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RIIO-ED2 Flexibility Team
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By email: flexibility@ofgem.gov.uk

FAO: Mike Duncan

Dear Mike

Citizens Advice response to the Ofgem consultation on the Distribution System Operation (DSO) Incentive Governance Document

Citizens Advice welcomes the opportunity to respond to this consultation as part of its statutory role to represent energy consumers in Great Britain. Our response is not confidential and may be freely published.

Patron HRH The Princess Royal Chief Executive Dame Clare Moriarty

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We have the following comments regarding sections of the DSO Incentive Governance Document.

DSO Performance Panel Assessment Process (Section 4)

DSO Performance Panel Call for Evidence, para 4.11

We support the use of a call for evidence from stakeholders to be used by the DSO Performance Panel in their assessments. It is important for the Panel to hear directly from stakeholders in this important area.

Outturn Performance Metrics (Section 5)

Flexibility Market Testing - Secondary network level

Currently flexibility market testing applies only to the primary network (Table 6, page 19). For net zero to be achieved and at cheapest cost, flexibility resources need to be employed at the secondary (lower voltage levels). We recommend that flexibility market testing includes the secondary level network. If this is not feasible at this stage, the extent of use of flexibility at the secondary level should be considered by the DSO Performance Panel.

Secondary Network Visibility Outturn Performance Metric

Table 7 (page 20) explains that the performance metric will be on the basis of progress in installing monitoring equipment at the secondary level. We understand that there was discussion about using a different metric, namely, improved forecasting as a result of the secondary monitoring. While we understand the difficulty of evaluating the benefits from secondary level monitoring, we believe that it is not suitable to have a performance metric rewarded in a mechanistic way based on an input measure, especially where that is funded from baseline resources. We prefer a metric based on outcomes such as the different metric discussed. If that is not feasible, then this performance metric should be penalty only, or a qualitative-only consideration for the DSO Performance Panel.

Financial incentive value for year one

We appreciate the need to obtain reliable baseline scores for a new incentive mechanism, and therefore support the financial incentive value as zero for year one.

Yours sincerely

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Energy Networks and Systems