

A photograph of Whitby, North Yorkshire, at dusk or night. The town is built on a hillside overlooking a harbor filled with many small boats. The town's buildings are illuminated from within, and streetlights reflect off the water. In the background, the ruins of Whitby Abbey are visible against a dark sky.

Distribution Flexibility Services Procurement Statement 2025-26

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northernpowergrid.com

Northern Powergrid

Distribution Flexibility Services

Procurement Statement 2025-26

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Executive Summary

Our use of flexibility services is driven by our network needs. Going forward we expect to see increasing constraints – particularly on our secondary network – and increasing operational needs, and so we are developing our capabilities and securing contracted flexibility ahead of time so that we are ready.

In the short term our network has good demand headroom, mainly due to deindustrialisation, and as such the number of primary sites requiring intervention is limited. Currently, we are deploying flexibility services as a solution to constraints at three primary substations on our network. This year we expect to tender for capacity at seven primary substation locations, and as we reach the end of the decade our needs will increase significantly. However, we also value the optionality that flexibility is giving us at those sites – ensuring that a long-term conventional intervention is undertaken at the right time and allowing us to smooth the profile of investment and delivery.

Over the winter of 2024/25 we have been operating our first flexibility services to address constraints on the secondary network. These services use aggregated domestic flexibility to reduce winter peaks on the local network. We expect an increasing need to use flexibility at this level of the network.

Our procurement activity in 2025/26 will be focused on flexibility services for 2025/26 and 2026/27 to defer network reinforcement at 7 locations on our primary network and 13 on our secondary network. We will also be seeking expressions of interest in providing flexibility services at 24 locations on our primary network that we are forecasting will require flexibility services in the later years 2027/28 to 2029/30.

The total flexibility capacity requirements that we will be taking to market are

- Tendering for 9MW for delivery in 2025/26 and 13MW for delivery in 2026/27
- Seeking expressions of interest in providing flexibility services at additional sites for 17MW in 2027/28 rising to 36MW in 2029/30

We have refined our tendering approach to better enable third parties to participate in providing market support services. We seek stakeholder feedback through bilateral engagements and through market research (see next page). This has highlighted differing preferences—some aggregators favour tenders closer to real-time, while large energy users prefer longer-term contracts for better planning and stability.

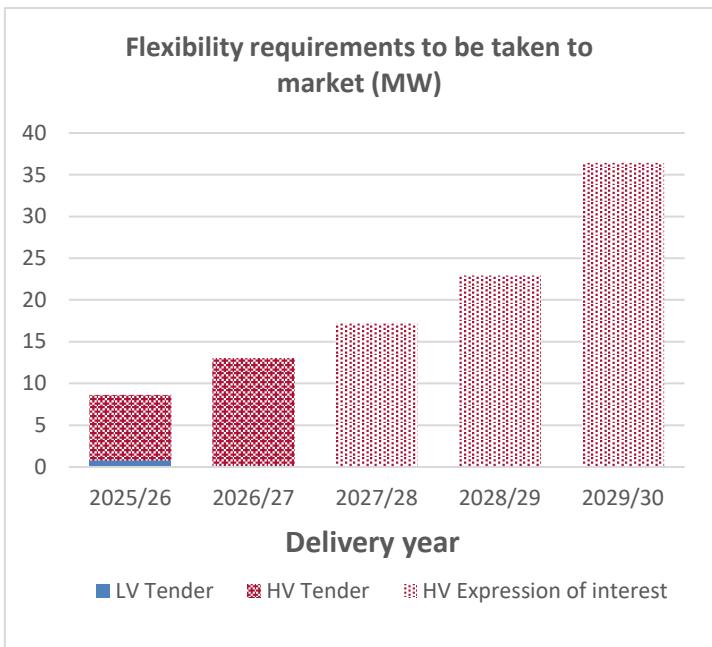
To accommodate both needs and maximise participation, our 2025/26 procurement strategy introduces a two-part tender process, balancing flexibility with longer-term certainty. This approach ensures that a wider range of participants can engage effectively, strengthening the overall success of our flexibility procurement.

We will supplement our longer-term procurement approach with nearer to real time procurement and dispatch. Each month throughout the Autumn and Winter we will procure services for the month ahead and dispatch on a week ahead basis. This will benefit Flexibility Service Providers (FSPs) who may not want to commit their flexibility at longer timescales. We expect this to help drive greater participation, particularly at low voltage levels.

Using flexibility in this more dynamic way will require enhanced coordination with the NESO (National Energy System Operator). We ensure that our contracting approach allows FSPs maximum freedom to participate in multiple markets, and we are working to put in place processes to coordinate scheduling and dispatch with the NESO by 2026 when we expect to be operating a much more dynamic system.

Our procurement plans for the year are a progression along our development roadmap for flexibility that integrates flexibility services with network flexibility and other forms of customer flexibility: flexible connections and response to price signals. For example, we are trialing the use of flexibility services to support a planned transmission outage and trialing demand turn up to reduce generation curtailment. Both use-cases require “shorter term” products – i.e. procuring more frequently, with scheduling and dispatch happening closer to real-time when network conditions are better known. Our experience of monthly tenders and week ahead dispatch in 2025/26 will support our wider and longer-term flexibility strategy. We are also exploring how energy efficiency can support DSO flexibility, and how we can use flexibility services to assist in freeing up network capacity for new connections.

You can find out more about our ambition for flexibility and for flexibility services in our [Flexibility Strategy Refresh](#).



1 Introduction

About us



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

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

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

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

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



8m
people served



3.9m
homes and businesses



25,000
km² of network

Our approach to flexibility

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

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

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

Flexibility services in 2025/26

This Distribution Flexibility Services Procurement Statement focusses on one particular element of flexibility: flexibility services. It sets out the flexibility services we are seeking to procure in 2025/26 and provides details of;

- Our requirements for flexibility services
- How we will procure these services
- Stakeholder engagement plans to communicate the opportunities for participation to a wide audience
- Signposts to our other key network data publications that inform our plans

2 Flexibility services requirements

Flexibility services requirements to defer network reinforcement

We regularly forecast load and assess network capacity needs to identify when and where load driven constraints are expected on our network; this then informs our requirements for flexibility services for deferring network reinforcement. Our requirements for flexibility services are limited to the areas of our network that are demand constrained¹. We expect that as load increases through the adoption of low carbon technologies we will have a greater requirement for flexibility services for reinforcement deferral in the late 2020's and early 2030's.

Our **Long Term Development Statement** (LTDS) provides forecasts on a 1-to-5-year horizon. Our **Network Development Plan** (NDP) covers the 1-to-10-year horizon. The NDP includes the Network Development Report that provides information on key projects set for delivery in the next ten years, including new infrastructure to be installed, flexibility services to be deployed and locations where we need these services. Additionally, our NDP suite of documents includes the Network Headroom Report (NHR) which provides demand and generation headroom capacities up to 2050. Stakeholders can use these reports to understand our coming flexibility requirements.

