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Flexibility Services Consultation

Engaging with stakeholders to increase opportunities for participation in distribution flexibility markets

July 2023

www.enwl.co.uk/flexibleservices

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1. INTRODUCTION

1.1 The purpose of this document

Our current flexible services processes and how we develop our tenders is a work in progress. We have considered and incorporated the customer and stakeholder feedback we have received to date, but there are still areas where we need your input. We're leading this consultation over the summer period to engage with our stakeholders to collaboratively shape our priorities and approach with a key focus on data sharing, engagement, technical requirements and contracting, whilst ensuring we continue demonstrating accessibility and simplicity throughout our flexibility processes ahead of our Autumn 2023 tender.



As we begin our journey through RIIO-ED2, we're keen to hear your views of how we can best support the flexibility services market in Great Britain; from how we share our data and engage with stakeholders, to how we can best facilitate the transition to a framework agreement. Feedback from responses to this consultation is key to ensure we continue opening up more opportunities for both local and national players to participate in these growing markets. We value all responses and will continue to use this feedback to inform our approach, facilitate understanding and remove any actual or perceived barriers for potential providers submitting a tender response.

1.2 How to respond

This document is divided into three sections: 1) Data sharing and signposting, 2) Engagement and 3) Procurement. The questions directly follow each topic within the sections for ease of reference, but you can also find a summary of all questions at the end of the consultation. Please share your thoughts with us by **Friday, 15 September 2023**.

You can respond to this consultation in a number of ways:

- Complete our consultation <u>online form</u>
- Sign up to attend our <u>consultation webinar</u> on Wednesday 23 August at 10am where we will talk through our consultation document and gather your thoughts throughout the session
- Email answers to flexible.contracts@enwl.co.uk
- Book a <u>one-to-one discussion</u> to share your views with our team

1.2 About Electricity North West

Electricity North West is one of 14 Distribution Network Operators (DNOs) in the UK regulated by Ofgem. We operate the local electricity network and distribute electricity, mainly from the National Grid, to 2.4 million homes and businesses in the North West.

We are responsible for maintaining and upgrading 13,000 km of overhead power lines, more than 44,000 km of underground electricity cables and nearly 500 major substations across the region. We supply electricity to the diverse communities in the North West of England which extends from Macclesfield all the way up to Carlisle.

Our network in the North West is one of the most reliable in the country and we are investing £1.7bn between 2023-28 to ensure we continue to deliver an excellent, safe and affordable service to all our customers.

On 1 April 2023, all UK DNOs entered a new price control period referred to as RIIO-ED2, which will run from 2023-28. During this period, we will see significant change in the way electricity is generated, consumed and stored, driving innovation across the whole energy system both now and into the future.

1.3 Our approach to flexibility

The use of flexibility services is a key Distribution System Operation (DSO) function and a vehicle for change, as it facilitates the North West's transition to net zero carbon. The rise in low carbon technologies will ultimately result in a lot more demand being placed on our network, and the cost of upgrading the network to meet this increased demand would mean higher bills for customers.

We are therefore trialling smarter, more affordable techniques to use the existing network more efficiently, which will reduce costs for all our electricity customers in the future. Some of the ways in which we can facilitate the extra demand associated with the transition to net zero whilst utilising our existing network is through the procurement of flexibility services and promotion of energy efficiency measures.

In our RIIO-ED2 business plan, we used Cost Benefit Analysis (CBA) to present how the use of flexibility services can be cost efficient for our customers. Using flexibility, we can deliver over £3.5 million of cost savings per year from 2023 to 2028 by avoiding or deferring conventional reinforcement.



At times of high electricity demand and when the network is operating abnormally, we are looking to enter into contracts with Flexibility Service Providers (FSPs) to adjust how much electricity they consume or generate either through flexibility or energy efficiency measures, in return for financial payment as an alternative to traditional approaches. The aim is to reduce the cost for electricity distribution networks in customer energy bills while ensuring that our network remains reliable, resilient and meets our customers' needs.

Our approach to the use of flexibility services to support a capacity requirement can be two-fold; flexibility services can be a key interim solution while we assess load growth and a wider strategic conventional reinforcement therefore avoiding inefficient piecemeal network expansion and stranded assets. Alternatively, flexibility services also allow us to mitigate the risk if demand growth is accelerated and there is a long lead time associated with asset-based interventions. In some instances, depending on the level of flexibility market in the location of the capacity requirement and the scale of the capacity requirement, flexibility services could be considered as an enduring network solution.

