



Distribution Flexibility Services Procurement Report 2025-26

May 2026

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Executive Summary

Our procurement and use of flexibility services in 2025/26 was driven by the need to manage demand constraints on our network. In 5 tender rounds we tendered for a total of 96MW flexibility services for 2025/26 and 62MW for 2026/27 across five Primary and 13 Secondary substation zones. The peak tendered and contracted were 12.2MW and 2.4MW. We procured two products: Scheduled Availability + Operational Utilisation (SAOU) at Primary substations and Scheduled Utilisation (SU) at both primary and secondary substations. We awarded contracts for 20MW for delivery in 2025/26 and 12MW for 2026/27.

We ran a long-term Summer tender and also introduced more frequent procurement, with scheduling and dispatch happening closer to real-time when network conditions are better known. This took the form of monthly, month-ahead tenders during the Autumn and Winter, and procurement of the Scheduled Availability + Operational Utilisation (SAOU) product with week-ahead dispatch. This dual approach supports varied Flexibility Service Providers' (FSPs) preferences - some favour tenders closer to real-time, while others prefer longer-term contracts for better planning and stability.

Our Empower Flex project trialled an approach that removed barriers to participation in the flexibility market and provided direct value to vulnerable customers. Following the success of this trial, we have formalised this approach into our Flex Advance product that will be introduced into business-as-usual procurement in 2026/27. This product is designed to support FSP investment in bringing additional flexible capacity to market. Flex Advance features a front-load payment structure combined with a clawback mechanism to ensure accountability and cost-effectiveness.

Our use of flexibility services is driven by our network needs. In the short term our network has good demand headroom, mainly due to deindustrialisation, and as such the number of primary sites requiring intervention is currently limited. As we reach the end of the decade we expect to see increasing constraints - particularly on our secondary network as more households adopt low carbon technologies - and increasing operational needs.

In the long-term we are likely to address most of these constraints through conventional reinforcement, but this won't be deliverable at the required rate. We will increasingly use flexibility services to mitigate emerging constraints and to optimise the phasing of strategic investment in network reinforcement, enabling more efficient delivery programmes and reducing the risk of customer disruption.

In anticipation of this growing need for flexibility services, this year we have taken actions to encourage greater participation in our flexibility market:

- Developed and launched a new product, Flex Advance, increasing to three the number of products that FSPs can choose to provide: SAOU, SU and Flex Advance.
- Offered a choice of procurement timescales, both

long term and shorter-term tendering opportunities

- Trialled generation turn-up services to reduce network risk in support of planned outages. Based on this experience, we intend to procure services in 2026/27 to manage the risk associated with planned outages
- Continued the deployment of LV monitoring to support the assessment of flexibility needs at our Secondary substations which we expect to identify additional flexibility needs and market opportunities

To make participation easier and to provide more and better information, we have:

- Extended our use of the Piclo market platform so that FSPs experience a single end to end platform from bidding through to dispatch and settlement.
- Promoted the "upcoming flexibility services data" out to 2033 in our Network Development Report and signposted our potential future flex requirements up to year via the DNOA. Both of these are available on our Open Data Portal
- Sought feedback from stakeholders to understand their experience of our flexibility market and procurement process and invited feedback on our Flexibility Services Strategy for 2026/27

Behind the scenes have worked on a number of projects that may either deliver more market opportunities in future, or will enhance our capabilities:

- Our Flex-ENC innovation project is exploring how we can use flexibility services to create capacity for new connections
- We are exploring the use of flexibility services for supporting unplanned outages, drawing on our Microresilience, Multi-Resilience, and Resilient Customer Response innovation projects
- Our "Artificial Forecasting" Strategic Innovation Fund (SIF) project is developing artificial intelligence methods to improve short-term load forecasting. This new tool will be rolled out into our business-as-usual dispatch operations for the Autumn/Winter of 2026/27, enabling us to dispatch flexibility services with a higher degree of confidence and precision.
- Our FlexSelect project is developing enhanced bid decisioning tools for scalability and efficiency, supporting future growth in our market.

You can find out more about our ambition for flexibility and for flexibility services in our [Flexibility Strategy 2026](#), and our plans for 2026/27 in our [Distribution Flexibility Services Procurement Statement 2026/27](#).

1 Introduction

About us



Northern Powergrid is the company responsible for the electricity distribution network that powers everyday life for 8 million customers across 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire. These regions are served by our two licence areas - Northern Powergrid Northeast and Northern Powergrid Yorkshire.

Our electricity network spans around 25,000 square kilometres and consists of 96,000 kilometres of overhead power lines and underground cables and more than 63,000 substations, including:

- 122 large substations (42 grid supply points and 80 bulk supply points).
- 552 primary substations.
- 63,134 secondary substations.

By distributing the electricity that powers daily lives, Northern Powergrid plays a crucial role in society and contributes to economic growth in the communities that it serves.

Recognising the evolving demands in electricity usage and sustainable energy practices in line with net zero emission targets, Northern Powergrid is developing our region's electricity distribution network to meet the current and future demands of a decarbonised region.



8m
people served



3.9m
homes and businesses



25,000
km² of network

Our approach to flexibility

At Northern Powergrid we are committed to using flexibility as a solution on our network where it is efficient to do so. This includes connecting new customers to our network on a flexible basis, using flexibility services to manage load on our network and, increasingly, operating our network in a more flexible way to move load.

Flexibility is a critical enabler to decarbonising our energy system and meet the government's target of Clean Power 2030. Flexibility has a key role in balancing the energy system at an overall level, matching demand to the supply of renewable energy. However, there is also a large role for flexibility on our distribution network – helping us meet electricity user's needs in the most efficient way and helping us to manage the pipeline of reinforcement works.

In line with our [approach to flexibility](#), in developing and operating our network we seek to use flexibility where efficient. This includes using network flexibility – options such as switching to maximise the use of existing capacity of our network – and customer flexibility options - flexibility services and flexible connections.

Flexibility services in 2025/26

This Distribution Flexibility Services Procurement Report focusses on one particular element of flexibility: flexibility services. It provides information on our flexibility services activities in 2025/26 and provides details of;

- Our procurement and use of Flexibility Services
- The stakeholder engagement we have undertaken
- The economic viability of flexibility services
- The carbon impact of the flexibility services dispatched

