

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Our Reference: MEL Flexibility Statement 2022

Your Reference: Condition 31E (C31E)

Date: 31 03 2022

For the attention of Chiara Redaelli,

Dear Chiara,

mua Electricity Limited (*previously Murphy Power Distribution Limited*) – Distribution Flexibility Service Procurement Statement for Regulatory Year 2022

Introduction

mua Electricity Limited (MEL) is a Licensed independent Distribution Network Operator (IDNO) operating live networks since 2019 within all Grid Supply Point (GSP) areas of the UK.

This statement has been written to comply with our Distributor Licence Condition SLC31E: Flexibility Statement of the flexibility services we are currently tendering, look to tender and have completed in the next Regulatory Year.

MEL own and operate 'last mile' networks on new build residential and commercial developments, these are islanded networks which are system extensions to existing Distribution Network Operator (DNO) Networks. All our current and planned network assets are new assets, with our oldest asset being less than 3 years in situ. The majority of our contracted sites are still under construction and the vast majority of which are 11kV or below. Our networks are designed to consider the load requirements of new development and consider both import and exports loads based on the Developments agreed planning requirements and constraints inclusive of any embedded generation needs and future load. An assessment is made at this stage as to whether the site may benefit from a Flexible Service Provision provided by the upstream DNO from whose Network a connection is required to avoid any potential reinforcement costs and encourage use of embedded generation.

Our assets are designed and constructed based on the proposed demand for the entire development, this includes a review of any future use within the context of and Planning Approvals granted by the Local Authority with which the Development during build phase must comply and take consideration of EV load growth, use of renewable energy sources and Gas Load loss post 2025. MEL take a pragmatic view on any future scope which would be downstream or within that development within the constraints of Planning approvals granted which would include scope to develop Embedded Generation and with support for the decarbonisation and net zero targets as far as practicable on these small sized developments, and work with developers in assisting them with onsite efficiencies/technologies that would help to reduce any network demand further.

Flexibility services requirements

Our networks are new assets and are designed and constructed to meet pre-requisite capacity requirements of the demand for that project. Demands are determined by the nature of the new development, property type anticipated use, local and national planning requirements and the energy strategy agreed to allow planning to be granted. The opportunity for improvement and efficiency from flexibility services are minimal on the portfolio of sites which we have in development as they are either predominantly residential – where we work with the developer at design stage to deliver onsite efficiencies such as PV, and Diversified Heat. MEL is considering the use of LV Network Monitoring to assess capacity availability on our LV Networks to ensure efficient use of demand and accommodate New Network Growth.

We can confirm that MEL has not had any Flexibility Service tenders completed on our portfolio of works over the last year. Additionally, MEL does not have any current tenders due for completion within the next twelve months nor are we currently tendering (or planned to tender for) any such services in the next twelve months based on our target market of residential and low commercial use new sites.

MEL acknowledge the need for flexibility services, and we will work with any such client, stakeholder, or other interested parties that would require these services in a bespoke and site-specific manner. For the avoidance of doubt, this would also include our networks being affected by a flexible service offering that we were not directly involved with – including from another IDNO.

MEL does not currently have any multi-year tenders underway (or due to be underway) for Flexible Services in this regulatory year.

MEL is a member of the Independent Networks Association (INA - a collaboration of best practices and engagements amongst independent network parties) and we keep in active conversation with other IDNO network adopters on any best practices and of any changes within industry that would be of benefit to any such tender we would look to progress.

MEL manage and maintain relatively new networks (<3 years old) at voltages of <=11kV, and we can confirm we have not highlighted a need to any flexibility services for the coming regulatory year for our networks for any requirements of :-

- Reinforcement deferral
- Post-fault rectification
- Pre-fault identification
- Flexible Services for new sites

Tendering process

If MEL were to tender for any flexibility services, we would use a pragmatic, site specific, and risk-based approach to discussions with the client for that project. In particular we would take a holistically based approach to the tender and would: -

- Put a specific pricing strategy in place that will work with the client and the regulator
- Provide a detailed timeline and programme of works from Contract award arrangements all the way through design, construction, adoption, ongoing maintenance, inspection and reporting
- Ensure our cost is as open and transparent as to what is being bid
- Work with any stakeholders of that project (both direct, and indirectly affected)

- Ensure that the communication channels remain open and can be directed to the relevant parties effectively

We would like to draw attention though that there is currently no mechanism within our mirroring charges for our connected customers under the regulated Common Distribution Charging Methodology (CDCM) for us as an IDNO to offer the savings that a Flexible connection to our <=11kV connected customers. Any such flexibility services offered would need to be negotiated separately to this CDCM and likely would not be able to benefit the customer as there is currently no Licensed Distribution Network Operator (LDNO) applicable tariff under the DNO charging statements we are to mirror as required by our licence for these voltage levels connected into a DNO's existing network.

Stakeholders engagement

Any project we would look to be awarded we would arrange for a single point of contact for all engagements that would be required and we would publish this through the ongoing project (this may include specific websites, physical media, social media and other channels of communication highlighted at tender stage)

Engagements would include (but are not limited to)

- Client (programmes, digital platforms etc.)
- Contractors (onsite coordination's, timescales etc.)
- ESO/DNO/iDNOs
- Suppliers
- Industry bodies (OFGEM, Citizens Advice, ENA, HSE etc.)
- Local Authorities (Councils, Environment Agency, Canal Trusts etc...)
- Surrounding existing tenants (local 'town hall' meetings)
- General Public (local meetings, local newspapers etc.)
- Material Distributors (including logistics for large scale infrastructure)
- Ongoing discussion and reports of use and flexibility requirements (seasonal demands, renewable onsite demand-offset etc.)

Detailed quantitative assessment

MEL would complete a full tender application for Flexible Services and would complete an in-depth site-specific study for the works that is to be undertaken. This will be a holistic approach that would not only include the physical demand on the networks (which requires the flexible service) but also the impact to the surrounding area, the location/routing of the apparatus, and would hold engagements with required parties who would certainly include any/all of the ESO/DNO/iDNOs as needed for the specific project.

Pre-tender discussions will happen with any highlighted stakeholders for tender stage and this would include also a defined criteria of what the Flexible service is to provide, what it is as a demand, and what it might need for further efficiencies if this can be approved.

We would look to make any investigations information available to any stakeholder that would have a vested interest in that project if it was to be awarded to MEL. The tender would also include the provision for a regular review (at least six-monthly) until completion of the project to ensure that any technical (or technological advances) might help to improve efficiency further with the flexible connection and the demand required.

MEL are open and honest in all of our tenders ensuring that the any investigative works for a flexible service are presented to stakeholders of that tender in an open, honest, and as clear a manner as is possible as the success of flexible services is only achievable by an open, and collaborative working approach from initial inception, all the way through to completion.



MEL will review this statement each year to ensure that it reflects the current process, is still suitable for our current, and future portfolio and that we continue to work with and push the government Net Zero targets to promote a safe and sustainable electricity network.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stuart Monk".

Stuart Monk
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