

Distribution Flexibility Service

Market Prospectus

September 2025



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Foreword from Gerard Boyd

At SP Energy Networks, we're proud to be leading the way in facilitating the transition to Net Zero — and we're committed to doing so at the lowest overall cost to our customers. To achieve this, we must make full use of all the tools at our disposal, combining innovative commercial and technical solutions with traditional reinforcement. Flexibility will play a key role, offering alternatives to conventional reinforcement and helping us manage the network ahead of deploying reinforcement solutions.

Over the past year, we've dispatched **385MWh of flexibility services** across our licence areas — a clear demonstration of our commitment to using the flexibility we procure, and a real opportunity for flexibility providers to engage with us. Thanks to the excellent engagement work from our flexibility procurement team, participation is growing and flexibility is becoming a key tool in how we manage the network.

We're also expanding the range of use cases for flexibility, with a particular focus on managing both planned and unplanned network outages. A standout example is our use of [Statkraft's Rheidol Power Plant](#), which helped restore supplies to **15,000 customers during Storm Darragh** — a powerful illustration of the direct customer benefits that distribution flexibility services can deliver.

To support our monthly markets, this document outlines the future market opportunities we're developing, based on long-term network forecasting and uptake scenarios for low carbon technologies. Our latest analysis shows a significant uplift in opportunity compared to last year's forecast — increasing from **£11 million to £22 million through to April 2028**.

We've also incorporated detailed requirements into our [Open Data Portal](#), providing a valuable tool to help you understand our flexibility needs and assess whether your assets or customers can participate in our monthly markets — either now or as our requirements evolve over time.



Gerard Boyd
Head of Flexibility

One Year On: Delivering Real Progress in Flexibility

It's been a year since we published our first Market Prospectus. In that time, we've focused on building confidence in our markets, improving operational performance, and laying the groundwork for future growth. Operating our Month Ahead Market has provided valuable insight into what works in practice, and we've seen a clear uplift in how flexibility is contracted and dispatched.

As we continue to evolve our approach, we're placing even greater emphasis on transparency, coordination, and stakeholder engagement. The following sections set out how we've evolved over the past year—highlighting the progress we've made, the results we've delivered, and the steps we're taking to scale up and future-proof our approach.

Transforming Flexibility Delivery

2024/2025 marked a turning point in our flexibility strategy. We successfully shifted to Month Ahead Markets, unlocking greater certainty for providers and significantly improving market liquidity.

As a result, we were able to tender for **146MW** of flexibility and dispatch **385MWh** across our licence areas. Most importantly, we contracted and dispatched **100%** of the flexibility we accepted—a significant improvement from just **44%** the previous year. This shows that our new model is helping us get the right services, in the right place, at the right time.

Stronger Market Performance, Real System Value

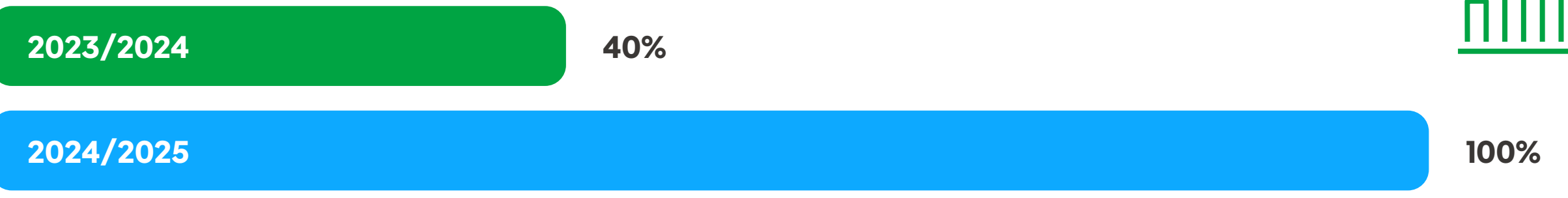
Our market's performance has significantly improved this year, reflecting the success of our new approach.

Our success rate for dispatching flexibility rose to 83% in 2024/25, up from just 11% the year before.

That means more of the flexibility we contract is actually being used when it's needed. We've also grown our provider base—**28 organisations are now registered on Piclo, with over 33,000 assets, including a huge increase in electric vehicles, from 971 to 27,000.**

These improvements have helped us avoid costly upgrades to the network, delivering £3.9 million in savings through deferred reinforcement. By using flexibility instead of building new infrastructure, we're keeping costs down—reducing pressure on customer bills and helping deliver a more efficient, affordable energy system.