2 Flexibility procurement and use summary

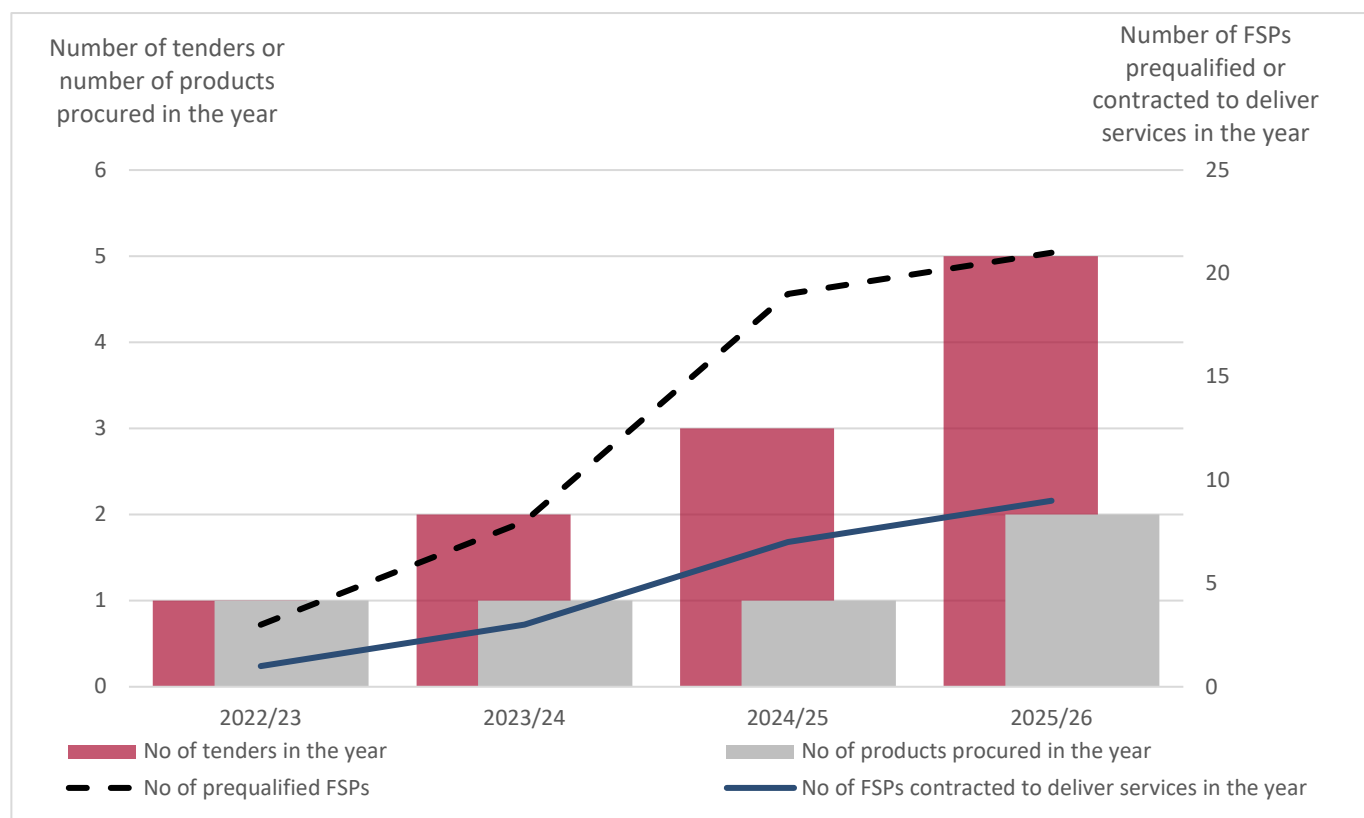
2025/26 highlights

- We ran five competitive tenders: one long term Summer tender and a series of four monthly short-term tenders in the Autumn and Winter. We sought flexibility services to manage demand constraints at five primary and 13 secondary substations.
- We tendered for a total of 96MW for 2025/26 delivery with a peak of 12MW, and total of 62MW for 2026/27 delivery. We contracted for the full capacity requirement at two of our primary substation zones; at Kirkburn for delivery in 2025/26 and 2026/27, and at Starbeck for delivery in 2025/26.
- We introduced the Scheduled Availability + Operational Utilisation (SAOU) product with week-ahead dispatch for our HV zones, while continuing to use the Scheduled Utilisation (SU) product in our LV zones.
- Separately, we procured a total of 21.6MW with a peak of 0.4MW of demand turn-down / generation turn-up services at two locations as part of our Empower Flex trial.
- Over the course of the year the number of FSPs

who are pre-qualified to tender increased to 20. The number contracted to deliver services in 2025/26 increased to 9. The continuing development of our flexibility market can be seen in Figure 1.

- We replaced our previous Dispatch and Settlement platform so that FSPs now experience a single end-to-end market platform, Piclo, from commercial qualification and asset registration through bidding to dispatch and settlement, thus reducing the effort and complexity for FSPs operating in our market.
- Ease of access to our markets is supported by our implementation of industry standards, including deploying the standard contract as an overarching contract under which multiple subsequent trade awards can be made. While the standard contract remains our default position, we recognise that, as the flexibility market continues to develop, applying the standard terms rigidly may risk creating unnecessary barriers for certain providers. We have therefore adopted a position that we are open to considering proportionate and justified modifications where these are required to support participation, remove unintended blockers, or reflect the realities of emerging business models.

Figure 1 - Market Development



Comparison of projected procurement and actual procurement

In our Procurement Statement for 2025/26 we projected that we would competitively tender for flexibility services for delivery in 2025/26 at five primary substations and 13 secondary substations, all for demand turn-down / generation turn-up services.

A comparison between the projected procurement and the actual procurement can be seen Table 1. For the HV zones, we tendered first using the Scheduled Utilisation product (SU) in our long-term summer tender, and then using the Scheduled Availability + Operational Utilisation (SAOU) product in our subsequent monthly tenders. For the LV zones, we tendered only for the SU product.

We tendered for 4 out of the 5 projected HV zones, plus one additional HV zone. We did not tender for services at Middlesbrough - Faraday Street as projected because a later forecast indicated that there was no need. The additional HV zone, Stocksbridge - Wheatacre Road, wasn't included in the projection as we had existing arrangements in place at Wheatacre Road that had been in place for a long time, which fell away, meaning this then needed flexibility procurement.

We tendered for services at all 13 of the LV zones projected.

Flexibility Services tendered, contracted & dispatched

The services we tendered and contracted in 2025/26 for delivery in the year, and the MWh dispatched from those contracted services in the year are summarised in Table 2 by product and in Table 3 by licence area. Table 4 provides detail by zone of services tendered, contracted and dispatched in the year.

In the Summer tender we procured the SU product for all our requirements. In the subsequent month-ahead tenders, for HV zones we procured SAOU with week ahead dispatch, i.e. Primary substations, and we procured SU for LV zones i.e. secondary substations.

We dispatched 736MWh from services tendered and contracted in 2025/26 and from services contracted in prior years.

Overall, the competitive tenders resulted in contracted capacity equivalent to 21% of the 2025/26 flexibility needs tendered. We sought feedback from stakeholders to understand factors that might be limiting the capacity bid and their feedback is discussed in section 4.

In addition we procured and dispatched flexibility services under the Empower Flex trial. This was demand turn down via energy efficiency and generation turn-up via batteries. Based on that successful trial, we will be procuring the 'Flex Advance' product on a business-as-usual basis in 2026/27. For more information about Empower Flex, see Figure 3.

Revenue stacking and service conflict management

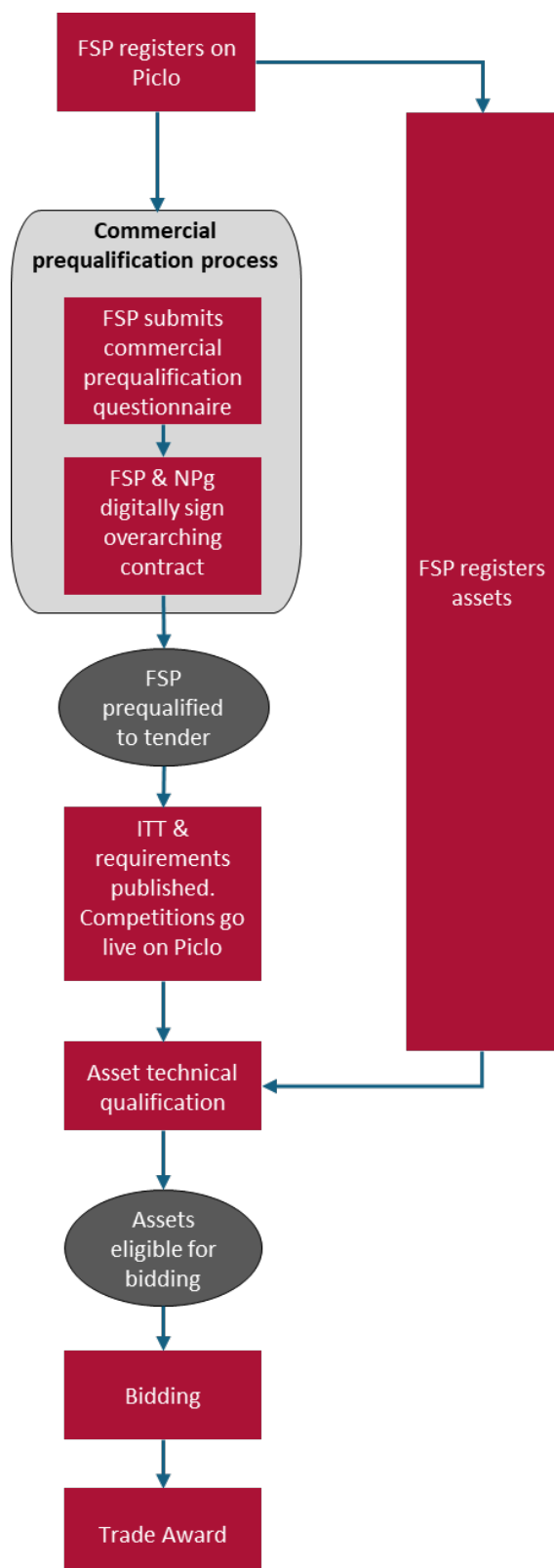
As DNOs create new DSO functions, new complexities arise in operating the distribution network. These include procuring and managing flexibility services and coordinating and controlling Active Network Management (ANM) systems. This can bring the needs of different parties within the electricity system into conflict so coordination with the National Energy System Operator (NESO) is required. We are yet to see signal conflicts on our network but we are adopting the ICCP protocol in 2026 which will improve our communication and data exchange with NESO

The **Flexibility Market Rule on Revenue Stacking** ensures that our contracting approach allows FSPs maximum freedom to participate in multiple markets, while the **Flexibility Market Rule on Primacy** addresses potential operational conflicts. We share operational data to provide better visibility across the transmission system and our distribution system in order to improve operational control. We regularly publish a risk-of-conflict report on our Open Data Portal to ensure transparency. While no conflicts have been identified so far, we recognise that as market participation grows, more sophisticated conflict resolution processes will be required.

Procurement process during 2025/26

We ran five procurement cycles in the year: the Summer long term tender for services in 2025/26 and 2026/27, and four month-ahead tenders in October 2025 through to January 2026 procuring services for the month of November 2025 through to the month of February 2026. The competitions took place on Piclo and tender documentation and other supporting information was made available via our **profile page**. The procurement process from FSP commercial prequalification through to trade award is shown in Figure 2.

Figure 2 - the procurement process



We used v3 of the industry standard contract which is executed as part of the commercial prequalification process. This then acts as an overarching agreement under which subsequent trade awards can be made when we accept bids from an FSP.

We ran our competitive procurement process on the **Piclo market platform**. The Dynamic Procurement System (DPS) was continually open, allowing potential providers to register and pre-qualify at any point in the year.

This year we made a number of enhancements to the procurement process, to make the participation easier for FSPs:

We exercised the right to self-derogate against one aspect of the market rule on prequalification. This allows FSPs to provide mitigating evidence where a previous insolvency would otherwise result in automatic qualification failure under the standard rule. This enables the applicant to demonstrate remedial actions taken since the event, supporting increased participation and access to our flexibility market without undermining risk controls.

Prior to the start of the monthly tenders in October we removed the need for FSPs to “confirm asset entry” into competitions. This was enabled by the introduction of improved tools for validations connectivity of assets.

