

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Wednesday, February 12, 2020 4:23:41 AM
Last Modified: Wednesday, February 12, 2020 4:39:30 AM
Time Spent: 00:15:48
IP Address: 184.28.188.12

Page 1: Consultation: Regulatory treatment of CLASS as a balancing service in RIIO-ED2 network price control

Q1 Are there other options we should have considered? Please provide reasons.

No.

Q2 Do you agree that market based mechanisms can provide the most efficient incentive for CLASS participation in balancing services?

Yes and it is helpful for the future to develop such arrangements with regulated network companies. This refines Ofgem's approach and encourages the development of new capabilities in the regulated network companies.

Q3 What is your view on DNOs' sharing profits with consumers, even if this means consumers are also exposed to DNOs' losses (including how this might affect DNOs' competitive behaviour noting this is different to other providers of balancing services)?

Respondent skipped this question

Q4 How might limits on charges to the ESO in DRS9 affect investment and utilisation signals for CLASS?

Respondent skipped this question

Q5 Do you agree that requiring CLASS in the price control would not promote efficient investment signals in CLASS and could distort competitive outcomes?

Making CLASS a requirement is problematic for a number of reasons. One being that it would be 'forcing' DNOs to innovate. This creates an unwelcome precedent and could have unintended consequences as regards the management of risk. Risk being, of course, an unavoidable companion to innovation. CLASS would not be a cookie-cutter innovation across the DNOs owing to variations in asset types, policies and procedures.

Q6 Do you have evidence that CLASS could increase the likelihood of system reliability issues?

CLASS adds to utilisation of certain assets, for example increasing the number of tap changer operations. But this should be observable/manageable by the asset owners. It is likely to be marginal in the wider scale of operational use for long life assets.

Q7 Do you have evidence competition is currently being distorted or impeded by the participation of CLASS? Do you agree with our assessment that it is unlikely DNOs have or would have market power in future, and the reasons we have provided in Appendix 2?

With growing market maturity and observability it is unlikely that market power will be a problem, now or in the future.

Q8 What information could the DNO have privileged access to that that could offer it an unfair advantage in balancing services provision? How might this change in future if the DNO and ESO increasingly coordinate?

Closer ESO/DNO coordination is likely to be a helpful direction of evolution as the energy system transformation gains pace. Such coordination needs to be managed and monitored, rather than discouraged.

Q9 What measures would you consider effective and proportionate to ensure that privileged information the DNO has access to is not used inappropriately to benefit the commercial performance of CLASS?

Respondent skipped this question

Q10 In what other ways do you think DNOs could take advantage of their DNO role in the context of providing balancing services with CLASS?

Respondent skipped this question

Q11 How far do you think existing safeguards (including licence obligations and competition law) against DNOs taking advantage of their DNO role in the context of participating in the balancing markets with CLASS are sufficient?

Adequate for the near and medium term. Monitor and review will be a helpful approach.

Q12 What additional measures would be effective and proportionate to address actual or perceived risks of DNOs taking advantage of their DNO role?

Encourage the uptake of CLASS across all the DNOs. This will provide Ofgem with much stronger comparative information for monitoring and revealing any poor practices.

Q13 Are there other specific effects to competition that are relevant to our decision? What effects would these have on consumers?

Respondent skipped this question

Page 2

Q14 Please enter the requested details below.

Company name

Independent Consultant

Email address

john.scott@chilternpower.com

Name of individual

John Scott, C Eng, FIET

Q15 We will publish non-confidential responses to this consultation on our website. Please confirm whether your response is confidential or non-confidential.

My response is non-confidential, and can be published on the Ofgem website.

Page 3

Q16 We are piloting this online portal for consultation responses. Do you have any feedback on this response tool?

Very helpful. More like this please.