We have a need for flexibility services to address thermal constraints and allow us to defer reinforcement at both primary and secondary substations. We will seek active power services in these demand-constrained locations so the flexibility could be provided through any of: generation turn up, demand turn down, or battery discharge.

Resources

Our Open Data Portal provides a wealth of information on our distribution network and allows stakeholders to self-serve by accessing a range of published datasets that are reviewed and updated on a regular basis. This includes our LTDS, NDP, Distribution Network Options Assessment (DNOA) and other key network information.

The **feature page for Flexibility Services Providers** (FSPs) provides easy access to a range of datasets and resources relevant to these stakeholders. The portal also provides a route for stakeholders to make more bespoke data requests.

Flexibility services capacity requirements

Our requirements for flexibility services to manage load growth are revised on regular basis to ensure the efficient application of flexibility services on our network. This process is described in section 4. The majority of those requirements are to support the primary network and those total requirements are set out in Table 1.

For those delivery years where we are signposting capacity requirements but not yet tendering for flexibility services, we are not yet at the point of carrying out the options assessment to decide whether the requirement will be best met by flexibility services or by reinforcement or by a combined approach.

Table 1- Future load driven capacity requirements by year and by licence area, for high voltage zones (MW)

	Tendering in 2025/26				
	2025/26	2026/27	2027/28	2028/29	2029/30
Northeast	1.5	6.3	9.8	14.1	21.8
Yorkshire	6.4	8.8	10.1	12.3	18.8
Total	7.9	13.1	19.9	26.4	40.6

Flexibility services capacity requirements to take to market in 2025/26

We will tender for services at seven primary substations (HV zones) for two years of service delivery i.e. for 2025/26 and 2026/27, as set out in Table 2. In addition we will seek expressions of interest at 24 HV zones for later delivery years (Table 3).

The forecasts for flexibility requirements to support secondary substations are less certain and the times to deliver a reinforcement project are shorter, so we will tender for services for delivery in just 2025/26 for 13 distribution substations (LV zones) (Table 4).

The requirements presented here are anticipated and subject to revision. The capacity, service windows, budget and/or ceiling prices will be confirmed in advance of each tender.

services across GB are explored in **Regional Variation in the Uptake of Flexibility Services**.

¹ The need for flexibility services at a given location depends directly on the amount of network headroom available at that site. North/South variations in headroom and other factors affecting the uptake of flexibility

Flexibility products

We use the **industry-standard flexibility products** which are summarised in Table 5

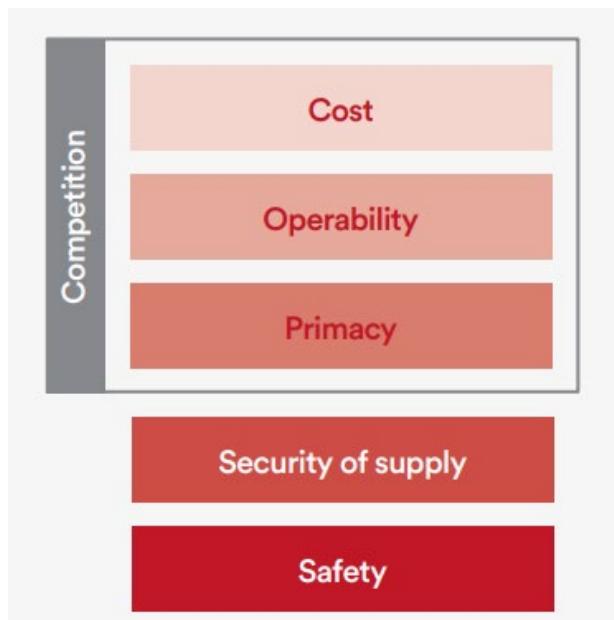
For the flexibility needs in the Summer tender we will procure the Scheduled Utilisation (SU) product to defer network reinforcement. In the monthly month-ahead tenders in the Autumn and Winter we will use the Operational Utilisation + Scheduled Availability (OUSA) product to procure any residual flexibility requirements unmet after the Summer tender. In order to provide week ahead dispatch combined with the certainty of a scheduled availability product, we will deploy a variant of the Operational Utilisation + Scheduled Availability OUSA product in that we will dispatch it week ahead.

Dispatch

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

Our underlying principles are built on the ENA (Energy Networks Association) **Open Network projects** **Dispatch & Settlement Processes** (March 2020) and the principles of our **Flexibility First Policy**. These principles establish a hierarchy of needs that can be applied in a range of circumstances (*Figure 1*).

Figure 1 - hierarchy of needs in our decision making principles



In planning and development timeframes, whenever we design a flexible connection scheme, new access product, or contract a flexibility service to support our network, we do so according to our clear Flexibility First principles.

In operational timeframes, dispatch principles inform the merit order, ranking available flexibility solutions based on their cost and effectiveness, governing the use of available flexibility by the DSO or the NESO.

Dispatch decisions are made as follows:

- FSPs are selected to provide the required availability volumes in price order.
- Dispatch of this service is informed by the short-term forecasts of network needs and the latest network status information to ensure the safety and security of supply.
- The FSPs with confirmed availability are selected for dispatch, selecting for the lowest cost option..

These dispatch principles will apply to all flexibility products that where dispatch decisions are made post contract: Operational Utilisation + Scheduled Availability (OUSA) or Operational Utilisation + Variable Availability (OUVA) or Operational Utilisation (OU) products.

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

We currently use the **Flexible Power** platform for dispatch and settlements. However, we are currently tendering for flexibility procurement and dispatch systems and as such may implement an alternative platform, pending the outcome of the tender.

Table 2 - Anticipated high voltage zone requirements to be tendered in 2025/26

Use case		Reinforcement deferral					
Primary product		Scheduled Utilisation (SU) then Operational Utilisation + Scheduled Availability (OUSA)					
Response type		Demand turn-down / generation turn-up (DTD/GTU)					
Licence area	Location	Zone (Primary Substation)	Substation postcode	Maximum voltage for service	Capacity required 2025/26 (MW)	Capacity required 2026/27 (MW)	Seasonal need
NE	Harrogate	Starbeck	HG2 7PT	11kV	1.259	1.920	Autumn and Winter
NE	Middlesborough	Faraday Street	TS1 4JG	11kV	0.233	3.887	Winter
NE	Whitley Bay	Monkseaton	NE25 9AF	11kV	n/a	0.062	TBC
NE	York	Husthwaite	YO61 4PN	11kV	n/a	0.428	TBC
Y	Driffield	Kirkburn	YO25 9EH	11kV	0.386	0.520	Autumn and Winter
Y	Scunthorpe	Crowle	DN17 4BB	11kV	2.105	2.295	Autumn and Winter
Y	Wetherby	Audby Lane	LS22 7SU	11kV	3.898	3.944	TBC
Total					7.881	13.054	

Table 3 - Anticipated high voltage zone requirements seeking expressions of interest in 2025/26

