



Forward Work Programme 2026/27



ofgem

Making a positive difference
for energy consumers

Forward Work Programme – 2026 to 2027

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Contact: Richard Phillips

Team: Enterprise Portfolio Management Office

Telephone: 07788 328206

Email: fwp@ofgem.gov.uk

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Foreword from the Chair

The coming year will be pivotal for the energy sector and for Ofgem. The system we oversee is changing fast, and to serve consumers well through that change, we must strengthen Ofgem as an organisation. We are building adaptability and agility into the organisation to strengthen how we decide, how we deliver, and how we learn. This will help us act with the pace and judgement needed in both calm and turbulent times. We are changing while continuing to deliver, so progress does not pause.

The situation in the Middle East continues to cause deep concern, and our thoughts remain with all those affected, including families here in the UK who are anxious for loved ones. These events, alongside wider geopolitical instability, are a sobering reminder that global shocks can reshape energy markets quickly and unpredictably. Britain is in a stronger position than during the last crisis, with reliable gas supplies from Norway, flexible LNG access, improved storage, a more resilient retail market, and an expanding share of clean, homegrown power. However, we cannot be complacent. We know conditions can change fast, and we must be ready to adapt as needed. We are monitoring closely events in the Middle East, and the impact on energy markets, and we are working with consumer representatives, the industry, and government to ensure we protect consumers as the situation develops.

Looking ahead, the Government's Review of Ofgem will set clearer expectations for how the energy system must evolve to deliver for consumers, support net zero, and enable growth. While the Review will take time to implement fully, the direction is clear and we have begun to embed it. Over the past year we have strengthened protections and service standards, increased retail market resilience, sharpened our governance and accountability, simplified how we work with industry and invested in our digital and data capabilities. We are streamlining processes, clarifying responsibilities, and empowering earlier, risk-based interventions, so that we can be agile without disrupting delivery.

This Forward Work Programme reflects that momentum: a sharper, outcome-driven approach that encourages innovation and investment, and accelerates the shift to a clean, affordable, and secure energy system. But it also acknowledges that world events may require us to adjust the timing or focus of some activity as circumstances evolve.

Consumers remain at the heart of our mission. Many households and businesses continue to face pressure, particularly from high levels of energy debt. Over the past year, we have strengthened protections, improved service standards, and increased resilience across the retail market. That progress matters, but more is needed. In the year ahead we plan to raise expectations further, simplify what we ask of companies, and act earlier where problems arise, ensuring that customers, particularly those in vulnerable circumstances, receive fair treatment and meaningful support.

The energy system is undergoing its most significant transformation in decades. Major network investment is now moving from planning to delivery, supported for the first

time by whole system plans that set out what infrastructure is needed, where and when. Our role is to ensure this shift happens quickly, at the right cost, and in a way that delivers lasting value for consumers. We plan to support the investment, innovation and coordination required for a system that is cleaner, smarter, and more resilient.

This Programme also sets out how we will support a system that is increasingly flexible, digital, and secure. We plan to examine how system costs are allocated and recovered, scale consumer led flexibility, modernise the governance of industry codes and expand access to better energy data. We will continue to strengthen resilience, from asset health to cyber security and climate related risks, so the system is prepared for today's challenges and emerging pressures.

Our work delivering government schemes is also evolving. With the Warm Homes Plan launched and a new Warm Homes Agency planned for 2027, responsibilities will shift. Throughout this transition, our priority remains unchanged: schemes delivered efficiently, transparently and in the interests of the people they are designed to support. We will enable continuity of service with an efficient and smooth transition of staff and service delivery from Ofgem to the Warm Homes Agency so it can deliver for consumers.

None of this can be achieved alone. Engagement with consumer groups, industry, local organisations, and parliamentarians is essential. The insight we gain from you helps us identify issues early, make better decisions and strengthen our collective approach. That collaboration will be even more important as the Review's reforms are implemented and as we navigate an uncertain global environment.

Finally, I would like to acknowledge that Ofgem's CEO Jonathan Brearley will be leaving at the end of the month to take up the role of Permanent Secretary at DESNZ. After nearly a decade at Ofgem, including six years as CEO, Jonathan's leadership has helped steer the organisation through the gas crisis, strengthen consumer protections, reshape the retail market, and accelerate progress on the UK's 2030 goals. I am very grateful for his dedication, insight, and service.

Thank you to everyone who contributed to the consultation and helped shape this Programme. We look forward to working with you to deliver it, while remaining ready to pivot as needed in the months ahead.

