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21<sup>st</sup> October 2020

Dear Maryam

### **Call for evidence on ESO's mid-year performance 2020-21**

Thank you for the opportunity to respond to the call for evidence on ESO performance at the half year point for 2020-21. We agree it is important that stakeholders are able to feed in to the overall assessment of ESO performance against the roles and principles and as such we have provided responses to the previous calls for evidence as well as attending the previous performance panel events, and we will continue to engage, both directly with the ESO and via Ofgem consultations and events.

Electricity North West is the DNO covering the north west of England serving 5 million customers in 2.4 million premises, across a diverse range of locations, from urban Greater Manchester to rural parts of Cumbria, Lancashire and Cheshire. We are an innovative leader as is demonstrated by the development of CLASS which is now providing balancing services to the ESO, delivering cost savings to all Great Britain's customers and reducing carbon emissions. Our work with the ESO also covers more traditional network planning and operational co-ordination.

As the work within the Open Networks project continues and focuses on tangible outcomes, together with continued development of DSO functions, it is critical that networks, with each party focussing on their respective roles, work in a collaborative and coordinated manner to ensure whole system outcomes and lower overall costs for consumers.

Our specific comments based on our experiences are shared within Annex 1.

We trust this will be helpful, and should you have any questions on the content, please do not hesitate to contact me.

Yours sincerely

**Alison Scott**  
**Regulation Manager**



# Annex 1

## ENWL Experience with ESO April 2020 to September 2020

### Role 1 - Control centre operations

Ofgem area of interest:

- Operating the system (wider access, expanding dispatch, power available)
- Coordinating with network operators on operational decisions and outage changes
- Short term energy forecasting
- Managing and sharing system data and information
- Restoration and emergency response

ENWL experience:

Operating the system, coordinating with network operators on operation decisions, restoration and emergency response

In general, the ESO has performed well over the last 6 months. Engagement and communications around operational decisions and outages has increased and the quality of the communications improved. There is also better ownership and understanding of outage risk and the impact to our customers. The key point to note for the last 6 months though is around the COVID challenge. As an industry the drop off in load created a challenge that needed to be overcome nationally and the ESO was instrumental in co-ordinating the response to that challenge and in communicating effectively with stakeholders at each stage of development (ODFM, Grid Code mods etc).

Managing and sharing system data and information

“Week 24” data and the associated ESO actions have been in accordance with the agreed programme. We have previously commented on an ongoing issue around how our schedule 11 submissions are interpreted in the TO SQSS assessment as it leads to contradictory network capacity conclusions compared to our own calculations. This issue persists despite providing a clear accompanying commentary on the nature of the Schedule 11 – Connection Point Demand data and formally bringing it to the attention of the ESO to whom we submit the “Week 24” data to. Coordination between the ESO and TO again seems to be at the root of this problem. In our further discussions with the TO, they have suggested that the necessary guidance was not received from the ESO indicating a lack of clarity in their responsibilities.

The Appendix G process, although still working well, continues to reflect only small increments in transmission capacity. Reporting of the full headroom available on the network along with indications where this is shared with other DNOs would be of benefit to our customers, just as Electricity North West report available connection capacity in our heat map tables. Also, it would be beneficial if the ESO systematically shared Appendix G data with the TO in order to provide them with regular foresight, since it has become apparent that information is not shared until the project progression stage.

There has been no transfer of Week 42 data in the past 6 months to comment on.

## **Role 2 - Market development and transactions**

Ofgem area of interest:

- Balancing and ancillary service market design (product roadmaps for response and reserve implementation, product roadmap for reactive implementation, Pan European standard products TERRE and MARI, power responsive)
- Service procurement and settlement
- Revenue collection (electricity network charging)
- Policy advice and delivery of market framework changes
- Code administrator

ENWL experience:

With regard to Balancing Services, our experience is through our participation in Fast Reserve. Whilst we recognise there have been challenges due to the impact of the Clean Energy Package, there has been a lack of transparency in the Optional Fast Reserve market which we believe is to customers detriment. We have raised this with the ESO and through our six monthly updates, and more recently have had to escalate our concerns and request to ESO CEO level. This has resulted in positive dialogue and a commitment for increased transparency and therefore we can see that improvements should be seen in the second part of the year. At present we have yet to receive the information requested however are hopeful that this should be provided soon.

On market framework changes, we are concerned about the ESO sometimes appearing to be more focussed on passing their costs onto other industry parties and less conscious about keeping costs down to the benefit of customers. It would help if Ofgem gave the ESO and other stakeholders more of a steer as to where the ESO can fund extra activities from, be it BSUoS, the ESO's own allowances or another source.

## **Role 3 - System insight, planning and network development**

Ofgem area of interest:

- Long term forecasting, energy scenarios and identification of network needs (insights documents)
- Network Options Assessment
- Pathfinder projects (stability pathfinder, Mersey voltage pathfinder, Pennines voltage pathfinder, constraint management pathfinder)
- Regional Development Plans
- Early network competition
- Managing connections and generator access to the network
- Whole system operability and thought leadership (loss of mains protections setting programme, voltage management across the transmission-distribution interface, Open Networks)

ENWL experience:

We have seen an improvement on the level of engagement within Open Networks since the comments we provided at the previous end of year review which is a positive step, however the gap in some workstreams during 2019-20 has meant that there is more "catching up" for representatives to do, which naturally takes some time. We expect to see the benefit from this increased involvement show itself more in the latter half of the 2020-21 year.

We have recently received correspondence from the ESO which affects one of our grid supply points. We believe that the issue might have been identified earlier, though we are still working through if this is relevant for the ESO as this issue has just emerged. It now risks impact to our connecting customers. We consider that our experience has been affected by the legal separation of the ESO and the TO, and points to a need for clarity of accountabilities and more formal communication between the two parties. It may also point to one of the challenges as a result of ESO/TO separation. We think there could be scope for more challenge and proactivity from the ESO towards the TO on our behalf as the ESO's customer for our customers. We have raised this directly with the ESO and are working collaboratively with the ESO and TO to achieve the best outcome for our customers in developing the transmission capacity our customers need.

The ESO has recently engaged with ENWL to start preparations for the network assessments following the Pennine Pathfinder tender. The two meetings to date have been a useful source of technical, procedural and programme information. We are now planning how we shall support the ESO's project in accordance with their shared requirements.

The ESO have been an active participant in the LFDD ETG Governance Task Group addressing recommendations arising from investigations into the LFDD event on 9th August 2019. Although the ESO has not led the totality of the work, this is quite appropriate because they request the service without defining how it is delivered. However, they have provided authority on Grid Code requirements and sound voice of reason providing balanced comments. The ESO have led the LFDD Operational Comms subgroup which has developed control room to control room communication protocols and templates.