

Appendix 1 - National Grid ESO response to consultation questions raised in the Overview Document

Interlinkages and CMA Appeals in RIIO-2

OVQ1-OVQ2

No comments.

Net Zero and Innovation

OVQ3-OVQ9

No comments.

OVQ10 Do you agree with our proposals to increase levels of BAU innovation?

We agree that lower-risk higher Technology Readiness Level (TRL) innovation activities, as well as implementation of prior innovation projects which are set to deliver the majority of benefits during this price control period, should be funded through Business as Usual (BAU) mechanisms. This will free up more of the Network Innovation Allowance (NIA) funding for disruptive higher-risk, or lower TRL innovation activities, focused on the energy system transition and supporting vulnerable consumers, or where most benefits will be realised over the longer-term, beyond this price control period.

OVQ11 Do you agree with our proposed methodology in relation to the RIIO-2 Strategic Innovation Fund?

We welcome Ofgem's ambitious proposal for a Strategic Innovation Fund (SIF) to replace the current Network Innovation Competition (NIC) funding, and we look forward to collaborating with Ofgem to identify the challenge areas for it to focus on as well as participating with our partners.

It currently takes a minimum of 10 to 12 months to propose, approve and set up a NIC project. Clarity is needed as early as possible on what the focus areas of the SIF will be, the conditions of the funding, and the mechanism for review and approval of proposals. Due to the ESO's critical role in Great Britain's energy system, and ESO involvement being necessary on most whole system projects, we believe there would be great value in ESO being a key part of the discussions to set focus areas for the SIF, along with other networks and industry stakeholders.

The review, feedback and approval process of SIF proposals must be undertaken in a more agile manner than is currently the case, with a faster process and more opportunities for feedback. This will ensure that funding can be utilised effectively to address network issues in a timely fashion, as soon as they become apparent. This would solve the problems of the current annual NIC process, which is too slow and resource intensive, especially for smaller parties who cannot shoulder the burden and risk associated with proposal development, particularly if funding is ultimately rejected.

Ofgem's aim to set Innovation Challenges during the price control as they arise, being agile in how applicants apply, receive feedback, then initiate projects, should ensure that the SIF is used in a more efficient and timely way. Implementing solutions through a more agile SIF would also avoid additional costs to consumers by mitigating issues earlier.

We believe that reducing the administrative burden on all parties would free up resources for innovation and allow a wider set of project proposals, as well as larger participation in SIF projects by a more diverse range of consortium participants, such as start-ups (who may lack the resources to support a more drawn-out SIF process).

OVQ12 Do you agree we should adopt a consistent NIA framework for DNOs, and other network companies and the ESO?

We agree that adopting a consistent NIA framework for the Distribution Network Operators (DNOs), other networks companies and the ESO would help support collaboration when using this funding. A standard framework for NIA would simplify how third parties understand the conditions of NIA funding, and help facilitate more participation in projects. Greater collaboration and third-party participation in NIA will help deliver benefits to consumers from NIA projects and drive the energy system transition. It would also allow for cross learnings and common framework agreements, so that data sharing becomes easier. However, the common framework must allow for business specific exceptions (like the use of proxies for TOs as well as considering ESO's lack of assets).

OVQ13 What are your thoughts on our proposals to strengthen the RIIO-ED2 NIA framework?

Our thoughts are as follows.

Scope of eligible projects

We believe that the measures to strengthen the NIA framework are already aligned with how the ESO; as well as most networks'; currently use NIA allowance. These are already focussing on higher-risk activities, or long-term benefits that won't be delivered during the price control period. Setting agreed criteria for what is deemed high risk would help avoid confusion and the possibility of discouraging innovators from pursuing beneficial projects, due to a perceived risk of disallowance.

We support Ofgem's requirement for projects to be related to the energy system transition or support for consumers in vulnerable situations. However, a clearer definition of these criteria is needed to avoid them being interpreted differently and provide certainty that projects won't have the added risk of funding being disallowed at a later stage (such as during the proposed quality assurance stages). It is also important that it isn't a requirement of every project to fulfil both these criteria, as setting this condition would severely restrict how NIA can be used. For example; many projects would qualify under the 'energy transition' requirement, however very few projects would qualify under both this and the 'support for consumers in vulnerable situations' requirement.

