



## FLEXIBILITY FIRST POLICY

We are dedicated to delivering a network and energy system that serves our region, in a safe, efficient and economic way and supports enabling decarbonisation for our customers and stakeholders. As such we are committed to the use of flexibility solutions instead of or to defer network reinforcement solutions wherever appropriate.

**Our Flexibility First policy is to employ flexibility solutions, including Flexibility Services, Flexible Connections and Network Flexibility in preference to network reinforcement means wherever we can demonstrate it is the most efficient and economical overall outcome for our network customers.**

**We are dedicated to enabling a local market for Flexibility Services by creating a level playing field for all flexibility service providers and supporting competition with network solutions by promoting fair competition and demonstrating decision-making transparency.**

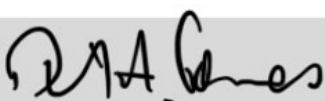
This Flexibility First policy will be achieved through the operation of decision-making frameworks that align to the following core principles:

- **Technical Rigour** – Our needs for flexibility will be informed by systems and processes that encompass the greatest technical rigour to ensure we tender for, and operate, well specified services that meet our network's needs, and thus provide participants the fairest opportunity to tender and participate.
- **Standardisation** – Our frameworks for decision-making will be standardised and will be applied to standardised Flexibility Services products and use-cases, to reduce access barriers and provide clear repeatable outcomes across our licence areas –resulting in consistency for all participants.
- **Segregation of duties** – There will be clear roles and responsibilities in our decision-making frameworks, with a clear segregation between employees who propose network reinforcement solutions and other employees that tender for and assess flexibility solutions.
- **Efficiency** – Our decision-making frameworks will be designed to deliver overall efficiency and economy for our network and customers, 1. In the optioneering of solutions, including promoting flexible connections where appropriate, and assessing non-load related investment needs alongside load-related network requirements; and 2. In the call-off of services when required recognising the speed to deploy flexibility solutions.
- **Transparency** – Our policies, processes, frameworks and the outcomes will be transparent to allow all stakeholders to understand our decision making.
- **Assurance** – We will commit to a full suite of assurance activities to give stakeholders the confidence that we are operating all policies and process as described and effectively.

All directors, employees and contractors shall comply with this policy and contribute to the continuous development of flexibility.

The company will provide sufficient information, training and resources to enable this to be achieved.

Signed:



Phil Jones  
President & Chief Executive Officer  
Northern Powergrid

Date:

12 October 2023

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