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Distribution Flexibility Services Procurement Report

May 2022

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1 Introduction

This Distribution Flexibility Services Procurement Report sets out Electricity North West’s outcomes of Flexibility Services procurement for the previous regulatory year in line with the Office of Gas and Electricity Market’s (Ofgem) new electricity distribution licence condition 31E: *Procurement and use of distribution flexibility services*. This report reflects upon our approach to engagement, tendering, bid review, contracting and dispatch.

1.1. About us

Electricity North West is one of 14 distribution network operators in the UK regulated by Ofgem. We operate the local electricity network and distribute electricity, mainly from the National Grid, to 2.4 million homes and businesses in the North West.

We are responsible for maintaining and upgrading 13,000 km of overhead power lines and more than 44,000 km of underground electricity cables and much more.

Our network in the North West is one of the most reliable in the country and by the end of our current regulatory period, we will have invested £1.9bn in our network to ensure we continue to deliver an excellent, safe and affordable service to all our customers.



Figure 1: Electricity North West service area

2 Flexibility Procurement and Use Summary

2.1 Procurement, contracting and dispatch summary

In total we tendered for a total of 168.1MW of flexible services provision in the 2021/22 period. Although successful bids were received none progressed to the contract signing for the 2021/22 period. As such there was a 168.1MW shortfall in flexible services requirements for this period.

We did originally receive bids which were accepted for a total of 0.56MW from two separate parties for the 2021/22 period, however both of the parties did not progress to the contract signing stage. One provider stated that the value which they had offered was no longer financially viable, and the other provider did not have the technical capabilities required to dispatch the flexible assets they had tendered to utilise. We have had a further two bids for delivery of services in the 2022/23 period also withdrawn by these providers; again one stated that the project was no longer financially viable, and the other had tendered with a planned asset which will not be constructed in time to fulfil the contract.

In the procurement report datasheet these withdrawn bids have been listed as accepted on the *procurement* tab for consistency with previous reporting and to show the scale of the bids accepted, however have been omitted from the *Procurement and uses summary*, and *procurement-locational* worksheets to show the current contracted levels¹.

2.2 Stakeholder feedback on tender participation

Following each tender, we issue a survey to participants, and via other stakeholder engagement channels, we have collected the following feedback of why participants did not choose to bid into the 2021/22 flexibility services tenders. The main reasons given were:

- Low revenues offered by DNO flexible services contracts compared to other markets e.g. ESO services.
- A lack of suitable assets in the locations where we are procuring; predominantly the services required in 2021/22 have been for rural locations with low customer numbers, and no local generation so participants do not tend to have existing assets in these areas.
- A lack of technical capabilities to dispatch on command; this predominantly stems from a low maturity of the existing market.
- Lack of certainty relating to revenues; the majority of ENWL's needs so far have been for services procured long term (1-2 years in advance), however scheduling is carried out in short term (real time-1 week). Some providers stated they would prefer a guaranteed income rather than waiting to be dispatched.
- High fuel costs e.g. diesel, gas, etc.
- Some participants would prefer longer contract lengths to guarantee they are not developing stranded assets; whilst others would prefer much shorter contract lengths, so they can participate in other markets.

¹ Figures include some providers for future years who are still in the contract signing stage

2.3 2021/22 Procurement Statement

The April 2021 Procurement Statement stated that we were looking to procure a total of 158.3MW of flexible services for the 2021/22 period, and 169.25MW of flexible services for the 2022/23 period. We actually tendered for a total of 168.1MW in 21/22, and 274.1MW in 22/23. No contracts has been negotiated for the 21/22 period, and 0.82MW has been contracted for the 22/23 period.

The breakdown of the predicted requirements is shown in Table 1:

Product	April 2021 Procurement statement predicted requirement 21/22 (MW)	April 2021 Procurement statement predicted requirement 22/23(MW)	Actual Procured services 21/22(MW)	Actual Procured services 22/23(MW)
Sustain	5.78	6.51	0	0
Secure	83.19	92.93	0	0
Dynamic	0.97	1.43	0	0.82
Restore	68.38	68.38	0	0
Total	158.3	169.25	0	0.82

Table 1: April 2021 Procurement Statement predicted requirements vs contracted services for 2021/22

There were only minor differences between the April 2021 procurement statement and the actual level of requirements which were tendered for within the 2021/22 period. These minor deviations were as a result of increased certainty in forecasting through the year.

