Jeff Finch
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Electricity North West
Hartington Road, Preston,
Lancashire, PR1 8AF

Power cut? Call 105
General enquiries: 0800 195 4141
Email: enquiries@enwl.co.uk
Web: www.enwl.co.uk

Direct line: 07824 321 980

Email: tom.selby@enwl.co.uk

20 September 2024

Dear Jeff,

Electricity North West response to Ofgem Data Sharing Infrastructure Governance consultation

We appreciate the opportunity to provide feedback on the proposed governance model for the Data Sharing Infrastructure (DSI). Below is a summary of our responses to the consultation questions.

We have mixed opinions about the proposed short-term governance structure (Q4). While we support some of the initiatives, we suggest a more incremental approach with alternative governance that sits across the industry, instead of the concentration of power in one entity, especially with a long interim period running until 2028.

For this alternative governance model, we propose a stakeholder-led technical working group, with an associated decision-making board, to coordinate sector-wide technical efforts using a federated build approach and agile delivery methods. The System Operator should facilitate the working group by providing practical support. We propose additional governance roles not covered by the proposed model, including a design authority for technical coordination, enhanced transparency mechanisms, and a focus on sector-wide digital services integration where there is a clear consumer benefit to do so. These roles are essential for effective governance, not only for competent design and management, but also to ensure the project is run economically and efficiently.

Furthermore, there are already several customer-funded and well-governed data sharing platforms in operation, such as Elexon, Electralink and the DCC. It is not clear from the consultation if the existing solutions have been considered and the possibility to learn and/or share existing technological solutions to more quickly implement data sharing at a lower cost than developing entirely new solutions from scratch.

While we agree with some responsibilities of the DSI coordinator, we recommend excluding technology dictation from the coordinator's role. Additional responsibilities should include compliance with Ofgem's Data Best Practice guidance and sector-wide coordination. We also disagree with the System Operator as the Interim DSI Coordinator due to conflicts of interest

and capacity concerns. Instead, we propose an industry and user-led technical working group, supported by the System Operator in a facilitative role.

The proposed deliverables are a good starting point, but additional deliverables should include detailed technical design principles, dependency mapping, stakeholder engagement and an incremental delivery framework. These should also include key assessment criteria as outlined in our response to Q10 and Q11.

Should you have any queries or wish to discuss any of our points further then do not hesitate to contact us.

Yours sincerely

Tom Selby
Regulation Manager

Annex 1: responses to consultation questions

Section 2

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

One of the difficulties with the consultation is the lack of clarity of the proposed scope of the DSI, making it challenging to specify potential use cases. Therefore, the number of potential use cases is vast, and this answer builds on existing known initiatives or previous consultation.

The proposals below are subject to interactions and/or overlap with existing systems, for example Electralink's data transfer service[1], and the various data services provided by other parties such as Elexon. Where there are similarities between these proposals and existing systems, we would support working with the existing systems to identify if enhancements can be made efficiently and economically.

Examples of potential uses include:

- Real-Time Grid Management – Digital Spine, and its linkages to Digital Twins (NDTP) are mentioned. A key potential use is facilitating real-time data sharing between grid operators, leading to improved reliability and stability of the power grid, quicker response to outages or fluctuations, and enhanced coordination between different grid segments, especially in the areas of flexibility of asset usage.
- Market Operations – The DSI could support market operations by providing transparent and timely data to market participants, including generators, suppliers, and consumers potentially leading to enhanced market efficiency, better price discovery, and more informed decision-making by market participants.
- Customer Services – The DSI could potentially share customer data, improving personalisation of service delivery and customer experience and helping to improve data quality where customers move between DNOs.
- Integration with Other Digital Services – The DSI could allow for better integration with other existing digital services such as smart metering, energy efficiency programs, and renewable energy integration. It could include mandated integration with supplier registration systems and potentially allow for more holistic management of energy data, improved energy efficiency, and better integration of renewable energy sources into the grid.
- Embedded Capacity Register Data - The DSI could serve as a central repository for embedded capacity register data, which would include information on distributed generation resources like rooftop solar panels, small wind turbines, and other local energy sources. This could go as far as collection and storage of data on embedded capacity, potentially making it easily accessible for analysis and planning. It could also make compliance with regulatory requirements much simpler and support some of the principles of providing a single source of truth for embedded capacity data.
- Policy Development and Market Readiness - The DSI could support policy development by providing policymakers with accurate and timely data on energy usage, generation, and market dynamics.
- Energy Data Taskforce Initiatives – The DSI could build on previous initiatives like the Data Catalogue and National Energy System Mapping.

There are probably many other examples, which depend on the scope of the proposed DSI which is not clear from the document. Discussions so far suggest the model will be static, rather than a live real-time system, which is simpler than using real-time data. Introducing real-

---

[1] https://www.electralink.co.uk/

time data to any system will introduce significant additional complexity and expense, and so the needs case to do so must be strong.

