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UK Power Networks (Operations)
Limited

Flexibility Services Procurement Report

Our Procurement and Use of Flexibility in 2025/26
Standard Licence Condition 31E Reporting Requirement

30 April 2026



Flexibility Services Procurement Report

30 April 2026



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Executive Summary

We are the UK's biggest electricity distributor delivering power to 8.5 million homes and businesses across London, the East and South East of England. We keep the lights on across 29,250 square kilometres, serving 19 million people from Cromer in the east to Brighton on the south coast.

Flexibility is a critical tool in enabling Net Zero at lowest cost for the customers we serve. In our Business Plan for RIIO-ED2 (2023-2028), we set out ambitious commitments for the procurement and use of flexibility to defer £410m of network investment. We remain on track to deliver this commitment. In the third year of RIIO-ED2 we realised £94m of benefits; totalling over £254m in actualised benefits in RIIO-ED2 to date.

We are building on a track record of leadership in this space. We were the first Distribution Network Operator (DNO) to publish a Flexibility Roadmap that described how we would develop flexibility markets. We were also the first DNO to commit to market testing all our high voltage (HV) and extra high voltage (EHV) reinforcement before we invest in any new assets; the first DNO to tender for low voltage (LV) needs; and the first to legally separate our Distribution System Operator (DSO).

This Procurement Report summarises the types of flexibility we procured and dispatched in the 2025/26 regulatory year. We have begun work with Elexon as the Market Facilitator to ensure the information we report continues to be valuable, timely and intuitive as flexibility markets evolve. We would encourage interested stakeholders to contact [UK Power Networks](#) or the [Market Facilitator](#) with views on future reporting.

Key highlights contained in this document:

- **Flexibility Procurement and Use Summary (Section 2)** focuses on our procured and operational flexibility to deliver our RIIO-ED2 flexibility commitments. Our key achievements include:
 - Awarding 23.8MW of long-term contracts for flexibility across our Tender Rounds (TR) 12 and TR13, with all flexibility sourcing from low carbon technologies (LCTs), reflecting increased domestic clean energy participation in the flexibility market. More than half (63%) of contracts in TR12 went to domestic electric vehicle (EV) chargers;
 - Being the first to publish flexibility dispatch data daily, enhancing market transparency;
 - Approving more than 100,000 new flexible assets in 2025/26 alone, representing an increase of more than 30% from the last regulatory year; and
 - Achieving a 60% improvement in kgCO₂/MWh from the previous regulatory year.
- **Stakeholder Engagement (Section 3)** focuses on our engagement throughout the year with flexibility service providers (FSPs) to improve our products and processes to ultimately increase participation in tenders. On top of our key engagement events such as the Flex Forums, we also focused on:
 - Simplifying the way flexibility markets work with the new Market Facilitator, Elexon, including through automation, platform upgrades; and
 - Helping to maximise the value that each kW of flexibility can deliver across the whole energy system by coordinating with other flexibility markets to improve stacking opportunities and tackling whole system issues, including developing the Report of Conflict report with National Energy System Operator (NESO).
- **Economic Viability (Section 4)** explains how our [Distribution Network Options Assessment \(DNOA\) process](#) determines the economic viability of the flexibility services procured. During 2025/26, we continued to refine our methodology, and in the DNOA, further outlined the key assessments we undertook as part of the 2025/26 tender process to ensure economic procurement and dispatch.
- **Carbon Reporting (Section 5)** provides an estimate of carbon emissions from our dispatch activities in 2025/26. The estimate is calculated using the latest methodology, as agreed by all DNOs through Elexon.

1. Introduction

Introduction to the Company

We are the UK's biggest electricity distributor, delivering power to 8.5 million homes and businesses across London, the East and South East of England. We keep the lights on across 29,250 square kilometres, serving 19 million people from Cromer in the east to Brighton on the south coast.

A key part of our vision is to 'Enable the Net Zero Transition For All'. This means ensuring we have right electricity network capacity, at the right time and in the right place – at the lowest cost possible. Over the next decade, we expect millions of EVs and heat pumps to connect to our network, along with grid-scale renewables and batteries. This is a huge shift in the volume and profile of electricity that will flow over the distribution network.



