

Onshore Electricity Distributors and
transmission owners and other interested
parties

Direct Dial: 0207 901 7000

Email: flexibility@ofgem.gov.uk

Date: 06 March 2020

Dear Sir/Madam,

Statutory consultation on licence obligations to ensure coordination and cooperation in the efficient and economical operation of the electricity system.

The Electricity Act 1989 requires that electricity transmission and distribution networks are developed and maintained in an efficient, coordinated and economical manner. This consultation sets out our intention to introduce a new licence condition for onshore Electricity Distributors and transmission owners to provide clarity on this obligation, given the evolution in the energy system.

The proposed principles-based licence condition will provide a structure for effective coordination of energy networks in the interest of consumers. It explains how Electricity Distributors and transmission owners should coordinate with other electricity network licensees and their network users, to advance coordination and cooperation across energy networks and users. The proposed licence condition applies to all electricity Distribution Network Operators (DNOs), electricity Independent Distribution Network Operators (IDNOs), and electricity Transmission Owners (TOs).

The proposed licence condition [D17]~[7A] will obligate Electricity Distributors and transmission owners to:

- Coordinate with other electricity network licensees in order to identify actions and processes that advance the efficient and economical operation of their networks;
- Consider actions and processes proposed by network users that advance the efficient and economical operation of their networks;
- Where actions and processes identified do not negatively affect the Electricity Distributor's or transmission owner's network, and are in the interests of efficient and economical operation of the electricity system, the Electricity Distributors and transmission owners must use all reasonable endeavours to implement these actions and processes.
- Publish a Coordination Register at least every twelve months demonstrating the steps it has taken to undertake whole electricity systems actions and processes.

The proposed Whole Systems Licence Condition does not extend to the Electricity System Operator (ESO). The ESO licence includes existing obligations and incentives to engage in efficiency actions and processes, and to take into account resulting impacts, in balancing the national electricity transmission system, using the term "total system" in Section C of their transmission licence. Further, the ESO licence is under review as part of the RII0-2 price control. Through this work we are considering whether any further clarifications are necessary in the ESO's licence to ensure consistency with other network operators. For these reasons, we are not extending this proposed licence condition to the ESO as part of the current proposals.

Accordingly, the term "total system" is defined and used in the proposed licence condition text for Electricity Distributors and Transmission Owners, to align with the existing ESO transmission licence. Elsewhere, the common term whole system is used to denote the intention of the policy.

Background

In our Smart Systems and Flexibility Plan,¹ jointly published with the Department for Business, Energy and Industrial Strategy (BEIS), we emphasised the importance of electricity network and system operators contributing to delivering efficient outcomes

¹ <https://www.ofgem.gov.uk/publications-and-updates/upgrading-our-energy-system-smart-systems-and-flexibility-plan>

across the whole electricity system. This includes considering the impact their actions have beyond their own networks. In the Smart Systems and Flexibility Plan, we wrote:

Having considered Call for Evidence responses, Ofgem's view is that the existing regulatory framework, particularly its RII01 framework for transmission and distribution networks, already provides the necessary conditions for DNOs, the SO and TOs to evolve and deliver the changes that are needed over the next few years.

We said that we would work with industry to find out if any regulatory clarification was needed. Following initial industry engagement, in December 2018, we published the consultation document 'Licence Conditions and Guidance for Network Operators to Support an Efficient, Coordinated and Economical Whole System'.² The consultation included both a draft licence condition and draft accompanying guidance.

Our informal consultation and enhancements to the proposed licence text and guidance

Overview

We received responses to our consultation from twenty-five stakeholders, covering a broad spectrum of stakeholder groups. A summary of the responses to our questions is given in Annex 1. Non-confidential representations are published on our website alongside the consultation document.

There was unanimous support for the concept of a whole system approach in meeting the challenges that the energy industry now faces, including efforts to decarbonise our economy. Stakeholders gave strong support in principle for the introduction of a specific licence condition, with respondents contributing valuable suggestions to its improvement. We have held two workshops with Electricity Distributors and transmission owners. These workshops have focused on the expected operation of the proposed conditions and provided a forum for the Electricity Distributors and transmission owners to raise any specific concerns that they have around the proposed licence and guidance, and inform policy development. We have included a more detailed record of the salient discussions and resultant policy development in Annex 2.

