Jason Brogden
Project Director
ENA Open Networks Project

By Email

opennetworks@energynetworks.org

Date
1st May 2019

Contact / Extension
Gerard Boyd
0141 614 1789

Dear Jason,

Open Networks – Future Networks Impact Assessment Consultation

I am writing on behalf of SP Energy Networks (SPEN), representing the network licencees SP Transmission plc, SP Distribution plc and SP Manweb plc. We welcome the opportunity to respond to this consultation and formally provide the views of SP Energy Networks which have been shaped by the priorities of our customers and stakeholders.

We believe that the DSO transition should take place quickly and it should be married with the implementation of appropriate charging and flexibility frameworks. The transition should also be supported by changes to regulatory arrangements that encourage networks to invest in network solutions/procure flexibility services ahead of need where that is shown to be in the best interests of customers.

Firstly we would like to highlight the quality of the work carried out by Baringa, particularly given the level of uncertainty in terms of future capabilities, cost to implement and required industry change associated with the transition to a range of future industry structures. The recommendations and challenges below are presented with the purpose of refining and enriching the analysis used to derive the outputs of the Impact Assessment.

Within the cost assessment element of the impact assessment there is a core assumption that sole operation of network control (Worlds D and E) will be cheaper to implement than network control carried out by a number of network operators (Worlds A and B). This view would benefit from a more detailed assessment of the costs associated with providing network control, monitoring and telecommunication infrastructure as many of these costs would be incurred, regardless of the industry body managing network operation. In addition there is a tension between the duplication of staff versus the ability to benchmark and test competition against a range of operators.

One aspect of the future worlds not explored within the qualitative assessment (and difficult to define in the quantitative assessment) is the ability for each world to deliver suitable local solutions catering for differences in both regional Government policy and local community requirements. This ability is more readily served by local network operators than a single centralised network operator.

It is also important to recognise that although implementing World C will increase benefits for all of the other future worlds it should not be considered as a standalone option. This being the case work should be progressed to make World C a reality but not exclusively and not to the detriment of developing the technical solutions required to realise the remaining worlds.

A critical next step for any future impact assessment modelling will be how the worlds support whole system planning both between electricity voltage levels and across other energy vectors including but not limited to gas or gas alternatives.

To support this consultation we have engaged extensively with our stakeholders to seek their views, through both an ENA stakeholder event, hosted by SPEN and by promoting the consultation. To help educate our stakeholders we also produced and circulated fact sheets to help them digest the

detailed consultation documentation, with the aim of generating a wider range of stakeholder responses.

Should you like to discuss any aspect of this letter, please do not hesitate to contact myself directly.

Yours sincerely,

Gerard Boyd
Commercial & Innovation Manager
SP Energy Networks