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Dear Nathan,

Re. Consultation on licence conditions and Guidance for network operators to support an efficient, coordinated, and economical Whole System

ElectraLink welcomes the opportunity to respond to Ofgem's Consultation on licence conditions and Guidance for network operators to support an efficient, coordinated, and economical Whole System, which sets out proposals in relation to the moving towards a more integrated, flexible system. Our response to the consultation questions are in Appendix 1 and we are happy for you to make this response public.

ElectraLink is responding in its capacity as the organisation that discharges the DNO Standard License Condition 37 (Provision of the Data Transfer Service) on behalf of the DNOs and our role as code administrator for key industry codes, such as DCUSA. This response does not reflect the views of DCUSA Ltd.

ElectraLink was established in 1998 to provide an independent, secure and low cost data transfer service between UK electricity market participants: The Data Transfer Service (DTS). The DTS transfers data relating to business-critical energy market processes, including customer switching, settlement, agent management and meter administration. In April 2012 the users of the DTS granted ElectraLink permission to collect all DTS data flows and hold them for up to 8 years. Our ability to store, enrich and analyse this data places us in a unique position to provide insights to drive business value and operational efficiency for the UK energy market participants, including DNOs, and provide assurance and monitoring capabilities to understand the effectiveness of change as market participants move to a smart, flexible, coordinated system. ElectraLink believe that the governance of the DTS highlights how structured, yet flexible, governance of license conditions can ensure effective response to market change and remove barriers to innovation.

In our role as the code administrator for DCUSA, we are aware that there is a significant amount of work that is already taking place that interacts with realising a Whole System approach. In particular the review of network charging is looking to ensure that the charging methodologies support the transition to a DSO and accommodate new and innovative connections and use of the network. It appears likely that this review will also result in harmonisation of charging principles across transmission and distribution thereby removing potential perverse incentives which favour one connection over another and also facilitates a whole system approach. To aid the move towards a whole system, we believe that there should be an element of code consolidation between the codes to ensure co-ordination in planning at a whole system level, guaranteeing impartial, inclusive and consistent feedback to any working groups.

We would be delighted to discuss our response and views in more detail. Please contact Rosella.Jones@electralink.co.uk for further information.

Yours sincerely,

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Director of Governance Services

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Appendix 1:

ElectraLink's response to Ofgem's 'Consultation on licence conditions and guidance for network operators to support an efficient, coordinated, and economical Whole System'

Question 1: Do you agree with the proposal to clarify Whole System responsibilities through licence and supporting Guidance? Where possible, please provide evidence and examples to support your views. In particular please describe:

a. The potential benefits you might expect to result from these proposals?

b. If there are any material costs or issues for you in relation to these proposals?

Utilising license conditions to guarantee effective responsibilities has been a successful mechanism used to outline data sharing responsibilities for the retail market with DNOs, under the establishment of SLC 37. Under SLC 37, the DNOs worked together to establish the Data Transfer Network, managed by ElectraLink, to undertake the DNO data sharing requirements and ensuring a uniform response to SLC 37.

As an independent central body, governed by the industry, ElectraLink has ensured that, as data sharing requirements continue to evolve to deliver market transformation, the data transfer service has facilitated this evolution. Although the requirements of the market actors have changed since the establishment of this license, it has not been necessary to change the license condition, due to the flexible governance arrangements within the Data Transfer Services Agreement (DTSA) that allows for the data transfer service to be changed under industry governance. This has been a successful mechanism for ensuring the principles of the license condition is maintained with minimal central oversight.

As we outline in question 5, ElectraLink believe that any high-level specific guidance is welcome to ensure industry has a common and consistent reference point.

We believe that licence conditions are the first step towards realising a Whole System view; however, delivery of this needs to be impartial and not promoting any individual companies needs or views. We believe that our success in delivering the DTS has been driven by the fact that we are an independent company operating in the interests of the industry and not any particular sector or company. This means we are able to deliver the best service for industry and enables us to innovate based on market changes and needs.

