

# Standard Agreement Service Based Schedule Alignment

Open Networks | WS1A P4  
August 2022 | Version 1.0

## DOCUMENT CONTROL

### Authorities

Version	Issue Date	Authorisation	Comments
1	01/08/2022	Open Networks Steering group	

### Related documents

Reference 1	
Reference 2	

### Change history

Version	Description

### Distribution

Published on ENA website
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## Introduction

### About ENA

Energy Networks Association represents the companies which operate the electricity wires, gas pipes and energy system in the UK and Ireland.

We help our members meet the challenge of delivering electricity and gas to communities across the UK and Ireland safely, sustainably and reliably.

Our members include every major electricity and gas network operator in the UK and Ireland, independent operators, National Grid ESO which operates the electricity system in Great Britain and National Grid which operates the gas system in Great Britain. Our affiliate membership also includes companies with an interest in energy, including Heathrow Airport and Network Rail.

We help our members to:

- Create smart grids, ensuring our networks are prepared for more renewable generation than ever before, decentralised sources of energy, more electric vehicles and heat pumps. Learn more about our [Open Networks programme](#).
- Create the world's first zero-carbon gas grid, by speeding up the switch from natural gas to hydrogen. Learn more about our [Gas Goes Green programme](#).
- Innovate. We're supporting over £450m of [innovation investment](#) to support customers, connections and more.
- Be safe. We bring our industry together to [improve safety](#) and reduce workforce and public injury.
- Manage our networks. We support our members manage, create and maintain a vast array of electricity codes, standards and regulations which supports the day-to-day operation of our energy networks.

Together, the energy networks are [keeping your energy flowing](#), supporting our economy through [jobs](#) and investment and [preparing for a net zero future](#).

### About Open Networks

Britain's energy landscape is changing, and new smart technologies are changing the way we interact with the energy system. Our Open Networks programme is transforming the way our energy networks operate. New smart technologies are challenging the traditional way we generate, consume and manage electricity, and the energy networks are making sure that these changes benefit everyone.

ENA's Open Networks programme is key to enabling the delivery of Net Zero by:

- opening local flexibility markets to demand response, renewable energy and new low-carbon technology and removing barriers to participation
- providing opportunities for these flexible resources to connect to our networks faster
- opening data to allow these flexible resources to identify the best locations to invest
- delivering efficiencies between the network companies to plan and operate secure efficient networks

We're helping transition to a smart, flexible system that connects large-scale energy generation right down to the solar panels and electric vehicles installed in homes, businesses and communities right across the country. This is often referred to as the smart grid.

The Open Networks programme has brought together the nine electricity grid operators in the UK and Ireland to work together to standardise customer experiences and align processes to make connecting to the networks as easy as possible and bring record amounts of renewable distributed energy resources, like wind and solar panels, to the local electricity grid.

The pace of change Open Networks is delivering is unprecedented in the industry, and to make sure the transformation of the networks becomes a reality, we have created six workstreams under Open Networks to progress the delivery of the smart grid.

### **2022 Open Networks programme Workstreams**

- WS1A: Flexibility Services
- WS1B: Whole Electricity System Planning and T/D Data Exchange
- WS2: Customer Information Provision and Connections
- WS3: DSO Transition
- WS4: Whole Energy Systems
- WS5: Communications and Stakeholder Engagement

## Our members and associates

Membership of Energy Networks Association is open to all owners and operators of energy networks in the UK.

- ▶ Companies which operate smaller networks or are licence holders in the islands around the UK and Ireland can be associates of ENA too. This gives them access to the expertise and knowledge available through ENA.
- ▶ Companies and organisations with an interest in the UK transmission and distribution market are now able to directly benefit from the work of ENA through associate status.

### ENA members



### ENA associates

- [Chubu](#)
- [EEA](#)
- [Guernsey Electricity Ltd](#)
- [Heathrow Airport](#)
- [Jersey Electricity](#)
- [Manx Electricity Authority](#)
- [Network Rail](#)
- [TEPCO](#)

## Executive Summary

This paper is an output of the ENA Open Networks Workstream 1A – Product 4: Further standardisation of the format of Standard Agreement Schedules as described in part B of the P4 section of the Programme Initiation Document (PID) published in January 2022. Analysis has been carried out by the Product Team to understand how the initial standardisation of the Schedules will work with the current procurement processes and service design across the different organisations. This paper outlines the recommendation that the initial step to standardising Schedules is the move to service-based schedules.

