

Open Networks Challenge Group

5th May 2022

Agenda

Item	Start	Finish	Time	Item	Presenter
1	14:00	14:05	5	Welcome	Maxine Frerk (Challenge Group Chair)
2	14:05	14:10	5	Challenge Log <i>Standing item, no challenges currently logged.</i>	Maxine Frerk (Challenge Group Chair)
3	14:10	14:20	10	Recent flexibility developments Recent industry developments and flexibility workstream activities	Ben Godfrey (Flexibility Services Chair) Andy Wainwright (Whole Energy System Chair)
4	14:20	14:35	15	Standard Agreement (WS1A P4) Seeking input on recommended changes to contract schedules. Review material: Gap analysis paper	Andy Rice (Product lead)
5	14:35	14:55	20	Procurement Processes (WS1A P2) Seeking early input on potential alignment approaches to pre-qualification across DNOs and ESO.	Steve Miller (Product co-lead) Helen Sawdon (Product co-lead)
6	14:55	15:00	5	Break	
7	15:00	15:20	20	Dispatch Interoperability and Settlement (WS1A P3) Setting out long term direction and seeking early input on priority areas to be addressed regarding dispatch. Review material: Dispatch gap analysis	Joe Davey (Product lead) Tariq Hakeem (Product lead)
8	15:20	15:35	15	Whole Systems CBA (WS4 P1) Overview of CEM & Whole Systems CBA interactions report Review material: CEM & Whole Systems CBA interactions report	Ian Dunstan (Product Lead) Gary Dolphin (Product Lead)
9	15:35	15:55	20	Common Evaluation Methodology (WS1A P1) CEM consultation feedback and discussion on challenges of further development	Simon Brooke (Product Lead)
10	15:55	16:05	10	Break	
11	16:05	16:20	15	2023 Scope development kick-off Early discussion and input	Sotiris Georgiopoulos (ON Chair) Avi Aithal (ON Technical Lead)
12	16:20	16:30	10	CG areas of interest Summary of feedback on Challenge Group areas of interest beyond WS1A	Avi Aithal (ON Technical Lead)
13	16:30	16:55	25	Structure & content of future Challenge Group sessions Open discussion on how to best present and seek input on content at future challenge group meeting	Maxine Frerk (Challenge Group Chair) Avi Aithal (ON Technical Lead)
14	16:55	17:00	5	AOB	Maxine Frerk (Challenge Group Chair)

Challenge Log

Recent flexibility developments

Recent industry developments and flexibility workstream activities

Ben Godfrey (Flexibility Services Chair)

Andy Wainwright (Whole Energy System Chair)

Standard Agreement (WS1A P4)

Seeking input on recommended changes to contract schedules

Review material: [Gap analysis paper](#)

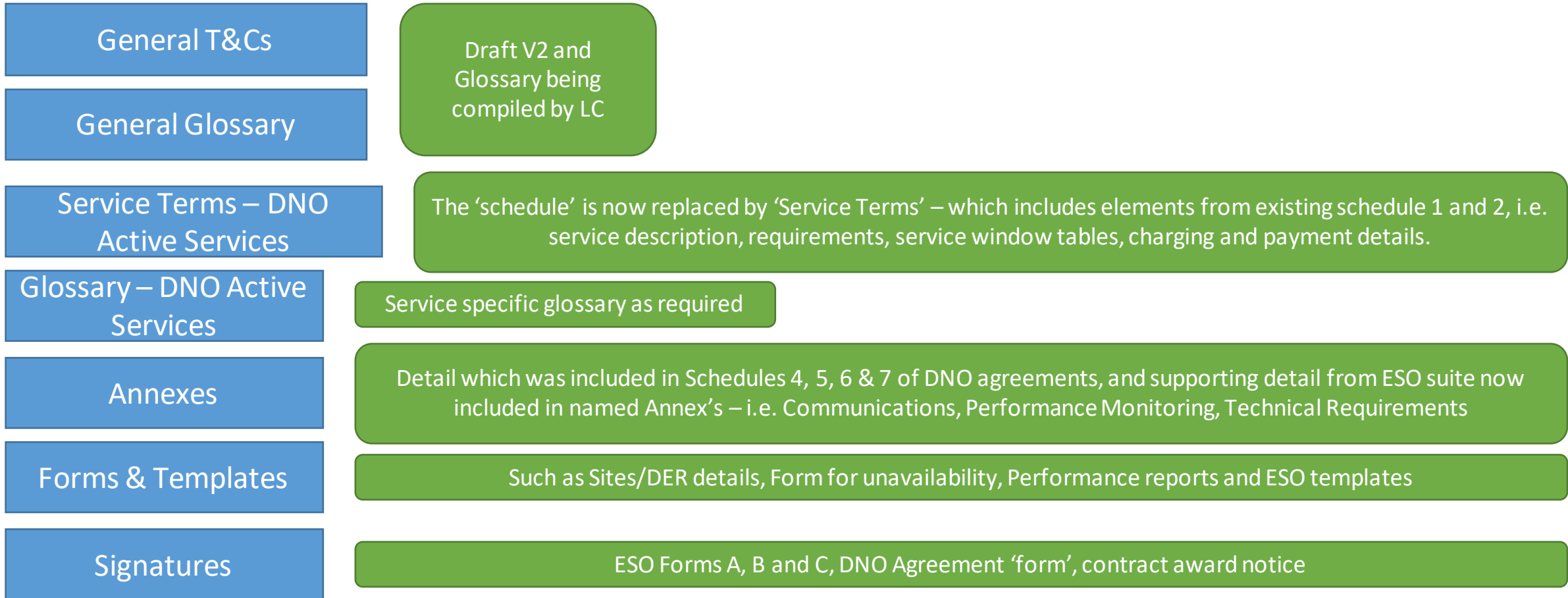
Andy Rice (Product team lead, NG-ESO)

