SSEN Distribution

FLEXIBILITY SERVICES PROCUREMENT REPORT

April 2026

Scottish & Southern Electricity Networks

DSO Powering Change

CONTENTS

0. Executive Summary 3

1. Introduction 4

1. Year Highlights

2. Flexibility Procurement and Usage 5

2.1 Summary of Procurement
2.2 Services Bid and Accepted
2.3 Dispatch of Flexibility Services
2.4 Service Coordination with NESO
2.5 Procurement Timetable

3. Stakeholder Engagement 13

3.1 Stakeholder Engagement Overview
3.2 Communicating Tender Requirements
3.3 Market Engagement for Procurement
3.4 Pre-Contract Activities
3.5 Post-Contract Activities
3.6 Stakeholder Feedback
3.7 Co-ordination with other DNOs, NESO, and Elexon
3.8 HOMEflex
3.9 Signing Up for Future Engagement Events

4. Economic Viability 25

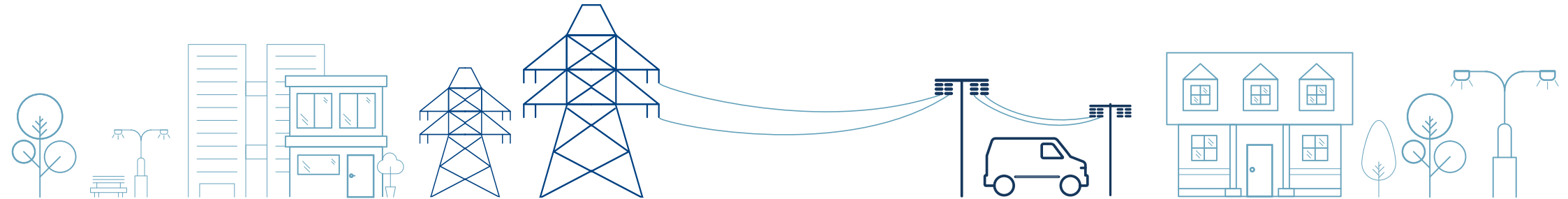
4.1 Flexibility Service Assessment Methodology
4.2 Flexibility Assessment Results
4.3 Bid Assessment
4.4 Dispatch Services
4.5 Total System Considerations

5. Carbon Reporting 28

5.1 Quantitative Carbon Assessment and Methodology

6. Appendix 30

Appendix: Supplementary Information
Useful links to additional information



0. EXECUTIVE SUMMARY

Welcome to Scottish and Southern Electricity Networks (SSEN) Distribution's Flexibility Services Procurement Report 2025/26. This report summarises the flexibility services we have procured and dispatched in the 2025/26 regulatory period covering 1 April 2025 to 31 March 2026.

This report presents a detailed view of our stakeholder engagement, tendering, contracting and operating activities for flexibility services in accordance with Ofgem's requirement under Standard License Condition 31E. This complements the forecast view we set out in our forward-looking 2025/26 Flexibility Services Procurement Statement[1] in March 2025.

At SSEN we are committed to delivering a safe, reliable supply of electricity to the homes and businesses of our 3.9 million customers. This report details how we procure flexibility to enable us to strategically and efficiently invest in our network, increasing benefits for our customers. In 2025/26 we delivered on our procurement plans set out in our 2025/26 Procurement Statement, including running three long-term bidding rounds, eight short-term bidding rounds (less than a month ahead of delivery) and introduced day-ahead markets for the first time. In total 66.1 MW of bids were accepted across all these markets.

To ensure our flexibility services procurement and delivery are successful we know that stakeholder engagement is crucial. We have continued to develop our processes and tools for engagement and feedback across all our stakeholders. This included webinars and bilateral meetings to gather this feedback.

OUR DISTRIBUTION NETWORK AT A GLANCE

Nearly **4m** homes and businesses

More than **1m** Priority Services customers

Over **128,500km** of overhead lines and underground cables

Over **470km** of subsea cables powering our island communities

Over **4,500** employees across the country

Figure 1: Our network areas.

[1] *https://www.ssen.co.uk/globalassets/our-services/flexibility-services-document-library/slc31e-reports--statements/slc31e---ssen-2025-26-flexibility-services-procurement-statement.pdf*

1. INTRODUCTION

ABOUT SSEN

We are Scottish and Southern Electricity Networks (SSEN) Distribution, the Distribution Network Operator (DNO) responsible for delivering power across central southern England and the north of Scotland.

At SSEN Distribution we have continue to develop flexibility services since first introducing the concept of Constraint Managed Zones (CMZs). Our aim is to build liquid flexibility markets that can be used to procure the services we need to manage our network. Across our two licence network areas, Scottish Hydro Electric Power Distribution plc (SHEPD) in the north of Scotland and Southern Electric Power Distribution plc (SEPD) in southern England, we deliver power to 3.9 million customers. Our network services some of the most diverse areas in the UK. This can increase the complexity of building liquid markets, as participation and types of assets can vary between the two regions.

Flexibility services allow us to manage electricity flows on our network to enable faster growth of capacity as the needs of our customers evolve. This helps us to prioritise reinforcement where it will make the most impact. It can also be used to accelerate the connection of new demands in congested network areas, and to support delivery of investments by managing planned outages. Through these different use cases, flexibility allows us to incorporate growing levels of Low-Carbon Technologies (LCTs) to enable our ambitious decarbonisation goals and ensure the reliable supply of electricity to our customers in the most efficient and economic manner. Flexibility not only enables progression to a net zero electricity system, but it can also be a vital tool in minimising costs for our customers as it supports cheaper delivery of reinforcements. As such, flexibility is a vital part of our Distribution System Operator (DSO) strategy: smart, fair, now.

This report outlines our approach to addressing this challenge and provides a summary of the flexibility services we have procured and dispatched during the period from 1 April 2025 to 31 March 2026.

We are always keen to receive feedback from stakeholders on what works well, but also on any aspects of this report that could be improved in future years. Contact details for submitting feedback are provided at the end of this report.

YEAR HIGHLIGHTS

FLEXIBILITY PROCUREMENT AND USE

- 13 new overarching agreements signed across a total of 13 different providers.
- 66.1MW of bids accepted across all requirements.
- 1334.5MWh flexibility dispatched across 10 providers.
- Introduced day-ahead bidding pilot for the first time - Trialing flexibility for planned outages.
- Enhanced dispatch methodology, giving more confidence to Flexibility Service Providers (FSPs).
- Standardisation to meet market facilitator rules.
- Developing new flexibility use cases, to widen opportunities and benefits for stakeholders.

STAKEHOLDER ENGAGAMENT

- Five webinars.
- Two face-to-face stakeholder events.
- Industry collaborations.
- Collaboration to design and implement day-ahead markets.
- 10 FSP bilateral meetings.
- Operational Decision-Making - Seasonal Operability Reports.
- Flexibility Roadmap.
- Elexon engagement.
- Two tenders for the Load Managed Area (LMA) Interim Payment service.
- Flexibility market platform (FMP) developments from Flexibility Service Provider feedback - FMP automation and Application Programming Interface (API) functions.
- Local Energy Markets Alliance developing new use cases to accelerate connections using flexibility.

ECONOMIC VIABILITY

- Methodology updates.
- Flexibility assessment results.
- Forecasting enhanced.
- 82.5% bid acceptance rate and 35 active contracts.

CARBON REPORTING

- The use of flexibility services resulting in the emission of CO_2 156,830kgCO_2e.

Figure 2: Year Highlights.

2. FLEXIBILITY PROCUREMENT AND USAGE

In this section, we provide a high-level summary of our procurement and dispatch activities in 2025/26, along with comparisons to our previous 2025/26 Flexibility Service Procurement Statement, highlighting and explaining any changes.

2.1 Summary of Procurement

As described in Section 2 of our 2025/26 Procurement Statement, we have established a robust framework for identifying, procuring and operating flexibility services. In 2025/26 we continued to build upon this process, operating three long-term bidding rounds with any shortfall/needs not met falling into our short-term tenders.

In November we enhanced our short-term flexibility provision through the launch of day-ahead markets. Operating day-ahead markets helps us better manage the risk for flexibility shortfall as any needs not met from long-term and short-term (month-ahead) markets are added to day-ahead markets via a Scheduled Utilisation product. As we move closer to real-time, we have more certainty of areas where the network risk is high. Using a Scheduled Utilisation product at day-ahead signals confidence to the market as utilisation is confirmed at trade.

In the areas where flexibility needs were not fully met, this was due in part to limited market liquidity. Our Flexibility Roadmap[2] sets out the actions we are taking to strengthen market liquidity. A key focus is expanding our capability for short-term and day-ahead procurement, as well as increasing the number of Flexibility Service Providers (FSPs) through targeted engagement.

A high-level summary of our 2025/26 procurement is shown below, along with a comparison to our projections contained within our latest Procurement Statement.

