

Challenge Group ENA Open Networks

09 May 2024

Agenda

Item	Start	Finish	Time	Item	Presenter
1	13:30	13:35	5	Welcome - Gareth Haines (INA) Apologies - Caroline Farquhar (Citizens Advice) - Gemma Stanley (Piclo) - Philip Coventry (Community Energy England) - Hussein Osman (Elexon)	Maxine Frerk (Challenge Group Chair)
2	13:35	13:55	20	Programme Level Update - Status of working groups and implementation - Website updates	Helen Jarva (ON Programme Manager)
3	13:55	14:15	20	Standard Agreement - Post consultation update	Helen Sawdon (NG ED)
4	14:15	14:25	10	Break	
5	14:25	14:45	20	Stackability - New scope	Will Seward (NG ESO)
6	14:45	15:00	15	CEM - New scope	Peter Gaskin (NG ED)
7	15:00	15:15	15	API - Update	Avi Aithal (Head of ON)
8	15:15	15:20	5	AOB	Maxine Frerk (Challenge Group Chair) & All

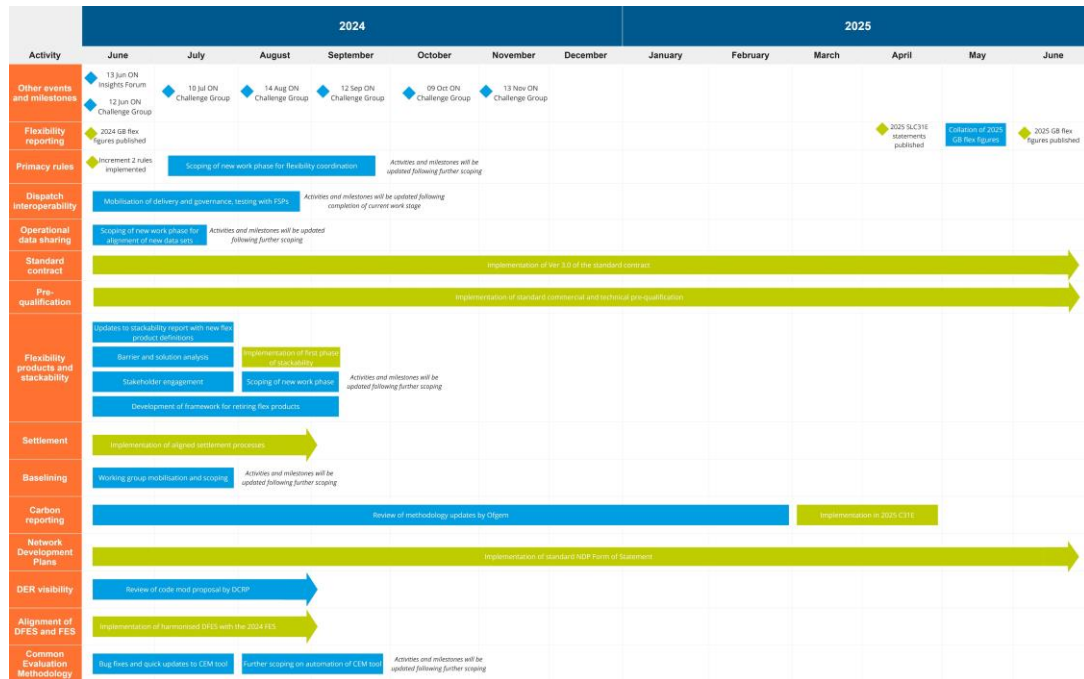
Programme Level Update

Helen Jarva (ON Programme Manager)

Website updates

The Open Networks website will be updated at the end of May to provide a clear overview of the programme alongside transparent implementation tracking.

At the same time, we will launch a new website providing key information to FSPs.