Mark McAllister, Chair

1. Introduction

Purpose of this Programme

- 1.1. This Forward Work Programme (FWP) sets out the key projects that we intend to focus on during the 2026 to 27 financial year and their objectives, as well as our ongoing routine regulatory activities, in the exercise of our functions, summarised – for completeness in section five and the low carbon energy and social schemes that we administer for government in section six . This follows our consultation on our draft programme, published in December 2025. Responses to our consultation were considered along with the development of our business plans for 2026 to 27, and we thank all those who responded to our proposals.
- 1.2. This publication sets out our current planned programme for 2026 to 27. However, Ofgem will need to be able to respond to and prioritise any emerging or critical issues across the retail and infrastructure markets as well as Government priorities and external geopolitical factors.
- 1.3. Since we consulted on the FWP in December, Ofgem is still awaiting the publication of the government’s Review of Ofgem. We expect the Review to set out significant and ambitious changes for Ofgem, which we are committed to implementing. Delivering these changes will take time, particularly where the government is required to introduce legislation. We expect implementation of the Review’s actions to inform future work plans, and we will say more in our response once the Review has been published. As a result, this FWP is unable to reflect the anticipated changes that we expect to come from the Review.
- 1.4. Although the Ofgem Review has not yet been published, it is already prompting us to think more coherently about how we use our key public facing outputs, including the FWP, our Annual Report and Accounts (ARA) and other major publications. We see a real opportunity to present these documents in a more integrated way that better engages consumers, the sector and consumer groups and charities, while also strengthening how we hold ourselves to account and demonstrate our performance in a transparent way. We have begun to make progress, including through our recent [Proposed indicators of Ofgem performance and the health of the energy sector](#) Call for Input (CFI), but we are committed to doing more in the year ahead and in future FWPs.

Who we are and our principal objective

- 1.5. The Gas and Electricity Markets Authority (GEMA), operating through Ofgem, is Great Britain’s independent energy regulator. Our principal objective, set out in law, is to protect the interests of existing and future gas and electricity consumers. For ease, we use GEMA and Ofgem interchangeably in this document.

- 1.6. We operate in a statutory framework set by Parliament. This establishes our duties and gives us powers to achieve our objectives. GEMA 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 has a statutory duty to consult on and publish a FWP for the year ahead. This must also include information on how we have had regard to the strategic priorities in the Strategy and Policy Statement designated by the Department for Energy Security and Net Zero (DESNZ) in May 2024 in setting our strategy and planning our work for the coming year.

Ofgem Review

- 1.7. On 19 December 2024, DESNZ announced a comprehensive review of Ofgem's role, remit, powers, and duties. The review aims to strengthen Ofgem's role in supporting consumers and protecting households from poor service and continue to support growth and innovation in the energy sector. At the time of writing, the Ofgem Review has not yet been published. We are committed to working alongside government to implement the Review's recommendations. We will also engage with the sector to consider broader implications of the Review, address the challenges the Review has identified, and meet the government's ambitions for Ofgem as a regulator.

Ofgem's strategy and priorities

- 1.8. The government's Strategy and Policy Statement (SPS) sets out guidance to the energy sector on the actions and decisions that are needed to deliver government's policy goals, and is comprised of only existing government policy, commitments, and targets. Ofgem has a duty to have regard to the strategic priorities included in this statement when carrying out its regulatory functions, although this duty is not extended to some of the social and environmental schemes delivered by Ofgem. As the independent energy regulator, Ofgem is free to determine how it should make decisions and prioritise its duties within its decision-making.
- 1.9. [Ofgem's Multiyear Strategy](#) (MYS), published in 2024, set out five strategic priorities. These are:
- Shaping a retail market that works for consumers.
 - Enabling infrastructure for net zero at pace.
 - Establishing an efficient, fair, and flexible energy system.
 - Advancing decarbonisation through low carbon energy and social schemes.
 - Strengthening Ofgem as an organisation.
- 1.10. The MYS which was developed to broadly align with and having regard to the strategic priorities in the SPS provides the structure for the FWP, which was developed to broadly align with and having regard to the strategic priorities in the SPS. In November 2025 we published the [Markets Regulatory Strategy and Vision](#), which set out the outcomes we want to achieve specifically in the energy

retail markets by 2030. These publications (amongst other Ofgem publications) form our strategy for helping further delivery of the policy outcomes set out in the SPS. They do this by:

- setting strategic direction across our organisational and regulatory responsibilities in order to help further delivery of the policy outcomes in the SPS; and
- setting out the things Ofgem intends to do over the five-year period to implement that Strategy.

- 1.11. In this document, we describe the regulatory projects and their activities, that we intend to carry out in the year ahead to implement and build on our strategy and help further the SPS policy outcomes.
- 1.12. We also set out a summary of our ongoing, core regulatory functions that support our strategic priorities.
- 1.13. The strategic priorities set out in our strategy broadly align with the strategic priorities set out in the SPS. And while there is a significant degree of overlap, chapter one of the SPS (Enabling Clean Energy and Net Zero Infrastructure) is covered by strategic priority 2, and the projects we set out within it in this FWP, while chapters two (Ensuring Energy Security and Protecting Consumers) and three (Ensuring the Energy System is Fit for the Future) covered by strategic priorities 1 and 3 respectively and the projects we set out in this FWP that we plan to undertake under these priorities. In strategic priority four, we have provided details on the low carbon energy and social schemes that we deliver on behalf of government.
- 1.14. The FWP does not set out the routine activities that we carry out in the exercise of our functions for strategic priority five, ‘Strengthening Ofgem as an organisation.

