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Appendix 4: Getting more out of our electricity networks by reforming access and forward-looking charging arrangements – July 2018 consultation responses

Background

There was a strong response to our consultation. We received 77 responses from a broad range of stakeholders, representing the diverse interest in the review, including many thoughtful answers and insightful analysis. This has aided us in coming to a decision on how to proceed. We would like to thank all the respondents for their input, and invite stakeholders to continue to engage with the review as it progresses.

This appendix provides a detailed summary of respondents' views, question by question. We have aimed to summarise respondents' views accurately while ensuring a concise and readable summary. Where answers to a particular question seem to us to be more relevant to another question, we have aimed to capture them there. Responses other than those that have been clearly marked as confidential have been published on our website.

Questions from the consultation

➔ **Question 1:** Do you agree with the case for change as set out in chapter 2? Please give reasons for your response, and include evidence to support this where possible.

➔ **Question 2:** Do you agree with our proposal that access rights should be reviewed, with the aim to improve their definition and choice? Please provide reasons for your response and, where possible, evidence to support your views.

➔ **Question 3:** Specifically, do you have views on whether options should be developed in the following areas as part of a review? Please give reasons for your response, and where possible, please provide evidence to support your views:

a) Establishing a clear access limit for small users, with greater choice of options (as considered under b) and c) below) above a core threshold – do you agree with our proposal in paragraphs 3.5-3.10 that this should be considered? Do you have views on how a core threshold could be set?

b) Firm/non-firm and time-profiled access – do you agree with our proposal outlined in paragraphs 3.15-3.21 that these options should be developed?

c) Duration and depth of access, discussed in paragraph 3.25-3.32 - would these options be feasible and beneficial?

d) At transmission or distribution in particular, or are both equally important – as discussed in this chapter?

➔ **Question 4:** Do you agree with the key links between access and charging we have identified in table 1? Why or why not? Do you think there are other key links we have not identified? Where possible, please provide evidence to support your views.

➔ **Question 5:** Do you agree with our proposal that targeted areas of allocation of access should be reviewed? Please give any specific views on the areas below, together with reasons for your response. Where possible, please provide evidence to support your views:

a) Improved queue management as the priority area for improving initial allocation of access, as outlined in paragraphs 3.41-3.44?

b) Not to consider the potential role of auctions for initial allocation of access as part of a review at this time, as discussed in paragraph 3.44?

c) To review the areas outlined in paragraphs 3.45-3.48 to support re-allocation of access?

➔ **Question 6:** Do you agree that a comprehensive review of forward-looking Distribution Use of System (DUoS) charging methodologies, as outlined in paragraphs 4.3-4.7, should be undertaken? Please provide reasons for your response and, where possible, evidence to support your position.

➔ **Question 7:** Do you agree that the distribution connection charging boundary should be reviewed, but not the transmission connection boundary? Please provide reasons for your response and, where possible, evidence to support your position.

➔ **Question 8:** Do you agree that the basis of forward-looking Transmission Network use of System (TNUoS) charging should be reviewed in targeted areas? If you have views on whether we should review the following specific areas please also provide these:

a) Do you agree that forward-looking TNUoS charges for small distributed generation (DG) should be reviewed, as outlined in paragraphs 4.19-4.23?

b) Do you consider that forward-looking TNUoS charges for demand should be reviewed, as outlined in paragraphs 4.24-4.27?

Please provide reasons for your response and, where possible, evidence to support your position.

➔ **Question 9:** Do you agree that a broader review of forward-looking TNUoS charges, or the socialisation of Connect and Manage costs through Balancing Services Use of System charges (BSUoS) at this time, should not be prioritised for review? Please provide reasons for your response and, where possible, evidence to support your position.

➔ **Question 10:** Do you agree that there would be value in further work in assessing options to make BSUoS more cost-reflective, and if so, that an ESO-led industry taskforce would be the best way to take this forward?

➔ **Question 11:** What are your views on whether Ofgem or the industry should lead the review of different areas? Please specify which of SCR scope options A-C you favour, or describe your alternative proposal if applicable. Please give reasons for your view.

➔ **Question 12**: Do you agree with our proposal to launch an 'Option 1' SCR for areas of review that we lead on? Please give reasons for your view.

➔ **Question 13:** Do you agree with the introduction of a licence condition on the basis described in paragraphs 5.11 and 5.12 and Appendix 5? Why or why not? Do you have any comments on the key elements set out in table 7 of Appendix 5a, or consider there are any other key elements which should be included? Please give reasons for your view.

➔ **Question 14:** Do you have any comments on the draft wording of the outline licence condition included at Appendix 5b? Please give reasons for your view.

➔ **Question 15:** What are your views on our indicative timelines? Do you foresee any potential challenges to, or implications of, the proposed timelines and how could these be mitigated?

➔ **Question 16:** What are your views on our proposals for coordinating and engaging stakeholders in this work?

CHAPTER 2: Issues with existing arrangements

Question 1: Do you agree with the case for change as set out in this chapter? Please give reasons for your response, and include evidence to support this where possible.

Overview

- There was acknowledgement from almost all respondents that the energy system is changing, and there was broad agreement that there are issues associated with the current charging and access arrangements.

Views on priorities

- A significant majority of respondents agreed with the three priorities that we identified.[1]
- Some respondents considered that our consultation over-prioritised levelling the playing field and were concerned about the potential impact on distributed generators (DG).[2] Others agreed that this should be a priority.
- Several respondents considered that our consultation negatively characterised changes in demand or generation at distribution (eg the potential growth of electric vehicles (EVs)), and stressed the importance of considering the benefits and opportunities that they provide.
- One respondent thought that the case for change over-simplified particular issues (eg connections queues) and identified the need for further assessment to be undertaken.
- Several respondents thought that whilst the case for change is greater at distribution, and greater consistency between transmission and distribution is warranted, the arrangements at transmission also contain issues and we should not replicate them.
- Some respondents agreed with the case for change, but raised concerns with our initial views on how some of these issues could be addressed and the potential for negative impacts resulting from the chosen approach (eg the introduction of locational DUoS (Distribution Use of System Charges) and the impact of this on users who are already connected or unable to respond). Others were concerned that we were not considering more fundamental change.
- Several respondents considered that there were additional issues that we should prioritise in scope, such as amending the socialisation of Connect and Manage costs, whereby costs are currently paid by consumers and generators rather than being signalled to those users that are driving constraints.

Views on objectives

- We received several comments regarding suggested additional development of the review's objectives -

[1] The three priorities identified were (1) Enabling growth in demand, particularly stemming from new low carbon technologies, while managing constraints on the networks; (2) Managing constraints on the distribution networks as a result of growth in generation connecting there; and (3) An effective interface between transmission and distribution arrangements.

