

Consultation on Ofgem's proposal to take forward the reform of Distribution Use of System charges under a separate Significant Code Review on revised timescales, November 2021

Fred. Olsen Renewables' Response

Dr Graham Pannell, December 2021.

Response to: [Consultation on our proposal to take forward the reform of Distribution Use of System charges under a separate Significant Code Review on revised timescales | Ofgem](#)

Fred. Olsen Renewables is one of the leading independent renewable power producers in the UK, developing and operating wind farms in the UK since the mid-1990s. Our portfolio comprises an operational wind farm capacity of 530 MW in GB and an extensive pipeline of projects – spanning offshore, onshore and emerging technologies.

We are members of the representative bodies RenewableUK, Scottish Renewables and IREGG, and have contributed significantly to their responses. **We remain an active member of the Access SCR Challenge Group** and have additionally provided this response with a focus on the Challenge Group experience.

Consultation to descope the wide-ranging review of Distribution Use of System (DUoS) charges from the current Electricity Network Access and Forward-Looking Charges Significant Code Review (SCR) and take it forward under a dedicated SCR with a revised timescale

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?

Facilitating timely decisions on the non-DUoS elements of the Access SCR is welcome.

Nonetheless, we stress, as per our answer to the summer Minded-To consultation and to the recent TNUoS Call for Evidence, that the focused review of TNUoS was built on flawed modelling, and that the impacts cannot be understood ahead of a necessary broader review of TNUoS. The focused review of TNUoS decision cannot be taken alone, and must progress only after the broader review of TNUoS.

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?

As above; in our answer to this summer's Minded-To consultation and to the recent TNUoS Call for Evidence, we explain that the focused review of TNUoS was built on flawed modelling, and that the impacts cannot be understood ahead of a necessary broader review of TNUoS. The focused review

of TNUoS decision cannot be taken alone, and must progress only after the broader review of TNUoS.

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

Trade body answers will point to the relevant developments in wider markets. In particular, we consider that market reform to accommodate high-levels of renewable energy may necessarily separate out long-term investment signals from short-term dispatch signals; it will be important to carefully consider where DUoS (and similarly, TNUoS) sits in approach, and therefore what the network charging method should signal.

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

-

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

- (1) Primarily, this is an opportunity to ensure that both SCRs (the existing Access SCR and any subsequent SCR for DUoS) are properly aligned with the strategic priorities and policy outcomes of government, as set down in the recent Net Zero strategy report. To avoid building-in higher costs for future consumers, low cost Net Zero delivery must become a core principle for each SCR.
- (2) On a practical note, for the Challenge Group to be effective it must return to a more collaborative and transparent working model, or we risk poorer, less robust policy outcomes.

At the outset of the Access SCR, the Challenge Group delivered collaborative working. Meetings were prepared to break the work into parcels, and the group often broken down into tables, to more effectively gather feedback, have more interactive discussion and even share out preparatory work. In one example, I was part of a small sub-group which prepared an options paper on possible access rights which was shared with the wider group and used as a stepping stone for later work. Separately, it was evident that group feedback was heard and acted on - In a second example, after discussions on priorities for future DUoS signals, it was clear that SCR leaders heard from the group the importance of signal “usefulness”, and that this consequentially became a key test of future policy design options.

However, in around spring 2020 the collaborative approach effectively ended. Subsequent Challenge Group meetings have been very unilateral. Work is not shared with the group, but presented at the group. Discussions are reduced to a short time allocation for written Q&A, often a place for who can score the most ‘thumbs’ for their comment rather than effectively challenge thinking. There is no scope for depth of debate – a written comment, if answered by the presenters, is deleted without come-back of development. I believe this cannot be the best use of the Challenge Group, and cannot deliver the best policy outcomes.

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

-