

28 September 2022

Energy UK Cover Letter on Delivering a Smart and Secure Electricity System: The Interoperability and Cyber Security of Energy Smart Appliances and Remote Load Control

I am writing on behalf of Energy UK to input into the *Delivering a Smart and Secure Electricity System* consultation. This cover letter provides high level comments on the overall consultation to supplement our marked response form.

Energy UK is the trade association for the energy industry with over 100 members, from established FTSE 100 companies right through to new, growing suppliers, generators and service providers across energy, transport, heat and technology. We represent the majority of the energy sector excluding networks and upstream oil and gas. Our members are highly active in the electric vehicle (EV), low carbon heating and smart metering space. They offer EV tariffs, smart charging, leasing and selling of EVs, installing and operating chargepoints in homes, businesses and in the public domain. They also provide home heating services to customers, comprising a range of products including electric heating technologies, radiators, hot water tanks, microgeneration and batteries.

We firmly welcome this consultation and are encouraged that government is actively looking to engage industry on the topic given the intricacies of smart systems. Overall, Energy UK strongly urge government to acknowledge two key considerations which will help ensure that industry can truly deliver the best possible outcomes for consumers and the energy system, in both the short and medium terms.

- **Complexity and speed of change in ESA markets:** ESA markets are nascent and not homogenous, yet also highly innovative, complex and fast changing. The breadth of demand side response (DSR) applicability itself, its definition and the reality of the service are not yet fully known and will change to realise full potential. Within this context, overly prescriptive mandation of standards, burdensome compliance requirements or stringent governance arrangements may risk obstructing the evolution of the best deliverable functionality of DSR in each technology. We therefore support an 'options-based' approach to regulation that is equal to the associated risks, and urge government to work closely with industry in defining and evolving these options. Any governance arrangements should similarly include suitably fast and cost-efficient mechanisms by which they can evolve.
- **Appropriate lead times for industry to deliver:** We urge government to also learn from the experience of implementing the *Electric Vehicle Smart Chargepoints Regulations 2021* when establishing lead times for industry to deliver additional requirements. ESA markets are a composite network of multiple traditional and non-traditional actors, with complex interactions, transactions and existing relationships at play. Due to this complexity, lead time for industry to deliver requirements only begins, at its very earliest, with sight of draft regulation. There is a need to balance pace of delivery to ensure consumer benefit and protection, with industry's ability to develop the best possible products and services for these consumers.

We look forward to the next stage of engagement regarding technical design of delivery options, which many of our answers to this consultation's questions are contingent upon. We are therefore eager to continue collaborating with government as policy and requirements develop over the coming months, and suggest that further consultations take the form of smaller pieces split, for instance, by technology or timeline. We are also willing to support any informal government effort to explore means of engagement prior to formal consultation via ourselves and our membership.



The voice of the energy industry

Finally, we wish to reiterate our support for government's objective to facilitate a smart and secure electricity system as a crucial step in the power system's transition to Net Zero, and as a means to empower consumers to engage more closely with flexibility markets and derive value from them. Given that the future design of energy markets is still being reimagined, it is essential that these requirements do not stifle the innovative flair of British business before this process has even begun.

If you have any questions, please do not hesitate to get in touch.

Yours sincerely,
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