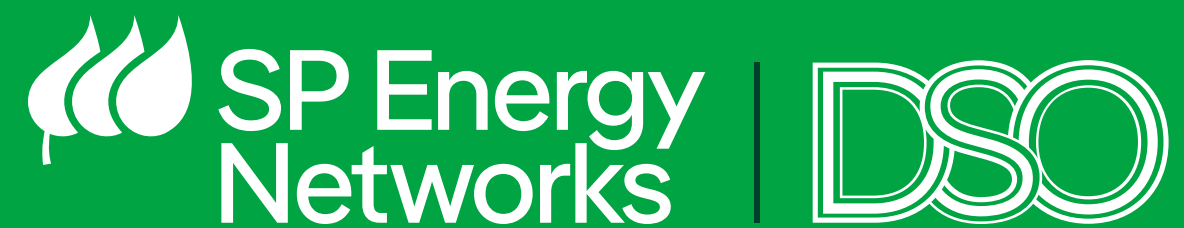


Distribution Flexibility Service

Market Prospectus

October 2026



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Foreword from Gerard Boyd

The electricity system is undergoing unprecedented change. As the pace of decarbonisation accelerates, demand for network capacity increases, and customers seek faster and more flexible connection solutions, flexibility will play an increasingly critical role in how electricity networks are planned, operated and developed.

At SP Energy Networks, we see flexibility as far more than an alternative to traditional reinforcement. It is becoming a fundamental building block of a smarter, more efficient energy system, helping unlock capacity, support resilience, enable low-carbon technologies and deliver greater value for customers. As we look ahead to ED3 and beyond, Build and Flex will ensure that we seek the most cost effective solution for our customers whilst providing the capacity required to help our customers decarbonise.

Building on the success of our existing flexibility markets, we are now entering an exciting new phase of development. Alongside established demand reduction and outage management services, we are expanding a range of our markets including Demand Turn Up to manage renewable curtailment, Low Voltage Flexibility to help support our districts during events and critical network works, Accelerated Connections, Firm Flexibility and enhanced Operational Flexibility services. Through initiatives such as SocialFlex and StormFlex, we are also demonstrating how flexibility can deliver wider benefits for communities while strengthening network resilience and supporting customers when they need it most.

Our vision for ED3 is clear: a flexibility market that is larger, more accessible, more dynamic and increasingly integrated with network operations. We want to provide participants with greater visibility of future opportunities, clearer routes to market and a broader range of services that reward the full value flexibility can provide. By working collaboratively with flexibility providers, aggregators, communities and industry partners, we will continue to drive innovation, increase competition and unlock new opportunities across our licence areas.

This Market Prospectus sets out both the opportunities available today and our roadmap for the future. It reflects our commitment to creating a flexible, responsive and resilient electricity network that supports Net Zero ambitions while delivering tangible benefits for customers and market participants alike.



Gerard Boyd
Head of Flexibility

The flexibility market has progressed significantly in recent years, but we believe the greatest opportunities still lie ahead. We look forward to working with existing and new providers as we continue to grow, evolve and shape the flexibility markets that will underpin the energy system of the future.

Performance Snapshot

33 SPD

Zones launched for tender up to October 2026

Over 243,000

number of assets registered in our market as of October 2026

41 SPM

Zones launched for tender up to October 2026

5.2GWh

of Flexibility dispatched as of October 2026

341MW

Total Peak Flexibility Procured as of October 2026

Over £362k

utilisation revenue delivered to our Flexibility Service Providers (FSPs) as of October 2026

No. of CMZ* 77

up until October 2026

£15 million

savings on reinforcement deferred ED2 to date

*Constraint Management Zone

One Year On: Market Growth and Liquidity

2025/2026 saw significant growth across SP Energy Networks' flexibility markets. Our Month Ahead market has driven increased participation across our licence areas, while closer collaboration with our operational and control room teams has enabled us to design and procure the right solutions for evolving network needs, including our award-winning StormFLEX product.

