

Consultation

Forward Work Programme – 2025/26

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We are consulting on our proposed Forward Work Programme for 2025/26. We would like views from people with an interest in our proposed work programme for the year ahead. We would particularly welcome responses from industry, consumer groups and charities. We would also welcome responses from other stakeholders and the public.

This document outlines the scope and purpose of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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Foreword from the Chair and Chief Executive

We stand at a pivotal moment for our energy system. 142 years after Britain’s first coal power plant opened, its last coal plant has closed. The North Sea’s oil and gas production, which has been integral to our energy system for so long and peaked around the time of the Millenium, is now winding down.

Whereas coal, then oil and gas, provided a source of energy for us for decades, we now have an opportunity to tap sources of energy that will be with us for centuries: a virtually infinite supply of wind, sun, and other renewables.

As Britain’s energy regulator, our principal objective is to protect the interests of energy consumers, both now and in the future. As the sector works together towards cleaner, more secure, and affordable energy through the Government’s Clean Power 2030 objective (CP2030), the rest of this decade will be a period of rapid change, in which Ofgem will have a key role.

The new Government has made it clear that it wants to move quickly: establishing Great British Energy, putting in place the new Mission Board for clean power and accelerating towards net zero, and launching of the new National Energy System Operator (the NESO), whose creation Ofgem recommended and warmly welcomes, to plan out a more joined up and strategic approach to the energy system.

Ofgem’s job will be to ensure that there are no regulatory barriers in the way to that plan being developed so that the infrastructure needed for CP2030 is delivered as efficiently as possible, with guardrails to ensure that consumers’ interests are protected, delivery remains on track, and that customers are protected from excessive costs.

Building on our Multiyear Strategy, this consultation set out our proposals for Ofgem to support consumers and businesses in the year ahead. This will mean working closely with the NESO as it develops an integrated energy plan for CP2030, as well as network companies to facilitate the needed investments in viable, innovative projects. We will work with the NESO and government to make sure that the connections system is connecting the right projects at the right time and in the right place.

We need to shape a market capable of making the most of smart technology like electric vehicles and heat pumps. That is why we are supporting the drive for Half Hourly Settlement, sending flexible price signals to suppliers.

We will also foster and facilitate strong partnerships with suppliers, on an understanding that they must do much more to serve their customers, especially the most vulnerable, and continue to work closely with consumer groups and charities, deploying their front-line experience to help inform our regulatory interventions.

Finally, we will challenge the industry: using all of our tools from influence to enforcement, to shape a stable and efficient energy market that works to benefit consumers, as we work together to rebuild public trust.

We do not pretend any of this will be easy. CP2030 will take a huge, joined up, and sustained effort. It is at the limit of what is achievable: it will mean being brave, taking risks, and doing new things for the first time.

The question we often face today is simply: 'can this be done?' But as the energy sector delivers each milestone, confidence will increase that we can get there.

When government, business, regulators, and our communities get together, they can move mountains. The onus is now on all of us step up and do our part to deliver the energy transition customers need.

Mark McAllister, Chair

Jonathan Brearley, Chief Executive

1. Introduction

- 1.1 This draft Forward Work Programme sets out for consultation, the key new reform projects that we intend to focus on during the 2025/26 financial year (rather than our ongoing routine regulatory activities), in the exercise of our functions.
- 1.2 We have set out what we propose to do and why we propose to do it. We are seeking views on whether:
- we are proposing to tackle the right set of problems in the sector
 - if anything major is missing, and
 - any sense of the relative priorities between different problems.
- 1.3 While we are not consulting on them, we have summarised – for completeness – our ongoing, routine regulatory activities in section three, and the low carbon energy and social schemes that we administer for government in section four.
- 1.4 We will consider responses as we develop our business plans for 2025/26, ahead of publishing a final version of our Forward Work Programme by the end of March 2025. In this, we will set out the programmes of work that we propose to prioritise, to fit within the budgets set for us by HM Treasury.
- 1.5 Importantly, our final work programme may change, with the need to respond to any unforeseen challenges between now and publication.

