SSEN Distribution

FLEXIBILITY SERVICES PROCUREMENT STATEMENT

March 2026

Scottish & Southern Electricity Networks

DSO Powering Change

CONTENTS

0. EXECUTIVE SUMMARY

At SSEN Distribution we are committed to meeting the evolving needs of the electricity grid in the transition to net zero, while ensuring a secure and reliable energy supply. Flexibility services and early access products are vital tools for enabling this. We combine flexibility with an intentional approach to network investment, aiming to ensure all our decisions are economically efficient and enable the transition to net zero. How we plan to develop and evolve these tools is outlined in our Flexibility Roadmap[1].

As of 2025/26 we have managed over £236m of network reinforcement investment through the efficient use of flexibility services. We tendered for over 300 MW of flexibility through 67 procurement rounds. We tendered for 52 Extra-High Voltage (EHV) Constraint-Managed Zones (CMZs) and 145 High Voltage and Low Voltage (HV/LV) CMZs identified through our Distribution Network Options Assessment (DNOA) process. We also tendered for two CMZs identified by our outage planning teams. We have successfully onboarded nine new Flexibility Service Providers (FSPs) taking us to a total of 33. Full information on procurement activity in 2025/26 will be available in our procurement report which will be published in May 2026.

Throughout 2025/26, we deliberately focused on building our FSP engagement, developing our market platform to automate workflow processes and simplify FSP participation. We also created new market opportunities and built confidence in our approach, exemplified by becoming the second Distribution System Operator (DSO) to launch day-ahead markets to enable closer-to-real-time flexibility opportunities. Additionally, we have updated our dispatch methodology to ensure FSPs are seeing value from their participation in our services. Finally, we have begun the early development of our industry-leading new implicit flexibility opportunity, Smart Signal, which relies on location-specific time-of-day network signals to incentivise consumer behaviour.

Our plans for 2026/27 build on our strategy and direction into ED3. We are building new processes for flexibility use cases such as connections acceleration, outage management, and curtailment reduction. Developing these new use cases will enable us to greatly expand the number of CMZs we are tendering for in 2026/27 and beyond, providing additional opportunities for FSPs.

This is in line with our ED3 direction which emphasises the use of flexibility in a more structured and investment-led framework. We are also extending our cost-benefit assessment processes to ensure that this is aligned with our ED3 strategy and is resulting in the best value for money for our customers while ensuring network capacity meets our customers' needs. In parallel, we have been working to standardise and align our existing products and processes, via Elexon as the Market Facilitator, to streamline access to our markets and develop our platforms to accommodate these new developments alongside other industry initiatives such as the Flexibility Market Asset Register (FMAR).

In this document, we outline our ambitious procurement plans for Flexibility Services during the 12-month period commencing on the 1 April 2026. We include the timelines for this procurement activity and information on where we foresee changes to our approach as we improve and streamline our processes. We also provide details on areas where we will assess the technical need and economic benefit of flexibility services, potentially providing further opportunities for FSPs.

One of our key priorities for 2026/27 is increasing participation in our markets. We will carry out a minimum of three mini competitions, which will give new FSPs an opportunity to sign our overarching agreement. These are expected to commence in June, November, and March. In addition to the mini competitions, we will run at least three long-term bidding rounds in May, September, and January. Short-term and day-ahead bidding rounds will be held as required throughout the winter (September-March). The full timetable for these can be found in Appendix 4, and full details on products and zones can be found in Section 2 of this document.

[1] *ssen.co.uk/globalassets/about-us/dso/publication--reports/2024-2025-flexroadmap-update.pdf*

1. INTRODUCTION

ABOUT SSEN

We are Scottish and Southern Electricity Networks Distribution (SSEN). We are the Distribution Network Operator (DNO) responsible for delivering power to 3.9 million homes and businesses across central southern England and the north of Scotland.

Our network serves some of the UK's most remote communities and also some of the most densely populated. Our two networks cover the greatest land mass of any of the UK's DNOs, encompassing 72 local authority areas and 75,000km² of extremely diverse terrain. Through our Priorities Services Register, we help customers who may need additional support and partner with trusted and expert organisations in a range of initiatives to assist those living in fuel poverty. SSEN is part of SSE plc, a UK-listed energy company that operates throughout the UK and Ireland. SSE develops, owns and operates low carbon energy assets including onshore and offshore wind, hydro power, electricity transmission and distribution networks (SSEN), alongside providing energy products and services for businesses. As a provider of critical national infrastructure, SSE and its businesses play a vital role in accelerating the transition to a net zero world at a national and local level.

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

The purpose of this document is to set out our plans for the procurement of flexibility services in the 12-month period commencing 1 April 2026 and ending 31 March 2027, and the mechanisms we intend to use to procure these services. This is in line with our obligations set out in Standard Licence Condition 31E. We also provide detailed information on our procurement strategy, processes, and long-term ambitions for the development of flexibility markets. This statement can be used by Flexibility Service Providers (FSPs) and prospective FSPs to understand where we intend to procure flexibility services over the coming year, how to participate in our flexibility markets, what our processes look like and any plans for changes to our processes in the coming years.

Our flexibility strategy for 2026/27 focuses on expanding participation in our existing markets and increasing opportunities by developing the processes needed to introduce new Constraint-Managed Zones (CMZs). This will benefit our network and our FSPs through a broader range of opportunities. We procure flexibility services on a number of timescales. In long-term bidding rounds, we procure a Variable Availability and Operational Utilisation service to cover our Extra-High Voltage (EHV) network requirements at 1-3 years ahead of need, Scheduled Availability and Operational Utilisation to cover within-year and month-ahead requirements, and Scheduled Utilisation to cover day-ahead requirements and High Voltage and Low Voltage (HV/LV) network requirements a season ahead of need. At month-ahead bidding rounds we then tender for a Scheduled Availability and Operational Utilisation product to cover any forecast flexibility shortfall for the coming month, and similarly in our day-ahead bidding rounds we procure Scheduled Utilisation to cover forecast shortfall for the following day. In 2026/27 we will look to evolve our procurement strategy to ensure alignment with other DSOs and Elexon market rules, and to incorporate feedback from our FSPs on what timescales and products work best for them. We occasionally procure non-standard flexibility services to cover unique network needs. This is only done when there is a clear reason that a standard product would not be effective. More details on our products and procurement timescales can be found in Section 2.

Figure 1: Our two networks

2. FLEXIBILITY SERVICES REQUIREMENTS

2.1 Flexibility Services Across Our Network

We have implemented a robust strategic network planning process that enables us to identify and deliver the most efficient interventions for our customers, supported by transparent engagement with stakeholders. Flexibility services play a central role in this process by providing a non-build alternative that can address emerging needs on the network, from managing thermal constraints to supporting operational activities.

Figure 3 explains our end-to-end strategic network planning journey, showing how different outputs and publications fit together. The Network Development Plan (NDP)[2] presents a summary of network upgrades within the next 10 years and our flexibility service needs, in four different scenarios. They consist of the Network Development Report (published every two years) and the Network Scenario Headroom Report (published annually). The Long-Term Development Statements (LTDS)[3] provide information for customers looking to connect to the EHV distribution system and HV busbars of primary substations. They look at the entire network according to the latest demand forecasts in order to identify potential constraint zones over the next five years.

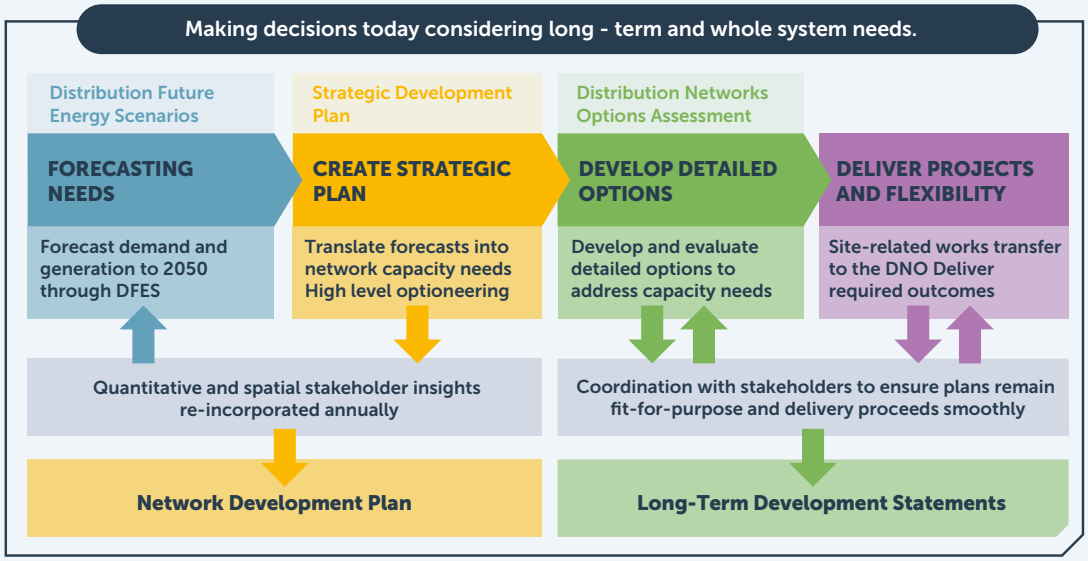


Figure 3: End-to-end strategic network planning process.

The crucial part of this process for identification of flexibility is the Distribution Network Options Assessment (DNOA). This process covers the optioneering to identify the best reinforcement solution, cost benefit assessment of optimal reinforcement solution against flexibility services, and a flexibility feasibility study. This assessment allows us to determine if flexibility is the most efficient method to keep network costs as low as possible for our customers. More information on our DNOA methodology and outcome reports can be found on our website[4]. A summary of the DNOA process is shown in Figure 4.

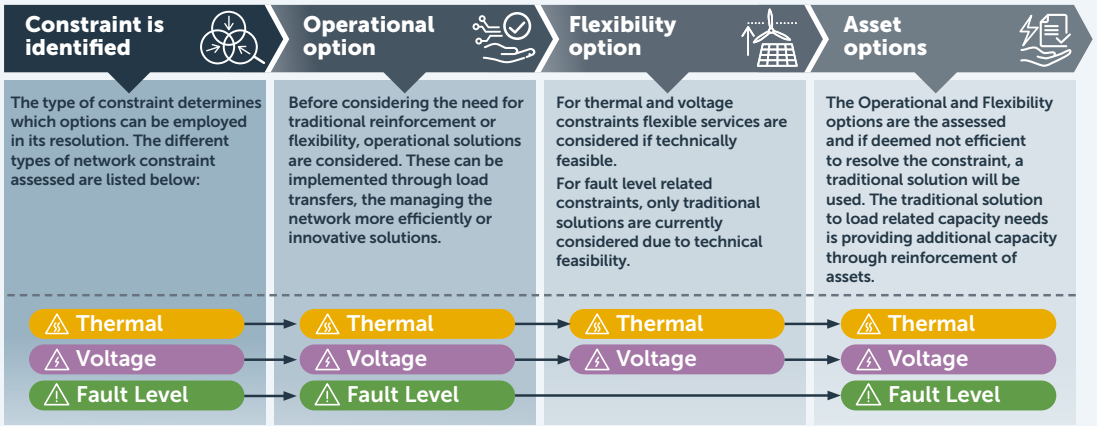


Figure 4: DNOA process overview.