Focus area	Outcome	Definition of implementation	Impact for stakeholders
Making it easier for flexibility service providers to participate	Standardisation of flexibility products	80% of total volume of flexibility tendered by DNOs will be with common products having common technical specifications, excluding market testing flexibility products that have not been formally standardised under trial/innovation projects	Flexibility providers are able to identify which services they're best placed to offer, based on a limited number of standardised DSO flexibility products.
	Standardisation of pre-qualification	All DNOs request standard data for technical and commercial pre-qualification for distribution flexibility services	Simplified and standardised pre-qualification process will ensure easy sign-up to DSO flexibility markets and a consistent user experience across the country.
	Standardisation of flexibility contracts	All DNOs use the same version of the standard agreement using common T&Cs and schedule headings for local flexibility tenders and specific ESO services (where applicable) for contracts awarded	Flexibility providers will have minimal legal costs in engaging with the market through standard agreements across all DSO and relevant ESO flexibility services, moving towards a framework arrangement.
	Standardisation of dispatch API	All DNOs adopt common API specification for dispatching flexibility	DSO flexibility market platforms will provide an optimal end-to-end experience, saving flexibility service providers from needing to develop multiple interfaces.
	Standardisation of settlement process	All DNOs use a common settlement approach for delivery of local flexibility services	Flexibility providers will have visibility of a transparent and consistent methodology by which payments are calculated following provision of local flexibility services.
Improving operational coordination between networks and companies	Implementation of primacy rules	All DNOs and ESO implement processes and information flows for increment 2 rules	Clear and consistent rules to manage conflicts arising within and across flexibility markets will help service providers improve their DSO flexibility offerings, whilst ensuring secure operation of the networks.
	Harmonisation of data shared between DNOs and ESO	Consistent bilateral operational data exchange between DNOs and ESO	Consistency of data sharing between DNOs and ESO ensures more robust forecasts and processes that will directly contribute to improving flexibility market operation.
	Harmonise DER visibility information	All DNOs use consistent Distributed Energy Resources (DER) visibility specifications and/or appropriate code mods are triggered	Requirements for new DER connections will be streamlined and network visibility will be improved through the consistent information flow from DER to DNOs.
Improving the transparency of processes and reporting	Consistent Network Development Plans (NDP)	All DNOs use consistent reporting format for Network Development Plans	Stakeholders are informed of major developments over a one to ten year time-frame with sufficient detail to aid their planning and forecasting activities.
	Consistent carbon reporting	All DNOs use a consistent format to report carbon impacts in the Distribution Flexibility Services Procurement Report, as part of SLC31E (this is a further refinement of the methodology implemented in 2023)	Customers will have visibility of local flexibility market carbon intensity across GB networks, reported through a consistent and transparent methodology.
	Sharing pre-SCR curtailment information	All DNOs provide consistent and accessible curtailment information for ANM-enabled flexible connections pre-SCR (Significant Code Review)	Customers under flexible connections have accurate and consistent curtailment information allowing them to forecast their business plans and improve participation in flexibility markets.

Implementation tracking

The website will offer dated tracking of implementation by each DNO.

Dates are in the process of being confirmed in ON workstreams.

Focus area	Outcome	Status	ENWL	NG ED	NPg	SPEN	SSEN	UKPN	ESO	
Making it easier for flexibility service providers to participate	Standardisation of flexibility products	Implementation ongoing								
	Standardisation of pre-qualification	Implementation ongoing	Oct 2023	May 2024		Jan 2024	Apr 2024	Apr 2024	*where applicable	
	Standardisation of flexibility contracts	Implementation ongoing			Apr 2024					
	Standardisation of dispatch API	Agile API specification development ongoing								
	Standardisation of settlement process	Development activity due to complete in June 2024								
Improving operational coordination between networks and companies	Implementation of primacy rules	Development activity due to complete in June 2024								
	Harmonisation of data shared between DNOs and ESO	Implemented	Mar 2024	Mar 2024	Mar 2024	Mar 2024	Mar 2024	Mar 2024	Mar 2024	
	Harmonise DER visibility information	Code mod triggered	Code modification proposal submitted to Distribution Code Review Panel in Apr 2024							
Improving the transparency of processes and reporting	Consistent Network Development Plans (NDP)	Implemented	Mar 2023	Mar 2023	Mar 2023	Mar 2023	Mar 2023	Mar 2023	NA	
	Consistent carbon reporting	Alignment recommendation submitted to Ofgem in Jan 2024	Implementation expected as part of SLC31E statements in April 2025 following Ofgem review							
	Sharing pre-SCR curtailment information	Implemented	Dec 2023	Dec 2023	Dec 2023	Dec 2023	Dec 2023	Dec 2023	Dec 2023	