## Introduction

One of the key objectives for the P4 Product team in 2022 is the standardisation of schedules that support Version 2 of the Standard Agreement. In order to standardise the format of schedules across organisations, it is important to adopt a structure that can accommodate a range of contract forms, including traditional bi-lateral based contracts utilised by DNOs and auction-style framework agreements through which the ESO procures balancing services. The P4 Product team considers that Service Based Schedules can help bridge the gap between the contracting processes adopted by the ESO and DNOs. With the adoption of Service Based Schedules, each service will have its own separate set of schedules, which detail the requirements, technical parameters and how the service will be procured.

The ESO uses service-based schedules alongside Version 2 of the Standard Agreement for its new Frequency Response Services (Dynamic Moderation and Dynamic Regulation). The DNOs currently utilise Version 1.2 of the Standard Agreement for their Active Power Services (Sustain, Secure, Dynamic and Restore) and Reactive services, with a commitment to adopt Version 2 after the completion of schedule alignment.

Beyond 2022, the P4 Product team will be looking at aligning the content of schedules across DNOs and the ESO. This will however be dependent on the implementation of recommendations from the P2 and P6 Workstreams, which are looking at standardising approached to procurement and the continued alignment of flexibility products across the DNOs and ESO.

This report will discuss the rationale for the adoption of service-based schedules, it will detail the proposed structure and highlight the scope of alignment. Finally, it will introduce the phased approach toward the complete alignment of schedule content.

## Rationale for the adoption of Service Based Schedules

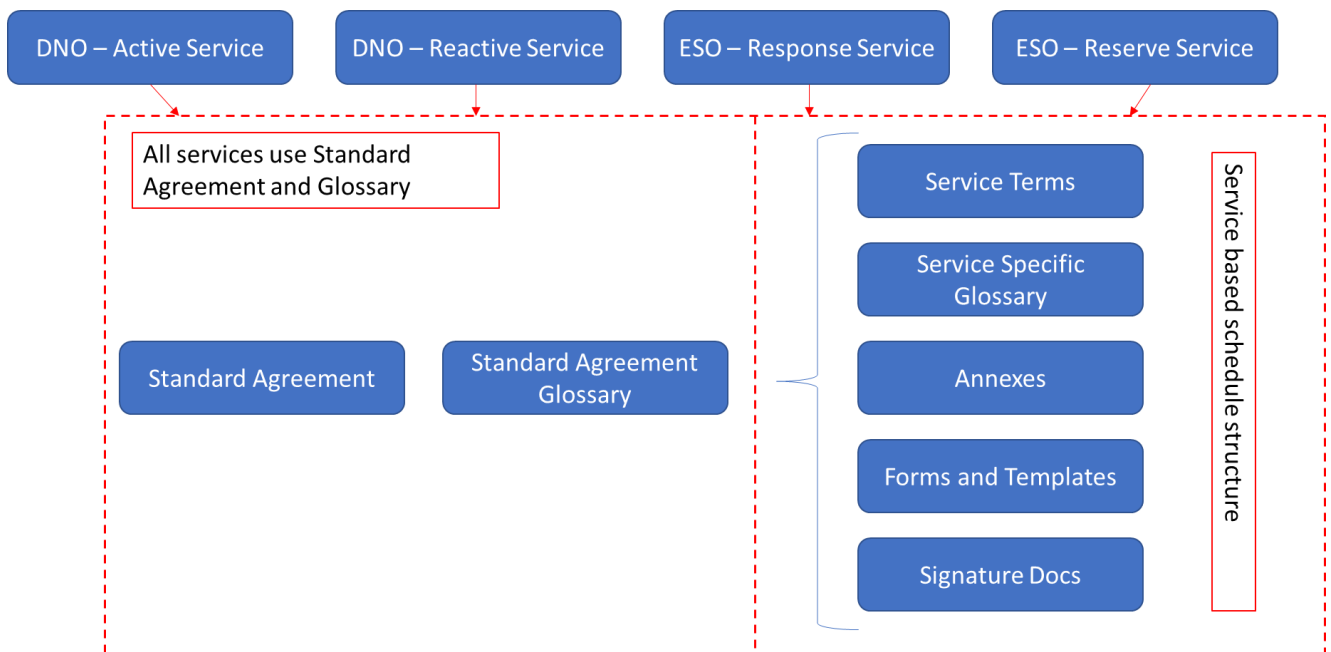
The Gap analysis carried out by this Workstream earlier in the year highlights key differences in contracting journeys and associated procurement processes across the DNOs and ESO. Whilst contracting and procurement processes evidently differ across the DNOs and ESO, it is important to equally acknowledge that subtle variations exist even amongst DNOs in areas like contract duration, contract award processes, price determination and contract award procedures. Furthermore, even within the respective organisations, each service is procured differently, with a distinct set of requirements and technical parameters. Service Based Schedules allow service specific details to accommodate these service specific differences whilst still enabling uniformity across organisations in the structure and format of each schedule.