We remain committed to ensuring we champion a level playing field for all network users with connected resources and adopt a neutral market position in everything we do. Each year we aim to increase the accessibility and transparency of flexibility services opportunities. The publication of the first <u>Network</u> <u>Development Plan</u> (NDP) in 2022 was an important step in presenting best view flexibility requirements for network areas with capacity needs in the next 10 years.

In ED2 we will continue to support our region's commitment to reaching net zero carbon in the North West, and firmly believe that both flexibility services and energy efficiency play a huge part in reaching this goal. They are complementary and their combined impact will be beneficial to the network and save money for our customers. We are proud to have opened our flexibility service tender process to energy efficiency schemes, facilitating this change and helping to finance our net zero goals.

Electricity North West has a 'flexibility first' approach, in that it promotes flexible opportunities to the market first, as an alternative to traditional network capacity provision and seeks to deploy at all opportunities where it is robust and economic to do so. As a result, for every capacity requirement detailed in our <u>Network</u> <u>Development Plan (NDP)</u> we have outlined the flexibility services option alongside the asset solution and indicated whether this requirement is likely to materialise immediately, or in the next 3-5, or 5-10 years. This is to ensure there is transparency in our decision making, providing clear signposting of all future requirements of flexibility services and it demonstrates our approach of not foreclosing a flexibility services or energy efficiency opportunity before the market has been fully tested for a response.

2. CONSULTATION

2.1 Data sharing and signposting

2.1.1 Tender information

Open and accessible data is a central theme across our commitments under our ED2 Business Plan, the Open Networks Project and the Smart Systems and Flexibility Plan. As part of our commitment to provide as much data as possible in an open and accessible manner, we publish our tender information twice a year in Spring and Autumn within our Invitation to Tender appendices (detailed below) and on our interactive map on our <u>website</u>, the <u>PicloFlex platform</u> and in a range of data formats on the company's newly created <u>Open Data Portal</u>. For anyone new to the market, there is also a suite of helpful guides available in our <u>flexibility library</u>.

| Document name | Contents |
|---|---|
| Invitation to Tender | The terms and conditions of our flexibility services procurement process. |
| Appendix 1: Standard Flexibility Agreement | Following submission of a successful bid, the flexibility provider will enter into contract with Electricity North West using the latest version of the common flexibility agreement. |
| Appendix 2: Technical Specification | Outlines the technical requirements an asset would need to provide us with flexible services. |
| Appendix 3: Site Requirements | Provides details of the individual requirement zones in table format including post codes, capacity, delivery windows, response type, estimated utilisation and availability hours and ceiling price. |
| Appendix 4: Half Hourly Data | Half hourly requirements for the next five years in excel spreadsheet format for each zone |
| Post Code Checker | A handy tool that allows flexibility providers to quickly check if their asset is located within one of our flexible services requirement zones. |
| Cost Calculator Tool | Participants can use this tool to calculate a bid price for utilisation and availability that falls within our budget for that zone and service period before submitting a bid. |

We provide information to stakeholders throughout the three stages of procurement: pre-tender to signpost and communicate requirements; during the tender to promote participation and post tender to communicate results. A full list of the information provided is detailed on the following pages. During tender

Pre-tender

- Details of future forecasts of requirements provided via interactive map on the <u>flexible services website</u> and on the new <u>Open Data Portal</u>.
- Indicative timelines for future tenders are highlighted on the '<u>flexibility timeline'</u> hosted on the ENA Open Networks website.
- Pre-tender notice issued on the <u>Find a tender</u> website. This notifies prospective participants that we are going to issue a flexible services tender within the next month.
- There is a wide range of information available in our flexibility services <u>document library</u> that allows stakeholders to understand the tender process, and also to look at <u>previous tenders</u> this allows them to understand the process from start to finish as well as seeing the levels of bids we have previously accepted.
- We publish all of our flexibility services webinar recordings on Youtube and on our <u>engagement page</u> as a handy resource for stakeholders to watch at a time that suits them. These bi-annual webinars provide an introduction to flexibility services, an overview of our current requirements, and the steps to follow to participate in our tenders.
- In addition to our quarterly newsletters, we issue regular updates to over 300 stakeholders on our mailing list to communicate upcoming tenders, results of previous tenders, event information and helpful tools and publications. We encourage anyone interested in flexibility services to sign up to this list to be the first to hear about our latest requirements.