Economic growth and administrative burden

- 1.15. We are also continuing our work in responding to the Government’s Regulatory Action Plan (RAP) and focus on economic growth. We intend to publish a Growth Strategy in 2026, which integrates the conclusions of the Ofgem Review with our wider work in this area. Our Growth Strategy will set out the key levers through which regulation can support investment and productivity. It will identify our ongoing work to:
- Facilitate sector investment in networks and markets;
 - Stimulate supply chains, skills, and expertise;
 - Ensure the energy system supports growth in the wider economy;
 - Provide a more predictable, outcomes-driven, and simplified regulatory framework.

1.16. We are also committed to addressing administrative burden as part of Government's target of 25% economy-wide reduction in its RAP. Ofgem is already taking action in this area, including to improve how efficiently we collect data from the sector and how we measure administrative burden. In 2026, we launched a programme of activity to identify further opportunities and will provide further public updates on this shortly.

2. Strategic priority 1: Shaping a retail market that works for consumers

- 2.1. Over the last year, we have done much to take forward our priorities for the retail market, helping to enhance consumer protections, improve standards and make the sector more resilient to shocks. We are seeing positive trends in the market, but there is still more to do to clarify our expectations, resolve issues early and support the most vulnerable customers. This will be particularly important in the context of growing global instability which may have a significant impact on energy markets.
- 2.2. Over the next year, we will take forward work to deliver our vision for energy markets, as broadly set out in the MYS and more recently explained in greater detail in our Markets Regulatory Vision and Strategy to 2030. We want to see energy markets that deliver for all consumers through regulation which provides confidence and protections to consumers whilst enabling innovation and investability.

Investability

- 2.3. Retail markets are likely to transform in the next few years, and we want to see investment in new products and services that improve customer outcomes and make it simple for consumers to engage with flexibility. We now have a financial resilience regime with £7.5bn of net assets in the supply sector so we know consumers are more protected from the risks and costs of market exit. However, we recognise challenges remain that undermine retail market investability.

On investability, we will:

- Take forward our Debt Relief Scheme to tackle high levels of debt and arrears in the market.
- Work with Government to improve how data is used to proactively identify households in vulnerable situations who need additional help, which is critical to ensuring a high standard of customer service.
- Explore how we can control access to credit, preventing debt build-up at change of tenancy. We will also plan to examine access to credit in the energy system and the role of different payment methods in preventing and recovering debt.
- Regulate domestic suppliers to ensure high quality debt management and debt standards to prevent customers getting into energy debt and support those in debt in a compassionate and sustainable way.
- Explore other changes that may be needed to prompt payment, with the role of prepayment an important consideration. We are carefully monitoring the restart of forced prepayment and will evaluate to ensure they continue to

strike the right balance between protection of the most vulnerable and suppliers' right to recover debts.

- Make incremental change in the near-term price cap to improve the predictability of returns and ensure it is fit for purpose in a world of Market-Wide Half Hourly Settlement (MHHS). In doing so, we will ensure the price cap continues to protect consumers from the loyalty penalty.
- Evaluate our Financial Resilience and Controls regime to ensure it is effective and proportionate. It is the combination of all our regulation that can affect investment, so we will also be considering its interaction with other policies and regulations, such as the price cap and consumer protection rules.
- Work through our Cost Allocation and Recovery Review (CARR) to ensure costs are recovered as fairly and efficiently as possible (more detail in Section 3).

Innovation

2.4. We want to see all consumers receive a high quality of service and good outcomes, with regulations that provide protections but also support innovation and growth by reducing the administrative burden. We will take forward our Consumer Confidence programme to consider the best, futureproofed regulatory approach to achieving better consumer outcomes, including an outcomes-based approach. This would include:

- Considering a move to outcomes-based monitoring and Key Performance Indicators (KPI)s, improving data collection, and enhancing our data driven approach to enable us to better monitor the market. It should also reduce the administrative burden of our regulation.
- Implementing new compliance operating principles. We are committed to working with suppliers to find issues early, fix them quickly, and compensate customers fairly.
- Reviewing the maximum resale price to make sure it is working effectively for modern resale market and facilitating investment in clean technology whilst protecting consumers.
- Considering how we can support participants to bring forward propositions to market. We need to ensure there are incentives to encourage and reward consumers to be flexible (both domestic and non-domestic). We are also considering how we can be more flexible with licence barriers to innovative proposition (e.g. derogations).
- Reviewing the framework for Guaranteed Standards of Performance (GSOP) to ensure it is fit for purpose as part of our wider regulatory framework.
- Continuing delivery of enablers of the low-cost transition (including the full implementation of MHHS), working with Government to support the smart meter rollout and delivery of our Clean Flexibility Roadmap commitments (more detail in Section 3).

