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The Energy Networks Association
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23 February 2018

Dear Farina

Consultation Response: Open Networks, 2018 Workplan

Scottish Renewables is the representative body for the renewable energy sector in Scotland, working to grow a sustainable industry which delivers secure supplies of low-carbon, clean energy for heat, power and transport at the lowest possible cost. We represent around 280 organisations ranging from large suppliers, operators and manufacturers to small developers, installers and community groups, and companies right across the supply chain.

We welcome the opportunity to respond to the Open Networks 2018 workplan, and support the ENA's efforts to ensure that stakeholder engagement is a bigger element of the Open Networks project during 2018, and we look forward to engaging with you further throughout this next phase.

We are keen to ensure that the inherent reliability and flexibility of renewable energy power stations is valued properly as part of the energy system. This is of particular importance given the trend towards further system decentralisation and as many of our members' projects are connected constraint management schemes including uncompensated ANM schemes, inter-trip and non-firm arrangements and National Grid's Connect and Manage arrangements.

We are keen to understand how the Open Networks will help to:

- Provide clarity to network users regarding network unavailability risk.

- Provide an equitable share of network unavailability risk (and cost) across all parties – network users and system operators.
- Meet Ofgem’s objectives for ensuring quick and efficient connections to the network.

As a key outcome of this project, we are keen to ensure that across transmission and distribution, the system operators:

- Have robust and transparent processes for accounting for the network security impact from different renewable generation technologies. Renewable power stations that are embedded are able to offset demand and improve security of supply to local networks.
- Have clear processes for assessing the opportunities for network investment deferral and/or avoidance by using services provided by renewable energy projects.
- Ensure that there are market mechanisms and price signals for procuring network services, which are transparent and open to all network users including renewable energy projects.
- Have a clear and consistent approach to network access and charging.
- Carefully consider and complement EU network codes and regulatory mechanisms where possible.

We note that the Charging Futures Forum (CFF) work is a key externality for the Open Networks Project. We would encourage the Open Networks project to consider whether a review of the products is required midway through 2018, once the CFF task forces have made recommendations to Ofgem regarding network access and charging arrangements.

We note that the workstream assumptions for the phase 2 work specifically state that DSO functionality will be performed by existing DNO organisations. We disagree with this as a starting assumption and would encourage the Open Networks project to develop its assessment of the DSO function without this assumption, particularly as the eventual role of the DSO and its licensing arrangements will be defined by government and Ofgem.

We have answered specific questions in the consultation below and would be happy to discuss this response in further detail if that would be helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hannah Smith', written in a cursive style.

Hannah Smith
Senior Policy Manager
Scottish Renewables

Scottish Renewables' engagement with the Open Networks project has been supported by Xero Energy.

Q1. Which specific areas of 2018 work or “Products” are most important to you and why?

Workstream 1 – T-D interface

Specifically, under Workstream 1 we have the following priorities in relation to the identified products:

- **Product 2 – Coordination of services procurement.** The interface between distribution services and transmission services is extremely important for Distributed Energy Resources (DER) seeking to provide services. This is particularly an issue in Scotland, where the interface between transmission and distribution generally has a much more significant impact on embedded generation. Given the complexity that new service arrangements will present for DER it is vital that market arrangements are as simple as possible. We would strongly encourage a clear and coordinated approach to both services and procurement across the GB market where possible.
- **Product 4 – Network reliability standards.** The technical standards for developing the network review of planning standards is the right avenue for setting out the potential role of flexibility services in supporting network security and planning. This is likely to be key to identifying the value of flexibility services and how these can be compared to traditional network investments. We consider that the process and standards that dictate the distribution network investment processes are going to be critical for the identification and valuation of network services from DER and the fundamental success of any DSO model.
- **Product 6 – Regional service requirements.** We strongly support the development and publication of distribution network service need requirements (similar to SOF and SNAPS at transmission). These kinds of requirements statements are extremely important as they will help to provide industry with a clearer picture of the system needs and opportunities for flexibility services across transmission and distribution. While we recognise that regional requirements may differ, as above we encourage coordination and market simplicity where possible.
- **Product 8 – System wide register of contracted and connected generation, storage and flexible demand.** Visibility of information is critical to understanding network opportunities, however much information is not currently visible. For example, DER would benefit from better information on recently contracted parties, parties that have been through the Statement of Works process and on GSP constraint profiles.