Pre-tender During tender Post- tender

- Invitation to Tender, associated appendices and flexibility map published on the ENWL <u>Latest</u> <u>Requirements</u> webpage.
- Tender requirements and ITT appendices uploaded to the <u>Piclo Flex platform</u>. Requirements are promoted via Piclo social media channels and newsletters, and all parties with registered assets within an active tender zone are notified via automated messaging.
- All parties registered to our <u>flexibility services mailing list</u> will receive emails to notify them of an active tender, as well as regular updates through the tender process to remind them to participate.
- We provide regular updates via Electricity North West's Community and Local Energy, Stakeholder Engagement and Connections Engagement distribution lists to reach wider audiences who may be interested in learning more about flexibility services.

- Social media updates are regularly posted on Electricity North West's social media channels including <u>Facebook</u>, <u>Linked in</u>, and <u>Twitter</u> during an active tender to reach new and existing customers.
- We advertise via other partners and stakeholder communities we belong to and their own mailing lists and channels e.g. <u>PicloFlex</u> and <u>Flex Assure</u>.
- We host a webinar to introduce stakeholders to flexible services, guide them through the process of how to get involved, promote the active tender, provide updates on industry collaboration and standardisation, and give stakeholders the opportunity to ask questions. Our previously held webinars are available to view on our <u>Engagement page</u> to allow new stakeholders to catch up on our flexibility journey.
- We provide custom support for stakeholders via <u>one-to-one discussions</u> to discuss their individual assets and how to get involved.
- We welcome and respond to queries sent to our <u>flexible.contracts@enwl.co.uk</u> mailbox to assist stakeholders during the tender process and provide them with the information needed to submit a tender response.



- We notify participants of the outcome of their pre-qualification questionnaire and bids via the PicloFlex platform, and provide reasons for the decision.
- We publish the results of the tender on the tender webpage and archive this on our <u>Previous</u> <u>Requirements</u> webpage. We also communicate the results to our mailing list as part of our newsletter updates. This allows for transparency in decision making, as well as providing useful information for future tender participants.
- We will communicate with successful participants, who have had their bids accepted, to arrange for contract signing and integration into the dispatch and settlement systems.

1. Do you have all the information you need to easily take part in our tenders or are there any parts of the procurement process that require more guidance?

To ensure visibility and accessibility to our tenders, we signpost our requirements via:

- Our <u>website</u>
- The Piclo Flex platform
- New Open Data Portal
- Our Flexible Services mailing list
- Our bi-annual DSO Functions webinars
- The ENA <u>flexibility in Great Britain webpage</u>
- Press releases
- ENWL social media channels

- Connections Engagement, Stakeholder and Community Energy newsletters and events
- <u>Network Development Plan (NDP)</u>
- Directly to customers with assets in requirement zones
- In-person events: Joint events, industry events and our new DSO Roadshow events
- <u>1-2-1 flexible services discussions</u>

Q2. How do you like to be kept informed of our latest requirements and flexible services developments?

2.1.3 Open Data Portal

Users of Electricity North West's new Open Data Portal are already able to access the <u>Embedded Capacity Register</u> and the <u>Network Capacity Headroom Data</u>, in a multitude of different data formats. Flexible Services data hosted on the portal can be downloaded in a range of common industry standard forms including: API, KML, CSV, JSON, Shapefile, and XLSX.

This allows users to incorporate the data into their own modelling and mapping systems and overlay other data sets they may already have including their own asset maps. Further data sets are due to be incorporated into the Data Portal in the future, as these are triaged for being shared in an open format.

We are keen to hear from users of the Portal on the overall usefulness of information, if there are additional data sets or formats of flexible services data that would be helpful, and whether anything further can be provided.

Q3. Have you visited the portal and if so, is there anything you would change or data formats you would add? Did you find it easy to locate all the information you needed?

2.2 Stakeholder engagement

2.2.1 In-person events

Following stakeholder feedback looking for a mix of webinars and in-person events, last year we began hosting Future Energy Roadshow events with the wider DSO team in different locations across the North West to meet stakeholders in more rural communities. We also began collaborating with Piclo, UK Power Networks (UKPN), SP Energy Networks (SPEN) and Northern Powergrid to host annual workshops that focus on engaging with Flexibility Service Providers (FSPS) from across the country to better understand their needs and obstacles they face when submitting a tender response. These in-person Flex Forum workshops are invaluable for gathering feedback which we will continue to use to simplify our processes.

