



Flexibility for portfolio and supply chain optimisation

Chris Collins

Energy Innovation Summit 2024

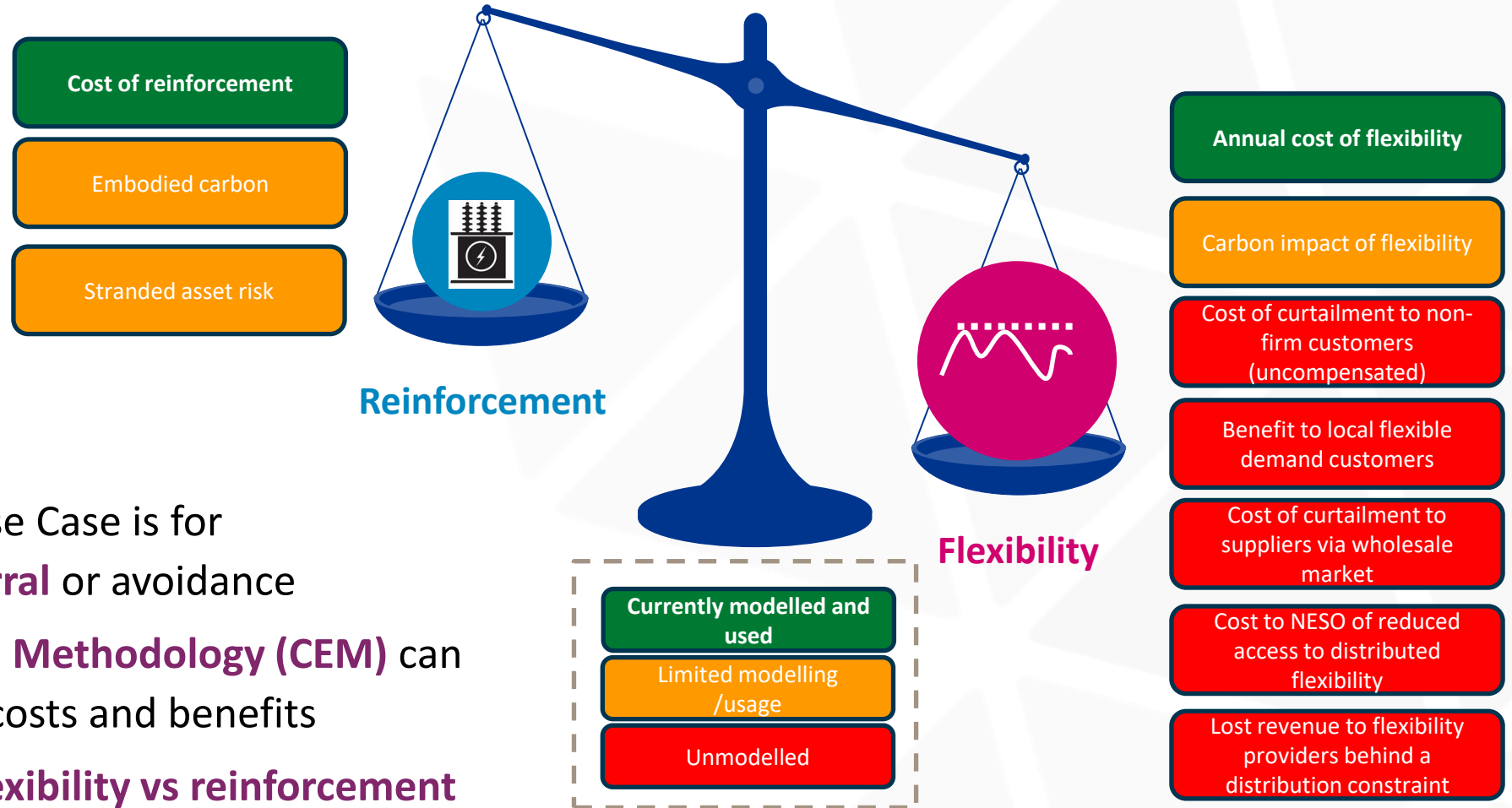
29th October 2024



Baringa is a certified B Corp™ with high standards of social and environmental performance, transparency and accountability.

