DUoS Charging SCR - LinkedIn Post

The text below was originally published on LinkedIn

As we move into the new world of increasing electricity demand, a single independent network operator, larger numbers of distributed energy assets, and greater reliance on full chain flexibility to balance and protect our electricity system, we should consider what future distribution charges might look like.

In the past great faith has been placed in cost-reflective network price signals, typically unit rates differentiated by time of day. In practice, such signals are blunt and unresponsive tools. Perhaps the new world would be better served by network charges designed simply to collect allowed revenue as efficiently as possible, while providing 'plain vanilla' foundations upon which flexibility markets, products and services can operate.

This simplicity would avoid opaque and sometimes opposing interactions between schemes and markets seeking to achieve the same things in different ways. It would make it easier for players to understand the value of bringing innovative flexibility products and services to market, engendering a marketplace better able to serve DNOs' flexibility needs.

Further to this, we could consider whether charges should continue to be different in each of the fourteen DNO licence areas or become a single set of charges that apply nationwide.

If this was done, significant efficiency savings could be achieved by creating a single entity to set charges and collect revenue on behalf of all DNOs, distributing the proceeds in accordance with their allowed revenues.

Arrangements along the above lines would level-up charges across the country, eliminate current price variances between the fourteen licence areas, facilitate competition in supply and, perhaps most importantly, enable development of the innovative new products and services needed if full chain flexibility is to become a reality.