

# Summary of webinar and consultation responses and recommendations on next steps

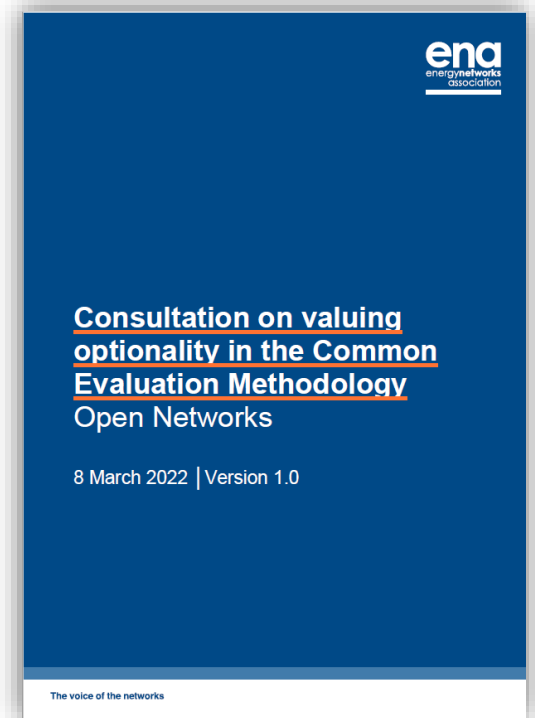
Consultation on valuing optionality in the WS1A Common Evaluation Methodology



## Valuing optionality consultation overview

### Seeking stakeholder feedback on Common Evaluation Methodology

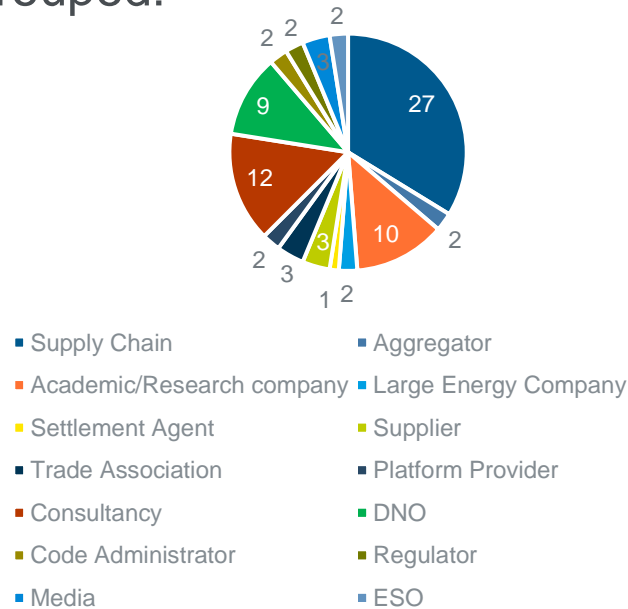
- ENA Open Networks published 'Valuing optionality in Common Evaluation Methodology' on 8 March 2022 and held webinar on 8 March 2022 to publicise the consultation
- Webinar provided opportunity to seek views on key questions in the consultation
- Consultation sought feedback from stakeholder on valuing optionality methodology and next steps for CEM tool development through nine questions
- Same presentation provided to flexibility providers in ADE led session on 1 March 2022
- Consultation closed on 8 April 2022



# Engagement at webinar on 8 March 2022

## Attendance

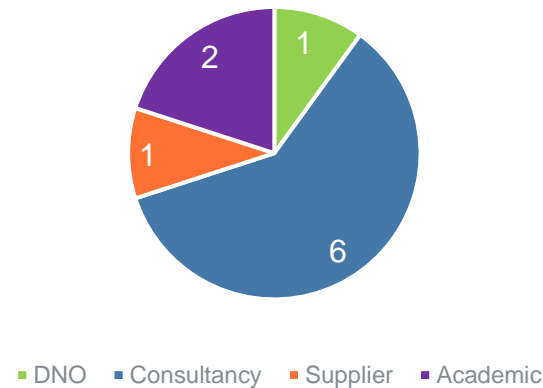
- Just under 140 sign up for the webinar
- 81 joined the webinar live, and another 42 have watched on demand
- Attendees were grouped:



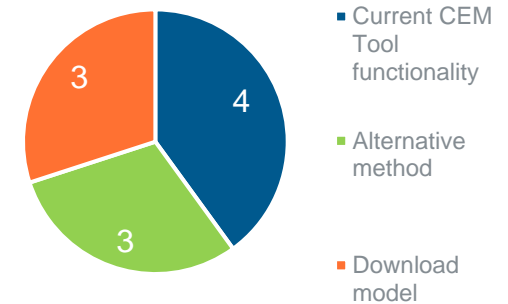
## Engagement

- Ten questions were asked by attendees in the webinar:

Type of questioner



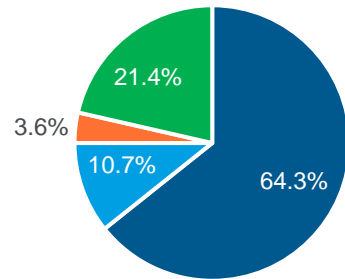
Question themes



# Engagement at webinar on 8 March 2022 (contd)

## Poll 1

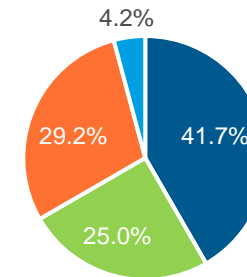
- Do the 2021 revisions to the CEM and Tool deliver what you expected?
- Number of responders was 28 (35%)



- A: Don't know (feel free to review in more detail and respond directly to Open Networks)
- A: No, carbon impact doesn't meet my expectation
- A: No, valuing optionality doesn't meet my expectation
- A: Yes

