ADE Response - Open Networks 2022 Workplan consultation | 23 November 2021

Context

The Association for Decentralised Energy (ADE) welcome the chance to respond to **Open Networks' 2022 Workplan consultation**.

The ADE is the UK's leading decentralised energy advocate, focused on creating a more cost effective, efficient and user-orientated energy system. The ADE has over 140 members active across a range of technologies, and they include both the providers and the users of energy. Our members have particular expertise in demand side energy services, including demand response and storage, as well as combined heat and power, district heating networks and energy efficiency.

The consultation does not include specific questions, but welcomes feedback on the work plan in general. This consultation response is structured around each Workstream and Product set out in the consultation document, with ADE comments provided for each Product, as relevant.

Consultation response

Overall, we welcome the commitment by Open Networks to increase industry engagement, as this is central to achieve the progress required throughout 2022.

Workstream 1A – Flexibility Services

Product 1: Enhancements to the Common Evaluation Methodology & Tool

The ADE welcome the further development of the CEM and Tool User Forum to incorporate the option value of flexibility as well as carbon assessment of options, and look forward to engaging on this throughout the remainder of 2021 and into 2022.

We have previously suggested making the assignment of probabilities to load growth scenarios a core (not optional) functionality, and suggest that this be considered for future work under this Product. A transparent and standardised framework for assigning probabilities should be developed; a good example of this can be found in the **Frontier model** (p. 21-22).

We welcome the intent to raise a proposal to include wider costs of ANM, for consideration by a new CEM and Tool User Forum. While previous engagement with the Product team has clarified that this tool is meant to capture only costs and benefits from the DNOs' perspective, and thus is not intended to capture the costs to ANM connectees of curtailment, we consider that any assessment of ANM against other solutions must take into account these wider costs

and impacts of ANM for connected parties; as current ANM contracts do not allow the connected party to see the value that they forego by accepting a flexible connection and therefore cannot be priced against storage or DSR, a better comparison between ANM and storage/demand turnup needs to be developed.

We hope to see a CEM and tool User Forum established in 2022, and encourage Open Networks to ensure the expressions of interest process is clearly and widely communicated well ahead of any deadline to apply, and to ensure that the time commitment is not prohibitively large, considering the launch of a number of User Forums, to which stakeholders may be contributing in parallel.

Product 2: Procurement Processes

The ADE welcome the focus of this Product on advancing thinking around a move to real time procurement of flexibility, and look forward to seeing an action plan developed and to engaging further on this.

We welcome the intent to further develop the approach to pre-qualification. Criteria and timelines are, however, only one part of ensuring a smooth approach to procurement. To further facilitate this, we would like to see the development of a single portal shared by all DNOs for prequalification and registration of assets. This portal should be as automated and user-friendly as possible, allowing type testing of assets and portfolio-level testing, including objective pass/fail criteria for all parameters and containing as few manual information inputs as possible. The portal should be independently owned and managed and allow open access to commercial marketplaces and independent Flexibility Platforms.

Product 3: Dispatch Interoperability and Settlement

The ADE welcome the plan to pick this work back up and progress with concrete action plans and implementation. We particularly welcome the consideration of developing common systems, processes, standards and APIs across different systems.

Product 4: Standard Agreement – Alignment of Contract for DNO/ESO services

The ADE welcome the continued work to standardise and simplify agreements for flexibility services, and the move towards a framework approach. We expect to see the final recommendations of the ENA/Energy UK LCTs on LV networks Working Group incorporated into the standard agreement (without delay to the planned consultation period).

Product 5: Primacy Rules for Service Conflicts

The ADE looks forward to continued involvement with this product through the Primacy Focus Group. We would encourage the Product team to consider bringing further stakeholders onboard, and can help to circulate an invite to our members with interest and expertise around flexibility.

We would encourage collaboration between this Product and Product 6, to consider how the introduction of primacy pules may enable stackability of services, which are currently not stackable, contractually.

Product 6: Flexibility Products

The ADE welcome the continuous review, under this Product, of flexibility products with the aim to increase stackability and improve liquidity in flexibility markets. As above, we would encourage interaction between Product 5 and Product 6, to consider how primacy rules may contribute to the future alleviation of barriers to stackability of services.

Product 7: Carbon Reporting

The ADE support the introduction of carbon monitoring, as a means towards decarbonising flexibility markets. Please see attached a provisional position paper on carbon monitoring and signals in flexibility markets (please note, this is provisional at this stage and only for initial discussion).

Product 8: ANM enabled Flexible Connection Curtailment Risk Management

The ADE welcome the sharing of findings across Open Networks and other working groups, as set out in the description of this Product. Continued improvement of curtailment information to connection customers is one step towards improving transparency around ANM. However, ANM continues to allocate a significant amount of risk to distributed generation, and we continue to advocate for DNOs to move away from ANM in the medium to long term and, in the immediate term, for ANM and flexibility to be valued in similar ways and compete in the same (technology agnostic) markets.

