

# 2021 - the year in review

Looking back on our progress in line with the flexibility commitments in 2021

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## Introduction

Electricity North West Limited (ENWL) sees flexibility services as a key Distribution System Operation (DSO) function and a vehicle for change, as it facilitates the North West's transition to net zero carbon. Embedded in everything we do are our core principles of being switched on; adaptable and taking pride. It is through these principles that we believe together we have the energy to transform our communities.

In December 2018 we committed to the Energy Network Association's (ENA) [Six Steps for Delivering Flexibility Services](#) which intends to ensure that Electricity Distribution Network Operators (DNOs) become a level playing field for all customers with connected resources. The six steps endeavour to increase the accessibility and transparency of flexibility services, ensuring they remain open for all to participate in, and seek to help customers understand the methodologies and criteria that are used to procure and dispatch Flexibility Services from their Distributed Energy Resource (DER).

During 2021 we consulted on and submitted our Business Plan for the next regulatory period, known as RIIO-ED2 which will run from Apr-2023 to Mar-2028. Extensive engagement was undertaken on this plan which was submitted in December 2021, and details of our commitments can be found [here](#), or for items relating specifically to our approach to distribution flexibility services, in [Annex 02 – DSO transition](#).

In 2021 BEIS and Ofgem also published their [Smart Systems & Flexibility Plan](#). This plan supports and builds upon the commitments made by the ENA in 2018. Following the six principles; we will deliver upon these the additional commitments to build a smart and flexible energy system that can deliver significant benefits for consumers, the system, and the wider economy whilst lowering carbon emissions.

Our progress over the last few years demonstrates our commitment to simplicity, accessibility and transparency in this fast-developing new sector. We recently issued our ninth tender for flexible services and this document outlines the changes that we have made during 2021 as we continue to fulfil our commitment of embedding the Six Steps for Delivering Flexibility Services.

# 1 Champion a level playing field

*'Market neutrality is a fundamental principle of operating Britain's energy network infrastructure. We will procure flexibility services in a way that creates a level playing field for all energy technologies and services. ENA's electricity network members (i.e. all DNOs, TOs, the ESO and GTC) will facilitate and provide convergence and standardisation for customers in order to support this.'*



## 1.1 What we did

Following feedback from our stakeholders via surveys and webinars, we have continued to update our approach to the procurement of distribution flexibility services in 2021 to ensure that we champion a level playing field, and promote market neutrality in everything we do.

A key aspect of this has been our use of the [Piclo Exchange platform](#) as a centralised platform for publishing tenders. We are utilising the dynamic purchasing facilities that the platform offers as a way to standardise the commercial pre-procurement checks, and looking to 2022 we will be working with the industry to standardise the technical pre-qualification of assets prior to bidding into these services.

In May, we formally joined the Flexible Power Collaboration, which is currently made up of 5 UK electricity DNOs. This offers the benefits:

- Standardised method for dispatch and settlement of flexible services;
- Working with the Flexible Power Collaboration allows us to further enhance the capabilities of the Flexible Power Platform to further improve the user experience, as well as opening up flexible services contracts to a wider pool of resources;
- Allowing flexible service providers to be dispatched utilising an Applications Programming Interface (API). This allows participants to be dispatched without the need for a DNO RTU, further opening up the sphere of providers who can participate and standardising the dispatch signals across the UK electricity distribution industry;

We updated our [technical specification](#) document, detailing the technical characteristics required for participation, which is also published on our website alongside our tender documentation following stakeholder feedback, and have maintained the minimum capacity required for participation for aggregators to 50kVA, meaning that aggregators and directly contracted resources can be assessed in a common manner.

We are proud to have extended our flexibility tenders to include energy efficiency measures. This promotes system users to carry out long term energy efficiency activities, whilst also giving assurance to ENWL that the site demand will decrease deferring the need for reinforcement work within the area. We consulted on this through our [ED2 Business Plan](#) throughout the year, and following positive feedback it has been included in our final plan.

In 2020 we helped to produce a common standardised flexible services contract with the Open Networks Project which could be used by DNOs when procuring flexible services. We were the first

DNO to adopt this new flexible services agreement into business as usual. Throughout 2021 we have been working to further refine this agreement so that it can also be adopted by the ESO, bringing standardisation across the industry. This work is continuing through 2022, with further standardisation of the document itself and the contracting process.

