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### **RECCo response to: Flexibility Market Asset Registration**

We welcome the opportunity to respond to this consultation, Flexibility Market Asset Registration (FMAR). 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).<sup>1</sup>

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.

Summary of key points:

- The interactions between the FMAR programme and other data programmes such as Consumer Consent and Smart and Secure Energy Systems (SSES) are important, and the chosen Delivery Body will need to engage with those programmes to ensure alignment.
- The responsibilities of the Delivery Body align well with the remit of the market facilitator in coordinating the Electricity System Operator (ESO) and Distribution System Operator (DSO) markets.
- The narratives of the functional outcomes and design principles seem too generic at present and should set out more clearly the targeted level of performance in each area.

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

Yours sincerely,

**Jon Dixon**  
**Director, Strategy and Development**

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<sup>1</sup> Subject to outcome of consultation on: [DCC Review Phase 2: Governance and Centralised Registration Service arrangements](#). Ofgem, May 2024.

## Appendix: RECCo response to consultation questions

<b>Q1. Do you agree that policy intervention is needed to deliver common Flexibility Market Asset Registration?</b>
Given that common FMAR is foundational to the delivery of other key Flexibility Digital Infrastructure (FDI) outcomes, we agree that policy intervention is appropriate and necessary. It should, building on the progress already made by industry in both the ESO and DSO markets, ensure a coordinated approach to addressing the challenges faced by owners and operators of small-scale assets seeking to enter flexibility markets. A common, single source of the truth can play an important role in addressing the informational barriers to unlocking the system-wide benefits of distributed flexibility faced both by the system operators and protecting the interests of consumers.
<b>Q2. 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?</b>
We agree that other policy interventions are unnecessary at this stage and that the progress that industry is making towards fulfilling the other FDI outcomes should be allowed to continue. However, having committed to intervention on FMAR, Ofgem will need to monitor closely progress across the other initiatives identified, with a view to further intervention if, for example, the timelines for delivery of individual projects begin to jeopardise the wider programme. We believe that the risks associated with the absence of policy intervention can be mitigated through flexibility in the way in which these programmes are delivered: in particular through an incremental approach that regularly engages stakeholders and assimilates feedback from users.
<b>Q3. 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?</b>
The consultation notes the key policy alignments, including Consumer Consent, Data Sharing Infrastructure, and Smart and Secure Energy Systems. It is important that the organisations tasked with the delivery of these programmes work collaboratively to share learnings and to, where of value, align their thinking. As the proposed Delivery Body for the Consumer Consent solution, RECCo is already engaging extensively with the other organisations proposed to be involved in the delivery of the programmes, such as the ESO.
<b>Q4. Do you agree with the scope proposed for markets, assets, and data? Should anything else be considered?</b>
While it is logical to include the technical asset data, we believe that further thought is required as to the inclusion of the flexibility service data. This is consumer-related data and its inclusion within the Retail Energy Code (REC) might be more appropriate being a retail governance issue than within the Balancing and Settlement Code (BSC), if this were to form part of the governance of FMAR. This emphasises the need for systems integration and effective cross-code working on operational matters as well as change delivery. This should be a key deliverable of the industry code reforms taking place over the next few years.
<b>Q5. Do you agree with the functional outcomes? Should anything else be considered?</b>
The functional outcomes identified are in our view appropriate. We look forward to further detail on the approach to achieving these outcomes.  “Data quality” will be vital to the FMAR but the consultation does prompt further questions about the approach to performance assuring and managing this. “Appropriate collection points”, “common data access” and the “data exchange mechanisms” could highlight the importance of the integration of FMAR with Consumer Consent and the Data Sharing Infrastructure <sup>2</sup> (DSI); the three programmes will need to work together to this end. On “user experience”, it will be important to define the standards that need to be achieved, making use for example of the Government’s standards for accessible design.
<b>Q6. Do you agree with the design principles? Should anything else be considered?</b>
We agree broadly with the design principles, though believe that the lines between these and the functional outcomes are somewhat blurred. The narrative of the design principles would again benefit from clearer statements of Ofgem’s expectations in relation to the principles identified as the current terms seem generic. On “quality performance and usability”, for example, it would have been beneficial to define the key elements