For the 2022/23 period the deviation between the April 2021 statement and the actual tendered volumes were as a result of enhanced forecasting certainty, combined with increasing volumes of connections activity . These volumes also reflect the economic recovery experienced during the 2020/21 period, as a result of the pandemic. We have seen an increase in Low Carbon Technology uptake in the region (Electric vehicles, and heat pumps), so these increased volumes are factored into the increased 2022/23 volumes.

2.4 2021/22 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 2021/22 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 2021	Spring 2021 table	Spring 2021 Geographical
Autumn 2021	Autumn 2021 table	Autumn 2021 Geographical

Table 2: Weblinks for 2021/22 Flexible Services Requirements

2.5 Procurement summary

Table below summarises the level of services procured by product type and by postcode sector.

Product	Actual Procured services 21/22(MW)	Actual Procured services 22/23(MW)	Actual Procured services 23/24(MW)	Location Postcode Sector
Dynamic	0	0.05	0.05	WA11 0, WA11 9, WA12 0, WA12 8, WA12 9, WA3 1, WA3 2, WA3 3, WA3 4, WA3 7, WN2 5, WN4 8, WN4 9, WN7 3, WN7 4
	0	0.05	0	BB11 2, BB11 3, BB11 4, BB11 5, BB12 0, BB12 6, BB12 7, BB12 8
	0	0.05	0.05	BL4 0, BL4 4, BL4 7, BL4 9, BL5 1, BL5 2, BL5 3, BL6 4, BL6 5, BL6 6, BL6 7, BL6 9, PR6 9, PR7 4, WN2 1
	0	0.19	0	CA6 5&6
	0	0.43	0	CA5 3-6; CA7 0-5; CA7 7-9
Total	0	0.77	0.1	N/A

Table 3: Actual procurement by product and location

2.6 Procurement timelines

The timelines for the 2021/22 tender processes are shown in Figure 2 & Figure 3



Figure 2: Spring 2021 Tender Timeline



Figure 3: Autumn 2021 Tender Timeline

The April 2021 procurement statement included the timelines for the proposed flexible service procurement activities for the year; these timelines were followed with no deviations.

2.7 Conflict management with the ESO

There have been no requirements for conflict mitigation with the ESO in 2021/22.

3 Stakeholder engagement

3.1 Engagement overview

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

We continue to update our interactive flexibility map on our [website](#) to simplify the information that we provide to stakeholders and assist them in the identification of assets within constraint zones by incorporating the new icons of the four standardised service products. The map also shows both current and forecasted requirements to provide more notice of future tenders, and details all of our current RIIO-ED2 flexibility opportunities.

In addition to signposting our requirements on our website and on the [Piclo Flex](#) platform, we communicated our requirements: to all members of our [distribution list](#) via email, on the ENA [flexibility in Great Britain webpage](#), via press releases, in our Incentives on Connections Engagement

(ICE) activities, in Innovation and Community Energy newsletters, and at events and webinars hosted by these teams. This helps to ensure visibility of and accessibility to our flexible services requirements.

In December 2021 we hosted a ‘Net Zero and Flexibility in the North West’ webinar showcasing our transition to Distribution System Operation, Decarbonisation and Flexible services. The event gave us the opportunity to do a deep dive into the current flexible services tender requirements, what the Open Networks Project has been doing within 2021, and the forward workplan for future developments. The addition of presentations relating to DSO transition and Decarbonisation gave the audience a holistic view of how these three topics relate together, and critically the importance of flexible services to promote decarbonisation. There were 79 attendees of the live webinar, and a further 95 views post event² via the [recording of the webinar](#).

We are seeing increased traffic through all of our digital platforms. Using Google analytics, we can see that stakeholders are being drawn to the flexibility services website from a range of sources. These predominantly come from google searches, and links within emails sent to our mailing lists; we are also increasingly seeing people being directed to our website from Piclo, and Flexible Power.

