

Distribution Flexibility Services Procurement Report

April 2024

Unlocking Flexibility: Streamlined procurement
for a reliable network

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EXECUTIVE SUMMARY

Welcome to our third Distribution Flexibility Services Procurement Report, in which we present 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 Services 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 2023/24 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 requirements in 2023 which sought 1097MW between 2023-28. During the ED2 period we will continue to see an increase in the requirements for flexibility and energy efficiency across our network and we are excited about the opportunities for flexibility providers and benefits to customers that this delivers.

We publish our requirements twice a year in Spring and Autumn in line with the completion of our network loading analysis, [Distribution Future Electricity Scenarios \(DFES\)](#) and [Distribution Network Options Assessment \(DNOA\)](#). The tables below provide an overview of our requirements for each tender round in 2023/24 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-23 tender, we did not dispatch any flexible providers within the 2023/24 regulatory year.

Tendered and contracted requirements undertaken during the 2023/24 regulatory year

Product	Spring-23			Autumn-23		
	Tendered Requirements (MW)	Contracted Services (MW)	Accepted Contract Pending Services (MW)	Tendered Requirements (MW)	Contracted Services (MW)	Accepted contract pending Services (MW)
Sustain	0	0	0	0	0	0
Secure	203.85	0	0	23.7	0	0
Dynamic	108.36	0	1.05	50.08	0	0.31
Restore	784.93	0	0	339.3	0	1.43
Total	1097.14	0	1.05	413.08	0	1.74

1. INTRODUCTION

1.1 About Electricity North West

Electricity North West is one of 6 Distribution Network Operators (DNOs), covering 14 licence areas in GB regulated by Ofgem. We operate the local electricity network and distribute electricity, 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 £2bn between 2023-28 to ensure we continue to deliver an excellent, safe and affordable service to all our customers.

From 1 April 2023, we entered a regulatory price control period referred to as RII0-ED2, which runs until March 2028. During this period, we will see significant change in the way and amount of electricity that 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 110.94MW of flexible services provision in the 2023/24 period. Although successful bids were accepted by us having met our criteria, none progressed to contract signing for the 2023/24 period. As such there was a 110.94MW shortfall in flexible services requirements for this period.

We had previously received bids within the 2022/23 period which were accepted for a total of 35.72MW from two separate parties for the 2023/24 period, however neither of these parties progressed to the contract signing stage. One Provider experienced unforeseen issues with environmental permitting restrictions relating to the use of their generator, that made the contract not financially viable. Another provider raised issues with some specific terms within the Standard Flexibility Agreement, that meant they were not prepared to sign it. As the Agreement is standardised across all DNOs within GB, 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.

Within the 2023/24 tenders we have accepted a total of 81 bids totalling 2.793MW for the provision of services within the period of 2024-2028; these bids are still in the contact negotiation phase. Historically bids that were accepted but awaiting contracting were reported as “contracted”. In line with updated guidance and industry standardisation work on the Procurement Report templates these figures are no longer reported as “Contracted” within the summary data tables within this report and the Supporting Data Template. These bids are now listed as “Accepted Contract Pending” within the Procurement worksheet of the Supporting Data template.

Due to a limited response to our previous tender, we did not dispatch any flexible providers within the 2023/24 regulatory year.

2.2 Stakeholder feedback on tender participation

During the course of the year we carry out feedback collection exercises, both formally and informally. Feedback from participants who chose not to bid into the 2023/24 flexibility services tenders remained consistent with feedback from previous years. The main reasons given were:

- Low revenues offered by DNO flexible services contracts compared to other markets e.g. National Grid ESO services.
- Prioritisation of participation in the ESO’s 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 rural locations with low customer numbers and limited 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.
- 50kW minimum threshold for participation is too high.
- Providers unable to provide minute-by-minute metering granularity.
- 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 continue to:

- Carry out reviews of 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.
- Talk 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.
- Work 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.
- Work with the ESO to help them to develop the role of the Demand Flexibility Service (DFS). This product does overall help when operating to reduce the Distribution Network peak demands; however, we will need to continue to monitor this going forwards to ensure that new demand peaks do not form as the service delivery window of this product ends and customers resume their normal energy usage.
- Tender for our anticipated requirements for flexibility services for the next five years to allow developers to see the market signals that they should look to develop/recruit asset populations in these zones. It is acknowledged that it takes time to develop Distributed Energy Resource (DER) asset populations in tender zones.
- Tender for requirements at our lowered minimum threshold for directly contracted resources. This was reduced with the 2023/24 period from 50kW to 10kW. There are no restrictions on the size of sub-sites of aggregated portfolios, but the total portfolio size also needs to be at least 10kW.
- Accept alternative metering granularity as part of our tenders, including half hourly metering granularity where minute by minute is not possible.
- Encourage Low carbon technology uptake. As a result of the way that network reinforcement charging is applied following the implementation of Access SCR, we are seeing 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 utilised to defer and avoid network reinforcement, so we expect to see an increase in the volumes of flexible services requirements that are tendered for.
- Publish our Network Development Plan forecasted flexibility requirements for 10 years alongside every tender, to allow market participants to gain some foresight into likely future constraint zones and the levels of requirements.
- Tender for flexibility requirements within a constraint zone for as long 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.

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

- Work 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.
- Work to address regional variation in the uptake of flexible services. In collaboration with Northern Powergrid in 2023/24 we engaged WSP to carry out an analysis of [Regional variation in the uptake of flexible services](#). This report investigates regional differences in using flexibility services for the electricity grid in Great Britain. Understanding these differences is crucial before creating new national plans, to ensure everyone can benefit. While efforts have been made to increase flexibility service use across the country, there's a persistent lag in northern England. The report examines if there are additional barriers specific to certain regions and highlights the importance of coordinated regional approaches for overcoming these challenges.

2.3 2023/24 Procurement Statement

The April 2023 Procurement Statement stated that we were looking to procure a total of 1097.14MW of flexible services, with 110.94MW required for the 2023/24 period, and 138.09MW of flexible services for the 2024/25 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 2024/25 period, in addition to publishing our known requirements for the RIIO-ED2 period. We accepted 0.35MW of requirements in response to the Spring, and 1.4MW in response to the Autumn tender; we are still in the contract negotiation phase for these. The breakdown of the predicted requirements is shown in the table below.

