
ADE Response | De-scoping DUoS from the Access SCR | 6 December 2021

Context

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

Response

1. Do you agree with our proposal to descope DUoS from the Access SCR and take it forward under a dedicated SCR with revised timescales?

It is not ideal to de-scope the work because it adds considerable uncertainty for industry.

However, we also recognise the merit in resolving Access for April 2023 and that the proposals on DUoS are not at a stage where they could be agreed for this date.

2. What are your views on timescales for implementation of DUoS reform? How does this interact with wider market developments and what do we need to take into account?

If Ofgem decides to open an SCR into TNUoS, there may be quite significant benefit in aligning the two – given that there is overlap in areas (for example, the impact of decentralised assets on the system, the transition to more active demand and what this means for network reinforcement and even more broadly, the role of network charging in creating an efficient, decarbonised energy system that has less ability to respond to location-based signals etc.).

As with TNUoS, it is important that there is significant time between the changes being finalised in detail and tariffs published, and their implementation. Industry cannot make business case decisions on the basis of Ofgem reforming an area of charging alone.

3. What areas of interactions of DUoS with wider developments in policy/industry do we need to consider in our review?

Through RIIO-ED2 and the ESO's price control, there is considerable work underway to develop flexibility markets at Distribution level and to expand the ESO's access to flexible assets at Distribution-level (for example, through the Regional Development Programmes).

A refresh of the DUoS reform should this time take a clearer view from the outset on the respective roles of forward-looking network charging, contracted markets and other price signals (e.g., from the wholesale market). Now that the business plans are relatively well-developed and existing work of industry and the DNOs continues, Ofgem can take a better view of how these markets could develop over the next 5 years than when the Access SCR was first started.

There were several areas that were relatively quickly de-scoped from the Access reform regarding DUoS because they were seen as too complex to implement ahead of the RIIO-ED2 price control. This includes, for example, more ambitious approaches to creating truly financially firm connections across generation, storage and demand at Distribution level. Given that the RIIO-ED2 timescales are no longer a major factor, these areas should be re-considered and where possible, put back into the scope.

4. Have we considered all the impacts of a phased approach to delivering the original scope Access SCR?

Yes.

The ADE considers that the interaction between the connection boundary and DUoS is the principle interaction.

5. Do you have any views on our proposal to retain the scope and governance arrangements of the original Access SCR?

See question 3 for our response regarding the scope.

Whilst the use of an SCR does likely create a relatively lengthy process and therefore, further uncertainty for interest, on balance, the ADE considers this the right approach.

6. Do you have any other information relevant to the subject matter of this consultation that we should consider?

N/A.

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