

Power Responsive Flexibility Forum breakout session:

Commercial principles for contracted flexibility

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Session structure and purpose

Agenda

30
minutes

Overview of commercial principles to support provision of service to multiple entities

15
minutes

Round table discussion on 5 areas for consideration

15
minutes

Highlights from each table & close



A 'whole system' approach



A whole system approach between SO and DNOs is required

ENA's Open Networks Project supports this – and underpins the delivery of the smart grid

Latest deliverable proposes principles and market models which will help shape the DNO-DSO transition

Introduction to the 'Commercial Principles' paper

- Deliverable of the ENA's Open Networks Project, published mid-August
- Seeks to inform:
 - Development of services to enable Distributed Energy Resources (DER) to participate in the efficient provision of flexibility services to multiple entities
 - The evolution of relationships between the entities that will procure or support the DER service provision
- Building on existing initiatives and trials, paper presents and consults on five areas for consideration
- Perspectives from all industry stakeholders welcome – consultation closes on 29th September
- Feedback will inform future progress under the ENA's Work Stream 3: DSO Transition

Consideration #1: Market Models

- **Consideration #1 asks: What models (procurement and operation) should be used to allow DER to offer multiple services to multiple entities?**

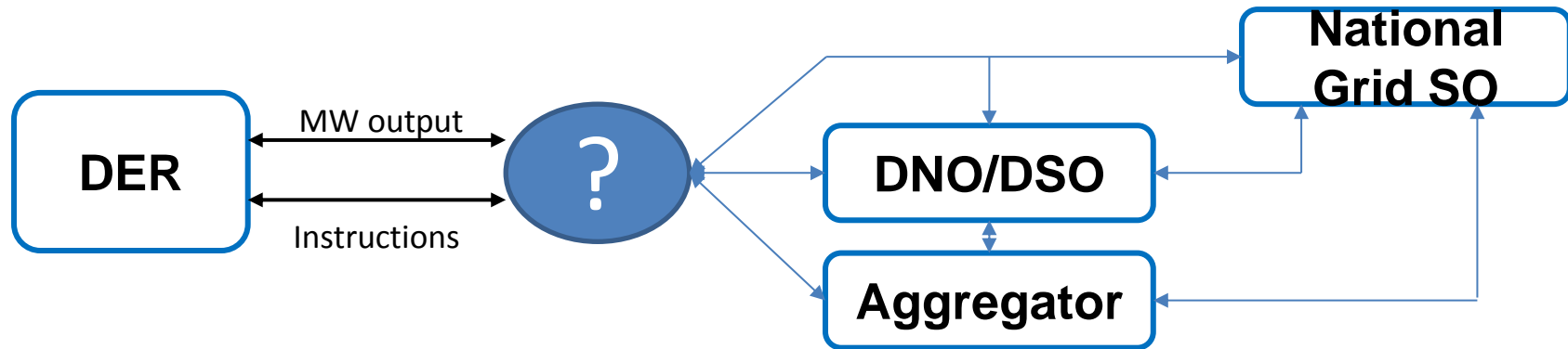
National Grid SO	T system security and frequency management. Procure direct from DER, via Aggregators, or from DNO/DSOs. Could also procure D services for DNOs to utilise.
DNO/DSO	Responsible for D system security & key enabler for DER service provision. Procure D management services direct from DER, or via Aggregators. Could also procure T services for National Grid SO to utilise.
DER	Offer range of services to different entities. Need route to markets and the means to deliver services, either directly or via aggregation.
Aggregator	Offer a range of services to different entities. Need route to markets and the means to deliver services, via aggregation of individual DER output.

Paper assesses various models of roles and responsibilities – each assessed on how they promote competition, maximise opportunities for synergies and manage potential conflicts.

What are your views on the key attributes for models to enable DER service provision?

