Growing DSO Flexibility Markets to Reach Net Zero

Event summary

June 2022

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About this event

Date: 14 June 2022

Event name: Growing DSO flexibility markets to reach net zero

Location: Manchester’s esteemed Science and Industry Museum

Summary of event: We were delighted to meet face-to-face with industry stakeholders from across the country to discuss the future of flexible services in the UK. Our round table discussions generated some invaluable feedback and suggestions to help shape the future of this fast growing market.

57

attendees

Presentations and collaboration sessions

The day began with some short presentations delivered by Electricity North West, SP Energy Networks and UK Power Networks on their priorities for flexibility services markets in our next business price control period, RIIO-ED2.

In the afternoon Piclo shared their investigation into market barriers which was carried out with the help of a group of Flexible Providers. Both topics were followed by collaborative sessions focusing on market barriers and priorities for ED2. Common themes discussed across the roundtables included:

- Assets
- Connections
- ESO
- Contracting
- Market data
- Dispatch certainty
- Revenue
- Education

Roundtable discussions

Topic	Feedback	Recommendation
Short term markets	The shift towards real time procurement was seen as helpful in overcoming barriers, such as dispatch uncertainty from long term contracts.	Build confidence in short term market by showcasing flexibility services success stories, highlight plans for short term market in ED2 and conduct short term trial
Connecting assets	With the no. of connections increasing, costs, time to connect and complexity remain a significant barrier to asset deployment with a knock on impact for flex market participation	Add fast track option to G99 form for flex service assets to speed up process. DNOs to fairly assess ANM vs flex services- CEM tool
Asset requirements	Some assets don't qualify due to suitable controls, metering or processes to join aggregators even if they want to sign up. Piclo has postcode checker but some flex providers only have the MPAN. Aggregators don't have sufficient MW at local level.	Piclo to explore developing MPAN checker and investigate progress on single asset registration industry workstream
Location	Only assets within a specific requirement zone can take part, leading this issue to be referred to as the 'postcode lottery'	Piclo could improve asset info for DNOs during competitions even those that technically sit just outside of requirement zones

Roundtable discussions cont'd

Topic	Feedback	Recommendation
Information	Need to give flex providers notice of the type and location of services required in ED2, and the potential revenue offered for providing these services. A lot of providers are new to the market and need simplified guides on flexible services.	DNOs to increase visibility of future procurement plans including service type and location. Monthly forecast for customers with basic probability of dispatch data. More ESO/DNO data sharing to help flex providers to understand the bigger picture
Standardisation	There is still a lack of standardisation across flex service products, payment, dispatch and settlement, APIs and platforms. Flex providers don't want to use multiple platforms to register assets and take part in tenders.	Industry must standardise operational and dispatch processes. Products need to be more standardised so that technical requirements of each product don't differ, implement existing Open Network Project's standardisations. Standardise APIs
Contracting	Framework contracts would allow flex providers to add assets and data more flexibly. Mix of short, medium, long term contracts should be available to suit different customers. Separate pricing and services from the notion of contracts.	Outline plans for a framework contract & promote a variety of short, medium & long term contracts for ED2. Separate concept of pricing/ services from contracts
Manual vs Automation	Scaling up using non-automated channels is difficult, particularly to understand when things have gone wrong for settlement purposes. APIs can help but some flex providers can't implement these. Costly to implement	Implement and standardise APIs to facilitate DSO flex market scaling but ensure providers can still participate in a variety of ways e.g. email, phone, APIs, RTUs

Roundtable discussions cont'd

Topic	Feedback	Recommendation
Dispatch certainty	Flex providers expressed they lacked certainty of dispatch volumes to build business cases	Introduce short term markets and provide clear dispatch forecasts
ESO market	DNOs offer small revenue compared to ESO and flex providers have more experience with ESO markets	Move DNO markets to day ahead in line with ESO markets and ensure all are stackable.
Planned assets	Lack of confidence in market with high volume of planned assets bidding, many of which are uncertain will develop to be operational	Explore introduction of penalties to add certainty for flex providers that DNOs will dispatch as planned, and for DNOs that planned assets will be energised on time
Education	Lack of basic understanding of flexibility Services including local constraints, taking part in tenders and earning potential	DNOs to produce simple, user friendly guides for anyone completely new to the market particularly to cover revenue and benefits of providing flex services

Event summary

The aim of this event was to stimulate market engagement and boost market confidence, participation and liquidity.

The presentations and panel discussions with Electricity North West, UK Power Networks, SP Energy Networks and Piclo helped to stimulate valuable conversations around overcoming market barriers which will help to shape our future flexibility services procurement plans. The feedback received will be taken on board as we continue to improve our processes to facilitate participation in this market.

If you have any questions or feedback about this event or flexible services in general, please get in touch at flexible.contracts@enwl.co.uk. We hope to see you at one of our future events.