Commercial solutions to network challenges

Feedback and next steps

June 2019

national**grid**ESO

Key message	You told us that….	In response, we will…..
1) You need to understand likely prices to decide if it's worth developing proposals	• You need an indication of the likely future value of each service • You need more information on potential future needs • You need to understand the route to market	• Explore what information can be made available on TO solution costs. • Simplify how we present current spend on services • Simplify how we communicate future need • Set out future routes to market in the Roadmap Update.
2) Some investments might not be viable for individual services, but could be for multiple services	• Ideal is tendering for multiple services as part of one process. • Helpful to communicate future need across different service types at the same time. • Need to understand likely prices for each service (see no.1) • Advanced notice of usage would help people provide multiple services e.g. indicate three weeks in advance if we're likely to use them • Need to value the by-products solutions provide	• Improve the cohesiveness of how we communicate future need • Explore whether we can introduce tendering approaches to enable providers to tender for several services at once. • As part of RIIO-2, we propose to develop an IS sandbox that will help us trial different tender approaches
3) It can be difficult to engage with the information we make available	• Too much information • Written consultations are burdensome • Visual information is helpful • Mersey voltage pathfinder RFI document well received	• Simplify the ETYS and NOA publications, including more visuals and heatmaps. • Use engagement events and webinars to get feedback • Publish videos explaining our network planning processes • Use the Mersey voltage pathfinder format for other pathfinders

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4) Tender processes need to be appropriate for new builds	• Longer lead in times needed e.g. least 2 years in the future. • Penalties and potential regret spend may narrow pool of participants (e.g. connections (see no. 6)) • Should take learning from other tenders (e.g. blackstart, capacity mechanism) • See also 2)	• Continue to engage stakeholders to shape our contracts
5) Contracts need to give the ESO the security they need	• New builds contracts need milestones and break clauses etc. • Back-up contracts may be needed as mitigation • Contracts for multiple services need to include the right penalties to ensure ESO gets the service it needs, when it needs it	• Explore contractual protection options
6) Need to make sure connections process isn't a barrier (time/cost)	• TOs/DNOs need to be engaged to process large numbers of requests • Staged tender process might help e.g. shortlist tenders then engage with TOs/DNOs • Could ESO get a connection agreement and give to winning bidder?	• Continue to work with DNOs & TOs to minimise barriers and manage risks around connections for any tender process
7) Access to models/ info to help test effectiveness of solutions would help	• TOs have access to information and models but commercial providers don't • Info available in ETYS could be more accessible	• Continue to explore whether we can make the available data or models more accessible