Use case		Reinforcement deferral					
Response type		Demand turn-down / generation turn-up (DTD/GTU)					
Licence Area	Location	Zone (Primary Substation)	Substation postcode	Maximum voltage	2027/28 Capacity required (MW)	2028/29 Capacity required (MW)	2029/30 Capacity required (MW)
NE	Darlington	Darlington West	DL3 9QG	11kV	-	-	1.217
NE	Middlesborough	Faraday Street	TS1 4JG	11kV	4.694	5.555	6.425
NE	Newcastle-upon-Tyne	Fawdon	NE3 2SW	20kV	-	0.057	0.913
NE	York	Husthwaite	YO61 4PN	11kV	0.980	1.534	2.099
NE	Whitley Bay	Monkseaton	NE25 9AF	11kV	0.718	1.366	2.008
NE	Middlesborough	Prissick	TS4 3SG	11kV	-	-	0.540
NE	Ripon	Ripon	HG4 1QE	11kV	0.375	1.122	1.915
NE	Newcastle-upon-Tyne	Seaton Burn	NE13 6BH	20kV	-	0.057	0.913
NE	Thirsk	Thirsk	YO7 4NH	11kV	0.335	0.969	1.610
Y	Wetherby	Audby Lane	LS22 7SU	11kV	4.098	4.381	4.697
Y	Barrow-upon-Humber	Barrow	DN19 7EG	11kV	-	-	0.180
Y	Doncaster	Belmont Avenue	DN4 8DF	11kV	-	-	0.092
Y	Leeds	Bramley	LS13 3ST	11kV	-	-	0.820
Y	Pontefract	Commonside Lane	WF7 5DF	11kV	-	-	0.482
Y	Scunthorpe	Crowle	DN17 4BB	11kV	2.577	2.894	3.183
Y	Pontefract	Hemsworth	WF9 5BZ	11kV	-	0.590	1.199
Y	Driffield	Kirkburn	YO25 9EH	11kV	0.700	0.908	1.134
Y	Bridlington	Martongate	YO16 6RX	11kV	-	-	0.489
Y	Leeds	Moor Road	LS6 4BJ	11kV	0.390	0.970	1.561
Y	Leeds	Rodley Lane	LS13 1LJ	11kV	-	-	0.427
Y	Huddersfield	Saint Andrews Road	HD1 6SE	33kV	-	-	1.649
Y	Grimsby	Scartho	DN33 3JL	11kV	-	-	0.090
Y	Stocksbridge	Wheatacre Road	S36 2GQ	11kV	2.307	2.547	2.786
				Total	17.175	22.950	36.431

Table 4 - Anticipated low voltage zone requirements to be tendered in 2025/26

Use case		Reinforcement deferral				
Primary product		Scheduled Utilisation (SU) then Operational Utilisation + Scheduled Availability (OUSA)				
Response type		Demand turn-down / generation turn-up (DTD/GTU)				
Licence area	Location	Zone (Distribution Substation)	Substation postcode	Maximum voltage for service	Capacity required 2025/26 (MW)	Seasonal need
NE	Alnwick	Alnwick Fleece	NE66 1PR	415V	0.050	Winter
NE	Beamish	Lime Street	DH9 7EJ	415V	0.075	Winter
NE	Hartlepool	Chaucer Avenue	TS27 4NJ	415V	0.075	Winter
NE	Hexham	Dene Avenue	NE46 1HJ	415V	0.040	Winter
NE	Morpeth	Ulgham	NE61 3AR	415V	0.025	Winter
NE	North Shields	Broadway Tynemouth	NE30 2LQ	415V	0.150	Winter
NE	North Shields	Rowntree Way	NE29 6XX	415V	0.050	Winter
NE	York	Kirbymoorside West	YO62 6JE	415V	0.050	Winter
Y	Bradford	Thornbury Avenue 929	BD3 8HY	415V	0.050	Winter
Y	Doncaster	Yarborough Terrace 44094	DN5 9SJ	415V	0.075	Winter
Y	Leeds	Archery Road 2051	LS2 9AR	415V	0.025	Winter
Y	Leeds	Royal Park Road 348	LS6 1JJ	415V	0.075	Winter
Y	Wakefield	Batley Road 2243	WF3 1HT	415V	0.025	Winter
Total					0.765	

Table 5 – How we are using the standard flexibility products

Flexibility product	The response we are buying	What we use it for in our competitive tenders	Availability agreed	Utilisation agreed	Payment
Scheduled Utilisation (SU)	We agree a schedule of days/times in advance, and the provider is obliged to turn up/down as per the schedule	Reinforcement deferral	-	At time of trade	Utilisation in £/MWh
Operational Utilisation (OU)	We agree a schedule of days/times to be available to deliver a service in advance, and the provider is obliged to turn up/down if called upon close to real-time	Not currently used in business as usual	-	2 min /15 min / week ahead	Utilisation in £/MWh
Operational Utilisation + Scheduled Availability (OUSA)	We agree a capacity of turn up/down to be made available as needed, agree specific windows of availability closer to the event, and the provider is obliged to turn up/down if called upon close to real-time	Top up requirements for reinforcement deferral.	At time of trade	2 min / day ahead variant week ahead	Availability in £/MW/h + Utilisation in £/MWh
Operational Utilisation + Variable Availability (OUVA)	We agree a capacity of turn up/down to be made available as needed without any pre-determined windows of availability, and the provider is obliged to turn up/down if called upon close to real-time	Not currently used in business as usual	At time of trade, refined week ahead	2 min /15 min / day ahead	Availability in £/MW/h + Utilisation in £/MWh
			At time of trade, refined month ahead	Week ahead	
Peak Reduction (PR)	We agree a schedule of days/times in advance, and the provider is obliged to turn up/down as per the schedule	Not currently used	-	At time of trade	Utilisation in £/MWh

3 Tendering process

Objectivity and transparency

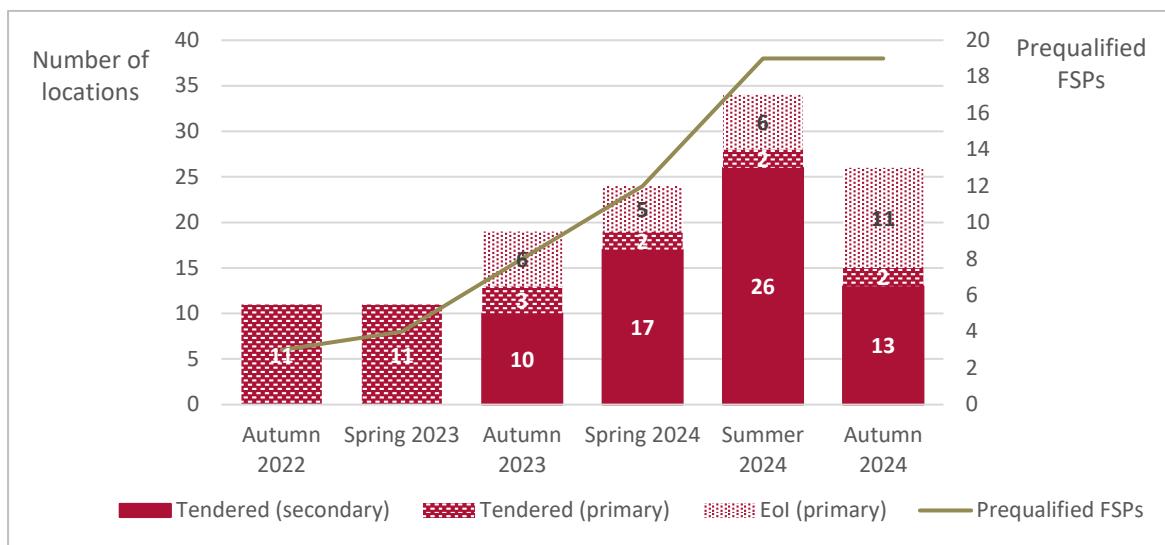
We ensure that our business-as-usual tendering processes are objective, transparent and market-based through:

