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20 September 2024

RECCo response to: Governance of a Data Sharing Infrastructure

We welcome the opportunity to respond to this consultation. Our non-confidential response represents the views of the Retail Energy Code Company Ltd (RECCo) and is based on our role as operator of the Retail Energy Code (REC) and potentially of the Centralised Registration Service (CRS).

RECCo is a not-for-profit, corporate vehicle ensuring the proper, effective, and efficient implementation and ongoing management of the REC arrangements. We seek to promote trust, innovation and competition, whilst maintaining focus on positive consumer outcomes. Through the REC, the services we manage, and the programmes we run, we are dedicated to building a more effective and efficient energy market for the future. We are committed to ensuring that RECCo is an "*intelligent customer*", ensuring efficacy and value-for-money of the services we procure and manage on behalf of REC Parties, including those which constitute the REC Code Manager.

We have summarised the key points in our response below:

- The DSI should be developed in a way that fully takes account of other data and digitalisation projects that are progressing in parallel, such as Consumer Consent. Collaborative working should be an important element of the responsibilities of the delivery bodies associated with those separate, but potentially inter-related projects.
- Maximising the benefits of the DSI will require whole-of-system thinking. It will be vital that, in part through appropriate stakeholder engagement, the DSI Coordinator avoids becoming narrowly focused on the initial use cases.
- We are eager to understand further Ofgem's thinking in relation to the assurance of the full programme (including enduring service) and the particular form this will take.

We are happy to discuss any of the points raised in this response.

Yours sincerely,

Jon Dixon
Director, Strategy and Development

Appendix: RECCo response to consultation questions

Q1. Do you see potential uses for the DSI within your day-to-day operation in the energy sector?
Yes. The governance of data movements between various industry parties is a key function of the Retail Energy Code. Facilitating improved data sharing and considering the ways in which this can be applied practically in order to deliver better outcomes for consumers are priorities for us. For that reason, assuming that the DSI is developed with regard to a wide range of use cases beyond its initial focus on outage planning, we see many potential uses for it within our day-to-day operations. More broadly, we see opportunities to utilise the DSI to deliver improvements to the retail market, provided, as set out in response to Q3, that suppliers are engaged at an early stage. Much will also depend on the technologies adopted in the development of the DSI and the choices made in relation to, for example, the levels of centralisation and standardisation embedded in the solution. These choices will either expand or limit the pool of potential use cases. We support the responsibilities proposed in the consultation for the ESO but it is important that decisions on the design are made on the basis of engagement with industry and other stakeholders. Not doing so will present obvious risks to the durability of the solution as well as its applicability to other use cases. In its role as the DSI Coordinator, the ESO will need transparently to outline its approach to consultation, with a view to mitigating such concerns.

Q2. Do you have any comments on the funding mentioned within this section?
We consider the proposed approach to short term funding through the System Operators' price-controlled allowance to be appropriate. We also agree that the funding from 2028 onwards should be subject to further review in order to ensure that the model is appropriate for the wider range of use cases that are expected to develop beyond the minimum viable product, each of which may have differing cost characteristics and beneficiaries. It will be appropriate to consider not just the efficacy of cost-recovery, but also the impact on relative incentives of relevant parties.

Q3. Do you have any comments on the timeline shown?
We are broadly supportive of the proposed timeline and think it will be beneficial, as proposed, to implement the DSI via specific use cases, while consistently maintaining an eye on future opportunities in the wider market, including retail. It will be important to bear in mind that programmes such as Consumer Consent and Smart Secure Energy System are being progressed in parallel and, through collaboration, to ensure alignment with the work on DSI in relation to, for example, data standards. This can be achieved through establishing, across the various projects, working groups that help to facilitate knowledge-sharing and evidence of lessons learnt. A second factor that will be important to progressing work on the DSI in a timely manner is worth mentioning. As the consultation notes, network licensees faced obligations through their RIIO-2 price controls to comply with data best practice guidance and Ofgem is proposing to require them during RIIO-3 to participate in DSI. Supplier engagement is not progressing at the same pace; suppliers also lack the certainty of price-controlled funding but will nevertheless be integral to many of the potential use cases, given that ultimately this infrastructure is being established for the benefit of consumers. Ofgem should therefore consider the introduction of a supplier obligation, coinciding with the start of RIIO-3, which can facilitate end-to-end thinking from the outset, rather than face the risk of retail market participants ultimately having to adopt a standard that has been developed for different purposes.