Proposed schedule structure

During 2022 the P4 workstream are looking to align the schedules that support version 2 of the Standard Agreement. The proposed schedules are based on the current NGESO service based structure. Some of the benefits of moving to this service structure are as follows:

- Easier for providers to onboard as all legal and technical documents relating to that service are located in the same service structure
- Easier to isolate services when consultations for changes / amendments are required
- Allows for different requirements of individual services
- Across the services the structure and the look and feel of the documents will be consistent

Proposed schedule structure



Specific schedule detail


Service Terms – DNO Active Services

Glossary – DNO Active Services

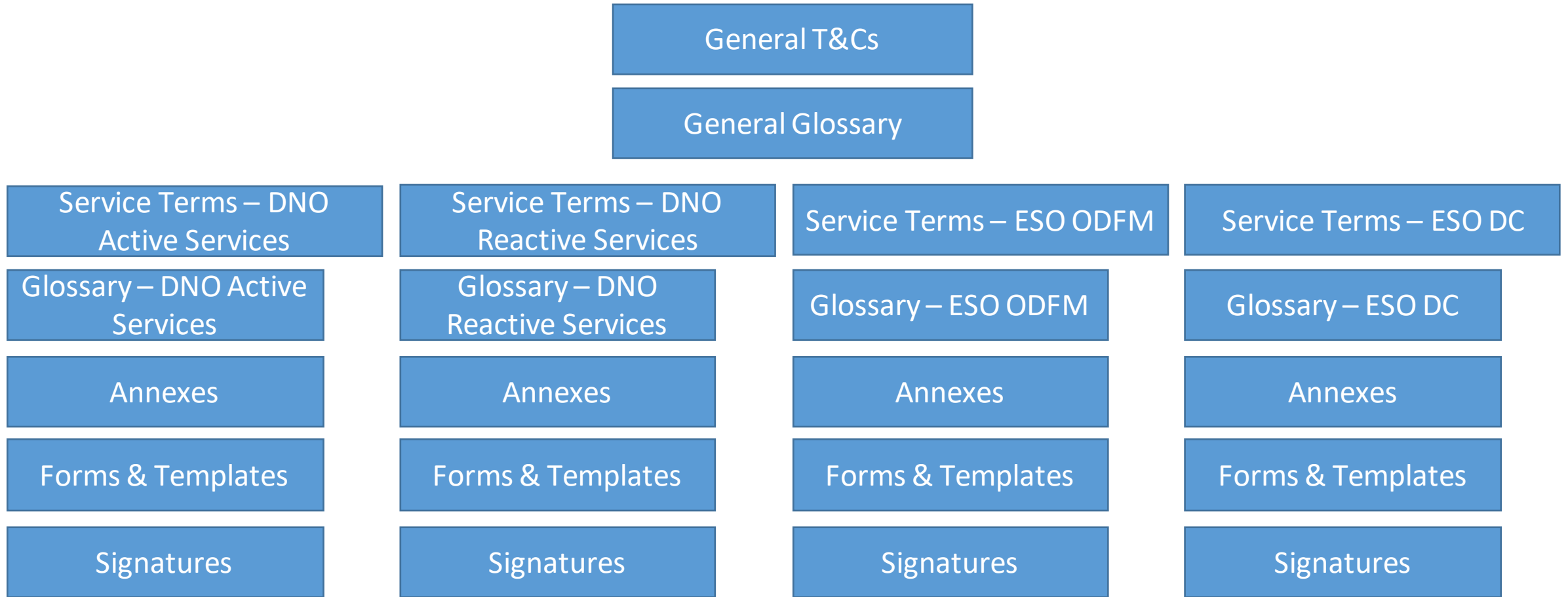
Annexes

Forms & Templates

Signatures

New Name	V1.2 element	ESO Element	Title sections (V1.2/ESO)	Notes	
Service Terms	Schedule 1 - Service Description	Service Terms	Permitted Extensions & Periods, Service Parameter Tables, Service Failure Reporting, Service Window Tables, Service Requirements. Invoicing Process (if different to Clause 11) Charges and Calculation tables, Reduction, Withholding and recovery of payment detail (if required)		
	Schedule 2 - Flexibility Service Charges				
Service Specific Glossary					
Annex's	Schedule 4 - Communications		Representatives, Process and systems for Communication, Acceptance of Instructions, Reporting and Escalations Process	DNO Communications Annex	
	Schedule 5 - Performance Monitoring		Performance reporting/management process, Testing and Monitoring Process, Service meter detail, Monitoring of DER Development Projects, Auditing	DNO Performance Monitoring Annex	
	Schedule 6 - System/Technical Requirements		Flexible power/API set-up etc	DNO System/Technical Requirements	
	Schedule 7 - Special Requirements		'Special' Requirements (SSEN use for Company H&S documentation, SPENs Modern Slavery additions)	DNO Special Requirements Annex	
		Participation Guidance Doc			
		Tender Rules*	Q for AB - should this shift to Service Terms?		
		Testing Analysis Tool			
		Testing Analysis User guide			
Forms & Templates	Schedule 3 - Sites & DER			Site/DER Detail	
	Unavailability/Remedy Template/Form		Currently in Schedule 4 (communications)		
	Performance Report template		Currently in Schedule 5 (Performance Monitoring)		
