

The background of the cover is a photograph of an electric car at a charging station. The car is dark-colored and its front end is visible. Two white charging cables are plugged into the car's charging ports. The background is blurred, showing a city street with buildings and people. A blue diagonal bar is at the top left, and a green diagonal bar is at the top right.

Distribution Flexibility Services Procurement Report

April 2023

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EXECUTIVE SUMMARY

Welcome to our second Distribution Flexibility Services Procurement Report, in which we set out our outcomes of procuring flexibility services in the previous regulatory year.

Our plans for procuring flexibility services for the upcoming regulatory year are detailed in the [Distribution Flexibility Procurement Statement](#), while this Distribution Flexibility Procurement Report details the outcomes of the services procured and dispatched in the previous regulatory year.

This report sets out Electricity North West’s outcomes of flexibility services procurement in the 2022/23 regulatory year, and reflects on our activities, and approach to, engagement, tendering, evaluation, contracting and dispatch.

Our volume of flexibility requirements has increased significantly since our first tender launch in 2018 which sought 7.5MW of capacity between 2020-23, compared to our latest requirements seeking over 1GW between 2023-28. During the ED2 period we will see an increase in the requirements for flexibility and energy efficiency across our network and we’re proud to be delivering an opportunity that provides so many benefits to both Distribution Network Operators (DNO’s) and Flexibility Providers.

We publish our requirements twice a year in Spring and Autumn in line with the completion of our network loading analysis and [Distribution Future Electricity Scenarios \(DFES\)](#) processes and subsequent reviews. The below tables provide an overview of our requirements for each tender round in 2022/23 with further details provided in Section 2.3.

Within the year we have focussed on engagement to help develop this emerging market, with a focus on removing barriers to participation in our future tenders. Section 3 details these engagement activities and the feedback we have received as a result.

Due to a limited response to our Spring-22 tender, we did not dispatch any flexible providers within the 2022/23 regulatory year.

Tendered and contracted requirements undertaken during the 2022/23 regulatory year				
Product	Spring-22 Tendered Requirements (MW)	Spring-22 Contracted Services (MW)	Autumn-22 Tendered Requirements (MW)	Autumn-22 Contracted Services (MW)
Sustain	0	0	0	0
Secure	163.74	0	164.69	0
Dynamic	131.93	0	80.97	31.06
Restore	637.08	0	779.52	0
Total	932.75	0	1025.18	31.06

1. INTRODUCTION

1.1 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 will enter a new price control period referred to as RII0-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.



2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

2.1 Procurement, contracting and dispatch summary

In total we tendered for a total of 299.63MW of flexible services provision in the 2022/23 period. Although successful bids were accepted, none progressed to contract signing for the 2022/23 period. As such there was a 299.63MW shortfall in flexible services requirements for this period.

We did originally receive bids which were accepted for a total of 5.96MW from two separate parties for the 2022/23 period, however both of the parties did not progress to the contract signing stage. Both providers struggled to recruit sufficient numbers of aggregated resources to participate to the level which they had bid for and some issues arose with some specific terms within the Standard Flexibility Agreement. As the Agreement is standardised across all DNOs within the UK, we are working via the Open Networks Project technical working group to review multiple flexible service providers requests for changes to the Agreement to avoid similar issues in future.

We did agree to accept a lower capacity than had originally been bid by one provider, where their existing recruitment had allowed them to achieve the minimum capacity threshold required by the tender (50kW). In the procurement report datasheet these withdrawn bids have been listed as accepted on the procurement tab for consistency with previous reporting and to show the scale of the bids accepted, however have been omitted from the Procurement and uses summary, and procurement-locational worksheets to show the current contracted levels .

Figures include some providers for future years who are still in the contract signing stage

2.2 Stakeholder feedback on tender participation

During the course of the year we carry out feedback collection exercises, both formally and informally. We have collected the following feedback of why participants did not choose to bid into the 2022/23 flexibility services tenders. The main reasons given were:

- Low revenues offered by DNO flexible services contracts compared to other markets e.g. ESO services.
- Prioritisation of participation in the ESO Demand Flexibility Service (DFS); as these assets can also be grouped at a national scale it is less important about the clustering of assets into a small geographical area like a DNO constraint zone.
- A lack of suitable assets in the locations where we are procuring; predominantly the services required in 2022/23 have been for rural locations with low customer numbers, and no local generation so participants do not tend to have existing assets in these areas.
- A lack of technical capabilities to dispatch on command; this predominantly stems from a low maturity of the existing market.
- High fuel costs e.g. diesel, gas, etc.
- Some participants would prefer longer contract lengths to guarantee they are not developing stranded assets; whilst others would prefer much shorter contract lengths, so they can participate in other markets.
- Concerns about some of the clauses within the Standard Flexibility Agreement.

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

To address these concerns, we are:

- Regularly reviewing our methodology for how we value DNO flexibility services. We have created a cost calculator tool to help participants to assess their bids prior to submission to ensure that they are valuing their bids appropriately.
- Talking with potential providers about other sources of revenue which they could stack with a DNO flexibility service provision, to obtain the maximum value from their assets and investments. For example, we are working with businesses to promote energy efficiency measures to reduce their electrical demands at peak times on the distribution network and in return they are getting paid for providing this energy reduction. Through energy efficiency they will also be decreasing their energy bills, reducing their environmental impacts, potentially improving working conditions for staff, and in some cases modernising older equipment which may have other associated benefits. We can help them by providing sources of impartial advice about how to implement energy efficiency measures and to transition to lower carbon technologies, whilst minimising their network impacts.
- We are working with the ESO and the other network operators via the Open Networks Project to develop solutions that allow for the stacking of multiple revenue streams, so that participants of the ESO markets are not excluded from participating in DNO markets and achieve the maximum value from their assets.
- It is important to note that the ESO Demand Flexibility Service does help when it is in operation to reduce the Distribution Network peak demands; however, we will need to continue to monitor this going forwards to ensure that there are not new demand peaks introduced as the service delivery window of this product ends and customers resume their normal energy usage. E.g. if a DFS period was to be from 16:00-18:30 there is a risk that at 18:30 there is a large spike in distribution energy usage as everybody starts to use energy intensive items such as EV chargers, cookers, electrical heating etc.... This new peak could overload distribution network assets if not managed.
- It is acknowledged that it takes time to develop DER asset populations in tender zones. Within 22/23 we tendered for our anticipated requirements for flexibility services up until March 2028. This was to allow for developers to see the market signals that they should look to develop/recruit asset populations in these zones. We are continuing to tender for the next 5 years to continue this development opportunity.
- Within the 22/23 tenders we had a significantly greater number of tender's requirements within more urbanised regions of the network. This did seem to encourage a greater level of interest in tenders and higher volumes of bids.
- As the changes to the way that network reinforcement charging is carried out as part of the Access SCR implementation we are expecting to see an increase in the volumes of Low Carbon Technologies that will be deployed on the network; thus, increasing the population of potential DER assets which can be used flexibly. The SCR implementation also introduces more opportunities for distribution level flexible services to be used to defer and avoid network reinforcement, so we expect to see an increase in the volumes of flexible services requirements that are tendered for.
- We endeavour to continue to tender for flexibility requirements within a constraint zone for as long

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

as possible before we eventually have to reinforce the network, to ensure network security and stability. This allows for providers to get the most opportunities to participate in flexible services tenders before we ultimately have to reinforce in the network.

- We publish our Network Development Plan forecasted flexibility requirements for 10 years alongside every tender, to allow the market to gain some foresight into likely future constraint zones and the levels of requirements.
- We are working with the other network and System operators via the Open Networks project to create standardised dispatch and settlement Applications Programming Interfaces (APIs) to simplify the requirements for participants to interface with dispatch systems. As the market grows we also anticipate that providers systems will mature, including a range of off the shelf Distributed Energy Resource (DER) and Consumer

Energy Resource (CER) assets. We would also expect that the expertise of consultancies will expand to facilitate deployment of DER dispatch systems.

