

National Grid ESO  
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07 February 2020

## **Energy UK Response to National Grid ESO's 2020-21 Draft Forward Plan**

I am writing in response to your consultation on National Grid ESO's 2020-21 Draft Forward Plan. Overall, Energy UK supports the ESO's ambition and aims in its draft Forward Plan, however, we do see opportunities for enhancement of the Forward Plan.

In general, we would encourage the ESO to provide more granular information on the steps and actions that need to be taken to meet the deliverables set-out. This could be satisfied by 'live' documents outside of the scope of the Forward Plan, and published on the ESO's website. These should outline the deliverables, and then actions or key milestones that the ESO believes that it needs to meet in order to satisfy the deliverable. This document should be high-level, providing the ESO an easy route to communicate progress and for industry to prepare its engagement and preparations.

### **9 August Power Cut**

We would expect that any actions that have been identified from the 9 August Power interruption reports (Ofgem, and Energy Emergencies Executive Committee) that require the ESO to take forward to be included in the 2020-21 Forward Plan. The incident of 9 August has brought the electricity system under increased public awareness, and therefore, the ESO should be incentivised to deliver on its associated actions. Further, by including the deliverables in this plan, it allows the ESO's performance in the area to be monitored by stakeholders, and ultimately the ESO Performance Panel and Ofgem.

### **Engagement**

We would welcome deliverables more specifically outlining engagement under the 'Future of Balancing Services' project to ensure product suitability and to help the ESO overcome barriers and difficulties in design. We would find use in the ESO engaging meaningfully through technical workshops that address system and market needs outlining the requirements of the product to meet that need, and allowing industry to come together to find practical solutions in collaboration with the ESO.

For example, many market participants would find value in a reactive power product moving to a tender round and are disappointed to see that the relevant deliverables have been removed from this plan. We, however, do acknowledge difficulties encountered in bringing a reactive power product to market. A movement away from the current mandatory Connection and Use of System Code (CUSC) arrangements would allow units that could provide a reactive service to the system to do so through transparent and competitive tenders. A technical workshop aforementioned could bring about a suitable and practical solution.

### **Capacity Market Cross Border Participation**

We welcome the ESO's deliverable to fully engage in ENTSO-E's process to develop a methodology to calculate the maximum available capacity for cross-border participation in capacity markets on

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a consistent basis across Europe. Following the United Kingdom's exit from the European Union, if the ESO is to maintain its membership of ENTSO-E, Energy UK views its influence to be very important on this matter to ensure favourable conclusions to this pan-European work. Therefore, we would expect deliverables to be put in to the Forward Plan to specify how the ESO will be demonstrating its progress at the identified milestones, but also how it will engage with stakeholders before certain events. This engagement will be a priority to market participants.

### Transparency

Energy UK recognises the long-standing calls for increased transparency from stakeholders, and that the ESO has gone a long way to address these. There is, however, a continued frustration from stakeholders of the opacity of areas of the ESO's operations and decision making.

We recognise the deliverables aiming to increase transparency. As a matter of priority, Energy UK deems that Balancing Adjustment Actions taken outside of the Balancing Mechanism should be identified to the counterparty having the bi-lateral trade actioned with by the ESO. We acknowledge Balancing and Settlements Code (BSC) Modification P399 and we encourage the ESO to progress a transparent identifier to these units as soon as possible. Uncompetitively procured bi-lateral trades in general are a contentious issue, and we would further expect a deliverable to publish all bi-lateral trades being made, and also the justification for such a trade outside of a competitive tender.

We would further expect the ESO to commit to a deliverable outlining what it will make available to market participants to improve understanding of the actions being taken to address certain system needs. The ESO should also provide justification for why a certain unit is not being dispatched, despite being more competitive than the unit dispatched in situ. Finally, following concerns of lack of transparency, and the costs raised in the ESO Performance Panel's end of year evaluation of the ESO's performance during the 2018-19 regulatory year<sup>1</sup>, we encourage the ESO to deliver information around the actions being taken to manage the Rate of Change of Frequency, as well as the cost of each action.

If you would like to discuss in anymore detail, please feel free to contact me.

Yours sincerely

Matthew Deitz  
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<sup>1</sup> ESO Performance Panel's end of year evaluation of the ESO's performance during the 2018-19 regulatory year -

[https://www.ofgem.gov.uk/system/files/docs/2019/06/eso\\_performance\\_panels\\_end\\_of\\_year\\_evaluation\\_report-converted.pdf](https://www.ofgem.gov.uk/system/files/docs/2019/06/eso_performance_panels_end_of_year_evaluation_report-converted.pdf)