



# Flex Direct: SIF Alpha

Friday 9<sup>th</sup> May 2025



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# What is Flex Direct?

Flex Direct aims to make energy flexibility markets more accessible by developing a novel commercial model that will incentivise social landlords to provide peak reduction services

**Social landlords**, such as local authorities and social housing providers, typically house tenants that are vulnerable consumers.

Helping social landlords to work directly with Distribution System Operators (DSOs), will enable vulnerable consumers to **benefit from energy flexibility** while effectively managing the energy grid.

Social landlords are currently undertaking large scale retrofits of **energy efficiency measures**. Aligning DSOs with this strategic approach can unlock an extra revenue stream for social landlords and support the delivery of government targets.



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# Project Delivery



## Social Landlord Engagement

We engaged with Social Landlords, the DSO and flexibility aggregators to shape the following activities:

- Define user journeys and impact on vulnerable consumers
- Refine the commercial framework and Cost Benefit Analysis (CBA)
- Understand the submission processes & requirements
- Develop the approach for calculating peak load reduction
- Identify potential trial partners and sites

# Engagement with social landlords and user journeys

Through a **collaborative and iterative engagement process** with social landlords, we co-developed the Flex Direct proposal.

## Key engagement findings

- Strong appetite for participation.
- Many social landlords well-prepared to participate.
- Key concern: effort required vs revenue opportunity.

## Social landlords' preferences

- ✓ No measurement baselining approach.
- ✓ Direct contracting framework (with optional third-party support).

## Key recommendations



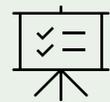
Develop a **clear and strategic plan** for Beta trial engagement.



Research the **possibility of including different measures**, such as solar PV.



**Co-develop a toolkit** to support social landlords' participation.



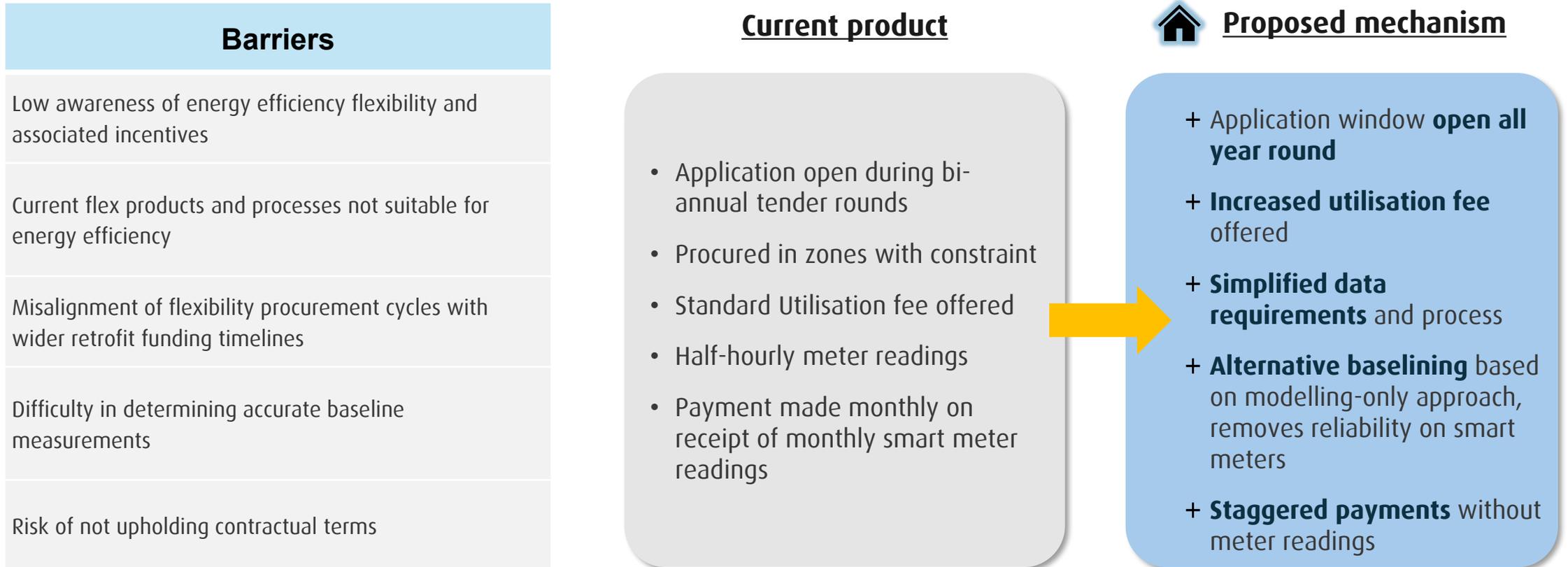
**Emphasise co-benefits of flexibility** to encourage participation.



Support social landlords with **knowledge and upskilling**.

# Overcoming barriers to participation

The Flex Direct project has developed several proposed amendments to the existing Peak Reduction flexibility product to address key barriers preventing social landlords from participating in flex markets.



# Commercial arrangements and route to market

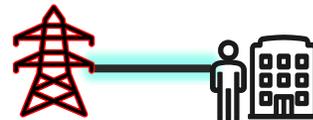
Beyond adjustments to the flex products, we've also developed three commercial frameworks to facilitate participation.

## Option 1: Enhanced Engagement



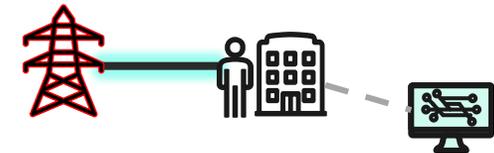
Leveraging the existing market, flex aggregators provide services and subcontract social landlords

## Option 2: Direct Contracting with Social Landlords



A new commercial arrangement allowing **social landlords to act independently** as flex service providers

## Option 3: Direct Contracting with Social Landlords with Third-Party support



Social landlords deliver flex services to the DSO, with **third-party technical support**

# Transition into 'business-as-usual'

**Social landlords need an easy and seamless data process** to join flexibility markets, due to limited resources and technical skills.

**The Flex Direct product** - without the need for smart metering data - **and simpler contracting framework** would make it easier for social landlords to take part.

To enable UK-wide uptake by all DSOs, any future flexibility product will need to align to ENA standardisation and existing flexibility procurement processes.



# Development of baselining methodologies

Through engagement, three key takeaways were used to develop the Flex Direct baselining methodology:



**Simplicity is essential** to ensure there is value in a Flex Direct market.



**Direct measurement of electricity demand is not feasible** in any methodology.



The methodology **must be able to account for a retrofit from gas to electric heating technology.**

**From this a “No Demand Measurement” methodology was developed:**

A standard payment is provided based on the installed measure and scaled, for example, by property size and heating type.

There are two potential methods using a ‘look-up table’ as a simple way for social landlords to calculate the estimated peak reduction they would be able to provide.

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## Next Steps

Having successfully completed Alpha, we plan to develop a plan for a Beta trial. If successfully trialled the proposal could enter BAU.

For the next steps we plan to address the following:

- 1** Secure social landlord trial partner(s) and identify trial site(s)
- 2** Consider opportunities to expand or develop the proposed framework
- 3** Develop a delivery trial that will be used to test the proposal

THANK YOU