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Date

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Dear Nathan

Consultation on licence conditions and Guidance for network operators to support and efficient, coordinated, and economical Whole System

Western Power Distribution is the Distribution Network Operator (DNO) that serves 7.8 million customers across the South West of England, South Wales and the Midlands. Our response to the above consultation is attached.

If you require any further information please feel free to contact me at nturvey@westernpower.co.uk.

Yours sincerely



Nigel Turvey
Network Strategy and Innovation Manager

Consultation on licence conditions and Guidance for network operators to support and efficient, coordinated, and economical Whole System

Question 1: *Do you agree with the proposal to clarify Whole System responsibilities through licence and supporting Guidance? Where possible, please provide evidence and examples to support your views. In particular please describe:*

a. The potential benefits you might expect to result from these proposals?

As highlighted in the consultation, the processes described in the Guidance are being actively developed both via usually interaction between the network companies and via processes being developed in the Open Networks project.

b. If there are any material costs or issues for you in relation to these proposals?

The increased complexity and rate of change within the Energy System is already requiring licenced network and system operators to collaborate further than ever before. WPD and National Grid were the first to publish a Regional Development Strategy following the successful completion of the Regional Development Programme (RDP) in the South West. We are also running another RDP in the West Midlands between National Grid ESO, TO and WPD. The additional costs relating to greater information exchange and more analysis work is already being supported within ED1 timescales but is likely to have a larger impact within ED2. WPD has completed separate distribution impact studies with SSEN and will be assessing the interaction with all other strategic boundaries with adjacent network operators, including IDNOs.

The main issue with some of the whole system examples used is clarity on funding transfers between network licensees when action is being taken on one network to address issues on another network. Generally, funding can be received by DNOs via a DRS however we understand that TOs (and to a lesser extent) the ESO are less clear on their ability to transfer the funds to DNOs. There will need to be greater clarity on what can be funded from BSUoS and what will need to be funded via DUoS and TNUoS.

Question 2: *Do you agree with the proposed scope and content of these licence conditions and Guidance? Please provide any specific comments you have on the attached draft, including illustrative examples, and where possible, please provide reasons and evidence to support your response, in particular:*

a. Are there other examples or areas of activity which you consider should be highlighted, or do you see the need for further clarity in any area?

The drafting in Paragraph 2(a) of the proposed licence condition around the use of 'may' and 'potential' in the reasons to collect further network data is too open ended and needs clarity around the proportionate costs and benefits of that collection supporting it being undertaken.

The extent as to which part(s) of the whole system the licence conditions cover should be clarified. Engagement with the whole energy system as opposed to the whole electricity system may be more challenging if equivalent licence conditions are not applied across all vectors and participants.

Whilst we note that 'Whole System' has been defined in the licence condition, it would be better to change this to 'Whole Power Network'.

The requirement “to take all appropriate steps” should be amended to “take all appropriate steps within its power” to be consistent with the current licence (e.g SLC22A).

In 2.3 of the guidance, “For the avoidance of doubt, licensees must ensure that they comply at all times with their wider legal duties, for example, under competition and data protection legislation.” This statement is unnecessary as this applies to all licence requirements. However we are concerned that this statement conflicts with the requirement contained in the licence condition that “*In developing and maintaining its [Distribution System]~[Transmission System], including meeting the reasonable requirements of Parties Connected to its network, the licensee must take all appropriate steps to achieve an efficient, coordinated and economical Whole System*”. In setting out a legal requirement, this provides the DNO with the right to process and retain personal data rather than having to seek individual consent. Ofgem has approved our Smart Meter Data Privacy Plan in this context. We would not wish the avoidance of doubt statement to cast doubt on DNOs ability to collect and process data under GDPR.

b. Do you consider these would be beneficial and proportionate? Are there any aspects which should not be included?

Whilst we agree that Licensees should collect and, where possible, share information that will benefit whole system outcomes, the requirement to do this should be proportionate to the expected benefits rather than just having the potential to support efficient outcomes.

Question 3: *These proposals require licensees to engage and coordinate with Stakeholders. This recognises that a range of parties may have an interest in different aspects of the system, and the licensees should seek to engage with those with an interest in a given situation. Do you agree with this approach?*

Yes, we need to continue with and expand the engagement that we undertake with stakeholders.

Question 4: *Do you consider any changes or clarifications are needed in relation to industry code objectives, notably the Distribution Code and the Grid Code, to support the delivery of Whole System outcomes? Specifically,*

a) Do you see the need for further change or clarification to the code objectives themselves, or their interpretation, eg through introduction of a specific relevant objective in relation to Whole System actions?

Objective a) in the Distribution Code and objectives a) and b) in the Grid Code need some modification to expand these objectives to cover whole system as well as the reference to the distribution of electricity in the Distribution Code and transmission of electricity in the Grid Code.

b) Have you identified any interactions of these provisions with wider aspects of industry arrangements which should be considered in developing them?

As these codes cover technical requirements we are not aware of interaction with other industry arrangements.

Question 5: *Do you believe further, specific guidance in any area, and in particular in relation to efficient connections and constraint management (eg in preparedness for electric vehicles or increasing distributed generation) would be beneficial? Please provide reasons and, where possible, evidence to support your answer.*

Whilst efficient connections need coordination across system boundaries, this is generally associated with the transfer of relevant information which is already included in the draft guidance. We do not believe that technology specific requirements should be included in the guidance. The guidance should apply equally to all types of connectee.

Question 6: *For which relevant datasets or information do you consider the need for availability and accessibility is greatest, in order to deliver Whole System benefits? Do you consider there to be any significant barriers to sharing these? Please provide specific suggestions for what you consider to be effective sharing arrangements, including required enablers and governance, such as the development of any industry standards?*

For third parties to provide potential solution to system issues, those requirements need to be clearly identified and published. We are already doing this via our flexibility map and signposting available from our website. Identifying these needs at the distribution level needs clarity of the existing resources being used by the ESO and their likely pattern of usage. This requires contracts put in place with flexible resources to include the ability to share information with other relevant network operators.

It is important to recognise the need for data exchange in real time and potentially the ability to control plant across system boundaries. This will need defined protocols to give effective and efficient outcomes.

Question 7: *Do you agree with the proposal to apply these provisions to all electricity distribution licence holders, including IDNOs, and onshore TOs, and to exclude the ESO, offshore TOs and interconnectors? Where possible, please provide reasons and evidence to support your response.*

The approach appears reasonable with the guidance being applied sensibly to different licence holders on the basis of the impact they have on whole electricity system outcomes.