

Ofgem
Sent by email: euan.dickson@ofgem.gov.uk

28/03/2024

Optimal Power Networks
1 Forbury Place
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Dear Euan,

Procurement and Use of Distribution Flexibility Services by OPN

Optimal Power Networks (OPN) was granted its IDNO Licence in April 2020 (under its former name of Forbury Assets Limited). It is licensed to design, adopt, operate, and maintain electricity networks in GB.

This document has been prepared in accordance with the requirement of Licence Condition 31E, Optimal Power Networks (OPN) has assessed its need to procure flexibility services to coordinate and direct the flow of electricity onto and over its Distribution System in an efficient, economic, and coordinated manner.

FLEXIBILITY SERVICES REQUIREMENTS

As per the terms of Condition 31E.10 we are writing to inform you that we expect that we will not procure Distribution Flexibility Services in the twelve-month period starting 1st April 2024, for the reasons described below.

We operate newly built electricity distribution networks designed to meet the electrical demands of those customers intended to be connected to those networks at the time of design. As part of the design and build process, capacity for our network is secured at the boundary point with the host DNO, and subject to agreement with the host DNO on the capacity required and the network design. As such, at the time of preparing this statement, we have no indication that any network operated by OPN will require any reinforcement works, nor any fault remediation works that would instigate a need for flexibility procurement.

Given the age and condition of the newly constructed assets that OPN operate we believe it is unlikely that we will have any need to procure flexibility services in the coming year. We review existing networks on an annual basis to ensure there are still operating within designed parameters and meet capacity needs. In addition, we have introduced active monitoring across our networks, where we have primary infrastructure, to provide early indications of any need for flexibility services.

We will continue to keep the situation under review, particularly with regards to power flows at the boundary with incumbent DNOs, and should our view change, we will inform you immediately and produce the appropriate statements. In any scenario where we procure flexibility directly onto one of our IDNO networks, we will need to engage initially with the host DNO to agree the technical parameters of this flexibility and its impact at the boundary. In such circumstances the host DNO may wish to consider alternative approaches,

such as procuring flexibility directly connected to its own network. We would also need to discuss and agree operational measures for dispatch or utilisation of those flexibility measures.

To date, we have not encountered a scenario where the host DNO would require, request or permit flexibility to form part of the approved design of a new IDNO network. Furthermore, additional complexity in procuring flexibility from the outset on IDNO networks arises from the way network operators (such as DNOs or IDNOs) are appointed based on the following:

- the IDNO rarely has contact with the energy consumer during the network design phase.
- flexibility is rarely in-scope for the procurement of new-build utility infrastructure.
- until the IDNO network is adopted, there is no flexibility procurement mechanism.

TENDERING PROCESS

As OPN will not procure flexibility services, we have not developed a tendering process to achieve this objective.

Should OPN seek to procure flexibility services in the future, we will establish a process that conforms to applicable regulations and competition law and will republish this statement upon Ofgem approval.

STAKEHOLDER ENGAGEMENT

Should OPN seek to procure flexibility services in the future, a procurement timetable process will be published alongside description of planned engagement activities with the relevant stakeholders, particularly DNOs and network customers.

From our previous correspondence on this matter, we understand that the content of this letter is sufficient for the purposes of our compliance with the requirements of the Licence Condition and that we are not required, under these circumstances, to produce a Services Procurement Statement in the form described in Condition 31E.8. As per the terms of Condition 31E.13, should our intentions in respect of the procurement of Distribution Flexibility Services change, we will promptly prepare a Distribution Flexibility Services Statement in accordance with the provisions of 31E.8 and submit it to you for approval.

Yours sincerely,

Sally Musaka

Enterprise Regulation Manager