At the same time we removed the need for FSPs to submit a ‘Form of Tender’, and the need to submit information on baselining unless the FSP proposed to use a self-nominated baseline instead of a Northern Powergrid reference baseline.

With the introduction of the SAOU product, we enhanced our bid assessment process to handle the greater complexity of the SAOU product compared to the SU product. For SAOU we compared a calculated ‘effective price’ per bid that took into account the anticipated dispatch rate as well as the availability price bid and utilisation price bid.

When bidding in SAOU competition, FSPs were free to determine the bid price for each component i.e. we did not require a certain split between availability price bid and utilisation price bid, giving FSPs greater control over their commercial position. To assist bidders in understanding how different pricing strategies would impact the ‘effective price’ of the bid and potential revenue, we developed and shared a ‘bid modeller’ (Figure 4) and updated it for each subsequent tender. As well as supporting bidders to develop pricing for their bids, the modeller also indicates whether a proposed bid is within the acceptable range, thus minimising the risk that bids are rejected due to a miscalculation.

We sought feedback from stakeholders to understand their experience of our flexibility market and procurement process – see section 3.

Table 1 – Comparison of projected and actual procurement in 2025/26 for services for delivery in 2025/26

Constraint Management Zone	Substation postcode	Projected peak procurement (MW)	Actual peak tendered (MW)	Actual peak contracted (MW)
Driffield - Kirkburn	YO25 9EH	0.386	1.500	0.940
Harrogate - Starbeck	HG2 7PT	1.259	2.000	1.100
Middlesborough - Faraday Street	TS1 4JG	0.233	-	-
Scunthorpe - Crowle	DN17 4BB	2.105	1.000	0.200
Stocksbridge - Wheatacre Road	S36 2GQ	-	1.500	0.032
Wetherby - Audby Lane	LS22 7SU	3.898	5.000	0.119
Total for HV zones		7.881	11.000	2.391
Alnwick - Alnwick Fleece	NE66 1PR	0.050	0.500	-
Beamish - Lime Street	DH9 7EJ	0.075	0.075	-
Bradford - Thornbury Avenue	BD3 8HY	0.050	0.050	-
Doncaster - Yarborough Terrace 44094	DN5 9SJ	0.075	0.050	-
Hartlepool - Chaucer Avenue	TS27 4NJ	0.075	0.075	-
Hexham - Dene Avenue	NE46 1HJ	0.040	0.040	-
Leeds - Archery Road 2051	LS2 9AR	0.025	0.025	-
Leeds - Royal Park Road 348	LS6 1JJ	0.075	0.075	-
Morpeth - Ulgham	NE61 3AR	0.025	0.025	-
North Shields - Broadway Tynemouth	NE30 2LQ	0.150	0.150	-
North Shields - Rowntree Way	NE29 6XX	0.050	0.050	-
Wakefield - Batley Road 2243	WF3 1HT	0.025	0.025	-
York - Kirbymoorside West	YO62 6JE	0.050	0.050	-
Total for LV zones		0.715	1.190	0.000
Total for all zones		8.596	12.190	2.391

Table 2 - Summary of Flexibility Service procurement by product for delivery in 2025/26

Licence Area	Total Peak Contracted in Prior Years (MW)	Total Peak Forecasted in Delivery Year (MW)	Total Peak Tendered in Reporting Year (MW)	Total Peak Contracted in Reporting Year (MW)	Total Peak Needs Not Met in tenders in reporting year (MW)	Dispatched in Delivery Year (MWh)
Scheduled Availability & Operational Utilisation		7.5	29.8	4.3	25.6	53.0
Scheduled Utilisation	1.5	10.4	65.9	15.6	50.3	679.6
Sustain	0.0					3.0
Total	1.6	17.9	95.7	19.9	75.9	735.5

Table 3 - Summary of Flexibility Service procurement by Licence Area for delivery in 2025/26

Licence Area	Total Peak Contracted in Prior Years (MW)	Total Peak Forecasted in Delivery Year (MW)	Total Peak Tendered in Reporting Year (MW)	Total Peak Contracted in Reporting Year (MW)	Total Peak Needs Not Met in tenders in reporting year (MW)	Dispatched in Delivery Year (MWh)
NorthEast	0.4	3.5	21.3	3.9	17.4	156.9
Yorkshire	1.2	14.4	74.4	15.9	58.5	578.7
Total	1.6	17.9	95.7	19.9	75.9	735.5

Figure 3 - Empower Flex trial and Flex Advance

Introduction

While standardisation remains our default position, we continue to innovate responsibly where justified by network need, stakeholder value or emerging use cases.

Empower Flex Trial

In May 2025, we launched our Empower Flex initiative with E.ON Next. This innovation provided up to 100 fully funded domestic batteries to customers in high fuel poverty communities. Eligible households received a guaranteed annual payment, a battery installation at zero cost, insulation support and debt advice.

The batteries installed to date are forecast to deliver more than 40 MWh of flexibility and defer approximately £5 million in network reinforcement costs. Starbeck, one of the participating areas, has been identified as a construction scheme for 2026/27, and battery deployment will help reduce the risk of customer interruptions during planned works.

Empower Flex has demonstrated how flexibility can remove barriers to participation, provide direct value to vulnerable customers and deliver measurable network savings.



Introducing our new product: Flex Advance

Building on the pilot, we are transitioning the Empower Flex model into business-as-usual under the product name Flex Advance.

Flex Advance was launched at our February 2026 Flexibility Strategy webinar and was very well received with a number of FSPs subsequently contacting us about taking advantage of this new opportunity.



Flex Advance introduces a front-loaded payment structure combined with a clawback mechanism to ensure accountability and cost-effectiveness.

The settlement calculation of payments due are as per standard products. However, the settlement process is different: we pay the flexibility services provider 80% of the forecast flexibility value in an upfront payment, at the point the assets are built. The remaining 20% will then be paid at the point of flexibility utilisation. There will be a reconciliation process that allows us to clawback payments in the event of under delivery.

As this structure is not fully accommodated within the current standard contract framework, we sought and have obtained a derogation regarding the Flex Advance settlement arrangements. However, the underlying contractual terms remain aligned with the standard agreement to maintain clarity and consistency for providers.

Figure 4 - Bid modeler for January 2026 tender

Enter bid prices and capacities in the yellow boxes to model potential revenue																	
Modeller assumes bidding for the full window duration																	
See section 2.2.3 of the Instructions to Bidders document for information on the 'effective price' for the "Operational Utilisation and Scheduled Availability" product																	
Northern Powergrid January 2026 Tender		Bid modelling						Competition details									
Product	Competition Name	Bid capacity (MW)	Availability bid price £/MWh	Utilisation bid price £/MWh	Effective Price £/MWh	Potential revenue £	Warning message	Maximum Capacity Required	Utilisation guide price £/MWh	Maximum effective price £/MWh	Service Period Name	Service Period Start	Period End (date is inclusive)	Window Name	Window Start Time	Window End Time	Days (Public holidays included)
Operational Utilisation & Scheduled Availability based on anticipated utilisation rate of 60%	Scunthorpe - Crowle				£0.00	£0.00		0.250		£1,363	2026 wk 6	02/02/2026	09/02/2026	Everyday pm	16:00	19:00	Mon-Sun
	Scunthorpe - Crowle				£0.00	£0.00		0.250		£1,363	2026 wk 7	09/02/2026	16/02/2026	Everyday pm	16:00	19:00	Mon-Sun
	Stocksbridge - Wheatacre Road				£0.00	£0.00		0.500		£274	2026 wk 6	02/02/2026	09/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Stocksbridge - Wheatacre Road				£0.00	£0.00		0.500		£274	2026 wk 7	09/02/2026	16/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Stocksbridge - Wheatacre Road				£0.00	£0.00		0.300		£274	2026 wk 8	16/02/2026	23/02/2026	Everyday pm	16:00	20:00	Mon-Sun
Scheduled Utilisation	Beamish - Lime Street		n/a		n/a	£0.00		0.037	£170		2026 wk 6	02/02/2026	09/02/2026	Weekday pm	16:00	20:00	Mon-Fri
	Beamish - Lime Street		n/a		n/a	£0.00		0.075	£170		2026 wk 6	02/02/2026	09/02/2026	Weekend pm	16:00	20:00	Sat, Sun
	Beamish - Lime Street		n/a		n/a	£0.00		0.037	£170		2026 wk 7	09/02/2026	16/02/2026	Weekday pm	16:00	20:00	Mon-Fri
	Beamish - Lime Street		n/a		n/a	£0.00		0.075	£170		2026 wk 7	09/02/2026	16/02/2026	Weekend pm	16:00	20:00	Sat, Sun
	Beamish - Lime Street		n/a		n/a	£0.00		0.037	£170		2026 wk 8	16/02/2026	23/02/2026	Weekday pm	16:00	20:00	Mon-Fri
	Beamish - Lime Street		n/a		n/a	£0.00		0.075	£170		2026 wk 8	16/02/2026	23/02/2026	Weekend pm	16:00	20:00	Sat, Sun
	Hartlepool - Chaucer Avenue		n/a		n/a	£0.00		0.075	£68		2026 wk 6	02/02/2026	09/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Hartlepool - Chaucer Avenue		n/a		n/a	£0.00		0.075	£68		2026 wk 7	09/02/2026	16/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Hartlepool - Chaucer Avenue		n/a		n/a	£0.00		0.075	£68		2026 wk 8	16/02/2026	23/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Hartlepool - Chaucer Avenue		n/a		n/a	£0.00		0.075	£68		2026 wk 9	23/02/2026	02/03/2026	Everyday pm	16:00	20:00	Mon-Sun
	Leeds - Royal Park Road 348		n/a		n/a	£0.00		0.075	£162		2026 wk 6	02/02/2026	09/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Leeds - Royal Park Road 348		n/a		n/a	£0.00		0.075	£162		2026 wk 7	09/02/2026	16/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Leeds - Royal Park Road 348		n/a		n/a	£0.00		0.075	£162		2026 wk 8	16/02/2026	23/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	Leeds - Royal Park Road 348		n/a		n/a	£0.00		0.075	£162		2026 wk 9	23/02/2026	02/03/2026	Everyday pm	16:00	20:00	Mon-Sun
	North Shields - Broadway Tynemouth		n/a		n/a	£0.00		0.150	£34		2026 wk 6	02/02/2026	09/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	North Shields - Broadway Tynemouth		n/a		n/a	£0.00		0.150	£34		2026 wk 7	09/02/2026	16/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	North Shields - Broadway Tynemouth		n/a		n/a	£0.00		0.150	£34		2026 wk 8	16/02/2026	23/02/2026	Everyday pm	16:00	20:00	Mon-Sun
	North Shields - Broadway Tynemouth		n/a		n/a	£0.00		0.150	£34		2026 wk 9	23/02/2026	02/03/2026	Everyday pm	16:00	20:00	Mon-Sun