We're unlocking greater value from our contracted flexibility



% of Contracted Flexibility that was Dispatched

Our dispatches are more successful



Success rate for dispatching flexibility (%)

Our flexible asset base is growing



Number of assets registered on Piclo

Delivering
£3.9 million
in savings through deferred reinforcement.

28
organisations are now registered on Piclo

One Year On: Innovation, Integration, and Future Readiness

We're making flexibility markets more open, standardised, and scalable. By removing barriers to entry, aligning with national processes, and pioneering new services, we've broadened participation and delivered real impact. Now, with a new Flexibility Management Platform and Day Ahead markets on the horizon, we're scaling up to meet future system needs—building on strong foundations to deliver our ED2 commitments and prepare for ED3.

Standardising, Innovating, Leading

We've taken key steps to make our flexibility markets more open and effective. By removing minimum participation thresholds and aligning our prequalification process with other network operators, we've made it easier for a wider range of providers to take part. Our first Market Prospectus provided clear visibility of upcoming opportunities, and we became the first DSO to implement the V3 standardised flexibility agreement—helping lead national efforts to simplify and scale flexibility. We're also trialling new services like demand turn-up and during Storm Darragh, flexibility helped restore power to 15,000 customers—40 hours faster than traditional repairs.

Scaling Up with Platform and Day Ahead Markets

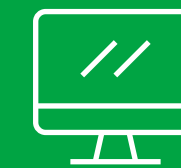
To build on the progress made in 2024/25, we've completed the procurement of our new Flexibility Management Platform, which will go live in early 2026. This platform will make it easier for providers to participate and will support the introduction of Day Ahead tendering, allowing flexibility to be offered closer to real time. Over the past year, we've also strengthened coordination with the National Energy System Operator (NESO) to support smarter, more responsive operations. With a clear roadmap and strong foundations in place, we're well positioned to deliver on our ED2 flexibility commitments and begin laying the groundwork for ED3—ensuring our markets continue to evolve in line with future system needs.

Our Flexibility Roadmap: Next Six Months



More Volume, More Value

Expanding our Month Ahead Market with increased MWh volumes to unlock greater system value.



New Flexibility Platform Launch

Delivering a new platform to simplify participation and support the design of future products. A transition phase is planned, with guidance and webinars to support providers throughout.



Storm Response Product Launch

Building on past success - launching a new product to support power restoration during severe weather. Guidance for participation coming soon.



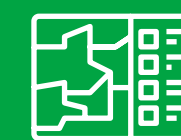
Day Ahead Market Goes Live

Responding to provider feedback - introducing Day Ahead flexibility to boost competition and enable participation from active generators.



Tailored Support for New Stakeholders

Publishing dedicated guidance for Local Authorities, I&C customers, and Community Energy Schemes - removing barriers and offering hands-on support.



Demand Turn-Up Trials

Identified trial zones—now seeking I&C participants to help shape this new service. Engagement will begin soon to co-develop a solution that supports system needs and works for business operations.