Progress against 2023 commitments

Status	Working group	Outcome	Dependencies/comments
On track	Flexibility Products	80% of total volume of flexibility tendered by DNOs will be with common products having common technical specifications (excluding innovation projects) by the summer 2024 flex tender	Aligned flex products agreed, with all DNOs confirmed readiness to implement in next flex tender (dates being confirmed for website publication in May). Process for retiring sub-parameters will be defined based on 2024 C31E data.
On track	Standard Agreement	All DNOs will use the same version of the standard agreement using common T&Cs and schedule headings by the summer 2024 flex tender	Standard Agreement Ver 3.0 has been published, with all DNOs committed to using it in their next flex tender. A post-consultation update will be shared with stakeholders.
Delayed	Dispatch Systems Interoperability	All DNOs will adopt common API specifications for the dispatch of local flexibility services	Timeline for the delivery of a common API spec has been delayed due to no readily available solution and a high requirement for stakeholder input. The working group are working with an agile gated approach to progress the work, with an update on timelines expected in the next few months.
Risk	Primacy Rules	All DNOs and ESO implement designed processes and information flows to deploy increment 2 primacy rules in cases of conflict by the summer 2024 flex tender	Working group reviewing the number of use cases that can be delivered in June in increment 2 based on the review of ESO products.

Other 2023 work plan commitments

Status	Working group	Outcome and deadline	Dependencies/comments
Pending implementation	Implementation of DER Visibility	All DNOs use consistent DER visibility specifications and/or and appropriate code mod has been launched by April 2024	Distribution Code Review Panel reviewing code mod proposal. Working group discussing potential for early implementation ahead of code mod.
Implemented	ANM Information Sharing	All DNOs report using the agreed methodology by Dec 2023 for pre-SCR ANM connections	All 2023 data has been published. ON is not progressing further work in this area in 2024 due to ongoing DESNZ work.
Pending implementation	Carbon Reporting	All DNOs report using the agreed methodology for 2024 SLC 31E submissions	Aligned updated methodology agreed. Awaiting Ofgem confirmation for implementation in 2025 C31E reporting.
Implemented	NDP	All DNOs report using the agreed methodology by December 2023	All DNOs using aligned NDP Form of Statement.
Implementation ongoing	Pre-qualification	80% of technical and commercial pre-qualification questions are common by April 2024	Implementation ongoing with exact implementation dates being confirmed with DNOs and platform providers.
Implemented	Operational Data Sharing	80% of data shared between DSO-ESO are harmonised by April 2024	Concluded that ESO-DSO data sharing is sufficiently harmonised. Working group are developing new scope for further work.
Delayed	Settlement	All DNOs use aligned settlement process by April 2024	Delayed from April to June 2024.

Standard Agreement v3

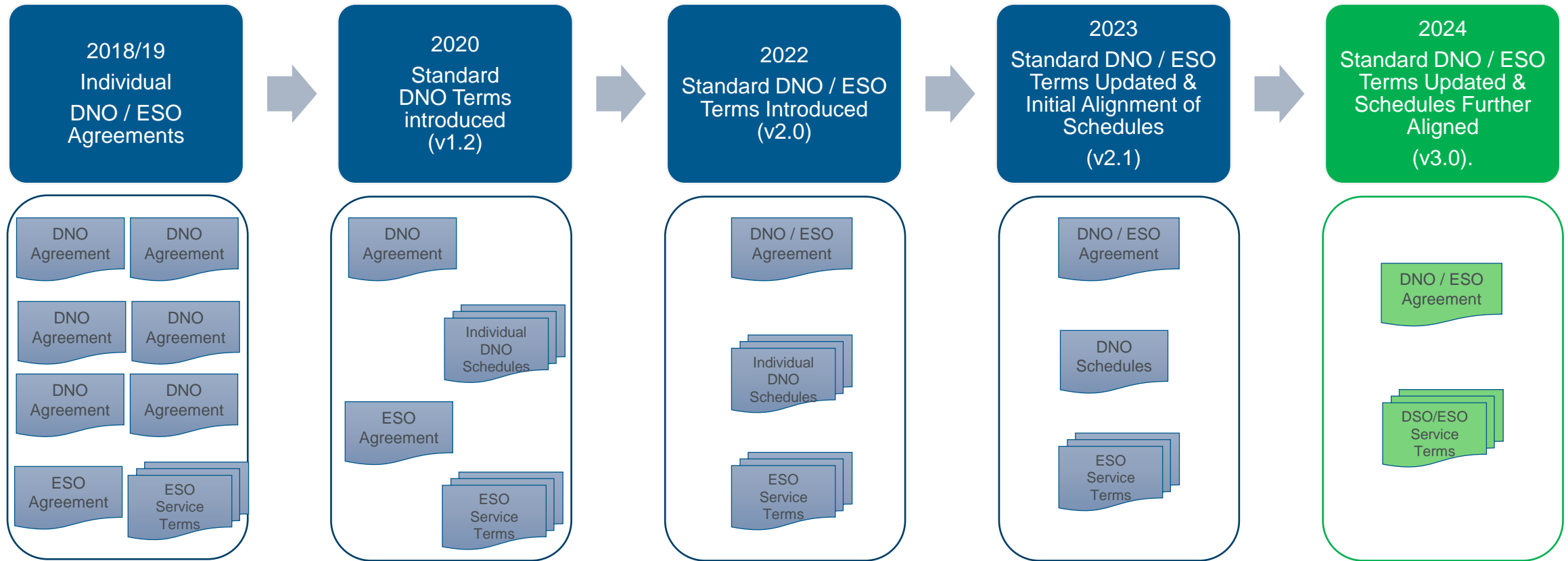
Helen Sawdon (NG ED)

