



Distribution Flexibility Procurement Statement

March 2023

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EXECUTIVE SUMMARY

Welcome to our third Distribution Flexibility Services Procurement Statement, in which we set out our plans for procuring Flexibility Services for the upcoming regulatory year.

In line with the Clean Energy for all Europeans Package introduced by UK Government in December 2020 (Incentives for the use of flexibility in distribution networks), the Office of Gas and Electricity Markets (Ofgem) added a new condition to our Electricity Distribution Licence: Condition 31E: Procurement and use of distribution flexibility services. C31E sets out Distribution Network Operator's (DNOs) plans for procuring flexibility services for the upcoming regulatory year including the methodologies used 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) solution to ensure that DNOs and IDNOs consider procuring flexibility services when it is economic and efficient to do so, to run safe and reliable electricity distribution networks.

This statement reflects Electricity North West's approach for supporting and developing the flexibility market in Great Britain as we proactively engage with flexibility stakeholders and collaborate with the wider industry to deliver simplicity, commonality, accessibility and transparency throughout our flexibility processes in this fast-developing new sector.

A Distribution Flexibility Procurement Report detailing the flexibility services we tendered for, contracted and dispatched in 2022/23 will be published alongside our forward looking statement within our [document library](#) in April 2023 to provide an annual summary of our progress to date.

Our volume of flexibility requirements has increased significantly since our first tender launch in 2018 which sought 7.5MW of capacity between 2020-23, compared to our latest requirements seeking 1097MW between 2023-28. During the ED2 period we will see an increase in the requirements for flexibility and energy efficiency across our network and we're proud to be delivering an opportunity that provides so many benefits to both DNOs and Flexibility Providers.

We publish our requirements 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. Below is an overview of our requirements for each tender round in 2023/24 with further details provided in Section 2.3.

2023/24 FLEXIBILITY SERVICES REQUIREMENTS (per tender)			
Location	Capacity required (MW)	No. of requirements	£ available
Cumbria	493	127	5,082,823
Lancashire	94	25	1,022,720
Greater Manchester	510	66	4,015,558
Totals	1097	218	10,121,101

1. INTRODUCTION

1.1 About Electricity North West

Electricity North West is one of 14 Distribution Network Operators (DNOs) 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, more than 44,000 km of underground electricity cables and nearly 500 major substations across the region. We supply electricity to the diverse communities in the North West of England which extends from Macclesfield all the way up to Carlisle.

Our network in the North West is one of the most reliable in the country and we are investing £1.7bn between 2023-28 to ensure we continue to deliver an excellent, safe and affordable service to all our customers.

On 1 April 2023, all UK DNOs will enter a new price control period referred to as RIIO-ED2, which will run from 2023-28. During this period, we will see significant change in the way electricity is generated, consumed and stored, driving innovation across the whole energy system both now and into the future.



2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

2.1 Our approach to flexibility

The use of flexibility services is 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.

In our RIIO-ED2 business plan, we used cost benefit analysis (CBA) to present how the use of flexibility services can be cost efficient for our customers. Using flexibility, we can deliver over £3.5 million of cost savings per year during 2023 to 2028 by avoiding or deferring conventional reinforcement.

At times of high electricity demand and when the network is operating abnormally, we are looking to enter into contracts with Flexibility Providers 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.

Our approach to the use of flexibility services to support a capacity requirement can be two-fold; flexibility services can be a key interim solution while we assess load growth and a wider strategic conventional reinforcement therefore avoiding inefficient piecemeal network expansion and stranded assets. Alternatively, flexibility services also allow us to mitigate the risk if demand growth is accelerated and there is a long lead time associated with asset-based interventions. In some instances, depending on the level of flexibility market in the location of the capacity requirement and the scale of the capacity requirement, flexibility services could be considered as an enduring network solution.

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. The publication of the first [Network Development Plan](#) (NDP) in 2022 was an important step in presenting best view flexibility requirements for network areas with capacity needs in the next 10 years.

In ED2 we will continue to support our region's commitment to reaching net zero carbon in the North West, and firmly believe that both flexibility services and energy efficiency play a huge part in reaching this goal. They are complementary and their combined impact will be beneficial to the network and save money for our customers. We are proud to have opened our flexibility service tender process to energy efficiency schemes, facilitating this change and helping to finance our net zero goals. We're also confident that this will lead to wider systemic changes in the way energy is consumed across the UK.

2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

The energy efficiency service allows system users to earn revenue from carrying out long term energy efficiency activities whilst assuring Electricity North West that the site demand will decrease, deferring the need for reinforcement work within the area since average consumption is reduced and/or shifted away from the peak demand creating network capacity.

2.2 Future requirements

During the ED2 period we will see an increase in the requirements for flexibility and energy efficiency across our network and we're proud to be delivering an opportunity that provides so many benefits to both DNOs and Flexibility Providers.

Electricity North West has a ‘flexibility first’ approach, in that it promotes flexibility as an efficient solution for network capacity provision and seeks to deploy at all opportunities where it is robust and economic to do so. As a result, for every capacity requirement detailed in our [Network Development Plan \(NDP\)](#) we have outlined the flexibility services option alongside the asset solution and indicated whether this requirement is likely to materialise immediately, or in the next 3-5, or 5-10 years. This is to ensure there is clear signposting of all future requirements for flexibility services providers and it demonstrates our approach of not foreclosing a flexibility services or energy efficiency opportunity before the market has been fully tested for a response.