[2] *https://www.ssen.co.uk/about-ssen/dso/whole-system/network-development-plan-ndp*
[3] *https://www.ssen.co.uk/our-services/tools-and-maps/long-term-development-statements-ltds*
[4] *https://www.ssen.co.uk/about-ssen/dso/whole-system/distribution-network-options-assessment-dnoa*

We intend to run several auctions across different timescales to secure the flexibility required. These markets will help us cost effectively manage forecast constraints, release additional capacity to accelerate customer and low-carbon technology connections ahead of reinforcement, and provide near-real-time tools for our operations teams to maintain network performance.

This year we will run our long-term and short-term markets alongside our new day-ahead markets to fulfil our flexibility requirements across various timescales, as depicted in Figure 5.

- Long-terms markets: requirements up to 2029/30
- Short-term markets: requirements within year, month-ahead
- Day-ahead markets: requirements the following day

All requirements described in this section are for pre-fault services, as we are not currently procuring post-fault services. These requirements have been developed using the most up-to-date information available at the time of writing and may be subject to change as new data and updated projections become available. Our short-term and day-ahead markets primarily address residual shortfalls from earlier procurement rounds, although new requirements may also arise during the year that could not reasonably be forecast in advance.

We recognise that as we move into our new price control period, RIIO-ED3, there are likely to be changes to how flexibility is procured, along with new and changing use cases which will bring additional opportunities and greater utilisation of flexible resources. We are monitoring progress of the ED3 developments and will adjust our approach in line with any regulatory obligations.

2.1.1 Flexibility Service Products

In 2026/27 we intend to procure the following standard flexibility service products:

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

We have selected these products to match the timescales associated with each of our procurement timelines. Operational Utilisation will be procured where requirements for post-fault services are identified, throughout the procurement year.

Following on from FSP feedback, we are reviewing our enduring approach to the use of VAOU and SAOU for long-term markets to ensure our markets remain balance between network risk and market growth. As such, we expect our product selection for long-term markets may evolve in 2026/27 to ensure greater certainty of revenue for FSPs and increased faith in our markets.

EHV Procurement Timeline

HV / LV Procurement Timeline

Figure 5: Procurement timescales for different products at EHV and HV/LV.

While every effort is made to use standard products for our flexibility services, in some cases this is not possible due to the unique nature of our networks and their requirements. Therefore, we intend to procure some non-standard products during 2026/27. The volume of non-standard products procured will remain below the maximum threshold of 20% for adherence to the Market Facilitator's Product Definitions market rule. There are currently four circumstances in which we may consider the need for a non-standard flexibility service outside of innovation.

2.1.2 Non-Standard Flexibility Services

LMA Interim Payment

Our northern network includes a Load Managed Area (LMA) to ensure the widespread electric space and water heaters are operated safely and avoid increased coincidence of demand. Historically, these loads have been coordinated by sending instructions via the Radio Tele-switching Service (RTS). The RTS signal is in the process of being wound down, resulting in a risk of increased peak consumption and sudden changes in demand on the LV network.

To ensure we maintain access to the existing flexibility on our network we have introduced a non-enduring non-standard flexibility service which is designed to incentivise suppliers with RTS meters to switch to an appropriately configured smart meter. This will avoid the risk that local network flexibility is lost, particularly on the lower voltage levels. The LMA Interim Payment mitigates this by offering a flat payment for properties with RTS meters that switch to smart meters. This service was procured in 2025/26 and has the option of extension in 2026/27 should we determine that we still require the service.

Managing Islanded Networks

Remote parts of our network often have limited interconnection and rely on embedded thermal generation, alongside clusters of wind and hydro. During outages, these areas may operate in islanded mode to keep local communities supplied. By providing stability services, an FSP can help maintain secure operation, maximise renewable output by reducing curtailment, and minimise reliance on thermal generation.

This requires a bespoke approach, as stability is not typically covered by the Market Facilitator's standard services. We conducted an open procedure tender for a stability service in Lewis and Harris between March 2024/25 and May 2025/26. We are continuing to explore options.

Similarly, in Shetland, we have developed a bespoke service for a battery to maintain supply until diesel generation can be connected in the event of a transmission outage islanding the network, avoiding the need to run the diesel power station full-time. The battery will be energised in summer 2026, then enter into a commissioning period before the full service goes live in winter 2026/27.

Legacy Services

We have been operating flexibility services since launching the first CMZ in 2015, and we still hold several long standing contracts with providers. Many were procured as early as 2022, before today's standard products existed, and include optional extensions. From 2026/27, we plan to transition these legacy, non standard contracts to the standard Operational Utilisation product, working closely with existing contract holders to ensure a smooth change.

Smart Signal

We are in the initial stages of piloting and launching Smart Signal, a simple, opt-in implicit arrangement that uses targeted local price nudges to better coordinate LCT operation and reduce peak loading. Building on our near-real-time LV visibility and learning from Demand Diversity trials and LMA work, Smart Signal offers transparent, postcode-level half hourly credits/debits to shift demand away from constrained periods. Our next steps focus on pilot-to-MVP development, platform integration, and continued engagement with suppliers, aggregators and technology partners.

2.1.3 Identification of Flexibility Requirements

We identify flexibility requirements through a structured assessment process that informs both the Long-Term Development Statement (LTDS) and Network Development Plan (NDP). Flexibility opportunities can be cross-referenced against the data available in the LTDS and NDP in most cases using the CMZ name which usually reflects the name of the primary substation, bulk supply point, or grid supply point in which flexibility is required (although this is not always the case). Each year, Distribution Future Energy Scenarios (DFES) are produced to forecast how generation, demand, and storage may evolve over the next decade. These projections feed into power system constraint analysis, which identifies areas of the network with capacity limitations. The results then form the basis of Strategic Development Plans for each grid supply point, highlighting where flexibility services are currently deployed.

Once constraints are understood, a range of potential solutions are developed, including reinforcement, flexibility services, and smart interventions. Techno-economic analysis is then carried out to determine which option provides the most efficient approach. For flexibility services, DFES-based projections are used to estimate the required volumes of flexibility and compare them with the capability of customers in the affected area, ruling out locations where the need cannot realistically be met. The Ofgem cost benefit analysis tool and the Common Evaluation Methodology (CEM) are used together to assess the cost effectiveness of flexibility relative to asset-based alternatives.

Where flexibility is recommended, it proceeds to detailed assessment and informs the flexibility procurement strategy. The results of the techno-economic analysis feed into the Distribution Network Options Assessment (DNOA) outcomes and directly shape the investment needs outlined in the NDP and LTDS. Importantly, flexibility procurement activities are not reflected in the LTDS load forecasts or the NDP headroom data, ensuring that stakeholders retain clear visibility of how demand is expected to change without the influence of operational flexibility. This transparent approach highlights both anticipated network constraints and areas of available capacity, regardless of how those constraints may ultimately be mitigated.

2.2 Flexibility Needs

Over the course of the next reporting year, our flexibility procurement activity will comprise of a combination of new requirements and shortfall from previous tenders. This mix reflects both continuing system needs and areas where market liquidity has historically been insufficient to meet the full capacity of flexibility tendered. Structuring our approach in this way ensures ongoing delivery while preparing for future network conditions.

As part of our plan for the coming delivery year, we are going to hold three tenders for long-term flexibility services, in May, September, and January. The first two tenders will focus on procuring shortfall from existing CMZs. The third tender will introduce new Low Voltage requirements for delivery in 2027/28 and new Extra High Voltage requirements for delivery in 2029/30. This bidding round will provide FSPs with plenty of time to prepare and invest in solutions, supporting a more robust and competitive market.

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Mini Competition			PQQ					PQQ				PQQ
Long-term Bidding		VAOU (WA) SU (MA)				VAOU (WA) SU (MA)				VAOU (WA) SU (MA)		
Short-term Bidding						SAOU (DA)	SAOU (DA)	SAOU (DA)	SAOU (DA)	SAOU (DA)	SAOU (DA)	SAOU (DA)
Day Ahead Bidding						SU (DA)	SU (DA)	SU (DA)	SU (DA)	SU (DA)	SU (DA)	SU (DA)

Figure 6: Tendering plan for 2026/27.

2.2.1 Short-Term Requirements

In addition to these requirements, we will engage services associated with needs related to ongoing and future trials. These trials will support two key areas of innovation: connections acceleration and outage planning. Flexibility procured for these purposes will play a critical role in assessing how flexible resources can streamline customer connections, reduce connection lead times, and improve the efficiency of planned maintenance activities. These trial-related services will help us obtain evidence on how flexibility can be used more systematically to support efficient network operation.

The main driver behind the procurement of this flexibility continues to be the deferral of reinforcement. By securing flexibility services, we can mitigate or postpone the need for capital-intensive upgrades, ensuring more efficient use of the existing network while maintaining compliance with regulatory and security of supply obligations. This approach supports both affordability and decarbonisation objectives, aligning with our long-term strategy for a smarter, more flexible distribution system.

Location	Licence Area	Voltage Level	Service	Peak Capacity Required 2026/27(MW)	Dispatch Forecast 2026/27 (MWh)
Beaconsfield	SEPD	11kV	VAOU (WA)	0.63	5.05
Harvard Lane	SEPD	11kV	VAOU (WA)	1.0134	7.22
Springfield Road	SEPD	11kV	VAOU (WA)	0.4728	2.53
Barvas	SHEPD	11kV	VAOU (WA)	0.48	0.72
Coshieville	SHEPD	11kV	VAOU (WA)	0.05	1.07
Halkirk	SHEPD	33kV	VAOU (WA)	0.14	0.53
Inveraray	SHEPD	11kV	VAOU (WA)	0.13	0.78
Kepculloch	SHEPD	11kV	VAOU (WA)	0.0047	0.03
Milnathort	SHEPD	11kV	VAOU (WA)	1.6659	17.5
Stoneywood T1 & T2	SHEPD	11kV	VAOU (WA)	0.322	1.45
Faringdon	SEPD	11kV	SAOU (DA)	0.63	119.07
Oxford	SEPD	11kV	SAOU (DA)	1.19	224.91
Stokenchurch	SEPD	11kV	SAOU (DA)	0.56	105.84
Alresford	SEPD	11kV	SAOU (DA)	1.67	315.63
Ashling Road	SEPD	11kV	SAOU (DA)	1.23	232.47
Beaconsfield	SEPD	11kV	SAOU (DA)	0.27	51.03
Milnathort	SHEPD	11kV	SAOU (DA)	1.17	221.13
Faringdon	SEPD	11kV	SU(DA)	0.1512	95.256
Oxford	SEPD	11kV	SU(DA)	0.2856	179.928
Stokenchurch	SEPD	11kV	SU(DA)	0.1344	84.672
Alresford	SEPD	11kV	SU(DA)	0.4008	252.504
Ashling Road	SEPD	11kV	SU(DA)	0.2952	185.976
Beaconsfield	SEPD	11kV	SU(DA)	0.0648	40.824
Milnathort	SHEPD	11kV	SU(DA)	0.2808	176.904

Table 1: Short-term EHV requirements.

Licence Area	Voltage Level	Service	Peak Capacity Required (MW)	Dispatch Forecast (MWh)	Seasonal Requirement	Number of CMZs
SEPD	11kV	SU	0.67044	137.74	Winter	40
SHEPD	11kV	SU	0.57506	118.01	Winter	15
SEPD	11kV	SU	0.12579	18.17	Autumn/Spring	10

Table 2: Short-term HV/LV requirements.

