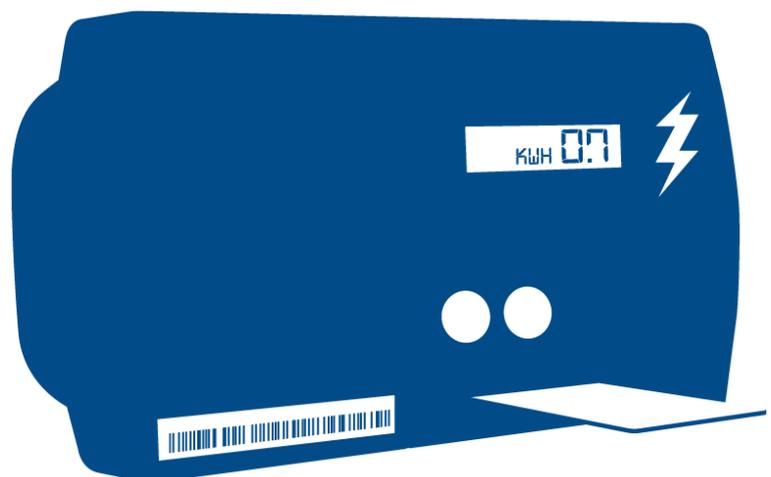


ENA Open Networks High level scope 2022 consultation

Citizens Advice submission
November 2021



Citizens Advice welcomes the opportunity to respond to this consultation as part of our statutory role to represent energy consumers in Great Britain. Our response is not confidential and may be freely published.

We have contributed to the Energy Networks Association (ENA) Open Networks project in the past via our participation in the ENA Open Networks Advisory Group as well as responding to consultations. Relevant recent consultation responses include:

- Response to the ENA Open Networks Flexibility 2021 consultation, September 2021¹
- Response to the ENA Open Networks Product Initiation Document 2021 consultation, February 2021²
- Response to the ENA Open Networks Flexibility 2020 consultation, October 2020³
- Response to the ENA Open Networks Flexibility 2019 consultation, August 2019⁴

In this response, we have focused upon those areas and workstreams where we have a particular interest or expertise.

Overall views

Net zero and other new strategies

We welcome the opportunity to comment on the ENA Open Networks project 2022 high level scope consultation. We note that the consultation was issued prior to the issuance on 19 October 2021 of the government's many net zero policy and strategy documents. It may be necessary to revise the scope in light of these documents, in particular, the Net Zero Strategy⁵, with its increased emphasis on development of onshore and offshore wind power and its interaction with the electricity networks. We are aware that there will be a forthcoming joint BEIS and Ofgem Electricity Networks Strategy that may affect the priorities of the Open Networks project. Ofgem may be consulting upon Distribution System Operation (DSO) governance in 2022, which also may

¹ Citizens Advice, [Response to ENA Open Networks Flexibility consultation](#), September 2021

² Citizens Advice, [Response to the ENA Open Networks 2021 PID consultation](#), February 2021

³ Citizens Advice, [Response to ENA Open Networks Flexibility consultation](#), October 2020

⁴ Citizens Advice, [Response to ENA Open Networks Flexibility consultation](#), August 2019

⁵ HM Government, [Net Zero Strategy](#), October 2021, particularly page 94 onwards (Power)

necessitate redevelopment of the Open Network project's 2022 plan. It may be necessary, therefore, for the project to be responsive to these policy and strategy developments and refine plans on an ongoing basis. The project's Steering Group and proposed new Challenge Group may be useful to guide any continuing changes in direction for the project, with appropriate stakeholder input to ensure that the direction is the right one.

User forums

We note the intention to use specific user forums for separate programmes within each workstream. This will need stakeholders to join potentially very many different user forums, with an increase in time demand, compared to the prior Advisory Group format where many work programmes were presented to the whole Group. It is possible that uptake for these user forums will be limited with a risk that the attendees will represent a narrow stakeholder viewpoint. The alternate options of using the other groups that will follow the closure of the Advisory Group, namely the Challenge Group, Dissemination Forums, Focus Groups, and focused workshops, may offer a good solution for generating stakeholder engagement.

We recommend that the membership and numbers of any user forums are monitored, and after a period of time, perhaps 3 to 6 months, the engagement with and by these forums, and the use of the alternate groups, are assessed. If the membership appears to be less representative than in the former Advisory Group, and the input to the process is diminished, reconsideration should be given to reestablishing a wider stakeholder group that can consider the progress of many workstreams in one session.

Specific workstreams

We have responded below on the workstreams described within the consultation document. We welcome the continued focus upon flexibility, the increased focus on whole systems, and the commitment to have a stakeholder engagement review in 2022 to ensure all relevant stakeholders are identified. We would also recommend that a separate workstream be developed to consider the role of energy efficiency within Distribution System Operations, or, as an alternative, to have the flexibility workstream expanded to also cover energy efficiency.

