Electricity Distribution

Distribution Flexibility Services Procurement Statement

April 2026

nationalgrid DSO

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Executive Summary

In our sixth Distribution Flexibility Services Procurement Statement, we outline how National Grid DSO will procure and deploy flexibility services during the 2026/27 regulatory year.

Flexibility plays a central role in enabling the UK's transition to net zero and meeting our 2030 ambition. This statement outlines our routes to market, how we procure flexibility services and work with stakeholders to ensure flexibility delivers measurable value for customers, the network, and the wider system.

We had a highly successful year in growing our flexibility markets. In our most recent tender, we secured our largest long-term flexibility portfolio to date, awarding 196 GWh of availability, a ten-fold increase on the previous year.

Over the year ahead, we will continue to lead the development and expansion of local flexibility markets**,** building on our strong track record of innovation, delivery and industry collaboration. A key milestone will be the dispatch of FlexUp**,** a new flexibility use case designed to reduce renewable curtailment and unlock whole-system benefits. Building on this progress, we are planning to launch additional flexibility use cases that support optimisation, resilience and decarbonisation across our distribution network.

A major focus for 2026/27 will be maturing our day-ahead market, enhancing market responsiveness and making participation more effective for providers.

With the introduction of the Market Facilitator, we implemented the new Flexibility Market Rules. Through ongoing working group engagement and industry leadership, we will continue to help shape these rules to deliver a clearer, more consistent market design that enhances transparency and fairness for all participants.

We remain committed to strong and collaborative stakeholder engagement. The Flexibility Focus Group, introduced last year, has provided a dedicated forum to co-develop the future of our markets and products. Most recently, this group has played an important role in shaping our upcoming Flexibility Roadmap. The Roadmap will outline the key initiatives and actions for the remainder of the ED2 period to scale competitive, transparent flexibility markets that consistently deliver value for customers and the whole system.

If you have any questions or would like information on how to get involved, please do get in contact with **NGED.flexiblepower@nationalgrid.co.uk**

1. Introduction

Electricity is rapidly becoming the driving force behind the UK's transition to Net Zero. **National Grid DSO** is operating as a functionally separate directorate within National Grid Electricity Distribution[1]. It is driving this change by transforming the distribution networks across its four licence areas into smart, flexible, and decarbonised networks that can meet the needs of a rapidly evolving energy system.

At the heart of our role is ensuring the electricity system is used as efficiently as possible, maximising the capacity of the existing network while building new infrastructure only where it is genuinely required. Flexibility services are fundamental to achieving this, providing a cost-effective, agile alternative to traditional reinforcement and helping us manage evolving system needs in real time.

The distribution network serves as the vital interface between the transmission system and our customers, delivering power reliably to homes, businesses, and communities. As renewable generation, low-carbon technologies, and local flexibility services continue to grow at pace, the traditional passive model of distribution is no longer sufficient. In this changing landscape, our responsibilities in planning, operating, and optimising electricity flows across our licence areas have become central to delivering a modernised energy system. We ensure that network planning reflects whole-system benefits, provides accurate and transparent market information, and enables the effective dispatch of flexibility services to support smarter, more efficient operation.

Our sixth Distribution Flexibility Services Procurement Statement, forms a key part of our commitment.

It sets out how we plan to procure flexibility services in the coming regulatory year (April 2026 to March 2027) and works in tandem with our Distribution Flexibility Services Procurement Report, to be published by the end of April, which summarises flexibility procured in the previous regulatory year. Together, these documents form the foundation of our transparency obligations under the Distribution Licence and are complemented by a wide range of publicly available data and information sources, referenced throughout and summarised in **Section 6**.

Within this document, we set out serval key areas, including:

- Why and how we procure flexibility services.
- The future services we are developing.
- The process for identifying and publishing the flexibility needs.
- Our tendering processes.
- How we engage with stakeholders.
- What data is available and where.

All relevant information, including our previous Distribution Flexibility Services procurement documents, can be found on our website: **National Grid DSO**.

Figure 1: Our coverage area

[1] National Grid DSO is a functionally separate directorate within NGED responsible for delivering the activities defined in Table 1 of the DSO Incentive Governance Document under the ED2 price control. Read more on our **DSO-DNO Functional Separation Arrangement**

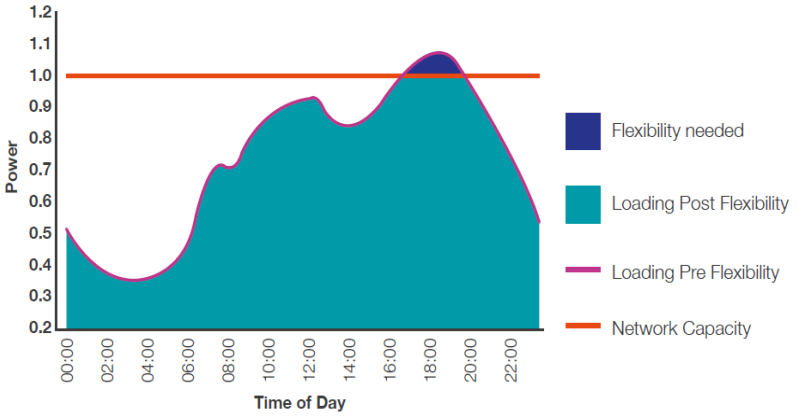
2. Flexibility Service Requirements

2.1 Why we procure flexibility services

Traditional network design was based on passive networks engineered to meet peak demand. As demand, generation and storage continue to grow at pace, flexibility has become an essential tool that allows us to actively manage power flows, make better use of existing capacity and support a more efficient, customer-centred energy system.

At times of peak demand or generation, some of our network assets can become constrained. Flexibility services help manage these periods by shifting demand outside of peak times or matching electricity demand with times of peak electricity generation, for example when there is abundant solar or wind output. We do this by financially incentivising customers to change their usage patterns, either reducing or increasing consumption or, at a larger commercial scale, modifying generation or industrial outputs.

Figure 2: The need for flexibility



Flexibility offers an economic and responsive way to manage temporary capacity shortfalls until the requirement for traditional reinforcement is justified. In some cases, using flexibility over a longer period can create the opportunity to plan and deliver more efficient long-term investment solutions. Flexibility can also facilitate the connection of new customers in heavily loaded areas of the network without the immediate need for reinforcement. By managing peak demand as the system approaches capacity limits, flexibility can ease short-term network pressures where sufficient, cost-effective services are available.

The core driver behind our procurement of flexibility services is the deferral of network reinforcement. By managing temporal peaks on the network, we can prevent assets from becoming overloaded and, as a result, push back the need for traditional network reinforcement. As outlined in **Section 5**, we have developed robust processes to help us understand where the deployment of flexibility services is the most cost-effective solution.

As the energy system continues to change rapidly, the role of flexibility is expanding. Over the past 12 months, we have begun exploring new use cases and have introduced a new service, FlexUp, as part of our long-term flexibility tender. FlexUp is designed to reduce curtailment of low-carbon generation connected to our distribution network. Further detail on this new initiative is provided in **Section 2.4**.

The level to which flexibility is deployed is determined through an industry-standard **Common Evaluation Methodology (CEM),** a cost-benefit analysis tool. This tool compares the net benefits of flexibility against conventional reinforcement across a range of **Distribution Future Energy Scenarios** (DFES). To ensure financial impacts of using flexibility are assessed accurately, the CEM tool undergoes robust and periodic review. National Grid DSO plays a central role in this process by chairing an Energy Networks Association (ENA) Open Networks working group responsible for overseeing the ongoing review and development of the methodology, to keep pace with emerging flexibility use cases for the electricity distribution price control (ED3) period.

Flexibility Services are one of multiple solutions being used by DSOs to help manage networks effectively, including the use of smart grid technologies such as enhanced voltage optimisation or automated load transfers.

2.2 How we procure flexibility services

Flexibility Service Provider (FSP) registration, qualification, overarching contracting, asset registration and participation in trade opportunities are all facilitated through our **Market Gateway**.

Market Gateway is our in-house flexibility platform, providing a standardised and central point of data entry that can interface seamlessly with wider market platforms. Since 2024, we have partnered with **Piclo**, a third-party market platform, to broaden and simplify access to our flexibility markets.

The **Flexible Power Portal** (FPP) remains our core operational system for delivering flexibility services. FPP facilitates all required API communication to dispatch services, manages performance monitoring, and calculates settlement outcomes, ensuring efficient and reliable service operation.

More details can be found on our Market Gateway: **Here**

2.2.1 Services

We currently procure **active power services and are actively exploring the procurement of reactive power products, see section 2.4 for further detail**. These services align with the Standard Products defined in the Market Facilitator's **Flexibility Market Rule: Product Definition**. The products we procure are summarised below.

Figure 3: Overview of our flexibility products

Scheduled Utilisation (SU)	Scheduled Availability, Operational Utilisation – Day ahead (SAOU_DA)	Operational Utilisation – 15 min (OU_15)
Our **SU** service is a scheduled constraint management service with fixed delivery periods. It offers a utilisation only payment.	Our **SAOU_DA** service has been developed to support the network in the event of specific network conditions. It offers an availability and utilisation payment.	Our **OU_15** service supports power restoration following rare fault conditions. No availability payment, instead it offers a premium utilisation payment.

Settlement for delivered services is calculated using aligned payment mechanics. These mechanics were first developed by NGED in 2017, adopted by other UK Distribution Network Operators (DNOs) in 2024, and formally incorporated into a Flexibility Market Rule in 2025. The approach is designed to incentivise full delivery while maintaining a fair balance of penalties so that participation remains attractive to FSPs.

The methodology is set out in the **Flexibility Market Rule: Verification and Settlement Methodology** and operates on a claw-back principle for any under-delivery. For SU and SAOU_DA services, where delivery falls below the 5% Grace Factor, a performance multiplier of 3 will be applied, which means utilisation payments are reduced by 3% for every 1% of under-delivery. For OU_15 services, the Utilisation Grace Factor is 10% and the performance multiplier is 2. In addition, a monthly performance percentage is applied to availability payments for the SAOU_DA services.

All services are subject to our baselining methodology, as described in our **Guidance Document.** We have implemented the Market Facilitator rule on standardised baseline methodologies, and are committed to aligning our approach with the rule as soon as is practical. The current rule is set out in the **Flexibility Market Rule: Standard Baselining Methodologies**, and we have been in discussion with Elexon about the requirements set out in the rule, and how we can best deliver updates to our approach and platforms to achieve the aims of the rule.