Procurement Stage	Name	Value	Description
Requirements	Projected long-term procurement as per 2025/26 Procurement Statement.	71.4MW	Total number of services projected to be procured, for long-term bidding rounds only. This counts once per CMZ independent of number of years or seasons.
	Actual long-term requirements.	199.16MW	To compare with the projected requirements, this counts the peak volume tendered for each CMZ, for long-term requirements across all bidding rounds in 2025/26. This is a total of what we went to market for.
Contracting	Total number of overarching agreements signed (within FY 2025/26).	13	This is the total number of overarching agreements signed. Overarching agreement signature is required to participate in individual bidding rounds.
Volume Procurement	Total new capacity contracted in reporting year.	66.1MW	This is a simple summation of all individually accepted contracts with no consideration of duration of contract.
Dispatch	Expected dispatch in reporting year (from 2025/26 Procurement Statement).	1839.17MWh	This figure is the summation of forecast we expected from the area identified to be assessed in year assuming we fully fulfilled our requirements.
	Total dispatch in reporting year.	1334.5MWh	Mainly Logie Pert Sustain generation curtailment, Secure and Scheduled Availability and Operational Utilisation – day-ahead (SAOU_DA) service. This figure includes all service contract types.
Needs Not Met	Needs not met in reporting year.	241.9MW	The difference between the bids accepted and maximum required capacity over term of contract.

Table 1: Flexibility Services procurement and usage summary 2025/26.

[2] *https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/2024-2025-flexroadmap-update.pdf*
A further update is expected to be available: https://www.ssen.co.uk/about-ssen/dso/publications-and-reports

2.2 Services Bid and Accepted

In 2025/26, we used overarching agreements and separate bidding rounds to procure flexibility volume in specific areas, a continuation of the approach we commenced in 2024/25. This approach allows us to separate the contracting step from the volume and pricing activity and enables us to run more short-term markets with confidence around our contractual commitments.

We intended to procure the following standard flexibility service products:

- Scheduled Availability and Operational Utilisation (SAOU) – day-ahead.
- Scheduled Utilisation (SU).
- Operational Utilisation (OU) – 2 mins.
- Variable Availability and Operational Utilisation (VAOU) – week-ahead.

Number of Zones	Licence Area	Services	Identified Peak Capacity Required (MW)	Peak Capacity Requested for (MW)	Total Capacity Requested (MW)	FSP Responses (MW)	Contracted Capacity (MW)	Total Volume Unprocured (MW)
21	SEPD	VAOU (WA)	38.06	43.83	69	54.443	45.328	23.672
25	SHEPD	VAOU (WA)	19.47	19.29	30	13.331	10.646	19.354
101	SEPD	SU	0.74	1.85	2.17	0.004	0.003	2.167
44	SHEPD	SU	0.362	0.98	1.1	0.144	0.131	0.969
1	SEPD	OU	N/A	15	45	0	0	45

Table 2: Summary of long-term bidding rounds, capacity required, responses, and unmet need for each zone identified in the 2025/26 Procurement Statement.

2.2.1 Long-Term Bidding Rounds

We ran three long-term bidding rounds throughout the year; in May, September and January, as indicated in our 2025/26 Procurement Statement. These rounds were mainly for VAOU and SU services with an addition of OU in September.

May 2025

Our May 2025 bidding round primarily included Extra-High Voltage (EHV) Distribution Network Options Assessment (DNOA) requirements forecast for dispatch in the next two financial years (2026/27 and 2027/28). This round included 78 EHV VAOU requirements and 26 High-Voltage/Low-Voltage (HV/LV) SU requirements.

September 2025

The September 2025 bidding round primarily focused on requirements that were not fully procured in the May 2025 bidding round. These included some CMZs for dispatch in winter 2025/26 and the majority for 2026/27 onwards. This round contained an additional CMZ - Chichester and Hunston for an Active Network Management (ANM) service. In total this round included 62 EHV VAOU requirements and 79 HV/LV SU and three EHV OU requirements.

January 2026

We've moved the previous February 2026 bidding round earlier this year, to January. This bidding round focused on requirements with a dispatch date of 2026/27 onwards for VAOU. In total this round included 70 EHV VAOU requirements and 98 HV/LV SU requirements.

Table 2 compares requirements identified in our previous 2025/26 Procurement Statement with actual procurement in our 2025/26 long-term bidding rounds.

2.2.2 Short-Term Bidding Rounds

We ran eight short-term SAOU bidding rounds throughout the year, which were held monthly from August 2025 until March 2026. Last year, we utilised the SAOU (DA) product to help manage network capacity during planned outages. Updated load forecasts have since increased compared to last year's estimates.

Table 3 compares requirements identified in our previous 2025/26 Procurement Statement with actual procurement in our 2025/26 SAOU bidding rounds.

Number of Zones	Licence Area	Services	Identified Peak Capacity Required (MW)	Peak Capacity Requested (MW)	Total Capacity Requested (MW)	FSP Responses (MW)	Contracted Capacity (MW)	Total Volume Unprocured (MW)
4	SEPD	SAOU (DA)	1.34	4.94	7.87	1.804	1.747	6.123
1	SHEPD	SAOU (DA)	1.48	0.28	2.33	0	0	2.33

Table 3: Summary of short-term SAOU bidding rounds, capacity required, responses, and unmet need for each zone identified in the 2025/26 Procurement Statement.

2.2.3 Day-Ahead Bidding Rounds

In our 2025/26 Procurement Statement we expressed our intention of launching day-ahead flexibility markets, to increase opportunities for FSPs and enable closer-to-real-time procurement of flexibility to help manage our network. We successfully commenced this in November 2025, being the second DSO to launch day-ahead markets. We run daily markets to secure flexibility for the following week of delivery. The day-ahead markets will open at 10.00am, close at 12.00pm and cleared by 13.30pm for dispatch the next day. We have run 16 day-ahead bidding rounds throughout the year.

In the 2025/26 Procurement Statement we planned to do initial investigation in areas where we have under-procured previously or where FSPs indicate unplanned unavailability for short-term bidding rounds. Table 4 compares requirements identified in our previous 2025/26 Procurement Statement with actual procurement in our 2025/26 day-ahead bidding rounds.

Number of Zones	Licence Area	Services	Identified Peak Capacity Required (MW)	Peak Capacity Requested (MW)	Total Capacity Requested (MW)	FSP Responses (MW)	Contracted Capacity (MW)	Total Volume Unprocured (MW)
5	SEPD	SAOU (DA)	N/A	6.21	13.61	3.64	3.64	9.97
1	SHEPD	SAOU (DA)	N/A	1.23	2.36	0	0	2.36

Table 4: Summary of day-ahead bidding rounds, capacity required, responses, and unmet need for each zone identified in the 2025/26 Procurement Statement.

2.2.4 Procurement of Non-Standard Flexibility Services

While we remain committed to the principles of market alignment and standardisation, there were instances in 2025/26 where the procurement of non-standard flexibility services was necessary. Such procurement was undertaken only where standard services could not meet the specific technical requirements of the need and where doing so was essential to protect the best interests of our customers and maintain the integrity and reliable operation of our network.

We held two tenders for the Load Managed Area (LMA) Interim Payment service and signed up three providers. This service is designed to incentivise customers in designated LMAs with Radio Tele-Switch (RTS) meters to switch to smart meters. This is because the RTS service across the UK is being retired, with the expectation that smart meters will replicate the RTS load diversity requirements to ensure peak demands from electric space heating and hot water do not all switch on at the same time. Suppliers tendered for a flat payment of £120 per participating household when the supplier switches from an RTS meter to a smart meter to maintain the LMA requirements. This is critical for enabling a smarter consumer network which ensures we can maintain load diversity in line with RTS switch-off, whilst we consider an effective alternative to LMAs in the future. We received bids from three energy suppliers for contracts for our LMA Interim Payment service, all of which were accepted. A non-standard service was used for this tender as standard flexibility services are designed to offer payment per kWh or kW/h, and not a flat rate per household.

	Secure	Dynamic	Restore
Volume Extended in 2025/26 (MW)	1.95	1.95	1.95

Table 5: Summary of flexibility service contracts extended in 2025/26.

In 2025/26 we also extended existing contracts for non-standard and legacy services. A summary of the flexibility services extended in this way is provided in Table 5. The decision to continue these legacy agreements, rather than retender for new standard services, was taken because these contracts address unique flexibility requirements in specific areas that are unlikely to be met through standard market mechanisms. Retaining these arrangements reduces the administrative burden on our existing FSPs and provides greater confidence that we can secure the flexibility needed to support our ongoing network requirements.

Finally, in May 2025 we concluded a tender for a stability service on Western Isles. This service would provide network stability to the area when it is disconnected from the mainland during planned maintenance outages. Ultimately, this would reduce diesel consumption during these periods and offer a cost benefit. We received two responses to the tender, and continue to investigate options for retendering for this service.

2.3 Dispatch of Flexibility Services

We increased total dispatch to 1,334.51MWh in 2025/26. This growth reflects several operational and process improvements. We refined our forecasting methodology to ensure flexibility requirements are more accurately aligned with actual network needs, reducing uncertainty and improving the precision of our dispatch decisions. We also applied a more balanced approach to managing network risk against the commitments made by Flexibility Service Providers (FSPs), ensuring that the flexibility contracted is dispatched in a way that meets both system needs and provider expectations. In addition, we have maximised the utilisation of committed flexibility capacity by optimising how and when it is deployed across different network scenarios. Together, these enhancements have enabled a more efficient and effective use of flexibility, resulting in the increased dispatch observed this year.

Table 6 presents the total contracted flexibility capacity for 2025/26 and shows the total instructed availability and utilisation volumes in 2025/26 for SEPD and SHEPD.