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

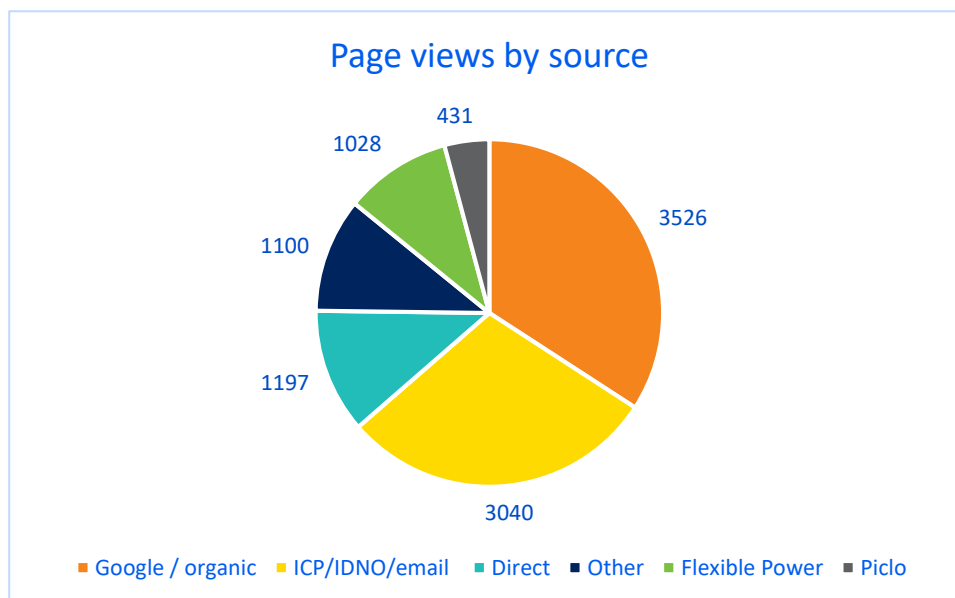


Figure 4: ENWL flexibility website views in 2021

We are also seeing a positive increase in the number of people who viewed our autumn tender documents, which were published in October 2021; compared to the spring 2021 tender there was a 61% increase in interest. These documents include the full half hourly profiles, common agreement, technical specification and post code checker in addition to the full Invitation To Tender document.

Open and accessible data is a central theme across our commitments under our RIIO-[ED2 Business Plan](#), the Open Networks Project and the Smart Systems and Flexibility Plan. Stakeholder engagement has been key to this, and we continue to consult our stakeholders at every opportunity on the usefulness of information and whether anything further can be provided.

² Figures verified as at 20/4/22

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

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

We continued our commitment of providing regular, consistent and transparent reporting by issuing our quarterly newsletter to over 260 stakeholders on our distribution list; providing updates on future requirements, results of our tenders, new and updated sources of information 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, reaching 54,000 followers.

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

We have recently published our 2022 [Distribution Flexibility Procurement Statement](#). Within the document key sections include information on: distribution flexibility service requirements, criteria for participation, the dispatch of Flexibility Services, tendering process's, stakeholder engagement, quantitative assessment, how to contact us, and useful external links.

The [results of the Spring 2021 Tender](#) and [the results of the Autumn 2021 tender](#) showcased a new style of reporting tender outcomes. Following the close of each tender we produce a report detailing the results of the tender. This provides clarity on the bids which are accepted and rejected, as well as showing the contract lengths and the bid price accepted. This information delivers transparency in the procurement process as well as giving future market participants an insight into the potential values of revenue they could expect to achieve by participating. This information can be accessed via the [Previous Requirements](#) webpages. Future tender results will be reported following the format of the Spring and Autumn 2021 tenders.

