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1<sup>st</sup> November 2021

## RE: Call for evidence on ESO's six-month performance 2021-23

Many thanks for the opportunity to share our feedback on the ESO Performance in the first 6 months of RIIO-2. It has been a challenging time for industry, as we enter a period of extreme change. The ESO has performed well and is making significant steps to fulfil the goals stated in the RIIO-2 business plan<sup>1</sup>, both the Two Year business plan and the Five Year Strategy.

### Context of response

Sembcorp Energy UK (SEUK), a wholly-owned subsidiary of Sembcorp Industries, is a leading provider of sustainable solutions supporting the UK's transition to Net Zero. With an energy generation and battery storage portfolio of nearly 1GW in operation, our expertise helps major energy users and suppliers improve their efficiency, profitability, and sustainability, while supporting the growth of renewables and strengthening the UK's electricity system. Our Wilton International site on Teesside sits within a hub of decarbonisation innovation. At the site, we provide energy-intensive industrial businesses with combined heat and power (CHP) via our private wire network that supplies electricity generated by gas and biomass. These services are complemented by our fleet of fast-acting, decentralised power stations and battery storage sites situated throughout England and Wales. Monitored and controlled from our central operations facility in Solihull, these flexible assets deliver electricity to the national grid, helping to balance the UK energy system and ensure reliable power for homes and businesses.

### Role 1 - Control centre operations

In their RIIO-2 business plan, the ESO recognised stakeholders wanted the ESO to be open and easy to work with. We consider the Operational Transparency Forum continues to be a success and effective stakeholder engagement means it continues to be useful and worthwhile after Covid restrictions have been lifted. This Forum, the Operational Stability Report and the Dispatch Transparency dataset all contribute to increased visibility, understanding and engagement between industry and the Control Centre. The data portal is extremely useful, across a number of areas and is an effective and efficient way for industry participants to get relevant data from the ESO quickly. The ESO is clearly working to keep a high standard of

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<sup>1</sup> <https://www.nationalgrideso.com/our-strategy/riio/riio-2-final-business-plan>



communications around system operation, including engaging with stakeholders to make sure the Winter Outlook / Review cycle is still appropriate and whether it could be improved further. This shows a willingness to build trust between industry and the Control Centre. There are clear communications around the changing generation mix and the Control Centre have been illustrating their ability to operate an increasingly low carbon system safely and securely. Whilst we have not been directly involved, industry has suitable visibility of Distributed Restart as it continues. This innovative project will be essential to meet the ESO's Five Year Strategy, so the progress made in the last 6 months is a sign that the ESO are on track to meet the stated goals their RIIO-2 business plan under Role 1.

Wind is becoming more important in managing a low inertia system, so we are very reassured that ESO have exceeded expectations in wind generation forecasting APE for every month since this control period. We look forward to seeing the results of the ESO's new collaboration with Open Climate Fix on improvements to solar generation forecasting.

### **Role 2 - Market development and transactions**

Network Use of System charges have become extremely complicated, with a large number of changes under discussion. In their Five Year View of TNUoS, the ESO have covered a number of sensitivities and summaries – more than is required by legal obligations – to allow industry to understand the impact of various proposals, prepare for them and engage more fully in the change process. This represents significant work beyond BAU and is vital for stakeholders to plan more a couple of years ahead. The business plan included investigations in to reform of charging BSUoS (such as fixing the tariff) and have been fully engaged with the development of CMP308, meaning this has been achieved collaboratively with stakeholders within the timeline proposed. The increased efficiencies in the Code Admin team are allowing greater numbers of Workgroups and consultations. Communication through Code Forums (e.g. GCDF) is excellent and has included plans for development of a Whole System Technical Code, which is being consulted on. This was an explicit aim in the ESO's RIIO-2 business plan and has the potential to be a lot of work, so it is reassuring to see a smooth start on time. There s good development on restoration products, with increased transparency of requirements and the ESO are listening to stakeholder around barriers to entry. The ESO is continuing their work to improve balancing products and processes and are well prepared for the expected increase in volume and number of participants. In terms of product development, we have a good bilateral discussions with the ESO, which service as a useful forum to raise strategic issues with senior management and build confidence in the ESO towards the future.

### **Role 3 – System insight, planning and network development**





The ESO has held workshops on future market design and worked with the Energy UK Future Market Design Expert group, in order to lead a discussion and share their insights on the Net Zero transition and potential resulting end states. Cooperation between the ESO, network owners and industry is necessary to ensure there is no duplication of effort. In discussion with industry, the ESO are keeping an open mind with clear goal to deliver net zero at least cost to consumers. The Pathfinder schemes are a suitably competitive procurement effort for new technologies to address system needs and the ESO have worked well with stakeholders to ensure maximum value for consumers.

We welcome the opportunity to discuss our feedback further. Should you have any questions or require further information, please do not hesitate to contact me at [grace.march@sembcorp.com](mailto:grace.march@sembcorp.com)

Kind regards,

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