Flexibility helped restore power to

15,000

customers

Power restored

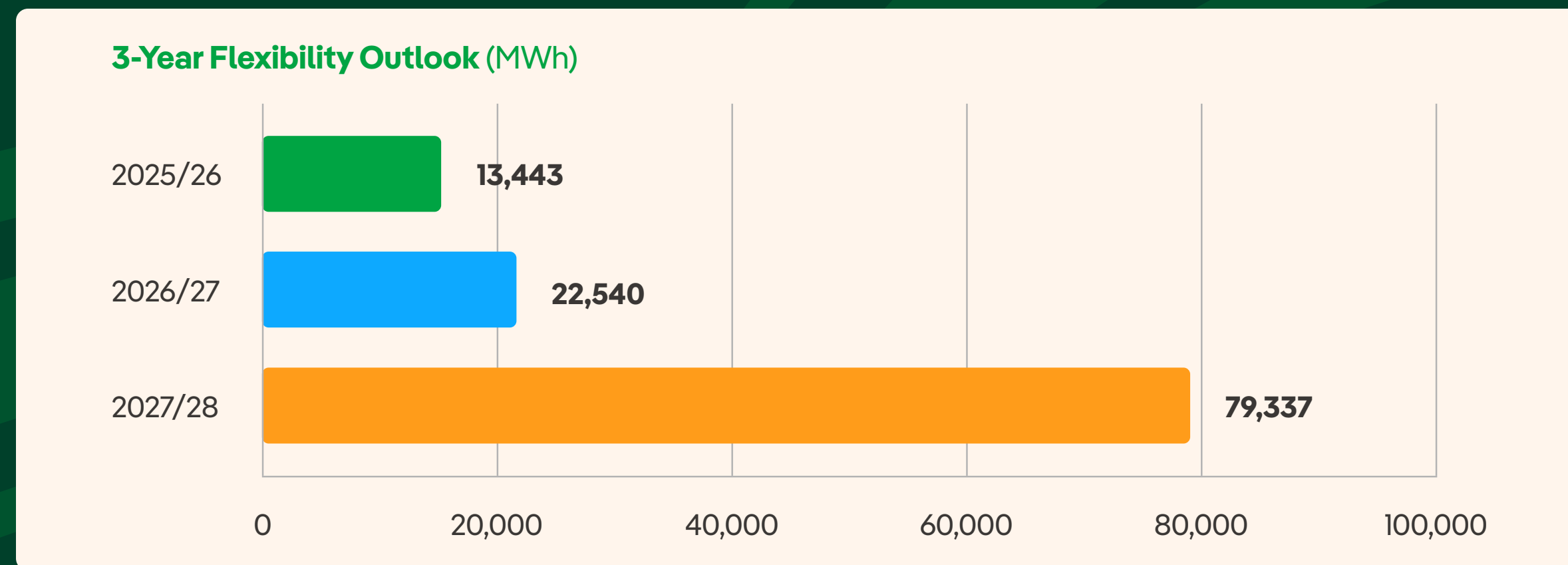
40 hours

faster than traditional repairs

Month-Ahead Market: Outlook 2025-26

The overall value of our SPEN Month ahead market from 2025 to 2028 is estimated to be £22million.

This graph displays the estimated growth of our flexibility market across both our licence areas during the full ED2 period in forecasted MWh volume.



Our Month Ahead Market is now set up to fulfil our upcoming requirements to alleviate constraints on our network which will manage uncertainty and offer an optionality benefit to defer reinforcement.

Our Deferred Reinforcement solution mainly consists of the Scheduled Availability ENA standardised product. These full requirements are published alongside associated Guide Prices in our Market Prospectus Supporting Data Document.

Full definitions of the ENA standardised products we will use as part of delivering these Flexibility Service is available in our Participation Guidance on our [Flexibility website](#).

Regional Flexibility Outlook 2025/26

We're making it easier than ever for flexibility providers to identify and act on upcoming opportunities. This summary on the right highlights the flexibility delivered across SP Distribution and SP Manweb, alongside estimated market value and projected MWh volumes for 2025–2026.

To help you plan ahead, we've published a detailed site-by-site breakdown—including volumes, guide prices, and market value by constraint zone—so you can see exactly where your assets can make an impact.

[All available now on our ODS Portal](#) – giving you the insight to stay ahead and unlock value in the areas that matter most to you and your assets.

SPD 2025-26 Flexibility Outlook

26
Locations

£1.4m
Estimated Value of Market

6714MWh
Estimated Volume

101MWs
of Total Peak Capacity

[Click here to view all requirements in an interactive heat map](#)

SPM 2025-26 Flexibility Outlook

26
Locations

£1.5m
Estimated Value of Market

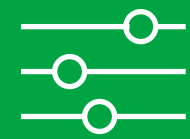
5822MWh
Estimated Volume

142MWs
of Total Peak Capacity

[Click here to view all requirements in an interactive heat map](#)

Operational Flexibility: Outlook 2025-26

At SP Energy Networks, our Operational Flexibility Service is evolving into a powerful tool for real-time network management—supporting both planned and unplanned outages. It's no longer just a pilot or a concept; it's a core part of how we run our network day-to-day.



We use embedded generation to support the network during abnormal periods.



We have an updated flexibility framework more suited to generation assets and industrial stakeholders.



Our operational flexibility requirements are updated annually.

Looking ahead to ED3, Operational Flexibility will be central to how we manage constraints and unlock capacity across the network. It's a key part of our long-term strategy - and a critical enabler of our net zero ambitions.