Following discussion with Elexon, we submitted derogations to the rule covering sections 2.2, 2.3, 2.4 and 2.6, which have been approved. The derogations are driven by differences in the default baseline requirements and those used across our long- and short-term markets, and the requirements for submission, approval and review of nomination baseline methodology, including alternative baseline requests. We are currently in the process of designing and delivering changes to our approach and platforms to align with these requirements, and support their intended purpose in standardising baselines across flexibility markets.

Our approved derogations to this rule last until 31/03/2027. The target date is determined by our long-term procurement process, which we have already completed, with the majority of delivery scheduled between April 2026 to March 2027. Changing the baselines before the end of March 2027 would mean that the short-term market which runs alongside our long-term market would operate using different baseline methodologies, which would introduce a significant administrative and complexity burden for both us and FSPs, in areas including stacking of services, participation in our newly established Joint Utilisation Competition and settlement for multiple baseline types. In addition, this timescale gives us confidence that we can develop the required functionality in our platforms to enable this rule alongside our other pre-planned development work, and continue to deliver a reliable and user-friendly experience for FSPs. We have already started work on updating functionality and establishing our approach with the aim of completing initial updates in time for the start of our next long-term procurement in September, and are confident that we will have the full functionality in place to align with the rule by the derogation end date.

In addition, our approved derogation covers the nomination baseline submission deadline requirement for FSPs in section 2.6.1. We are in an ongoing conversation with Elexon on this requirement, as we believe that enforcing it as it is currently written could reduce market accessibility for FSPs, especially those with difficult to predict demand and generation profiles, could increase the cost of implementing the rule due to additional data handling, and could risk complicating stacking by introducing variable approaches across different markets. We intend to continue this discussion to reach a point of common agreement both with Elexon and with other market stakeholders, and to ensure that we align with the final requirement once the best approach has been agreed.

We seek flexibility from a broad range of providers and as such, **we have not set a contractual minimum capacity threshold.** This ensures participation remains accessible to a wide variety of FSPs, including those operating assets connected at low voltage levels.

While our flexibility procurement has traditionally focused on Demand Turn Down and Generation Turn Up (DTD/GTU), we are now developing new use cases to unlock additional system value. Expanding procurement into these areas broadens market access for FSPs and strengthens the diversity of our flexibility portfolio. Some use cases have already moved into Business-As-Usual (BAU), while others will be trialled or further developed during this regulatory year. A brief overview is provided in **section 2.4** below.

Each of our Constraint Management Zones (CMZs) is designed to address a specific network constraint, meaning the required timings, volumes and prices vary significantly between zones. Across our portfolio, we have flexibility needs in every month of the year and every day of the week. We recognise the importance of providing comprehensive and accessible market information so that FSPs can clearly understand our detailed procurement requirements for each zone. To support this, we have developed a suite of materials to communicate our latest needs to the market. These include:

Flexibility Map

Our Flexibility Map has been developed to show where we are currently seeking flexibility on our network, as well as areas where flexibility may be required in the future. The map allows users to enter a postcode to see whether it falls within a Constraint Management Zone. At present, it includes only High Voltage constraint areas, which are open to all assets connected at the same voltage level or lower.

Data Portal

We host detailed, machine-readable data on our Data Portal, our central platform for publishing datasets from across the business. The portal enables users to access data via API, supporting efficient large-scale processing. This includes detailed zone-level requirements, associated geographic postcodes and polygons, as well as the results of Awarded Trades and our Dispatch Summary.

Flexibility Market Insights Dashboard

This interactive dashboard provides a snapshot of key flexibility procurement and dispatch figures across different financial years, as well as information on registered assets within our Market Gateway. It offers users a clear, accessible overview of our core flexibility metrics.

2.2.2 DSO constraint identification process

Since 2016, National Grid DSO has developed strategic planning capability and processes to investigate how growth projections will affect the design and operation of the distribution network. Providing transparency in each step of the investment planning process, provides stakeholders with confidence as to how we plan to develop our distribution networks to enable the UK transition to net zero.

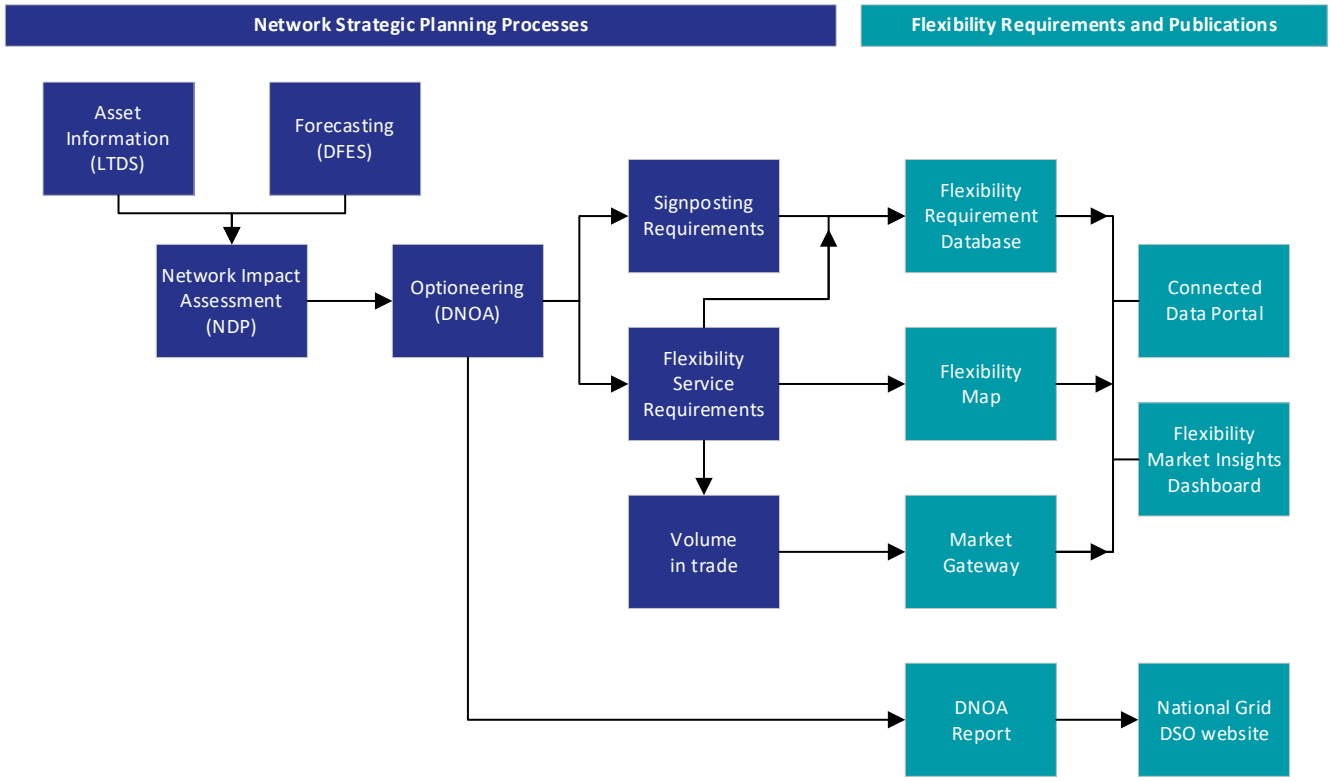
Figure 3: End to end strategic investment planning process

The **Distribution Future Energy Scenarios (DFES)** provides annual data on forecast growth in electricity demand and generation across our network. This also includes projections for new housing growth and increase in commercial and industrial developments. These projections support the identification of areas where network constraints are expected to arise through detailed network impact assessments. These assessments are undertaken as part of the **Network Development Plan (NDP)**, which is published every two years, as well as through routine distribution network studies carried out by our engineers. The **Distribution Network Options Assessment (DNOA)** assesses how well the distribution network can meet customer needs over the next 5–10 years and identifies locations where constraints require intervention through flexibility services, conventional reinforcement, or operational measures.

Where constraints are identified, conventional network reinforcement solutions are developed using network asset data and DFES load forecasts to ensure that outcomes are efficient, strategic, and enduring. These conventional reinforcement options are then assessed against the use of flexibility through DNOA process.

The strategic network planning described above link with our flexibility processes as shown in figure 4 below.

Figure 4: Strategic network planning and flexibility requirements



2.2.3 Flexibility requirement volume

Due to the timing of our long-term procurement cycle, **with new tenders opening later in September**, we are not yet able to provide a definitive view of the locations where we will procure long-term flexibility services this regulatory year. However, we recognise the value of offering early indications of the potential flexibility volumes required to support market understanding.

To promote transparency and provide insight, we have summarised our anticipated flexibility **requirements against which short-term tenders will be procured for this regulatory period** in the tables below. These anticipated requirements are informed by our most recent long-term procurement round, concluded in January 2026, and include the volumes already secured for delivery in the regulatory year.

In addition, several high voltage zones were procured through our long-term tenders in January for delivery beyond this regulatory year. For further details, please refer to our latest **long-term tender publications**.

