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Draft Forward Plan 2020-21

ESB Generation and Trading, (ESB GT) welcomes the opportunity to respond to the Draft Forward Plan 2020-21, published in December 2019.

ESB is an independent generator operating Carrington (910 MW) and Corby (401 MW) CCGTs in GB. We are supporting Britain's transition to a low carbon future by investing in flexible and renewable generation assets, including combined cycle gas turbine, wind and biomass technologies. We own 125 MW of onshore wind generation capacity, with over 400 MW in the development pipeline in Britain and investments in the 353 MW Galloper and 450 MW Neart na Gaoithe offshore wind projects. ESB also owns and operates a 40 MW waste wood-fired generation plant at Tilbury in Essex. ESB is a pioneer in electric mobility and is currently working in partnership with Transport for London to install, operate, maintain and commercialise charging infrastructure for the London taxi fleet. In 2017 we entered the GB energy supply market as ESB Energy.

We broadly agree with the four ambitious vision statements as well as the deliverables proposed by the workplan under the three roles of the ESO. Our observations on the Forward Work Plan are outlined below and are grouped according to the four key ambition areas. Where relevant, we have also provided comments on specific deliverables related to each area.

An electricity system that can operate carbon free

- ESB agrees that, in light of the growing decarbonisation of the energy system as well as wider policy and climate commitments, it will be necessary for the SO to be capable of managing the grid run on zero-carbon sources. However, as we noted previously in our *RIIO-2 Ambitions* consultation response, there is still little detail as to how this is going to be achieved. This makes it difficult to measure progress against this objective as well as to assess any commercial implications arising from this workstream. Therefore, we would encourage the ESO to provide more granular milestones towards achieving this ambition.
- With regards to specific deliverables in the work plan, we note that Role 1 deliverables mention integration of interconnectors into operational programmes. We are concerned that there is insufficient detail in this section around practical realisation of this objective. We would welcome an early view of how this is going to be aligned with the Competition objective. In particular, we would urge NG ESO to ensure due consideration is given to level playing field and non-discrimination of technologies in the procurement of system services.
- Further to the above, one of the workstreams under Role 2 identifies an increase in cross-border participation as a potential contributor to the Net Zero objective through improving



the ability to operate the system carbon free. The workplan points out the development of a modelling methodology for cross-border participation in the capacity market that the ESO, in its role as an EMR Delivery Body, will co-ordinate via ENTSO-E. We anticipate active engagement with the industry during the development of this project and a clear vision and detailed pathway on how GB stakeholder views will be gathered and incorporated into this project. Specifically, we believe it is important that stakeholder discussions around perceived carbon benefits of cross-border participation in capacity markets are facilitated at GB level, and views are included in the modelling and analysis accordingly.

- Finally, we also note that the new inertia measurement system is likely to reduce the proportion of fossil-fuel generation. Whilst we are supportive of the need for an accurate inertia measurement and forecasting, we highlight that any commercial decisions around procurement of system needs should be based on economic and efficient rationale only, and security of system operation should always be a priority.

A whole system strategy that supports net zero by 2050

- Overall, we are supportive of applying a whole system strategy to support the energy transition to net zero by 2050. We would welcome a more consistent interpretation and definition of 'whole system'. In particular, Role 3 deliverables refer to supporting BEIS and industry in developing a strategy for clean heat as a specific objective. Yet, it is not clear whether there will be any work around gas and power interactions as well as consideration of transport sector decarbonisation policies and the pace of their implementation.
- We recognise that interaction between transmission and distribution systems, as highlighted in Role 1 objectives, will become even more important in unlocking the full value of zero-carbon technologies. As highlighted previously in our *RIIO-2 Ambition* consultation response, we would like to see how this fits with wider industry changes and incentives, such as ENA Open Networks projects, DNO RIIO-ED2 plans, and how this interaction will be managed and co-ordinated.

Competition everywhere

- We believe that competition is critical to providing cost-efficient and reliable support to grid operation. We are disappointed to see that the current percentage of balancing services procured through competitive tendering is very low. We would, therefore, encourage the ESO to have a more ambitious target for 2020-21. We also expect the ESO to use this period for laying the foundations necessary to achieve significant improvements in the open and competitive procurement of balancing services in later years.
- We welcome the progress on competitive tendering for Black Start services and look forward to similar engagement from the ESO in the context of other system services.
- In relation to the metrics and transparency of balancing service tenders, we value the delivered improvement in the detail and granularity of market information published. Going forward, publication of detailed metrics, as suggested by the workplan, showing the spend and the market price in each market would be very useful for industry players. We understand that publishing volumes associated with each tender is not always straightforward. However, volume data associated with each market is a critical piece of information for participants to



make efficient commercial decisions. We encourage the ESO to investigate whether this data item can be included in future reporting.

- We support ESO's intention to integrate intermittent generation into market frameworks. Yet there is little details as to how this is going to be achieved in the context of balancing services. Determining the availability and ability of zero-carbon technologies to support all of the system needs should be a critical focus over the coming years if the outcomes NG is seeking are to be achieved. With that in mind, we highlight the importance of having an early plan or pathway demonstrating what balancing services or wider market mechanisms will be open to intermittent generation, whether it participates as a standalone asset or as part of a co-located connection.
- In 2019-20 National Grid ESO has achieved significant progress on procuring new commercially-sourced solutions via Pathfinder projects. We appreciate current advancements in these projects and are looking forward to more engagement in the upcoming years. With regards to deliverables and learning from the Stability and Reactive power tenders, we anticipate detailed feedback, specifically around the tendering process itself, as well as technology and location-specific insights into further system needs.
- Lastly, with regards to product Roadmaps for Response and Reserve implementation, we look forward to seeing detailed plans and pathways to implementing new services. As part of these roadmaps, it would be useful to highlight interaction between all Balancing services, both existing and new. In addition, a clear overview of how pathfinder projects as well as other innovative initiatives, such as power responsive, will be integrated into the updated suite of system services products would be beneficial.

The ESO is a trusted partner

- We note a number of new initiatives that the ESO intends to implement in order to improve customer experience and enhance its stakeholder management. However, we note that most of the new programmes are targeted at providing support with TNUoS charging and billing. We believe the format of the proposed initiatives could also be rolled out to wider ESO roles. For example, a cross-party approach to on-boarding and mapping could be transposed to participation in balancing services, i.e. on-boarding new market participants with a detailed introduction to the range of products, mapping out their interactions as well as key contractual and technical requirements or constraints.
- Furthermore, we note that whilst on-boarding of new users is important, a real enhancement in stakeholder management can be achieved through efficient on-going customer support and functionality. We believe that on-going party support and account management is the area NG ESO should investigate further in a bid to improve customer satisfaction.