We have contracted 45 MWh of availability and dispatched 14 MWh's of operational flexibility over the past 2 years. Throughout 2025 we have had 1 operational flexibility events.

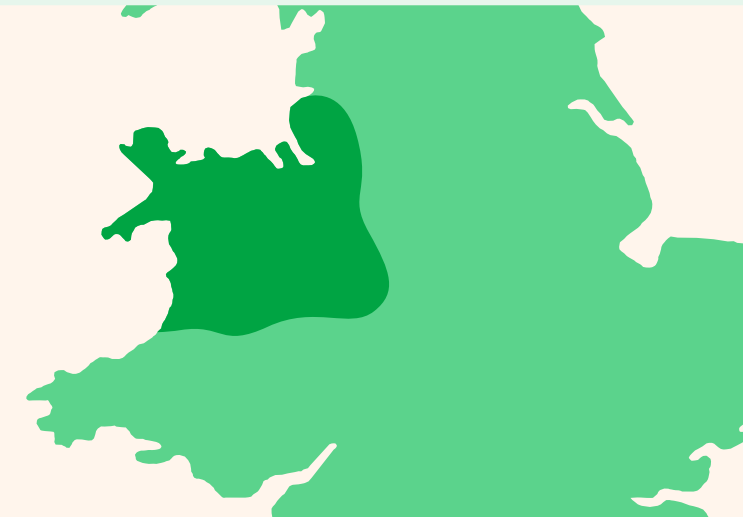
Outage Plans for 2025-2026

SP MANWEB

25 Service Windows

250 MWhs Required

24 Locations



SP DISTRIBUTION

Operational Flexibility Requirements to be confirmed in Scotland for 2026.



We'll continue to update the market on requirements as they arise through outage planning and storm response reviews. A more detailed overview of our outage plans are available on our [Flexibility pages on the SPEN website](#).

Powering Through Storms: Our New Flexibility Solution

We've been working closely with our Control Room teams to develop our new Storm Response flexibility product—a key part of our strategy to strengthen network resilience and support customers during severe weather events.

This builds on real-world experience. During Storm Daragh, Statkraft provided critical flexibility support to help us manage the impact. Since then, we've developed this into a more structured product, ready to be rolled out more widely across our network.

To support participation, we've published a clear Participation Guidance Document, now available on our website. It outlines how providers can get involved and the role flexibility can play in keeping the lights on when it matters most.

We're inviting feedback to help shape this product further—and if you have flexible assets that could support local resilience, we'd love to hear from you.

Access the Operational Flexibility Participation Guidance [here](#).

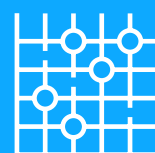
This year, we're scaling up:



Supporting additional planned maintenance to reduce disruption and improve efficiency



Developing a new **Storm Response** product to boost resilience and help mitigate the growing impacts of climate change



Expanding our provider network to strengthen local response



Creating a trusted register of flexible assets to support outage planning across our regions



Embedding Operational Flexibility into BAU as we prepare for a smarter, low-carbon system



Click here to read the Statkraft case study

Future-Ready Flexibility: Our Vision for ED3

In April, Ofgem published its framework decision for the next Distribution Price Control period, RIIO-ED3, which will run from April 2028 to March 2033. This marks a clear shift in regulatory thinking, with Ofgem encouraging network operators to move away from deferring reinforcement and instead invest proactively in infrastructure where future need is anticipated.

While some may view this as a challenge to the future of distribution flexibility markets, we see it as a pivotal opportunity. As we scale up investment in our networks, we will inevitably face pressures across supply chains, access to the network, skilled resources, and planning consents. Flexibility will be a vital enabler—helping us to optimise delivery, maintain customer connections, and accelerate progress towards decarbonisation.

As highlighted in our Operational Flexibility section, we are already leveraging flexibility to enhance network performance—improving reliability and customer service during both planned and unplanned outages. These applications will only grow in importance as investment levels rise.

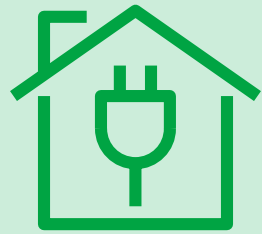
Beyond our own operational needs, we recognise the critical role we play in supporting the ambitions of Clean Power 2030. We are committed to fostering the growth of Consumer-Led Flexibility, engaging and educating potential providers to unlock new value streams and empower local energy participation.