- Continuing to oversee major reform to the governance of industry codes to create a simplified, agile, and forward-looking governance framework (more detail in Section 4).
- Developing new regimes for load controllers and Third-Party Intermediaries (such as energy brokers and price comparison websites).
- Go-live on consumer protection regulation for heat networks.
- Consulting on potential reforms to the enforcement governance framework with a focus on decision making.

3. Strategic priority 2: Enabling infrastructure for net zero at pace

- 3.1. The energy system is undergoing its largest change in decades, delivering transmission network build to unlock the benefits of sustainable, reliable, and low-cost energy system based on renewable generation. Major network investment is now moving from planning to delivery, supported by strategic whole systems plans. Ofgem will continue to ensure that the assets needed to drive lasting consumer value are delivered at the right cost and pace, while trailing the flexibility to pivot and adjust delivery as global and market conditions evolve.
- 3.2. This strategic priority is supported by six regulatory objectives as set out in the Multiyear Strategy. They are:
 - Progress strategic planning.
 - Expand electricity networks.
 - Prepare for the future of natural gas.
 - Facilitate deployment of low carbon technology.
 - Network performance and connections.
 - Ensure secure and resilient suppliers.
- 3.3. Alongside our consumer-focused regulation, we will continue to ensure Great Britain (GB) has the infrastructure it needs to operate a clean energy system. In our FWP for 2025 to 26, we committed to confirming the governance and methodology for strategic energy and network planning at national and regional levels in order to develop pathways to net zero by 2050. Through 2026 to 27, the regulatory frameworks will be established for strategic energy and network planning. The first Strategic Spatial Energy Plan will be developed by National Energy System Operator (NESO) and consulted on, and we will take our decision on the methodology for the Centralised Strategic Network Plan (CSNP). To ensure momentum on the needed network build in the 2030s, transitional plans will be in place, with the transitional Regional Energy System Plan (tRESP) already published and the transitional Centralised Strategic Network Plan (tCSNP) following in 2026. We are refining our regulatory approach to ensure that as plans are delivered, we rapidly enable the network investment that is needed.
- 3.4. Expanding electricity network capacity is crucial to meeting Clean Power (CP) 2030 goals and the United Kingdom (UK)'s 2050 net zero targets. Significant investment is underway – and more will be needed – across electricity transmission and distribution networks, both onshore and offshore. We will ensure timely delivery of needs cases, project scope, and funding assessments, adjusting our assessment approach to support acceleration of projects crucial to decarbonisation objectives for CP 2030 and beyond.
- 3.5. Firstly, we will continue to regulate electricity distribution and transmission network companies through our price control frameworks. These companies

provide an essential service to GB customers and are a key enabler of the UK's net zero targets by facilitating investment where needed. In addition to monitoring ongoing performance, we will:

- Make timely re-opener decisions under the Revenue=Incentives+ Innovation + Outputs (RIIO)-Electricity Distribution (ED) 2 price control to facilitate new investments and start the RIIO-2 close-out process.
- Enable timely decisions on additional investment through in-period reopeners for RIIO-ET3 to support Transmission Owners' capability to deliver CP 2030.
- Bring into operation the RIIO-3 Price controls for gas transmission and gas distribution, which will fund the networks companies' investment between 2026 to 31. These controls focus on ensuring the continuation of safe, secure, and reliable gas networks for households, businesses, and industry. The future of gas remains uncertain and during 2026 to 27 we will collaborate with the government's programme of work on the future of the gas system. This includes considering how best to pay for gas infrastructure in the long-term.
- Review pre-construction and early construction funding and Project Assessment submissions as required for projects funded under the Accelerated Strategic Transmission Investment (ASTI) programme, ensuring consumers can benefit from the acceleration of construction activities as much as possible.
- Conclude the strategic policy development phase for ED3 with the publication of the Sector Specific Methodology Decision in spring 2026, setting out the ambitions and focus we expect to see in Distribution Network Operator (DNO)s' business plans, which we plan to begin assessing from December. The ED3 programme will cover DNO investment needs from 2028 to 33.

3.6. Secondly, we will facilitate additional investment into offshore network infrastructure. We will:

- Develop policy options for the long-term delivery of the offshore transmission system as envisaged by the Centralised Strategic Network Plan (CSNP), including working with government to ensure the regulatory framework can adapt for Multi-Purpose Interconnectors and develop the future delivery approach for interconnectors post CSNP.
- Continue to implement, whilst reforming, the Offshore Transmission Owner (OFTO) regime following new legislation and our consultation on changes to attract new inward investment. We will implement the decisions made in 2025 to ensure the tender process remains effective, with a follow-up consultation in mid 2026, and make licence modifications in autumn 2026 to enable life extensions. We also plan to consult in April on updating the late competition OFTO Build model.