4. Is there anywhere in particular you would like to see us hold an event?

2.2.2 Forums

To ensure we are delivering enhanced DSO functionality which is at the heart of a smart and flexible distribution network able to evolve to the changing ways customers produce and consume energy, this year we introduced *DSO Discussions:* Bi-monthly forums where topics relating to market development, planning and network development, and network operation are discussed and evaluated in a more informal and equal atmosphere to stimulate conversations and feedback from industry stakeholders. Each session focuses on a different topic relating to DSO, all of which are available to book via our <u>events page.</u>

5. Would you be interested in attending and if so what topics would you like to see covered?



2.2.3 Industry engagement

As an active participant of the <u>Energy Networks Association's (ENA) Open Networks Project</u>, we co-ordinate with the other UK DNOs and IDNOs, the Electricity System Operator (ESO), the Department for Business, Energy and Industrial Strategy (BEIS), the energy regulator Ofgem and the Transmission Operators (TOs) to identify good practice and standardise the process of providing flexibility services to the grid to create a streamlined customer experience.

We coordinate our approach to procuring flexibility alongside other DNOs as we implement common platforms and continue developing standardised processes to reflect the priorities of our stakeholders and the industry.

This year a key objective is to improve the standardisation of flexibility product definitions to enable flexibility providers to more easily identify the services they're best placed to offer, based on a more streamlined selection of products. The aim of this objective is to have at least 80% of flexibility tendered through common products by 2024. In addition to this, we are working alongside other DNOs and the ESO to streamline the Dynamic Purchasing System (DPS) and Pre-Qualification Questionnaire (PQQ) forms on <u>Piclo</u> to create a faster, simplified pre-application process for providers. Full details of the work products and intended deliverables for this year can be found in the <u>2023 launch document.</u>



6. Are you satisfied with the work we are doing to standardise the process of providing flexibility services? If not, what else would you like to see us collaborate on to standardise the flexibility market?

2.3 Procurement

2.3.1 Commercial qualification

The <u>Piclo Flex</u> Dynamic Purchasing System (DPS) allows flexibility providers to technically and commercially pre-qualify for participation in our tenders, and providers remain qualified for twelve months. Potential providers can upload both planned and operational assets to assist in the identification of assets within constraint zones. To date, Flexibility Service Providers (FSPs) have been required to submit a new DPS application every 12 months to commercially qualify to participate in Electricity North West's flexibility tenders to ensure financial records of all contracted parties remain up to date.

7. Do you consider this to be a barrier to participation and would you see value in moving to a one off DPS submission with an option to update your details if circumstances change?

2.3.2 Current products

Our procurement processes are common across the DNOs and continue to be refined and standardised through dedicated workstreams under the Open Networks Project and through collaborative work with other DNO' and our Procurement platform provider, Piclo. A key deliverable through this year's Open Networks Project is the standardisation of the four defined flexible services products: Sustain, Secure, Dynamic and Restore. Energy efficiency delivers benefits across all product types and is therefore considered as a viable option and promoted for all flexibility tenders. An overview of each product is provided at our webinar events and a simple explanation can be found in the helpful guides section of our <u>document library</u>.



SUSTRIN: Flexibility providers flex their supply up or down in accordance with a schedule to help manage network constraints by providing additional capacity and capability.

SECURE: Flexibility Providers are available at peak times to help manage the load on the networks and prevent it from exceeding it's capabilities.

DYNAMIC: Flexibility Providers are available and provide an immediate response following a fault or unplanned network event.

RESTORE: Flexibility Providers are available and provide an immediate response to help us restore supplies for customers more quickly following an unplanned network event.

| Service parameters | O SUSTAIN | SECURE | DYNAMIC | RESTORE |
|---------------------------------|-----------------------------|-----------------------------|---|------------------------|
| Minimum declarable capacity | 50kW | 50kW | 50kW | 50kW |
| Minimum utilisation | 30 mins | 30 mins | 30 mins | 30 mins |
| Utilisation notification period | Scheduled in advance | 1 week in advance | Real time | Real time |
| Maximum ramping period | N/A | <15 mins | <2 mins | <2 mins |
| Availability agreement period | N/A | Contract stage | Contract stage | Contract stage |
| When required? | Scheduled forecast overload | Pre-fault / peak shaving | Network abnormality / planned outage | Network abnormality |
| Risk to network | Low | Medium | High | High |
| Utilisation certainty | High | High | Low | Low |
| Frequency of use | High | Medium | Low | Low |

8. Which product(s) are you most likely to tender for and why? E.g. speed of response, estimated availability hours.

9. We are looking to improve the information we provide on these four products on our website- what further information would you find most useful?

2.3.3 Energy efficiency measures

In ED2 we will continue to support our region's commitment to reaching net zero carbon in the North West, and firmly believe that both flexibility services and energy efficiency play a huge part in reaching this goal. They are complementary and their combined impact will be beneficial to the network and save money for our customers. We are proud to have opened our flexibility service tender process to energy efficiency schemes, facilitating this change and helping to finance our net zero goals.

