



# **FLEXIBILITY SERVICES PROCUREMENT STRATEGY**

January 2026 – Consulting on our strategy for 2026/27

# ABOUT US – FLEXIBILITY AT NORTHERN POWERGRID

We distribute power to northern Lincolnshire, Yorkshire and the North East, covering 8 million customers across 3.9 million properties.

In 2025/26, our approach to utilise flexibility services to support efficient network development led us to seek flexibility services across five primary substations and twelve secondary substations, procured via a long-term summer tender and a series of monthly autumn/winter tenders.

We utilised two flexibility products: Scheduled Availability Operational Utilisation – Week Ahead and Scheduled Utilisation.

Overall, 81,517 assets are currently registered within our region, offering nearly 4.5 GW of flexibility.



This document sets out our Flexibility Procurement Strategy which builds on a successful 2025/26 to further develop the flexibility market across our region. We are keen for our partners to review our strategy and provide feedback for consideration in the final published version.

# DEVELOPING OUR PROCUREMENT STRATEGY

We have developed our 2026/27 flexibility procurement strategy and wish to gather market feedback ahead of issuing our final procurement strategy.

Our strategy development will follow the timeline below:



We developed our flexibility market throughout 2025/26 with the trialling of new products and introduction of monthly tenders, and hope to continue this development throughout 2026/27 by:

- Increasing the market opportunities we are offering by bringing the outage risk management use case to the market and continuing to tender for reinforcement deferral.
- Tendering competitively through our innovative product Flex Advance, which is designed to develop new flexibility capacity in regions that we need it.
- Continuing to improve the tender pace and process, and providing the full flexibility process via Piclo, from procurement to settlement.

# FLEXIBILITY USE CASES

We have tendered for flexibility services primarily for reinforcement deferral and as we approach ED3, with the anticipated need for increased network build, we will use flexibility services to support strategic investment by mitigating constraints to allow for more optimal delivery programmes.

Other flexibility services use cases we are tendering/exploring/trialling can be seen below:

| Flexibility Services Use Case                            |    | Procurement in 2026/27 | Flexibility Product (full names below table) | Comments                                                                                                                                                                                                                |
|----------------------------------------------------------|----|------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reinforcement deferral / Supporting strategic investment | HV | BAU                    | SU                                           | We will continue to procure on a BAU basis, building on previous years’ experience.                                                                                                                                     |
|                                                          | LV | BAU                    | VAOU_WA                                      |                                                                                                                                                                                                                         |
| Reinforcement deferral / Supporting strategic investment | HV | BAU                    | Flex Advance                                 | We seek to bring forward new capacity, not procured via VAOU, and utilise the Empower Flex product to build new flexibility within our region.                                                                          |
| Managing planned outages                                 | HV | BAU                    | VAOU_WA                                      | We will initially tender for services in relation to one outage, to be followed by additional outages later in the year. Flexibility product may vary by outage.                                                        |
| Creating capacity for new connections                    |    | Trialling              | To be informed by innovation project         | Our Flex-ENC innovation project is due for delivery mid-2026, additional opportunities may follow.                                                                                                                      |
| Unplanned outage support                                 |    | Exploring              | To be informed by innovation project         | Our MultiResilience and Resilient Customer Response innovation projects focus on unplanned outages on the LV and HV network. These projects’ outcomes will inform a pilot using flexibility services for this use case. |
| Curtailment reduction                                    |    | None                   | N/A                                          | We successfully trialled Demand Turn Up (DTU) but have no plans to tender this in 2026/27 as there isn’t a funding mechanism in place under ED2.                                                                        |

SU = Scheduled Utilisation | VAOU\_WA = Variable Availability Operational Utilisation – Week Ahead | OU = Operational Utilisation

We procured reinforcement deferral in 2025/26 using Scheduled Availability Operational Utilisation – Week Ahead (SAOU\_WA). To comply with current Market Facilitator product rules, we would need to move to VAOU\_WA from 2026/27. We have submitted a Change Proposal to the Market Facilitator to adopt SAOU\_WA as a standard variant, as it offers providers greater confidence on availability requirements. If the proposal is not approved, we will use VAOU\_WA for 2026/27, but with no intention to adjust availability requirements after tender award.

