Flexibility Services Consultation

Response Summary

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

October 2023

www.enwl.co.uk/flexibleservices
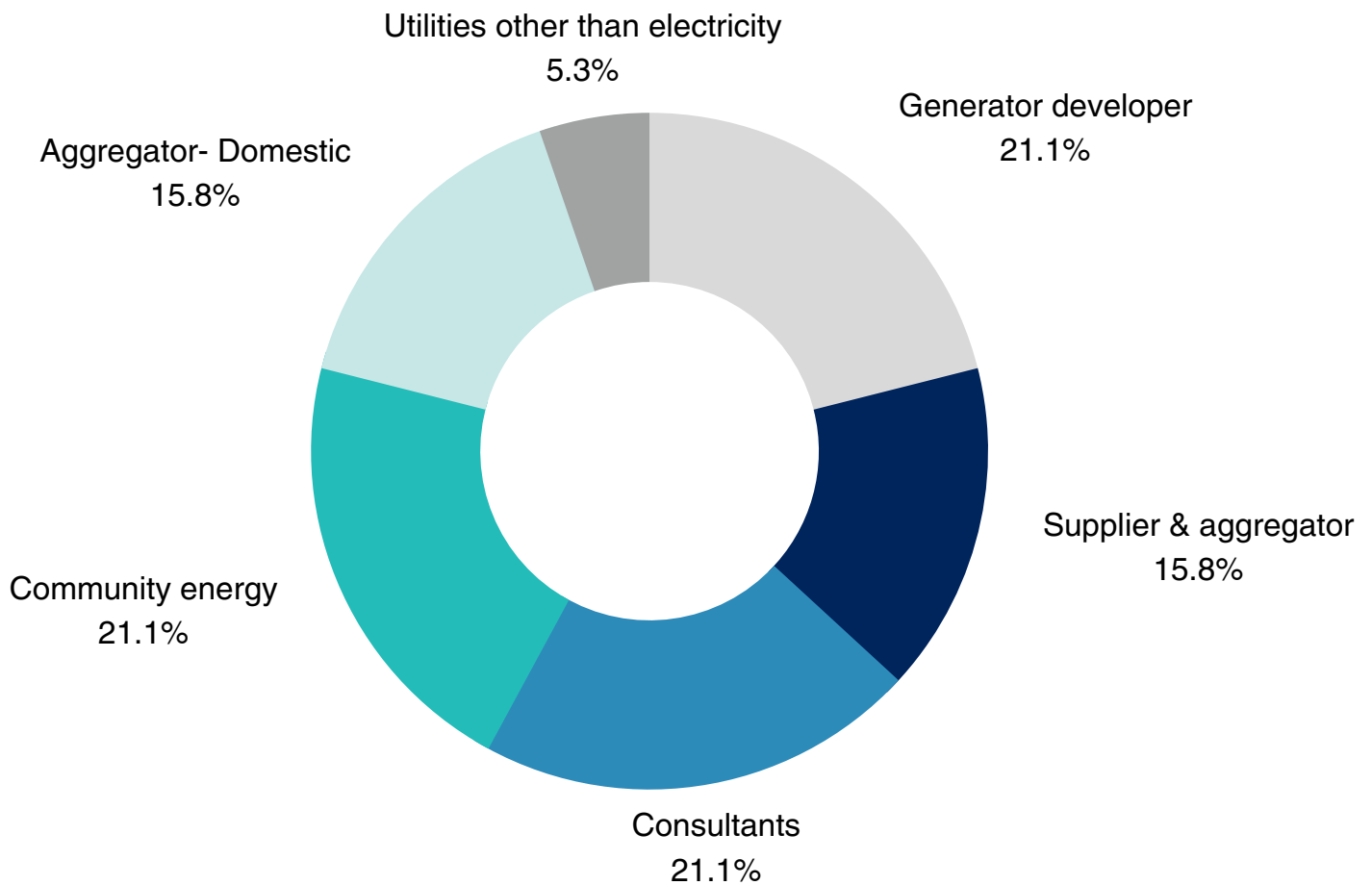
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INTRODUCTION

Our current flexible services processes and how we develop our tenders is a work in progress. We launched our Summer 2023 **Flexibility Services Consultation** in July for a period of two months to engage with our stakeholders to collaboratively shape our priorities and approach to procuring flexibility services. The aim of this consultation is to ensure we continue demonstrating accessibility and simplicity throughout our flexibility processes, with a key focus on data sharing, engagement, technical requirements and contracting.

As we begin our journey through RIIO-ED2, we wanted 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.

This report summarises the feedback we received and highlights the initial steps we plan to take in response to that feedback. In addition to incorporating this valuable input into refining our own approach, key industry priorities raised by stakeholders will be reflected in our collaborative work as part of the Energy Network Association's (ENA) Open Network's Project (ONP), as we implement common platforms and continue developing standardised processes.

We hope this summary will be a valuable resource to all those with an active interest in the flexibility market in Great Britain. If you have any questions, please get in touch at flexible.contracts@enwl.co.uk.

RESPONSES

Utilities other than electricity
5.3%

Aggregator- Domestic
15.8%

Generator developer
21.1%

Supplier & aggregator
15.8%

Community energy
21.1%

Consultants
21.1%

We would like to thank all those who took the time to speak with us and responded to the consultation. Feedback from responses 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 received 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.

