

# ENA Open Networks Standard Agreement (V2) for flexibility procurement Consultation webinar

Wednesday 22<sup>nd</sup> September 2021



## Thank you for joining this Webinar.

- This webinar will commence at 14:03.
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- The slides from the webinar will be made publicly available on ENA's website.
- If you would like to receive information about the Open Networks Project or have any feedback you would like to submit, please get in touch with us at [opennetworks@energynetworks.org](mailto:opennetworks@energynetworks.org).

## Welcome

**Today's webinar will be delivered by Andy Rice and Abisola Dapo-Akinpelu from the ESO. Supporting the webinar today will be Alex Howison (SSEN) and Joe Horgan (NPG) who will be available to answer questions during the Q&A session.**

**Alex, Joe, Abisola, and Andy are all part of the ENA WS1A P4 workstream that has developed version 2 of the Standard agreement that is currently out for industry consultation**

# Agenda

Item	Start	End	Time	Description	Presenter
1	14:03	14:05	2	Welcome & Introduction	Connor Innes (ENA)
2	14:05	14:40	35	Standard Agreement Presentation	Andy Rice (NG-ESO) Abisola Dapo-Akinpelu (NG-ESO)
3	14:40	15:20	40	Q&A Session	Andy Rice (NG-ESO) Abisola Dapo-Akinpelu (NG-ESO) Alex Howison (SSEN) Joe Horgan (NPG)
4	15:20	15:25	5	Summary & Next Steps	Andy Rice (NG-ESO)
5	15:25	15:30	5	Wrap up	Connor Innes (ENA)

# Open Networks Flexibility Standard Agreement (V2) Consultation

Andy Rice (NG-ESO)

Abisola Dapo-Akinpelu (NG-ESO)

# P4 Product Team and Standard Agreement Summary Points

- **Version 2 of the Standard Agreement is now out for consultation**
- **Feedback from stakeholders on Version 1.2 further addressed**
- **Adopts agile framework structure**
- **Service-specific schedules**
- **There is an additional requirement for the ESO to run industry consultations to comply with the Electricity Balancing Guidelines (EBGL) Article 18 and the Clean Energy Package.**

Product team members in 2021

Company	Primary Representative
SSEN-D	Alex Howison – Gemma Lampert
NG (SO)	Andrew Rice - P4 Lead, Abisola Dapo-Akinpelu
NIEN	Bradley Cormac
NPG	Joe Horgan, John Leighton
SPEN-D	Wendy Mantle
ENWL	Lois Clark
UKPN	Sam Do, Helen Hassan & Rebecca Slattery
WPD	Helen Sawdon

## Standard Agreement: Introduction, Background and Rationale

- Over the last few years, the UK has seen a steady growth in the amount of flexibility services utilised by DNOs and the ESO to manage their respective networks.
- The market however operated with discrete agreements, as each DNO utilised separate contracts, and the ESO used another suite of contracts for transmission-based services.
- The implication of this was that a provider with assets across the country could engage with one or more different sets of requirements, terms and clauses.
- In January 2019, the ENA Open Networks WS1A Product 4 (P4) commenced significant work to evolve contractual arrangements and develop a Standard Agreement for flexibility services.
- Previous versions of the Standard Agreement focused purely on DNO contract alignment. Versions 1, 1.1, and 1.2 were based around the bilateral contracting structure of DNOs and could not accommodate the ESO's auction-style day ahead procurement.
- Hence, one of the key objectives for Version 2 was the creation of a single approach for implementation by the DNOs and the ESO.

# The Development of the Standard Agreement

January 2019

Product Team commenced a 12-month programme to develop a Standard Agreement for all GB DNOs (Version 1)

April 2020

Version 1.1 of the Standard Agreement expanded on the work done in Version 1 to further create alignment amongst DNOs.