# OUR PROPOSED TENDER TIMELINE

In 2025/26, we ran a long-term summer tender and a series of monthly tenders from November through to January. This procurement pattern worked well for procuring reinforcement deferral however we are introducing additional competitions and use cases in 2026/27, which will follow the calendar below:

| For services to be delivered in reg year | HV / LV zones | Flexibility Product (full names below table) | Summer (approx. July) | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|------------------------------------------|---------------|----------------------------------------------|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| 2026/27                                  | LV            | SU                                           | ✓                     |     |     | ✓   | ✓   | ✓   | ✓   | ✓   |     |
|                                          | HV            | VAOU_WA                                      | ✓                     |     |     | ✓   | ✓   | ✓   | ✓   | ✓   |     |
|                                          | HV            | Flex Advance                                 | ✓                     | ✓   | ✓   |     |     |     |     |     |     |
| 2027/28                                  | HV            | VAOU_WA                                      | ✓                     |     |     |     |     |     |     |     |     |
|                                          | HV            | Flex Advance                                 | ✓                     | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   |

SU = Scheduled Utilisation | VAOU\_WA = Variable Availability Operational Utilisation – Week Ahead

Summary of 2026/27 planned procurement:

- Summer – tendering Scheduled Utilisation for LV zones, for services delivering in 2026/27.
- Summer – tendering Variable Availability Operational Utilisation – Week Ahead and Empower Flex for HV zones, for services delivering in 2026/27 and 2027/28, with Empower Flex tenders repeating monthly in the lead up to each delivery period.
- Autumn/winter – monthly tendering of Scheduled Utilisation for LV zones and Variable Availability Operational Utilisation (Week Ahead) for HV zones, for services delivering in the following month.
- Ad Hoc – we will tender for outage risk management services as we require them using either Variable Availability Operational Utilisation - Week Ahead or Operational Utilisation, based on the nature of the outage.

# PRODUCT INTRODUCTION

## What is Flex Advance?

This product is born out of a Northern Powergrid pilot project launched in 2025, deploying domestic batteries and efficiency measures on a large scale across two constraint managed zones, which had repeatedly fallen short of flexibility requirements at tender. This product has been moved into business as usual and will be procured to develop new flexible assets within our constraint managed zones as part of our routine tenders.

## How does Flex Advance work?

This product will initially be procured as part of our summer tender and then remain available leading up to each service delivery period for partners who are developing new flexible assets within the constraint managed zones.

We will pay the developer 80% of the forecast flexibility value in an upfront payment, at the point the asset is built. The remaining 20% will then be paid at the point of flexibility utilisation.

## Interested in learning more?

Please reach out to the team to discuss this in more detail, including specific terms and conditions relating to additional credit check requirements and investment development plans.



# WE'RE LISTENING TO YOU

We hosted a roundtable discussion on 24<sup>th</sup> November to gather feedback from Flexibility Service Providers (FSPs) participating in our market as to how we can improve. The feedback has been used to develop our flexibility market and improve the experience for FSPs. A summary of the key talking points can be seen over the following pages, including how we have responded to the feedback.

Thanks to our participants involved from:



There is limited availability at our roundtables but please let us know via [flexibility@northernpowergrid.com](mailto:flexibility@northernpowergrid.com) if you would like to take part in future events.