[2] Please note that the term distributed generators also refers to embedded generators

- several respondents considered that decarbonising the energy system should be a specific project objective. Some were concerned that our proposals could undermine the ability to decarbonise the energy system. Several respondents identified the need for proposals to align with wider government decarbonisation policies.
- some respondents considered that the review should aim to minimise distortions between electricity and gas arrangements.
- one respondent considered that the needs and desires of network users should be given more explicit consideration in the review.

Additional Points

- Some respondents agreed with the case for change, but considered that improvements could be better achieved via another route (eg developing local flexibility markets or investment in new technologies). One respondent also considered the importance of digital technology as an enabler for change through its ability to both manage a complex system and simplify consumer interfaces, and thought we had underestimated its potential in our considerations.
- Beyond the need to consider links to decarbonisation policies, one respondent also thought it important to take into account wider considerations which will impact future energy needs, for example the impact of new housing developments as a significant cause of constraints.
- Several respondents agreed with the case for change, but noted the importance of ensuring that new arrangements are implemented appropriately, fairly and equitably (eg based on wide stakeholder engagement, informed by rigorous data and scenario analysis to quantify impact (including costs, benefits and value for money), and that stakeholders are given sufficient notice of any changes). One respondent also considered that government should have responsibility for considering these issues due to the potential distributional impact.
- Some respondents did not want the review to undermine network investment or system security. Several respondents also considered that we should give greater consideration to the impact of our proposed reforms on consumer and investor confidence, and ensure that a structured approach is followed to maintain confidence, whilst avoiding focus on areas of lesser priority or where there is little chance of improvement (eg one thought the Long Run Incremental Cost (LRIC) methodology within the Extra High Voltage Distribution Charging (EDCM) methodology did not require significant change).

CHAPTER 3: Our proposals for the scope of the review of access arrangements

Question 2: Do you agree with our proposal that access rights should be reviewed, with the aim to improve their definition and choice? Please provide reasons for your response and, where possible, evidence to support your views.

Overview

- The majority of respondents addressed this question and there was broad support among them for a review of access rights.

Views in support

- Possible benefits noted by respondents included enabling greater choice, even for those they considered had better defined access (such as transmission generation), and greater clarity on network users' future requirements for those with less defined rights. Several also thought the reforms had the potential to enable flexibility and more efficient use of the network by providing greater clarity.
- Benefits respondents highlighted included enabling increased connections, including low carbon technologies, a smarter grid or flexibility, and enabling distribution networks to cope with increasing demand.
- Some respondents emphasised their view of the role this could play in a level playing field and saw value in improving consistency across voltages and regions.
- A number of respondents emphasised the need for this on the distribution network specifically (see Question 3 (d) for further detail) and for demand, in anticipation of growth in low carbon technologies.

Views against

- A small minority of respondents disagreed with the proposed review of access rights or questioned whether access should be reviewed as a priority.
- One respondent thought a more fundamental review by government was needed instead.
- Concerns raised by respondents included that firm and predictable access is essential to businesses and households, the complexity greater choice could create (and the potential for negative unintended consequences or potentially limited benefits), or interactions with other market mechanisms.
- Another respondent thought existing industry work was making progress in this area and Ofgem did not need to intervene.

Additional points

- A number of respondents highlighted links with charging, noting access should be charged cost-reflectively, potentially on a capacity basis, reflecting the access option users have, rather than actual usage – see Question 4 for further detail.
- Some respondents highlighted the need to consider parties such as Independent Distribution Network Owners (IDNOs)[3] and private networks, noting IDNOs were not sufficiently discussed.
- Concerns identified included -
  - the importance of providing additional choice and ability to change access option;
  - that proposals could disproportionately disadvantage small and low carbon generation, highlighting a need to ensure equal treatment; and
  - the risk of 'regulatory arbitrage'.
- One respondent considered that large generators must continue to get access to the transmission network through Connect and Manage, with priority over smaller generators.

[3] IDNOs develop, operate and maintain local electricity distribution networks. They are directly connected to the DNO networks or indirectly to the DNO via another IDNO.

- A few respondents identified the need for supporting arrangements to ensure investment planning and curtailment exposure was incentivised.
- A few respondents thought that proportionality and the cost of review (and future control and monitoring costs) needed to be considered against the potential benefits, with a couple highlighting the uncertainty which may be created.

Question 3: Specifically, do you have views on whether options should be developed in the following areas as part of a review? Please give reasons for your response, and where possible, please provide evidence to support your views:

(a) Establishing a clear access limit for small users, with greater choice of options (as considered under b) and c) below) above a core threshold – do you agree with our proposal in paragraphs 3.5-3.10 that this should be considered? Do you have views on how a core threshold could be set?

- Most respondents saw value in exploring options for small users. Views were mixed, but a small majority agreed with considering a core threshold. There were mixed views on whether a core level could or should be defined universally. Some respondents thought that standardised levels should be set, while others thought suppliers would be well placed to have a role in supporting their customers.
- Some respondents did not consider a set 'core' level was likely to be a viable option, disagreed with classifying usage in this way, or did not feel this option should be included. There was broad recognition of the challenges associated with doing this, notably any assessment of basic or 'essential' needs, with differing views on how this could be set. Comments included that:
  - the approach needs to be future-proof, (eg considering EVs), and to consider the risk that consumers default to the lowest or cheapest level.
  - querying the role of the regulator in making assessments of essential need and strongly disagreed with distinguishing 'essential' use.
- Some respondents emphasised the potential for complexity in new access arrangements including options for choice. A few noted the importance of consumer engagement, with one noting the potential risks of consumers reducing their level inappropriately.
- One respondent noted potential links between a core access level and the Targeted Charging Review (TCR) options, notably ex ante capacity.
- Some respondents noted the risk that the proposal to establish a clear access limit for small users could hinder low carbon technology uptake, although others saw the proposal as an enabler of efficient future electrification. One respondent highlighted the importance of non-discriminatory treatment of EVs, and highlighted social considerations with other demand with similar capacity.
- Several respondents expressed a view on the importance of clear communication to small users on the potential implications of change, with one suggesting DNOs and suppliers should have licence obligations to communicate clearly, given the potential for complexity.
- Some respondents thought challenges might be faced by vulnerable consumers. A few identified the importance of appropriate consumer protections being put in

place to protect consumers. Risks highlighted by respondents included complexity and the new concepts which consumers would need to understand.

(b) Firm/non-firm and time-profiled access – do you agree with our proposal outlined in paragraphs 3.15-3.21 that these options should be developed?

