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20 September 2024

Dear Jeff,

### **Governance of a Data Sharing Infrastructure**

Thank you for the opportunity to comment on the above statutory consultation, dated 29 July 2024. This response should be regarded as a consolidated response on behalf of UK Power Networks' affected distribution licence holding companies: Eastern Power Networks plc; London Power Networks plc; and South Eastern Power Networks plc.

We are highly supportive of Ofgem's ambition and commitment to establishing a comprehensive governance framework for the DSI. Furthermore, we support Ofgem's approach in coordinating the selection of an appropriate Interim DSI Coordinator and overseeing their activities. High-quality and easily accessible data are a key enabler to achieve decarbonisation at lowest cost.

UK Power Networks strives to lead in data and digital advancements within the energy industry. Our involvement spans multiple initiatives and workstreams aimed at improving data sharing across various organisations:

- Sharing data that enables our customers to make better decisions: UK Power Networks is leading the field in innovative data releases to better serve our customers and stakeholders all the way from connections to day-to-day operations.
- Ensuring we have the technological capability and skillset to deliver: We have made considerable progress with our Digitalisation Strategy and Action Plan (DSAP) in people and digital infrastructure, in readiness to support the DSI.
- Driving towards greater standardisation across industry: we led the ENA's Data and Digitalisation Steering Group (DDSG) and continue to provide leadership across a number of the DDSG workstreams to drive standardisation of these key areas, and develop capabilities such as common data triage frameworks.



We look forward to collaborating with Ofgem and other stakeholders in this significant endeavour and are committed to contributing to the successful implementation of the DSI governance framework.

Our answers to this consultation can be found in the appendix A to this letter. If you have any queries about the contents of this letter, please contact Sepair Zalmi ([sepair.zalmi@ukpowernetworks.co.uk](mailto:sepair.zalmi@ukpowernetworks.co.uk)).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James', followed by a stylized flourish.

**James Hope**

Head of Regulation & Regulatory Finance, UK Power Networks

Copy: Sepair Zalmi, Regulatory Reporting & Compliance Manager, UK Power Networks

## Appendix A

### **Q1. Do you see potential uses for the DSI within your day-to-day operation in the energy sector?**

We believe that the DSI can be central to improving the efficiency, transparency, and responsiveness of our operational processes. The focus on 'open data' under Open Data Triage encourages participants in the sector to share data, facilitating improved analysis of energy consumption, grid performance, and customer behaviour, leading to more informed decision-making and optimal resource allocation.

The DSI's standardised data approach could facilitate enhanced contract execution between flexibility providers and distribution network operators, aiding in renewable energy integration and system flexibility.

The recent shift to 'presumed open' data across the energy sector has demonstrated the appetite for data and the benefits that can be realised when data is made available. Furthermore, Ofgem's direction to employ the Common Information Model (CIM) for future data exchanges where feasible highlights a growing recognition of the importance of standardised data exchange.

In opening their data, Network Operators have faced a number of challenges in agreeing standardisation of data licencing, metadata, APIs, data themes and agreement of which datasets to publish. Through the ENA's Data and Digitalisation Steering Group (DDSG) there have been attempts to drive standardisation of these key areas, and develop capabilities such as common data triage frameworks. However, balancing the risk to network security with the value realised from open data is a constant challenge. Delivery of the DSI should help progress all the aspects mentioned here and many more.

### **Q2. Do you have any comments on the funding mentioned within this section?**

Regarding near-term funding (up to 2028), we understand the proposal to use a pass-through mechanism for short-term funding. However, it is crucial that this mechanism incorporates transparency to allow stakeholders to verify the claimed funding. This approach will safeguard consumers who will ultimately bear the costs of funding a DSI.

For long-term funding (beyond 2028) we acknowledge the necessity of exploring alternative funding routes, especially as the type of users connected to the DSI expands beyond regulated network monopolies. In this regard, we recommend that Ofgem closely examines alternative funding mechanisms.