The energy efficiency service allows system users to earn revenue from carrying out long term energy efficiency activities whilst assuring Electricity North West that the site demand will decrease, deferring the need for reinforcement work within the area since average consumption is reduced and/or shifted away from the peak demand creating network capacity.

Currently, FSPs can offer any of the four services (sustain, secure, dynamic, restore) through the adoption of energy efficiency measures. FSPs register the level of demand reduction they are able to achieve from employing these measures and would also submit a price they want per MWh of reduction they are able to offer. Bids are submitted via the <u>PicloFlex platform</u> with the capacity and cost per MWh and then these will be assessed against the requirements. The number of hours will be based upon the estimated availability and utilisation requirements detailed within the tender.

10. Do you agree with this approach or would you see value in developing a separate energy efficiency product?

2.3.4 Technical requirements

As part of our flexible service requirements, FSPs need to meet a set of high-level conditions as specified in Appendix 2: Technical Requirements of our Invitation to Tender which details the technical characteristics required for participation. We're keen to hear your views on our current metering and minimum capacity requirements to identify whether these conditions are a barrier to entry so we can continue to review and develop our processes to open up opportunities for participation.

We ask FSPs to provide minute by minute metering, or an agreed equivalent. The level of response will be calculated using the minute by minute metering readings submitted by the FSP, verified against half hourly settlement readings for the duration of the contracted performance. Reponses will be calculated on the number of full minutes of response. We confirm delivery of the flexible service via the FSP's meter, using the variance in load between receipt of our signal and the asset's response to determine whether requirements have been met.

11. Are you able to provide minute by minute metering for all four products?

12. If you were offering a sustain service or energy efficiency measures, could you provide minute by minute or half hourly metering?

Following stakeholder feedback, we maintained our minimum flexible capacity requirement for participation for directly contracted resources at 50kW, meaning that aggregators and directly contracted resources are assessed in a common manner. There are no restrictions on the size of sub-sites of aggregated portfolios, but the total portfolio size should be at least 50kW. However we have become aware that this minimum requirement is still too high for some aggregators to participate in our tenders and as a result of this, we're reviewing our minimum capacity requirement to open up the provision of flexibility for all.

13. Do you believe that currently the 50kW minimum threshold is restrictive for EHV requirements and do you think this should be lower, if so to what level?

2.3.5 Cost calculator tool

Last year we listened to our stakeholders requests for more precise revenue information and developed a handy Cost Calculator tool to allow participants to calculate a bid price for utilisation and availability that falls within our budget for each zone and service period for each tender. Taking the format of an excel spreadsheet, the user can choose to enter the details of the competition manually, or use the tender finder tab which automatically populates the variables for the tender. A video demoing how to use this tool is available just below the appendices on our <u>latest requirements page</u>.

| nor | ectricity th west of energy to your door | | | le Service checker | S | | | Click here to visi Piclo Piclo |
|----------------------|--|--------------------|---------------------|---------------------------|----------------------------|--------------------|-----------------|--------------------------------------|
| | Insert Bid Details He | re | | | Competition detail | s (auto-popu | ated) | Click here to visit |
| | Competition Name | Baguley | | | Competition ID | ENV | /L-101 | F electricity |
| Competion details | Period | W23/24 | | | Celling Price per annum | €4,8 | 353.00 | Bringing energy to your door |
| | Service Type | Dynamic | | | Availability Hours | | 13 | |
| | | | - | | Utilisation Hours | | 24 | Click here to contact us |
| Bid Details | Availability £/MWh | €60.00 | | | Capacity Required MW | | 0.7 | \gg |
| | Utilisation £/M\/h | €200.00 | | | | | | |
| | Capacity MW | 0.7 | | | | | | |
| Availability | Total Bid Price | Total Bid | % of capacity | - | led up to total capa | Total Bid | % of celling | |
| £ £546.00 | Utilisation £ £3,360.00 | Price £3,906.00 | required 100.00% | Availability £ £546.00 | Utilisation £3,360.00 | Price €3,906.00 | Price 80.49% | |
| 2010.00 | Result: | 20,000.00 | Yourten | dered price is within the | | | 00.1071 | |

14. Have you used it before and if so did you find this tool useful? Please provide any feedback you have.

2.3.6 Contracting

To boost market confidence and facilitate participation in flexibility markets, we utilise the Standard Flexibility Agreement and will continue to adopt updated versions, created in collaboration with all Great Britain DNOs, National Grid Electricity System Operator (ESO) and stakeholders. This consistent approach simplifies the standard contract, reduces jargon and ensures clear and consistent terminology. A copy of the latest version of the agreement is available to view year round within our <u>document library</u> and is included as part of our Invitation to Tender (ITT) documentation.

