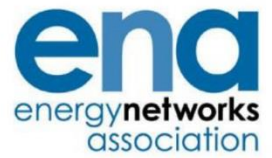


The Voice of the Networks



Energy Networks Association

Open Networks Project

**Workstream 1A – Flexibility Services
Product 2: DER Services
Procurement Review**

Update Dec 2019

WS & Product Ref: WS1A P2
Restriction: Public

Appendix 3: ANM/Flexible connections interaction with procuring flexibility services

Existing processes in place for procuring flexibility in ANM zones;

Currently flexible connections are used to manage areas of the network with generation and demand constraints and to enable connections. Flexibility Services are used to manage areas with demand constraints but not to enable connections. Generation and demand constraints may overlap in location at point of connection, but very rarely overlap in time (demand and generation will net off to leave one constraint rather than both).

In general, most DNOs can accept responses from assets located within an ANM enabled area but they will be assessed for any potential service conflicts. Specific points include:

- One DNO advises that Flexibility Services likely to take precedence over ANM control or work in combination with the system to support efforts as intact conditions restored.
- Flexibility Services will be procured to maintain firm connections and, where cost effective to do so, may also be procured to maintain un-firm connections.
- In addition, one DNO notes that some customers may ask them to procure flexibility services to prevent them from being constrained.

Existing processes in place for considering ANM in zones where flexibility is already procured;

Due to the early stage of market development of the Flexibility Service market, there is an absence of established principles and processes for the procurement of services from assets with a non-firm connection to the network.

A reflection of where the market is, at present there is only a single example of a DNO is tendering for flexibility services within an ANM zone.

Most DNOs are already deploying, or planning, widespread ANM which may include areas where flexibility services are being procured. Where available, information is provided on individual websites (see link below) and others are preparing the information with a view to issuing in the near future.

UKPN - <https://www.ukpowernetworks.co.uk/internet/en/have-your-say/listening-to-our-connections-customers/flexibility-services.HTML>

ENWL - <https://www.enwl.co.uk/globalassets/get-connected/network-information/flexible-services/helpful-docs/decision-making-criteria.pdf>

Principles for Flexibility Service procurement from non-firm DER

As the use of flexibility services grow on the system, the following principles will ensure that the procurement of flexibility services from assets without a firm connection to the network will be carried out in a just manner in line with the 'Our six steps for delivering flexibility services' published June 2019.

1. Champion a level playing field

- DERs with non-firm connection agreements will not be excluded from participating in flexibility service markets however such connectees will not be at a commercial advantage to those with firm connections
- All DER (regardless of connection type) will be assessed by the same process on their probability of being 'available' to deliver a procured flexibility service.

2. Ensure visibility and accessibility

- Curtailment assessments of non-firm connections will be made fully transparent to the market prior to the assessment taking place.
- Foresight would be provided by the DNO of their risk appetite for the procurement of services from non-firm connections.

3. Conduct procurement in an open and transparent manner

- As outlined in this report, common procurement process and methodology is deployed across DNOs for the treatment of non-firm connections for the procurement of flexibility services. Work carried out in the Open Networks project in 2020 will converge further on this.

4. Provide clarity on the dispatch of services

- Dispatching principles are outside the scope of this product. these will be developed within the ONP WS1a P3.

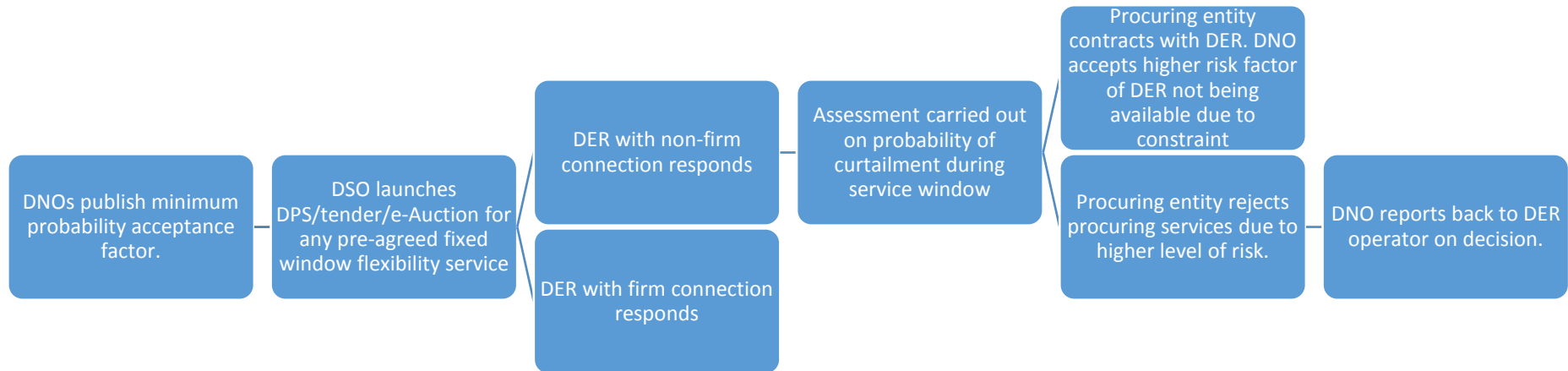
5. Provide regular, consistent and transparent reporting

- DNOs will have in place fully transparent reporting systems of the decision making criteria based around procurement between firm and non-firm connections.

6. Work together towards whole energy system outcomes

- It would be sub-optimal from a whole systems point of view to procure services through a non-firm connection at point likely to experience a constraint as this service (or counterfactual) method would have to be purchased again in real time from another provider.
- Service procurer will optimise procurement decisions using DERS with both firm and non-firm connections.

Process for Flexibility Service procurement from non-firm DER



Considerations

- The participation of DER with non-firm connections (including ANM) may trigger the need for a curtailment assessment in the event of procuring the any pre-agreed fixed window flexibility service only – as (at present) this is the only type of flexibility service that involves the scheduling of services at the point of procurement.
- There may be a requirement for further convergence on the process of curtailment assessments. If this is the case, this will sit outside the scope of this product.
- It is possible that other established flexibility products (Secure, Dynamic and Restore) may need to consider firm vs non-firm connections but only at the point of dispatch.
- The risk of non-delivery sits with the DNO (e.g. lack of penalty on the provider for failing to deliver the service) so it is appropriate that the decision whether or not to procure services from a non-firm connection sits with them as does the decision as to how much to over procure flexibility.
- If a DER provider cannot provide a service due to a network constraint, no payment would be made for the service.