

Open Networks Project

2020 Flexibility Consultation Summary and Response

30 November 2020

Headlines and Summary

- Generally respondents were supportive of ONP and our objectives, citing support of: continued standardisation; increasing transparency; and increasing confidence in markets.
- In addition to general support, a number of respondents picked out priority areas to address or particular areas of interest, including:
 - Incentivising green flexibility
 - Flexibility First
 - Increase aggregation/residential Flex opportunities
 - Change ANM arrangements to avoid foreclosing flex markets
- There were a number of areas where respondents highlighted areas that required Ofgem/BEIS intervention or were outside control of ONP, including Charging SCR; incentivising net zero/green flexibility

Common Evaluation Methodology

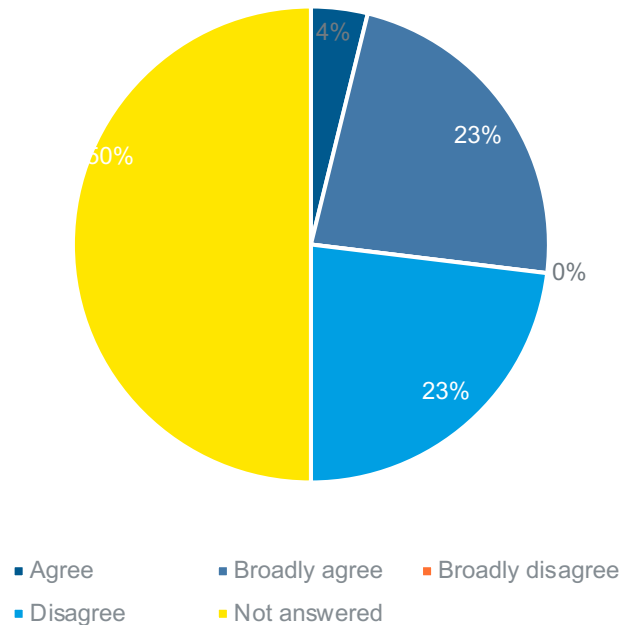
WS1A P1

Headlines and Summary

- Majority of responders didn't comment on the CEM, Tool or governance arrangements
- Limited comments on governance arrangements, with majority of responders commenting upon CEM and Tool
- Of those that did respond the comments were roughly split between two positions:
 1. Although agree with the development of the CEM and Tool it doesn't go far enough in the area of carbon assessment and optionality valuation,
 2. CEM and Tool should take into consideration the full range of costs (inputs) and benefits (outputs) of the provision of flexibility to a DNO e.g. whole system
- Several responders sought further clarity on how CEM is used for evaluating ANM solutions and curtailment of network users and one respondents recommended that we demonstrate how the CEM could be used for evaluating energy efficiency programmes

Response to Q1

Responses to question on Common Evaluation Methodology and Tool



- General welcome for the CEM and Tool development and open and transparent decision-making process but didn't go far enough
- Respondents commented that we didn't demonstrate the application of the CEM and Tool for analysis of ANM or energy efficiency
- Further development on CEM and Tool in the areas of:
 - Apply full optionality
 - Develop carbon impact assessment
- No clear guidance on governance of CEM and Tool

You said, we will

You said	In 2020, we are / we have	In 2021, we will
Demonstrate how CEM and Tool evaluates ANM and energy efficiency options	Publishing worked example(s) on the use of CEM Tool for analysis of ANM and energy efficiency in the baseline CEM and Tool	
Review the calculation of the option value for flexibility	Providing clarity in the baseline CEM and Tool on 1) the calculation of the option value for flexibility and 2) CEM and Tool is based on Ofgem CBA that limits the costs and benefits that can be taken into consideration i.e. only those of DNO	Under open governance we will review the methodology for valuing optionality
Review the approach to carbon assessment	Providing clarity in the baseline CEM and Tool on the calculation of the losses the associated carbon impact	Under open governance we will review the methodology for assessing the carbon impact of each solution option
Open governance arrangements	Proposed, as an interim solution, Open Networks Project manages governance arrangements in 2021	Implement these arrangements and review and re-evaluate in late 2021

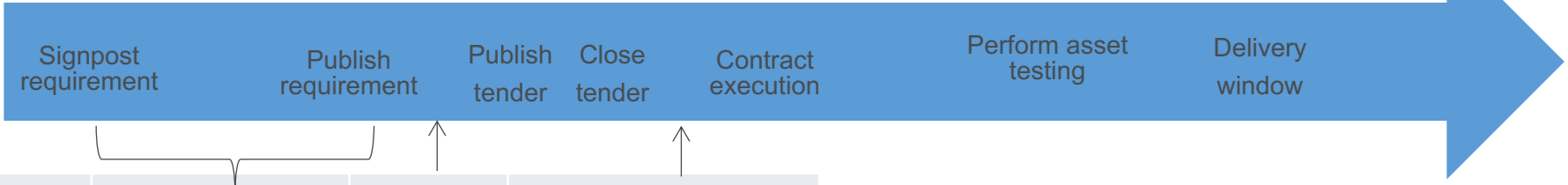
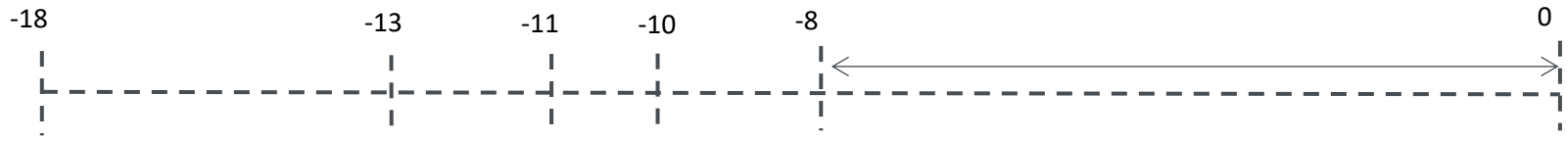
Procurement Processes

WS1A P2

Consultation context

- 2020 P2 looked at the opportunities for alignment and good practice through the procurement lifecycle where we have found that it adds value for customers, including the process and evaluation of tenders.
- The areas of alignment are:
 - 4 assessment stages for companies/assets within the flexibility procurement cycle;
 - alignment of assessment stages within the flexibility procurement cycle; and
 - alignment of milestones within the flexibility procurement cycle.
- It should be noted that the commercial terms for procurement (including indemnity and liability clauses) are being progressed under P4.