- Introduce regulatory enablers for offshore coordination, such as by taking decisions on anticipatory investment requests, which can unlock better coordination in the delivery of large-scale offshore wind.
 - Continue to work with developers to implement the interconnector Cap and Floor Regime and enable delivery of new interconnector and non-standard interconnector projects approved during the Window 3 process.
- 3.7. Thirdly, we will introduce competition for network build to find cheaper and faster ways to build network assets. Specifically, we will finalise and introduce a pipeline of projects under the Competitively appointed transmission owner (CATO) and Offshore Transmission Owner (OFTO) Build frameworks.
- 3.8. Fourthly, we will continue to oversee the implementation of connections reform for generation and storage, working to ensure a smooth transition into the new enduring gated window application process. Progress will continue on the end-to-end review of connections regulations to drive up service standards and ensure timelier connections delivery from network companies and the NESO. In addition, working with government and NESO, we are now turning our attention to reforming demand connections to ensure viable demand projects can progress to connection in a timely manner, and to enable projects of strategic importance to connect faster. We intend to deliver this package of reform built around three pillars:
- Curate – Introducing new or strengthened queue entry and membership criteria where needed to ensure viable projects progress to connection.
 - Plan – Supporting government’s prioritisation of strategic projects and development of a strategic plan for data centres.
 - Connect – Developing new approaches and connection arrangements to accelerate and increase the number of connections and maintain a secure system.
- 3.9. Fifthly, we will progress further the deployment of low carbon technology. We will:
- Continue to regulate companies that have been awarded a CO2 transport and storage licence.
 - Confirm the Final Decision List of LDES projects, award cap and floor regime to successful projects and complete the regulatory setup for the cap and floor.
 - Continue to support DESNZ in developing the Hydrogen Transport Business Model, Hydrogen Market Framework and facilitating the deployment of the first UK hydrogen network.
 - Formally regulate the construction phase of Sizewell C, which, once built, will provide decades of clean, reliable electricity for around 6 million homes. We stand ready to consider how the Nuclear Regulated Asset Base (RAB) model developed for Sizewell C under the Nuclear Energy Financing

Act (NEFA) 2022 can support the future deployment of Small Modular Reactors in Great Britain.

3.10. Sixthly, we will increase our focus on asset health and system-wide energy resilience across all hazards and threats by:

- Establishing an Asset Health Inspectorate within Ofgem with a view to providing assurance on the asset management systems of licensees and condition of electricity and gas companies' critical assets, integrating regulatory data with engineering-led assessments to ensure network companies are complying with standards.
- Supporting government in the development of an energy resilience strategy with a view to further embedding security and resilience into the design of the future energy system. We will work with government, industry, and other regulators to implement the recommendations of the North Hyde Implementation Plan and engage with licence holders on their asset management systems and maintenance activities.
- Continuing our development and reviewing our requirements, understanding and tools to ensure we become better at assessing climate resilience investment proposals from companies and enabling regulatory decision making on climate change resilience investment.
- In collaboration with DESNZ, expanding the scope, scale, and sophistication of our cyber regulatory activity to strengthen the cyber resilience of the wider energy system, building on our existing responsibilities under the Network and Information Systems Regulation 2018 (NIS). This work will align with a new cross-government strategy developed with DESNZ, the National Cyber Security Centre, Ofgem, and NESO, which will be published later this year.

4. Strategic priority 3: Establishing an efficient, fair, and flexible energy system

- 4.1. Ofgem is committed to ensuring that all consumers benefit from the net zero transition. We want to support innovation, consumer protection, and market access, while maintaining legitimacy and fairness across the energy system. We will consider interventions to support both domestic and non-domestic consumers to take advantage of innovation and choice in energy markets. In doing so, we will also consider the crucial issue of striking the right balance between the benefits of competitive markets and the need for strategic system planning. The delivery of this priority may be adjusted as the Ofgem Review progresses and the wider energy system evolves, but we remain committed in translating the reforms fairly and equitably to consumers.
- 4.2. This strategic priority is supported by four regulatory objectives as set out in the Multiyear Strategy. They are:
 - Ensure the right governance and institutions are in place.
 - Deliver effective and efficient market incentives and signals.
 - Enable consumer-led flexibility.
 - Make a more digital energy system work for consumers.
- 4.3. Firstly, we will continue our work to ensure that industry codes can respond to the ongoing changes in the energy sector. We will continue to implement the regulatory framework for code governance reform, as set out in the Energy Act 2023, in preparation for the planned appointment of the first code managers in late 2026.
- 4.4. Secondly, we want to ensure that - where appropriate - network charging signals can support efficient investment and use of the system to reduce overall system costs. The Government will publish a Reformed National Pricing (RNP) Delivery Plan, including a timeline with key activities for implementing reformed national pricing. Consistent with the Government's RNP delivery plan, Ofgem will work on reforming network charges, expected to be delivered by 2029. We plan to publish a CFI and engage with stakeholders via a series of workshops in Q1 and Q2 of 2026 to 27 to help shape options for the future of network charges. We will also work with HMG and NESO to align regulatory, planning and market levers with the Strategic Spatial Energy Plan, and to improve balancing, settlement, and constraint-management arrangements while maintaining a single national wholesale price.
- 4.5. We also want to ensure that system costs are allocated in ways that support efficiency, fairness, net zero and economic growth. Following on from our CFI on the Cost Allocation and Recovery Review (CARR), we will assess options for allocating and recovering energy system costs that are fair and efficient,