<sup>2</sup> [Governance of the Data Sharing Infrastructure](#). Ofgem, July 2024.

of a “good” user experience. This could include elements such as the simplicity of the experience or the need for “positive frictions” to be built in by design, ensuring that there is a greater degree of user engagement and consideration of possible outcomes, which they may not be fully cognisant of without such prompts. Such a design principle could be an important safeguard and important in retaining trust.

**Q7: 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?**

The enablers highlighted should note the alignment with the Consumer Consent programme. The flexibility service provider(s), which is proposed to be included in the data for the FMAR, will be determined by the consumer and will almost certainly have implications for the Retail Energy Code. RECCo is ready to work with the FMAR programme and industry through the REC’s established processes to deliver any changes required.

We believe that asset installers should be a named group in the list of stakeholders involved in activities.

**Q8. 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?**

We broadly agree with the advantages and disadvantages identified and see that the strongest case is for the market facilitator (recently confirmed to be Elexon) to take on the role. This is owing to the alignment of the role with the market facilitator’s responsibilities for coordinating ESO and DSO markets and for delivering system stability.

Irrespective of the chosen Delivery Body, we envisage that FMAR will necessitate changes in the REC as it will clearly have impacts on the consumer. While we do not believe that RECCo would be an appropriate Delivery Body as the role is not aligned with our objectives and focus on the retail markets, we have highlighted elsewhere the interactions between FMAR and the Consumer Consent programme, which RECCo is currently proposed to deliver. We would establish our own workstreams to support FMAR and build on the positive relations already established with Elexon and other stakeholders through our role in the delivery of the Market-wide Half-Hourly Settlement programme. It is also worth noting the proposed role of RECCo in delivering tariff interoperability within the SSES programme; further engagement would be necessary with the FMAR programme to develop an approach to sharing that information, as is envisaged, with the assets.

**Q9. Do you agree with the timelines proposed? Should anything else be considered?**

Yes, we agree with the timeline proposed and RECCo would, if chosen as the Delivery Body for Consumer Consent, work with the FMAR Delivery Body to support the alignment of the programmes as they will progress simultaneously.

**Q10. What existing or new policy levers could be used to improve asset visibility?**

No response.

**Q11. What use cases for asset visibility should be considered as priorities and why?**

We anticipate that the priority use cases will be networks-related and focused on issues concerning technical planning and system management.

**Q12. What costs, benefits or factors should be considered in a Cost-Benefit Analysis for asset registration solutions?**

While Ofgem must be careful to avoid double counting, given the likely inter-dependency of the proposed register with existing and proposed systems, including those of NESO, consumer consent and the network-focused data sharing infrastructure, it will be important to ensure that integration costs are fully considered.

Factors like scalability, interoperability, data quality, and particularly user experience are critical for ensuring that the solution can meet both present and future needs, supporting the transition to a more flexible, decarbonized energy system. While energy industry programmes typically involve a range of stakeholder interests, if the aim is to maximise the availability of flexibility, it will be important that the asset register and all associated processes (including financial incentivises) are accessible and attractive to non-traditional participants. There is a risk that development that is dominated by the incumbents will produce a solution that

meets the requirements of the current system but does little to facilitate the paradigm shift necessary to engage new market participants and the end consumers who are expected to invest in and subsequently allow access to flexible energy assets. We have seen that even with relatively straightforward propositions such as smart metering, the lack of market education and the creation of a suitable pull factor has hindered the pace and level of take-up. Concerns over third parties remotely accessing their devices may also deter many consumers from registering their assets availability to provide flexibility. We therefore consider that the solution should go beyond the delivery of technology and include those consumer facing activities not only to raise awareness, but to generate interest and subsequently consumer demand. These costs should appropriately form part of the cost-benefit analysis and facilitate future funding allocation.