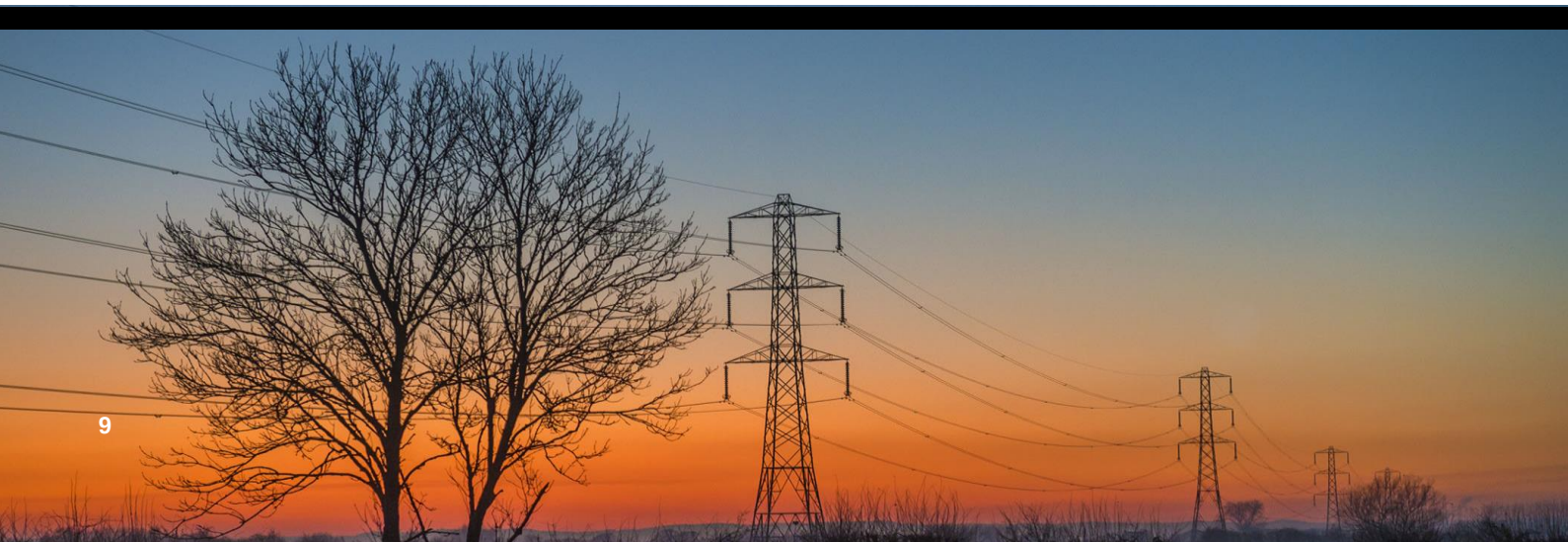


Table 1: High Voltage zonal requirements (to be procured via short-term market)

Zone Name	Maximum voltage level at which service will be procured (kV)	Primary Product	Response Type	Seasonal Requirement	Peak Capacity Required (MW)	Forecast Utilisation (MWh)
Wicken Primary	33	SU	DTD/GTU	Summer and Winter	2.69	64.45
Spilsby Primary	11	SU	DTD/GTU	Summer and Winter	1.77	30.4
Quorn	11	SU	DTD/GTU	Summer and Winter	4.53	105.7
West Bridgford	11	SU	DTD/GTU	Summer and Winter	9.27	228.24
Tavistock and Yelverton	33	SU	DTD/GTU	Summer and Winter	2.92	23.84
Merrivale Primary	11	SU	DTD/GTU	Summer and Winter	1.95	19.17
Grassmoor	11	SU	DTD/GTU	Summer and Winter	7.39	298.89
Tiverton	33	SU	DTD/GTU	Summer and Winter	28.04	688.68
Weston Super Mare	33	SU	DTD/GTU	Summer and Winter	17.23	230.7
Hereford - Ledbury Ring	66	SU	DTD/GTU	Summer and Winter	5.93	58.15
Loughborough	132	SU	DTD/GTU	Summer and Winter	158.33	8799.72
Ilkeston	11	SU	DTD/GTU	Summer and Winter	5.62	143.12
Hemyock	11	SU	DTD/GTU	Summer and Winter	1.41	27.13
Mullion	11	SU	DTD/GTU	Summer and Winter	1.46	21.4
Camborne Treswithian	11	SU	DTD/GTU	Summer and Winter	2.08	41.87
Feeder Road BSP	11	SU	DTD/GTU	Summer and Winter	89.65	2406.34
Knighton	11	SU	DTD/GTU	Summer and Winter	1.37	22.37
Harbury to Banbury 132kV	132	SU	DTD/GTU	Summer and Winter	51.67	2568.52
Alfreton-Wessington	33	SU	DTD/GTU	Winter	1.48	3.08
Stamford	11	SU	DTD/GTU	Summer and Winter	11.34	327.56
Keynsham East Primary	11	SU	DTD/GTU	Winter	0.84	3.98
Feeder Road A Primary	11	SU	DTD/GTU	Summer and Winter	34.07	1519.48
Alford Primary	11	SU	DTD/GTU	Summer and Winter	1.31	11.09
Anderson Lane Primary	11	SU	DTD/GTU	Summer and Winter	2.41	18.57

Table 1: High Voltage zonal requirements (to be procured via short-term market)

Zone Name	Maximum voltage level at which service will be procured (kV)	Primary Product	Response Type	Seasonal Requirement	Peak Capacity Required (MW)	Forecast Utilisation (MWh)
Braunston Road Primary	11	SU	DTD/GTU	Winter	0.84	4.04
Braunstone Primary	33	SU	DTD/GTU	Summer and Winter	3.97	51.52
Burton to Bretby	33	SU	DTD/GTU	Summer and Winter	4.61	83.32
Irthlingborough to Higham Ferrers	33	SU	DTD/GTU	Summer and Winter	15.57	633
Lawford Primary	11	SU	DTD/GTU	Summer and Winter	2.83	35.64
Mansfield Primary	33	SU	DTD/GTU	Summer and Winter	6.97	78.8
Olney Primary	11	SU	DTD/GTU	Summer and Winter	3.38	39.03
Polesworth Primary	11	SU	DTD/GTU	Summer and Winter	3.59	56.43
Tamworth to Polesworth and Atherstone	33	SU	DTD/GTU	Summer and Winter	6.88	153.76
Wigston BSP	33	SU	DTD/GTU	Summer and Winter	19.08	293.94
Hawton BSP	33	SU	DTD/GTU	Summer and Winter	32.22	546.02
Lime Street and Garngoch group	33	SU	DTD/GTU	Summer and Winter	7.44	164.15
Golden Hill to St Florence	33	SU	DTD/GTU	Winter	1.31	9.1
Abham to Totnes Tee	132	SU	DTD/GTU	Summer and Winter	62.74	2064.67
Bradley Lane Primary	11	SU	DTD/GTU	Summer and Winter	2.76	23.67
Stentaway Primary	11	SU	DTD/GTU	Summer and Winter	8.81	279.02
Falmouth Bickland Hill Primary	11	SU	DTD/GTU	Summer and Winter	3.76	32.2
Taunton to Culmhead Tee	33	SU	DTD/GTU	Summer and Winter	9.52	355.78
Tavistock Primary	11	SU	DTD/GTU	Summer and Winter	9.06	325.5
Yeovil to Martock	33	SU	DTD/GTU	Summer and Winter	11.05	289.5
Woodland Way Primary	11	SU	DTD/GTU	Summer and Winter	6.37	77.49

Table 1: High Voltage zonal requirements (to be procured via short-term market)

Zone Name	Maximum voltage level at which service will be procured (kV)	Primary Product	Response Type	Seasonal Requirement	Peak Capacity Required (MW)	Forecast Utilisation (MWh)
Bartley Green BSP	11	SU	DTD/GTU	Summer and Winter	13.67	380.13
Hammerley Down Primary	11	SU	DTD/GTU	Summer and Winter	3.63	43.56
Netherhills Primary	11	SU	DTD/GTU	Summer and Winter	1.93	33.52
Boston to Donington Generation	33	SU	DTU/GTD	Summer	3.44	14.8
Chesterfield Generation	132	SU	DTU/GTD	Summer	9	494.1
Coventry Generation	132	SU	DTU/GTD	Summer	8	439.2
Grendon Generation	132	SU	DTU/GTD	Summer	6	329.4
Stoke Bardolph Generation	132	SU	DTU/GTD	Summer	2	109.8
Ratcliffe On Soar Generation	132	SU	DTU/GTD	Summer	7	384.3
Staythorpe Generation	132	SU	DTU/GTD	Summer	2	109.8
Enderby Generation	132	SU	DTU/GTD	Summer	2	109.8
Bicker Fen Generation	132	SU	DTU/GTD	Summer	2	109.8
Swansea North Generation	132	SU	DTU/GTD	Summer	9	494.1
Upper Boat Generation	132	SU	DTU/GTD	Summer	3	164.7
Uskmouth Generation	132	SU	DTU/GTD	Summer	3	164.7
Iron Acton WM Generation	132	SU	DTU/GTD	Summer	7	384.3
Indian Queens Generation	132	SU	DTU/GTD	Summer	19	1043.1
Landulph Generation	132	SU	DTU/GTD	Summer	6	329.4
Seabank Generation	132	SU	DTU/GTD	Summer	17	933.3

Table 1: High Voltage zonal requirements (to be procured via short-term market)

Zone Name	Maximum voltage level at which service will be procured (kV)	Primary Product	Response Type	Seasonal Requirement	Peak Capacity Required (MW)	Forecast Utilisation (MWh)
Bridgwater Generation	132	SU	DTU/GTD	Summer	4	219.6
Sandford Generation	132	SU	DTU/GTD	Summer	5	274.5
Exeter Generation	132	SU	DTU/GTD	Summer	5	274.5
Axminster Generation	132	SU	DTU/GTD	Summer	2	109.8
Iron Acton SW Generation	132	SU	DTU/GTD	Summer	7	384.3
Bishops Wood Generation	132	SU	DTU/GTD	Summer	5	274.5
Port Ham Generation	132	SU	DTU/GTD	Summer	16	878.4
Lea Marston Generation	132	SU	DTU/GTD	Summer	6	329.4
Moira Primary Generation	11	SU	DTU/GTD	Summer	1.21	5.11
Checkerhouse to Tuxford Generation	11	SU	DTU/GTD	Summer	0.92	2.47
St Austell to Bugle Generation	33	SU	DTU/GTD	Summer	11.05	72.68
Ollerton to Bilsthorpe Generation	33	SU	DTU/GTD	Summer	4.67	34.42
Total					**860.04**	**32190.52**

The following table summarises the network needs these services are being used to mitigate.

Table 2: Summary of volumes by network requirement type

Constraint Type	Pre-Fault		Post-Fault	
	Total Peak Capacity (MW)	Total Forecast Utilisation (MWh)	Total Peak Capacity (MW)	Total Forecast Utilisation (MWh)
Thermal	487.48	16222.22	362.39	15839.25
Voltage	7.41	61.23	-	-
Security of Supply	4.24	70.9	-	-

Table 3: Summary of the volumes per product

Primary Products	Total Peak Capacity (MW)	Total Forecast Utilisation (MWh)	Number of CMZs
SU (DTD/GTU)	686.75	23716.24	48
SU (DTU/GTD)	173.29	8474.28	28

2.3 Operational Processes and Dispatch Principles

Our operational processes and dispatch principles are designed in line with industry standards, underscoring our commitment to transparency and fairness. Once services have been procured, they are operated in accordance with clearly defined and transparent processes.

We **secure availability** through our **long-term procurement** using the SAOU_DA product. This provides certainty in addressing known constraints at the planning stage, ahead of the operational window. By taking this proactive approach, we can make more informed investment decisions by ensuring that sufficient flexibility is available to support reinforcement deferral and manage network risks. **Utilisation decisions** are made **closer to real time**, using the latest datasets and forecasts to assess immediate network requirements. Any identified shortfalls in available flexibility are supplemented through our **short-term market**, which complements the long-term volumes already procured.