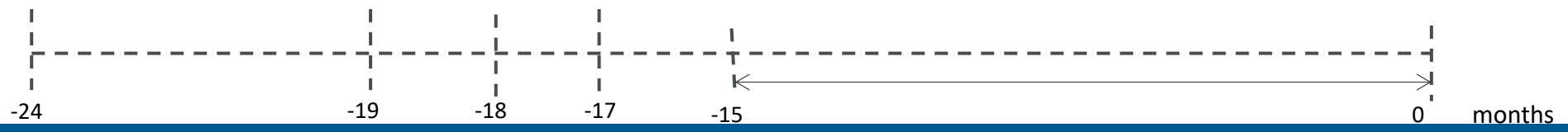
Proposed procurement timeline



Autumn tender

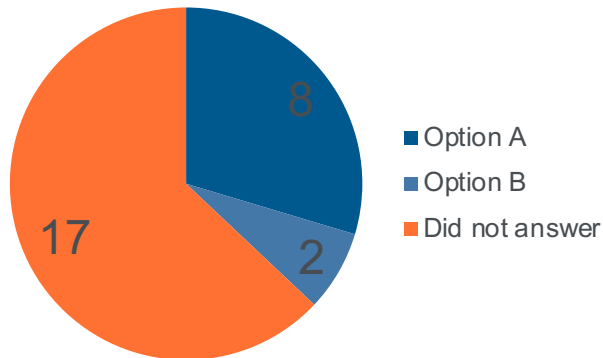
AC-A	1	2	3,4
AC-B			2,3,4

Spring tender



Consultation Responses to Q2

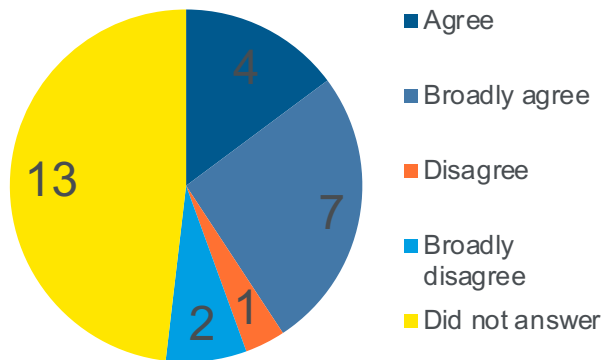
Q2 - Would stakeholders see greater value in holding PQQ stages (1,2 above) at point A or point B in the timeline with rationale?



- General agreement with Option A and the two procurement cycles
- Providers would prefer to be pre-qualified
- Information to be provided as early as possible to have clear requirements
- Ensuring that bids are all evaluated on a level playing field in a technology agnostic way

Consultation Responses to Q2

Q3 - Do you agree with the alignment of timing for procurements on the proposed cycle of 2 procurements per year and if not, why?



- Broad agreement with the approach which reflects the current level of development of DSO flexibility markets
- DNOs should look to develop both real-time and long-term procurement capabilities
- Procurement windows rather than specific days or deadlines would be beneficial
- Minimum 3 months between publishing requirements and submission of tenders

You said, we will

You said	In 2020, we are / we have	In 2021, we will
General agreement for PQQ before publishing the tender and the two procurement cycles.	All DNOs have now implemented Option A and are undertaking prequalification before bidding window opens.	In 2020, all DNOs have aligned on timing and in 2021, we will look at DNO and ESO alignment on timelines for procurement. In 2022, we will further develop standardisation on the prequalification process and look to remove barriers.
Information to be provided as early as possible to have clear requirements.	In most cases, DNOs signpost requirements with as much notice as possible (6 months) but it may not always be practical to do this due to assessment required to identify these requirements. <i>* DNOs need to retain the flexibility to release tenders at shorter notice where a specific need has been identified for system requirements.</i>	Increase ease of access to participate in tenders which will reduce the burden for where shorter notice is given.
Bids should be evaluated on a level playing field in a technology agnostic way	DNOs take a technology agnostic approach in evaluating tenders and will undertake further work in 2021 to revisit the assessment criteria.	In 2022, update ITT assessment criteria to be more technology agnostic.
DNOs should develop a dynamic market model that supports both real-time and long-term procurement capabilities	We have developed timelines that are reflective of a growing nascent market and will continue to work with stakeholders to make improvements.	Explore both long-term and real-time procurement (real-time procurement to be considered in 2022)

You said, we will

You said	In 2020, we are / we have	In 2021, we will
<p>Standard procurement windows would be beneficial and ensuring these do not clash with other market tendering timelines e.g. CM</p> <p>ESO/DSO procurement activities should be coordinated with one another</p>	<p>The focus in 2020 has been on aligning frequency and windows for DNO tenders and ESO alignment will be looked at in 2021.</p>	<p>Deliver ESO DNO alignment on procurement processes, including timelines for tenders.</p>

Footnote example

Active Power Service Parameters

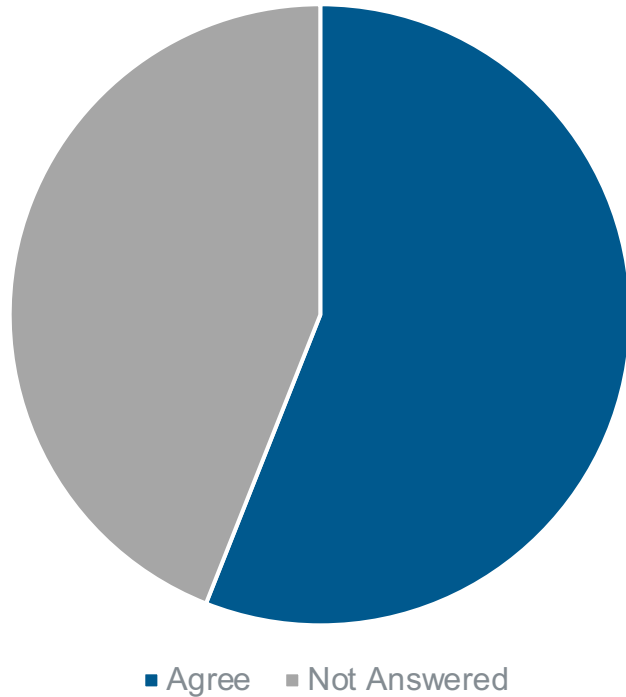
WS1A P3

Key headlines and summary

- Strong agreement with both the parameters and the implementation plan.
- Very positive reinforcement of the product aim to reduce barriers to participation through standardisation.
- Items proposed for additional parameters such as metering requirements, utilisation and recovery time, and auditing.
- Would like to see standardisation with ESO parameters.
- Several suggestions of regular reviews and open governance to allow these to change over time with experience and new developments, and to prevent creating barriers for new businesses in the future.

Response to Q4

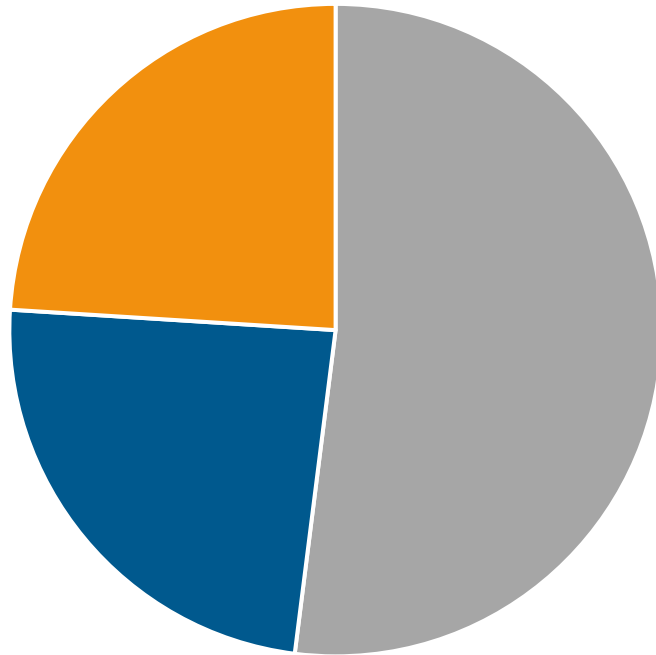
Q4: Do you agree that implementation of these consistent parameters helps to remove barriers to entry?



Strong agreement (56%) with the objective of this product in helping to reduce barriers to entry by driving standardisation and creating transparent competitive markets

Response to Q5

Q5: Should any other parameters be considered and if so, why?