## Poll 2

- Which Optionality approach do you think the CEM Tool should employ?
- Number of responders was 24 (30%)



- A: Don't know (feel free to review in more detail and respond directly to Open Networks)
- A: Method 1 - Branching off a scenario
- A: Method 2 - Branching around a single scenario
- A: Multiple scenarios as per the current CEM and Tool

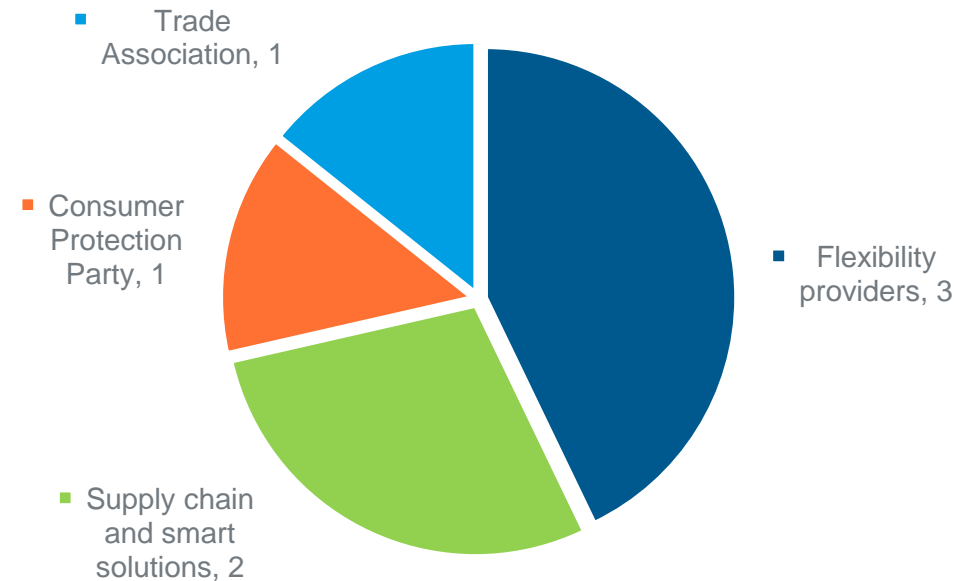
## Summary and conclusions from webinar on 8 March 2022

- Significant engagement across a broad range of industry participants
- Good engagement with wide range of questions asked
- Majority of responses to the two Poll questions were answered by ‘Don’t know’, split:
  - 64% responded ‘Don’t know’ to whether the CEM revisions delivered what they expected
  - 42% responded ‘Don’t know’ to which optionality approach the tool should employ
- Indicating there is a potentially a lack of understanding of the CEM Tool, including the 2021 revisions and clear uncertainty around adopting an alternative approach to valuing optionality

## Analysis of consultation engagement

- Low volume of consultation respondents (7) with only five substantive responses
- Engagement with flexibility providers via ADE led session aided detailed response from three responders
- Clear support for the ENA Open Networks activities on evaluation tools
- General comments on seeking clarity on scope and use of tool

### Volume of consultation responses by party type



## Key messages by theme

### ***Transparency:***

- Clarity on how outputs are used to inform decisions
- All DNOs to publish CEM assessments with inputs
- Broaden the reach of CEM and ensure DNO alignment for its use

### ***Probabilities:***

- Clear guidelines on defining probabilities to standardise approach

### ***Evaluation tools:***

- Promote evaluation of energy efficiency by the CEM tool
- Combined CEM and Whole Systems CBA
- 3/6 month increments preferred
- Account for impact on industry parties at a granular level

### ***Option value:***

- Develop a more comprehensive option valuation approach

### ***International review:***

- Review international examples of optionality and probabilistic analysis

### ***Scenarios:***

- Preference for use of independent FES rather than DFES scenarios
- Use a wider range of scenario to explore possible outcome

## Summary and conclusions from consultation responses

### ***General***

- Generally low engagement from consultation method
- Good views gained from flexibility providers
- General support for ENA work on evaluation tools

### ***Transparency***

- Respondents wanted greater transparency:
  - Clarity on scope and use of CEM tool:
    - Energy efficiency, scenarios and standard approach to defining probabilities
  - DNO-specific data publication, following use of CEM tool an assessment

### ***Further development***

- Mixed views on further development:
  - International review of methods before further development of option value
  - Some stakeholders prefer simplicity whilst others suggested probabilistic analysis



# Next steps

## Proposed next steps

**There is a clear steer from stakeholders that whilst they support ENA's work on evaluation tools they want greater transparency on a range of points and greater clarity on the scope and use of CEM tool.**

**In light of this and mixed views on potential further development the product team proposed a revise scope for the remainder of 2022.**

## Proposed next steps

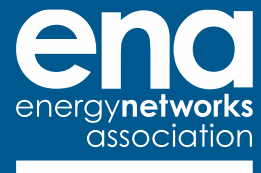
For the remainder of 2022, the Product team will:

### ***Develop a Best practice guide for the CEM Tool***

- To address the comments relating to transparency from the webinar and the consultation
- Best practice guide to include its scope, its uses, clarifying inputs and specifying publication of outputs and tool
- ***To be delivered by Nov 2022; note proposed delivery schedule is June and Sept to Oct to avoid Draft and Final Determination response periods***

### ***Explore alternative approaches using international contacts***

- As there were mixed views on further development the Product team will consolidate the learnings from the use of the tool for the best practice guide, and
- Explore national and international contacts to understand alternatives
- ***To be delivered by Nov 2022; agreed delivery schedule as above***
- Re-evaluate in 2023 whether further development is appropriate and necessary



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