Purpose

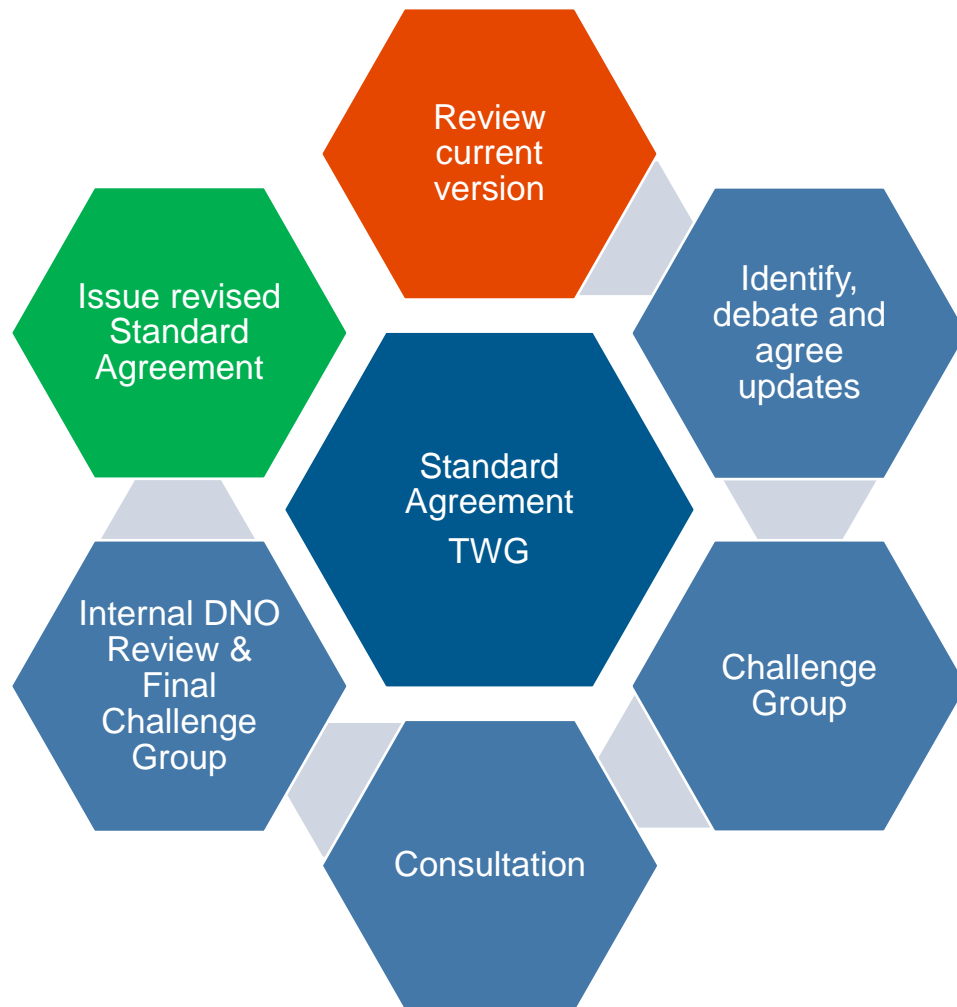
The main aim of the Standard Agreement, used by the ESO and the individual DNOs, is to:

- **Make participation easier by offering standard terms**, especially for those who operate in multiple markets across many locations
- **Reduce resource and cost burden** in assessing contracts for different markets
- **Facilitate shorter term markets** by providing an over-arching agreement, available prior to bidding and which can be used for numerous tender rounds

Journey so far



DNOs & ESO transitioning to fully standardised Terms & Conditions, Service Terms will follow standard approach but reflect different services



Feedback was sought from **stakeholders** using a variety of methods, with comments received from the following:

- Consultation responses
- Challenge Group / Focus Group meetings
- To individual DNOs / ESO

DNO / ESO commercial and legal teams review the terms and provide feedback.

Legal expertise is contracted to work on the Standard Agreement with the TWG to ensure the intent is accurately captured and that the Agreement is a robust legal document.

Updates for Version 3

For Version 3, the TWG is focusing on:

- **Liabilities** – Review current wording to ensure there are no barriers to participation whilst providing sufficient cover.
- **Domestic participation** – Review any further clauses that may hinder domestic participation.
- **Cyber security** - Develop standard clauses taking account of each companies requirements
- **Anti corruption and bribery** – Review of latest legislation and further standardisation across the organisations
- **Collaboration with other ENA work groups** - As the output materialises reflect this where necessary.
- **Further alignment of service based schedules** - Focus on standardisation of content where applicable and allow for closer to real time procurement and moving toward an overarching approach to contracting
- **Review industry feed back** – consider any feedback received that focus on these areas plus any new topics

This continued refinement of the standard agreement addressed issues identified, provided clarity and further aligned wording within the service terms schedules, creating an improved contract for DNOs, the ESO and FSPs alike.

Changes for v3

A comprehensive summary of all changes has been provided by CMS to accompany v3 of the Standard Contract. This summary addresses all the feedback received and can be found at: [\[LINK\]](#)

With regard to some of the specific points:

Identified change	Changes
Duplicate registration of assets: For situations where individual assets are registered and offered by more than one Provider for the same service at the same time.	Providers to use reasonable endeavours to ensure there is no duplication of registered assets plus provide clarity of how these will be dealt with should it occur.
Cyber Security: Will be signposted within the T&Cs to reflect individual company requirements until standard industry wording has been agreed.	All DNOs and the ESO have company specific Cyber Security requirements and any standardisation would need to be debated and agreed at industry level and not as part of the Standard Agreement work
Voluntary participation: Current wording is more suited to longer term bilateral contracts.	In light of move to shorter term / closer to real time procurement and using an overarching contractual approach wording on voluntary participation has been removed.
Liabilities: Providers expressed their concerns that liabilities were uncapped, which could be a barrier to entry for some	A cap has been introduced. NGED had previously introduced a cap, which being lower than the newly agreed standard cap, they will retain.
Site Access: Concerns were raised with DNOs wanting access to domestic and small non-domestic DER sites.	Recognising that such access may only be required in certain circumstances, any access requirements necessary for specific services will be included within the Service Terms, this is no longer a blanket requirement.
Collaboration with other TWGs: Incorporate output from: Product / Settlement / Dispatch TWGs	Incorporated standard wording relating to: Definition of services; Metering; Payment Calculations; Performance Monitoring; and System Comms
Re-organisation / Alignment of Schedules: Move information into contract award notifications, remove sections as required and include further standard wording where possible.	For overarching contracts applying to many tenders, some information will be specific to individual services contracted for (e.g. service windows) and therefore will be included in the contract award notifications. Removal of variations to services and discretionary services.
Governance Once issued, v3 will be subject to formal ENA governance	The TWG consider that an annual review is appropriate, at which time should any issues be identified a working group will be convened.