The proposed approach reflects the requirements across organisations for traditional bilateral agreements, auction style framework agreements (supporting day-ahead/ intraday procurement) and contracts awarded from tenders. Furthermore, given that the DNOs are gradually moving towards the use of Framework Agreements, Service-Based Schedules will put the Standard Agreement and schedules in a position to react to changes that will come out of the Product & Procurement Alignment Workstreams (i.e., P6 and P2).

The ESO’s Service Based Schedules were used as a blueprint in developing the proposed structure. The ESO experience has been that Service Based Schedules make for an easier provider onboarding experience, as all legal and technical documents relating to the service are in the same schedule. It also enables any service/ contractual documents to be isolated, in the event of industry consultation. Service-Based Schedules are ideal where requirements differ across services. The structure enables uniformity to be retained in the look and high-level content of the schedules.

## The Proposed Structure

The proposed schedule structure is illustrated in the diagram below. The service-based structure is the first step in the alignment of the schedules that sit alongside the Standard Agreement. It is a key stone step that sets the foundation for future work, as the industry moves forward. This initial structure will allow for the current differences across the organisations in regard to product design, procurement process and contract award, whilst providing providers consistent structure and high-level content.



Each service-specific schedule will have the same naming convention and follow a similar order of arrangement, giving a familiar look and feel to Service Providers. Initially, the DNO services will be formed through the realignment of the Schedules currently in use under Version 1.2 of the Standard Agreement. Where possible, DNO’s will seek to use the same wording for clauses across the Services, saving Service Providers time and costs.



The first schedule (Service Terms) will contain the description of the Service as well the applicable payment terms. The next schedule titled “Annexes” will cover information on communications, performance monitoring, system/ technical requirements, special requirements, participation guidance, tender conditions, and testing.

The third schedule will serve as a repository for the applicable forms and templates, including unavailability/ remedy forms, performance reporting templates, any forms detailing sites and DER, provider data templates and tender templates.

The last schedule (Signatures) will contain the DNO and ESO signature page, post-award contract notices and any registration or prequalification forms.

The proposed schedule will be used for:

- DNO Active Service
- DNO Reactive Service,
- ESO Response Service
- ESO Reserve Service.

The initial schedule structure content, particularly within the Service Terms, will reflect the current different approaches of using ITTs and Framework Agreements. It is also worth noting that at this point in time, the content of the service-based glossaries will differ, and this will form part of future alignment workload; as a result this is not shown below.

The proposed high-level content for each of the schedules would be as follows:

## Service Terms

DNO – Active /Reactive services	ESO – Response / Reserve services
Service Failure	Introduction
Service Windows	Changes to Service Terms
Service Requirements / Specific Acknowledgements	Defined Terms
Validation of Service Windows	Procurement Document references
Discretionary Flexibility Services	Service Availability
Invoicing	Service Delivery
Charges	Availability Payments
Calculation of Charges	Payment Procedure
Payment Terms	Grid Code and Distribution Code
Reduction of Charges	Maintenance of Eligible Assets
Withholding and Recovery of Payments	Third party Claims
	Provision of Other Services
	Communications
	Termination of Response Contracts
	Monitoring and Metering Data
	ABSVD
	Force Majeure
	Liability, Indemnity, and Insurance
	Records and Audit
	Assignments
	Transfer of Response Contracts
	Confidentiality
	Intellectual Property Rights
	Data Protection
	Modern Slavery, Anti Bribery and Living Wage Notices
	Dispute Resolution
	Governing Law and Jurisdiction
	Severance
	Third Party Rights
	No Agency or Partnership
	Waiver
	Entire Agreement
	EMR
	Capability Data Tables
	Availability Payments
	Payments Provisions

It is worth noting that the main difference between the DNO and ESO Service Terms is down to the tender and contract awards processes. For the ESO framework approach, the service requirements are within the Service Terms. Whereas, for DNOs, the details of the service are published as part of the ITT. Going forward, as organisations move towards a framework approach for contracting and closer to real-time procurement, this is likely to see DNOs move toward service terms similarly detailed to the ESOs.

