Piclo response - Open Networks programme consultation on high-level scope for 2022

Thank you for the opportunity to respond to the [Open Networks programme consultation on high-level scope for 2022](#).

Firstly, we welcome the high level of ambition that is embedded across all the workstreams set out by the Open Networks project, which has sent a clear signal about the direction and pace of development in flexibility markets expected over the coming years.

At a high-level, we broadly agree with the priorities and structure set out across all five workstreams. Our response focuses towards Workstream 1A - flexibility services, due to our experience and insights with flexibility market facilitation.

Workstream 1A

Overall, we agree with the proposed line of work and identified priorities covering updates and enhancements to the CEM, procurement process alignment - particularly the movement towards real time flexibility procurement and standardising qualification requirements - the review into interoperability and settlement across DSO services, contract standardisation and primacy rules for service conflicts.

Throughout 2021, Piclo has facilitated 3 roundtable discussions for Flexibility Providers (FPs), geared towards understanding market perspectives on qualification, bidding and short-term, dynamic flexibility markets.

The three summary reports can be found here:

1. [Flex Provider Roundtable #1: Understanding DSO Qualification](#)
2. [Flex Provider Roundtable #2: optimising bidding in DSO flexibility market](#)
3. [Flex Provider Roundtable #3: short-term, dynamic flexibility markets](#)

We offer the following comment on the specific products within workstream 1A:

> **P2 Procurement Process Alignment of Flexibility services procurement processes and timescales between DNO and ESO**
>
> **Qualification standardisation**

One of the key themes that has emerged this year from FPs, is the barrier many face from qualifying for DSO competitions. Currently, qualification processes can vary across DSOs making it difficult to keep track of various deadlines and requirements as competitions scale.

Consequently, we see the further development of standard pre-qualification criteria as a key priority for this year to enable a more streamlined process for FPs and to remove this barrier to participation. As noted in the consultation, the shift towards short-term or real time flexibility procurement will make this even more important.

As a marketplace facilitator, our work over the next year will also continue to work towards further streamlining the qualification process for FPs on Piclo Flex including company, asset and PQQ requirements. We are happy to provide further feedback we hear from the market on qualification standardisation.

Timing standardisation

The consultation highlights how it concluded that it may not be of value to create concurrent DNO and ESO procurement timelines at this point. Within the FP roundtable discussions those in attendance were mixed in their views as to "has the alignment of DSOs procurement rounds into Spring and Autumn tenders been helpful to you this year" with 46% saying yes and 53% reporting they did not have an opinion on it. None of those in attendance reported it had not been helpful.

Short term markets

Our final roundtable focused on the transition to short-term, dynamic markets that is underway, with guest presentations discussing learnings that could be taken from utility-scale flexibility markets. Our interpretation of the market is that there is a lot of uncertainty surrounding the transition to shorter-term flexibility procurement, with only a few FPs experienced in these types of markets.

As such, the programmes focus on understanding the move to real time flexibility procurement with the deliverable of short, medium and long term action plans will provide a clear signal to the market about the direction being taken and the pace of change, which will begin to build confidence in FPs to prepare and invest in these markets as they develop and become mainstream. Consequently, we see the focus of this product in the upcoming work plan as important and timely.

P3 Dispatch interoperability & Settlement Review of interoperability of systems across DSO and ESO. Review approach to Settlement across DSO services

Interoperability of systems across DSOs, ESOs and third parties is essential to not serve as a barrier to participation, with high costs of implementing new systems for dispatch and settlement. As such, we agree this is an important area of focus for 2022 and that whilst dispatch and settlement are separate functions, the workstream is able to consider the interoperability of systems across both together.

Currently, Piclo Flex is building out API integrations for DSOs and FPs to streamline the process of participating in flexibility markets. To date, APIs available include an Asset API that FPs use to integrate with their systems in order to automatically update their assets, instead of manually using or updating an Asset File, and a Competition API, which has been trialled to automatically upload a flexibility competition from a DSO-system, instead of a manual upload. Our plan over 2022 is to continue building out APIs for the end-to-end flexibility process, which includes Operations and Settlement.

As such, we see this workstream and particularly the proposed action plan to deliver interoperability across systems in the short, medium and long term that considers including the development of common systems, processes, standards and APIs as an important area to focus on this year.

We also agree with the further development of products including improvements to the standard contract, developing a first version of primacy rules, review flexibility products across DSO and ESO markets and recommending updates if needed, developing a standardised carbon methodology across DNO and ESO and further improvements to ANM-related information.

Finally, we are happy to provide further information or shared-learning on any of the above that Piclo can contribute to over the course of 2022.