Views on specific workstreams

Workstream 1A – Flexibility Services

Energy efficiency

The flexibility workstream is a vital part of the work of the Open Networks project as a well-developed and efficiently functioning flexibility market will be necessary for the energy system to achieve net zero. It is noticeable, however, that this workstream does not have a focus on energy efficiency as an alternative to flex or traditional reinforcement options. References to the Common Evaluation Methodology (CEM) tool continue only to point to the options of flex or reinforcement. From attendance at Advisory Group meetings, it has been noted that the CEM tool can be used to consider energy efficiency as an option, however, only one DNO to date had used it in this way, and the CEM tool does not appear to have sufficient usability for this purpose.

Energy efficiency, apart from being a required factor for DNOs to consider, offers potentially longer-term solutions compared to recurrent flex contracts, as well as offering other social benefits in terms of warmer homes and lower bills for people and businesses.

In our response to the 2021 PID consultation, we recommended that a separate workstream was established to consider energy efficiency given that consideration of this option to meet DSO needs is now a required licence condition and also a required part of the DSO roles and activities in the Ofgem RII0-ED2 Business Plan Guidance. As an alternative to a separate workstream, the Open Networks project could have a higher and equal focus on energy efficiency within this workstream.

The Distribution Network Operators (DNOs) in their draft ED2 business plans have explained their varying approaches to using energy efficiency. It may be valuable to have the Open Networks project used to bring consistency across the sector through a higher focus upon energy efficiency, its valuation, and usage potential.

Procurement processes

We support the continued development of common procurement processes for the DNOs and the Electricity System Operator (ESO), including the alignment of procurement timescales. A consistent procurement process and alignment of timescales should assist tendering flex providers to plan and respond more efficiently to the tender rounds.

Residential flexibility

In the 2021 Flex consultation, we noted a question concerning further consideration of the role of residential flexibility. We believe that this workstream should incorporate a focus on how best to access domestic flexibility and to work with load controllers (aggregators) and consumer protection bodies like Citizens Advice, to consider the challenges and opportunities for this flex resource. The growing domestic market of those with battery storage through Electric Vehicles (EVs) or home batteries, or via their own generation, presents a great opportunity to further decarbonise the energy system. We are aware that there is a limited resource within the project to address all considerations, however, it would make sense to work on this topic as soon as possible, in advance of the likely rapid growth in the EV market.

Citizens Advice has undertaken research in this field, and we point to the following publications that may be useful to understand the potential barriers to the effective development of a residential flexibility market:

- [Joint letter to the Prime Minister on net zero protections](#), August 2021
- [Rough trade. Balancing the winners and losers in energy policy](#), June 2021
- [Navigating net zero: A framework to give people the confidence to invest in home energy technologies](#), March 2021
- [Demanding attention: Managing risks with demand-side response, to improve consumer experience tomorrow](#), January 2021
- [Stuck in the Middle: How to improve protections for people using energy third party intermediaries](#), March 2020
- [Zero Sum](#), January 2020

It may be useful to have residential flexibility considered within the Flexibility products sub-workstream to develop a consistent product type and service.

Dispatch interoperability and settlement

We welcome the intention to have these aspects considered during 2022. Standardisation of dispatch and settlement processes should assist in supporting a consistent and vibrant flex market. It would be worthwhile to consider the data which is to be provided to flex providers, and in the public domain relating to dispatch and settlement. Transparency of the process and a consistent approach will be an important part of building confidence in the operation of flex for DSO activities.

Carbon reporting

We note this new area for the Open Networks project which aims to develop common methodologies for flex products and services. As with a prior point above, we recommend that a common methodology for carbon reporting is established for the use of energy efficiency as an alternative to flex or traditional reinforcement.

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

Further alignment between FES and DFES

We support the further goals of consistency in methodology, standardisation, and in naming conventions. We note the intention of this workstream to undertake stakeholder engagement “to support and implement the ‘Best View’ scenario” (page 23). It was not clear from the narrative in this position which stakeholders were to be approached, nor how the selected stakeholders would be used to support and implement the scenario. We would welcome further detail regarding the purpose of the engagement, the nature of the stakeholders, and how any differing views, that may not be supportive of implementation of the chosen scenario, would be managed.

Whole electricity system co-ordination register

It was not clear from the narrative regarding this work that independent distribution network operators (IDNOs) have been included within the licensed entities under consideration within this register. IDNOs, and their millions of connected customers, may have an increasing part to play in providing flex resources, or other demand management services, and it will be important to

understand the opportunities that may be available via IDNOs. We would welcome confirmation that IDNOs are also part of this register.

