

2. Will a focus on CER flexibility also help enable other forms of flexibility, especially distributed flexibility?

In relation to other forms for flexibility, the review of the DNO licence conditions and business plans for RII0-ED2 introduced obligations and commitments around the promotion of energy efficiency, but without defining mechanisms via which such promotion might be achieved. If energy efficiency measures are to be considered a flexible asset and are known to increase the flexibility potential of other assets (notably electrified heating) any work to establish a common digital energy infrastructure needs to consider how such assets are to be reported.

Section 2

3. Is there a 'case for change' and a need for a common vision for distributed Flexibility?

The case for change is clear, and we are largely aligned with the described market failures identified by Ofgem. In particular, we are concerned by the limitations in 'Market Failure 4' which present major barriers to community aggregators' participation in the market. Addressing these failures and barriers to market participation would also improve the prospects of dealing with 'Market Failure 3' around trust in the market. In many instances, community and locally based aggregators may have a high level of trust, and be best placed to leverage CERs to the greatest extent, even if at a reduced scale.

4. What is your vision for how to accelerate the delivery of accessible, coordinated and trusted markets for distributed flexibility?

We agree with Ofgem's identification of contextual market specific issues as a major barrier to entry for smaller aggregators which are essential to the proper function of a market working in the interests of domestic households. As identified, the 'burdensome legal requirements' which would require organisations to maintain substantial financial reserves to deal with any subsequent liability issues would likely be prohibitive for many smaller community aggregators or other new market participants.

The technical requirements of minimum participation volumes present a significant challenge to community-level aggregation, which may require further financial reserves or investment to build a viable volume before participation in market flexibility events. Barriers to successful metering of smaller flexibility projects is dependent on simpler access to the smart metering network, which may be facilitated by a wider uptake of interoperable consumer access devices which can provide user data without going through the DCC network. If these energy usage data sources were accepted, or if there was the option of an alternative method to access the DCC network (at a lower cost for smaller aggregators), the metering requirements would be far more manageable.

In order for trusted distributed flexibility to be successful, they need to support the involvement of existing stakeholders in the community energy space with a high degree of consumer trust and involvement. For this to happen, it requires a pathway for these smaller aggregators to participate without being limited by flexibility scale requirements which may be prohibitive, and with limited financial risk to the organisation, without eliminating responsible behaviour.

5. Will certainty of an end vision help accelerate enabling work and make it Cohesive?

A clear end vision of the flexibility market will give those smaller organisations with limited resources something to 'aim towards' allowing them to focus investment, development and

CER recruitment with a clear goal and pathway to viability. Understanding the requirements which will be imposed on market users will allow smaller organisations and community aggregators to clearly understand the viability of their proposed service and the financial and reputational risks to involvement in the market.

6. When should a common digital energy infrastructure be in place? And therefore, when should development begin?

While the recent fuel price crisis has demonstrated the scale of challenge, this winter's flexibility trials have also demonstrated how quickly the energy market is able to respond. We have seen challenges though in particular around baselining methodology to quantify and reward flexibility, a lack of existing commonly agreed metrics and means for their communication presents a significant barrier to more rapid adaptation. Therefore development needs to begin as soon as feasible, to be in place before we currently think it essential.