



23rd September 2024

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Non-confidential

Dear Euan,

Drax Response to the *Flexibility Market Asset Registration Consultation*

Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8 million homes across the UK. The assets include Drax Power Station in North Yorkshire, which is the country's single largest source of renewable electricity, and Cruachan pumped storage hydro power station in Scotland. Drax also owns two retail businesses, Drax Energy Solutions and Opus Energy, which together supply renewable electricity and gas to UK businesses. Our retail businesses also offer a burgeoning energy services proposition focused on Electric Vehicles and the optimisation of consumers' energy assets, as well as providing route-to-market services for over 2,000 distribution-connected generators.

Our responses to the questions in consultation are appended. Should you wish to discuss any aspect of our response, please don't hesitate to get in touch.

Yours sincerely,

Joshua Logan
Regulation Officer - Markets
Drax Group plc

Appendix – Responses to the questions in the consultation

1. Do you agree that policy intervention is needed to deliver common Flexibility Market Asset Registration?

We agree that such a platform is unlikely to be developed without targeted policy intervention and are generally supportive of this approach, however, we believe the enabling works (as highlighted in the consultation) should be the priority at this time.

The proposed solution has a relatively narrow scope focused purely on sub-1MW asset registration for ESO and DSO markets, and ESO and DSO markets still have their own prequalification processes, stacking and primacy rules. These factors limit the usefulness of the proposed asset registration solution, particularly because in our view the core blocker to market participation is the lack of standardisation across markets. As such, the value of the proposed asset registration platform is limited, which is why prioritising the enabling work is more valuable currently.

As an aside, there's currently multiple workstreams from different organisations with a focus on distributed flexibility. These include; this Ofgem work on Flexibility Digital Infrastructure, the ESO's Flexibility Markets Strategy, the Market Facilitator, general asset visibility, customer consent solution, and other work being progressed by the ENA or ESO's power responsive team. Generally, we would welcome some clarity on how all the different workstreams and policies focusing on distributed flexibility fit together. There appears to be a lack of cohesion and an updated joint Ofgem and DESNZ Smart Systems and Flexibility Plan could go some way to providing clarity.

2. Do you agree that for other FDI outcomes policy intervention is not needed at this stage? Are there any risks to consider with this approach to FDI delivery?

Delivering the other FDI outcomes - such as *Common Registration of Products*, *Common Asset Pre-Qualification* and *Common ESO-DSO coordination services* - as well as the other wider enablers, is equally important to growing flexibility market participation. Whilst we support Ofgem's approach of leaving this work to the Market Facilitator in conjunction with industry working groups, we note that the Market Facilitator hasn't yet gone live. In the interim period it's important that these workstreams do not stagnate, and we would welcome clarification from Ofgem on how they intend to ensure that these enabling activities continue to progress.

3. Are there any other policy alignments or industry developments, in the UK or internationally, which should be considered as part of ongoing FDI policy development?

We are supportive of the initiatives exploring general asset visibility solutions which are referenced in the consultation. Currently we feel there's a lack of engagement with industry on this topic which risks a solution being developed that doesn't fully align with the priorities of market participants. Such a solution has a valuable use-case and there could be merit in exploring this as part of the ongoing FDI development (led by Ofgem) rather than allowing it to progress separately.

4. Do you agree with the scope proposed for markets, assets, and data? Should anything else be considered?

We believe the remit should be broader than initially proposed. Firstly, the initial proposal excludes a significant amount of consumers and assets due to the sub-1MW scope, which severely limits the benefits associated with the proposed solution. Given that very little, if any, additional information or data-fields would be required for registering larger distributed sources of consumer flexibility, we urge Ofgem to include such assets in the initial solution scope.

Secondly on markets, we believe there would be merit in including the Capacity Market (CM). Asset registration for the CM is notoriously challenging and is not optimised to support CMUs with multiple MPANs, hence, it can be a barrier to participation for many domestic and non-domestic demand-side participants. Whilst we acknowledge additional asset information would be required for CM registration, we think it could be a valuable use-case which delivers tangible benefits. We ask Ofgem to consider the inclusion of the CM as part of the initial solution.

Thirdly on data, the proposed fields appear to only capture relatively basic information about the asset. Whilst this is still of some value and it reduces the burden of multiple data entries, there will still be additional data required for participation in specific markets and the prequalification processes will be varied. This reiterates the importance of completing enabling work to increase the standardisation across ESO and DSO markets.

5. Do you agree with the functional outcomes? Should anything else be considered?

We broadly agree with the functional outcomes and we agree with the proposed approach of further refining them through industry workgroups. One area which needs careful consideration is data sharing between different Flexibility Service Providers (FSPs) and customers where there's currently a lack of clarity on how Ofgem envisage this would work. Generally we are supportive of sharing asset data to stimulate market growth.

We would welcome a clearer vision demonstrating further detail on who can access the portal, the use and sharing of data, and obligations of primary stakeholders. It would be useful to see some worked examples illustrating how various industry parties such as suppliers, aggregators and end consumers can register, amend, and use the data.

6. Do you agree with the design principles? Should anything else be considered?

We generally agree with the proposed design principles.

7. Do you agree with the enablers and design activities needed and for the Market Facilitator to coordinate Working Groups for them? If not, what other activities and governance arrangements should be considered?

We have expressed above, the importance of delivering the enabling activities focused on market standardisation. We are supportive of the Market Facilitator coordinating this work through industry workgroups but are mindful that the Market Facilitator hasn't yet gone live. It's important that the enablers

are delivered at pace ahead of the asset registration solution, as such we would support some targeted intervention from Ofgem to progress this work in the interim period.

8. What are the advantages and disadvantages of the proposed delivery body options for the Flexibility Market Asset Registration digital infrastructure? Are there any additional options that should be considered? Do you agree with the justification for discounting approaches?

Given the proposed remit of the Market Facilitator and Elexon's track record in delivering IT projects, we believe option 4 is a sensible delivery approach.

9. Do you agree with the timelines proposed? Should anything else be considered?

We have no comments on the proposed timelines.

10. What existing or new policy levers could be used to improve asset visibility?

It's clear from the consultation that work is ongoing on asset visibility, but we don't believe it's been very well communicated to industry. There has been little opportunity to provide feedback and we would welcome some industry workgroups or a consultation to share our views.

11. What use cases for asset visibility should be considered as priorities and why?

The main benefit of increased asset visibility, when compared to the asset registration solution that is proposed in this consultation, is that increased asset visibility will highlight assets which have flexibility which are not already participating in flexibility markets. This is because the proposed asset registration solution only requires asset registration at the point of entering a flexibility market. Improving asset visibility more generally would go some way to growing participation in markets and facilitating commercial arrangements between suppliers (or aggregators) and the end consumer.

12. What costs, benefits or factors should be considered in a Cost-Benefit Analysis for asset registration solutions?

N/A