Licence Area	Service Type	Total Contracted for 25/26(MW)	Total Availability Instructions in 25/26 (MWh)	Total Utilisation Instructions in 25/26 (MWh)
SEPD	Sustain	0	N/A	0
	Secure	0	1953.925	493.06
	Dynamic	0	N/A	0
	Restore	0	N/A	0
	VAOU (WA)	44.61	641.6	382.4
	SAOU (DA)	1.75	226.4	32.1
	SU	0.00256	N/A	0
	SU (DA)	4.10	N/A	15.96
SHEPD	Sustain	0	N/A	312.00
	Secure	1.95	9.00	9.00
	Dynamic	1.95	N/A	0
	Restore	1.95	N/A	0
	OU	0	N/A	0
	VAOU (WA)	9.66	72.4	52.5
	SAOU (DA)	0	0	0
	SU	0.13	N/A	7.8
	SU (DA)	0	N/A	0

Table 6: Procured and dispatched flexibility in 2025/26.

Figure 3 and Figure 4 illustrate the geographic locations of flexibility service dispatch at EHV level in 2025/26 in SHEPD and SEPD respectively. FSPs can view all geographical information on our market platform - ElectronConnect[3] and our procurement map published on our website[4]. All detailed information regarding the procurement of various flexibility products, along with the corresponding postcodes could be found in our Flexibility Service Document Library[5] and our Open Data Portal[6].

We have not included geographical information for HV/LV areas in Figures 3 and 4, as these areas are too small to be observed, however it can be found on the ElectronConnect platform and our procurement map on our website.

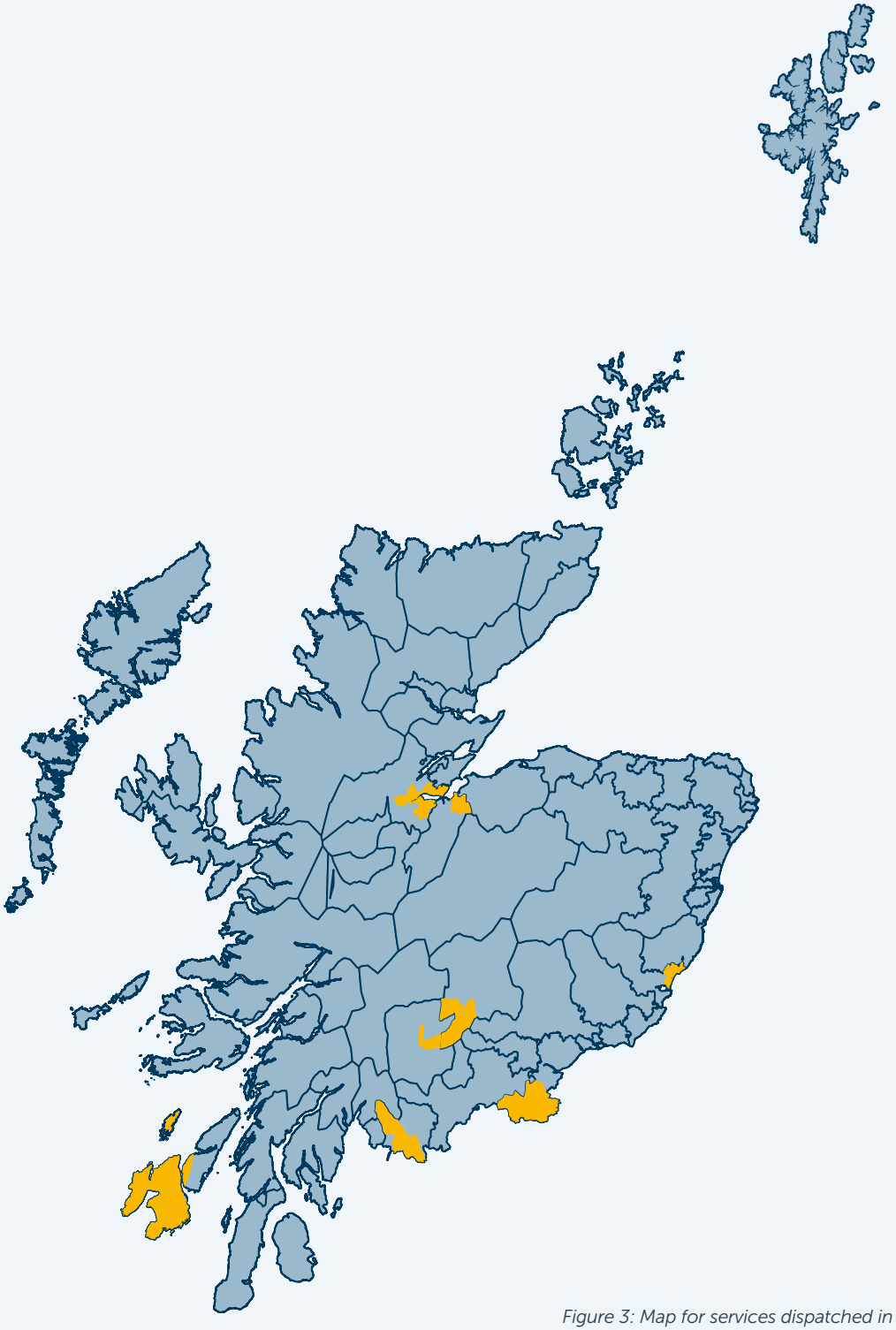


Figure 3: Map for services dispatched in SHEPD.

[3] https://ssen.electronconnect.io
[4] https://www.ssen.co.uk/flexibility
[5] https://www.ssen.co.uk/flexibility-docs
[6] https://data.ssen.co.uk

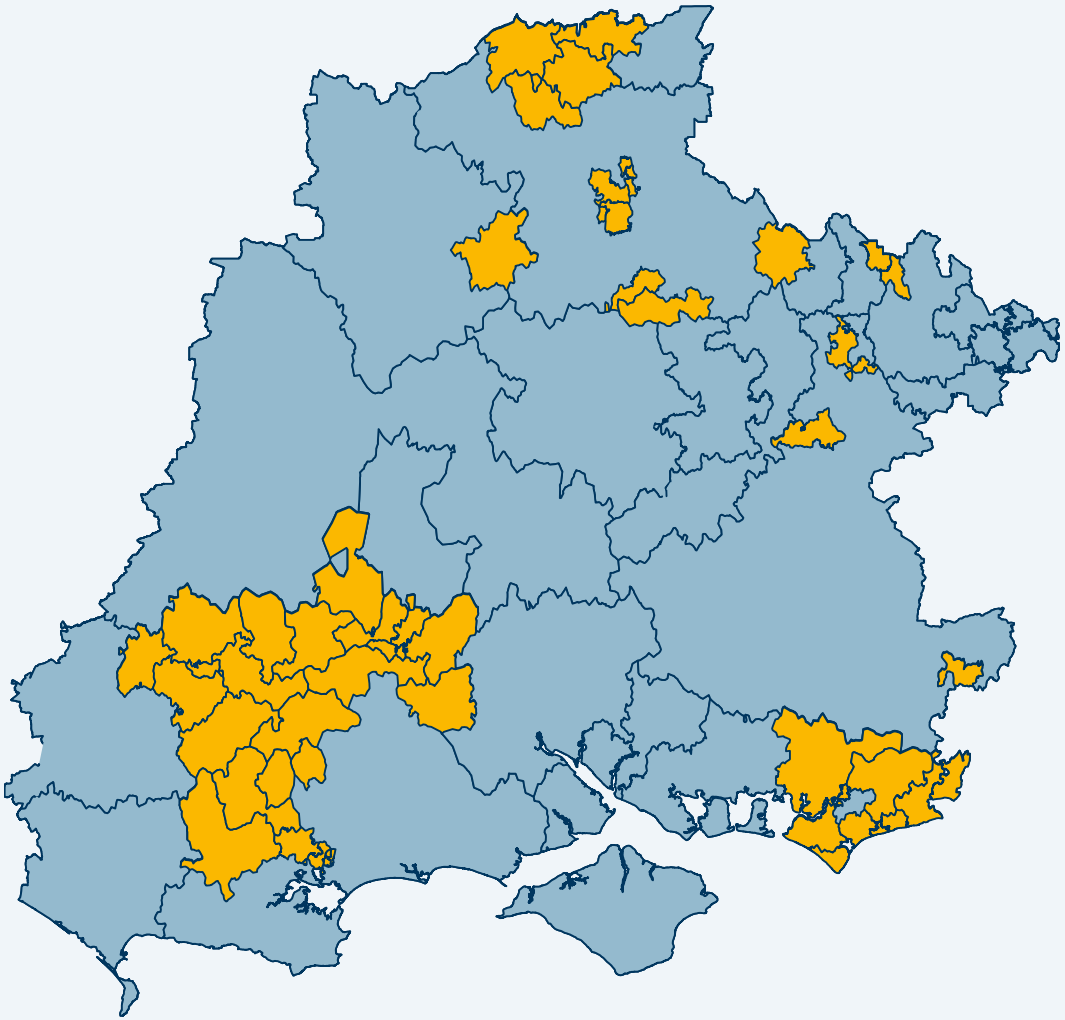


Figure 4: Map for services dispatched in SEPD.

2.4 Service Coordination with NESO

We have assessed over 1,599 potential conflicts across flexibility services and planned outages. From this assessment, we identified 66 risks and have successfully mitigated 65 of them.