Figure 1. UK Power Networks' vision

Why flexibility?

We envision a dynamic distribution system, with electricity demand and supply providing flexibility in response to distribution-level conditions and wider market signals. We hope to see market-based solutions incentivising customers to utilise available network capacity efficiently, supplementing traditional network reinforcement, to deliver the lowest cost for customers overall. This will lead to a smarter and more utilised distribution network, with faster and cheaper access to Distributed Energy Resources (DERs) for customers to achieve Net Zero.

In April 2023, we established an independent Distribution System Operator (DSO), delivering clear accountability and transparency for how we unlock capacity to connect more low carbon technologies in a timely and cost-effective way. A key role of the DSO is the development of flexibility markets.

We have proven that flexibility works technically and commercially. In a period of change and uncertainty, flexibility enables us to right-size our investment in the network and continue to connect thousands of charge points, heat pumps, and renewables without needing to wait for additional network infrastructure. It is already delivering significant benefits, in the form of reduced customer bills, lower carbon emissions, and optimised management of our programme of infrastructure upgrades.

We also recognise the increasingly important role of flexibility in supporting whole system resilience, particularly during extreme conditions where both transmission and distribution networks face simultaneous stress. As the energy system digitalises, flexibility services will support more dynamic management of network risk. These interactions, including the relationship with wider decarbonisation pathways such as electrified heat are areas we continue to explore through our whole system planning and engagement activities.

This procurement report sets out:

- What flexibility we tendered, contracted, and dispatched in the 2025/26 regulatory year, including information on service types, volumes and carbon impacts; and
- How we comply with the Standard Licence Condition 31E by demonstrating transparency of flexibility procurement and use, as well as coordination across industry participants.

2. Flexibility Procurement Summary

In this section, we provide a high-level summary of our procurement and dispatch activities in 2025/26 along with supporting commentary. More granular information can be found in Appendix A: Supporting Data spreadsheet. We also publish post-tender reports and daily dispatch reports on our [Open Data Portal](#).

Procurement in 2025/26

We ran two long-term tenders, daily Day-Ahead tenders, and a tender to support planned outages and voltage trials in 2025/26, awarding more than 333MW of capacity.

Our first long-term tender, TR12, focused on zones with demand constraints both at the low voltage (LV) and high voltage (HV) levels. We contracted for 5.07MW using Scheduled Availability and Operational Utilisation (SAOU) and 25.02MW using Long Term Scheduled Utilisation (LTSU). Our second long-term tender, TR13, was a top-up tender of TR12. We contracted an additional 0.45MW using SAOU and 5.91MW using LTSU.¹

Our Day-Ahead offering continued to supplement our access to flexibility with more than 190MW of unique capacity through a co-optimisation approach of long-term and Day-Ahead contracts. This is done because long-term contracts are reserved months or years ahead of delivery but their utilisation is only instructed a day before. By optimising the utilisation of long-term contracts with new Day-Ahead contracts, FSPs with long-term contracts are able to reduce their utilisation prices to stay competitive in the flexibility market, a characteristic that is specific to SAOU. As such, where long-term contracts offer stability and predictability for managing long-term network planning and investment, Day-Ahead contracts drive down utilisation prices and increase delivery performance. The co-optimisation of both contracts fosters a resilient and cost-efficient alternative to traditional reinforcement of the networks.