April 2023 Procurement Statement predicted requirements vs contracted services for 2023/24

Product	April 2023 Procurement statement predicted requirement 23/24 (MW)	April 2023 Procurement statement predicted requirement 24/25 (MW)	Actual contracted services 23/24 (MW)	Actual contracted services 24/25 (MW)	Actual accepted, contract pending services 23/24 (MW)	Actual accepted, contract pending services 24/25 (MW)
Sustain	0	0	0	0	0	0
Secure	2.82	8.167	0	0	0	0
Dynamic	1.4	10.37	0	0	0	0.02
Restore	106.72	119.56	0	0	0	0.28
Total	110.94	138.09	0	0	0	0.30

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

There was a reduction in the volume of flexible services that we tendered for between the Spring 2023 tender and the Autumn 2023 tender. Following a period of market testing during ED1 and the Spring 2023 tender, within the 2023/24 period the reduction was due to:

- Autumn 2023 tender reflecting the 2022/23 historical demand data, where a demand reduction was observed across most of our area due to the cost-of-living crisis
- Progress made on a number of proactive reinforcement projects, where market testing for flexible services was unsuccessful and capacity was released via asset solutions

In line with our commitments to ensure that we facilitate the uptake of low carbon technologies, as well as maintaining security of supplies, the need was identified to proactively reinforce a number of locations where we had previously tendered for flexibility, but had not received sufficient flexibility bids in order to defer the reinforcement. This reinforcement investment has predominantly been targeted within urban centres (such as GMCA) to support planned developments at a number of locations associated with the region's economic growth, but also facilitating the electrification of transport. The requirements within some of our previously tendered zones were reduced following recognition of a prolonged period of demand reductions believed to be linked to: higher energy costs during 2022/23, cost of living pressures, energy efficiency savings, and the ongoing change in lifestyle and working patterns post pandemic.

2.4 2023/24 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 2023/24 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 2023	Spring 2023 table	Spring 2023 Geographical
Autumn 2023	Autumn 2023 table	Autumn 2023 Geographical

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

2.5 Procurement summary

The table below (continued on next page) summarises the level of services procured by product type and by postcode sector. For this reporting period all of these services are in the accepted contract pending stage.

Actual procurement by product and location					
Dynamic					
Substation name	Actual Procured services 24/25 (MW)	Actual Procured services 25/26 (MW)	Actual Procured services 26/27 (MW)	Actual Procured services 27/28 (MW)	Location Postcode Sector
Ardwick	0.02	0.02	0.02	0	M1 2 ,M1 6 ,M1 7 ,M12 4 ,M12 5 ,M12 6 ,M13 ,M13 0 ,M13 9 ,M14 4 ,M14 5 ,M15 4 ,M15 6 ,M19 9 ,M4 1 ,M60 7
Frederick Road BSP	0	0	0.1	0	M15 4 ,M15 5 ,M16 6 ,M16 9 ,M20 6 ,M21 8 ,M22 5 ,M25 9 ,M3 1 ,M3 2 ,M3 3 ,M3 4 ,M3 5 ,M3 6 ,M3 7 ,M30 0 ,M30 9 ,M33 6 ,M4 3 ,M41 7 , M5 ,M5 0 , M5 2 ,M5 3 ,M5 4 ,M5 5 ,M5 9 ,M50 1 ,M50 2 ,M50 3 ,M6 4 ,M6 5 ,M6 6 , M6 7 ,M6 8 ,M60 9
Moss Lane	0	0.35	0.376	0.376	BB12 8 ,BL9 8 ,BL9 9 ,M ,M24 4 ,M25 1 ,M25 2 ,M25 3 ,M25 7 ,M25 9 ,M4 5 ,M45 ,M45 6 ,M45 7 ,M45 8 ,M46 7 ,M7 4 ,M8 9 ,OL10 2
Peel St	0	0.1	0	0	BB18 5 ,BB7 1 ,BB7 2 ,BB7 3 ,BB7 4 ,BB7 9 ,BB9 6
	0.02	0.47	0.496	0.376	

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

Actual procurement by product and location					
Restore					
Substation name	Actual Procured services 24/25 (MW)	Actual Procured services 25/26 (MW)	Actual Procured services 26/27 (MW)	Actual Procured services 27/28 (MW)	Location Postcode Sector
Bentham	0.0064	0.0064	0.0064	0.0064	BL9 0 ,BL9 7 ,L ,LA1 2 ,LA2 7 ,LA2 8 ,LA6 1 ,LA6 2 , LA6 3
Bolton by Bowland	0.00384	0.00384	0.00384	0.00384	BB5 2 ,BB7 2 ,BB7 3 ,BB7 4 ,BB7 6 ,BD23 3 ,BD23 4
Catterall Waterworks	0.00128	0.00128	0.00128	0.00128	PR1 1 ,PR2 8 ,PR3 0 ,PR3 1
Church	0.20256	0.30256	0.30256	0.30256	BB5 0 ,BB5 1 ,BB5 2 ,BB5 4 ,BB5 5 ,BB5 6
Claughton	0.01	0.01	0.01	0.01	LA1 1 ,LA2 0 ,LA2 6 ,LA2 7 ,LA2 8 ,LA2 9
Flat Lane	0.00512	0.00512	0.00512	0.00512	BB7 4 ,BD ,BD23 1 ,BD23 3 ,BD23 4 ,BD23 6 ,BD24 0 ,BD24 9 ,LA2 8
Gillsrow	0.0064	0.0064	0.0064	0.0064	CA10 1 ,CA10 2 ,CA10 3 ,CA11 0 ,CA12 4 ,CA12 5 ,CA17 4 ,CA4 0 ,CA7 8 ,PR2 1
Helwith Bridge	0.00256	0.00256	0.00256	0.00256	BD24 0 ,BD24 9 ,LA2 8 ,LA2 9 ,LA6 3
Ingleton	0.00256	0.00256	0.00256	0.00256	LA2 7 ,LA2 8 ,LA6 ,LA6 1 ,LA6 2 ,LA6 3

