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Open Networks Project Flexibility Consultation 2020 Response

EDF is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind and solar generation, as well as coal and gas stations and energy storage. We have around five million electricity and gas customer accounts, including residential and business users.

EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to comment on your flexibility developments to date and planned future developments. Our responses to the questions raised are in the attachment.

I confirm that this letter and attachment may be published.

Yours sincerely

Simon Vicary
Charging Development Manager
Wholesale Market Optimisation

Attachment

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.

- We broadly agree with the proposals in your paper but make specific points and highlight issues in our responses to the questions below.

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?

- Assessment Criteria Option A – Although it is helpful to have the general signposts from DNO on CMZs prior to the tender it is helpful if they publish their firm requirements – DNOs publish full network requirement, including the type of flexibility product that is set to be procured and the expected service delivery window, only then can we have the detailed and necessary discussions with our delivery partners or asset owners.

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 alignment of timing is reasonable. We are able to update our portfolio within the cycle which is hugely important with an ever-changing landscape of distributed assets with variable customer engagement. Generally, having a Summer and Winter cycle is effective because the profiles of seasonal procurement are strongly differential, and we can target one or both.

Active Power Services Parameters – 2020 Product 3

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

- We agree with this, as parameters become better understood and align across DSOs it should encourage more asset owners to participate.

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

- The parameters seem comprehensive, so we have none to add.

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 would like to see standardisation initiated early once we have seen a variety of assets able to use a new product. This could then evolve if necessary when more DNO's develop and procure similar products.

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

- The WPD Flex Power Dynamic and Restore products are clear in terms of how they work. We would be keen to see these products standardised across the networks.
- We have not had much interaction with non-WPD products so support standardisation wherever possible, as this reduces the workload involved in tendering across different networks.

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?**
 - Clear and transparent communication on all new opportunities and where they sit in the suite of current services.
- **how can network operators facilitate non-DSO services whilst ensuring system resilience?**
 - Design the right products that do not create competing demands on assets so the right outcomes are delivered.
- **how do network operators create scalable interfaces that allow these markets to flourish?**
 - Transparent, accessible, interoperable and accurate data exchanges.

Baselining Methodology – 2020 Product 7

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

- Flexibility providers need something that is clear and easily transferrable which is not currently the case, for example Sustain H currently excludes hybrid heat pumps.

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?

- A one-size fits all approach seems better to encourage more participation, ensuring that it is defined to include as many assets as possible (i.e. a low barrier to entry).

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

- None that we can think of at the current time.

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?

- Future activity for consideration is sensible. We would suggest prioritisation of standardisation of ANM to flexibility services.

Q13 – Under the 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?

- A way to manage curtailment risk effectively would be to use local flexible assets to increase demand which would allow curtailed generators to generate. This requires sufficient information on curtailment risk in specific DNO areas so that these services can be developed.

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

- Yes, in some cases such as Sustain H currently excludes hybrid heat pumps.
- Flexible assets connected to an ANM system cannot participate in the NGESO ODFM product.

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

- Demand turn up services from flexible assets could be used to mitigate generation curtailment. These services could be procured by DNOs or via independent market places (e.g. TraDER trial in Orkney Islands).

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?

- Further development work around the future size and value of DNO Flexibility as a whole will help to stimulate both innovation and investment in this area. A barrier that currently exists is the low value of DNO flexibility per asset any work that will help to quantify this value and support business cases would be welcome
- To help with planning asset participation the industry needs a greater visibility of constraint management with future growth projections overlaid this will guide asset recruitment activities.
- All commercial frameworks should have a clear balance between liabilities and revenues with liabilities capped based on the MW of flexibility being provided.

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?

- The biggest barrier is customer engagement. There needs to be a very clear set of messaging that communicates what residential flexibility is, why it is needed, that it will not be harmful to the household flex assets and why it is beneficial for all parties.

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)?

- We can see how industry complexity and jargon used may put off non-traditional energy market participants from engaging.