

# Enabling the DSO transition - summary of consultation feedback

## Introduction

On 19<sup>th</sup> April 2021, we published *Enabling the Distribution System Operation (DSO) transition*, a consultation which shared our proposed approach for how we can support the DSO transition and our draft vision of a successful outcome. Our consultation window closed on 21<sup>st</sup> May and this document summarises the responses we received from stakeholders across the energy industry.

We know our stakeholders play a vital role in the development DSO transition. A successful outcome must include all stakeholders' needs and ultimately drive value for consumers. As we developed the first document, we engaged with a wide range of internal and external stakeholders from various sectors via workshops, bilateral meetings.

During this consultation, we received 15 responses from flexibility service providers, network companies and industry parties. This feedback will be instrumental in shaping our ongoing DSO transition approach.

We will use the feedback to develop our approach and vision. Your feedback helps us understand where stakeholders see the NGENSO's role being in 2025 for each of the coordinating functions outlined in the vision. We understand the introduction of DSO transition will have a huge impact on our stakeholders and their future business plans. We are committed to being as transparent as possible as we continue to shape our vision, which is why we have summarised the feedback received so far in this document.

## Stakeholder feedback

Our consultation document noted the interactions needed between the three ESO roles and the comparable roles for DSO (see Diagram 1). We introduced ten coordinating functions between ESO and DSO where we believe that we will either need to deepen our coordination with DSOs or develop new areas of co-ordination and alignment. These were grouped in the areas of 'development', 'markets' and 'operations'. We've structured the feedback in this document using this approach.



Diagram 1: Interactions between ESO and DSO roles

### **Feedback on the overall proposed vision and approach**

Stakeholders welcomed our DSO transition draft document and were generally supportive of our proposed approach and vision. They recognised the importance of us working with the DSOs using the Energy Network Association's Open Networks project as the vehicle for this transformation.

Some stakeholders did request the vision to be more ambitious and include more detailed targets including timelines. An explicit focus on improved outcomes for both existing and future users of the system was requested. A stakeholder suggested establishing a framework for measuring the success of proposals (in the context of outcomes for users) to help understand the external impact of DSO transition proposals.

There were also various comments on the need for a broader whole system perspective. The role of the Transmission Owners was also highlighted as an area for inclusion. This feedback will be considered in the development of our proposed approach to the DSO transition.

### **Feedback on development coordination**

Stakeholders highlighted the interactions between Future Energy Scenarios (FES) and Distribution FES including; a clear process between the two with consistency of data and assumptions, FES taking into consideration DFES and a full reconciliation of FES and DFES outputs.

The Open Networks whole system cost benefit analysis (CBA) tool was highlighted as needed to help coordination. Clarity on roles and responsibilities across the transmission and distribution interface and simplifying processes across this interface were also noted.

In relation to customer connections some respondents felt that the work carried out with Appendix G should be adopted across all DNOs and that there is a need for a clear policy on tertiary connections.

Stakeholders encouraged a structured and more formalised approach to the cost sharing proposal in network access planning to avoid delays resulting from subjective assessments.

### **Feedback on markets co-ordination**

Stakeholders saw market development as a clear priority. They felt that there are some areas that could warrant broader consideration including the ESO taking a more proactive role in the development of co-ordinated markets.

Some stakeholders felt that coordinated flexibility markets was a key priority to ensure a level playing field between balancing mechanism (BM) and non-BM participants with the ability to stack services. The need for transparent procurement and service co-ordination was highlighted. Respondents also noted the need to establish a procurement process that would align DSO and ESO procurement and tendering timescales-synchronised procurement for services that can't be stacked.

Some stakeholders voiced concerns over the role of DSOs providing services to us whilst acting as neutral market facilitators, such as the Customer Load Active System Service (CLASS). We will review this feedback again once Ofgem have published their next steps on the treatment of CLASS in RII0-ED2.

### **Feedback on operations co-ordination**

Service dispatch is key priority with respondents noting the requirement for an automated dispatch with a clear dispatch strategy that has clear and transparent rules and principles.

For operational liaison the importance of data sharing was highlighted including the need for real time visibility of distributed energy resources (DER). Flexibility providers also highlighted the need to be mindful of the cost impact on DER assets to install visibility equipment.

Consideration of a more strategic approach to incident planning was also raised. This was to address questions around the appropriate balance between market solutions and emergency needs. The need for clarity of roles and responsibilities during system incidents was also noted.

## Next steps

We intend to publish an updated vision in the autumn taking into account your feedback.

This feedback is also being used to help shape future ESO deliverables for the DSO transition. In July, we're expecting DNOs to publish their RIIO-ED2 draft business plans. We will use these to inform our required future activities. Together this information will feed into our business planning processes.

We will also continue work with the ENA's Open Network's project and will share this feedback with the project too.

We need to make sure all these activities are designed to meet the needs of stakeholders, deliver the DSO transition that will support net-zero and ultimately, create consumer value. Stakeholders are instrumental to the development of a successful DSO transition. Thank you for taking the time to engage with us. We value your input and hope that you can see how this will help us continue to shape our proposals.

If you have any questions, please get in touch: [box.WholeElectricitySystem@nationalgrideso.com](mailto:box.WholeElectricitySystem@nationalgrideso.com).

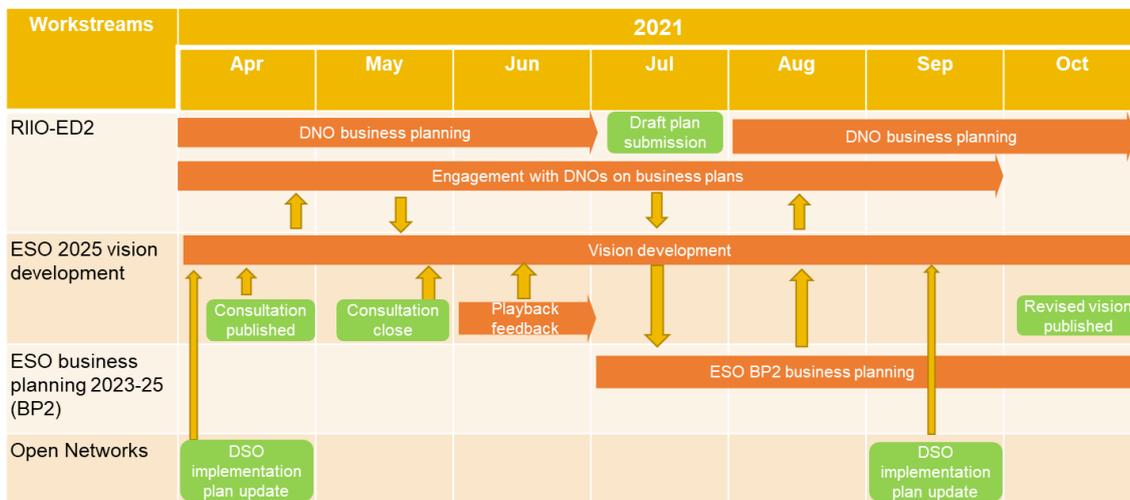


Diagram 2: Timeline for next steps