Our process is robust and data-driven. We take information shared by National Energy System Operator (NESO) and systematically compare it against our CMZ locations, where we operate flexibility services, Active Network Management (ANM) schemes, and manage planned outages. This enables us to proactively detect and address areas of potential interaction or conflict.

We also trialled enhanced 'Risk of Conflict' reporting, which was completed on 13 April 2026. This trial covered DFS (Demand Flexibility Service) and other NESO services. As part of the 'Risk of Conflict' reporting, we identified conflicts throughout the year, in line with Energy Networks Association (ENA) best practice, relating to planned outages on the distribution network and reported these to NESO. No conflict mitigation actions were required, as no conflicts were identified through the enhanced conflict procedure.

2.5 Procurement Timetable

This section sets out our performance against the procurement activities planned for the 2025/26 regulatory year, as outlined in our 2025/26 Flexibility Services Procurement Statement. Potential FSPs are able to register and complete pre-qualification on the ElectronConnect platform throughout the year, ensuring ongoing market accessibility and enabling new entrants to prepare for participation at any point.

The procurement timetable therefore focuses specifically on the scheduled opportunities for participation in the mini competition stage of the contracting process, together with the opening of long-term, short-term, and day-ahead bidding rounds. Tables 7 and 8 provide a comparison of the planned and actual timings of these activities during 2025/26, highlighting performance against our published commitments and explaining any deviations where relevant.

Planned Mini Competition	Expected Month	Actual Month	Notes
Spring	May 2025	April 2025	-
Autumn	July 2025	July 2025	-
Winter	December 2025	November 2025	The mini competition was moved forward a month to November 2025

Table 7: Comparison on planned and actual mini competition dates.

Planned Bidding Round	Expected Month	Actual Open Date	Notes
Spring 2025	May 2025	May 2025	-
Autumn 2025	September 2025	September 2025	-
Winter 2025	February 2026	January 2026	Moved forward in line with the mini competition
Short-Term	From September 2025	From August 2025	We had requirements that needed an earlier bidding round
Day-Ahead Trials	September 2025	November 2025	Delayed to allow operational setup

Table 8: Comparison on planned and actual bidding round dates.

3. STAKEHOLDER ENGAGEMENT

3.1 Stakeholder Engagement Overview

Stakeholder engagement is pivotal to us increasing FSP participation in our procurement activities, driving product development, enhancing our processes and systems, and growing the number of FSPs signing up to our overarching agreement. By acting on feedback received from our stakeholders, in 2025/26, we have achieved desired outcomes including automated enhancements of our systems and processes and the introduction of day-ahead markets. In 2025/26, we carried out targeted engagement which resulted in twelve new FSPs signing our overarching agreements.

In 2025/26, we enhanced our approach to onboarding FSPs once they're signed up to our overarching agreement. The improved process helped to fast-track asset registration and registration on our dispatch and payment platforms. This helped to increase the number of FSPs eligible to participate in our day-ahead pilots from 1 to 11. While two FSPs have actively participated so far, this represents an important early step. We expect participation to grow as we expand from the limited pilot markets to a broader range of markets.

In 2025/26, we significantly increased our engagement with FSPs via one-to-one meetings. As a result of feedback received from FSPs, we introduced the day-ahead markets pilot in November 2025 which we have successfully used to support an planned power outage in Maidenhead alongside existing CMZs. We have also made a range of improvements to ElectronConnect because of feedback received from users.

3.2 Communicating Tender Requirements

We used a variety of channels to make our tender requirements and supporting documentation accessible to our stakeholders in 2025/26. ElectronConnect, our document library on our website and our Open Data Portal are the main platforms through which our stakeholders can gain access to our tender requirements. We also provided forecasts of our 2025/26 tender requirements in our SLC31E Flexibility Services Procurement Statement 2025/26. The tender rounds for our long-term and short-term markets including day-ahead markets ran from May 2025 to March 2026.

Prior to launching our long-and-short-term tender rounds, we publicised the tenders via LinkedIn, press releases, our website, webinars, one-to-one meetings and direct communications via our Flexibility Markets team email inbox: **Flexibilityprocurement@sse.com**.

Ahead of the tender round opening, we would upload the tender requirements to ElectronConnect, our document library and the Open Data Portal. FSPs are notified via email sent through our stakeholder engagement tool, Tractivity, about the date and time that the tender will go live. ElectronConnect will also notify our eligible FSPs that the tender has gone live.

Our website[7] has a suite of videos to guide stakeholders through our end-to-end procurement process including the tender process. In 2025/26 we ran two webinars alongside one-to-one meetings to update FSPs about upcoming tenders. We also used other procurement activities, like the three contracting windows in 2025/26, as an opportunity to make participants aware of upcoming short-term, long-term and day-ahead tender dates. As well as using our website and data portal to publicise tender requirements, we have additional resources available to help participants understand procurement activities and dates. These include our 2025/26 flexibility roadmap, Operational Decision Making (ODM) and DNOA methodology as described in Table 9.

Table 9 on the right-hand side is a summary of the types of engagement we undertook in 2025/26 for our long-term, short-term and day-ahead markets:

Type of Engagement	Description	Links
Tender requirements for long-term and short-term tenders	We published the tender requirements for the short-term (day-ahead and month-ahead) and long-term tenders on the ElectronConnect platform, SSEN's flexibility services website and our data portal prior to the tender going live.	https://ssen.electronconnect.io/ https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library/ https://data.ssen.co.uk/@ssen-distribution/long-term-bidding https://data.ssen.co.uk/@ssen-distribution/short-term-bidding https://data.ssen.co.uk/@ssen-distribution/flexibility-day-ahead-bidding
Contract register	Following the close of our bidding windows, we update our contract register with the contracted capacity, the prices accepted for the advertised markets and the successful FSPs. After our contracting windows have closed and our overarching agreements have been signed, we update the contract register with the FSP name, the contract acceptance date and the contract version.	https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library/
SLC31E Flexibility Procurement Statement	Sets out our approach to procuring flexibility services in the upcoming regulatory year. The key areas covered are flexibility service requirements, details of the forecast requirements, tendering process, stakeholder engagement, quantitative analysis and details of how to contact us and useful external links.	**2025/26 Statement:** https://www.ssen.co.uk/globalassets/our-services/flexibility-services-document-library/slc31e-reports--statements/slc31e---ssen-2025-26-flexibility-services-procurement-statement.pdf **2026/27 Statement:** https://www.ssen.co.uk/globalassets/our-services/flexibility-services-document-library/slc31e-reports--statements/slc31e--ssen-2026-27-flexibility-services-procurement-statement.pdf
Bilateral meetings	We held one-to-one meetings with our FSPs to discuss changes being made to our processes and plans to introduce the day-ahead markets pilot. We also used it as an opportunity to seek feedback on our flexibility service offerings and processes.	N/A
Onboarding meetings	We held one-to-one onboarding meetings with new FSPs to register their assets on our systems and set them up for dispatch and settlement in readiness to participate in our long-term, short-term and day-ahead markets.	N/A

[7] https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-procurement/

3.2 Communicating Tender Requirements (continued)

Type of Engagement	Description	Links
Webinars on flexibility opportunities and day-ahead markets	A webinar was held prior to the launch of our long-term tender in autumn and the launch of our day-ahead markets pilot. We discussed the opportunities, procurement process and gave an introduction to the day-ahead markets product and pilot.	https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library/
Press releases	In March 2026, we published a joint press release with ElectronConnect that detailed our successful dispatch of day-ahead flexibility during the pilot phase of the service to support our control room in SEPD with an outage that occurred at Maidenhead. We were able to successfully dispatch Scheduled Utilisation via day-ahead markets to support the network over a two-week period.	https://www.linkedin.com/posts/ssencommunity_the-need-to-carry-out-essential-network-activity-7444292499390545920-c3h_?utm_source=share&utm_medium=member_desktop&rcm=ACoAAAvriloBaAJkh3Dxx2gyjuTmWbfTpP-BJNU
LinkedIn posts	We use our LinkedIn page to advertise our contracting and tender activities. We publicise deadlines for pre-qualifications and a call for participants. We advertise the dates of contracting windows to target potential Providers. We announced our day-ahead markets pilot.	https://www.linkedin.com/company/ssencommunity
Tractivity	We sent out mailshots to prospective FSPs on our distribution lists about pre-qualification, contracting and bidding opportunities as well as reminders of closing dates.	N/A
Flexibility procurement inbox	We responded to questions and requests for meetings that we received directly from prospective providers who contacted us directly via our inbox.	flexibilityprocurement@sse.com
End-to-end procurement videos	There are pre-recorded videos of our end-to-end procurement process that users can refer to for guidance.	https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-procurement/
Flexibility Roadmap	We publish our Flexibility Roadmap to outline how we utilise flexibility solutions, such as Access products and Price Signals, and details our view on the evolving policy landscape and the future of flexibility markets. The roadmap includes a multi-year plan on how we expect this to evolve over time.	https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/2024-2025-flexroadmap-update.pdf **A further update is expected to be available:** https://www.ssen.co.uk/about-ssen/dso/publications-and-reports/

3.2 Communicating Tender Requirements (continued)

Type of Engagement	Description	Links
Operational Decision Making (ODM)	Our ODM sets out the way in which we dispatch Distributed Energy Resources (DER) to meet short term capacity needs. This version sets out enhancements to how we dispatch flexibility, introduces new access products and sets out the next phase of our technology roll out.	https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/ssen-dso-odm-framework-update-march-26.pdf
DNOA Outcome Reports	The DNOA outcome reports are published twice a year and explain how we make investment decisions to meet network capacity needs. The reports provide the outcome of our assessment by identifying the investment solution (asset solution or flexibility solution) that we propose to deploy in our licence areas over the next seven years.	https://www.ssen.co.uk/globalassets/about-us/dso/current-consultations/draft-for-consultation/ssen-dnoa-methodolgy-2026---draft-for-consultation.pdf

Table 9: Details on how information was provided to stakeholders (such as FSPs and NESO) over the various stages of the procurement process, and the format in which this information was published.