Table 4 - Summary of Flexibility Service procurement by product and by zone for delivery in 2025/26

Where the success rate is less than 100%, this is because insufficient capacity was bid

Constraint Management Zone	Postcode	Peak Forecasted in Delivery Year (MW)	Total Tendered in Reporting Year (MW)	Total Contracted in Reporting Year (MW)	Total Unmet in Tenders in Reporting Year (MW)	Tender Success Rate in Reporting Year (%)	Dispatched in delivery year (MWh)
SAOU product							
Driffield - Kirkburn	YO25 9EH	2.000	4.400	2.720	1.680	62%	34.7
Harrogate - Starbeck	HG2 7PT	2.000	5.800	0.248	5.552	4%	1.0
Scunthorpe - Crowle	TS1 4JG	1.000	7.080	0.308	6.772	4%	3.2
Stocksbridge - Wheatacre Road	DN17 4BB	1.000	7.050	0.406	6.644	6%	14.1
Wetherby - Audby Lane	S36 2GQ	1.500	5.500	0.581	4.919	11%	0.0
Totals for SAOU product		7.500	29.830	4.263	25.567	14%	53.0
SU product							
Alnwick - Alnwick Fleece	NE66 1PR	0.050	0.550		0.550	0%	
Beamish - Lime Street	DH9 7EJ	0.075	2.016		2.016	0%	12.9
Bradford - Thornbury Avenue	BD3 8HY	0.050	0.830		0.830	0%	5.8
Chester Le Street	DH3 3JB						12.9
Chester Le Street - Whitehill Park North	DH2 2TL						5.8
Doncaster - Hazel Road	DN12 1DS						10.2
Doncaster - Westfield Park	DN4 0LH						9.5
Doncaster - Yarborough Terrace 44094	DN5 9SJ	0.075	0.640		0.640	0%	12.2
Driffield - Kirkburn	YO25 9EH	1.500	4.600	4.600		100%	171.9
Durham - Woodbine Road	DH1 5DR						5.8
Gateshead - Wardley Hall	NE10 8TD						12.9
Gateshead - Winlaton East	NE21 5DS						8.5
Harrogate - Starbeck	HG2 7PT	1.000	3.690	3.690		100%	47.3
Hartlepool - Chaucer Avenue	TS27 4NU	0.075	2.700		2.700	0%	
Hexham - Dene Avenue	NE46 1HJ	0.040	0.240		0.240	0%	0.5

Constraint Management Zone	Postcode	Peak Forecasted in Delivery Year (MW)	Total Tendered in Reporting Year (MW)	Total Contracted in Reporting Year (MW)	Total Unmet in Tenders in Reporting Year (MW)	Tender Success Rate in Reporting Year (%)	Dispatched in delivery year (MWh)
Leeds - Archery Road 2051	LS2 9AR	0.025	0.150		0.150	0%	
Leeds - Royal Park Road 348	LS6 1JJ	0.075	1.200		1.200	0%	
Market Weighton - Southgate	YO43 3BE						149.6
Morpeth - Ulgham	NE61 3AR	0.025	0.100		0.100	0%	
North Shields - Broadway Tynemouth	NE30 2LQ	0.150	5.400		5.400	0%	
North Shields - Rowntree Way	NE29 6XX	0.050	0.500		0.500	0%	
Scunthorpe - Crowle	TS1 4JG	0.600	7.926	5.856	2.070	74%	71.9
South Shields - Boldon Lane South	NE34 8RL						9.5
South Shields - Marlborough Street	NE33 4DB						5.1
Stocksbridge - Wheatacre Road	DN17 4BB	1.500	12.400	0.437	11.963	4%	12.7
Stockton on Tees - Barwick Lane	TS17 0QW						14.6
Sunderland - Barnes Park	SR3 4AA						7.1
Sunderland - Boldon Drive	NE36 0JE						5.8
Sunderland - Southend Road	SR3 4AZ						18.7
Wakefield - Batley Road 2243	WF3 1HT	0.025	0.150		0.150	0%	
Wetherby - Audby Lane	S36 2GQ	5.000	22.500	1.007	21.493	4%	61.3
York - Garden Street	YO31 7QX						7.1
York - Kirbymoorside West	YO62 6JE	0.050	0.300		0.300	0%	
Totals for SU product		10.365	65.892	15.590	50.302	24%	679.6
Sustain product							
Market Weighton - Southgate	YO43 3BE						1.4
Pocklington - Hayton	YO42 2NX						1.5
Totals for Sustain product		0.000	0.000	0.000	0.000		3.0
All products							
Totals across all products		17.865	95.722	19.854	75.869	21%	735.5

3 Stakeholder engagement

Tender specific engagement

Flexibility services requirements were published on **Piclo** along with information on the procurement process and how to participate.



Piclo is our market platform where we signpost our procurement activities and therefore the competitions are displayed on the interactive map.

We communicated the opportunities and how to participate through bi-lateral engagement with FSPs e.g. through meetings, and through a range of engagement tools such as webinars, LinkedIn, and newsletters.

Piclo Energy also has a **System Operator page** where we can provide updates including notices that a competition is live and the ITT has been issued and to hold the ITT documents ie the Instructions to Bidders document and the Scope and Specification document.

Also hosted on the documentation tab of the platform are other supporting **documents**. This includes the bid modeller, excel versions of the competitions and service windows and the GeoJSON and postcode data files for the LV and HV competition zones. There is a general FAQs tab that has also been developed which also includes other links. This has all been developed to ensure easy participation and reducing barriers to entry within our markets.

Additional information

To contact a member of the flexibility services team for more information or to sign up to the flexibility mailing list, please email flexibility@northernpowergrid.com. Publicly available publications and the locations of tender information are set out in Appendix 1.

Establishing common rules for the procurement and use of flexibility services

We participated actively in the ENA **Open Networks programme** through its final year and fully adopted the outputs as responsibility transferred to the **appointed Market Facilitator, Elexon**. Core areas of standardisation including flexibility products, contracts, primacy rules and data sharing harmonisation were finalised ahead of the programme's closure in July 2025 and have now been embedded into our business-as-usual arrangements.

A key contribution was our leadership of the Baselining Technical Working Group, which concluded in August 2025. This group delivered full alignment on baselining methodologies and processes across all DNOs, effective from 1 April 2026. The final report produced by the group was adopted almost verbatim into the Market Facilitator's Standard Baselining Flexibility Market Rule, reflecting both the robustness of the methodology and the strength of industry collaboration.

Throughout the working group, we placed strong emphasis on stakeholder engagement to ensure the approach was practical, proportionate and deliverable. As chair, we led targeted engagement with Flexibility Service Providers, System Operators, the ENA and Elexon. The depth of collaboration and pace of progress achieved were widely recognised across the industry. The integration of these outputs into the Market Facilitator framework represents a step change for the sector, providing a clear, consistent and industry-aligned approach to assessing flexibility performance.

We participated in the **Flexibility Stakeholder Advisory Board** and all relevant Issue Groups and Change Groups., and led the baselining working group.

We raised a change proposal **FLX CP003** to revise the standard product variants for the SAOU product. Currently, SAOU only allows day-ahead instructions. In contrast, VAOU allows instructions to be issued 2 minutes ahead, 15 minutes ahead, day-ahead, or week-ahead. The lack of dispatch options for SAOU means that where

System Operators want to offer an availability and operational utilisation-based product, they're required to make greater use of VAOU, which offers a less balanced commercial position between FSP and SO. This may discourage some providers from participating in the market.

Our proposals are to expand the dispatch timing options to mirror those available for the VAOU product. This should provide greater revenue certainty for FSPs while at the same time allowing System Operators the ability to respond to updated forecasts and changing system conditions. The week-ahead dispatch variant for SAOU would enable us to dispatch on this timescale but with greater revenue certainty for FSPs compared to using VAOU.