We received 19 responses from providers with an even representation from aggregators, generator developers, suppliers, consultants and community energy groups. Responses were collected via our consultation webinar, online form, email and 1-2-1 discussions. All responses are presented as anonymous for the purpose of this report.

DATA SHARING AND SIGNPOSTING

Q1. Do you have all the information you need to easily take part in our tenders?
Q2. Are there any parts of the procurement process that require more guidance?

No 44%

Yes 56%
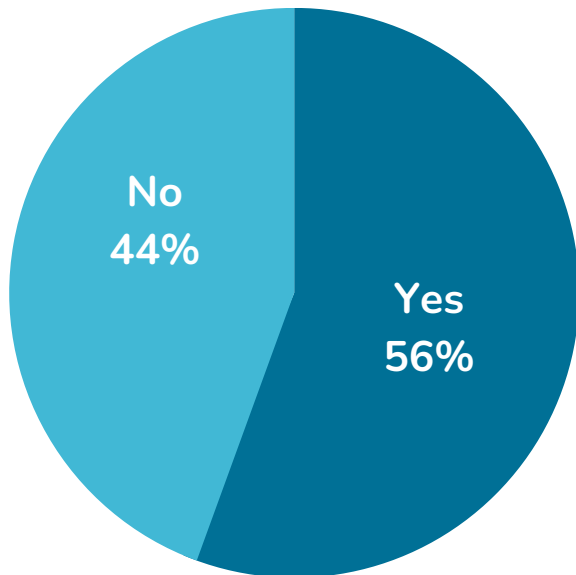
Open and accessible data is a central theme across our commitments under our ED2 Business Plan, the Open Networks Project and the Smart Systems and Flexibility Plan. As part of our commitment to provide as much data as possible in an open and accessible manner, we wanted to ask stakeholders if there was any gaps in our resource library to facilitate the procurement process and make taking part in our tenders as simple as possible.

You said

Our response

"Energy Efficiency Measures"

We have published a selection of energy efficiency FAQs on our website. We will continue to update and add more information about this service as well as promoting it at our events.

"Local competition overview: The number of registered participants and the registered volumes of flexibility"

Currently this market data is confidential and only made available to the DNO/DSO following the bidding window on Piclo once bids have been accepted/rejected.

"More representation of asset owners (company type etc) in tenders rather than just the information of the third party bidding in on their behalf"

We can review the structure of the market but this would need to be part of a wider market reform. We will feed this back to the rest of the industry through our collaborative work with the Open Networks Project..

DATA SHARING AND SIGNPOSTING

You said

Our response

"Availability hours forecast are different on Piclo and ENWL which is confusing. Having clarity of timings when bidding will help"

We understand that inconsistencies across different platforms can cause confusion so we have worked with Piclo to resolve the source of these inconsistencies and that we will be implementing a solution within our upcoming tender.

"MPAN verification- getting automated verification we can have a perfect yes or no rather than imperfect mapping ahead of bidding"

We have been working closely with Piclo on a new MPAN verification feature that is currently in its final stages of development.

"Ensure the parameters of ENWL requirements are carried through to Piclo"

"We will ensure all details of our requirements are available to view on Piclo. Where there are resources e.g. cost calculator tool only available on ENWL website, we will work with Piclo to ensure there are clearly signposted links to easily access them."

"Past results"

The details and results of our previous tenders are available to view on our <u>Previous Requirements page</u> and on our <u>Open Data Portal</u>

"Having a list of revenue information for each site available would be useful"

A list of ceiling prices for each site can be found within <u>Appendix 3: Site Requirements</u> spreadsheet published alongside each Invitation to Tender, on our interactive flexibility map on our <u>latest requirements page</u> and on our <u>Open Data Portal</u>

DATA SHARING AND SIGNPOSTING

Q3. Have you visited our new Open Data Portal? If so, is there anything you would change or datasets you would add?

No
33%

Yes
67%
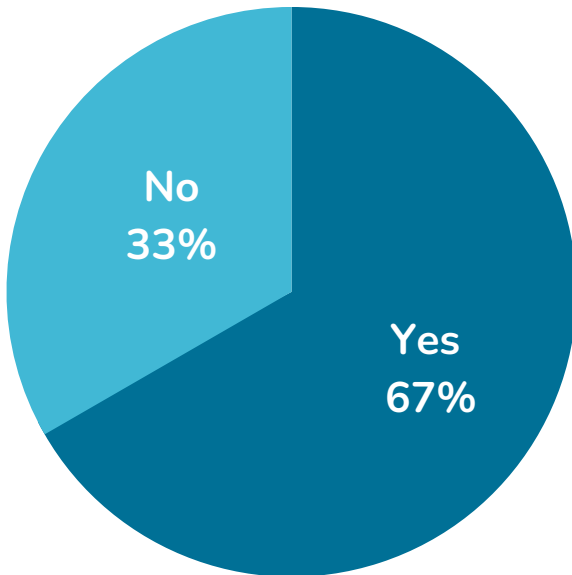
Earlier this year we started hosting our flexible services data on ENWL's new Open Data Portal. We were keen to hear from users of the Portal on the overall usefulness of information, if there are additional data sets or formats of flexible services data that would be helpful, and whether anything further could be provided.