As auction volumes have continued to scale from biannual tendering to more than 300 daily auctions, the automated clearing system has remained an essential component of our flexibility market operations. The system continues to support the timely and consistent acceptance and clearing of bids, providing FSPs with faster auction outcomes and confidence that clearing decisions are applied in line with market rules. This allows us to clear bids using consistent rules and to do so at scale as the market grows. In 2024/25, we published a [guide](#) on our methodology used to assess bids, to help FSPs inform their pricing strategy.

a) Comparison of MWh awarded contracts for use during 2025/26 and dispatched MWh

We increased our MWh dispatch by 11% from last year. Table 1 illustrates flexibility volumes we procured and dispatched in 2025/26. The table presents all MWh capacity contracted to deliver in 2025/26 across all our tenders to date alongside MWh volumes delivered in 2025/26.²

	Total MWh contracted for 2025/26 delivery	Total MWh delivered for in 2025/26
Total	15,748	7,903

Table 1. Contracted MWh and Delivered MWh for 2025/26

¹ Note that the sum of MW across LTSU and SAOU tendered under TR12 or TR13 as listed above does not equal the total contracted MW Capacity shown in Table 2. The total contracted capacity is calculated on a maximum contracted per zone and season basis. As zones can contain multiple accepted bids under different products from multiple flexibility service providers (FSPs), summing the maximum volumes for each product will exceed the contracted total by zone. This contracted total is based on the maximum requirement at the zone level, rather than the aggregation of all contracted products. For both of our tenders, we focused on procuring capacity for our constraint zone and welcome FSPs to bid with the product which most compliments their business operation. We report our total MW capacity at the zone level (see Contract MW in table 2).

² For more information, please refer to Appendix A, which focuses on procurement activities in the 2025/26 period. Note that MW capacities presented in the Appendix relate to tenders held within 2025/26 only.

b) Comparison of MW capacity tendered and awarded contracts in our 2025/26 tenders

Table 2 compares the volumes tendered and those awarded in 2025/26, split by tenders and unmet capacity.

Tender Name	Tendered MW	Contracted MW	Unmet MW
TR12 – Spring 2025	116.86	19.88	96.98
TR13 – Autumn 2025	84.49	3.94	80.55
Sheerness – 2025	16	16	0
Day-Ahead – 2025/26	477.02	292.73	184.29
Voltage Trials	1.2	1.2	0
Total	695.57	333.75	361.82

Table 2. Tendered and awarded capacities in 2025/26

In zones where requirements were only partially met across all delivery periods through flexibility contracts, further assessment was required and conducted in accordance with our DNOA methodology. This process allowed us to increase competition in some zones by supplementing tendered volumes with our Day-Ahead product which we launched in April 2024. Figure 2 below shows how Day-Ahead continues to successfully supplement our long-term dispatches and total flexibility delivered during 2025/26. Note that our long-term contracts did not include any flexibility requirements in April or October 2025.