This agreement remains a key deliverable for 2023 as the networks intend to further standardise the terms and move towards a framework style agreement to facilitate shorter term procurement in the near future. The current process requires FSPs to submit a bid in advance of entering into contract with Electricity North West. The new framework approach would see the contract move from the final stage of the procurement process to being included as part of the commercial qualification (DPS) step on the <u>PicloFlex platform</u> with both parties agreeing the terms and conditions of the tender in advance of the bidding window.

15. Would you be happy to sign a contract prior to submitting a bid?

We recognise a framework approach is best suited to short term procurement and energised assets where there is more certainty of asset availability and service delivery. We're looking to move to shorter term procurement in the next year or two as we enhance our network monitoring and modelling processes. In the meantime, we want to remain consistent with the industry standard to ensure transparency and reduce barriers to participation. We will therefore look to adapt the new framework agreement for our longer term requirements by offering an annual update period for providers to refresh their flexible capacity and bid price should circumstances change e.g. If a customer decides to sell their asset.

Current procurement process



16. Would you be happy to sign a framework agreement for longer term requirements, with the ability to adjust your flexible capacity and bid price on an annual basis if circumstances change? We welcome your views on how best to manage the transition to a framework agreement to suit both short and long term requirements.

17. The terms and conditions of the agreement are under constant review under the ENA Open Networks Project; Would you expect to re-sign a contract each time the T&Cs are updated?

18. If yes, would you prefer to check a tick box on the procurement platform, or re-sign the agreement? (electronically/ physically)

And finally,

19. What do you see as the main barriers for flexibility providers hoping to participate in flexible services tenders?

20. When developing our processes to drive growth in flexibility markets, what would you like to see us prioritise?

21. Is there anything else you would like to add that hasn't been covered in this consultation?

6 CLOSING STATEMENT

Thank you for taking the time to read our 2023 flexibility services consultation. We now invite you to share your thoughts on the topics covered in this document via any of the methods listed below. Feedback from responses to this consultation is key to ensure we continue opening up more opportunities for both local and national players to participate in these growing markets. We value all responses and will continue to use this feedback to inform our approach, facilitate understanding and remove any actual or perceived barriers for potential providers submitting a tender response.

This consultation will be open for nine weeks and will **close on Friday 15 September 2023**. We welcome feedback in all formats and appreciate any level of detail you wish to provide. Below you will find a summary of questions and a selection of links through which you can respond. If you have any questions about the consultation, please get in touch with us at <u>flexible.contracts@enwl.co.uk</u>.

We will be hosting a **webinar on Wednesday 23 August at 10:00am** to talk through the consultation and gather feedback, giving you the opportunity to provide responses during the event through online polling. If you would like to join us and provide your feedback via the webinar please <u>register here</u> and we will be in touch shortly.

You can respond to this consultation in a number of ways:

- Complete our consultation <u>online form</u>
- <u>Sign up</u> to attend our consultation webinar
- Email answers to <u>flexible.contracts@enwl.co.uk</u>. *Please also provide your full name, organisation and whether or not you have participated in flexibility services before.
- Book a <u>one-to-one discussion</u> to share your views with our team.

All responses will be reviewed and a summary will be published <u>on our website</u> which will detail how we plan to incorporate the feedback into our future flexibility procurement plans.

7 SUMMARY OF QUESTIONS

- 1. The details of our requirements are published on the ENWL website and on the PicloFlex platform during each tender round. Do you have all the information you need to easily take part in our tenders or are there any parts of the procurement process that require more guidance?
- 2. How do you like to be kept informed of our latest requirements and flexible services developments?
- 3. Our new Open Data Portal allows you to view and download our Flexible Services requirements in a number of file formats including: CSV, JSON, EXCEL, GeoJSON, Shapefile and KML. Have you visited the portal and if so, is there anything you would change or data formats you would add? Did you find it easy to locate all the information you needed?
- 4. We hold in-person events throughout the year such as Future Energy Roadshows with the wider DSO team and joint industry events. Is there anywhere in particular you would like to see us hold an event?
- 5. This year we started hosting bi-monthly DSO Discussions forums to discuss all things market development, planning and network development, network operation and flexible services. Would you be interested in attending and if so what topics would you like to see covered?
- 6. We collaborate with other DNOs, the ESO, Piclo, Energy Networks Association (ENA), Ofgem and the Department for Energy Security and Net Zero (DESNZ). Are you satisfied with the work we are doing to standardise the process of providing flexibility services? If not, what else would you like to see us collaborate on to standardise the flexibility market?
- 7. To date, Flexibility Service Providers have been required to submit a new Dynamic Purchasing System (DPS) application on Piclo every 12 months to commercially qualify to participate in our tenders to ensure financial records of all contracted parties remain up to date. Do you consider this to be a barrier to participation and would you see value in moving to a one off DPS submission with an option to update your details if circumstances change?
- 8. We procure four flexible services products Sustain, Secure, Dynamic and Restore. Which product(s) are you most likely to tender for and why? E.g. speed of response, estimated availability hours.
- 9. We are looking to improve the information we provide on these four products on our website- what further information would you find most useful?
- 10. At ENWL, Flexibility Providers can provide any of these four services through the adoption of energy efficiency measures. Do you agree with this approach or would you see value in developing a separate energy efficiency product?

