



**1. Do you agree with our proposal to introduce Regional System Planners as described, who would be accountable for regional energy system planning activities? If not, why not?**

Our view is that the principle of enabling whole system, cross-vector, strategic planning at the sub-national level will result in better outcomes for consumers and will result in a lower cost and higher pace transition to net zero within GB. We believe it is essential that the planning role considers the local area and community because the transition to low carbon technologies (LCTs) is a societal as well as a technological change. Further to this, historical, social and geographical context will mean that bespoke solutions are required for different regions. The urban/rural split has always been a consideration for planning energy networks, and this will endure, but now more granular details, for example building stock and access to off-street parking, will add further complexity.

We agree that the process for planning at a whole system level the deployment of low carbon technology at scale, whilst considering the place-based constraints is inconsistent and limited across DNOs. We do know however, that DNOs of today are well equipped to make investment decisions and consider the impact of LCTs over the long term. We feel DSOs of the future will be best placed in terms of their technological capability to consider and simulate the operational impacts of LCTs, because of their deep domain expertise in terms of time-series powerflow simulations and risk-based approaches to planning.

We agree that there should exist an RSP actor which ensures accountability for regional energy system planning. We agree that the RSPs should have a role which provides higher level projections and inputs to DNOs, GDNs and LAs, then an improved plan for LCT deployment can be created, but the technical expertise for planning should remain with the relevant parties. For example, DNOs should remain responsible for time-series powerflow simulations.

An example of this interaction happening in practice (albeit not in a standardised way) can be seen by looking at the work done by Regen for SSEN on high granularity LCT projections<sup>1</sup>. If RSPs were providing digital estimates similar in scope to this, then DNOs/GDNs and LAs could use these as inputs to assess network impacts.

Our strong view is that new technology would be required to support the facilitate interactions between the DNOs/GDNs/LAs and RSPs. The consultation focuses on the capabilities of the RSPs, but we also believe that DNOs/GDNs/LAs as the users of this information will require new technology to be developed to integrate with existing planning tools. We are concerned that the consultation assumes that by separating out planning functions from the DNOs today, it fails to assess the significant capability investments that are needed by the DNOs to support planning decisions that are made by RSPs.

This means that more consideration has to be given to the new capabilities required within the actors using the outputs from RSPs. This likely involves introducing a new standard for data sharing between

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<sup>1</sup> <https://regensw.wpenginepowered.com/wp-content/uploads/Regen-SSEN-High-granularity-LCT-projections-Final.pdf>

organizations, which will be non-trivial to implement, when considering the different use cases and organisations using the data.

We believe a digital interface between RSPs and relevant actors will be a net benefit, and should alleviate some of the work that is likely duplicated by DNOs/GNDs/LAs at present in terms of generating planning assumptions/forecasts. Additionally, having a digital interface at this point should be leveraged to provide transparency within the planning process, not providing relevant and accessible data to industry actors and the wider public at this point would be a missed opportunity.

## **2. What are your views on the detailed design choice considerations described?**

Engagement across organisations will be essential to drive towards an optimal whole systems solution for all regions. All of the DNOs/GNDs/LAs have their own day to day operations, and this whole systems approach will, by nature, be biased if carried out by any one of these industry actors, due to the lens they view the energy transition through. Furthermore, DNOs/GNDs are not naturally involved with community engagement meaning that separate RSPs might be better placed to take on this role to involve communities when considering place-based approaches.

We are concerned that with the separation of decision-making, it is possible that one stakeholder (DNO/GDN/LA) could make investment decisions that impact the ability for the others to operate safely/efficiently, and there may come times when the organisations are working at cross purposes. We understand that the goal of RSPs is to alleviate this issue, but we feel that practically it will pose challenges. For example, all organisations will need to update/adapt their investment plans based on the plans of other organisations. We feel this is necessarily an iterative process, which would be slow and difficult to implement given the heterogenous nature of investment planning tools which exist across organisations. We are clear that without technology at the heart of this iterative process, the decision making will be slow, error prone and cumbersome. Technology which enables planning teams within DNOs/GDNs/LAs to interact with the projections from RSPs must therefore be financially supported.

We agree that strong digital infrastructure for the RSP is essential and that being a regulated entity with national standardisation but sub-national branches should be a good approach. A centralised technological approach means that region boundaries can be more flexible meaning, for example, any DNO can interact with any RSP in a consistent way.

