

# Power Responsive Steering Group

## Note of Twenty Eighth Meeting

Date: 6<sup>th</sup> February 2024, 13:00-15:00.

This note was prepared by National Grid Electricity System Operator (ESO).

Hosted online via Microsoft Teams.

### 1. Overview

This Steering Group meeting focused on a number of key areas, starting with a terms of reference refresh with a view to include as many relevant voices as possible whilst keeping the steering group nimble (as of Oct 24 Steering Group one representative from each organisation); the refreshed Power Responsive Strategy for 24/25; an update from DESNZ and Ofgem; an overview on MIR; the recent changes to Operational Metering; and Power Responsive's challenges, workstreams and events we are attending in the year ahead.

### 2. Department for Energy Security and Net Zero (DESNZ) update – Dörte Schneemann, Head of Markets for Flexibility

Recent DESNZ publications and look ahead:

- Dec 2023: [Hydrogen to power \(H2P\) consultation](#) closing 22<sup>nd</sup> February 2024.
- Dec 2023: [Published a package of updates on CCUS](#) with a long-term vision for the CCUS sector.
- Jan 2024: Published a [consultation on the policy framework](#) to enable investment in long duration electricity storage (LDES) technologies, taking the form of a cap and floor scheme. Consultation closing 5<sup>th</sup> March, with the aim for DESNZ to respond to the consultation by the end of Q2, finish design of the scheme by the end of the year and open the scheme for applications from 2025 onwards.
- July 2023: Published [a summary of responses to a call for evidence](#) on designing framework for transparency of carbon content and energy products. Now undertaking a review of the Renewable Energy Guarantees of Origin (REGO) scheme.
- 2023 call for evidence on [innovation in the retail market](#) – expect to issue a response shortly. Also, will shortly issue a call for evidence requesting views on how future default energy tariffs should work.
- Capacity Market: Oct 23 - [Consulted on phase two proposals](#) and planning to publish a response to this consultation later this year.
- [Government's Smart Secure Electricity Systems Programme](#). Confirmed intention to take forward the development of a new licensing framework administered by Ofgem for those involved in the load control of energy smart appliances, as well as DESNZ's intention to introduce minimum requirements for energy smart appliances and requirements enabling the interoperability of time of use tariff data.

### 3. Ofgem update – Dr. Nina Klein, Principal Policy Expert - Flexibility

Update across four key areas: ESO regulation from an Ofgem point of view, market facilitator consultation, flexibility and digital infrastructure and Ofgem's distributed flexibility strategy.

- 1) There are still barriers to entry and challenges in making this work for small flexible assets, getting them into these markets. [DFS](#) and the [LCM](#) have shown that small flexible assets are ready to enter markets but the market rules aren't necessarily ready for them. Ofgem look to Power Responsive to be a vehicle to address some of these things alongside the wider ESA market reform.
- 2) New governance role in the market, up and running by the end of 2025 - will be responsible for delivering standardised, easily accessible and transparent DSO markets and also aligning DSO and ESO flexibility market arrangements. Its functions are going to include strategic leadership, market coordination and implementation monitoring.
- 3) Considering what kind of common flexibility digital infrastructure is needed. To ensure flexibility markets have transparent information, coordinated access and operations and trusted governance.
- 4) In August 2023 last year, Ofgem did a [call for input on domestic flexibility](#), particularly focused on the consumer journey and how to make it seamless and smooth. Developing a slightly more overarching distributed flexibility strategy for

Ofgem. Seeking to establish an Ofgem wide vision on what the role of distributed and domestic flexibility should be in the energy system as we transition to net zero.

#### **4. ESO Flexibility Markets Strategy – Yingyi Wang, Flexibility Market Development Manager**

ESO-wide strategy that aims to accelerate GB electricity markets in the medium- to long-term.

Steps to achieve:

- Define the Vision
- Analyse Current State
- Set Strategic Objectives
- Develop Roadmap to bridge the gap
- Implement & Monitor
- Review and Adapt

Our principle is to be delivering in partnership and working to the best interest of the consumers. Having a digital-first mindset, being transparent at every stage.

Coming up, there is an industry webinar (Feb 2024) followed up by a call for input (March) for you to give feedback that will shape our long-term strategy.

#### **5. ESO Operational Metering Standards for Small Scale Flexible Assets – Jon Wisdom, Head of Market Change Delivery, and Mili Gupta, Head of Systems, Support and Insight**

Proposal to replace trial with enduring environment where assets can participate under relaxed standards where possible.