2.2.2 Long-Term Requirements

Location	Licence Area	Voltage Level	Service	Peak Capacity Required 2028-2030 (MW)	Dispatch Forecast 2028-2030 (MWh)
Birdham	SEPD	11kV	VAOU (WA)	0.927	5.69
Chalvey	SEPD	11kV	VAOU (WA)	1.706	19.74
Chapel	SEPD	6.6kV	VAOU (WA)	0.305	0.27
Egham	SEPD	11kV	VAOU (WA)	1.6159	9.58
Emsworth	SEPD	11kV	VAOU (WA)	1.054	3.57
Fort Widley	SEPD	33kV	VAOU (WA)	1.1358	3.04
Horndean	SEPD	33kV	VAOU (WA)	1.2997	5.74
Netherhampton	SEPD	33kV	VAOU (WA)	0.2295	0.82
Petersfinger	SEPD	33kV	VAOU (WA)	2.059	24.77
Rownhams - North Baddesley	SEPD	33kV	VAOU (WA)	0.636	1.7
Springfield Road	SEPD	11kV	VAOU (WA)	1.4333	23.22
Wallingford	SEPD	11kV	VAOU (WA)	1.141	4.92
Weston	SEPD	11kV	VAOU (WA)	0.0483	0.22
Ashgrove	SHEPD	11kV	VAOU (WA)	2.349	42.29
Banchory	SHEPD	11kV	VAOU (WA)	2.1454	41.84
Drumrunie	SHEPD	11kV	VAOU (WA)	0.024	0.45
Dufftown	SHEPD	11kV	VAOU (WA)	0.22	0.99
Forres Scheme 2	SHEPD	33kV	VAOU (WA)	2.4177	43.52
Forres Scheme 3	SHEPD	11kV	VAOU (WA)	1.029	12.35
Kepculloch	SHEPD	11kV	VAOU (WA)	0.3767	5.09
Newtonhill	SHEPD	11kV	VAOU (WA)	1.1357	8.52
Nostie Bridge	SHEPD	11kV	VAOU (WA)	0.45	4.9
Oldmeldrum	SHEPD	11kV	VAOU (WA)	0.6208	9.65
Raigmore 2	SHEPD	11kV	VAOU (WA)	0.5001	10.8
Tressady	SHEPD	11kV	VAOU (WA)	0.03	0.18
Broadford	SHEPD	11kV	VAOU (WA)	0.771	10.54
Brockhurst	SEPD	11kV	VAOU (WA)	1.5	7.14
Rose Hill	SEPD	11kV	VAOU (WA)	1.6	4.36
Hoeford	SEPD	11kV	VAOU (WA)	0.88	2.4
Ashludie	SHEPD	11kV	VAOU (WA)	0.71	1.62
Rownhams	SEPD	33kV	VAOU (WA)	2.252	7.66
Stoney Wood	SHEPD	11kV	VAOU (WA)	0.15	0.35

Table 3: Long-term EHV requirements.

2.2.2 Long-Term Requirements (continued)

Licence Area	Voltage Level	Service	Peak Capacity Required (MW)	Dispatch Forecast (MWh)	Seasonal Requirement	Number of CMZs
SEPD	11kV	SU	3.138	690.65	Winter	88
SEPD	11kV	SU	0.417	71.47	Autum/Spring	28
SEPD	11kV	SU	0.017	0.78	Summer	1
SHEPD	11kV	SU	1.526	580.36	Winter	35
SHEPD	11kV	SU	0.035	8.53	Autumn/Spring	1

Table 4: Long-term HV/LV requirements.

2.2.3 Flexibility per Product

Service	Planned Procurement SEPD (MW)	Planned Procurement SHEPD (MW)
Variable Availability + Operational Utilisation (VAOU)	21.94	15.72
Scheduled Availability + Operational Utilisation (SAOU)	5.55	1.17
Scheduled Utilisation (SU)	5.7	2.42
Operational Utilisation (OU)	-	-
Demand Diversification Service (DDS)	-	-

Table 5: Flexibility needs summary by product.

2.2.4 Flexibility Driver

Constraint	Planned Procurement SEPD (MW)	Planned Procurement SHEPD (MW)
Thermal Constraints	28.86	15.09
Voltage Constraints	4.33	4.22
Network Stability	-	-

Table 6: Flexibility needs summary by constraint type.

2.3 Scheduling and Dispatch Principles and Processes

We use updated information to determine the most effective way to mitigate network constraints within the contractual arrangements in place, while minimising costs for our customers. Simplicity in our scheduling and dispatch systems, along with transparency in our decision-making, is essential to ensure that services remain accessible and fair to all FSPs.

This section sets out the mechanisms we will use for scheduling and dispatching flexibility services and explains how these decisions are made.

2.3.1 Services Dispatch Mechanism

Our Operational Decision-Making (ODM) framework sets out our hierarchy of principles ensuring a safe, reliable and sustainable network. These principles define how we make the dispatch decisions to meet the network capacity needs and we will apply these rules at every service dispatch stage in 2026/27. The hierarchy of principles are shown as below:

- We ensure the network operates within the safe working limits.
- We adhere to the Secure of Supply requirements.
- We operate the network in a fair and cost-effective manner.
- We operate the network sustainably.
- We coordinate with NESO and other DSOs to ensure the service dispatch achieve a wider benefit.

Appendix 3 includes diagrams showing the detailed steps taken when assessing flexibility capacity at month-ahead and day-ahead and also outlines how we apply these principles to manage the flexibility shortfall risk. Flexibility shortfall can occur for a number of reasons, including but not limited to: FSPs declaring unavailability, delays to reinforcement works, under-procurement, higher-than-forecast short-term demand forecasts, and unavailability of FSPs due to network outages.

In 2026/27, we will continue to publish Seasonal Operability Reports (SORs)[5] which provide data on when we have applied our decision-making process to actual network events and set out key performance indicators relating to flexibility services scheduling. Through ongoing and regular review, we use the valuable feedback received from our stakeholders to update and refine our ODM.

2.3.2 Flexibility Scheduling and Dispatch Decision-Making

In 2025/26 we improved our scheduling and dispatch process to ensure that our markets efficiently manage network risk and improve market liquidity. We have identified ways to improve our forecasting process and dispatch methodology to ensure value for money for our customers while also building and growing the flexibility markets to improve their competitiveness and reliability. We will continue this development by assessing our approach to long-term products, as described in Section 2.1.1, and by regularly reviewing our scheduling and dispatch processes to ensure they align with the needs of our network and FSPs.

We have also identified that the previous manual availability refinement process and pro-rata dispatch approach has been useful in priming distribution flexibility markets but is complex and not scalable as volumes increase. In 2026/27, we plan to develop a new feature in our dispatch platform called the self-declaration module. This will allow FSPs to refine their own availability for VAOU-WA and Legacy-Secure services to avoid offline email exchanges between service providers and us. We will continue to manage the availability for SAOU products.

Additionally, have worked with our technology partners to implement the merit order solution which replaces the previous pro-rata approach for availability acceptance (once self-declaration functionality is available) and utilisation dispatch decision points for highest network security and lowest operating cost. The merit order stack method is based on the following objective scoring criteria:

1. Reliability (highest asset reliability based on historical performance).
2. Diversity (maximising the number of different FSPs to de-risk failure to deliver).
3. Lowest price (best value and lower socialised cost).

The highest-scoring dispatch group will be selected first, with dispatch continuing in merit order until the predefined requirement is met. The merit order stack algorithm is implemented in Flexible Power to automate the decision-making process on availability acceptance (once self-declaration functionality is available) and utilisation dispatch. This approach enables the dispatch of the maximum number of FSPs and helps prevent providers with dominance in a particular area from influencing prices within a CMZ. It also reduces the risk associated with reliance on a single FSP and distributes the benefits of flexibility services more widely, thereby supporting a more liquid and competitive market.

The use of automated decision-making algorithms supports flexibility markets in scaling, enabling us to make operational decisions within a shorter timeframe.

Appendix 3 includes a diagram outlining the detailed process applied when using the merit order methodology to dispatch capacity where multiple service providers are available. Further details on the merit-order-based auto-decision approach are set out in the latest ODM document[6].

We will review this approach as the markets develop, short-term procurement matures, new services are introduced, and more FSPs enter the market. This will form part of our review, consultation, and development of the dispatch framework, in accordance with the guiding principles of network security, cost effectiveness, and market support.

[5] *https://data.ssen.co.uk/@ssen-distribution/seasonal-operability-report*
[6] *https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/ssen-dso-odm-framework-update-march-26.pdf*

2.3.3 Future Improvements

We plan to integrate the processes involved in flexibility service dispatch to enhance operational efficiency and improve the user experience for FSPs. This work will combine flexibility service dispatch with short-term operational forecasting, network analysis, decision-making optimisation, and reporting capabilities. Together, these enhancements will enable us to accommodate the anticipated growth in flexibility service usage scenarios in the near future.

We monitor and refine our flexibility products to ensure we provide the strongest possible market opportunities. Recently, we have begun adjusting the product types used for our within year flexibility procurement, reflecting direct feedback from FSPs seeking greater certainty during the year. Where we identify within year flexibility requirements, we will look to offer SAOU products to provide availability certainty at the point of trade. We feel this offers the greatest level of opportunity for the wide range of FSPs and the types of assets they operate.

3. TENDERING PROCESS

3.1 Flexibility Services across our Network

We have implemented a robust strategic network planning process that enables us to identify and deliver the most efficient interventions for our customers, supported by transparent engagement with stakeholders throughout. Flexibility services play a central role in this process by providing a non-build alternative that can address emerging needs on the network, from managing thermal constraints to supporting operational activities.

3.1 Procurement Process Overview

The procurement of flexibility services is regulated and as such, procurement is directly managed by our procurement team (supported by the flexibility markets team) to ensure compliance, non-discrimination, fairness and transparency. Our current process falls under the Utilities Contract Regulations 2016 / Utilities Contract (Scotland) Regulations 2016 as this commenced prior to the introduction of the Procurement Act 2023.

To improve standardisation, we implemented the framework-style industry-standardised version 3 overarching agreements through the ENA Open Networks. By using the overarching agreement, we have separated the contract award and pricing activity, allowing contracting to be completed only once.

ElectronConnect is our market platform for hosting and facilitating market activities. It is used by potential providers to complete the commercial Pre-Qualification Questionnaire (PQQ), contracting and bidding. FSPs receive notifications from ElectronConnect on upcoming contracting and bidding rounds. Delivery and settlement are facilitated on the Flexible Power platform.

The introduction of the overarching agreement and ElectronConnect has enhanced our end-to-end process of procuring standard flexibility services. It has enabled us to procure more volumes in long-term markets and facilitated our introduction of near-real-time procurement of flexibility services. We are now procuring flexibility services in short-term markets including day-ahead markets.

There are seven main stages to procuring flexibility services. Figure 7 shows our end-to-end procurement process. This covers the entire process from new provider qualification to operational dispatch and payment for the use of the service.

With the go-live of the market facilitator, we are involved in the review and development of several of our existing processes, most notably our approaches to verification and settlement, and baselining. These developments will require significant updates to our Flexible Power platform but ultimately will bring our processes closer in line with those of other DSOs ensuring transparency and ease of access to our markets for FSPs.