Half-hourly through year capacity balancing requirements across our EHV network can be identified using the detailed assessments supported by our [ATLAS forecasting methodology](#). This allows us to define detailed flexibility requirements, such as number of days per month, energy requirements per day and capacity requirements per season to procure the required capacity of flexible services only when they are needed, ensuring the efficient and economic use of customers money.

The constraints identified in the Best View scenario within the NDP are reviewed on an annual basis in alignment with the latest [Distribution Future Electricity Scenarios \(DFES\)](#). Where further data is needed to understand demand growth, monitoring may be deployed.

Within the NDP we have quantified the minimum level of flexibility required using the Best View scenario up to 2050. We have also presented what levels of flexibility may be required by 2050 under the Consumer Transformation and System Transformation scenarios to highlight the range of future uncertainty. The actual flexibility requirement presented in a tender release may be higher than that detailed in the Network Headroom Report (NHR) tables as it accounts for connections pipeline uncertainty and delivery risk mitigation.

The intention of the NDP is to provide that future view of flexible requirements in terms of location and baseline quantities, but future tender information will substantiate the volumes and service categorisation.

2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

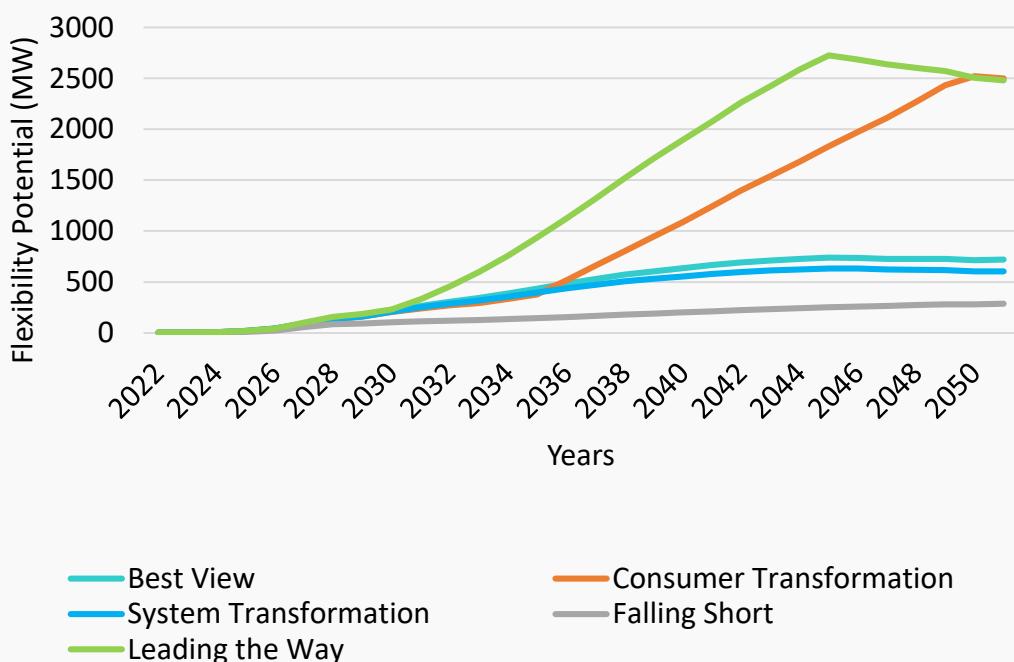
Last year saw the delivery of our new Network Management System (NMS), developed in collaboration with Schneider Electric. NMS provides us with a platform on which we can develop enhanced network automation, and deliver significant increases in operational data sharing.

Moving forwards to meet Net Zero we expect more flexibility requirements at more locations, and at lower voltages for our next price control period between April 2023- March 2028.

This year will see the delivery of our Active Network Management (ANM) system, and the further roll out of smart meters with additional monitoring at High Voltage (HV) and Low Voltage (LV). This data coupled with aggregated smart meter data will provide increased visibility of our 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 fulfilling our obligations 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.