We will take all feedback on board as we continue to implement further datasets over time.

You said

"Ability to check bulk list of assets"

"We have used the Open Data Portal and are happy with the available data – we applaud ENWL for creating a well-documented RESTful API, foundational for a strong data platform. However, we found many tags do not effectively group the data and the search bar is not useful when searching for competition references "

"Lack of data for previous tenders"

Our response

We are currently working with Piclo to enable a greater toolset for allowing participants to check a bulk list of assets. We do already offer Postcode data in an open data format on our Open Data Portal which is designed to help with some bulk data checking.

We will review the tagging of the data sets to ensure that these are clearer in future and easier to search

Our Distribution Flexibility Procurement Report is now available to view on our Open Data Portal. This shows details of our previous requirements including capacity tendered and contracted. This will be updated every 6 months alongside each new tender.

Q4. Is there anywhere in particular you would like to see us hold an event?

Carlisle

Penrith

Manchester

Oldham

London

We were keen to hear where our stakeholders would like to see us hold our next in-person events to help us plan our next annual Future Energy Roadshows with the wider DSO team as well as any future collaborative industry events.

We want to ensure our events are accessible to all stakeholders across the country and visit customers in more rural towns across our region.

The majority of votes were in favour of London, followed evenly by Manchester and Penrith, and lastly Carlisle and Oldham.

Q5. Would you be interested in attending our DSO Discussions and if so what topics would you like to see covered?

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.

As each session focuses on a different topic relating to Distribution System Operation, we wanted to give our stakeholders a say in what topics are discussed to ensure we continue delivering enhanced DSO functions that suit our customer's needs.

Responses to this question were very positive, with 100% of respondents expressing their interest in attending. We received some great suggestions (below) which we will look to incorporate into future sessions. All upcoming DSO Discussions forums are available to book here.

DSO topic suggestions

"Longer-term view of how future requirements relate to network development plans."

"Suggest dedicating some time at each forum for ad hoc topics proposed by stakeholders."

"Flex Services, Market Development - Challenges in connection."

"Impact on health, safety and environment."

"Working with energy firms to reduce wind/ solar constraints via domestic smart use."

"Flexibility services."

"Future scenario planning."

"Challenges in connection at distribution level, NDP."

"Heat networks, vehicle to grid."

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?

No 25%

Yes 75%
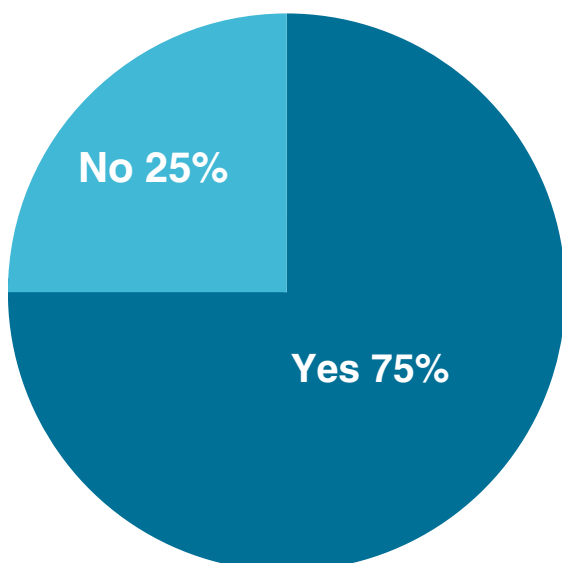
As an active participant in ENA's Open Network Projects, we coordinate with the rest of the industry so we were keen to ask this question to ensure we continue developing common processes that reflect the priorities of our stakeholders.

It is evident from the responses received that flexibility providers feel the industry is lacking standardisation and that more coordination between the ESO and DNOs is needed in order to allow providers to easily participate in multiple markets.

The majority of the feedback received highlighted the need to further standardise: Products, platforms and API interface. We will incorporate this feedback into our future ONP meetings and highlight these areas for prioritisation.

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 Piclo 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 2023 launch document.

Collaboration suggestions

"The Open Networks objectives are the right ones, but delivery is too slow with little visible progress made, particularly in terms of measures to support value stacking and ESO/DSO coordination."

"Standardise distribution and transmission processes e.g. DFS"

"Availability hours- all DNOs advertise them differently".

"Would prefer all DNOs to utilise same platform and have an API interface"

"Design of APIs is most important- We don't want to be integrating with loads of different APIs. It would be great if there was a single interface for dispatch and a single API for meter data provided by all the DNOS."

"There are still significant differences between the flexibility services offered by the 6 DSOs e.g. DSOs will still be responsible for defining their own technical parameters for each product. DSOs need to become more transparent in how their involvement at ENA leads to common changes."

"Might require more collaborations in ensuring the most standardized flexibility market system."

7. Do you consider our annual DPS requirement to be a barrier to participation ?

Would you see value in moving to a one off DPS submission with an option to update your details if circumstances change?