2.3 2022/23 Procurement Statement

The April 2022 Procurement Statement stated that we were looking to procure a total of 932MW of flexible services, with 299MW required for the 2022/23 period, and 633MW of flexible services for the 2023/24 period. In our Autumn tender, we refreshed our demand forecasts as part of the DFES process, and reissued the zones where needs were not met for the 2023/24 period, in addition to publishing our known requirements for the RIIO-ED2 period. Despite bids being accepted as part of the Spring tender, none of these requirements were met, however 31MW was contracted in response to the Autumn tender. The breakdown of the predicted requirements is shown in the table below.

April 2022 Procurement Statement predicted requirements vs contracted services for 2022/23

Product	Spring tender (MW)	Autumn tender (MW)	Actual Procured services 22/23(MW)	Actual Procured services 22/23(MW)
Sustain	0	0	0	0
Secure	163.74	164.69	0	0
Dynamic	131.93	80.97	0	31.06
Restore	637.08	779.52	0	0
Total	932.75	1025.18	0	31.06

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

There were no differences between the April 2022 procurement statement and the actual level of requirements which were tendered for within the 2022/23 period.

For the 2023/24 period the deviation between the April 2022 statement and the actual tendered volumes were as a result of enhanced forecasting certainty, combined with increasing volumes of connections activity. These volumes also reflect the forecasted economic recovery following the pandemic. We have seen an increase in Low Carbon Technology uptake in the region (Electric vehicles, and heat pumps), so these increased volumes are factored into the increased 2023/24 volumes.

2.4 2022/23 tender requirements

It is possible to look back at the requirements tendered for including capacities, service type, duration, estimated availability and utilisation, ceiling prices, and postcode sectors via the Previous Requirements webpage. For the 2022/23 tenders this information can be accessed both in a tabular format and in a graphical format via following links:

Tender period	Tabular format	Geographical format
Spring 2022	Spring 2022 table	Spring 2022 Geographical
Autumn 2022	Autumn 2022 table	Autumn 2022 Geographical

2.5 Procurement summary

The table below (continued on next page) summarises the level of services procured by product type and by postcode sector.

Actual procurement by product and location						
Product	Actual Procured services 23/24	Actual Procured services 24/25	Actual Procured services 25/26	Actual Procured services 26/27	Actual Procured services 27/28	Location Postcode Sector
DYNAMIC	0.61	0.00	0.00	0.00	0.00	M15 5 ,M20 6 ,M3 5 ,M3 6 ,M5 3 ,M5 4 ,M6 5 ,M6 6 ,M6 7 ,M7 ,M7 1 ,M7 2 ,M7 3 ,M7 4

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

Actual procurement by product and location						
Product	Actual Procured services 23/24	Actual Procured services 24/25	Actual Procured services 25/26	Actual Procured services 26/27	Actual Procured services 27/28	Location Postcode Sector
DYNAMIC	1.42	0.00	0.00	0.00	0.00	,M3 1 ,M3 7 ,M3 9 ,M4 4 ,M4 5 ,M40 7 ,M7 2 ,M7 4 ,M8 0 ,M8 5 ,M8 8 ,M8 9 ,M9 5 ,M9 7
	1.38	0.00	0.00	0.00	0.00	BB10 4 ,BB11 5 ,BB7 1 ,BB7 9 ,BD23 4 ,BL2 2 ,BL8 2 ,BL9 0 ,CA16 6 ,CA17 4 ,CA3 9 ,CA4 0 ,CA4 8 ,CA7 4 ,CA8 1 ,FY2 0 ,FY6 0 ,FY8 ,L ,LA1 1 ,LA1 2 ,LA1 3 ,LA1 5 ,LA14 1 ,LA2 0 ,LA2 6 ,LA2 8 ,LA2 9 ,LA22 9 ,LA5 8 ,LA6 1 ,LA6 3 ,M ,M12 6 ,M17 1 ,M2 4 ,M22 9 ,M30 0 ,M34 3 ,M34 5 ,M46 0 ,M50 3 ,OL13 0 ,OL3 5 ,OL4 1 ,P ,PR25 5 ,PR26 7 ,S ,SK1 1 ,SK10 1 ,SK10 5 ,SK11 ,SK11 ,SK11 6 ,SK14 1 ,SK14 8 ,SK15 2 ,SK17 6 ,SK8 3 ,WA12 8 ,WA3 3 ,WA3 6 ,WN1 2 ,WN2 1 ,WN2 3 ,WN3 4
	1.21	0.00	0.00	0.00	0.00	BB7 4 ,BD ,BD23 1 ,BD23 3 ,BD23 4 ,BD23 6 ,BD24 0 ,BD24 9 ,LA2 8
	4.51	0.00	0.00	0.00	0.00	CA1 3 ,CA15 6 ,CA16 6 ,CA19 1 ,CA3 8 ,CA4 8 ,CA5 3 ,CA5 5 ,CA5 6 ,CA5 7 ,CA6 4 ,CA6 5 ,CA6 6 ,CA7 0 ,CA7 1 ,CA7 2 ,CA7 3 ,CA7 4 ,CA7 5 ,CA7 8 ,CA7 9
	1.12	0.00	0.00	0.00	0.00	CA8 2 ,L ,LA2 0 ,LA2 6 ,LA2 8 ,LA5 9 ,LA6 1 ,LA6 2 ,LA6 3 ,LA6 4 ,LA7 7 ,LA9 6 ,M6 7 ,M7 1

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

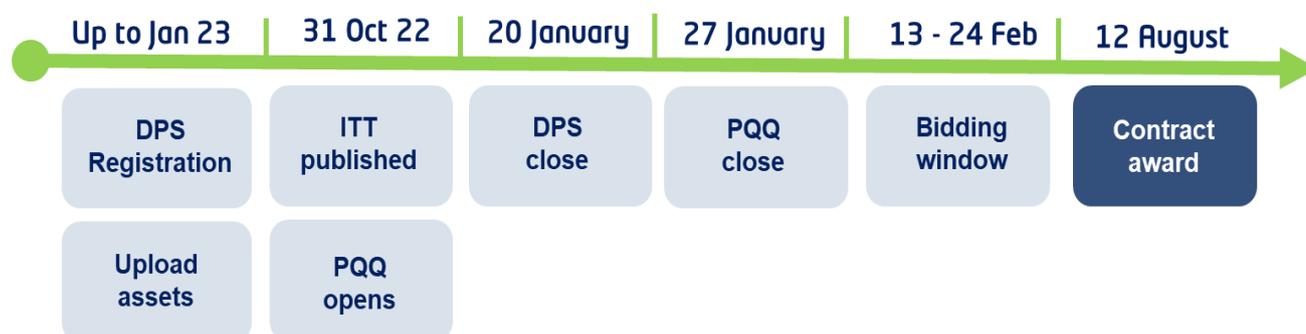
Actual procurement by product and location						
Product	Actual Procured services 23/24	Actual Procured services 24/25	Actual Procured services 25/26	Actual Procured services 26/27	Actual Procured services 27/28	Location Postcode Sector
DYNAMIC	0.35	0.00	0.00	0.00	0.00	LA12 8 ,LA20 6 ,LA20 8 ,LA21 3 ,LA21 8 ,LA22 0 ,LA22 9
	1.40	0.00	0.00	0.00	0.00	M1 6 ,M24 1 ,M24 2 ,OL1 2 ,OL9 0 ,OL9 9
	1.40	0.00	0.00	0.00	0.00	M2 7 ,M22 1 ,M22 4 ,M23 ,M23 0 ,M23 1 ,M23 2 ,M23 9 ,M33 3 ,M41 9 ,M5 5 ,WA ,WA14 7 ,WA15 6 ,WA15 7
	3.33	6.87	6.87	6.90	7.09	PR1 1 ,PR2 8 ,PR3 0 ,PR3 1
	2.48	0.00	0.00	0.00	0.00	PR1 4 ,PR1 5 ,PR1 8 ,PR2 2 ,PR2 5 ,PR2 6 ,PR2 7 ,PR2 8 ,PR2 9 ,PR25 5 ,PR3 2 ,PR3 3 ,PR4 0 ,PR4 2
SECURE	3.05	0.00	0.00	0.00	0.00	M12 4 , SK ,SK10 1 ,SK10 2 ,SK10 3 ,SK10 4 ,SK10 5 ,SK10 6 ,SK11 1 ,SK11 3 ,SK11 6 ,SK11 7 ,SK11 8 ,SK11 9 ,SK7 1
	6.50	0.00	0.00	0.00	0.00	FY6 8 , OL12 8 , PR1 9 , PR2 3 , PR2 7 ,PR3 0 ,PR3 1 ,PR3 2 ,PR3 5 ,PR3 6 ,PR4 ,PR4 0 ,PR4 3 ,PR4 5
	4.91	0.00	0.00	0.00	0.00	PR25 1 , PR25 2 , PR25 3 , PR25 4 , PR25 9 , PR26 6 ,PR26 7 ,PR26 8 ,PR26 9 ,PR4 1 ,PR5 1 ,PR5 3 ,PR7 5 ,PR7 6
	1.11	0.00	0.00	0.00	0.00	M4 4 , M40 1 , M40 2 ,M40 7 ,M40 8 ,M8 0 ,M8 5 ,M8 8 ,M9 5 ,M9 8
Totals	35.72	6.87	6.87	6.90	7.09	