As long as the demonstration and testing of commercially available technologies can still be undertaken as business as usual innovation (which is funded via cost pass through for the ESO), we support this type of activity no longer being eligible for NIA funding. However, removing eligibility for all higher TRL innovation activities, such as demonstration and testing of innovative solutions which may involve novel applications of commercially accessible technologies (which would be higher risk than is acceptable under business as usual innovation), may only prevent a large proportion of innovative solutions from being de-risked to a sufficient level that they can be later implemented successfully into business as usual, allowing the full benefits for consumers to be realised.

Considering the impact of innovation upon vulnerable consumers

We agree that this should be a key consideration when developing new innovation project proposals in RIIO-2. It is important that any future outcome as a result of innovation doesn't adversely impact consumers, especially the more vulnerable. This could effectively be addressed when the benefits of an innovation project are assessed for all consumers, rather than an additional impact assessment specifically focused only on vulnerable consumers. Ensuring potential risks to consumers are fully considered at the start of a project will help mitigate any negative future impacts and identify where closer engagement may be needed with relevant stakeholder groups to understand the risks better.

Improving public reporting of the NIA

Along with other Energy Networks Association (ENA) members, we will continue to work with Ofgem to make sure there is a new benefits reporting framework in place for NIA in RIIO-2. We believe it is important to be transparent and share the results of innovation projects as widely as possible. While it may be difficult to give precise figures on the benefits of innovation projects, especially where these are longer-term, indirect benefits, being able to indicate the potential scale of benefits from NIA projects is important. This will help promote the value that this innovation can deliver for consumers and the energy system.

IPR guidance for third parties

We agree with Ofgem's proposal to collectively produce intellectual property rights (IPR) guidance to help third parties become more involved in NIA projects over RIIO-2. Having a clear guidance on the options for how intellectual property from innovation projects can be owned, shared and commercialised, would help remove some of the confusion around different treatment of IPR within each of the companies. This common guidance would need to align carefully with the conditions on disseminating project outcomes, protecting commercial interests, relevant European and Great British law, while also avoiding unfair competitive advantages and the risk of consumers overpaying for future solutions which they have funded development of through NIA.

We are concerned that producing this guidance will require a lot of engagement with legal representatives within the network companies and other external stakeholders, and that different interests and legal positions will mean that agreement on a final guidance will take some time. It is important to begin this process as soon as practical, to make sure that new NIA contracts, which must incorporate this common IPR position, are ready for the start of RIIO-2.

OVQ14 Do you have any additional suggestions for quality assurance measures that we could introduce to ensure the robustness of RIIO-2 NIA projects?

A process to challenge project ideas is already in place within the ENA Electricity Innovation Managers' group. In this group, proposal summaries are shared early, allowing the ESO and networks to challenge each other on proposed project details, or indicate if they wish to collaborate. This approach also helps to avoid duplication of activities. In addition, there is a ten-day review period for new Project Eligibility Assessments (PEAs) to allow the ESO and the networks to comment on the final details for each other's projects before they begin. Along with the quality assurance measures proposed by Ofgem, and the conditions of NIA funding, we believe there are sufficient mechanisms in place to ensure funding is being used responsibly, for the benefit of the system and ultimately consumers.

We encourage these measures to be implemented in a way that minimises administrative burden on the networks and innovators, allowing their resources to remain focused on the innovation activities.

There should be a fair challenge process following the quality assurance measures and any penalties should be proportionate. This is to avoid disincentivising risk-taking, which is a necessary component of NIA innovation.

OVQ15 Do you agree with our proposed approach for setting individual levels of NIA funding?

No comments.

Modernising Energy Data

OVQ16. Do you agree with our approach to regulating digitalisation and better use of data through the introduction of cross-sector licence obligations?

We agree, that the introduction of cross-sector licence obligations will support the digitalisation of the energy system and maximise the value of data for consumers, DNOs and wider stakeholders. The licence obligations should enable the licence holders to be held accountable and take responsibility for realising the benefits digitalisation and data offer through applying the principle of presumed open data; establishing a common data architecture and data exchange processes; greater use of digital technologies and advanced data analytics.

We also note Ofgem's recent Call for Evidence on the visibility of distributed generation connected to the GB distribution networks. In our response, we noted that importance of such visibility, particularly in real time, to facilitate the ESO and DNOs in operating secure and co-ordinated electricity networks. To maximise the operational benefits of this data, associated data relating to distribution networks should also be made available as described in our response to the Call for Evidence.