We have also worked with the Open Network Project and have clarified the approach that customers who have flexible connections can utilise to modify their security of supply should they wish to, including exiting a flexible connections contract. This information is published on our [flexible connections webpage](#);

## 2 Ensure visibility and accessibility

*'We will highlight where and when opportunities exist for flexibility services to play a role in ensuring a secure, consistent energy supply via electricity networks. We will remove barriers and enable all customers to access multiple markets to provide services, for example where they can earn revenue from both the national balancing services market and local flexibility services markets. This will be undertaken consistently and easily and include sharing data with flexibility service providers to develop transparent markets.'*



Following stakeholder feedback encouraging the use of national platforms for visibility and procurement of flexible services, we have continued to contract with [Piclo Flex](#) for the procurement of flexibility services. Piclo Flex adopts a standardised procurement process to simplify our requirements and associated processes, and Flex providers can enjoy a wide range of benefits when taking part in our tenders via this platform:

- Wider market visibility and transparency;
- Further support through webinar demonstrations of the platform and 1-2-1 stakeholder sessions;
- Piclo's Dynamic Purchasing System (DPS) streamlines and speeds up the processes for flexibility procurement; facilitating qualification, auctions and contracts;
- Simplifies the process for Flex Providers now that Piclo has been adopted by three of the UK DNO's;
- Following feedback from stakeholders on not wanting to waste effort unnecessarily, we have re-introduced a technical pre-qualification stage to allow flex providers to pre-qualify prior to the opening of the bidding window.

We have developed and standardised our procurement & dispatch online media. We provide access to our tenders and documents via our [website](#), the [Piclo website](#), and the [Flexible Power website](#). This allows participants a number of entry points to our tenders further promoting the opportunities to participate.

We continue to update our interactive flexibility map on our [website](#) to simplify the information that we provide to stakeholders and assist them in the identification of assets within constraint zones by incorporating the new icons of the four standardised service products. The map also shows both

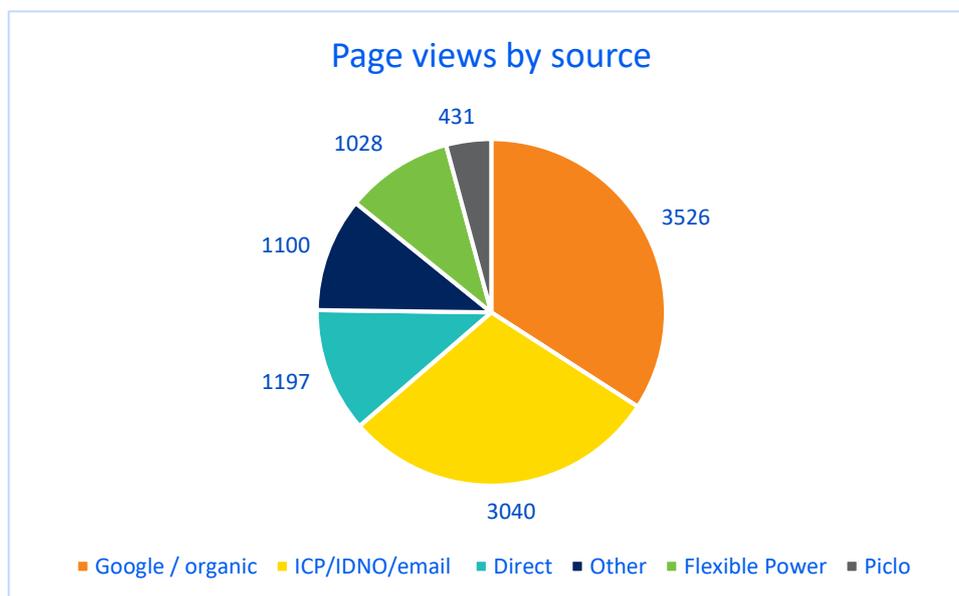
current and forecasted requirements to provide more notice of future tenders, and details all of our ED2 flexibility opportunities.

In addition to signposting our requirements on our website and on the Piclo Flex platform, we communicated our requirements: to all members of our [distribution list](#) via email, on the ENA [flexibility in Great Britain webpage](#), via press releases, included in our Incentives on Connections Engagement (ICE) activities, Innovation and Community Energy newsletters, and spoke at events and webinars hosted by these teams. This helps to ensure visibility of and accessibility to our requirements.

