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Solihull, 3rd February 2020

Subject: Sembcorp Energy UK response to Ofgem's consultation on "Key enablers for DSO and the Long Term Development Statement"

Dear Louise,

Many thanks for the opportunity to share our views on the key enablers for the DSO transition and on Ofgem's plans to reform the Long Term Development Statement (LTDS).

Sembcorp's views are mainly on the need to harmonise and standardise data sets across all DNOs, and for the LTDS to support the ongoing initiatives such as the System Wide Resource Registers that all DNOs are gradually publishing as part of the ENA Open Networks Project deliverables, and the DCUSA modification proposal DCP350 which is looking to establish an embedded capacity register.

We support processes and systems that would facilitate access to information, with a view of not allocating undue burdens to DNOs. In this sense, we support the joint efforts between National Grid ESO and DNOs in the alignment of their Future Energy Scenarios. This will help streamline the analysis of the future system needs at transmission and distribution level, with the opportunity to provide customers with more detailed information supporting investment decisions.

With regards to the Active Network Management (ANM), our main concern is around the conflict of interest between DNOs and the DSO function that might be attributed to them via ANM. This needs to be duly addressed to ensure an appropriate development of a neutral DSO function.

More information is available in the response to the consultation in the following pages.

Kind regards.

Alessandra De Zottis
Regulatory Affairs Manager
Sembcorp Energy UK

The Long Term Development Statement

There are currently several work streams aiming at improving data and its level of granularity at distribution level. Among these, we would point out the System Wide Resource Registers that all DNOs are gradually publishing as part of the ENA Open Networks Project deliverables, and the DCUSA modification proposal DCP350 which is looking to establish an embedded capacity register. These initiatives are leading DNOs to publish and maintain reliable, comparable, and detailed data sets. We are very much supportive of these and we welcome a solid yet efficient approach to avoid exacerbating the burden for DNOs in their obligation to give visibility of network data.

The LTDS could integrate these initiatives and include data items that would support their timely delivery. The publication of network information should be consistent across DNO areas and we would welcome a common framework, which could be set by the LTDS.

It's important to bear in mind that the LTDS only covers information at 33kV. To include information below this voltage (11kV and LV), every substation will need to be captured and DNOs will need to provide information on the loading on each of their substation. Many DNOs do not however currently hold this information and it will prove difficult to obtain such level of granularity in the short term.

Finally, we would welcome if the LDTS was updated quarterly, instead of every six months. This will be more suitable only if the data provided by DNOs is more frequent and dynamic than it currently is.

Heatmaps, Direct Needs Identification and Hosting Capacity

In the transition to net-zero and the development of a smart and flexible energy system, the new capabilities and characteristics of distribution networks all contribute to its complexity. Hence, accurate, comparable, and exhaustive information needs to be collected and shared. This would enable efficient investment decisions supporting the net-zero pledge.

Overall, simplification and harmonisation of information will allow network customers to have the necessary visibility of what DNOs need in the near future, therefore informing their investment decisions on where to pursue a network connection. The possibility to access, process and utilise distribution network information will be even more important once Ofgem's decision on the Access and Forward Looking Changes TCR will need to be implemented.

Information on state of the network should be coupled with flexibility requirements. This would enable customers to make investment and commercial decisions taking into account their positioning in the different balancing services markets and how to best meet the future needs of the system.

We encourage DNOs to proceed as swiftly as possible in the publication of their system and flexibility needs. Ultimately, there should be a single repository for greater data accessibility. Yet, there might be the need to start with a register for each DNO to ensure a more agile start of the process.

Among the details that should have priority in this process of opening up network information, fault data is key. This will allow providers to assess how robust a section of the network is and how DNOs are addressing potential issues (i.e. whether they are reducing capacity, reinforcing the network etc..).

Forecasting of Network Needs

We welcome the joint effort between National Grid ESO and DNOs to align their Future of Energy Scenarios in the short term. While NGESO's FES provides useful information on the system evolutions for each scenario, DNOs' FES should be able to provide an extra level of granularity which would inform the different commercial components and investment opportunities that would be required for each scenario.

Delivery Governance of the Form of Statement

We agree with the proposal for an LTDS delivery body.

Sembcorp Energy UK would like to nominate Paul Graham (paul.graham@sembcorp.com) for the LTDS working group.

Paul has 40 years of experience in the UK energy sector. He trained as an electrical engineer within the Distribution Network Operator Electricity North West, moving through commercial, technical and managerial roles in several different companies.

He also has expertise of both water and gas distribution infrastructure operations. At Sembcorp, Paul has been instrumental in securing network connections for all the assets: he is responsible for managing the development and installation of numerous connections for embedded generation, including fast response gas fired peaking plants and grid scale battery storage capability, across England and Wales. He has also been involved in connection projects in Ireland and the US.

Paul is actively involved with DNO engagement in England and Wales, bringing his deep knowledge of the needs of customers for connections and ongoing service from local network operators. Paul was elected as Member of the Distribution Code Review Panel (DCRP) and National Grid technical modification panels. Furthermore, he is a member of customer scrutiny panels for Electricity North West, Scottish Power Energy Networks and Western Power Distribution.

Key enablers for DSO

Network Monitoring & Visibility Enablers

We welcome the principle of the Energy Data Taskforce according to which all data held by DNOs is assumed open. Where the publication of certain data does not go against GDPR law or cause any concern to the breach of customers' privacy, there should be no impediment for such data to be publicly available.

Flexibility trading enablers

Any operational data sets that is already available to DNOs should be published in an open and harmonised form by all DNOs. Ideally, there will be a single repository of all the available information, including indication of all assets connected at distribution level. One element that should be given priority is the publication of fault data, so that providers can assess the robustness of the system and what is needed going forward.

Flexibility dispatch and control enablers

We believe that DNOs owning and operating ANM platforms will lead to a range of conflicts of interest if these entities are going to take on DSO functions. These conflicts would not be dissimilar to those that are at the basis of the DNOs not being allowed to own or operate any generation assets.

It should be noted that ANM is applied through connection offers, which are typically a DNO function. If DNOs' position is that ANM is a key functionality for safe operation of the network, then it has to remain under the DNO role, and not being transposed into a DSO role.

Should ANM be performed by DNOs invested of their role as DSOs, we have concerns that the potential conflicts would extend to flexibility markets, whereby DNOs would be incentivised to use ANM schemes or utilise network assets instead of opening tenders for flexibility to providers that have made investment decisions with the expectation of participating in such markets.