Our short-term market has transitioned from Week-ahead tender to **Day-ahead** tender, with services procured under the SU product. This is a **utilisation-only** service. FSPs submit offers detailing their asset availability, capacity, and utilisation prices. These are then matched against our requirements and cleared in line with the **ENA's dispatch decision criteria guiding principles**, as explained in **Section 5.2.1**.

Flexibility providers may also participate in our Joint Utilisation Competition (JUC). This allows providers holding a long-term procurement position to submit a lower utilisation price into the short-term market, enabling the provider to retain long-term availability revenue while remaining fully competitive for utilisation in the short-term markets.

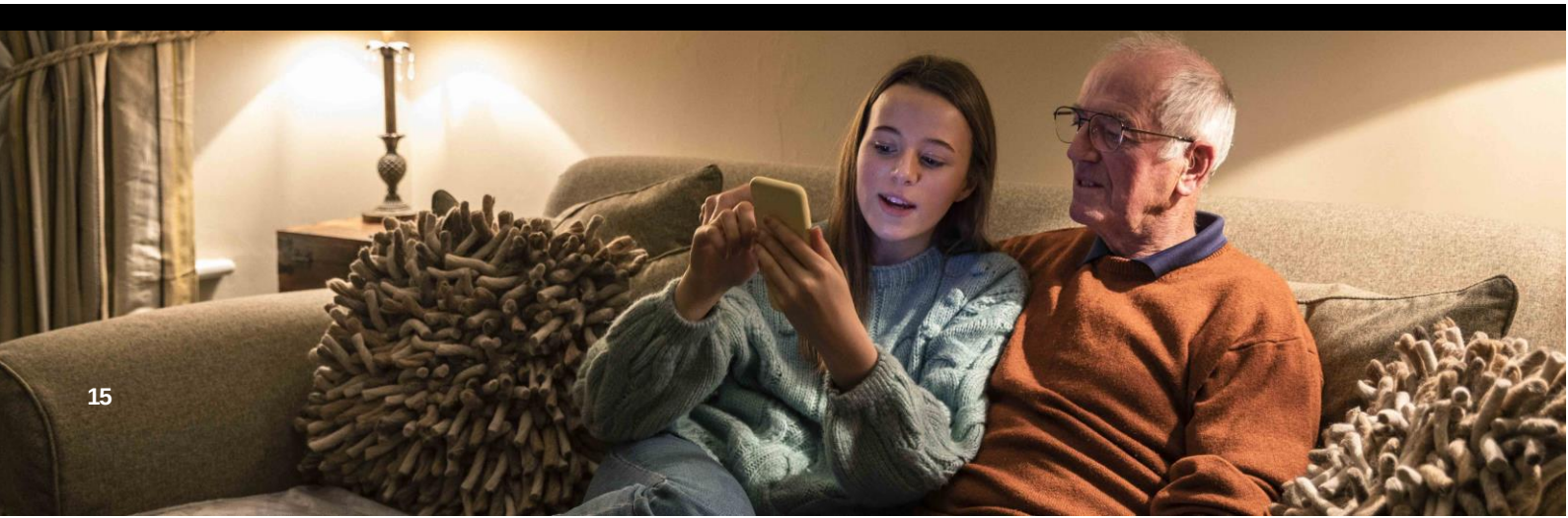
The timings associated with our long- and short-term processes are detailed in **Section 3.3**.

2.3.1 Operation

The timing of our instructions to FSPs depends on the specific service being used and are based on industry standards. These will always be within periods of accepted availability.

- **SU product:** The default is that once a trade is accepted, the service will be utilised. FSPs may choose to schedule their asset operations, and a utilisation instruction is issued via the API **15 minutes ahead** of the requirement. This is a utilisation-only service.
- **SAOU_DA product:** Utilisation is triggered by network conditions following acceptance of availability through our long-term procurement round. Instructions are issued via the API **Day-ahead** of the requirement. This service includes both **availability and utilisation** payments.
- **OU_15 product:** Utilisation is triggered in response to real-time network conditions. FSPs are expected to deliver as soon as possible after receiving the utilisation instruction via the API.

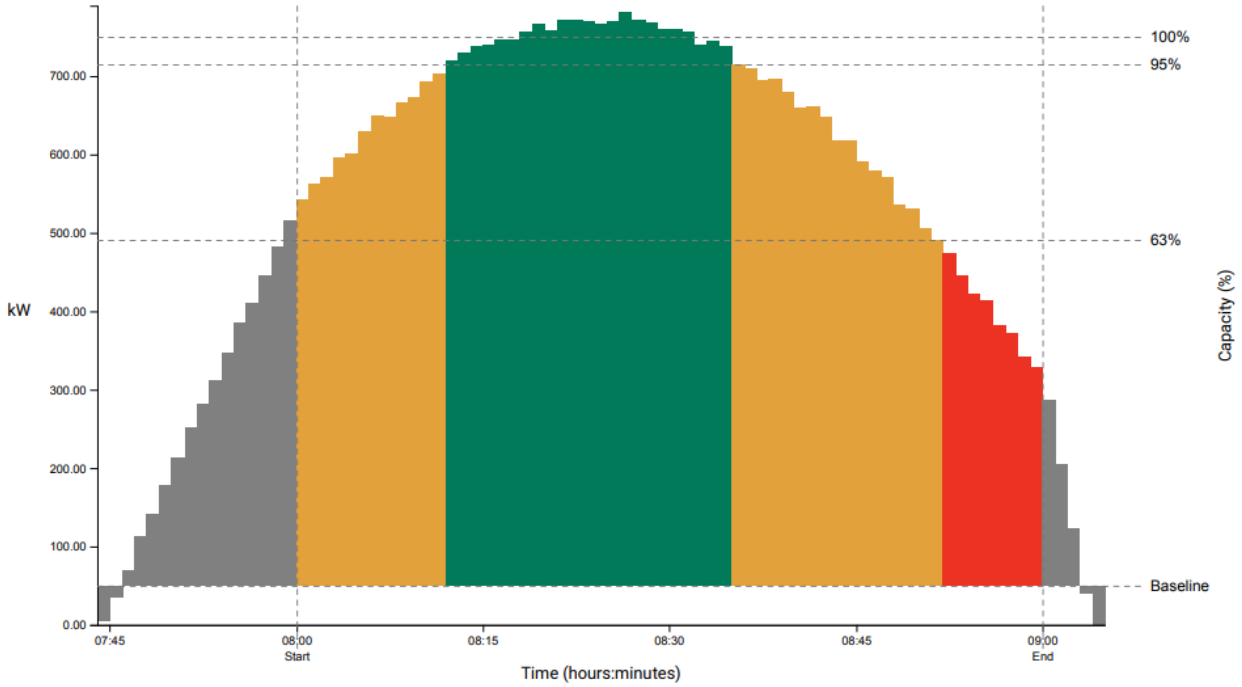
Our dispatch approach is fully aligned with the broader service selection principles outlined in **Section 5.2**. As our operational experience grows, we will continue to use insights from delivered events to provide constructive feedback to FSPs, helping them maximise their value to the system.



2.3.2 Reporting and Settlement

Event **performance** and **earnings reports** are automatically generated shortly after the close of each instruction. These allow FSPs to easily assess their performance. Examples are available on the **Flexible Power Website**. A sample performance report is shown below.

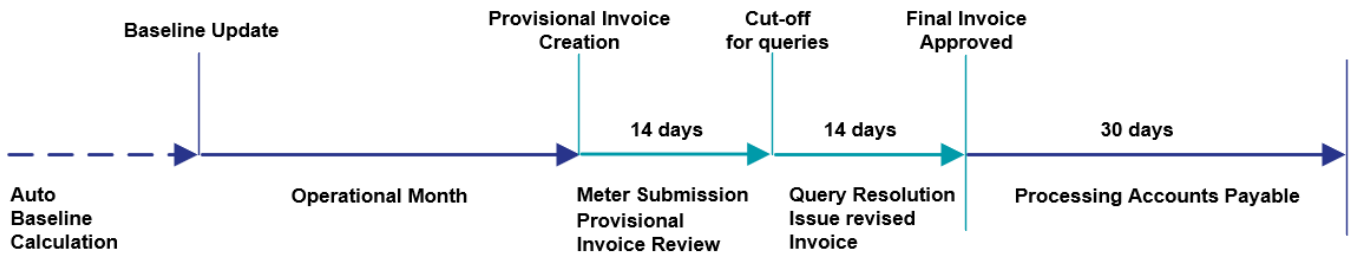
Figure 5: Example Performance Report



Performance Highlights

Expected Total Volume	700.00 kWh
Actual Total Volume	592.92 kWh
Baseline	50.00 kW

Self-billing invoices are generated monthly, aggregating all events delivered within that billing period. These follow the process outlined below, allowing sufficient time for invoice review and for any queries to be raised and resolved ahead of payment.



More details about our settlement process can be found in our **Guidance Document**.

2.4 Progress and future development

We are rapidly expanding and innovating our flexibility services, introducing new services, maturing our markets, and improving transparency and accessibility to support a smarter, fairer, and more efficient energy system.

Our flexibility markets continue to grow quickly, driven by service innovation, evolving market design, and enhancements to operational processes. Building on the foundations established through our early trials, we are now focused on scaling delivery, deepening participation, and broadening the range of services that support reliable and efficient network operation. The developments outlined in this section highlight how we are evolving our markets, improving access and transparency, and preparing for future system needs as we progress through the ED2 price control period and lay strong foundations for ED3.

In our most recent tender, we secured our largest long-term flexibility portfolio to date, awarding 196 GWh of availability, a tenfold increase on the previous year.

During the 2026/27 regulatory year, our priority will be to mature the day-ahead market, improve market responsiveness, and make participation more accessible and effective for flexibility providers. We will shortly publish a suite of Roadmap documents, including our Flexibility Market Development Roadmap, setting out our strategic objectives for the remainder of ED2. This roadmap will demonstrate how we will continue strengthening an open, transparent flexibility market that delivers whole-system value, reinforces our commitment to a reliable and affordable smart network, and positions us for a confident transition into ED3.

2.4.1 Maturing our day-ahead market

Prior to the launch of our day-ahead market, short-term flexibility was procured on a week-ahead basis, limiting our ability to respond to real-time system needs. To address this, we have developed new day-ahead functionality within Market Gateway, alongside supporting operational and market processes to ensure reliable delivery.