In December 2021 we hosted a 'Net Zero and Flexibility in the North West' webinar showcasing our transition to Distribution System Operation, Decarbonisation and Flexible services. The event gave us the opportunity to do a deep dive into the current flexible services tender requirements, what the Open Networks Project has been doing within 2021, and the forward workplan for future developments. The addition of presentations relating to DSO transition and Decarbonisation gave the audience a holistic view of how these three topics relate together, and critically the importance of flexible services to promote decarbonisation. There were 79 attendees of the live webinar, and a further 57 views post event via the [recording of the webinar](#).

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. These predominantly come from google searches, and links within emails sent to our mailing lists, we are also increasingly seeing people being directed to our website from Piclo, and Flexible Power.

The chart below shows data on the number of page views our core flexible services webpages have received in 2021:



We are also seeing a positive increase in the number of people who have already viewed our latest tender documents, which were published in October 2021, compared to the spring 2021 tender which showed a 61% increase. These documents include the full half hourly profiles, Common Agreement, technical specification and post code checker in addition to the full ITT document.

### 3 Conduct procurement in an open and transparent manner

*'We are committed to being open and transparent when deciding how and why services have been procured from different solutions in order to meet network needs, such as flexibility services from the market, smart grid solutions and traditional network reinforcement. We will define common methodologies for all network operators to follow and be transparent about the criteria used in decision-making. The guiding principle underpinning all decisions is that the solution chosen must be most cost effective for consumers, while meeting the needs of all customers, the system and the networks.'*



#### 3.1 What we did

The results of our tenders are communicated out to our stakeholders directly via our distribution list, formal press releases, and updated on our website under 'Previous requirements'. Within 2021, we have expanded the information provided for each concluded tender round, and have published a 'results' document which details our decisions for each zone and whether bids were accepted or not. This helps to provide clarity to potential providers on the likelihood of bids being accepted and understand the level of liquidity within the region.

In 2021 we have led work to roll out the new [Common Evaluation Methodology \(CEM\) and Tool](#) into business as usual for all UK DNOs, as well as to further refine its methodology and functionality. Developments have included the forming of a user forum [governance group](#) to oversee the future developments of the methodology and tool, maintaining standardisation and transparency, and allowing stakeholders to influence the development of the tool. In 2021 the tool was developed to include:

- Option value -improving the way in which flexibility's optionality is modelled, acted upon, and communicated;
- Carbon impacts - provides additional functionality to model the volumes of CO<sub>2</sub> emissions driven by a given strategy;

Within our 2021 procurement exercises we have utilised the CEM tool to calculate a Ceiling price which we published alongside the site requirements within our flexible services tenders. This provides participants the opportunity to see the maximum value which ENWL are prepared to offer per annum for provision of the required services, and provides consistency as this same data will be used to evaluate Providers' bids. Above this Ceiling price the CEM tool has calculated that an alternative to the flexible service would be more economical or efficient to implement.

Following our early adoption of the original version of the [Common Flexibility Agreement](#); within 2021 we have further developed the document to further standardise the terms with the ESO and move towards a framework style agreement to facilitate shorter term procurement in the near future. This consistent approach boosts market confidence and facilitates participation by simplifying the standard contract; reducing jargon, shortening the page length and ensuring clear terminology. The terms of the contract are now made publicly available at tender stage, allowing us to explore and develop both longer and shorter-term contract lengths, ensuring viability for investments without stifling the market.

We were the first DNO to publish a [Distribution Flexibility Procurement Statement](#). This statement outlines Electricity North West's plans for procuring Flexible Services for the upcoming regulatory year

and reflects our approach for supporting the Flexibility market in Great Britain as we cooperate with other Distribution Network Operators (DNOs) to deliver simplicity, accessibility and transparency throughout our processes in this fast-developing new sector. This statement follows a consistent format across DNO's providing a useful guide detailing how we procure, engage, evaluate flexible services.

