

The Voice of the Networks



Energy Networks Association

Open Networks Project

**Future Worlds Consultation:
Stakeholder Event Q&A
London**

3 September 2018

**Workstream 3 & Product 5
Restriction: Public**

Introduction

The ENA Open Networks Project, which is laying the foundation for a smart grid in the UK and Ireland, has launched its Future Worlds consultation to seek industry view on the future electricity network, which is open from the 31st of July to the 25th of September 2018. ENA hosted an open Stakeholder event on the 3rd of September in London for stakeholders to engage directly with the project team to better understand the Future Worlds consultation and ask any questions.

Questions	Open Networks response
Is there a pathway for taking action on the future enablers?	<i>Alan Collinson – SP Energy Networks:</i> A route map was produced last year, with current, short, medium and long term timescales. Many of the key enablers came from a consideration of this route map, which can be found at: http://www.energynetworks.org/assets/files/electricity/futures/Open_Networks/DSO%20Roadmap%20v6.0.pdf .
Could you expand on some examples of where market liquidity is being sought and how?	<i>Alan Collinson – SP Energy Networks:</i> Flexibility services can be provided by a variety of different customer types and the goal is create as many opportunities as possible, including tapping into flexibility capabilities of existing customers, introducing flexibility options for new connections and enabling the stacking of multiple benefits to make the flexibility market more attractive for participants
You reference short term priorities, in light of the long term potential impact of the initiatives identified would this be better framed immediate priorities?	<i>Alan Collinson – SP Energy Networks:</i> Indeed, some of the short-term priorities are needed now and have become or are becoming current priorities.
Are each of the DNO’s co-ordinating to implement IT and communications technologies, or will we get 6 different approaches/platforms, plus the DCC?	<i>Alan Collinson – SP Energy Networks:</i> The DNOs collaborate through the ENA to develop common recommendations for general GB industry adoption. There are several ENA working groups which work collaboratively on such matters as telecoms and SCADA developments. The aim is to produce alignment as much as possible in terms of functional specification, taking into account European and international standards, whilst maintaining independence in procurement from multiple vendors, recognising that DNOs will also be building on their own existing and legacy systems.
How are the different IT systems and platforms interact with the TERRE platform for balancing the networks at transmission and distribution level?	<i>Alan Collinson – SP Energy Networks:</i> The Guideline on Electricity Balancing (GLEB) defines the framework for common European technical, operational and market rules for a cross border balancing market. The TERRE project (Trans European Replacement Reserves Exchange) was selected to support the replacement reserves process.

<p>Via what mechanism will the market be engaged to create the evidence pack going to Ofgem and BEIS?</p>	<p><u>Alan Collinson – SP Energy Networks:</u> This consultation process is the primary mechanism by which the market is being engaged to create the information pack for BEIS and Ofgem.</p>
<p>You’ve used the label of “future worlds” to describe this model. What inspiration has been taken from overseas systems?</p>	<p><u>Andy Wainwright – National Grid ESO:</u> Both the ENA and National Grid as ESO are active members of European discussions on TSO-DSO and share thinking on different models. Information on arrangements elsewhere in the world (e.g. USA and Australia) has also been discussed. It is our understanding that the DSO debate is active globally.</p>
<p>How important is innovation supported by OFGEM in supporting the learnings of the ENA future worlds models.</p>	<p><u>Andy Wainwright – National Grid ESO:</u> The learnings from all relevant initiatives, including innovation projects, is critical to inform the development of the future worlds models.</p>
<p>What is the process to ensure that the SGAMs and Impact Assessment can be updated over time to take account of future developments</p>	<p><u>Ross Thompson – UK Power Networks:</u> The output of the Impact Assessment will be entirely transparent and will not rely on any "black box" modelling or assessment tools. Any quantified analysis will be published alongside the final report to allow flexibility based on information that may become available in the future.</p>
<p>Delivering what customers want at best value for money is crucial. What work has / will be done to look at value delivery to customers?</p>	<p><u>Ross Thompson – UK Power Networks:</u> This is a key part of WS3 product 4, Assessing the Worlds. The comparative impact assessment will look at both of these factors and make a high-level assessment how each of the worlds achieves this.</p>
<p>Ultimately it will be BEIS and OFGEM who decide and regulate the future of the Electricity market. How confident are you that they will agree with the results?</p>	<p><u>Ross Thompson – UK Power Networks:</u> We are building engagement with Ofgem/BEIS into the process for developing the Impact Assessment to ensure we gather insight from them on how best to present to the output. We are also ensuring the output from the assessment is transparent and flexible to help make it suitable for a range of options for decision making processes.</p>
<p>What is the leading measure that will inform the DSO transition?</p>	<p><u>Steve Atkins – SSEN:</u> The leading measure must be customer benefit - enabling the growth of low carbon technologies in a cost-effective way by reducing the cost of reinforcement by facilitating a competitive market in which lower cost alternatives for connection and supply costs can be realised.</p>
<p>In your view would there be risk to implementation and securing the benefits of all of these future worlds from a change to a Labour government?</p>	<p><u>Steve Atkins – SSEN:</u> A change of direction in government policy is obviously one of the risks in transitioning to a smart grid however the ENA is actively engaging with BEIS and Ofgem to reduce the potential impact</p>
<p>How does a DSO motivate large flexibility service providers, water or disposal companies to participate in DSO markets rather than other traditional markets?</p>	<p><u>Steve Atkins – SSEN:</u> In all of the Future Worlds flexibility service providers will have access to the full range of markets - emerging and traditional. The only difference will be in how they are accessed.</p>
<p>The consultation talks about the DSO as a balance responsible</p>	<p><u>Steve Atkins – SSEN:</u></p>

