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1 November 2021

Dear Maryam,

ENWL response to the call for evidence on ESO's six-month performance 2021-23

Thank you for the opportunity to provide our input into these two documents which will form a major part of the ESO's RIIO-2 framework. We agree it is important that stakeholders are able to feed in to the overall assessment of ESO performance against the roles and principles and as such we have provided responses to the previous calls for evidence as well as attending the previous performance panel events, and we will continue to engage, both directly with the ESO and via Ofgem consultations and events.

Electricity North West is the Distribution Network Operator (DNO) covering the north west of England serving 5 million customers in 2.4 million premises, across a diverse range of locations, from urban Greater Manchester to rural parts of Cumbria, Lancashire and Cheshire. Our work with the ESO also covers more traditional network planning and operational co-ordination.

Work within the Open Networks project continues and focus maintains on tangible outcomes, together with continued development of DSO functions undertaken by various organisations. It is critical that networks work in a collaborative and coordinated manner to ensure whole system outcomes and lower overall costs for consumers.

Our specific comments based on our experiences are shared within Annex 1.

We trust this will be helpful, and should you have any questions on the content please do not hesitate to contact me.

Yours sincerely,

Tom Selby
Regulation Manager



Annex 1: Electricity North West experience of working with the ESO

Role 1 – Control centre operations

- **Activity 1a: System operation**
- **Activity 1b: System restoration**
- **Activity 1c: Transparency, data, and forecasting**

Activity 1a: Appendix G Process

The Appendix G process continues to operate efficiently. Our regular bi-weekly meetings with the ESO can help identify early any areas of concern. However, it should be noted that technical resource constraint within the TO can sometimes add delays to resolution of any technical queries. The relatively small 50MW blocks of transmission capacity released under the Appendix G process, is quickly allocated to few distribution generation connections as their relative size is now increasing. Reporting of the full headroom available on the network along with indications where this is shared with other DNOs would be of benefit to our customers, just as ENWL report available connection capacity in our heat map tables. We look forward to engaging further with the ESO on this matter and the conclusion of CUSC Modification Panel CMP 298 to formalise and refine the approach.

The Electricity North West and ESO planning teams continue to meet on a regular basis to coordinate on outage arrangements. Whilst this is usually an effective way of managing outage requirements, following legal separation between the ESO and NGET there is now an additional communication channel which has on some occasions led to last minute changes or requests. Due to the short timescales involved, these requests and changes can be challenging to deal with. We would prefer to have more stable plans and fewer late notice changes so suggest the ESO might be able to contribute further in this regard managing the different parties.

Activity 1b: System Restoration

The recent Electricity System Restoration Standard Implementation workshop hosted by the ESO was an informative event led by knowledgeable and engaged member of the ESO. The workshop successfully promoted discussion around the future challenges in implementing the new restoration requirements and led to a good outcome of agreeing further working groups. Follow up working group meetings were arranged promptly by the ESO team. This is an important area for ongoing collaboration to meet the timescales required.

Activity 1c: Week 24 data

Week 24 data and the associated ESO actions have been in accordance with the agreed programme. We have previously commented on a longstanding issue surrounding ENWL provision of Week 24 schedule 11 data submissions and how they are interpreted in the TO SQSS assessment as it leads to contradictory network capacity when considering ENWL P2/7 and NG SQSS capacity margins. This issue continues to persist, despite providing a commentary on the issue attached for a second year to the Week 24 submission. It was also brought to the attention of the ESO and TO during recent JDSL meetings, to which we await a response on this meeting action. We will continue to engage with the ESO and TO on this matter with the ambition to provide clarity and consistency for future submissions and respective security of supply assessments.

Role 2 - Market development and transactions

- **Activity 2a: Market design**
- **Activity 2b: Electricity Market Reform**
- **Activity 2c: Industry codes and charging**

Activity 2a: Market design

The Reserve Reform process appears to have taken a long time and the updates we have seen remain relatively infrequent. It would be an improvement if there was a regular call or some form of communication to summarise progress so that providers and stakeholders can more easily know what the current status is and how well planned timescales for reforms are being met. This will give time for service providers to consider any necessary input to the reforms or changes they need to make to their service provision.

Activity 2b: Electricity Market Reform

We are not involved in this, so we have no response to this section.

