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north west

Bringing energy to your door



2020 - the year in review

Looking back on our progress in line with the flexibility commitments in 2020

January 2021

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Introduction

Electricity North West sees flexibility services as a key Distribution System Operator (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).

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 seventh tender for flexible services and this document outlines the changes that we have made during 2020 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

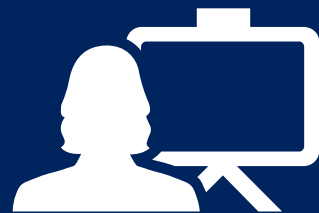
Following feedback from our stakeholders via surveys and webinars, we have made the following amendments to our procurement approach in 2020 to ensure that we champion a level playing field, and promote market neutrality in everything we do:

- We were the first DNO to publish the forecasted half hourly profiles for all sites at the tender stage;
- Published the required service response times and will include these in future requirement summaries;
- Collaborated with Open Utility Limited to jointly develop its [Piclo Exchange platform](#) which we are now using as a centralised platform for publishing tenders;
- Initiated a collaborative monthly forum with other networks to discuss issues and promote proactive development to the Piclo platform. The forum allows each network to share best practice and stakeholder feedback;

- In line with other DNOs, we moved towards more formal procurement via an Invitation to Tender (ITT) reflecting the higher value of flexibility now required exceeding OJEU thresholds. Our full suite of Invitation to Tender documentation is available [on our website](#).
- Produced a technical specification document, detailing the technical characteristics required for participation which we have published on our website alongside our tender documentation following stakeholder feedback.
- Reduced the minimum capacity required for participation for aggregators from 100kVA to 50kVA meaning that aggregators and directly contracted resources are now assessed in the same way.
- To provide a consistent approach across Great Britain, we led the industry initiative to develop common parameters and branding for the four defined flexible services products- Sustain, Secure, Dynamic and Restore. We provided an overview of these four products at our webinars throughout the year and included a simplistic explanation of each product on our [Frequently Asked Questions page](#) on our website to facilitate stakeholder understanding.

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.'



2.1 What we did

Following stakeholder feedback encouraging the use of national platforms for visibility and procurement of flexible services, we contracted with [Piclo Flex](#) which adopts a standardised procurement process to simplify our requirements and associated processes. 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 Great Britain's 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 continued developing 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.

In addition to signposting our requirements on our website and on the Piclo Flex platform, we communicated our requirements to all signatories of our [distribution list](#) via email, on the ENA flexibility in Great Britain webpage, via press release, included in our Incentives on Connections Engagement (ICE), Innovation and Community Energy newsletters, and sent directly to customers connected within the constrained region. This helps to ensure visibility of and accessibility to our requirements.

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'](#).

We observed that there was no agreed approach on how to evaluate flexibility and there was little consistency across industry sectors. From our experience of having worked with the University of Manchester (UoM) and Greater Manchester Combined Authority (GMCA) on Cost Benefit Analysis (CBA) we have been heavily involved in CBA modelling throughout 2020, including the Ofgem RIIO-ED2 CBA, Common Evaluation Methodology for modelling flexibility and a Whole System CBA tool.

We led the Open Networks project to create a [Common Evaluation Methodology \(CEM\) and Tool](#) for network licensees to compare the cost of flexibility against the network solution. The CEM tool compares 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 flexibility contract length. Based on the format of the Ofgem CBA for RIIO-ED1, the CEM tool is closely related to our Real Options Cost Benefit Analysis (ROCBA) methodology for evaluating flexibility against network intervention. CEM has been developed in collaboration with all the GB DNOs, stakeholders from the Open Networks Advisory group and Baringa Partners and will be utilised by all DNOs from 1 April 2021.

We were the first DNO to implement the new [Common Flexibility Agreement](#), created in collaboration with all GB DNOs, National Grid Electricity System Operator (ESO) and stakeholders. 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. This is a living document and remains a key deliverable for 2021 as we intend to further standardise the terms with the ESO and move towards a framework style agreement to facilitate shorter term procurement in the near future.