² <https://www.ofgem.gov.uk/publications-and-updates/consultation-licence-conditions-and-guidance-network-operators-support-efficient-coordinated-and-economical-whole-system>

Having taken into consideration all of the responses received, we have decided to progress with developing a licence condition for Electricity Distributors and transmission owners to support an efficient, coordinated and economical electricity system. The following sections summarise the feedback we received and the changes we made as a result.

Responses to the rationale for a licence modification

All respondents supported the concept of a whole system approach to energy networks, with several highlighting good examples of activities underway.

A number of respondents offered valuable feedback on the proposed licence condition text. In particular, several respondents said that further detail on scope and compliance would be valuable. Two electricity network licensees highlighted that they considered many whole systems activities were already underway, and that compliance costs and scope were principal reasons they opposed the introduction of the Whole Electricity System Licence Condition that we originally consulted on. While we recognised that we may need to refine our proposed licence condition to be clearer, we believe that, if Electricity Distributors and transmission owners consider that they are already undertaking whole electricity system activities, it follows that compliance costs should be low.

We acknowledge that proportionate actions are important to ensure the benefits are not outweighed by the costs. Having carefully considered these responses, we have amended our drafting of the licence and the guidance to provide more clarity to address the concerns raised. Updates include:

- Clarification that actions and processes undertaken must not negatively affect an Electricity Distributor's or transmission owner's network, and must be in the interests of the efficient and economical operation of the electricity system.
- The accompanying guidance document describes remuneration arrangements that electricity network licensees may choose to enter into with each other to ensure that net positive whole systems actions and processes do not unduly result in negative costs incurred by an electricity network licensee. This ensures that identified net positive whole systems actions and processes can be carried out successfully.
- Simplification of compliance and reporting obligations placed on Electricity Distributors and transmission owners.

Responses to stakeholder management and associated updates

Electricity Distributors' and transmission owners' stakeholder management was regarded as a high value activity by many respondents; however, there was concern about the achievability of the requirements to proactively identify and engage with all customers.

We feel that it is important that network users have the opportunity to make suggestions for improvements that could benefit the system. However, we recognise that the scope of the draft licence that we previously consulted on could result in a significant burden regarding stakeholder engagement requirements. As we want the requirements to be proportionate to the benefits, we have retained a requirement for Electricity Distributors and transmission owners to consider network users' proposals for whole electricity systems actions and processes. To ensure that proposals are only carried forward when they are in the interest of consumers, Electricity Distributors and transmission owners are only required to take action where the proposal is deemed to be in the interests of the efficient and economic running of the network.

Responses to the definition of Whole System and associated updates

In the informal consultation, our definition of 'whole system' focussed solely on onshore electricity networks. A significant number of respondents considered this definition of 'whole system' to exclude the role other sectors have to play in whole system outcomes. There is no formally accepted definition of whole system within the energy sector. However, its use in both academia and industry typically extends beyond electricity networks to include other sectors such as gas, heat and transport, and their associated social infrastructures.

The proposed licence condition [D17]~[7A] provides clarity on what we expect of efficient Electricity Distributors and transmission owners today under the Electricity Act 1989, within the context of their RII01 price control. In the forthcoming RII02 price control, we will

include mechanisms to drive Electricity Distributors and transmission owners to consider actions and associated benefits that extend beyond the electricity system.^{3,4}

We have also revised our approach to defining whole electricity outcomes in the guidance document, focussing on the principle of cooperation and coordination to minimise network expenditure whilst improving, or at a minimum maintaining, consumer benefits, ensuring that the requirements are feasible within the current regulatory and legislative frameworks.

Responses to the draft licence condition guidance and associated updates

Responses on the proposed guidance provided valuable feedback on the clarity of the expectations placed on Electricity Distributors and transmission owners. Specifically, respondents felt that the guidance did not provide the required confidence to support Electricity Distributors, transmission owners and third parties in understanding the obligations and opportunities contained in the licence.

We have therefore simplified the guidance document to follow the structure and logic of the proposed licence text, and provided principles-based examples to assist readers understand the expectations placed on Electricity Distributors and transmission owners.

Responses to the need for code objective modifications

We asked about whether there was a need to update the industry code arrangements, in particular the objectives of the grid code and distribution code. While the majority of respondents were supportive of a potential update, many also expressed the view that the existing objectives were sufficient.