Who we are and our principal objective

- 1.6 Ofgem is Great Britain's independent energy regulator.
- 1.7 Our principal objective, set out in law, is to protect the interests of existing and future gas and electricity consumers.
- 1.8 We operate in a statutory framework set by Parliament. This establishes our duties and gives us powers to achieve our objectives. We are governed by the Gas and Electricity Markets Authority (GEMA), which consists of non-executive and executive members, and a non-executive chair. GEMA, and its committees, determine Ofgem's strategy, set policy priorities and make decisions on a wide range of regulatory matters, including price controls and enforcement.

Ofgem's Multiyear Strategy

- 1.9 Ofgem's [Multiyear Strategy](#) sets out five strategic priorities for the next five years and beyond. Our strategic priorities are:
1. Shaping a retail market that works for consumers
 2. Enabling infrastructure for net zero at pace
 3. Establishing an efficient, fair and flexible energy system
 4. Advancing decarbonisation through low carbon energy and social schemes
 5. Strengthening Ofgem as an organisation.

Developments since our previous Forward Work Programme

- 1.10 There have been significant developments in the energy sector since we published our Multiyear Strategy and Forward Work Programme in March 2024.
- 1.11 We have a new government, focused on five missions, including to 'kickstart economic growth' and to 'make Britain a clean energy superpower'. The Government's flagship energy policy is to achieve a clean power system by 2030.
- 1.12 Alongside the change in government, there have been further changes to the institutional landscape. The NESO has been established, responsible for planning and operating the energy system to achieve carbon reduction, security of supply and efficiency objectives.
- 1.13 We have also progressed important areas since we published our Multiyear Strategy. For example, we have completed our [standing charges consultation](#), which saw a record level of responses from the public and industry, and set out next steps for the short and long term. We have finalised the [methodology for the RIIO-3 price controls](#) for the gas and electricity transmission and gas distribution sectors. We have opened a [consultation on the framework for the next electricity distribution price controls](#). We published our initial [decision on the third window for interconnectors](#), including the first two offshore hybrid assets. We have also published our [Consumer Confidence Programme](#), setting out how we will drive further improvements and cultural change in customer service for consumers, as well as a [refreshed Consumer Vulnerability Strategy](#), setting out how we can best work to protect consumers in vulnerable situations. We have set out our [strategy for household energy debt](#) and our proposals to improve consumer outcomes for those in debt and drive down on the costs of debt for all consumers.

- 1.14 We committed to an annual review of our Multiyear Strategy to ensure that it is responsive to changes in government policy, developments in the sector, and changes to Ofgem's role and remit. We have done this, and our assessment is that the Multiyear Strategy's priorities and objectives remain aligned with the sector's needs and do not require any material change. However, there is a very significant change in focus signalled by this proposed Forward Work Programme: **the move to a clean power system by 2030.**
- 1.15 We intend to operate an integrated programme of work next year, bringing together all regulatory interventions required to meet the government's 'Clean Power 2030' objective. We describe this cross-Ofgem integrated programme in this document.
- 1.16 Beyond Clean Power 2030, we will continue to focus on protecting consumers in the near-term and progressing reforms in the energy retail and wholesale markets in the longer-term, to achieve clean, secure and affordable energy for consumers.
- 1.17 We hope you enjoy reading this document and look forward to your response.

2. Clean Power 2030

- 2.1 We will support the Government's mission to 'make Britain a clean energy superpower' and its policy objective for Clean Power 2030. As long as security of supply is maintained and costs are carefully controlled, we consider that consumers' interests are best served by accelerating the decarbonisation of the power system, to reduce our dependence on imported gas for power generation. A clean power system by 2030 is also an important enabler of a net zero economy by 2050, given the emphasis on electrification of heat and transport in subsequent decades.
- 2.2 Ofgem has a critical role to play in enabling Clean Power 2030. During 2025/26, we expect to operate an integrated Clean Power 2030 programme, across Ofgem, consisting of the following four key projects:
- **Reforming the connections queue** to prioritise projects that are ready and needed for Clean Power 2030, and ensuring that networks and the NESO are regulated to offer timely and speedy connections.
 - **Approving the network build needed** to drive all the enabling and wider works necessary in light of the Clean Power 2030 plan, with sharp incentives on network companies to deliver to time and budget through our Accelerated Strategic Transmission Investment (ASTI) programme and wider network regulation, including settlement of RIIO-3.
 - Establishing a new Cap and Floor regime for **long-duration energy storage** and approving the first batch of projects under this scheme.
 - Removing regulatory barriers and working with Government to create incentives for the large-scale deployment of **demand-side response** through reforms to retail, wholesale and balancing markets.
- 2.3 We will work with the Government and the NESO to set up transparent, integrated governance and reporting arrangements to track progress against each of these four projects in our Clean Power 2030 programme.

