



## 2019 - the year in review

Looking back on our progress in line with the flexibility commitments in 2019

January 2020

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## Introduction

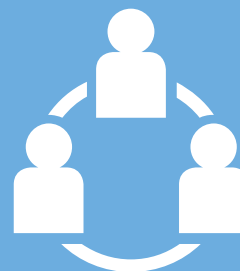
Electricity North West Limited (ENWL) sees flexibility services as a key DSO function and a vehicle for change, as it facilitates the North West's transition to net zero carbon. Embedded in everything we do are our core principles of being switched on; adaptable and taking pride. It is through these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

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

Electricity North West Limited has recently issued its fifth tender for flexible services, having issued its first Expression of Interest in April 2018. This document outlines the changes that we have made during 2019 to demonstrate how we are fulfilling our commitment and embedding the [Six Steps for Delivering Flexibility Services](#).

### 1 Champion a level playing field

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



#### 1.1 What we did

Following feedback from surveys undertaken by participants and stakeholders we have made the following amendments to our procurement approach in 2019 to ensure that we champion a level playing field, and promote market neutrality in everything we do:

- Reducing the minimum requirements to participate from 100 to 50 kVA;
- Removed the requirement for minute by minute metering and now only require half hourly metering;
- Doubled the clarification period for participants to ask questions;
- Standardised the timing for publication of our tenders to spring and autumn in line with our internal review commitments;
- Improved signposting on our website for both current and future flexibility requirements in both tabular and interactive map formats; and
- Improved information and tools (glossary, template contract agreement, guidance on understanding our requirements and valuation methodology).

## 2 Ensure visibility and accessibility

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



### 2.1 What we did

The signposting and publication of tenders is managed through our Flexible Services webpage where requirements can be identified through our [new interactive map](#). Requirements are also emailed directly to all signatories of our distribution list; updated on the ENA flexibility in Great Britain webpage; issued via press release; included in our Incentives on Connections Engagement (ICE), Innovation and Community Energy newsletters; and sent directly to customers connected within the constrained region. This helps to ensure visibility of and accessibility to our requirements.

Last year we also signed a collaboration agreement with Open Utility Limited to jointly develop its Piclo Exchange platform and ensure that there is wider visibility of our flexible services tenders.

Feedback throughout the year told us that the largest barrier to entry was locational, as stakeholders did not have assets within the constrained zones. In order to help stakeholders identify when there is an opportunity available to them, we have recently added a new ['register your asset'](#) page. We will then directly contact stakeholders when a requirement for flexibility is published within the same region of this asset, which increases the visibility of these opportunities and makes it easier for customers to participate.

## 3 Conduct procurement in an open and transparent manner

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



### 3.1 What we did

The results of our tenders are communicated out to our stakeholders directly via our distribution list and formal press releases and updated on our website under [‘previous requests for proposals’](#).

We manage the tender process internally, using the standard systems/processes employed by Electricity North West’s procurement department. This is detailed in our [‘understanding flexibility’](#) document on our website, which explains how we identify requirements, the nature of our services, a summary of our procurement process and the minimum criteria for participation in line with this flexibility commitment.

Our procurement [decision making criteria](#) is published on our website and explained in multiple documents which detail our procurement process. We have published the procurement decision making criteria and our [flexibility valuation methodology](#) on our website in our [‘additional information’](#) section.

## 4 Provide clarity on the dispatch of services

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



### 4.1 What we did

We are currently producing a technical specification to accompany our future tenders which will look to address any site-specific requirements relating to that service and clarify our dispatch methodology.

We are active members of the [ENA Open Networks Project](#), and we are committed to implementing the best practice as identified by this working group and to achieving standardisation in the reporting framework across the networks where possible. The learning from the methodologies currently enacted by each DNO is planned to be reviewed to identify any best practice in the autumn of 2020.

## 5 Provide regular, consistent and transparent reporting

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



## 5.1 What we did

We implemented our quarterly newsletter, and have an [archive](#) on our website so that stakeholders can follow our journey. This provides updates for stakeholders on any new requirements, results of our tenders, new information and available and upcoming workshops. This addresses the flexibility commitment of providing regular, consistent and transparent reporting.

In terms of valuing flexibility, we use our Real-Options Cost Benefit Analysis (ROCBA) tool to evaluate flexible service offerings and other investment opportunities. The tool was developed under our NIA funded [ATLAS project](#) (Architecture of Tools for Load Scenarios) and was modelled on the Ofgem CBA tool. This ensures regulatory compliance in our investment decision making, whilst also helping to achieve efficient whole energy system outcomes and delivering benefits to all of our customers.

## 6 Work together towards whole energy system outcomes

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



### 6.1 What we did

We 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 so that we could make any necessary changes in order to facilitate participation in any subsequent tenders. Over the last two years there has been considerable interest in our services, however there have been insufficient responses to each round of requirements.

Therefore we decided to hold our first interactive [flexibility workshop](#) in November. We focussed on explaining our procurement processes and requirements, to ensure that stakeholders have a robust understanding and are provided with all the information required to submit a request for proposal. We also conducted several feedback activities which looked at identifying barriers to participation and any additional information that stakeholders may find helpful to facilitate participation. The largest barrier to participation for our services was identified as locational, as stakeholders did not have assets within our constrained regions.

Feedback from this workshop was extremely positive:

- 80% of attendees found it 'very useful', with 20% finding the event 'useful';
- 100% of attendees would recommend the event to a colleague; and
- 100% of attendees would attend the event again.

Going forward, we will be holding workshops bi-annually in the Spring and Autumn each year in line with our scheduled procurement rounds. These workshops will look to explain our current requirements and consult stakeholders on our approach to procuring flexibility as we aim to continuously improve our approach.

An [archive](#) of these workshops and a summary of feedback received and actioned can be found on our engagement page.

## Looking forward to 2020

In line with the assurances of the Open Networks project, in 2020 we are committed to achieving consistency and standardisation of flexibility services across Great Britain. This year we will adopt a common flexibility contract, align our branding and active power services, and developing a consistent flexibility valuation methodology.

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