



ENA Open Networks Project

September 2020

Sent by email only to opennetworks@energynetworks.org.

ENA OPEN NETWORKS PROJECT FLEXIBILITY CONSULTATION RESPONSE

We welcome the opportunity to comment on the issues raised in this consultation. This response is from ScottishPower Renewables (SPR). Our responses to the specific questions raised are set out in the Annex to this letter.

SPR is part of the Iberdrola Group, a world leader in clean energy with an installed capacity of over 28,000 MW, and the leading wind energy producer worldwide. We are at the forefront of the renewable energy industry with 40 operational windfarm sites producing over 2,000 MW across the UK and Ireland.

SPR recognise the complexities around Flexibility at the distribution level and are encouraged by this being progressed formally through consultation.

In general terms, we believe there are areas across ENA Open Networks Flexibility Services Workstream (WS1A) which should be addressed as a matter of priority. There is a need to better refine the definition of drivers for DNO flexibility and network needs within the Common Evaluation Methodology; focus efforts on provision of real-time information of Active Network Management curtailment and the principles surrounding those schemes.

If you have any questions regarding this response, please don't hesitate to contact me.

Yours faithfully,

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Annex 1

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.

SPR supports RUK's response in relation to concerns raised regarding proposed inputs and outputs of the Common Evaluation Methodology (CEM) and the definition of DNO system need. We agree that drivers for the DNO flexibility requirements or network investment should be more clearly defined and that rights of network access for generation (and flexibility providers) should be better captured to incentivise DNOs regarding their system capacity requirements.

We also share the view that there should be another reporting metric reflecting the value of curtailment within the proposed inputs and outputs assessment. The allocation of curtailment risk and associated costs to generation has a consequent impact on the efficiency of network operation and investment when compared with total costs and benefits conferred to all network users.

We have been experiencing a considerable number of offers from DNOs with Active Network Management systems which include assessments with significant amount of curtailments (up to 30%). We would encourage the ENA to establish the right links between flexibility requirements and level of curtailments at the distribution level, incentivising DNOs to demonstrate a negative correlation between the curtailments ANM's customers are exposed to and the amount of flexibility requirements for the area. We believe that these improvements can pose significant savings for consumers.

Additionally, SPR support RUK's position that DNOs should address the challenges involved with providing a common level of constraints across their network to ensure the network and its users can build an understanding of how capacity is being managed, where it is available and what can be done to manage constraints.

Finally, open governance arrangements should include greater industry involvement as part of the development of the CEM and future changes, we agree that this could improve transparency of the DNOs own decision-making, especially as DNO level service procurement is adopted as business as usual.

DNO procurement processes - 2020 Product 2

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 rationale?

We believe the Technical PQQ should be held before closing the tender so that participants are able to know in advance if their technical proposals comply with the technical requirements of the products. This will serve to educate flexibility providers, saving their time and resources during the procurement period while managing their expectations in advance of the close of tender. This will also ensure that tender bids at the end of the process are all technically comparable and are able to compete in the same level playing field.

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

Yes, we agree with the principle of the timings. However, we believe more time should be given between the Publication of the tender requirements and the closing tender deadline. This will ensure providers/participants are able to manage and allocate internal resources to respond appropriately. We don't believe all providers will be able to prepare and respond in time. 3 months between Publication of requirements and Close tender could be a more appropriate timescale.

Active Power Services Parameters - 2020 Product 3

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

Yes, we agree that this standardisation of parameters will help set expectations and ensure providers find the right technical solutions regardless of DNO or location.

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

No comments.

New DSO Services - 2020 Product 5

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?

We believe some time could be given for DNOs to develop their own products and learn from the implementation and delivery experiences. After that, best practice and product's effectiveness could be assessed, and standardisation could be considered

Q7 – Which new DSO services do you believe are ready for standardisation now, if any, and why?

We believe some time should be given for each DNO to develop and gather experiences. However, we certainly support standardisation across all DNO areas once a level of understanding of the performance of the products is achieved

Market Facilitation – Non-DSO Services - 2020 Product 6

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?

As per RUK's response, we are of the opinion that gaps still exist in communication standards, protocols, and technologies particularly in relation to interoperability and security of communication systems. There could be scope for common communication standard (VHP ready standardised communication protocol) to be codified to encourage growth of Virtual Power Plants (VPPs) and any flexibility providers at the distribution level across the UK. A common communication protocol would improve VPPs transmission and distribution integration assuming the correct policy framework updates are in place. This would include refining the definition for metering, telemetry and control standards for distributed resources participating in wholesale markets.