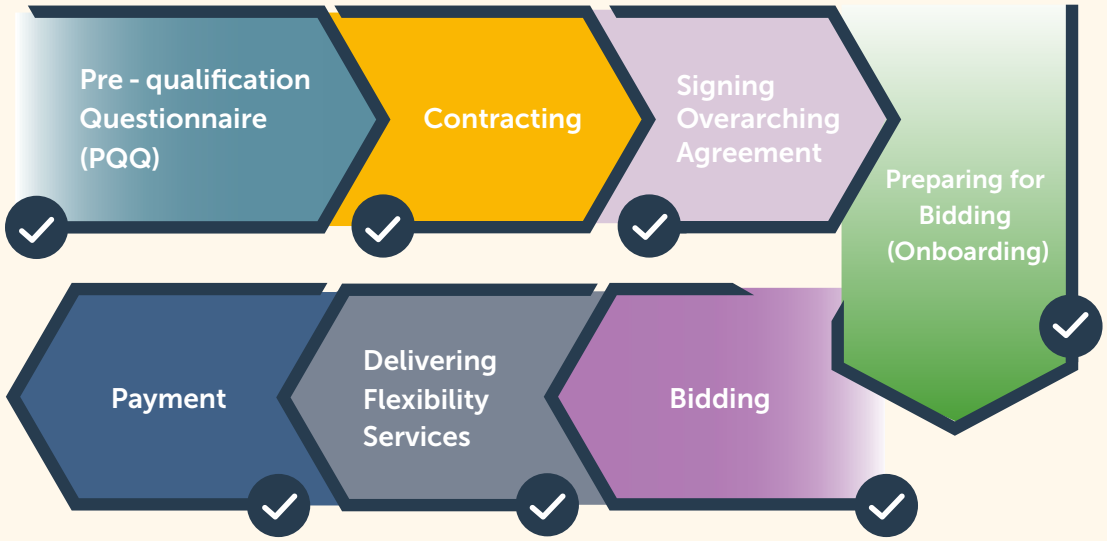


Figure 7: End-to-end procurement process.

3.2 Pre-Qualification

The initial stage in the process involves FSPs registering on ElectronConnect and submitting the industry standard PQQ.

3.2.1 Registration

To participate in market activities including pre-qualification, contracting and bidding for standard flexibility services, the provider must register for an account on ElectronConnect. Registration is always open so there are no deadlines or timed windows required for this part of the process to be completed. The ElectronConnect team are available to help users with registration queries and can be contacted directly at **support@electron.net**.

For non-standard services or very specific projects we may choose to use a different procurement platform or approach. Where this is the case, information will be communicated on our website, via our social media channels, and to registered FSPs directly.

3.2.2 Pre-Qualification Questionnaire

As per the new Flexibility Market Rules set by Elexon, we have committed to using the same template referred to as the 'Flexibility Service Pre-Qualification Standard Template' for the PQQ as all other DSOs in the UK. This is a very simple PQQ which is intended to reduce barriers to entry while ensuring that the FSP is suitable and capable of engaging in the provision of flexibility services. It involves the completion and submission of basic commercial questions on ElectronConnect. This will then be evaluated and accepted or declined by us within 10 working days, in line with the guidance. The PQQ must be passed before an FSP can proceed with the contracting process, but the PQQ is always open so FSPs may fill in the PQQ at any time that is convenient for them.

3.3 Mini Competition

The contracting process, also known as a mini competition, is aimed at attracting potential FSPs to sign an overarching agreement with us. The mini competition is held on ElectronConnect. We will run three mini competitions in 2026/27, in July, November, and March. Each is open for a minimum of 10 working days. During a contracting window, the potential FSP must respond and confirm acceptance of the overarching agreement's terms and conditions. The planned dates, once confirmed, will be published on our website, LinkedIn, and in press releases. We also publicise them through holding public webinars. The overarching agreement that will be used for the contracting will be published on ElectronConnect and on our website[7].

During the contracting window, we follow an engagement plan that includes a combination of email, phone call, social media, and press releases to all potential FSPs that pre-qualified during the PQQ stage to maximise participation. This communication is only about the process and the deadlines.

Once the contracting window is closed, the submitted overarching agreements are shared to us by ElectronConnect for evaluation and due diligence checks pending the decision to award overarching agreements for signature. Acceptance of terms and conditions of the overarching agreement at this stage is the only criteria for pass/fail and signifies that the potential FSP is happy to sign the overarching agreement when awarded. Acceptance of the terms and conditions at this stage are not contractually binding and pricing, capacity and asset qualification are not considered at this stage.

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

3.4 Contract Award

Once the due diligence is completed and award approvals have been made, the overarching agreement is digitally provided for signature to the successful FSPs and digitally signed by representatives on both sides. When the overarching agreement is signed, the FSP becomes eligible to participate in long-term and short-term markets, however, to be fully qualified and meet the pre-requisites for bidding into long-term and short-term markets, the onboarding process must be completed. This ensures FSPs can access all relevant platforms.

The current version 3 Flexibility Standard Agreement was widely consulted across the industry and implemented by the ENA Open Networks in April 2024 as an industry standard agreement. We adopted it as a framework-style contract in May 2024 and as it's an industry standard contract, the terms and conditions must be accepted and no material deviations are allowed. We have worked collaboratively with FSPs to reduce barriers to entry by considering their feedback and making changes to the service terms where possible.

In their new role as Market Facilitator, Elexon have convened a working group and presented the scope of issues to make changes to the standard agreement. It has sought responses from the working group on the proposed and plans to reach an agreement on the final structure of the standard agreement. We intend to continue to work closely with Elexon and other DSOs to ensure that developments to the standard agreement are in line with our own and with FSPs requirements.

3.5 Onboarding

Onboarding activities are focused on ensuring FSPs are ready to participate in long-term and short-term markets. It includes the registration and validation of assets, flexible power integration testing, and payment system set-up to ensure that purchase orders can be raised, invoices submitted, and metering data processed for settlement purposes. Table 7 shows the pre-requisites for long-term and short-term markets.

Technical Qualification Activities	Pre-requisites before bidding	Long-term Markets	Short-term Markets
Asset Registration	Asset Registration on Electron Connect before bidding	Mandatory	Mandatory
Asset Validation	Asset validation on market platform before bidding	Mandatory	Mandatory
Asset Attachment	Assets attached to advertised markets	Yes	Yes
Asset Readiness	Energised/non energised assets	Non energised assets acceptable - can be consented assets or assets under development	Assets must be energised and operational
Flexible Power API testing and integration	Flexible Power API	API V1 is an acceptable option but not mandatory	API V2 is mandatory
Flexible Power email option	Flexible Power email notification	Acceptable option	Not acceptable
Payment system set up	Purchase Order generation and invoice submission	Not mandatory before bidding	Mandatory before bidding
Baseline	Submit baseline value and type	Currently not required before bidding	Currently mandatory for Day Ahead Markets but not SAOU(DA) markets

Table 7: Pre-requisites for long-term and short-term markets.

3.6 Bidding Rounds

Bidding rounds for both long-term and short-term flexibility services are hosted on ElectronConnect.

Details of the tender requirements for availability and utilisation for each market are published on ElectronConnect[8], our website[9], and on our data portal[10] before bidding commences. They provide details about the CMZs where we have constraints, the product(s) and capacity that we want to procure, and the seasons and years that the capacity is required.

The bidding round is the point at which the FSP can submit pricing and volume information in response to our request for a specific service in a specific CMZ, at a certain time. The timeline showing when we will be holding bidding rounds over the next year is in Appendix 4 and the intended requirements for each bidding round at the time of writing are presented in Section 2.

Call-off contracts form part of the formal bidding process. They're awarded to FSPs following successful bid evaluation and offer acceptance on ElectronConnect. The call-off contracts represent the contractual agreement between us and the FSP for delivery of the service(s). The methodology that describes how we assess bids is published in our flexibility services document library[11], under the 'Service Documentation' dropdown.

3.7 Pricing Strategy

FSPs are free to submit bids at whatever price they choose, however FSP feedback is that guidelines are valuable, especially as the market develops, to ensure bids are being priced appropriately. We therefore provide forecast expected budgets for each market. These budgets are calculated based on analysis of existing availability and utilisation pricing data for a given area, and our forecast volumes for availability and utilisation. These are summed to provide a total budget, providers must allocate their prices between availability and utilisation themselves. The exact methodology for this is given in Section 5.3.

3.8 Bid Evaluation Methodology

Once a bidding round has ended, the responses are evaluated and successful FSPs will then be notified by the ElectronConnect platform. FSPs will also receive an email informing them that they can see assets' status by logging into the ElectronConnect platform.

The bid evaluation is based on pricing alone since all other criteria will be met by the FSP during the standardised PQQ. Bids are stacked by price. For utilisation services this is a very simple 'sort' process where bids are rejected if above the accepted price or if the volume has been met. For services with both availability and utilisation fees, these are combined to create a comparator price that is used for stacking. This comparator price is defined as:

Comparator Price = Availability Price + (Utilisation Price x Utilisation Weighting Factor)

The complete bid evaluation process is published on our website to allow FSPs to refer to this at any point in the submission process. More information on the decision-making process after bid acceptance (i.e. scheduling and dispatch) is given in Section 2.3. We aim to publish results from long-term bidding rounds within 30 days, and for SAOU (DA) results are published the day after the bidding round ends, and for day-ahead markets the results will be published at the end of the week of the tender, normally on Friday. In all cases, some circumstances may arise where more complicated bid decisions may be required or where delays arise with the market platform, in which case the bidding round results may be delayed.

3.9 Tender Timetable

A timetable of our contracting windows and other procurement activities can be found in Appendix 4.

There will be contracting windows held in June, November and March. These precede our long-term and season-ahead bidding rounds starting in May 2026, September 2026, and January 2027.

[8] *https://ssen.electronconnect.io/*

[9] *https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library*

[10] *https://data.ssen.co.uk/*

[11] *https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library*

4. STAKEHOLDER ENGAGEMENT

4.1 Engagement with Flexibility Service Providers

Stakeholder engagement is pivotal to running our flexibility services. Encouraging stakeholders to register and participate is crucial to ensure increased and ongoing market liquidity, which is very important in order to deliver the best outcomes for our network and our customers. Our flexibility markets team, flexible solutions team, procurement team, and ElectronConnect work collaboratively to engage with and support our existing and potential FSPs in navigating our end-to-end procurement process, from registration and pre-qualification to dispatch and settlement of services.

Our stakeholder engagement approach was developed to focus on what, how, and why we engage our stakeholders and communities to ensure we serve them in the best way possible and develop our flexibility products and services through collaboration and feedback. To view our detail roadmap of activities and engagement please refer to Appendix 4: 2026/27 Timetable of Activities.

In spring 2026, we will launch a quarterly newsletter to provide updates on our day-ahead market pilots, future tender dates, contracting windows, consultations, developments to our flexibility products and processes, upcoming events and updates from industry bodies such as Ofgem and Elexon.

We will also host our DSO Series of webinar and face-to-face events to bring stakeholders together to explore how our flexibility services products have been shaped through our ongoing collaboration with stakeholders. We'll discuss our flexibility roadmap, the future opportunities it creates and share insights from our day-ahead market pilot and other initiative and innovations.

In 2025/26, we launched our targeted one-to-one bilateral meetings with our FSPs to seek feedback on their experience of participating in flexibility services with us, their views about our long-term markets, and their appetite for day-ahead markets. We'll continue this throughout 2026/27. Given the feedback we received and learnings from other DSOs on running of day-ahead markets, our teams have worked closely to launch our own day-ahead markets pilot with plans to scale and transition to business-as-usual in 2026/27.

We use various approaches to communicate and encourage FSPs to participate in our procurement events. Below are some of the key activities we are delighted to run during the coming year.

