

25 January 2019

Sent via Email only to [box.WholeElectricitySystem@nationalgrid.com](mailto:box.WholeElectricitySystem@nationalgrid.com)**Energy UK response to National Grid ESO paper on Whole Electricity System Thinking**

Energy UK welcomes the opportunity to feed into the work of National Grid ESO in ensuring a holistic approach to system operation and balancing markets. Providing simplified, transparent and consistent information and processes to market participants will greatly increase confidence, bolstering market participation and investment and delivering on customer needs at lowest cost to UK consumers.

To efficiently deliver for UK consumers, system frameworks must:

- Ensure timely, transparent, accurate and consistent sharing of, and access to, pertinent information and data regarding the state of the network, balancing services, flexibility product requirements, market processes and planned dispatch of flexibility.
- Be accompanied by consistent, easily-available and understandable resources for customers across DNO, DSO, TO and ESO websites.
- Align developing distribution-level processes and markets with the UK's transmission-level processes as well as with broader European practice.
- Continue to integrate technology neutrality and neutral market facilitation principles as codified aspects of all market and operational processes.

A number of energy system challenges are developing as the UK moves to an increasingly decarbonised and decentralised system, each of which requires an appropriate response from system operators. It is important to recognise that the 'challenges' of decarbonisation, decentralisation and digitisation are also opportunities for industry, consumers and UK Plc., given the potential for investment and innovation in these areas.

Increasing the availability and utilisation of information and data across the energy system will enable the UK to accurately identify the needs of the system, reducing the risk of stranded assets and lowering costs for consumers through targeted investment. There may be a role for centralised coordination of the sharing of data and information to set out clearly what information is to be exchanged, at what time, to which parties, in what format and on what level of aggregation.

It is vital that improved access to data and transparency are progressed in line with existing privacy requirements and that cybersecurity capabilities across the system meet all relevant standards. The Energy Data Taskforce has begun the work of assessing what data is already available across the energy system and will give increased direction in this area in the coming months.

Energy UK favours evolution over revolution given the importance of keeping the cost of transition low and realising maximum value for consumers from existing assets. As set out in Energy UK's paper on *Roles and Responsibilities in the Provision of Flexibility*, Energy UK supports a framework in which the ESO retains responsibility for national balancing, frequency control and system restoration across the whole network. Where fundamental changes are required, it remains vital that these be aligned with existing transmission-level and European norms for system operation and neutral market facilitation.

It is important that the ESO evolve its capabilities in order to meet the changing system requirements, including enhancing visibility of distribution-level assets and network constraints and introducing near-to-real-time dispatch capabilities to address sudden changes in supply or demand. Arguably most important to the changing nature of the ESO is ensuring appropriate resource is available to manage the transition, reflective of the large number of changes required across areas administered or overseen by National Grid ESO and developments at distribution level.

Stakeholder engagement events and public consultations will be beneficial and should be bolstered by a set of cross-industry working groups targeting specific areas. Wherever possible, market processes,

terminology and services should be consistent to enable market actors to understand what is expected of them, what revenue streams are available and how these can be stacked or integrated, giving clarity on what assets and services are of value.

Energy UK and its members will continue to engage with National Grid ESO work streams, the Open Networks project and other work to ensure whole system thinking continues to develop. If National Grid ESO or any other stakeholder wishes to discuss the points made in this response, please use the contact details below.

Sincerely,

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<sup>i</sup> <https://www.energy-uk.org.uk/publication.html?task=file.download&id=6798>

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