- The majority of respondents who addressed this question supported developing options for firm / non-firm access and time-profiled access. Many saw firmness as particularly important, with more mixed views on the benefits of time-profiled.
- Some respondents identified the development of new access options for firmness and time-profiled as relevant for a level playing field. These respondents noted that different firmness and time-profiled access options are currently available at transmission and distribution. One respondent also noted the distortions between different distribution areas. Several respondents considered that a whole systems approach to developing these access options would be needed.
- A small number of respondents questioned how much time-profiled options would deliver network savings, given the diversity assumptions already embedded in planning.
- A small number of respondents identified links to network standards and the potential need to reform these in support of the proposed access options.
- A few respondents raised concerns about introducing time-profiled access, including that set access time bands may not align with flexibility providers' other services and the need to consider interactions with other market arrangements, notably flexibility markets.
- A few respondents highlighted the need to ensure cost-reflectivity in charges for different options.
- Points raised in relation to firmness included that:
  - better definition of firmness could be a path towards compensated curtailment for distributed generation. Specific suggestions included that, all users should have firm access rights, and be paid for curtailment.
  - disagreement that access for some of these users was not well-defined – examples included for DG that is not connected on flexible arrangements, and transmission-connected generators.
  - traditional firm grid connection must always remain attainable and not an unaffordable luxury.
  - the need to consider how different well-defined access options would work as network conditions may shift over time, as well as the need to amend options.
- Respondents encouraged us to consider whether firmness choices were appropriate for all network users (eg domestic users)
- A few respondents considered there would be benefits in trials of different options or arrangements.

(c) Duration and depth of access, discussed in paragraph 3.25-3.32 - would these options be feasible and beneficial?

Overview of views on local or shallow access[4]

- There were mixed responses, with some respondents in support of reviewing local or shallow access rights, while other respondents did not see a benefit.
- A few respondents raised the possibility of sharing access. One respondent considered it could be an effective way of reducing costs through managing local usage.

Views in support of local or shallow access

- Several respondents thought that local or shallow access options should be developed and wanted to see communities able to benefit from local balancing.
- Several respondents suggested that local rights (which would involve matching of demand and supply locally) could provide value eg by adding flexibility, improving efficiency or supporting decarbonisation, and that storage can play an important role. Some respondents suggested that it would support local energy which one respondent noted is currently disadvantaged.
- One respondent thought that the complexity of introducing this access option was not a valid argument, and considered that the development of local access was less complex than we stated. They noted that existing technical capabilities are more advanced than we have considered.
- One supplier was highlighted as already offering a locational tariff. One respondent suggested that local access rights could be based on actual network conditions.
- One respondent suggested this option would be necessary to enable benefits from peer-to-peer trading, or supporting other innovative local solutions which need a mechanism to underpin them.

Views against local or shallow access

- Many respondents highlighted the potential additional complexity of local access rights, with a number concerned that the benefits of local access would not outweigh this.
- Several respondents thought that implementation would be challenging. Concerns included that:
  - it would require local settlement of electricity;
  - enforcement could be difficult;
  - it may inhibit trading, with concerns raised about market fragmentation or splitting; and
  - demand and generation would need to be balanced at all times, and that issues could worsen if a proper market did not develop.
- Several respondents considered that local access rights did not reflect the reality of flows, noting that all users benefit from wider system security and services. One respondent said that in a constrained area, any additional generation exacerbates the existing surplus, regardless of the voltage to which it is connected and its size.
- Several respondents thought charging could send signals more simply than access rights and local markets could be facilitated through DUoS changes.

[4] This would offer access to a given geographical area or a specific voltage level, but exclude access to the whole GB system

- One respondent considered that local trading of energy will be affected by both counterparties' ability to access the wider market.

Views on the duration of access

- Respondents had mixed views about the value and impact of defining long-term access.
- Some respondents recognised there could be value in having choice of different durations, although several felt it should not be a priority.
- Some respondents highlighted the value of certainty of 'evergreen' or open-ended rights, given the duration of investments, with one suggesting this was the only financially viable option.
- A few respondents raised more potential for benefits in short-term duration options, such as for flexibility, or be of interest for end of life generation. One respondent suggested that short-term access would be prohibitively expensive.
- Several respondents thought that a longer term duration may not add much certainty to the network planning process.
- Other respondents said that the financial impact of longer term commitment could be detrimental. One respondent said that it could put pressure on smaller generators if costs were higher.
- One respondent considered there would be a risk of sterilising network capacity with long-term contracts.
- One respondent suggested that secondary trading would be necessary if long-term access was introduced.
- One respondent said that if changes in duration of access rights are to be considered, Ofgem should seek the views of financiers to understand the impact of how they would view funding requests for such projects.

(d) At transmission or distribution in particular, or are both equally important – as discussed in this chapter?

- Many respondents saw the need for the review to focus on the distribution system. Arguments included that the issues were more relevant or urgent at distribution, and the need for change to improve alignment with transmission.
- Several respondents thought that transmission and distribution were equally important. These respondents highlighted the importance of considering whole system implications, to reduce distortions and contribute to a level playing field. Key points included looking at arrangements across transmission and distribution together, or ensuring choices or wider arrangements are applied consistently.
- Several respondents said transmission access rights were adequate and should not be in scope of a review. One respondent thought that if we reviewed transmission access rights at the same time as distribution access rights, our review would become too complex and this would risk delaying implementation of any reforms, though another though that there would be benefit in reviewing them.
- One respondent thought that consequential changes to transmission arrangements might be needed in future. Another respondent cautioned against aligning distribution arrangements with transmission by default, suggesting

optimal arrangements should be considered, with their costs and benefits of aligning.
- One respondent said that there was a need to consider the implications for balancing arrangements of potential changes to distribution connected users' access rights at transmission.
- One respondent thought that there is more scope for variable arrangements at the transmission network as these users are able to deal with more complex arrangements.

Question 4: Do you agree with the key links between access and charging we have identified in table 1? Why or why not? Do you think there are other key links we have not identified? Where possible, please provide evidence to support your views.

Overview

- The majority of respondents agreed with the links between access and charging that we identified in Table 1 of the consultation document ('Key links for each policy area'). A number of respondents commented on what access or charging approaches should be adopted, in addition to whether the links are appropriately identified.
- Many respondents considered that a stronger emphasis on choice of access rights will make network capacity a stronger cost driver, shifting towards capacity-based charges instead of usage-based. One respondent raised a concern that there could be a negative impact on demand customers with onsite solar generation and storage. Parties who invested in these technologies should be entitled to fair compensation for their contribution to reducing peak demand.
- Some responses to this question covered points that we think are directly relevant to other questions in the consultation, so we have chosen to capture them there.

Many respondents made specific comments on Table 1 or additional links that they thought should be reflected. These views included:

Views on firmness

- Many respondents agree that users with less firm rights should face lower charges. One respondent suggested that these users should pay costs associated with providing this access choice (eg IT costs). One respondent commented that it is hard to demonstrate arrangements genuinely 'level the playing field' unless they are entirely user choice rather than based on options offered by the network.
- One respondent commented that it seems incorrect to charge for fixed assets through variable DUoS and for (variable) network capacity through a (fixed) connection charge.
- One respondent commented that the table should include the signal element of recording and valuing all constraints, which could provide an effective back-stop by ultimately triggering a network solution. They felt it should also include the competition benefit of choosing and quantifying a particular firmness level.

