

Distribution Flexibility Service

Procurement Report for SP Distribution PLC and SP Manweb PLC

May 2026

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Executive Summary

We are SP Energy Networks, we own and operate distribution networks in Southern and Central Scotland, Merseyside, Cheshire, Shropshire and North Wales. We are the only network operator to serve communities across all three governments: UK, Scottish, and Welsh. Each have bold ambitions to deliver their own sustainability and Net Zero targets.

In our unique position to support these objectives, we recognise that each region has distinct opportunities and challenges. We will enable the communities we serve to meet their targets through our industry leading planning tools, processes and policies to embrace flexibility solutions, enable flexibility markets, and encourage greater flexibility market participation to unlock the network capacity to meet these needs.

Our month ahead market launched in 2024 with aim to provide a more structured and dynamic flexibility market to drive volumes and outcomes. Post launch of the month ahead market, throughout 2024/2025 we reviewed our procurement strategy and gathered extensive provider feedback, which highlighted a clear preference for shorter-term opportunities and a desire for more flexibility products and use cases to be developed. We have made it our aim to continuously develop our flexibility market offering, developing operational flexibility, Storm Flexibility, and trials for Low Voltage (LV) demand flexibility and demand turn up products. We aim for full transparency with our flexibility activities, working with the market facilitator Elexon to drive the best outcomes for our flexibility providers and customers. In addition to our industry engagement, we publish all of our flexibility requirements for the full ED2 period via our

[open data portal](#) as well as many useful documents for stakeholders on our [flexibility page](#).

Our month ahead market has matured since its launch with over 110,894 assets competing in our flexibility tenders. In 2024/25, we tendered 146.37MW of peak flexibility through the month ahead market, contracting 24.20MW and dispatching 384.80MWh across both licence areas. In 2025/2026 we tendered 710MW of peak flexibility through the month ahead market, contracting 185MW and dispatching 3.2GWh of flexibility across 58 locations in both licence areas.

Through our flexibility requirements and maturing our flexibility market we have managed a 15.7 times increase in available capacity from registered flexibility assets from 325 MW to 5,707 MW. Our activities in stakeholder engagement have also allowed us to increase the pool of registered assets from 41,378 to 110,894 over the regulatory year 2025/2026, with a total of 37 providers now registered on our flexibility platform, an increase from 9 in 2024/2025. We have seen a large amount of growth in both flexibility services offered and the amount of flexibility procured, and we are continuing to develop our systems and processes to ensure sustainable and supported future growth of our flexibility market.

Month	No. of Locations	MW Tendered	MW Contracted	MWh Dispatched and Delivered (following month)
Apr-25	4	0.34	0.22	86.59
May-25	0	0	0	1.89
Jun-25	3	9	1.15	0
Jul-25	1	1	1.06	34.55
Aug-25	11	25.74	6.18	23.99
Sep-25	17	58.75	7.73	22.92
Oct-25	43	105.26	45.71	52.88
Nov-25	40	98.87	30.96	686
Dec-25	44	129.47	35.28	300.68
Jan - 26	40	123.01	33.61	1143.42
Feb - 26	31	47.25	16.95	735.58
Mar-26	35	111.18	6.48	107.62

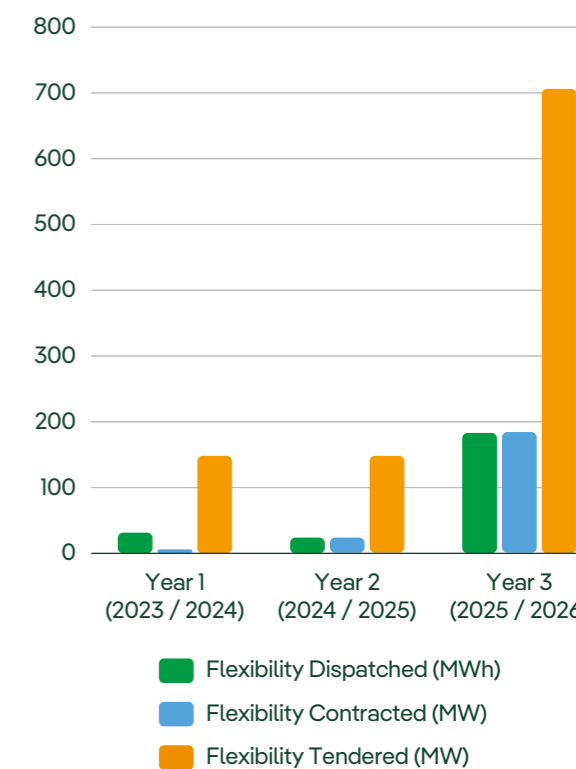
* Due to the structure of the month-ahead market, dispatches occur the following month



This growth has been facilitated by strengthening our short-term procurement approach by refining the Month Ahead Market and developing automation to simplify the tender process. These changes have helped grow shorter-term markets, increased liquidity, and given both new and established providers more regular opportunities to participate in our services. We continue to see strong evidence that month-ahead procurement improves reliability, with a higher share of contracted flexibility being dispatched than in longer-term tenders. To support a more responsive network, we have also started developing week-ahead and day-ahead procurement models such as our Demand Turn Up trial in March 2026. This trial involved 6 of our FSPs increasing demand to solve generation constraints across Grid Supply Points (GSPs) on our SPD network. Shorter-term procurement allows us to respond to network conditions in a more dynamic way and deploy flexibility as a solution quickly.

We are committed to develop more flexibility products which are procured on a shorter-term basis as we discover new ways to apply flexibility services on the distribution network. As we expand use cases for operational flexibility, managing unplanned outages, network constraints and periods of elevated risk on the network, day-ahead and week-ahead procurement will continue to be larger part of our flexibility offer. This development is allowing us to develop a more resilient and secure distribution network.

Stakeholder engagement remains central to this development and continues to shape and improve our procurement activities. Working closely with FSPs has helped them better understand the services they can offer and increased visibility of our processes. The continued development of shorter-term procured products will widen tendering opportunities, improve liquidity, and lower barriers to entry. These developments reflect feedback from the market and will help create a more flexible and resilient environment for providers and customers alike.

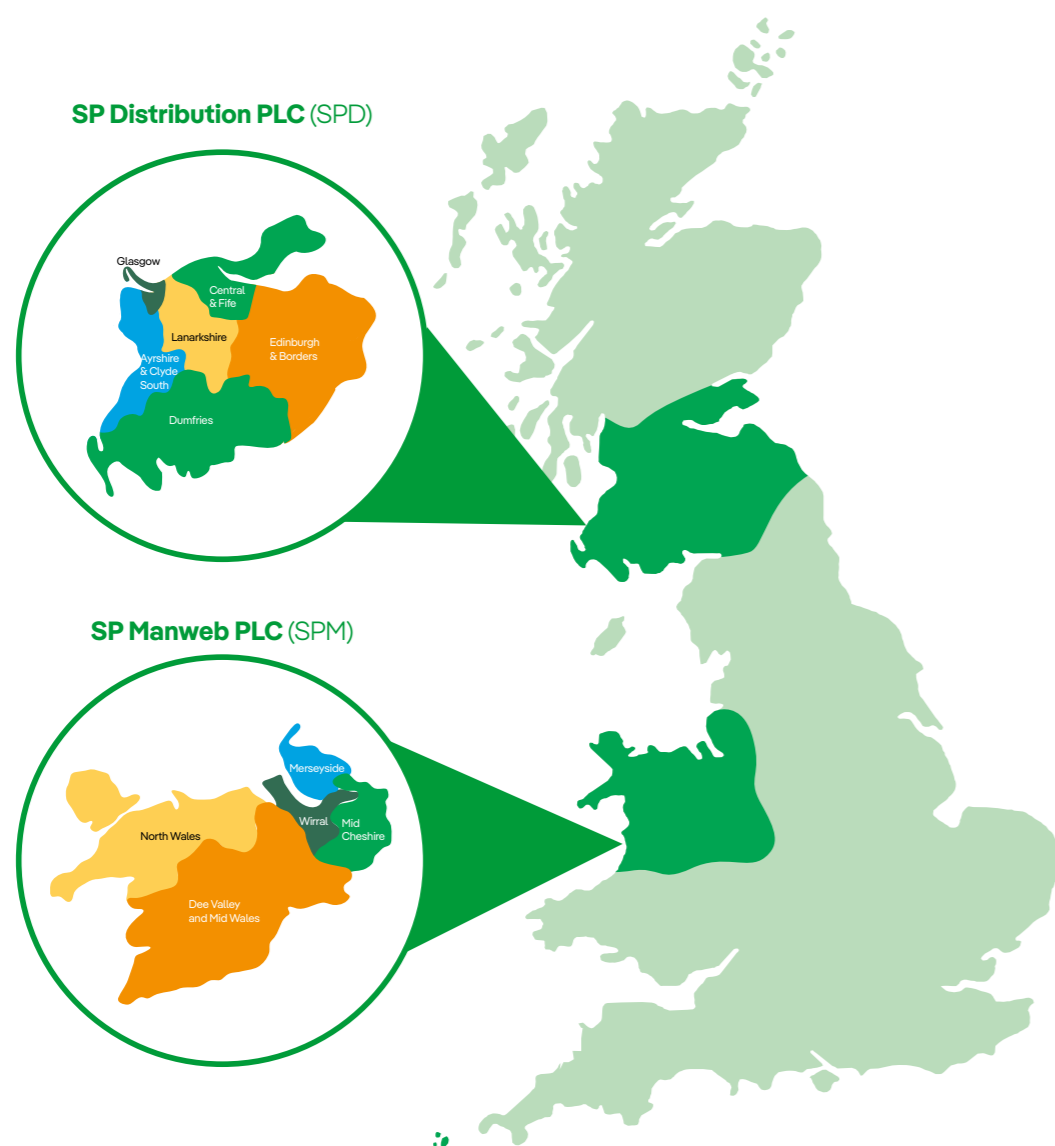


Analysing results from Year 1 to 3 of ED2, we have seen strong growth in the uptake and delivery of flexibility services as a result of moving away from predominantly long term tenders towards shorter, more responsive procurement arrangements. This shift has improved market accessibility, increased provider participation, and allowed flexibility services to better align with evolving network needs. Building on this momentum, we expect growth to continue as new flexibility products and use cases are introduced, further broadening the range of assets able to participate and strengthening the role of flexibility as a core tool in managing the distribution network.