An essential element of market access is simplicity for FSPs. Creation of a **common Flexibility Market Asset Registration solution** will enable visibility of flexible resources across markets and help with a more efficient and targeted procurement of flexibility. We are supportive of ongoing reforms in this area and are committed to leveraging industry standardisation wherever possible and appropriate.

Summary of stakeholder engagement

Throughout the year, we used a wide range of communication channels and engagement activities to increase awareness of opportunities and understanding of flexibility services, and also to encourage participation in our markets. This has yielded valuable insights and created important relationships with energy suppliers, Electric Vehicle (EV) charging operators, third party aggregators (spanning domestic demand, EV charging, commercial demand, generation, and storage) and existing customers.

Our stakeholders appreciate the various communication channels we use which include direct communication with our team, webinars, newsletters, Piclo notifications, social media, email notifications and the open data portal.

We have continued to engage with our stakeholders to discuss our strategy, upcoming competitions, key dates, and other relevant opportunities.

Our stakeholder engagement programme is key to developing the flexibility market in our region. Listed below are the different engagement activities throughout the year.



Industry and In-Person Events

We attended industry and in-person events this year which included conferences, workshops, roundtables and forums.



Bilateral Meetings and One-to-one Discussions

Bilateral meetings took place throughout the year, with one of the Flexibility team's commercial managers engaging with FSPs to understand their business needs and how they could be involved in providing flexibility services. These conversations with our stakeholders are important as it allows us to hear feedback and ensure their needs are being met.



Newsletters

We sent newsletters stakeholders subscribed to our flexibility mailing list to ensure they received the latest updates. We also published special edition newsletters specific to the tendering opportunities. This included details such as service windows, utilisation fee, timelines etc. This enabled our stakeholders to access all the information they needed in one place. Overall, the newsletters provide important updates on our plans and includes links to past events and recordings. An example of a newsletter is in Appendix 2.



Webinars

We organised webinars to discuss our flexibility requirements and to explain how stakeholders could register, qualify and bid in the upcoming tenders. We also collaborated with the wider DSO team and colleagues within industry to deliver interesting content to our stakeholders. In March we launched a series of DSO 'in conversation' webinars, which included a session that focused on flexibility and how we are unlocking the value of flexibility for customers and communities we serve.



Flexibility Mailing List

There are approximately 200 stakeholders who subscribe to our mailing list to ensure that they receive promptly and directly information on our tender activities. Additionally, regular updates are sent through our mailing list to keep stakeholders informed beyond the usual procurement statements. These updates could include upcoming events, newsletters, recordings, and latest documentation.



Market Platforms

We used Piclo Flex as our end-to-end platform to manage the registration of FSPs and their assets through to bidding and dispatch and settlement. There are currently 83,000 assets registered on the platform which is double the number recorded in 2025. We ran our five tender rounds through Piclo and signposted our requirements and locations.



Social Media

We used social media as an opportunity to reach out to a wider audience. A communication plan is created internally with our corporate communications team and the marketing team at Pico, our platform provider. We have run campaigns throughout the tender rounds to try and target potential providers. Several posts were published on LinkedIn throughout the year from the Northern Powergrid handle to increase visibility and gain attraction.



Open Data Portal

The [Flexibility Services Feature Page](#) on our open data portal provides all the information needed for a potential FSP to start their journey towards participating in our market and delivering services, as well as data for more established FSPs. We have published data so our providers, academics and regulators can use our data to understand our procurement activities to date as well as our plans and projections for meeting our future needs. Asset owners and aggregators can understand areas that we are likely to have needs in the future and get ready to participate in future tender rounds.



Documentation

We published several documents to support stakeholders interested in participating in our flexibility market. The most recent publications include the [Flexibility Strategy 2026](#) and the [Operational Decision-Making Framework](#). These provide transparency so that stakeholders are aware of our decisions and plans. Throughout the year we have also published other useful information such as: newsletters, case studies and guides. The document '[Promoting the role of aggregators in the Northern Powergrid region](#)' assists customers looking for an aggregator as a way for them to sell their flexibility services. It lists aggregators operating in our region with their contact details.

Feedback from stakeholders and resulting actions

We have engaged with new and existing FSPs this year through online meetings, in-person events, webinars and a roundtable, seeking insight into how we can enable their participation in our flexibility market.

When speaking to potential FSPs who would like to participate, they give a number of reasons why they aren't yet in a position to do so, including:

- They need to develop a better understanding of their asset portfolio including locations, MPANs and technology types
- Their assets cannot be flexed due to core operations e.g. sewage pumps or production lines
- They need to develop a new product/software offering to onboard their customers and participate in flexibility
- Their assets are too small, or are located outside of areas where we are seeking flexibility services or are not connected at the required voltage level

Below we summarise the feedback we received from FSPs who are in a position to participate in our market, and our response to the feedback.

Alex Munnery, Commercial Manager at Northern Powergrid

Feedback from market participants	How we support market participants
<ul style="list-style-type: none"> Customers are keen to be involved in our DSO flexibility market but there is a “volumes problem” and there needs to be sufficient reward to justify the setup, bidding and ongoing management of the service. Prospective partners often upload assets into Piclo as an exploratory exercise to understand where their assets lie. Unless there is an immediate opportunity, they rarely keep up with the admin burden to maintain their listed assets 	<p>We are committed to using flexibility services in the most efficient way for our customers and our network. Our current needs for the reinforcement deferral use-case are modest. However, we have taken a number of actions that address this feedback:</p> <ul style="list-style-type: none"> We introduced the Autumn/Winter series of month ahead tenders to maximise the number of tenders that FSPs could participate in We are developing new flexibility use cases to provide additional opportunities for FSPs. In 2026/27 we will introduce the procurement of services to support planned outages. We are moving towards products containing Operational Utilisation which will tighten the flex window and maximise the value for successful bidders. In 2025/26 we introduced the SAOU product. We are innovating and trialling new products. An example of this is the Empower Flex trial which has led to the BAU introduction of Flex Advance which supports the development of new flexibility assets within our region.
<ul style="list-style-type: none"> FSPs struggle to integrate with multiple systems. It is a burden to register assets, dispatch and settle on multiple platforms. Interoperability is key. 	<ul style="list-style-type: none"> There is a fine balance between innovation and standardisation: too much industry standardisation too soon risks limiting innovation. We have been working with Piclo, an established supplier, for 2 years and are committed to using their platform for the next two years, providing stability for FSPs. We have adopted their single platform for the full end-to-end flexibility process, reducing the number of platforms FSPs need to use to participate in our market. We are also committed to embedding the new FMRs into our processes,
<ul style="list-style-type: none"> FSPs operate with differing degrees of automation. Some prefer to operate via APIs and others prefer more manual processes. 	<ul style="list-style-type: none"> Piclo provides a several different ways for FSPs to interact with the platform: via a User Interface, via spreadsheet upload and download, or via APIs.
<ul style="list-style-type: none"> FSPs explained that every DNO baselines differently, making it very hard for aggregators and there is a need to continue to monitor the accuracy of fixed reference baselines. 	<ul style="list-style-type: none"> We are on track to adopt the Market Facilitator Baselining Flexibility Market Rule from April '26 which will provide standardisation when working across multiple regions

Feedback from market participants	How we support market participants
<ul style="list-style-type: none"> During our tenders in 2025/26, we advocated the use of the standard flexibility services agreement in order to drive fairness, efficiency and consistency, so we did not accept any variations to the standard contract. However, during the course of the year conversations with potential flexibility providers highlighted that applying the standard terms rigidly may risk creating unnecessary barriers for certain providers. The request for variations came predominantly from FSPs who are also licensed energy suppliers, and relate to liabilities. 	<ul style="list-style-type: none"> We have adjusted our position so that we will now consider variations in order to drive participation in this still developing market. While the unamended standard contract remains our default position, we are open to considering proportionate and justified modifications where these are required to support participation, remove unintended blockers, or reflect the realities of emerging business models
<ul style="list-style-type: none"> Our minimum capacity for a bid is 10kW. Prospective FSPs wish for our minimum asset size to be reduced, allowing more participation from smaller organisations 	<ul style="list-style-type: none"> We analysed the impact of reducing the minimum bid capacity and found that reducing it would mean a significant increase in administration activity while delivering very little additional benefit to the network. We will keep this minimum threshold under review in future
<ul style="list-style-type: none"> National companies are participating in NESO flexibility initiatives but are yet to engage at DSO level. There is a concern that there may be conflicting signalling between DNOs and NESO, driven by the wholesale-driven optimisation where prices fall and network capacity becomes the constraint. Some businesses have focused on implicit flex and are working with their clients to land this before offering an explicit flex product. 	<ul style="list-style-type: none"> We are yet to see signal conflicts on our network but we are adopting the ICCP protocol in 2026 which will improve our communication and data exchange with NESO We are also proactively engaging in Primacy and Stacking working groups, and we remain supportive of FSPs using co-delivery stacking We are innovating in Flexibility use cases to provide additional opportunities for market participation. We are simplifying our processes where possible to reduce the barriers to entry and to encourage new FSPs to operate in the region.
<ul style="list-style-type: none"> FSPs expressed a need for network mapping. The zones are advertised at Primary or Secondary substation level, but without mapping support they cannot trace this back to the assets in their portfolio 	<ul style="list-style-type: none"> We have implemented a topology tool in Piclo which automatically determines the eligibility of assets to take part in a competition that is live on Piclo. In addition, we offer a service to FSPs at any time to map their assets to Secondary and Primary substations.