## 4 Provide clarity on the dispatch of services

*'Following transparency in the procurement process, we will take a fair and clear approach to the dispatch of flexibility services to meet electricity system or network needs by setting out the terms and methodology adopted. This includes any decision-making criteria underpinning the dispatch of services.'*



### 4.1 What we did

In 2021 we joined the [Flexible Power](#) Collaboration, this is a collaboration currently made up of 5 UK electricity DNOs. The Flexible Power Portal offers a standardised method for dispatch and settlement of flexible services. We are working with the Flexible Power Collaboration to further enhance the capabilities of the Flexible Power Platform to further improve the user experience, as well as opening up flexible services contracts to a wider pool of resources. The Flexible Power Portal allows flexible service providers to be dispatched utilising an Applications Programming Interface (API). This allows participants to be dispatched without then need for a DNO RTU, further opening up the sphere of providers who can participate and standardising the dispatch signals across the UK electricity distribution industry.

We continue to work within the Open Networks Project to develop a range of standardised [baselining methodologies](#) which can be used across the industry when measuring and settling flexible services dispatch contracts. We have already committed to allowing participants of our current flexible service contracts to provide “nomination baselines”, where these are appropriate. Nomination baselines are particularly useful to aggregators of domestic scale flexibility, where DNOs have limited visibility of historical energy demands and demand profiles are less predictable. Within 2022 DNOs are aiming to be able to offer a tool to participants which allows them to verify their baselines, delivering transparency into how baselines are calculated by DNOs. This tool is currently being developed as part of the ENA ONP WS1A P7.

We have updated our [technical specification document](#) to accompany our tenders which addresses any site-specific requirements relating to that service and clarifies our dispatch terminology. These changes include elements linked to the utilisation of the Flexible Power Portal for dispatch, and through 2021 this has been our most downloaded document from our '[understanding flexible services](#)' webpage.

## 5 Provide regular, consistent and transparent reporting

*'Having committed to be transparent in our processes and methods, we will then also provide regular, consistent and transparent monitoring and reporting to provide confidence to the public and ensure all parties learn from what flexibility is used, why and how this contributes to running energy networks in a smarter, more efficient way. All decisions and reasoning, such as traditional reinforcement compared to flexibility services options and cost-benefit analysis, will be clear and readily available. We are committed to sharing these and best practice across the wider industry.'*



### 5.1 What we did

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.

Following stakeholder feedback regarding quick and easy access to support and advice, we expanded our online resource offering, publishing additional flexible service guidance documents on [our website](#) to facilitate understanding and participation. In 2021 our flexible services web pages saw a further increase in traffic with 10,322 page views compared to 5,420 in 2020.

We have continued to deliver bi-annual flexibility workshops online, these follow the publication of our latest requirements. Our online events during 2021 were a success with a significant increase in attendance and 90% of attendees finding the sessions either 'useful' or 'very useful'. An archive of these workshops and a summary of feedback received and actioned can be found on our [engagement page](#). Our December workshop 'Net Zero and Flexibility in the North West' also featured presentations associated with the transition to Distribution System Operation, and decarbonisation; allowing stakeholders to see how flexible services fit into this landscape, which received very positive feedback from a wider range of attendees than previous events, which we will take on board for future events.

We continued our commitment of providing regular, consistent and transparent reporting by issuing our quarterly newsletter to over 260 stakeholders on our distribution list; providing updates on future requirements, Expression of Interests (EoI), 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 included flexible services updates in Electricity North West's Stakeholder Engagement, Community and Local Energy, Innovation and Incentive on Connections Engagement newsletters, and promoted our distribution list, upcoming tenders, events and flexible services updates across our social media channels, amounting to 54,000 followers

We issue surveys to all participants after each individual tender to gain feedback on the information provided, the simplicity of the process, and reasons for submitting or not submitting bids. Responses to these surveys has been limited, but we wanted to make sure we were capturing this feedback to understand the interest in our services versus the number of responses to each round of requirements.

Following the publication of our 2021 [Distribution Flexibility Procurement Statement](#); we are working with the other industry members to develop the template for the next issue of this report in May 2022. Within the current document key sections include information on: 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. Further amendments are designed to further increase transparency and enhance data sharing allowing stakeholders to make informed investment decisions.

The [results of the Spring 2021 Tender](#) showcased a new style of reporting tender outcomes. Following the close of each tender we produce a report detailing the results of the tender. This provides clarity on the bids which are 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. This information can be accessed via the [Previous Requirements](#) webpages. Future tender results will be reported following the format of the Spring 2021 tender.