- our procurement policies, processes and procedures to ensure that we comply with the [Utilities Contract Regulations \(2016\)](#);
- advertising our tenders on the Piclo Flex market platform and through other channels such as our corporate website and '[Find-a-Tender](#)';
- conducting competitive tenders on the Piclo Flex market platform; and
- using the industry standards for flexibility services established by the ENA Open Networks programme in partnership with the GB Network and System Operators.
- setting out the bid evaluation methodology in our Invitation to Tender (ITT) documents (see '[Assessing Bids for Flexibility Services](#)' in section 5).

When we are trialing a new approach, we may procure services through a single tender action, enabling us to quickly trial services and not burden a market with a tender for a nascent product offering. Recent and anticipated uses of single tender actions are a short demand turn up trial in February and March 2025, and a trial in 2025 for supporting planned outages and for demand turn down via energy efficiency.

This year we will be tendering for a new market platform for both the pre-contract market activities and for dispatch and settlement activities. This may mean some changes to the tendering process and how FSPs participate. We will keep FSPs updated on any changes and what this means for them.

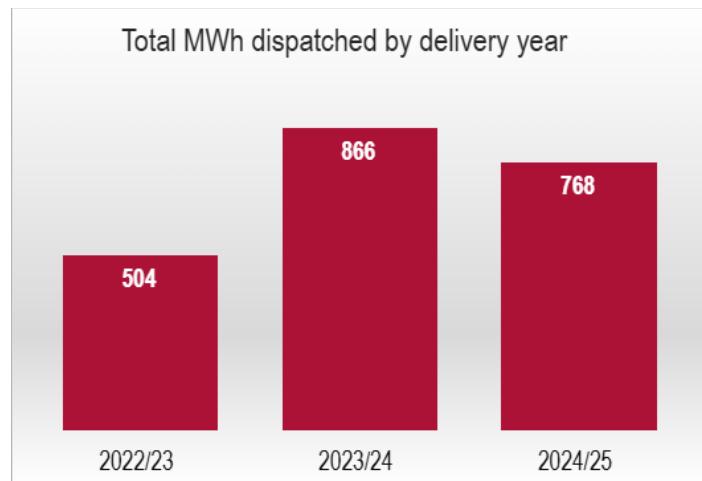
Figure 2 – tender history: locations where flexibility needs taken to market, number of prequalified FSPs



Increasing ambition

Figure 2 demonstrates our increasing ambition over the last 3 reporting years, showing an increase in the number of locations where flexibility needs were taken to market and the increase in the number of Flexibility Service Providers (FSPs) prequalified to take part in our tenders. The number of locations in the Autumn is lower than in the previous tender as the purpose was to top-up unmet requirements previously tendered. The year-on-year MWh dispatched is shown in Figure 3.

Figure 3 – dispatch history



This growth in market participation has been supported by our implementation of Open Networks initiatives that support market development through standardisation i.e. the standardised products, pre-qualification process and the new version of standard contracts for flexibility services.

In addition to implementing these industry standards, we have made other improvements for a faster, simpler, and more efficient procurement process:

- We simplified our cyber security requirements and moved the assessment from each tender to the prequalification process so that FSPs need to supply information on how they comply with our cyber-security requirements just once, at company pre-qualification stage, rather than at the bidding stage of each tender
- We have brought acceptance and execution of the standard contract for flexibility services forward to the commercial pre-qualification stage. The contract acts as an overarching contract under which multiple subsequent trade awards can be made. The trade award notification will contain the relevant service and asset details and refer to the signed contract. This reduces the number of contract executions needed and enables both parties to move quickly from trading to service delivery.
- To reduce the risk of awarding contracts to FSPs that subsequently are unable to deliver, we introduced bid decisioning that prioritises operational assets with MPANs over assets without MPANS and planned assets.
- To reduce the risk that FSPs bid flex capacity that they can't deliver and to reduce time between bidding and onboarding, we brought the time to submit baselines forward to the bid stage.

We are retendering for an end-to-end flexibility services platform to support the evolving market as there have been significant developments since we adopted our current solution of Piclo Flex and Flexible Power. We are seeking a solution that meets our current and anticipated flexibility procurement, dispatch and settlement activities and will support and enable our future ambitions.

Our ambition for our customers means that, we have been exploring additional products and use cases with the aim of these becoming business-as-usual and procured through competitive tenders in future years.

- We have trialed Operational Utilisation at three primary substation zones for demand turn-up to help minimise the curtailment of flexible connections and maximise the use of renewable generation. We worked with Octopus Energy to create additional demand in targeted areas of our network. This was done to simulate generation headroom constraints, allowing us to test the effectiveness of the service in real-world conditions. The service was dispatched dynamically on a day-ahead basis. This trial is part of a broader industry effort to develop solutions that reduce renewable generation curtailment and validate demand turn-up as a viable flexibility product.
- We are trialing the use of generation turn up flexibility services to reduce network risk in support of planned outages at Knaresborough Grid Supply Point. The Yorkshire Green Energy Enablement

(GREEN) project, led by National Grid Electricity Transmission (NGET), aims to upgrade and strengthen Yorkshire's electricity transmission network. Outages to enable this work are scheduled for 2025-27. We expect to use either the Operational Utilisation + Variable Availability or the Operational Utilisation + Scheduled Availability product.

Pricing strategy

Our pricing strategy seeks to balance effective competition with developing flexibility market liquidity. The volume of flexibility bid has to date generally tended to fall short of total requirements, so at this stage of market development there is a benefit in disclosing guide prices. For each zone, we will set out a guide price which is the maximum price that we will pay for a service in that tender. The guide price in £/MWh is calculated by dividing the available budget by the MWh required.

The calculation of the annual budget for flexibility services is described in section 5 but can be summarised as follows:

- HV zones: we use the Common Evaluation Methodology (CEM) tool to create a guide price based on deferring conventional works at that primary substation, using our most up to date estimate of the cost of those works.
- LV zones: we set the guide price for LV zones on a site-by-site basis in order to truly reflect the value of flexibility each location. We estimate the counterfactual cost of reinforcement at each secondary substation based on capacity needs forecast in 2050 and pricing a standard scheme to meet that capacity using Ofgem's Secondary Reinforcement Volume Driver unit costs.