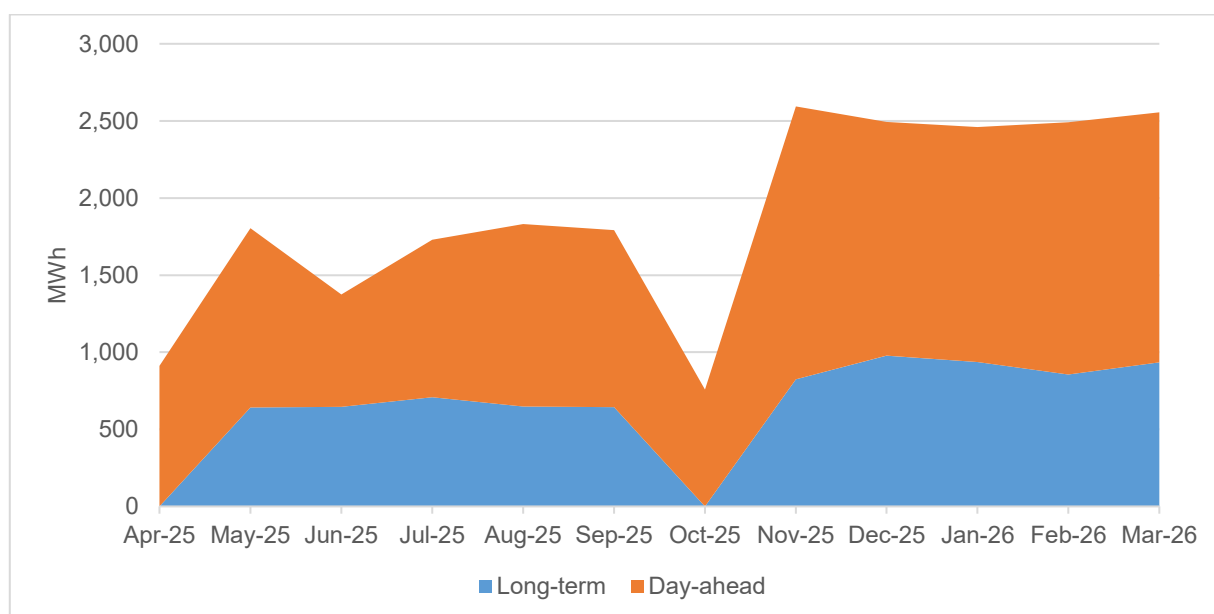


Figure 2. Total MWh dispatched, long-term with Day-Ahead volumes in 2025/26.

The growth in day-ahead participation has been driven by:

1. Better engagement with FSPs through periodic bilaterals and in-person forums to recruit new FSPs;
2. Faster response from our existing contracted FSPs who are familiar with our process and integrated with our market platform; and
3. Easier market entry to our Day-Ahead market throughout the year, which provides more opportunities for assets previously unable to commit to full long-term contracts to enter the market.

c) Daily flexibility dispatch reports – driving competition through transparency

We continue to be committed to transparency of data by publishing our Competition Data, Dispatch Data, and Post-Tender Reports on Localflex and our Tender Hub. Competition Data includes flexibility services by product, zone, and all associated postcodes relevant to the specific zone.³ Publicly sharing our tenders and results allows current and potential FSPs to understand the market's value, thereby reducing the barrier of knowledge to participate.

We became the first DNO to launch an Open Data Portal (ODP) in November 2021, showing our commitment to improving transparency and quality of network data for our stakeholders. Our [Flexibility Dispatches table](#) provides historical information including number of dispatches, prices paid, volumes contracted and location of dispatch. While we are obligated to publish dispatch information on an annual basis, we had actioned on customer feedback and became the first DNO to publish dispatch data monthly. In 2025/26, we were the first DNO to publish dispatch data daily. This helps FSPs steer their bidding strategies and identify areas to expand and operate in; as well as helping them to better understand potential revenue opportunities by reviewing historical dispatches. To date, there have been more than 170,000 downloads. FSPs have also used our shape mapping files to help identify assets and customers to collaborate with within our network.

d) Establishing market standards for day-ahead tenders

Our day-ahead tender approach continues to demonstrate strong industry leadership. We were the first DNO to launch day-ahead tenders in April 2024, an approach that was developed in response to consultation feedback to ensure it complemented FSPs' operational needs. We have since seen other DNOs moving toward similar day-ahead approaches, and we are pleased that this work has also been recognised externally, including receiving the Utility Week's *Best Use of Energy Flexibility Data 2025* award.

Both our data publications and dispatch processes now operate on a daily basis, providing FSPs with timely, consistent and actionable information.

³ For further information, we have published our requirements for TR12 [here](#) and TR13 [here](#). All historic long-term tender results are consolidated [here](#).

3. Stakeholder Engagement

Stakeholder engagement is crucial to informing product, process, and system refinements, as well as to extending participation in local flexibility markets. We engage through multiple channels to reach as wide an audience as possible. In 2025/26, we engaged with a wide and varied audience, including aggregators, suppliers, DER developers, asset owners, local authorities, and energy users. Our 2025/26 engagement continued to focus on simplifying processes and enhancing DSO-NESO coordination. We continue to streamline our existing processes and leverage technology to create scalable solutions to meet, evolve, and align with the evolution of the flexibility market.

In-depth engagement has shaped our actions

We publish key information provided on our website, including guidance on how to participate and access to past and upcoming webinars. Our tendering platform Localflex, also provides direct support for FSPs to be onboarded and help navigate the interface through live demonstrations, meetings, and emails.