Future Potential of Active Power Available for Flexibility Services



2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

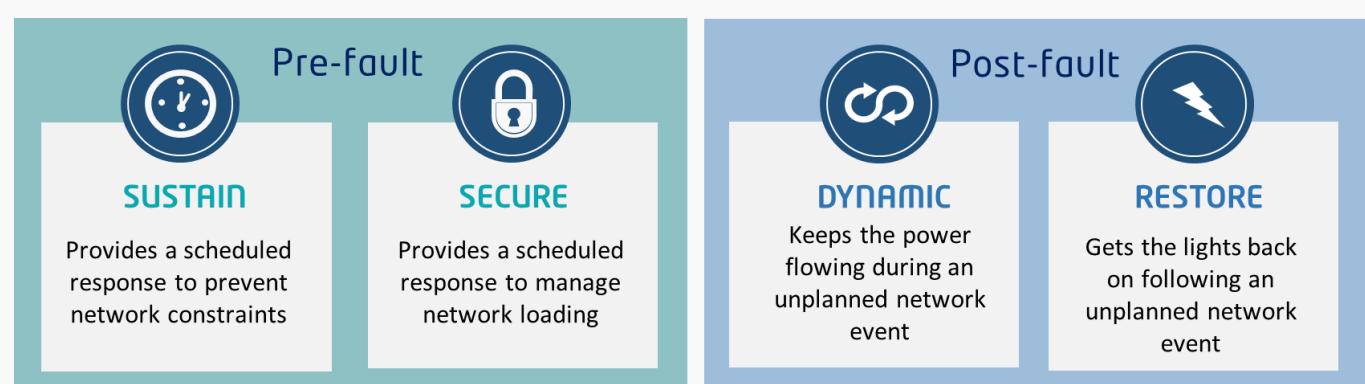
2.3 2023/24 Tenders

Our procurement processes are common across the DNOs and continue to be refined and standardised through dedicated workstreams under the Open Networks Project. Through this project we led the industry initiative to develop common parameters and branding for the four defined flexible services products that we look to procure: Sustain, Secure, Dynamic and Restore. Energy efficiency delivers benefits across all product types and is therefore considered as a viable option and promoted for all flexibility tenders.

An overview of each product is provided at our webinar events and a simple explanation can be found on the [Understanding Flexible Services](#) section of our website.

Our Spring tender will be launched on 27 March 2023, and our Autumn tender will open at the end of October. Prior to our Autumn tender we will conduct a review of our existing network requirements detailed within the Network Development Plan and sites that have flexibility requirements within the next 0-5 years will be issued within the tender.

2.3.1 Products



SUSTAIN: Flexibility providers flex their supply up or down in accordance with a schedule to help manage network constraints by providing additional capacity and capability.

SECURE: Flexibility Providers are available at peak times to help manage the load on the networks and prevent it from exceeding its capabilities.

DYNAMIC: Flexibility Providers are available and provide an immediate response following a fault or unplanned network event.

RESTORE: Flexibility Providers are available and provide an immediate response to help us restore supplies for customers more quickly following an unplanned network event.

2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

2.3.3 Open Data Portal

As part of our commitment to provide as much data as possible in an open and accessible manner, we will publish our tender information on the company's newly created [Open Data Portal](#). Users of this portal are already able to access the [Embedded Capacity Register](#) and the [Network Capacity Headroom Data](#), in a multitude of different data formats. Flexible Services data hosted on the Open Data portal can be downloaded in a range of common industry standard forms including: API, KML, CSV, JSON, Shapefile, and XLSX.

This allows users to incorporate the data into their own modelling and mapping systems and overlay other data sets they may already have including their own asset maps. Further data sets are due to be incorporated into the Data Portal in the future, as these are triaged for being shared in an open format. We are keen to hear from users of the Portal if there are additional data sets or formats of data that would be helpful, particularly those relating to Flexible Services.

2.3.4 Invitation to Tender

We will be conducting our 2023/24 tenders 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 (March) and Autumn (October) in line with the completion of our network loading analysis and [Distribution Future Electricity Scenarios \(DFES\)](#) processes and subsequent reviews. Details for each site will be published within our Invitation to Tender appendices (detailed below), on the PicloFlex platform, on our [website](#) and on our new [Open Data Portal](#) including location, response type, capacity required, availability window, ceiling price and conditions precedent of each tender.

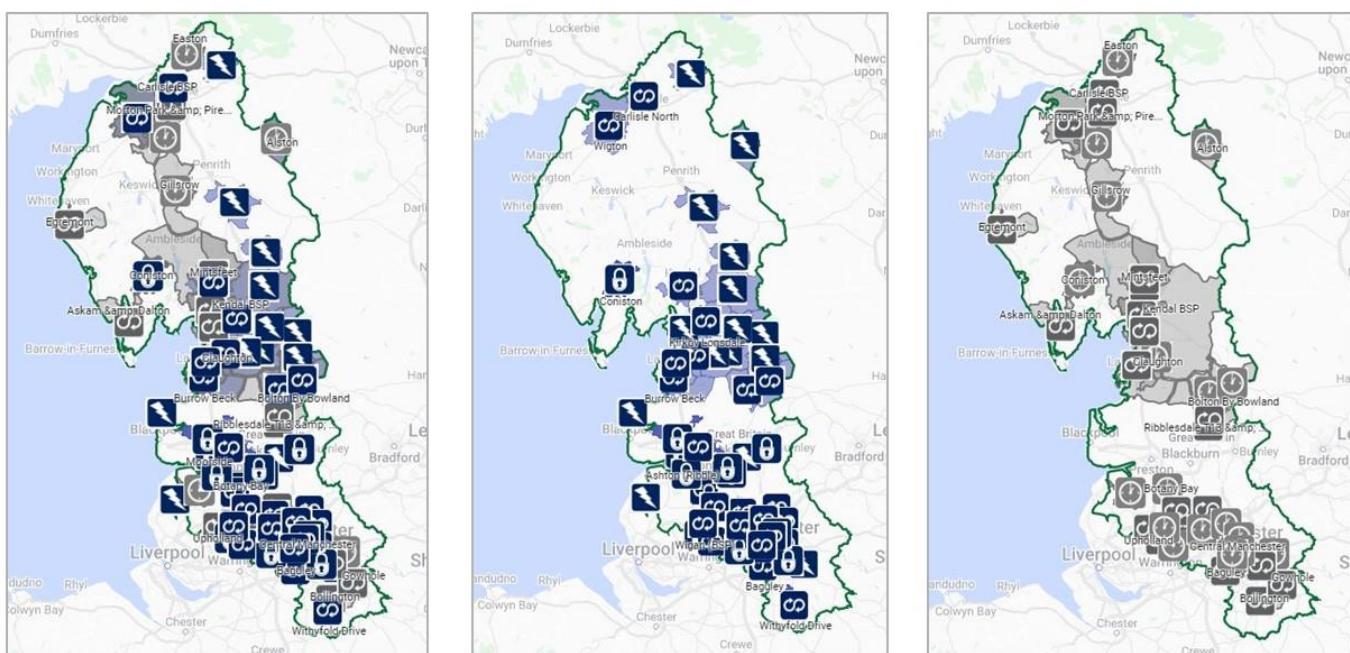
In a move to generate confidence in the North West flexibility market space, we publish half hourly forecasts of our requirements for the next five years within appendix 4 of our tenders. This allows us to offer longer term flexibility contracts to providers and demonstrates our commitment to transparency and market engagement. This half hourly data will be published within all future tender appendices on our latest requirements page.

