

SO Incentives Team
Faraday House
Gallows Hill
Warwick
CV34 6DA

Dear SO Incentives Team,

We welcome the publication of the draft Forward Plan for 2019-2021 aiming to inform stakeholders of the ESO plans until the end of the current price control.

Overall, the plans outlined in the draft are ambitious and build on progress achieved since last year's Forward Plan. We welcome the proposals to improve overall transparency around the use of data within the ESO Electricity National Control Centre (ENCC), as well as those close-to-real-time decisions taken to improve cost efficient actions. We agree that this work should lead to more effective targeted products and solutions, therefore enhancing competition to reduce overall costs passed through to the end consumer.

Principles

However, we are concerned the plans across all the Principles are not currently specific enough. They do not provide industry with the necessary clarity on the outputs and timelines associated with different deliverables. We believe there is a need to better refine the outputs under each of the principles, while ensuring accountability.

In relation to Principle 3, we are concerned there is not enough justification of why certain activities are deemed to meet or exceed the baseline expectations. We would like to note that the ESO definition of exceeding the baseline as outlined on Page 5 in the document is

“clear and tangible evidence of the ESO taking new steps within that year to deliver better practices, business models and technologies that would not normally be expected by an efficient and competent system operator. These steps should lead to material improvements in the ESO's performance and unlock additional consumer benefits.”

For example, the auction trial for frequency response was initially expected to be rolled out in December 2018. The roll out date was updated in the ESO Forward plan¹ to the end of the 2018/19 year which was subsequently delayed to June 2019². However, the ESO Forward Draft Forward plan

¹ National Grid ESO, 'Mid-year report', October 2018

<https://www.nationalgrideso.com/sites/eso/files/documents/Mid%20year%20report%20Executive%20summary%20and%20deep%20dives.pdf>

² National Grid ESO, 'Update on Auction Trial', August 2018

<https://www.nationalgrideso.com/sites/default/files/documents/Auction%20Trial%20-%20Letter%20to%20the%20Industry%20-%20final.pdf>

for 2019-2021 maintains that the delivery of the fully functional frequency response auction trial is exceeding the baseline.

Another example is that the new commitments included in Principle 3 that are dedicated to developing the technical concept of Power Available signal, and wider strategy on flexibility from intermittent generation, are considered exceeding the benchmark.

With the auction trail being a commitment under SNAPs and the ESO 2018/19 Forward plan we do not believe it meets the requirements for exceeding the baseline. We also believe procuring balancing services from DER is meeting ESO baseline expectations and that participation should come sooner than Q2 2020-21.

Furthermore, we welcome and actively support the work being done by the Wind Advisory Group for Balancing Services and want to see the findings of the group being incorporated into any future work under Principle 3.

System Instability Map

Finally, we encourage the ESO to publish an indicative map on system instability information (voltage or pre and post fault issues) to illustrate where these needs are most critical, so that investment can be directed to the most appropriate areas along with an indicator of timescales and duration. The ESO, with its in-depth operational knowledge, is best placed to provide the market with an indication of regional investment need without compromising any commercial arrangements.

Due to the volume of current consultations, we are not able to provide a full response to this consultation, but RenewableUK and our membership would be happy to discuss any of the points raised in this letter further with your team.

Yours Sincerely

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About RenewableUK

RenewableUK is a membership body with a mission to build our future energy system, powered by clean electricity. We bring them together to deliver that future faster; a future which is better for industry, billpayers, and the environment. We are a UK membership body with a mission to ensure increasing amounts of renewable electricity are deployed across the UK. We support over 400 members to access UK markets and to export all over the world. Our members are business leaders, technology innovators, and expert thinkers from right across industry.

Together, our members employ a quarter of a million people and will invest more than £20.6bn in UK infrastructure between 2017 and 2021 – over 90% of which will flow to regions outside of London and the South East. In 2017, 29.3% of the UK's electricity generation was from renewable energy sources. 52% of this was generated by onshore and offshore wind, which provided 15.5% of the UK's electricity needs.