



Bringing Energy
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ADE Response to consultation on EMR Delivery Body Revenues | 10 September 2019

Context

The ADE welcomes the opportunity to respond to Ofgem's consultation on **proposals to adjust revenue allowances for the April 2016 – March 2021 period for National Grid ESO to fulfil its role as the Delivery Body for Electricity Market Reform.**

Response

Question 1: Do you agree with consideration of TOTEX for the core role and exclusion from additional revenues?

The ADE does not have a view on this question.

Question 2: Do you agree with Ofgem's assessment of spend on the administration system (the 'Portal')?

The ADE does not have a view on this question.

Question 3: Do you have any opinion on the level of ESO spend on the current administration system (the 'Portal')? Please explain these views.

The ADE does not have a view on this question.

Question 4: Do you feel that there are any areas of additional revenue that have not been considered?

The ADE does not have a view on this question.

Question 5: Do you feel that there is a basis for increased spend on resource by the DB in order to maintain a high level of service to applicants and why?

The ADE agrees there is basis for increased spend on resource to provide a high level of service to applicants, particularly during the Prequalification process. While we acknowledge and appreciate National Grid's efforts to facilitate the process during the previous Prequalification round, more remains to be done. Participants continue to report problems with the 'Right First Time' – while National Grid have increased resource to help in this area, the ADE believes that the derogation to Regulation 69 should be restored, particularly in the context of minimal upgrades to the portal. If it is possible to implement at relatively low cost, the ADE believes the Portal should have the functionality to roll forward existing CMUs and allow re-submission of previous applications in situation where there have been no material changes to a CMU. This could help to avoid a number of disputes due to data entry errors if derogation from 'Right First Time' is not restored.

Question 6: Do you agree that the priority should be achieving a step change in IT system functionality and change implemented in the current administration Portal should be minimised in order that this happens by April 2021?

The ADE agrees with Ofgem's view that the priority should be achieving a step change in IT functionality and that the focus should be on the development of a new IS administration system. We would welcome greater clarity on the interaction of this new system with the proposal under National Grid ESO's draft RIIO-2 Business Plan to develop a single platform to procure all balancing services and the Capacity Market.

While the ADE accepts that changes to the current administration Portal will have to be reduced in order to aid the development of the new system, it is essential that key priorities are not neglected. Urgent changes and functionality critical for the Delivery Body's core functions must be done if required throughout this period.

In particular, it is essential that OF12, which delivers component reallocation in the Capacity Market, is delivered on time and to specification. It is also important that any incremental improvements are made that are necessary to deliver sufficient functionality for participants, particularly during Prequalification.

Question 7: Do you agree that the change implemented in the current administration Portal should be minimised to ensure value for money?

To ensure value for money, most spending should be focused on the new IS administration system, but not to the detriment of usability of the current portal and delivery of OF12.

The ADE would also welcome further detail of the upcoming changes to the Portal scheduled up to 2021.

Question 8: Do you agree with a future uncertainty mechanism to account for the uncertainty in developing a new IS administration system?

Yes. Allocating an initial £2m and including a future uncertainty mechanism appears to be a sensible approach.

Historically, the Delivery Body has not hugely involved industry when developing systems for the Capacity Market. The proposals laid out in the ESO's RIIO-2 plan are a welcome change in this regard but we would like to take the opportunity here to reiterate how important in-depth engagement is. We would ask that the design authority and substantive, in-depth engagement with industry is a criteria of the uncertainty mechanism.

Question 9: Do you agree with the level of additional revenue provision in each category given the DB's requirement to manage change and why?

The ADE does not have a view on this question.

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