Workstream 2 – customer experience

We note that the products identified under Workstream 2 relate to developing and sharing good practice across DNOs regarding the connection of customers. Many of these issues have been progressed and discussed as part of the ENA DG-DNO steering group (now DER Forum), which Scottish Renewables sits on. We strongly support good practice amongst DNOs being further shared, therefore we support all of the proposed products identified. However, it is not clear how this relates specifically to the definition of the DSO role.

Of the products identified, we would like to highlight **Product 7 (provision of constraints information)** as a specific high priority product. Constrained connections are more and more common and the risk associated with network access needs to be defined more clearly.

Q2. 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?

General

- We consider that it would be prudent to have a review of the workplan activities once the outcomes from Charging Futures Forum have become clear, to ensure that the developments in relation to access and charging can be appropriately captured as part of the Open Networks project.

Workstream 1 – T-D interface

- We believe there needs to be a specific product looking at the issues specifically in the Scottish context given the different interface arrangements between transmission and distribution compared to England and Wales, i.e. 132kV is transmission in Scotland.

Workstream 2 – Customer experience

- It is increasingly common for DER, and embedded renewable generators to be connected under ANM schemes, and many under non-firm connections. We would

like to see a specific product relating to how the network availability risk is going to be managed as DSO solutions are progressed.

- Customer experience under DSO models would benefit from more detailed consideration. It is not clear within the scope of the phase 2 products whether there is a specific piece of work looking at what the impact of DSO will be on distribution network users' experience.
- Further, it is not clear that there is a product which captures the likely impact on the communications interface requirements for existing generation and other network users based on the DSO models.

Workstream 3 – Transition to DSO

- The role and functions of a DSO have not been consulted on. It is particularly important that industry has an opportunity to provide feedback and comment on what the role of the DSO actually is and how it interfaces, in particular with the role of the Distribution Network Owner.
- We would welcome further clarity regarding the full suite of DSO Smart Grid Architecture Models that are being progressed, not just the initial 3 set out.
- We would like to see a specific product which assesses the development of the P2 standard in relation to the DSO transition proposals.

Q3. Should any areas of work or “Products” be removed or deferred and if yes, why?

Workstream 1

- **Product 1 – Regional NOA process.** We support the movement towards investment decisions based on scenario planning and economic analysis as well as technical standards. However, it is not clear what the value of a regional NOA process will be. The current NOA process is focused on 'Major National Electricity Transmission System Reinforcements', according to NGET's Standard Licence Condition C27. These major reinforcements tend to relate to wider transmission system boundaries rather than the local circuits that supply DNO networks. Therefore, it is not clear what the potential value of the proposed 'regional NOA' would be. The rationale and value of this process needs to be better considered. We consider that the existing NOA process will be more robust if commercial services from embedded generation and other DER can be directly accounted for. One effective way to introduce this would be to help facilitate DER access to the balancing

mechanism and other balancing services. Therefore, we would like to see a product that focuses on promoting DER in the BM and how the DNO's might facilitate this better.

Workstream 3

- **Product 3 – no regrets items.** We do not agree that 'market agnostic' developments can be progressed ahead of wider industry agreement. This pre-empts any formal regulatory change to the role and licence conditions for the DNOs. Any change should be implemented only once full industry engagement has been completed and Ofgem has had a chance to consider the proposals and determine. It is not clear why these would be progressed ahead of a formal industry process.

Q4. Do you agree with the proposed “Products” for wider consultation and what other work should be consulted on and why?

General

- In addition to the topics identified for consultation, we consider that the Open Networks project should engage with industry about the definition of DSO and its functions.
- We also consider that Open Networks should consult with industry regarding the parameters that will be used to perform cost benefit analysis for each of the DSO models.

Q5. Have you any feedback on the proposed timescales for delivery and consultation through Phase 2?

No comments

Q6. How would you like to provide input to the Open Networks Project and be kept informed of developments?

Email alerts and updates are an effective way to ensure that all stakeholders are alerted as soon as possible to new material and updates.

While the degree of consultation across electricity networks is challenging for stakeholders to manage, given the significance of the outputs of this Project, we do believe that further

consultation with industry is required on particular products and workstreams, before outputs are put to Ofgem for approval.