		Provider Data Template			
Signatures*		Tender Data Template			
		Form A			
		Form B			
		Form C			
		DNO Signature Page			New/Better name required!
	Post Contract Award Notice				

Proposed structure Examples



Procurement Processes (WS1A P2)

Seeking early input on potential alignment approaches to pre-qualification across DNOs and ESO.

Steve Miller (Product co-lead, NG-ESO)

Helen Sawdon (Product co-lead, WPD)

Product objective

Seek alignment of procurement processes across DNOs and ESO. With specific focusing on pre-qualification requirements and, to consider steps needed for evolution towards closer to real time procurement.

2022 Activities

Progress to date

- **Recommended steps to real time procurement paper completed;**
 - Current network procurement processes and future development plans were reviewed.
 - Steps for short, medium and longer term actions recommended to move towards real time procurement.
 - Will be included in the July consultation for stakeholder feedback.

Next Steps

- Pre-qualification standardisation recommendations - July 2022
- Detailed implementation plan to progress short, medium term actions for real time procurement – Nov 2022
- Detailed implementation plan to align pre-qualification – Dec 2022

2022 Activities – Next Steps continued

Pre-qualification standardisation recommendations

- **While some commonality already exists, its recognised that aspects of pre-qualification processes vary across Networks. This deliverable will;**
 - Collate existing approaches to pre-qualification for DNOs and ESO and review alongside the gap analysis conducted by P4 to;
 - Identify pros and cons across ways of working.
 - Identify areas for alignment.
 - **In addition;**
 - relevant learnings from Single Markets Platform will be identified.
 - Including evolution of the ESO pre-qualification processes.
- **Final report, due in July, will include recommendations for the alignment of criteria and approach to pre-qualification**

2022 Activities

What do we want from the Challenge Group

- Views on potential for alignment and our outlined approach.
- Which aspects of pre-qualification currently present the biggest challenge to new market entrants - commercial or technical?
- Which aspects are most important for the short and medium term to market participants?
- What are the issues and blockers facing new market participants?

