

## The transition from DNOs to DSOs

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We believe that at a high level (and building on existing responsibilities) DSOs should:

- continue to be responsible for operating efficient, coordinated and economical distribution networks, **but** make active use of new technologies, providers and solutions in doing so; and
- have an increased role in delivering an efficient, co-ordinated and economical wider system.

The transition from the traditional DNO role to DSOs is already underway. The LCNF and new RIIO framework have been geared to encourage DNOs towards this.

Some encouraging signs - DNOs are no longer just “passive” asset owners; they are increasingly adopting active network management approaches. But still early days.

# What more needs to happen?

## Immediate no regret actions

Further innovation by DNOs and embedding of active network management into their mainstream approach – needs a cultural shift

Plus we see there is further work needed by DNOs together with TOs and the SO:

Coordinated use of system resources for operations	Coordinated network planning
<ul style="list-style-type: none"> <li>• Improved visibility (incl. data sharing), notification and coordination processes between DNOs/SO/TOs, identifying optimal cross-network solutions</li> <li>• Provision of services between DSO/SO/TO</li> </ul>	<ul style="list-style-type: none"> <li>• Formalised framework around how network planning will take into account wider interactions (eg clear coordination processes, common methodologies)</li> <li>• Consider use of build/non-build solutions and use of optionality across transmission &amp; distribution</li> </ul>
<ul style="list-style-type: none"> <li>• There is significant scope to address issues through market based approaches</li> <li>• We expect industry to work together and come forward to discuss regulatory /commercial barriers they may encounter and how solutions could be developed</li> </ul>	

**Network planning:** *To support coordinated and efficient network planning*

### SO RECOMMENDATIONS

SO role in assessing options (at T & D) and providing recommendations to relevant parties on which likely to most economically meet system needs

### SINGLE PARTY PLANNING

Single party responsible for planning the system – overall, at certain voltage levels or in specific areas

**Operational coordination:** *To support optimal use of connected resources and network management approaches across the system*

#### A MARKET PLATFORM

Parties procure embedded actions via **platform**.

**PLATFORM**

DSOs and SO / TOs overlay locational network restrictions or value signals

Distributed providers (incl. aggregators and community energy providers) submit bids / offers for adjusting output or services

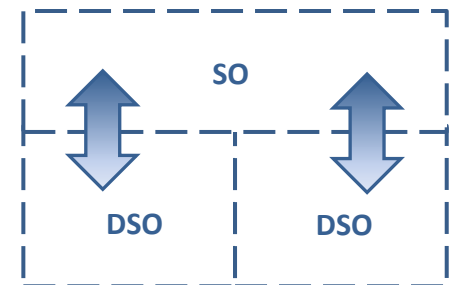
#### BMU-LIKE ARRANGEMENTS

SO considers combined bids / offers, DSO dispatches or takes actions as needed.

DSO amalgamates bids and offers, reflecting own actions and notifications from embedded providers

#### COMBINED NETWORK AND FREQUENCY MANAGEMENT

Either SO enhanced involvement in distribution network operation



Or DSO joint responsibility for frequency and constraint management in a region