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Fiona Campbell
DSO Governance Team, Ofgem
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Email to: flexibility@ofgem.gov.uk

10 May 2022

Re: Future of local energy institutions and governance 2023 consultation

Dear Fiona,

I am writing on behalf of RenewableUK, which is the representative body for the future energy system, powered by clean electricity. RenewableUK's members are building our future energy system, powered by clean energy. We bring them together to deliver that future faster; a future which is better for industry, billpayers, and the environment. We support over 450 member companies to ensure increasing amounts of renewable electricity are deployed across the UK and to access export markets all over the world. Our members are business leaders, technology innovators, and expert thinkers from right across industry.

RenewableUK welcomes the consultation on the Future of local energy institutions and governance. While we note the concerns below, RenewableUK supports the introduction of Regional System Planner (RSP) with the Future System Operator (FSO) taking on the role of RSP and market facilitation. In our response to the call for input last year we called for whole energy system design which must be at the heart of future local governance arrangements. Ofgem's proposal is a good first step as there is a need for energy system planning to reflect and coordinate across all energy vectors if we are to meet the target to decarbonise the power system by 2035.

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 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 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 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 RSP which will take on the role of market facilitation for flexible resources will interact or supplant the work being done by the ENA Open Networks group, and how the Regional System Planer 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.

We would welcome the opportunity to discuss further with Ofgem or other interested stakeholders any of the comments raised in this letter. If this is of interest, please do not hesitate to get in touch.

Yours Sincerely

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