Further information

Flexibility Services Tender dates for 2022 for DNO/ESO here

steve.k.miller@nationalgrideso.com

hsawdon@westernpower.co.uk

Break



Dispatch Interoperability and Settlement (WS1A P3)

Setting out long term direction and seeking early input on priorities areas to be addressed regarding dispatch.

Review material: [Dispatch gap analysis](#)

Joe Davey (Product lead, WPD)

Tariq Hakeem (Product lead, NG-ESO)

2022 Work

- Building on previous 2019 WS1A P3
- Focus on standardisation of dispatch and settlement processes
- First half of 2022 will focus on dispatch
- Second half of 2022 will focus on settlement
- For dispatch the product will consider interoperability across various systems (DNO, ESO, and third-party platforms)

Definitions

Dispatch (from 2019 work)

- *“Process through which the DNO informs a flexibility provider of the required level of service within operational timescales”*

Dispatch Interoperability

- *“A standard set of policies and procedures to communicate and instruct a Service Provider to deliver a contracted service”*
- The process of dispatching services has been decoupled from individual products as much as possible
 - Minimises dependencies on other WS1A products
 - Reduces risk of standardisation limiting the future development of flexibility products

Phases of Dispatch

- Declaration of availability by Service Provider
- Acceptance of offered services by System Operator
- Scheduling of services to run by System Operator
- Instruction of services to run by System Operator
- Cease instruction to stop operation of services
- Monitoring of services
- Post-action reporting
- Cancellation of dispatch

Current View

- General view is that APIs will be used to manage dispatch in the long term
 - Other methods are likely to be retained as backup options or for smaller FSPs
- WS1A P3 members are open to the idea of adopting a common API
 - Needs to be suitably flexible to accommodate potential future requirements
- Currently reviewing existing dispatch standards to see if any of these could be appropriate to align to
 - Technical specifications are excluded from the scope of the product group therefore the likely outputs will include a recommendation to adopt an existing standard in principal or the development of a bespoke API

Whole Systems CBA (WS4 P1)

Overview of CEM & Whole Systems CBA interactions report

Review material: [CEM & Whole Systems CBA interactions report](#)

Ian Dunstan (Product lead, WWU)

Gary Dolphin (Product lead, NG-ESO)

Background

- In the last two years the ENA Open Network Projects has developed two key cost benefit analysis tools:
- In Work Stream 1A (Flexibility Services) a **Common Evaluation Methodology** and associated Tool
 - allows the user (primarily distribution network operators) to evaluate flexible and non-flexible solution options and provide information and insights to the user for deciding on the appropriate solution
- In Work Stream 4 (Whole System) a **Whole System CBA** has been developed
 - allows the user to evaluate a range of options from a whole systems perspective
- Designed by different Product teams but created in parallel
 - Teams have worked collaboratively to ensure consistency

CEM and Whole System CBA interactions report

- During the creation of both CBA tools, both Product teams have had similar questions on the uses of the two evaluation tools, their overlap and interactions and independencies.
- The report has been written to clarify the similarities, differences and interactions between the two evaluation tools.

CEM and Whole System CBA tools in a nutshell

- **Common Evaluation Methodology Tool**
 - Designed to be used solely by distribution network operators to aid decision making about network intervention solutions by testing different flexibility strategies
- **Whole System CBA Tool**
 - Allows the user to consider problems through a whole system lens

