

## **Energy Networks Association Open Networks Project**

### **Consultation on Future Worlds Impact Assessment**

#### **BUUK Comments on the Future Worlds Impact Assessment Report**

BUUK submitted their response to the Future Worlds Consultation in July 2018. To follow up on this and in response to the Future Worlds Impact Assessment comments and observations are provided below. We would look forward to comments and substantial reply and would welcome further discussion on the impact of the transition from Network Operator to System Operator.

1. ENA work on Future Worlds is very much a DNO view of future scenarios and is skewed on promoting the DNO position as a DSO. The role that IDNOs will or may play in the future seems to be largely ignored. Going forward IDNOs are likely to be larger rather than smaller organisations. Little consideration appears to have been given as to how flexible networks would be coordinated across TSO/DNO/IDNO boundaries (and with end customers on the relevant networks).

We have concerns that where DNOs are both the network owner and the DSO, they will be in a position where they could be viewed as not treating the IDNO fairly.

In areas such as generation and distribution the European Union Third directive (replicated in GB) requires full business separation for vertically integrated undertakings.

2. The worlds are hypothetical, it is dangerous to place reliance on them as providing an accurate future vision of what the energy world will be. Whatever the future world will be there will be a transition from the industry world of today. This transition path may incorporate a number of worlds on that journey.
3. The future world is a landscape where there are still many gaps, uncertainties and unknowns; the different types of stakeholders and players in that world are yet to emerge with any certainty. Therefore, rather than using a very imperfect crystal ball trying to define or pick a future world now, it would seem to be of more value to set the direction of travel.
4. To be clear, whilst we recognise that DNOs have a vested interest in becoming DSOs, we think such work to carve out and pick any particular world (or hybrid of more than one world) as an industry "winner" for a such roles is premature.
5. The way energy is traded will play a significant part in any future world. It would seem to be essential to consider this and look at how such energy trading could be facilitated, rather than focusing on who does it at this early stage. Suppliers and Elexon (or any successor organisation will form a key part in this). Defining how such processes could work will assist in developing an understanding on who should own them. Flexibility on operating the network will need to be operated in an integrated way with production of energy and its use by end customers. Pricing signals for network use could conflict with pricing signals for generation of, and the use of energy.
6. Further issues with the impact assessment are the cost assessment and the external (to the DNO) costs for others which will include private networks, microgeneration/community schemes, IDNO etc.. The costs to be considered are the

infrastructure for IT such as communications and databases and resources to manage these.

7. It is not clear within the future worlds if the network is to be energy balanced every half hour. This will affect the resources required to monitor and manage the system. It will require forecasting and planning to a high definition at low voltages to maintain network stability. Flexibility contracts with a number of volunteer customers commercially incentivised may not be sufficient.
8. Further work is required to identify the necessary requirement for business separation between the NO and SO. This may be a further cost burden to IDNO.