



BY EMAIL ONLY

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Our reference: ESOWP2019  
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## ESO Draft Forward Plan April 2019 – March 2021

Dear Sir / Madam

Thank you for providing us with the opportunity to comment on the ESO draft forward plan for April 2019 – March 2021. We look forward to further engagement with the ESO on the workplan and the wider projects / deliverables through 2019-21. Please find attached our response to the consultation questions.

With regards to the additional question regarding information on trades, what would be valuable and what would or could help the balancing market function better. In principle, we would suggest that all information (other than commercially confidential information) held or generated by the independent system operator should be provided in an open and accessible fashion. The more information that is available to all market participants and future investors, the better. We would also be interested to understand how new data / or proposed data availability will align to the work underway with the Energy Data Taskforce, which is due to publish its findings in April 2019.

With regards to the work ongoing through the Charging Futures and the proposed activities / deliverables shown under principle 3 - in particular reducing the barriers to participation for non-traditional providers, we believe it is important to consider the potential outcomes and impacts on the wider reforms under Principle 4 (facilitating electricity network charging reform through Charging Futures). The ESO should seek to ensure that whatever changes are to be implemented following the TCR and Access & Forward Looking Charges SCR, - the implementation dates are; (as a minimum), aligned with and follow the full implementation of full market-based access and opportunities for balancing services from non-traditional participants. There is considerable risk that the proposed removal of embedded benefits and or introduction of additional costs for distribution connected sites, without access to commercially available and viable sources of revenue could leave existing assets stripped of revenues, but without access to markets on a level playing field. This will further reduce confidence in the market and deter the necessary investment in new sources of decentralised and decarbonised generation.

If you have any questions regarding our comments or response, please do not hesitate to contact me.

Yours faithfully,

Kate Garth  
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**Q1) Do you have any comments on whether our plans are heading in the right direction to meet current and future market needs?**

We agree that the plans as set out in this document are heading in the right direction to meet current and future markets, although we believe some aspects should be delivered sooner than is currently scheduled in the proposed plan.

**Q2) Please give us your views on whether we are targeting the right activities, for example those that will deliver most benefit for consumers?**

We agree that most of the activities shown are targeting the right areas however; we would like to see some activities delivered sooner and a more ambitious approach to supporting the transition to a decarbonised and decentralised world.

In particular, as we have previously noted, work to improve the Frequency Response trial (principle 3) needs to be speeded up, and furthermore, to provide real learnings on how best to incorporate /effectively utilise DER – the trial also needs to include day ahead auctions, in order to test and assess the capability and economic benefit of allowing wind to bid into the realistic FR tender windows.

**Q3) We present in our plan, how our activities will meet and exceed baseline expectations between 2019-21, do you have any comments on this?**

With regards to how the specified activities will either meet or exceed baseline expectations (on the basis of the exceeding baseline definition – we believe there are several activities listed below which should be considered meeting baseline expectations (MB) , rather than exceeding baseline expectations (EB). Unless otherwise specified, this is because we believe the deliverables specified could be expected to be delivered as standard by a competent, efficient system operator provider with continual improvements being seen as part of Business As Usual.

These include:

**Principle 1**

*Information Access: Open Data*

Both the deliverables listed should be re-categorised as MB not EB

**Principle 2:**

*Transparency around data used in ENCC and close to real time decision making:*

Both of the actions listed need to be re-categorised as MB, not EB

***Addressing Operational Issues***

Roll out of Loss of Mains Protection setting – the 3 associated deliverables should re-categorised as MB not EB – as this issue was identified previously and there is already ongoing work to manage the operability challenges, resolving these should therefore be seen as MB not EB.

***Upgrade of Information Systems***

Significant upgrading of IT systems to prepare for European Network Codes – this deliverable should be consistent with the other deliverables and be re-categorised as MB not EB.

**Principle 3***Product Roadmaps for response and reserve implementation**Frequency Response*

The 3 deliverables listed in this section need to be re-categorised as MB (not EB) – these trials were identified in last year's Forward Work plan and we would expect delivery to be quicker. Also – the trial needs to be expanded to trial the options for day ahead frequency response tenders, such a deliverable would be considered EB.

*Reserve*

It is unclear why the Market Design for reformed reserve products is categorised as EB rather than MB – this is inconsistent with the other deliverables and we recommend they are all considered MB.

