

Electricity Network Innovation Competition Full Submission
Supplementary Answer Form

Project: EVOLUTION

Tick if this answer has been provided verbally: ☐

Project code	SPD/EN/01	Question Number	12
Question date	18 August 2015	Answer date	20 August 2015
Submission section question relates to	Various		
Topic	General		
Question	Can you guarantee that participation costs in a DSO GSP market will be lower than participating in the existing BM market?		
Notes on question			
Answer	<p>A major learning objective of the trial will be to provide a detailed breakdown of the current market costs, the expected increased cost based on Future Energy Scenarios and the lower expected cost of the DSO GSP model. It is vital that we recognise that the existing market and costs associated with it will change and that a contribution to these will be due to conflicts that arise from operating an increasingly distributed system within rules that were intended predominantly for centralised infrastructure.</p> <p>This has already been acknowledged within several working groups including the NG/DNO Shared Services Group. This confirmed that current arrangements encourage exclusive access to demand side assets and unnecessary competition is stimulated between DNO and SO despite having sufficiently different requirements as to be able to share access and cost. A further example of conflict will arise where the SO makes a direct instruction for a renewable generator to reduce output directly which will result in another windfarm being instructed to increase to take advantage of headroom it they are within a DNO ANM zone. The combination of ensuring that costly conflicts are avoided through distributed system management, coupled with the avoidance or reinforcement cost and more timely connections of renewable generation we anticipate overall costs to customers being lower than under the existing BM market model.</p>		
Attachments			