Procurement process and contract award arrangements

We have refined our tendering approach to better enable third parties to participate in providing flexibility services. Stakeholder feedback has highlighted differing preferences - some aggregators favour tenders closer to real-time, while large energy users prefer long-term contracts for better planning and stability.

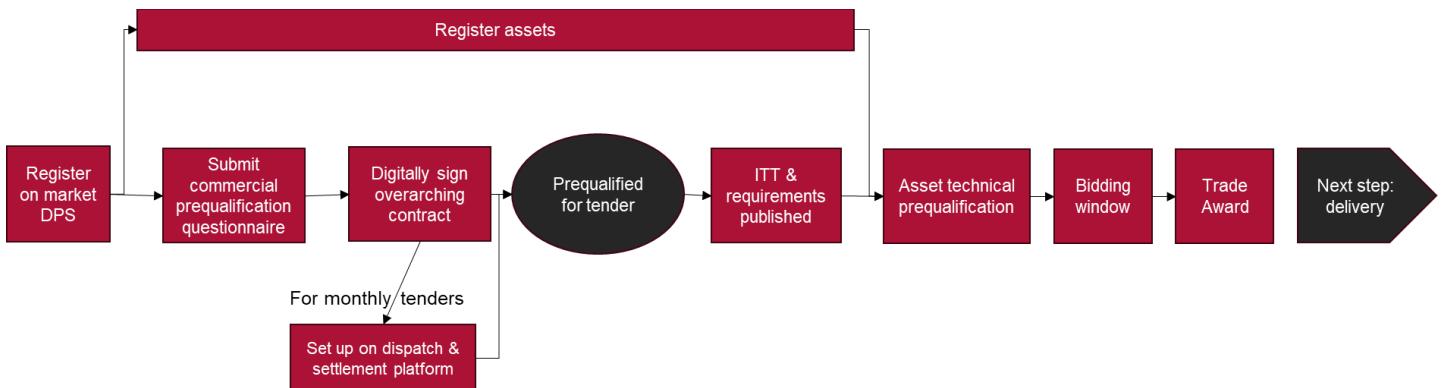
To accommodate both needs and maximise participation, our 2025/26 procurement strategy introduces a two-part tender process, balancing flexibility with long-term certainty. This approach ensures that a wider range of participants can engage effectively, strengthening the overall success of our flexibility procurement. Flexibility procurement activities will be announced on [our Piclo homepage](#), with onward links to [the Piclo platform](#), on the "[where are we procuring](#)" page of the Flexible Power website, and on the [Find-a-Tender service](#). Where we make the announcements may change after the tender for new market platforms.

The stages in the procurement process are shown in Figure 4. Because of the shorter time frames from bidding to service delivery, for the month-ahead tenders FSPs should have an account set up on the dispatch and settlement platform in order to qualify to take part in those tenders.]

Bidders can structure their bids across each competition and across each zone in the following ways:

- Capacity – Bidders can offer the bid capacity at a single price or split the capacity into smaller volumes with different prices, providing that the capacity of each bid is at least 10kW.

Figure 4 - the prequalification and trade process



Procurement Timetable

We have found that tendering the same requirements multiple times within a year does not lead to significant additional capacity being secured but, instead, shortens the time available to FSPs to participate.

Our tender timetable for 2025/26 is therefore designed to enable more FSPs to participate in our market by allowing more time between signposting requirements and tender participation deadlines, as requested by FSPs. There will be a long signposting period prior to one long term tender in the Summer, followed by a series of monthly

- Service Windows – Bidders can bid for the full Service Window or use the ‘maximum runtime’ to limit the service hours to less than the full service window.

Figure 5 - procurement timelines

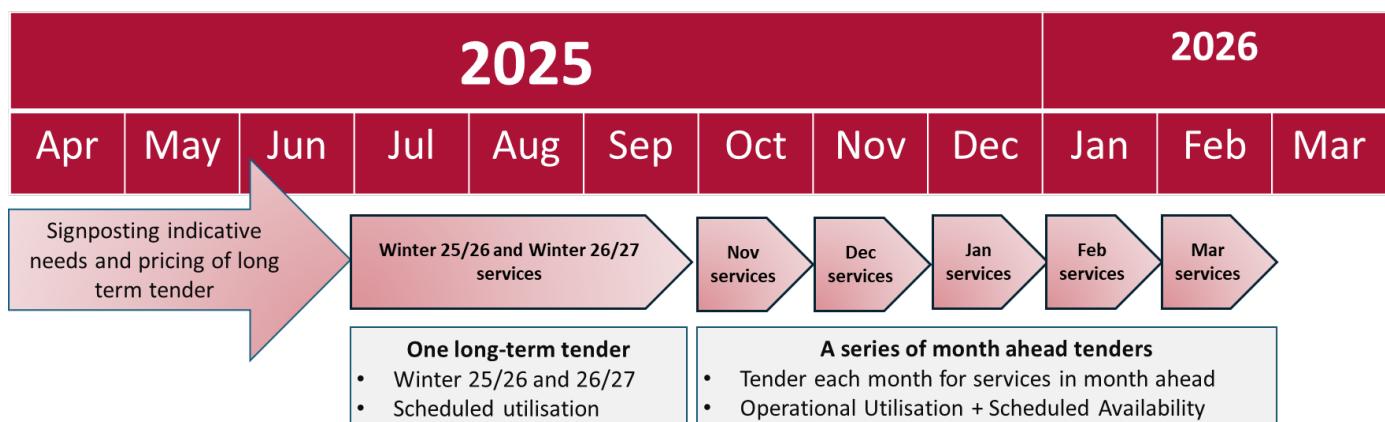


Table 6 - indicative timetable for long term tender

Stage	Date
Signposting indicative tender requirements	March – June 2025
Commercial prequalification applications close for new FSPs	June 2025
Overarching agreement executed (for new FSPs only)	June 2025
ITT issued to all prequalified FSPs	July 2025
Asset qualification: asset registration and competition entry closes	July/August 2025
Bidding window	August 2025
Trade accepted/ rejected	September 2025
Onboarding	October 2025
Publish procurement outcomes	October 2025
Service delivery starts	November 2025
Invite feedback on the procurement and onboarding process	November 2025

Table 7 - indicative timetable for monthly competitions

Eligibility for monthly competitions	Date
Commercial prequalification applications close	August 2025
Asset qualification	September 2025
Overarching agreement executed	September 2025
For each monthly competition	Approximate date in month from Oct 25 to Feb 26
Requirements published	1 st of each month
Bidding window	12 th of each month
Bid accepted/ rejected & Trade award notification issued	19 th of each month
Weekly week-ahead dispatch starts late October for service from start of November 2025	

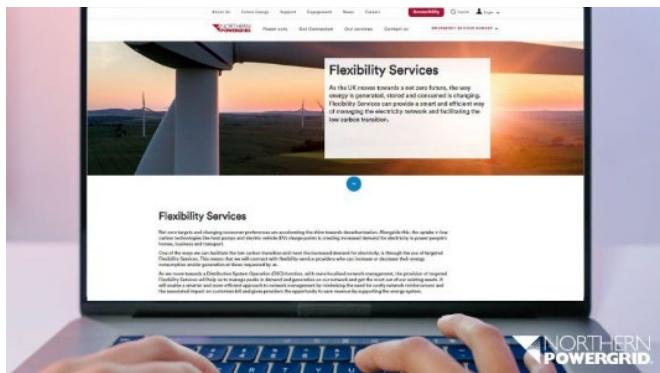
4 Stakeholder engagement

Providing our stakeholders with a broad range of stakeholder engagement activities is key to drive development of the market. It is now standard for an engagement plan to be created each year, as it allows us to have a structure to engage and ensure our stakeholders are satisfied. It is essential to have a consistent and regular interaction with our stakeholders.