■ Not Answered ■ Agree ■ Broadly Agree

Additional parameters identified:	Comment
Technical metering requirements	This will be addressed in 2021 in the common specification for baselining products and 2022 in the common specification for technical interfaces.
Guide Price	This is determined by the specific location rather than the product type site specific rather than product, however the pricing structure of different services could be reviewed
Auditing / Reporting Criteria	This will be addressed by the Clean Energy Package reporting requirements in 2021, as led by Ofgem
Max daily / weekly utilisation	This is site rather than product specific and so cannot be standardised within these parameters
Communications hardware software & processes	This will be addressed in 2021 in the common specification for baselining products and 2022 in the common specification for technical interfaces.

You said, we will

You said	In 2021, we will
Aligning ESO parameter definitions will help to reduce barriers further	Review terminology and seek consistency across ESO/DNO's.
Hold regular reviews to allow for development and input into parameters	Incorporate a review of these parameters into the 2021 flexibility consultation to ensure they are still fit for purpose. This feedback will inform any future work in this area.
Standardised parameters help to remove barriers to participation in flexibility markets	Implement the standardised parameters accordingly.

New DNO Services WS1A P5

Key headlines and summary

- Stakeholders support unequivocally the principle of standardisation
- However the responses indicated:
 - The majority suggested to wait prior to any standardisation to allow for several DNOs and business models be tested – to avoid stifling innovation
 - Some indicated that standardisation should be sooner rather than later
 - Product recommendations included demand turn up and real time products
- Others implied there is room for differences between products if well justified

You said, we will

You said	In 2021, we will
Defer standardisation until DNOs have developed / trialled products	<p>Initial approach to review products as they are developed and trialled/utilised to determine standardisation.</p> <p>When a DNO develops a product / service, consult with other DNOs.</p>
Standardise sooner rather than later	Consider standardisation parameters as part of product development and implement standardisation following trial/utilisation.
In addition, suggested new products that should be considered for standardisation - Demand Turn-up and Real Time services	Appropriate standardisation to be considered once the products are developed and/or trialled. We are expecting and planning for new service development in 2022.

Non-DNO Services

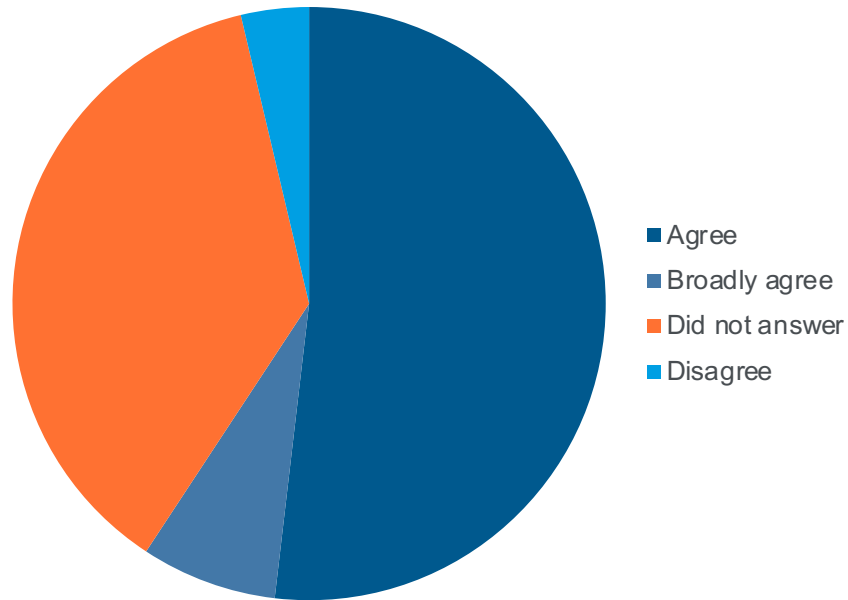
WS1A P5

Key headlines and summary

- The overwhelming majority of those who answered the question were positive about Open Networks commitment to establish the best way to facilitate this market
- Several organisations with links to platforms suggested a single platform was needed to support this market
- Visibility of the network was a common theme
- Providing the requisite datasets to participants to allow the market to innovate and proliferate was also a key topic
- The role of non-DSO services in contributing to system resilience was also highlighted by a couple of responders

Response to Q8

Q8 – Non DSO Services



- Majority who answered agreed or broadly agreed with Open Networks addressing non-DSO services
- Direction of travel for product addresses majority of the issues raised:
- Network visibility
- Data sets
- Stakeholder engagement
- Continued innovation
- Low cost monitoring and interoperability called out which is being covered by other Workstreams
- Concept of 'core' capacity worth investigating - CREDS

You said, we will

You Said	In 2020, we have /we are	In 2021, we will
We must engage and educate residential customers in non-DSO services	Worked with innovation projects that have community stakeholder input at their core.	Continue that engagement with a wider range of stakeholders.
We need transparent, accessible, interoperable and accurate data exchanges. We must make requirements and values very clearly known and then the market will come and build non-DSO services. We must include visibility of network constraints, demand forecasts and local market limitations.	Ensured that network visibility and determining the requisite datasets for participants is a key part of the product.	Continue to ensure that network visibility is a key component of the product. Test local market limitations with Project LEO.
That DNOs should be incentivised to experiment with how resilience can be achieved, provided that this experimentation is data-driven and focused on potential system benefits. That DNOs should facilitate the development of non-DSO services that can improve network resilience and enable efficient operation.	Worked with Project LEO and Project TRANSITION to understand the impact of P2P trading on resilience.	Link with Electron's BEIS Flex Innovation project to explore the suggestions around incentives and the asset registration platform.
You support efforts by the ENA to enable the trading of underutilised capacity. We should explore the concept of 'core' capacity.	Explored the possibility of trials trading unused capacity utilising outputs from the Non SCR group.	Use market simulations and live trials to determine the best way of facilitating sharing and trading of capacity. Explore whether the concept of 'core' capacity helps facilitate sharing and trading of capacity.
That competitive and coordinated flexibility markets will increasingly require interfaces across different services, systems and platforms	Worked with a range of innovation projects to understand the varying requirements of participants.	Continue to trial a range of non-DSO services to study the requisite interfaces.
The ability of DNOs to monitor network assets and electricity flow across their distribution areas must be improved upon, and the data made widely available to give a level playing field to all parties that wish to establish markets and services.	Had the same feedback from the innovation projects that we are engaged with and promoted this through other areas of Open Networks.	Continue to look at measures to increase the granularity of network monitoring in Open Networks.