*Intermittent Generation*

We agree with the categorisation of the 5 key deliverables; however we believe the publication of the strategy on flexibility from intermittent generation needs to be delivered before Q4 2019/20. That strategy will be critical to providing confidence in the future availability and viability for new renewables to be developed (particularly those that would be operated on a merchant only basis).

Given the consumer benefits that will be lost and broader impacts on decarbonisation targets, publishing the strategy (including the long term vision) must be made more of a priority to provide confidence and certainty to current and future investors.

**Principle 4***Enabling all network users to understand and contribute to the code change process*

Governance surgeries – this should be re-categorised from EB to MB

Stakeholder seminars – this should be re-categorised from EB to MB – also, there is no explanation as to why these would happen in Q4 – 2 quarters later than the proposed governance surgeries, given the intention to enable stakeholders to better understand the governance process, they would be better delivered in tandem.

*Developing and driving targeted market improvements*

All 5 deliverables listed in this section should be re-categorised as MB not EB.

*Transform the customer experience for network charging*

Reform of website content into a user-centric knowledge base – (improved signposting should not be considered EB but re-categorised MB.

Publication and guidance of the impact of charging reform to our customers) – it is not clear why there is a separate deliverable (given the ongoing work being undertaken within the Charging Future's task-force, this seems a duplication, if it is a separate activity, providing this information should be BAU for the ESO and therefore this needs to be re-categorised as MB, not EB.

**Principle 5***Ongoing Regional Development Programmes*

Commercial contracts for balancing services from DER – this should be re-categorised from EB to MB and delivery date should be earlier than Q4 19/20.

We would ask for more clarity regarding the deliverable – Automated dispatch capability for generation in highly constrained areas- given the importance of managing this issue, we would like confirmation of the planned delivery date.

#### **Principle 6**

*Whole System operability* (as per our comment to principle 2) – this deliverable should be re-categorised as MB not EB.

#### *Enhanced Customer Experience*

Connections customer portal – scoping of a tool to provide customer updates should not be considered EB and should be re-categorised as MB. Also a delivery date needs to be included.

#### *Whole System Thought Leadership*

ESO thought leadership – how the role will evolve and should be considered MB – this is a fundamental requirement of any forward looking organisation.

ENA Open Networks project Whole Energy System lead should be re-categorised as MB not EB to be consistent with the ESO's broader input into the Open Networks project.

#### **Q4) Do you agree that our metrics will allow us to track our performance as we deliver against our plans?**

Generally, we agree the proposed metrics will allow NG ESO to track its performance. However, we have a few recommended changes to the metrics or questions for further clarification:

#### **Metric 2 – FFR information provision improvement metric**

Given that current improvement is stated as having already moved from 70% to 50% of tenders received being for periods when there is no requirement, we do not believe that performance benchmarks shown are sufficiently stretching and these should be adjusted.

#### **Metric 6 – Reform of balancing services markets**

The criteria in metric one seem quite broad and do not adequately define to what extent a solution has been delivered (i.e. does green indicate that non-traditional providers are able to only access bilateral commercial agreements but not open and accessible market opportunities (assuming tenders - would such tenders in future be shown as a "blue" dot. ). Without this clarity, it makes the metric two harder to interpret and also renders the information to be provided less helpful.

It is also unclear how frequently data for metric one will be published, (this should be published quarterly in line with the proposals for metric 2).

It is also concerning that there appear to be no performance management metrics to assess and account for improvements in 2020-21 (given that only 4 of the total 16 are expected to be green by Q4 19/20). How will further progress to complete the transformation / availability of market based opportunities be assessed in 2020-21?

We are concerned that there doesn't seem to be any specific performance management relating to metric 2 – has this been missed in error? Whilst providing the quarterly breakdown of spend will be helpful, it will be important to ensure that progress is being made in the services where there remains substantial (and potentially disproportionate) levels of spend within the mandatory and commercial spheres.

### **Metric 11 – Whole System unlocking cross boundary solutions**

Whilst we do not disagree with the proposed metrics (level of DER MW that have signed contracts to connect to the Distribution networks and a narrative setting out how it has been achieved), it is unclear how an assessment of whether performance was exceeding expectations or not, based on the DER connected? If nothing else, the document should set out the current level of DER MW seeking to connect and then compare that to the ex post assessment of the level of DER that have signed contracts to connect.