Flexibility Q&A

Responses to questions raised at our 2020 Summer Flex Forum | published 02/10/20

Q. How do you explain the gap between the total areas available and those finally awarded?

A. The flexibility tenders are seeking to market test whether flexibility solutions are more economic and efficient compared to the traditional network solution, hence flexibility is procured under this principle. The market is nascent. However, we expect and we have seen evidence that participation will keep improving in the future as more flexibility providers are involved. Furthermore, network needs can be very location specific and finding DERs in the right locations could be potentially challenging.

Q. Are there any plans to enable bid capacity adjustments closer to real time and launching a more automated dispatch and availability declaration process vis APIs?

A. Our dynamic product is designed as a real time activation product, our sustain product allows adjustments up to week-ahead, whilst secure is a firm forward option. So we are offering the full suite of products. We are continuing to explore enhancements to our products and product range and would be keen to hear what you have in mind. We are looking to automate dispatch through an API as part of our ANM programme.

Q. Customer preferences on EV charging are clearly important but how is UKPN getting its views over to where charging hubs might be located and how they might support the system? Could this be reflected in the flexibility zones and tenders? What regional planning mechanisms are in place?

A. We are engaging with a wide range of EV stakeholders to fully understand the needs of different EV customer segments and how we can support them depending on their specific requirements.

The Shift, TransPower and Optimise Prime trials are exploring solutions for different customer segments, from commercial fleets to residential off-street. But we are also focusing on how to ensure that everyone that doesn't have off-street parking has access to charging infrastructure and can transition to EVs. Charging hubs and on-street charging will be key in this sense.

We are engaging with Local Authorities to understand their local requirements and local transport plans, which are likely to deliver a mix of on-street public charging and community hubs, and we provide advice on best location from a network perspective via 1:1 engagement. We are also exploring further solutions in this space developed in collaboration with Local Authorities.

In terms of flexibility, we are technology agnostic so anyone can participate in the tenders. We have started exploring the potential for flexibility from EV charging with those segments that are more advanced in their journey, but we are looking to investigate the role other segments can also play in EV flex.

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Q. Are there specific conditions in SPN that has resulted in low success rate of dynamic providers?

A. This is the first time we have tendered for the Dynamic product so it is difficult to draw any firm conclusions on this. In overall, the flexibility requirements were lower in SPN compared to EPN and LPN. We would welcome any input on specific information that market participants find useful in order to help them structure their commercial proposition. If you have suggestions please send them to flexibility@ukpowernetworks.co.uk.

Q. In your customer research (for the Shift project - how many people were surveyed?

A. Independent research carried out by Delta EE during the research phase of Shift engaged over 800 motorists, including EV drivers and non-EV drivers.

Specifically, the research involved the following activities to gather insights:

- **Focus groups and co-creation workshop:** This included three focus groups with 20 prospective (looking to purchase an EV within 5 years) and 20 current EV drivers and a co-creation workshop with five prospective EV drivers and five current EV drivers.
- **Customer survey:** An online survey with 750 participants and ~30 questions. Participants included 236 current EV drivers, 414 prospective EV drivers with offstreet parking and 100 prospective EV drivers with on-street parking.

Further information is available here.

Customer insight on smart charging:

Survey report

Focus group and co-creation workshop report

Q. What do you think is the best solution to put in place to address a demand-constrained area, in the event that there are no sufficient market-based solutions? and how would you carry out a market test?

A. The benefit of deferring a traditional reinforcement is the net present value of deferred planned expenditure. We undertake a cost benefit analysis to calculate this value, and we publicise the value indication to the market ahead of each tender along with the service requirements (capacity and energy).

The market test is conducted when the cost of flexibility contracts to meet the service requirements as bid by providers is compared to the value of the deferral. If sufficient economic volume cannot be procured, we will seek to progress with the traditional reinforcement solution.

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Q. Have any biodiesel operators been successful in the auctions?

A. There has been an increased interest from flexibility providers with alternative fuel types such as biodiesel, landfill gas and biogas. These flexibility proposals were in the early stages of their development, and we will look to facilitate their participation in the future tenders.

Q. Providing flexibility services enables the supply/use of greater amounts of renewable electricity. Is it possible to claim some kind of CSR 'credit' for this?

A. UK Power Networks as a Distribution Network Operator is not responsible for the carbon intensity of the electricity that flows through our network. Hence, we do not have the authority to issue such certificates. We would welcome your views on how we could co-develop a methodology that enables flexibility providers to calculate their CSR credits or carbon savings. If you have suggestions please send them to flexibility@ukpowernetworks.co.uk.

Q. What is the view on aligning grid carbon emissions / intensity with grid constraints? How might future products be adapted to reward emissions reduction through flexibility services?

A. This is an area we are looking to explore. We will be working with policy makers, system operators and other stakeholders to progress our work further. This may involves establishing appropriate metrics to compare flexibility services with traditional reinforcement solutions regarding carbon benefits. The first step is to start reporting technology types for our flexibility contacts to form a view on the potential carbon savings through our investment decisions.

Find out more

smartgrid.ukpowernetworks.co.uk