Consideration #2: Visibility & Controllability

- **Consideration #2 asks: How can DNOs and National Grid SO ensure sufficient visibility and controllability of DER output?**



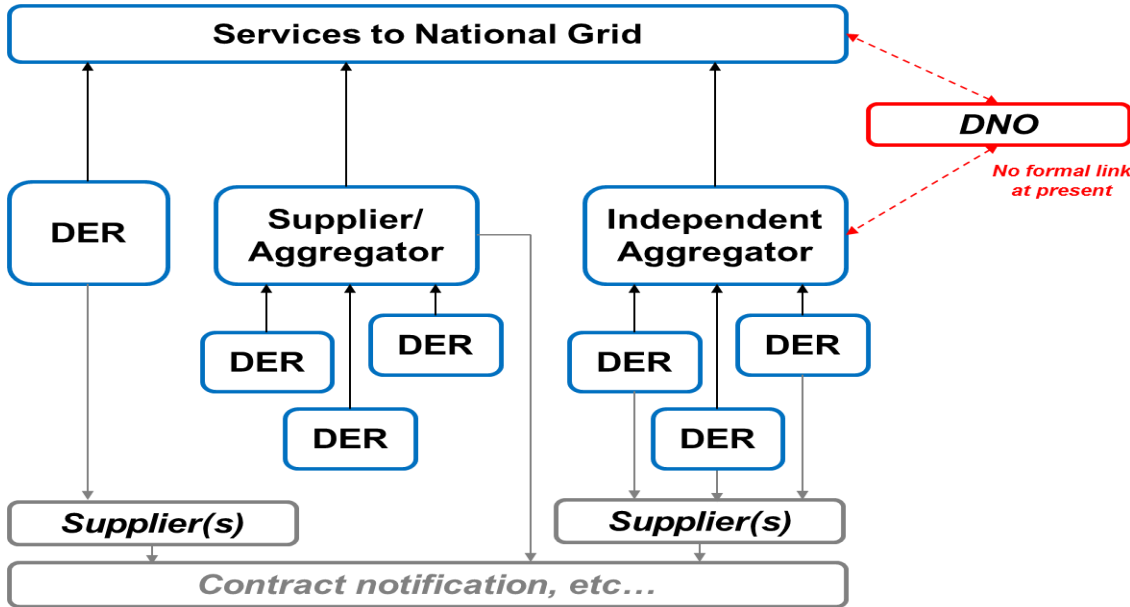
Network operators seek ability to instruct changes in DER output to deliver network and energy balancing services.

What are your views on how visibility and controllability of DER output can be efficiently delivered?

Consideration #3: Routes to Market for DER

- Consideration #3 asks: How can we ensure the various routes to market can coexist in a coordinated way?

Current Model for aggregation of DER for Balancing Services:



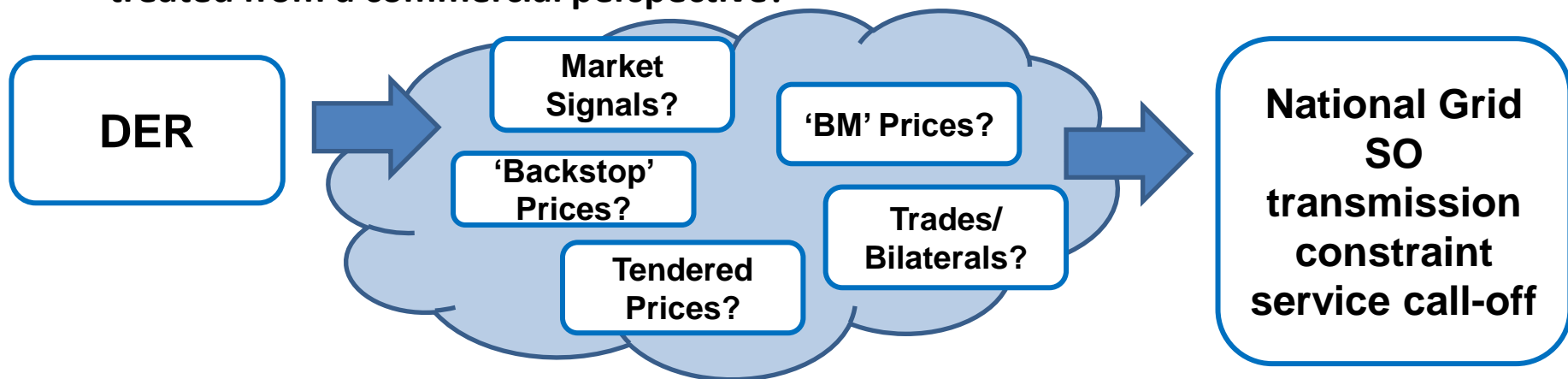
The paper considers that DER should be free to choose who aggregates their output for provision of services.