3.2 2021/22 Engagement activities

Key engagement activities throughout the 2021/22 period are shown in the table below:

Engagement	Date	Details
Electricity North West Flexibility webinar	21/04/21	This webinar gave a comprehensive overview of what flexible services are, how to participate, and introduced the Spring 2021 tender. The webinar also gave participants an opportunity to get an overview of the ENA open networks products relating to flexible services and how the industry is collaborating to standardise flexible services procurement, dispatch, and settlement processes.
DSO Strategy and Grid Digitalisation & Data Strategy	19/04/2021	We updated our Strategy documents on our website considering feedback collated in the previous year. These strategies reiterated our 'flexibility first' approach, in recognising procuring flexibility services as a key DSO function and a vehicle for change as part of the transition to net zero carbon.
Sustainability Panel	11/06/2021	Advisory panel hosted by an external chair. At this event ENWL presented an update on the Spring-21 tender and promoted the subsequent ENA Open Networks Flexibility Consultation.
ENA Open Networks Flexibility Consultation	18/08/2021	ENWL chaired the ON21 Flexibility consultation webinar in August, consulting stakeholders on the proposals developed by the workstream throughout the year, and the next steps required.
DG HV & EHV ICE workshop	12/07/21	As part of our 2021/22 Incentive on connections engagement (ICE) workplan we committed to keep distributed generation stakeholders up to date with how we are procuring flexible services. We presented at these events to communicate. This webinar gave a general overview of what flexible services are, and how to participate. We reflected that distributed generation has a significant part to play in provision of flexible services, and this is a potential additional revenue stream to developers to make a project more economical.
LV ICE workshop	14/09/21	
DG HV & EHV ICE workshop	04/11/21	
Decarbonisation of Public Estate	02/11/2021	Forums held by Local Authorities, promoting the use of flexibility in helping to decarbonise the region. ENWL promoted the use of flexibility as a means of financing net-zero, and these sessions generated good numbers of enquiries and distribution list sign ups.
Low Carbon Buildings Challenge Group	03/11/2021	
Energy Innovation Challenge Group	11/11/2021	

Engagement	Date	Details
Sustainability Panel	03/11/2021	Advisory panel hosted by an external chair. At this event ENWL presented an update on the Autumn-21 tender and highlighted the main developments made in 2021, in addition to the key commitments submitted in our RIIO-ED2 business plan surrounding Flexibility and DSO.
Net Zero and Flexibility in the North West webinar	3/12/21	This workshop provided an overview of our Autumn 2021 flexibility requirements and how businesses could get involved, explained in the context of ENWL's transition to DSO and our wider programme to help businesses and the North West take urgent action to reach net zero.
Flexible services surgery sessions	Various dates	Through the year we held five 1-2-1 surgery sessions with stakeholders who are interested in participating in flexible services. Participants are given the opportunity to ask directed questions about their individual assets and how they can participate.
Newsletters	Various dates	We issue quarterly newsletters to our Flexible Services distribution list, as well as publishing these on our website . We also provide regular updates via other newsletters in order to reach stakeholders who have signed up to our community and local energy and Incentive on connections engagement (ICE) , and Stakeholder engagement mailing lists.
Notifications of tenders and reminders	Various dates	Following the publication of each tender a range of emails, and social media posts are issued by us and our partner Piclo. These act as notifications of the tender becoming active, and then serve as reminders for stakeholders to participate, and engage with us about these tenders,

Table 4: 2021/22 Engagement activities

3.3 Information provision to stakeholders during a tender process

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



- Details of future forecasts of requirements provided via interactive map on the [flexible services website](#)
- Indicative timelines for future tenders are highlighted on the '[flexibility timeline](#)' hosted on the ENA Open Networks website.
- Pre-tender notice issued on the [Find a tender](#) website. This notifies prospective participants that we are going to issue a flexible services tender within the next month.

- There is a wide range of information available on our [website](#) 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.



- Tender and associated appendixes published on the ENWL [Latest Requirements](#) webpage
- Tender uploaded to the Piclo Flex platform. All parties with registered assets within an active tender zone are notified via automated messaging.
- All parties registered to the [flexibility services distribution list](#) will receive emails to notify them of an active tender, as well as regular updates through the tender process to remind them to participate.
- We also provide regular updates via other newsletters in order to reach stakeholders who have signed up to our [community and local energy](#) and [Incentive on connections engagement \(ICE\)](#) mailing lists.
- Social media posts are regularly posted during an active tender to communicate to new and existing stakeholders to participate. These channels include: [Facebook](#), [Linked in](#), and [Twitter](#)
- We advertise utilising other partners and stakeholder communities we belong to and their own mailing lists and channels E.g. [Boost](#) and [Wigan businesses](#).
- We host a webinar to introduce stakeholders to flexible services, communicate how to get involved, promote the active tender, communicate any significant developments since previous webinar, provide updates on industry collaboration and standardisation, and give stakeholders the opportunity to ask questions.
- We provide 1-2-1 support for stakeholders via [surgery sessions](#) who want to discuss their individual assets and how to get involved.
- The Pre-qualification questionnaire is provided via a [webform](#). To help participants with the Pre-Qualification Questionnaire (PQQ) a [video](#) guide has been published to further explain the parameters within this questionnaire.



