



Distribution Flexibility Services Procurement Statement

March 2021

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1 INTRODUCTION

This Distribution Flexibility Services Procurement Statement sets out Electricity North West's plans for procuring Flexibility Services for the upcoming 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 statement reflects our approach for supporting the Flexibility market in Great Britain as we collaborate with other Distribution Network Operators (DNOs) and Independent Distribution Network Operators (IDNOs) to deliver simplicity, commonality, accessibility and transparency throughout our flexibility processes in this fast-developing new sector.

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.

2 DISTRIBUTION FLEXIBILITY SERVICE REQUIREMENTS

2.1 Our approach to flexibility

Electricity North West sees the use of flexibility services as a key Distribution System Operation (DSO) function and a vehicle for change, as it facilitates the North West's transition to net zero carbon. The rise in low carbon technologies will ultimately result in a lot more demand being placed on our network, and the cost of upgrading the network to meet this increased demand would mean higher bills for customers. We are therefore trialling smarter, more affordable techniques to use the existing network more efficiently, which will reduce costs for all our electricity customers in the future. Some of the ways in which we can facilitate the extra demand associated with the transition to net zero whilst utilising our existing network is through the procurement of flexibility services and promotion of energy efficiency measures.

At times of high electricity demand and when the network is operating abnormally, we are looking to enter into contracts with Distributed Energy Resources (DERs) to adjust how much electricity they consume or generate either through flexibility or energy efficiency measures, in return for financial payment as an alternative to traditional approaches. The aim is to reduce the cost for electricity distribution networks in customer energy bills while ensuring that our network remains reliable, resilient and meets our customers' needs.

We remain committed to ensuring we champion a level playing field for all network users with connected resources and adopt a neutral market position in everything we do. Each year we aim to increase the accessibility and transparency of flexibility services opportunities, ensuring they remain open for all to participate in, and seek to help customers understand the methodologies and criteria that are used to procure, dispatch and settle flexibility services from their DERs.

2.2 Future requirements

As we approach the end of RII0-ED1 we are now seeing an increase in the opportunities for flexibility and energy efficiency across our network and are proud to be delivering a product that provides so many benefits to both DNOs and Flexibility Providers.

Our flexibility tenders are a result of our network loading analysis using the forecasts generated from our [Distribution Future Electricity Scenarios \(DFES\)](#) processes. Our DFES report is published on our website annually and details our view of the North West's future electricity requirements. It contains a range of possible views of the future, which indicate how different influences can change electrical demand and generation on our network. On an annual basis through our DFES publication, we forecast what we expect the demand to be on our network in both the near and distant future. We then look at each of our substations and compare the firm capacity with the forecast demand. Where a constraint is identified which can be alleviated by flexibility or energy efficiency services, we publish these requirements to stakeholders via the Piclo Flex platform, our Flexibility Services newsletters, social media and press releases.

The next few years will see the delivery of our Network Management System (NMS) and Active Network Management (ANM) system, and the further roll out of smart meters and additional monitoring at High Voltage (HV) and Low Voltage (LV). This data coupled with aggregated smart meter data will provide increased visibility of our High Voltage (HV) and LV networks, allowing us to understand utilisation of the network, identify both existing and upcoming constraints and expand our opportunities for flexibility services to these lower voltage levels. With approximately 34,000 distribution substations located across the North West, it is estimated that we will have up to 200 opportunities available each year, facilitating the growth of residential flexibility and energy efficiency markets and maintaining our position as a Neutral Market Facilitator.

We will continue to act in the best interest of our customers, and to procure flexibility and energy efficiency where it is economic and efficient to do so, and with these advancements we will be ready to meet the markets of the future.

2.3 2021/22 Tenders

Our procurement processes are common across the DNOs and continue to be refined and standardised through dedicated workstreams under the Open Networks Project. Energy efficiency delivers benefits across all product types (sustain, secure, dynamic and restore) and is therefore considered as a viable option and promoted for all flexibility tenders.

We will be conducting our 2021/22 procurement rounds via the [Piclo Flex platform](#) which adopts a standardised procurement process to simplify our requirements and associated processes for providers of flexibility. Our requirements will be published twice a year in Spring and Autumn in line with the completion of our network loading analysis and [Distribution Future Electricity Scenarios \(DFES\)](#) processes and subsequent reviews. We will provide details on the location, size and type, availability window and conditions precedent of each tender. Full details for each site will be published on the Piclo Flex platform and on the 'current Invitation to Tender' (ITT) section of our website, and the [Flexible Power](#) webpage.

