



Independent Networks  
Association

To: Doug Cook by email to: [flexibility@ofgem.gov.uk](mailto:flexibility@ofgem.gov.uk)

Date: 10 May 2023

Dear Doug

### **The Future of Distributed Flexibility - Call for Input**

I am writing on behalf of the Independent Networks Association (INA). The INA represents and consists of the Britain's leading independent utility network owners and operators who serve the domestic, commercial, and industrial sectors across GB.

Thank you for the opportunity to input. The INA's members connect the majority of new homes and businesses to energy networks and operate the resulting last mile distribution networks. As these buildings and facilities, along with EV charging stations and new distribution connected generation and storage will provide new flexibility options at a distribution level, we have an active interest in the future of flexibility.

**Q1. What do you think distributed flexibility could contribute to the energy system?**

**Q2. Will a focus on CER flexibility also help enable other forms of flexibility, especially distributed flexibility?**

Due to changing policy and regulations, any new buildings should be smart enabled in the future with the DESNZ specifications on smart enabled low carbon technology, the rise in building standards and the electrification of heat through the Future Homes Standard. This will provide additional and growing Consumer Energy Resources (CER) going forwards. The INA and the ENA have also fed into the infrastructure chapter of the Future Homes Hub, who provided advice to DLUHC for the next phase of the Future Homes Standard to consider building in flexibility to new housing developments, not just electrified heat, in order to offset the grid capacity requirements of new developments. The concern is that distributed flexibility will not be mature enough to make use of this capability that is developing now.

**Q3. Is there a 'case for change' and a need for a common vision for distributed flexibility?**

**Q4. What is your vision for how to accelerate the delivery of accessible, coordinated and trusted markets for distributed flexibility?**

**Q5. Will certainty of an end vision help accelerate enabling work and make it cohesive?**

The INA sees the following as building blocks to make the policy a success:

- We agree it is important to engender fairness and trust with customers and it will be important to be clear who will benefit from flexibility and how. This may need to be in some form of regulation, in time, or guidance initially.



Independent Networks  
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- The great success of decarbonisation so far is that consumers have had to do very little themselves. Therefore, ease of use and encouragement of aggregators to remove the need for direct action from customers are likely to maximise take up, especially if it clear how customers will benefit.
- An indirect benefit for customers is that there is a great opportunity through digitalisation to understand network performance, allowing much more accurate pinpointing of faults. As electrification takes place and the increased reliance on one fuel for security of supply, digitalisation supports the understanding of faults, restoration times and the support customers will need during an outage.
- It will be important to consider how the design of network infrastructure needs to evolve to take account of the ability to operate networks flexibly. The expected regional planning role will support this, but this should also feed through to the asset design within network companies. For example, the INA has adopted a common low voltage design standard for networks connecting new homes that have electric vehicles and heat pumps, recognising the efficiency of new homes. We review this standard annually as new data on the performance of new technologies develops and data on how end-consumers are using this technology flexibly.
- The energy sector has a poor record of delivering quick and cost-effective IT solutions. Solutions need to be adopted that minimise the ultimate delivery costs to consumers and quicken the pace of implementation.
- Regional economic growth of businesses and homes and net zero delivery could be slowed by network connection queues and this situation has already started to play out. Early work should look at how flexibility can be fast tracked to mitigate the connections queue, encouraging low impact network investment connections.

**Q6. When should a common digital energy infrastructure be in place? And therefore, when should development begin?**

**Q7. What should a common energy digital infrastructure look like, and why? Please consider the archetypes or develop your own proposition.**

**Q8. What is your view on the desirability and feasibility of the archetypes or your own alternative proposition?**

**Q9. Should a common digital energy infrastructure be new-build, or should it buildout from existing infrastructure?**

**Q10. What are the important areas for consideration when designing institutional delivery models for a common digital energy infrastructure?**

**Q11. What are the important areas for consideration when designing financial delivery models for a common digital energy infrastructure?**

The INA agrees that the medium archetype looks more likely to engender trust without crowding out innovative markets developing and reducing the cost of an overly complicated



Independent Networks  
Association

option, such as the thick model. It should reduce burdens and costs on businesses to fund and implement and can bring agility in its implementation compared to the thick model. As the regional market facilitator role is unlikely to be fully in place until the end of the RIIO ED2 price control, it is important to look at how solutions could be cost effectively developed in the interim so that any benefits of flexibility and the offsetting of network investment is not lost in the interim period. This would need to involve the FSO, should they be chosen to take on this role in the future.

Yours sincerely,

**Nicola Pitts**  
**Executive Director**