

## Drivers of Value for Flexibility Providers

- Question: what value opportunities exist or will need to exist in order for flexibility providers (retailers / others) and their customers to participate

## Phase 1 Drivers

- Value that can be controlled and realised directly by flexibility providers:
  - Wholesale trading / risk management
  - Customer churn
  - Customer acquisition
  - Carbon reduction

## Phase 2 Drivers

- Value that leverages existing market channels:
  - Controlled-rate (CN) and ToU tariffs, traditionally used for hot water, could be applied to flexibility assets
  - Higher value, and therefore incentives, may be placed on assets that provide more flexibility

## Phase 3 Drivers

- Value in more ‘advanced’ areas of the market:
  - Availability payments by Distributors / Transmission operators for ‘dispatchable’ flexibility
  - Per event payments by Distributors / Transmission operators for ‘dispatchable’ flexibility
  - Flexibility offered into the Instantaneous Reserves (IR) market

## Value Principles

- Set-and-Forget for end-customers to enable scale
- Reliability of financial incentives for flexibility providers and their customers
- Where bilateral contracts are required between providers and procurers, fair and consistent terms are applied
- Both large and small flexibility providers should have equal access to market opportunities i.e. level playing field