Activity 2c: Industry codes and charging

Our vision under the Ofgem and BEIS Energy Codes Reform would be for the consolidation of the existing twelve codes into four consolidated codes covering Retail, Electricity Technical, Gas Technical and Wholesale Energy. We would also welcome the appointment of four code managers via competitive tender who are licenced under price control and accountable to Ofgem as the Strategic Body.

Our concern is that the ESO are currently consulting on a Digitalised Whole System Technical Code and that their consolidation work is being progressed outside of the Ofgem and BEIS reform, and it doesn't appear to us to have sought collaboration of the impacted existing code panels. The ESO has rather informed code panels of their work rather than collaborated with them. The timing of the work is also important in order to maximise input from industry and in our view the ESO has not considered the current occupation of experts on Open Networks programmes and the Significant Code Review.

We note that Ofgem are supportive in their RIIO-2 ESO Final Determinations of the ESO's work to transform the codes process. We agree with Ofgem that whether or not the ESO can deliver this strategic change needs to be based on robust evidence and proactive engagement with Ofgem, BEIS and industry.

We are concerned that the ESO are not best placed to lead on this transformational reform activity. For example:

- in their consultation the ESO state that they have consulted at various industry forums since June 2021 to gather initial input on the scope, objectives and approach for the wider project, yet the Distribution Review Code Panel is not named as a consultee.
- as the current code administrators of the Grid Code and Connection and Use of System Code, the ESO historically score low on net satisfaction in the Ofgem Code Administrator Performance Survey.

We believe Ofgem and BEIS are best placed to engage with Industry and others on the Energy Codes Reforms.

There have been some improvements we have noticed in the ESO's code management though in other aspects. Following our response to a CUSC modification proposal we were contacted directly by the code administrator asking us to provide additional details on our response. This additional engagement was a helpful approach to take and an efficient way of obtaining clarification of the responses provided.

We have been pleased to be involved in the review of the code administrator modification tracker and found the sessions very useful in enabling parties to provide feedback on the current version. Work has subsequently been carried on the content and format of the tracker to ensure a clear and concise summary of the status of code modifications is provided in a more user-friendly way. We

believe this to be a very useful piece of work that will improve the monitoring of modifications across the relevant codes and aid coordination.

Role 3 – System insight, planning and network development

- **Activity 3a: Connections and network access**
- **Activity 3b: Operational strategy and insights**
- **Activity 3c: Optimal network investment**

Regular network engagement and co-ordination

We have been well supported over the previous 6 months by our ESO Customer Contract Manager who has been very proactive on many interactions. However, inconsistency and interruptions in other roles are impacting progress. Legal separation still causes complexities which did not exist previously and continue to affect how teams/individuals work together and the rate of progress. Delays are still being encountered when the ESO seeks technical input from the TO. We understand the ESO has undertaken an internal re-organisation; we look forward to that being completed and communicated to us, so we can establish new working relationships.

In early September it was disappointing to have our 6 monthly Joint System Design Liaison (JSDL) meeting cancelled with less than 24 hours' notice. This we believe was due to lack of availability of ESO and NGET teams. The JSDL meetings are an important opportunity for whole system co-ordination and system investment planning and we are pleased to have arranged a new date for the meeting in November.

We have found the ESO's support during the progression of the plans for the development at Harker GSP increasingly effective. Regular tripartite Steering Group and technical meetings, involving the ESO, TO and ENWL, continue to seek to move things forward.

We found ESO support good, leading to the reoffer of the Agreement to Vary Bilateral Connection Agreement and Construction Agreement for Heysham to accommodate further generation into the Heysham RDP which is delivering quicker connections for our customers.

We were pleased to deliver our Pennine Pathfinder analysis report to the ESO's satisfaction and receive positive feedback on our performance.

There is an unresolved issue with the reconciliation of outstanding historic connection charges relating to transmission connection points due to charges not being increased to reflect new connection assets. We await a response from the ESO on a request for an explanation of compliance with CUSC processes. We hope that the matter can be quickly resolved following our request for further information.

Forecasting

Engagement with the ESO on Whole System FES development has been through the Open Networks Workstream 1B Package 2. This year has seen the ESO and all DNOs agree changes to the detailed forecast building blocks for common scenarios. The ESO worked collaboratively with all participants of the group to achieve this update. Through the ON forum we have sought clarity on how DFES information, specifically how local information and engagement with stakeholders is used in the FES process. We look forward to further discussions with ESO on this matter.