

Energy Sector Digitalisation

The Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London
E14 4PU

Date:

20 September 2024

SP Energy Networks Contact:

Robert Jones

By email to: digitalisation@ofgem.gov.uk

SP Energy Networks (SPEN) response to Ofgem's consultation on Governance of a Data Sharing Infrastructure

Dear Jeff,

This letter is from SP Energy Networks (SPEN), representing SP Transmission (SPT), SP Distribution (SPD) and SP Manweb (SPM). We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD) which serve two million customers, and Merseyside and North Wales (SPM) which serve one and a half million customers. We are also the Transmission Owner (SPT) for Central and South Scotland.

At SPEN we have been closely following the industry developments around Data Sharing Infrastructure (DSI) since its inception. We have reviewed the consultation and welcome the opportunity to respond.

At SPEN we are delivering solutions that will ensure ongoing sustainable compliance with Data Best Practice (DBP) and recognise the importance of being able to meet the principles when continuing to build our data foundations. Moreover, in compliance with principle (II) of making our 'Data Assets as Presumed Open' we have built an understanding of the nuanced requirements for sharing data through various data licence options, all of which achieve this goal. A remaining challenge has been a standard and secure mechanism for sharing more sensitive datasets among energy actors and key stakeholders; with this, SPEN understand and support the concept for the DSI which aims to address these issues.

SPEN are actively working on the DSI topic through engagement in the Energy Network Associations (ENA) Data and Digital Steering Group (DDSG) and are increasing our involvement on the ESO's pilot project – we will continue to support industry groups and collaboration to support the development of the DSI.

Our detailed responses to the questions in the consultation can be found in **Annex 1**. Please do not hesitate to contact me if you wish to discuss any aspect of this letter or our response to the questions in the consultation.

Yours faithfully

Robert Jones

Data Transformation Manager

ANNEX 1 - SP Energy Networks response to Ofgem's consultation on Governance of a Data Sharing Infrastructure

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

SPEN agree with the potential for DSI and are able to identify uses for the DSI within our day-to-day operation in the energy sector. It has the potential to improve data sharing for more efficient network operations, aid in growing flexibility markets and standardise data flows for improving transparency in the transmission connection queue.

SPEN agree with, and will support, the following use-cases development as set out in the consultation document. Nevertheless, for the data use-cases to reach their full potential, we consider the DSI Coordinator needs to provide the vision and roadmap for use-cases to allow the industry to kick-off interoperability workstreams to define, develop and for timely delivery of the underlying datasets. In each use-case we urge careful cost benefit, feasibility and readiness assessment for any underlying data to ensure it delivers value.

- Outage Planning – We agree this is a suitable use-case for the initial pilot and subsequent minimum viable product (MVP). Careful coordination is required with the GC0139 code modification to ensure the underlying datasets are ready and compliant prior to use in an operational environment.
- Strategic Planning – Our system design team have questioned the readiness of the data in the area of transmission system strategic planning. It is considered that whilst there has been a focus on interoperable CIM data for distribution network models, there has not been the same focus for transmission (and associated generation/control system related data) and validation is required. Nevertheless, SPEN are open to further developing this use-case, and additionally are seeking clarity on bi-directional data flows to network operators from the ESO.
- Connections Reform – We agree there is potential to create standardised datasets for sharing with the ESO to improve visibility of the connection and reinforcement projects. An example benefit could be in providing automated and more regular updates on Transmission Owner Reinforcement Instructions (TORI) as opposed to the quarterly reporting. Additionally, SPEN agree the potential benefits from aligning the work and deriving datasets from the ESO's Centralised Strategic Network Plan (CSNP).
- Flexibility Market Development – SPEN agree the DSI could be a key enabler for the development and growth of flexibility markets in particular facilitating the data exchanges that will need to govern primacy and service stacking across ESOs and DSOs. However, it is essential that the development of the DSI is coordinated with the implementation of the Market Facilitator role and Ofgem's proposals on Flexibility Digital Infrastructure, including the recent consultation on Flexibility Market Asset Registration.

SPEN seek clarity on the scope of the DSI and how this aligns with other core systems used for data exchange such as the DTN, MHHS DIP and DCC – for the time being we consider these to be out of scope and are not affected by DSI developments.