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

2.6 Spring 2022/23 procurement timeline



2.7 Autumn 2022/23 procurement timeline



The April 2022 procurement statement included the timelines for the proposed flexible service procurement activities for the year; these timelines were followed with no deviations.

2.8 Conflict management with the ESO

There have been no requirements for conflict mitigation with the ESO in 2022/23.

We have been active participants in the Open Networks primacy rules working group, working with the rest of the industry to develop the rules and procedures to allow for service staking and conflict management, where required.

As part of this work we carried out simulated trials of the proposed rule 1A for co-ordination where the ESO are contracted with balancing mechanism units within a constrained area where DNO flexible services are being deployed. Following the simulated trials this rule is not due to be put into business as usual processes for all DNOs.

The Primacy Technical working group to review further use cases and develop additional primacy rules, where these are required. As these rules are developed we will incorporate them into business as usual as soon as they are required.

3. STAKEHOLDER ENGAGEMENT

3.1 Engagement overview

3.1.1 Signposting requirements

We have developed and standardised our procurement and dispatch online media. We provide access to our tenders and documents via our [website](#) and the [Piclo Flex platform](#) providing multiple entry points to our tenders further promoting the opportunities to participate.

Following the close of our Spring and Autumn 2022 tender rounds, we produced a report detailing the results of each tender on our Previous Requirements page to provide clarity on the bids which were accepted and rejected, as well as showing the contract lengths and the bid price accepted. This information delivers transparency in the procurement process as well as giving future market participants an insight into the potential values of revenue they could expect to achieve by participating.

We issued our quarterly newsletters to over 300 stakeholders on our distribution list; communicating updates on current and future requirements, results of our tenders, and upcoming events. We keep a newsletter archive on our website so that stakeholders can follow our journey and keep up to date with any new opportunities in our area.

To reach wider audiences, we also communicated flexible services updates via the following channels to help ensure visibility of and accessibility to our requirements:

- Our [website](#)
- The [Piclo Flex platform](#)
- New [Open Data Portal](#)
- Our Flexible Services [mailing list](#)
- Our bi-annual DSO Functions webinars
- [1-2-1 flexible services discussions](#)
- The ENA [flexibility in Great Britain webpage](#)
- Press releases
- ENWL social media channels
- Connections Engagement, Stakeholder and Community Energy newsletters and events
- [Network Development Plan \(NDP\)](#)
- Directly to customers in requirement zones
- In-person events: Joint events, industry events and our new DSO Roadshow events

We recently published our annual Distribution Flexibility Procurement Statement in our new [document library](#), which sets out our approach for procuring flexibility services in the upcoming regulatory year (2023/34). Key topics detailed in the Statement include: distribution flexibility service requirements, criteria for participation, the dispatch of Flexibility Services, tendering process's, stakeholder engagement, quantitative assessment, how to contact us, and useful external links.

3.1.2 Online resources

We continue to update our interactive flexibility map on our [website](#) with each tender round to simplify the information that we provide to stakeholders and assist them in the identification of assets within constraint zones. The map also shows both current requirements from 2023-28 (navy icons) and forecasted requirements over the next 5-10 years (grey icons) to provide more notice of future tenders. These forecasted sites are published within our [Network Development Plan \(NDP\)](#) which is a useful tool for flexibility providers as it shows where on the network there is insufficient capacity (for new connections and general load growth) and where flexibility services may be required in the short, medium and long term. It also provides information on how we intend to create capacity over the next ten years covering the ED2 and ED3 periods. Feedback from webinars revealed that 78% of stakeholders said the NDP gives them confidence on our commitment to flexibility for the future, especially when considering planned assets for flexibility provision.

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. Stakeholder engagement has been key to this, and we continue to consult our stakeholders at every opportunity on the usefulness of information and whether anything further can be provided.

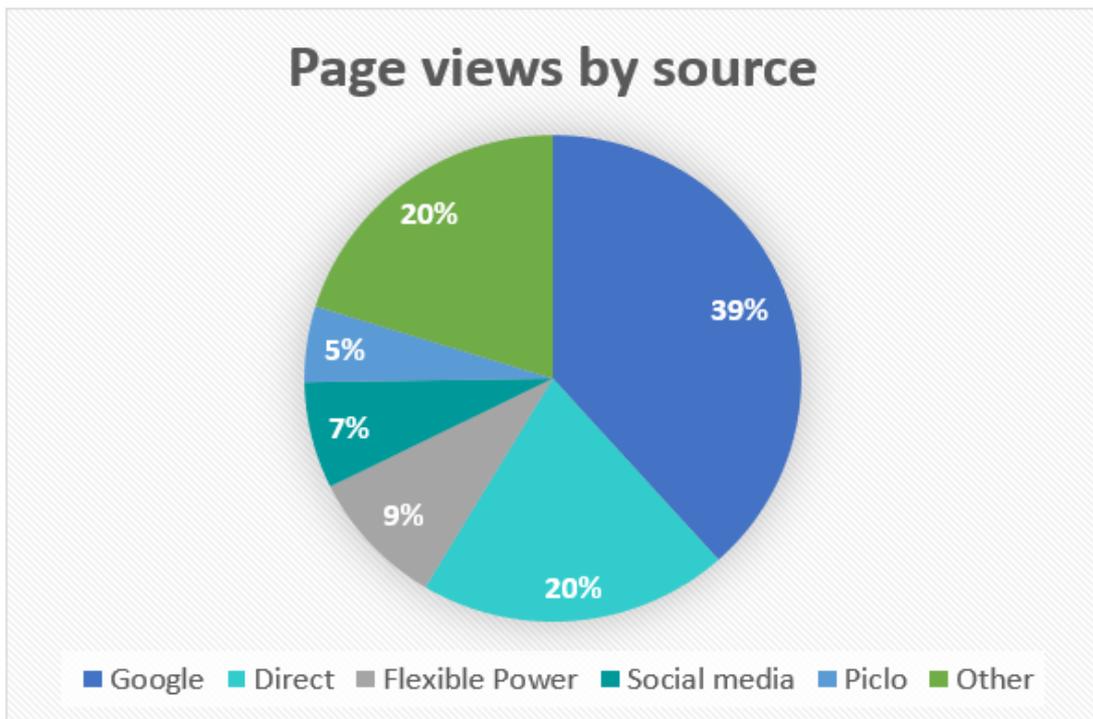
3. STAKEHOLDER ENGAGEMENT

Following stakeholder feedback regarding quick and easy access to support and advice, we expanded our online resource offering, publishing additional flexible service guidance documents in our [document library](#) as well as updating existing materials to facilitate understanding and participation. Following our events including webinars and in-person workshops, we ensure that recordings, slides, event summaries and feedback are saved on our engagement page as a resource for potential future providers. These materials act as useful guides for our stakeholders, with easy to follow slides containing links to more resources and contact information. We endeavour to make our events as accessible as possible for our customers at a time that is convenient for them.