4 Economic viability

Flexibility services to defer Primary network reinforcement

The Distribution Networks Options Assessment (DNOA) process plays a vital role in determining the optimal network investments and/or use of flexibility services, to mitigate expected primary network constraints based on our DFES (Distribution Future Energy Scenarios) load growth forecast and network capacity assessments.

This allows us to inform and shape our network development plans for primary substations and for Bulk Supply Points (BSPs) and to specify the budget and requirements for flexibility services.

There are eight steps in our simplified network development process illustrated in Figure 6, which prioritises flexibility as the optimal means of enhancing network capacity in order to defer or avoid conventional network reinforcement. The DNOA process incorporates the optioneering and decision-making steps 4 to 6 shown in Figure 5

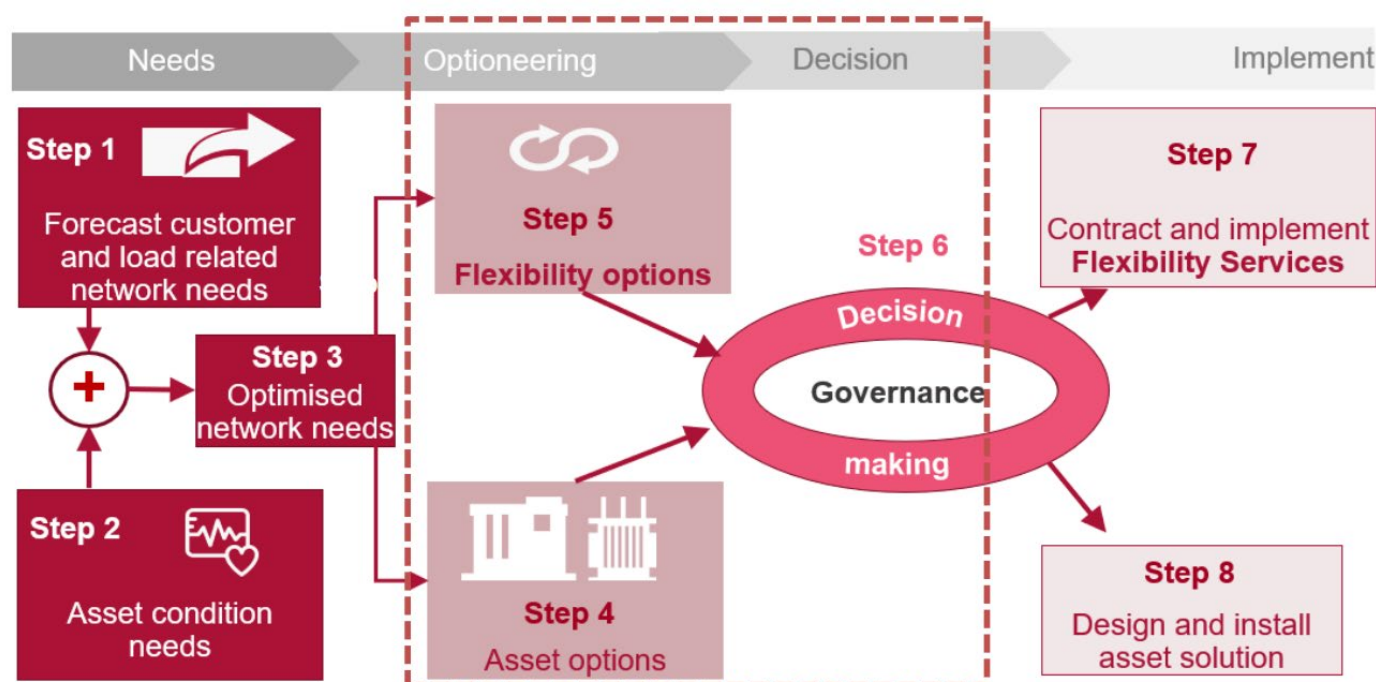
Step 1 - Load related network needs: Involves network capacity assessments to identify parts of our network that are or are expected to become over capacity – applying our DFES long-term projections and profiled accepted connections pipeline with confidence factors and diversity factors applied appropriately. We determine overloaded assets and future network needs by modelling system performance and comparing the current and future range of operation of our network assets with their capacities.

Step 2 - Asset condition needs: We evaluate the health of our assets based on the outcomes of asset condition assessments and anticipated deterioration to identify investment needs unrelated to load growth.

Step 3 - Optimised network needs: We consider other needs at overloaded sites together in order to identify areas where condition and load growth requirements overlap. Such synergies allow us to make investment efficiencies by combining the delivery of both non-load related investment from step 2 and load related reinforcement from step 1 at the same time.

Step 4 – Asset options: The geographic spread and projected capacity requirements across neighboring parts of our network means that there are normally a variety of engineering and smart solutions for resolving capacity constraints. For primary substation and BSP works, we analyse all options, develop detailed designs and cost estimates for these various network solutions, so we can compare their technical and economic merits to identify the optimal smart or conventional asset-based network solution.

Figure 5 - DNOA process steps within the end-to-end network development process



Step 5 – Flexibility options: We evaluate Flexibility Service options by running procurement tenders to acquire services to either meet or reduce demand on our network. For primary substation and BSP works, the **Common Evaluation Methodology** (CEM) tool is used to calculate the maximum annual budget for the flexibility option based on the Net Present Value (NPV) of the counterfactual conventional asset network solution option (step 4). The magnitude, frequency and duration of the necessary Flexibility Service are derived from the analysis of half hourly power flow times series data.

Step 6 – Decision-making: We analyse technical and economic aspects of conventional network solutions and flexibility options to determine the most cost-effective approach that optimises benefits for customers and the network. We apply our Flexibility First approach to address the network constraint using a flexible solution until it is no longer viable, making market response a key factor in informing decisions.

Step 7 - Flexibility: If we decide that flexibility services are the most suitable way forward, we use the contracted Flexibility Service pricing from step 5 to set the budget for procuring flexibility services.

Step 8 – Smart or conventional reinforcement: If we decide that a conventional asset solution is the most suitable way forward, we will deploy the network solution, but normally only when the flexibility services solution is no longer viable.

These steps are covered in greater detail in the **DNOA methodology**.

We publish a DNOA report at least twice per year, typically in April and October, which sets out our planned network interventions over the next 5 years for our whole network down to the primary substation level.

The latest DNOA data is presented via the Open Data Portal (Figure 6). This may supercede the data provided in this document.

Flexibility services to optimise our programme of secondary network reinforcement

We use LV monitoring to review loading on secondary substations. If the demand exceeds the transformer rating and there are no reinforcement works planned in the year ahead, we tender for flexibility services at that substation. We base the annual budget for flexibility services on our cost estimate for reinforcement works, using the standard cost per asset type and capacity as per Ofgem's cost allowances for the R10-ED2 period (2023-2028).

Pricing strategies

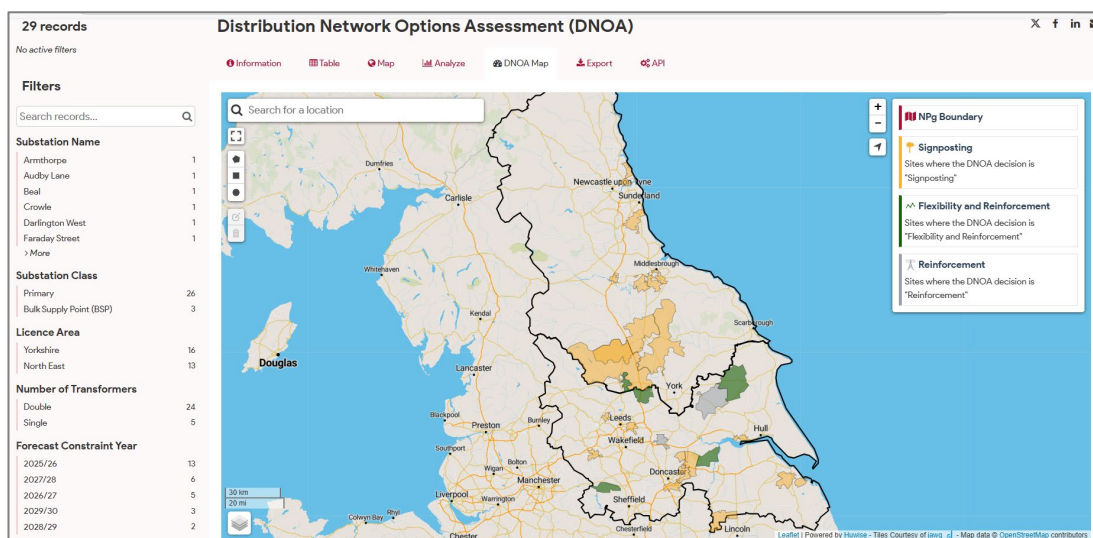
The price that we were willing to pay per MWh of flexibility services at a location was determined by the available budget (less an amount for platform transaction fees) taking into account the expected MWh utilisation and, for the SAOU product, the availability MWh. For reinforcement optimisation at primary substations, and at BSPs the budget for flexibility services in each zone was calculated on an annual basis in step 5 of the DNOA process.

