

3rd February 2021

Dear Colleague

I hope you are well in these challenging times. As the Electricity System Operator (ESO), we are committed to communicating regularly with our industry stakeholders and to continue working in partnership to manage the effects of the COVID-19 pandemic. We therefore wish to inform you at the earliest convenience that we will be reinstating the Optional Downward Flexibility Management (ODFM) service for this summer, 2021.

We want to reassure you, and all our colleagues across the industry, that we have well-developed procedures in place for managing the electricity system and do not expect any issues with continuing to reliably operate the electricity transmission system.

However, whilst our central case for this summer suggests there is no requirement for ODFM, our forecasts demonstrate that there are credible worst-case scenarios where we might experience lower demand periods for longer durations that could require additional downwards flexibility. We therefore feel it is prudent to bring forward a new ODFM service for 2021, for instruction only in the event that such challenging conditions occur, and to mitigate the need for emergency instructions.

At no point will ODFM be used in place of our existing reserve and response toolkit, and will be in place only to manage significant low demand events where all other actions have been taken. Our expectation is that we will not need to instruct this service but that it is prudent to have it available. Therefore, we propose to make minimal service improvements to ODFM unless, necessary, economic, and efficient to do so, enabling our teams to focus on priority work that offers the most value to the consumer.

Due to the 'sunset' clause in the ODFM Service Terms from last summer, for use in 2021 we are required to implement ODFM as a new service and will therefore be committed to running the appropriate industry consultation and engagement. We anticipate publishing the relevant documentation in mid to late February for industry scrutiny in a consultation.

ODFM is not considered to be an enduring solution to downward flexibility management. The enduring solution will be delivered through our Reserve Reform programme, while wider access to the Balancing Mechanism also provides a continuous route to an enduring downward flexibility service.

As I mentioned above, our extensive experience of dealing with low demand periods gives us confidence that we can build on our learning from 2020 in acting prudently to mitigate any risk to consumers. If providers have flexible volume that could be available to participate in the service or have any questions, we welcome parties to speak to their Account Manager or contact commercial.operation@nationalgrideso.com

Thanks again for your continued support.



Colm Murphy
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National Grid Electricity System Operator