Beyond Clean Power 2030

2.4 Alongside Clean Power 2030, we will continue to take forward our longer-term Multiyear Strategy, with key, new reform projects, under three of its strategic priorities:

Strategic Priority 1: Shaping a retail market that works for consumers

- We will take forward work on how we regulate pricing in the domestic market including:
 - the operation of the Default Tariff Price Cap (the 'Price Cap'), to ensure that it continues to meet the original policy objectives and can adapt to a changing market, with more options for consumers to take advantage of different pricing during different times of the day and to flex their demand accordingly
 - other forms of pricing regulation, such as the ban on acquisition tariffs, to protect consumers – particularly the vulnerable – in a rapidly changing retail energy market
 - reforms to standing charges, to increase choice for consumers in the short and the longer-term, take forward a review of how energy costs are allocated across business and households, to find a better balance between efficiency, fairness, carbon reduction, economic growth and simplicity and transparency of energy bills
 - by working with Government, on the interaction between pricing regulation and targeted support for consumers with their energy bills.
- We will take forward our work on debt and affordability to:
 - reduce household debt and bear down on the costs of bad debt for all consumers
 - ensure that consumers in debt are supported and helped out of long-term energy debt
 - address consumer debt that built up over the energy crisis
 - support Government to better target support at those struggling with their energy bills.
- We will work to improve customer services and trust in the retail energy sector, through our 'Consumer Confidence Programme', to ensure that all customers receive good service and that when things go wrong, complaints are well handled.
- We will continue our work to prepare for our new regulatory responsibilities for heat networks, to ensure good outcomes for their consumers.

Strategic Priority 2: Enabling infrastructure for net zero at pace

- We will confirm the governance and methodology for spatial energy planning, both at the national and regional levels, to develop pathways to net zero by 2050 at least cost.
- To ensure the necessary investment in energy networks is secured at lowest cost to consumers, we will:
 - publish draft and final determinations on the RII0-3 price controls for electricity and gas transmission and gas distribution, setting allowed revenues for network companies for the period 2026-2031
 - finalise the framework and consult on the methodology that will be used to develop investment planning for the next electricity distribution price control, covering the period 2028-2033.
- We will introduce regulatory enablers for supply chain management, such as the 'Advanced Procurement Mechanism', to make it easier for electricity transmission companies to book manufacturing slots for critical equipment in a timely way.
- We will introduce competition for the delivery of new, high-value and separable onshore network infrastructure, starting with a pilot project to find cheaper, faster ways of delivering network infrastructure.
- To ensure that consumers are protected through regulation and that they receive good value for money from investment in low carbon generation technologies (subject to Financial Investment Decisions), we will:
 - commence regulation of nuclear (Sizewell C) using the regulated asset base model
 - operate price controls for CO2 transport and storage companies (for the first cluster), using the regulated asset base model.
- We will work with the Government to improve the energy sector's resilience to climate change.
- We will expand the scope, scale and sophistication of our cyber-regulation, in line with a strategy agreed between the Department for Energy Security and Net Zero, the National Cyber Security Centre, Ofgem and the NESO, to strengthen cyber resilience of the GB energy system.