In 2022 following stakeholder requests for examples of flexible services, we developed and published [Flexible Services case studies](#) on our website to help our stakeholders to conceptualise what the various types of Flexible Services look like and how Flexibility Providers can participate in our

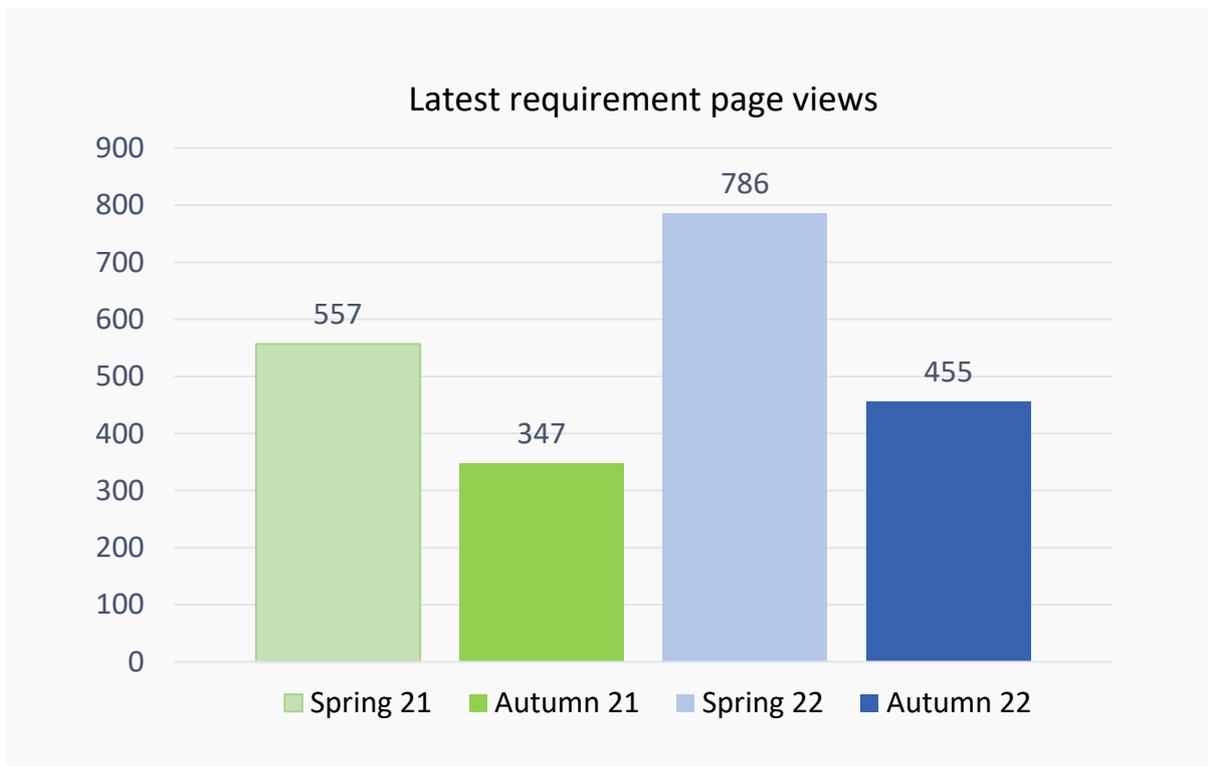
tenders. These studies were promoted alongside our tender to support anyone completely new to the market in understanding the end to end process. The studies cover all steps of the process of providing flexibility to the network from procurement to dispatch and covers a range of products (responses), and assets. We will look to build on this collection to incorporate more scenarios including an aggregated portfolio.

We are seeing increased traffic through all of our digital platforms. Using Google analytics, we can see that stakeholders are being drawn to the flexibility services website from a range of sources including google searches, newsletters, social media posts and PicloFlex. The charts below display the percentage of stakeholder traffic from the different sources mentioned above and the performance of our top 10 flexible services webpages compared to 2021. We have seen a significant increase in visits to our 'latest requirement', 'flexibility procurement statement' and 'previous requirements' web pages.



3. STAKEHOLDER ENGAGEMENT

	Top 10 pages	Page views 2022	Page views 2021
1	Flexible Services homepage	2397	2459
2	Spring 2022 requirement	786	N/A
3	Understanding Flexible Services	747	899
4	Latest Requirement	683	443
5	Flexibility procurement statement	424	235
6	Engagement	371	269
7	Pre-qualification questionnaire	357	385
8	Previous requirement	298	236
9	Autumn 2022 requirement	264	N/A
10	Request a 1-2-1 meeting	216	184
Total Flex views		9204 (up 8%)	8518



3. STAKEHOLDER ENGAGEMENT

3.1.3 Consultations

We strive to make the process of providing flexibility to the network as simple and seamless as possible for both local and national players by helping to remove barriers to participation and encourage growth in the UK flexibility market space. Within our 2022 [Distribution Flexibility Procurement Statement](#) we committed to conducting a consultation over the summer months to capture our stakeholders' feedback on how we can help to remove any barriers to entry into our flexibility markets and how we should shape these markets of the future to best suit everyone's needs.

The consultation outlined our current processes for signposting, procuring, dispatching, and settling flexible services and asked for stakeholder feedback on what we could do to improve these processes, and how providers would like to see these evolve in the future.

In addition to responding via email and online form, we offered stakeholders a quick and easy way of taking part via polls during our dedicated consultation webinar on 14 September 2022. During the webinar we talked through our consultation document and used polls to capture responses to each question. With 100% of attendees rating this webinar as either useful or very useful, we plan to incorporate more polls into our future events as an efficient tool to engage with attendees.

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.

A summary of the main feedback received and how we plan to take this forward is shown in section 3.2. The full

consultation document, webinar recording and response summary can be found on [our website](#).

3.1.4 One-to-one discussions

We hosted a total of 16 complimentary one-to-one online discussions throughout 2022 to assist potential providers with the process of providing flexibility to the Electricity North West network. Providers were given the opportunity to pose specific questions to the team and gather the information required to successfully participate. These sessions are available to book on our website and via the link in our newsletters.

3.1.5 Online events

We hosted two webinars in our 'DSO Functions' series in 2022. 'DSO Functions: Forecasting and Flexibility in the North West' webinar in April highlighted the opportunities for businesses to provide flexible services to the network and how this plays a part in the North West's journey to Net Zero Carbon. It also provided a run through of our new Network Development Plan and our current flexibility requirements.

Our second DSO Functions webinar was held on 14 December and focused on *Data and Flexible Services*. The first half of the webinar provided a deep dive into a new online [Data Portal](#), with experts from our DSO team walking attendees through the data that is published, what it means, and how to use it to help inform potential connections, operations and trades on the network. The webinar was split into three sections: Forecasting and planning data, operational data and flexible services. We had a successful turnout with 47 out of 69 registrations attending on the day and 100% of attendees rated the webinar either very useful or useful.

The webinar recordings and slidepacks can be found on our [engagement page](#). We also published the individual presentation recordings on the relevant webpages to act as a guide to the different types of data and how they relate to one another.

3. STAKEHOLDER ENGAGEMENT

3.1.6 In-person events

Following stakeholder feedback for a mix of webinars and in-person events, we were delighted to host our first in-person Flexibility event since Covid19 social-distancing measures were lifted. Held in collaboration with Piclo, SP Energy Networks and UK Power Networks, the event was held at the esteemed Science and Industry Museum in Manchester on Tuesday 14 June. Growing DSO Flexibility Markets to Reach Net Zero took place from 11:00am until 5:00pm and was followed by a drinks reception for attendees to network and catch up with colleagues from across the industry. We had a fantastic turnout with 57 attendees joining us on the day for DNO updates, panel Q&As and roundtable discussions. Each DNO discussed their priorities for flexibility services markets in our next business price control period, RIIO-ED2 and Piclo shared their investigation into market barriers which was carried out with the help of a group of Flexible Providers. Both sessions were followed by roundtable discussions focusing on market barriers and priorities for ED2.