DSO Transition

OVQ17. Do you agree with the proposals we have set out to support optionality for wider institutional change should we later decide to separate DSO functions from DNOs? How else could the methodology support optionality?

Overall, we agree with Ofgem's proposals for embedding optionality in RIIO-ED2 for wider institutional change. Given the Distribution System Operator (DSO) transition is still in progress, it would seem appropriate to take in an approach which builds in future optionality. This should include;

- The use of regulatory mechanisms to drive interoperability and consistent data standards. Such aspects will also be required to facilitate efficient and timely co-ordination of DSO activities with those of the ESO.
- Separate reporting of DSO roles. Such reporting would facilitate transparency and ultimately understanding of overall costs and efficiencies for the consumer. However, the costs of such reporting mechanisms need to be commensurate with the level of overall benefits derived.
- Given DSO is an emerging topic it would appear appropriate to establish a regime whereby DSO functionality could be kept under review during RIIO-ED2. This would also facilitate better alignment to changes in the ESO roles and principles as well as reflecting other industry changes including RIIO-GD3 and RIIO-ET3.

OVQ18. Do you agree with our proposal to use the Business Plan Incentive to encourage companies to reveal standards of performance higher than our baseline expectations in their DSO strategies? Do you agree we should require, where appropriate, all DNOs adopt these revealed standards?

We agree that DNOs should be ambitious in their plans to develop DSO capabilities and that RIIO ED2 should support and incentivise that. The use of the Business Plan Incentive (BPI), including the Consumer Value Proposition (CVP) proposals, to incentivise this behaviour would appear appropriate although the proposed DSO Output Delivery Incentive (ODI) may also provide a mechanism. It should be clear to DNOs and stakeholders as to how these mechanisms would work together to facilitate ambitious DSO strategies and their outputs without over-rewarding or penalising DNOs.

It should be remembered that different DNOs are at different stages in their DSO transitions, with differences primarily due to their specific network needs and the nature of their connected parties. DSO strategies should reflect a DNO area's specific needs and stakeholders.

However, we do also recognise the importance of consistency in DSO strategies in order to develop consistent and aligned processes across GB including those which interface with the ESO. A performance standard which drives such consistency of approach and definition to DSO would greatly help deliver aligned whole system outcomes.

OVQ19: Do you agree with our proposal to invite companies to provide metrics and performance benchmarks in their DSO strategies?

If a DSO ODI is to be introduced, it would be logical for this scheme to include metrics and performance benchmarks. Numerical measures of this type are an important part of an incentive scheme, as it gives a clear indication of how an incentive reward would be achieved. Given the evolving nature of the DSO regime, and the differences between different organisations, it would seem logical for the companies to propose their own metrics and performance benchmarks.

Due to the evaluative nature of the scheme, we would expect the commentary provided alongside each metric to be considered as well as the company's performance against the stated benchmark. This would give each company the opportunity to explain where aspects of its performance are outside of its control.

OVQ20: Do you agree with our proposal to introduce a DSO ODI in which we would, via an ex post incentive, penalise or reward companies based on their delivery against baseline expectations and performance benchmarks? If so, what criteria and other considerations should we take into account in determining whether we should apply a reward or penalty?

National Grid ESO has relevant experience of a similar ODI for system operator functionality. Based on our recent experiences we do not believe that an ex-post evaluative incentive scheme is an effective way of driving performance. Experience of the ESO scheme has shown that the relationship between performance and reward is unclear, leading to an unpredictable incentive outcome. Unless there is a shared upfront understanding of baseline expectations and what behaviours would lead to a reward or penalty, there is a risk that the outcome of the scheme will often tend towards the middle of the range. This results in a weak incentive scheme where the reporting burden could outweigh the expected reward.

In our response to the RIIO-2 Draft Determinations for the ESO, we have proposed a number of modifications to the ESO incentive scheme, such as setting clear baseline expectations upfront, and a detailed scorecard whereby the ESO can clearly understand what behaviours will lead to a reward or penalty. We have also suggested that the ESO should receive more frequent feedback and scoring, with the ability to “bank” performance at stages throughout the scheme. Without these changes, it is possible that the scheme outcome is unduly influenced by events which happen towards the end of the period, meaning that the scheme would not have its desired effect of driving strong performance throughout the incentive period. We have also proposed that the Performance Panel responsible for evaluating the ESO’s performance should have an independent chair, who participates in the process of converting the Panel’s scores into a reward: otherwise there is a risk that stakeholders’ views are discounted in arriving at the final incentive decision. If a similar incentive scheme is introduced for DSOs, we would expect these considerations to be relevant.

