive of the development of a DSI and sees how it could provide benefits to other operational activities within the energy sector. However, we would recommend that a more robust implementation plan is developed to transition the MVP DSI to a productionised business-as-usual solution. The transition phase should include a review of project deliverables and successes, a technical review, a regulatory review, a review of financial performance, and stakeholder engagement to name a few. Several other recently published consultations and feasibility studies should also be considered whilst reviewing the proposed DSI timeline; some of these are listed below:

- i. **Ofgem Consultation** – Flexibility Market Asset Registration
- ii. **Ofgem Consultation** – Consumer Consent Solution
- iii. **DESNZ** – Government Response to the Energy System ‘Digital Spine’ Feasibility Study

NGED will be submitting a response to both of the Ofgem consultations listed above; we also would like to highlight that a DSI solution needs to be considered in both of these consultations. It is our opinion that there is a high degree of dependency between all three consultation subjects and a DSI is generally a key enabler. To avoid duplication of effort and excessive digitalisation expenditure, the timeline of the DSI should consider, and align to where possible, the timelines of the activities supporting Flexibility Market Asset Registration and Consumer Consent Solution.

Another observation is that the DSI is proposed to commence steady-state operation (indicated by Figure 2 in the consultation document) during 2030. Given that there are national decarbonisation ambitions and targets in place for 2030, and if the DSI is to support meeting these national targets, it may be necessary to accelerate the proposed timescales.

Finally, whilst we have suggested that it may be necessary to accelerate the DSI delivery timeline to support wider energy system initiatives; we also recommend having regular review points during the program to accommodate other developments in interdependent initiatives, regulation, and technology.

## 2. Chapter 3: Our Vision for governance of the DSI

**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, in principle NGED is supportive of the short-term governance model outlined in the consultation document, contingent on the below understanding:

- i. It is proposed that the Interim DSI Coordinator will be responsible for leading the short-term governance between 2024-2028. We would like to clarify that NGED understands this period, 2024-2028, to apply only to the DSI MVP design and operation phase and does not apply to the operation of enduring DSI use cases.
- ii. As briefly outlined in section 3.6 of the consultation; the enduring Governance Coordinator will subsume the Interim DSI Coordinator Role if required before the anticipated end of the Interim DSI Coordinator. NGED considers only the DSI MVP use case, for the duration of the project, to be the remit of the Interim DSI Coordinator.
- iii. As outlined by section 3.3 of the consultation; it is stated that "*Ofgem intends to publish further information on the enduring model in the near future*". NGED would like to request that a milestone date for this commitment to publish further information on the enduring governance model be stated in the formal determination for this consultation. Furthermore, we'd like to understand how stakeholder feedback will be considered when deciding on the enduring governance model.

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

As outlined in our response to Question 4, in principle NGED is generally supportive that the DSI Coordinator will be responsible for operating the short-term governance (2024 – 2028) to support the DSI MVP, acknowledging the supplementary explanation we have provided. However, it is NGED's view that the enduring Governance Coordinator should not be a user of the DSI. We believe there should be separation between the responsibilities of DSI users and the enduring DSI Coordinator to ensure impartiality with respect to the long-term DSI operation and development.

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

Whilst the key energy sector bodies involved with the DSI have been identified in Figure 3 of the consultation document, NGED feels that the roles of facilitating the Stakeholder Advisory Groups and Interfacing with Ofgem should be explicitly included as governance roles. Stakeholder engagement is an activity and responsibility of the Interim DSI Coordinator, yet this is not reflected in clause 3.14 of the consultation document.

Once the enduring DSI Coordinator is established, there will need to be a function to specifically handle DSI user and stakeholder queries and interactions as they arise.

Additionally, a role for Programme/Project Management for long-term development and continuous improvement should be considered. This will help ensure there is a mechanism to for users and stakeholders of the DSI to suggest and request ongoing improvements.

Finally, we believe there needs to be a role that is focused on ensuring data interoperability and the development of data interoperability standards. NGED generally accepts that a DSI should inherently improve data interoperability but this will likely require coordination. For example, the establishment of interoperable energy system data sets has required support from ENA working groups; the National Energy Outage Platform (NEOP), Aggregated Smart Meter Data, and Embedded Capacity Register (ECR) have all been developed through, and supported by, ENA working groups. Data interoperability can be difficult to achieve in practice but is essential for the successful operation of a DSI.