## 6 Work together towards whole energy system outcomes

*'All ENA member electricity networks will continue to work closely to facilitate coordinated and efficient arrangements which benefit households and businesses, including activities relating to the decarbonisation of heat and transport. This work is being expanded to the wider energy industry, including the gas, heat, transport and waste sectors, to ensure that changes deliver the best outcomes for everyone on a whole energy system basis. This applies to all six of the steps outlined above'*



### 6.1 What we did

We collaborated with other DNOs throughout 2021, which can be categorised as a year of delivery and refinement. Throughout the year we have adopted consistent approaches informed by stakeholders across the entire flexibility process as we work together to facilitate decarbonisation across Great Britain. These collaborations include:

- Conducted our 2021 tenders via the Piclo Flex platform using a Dynamic Purchasing System (DPS), which is now identified as best practice and adopted by all DNOs;
- Led the Open Networks product to refine the Common Evaluation Methodology and Tool for network licensees to compare the cost of flexibility with network intervention;
- Collaborated with other DNOs and the ESO to refine a standardised Common Flexibility Agreement, to provide a more consistent and simplistic approach to contract development. The 2021 developments have been predominantly focused upon changes required to enable the ESO to utilise the Common Flexibility Agreement;
- Joined the Flexible Power portal collaboration with 4 other DNOs, for dispatch and settlement of flexible services to support our stakeholders drive for simplicity and consistency across DNOs;

- Working with the Flexible Power Collaboration to further enhance the capabilities of the Flexible Power Platform to further improve the user experience as well as opening up flexible services contracts to a wider pool of resources;
- Working with the other DNOs to develop Common Baseline methodologies. Where these are already available these have been offered to successful bidders to our 2021 tenders as options for calculating their baselines.
- Working through the Open Networks Project to develop and implement “Primacy Rules” to allow DNOs and the ESO to be able to operate flexible services markets with minimised conflicts of service and mitigation where conflicts cannot be avoided. Primacy Rules are intended to provide transparent tools for the avoidance, and where applicable, resolution of conflicts to maintain system and network integrity as well as avoiding unnecessary system costs and carbon impacts.

## Looking forward to 2022

In line with the assurances of the Open Networks Project and to deliver on the commitments of the [Smart Systems and Flexibility Plan](#), in 2022 we are committed to achieving consistency and standardisation of flexibility services across Great Britain. This year we will:

- Continue work on the **Common Flexibility Agreement** incorporating stakeholder feedback and facilitate ESO adoption by moving towards a framework style;
- Work with the **Flexible Power Portal** collaboration to further develop the functionality to improve the customer experience of using the portal. Development will additionally open up enhanced functionality allowing DNOs to further open up the sphere of providers who can participate, as well as standardising dispatch signals across the UK electricity distribution industry;
- Finalise and implement standard **pre-qualification criteria** on the Piclo Flex platform, and review other associated **procurement processes** with other DNO’s and the ESO to further simplify the process for both flex providers and Networks.
- Publish an updated Distribution Flexibility Procurement Statement on our website by 31 March 2022, and the first iteration of the Distribution Flexibility Procurement Report by 30<sup>th</sup> April 2022;
- We will continue the rollout of a huge **network monitoring initiative** which will provide visibility of over 5,000 distribution substations by the beginning of RII0-ED2. This will allow us to open up the lower voltages to participate in our flexibility markets and significantly increasing the opportunities we can make available, while freeing up capacity on our network for new connections;
- Lead the Open Networks work on further standardisation of **flexibility products** ensuring consistent interpretation and operation across GB.
- Continue with the standardisation of **baselining methodologies** and integration of all the developed methodologies into business as usual.
- Further develop the **Common Evaluation Methodology** and engage with key stakeholders to ensure the optionality value of flexibility is accurately modelled.
- Support Ofgem’s/BEIS’ initiative to achieve common methodologies for **carbon reporting** and monitoring across DNOs.
- Defining **‘Primacy Rules’** for the ESO and the DNOs to manage service conflicts and deliver whole system outcomes.

We will continue to embed these six flexibility commitments into everything we do, however, we are always looking to improve our approach. If you have any feedback on how we can improve and help to embed these commitments further into our processes, then please complete our [feedback form](#), or contact us directly [here](#).