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New partnership between UK Power Networks and EPEX SPOT set to “supercharge flexibility market”

- **EPEX SPOT has been selected by UK Power Networks to supercharge its local flexibility market**
- **EPEX SPOT brings wealth of experience running high-volume day-ahead and intraday markets**
- **Partnership offers opportunity to facilitate revenue stacking between local flexibility and national wholesale markets**

UK Power Networks Distribution System Operator (DSO) has announced a partnership with the power market operator EPEX SPOT to host its flexibility market. The new cooperation is set to deliver a paradigm shift in the flexibility market. It opens the market to a new segment of participants, bringing EPEX SPOT’s wholesale market expertise to local flexibility markets, delivering a world-class customer experience.

UK Power Networks DSO has committed to saving customers £410m by 2028 and has delivered £60m worth of savings in 2023 alone, by utilising flexibility as an alternative to the traditional approach of delivering network capacity by building more infrastructure.

Whether customers want to trade power for today or the next day: EPEX SPOT is the no.1 power spot exchange in Europe with the highest total traded volume and widest range of innovative products. EPEX SPOT is shaping the future of short term electricity auction and continuous markets, offering unparalleled opportunities for over 140 members and exceeding 8TWh traded monthly in GB.

EPEX SPOT was appointed as the new flexibility market platform provider after a competitive tender. As the leading European short-term power exchange, EPEX SPOT has a strong track record in delivering innovative market design and brings together a community of UK energy trading companies with opportunities to benefit from UK Power Networks’ flexibility market. As the only independent DSO, UK Power Networks has already awarded contracts for more than 1GW of flexibility. Working together, the two companies are confident they have the ingredients for a highly scalable, innovative and coordinated flexibility market.

As part of the deal, EPEX SPOT will adopt the industry-standard processes and products defined through the Open Networks programme. While the Localflex platform offers a full set of Application Programming Interfaces (APIs), these will be reviewed in the context of industry developments to simplify participation for flexibility providers and maximise interoperability with other market

platforms.

Flexibility providers will be supported to register on the EPEX SPOT Localflex platform and will have the opportunity to help shape priorities for platform development.

In December 2023, UK Power Networks began a trial of day-ahead flexibility procurement in East Anglia. This process will be migrated to the Localflex platform from April 2024, followed by UK Power Networks' long-term flexibility tenders from May 2024.

Sotiris Georgiopoulos, director of DSO at UK Power Networks said: "EPEX SPOT offers the opportunity to exceed our commitment to avoiding £410m of infrastructure investment between 2023 and 2028. We're looking forward to working together with EPEX SPOT and our market participants to deliver a world class customer experience and contribute to a more joined up British flexibility market."

Ralph Danielski, chief executive officer of EPEX SPOT, said: "The pioneering partnership between UK Power Networks and EPEX SPOT for the market-based procurement of flexibility marks an important milestone in facilitating Net Zero. The project serves as a lighthouse towards the entire energy sector, and we are very looking forward to further shape the future of flexibility markets."

Local flexibility markets are playing a key role in minimising the need for additional grid infrastructure to accommodate the growth of low carbon technologies such as electric vehicles, heat pumps and renewable generation. It is widely accepted that flexibility will be an enabler of a timely and low cost Net Zero transition.

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Picture caption:

For further information please contact UK Power Networks press office on 0330 159 1712.

Notes to editors:

UK Power Networks owns and runs the cables and substations which deliver electricity from the national grid to 8.5 million homes and businesses across London, the South East and East of England, serving approximately 20 million people.

As the country's biggest electricity distributor, it has invested more than £6.4 billion in its electricity networks since 2011, focusing on safety, network reliability, sustainability and affordability by caring for vulnerable customers and keeping costs low. It was named Utility of the Year in 2023, 2016, 2015 and 2012. It is also a founder member of the Levelling up Coalition, second on the UK Inclusive Companies list as well as one of only 5% of companies worldwide to achieve Platinum Investors in People status.

If you have an issue with your power, there are many ways to get in touch including freephone 105 and @UKPowerNetworks

EPEX SPOT

EPEX SPOT SE and its affiliates operate physical short-term electricity markets in 13 countries across Great Britain, Central Western Europe, Switzerland, the Nordics and in Poland. In Great Britain, EPEX SPOT provides the most liquid Intraday market, and the most competitive Day-Ahead auction 60min marketplace based on their large and diverse GB trading community. Moreover, the GB Day-Ahead auction 30 min at 15:30 (GMT) provides members with additional trading opportunities to balance their physical portfolios and

to further optimize their generation portfolio.

Furthermore, EPEX SPOT offers Guarantees of Origin auctions and local flexibility markets solution, to foster the integration of renewable energy sources and to enhance the engagement of consumers and producers in the power market. In this sense, a neutral and transparent market platform pools local flexibility offer, while market participants gain new opportunities to value their flexible assets and system operators obtain new tools to manage congestions and to optimize grid planning.

As part of EEX Group, a group of companies serving international commodity markets, EPEX SPOT is committed to the creation of a pan-European power market. More than 370 members trade electricity on EPEX SPOT. 49% of its equity is held by HGRT, a holding of transmission system operators.