ED2 Growth

SP Energy Networks flexibility market has undergone significant growth since the introduction of the month-ahead market in 2024, demonstrating increasing liquidity, provider participation and market confidence. Despite this significant growth, there remain opportunities to further broaden participation across certain locations and service requirements, helping to unlock additional flexibility value and support evolving network needs. **Key indicators of market growth include:**

Registered flexibility capacity increased from
325MW **↗** **5,707MW**
representing a 15.7-fold increase in available capacity from registered assets.

Peak flexibility tendered through the month-ahead market increased from
146MW **↗** **710MW**
almost a fivefold increase

Registered assets grew from
41,378 **↗** **110,894**
during 2025/26

Contracted flexibility increased from
24MW **↗** **185MW**
during 2025/26

Registered flexibility providers grew from
9 **↗** **37**
providers in 2025/26

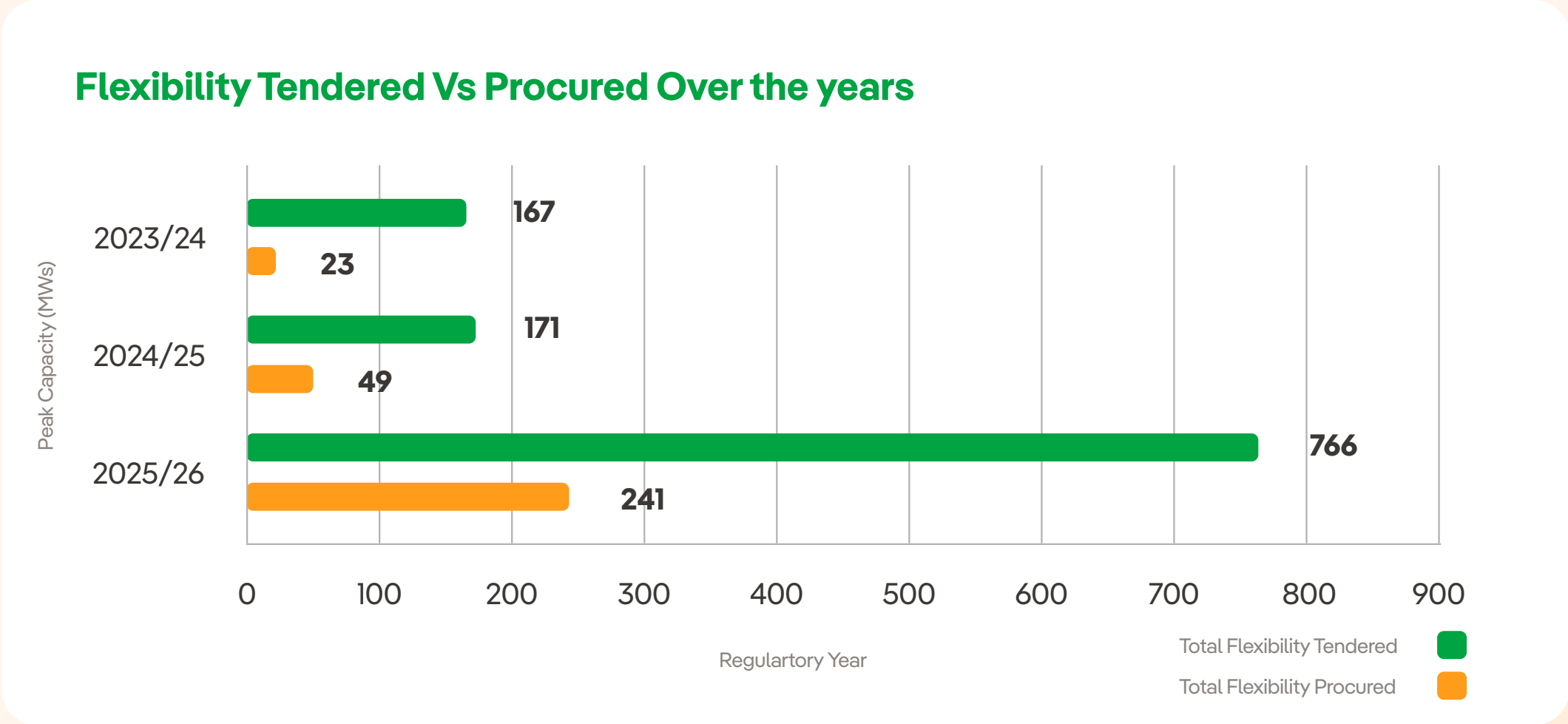
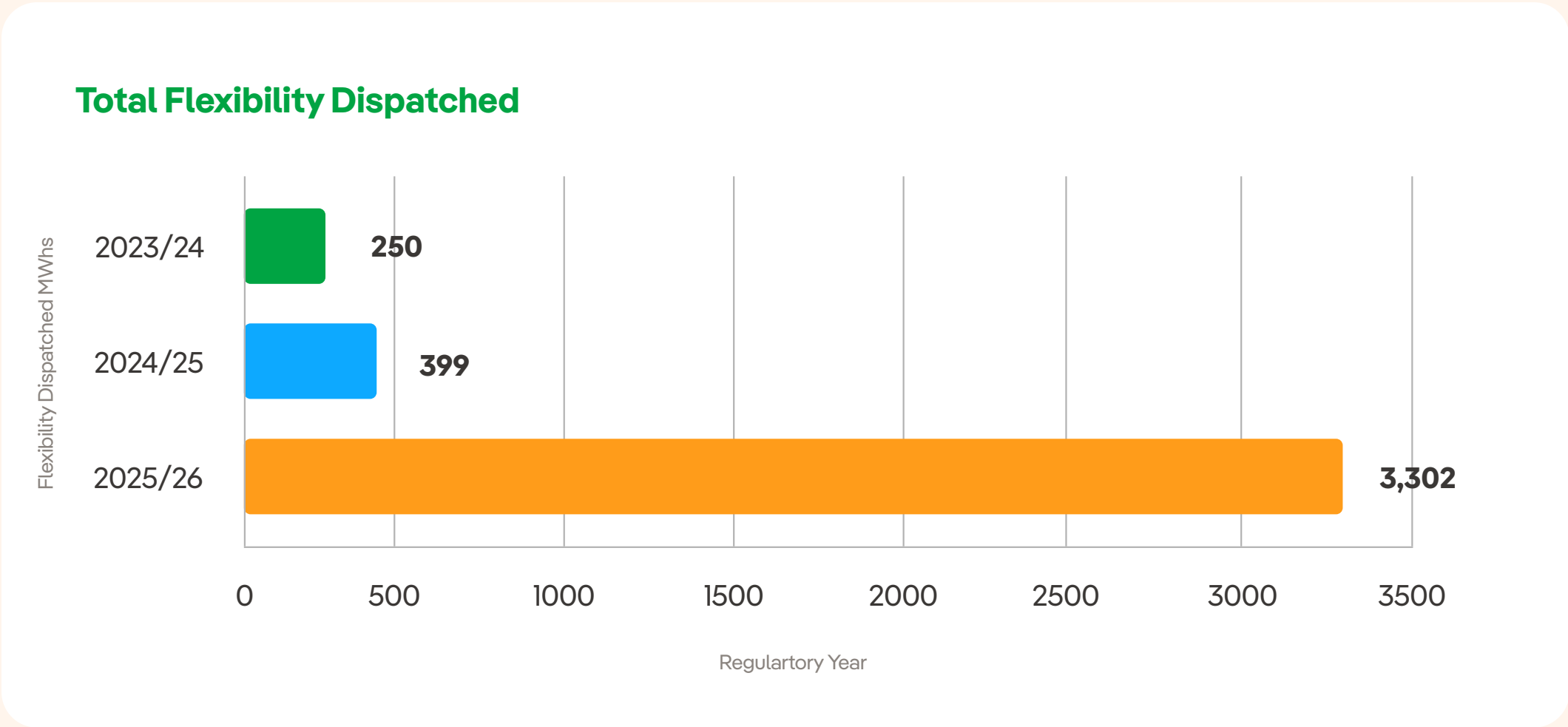
Active market participants grew
9 **↗** **15**
all dispatched.

Flexibility dispatched grew from
385MW **↗** **3.2GWh**
highlighting both greater participation and increased operational utilisation.

