



ElectraLink



# ElectraLink's Response to Ofgem's Flexibility Market Asset Registration (FMAR) Consultation

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Decentralised Energy Systems  
Euan Kirkmorris  
Nina Klein  
Francis Mosley  
Via Email [flexibility@ofgem.gov.uk](mailto:flexibility@ofgem.gov.uk)

Dear Euan, Nina, Francis and the Decentralised Energy Systems team,

**ElectraLink's Response to Ofgem's Flexibility Market Asset Registration (FMAR) Consultation**

ElectraLink welcomes the opportunity to respond to Ofgem's Flexibility Market Asset Registration (FMAR) Consultation, building on our involvement in the previous engagement and workshops. Unlocking the flexibility market is vital for GB to achieve net zero and drive value for consumers.

ElectraLink operates at the heart of the UK energy market with unique insights into the data and digitalisation challenges and opportunities. For over 25 years, ElectraLink has supported the evolution of the UK energy market with the consistent and reliable delivery of the Data Transfer Service (DTS). This experience and expertise provide us with a unique insight into the UK energy industry, and how improving access to data can unlock markets and value for consumers.

ElectraLink supports the creation of Flexibility Market Asset Registration (FMAR) to unlock the benefits flexibility can provide GB consumers. However, any solution must be coordinated with the existing work already underway or completed within the industry. The current landscape is complex with many industry changes underway, as detailed in the consultation: asset visibility, flexibility, Data Sharing Infrastructure (DSI), the new Market facilitator role, and the move to market wide half-hourly settlement.

The need for action is pressing and we agree with Ofgem that action needs to be taken as more flexible assets are installed on the network.

Policy direction, decisions and solutions are required quickly but need to be coordinated to avoid duplication and wasted effort, especially where funding has already been spent or committed. In particular, the interaction between FMAR and the Automatic Asset Register (AAR) project for asset visibility. AAR will create a central register for assets, FMAR would create a single register for flexibility based on assets that have been installed. Both registers have a clear overlap but serve different goals and objectives.

Based on the previous engagement FMAR is designed to create a solution that reduces the complexity and administrative burden of having to register flexibility assets and portfolios (made up of many assets) multiple times in multiple flexibility markets. The key value of FMAR is registering and linking assets into flexibility markets and to a flexibility service provider.

AAR's purpose is to register the physical Low Carbon Assets LCTs (mostly EV chargers, solar and heat pumps), to allow industry to understand what is connected and its location. AAR data can then be used for various use cases by ESO, DSO, network owners and flexibility providers (subject to an appropriate governance framework being in place), but would not capture if the asset owner or manager is participating in the flexibility markets, nor would it capture aggregated assets not classed at LCTs; such as domestic appliances in a smart home. There are clear overlaps and process efficiencies if AAR and FMAR are coordinated.

FMAR could still be designed and implemented without the AAR/CAR and could be developed utilising existing FSP data. There is a potential solution that could allow both FMAR and AAR to be developed and implemented which builds on the existing AAR/CAR innovation work. This could provide greater value, process efficiencies, and speedier solutions for the industry and unlock flexibility potential. ElectraLink would be happy to share experience and expertise with how the two systems could operate.

Lastly the timelines for delivery are too long, more can be done ahead of the suggested timeline through coordination and interventions as stated above. To support this the industry would benefit from a specific deadline with an implementation roadmap developed as soon as possible that coordinated across other areas of work. This could be undertaken with support from Ofgem, previous engagement work and with Elexon acting as Market Facilitator.

We would be delighted to discuss our response to individual questions and any wider views on FMAR. Please contact Atzin Madrid [atzin.madrid@electralink.co.uk](mailto:atzin.madrid@electralink.co.uk) or alternatively Emma Carr [emma.carr@electralink.co.uk](mailto:emma.carr@electralink.co.uk) for further information.

Yours sincerely,

via email

Dan Hopkinson

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## Question 1:

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

Yes, we agree that policy intervention is required to deliver a common Flexibility Market Asset Registration.

FMAR has several benefits which we have summarised below:

- Reduce unnecessary repetitive administrative burden and costs that are passed down to consumers.
- Unlocking maximum value from assets,
- Unlocking maximum reliable use of assets for grid balancing.
- Improving consumer experience and thus the likelihood of sustained participation in demand response / flexibility services.
- Setting the basis for a flex-services switching market that allows ultimate consumer choice.
- Enable more accurate and optimised procurement, dispatch, and verification processes, flagging and mitigating risk use duplication and commercialisation conflicts more proactively.
- Optimised dispatch of CERs and DERs.
- Support more real-time services, more efficient procurement, reliable delivery, and verification.
- A foundation to enable increased transparency in market signals.
- A foundation to further enable stacking ability and wider asset metering adoption.