Views on time-profiled

- Some respondents commented that time-specific access rights should pay less than 24/7 access.
- Some respondents considered that capacity-based charges that reflect a user's time-profiled access rights are more cost reflective than time-of-use volumetric charges.
- One respondent expressed a view that time-profiled access for smaller users would have to be sufficiently simple, which could negate some network benefits.
- One respondent expressed a concern that price signals may have to be very strong to influence consumer behaviour which may not be desirable.
- One respondent felt that time-profiled charges might not accurately capture grid congestion throughout the year, caused either by demand or generation, and thatthere should be an additional mechanism to incentivise flexibility. Another respondent suggested that access rights based on local demand may be more appropriate than time-profiled access.
- One respondent encouraged investigating how the investment signals could be improved in the review.
- Several respondents noted that use of system charges should reflect the relative merits of capacity and usage charges. The review should not prejudge selecting one form of charging over another. Signals should be most appropriate to cost drivers.
  One respondent suggested standardising the time-profiled access choices offered.

Views on duration

- One respondent thought that short-term access should not be priced so low that it incentivises users to obtain a series of short-term rights rather than make a long-term commitment.
- One respondent commented that short-term access rights could be granted only where there is spare capacity. This could increase the popularity of short-term Transmission Entry Capacity(which they considered is currently too expensive at transmission).
- Several respondents said that changes should not create barriers to entry.
- One respondent said that financial commitment may be required for long-term access, but an upfront charge could deter investment. They considered early exit charges may be more practical.
- One respondent thought that clarity is needed around who 'owns' spare capacity.
- One respondent thought the LRIC model in EDCM already adequately reflects the benefits of duration-limited connections.
- One respondent raised a concern around risks of misalignment between short-term access rights and paying for the long-run marginal cost of network through use of system charges.
  One respondent considered that system operators could develop appropriate platforms for capacity sharing/short-term access rights.

Views on depth of access/local access

- One respondent did not agree that local access would be beneficial. They felt that current use of system charges are not reflective of network costs.

- One respondent thought that it was important to acknowledge that parties with local access would still cause the same cost as users with 'deep' access.

Additional points

- Several respondents expressed their agreement that network access charges should be reflective of network costs and the flexibility of access chosen.
- One respondent suggested that a desire to avoid connection charges already provides an incentive for varying levels of firmness and time-profiled access.
- One respondent thought that more focus on network access could enable Ofgem and wider government's objectives to be achieved, without introducing subsidies or risks that would require user protections. They suggested that peer-to-peer trading of access rights could account for network constraints and costs.
- One respondent thought that network access should only reflect network costs and should not relate to the wholesale market. Another respondent felt that access arrangements should take into account the wholesale power price to enable the cheapest users to have access.
- One respondent encouraged Ofgem to be mindful of future technologies when considering access arrangements, such as high power EV charging.
- One respondent suggested that, for smaller users, capacity requirements could be reflected in usage-based charges. For large customers this respondent felt it would be beneficial to introduce capacity charges that are able accommodate differences in time-profiled access rights.
- One respondent thought that it was important to understand how changes to network charging will impact progress to decarbonisation targets.
- Several respondents felt that capacity-based charges may not incentivise flexible resources (eg energy storage) to operate efficiently according to network needs.
- One respondent thought that the review should consider customer choice, complexity, engagement, and how 'future-proof' arrangements will be. They felt that a balance between access and charging based approaches was needed.
- One respondent thought that 'grandfathering' of access rights will be a key area to consider if the balance between connection charges and use of system charges alters.

Question 5: Do you agree with our proposal that targeted areas of allocation of access should be reviewed? Please give any specific views on the areas below, together with reasons for your response. Where possible, please provide evidence to support your views.

Overview

- In general, the majority of respondents who answered the question supported reviewing targeted areas of allocation of access.
- Some respondents raised specific concerns to improve targeted areas of allocation of access (expressed under the sub-questions below).
- Some respondents were concerned that by focusing on targeted areas, we may miss wider links with access and forward-looking charging arrangements.

(a) Improved queue management as the priority area for improving initial allocation of access, as outlined in paragraphs 3.41-3.44?

- The majority of respondents supported reviewing queue management measures as a priority.
- Some respondents did not consider that there were significant issues to resolve. These respondents considered that the current 'First Come First Served' approach to allocating access is fair and simple.
- Several respondents noted that the industry is already taking actions to improve queue management (eg Open Networks, National Grid and Scottish and Southern Electricity Networks).
- Respondents had a range of ideas about how to improve the initial allocation of access. Approaches discussed included:
  - introducing 'Connect and Manage' at distribution.
  - amending the 'Connect and Manage' at transmission, so that the costs of this regime are more cost reflectively charged.
  - introducing 'use it or lose it' conditions.
  - introducing targeted auctions.
  - giving precedence to those that can connect at lower cost or can release capacity for others.
  - allowing DNOs to charge upfront standardised assessment and design fees to deter speculative connections.
  - providing better information to prospective connection customers may help to reduce speculative requests.
  - reducing the 65 working days minimum timescale for issuing connection offers.
- One respondent proposed that the ENA's queue management milestones should recognise the different lead times of different technologies.
- Another respondent considered that Ofgem should review the land rights that DNOs require when adopting assets, because this can delay energisation.

(b) Not to consider the potential role of auctions for initial allocation of access as part of a review at this time, as discussed in paragraph 3.44?

- The majority of respondents who answered the question agreed with our proposal not to consider auctions, citing issues of complexity for small users, imperfect information, market power distortions, system security and decarbonisation objectives.
- A minority of respondents who answered the question supported introducing targeted auctions, with the qualifications that further analysis would be needed.
- Several respondents cited experience in the gas market as reason for not implementing auctions.

(c) To review the areas outlined in paragraphs 3.45-3.48 to support re-allocation of access?

Views on access trading

- The majority of respondents who answered the question supported reviewing the re-allocation of access.
- There was some qualified support for enabling the trading of access rights. These respondents considered that this would allow capacity to be used most effectively by those parties that value it the most.
- Several respondents considered that access 'products' would need to be better defined to enable trading. Several respondents also noted that there would need to be a 'platform' for access to be re-allocated.
- Some respondents raised concerns about facilitating the trading of access:
  - some were concerned about the potential complexity of new trading arrangements.
  - some were concerned that the value of access in different locations was not comparable and that this could limit the development of a liquid market for re-allocating access.
  - some were concerned that enabling trading could lead to parties speculatively buying access with no intention of using it and that this could increase costs for all users.