These include:

- **ElectronConnect market platform and website**: We make announcements about our flexibility services requirements, and we publish our requirements on ElectronConnect and our dedicated website.
- **Open data portal:** We have plans underway to make our data accessible and available to users through our open-source data portal. We are in the process of developing new interactive maps of flexibility zones and opportunities, overlaid with other useful information that stakeholders choose to display on our open data portal.
- **Publications:** We use reports such as this one and DNOA Outcome Reports to publicise forecast opportunities on our network.
- **Email and distribution lists:** We send out communications through our customer relationship management system and we contact providers directly via emails and phone calls.
- **Bilateral meetings:** We are now offering quarterly one-to-one bilateral meetings with all our key stakeholders throughout the year. Stakeholders are encouraged to contact us directly at flexibilityprocurement@sse.com.
- **Webinars:** We hold regular webinars (DSO Spring series and the DSO Autumn series) to keep our stakeholders updated and gather their feedback. We also hold webinars (as required) to coincide with e.g. the launch of new flexibility services, contracting windows, or the launch of bidding rounds.
- **Market Platform Developments:** Working with our market platform provider Electron, we will share, engage and develop our systems and process to deliver what our customers need, through regular stakeholder feedback, such as webinar, surveys and bilaterals.
- **In-person events:** We hold face-to-face seasonal events (DSO breakfasts) to offer stakeholders the opportunity to speak to our flexibility and DSO teams in person.
- **Social media campaigns:** For procurement activities including contracting windows, bidding opportunities or the launch of new flexibility service products, we run social media marketing campaigns to inform the community and stakeholders.
- **Industry and stakeholder events:** We attend and present at a wide range of industry and stakeholder events, to give stakeholders further opportunities to speak to us and provide feedback in person.
- **Stakeholder surveys:** We will conduct surveys so that we can quickly capture near-real-time feedback to help us enhance new products, implement system developments, and make improvements to our user experience.
- **Proactive FSP engagement:** We will reach out to potential FSPs directly to promote flexibility opportunities and encourage participation.
- **Direct recruitment campaigns:** Through our communications, we plan to target FSPs who have engaged in the process with other DSOs and NESO, and have a nationwide scope. We will offer them meetings and introduce them through our end-to-end procurement process.
- **ODM consultations and workshops:** We'll use the ODM[12] as another route to provide information about our methodologies of dispatch, and will continue to consult on this annually.

We run three contracting cycles per year to sign prospective FSPs up to our overarching agreement. These procurement activities are supported by a variety of engagement campaigns to maximise participation and seek feedback for continuous improvement of our procurement processes and ElectronConnect as described in Section 3.1.

[12] *https://www.ssen.co.uk/about-ssen/dso/flexibility/flexibility-services/flexibility-services-document-library*

USEFUL LINKS

ElectronConnect market platform
ssen.electronconnect.io

Flexibility Services Website
ssen.co.uk/flexibility

SSEN Data Portal
data.ssen.co.uk

Flexibility Services Document Library
ssen.co.uk/flexibility-docs

DNOA Website
ssen.co.uk/dnoa

4.2 Engagement with Wider Industry

We will continue to collaborate with other DSOs, NESO, Elexon, and Ofgem to ensure a coordinated approach to procurement and use of flexibility services. We wholeheartedly recognise the importance of standardisation of processes to ease participation in flexibility markets, and also the importance of ensuring best practice and new developments in the industry are shared between all DSOs and NESO. The main avenues for this engagement will be through attendance at industry events, webinars, and workshops, with bilateral calls to supplement this as required. We will proactively monitor the direction of travel of the wider industry and respond to any requests for information or consultations relevant to flexibility services, with the goal of ensuring the development of flexibility services is coordinated across DNOs, fair, and ultimately delivers value to our customers. A primary focus of our engagement in the early part of 2026/27 will be with Elexon on the implementation of their flexibility market rules to ensure that we are compliant. We will also feed back to Elexon to ensure that the flexibility market rules achieve their goals, deliver value to flexibility markets, and do not add unnecessary burdens on DSOs which slow down or increase the costs of delivering flexibility at scale.

Additionally, further developments in flexibility services will result in a significantly greater need for data sharing and coordination, in particular with NESO. We lead on the primacy rules working group through Elexon to develop a clear understanding of how the coordination between NESO and DSO services will look in practice and will be one of the first DSOs to trial the enhanced risk of conflicting reporting process. We continue to work with NESO to ensure that the data shared between our two organisations is sufficient to manage conflicts in delivery of different services, with the goal of enabling as much flexibility as possible without compromising on security of supply.

Finally, we foresee an increased need for collaboration with suppliers and providers of wholesale markets in the next financial year, as uptake of flexible tariffs increases and conflict between wholesale or retail markets and flexibility service instructions rises.

We have been a key partner on the Crowdflex project with NESO, helping to demonstrate that consumer-led flexibility is a reliable resource of demand management, showing that customers respond effectively to signals and shift their energy use when needed. Our contribution consisted of;

- Input into trial designs and outputs.
- Supported trial operations, analysing network impacts to remove barriers.
- Analysis of trial outcomes, participation and demand shift on our network.
- Consider learning from Crowdflex with LCM, similar objectives and consumer-led flexibility.

The outputs of Crowdflex will help us further develop our approach to releasing capacity through flexibility on our local networks and support the rapid deployments of low carbon technologies and increased connections.

5. DETAILED QUANTITATIVE ASSESSMENT

5.1 Determining Flexibility Requirements

There are several use cases for flexibility services that will be considered in 2026/27:

- Deferral of reinforcement using flexibility services.
- Assisting with deliverability of our portfolio of reinforcement works.
- Enabling and supporting planned outages.
- Facilitating connections to our network.

Use Case	How Requirements are Identified	Business Case
Deferral of reinforcement	Annual long-range load forecasting from DFES. All proposed reinforcement works are assessed for deferral with flexibility services within ED2 through the DNOA process.	■ Positive Net Present Value (NPV) for deferral. ■ Optionality value of deferral. ■ Risk reduction.
Deliverability of reinforcements	Regularly updated forecast delivery timelines for existing reinforcement projects.	■ Ensuring P2/8 compliance. ■ Minimising customer outages and minutes lost. ■ Risk reduction.
Planned outages	Flexibility assessment included as part of risk assessment for planned outages.	■ Value of lost load / CI/CML ■ Reducing reliance on portable diesel generation or SSE owned generators (on Scottish islands) for planned outages.
Connections acceleration	Identifying areas with a high volume of connection requests. Cost benefit assessment of use of flexibility services to accelerate connection time for those waiting behind reinforcements.	■ Increasing whole system benefit.

Table 8: Sources of identification of flexibility service requirements.

The process for identifying flexibility requirements through deferral of reinforcement is part of our Distribution Network Options Assessment (DNOA)[13]. Outcomes of the DNOA are published quarterly on our website[14]. The DNOA methodology is set to change as we move into ED3 with the shift away from flexibility first, however the process remains in place for 2026/27.

In the past, outage planning have performed an annual assessment for flexibility services, looking for network areas where existing planned outages could be supported by flexibility. In 2026/27 we are looking to implement a more comprehensive assessment process, where flexibility can be used to deliver planned works which may not have been possible otherwise, through reduction of network risk. This will see a shift from an annual assessment to a flexibility assessment built into outage planning processes.

We are also looking to expand our procurement of flexibility for accelerating connections in 2026/27. In 2024/25 we tendered for flexibility in West London and the preceding year in Fleet-Bramley. Both these initiatives were driven by the identification of a high volume of connection requests in those two areas, and the potential of flexibility services to free up network headroom and enable waiting connections to connect earlier. In 2026/27, on top of this existing methodology, we are also planning to assess existing individual connection requests for flexibility services, to see if they can be connected earlier using flexibility. This process is still in development but will be based on a cost benefit assessment considering whole system benefits. To ensure fairness, it will be applied to all existing and new connection requests during 2026/27.

In all cases, potential flexibility requirements are also assessed for their viability. We define flexibility viability by using two metrics. Firstly, by estimating flexibility volume in a given area, then by checking whether shifting peak demand is possible. We estimate flexibility volume by studying our load forecast projections, specifically looking at technology types which can provide flexibility. By applying a weighting factor to each technology type that can provide flexibility, we can build an estimate of volume for a given, area, year, and season. Using this estimate we can compare it against the exceedance and determine if it is viable to cover the exceedance with flexibility. The weighting factor for each technology type has been taken from industry research projects and our own historical procurement data.

The second check is to determine if it is viable to shift the peak forecasted load within that 24-hour period. We check this because it could be the case that the projected load profile for a particular area is relatively flat, thus utilising flexibility and therefore shifting some of that peak load, would cause an exceedance during another half hour period of the profile. Subsequently, after calculating the volume of flexibility required, we redistribute that volume back across the profile evenly. Then by rechecking for any exceedances we can determine if the shifted load has caused an exceedance elsewhere within the profile. An example of how this looks can be seen in the figure on the right:

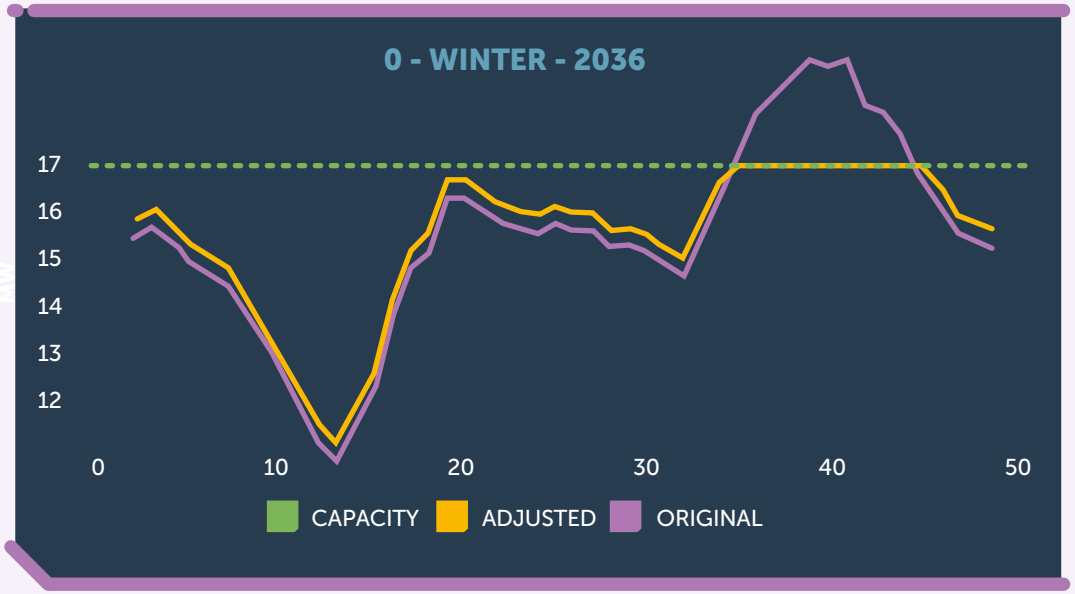


Figure 8: Diagram showing adjusted load curves for flexibility viability assessments.

[13] https://www.ssen.co.uk/globalassets/about-us/dso/current-consultations/draft-for-consultation/ssen-dnoa-methodolgy-2026---draft-for-consultation.pdf

[14] https://www.ssen.co.uk/about-ssen/dso/publications-and-reports/?filterTerm=287#docLib

5.2 Cost Benefit Assessment

For each use case of flexibility, a cost benefit assessment is performed to ensure value for money is delivered to our customers.

The deferral of reinforcement using flexibility services is assessed using the Common Evaluation Methodology (CEM) and associated Excel tool. This tool is developed by the Energy Networks Association (ENA) and is used as a standard tool across all DSOs. It uses discounted cash flow analysis to calculate the Net Present Value (NPV) of a number of deferral strategies, and recommends the deferral duration which provides the highest NPV. Figure 9 shows how this assessment works.