- We communicate to all stakeholders who participated within the tender to signal if their bids were accepted or rejected and provide a reason for doing so.
- We publish the results of the tender on the tender webpage and archive this within the [Previous Requirements](#) region of the website. This allows for transparency in decision making, as well as providing useful information for future tender participants.
- We will communicate with successful participants, who have had their bids accepted, to arrange for contract signing and integration into the dispatch and settlement systems.

3.4 Collaboration

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

We conducted our 2021 tenders via the [Piclo Flex](#) platform using a Dynamic Purchasing System (DPS), which is now identified as best practice and adopted by all DNOs, and continue to engage in collaborative working groups with other Piclo members to seek feedback from Flexibility Providers on how to improve the platform and procurement process, and also to improve the user experience of the platform for DNO users, such as through automated report generation.

In May 2021, we also joined the [Flexible Power](#) portal collaboration along with Northern Powergrid, Scottish and Southern Electricity Networks, SP Energy Networks and Western Power Distribution. This platform is used for the dispatch and settlement of flexible services, to support our stakeholders drive for simplicity and consistency across DNOs. We have worked with the Flexible Power Collaboration throughout the year to further enhance the capabilities of the Platform to improve the user experience as well as opening up flexible services contracts to a wider pool of resources.

We have remained active members of the [ENA Open Networks Project](#) and have representation across all nine work products under Work Stream 1a – Flexibility Services.



Figure 5: Open Networks Work Stream 1A – Flexibility Services – work products for 2021

Key highlights of the Open Networks 2021 programme under WS1A:

- Led the Open Networks product to refine the [Common Evaluation Methodology and Tool](#) for network licensees to compare the cost of flexibility with network intervention.
- Collaborated with other DNOs and the ESO to refine a [standardised Common Flexibility Agreement](#), to provide a more consistent and simplistic approach to contract development.

The 2021 developments have been predominantly focused upon changes required to enable the ESO to utilise the Common Flexibility Agreement.

- Working with the other DNOs to develop [Common Baseline methodologies](#) and an [online tool](#). These have been offered to successful bidders to our 2021 tenders as options for calculating their baselines.
- Working through the Open Networks Project to develop and implement “Primacy Rules” to allow DNOs and the ESO to be able to operate flexible services markets with minimised conflicts of service and mitigation where conflicts cannot be avoided. Primacy Rules are intended to provide transparent tools for the avoidance, and where applicable, resolution of conflicts to maintain system and network integrity as well as avoiding unnecessary system costs and carbon impacts.

Associated with all of the Open Networks work there are regular opportunities for stakeholders to provide input into the proposals and to shape the future work structure. Engagement opportunities are provided through regular product specific webinars, workstream consultations, a stakeholder advisory group, 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. We have however noted that feedback from stakeholders is becoming more limited and tends to be provided by common groups of stakeholders. This may be a reflection of stakeholder fatigue, given this has also been a significant year for other related stakeholder engagement within the industry i.e. DNO RIIO-ED2 business plan consultations, Ofgem and BIES consultations, ESO consultations etc. A copy of the [WS1A flexibility 2021 consultation](#) is available as well as a [summary of responses](#).

3.5 Feedback from engagement

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



Figure 6: Actioned feedback throughout 2021/2022

3.6 Key information locations:

Stakeholders can find the vast majority of information relating to flexible services via our website, this includes how to get in touch with us, previous engagement, our current requirements, future requirements, and all of our detailed guidance documents.