Product 0: Overarching Common Framework for Flexibility

The ADE support the introduction of this product, and are pleased to see such integrating and strategic steps being taken under the Open Networks project. We encourage the product team to engage with stakeholders to identify usable formats of outputs from this product.

User Forums

As mentioned previously, the ADE are keen to engage through User Forums on areas of importance to our members. However, we encourage Open Networks to consider the time commitments, especially for participants wishing to contribute to multiple User Forums and potentially also the overarching Challenge Group. It was our understanding, for example, that part of the reason for limited responses to the first invitation for expressions of interest to take part in a CEM User Forum may have been due to a difficulty to commit to the expected time commitments set out in the terms of reference.

Ensuring that expressions of interest are open for a sufficient period of time will enable associations such as the ADE to engage with our members and encourage key stakeholders to submit an expression of interest, and will allow organisations to make the necessary internal arrangements to appoint a representative for a given User Forum.

Workstream 1B – Whole Electricity System Planning & T-D Data Exchange

Product 5: Network Development Process

The ADE welcomes the continued effort to improve network capacity reporting, which will help to indicate where flexibility services are most needed.

Product 6: Operational DER Visibility & Monitoring
The ADE supports the work being undertaken under this Product.

Product 7: Operational Data Sharing
The ADE recognise the approach of implementing data sharing based on the RAG analysis, in order to progress quickly with high priority/readily sharable data first; however, we expect to see rapid progression on plans to share wider operational data, noting the requirement for all data to be Presumed Open.

Workstream 2 – Customer Information Provision & Connections

Product 1: Embedded Capacity Register
The ADE welcome work on implementing improvements to the Embedded Capacity Register, and in particular the inclusion of smaller DER.

Product 4: Connection Agreement Review
As we have not yet seen the implementation plan to be developed Nov/Dec 2021, we cannot comment at this stage on the appropriateness of the ENA taking this forward for implementation throughout 2022 without prior industry consultation.

We have some reservations about the decision not to consult on this Product as set out in the workplan. For example, ADE Members would welcome the opportunity to engage with the ENA on the Smart System & Flexibility Plan's declaration that storage

> "should be able to provide grid services and store power from CfD generators, providing the metering arrangements can distinguish between the two".

Notably, BEIS/Ofgem have outlined a route to address this through CfD contractual changes for subsidised projects, but for merchant projects it will be incumbent upon the DNOs to offer sites the appropriate metering arrangements able to distinguish between co-located storage and renewable assets. Our understanding is that this is being addressed differently across different DNOs, and we do not know the extent to which this is captured in the Connection Agreement review. With no consultation for this Product, this leaves no opportunity for industry to feed in on points such as this.

Workstream 3 – DSO Transition

Product 1: DSO Implementation Plan
This is a useful tool for stakeholders to understand the targets and progress for DSO developments, if kept up-to-date and accessible. Some of our Members have reported finding this plan unwieldy and hard to navigate. We welcome the plan to make this available in the form of a spreadsheet available for users to download, which may improve users' ability to engage with the plan.

Product 2: Potential conflicts of Interest & Unintended Consequences
The ADE support Open Networks' efforts to monitor conflicts of interest and unintended consequences associated with DNOs' provision of DSO functions. Monitoring potential conflicts of interest and unintended consequences will be important to enable future separation of DSO functions from DNOs, and fair and neutral market facilitation by DNOs. The identification of

mitigative actions and monitoring of progress against these are crucial to ensure this register adds value.

Workstream 4 – Whole Energy Systems

Product 1: Whole Systems CBA

The ADE welcome the further development of the Whole Systems CBA and the plans to deliver alignment of the Whole Systems CBA and the CEM (including consideration of future consolidation). A key priority for us remains the inclusion of option valuation of flexibility across both tools, to ensure the potential value of flexibility is appropriately captured.

Product 4: Local whole system optioneering service

The ADE recognise the potential value of this work; in particular linking LAEPs with DNO data would be beneficial. As part of this Product, it will be important to consider how to ensure uptake of this service amongst local authorities (LAs).

However, this should not be a route for gas networks to influence Local Authority plans and heat maps; impartial assessment is crucial, and may sit best with Ofgem. It is concerning that some DNOs' RIIO-ED2 plans on this topic resemble a form of consultancy services, which is not the appropriate role for DNOs to be taking.

It is important that any support service for Local Authorities does not introduce favouritism for LA projects working with network operators rather than with independent industry. Any priority rule changes/funding for LAs working with DNOs should be automatically made available universally.

Workstream 5 – Communications & Stakeholder Management

The ADE look forward to continued engagement with Open Networks in 2022. Facilitating industry input through consultations and other means of engagement is essential.

While we appreciate the intent to make this consultation as simple and accessible as possible, with just one overarching request for feedback, we think that future consultations could benefit from greater steer from Open Networks, with direction setting questions set out for each Workstream.

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