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

Following the review of the methodologies enacted by each DNO in 2019 and from ongoing feedback from flexibility providers to deliver a consistent approach for dispatch, settlement, and performance metrics, work is currently underway to establish a common baselining principle which will be implemented in 2021. Stakeholders have driven for commonality in this field to ensure they are treated consistently when delivering flexible services across network boundaries and to simplify the process.

We have initiated commercial discussions with Flexible Power to assess their ability to undertake the dispatch and settlement of services as we near completion of our new Network Management System, with a view to implementing the portal in 2021.

To facilitate transparency in this field, we updated our stakeholders at our flexible services webinars throughout 2020, providing a detailed overview of our current dispatch and settlement process and our plans for 2021. The recordings of our previously held webinars are available to view on [our website](#).

We have produced a [technical specification document](#) to accompany our tenders which addresses any site-specific requirements relating to that service and clarifies our dispatch terminology. This is also being addressed as part of the Open Networks Project and we will strive to achieve consistency where appropriate.

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

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 2020 our flexible services web pages saw a significant increase in traffic with 5420 page views compared to 3730 in 2019.

We continued our commitment of providing regular, consistent and transparent reporting by issuing our quarterly newsletter to over 200 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.

Due to social distancing requirements in 2020, we moved our workshops online and committed to delivering a bi-annual flexibility workshop in Spring and Autumn following the publication of our latest requirements. These interactive online events presented overviews of our procurement processes and requirements and introduced the new Piclo Flex platform to ensure that our stakeholders are provided with all the information required to submit a request for proposal. These events also offered stakeholders the opportunity to ask our team questions and provide feedback on their experiences of providing flexible services. By proactively engaging stakeholders and remaining open to feedback, we have been able to adapt and develop our approach to flexibility to meet their requirements. We strive to make it easy for our stakeholders to engage with us, focusing on the right issues and asking the right questions, to develop an offering that meets both of our needs.

Our online events were a success with a significant increase in attendance and 100% 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](#).

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.

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 2020, which can be categorised as a year of standardisation. 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:

- Aligned **branding and consistent parameters and terminology** for the flexible services we procure- Sustain, Secure, Dynamic and Restore;
- Conducted our 2020 tenders via the **Piclo Flex platform** which uses a Dynamic Purchasing System (DPS) which is now identified as best practice and adopted by all DNOs;
- Conducted tenders via formal **Invitation to Tenders (ITT)** in line with other DNOs;
- Standardised timing of pre-qualification for assets, which is now confirmed prior to the opening of the bidding window;
- Initiated a **collaborative monthly forum** to discuss issues and development to the newly adopted Piclo Flex platform, including improving and standardising the Pre-Qualification Questionnaire (PQQ) process;
- Published a new [Interactivity Process page](#) on our website featuring our recent Interactivity webinar and guidance information to introduce this new queue management process between connection offers;
- Led the Open Networks product to create a **Common Evaluation Methodology and Tool** for network licensees to compare the cost of flexibility with network intervention;
- Collaborated with other DNOs to produce and implement a standardised **Common Flexibility Agreement** to provide a more consistent and simplistic approach to contract development;
- In line with other DNOs, we initiated commercial negotiations to adopt the Flexible Power portal for dispatch and settlement of flexible services to support our stakeholders drive for simplicity and consistency across DNOs.

Looking forward to 2021

In line with the assurances of the Open Networks project, in 2021 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;
- Utilise the Flexible Power portal for the dispatch and settlement of our flexible service tenders, adopting common baselining principle;
- Implement new Common Evaluation Methodology and Tool;
- Trial and refine Whole System Cost Benefit Analysis (CBA);
- Align with ESO on procurement, contract terms and co-optimisation;
- Finalise and Implement standard Pre-qualification criteria on the Piclo Flex platform to simplify the procurement process for both flex providers and DNOs;
- Publish new Flexibility Procurement Statement on our website by 31 March 2021.
- We will begin the rollout of a huge network monitoring initiative which will provide visibility to over 5000 distribution substations over the next 2 years. 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.

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](#).