Market Facilitation of Non-DSO services
Review of 2021 activity and next steps
## Open Networks WS1A P6

Matthew Hamilton (SSEN)

The voice of the networks

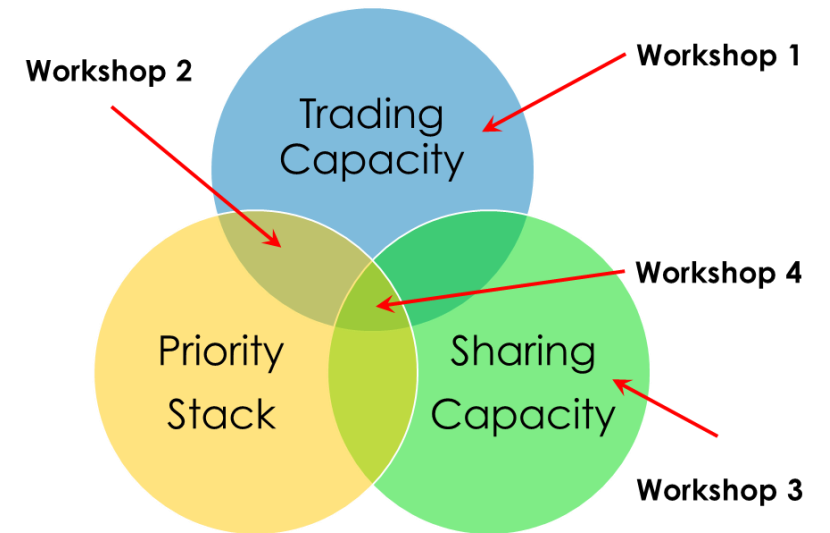# Objectives and Organisation of Market Simulations

Objectives

- In 2021 WS1A P6 carried out market simulation exercises for trading and sharing of capacity and risk of curtailment.
- Aiming to use the learning from these to run live trials & develop BAU guidelines.

- The market simulation exercises were designed to be interactive sessions focused on obtaining stakeholder feedback on work undertaken by the Non-Access SCR working group who developed principles and rules that could be used to govern trading and sharing of capacity.
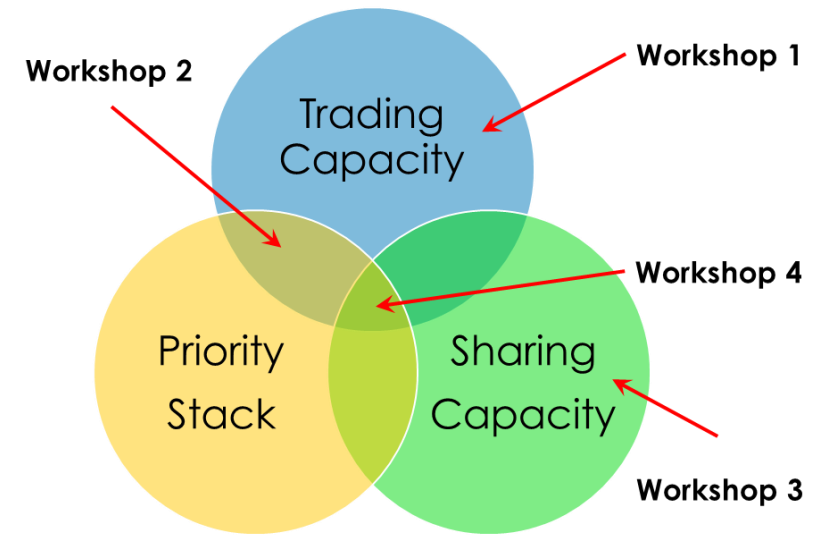
Objectives and Organisation of Market Simulations

Four Workshops

- **Workshop 1 - Trading Firm Capacity**
  – where users with excess Firm Capacity trade it with users who have insufficient Firm Capacity.

- **Workshop 2 - Trading Risk of Curtailment (Non-Firm Capacity)**
  – where users with a low risk of curtailment could trade their priority stack position with users who have a higher risk of curtailment to increase certainty.

- **Workshop 3 - Shared Capacity**
  – where a group of participants combine and share their capacity to enable new connections or trade any excess.

- **Workshop 4 - Potential Customer and Network Benefits**
  – reviewed the feedback from Workshops 1 to 3 and discussed other potential benefits and wider barriers.

Summary of Feedback

Appetite/ Interest	DNO	Trading
There is some appetite for Trading and Sharing of Capacity, but less so for Trading Risk of Curtailment.	The effect of Sensitivity Factors and lead time for system studies / approval could affect market growth.	Need visibility of the users willing to trade and market information; no price information to DNO.
There is a risk there may be more sellers than buyers.	Should the DNO be the NMF given it is a non-core activity, they lack expertise and they will trade in the market?	Trading and Sharing Capacity could increase LCT penetration, increase network usage and replace some ANM schemes.
Other changes, e.g. Profiling Capacity and outcome of the SCR, could reduce appetite for Trading and Sharing Capacity.	Impact of trading or sharing capacity on third parties needs to be considered.	ST / MT trades suit temporary / ad hoc requirements at low risk and LT trades suit investment decisions.
The effect of Sensitivity Factors and lead time for system studies / approval could affect appetite.	Require clarity on what constitutes hoarding, market rules and trading mechanisms.	Standardisation of P2P contract and trading blocks would encourage market participation and growth.