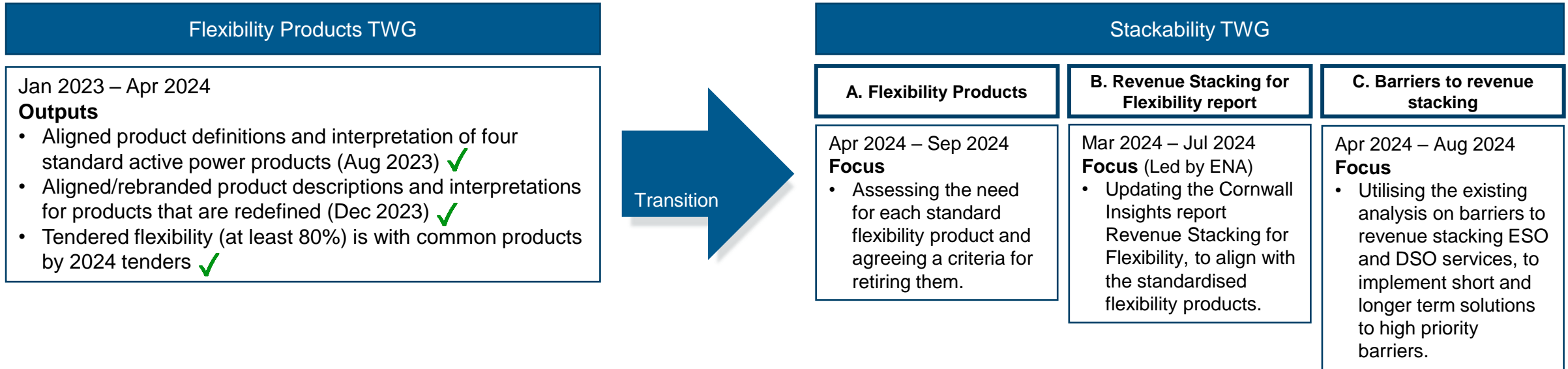
10-minute break

Stackability

Will Seward (NG ESO)

Stackability TWG – the transition

The **Flexibility Products TWG** has transitioned to the **Stackability TWG**



Request for feedback

How valuable is the Revenue Stacking for Flexibility report to you?

Stackability TWG - where are we?

A. Flexibility Products

Apr 2024 – Sep 2024
Focus

- Assessing the need for each standard flex product and agreeing a criteria retiring them.

Current position

- All DNOs are using the standardised products in their upcoming 2024 tenders.
- Commencing work on the criteria for retiring standard products.

B. Revenue Stacking for Flexibility report

Mar 2024 – Jul 2024
Focus (Led by ENA)

- Updating the Cornwall Insights report Revenue Stacking for Flexibility, to align with the standardised flexibility products.

Current position

- Agreed the scope of work and currently in the procurement stage.
- The work program will commence shortly.

C. Barriers to revenue stacking

Apr 2024 – Aug 2024
Focus

- Utilising the existing analysis on barriers to revenue stacking ESO and DSO services, to implement short and longer term solutions to high priority barriers.

Current position

- Commenced a workshop series to **prioritise barriers**, identify **root causes** and map **solutions**.
- Ran Workshop 1 on Mon 29th Apr and Workshop 2 on Wed 8th May. Workshop 3 is on Mon 13th May.

Request for feedback

What is your view on the number of standard products?

How would you prefer to engage on the prioritisation of barriers and implementation plan?

Stackability TWG – future outlook

A. Flexibility Products	B. Revenue Stacking for Flexibility report	C. Barriers to revenue stacking
<p>Apr 2024 – Sep 2024</p> <p>Focus</p> <ul style="list-style-type: none"> Assessing the need for each standard flex product and agreeing a criteria retiring them. 	<p>Mar 2024 – Jul 2024</p> <p>Focus (Led by ENA)</p> <ul style="list-style-type: none"> Updating the Cornwall Insights report Revenue Stacking for Flexibility, to align with the standardised flexibility products. 	<p>Apr 2024 – Aug 2024</p> <p>Focus</p> <ul style="list-style-type: none"> Utilising the existing analysis on barriers to revenue stacking ESO and DSO services, to implement short and longer term solutions to high priority barriers.

Outcome

- Agreed criteria for retiring standardised flexibility products and applied it to the use of services in 2024, specified by DNOs.

