

ESO Forward Plan consultation event – Sli.do question responses

This document provides the Electricity System Operator's (ESO) response to the questions that were asked via Sli.do during the ESO Forward Plan consultation event on 22 February 2018. In some cases the question has been edited for clarity.

How does the proposed ESO Performance Panel “represent” the future, i.e. voices small in status quo but likely to become a greater part of the system, for example local government and “prosumers”?

The composition of the ESO Performance Panel is a matter for Ofgem. Information on the proposed panel can be found in Ofgem's policy decision on the ESO regulatory and incentive framework document published on 23 February 2018 and available [here](#).

Who is looking at the energy system overall?

How do we join all of this up? This is the ESO and it's very electricity and network focused. How does it fit in with energy, heat and gas?

Our vision is for an ESO that thinks across networks, plays a more active part in the energy system and helps to shape frameworks for our markets. One of our core roles will be *facilitating whole system outcomes*, changing the way we see electricity system and markets through a joined up approach across transmission and distribution, the delivery of agile and innovative solutions to today's investment and operational challenges and driving the future integration of electricity networks.

In addition, we believe that the smart, flexible energy system of the future and the decarbonisation of heat and transport will see greater interaction between the gas and electricity networks. As we establish a legally separate ESO within the National Grid group we will seek to maintain the benefits of a System Operator that takes a strategic view across both gas and electricity, for example through our Future Energy Scenarios.

This role will sit alongside the Department for Business, Energy and Industrial Strategy (BEIS) who are responsible for UK energy policy and Ofgem, the regulator for the GB energy market.

Keeping customers and stakeholders at the heart of your forward plan is key. Do you have a strategy, or an approach to engage them? Do you know who they are?

Our Forward Plan has been built on extensive customer and stakeholder engagement. This includes our stakeholder workshop on 4 August 2017 where we presented a series of proposed work packages, a Viewpoint document and consultation published on 22 September 2017, attendance at Ofgem's ESO regulatory and incentive framework workshops in London and Glasgow in October 2017, the Consultation event on 22 February, a webinar on the 6 March and feedback from industry forums in addition to many additional workshops and bilateral meetings.

On 27 March alongside the final version of the Forward Plan we will publish a Stakeholder Engagement Document. This will detail how we have acted on stakeholder feedback to produce the final version of the Forward Plan and how we will continue to engage stakeholders in the future, including in the reporting of our delivery against the 2018-19 plan and preparations for developing the 2019-20 Forward Plan.

We engage with a very wide range of stakeholders and are actively seeking to ensure we are reaching an appropriately broad range through innovative engagement channels such as Charging

Futures. We will continue to engage extensively and seek to utilise existing fora as much as possible to gain input into our strategy and planning and to report on our performance. In addition, we will be reporting on our performance monthly and quarterly via our website and be monitoring feedback on the efficacy of our engagement across the ESO. We are conscious that the stakeholder landscape is changing at a speed consistent with transition in the energy industry. We will keep our approach to engagement under constant review and welcome suggestions for enhancing our engagement approach and the accessibility.

Does Ofgem consider the regulatory principles underpinning the ESO framework have read over to the RIIO-2 framework?

This is a matter for Ofgem and as such we offer no opinion here.

The ESO Forward Plan focuses on the new and what can be done, but it still feels as if it is unaware of what it currently has, for example are the full capabilities of the existing generators being adequately utilised?

Flexibility can be provided by many types of plant, both new and existing, and it is important for us to ensure that we develop our products and markets to facilitate the widest participation. There is a focus at the moment on making changes that lower barriers to market entry by new technology types and business models, and that is because these barriers are unnecessary and act to hamper competition and ultimately increase consumers' bills. This does not mean that we are not interested in improvements to the abilities of our existing provider base, and we are in constant communication with all our providers such that both we and they are aware of new opportunities. We are working hard to ensure that our products and markets work for all types of providers and technologies, in line with the principles in the recent Product Roadmap for Frequency Response and Reserve.

The ESO says it should plan for the "long term". How long is "long"? Out to 2050 and beyond when net electricity greenhouse gas emissions will need to be negative?

The ESO Forward Plan does not offer a precise definition of "long term" because the timescales will vary depending on the focus area, especially against the backdrop of a fast changing energy landscape. Instead we present a vision of what the ESO would like to achieve in the future and the steps we will take this year to achieve this.

Does wider regime focus mean the ESO must take a view on energy efficiency of Transmission and Distribution networks, and even of end users, where energy efficiency could be a key part of bill reduction?

This is not something that currently falls within the current Roles and Principles of the regulatory and incentive framework. These are set by Ofgem in consultation with the industry. As such we have no plans to focus on this at the moment. Should, in consultation with industry, the Roles and Principles change we would set out how we would deliver against these in a future Forward Plan.

Should the ESO dictate low greenhouse gas technologies in the capacity markets in the very near future? There are currently decentralised reciprocating engine generators and open-cycle gas turbines (OCGTs) that seem like a step backwards and seem concerning.

The ESO is responsible for ensuring the Capacity Market Rules and Regulations are adhered to. The framework is technology neutral and is owned in parts by BEIS and Ofgem and, as such, it would be their responsibility to change the framework.

What is the correct balance between managing system operability by paying for services versus mandating performance standards for all electricity suppliers?

The ESO has licence obligations to manage system balance and operability and procures services to achieve this. Introducing mandatory performance standards for electricity suppliers is a decision for Ofgem.

Will the slides be available after the event?

The slides have been sent in the email that contained this document and are published on our website. They may be freely shared.

What does success look like in terms of making balancing services markets more transparent?

We understand the importance of operating a transparent balancing services market. The proposals in the Forward Plan include making more information available on current and future markets to provide clarity on future investment and innovation opportunities, and to be more transparent in explaining the procurement decisions that we make, including a move towards market-based procurement methods where possible. Further details on this are given in the Delivery Schedule and the Technical Annexe.