

Response to Ofgem's Forward Work Programme 2025/26 by SSE Group¹

We welcome the opportunity to comment on Ofgem's Forward Work Programme (FWP) for 2025/26 and within it, the commitment to deliver against the Government's Clean Power 2030 plan (CP2030).

We appreciate that the content in the FWP is set out in a concise manner. However, the FWP describes Ofgem's work in general terms and as a collection of tasks. Given the critical role Ofgem plays in the energy sector and the sizeable budget (£143m) it has available, we would also expect to see deliverables, milestones and outcomes set out in the FWP for 2025/26. GEMA, Parliament and stakeholders should be able to hold Ofgem to account on making a difference, which is impossible if Ofgem's work is referred to in general terms as tasks. Similarly, we would welcome an assessment on progress made on the FWP year to year, for example, how well did Ofgem measure against its 2024/25 objectives?

We note that this is the first FWP to be published following the publication of the Strategy & Policy Statement (SPS) for Energy Policy. Whilst it is evident that Ofgem's strategic priorities address many of the government's policy outcomes set out in the SPS, we would welcome more clarity on the role of the SPS when Ofgem is setting its FWP. For example, it is odd to see Ofgem's work on code reform listed as item no. 10 of 13 in a list of ongoing activities, when this programme could invoke significant change in how industry collaboration is managed.

From a Network's perspective, we would encourage Ofgem to address the issues caused by its resources and prioritisation. This includes recognising the global pressures on supply chains and the economy and the impact this has on costs. ED3 should continue the success of the ASTI programme in Transmission to ensure the investment required can be delivered at speed.

Clean Power 2030

- We welcome Ofgem's prioritisation of the Cap and Floor regime for long duration electricity storage (LDES). When the Technical Decision Document is published, Ofgem should ensure that the outline of the LDES Cap and Floor design allows sufficient scope for any project-specific variations to be appropriately implemented.
- The Clean Power for 2030 Action Plan seeks to prioritise projects that are most ready and strategically aligned with system need. At its core, is investment in the network capacity required to connect and deliver these projects. This is predicated on an effective and investible regulatory framework that recognises the challenges in delivering best value (rather than least cost) at scale and speed.
- Ofgem must ensure gas networks continue to provide security of supply and carefully assess asset decommissioning. We would welcome greater clarity from Ofgem on life extension policies and wider market reforms for these assets.

Beyond Clean Power 2030

We believe that Ofgem is right to consider the continued appropriateness of its strategic priorities, and we consider there is a high level of interdependency amongst all three as highlighted in its 2025/26 FWP.

¹ SSE Group comprises of six business units – SSE Renewables, SSE Thermal, SSE Energy Solutions, SSEN Distribution, SSEN Transmission and SSE Energy Markets.

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

The Default Tariff Cap, which has become an enduring regulatory intervention, has had the unintended consequence of reducing wholesale market liquidity. The cap has focused a large proportion of the market on the basket of relatively short-term products dictated by the price cap. We consider there is a benefit to Ofgem considering whether this measure remains in the long-term interests of most customers. We would welcome an outline of Ofgem's long-term view of how to offer better targeted consumer protection whilst facilitating organic growth and development of the GB energy market.

Strategic Priority 2: Enabling infrastructure for net zero at pace

We note Ofgem's first point here is to develop pathways to net zero by 2050 at least cost. We appreciate the need for Ofgem to prioritise costs, but we believe this should be reframed to focus on best value, especially with the pace of delivery required by CP2030 goals. Taking a retrospective view, the network infrastructure today - and the rising costs of constraint management where there is insufficient network capacity - is a result of previously identified network reinforcements being put off due to a narrow view that was unduly focused on short-term cost concerns, rather than taking a more strategic view.

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

We believe NESO has the required expertise and significant resources to handle responsibilities the government has placed on it but that Ofgem should develop its framework to monitor NESO's performance further. We welcome the consultation on NESO's Performance Assurance Governance and look forward to contributing our views on how to ensure that Ofgem's task of holding NESO to account against its licence obligations is made easier.

We note that both DESNZ and Ofgem have publicly endorsed the work of the Energy Data Taskforce that they jointly established, and we would ask Ofgem to continue to build on the recommendations made by the taskforce, to maximise both the network benefits and benefits to consumers by ensuring full transparency of the NESO's actions.