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

NGED largely agrees with the responsibilities of the Interim DSI Coordinator outlined in Figure 5 of the consultation documents, with further comments below:

- i. Section 3.12 of the consultation document lists several milestone dates for the publication of reports that the interim DSI Coordinator will deliver as part of its primary role. A technology assessment is proposed to be published at the end of the Interim DSI Coordination period; NGED would like to suggest that this report be published at least a year in advance of the end of the period. We believe this will provide DSI users and energy system stakeholders with an advanced view of any technological changes that may be required before the enduring Governance Coordination period commences.
- ii. Section 3.8 of the consultation document outlines action to redress and prevent misuse of the DSI particularly for commercial gain and trust violation. NGED would like further clarity and stakeholder engagement on what legal/regulatory powers will be established for the Interim DSI Coordinator to investigate and enact this enforcement. Furthermore, should the System Operator act as the interim DSI Coordinator then this is also a potential conflict of interest to be considered.
- iii. Another consideration for both the Interim and enduring DSI Coordinator is the impact on energy system infrastructure resilience. As more DSI use cases are developed an increased dependency on the DSI will require it to be sufficiently resilient.

**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 feel that the proposed deliverables reflect the outputs that the Interim DSI Coordinator should deliver for the DSI MVP stage. NGED has identified these outputs, as described in section 3.12 of the consultation document, to be:

- i. The publication of a series of reports from 1<sup>st</sup> April 2025 to determine potential future use cases for the DSI based on significant industry stakeholder engagement. NGED supports this output as it will help develop a more thorough understanding of where a DSI could provide beneficial outcomes to the energy sector. We'd recommend detailing associated recover loops and return on investment for associated use cases too.
- ii. Report, inform, and oversee the evolution of the DSI architecture from MVP to steady-state, including extensions of governance areas and forward-looking statements on staffing levels. As outlined in our response to Question 3, there generally appears to be an underlying assumption that the DSI MVP will automatically transition to a more productionised and enduring solution; if this is to be the case, the DSI MVP project deliverables will need to be assessed against the project success criteria. Additionally, there seems to be an underlying assumption that the System Operator will be the enduring DSI Coordinator; NGED is not supportive of this, as outlined in a response to Question 8.
- iii. The Interim DSI Coordinator will be responsible for creating a knowledge base for the DSI. NGED supports this required output. We'd also recommend that the knowledge base is structured and formatted in such a way that it would support the transition of responsibility from the organisation acting as the Interim DSI Coordinator to the organisation taking on the enduring DSI Coordinator role.
- iv. The publication of a report on 1<sup>st</sup> April 2028 on the forward-looking assessment to future proof the DSI. As stated in our response to Question 7; NGED would like to suggest that this report be published at least a year in advance of the end of the period. We believe this will provide DSI users and energy system stakeholders with an advanced view of any technological changes that may be required before the enduring Governance Coordination period commences.

In addition to the deliverables explicitly stated in the consultation document, NGED would suggest that a detailed implementation plan to transition the MVP DSI to a productionised business-as-usual solution is published. The transition phase should include a review of project deliverables and success criteria, a technical review, a regulatory review, a review of financial performance, and stakeholder engagement to name a few.

Finally, NGED would expect a higher cadence of reporting to ensure the DSI is delivering the intended outcomes for the energy sector, particularly for stakeholders who are required to directly interface with the DSI. Perhaps in a similar vein to the DNO's Digitalisation Strategy and Action Plan, the DSI Coordinator should publish a forward-looking Strategy and Action Plan for the use cases being delivered as part of the DSI.

### 3. Chapter 4: Options for delivery of an Interim DSI Coordinator

**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.**

NGED overall has a neutral opinion on whether the System Operator is best placed to be the interim DSI Coordinator. We believe that the enduring DSI Coordinator needs to be a separate, independent, organisation from the organisations that are DSI users. This would be required to avoid conflicts of interest and ensure truly impartial decision making for management and operation of the DSI. It is our view that the System Operator will be a DSI user, as they will be both consuming and sharing data using the DSI, rather than the enduring DSI Coordinator. On the other hand, the System Operator is leading the project to develop the DSI MVP which means they will be closest to the project and have the immediate insight to establish and deliver the interim DSI Coordinator role. Additionally, given that the proposed delivery timescales already seem too long, it may help expedite the establishment of a DSI to support wider energy sector outcomes.

NGED is supportive of the System Operator fulfilling the Interim DSI Coordinator role for the duration of the DSI MVP use case only, but not any other use cases beyond the MVP stage. To ensure independent and impartial governance for the continued development, management, and operation of the DSI, a non-DSI user should fulfil the long-term role of the DSI Coordinator. If there is general support within the energy sector and from consultation respondents to establish a DSI, we believe it would be prudent to bring forward the activity to establish the enduring DSI coordinator. Furthermore, we believe the establishment of the enduring DSI Coordinator should begin immediately after the DSI MVP stage, should it be successful.