An update to the objectives would require licence modifications and further consultation. We will keep the potential for an update to code objectives under review and monitor the development of whole electricity system learning that arises from this licence condition.

³ Chapter 8 of the Sector Specific Methodology Decision outlines RIIO2 whole electricity system mechanisms for Electricity Transmission and the Electricity System Operator: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-decision>

⁴ RIIO-ED2 whole systems mechanisms are to be confirmed: <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-framework-decision>

Responses to the value of data in the proposed licence and associated updates

We acknowledge the importance that respondents placed on the availability of network data. We note that many of the recommendations from respondents on how data should be made available to maximise whole system benefits align with the work of the Energy Data Taskforce,⁵ published after the informal consultation.

Further, multiple other initiatives have been launched since the informal consultation, including: the 'energy data best practice principles';⁶ the 'Modernising Energy Data Access Competition';⁷ the publication of Digitalisation Strategies from the ESO, TOs and DNOs;⁸ and our consultation on key enablers for DSO and the Long Term Development Statement (LTDS).⁹ All of these initiatives progress the data in energy agenda across industry.

As a result, we consider that the inclusion of a specific whole systems data plan that we originally proposed for the licence condition is duplicative of actions being undertaken elsewhere, and does not add information beyond existing initiatives.

In particular, two initiatives result in duplication of the originally proposed data plan:

- The digitalisation strategies recently published by all Electricity Distributors and transmission owners set out the steps that are being taken to enable data and digitalisation improvements, including making information more accessible and understandable.
- The key enablers for DSO and the LTDS consultation covers data improvements to sources of data deemed a priority in responses to the informal consultation. This includes improvements to data relating to the location of network capacity constraints and planning data on investment timescales, and on ensuring that data is in a shareable format to meet users' needs.

We are therefore making our proposed data requirement more focussed. We have included a proposed requirement on Electricity Distributors and transmission owners to publish a coordination register outlining whole electricity systems actions that have been taken, and

⁵ <https://es.catapult.org.uk/news/energy-data-taskforce-report/>

⁶ <https://es.catapult.org.uk/news/energy-data-best-practice-guidance/>

⁷ <https://apply-for-innovation-funding.service.gov.uk/competition/491/overview>

⁸ <https://www.ofgem.gov.uk/publications-and-updates/digitalisation-strategies-modernising-energy-data>

⁹ <https://www.ofgem.gov.uk/publications-and-updates/key-enablers-dso-programme-work-and-long-term-development-statement>

proposals that have been brought forwards by electricity network users. The coordination register will inform stakeholders on the types of proposals deemed to be in the interests of the efficient and economic running of the network, which resulted in whole systems actions being taken. We expect reporting through the coordination register to include actions related to data sharing.

Responses to the draft licence condition regarding detailed actions

A number of respondents raised highly detailed instances of opportunities for whole systems actions. We have forwarded specific concerns regarding connections, constraint management and active network management to relevant policy development areas and have shared the insights from respondents about what they see as most beneficial.

Next steps

Alongside this letter we have published a statutory consultation notice whereby we propose the introduction of a Whole Electricity System Licence Condition [D17]~[7A].

We welcome comments on the proposed licence condition and proposed Impact Assessment. Responses should be received by 03/04/2020. We prefer electronic copies, sent to flexibility@ofgem.gov.uk, but alternatively please post them to: Flo Silver, Ofgem, 3rd Floor, Commonwealth House, 32 Albion Street, Glasgow, G1 1LH

Further details on responding to this consultation and the timings for next steps can be found in Annex 3. Details on our Privacy notice is set out in Annex 4.

Yours faithfully,

Steven McMahon

Deputy Director, Electricity Distribution & Cross Sector Policy

Annex 1

Summary of informal consultation questions responses

We have listened to responses to the informal consultation, and have updated the proposed licence condition accordingly. The following summaries of responses to the informal consultation have helped inform our view, and provided valuable feedback to ensure improvements to the proposed licence condition.

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?

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

a) The majority of respondents cited expected benefits from the proposed licence condition that would lead to overall lower system costs. In particular, most commonly cited benefits were:

- Avoidance or deferral of the need for network reinforcement and the associated costs.
- Options with the lowest overall costs identified reducing bills for consumers.
- Better data sharing leading to coordinated activities and resource planning.

