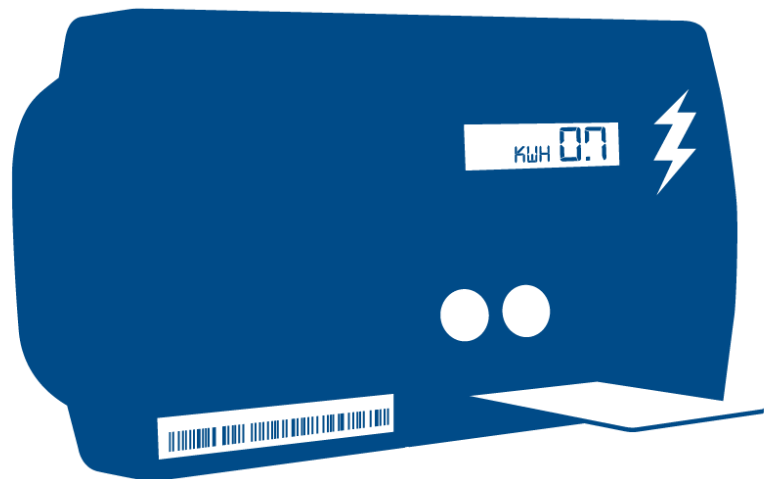


ENA Open Networks Flexibility Consultation 2022

Citizens Advice submission
September 2022



Citizens Advice welcomes the opportunity to respond to this consultation as part of our statutory role to represent energy consumers in Great Britain. Our response is not confidential and may be freely published.

We contribute to the Energy Networks Association (ENA) Open Networks project via our participation in the ENA Open Networks Challenge Group as well as by responding to consultations such as these.

In this response, we have answered those questions where we feel that we have a particular interest or expertise.

Our key points

Development of flexibility markets is of vital importance to net zero

We value this continued engagement with stakeholders on flexibility services as consultation is a vital part of developing the appropriate tools, processes, products, and supporting contractual framework to facilitate increased use of flexibility in the energy system. Flexibility resource usage, including demand side response (DSR), must be maximised to achieve a rapid net zero transition at the lowest possible cost to consumers.

Focus on lower voltage flexibility markets

The Open Networks project will need to accelerate the development of standardised processes and products across pre-qualification, procurement, and dispatch to build engagement and confidence in flexibility markets. These are necessary steps to ensure that the widest number and range of participants will provide flexibility resources. In particular, we believe that the Open Networks project needs to have a much higher focus upon encouraging lower voltage participation, including from aggregators which are engaging with domestic and small businesses. The Distribution Network Operators (DNOs) need to develop lower voltage flexibility markets to a much greater extent than at present. Reporting of flexibility tenders and contracted volumes should be given at different and for lower voltage levels for transparency of progress.

Consistency to drive efficiencies

Any reporting methodologies need to be consistent across the wider energy sector and beyond (e.g. water sector) and not just across the DNOs, or between the DNOs and the ESO. There should also be a priority to ensure that

methodologies and reporting are as consistent as possible with any requirements under the Ofgem RIIO-ED2 price control to maximise efficiency in delivery.

Selected consultation questions

(ON22 WS1A P0) Overarching Common Framework for Flexibility Consultation questions

P0-3 Are you aware of the Flex figures being published each year on ENA website? How does your understanding of GB's growing flexibility market size help you and how are you using this information?

The Flex figures reporting is useful information for stakeholders to identify the usage by DNOs and ESO and for the different types of product used to manage the electricity system, including the use of curtailment for Active Network Management (ANM) contracts. It is not clear whether empty fields in the spreadsheet are due to no usage of that product, or due to lack of data from that DNO. For instance, curtailment figures have only been included for 2 DNOs. It would be helpful to populate all the fields with data, including where there is no usage or put a 'not applicable' response.

In addition, it would be useful to have the voltage level of the flexibility resource shown. It will be vitally important for the success of the net zero transition for as many people and businesses as possible to become involved in providing flexibility services to the energy system. As such, monitoring the progress of lower voltage usage of flexibility provision is important to ensure that DNOs and the ESO are utilising every opportunity to best manage the electricity networks using DSR from domestic households and small businesses.

The new requirements for reporting for the RIIO-ED2 price control and the DSO incentive mechanism should be used to help redesign the Flexibility Figures spreadsheet so that information is comprehensive and comparable, and so that there is efficiency in producing figures for the ENA spreadsheet and RIIO-ED2 reports.

(ON22 WS1A P2) Procurement Processes Consultation questions

P2-2 Do you agree that prioritising the alignment of technical pre-qualification processes ahead of the alignment of commercial pre-qualification processes offers the most significant benefits to the market as detailed in the paper 'Recommendations for the alignment of Pre-qualification processes'?

We fed into these questions in the most recent Open Networks Challenge Group (1 September 2022) where we stated that industry users will have more relevant input to this workstream. However, we reiterate our points stated in the September meeting where we can see value in having simplification and standardisation of procurement and pre-qualification processes to facilitate development of the market.

(ON22 WS1A P3) Dispatch Interoperability and Settlement Consultation questions

It is obvious that a common platform for dispatch, which is readily accessible and interoperable by users and across DNOs and the ESO, would be a valuable step to further develop the flexibility market. We would encourage development of such a common platform with input from service users.

(ON22 WS1A P6) Flexibility Products Consultation questions

To facilitate the development of flexibility products and processes, it will be necessary to standardise products, legal definitions and contracts, and operational processes as much as possible. We support the consultation to gain service users' views on these products and processes and to progress this process as rapidly as possible.

(ON22 WS1A P7) Carbon Reporting Consultation questions

Other consultation respondents may be better placed to answer the technical questions in this section. However, we do note that the RIIO-ED2 Environmental Action Plan (EAPs) annual reporting will also require information on carbon footprints and progress to environmental targets in addition to carbon reporting required under Licence Condition 31E. We recommend that the methodologies for baselining, carbon impacts, and reporting of progress by DNOs is consistent

with the reporting requirements for RII0-ED2, and wherever possible, consistent across the wider energy sector and other industries, such as water.

We welcome the plans to undertake further work to assess the carbon impacts of energy efficiency programmes given that DNOs may be undertaking more activity in this area in the coming years, including as part of DSO strategic measures.

We recommend that the impact of using flexibility resources is given a priority in the methodology development, especially given the higher likelihood of domestic and smaller business user involvement in flexibility services via aggregators in the coming years.

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