Baseline Methodologies

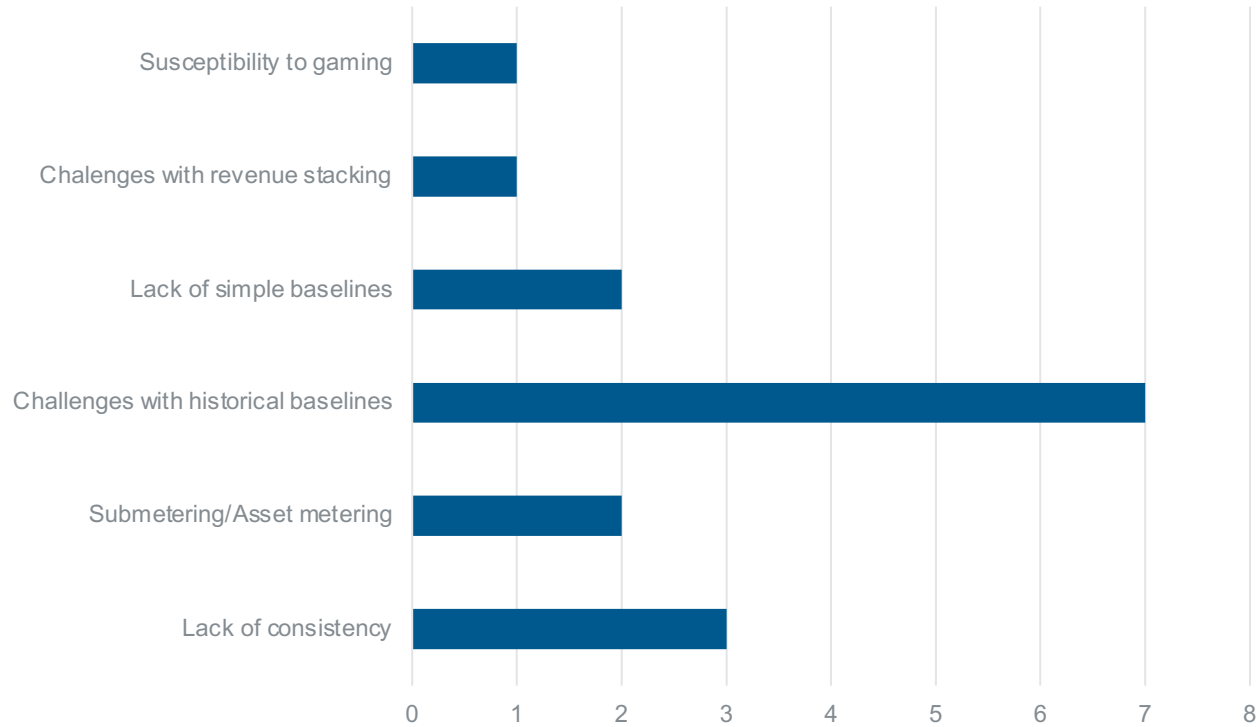
WS1A P7

Key headlines and summary

- All stakeholders welcomed a move towards a standardised approach for distribution flexibility baselining.
- Most stakeholders believe that a range of different baselining methodologies should be used for differing technology and provider types.
- A range of challenges such as gaming potential and data accuracy were identified by stakeholders which will be investigated through the product.

Response to Q9

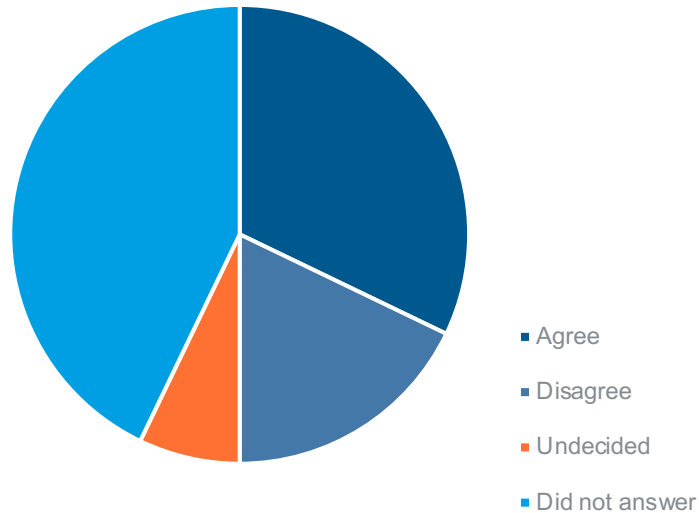
Q9 - What challenges are flexibility providers currently facing in respect of baseline requirements?



- A consistent and simple approach was favoured in most responses.
- Recommendations to use baselines that are not just historical.
- Recommendations to consider current industry developments.
- Recommendations for different baselines for differing assets/metering arrangements/segments.

Response to Q10

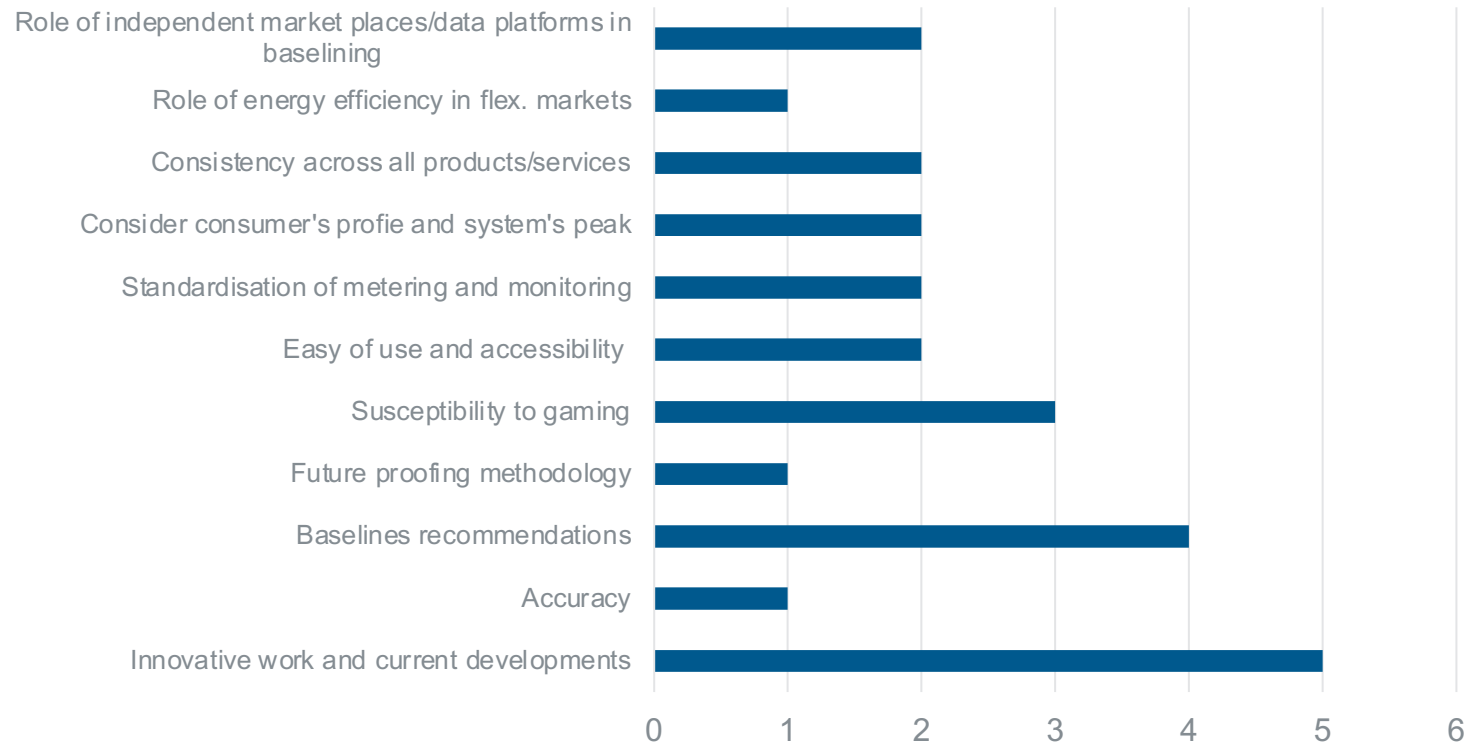
Q10 – Should we have different methodologies for different asset/technology types?



- Most stakeholders believe that different baselining methodologies should be used for differing DER and metering arrangements
- Some stakeholders supported a “one-site fits all” approach on the grounds of simplicity and standardisation

Response to Q11

Q11 – Are there any other key aspects Open Networks should consider when investigating potential methodologies?