We have several different approaches when engaging with our stakeholders; some activities will be focused on geographical areas where we are procuring flexibility services, while other activities will be more extensive to reach a wider audience, which allows us to gain a greater understanding of our needs and opportunities and lead to participation in our markets. It will continue to be our ambition to drive flexibility markets in our region and enable our customers to participate in flexibility. We engage with our stakeholders to discuss upcoming flexibility competitions, future plans, key events, and relevant opportunities.

This year we are retendering for an end-to-end flexibility services market platform which will be live in July 2025. Through the awarded market platform, we will continue to announce all forthcoming flexibility procurement activities. We will engage with our stakeholders through the transition and keep them informed on the outcome. From the beginning of the procurement process, timelines and tables will be published on the market platforms website to ensure stakeholders are informed. Throughout the procurement process, we will engage with potential FSPs to understand their plans and respond to any commercial or technical questions they may have.

Website



The **flexibility services webpage** acts as a central hub as it provides information on flexibility and how you can get involved but also includes links for our customers to access the market platforms. We publish useful documents and resources that are easily accessible for our stakeholders, this includes newsletters, reports, guides and webinars. We will continue to grow our portfolio of documentation and information to support participation in flexibility services.

Details of our upcoming events and recordings are

made available on our **stakeholder engagement portal** which allows our stakeholders to participate in our events or catch-up at a later date which contributes to the inclusion and accessibility of our communications.

The Northern Powergrid website is being developed and refreshed which will allow us to grow and develop our flexibility services webpage further.

Contact email

Stakeholders are able to contact us at flexibility@northernpowergrid.com. The account is manned by the Commercial Flexibility team for a prompt and expert response. We promote our email handle on all of our social media posts, webinars, websites and documentation which allows our stakeholders to engage directly with us.

Industry engagement and in-person events



We believe that it is important to meet our stakeholders in-person to develop relationships. We will participate and exhibit at industry conferences and events as this allows us to interact with our stakeholders. We will be attending a variety of events throughout the year to build on our connections and collaborate with other DNOs (Distribution Network Operators).

Newsletters

We will provide news updates that are informative and relevant and provide a wide range of information. The newsletter will be distributed regularly to our mailing list to keep our stakeholders informed. The previous newsletters are available on the flexibility services webpage in the resource section for stakeholders that have an interest but not signed up to the mailing list. We

will also publish a 'special edition' newsletter that provides more information on the tender process and how to participate in the forthcoming flexibility competitions. We will create a newsletter that is more accessible and interactive and will share our updates through social media.

Planned engagement with NESO, other DNOs and IDNOs

We have planned a wide range of industry engagement activities planned to support the further development, deployment and participation in flexibility services. This includes:

- Joint Customer and Flexibility Service Provider Engagement event planning with NESO Flexibility
- Meeting independent DNOs (IDNOs) via Northern Powergrid Competition in Connections stakeholder events
- Industry Conference engagement and presentation
 - Distributed Energy Show
 - Utility Week Live
 - Energy Innovation Summit
- Innovation programme engagement
 - Strategic Innovation Fund participation, partnering and monitoring.
 - Network Innovation Competition (NIC) and Network Innovation Allowance (NIA) participation
 - Leading Community DSO NIC – unlocking smart local energy systems as a Flexibility Service enabler.
- Participation in Regulator Bilateral and Industry Forums

Webinars

Webinars will be organised before each tender round to discuss the requirements and how to register, qualify and bid in the upcoming competitions. We will also collaborate with the wider DSO team and be involved in any webinars that are of interest to our stakeholders.

27 Feb 2025 Northern Powergrid Flexibility Strategy 2025

Virtual
We're taking a flexibility first approach to managing and developing our electricity network and contracting with owners and operators of demand, generation and storage assets in our region, who can be flexible with their energy consumption and/or generation, utilising flexible connections and flexibility services.

Webinars are also held to discuss the strategy for the year ahead and keep our stakeholders informed on any changes.

Social media and communications plan

We develop communication plans that involve our platform providers and their communication teams, and this will continue. The campaigns run throughout each tender as we try to target potential FSPs. Campaigns are launched on LinkedIn, and this is shared by the Flexibility team to increase visibility. We work closely with the corporate communications team to develop our communications strategy and schedule activities.

Targeted engagement

Bilateral engagements run throughout the year with current and potential FSPs. However, during tender rounds there is an increase in activity. We think it is important to run dedicated sessions and therefore will continue to reach out to specific FSPs and arrange workshops and surgery days. We use the surgery days and workshops to discuss details of the upcoming tender round and the key dates they need to be aware of.

This also allows our stakeholders to provide feedback and ask any questions. Northern Powergrid and Piclo host trilateral meetings with FSPs registered on the market platform to maximise impact of engagement and provide efficiency for the FSP. Each FSP who registers with us is assigned both a Northern Powergrid and Piclo point-of-contact account manager who can help facilitate the individual requirements for each FSP.

Consultations

We will conduct a series of consultations with our key stakeholders to ensure their input is integrated into the development of flexibility. These consultations will consist of a mixture of online surveys, one-to-one interviews and virtual workshops, this will allow stakeholders to provide feedback on various aspects of our initiatives. The feedback gathered will be used to refine our approach and ensure it aligns with stakeholder needs.

Planned Stakeholder Engagement Activities

As part of our approach to stakeholder engagement, we have planned a series of targeted activities which promotes collaboration across the industry (Table 8). These activities aim to gather valuable insights and allow us to meet with a broad range of stakeholders.

In addition, there will be tender specific communications related to each tender.

Establishing common rules for the procurement and use of flexibility services

As part of our commitment to industry collaboration we work with NESO and other DNOs and IDNOs to establish common rules for the procurement and use of flexibility services, primarily through the ENA Open Networks programme. We participate in the Steering Group and all active technical working groups (TWGs).

