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**29 May 2020**

Dear Electralink

**Citizens Advice response to Electralink consultation on Flexr: the energy data sharing service.**

Citizens Advice welcomes the opportunity to respond to this consultation as part of its statutory role to represent domestic and small business energy consumers in Great Britain. Our response is not confidential and may be freely published.

The publication 'Upgrading Our Energy System: Smart Systems and Flexibility Plan'<sup>1</sup> issued in 2017 by Ofgem and the government sets out principles for ensuring effective markets and competition to achieve a smarter, more efficient energy system. The report highlighted (page 19) that there was a need to open up the delivery of network requirements to the market so that demand side response measures could compete with traditional infrastructure solutions. In addition, the Energy Data Taskforce report 'A Strategy for a Modern Digitalised Energy System'<sup>2</sup> which was published in 2019 gave further recommendations on the need for data to be used effectively.

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<sup>1</sup> Ofgem and government, 'Upgrading Our Energy System: Smart Systems and Flexibility Plan', July 2017, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/633442/upgrading-our-energy-system-july-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633442/upgrading-our-energy-system-july-2017.pdf)

<sup>2</sup> Energy Data Taskforce, 'A Strategy for a Modern Digitalised Energy System', June 2019, <https://es.catapult.org.uk/reports/energy-data-taskforce-report/>

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These recommendations included increased transparency of asset infrastructure and operational datasets to facilitate innovative and cost efficient solutions. There is, therefore, a clear identified need by public bodies and other organisations for energy data repositories with open, transparent and objective access requirements. It is in this light that the Electralink Flexr product has been proposed which aims to provide a Distribution Network Operator data provision and standardisation service to facilitate the energy market transition.

We are pleased to respond to this consultation regarding the proposed Flexr service and raise the following points.

### **Achieving the right outcomes for consumers**

The proposed Flexr service is likely to become an essential infrastructure service which will facilitate the flexibility markets. In turn, those markets should contribute to a cost efficient, low carbon energy system. As such, it is important for consumers that the Flexr service delivers these outcomes. If Flexr fails to deliver an appropriate service or is not delivered in a timely manner, there may be consumer detriment caused through the inability of flexibility providers and other developers to participate and respond appropriately. In addition, we are concerned that there could potentially be consumer detriment caused through issues relating to competition. Electralink may be perceived to be in an advantageous position from developing the initial Flexr service offering when there is consideration of the next development stages for Flexr. The company may also be seen to be in a privileged position from its collation and handling of the Flexr data in relation to the possible development of any commercial flexibility platform or other similar commercial data-driven project.

We understand from the Electralink Flexr webinar (20-5-2020) that the Flexr service is to be a facilitator for other flexibility market platforms and it is not intended for Electralink to enter such competitive markets. We would welcome further clarification of this commitment in a written statement.

To address the potential consumer detriments outlined above, we would further recommend the following actions.

#### **1. Energy Networks Association (ENA) Open Networks project coordination**

The ENA Open Networks project<sup>3</sup> is a key coordinator and driver of the energy networks' response to the changes needed to facilitate the energy transition. The project incorporates a wide group of stakeholders including gas, electricity, distribution and transmission network companies, independent companies, and other groups such as consumers, large customers, suppliers and academics. We believe that the Flexr service should coordinate with the Open Networks project,

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<sup>3</sup> Energy Networks Association Open Networks project:  
<https://www.energynetworks.org/electricity/futures/open-networks-project/>

particularly within the workstreams working upon data collation and sharing, capacity requirement identification, flexibility services, and the System Wide Resource Register. By collaborating with the Open Networks project, there should be benefits from a wider stakeholder view, from the knowledge gathered from the various workstreams, and to ensure that consumer detriment is mitigated from the risks of untimely or inadequate delivery of Flexr.

## **2. Ofgem ongoing review relating to outcomes and any potential competition issues**

We think there is a need for Ofgem to outline clear principles about how flexibility data services, such as Flexr, will operate in a way that encourages a competitive market for services.

We would welcome the ongoing review of services, such as Flexr, by Ofgem to ensure that the project is meeting its aims given the importance to consumers of an effective flexibility market. Ofgem should also ensure that potential competition issues are addressed to protect consumers from any detriment caused through Electralink's potentially advantageous position as a data handler of Distribution Network Operator and Distributed Energy Resources information.

### **Stakeholder engagement**

We welcome the stakeholder engagement that has taken place to date, including the consultation on Flexr, the webinar regarding the proposed service, and the direct discussion with Citizens Advice. We would recommend further engagement with a wide group of stakeholders, including potential participants that may not currently be part of the Data Transfer Service (DTS) or that may be new to flexibility services. These potential participants may include groups such as local authorities, housing associations, or smaller community energy groups. It may require a proactive and sustained engagement approach to include such groups within stakeholder engagement for Flexr as they may not readily understand the opportunities or use cases that the Flexr service may provide to them. They may also be less likely to have responded to this current consultation due to lack of industry knowledge of this proposed service and, or capacity so their views may not have been incorporated at this stage.