1. Introduction

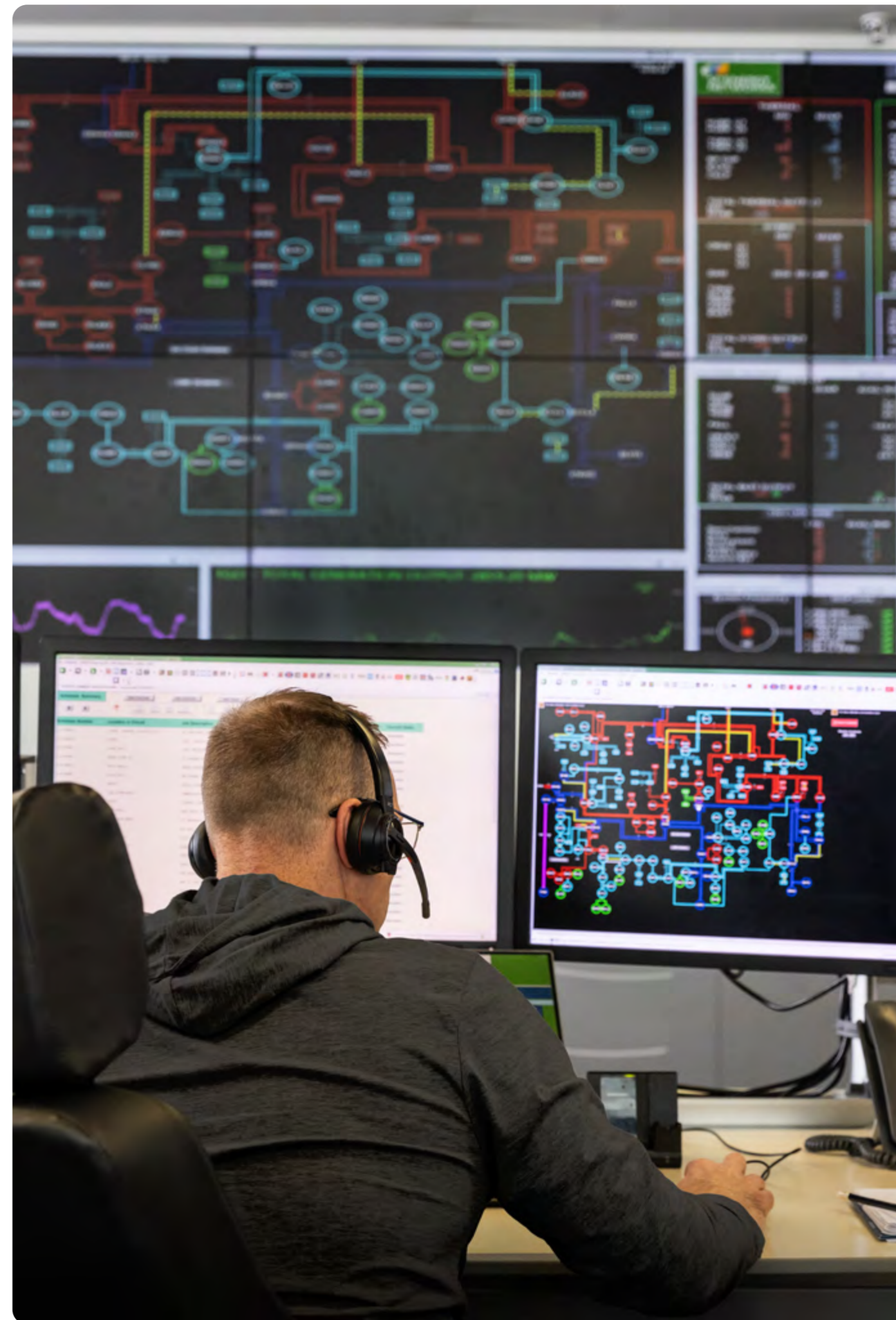
1.1. Who we are

We are SP Energy Networks (SPEN). We own and operate the electricity distribution network in Central and Southern Scotland (our SP Distribution network, SPD), and in North Wales, Merseyside, Cheshire and North Shropshire (our SP Manweb network, SPM). It is through these two networks of underground cables, overhead lines and substations that we provide 3.5 million homes, businesses and public services with a safe, economical and reliable supply of electricity.



This document has been prepared by us in accordance with the requirements of our Licence issued under the Electricity Act 1989 (as amended) ('the Act'), specifically Condition 31E. It sets out the Distribution Flexibility Services which SPEN

has tendered for, contracted and dispatched in the period of 12 months preceding the Annual Submission Date (1st April 2023), and is structured as per the guidance provided by Ofgem in February 2024.



1.2. Our Flexibility Approach

Our strategic vision is to “maintain a safe, secure and reliable network by efficiently delivering the capacity our customers need to decarbonise, in the timescales they need it – so that they can use LCTs immediately and at full capacity”.

We will deliver this vision through flexible, smart, innovative, and conventional reinforcement interventions. We will depend on the new tools and capabilities that our DSO Strategy¹ will give us, not least higher flexibility utilisation from more efficient, co-ordinated, and competitive flexibility markets.

Over Year 1 and 2 of ED2, we developed the structure, policies, and procedures required to maximize future flexibility market participation and the benefits of flexibility procurement and operation by tendering in two tender cycles in the Spring and Autumn of 2023. We accepted 36MW of bid capacity to support our network up until November 2025. However, we did not manage to fulfil our total required flexibility capacity through our longer-term tendering activity. We therefore launched our month-ahead market, which aimed at increasing FSP participation through procuring on a more short-term basis. The month-ahead market has been successful in this regard but there is still work to do to grow participation in our flexibility markets.

Following stakeholder feedback and consultation over 2024/2025 with FSPs participating in our month-ahead market, we identified an overall positive response from FSPs, however the following areas for improvement were noted:

- Participation in other flexibility markets such as the NESO’s Demand Flexibility Service, which had contractual exclusivity clauses that cause contract restrictions on stackability with other markets such as DSO flexibility markets.
- Some asset types maintain a preference for shorter-term tenders and commitments, such as day-ahead or intra-day.
- Some FSPs prefer bi-lateral agreements rather than a framework agreement, as it increases certainty and reduces potential risk.

Over 2025/2026, we have been maturing our month-ahead operating model, which was launched in June 2024. We ensured that the above feedback was incorporated into our process by:

- Maintained the minimum threshold capacity to 0 MW to allow smaller generators and aggregators to participate.
- Working with NESO to ensure fairer contract conditions, creating an even playing field for providers to participate in DSO flexibility markets, and enabling stacking for flexibility services where possible through collaboration and consultation with providers and NESO.

- Facilitating the development of the standard framework agreement. Ensuring its fit for purpose by removing unnecessary barriers to entry for new flexibility providers.
- Refining systems and onboarding process for large energy suppliers, to unlock more flexibility services on the network.

The monthly tender process has allowed for agile, closer to real-time tendering activity. The month-by-month tender windows provides more opportunities for new and existing FSPs to tender within a more suitable timeframe for their specific needs.

To date, we have found that providers are more engaged with shorter-term tenders. We have achieved a 100% dispatch vs. contracted rate in 2025/2026 (Year 3 of ED2) which is a 15% improvement from 24/25 (Year 2 of ED2) and a significant improvement over the longer-term tenders contracted for 23/24 (Year 1 of ED2). We are continuously improving our processes to grow our flexibility market through targeted consultations and feedback from stakeholders. This year we have focused on enabling more assets to participate through our operational flexibility products and trials. Feedback indicates that for specific assets shorter-term tenders are more suitable, while for larger generation assets firm agreements provide the necessary certainty to remove barriers to participation.

Alongside our tenders, we will continue to publish our full longer-term RIIO-ED2 flexibility requirements to allow FSPs visibility of future tender opportunities and enable them to plan without the burden of submitting tenders many years in advance of the expected dispatch of flexibility. We acknowledge that it is essential to provide both short and long-term insights to stakeholders, offering a view of how our market is developing and how much flexibility we envisage needing in the upcoming months and years. We published our second Market Prospectus in September 2025 to provide more market confidence and offer insights into the potential revenue that providers could make per constraint zone location.

We have also made much more data available on our open data portal, with a dedicated flexibility landing page which can be accessed [here](#). This data includes information on our competition zones, flexibility dispatches, registered assets, market research and broader market activity data. FSPs wanting to familiarise themselves with our market activities can

register and download up-to-date data which is linked to our dedicated flexibility platform via an Application Programming Interface (API). We are continuously expanding the amount of data available on the open data portal ensuring transparency at each stage of our end-to-end flexibility process.

As outlined in our Procurement Statement we have continued to follow our impartial and fair processes when identifying

our flexibility requirements, following the same assessment process and using the same tools we used to produce our RIIO-ED2 Investment Plan. Our unbiased approach when assessing types of interventions was endorsed by Ofgem as we were the Distribution Network Operator (DNO) with the highest number of approved EJPs² submitted as part of the RIIO-ED2 Business Plan.

1.3. Flexibility Activities in the Reporting Year

Activity	Details
Month Ahead Tenders (Scheduled Utilisation)	We facilitated 11 tender cycles in the reporting year from April 2025 – April 2026. We tendered for a total of 710 MWs of Peak Flexibility with 185 MW Contracted to support our network up until April 2026. 3.2 GWh was dispatched across both our licence areas.
Operational Flexibility Ad-Hoc Procurement	We also procured a total peak of 53 MWs to support planned outages and maintenance works in two locations. We dispatched 28 MWhs to support planned outages.
StormFlex	We contracted 201 MW of generation availability to support the network during named Storms throughout 2025/2026.
Maturing our month-ahead operating model	Following the launch of our month-ahead operating model in June 2024, we have matured the process. We will be continuing our month-ahead tenders throughout 2026/2027.
New Flexibility Framework Agreement	In May 2024, the ENA Open Networks project launched version 3 the overarching standardised agreement, moving towards alignment with the NESO process for procuring services. SPEN implemented this agreement in June 2024 before the launch of our new month ahead tender model.
Platforms	During 2024/2025, we underwent a procurement process for a new platform provider, which we finalised at the end of April 2025. To ensure minimal disruption to FSPs, we extended our contract with Piclo until our tenders are launched on the ElectronConnect platform starting April 2026.
Investigating Barriers	We have been continuing to engage with our stakeholders to understand the barriers to participation in our flexibility markets throughout 2025. Following the launch of our 2024 month-ahead tenders, we have closely monitored engagement (via one-to-one surgeries with providers) and participation, finding that the new model has allowed more FSPs, including startups, to participate regularly. This has reduced barriers to entry and increased the amount of contracted vs dispatched flexibility to 100% during the 2025/2026 period.
Industry	SPEN actively participates in all workstreams with the Market Facilitator Elexon, contributing to the development and alignment of procurement and use of Flexibility Services alongside other DSOs and the NESO to enhance whole system coordination. Building on previous work within the Open Networks in 2024, our Flexibility Procurement Manager co-led the Standard Contract Technical Working Group with the NESO, ensuring the launch of version 3 of the Standard Agreement in May 2024. We align our processes with the best practices identified by the previous ENA working groups and implement new processes and transitions through the new Market Facilitator Elexon.
Team Structure	Throughout 2025/2026, we maintained the same structure within Flexibility Procurement and the Flexibility Performance team, we expect to further increase the size of the team during 2026/2027 by introducing 3 growth roles, allowing us to incorporate new skills and resources into the wider flexibility team and placing us in a strong position to deliver flexibility outcomes ahead of the next ED3 Price Control.

(1) [Annex 4A.3 - DSO Strategy.pdf \(spenergynetworks.co.uk\)](#)

(2) Engineering Justification Papers. For each major intervention, these capture the intervention options considered and the justification for our proposed solution.