- Extend to 300MW.
- Potential to allow assets to move from this to “BAU” BM when operational approach known.
- Enduring - allowing other testing/development to take place where possible.

ESO are committed to complete the independent review ASAP.

- We will come forward with implementation plans etc when known.

Ongoing approach:

- Senior ESO participation through all relevant PR sessions.
- Regular sessions on progress of independent review.

Questions/Feedback:

- There need to be requirements that are service-appropriate - different depending on the service.
- How are we going to go about the review? Is there going to be a Plan B if we can't find the experts we need for it? We are confident that within the leadership we have the skillset required to proceed with the review.
- Is there a roadmap for the progress of the independent review? Once we have understood the duration of the review and closed the commercial negotiations regarding the contracts, we will produce a roadmap and share it with you.
- Be aware there are other blockers such as market-wide half-hourly settlement.

#### **6. Measuring Instrument Regulations (MIR) update – Sarah Honan, Head of Policy - ADE**

- Coalition between ESO, ADE and Energy Technology Group.
- Produced several papers on the issue for Government.
- Continued discussions with DESNZ and Office for Product Safety and Standards (OPSS). DESNZ are in charge of the policy for the electric vehicle smart charge point regs and also the smart and secure electricity system. OPSS are in charge of the policy for the measuring instrument regulations of 2016, which are a transposition of the Measuring Instrument Directive (MID) from the EU.
- Working with Smart EN who are a European trade body working on flexibility, because this problem is also relevant in the EU. The EU is looking at forging a different legislative path for what they are calling dedicated measuring devices (asset meters).

#### **7. Power Responsive Annual Report 2023 – James Kerr, Power Responsive**

- Commissioned Everoze to produce PR Annual Report.
- Similar style to 2022 Annual Report.

- Contents:
  - o DESNZ & Ofgem updates
  - o Policy, regulatory and market development
  - o Technologies & providers
  - o Market metrics (ESO services, DSO services, Capacity Market and Balancing Mechanism)
- Target publication – April 2024.

Questions/Feedback:

- A data book within to explain graphs (similar to FES).
- Break down markets by fuel type.
- Progress on current Power Responsive workstreams.
- Overview of upcoming Power Responsive workstreams.
- Breakdowns geographically, such as through a spatial map.

## 8. The Demand Flexibility Service update – James Kerr, ESO

The Demand Flexibility Service (DFS) allows households and businesses to earn pounds, points or prizes for shifting electricity usage outside of peak demand hours. This allows the ESO to manage supply through periods when margins are tight.

Some key statistics as of 6<sup>th</sup> Feb 2023/24:

- Over 2.2 million homes reached.
- 48 registered DFS providers.

This winter, DFS have carried out 8 tests and 2 live events. The Market Information Report was updated on 25 January 2024 – reducing Guaranteed Acceptance Price (GAP) to £0/MWh with remaining tests competitively procured. First competitively procured test was held on 02 February 2024.

Questions/Feedback

- Stacking – we are not going to change the terms for the remainder of this winter. But we understand stacking and exclusivity is an issue that we are looking at moving forward.
- How can you integrate DFS and extend it so it is not just a winter product? Ofgem has only given approval until the end of the winter. Without additional approval we couldn't extend DFS. Before we extend DFS we would need to understand what it looks like in the future, what the market can do and how DFS can interact with other services.
- The importance of working with DSOs more effectively.

## 9. Power Responsive Events 2024 – James Kerr, Power Responsive

Upcoming events:

- **Distributed Energy Show** – 13/14 March 2024
- **Power Responsive Summer Event** – 11 June 2024
- **Power Responsive Steering Group** – 22 October 2024
- **The Net Zero and Energy Managers Exhibition (EMEX)** – 20/21 November 2024

## 10. Power Responsive Current Activities

- Operational Metering Working Group
  - o Small Aggregated Assets in the Balancing Mechanism trial
  - o External Review
- Events & Newsletters
- Annual Report
- Flex Assure & HOMEflex support
- I&C Review
- Local Constraints Market (LCM)

Through verbal and written feedback from attendees, suggestions on what Power Responsive should be focusing on were:

- Facilitating the conversation between internal teams and industry regarding stacking and coordination between the markets and REMA.
- Consider how Power Responsive link up with the overall flexibility markets strategy.
- Roadmap for the future workstreams on the Power Responsive Website.

## 11. Next Meeting

The next Steering Group meeting is scheduled for October 2024. If you would like to be invited please contact the team at [power.responsive@nationalgrideso.com](mailto:power.responsive@nationalgrideso.com).