



Bringing Energy
Together

ADE Response to Call for Input on Ofgem's "Guidance for reporting requirements under Electricity Distribution Licence Condition 31E: Procurement and use of Distribution Flexibility Services" - 17 December 2021

Context

The Association for Decentralised Energy (ADE) welcome the chance to respond to the Call for Input on Ofgem's Guidance for reporting requirements under Electricity Distribution Licence C31E.

The ADE is the UK's leading decentralised energy advocate, focused on creating a more cost effective, efficient and user-orientated energy system. The ADE has over 140 members active across a range of technologies, and they include both the providers and the users of energy. Our members have particular expertise in demand side energy services, including demand response and storage, as well as combined heat and power, district heating networks and energy efficiency.

Overall evaluation

The ADE finds the Guidance Document generally comprehensive and supports the themes of standardisation, diversity, forward-looking information and transparency highlighted by Ofgem during the Stakeholder Workshop held on 9 December 2021. A further theme of importance is explanation. All three document types under consideration should clearly outline any differences between the level of flexibility tendered for, the level procured and the level dispatched. Should these levels deviate from the intentions set out in the Procurement Statement, both at the end of the year in the Procurement Report and on a continuous basis in the Ongoing Reports, an explanation should be provided.

Q1. Does the Guidance require specific amendments or additions?

It is unclear whether the Guidance is the appropriate place for this but it could be beneficial for the reporting requirements to include the completed CEM (Common Evaluation Methodology) assessments and decisions based on the outputs of the CEM. A lack of transparency and consistency among DNO's with regard to CEM reporting is an issue repeatedly raised by stakeholders and the C31E Reports may be a useful centralised repository for this information.

Similarly, the volume of tenders offered should be included in the Procurement Report and Ongoing Reports, not merely data relating to procurement and dispatch.

Q2. How would you propose to use the information provided through the Distribution Flexibility Services Procurement Statement? Do the contents and format proposed in this Guidance support or complicate this use case?

There are two questions at issue here: how industry uses the information in the documents for its own business purposes and; how it is used for accountability purposes.

It is imperative that this data is used to hold DNOs to account. The provided information should be used to incentivise DNOs to both cohere to their stated intention regarding flexibility procurement and to make increasingly ambitious goals. The Guidance should require clear justifications for the stated intentions. The methodology for arriving at this intention should also be explicitly set out. Such information promotes the overarching principles of increasing transparency, standardisation and improved market participation.

Q3. How would you propose to use the information provided through the Distribution Flexibility Services Procurement Report? Do the contents and format proposed in this Guidance support or complicate this use case?

The Procurement Report should be an essential element in the performance review of DNOs under their licence and RIIO-ED2 obligations. Increasingly ambitious Procurement Statements year on year are essential for fulfilling the objectives of the Net Zero Strategy and Smart Systems and Flexibility Plan. Likewise, accountability and explanation for underperformance if evidenced in the Procurement Report should be incorporated. A comparative analysis between information in the Procurement Statement and the Procurement Report should be included in the Introduction and expanded upon in the Supplementary Information section.

With regard to the Ongoing Reports, they should be easily accessible to industry and published at a routine day/time. Likewise, industry ought not have to wait until the end of year Procurement Report to lodge queries or concerns relating to discrepancies that arise between the Procurement Statement and Ongoing Reports if no explanation is included in the latter.

Q5. How would you propose to use the data provided in the Supporting Data template?

The Supporting Data will form the basis of any comparative analyses between tendering, procurement and dispatch figures. Therefore, it should be of primary importance to the performance review of DNOs under their licence and RIIO-ED2 obligations. As above, this comparison should be a comprise a specific section of the Supplementary Information.

Q6. Do you have a strong preference for the provision of primary data, at a glance summaries, or other means of data sharing?

The ADE supports that the Ongoing Reports contain at-a-glance summaries highlighting the level of flexibility tendered for, procured and dispatched.

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