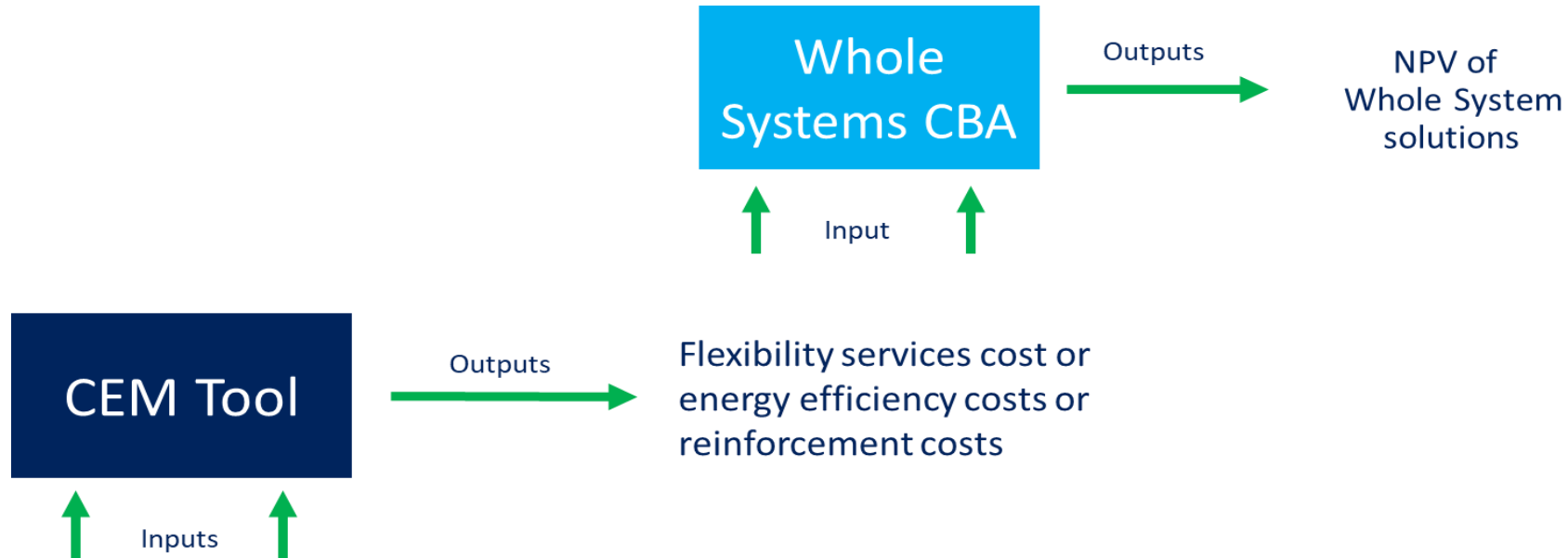


Key features of the CEM and Whole System CBA tools

	Scope of costs analysis	Scope of benefits analysis	Evaluation methodology	Primary use case	Outputs
Common Evaluation Methodology Tool	DNO costs only	DNO benefits only	Built on the Ofgem CBA template with fixed parameters	Evaluates flexibility services	Financial analysis of each solution, including optimal contract period, ceiling price and option value
Whole Systems CBA	A range of licensee and third-party costs	A range of licensee and third-party benefits	Built on the Ofgem CBA template with ability to vary fixed parameters	Evaluates a whole system problem	Financial analysis of each solution, including sensitivity analysis, tipping points and distributional impacts

CEM and Whole System CBA can be used in conjunction

- The output of the CEM Tool can be used as an input to the Whole System CBA



Conclusions

- The CEM and Whole System CBA are both evaluation tools
- Both built around the Ofgem CBA
- CEM more aligned to Ofgem CBA – only takes into account costs and benefits of the DNO user
- Whole System CBA has been developed to take into account a range of costs and benefits from across multiple parties, for example between gas and electricity networks, or interactions with transport, water, waste etc
- The two tools can be used in conjunction, with the output from the CEM used as an input to the Whole System CBA
- The Product Teams have considered whether the two tools should be combined
 - This has been declined due the resulting complexity of the model
- The two Product Teams will continue to work collaboratively to ensure underlying methodologies and techniques remain consistent where appropriate

Common Evaluation Methodology (WS1A P1)

