



Flexible Power

WPD Acceptance & Dispatch Principles
V1.1 March 2021

WPD recognises the importance of making the provision of flexibility an investable proposition, as well as the wider commitment to ensure the costs of flexibility remain competitive and economic for our wider customer base.

Where competitive markets have been developed, resulting in over supply, WPD will need to select the priority order on which flexibility assets are accepted and **instructed** first. By sharing this methodology in advance, Flexibility Service Providers (FSPs) may be able to align the dimensions of the flexibility submitted to those most highly valued.

WPD will consider the following factors to optimise our dispatch. These are aligned with the latest Open Networks principles. No principles will be considered ahead of another, all must be considered to ensure network security is delivered for the most cost effective outcome.

Dispatch Principle	Description	In Practice
Security	The needs of the system will be met using flexibility in such a way that security of supply is maintained.	DSO/DNO requirements: Conform with applicable standards with an appropriate management of risk.
Cost	Flexibility will be operated to meet system need at the minimum level of cost.	Lowest prices per MWh and minimum levels of over procurement. Flexibility will be procured in cost order and will not unduly discriminate against any provider.
Operability	DSOs will seek to dispatch services that offer compatible levels of operability.	Provider characteristics: availability, reliability, run times, response times etc... Accepted offers need to match/partially match requirements.

Application of these principles relies on a sufficient level of flexibility engagement that delivers a local competitive flexibility market i.e. a liquid market exists. Once liquidity is established in the Distribution Flexibility market, it will ultimately act to minimise the costs of flexibility services, maximise competition, and lower barriers to entry for all providers.

As WPD will be operating a pay-as-clear pricing structure in the short term, there will be no differentiation in price, however there will be optimisations it can make by instructing FSPs in an order which most closely aligns to the required flexibility. The following steps will provide assurance to the emerging market.

Liquidity Step	Description	In Practice
Competition	DSOs will provide transparency of their dispatch decisions and activities.	Transparency of our actions at dispatch will allow market participants to offer operable and cost efficient services.
Fairness	DSOs will operate a fair dispatch methodology and provide equal opportunities to participate.	A clear, transparent and fair approach offers assurance to existing and potential market participants.

As our operational experience in dispatching flexibility increases, we will use this information to provide feedback to flexibility providers in areas and support them to maximise their value to the system.