

Fintan Slye
National Energy System Operator
Faraday House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

eleanor.warburton@ofgem.gov.uk

14 May 2025

Dear Fintan,

Approval of the Strategic Spatial Energy Plan Methodology

Thank you for submitting the Strategic Spatial Energy Plan (SSEP) Methodology to Ofgem¹ for approval.

We appreciate the complexity of the technical and conceptual challenges NESO has faced in generating this Methodology, and would like to acknowledge the excellent engagement, transparency, and platforms for open exchange you have provided throughout, both with ourselves and with wider stakeholders.

The SSEP will act as a vital blueprint for strategic electricity generation and storage infrastructure, and in doing so it will set the vitally important strategic case to guide the next phase of network build in the Centralised Strategic Network Plan (CSNP). Dovetailing with the pathways set out in the Government's Clean Power 2030 Action Plan, the SSEP and CSNP combined will set out a cost optimal path for our future energy infrastructure to reach net zero in 2050. The certainty that the SSEP will offer will help to speed-up decision-making and accelerate development by sending a long-term investment signal for key infrastructure, bringing material benefits for consumers, as well as supporting investment and growth. An optimised low carbon electricity supply from GB renewables will help to protect consumers from future energy price shocks and promote energy security.

The SSEP will also inform, and be informed by, local and regional priorities as expressed through the Regional Energy Strategic Plans (RESP), creating an important link between local and national planning. Securing buy-in from stakeholders through the public consultations you are planning will be crucial to building acceptability.

Basis for approval

¹ The terms 'Ofgem', 'the Authority', 'we' and 'us' are used interchangeably in this document.

The joint Commission² to NESO from the UK, Scottish and Welsh governments to produce a SSEP laid out a process for developing a Methodology and Ofgem's role in approving it. These requirements were formalised in NESO's licence obligations, which are regulated by Ofgem.

We have reviewed the proposed SSEP Methodology against the requirements set out in licence conditions C16 of the Electricity System Operator Licence (Strategic Spatial Energy Plan)³ and C11 of the Gas System Planner Licence (Strategic Spatial Energy Plan)⁴.

Overall, we consider that the Methodology meets the requirements as laid out in NESO's licence conditions, and achieves the aims laid out in the Commission to NESO. **We therefore approve the Methodology on the basis that it provides sufficient assurance of its ability to generate an optimised and credible plan in the consumer interest.** We are supportive of the baseline of the SSEP being predominantly the Clean Power 2030 Action Plan, as well as including additional projects with existing regulatory funding.

Elements for further development prior to completing SSEP pathways

As part of this approval we highlight the following priorities, recognising our own and other bodies roles in those. We request NESO ensure the SSEP development process drives progress on the following areas as the pathways are developed over the course of this year.

Strategic demand – We see clear, material benefits from ensuring that substantial strategic demand requirements are part of the demand profile of the SSEP (and, indeed, RESP). If this opportunity is missed, we also miss the chance to ensure the network implications can be identified and addressed at pace. NESO should continue to work with the Department for Energy Security and Net Zero (DESNZ) and other government departments as required to ensure that industrial demand, including ambition for data centre growth set out in the AI Opportunities Action Plan, is fully and appropriately incorporated both in gross capacity and locational terms.

Material changes – the SSEP is intended to help provide greater certainty to enable more rapid and confident progress towards a future clean, secure, and affordable energy system. Nonetheless, we know that the world is not static. The way in which the SSEP is developed in recognition of future uncertainty, and its role in helping provide greater certainty, should help minimise the impact of change. In this context NESO should ensure the governance of the ongoing SSEP process is fit to handle and govern change. In particular, post SSEP publication, NESO should perform an appropriate impact assessment of any identified policy or technology changes that could have a potential material impact on the decisions required from the SSEP.

Sensitivity testing – NESO, DESNZ, and Ofgem should continue to engage closely on agreeing appropriate levels and types of sensitivity testing, including how these are explained and presented alongside the published plan.

² <https://www.gov.uk/government/publications/strategic-spatial-energy-plan-commission-to-neso>

³ <https://assets.publishing.service.gov.uk/media/66e1ba9118e01a81482c8dd1/eso-licensing-direction-and-licence-terms-conditions-decision.pdf>

⁴ <https://assets.publishing.service.gov.uk/media/66e1baa93b0c9e88544a0052/gsp-licence-terms-and-conditions-decision.pdf>

Transparency – NESO, DESNZ, and Ofgem should agree an approach to publishing assumptions and data inputs, including those that underpin electricity demand and demand side response categories, aiming for a maximum level of transparency.

Coherence – NESO should ensure that the published plan explains clearly how the SSEP outcomes are coherent with other strategic planning processes, namely the RESP, CSNP, and the new connections methodologies.

Lastly, we note that the modelling approach taken by SSEP development as a zonal structure does not prejudice the outcome of the Review of the Electricity Market Arrangements (REMA) regarding zonal pricing, but can align to any eventual decision where needed.

Next steps

We look forward to continuing to work with you over the coming months on these remaining methodological details as you prepare the advice on the proposed SSEP pathway options due to be submitted to the Energy Secretary in the Autumn for decision. Alongside the options presented, we may submit independent advice on the impact of the pathways on the consumer interest as provided for in the SSEP Commission.

Thank you for your leadership in preparing this first SSEP for Great Britain.

Yours sincerely,



Eleanor Warburton
Director Energy Systems Design and Development