Electricity Network Innovation Competition Full Submission

Supplementary Answer Form

Project: Black Start from Distributed Energy Resources

Tick if this answer has been provided verbally: ☐

Project code	ESOEN01	Question Number	10
Question date	14 August 2018	Answer date	16 August 2018
Submission section question relates to			
Topic	Value for money		
Question	Please explain why the investigation of an alternative to costly feasibility studies for DER black start services provision (p90) cannot be otherwise funded outside of the NIC.		
Notes on question	Follow up from Question 8		
Answer	Ascertaining the technical requirements for DER to provide Black Start will be complex and situation-specific. A clear deliverable from the NIC project will be a standard methodology for evaluating these requirements, aligning with the procurement mechanism being developed. At present, the licence conditions regarding cost recovery for Black Start include procuring, testing, warming, utilising, capital contributions and payments for Feasibility Studies costs. The definition of 'Feasibility Studies' is work undertaken by the licensee and any potential New Provider in order to assess the ability of the potential New Provider to provide Black Start services. ESO believes that as it stands this does not include the development of a new methodology for assessing capability, where this could extend past reimbursing a new provider for costs they have incurred, and into developing a new, industry-wide technique for evaluating the combined capability of a network area.		

	In addition, the responsible party for carrying out these assessments will need to be determined, which will have a critical impact on how the activity is funded. This is a complex issue, and a solution for processes, roles and responsibilities needs industry consensus on how to best serve the end consumer's interests. Considering all of this within the scope of the NIC project will allow for wider stakeholder agreement on the overall process, and on the changes to funding arrangements to be proposed. Furthermore, considering the alternative, where the feasibility assessment element would be investigated in isolation from the wider NIC project, it is likely that inefficiencies would be created in the process, owing to elements of one overall process being split between two workstreams and different resources. The most efficient means for investigating an alternative solution to the current feasibility process, and therefore the most economic solution for the end consumer, would be to exploit the efficiencies presented by investigating and developing methodologies for the process as a whole. Finally, the proposed feasibility assessment approach will itself need to be challenged as the best way to technically assure the procurement, and may involve higher levels of risk and uncertainty than currently. On these grounds ESO believes the most appropriate solution is through an innovation demonstration project, i.e. NIC.
Attachments	