However, the flexibility landscape is complex. There are multiple initiatives and projects that have and are being developed by the industry, including innovation projects. To date market forces and innovation projects have not delivered a system-wide digital infrastructure where assets are registered just 'once' and provide key detailed information that is common to all products/markets.

Policy intervention is now needed to deliver a common approach for FMAR that is coordinated with AAR. Without policy intervention and coordination now, there is a risk that further differences in market rules will develop that diminish the value of a common approach, making it more challenging for smaller players and assets to participate in the flexibility market.

## Question 2:

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### **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?**

We partially agree with this. Whilst some developments are focusing on other FDI use cases, we believe that their scope is too narrow and their period too long to unlock all the potential benefits. As stated in our cover letter greater coordination with FMAR, AAR and other industry initiatives in this complex landscape with Ofgem support and policy intervention where appropriate would be beneficial to address challenges quickly before more flexible assets are installed on the network as predicted via Future Energy Scenarios (*"By 2035 there could be around 20 million battery electric vehicles, and 10 million heat pumps connected to distribution networks in Great Britain"*).

### Question 3:

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**Are there any other policy alignments or industry developments, in the UK or internationally, which should be considered?**

As previously stated, the current landscape is complex, and policy guidance is required. At this stage we are not aware of any further policy alignments or industry developments beyond those detailed in the consultation document.

### Question 4:

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

We agree in principle with the scope proposed for markets, assets, and data, however there are some additional elements that require further consideration that are listed below:

1. The scope it does not consider the interactions/tracking of commercial allocation between FSPs/Aggregators and the consumer/asset owner. It would be beneficial if this is considered in the scope going forward to support the overall user experience, develop trust, and create a level playing field.
- The consultation is focused on assets and does not consider portfolio asset or multiple assets that are aggregated. For example, a household can be an asset on its own, as in the ESO Demand Flexibility Service DFS. It would be beneficial for such portfolio assets to be included in the FMAR scope, but further consideration will need to be given to how a household is treated and how could that be linked to other assets being registered and participating independently.
2. The scope should also consider the situation of asset participating in multiple services with potentially different providers. For example, a household with an EV participates in ESO balancing services with their energy supplier but participates in local flex services with an independent FSP. To ensure the full benefits of flexibility FMAR needs to maximise consumer choice and flexibility to avoid potential single service lock-in.
- The flexibility supply chain is evolving and can be complex. The scope should also consider the end-to-end supply chain interactions including user facing/technical aggregators as well as commercial aggregators. For example, where a user-facing/technical aggregator initially works with an FSP/commercial aggregator but in the future decides to take on the commercial aggregator role themselves how would the allocation of users work? At this stage it is unclear how could this impact the FMAR and should therefore be included with the scope.
- Regarding data verification, the consultation states *"It should not focus on market operation or verification stages, as that data is highly specific and bilateral;"* we agree with the suggested level of detail, but data verification is required. There is a possibility that data verification can be light touch, but it would provide benefits when the asset is linked to a market, FSP and service.

## Question 5:

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### **Do you agree with the functional outcomes? Should anything else be considered?**

We support the proposed functional outcomes in principle, however there is a clear link and potential overlap with the consumer consent framework. Further consideration is needed to avoid any ambiguity and confusion. There is a significant difference in granting access for a party to see and use data compared with giving consent and rights for another party to manage flexibility on their behalf. For example, a user may give consent to one party to track energy consumption but another to manage the charging of their EV.

## Question 6:

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### **Do you agree with the design principles? Should anything else be considered?**

We agree with the design principles, but we would recommend that the following principles are also considered and included:

- **Scalability** – to reflect the expected growth of flexibility assets and flexibility market in the future.
- **Flexibility and future proof** – The iterative approach is sensible but given the pace of change and complexity of the emerging markets, the design must have sufficient flexibility to adapt to new use cases, changes in the market, technology, and consumer behaviour.
- **Interoperability** - this is considered in parts of the consultation, but it should be an explicit design principle.
- **Engagement with users and industry** – As stated above, this is a complex and emerging market, input from users and industry is vital to ensure all the design principles are delivered to unlock the potential benefits and we consider that this should also be an explicit design principle.

## Question 7:

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### **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?**

Yes, we agree with the enablers and design activities. It makes sense for Elexon, as the newly appointed Market Facilitator to facilitate these working groups and have ownership and accountability.

Given the pressing need for action, work should start as soon as possible. Based on the previous engagement and with Ofgem leading, work could start now to develop a high-level System Requirements Specification and a technical roadmap whilst Elexon become established in their new role.