Outcome

- Cornwall Insights have aligned their report: Revenue Stacking for Flexibility, with the standard flexibility products.

Outcome

- Agreed plan for implementing quick wins and longer-term solutions that address the high priority barriers to revenue stacking ESO and DSO services.

Request for feedback

Are these outcomes aligned with your expectations of the Stackability TWG?

Common Evaluation Methodology

Peter Gaskin (NG ED)

Common Evaluation Methodology (CEM) Overview

- Excel based Cost Benefit Analysis tool.
- Used to assess investment pathways (specifically comparing flexibility services against conventional reinforcement solutions).
- Developed within the ENA's Open Networks project under Workstream 1A (flexibility services).
- Used by all UK Distribution Network Operators, providing a consistent and transparent approach.

Issues and limitations with the existing CEM tool

- Comments were collated from all DNOs on what issues they've identified with the existing CEM tool. These comments broadly fell into three categories:
- Bugs and limitations within the tool.
- Scalability of the process.
- Ongoing maintenance and governance of the tool and process.

Bugs and limitations

- The ceiling price calculation used by the tool forces the user to fix utilisation price to perform a goal seek on the availability price. DNOs have slightly different approaches to ceiling prices. For some not being able to maintain the ratio between utilisation price and availability price is a significant limitation.
- The option value functionality within the tool does not work.
- The way input data is entered into the tool is too restrictive in some places.
- No way to set an end date for flexibility (this is functionality that was in a previous version of the tool which was replaced).

Scalability

- Ceiling price calculations take too long to carry out with the existing goal seek method.
- Inherent limitations with the tool being Excel based.
- Scalability was raised as a concern by multiple DNOs. It was concluded that the tool is not suitable for use on secondary networks, but even for primary flexibility the number of schemes assessed by each DNO continues to grow.

Ongoing tool governance and maintenance

- The tool was originally based on Ofgem's ED1 price control CBA and needs to be updated to align to the ED2 CBA.
- Use cases for the tool continue to develop over time.
- New users of the CEM tool sometimes struggle to understand its functionality and requested more detailed explanations/guidance.

CEM Tool Development Scope Overview

- Organised into two phases:

Phase 1

- Contracting with Baringa (who developed the tool) to address some of the limitations with the tool and fix the bugs identified by DNOs.

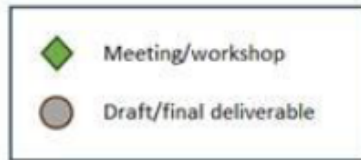
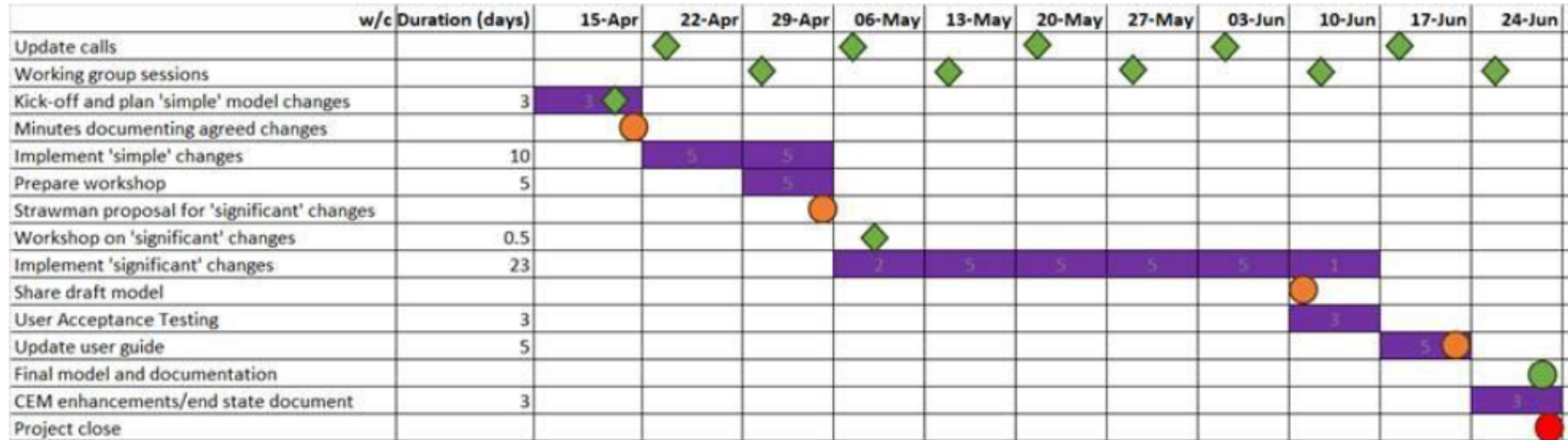
Phase 2

- Beyond the easier to implement fixes in phase 1, we believe there will still be a requirement for further development of the tool. If agreed this would go out for open tender and could involve moving the tool towards a scripted model.