Analysis across the first three years of ED2 shows that the transition from a predominantly long-term procurement to shorter-term procurement models has increased participation, improved accessibility and enabled flexibility services to respond more effectively to changing network needs.



One Year On: Market Growth and Liquidity (cont’)



Provider quotes from ED3 feedback panel

“Long-term market signals are critical. They give providers the confidence to deploy assets in SPEN’s licence areas.” - Flexibility Service Provider

“The easier flexibility is to understand, the more customers and communities will participate.” - Community Energy Representative

“Standardisation across flexibility markets would reduce barriers and improve accessibility for providers.” - Industry Stakeholder

We welcome feedback on our flexibility activities and invite stakeholders to share wider views on the development of the flexibility market, including opportunities, challenges, and areas for improvement. [Link: Flexibility Provider Feedback Form - SP Energy Networks – Fill in form](#)



Move to Electron

Our move to Electron marks a new era for flexibility services at SP Energy Networks, with Electron’s mission to make participation in our flexibility markets simpler and more efficient.

Quick onboarding, automation, asset registration, and ensuring future ready enhancements for our ED3 ambitions for flexibility are key goals for a 3-year partnership with Electron and we will be working closely with them to further develop our flexibility offering and deliver system enhancements to further streamline market participation.

We will also be continuing our engagement with Elexon, ENA and Ofgem to work on further standardisation of flexibility products and services, including the standardisation of asset registration and developing our flexibility framework agreement so it covers more asset types.

Key Events : Over the Next Six Months



1. Panel session
Solar & Storage live (Birmingham NEC, October 2026).



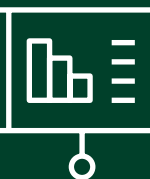
2. Energy conference
Procurement team attending, Community Energy Conference Scotland (Glasgow, October 2026).



3. Energy 4 all
ED3 community energy strategy publication, Energy 4 all (Dundee, October 2026).



4. Presentation on our flexibility solutions
Future of utilities conference (London, November 2026).



5. Presentation on our flexibility solutions
REA Decentralised Energy Forum (London, November 2026).



6. Speak with us
Come and speak with us at the SPEN stall with flexibility team, Community Energy Conference England (Liverpool, November 2026).