A number of respondents stated that they did not consider that the benefits resulting from the licence change would outstrip the costs associated with it, or that this was the best cost solution. No detailed evidence to support this view was submitted.

One respondent stated that the proposals could create additional and unnecessary regulatory complexity.

b) Numerous respondents cited costs and issues relating to the proposed licence change as a concern, with varying degrees of detail and reasoning.

Several respondents raised concerns around the additional cost of compliance with the licence and cited open-ended requirements as an onerous burden.

A few respondents identified funding arrangements as a barrier to the delivery of whole system benefits and requested greater clarity about allocating costs and risks between parties.

A small number of respondents cited costs arising from duplication of effort resulting from a multi-party approach.

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.

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?

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

a) The majority of respondents stated that the licence and guidance needed to provide more clarity on what actions are expected of Electricity Distributors and transmission owners, and on how compliance will be determined.

Several respondents identified additional groups that they felt should be identified as specific stakeholders to engage with, including academics, consumers, and consumer groups.

Several respondents requested clarity on how the licence interacts with competition law and Electricity Distributors and transmission owners delivering services in the market, for example the flexibility market.

A few respondents expressed disappointment that there was not a requirement for de-carbonisation explicitly included in the licence.

A small number of respondents were satisfied with the scope and clarity of the guidance.

One respondent considered that the guidance sanctioned anticipatory investment.

b) A significant number of respondents did not explicitly address this question in their answer. Of those that did:

- A few said that they felt the requirements were proportionate.
- The majority raised concerns around proportionality, focusing on proposed requirements for engagement and data sharing.

- One respondent advocated for the drafting to be more explicit that proportionality is judged against the expected benefits, rather than the opportunity to support outcomes.
- One respondent raised concerns about the retrospective nature of enforcement, and advocated a 'best endeavours' approach to account for only being able to take actions that are possible at the time.

Question 3: These proposals require network 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 network licensees should seek to engage with those with an interest in a given situation. Do you agree with this approach?

The majority of respondents were supportive of the requirement for stakeholder engagement.

Some respondents stated whilst they were supportive, they stressed the need for engagement to be proportionate and in line with expected benefits.

A small number of respondents expressed uncertainty about how the cost of engagement would be met, and one suggested that Electricity Distributors and transmission owners would need funding for wider engagement.

One respondent made the point that they can only provide information to a customer, it is then down to the customer to make the decision about what options they accept.

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

- a) The majority of respondents expressed support for including consideration of whole system outcomes in the code objectives.

A small number of respondents stated that existing code objectives were sufficient.

A couple of respondents recommended that the existing electricity network codes should be brought together into a single code. One respondent suggested this could cover gas and electricity codes.

b) The majority of respondents did not explicitly address this question in their answer. Of those that did:

- The majority referenced the review of network access and charging arrangements as an important factor in determining how costs of system use are allocated.¹⁰
- A number also referenced the significant code review which forms an integral part of the charging and access review.¹¹
- Some said that the Open Networks project was best placed to identify interactions and efficiencies across networks and users.
- A few respondents said that the funding mechanisms available are not sufficient and constituted a barrier to whole systems projects.

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.

Some respondents stated that more guidance on how Electricity Distributors and transmission owners should manage connections and constraints would be beneficial.

A few respondents agreed that guidance on heat and electric vehicles would be beneficial.

A few respondents wanted further guidance in relation to roles and responsibilities of each party in relation to whole system outcomes.

In addition, there were a number of areas that only one respondent requested further guidance on, these include:

- Active network management.

¹⁰ Reform of network access and forward-looking charges <https://www.ofgem.gov.uk/electricity/transmission-networks/charging/reform-network-access-and-forward-looking-charges>

¹¹ Targeted Charging Review: Significant Code Review - <https://www.ofgem.gov.uk/electricity/transmission-networks/charging/targeted-charging-review-significant-code-review>

- Low Voltage and Medium voltage monitoring.
- How to prioritise different technologies in areas where networks are constrained.
- Cases where investment decisions might impact developing technologies.

In addition, one respondent said that the provision of specific guidance could lead to complications and hinder industry progress.

Another respondent stated that they did not believe Ofgem should be leading on connections and constraint management.

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?

The majority of respondents focused on network data as the priority for information sharing, particularly with regards to areas of network with capacity or constraint issues.