We are leading the baselining TWG which is focused on improving and standardising baselining methodologies for flexibility services across all network operators. A clear and consistent baselining approach benefits stakeholders by ensuring fairness, transparency, and predictability in how flexibility performance is measured and rewarded, ultimately increasing confidence and participation in flexibility markets. The final report from the TWG will help define the future direction of baselining for flexibility services, and we will align our own approach with standards from this work.

We participated in the TWG that developed the current industry standard agreement for flexibility services, "version 3", and implemented and contracted using v3 unamended. We will participate in this TWG as it reviews v3 and proposes a further version.

We will continue our participation and leadership in Open Networks programme and actively support the transition of its activities to the appointed market facilitator, Elexon.

The creation of the Market Facilitator role will drive significant improvements across DSO flexibility markets

and coordination between DSO and NESO markets. We see this as a critical opportunity for local flexibility markets and are working closely with Elexon and Ofgem during the development of this role in order to help shape it to provide maximum value. Based on our **Regional Variation in the Uptake of Flexibility Services** report, we believe that, in order to get the most out of the role, the Market Facilitator should focus on the long-term value of flexibility and must remain cognisant that simply standardising existing market processes may underserve some regional markets.

Ofgem has published their **Market Facilitator Policy Framework** for consultation, setting out their minded to position on the transition arrangements and ongoing frameworks for Elexon to set up the Market Facilitator by the end of 2025 and achieve their '2028 target' of aligning market arrangements across DNO and NESO ancillary services by the end of 2027.

The emerging role of the Market Facilitator will bring further consistency in standards, conflict management and efficiency in the use of flexibility.

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



Table 8 - planned stakeholder engagement activities

	Planned Engagement	Details
April 2025	Newsletter	Providing a news update to flexibility services stakeholders. This will include updates around the tender opportunities, key dates, upcoming engagement activities and any other relevant information.
May 2025	Utility Week Live & Flexibility Awards	Members of the DSO team will be attending and speaking at the event.
	Newsletter	Providing a news update to flexibility service stakeholders. This will include any key updates or information that will be of interest to our stakeholders
	Flexibility Forum	Joint event held by Piclo and DNOs.
	Webinar	To follow up with stakeholders after the publication of the flexibility strategy 2025
	Flexibility Services Website	Refresh and develop the flexibility services webpage
	Power Responsive Summer Event	An annual event held in London.
July 2025	1-2-1 Engagement	Speaking with FSP's who have registered their assets on our market platform and may need support with upcoming flexibility competitions.
	Newsletter	Providing a news update to flexibility service stakeholders.
	Targeted Customer Engagement	Direct engagement with Local Authorities and Customers in potential constraint zones.
	Flexibility Services Webinar	Signposting the firm requirements for the upcoming long term tender
August 2025	Launch of Market Platform	The tender outcome for the market platform will be awarded and an engagement activity will be held with our stakeholders.
	Newsletter	Providing a news update to flexibility service stakeholders.
	Virtual Surgery Days	Virtual surgery days that will take place over several days throughout the month to discuss queries and issues with stakeholders.
September 2025	Newsletter	Providing a news update to flexibility service stakeholders.
	1-2-1 Engagement	Speaking with FSP's who have registered their assets on Piclo and may need support with upcoming flexibility competitions.
	Flexibility Services Website	Refresh and develop the flexibility services webpage.
	Newsletter	Providing a news update to flexibility service stakeholders.
	Energy Innovation Summit	Industry event held in Liverpool.
	Targeted Customer Engagement	Direct engagement with aggregators.

	Planned Engagement	Details
November 2025	1-2-1 Engagement	Speaking with FSP's who have registered their assets on Piclo and may need support with upcoming flexibility competitions.
	Documentation	Production of documentation that will help our FSPs journey.
	Stakeholder Feedback Sessions	Capturing stakeholder feedback that can feed into the plan and strategy for 2025 and beyond.
Dec 2025	Newsletter	Providing a news update to flexibility service stakeholders.
	Virtual Surgery Days	Virtual surgery days that will take place over several days throughout the month to discuss queries and issues with stakeholders.
Jan 2026	Flexibility Services Webinar	Introductory webinar to introduce the year and provide details of feedback from stakeholders.
	Newsletter	Providing a news update to flexibility service stakeholders.
	1-2-1 Engagement	Speaking with current or potential FSP's to discuss their future plans and developments.
	Targeted Customer Engagement	Direct engagement with Local Authorities and Customers in potential constraint zones.
March 2026	Distributed Energy Show	Industry event held in Telford.
	Newsletter	Providing a news update to flexibility service stakeholders.

5 Detailed quantitative assessment

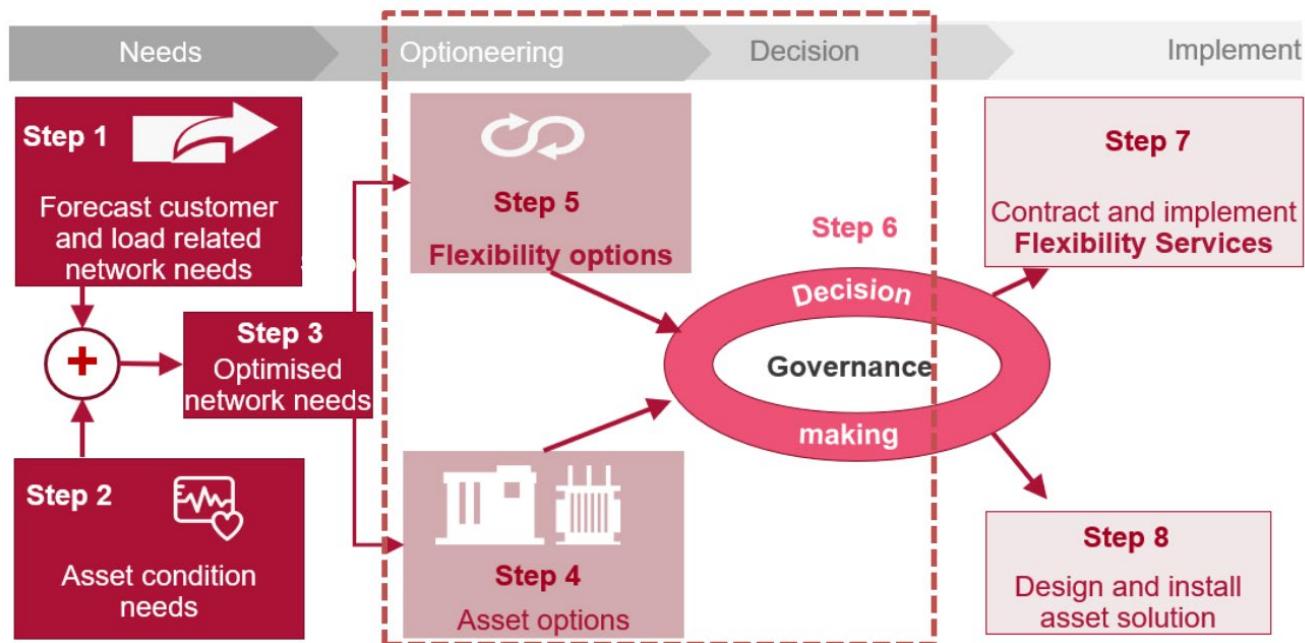
Flexibility services to defer Primary network reinforcement

The Distribution Networks Options Assessment (DNOA) process plays a vital role in determining the optimal network investments and/or use of flexibility services, to mitigate expected Primary network constraints based on our DFES (Distribution Future Energy Scenarios) Best View load growth forecast and network capacity assessments. This allows us to inform and shape our network development plans and to specify the budget and requirements for flexibility services.