February 2021

Version 1.2 of the Standard Agreement was developed based on stakeholder feedback and the DNOs experience of using Version 1 and Version 1.1

September 2021

Version 2 of the Standard Agreement has been published for consultation. This is the first version of the Standard Agreement to be utilised by both the DNOS and the ESO. Version 2 seeks to improve accessibility and facilitate participation by non-traditional parties. There is also an overall focus on simplification of language



## Version 2 of the Standard Agreement

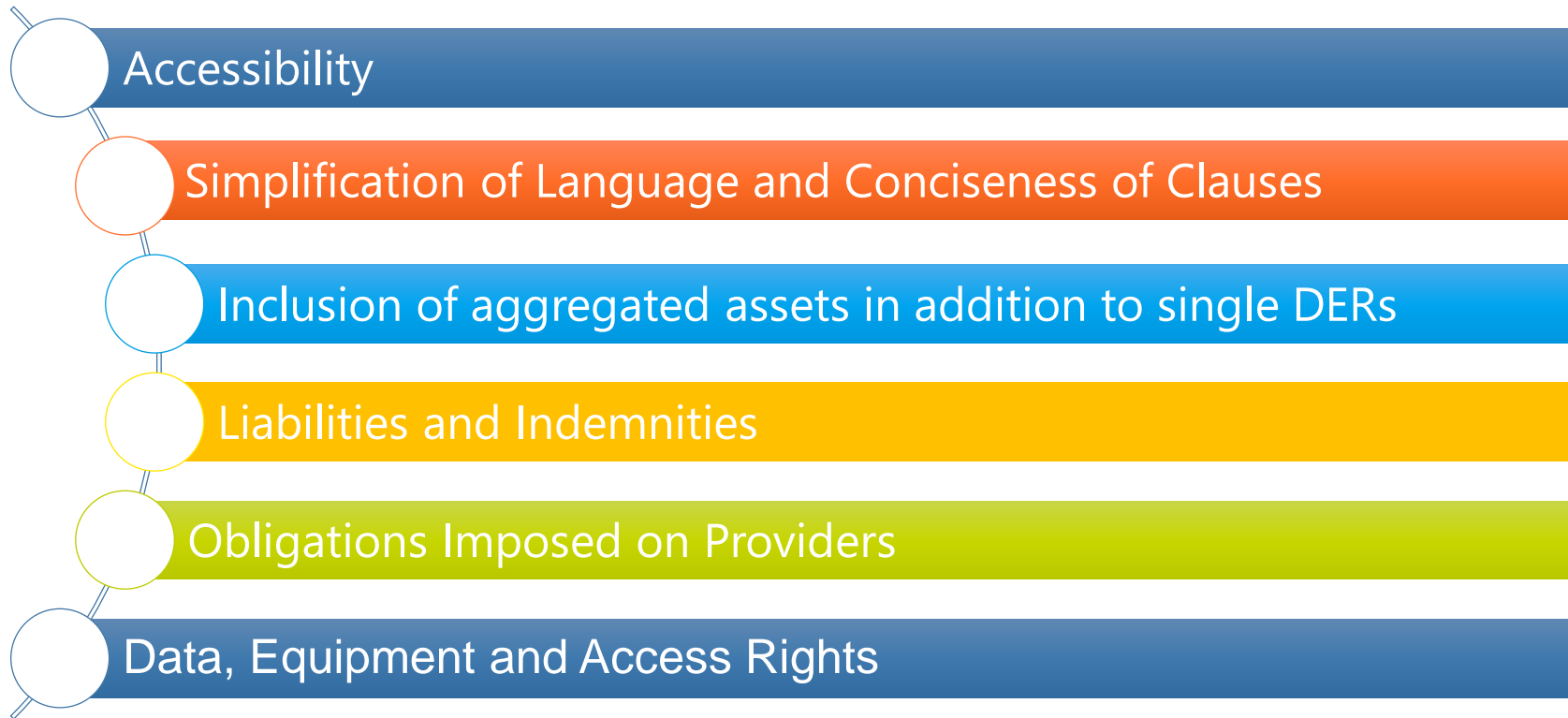
Version 2 is the latest version of the Standard Agreement to be used across ESO and DNO services. This is the first version of the Standard Agreement that facilitates a more agile procurement and contract award process, by moving to a framework based structure and aligning the schedules to be service specific.

### How was Version 2 developed?

- Version 2 was developed using the combined best practices from the current ESO contracting process, commonly referred to as ABC that is being issued for services such as Dynamic Containment and STOR and version 1.2 of the Standard Agreement.
- We have taken existing clauses from the General Contract Terms and where necessary made adjustments to simplify the clauses to work for all parties.
- Version 2 of the Standard agreement was created not only by looking at how the ESO and DNOs contract now but also what could be required going forward.

