

Does your business use electricity at peak times?

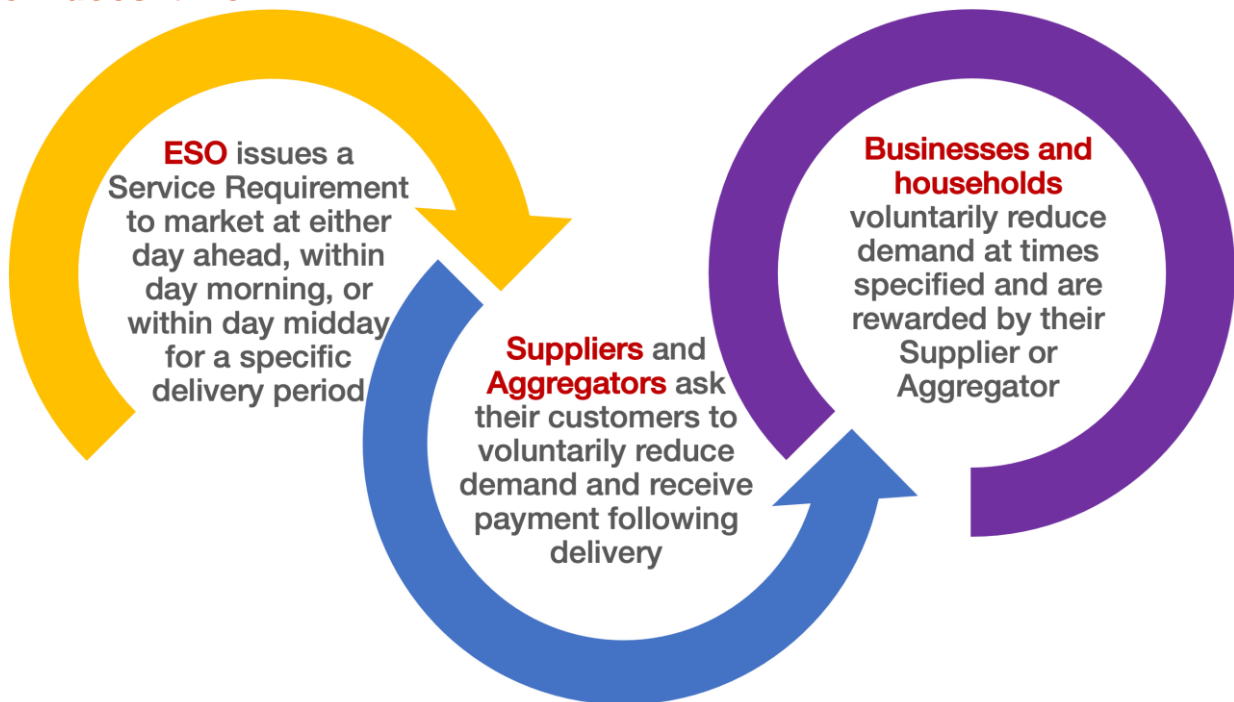
Reducing or shifting your consumption could deliver additional revenue this winter

What is the Demand Flexibility Service (DFS) and why is it important?

The Demand Flexibility Service (DFS) allows you to earn money for shifting electricity usage outside of peak demand hours. This allows the Electricity System Operator (ESO) to manage supply through periods when margins are tight.

The DFS was introduced in winter 2022/23 and over 1.6m households and businesses participated, providing ~350MW of flexibility to the ESO. In the ESO we make sure that Great Britain has the essential energy it needs by ensuring supply meets demand every second of every day.

How does it work?



The most likely delivery periods will be when demand is at its highest, typically weekdays 16:00-21:00.

Who can participate?

Your business can participate if you can reduce or shift your electricity consumption when required at peak times. You will also need to be able to:

- Access half hourly metering and settlement for your sites/business. (Half-hourly settlement is not required for businesses in meter Profile Classes 3 or 4).
- Not be operating in any other services, including trials, such as Short-Term Operating Reserve (STOR) or Frequency Response, the Capacity Mechanism, or DNO/DSO services
- Be able to respond for a minimum of 30 minutes following instruction at ~24, ~5 or ~2.5 hours' notice

ESO

Have you previously participated in TRIAD avoidance?

This winter there are considerable changes to the well-established TRIAD avoidance arena. While DFS is not a replacement service for TRIAD, it may be a viable option for your business to earn revenue if you have available flexibility in your electricity demand.

TRIADs are the three half-hour settlement periods of highest demand on the GB electricity transmission system between November and February (inclusive) each year, separated by at least ten clear days. The ESO uses the TRIADs to determine TNUoS demand charges for customers with half hourly meters. Find out more here: <https://www.nationalgrideso.com/industry-information/charging/triads-data>

How much can I earn?

The following information is based on how much the ESO will pay Registered Service Providers for DFS. How this is passed on to individual businesses is subject to your contract or agreement with your service provider.

Delivering flexibility can be challenging when it is not your business's core operation. The DFS will remunerate you based on the volume you deliver following a pre agreed baseline.

There are no penalties for under or over delivery. For example, if you agreed to shift or reduce demand by 5MW but only managed to deliver 4MW, you will be paid for 4MW. Likewise, if you were able to shift or reduce your demand by 6MW then you would be paid for 6MW. Equally, if your ability to reduce electricity use changes throughout the day and you can no longer participate in the event, you simply won't be paid for that day. You will not be penalised for non-participation.

We understand that revenue certainty is important and so is the ability to test and learn from participating in such a service. For winter 2023/24 we are offering you the option to participate in up to 12 one-hour tests, structured in two phases:

- Phase 1 – 6 tests planned for November and December 2023 with a Guaranteed Acceptance Price (GAP) of **£3,000/MWh**. This is how much the ESO will pay Registered Service Providers.
- Phase 2 – The ESO will seek to run 6 further tests between January 2024 and the end of March 2024. Test events will be competitive from January 2024 onwards if total de-rated Indicative Forecast Volumes surpass a 1.25 GW threshold. Should the 1.25 GW threshold not be surpassed, tests will continue to be underpinned by a GAP of £3,000/MWh.

How do I take part?

You can participate through several different routes. If you are seeking to participate via a third party please reach out directly to them to understand their offering around DFS.

- Directly with the ESO (subject to 1MW threshold and ability to undertake data processes required). Our contact details are below.
- Your electricity supplier (if they are a registered provider)
- Aggregators

Choosing the right partner is an individual business choice and can be through any of the above routes. The ESO will publish a list of the Registered Service Providers for DFS on our webpage. We will update this list throughout Winter 2023/24 as new Service Providers join the service.

Get in touch



demandflexibility@nationalgrideso.com



<https://www.nationalgrideso.com/industry-information/balancing-services/demand-flexibility-service-dfs>