Workstream 2 – Customer Information Provision & Connections

This will be an important workstream to help deliver net zero as there will be many low carbon technologies, generation, or flex provision required to be connected in the coming years. There may also be an increase in the need to provide information to customers and an increasing volume of connections due to the potential changes in connection charges resulting from the Access and Forward Looking Charges Significant Charging Review (Access SCR). The recent announcement by Ofgem of its decision to proceed with its review of competition in the electricity distribution connections market⁶ may also necessitate revisions to the workstream programme dependent on its outcomes. The continuing work on ensuring that connection agreements are fit for purpose is welcomed.

It would be valuable to incorporate the learnings gathered from DNOs during their stakeholder engagement work for ED2, particularly for the development of their major connections strategies.

It may be useful to consider the revised ED2 Business Plan Guidance⁷ to incorporate any changes in the programme in light of their additional points on promotion of operational network visibility and data availability (page 37) which includes specifying some types of parties that will be accessing the network data.

Workstream 3 – DSO Transition

A joint Ofgem/BEIS Electricity Networks Strategy is forthcoming which was announced in the recent Net Zero Strategy. There will also be an Ofgem DSO Governance consultation during 2022. Both of these publications may result in the need to revise the work programme during the coming year. The Conflict of Interest and Unintended Consequences Register may be useful resources for stakeholders for the DSO Governance consultation. It is welcome that this

⁶ Ofgem, [Decision on the proposal to review competition in the electricity distribution connections market for RIIO-ED2](#), October 2021

⁷ Ofgem, [RIIO-ED2 Business Plan Guidance](#), September 2021

Register will be an ongoing activity within the Open Networks project in 2022, and be able to identify further issues and associated mitigants. It would be useful to incorporate the DNOs' findings from its stakeholder engagement in their development of their DSO Strategies for ED2 in the next review of the Register.

Workstream 4 – Whole Energy Systems

Whole systems

We welcome the continued development in this area and in the focus on developing proposals for Local Area Energy Plans (LAEPs), and in the development of a national framework. We have recently published a research report on LAEPs⁸ and have met with the ENA representative working in this area to exchange views. Our research noted the variability in resource, understanding, and consumer engagement within LAEPs which has resulted in a 'postcode lottery' of provision and outcomes. The Open Networks project has a large part to play in developing a national framework, a consistent and effective network support for local area energy planning, and tools to assist local authorities in their planning.

It was not clear from the narrative for this part of the programme that all utilities had been considered beyond electricity and gas. It may be relevant to consider transport, or water and waste, for instance, as well as energy network companies, to ensure that whole systems thinking is fully developed and all stakeholder views are incorporated. Many DNOs have put together whole systems strategies as part of their ED2 planning processes. It would be valuable to consider these strategies alongside this part of the programme to ensure best practice has been incorporated, especially given the extensive stakeholder engagement that underpins these DNO strategies.

Innovation projects

It is welcome to see a focus upon the collation and dissemination of information about innovation projects across the industry. It would be valuable to ensure that this work programme takes into account past projects as well as those in progress, to ensure that the learnings from all projects are able to be implemented. It will also be valuable to understand why some projects have not

⁸ Citizens Advice, [Look before you LAEP: Ending the postcode lottery of local area energy plans](#), May 2021

been implemented where there appeared to be promise, and the benefits in monetary terms as well as other social benefits (e.g. reductions in carbon, the use of Social Return on Investment, benefits to those in vulnerable circumstances, environmental benefits, etc.). It would be valuable to explain how this work programme is intended to work alongside the new innovation portal, the ENA electricity and gas innovation strategies, and the innovation strategies of the network companies.

Workstream 5 – Communications and Stakeholder Management

We support the overarching aims of this workstream given the vital role that stakeholder engagement will play to ensure that the Open Networks project is developed and effective for all consumers and stakeholders.

We welcome the stakeholder review planned for the beginning of 2022. The range and type of stakeholders may evolve during the Open Networks project's life and it is important that every relevant stakeholder is identified, and a plan put in place to reach them. The stakeholder mapping exercises recently undertaken by the DNOs for their DSO and wider business plan engagement may be valuable to feed into this review. The increased focus on community energy, local authorities, and devolved governments should be useful to capture wider community views. It may be valuable to consider whether to, and how to engage with direct end user consumers. While it is not an easy task, complex questions can be discussed with domestic end users, if they are appropriately supported and given sufficient time to understand the issues. The use of Citizens Assemblies or Juries have offered a means to engage on difficult issues, for example, the [Climate Assembly](#) engaged over 100 people on climate change policies.

Our research [‘Strengthening the voice of consumers in energy networks’ business planning](#) may be a useful guide to explain the levels of stakeholder engagement that can be used, including Citizens Juries. The report also provides case studies of engagement used by utilities.

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