## Question 8:

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**What are the advantages and disadvantages of the proposed delivery body options for the FMAR digital infrastructure? Are there any additional options that should be considered? Do you agree with the justification for discounting approaches?**

The consultation clearly states the options and the associated advantages and disadvantages, and we have not identified any additional options that should be considered. We consider that any delivery body for FMAR should be:

- A neutral agent in the market, with no flexibility buying activities.
- Has proven and necessary experience of delivering a national critical service(s).
- Has existing resources and technical capability to start work as soon as possible to start delivering quickly
- High level of responsiveness and experience of dealing with customer service.
- Has the financial capability to develop the solution and absorb costs while the commercialisation, ownership and governance aspects are defined and agreed in parallel.
- Has deep knowledge and understanding of flexibility markets and has been involved in flexibility projects.

Our preferred options that deliver the outcomes of the consultation and aligns with the bullet points above are **Option 5** - Entity with formal enduring role or **Option 4** Market Facilitator if delivery issues can be addressed. Both options would encourage trust and would be impartial and could be coordinated with other projects as detailed in our covering letter to deliver a robust and value add service for FMAR and asset visibility.

Below considers each option in turn:

- 1. BAU / Commercial** – We agree this is not a suitable option due to the high coordination and clear accountability required to deliver the benefits for consumers.
- 2. DNO/DSOs and 3. ESO** – This raises a potential conflict of interest, as all procure flexibility services to support their network operations.
- 4. Market Facilitator** – This could be practical and sensible option, but our concern is timeline to deliver. Elexon has been newly appointed with many new responsibilities and will take time to develop capabilities and skills. This could be overcome by Elexon developing a scope and tendering for a delivery partner.
- 5. Entity with formal enduring role** – This can help ensure the appointed party is neutral and not a procurer of flexibility services thus encouraging trust and impartiality. The appointed entity can be chosen based on its capabilities and experience of delivering critical projects. This could also address concerns regarding the speed of implementation.

## Question 9:

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

The proposed timelines are too long and limit the opportunity to deliver value for consumers. The consultation and industry have clearly articulated the benefits and opportunities for developing FMAR. Without acting quickly there is a real risk that with the expected increased uptake of LCTs, current processes and the market will become overwhelmed and unable to unlock the potential flexibility benefits.

To support this the industry would benefit from a more targeted and specific deadline with an implementation roadmap developed as soon as possible that coordinated across other areas of work.

## Question 10:

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

As started previously, policy direction, decisions and solutions are required quickly but need to be coordinated to avoid duplication and wasted effort, especially where funding has already been spent or committed. In particular, the interaction between FMAR and the Automatic Asset Register (AAR) project for asset visibility. AAR will create a central register for assets, FMAR would create a single register for flexibility based on assets that have been installed. Both registers have a clear overlap but serve different goals and objectives.

There is a potential solution that could allow both FMAR and AAR to be developed and implemented which builds on the existing AAR/CAR innovation work. Having a clear policy on asset visibility will be extremely beneficial and support the development of the FMAR in a coordinated way.

In addition to the GB Distribution Code modification noted within the consultation, further modifications could be made to the Retail Energy Code (REC) or the Smart Energy Code (SEC) to place a requirement on suppliers to capture asset information about legacy assets when a consumer provides details for specific LCT tariffs.

## Question 11:

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

There has been extensive discussion and debate within the industry regarding the benefits and use cases for asset visibility. The consultation provides a good summary, we consider the following to be the most important:

- **Supporting network planning:** Understanding what assets and where they are located is critical for network planning, both in operational and future network development.
- **Identifying and verifying delivered Flexibility services:** Understanding and verifying the assets provides more confidence and accuracy for the industry that services can and have been delivered. That supports the networks and provide long-term benefit for consumers.
- **Monitoring and compliance:** This would support the development of asset performance and status that would assist industry, asset owners and networks. It would also greater responsiveness for incidents and effective risk management.



## Question 12:

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

We consider that the cost aspects of the solutions are well covered in the consultation, but further consideration is required on the benefits assessment. There is an opportunity look at wider benefits beyond those associated with cost-of-service savings.

The Smart Systems and Flexibility Plan from 2021 estimated that by improving real-time tracking and management of energy assets through a central asset register asset could contribute to *“annual savings of up to £10 billion by 2050 through enhanced operational efficiency and reduced grid congestion”*.

For example, recent publications from DSO/DNOs have provided evidence that network investment deferment can offer significant savings for consumers via the procurement of flexibility services. Improved asset management would also support the integration of more renewable energy sources and the ability to achieve net zero targets. The wider investment deferment and CO2 saving benefits need to be captured to undertake a robust cost benefit analysis.