Strategic Priority 3: Establishing an efficient, fair and flexible energy system

- We will introduce an enduring regulatory framework for the NESO, to hold it to account against its licence obligations.
- We will work with the Government to settle the direction for long-term wholesale market and charging reform, through the review of electricity market arrangements (REMA), giving investors certainty and clarity and protecting consumers from unnecessarily high balancing costs, in a clean power system.
- While the Government considers the longer-term direction for wholesale market reform, we intend to progress in the short to medium-term, a Cap and Floor regime to stabilise transmission network charges, to give investors greater certainty, clarity and confidence in the period to 2030.
- We will progress reforms to the retail market to support the Clean Power 2030 targets for flexible demand: enabling better consumer propositions and improved incentives to flex, while offering the right protections.
- We will put in place arrangements necessary to license and regulate aggregators and remote load controllers from 2026 onwards, to increase competition for the benefit of consumers and to encourage greater innovation in the market for demand-side response, while protecting consumers from potential harm, including the risks of mis-selling or confusion, as choice and offerings increases in the market.
- We will continue to enforce the roll-out of smart meters and the introduction of mandatory half-hourly settlement, which we hope will encourage greater take-up of flexible time-of-use tariffs by consumers.
- We will continue to work with consumer groups to make it easier for consumers to benefit from informed and consensual sharing of data about their energy use, with firms that could create innovative tariffs and products based on this data.
- We will work with Elexon to harmonise arrangements across markets for flexibility, so that it becomes easier for providers of flexibility to 'stack their revenues' across multiple platforms operated by the NESO and distribution system operators.
- We will provide clear regulatory guidance to the energy sector on the use of artificial intelligence to maximise the potential benefits and minimise the potential harms to consumers from this new technology. We will also work with other regulators, firms and consumer groups through regulatory sandboxes and laboratories to test and trial AI applications that could benefit consumers through better service and support and/or lower costs.

3. Ongoing routine regulatory activities

3.1 Alongside the proposed key, new reform projects set out above, we will continue to deliver our ongoing routine regulatory activities. These include:

- Setting the Price Cap on a quarterly basis.
- Operating price controls on regulated firms such as the NESO, the Data and Communications Company, the (monopoly) energy networks and independent distribution network operators and independent gas transporters.
- Assessing new interconnector projects, through our Cap and Floor regime and monitoring existing licences for effectiveness.
- Carrying out a competitive tender process for Offshore Transmission Owner (OFTO) assets and administering licences.
- Operating our financial regulation regime, to ensure financial resilience across energy suppliers and network companies.
- Responding to any retail supplier failures through our Supplier of Last Resort and Special Administration Regime processes.
- Monitoring, compliance and enforcement of standards across the market, including retail (domestic and non-domestic), wholesale markets, balancing mechanism and networks.
- Monitoring and analysing intelligence in consumer market movements and for supplier performance.
- Operating our innovation programmes (including the 'Strategic Innovation Fund' in partnership with UK Research and Innovation/Innovate UK) to identify and diffuse the best innovation and technology throughout the energy sector.
- Publishing strategic direction statements for code governance reform and making code modification decisions (including for network charging).
- Undertaking inspections and conducting assurance checks for compliance against the National Information Systems (NIS) regulations for cybersecurity of critical national infrastructure.
- Working with government and industry on winter preparedness and security of supply.
- Operating our industry rules and licensing regime.

4. Strategic Priority 4: Advancing decarbonisation through low carbon energy and social schemes

- 4.1 This section is provided for information only; our role in administering the schemes is not subject to consultation.
- 4.2 Ofgem administers twelve low carbon energy and social schemes for government, designed to advance decarbonisation and support vulnerable consumers. Their value has grown from £10 billion to around £12 billion in the financial year 2023 to 2024.
- 4.3 We work to deliver two strategic objectives:
- To contribute to the policy design of schemes throughout their life cycle, increasing their impact, ensuring that they are feasible, and that they are delivering net zero and fuel poverty outcomes.
 - To maximise the value for taxpayers' money in public spending, ensuring that the schemes are administered in a way that provides a positive experience for their users and meets expectations of our funding partners. We also take our audit function very seriously and have dedicated programmes to detect and prevent fraud.
- 4.4 During 2025/26, we will be delivering a number of specific areas of work aligned to the government's missions and objectives. These include changes to the Energy Company Obligation (ECO), where Ofgem will consult on and implement administrative changes by publishing new guidance, updating processes and any systems where applicable. Further changes are also planned to the Boiler Upgrade Scheme, to make it more widely accessible and to add features to continue to make it more attractive to consumers.
- 4.5 A number of schemes are now closed to new applicants or are due to close in 2026. We will work closely with the Department for Energy Security and Net Zero, to ensure that these schemes continue to run effectively, until they close completely. We will also be working with government as it makes decisions on what comes next.
- 4.6 We will also continue to invest in our own systems and infrastructure, to ensure that we can deliver efficient and effective scheme administration.
- 4.7 Details for all of the [low carbon energy and social schemes](#) can be found on Ofgem's website.