Document name	Contents
Invitation to Tender	The terms and conditions of our flexibility services procurement process.
Appendix 1: Standard Flexibility Agreement	Following submission of a successful bid, the flexibility provider will enter into contract with Electricity North West using the latest version of the common flexibility agreement.
Appendix 2: Technical Specification	Outlines the technical requirements an asset would need to provide us with flexible services.
Appendix 3: Site Requirements	Provides details of the individual requirement zones in table format including post codes, capacity, delivery windows, response type, estimated utilisation and availability hours and ceiling price.
Appendix 4: Half Hourly Data	Half hourly requirements for the next five years in excel spreadsheet format for each zone
Post Code Checker	A handy tool that allows flexibility providers to quickly check if their asset is located within one of our flexible services requirement zones.
Cost Calculator Tool	Participants can use this tool to calculate a bid price for utilisation and availability that falls within our budget for that zone and service period before submitting a bid.

2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

2.3.5 Flexibility map

To simplify the information that we provide to stakeholders and assist them in the identification of assets within constraint zones, all of our requirements are published on an interactive flexibility map on our [Latest Requirements](#) page, which also shows indications of over 70 future requirements spanning the RIIO-ED2 and ED3 periods out to 2033. Our current requirements are represented by **navy icons** and forecasted requirements over the next five to ten years are represented by **grey icons** to provide more notice of future tenders.



L-R: all requirements, current requirements and future requirements.

2.3.6 Procurement process

To participate in our procurement rounds, flexibility providers will need to complete the following steps on [Piclo](#):



2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

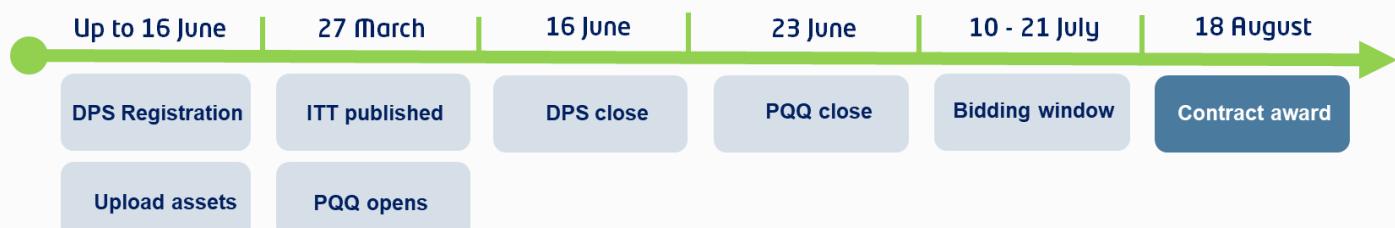
The [Piclo Flex](#) Dynamic Purchasing System (DPS) allows flexibility providers to technically and commercially pre-qualify for participation in our tenders, and providers remain qualified for twelve months. Potential providers can upload both planned and operational assets to assist in the identification of assets within constraint zones.

Following stakeholder requests for examples of flexible services, we developed and published [Flexible Services case studies](#) on our website to help our stakeholders to conceptualise what the various types of Flexible Services look like and how Flexibility Providers can participate in our tenders.

These studies are intended to support anyone completely new to the market in understanding the end to end process and cover all steps of the process of providing flexibility to the network from procurement to dispatch and covers a range of products (responses), and assets. We will look to build on this collection to incorporate more scenarios including an aggregated portfolio.

Complimentary one-to-one discussions 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 on our [website](#).

2.3.7 Spring 2023 procurement timeline



2.3.8 Autumn 2023/24 procurement timeline



2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

2.4 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

Participants are required to complete a Pre-Qualification Questionnaire (PQQ) on [PicloFlex](#) prior to the opening of the bidding window to allow us to confirm the prospective asset(s) are technically compliant with these requirements. We worked with Piclo and other UK DNO's to standardise this step of the process and have it integrated onto the PicloFlex platform, allowing participants to complete all steps of the procurement process in one place. As part of the Open Networks Project in conjunction with other networks including National Grid ESO, we also consulted with stakeholders on standardising these checks further, and this is now a key deliverable for 2023.