When we assess the use of flexibility services for managing planned outages, the cost benefit analysis compares the cost of flexibility services against the cost of the counterfactual, which can be use of diesel generation, customer interruption costs, or the cost of network reconfiguration. This cost benefit analysis can also take into account potential CO2 savings which can be realised through avoiding the use of diesel generation.

We are developing a new cost benefit analysis approach for accelerating connections that will consider the customer and social benefits of releasing capacity through flexibility. This will build on the conclusions made in Cost Benefit Analysis Framework to Appraise SSEN's Alternative Flexibility Options to Accelerate Network Connection[15] that was produced by National Economic Research Associates on behalf of SSEN.

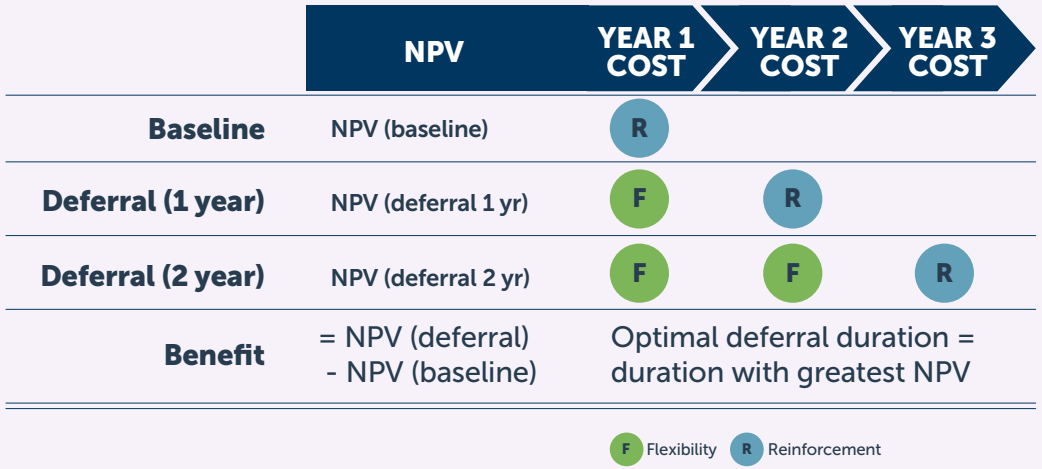


Figure 9: Schematic showing how the benefit of flexibility services can be calculated based on reinforcement deferral.

Expected Budget Calculation

Each flexibility service tender is issued alongside an expected budget, which gives providers an indication of the total value of the market. This guidance is intended to support providers in developing informed and competitive pricing strategies. The inclusion of an expected budget reflects extensive feedback from flexibility providers, who have highlighted the importance of transparency and indicative pricing in enabling effective market participation.

The expected budget is calculated using our CEM tool, incorporating both availability and utilisation costs. The calculation also takes into account the total availability hours associated with each requirement, which vary depending on the licence area, the period in which the requirement falls, and the specific service window. The capacity volume associated with the requirement is then applied to determine the overall budget. The forecast utilisation factor applied is based on historic data. The budget is calculated as follows:

Budget = Availability hours × Capacity × (Availability Price + Utilisation Price × Forecast Utilisation Factor)

Availability and utilisation costs are expressed in the 2020/21 price base. As a result, once the initial budget figure has been generated, it is adjusted by the appropriate inflation rate to ensure that the final value reflects current prices. This inflation adjustment is the final step in the calculation, enabling the published budget to provide an accurate and up to date estimate of total expected expenditure for each flexibility market.

[15] https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/cost-benefit-analysis-framework-to-appraise-ssens-alternative-flexibility-options-to-accelerate-network-connection.pdf

APPENDIX 1: SSEN DISTRIBUTION GRID SUPPLY POINTS

SHEPD Grid Supply Points

1 Abernethy
2 Alness
3 Arbroath
4 Braco West
5 Beauly
6 Boat of Garten
7 Braco
8 Bridge of Dun
9 Broadford
10 Brora
11 Burghmuir
12 Carradale
13 Cassley
14 Ceannacroc
15 Charleston
16 Clachan
17 Clayhills
18 Coupar Angus
19 Craigiebuckler
20 Dounreay
21 Dudhope
22 Dumfin
23 Dunoon
24 Dyce
25 Elgin
26 Fasnakyle
27 Fiddes
28 Fort Augustus
29 Fort William
30 Fraserburgh
31 Grif
32 Grudie Bridge
33 Inverness
34 Keith 1
35 Killin
36 Kinlochleven
37 Kintore
38 Lairg
39 Loch Carnan
40 Lunanhead
41 Lyndhurst
42 Macduff
43 Milton of Craigie
44 Nairn
45 Persley
46 Peterhead Grange
47 Peterhead Shell
48 Port Ann
49 Quoich
50 Rannoch
51 Redmoss
52 Shetland
53 Shin
54 Sloy
55 St Fergus Gas
56 St Fillans
57 Strathleven
58 Tarland
59 Taynuilt
60 Thurso South
61 Tummel Bridge
62 Willowdale
63 Woodhill
64 Dunvegan
65 Keith 2
66 Mybster
67 Strichen

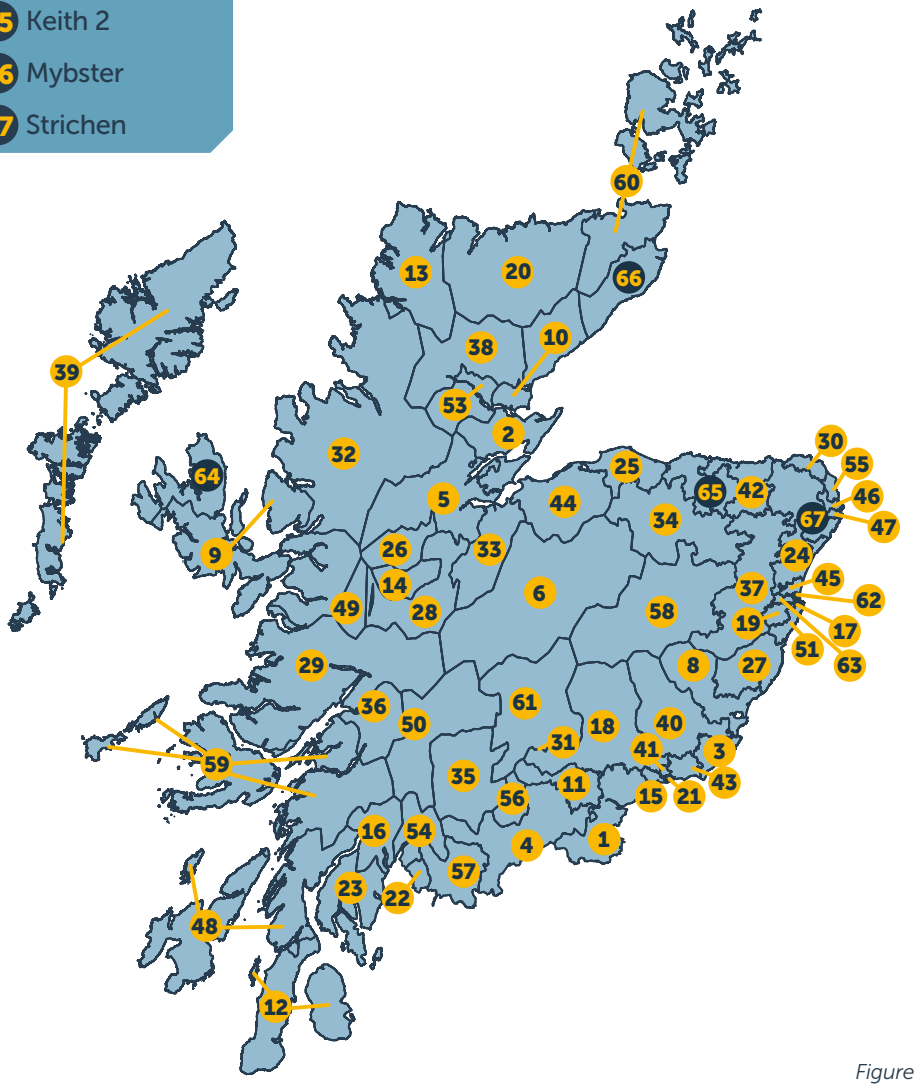
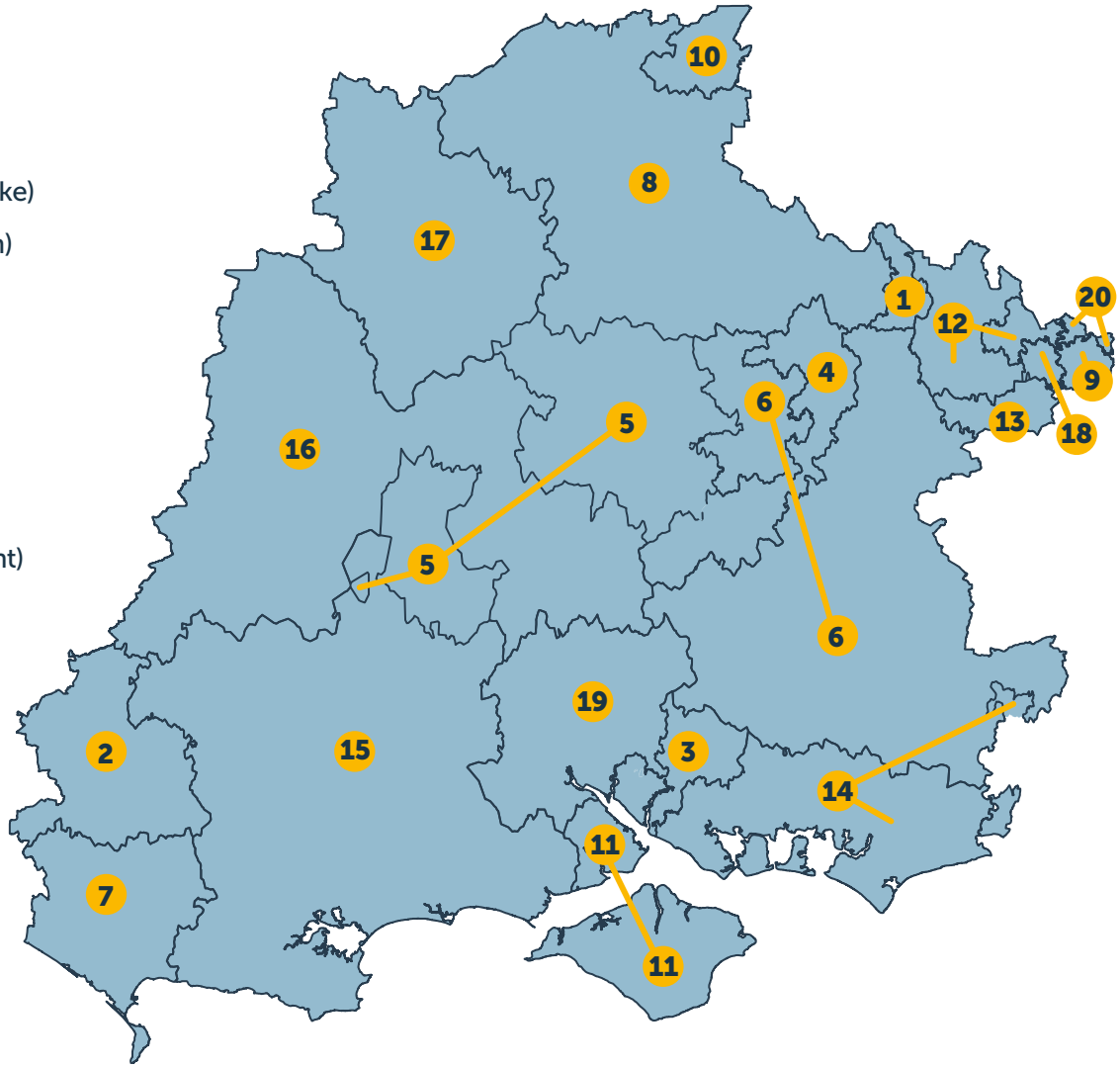
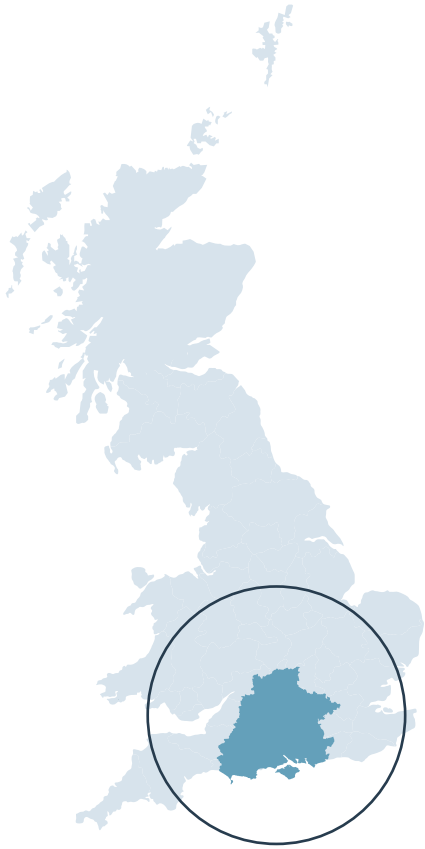