- 11. Are you able to provide minute by minute metering for all four products?
- 12. If you were offering a sustain service or energy efficiency measures, could you provide minute by minute or half hourly metering?
- 13. Do you believe that currently the 50kW minimum threshold is restrictive for EHV requirements and do you think this should be lower, if so to what level?
- 14. We have a Cost Calculator tool available on our website to help determine a bid price that falls below our ceiling price for each requirement. Have you used it before and if so did you find this tool useful? Please provide any feedback you have.
- 15. UK DNOs are moving towards a framework contract this year where the T&Cs of the tender are agreed by each party in advance of the bidding window instead of after- Would you be happy to sign a contract prior to submitting a bid?
- 16. Would you be happy to sign a framework agreement for longer term requirements, with the ability to adjust your flexible capacity and bid price on an annual basis if circumstances change? We welcome your views on how best to manage the transition to a framework agreement to suit both short and long term requirements.
- 17. The terms and conditions of the standardised agreement are under constant review under the ENA Open Networks Project, would you expect to re-sign a contract each time the T&Cs are updated?
- 18. If yes, would you prefer to check a tick box on the procurement platform, or re-sign the agreement?
- 19. What do you see as the main barriers for flexibility providers hoping to participate in flexible services tenders?
- 20. When developing our processes to drive growth in flexibility markets, what would you like to see us prioritise?
- 21. Is there anything else you would like to add that hasn't been covered in this consultation?

5. USEFUL LINKS

| Guidance documents | | | | | |
|---|---|--|--|--|--|
| A guide to flexible services | A simple introductory guide for anyone new to Flexible Services | | | | |
| Procurement process | Our flexibility procurement process including how to take part on Piclo, our ITT documents and how to use our interactive flexibility map. | | | | |
| Summary of service requirements | Provides a detailed breakdown of our Invitation to Tender Appendix 3 site requirements table. | | | | |
| Products and response times | An overview of the four flexibility products we procure: Sustain, Secure, Dynamic and Restore and their service parameters. | | | | |
| Decision making criteria | Explains how we assess bids received based on the conditions precedent, specification and cost. | | | | |
| Common Evaluation Methodology and Tool | The latest version of the standardised tool utilised by all UK DNOs to calculate ceiling prices for each requirement zone that | | | | |
| | Engagement | | | | |
| Engagement document library | Previously held event recordings, presentations and summaries and newsletter archive | | | | |
| Sign up to our mailing list | Sign up to hear about our latest requirements and flexibility events | | | | |
| Request a one-to-one discussion | We host complimentary discussions to guide stakeholders through the process of providing flexible services to the network. | | | | |
| Feedback form | We'd love to hear if you have any thoughts or feedback for our flexible services team to help us improve our offering | | | | |
| Upcoming events | View our upcoming flexibility events and register your place | | | | |
| <u>Email us</u> | Contact our team directly with any queries relating to flexible services | | | | |
| | Reports and publications | | | | |
| Distribution Flexibility Procurement reporting | Our suite of publications relating to Ofgem's Electricity Distribution Standard Licence Condition 31E: Procurement and use of Distribution Flexibility Services includes our statement, report, consultation and webinar recording. | | | | |
| The Year in Review | Annual publication detailing our continued commitment to Energy Networks Association's Six Steps For Delivering Flexibility Services. | | | | |
| Tender results | All details of our requirements from 2018 including Invitation to Tender documents, results and Expressions of Interest. | | | | |
| ENWL Business Plan 2023-28 | This plan sets out our commitment to Net Zero, innovation and efficiency for the RIIO-ED2 Period. | | | | |
| Industry links | | | | | |
| Piclo Flex platform | Our tenders are conducted via the PicloFlex platform- The independent marketplace for trading energy flexibility online | | | | |
| <u>Ofgem</u> | The website of the energy regulator for Great Britain. | | | | |
| National Grid ESO | The website of the electricity system operator for Great Britain. | | | | |
| Energy Networks Association (ENA) website | The website of the industry body that representing energy network operators in the UK and Ireland. | | | | |
| Department for Energy Security and Net Zero | The former Business, Energy and Industrial Strategy (BEIS) Department was split into the Energy Security and Net Zero Department in February 2023. | | | | |