Question 2: *Do you agree with the proposed scope and content of these licence conditions and Guidance? Please provide any specific comments you have on the attached draft, including illustrative examples, and where possible, please provide reasons and evidence to support your response, in particular:*

a. Are there other examples or areas of activity which you consider should be highlighted, or do you see the need for further clarity in any area?

b. Do you consider these would be beneficial and proportionate? Are there any aspects which should not be included?

Whilst ElectraLink does not have any views on the current scope of the work, ElectraLink does not believe that the “text relating to information and data sharing needs to be revised in light of this wider work” as the current SLC 37 and the provision of the DTS has proved successful in ensuring that the data sharing needs of the DNOs are met. If the data sharing requirements of the DNO change, this will be reflected by ElectraLink through changes to the DTSA, under SLC 37.

Question 3: *These proposals require licensees to engage and coordinate with Stakeholders. This recognises that a range of parties may have an interest in different aspects of the system, and the licensees should seek to engage with those with an interest in a given situation. Do you agree with this approach?*

ElectraLink does not have any thoughts on this question.

***Question 4:** Do you consider any changes or clarifications are needed in relation to industry code objectives, notably the Distribution Code and the Grid Code, to support the delivery of Whole System outcomes? Specifically,*

a) Do you see the need for further change or clarification to the code objectives themselves, or their interpretation, eg through introduction of a specific relevant objective in relation to Whole System actions?

b) Have you identified any interactions of these provisions with wider aspects of industry arrangements which should be considered in developing them?

ElectraLink would support a move that brings together electricity codes into a single network code. The feedback we receive from industry participants is that there are too many different codes and a single point of reference for all aspects of being able to connect and use the electricity network is welcomed.

We believe that if a Whole System outcome is to be achieved then an holistic and co-ordinated approach to governance is required. The first step of this is being delivered through the Code Administrators Code of Practice (CACOP) and also the governance structure around the current charging arrangements significant code review; both of which are encouraging co-ordination across the CUSC and DCUSA. In the longer term we believe that if whole system outcomes are to be achieved then the CUSC and DCUSA should be combined into a single code. This would help to remove a barrier to entry as well as ensuring there is consistent arrangements to connecting and charging for the electricity networks and so avoiding potential perverse incentives to connect to a particular network.

***Question 5:** Do you believe further, specific guidance in any area, and in particular in relation to efficient connections and constraint management (eg in preparedness for electric vehicles or increasing distributed generation) would be beneficial? Please provide reasons and, where possible, evidence to support your answer.*

ElectraLink believe that any high-level specific guidance is welcome to ensure industry has common and consistent reference point. We expect that Ofgem's recently launched Access and Forward Looking Charging SCR will go a long way to ensuring such arrangements are fit for purpose for supporting a low carbon economy, however any guidance or expectations within license conditions can only assist in ensuring that appropriate and timely actions are taken.

Further guidance from Ofgem would be required to understand how the DNO should prioritise the different connections and constraint management. We believe that this should fall into open governance under DCUSA as this will ensure that they are transparent and also allow these rules to be updated by other parties as necessary with Ofgem retaining a right to veto.

***Question 6:** For which relevant datasets or information do you consider the need for availability and accessibility is greatest, in order to deliver Whole System benefits? Do you consider there to be any significant barriers to sharing these? Please provide specific suggestions for what you consider to be effective sharing arrangements, including required enablers and governance, such as the development of any industry standards?*

There are multiple data sharing arrangements and datasets, including the DTS dataset¹, that will support the transition to the Whole System. Effective data sharing arrangements would enable all relevant parties to be notified of events in the market efficiently and promptly, and allow parties to have access to the relevant data to enable them to make Whole System decisions. At a minimum, this requires data transfer infrastructure (event-driven data flows), plus access to the datasets required to support the Whole System.