7. ED3 Publication
Publication of our ED3 Business Plan, (December 2026).



8. Guest speaker
Community Energy Scotland Generation & Repowering Event, (Location TBC, February 2026).



9. Energy Storage Summit
Procurement team attending, Energy Storage Summit, (London, February 2026).



10. Winter requirements webinar
Webinar to cover winter requirements planned for October 2026



11. I&C webinar
Webinar for I&C flex planned for winter 2026.



12. Local authorities webinar
Webinar for Local Authorities planned for 2027

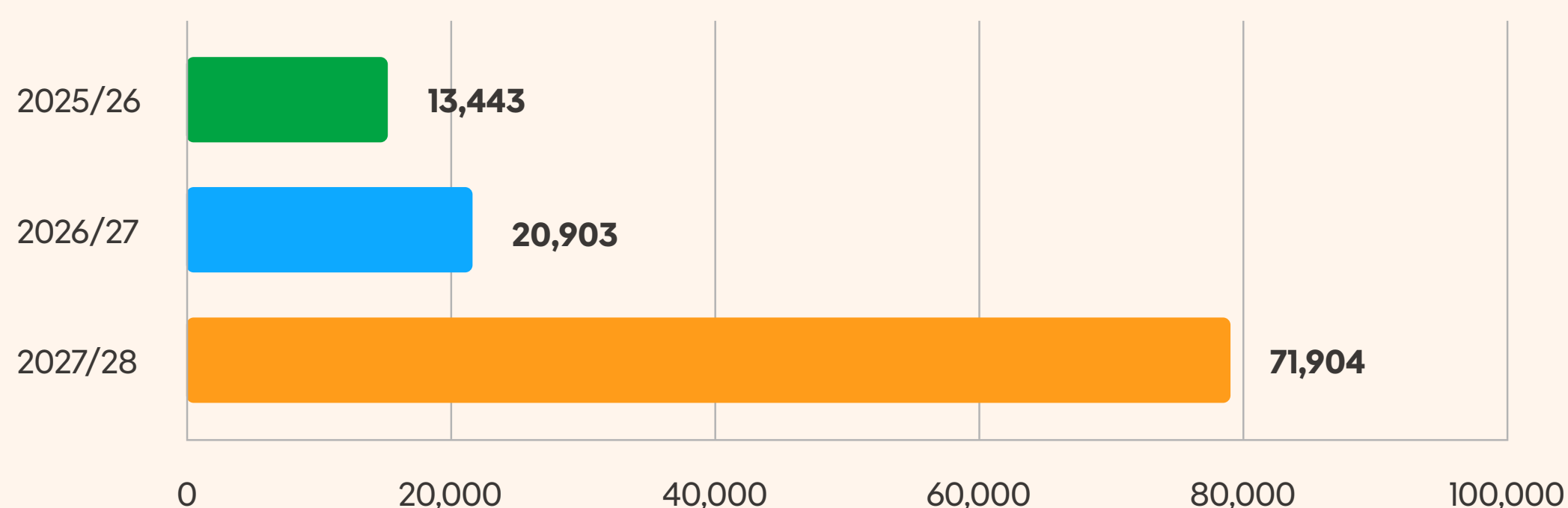


Month-Ahead Market: Outlook 2026-27

The overall value of our SPEN Month ahead market from 2026 to 2028 is estimated to be £19 million.

This graph displays the estimated growth of our flexibility market across both our licence areas for the remainder of the ED2 price control in forecasted MWh volume.

3-Year Flexibility Outlook (MWh)



Our Deferred Reinforcement solution mainly consists of the Scheduled Utilisation 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 highlights the flexibility delivered across SP Distribution and SP Manweb, alongside estimated market value and projected MWh volumes for 2026–2027.

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.

SPD 2026/27 Flexibility Outlook



35
Locations



£2.3m
Estimated Value
of Market



10,074MWh
Estimated Volume



157.5MWs
of Total Peak Capacity

Click here to view
all requirements
in our interactive
heat map



SPM 2026/27 Flexibility Outlook



47
Locations



£2.6m
Estimated Value
of Market



10,830MWh
Estimated Volume



222.5MWs
of Total Peak
Capacity

Click here to view
all requirements
in our interactive
heat map



Operational Flexibility: Outlook 2026-27

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.

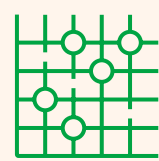
Our operational flexibility outlook:



Support for additional planned maintenance to reduce disruption and improve efficiency. We are focused on expanding our operational flexibility operations to our SPD licence area, with more opportunities available to support the network.



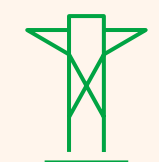
Roll out demand turn up flexibility services to manage generation constraints in our Load Management Schemes in SPD.



Expanding our provider network to onboard new types of FSPs, providing tailored support and guidance.



Ensuring that we provide continued opportunity for flexibility services over the ED3 price control, introducing new locations, use cases, and products.



Continue to work closely with our control centres in SPM and SPD to refine and improve processes and increase efficiency when deploying operational flexibility.

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 53 MWs of availability and dispatched 27.97 MWh’s of operational flexibility over the past year. Throughout 2026 we have had 2 operational flexibility events, with another scheduled for the winter period.

We have fulfilled our requirements for SPD this year and are working closely with the SPD control room to generate more requirements for the remainder of 2026/2027. We have deployed our new StormFLEX product across SPD so in the event of a storm there will be emergency generator support available to assist in the restoration of customers.

A more detailed overview of our planned outages is available on the **Flexibility pages on the SPEN website**.

53 MWs

of availability

28 MWh’s

of operational flexibility over the past year.

2

operational flexibility events, with another scheduled for the winter period.

Powering Through Storms: Our award-winning StormFLEX product

StormFLEX is our award-winning operational flexibility product, designed to strengthen network resilience during severe weather events. By enabling additional flexibility during storms, StormFLEX gives our control rooms greater options to restore supplies more quickly and allocate resources where they are needed most.