You said, we will

You Said	In 2020, we have /we are	In 2021, we will
Consider alignment potential with existing industry practice, in particular the ESO and work being undertaken on P375 & P376.	A wide range of methodologies are included in our assessment. We have engaged directly with the ESO and Elexon for further bilateral discussion.	Ongoing consultation will be carried out to disseminate and gain further feedback on the recommended baseline methodologies.
Consultation should be undertaken with a wide range of stakeholders both before and after recommendations are finalised.	Stakeholder engagement has been ongoing, feedback received will feed directly into the product recommendations.	
The assessment should include criteria that ensures there is no bias to certain technology or provider types.	Inclusivity is one of the key assessment criteria against which all potential methodologies will be assessed. The assessment may conclude that a single methodology may not be suitable for all technology types so we will consider bias and fairness when evaluating each methodology and its suitability for the UK market, in order to ensure that the solution is as fair as possible for all providers.	Inclusivity will continue to be a priority, this will be ensured through ongoing stakeholder engagement and governance of standardised baselines.
It is reasonable that a range of baselines should be available for the provider to choose from dependant on their technology and response type, but consideration should be given as to whether a 'one-size fits all' approach will be suitable.	The product will consider the merit of providing a range of baselines that meet the needs of differing solutions and response types versus and single methodology.	Governance arrangements will be established to ensure we continue to use the most appropriate baseline methodologies.
Give consideration to all methodology types, not just historical data.	A wide range of methodologies will be assessed for suitability and will not be limited to historical.	
Chosen methodologies should be easily accessible to providers and other relevant third parties.	Recommendations will be published and available for third parties to adopt.	Standardised methodologies will be publically available. We also intend to develop a tool which will be available to assist with the application of baselines.

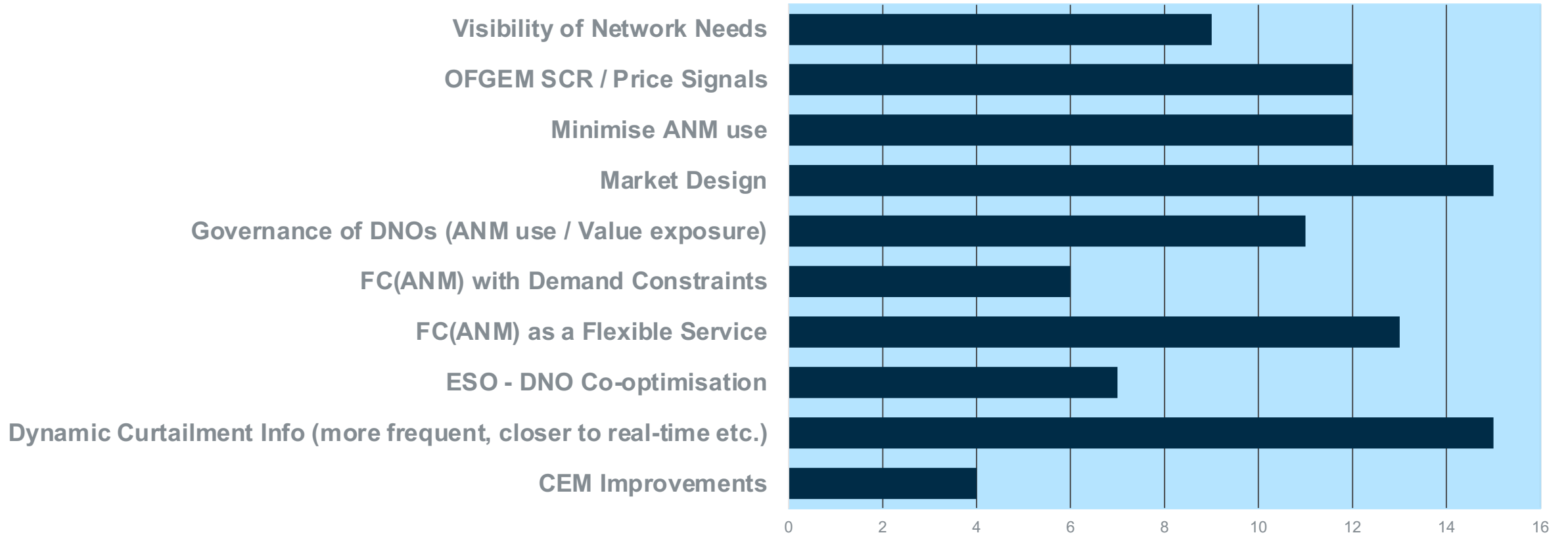
Interactions between FC(ANM) and Flexibility Services Stacking 2019 WS1A P5

Headlines and Summary: Q12-15

- Most respondents tended to support the proposals for future activity; although many were concerned that FC(ANM) schemes are displacing / deterring current growth in flexibility services; and the planned growth of ANM schemes will prevent the evolution of efficient flexibility markets
- Actions proposed by respondents to mitigate this risk included :
 - capping and / or retiring FC(ANM) volumes; incentivising DNOs to reduce need for FC(ANM) / be accountable for the energy curtailed.
 - using flex services as the main alternative to reinforcement, and FC(ANM) solutions only as (a proven) last resort.
 - prioritising flexibility services ahead of FC(ANM) curtailments to encourage more liquidity in flexibility markets and to provide FC(ANM) assets with alternatives to curtailment.
- The direct dependencies of this work with Ofgem’s decision on the FLC and Access SLR were raised by many
- Two respondents suggested the ONP should stop pursuing FC(ANM) measures and / or fixing the scheme issues and focus solely on liquid flexibility market delivery and the removal of FC(ANM)
- Others concerned that DNOs are “defaulting” to FC(ANM) rather than other options; and FC(ANM) assets are prevented from providing flex services;
- Several respondents felt FC(ANM) should be available for managing demand constraints, removing a current bias against energy storage assets in demand-controlled areas
- Several highlighted need for substantial improvements in information and transparency re:
 - Current and future network needs and forecasting future value
 - Curtailment likelihood / curtailment requirements over life of assets / provision of curtailment information closer to real-time
 - Closer to real-time data to unlock the provision of closer to real-time products and services and efficient flexibility markets