We will continue to ensure that all future opportunities 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 and energy efficiency programmes. Throughout 2023, work will continue on improving standardisation, with this year's focus being the new framework contract, aligning the PQQ across DNO and ESO, primacy rules and dispatch and settlement processes.

2. DISTRIBUTION FUTURE ELECTRICITY SERVICE REQUIREMENTS

2.5 Dispatch of flexibility services

2.5.1 Platforms

In line with the commitments we made in the ED2 business plan, in Spring 2023 we will be tendering for platform services associated with: Procurement, availability declaration, scheduling, baselining and dispatch and settlement, with a view to contracting with a provider by Winter 2023. We believe it is important that we regularly tender for platform services to:

- Stimulate market growth
- Facilitate market development of third party platform providers
- Ensure we are getting the most economical solution
- Deliver a positive user experience for flexibility providers
- Foster innovation in the marketplace ensuring value for money for our customers
- Demonstrate transparency
- Promote market neutrality

2.5.2 Baselining

As part of our work with the Open Networks Project we developed a range of standardised [baselining methodologies](#) which can be used across the industry when measuring and settling flexible services dispatch contracts. We encourage participants within our tenders to engage with us regarding the baselining methodology which represents the best solution for their sites asset type and the level of data they are able to provide of historical and future usage patterns. The supported baselines are:

- Mid 8-in-10: A rolling historical baseline which uses data from the “middle” of the last 8 of 10 days.
- Mid 8-in-10 with Same Day Adjustment: A rolling historical baseline which uses data from the “middle” of the last 8 of 10 days, but also applies a “same day adjustment”.
- Mid X-in-Y: A custom rolling historical baseline, where the user can choose how many days to consider and what length of same day adjustment to use.
- Nominated: A nominated baseline, which allows the

user to input the self-declared baseline of the asset in advance of the flexibility dispatch event.

- Zero: A baseline which assumes that the asset is not operating except for when providing a flexible service.

An industry standard [baselining tool](#) and [user guide](#) has also been produced to allow participants to verify their baselines, delivering transparency into how baselines are calculated by DNOs.

2.5.3 Dispatch and settlement processes

Electricity North West’s Active Network Management system (ANM) is in its final stages of development and testing, before going into business as usual this year. This system will automate a number of system control functions providing our operations teams the capabilities to increase the signalling of control decisions to distributed energy resources. A key feature of this system will be the automated dispatch of Flexible Services, increasing the utilisation of these assets; and in future, increase the range of network constraints that Flexible Services can help to resolve.

Through the Open Networks Project we are developing common and standardised processes for the dispatch and settlement of Flexible Services. The key aim of this work is to ensure that there is a common framework of signalling which participants can adopt across the UK when delivering Flexible Services to any of the DNOs or ESO. We are keen to support this work as we recognise this is perceived currently as a one of the largest barriers for participants providing services to multiple network and system operators.

The consensus of the technical working group is that the communication of dispatch and settlement requirements is best handled at scale via Applications Programming Interfaces (APIs) as this will enable the use of automated systems to process dispatch requirements. The ongoing work in 2023 will look to produce a common API which can be utilised across the UK. It has also been agreed that it will be necessary to provide backup methods for dispatching and settling services to ensure services can be dispatched in the event of a failure of systems associated with an API or where it is not efficient, affordable, or desired for participants to implement API systems.

3 TENDERING PROCESS

3.1. Signposting

To ensure visibility and accessibility to our tenders, we signpost our requirements via:

- Our [website](#)
- The [Piclo Flex platform](#)
- New [Open Data Portal](#)
- Our Flexible Services [mailing list](#)
- Our bi-annual DSO Functions webinars
- The ENA [flexibility in Great Britain webpage](#)
- Press releases
- ENWL social media channels
- Connections Engagement, Stakeholder and Community Energy newsletters and events
- [Network Development Plan \(NDP\)](#)
- Directly to customers with assets in requirement zones
- In-person events: Joint events, industry events and our new DSO Roadshow events
- [1-2-1 flexible services discussions](#)

3.2. Pricing strategy

We currently operate a pay-as-bid pricing strategy for our flexibility tenders. We 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.

3.3. Bidding

In the pre-qualification stage of the procurement process we assess the applications received and identify

bidders that meet the specified requirements in section 2.4. 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 assessment 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. Prices above the guide price provided may be accepted if bids are submitted for multiple years following full evaluation.

3.4. Contracts

We have adopted the Standard Flexibility Agreement and will continue to adopt updated versions, created in collaboration with all Great Britain DNOs, National Grid Electricity System Operator (ESO) and stakeholders. This consistent approach boosts market confidence and facilitates participation in flexibility markets; having a common agreement simplifies the standard contract, reduces jargon and ensures 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 our Invitation to Tender (ITT) documentation. This agreement remains a key deliverable for 2023 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 latest version of the agreement is available to view within our [document library](#).

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

4 STAKEHOLDER ENGAGEMENT

4.1 Flexibility market information

4.1.1 Newsletters

We provide regular, consistent and transparent reporting by issuing quarterly newsletters to our distribution list and providing updates on future requirements, consultations, 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 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](#).

