

Demand Flexibility Service

Market Information Report – Winter 2023/24

March 2024

This is the fourth Market Information Report issued in relation to the Demand Flexibility Service 2023/24.

The schedule of 12 test events (“tests”) which the ESO indicated would be targeted this winter are complete. In light of this milestone, this Market Information Report outlines how the ESO is considering test events for the remaining weeks of the Winter 2023/24 period.

Key Points

- The ESO communicated, via the August 2023 Market Information Report (MIR), an intention to run 12 tests of the Demand Flexibility Service throughout Winter 2023/24.
- While 12 tests have been completed, the August 2023 MIR also noted that more than 12 tests could be carried out.
- The 6 guaranteed tests were completed before the end of 2023 and the latter 6 tests have been scheduled at the discretion of the ESO.
- The ESO are assessing the learnings from the tests completed to date and **may initiate further tests** should they offer sufficient value to the ongoing service evolution discussion.

Winter 2023/24 Testing Summary

The August 2023 Market Information Report outlined that the ESO was contractually obliged to run at least 6 test events this winter but would endeavour to run 12 to maximise the opportunities to investigate a variety of market dynamics. After the first 6 tests were completed, no additional tests were guaranteed. Nonetheless, the ESO ran an additional test (Test 7) with a Guaranteed Acceptance Price in January to maintain service engagement throughout the period with the highest system security risk and used tests 8 to 12 introduce competitive market conditions.

The 12 DFS tests carried out since mid-November 2023 have delivered over 2.5 GWh of demand reductions and generated substantial data from which valuable insight into the future of flexibility markets can be derived. To date, the maximum volume of DFS delivered in any half-hour period is 410 MW, an increase of more than 50% on Winter 2022/23. Tests have also produced opportunities for Participants to provide the ESO with better data concerning the capability of their customers to take part in the service. Moreover, Winter 2023/24 has provided the ESO with opportunities to test the service using a within-day procurement mechanism and competitive bidding conditions.

Testing Plan for March 2024

The ESO are assessing all delivery data from the recent competitive tests. Additional tests, comprising of one or more 30-minute periods, may be scheduled if further insights are required to meet the objectives of the testing schedule. However, the value of any additional tests will be carefully evaluated against their cost and logistical implications. Registered DFS Participants should, therefore, remain able to respond to issuances of Anticipated Requirement Notices and DFS Service Requirements for both DFS live and test events.

Additional Information

For further information relating to the DFS test process, refer to our August 2023 [Market Information Report](#) and the latest version of the [Demand Flexibility Participation Guidance](#).

For contractual information pertaining to the service, refer to the [Service Terms](#) and [Procurement Rules](#) documents.