Open Networks Challenge Group – 2022 Report

The Open Networks Challenge Group was established at the start of 2022 to improve the governance of - and stakeholder input into - Open Networks (ON). The Group comprises 20 members who are a mix of flexibility service providers (FSPs) and stakeholders with a broader customer or policy interest. The Group has met 5 times during the course of 2022. We appreciate the time and effort the ON team, including Steering Group members, put into these meetings and the open approach to engagement.

Through the course of the year, in our discussions on the particular ON products, we have been able to make a range of suggestions that the product teams have found helpful. However, often the more substantive points raised have been deemed "out of scope" of what the product team was looking to deliver. Many of these points have been raised again in responses to the ON Flexibility consultation and in the context of the discussions around the 2023 scope. The ON Steering Group are sighted on the issues and taking them on board where they can - but in some cases there are wider implications for individual networks. We have therefore set out below a summary of some of the key themes which we think it would be helpful for the ENA Board / senior DNO representatives to be aware of and where we are looking for their support.

1) **The need for a clear vision and direction for Open Networks**

As Open Networks has now been running for 5 years, the ultimate goals seem to have become taken for granted and, in our view, there would be real value in restating those goals to provide a context when scoping the work programme for 2023 and setting priorities. To deliver on net zero requires a significant increase in the levels of flexibility on the system, and the work of Open Networks is vital to this.

We have provided a strawman vision for consideration by the ON team, which starts with the customer and talks about creating a frictionless flexibility market and making it as easy and rewarding as possible for FSPs to participate.

2) **To move beyond common frameworks to uniform processes and systems**

Having to deal with six (or seven including the ESO) different sets of arrangements is a real barrier to participation in flexibility markets. This has been acknowledged and standardisation has been one of the themes of the ON work over the past few years. While good progress has been made, the ENA team and working groups are limited in how far they can take this. For example, they may be able to agree a common framework for contracts but to actually move to a standard contract is difficult as companies have different risk appetites and legal teams will want to retain control.

Similar issues arise in relation to the desire for a single system for pre-qualification; for standard product definitions that actually are applied in the same way across companies; and for interoperability / common APIs for the systems through which FSPs submit offers and for dispatch.

The Challenge Group would like to see Open Networks tackling some of these simple sounding but hard to deliver changes. This will require senior level commitment within the companies where changes are required to their systems or procedures.

There may be good reasons for not wanting to go down the path of a single "platform", for example, if it would create a single of point of failure and limit the scope for innovation. There may be good reasons for some DNOs wanting to differentiate their offerings. But we would like to have an open discussion about these trade-offs and to help ON understand the "pain points" from an FSP perspective.

3) To increase the focus on innovation

While standardisation is important to FSPs, this must not mean that progress is limited to going at the pace of the slowest. We want to see Open Networks pushing companies to do more and faster.

One particular area where more could be done is on innovation where Challenge Group members are aware of some excellent innovation projects being progressed by individual companies. We would like to see greater emphasis on sharing learning and getting successful initiatives adopted quickly by other DNOs and treated as BAU.

4) To measure success in terms of outcomes not simply product delivery

In reporting on its progress over the past year, the Open Networks programme has tended to focus on the various products that it has delivered. While this is important to track, and there has been good progress, what matters at the end of the day is the impact of the programme in relation to the outcomes that it is looking to deliver.

When DNOs noticed earlier this year that participation in flexibility tenders had declined we were invited to offer views as to why that might have been (to supplement more structured feedback being sought by the companies). This was a good example of a focus on the outcome that is being sought, tracking progress, gathering feedback and using that to help judge where action is needed.

5) To prioritise but remain agile so the work programme can adapt

The Challenge Group recognise that if we are asking ON to tackle some of the harder challenges there will be a need to prioritise and focus on a small number of issues which can be delivered at pace.

However, we also welcome the suggestion from the ON team that some capacity headroom is needed to be able to deal with changing priorities or new developments. We have noted the very significant amount of change that is happening across the industry with REMA, the establishment of the FSO and the new winter flexibility service, for example. Open Networks needs to be able both to understand the implications of such changes and to flex its work programme to accommodate them.

Conclusion

Overall, the Challenge Group recognises that good progress has been made over the year and there is strong support for the work of Open Networks. However, we are very aware that future requirements for flexibility are set to increase, creating a need for ON to continue to raise its ambition and look at how to deliver a step change in terms of alignment across the DNOs / ESO.

Obviously individual DNOs will be working to build and improve their DSO flexibility offerings, responding to feedback from their particular stakeholders. This drive to improve is welcome. However, within the spirit of Open Networks, we want to see DNOs also committed to sharing learning and adopting as far as possible a common approach - while not limiting progress to the pace of the slowest.

Maxine Frerk

Chair, Open Networks Challenge Group

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