



## RIO2 ED2 Methodology

Origami response to consultation

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**Origami response to RIIO2 ED2 Methodology consultation**

**FAO: James Veaney, Network Price Controls team**

Dear James,

Thank you for the opportunity to respond to the consultation on RIIO-ED2 Methodology.

Origami is an energy technology company, providing real-time energy optimisation solutions to accelerate the transition to a green energy world. Our solutions - from renewable energy forecasting to flexible asset dispatch - are used by energy companies such as SSE and SmartestEnergy.

We believe that this price control is critical to underpin and accelerate the UK's progress towards its Net Zero ambition. The world has changed considerably since ED1 was set, and this regulatory intervention marks an important opportunity to go further and faster.

In that context, we welcome many of the changes signalled within the consultation - including the recognition of the trade-offs between current and future consumers and exploration of procurement approaches nearer to real-time.

There is, as you identify, significant uncertainty within the next price control and this is unlikely to reduce in the short term. We need to prioritise ways forward that offer high optionality and least regrets. We believe that open markets, underpinned by real-time data, are one of the key levers to managing this uncertainty and delivering efficient operation of our electricity networks throughout the energy transition. We are concerned that there is an implicit assumption that capacity on distribution networks will be managed centrally and that this approach may stymie the flexibility and innovation we need. Additionally, the timing of the Access SCR consultation, in parallel to development of DNO plans, may further entrench this position.

In the appendix to this letter, we have focused on those questions where we feel we can offer an informed perspective. These answers are not confidential. We hope that alongside other responses, these provide a balanced set of views to inform your approach to ED2.

Kind Regards,

Alex Howard  
Head of Strategy, Origami

## Appendix - Response to specific consultation questions

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

Yes. We support the application of the EDTF recommendations, including treating data as "presumed open". We believe that improved digitalisation across the industry has considerable opportunity to improve market efficiency and unlock continued low carbon investment. The DNOs will form a key part of the digitalised energy system and it is right that they prioritise digital investments which support their efficiency and that of the wider market. We recognise that it is not possible or desirable to regulate in detail at this stage, and that it is appropriate that Ofgem and the energy industry maintain visibility of plans and progress.

### **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?**

We recognise there may be a need in the future for wider institutional change. We are disappointed that decentralised market and price-driven approaches to managing local network capability are not mature. We believe that such approaches could provide optionality, in parallel to more binary and complex options to reassign DSO roles.

### **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?**

One of the enablers to whole system solutions is the ability for market actors to participate efficiently and freely in multiple markets - whether they be local or national. Without this, we risk sterilising capacity and flexibility, and ultimately increasing the cost of operating our electricity network. It is important that DNOs make the right data interfaces available so that market actors can combine this with data from other sources to make informed and coordinated decisions.

As above, we support the proposed way forward within ED2 for digitalisation and better use of data.

### **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 believe that the Access SCR is an important input to the ED2 approach. In addition to the impacts identified, we believe that the SCR approach may - in decentralising some of the mechanisms by which network capacity is managed - fundamentally re-shape the DSO role and associated digital investments.

### **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?)**

We believe that early publication of the Access SCR Minded to consultation would be desirable. Anchoring DNO plans in a draft determination and making the Access SCR part of the ED2 negotiation seems highly undesirable.