2. Flexibility Procurement and Use Summary

2.1. Flexibility Services Procurement

From 2019 to Year 1 of ED2 (23/24) we procured the Flexibility Services via long term contracts, namely:

Tenders	Price Control Period	Period Cover
Spring 2019	ED1	2019/20
Autumn 2019	ED1	2020/21, 2021/22, 2022/23
Autumn 2020	ED2	2023/24, to 2027/28 inclusive
Spring 2021	ED2	2023/24, to 2027/28 inclusive
Autumn 2021	ED1 & ED2	2022/23 and 2023/24
Spring 2023	ED2	2023/24 to 2024/25
Autumn 2023	ED2	2023/24 to 2024/25

We launched our month-ahead process in June 2024 running 9 tender rounds with a contract length of 1 month for the 2024/2025 period.

Tenders	Price Control Period	Period Cover
Jul-24	ED2	July 1st – 31st 2025
Aug-24	ED2	August 1st – 30th 2025
Sep-24	ED2	September 1st – 30th 2025
Oct-24	ED2	October 1st – 31st 2025
Nov-24	ED2	November 1st – 30st 2025
Dec-24	ED2	December 1st – 31st 2025
Jan-25	ED2	January 1st – 31st 2026
Feb-25	ED2	February 1st – 28th 2026
Mar-25	ED2	March 1st – 31st 2026



Over the past year we ran 12 tender rounds with a contract length of 1 Month for the 25/26 period:

Tenders	Price Control Period	Period Cover
Apr-25	ED2	April 1st – 30th 2025
May-25	ED2	May 1st – 31st 2025
Jun-25	ED2	June 1st – 30th 2025
Jul-25	ED2	July 1st – 31st 2025
Aug-25	ED2	August 1st – 30th 2025
Sep-25	ED2	September 1st – 30th 2025
Oct-25	ED2	October 1st – 31st 2025
Nov-25	ED2	November 1st – 30st 2025
Dec-25	ED2	December 1st – 31st 2025
Jan-26	ED2	January 1st – 31st 2026
Feb-26	ED2	February 1st – 28th 2026
Mar-26	ED2	March 1st – 31st 2026

Over the past year we ran 12 tender rounds with a contract length of 1 Month for the 25/26 period:

Tenders	Price Control Period	Period Cover
Apr-25	ED2	18th April – 21st April 2025
Sep-25	ED2	22nd September – 3rd October 2025
Oct-25	ED2	21st October 2025 – 29th October 2025
Nov-25	ED2	11th November 2025 – 19th November 2025
Mar-26	ED2	1st March – 31st March 2026

2.2. Flexibility Contracted for Use in the Reporting Year

The below tables demonstrate the flexible capacity tendered and contracted for use in the reporting year. The tendered figures include peak capacity figures tendered in previous years to use in the year 25/26.

Product	Voltage	Peak Capacity Required 25/26 (MW)	Peak Capacity Tendered in 25/26 (MW)	Peak Total Contracted in 25/26 (MW)	Total Capacity Dispatched (MWh)	Comments
Scheduled Utilisation	All	710	710	185	3219	100% tendered vs contracted. Overall requirement unmet.
Operational Utilisation & Scheduled Availability	33kV	53	53	53	28	Overall Requirement met

(Full details are included with the template appended to this Report)

The table provides a comprehensive overview of the peak capacity requirements, tendered capacities, contracted capacities, and dispatched capacities for the year 2025/26. In the Scheduled Utilisation category, the peak capacity required was 710 MW, with 710 MW tendered and fully contracted, resulting in a total capacity dispatched of 3219.5 MWh. The new operating model has achieved a 100% success rate, demonstrating enhanced efficiency and effectiveness in meeting capacity requirements and ensuring that tendered capacities are fully contracted.

In contrast, the Operational Utilisation & Variable Availability category for the 33kV product shows a peak capacity requirement of 53 MW, which was fully tendered and contracted, meeting the overall requirement with a total capacity dispatched of 28 MWh, doubling the amount of flexibility dispatched from the 24/25 period.

2.3. Flexibility Not Contracted

While we maintained a 100% contracted vs dispatched rate, there were still instances where we did not meet the full tendered amount for flexibility over the 2025/2026 reporting year. The total amount of unmet tendered flexibility per month is as follows:

Month	No. of participants	Peak unmet in tender (MW/MVar)
Apr-25	2	0.12
May-25	0	0
Jun-25	5	7.85
Jul-25	3	0
Aug-25	7	19.57
Sep-25	9	51.07
Oct-25	11	59.55
Nov-25	10	67.91
Dec-25	8	94.19
Jan - 26	11	89.41
Feb - 26	10	30.10
Mar-26	15	105.44

We are taking a number of steps to understand and close the gap between required and procured flexibility. The first of those steps was the launch of our stakeholder engagement strategy in December 2025. We have carried out in depth analysis to assess and understand the potential of new flexibility providers within our licence areas. This analysis helps us understand who and where our flex providers are. This along with one-to-one engagement has allowed us to identify the needs, motivators, and blockers to participation.

2.4. Flexibility Tenders Issued and Results

Building on our tenders issued between 2019 for requirements during the latter years of ED1 (2020- 2023), we issued flexibility tenders for each network constraint identified during the RII0-ED2 period (2023 - 2028), looking to procure a total of 1.5GW across 1,557 locations.

2.4.1. Pre-2024 Operating Model Contracts:

Tenders	Spring 2019	Autumn 2019	Autumn 2020	Spring 2021	Autumn 2021	Spring 2023	Autumn 2023
No. of sites	3	10	1138	1554	97	571	575
Price Control Period	ED1	ED1	ED2	ED2	ED1/ED2	ED2	ED2
MWs Tendered	116	250	960	1420	110.9	273.1	297.7



Prior to 2024, we contracted with FSPs on a bilateral basis following the acceptance of bids, with most FSPs offering services from planned assets. We experienced a reduction in contracted capacity compared to accepted bids as FSPs confirm what they are confident to deliver:

Capacity	2023/24	2024/25	2025/26	2026/27	2027/28
Accepted Bids (MW)	55	109	147	199	221
Contracted (MW)	22	52	92	160	172

Through our month-ahead tenders launched in 2024, we aimed to enhance the contracted capacity by increasing the frequency of tender rounds conducted annually. This was achieved through our innovative monthly tender operating model. However, when assets were unavailable or there was insufficient capacity to address specific locational constraint, we would monitor and feedback to our system design and planning team to consider alternative solutions.

2.4.2. Month Ahead Model Contracts

2024/25 - Throughout the previous 2024/2025 period we launched our month-ahead model running a total of 9 tenders throughout the year. We tendered a total of 151.41 MW of flexibility, dispatching a total of 30.04 MW. We saw participation in our flexibility markets grow from 4 to 8 FSPs receiving positive feedback on the structure and efficacy of the month-ahead model.

2025-2026 Update:

Month	No. of Locations	MW Tendered	MW Contracted	MWh Dispatched and Delivered (following month)
Apr-25	4	0.34	0.22	86.59
May-25	0	0	0	1.89
Jun-25	3	9	1.15	0
Jul-25	1	1	1.06	34.55
Aug-25	11	25.74	6.18	23.99
Sep-25	17	58.75	7.73	22.92
Oct-25	43	105.26	45.71	52.88
Nov-25	40	98.87	30.96	686
Dec-25	44	129.47	35.28	300.68
Jan - 26	40	123.01	33.61	1143.42
Feb - 26	31	47.25	16.95	735.58
Mar-26	35	111.18	6.48	107.62

We did not tender extensively for LV sites this year due to feedback from stakeholders indicating that previous prices below £80-100/MWh were not viable enough for them to participate in locations where the suggested ceiling price is lower than that figure, resulting in a low number of bids. Historically, the use case for LV sites involved deferred reinforcement solutions, which have typically been priced under £80/MWh per site.

However, we have trialled an additional real-time use case with our Networks Analytics Team to utilise real-time data to determine whether flexibility could be employed to manage

pre-fault constraints on a real-time basis and for a longer service period of 8 hours per day. This use case differs from deferred reinforcement and is intended to manage potential faults that may occur, as well as providing options for voltage management at LV distribution level. This work will allow us to provide a wider flexibility offer at LV level. This approach is becoming increasingly important as the integration of electric vehicles (EVs), heat pumps, and other emerging technologies continues to grow. By leveraging the developments at LV distribution level, we aim to ensure the resilience and reliability of our LV networks, thereby supporting the transition to Net Zero.



2.5. Operational Flexibility & Storm Response

2.5.1. Outage Planning

Throughout 2025/2026 we utilised operational flexibility to support our control rooms with outage management and storm response.

Month	No. of instances	Asset Type	Peak MW Contracted	MWh Dispatched and Delivered*
Apr-25	1	Gas	20	0
Sep-25	1	Hydro	20	0
Oct-25	3	Hydro	20	0
Nov-25	3	Hydro	50	0
Mar-25	1	Demand	3	28

*We contracted availability over Apr-Nov 2025 and had no requirement to dispatch generation.

Over 2025/2026 we contracted a total of 53 MW of availability and dispatched a total of 28 MWh of flexibility from large generators and demand assets to maintain the security and stability of the distribution network, supporting planned outages and periods of generation constraint. We worked with 2 operational flexibility providers and 6 LCT aggregators, developing our operational flexibility process closely with our control rooms in SPD and SPM.

The flexibility procurement team also engaged with several operational flexibility providers and Industrial and Commercial (I&C) customers to garner feedback on how to increase operational flexibility volumes and market access. In response to this we have further developed our contractual and commercial framework for operational flexibility providers, with the aim to further develop our market for operational flexibility services and increase participation.

2.5.2. Storm Response

StormFlex, our sector-leading BAU flexibility service for severe weather response, was strengthened this year to improve customer resilience by increasing standby capacity from one FSP to multiple providers and diversifying generation away from sole reliance on hydroelectric power to improve reliability. Working with providers, we refined the service to reflect real-world availability and commercial and technical constraints

giving us over 200MW on standby during this year's named storms, compared with 20MW last year. This increased network resilience meant that during Storm Amy, StormFlex could have brought 250,000 customers back on supply faster than through network repairs, had they been required after damage and outages. This is a significant increase over the 15,000 customers restored during Storm Darragh.



2.6. Tendered Flexibility Locations 2024

A list of all flexibility tenders issued in 2025/26 as well as our longer term requirements can be viewed via our [Open Data Portal](#). The relevant postcodes relating to all substation locations listed in sections 2.5.1 and 2.5.2. The Electron platform also includes an interactive map that demonstrates the specific locations of all our requirements and competitions as well as future requirements.

2.6.1. SP MANWEB

The below table summarises the substations in which flexible capacity was required and tendered for in the 25/26 reporting year. These substations relate to Extra High Voltage (EHV) and High Voltage (HV) locations only. Our list of LV locations in the MANWEB area that was tendered for in the past year can be viewed on our [Open Data Portal](#).