Regarding the proposal for the three delivery bodies who could fulfil the role of Interim DSI Coordinator, as set out in the consultation document, our opinion is as follows:

- i. **System Operator** – Our commentary for the System Operator to fulfil the Interim DSI Coordinate is provided above.
- ii. **Ofgem** - It is unclear as to why Ofgem is considered a potential body for the Interim DSI Coordinator. We believe Ofgem should remain focused on defining policy to enabling energy system outcomes rather than undertaking the delivery of outcomes. Furthermore, the enduring DSI Coordinator may require regulatory oversight.
- iii. **Independent Working Group** – NGED favours this option out of the proposed delivery bodies, although further thought and consideration would be required as to how this is practically established.

Finally, NGED would like to recommend a fourth option, which is to appoint an independent delivery body for the DSI Coordinator role via a competitive tendering process.

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

At this stage, it would be difficult to provide comprehensive assessment criteria for an enduring governance model as learning from the DSI MVP project has not yet been gained. Naturally, we'd expect learning from the MVP stage to feed into any decision making when establishing the enduring governance model and the enduring DSI Coordinator.

As outlined in our response to Question 9, we believe that the enduring DSI Coordinator needs to be a separate, independent, organisation from the organisations that are DSI users. This would be required to avoid conflicts of interest and ensure truly impartial decision making for management and operation of the DSI. It is our view that the System Operator will be a DSI user, as they will be both consuming and sharing data using the DSI, rather than the enduring DSI Coordinator. We reiterate our view as we believe having appropriate separation between DSI users and the DSI Coordinator is required to facilitate independent and transparent governance.

NGED agrees with the five essential criteria laid out in sections 4.3 - 4.7 of the consultation document, which the Interim DSI Coordinator will be required to exhibit:

- I. Data Interoperability & Common Standards
- II. Operational Capability
- III. Independence
- IV. Engagement
- V. Cyber Security

We would recommend that an assessment framework is developed around the above criteria to ensure that both the governance model and enduring DSI Coordinator can deliver their intended outcomes. In addition to the above criteria, we would recommend the following is also considered when transitioning from short-term governance to an enduring governance arrangement:

- I. **Effectiveness** – A measure of how effective the DSI governance and Coordinator were at delivering the five essential criteria listed above.
- II. **Scalability** – How well has the DSI governance been able to accommodate new DSI use cases?
- III. **Adaptability** – How well has the DSI governance been able to adapt to changes in the energy sector, technological changes, and accommodation of a wide range of DSI use cases?
- IV. **Sustainability** – Are the governance principles and DSI Coordination funding mechanisms sustainable for RIIO 2 and RIIO 3 regulation periods?
- V. **Compliance** – Has regulatory compliance been sufficiently accommodated and improved?
- VI. **Success** – How well did the DSI governance and Coordinator deliver against the project success criteria?
- VII. **Stakeholder Satisfaction** – Consideration of what primary DSI users and stakeholders had to say about the project and associated outcomes.

**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?**

See our response to Question 10 – NGED has provided additional narrative which is also applicable to this question.

NGED considers cyber security to be of the utmost importance, especially as the need to externally share data continues to increase. It is outlined in the consultation document that “*The DSI will use existing National Cyber Security Centre (NCSC) based assessment products and services to gain accreditation to the requirements for cyber security in the UK*”. NGED can clearly demonstrate adherence to the three principles listed in section 4.7 of the consultation document. With the statement suggesting that it would be “*advantageous and instill confidence*”, we would like to better understand how accreditation will be obtained and against which framework or standard, and how the results of this will be communicated within the energy sector.

Data interoperability is a requirement of Ofgem’s DBP Guidance and an area of growing importance to facilitate whole energy system outcomes. It is also one of the most challenging aspects to deliver due to the lack of standards and required engagement. As outlined in our answer to Question 6, we believe there needs to be a specific governance role focused on ensuring data interoperability and continually developing data interoperability standards. NGED generally accepts that a DSI should inherently improve data interoperability but we would recommend more focus is put on how the DSI can drive data interoperability improvements within the energy sector.

Accessibility to the DSI is another consideration. To interface with the DSI, users will inevitably have to undertake some sort of development activity to integrate it into their IT systems and data handling processes. This could present a barrier to entry for stakeholders and obligated DSI users. NGED recommends that DSI accessibility should make up part of the governance model and be considered when making decisions.

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