3.3 Market Engagement for Procurement

We continually engage with existing and prospective FSPs to ensure that anyone who wishes to participate in our flexibility services can do so with ease. Alongside ongoing improvements to keep our procurement processes as streamlined as possible while remaining fully compliant with the Utilities Contracts Regulations, we also ensure that FSPs have clear visibility of opportunities and feel confident and motivated to participate.

We actively promote our flexibility service opportunities across multiple channels, making it easy for potential FSPs to understand the services available and how to get involved. We offer introductory meetings, publish helpful guidance materials and videos, and proactively reach out to organisations that may be new to flexibility markets. We encourage participation from all types of providers and support them at every stage of their engagement journey.

There are seven main stages to procuring flexibility services. Figure 5 shows our end-to-end procurement process. This covers the entire process from new provider qualification to operational dispatch and payment for the use of the service.

3.4 Pre-Contract Activities

Pre-contract activities include pre-qualification required to respond to a contracting window, contracting to accept the terms and conditions of the overarching agreement, and signing of the overarching agreement.

3.4.1 Pre-Qualification Questionnaire

The Pre-Qualification Questionnaire (PQQ) is as specified by the Market Facilitator Pre-Qualification Criteria rule. It can be found on the Elexon website[8] or downloaded from the ElectronConnect portal. FSPs must complete the mandatory commercial questions and have their PQQ approved before they move to the contracting stage. The PQQ is always open can be submitted at any point, however we actively encourage prospective FSPs to submit their PQQ as soon as they register on ElectronConnect. When we have an upcoming contracting window, prospective FSPs are actively encouraged to submit their PQQs before the contracting window opens because only pre-qualified parties are eligible to participate.

3.4.2 Contracting

Prospective providers that have passed the PQQ stage are invited to respond during the contracting window. Contracting opens on ElectronConnect and eligible parties respond by completing and submitting the relevant response form on ElectronConnect within the two-week contracting window. The response form is in Microsoft Word format and can also be downloaded from our flexibility procurement website. The response form requires pre-qualified parties to provide basic company and signatory information and to accept the terms and conditions of the overarching agreement. We publicise the dates of the contracting window on several platforms including our website, ElectronConnect, LinkedIn, press releases, and our DSO newsletter. In 2025/26, we ran three contracting windows in April 2025, July 2025 and November 2025. This resulted in twelve new FSPs signing the overarching agreement.

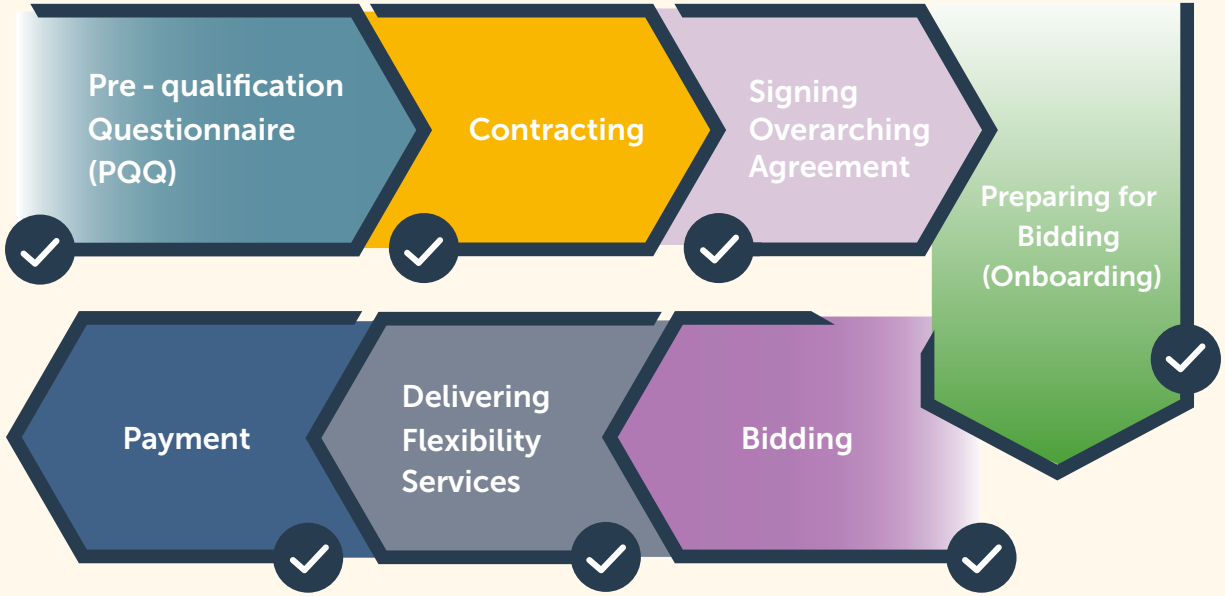


Figure 5: End-to-end procurement process.

3.4.3 Signing Overarching Agreement

The overarching agreement includes a standard contract and a set of service terms. It operates as a framework, and once it's signed, it will stay in force for 8 years, so it only needs to be signed once to cover future procurement of services under the agreement. After contracting closes, the responses are reviewed and we will carry out due diligence checks on parties that have responded. Once this is satisfactorily completed, successful participants will be awarded the overarching agreement for signature.

[8] *https://bscdocs.elexon.co.uk/flex-market/flexibility-market-rules/fmr-pqc-pre-qualification-criteria*

3.5 Post-Contract Activities

Post-contract activities include onboarding activities to prepare FSPs for bidding, submitting bids, making offers into markets, dispatching flexibility services, and payment for services.

3.5.1 Preparing for Bidding

After the contracting window closes, we review the responses for completeness and carry out required due diligence checks. Once the required governance process for contract award has been completed and approved for parties with satisfactory due diligence outcomes, the overarching agreements are issued for signature through Adobe Sign. Once a provider has signed the overarching agreement, we hold one-to-one onboarding meetings to support putting in place the required processes and systems for participation in short-term, long-term and day-ahead markets. Providers can readily bid into long-term, short-term and day-ahead markets via ElectronConnect when the relevant market rules for the flexibility services they wish to deliver have been met prior to the bidding windows opening.

3.5.2 Bidding

In 2025/26, we ran three long-term tenders in May 2025, September 2025 and January 2026 on ElectronConnect. The short-term SAOU (DA) tenders ran monthly from September 2025 to March 2026 whilst the day-ahead markets pilot commenced in November 2025 until spring 2026. All our tenders are implemented on ElectronConnect. Tender submissions are made on ElectronConnect and participants are notified of accepted bids via an automatically generated email from ElectronConnect.

This forms the call-off contract between FSPs and us. After the bidding round is closed and the assessment of bids is complete, we send out email notifications to inform all participating FSPs that they can view their assets' status on ElectronConnect for bids that have been accepted or rejected. FSPs can view our rejection reasons using Ofgem rejection codes below, and additional information will be provided where necessary to offer further explanation.

- Rejected - Reliability.
- Rejected - Cost.
- Rejected - Insufficient Capacity.
- Rejected - Other.

The outcome of contracting windows and bidding activities are published within 30 days of contract award and can be found on our website and our data portal.

3.5.3 Delivering Flexibility Services

For long-term markets we mainly dispatch the VAOU (WA) product. We send the FSP we want to dispatch an availability request by email. This request includes the zone, the capacity, the service window, and the baseline associated with the zone. The provider can accept or decline the availability request via email.

We're planning to introduce a self-serve feature into the Flexible Power[9] platform in 2026/27 for FSPs to declare their availability on the platform. The SAOU (DA) short-term flexibility service is dispatched via Flexible Power. Availability requests are not part of the dispatch process for SAOU (DA) because it has already been fixed at the bidding stage. Flexible Power sends a start instruction 15 minutes before the service window starts and a stop instruction at the end of the service window.

3.5.4 Payment

FSPs need to be set up on our settlement system to be paid for delivering flexibility services. This involves setting them up on a system known as Harmony[10] which is used for raising Purchase Orders (POs) and Tradex[11], a system within Harmony used by FSPs for raising and submitting invoices.

Prior to service delivery, to initiate the payment set-up process, we make arrangements for FSPs to receive an email from our external provider to complete a questionnaire with company and payment details. Once the setup is complete for harmony and Tradex, the supplier will be notified. Tradex is the system used for raising invoices. We will be able to raise POs for delivery of services and FSPs will be able to raise and submit invoices once the setup is complete. For SAOU (DA) and day-ahead markets, the settlement system setup must take place before the provider can bid into short-term markets.

After service delivery, to get paid for delivering flexibility services, FSPs are required to submit their meter readings. This can be an automated process, or it can be done by completing a performance report, depending on how the FSP's services are dispatched i.e. via API or email notification and/ phone.