High level view of DSO flexibility evaluation

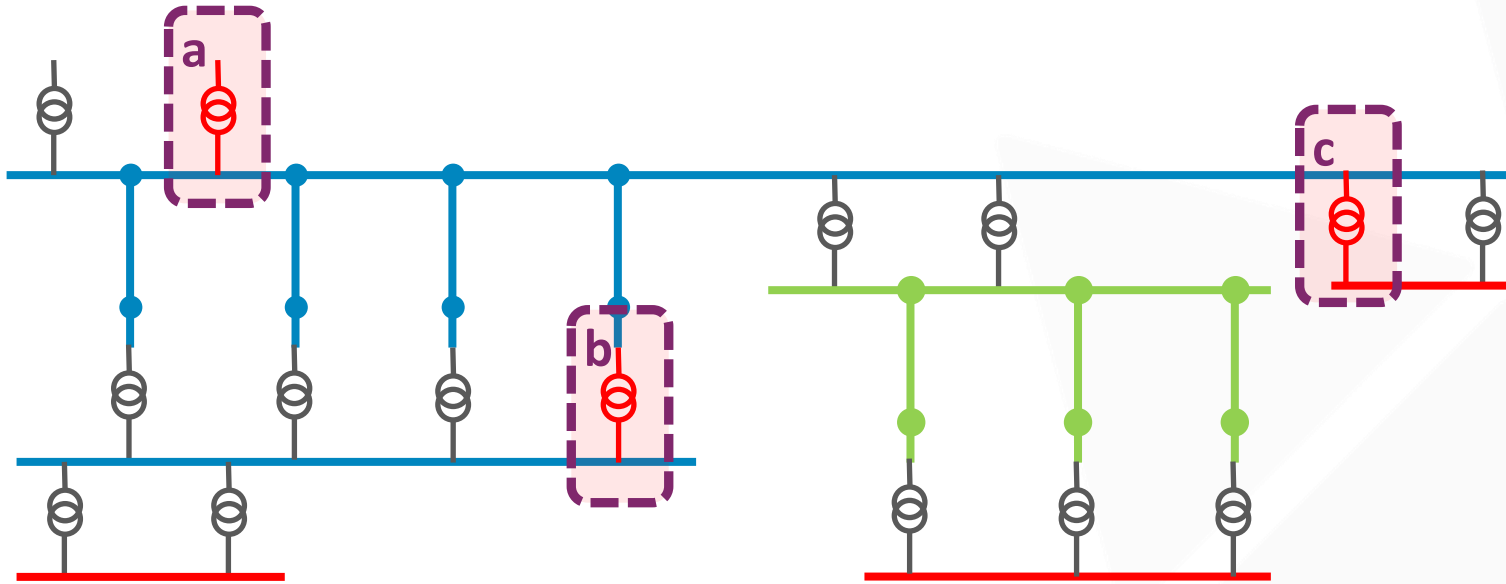
Common Evaluation Methodology used by DSOs to assess the economic case for flexibility



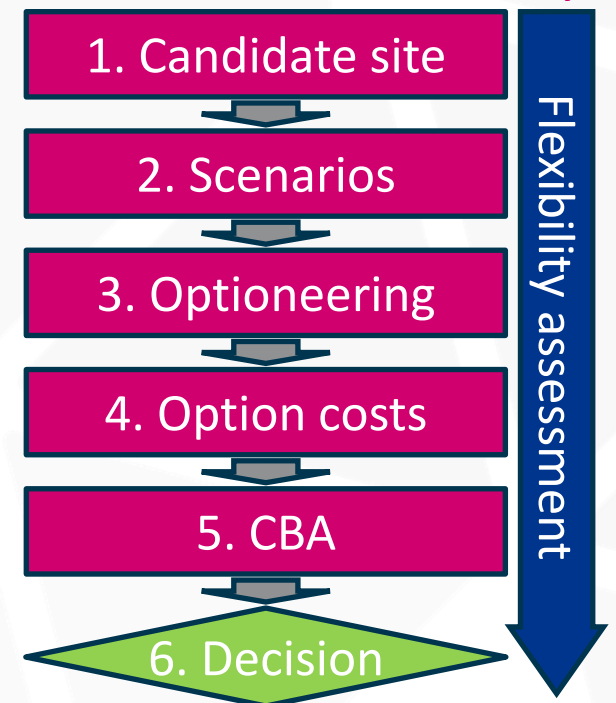
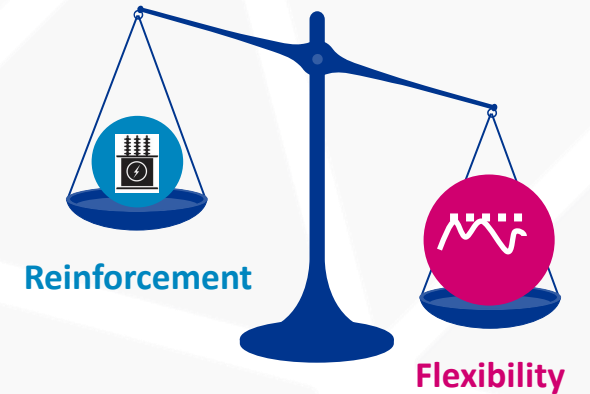
- Primary flexibility Use Case is for **reinforcement deferral** or avoidance
- **Common Evaluation Methodology (CEM)** can consider a range of costs and benefits
- Mostly weighs up **flexibility vs reinforcement cost**