Following extensive testing, the day-ahead market launched in March 2026. Our focus over this regulatory year is to grow liquidity, strengthen competition, and enhance provider experience. The day-ahead model is expected to:

- enable faster, more targeted procurement
- improve responsiveness to near-term system conditions
- increase liquidity and accessibility, particularly for short-lead-time assets
- support closer coordination with NESO to deliver consumer benefit through more efficient dispatch and reduced costs.

Shorter lead times allow providers to commit with more accurate forecasts, improving participation for assets with variable demand or generation profiles and enabling a more agile system response.

2.4.2 Service evolution

Demand Turn-Up (DTU)

In 2024, we procured three DTU Constraint Management Zones for dispatch during summer 2025. The results were compelling: **498 MWh dispatched across 3,800 events**, demonstrating strong viability and clear future potential. Following this successful trial, DTU has now transitioned into Business-as-Usual, with two further zones procured for delivery in summer 2026. We expect continued expansion as flexibility markets mature.

FlexUp

As low-carbon, weather-driven generation grows on the distribution network, periods of high output are increasingly constrained. To address this, we introduced FlexUp, a new DTU-based service designed to reduce curtailment and maximise renewable utilisation. A network-wide assessment identified 23 FlexUp zones, covering around half of our network. The most recent DTU tender secured 52 GWh across these zones, making National Grid the first DSO to procure flexibility explicitly to reduce renewable curtailment. These zones will operate alongside our existing DTU areas, strengthening our ability to coordinate flexible response and support efficient whole-system operation.

Reactive Power (emerging flexibility use case)

We are preparing to trial the procurement of reactive power to explore its potential in supporting voltage management. Reactive power is vital for maintaining stable voltage levels, and this early-stage work will assess whether market-based solutions can complement traditional network interventions. We will continue to engage stakeholders through the Flexibility Focus Group as this development progresses.

2.4.3 Responder

Our Responder Initiative incentivises customers to take actions that strengthen network resilience ahead of extreme weather. Storms and similar events can damage network equipment and put customer supplies at risk, requiring us to transfer load through alternative running arrangements. While this helps maintain supply, these restorations can place additional stress on the network.

Where we have advance visibility of an event, we will therefore ask customers to increase their demand in the day or evening beforehand—for example by charging an electric vehicle, running appliances, or heating their home. Shifting demand in this way reduces pressure on the network during the event itself, making any necessary load transfers less impactful, while also giving customers greater peace of mind, such as having a fully charged vehicle available. The service is expected to be used only occasionally, around two to three times per year, and will be procured through our OU_15 product.

2.4.4 Accessibility

Ensuring flexibility markets are inclusive is essential to a fair energy transition. In 2024/25, we partnered with the Centre for Sustainable Energy (CSE) to understand participation in our flexibility markets and to identify where access improvements could particularly benefit households in vulnerable circumstances.

CSE's analysis of low-voltage Constraint Management Zones identified recommendations across transparency, product design, baselining, procurement timing and consumer trust. Following these recommendations, we continued our partnership with CSE to identify evidence-led, practical interventions supported by case studies. Our response to CSE's recommendations is set out in our **Making Flexibility More Accessible**, alongside the actions we have already implemented and those we are committed to delivering, to help ensure that our flexibility markets become fairer, more inclusive and easier for all households to access.

2.4.5 Data provision and transparency

Following the delivery of our stakeholder-informed **Flexibility Market Insights Dashboard** in March 2026, we will undertake further engagement to understand how participants use our data in practice. This feedback will inform continued improvements to ensure our datasets are accessible, intuitive, and provide clear, actionable insights.

We also publish bi-annual Flexibility Market Insights Reports, offering transparent updates on procurement and dispatch activity across summer and winter seasons.

To improve data accessibility, we have launched a new **FlexPortal** (January 2026), providing a digital-first platform for publishing our **Flexibility Market Insights Report** and showcasing outcomes from the latest long-term tender. Developed in partnership with **Squid**, this interactive portal enhances transparency, strengthens insight dissemination, and offers a more engaging user experience.

Together, these tools give stakeholders a clear, intuitive view of our flexibility activities and enable more informed participation in our markets.

3. Tendering Process

3.1 Process

We have developed our tendering processes to be objective, transparent and market based. They are designed to be as simple as possible whilst maintaining compliance with the Utilities Contract Regulations.

These regulations impose strict requirements on how utilities procure services. Since 2019 we have used a Dynamic Purchasing System (DPS) to manage pre-qualified parties enabling their eligibility to tender into all our published procurement cycles. Our experience of using the DPS has fed into the procurement processes developed within the Open Networks project, with several outputs feeding directly into some of the Market Facilitator's Flexibility Market Rules. We fully comply with the **Flexibility Market Rule: Common End-to-End process for flexibility services**, which establishes a standardised framework for describing the end-to-end process of delivering flexibility services.

In April 2023 we evolved our tendering processes to align with the framework contract approach taken by NESO, and as such have implemented a process where market participants are pre-qualified and awarded an overarching contract ahead of being able to bid for trade opportunities. This has allowed us to accommodate the procurement of services at both long-term and short-term timescales and in the future will allow us to facilitate even closer to real time procurement.

This process still uses a DPS, and is split into an initial qualification, where the formal procurement is carried out to award an overarching contract. Following this, ongoing technical qualification and trading can happen at any time. This process is administered on **Market Gateway**, which we launched in April 2023 to digitalise our end-to-end procurement process and accelerate platform and marketplace interactions. In 2025, we migrated all trading activity to Market Gateway, making it the central system for administering both long-term and short-term flexibility trades. This ensures a consistent, transparent, and efficient route for providers to engage with our markets.

Figure 6: Overview of our qualification and trading processes

1 Commercial Qualification (Market Gateway)	2 Technical Qualification (Market Gateway)	3 Trades (Market Gateway)	4 Delivery (Flexible Power Portal)
• Register organisation on Market Gateway and receive login details • Digitally sign Overarching contract • Download and complete Billing Form and return to us • Receive Award Letter to confirm qualification success • Receive email to confirm Flexible Power Portal Account	• Register assets through Market Gateway interface, or via an API or CSV upload • We will check your assets and approve them. You will be notified of approved or rejected assets • Approved assets can then be assigned into a Meterable Unit (MU) • Prove metering for an MU via Flexible Power Portal to confirm communication	• Flexibility requirements will be populated into the calendar view • Respond to requirements by selecting times of availability and providing a bid price • Awarded availability and prices will be available to view in Market Gateway after Trade Awards • Awarded availability will be visible in Flexible Power Portal ahead of the delivery requirement	• Delivery Flexibility Services as per dispatch start/stop signals over API and in line with your awarded delivery requirements • Submit metering for MUs over API or through manual upload so we can measure delivery • Performance and earnings reports and invoices available to view in Flexible Power Portal

3.1.1 Qualification

The qualification process is designed to prepare the FSP and assets for participation in trade and service delivery. It has three distinct phases. More information can be found in our **Guidance Document**.

Commercial Qualification

Commercial qualification involves the submission of some basic information to gain access to the DPS. The Periodic Indicative Notice (PIN) response is effectively an expression of interest to provide services, based on basic company information (Name, address, company type and number etc.).

This is followed by the Pre-Qualification Questionnaire (PQQ), which requires confirmation that the FSP meets the minimum requirements for participation in flexibility services. These are:

- Commitment to build the Flexible Power API for services that are utilised close to real-time.
- Ability to provide relevant metering data over the API or via the upload functionality provided.
- Asset ability to respond to utilisation instruction and provide a response for minimum of 30mins.

There are also a number of mandatory questions that FSPs must complete in order to comply with the Utilities Contract Regulations. The FSP must confirm their acceptance and adherence to these. Once complete, the FSP is added to the DPS and invited to the Qualification Tender. **Commercial qualification is always open**.

Overarching Contract

To receive an Overarching Contract, FSPs are invited to respond to the **Qualification Tender**. As part of this process, the FSP must agree to the Flexibility Service Agreement within the Market Gateway. The Agreement is comprised of six sections, each of which must be accepted.

Once the Flexibility Service Agreement has been accepted, the FSP must then confirm acceptance of the Self-Billing Agreement, which enables us to raise invoices on the FSP's behalf. The FSP will also be directed to download a Supplier Details Form, which is used to collect the billing information required to process payments. Following completion and download of the Supplier Details Form, the Market Gateway will issue a formal **Overarching Contract Award**. Issuing the Contract Award also triggers the setup of the FSP's Flexible Power Portal account, providing access to the API setup and testing environments.

Technical Qualification

Technical qualification focusses on ensuring FSPs are ready to conduct trades. It includes the registration and validation of assets, the creation of logical groups of these assets into Meterable Units, proving metering submission capability and, where the flexibility product requires close to real time instruction, building out the API to our Flexible Power Portal so that start/stop signals can be received. The information required to register an asset includes:

- The location of the asset
- The Meter Point Administration Number (MPAN) or Metering System Identifier (MSID)
- The technology type
- The peak capacity (in kW)
- The asset's metering point

Assets can be edited on Market Gateway subject to revalidation. It should be noted that changes to assets that form part of an existing Trade will not take effect until the Trade commitment period is complete. Only assets that are registered and have been verified by National Grid DSO can be selected for participation in trade.

3.1.2 Trading

Trades are the mechanism through which service windows are awarded. They set out the detailed requirements for availability, and for some products, utilisation. Once awarded, a trade specifies all key delivery parameters, including the expected response volume, the assets to be utilised and the associated price.

Further detail on the data included within a trade is provided in our **Guidance Document**. Trades do not form part of the formal overarching tender process; instead, they are awarded following a successful response to a trade opportunity.

We operate trades across two timeframes: **short-term** (day-ahead) and **long-term** (annual). A trade serves to lock in the key requirements for both the FSP and the DSO, clearly defining expectations for delivery.

Once a trade opportunity closes, the submitted responses are locked and assessed. The subsequent trade award confirms the accepted availability (for long-term trades) and utilisation windows, the Meterable Units (the asset or asset group) included, and the technical parameters specified in the trade response. These elements cannot be amended once the trade has been awarded.

However, while the Meterable Units tied to a trade are fixed, the underlying assets linked to those units may still be updated, provided the change occurs before the operational period. This allows FSPs flexibility in managing their asset portfolios. The required response and availability window remain unchanged, but baseline values will adjust to reflect the updated asset set. For example, an energy retailer may remove assets that are no longer part of their customer portfolio and replace them with new ones.

