

SSEN Derogation request for Alternative Approach on Orkney

Energy Networks Association - Response to Consultation from Ofgem

Background

Please find below the response from Energy Networks Association to the Ofgem consultation on the SSEN Derogation request for Alternative Approach on Orkney.

About ENA and our members

Energy Networks Association (ENA) represents the companies that operate and maintain the gas and electricity grid network in the UK and Ireland. Serving over 30 million customers, they are responsible for the transmission and distribution network of “wires and pipes” that keep our lights on, our homes warm and our businesses running.

Introduction

ENA has established the Open Networks Project to transform the way that both local Distribution Networks and national Transmission Networks will operate and work for customers, underpinning the delivery of the smart grid. Launched in January 2017, ENA’s Open Networks Project has started to lay the foundations of a smart energy grid in the UK. This world leading project brings together 10 of UK and Ireland’s electricity grid operators, respected academics, NGOs, Government departments including BEIS and the energy regulator, Ofgem.

As part of the Open Networks Project developments, we have been developing proposals for good practice and improvements to interactivity and queue management processes, which are currently subject to public consultation and built on our previous call for evidence on the treatment of flexibility¹.

Consultation Question Response

Question 1: Do you agree that SSEN’s ready to connect trial will provide valuable learning in line with the Energy Networks Association’s (ENA’s) proposals on interactivity and queue management?

We welcome the proposals for the “ready to connect” trial, it has helped to provide input to our development work on interactivity and queue management over the last 12 months and will continue to do so.

¹ <http://www.energynetworks.org/electricity/futures/open-networks-project/open-networks-project-stakeholder-engagement/public-consultations.html>

ENA is currently consulting on flexing milestones and approaches to queue management and some of the examples we have included in our latest consultation paper include options for de-prioritising connectees in the queue who have missed milestones or are not “ready to connect”. Understanding the practical implications of these examples from the SSEN trial will inform our proposals.

As part of ENA’s work, we have also identified the need to address how securities and cancellation charges might vary for parties moving up/down the queue. The outputs from the “ready to connect” trial (proposing to adjust securities) could inform the options to address these issues if it was granted.

In addition to these high-level points, the “ready to connect” process should help to inform:

- **Access Rights:** Considering an alternative allocation mechanism for the initial allocation of capacity in the connection queue.
- **Applying industry change to existing contracted parties:** Applying significant policy changes to existing contracted parties will allow valuable information as to how policy could be applied retrospectively in commercial contracts.
- **Interactivity:** The “ready to connect” process will act as a pre-cursor to the interactivity process by allocating capacity to the customer who has demonstrated they would be ready to connect earliest, which could avoid an unnecessary interactivity process. Overall this could improve efficiencies in the connection process.
- **Queue Management:** The “ready to connect” process is expected to show how an interactive capacity queue would work in reality, as well as how this will relate to physical works, commercial arrangements and securities and liabilities. The island nature of the Orkney arrangement should benefit the trial by reducing the number of variables that need to be managed as would be the case on the mainland. However, we still expect the learning to provide insight that will be useful for the whole of the GB system.
- **Whole Electricity System Approach:** In previous industry work streams focussing on queue management, there was difficulty implementing across GB due to the number of parties involved (developers, DNO, ESO and TO). The trial will provide valuable information from a real-life example as to how this can be applied on a whole system basis before being progressed across the GB system, taking into account that the nature and timescales of generation projects and network investment requirements will vary in different areas of the country.