4.1.2 Webinars

Our original online flexibility workshops have evolved to incorporate updates from the wider DSO team to deliver a series of DSO Functions webinars focusing on different elements of DSO including forecasting data, publications, net zero and flexible services. These interactive online events are held bi-annually in Spring and Autumn following the publication of our latest requirements to present an overview of our procurement processes and provide guidance on the platforms utilised in the process to ensure that our stakeholders are provided with the necessary tools to submit a tender response. We welcome questions and feedback from attendees on their experiences of providing flexibility services. Recordings of our online workshops are available to view [on our website](#) and stakeholders can sign up to receive future event invites [here](#).

4.1.3 In-person events

Following stakeholder feedback looking for a mix of webinars and in-person events, we began collaborating with Piclo, UK Power Networks (UKPN) and SP

Energy Networks (SPEN) to deliver bi-annual workshops that focuses on engaging with flexibility providers from across the country to better understand their needs and obstacles they face when submitting a tender response.

These in-person workshops are invaluable for gathering feedback which we will continue to use to simplify our processes.

Growing DSO Markets to Reach Net Zero first took place in June 2022 at Manchester's Science and Industry Museum with common themes discussed across the room including contracting, DSO, market data, connections, education and dispatch certainty. The feedback generated by the discussions at our next event will be considered and The presentation slides and full event roundups including feedback and slide packs from previous events can be found on our [Flexibility engagement page](#) and will be updated throughout the year following subsequent events. This year the event will be held in London to improve accessibility for our stakeholders based in the South of England.

4.3.4 Consultations

We strive to make the process of providing flexibility to the network as simple and seamless as possible for both local and national players by helping to remove barriers to participation and encourage growth in the UK flexibility market space. We run flexibility consultations on an annual basis to capture our stakeholders' feedback on how we can help to remove any barriers to entry into our flexibility markets and how we should shape these markets of the future to best suit everyone's needs.

4 STAKEHOLDER ENGAGEMENT

All of our previous consultation documents, webinar recordings and response summaries which provide an overview of main responses received and our plans for taking it forward can be found on [our website](#).

To continue demonstrating our commitment of driving simplicity and standardisation across the procurement process, we intend to hold a public consultation over the 2023 summer period to capture stakeholder feedback on our flexibility processes with a key focus on minimum flexible capacity requirements for participation and the industry move towards framework agreements.

Open and accessible data is a central theme across our ED2 Business Plan.

Open and accessible data is a central theme across our commitments under our ED2 Business Plan, the Open Networks Project and the Smart Systems and Flexibility Plan. We will publish a consultation alongside our flexibility consultation, seeking stakeholder input on DSO data sharing, our new Open Data Portal, the usefulness of information and whether anything further can be provided. We will therefore be holding a second consultation over the summer period focusing on DSO Data Sharing.

The consultations will follow be accompanied by a webinar following the consultation launch, where stakeholders will be invited to share their feedback in a more informal and engaging setting than traditional consultation response methods. We anticipate that these consultations will help develop lasting relationships and deliver ongoing mutual benefit to the market and efficient use of Electricity North West's distribution network.

Feedback received through our consultations is invaluable to the development of our processes and to ensure that flexibility services remain open and accessible for all to participate in.

All responses to our Flexible Services and Data consultations will be considered as we continue to look at ways we can improve our accessibility and transparency throughout our flexibility processes. In addition to Electricity North West led consultations, responses to this year's [Ofgem consultations](#): The Future of Distributed Flexibility and The Future of Local Energy Institutions and Governance, will also be considered and incorporated where possible into our future plans.

4.3.5 Forums

To ensure we are delivering enhanced DSO functionality which is at the heart of a smart and flexible distribution network able to evolve to the changing ways customers produce and consume energy, we will be introducing *DSO Discussions*: Bi-monthly forums where topics relating to market development, planning and network development, and network operation will be discussed and evaluated in a more informal and equal atmosphere to stimulate conversations and feedback from industry stakeholders. Each session will focus on a different topic relating to DSO, all of which are outlined in our engagement calendar on pages 17 and 18 of this statement. These sessions are available to book via our [events page](#).

4 STAKEHOLDER ENGAGEMENT

4.2 Industry engagement

As an active participant of the [Energy Networks Association's \(ENA\) Open Networks Project](#), we will coordinate with the other UK DNOs and IDNOs, the Electricity System Operator (ESO), 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 process of providing flexibility services to the grid to create a streamlined customer experience.