3.2 Pricing Strategy

A ceiling price for each CMZ is calculated as part of our DNOA process using the CEM tool. All ceiling prices will be communicated in the trade opportunity. We are currently fixing the ratio between availability and utilisation prices.

We then apply a **Pay-as-Clear** (PaC) mechanic where competitive pricing is used. Under this approach, all flexibility service providers are paid at the rate of the marginal accepted bid, rather than the price they individually submitted. This encourages providers to bid at their true marginal cost of operation, rather than anticipating the likely clearing price for the zone. This mechanic is being used in most new Flexibility Services across Europe.

The decision between PaC and fixed pricing is specified within each trade. Our default parameters are:

Product	Pricing Mechanic
SU	Pay As Clear
SAOU_DA	Pay As Clear
OU_15	Fixed Price

Our implementation of PaC is supported by semi-automated processes designed to align closely with our service selection principles. Under this approach, the clearing price is set by the highest-priced provider whose bid is accepted.

OU_15 services are used in response to rare, high impact network events. The nature of these events often restricts the flexibility services that could be used due to locational requirements. In order to ensure timely usage of these services, they will remain fixed price.

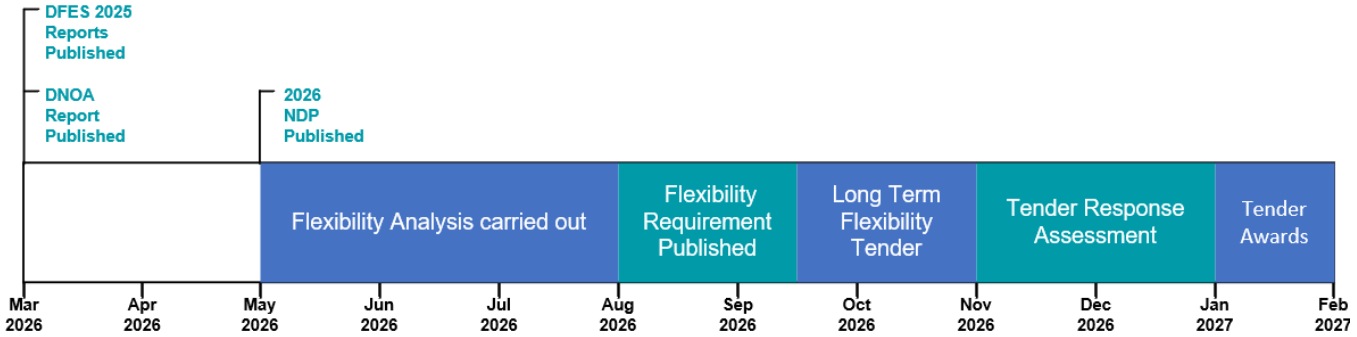
These prices feed into the performance related payment mechanics. More details can be found in our **Guidance Document**.

3.3 Timeline

3.3.1 Long-term timeline

We update our flexibility requirements and open long-term trades on an annual basis. Please note that some dates may be subject to change depending on our procurement needs. The timeline in figure 7 below provides our current best view.

Figure 7: Long-term procurement timeline



Long-term Trade Availability Declarations

Following the publication of our long-term tender on Market Gateway in September, FSPs will be able to submit their availability declarations during October and November. These declarations include details such as the capacity they can provide, the associated price, and key operational parameters, for example, minimum and maximum run times.

Long-term Trade Acceptance

We will issue acceptances or rejections by the end of December and publish the final Trade Awards in January. Once trades have been cleared and awarded, our operational dispatch processes are carried out through **Flexible Power Portal** and its associated API. The API provides a simple mechanism for sending start/stop instructions and receiving metering data to support service verification and settlement. Further detail is available in our **Guidance Document**.

As the OU_15 product has no availability payment, all availability declarations are accepted automatically.

3.3.2 Short-term timeline

Our short-term services trade on a day-ahead timeline[2] as shown in table 4 below.

Table 4: Short-Term procurement timeline

Gates open on Market Gateway	Delivery Day	Final bid cut off	Bid deadline	Trades outcomes communicated via Market Gateway and Flexible Power Portal
Thursday the week before (From 11:00)	Tuesday - Friday	Day before (D-1)	Every day by 12:00	Same day from 15:00
Thursday the week before (From 11:00)	Saturday	Friday	Friday by 12:00	Friday from 15:00
Thursday the week before (From 11:00)	Sunday	Friday	Friday by 12:00	Friday from 15:00
Thursday the week before (From 11:00)	Monday	Friday	Friday by 12:00	Friday from 15:00

[2] Day-ahead timings may differ slightly for providers that trade via Piclo

Short-term Trade Visibility and Declarations

Trade opportunities are published a month-ahead on our **Data Portal** and two weeks ahead on Market Gateway. As part of trade submission, FSPs are required to provide details including the capacity available, their bid price per MWh, and the time windows during which they can deliver the service.

Short-term Trade Acceptance

We assess the flexibility volumes declared by FSPs against the immediate requirements needed to complement our long-term procurement for managing the relevant constraint. Trades are awarded under a utilisation only payment.

As highlighted in **Section 2,** our flexibility requirements are published across several key documents. When new requirements are released, we also notify our registered stakeholders through our update service, providing direct links to the published needs, the DPS registration page, and any additional supporting information, such as webinar invitations.

3.4 Contract Award Process

FSPs respond to the qualification tender by accepting the latest Flexibility Service Agreement, a self-billing agreement and providing billing details. No asset details are collected at this stage. These are collected later at the technical qualification stage.

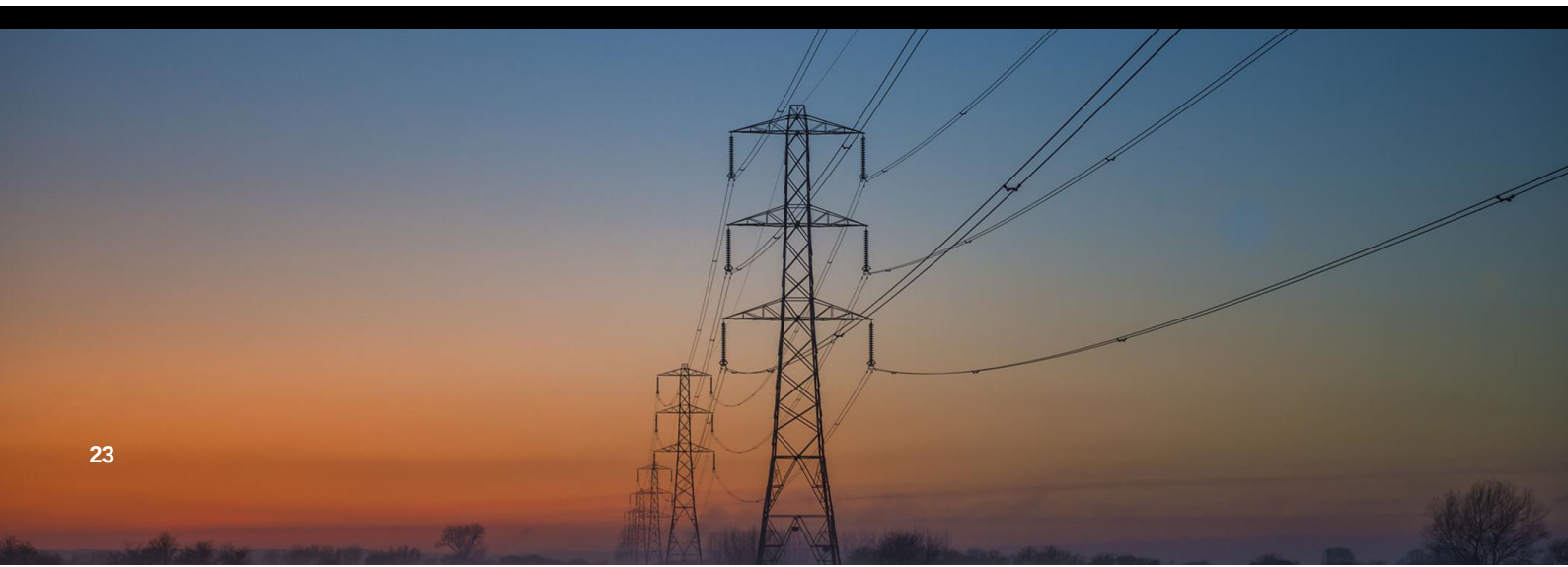
Following the qualification tender, an overarching contract is awarded to the FSP.

We have worked collaboratively with industry through the ENA's Open Networks project to develop a common set of terms and conditions, and were the first DNO to adopt these as an Overarching Contract. Responsibility for these terms has now transitioned over to the Market Facilitator. We will continue to work closely with the Market Facilitator to ensure these terms and conditions remain fit for purpose, provide low barriers of entry, maximise participation and reduce complexity. The framework include:

- Mutual and capped liabilities.
- Performance based payment mechanisms to incentivise participation.
- No penalties for non-delivery, only loss of potential revenue.
- No exclusivity clauses.
- No obligation to trade.

Our contracts do not have any exclusivity, maximising the ability for a flexibility provider to increase revenue opportunities by providing services to other parties or through revenue stacking.

Our implementation of version 3 of the Flexibility Service Agreement is available on the **Flexible Power Website**. The terms must be accepted as part of the qualification tender. As it is a standard, cross party contract, it is non-negotiable, however feedback will be collated and fed back into future reviews, both within National Grid DSO and with the wider Market Facilitator's Flexibility Market Rules.



4. Stakeholder Engagement

4.1 Engagement around flexibility products and processes

We have a dedicated Flexibility Commercial team focused on engaging with and supporting both existing and prospective flexibility service providers—guiding them from registration through to delivery and settlement.

The team uses a wide range of engagement methods to support stakeholders and encourage participation in our flexibility markets. These include:

- **Quarterly Flexibility Focus Groups:** Structured sessions designed to gather direct, in-depth feedback from stakeholders. These conversations help us identify priority improvement areas, simplify market participation, strengthen our service offerings, and ensure our market development remains user-centred and responsive.
- **Regular FSP Webinars:** Hosted throughout the year to provide up-to-date information on both short-term and long-term trade opportunities, as well as guidance on becoming a flexibility service provider. In addition, Flexibility Surgery appointments are available on request for stakeholders who wish to speak directly with the team.
- **Bi-annual Market Insights Report:** Published twice a year to provide a clear overview of our procurement and dispatch activities during the summer and winter periods.
- **Industry Speaking Events:** Participation in relevant industry forums to share updates, gather insights, and increase visibility of our flexibility activities.