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

Actual procurement by product and location					
Restore					
Substation name	Actual Procured services 24/25 (MW)	Actual Procured services 25/26 (MW)	Actual Procured services 26/27 (MW)	Actual Procured services 27/28 (MW)	Location Postcode Sector
Marple	0.01536	0.01536	0.01536	0.01536	SK3 9 ,SK6 2 ,SK6 4 ,SK6 5 ,SK6 6 ,SK6 7
Melling	0.00256	0.00256	0.00256	0.00256	LA2 7 ,LA2 8 ,LA2 9 ,LA5 8 ,LA6 1 ,LA6 2 ,LA6 3 , LA6 7
Moss Side (Longsight)	0.00128	0.00128	0.00128	0.00128	M14 4 ,M14 5 ,M14 7 ,M15 ,M15 1 ,M15 4 ,M15 5 ,M15 6 ,M16 0 ,M16 7 ,M16 8 ,M16 9 ,M3 4 ,M40 0 ,OL6 7
Scarisbrick	0.01	0.01	0.01	0.01	L39 3 ,L39 7 ,L39 8 ,L40 8 ,L40 9 ,PR8 ,PR8 4 ,PR8 5 ,PR8 8 ,PR9 8 ,WA4 1
Sedbergh	0.0064	0.0064	0.0064	0.0064	LA10 5 ,LA6 2 ,LA8 0 ,LA8 9
Settle	0.00128	0.00128	0.00128	0.00128	BD24 0 ,BD24 4 ,BD24 9 ,LA2 8
Yealand	0.00512	0.00512	0.00512	0.00512	LA1 9 ,LA5 0 ,LA5 9 ,LA6 1 ,LA6 3 ,LA7 7
	0.28272	0.38272	0.38272	0.38272	

2. FLEXIBILITY PROCUREMENT AND USE SUMMARY

The April 2023/24 procurement statement included the timelines for the proposed flexible service procurement activities for the year; these timelines were followed with no deviations.

2.6 Spring 2023/24 procurement timeline



2.7 Autumn 2023/24 procurement timeline



2.8 Conflict management with the ESO

There have been no requirements for conflict mitigation with the ESO in 2023/24.

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

We are committed to implementing the primacy rules into business as usual and in line with this commitment we have created a page within our open data portal for the publication and sharing of our [Risk of Conflict Reports](#). Our Risk of conflict report is accessible in a range of formats including in an API accessible format. We have not identified any conflicts of interest at this stage, so have utilised the API data transfer capabilities to allow the ESO to verify their automated import procedures and processing of these Risk of Conflict reports.

The Primacy Technical working group continue to develop use cases and 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. In 2023 we provided access to our tenders and documents via our [website](#) and [the Piclo Flex platform](#). This year, we will be utilising a combination of the newly launched platforms [ElectronConnect](#) and [Piclo Max](#) to improve visibility of our requirements and provide multiple entry points to our tenders, further promoting opportunities to participate. More information on this collaboration can be found in our Distribution Flexibility Services Procurement Statement which sits alongside this report in our [document library](#).

Following the close of each tender round, we produced a report detailing the results on our [Previous Requirements page](#) to provide clarity on the bids which were accepted/rejected and their contract lengths. This information is published alongside a copy of the ENA Common Evaluation Methodology (CEM) and Losses Tools for each bid to provide further transparency in the procurement process, as well as giving future market participants an insight into the potential revenues they could expect to achieve by participating.

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

- Our [website](#)
- [ElectronConnect platform](#)
- [Piclo Max platform](#)
- [Open Data Portal](#)
- Our Flexible Services [mailing list](#)
- Our bi-annual DSO Functions webinars
- The ENA [flexibility in Great Britain webpage](#)
- Press releases
- ENWL Facebook and LinkedIn channels
- Stakeholder and Community Energy newsletters
- [Network Development Plan \(NDP\)](#)
- Direct to customers with assets in requirement zones
- In-person events: Joint events, industry events and our new DSO Roadshow events
- [One-to-one flexible services discussions](#)
- Local Authority bi-lateral meetings

We issued our quarterly newsletters to 335 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.

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. 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 their assets within constraint zones. The map also shows both current requirements from 2024-28 (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.

3. STAKEHOLDER ENGAGEMENT

Open and accessible data is a central theme in our ED2 Business Plan, and as part of the Open Networks Project and 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.

We are committed to making our requirements as transparent as possible, so in 2023 we published our flexible services data on Electricity North West's Open Data Portal, which launched in November 2022.

Users of the Portal were already able to access the [Embedded Capacity Register](#) and [Network Capacity Headroom Data](#), in a multitude of different data formats. In addition, flexible services data hosted on the portal can be downloaded in a range of common industry standard formats including; API, KML, CSV, JSON, Shapefile, and XLSX. This allows users to incorporate this data into their own modelling and mapping systems and overlay other data sets they may already have including their own asset maps.

In September 2023, we were also delighted to be the first DNO to publish our Ofgem Distribution Flexibility Procurement Report data on the open data portal, including our previously tendered and contracted services. This data will be updated every six months in line with the close of our bi-annual tender rounds.

Throughout 2023 we remained committed to digitalising our business to remain efficient, drive innovation and increase transparency.

To reflect this transition to a smart and efficient energy system, we have updated the 'net zero' section of the website to ['Future Energy'](#). In this section you can find information on:

- Data and Digitalisation
- Facilitating Net Zero
- Distribution System Operation (DSO)
- Flexibility Services
- Community and Local Energy
- Innovation

Our Flexible Services portal is now called the '[Flexibility Hub](#)'. In 2023 we developed and published two new documents on our website to assist stakeholders when taking part in our tenders:

Commercial Qualification Criteria document

We carry out commercial checks as part of the pre-qualification process to verify that participants of the flexible services tender are genuine and reputable businesses who will have the required financial and technical capabilities to deliver on contracts if awarded. This document sets out our commercial requirements for businesses who submit a commercial qualification application to participate in our flexibility tenders, along with example answers using a fictitious company, and the pass/fail criteria that these questions will be marked against.

Procurement Process Flow Chart

This new flowchart provides a clear overview of the entire process of procuring flexibility services and the steps involved for both Flexibility Service Providers and Electricity North West from forecasting requirements to signing contracts and everything in between.

These documents can be found in the Helpful Guides section of our [document library](#) and on the [latest tender page](#).

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.

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 GB flexibility market space. Within our 2023 [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.

This consultation launched in July for a period of two months, with a key focus on data sharing, engagement, technical requirements and contracting.