<p>party in World A. How does that fit with the principle of Neutral Market Facilitator?</p>	<p>In World A the DSO is acting as a coordinator and not a commercial aggregator.</p>
<p>How will the implementation of least regrets actions be funded?</p>	<p><u>Steve Atkins – SSEN:</u> Much of the work in 'least regrets' will be funded by a mix of innovation and BAU funding. Networks are keen to improve their customer offering and ensuring they maintain pace with the changing context is a key part of that.</p>
<p>How do you plan to allow fair access to all participants in the two markets (Tx and Dx) i.e. avoid the same issues as NG and their manual dispatch in the BM?</p>	<p><u>Steve Atkins – SSEN:</u> Neutral facilitation of the market by system operators is a key principle of all future worlds. Market participants should have visibility of the entire market and be able to operate on a level playing field.</p>
<p>Is Ofgem jumping the gun by making decisions on ONP issues (DSO transition) ahead of ONP final output? For example, DNOs entering the FFR market?</p>	<p><u>Steve Atkins – SSEN:</u> Ofgem have indicated that they will not be advocating a 'big bang' approach to the direction of travel. Their preference is for a gradual transition trialling aspects of the smart grid and understanding the impact.</p>
<p>How far is Ofgem being led by the work of the ONP in its access reform and forward looking work? What least regrets functions can be centrally implemented now, and by whom (e.g. hubs for sharing data)?</p>	<p><u>Steve Atkins – SSEN:</u> Ofgem is a key participant on the Open Networks Project and we are confident that their contribution is framed within the context of their objectives for the Access Reform and Forward Looking work.</p>
<p>The future worlds focus on flex procurement by networks for networks. How & where will they reflect "third party" flex transactions, e.g. aggregators - suppliers?</p>	<p><u>Steve Atkins – SSEN:</u> The focus on neutral facilitation of the market is designed to ensure that 'third party' flex transactions are enabled as well. Open Networks aims to ensure that peer to peer trading, community energy schemes and PPAs will all be able to participate in this market.</p>
<p>Is ownership of network assets a conflict of interest for the market facilitator?</p>	<p><u>Steve Atkins – SSEN:</u> The Open Networks project has already identified this as a potential 'conflict of interest' and recognise there must be a regulatory mechanism to ensure this does not distort the market. These assets have been paid for by customers and we need to ensure networks are run efficiently and effectively so this will need to be taken into account as part of the solution.</p>
<p>Will Suppliers let DSOs mess with their customers?</p>	<p>The principle of neutral facilitation means suppliers and customers will be able to interact in a market that is undistorted by the relevant system operator.</p>
<p>Has there been any consideration of updating the National Connection T&Cs to fit with how the 'networks' will be used in the future?</p>	<p><u>Steve Atkins – SSEN:</u> This suggestion has featured as part of the 'least regrets' work as well so it will feature in the assessment of products for 2019.</p>

Why not leave the neutral facilitator role to a decentralised price/value based ledger?	<u>Steve Atkins – SSEN:</u> Within the remit of the Open Networks project some DNOs are already exploring the potential of distributed ledger technologies to support neutral facilitation of the market. If they prove feasible then any of the SO's could utilise their benefits.
How dependent on outturn energy scenario are least regrets investments (e.g. what if demand continues to fall)?	<u>Steve Atkins – SSEN:</u> This will be a key part of the evaluation process for the least regrets investments that have been identified.