Information	Link	Description
Flexible Services home page	https://www.enwl.co.uk/go-net-zero/flexible-services/	The Home page for ENWLs flexible services information included on this page is a flexibility map which shows both the current and forecasted future requirements.
Current requirements	https://www.enwl.co.uk/go-net-zero/flexible-services/latest-requirement/	View our latest flexible services requirements and find out how to participate.
Understanding Flexible Services	https://www.enwl.co.uk/go-net-zero/flexible-services/additional-information/	Find out more about flexible services including the benefits, how to take part, our procurement process, FAQs and download useful guides and documents from our library below.
Sign up to our distribution list	https://www.enwl.co.uk/go-net-zero/flexible-services/flexibility-distribution-list-form/	Keep up to date with our requirements by signing up to our distribution list to receive our quarterly newsletters and event invites
Engagement	https://www.enwl.co.uk/go-net-zero/flexible-services/engagement/	View out flexibly event materials and quarterly newsletters
Previous requirements	https://www.enwl.co.uk/go-net-zero/flexible-services/previous-requirements/	View our previous tenders and there outcomes
The year in review	https://www.enwl.co.uk/go-net-zero/flexible-services/the-year-in-review/	Read about how we are fulfilling our commitments to the Energy Network Association's (ENA) Six Steps for Delivering Flexibility Services.
Request a surgery appointment	https://www.enwl.co.uk/go-net-zero/flexible-services/engagement/request-a-surgery-appointment/	We host one-to-one surgery appointments for our flexible services stakeholders to assist with any queries relating to the process of providing flexibility to the network.
Have your say	https://www.enwl.co.uk/go-net-zero/flexible-services/engagement/feedback/	Please use this form to send us any feedback or questions you may have surrounding flexible services.
Get in touch	flexible.contracts@enwl.co.uk	Stakeholders can send us an email to discuss any topics relating to flexible services

Table 5: Key information locations

4 Economic viability

4.1 Dispatch of services

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

4.2 Participation in the 2021/22 tenders

To participate in our 2021/22 procurement rounds, flexibility providers were required to:

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

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



Figure 7: Piclo logo

4.2.1 Criteria for participation

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

- a) The Flexible Resource must:

either be already connected to the network location being supported; providers should use the highlighted area on the maps provided on our website and on the Piclo platform as an indication of whether the resource is in the right geographic location,

or

be able to locate (i.e. install, commission, and deliver) the Flexible Resource in the locality of the network asset being supported 1 month prior to the delivery start date.

- b) The minimum size for directly contracted resources should be at least 50kW. There are no restrictions on the size of sub-sites of aggregated portfolios, but the total portfolio size also needs to be at least 50kW (flexibility capability and not capacity).

- c) The provider should be able to deliver and manage, upon the Company's request, a net reduction in the demand or an increase in the export, as seen by the distribution network through flexibility or energy efficiency.
- d) The Flexible Resource should have the ability to act (i.e. provide a response) reliably and consistently, in both magnitude and duration, throughout the contracted windows.
- e) Generators and electrical storage, greater than 16A per phase, looking to export to the network will need to have a long-term parallel connection and be compliant with the requirements of EREC G59 or EREC G99.
- f) The provider/Flexible Resource should be able to deliver the service by the specified delivery start date.

Participants are required to complete a [Pre-Qualification Questionnaire](#) (PQQ) 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 the pre-qualification stage of the procurement process we will assess the applications received and identify bidders that meet the specified requirements in section 4.2.1. Only bidders that fulfil the requirements will be eligible to submit bids in the two-week bidding window. Bids will be submitted, and bidders notified of the outcome via [Piclo Flex](#).

In order to participate in the ENWL tenders providers were required to carry out a DPS check which is facilitated utilising the [Piclo Flex platform](#); technical pre-qualification which is facilitated through the [Piclo Flex platform](#); as well as submitting a [Pre-qualification questionnaire \(PQQ\)](#). Participants are asked as part of asset qualification if they participate in any other markets, if they are able to receive and act upon a dispatch signal, and in the case of planned assets the timeline for their energisation. These checks allow ENWL to verify a participants financial and technical suitability to participate in a DNO flexibility service. Providers are asked to provide supplementary evidence in the event that their DPS or PQQ checks return a negative or inconclusive result. Within the 2021/22 procurement period there were no participants who were excluded from participating in a tender as a result of these checks.