Response to Q12-15

Q 12-15 FC(ANM) and Flexible Services Interactions



You said, we will

You Said	In 2020, we have /we are	In 2021, we will
<p>CEM improvements: Improve transparency and methodology for evaluating FC(ANM), flexibility services and reinforcement options; publish decisions for strategic investments; explain better the priorities assigned to ANM connections and Flexibility Services</p>	<p>CEM activities are covered in ON 2020 WS1A P1 (ANM v Flexibility v Reinforcement Product)</p>	<p>We are prioritising the actions identified, both in the ON2019-P5 and the Flexibility Consultation, for inclusion in the 2021 PID.</p> <p>Actions that address industry concerns around ANM will be a major body of work in 2021. Using stakeholder responses; and working assumptions for the A&FLC SCR decision the focus areas will be: review of current and future role of ANM; options to reduce reliance on FC(ANM); improving curtailment info and the ability of FC(ANM) assets to participate in FS; facilitating the use of more market based curtailment solutions.</p> <p>WS1B Whole Electricity System Planning & T-D Data Exchange will continue the development of coordinated planning approaches in long term forecasting, investment planning, operational forecasting and real time timescales; and include the implementation of CEP requirement for the publication of NDPs.</p>
<p>Dynamic Curtailment Info: Provide FC(ANM) assets with more dynamic and frequent, closer to real-time curtailment information to improve understanding of the interaction of curtailment risk and risk of non-delivery of a flexible service. Review rules to determine whether ANM deterministic rules remain appropriate over the lifetime of the connection.</p>	<p>ON 2019 WS1A P5 (03/2020): DSO Services – Conflict Management & Co-optimisation review completed and a range of actions identified to progress many of these suggestions.</p>	
<p>ESO - DNO Co-optimisation: avoid conflicting signals from ESO and DNOs; improve data sharing and coordination; develop clear principles and primacy rules for managing service conflicts</p>	<p>ON2019 WS1A P5 Interactions between FC(ANM) and Flexibility Services identified current and future actions to progress many of these suggestions</p> <p>ON2019 WS1A P5 DSO Revenue Stacking identified current and future actions to progress many of these suggestions</p>	
<p>Flexible Connections FC(ANM) and demand constraints: Stop segmenting FC(ANM) for generation constraints and Flexibility Services (FS) for demand constraints. Provide Demand FC(ANM). Use Demand Turn Up (DTU) to mitigate FC(ANM) curtailment. Facilitate storage.</p>	<p>Actions in 2020 are ongoing including a review of options for FC(ANM) and its interactions with Flexible Services and evolution of flexibility markets; this has a dependency on Ofgem’s A&FLC SCR decision</p>	
<p>Flexible Connections FC(ANM) as a Flexible Service (FS): Streamline the coordination between FC(ANM) and FS; no penalties for non-delivery due to ANM activation; review the impact of legacy FC(ANM) on flex market development</p> <p>Governance of DNOs (ANM use / Value exposure): reveal full value of FC(ANM) curtailments to inform decision making and assign an operational cost to reflect energy curtailed; holistic approach to curtailment with greater clarity and governance re when / how used; incentivise DNOs to be accountable; Make FC(ANM) a last resort after exhausting FS.</p>	<p>The ONP recognises that the Ofgem decision on A&FLC SCR has a fundamental bearing on the ONP activities above. With delays to Ofgem’s minded to decision we are agreeing with Ofgem and BEIS working assumptions we can use to ensure this work progresses in 2021</p>	

You said, we will

You Said	In 2020, we have /we are	In 2021, we will
<p>Market Design: Eliminate FC(ANM) connections. Enable FC(ANM) and FS (G and D) assets to compete with closer to real-time flex products. Improve DNO and ANM data capabilities to enable near-real time markets on neutrally facilitated peer-to-peer platforms. Enable the trading of curtailments and access rights to encourage optimisation of existing assets. Share data on ANM availability /utilisation of controls to understand better the impact on flexibility market development.</p>	<p>ON 2019 WS1A P5 (03/2020): DSO Services – Conflict Management & Co-optimisation review completed and a range of actions identified to progress many of these suggestions.</p>	<p>We are prioritising the actions identified, both in the ON2019-P5 and the Flexibility Consultation, for inclusion in the 2021 PID.</p>
<p>Minimise ANM Use: Cap on the level of permissible uncompensated FC(ANM) constraints; prevent further expansion of FC(ANM) - utilise FS first and FC(ANM) as a last resort to minimise impacts in ED2. Migrate all FC(ANM) contracts into firm connections by 2028. Open “high generation, low demand” [ANM] schemes to all the market. Enable 3rd party flex to secure the system commercially.</p>	<p>ON2019 WS1A P5 Interactions between FC(ANM) and Flexibility Services identified current and future actions to progress many of these suggestions</p>	<p>Actions that address industry concerns around ANM will be a major body of work in 2021. Using stakeholder responses; and working assumptions for the A&FLC SCR decision the focus areas will be: review of current and future role of ANM; options to reduce reliance on FC(ANM); improving curtailment info and the ability of FC(ANM) assets to participate in FS; facilitating the use of more market based curtailment solutions.</p>
<p>OFGEM SCR / Price Signals: Lack of affordable Dx connections a major obstacle for renewables; the Connection Boundary is a structural issue for Ofgem . Use a shallow boundary to shift more flexibility into FS (via markets) and less into ANM. Prioritise decision on DNO cost recovery via BSUoS. Accessible, time-varying price signals should be the mechanism for incentivising Gen and DSR; need the A&FLC SCR to enable these signals and not focus on solutions that curtail assets.</p>	<p>ON2019 WS1A P5 DSO Revenue Stacking identified current and future actions to progress many of these suggestions</p> <p>Actions in 2020 are ongoing including a review of options for FC(ANM) and its interactions with Flexible Services and evolution of flexibility markets; this has a dependency on Ofgem’s A&FLC SCR decision</p>	<p>WS1B Whole Electricity System Planning & T-D Data Exchange will continue the development of coordinated planning approaches in long term forecasting, investment planning, operational forecasting and real time timescales; and include the implementation of CEP requirement for the publication of NDPs</p>
<p>Visibility of Network Needs: Prioritise giving SOs (and industry) information on the operation of DNO networks, enabling all parties to forecast constraints, effects on local networks and curtailment. Include info on levels of DER connected, state of the system and availability of dispatchable facilities. DNOs to provide platforms that enable disclosure of info for the efficient operation of flexibility markets.</p>	<p>The ONP recognises that the Ofgem decision on A&FLC SCR has a fundamental bearing on the ONP activities above. With delays to Ofgem’s minded to decision we are agreeing with Ofgem and BEIS working assumptions we can use to ensure this work progresses in 2021</p>	

Headlines and Summary: Q16

Most respondents tended to support the proposals for future activity although several flagged:

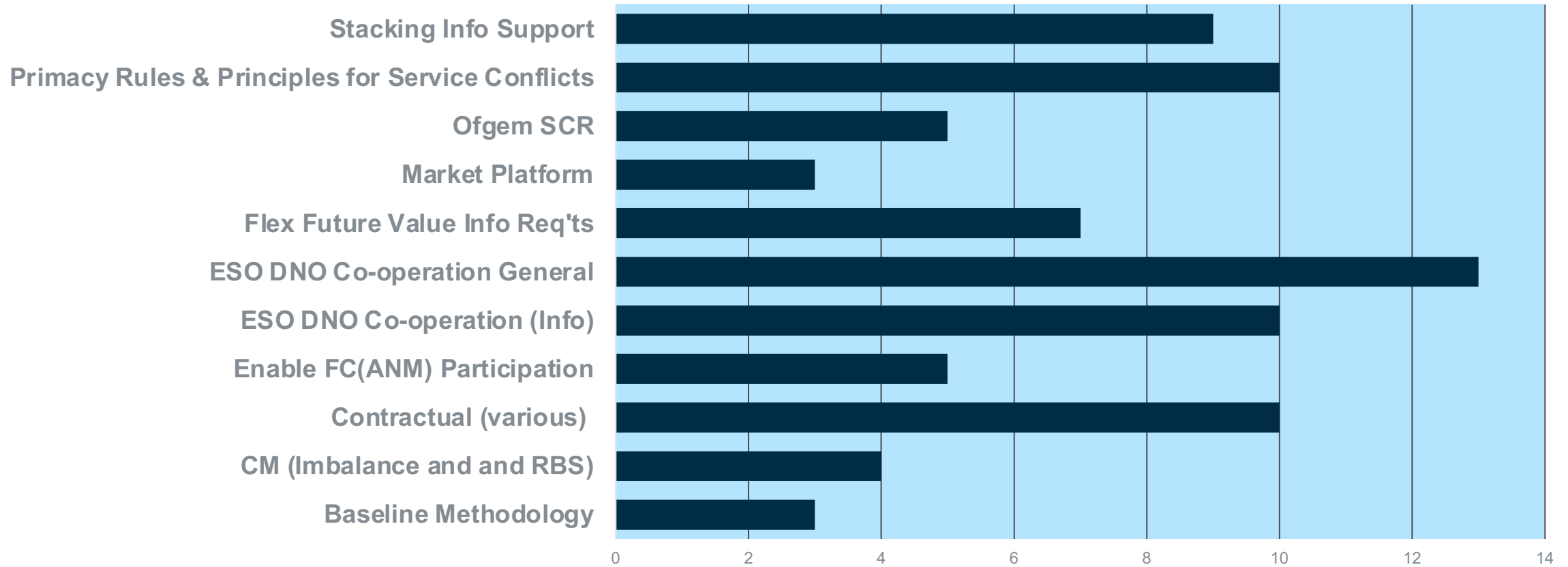
- the need to develop closer to real-time procurement to facilitate efficient markets ; and
- innovation and market confidence was being hampered by concerns re: neutral market facilitation