For API-dispatched FSPs, a monthly statement is generated showing the capacity delivered and payments due. For email-dispatched and phone-dispatched FSPs, we will carry out checks of the performance reports for correctness and data assurance.

If there are any disputes about the payment amounts, there is a dispute resolution process. Otherwise, the FSP submits their invoice through Tradex and gets paid via Harmony.

[9] https://www.flexiblepower.co.uk/locations/scottish-and-southern-electricity-networks

[10] Our payment system for raising purchase orders and making payments following receipt of invoices

[11] A system administered by an external party. It's used by suppliers for raising invoices - https://causewaytechnologies.my.site.com/s/article/Log-in-to-Tradex

3.5.5 Direct Engagement

We conduct various direct engagements methods to meet all our stakeholder needs, from bilateral meetings with NESO and FSPs to discuss specific topics, learnings and opportunities, to surveys and publications to gain feedback and share updates. Webinars are only one part of our engagement approach. We also run in-person events to share information and receive feedback from our stakeholders. A complete list of the events we held in 2025/26 on topics impacting FSPs are listed below. Webinars are typically recorded and slides are published on our website to allow those unable to attend to review the material.

The list on the right is an outline of engagement that we carried out in 2025/26:

Stakeholder Engagement	Date	Description
DSO in Action Autumn Series: Flexibility Services webinar	15/09/25	Flexibility overview, opportunities, process enhancements and dispatch principles.
Day-Ahead Flexibility Markets webinar	10/11/25	Introduction to day-ahead markets product and pilot.
DSO Flexibility Webinar for British Port Association	24/02/26	Flexibility overview so that ports and companies within ports understand how they can participate in flex from their solar, batteries and demand shifts etc.
DSO Spring Series – Breakfast event	02/03/26	A breakfast event with stakeholders to discuss their views on our flexibility services landscape and what they need us to focus on, to help inform our ED3 plans.
DSO Spring Series – Flexibility in Action	03/03/26	Exploration of how our flexibility services products have been shaped through ongoing collaboration with stakeholders.
DSO Flexibility Webinar for Green Isle of Wight	23/03/26	To better understand how flexibility opportunities may develop on the Isle of Wight in the future, and how to participate.
One-to-One Bilateral Meetings	Various	We held 10 one-to-one meetings with our FSPs to discuss changes being made to our processes and our plans to introduce day-ahead markets. We also used them as opportunities to seek feedback on our flexibility service offerings and processes.
FSP Onboarding Meetings	Various	We held one-to-one meetings with FSPs that have just signed our overarching agreement and are new to our flexibility markets to make introductions and onboard them to our processes and systems.

Table 10: Direct engagement carried out in 2025/26.

3.6 Stakeholder Feedback

We sought feedback from stakeholders about their appetite for our long-term markets and their preference for short-term markets, namely SAOU (DA) markets and day-ahead markets. The feedback received drove our decision to introduce the day-ahead markets pilot in November 2025. SAOU (DA) markets are well established and now running into their second year. Through increased engagement with our FSPs in 2025/26, we gained feedback on a diverse range of areas as outlined on the right:

Feedback	Details
Day-Ahead Markets	***FSPs' feedback:*** Generally, many FSPs have expressed a preference for day-ahead markets as they offer revenue certainty for the FSP. ***Our response:*** We introduced day-ahead markets in November 2025 and have successfully used it to support existing CMZs and to address an outage. It will be rolled out into business-as-usual in May/June 2026.
Less Interest in Long-Term VAOU (WA) Product	***FSPs' feedback:*** FSPs find it difficult to 'sell' the VAOU product to their customers because of the inherent uncertainty in the revenue due to the variable nature of availability. It is a lot of effort negotiating contracts with asset owners and getting assets registered to provide flexibility services, but VAOU services do not guarantee FSPs revenue for their efforts. It makes it difficult for them to commit to bidding into long-term markets. ***Our response:*** We have taken feedback on board about the uncertainties expressed with the VAOU long-term product. We have adjusted our use of VAOU products and now use SAOU (DA) product for within year requirements to offer more certainty and revenue for FSP with availability payments confirmed at trade, we have now retired VAOU within year. In addition, we've enhanced our forecasting and dispatch methodologies to ensure increased scheduling. We continue to assess the most appropriate product for our longer-term markets. We have also introduced day-ahead markets which use the Scheduled Utilisation product, for which dispatch is confirmed at point of trade. This involves running flexibility markets daily throughout the winter months.
Standardisation	***FSPs' feedback:*** There are needs for greater standardisation in flexibility markets with respect to the platforms that DSOs use for market activities, dispatch, and settlement. DSOs currently use different platforms, which FSPs find confusing, time-consuming, and a barrier to entry. ***Our response:*** We recognise that standardisation is key for reducing barriers to entry into flexibility services. We're committed to working with ElectronConnect and Flexible Power for continuous enhancements to both platforms. We have automated many functions within the market platform to make the process across various platforms easier. In addition, when designing our day-ahead markets we standardised the FSP journey to align with UKPN's day-ahead markets, who were the first to launch.
Contract Negotiations	***FSPs' feedback:*** Generally, FSPs value the standardisation of the version 3 contract because they only need to review it once and sign it once, and it can be used to bid into multiple markets. Some FSPs have concerns about the liabilities clause. ***Our response:*** The Market Facilitator has set up a Standard Agreement working group, and a review of the liabilities clause is included in the working group's remit.
ElectronConnect	***FSPs' feedback:*** Lack of clarity on next steps following pre-qualification. ***Our response:*** Email notifications have been added to make it clearer to FSPs when qualification files have been uploaded and approved. This improved FSPs' awareness of their status and reduced the need for manual follow ups. ***FSPs' feedback:*** Limited search filtering. ***Our response:*** Improved filtering on market explorer by stage and product. FSPs can now filter by market stage, i.e. before bidding, bidding open, bidding closed. This allows FSPs to focus their efforts on opportunities that align with their current priorities, whether preparing bids, actively bidding, or reviewing closed markets. ***FSPs' feedback:*** Request to publish API endpoints. ***Our response:*** Based on FSP feedback, ElectronConnect published key API endpoints enabling market information retrieval, submission of offers, and group asset management. Meter reading submissions via API are coming soon.

3.6 Stakeholder Feedback (continued)

Feedback	Details
Flexible Power	***FSPs' feedback:*** Improved data access required on Flexible Power. ***Our response:*** Based on feedback received from FSPs regarding improved data access on Flexible Power, we made several enhancements to the platform during 2025/26 to improve the FSPs' user experience. Flexible Power now supports downloading of individual performance reports in CSV format via the user interface. A Red, Amber, Green (RAG) status is also available on the report page, enabling FSPs to quickly identify dispatch events for which they are underperforming. SSEN remains committed to working closely with FSPs to address feedback and continuously improve the platform's capabilities and user experience.
Accessibility of Flexibility Data on Website	***FSPs' feedback:*** Flexibility data is not very accessible on the website as the user must navigate through several subpages. A single link that leads to a single downloadable file would be preferred. ***Our response:*** We're working on improving accessibility to tender requirements on our website. In the meantime, we now publish tender requirements on our data portal which is straightforward to navigate at this **link**. Users need to be registered for the data portal.
Difficulty Locating Assets on SSEN's Network	***FSPs' feedback:*** FSPs find it challenging to match their assets to SSEN's CMZ requirements and to submit bids. ***Our response:*** The postcode list that we published can be used to locate assets for EHV constraints. Alternatively, FSPs can request shapefiles from ElectronConnect or access the platform to visualise the CMZ. We will begin collecting asset MPANs for aggregated/group member assets this year – this will make it possible to check the location of the asset relative to the CMZ.
Creation of Market Rules Cheat Sheet	***FSPs' feedback:*** It will be helpful to have a cheat sheet created with the range of flexibility products on offer and the market rules, pre-requisites and onboarding requirements. ***Our response:*** We have created a cheat sheet that summarises the market rules relating to contracts, flexibility services and the pre-requisites for bidding into each market. We've been rolling it out in our communications to FSPs and we will continue to improve it based on experience with operating our flexibility services and subject to feedback we've received.
Minimum Bidding Capacity of 10kW	***FSPs' feedback:*** The minimum capacity limit of 10kW limits participation in SSEN's tenders. Some DNOs have removed the limit on capacity removing barriers to FSPs participating. This limit is an issue for EV chargers and batteries because the capacity of a single EV charger is baselined at 1.67kW by the ENA and heat pumps are baselined 2kW. To participate with heat pumps, an FSP will need 5 homes in the same postcode to bid the same asset which is not guaranteed. ***Our response:*** FSPs can participate with a minimum capacity of 2.5kW for the Scheduled Utilisation product at HV/LV level because it is recognised that at HV/LV level it is difficult to aggregate up to the minimum 10kW level. Then minimum 10kW limit was reduced from 50kW in agreement with the industry to reduce barriers to entry.

Table 11: FSPs' feedback and our responses.

3.6.1 Scottish Islands Flexibility Request for Information (RFI)

This Request for Information was released in late-2024 with a view to find potential FSPs in several Scottish Islands. SSEN continues to work with some potential FSPs identified by this RFI. These relationships will become increasingly important as we look to flexibility use cases such as outage planning and island resilience.