reflecting our various duties including those to support net zero, growth and which are practical to implement. We will engage with stakeholders during Q1 and Q2 of 2026 to 27 on the options for recovering costs that we plan to assess in more detail. We also plan to run some more technical workshops on the models and analysis we are developing to assess the impacts of these options.

- 4.6. Thirdly, we will deliver the commitments we made in the Clean Flexibility Roadmap, which we jointly published with DESNZ and NESO in July 2025. The commitments made in this roadmap will unlock barriers to consumer-led flexibility, greater flexibility capacity and a governance framework to monitor delivery, adapt, and identify new actions. We will consider what is needed to scale up consumer-led flexibility while considering the implications for our regulation of the retail market and suppliers.
- 4.7. Fourthly, as the energy sector improves its use of consumer data to enable consumer-led flexibility and minimise system costs, we plan to continue to take steps to protect consumers and their data. We have appointed the Retail Energy Code Company (RECCo) to deliver the Consumer Consent Solution, giving consumers greater visibility and control over who uses their energy data. This will be delivered in Winter 2027, which we plan to continue to oversee in the next financial year. We also plan to support, working alongside DESNZ, RECCo's implementation of a tariff interoperability standard to improve tariff visibility and enable greater consumer choice across both static and dynamic retail tariffs.
- 4.8. We will also:
 - Continue to drive the creation, use, and access to data across the energy system, to deliver innovative efficiencies. In particular, we will establish and refine the governance and technical framework for the Data Sharing Infrastructure, embed the role of the Interim DSI Coordinator NESO, mature the trust framework, and continue making meaningful progress toward a shared, interoperable fabric for sensitive energy data that reduces friction and supports whole-system planning. We will also to work closely with DESNZ, as Ofgem progresses work with DNOs, NESO and Elexon to establish a common, interoperable approach to improving the visibility and access of distributed energy assets, increasing information available for decision making, integrating solutions such as the Flexibility Market Asset Register into broader digitalisation plan.
 - Work with networks, NESO, code bodies, and market actors to extend and embed Data Best Practice (DBP) guidance across the energy sector, ensuring alignment of terminology, metadata, governance, and data quality. Building on Ofgem's 2025 DBP guidance and ongoing proposals to introduce DBP obligations into codes, our success is measured by progress toward a more universal, predictable, and interoperable data environment, reducing silos and enabling cross-market innovation.

- Ensure a smooth licence handover from DCC1 to a not-for-profit DCC2 model, operating the current price control while introducing the new ex ante regime.
- 4.9. Finally, we will continue to drive forward thinking on the long-term digitisation of the sector, examining the enduring Digital Coordinator model needed to provide long-term leadership on interoperability, standards adoption, and data governance across the sector.

Ongoing routine regulatory activities

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

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

- Setting the Price Cap.
- 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.

Strategic priority 2: Enabling infrastructure for net zero at pace

- Operating price controls for (monopoly) energy networks and independent distribution network operators and independent gas transporters.
- Carrying out competitive tender processes for OFTO assets and administering licences.
- Working with government and industry on winter preparedness and security of supply.
- Undertaking inspections and conducting assurance checks for compliance against the NIS Regulations 2018 for cybersecurity of critical national infrastructure.

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

- Operating the regular price control for the Data Communications Company (DCC).
- Publishing annual strategic direction statements to guide industry on codes evolution and make code modification decisions (including for network charging).

- Operating our enduring regulatory framework for the NESO, to hold it to account against its licence obligations and in delivering its business plan commitments.
- Operating our industry rules and licensing regime.
- 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.
- Maintaining market capacity rules and making determination on disputes.
- Developing and implementing an ethical, proportionate, and innovative regulatory approach to Artificial Intelligence (AI) use in the energy sector.