Views on use it or lose it/sell it

- Many of respondents supported introducing 'use it or lose it'/'use it or sell it' provisions.
- However, some respondents were against introducing 'use it or lose it'/'use it or sell it' provisions. These respondents noted that there may be many reasons why a party is not using their maximum capacity and that network access should still be valuable to these users.
- Some respondents were concerned that removing capacity from generation that could provide reserve services may negatively affect system security. A limited number of respondents also considered that introducing this condition may create perverse incentives for low utilisation plants to operate out of merit in order to keep access. One respondent thought that it is important to note that not all unused capacity is not of use, for example on wastewater networks, storm pumping stations can lay unutilised much of the time until required during storms.
- Some respondents also questioned how these provisions would be monitored and enforced.
- Several respondents encouraged us to consider allowing network users to surrender access prior to any changes in network charging or user commitment.
- One respondent suggested that 'use it or be reimbursed for it', would be a better approach, to discourage owners trying to game the mechanism by holding capacity until the price was high.

Additional points

- One respondent (a network operator) reported that it was planning a trial to enable trading in the near future. Another respondent noted that it was developing a mechanism for short-term trading to reduce curtailment.
- One respondent suggested that using 'ramping agreements' (where a user's level of access increases once it has hit specified milestones) may be an effective method of phasing new connections. If milestones are not met, then this capacity could be reallocated.

CHAPTER 4: Our proposals for the scope of review of forward-looking network charging

Question 6: Do you agree that a comprehensive review of forward-looking DUoS charging methodologies, as outlined in paragraphs 4.3-4.7, should be undertaken? Please provide reasons for your response and, where possible, evidence to support your position.

Overview

- The vast majority of respondents who answered the question agreed that there should be a comprehensive review of forward-looking DUoS. Most respondents agreed that wide-ranging reforms are needed.
- Some respondents thought that the review should consider both transmission and distribution UoS charges more holistically.
- Several respondents felt that charging reform should consider wider policy and social objectives.

Views on forward-looking locational charging

- A majority of respondents who expressed a view on locational charging supported introduction of greater locational granularity to DUoS charges.
  However, many respondents did not support greater locational granularity. The concerns of those who did not support more locational charges included: unpredictability of resulting charges, increased investment risk, potential for bias against renewable and distributed generation, complexity of locational charges and cost of detailed Low Voltage modelling, and short-term constraints that may be better dealt with through flexibility services.

Views on the basis of charges

- Some respondents supported more capacity-based or standing charges[5] on the basis that they considered these were more cost-reflective.
- Some respondents opposed capacity-based charges due to concerns that they could disadvantage flexible assets and undermine time-of-use incentives.
- Many respondents suggested that EDCM should be reformed to be more predictable, although some respondents qualified this with a view that cost-reflectivity should not be sacrificed.

Additional points

[5] Standing charges are a fixed charge which are billed regardless of usage or capacity

- Several respondents suggested that DNOs should have a single EDCM methodology to improve consistency. One respondent expressed a view that Ofgem needs to take urgent action to deal with the inconsistency.
- Several respondents considered that the proposed scope is not 'comprehensive' as it does not include a review of flexibility procurement to explore links and trade-offs with charging options.
- Several respondents expressed the view that operational decisions are better influenced by flexibility procurement, rather than DUoS charges. One respondent suggested that flexibility should be rewarded with lower connection costs and DUoS charges.
- Several respondents highlighted the importance of considering transitional arrangements (such as grandfathering) in implementing any changes.
- One respondent suggested that Ofgem should consider negative DUoS charges when network use is low.
- One respondent referenced the EDCM review work conducted by the distribution charging methodologies forum, which looked at current locational signals and concluded that: they currently had no significant impact on connecting user's decisions; investment decisions are influenced more by connection charges; suggesting that in the future EDCM should not include reinforcement costs.

Question 7: Do you agree that the distribution connection charging boundary should be reviewed, but not the transmission connection boundary? Please provide reasons for your response and, where possible, evidence to support your position.

Overview

- The majority of respondents supported reviewing the distribution connection charging boundary. These respondents highlighted benefits such as reduced barriers to entry and creating greater consistency between transmission and distribution.
- A minority of respondents suggested that both the distribution and transmission connection charging boundaries should be reviewed together. A few respondents thought that neither should be reviewed because of concerns about introducing more locational distribution network charges.
- Respondents considered that we should consider whether changes are needed to the distribution connection charging boundary for all voltages.
- A limited number of respondents considered that there were significant issues with the transmission connection charging boundary that should be addressed.

Views on the distribution connection boundary

- The majority of respondents supported reviewing the distribution connection charging boundary. However, there were some concerns from respondents about reviewing the distribution connection charging boundary, including:
  - several respondents did not support introducing more locational distribution network charges. These respondents considered that locational distribution network charges would be volatile and could increase unpredictability, increasing risk for investors and bills for consumers. Several respondents

suggested this would be worse for renewable generators in remote locations, and that safeguards might be required.
    - several respondents considered that the current arrangements are better than locational distribution network charges, as locational signals are only effective 'at the time of investment'. One respondent cited the conclusions of the Distribution Charging Methodology Forum's Extra-High-Voltage Distribution Charging Methodology (EDCM) review as evidence of this.
    - some respondents suggested that generators investing in a non-constrained area may face increased charges if new entrants join the area later. Some of these respondents were concerned that generators will face significant risks that they have no influence over.
    - several respondents said that lower up-front connection costs may lead to more speculative connection requests and hoarding of capacity for developments that are not built.
    - some respondents considered that any long-term financial commitment introduced alongside a shallow connection boundary could be a barrier for some investors.
    - one respondent suggested that changes to the connection boundary would require changes to primary legislation (Electricity Act 1989) as it currently permits electricity distribution companies to charge for the reasonable costs of providing a connection.

Additional points

- One respondent suggested that 'flexibility providers' should be given lower connection and distribution network charges where they reduce system and balancing costs (with a need for non-delivery penalties).
- One respondent considered that since the current DNO practices apportion reinforcement costs between users, there is no need to make changes.
- Some respondents suggested prioritising a review of the Extra High Voltage connection boundary to understand the disparities with transmission.
- In terms of implementation, it was suggested by several respondents that there could be a 'hiatus' on new investment until the changes are introduced. This may need transitional arrangements (such as a rebate for existing connectees) to ensure existing users are treated fairly.

Question 8: Do you agree that the basis of forward-looking TNUoS charging should be reviewed in targeted areas? If you have views on whether we should review the following specific areas please also provide these.

Overview

- There were differing views from respondents on whether our review of forward-looking TNUoS charges should be a targeted review or a wide-ranging review (similar to our proposed review of forward-looking DUoS charges). The largest group of respondents agreed with our proposal to conduct a targeted review. This is discussed further under question 9.
- Several respondents also commented that if TNUoS charging arrangements are reformed, consideration should be given to appropriate transitional arrangements.
- There was majority support from respondents on the two areas we proposed to focus on—aligning the charges for small distributed generation with that of larger generation, and the charging design for demand users.