Substation Location	Product Type	Postcodes
ORFORDPADGATE	Scheduled Utilisation	
SANDBACH	Scheduled Utilisation	
BROMBOROUGH - ELLESMERE PORT - HOOTON PK	Scheduled Utilisation	
LEGACY LOCAL - NEWTOWN - OSWESTRY - WELSHPOOL	Scheduled Utilisation	
ROSSETT T1	Scheduled Utilisation	
ABERYSTWYTH GT2 - RHYDLYDAN GT1	Scheduled Utilisation	
EDERN T1	Scheduled Utilisation	
HARTFORD T1	Scheduled Utilisation	
LLANILAR T1	Scheduled Utilisation	
ACER AVE T1	Scheduled Utilisation	
APPLETON T1 - HORNSBRIDGE T1 - LUGSDALE T2	Scheduled Utilisation	
BRITISH OXYGEN T1 - WINDLEHURST T1	Scheduled Utilisation	All postcodes / location data relating to specific substation locations can be accessed on our interactive Open Data Portal map with locational postcodes available on our website here .
CEMMAES RD T1	Scheduled Utilisation	
COLWYN BAY GT1 - COLWYN BAY GT2 - DOLGARROG GT2	Scheduled Utilisation	
DALLAM GT1 - SANKEY BRIDGES GT1 - WARRINGTON GT3	Scheduled Utilisation	
FORDEN T1	Scheduled Utilisation	
JOHNSTOWN T1	Scheduled Utilisation	
LISTER DRIVE	Scheduled Utilisation	
LYMM T1 - WHITELEGGS LA T1	Scheduled Utilisation	
MIDDLEWICH T1	Scheduled Utilisation	
NANTWICH T1	Scheduled Utilisation	
RAVEN SQUARE T1	Scheduled Utilisation	
SANDBACH T1	Scheduled Utilisation	
SMALLWOOD T1	Scheduled Utilisation	
FORMBY GT2B - SOUTHPORT GT1 - SOUTHPORT GT2	Scheduled Utilisation	

2.6.2. SP Distribution

The below table summarises the SP Distribution licence area substations in which flexible capacity was required and tendered for in the 25/26 reporting year. These substations relate to EHV an HV locations only. Our list of LV locations in the SP Distribution area that was tendered for in the past year can be viewed on our [Open Data Portal](#).

Substation Location	Product Type	Postcodes
TROON ROAD	Scheduled Utilisation	
MAGDALENE AVENUE	Scheduled Utilisation	
DOBBIES LOAN	Scheduled Utilisation	
MORAY PARK	Scheduled Utilisation	
CASTLE	Scheduled Utilisation	
AYR	Scheduled Utilisation	
AYTON	Scheduled Utilisation	
CASTLANDHILL	Scheduled Utilisation	
IRVINE	Scheduled Utilisation	
KIRKNEWTON	Scheduled Utilisation	
LEVENBANK	Scheduled Utilisation	
MONKTONHALL	Scheduled Utilisation	
STONEHOUSE	Scheduled Utilisation	
STRANRAER	Scheduled Utilisation	All postcodes / location data relating to specific substation locations can be accessed on our interactive Open Data Portal map with locational postcodes available on our website here .
COMMERCIAL ROAD	Scheduled Utilisation	
ELIZABETH STREET	Scheduled Utilisation	
TRANENT	Scheduled Utilisation	
BOWHILL	Scheduled Utilisation	
CASTLANDHILL - PITREAVIE	Scheduled Utilisation	
CUPAR	Scheduled Utilisation	
HAMILTON	Scheduled Utilisation	
LARBERT	Scheduled Utilisation	
LOWER LONDON - LOCHEND	Scheduled Utilisation	
MITCHELL STREET	Scheduled Utilisation	
ST ANDREWS	Scheduled Utilisation	
ST NINIANS	Scheduled Utilisation	
WAROUT ROAD	Scheduled Utilisation	
KINGSLAND	Scheduled Utilisation	
TROON	Scheduled Utilisation	
KAIMES 33KV	Scheduled Utilisation	
NEW MOFFAT GSP	Scheduled Utilisation	

2.7. Conflict management with the NESO

2.7.1 Elexon

This year, our focus has been on aligning our flexibility market with Elexon’s Market Rules, so that providers have a clearer, more consistent route into our markets as the national framework is implemented. We have worked with Elexon in various working groups, and the table below shows our alignment with all the rules, except primacy, which is still under development by the industry. This builds on last year’s implementation of the ENA Open Networks deliverables, the adoption of the V3 Standard Flexibility Service Agreement, and continued procurement of the standard products in the ENA Standard Flexibility Product List.

Flexibility Market Rule	Fully implemented	Inclusion in market catalogue	KSI produced
FMR-CRM-Carbon Reporting Methodology	✓	✓	N/A
FMR-E2E-End to End process	Implementing	Implementing	✓
FMR-GLO-Market Facilitator Glossary	✓	✓	✓
FMR-PD-Product Definitions	✓	✓	N/A
FMR-PQC-Pre-Qualification Criteria	✓	✓	✓
FMR-PR-Primary Rules	Implementing	Implementing	Implementing
FMR-RSR-Revenue Stacking Requirements	✓	✓	✓
FMR-SBM-Standard Baseline Methodologies	✓	✓	✓
FMR-SMD-Sub-Market Definitions	✓	✓	✓
MR-VSM-Verification & Settlement Methodology	✓	✓	N/A

Work has continued on the design and implementation of primacy rules based on previous work undertaken via ENA working groups. The main deliverables in the regulatory year 2025/2026 have been to work alongside operational small-to-medium sized enterprises in monthly working group sessions with the aim to develop a report on the visibility of conflicts between NESO and DSO. This is to detect, understand and assess potential or actual operational conflicts arising between procured flexibility services.

2.7.2 NESO & Other DSOs

We work collaboratively discussing product feasibility with other network operators and our system operator to reduce the impact and overlap of services. This will ensure we move to a future state with greater co-ordination of services across markets.

2.7.3 Demand Flexibility Service (DFS)

We have been working closely with the DFS development team to provide input in design considerations for DFS negative margin events, engaging directly via the Power Responsive Team and through NESO’s “Call for input” consultation. In addition, we have been collaborated with other DNOs and NESO via the Market Facilitator working group in identifying where NESO procurement could cause operational issues within our network.

2.7.4 Removing Barriers to Entry

We have been working closely with the NESO to shape and develop stackable flexibility services, with representatives from NESO presenting at our 2025 annual flexibility summit, informing stakeholders about market opportunities in-parallel to our own flexibility offering.

3. Stakeholder Engagement

3.1. Stakeholder Engagement in the Reporting Year

We developed and published our first flexibility dedicated Stakeholder Engagement Strategy Plan. This plan sets out who we think can provide flexibility and how we plan to engage with those personas. This plan is backed up by data. We undertook in-depth analysis of our connected customers and our stakeholder network to understand our current landscape, who is connected and what assets they own. This means we can effectively remove barriers that prevent us from growing our flexibility market, by tapping into the huge amount of potential flexibility that exists.

We have been involved in several industry consultations, working closely with NESO, the ENA and the Market Facilitator Elexon. SPEN is committed to developing flexibility services closely with wider industry, to ensure the best results and experience for FSPs and our customers.

Last year, we held multiple webinars to discuss our upcoming tenders and utilised our stakeholder engagement tool, Tractivity, along with LinkedIn to communicate with potential participants. We also attended various conferences to promote our work, share learnings from stakeholder feedback, and discuss various trials. These events complemented our

one-to-one surgeries with providers, which we offer on request, providing regular progress updates and seeking feedback on our processes and approach to flexibility tenders.

We significantly increased our engagement over the past year, securing more active providers in our month-ahead market. The number of active participants grew from 9 to 15, with all 15 being dispatched throughout the year. Our matured month-ahead model, complemented by consistent engagement, has enabled more FSPs, including new start-ups, to participate regularly in our flexibility market. This approach has strengthened our relationships with FSPs.

We also contracted with a total of 4 providers to provide operational flexibility services and to take part in our storm response activities. These consisted of FSPs with generation assets, our stakeholder engagement strategy enables us to connect and share opportunities with generators, highlighting key opportunities within both our licence areas SPD and SPM.

The below table details the key stakeholder engagement activities we undertook during the 2025/2026 reporting year:

Engagement	Dates	Details
SPEN Flexibility Summit	17/09/2025	A conference inviting over 106 delegates from DSOs, NESO, FSPs and industry / local authority partners to collaborate and share perspectives on the wider UK flexibility industry. The day consisted of: <ul style="list-style-type: none"> • Various workshops • DSO Panel Session • FSP Panel Session • Speakers and presentations from across industry and local authorities • Interactive Q&As
SPEN Flexibility Webinars	08/05/2025 25/06/2025 26/08/2025 03/12/2025	Over the course of 2025/2026 reporting year, the SPEN flexibility team have delivered a total of 4 webinars to stakeholders. Topics include operational flexibility, winter requirements, data and a joint webinar with our new flexibility platform provider Electron. These webinars helped inform and strengthen our flexibility activities, while communicating ongoing developments with key stakeholders.
All Energy - Decarbonise	14/05/2025	The flexibility team attended this conference to network with potential FSPs, other stakeholders and DSOs to gain market insight and seek feedback on SPENs flexibility market.
CIREN 2025 – Palexpo Geneva	16/06/2025	A member of the flexibility performance team presented his work on how we analyse risk and calculate the cost effectiveness of operational flexibility. Conferences such as CIREN allow us to present the industry leading work we do to an international audience.

Engagement	Dates	Details
One to one engagement and support	Various 2025 / 2026	Regular one-to-one surgeries with FSPs that are participating in the DSO flexibility markets to seek feedback on newly developed processes to ensure they don't negatively impact potential participants. We also held on-to-one surgeries with various stakeholders that are new to the DSO flexibility market and are interested in learning about SPENs offering.
Community Energy Scotland Conference	24/09/2025	We attended this conference in Edinburgh to engage with community energy schemes and explore how we can improve market access for our community energy stakeholders.
Engagement with NESO: DSO Inclusive flex, Market Forum, Power Responsive	02/06/2025 09/06/2025 22/10/2025	We have strengthened our engagement with the wider flexibility ecosystem by actively participating in key NESO events. These events have helped us remain aligned with whole system approaches to flexibility, ensuring our flexibility approach continues to reflect best practice and evolving stakeholder expectations. We continue to work with NESO to reduce service conflicts and enable stacking.
SPEN Connections Summit Chester	12/06/2025	At this summit explored with stakeholders how flexibility services can play a key role in accelerating customer connections by easing network constraints and enabling more efficient use of existing capacity. These conversations strengthened our collaborative approach with customers and stakeholders, reinforcing the role of flexibility in delivering quicker, smarter and more cost effective connection pathways.
Deeside Decarbonisation Forum	30/06/2025	Our team presented opportunities for industrial and commercial flex, deepening our engagement with industrial and commercial customers across the region. These discussions helped us better understand the evolving needs of high energy use organisations, exploring how we can improve market access and participation from industrial and commercial assets and assist in wider decarbonisation efforts.
EMEX London 2025	19/11/2025	We attended EMEX London 2025, engaging directly with flexibility service providers to strengthen our relationships across the market, helping understand emerging commercial models and provider priorities. Ensuring that our flexibility strategy remains aligned with the evolving needs of the sector.
Electron Webinar	03/12/2025	We supported FSPs with the transition to our new flexibility management platform Electro, assisting with the onboarding process and answering key questions around the additional functionality unlocked by our new platform.
STACK Data Survey	Various 2025 / 2026	We collaborate with Stack Data Strategy to create a 10-minute survey targeted at domestic energy customers, with 2,500 participants. The survey had thousands of participants, and focused on asset type / LCT penetration, energy saving options and tariffs, reward mechanisms, use of current energy supplier led flexibility schemes and appetite for domestic energy flexibility services as a whole.

