

FlexLondon – Phase 1 Summary

FlexLondon is a Mayor of London initiative to accelerate the uptake of smart low carbon energy flexibility and is designed to facilitate projects that will demonstrate how London can access a potential 1GWe of untapped flexible demand.

The aim of Phase 1 was to help the Mayor understand:

- where organisations are gaining value from becoming more flexible,
- the barriers to flexibility, and
- the interest in participating in a programme that would allow organisations to influence design of flexibility markets for London.

Stated barriers that inhibit the flexibility market in London include:

- insufficient commercial return on investment and hassle factor versus perceived reward, was noted by many
- the value proposition for many commercial and public sector organisations to engage and realise the value of their potential energy flexibility is not strong enough to overcome the fear of potential business disruption
- flexibility aggregators are often technology led rather than service led, so not meeting the needs of all those end users who have flexibility potential
- flexibility services for business (and domestic) consumers need to offer more than just small financial rewards received by providing demand side response services to meet National Grid and DNO networks' needs.

In summary, phase 1 identified that being flexible to provide demand side response services alone, has limited appeal, but organisations are seeing value from more flexible enterprise-wide energy management opportunities and services.

However,

- (i) organisations need help to integrate these local value opportunities and solutions and
- (ii) not all the local value is rewarded under current energy market arrangements.

The means the wider potential and value of flexibility for businesses and cities, that can be rewarded in current market conditions, is presently limited.

The key findings from phase 1 have been incorporated into the design and delivery of phase 2. Phase 2 of FlexLondon will support a number of challenges aimed at creating new flexibility in the public and private sector and will present a valuable opportunity for London to develop its approach to unlocking the benefits of energy flexibility.