Some respondents suggested that further information about where alternative networks solutions may be needed, such as flexibility, would be valuable.

A few respondents wanted access to information on predicted future energy demands.

A few respondents identified information on distribution connected energy resources, especially those with a generation capacity greater than 1MW, as a priority.

To enable this information sharing:

A significant number of respondents cited the need for standard data formats, of which by far the most popular was the Common Information Model.

A significant number of respondents referenced the work of the Open networks project and the Energy data Taskforce.

A few respondents wanted a centrally developed framework and set of protocols to govern energy data sharing.

One respondent recommended that all data should be presumed open, placing the responsibility on the data holder to justify where data is kept closed.

One respondent asserted that DNO's must do more to roll out LV and MV monitoring on their networks.

One respondent wanted locational price signalling for new connections.

One respondent advocated for data sets to be registered in a searchable data index.

One respondent wanted a centrally managed resource register, complimented by an obligation on generators (via licences or codes) to maintain an up to date register entry.

Significant barriers to data sharing that respondents identified were:

A few respondents cited commercial sensitivity and confidentiality provisions as a barrier to data sharing.

A few respondents stated that the costs associated with data sharing were prohibitive.

One respondent pointed to the difficulty of breaking down historical data sets as a limit to understanding interactions between the resources and in projecting expected behaviours of users.

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 overwhelming majority of respondents agreed with the proposed scope.

Several respondents suggested that condition C16¹² in the ESO's licence is not sufficient to ensure whole system outcomes and should be reviewed.

A few said that Ofgem should consider including the Off Shore Transmission Operator's in the future.

One respondent said the proposed licence condition should apply to the gas network licensees in addition to the Electricity Distributors and transmission owners.

¹² <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions>

Annex 2

Summary of workshops with Electricity Distributors and transmission owners

In the proposed licence condition policy development process, we hosted two workshops with Electricity Distributors and transmission owners. The first workshop took place on 22nd July 2019, and the second workshop took place on 12th February 2020. The workshops informed our policy drafting, and allowed us to amend the licence documents based on the valuable feedback we received.

Workshop I

The workshop started with an overview of the responses that we received to the informal consultation,¹³ and the amendments we proposed based on our consideration of the consultation feedback.

We acknowledged that several of the Electricity Distributors and transmission owners had expressed concern around the principles-based nature of the proposed licence condition. Given these concerns, we drew on the example of how principles-based regulation has been successfully introduced in the retail energy market, and the flexibility of approach it provides Electricity Distributors and transmission owners in complying with the licence. While there was a wide ranging discussion at the workshop, the salient points are outlined below.

Concern was expressed by Electricity Distributors and transmission owners at whether the operation of networks was included in the proposed licence condition, and a requirement placed on Electricity Distributors and transmission owners to operate their networks jointly, or to manage joint projects. We were clear that the intention is not that the Electricity Distributors and transmission owners operate their networks jointly. We agreed to consider appropriate drafting in the final licence text.

Electricity Distributors and transmission owners commented that the guidance document required further clarity to define the scope of obligations that they would be required to uphold. We recognise the importance that the guidance will play in providing confidence to

¹³ <https://www.ofgem.gov.uk/publications-and-updates/consultation-licence-conditions-and-guidance-network-operators-support-efficient-coordinated-and-economical-whole-system>

Electricity Distributors and transmission owners, and agreed that they would be given an opportunity to provide feedback on the guidance document prior to statutory consultation.

We presented a clarification of the principles underpinning the proposed Whole Electricity System Licence Condition. This included direct and specific reference to Electricity Distributors' and transmission owners' obligations, noting that "Licence holders should seek to engage with and consider network solutions proposed by its customers". All Electricity Distributors and transmission owners were offered the opportunity to comment on this principle; no objections were raised.

The requirement for a new licence condition was questioned by one attendee on the basis that Electricity Distributors and transmission owners were already obliged to operate and develop their networks in an economic and efficient manner under Section 9 of the Electricity Act 1989. While we agree that Section 9 lays the foundation for the requirement of the network companies to behave in an economic and efficient manner, we believe that Electricity Distributors and transmission owners will benefit from the further clarity that the proposed licence condition provides them to ensure they meet their responsibilities.