Common Themes

- Incentivise investment: quantify the future size and value of DNO flexibility; provide greater visibility of constraint management and future value growth predictions
- Clear principles and primacy rules for addressing network service conflicts – ensure take into account commercial and financial issues - not just technical issues
- Greater consistency / coordination / transparency / standardisation between the DNOs and ESOs to resolve current barriers and facilitate system actions that mimic those of a single national SO (Dx and Tx)
- Remove barriers to stacking that are due solely to contract terms
- Reduce admin burden and the costs to qualify for the different markets – harmonisation; “trading” Passport
- Ensure the technology / software that the networks use is compatible across industry – open standards
- Automatic correction of wholesale market imbalance as a result of the provision of any DNO flex services (as in the BM)
- Add Contracts for Difference (CfDs) and Peer to Peer (P2P) services to the list of stackable revenues
- One national signposting website that gives an indication of the flex services required across all DNOs and the ESO

Response to Q16

Q16 DNO Flexibility Services Stacking Feedback



You said, we will

You Said	In 2020, we have /we are	In 2021, we will
<p>Baselining Methodology: Develop a consistent baseline methodology for flex services; baseline developed from forward schedules (not historic) to be compatible with the dynamic operation of assets under the control of an aggregator.</p>	<p>2020 WS1a P7: Consulted in July/2020; final report due Dec 2020. Product is looking at distribution flexibility baseline principles.</p>	<p>Deliver the next steps as set out in the Dec 2020 report recommendations.</p>
<p>Capacity Market (CM) and Relevant Balancing Services (RBS) exclusions: Address potential for supplier imbalance and CM penalties due to FSPs participating in DSO services; introduce automatic correction of wholesale market imbalance positions as a result of providing DNO flexibility services (aka BM); amend the CM rules to include DSO services specifically under the exclusions for RBS.</p>	<p>Two options identified. Plus, Ofgem engaging Elexon re: need for potential BSC Changes. BEIS asked to review CM rules and the addition of DSO services to the RBS exclusions.</p>	<p>Investigate the options identified in 2020 and support the development of any necessary Licence and BSC changes.</p>
<p>Contractual: Compensation for services withdrawn / changed by DNO at short notice. Longer term contracts. Alignment of exclusivity and info sharing positions between ESO contracts and DNOs. DNO common contracts with no unjustified barriers to service provision. Review legacy agreements and remove unnecessary restrictions. DSO Commercial f/works to align and balance liabilities & revenues.</p>	<p>A number of these contractual issues are being addressed as part of WS1A P4. V1.2 release planned Jan 2021 addressing stakeholder comments on DSO Services Standard Agreement consultation and V2.0 scheduled for summer 2021 to combine generic DNO Ts and Cs with the ESOs</p>	
<p>Enable FC(ANM) Participation: Address rules preventing FC(ANM) assets from providing flex services/revenue stacking; removing any blanket bans. Ensure both D and G TU and TD are fully utilised to prevent curtailment of renewable generation and / or avoid grid build out. Address concerns that FC(ANM) will not be able to bid for flexibility services as freely as those with firm connections in future.</p>	<p>ON2019 WS1A P5 Interactions between FC(ANM) and Flexibility Services identified current and future actions to progress many of these suggestions.</p> <p>Work on addressing stakeholder concerns with the use of FC(ANM) has already started and is being used to inform the ONP 2021 programme</p>	<p>We are prioritising the actions identified, both in the ON2019-P5 and the Flexibility Consultation, for inclusion in the 2021 PID.</p> <p>Actions that address industry concerns around ANM will be a major body of work in 2021. Using stakeholder responses; and working assumptions for the A&FLC SCR decision the focus areas will be: review of current and future role of ANM; options to reduce reliance on FC(ANM); improving curtailment info and the ability of FC(ANM) assets to participate in FS; facilitating the use of more market based curtailment solutions.</p>
<p>ESO – DSO Co-optimisation: Full commitment to prioritising stackability. Avoid locking parties out due to procurement timescales. Improve DNO info on constraints impacting resource availability to the ESO. Standardise documentation, technology and coordinate procurement timetables etc. Harmonise [tender] qualifications to create an unrestricted procurement process; accommodate a variety of longer and shorter term services year round</p>	<p>ON 2019 WS1A P5 (03/2020): DSO Services – Conflict Management & Co-optimisation review completed and a range of actions identified to progress many of these suggestions.</p>	
<p>ESO - DNO Co-optimisation (data): Asset registration platform for asset operators and market operators (both DNOs/ESOs) to view market operation data securely and coordinate effectively. Improve coverage of ECRs to smaller sites. DNOs better informed re: assets connected and to share, enabling market analysis/ investor confidence. ESO & DNO to improve info sharing and better visibility of contracted positions, data exchange. DNOs should not bid into commercial tenders, e.g. CLASS solutions, when they have access to privileged market information.</p>		

You said, we will

You Said	In 2020, we have /we are	In 2021, we will
<p>Future Value of Flexibility: Clarity on the future size and value of DNO Flexibility to stimulate innovation and investment. Publish clearer, public tests for strategic investment so that DNOs are able to fairly assess using flexibility and alternative options to network investment in their planning decisions. Prioritise the development of closer to real-time procurement of flexibility services</p>	<p>Developed products : WS1B P2 and P5 Whole System FES / signposting of potential capacity shortfalls; WS1B P3 Realtime data exchange and forecasting ON2020 WS1A P1 (ANM v Flexibility v Reinforcement Product) development of a Common Evaluation Methodology</p>	<p>We are in the process of prioritising the actions identified in the ON2019-P5 products, as discussed in this consultation, to determine which elements will be incorporated in the 2021 PID. WS1B Whole Electricity System Planning & T-D Data Exchange will continue the development of coordinated planning approaches in long term forecasting, investment planning, operational forecasting and real time timescales; and include the implementation of CEP requirements for the publication of NDPs.</p>
<p>Market Platforms: Introduce a flexibility procurement platform to 1) assist the industry with the potential of multiple procurers / providers and 2) to aid coordination of flex delivery across the system and 3) improve communications with all the market players. Consider the “PICLO Passport” concept to act as a gateway between different markets.</p>	<p>We will continue to support innovation projects and trials for flexibility platforms, but it is not the role of Open Networks to pick a single platform for flexibility. This is a contestable service and any choice of platforms is for the networks to consider as part of their development activities.</p>	
<p>Ofgem SCR: Address lack of affordable distribution grid connections; and constraints on physical capacity limiting the deployment of renewables. Design of future Access and Forward-Looking Charges SCR could limit the value of DER flexibility and affect market-based revenue streams.</p>	<p>The ONP recognises that the Ofgem decision on A&FLC SCR has a fundamental bearing on the ONP activities above. With delays to Ofgem's minded to decision we are agreeing with Ofgem and BEIS working assumptions we can use to ensure work can progress in 2021</p>	
<p>Primacy Rules and Principles: Develop clear principles and rules for addressing service conflicts between the Tx and Dx networks and other market actors; balance the technical requirements / risks for the whole system with the needs of a flexibility procurement platform, value for FSPs and the end consumer.</p>	<p>ON 2019 WS1A P5 (03/2020): DSO Services – Conflict Management & Co-optimisation review, and ON2019 WS1A P5 DSO Revenue Stacking identified current & future actions to progress many of these suggestions</p>	<p>We are in the process of prioritising actions identified in the ON2019-P5 products, as discussed in this consultation, to determine which elements will be incorporated in the 2021 PID.</p>
<p>Stacking Info support: Tools to enable FSPs to receive advice on stackable revenues for a specific asset technical spec. by event. A national sign-posting website to indicate services across all DNOs & ESO. Add CfDs to the list of stackable services. Review learnings from FUSION/USEF projects and routes to value stacking</p>	<p>ON2019 WS1A P5 DSO Revenue Stacking summarised options at time of publication. Stacking rev. options will continue to evolve, as products / markets change, and will be incorporated in any future revisions.</p>	<p>Co-optimisation between the ESO and DNOs will be an area of work with a focus on determining network primacy principles and rules; providing more transparency and clarity on how despatch scenarios will be managed in the future.</p>