3.2. Tender Publication and Communication

We facilitated 12 month-ahead tender rounds from April 2025 to April 2026. For each tender round, we launched the tender and engaged with stakeholders through social media and one-on-one surgeries. Prior to each tender launch, we notified providers via the Piclo platform and our own engagement channels that the upcoming month's tender was live.

3.2.1. Tender Pre-Qualification Engagement

We conducted the following stakeholder engagement to advertise all our documents, engaged on social media channels, via the Piclo platform, our Flexibility team mailbox and one-to-one surgeries.

Engagement	Location	Details
Publication of ITT Documents	SPEN Month Ahead Market Section on Flexibility Website	Updated tender documents including V3 Standard Agreement and Participation Guidance documents.
Publication of Tender Requirements Data	SPEN Flexibility Website Open Data Portal	The requirements for month-ahead tenders, as well as updates to longer-term requirements, were updated prior to the tender launch on the SPEN Flexibility website. The Open Data Portal provided a breakdown of revenue available per location as part of our Market Prospectus. These datasets included information on: <ul style="list-style-type: none"> • Total capacity required (MW) • Date and time flexible capacity is needed • Specific locations where flexible capacity is required on our network • Estimated utilization and availability of flexible capacity in hours, broken down by month • Expected revenue available per year and per location
Flexibility Opportunities Webinars	SPEN Engage Portal Events	Webinars were held prior to the launch of each of our tenders in which we discussed the tender requirements, pre-qualification process and facilitated a Q&A session.
Newsletters	Tractivity Register as a SPEN stakeholder	Newsletters were sent out to multiple stakeholders via our stakeholder engagement tool, Tractivity. These newsletters advertised the upcoming tenders and events.
LinkedIn posts	SPEN LinkedIn page	Multiple advertisements of pre and post tender engagement, calls for participants and pre-qualification deadline reminders were posted on SPENs LinkedIn page to target potential FSPs.
One to one surgeries	Various	Providers with further questions could request a one-to-one meeting with the flexibility team. Meetings were held with current as well as potential FSPs to further discuss requirements and processes. This was also an opportunity for SPEN to gain feedback on our current flexibility service and process.
Flexibility Team Mailbox	flexibility@spenergynetworks.co.uk	Potential future participants also contacted the flexibility team via our mailbox to ask further questions around flexibility requirements, future tender processes and more.

3.2.2. Post Tender Engagement

Once the bidding window closed, we facilitated regular one to one feedback sessions with all participants. If an FSPs participates in our tender process, they are informed if they are successful or unsuccessful via email from the Electron Dynamic Purchasing System (DPS). We would then set up one-to-one meetings with successful providers to communicate the next stages of the post-tender process.

We also conducted various one-to-one surgeries with successful and unsuccessful bidders to provide feedback on the bids that were submitted as well as listen to any comments from potential flexibility providers at this stage of the process.

From April 2026 tender results will be published on the Electron platform as part of our end-to-end flexibility process.

3.3. Stakeholder Feedback

As our month-ahead market continued to mature over 2025/2026 we sought feedback from stakeholders so we could continuously improve our processes. We also sought to understand barriers to entry and market access for potential FSPs. For our operational flexibility and storm response activities we engaged with generators and I&C customers,

to understand how we can unlock more MW to support the distribution network. We are addressing this feedback going forward into 2026/2027 with the aim of unlocking more potential for flexibility services across our SPM and SPD licence areas.

Feedback	Response
Flexible Connections	Generators and I&C customers often asked, 'Can flexibility services accelerate the connections process?'. SPEN should aim to provide clearer messaging on this point and work internally with our System Design team on how we integrate flexibility services as a solution to this.
Simplicity of Messaging	The complexity of markets is often cited by FSPs as a barrier to participation alongside a lack of consistency of terminology between NESO and DSOs.
Market Co-ordination	Market co-ordination is a major focus of many of our conversations with FSPs. Enabling stackability should be a key focus for SPEN to build on the work we did within the Open Networks Stackability Working Group in 2024/2025.
Market Standardisation	FSPs frequently call for standardisation between DSOs, while most of this is captured through the Market Facilitator Electron, SPEN should work closely with other DSOs to ensure a standardised position.
Understanding our providers	Different types of FSP expect different types of engagement, we need to engage with industry to learn more about their operating model schedules and nuances.
Market Confidence (Short term)	There is a general lack of awareness and trust around flexibility markets within wider industry. We need to continue engaging with industry selling the real tangible benefits of flexibility services as well as raising awareness of our month-ahead market and operational flexibility offerings.
Market Confidence (Long term)	Some FSPs may find it challenging to create a business case for flexibility services which are based on inherently uncertain markets. While our market prospectus provides a comprehensive view up until the end of ED2. We should signpost flexibility opportunity beyond that.
Innovative Opportunities	While SPEN are heavily involved in the delivery of innovation projects surrounding flexibility services both internally and externally, a more coordinated effort is needed to provide greater clarity on what we are developing and how we prioritise what innovation projects to push forward.

SPEN is dedicated to addressing stakeholder feedback, using it as a basis to drive our activities forward and further develop our flexibility offering.

3.4. Engagement Channels

We ensured several channels were available to facilitate continuous engagement, including:

Channel	Description	Where
Website	The SPEN website hosts dedicated flexibility pages providing information and links to our Flexibility tenders, our participation guidance, policies and processes, and how to contact our Flexibility Team.	spenergynetworks.co.uk
Procurement Platform	The Piclo flex platform and provided ongoing engagement, this allowed potential FSPs and stakeholders to access our procurement policies and processes and step by step instruction on what is required at each tender stage, whether registering for the DPS, uploading assets or submitting bids. Our dedicated page on Piclo flex requests feedback and provides details on how stakeholders can request a one-to-one meeting with us.	www.electron.net
Dedicated Mailbox	We have a dedicated flexibility mailbox for stakeholders to contact us with any query they have relating to Flexibility Services. This is widely published on Piclo flex and the SPEN website, and included on all our external communications relating to Flexibility.	flexibility@spenergynetworks.com
Downloadable Documentation	To ensure potential FSPs and stakeholders were informed on how we identify, procure, dispatch, and settle Flexibility Services, we provide several downloadable documents. Example Downloadable Documents published in 2024 are available in appendix 2.	Various
Social Media	We mainly use platforms such as LinkedIn to advertise and inform stakeholders of our procurement activities, promote conferences and trials. We publish our tender results, estimated revenue generated for provider and last month's dispatch volumes each month publicly on our LinkedIn page to encourage more providers to participate.	SPEN LinkedIn page
Conferences	We attended relevant conferences and arranged specific events such as our Annual Flexibility Summit. Engaging and speaking in public forums allows us to connect with a wide range of stakeholders and obtain vital feedback to improve our flexibility function.	
SPEN Data	Additional datasets relating to our Long-Term Development Statement and other useful data relating to our network planning was available to view on our Open Data Portal.	SPEN OpenData Portal

3.5. Industry Engagement

3.5.1. I&C work - Industrial & Commercial Engagement

We have engaged with several industry partners to enable participation in our flexibility markets. During June 2025 we presented at the Deeside Decarbonisation Forum, to outline to industrial stakeholders in our SPM region the potential for flexibility services across the licence area. We view I&C flexibility as key to unlocking higher MW volumes of dispatched flexibility as well as a key tool to manage generation constraints on the distribution network. We are utilising feedback from I&C stakeholders to develop new flexibility products and review our market activities to remove barriers to participation and to develop I&C flexibility services across SPD and SPM.

3.5.2. Liverpool City Council – Enabling flexibility within Local Authorities

We offered targeted and ongoing support to Liverpool City Council with regards to flexibility services and the Realizing Net Zero Liverpool (RNZL) project. This involved a full and comprehensive review of commercial premises within the local authority, which included an on-site visit and technical assessment of a leisure centre, in Wavertree, Liverpool. The aim of this review was to enable flexibility for the diverse and varied commercial assets owned by local authorities and explore how flexibility can provide wider economic and social benefits. Through this work, Liverpool City Council became the first local authority to be registered on Piclo demonstrating how we removed barriers and enabled flexibility.

We took the key learnings and insights from this work, to lay the foundation for our local authority participation guidance which was published in June 2025. This comprehensive guidance outlines how local authorities can get involved in our flexibility markets, with a step-by-step outline of our end-to-end flexibility process. This guidance will be updated annually to reflect the most up to date information for local authorities.

3.5.3. Community Energy Wales, Scotland and England

Over the last year with the support of our Community Energy department at SPEN, we have forged closer relationships with community energy industry groups across all 3 of the home nations that our license areas cover. We have attended workshops, hosted 1-to-1 meetings and presented at annual

conferences to grow the knowledge of flexibility and enable more community energy group to participate in flexibility services.

3.5.4. Heat Pump Federation and Association

We have worked on various events with these now joint organisations which have included panel sessions, conferences, and ideation sessions. We are working to understand the growth, opportunities, and blockers for heat pumps to enter our market by creating links with manufacturers, installers, developers, and energy managers in the heat pump industry.

3.5.5. CIRED 2025

We presented and published a peer reviewed academic paper outlining how we determine the value of operational flexibility to an international audience, consisting of delegates from DNOs across Europe and Asia as well as key stakeholders in the wider electricity industry. This paper outlined how we utilised a hydro-electric asset to provide support for a series of National Grid Electricity Distribution (NGED) outages in our Aberystwyth / Rhydlydan 33kV group and applied the Common Network Asset Indices Methodology (CNAIM) to determine the value of the scheme. The paper was well received, with an invitation to present further findings at the 2nd Energie Transition Forum in Amsterdam, June 2026.

3.5.6. Annual flexibility summit 2025

In September, we hosted our first Flexibility Summit in Liverpool, a sector-wide forum bringing together 106 participants from the Department of Energy Security and Net Zero, Elexon, FSPs, Local Authorities, NESO, Northern Power Grid, and Ofgem. The event increased awareness of flexibility opportunities and gathered feedback on provider journeys. Sessions included “A Day in the Life of an FSP” and “The Future of Flexibility”, alongside breakout sessions on topics including NESO opportunities to the role of Local Authorities and community energy schemes in flexibility. It was designed to support open dialogue, allowing stakeholders to share needs, test assumptions, and shape next steps in a collaborative environment. From 2025 we now host a flexibility summit annually to bring key stakeholders together for a day to help shape and inform our wider flexibility strategy.