No 50%   Yes 50%

Yes 100%
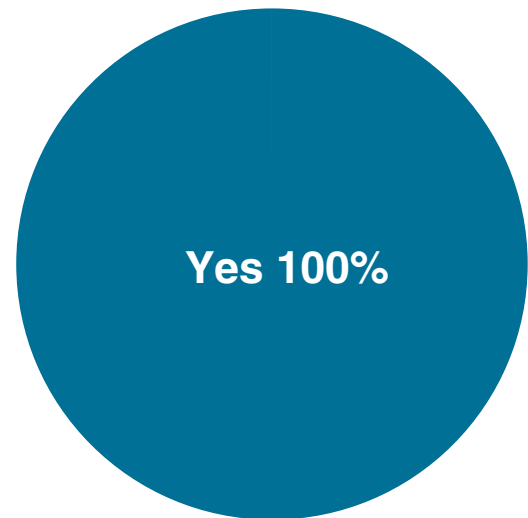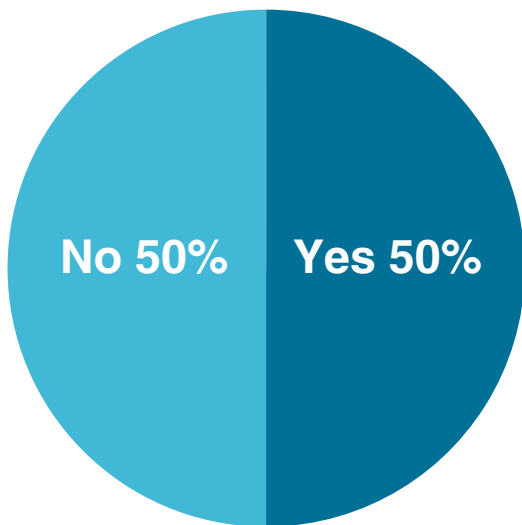
We have taken this feedback on board and made the decision to remove the requirement for Flexibility Providers to submit a new DPS application on PicloFlex every 12 months to commercially qualify to participate in Electricity North West's flexibility tenders. Providers will only need to qualify once and will remain qualified for all future tenders. Providers already approved on the DPS will not be required to submit a new DPS. We hope this helps to improve provider's experience of participating in our tenders by streamlining the procurement process and snd effort by removing the need to complete this step for every tender round.

8. Which product(s) are you most likely to tender for? Please explain why

Restore
11.1%

Sustain
33.3%

Dynamic
22.2%
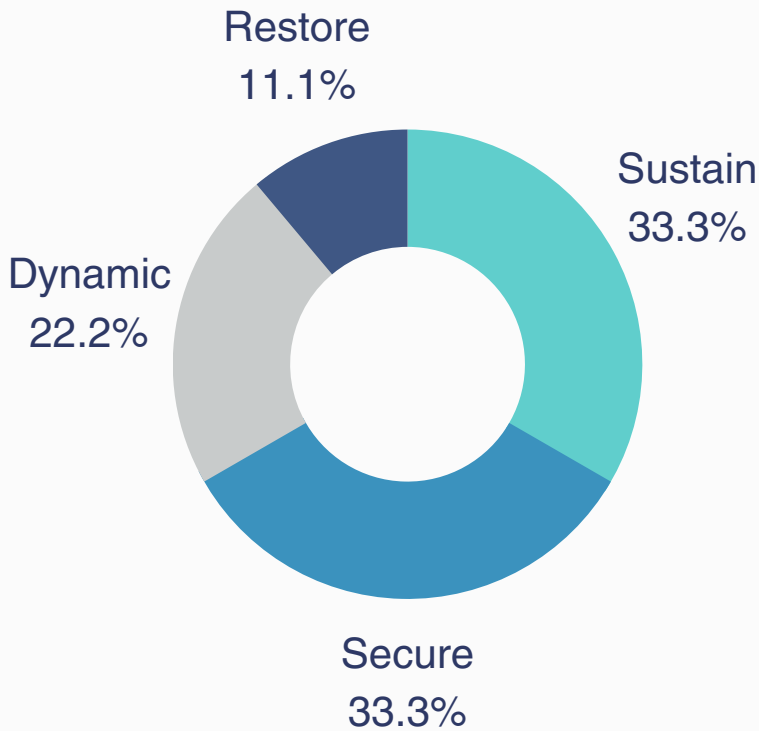
Secure
33.3%

Secure:

"Payment for availability through Secure product is attractive and what we have previously won."

"Offers the best combination of revenue certainty (lead time to agree on availability window) and technical requirements (sufficient response time of 15 minutes)."

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.

As there is a lot of work currently happening in this space, we we're keen to get a better understanding of why providers might choose one product over another based on the technical capabilities of their assets.

We will take this feedback on board when adopting the new streamlined set of products next Spring to ensure we are procuring services that suit the technical capabilities of provider's assets to ensure our product offering is not a barrier to participation ahead of the implementation of the new set of common products launching this year.

The majority of responses favour the revenue certainty of Sustain and Secure products, while other feedback has suggested that the ramping period requirements for Dynamic and Restore are too challenging.

Consultation response summary

Product feedback

"Closer to real time, providing shorter windows of flexibility and where we have combined heat and storage, we can reduce demand off the grid whilst ensuring the site can still function."

"Long term requirements mean we can sign up customers- gives them certainty they'll have that revenue stream coming in, which helps recruiting customers or building assets but forecasting closer to real time we have a much better view of customer behaviour and how they could shift their behaviour."

"Ramping period requirements for Dynamic and Restore are challenging for us."

