



FAO Energy Networks Association
opennetworks@energynetworks.org

25/09/2020

Re: Open Networks Project Flexibility Consultation 2020

Tonik Energy welcomes the opportunity to respond to this consultation.

Tonik Energy is a green energy supplier and renewable technology provider based in Birmingham. We entered the market in March 2017, and since then we have been growing at a significant but controlled pace. Currently we supply energy to c.130k households in the UK. We have built a reputation for offering renewable energy combined with award-winning customer service. Tonik's long-term aim is to help our members (customers) utilise innovative green technology such as battery storage, solar and EV charging to significantly reduce their energy consumption.

We are also embracing new smart infrastructure and intelligent energy platforms to maximise the value we can deliver value both to our members and to our business. Of note, we are currently involved in The FRED (Flexibly-Responsive Energy Delivery) Project which is demonstrating the real-world potential of our Virtual Power Plant platform to orchestrate domestic heating and vehicle charging. The project is being part-funded by BEIS as a winner of its domestic demand-side response competition.

Tonik's Response

As it currently stands, hurdles are high for entry into all flexibility services. Tonik understands that metering, monitoring and audit processes must be in place but believe there is a balance to be struck when it comes to these and opening the market to those wanting to be involved – this is becoming of increasing importance with the proliferation of decentralised, small-scale, low-carbon and flexible assets.

Tonik believes there should be standardised approaches and methodologies across all DNOs to make the application and entry process easier for flexibility providers. As such, Tonik welcomes the work the ENA Open Networks Project is doing on standardising the procurement of flexibility. The proposed products should enable more visibility and competitiveness within the DNOs of flexibility products and enable new entrants to the market.

Please see included with this letter our thoughts on the specific questions raised in this consultation. If you have any questions for Tonik, please do not hesitate in contacting me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Natasha Horn". The signature is stylized with a large, sweeping initial "N" and "H".

Natasha Horn
Innovation & Business Strategy Analyst
Tonik Energy

Appendix 1 – Answers to consultation questions

Q1: Do you agree with our proposals within this consultation paper and if not, please provide us with any rationale and alternative proposals? This feedback can be generic to our proposals or provided on a product by product basis.

Tonik welcomes the proposal to define and develop transparency and standardised approaches across DNOs and the ESO in their procurement of flexibility services. The current system where DNOs have their own procurement methodologies is confusing and the process of trying to understand each of the DNO specific requirements is somewhat cumbersome. The current system of procuring flexibility across DNOs has the potential to deter new entrants and discourage innovation in a system which needs it urgently.

It would be beneficial to have one national signposting website which gives an indication of services available across all DNOs and the ESO. Currently going to each DNO website as well as the ESO means that some services could be completely missed.

Tonik comment on product 1 - CEM

We think having a standardised tool should enable more visibility to the DNOs of flexibility products outside the realm of traditional network intervention. The side by side comparison using a standardised approach will enable a much fairer comparison and will stimulate competition in the market.

The ENA must however provide adequate training and support for using the tool to ensure that all DNOs are using it in a way that is consistent. There should be caution when it comes to auditing the process. Will it be down to self-governance or will there be an audit process to ensure consistency around use of the tool across DNOs? There is the possibility that “the desired result” may come out top or that assessment could be skewed based on preconceptions of technology.

Q2 – Would stakeholders see greater value in holding PQQ stages (1,2 in the associated presentation) at point A or point B in the timeline with rational?

So long as the requirements are clear and the route to accessing it is streamlined and resource light then either route would work well.

However, Tonik does believe that to alleviate the risk of failure over technical assessment after the tender has already been written the preference would be for route A. If an FSP does not pass the technical assessment, it feels like a fruitless task to tender for the flexibility service. It would be more beneficial to find out pre-tender process if technical assessment can't be met.

Another route based around route A may be something to consider. Route C – where there is a chance to fix the element which has been fallen foul of. Capacity for example, there is the chance that you don't meet capacity at the point in time where technical assessment is undertaken but you do expect to be at a minimum capacity at the point of service delivery – of particular importance considering rapid growth-businesses in the flexibility sector.

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

The nature of providing a service with aggregated loads means you have the potential for a highly changeable portfolio and tendering for a process years in advance may not be practicable. The timelines mentioned here reduce the portfolio variation risk for a disaggregated portfolio, so the

delivery window so soon after the tender process makes sense. However, it is important to note that the converse is typically true for larger assets that require longer start-up times, and may need certainty around bankable revenue streams sometimes years in advance. There is the potential to have two processes, one for larger assets requiring more notice and one for smaller aggregated assets where a shorter delivery window may be preferable.