5. Ofgem Budget 2025/26

- 5.1 In July 2024, the Chancellor of the Exchequer commissioned a two-phase Spending Review, with Phase One covering the remainder of 2024/25 and for 2025/26, to fund the key, new reform projects set out in this proposed Forward Work Programme and Ofgem's wider programme of work. Phase Two, which will be agreed in the Spring of 2025, will cover the period from April 2026 to March 2029.
- 5.2 In order to support Ofgem's delivery of the Government's new missions, the 30 October Budget confirmed Ofgem's levy funded settlement for both 2024/25 and 2025/26, as set out in the table below.

Departmental Expenditure Limits (£m)

Levy Funding	Resource (excluding depreciation) 2024 to 2025	Resource (excluding depreciation) 2025 to 2026	Capital 2024 to 2025	Capital 2025 to 2026
Total	136.8	143.7	4.3	4.3

- 5.3 Ofgem receives income for expenditure to administer low carbon energy and social schemes on behalf of government, largely from the Department for Energy Security and Net Zero. While the total budget for all schemes in 2024/25 and 2025/26 has yet to be confirmed, we currently estimate that the total budget in 2024/25 will be ~£67m. We expect that both budgets will be confirmed in early 2025.
- 5.4 Ofgem also receives variable income for expenditure on specific activities such as Green Gas, Offshore Transmission Owner asset tendering, the carbon capture and storage regulatory regime, and the hydrogen transport and storage regulatory regime.

6. Your response, data and confidentiality

Consultation stages

Stage 1

Consultation opens 16 December 2024.

Stage 2

Consultation closes (awaiting decision). Deadline for responses 10 February 2025.

Stage 3

Final Forward Work Programme for 2025/26 and responses published before 1 April 2025.

How to respond

- 6.1 We want to hear from anyone interested in this consultation. Please send your response to FWP@Ofgem.gov.uk.
- 6.2 We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, your data and confidentiality

- 6.3 You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act (2000), the Environmental Information Regulations (2004), statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 6.4 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

- 6.5 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union (UK GDPR), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act (2000). Please refer to our Privacy Notice on consultations, see Appendix 1.
- 6.6 If you wish to respond confidentially, we will keep your response itself confidential, but we will publish the number (but not the names) of confidential responses that we receive. We will link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 6.7 We believe that consultation is at the heart of good policy development. We welcome any comments about how we have run this consultation. We would also like to get your answers to these questions:
1. Do you have any comments about the overall process of this consultation?
 2. Do you have any comments about its tone and content?
 3. Was it easy to read and understand? Or could it have been better written?
 4. Were its conclusions balanced?
 5. Did it make reasoned recommendations for improvement?
 6. Any further comments?

Please send any general feedback comments to stakeholders@Ofgem.gov.uk

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

[ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)

Notify me +

Would you like to be kept up to date with *Consultation name will appear here*? subscribe to notifications:

Email*

Submit >

Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

Appendix 1 – Privacy notice on consultations

Personal data

The following explains your rights and gives you the information that you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, 'Ofgem'). The Data Protection Officer can be contacted at dpo@Ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. For how long we will keep your personal data, or criteria used to determine the retention period

Your personal data will be held for seven years.

5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at [ICO website](#), or telephone 0303 123 1113.

6. Your personal data will not be sent overseas.

7. Your personal data will not be used for any automated decision making.

8. Your personal data will be stored in a secure government IT system.

9. More information

For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".