## Annexes

DNO – Active /Reactive services	ESO – Response / Reserve services
Communications	Participation Guidance
- Senior Representatives	Tender Rules
- Processes & Systems for Communication	Testing Guidance
- Acceptance of Instructions	Testing user guide
-Reporting Processes & Requirements	Testing Analysis Tool
-Escalation Process	Stacking Documentation
-Form of Unavailability Notification/ Remedy Notification	Frequency Measurement Specification
	Auction Platform User guide
Performance Monitoring	Auction Algorithm Description
-Submission of Performance Report	Data Concentrator Documentation
-Testing & Monitoring	ASDP Documentation
-Service Meter	
- Monitoring of DER Development Projects	
- Auditing	
-Non-delivery and under-delivery	
Schedule 6 Despatch Systems/ Technical Requirements	
- Technical Glossary	
-DNO Flexibility Management System Details	
Special Requirements	

Documentation related to specific services can be found in the Annexes. For example, if an asset needs to be tested against a specific service design then the suite of testing documents could be found here by the providers. Going forward, as services are aligned/ standardised, documents that you would initially find in Annexes could move into Service Terms.

## Form and Templates

DNO – Active /Reactive services	ESO – Response / Reserve services
Sites and DER	Manual Unavailability Template
Unavailability / Remedy Template	Auction- Provider Template
Performance Report Template	Auction – Tender Template

The Forms and Templates schedule is where the blank forms and templates can be found by providers. Again, this schedule will be used for service specific forms such as tender templates and generic templates that can be used across services such as availability/ unavailability declaration forms. It is worth reiterating that as service design and procurement processes align in the future, so will the documents that sit within the service terms.

## Signature Documents

DNO – Active /Reactive services	ESO – Response / Reserve services
Post contract Award notice	Manual Form A
Contract Signature Page	Manual Form B
	Manual Form C

The Signature Documents schedule is where providers can locate soft copies of contract/ framework agreements and contract award notices for the service. Where digital award processes are already in place, this section will signpost how the process works. It is anticipated that as organisations move toward provider portals/ online onboarding in the future, the need for these documents will reduce.

## Going Forward

Whilst this iteration of the Standard Agreement focuses on the alignment of the format and structure of schedules, it is important to highlight that the overarching objective is for the content of the schedules to be more consistent across organisations. It is our expectation that the contracting and procurement processes across the DNOs and ESO will become more closely aligned in the coming years, as the output from the P2 and P6 workstreams go live.

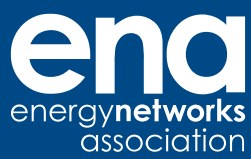
Notwithstanding the above, the report on Steps to Real-time Procurement recently published by P2 outlines that the timings for the adoption of a framework approach will be different across DNOs for various reasons including systems development and market liquidity. There may therefore need to be a middle ground for a few years, before the full adoption of the framework approach. The practicality of service-based schedules means they remain relevant regardless of the pace of transition towards the framework approach.

## Recommendation

Following the work that the P4 Product has conducted this year and industry feedback from the Challenge Group, the P4 Product Team is recommending moving to service-based schedules. The Workstream recognises that whilst this is only the first step in the alignment of schedules that sit alongside the Standard Agreement, this is a key stone step that sets the foundation for future work, as the industry moves forward. The P4 Product will take the Service Based Schedule Structure out to consultation in August 2022 to receive industry approval and feedback.

If the feedback from the industry consultation supports the proposal to move to service based schedules it is anticipated that the timeframe for organisations to start utilising this schedule structure will be from quarter 1 2023. The exact timing of when each organisation will start utilising the schedules will be dependant of factors such as the timings of tenders, additional legislative consultations etc.

Visit our website to find out more about [Open Networks](#)



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