## **3. Do you have views on the appropriate regional boundaries for the RSPs?**

N/A

## **4. Do you agree that the FSO has the characteristics to deliver the RSPs role? If not, what alternative entities would be suitable?**

We believe the RSP will require new capabilities which would be new for any stakeholder taking on these responsibilities. We feel that strong digital capabilities within a regulated and independent organisation are essential, making the FSO an appropriate candidate. Additionally, the NGESO's experience in producing informative 'Future Energy Scenarios' for the industry is likely to be valuable experience for RSPs.

**5. Do you agree with our proposal for a single, neutral expert entity to take on a central market facilitation role? If not, why not?**

We believe many functions would benefit from a central market facilitation role, such as onboarding service providers, enrolling DER into markets, managing settlement transactions. These tend to be one-off processes, or processes that can be managed offline and away from real-time operations. We see this as part of the common digital energy infrastructure, as discussed in “The Future of Distributed Flexibility” Call for Input. Here, a neutral expert entity could guide the implementation of this common infrastructure, and act as the client for this digital infrastructure.

We agree there is a need to standardise products, timing, and to agree on primacy rules for the coordination of Transmission and Distribution Markets. However, the operation of the market in terms of DNOs still requires significant capabilities that must exist within the DSO. This includes capabilities to issue requests to a market platform at scale, move market decisions towards near real-time and away from relying solely on long-term contracts, and on moving towards more location-specific markets.

**6. Do you agree with the allocation of roles and responsibilities set out in Table 2? If not, why not?**

The table outlines a narrow set of processes that support a limited type of flexibility markets. As DSOs begin to rely on markets to resolve grid constraints, these market processes will need to move into real-time, rather than assuming that the DSO will always be able to call on a long-term contract procured in a flexibility tender format to resolve the constraint.

Whilst it is agreed that the market enabling infrastructure and platforms will not necessarily be built by the market facilitator, if common digital energy infrastructure is being built for the GB market to provide some of the enabling technologies, the market facilitator would be well placed to inform the design of this infrastructure.

**7. Are there other activities that are not listed in Table 2 that should be allocated to the market facilitator or other actors?**

There is no indication in this consultation of the complexity of managing a day-ahead or intraday process and what would be the perceived role of the market facilitator in this process. As identified by the consultation in real-time operations, this is a complex area and is a capability that is difficult to separate from other real-time control room operations. Our view is that in order to support these processes closer to real-time, the DSO will need to develop a significant set of new capabilities that cannot be delivered by another party. This includes real-time updating of forecasts, or assessing the need for market services based on the real-time state of the network, or monitoring of delivery, or decisions between market services and other DSO or control room tools for managing constraints. The table is currently incomplete as to how these processes are envisaged to be managed and does not acknowledge the significant capability investments needed for the DSO to make market decisions, or how this information would be shared between the market facilitator and the market enabling infrastructure and platforms.

**8. What are your views on our options for allocating the market facilitator role?**

See above, more consideration needed for the real-time process.

- 9. Are there other options for allocating the market facilitator role you think we should consider? If so, what advantages do they offer relative the options presented?**

N/A

- 10. Do you agree that DNOs should retain responsibility for real time operations? If not, why not?**

Yes – due to the complexity and the information needed, real-time operations for both DNO and DSO have significant overlap and in terms of separation, the costs outweigh the benefits. While the DNO should retain responsibility for operations, the DNO may also need to develop new capabilities to enable the type of transparency in decision-making needed to become DSOs.

- 11. What is your view on our proposed approach to the undertaking of an impact assessment as outlined in Appendix 1?**

N/A

- 12. What is your view on the most appropriate measure of benefits against the counterfactual from the package of measures designed to enhanced flexibility, of which our governance proposals are a key enabler?**

N/A

- 13. How should we attribute these benefits between the governance changes in the proposed option, and other changes required to achieve the benefits? We particularly welcome analysis from bodies that have undertaken an assessment of benefits, specifically how those benefits might be attributed to different policy reforms that are required to achieve those benefits.**

N/A

- 14. What additional costs might arise from our governance proposals? We welcome views both on the activities that may arise and cause additional costs to be incurred, as well as the best way to estimate the size of the costs associated with those activities.**

Transferring of roles is assumed to be a net zero cost in the proposed approach. This is unlikely to be true; in both the regional system planner and the market facilitator case, it is likely that two different organisations would have overlap or duplication of capabilities in order to enable coordination.

This duplication includes both technology costs, as well as the personnel costs associated with supporting more coordination of decision-making across different organisations

**15. What additional costs may arise from sharing functions with several interacting organisations?  
We welcome views on set up cost, lost synergies, and implementation barriers.**

N/A