We also regularly engage with FSPs to provide information, identify issues, and understand their expectations on how we can best improve our communication and processes. In 2025/26, we hosted several in-person and online events, gaining valuable insights which we had since actioned upon. Examples being the first DSO to automate flexibility dispatch reporting and publish them on a daily basis; and updating our flexibility platform to allow for custom nominated baselines which allows FSPs to build mix technology portfolios. Set out below are examples of engagement from 2025/26:

- **Flexibility Forums:** Launched in July 2019, this biannual in-person event allows us to understand stakeholder priorities, share our plans and progress, report back on how we have acted on feedback, and strengthen relationships with FSPs. This year we had more than 127 attendees across the two forums hosted in July 2025 and January 2026.
- **Webinars and Bilaterals:** We ran webinars on specific commercial opportunities and held bilateral meetings to raise awareness of opportunities and to better understand FSP needs. We carried out targeted engagement to shape initiatives such as user experience surveys for our flexibility platform, Localflex.
- **Newsletters:** We share a monthly flexibility newsletter with more than 620 people on a subscription list with an open rate of more than 58%.
- **Flexibility Council Meetings:** We meet with operational FSPs on a quarterly basis, bringing together more than 20 active FSPs to dive deeper into important topics such as process, policy, and systems changes.
- **Promoting Domestic Participation:** Building from our work in 2024/25, we continue to promote the benefits of flexibility to 75,000 households and provided upskilling to local authorities to benefit from flexibility. We analysed hundreds of responses and pinpointed core themes in the customer feedback, as summarised in Table 3 below:

Consumer Insight	DSO Response
Customers expected more tailored advice, depending on the type of device and whether they were already on a smart tariff.	We expanded our advice to cover different types of flexibility and remove assumptions about particular devices.
Customers were waiting on DNO letters or export MPANs.	We provided links for consumers to find their export MPAN.
Some customers wanted more help on how exactly to get started and advice who to work with.	We updated the wording of our email and website, using messages tested and refined through consumer focus groups.

Table 3. Consumer insights and our response

Collaborating with NESO and other DSOs through extensive engagement

Since Elexon became the Market Facilitator and had formally taken over functions of the Energy Network Association's (ENA's) Open Networks Program, we have started implementing a number of changes that strengthen standardisation across Great Britain's flexibility markets. Over 2025/26, we have aligned several core elements of our processes with the emerging Flexibility Market Rules, including updates to our carbon reporting methodology (Section 5), refinement of product definitions, clearer and more consistent pre-qualification criteria, adoption of primacy rules, and implementation

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of revenue-stacking requirements and sub-market definitions. We are also on track to deliver further harmonisation by standardising our baselining methodologies and settlement processes in line with Elexon's frameworks.

4. Economic Viability

Our [DNOA](#) process determines the economic viability of the flexibility services procured. The DNOA Methodology is the framework that helps us explore all options, including flexibility, to deliver a reduction of £410m in load-related expenditure during RIIO-ED2 in a transparent manner. The DNOA suite of documents is published annually and provides transparency to the industry on the decisions we are taking to meet the future capacity needs across our three regions over the next few years.

In our DNOA process, we identify future capacity needs based on the latest predictions of our Distribution Future Energy Scenarios (DFES) and our Holistic Transition scenario. We then assess all the possible options to resolve our system needs and make a recommendation for the optimal solution. This work combines information from multiple publicly shared databases and is explained in the methodology document.

The output informs our stakeholders and other interested parties about the developments on our network. It also serves to present upcoming opportunities to participate in the flexibility market, provide transparency to policy makers about our internal governance, and facilitate other stakeholders' development plans towards Net Zero.

