

Distribution Flexibility Services Consultation Outcomes

March 2022

1. Introduction

This document summarises the key feedback obtained from [our Distribution Flexibility Services Consultation](#) which ran in January and February 2022. It has been synthesised to high level points to maintain the anonymity of respondents.

It highlights the tangible actions we are taking in response to that feedback. Many of these will feed into our Distribution Flexibility Service Procurement Statements and Reports to be published later this year. These include actions such as:

- Reviewing our Fixed Pricing to ensure it remains competitive and attractive,
- Publishing the methodology behind the value calculator
- Publishing all Flexibility data on our Connected Data Portal, &
- Continuing to push for standardisation (across a number of topics) through Open Networks and the Flexible Power collaboration.

All documents relevant to Distribution Flexibility Services Reporting can be found at: [Western Power Distribution - Distribution Flexibility Services Reporting](#).

We would like to thank the respondents for their time and contributions, these provide valuable insight and will help us to focus our developments where they can provide the most benefits.

If you have any further questions, please contact WPDFlexiblePower@westernpower.co.uk .

2. Feedback and Responses

We received feedback from 6 parties. In general this was positive about our proposals. The key points of specific feedback are listed in the table below.

Feedback	WPD response
Do our new products add value to the market?	
<p>There was general support for the multiple timeframes we are introducing.</p> <p>The value of closer to real time services and pricing was also highlighted as was the option to adjust price by time of day and day of week was also proposed</p> <p>Finally there was support for more Demand Turn Up (DTU) products.</p>	<p>We will continue to roll out the new longer term services.</p> <p>We will further consider the option of variable pricing and volume declarations over time. These are inherent within the closer to real time markets we are looking to deploy in the next regulatory year (2023/24).</p> <p>We have previously sought DTU style services and will pursue more if the need is highlighted as part of the DNOA process. We expect the number of DTU zones to increase as access rights change in April 2023.</p>
Is our process for assessing and communicating our flexibility requirements clear?	
<p>There was general support for the position.</p> <p>A question was raised on the ability to include the value of carbon within dispatch.</p> <p>There was also a request to better define "assets".</p>	<p>We have investigated how best to consider the carbon impact of Flexibility Services as part of our Pro-Low-Carbon work. Our Procurement Report (due in April) will include a view of the carbon intensity of the services dispatched. We are also feeding into the Open Networks work on Carbon Reporting for Flexibility Services (WS1A P7)</p> <p>We could incorporate carbon pricing into our dispatch. However we would want guidance from BEIS on this to ensure it is consistent with wider sustainability policy.</p> <p>We will pick up terminology in future documents.</p>
Are our Operational Processes clear and effective?	
<p>There was a suggestion that we could do better with highlighting our API/Metering requirements.</p>	<p>We will review the relevant documentation to ensure things are clear. As part of this we will review the value of common API documentation methods (such as swagger definitions).</p> <p>We will also be feeding into the Open Networks work looking at dispatch interoperability (WS1A P3).</p>
Would you see value in moving our long term trades to a monthly, rather than biannual window?	
<p>We received mixed feedback to this question.</p>	<p>We will continue with the proposed biannual windows. We feel this better reflects the nature of our long term products. Rapidly emerging portfolios will still be able to participate in the shorter term products.</p> <p>We will review this position as our experience of the process increases.</p>

Do you have any further comments on Section 2?	
<p>Generally we had positive responses to this question.</p> <p>We saw support of closer to real time products</p> <p>We also saw support for our Sustain, product, with a call to roll it out as early as possible.</p> <p>Finally questions were raised on the details of service allocation between the long and short term products to avoid erosion of the short term markets. There was also a suggestion to conduct by retrospective analysis to determine any more optimal strategies.</p>	<p>The delivery of Sustain is dependent on the deployment of the new Procurement hub. We are conscious of the value of earlier deployment and will deploy as soon as it is ready.</p> <p>The concerns around value erosion and more optimal strategies will be fed into the detailed design of the service allocation process.</p>
Does our new tendering process create an enduring framework for procurement across different timescales?	
<p>The need for common processes was highlighted. Alignment with the ESO is good but alignment across DNOs would add further value.</p> <p>There were concerns that the Joint Utilisation Competition could dilute the value of longer term assets.</p> <p>Questions were also raised on the need for all assets to be committed at the time of the trade for a longer term trade.</p>	<p>We agree that significant value is achieved through standardisation. We will be feeding our learning into Open Networks (WS1A, P2 & P4). We will also make the Procurement Hub available to the other DNOs as required.</p> <p>The Joint Utilisation Competition only applies to utilisation and so the value of availability won't be removed. With the freedom to adjust availability and utilisation pricing, we feel this will allow FSPs to manage risk. However we will consider the variants proposed as part of our detailed design and will look to review the process as we gain operational experience.</p> <p>The value of the longer term products is to provide certainty for both sides. At the point of trade, we will need to see sufficient volume to allow for delivery. Processes for asset re-allocation will be considered as part of the procurement hub design, however these may not be available as part of the initial launch of the Minimum Viable Product.</p>
Do the new procurement timelines give clarity on the actions required of you to participate?	
<p>We saw general positive responses, as well as positive views on how we presented information.</p>	<p>We will look to ensure that the clear diagrams and videos on participation are available to FSPs in due course.</p>
Do you have any views on how we should treat grandfathering and non-delivery penalties?	