(a) **Do you agree that forward-looking TNUoS charges for small distributed generation (DG) should be reviewed, as outlined in paragraphs 4.19-4.23?**

- A majority of respondents who answered the question agreed that applying forward-looking TNUoS charges for small DG should be reviewed. A minority of respondents answering the question disagreed.
- The reasons for supporting the proposal included that -
  - this matter should be reviewed to ensure DG and transmission-connected generation are on a level playing field.
  - the charging arrangements for "behind-the-meter" generation should be commensurate with (and not more generous than) the benefits to the grid which that generation creates.
  - a review is timely to "future-proof" the charging arrangements for DG, particularly in light of changes in the energy market around storage, flexibility and the transition from distribution network operators to distribution system operators.
- The key concerns with us reviewing this matter were:
  - Some respondents stated that we had not established the case that increased flows on the transmission network from DG was leading to increased transmission costs.
  - there was a perception from some respondents that we were "penalising" DG, and further review would cause more disruption and investment uncertainty.
  - some respondents said that harmonising the transmission charging arrangements for DG and transmission-connected generation would not create a level playing field because those forms of generation are also treated differently in other parts of the regulatory regime (e.g. transmission-connected generation and large DG are eligible for constraint payments under the balancing mechanism, whereas small and medium DG are not)
  - some respondents said there would be more value in us reviewing the Connect and Manage arrangements as well as the balancing services (Balancing Services Use of System) charging framework, and we should concentrate instead on those matters.

(b) Do you consider that forward-looking TNUoS charges for demand should be reviewed, as outlined in paragraphs 4.24-4.27?

- A majority of respondents who answered this question thought that the design of forward-looking TNUoS charges that apply to demand users should be reviewed. This view was widespread amongst respondents. A small number of respondents who answered the question thought we should not review the design of these charges. Reasons provided for supporting a review included:

  - Triad is no longer future proof and should be charged over more periods as it is increasingly hard to predict
  - Triad incentivises responses during system peak times only, not an overall reduction in usage.
  - some respondents said we should use the review to provide focused signals to those who can provide flexibility services.
  - several respondents made specific suggestions on how they considered the design of TNUoS demand charging structures could be improved, such as: the

peak Triad times should be fixed, not dynamic; or that capacity charging signals would be more predictable than the current Triad approach.

- Several respondents disagreed with reviewing the TNUoS demand charging structures. Reasons provided included:
    - Triad has been effective in reducing peak demand during peak (Triad) periods users had invested in triad avoidance technology and a review could increase investment risk.
    - changing the triad arrangements could undermine low carbon objectives or increase the need for reinforcement.

Question 9: Do you agree that a broader review of forward-looking TNUoS charges, or the socialisation of Connect and Manage costs through BSUoS at this time, should not be prioritised for review? Please provide reasons for your response and, where possible, evidence to support your position.

Overview

- Many respondents did not consider that we should undertake a broader review of TNUoS or BSUoS charges. The majority of them were concerned about undertaking multiple reviews of charging consecutively. In particular, these respondents were concerned about the ability of smaller parties to engage in multiple reviews.
- Several respondents considered that we should undertake a comprehensive or wide-ranging review of forward-looking network charges, and that this must therefore include a wider review of TNUoS and the constraint management costs of BSUoS.
- Some other respondents considered that consequential wider TNUoS or BSUoS reform may be required to implement comprehensive or wide-ranging DUoS or focused TNUoS reform.

Views on TNUoS

- The largest grouping of respondents (a little over two fifths) agreed with our proposal not to conduct a wide-ranging review of transmission network forward-looking charges, and around one fifth sought a wider review. Those respondents typically agreed with our reasons for conducting a focused review, and also pointed out the difficulties and significant resource burden on Ofgem and industry if a wide-ranging transmission charging review was conducted (on top of the wide-ranging distribution charging review, and review of access rights).
- Of those respondents who considered we should conduct a wider TNUoS review, some considered that, as a matter of principle, a wide-ranging review of distribution and transmission network charges should be conducted, whereas other respondents considered the scope of the review should be widened to include specific additional elements of the transmission network charging arrangements which they nominated.
- There was no clear consensus among respondents on the specific additional elements that should be reviewed and different respondents generally nominated different specific additional elements. For example:

- a small numer of respondents raised related matters around seeking clarity on the application of the €2.50/MWh cap on generation charges going forward, in light of Brexit, the TCR, and our decision on the industry code modification CMP261 (which stated that most, if not all, local assets required to connect a generator to the Main Intergrated Transmission System (MITS), like connection assets, should be excluded from the application of the cap).[6]
- a small number of respondents raised related matters around the current Investment Cost Related Pricing (ICRP) approach that produces a relative price differential across GB. In addition, contending that avoided cost signals should reflect absolute costs, or that Ofgem should review all the power flow approaches (ICRP; Forward Cost Pricing and Long Run Incremental Cost) to determine the most appropriate approach going forward.
- one respondent noted interconnectors currently do not pay transmission charges, and they considered this should be reviewed as part of the SCR.
- one respondent noted that the zoning criteria used to average locational cost signals and dampening charges should be reviewed, as should the methodology used to determine the forward-looking unit investment costs within the Transport Model.

- one respondent considered there were significant issues with the reference node used to produce the locational charges in the Transport Model, but considered that matter could be addressed outside the SCR through the normal industry governance process of bringing forward code modification proposals.

Views on Connect and Manage

- Several respondents considered that we should conduct a focused review of the socialisation of Connect and Manage costs through BSUoS. Others considered that this should be done as part of a comprehensive or wide-ranging review of BSUoS.

Views on process to take wider TNUoS and BSUoS charges review forward

- Among those respondents who advocated for a wider review, there were mixed views about how a broader review of TNUoS or BSUoS should be taken forward:

  - some suggested that it should be part of this review,
  - some suggested that it could be considered as part of a separate review (eg the Targeted Charging Review)- there were mixed views on whether this review should occur now or later (given workload of other current reviews);
  - others suggested that issues could be dealt with under the existing code governance process.

Question 10: Do you agree that there would be value in further work in assessing options to make BSUoS more cost-reflective, and if so, that an ESO-led industry taskforce would be the best way to take this forward?

- A majority of respondents supported reviewing whether BSUoS charges could be made more cost-reflective.

[6] Our decision to reject CMP261 can be found here: link here

Views in support

- Of the respondents directly addressing this question, a majority supported further work. Those in support represent a variety of organisations including network companies, suppliers, generators and consumer groups. Some of them highlighted particular issues that should be considered by any review including:

    - the interaction of BSUoS with transmission network investment and network constraints.
    - how to split BSUoS into forward-looking and residual elements, suggesting there are limits to how cost-reflective BSUoS charging can and should be
    - the opportunity to increase the emphasis on flexibility and ancillary services.
    - the inclusion of interconnectors.

