

Ofgem
10 S Colonnade
Canary Wharf
London
E14 4PU

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To whom it may concern,

Industry Task Force Launches Vision for DSO Commercial Arrangements Principles

Scottish Renewables is the voice of Scotland's renewable energy industry, working to grow the sector and sustain its position at the forefront of the global clean energy transition. We represent around 260 organisations across the full range of renewable energy technologies in Scotland and around the world, ranging from energy suppliers, operators and manufacturers to small developers, installers and community groups, as well as companies throughout the supply chain.

As set out in the Smart Systems and Flexibility Plan, the evolution of DNOs to DSOs will be critical in enabling more efficient use of the network, minimising system costs and delivering benefits for consumers. We support the work underway across the industry to drive this transition forward, particularly the Open Networks Project being delivered by the ENA.

This transition represents a fundamental shift in how our electricity system is delivered and regulated and comes alongside a period of change for the renewable energy sector. With a policy and finance landscape changing rapidly, early clarity of how service procurement will function under a DSO model will be critical if we are to ensure a suite of flexibility providers are able to participate.

We have therefore convened a Task Force to set out the renewable energy industry's view of how procurement could be delivered effectively, in a way that will enable businesses to engage in the market and bring forward adequate service provision.

Bringing together both experts in electricity networks, and our member companies that are running and developing businesses, we have recommended the following commercial principles are adopted as DSO models are realised:

- 1) **Low-carbon service markets** are developed, which support the move to a low-carbon economy
- 2) **The market is accessible** with barriers to market entry considered and removed so the right set of low-carbon DER resources can provide services

6th Floor, Tara House, 46 Bath Street,
Glasgow, G2 1HG
☎ 0141 353 4980 📧 @ScotRenew
www.scottishrenewables.com

Scottish Renewables Forum Limited.
A company limited by guarantee in Scotland No.200074
Registered office: c/o Harper Macleod,
The Ca'd'oro, 45 Gordon Street, Glasgow G1 3PE

- 3) **Products are smart**, designed to reflect the diversity of the asset base while creating a level playing field between DER solutions.
- 4) **Forecasting longer-term network requirements** so that DERs can understand future operational and commercial requirements.

We anticipate that by adhering to these market design principles, a DSO model supporting a vibrant suite of low-carbon energy resources can be developed in a way that meets our carbon ambitions while delivering the ambition set out in the Smart Systems and Flexibility Plan.

More detail is set out in the attached document, which we have launched and made publicly available today.

We hope these principles will be considered in your further work as this transition continues. We would welcome the opportunity to meet with you to discuss.

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