



National Grid Electricity System Operator

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**RE: Electricity System Operator 2018 work plan consultation**

Innogy Renewables UK Ltd welcomes the work plan of the Electricity System Operator (ESO) – the strategic objectives here are the right ones to focus on. They target what we also see as the key issues that the ESO needs to face this year in order to accomplish longer term goals posed by the changing electricity system. While we are supportive of the objectives, we feel that the devil is in the detail in terms of what it actually means to deliver on these. We note that there is little in terms of detail here on what exactly the ESO will deliver and when or what the baseline is for performance. We would hope that Ofgem have site of a more detailed version in order to account for the performance of the ESO. The proposal is welcomed as a high level guide for stakeholders- but is insufficient to be the basis of controlling the allowances from the regulator.

Some specific comments relating to the ESO's roles are provided below.  
Please do not hesitate to contact me should you need to follow up this submission.

Kind Regards,

*F. Kemenes*

Policy Manager  
**Innogy Renewables UK Limited**

**Feedback on the ESO's work plan for each of its roles:**

**1) Managing system balancing and operability.**

Generally welcome - the sections highlighted in yellow below are particularly significant and valued. We value the existing services and stakeholder engagement (forums/ webinars/reports) that the ESO has already provided through the last year- they don't warrant particular feedback here.

Additional comments:

**Facilitate smaller generators in the Balancing Mechanism**

Regarding- Solving operability challenges – we feel it would be important to pick up 'balancing lite' again. Smaller plant that connect to the Distribution Networks face undue barriers in providing services in the Balancing

Mechanism. Distributed generators need a level playing field with large generators that contract with the System Operator as ‘Balancing Mechanism Units’. The metering systems and the data exchange systems for Balancing Mechanism Units were set up historically to suit large transmission connected power stations and suppliers. The costs of conforming would generally outweigh the commercial benefits for smaller scale generators.

Unfortunately, promising work on a ‘BM lite’ [regulatory Modification](#) to resolve this has been absorbed into [GB work on the Trans-European Replacement Reserves Exchange](#) (TERRE) initiative. This can only improve access to ‘reserve services’ and therefore ‘BM Lite’ needs to be looked at again in its own right. ‘BM Lite’ should enable the owners of distributed generation assets to aggregate sites and trade balancing services, as if they were a single larger transmission connected generator.

The ultimate outcome sought is access for small generators (SVA), to the full range of ancillary services without the having to become BM units, change connection agreements and become a BSC party.

### Improve transparency around dispatch decisions

We echo EnergyUK’s call for improved transparency around dispatch decisions.

Deliverable	Actions
Improving confidence in our forecasts	<ul style="list-style-type: none"> <li>From April: Introduction of more detailed and shorter-term Balancing Services Use of System (BSUoS) forecasts to bring greater transparency to our charges.</li> <li>From April: Incremental improvements to our demand, wind and solar forecasts.</li> <li>Launch of more detailed CO<sub>2</sub> intensity forecast.</li> </ul>
Increasing transparency of ESO balancing decisions	<ul style="list-style-type: none"> <li>From April: Trial and then implementation of tender result webinars.</li> <li>Incremental improvements to the transparency of ancillary service documentation.</li> </ul>
Developing our information portals and events	<ul style="list-style-type: none"> <li>From April: Continue to improve Operational Forum content and format.</li> <li>From April: Launch new ESO IT Systems Forum covering customer interfaces to our main systems and data.</li> </ul>
Solving operability challenges	<ul style="list-style-type: none"> <li>From April: Significant upgrading of IT systems to prepare for European network codes.</li> <li>Q3: Deliver new dispatch capability to enable participation of additional smaller distributed resources within our balancing markets.</li> <li>Q4: First potential delivery date for new dispatch module of main balancing system.</li> </ul>
Balancing cost management	Monthly reporting and review of balancing costs with Ofgem.

## 2) Facilitating competitive markets

Generally welcome - the sections highlighted in yellow below are particularly significant and valued by innogy renewables. Transparency on future balancing services via the Future Balancing Services Roadmap is a particularly significant deliverable.

We value the existing services and stakeholder engagement (forums/ webinars/reports) that the ESO has already provided through the last year- they don’t warrant particular feedback here.

### Additional comments:

#### Improve Network Charging and TNUoS forecasts:

Improvements in TNUoS forecasting are very much needed. We have seen differences of up to 20% between quarterly forecasts which disrupts our business planning efforts and can strain relations with financial investors who co-invest in renewables projects.

Regarding BSUoS forecasts the ESO has focussed on short term accuracy, but in addition we feel that the long term outlook on general 5 year trends would be really valuable for us. Can this be added to the plan?

**Facilitate the Development of the Charging Framework** - Whilst it's good that the Charging Futures project is ambitious in terms of timing, this must not be to the detriment of the quality of the review.

**ESO analysis support for Code changes needed** A further request in relation to the Code Administrator role is that for 2018 the ESO has resources dedicated to supporting industry Modifications with expert analysis. This has been missing during modifications. The expertise needed is within the ESO – who have highly knowledgeable staff. However, due to budgeting constraints such analysis has not been forthcoming. Industry can and has filled such voids but this is inherently prone to introducing the biases of those providing the input. More impartial analysis using the ESO's expertise should be a commitment for 2018 (and beyond).