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

- 5.1. This section is provided for information only; our role in administering the schemes is not subject to this Programme.
- 5.2. Ofgem administers 12 low-carbon energy and social schemes on behalf of government, with a combined annual value of around £13 billion. These schemes are designed to advance decarbonisation and support vulnerable consumers.
- 5.3. We work to deliver three main strategic objectives:
 - To increase our impact for customers ensuring our schemes are easy to interact with, contribute to the net zero ambition and reduce fuel poverty.
 - To maximise the value for taxpayers' money in public spending through efficient scheme delivery, robust assurance controls, and monitoring and compliance activities.
 - We also want to keep improving what it is like to work in Delivery and Schemes through a focus on people, alignment to Ofgem's values, and ensuring clarity of purpose.
- 5.4. During 2026 to 27, we will be delivering a number of specific areas of work aligned to the government's missions and objectives. This includes work with DESNZ and other stakeholders to understand the implications of the [National Audit Office report](#) into Energy Efficiency Installations under the Energy Company Obligation published in January 2026. We will also be focusing on supporting relevant parts of the Government's [Warm Homes Plan](#) published in January 2026, which includes the creation of a Warm Homes Agency. The Warm Homes Agency will see existing Ofgem experts transfer over to the new organisation, to improve energy efficiency in homes, reduce energy bills, and lift families out of fuel poverty. By bringing together schemes and expertise currently split across government, households and scheme users will benefit from a clearer, more efficient system.
- 5.5. We will maintain our central role in supporting government objectives across all our schemes, including those closed to new applicants or due to close to new applicants in 2026. We will work closely with government partners to ensure that these schemes continue to run effectively, and we remain focused on delivering value, improving user experience, and ensuring alignment with Ofgem's strategic priorities. As part of this we continue to invest in our systems and infrastructure to support ongoing improvements in the efficiency and effectiveness of our scheme administration.

5.6. Details for all of the [low-carbon energy and social schemes](#) can be found on Ofgem's website.

6. Ofgem budget 2026 to 2027

- 6.1. Ofgem is primarily funded through a Levy on consumer annual household bill. This budget enables Ofgem to support delivery of the Government's new strategic missions, progress reform initiatives outlined in this FWP and advance its wider regulatory responsibilities.
- 6.2. The June 2025 Spending Review budget confirmed Ofgem's levy budget for 2026 to 27. The increase reflects the growing scale and complexity of regulatory responsibilities, enabling Ofgem to deliver on new government priorities and respond to an expanding remit. This includes the regulation of Third-Party Intermediaries and aggregators and enhanced oversight of heat networks. The increased funding supports our ability to deliver reform initiatives outlined in this FWP and ensures we are resourced to meet the evolving needs of consumers, industry, and government. Ultimately, this investment will help deliver better outcomes for consumers, through improved protections, greater access to innovation, and a more resilient, affordable energy system.

The Departmental Expenditure Limits for Resource for 2026 to 27 (excluding depreciation) is £177.2 million and the Capital for 2026 to 27 is £16.6 million.

- 6.3. Separately Ofgem receives income for expenditure to administer low carbon energy and social schemes on behalf of government, largely from the DESNZ. While the total budget for all schemes in 2026 to 27 will be confirmed in Spring 2026.
- 6.4. 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.

Appendix 1. Consultations and Calls for Input / Evidence

Please find details of Ofgem's current plans for policy consultations and CFI / Evidence, by quarter below (subject to change).

Quarter 1 – April – June 2026

- Growing Great Britain's electricity network supply chains: Ofgem position and call for evidence (NB: published 26/03, so will be open during Q1 but publication date is technically earlier).
- Financial Resilience (2.2): Consultation – Renewables Obligation / Consumer Credit Balance.
- Consumer Confidence (2.3): Consultations –
 - GSOP Design.
 - Application of the outcome's framework to billing.
 - Licence simplification.
- Energy Code Reform (2.3): Consultations –
 - Phase 1 Consultation
 - Strategic Direction Statement (SDS) 2.
- TPI Regulation (2.3): CFI – Market Study.
- Heat Networks Regulation (2.3): Consultations –
 - GSOPs Policy.
 - Authorisation Application Policy.
- ED3 (3.2) Decision - Sector Specific Methodology Decision.
- OFTO (3.4): Consultation – Proposed framework for OFTO Build models.
- Interconnectors (3.4): Consultation on the Greenlink Post-Construction Review.
- LDES (3.7): Consultations on the LDES licence and initial minder-to window one decisions.
- NESO (4.3): CFI – Performance during 'Business Plan 3' period -
 - Consultation on enforcement governance reforms.

Quarter 2 – July – September 2026

- Non-domestic Policy – Max resale Price Policy consultation.
- Financial Resilience (2.2): Consultation – Supplier of Last Resort Claims.
- Heat Networks Regulation (2.3): Consultation – Installation and maintenance license (**subject to government introducing legislation**).
- OFTO (3.4) Consultation – Regime evolution and bidder incentives.
- LDES (3.7): publication of final licence and window 1 decision list.
- Asset Health (3.8): Consultation - Policy framework for new Asset Health Inspectorate.