The most significant challenge with the broad scope of the DSI is creating an effective governance structure where all involved parties are able to input into the technical design of solutions, so that the outcome is an efficiently developed solution that does not impose excessive cost or burden on any of those parties involved.

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

We agree that the funding should go through the System Operator's pass-through costs, due to the benefits of the DSI accruing all over the energy industry. This means that it is spread across all those who may benefit from the developments the DSI enables.

We believe that the DSI should be developed incrementally, allowing for phased investments over time, with a budget structured accordingly to allow flexibility. This approach aligns with the concept of emergent architecture, where the system evolves based on practical experiences and stakeholder feedback. The new structure of the System Operator may provide an opportunity to provide funding in this manner.

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

We have some significant concerns about the duration of interim arrangements in the implementation. Prolonged interim phases could lead to uncertainty and hinder overall progress. We would prefer establishing clear and realistic timelines for each phase of the DSI implementation. Ensuring that interim arrangements are kept to a minimum and that there is a smooth transition to the fully operational DSI should be a priority to ensure progress continues to be made.

To support this, we would recommend a more incremental development approach, allowing for phased transitions and continuous improvement. This method aligns with the concept of emergent architecture, where the system evolves based on practical experiences and stakeholder feedback. By implementing the DSI in manageable phases, each building on the previous one, the risk of large-scale failures would be reduced, and adjustments could be made based on real-world usage and feedback. In addition, timely and effective stakeholder engagement is a critical factor for the successful implementation of the DSI. By using a technical working group and promoting collaboration, we can engage stakeholders earlier in the process, providing more timely and transparent information to keep them informed and involved in decision-making.

The timeline for DSI implementation should also consider the readiness of the market and the development of supporting policies. Rapid implementation without adequate market readiness can lead to challenges and resistance. So, aligning the DSI implementation timeline with the development of supporting policies and market readiness is key, ensuring that the market is prepared to adopt and integrate the DSI effectively. All developments should take place in an agile and iterative way, in coordination with any other projects or initiatives that might be underway at the same time.

Section 3

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 have mixed opinions on the governance model. Positives include support for innovation and stakeholder engagement, alignment with best practices, creation of knowledge documents, and a mechanism for gradual and incremental adoption.

However, we believe there are several areas that we think should be improved, which are covered in our response to Q5.

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

The proposal assigns multiple roles to the System Operator, creating a concentration of power. This could lead to conflicts of interest, resource constraints, or bottlenecks, compromising integrity and stakeholder engagement.

An alternative, more equitable and effective proposal is to establish a stakeholder-led technical working group and approvals board which would be made up of industry experts, architectural specialists and engineers. This should identify existing systems, prioritise use cases and take an agile approach to delivering a new architecture. This group should use enterprise architecture techniques to create a decentralised architecture. Thus, rather than the System Operator taking all the roles, they would support the technical working group by giving practical support, limited co-ordination activities and advice and resolution on legal challenges.

By taking this approach binary and large transitions would be avoided which carry an enhanced level of risk, as well as ensuring improved transparency and a more engaged set of industry stakeholders.

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

Building on our response to Q5, the specific governance roles we would like to see would be:

1. The establishment of a technical working group, which should be stakeholder-led and should act to co-ordinate sector efforts and be made up of relevant specialists in data and systems architecture.

2. The establishment of a "Product Owner" role within the working group and appropriate governance arrangements, such as an approvals board, to ensure the correct prioritisation of identified use cases and resulting technical architecture.

3. The agreement and establishment of "System Operator as facilitator" to support the working group by providing practical and legal support.

4. The establishment of methods for transparency and engagement, which could include publication of data best practices, collaborative IT spaces for public and sector engagement, and technical documentation.

5. The publication of guidelines to cover governance of enterprise architecture and agile approaches used by the working group.

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

We partially agree with the responsibilities of the interim DSI Coordinator. On the positive side, the delivery of a knowledge base for technical, functional and governance documentation is key when operating across multiple stakeholders. We also agree that any such architecture should be developed in a collaborative way across multiple organisations. We also agree with the broad principle that the architecture should evolve from a set of MVPs to a fuller architecture over time.

However, we would suggest the following changes / additional responsibilities:

1. The coordinator should not be responsible for technology, to avoid distracting from the coordination role which should be removing blockers and focusing on enabling fast flow. In addition, there could be conflicts caused by wanting to control the technology stack or functionality constraints which could lead to excess costs or complexity.