It would be beneficial to treat the application for each procurement cycle as a framework tender process whereby asset technical details are supplied and the application can be submitted into multiple rounds of tender, updating only when and if something changes.

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

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

- *Technical metering requirements*
- *Guide price*
- *Auditing/reporting criteria*

Q6 – At what point do you believe it is appropriate to standardise new products? For example, should we initiate standardisation early on limited experience, or allow more than 2-3 DNOs to develop and procure similar products before commencing standardisation?

To deliver investment signals to the market, standardisation should happen quickly. However, before something reaches a trial stage the onus should be on the DNOs to have done the collaboration with one another to ensure that where there is a requirement for a service, it is designed to do what it should be doing. DNOs should have the expertise to make a service that could be rolled out on a trial basis with the aim of quick standardisation amongst them all.

Recently we have seen the call for applicants to the WPD trial of Sustain-H and we welcome DNO trials like these. The effort that goes into designing these services however, is something that should involve all DNOs and trials could be done across the board where there is network need.

Q7 – Which new DSO services do you believe are ready for standardisation now, if any, and why?
Tonik is not aware of any services ready for standardisation that currently aren't.

Q8 – What input can you provide to help us prioritise non-DSO Service development:

- **what do stakeholders want network operators to facilitate in the near term?**
- **how can network operators facilitate non-DSO services whilst ensuring system resilience?**
- **how do network operators create scalable interfaces that allow these markets to flourish?**
 - *Make requirements and values very clearly known and then the market will come a build non-DSO services.*

- *Network costs can be a barrier for P2P. Make it easier to meter and register assets under one balancing unit which could then be offered into the flexibility market to avoid duplication of use of system charges.*

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

Tonik is not currently established as an FSP however, we can see challenges with the current baseline system. Requirements vary depending on the service being bid in for and as such, FSPs may need to prepare a variety of baselines for similar services across ESO and DNO services. A standardised methodology would be appreciated to reduce strain on market participants.

Q10 – Open Networks Project will consider if differing DER types such as demand turn up, storage, generation etc should be subject to different methodologies. Do you feel this would be a fair outcome for providers or, would a simple one-size fits all approach encourage more participation?

One size fits all doesn't work when assets are required to offer different services, eg a demand turn up asset will have different baselining requirements to a demand turn down or frequency response asset. It would be appropriate to use different methodologies for different types of flexibility where appropriate - but this must then be uniform across DNOs.

Q16 – Please provide feedback on the identified barriers and proposed recommendations and which of these recommendations should be prioritised in any future scheduled development work in the Open Networks Project?

Tonik welcomes the work the ENA has done on making revenue stacking options more visible, it is definitely a step in the right direction. However, it would also be helpful to have a clear view of revenues that could be stacked based on procurement of a particular flexibility offering. For example, if a flexibility provider was to offer demand turn up, generation or frequency response in a particular time period, which streams could be stacked?

A tool that enables you to enter in the technical specifications that your asset could deliver including max capacity, response speed, response time etc and the revenue streams which could be stacked for a particular event would be useful.

Tonik believes visibility is key and agrees with the ENA that a set of clear principles and rules for addressing flexibility service conflicts between the transmission and distribution networks must be created.

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?

Signposting, ease of access and reduced ongoing requirements

The simplifications proposed in this workstream for entering into the various flexibility markets is appreciated however, there are still complexities and overlaps between services. Tonik believes the way forward for domestic flexibility would be for a universal domestic flexibility platform that participants could enter their domestic assets into, the DNO/appointed FSP could have sight of all of them and utilise them in whichever way was most suited at the time.

A fixed price based on where an asset fell on a scale of size and capabilities to deliver a service would simplify the whole process from a single user point of view. The concern with this however, is that the cost benefit for entering an asset into this universal service must provide enough of an incentive for an asset owner to want to give the DNO full access to their asset.

Hurdles are high for all the services with regards to metering, monitoring and data requirements. We understand these need to be in place but feel there needs to be easier ways to access markets to avoid discouraging new entrants. Ongoing requirements also need to be reduced to encourage people to stay active in new services.

Q18 – Do you have any ideas on how we might better engage and encourage feedback and input from stakeholders (including non-traditional energy market participants)?

It would be beneficial to have one national signposting website which gives an indication of services available across all DNOs and the ESO. Currently going to each DNO website as well as the ESO means that some services could be completely missed. Stakeholders can engage and give feedback on flexibility services through this one platform.