Considerations for Future Work

System Study Requirements
Consider how managed market growth could be accommodated without adversely affecting the potential appetite for trading and sharing of capacity.

Standardisation for Trading
Work with key market actors to develop a standard P2P trade agreement, determine acceptable minimum duration and determine minimum trading periods.

Appetite
Given the variation in appetite, it is proposed WS1A P6 conducts a more rigorous poll to determine the level of interest in trading and sharing capacity and the potential value.

Sensitivity Factors

These could act as a significant barrier to trading and sharing capacity. Consider how these could be developed so that users have an early indication of the capacity to trade.

Data Availability
Open data is being actively discussed but further progress will lower barriers to entry and support trading.

Phased Introduction
This would avoid overload of the DNOs with system studies, allow further consideration of the effect of trading on ANM systems and provide visibility of other changes that may be more attractive, e.g. profiled capacity.
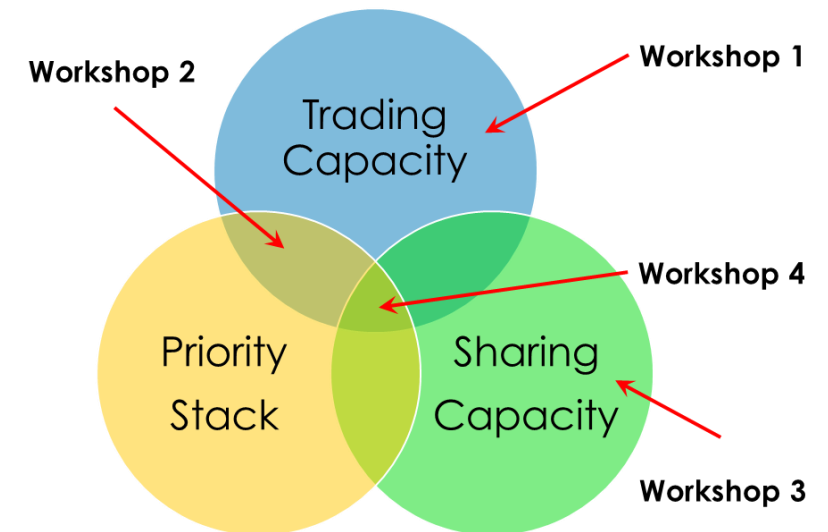
Market Operation and Rules
Further detail is required. Develop a clear set of market rules to enable the trading and sharing of capacity and consider how the market would operate and be facilitated.

Aligning Changes
A roadmap of known decisions would help users understand the journey from Firm / Non-Firm Capacity through trading of capacity and flexible capacity agreements to other known future changes.

Next Steps

- P6 has achieved its 2021 objective of running market facilitation workshops.

- P6 had originally planned "live trials" for the end of 2021.

- However, other projects are currently progressing the P6 workshop topics.

- The wider Open Networks (ON) programme will progress P6's "considerations for future work" (details on next slides)

- Open Networks WS3, tasked with monitoring the innovation landscape and coordinating DSO Transition, will review the other projects as part of it's 2022 programme and disseminate learning to the workstreams (particularly WS1A).

- WS1A aims to submit a better informed PID for "Non-DSO Services" in the 2023 programme to build on the 2022's learning.

Work to be Carried Out in 2022 by Open Networks

P6 Future Work Topic	Work to be Carried Out by Open Networks
System Study Requirements	This was a recommendation from the TEF (TRANSITION, EFFS & FUSION) projects and went into ON WS1B. The intention is to pick this up in 2023, to build on learning from the SSEN 'TRANSITION' project's 2022 trial period.
Standardisation for Trading	The TEF projects are progressing this in 2022. WS3 will review as part of their 2022 programme and disseminate learning back to WS1A.
Appetite	WS1A continued stakeholder engagement to gauge appetite through the Flexibility Consultation and the ON Steering Group. ON is moving to an 'open governance' so stakeholders will be able to feed directly into our work. We will use this to further inform our scoping exercise for 2023, alongside the TEF trial outcomes.
Sensitivity Factors	This was also a recommendation alongside the System Study Requirements into ON WS1B. This will also be picked up in 2023, to build on learning from the SSEN 'Transition' project's 2022 trial period.

Work to be Carried Out in 2022 by Open Networks

P6 Future Work Topic	Work to be Carried Out by Open Networks
Data Availability	WS1A P9 (for ANM products) & WS1B P7 (operational data, outage management etc) are looking at sharing data to external stakeholders. Both have done a RAG analysis to check ease of sharing and have recommended implementation plans as of 2021. Plans for 2022 will explore the Amber and Red topics to mature them. All DNO members are involved in this work.
Phased Introduction	This is the key purpose of the Open Networks: to carry out incremental changes, learn while doing, and introduce them to the DNO as time goes on. We will continue to facilitate incremental change.
Market Operations and Rules	This is in progress via WS1A P5 2021/22 (primacy rules). There is also a standalone product in WS1A's 2022 programme looking at stackability and interoperability.
Aligning Changes	Open Networks WS3, tasked with monitoring the innovation landscape and coordinating DSO Transition, will review the other projects as part of it's 2022 programme and disseminate learning to the workstreams (particularly WS1A).

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