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 agree with the proposed structure in principle though would appreciate further detail on the roles and responsibilities of the other bodies involved in the model – namely Ofgem and the Stakeholder Advisory Groups (SAGs). It is important that the model allows stakeholders to steer the development of the DSI beyond its MVP,

rather than serve only as a mechanism to test thinking undertaken independently by the DSI Coordinator. The SAGs should play an important role to this end and in ensuring that the DSI project is working effectively with other data projects progressing concurrently. Given our proposed involvement in the delivery of the Smart and Secure Energy System programme and the Consumer Consent mechanism, we would be eager to serve as part of these groups.

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

No response.

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

One role that seems not to be addressed specifically in the consultation is that of assurance of the full programme, including enduring operations. This will be critical to the success of the DSI but we are unclear from the consultation as to the responsible body or bodies, or the particular form that assurance might take in context of this type of project and service. It is difficult to envisage that requirements in relation to the use cases delivered through the DSI will be enforceable by licence; these are likely to require a more nimble and dynamic form of oversight that can help to address issues at pace and ensure that key design principles are being preserved. We believe that this would be best delivered at the industry, rather than the regulatory, level, but further thought must be given to the most appropriate approach – including the extent to which automated processes could be applied in delivering oversight. Based on our experience, we would be eager to contribute to Ofgem's thinking in this respect.

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

We agree with the responsibilities identified but would reinforce the points made above about the importance of stakeholder engagement. While ultimate responsibility remains with the DSI Coordinator, stakeholders should be able meaningfully to input in areas such as architecture, technology, and cyber security and could potentially be involved in the assessment of tenders too. The DSI Coordinator needs to ensure that organisations placed to make an active contribution to the project are engaged, and where appropriate are able directly to take on roles that can utilise their expertise. Similarly, we believe that the DSI Coordinator should very clearly demonstrate an effort to engage beyond industry and with, for example, academia, which is likely to offer a very different but no less informed perspective on the project. The DSI Coordinator should consider the practical approaches that it can take to prompting, from these stakeholders, original thinking about the DSI and its uses.

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?

While we have no particular concerns with the proposed deliverables, we would emphasise that the focus for the DSI Coordinator should be on outcomes rather than outputs. Most important is that it delivers the tools that allow parties to use the infrastructure; the proposed reports might be useful to that end, but they are unlikely to provide the whole solution. We strongly welcome the proposed Knowledge Base and look forward to seeing more detail on the way in which this will be delivered.

Q9. Do you agree with us that the System Operator is the best option as the Interim DSI Coordinator? If not, explain your reasons and justify your preferred option?

We agree that the ESO is best placed to serve as the Interim DSI Coordinator. Pinning delivery on an independent working group would in our view leave too much to chance; such a group may possess the necessary technical expertise but is unlikely to have the established stakeholder relationships of the ESO and much time is likely initially to be consumed by familiarising it with, for example, the relevant use cases. The ESO, by contrast, is

particularly well-suited to the initial use cases that have been identified; indeed, it is difficult to identify better-placed alternatives.

Q10. What assessment criteria do you foresee being required when transitioning from short-term governance to an enduring governance model?
We believe that it is too early meaningfully to suggest appropriate assessment criteria. The market will continue to evolve over the coming years and this question should be revisited around 18 months ahead of the transition.

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 response.