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Dear Fintan,

Re: Consultation on the Electricity System Operator draft Forward Plan 2019-20

We appreciate the opportunity to provide you with our feedback on your draft forward plan for the coming year. As well as this formal consultation, we found the stakeholder engagement event held last month a good opportunity to understand and provide feedback to help shape your future plans.

We recognise that 2018-19 has been a year of transition for the System Operator as you undergo your first year of operating under the new principles based incentive framework and prepare for legal separation.

2019-20 will see processes and systems embed. We look forward to working with you collaboratively to identify the best solutions for customers as our transition to a Distribution System Operator (DSO) continues. The transition to a decarbonised energy system requires greater emphasis on us working together combining your transmission system operation (TSO) knowledge with ours as a DSO looking together from a whole system perspective.

In terms of priorities, it is important that customer benefit is at the heart of all activities, and we welcome the clear messaging within the document as to the consumer benefits identified for each activity.

The steps to differentiate between those activities deemed as meeting expectations and those as exceeding is useful, as are the clear deliverables and metrics for each section. This aspect of the plan should be developed further including refining the definition of what is exceeding expectations.

More detailed feedback is provided in appendix A.

I trust you find our feedback helpful and look forward to receiving your finalised 2019-20 work plan when published.

Yours sincerely



Paul Auckland
Head of Economic Regulation

Appendix A – Detailed Feedback

As contributors to the ENA Open Networks project and collaborators on a number of your cited deliverables, including specifically the Loss of Mains protection settings and the pathfinder project, we look forward to working with you to further develop whole system benefits. It is important to acknowledge as you do the vital input of other stakeholders into several deliverables including those where you are leading them as part of collective work through the Energy Networks Association.

Where the newly separate transmission system operator undertakes thought leadership then it is important this is in areas where it is best equipped to do so related to its deep knowledge of transmission, whilst facilitating others and actively contributing to policy making in non transmission areas.

From the plan it is difficult to assess what rationale you are using to determine if something is a baseline or exceeding deliverable. The definition drawn from an Ofgem document of, “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” relies on judgement based on a level of expectations.

Many stakeholders will have high expectations from National Grid ESO. Hence clearer guidance on how the deliverables have been categorised as exceptional from those expected from an efficient and competent system operator. Some of the deliverables classed as exceeding such as preparing for European codes don't for us immediately stand out as exceptional as European Codes IT implementation is being delivered by Transmission System Operators elsewhere in Europe. It may be this deliverable is a core requirement to shape, manage and implement necessary changes which have been in the pipeline for some time. National Grid has also had a key and influential role in shaping the requirements over a long period through participation in ENTSO-e.

With regard to the work on the Network Options Assessment (NOA), we propose that the “need” is communicated in such a manner, with appropriate tools and data, in order to allow DSOs and other market participants to propose solutions and innovate. We would add that in line with the role on facilitating whole system outcomes that NOA solutions should be assessed on a whole system basis. This will require development of the existing CBA tool that should involve DSO's.

On the specific question of an appropriate metric for the NOA (metric 15) for the Customer Value based on a £/kW saving we would suggest that this needs to be defined more clearly ie is it MW installed, increased MW capacity or another measure?

We are interested to see how the work with ongoing Regional Development Programmes will develop and are surprised that there are limited deliverables to be shared with stakeholders in this area. We would have expected that the ESO would be delivering lessons learnt documentation as part of delivering the desired outcome, in order to capture what does and doesn't work and in what circumstances and suggest that this is included into the work plan.

As a DNO that has not been involved in a designated RDP to date, we would welcome the opportunity to review and comment on the productionised process proposals.

In terms of the measure you have proposed for this section, whilst we agree that it is appropriate in terms of proving that it actually works requires the connection of DER to the distribution network, yet providing support for balancing services however as there are no quantities targeted (at the moment) the metric is not SMART. We appreciate that this is because its complex and a go or no-go decision (by a DER) will be based on many factors however knowing the constraint(s) could set a boundary limit(s) and the performance metric could be a percentage of the constraint(s) value?

We note the forecasting accuracy is of interest to a wide range of stakeholders and would suggest more transparency in the target and performance. Our preference would be to publish a stretching error minimisation target in each of the forecast datasets and to publish the actual forecasting error every month, thereby enabling you to track over time with the express aim of improving accuracy in the longer term.

The full deliverables list at the back of the consultation document is very helpful, and it would benefit from a clear indicator as to which are meeting baseline and which are exceeding. A calendar view showing the same would be useful to the reader to clearly visualise where the areas of activity are expected to land.

Finally we note that this is a much more detailed plan than that published last year, and would suggest some areas for consideration to build on the developments made to date. It would be good to have a summary of 2018/19 progress, being clear on any activity that is rolled forward, as we appreciate that some work rolls from one year to the next. We would also suggest clear signposting where the deliverable has an external dependency, and what is included and therefore complimentary to the Smart Systems and Flexibility Plan, the Open Networks project or other cross sector initiative.