

Elexon's participation in the Open Networks Programme

Summary

Elexon has been actively engaged and involved with the Open Networks (ON) Programme for over five years, making valuable contributions during this time. Through this extensive engagement, we have developed a comprehensive understanding of the challenges that exist within local markets.

Preface

In the consultation, Ofgem pointed out that Elexon does not sit on the Steering Group of the Open Networks and does not participate in the technical working groups or overall delivery, as the ESO does. However, we believe that the significance of the Challenge Group and Elexon's broader role within the Open Networks may have been overlooked. In the following paragraphs, we would like to provide clarity of our participation, and detail the role that Elexon has played within the Open Networks and highlight some of the contributions we have made over the last five years.

Open Networks Challenge Group and Advisory Group

The Open Networks Challenge Group, established in 2022, boasts diverse representation from Suppliers, Flexibility Service Providers, Local Authorities, Government, Consumer Advocates, and others, totalling twenty members. This group plays a pivotal role in shaping the programme's direction, priorities, and outcomes, by providing a challenge function on behalf of the wider industry. Challenge Group members are instrumental in challenging product development, ensuring adherence to timelines, and other relevant aspects. Although Elexon does not directly participate in the Steering Group, our representation is managed via the Challenge Group Chair. The Challenge Group Chair sits on the Steering Group and shares the views of the Challenge Group. The predecessor to the Challenge Group, the Advisory Group, operated in a similar structure, where selected market participants provided advisory functions to the group.

Through the Challenge Group, Elexon as a Challenge Group member has a voice on both the Steering Group and on product development.

Elexon's involvement in the Open Networks Programme

Despite the Challenge Group being introduced in 2022, our involvement extends beyond that, as we were also part of the preceding Advisory Group and contributed to Open Networks' working groups. While Elexon's direct contribution to Open Networks has been primarily through the Challenge Group and Advisory Group, we have been engaged and providing input to the group for over five years.

Some of the areas that we have contributed to and asked for development in is as follows:

- In response to the **Open Networks consultation on their Phase 2 Work Programme in February 2018**, we called for the simplification of local markets through the adoption of a single set of arrangements for Distribution System Operators (DSOs). We noted in our response that we believed this would improve competition, ensure the future market arrangements are simple, fair and easy to understand across the whole market, and reduce the costs of implementation and administration, thus benefitting industry and consumers.
- In our response to the **Open Networks consultation on DSO Future Worlds in September 2018**, we reiterated the importance of establishing a consistent, nationwide approach to market facilitation for system operators. We emphasised several key areas where standardisation would be beneficial, including registration, metering, settlement processes, and associated timetables, along with implementing a common benchmarking process. Furthermore, we highlighted transparency and fairness as fundamental elements of market facilitation. These aspects enable thorough examination of both market participants and monopoly purchasers, ensuring accountability and equity in the process.
- In our response to the **Open Networks consultation on Review of Exclusivity Clauses within Balancing Services Contracts in October 2018**, we emphasised the importance of Flexibility Service Providers being able to revenue stack across different balancing services, where possible. We highlighted how this approach can lead to increased efficiencies for the whole energy system. We also addressed other aspects within the consultation, including the need for simple and transparent contracts and non-delivery of flexibility services.
- In our response to the **Open Networks consultation on Phase 3 of the Open Networks Work Programme in February 2019**, we emphasised the need for increased engagement between Elexon and the Open Networks group, particularly due to the expanding interdependencies between local flexibility initiatives and the current balancing arrangements. Additionally, we introduced the concept of assurance services within local markets and briefly addressed aspects of Open Networks' governance.
- In **October 2021**, we presented **Elexon's DSO service offering to the ENA Open Network**, which was attended by all DSOs. Our service offering outlined key functions that Distribution Network Operators (DNOs) will require as they develop their DSO capabilities. We emphasised that several of these functions closely align with Elexon's core capabilities. These functions include Code Governance, Operational Data Transparency, Payment Calculation & Invoicing, and Performance Assurance.
- In our response to the **Open Networks consultation on the high-level work plan for 2022**, we emphasised the strong synergies between Elexon's ongoing thought leadership piece on real-time carbon tracking within electricity markets and the Open Networks Carbon Reporting Methodology work programme. We indicated our willingness to share our learnings and solutions with the workgroup, particularly as our thinking evolved and developed further.

While there are numerous other instances where we have contributed and added value to the Open Networks programme, the examples mentioned above are explicitly documented in previous consultation responses. We are more than willing to provide additional examples if required and useful.