7 GLOSSARY

| Term | Definition |
|--|--|
| Active Network Management (ANM) | The use of distributed control systems to continually monitor network limits, along with systems that provide signals to DER to modify outputs in line with these limits. |
| Aggregators | Third party intermediaries specialising in coordinating or aggregating demand response from individual consumers to better meet industry parties' technical requirements for specific routes to market. |
| Baseline | The point from which any delivery of flexibility is measured. |
| Common Evaluation Methodology and Tool (CEM) | Standardised tool allowing DNOs to compare the cost of flexibility or other solutions e.g. energy efficiency against traditional network reinforcement. |
| The Department for Business, Energy and Industrial Strategy (BEIS) | A department of the UK government which brings together responsibilities for business, industrial strategy, science, innovation, energy and climate change. |
| Dynamic Purchasing System (DPS) | An online process for contracting flexible services on PicloFlex; DNOs advertise long term requirements and flexibility providers sign up to the DPS to demonstrate eligibility e.g. financial stability and technical ability, before proceeding to the competition and bidding stages. |
| Demand Side Response (DSR) | Demand side Response (DSR) refers to the ability of sources of demand (for example, an industrial process) to increase or decrease their net demand in response to signals (sometimes price-signal) to support system or network management. |
| Distributed Energy Resource (DER) | Small-scale power generation and storage such as solar, wind and electric vehicles that operate locally and are connected to a larger power grid at the distribution level. |
| Distribution network operator (DNO) | The owner and operator of a distribution network licensed by the Gas and Electricity Markets Authority. |
| Distribution System Operation (DSO) | DSO balances capacity on the distribution network to enable new connections and meet the requirements of existing customers using flexible distributed energy resources, network investment and commercial services ensuring security and quality of supply standards are delivered. |
| Energy Networks Association (ENA) | The ENA is the industry body funded by UK gas and electricity transmission and distribution licence holders. |
| ENA Open Networks Project | Brings together the nine electricity grid operators in the UK and Ireland to work together to standardise customer experiences and align processes to make connecting to the networks as easy as possible and bring record amounts of renewable DERs to the local electricity grid. |

7 GLOSSARY

| Term | Definition |
|--|---|
| Extra High Voltage (EHV) | Voltages greater than 22kV in Electricity North West's distribution network. |
| Flexibility Market | The arena of commercial dealings between buyers and sellers of flexible services. |
| Flexibility Service Provider (FSP) | The owner and/or operator of assets that have the capability to provide Flexibility Services and wishes to make available each Site for the provision of such Flexibility Services, for example through aggregated or individual assets. The Company will pay the Provider for these Flexibility Services in accordance with this Agreement. |
| Flexible Resource | Resources like generators, consumers, and Electricity Storage connected to the distribution network. |
| Flexible Services | DERs connected to our networks can increase exports (generate more) or reduce imports (consume less) when instructed by the network and receive payment in return. |
| High Voltage (HV) | The voltages of 6.6kV or 11kV in Electricity North West's distribution network. |
| Low Voltage (LV) | The voltages of 400V / 230V in Electricity North West's distribution network. |
| National Grid Electricity System Operator (ESO) | National Grid moves high voltage electricity from where it's generated, such as a wind farm, through the energy system. Across Great Britain. They convert it into a more manageable voltage that's suited for domestic use. |
| Network Management System (NMS) | A system that will allow us to manage the energy in the North West in real time, operating as a smart network allowing supply to meet demand. It will facilitate our ability to provide future generations with a low carbon, sustainable and reliable electricity network throughout the region. |
| Neutral Market Facilitator (NMF) | A transparent, neutral market for flexible services, providing attractive opportunities for customers of all scales to respond to requests for flexibility, allowing existing and new renewables to be fully utilised. |
| Piclo Flex Platform | The independent marketplace for trading energy flexibility online. View active competitions, upload your assets and submit bids. |
| Transmission System Operator (TSO) | TSOs own, operate and maintain the transmission networks. There are three licensed TSOs in Britain, and each is responsible for a regional transmission services area. |