As our RIIO-ED3 business plans continue to evolve, we look forward to sharing insights into the market opportunities we believe will shape the future of distribution flexibility—and how together, we can deliver a smarter, more resilient energy system.



Future-Ready Flexibility: Our Strategy

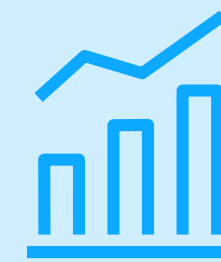
Agile Network Intelligence – Powering New Products Fast



We're transforming how we analyse our network to rapidly validate and deploy flexibility services. By leveraging real-time HV and LV monitoring during peak deployment, we're pinpointing where flexibility is making an impact—and where it's needed most.

This intelligence is the launchpad for new products like demand turn-up and constraint-driven services to support outages and storm response. We're especially focused on unlocking value with I&C customers to respond faster and smarter.

Data-Driven, Automation-Ready – Speeding Up Product Delivery



We're building a faster, more responsive flexibility ecosystem. Over the past year, we've enhanced data sharing via our ODS portal and are now automating key processes to bring products to market with greater speed and agility.

This momentum is driving our day-ahead market for 2026 and positioning us to enter ED3 ready to scale flexible capacity quickly—with minimal disruption to customers.

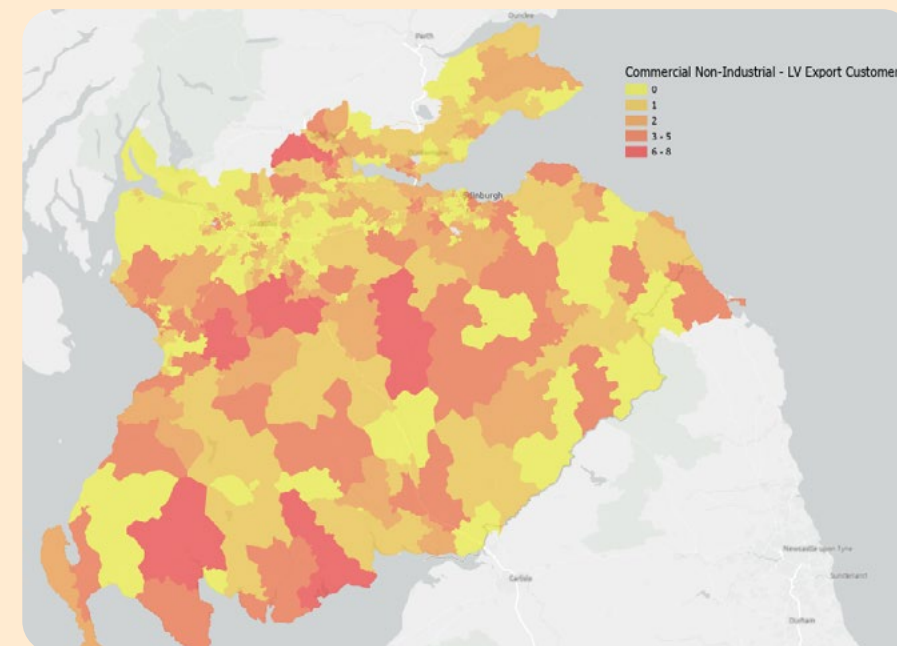
Market Intelligence – Finding Gaps, Creating Opportunities



We're using data to discover who's missing from our flexibility markets. By comparing procurement sign-ups with actual network connections, we're identifying untapped potential in constraint zones.

This data—[now live on our ODS portal](#)—is being visualised into heat maps and customer personas to guide targeted engagement. Whether it's commercial, industrial, or domestic stakeholders, we're tailoring our approach to boost participation and secure our network for ED3.