Using a combination of connection charges, usage-based charges, and targeted charges should distribute costs equitably among various users to avoid undue impact on consumer bills. Below is our recommendation regarding the different charging mechanisms:

- 1. Connection Charges:** While minimising connection costs to prevent barriers to entry is crucial, especially for smaller entities with innovative use cases, a structured connection charge could help in offsetting some initial operational costs without deterring new users from joining the DSI.
- 2. Usage-based Charges:** Implementing usage-based recovery mechanisms can ensure that entities contributing to higher demand bear a fair share of the costs. This system should be carefully designed to reflect the actual usage patterns and ensure affordability for smaller users.

**3. Targeted Charges:** By targeting specific user groups, such as commercial entities accessing data, Ofgem can ensure that those who derive significant financial benefit from the DSI contribute proportionately. For instance, commercial entities might be required to pay per data request, ensuring a valid and fair cost distribution.

It is essential that all funding mechanisms are transparent to DUoS customers and non-DUoS customers, as they will ultimately bear the costs.

**Q3. Do you have any comments on the timeline shown?**

The timeline for the interim approach appears realistic, however, some of the timescales associated with specific deliverables appear optimistic. For instance, the consultation is set to close on 20 September 2024, yet the 'build and test pilot' is scheduled for completion before the end of 2024.

The initial use case might depend on the implementation of Grid Code modification GC0139, which seeks to increase the scope and detail of planning-data exchange between DNOs and National Grid ESO. This is expected to take effect post-2026.

**Q4. 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?**

Yes, it makes sense to develop the component capabilities in an incremental manner once longer-term governance structure requirements are fully understood. However, without understanding the specifics and level of detail for the rules, roles and mechanisms envisioned it is challenging to assess the true value of the DSI. Excessively flexible rules might lead to misalignment, while overly rigid ones that do not align with current system capabilities could hinder data sharing. Reviewing real examples of the intended governance for a specific set of use case would be helpful.

To successfully oversee governance from 2024 to 2028, the Interim DSI Coordinator must remain neutral and independent from any particular entity, especially the system operator. This impartiality is crucial for sustaining trust and ensuring fair and transparent decision-making throughout the sector. It is crucial to establish appropriate oversight mechanisms, and Ofgem's role in monitoring the DSI needs to be clearly defined. Defined governance procedures, including escalation pathways, are necessary to address any potential conflicts or issues that may arise.

**Q5. If not, state your reasons and propose an alternative governance model or improvements to our proposed solution.**

N/A

**Q6. Are there any additional governance roles that are not covered by the proposed governance model? If so, what are these?**

Data triage refers to the process of determining to what extent data can be shared, identifying the appropriate recipients, and deciding on the methods of sharing. To ensure greater uniformity among data owners and different central government entities, it is advisable to establish clear guidelines and procedures. For example, previously the National Protective Security Authority (NPSA) and the National Cyber Security Centre (NCSC) highlighted the sensitivity and risk of public cable records and Common Information Model (CIM) files, prompting a number of DNOs to make changes to the data they were making available to prevent security threats. However, Ofgem's requirement to publish LTDS in CIM format reflects a push for better data availability and interoperability. Stakeholders also stress the need for comprehensive cable records for decisions and efficiency. A strategic approach is needed to secure data while addressing transparency and accessibility needs.

Additionally, we seek further information on how security and the application of patches will be ensured, particularly given the use of Open Source software. Clarity on the accountability of the DSI Coordinator role for the timely implementation of these measures would also be appreciated.

**Q7. Do you agree with the responsibilities of the interim DSI Coordinator? Are there any additional responsibilities that it should undertake?**

The proposed responsibilities of the interim DSI Coordinator appear comprehensive. However, they could engage with relevant existing industry working groups, such as the ENA DDSG and CIM. Additionally, it would be beneficial to provide a clear template or best practices for related projects that fall outside of the DSI framework. For instance, while Automatic Asset Registration may not become a DSI use case, guidance on how to ensure data exchanges are interoperable, standardised and governed would be advantageous.

**Q8. 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?**

Yes, they do reflect the outputs that the Interim DSI Coordinator should focus on in the initial stages. We believe the proposed deliverables are comprehensive and align well with the expected outcomes. At this time, we do not have any additional deliverables to put forwards.

