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Dear Ben,

RenewableUK and Scottish Renewables consultation response ref 64/13

CREATING THE RIGHT ENVIRONMENT FOR DEMAND-SIDE RESPONSE

As the trade and professional bodies for the UK wind and marine renewables industries, RenewableUK and Scottish Renewables very much welcome Ofgem's consideration of demand response. This is a brief letter of support from the renewables industry for Ofgem's work in this area.

Flexible and responsive demand is an important tool in ensuring an efficient and secure electricity system, including the accommodation of increasing amounts of variable renewable generation. The wind industry already sees some curtailment of wind generation, particularly at times of low demand on summer nights, because of a combination of inadequate grid infrastructure (grid constraints), and inflexible thermal plant that are more difficult and expensive to ramp down than to curtail wind. Equally, media criticism of wind generation is easily forthcoming for occasions when wind is low and thermal plant are used to meet demand. In all of these cases, a shift in demand – increasing in the first instances, decreasing in the latter – would help.

The chief concern from the renewables industry is therefore the actualisation and mainstreaming of demand response in a way that it can be relied upon. We welcome all of

Ofgem's work in this area, but we do not see the milestones or sense of urgency in this consultation.¹ In particular, we are missing the following answers:

- How much demand response are we "working towards"?
- By when? ("High" and "moderate" priority as set out are somewhat non-committal.)
- How will this complement other system management tools (flexible generation, storage, Interconnection)?

In terms of Ofgem's three priorities, we believe that the above would help reveal the **value** expected from demand response; and would help provide the **security** for parties to invest. This then leaves improving the **signals** as the third strand of work for Ofgem and industry to pursue.

We note that this area of Ofgem's work does not touch either on permanent demand reductions or on environmental sustainability. While we understand the need for carefully scoped workstreams, these things are interlinked, and it is of concern that the significance of these two areas may be lost. Prudent use of energy is key, both for political and for practical reasons, to a successful low-carbon economy in which renewable generation plays a meaningful and credible role.

Finally, the renewables industry has worked hard to begin to provide some of the system operation services that are now being considered for the demand side. We would like to support Ofgem's work in this area, where practicable, through cross-fertilisation of ideas, experiences, and learnings, and would be happy to discuss these in the appropriate fora.

We look forward to engaging with Ofgem further in this area.

Yours sincerely,

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¹ Ofgem's concerns regarding generation margins were subsequently set out in the Electricity Capacity Assessment Report, June 2013, in parallel with an announcement of the potential requirement for new balancing services. The associated sense of a) urgency, b) strategic relevance, and c) importance seemed not to come through in the DSR consultation. It would be helpful if they could be conveyed in future DSR documentation and workplans.