9. What further product information would you find most useful?

We will be updating our product guides to assist in the understanding of the new, more streamlined selection of products as defined by the dedicated product workstream under the Open Networks Project. Before we produce new guidance on these products, we wanted to ask our stakeholders what information they would find most useful to ensure we include all suggestions and create guides that are of value for both flexibility providers and anyone new to the market.

Product information suggestions

"Requirements are a bit hard to understand for people new to flexibility"

"Indication of the contract value as a £ per kW capacity. This is how we assess the contract value"

"Payment, Dispatch, Use case, Service parameters"

"Energy Efficiency"

"It should be clear if the products include availability and/or utilisation payments, and whether availability bids are evaluated alongside or apart from utilisation bids."

"The term "ramp-up period" should be clarified, as the ENWL documentation describes it as the time between dispatch request and full delivery – this would be better captured by the term "response time.""

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

Agree with this approach

20%

**80%
Separate Energy Efficiency product**
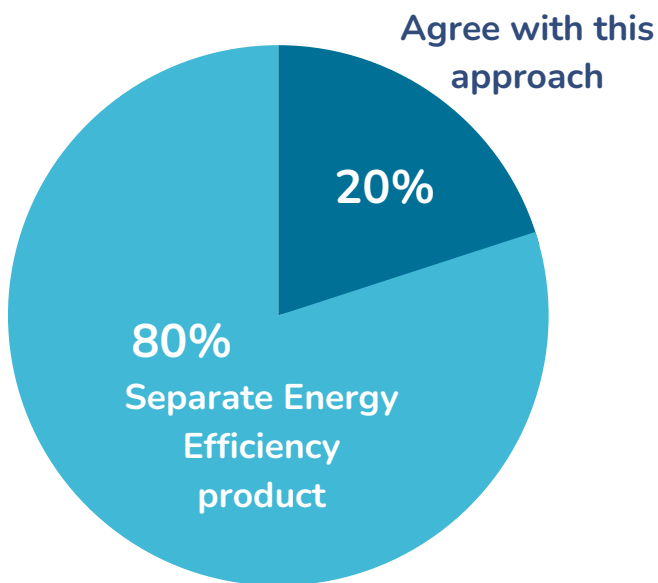
The energy efficiency service allows system users to earn revenue from carrying out long term energy efficiency activities whilst assuring Electricity North West that the site demand will decrease, deferring the need for reinforcement work within the area since average consumption is reduced and/or shifted away from the peak demand creating network capacity.

To date, this service has been procured via the four common products we procure (sustain, secure, dynamic, restore). Recently we have noticed a huge uptake in interest in this service from providers, however feedback has suggested this approach causes confusion particularly in relation to baselining and payment mechanisms.

Based on this feedback, we have made the decision to procure the energy efficiency service through a new dedicated product called Peak Demand Reduction, as defined by the Open Network's Project product workstream. We will adopt this new streamlined product for our Spring 2024 tender to align with the rest of the industry. We hope this will help to clarify the technical parameters of this service and how successful delivery is measured. We will update our Spring technical specification and provide an overview of this product at our DSO Functions webinar next April. Keep an eye on our events calendar here to register to attend this event.
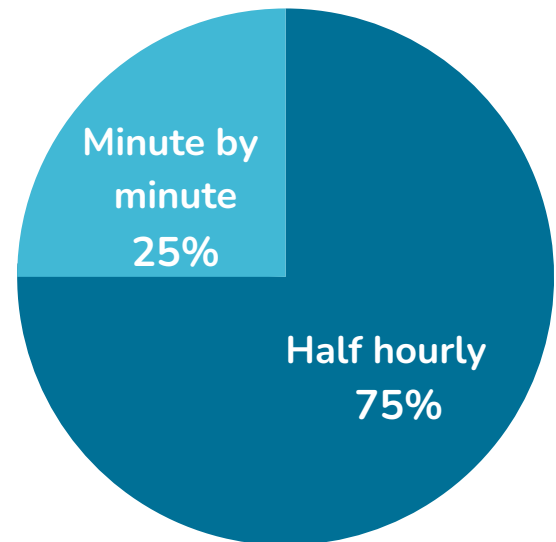
11. Are you able to provide minute by minute metering for all four products?
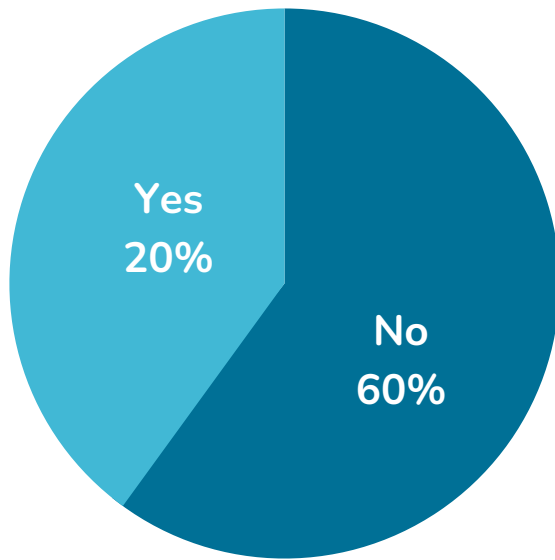
12. If you were offering a sustain service or energy efficiency measures, could you provide minute by minute or half hourly metering?