<p>We received mixed response on penalties and grandfathering.</p> <p>For Penalties, there is an acknowledgement that there are benefits, but that timing must be considered as it may deter smaller participants.</p>	<p>We will proceed with our grandfathering process. This has a clearly limited time period (no more than 4 years) and ensures that we honour our previous commitments.</p> <p>For penalties, we acknowledge the need for more detailed thoughts and discussions. We expect to delve into this through our engagement for the next regulatory period (2023/24). The aim is to increase the focus on service reliability, to maximise the value to WPD, and hence the value that can be put into the market. We acknowledge these need to be proportional to the value to the FSP as well as the network risk (which may change over time).</p>
<p>Does our Pricing Strategy promote competition and efficient service delivery?</p>	
<p>We saw support for the consideration of carbon within pricing.</p> <p>Further details were sought on fixed pricing (For Sustain and wider services)</p>	<p>A covered earlier, through the Open Networks Project (WS1A P7) we are developing a common framework for assessing the carbon impact of services. We will then follow up discussions with Ofgem and BEIS into how these should be considered within procurement and dispatch.</p> <p>Our Fixed pricing strategy was determined in earlier innovation trials. For Sustain we use a per kW price and aim to provide the same value per kW of service as the per kWh services. We use the values from our value calculator and convert across. This is averaged over the relevant zones.</p> <p>We will review our approach to fixed pricing in the coming year to ensure it remains competitive and provides adequate incentive for participation.</p>
<p>Do you have any further comments on Section 3?</p>	
<p>We saw strong support for digitalisation initiatives</p>	<p>N/A</p>
<p>How can we better engage with stakeholders? Are there any preferred means, processes or times?</p>	
<p>A key view was that value is currently low so engagement is hard. Be careful or penalties could cause real damage.</p> <p>In general there is a need to for more information about Flexibility and how it brings value. Potentially publish more good news stories on what is used. Simplicity and consistency is also needed.</p>	<p>We acknowledge the need for further standardisation. This is not something we can do alone and so will highlight the feedback for standardisation within both the Flexible Power Collaboration Group and the Open Networks project. These are expected to feed into the existing Flexible website review and WS1A P6. Closer alignment, and better clarity on differences will improve the experience for FSPs.</p>

<p>This is needed across DNOs to ensure that there is consistent message. Whilst there are good elements to ON and Flexible Power, there is further work to be done. ON products and processes are not as common as they seem. Equally there is variation across Flexible Power.</p> <p>There is also value in providing a simple overview on the website and direct contact details.</p>	<p>We will also look to publish some use cases from Providers</p> <p>We have also added a simple contact form that comes directly to the WPD Flexible Power team rather than wider WPD.</p>
<p>Does our proposal for a data catalogue help provide clarity on the data available?</p>	
<p>We saw very positive responses to the data catalogue, however there was a caution about the need for standardisation, to ensure consistency across the DNOs.</p> <p>There was also a request for more information on how the value calculator works.</p>	<p>We aim to publish a first version of the data catalogue alongside our next procurement statement. Once completed, we will share learning and the use case with the other DNOs, and look to improve it where needed.</p> <p>We will publish the methodology behind the value calculator once we have conducted the review on pricing mentioned earlier.</p>
<p>What data is the most valuable for you? (maps, CSVs, database's)? Are there any specific formats preferred</p>	
<p>Stakeholders were positive about the data portal, and the data already available.</p> <p>The general message was to publish more and update what is there more regularly.</p> <p>A few key areas included more data on what flexibility services we have used, and the general network conditions/profiles.</p>	<p>We have committed to initially publish all Flexibility data on the portal in the next year, with a drive to extend that to all DSO data by the year after.</p> <p>We are currently upgrading our flexibility data infrastructure internally. As this is deployed we aim to build more automated processes to publish data more regularly.</p> <p>Our upcoming annual Procurement Report will provide more information on dispatch and carbon intensity. We see this as a minimum standard, and will look to move to regular publications, with the yearly requirement a simple collation of existing data.</p>
<p>Other</p>	
<p>We received positive views on the DNOA process and the potential development to incorporate option value.</p> <p>There was a suggestion for a retrospective view to assess the accuracy of the forecast/methodology.</p>	<p>We commit to publish the DNOA every 6 months.</p> <p>This will include a forward looking piece to assess where flexibility could add value to the network, and a backward looking piece, reviewing this once more concrete market data has been received.</p>

Finally we did receive a challenge on our view of market places, and the similarity we see between them and aggregators.

The ability to consider Option Values within the Common Evaluation Methodology (CEM) tool is being considered via Open Networks (WS1A P1).

We want to clarify that we are focussing on providing common interfaces to our products and processes to allow multiple routes to market for FSP. The choice of which route will remain with the FSP and will encourage the development of value adding services through aggregators and marketplaces.

We also want to be clear that we do not want to pay standing charges for such services as this creates an un-level playing field. We acknowledge that these additional services have costs, but expect these to be agreed with the end provider of flexibility, in line with the value they add. WPD would see these wrapped up in the pricing we see for services allowing us to maintain parity between routes to market.

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