Common themes discussed across the room included:

contracting, DSO, market data, connections, education and dispatch certainty. The feedback generated by the discussions will be considered and incorporated where possible into our future plans as we continue to look at ways we can improve our accessibility and transparency throughout our flexibility processes. The presentation slides and full event roundup can be found on our flexibility [engagement page](#).

We held our first ever in-person regional events this year in areas of our region where we are seeking flexible services to meet with local customers in a casual setting to chat about: Net Zero, Flexible Services, Connections, Community Energy and answer any other questions they may have. Our first *Future Energy Roadshow* was held in Whitefield, Bury on Tuesday 15 November with the second being held on 7 December in Bolton By Bowland alongside the wider DSO team. The events were open to all and covered a variety of topics from flexible services, community and local energy, net zero for business, domestic energy saving, new connections, and capacity.

The key aim for these events was to educate those that don't typically engage with Electricity North West on DSO offerings and deliver events that meet the needs of our stakeholders. Having heard feedback that suggested events during the day aren't always accessible, these



3. STAKEHOLDER ENGAGEMENT

events were designed to allow attendees with an interest in Net Zero to come along at a time that suits them and have an informal conversation with Electricity North West employees on services and support available. The Whitefield event was open from 1:00 pm to 6:00 pm and the Bolton by Bowland was 8:00 am to 12:00 pm.

The events had an overall attendance rate of 65% with 20 out of 31 registered attended the events on the day and 67% thought the events were excellent, with the remaining 33% rating them as good. The events were attended by a range of stakeholder types including: Local authorities, equipment manufacturers, installers, Independent Connection Providers (ICP’s), domestic customers, and energy consultants. We plan to host more of these regional events in the new year to reach more customers across different parts of our region.

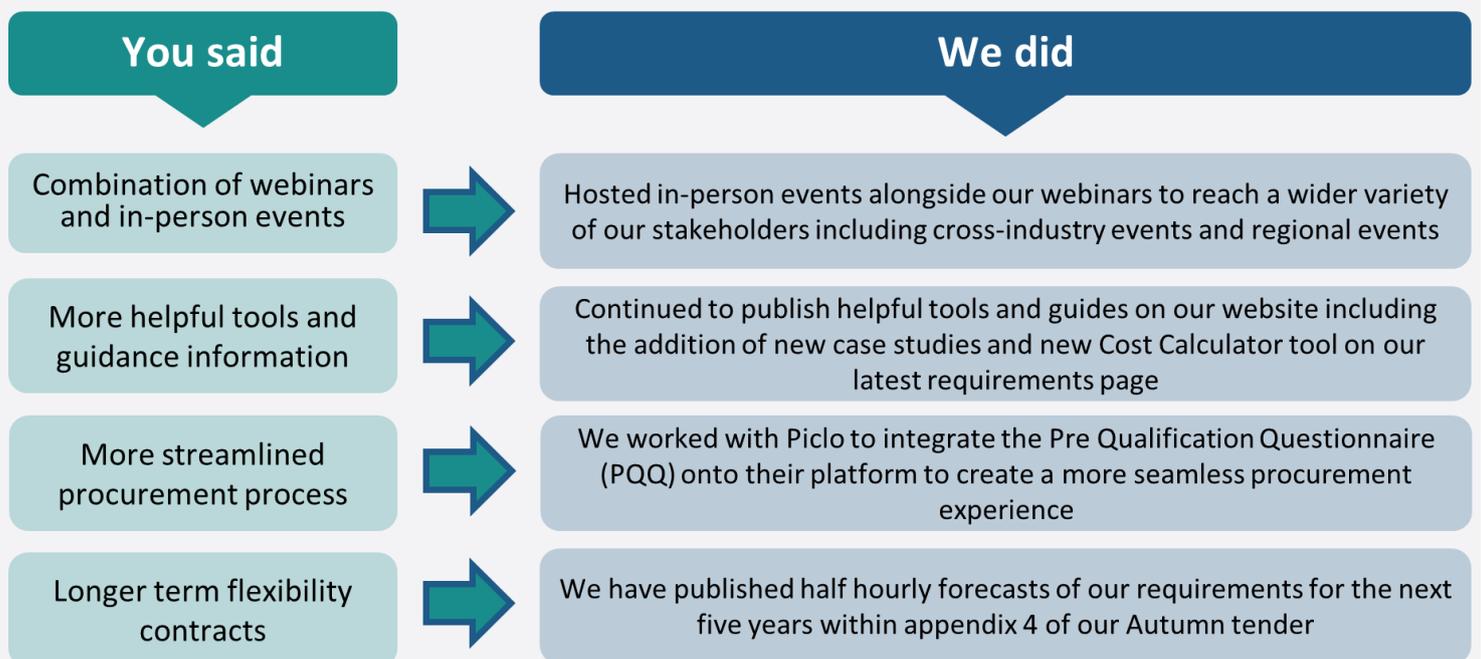
We were delighted to meet with stakeholders from across the energy industry to discuss the benefits of flexible services while exhibiting at [National Grid's](#) Power Responsive Summer event in London on 13 July. Expert speakers from Energy Networks Association (ENA), National

Grid and Ofgem covered a range of Demand Side Flexibility topics whilst updates were provided by aggregators and DNOs including Electricity North West Flexible Solutions Manager, Keith Evans.

For the first time we provided dedicated Flexible Services resources at [Energy Innovation Summit](#). This annual conference, which took place in Glasgow, has historically been focused on the dissemination of innovation project learning. The decision to provide dedicated resources to the Electricity North West stand reflected the increased interest from attendees to the conference to discuss how they can participate within flexible services, as well as an increase in innovation within the industry directly associated with flexible services provision and trading of capacity. Whilst at the conference we were able to speak to service providers, manufacturers of equipment, and energy consultants; as well as delivering an on-stand presentation focusing on our DSO transition and the use of flexible services. There were a number of businesses who were interested to speak to DNOs about getting involved in flexible services and they said it was useful that we were present to provide dedicated support on this topic.

3.2 Feedback from engagement

Following on from our own targeted engagement activities throughout the year, we have made the following amendments:



3. STAKEHOLDER ENGAGEMENT

3.3 2022/23 Engagement activities

Our flexible services team continued to attend weekly collaborative industry forums and challenge groups throughout the year with Ofgem, Greater Manchester Combined Authority, Energy Networks Association and Piclo.

Engagement	Details
April 2022	
Newsletter	Event invite: DSO Functions webinar in April
Quarterly newsletter	To promote: Spring tender launch, Distribution Flexibility Procurement Statement & Report, Autumn tender results and event invites
Direct engagement	Direct engagement with customers located within the identified constraint zones
Bi-annual webinar	Bi-annual DSO webinar that includes an overview of our latest flexibility requirements and how to take part
Annual publication	2022 Ofgem C3IE Distribution Flexibility Services Procurement Report
Press release	Announcing our Spring 2022/23 requirements and DFPS
Industry event	UCLAN, Energy and Innovation workshop
May 2022	
Industry event	Low Carbon Buildings Challenge Group held by Greater Manchester Combined Authority.
Industry event	EV Charging Infrastructure framework - virtual outputs workshop held by Transport for the North
Industry event	Decarbonisation of Public Estate forum held by local council
Industry event	Elevate Exchanges sustainability Panel- Sponsored event promoting sustainability and flexibility in the North West
Industry event	Energy Innovation Challenge Group held by local council
Industry event	Sustainability Advisory Panel- External advisory panel with external chair
Industry event	Low Carbon Buildings Challenge Group held by local council
1-2-1 Discussions	Held three 1-2-1 discussions in May with potential providers
June 2022	
In-person event	Our team presented an introduction to Flexible Services at a DSO, Innovations and Carbon Literacy school placement at Electricity North West
Quarterly newsletter	To promote: Spring tender, joint event, latest publications, webinar recording and Network Development Plan (NDP)
In-person event	Growing DSO Markets to Reach Net Zero, in collaboration with Piclo, SPEN and UKPN at the Science and Industry Museum in Manchester
1-2-1 Discussions	Held three 1-2-1 discussions in May with potential providers

