

Can we simplify tendering flex products? (to DNOs)

EIP044

28 February 2023

Background

- Flexible Resources are become an important enabler of our future Energy System:
 - Whole System Energy Balancing (bridging the gap)
 - Supporting System operability (Frequency Response, Voltage Regulation, Stability)
 - Resolving Local / National network constraints
 - Avoiding excess generation & network infrastructure build
- Huge potential for consumes to invest in flexible devices and change behaviours to provide flex
- A number of ad hoc markets / mechanisms already exist to access flexibility
 - Capacity Market, Balancing Mechanism, DNO Flex Tenders, ESO Balancing Services Procurement, ESO Demand Flex Service, Supplier ToU Tariffs and EV Charging, Triad Avoidance
- Developers struggle to interact with these mechanisms to support their investment in Flex Resources
- Key enablers to include – visibility of need, clear price signals and revenue streams, clear market access, with data, digitisation and automation key to unlocking this potential

Enablers and Constraints

Current Enablers

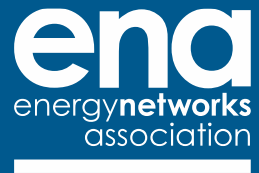
- Existing markets/procurement mechanisms
- Standard products
- Clear contractual terms
- Dispatched by manual instruction

Current Constraints

- Multiple platforms, different buyers
- Limited visibility of future needs / prices
- Lack of revenue certainty / need for stacking
- Short term contracts
- Lack of transparency around selection
- Limited automation (devices responding directly to price signal or dispatch instructions)
- Smart enabled devices / appliances
- Consent / permissions from users
- Smart product standards
- Cost – e.g. V2G capabilities

Involvement and Implementation

- Key Stakeholders – beneficiaries of this problem statement
 - Manufacturers of Smart Devices (EVs & Charge Points, Batteries, Appliances, Heating)
 - ESO, DNOs, Aggregators, Suppliers, Flex Providers
 - Consumers & Investors in flexible assets
- Target Market – Flexibility will save consumers £bns terms of optimising the amount of generation, storage and network we need to build to enable a net zero energy system
- Target Implementation Date – A fully functioning and integrated flexibility market would ideally be in place well before 2030



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