

Email to:
flexibility@ofgem.gov.uk



10 May 2023

Dear Fiona,

Future of local energy institutions and governance 2023 consultation

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs, social benefits and reduce the carbon emissions which cause climate change. Our 330 plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the consultation on the Future of local energy institutions and governance. As stated in our response to the Call for Input¹, we support the reform of local energy institutions and governance and feel there is a requirement for the system to evolve to meet future needs, but the need to make changes and reform must be balanced against the need for network operators to get on with delivering the investment to meet net-zero, whilst avoiding any additional costs and delays.

We believe there is also a gap regarding energy system planning, and we strongly support the need for Local Authorities and communities to be assisted with their net-zero planning, which should be driven locally.

With regards to flexibility market facilitation, we think there are benefits of a standardised approach to flexibility market development. Significant work has already been done on product standardisation by networks operators in Scotland, which should not be discounted, and it is critical that industry continues to be involved in the future development of flexibility models.

We believe more needs to be done to address concerns on timely delivery. The NGESO has a major task at hand in taking on the responsibilities of strategic power and gas system planning and electricity system operator. We are concerned that taking on the role of Regional System Planner (RSP) and market facilitation might run the risk of overloading, while the skills, resources and tools required to successfully execute these functions will be a key challenge. The scope increase of the Future System Operator (FSO) may significantly delay implementation timelines, particularly while the ESO/FSO is reviewing its own market operations approach and considering acting as the distributed flex platform provider.

We see the need for a stronger incentive to be put in place to meet the pace required to meet 2035 targets and implement a solution on time. While Ofgem's ambition is to deliver governance reform in time for the next electricity distribution price control in 2028, Ofgem needs to consider ways to avoid a hiatus in progress as the new arrangements are put in place. A stronger incentive so that critical

¹ [SR Call for input -future local energy institutions and governance FINAL original.pdf](#)
([scottishrenewables.com](https://www.scottishrenewables.com))

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Registered Office Scottish Renewables, Floor 3, 24 St Vincent Place, Glasgow, G1 2EU. Tel. 0141 353 4980.
www.scottishrenewables.com

progress is made quickly is needed to ensure this review does not delay continued progress towards 2035 target.

Lastly, the industry is concerned on how the proposal to introduce a Regional System Planner (RSP) which will take on the role of market facilitation for flexible resources will interact or supplant the work being done by the Energy Networks Association (ENA) Open Networks group, and how the RSP would interface with the DNO/DSO. It is important that clarity on roles and responsibilities is achieved quickly so that related and dependant workstreams (such as the ENA Open Networks workstreams) can be progressed and suitably resourced ahead of the introduction of RSP and market facilitation role. The alternative raises further concerns about transparency and co-ordination across areas if the DNO's were given this whole system role.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,

Stephen McKellar

Stephen McKellar
Policy Manager | Grid & Systems
Scottish Renewables