In each case we set the guide price for bidders at the ceiling price to support market development within an economically efficient budget. We allow FSPs to set their availability / utilisation price to best reflect the cost to provide the service and so avoid barriers to participation. The bid modeler shown in Figure 4 on page 10 supports FSPs in developing their bid pricing.

Outcomes of economic viability assessment of flexibility services to defer network reinforcement

The outcome of the economic viability assessment was the flexibility requirements taken to market as per Table 4 on page 8.

Figure 6 - Presentation of DNOA data in our Open Data Portal



Assessing bids for flexibility services

We assessed compliant bids to establish whether the offer could form all, or part, of a cost-effective portfolio of flexibility services for the location. In each invitation to tender we confirmed the bid assessment methodology. In all of the tenders there were no requests for clarification of the bid assessment methodology, nor was this topic raised in engagement outside the tender process, indicating that it is well understood by stakeholders.

Our bid decisioning methodology takes account of the status of the assets being bid. An operational asset with a valid MPAN provided is 'category 1'. All other assets, are classed as 'category 2'. Either category of asset can be bid into a long-term tender, and our bid decisioning process prioritises bids made up of category 1 assets. Only category 1 assets may be bid into a short-term tender. This approach reflects that operational assets with confirmed connectivity (via MPAN check) offer increased certainty of delivery-readiness and connectivity, while also allowing category 2 assets to participate thus helping to open our market. The process for ranking and awarding bids is set out in Box 1.

Dispatch decisioning

Overall, a three-step approach has been established to govern the flexibility dispatch process:

- Identify Operational Requirements. Determine the specific operational needs based on system conditions and constraints.
- Apply Operational Decision-Making. Allocate identified requirements to Flexibility Service Providers (FSPs) through a structured decision-making process.
- Schedule Flexibility service. Issue dispatch instructions to FSPs to implement the scheduled flexibility services.

Our **Operational Decision-Making Framework** defines the principles for how we make planning and operational decisions to schedule and dispatch flexibility services. The dispatch principles are used to ensure actions taken on the network use the right solution to deliver the most efficient whole system outcome.

These dispatch principles were applied to the Scheduled Availability + Operational Utilisation (SAOU) product where we make dispatch decisions after trade award. The SAOU services we dispatched in the year were all dispatched on a week-ahead basis.

For the Scheduled Utilisation product, dispatch was determined at the point of contracting, so there were no subsequent dispatch decisions, and the required utilisation was as per the contract.

Further information

Links to core documents and/or methodologies used to support the decision-making process:

Distribution Future Energy Scenarios (DFES) forecasts help us to continue to support our 3.9 million customers' transition to net zero as they electrify their transport and heating and as they connect more renewable distributed generation. We model a range of uptake and electrical parameters out to the year 2050 that will allow our region to meet net zero targets, based on a number of different scenarios.

Long Term Development Statement (LTDS) provides data on our network infrastructure and planned works. It enables stakeholders to evaluate potential connections to the Northern Powergrid system by using our data in their own data modelling software.

Network Development Plan (NDP) provides information on future network developments as well as opportunities for new connections. The NDP empowers stakeholders to incorporate our network plans and flexibility services requirements into their planning processes, fostering collaboration and value creation for all involved parties.

Distribution Network Options Assessment (DNOA) report presents Northern Powergrid's plans for the use of flexibility and conventional reinforcement to manage network capacity during the RII0-ED2 price control period from 2023 to 2028. The DNOA methodology, report and dataset are all available via this link.

Operational Decision-Making Framework (ODMF) sets out the principles for how we make planning and operational decisions to schedule and dispatch flexibility services and operate flexible connections. It is intended for the use of existing and prospective participants in flexibility markets and users of flexible connections on our network.

The **Northern Powergrid Open Data Portal** provides a wealth of information on our distribution network and allows stakeholders to self-serve by accessing a range of published datasets that are reviewed and updated on a regular basis. It also provides a route for stakeholders to make more bespoke data requests. Our Long-Term Development Statement (LTDS), NDP, DNOA and other key network information is via the portal.

Box 1 – Bid assessment methodology

We evaluate bids establish that the offer can form all, or part, of a cost-effective portfolio of flexibility services for the location. We rank and award bids as follows:

Ranking of Bids

An operational asset with MPAN provided is a category 1 asset. All other assets are category 2 assets. Bids will be grouped into two categories according to the assets that would be deployed to provide the service:

Category #1 bid= All assets are category 1 assets

Category #2 bid = One or more of the assets are category 2 assets

Within each category, bids will then be ordered based on the following:

1. Lowest to highest price per MWh
2. Where two or more bids are the same price per MWh, on an earliest-to-latest bid submission basis

Awarding Bids

Bids will then be awarded in order from lowest price to highest price within Category #1 until the capacity requirements of the competition have been met. If insufficient capacity has been accepted to meet the capacity requirement, bids from Category #2 will be awarded in the same manner.

Northern Powergrid may reject a lower price bid and accept a higher price bid, if it results in lower overall costs of meeting the required capacity.

Note

For the Scheduled Utilisation and the Operational Utilisation product, 'price per MWh' means the Utilisation Price bid.

For the Scheduled Availability + Operational Utilisation (SAOU) product, 'price per MWh' means the effective price per bid (£/MWh). The effective price is used for the purposes of comparing bids. It takes account the Availability Price bid, the Utilisation Price bid and the anticipated dispatch rate. It is calculated per bid as follows:

Effective price of bid (£/MWh) =

$$\frac{[\text{Volume of availability bid (MWh)} * A (\text{£/MWh})] + [ADR * \text{Volume of availability bid (MWh)} * U (\text{£/MWh})]}{ADR * \text{Volume of availability bid (MWh)}}$$

Where

A = Availability Price bid

U = Utilisation Price bid

ADR = Anticipated dispatch rate (%)

The anticipated dispatch rates for the SAOU product will be specified in the Invitation to Tender documentation.

Dispatch decisions for the SAOU product will take account of the Utilisation Price, not the Availability Price.

5 Carbon reporting

The carbon impact calculation presented in this report follows the standard methodology laid out by the market facilitator. The calculation varies depending on whether the flexibility asset is generation, storage (export), or demand / storage (import). The impacts include direct impacts (such as burning fuel) and consequential impacts (such as demand payback) but not indirect impacts (such as embodied carbon). The conversion factors used are generally industry standard which include grid-intensity, plant efficiencies, fuel emission factors, and payback assumptions. Asset specific factors are not used to maintain consistency between DNO reports which means that the methodology reports an approximation of carbon impacts. The detailed methodology is available on the [Market Facilitator Repository](#).

In 2025/26 we dispatched flexibility services from four different technology categories; fossil gas, biogas, storage and demand.

72% of the MWh delivered came from demand turn-down. This technology category has a nil net carbon intensity since the demand reduction during the delivery windows is offset by an equivalent increase in energy use later ie there is a 100% 'payback'.

The energy delivered from fossil gas and biogas have a net negative carbon impact compared to the baseline of grid electricity, a total of 44 tonnes CO₂.

Within the demand category, there were two subcategories that are treated differently in terms of quantifying the carbon impact. For Empower Flex, the demand reductions are due to the installation of permanent in-home measures, so we expect the reductions to be sustained long term. In this case the long run grid intensity is applied rather than the short run intensity. For the demand reductions delivered via standard products, the demand reduction is assumed not to persist beyond the dispatch window, so the short run grid intensity applies.