The types of data sharing arrangements that will need to be established are:

1. Data sharing between DSOs and Capacity providers to detail Capacity Actions and Requirements (such as action notifications and post-action notifications (such as settlement))
2. Data sharing between DSOs and SO to detail Capacity Actions and Requirements (such as action notifications and post-action notifications (such as settlement)) to ensure no conflicting actions are taken
3. Data sharing between (D)SOs detailing constraints or outages that will impact on flexibility/ability for (D)SO to support system objectives (such as issues that impact on the network capability, rather than the system capacity)

ElectraLink have already made changes to the Data Transfer Network (DTN) to enable the DTN to support Data Transfer Service (DTS) users to design, test and send their own flows and send them across the DTN – this reduce the barriers of not having the infrastructure to send data between participants, supporting users as their data transfer requirements change over time. This tool is called Flow Builder² and went live in November 2018.

As data analytics develops there are two key forms of data that the Whole System marketplace needs to begin to utilise – big data and fast data. Big data is the term used for a historical dataset that covers the entirety of a marketplace, which can be used for insights into trends, forecasting, assurance, confirmation if the effectiveness of change, the identification of risks or issues. Fast data is data that is accessed or delivered immediately to users for real time decision making. These two types of data enable businesses to improve their market understanding to develop new products and increase efficiency. Without insights, brought through data access, the market is hampering innovations that can be developed to support the Whole System.

Like other energy markets, such as Norway, the UK has an energy market datahub that industry participants can use to inform their decisions or facilitate/replace data transfer. Innovating existing market actors to

¹ ElectraLink's Data Transfer Network operates at the centre of the energy markets, carrying data on change of energy supplier, settlement, meter installation and other industry processes. In April 2012 the users of the DTS granted ElectraLink permission to collect all DTS data flows and hold them for up to 8 years. This dataset is called the DTS Dataset. Our ability to store, enrich and analyse this data places us in a unique position to provide insights that drive business value and operational efficiency for the UK energy market participants.

² <https://www.electralink.co.uk/services/data-transfer-network/flow-builder/>

support the Whole System or enabling new business models to enter the market to provide Whole System outcomes requires big data to allow actors an understanding of the current state of the market, which requires visibility of and access to key market data. Lack of information surrounding the state of the market can lead to a lack of or incorrect engagement, as risk-adverse participants are deterred from investing in new business models, due to not having data to rationalise or support entering the market. Notwithstanding investment issues, lack of access to data could also stifle the development of new business models, where market participants do not have access to the data to drive their business processes.

The datasets that ElectraLink believe are required to support whole system outcomes are:

1. Constraint management areas
2. Constraint management risks (i.e. single points of failure)
3. Proliferation and location of DER and EV
4. Generation capacity for generation connected to the network
5. Demand capacity for domestic and non-domestic locations
6. Number of households or properties available for constraint management

ElectraLink operates at the heart of the UK energy market with unique insight into the challenges and opportunities faced by the industry. We deliver a regulated UK **Energy Market Data Hub (EMDH)** and develop innovative dual fuel, governance and data analysis solutions for the UK energy market. ElectraLink is the bridge that underpins the utility markets and plays a key role in the transition to a smarter, more flexible network. Through 20 years' experience of managing the DTS and now transformative EMDH, ElectraLink has gained deep understanding of the key barriers to the sharing of datasets and the establishment of the governance arrangements to ensure the effective sharing of those datasets. ElectraLink believe that it is pertinent that access to industry data must fall under industry governance and be centrally available, from a trusted entity, to ensure that all participants have equal, secure access to industry data. It is noted that ElectraLink could fulfil this trusted, governance-bound role. A structured, mature governance arrangement for data sharing, such as the Data Transfer Service Agreement that governs the DTS dataset, reduces data risks (the wrong people accessing the data) and ensures independence and competitiveness, as the industry govern how industry data can be used. For ElectraLink, the governance arrangements of the DTS dataset ensures that the data sharing is provided flexibly, where the rules of data sharing can be updated, as and when appropriate ensuring that DTS data is always provided to the right people.

***Question 7:** Do you agree with the proposal to apply these provisions to all electricity distribution licence holders, including IDNOs, and onshore TOs, and to exclude the ESO, offshore TOs and interconnectors? Where possible, please provide reasons and evidence to support your response.*

We do not have any thoughts on this question.