As we continue our journey through RII0-ED2, we wanted to hear our stakeholder's views of how we can best support the flexibility services market in Great Britain; from how we share our data and engage with stakeholders, to how we can best facilitate the transition to a framework agreement

We received 19 responses from providers with an even representation from aggregators, generator developers, suppliers, consultants and community energy groups. Responses were collected via our consultation webinar, online form, email and 1-2-1 discussions.

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 20 complimentary one-to-one online discussions throughout 2023 to assist potential flexibility providers through the process of providing flexible services 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.

In 2023 we recognised the value of one-to-one conversations to gather feedback so as part of this year's consultation, we held six feedback sessions with participating providers to hear about their experience of taking part in our tenders to understand their pain points throughout the process to ensure we continue to open up more opportunities for both local and national players to participate in these growing markets. These sessions were not only an effective and efficient method of incorporating our stakeholder's views into our approach to procuring flexibility, but provided an opportunity for participants to pose questions to our team and receive on the spot answers which they said was very helpful.

3.1.5 Online events

We held two '[DSO Functions: DFES, Data and Flexible Services](#)' webinars in 2023. These webinars were held in April and November, in line with the launch of our bi-annual tenders. These free events are aimed at professionals in the energy industry who are looking to hear the latest from Electricity North West on the data we publish and how it can be used to help inform potential connections, operations and trades on the network.

Covering topics such as Distribution Future Electricity Scenarios (DFES), Network Development Plan (NDP), our new Open Data Portal, and our latest Flexible Services requirements, these webinars explored each area in detail and gave stakeholders the opportunity to ask our experts their questions.

3. STAKEHOLDER ENGAGEMENT

April webinar: Held on 20 April. We had our biggest turnout for a DSO webinar so far with 64 external stakeholders joining on the day. Engagement was high throughout the event with lots of questions being posed to the team via chat. 64% found the session 'very useful', 31% found it 'somewhat useful' and 2% were impartial.

November webinar: Held on 8 November. We had 62 external stakeholders, with 92% of those finding it very useful through the feedback we received.

Following each event 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 easy as possible for our customers to access at a time that is convenient for them.

“ENWL’s webinar on Wednesday was an excellent user guide for DSO function, availability of data and how stakeholders can make use of these data sets.”

In September 2023, our team presented at bi-lateral meetings with 11 out of 35 local authorities from across the North West. The purpose of these meetings was to provide an overview of forecasting and network planning data available within DFES and NDP to support Local Area Energy Planning (LAEP) and local plans with an introduction to flexibility services provided in the second half. With local authorities owning a large portion of assets located in our requirement zones, we recognised the importance of signposting our requirements and revenue opportunities to this audience of potential providers. The flexibility presentations were positively received with particular interest shown in Energy Efficiency Measures.

We followed up with all local authorities in October to help build relationships with key stakeholders within their organisations and provide a point of contact for them should they wish to participate in future tenders.

To ensure we are delivering enhanced DSO functionality which is at the heart of a smart and flexible distribution network, able to evolve to the changing ways customers produce and consume energy, this year we introduced DSO Discussions: Bi-monthly forums where topics relating to market development, and network operation are discussed and evaluated in a more informal and equal atmosphere to stimulate conversations and feedback from industry stakeholders. Each session focuses on a different topic relating to DSO, all of which are available to book via our [events page](#). Unlike our bi-annual DSO Functions webinars, these online sessions are not recorded to provide a safe space for stakeholders to share their views and feedback with our team and fellow forum stakeholders. Topics covered in 2023 include: Flexible Services, Digitalisation & Data, DFES, Active Network Management (ANM) and Flexible Connections.

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 DNOs. This has the overall benefit of reducing repetition of conversations.

We have incorporated direct engagement with businesses located in our requirement zones as part of our Business as Usual (BAU) activities. We are always looking at ways to improve our engagement in more rural areas of our region to ensure that all eligible participants have equal opportunity to get involved in the flexibility market. This engagement is carried out in line with the launch of our tenders to promote the benefits and revenue potential to asset owners located in our constraint management zones. We will continue this engagement activity as and when requirement zones change to encourage participation from both local and national players.

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3.1.6 In-person events

Flex Forum: Reducing Barriers in Distribution Flexibility Markets

Following the success of our first collaborative event with Piclo in Manchester in 2022, we held another cross-industry event alongside Piclo, UKPN, SPEN and Northern Powergrid in London on 24 May 2023. Flex Forum: Reducing barriers in distribution flexibility markets event was a fully booked event comprised of a series of workshops, panel discussions and Q&A sessions with guest speakers from Ofgem, Energy UK, the Association for Decentralised Energy (ADE), as well as market leading flexibility providers.

This annual workshop focused on engaging with Flexibility Service Providers from across the country to better understand their needs and obstacles they face when submitting a tender response. These in-person workshops are free to attend and are invaluable for gathering feedback which we will continue to use to simplify our processes.

This year's open forum stimulated some insightful conversations around the future of the UK flexibility market and how we can all work together to continue opening up this space to allow flexibility providers to access all markets, all of the time. A summary of the event can be found on [Piclo's website](#).



Future Energy: System Operation in the North event

In October, colleagues from our Distribution System Operation (DSO) team hosted an event in Manchester to support the company's DSO activities. This all-day event was designed to gather feedback from stakeholders and demonstrate the company's commitment to providing our customers a reliable and sustainable energy supply at the lowest cost. The event was well-received, scoring 4.25 out of 5 for usefulness. Stakeholders had the option to attend in person or join online- a total of 31 external stakeholders attended in-person and 22 joined online. Stakeholders appreciated the opportunity to engage with the company and share their ideas. The event focused on five core themes:

- Responding to your needs
- Engaging our local stakeholders
- Powering your future
- Investing where you need it

The event also showcased Electricity North West's dedication to its flexibility-first approach, world-class forecasting techniques and whole system outcomes. Based on feedback, we will provide more networking opportunities and focus on topics suggested by our stakeholders at our future DSO events.

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3.2 Feedback from engagement

Throughout 2023, we engaged with key stakeholders to hear about their experience of taking part in our tenders and better understand their pain points throughout the process to ensure we continue opening up more opportunities for both local and national players to participate in these growing flexibility markets. Below are the most common feedback points we received from Providers via 1-2-1 sessions, webinars, events, consultations and email. This is followed by our commitments to the feedback provided.