To help providers with the PQQ process we produced a video guide to help providers fill in the information and held surgery sessions with several providers to help them fill out this information, hosted on the PQQ webpage.

4.3 Assessment of bids

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

The CEM tool evaluates solution options comparing network capacity and network losses over the range of [Distribution Future Electricity Scenarios](#) (DFES) scenarios to identify the most cost-effective solution and proposes optimum contract length. Based on the format of the Ofgem CBA for 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.

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

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

We evaluate the providers bid against the capacity and duration of service that they are offering, as well as the bid price vs the CEM tools financial evaluation of the ceiling price. Bids which exceed the ceiling price are rejected as these are viewed as not offering value for money. During the assessment period, we may hold a Post Quotation Negotiation or Best and Final Offer meeting with successful bidders. This approach was utilised twice during the period of 2021/22.

The results for the 2021/22 tenders can be located on the website: [Spring 2021](#) and [Autumn 2021](#)

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. Two of the providers who were accepted within the 2021/22 are deploying electric vehicle smart charging in order to provide the procured response. In total 0.87MW of the 0.92MW of demand response contracted to date is made up of EV smart charging. The ENWL flexible services market facilitates an entry level requirement of 50kW of aggregated response to participate; it is believed that

this low level will act as a stepping stone for future larger aggregated portfolios to be developed and subsequently lead to aggregators being able to participate both at a local and a national level.

5 Carbon reporting

We are supportive of Ofgem’s request for networks and system operator to develop consistent methodologies for carbon reporting and monitoring of their actions and markets ahead of the RII0-ED2 price control. We are an active member of the Open Networks working group aiding the development of a common reporting methodology in preparation for the 2022/23 reporting cycle.

We have committed to utilising the carbon reporting methodologies which are being developed as part of the Open Networks Project in an update the Comment Evaluation Methodology (CEM). This product team developing this methodology and tool is comprised of all the UK DNOs, and ESO; the group is also open for IDNO, and Ofgem participation. The methodology will be consulted upon to the wider stakeholder community to ensure transparency and the option for stakeholder enhancements.

As we have not dispatched any flexible services within the 2021/22 period currently there are no carbon emissions relating to flexible services provision.

6 Contact us

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

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

To request a copy of this statement³ please contact our team at Flexible.services@enwl.co.uk.

7 Useful links

Link name	URL
Ofgem website	https://www.ofgem.gov.uk/
ENWL Flexibility Services portal	https://www.enwl.co.uk/go-net-zero/flexible-services/
Piclo Flex platform	https://picloflex.com/
Flexible Power portal	https://www.flexiblepower.co.uk/
Energy Networks Association website	https://www.energynetworks.org/
Flexibility in Great Britain Timeline	https://www.preceden.com/timelines/523803-flexibility-in-gb-timeline

³ Please note that a charge applies for this service.

Link name	URL
Common Flexibility Agreement	https://www.enwl.co.uk/globalassets/go-net-zero/flexible-services/understanding-flexibility/library/standard-flexibility-services-agreement---v1.2-.pdf
Common Evaluation Methodology and Tool (CEM)	https://www.energynetworks.org/assets/images/Resource%20library/ON20-WS1A-P1%20CEM%20Tool%20v1.0.xlsm.zip
Sign up to receive our flexibility newsletters and event invites	https://www.enwl.co.uk/about-us/contact-us/sign-up-to-a-distribution-list/
Request a one-to-one surgery appointment	https://www.enwl.co.uk/go-net-zero/flexible-services/engagement/request-a-surgery-appointment/
Register your asset	https://www.enwl.co.uk/go-net-zero/flexible-services/register-your-asset/
Electricity North West Distribution Future Electricity Scenarios Report	https://www.enwl.co.uk/get-connected/network-information/dfes/
Electricity North West Network Development Plan	https://www.enwl.co.uk/get-connected/network-information/network-development-plan/
Electricity North West Distribution Flexibility Procurement statement	https://www.enwl.co.uk/go-net-zero/flexible-services/flexibility-procurement-statement/