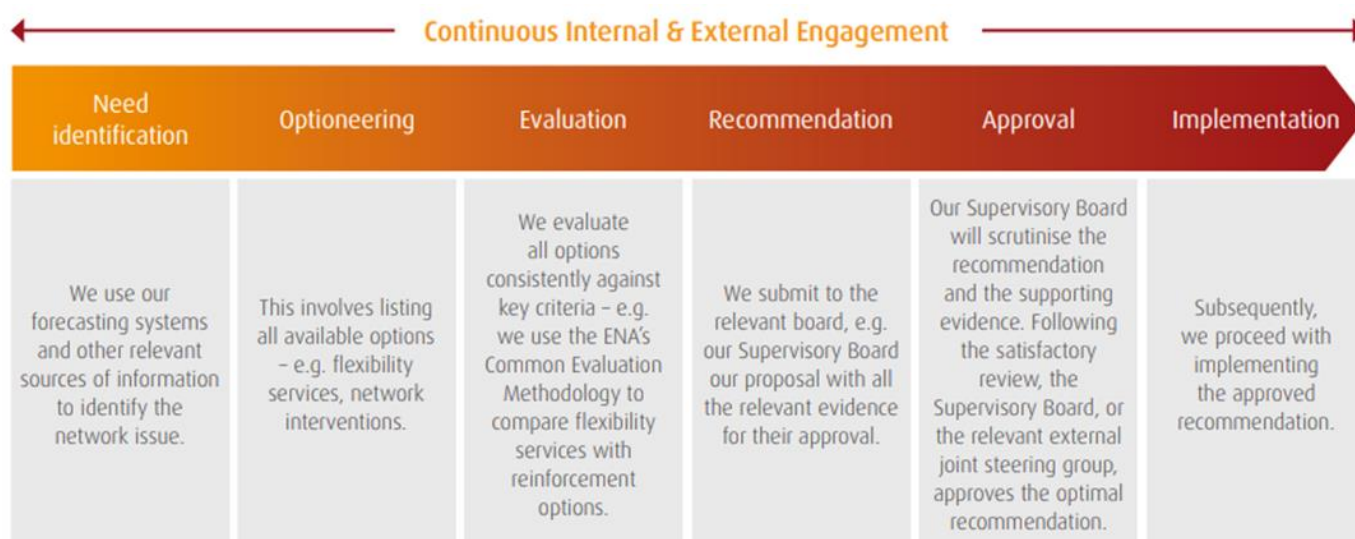


Figure 3. DNOA process overview

Ensuring flexibility services were the most economical solution

We undertake Cost Benefit Analysis (CBA) using the Common Evaluation Methodology (CEM) and supporting Microsoft Excel-based tool, which was developed through the Open Networks project to deliver consistency in how DNOs evaluate different network investment options used to market test flexibility solutions.

The CBA models the total expenditure (totex) cash flow whereby a proportion of the expenditure is returned as revenue in the year it is incurred, and the rest returned over a longer timeframe in future years. The CEM tool also enables consideration of multiple scenarios and deferral periods.

The methodology sets out to analyse the Net Present Value (NPV) of discounted cash flows of each solution. The difference between the NPV of the network reinforcement and that of the deferred reinforcement represents the amount that could be spent on flexibility services to achieve the deferral. The simplified schematic in Table 3 shows this calculation where reinforcement has been deferred into 2028/29.

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	NPV	2025/26	2026/27	2027/28	2028/29
Baseline	NPV_{Baseline}	Reinforcement			
Deferral	NPV_{Deferral}				Reinforcement
Flexibility Budget	$NPV_{\text{Deferral}} - NPV_{\text{Baseline}}$	Flex	Flex	Flex	

Table 4. Illustration of the CEM CBA methodology

We convert the flexibility budget into indicative prices to help the market translate value into offers by dividing the budget by the required availability and utilisation volumes. These volumes were determined from site-specific load profile analysis and forecasts. The prices resulting from the CBA process can be found in the Competition data which we [publish to the market](#) ahead of each tender to increase transparency and help inform flexibility business models.

It is worth noting that TR13 covered only the remaining two years of the current regulatory cycle, RIIO-ED2, instead of the customary three years. We will continue to adapt our processes as use cases for flexibility evolve and widen for the upcoming price control, ED3.

5. Carbon Reporting

The emission factors incorporate operational impacts (direct emissions and consequential offset in grid generation), varying by the technology type. The results are presented in Tables 5 and 6. For example, using a gas generator to address demand constraints results in an overall increase in carbon emissions but the opposite is true if the same asset is used to address generation constraints.