Residential Flexibility

Headlines and Summary

- Q17 - Do you have any ideas on how we might better engage and encourage participation of residential flexibility in flexibility service provision? Can you identify any barriers that might currently exist, along with potential solutions?
- There was considerable support for encouraging participation of residential flexibility with suggestions and potential barriers identified in responses
- Responses are summarised in the “You Said” column of our response below alongside our response

You said, we will

You Said	In 2020, we have /we are	In 2021, we will
Consumer engagement important, including communities	Successfully convened 3 Community Energy Forums to promote engagement with ONP	Continue Community Energy Forums in 2021.
Net zero should be a key driver, valuing greener flexibility higher	Progressing carbon as a potential input to the Common Evaluation Model and environmental factors into our Whole Energy System CBA within Workstream 4	Continue to develop carbon assessment options under open governance for WS1A P1 and WS4 P1 with Ofgem input to ensure consistent with regulatory policy.
Must facilitate aggregation	This is not precluded and is a key market enabler In Service Parameters (WS1A P3), we have removed the separate parameter for aggregated resources so these also now have a Minimum Capacity criterion for participation of 50kW.	Continue to work to reduce barriers to aggregation participation through common contract. Provide opportunities for aggregators to provide input to Open Networks for any more specific issues.
Need certainty on how and when dispatched Dispatch and baselining needs to support smaller assets – automated dispatch	Started to develop and consulted on our common baselining methodology	Further consultation and implementation of standardised baselining in 2021 workplan. Dispatch and settlement planned in 2022.
Need closer to real time and intra-day markets to really engage residential flex	The market is still too nascent at this point to develop more real-time markets but this is a target for the future and the future contracting framework will support this (consider for 2022).	
Stacking revenues essential for residential flex, remove exclusivity	Common contract developed with no exclusivity in mind	Develop common contract provisions across DSO and ESO services with removing any unnecessary exclusivity in mind.
Digitalisation a key enabler – data and 1 respondent promoted a common platform	ENA Data Working Group promoting and developing digitalisation strategies and developments (e.g. Digital Systems Map)	Implementation of Digital Systems Map and further data transparency initiatives.
Charging review/SCR important and recognised as outside Open Networks	Identified Charging Review/SCR as a key dependency	Amend our developments to reflect the output of the Charging Review/SCR, particularly interaction with ANM.

You said, we will – barriers

You Said	In 2020, we have /we are	In 2021, we will
Locational services a challenge for aggregation	DSO Services by their nature are locational, but we will continue to try to reduce barriers to participation	
Currently barrier in requirements focused on large, traditional DER: e.g. metering, monitoring, data, asset re-assurance/testing. Need to be proportionate to residential load/generation		We propose to further develop operational monitoring and metering requirements in WS1B and will consider the identified barriers. Technical metering requirements to be considered in the common specification for technical interfaces (2022) and baselining products (2021).
Price signals alone not seen as material enough for customers	Common Evaluation Methodology introducing transparency of value to customers. Reducing any exclusivity of services helps to stack revenues. Value of services really needs to be evaluated by the market given the above and regulatory framework	
Need to reduce thresholds for participation	In Service Parameters (WS1A P3), we have: <ul style="list-style-type: none"> • Reduced the Minimum Capacity criterion to 50kW • Removed the separate parameter for aggregated resources so these also now have a Minimum Capacity criterion for participation of 50kW 	<ul style="list-style-type: none"> • Contractualise this reduced participation threshold into v1.2 of the common DSO contract.
Code Mods which allow DNO action with no customer recompense seen as barrier (e.g. DG disconnection, DNO emergency action to disconnect EVs)	These are subject to the Code Modification processes and will have corresponding recommendations and Ofgem determination.	
Recommendations that DSR Service Providers offer guarantees to customers to encourage participation and make offers simple and transparent; recommended regulation of DSRSPs.	The regulation of DSRSPs sits outside the remit of ENA and the Open Networks Project.	
DNOs to participate in BSI DSR participation Code of Practice.	ENA has been actively monitoring the BSI developments for Energy Smart Appliances (PAS 1878 Energy Smart Appliances Specification & PAS 1879 Framework for Demand Side Response (DSR) operation – Code of Practice) & will continue through 2021.	

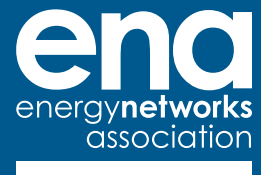
Stakeholder Engagement

Headlines and Summary

- Industry complexity and jargon may put off non-traditional energy market participants.
- Engagement needs to be joined up between ENA, DNOs and ESO - sometimes there are different focuses for the same subject.
- Recognise the significant engagement but communicate directly with service providers to get further insights.
- Continued specific support for community groups and organisations, as some don't have the capacity to respond to everything.
- 'Webinars and web-based questionnaires seem to be the best way forward given the current circumstances.'
- 'Happy to extend invitations to ENA to present to industry working groups.'

You said, we will

You Said	In 2020, we have /we are	In 2021, we will
Industry jargon can be complex and a barrier to participation, particularly for those with limited resources.	Increased the amount of webinars and online forums to allow more stakeholders to learn more and ask questions.	Produce one page summaries in more accessible language for consultations and big publications, including key messages and why people should get involved (e.g. this consultation response).
Presenting at industry forums and working groups is a good way to provide updates to industry.	The project is always happy to present to industry groups and we have an open invitation policy to come and present to any relevant groups that extend invites.	Work closer with members to identify opportunities to present on Open Networks.
Communicate directly with community groups and suppliers to get further insights.	Formalised and held Community Energy Forums to hear specific feedback from community groups. We also continue to hold our Advisory Group, where stakeholders can talk to AG members to comment on ONP work.	Continue Community Energy Forums into 2021, tailoring the agenda further to allow for longer, more depth discussions with more experts. We will consider surveys where appropriate for engagement with targeted groups
Webinars and surveys seem the best way forward given the current circumstances around the pandemic.	We have increased our online engagement through webinars and forums, and are making these more interactive to gather more feedback.	Continue making webinars more interactive with slido, and start using surveys for quicker and more targeted engagement.



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