It is also important to recognise that whilst the industry are on a planned programme of developing standardisation and interoperability in their data, this is at very different levels of maturity across companies, across data domains and between distribution and

transmission. We would also seek insight into the planned programme of use cases, as this may in some instances require internal data development and / or transformation.

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

SPEN are evaluating the benefits of involvement in the DSI Pilot and MVP and if we were to proceed, we would seek funding through NIA (in line with the approach taken by other involved parties). We agree this funding mechanism has the agility to help deliver the Pilot and MVP. The phased approach of delivering the Pilot followed by the MVP enables lessons learned to be applied and ensure funding is accurately costed.

With respect to business as usual (BAU) operation and future development (from 2026), we shall seek funding through the RIIO-3 business plan mechanisms as described in Ofgem's Sector Specific Methodology Decision (SSMD). Through early discussions with the DSI Pilot project team, we are following the recommendations on the system architecture, SPEN have adopted these as working assumptions and shall aim to develop this infrastructure through RIIO-T3 business plans with cost commensurate to this approach. There is the potential for complex deployment challenges specific to participants' own IT infrastructure configurations as well as the use of an open-source code base (unsupported out with an enterprise licence), this needs to be recognised by Ofgem; and the DSI Project will need to ensure technical support is adequately costed.

In the Distribution area, the development of the DSI has not been specifically costed into our current RIIO-ED2 business plan and SPEN seek clarity from Ofgem on any opportunity for network operators to trigger a re-opener. Beyond 2028, as the DSI becomes more mature, we expect the use-cases to grow and may need to adapt our RIIO-T3 business plan accordingly through a re-opener; with respect to RIIO-ED3 costs, these shall be submitted in the business plan.

SPEN seek clarity on long term funding options for DSI use cases, including funding arrangements for RIIO-ED2 if costs are to become substantial, and would welcome discussions to ensure that the DSI continues to develop in a way that can demonstrate efficiency achievements across the industry and does not result in an increased cost to the consumer.

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

SPEN have reviewed the timeline and view the early programme as ambitious. The MVP is heavily dependent on a successful Pilot with little contingency if there are deployment challenges. Moreover, SPEN considers it is beneficial to set the success criteria for the Pilot to objectively measure the development and underlying dataset readiness prior to MVP. It is also not clear if the development of the trust framework is in scope for the Pilot or if it is only the technical dependencies (i.e. access protocols).

SPEN are taking a pro-active approach to developing our systems and understanding our own deployment challenges. We would advocate for the early involvement of all Network Operators (Distribution and Transmission) as opposed to those committed within the pivot, as this will be critical to the success of the long-term project. Following on from the MVP (circa 2027), SPEN expect the technology to be more mature and expect progress to be dependent on industry work on interoperability of datasets.

SPEN advocates for establishing a clear industry vision on the DSI pipeline to allow Network Operators, the ESO and other energy actors to collaborate on setting standards. We believe

it will be the responsibility and role of the DSI Coordinator to establish the vision and roadmap in parallel to the MVP and would advocate that the centrally coordinated ENA Data and Digitalisation Steering Group should be used as a lever to progress these standardised data sets.

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?

SPEN agree with proposal to have a short-term governance structure model where the Interim DSI Coordinator is responsible for leading the short-term governance with oversight from Ofgem and supported by stakeholder advisory groups.

SPEN agree it is beneficial to establish a short-governance model to ensure there is effective leadership to drive the DSI forward, supported by Ofgem and Network Operators / Energy Actors, however we would seek clarity on how this model is going to maintain alignment across other governance activities which are relevant and in place within the industry, including the ENAs Data and Digitalisation steering group, Open Networks, and other core industry developments.

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

No comment.

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

The governance model does not explicitly state the necessity for collaboration between, and alignment with, the strategy and roadmap of other industry initiatives/programmes. These other initiatives/programmes are likely in a good position to advise of potential use-cases; these include but are not limited to:

- ENA Open Networks – which includes Flexibility Development and Market Facilitation
- ENA Data & Digitalisation steering group – which includes data best practice stewardship, including standardisation and interoperability of data sets.
- Strategic connections reform.
- NESO developments – including CSNP and Regional Energy Strategic Plan (RESP).
- Market-wide Half-Hourly Settlement (MHHS) reform.