## Version 2 of the Standard Agreement

Version 2 of the Standard Agreement further addresses feedback received from stakeholders on Version 1.2 and creates a single approach for implementation by both DNOs and the ESO, with specific focus on:



# Key Updates in Version 2 of the Standard Agreement

## Structure

### Framework Structure

Version 2 successfully secures alignment between the ESO and DNO by introducing a framework contractual structure, which allows contracts to be awarded, ranging from day ahead (auction-style) agreements to bilateral contracts.

### Service Based Schedules

Version 2 utilises service- based schedules, which define how each service is to be procured and provided. The structure makes it easier for providers to follow what is required per service and enables any service/ contractual documents to be isolated, in the event of industry consultation. Please see diagram on next page.

# Key Updates in Version 2 of the Standard Agreement – Service Based Schedules

General T&Cs

General Glossary

Service Terms – DNO  
Active Services

Service Terms – DNO  
Reactive Services

Service Terms – ESO ODFM

Service Terms – ESO DC

Glossary – DNO Active  
Services

Glossary – DNO  
Reactive Services

Glossary – ESO ODFM

Glossary – ESO DC

Annexes

Annexes

Annexes

Annexes

Forms & Templates

Forms & Templates

Forms & Templates

Forms & Templates

Signatures

Signatures

Signatures

Signatures

# Proposed Structure

General T&Cs	V1.2 and Glossary were a combined document
General Glossary	
Service Terms – DNO Active Services	The ‘Schedule’ is now replaced by ‘Service Terms’ – which includes elements from existing schedule 1 and 2, i.e. service description, requirements, service window tables, charging and payment details.
Glossary – DNO Active Services	Service specific glossary as required
Annexes	Detail which was included in Schedules 4, 5, 6 & 7 of DNO agreements, and supporting detail from ESO suite now included in named Annex’s – i.e. Communications, Performance Monitoring, Technical Requirements, Tender rules
Forms & Templates	Such as Sites/DER details, Form for unavailability, Performance reports and ESO templates
Signatures	ESO Forms A, B and C, DNO Agreement ‘form’, contract award notice

# Specific schedule detail

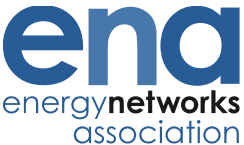
Service Terms – DNO Active Services

Glossary – DNO Active Services

Annexes

Forms & Templates

Signatures

New Name	V1.2 element	ESO Element	Title sections (V1.2/ESO)	Notes	
Service Terms	Schedule 1 - Service Description	Service Terms	Permitted Extensions & Periods, Service Parameter Tables, Service Failure Reporting, Service Window Tables, Service Requirements. Invoicing Process (if different to Clause 11) Charges and Calculation tables, Reduction, Withholding and recovery of payment detail (if required)		
	Schedule 2 - Flexibility Service Charges				
Service Specific Glossary					
Annex's	Schedule 4 - Communications		Representatives, Process and systems for Communication, Acceptance of Instructions, Reporting and Escalations Process	DNO Communications Annex	
	Schedule 5 - Performance Monitoring		Performance reporting/management process, Testing and Monitoring Process, Service meter detail, Monitoring of DER Development Projects, Auditing	DNO Performance Monitoring Annex	
	Schedule 6 - System/Technical Requirements		Flexible power/API set-up etc	DNO System/Technical Requirements	
	Schedule 7 - Special Requirements		'Special' Requirements (SSEN use for Company H&S documentation, SPENs Modern Slavery additions)	DNO Special Requirements Annex	
		Participation Guidance Doc			
		Tender Rules*		Q for AB - should this shift to Service Terms?	
		Testing Analysis Tool			
		Testing Analysis User guide			
		Testing Guidelines			
		Testing Analysis Tool			
Forms & Templates	Schedule 3 - Sites & DER			Site/DER Detail	
	Unavailability/Remedy Template/Form		Currently in Schedule 4 (communications)		
	Performance Report template		Currently in Schedule 5 (Performance Monitoring)		
		Provider Data Template			
		Tender Data Template			
Signatures*		Form A			
		Form B			
		Form C			
		DNO Signature Page		New/Better name required!	
		Post Contract Award Notice			