Yes
20%

No
60%

Minute by minute
25%

Half hourly
75%

We asked the above two questions to identify if our current metering requirements are a barrier to entry so we can continue to review and develop our processes to open up opportunities for participation.

To date, we have asked flexibility providers to provide minute-by-minute metering granularity for accurate performance monitoring and settlement. However, the majority of feedback we received from providers was in favour of half hourly metering and said they were unable to provide minute by minute metering.

As a result of this, we are pleased to announce that we have made the decision to now also accept other metering granularities such as half hourly metering as part of our tenders.

Where an alternative to minute-by-minute granularity is provided, the data may be disaggregated. For example, if half hourly metering is provided, the kilowatt hour (kWh) for that period will be divided by thirty to produce a minute-by-minute energy usage figure.

Please note that this will decrease the accuracy of billing so there is a risk that the asset will show as an under delivery of capacity during a period of change in flexible services requirements.

We anticipate that this decision will deliver huge benefits for all participants and open up more opportunities for providers looking to submit a tender response.

13. Do you believe that currently the 50kW minimum threshold is restrictive for EHV requirements?

No 25%

Yes 75%
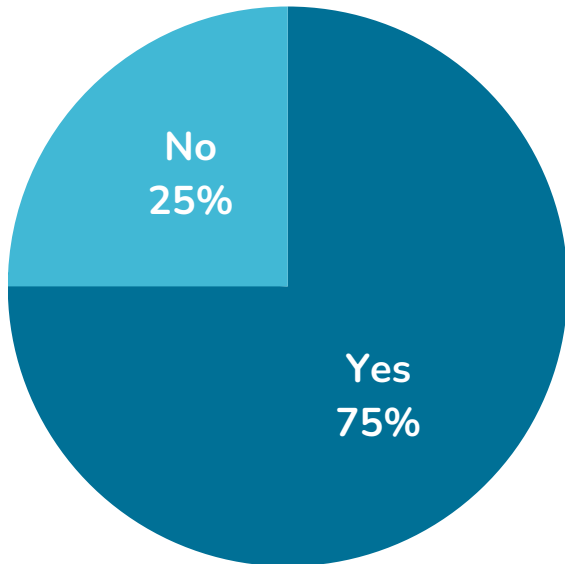
Since 2018, our minimum flexible capacity requirement for directly contracted resources has been reduced from 200kW to 50kW. Although there are no restrictions on the size of sub-sites of aggregated portfolios, the total portfolio size should be at least 50kW, It is evident from responses to this question that this minimum threshold is still too high for many aggregators to participate in our tenders.

We're pleased to announce, following this feedback we have made the decision to lower this threshold to 10kW. This change will be in effect for our Autumn 2023 tender and we hope this will be a huge step in opening up the provision of flexibility for all.

Do you think this should be lower, if so to what level?

"Initially perhaps 10kW to broaden take up, recognising this will need to scale in time."

"10kW"

"11kW"

"Due to the estimation that 90% of future flexibility may be acquired from residential assets, we believe that the threshold for participation should be set at 10KW or even lower."

"10kW minimum will help some assets that don't qualify to qualify"

"Should be lowered to 14kW - this can make a difference in rural areas and would allow us to participate with fast EV charging points"

"Typically an EV charger has on average 1kW of flexible capacity. That means we need to have at least 50 vehicles in an area to participate. This is a lot of assets considering the still low deployment of EVs and competition to recruit capacity. "

14. Have you used our cost calculator before? Please provide any feedback you have

**Yes
25%**

**No
75%**
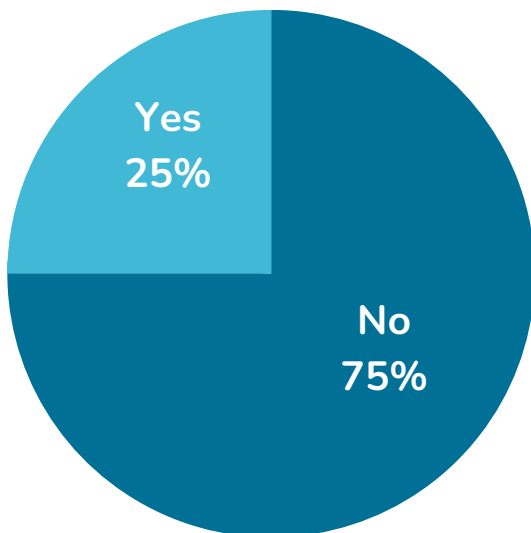
Following stakeholder feedback requesting for more precise revenue information and developed a handy Cost Calculator tool to allow participants to calculate a bid price for utilisation and availability that falls within our budget for each zone and service period for each tender.

We asked this question to better understand our stakeholder's experience of using this tool and if there were any aspects that required development. The majority of respondents had not yet used the calculator and/or were unaware that this tool was available. We will take the feedback we did receive onboard and continue to promote this tool alongside each tender and at our flexibility events.

"Did not know it was there but looks really useful - thanks as this has been a barrier to involvement in the past"

"This will be useful"

"Cost calculators like this are not very useful for bulk bidding. It is useful as a spot check for our calculations but I find the excel interface not appropriate for bulk bidding. "

"Unable to evaluate a bid for the entire contract length; not just a specific period, Evaluate the impact of aspects like response duration and recovery time on expected revenues and compare between different products/contracts in the same area or between multiple areas."