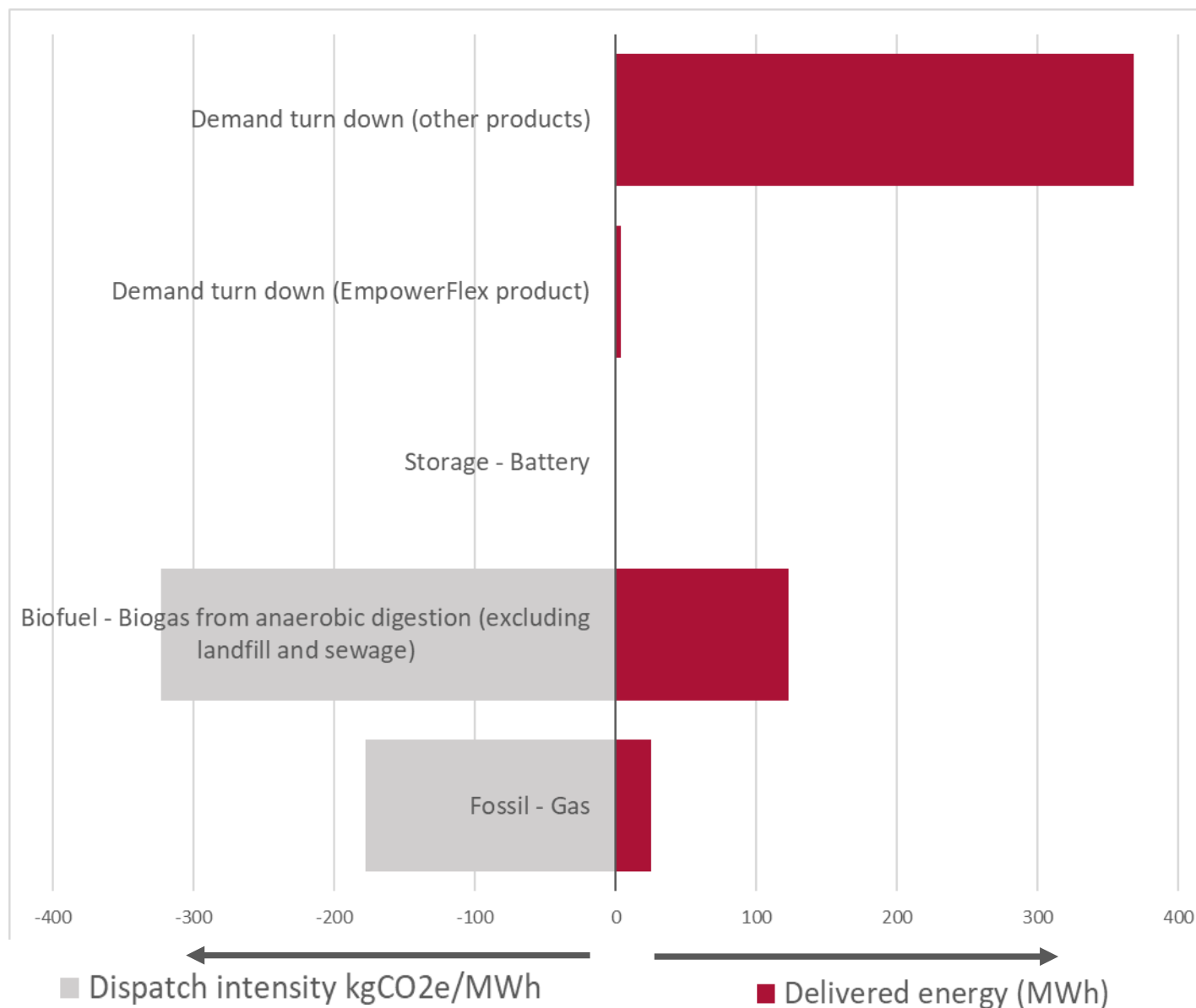
The energy requested and delivered and the carbon impacts are shown for each technology category in Table 5. Figure 8 shows the energy delivered (MWh) and carbon intensity (kg CO₂e/MWh) for each category.

The overall carbon intensity across all categories is -85kgCO₂e/MWh ie a reduction in carbon intensity relative to grid energy.

Table 5 - Carbon impact of flexibility services dispatched

SLC31E Technology Category	Requested energy (MWh)	Delivered energy (MWh)	Carbon impact kg CO ₂ e				Dispatch intensity kgCO ₂ e/MWh
			Direct impact	Biogenic CO ₂ (for bioenergy only)	Consequential impact	Net impact	
Fossil - Gas	31.1	24.9	8,596		-13,023	-4,427	-178
Biofuel - Biogas from anaerobic digestion (excluding landfill and sewage)	206.1	122.8	93	24,434	-64,209	-39,682	-323
Storage - Battery	2.1	0.0	0		0	0	#DIV/0!
Demand turn-down (Empower Flex)	38.0	4.0	-789		789	0	0
Demand turn-down (standard products)	458.2	368.0	-192,474		192,474	0	0
Total	735.5	519.7	-184,574	24,434	116,032	-44,109	-85

Figure 7 - Carbon intensity and energy delivered of flexibility services, by technology category



Appendix 1: Flexibility services documents and useful links

Northern Powergrid resource	Description
flexibility@northernpowergrid.com	Sign up to our mailing list to receive updates on procurement opportunities, news and information on any upcoming events. Get in touch to discuss flexibility opportunities in our region, feedback and any questions or queries.
Northern Powergrid on LinkedIn	The profile we use to promote flexibility opportunities and any other activity that is of interest to our stakeholders
https://engage.northernpowergrid.com/events/upcoming-events	All of our past and upcoming events can be found here along with material such as slides and recordings
Distribution Flexibility Services Procurement Statement 2026/27	Our plans for procuring flexibility services in 2026/27
Flexibility Services webpage	Our main page on flexibility services with introductory information, the annual Distribution Flexibility Services Statements and Reports, newsletters and access to many other resources.
Flexibility Strategy (Feb 2026)	This document sets out how we currently use flexibility on our network and a roadmap for how we are developing this approach.
Flexibility First Policy	The policy setting out our commitment to employ flexibility solutions, and the core principles that underpin our decision-making frameworks.
Guide for Flexibility Service Providers	This guide explains what's required to contract with us and become a Flexibility Service Provider.
Flexibility Services Aggregators	To assist customers who would prefer to provide flexibility services via an aggregator, this is a list of aggregators operating in our region. This listing is provided for information only and does not represent an endorsement.
Open Data Portal – FSP page	A feature page on our Open Data Portal with relevant data for Flexibility Services Providers or other stakeholders interested in our flexibility market.
Piclo Flex	Our current market platform for running competitions for flexibility services
Piclo Energy	The Northern Powergrid profile on the Piclo Energy website with latest news on our procurement activities on the Piclo Flex platform
Operational Decision-Making Framework	Intended for the use of existing and prospective participants in flexibility markets and users of flexible connections on our network, this sets out the principles for how we make planning and operational decisions to schedule and dispatch flexibility services and operate flexible connections.
Industry resource	Description
Ofgem website	The energy regulator
Ellexon website	The Market Facilitator for distributed flexibility

Appendix 2: Example of newsletter



Flexibility Services Update

November 2025 Tender

We have launched our November tender, the **second** in a series of **5** consecutive monthly tenders throughout the **Autumn & Winter of 2025/26**.

In this tender we expect to procure up to **4 MW** for 1 December to 4 January across **3 high voltage (HV)** zones and **12 low voltage (LV)** zones.

We will procure two different flexibility products:

- In HV zones (up to 11kV), the **Scheduled Availability + Operational Utilisation** product dispatched on a week ahead basis.
- In LV zones (up to 415V), the **Scheduled Utilisation** product.

The requirements for each zone are presented in a series of **weekly service** periods to more closely reflect the flexibility needs, so maximising the value available to bidders.

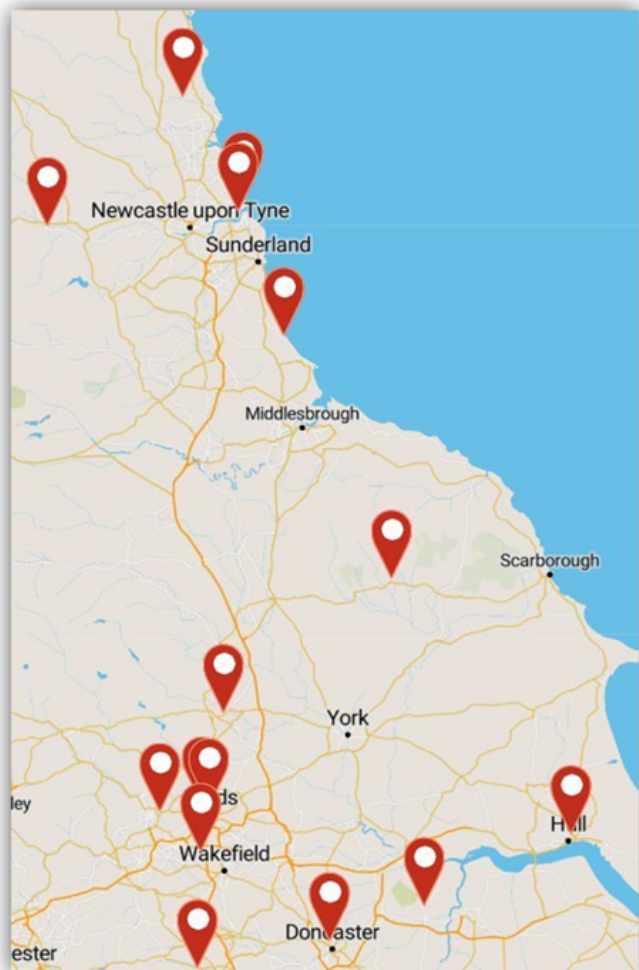
The budget for 1st December – 4th January 2026 is **£44,000**.

Bidders must submit bids on the Piclo platform between **09:30 and 16:30 on Wednesday 12 November 2025**.

You can view the competition areas and assess how many of your assets would be eligible from your **Piclo dashboard**.

*To participate in this tender, you will need to be pre-qualified. If you aren't pre-qualified but would like to participate in the upcoming monthly tenders, please allow at least a month from submitting the DPS application to being approved.

If you would like to arrange a meeting, please email flexibility@northernpowergrid.com



[E: Flexibility@northernpowergrid.com](mailto:Flexibility@northernpowergrid.com)

Glossary

BSP	Bulk Supply Point
CEM	Common Evaluation Methodology
DFES	Distribution Future Energy Scenarios
DNO	Distribution Network Operator
DNOA	Distribution Network Options Assessment
DSO	Distribution System Operator
DTD	Demand Turn-Down
DTU	Demand Turn-up
ED2	Electricity Distribution 2 (Price control period 2023-2028)
EHV	Extra High Voltage
ENA	Energy Networks Association
FSP	Flexibility Services Provider
GTU	Generation Turn-up
HV	High voltage
IDNO	Independent Distribution Network Operator
ITT	Invitation to Tender
LTDS	Long Term Development Statement
LV	Low voltage
MPAN	Meter Point Administration Number
NDP	Network Development Plan
NESO	National Energy System Operator
NGET	National Grid Electricity Transmission
TWG	Technical Working Group in the ENA Open Networks Programme