As detailed in **Section 3.3**, we operate a single long-term trading cycle each year, alongside day-ahead short-term trades that target our summer and winter flexibility requirements. The timings for these activities are set out in our **Procurement and Engagement Timetable**. These trading cycles are supported by a range of promotional activities designed to maximise market participation, as well as structured feedback processes that enable us to continually refine and improve our approach.

Information on our pre-qualification requirements, along with all other relevant documentation, is available on **Flexible Power** Website. A full list of supporting materials has been brought together in our **Document and Data Catalogue**.

4.2 Wider collaboration and thought leadership

We recognise that National Grid DSO is one actor among many within an increasingly complex energy marketplace. For this reason, in addition to our broad stakeholder engagement activities, we place significant emphasis on close collaboration with other network licensee and the wider market.

A central part of this collaboration has been our active involvement with the Energy Networks Association, particularly through the Open Networks programme. This programme concluded in July 2025 following the establishment of the **Flexibility Market Facilitator**, which now leads future market development activities. Over the eight years of Open Networks, we worked alongside other licensees to develop and adopt common approaches across a wide range of DSO-related functions. The **Market Development** and **Network Operations** workstreams played a key role in shaping and standardising Flexibility Services.

With the transition of key outputs from the Open Networks programme to the Market Facilitator, and following the publication of the new **Flexibility Market Rules**, we will continue to work closely with the Market Facilitator and wider industry stakeholders, including NESO and other DNOs. Our formal engagement will take place through the Flexibility **Stakeholder Advisory Board**, complemented by ad-hoc engagement and feedback channels. Together, these activities will support the delivery of the Flexibility Market Rules and help identify opportunities to refine or improve specific elements where required.

In addition, we engage directly with other licensees. Examples include:

- **Collaboration with NESO and other DNOs on Regional Development Programmes (RDPs):** The RDPs take a whole-system view to identify opportunities to unlock additional network capacity, reduce constraints, and create new revenue streams for market participants. Through this work, we jointly developed the MW Dispatch service with NESO, demonstrating the value of coordinated planning and solutions across the system.
- **Extending the Flexible Power brand and processes to other DNOs:** By opening up our Flexible Power brand and associated processes to other DNOs, we aim to strengthen alignment and collaboration across the industry. This approach helps streamline interactions for flexibility providers by reducing the complexity and resource burden of working with multiple network operators and differing systems. As part of this collaboration, we will continue to develop the Flexible Power brand and enhance the portal's functionality to support Nomination Baselining Methodology accuracy calculation and reporting, in line with the accuracy requirements set out in the flexibility market rule on standard baselining methodologies**.**
- **Sharing operational data:** Our operational data for flexibility markets is shared with other companies including NESO via an Inter-control Center Communications Protocol (ICCP) link.

Stakeholders can join our update service via the **Contact NGED form** and can also contact us directly at **NGED.flexiblepower@nationalgrid.co.uk**

5. Detailed Quantitative Assessment

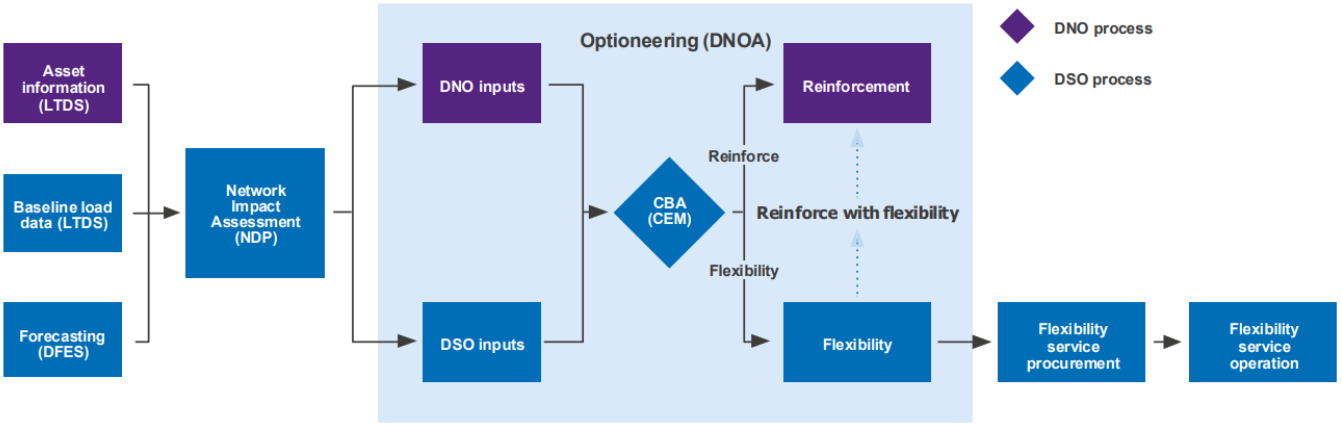
5.1 Flexibility Service Requirements

The Long-Term Development Statement (LTDS) highlights the assets that make up our network, while Distribution Future Energy Scenarios (DFES) set out projected growth in demand and generation across our four licence areas on an annual basis. The scenario-based growth data from DFES enables us to identify parts of the network that are likely to experience constraints.

Forecasts derived from this data feed into our **Network Development Plan** and are used to assess the need for conventional network reinforcement and/or flexibility procurement based on future system requirements. The decision-making framework used to determine the optimal solution for each identified constraint is the **Distribution Network Options Assessment** (DNOA). This assessment is undertaken annually and directly informs our rounds of Flexibility Service Procurement.

The DNOA process considers both forward-looking and backward-looking assessments. It identifies where flexibility services should be procured to mitigate emerging constraints, while also reviewing existing services to ensure they continue to deliver value.

Figure 8: Determining flexibility requirements



Key

LTDS: Long Term Development Statement
DFES: Distribution Future Energy Scenarios
NDP: Network Development Plan
DNO: Distribution Network Operator
DSO: Distribution System Operator
CBA: Cost Benefit Analysis
CEM: Common Evaluation Methodology

The DNOA outlines the decisions we make to meet the future needs of the distribution network. A smarter, more dynamic network requires smarter and more evidence-based decisions. The DNOA sets out the range of options considered and demonstrates how cost-benefit analysis is used to identify the investment pathway that delivers the best value for consumers. These decisions transparently show how we optimise our investment choices to provide secure, sustainable and affordable electricity that meets the evolving needs of the communities we serve.

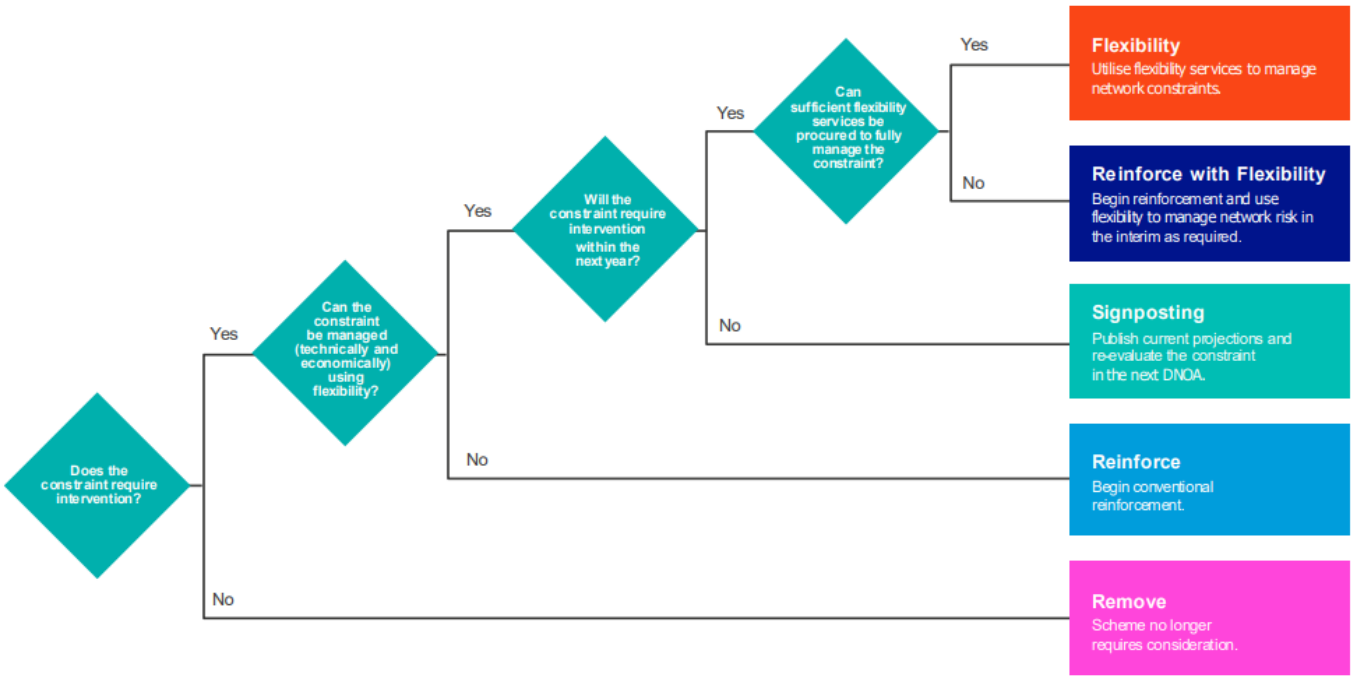
To enhance transparency in how DNOs determine flexibility procurement requirements, and assess the potential for deferring conventional reinforcement, the **Common Evaluation Methodology** (CEM) was developed as a standardised approach for conducting cost–benefit analysis (CBA) for the use of distribution flexibility services. The tool is aligned with **Ofgem's CBA requirements** for the ED2 price control period, with the primary economic benefit of flexibility arising from the deferral of reinforcement costs, assessed using the **Time Value of Money** principle.

The CEM CBA tool underpins our DNOA process, and it's used to calculate the **ceiling price** for flexibility. Ceiling price represents the break-even point at which the cost of procuring flexibility equals the economic benefit of deferring reinforcement.

Our **FlexUp** service is priced using the findings from our innovation project **Headroom – Whole System Thinking**, which identified a whole-system benefit of £97/MWh for increased DER access.

The decision tree below illustrates the range of outcomes that our analysis may lead to. First, any schemes that do not require intervention are removed from future DNOA cycles. For schemes where intervention is required, if the constraint cannot be addressed using flexibility, conventional reinforcement is pursued. Schemes where flexibility could play a role are then subjected to a **cost–benefit analysis** to determine whether flexibility can be used to defer reinforcement. This process is described in more detail in our latest DNOA document—**Distribution Network Options Assessment**.