3.7 Co-ordination with other DNOs, NESO, and Elexon

SSEN recognises the importance of collaboration and standardisation in ensuring access to flexibility markets is as simple as possible, and that this is a crucial enabler of a decarbonised and flexible energy system. As such, we continue to collaborate extensively with the wider industry to explore and share best practice, adopt standardised processes, and coordinate flexibility strategy and delivery across the UK.

The Energy Networks Association (ENA) has been a prime source of collaboration for network companies for many years, running several working groups focusing on standardising and simplifying flexibility market processes. In 2025/26, SSEN continued to lead the ENA primacy working group, and will continue to do so going forward through the Elexon working group that will pick up this workstream as part of Elexon's new role as market facilitator. We also participated in the Common Evaluation Methodology (CEM) tool working group in 2025/26 and attended a follow-up call with Ofgem and other DNOs to establish the future of the CEM tool and additional cost benefit analysis needs for ED3 flexibility requirements.

Working with other DNO's. Outside of the ENA, we have also collaborated with other DNOs in a few ways. Firstly, through industry collaboration working groups hosted by ElectronConnect, for SSEN, SPEN and ENWL using their market platform to share best practices and develop the product consistently. We have also hosted or participated in bilateral meetings with other DNOs to share learnings, develop opportunities and standardisation, such as MW Dispatch, day-ahead markets and how best to optimise flexibility products and dispatch with UKPN and NGED. Finally, we have participated in wider industry working groups alongside other DNOs, such as those hosted by Ofgem or Department for Energy Security and Net Zero (DESNZ), such as the Clean Flexibility Roadmap, Clean Power 2030 and Sector Specific Methodology Consultation.

Elexon as the Market Facilitator. In 2025/26 we engaged extensively with Elexon as they transitioned into their new role as market facilitator. In particular, we responded to consultations regarding their flexibility market rules, governance, and delivery plan. We attended all working groups relating to the development of the Flexibility Market Asset Register (FMAR) and the Standard Contract working group. We have collaborated closely with Elexon directly in the lead up to the implementation of the flexibility market rules to ensure we are compliant with the rules by the deadlines required.

Collaboration and Coordination with NESO. It is important that whole system benefits of flexibility are recognised, coordinated and standardised to ensure an efficient market for participants and societal benefits, and that's why we work collaboratively with NESO in several ways.

- We jointly run regular bilaterals with NESO so we can keep coordinated on all the important topics that we both face, whether it's through conflict mitigations, sharing each other's roadmaps on flexibility, data sharing or how we can work together on future opportunities and meet future challenges.
- We ensure we are represented at key NESO forums and working groups, such as DFS, Demand for Constraints, Operational Data Sharing and Primacy.
- We continue to lead on operational data sharing models to support the Local Constraint Markets (LCM) and jointly with NGED on the Crowdflex project which was successful in demonstrating consumer-led flexibility as a reliable source for grid management.

Figure 6: NESO Coordination.

3.8 HOMEflex

Following closure of our Household or Microbusiness Energy flexibility (HOMEflex) innovation project in March 2025, we are pleased that the Domestic and Microbusiness compliance has now been launched and is open for flexibility service providers to onboard. The Flex Assure compliance scheme aims to ensure that consumers can have confidence in their flexibility service provider and demonstrates a commitment to meeting high consumer standards. We are very proud of the contribution that SSEN has made towards this important scheme, and would like to encourage all providers delivering domestic or microbusiness flexibility services to consider participating in the scheme. Please find more information on the Flex Assure website[12]. We hope that the learnings from HOMEflex and the expertise that Flex Assure have developed in this area will also play an important role in the development of the Load Control Licensing Scheme, consulted on by Ofgem[13] and DESNZ[14] in February 2026.

3.9 Signing Up for Future Engagement Events

If you would like to receive information about future stakeholder engagement events, please email **stakeholder.engagement@sse.com**. Stakeholders can also view and register for engagement events on our website[15] or refer to our DSO newsletter[16].

[12] *https://www.flexassure.org*

[13] *https://www.ofgem.gov.uk/consultation/smart-secure-electricity-systems-implementing-load-control-licensing-regime*

[14] *https://www.gov.uk/government/consultations/smart-secure-electricity-systems-sses-programme-draft-load-control-licence-regulations-and-conditions/sses-proposals-on-load-control-licence-regulations-and-licence-conditions-accessible-webpage*

[15] *https://www.ssen.co.uk/stakeholder-engagement*

[16] *https://www.ssen.co.uk/dsonewsletter*

4. ECONOMIC VIABILITY

4.1 Flexibility Service Assessment Methodology

In RIIO-ED2, we primarily focused on flexibility requirements identified through the 'flexibility first' principle. Now, as we begin ED3 planning we are widening our use cases for flexibility services and incorporating corresponding economic processes into our business-as-usual operations. There are four primary assessment methodologies for flexibility services: Distribution Network Options Assessment (DNOA), outage planning, connections acceleration, and delivery support.

These processes inform both the Long-Term Development Statement (LTDS[17]) and the Network Development Plan (NDP). Flexibility opportunities can be cross-referenced against the data available in the LTDS and NDP in most cases using the CMZ name which usually reflects the name of the primary substation, bulk supply point, or grid supply point in which flexibility is required (although this is not always the case). Importantly, flexibility procurement activities are not reflected in the LTDS load forecasts or the NDP headroom data, ensuring that stakeholders retain clear visibility of how demand is expected to change without the influence of operational flexibility.

4.1.1 Distribution Network Options Assessment (DNOA)

Constraints are identified through our NDP and headroom reports[18], using forecasts from our Distribution Future Energy Scenarios (DFES)[19]. Once a constraint is identified, optioneering takes place to identify the reinforcement solution with the lowest whole-life Net Present Value (NPV). Following this, a flexibility assessment takes place to determine whether it is appropriate to use flexibility to manage the constraint.

Throughout ED2, we adopted the industry-wide "flexibility first" approach where we would always seek to use flexibility where it was economically advantageous to do so. This was ascertained by using the Common Evaluation Methodology (CEM) tool created by the ENA. As we begin with ED3 planning, based on guidance from Ofgem, we are set to move away from this approach, using flexibility across several other use cases, including accelerating connections, delivery optimisation, and outage planning. Although investment deferral isn't the primary use case for flexibility in ED3, we will continue to use the CEM tool to ascertain where flexibility is viable in support of our delivery plan.

Our DNOA methodology for ED3 is still being finalised and will go out for consultation in late March 2026. Following this consultation, the final methodology will be released later in 2026. We will continue to work alongside Ofgem and other DNOs during this time to reach a consistent approach industry-wide.

4.1.2 Outage Planning/Connections Acceleration/Delivery Support

We are working hard to finalise our standardised methodologies for cost benefit assessment of flexibility services for outage planning, connections acceleration, and delivery support use cases. We are developing cost benefit assessment tools to allow outage planning teams, delivery teams, and system planning teams internally to run efficient cost benefit assessments. As an example, we recently tested the process for utilising flexibility services to support planned outages in Crowthorne and Maidenhead and were successful in procuring flexibility to respond to these identified requirements at short notice. We expect the full methodologies for these new use cases to be finalised in early 2026/27. To ensure they are standardised and transparent, it is our intention to share these methodologies widely within the industry and collaborate with other DSOs.

[17] *https://www.ssen.co.uk/our-services/tools-and-maps/long-term-development-statements-ltds*

[18] *https://www.ssen.co.uk/about-ssen/dso/whole-system/network-development-plan-ndp*

[19] *https://data.ssen.co.uk/@ssen-distribution/low_carbon_technologies*

4.2 Flexibility Assessment Results

4.2.1 DNOA Outcomes

In 2025/26 we have not conducted further DNOA assessments whilst we extend the processes in line with our ED3 strategy as that has been developed (all DNOA Outcome Reports published in 2025/26 were updates to existing assessments). We expect to recommence DNOAs in early 2026/27 as ED3 planning begins. In the meantime, we have conducted reassessments of existing DNOA outcomes where changes in the forecasts or delivery timescales have required this. This has been done at EHV and HV/LV.

Outcome	Number in SEPD	Number in SHEPD
Flexibility Viable	0	3
Uneconomical	0	0
Insufficient Volume Forecast	1	3
Not Technically Viable	0	0
Flexibility No Longer Required	3	4

Table 12: Summary of outcomes for EHV flexibility reassessments in 2025/26.

Outcome	Number in SEPD	Number in SHEPD
Flexibility Viable	0	42
Uneconomical	0	-
Insufficient Volume Forecast	0	61
Flexibility No Longer Required	0	98

Table 13: Summary of outcomes for HV/LV flexibility reassessments in 2025/26.

4.3 Bid Assessment

In 2025/26, we continued to use a 'pay-as-bid' mechanism for all bidding rounds. Once a bidding round has ended, the responses are evaluated and successful FSPs will then be notified of the results.

The bid evaluation is based on pricing. For utilisation-only services, bids are price-stacked using a straightforward 'sort' process. For services with an availability and utilisation fee, these are combined to create a comparator price that is used for stacking. This comparator price is defined as:

The submissions are then ranked from lowest to highest, and bid acceptance stops when the required volume is fulfilled. The total value of the bids expected to be accepted is compared to the estimated market value. This is done by taking the comparator price and multiplying by the forecast availability hours. If this calculation is significantly higher than the estimated market value, the most expensive submissions may be rejected and the economics of flexibility services for this particularly CMZ reassessed.

The complete bid evaluation process is published on our Flexibility Services Document Library website to allow FSPs to refer to this at any point in the submission process.