Too many variations of processes, technical requirements and contracting across all the DNOs

Request for further industry standardisation of: Products, API interfaces, platforms, availability hours

Common contract: ability to adjust details for longer term requirements if circumstances change and mix of both short and long term contracts is preferable

More information on energy efficiency measures and having it as a separate product

Lowering minimum thresholds to allow smaller players to participate

Barriers to entry: Minute by minute metering, penalties, location of requirements and lack of revenue certainty

Our initial commitments:

- Lower minimum threshold for participation from 50kW to 10kW
- Remove annual commercial qualification (DPS) requirement on Piclo
- We will now also accept alternative metering granularity as part of our tenders such as half hourly metering granularity where minute by minute is not possible
- Adopt new energy efficiency product by Spring 2024 in line with the rest of the industry instead of procuring this service via the other flexibility products. This will improve clarity of technical requirements such as baselining and payment mechanisms. We will also produce helpful guides to introduce the new selection of streamlined products as defined by the Open Networks Project
- Work with the rest of the industry to adopt new common framework agreement V3 in 2024 for longer term requirements by allowing providers to update their capacity/bid price annually if/when circumstances change
- Continue working with the rest of the industry to design a common API interface

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3.3 2023/24 Engagement activities

Engagement	Details
Newsletters	We issued quarterly update newsletters to 335 stakeholders on our flexibility services distribution list as well as shorter newsletters throughout the year covering topics such as latest flexibility requirements, results of previous tenders, new publications, consultations and event invites.
Direct engagement	We contacted over 20 companies located in our identified constraint zones to introduce them to flexible services and offer advice on how to participate in our tenders.
One-to-one Discussions	We held a total of 20 one-to-one discussion sessions with both participating providers and potential providers to assist them with the process of providing flexibility to the network and answer any questions they had.
Collaborative industry event	Held in London in May 2023, <i>Flex Forum: Reducing Barriers in Distribution Flexibility Markets</i> was in collaboration with Piclo, UKPN, SPEN and NPG and hosted by Piclo. This all-day event provided stakeholders with the opportunity to collaborate with DNOs and had speakers from Ofgem, Energy UK, Policy Manager, Commercial Director, AMP Energy, EV.Energy and Octopus Energy.
ENWL webinars	We held two DSO Functions webinars with our wider DSO team where we presented an overview of our latest flexibility requirements and how to take part. We also held a consultation webinar in August to talk through our consultation document and gather on-the-spot feedback from providers via polls and chat function.
2023/24 publications	<ul style="list-style-type: none"> - 2023 Ofgem C3IE Distribution Flexibility Services Procurement Statement - 2023 Ofgem C3IE Distribution Flexibility Services Procurement Report - 2023: The Year in Review - Commercial Qualification Guidance document - 2023/24 tender results - Operational Decision-Making Framework
Industry webinars	Our team attended numerous industry webinars throughout the year including those held by other DNOs, ESO, Regen, DESNZ, Ofgem, Flex Assure and Future Utilities.
Industry forums and challenge groups	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, ESO, Flex Assure, Carbon Coop and Piclo.
ENWL DSO event	Held in Manchester in October 2023, <i>Future Energy: System Operation in the North West</i> was an in-person and online event gave DSO stakeholders the opportunity to collaborate on what they'd like to see us prioritise to ensure our DSO approach is shaped by a wide range of perspectives.

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3.4 2023/24 Industry events attended

Event name	Details
<p>Connecting to the Grid, Cumbria</p> <p>Hosted by Cumbria Tourism</p>	<p>As a strategic partner of Cumbria tourism, we attended this event to promote the work the company is doing to help businesses in Cumbria to decarbonise. This provided the opportunity for some of Cumbria Tourism’s patrons and strategic partners to learn about flexible services, and how to get involved. A significant proportion of the Flexible services requirements within the 2023/24 tenders were within Cumbria and the surrounding region. It is forecast that Cumbria will see one of the greatest proportioned growths in electricity demand over the next 37 years attributed to the growth in electrified heat and transport, so this event was a good opportunity to speak to stakeholders directly involved in this growth area.</p>
<p>Utility Week: Future Networks, Heat & Transport Conference 2023, Birmingham</p>	<p>This event brought together over 3,000 leading utility professionals under one roof across two days to share their experiences, ideas and challenges. Over 200 market leading exhibitors showcased the most innovative solutions. Our team found the discussions on decarbonisation, asset management, data & digitalisation and smart, flexible networks of particular interest.</p>
<p>Flex Forum: Reducing Barriers in Distribution Flexibility Markets</p>	<p>This was an in person event in collaboration with Piclo, UKPN, SPEN and NPG and hosted by Piclo. All day event provided stakeholders with the opportunity to collaborate with DNOs and speakers from Ofgem, Energy UK, Policy Manager, Commercial Director, AMP Energy, EV.Energy and Octopus Energy.</p>
<p>Northern Sustainability Summit</p> <p>Hosted by Elevate</p>	<p>Electricity North West were the main sponsor at this event held in central Manchester. Expert speakers including members of Electricity North West’s DSO team gave talks on the challenges and opportunities of the green revolution and explored the future of skills, transport, innovation, hospitality and all aspects of the green economy. Our flex team were available on the main stand to answer any flexible services related questions.</p>
<p>Power X Live North</p> <p>Hosted by Power Media International Group</p>	<p>This event was a one-day event held in Knutsford, Cheshire where guest speakers presented on the future of energy production and distribution. A member of the flexible services team attended and met with manufacturers, owners, and operators of distributed energy resources to discuss the opportunities for participating in distributed flexibility services.</p>
<p>Power Responsive Autumn event</p>	<p>Held in London and hosted by National Grid ESO, this event offered an insightful afternoon of key industry guest speakers and discussions.</p>

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3.4 2023/24 Industry events attended