15. Would you be happy to sign a contract prior to submitting a bid?
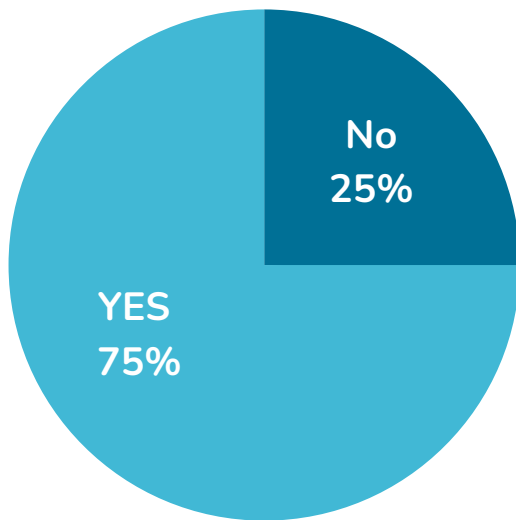
16. Would you be happy to sign a framework agreement for longer term requirements, with the ability to adjust your capacity/bid price on an annual basis if circumstances change?

No
25%

YES
75%

YES
100%
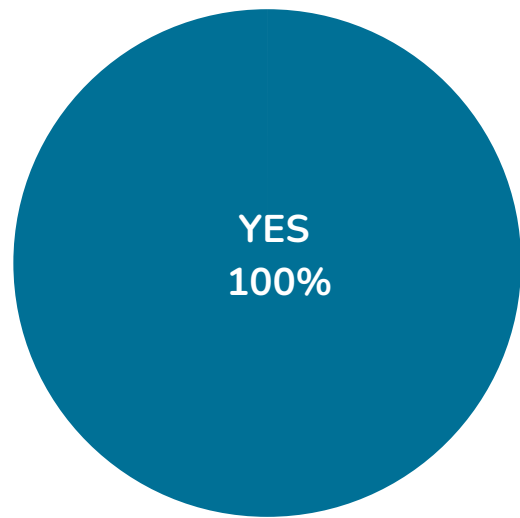
17. The terms and conditions of the agreement are under constant review under the Open Networks Project; Would you expect to re-sign a contract each time the T&Cs are updated?
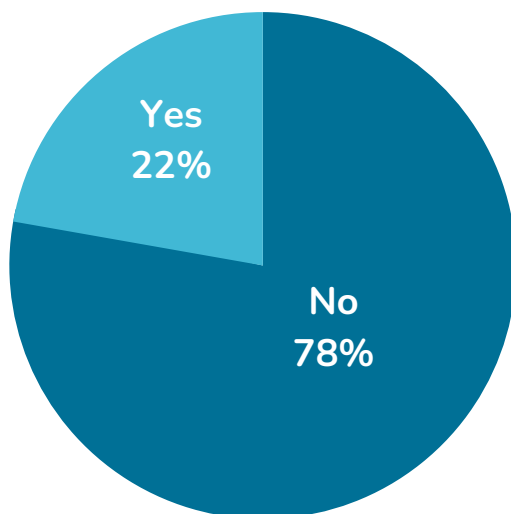
18. If yes, would you prefer to check a tick box on the procurement platform, or re-sign the agreement? (electronically or physically)

Yes
22%

No
78%

Re-sign
29%

Tick box
71%
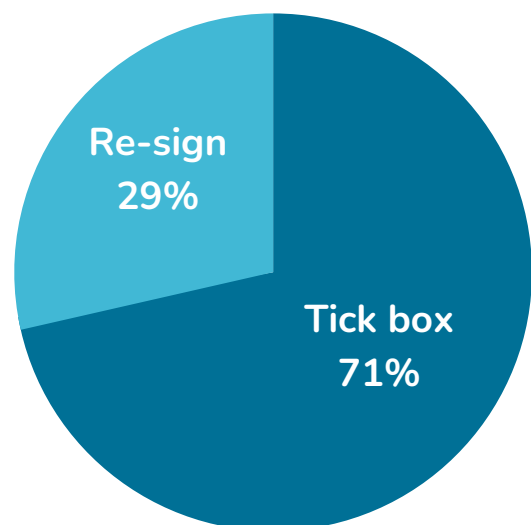
We welcome your views on how best to manage the transition to a framework agreement to suit both short and long term requirements.

As a key Open Networks Project deliverable for 2023/24, we were keen to consult with our stakeholders about the new framework style agreement ahead of its implementation next Spring when V3 is finalised. We want to ensure that our stakeholders experience a smooth transition to this new process and implement it in a way that works best for them.

We have been working with Piclo on how best to integrate this new agreement onto the PicloFlex platform and how the agreement could be adopted for both short and long term requirements.

The majority of respondents were in favour of a new framework style approach, while 100% said they would be happy to sign it for long term requirements with the ability to update capacity and bid price if circumstances change. Several stakeholders highlighted the need for 'flexible contracts' to facilitate the uncertainty of future asset volumes, while others highlighted the importance of standardisation to ensure a consistent approach across all DNOs.