We would also add that caution needs to be taken with proposing such a scheme for DSO at this time. This is because DSO functionality is still evolving within each DNO organisation, and that, to a degree, this evolution is timed depending on regional system needs. Adopting a similar approach to all DNOs pay penalise those DNOs with less of an opportunity to demonstrate DSO competencies and over-reward those with greater penetrations of Distributed Energy Resources (DER).

OVQ21: Do you agree with our proposal to undertake that ex post incentive performance assessment in the middle and at the end of the price control? Do you think the assessment should be more or less regular?

For an evaluative incentive scheme to work effectively, the licensee and regulator should have a shared understanding of how well the licensee is performing, and how the licensee can improve its performance, this can only be achieved by Ofgem providing regular feedback so that companies know what behaviours are expected.

In our response to Ofgem’s RIIO-2 proposals for the ESO, we have therefore proposed that Ofgem should provide meaningful feedback and scoring to the ESO every six months. For the same reasons, it would be beneficial for Ofgem to provide feedback to DSO companies more regularly than the current proposals.

As we explain in our response to OVQ20, it may also be beneficial for performance to be “banked” at regular intervals during the incentive period.

OVQ22: Do you have views on how we might set appropriate values for rewards and penalties associated with the DSO ODI?

The pot size of any incentive scheme should be sufficient to drive the desired behaviour, and the expected reward should outweigh the reporting burden. However, more importantly, Ofgem should be willing to use the full range of the incentive scheme, to ensure that the scheme is meaningful and can drive the desired behaviours.

Where the incentive scheme covers activities which are new and innovative, it may be preferable to have an asymmetric scheme with the maximum reward being larger than the maximum penalty. A large maximum penalty could drive risk-averse behaviours, which may not lead to the desired behaviours of driving the energy transition.

The consideration of an appropriate downside for the incentive should take into account any financeability considerations.

OVQ23: Do you agree with the DSO roles, principles and associated baseline expectations in Appendix 5? Does it provide sufficient clarity about the role of DNOs in RIIO-ED2? Do you think amendments or additional baseline expectations are required?

Delivery of DSO needs to be a significant area of focus within the ED2 price control arrangements to ensure a timely transition to a zero-carbon electricity system. It is important that DSO roles are clearly defined and we support Ofgem's work in producing these roles and principles. Whilst we broadly support the three roles outlined we believe that further clarity is needed to help DNOs and other stakeholders understand which DNO activities fall within the scope of DSO roles and which are the responsibility of their network owner function. Without this clarity, there is a risk that inconsistent views could be taken to the activities that fall within these roles. We have provided three examples for context;

- DNOs support the ESO in assessing distribution system solutions for transmission system needs. Is this a DSO activity or a network owner activity, particularly as there may be a distribution build option to be considered?
- At lower voltage levels, operational switching may need to be carried out at local substations. Would operational responsibility for this switching be undertaken by the DSO or the network owner?
- Some DNOs are currently offering competitive services for transmission system needs (e.g. CLASS). Would this be a DNO or DSO activity under the proposed framework?

We recognise that efficient delivery of DSO needs to take a whole electricity system view. This includes appropriate alignment between the proposed DSO roles and principles with those of the ESO. We believe that Ofgem's proposals largely meet this requirement with good alignment between DSO and ESO roles. However, we feel there may be a need for minor modifications to some of the underlying principles to strengthen some of the key principles that DSOs should work to. Below we list these proposed amendments which we believe would also further strengthen the alignment with the ESO roles and principles;

- Role 1: Planning and network development –
 - We note that, unlike the equivalent ESO role there is no explicit principle for the DSO to consider non-traditional solutions when looking at future needs. We believe that greater consideration of wider options for future development needs, as we are undertaking through pathfinder projects, will be essential to ensure efficient development of both DSO and distribution networks, and would suggest this be added as a second principle under this role.
- Role 2: Network operation –
 - Whilst we agree with the need for both principles described under this role we feel more needs to be said about the need for operational co-ordination and the optimal use of resources on a whole system basis. We strongly believe that greater co-ordination between the ESO and DNOs is needed as decentralisation of the grid continues, and this DSO role needs a principle to reflect this.
 - We would also note that the equivalent ESO role carries a requirement to operate the system safely and securely and would note that these obligations equally apply into a DSO context.
- Role 3 – Market development –
 - We agree with the principles developed but believe that these do not sufficiently provide a requirement on the DSO to promote competition.
 - Additionally, we believe that the need for alignment with ESO markets could be more explicitly mentioned in this role.

