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for energy consumers

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Date: 27th April 2023

Dear Liz and Maurice,

Approval letter for NPG's Distribution Flexibility Services Procurement Statement as part of the requirements of Electricity Distribution Standard Licence Condition 31E.

Thank you for sending us the Distribution Flexibility Services Procurement Statement for review and approval. With this letter, the Authority¹ approves your company's procurement statement for procurement and use of Distribution Flexibility Services ('flexibility services') from 1 April 2023 to 31 March 2024. The Distribution Flexibility Services Procurement Statement is approved based on our assessment that it meets the requirements of Standard Licence Condition 31E (SLC 31E) of the Electricity Distribution Licence.

In our [guidance](#) published on 14th February 2022, we defined the key reporting requirements we expect licensees to report on to meet the conditions set out within Electricity Distribution Standard Licence Condition 31E. You are under an obligation under SLC C31E.12 and C31E.13 to notify the Authority should there be changes to your flexibility procurement plans in the course of the year.

We have assessed your company's Distribution Flexibility Services Procurement Statement against these requirements and we confirm it satisfies these criteria and that more generally it complies with the obligations under condition 31E. In particular, the Distribution Flexibility Services Procurement Statement includes the following information:

¹ The Gas and Electricity Markets Authority. Ofgem is the Office of the Authority. The terms "Ofgem" and "the Authority," "we" and "us" are used interchangeably in this letter.

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- (a) the types of flexibility services you reasonably expect you may be interested in procuring in the following 12 months from 01 April of this regulatory year (2023/24) [and the mechanisms by which you expect to procure];
- (b) the rules and technical requirements governing the procurement and use of flexibility services which have been established in accordance with 31E.1(f);
- (c) a summary of how you ensure that the tendering process for flexibility services is objective, transparent, and market-based;
- (d) the actions taken to ensure effective participation of flexibility providers (including prospective providers) and stakeholders, including planned stakeholder engagement, and procurement timetables and processes (in accordance with 31E.1(g));
- (e) the actions to be carried out to coordinate with other Electricity Distribution Licence holders and the GB System Operator in the procurement and use of flexibility services; and
- (f) a summary of how you determine the level of flexibility services you need to procure, detailed quantitative assessments, and other methodologies for comparing economic value and energy efficiency.

In future reporting cycles, we ask that you provide headline figures summarising at a high level the volume of flexibility services that are being procured within that regulatory year within your executive summaries. In addition, we ask that you provide a brief summary of any technical methodologies used to assess whether or not additional flexibility services are needed for your network, along with any supporting evidence.

Where your Distribution Flexibility Services Procurement Statement contains any confidential or private information, please provide to us a redacted version by 05 May 2023, which will be published on our website. Companies must also publish their statement on their website as stated under Condition 31E.15.

We look forward to receiving your backwards-looking Distribution Flexibility Services Procurement Report (31E.14) on or before 01 May 2023. If no Distribution Flexibility Services were tendered for, contracted, or dispatched in the 12-month period before the Annual Submission Date, we would appreciate written confirmation from you that this was indeed the case.

Should you have any questions, please contact Euan Dickson (Euan.Dickson@ofgem.gov.uk) or our Flexibility inbox (flexibility@ofgem.gov.uk).

Yours faithfully,

Nina Klein

Interim Head of Distributed Flexibility and Enablers

For and on behalf of the Authority