For all our 2025/26 bidding, it is possible to see FSPs have understood our process and used the provided forecasts of availability and utilisation hours as bidding patterns have changed with increased weighting on utilisation price in areas which are expected to have a relatively low utilisation dispatch.

*Comparator Price (£/MWh) = Availability Price (£/MWh) + (Utilisation Price x Utilisation Weighting Factor)**

** The utilisation weighting factor is defined as the percentage of times that availability confirmed is dispatched.*

4.4 Dispatch Services

In 2025/26, we consistently align with the Operational Decision Making (ODM) rule to operate procured flexibility service for managing network capacity. These principles are shown in Figure 7.

Where there are multiple FSPs and the procured requirement is higher than needed for flexibility for a particular day, FSPs are assessed and dispatched based on a weighted stack methodology regarding to utilisation dispatch, based on contracted cost and historical performance. The link to the latest ODM: https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/ssen-dso-odm-framework-update-march-26.pdf[20].

In 2025/26, there were no circumstances in which available flexibility services were not dispatched in favour of other network management actions. Where possible, we assess all network management tools, such as reconfiguration or the use of cyclical ratings, to ensure best value for money.

4.5 Total System Considerations

The whole-system benefits of flexibility services are significant and include reduced need for investment in generation technology, reduced outages, lower costs for customers, and faster decarbonisation. To realise the full extent of these benefits, flexibility must be enabled across all parts of the energy system in a coordinated way. For this reason, SSEN Distribution does not prevent any flexibility service provider from participating in other services or wholesale markets, unless there are potential conflicts where distribution network needs are prime. This means in practice that primacy rules are required, and we have led on the development of these, as described in Section 3. As of February 2026, we have implemented Elexon's market rules on revenue stacking and primacy, further embedding these principles into our operations. Full details of our work on whole-system benefits and collaboration are available in our Whole System Coordination Register[21].

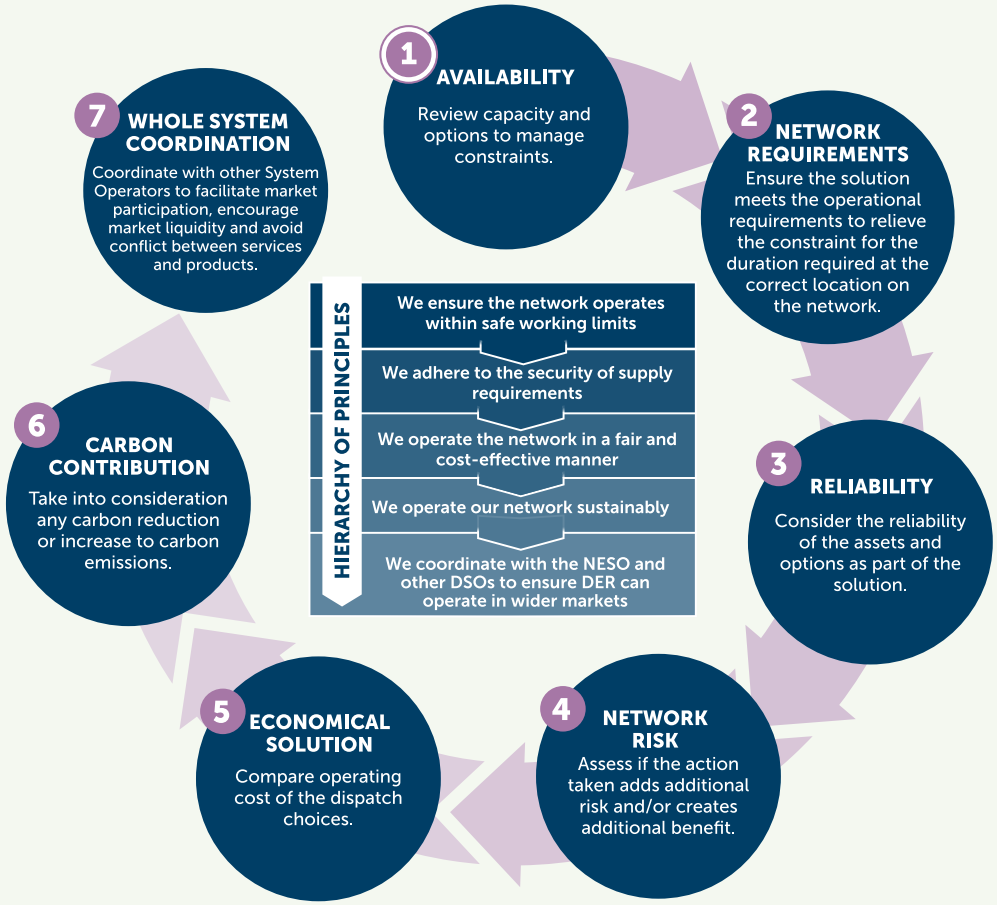


Figure 7: Flexibility services dispatch principles.

[20] *https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/ssen-dso-odm-framework-update-march-26.pdf*
[21] *https://www.ssen.co.uk/about-ssen/dso/whole-system/documenting-our-approach*

5. CARBON REPORTING

5.1 Quantitative Carbon Assessment and Methodology

5.1.1 Carbon Reporting Methodology

The carbon impact calculation methodology presented in this report was developed by Open Networks project in WS1A P7[22].

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 exclude 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, meaning that the methodology reports an approximation of carbon impacts. The detailed methodology is available in the ENA Carbon Reporting Methodology[23].

[22] The ENA Open Networks project working group for carbon reporting
[23] https://www.energynetworks.org/assets/images/2023/Aug/ena-on-carbon-reporting-methodology-2023-230906-clean.pdf?1745249587

5.1.2 Calculation Results

Table 14 shows the results of the carbon impact analysis of the dispatch of flexibility services in 2025/26. We assume that demand-turn-down services will result in a shift in the timing of energy use rather than an absolute reduction in demand. As a result, the consequential carbon impact is equal and opposite to the direct carbon impact for demand-turn-down services, with delivered energy capped at 100%.

LC31 Technology Category	Requested Energy (MWh)	Delivered Energy (MWh)	Direct Carbon Impact ($kgCO_2e$)	Consequential Carbon Impact ($kgCO_2e$)
Wind	312	312	0	163,160
Waste Water (flowing water or head of water)	9	9	0	– 6330
Battery	290.68	290.68	-152,030	152,030
Demand	722.83	722.83	-378,040	378,040
Total	**1334.51**	**1334.51**	**-530,070**	**686,900**
			Net CO_2	**156,830**

Table 14: Carbon impact of the services dispatch in 2025/26.

6. APPENDIX: SUPPLEMENTARY INFORMATION

Useful links to additional information

System	Description	Link
Flexible Power Website	Dispatch platform.	https://www.flexiblepower.co.uk/locations/scottish-and-southern-electricity-networks
SSEN Website	Information on Flexibility Services and links to documentation including procurement statement, service documentation, zone map and tender results.	https://www.ssen.co.uk/our-services/flexible-solutions/flexibility-services
SSEN Distribution Data Portal	A single point of access to all the data SSEN publishes, including information on Flexibility tender requirements, postcode lists and GIS dashboard.	https://data.ssen.co.uk
ElectronConnect	Information on our Flexibility Market Platform, ElectronConnect.	https://electron.net/product-electronconnect
ElectronConnect Login	Register and login into our Flexibility Market Platform, ElectronConnect.	https://ssen.electronconnect.io
ENA Open Networks Workstream 1A Website	Information on the Open Networks Flexibility Services workstream (archived web-page).	https://www.energynetworks.org/industry/flexibility-services
Flexibility Roadmap	Document setting out our flexibility approach and how it will evolve over time.	https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/2024-2025-flexroadmap-update.pdf **A further update is expected to be available:** https://www.ssen.co.uk/about-ssen/dso/publications-and-reports
Flexibility Services Procurement Statement (SLC31E Statement)	Document set out our plans for the procurement of flexibility services.	**2025/26 Statement:** https://www.ssen.co.uk/globalassets/our-services/flexibility-services-document-library/slc31e-reports--statements/slc31e---ssen-2025-26-flexibility-services-procurement-statement.pdf **2026/27 Statement:** https://www.ssen.co.uk/globalassets/our-services/flexibility-services-document-library/slc31e-reports--statements/slc31e--ssen-2026-27-flexibility-services-procurement-statement.pdf
DNOA Methodology	Document describing the process we use to make decisions on how to meet the network's needs through flexibility or strategic investment.	https://www.ssen.co.uk/globalassets/about-us/dso/current-consultations/draft-for-consultation/ssen-dnoa-methodolgy-2026---draft-for-consultation.pdf
DNOA Outcomes	Document detailing the outcomes of the DNOA process so far.	https://www.ssen.co.uk/about-ssen/dso/whole-system/distribution-network-options-assessment-dnoa
Elexon Market Facilitator Website	Information on Elexon's role as market facilitator for distributed Flexibility in the UK.	https://www.elexon.co.uk/flexibility-markets
SSEN Strategic Development Plans	Information on how we plan our network strategically to meet our customers' future needs and links to our Strategic Development Plans for each GSP.	https://www.ssen.co.uk/about-ssen/dso/whole-system/strategic-development-plan

Table 15: Appendix table.

CONTACT

Email
flexibilityprocurement@sse.com

FOLLOW US

Website
ssen.co.uk

Bluesky
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