3. STAKEHOLDER ENGAGEMENT

Engagement	Details
July 2022	
Industry event	Workshop on energy efficiency flex services behind the meter, held by Innovate UKRI
Industry event	National Grid ESO Power Responsive event in London
ENWL online event	Presented Flexible Services introduction and update at the Incentive on Connections engagement DG HV webinar
Consultation	Distribution Flexibility Procurement Consultation
One-to-one Discussions	Held two 1-2-1 discussions with potential providers
August 2022	
Press release	Announcing ENWL's flexibility services consultation
Quarterly newsletter	To promote: Consultation, consultation webinar, Spring tender update, event roundup and ENA consultation
September 2022	
Industry event	National Grid ESO Demand Flexibility Service - Post-consultation launch webinar
Industry event	ENERGYx2022 North- Energy Networks event sponsored by SPEN and held in Chester- our team presented ENWL's flexibility offerings
Industry event	Energy Innovation Summit in Edinburgh- ENA, in association with BEIS, Innovate UK, Ofgem and Regen
October 2022	
Industry event	Greater Manchester Green Summit held by Greater Manchester Combined Authority
Industry event	TRANSITION and LEO flexible services live trials held by SSEN in Reading- ENWL as project partners
Industry event	Bloom Energy with Conrad Energy and ENWL Construction & Maintenance seminar
ENWL event	Lancashire Electric Vehicle Experience Event held at AMRC in Lancashire
1-2-1 Discussions	Held one 1-2-1 discussion with potential provider
November 2022	
Quarterly newsletter	To promote: Autumn tender launch, DSO Functions webinar in December, Future Energy Roadshow in November, new case studies on website and consultation response summary
Newsletter	Future Energy Roadshow invite- Whitefield
Industry event	National Farmers Union North West - Member Energy Update - introduction to flexible services opportunities
Industry event	Country Land and Business Association Webinar - introduction to members of flexible services opportunities

3. STAKEHOLDER ENGAGEMENT

Engagement	Details
November 2022	
Industry event	LEM / LEX workshop
Direct engagement	Direct engagement with customers located within the identified constraint zones
Newsletter	DSO Functions webinar invite
Industry event	Piclo DSO Forum
Newsletter	Future Energy Roadshow invite- Bolton by Bowland
In-person event	Future Energy Roadshow event in Whitefield
1-2-1 Discussions	Held one 1-2-1 discussion with potential provider
December 2022	
Newsletter	December DSO Functions webinar invite
In-person event	Future Energy Roadshow event in Bolton-by-Bowland
Bi-annual webinar	Bi-annual DSO webinar that includes an overview of our latest flexibility requirements and how to take part
January 2023	
Industry event	BiTraDER Customer F2F workshop in Manchester
Newsletter	To promote: The Year in Review annual report and Autumn 2022 tender closing dates and application support
Industry event	ESO Future Energy Scenarios Stakeholder Topic Table Talks hosted by National Grid ESO
February 2023	
1-2-1 Discussions	Hosted two 1-2-1 discussions with potential providers
March 2023	
1-2-1 Discussions	Bi-monthly DSO forum. Topic: Smart metering and network monitoring
ENWL online event	Presented Flexible Services introduction and update at Incentive on Connections Engagement (ICE) DG HV webinar
ENWL online event	Presented Flexible Services introduction and update at Incentive on Connections Engagement (ICE) DG LV webinar
Industry event	Event partners at the Distributed Energy Show in Telford
Industry event	Cumbria Tourism Patrons/ Strategic Partnerships event in Cumbria
Annual publication	2023 Ofgem C31E Distribution Flexibility Services Procurement Statement

3. STAKEHOLDER ENGAGEMENT

3.4 Information provision to stakeholders during a tender process

We provide information to stakeholders at the three stages of procurement: pre-tender to signpost and communicate requirements; during the tender to promote participation and post tender to communicate results.

Pre-tender

During tender

Post-tender

- Details of future forecasts of requirements provided via interactive map on the [flexible services website](#) and on the new [Open Data Portal](#).
- Indicative timelines for future tenders are highlighted on the '[flexibility timeline](#)' hosted on the ENA Open Networks website.
- Pre-tender notice issued on the [Find a tender](#) 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 [document library](#) that allows stakeholders to understand the tender process, and also to look at [previous tenders](#) 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 engagement page 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 [Latest Requirements](#) webpage.
- Tender requirements and ITT appendices uploaded to the [Piclo Flex platform](#). 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 [flexibility services mailing list](#) will receive emails to notify them of an active tender, as well as regular updates through the tender process to remind them to participate.

3. STAKEHOLDER ENGAGEMENT

Pre-tender

During tender

Post-tender

- 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 [Facebook](#), [Linked in](#), and [Twitter](#) 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. [PicloFlex](#) and [FlexAssure](#).
- 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 [Engagement page](#) to allow new stakeholders to catch up on our flexibility journey.
- We provide custom support for stakeholders via [one-to-one discussions](#) to discuss their individual assets and how to get involved.
- We welcome and respond to queries sent to our flexible.contracts@enwl.co.uk mailbox to assist stakeholders during the tender process and provide them with the information needed to submit a tender response.

Pre-tender

During tender

Post-tender

- 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 [Previous Requirements](#) 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.