Figure 9: DNOA decision tree



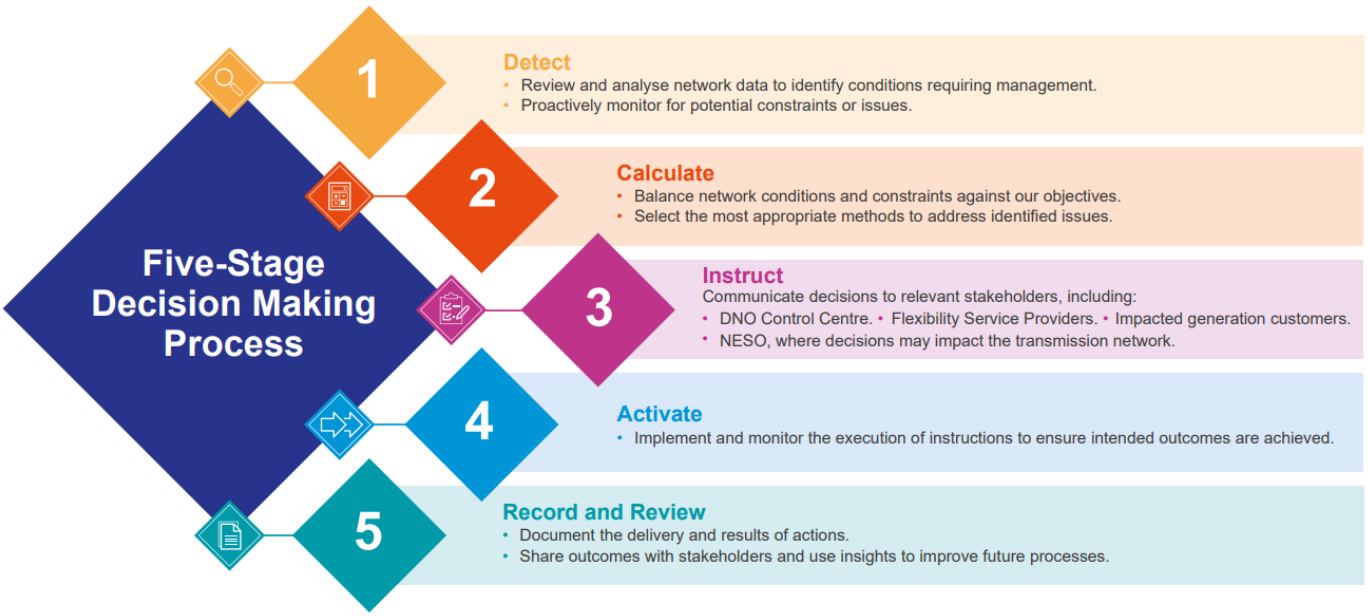
5.2 Flexibility Service Selection

As detailed in **Section 3**, we have a comprehensive process for procuring Flexibility Services, supported by clear methodologies for selecting which services to procure and how they are subsequently instructed.

Our latest **Operational Decision-Making (ODM) Framework** outlines the range of operational activities we undertake and demonstrates the significant progress we have made in operating a smarter and more dynamic network.

It is essential that our decision-making approach is well-informed, consistent and evidence-based. Our decisions must clearly balance our objectives and deliver the best outcomes for the energy system as a whole, as well as for our customers. To support this, we have developed a structured five-stage process that defines and guides our approach:

Figure 10: ODM Process



5.2.1 Decision Making Principles

The effective dispatch of flexibility services is critical to maintaining security of supply and ensuring the efficient operation of our electricity network. The principles that underpin our dispatch decisions are designed to align with industry standards and reflect our commitment to transparency and fairness.

Together, these principles provide clarity and consistency in decision-making and form the foundation for the ongoing development and refinement of our dispatch and decision-making frameworks.

Service Selection Principles - Demand Constraints

For demand constraints, where network equipment capacity is insufficient to meet peak demand, the priority is to reduce demand or increase generation to relieve stress on network assets. This helps mitigate the risk of equipment failure and prevents potential faults and supply interruptions.

Table 5: Demand Constraints Service Selection Principles

Priority	Name	Description
1	**Network Capability**	Network and system frequency integrity requirements must be met, supported by appropriate flexibility services.
2	**Customer Security**	The ability to meet customer demand and accept customer export under both normal and outage network conditions.
3	**Value**	Flexibility services will be procured and operated to deliver cost-effective outcomes.
4	**Market Resilience**	Where multiple suitable services are available at similar costs, dispatch will be shared among providers.

Service Selection Principles – Generation Constraints

For Generation constraints, where network demand is insufficient to consume the volume of generation, the priority is to increase demand to maximise the consumption of local clean energy at the times when it is most abundant, reducing the likelihood of clean generation being curtailed.

Table 6: Generation Constraints Service Selection Principles

Priority	Name	Description
1	**Network Capability**	Network and system frequency integrity requirements must be met, supported by appropriate flexibility services.
2	**Customer Security**	The ability to meet customer demand and accept customer export under both normal and outage network conditions.
3	**Use-Case Merit**	Where multiple suitable services are available, we will prioritise those that best address the constraint use case
4	**Value**	Flexibility services will be procured and operated to deliver cost-effective outcomes.
5	**Market Resilience**	Where multiple suitable services are available at similar costs, dispatch will be shared among providers.

As we introduce new flexibility use cases, our dispatch principles continue to evolve to ensure they remain fit for the future. These principles play an increasingly critical role in supporting efficient, reliable, and scalable flexibility delivery. They are designed to provide:

- **Consistency and Scalability:** A consistent decision-making approach across diverse scenarios, enabling effective application as both our operational experience and the range of flexibility use cases grow.
- **Scenario Analysis:** A structured framework that supports testing of hypothetical scenarios to improve system understanding and continuously refine fixed rules.
- **Transition to Automation:** The development of rules-based decision-making processes as our operational knowledge matures, enabling faster, more consistent dispatch decisions and streamlined operations.

By embedding these principles into our flexibility decision-making frameworks, we can deploy flexibility more effectively to meet our objective of reliably delivering the electricity our customers need, when they need it. At the same time, this approach supports the development of a fair, transparent, and competitive flexibility market that is attractive to providers and encourages participation. Increased competition drives down the cost of operating flexibility, delivering improved value and supporting our objective of an efficient electricity system through reduced overall flexibility costs.

6. Data and Publications

We acknowledge there is a significant amount of data and information involved in the procurement of our services, as well as wider DSO processes.

As such we have summarised the key references in this section. Also, you can refer to our **Document and Data Catalogue**.

6.1 Distribution Flexibility Services Regulatory Reporting

Publication	Description	Location
Distribution Flexibility Services Procurement Statement	A forward-looking report on how we will procure services in the coming regulatory year.	**National Grid DSO website**
Distribution Flexibility Services Procurement Report	A report, and supporting data table, detailing how and where we have procured flexibility services in the past regulatory year.	**National Grid DSO website**
Ofgem Guidance	The Ofgem guidance determining what should be covered in the regulatory reporting.	**Ofgem Website**

6.2 National Grid DSO process

Publication	Description	Location
Long Term Development Statement (LTDS)	LTDS provides an overview of the design and operation of the distribution network, together with data on the 132kV, 66kV and 33kV systems and the transformation levels down to 11kV. This is produced by DNO rather than DSO functions.	**National Grid Website**
Distribution Future Energy Scenarios (DFES)	DFES outline the range of credible futures for the growth of the distribution network.	**National Grid DSO website**
Network Development Plan (NDP)	NDP provide stakeholders with transparency on network constraints and needs for flexibility. The NDP has been created to present the 'best view' of planned asset based and flexible network developments over the five to ten-year period.	**National Grid DSO website**
Distribution Network Options Assessment (DNOA)	DNOA is a publication which outlines reasons behind investment decisions made in order to deal with constraints on our network.	**National Grid DSO website**

6.3 Flexibility Requirement

Publication	Description	Location
Data Portal	We host detailed, machine-readable data on our Data Portal. The portal enables users to access data via API, supporting efficient large-scale processing. This includes detailed zone-level requirements, associated geographic postcodes and polygons, as well as the results of Awarded Trades and our Dispatch Summary	**Data Portal**
Flexibility Map	Our Flexibility Map has been developed to show where we are currently seeking flexibility on our network, as well as areas where flexibility may be required in the future. The map allows users to enter a postcode to see whether it falls within a Constraint Management Zone.	**Market Gateway - Flexibility Map**
Flexibility Market Insights Dashboard	This interactive dashboard offers users a clear, accessible overview of our core flexibility metrics.	**Data Portal**
Market Gateway	Market Gateway is our in-house built flexibility platform. FSP registration, qualification, overarching contracting, asset registration and participation in trade opportunities are all facilitated through our Market Gateway platform	**Market Gateway**
Revenue Estimator Tool	A tool to provide a view on the maximum potential revenue available to a provider.	**Flexible Power Website**

6.4 Flexibility Process

Publication	Description	Location
Procurement & Engagement Timetable	This document provides the proposed procurement window dates and the surrounding market engagement.	**Flexible Power Website**
National Grid Guidance for Electricity Distribution Service Providers	Our Consolidated guidance on how we procure flexibility services.	**Flexible Power Website**
NGED_ENA Standard Flexibility Services Agreement	The latest version of the Terms and Conditions applicable to our Procurement of Flexibility Services.	**Flexible Power Website**
On Track to Trade - Webinar	Slides and Recording on our Webinars on how to participate in our services.	**Flexible Power Website**
National Grid DSO Baseline values	The values used for our flexibility baselines.	**Flexible Power Website**

6.5 Flexibility Updates

Publication	Description	Location
Flexibility Update Service	A mailing list to receive Updates on our Flexibility Services.	Email Sign up at: **Contact NGED**

6.6 Other relevant information

Publication	Description	Location
Flexibility Market Facilitator	Elexon creates the rules, systems, and governance that unlock Great Britain's flexibility markets – enabling households, businesses, and providers to power a smarter, cleaner, and more efficient energy system.	**Elexon Website**
Open Networks	An overview of the Open Networks Project and all the relevant documentation.	**ENA Website**
RDPs	Overviews of the Regional Development Programmes.	**National Grid website**
NGED Innovation	An overview of the National Grid Electricity Distribution innovation portfolio.	**National Grid Website**

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