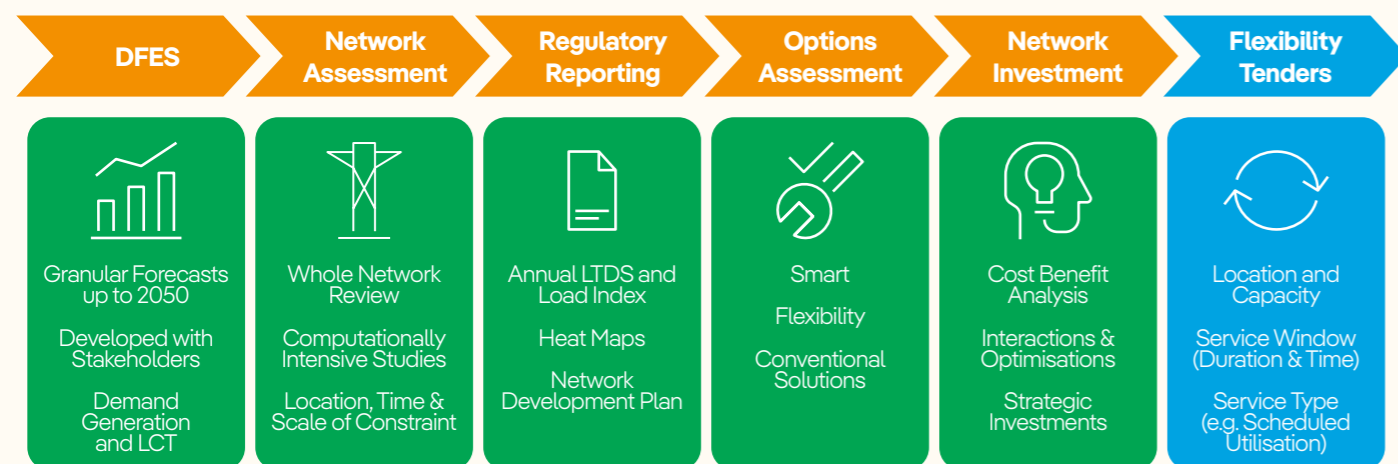
4. Economic Viability

4.1. Decision Making Framework

We recognise the importance of transparently communicating how we decide whether we contract and dispatch flexibility services instead of other interventions. This transparency helps give customers and stakeholders confidence that we are implementing the most appropriate interventions. It also provides FSPs confidence that we are a neutral market facilitator and address any residual perceived conflict of interest concerns. Given the system-wide benefit of flexibility

services, it's important we co-ordinate their use with other industry parties. The Decision-Making Framework is one measure we use to provide that transparency and co-ordination.

As part of our Decision-Making Framework, the stages we follow to determine the optimum solution for individual constraints are as follows:



Our full Decision Making Framework which provides further details on the overarching process we will follow to establish where, when, and how we should intervene to provide capacity for a constraint is available on our [SPEN website](#).

4.2. Evaluation Approach

For each constraint location, we considered a wide range of possible solutions to manage each individual network constraint. We use an impartial decision-making process to ensure that selected investment options are the best interventions to meet our customers' and stakeholders' priorities and offers the most efficient solution.

All load related intervention schemes are subject to technical scrutiny via our internal System Review Group, which is a forum for peer-to-peer review of proposed changes to the distribution network. It is an integral part of our authorisation process ensuring that projects submitted for financial authorisation have received the appropriate level of technical scrutiny.

All schemes are underpinned by robust Engineering Justification Papers (EJPs) and Cost Benefit Analysis (CBAs). Each EJP presents the needs case for the investment with relevant supporting evidence. A structured optioneering process is followed, outlining the list of possible solutions that were considered to manage the forecast constraint; which

options were taken forward into detailed analysis; and why any solutions were discounted. The scope, cost, risks, benefits and other relevant factors are considered and summarised in the EJP.

The CBAs used the RIIO-ED2 Ofgem template to consider the Net Present Value associated with both capital and operational expenditure over 45 years. Each CBA has been carried out to deliver consistent and transparent modelling that is objective, accurate and of high quality. We will also be using the Common Evaluation Methodology to support our decision-making.

The outcome of this approach is summarised in our Distribution Network Options Assessments (DNOA) which can be found [here](#). The DNOA documents provide a high level summary of the network requirement we are trying to address, the solutions considered and the justification for seeking reinforcement or procuring flexibility services (or a combination of both).

4.3. Economic Assessment

We assess investment solutions and Flexibility Services on a like for like basis by employing a comparative assessment approach which means that the value of flexibility (i.e. the amount of money we have to spend on flexibility services) in any given scenario is determined by the cost and value of the counterfactual solution (e.g. a reinforcement), and not by the required volume of flexibility services.

Once we received tender responses, the bids were assessed in detail to confirm that it could technically manage the constraint. We assess the risk associated with using the flexibility and consider the most cost-efficient mix of tender responses (if responses are greater than the requested capacity). Competent bids were then fed into our optioneering and investment assessments and evaluated alongside all other options.

4.4. Bid Assessment

4.4.1. Pre-bidding window

Prior to any opening of a bidding window, we published our most up to date requirements for the short and longer term. We also published our guide prices and estimated hours of flexibility required at each location which enables providers to assess their bids to provide the most economic bid possible. These documents are readily available for our potential participants on the [SPEN landing page on Electron](#) as well as on the Electron platform.

We apply a pay as bid approach and do not set fixed prices for any service. We calculated the ceiling price for each tendered constrained location to identify the most economic and quality outcome for our customers which is used to continue to provide pricing signals.

We used a variety of tools including the CEM model to support our economic assessment of each constrained location. We also assessed against other counterfactual solutions to

ensure that we are providing the most suitable and economic reinforcement solution possible in a specific constrained location.

Where guide prices are provided, these are for individual constrained locations, and we provide a range to give FSPs an understanding of the potential level of revenue available to encourage market competition. These ranges are based on the net present value of the alternative solution and will differ for each constrained location as they are based on the individual scheme cost, the capacity required and the estimated hours of utilisation. For LV constrained locations, we provide a single range guide price. Such guides are indicative only, when bids are received, they are fully assessed based on the budget for individual constrained locations, likely utilisation, offered capacity and product.

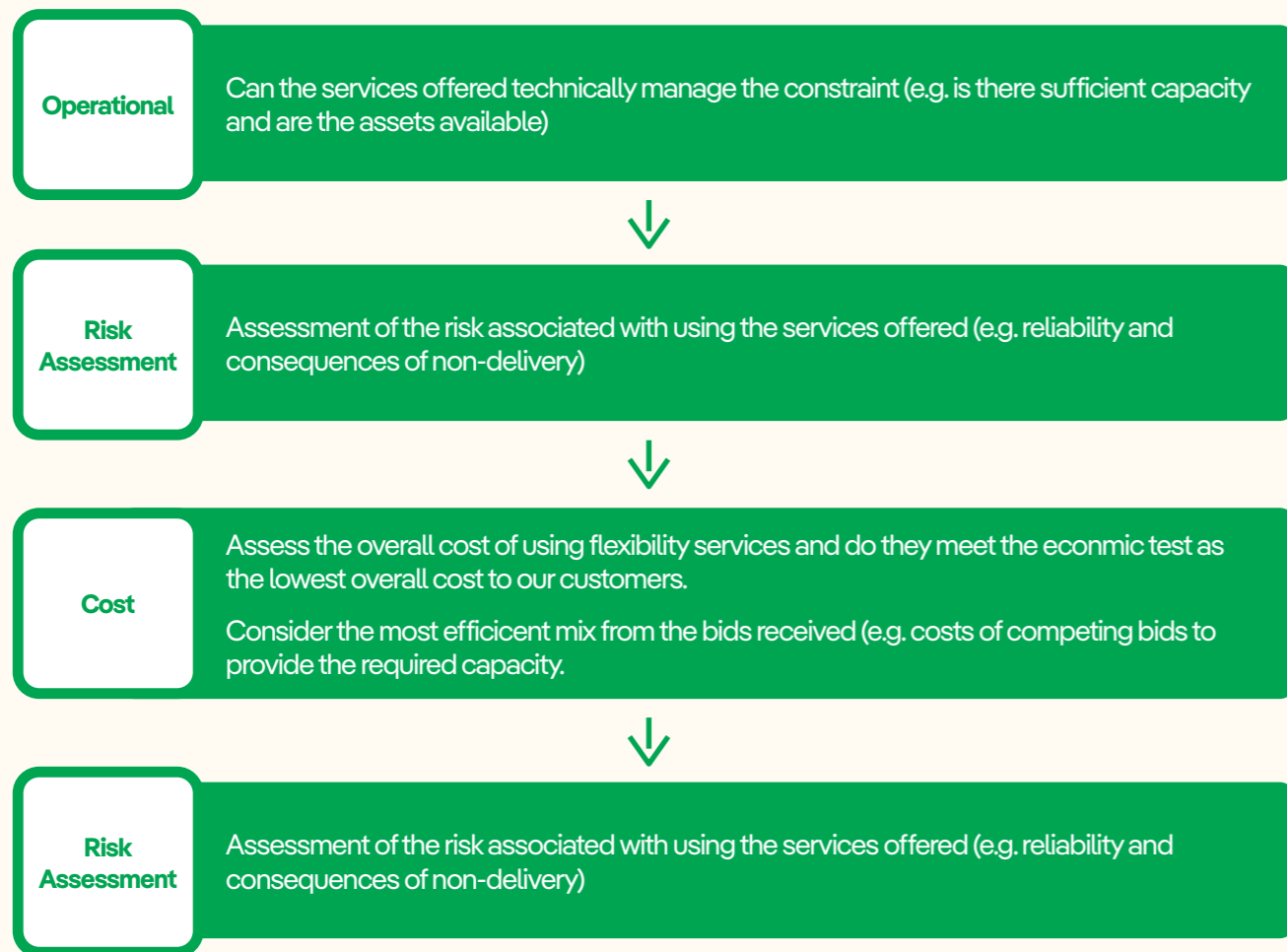
Further details on our pricing strategy, structure and application can be found within our [Decision Making Framework](#).



4.4.2. Post-bidding window

After the bidding window has closed, for each bid submitted we assessed; the technical parameters, the overall value of the service offered, and competing bids. Once we know the cost and availability of flexibility services, we will compare it to other potential solutions and impartially identify the optimal intervention, or combination and sequence of interventions, for each individual constraint.

Guidance is published as part of any tender issued to ensure that potential bidders are aware of the evaluation criteria we apply. Further information is available on our the SPEN landing page on Electron.



In accordance with Condition 31E, we publish the details all Flexibility Contracts entered into and have committed to updating the Condition 31E template after each tender round where appropriate.

Any updates to competitions and bid results are available on the [Electron platform](#).