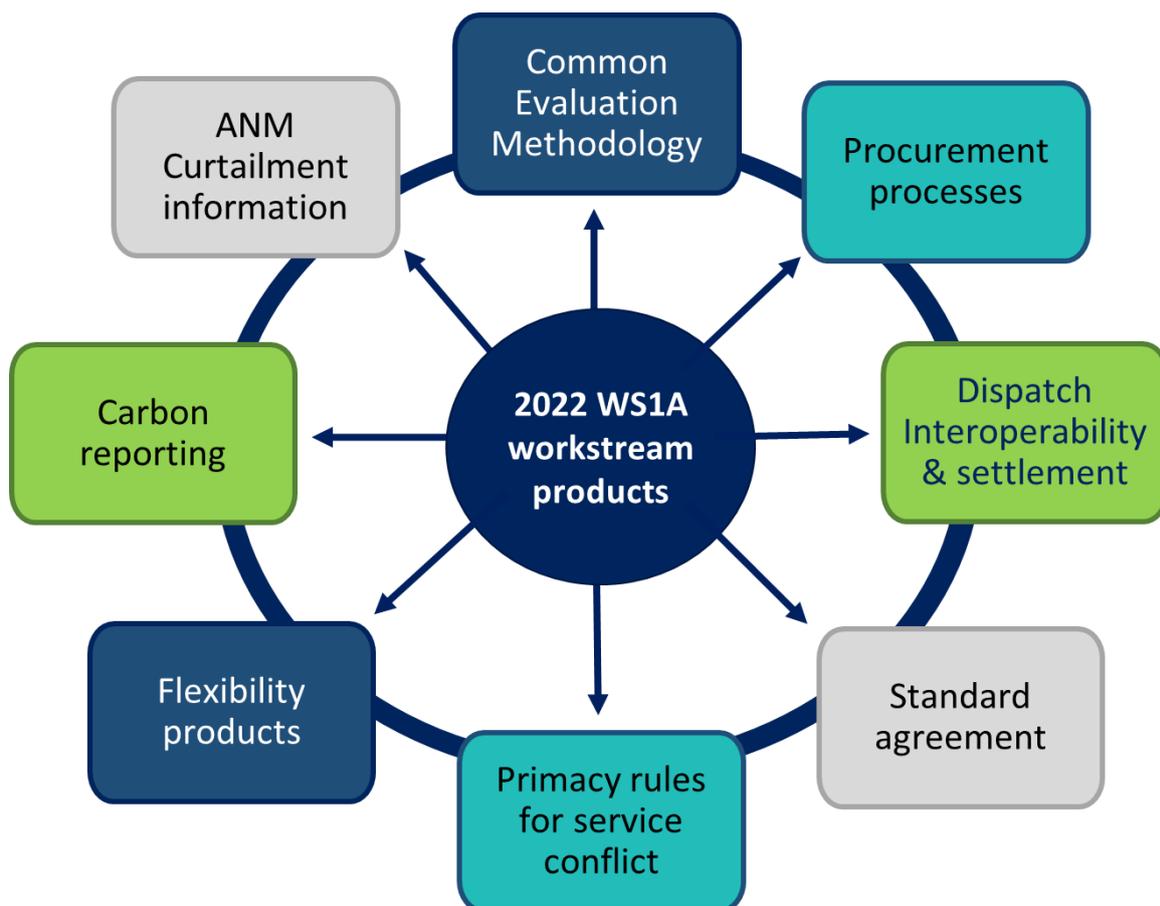
3. STAKEHOLDER ENGAGEMENT

3.5 Collaboration

We collaborated with other DNOs throughout 2022 and have adopted consistent approaches informed by stakeholders across the entire flexibility process as we work together to facilitate decarbonisation across Great Britain.

We conducted our 2022 tenders via the [Piclo Flex](#) platform using a Dynamic Purchasing System (DPS), which is identified as best practice and adopted by all DNOs, and continue to engage in collaborative working groups with other Piclo members to seek feedback from Flexibility Providers on how to improve the platform and procurement process, and also to improve the user experience of the platform for DNO users, such as through automated report generation.

We have continued to support [the Open Networks project](#), providing a representative to all Workstream 1A – a dedicated flexibility workstream - products to ensure our stakeholders views and interests are supported through the work to standardise the Flexible Services integration into Distribution System Operation.



3. STAKEHOLDER ENGAGEMENT

Associated with all of the Open Networks work there are regular opportunities for stakeholders to provide input into the proposals and to shape the future work structure. Engagement opportunities are provided through regular product specific webinars, workstream consultations, a stakeholder advisory group, a challenge group, one-to-one opportunities for feedback, and presentations at conferences. Generally, stakeholders would appear to be supportive of the work that as an industry we have been carrying out to standardise the processes and engagement surrounding flexible services. A copy of the [WS1A flexibility 2022 consultation](#) is available on the [ENA Flexibility Services homepage](#), while a summary of responses can be found in

the [resource library](#). We have however noted that feedback from stakeholders is becoming more limited and tends to be provided by common groups of stakeholders. This may be a reflection of stakeholder fatigue, given this has also been a significant year for other related stakeholder engagement within the industry i.e. DNO RIIO-ED2 business plan consultations, Ofgem and BIES consultations, ESO consultations etc. Therefore we have consciously tried to reduce the burden on stakeholders through collaboration with both internal colleagues through our cross cutting DSO events and webinars and trialling new methods such as online polls to respond to our consultations, and externally at our joint events held with other DNO's.



3. STAKEHOLDER ENGAGEMENT

Some key highlights from this year’s work within WS1A:

ENA Open Networks project Workstream 1A - Flexibility Services	
<p>WS1A P1</p> <p>CEM tool and methodology</p>	<p>We continued to lead the work on the Common Evaluation Methodology (CEM) tool with further refinements being delivered and tested within Electricity North West in 2022. The product team have also produced a Good Practice Guide for the methodology and tool, much of which has been developed using our own experiences of utilising the tool.</p>
<p>WS1A P3</p> <p>Dispatch Interoperability and Settlement</p>	<p>We have been an active participant in the work to develop standardised methods of dispatching and settling flexible services. We support the products recommendations that the primary method of communications should be via a common Applications Programming interface (API). We have strongly advocated that standardised alternative methods of communications are also required where it is not efficient, affordable, practical, or desired for participants to implement API systems.</p>
<p>WS1A P4</p> <p>Standardised Agreement</p>	<p>We continue to support the work on the standardised agreement. The agreement has been published as appendix 1 of our tenders and we remain committed to utilising the agreement without variation. We have had a few challenges and proposed amendments to some of the terms contained within the standard agreement during the course of the tender process. Where providers have challenged specific terms and conditions within the agreement we have fed these back to the Open Networks product team for a whole Electricity system assessment of the proposed amendments to ensure consistency across the UK.</p>
<p>WS1A P5</p> <p>Primacy Rules</p>	<p>As well as being an active participant within the Primacy product team; we have been carrying out simulated trials of a proposed primacy Rule where there are anticipated conflicts in service between DNO procured flexible services, and the ESOs Balancing mechanism service. As we do not currently have any actual conflicts within our licence area the simulated trials provide the opportunity to test the Primacy rule under more extreme scenarios which would present the highest risk of conflict, whilst being extremely low in probability.</p>
<p>WS1A P6</p> <p>Products</p>	<p>We re-affirmed our commitment to endorsing the standardisation of Flexible Services products across the UK through our work on P6 this year. ENWL lead a gap analysis of the current differences between how different DNOs had integrated the common Flexible Services products into business as usual. We were happy to confirm that we were fully aligned to all of the standardised products as developed within the 2020 WS1A P3 – Active Power Products group.</p>
<p>WS1A P7</p> <p>Carbon Reporting</p>	<p>We have supported the work to develop a common methodology for carbon reporting of Flexible Services procured and dispatched. This addresses previous challenge from stakeholders that we should be comparing the impacts of utilising Flexibility compared to conventional network reinforcement solutions. We will adopt the framework for carbon reporting proposed by the product and will incorporate its outputs into our SLC 31E submissions later in the year.</p>
<p>WS1A P8</p> <p>ANM - Curtailment Information</p>	<p>We have agreed on a common approach to providing pre-connection curtailment assessment and reporting. This will allow network users to assess the anticipated levels of curtailment they may expect to experience if they were to connect to the network under a flexible connections contract and give them confidence over the uncertainty which the risk of curtailment can bring to financing a project. Flexible Services Providers are particularly interested in these forecasts, as curtailment may have an impact upon when they can provide services to system and network operators.</p>

3. STAKEHOLDER ENGAGEMENT

3.6 Key information locations

Stakeholders can find the vast majority of information relating to flexible services via our [website](#). Below is a categorised list of our helpful guides for anyone new to the market, engagement links to catch up on our journey since 2018, how to get in touch with the team, [DSO data publications related to flexible services](#), [useful industry website links](#) and annual publications detailing our approach to procuring flexibility services and the outcomes of our tenders.

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 be the first 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
Email us	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.

3. STAKEHOLDER ENGAGEMENT

Reports and publications (continued)	
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.
DSO data	
Open Data Portal	Our flexibility requirements are available to view on our new Open Data Portal and can be downloaded in a range of common industry standard formats including API, KML, CSV, JSON, Shapefile and XLSX.
Distribution Future Electricity Scenarios Report (DFES)	Presents well informed future trends across the North West for the electrification of transport & heating, the penetration of local distributed generation & storage, the future effects of hydrogen & how all these drive demand growth that our future network needs to supply.
Network Development Plan (NDP)	Part of the Clean Energy Package, this annual report details future distribution network requirements for 1-10 years beyond publication.
Long Term Development Statement (LTDS)	Details future distribution network requirements for the next five years, allowing existing and potential customers to make an initial assessment of the capabilities of the electricity network and opportunities for changes in their use of the network or for connecting to it.
Industry links	
Piclo Flex platform	Our tenders are conducted via the PicloFlex platform- The independent marketplace for trading energy flexibility online
Flex Assure	A code of conduct and compliance scheme defining and enforcing minimum standards of practice to provide assurance for business energy users of the standard of service they will receive from businesses signed up to the scheme.
Ofgem	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.