The full suite of Invitation to Tender documents include:

- Invitation to Tender terms and conditions

- Common Flexibility Agreement
- Technical Specification
- Pre-Qualification Questionnaire (PQQ)
- Summary site requirements
- Half-hourly flexibility requirements, and
- Post code checker.

To participate in our 2021/22 procurement rounds, flexibility providers will firstly need to:

1. Register onto the Dynamic Purchasing System (DPS) on [Piclo Flex](#)
2. Register your assets on [Piclo Flex](#)
3. Complete the Pre-Qualification Questionnaire (PQQ) [on our website, and](#)
4. Assuming Providers are accepted, they will be 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 pre-qualify for participation in our tenders, and providers remain qualified for twelve months. Our [interactive flexibility map](#) on our website assists stakeholders in the identification of assets within constraint zones and features the icons of the four standardised service products of Sustain, Secure, Dynamic and Restore (detailed descriptions of each service product can be found on [our website](#)). The map also shows both current and forecasted requirements to signpost notice of future tenders.

Should participants require guidance during the application process, we offer complimentary one-to-one flexibility services surgery appointments to assist with any queries relating to the provision of flexibility to our network. [Click here](#) to book a session with a member of our Flexible Services team.

2.4 Spring 2021 detailed procurement timeline:



2.5 Autumn 2021 outline procurement timeline:



Exact dates will be published on our webpage in Summer 2021 and potential providers will be notified through our established engagement channels.

2.6 Criteria for participation

To participate in Electricity North West's flexibility services, 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 (ie 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

2.7 Dispatch of Flexibility Services

From April 2021 we will be utilising the [Flexible Power portal](#) to deliver a consistent approach for the dispatch, settlement, baselining and performance metrics of our flexibility service tenders. To facilitate stakeholder understanding of this stage in the flexibility process, we will provide a detailed overview at our bi-annual Flexible Services webinars, to be held in the Spring and Autumn following the publication of each tender, and a full suite of technical documentation is available on the Flexible Power webpage.

Implementing this cloud-based platform will drive simplicity for flexibility providers including LV participants and aggregators, allowing them to view all information relating to the service they provide to different DNOs in one place. [Click here](#) to find out more about Flexible Power.

3 TENDERING PROCESS

3.1. Signposting

In addition to signposting our requirements on our website and on the Piclo Flex platform, we will communicate our requirements to all signatories of our [distribution list](#) via email; on the [ENA flexibility in Great Britain timeline](#); 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.

3.2. Pricing strategy

We will utilise the [Common Evaluation Methodology and Tool \(CEM\)](#) to determine the ceiling price for the competition zone at the tender stage; meaning that we will issue in the tender materials the ceiling 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. Our ceiling prices for each requirement will be published within *Appendix 3- Site Requirements* as part of our suite of tender documentation on our [website](#).

3.3. Bidding

In the Pre-Qualification stage of the procurement process we will assess the applications received and identify those bidders that meet the specified requirements in section 2.6. 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](#).

During the quotations period, we may hold a Post Quotation Negotiation or Best and Final Offer meeting with successful bidders. More information on how to submit a bid can be found [here](#). Bids will be assessed using the new standardised Common Evaluation Methodology Tool as detailed in section 5 below.

3.4. Contracts

We have adopted the new [Standard Flexibility Agreement](#) and will continue to adopt updated versions of the agreement, created in collaboration with all GB DNOs, National Grid Electricity System Operator (ESO) and stakeholders. This consistent approach boosts market confidence and aids participation in flexibility markets; having a common agreement simplifies the standard contract, reduces jargon, shortens the page length and ensuring clear and consistent terminology. The terms of the contract will be made publicly available on our website throughout the year and are issued as part of the suite of ITT documentation available at tender stage. It is a living document and remains a key deliverable for 2021 as the networks intend to further standardise the terms and move towards a framework style agreement to facilitate shorter term procurement in the near future.

The results of our tenders are communicated out to our stakeholders directly via our distribution list, formal press releases and published on our website under [‘Previous requirements’](#).