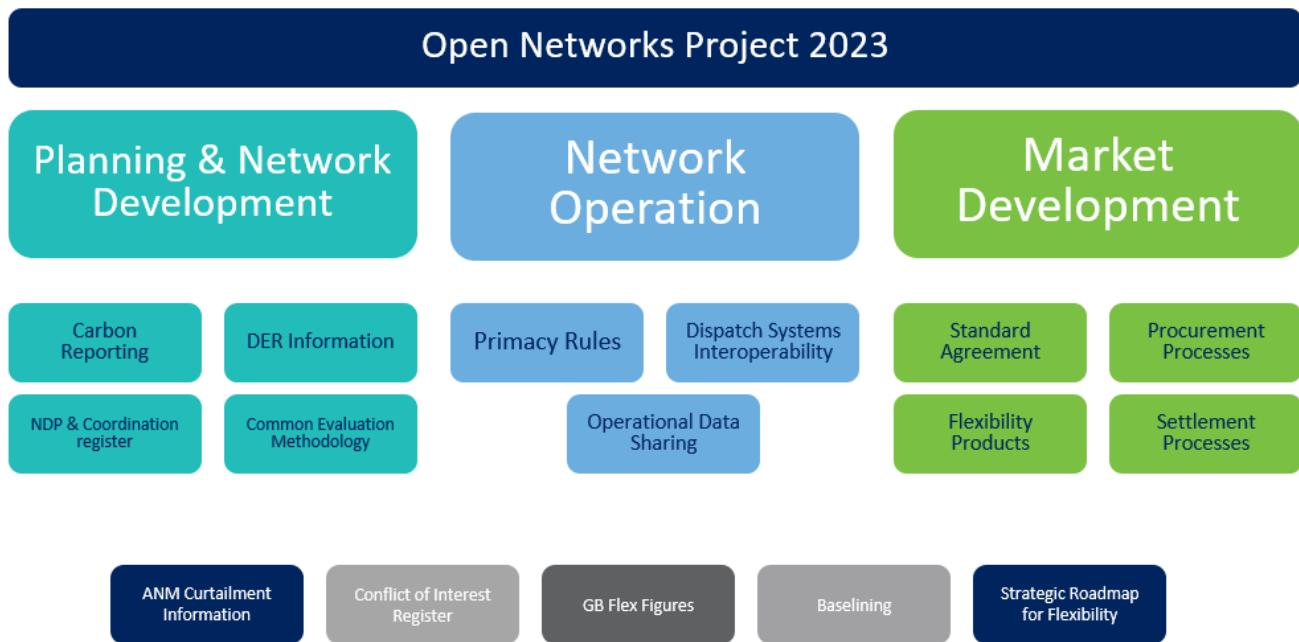
As the ENA Open Network Project consults with stakeholders widely on the scope of its work and has regular engagement with its Dissemination Forum and Challenge Group, which contains stakeholders from across the energy industry, we are confident that the outputs are welcomed across the electricity and 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. Following publication of the Smart Systems and Flexibility Plan in 2021, our plans throughout 2023 are driven by the need for standardisation, ensuring that we continue working collaboratively and in line with these expectations.

This year a key objective is to improve the standardisation of flexibility product definitions to enable flexibility providers to more easily identify the services they're best placed to offer, based on a more streamlined selection of products. The aim of this objective is to have at least 80% of flexibility tendered through common products by 2024. Full details of the work products and intended deliverables for this year can be found in the [2023 launch document](#).

In collaboration with the Open Networks Project, we will be issuing a consultation seeking focused input on the three key areas of Market Development, Planning and network development and network operation, which will be issued in October. The feedback received from this consultation will inform the collective decision making and implementation of the ENA Open Network Project's products across all GB networks.



4 STAKEHOLDER ENGAGEMENT

4.3 Planned engagement activities 2023/24

Engagement	Details
April 2023	
Quarterly newsletter	Spring tender launch, Distribution Flexibility Procurement Statement & Report, Autumn tender results and event invites
Targeted customer engagement	Direct engagement with Local Authorities, Housing Associations, Customers and Community groups within the identified constraint zones. April- June
DSO Functions webinar	Bi-annual DSO Functions webinar to present new flexibility requirements and a range of topics from the wider DSO Team
May 2023	
Sustainability Advisory Panel	External advisory panel with external chair taking place 10 May
DSO Discussions	Bi-monthly DSO forum. Topics: Heatmaps and Flexible Services Spring tender
Joint flexibility Forum	Joint event held by Piclo, ENWL, UKPN and SPEN in London
Quarterly newsletter	Spring tender, DSO Roadshow invite, Piclo event recap, DSO Discussions
June 2023	
Future Energy Roadshow	Regional in-person event held with wider DSO team
DSO Discussions	Bi-monthly DSO forum. Topics: Open Data
1-2-1 Discussions	DPS and PQQ support in the lead up to our Spring tender submission deadline
Energy Efficiency Show	The UK's largest industry event held in Derby on 22 June, bringing together hundreds of industry buyers, specialists and suppliers for one day
July 2023	
Flexibility Consultation	ENWL Flexibility consultation launch. Open for responses July-September
Consultation webinar	Webinar to launch Flexible Services consultation & gather responses via polls
Power Responsive event	National Grid's annual Power Responsive Summer event held in London
August 2023	
DSO Discussions	Bi-monthly DSO forum. Topic: new Active Network Management (ANM) System
Quarterly newsletter	ENWL Flexibility Consultation, Spring tender, Future Energy Roadshow invite, DSO Discussions Invite