Furthermore, DNOs understanding of the implication of non-DSO services in their network should be assessed in early stages. DNOs could be in the position of mapping network areas that may not be able to facilitate non-DSO services, explaining the reasons behind limitation and potential next steps to alleviate the problem. Transparency on the impact analysis for specific network areas/locations, flexibility providers and services should be shared in favor of managing expectations and ensuring a level playing field. For example, once a connection offer is submitted to a customer, information about whether that connection would be allowed for providing non-DSO services could be provided.

Baselining Methodology - 2020 Product 7

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

No comment.

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 encourages more participation?

We believe one-size fits all approach could compromise the level playing field competition across different technologies at the moment of comparing performances and costs. Previous experiences from the existing ancillary services markets at the transmission level have shown that one-fits-all solutions may prejudice opinion of specific technologies, such the case of renewables, and generally new entrants. We welcome the ENA to consider some headroom for addressing different technologies, performances and capabilities, allowing some flexibility for futureproofing the processes so new technologies, that may require additional considerations, can participate without significant delays.

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

No comment.

The Interactions between Flexible Connections (ANM) and Flexibility Services – 2019 Product 5

Q12 – Please provide feedback on the proposed future activity for consideration and which of these activities should be prioritised in any future scheduled development work in the Open Networks Project?

Q13 – Under current arrangements to do you receive sufficient information, in the right format, and at the right time to be able to manage your curtailment risk effectively?

Q14 – Are there barriers preventing customers with assets with Flexible Connections (ANM) providing flexibility services to the ESO or DSO today?

Q15 – How could DNOs better enable customers with Flexible Connections (ANM) to use Flexibility Services to mitigate the current and future curtailment?

SPR accept the following points as key priorities on proposed future activities for interactions between ANM and flexibility services:

- *Closer to real-time information provision on ANM curtailment*

We agree that work in this area must be prioritised and could bring significant system benefits and improve interaction between ANM and balancing services, resulting in lower costs to consumers. We also concur that improving information exchange between ANM schemes, DNOs and the ESO can provide better understanding on the interaction between curtailment risk and the risk of non-delivery of any balancing service. We also emphasise that with further generation, network flexibility providers connecting at distribution voltage level, and more distributed generation access to the BM, this issue will become increasingly important.

For this reason, SPR also encourages plans to be set out on how closer to real-time information on ANM curtailment could be communicated across DNO, ESO and the generator.

- *More transparent curtailment rules*

SPR also welcome a review of current curtailment rules and whether a certain asset should be subject to ANM deterministic principles over the lifetime of the connection. As per previous questions, network users are seeking to connect and use the network in more flexible ways and business models are also changing over time - so the benefit a particular asset has to the system will also change. Additionally, as the DNO network evolves, we agree that constraints once identified could be elevated either by network solutions or through flexibility services, mitigating for the need of ANM. We believe DNO/DSOs should be incentivised to reduce the need of ANMs in connections by having accountability of the total volume of energy curtailed in their network areas.

The above should also be accompanied with a development of the trading curtailments and access rights opportunities across network areas to encourage optimisation of the existing infrastructure through competitive processes.

DNO access to BSUoS for flexibility services

Finally, we concur that priority should be given to deciding on whether DNOs should recover costs through BSUoS for economic network investment or through a flexibility service.

DNO Flexibility Services Revenue Stacking – 2019 Product 5

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?

SPR have no objections to these barriers. However, as per RUK's response we would also like to raise that this has not included Contracts for Difference (CfD) as a possible revenue stream within the assessment. Likewise, we agree with RUK's concern that there is risk associated with exclusion of the CfD in the assessment results which undermines the proposed recommendations and prioritisation of activity. We also emphasise that procurement of Fast Reserve has not been needed since January 2020.

Additionally, we agree that changes to the network charges regime have not been properly reflected in the report and may negatively impact consumers. We also feel it is important to highlight that if development of Access and Forward-Looking Charges SCR is not properly designed, this could limit the value of DER flexibility providers would affect market-based revenue streams of generators.

Residential Flexibility

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?

No comments

Stakeholder Engagement

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)?

Webinars and web-based questionnaires seem to be the best way forward given the current circumstances.