Case-by-case approach to DSO flexibility procurement

Current approach typically assesses each constrained sites on a case-by-case basis



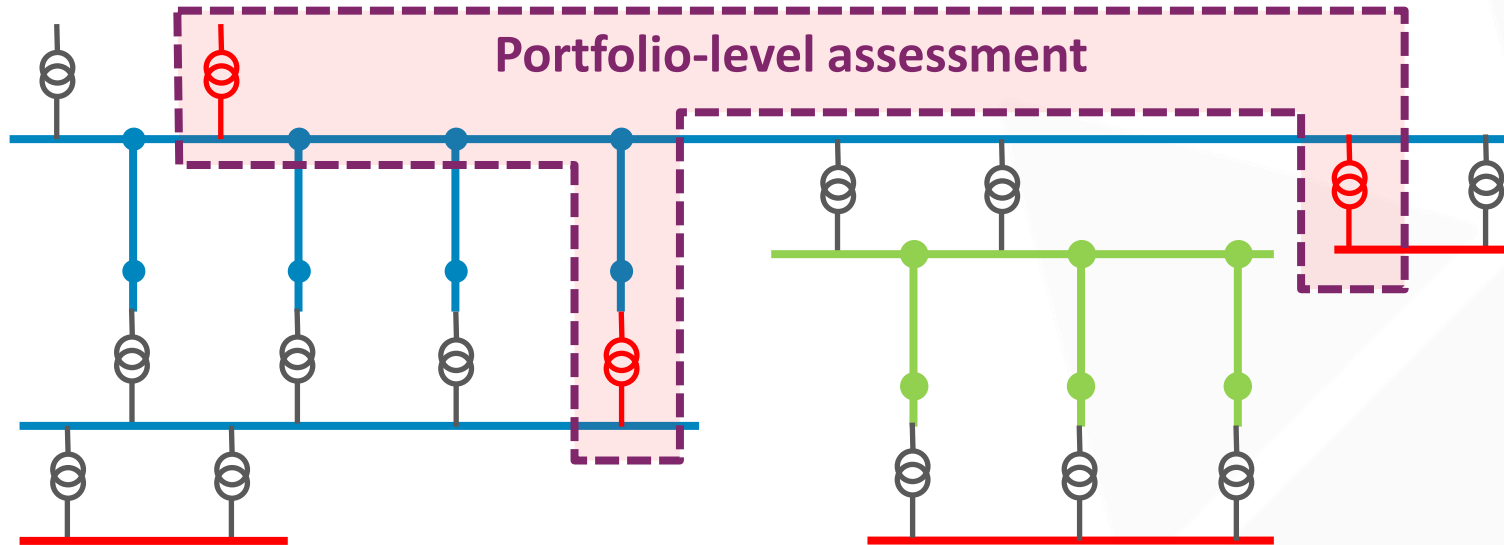
- Sites typically assessed **independently** of each other
 - Reinforcement and flexibility **cost** estimates
 - **Common Evaluation Methodology**
 - Flexibility **market development and procurement**



Do DSOs need to move to a more portfolio-wide approach?

Portfolio-level approach to flexibility procurement

Portfolio approach may be necessary where there are supply chain or other deployment constraints



- Why might a portfolio approach be needed?
 - Constrained **supply chains** or **deployment capability**
 - **Non-independent** costs and benefits
 - **Increasing volume** of constraints

What would this mean for option evaluation?

- Move towards **constrained optimisation** (e.g. where to use flex given limited transformer supply chain?)
- **Costs and benefits** may need to be modelled endogenously, rather than simply being inputs
- Process needs to become **more efficient and integrated** into DSO planning and operations

What would this mean for flexibility procurement?

- **Current approach** runs tenders as **largely independent** exercises
- Portfolio approach would run **multiple tenders**, **compare** between them, and **select the best** mix
- Has the advantage of introducing **competition between local areas** with limited liquidity