201 MW

of availability secured over the 2025/2026 winter period

Generation secured for

Storm Amy and Storm Éowyn

Expanding operations

into SPD for the 2026/2027 period

Building on its success, we are continuing to expand and grow StormFLEX, increasing the volume and geographic reach of operational flexibility available across our network. During the most recent storm season, over 200 MW of flexibility capacity was contracted and ready for deployment, demonstrating strong market participation and providing a solid foundation for future growth. We are keen to work with even more providers and encourage flexibility service providers to explore opportunities to participate.

We utilise existing framework agreements and established relationships with flexibility service providers (FSPs), providing an end-to-end process from procurement through to dispatch and settlement. We also offer one-to-one guidance and support for providers looking to participate in StormFLEX, with storm support actions covered under existing flexibility framework agreements.

We recognise that storms are inherently unpredictable. To support participation, providers will not be penalised where prevailing operational network conditions prevent the dispatch of contracted services.

Key information relating to operational flexibility is available in our **Participation Guidance Document**, 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.

Future-Ready Flexibility: ED3 Development

Over ED2, we used flexibility to manage forecasted HV and LV network constraints, primarily through LV aggregated assets. We also developed operational flexibility to support planned HV maintenance using generation assets.

Demand Turn Up

Demand Turn Up (DTU) increases electricity demand during periods of high renewable generation, helping to balance the system and maximise the use of low-carbon energy. As part of our DTU trial, we tendered 891 MWh of capacity this year through a day-ahead market, with capacity volumes determined using wind forecasts to target periods of high embedded generation. Looking ahead, DTU will become a core flexibility product from the start of our next price control period in 2028.

Accelerating connections

Accelerating connections of new generation assets, in particular renewables is a key to meeting national targets of Net Zero and Clean Power 2030. Our ED2 activities such as our demand-turn up trial in 2026, demonstrated that we could get an adequate response from demand assets to mitigate generation constraints on the distribution network. This raised the proposal that we could utilise this response of either demand turn up / generation turn down to accelerate the connection of a new generator where the generator would otherwise be delayed by an export constraint on the distribution network. Instead of waiting for reinforcement to create enough firm export capacity, we can offer new connections and earlier connections on a flexible or constrained basis. When local network export limits are at risk of being breached, we could use flexibility services from aggregated assets to increase consumption and/or turn down generation by curtailing the new generator or other generators in the constrained area. We have also been working with FSPs and to explore how we can accelerate large demand connections by 2 – 5 years by providing firm flexibility as part of the

connection. Under this proposal a large connection such as a data centre would work with an FSP to install flexible capacity which can then deploy demand-turn down flexibility services, ensuring that network limits are not exceeded in this area. This is an area which we are exploring as we progress into the next ED3 price control.

This presents us with an opportunity to utilise flexibility to effectively reduce congestion which prevents new connections of demand and generation assets, ensure that the network remains within its operational limits. For generators and new connections, it means that flexibility can enable them to connect earlier, rather than being dependent on the network reinforcement. For us it provides us more options to manage a constraint dynamically while maintaining network security and deferring or optimising reinforcement.

LV flexibility

LV Flex enables flexible demand and generation to support local network constraints, providing a cost-effective alternative to traditional reinforcement. Working closely with our system planners, we have identified more than 1,000 potential LV competition zones across the ED3 price control period. As LV monitoring expands, we are unlocking additional flexibility opportunities and have been running an LV Flex trial since April this year. By scaling our LV Flex offering, we expect to increase procurement volumes and offer higher ceiling prices, encouraging greater market participation as the value of flexibility services continues to grow.



Future-Ready Flexibility: ED3 Development (cont')

Firm Flexibility

Over ED2 we tendered for several HV sites across our licence areas. Results from these demonstrated higher volumes of flexibility in services in urban / sub-urban areas due to more availability of LCT assets. Across our licence areas we have opportunities for flexibility which are spread across a diverse landscape, with constraints effecting both urban and rural communities. For these areas where the volume of flexible assets is quite low, we are exploring alternatives to our standard approach of procuring flexibility services via our monthly market. There are also scenarios (such as accelerating connections) where flexibility is required to enable an action on the network, where the risk of non-delivery could lead to financial consequences or damage to the distribution network. In these cases, the deployment of flexibility services should take priority, and non-delivery risk should be minimised.