Have ideas on how to improve this data? [We're listening.](#)



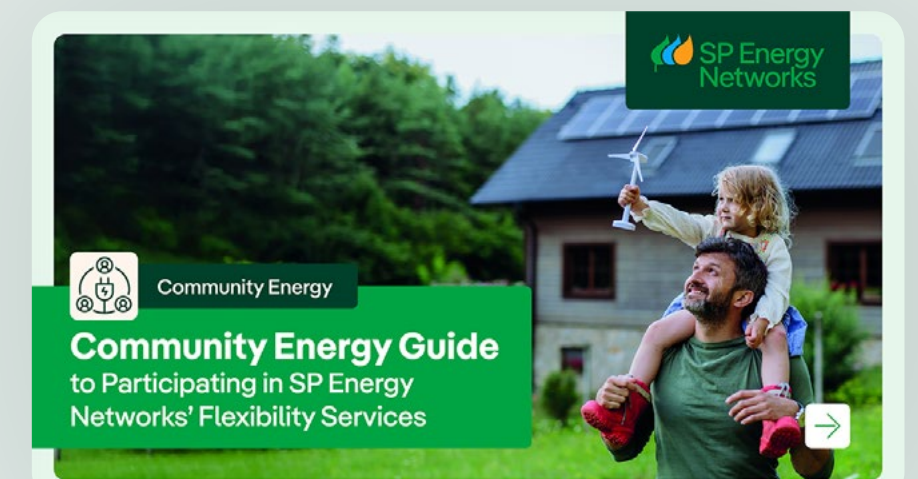
Stakeholder-Led Innovation – Flexibility Is a Shared Journey



ED3 success depends on collaboration. We're working to understand our stakeholders better—what drives them, what barriers they face, and how we can support them to participate.

We're developing tailored guides for community energy groups, local authorities, and I&C customers to help them engage with flexibility markets. Each segment has unique needs, and we're committed to reducing barriers and co-creating solutions.

Together, we'll build a smarter, more secure, and more flexible network—faster.



What's Next? We want to hear from you

Our commitment to growing a vibrant and accessible Flexibility Services Market means ensuring a clear, transparent, and forward-looking route to market for all participants.

To support market visibility and confidence, we will once again publish our Market Prospectus Outlook next year. This will provide an updated view of both our short-term and longer-term flexibility requirements, as well as anticipated volumes. We aim to release this annually in Q3, giving stakeholders the insights they need to plan and engage effectively.

What Does the Future of Flex Look Like for You?

We're shaping the future of flexibility—and we want you to be part of it.



Breaking Down Barriers

What challenges are you still facing in the Distribution Flexibility Market? We're committed to removing obstacles and making it easier for everyone to participate.



Shaping the Next Market Prospectus

What would you like to see in our future Market Prospectus? Your insights help us build a more responsive and inclusive market.



Making Participation Simple

We're here to support you every step of the way—alongside our third-party platform provider—to help you get onboarded and trading with ease.



Unlocking Market Opportunities

What's your Net Zero ambition? Flexibility services can be a powerful tool to help you achieve it—while unlocking new revenue streams and supporting a greener grid.



We're always looking to improve. If you have any feedback, insights, or suggestions on our approach to flexibility—or on this Market Prospectus—we'd love to hear from you.

To make it easy, we've set up a **quick survey**. Simply scan the **QR code** to share your thoughts. Your input helps shape the future of our services and ensures we continue to meet the needs of a changing energy system.



Prefer to speak directly? Reach out to us at flexibility@spenergynetworks.co.uk.

We're committed to flexibility as a key enabler of Net Zero—delivering value for customers and creating opportunities for all.

Talk to us: Meet the Team

DSO Flexibility Team

We hold a mix of skills from a range of different backgrounds covering Engineering, Commercial, Generation, Trading, Route to market, Market Engagement. Our main aim is to facilitate Flexibility as a real solution enabling us to transition to net zero.



Pamela Mathieson
Flexibility Procurement Manager

Vision:
“DSO Flexibility Services being the norm, mass participation and so that everyone benefits.”



Elin Williams
Lead Energy System Specialist

Vision:
“Automated Solutions, Smart Data, Flex Benefit for our Network and Customer.”



George Fournarakis
Senior Energy System Specialist

Vision:
“The future of flex is one where flex is considered as the first solution to network problems across SP Energy Networks.”



Leonard Baraclough
Energy System Specialist

Vision:
“...Data leading the way to inform and drive Flexibility.”



Basil Mangottil
Senior Commercial Analyst

Vision:
“Simplified processes, across the Flexibility Lifecycle...”



Scott Taylor
Flexibility Performance Manager

Vision:
“Empowering a flexible grid, seamless access to market and optimizing performance”

Our vision for a just transition to Net Zero is both a process and an end goal which we cannot achieve alone. We are committed to reviewing our progress regularly and working collaboratively with all of our stakeholders - ensuring that no one is left behind in the energy transition.