4.5. Supporting Methodologies

We have several tools available to help with the assessment process and supplement the flexibility assessment criteria. Some tools we use to support our quantitative assessment processes include, the CEM Tool, design studies, technical assessments, and CBAs for interventions at EHV and 132kV; we supplement these with a linear optimiser for LV and HV assessments. These tools are excellent at analysing some elements of the assessment criteria, but don't have the ability to assess other criteria such as deliverability. This means we use these tools to support the assessment criteria, rather than depend on them individually.

We include details on the methodologies we use in our Decision-Making Framework and other supporting documents as part of our downloadable documents listed in Appendix 2.

4.6. 2025 Cost Benefit Evaluation Results

This year, we evolved the way we track and measure DSO benefits to capture the full impact of our actions. We built on our core methodology, developed by Frontier Economics, by adding the industry-standard methodology elements agreed through the ENA, and a new bespoke Social Value Framework (SVF) to develop the industry's first integrated approach to DSO benefit measurement. This captures the wider economic, environmental, financial, and public service value to society that our DSO activities enable (referred to as 'indirect' benefits), in addition to the benefits to bill payers and the environment that stem directly from our actions (referred to as 'direct' benefits).

Flexibility Use	Benefit	2023/24	2024/25	2025/26	ED2 to date	Unlocked for ED2
Defer Reinforcement	Reduced customer bills from avoided and deterred reinforcement costs	3784	7034	4192	15011	3516
	Carbon savings through flexibility to defer reinforcement	37	31	18	86	1
	GVA supported through flexibility procurement expenditure	79	264	648	991	N/A
Planned Outages	Benefits from managing planned outages	0	3301	6601	9902	N/A
	Carbon benefits from managing planned outages	0	20	40	59	N/A
	GVA supported through flexibility procurement expenditure	207	177	812	1196	N/A
Unplanned Outages	Benefits from managing unplanned outages	0	1593	0	1593	N/A
	Carbon benefits from managing unplanned outages	0	7	0	7	N/A



4.7. Dispatch Principles

We will operate the dispatch of Flexibility Services in a fair and transparent manner, all the time ensuring that we meet our obligation to maintain a secure and efficient network. As the Flexibility Services market develops, and services are available

from multiple FSPs to meet the requirements in individual constraint locations, we will follow the dispatch decision guiding principles published by the ENA Open Networks project, namely:

Principle	Description	Implementation
Security	The needs of the system will be met using flexibility in such a way that security is maintained	Confirm with applicable standards with an appropriate management of risk.
Cost	Flexibility will be operated to meet system need at the minimum level of cost	The use of flexibility services should be cost effective and expenditure proportional to the benefits it brings to the network
Operability	DSOs will seek to dispatch services that offer compatible levels of operability	Operability is a measure of how well an offer of a flexibility service meets actual or potential system needs. We will seek to develop an objective and transparent method for assessing operability of offers of flexibility services.
Competitions	DSOs will provide transparency of their dispatch and activities	We will procure flexibility using simple, fair, and transparent rules and processes. Services should be developed such that flexibility service providers can participate easily in different markets
Fairness	DSOs will operate a fair dispatch methodology and provide equal opportunities to participate.	Flexibility Services shall be assessed and selected impartially purely on their technical and commercial merits. Where multiple technically sufficient Flexibility Services are available at a comparable cost, we will share the dispatch of services across these providers

We updated our dispatch and settlement method in 2023 to make it easier for FSPs to participate in our end-to-end tender process. Previously, we used the Piclo platform for procurement and onboarded successful participants to the Flexible Power platform for dispatch and settlement. Since Autumn 2023, we are utilising the Piclo platform throughout the participant's tendering journey, from the first stages of our procurement process to the end stages of dispatch and settlement. Once assets are uploaded on to the Piclo platform

they are then able to fully participate in our end-to-end end flex process of procurement, schedule, dispatch, verification and settlement which negates the need to onboard FSPs onto multiple platforms.

From April 2026 we have moved to the Electron platform, which now hosts our end-to-end process for flexibility services.

4.8. Dispatch Services

There have been no instances in the 2025/26 reporting year where alternative network management was deployed to manage a constraint where Flexibility Services were contracted for dispatch.



4.9. Market Assessment

Over the past year, we have assessed multiple aspects of the Market that mainly relate to our tender activity throughout the reporting year and how we can improve our processes and reduce future barriers to entry.

4.9.1. Procurement Timelines

Over the regulatory year we assessed our procurement timelines, exploring and gathering feedback on our month ahead market and exploring day-ahead procurement through a structured demand turn up trial. This process included evaluating the benefits and risks of each approach in terms of market liquidity, operational certainty and what option provides the best outcomes and value to our customers. Our month-ahead market has received positive feedback from FSPs as it provides greater visibility of future requirements, supporting improved planning and enabling flexibility providers to optimise asset availability, while reducing delivery risk. For our FSPs utilising LV aggregation, the month ahead market also gave providers certainty of available revenues over each tender window. Through our demand turn up trial, day-ahead markets were assessed as offering increased responsiveness to real network conditions suiting our operational flexibility use cases, but with higher uncertainty and operational risk. Day-ahead dispatch also required more intense work from the flexibility team, including informing FSPs of upcoming day-ahead requirements and processing large volumes data for dispatch and settlement.

Through this assessment we have strengthened our understanding of how different procurement timescales are suited to different flexibility use cases, and a 'one size fits all' approach would not allow us to maximise the benefits of flexibility services for network management. Our day-ahead trial has informed us of additional requirements for our new flexibility platform Electron, which we aim to implement as our demand turn up flexibility evolves from a trial to one of our offered flexibility products.

4.9.2. Public Sector Contracts

We supported Liverpool City Council (LCC) over the year as part of the Realising Net Zero Liverpool (RNZL), introducing flexibility services as tool to meet Net Zero targets and generate additional revenue for council owned assets. This engagement was successful, with LCC becoming the first local authority to register on Piclo, a detailed site assessment being carried out at a leisure centre in Wavertree, and the publication of dedicated guidance for local authorities.

Time was also allocated to gather feedback on the V3 flexibility agreement, that highlighted that existing arrangements could present challenges to local authorities, around associated risk, contractual rigidity and internal approval processes. Also, we found that ensuring onboarding to our flexibility platform is straight forward was key into enabling participation from

publicly owned assets. We will take these learnings to remove barriers to participation for local authorities across our licence areas.

Over the 2025/2026 regulatory year we engaged with Magnox to support a series of 132kV planned outages on our Trawsfyndd section of network. Our work with Magnox identified that liability provisions within the standard V3 flexibility agreement were disproportionate to their operational role and appetite, creating a barrier to participation. Additionally, as Magnox are part government owned, the value offered by our operational flexibility service did not warrant the time and resource required to review and approve contractual arrangements. This left our operational flexibility offering as less attractive compared to their participation in existing markets.

This feedback will be used to review how liabilities and contractual complexity can be adjusted in a proportionate manner, while maintaining appropriate protections and regulatory compliance. We will work closely with the market facilitator Elexon to review contractual terms to remove barriers to participation from publicly owned assets.

4.9.3. Availability Payments for Storm Flex

As part of the development of our Storm Flex product, we undertook a detailed cost-benefit analysis to determine the value of scheduled availability during named storms and extreme weather events. The analysis concluded that gas-fired generation and hydroelectric assets provide a cost-effective availability solution, offering our control rooms more options to secure the network and delivering more operational predictability. We also reviewed Battery Energy Storage Systems (BESS), while they offer potential longer-term value, analysis concluded that further optimisation of commercial terms, dispatch arrangement and communication is required for cost-effective deployment for storm-based services. We have been in continued contact with BESS providers to inform and develop our Storm Flex flexibility product.

In parallel, we have explored alternative availability payment structures for Storm Flex in response to feedback from flexibility providers. We assessed the cost-effectiveness of annual, case-by-case and variable availability payments to reflex the uncertain nature of storm events. We also improved our forecasting tools for weather events, to give increased notice to FSPs, this includes our P4R (Predict for resilience) system, which highlights fault probability across our districts in SPM and SPD in relation to meteorological conditions and setting up alerts via the Met Office and DTN weather forecasting systems. This work aims to make Storm Flex an attractive product for FSPs, while improving network resilience and protecting electricity supplies in areas particularly vulnerable to storms and extreme weather events.

4.9.4. Long term Markets

Throughout 2025/2026 we have explored the potential re-introduction of long-term flexibility markets to support the uptake of low-carbon technologies (LCTs) over multi-year periods. We are considering how longer contract durations or 'firm flexibility' could support the distribution network and provide FSPs with increased certainty, offering stable and predictable revenue streams. We are looking at how firm flexibility could provide wider benefits, including voltage management, accelerating connections and the ability to provide wider societal benefits as part of our social flexibility initiative.

We are gathering insights which will inform our future flexibility products for the remainder of ED2 as we develop our plans for the next ED3 price control period. These insights will inform us of how firm flexibility products could play a complementary role alongside shorter term markets, supporting both network resilience and supporting delivery plans.

4.9.5. Enhancing DSO Flexibility Market Transparency with Open Data

We have developed additional functionalities to enhance the transparency and flexibility of data available on our Open Data Portal. As part of our procurement process, we have APIs which pull data from our flexibility platform and publishes it on our Open Data Portal. We have also increased the scope of data we make available on the Open Data Portal:

- **Assets Registered for Flexibility Services:** This section allows users to discover the assets being offered on our network for flexibility services.
- **Historic Flexibility Competitions:** Users can view past flexibility competitions, including the opportunities that were made available and their respective locations.
- **Historic Flexibility Bids:** This section provides insights into the bids submitted in previous competitions, including details on what was offered, and which bids were successful.

- **Flexibility Requirements:** This section provides insights into our long-term flexibility requirements over the ED2 Price Control (2024-2028).
- **Flexibility Market Activity:** The flexibility market activity page gives a clear interactive view on how SPENs flexibility market is evolving, with regular updates.
- **Data quality checks:** Information regarding the data quality assessment scores for each flexibility dataset. This ensures that our data auditing process for each criteria on the Open Data Portal is fully transparent.

These additional categories and enhancements are part of our ongoing commitment to transparency, providing stakeholders with valuable insights into the flexibility services available on our network.

4.9.6. Procurement Platform

Since 2024 we have been monitoring the technical requirements necessary to facilitate both short-term and long-term markets to inform our platform requirements for our next dedicated flexibility platform. Additionally, we have been closely observing the Flexibility Platform Provider market for new as well as established entrants.

Following a competitive tender during 2025/2025 we have decided to move from Piclo to Electron, following a procurement process. After a thorough assessment process and competitive tender, we are looking forward to this new partnership with Electron and the additional functionality and value the platform will provide to FSPs. Electron will be live from April 2026 and be our dedicated flexibility platform for the next 3 years. We have ensured that the transition to the new platform has been carried out with minimal disruption to FSPs and other stakeholders, maintain continuity and efficiency in our flexibility tender operations.