In terms of baseline expectations, we have the following comments on each principle. We would also note that further baseline expectations may be needed subject to review of our comments on the proposed DSO roles and principles;

- Principle 1.1 Plan efficiently in the context of uncertainty, taking account of whole electricity system outcomes, and promote planning data availability
 - We would expect monitoring equipment to be installed where it has additional value for other interested parties as well as network users. This includes National Grid ESO.
- Principle 2.1 Promote operational network visibility and data availability

- It is noted that sharing DER dispatch plans closer to real time will help the ESO identify which DER are available for its own needs. We agree that understanding a DNO's plans will support this identification, but would not want such a system ultimately precluding a DER from providing a service to the ESO if that generated greater value for the service provider and did not cause the DNO an operability issue. Ultimately, we would see a baseline requirement for the DSO to work with the ESO to optimise their service requirements to create consumer value.
- We would also add that operational co-ordination needs to happen in advance of real time to enable efficient access to assets by network owners and would want the DSO principle to extend to this also.
- Principle 2.2: Operate an economic and efficient distribution system
 - Paras A5.16 and A5.17 could benefit from further clarity. We have concerns that together they could be interpreted as meaning that during RIIO-ED1 a DNO is the appropriate decision maker for dispatching all DER connected to their networks (i.e. including for national services such as frequency response and energy balancing) and that this will change in RIIO-ED2. This is clearly not the case under current arrangements and we would suggest that this needs much greater clarity to avoid confusion.
 - We broadly agree with the baseline expectations for this principle.
- Principle 3.1: Provide accurate, user-friendly and comprehensive market information, Principle 3.2: Simple, fair and transparent rules and processes for procuring DSO ancillary services
 - We broadly agree with the baseline expectations for this principle.

A Whole system approach

OVQ24 Are there any electricity distribution specific barriers to whole system solutions, and if so, are there any sector specific price control mechanisms to address these?

The development of aligned processes and markets along with greater co-ordination, as recommended in section 6 of the Sector Specific Methodology consultation will support the development of whole electricity outcomes.

In our recent pathfinder work considering future transmission system needs we have encountered two electricity distribution specific barriers which could inhibit whole system solutions.

- **Funding routes for DNO solutions to transmission system needs.** In considering future transmission system needs, National Grid ESO welcomes potential solutions from all market participants. This includes potential DNO solutions. ED2 mechanisms need to ensure that funding routes are facilitated such that DNO solutions, if deemed to be the most economic and efficient outcome to a transmission network need, are readily available to the ESO.
- **Funding routes for assessment of distribution solutions to transmission system needs.** We need the support of DNOs to technically assess the effectiveness of potential distribution solutions to transmission system needs. Appropriate obligations and associated funding routes need to be in place to ensure that the ESO has access to such DNO capabilities at the appropriate point in time. Whilst this example relates to our pathfinder work, it could also relate to DNOs supporting other transmission related activities to develop whole system solutions.

OVQ25 Are there any electricity distribution specific issues you think should be accounted for in the Business Plan Incentive?

We are not aware of any electricity distribution specific issues that should be accounted for in the Business Plan Incentive.

OVQ26 Do you agree that whole system solutions are relevant to the innovation stimulus?

We agree that the innovation stimulus could be used to fund projects to help identify, de-risk, develop, and demonstrate whole system solutions, which may otherwise be too immature or high risk for BAU funding. The SIF is ideally suited to funding the large, collaborative, cross-sector projects required to advance innovative whole system solutions and help bring these into BAU, where these can deliver decarbonisation and consumer benefits. The ESO will inherently be required to participate in many of the whole system innovation activities, so there needs to be consideration for how parties will be required to collaborate, and the resource constraints on the ESO and networks to be able to review and participate in a potentially large amount of ideas being submitted by third parties.

OVQ27-OVQ29

No comments.

Access SCR

OVQ30 Do you agree with the impacts of our potential Access SCR proposals that are identified in this Chapter? Are there additional impacts that are not identified?