Figure 10: Map of GSPs in SHEPD.

SEPD Grid Supply Points

1. Amersham
2. Axminster
3. Botley Wood
4. Bramley (Basingstoke)
5. Bramley (Thatcham)
6. Bramley (Fleet)
7. Chickerell
8. Cowley
9. Ealing
10. East Claydon
11. Fawley (Isle of Wight)
12. Iver
13. Laleham
14. Lovedean
15. Mannington
16. Melksham
17. Minety
18. North Hyde
19. Nursling
20. Willesden





Visit Our Interactive Network Map Here:
qrco.de/networkview

https://experience.arcgis.com/experience/763db55663e845c7b6697995a32c32b5

Figure 11: Map of GSPs in SEPD.

APPENDIX 2: USEFUL LINKS

SYSTEM	DESCRIPTION	LINK
ElectronConnect Market Platform	Market platform used for advertising Flexibility Service requirements and holding bidding windows.	https://ssen.electronconnect.io/
Flexible Power Website	Dispatch platform.	https://www.flexiblepower.co.uk/locations/scottish-and-southern-electricity-networks
SSEN Website	Information on Flexibility Services and links to documentation including procurement statement, service documentation, CMZ map and tender results.	https://www.ssen.co.uk/our-services/flexible-solutions/flexibility-services/
Elexon Market Facilitator Website	Information on the governance of Elexon as market facilitator, links to the flexibility market rules, and implementation monitoring.	https://www.elexon.co.uk/flexibility-markets
ENA Open Networks Workstream 1A website	Information on the Open Networks Flexibility Services workstream (archived webpage).	https://www.energynetworks.org/creating-tomorrows-networks/open-networks/flexibility-services
SSEN Operational Decision-Making Framework March 2026	ODM sets out the way in which we dispatch DERs to meet short-term capacity needs in a fair and efficient way.	https://www.ssen.co.uk/globalassets/about-us/dso/publication--reports/ssen-dso-odm-framework-update-march-26.pdf
SSEN Flexibility Roadmap	Document setting out our flexibility approach and how it will evolve over time.	Original: ssen-flexibility-roadmap-2024.pdf Update: 2024-2025-flexroadmap-update.pdf A further update is expected to be available: https://www.ssen.co.uk/about-ssen/dso/publications-and-reports
SSEN DNOA Methodology	Document describing the process we use to make decisions on how to meet the network's needs through flexibility or strategic investment.	Draft for consultation: https://www.ssen.co.uk/globalassets/about-us/dso/current-consultations/draft-for-consultation/ssen-dnoa-methodolgy-2026---draft-for-consultation.pdf
SSEN DNOA Outcomes	Document detailing the outcomes of the DNOA process so far.	https://www.ssen.co.uk/about-ssen/dso/whole-system/distribution-network-options-assessment-dnoa/
SSEN Strategic Development Plans	Information on how we plan our network strategically to meet our customers' future needs and links to our Strategic Development Plans for each GSP.	https://www.ssen.co.uk/about-ssen/dso/whole-system/our-strategic-network-planning-process/

APPENDIX 3: OPERATIONAL DECISION-MAKING PROCESS

FLEXIBILITY SCHEDULING

MONTH AHEAD

The Flexibility Scheduling Engineers run their monthly network analysis based on half-hourly demand data and from these studies they have identified a network need for generation turn up or demand turn down on the network, for a 3-hour period in a specific location, to ensure that the network remains within limits. The specific network needs are required for us to select the most suitable option to address this need.

1. The team check for Flexibility Service Providers (FSPs) that are available in the required location can provide the service. Where a FSP has declared unavailability they are no longer considered as part of the decision-making.
   - Forecast data. Real-time monitoring.
2. The team assess if there are any specific technical requirements that need to be met for the service duration. If FSPs cannot provide support for the required duration they are removed from the list of options.
   - FSPs keep their asset technical parameters up-to-date.
3. The team check the reliability of the FSPs based on historical performance data. Reliability will form part of the weighting score of the FSP.
   - FSP's performance data.
4. The team assess if the FSPs add any unacceptable additional risk to the operation of the network. If this is the case that FSP is removed from the list of
5. The team check that the FSPs have submitted bid data and use this to calculate the total cost for the service.
   - FSP's contract price.
6. The team assess the carbon impact of each of the FSPs in terms of CO2/MWh for the required duration. Carbon impact will form part of the weighting score of the FSP.
7. The team inform NESO of services we are dispatching.

OUTCOME

The Flexibility Scheduling Engineers (FSEs) apply the ODM principles by requesting availability across all Flexibility Service Providers (FSPs) in the required location. The requested availability is weighted based on reliability, cost and carbon impact. The FSPs are then scheduled. FSEs are now using the merit order stack methodology to determine the utilisation dispatch, based on forecasted demand data at week-ahead. Lastly, the FSE will inform the NESO and neighbouring DSOs, if relevant, of services we are dispatching.

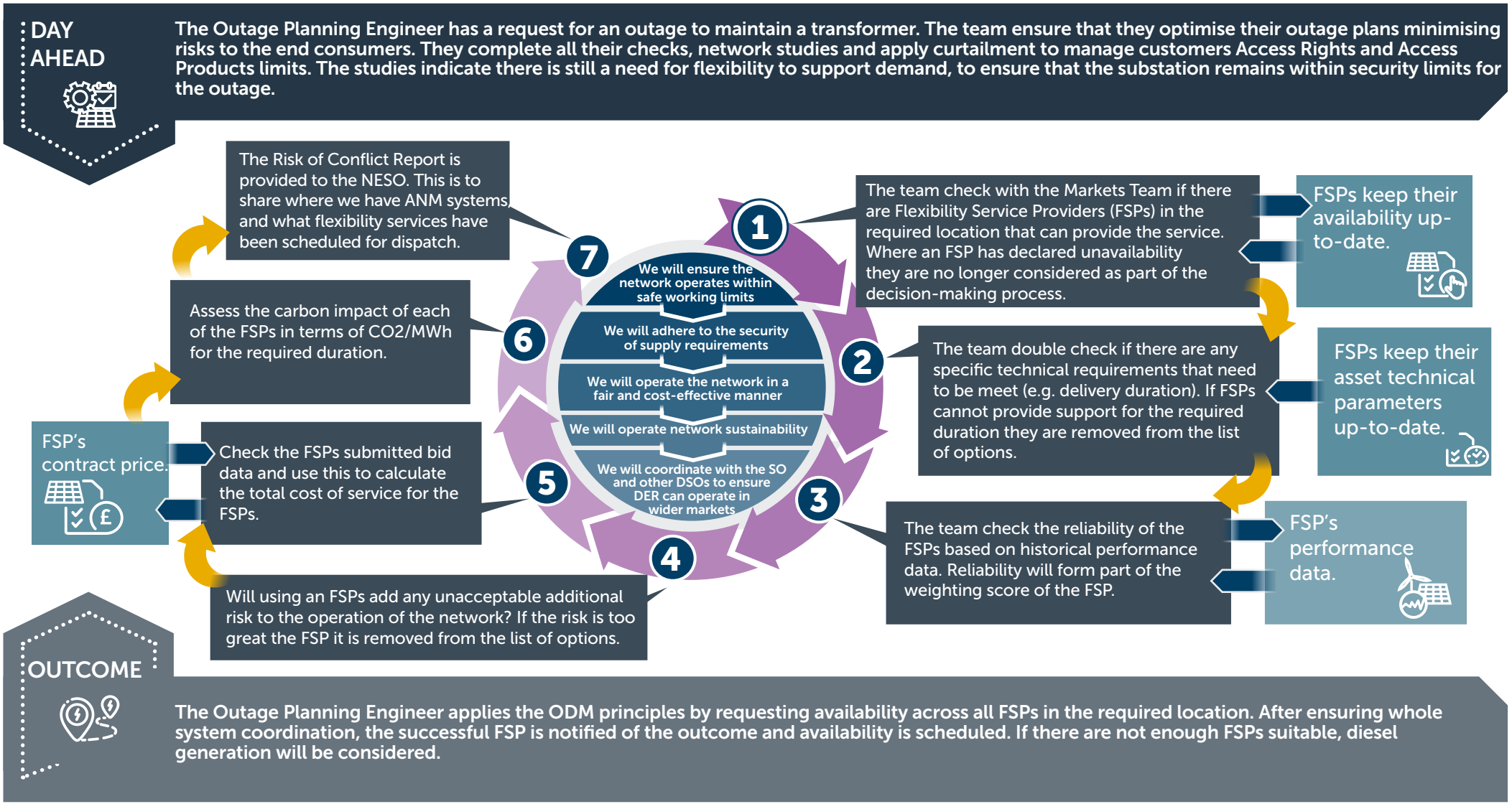
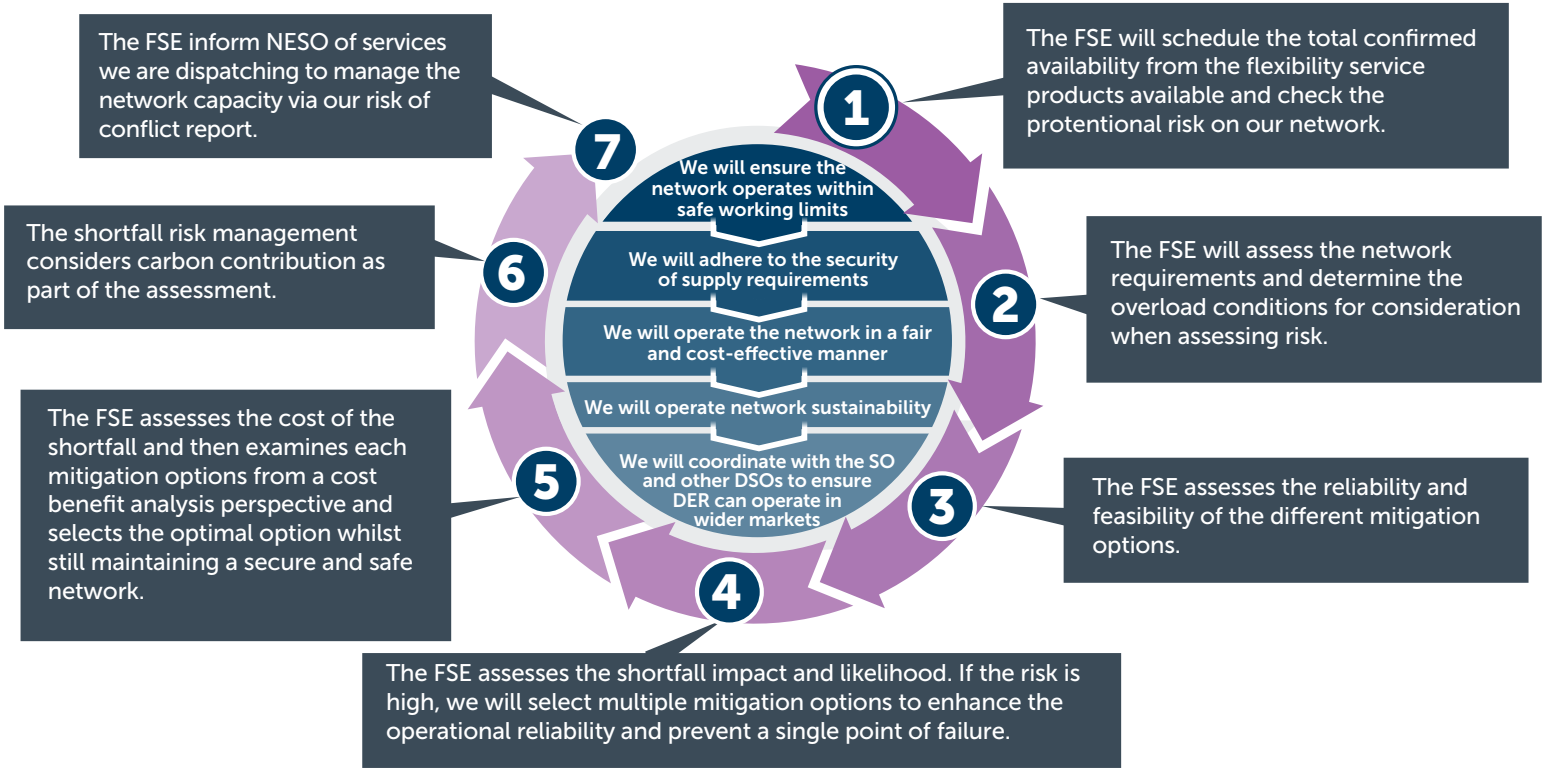