**Q9. 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.**

The three options presented are relatively limited, but within the context of what is considered we agree that the ESO is the most suitable option. To consider the third option of an independent working group more thoroughly, it would have been useful for the Governance of a Data Sharing Infrastructure document to have defined the capabilities and resource available through existing working groups. The document mentions that several components of the DSI are already in progress, so specifying what these components are and who is involved would have been advantageous. With this in mind, ahead of a decision in 2028 as to who should be the permanent DSI Coordinator, we would welcome the Governance of a Data Sharing Infrastructure document being enhanced to facilitate a greater level of informed input.

Additionally, we believe that to deliver the best value to current and future customers there would be merit in running a competitive tender process for the awarded permanent DSO Coordinator.

**Q10. What assessment criteria do you foresee being required when transitioning from short-term governance to an enduring governance model?**

The criteria selected for the interim position will remain relevant as the model transitions to the long-term arrangements. Consideration of funding and value realisation will be necessary to assess which aspects have worked well, and the project may, subject to it proving to be delivering value, need to scale to ensure that accessibility is possible for energy sector actors wishing to engage with the DSI. Metrics against number of use cases, customer satisfaction with suitable arrangements (polling various licensees and data users) and value realisation would be welcomed.

**Q11. 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?**

To enhance user experience, it is crucial for the DSI to be aware of and integrate with other relevant data sharing platforms wherever feasible. Presently, we have different open data portals, each requiring a unique login. Additionally, there are ongoing projects aimed at developing data sharing capabilities, which will also likely require separate logins.

The ideal scenario is for a user to log into a single platform and gain access to all the necessary data. This single access point not only simplifies the user experience but also facilitates the combination of data, thereby enabling enhanced insights. As per our response to Question 6, the DSI Coordinator must have robust systems and processes if all such data is going to be placed under its control on a central platform. The necessary cyber security controls must be adhered to by that party and there should be no degradation in the arrangements around the security of the data relative to those in place on the individual licensees' systems.

Therefore, the DSI must consider existing platforms and, through mechanisms such as a RACI (or similar), determine the appropriate level of engagement with other projects. This approach will help clarify the DSI's remit and ensure a seamless and efficient data sharing landscape.

Further comments beyond the above responses:

- Section 1.11 describes the feasibility study that government procured in 2023, stating that the 'Government is assessing the evidence and recommendations set out in the study'. Considering whether consultation on the governance of DSI is premature remains important if the case for DSI has yet to be established. Generally, a flagship initiative of this magnitude includes a cost benefit analysis (CBA) alongside, however, there appears to be no such analysis for the DSI. We recommend conducting a CBA, to ensure there is value for customers.
- Section 2.7 addresses the application of standardised data formats. It is also necessary to ensure consistent definitions of shared information. DSI appears to be reliant on standardisation of data formats, metadata *and* data definitions.

- Section 2.38 states 'Through the DSI, we expect the System Operator to have greater visibility of network capacity at specific sites (for example number of spare bays at a substation)'. To enhance clarity, the document should specify what information is confirmed and what is assumed, with this being made appropriate and proportionate for the relevant parties. For instance, at the distribution level UK Power Networks alone has circa 1,000 Primary and Grid sites, whereas at Transmission there are over 300 substations for National Grid in England and Wales. There should not be a "one size fits all" approach to the data required by the DSI. In the specific case in Section 2.38, if details about circuit breaker bays are held as a site drawing, there is significant work to convert this unstructured data into structured data, enabling it to be transmitted via the DSI. All use cases that are proposed need to be cognisant of organisations' existing data landscapes and maturity of data management capabilities.
- The Governance of DSI document mentions that parts of the DSI are being developed within the sector but lacks details on what these parts are, their completion timelines, or how the DSI will interact with them. Providing specific details about these elements would offer valuable context, leading to more insightful and targeted comments.
- The first use case requires the exchange of outage planning data. This presumes that the data exchange follows a predefined structured, utilising either the Common Information Model (CIM) or Information Exchange Standard (IES) and incorporates standardised metadata. Furthermore, it is assumed that the data exchange comes from 'power system analysis software' and there is an implied understanding that the operational and planning models are aligned. We believe these assumptions should be robustly challenged before proceeding with the use case.
- It is crucial to evaluate how the DSI can be scaled to accommodate projects involving multiple stakeholders, ensuring that the initial design of the system has enough capacity for future needs.