Finally, governance roles must include assessment of its own performance and evolution, as this will enable the evolution of governance which may be required for the enduring DSI Coordinator. SPEN advocates for a formal check point where a review can be conducted with subsequent formal consultation.

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

SPEN agrees with the responsibilities of the DSI Coordinator and we emphasise the importance of the stakeholder and industry engagement to ensure use-cases are identified, have their cost benefits analysed, prioritised, and agreed within a roadmap to expedite their delivery.

Close collaboration is required in the development of the DSI architecture to understand participants systems, to ensure the DSI developments can be adapted to different IT governance models and infrastructure configurations, whilst at the same time maintaining standards, ultimately to ensure what is developed is fit for purpose, and easy to integrate in a wide range of IT frameworks.

It is also critical the systems are built to robust security standards; SPEN agree with the interim DSI Coordinator to have responsibility for cyber security and to consult stakeholders including the ESO, NCSC and Network Operators to understand issues and develop systems that are secure by design. Moreover, the cyber security topic is unlikely to be limited to technology and effective controls and mitigations will be required through governance and the trust framework to ensure data is adequately managed and protected throughout its lifecycle. It should be noted, we would expect NCSC guidance to fall in line with data security guidance in place under the Cyber Assessment Framework (CAF).

SPEN agree the interim DSI coordinator must prepare documentation that shall allow a diverse audience and user-base, to easily onboard new participants, use-cases and provide technical support on the DSI operation. Our view is the delivery programme and tenders will be most effectively led by the Interim DSI Coordinator; notwithstanding, the programme should be developed in collaboration with Ofgem and Network Operators.

A remaining role which is not clear from the governance model is around the operation of the DSI, it is not clear who will be accountable for monitoring performance, support and maintaining service level agreements. We seek clarity on whether this will be performed by Ofgem.

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?

SPEN agree that the proposed deliverables reflect the outputs that the Interim DSI Coordinator should focus on in the initial DSI stages, however we wish to emphasise the need for the Interim DSI Coordinator to have a clear mandate for outputs/deliverables for:

- Stakeholder engagement and collaboration with energy actors including Network Operators and the Market Facilitator
- Developing the DSI strategy, vision and roadmap with clear alignment and direction with respect to other Ofgem initiatives including RESP, CSNP, Flexibility Development and Market Facilitation
- Regular reporting on success, lessons learned and value realisation.

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.

A smooth implementation and transition to the interim DSI coordinator model would be preferable, however this also needs to be considered alongside other existing NESO change programmes. The system operator is already in the process of a significant change programme to adopt a variety of new roles and responsibilities, whilst continuing to provide its existing services.

SPEN believe that the most appropriate body should be appointed to undertake the DSI coordinator role, building trust in the decision-making process through transparent and impartial decision making. While we believe that the system operator could effectively

undertake the DSI coordinator role we are unconvinced that Ofgem's three proposed options for coordinator have fully explored all possible options for the DSI coordinator role or taken full account of the competing challenges of delivering NESO's other new functions (CSNP, RESP etc).

It is critical that the interim DSI Coordinator has the capability and capacity to successfully deliver on the tight DSI timescale; and we encourage Ofgem to consider the capacity of the candidates for Interim DSI coordinator and to propose measures to assess and monitor the proposed Interim DSI Coordinators resource plans.

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

SPEN consider that criteria listed in the consultation namely *"interoperability and common standards, operational capability, independence, engagement and cyber security"* are all appropriate and in particular wish to highlight the importance of both *"operational capability"* and *"cyber security"* as key in establishing an effective DSI coordinator.

SPEN caution Ofgem on an automatic evolution from a short-term to an enduring governance model and suggest that Ofgem consider building in a transition check point – designed to ensure that DSI coordination and governance is functioning as intended. We note that this could be linked to the publication of the proposed DSI annual report (3.12) and successful fulfilment of the key roles and responsibilities outlined in 3.14.

We also believe that the development of further assessment criteria for an enduring DSI coordinator could be developed through the interim period potentially allowing an opportunity for appropriate third parties to build the capability to undertake the enduring DSI Coordinator role.

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?

No comment.