

Open Networks Project
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Sent by email to: opennetworks@energynetworks.org

Dear Sir/Madam

Open Networks Project – Consultation on high-level scope for 2022

Thank you for the opportunity to provide feedback on your proposed work for 2022 based on the preliminary high-level scope document. We welcome the ENA's decision to consult earlier. This worked well previously when the ENA shared an indicative workplan for 2020 when responding to BEIS/Ofgem's 16 July open letter on Open Networks.

Workstream 1A – Flexibility Services

We are generally supportive of the topics being covered by WS1A and the prioritisation of the products. If properly implemented, and provided they are developed with consideration of the needs of flexibility market participants, these products will increase opportunities for flexibility use and investment.

- **P1 CEM** – We welcome further development of the CEM and strongly support the ONP's plans to consult on how to better incorporate the option value of flexibility procurement. Open Networks has made it clear that the CEM only considers the costs and benefits from a DNO perspective – therefore excluding the impact on consumers, market participants and the ESO (amongst others). This is a major failing of the CEM. When we have raised this, the ENA has pointed us towards the Whole System CBA as the tool that would capture these. However, a) it is not clear that the Whole System CBA would also be applied in all cases and b) the Whole System CBA does not appear to take a sufficiently granular approach to these costs. We hope to see the CEM User Forum established in 2022.
- **P2 Procurement Process** – Pre-qualification is also a key topic for Centrica because we have often found that (in ESO markets) the criteria do not work well for smaller distributed sources of flexibility, including residential DSR. The development of standard pre-qualification criteria in P2 must be designed to enable these newer smaller sources of flexibility. We support the plans to progress thinking on closer to real time flexibility procurement.
- **P3 Dispatch Interoperability & Settlement** – We are pleased that DNOs are increasingly recognising the role of aggregators in dispatch and are now more focused

on topics like agreeing standardised APIs for dispatch rather than requiring hard control of flexibility assets.

- **P4 Standard Agreement** – Whilst we have not directly participated in the RDPs, it would be useful to discuss how these should be covered under the Standard Agreement. This would create more transparency around the RDP processes, especially if the use of RDPs must expand to allow more assets to connect to the network earlier.
- **P5 Primacy Rules for service conflicts** – It has been useful participating in the 2021 Primacy focus group and the ONP should aim to expand membership of the focus group into 2022. The prioritisation principles shared to date with the group have a clear logic to them, but their wider consequences and fairness needs to be tested with stakeholders through consultation. It should be clearer when and how this consultation will take place.
- **P6 Flexibility Products** – It will be useful to have an updated review of all flexibility products and their potential interactions, given the pace of change in the overall balancing service markets – including reactive power.
- **P8 ANM Curtailment Management** – A problem with transitioning work from Open Networks to other ENA groups, is that that work becomes even less transparent. This has happened with several different topics over the life of Open Networks (connections, data, now ANM).
- **P0 Overarching Framework** – We of course welcome work to ensure that the overall framework for flexibility emerging from the work on individual products is coherent. The P0 initiative should also check for gaps. The P0 leads should coordinate closely with Ofgem and BEIS to check that the emerging common framework is consistent with their own initiatives like the ‘Full Chain Flexibility’ work.
- **User Forums** – This has worked reasonably well for ANM and for Primacy (suggest expanding membership). The existence of User Forums must not displace discussion at the Dissemination Forum.

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

- **P1 FES**– Given that GSP restrictions on aggregation by the ESO are a key issue for flexibility providers, a transparent discussion on how GSPs are structured could be beneficial.
- **P6 Operational DER visibility and monitoring** – The costs and benefits for DER owners and flexibility service providers must be considered. We are generally supportive of increasing DER visibility, provided that the costs are not prohibitive and do not create new barriers to entry for smaller flexibility sources.

Workstream 2 – Customer Information Provision & Connections

- **P1 ECR**– Our connections team has found the existing ECR to be extremely helpful when planning and tracking connections. We therefore support in principle its planned expansion.
- **P2 Queue Management** – Connecting new flexible resources continues to be a challenge. We welcome the planned monitoring and hope it can contribute to freeing up capacity from stalled projects, without unfairly penalising capacity holders that genuinely intend to use their capacity.

- **P4 Connection Agreement Review** – It is difficult to comment as the 2021 recommendations are yet to be delivered, but we support measures to improve the connections journey.

Workstream 3 – DSO Transition

WS3 has fundamentally been unable to address **DSO conflicts of interest** because DSO governance was descoped from the Open Network Project several years ago. DNOs put forward proposals with very different ambition and detail in their draft ED2 business plans. We hope that the attention given to this issue in the final ED2 business plans will have been levelled up across all DNO's following Ofgem's updated business plan guidance. We remain concerned that this issue will start to be properly addressed until Ofgem consults on options for DSO governance in 2022.

The Col and UC Register has been a useful asset for the topics that remain in scope.

Workstream 4 – Whole Energy Systems

The **Whole System CBA** and the CEM need to be jointly reviewed together to ensure they do not leave any gaps and that the wider impacts – beyond the DNO's own perspective – are properly considered. Market participants have been told that the CEM only considers the impact on the DNO and are signposted to the Whole System CBA, but when I have looked at the latter it does not appear to consider non-DNO-specific impacts in sufficient granularity to be useful. The societal impacts considered by the Whole System CBA appear too generic to capture market participants' concerns.

I would welcome more stakeholder engagement on the Whole System CBA to ensure its purpose is properly understood.

Despite **P0 Monitoring of Innovation Projects** not being resource intensive, we would welcome a piece of work that brings together the outcomes and learnings from innovation trials on flexibility markets in the UK. This would help us, and others identify where there are gaps and where we could work with ENA members on innovation.

Appendix B – Other key strategic ENA initiatives & Areas of Work

Except for Gas Goes Green, the ENA needs to increase transparency around the other non-ONP initiatives listed in this section.

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I hope you find our response useful. Please contact me if you have any questions on helen.stack@centrica.com or 07979 567785.

Yours sincerely

Helen Stack, Centrica Regulatory Affairs, UK & Ireland