Phase 1

- Reintroduce the ability to define an 'end of flexibility' year.
- Check and correct the option value calculation issue.
- Update the tool to align to the ED2 price control CBA (and review to ensure consistency).
- Align references to MW vs MVA in the tool.
- Allow utilisation price to be trended similar to availability price.
- Update the user guide and documentation.

Phase 1 (timeline)



Phase 2

- Scope will be revisited once phase 1 (which will include workshops with the technical working group) is complete.
- To discuss moving the tool to a scripted model to improve scalability.
- Improve runtime of ceiling price calculations.
- Enable a better representation of Energy Efficiency.
- Look into how tool inputs can be made less restrictive (without having negative knock-on effects).

Interoperable Flexibility Dispatch Workstream Update

April 2024

1. Progress and activity to this point

Background

- Technical review of requirements for delivering interoperable flexibility service dispatch
- Detailed FSP and stakeholder engagement was carried out (>55 participant interviews)
- Holistic gap analysis carried out at “whole system” level for GB flexibility services, leading to minimum requirements identification.

Summary of Options put to Open Networks Steering Group

- Adopt an existing commercial dispatch solution and make it de-facto standard
- **Adopt and extend an existing technical standard to develop a GB standard**
- Do nothing tactical in the short-term; develop a longer-term solution
- Develop a new GB standard from scratch

2. Due Diligence and Standards Evaluation

Standards Review

- During the work, a new option (OpenADR 3) was launched, which appeared to meet many of the requirements identified from FSP stakeholders, better than existing options did.
- Ofgem have indicated a strong preference for internationally aligned standards adoption.

OpenADR 3 Technical Review

- TWG members (DSOs + ESO) have been reviewing OpenADR 3 technically to explore whether it can communicate the information needed to dispatch flexibility services.
- Adjacent preliminary review to understand OpenADR 3's technical capabilities to handle availability and measurement reporting (potentially useful for settlement) in case there is interest from other TWGs in making use of OpenADR 3 in these areas.
- Technical engagement with OpenADR association; TWG members developing “worked examples” to understand how OpenADR 3 can be used, and to de-risk understanding of the features and capabilities of OpenADR 3 and the amount of work needed to reach a “GB profile” definition of how devices would behave in the GB flexibility market.

3. Next Steps

Stakeholder Engagement and Governance

- FSP engagement ongoing – questionnaire running; Focus Group scheduled 9th May.
- Progress update to Steering Group to report back on technical due-diligence progress and seek endorsement to move forwards to “Gate C” and begin developing a GB profile and standard for OpenADR 3 in the UK.

Proposed Approach to Delivery

- Agree on an approach to a “minimum viable product” that covers availability and metering/settlement communications’ scope so we communicate clear intentions to stakeholders.
- Proceed to work to select/develop, collaboratively between network operators and FSPs, a subset of the OpenADR 3 specification for the UK to give a “profile” for GB flex dispatch protocol-level communications.
- Develop and document the wider system-level assumptions and process flow for participants using the API, since API protocol standards do not define the expected behaviours of FSPs and Network Operators, etc.
- Deliver an initial MVP pilot after at least one FSP and network operator have implemented the GB flex dispatch protocol profile, and iteratively develop as a product going forwards.

AOB

Useful Links

ON 2023 launch
document

2023 Detailed
work plan

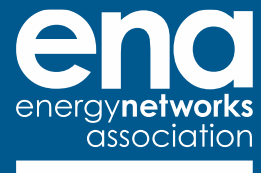
2023 Strategic
Roadmap for
Flexibility

Stakeholder
events

We welcome feedback and your input

Opennetworks@energynetworks.org

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



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