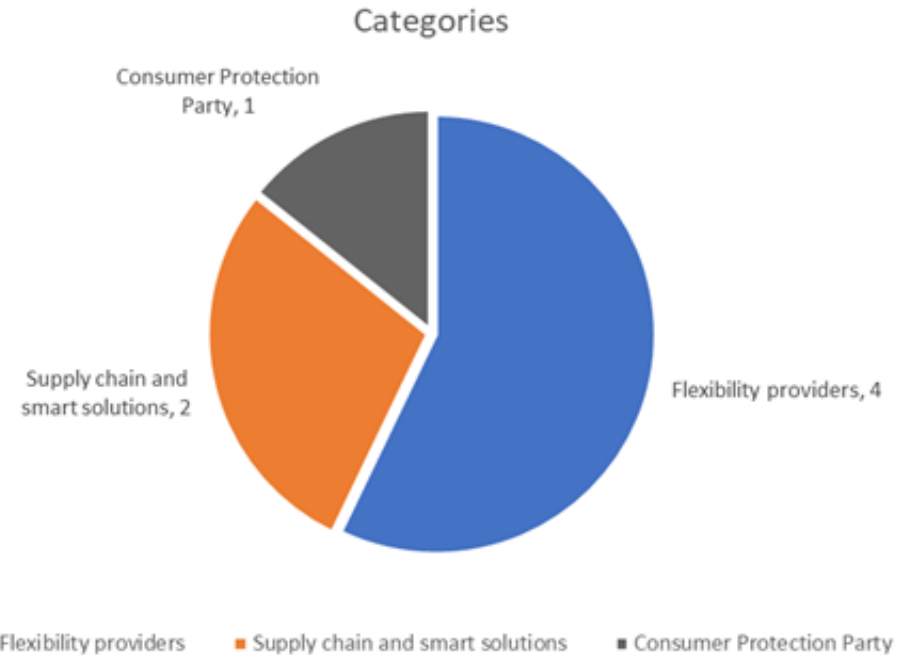
CEM consultation feedback and discussion on challenges of further development

Simon Brooke (Product lead, ENWL)

Valuing optionality within the CEM consultation

Responses

- 7 respondents split across 3 industry sectors
- General support for ENA work
- Suggestions included:
 - CEM is part of Whole Systems CBA tool
 - A variable for installation workforce hours
 - Active consideration of energy efficiency
 - Further development of option value, standardising probabilities
 - DNO-specific data publication
- No clear direction as some stakeholders prefer simplicity whilst other suggested probabilistic analysis e.g. Monte Carlo



Company	Category
Citizens Advice	Consumer Protection Party
Centrica	Flexibility providers
Octopus	Flexibility providers
E.ON	Flexibility providers
ADE	Flexibility providers
Invinity	Supply chain and smart solutions
Low Carbon Electric	Supply chain and smart solutions

Further development

Discussion on challenges of further development

- How do we obtain broad feedback from stakeholders on CEM Tool development?
 - User Forum, consultation, webinar, academic review and critical friends had limited success
- Should our focus be on increasing the knowledge of the CEM Tool and its use after this rapid period of development before further change?
- How do we ensure further developments are the right thing to do?
 - Simplicity aids accessibility vs complexity reduces accessibility

Break



2023 Scope development kick-off

Early discussion and input

Sotiris Georgiopoulos (ON Chair)
Avi Aithal (ON Technical Lead)

Challenge Group areas of interest

Summary of feedback on Challenge Group areas of interest beyond WS1A

Avi Aithal (ON Technical Lead)

Challenge Group Areas of interest

- Total number of responses: **7 CG members**
- Votes include both (“high interest” and “nice to cover” topics)

Product	Description	Votes
WS2 P1	ECR	4
WS4 P1	Whole Systems CBA	
WS2 P2	Shaping LAEP	
WS4 P2	Whole System Future Energy Scenarios	3
WS1B P6	DER Visibility & Data Sharing	
WS4 P4	Local Whole System Optioneering Service	
WS1B P7	Operational Data Sharing	2
WS1B P5	NDP	
WS2 P2	Queue Management	
WS2 P3	Interactivity	
WS3 P1	DSO Roadmap	
WS1B P9	Whole Electricity System Co-ordination Register	1
WS3 P2	CoI & UC	

Structure & content of future Challenge Group sessions

Open discussion on how to best present and seek input on content at future challenge group meeting

Maxine Frerk (Challenge Group Chair)
Avi Aithal (ON Technical Lead)

AOB

Useful Links

Programme
Scope for 2022

2021 End of Year
report

Stakeholder
events &
supporting
material

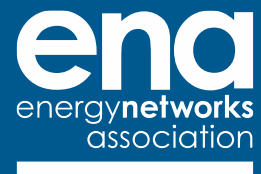
DSO Roadmap

Dissemination
Forum
application

We welcome feedback and your input

Opennetworks@energynetworks.org

Click [here](#) to join our mailing list



Energy Networks Association

4 More London Riverside
London SE1 2AU
t. +44 (0)20 7706 5100

🐦 @EnergyNetworks
energynetworks.org

© ENA 2020

Energy Networks Association Limited is a company registered in England & Wales No. 04832301
Registered office: 4 More London Riverside, London SE1 2AU

The voice of the networks