An electricity network licensee queried how they should behave if, by taking a whole electricity system action, electricity customers as a whole would benefit, but those connected to their individual network suffered a loss. We explained that Electricity Distributors and transmission owners have a responsibility to ensure that those connected to their network do not suffer a loss because of the network undertaking a whole electricity systems action or process. In the situation described, the Electricity Distributors and transmission owners would only be required to undertake the whole system action or process where they received sufficient inter electricity network licensee remuneration to ensure that their network customers did not suffer a loss. Electricity network licensees are encouraged to consider suitable financial transfer arrangements, and develop the terms of any remuneration arrangement to ensure there are no negative impacts of whole systems actions or processes on network customers.

There was a discussion about whether the proposed licence condition should be included in the ESO licence as well. Several of the attendees expressed a strong view that the ESO should be subject to the same proposed licence condition, and that the existing C16¹⁴ condition was not sufficient. Review and assessment of the ESO licence is part of an ongoing process, and is being considered appropriately.

¹⁴ <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/licences/licence-conditions>

In the workshop discussion, Electricity Distributors and transmission owners were broadly content with the policy as articulated. On this basis, Ofgem planned to proceed to statutory consultation.

Workshop II

The workshop was held to update Electricity Distributors and transmission owners on how we had refined the licence following stakeholder feedback; to give them an opportunity to provide feedback on how the proposed licence condition will operate in practice; and to allow them to comment on the clarity achieved by the guidance. Both documents had been provided to Electricity Distributors and transmission owners in advance of the workshop. The updated proposed licence text and guidance were generally well received.

There was a discussion on whether the definitions of *coordination* and *cooperation* found in the guidance document should be included in the licence text. Some Electricity Distributors and transmission owners felt this may be beneficial. We noted that the licence refers directly to the guidance document, and that both terms were commonly understood terms, thereby limiting the need to formally define these in the licence, and that instead they were to provide assistance in clarification of the terms for the purposes of the licence.

There was discussion on the principles-based nature of the proposed licence condition. Electricity Distributors and transmission owners sought information on the extent and scope of obligations, and were concerned that responding to all network user proposals for whole systems actions and processes may be unduly burdensome. We emphasised that the proposed principles-based licence condition allowed Electricity Distributors and transmission owners flexibility in their approach to meeting their obligations, and that this was expected to be proportionate to the strengths of a whole systems action or process. We have edited the guidance document to further clarify this point.

Electricity Distributors and transmission owners queried how a transmission network user would best propose a whole system action or process, and whether this would be managed by the ESO or TOs. We commented that the ESO is obligated under licence condition C16 to undertake whole electricity system actions and processes, and that we would expect both the ESO and TOs to appropriately share relevant information to facilitate whole systems actions and processes. We have further clarified this in the guidance document.

The workshop successfully offered Electricity Distributors and transmission owners the opportunity to comment and provide valuable feedback on the proposed licence condition and guidance. After making some relevant amendments, we are now taking forwards the proposed licence condition to statutory consultation.

Annex 3 – Responding to this consultation

Consultation stages

This is a statutory consultation that will run for 28 days. Should we decide to proceed to a licence modification following statutory consultation, indicative timeframes are below:

- 06/03/2020 – 03/04/2020: Consultation is open
- Spring Decision document
- Followed by: 56-day standstill period
- Summer 2020: Modified licences come into effect

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Annex 4.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?


Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website:

www.ofgem.gov.uk/consultations.


Notifications

Would you like to be kept up to date with *Domestic supplier-customer communications rulebook reforms*? subscribe to notifications: 

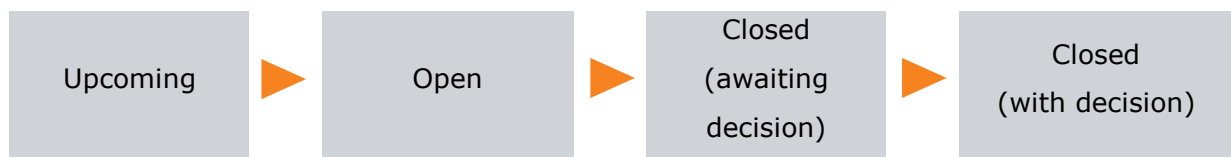
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Check the box below to verify you're human

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Privacy - Terms

Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:



Annex 4 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We will not share your personal data with organisations outside Ofgem.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for six months after the project has closed.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data

- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, click on the link to our “[Ofgem privacy promise](#)”.