# ROUNDTABLE KEY TOPICS

## Increased competition frequency would make participation more worthwhile

|                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <p>It was flagged that there is a “volumes problem” and that if there were consistently more competitions, it would be a lot more attractive for Flexibility Service Providers (FSPs) to bid into our market.</p> | <ul style="list-style-type: none"><li>• We are committed to utilising flexibility services in the most efficient way for our customers and our network. Our current needs for the reinforcement deferral use case are modest; however, we have introduced the autumn/winter series of month ahead tenders to maximise the opportunity for FSPs to participate.</li><li>• We are developing new flexibility use cases such as planned outages which will provide additional opportunities for FSPs.</li><li>• We are also moving towards products containing Operational Utilisation and will be utilising the outputs of our Artificial Forecasting innovation project which will help tighten service windows and dispatch accuracy / efficiency to maximise the value for successful bidders.</li></ul> |
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## There are interoperability challenges with DSOs using multiple platforms, more standardisation is needed

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| <p>FSPs struggle to integrate with multiple systems. It is a burden to register assets, dispatch and settle on different platforms, interoperability is key.</p> <p>Some FSPs require better automation of the bidding and dispatch processes but others rely on the manual process for customers who do not wish to automate.</p> | <ul style="list-style-type: none"><li>• There is a fine balance between innovation and standardisation, too much early standardisation limits innovation.</li><li>• We have been working with Piclo for two years and have adopted the full end-to-end flexibility process on their single platform, working with an established supplier who can offer automation for API enabled partners. We are committed to using their platform for the next two years, providing stability for FSPs.</li><li>• We are innovating and trialling new products, such as Empower Flex, which supports the development of new flexibility assets within our region.</li><li>• We are also committed to embedding the new Flexibility Market Rules into our processes.</li></ul> |
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# ROUNDTABLE KEY TOPICS

## The signalling from DSOs and NESO need to be improved to minimise conflicts

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| There is a concern that there may be double signalling between DSOs and NESO, driven by wholesale price-driven optimisation where prices fall and network capacity becomes the constraint. | <ul style="list-style-type: none"><li>• We are yet to see signal conflicts on the network but we are adopting the ICCP protocol in 2026 which will improve our communication and data exchange with NESO.</li><li>• We are also proactively engaging in the Market Facilitator Primacy and Stacking working groups, and we remain supportive of Flexibility Service Providers (FSPs) using co-delivery stacking.</li></ul> |
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## Baselining rules and values vary between System Operators

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| FSPs explained that System Operators approach baselining differently, making it very hard for them and there is a need to continue to monitor the accuracy of fixed reference baselines. | We are on track to adopt the Market Facilitator Baselining Flexibility Market Rule from April 2026 which, will provide greater standardisation when working across multiple regions. |
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## Flexibility Service Providers need better portfolio-to-network mapping

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| FSPs expressed a need for network mapping. Northern Powergrid confirms the constraint at the Secondary or Primary substation level but without mapping, FSPs cannot trace this back to their portfolio. | <ul style="list-style-type: none"><li>• We have developed an MPAN topology tool which automatically determines the eligibility of assets when uploading them into Piclo.</li><li>• If FSPs would like their assets to be mapped to Secondary and Primary substations, they are able to request this on an ad hoc basis and we can provide this.</li></ul> |
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# PROCUREMENT STRATEGY FEEDBACK

## We welcome your feedback

After reading our 2026/27 procurement strategy, we ask that you respond to the following questions for our consideration ahead of publishing our final strategy in March 2026:

- Do you have any general comments or observations on our proposed procurement strategy?
- Is there anything in our proposed approach that could be adjusted to better support participation?
- Are there any elements of the proposed strategy you feel are missing or are under-represented?
- Is there anything else you would like us to consider as we further develop our flexibility procurement strategy?

Please provide your answers and any other comments / questions to your regular Northern Powergrid contact or by email to [flexibility@northernpowergrid.com](mailto:flexibility@northernpowergrid.com) by 18<sup>th</sup> February 2026.

## How to find out more

We will be hosting a webinar at 11:00 on 12<sup>th</sup> February to present our draft procurement strategy. A registration link for the webinar has been sent to all stakeholders on our mailing list. Please reach out to us at [flexibility@northernpowergrid.com](mailto:flexibility@northernpowergrid.com) if you aren't currently on the mailing list and would like to be added and to receive an invite to the webinar.