4 ECONOMIC VIABILITY

4.1 Dispatch of services

As we did not have any contracted resources that required flexibility for the 2021/22 period it was not possible to dispatch any services.

4.2 Participation in the 2022/23 tenders

To participate in our 2022/23 procurement rounds, flexibility providers were required to complete the following steps on the [PicloFlex platform](#):

1. Register onto the Dynamic Purchasing System (DPS)
2. Register their assets or update existing asset information
3. Complete the Pre-Qualification Questionnaire (PQQ)
4. Confirm participation or withdraw asset from competitions(s)
5. Assuming Providers are accepted, they were able to submit a bid for the provision of Flexible Services. More information on how to submit a bid can be found [here](#).



The Piclo Flex DPS system allows flexibility providers to technically and commercially pre-qualify for participation in our tenders, and providers remain qualified for twelve months. The map provided on the Piclo Flex webpage allows potential providers to upload both planned and operational assets to assist in the identification of assets within constraint zones.

4.2.1 Criteria for participation

To participate in Electricity North West's flexibility services tender, the flexibility provider will need to meet the following high-level conditions:

- a) The Flexible Resource must either be already connected to the network location being supported; providers should use the highlighted area on the maps provided on our website and on the Piclo platform as an indication of whether the resource is in the right geographic location, or be able to locate (i.e. install, commission, and deliver) the Flexible Resource in the locality of the network asset being supported 1 month prior to the delivery start date.
- b) The minimum size for directly contracted resources should be at least 50kW. There are no restrictions on the size of sub-sites of aggregated portfolios, but the total portfolio size also needs to be at least 50kW (flexibility capability and not capacity).

4 ECONOMIC VIABILITY

c) The provider should be able to deliver and manage, upon the Company's request, a net reduction in the demand or an increase in the export, as seen by the distribution network through flexibility or energy efficiency.

d) The Flexible Resource should have the ability to act (i.e. provide a response) reliably and consistently, in both magnitude and duration, throughout the contracted windows.

e) Generators and electrical storage, greater than 16A per phase, looking to export to the network will need to have a long-term parallel connection and be compliant with the requirements of EREC G59 or EREC G99.

f) The provider/Flexible Resource should be able to deliver the service by the specified delivery start date.

Participants are required to complete a Pre-Qualification Questionnaire (PQQ) on [PicloFlex](#) prior to the opening of the bidding window to allow us to confirm the prospective DER are technically compliant with these requirements.

4.2.2 Pre-qualification

In order to participate in Electricity North West tenders, providers were required to create an account on [PicloFlex](#) and sign up to the Dynamic Purchasing System (DPS), register their assets or update existing assets, and submit a Pre-Qualification Questionnaire (PQQ) via the platform. Participants are asked as part of asset qualification if they participate in any other markets, if they are able to receive and act upon a dispatch signal, and in the case of planned assets the timeline for their energisation. These checks allow us to verify a participant's financial and technical suitability to participate in a DNO flexibility service. Providers are asked to provide supplementary evidence in the event that their DPS or PQQ checks return a negative or inconclusive result.

4.3 Assessment of bids

Since January 2022 we have been utilising the [new Common Evaluation Methodology \(CEM\) and Tool](#) to determine the most suitable solution to meet the network needs; comparing traditional asset reinforcement to procuring flexibility services, energy efficiency measures and Active Network Management (ANM) solutions.

The CEM tool evaluates solution options comparing network capacity and network losses over the range of [Distribution Future Electricity Scenarios](#) (DFES) scenarios to identify the most cost-effective solution and proposes optimum contract length. Based on the format of the Ofgem CBA for RII0-ED1, the CEM tool is closely related to Electricity North West's [Real Options Cost Benefit Analysis](#) (ROCBA) methodology developed for evaluating the flexibility products (Secure, Sustain, Respond and Dynamic) against network intervention. This standardised industry approach provides greater visibility and confidence amongst flexibility providers and helps stimulate volumes and competition in the market, ultimately reducing costs for network customers.

4 ECONOMIC VIABILITY

To demonstrate our commitment to procuring flexibility in an open and transparent manner, we publish a high level summary table on the latest requirement page [on our website](#) following each tender round, along with a more detailed analysis of the valuations for each requirement zone. Further information describing this new methodology approach is also available to view via the Flexibility Valuation link in our [document library](#).

We currently operate a pay-as-bid pricing strategy for our flexibility tenders. We will utilise the [Common Evaluation Methodology and Tool \(CEM\)](#) to determine the guide price for the competition zone at the tender stage; meaning that we will issue in the tender materials the price above which the use of flexibility or energy efficiency is deemed uneconomic. This encourages bidders to submit competitive prices and ensures consistency with our evaluation process whilst continuing to drive competition in the market. These prices are based on the annual deferral fee, and will be subject to full evaluation post bid assessment. These prices for each requirement are published within *Appendix 3- Site Requirements* as part of our suite of tender documentation on [our website](#), in addition to being published on [Piclo](#) and our interactive flexibility map.

We evaluate the providers bid against the capacity and duration of service that they are offering, as well as the bid price vs the CEM tools financial evaluation of the ceiling price. Bids which exceed the ceiling price are rejected as these are viewed as not offering value for money. During the assessment period, we may hold a Post Quotation Negotiation or Best and Final Offer meeting with successful bidders.

The results for the 2022/23 tenders can be located in the [Previous Requirements](#) section of our website.

On occasions where it was not possible to contract for the required capacity within a tender, these requirements were re-published in the following tender; where it was still reasonably practical to defer network reinforcement.

4.4 Total system considerations and benefits

Demand reduction services procured on the DNO network are generally viewed to have a positive impact regarding the Total Electricity system. By incentivising participants to reduce overall network capacity this reduces the amount of network reinforcement required on the distribution network. This provides a cascade effect to the wider whole electricity system; reducing demand at the network boundary points to the transmission network, reducing the amount of centrally dispatched (ESO) generation required within Great Britain; all of these savings result in cheaper energy costs of GB electricity bill payers, as well as reducing the environmental impacts associated with the generation, transmission and distribution of electricity.

The DNO flexibility market offers opportunities to network customers to gain additional revenues in return for helping the network. In some cases, we have found that this additional revenue can provide sufficient incentive to customers to permanently switch their demand usage (through energy efficiency measures) or aid them to transition to low carbon technologies e.g. electric vehicle smart charging.

One of the providers who were accepted within the 2022/23 are deploying electric vehicle smart charging in order to provide the procured response. In total 32.39MW of the 63.45MW of demand response contracted to date is made up of EV smart charging. The Electricity North West flexible services market facilitates an entry level requirement of 50kW of aggregated response to participate; it is believed that this low level will act as a stepping stone for future larger aggregated portfolios to be developed and subsequently lead to aggregators being able to participate both at a local and a national level.

5 CARBON REPORTING

We have been working via the Open Networks Project to develop a methodology and tool set for carbon reporting of flexible services utilisation. Within 2022 the project team created a methodology and tool which is now being used by all Network operators who have dispatched flexible services.

As we have not dispatched any flexible services within the 2022/23 period, and as such currently there are no carbon emissions relating to flexible services provision to report upon. We have committed to utilising the tool and methodology once we have dispatched a flexible services contact.

We are continuing to work via the Open Networks Project to ensure the standardisation of all network operators utilisation of the methodology and tool set, as well as to continue development of the methodology where any gaps or deviations are identified.

6 CONTACT US

Our approach to procuring flexibility will continue to evolve in line with best practice as identified by the industry and through stakeholder engagement. This year we look forward to building upon the improvements we have made to reduce barriers to participation, facilitating the developments of markets and enhancing visibility and transparency of information relating to flexibility.

If you have any comments or questions relating to this report or the process of providing flexible services to the network, please get in touch via our [feedback form](#).

To request a hard copy of this statement please contact our team at Flexible.services@enwl.co.uk.

**Please note that a charge may apply for this service.*



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 Provider	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.