ENWL led engagement activities

Industry events we are participating in

4 STAKEHOLDER ENGAGEMENT

4.3 Planned engagement activities 2023/24

Engagement	Details
September	
Future Energy Roadshow	Regional in-person event held with wider DSO team
October	
DSO Discussions	Bi-monthly DSO forum. Topics: NDP and Planning
Quarterly newsletter	Autumn tender launch, consultation response summary, Spring tender results, DSO Functions webinar invite, DSO Discussions invite
Energy Innovation Summit	31 October-1 November, Liverpool
GMCA Green Summit	Greater Manchester Combined Authority event in Manchester
ENA Open Networks Consultation	Industry consultation seeking stakeholder feedback on the proposed recommendations from the respective technical working groups and to scope the programme for 2024.
November	
DSO Functions webinar	Bi-annual DSO Functions webinar to present new flexibility requirements and a range of topics from the wider DSO Team
Targeted customer engagement	Direct engagement with Local Authorities, Housing Associations, Customers and Community groups within the identified constraint zones. Nov-Feb
December	
DSO Discussions	Bi-monthly DSO forum. Topics: DFES and Foresight
January 2024	
1-2-1 Discussions	1-2-1 support in the lead up to DPS and PQQ submission closing dates
February 2024	
DSO Discussions	Bi-monthly DSO forum. Topic: Smart metering and network monitoring
March 2024	
Distributed Energy Show	Conference and exhibition showcasing an array of flexible energy technologies and services

ENWL led engagement activities

Industry events we are participating in

*All events will be promoted via our newsletter and social media channels, and available to register via our [website](#).

5 DETAILED QUANTITATIVE ASSESSMENT

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, Restore 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 will publish a high level summary table on our [Latest Requirements](#) page following each tender round, along with a more detailed analysis of the valuations for each requirement zone. Further information describing this methodology is available to view via the Flexibility Valuation link on our website. An archive of our previous tenders including full requirement details and results is also available to view on our [Previous Requirements](#) page.

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 statement or the process of providing flexible services to the network, please get in touch via our [feedback form](#).

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

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

7 USEFUL LINKS

In addition to our Invitation to Tender documents on page 9, we also have a suite of helpful guides, event materials, reports and forecasting data available on our website and via the links below.

Guidance documents	
A guide to flexible services	A simple introductory guide for anyone new to Flexible Services
Procurement process	Our flexibility procurement process including how to take part on Piclo, our ITT documents and how to use our interactive flexibility map.
Summary of service requirements	Provides a detailed breakdown of our Invitation to Tender Appendix 3 site requirements table.
Products and response times	An overview of the four flexibility products we procure: Sustain, Secure, Dynamic and Restore and their service parameters.
Decision making criteria	Explains how we assess bids received based on the conditions precedent, specification and cost.
Common Evaluation Methodology and Tool	The latest version of the standardised tool utilised by all UK DNOs to calculate ceiling prices for each requirement zone that
Engagement	
Engagement document library	Previously held event recordings, presentations and summaries and newsletter archive
Sign up to our mailing list	Sign up to be the first to hear about our latest requirements and flexibility events
Request a one-to-one discussion	We host complimentary discussions to guide stakeholders through the process of providing flexible services to the network.
Feedback form	We'd love to hear if you have any thoughts or feedback for our flexible services team to help us improve our offering
Upcoming events	View our upcoming flexibility events and register your place
Reports and publications	
Distribution Flexibility Procurement reporting	Our suite of publications relating to Ofgem's Electricity Distribution Standard Licence Condition 31E: Procurement and use of Distribution Flexibility Services includes our statement, report, consultation and webinar recording.
The Year in Review	Annual publication detailing our continued commitment to Energy Networks Association's Six Steps For Delivering Flexibility Services.
Tender results	All details of our requirements from 2018 including Invitation to Tender documents, results and Expressions of Interest.
ENWL Business Plan 2023-28	This plan sets out our commitment to Net Zero, innovation and efficiency for the RIIO-ED2 Period.

7 USEFUL LINKS

DSO data	
Open Data Portal	Our flexibility requirements are available to view on our new Open Data Portal and can be downloaded in a range of common industry standard formats including API, KML, CSV, JSON, Shapefile and XLSX.
Distribution Future Electricity Scenarios Report (DFES)	Presents well informed future trends across the North West for the electrification of transport & heating, the penetration of local distributed generation & storage, the future effects of hydrogen & how all these drive demand growth that our future network needs to supply.
Network Development Plan (NDP)	Part of the Clean Energy Package, this annual report details future distribution network requirements for 1-10 years beyond publication.
Long Term Development Statement (LTDS)	Details future distribution network requirements for the next five years, allowing existing and potential customers to make an initial assessment of the capabilities of the electricity network and opportunities for changes in their use of the network or for connecting to it.
Industry links	
Piclo Flex platform	Our tenders are conducted via the PicloFlex platform- The independent marketplace for trading energy flexibility online
Flex Assure	A code of conduct and compliance scheme defining and enforcing minimum standards of practice to provide assurance for business energy users of the standard of service they will receive from businesses signed up to the scheme.
Ofgem	The website of the energy regulator for Great Britain.
National Grid ESO	The website of the electricity system operator for Great Britain.
Energy Networks Association (ENA) website	The website of the industry body that representing energy network operators in the UK and Ireland.
Department for Energy Security and Net Zero	The former Business, Energy and Industrial Strategy (BEIS) Department was split into the Energy Security and Net Zero Department in February 2023.

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.
Aggregators	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 PicloFlex; 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) 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 using 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.

8 GLOSSARY

Term	Definition
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 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.