We will be collecting feedback from our registered FSPs over the first 3 months of the new platform to further improve



the platform and processes. As part of our agreement with Electron, over the course of our partnership we will also be adding additional functionality to the platform to improve our market processes and improve the user experience for FSPs.

4.9.7. NESO Engagement & Considerations for the Total System

As customers connected to the distribution network increasingly respond to both distribution and transmission service requirements, we need to ensure that NESO and DSOs co-ordinate. By doing so we can maximise the market opportunities for FSPs, whilst also maintaining network security and facilitating the transition to Net Zero at lowest overall cost to customers. During the early stages of our procurement process during the options assessment we consider whether solutions are coordinated from a whole energy system perspective, or whether we need to engage with other stakeholders, for example adjacent DNOs and/or the transmission network operator connected to our distribution network.

The main coordination with the NESO comes at the point of scheduling/dispatch as that is when the flexibility service will actually be used (and so could result in adverse system impact if not appropriately managed). However, even at the early network planning stage, we:

- Publish our contracting of flexibility services, both in our tender results and in our Network Development Plan. We also publish the results of flexibility tenders and dispatches on our [Open Data Portal](#). This informs stakeholders, such as the NESO, of the details of any flexibility services we plan to use.
- Identify where FSPs are committed to offering services to the NESO (FSPs are obliged to tell us), so we can manage any potential conflicts. If we are to unlock the full benefits of flexibility it is essential that we develop simple but effective processes and systems that allow the NESO and DSO to interact, allowing FSPs to unlock market value whilst maintaining network reliability. As part of our new agreement with Electron we plan to focus platform development on enabling primacy and stacking over the course of our 3 year agreement.

We are also coordinating on an industry level with the NESO to thoroughly ensure we take a whole system approach when

assessing our flexibility solutions as well as the flexibility market as a whole. Some of our collaborative projects include:

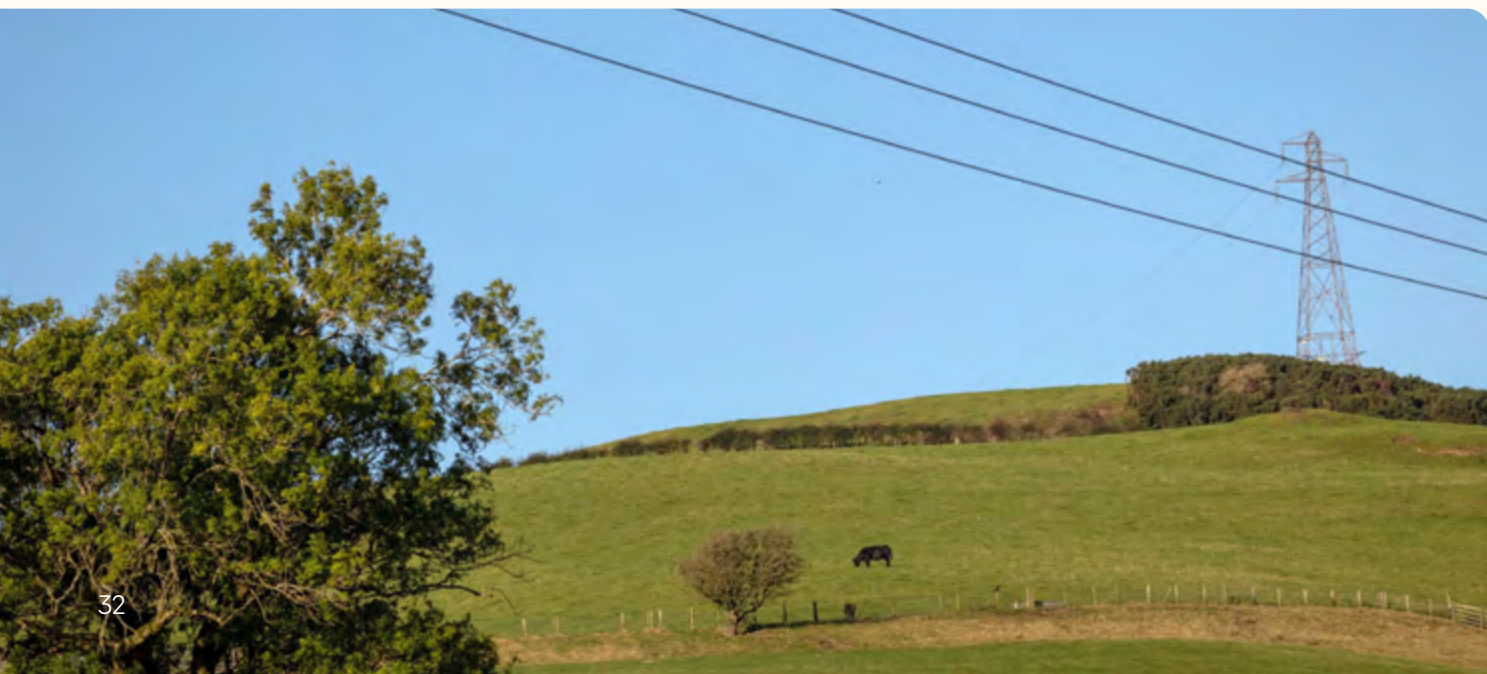
Industry Change Programmes

- We have previously worked within the Open Networks project under the ENA has been developing use cases and guidance on primacy i.e. under which circumstances do the needs of one network take precedence over another. By establishing the principles of primacy, we can ensure that adverse interactions are minimised, allowing FSPs to participate in both NESO and DSO markets.
- Ofgem appointed Exelon in 2024 as the Local Flexibility Market Facilitator, responsible for delivering standardised, easily accessible, and transparent DSO markets. The new industry body has been implemented and is responsible for ensuring coordination between NESO and DSO markets. We work closely with Exelon to ensure that our work on primacy and enabling stacking is in line with industry guidance and standards.

NESO Markets Collaboration

- We're continuing to collaborate with NESO on their MW Dispatch products to improve whole system efficiency and market access. We are also engaging with NESO to share ideas, learnings and insights on flexibility, through industry working groups and direct communication. At our first annual flexibility summit in 2025, NESO delivered a presentation on how FSPs can take part in the Local Constraint Market (LCM) and Demand Flexibility Service (DFS). Previously, Constraint Management Zones (CMZs) could limit customer participation. We're integrating our systems to enable coordinated actions, allowing customers with assets located in specific CMZs to participate in both NESO and DSO markets.
- We are committed to enabling the transition to Net Zero and supporting the reinforcement plans for the National Grid. We have explored with NESO how our operational flexibility product can support the distribution network during periods of reinforcement to the transmission network. Our aim is to use operational flexibility to reduce risk to our customers, and therefore facilitate reinforcement works.

More information on our Whole System market assessment approach can be found in or [Decision Making Framework](#).



5. Carbon Reporting

5.1. Current Approach

Throughout the 2025/2026 regulatory year SP Energy Networks has dispatched 1020.3 MWh from Gas Reciprocating Engines to provide flexibility services in our monthly market, planned outages and as part of our new Storm Flex product. The calculated Net carbon impact associated with flexibility services from Gas Reciprocating Engines in regulatory year 2025/26 is 250,639.24 kgCO₂e.

LC31 Technology Category	Requested Energy (MWh)	Delivered Energy (MWh)	Direct Carbon Impact (kgCO ₂ e)	Consequential Carbon Impact (kgCO ₂ e)
Fossil - Gas	1020.3	1020.3	533,931.3	-283,292.04

The majority of dispatched flexibility services throughout 2025/2026 were from distribution demand assets connected at low voltage. These are primarily EVs, domestic energy storage and heat pumps deploying scheduled demand reduction. The calculated Net carbon impact associated with flexibility services from these assets in the regulatory year is (negative) 480,016.59 kgCO₂e.

LC31 Technology Category	Requested Energy (MWh)	Delivered Energy (MWh)	Direct Carbon Impact (kgCO ₂ e)	Consequential Carbon Impact (kgCO ₂ e)
Demand	2199.2	2199.2	-610,627.45	130,610.85

The total calculated Net carbon impact for all dispatched flexibility services for the 2025/2026 is therefore -229,377.35 kgCO₂e.

The carbon quantification calculation reported above has followed the collaborative methodology developed by UK DNOs as part of the Open Networks Project, Product 7, Workstream 1A. Details of the methodology can be accessed [here](#).



6. Appendices

6.1. Glossary

Acronym	Description
CEM	Common Evaluation Methodology
DSO	Distribution System Operator
DPS	Dynamic Purchasing System
EJP	Engineering Justification Paper
SPEN	SP Energy Networks
SPD	SP Distribution plc
SPM	SP MANWEB plc
FSP	Flexibility Service Provider
NESO	National Energy System Operator
LTDS	Long Term Development Statement
LCT	Low Carbon Technologies
LCM	Local Constraint Market
ENZ	Engineering Net Zero
DFES	Distribution Future Energy Scenario
ENA	Energy Networks Association
NDP	Network Development Plan
ITT	Invitation to Tender
RNZL	Realising Net Zero Liverpool
NGED	National Grid Electricity Distribution
CNAIM	Common Network Asset Indices Methodology
CBA	Cost Benefit Analysis
DNOA	Distribution Network Options Assessment
LCC	Liverpool City Council
BESS	Battery Energy Storage Systems
P4R	Predict for Resilience
API	Application Programming Interface

6.2. Appendix 2 – Downloadable Documents

Title	Description	Where
Constrained Locations		
DFES	A copy of our current Distribution Future Energy Scenarios.	Distribution Future Energy Scenarios - SP Energy Networks
NDA	Network Development	Network Development Plan
LTDS	Long Term Development Statement	Long Term Development Statement - SP Energy Networks
Procurement (all issued as part of our monthly tender ITT documentation)		
Procurement Process	Details the process all FSPs wishing to participate are required to follow.	SPEN Profile on Electron Website
Pricing Strategy	An explanation of our pricing strategy for Flexibility Services	
Pre-qualification Requirements	Details of requirements FSPs must meet in order to participate.	
Bid Assessment Criteria	An overview of how we assess bids received	
Common Evaluation Methodology	Details of the Common Evaluation Methodology developed by Open Networks.	
Flexibility Services Agreement	The current version of the Terms and Conditions	
Operation		
Guide to API Set-Up & Testing	A guide on how to build and test the Application Programme Interface and how to carry out necessary testing	Guides for FSPs – Electron Website
Participant Portal Guide	A guide on how to use the portal including: declarations of availability and viewing statements	
Billing Guide & Payment Set Up	An overview of the monthly billing cycle and the form to send us your payment details.	
Baselining Methodology	Information on how FSPs can submit a baseline and more about the baselining methodology we use.	How to submit a baseline – Electron Website
Dispatch Principles	An explanation of how we dispatch when availability exceeds requirements.	Guides for FSPs – Electron Website
Glossary	A helpful guide to the terms, acronyms and abbreviations used, as provided by Electron.	Platform Glossary and Acronyms – Electron Website

SP Energy Networks
320 St Vincent Street, Glasgow G2 5AD
www.spenergynetworks.co.uk