Quarter 3 – October - December 2026

- Consultation on Forward Work Programme for 2027 to 28

- Consumer Confidence (2.3): Statutory Consultation –
 - GSOP changes.
 - Billing Policy.
 - Licence simplification.
- TPI Regulation (2.3): Consultation – Interim measures.
- Heat Networks Regulation (2.3): Consultations –
 - Authorisation SI and Guidance.
 - Audit Guidance.
- OFTO (3.4): Consultation – Enabling life extensions licence modifications.
- Interconnectors (3.4): Consultation on future interconnector strategy.

Quarter 4 – January – March 2027

- LDES (3.7): consultation on policy for future windows.
- Non-domestic Policy – Max resale Price Decision.

Appendix 2. Strategy and Policy Statement (SPS) Priorities

This section illustrates how some of Ofgem’s key work programmes align with the government’s strategic priorities and help further the delivery of government’s policy outcomes as set out in the May 2024 Strategy and Policy Statement. Most of our work programmes are designed to support multiple priorities. For this reason, the information below should be viewed as illustrative or indicative, rather than comprehensive.

Connections Reform

SPS priority

- To meet the UK’s net zero and climate change targets, including the carbon budgets set under the Climate Change Act 2008 and the target for a decarbonised electricity system by 2035, subject to security of supply.

SSEP and CSNP

SPS priority

- A strategic, whole system approach to plan and build reliable, resilient, sustainable network infrastructure which is appropriately connected to wider markets.

RIO-2 and RIO-3, network charging reform

SPS priority

- Enabling anticipatory investment to build network infrastructure at scale and pace, ahead of need, to meet the demands of a decarbonised energy system as electrification grows, while controlling system costs by facilitating a smart, flexible, and digitalised energy system.

CO2 transport and storage, Hydrogen transport, LDES cap and floor regime, Nuclear Regulated Asset Base (RAB) model

SPS priority

- Driving a net zero transition by achieving government targets for renewable and low carbon deployment, innovation, and uptake of clean technologies, and providing opportunities to increase energy efficiency.

SSEP, CSNP, Heat Network regulation

SPS priority

- The transition to net zero alternatives from the unabated use of natural gas is planned and operated in a strategic and coordinated way, giving consideration to security of supply, system resilience, and costs for consumers, enabling necessary investment, and promoting the move to the most cost-effective low carbon options wherever possible.

OFTO regime, interconnectors and non-standard interconnectors, ASTI

SPS priority

- Competitive and effective markets and regulation that facilitate the anticipatory investment required in innovation, clean technologies, and infrastructure to meet government's net zero targets while ensuring an appropriate balance between economic, environmental, and social costs, and addressing undue barriers to entry, growth, and innovation.
- Ensuring the benefits of investment in clean energy and net zero infrastructure are felt across the UK, from emissions reduction to economic development and job creation, in line with government's levelling-up agenda.

Asset Health Inspectorate, working with government on the development of an energy resilience strategy, RIIO-3

SPS priority

- An energy system which is fair, safe, secure, and resilient, including from supply shocks, changes in the international environment and the impacts of climate change.

Monitoring, compliance, and enforcement of standards for wholesale markets

SPS priority

- Energy wholesale markets that are competitive, transparent, and liquid.

Debt Relief Scheme, Price Cap, Consumer Confidence Programme, Guaranteed Standards of Performance (GSOP),

Supplier of Last Resort and Special Administration Regime processes

SPS priority

- An energy system that provides protection for both domestic and non-domestic consumers, including a strong focus on protecting vulnerable domestic consumers, and delivers against the statutory fuel poverty target for England.

Financial Resilience and Controls regime, Cost Allocation and Recovery Review

SPS priority

- A retail market that works better for consumers, is more resilient and investable, and supports the electrification and wider transformation of the energy system in the most cost-effective way.

Load controller and Third-Party Intermediary regulatory regimes, Strategic Innovation Fund

SPS priority

- Electricity market arrangements that meet our objectives for a decarbonised and secure electricity system by 2035 at least possible cost to consumers. Efficient, competitive, and transparent energy markets that optimise investment and operation and work for the full range of market participants.

Market-Wide Half Hourly Settlement, Smart Meter Rollout

SPS priority

- Ensuring flexibility in the energy system at the national and local level, and the requisite growth in flexibility markets and consumer adoption of energy smart appliances to achieve this.

Cyber resilience and Artificial Intelligence, Consumer Consent Solution

SPS priority

- An economic and efficient digital infrastructure which enables an inclusive, smart, digital, safe, and secure energy system, based on principles of open data, security, interoperability, and a whole systems approach to data sharing.

Code Governance Reform, regulation of the NESO, industry rules, and licensing

SPS priority

- Effective governance during the transition to net zero of the codes and technical rules that govern the energy system, system operation and planning, and local governance.