Event name	Details
<p>International Conference on Electricity Distribution (CIRED)</p> <p>Hosted by AIM - Association des Ingénieurs de Montefiore</p>	<p>Members of our Flexible Services team attended this leading Forum in Rome with a worldwide perspective and participation. This was a fantastic opportunity to meet with key decision leaders in the field of Electricity Distribution including a wide range of delegates from utility, product, consultancy, service or business sectors of the Distribution Industry.</p> <p><u>Event highlights:</u> 1520 conference participants 1730 submitted abstracts > 950 presentations 6 main Sessions – 850 Posters 5 Research & Innovation Forums 19 Round Tables</p>
Energy Xtra	Our team exhibited at EnergyXtra in Chester on 20 September and presented on DSO strategy including LAEP, DNOA, DFES, and Flexibility Services.
<p>GM Green Summit</p> <p>Salford Quays</p>	<p>Held at the Lowry Theatre in Salford and hosted by the Mayor of Greater Manchester, Andy Burnham and Greater Manchester Combined Authority (GMCA). Members of our flexible services team were available on the ENWL stand to meet others determined to drive change and help the city-region meet its ambitious goals for the environment with panels, workshops networking and exhibition stands showcasing challenges, solutions and opportunities.</p>
Distributed Energy Show, Telford	<p>This event played host to expert speakers and exhibitors from across the energy industry including DESNZ, Ofgem, National Grid ESO, DNO's, Aggregators, Consultants, Suppliers and Investors. The conference was focused on increasing the levels of Distributed Energy produced and purchased within the UK.</p> <p>Electricity North West attended the event and had a stand which attendees could visit and learn about flexible services, as well as us also providing information on other topics such as how to connect to the network. Electricity North West also participated in a panel session: <i>What are the Future Needs of the Energy System?</i></p>
<p>Energy Innovation Summit,</p> <p>Liverpool</p>	<p>This two day summit is organised by Energy Networks Association in association with Department for Energy and Net Zero, Innovate UK and Ofgem. Our flexible services team attended to hear from top speakers in the industry as well as exhibit at the Electricity North West stand and meet with other companies in the exhibition hall including manufacturers of equipment and energy consultants all offering cutting edge, innovative solutions.</p>

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3.5 Information provision to stakeholders during a tender process

For our Spring and Autumn 2023/24 tenders, we provided 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 were provided via the interactive map on the [flexible services hub](#) and on the [Open Data Portal](#).
- Indicative timelines for future tenders were highlighted on the '[flexibility timeline](#)' hosted on the ENA Open Networks website.
- Pre-tender notice was 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.
- A wide range of information is 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 published 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. Our 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 issued regular updates to 335 stakeholders on our [mailing list](#) to communicate upcoming tenders, results of previous tenders, event information and helpful tools and publications. We encouraged 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 were 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](#) received emails to notify them of an active tender, as well as regular updates through the tender process to remind them to participate.

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Pre-tender

During tender

Post-tender

- We provided regular updates via Electricity North West's Community and Local Energy and Stakeholder Engagement newsletters to reach wider audiences who may be interested in learning more about flexibility services.
- Social media updates were posted on Electricity North West's social media channels including [Facebook](#), and [Linked in](#) during an active tender to reach new and existing customers.
- We advertised via other partners and stakeholder communities we belong to and their own mailing lists and channels e.g. [PicloFlex](#) and [FlexAssure](#).
- We hosted a webinar alongside our wider DSO team 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 provided custom support for stakeholders via [one-to-one discussions](#) to discuss their individual assets and how to get involved.
- We welcomed and responded 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 notified participants of the outcome of their technical qualification and bids via the PicloFlex platform, and provide reasons for the decision.
- We published 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 communicated with successful participants who had their bids accepted, to arrange for contract signing and integration into the dispatch and settlement systems.

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3.6 Collaboration

As an active participant of the Energy Networks Association's (ENA) Open Networks Project, we co-ordinated with the other UK DNOs, the Electricity System Operator (ESO), the Department for Energy Security and Net Zero (DESNZ), the energy regulator Ofgem and the Transmission Operators (TOs) throughout 2023, adopting consistent approaches informed by stakeholders across the entire flexibility process as we work together to facilitate decarbonisation across Great Britain.

This year a key objective was to improve the standardisation of flexibility product definitions to enable flexibility providers to more easily identify the services they're best placed to offer, based on a more streamlined selection of products. The aim of this objective is to have at least 80% of flexibility tendered through common products by 2024. In addition to this, we worked alongside other DNOs and the ESO to streamline the Commercial and Technical qualification questionnaires to create a faster, simplified pre-application process for providers. Full details of the work products and intended deliverables can be found in the [2023 launch document](#).

There are regular opportunities for stakeholders to provide input into the proposals and to shape the future work structure of the Open Networks Project. Engagement opportunities are provided through 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.



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We have continued to support the [Open Networks Project](#), providing a representative to all products and governance meetings to ensure our stakeholder's views and interests are supported through the work to standardise the Flexible Services integration into Distribution System Operation. Below is an overview of each product and progress made against objectives in 2023/24 followed by a progress summary table.

Planning and Network Development

Carbon Reporting

Following on from the work that was carried out within the 2022 Open Networks Work programme on Carbon Reporting, 2023 was the first year the methodology that was developed was utilised by DNOs within their SCL31E – Procurement Reports. The Technical working group gathered feedback from stakeholders on the usage of the carbon reporting methodology. The report's original purpose was to provide a common reporting methodology to government departments for all ENA members to utilise when reporting carbon impacts from the use of flexible services. The 2023 work identified that the methodology and reporting were still fit for purpose for this core user group. The working group also sought feedback from other stakeholder groups. External stakeholder feedback showed that users would like to see greater transparency of the formulae used, as well as a greater level of disaggregated data. The outcome of this feedback is to include both of these items within the 2024 reporting. The increase of granularity of data sharing will facilitate the utilisation of alternative calculation methodologies, and presentation of data in a format more accessible to different audiences. Additionally, the list of technology types will be expanded to increase the granularity of reporting. The technical working group have been worked with the SLC31E procurement reporting working group to modify the reporting templates for 2024 to incorporate these proposed changes.

Distributed Energy Resource (DER) Information

The Distributed Energy Resource (DER) visibility working group was tasked with harmonising the DER monitoring and control requirements at the connection interface for distributed energy resource (DER) connections across different DNOs.

The technical working group has carried out stakeholder engagement with distributed energy resource developers and operators, to inform whether the data points recommended by the technical working group are generally already available at site level, or if this would require additional infrastructure to be installed within the customer network.

Based on a use cases assessment, qualitative cost benefit analysis and feedback received from developers during the stakeholder engagement sessions, the technical working group has developed a recommendation for a list of monitoring and control data points, which will allow us to unlock significant customer benefits. The outcome of this work has been a recommendation for modifications to the Distribution Code that will now be assessed by the Distribution Code working group.