2. The coordinator should follow defined and published best practice guidance including:

    a. A default "open source first" position towards project information and architecture design, in order to minimise licence costs for each participant.

    b. Proactive publication of data

    c. Publishing decision making and prioritisation.

    d. Publishing regular small progress updates

3. The coordinator should focus on overseeing the sectors investments:

    a. Maintaining a detailed view of the existing and ongoing developments of digital solutions which may be relevant to sharing data.

    b. Determining the best delivery approaches for data sharing

    c. Managing dependencies of data initiatives

    d. Reviewing industry digitalisation and action plans to identify any alignment and opportunities for further integration.

In all of this, the approached should focus on incremental and agile delivery, with facilitated support rather than fixed dates or excessive centralisation.

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?

The proposed deliverables only partially reflect the outputs, although they are a good starting point. Additional suggested deliverables would be:

Detailed Technical Design Principles - The interim DSI Coordinator should develop and publish detailed technical design principles and constraints for the sector. This will ensure alignment and interoperability across different organizations' IT systems.

Dependency Mapping - Conducting an initial dependency mapping to identify and manage interdependencies between different digital solutions and initiatives within the sector. This will help in coordinating efforts and avoiding conflicts.

Digitalisation Strategies & Action Plans Review - Reviewing industry Digitalisation Strategies and Action Plans to identify alignment and integration opportunities. This will ensure that the sector's digital transformation efforts are cohesive and mutually reinforcing.

Incremental and Agile Delivery Framework - Establishing an incremental and agile delivery framework for the DSI. This approach will allow for continuous adaptation and evolution of the governance function, avoiding big upfront designs and enabling emergent architecture.

Enhanced Transparency and Engagement Mechanisms - Implementing mechanisms for enhanced transparency and stakeholder engagement. This includes publishing regular micro-progress updates, open data triage decisions, and detailed, timely information about ongoing projects and initiatives.

Sector-Wide Coordination - Focusing on sector-wide coordination rather than overseeing a central service. This involves gaining a detailed view of existing and ongoing digital solutions, articulating technical capabilities, and stepping through capability needs to determine the best delivery approach.

Section 4

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 disagree that the System Operator is the best option as the Interim DSI Coordinator, primarily due to the length of the interim period. This would create an unhelpful concentration of power, raise concerns about independence, and pose problems with engagement, transparency, and the organisation's capability.

As outlined and justified in our other responses, we proposed a stakeholder led technical working group to provide the coordinator role. Establishing this structure from the outset would reduce the risks outlined above.

Our justification, which is also expended upon by some of our other answers, if that this technical working group approach would be more suitable and effective, ensuring greater independence, better engagement and transparency and would better leverage existing technical expertise across the sector.

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

We can foresee the following assessment criteria being required:

- **Effectiveness of Governance Structures** (including roles and responsibilities and levels of stakeholder engagement)

- **Transparency and Accountability** - Including the transparency of decision-making, and the publication of key resources, and the effectiveness of accountability.

- **Technical Standards and Interoperability**: Including the review of adherence to technical standards and the level of interoperability achieved across different systems and organisations.

- **Operational Efficiency**: Measuring the operational efficiency of the governance model, including the speed and quality of decision-making and implementation processes.

- **Data Quality and Security**: Assess the quality and security of data being shared and managed under the governance model. This includes compliance with data best practices and regulatory requirements.

- **Data Accessibility and Usability**: Evaluate the accessibility and usability of data for stakeholders, ensuring that data is available in a timely and user-friendly manner.

- **Adaptation to Changes**: Measure the governance model's ability to adapt to changes in the regulatory, technological, and market environments.

- **Scalability**: Assess the scalability of the governance model to accommodate future growth and changes in the energy sector.

- **Collaboration Effectiveness**: Evaluate the effectiveness of collaboration and coordination among stakeholders, including the level of cooperation and alignment of goals.

- **Conflict Resolution**: Assess the mechanisms in place for resolving conflicts and disputes among stakeholders.

- **Achievement of Milestones**: Review the achievement of key milestones and deliverables outlined in the short-term governance plan.

- **Continuous Improvement**: Measure the effectiveness of continuous improvement processes, including the identification and implementation of lessons learned.

- **Cost-Benefit Analysis**: Conduct a cost-benefit analysis to evaluate the economic impact of the governance model on the energy sector and consumers.

- **Consumer Benefits**: Assess the benefits delivered to consumers, including improvements in service quality, reliability, and affordability.

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?

We think that we need to create assessment criteria that are dynamic and adaptive ensuring that they can adapt rapidly to technical changes. We need to ensure that assessment criteria include relevant stakeholders and include measures of the effectiveness of any engagement.

Critically, we need to ensure that data quality and security are foremost in our assessment criteria, especially given the nature of the critical national infrastructure that may be represented in DSI data. If real time data is intended to be shared, the cost benefit of making this available needs to be substantiated and the value of the technical solution needs to be clearly demonstrated. The design of this data exchange, in particular the recency of the data and the frequency of refreshing need to be very carefully designed. Real time data requires fundamentally different, more complex and costly architecture than less dynamic data.