



## Open Networks Consultation on Phase 2 Work Programme

### E.ON consultation response

#### Executive Summary

- E.ON supports the consultation on this years' Open Network Project work programme. We believe that the timescales outlined are achievable, but cannot make a meaningful comment without understanding the resourcing constraints that the programme is held to.
- It is important for stakeholders to have a say on this project which will undoubtedly have an impact on many businesses in the coming years. The ENA should continue to endeavour to engage with stakeholders in as broad a way as possible, including the suggestions we make in our answer to question 6.
- There are many “products” that we consider important for us as we undertake a wide range of activities as a supplier, generator, investor and aggregator. We lay these out in detail in the full response to question 1.
- We would like to see a product focussing on how DSOs will look to standardise processes for several of the areas that are in scope for the programme. We also believe that there should be an underlying commitment to integrating learnings and outputs from various network innovation projects and completed trials in order to “bank” quick wins for the greatest customer benefit.

#### Question 1

##### Which specific areas of 2018 work or “Products” are most important to you and why?

1. We believe that the majority of the 2018 work is important to us in terms of how we will interact with networks in the future. However, we are particularly interested in:

##### Work Stream 1

- **Investment Processes and DER Service Procurement** – As both a provider of system services through the assets that we own and our aggregator business, the way in which the TO, SO and DSOs procure flexibility is very important to us and our customers. It is in our retail customers' best interests that any future procurement framework provides good value for money as is feasible given system security constraints.
- **Whole System FES** – The National Grid FES has historically been a good source of information to inform strategic decision making and business development. We hope that a whole systems FES would be able to act as an even more useful resource to inform future decision making.



- **The Regional Service Requirements** - This is a positive approach, complementing both SNAPS and the System Operability Framework (SOF). However, the document does not specify how this will be achieved, and how double procurement will be avoided.

#### Work Stream 2

- **Management of Capacity** – As a generator, aggregator and retailer, we are extremely interested in the future management of network capacity. This will likely impact a number of our customers and potential flexible capacity arrangements could provide opportunities for both us and our customers.
- **Information on smart services** – As a provider and aggregator of flexibility, clear information on services is extremely important to our current and future business arrangements. We believe it is of utmost importance that networks have as standard an approach as possible to procuring flexibility and therefore the information should be as standardised as possible.
- **Provision of constraint information** – This will be useful in informing decision making in terms of the business development and strategy of our flexibility businesses.

#### Work Stream 3

- **Market Agnostic DSO Elements and Independent Review of DSO Models including CBA** – Value for money is extremely important to our customers, and we believe that these “products” will be the most important in achieving this as they should lead to both least regrets actions, and a cost-effective process.
- **DSO Model Validation & Review Including Public Consultation and Preferred DSO Models & Proposed Implementation Plan** – These “Products” represent the final outputs of the work. The validation and consultation exercise will give stakeholders a chance to air their views, which we believe is incredibly important. The final proposals represent an important milestone both for the Open Networks project and the industry as a whole.

#### Work Stream 4

- We are supportive of the focus on network charging and believe that work must be done in cooperation with the ongoing direction of the Charging Futures Forum and Targeted Charging Review. Where the Open Networks Project can deliver



value is in 1) encouraging whole system cost reflectivity and ensuring that a consumer-focussed approach is included and at the core of this work; and 2) disseminating information and raising areas of potential conflict or crossover across other industry, government, and regulatory workstreams.

## Question 2

**Are there any other areas of work or “Products” you would like to see included in the Open Networks Phase 2 workplan and if yes, why and how should they be prioritised compared with other work?**

2. We believe that to keep costs as low as possible for the end customer, processes for several of the areas in scope within the open networks project should be as standardised as possible across the future DSOs. Whilst this may be planned within the workstreams already, we believe that the programme would benefit from a separate “product” to ensure that this happens to greatest effect.
3. It would also be of value across the project to ensure that innovation projects are integrated into the work. If these projects result in positive outcomes, they should be considered across all workstreams. Trials should be allowed to run, and findings to be analysed, before implementation into the project. Implementing improvements across DNOs may act as a ‘quick win’ and become a standardised aspect of networks across GB.

## Question 3

**Should any areas of work or “Products” be removed or deferred and if yes, why?**

4. We do not believe that any of the “products” warrants removal.
5. However, we do have some concerns about workstream 3, namely that it focusses on DSO functionality before the role of a DSO has been defined and communicated. The project should continue with SGAM modelling which will help to articulate benefits and challenges of each model before defining functionality.

## Question 4

**Do you agree with the proposed “Products” for wider consultation and what other work should be consulted on and why?**

6. We agree with the proposed “products” for consultation and believe that one further “product” should be consulted on:



- **Economic analysis of the DSO models** – A consultation could allow a range of stakeholders to add their knowledge base to the development of DSO models, and create a better breadth of information on barriers to robust, competitive markets for flexibility.

#### Question 5

**Have you any feedback on the proposed timescales for delivery and consultation through Phase 2?**

7. Whilst we believe that this work should be delivered as soon as possible, we also see the need for as many of the outcomes to be as good possible first time around. With this balance in mind, we believe that the timescales are sensible.
8. We cannot make a truly informed comment on the deliverability of the timeline without having seen the resource constraints that the Open Network Project has to deal with. In addition to this, we believe that there are some factors that could lead to a slip in deadline, such as consultations and a dependency on Ofgem's decision making. It is important that the ENA prioritise getting the right answer above meeting an arbitrary deadline in order to get the best outcomes for all stakeholders.

#### Question 6

**How would you like to provide input to the Open Networks Project and be kept informed of developments?**

9. We would like to engage in a number of ways, including:
  - Continuing to provide input through consultations;
  - Expanding membership of closed groups to include a better reflection of impacted stakeholders in each area;
  - Industry events and webinars; and
  - Increased workshops, meetings and dissemination events that are scheduled early on so as to give stakeholders the best chance of attendance.

**E.ON  
February 2018**