Network Development Plan (NDP) & Co-ordination register

The technical working group carried out a review of the Network Development Plan (NDP) form of statement and Co-ordination Register and have decided that they currently propose no changes, as they are fit for purpose. Electricity North West continue to publish our NDP statement in line with the ENA recommendations.

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Active Network Management (ANM) Curtailment Information

This year the ANM curtailment information technical working group have been focusing upon implementing the recommendations generated within the 2022 into business as usual. Electricity North West do not currently manage any flexible connections offers utilising an ANM system, and as such it has not been possible to fully implement all recommendations into business as usual. Where the recommendations are not directly linked to ANM, Electricity North West have already implemented the recommendations and are publishing the curtailment information. We commit that when the ANM system is utilised, that curtailment information will be published following the recommendations from this technical working group.

Network Operation

Primacy Rules

The Primacy rules technical working group in 2023 have successfully delivered two primacy rules into an implementation phase. These rules pertain to the conflict between DNO flexible services and the ESO balancing mechanism market; and ESO Transmission Constraint Management connections. A full summary of these rules is available on the [ENA website](#).

Following the publication of these rules the technical working group have shifted its focus toward enabling a greater level of data sharing which will enable a significantly greater number of potential conflicts to be identified and resolved. Utilising the learning and development from existing network trials of new products being co-developed between the ESO and DNOs, the working group are continuing to identify which data sets will enable the greatest level of value to whole system working reducing the risks of service conflicts.

Dispatch Systems Interoperability

The core aim of this technical working group has been to carry out a holistic assessment of current dispatch approaches utilised in flexible services markets and determine what a future UK standard should include. The technical working group engaged with the PNDC consultancy organisation to carry out this assessment. Through the work PNDC have developed a range of criteria to assess dispatch standards which are already in existence and assessed a number of existing standards that are already in use worldwide. Following stakeholder feedback over a number of years the technical working group are focusing on finding or developing an Applications Programming interface (API) standard. The work in 2023 has found that there is no one existing API standard that meets all of the requirements the ENA project members had defined as Must and Should requirements, on a MoSCoW assessment scale (must have, should have, could have and will not have). Focus is on ensuring that any standard which is adopted does not create un-necessary barriers to entry for service providers, whilst ensuring that it is secure and robust enough to be utilised to control UK power flows. It is recognised that the standardisation of dispatch of flexible services is a highly important for stakeholders and as such a number of possible options are currently being evaluated to determine how the 2024 work program will develop and implement a standard as soon as possible.

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Operational Data Sharing

From the 2022 work program a number of data sets were identified to be shared by all DNOs on their Open Data Portals. Under this commitment Electricity North West now publish Grid Supply Point (GSP) boundary flow data and historical outage data. The remaining items that were identified from the 2022 work relate to information which links to the usage of Active Network Management systems (ANM); as ENWL are currently not utilising an ANM system we have committed that we will share this information as and when we begin utilising Active Network Management.

The technical working group have focused upon identifying which data items should be shared in future between network operators, system operators, and external stakeholders in order to improve whole system working. This work is due to continue within 2024.

Market Development

Standard Agreement

Throughout 2023 our flexible services team contributed to the development of V2.1 of the Standard Flexibility Agreement as part of the Open Networks Standard Contract Technical Working Group. V2.1 was finalised and adopted in October 2023 in time for the launch of our Autumn 2023 flexibility tender and V3 is due to be finalised and implemented within 2024. V3 remains a key deliverable for FY25 and will see an industry shift to a framework style agreement to facilitate shorter term procurement.

Procurement Processes

During 2022 and 2023, members of our team contributed to Procurement Processes Technical Working Group which set out to standardise procurement processes for market entry into flexibility services. This group sought to consolidate and standardise both the Commercial and Technical criteria to improve clarity on the questions being asked and remove unnecessary barriers to market entry.

This will ultimately provide a standard pre-qualification data template for providers which can be used by all DNOs for adoption across their flex procurement processes; whether they are facilitated through manual or system/platform procedures. Stakeholder feedback sessions were carried out to review and consolidate the standardised template proposal. Taking on board this feedback, the DNOs then set out clear and achievable implementation plans. In addition, the working group has welcomed the representation of Market Platform Provider, Piclo, to the group since September 2023 who have been supporting with the finalisation of the templates and implementation planning.

Whilst all DNOs have committed to meet the Spring 2024 implementation target set by Ofgem, Electricity North West, along with several other DNOs, adopted the new templates via Piclo in October 2023 to remove barriers for participation in our Autumn tenders.

Flexibility Products

During the course of the 2023 flexibility products Open Networks technical working groups discussions, it was identified that there had been some significant divergence from the standard four products that had been agreed to be adopted from the 2020-2022 work. These divergences had predominantly evolved from variances in network topologies, stakeholder preferences and technical capabilities on the products, and a variance in

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interpretations of the product definitions. As there was already significant variance in how these products had been procured and utilised it was decided that instead of continuing to utilise the current four product names, that new product names that had more meaning would be developed. We have played an active role in collaborating with the other DNOs to form a set of common products that will be implemented from April 2024. There are five core products that will be adopted, however within each product there are variants one or more of the products parameters. The variation in the products predominantly reflects the needs of different stakeholders within the process to be able to actively engage in flexibility markets coupled with the needs of the network to make these products most useful.

As an interim step to full business as usual of the new products, we published our tender requirements in the new common format for specifying product parameters within our Autumn 2023 tender. We have however utilised the old standard naming for this tender round due to required changes to the procurement platform we are utilising and to allow for the formal publication of the new standard product parameters, to ensure that we didn't deviate from this standard ahead of its formal publication (allowing for any minor changes to the standard prior to publication). Electricity North West has adopted the new standard product names and product parameters within the Spring 2024 tender. We will seek to minimise the number of variants that we tender for as much as possible to minimise stakeholder confusion, however will look to ensure that we maximise the possibilities for different flexible service providers (FSPs) to participate and ensure we can maintain our commitments to utilising flexibility first.

Settlement Processes

The settlement processes technical working group have worked to align upon standardising a number of elements linked to flexible services settlement.