Figure 13: Operational Decision-Making part 2.

DAY AHEAD

Flexibility Scheduling Engineer (FSE) has run their monthly network analysis based on half-hourly demand data and sourced the required capacity from VAOU and secure service providers from the short-term market (SAOU and OU). However, the confirmed availability is less than what we need to secure the network, so there is a flexibility shortfall. We need to manage this risk.



OUTCOME

The Flexibility Scheduling Engineer identifies the flexibility shortfall and carries out the shortfall risk assessment to assess the potential impact on our network. A mitigation action or a combination of mitigation actions based on the risk assessment results will be selected. The FSE will refine the proposed option one week ahead of the service. The dispatch is based on updated network information.

Figure 14: Flexibility shortfall risk management.

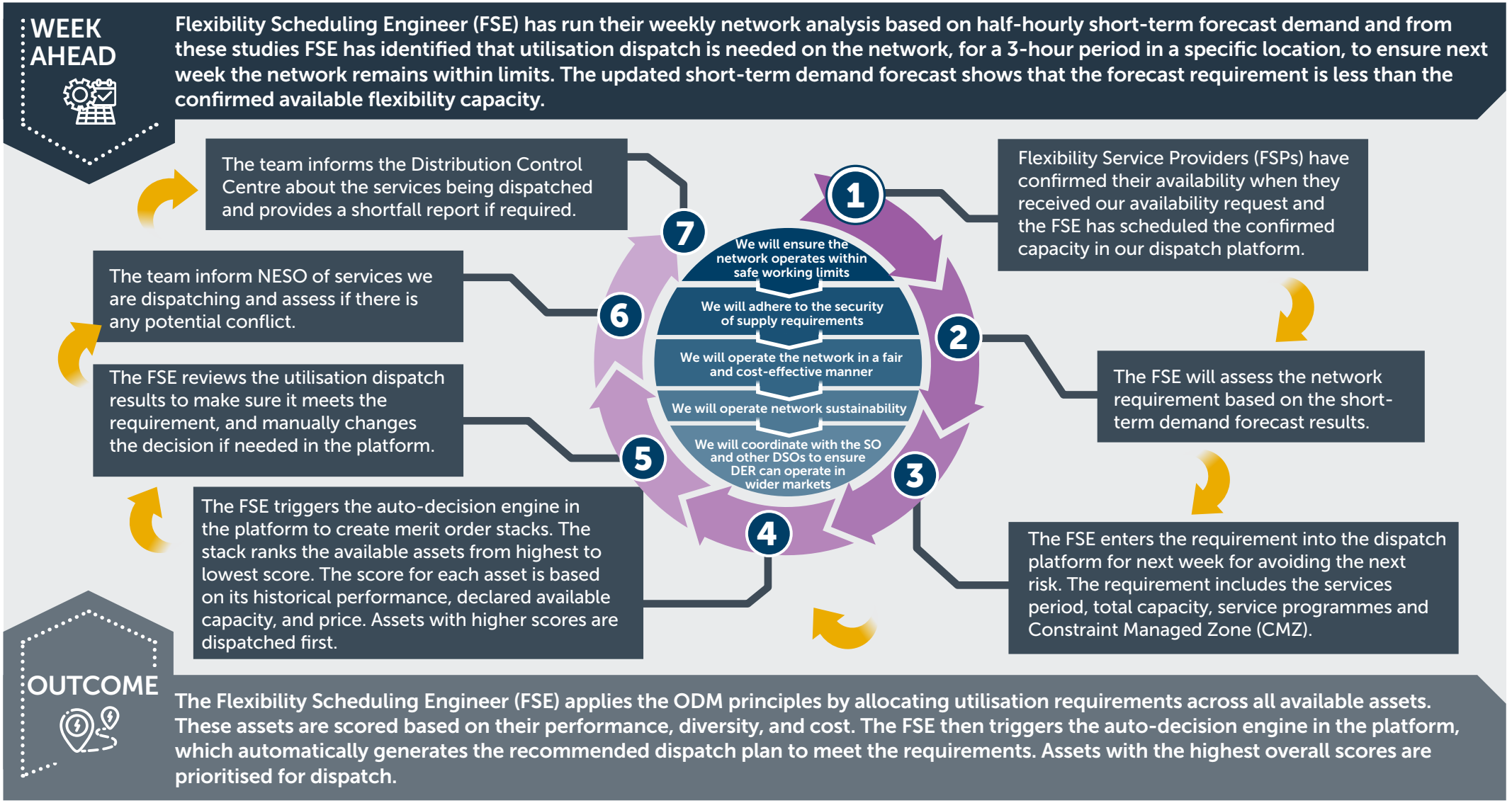


Figure 15: Merit order example.

APPENDIX 4: TIMETABLE OF ACTIVITIES

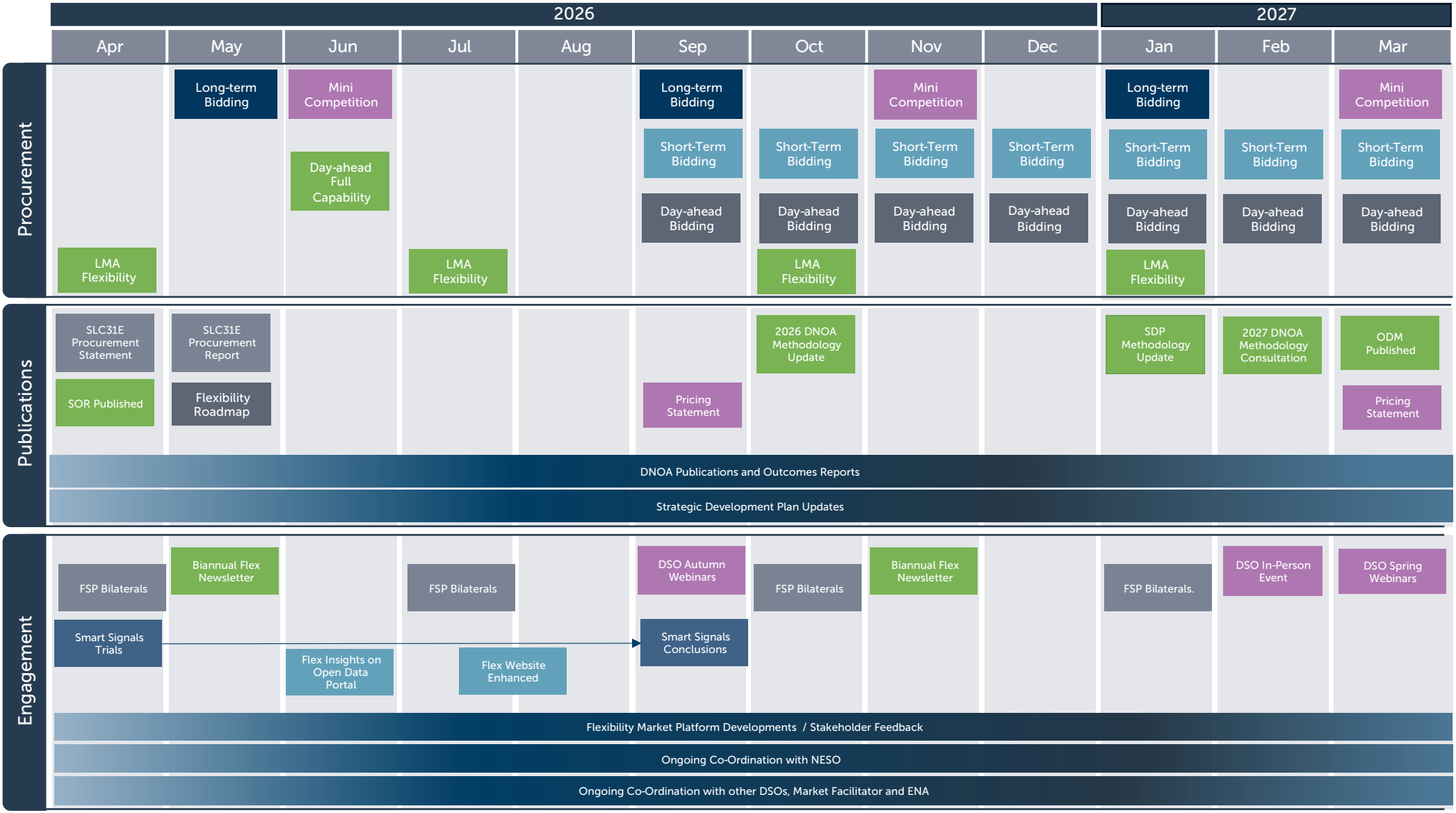


Figure 16: Timetable of flexibility activities for 2026/27.

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