- A minority of these respondents supported a review in principle, but said that it should be delayed pending the outcome of the ongoing charging reviews such as this review and the Targeted Charging Review (and other changes in the sector).

Views against

- Around one-third of respondents disagreed with the need for further work. For those who disagreed, the main reasons were from either a practicality or a policy perspective.

- In terms of practicality some were concerned that, given the amount of change already happening, they lacked the resource to be able to input adequately into another review and/or that another review would increase uncertainty.

- In terms of policy, others felt that BSUoS did not need reforming, including for the following reasons:
    - BSUoS is not supposed to be cost-reflective as TNUoS already is;
    - it is relatively small-scale ;
    - it could lead to unintended consequences e.g. by penalising renewable generators unable to respond to price signals; and
    - it could introduce unnecessary complexity.

Views on leading the review

- Of the respondents expressing a view on who should lead any review, around two-thirds of them supported an ESO-led industry taskforce.
- Two respondents did not support an ESO-led review because they felt an ESO-led approach could lead to a conflict of interest given the ESO's management of balancing services. One respondent said if the review is ESO-led, it should have a fixed timeframe.
- Several respondents felt a review should be Ofgem-led, potentially as part of the SCR to ensure the work remains joined up. Two of those respondents felt the ESO would be best-placed were it not to be led by Ofgem.
- One respondent suggested Elexon as a potential lead body, while another would rather the current open governance process be used to reform BSUoS, through a series of modifications to the CUSC.
- Those supporting an ESO or Ofgem-led review emphasised the need for independence of the lead body, inclusiveness of input and the importance of

joining up with the related work. A number were concerned with the possibility of a series of individual modifications being raised in the absence of a coordinated approach.

CHAPTER 5: Taking forward this review

Question 11: What are your views on whether Ofgem or the industry should lead the review of different areas? Please specify which of SCR scope options A-C you favour, or describe your alternative proposal if applicable. Please give reasons for your view.

Overview

- The majority of respondents broadly agreed with the launch of an SCR.
- Approximately two fifths of respondents supported the launch of a comprehensive SCR (option C); around one fifth of respondents expressed a preference for a narrow scope (option A); several respondents supported a moderate scope (option B) while some suggested alternative variations, including a respondent who proposed a fundamentally different approach to a wider energy system governance more generally.
- Many respondents (including network operators and trade associations) supported Ofgem leadership on all areas. Reasons provided included to ensure coordination, alignment of direction and timely progress.
- ENA members showed commitment to support the delivery of the review – through dedicating time and resource and raising mods without the need for formal direction.
- A few respondents thought the industry could continue to build on progress in flexible connections and queue management outside an SCR.
- Some respondents thought that sharing of leadership between Ofgem and the industry would impose a level of complexity that could lead to sub-optimal outcomes.
- Some respondents presented alternative proposals for how the review should be structured. These included industry leading on queue management and the distribution connection charging boundary, and additionally including firmness in the 'narrow' proposed scope of review.
- As noted under Q1, one respondent also considered that government should have responsibility for reviewing access and charging rather than Ofgem.

Views in support of option A – narrow scope

- Many of the respondents who supported a narrow scope "option A" believed this would help to keep the review manageable and minimise the risk of delays due to the extent of work. Some noted that there are longer timescales for an SCR compared to an industry-led process.
- One respondent suggested focusing the SCR only on cross-code issues which are necessary now or on distribution, while several highlighted that industry work on the firmness of access rights is already underway, eg through the ENA Open Networks project.

Views in support of option B – moderate scope

- Key points raised by respondents supporting a moderate scope "option B" included that this would allow some areas to move at pace if others needed closer

consideration. Some thought that the allocation of access rights could sit with the ENA's Open Networks initiative and progress outside the SCR.
- Many respondents believed that access rights for large and small users should be reviewed together, to ensure a comprehensive and coherent approach. Concerns raised included potential risks relating to a level playing field across different sizes of users, or that the solutions developed may not form a coordinated industry approach.

Views in support of option C – broad scope

- Many of the respondents who preferred "option C" highlighted that these reforms needed to be looked at holistically. Key points respondents raised included that this approach would maximise consistency and coherence across different aspects, would be the most effective, efficient and transparent approach, and would ensure fair and equal involvement of all parties.
- Many respondents emphasised the importance of impartial leadership, with Ofgem assessing all stakeholders' proposals, including new and smaller ones.
- One respondent thought the parallel governance under other options could risk misalignment between SCR objectives and relevant code objectives, and that working groups could struggle to progress a change.
- Several respondents highlighted challenges they considered would arise with reviewing allocation of access rights before the definition/clarification of rights.
- One respondent who supported option C raised concerns with industry leading separately on arrangements for larger users, as they thought it could be challenging to clearly distinguish between small and larger users.

Question 12: Do you agree with our proposal to launch an 'Option 1' SCR for areas of review that we lead on? Please give reasons for your view.

Overview

- Around two fifths of respondents agreed with launching an option 1 SCR (under this option Ofgem directs licensee(s) to raise modification proposal(s)).
- Around one fifth of respondents felt it would be better for Ofgem to lead the entire process end-to-end (option 3).
- A minority of respondents noted the challenges of the cross-code nature, resources and alignment with SCR objectives suggested option 2 (under this option Ofgem raises modification proposal(s)), while two respondents suggested an alternative approach.
- More than one fifth of respondents did not specify a preference.
- Generally, respondents highlighted that Ofgem must ensure all relevant interested parties are involved in the modifications, including smaller ones.

Views on option 1

- Some respondents supporting option 1 said the industry would be best placed to raise the required modifications and contribute to developing the details, given their relevant expertise.
- Some respondents highlighted this approach was consistent with the Targeted Charging Review SCR.
- Two respondents mentioned past experience under Project TransmiT. One respondent emphasised Ofgem should set clear, specific and detailed conclusions in the modification directions, considering past experience from TransmiT; they

suggested this would help to limit the potential development of a large number of alternative solutions.
- One respondent suggested Ofgem should take on a project manager role to oversee implementation, to ensure timely delivery.
- Some respondents suggested considering the potential for some code modifications to be progressed ahead of the SCR conclusions.

Views on option 3

- The majority of respondents who supported option 3 believed this option would ensure the reform was transparent and accessible to all stakeholders, including those smaller parties whose resources to engage may be limited.
- Arguments raised by respondents in support of an Ofgem-led SCR process under option 3 included: stronger coordination of the reform under our central leadership, in particular by facilitating and giving direction to working groups and gaining buy-in from a cross-cutting stakeholder group, increasing the likelihood of timely delivery, avoiding the need for a new licence condition, and ensuring wider coordination with other reforms (eg the TCR SCR).
- One respondent also considered that this option would reduce the risk of potential duplications and delays between word done under the SCR and in subsequent code governance working groups.

