

Governance of a Data Sharing Infrastructure

Northern Powergrid's response to Ofgem's consultation on the Governance of a Data Sharing Infrastructure

NORTHERN POWERGRID'S KEY POINTS

- We consider that the DSI's value proposition is best achieved through the active participation of all system operators. However, the costs that will be incurred to enable participation and receive benefit from the DSI MVP remain unclear. As such, there needs to be further clarity to understand this and how existing, or new, funding mechanisms can be best utilised to cover these costs.
- We do not consider there is sufficient clarity on the necessary roles and responsibilities to enable successful delivery of the DSI. As such, we consider that precise roles (including that of Ofgem) need to be clearly defined. We believe that without this, it will be a significant challenge to ensure alignment across the sector to enable the proposed timescales to be met.
- We support the proposals to have a short-term governance model, including the need for an interim DSI coordinator. However, it is essential that this specific role is truly impartial and can demonstrate that it is able to act without undue influence from any distribution system operator, including the system operator.
- To allow network operators to test and define specific responsibilities and better identify potential gaps and/or concerns, we feel it would be useful to review some example cases of how proposed roles within the Interim DSI governance model would work in practice.
- We think that an end-to-end audit of the interim period by a suitably independent body is a critical output, with the outcomes of this published, clearly documenting lessons learned and proposing recommendations for implementation of the enduring governance model.

Responses to consultation questions

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

- 1.1. Northern Powergrid is supportive of the potential uses for the data sharing infrastructure (DSI) within our day-to-day operation. Particularly, in relation to supporting governance controls through the delivery of secure, automated and efficient data sharing.
- 1.2. We believe the DSI will support delivery of several core requirements outlined within Ofgem's data best practice guidance, where these are focussed on enhanced data licensing, classification and data-sharing across the energy sector.

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

- 2.1. Northern Powergrid generally supports the funding proposals outlined for the interim needs related to delivery of the DSI Minimum Viable Product (MVP). However, to both enable participation and receive benefit from the DSI MVP we expect that DNO's will incur cost. Currently, we consider the costs remain unclear and further clarity is therefore needed to understand this and how existing, or new, funding mechanisms can be best utilised.
- 2.2. Additionally, we believe that further consideration and clarity is needed around Ofgem's role in overseeing this, specifically in terms of governance of expenditure.
- 2.3. To ensure success, the active participation of all system operators will be necessary to maximise the value proposition of the DSI. Without further clarification around clear routes to funding in the near and long term, we consider that this may be challenging.

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

- 3.1. We consider that the timelines proposed are ambitious. There are several specific factors which could pose challenges within the proposed timeline.
- 3.2. Currently, we do not consider there is sufficient clarity on the necessary roles and responsibilities. This is a priority, as without clear governance structures and details of the proposed trust framework being in place it will be a significant challenge to ensure alignment across the sector to enable the proposed timescales to be met.
- 3.3. As no precedent for trust frameworks exist across the UK energy sector, ensuring industry alignment on the necessary agreements and legal frameworks could be a significant challenge. We consider that these elements will influence to the success of the MVP and should be prioritised to avoid delay.
- 3.4. Finally, there is a need to understand the timeline in relation to other key activities already being delivered across the energy sector. For example, initiatives like the adoption of the Common Information Model and necessary grid code modifications, are in place already, which should be considered while prioritising use cases, to explore opportunities for alignment on expected delivery timelines.

4. 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?

- 4.1. Northern Powergrid supports the proposal to have a short-term governance model. However, we consider that further detail is required to define specific roles and responsibilities.

- 4.2. To ensure success, the role of the interim DSI coordinator must be independent and impartial. Currently, we do not consider there is sufficient detail on the roles within the proposed model to give clarity that this requirement will be fulfilled. It is essential that this specific role is truly impartial and can demonstrate that it is able to act without undue influence from any distribution system operator, including the system operator.
- 4.3. In addition, there is a need for clarity and formal documentation of the roles and responsibilities for other stakeholders beyond the interim DSI coordinator. In particular, the consultation document references the need for Ofgem to play a role in oversight of the DSI coordinator, to manage potential conflicts of interest. However, we do not consider that the document provides sufficient clarity on how it intends to oversee this process. Further clarity on Ofgem's specific role and role and involvement are therefore be welcome.
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5. If not, state your reasons and propose an alternative governance model or improvements to our proposed solution.