Note that the calculation does not consider the carbon impact of avoided or deferred network infrastructure. Since flexibility enables reinforcement to be deferred or avoided, there would be additional carbon savings. The total emissions of 2025/26 are calculated by multiplying the energy delivered following a dispatch by the emissions factor.

LC31 Technology Categorisation Emissions (Demand Turn-Down/ Generation Turn-Up)	Technology	Requested Energy (MWh)	Delivered Energy (MWh)	Direct Impact (kgCO ₂ e)	Consequential Impact (kgCO ₂ e)
Fossil – Gas	Gas	1,165	1,293	739,101	(242,106)
Stored Energy (all stored energy irrespective of the original energy source)	EV	7,107	2,324	(435,167)	435,167
	Battery Storage	979	482	103,166	-90,270
Demand	Demand	739	234	(43,824)	9,374
Total		9,990	4,334	363,276	112,164

Table 5: Carbon impact of flexibility services in demand constraints in 2025/26

LC31 Technology Categorisation Emissions (Demand Turn-Up/ Generation Turn-Down)	Technology	Requested Energy (MWh)	Delivered Energy (MWh)	Direct Impact (kgCO ₂ e)	Consequential Impact (kgCO ₂ e)
Fossil – Gas	Gas	1,684	1,190	(680,071)	222,770
Demand – Demand turn-up	Demand	1,940	481	90,145	19,282
Solar	Solar	495	344	-	64,492
Wind	Wind	1,177	1,085	-	203,214
Stored Energy (all stored energy irrespective of the original energy source)	Battery Storage	455	463	86,674	18,539
	EV	7	5	943	202
Total		5,758	3,569	(502,309)	528,499

Table 6: Carbon impact of flexibility services in generation constraints in 2025/26

In 2025/26, we have achieved a 60% improvement in kgCO₂/MWh from last year. This is driven by an increase in turning down fossil fuel at times of excess generation; as well as by a significant increase in the use of aggregated EVs and battery storage to manage demand constraints, enabled by the automation of flexibility connectivity approvals.

Reporting Year	Delivered Energy (MWh)	Net Impact (kgCO ₂ e)	kgCO ₂ /MWh
2025/26	7,903	501,629	63
2024/25	9,682	1,214,581	125
2023/24	4,437	1,214,583	274
2022/23	552	175,268	318
2021/22	308	90,240	293

Table 6. Carbon emissions per energy delivered across the last five years

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6. Key Documents and References

We have compiled this Procurement Report as part of reporting requirements under LC31E. We welcome any questions the reader may have on its contents. Please send these to flexibility@ukpowernetworks.co.uk.

Key Documents

RIIO-ED2 Business Plan	https://ed2.ukpowernetworks.co.uk/#business-plan#
Long-Term Development Statement (LTDS) and Network Development Plan	https://ukpowernetworks.opendatasoft.com/pages/ltlds_ndp_landingpage/

Key Websites

Localflex market platform	https://www.localflex.co.uk/
Flexibility Hub for all market information	https://dso.ukpowernetworks.co.uk/flexibility/tender-hub
Open Data Portal	https://ukpowernetworks.opendatasoft.com/pages/home/
Embedded Capacity Register (ECR)	https://www.ukpowernetworks.co.uk/electricity/distribution-energy-resources/the-embedded-capacity-register

Engagement

Previous events	https://dso.ukpowernetworks.co.uk/upcoming-events?types=past-events
DER and Customer Forum	https://www.ukpowernetworks.co.uk/engaging-with-our-connections-customers

Market Information

Elxon's Flexibility Market Rules	Elxon Market Facilitator
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Appendix A

We attach detailed procurement and dispatch information for the reporting year 2024/25 in spreadsheet format as required by Ofgem for the Licence Condition 31E Procurement Report.

Appendix B

We attach a worked example of the bid assessment we carried out for the long-term tenders. Day-ahead tenders are awarded automatically following the [Flexibility Market's clearing logic](#).