Question 13: Do you agree with the introduction of a licence condition on the basis described in paragraphs 5.11 and 5.12 and Appendix 5? Why or why not? Do you have any comments on the key elements set out in table 7 of Appendix 5a, or consider there are any other key elements which should be included? Please give reasons for your view.

Responses to this question have been merged with question 14.

Question 14: Do you have any comments on the draft wording of the outline licence condition included in Appendix 5b? Please give reasons for your view.

Overview

- The majority of respondents that expressed a view on the introduction of a new licence condition did not agree with the proposal. Most of them showed a preference for the comprehensive SCR that would avoid the need for licence changes. However, several respondents recognised the importance of a mechanism of this type for areas where industry are to lead to ensure timely delivery.

Key concerns

- Many respondents emphasised that they considered a new licence condition would create additional bureaucracy and regulatory burden, and the statutory consultation would require significant work and time, and could slow down the reform process.
- Many respondents believed that the proposed timescales for reports looked challenging, and one respondent raised concerns that they may put pressure on licensees to make decisions quickly by reducing the quality of the analysis.

- The majority of respondents thought that existing licence conditions should be sufficient to ensure the industry contribute and lead on aspects considered within the consultation
- Two respondents asked for more clarity around the interactions between SCR and industry led work, roles and responsibilities.
- Concerns were raised around compliance: a few respondents said that it would be difficult to comply with this condition because it provides an individual responsibility for joint outputs and ties the single licensee to actions of others
- A few respondents commented on the drafted wording:
  - one respondent suggested considering any potential conflicts with statutory provisions under the Electricity Act 1989.
  - another respondent requested clarity around further points in the process, including escalation, engagement with wider stakeholders, submission to the Panel, defined terms, quantification of consumer benefits and "reasonable needs". They thought the timelines for reporting were not realistic and that the condition needs to clarify that these are "collaborative". Additionally, they thought the 'Relevant Arrangements' clauses risked constraining the areas to review and refer only to 'use it or lose it' conditions, and not 'use it or sell it'.
  - one respondent suggested including a requirement for network companies to have regard to consumer impacts when developing solutions.

Question 15: What are your views on our indicative timelines? Do you foresee any potential challenges to, or implications of, the proposed timelines and how could these be mitigated?

Overview

- Of the respondents who explicitly answered this question, the majority supported the timelines indicated, suggesting that they were ambitious but achievable.
- Many respondents agreed that a swift review is needed to reduce uncertainty.
- Several respondents recommended that central, dedicated programme management is essential to achieving all the milestones on time.

Views on the challenging nature of the proposed timelines

- Some respondents thought that the timelines were challenging and suggested that there were issues around:
  - the need to accommodate rapid market changes during the development and implementation phases of the project (eg electric vehicle uptake).
  - the need for long implementation or notice periods. Several respondents considered that the current 15-month notice period for changes to DUoS charges should not be derogated from. These respondents stated that long notice periods are essential for financial, investment and business case planning, as well as ensuring that users can respond effectively to revised charges.
  - the need for more flexibility within the plan, in case of delays. Some respondents suggested continual review of timescales to ensure no delays.
  - the strain on limited industry resources of several reviews at the same time (eg TCR, Electricity Network Access and Forward-Looking Charging Review and the Balancing Services Charges Task Force). These respondents considered that this limited the ability of stakeholders to assist in the policy development and engage in industry debate.
  - the risk of a specific parts of the review stalling the overall SCR.

- Many respondents thought that the review would create uncertainty. Several respondents considered that this may lead to deferred investments and reduced innovation, unless we give further clarity on how future arrangements will apply to existing users. Some respondents suggested introducing interim decisions, so that the industry has a better understanding of the direction of Ofgem's reforms.
- Some respondents said that, from experience, SCRs and industry-led reforms take significantly longer than originally anticipated.
- Some respondents put forward suggestions to improve the SCR process::
  - creating derogated 'sandboxes' for testing code reforms in a 'live' environment (ie removing/changing some rules to see the 'real world' effect on a small scale)
  - progressing some elements of the review faster than others. There was mixed views about which part of the review could be progressed quicker.

Views on linking timelines with other policies

- Several respondents commented that ongoing reforms (such as Half-Hourly Settlement and TCR) should be coordinated with the Electricity Network Access and Forward-Looking Charging Review. Some respondents proposed implementation all of these changes together in 2023.
- Some respondents considered that some major changes could only be implemented at the start of a price control (eg changes to the connection boundary) and that our proposed review will need to consider RIIO2 timescales.
- Some respondents recommended that there were lessons to learn from TCR's experience with tight timelines.
- Some respondents said we should consider linking implementation times to the bidding periods for the Capacity Market or the length of time on forward-trades of energy.
- Several respondents said that the timescales could be longer to allow more time to consider and analyse complex reforms. These respondents were concerned that there could be sub-optimal outcomes from rushed timescales.

Question 16: What are your views on our proposals for coordinating and engaging stakeholders in this work?

Overview

- A significant majority of respondents supported the current stakeholder engagement frameworks. These respondents had positive experiences of engagement under the Charging Futures Forum (CFF), Charging Delivery Board (CDB) and Task Forces.
- The CFF (and associated podcasts/webinars) was praised by almost all respondents, but many respondents suggested improvements to the CDB and Task Forces including:
  - reviewing the operation, composition and Terms of Reference of the CDB; and
  - improving the transparency of the CDB and Task Forces.
- Several respondents mentioned the importance of continued engagement with the ENA's work programme on Open Networks. They emphasised the important outputs being produced, as well as the need to minimise duplication.
- There was a concern from some respondents that splitting the review into work streams that are led by different groups could make engagement more difficult. On a similar note, some commented that we should give industry responsibility for discrete workstreams, and not interrelated tasks, to ensure timelines are met.

- There was some expressions of interest in the Secretariat role, whilst others offered analytical assistance.

Suggestions to improve stakeholder engagement

- Many respondents suggested improvements for future stakeholder engagement:
  - several respondents emphasised the importance of engaging a wider range of stakeholders (including, but not limited to, smaller stakeholders). This could include EV manufacturers, charging sector leaders, new energy suppliers, storage representatives, consumer bodies, local authorities and investors. Some respondents suggested allocating funding to assist smaller stakeholders inputting into the review.
  - several respondents wanted timely access to working papers, updates and agendas. They suggested that this would be crucial to any SCR process.
  - some respondents commented that the project could learn from the TCR about communicating changes from the perspective of different users. In particular, some respondents mentioned the value of published 'modelled vanilla options'. Although these were provisional, they offered a helpful insight into the potential financial impacts of the reforms.
  - several respondents highlighted the use of case studies and user profiles as an effective way of showing the impact of TCR, Access and RIIO on a range of users. The Open Networks Future DSO consultation was cited as a good example of doing this.
  - some respondents flagged that coordination across work areas will be important, especially for areas outside the SCR.
  - several respondents emphasised the importance of testing the options and the role of trials.