Flexibility procurement and dispatch process steps

1. Purpose

The document sets out the roles, responsibilities and interactions between the SP ENW DSO and DNO teams and flexibility service providers in the procurement and dispatch of flexibility services. This is an internal summary document, published for transparency. The current version of this document is stored on the SP ENW corporate database. Any copy in electronic or printed format may be out of date.

2. Roles and responsibilities

DSO Technical and Commercial teams – product development

DSO Capacity Strategy and Technical teams – identification of procurement needs

DSO Commercial team – conduct flexibility tenders, FSP settlement

DSO Technical team, DNO control room – flexibility dispatch

3. Process steps

3.1. Market development

The DSO Technical and Commercial teams are responsible for developing and evolving the suite of flexibility products and services that we use. This is done in collaboration with other DSOs through the ENA and the market facilitator, as well as through regular engagement with stakeholders such as FSPs, community energy groups, local authorities and strategic partners.

3.2. Procurement

Flexibility procurement needs are defined by the DSO Capacity Strategy and DSO Technical teams as set out in the network planning and development procedure overview.

The DSO Commercial team conducts regular flexibility tenders (monthly and six-monthly) following the stages defined below (and set out in the DSO Commercial team tender checklist).

3.2.1. Pre-tender

- DSO Commercial team produces tender documents (invitation to tender, postcode checker tool, cost calculator tool, site requirement details)
- DSO Commercial team sends all details to ElectronConnect for adding to the flexibility platform
- DSO Commercial team communicates and promotes tender details to FSPs and stakeholders

3.2.2. Commercial qualification

- FSPs upload commercial details
- DSO Commercial team conducts commercial check
- FSP signs ENA standardised framework agreement to enable participation in tender (current and future)

3.2.3. Technical qualification

- FSPs register assets
- FSPs provide the MPAN for each registered asset. This allows SP ENW to verify whether the asset is located within an active CMZ and is therefore eligible to participate in the tender
- FSPs provide technical details for registered assets, including (but not limited to): technology type, connection status, response time, max run time, flexible capacity (MW), recovery time, metering type
- SP ENW reviews the technical specifications and confirm asset's eligibility or not, based on pre-determined participation criteria. Where information is incomplete or appears to have been entered incorrectly, SP ENW may request clarification from the FSP and/or provide guidance on how the relevant fields should be completed

3.2.4. Bidding

- FSPs submit bids via ElectronConnect platform within specified window

3.2.5. Review

- DSO commercial team assesses bids using relevant criteria as set out in the CEM tool

3.2.6. Contract award

- FSPs are notified of successful bids via the ElectronConnect platform - this also constitutes a confirmation of the service/volume and the price
- The DSO Commercial team notifies any rejected bids directly to the FSP

3.2.7. Post tender

- Tender results and CEM tool outcomes are published on the SP ENW website
- Procurement details are provided by the DSO Commercial team to the DSO Load Investment team, the DNO Asset Management team and the DNO Project Delivery team to build into the programme delivery process
- Procurement details and outcomes are published in the annual Distribution Flexibility Services Procurement Report which is made available on the SP ENW website

3.3. Dispatch

Flexibility is procured using four standard products: peak reduction, scheduled utilisation, operational utilisation (OU) and operational utilisation variable availability (OUVA).

3.3.1. Non-operational dispatch – peak reduction and scheduled utilisation

The forward view of requirements for peak reduction and scheduled utilisation services is set out in the contractual agreement between SP ENW and the FSP. The FSP is the responsible for self-dispatching the required volume.

3.3.2. Operational dispatch – OUVA and OU

For operational dispatch products, due to the product type and response time required, SP ENW issues the event notification to the FSP via API. The FSP will then be expected to deliver the instructed volume according to the dispatch instruction.

The DSO Technical team will load these services into the ANM/NMS system, allowing for them to be utilised in real time by DNO Operations and the ANM system.

Week ahead

For OUVA products: The DSO Technical team utilises network forecasts (created by the DSO Capacity Strategy team) to notify the assets required for dispatch in the following week; or will release the assets from their commitments, allowing them to participate in other markets.

Real time

At present the DSO Technical team monitors the network conditions and will dispatch OUVA or OU flexible services in the areas which require support.

As contracts are loaded into the NMS system, DNO control engineers can also select to dispatch a flexible services contract if they need to. They will select which contract to dispatch following the merit order list stack which is owned and operated by the DSO team and set out in the Operational Decision-Making Framework (ODMF).

As the ANM system is rolled out more widely it will detect network constraints and will activate flexible services contracts. The ANM system is a DNO Operations operated platform, however the dispatch rules have been developed with the DSO team and follow the merit order list stack as set out in the ODMF.

3.4. Settlement

The DSO commercial team is responsible for settling payments to FSPs. A settlement report is sent to the FSP for them to approve. Upon approval the payment is made by the DSO flexibility team, authorised under the approval levels defined in the SP ENW Internal Control Manual. The budget for settlement of flexibility is held by the DSO, as part of the load budget.