

To: Fintan Slye, CEO, National Energy System Operator  
John Pettigrew, CEO, National Grid  
Martin Pibworth, CEO, SSE  
Keith Anderson, CEO, Scottish Power

31<sup>st</sup> July 2025

Dear colleagues,

**Importance of stakeholder and community engagement in shaping the optimal energy system for all current and future consumers**

When considering that the scale of required network infrastructure investment is the greatest it has been in the last 30 years, Ofgem both recognises and welcomes the actions taken to date by the National Energy System Operator (NESO) and the Transmission Owners (TOs) to facilitate delivery of the government's net zero ambitions.

Ofgem aims to ensure the projects required to reform the power system can be delivered on time and on budget. It is crucial that government, Ofgem, NESO and the TOs continue to work together throughout the transition to net zero and bring the customer along on the journey. Ofgem will continue putting in place the right regulatory and funding frameworks that properly value all aspects of build decisions. TOs and NESO must ensure meaningful engagement across design and build with all relevant stakeholders, including local communities who are at the heart of these projects.

Ofgem's duty is to ensure that consumers can benefit from a secure and resilient decarbonised energy system that delivers the best value for money to them – now and in the future. We understand that this means facilitating investment in infrastructure, taking account of all its impacts. We continue to remove regulatory barriers to investment and work with the wider industry to ensure our regulatory framework leads to the best long-term solution being brought forward. These solutions may not always be the cheapest option but rather the ones that drive long-term consumer benefit alongside clear evidence of the benefits to, and consideration of, local communities.

We have worked closely with NESO to reform the connections queue, making sure that ready-to-go homegrown clean power projects are connected as soon as possible. We have also enabled TOs to secure constrained supply chains and bulk procure standardised network assets through our [Advanced Procurement Mechanism](#) (APM) and are enabling TOs to accelerate delivery of key infrastructure projects via our [Accelerated Strategic Transmission Investment](#) (ASTI) framework. We will continue to engage with TOs and stakeholders following the publication of our [RIIO-3 Draft Determinations](#) consultation to ensure that the RIIO-3 framework can best facilitate the timely delivery of large infrastructure projects.

**We expect NESO and TOs to work together, fully considering environmental and community impacts at the design stage before recommending major infrastructure projects**

NESO and TOs all have a key role to play in determining the optimal network infrastructure required to facilitate the transition to net zero. When thinking about the design, location and technology used, we will expect you to suitably put the interests of the consumer at the heart of your decisions. This will require extensive meaningful engagement across a great diversity of stakeholders. As we move to a strategically planned system, the way we engage with consumers and local communities will also change. It is imperative that the views of those directly impacted by the delivery of large infrastructure projects are carefully considered. This will be challenging and involve careful

balancing of competing interests. An effective and transparent consultation process will remain critical in creating the right balance.

**NESO must take into account views of the local communities and incorporate those into its strategic plans where appropriate**

NESO will have a crucial role in identifying and coordinating the needs for both energy networks and generation. To do so, NESO will need to engage with communities on the wider context in which energy projects are built. We expect NESO to carry out substantive stakeholder engagement when delivering its duties in whole system planning. In order to realise the impact and benefits of a more optimised energy system, NESO needs to engage with views from local communities and other relevant stakeholders when developing its strategic plans.

**TOs must give proportionate consideration of wider socio-economic impacts when designing their projects**

While we have seen improvement in the TOs' approach to consultation and engagement with local communities, we believe that there is more that can be done. As project developers, TOs have a unique opportunity to make a tangible difference to people's lives and Ofgem would like to see increased positive impacts and outcomes for local communities. TOs have the ability to drive economic growth and social value in areas where infrastructure is installed. DESNZ's recent [Community Funds guidance](#) makes it clear that the communities that host network infrastructure should see benefits in return. Ofgem welcomes this guidance, and we expect TOs to follow this guidance when delivering major projects, and that the available funding is utilised to make a positive difference to host communities.

**Ofgem's regulatory framework will enable the most optimal energy solutions, so that new infrastructure can be built at pace and in line with the requirements of the system to achieve net zero goals**

As the economic regulator, Ofgem will continue to support project designs and network solutions that are in the consumers' best interest, finding the balance between present and future needs. While Ofgem will continue to scrutinise project costs to ensure these are efficient, it does not mean that we will always approve the lowest cost option. We recognise there are long-term benefits and community considerations that must be considered in a proportionate way alongside financial costs.

We need to decarbonise the system and enable clean energy sources to connect while preventing exposure to resilience risks, volatile gas prices and network constraint costs. To do so, we must accelerate the delivery of key infrastructure projects in ways that are respectful of local communities. With commitment to meaningful stakeholder and community engagement, alongside open and transparent consultation across NESO, the TOs, and Ofgem, we believe the level of infrastructure build-out required to power our country can be achieved in a sustainable, cooperative manner.

Yours sincerely,



**Akshay Kaul**  
Director General for Infrastructure