

Ofgem

NESOperformance@ofgem.gov.uk

Wednesday, 30 April 2025

Dear NESO Regulation Team,

### **Business Plan 3 Draft Determinations – National Energy System Operator**

We welcome the opportunity to respond to Ofgem's consultation on NESO's Business Plan 3 Draft Determination. This response is written by Future Energy Networks (FEN) on behalf of the GB Gas Transmission and Distribution Companies. In our response, we have only addressed the questions where we have most to add to the aims of ensuring appropriate priorities, value for money and clear expectation setting.

#### **Q1. Do you agree with our proposal that the Business Plan reflects Government priorities from the Strategy and Policy Statement for energy policy in Great Britain, is built on the Electricity System Operator's original RIIO-2 ambitions and reflects wider stakeholder priorities?**

We agree with the business plan priorities of; clean power; decarbonised energy; consumer value; customer centricity; digital mindset and people value.

As NESO takes these priorities forward, we encourage them to apply a whole systems thinking approach to their delivery. Always considering "energy" in the broadest sense using a multi-vector approach to ensure the best value for consumers.

#### **Q3. Do you agree with our proposals for the individual Performance Objectives (and supporting Success Measures) as set out in this section? Are there any missing or incomplete Success Measures which Ofgem should set additional expectations for?**

There are eight Performance Objectives (PO), our response covers four of them which are most relevant to gas networks.

We note that Ofgem have chosen not to take the opportunity to include a PO for NESO requiring them to assess and communicate the effectiveness of the UK's delivery of its net zero plans. Having a body to do an unbiased comparison of actual delivery compared to net zero plan with them also having the responsibility of making recommendations for improvements would be very valuable and is critically important to the success of the transition.

#### Strategic Whole Energy Plans

We agree with this PO, it is strategic and ambitious. We agree with Ofgem's comment in section 4.12 that NESO needs to build on its electricity system planning capability to become a trusted body in delivering whole system plans which incorporate gas. FEN and its members wish to support NESO in this transition to help build its capability. We have already started to work with NESO on the SSEP pathways and are keen to do more in these areas to ensure the plans are truly holistic.

We encourage Ofgem to include a requirement on NESO to monitor and report the progress and content of their energy plans in a timely and transparent manner. Waiting until the outputs are delivered is too late. Stakeholders would welcome regular updates and reports to ensure any unconscious bias towards familiar electricity centric solutions can be identified and if necessary, acted upon at pace. Putting in place checks and getting feedback from different sectors on how well the application of a whole systems approach is being implemented is important to ensure a quality, deliverable outcome.

### Enhanced Sector Digitalisation and Data Sharing

We support a PO in this area. FEN and its members are working with NESO to support the digital ecosystem, however more work is required in defining and agreeing an appropriate methodology for data sharing before a digital solution is created.

### Secure and Resilient Energy Systems

We agree this is an important PO for NESO. System resilience and security of supply are critical for all consumers. When developing thinking on security of supply we would encourage NESO to consider the full range of available energy vectors e.g. green gases such as biomethane as well as other more well known “home grown” renewable energy sources. Considering how these different energy sources can offer security of supply throughout the year when demand varies significantly will help to manage demand peaks and ensure service is maintained.

On the topic of resilience gas networks are eager to work more closely with NESO. At the moment the electricity network is considering how it will manage average heat demand over a year. Gas networks are designed to sustain performance to a 1 in 20 peak demand scenario. This demand profile and the load it would put on the grid is significantly different from an average demand. We encourage NESO to continue and deepen the work with gas networks to ensure peak demand forecasts are robust and that plans are in place to continue to deliver the energy consumers need when they need it.

### Clean Power 2030 Implementation

FEN and its members are fully supportive of Clean Power 2030 (CP30) and this PO. Gases and gas networks are able to play a bigger role in the delivery of CP30 than currently recognised. Hybrid heating solutions, biomethane and hydrogen blending can all be used as ways to maximise the value consumers gain from using the existing world class gas network asset whilst helping to reduce emissions through reduced gas consumption at the same time as lowering the carbon intensity of the gases consumed. This will help deliver clean power faster, cheaper and will ensure carbon savings are delivered sooner with remaining unabated gas consumption. The gas network and consumption of green gases can support and back up the electricity system when the wind isn't blowing and the sun isn't shining.

### **Q5. Do you agree with our proposal for Reported Metrics and the CMF?**

We welcome regular, open and transparent reporting against NESO's performance metrics. Regular and timely reporting is critical to build trust among industry and consumers, demonstrate the successful delivery of the pathways and to ensure NESO builds an approach which considers the energy system holistically.

### **Conclusion**

FEN and its members welcome NESO's Business Plan 3. NESO's POs, if delivered effectively will support the delivery of whole systems energy pathways which will deliver reduced emissions at best value for consumers whilst maintaining resilience and security of supply for all. FEN and its members are able to support NESO as it develops its capability in gas systems and have significant experience in supporting vulnerable customers to ensure they are appropriately considered in a fair transition to clean power and net zero.

Should you wish to discuss the letter above please do not hesitate to contact myself or the team on the following email addresses: [james.earl@futureenergynetworks.org.uk](mailto:james.earl@futureenergynetworks.org.uk) or [gas@futureenergynetworks.org.uk](mailto:gas@futureenergynetworks.org.uk).

Yours sincerely



James Earl

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Future Energy Networks