4 STAKEHOLDER ENGAGEMENT

4.1 Flexibility market information

We will provide regular, consistent and transparent reporting by issuing quarterly newsletters to our distribution list and providing updates on future requirements, Expression of Interests (EoI), results of our tenders and upcoming events. We keep a [newsletter archive](#) on our website so that stakeholders can follow our journey and keep up to date with any new opportunities in our area. To reach wider audiences, we also include flexibility services updates in Electricity North West’s Stakeholder Engagement, Community and Local Energy, Innovation and Incentive on Connections Engagement newsletters, and promote our distribution list, upcoming tenders, events and flexible services updates across our social media channels. Stakeholders can sign up to receive our newsletters [on our website](#).

We will deliver bi-annual online flexibility workshops in Spring and Autumn following the publication of our latest requirements. These interactive online events will present overviews of our procurement processes and requirements and provide guidance on the platforms utilised in the process to ensure that our stakeholders are provided with all the information needed to submit a tender response. These events also offer stakeholders the opportunity to ask our team questions and provide feedback on their experiences of providing flexibility services. We will continue to use all feedback to simplify our processes and remove any actual or perceived blockers to potential providers submitting a tender response. We strive to make it easy for our stakeholders to engage with us, focusing on the right issues and asking the right questions, to develop an offering that meets both of our needs. Recordings of our online workshops are available to view [on our website](#) and stakeholders can sign up to receive future event invites [here](#).

One-to-one surgery sessions are available for potential providers to pose specific questions to the team and for assistance in obtaining and understanding the information required to successfully participate. These sessions are available to book via our website [here](#). Surveys are issued to all participants following each individual tender to gain feedback on the information provided, the simplicity of the process, and reasons for submitting or not submitting bids.

4.2 Industry engagement

As an active participant of the [Energy Networks Association's \(ENA\) Open Networks Project](#), we will cooperate with the other UK DNOs and IDNO, and the Electricity System Operator as well as the Department for Business, Energy and Industrial Strategy (BEIS), the energy regulator Ofgem and the Transmission Operators (TOs) to identify good practice and standardise the customer experience of providing flexibility services to the grid as seamlessly as possible. As the Open Network Projects consults with stakeholders widely on the scope of its work and has regular engagement with its Advisory Group, which contains stakeholders from across the energy industry we are confident that the outputs are welcomed across the electricity and gas sectors. This year we will continue to coordinate our approach to procuring flexibility alongside other DNOs as we implement common platforms and continue developing standardised processes to reflect the priorities of our stakeholders and the industry.

5 DETAILED QUANTITATIVE ASSESSMENT

From April 2021 we will be 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 ANM solutions.

The CEM tool compares network capacity and network losses over the range of [Distribution Future Electricity Scenarios](#) (DFES) scenarios to identify the most cost-effective solution and proposes optimum contract length. Based on the format of the Ofgem CBA for RIIO-ED1, the CEM tool is closely related to ENWL'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 will provide greater visibility and confidence amongst flexibility providers and help 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 will 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 within the CEM excel spreadsheet attached in the appendices at the bottom of the page. Further information describing this new methodology approach is also available to view via the [Flexibility Valuation link](#) on our website.

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 improving 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 via our [feedback form](#).

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

**Please note that a charge applies for this service.*

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
Common Flexibility Agreement	https://www.enwl.co.uk/globalassets/go-net-zero/flexible-services/helpful-docs/common-flexibility-services-agreement---enwl-v1.1.pdf
Common Evaluation Methodology and Tool (CEM)	https://www.energynetworks.org/industry-hub/resource-library/open-networks-2020-common-evaluation-methodology.pdf
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 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 2020	https://www.enwl.co.uk/get-connected/network-information/dfes/
Book a one-to-one surgery appointment	https://www.enwl.co.uk/go-net-zero/flexible-services/engagement/request-a-surgery-appointment/

8 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.
Aggregator	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.
The Department for Business, Energy and Industrial Strategy (BEIS)	A department of the UK government which brings together responsibilities for business, industrial strategy, science, innovation, energy and climate change.
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) in order 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 through the use of 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.
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 Power Portal	Online platform facilitating the signposting, procurement, dispatch, settlement, baselining and performance metrics of flexible services.
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.
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