"Being able to update capacity and bid price annually is a good middle ground- there is value in certainty but there is also a lot that changes e.g. accurately forecasting how many ev charge points we're going to need."

"A combination of short and long-term contracts seems like a sensible option."

"As long as the T&Cs align with what we can agree to this would be our preferred approach"

"Whilst we recognise the need for a degree of certainty around flexibility through longer-term contracts, we would like to see a greater focus on the development of residential flexibility as a commercially viable source of flexibility, therefore we feel that it is important that more regular reviews are allowed as consumers can decide to cancel or opt out of flexibility services at any point."

"It's the standardisation that's key. We're not massively concerned with any one thing any of you do, it's the consistency and standardisation that will allow us to start participating.."

"Our future capacities depend on the number of EVs in an area and our recruitment. This is an uncertain forecast so we would welcome the ability to change our volumes for our long-term contracts."

"Happy to sign an amended contract in future if things change and if T&Cs change- it's critical to be able to update, how it's done is of less interest at the moment. However you do it, we will work to that and as long as it's consistent then it shouldn't be a problem."

electricity north west
Bringing energy to your door

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

"

"lack of certainty of sufficient revenue"

"The variability in contract values can be an issue as one contract you could earn £20 per kW, per month, while another it could be £1 per kW per month. It makes it difficult to build a proposition to recruit users. ."

"Location of requirements"

"As flexibility services are still relatively nascent, we see a wide variety of contracting and procurement processes among the DNOs and ESO. While we do not expect these journeys to be fully standardised or made universal, the market would likely benefit from more commonality in technical parameters, delivery requirements, commercial structures and contract award procedures."

"Access to data and connectivity between systems. This needs to be improved for the market to be truly open and dynamic. For example, the links between retail energy providers and flexibility service providers, including aggregators and virtual power plants, must be better established. There are also challenges for third parties accessing smart meter data via the DCC Other User links."

"Revenue- For us, it doesn't matter about hours available, it's more important that there is a fixed revenue available."

"Penalties"

"Lack of standardisation is the main barrier for us- we're a small team without much resource so we can't accommodate the level of variety across the DSO markets."

"Long term contracts available only - moving closer to real time would be beneficial "

"

"Complex contractual frameworks which also lack standardisation across DSO (alongside products)"

"Penalties, making sure the site is capable of delivering the service to avoid any financial risk to our business."

"The differences in how the end-to-end process is experienced by flexibility providers per DSO market will remain as the fundamental barrier precluding participation. "

"Unfavourable ceiling prices compared to ESO markets and small number of availability hours which are often not fixed until a few days before delivery."

"A barrier for residential flexibility to participate in DSO flexibility services is the performance threshold of 60% minimum delivery/ penalty. As consumers are free to opt in or opt out at any point, it will be hard for flexibility providers who aggregate residential flexibility to participate and sign an agreement that requires a minimum 60% delivery with a penalty term. "

"Lack of transparency in terms of market composition – flexibility providers are not informed about the number and registered capacity of active market participants in each tendered zone, which increases the uncertainty in terms of designing a robust bidding strategy."

"The geographical concentration needed to meet minimum flexible capacity is hard to achieve, pleased this is being looked at"

electricity north west
Bringing energy to your door

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

"

"As much standardisation across all DSOs as possible"

"Common platform and proceses across DNOs"

"A clear and consistent baseline methodology. We favour a fixed or a profile baseline "

"The ability to interact digitally throughout the end-to-end process from information sharing, through qualification and procurement to dispatch"

"Provide more market information per tendered zone and reduce the cost of participation, as these have been defined in our previous responses"

"Visibility of all our assets on Piclo and notify us when one of them falls within a requirement zone."

"Lowering barriers to entry to allows smaller players to establish services, they can build on"

"Ease of use - standardised approach across all providers and use of Piclo."

"Standardisation and consistency across the industry."

"Closer to real time procurement"

"

Feedback from responses to our consultations is invaluable and will be taken on board when developing our processes and incorporated into our future plans where possible.

KEY STAKEHOLDER FEEDBACK RECEIVED

- Further industry standardisation of: Products, API interfaces, platforms and availability hours
- Too many variations of processes, technical requirements and contracting across all the DNOs
- Lowering minimum thresholds to allow smaller players to participate
- Common contract: ability to adjust details for longer term requirements if circumstances change and mix of both short and long term contracts is preferable
- More information on Energy Efficiency Measures and having it as a separate product
- Barriers to entry: Minute by minute metering, penalties, location of requirements and lack of revenue certainty

OUR INITIAL COMMITMENTS

- Lower minimum threshold for participation from 50kW to 10kW
- Remove annual DPS registration requirement on Piclo
- We will now also accept alternative metering granularity as part of our tenders such as half hourly metering granularity where minute by minute is not possible
- Adopt new Energy Efficiency product instead of procuring this service via the other flexibility products to improve clarity of technical requirements such as baselining and payment mechanisms and produce helpful guides to introduce new selection of streamlined products as defined by the Open Networks Project
- Adopt new common framework agreement V3 next year for longer term requirements by allowing providers to update their capacity/bid price annually if/when circumstances change
- Continue working with the rest of the industry to design a common API interface

If you have any questions or feedback relating to this consultation, please get in touch at flexible.contracts@enwl.co.uk