### **Access to the Open Portal**

The proposed Flexr service is to have a controlled access-point via the Open Portal to allow approved third parties to access the Distributed Energy Resources (DER) and DNO data. Potential participants will be required to register with the Open Portal to gain access. There is limited detail regarding the registration requirements, including the criteria for permitting access and which organisations or persons might be excluded. We would welcome further information regarding the registration process and criteria for access. We recommend further consultation

with a broad group of stakeholders on this matter to ensure that as wide a selection of potential participants can provide input to the registration process. The value of the Open Portal and the Flexr service will be enhanced if smaller organisations, such as community energy groups and housing associations, could also gain access to the service to be able to participate fully in the energy transition process.

## **Governance**

We support the intentions outlined within the Flexr consultation document regarding effective governance to ensure that the service is delivering “a fair, robust, level playing field for all industry parties, either existing or for new entrants”.

<sup>4</sup>

It would be valuable to have early and robust industry oversight tailored to the Flexr service. It appears reasonable to use a pre-existing and proven model for the governance arrangements such as the Distribution Connection and Use of System Agreement (DCUSA) or the Data Transfer Services Agreement (DTSA). It may be preferable to use the DCUSA model with the additional schedule which may offer the ability to more readily facilitate transfer of the Flexr service to another provider in the future, if deemed appropriate.

## **Continuance funding beyond the initial Flexr development stage**

The Flexr service, as outlined in the consultation, is to develop a Minimum Viable Product (MVP) for £3.5m. Development of a full functionality service will cost a further considerable amount. We are aware of the Network Innovation Competition<sup>5</sup> (NIC) bid submitted by Northern Powergrid to Ofgem for continuation funding of £9 million to build the full service Flexr product (£10 million total project cost). The Electralink webinar (20-5-2020) on the Flexr consultation noted that this NIC bid and its information was not to be part of the consideration for this MVP Flexr service consultation.

The Flexr consultation asked for stakeholder input regarding options to fund Flexr beyond 2020 (i.e. for full development and ongoing costs). However, no details were provided within the Flexr consultation to indicate the size of the further development costs nor the likely ongoing maintenance and administration costs when Flexr is fully operational. The options provided within the consultation were:

- Recovery of costs via the RIIO-ED2 price control mechanism or other regulated cost recovery system where the cost of the development and service would be ultimately funded by consumers, or

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<sup>4</sup> Electralink, ‘Flexr: the energy data sharing service. Consultation on a DNO data provision and standardisation service to facilitate the energy market transition’, May 2020, [https://www.electralink.co.uk/wp-content/uploads/2020/04/Flexr\\_consultation\\_21.04.2020.pdf](https://www.electralink.co.uk/wp-content/uploads/2020/04/Flexr_consultation_21.04.2020.pdf)

<sup>5</sup> Network Innovation Competition bid for Flexr service, May 2020, <https://www.ofgem.gov.uk/network-regulation-riio-model/current-network-price-controls-riio-1/network-innovation/electricity-network-innovation-competition>

- Flexr services paid for by users where costs would be met by the direct users of the Flexr service mirroring the Data Transfer Service cost recovery mechanism

It would be valuable to undertake further consultation regarding the possible cost recovery methods beyond 2020 including considering other options such as a hybrid system with part socialised costs and part user costs, for instance. Further consultation should also include details of the likely costs of development, ongoing costs and timescales, as well as modeling of possible fee levels and structures. It would also be valuable to understand the business model regarding whether the Flexr service is intended to be profit-making or a purely cost-recovery service.

The provision of such information would assist in understanding the business model implications, the scale and timeline of costs, and inform the ability of the recovery mechanisms to meet any costs.

### **Data privacy and security**

As Citizens Advice understands, signatories to the Data Transfer Service (DTS) must make provisions within their contracts to obtain data sharing permissions before data is shared on a non-anonymised basis. It would be useful to understand how accessible and transparent the user options are and how suitable they would be for a wider group of people and organisations. It's not also clear how well people understand certain use cases presented, for example 'planning'<sup>6</sup>.

Our recent report<sup>7</sup> into data sharing attitudes found 9 in 10 people thought opt outs were important. More generally, data privacy and security is a key barrier for many people adopting DERs, such as smart battery storage and smart chargers<sup>8</sup>. Given this, if data sharing in this area does not embody strong principles of transparency, control and security, consumer confidence could be undermined.

Finally, we welcome Electralink's strict governance arrangement when sharing non-anonymised data with those outside the DTS agreement. We would be interested in hearing more about this process.

Yours faithfully

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**Copied to:** Frances Warburton, Director, Energy Systems Transition, Ofgem

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<sup>6</sup> Data sharing and the importance of choice architecture, 2018, Behavioural Insights Team  
<https://www.bi.team/blogs/data-sharing-and-the-importance-of-choice-architecture-in-healthcare-new-results/>

<sup>7</sup> Clear and in control, 2019, Citizens Advice  
<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/clear-and-in-control/>

<sup>8</sup> Current consumer attitudes to smart home technologies, 2018, Citizens Advice  
<https://www.citizensadvice.org.uk/cymraeg/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/current-consumer-attitudes-to-smart-home-technology/>