- Reviewed and expanded the list of parameters that were first developed in 2022 to include a future settlement API and CSV standard. This list has been passed to the Dispatch Interoperability Technical Working Group to envelop into their work.
- Following stakeholder feedback it has been agreed that where asset level metering is being utilised to record flexible services dispatch instead of boundary metering, the BSC -COP 11 accuracy, calibration test certification, limits of error, and sealing requirements are adopted. This requirement was adopted into our Autumn 2023 flexible services tender documents.
- Agreement was reached that DNOs will accept a range of metering granularities including both minute-by-minute and half hourly granularities. Certain products rely on minute-by-minute metering granularity for accurate performance monitoring and settlement. Where an alternative to minute-by-minute granularity is provided the data may be disaggregated. This guidance was adopted into our Autumn 2023 flexible services tender documents.
- Progress towards agreeing standardised formulae for settlement payments has almost been completed, this work is expected to be completed within early 2024.

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ENA Open Networks Project summary of updates table- Flexibility Services	
Product	2023/24 Update
Carbon reporting	SLC31E Procurement report being modified in 2024 to incorporate stakeholder feedback to provide greater transparency of the formulae used.
NDP & coordination register	No changes made to NDP report in 2023- We will continue to publish reports in line with ENA recommendations.
DER information	Following the development of a recommendation for a list of monitoring and control data points which will allow us to unlock significant customer benefits, a recommendation for modifications to the DCode will now be assessed by the DCode working group.
CEM & Tool	No changes to CEM & Tool in 2023. We will continue to utilise the tool to calculate a ceiling price for each requirement zone in our tenders and evaluate Provider's bids.
Operational data sharing	Focus is currently on identifying which data items should be shared in future between network operators, system operators, and external stakeholders in order to improve whole system working.
Dispatch systems interoperability	A number of possible options are currently being evaluated to determine how the 2024 work program will develop and implement an API standard as soon as possible.
Primacy rules	Following successful delivery of two primacy rules in 2023, the focus in 2024 will shift to identifying which data sets will enable the greatest level of value to whole system working reducing the risks of service conflicts.
Standard agreement	V2.1 will continue to be utilised by all DNOs until V3 is finalised and implemented as a framework style agreement in 2024.
Flexibility products	A new set of five core flexibility products were developed in 2023 and Electricity North West have adopted the new standard product names and parameters within the Spring 2024 tender.
Procurement processes	Commercial and Technical criteria were consolidated and standardised in 2023 to improve clarity on the questions beings asked and remove unnecessary barriers to market entry.
Settlement process	A number of elements of the settlement process were standardised in 2023 including: metering, payments and parameters.

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3.7 Key information locations

Stakeholders can find the vast majority of information relating to flexible services via our website. Below is a categorised list with links to 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	
The below documents can be found in the helpful guides section of our document library	
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 Electron Connect, 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 five flexibility products we procure 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 GB DNOs to calculate ceiling prices for each requirement zone
Engagement	
The below resources can be found on our flexibility services engagement page	
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.
Upcoming events	View our upcoming flexibility events and register your place
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 delivering flexibility services, providing an overview of the previous year's work

7 USEFUL LINKS

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.
Operational Decision Making Framework	Optimising distribution with automation, flexibility, and informed decisions

Industry links

Electron Connect	Our core market platform for flexibility services. Providers can use this platform for commercial and technical qualification, placing bids, dispatch and settlement. It is an end-to-end platform.
Piclo Max	Our tenders are signposted via the Piclo Max platform and providers can use this platform to commercially and technically pre-qualify to participate in our tenders
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 2023/24 period, it was not possible to dispatch any services.

4.2 Participation in the 2023/24 tenders

To participate in our 2023/24 procurement rounds, flexibility providers were required to complete the following steps on the [PicloFlex platform](#):

1. Sign up to the Piclo Flex platform and complete commercial qualification
2. Register assets or update existing asset information
3. Confirm participation of selected asset(s) or withdraw asset(s) from competitions(s)
4. Assuming Providers were accepted, they could submit a bid for the provision of Flexible Services.

This year, we will be utilising a combination of the newly launched platforms [ElectronConnect](#) and [Piclo Max](#) for our tenders. The ElectronConnect platform is an end-to-end solution for flexibility providers to participate; from onboarding through to dispatch and settlement. Additionally, providers will have an alternative access point through Piclo Max where they can commercially qualify and upload assets, further removing barriers to entry for participation in the market.

4.2.1 Criteria for participation

To participate in Electricity North West's flexibility services tenders, the flexibility provider needs 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 10kW. There are no restrictions on the size of sub-sites of aggregated portfolios, but the total portfolio size also needs to be at least 10kW (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 technical qualification 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 complete commercial qualification, register their assets or update existing assets, and confirm entry of selected assets into the competition via the platform. Participants were 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 allowed us to verify a participants financial and technical suitability to participate in a DNO flexibility service. Providers were asked to provide supplementary evidence in the event that their commercial or technical checks return a negative or inconclusive result.

4.3 Assessment of bids

Since January 2022 we have been utilising the [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 Cost Benefit Analysis (CBA) for RIIO-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 our previous requirement page following each tender round, along with a more detailed analysis of the valuations for each requirement zone. The results for the 2023/24 tenders can be located in the [Previous Requirements](#) section of our website.

We currently operate a pay-as-bid pricing strategy for our flexibility tenders. We 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. The prices for each requirement are published on our flexibility map and within *Appendix 3- Site Requirements* as part of our suite of tender documentation on our [latest requirement page](#) in addition to being published on [Piclo](#).

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.

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 2023/24 tenders are deploying electric vehicle smart charging in order to provide the procured response another is using domestic scale storage. In total 0.533MW of the of demand response accepted (contract pending) within 2023/24 is made up of EV smart charging, 1.36MW from domestic storage, and 0.9MW from Industrial and Commercial demand reduction. The Electricity North West's flexible services market facilitates an entry level requirement of 10kW 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 enhance the methodology and tool set for carbon reporting of flexible services utilisation. Within 2023 the project team provided updated guidance upon the methodology and tool originally created within 2022. The enhanced methodology is now being used by all Network Operators who have dispatched flexible services.

As we have not dispatched any flexible services within the 2023/24 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 of 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 statement or the process of providing flexible services to the network, please get in touch with our team at Flexible.contracts@enwl.co.uk.



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.
Department for Energy Security and Net Zero (DESNZ)	DESNZ was established in February 2023 after a government reshuffle. The new department took on the energy policy responsibilities of the former Department for Business, Energy, and Industrial Strategy (BEIS).
Dynamic Purchasing System (DPS)	An online process for contracting flexible services on PicoFlex; 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.