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Louise Van Rensburg
Ofgem

03 April 2020

Dear Louise,

Citizens Advice response to Statutory consultation on licence obligations to ensure coordination and cooperation in the efficient and economical operation of the electricity system

Citizens Advice welcomes the opportunity to respond to this consultation as part of its statutory role to represent domestic and small business energy consumers in Great Britain. Our response is not confidential and may be freely published.

In summary:

- Whole electricity system coordination is a good step, but whole *energy* system coordination would be better
- We agree that introducing licence conditions is appropriate
- We have some minor comments on the licence condition wording
- We see a need to further define consumer outcomes beyond “minimising expenditure and maintaining/improving the services received by customers of the networks”

In order to facilitate a decarbonised energy system, it’s crucial that energy networks coordinate their activities in this area. It’s therefore good to see that Ofgem is taking active steps to ensure that electricity network companies do so.

In our response¹ to Ofgem’s previous consultation on this topic, we highlighted that Ofgem did not include other vectors in its interpretation of ‘whole system’. We note that Ofgem has now updated the wording of this consultation to reflect the whole

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<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/Citizens%20Advice%20response%20to%20Ofgem%20Whole%20Systems%20licence%20conditions%20-%20February%202019.pdf>

electricity system, which is a clearer description of the changes that are being proposed to transmission and distribution company licences. However, there should be an ambition to facilitate true whole system coordination, including whole energy system framework to allow cross-fuel coordination, which includes gas, heat and transport.

The approach to implement licence conditions is proportionate. We agree with the impact assessment; to do nothing is not really an option even if there are no legal reasons to prevent companies coordinating in this area. A piecemeal approach through codes is not an efficient way of ensuring effective coordination across transmission and distribution companies.

Comments on licence condition wording:

There appears to be an inconsistency in the interpretation sections of each licence condition. In Part D of Condition D17 within the 'coordination register' definition it refers to 'transmission owner', but Part D of Condition 7A refers to 'an Electricity Distributor or transmission owner'.

Comments on guidance document:

As we discussed in our previous consultation response², we would like networks to deliver further consumer outcomes beyond lower costs. For example being future-proof, delivering a quality service, low environmental impact, and additional attention paid to vulnerable consumers. We also see a role for networks in which they play a facilitation role in the decarbonisation of the wider energy sector. The guidance document still doesn't help in defining further consumer-focused whole system outcomes but only speaks of minimising the sum expenditure on transmission networks and improving or maintaining the services and benefits received by customers of the electricity network.

I trust that this response is clear but would be happy to discuss any matter raised within it in more depth if that would be helpful.

Yours faithfully,

James Kerr

Senior Policy Researcher, Energy Networks and Systems

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<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20responses/Citizens%20Advice%20response%20to%20Ofgem%20Whole%20Systems%20licence%20conditions%20-%20February%202019.pdf>

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