- 5.1. Northern Powergrid considers there is a need to clearly develop, document and agree specific roles, responsibilities and areas of accountability to ensure appropriate oversight and control.
- 5.2. The appropriate mechanisms will need to be in place and a critical component will be how Ofgem plays a role in overseeing the DSI. Based on the current consultation, we are left unclear how Ofgem will ensure that the interim DSI coordinator remains impartial and accountable. Clear processes, including routes to escalate issues and concerns, are also required.

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

- 6.1. Before considering additional roles, we feel it would be useful for Ofgem to suggest some example cases of how proposed roles within the Interim DSI governance model would work in practice. This would allow network operators to test and define specific responsibilities and better identify potential gaps and/or concerns. However, we feel there are specific gaps around elements such as funding support, managing long-term evolution of the DSI, and a role to address partner concerns and other industry actors involved in delivery of the DSI.

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

- 7.1. Northern Powergrid supports the responsibilities of the interim DSI coordinator listed in the consultation, subject to the concerns flagged at points 5 and 6. This includes the need for a clear process of escalating decisions beyond the DSI coordinator if challenged, to ensure the role remains accountable, effective and truly impartial.

8. 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?

- 8.1. Beyond those included within the consultation document, Northern Powergrid considers there should be a role for the DSI coordinator to define future milestones and a proposed delivery roadmap for the enduring DSI arrangements. Additionally, we consider that an important deliverable is to coordinate a lessons learned exercise following completion of interim activities. This can then be used to support decisions and priorities for the enduring arrangement.
 - 8.2. Further to the above, we agree with the recommendations that there will be a need for strong mechanisms to manage collaboration from industry of the proposed use cases. If not carefully controlled, this could lead to conflict and prolonged delay in deliverables for stakeholders.
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9. 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.

- 9.1. At this stage, we consider there is insufficient detail included within the consultation to sufficiently respond to the suggestion that the System Operator (SO) would be the best option to deliver the role of Interim DSI Coordinator. Specifically, there needs to be further clarity on the role Ofgem will play in managing potential conflicts of interest, particularly given that the SO will also be leading on technical delivery of the DSI MVP. Without appropriate oversight, there is a risk that the DSI MVP is delivered in a manner which prioritises the use cases and needs of the SO, above the collective.
- 9.2. Additionally, it is noted that the consultation proposes that the SO is uniquely placed within the sector, including having the required expertise and cross-energy knowledge to deliver the role of DSI coordinator. However, we do not consider that there is sufficient detail to suggest that other options, such as a working group, can be appropriately ruled out as alternative options. There are live examples where similar expertise is emerging through the current cross-energy working groups, such as those involved in supporting and coordinating the delivery of Ofgem Data Best Practice requirements.
- 9.3. This is an area where we think further consultation is necessary before Ofgem can take a decision.

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

- 10.1. During the period of transition, we consider there are several areas where key assessment criteria could be focussed.
- 10.2. **Assessing the delivery of roles and responsibilities:** There is a need for fully transparent criteria to assess the success of roles and responsibilities. We consider that this should include clearly defining the roles of industry participants and then evaluating their effectiveness.
- 10.3. **Review by independent body:** We think that an end-to-end audit of the interim period by a suitably independent body is critical. The outcome of this should be a published report which clearly details lessons learned and proposed recommendations for implementation of the enduring governance model.
- 10.4. **Engagement with stakeholders:** Assessment of stakeholder engagement and satisfaction is another important criteria for measuring success. This provides an opportunity to identify potential gaps and ensure that all relevant stakeholders have been appropriately involved.
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11. 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?

- 11.1. Northern Powergrid considers there are areas where the governance assessment criteria can be refined. Activity should focus on:
- i. Addressing the required licensing, legal frameworks, and agreements for all DSI parties across the energy sector. This is required to help avoid the risk that legal and regulatory issues cause unnecessary delay, by all parties not being aligned with data management practices.
 - ii. Suitable experts should be engaged to help inform and evaluate the assessment criteria. For example, working the with National Cyber Security Centre (NCSC) to ensure appropriate security measures and the Open Data Institute (ODI) to inform on interoperability and standardisation matters.
 - iii. Using real use cases and practical examples to help with the understanding of actual challenges would also be beneficial. This will help bring the governance proposals to life and move forward from theory onto actionable proposals.
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