We agree that better defined access rights for distribution users' and improved choices that reflect users' needs may allow more efficient and flexible use of the existing capacity on the distribution network. This could potentially lead to more users connecting to the network during the next price control period without the need for additional network reinforcement taking place. However, to ensure no dis-benefit to other system users there may be a requirement to introduce additional monitoring and enforcement processes to make certain any access arrangements are adhered to. This could potentially be a new role for the DNOs. There may also be additional resources required for setting any limits relating to access rights and monitoring of these within network control rooms.

We believe that reducing the upfront costs of connecting to the distribution system by lowering the level of reinforcement cost at point of connection, as well as allowing connection charges to be paid over time, could reduce barriers to entry and enable more users to connect to the network. However, consideration should be made for the potential impacts on DNO businesses as any pay-over-time option may mean DNOs will then be required to manage the risk of increased bad debt. Therefore, suitable securities arrangements or recovery mechanisms may be required.

We agree that improving locational accuracy of distribution charges by providing strong price signals could reduce the requirement for additional network capacity during the RIIO-ED2 price control period. Although it should be noted, that dependent on complexity of any new arrangements, there may be significant investment required to IT systems to implement these changes. There may also potentially be impacts at a transmission charging level i.e. if Line Loss Factor Classes (LLFCs) were to be removed as part of any new distribution charging arrangements this may impact on the Transmission Demand Residual (TDR) calculation.

We support Ofgem's review of distributed generation users' impact on the transmission network. We agree that improving the cost reflectivity of price signals for distributed generation could encourage more connections in locations where it will not directly contribute towards transmission network costs. However, any decision to potentially charge these users transmission charges should be mindful of the impact on future distributed generation investment decisions as well as the viability of existing projects.

OVQ31 Do you agree with the proposed Access SCR baselines for the RIIO-ED2 business plan submissions (ie that Draft RIIO-ED2 Business Plan submissions should use Access SCR Minded to Consultation as a baseline, and that Final Business Plan submissions should use Access SCR Final Decision as a baseline?)

Yes, we agree that the use of the Access SCR Minded to Consultation and the Access SCR Final Decision should be used as the baseline for the respective business plan submissions as this is currently the only information available that is suitable for this purpose. However, we believe there is a considerable amount of detail that still requires to be worked through which may result in significant changes and potential additional

costs in RIIO2 that may not have been foreseen prior to the start of the price control. In addition, roles and responsibilities between all parties for the various elements of the SCR are currently not yet clear i.e. all distributed generation having access to the transmission system (and who might manage this), and as such could lead to changes in relation to DNO business plans.

OVQ32 – OVQ33

No comments.

COVID-19

OVQ34 Do you think we need specific mechanisms in RIIO-ED2 to manage the potential longer-term impacts of COVID-19? If yes, what might these mechanisms be?

No comments.

Appendix 2 - National Grid ESO response to consultation questions raised in Annex 2: Keeping bills low for consumers

Increasing Competition

COQ41 Do you agree that our flexibility proposals are sufficient to incentivise DNOs' native competition?

We agree that the TOTEX methodology has supported the incentivisation of DNOs to take a flexibility first approach. We do note that the methodology was not developed to directly incentivise flexibility and would suggest that monitoring be in place to ensure there are no unintended consequences as flexibility markets mature.

COQ42 Do you believe there are similarities between DNOs running early competitions and the roles and activities that may be related to electricity DSO functions?

No comments.

COQ43 Do you agree with our proposed approach on early competition?

Overall, we agree with Ofgem's proposal to use models of competition where it is in the interest of consumers, and that early competition could produce benefit by revealing new or innovative solutions to network needs.

It seems prudent that Ofgem consider both consultation responses and the learnings and insight being developed by the Early Competition Plan (ECP) together.

Following finalisation of the ECP in the early part of 2021, it will be important that Ofgem lead a period of more detailed review, development and consultation on how the early competition model for transmission could be adapted to support early competition for distribution system needs. This could follow on from the high-level ESO role in distribution thought piece being developed as part of the ECP.

There are likely to be several areas that will require particular attention to reflect differences between the transmission and distribution sectors. These could include network planning, the relevance and proportionality of early competition criteria, and how roles and parties may need to adapt to reflect the different institutional structure between the transmission and distribution sector.

Finally, the ESO would like to stress how vital it is that that distribution stakeholders take an active role in helping the ESO develop the ECP, As Ofgem are considering consultation responses and the ongoing development of the ECP together, it is important that as many opportunities to develop a model of early competition that works for distribution as well as transmission are taken.

COQ44 - COQ50

No comments.