Firm flexibility is one solution, working with partners to build domestic battery installations with a long-term flexibility contract to serve the needs of the network. Customers would also benefit from the domestic battery installation with reduced energy bills, or other benefits from having the LCT deployed. This allows for targeted flexibility services in areas which may fall outside our existing flexibility schemes, or in areas where we have low volumes of flexible assets.

We are preparing flexibility packages with our providers, aimed at rolling out firm flexibility at suitable locations, as a solution to meet our ED3 flexibility requirements and keep firm flexibility as an option to manage network constraints.

SocialFlex

SocialFlex is an innovative flexibility initiative led by SP Energy Networks in partnership with Connected Response and ScottishPower Energy Retail, designed to enable social housing and fuel-poor customers to participate in energy flexibility markets. By unlocking flexibility from customer groups and technologies that are currently underrepresented in existing markets, SocialFlex aims to demonstrate a more inclusive approach to flexibility procurement and network balancing. The project delivers benefits for both customers and the energy system, reducing energy costs for vulnerable households while providing a new source of flexible demand to support the integration of renewable generation and the transition to a smarter, more efficient energy network.



Future-Ready Flexibility: Standard Flexibility products

We will continue a standardised approach to flexibility services, utilising the products developed by the ENA Open Networks Project, these are:

Product name	Payment Structure
Peak Reduction	Utilisation payment only
Scheduled Utilisation	Utilisation payment only
Operational Utilisation	Utilisation payment only
Scheduled Availability + Operational Utilisation	Availability and utilisation payment
Variable Availability + Operational Utilisation	Availability and utilisation payment

All of our flexibility use cases in ED3 will be enable via these standardised products, simplifying processes for FSPs and ensuring that we can deploy flexibility effectively.

More information on the new aligned products developed by the ENA Working Group is available on the ON Flexibility Products Review and Alignment page on the ENA website.

Flexibility use case	Payment Structure
Deferred Reinforcement	Scheduled Utilisation
Optimising Delivery	Scheduled Utilisation
LV flexibility	Scheduled Utilisation, Operational Utilisation
Demand Turn Up	Operational Utilisation
Social Flexibility	Operational Utilisation
StormFLEX	Operational Utilisation, Scheduled Availability + Operational Utilisation, Variable Availability + Operational Utilisation
Operational flexibility	Operational Utilisation, Scheduled Availability + Operational Utilisation, Variable Availability + Operational Utilisation



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.

Over the past year, we've trialled shorter-term flexibility tenders with strong results—driving higher engagement and lowering barriers to entry. We'll continue using these agile approaches where they add value, while still offering longer-term tenders where appropriate. We're also progressing towards day-ahead flexibility markets, giving participants greater choice and enabling smarter, more responsive use of flexibility.

Looking Ahead: Market Prospectus Outlook

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.



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

Procurement Team - Market Development



Pamela Mathieson
*Flexibility Procurement
Manager*



George Fournarakis
*Senior Energy System
Specialist*



Leonard Baraclough
Energy System Specialist

Procurement Team Focus:

Market Development, increasing participation in flexibility markets across our licence areas by ensuring providers have attractive opportunities, clear routes to market, and minimal barriers to entry.



How we can help you: 121 sessions

Whatever your journey in flexibility markets, we're here to help. Discover current procurement opportunities and build a revenue-generating business case for your portfolio or individual asset

Performance Team - Operational Systems Integration



Scott Taylor
*Flexibility Performance
Manager*



Ronan Duffy
Commercial Analyst



Basil Mangottil
Senior Commerical Analyst



Lauren Garrett
*Senior Energy Systems
Specialist*



Andrew Woods
*Lead Energy System
Specialist*

Performance Team Focus:

End to End Management of dispatch and settlement of flex services, integrating industry policies, processes, and systems to create a seamless Flexibility user journey.