# Key Updates in Version 2 of the Standard Agreement – Implementation of Feedback From Stakeholders on Version 1.2

Feedback Area	Feedback	Response
<p><b>Inclusion of aggregators</b></p>	<p>The standard contract needs adjusting to ensure it works for aggregators, including the aggregation of demand response from smaller assets.</p>	<p>Building on updates made in Version 1.2, which include, the removal of singular terminology and the use of pluralised statements to reflect applicability to aggregators and aggregated assets, Version 2 incorporates more extensive changes which demonstrate that aggregators may not always be in control of the assets and as such, may need to procure that asset owners adhere to obligations.</p>
<p><b>Providers Obligations</b></p>	<p>Requirements for site access – it is not acceptable to many customers to give DNOs an unrestricted right of entry, even with notice.</p>	<p>This clause has been further relaxed within Version 2.</p>

# Key Updates in Version 2 of the Standard Agreement – Implementation of Feedback From Stakeholders on Version 1.2

Feedback Area	Objective	Response
<b>Liabilities and Indemnities</b>	<p>Harmonisation of the liabilities and Indemnities provisions across DNOs and the ESO.</p>	<p>The liabilities and indemnities provision has been amended to align with the ESO model. Thus, under the Standard Agreement, there is a general cap on liability for asset damage, with specific limits for the DNOs and the ESO. Furthermore, specific indemnities as relevant to the services, are set out in the schedules.</p> <p>The dual-cap approach is implemented across the ESO’s services and has undergone specific and sustained engagement with the ESO’s contractual change processes.</p> <p>It is critical to note that capping of liabilities balances the DNO/ESO risk for the failure of service provision and resultant costs of alternative solutions or in some cases asset damage and outage related penalties against the financial burden placed on service providers within the Liabilities and Indemnities sections of the agreement, which had previously been seen as a potential blocker to participation.</p> <p>Furthermore, it is important to highlight that the cap options are purely for contractual failures such as the non-provision of services or material breaches. Liabilities &amp; indemnities relating to fraud, death and or personal injury are and will continue to be exceptions to this cap.</p>



# Key Updates in Version 2 of the Standard Agreement

## Further Amendments to the Standard Agreement

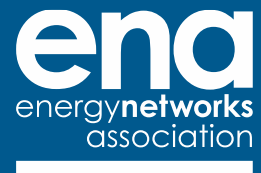
<b>Records and Audit</b>	Version 2 makes a distinction between financial, contractual and performance data and the ensuing data retention obligations.
<b>Confidentiality</b>	The confidentiality provisions have been amended to retain the simplicity in Version 1.2, whilst also allowing the sharing/publication of relevant data to enable greater industry transparency.
<b>Dispute Resolution</b>	Version 2 adopts a layered approach to dispute resolution, with disputing parties having access to a range of dispute resolution mechanisms, including negotiation, mediation, arbitration and expert determination. This approach ensures that parties are afforded the opportunity to explore amicable settlement through negotiation before recourse is had to other forms of dispute resolution including mediation, arbitration and expert determination.
<b>Inclusion of Community Bodies/Charitable Groups and Smaller Scale DER</b>	Updates have been made within Version 2 to recognise participation by entities other than 'bodies corporate,' thereby accommodating small scale flexibility service providers, community bodies and charitable groups. Overall, this ensures increased participation in the provision of flexibility services and drives competition in the market.
<b>Termination for Convenience</b>	Version 2 retains each party's right to termination for convenience. The Product Team considered that it would be particularly useful for smaller providers to have this right, so as to not be locked into the contract.
<b>Termination Due to Change of Ownership</b>	All references to 'Change of Ownership' being a material breach of the contract have been excluded from Version 2. The clause has also been updated/relaxed to ensure that the Company can only terminate for change of ownership, if the new Provider/ controlling entity fails to meet reasonable due diligence checks.

## Summary & Next Steps

- Version 2 will feel extremely familiar, it's based on the current live ESO Framework and contract process with clauses taken from existing Version 1.2
- Looking forward this agile agreement and schedule structure can be used for existing and new products and services as they are developed by the ESO and DNO's
- Allow for ESO and DNO to award contracts on a daily or longer term basis
- Built to allow for new future products/ services to be added as well as updates to existing products/services.
- P4 Team will review and consider feedback from the consultation and update Standard agreement where needed, this will take place in November 2021
- Final version will seek Steering Group approval, aiming to publish at the end of December 2021.
- Consultation closes **22<sup>nd</sup> October** – please respond with any comments that support the Standard agreement or suggestions to areas that you feel need addressing.

# Q&A Session

**Thank you for joining this webinar. To find out more or send us feedback, email us at [opennetworks@energynetworks.org](mailto:opennetworks@energynetworks.org)**



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