The DNOA process is applicable to the whole distribution network which covers Bulk Supply Points (BSPs) and primary substations and includes the Extra High Voltage (EHV) and 132kV network, and low voltage (LV) networks. Our DNOA process is tailored to each section of our distribution network with low volumes of often unique BSPs and primary substations, and high volumes for our low voltage (LV) network which comprises of often similar equipment.

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

Figure 6 - DNOA process steps within the end-to-end network development process



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

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

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

Step 4 – Asset options: The geographic spread and projected capacity requirements across neighboring parts of our network means that there are normally a variety of engineering and smart solutions for resolving capacity constraints. For primary substation works, We analyse all options, develop detailed designs and cost estimates for these various network solutions, so we can

compare their technical and economic merits to identify the optimal smart or conventional asset based network solution.

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

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

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

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

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

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

Flexibility services to defer Secondary network reinforcement

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

Pricing strategies

The price that we are willing to pay per MWh of flexibility services at a location, the ceiling price, is determined by the available budget (less an amount

for platform fees) divided by the MWh required. For reinforcement deferral at Primary substations, the budget for flexibility services in each zone is calculated on an annual basis in step 5 of the DNOA process.

Flexibility services also have an option value for pursuing an alternative to traditional reinforcement depending on how the decarbonisation pathway evolves and where constraints appear on the network, and this is another factor that we may take into account in our pricing strategies.

Assessing bids for flexibility services

We will assess compliant bids to establish whether the offer can form all, or part, of a cost-effective portfolio of flexibility services for the location. In each invitation to tender we will confirm the bid assessment methodology. In all of the tenders we have run, there have been no requests for clarification of the bid assessment methodology, indicating that it is well understood by stakeholders.

Where we are procuring the Scheduled Utilisation product, we will rank and award bids as follows:

Ranking of bids:

Each bid will be assigned to one of two categories, where category 1 assets are assessed in preference to category 2:

1. Category #1 = operational assets with MPAN provided
2. Category #2 = operational assets without MPAN provided or planned assets

Only category #1 assets are eligible to enter the month-ahead competitions. Both categories of asset are eligible to enter long term tenders.

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

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

Awarding bids

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

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

Where we are procuring a flexibility product that has both

an availability component and a utilisation component, the assessment of bids will be more complex. We will develop our approach to ranking and awarding bids prior to our first tender for these products and this will be confirmed in the ITT.

Further information

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

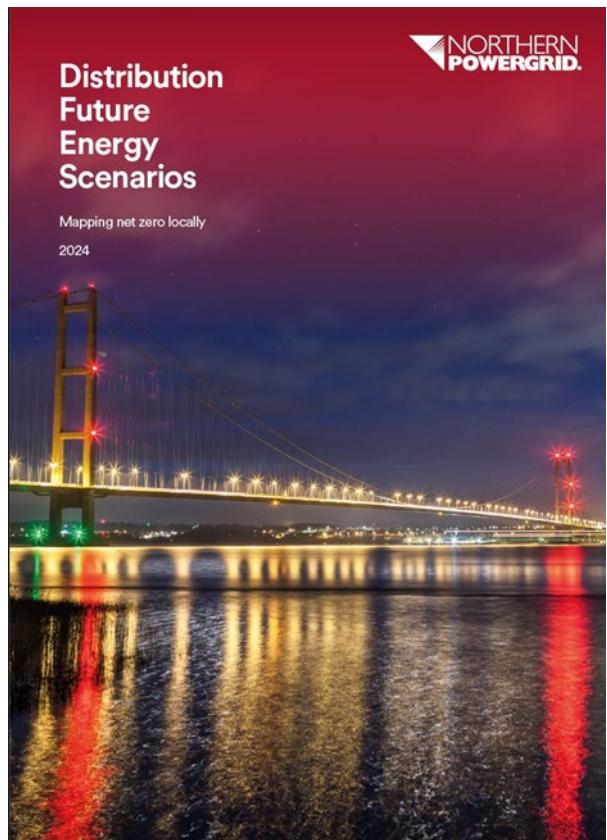
Distribution Future Energy Scenarios (DFES) forecasts help us to continue to support our 3.9 million customers' transition to net zero as they electrify their transport and heating, and connect more renewable distributed generation. We model a range of uptake and electrical parameters out to the year 2050 that will allow our region to meet net zero targets, based on 5 different scenarios.

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

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

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

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



Flexibility services documents and useful links

Northern Powergrid resource	Description
Flexibility Services webpage	Our main page on flexibility services with introductory information, the annual Distribution Flexibility Services Statements and Reports, newsletters and access to many other resources.
Flexibility Strategy Refresh (Feb 2025)	We are committed to using flexibility as a solution on our network where it is efficient to do so. This includes connecting new customers to our network on a flexible basis, using flexibility services to manage load on our network and, increasingly, operating our network in a more flexible way. This document sets out how we currently use flexibility on our network and a roadmap for how we are developing this approach.
Flexibility First Policy	The policy setting out our commitment to employ flexibility solutions, and the core principles that underpin our decision-making frameworks.
Guide for Flexibility Service Providers	This guide explains what's required to contract with us and become a Flexibility Service Provider.
Flexibility Services Aggregators	To assist customers who would prefer to provide flexibility services via an aggregator, this is a list of aggregators operating in our region. This listing is provided for information only and does not represent an endorsement.
Open Data Portal – FSP page	A feature page on our Open Data Portal with relevant data for Flexibility Services Providers or other stakeholders interested in our flexibility market.
Piclo Flex	Our current market platform for running competitions for flexibility services
Piclo Energy	The Northern Powergrid profile on the Piclo Energy website with latest news on our procurement activities on the Piclo Flex platform
Flexible Power	The Northern Powergrid profile on the Flexible Power platform which is our current platform for dispatch and settlement of contracted flexibility services
Operational Decision-Making Framework	Intended for the use of existing and prospective participants in flexibility markets and users of flexible connections on our network, this sets out the principles for how we make planning and operational decisions to schedule and dispatch flexibility services and operate flexible connections.
Industry resource	Description
Ofgem website	The energy regulator
ENA Open Networks Website	The Open Networks programme is ENA's strategic initiative that brings together all electricity network companies, the Electricity System Operator, the government, the regulator, and the wider industry to lead the UK's transition to a smart, flexible energy system ready for net zero
Elexon website	The Market Facilitator for distributed flexibility

Glossary

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