It seeks views on how the current model needs to evolve.

What are your views on how to ensure choice in DER routes to market, whilst managing the impact on distribution network operation?

Consideration #4: Pricing DER Curtailment for Transmission Constraints

- Consideration #4 asks: How should DER curtailment for transmission constraints be treated from a commercial perspective?

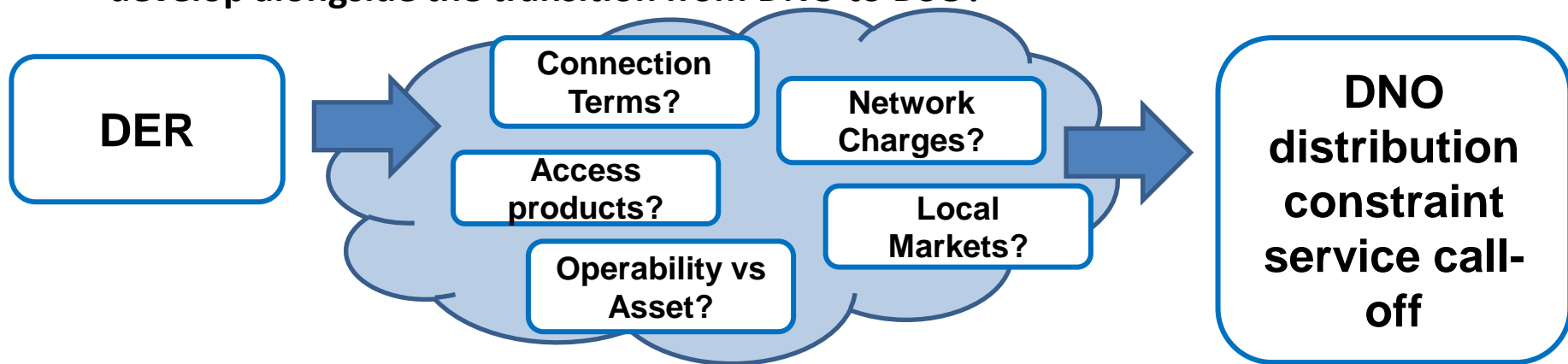


The paper looks at how DER curtailment for transmission constraint management might be priced – all intended to support efficient use of transmission constraint management tools.

What are your views on how best to price curtailment from DER, and efficiently procure services from them, for managing transmission constraints?

Consideration #5: Distribution Constraint Management

- Consideration #5 asks: How might distribution congestion management activities develop alongside the transition from DNO to DSO?



The paper notes that distribution constraints are managed through connection processes. It considers how services could evolve to support the possibility of new distribution constraint management approaches in future, and how synergies with transmission might be pursued.

What commercial principles could support new approaches to distribution congestion management in future? How should synergies across T and D be captured?

Round table discussion

**Covering 2 of the 5 considerations
raised in the consultation**

**Please use the iPads provided to capture your table's views –
ensure all opinions are heard and respected**

Wrap up – highlights from each table

Two minutes per table – Please tell us which considerations you discussed and share the top two/three key themes from your group

Thank you

For more information on the ENA's Open Networks Project and the Commercial Principles consultation, visit:

<http://www.energynetworks.org/electricity/futures/open-networks-project/>