**SNAPs** - We expected to see an entry on SNAPs here- please clarify/ reiterate what the 2018 deliverables for this programme are. It would be useful for stakeholders to see this in the same place as the rest of the ESO activities. The SNAPs programme is yielding initial reforms. These are in the right direction, but we would request that 2018 aims for a

**Move to day ahead procurement of Frequency Response.**

Recognising the need to move from long lead times in procurement, the ESO will trial weekly procurement; but due to wind forecasting, wind farms will only be able to compete for time windows at the start of the week. Three day ahead procurement should be the trialled instead with the objective of moving to day ahead by Q1 2019.

**Transparency of market data** – ensuring that data on network needs and the outcomes of procurement are provided as close as possible to real time, needs to be delivered through SNAPs asap. Providing a long term outlook on the demand for services would enhance investor certainty

Deliverable	Actions
Growing participation and developing new markets	<ul style="list-style-type: none"> <li>From April: Grow Power Responsive campaign, including annual conference, and the Flexibility Forum to expand participation and develop our markets.</li> <li>From April: Measure market diversity and new entrant satisfaction feedback.</li> </ul>
Promoting transparency in system needs	<ul style="list-style-type: none"> <li>Publish our new updated Future Balancing Services Roadmap.</li> </ul>
Continual improvement of network charging processes	<ul style="list-style-type: none"> <li>From April: Deliver incremental improvements to Transmission Network Use of System (TNUoS) forecast and reconciliation.</li> <li>From April: Staged introduction of more detailed and shorter-term BSUoS forecasts to bring greater transparency to our charges.</li> </ul>
Facilitate the development of the code and charging framework	<ul style="list-style-type: none"> <li>From April: Deliver Charging Futures project plan for 2018/19.</li> <li>Identify and implement improvements to our code administration and Charging Future roles through customer survey feedback.</li> </ul>

**3) Facilitate Whole System outcomes**

Generally welcome - the sections highlighted in yellow below are particularly significant and valued. We value the existing services and stakeholder engagement (forums/ webinars/reports) that the ESO has already provided through the last year- they don't warrant particular feedback here.

Additional comments:

**We support proven successful innovation rollout** - the EFCC project for example has run its course and proven the value of frequency response services delivered based on RoCoF – we want National Grid to implement this as soon as possible! For some of the other projects the objective needs to be focussed on running the trials smoothly to collect 'learnings' (this should be acknowledged in the plan).

**Significant work is needed in the TSO-DSO operation regime-** we seek a 2018 ESO commitment to outline IT infrastructure, Code Development changes that will accompany Ofgem’s preferred DSO models (pending on the timeline for Ofgem to publish this).

**Cross-industry planning needed:** Another objective could be to better coordinate outages with DNOs outages to minimise cumulative impacts on connections customers.

Cross network approach to NOA with alternative non-build solutions is very welcome- efficient approach.

Deliverable	Actions
Maintain and improve our publications	<ul style="list-style-type: none"> <li>From April: Incremental improvements to our Future Energy Scenarios, Ten Year Statement and Network Options Assessment engagement process and publication.</li> <li>From April: Publish our short and mid-term analysis of system margins and operability: System Operability Report, Summer Outlook, Winter Outlook, Electricity Capacity Report.</li> <li>Survey customer and stakeholders for feedback on all relevant publications.</li> </ul>
Improve the service and information for new connection applications	<ul style="list-style-type: none"> <li>From April: Incremental improvements to our internal customer account management processes.</li> <li>Q4: Upgrades to the new connections website.</li> <li>From April: Improvements to the content and format of our customer seminars.</li> </ul>
Expansion of our network development processes	<ul style="list-style-type: none"> <li>Q1: Consult on the expansion of our network analyses that don't solely consider the demand peak.</li> <li>Q2/3: Engage on new trial processes to analyse network development options across the transmission/distribution boundary.</li> <li>From April: Development of options analysis processes to include significant smart control solutions to delay or offset network investment needs.</li> <li>Q4: Publication of Network Options Assessment (NOA) 2019.</li> <li>From April: Roll-out of joint transmission and distribution regional network development plans.</li> <li>From April: Continue to grow engagement with and deliver the actions of the Energy Networks Association (ENA) Open Networks project, to develop new processes for joint transmission and distribution design and operation.</li> </ul>
Improvement to our cross-industry planning and maintenance processes	<ul style="list-style-type: none"> <li>From April: Work with our network partners to deliver improvements to routine maintenance planning processes, reducing the number of short-notice changes to work plans.</li> <li>Q1-3: Engage customers on the development of a new maintenance data and planning system.</li> </ul>
Implement learning from our major innovation projects	<ul style="list-style-type: none"> <li>Implement learning from our major innovation project plans: Power Potential, EFCC, our partnership with Scottish Power's project Phoenix and our role in the new EV trial with Northern Powergrid and UKPN.</li> </ul>

#### 4) Facilitating competition in networks

The move to considering DNO/regional analysis to inform NOA is a significant and very welcome initiative. We are very excited about this major shift in ESO planning going ahead and are keen to see the non-build solutions and new distributed energy market opportunities that will follow on.

Cross industry planning between TSO and DNOs very necessary. To maximise competitiveness of service provision, connected assets would ideally be able to participate in providing services to both TSO and DNO. These services need to be developed as complementary and/ or stackable.