

Reference
Cadent_NESO BP

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By email: NESOregulation@ofgem.gov.uk

Dear Team

NESO1 Business Plan Draft Determination Consultation Response

As the largest gas distribution network in the UK, serving over 11 million homes and businesses, we welcome the opportunity to provide feedback on the draft determinations of the NESO 1 Business Plan.

As a regulated organisation, we recognise how complex business planning can be and value the significant work behind these proposals.

We are at a pivotal point for the energy system in the UK, and the coming decade will bring significant change. NESO will be essential, so it is crucial to establish clear and focused objectives that prioritise whole-system thinking. This approach will help protect customers and ensure a resilient and affordable energy system for current and future customers.

Getting this performance framework right will encourage positive behaviours and help the industry safely, reliably, and affordably meet the UK's energy needs now and in the future. Below, we highlight areas where we believe our insights provide the most significant value and present key recommendations for wording changes to the performance expectations and objectives alongside our rationale. Clear, precise wording is crucial for clarity and accountability within the performance framework.

We would be happy to discuss any of our comments further if useful, so please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Moon", written over a horizontal line.

David Moon

Director of Asset Strategy



Detailed Response to NESO1 Business Plan Draft Determination Consultation:

Performance Objective A: Planning a Clean Energy Future

Q2 – Do you agree that this sets a comprehensive set of Ofgem Expectations for the Planning a Clean Energy Future Performance Objective?

We support this objective but suggest a precise language change to **Ofgem Expectation A.1**. To ensure planning is not electricity-centric and captures the interdependencies between gas and electricity, it should be reworded to: *“Improved cross-vector alignment and coordination in network planning and development (e.g., SSEP, CSNP, and RESP).”*

Q3 – Please provide any views you have on the Success Measures which should be used to identify NESO success.

We support the intention to promote transparency but believe the Success Measures for **A.1** must be more outcomes-focussed. Rather than simply tracking the “number of interactions” between SSEP, CSNP, and RESP, we suggest a measure that evaluates the **“alignment and consistency of planning assumptions”** across these three processes. Embedding this whole-system perspective ensures that interactions are reflected in a holistic, rather than purely administrative, way.

Performance Objective C: Enabling Smarter, Cleaner Markets

Q6 – Do you agree that this sets a comprehensive set of Ofgem Expectations for the Enabling Smarter, Cleaner Markets Performance Objective?

We agree that these expectations appropriately focus on innovation and participation. However, to reflect NESO's mandate across both sectors, **Ofgem Expectation C.1** should be broadened to: *“Market design and operation encourages innovation and efficient market participation across all energy vectors, including hydrogen and biomethane.”*

Performance Objective E: Driving Whole-System Resilience

Q10 – Do you agree that this sets a comprehensive set of Ofgem Expectations for the Driving Whole-System Resilience Performance Objective?

We agree this objective is vital but believe **Security of Supply** must be elevated from a reported metric to a core expectation. We suggest rewording **Ofgem Expectation E.1** to: *“A system with maximum up-time, demonstrable security of supply, and capability to recover quickly from events.”*

Furthermore, **Ofgem Expectation E.2** should be clarified as: *“NESO develops future resilience and restoration capability through joint gas-electricity risk assessments and restoration exercises.”* This ensures NESO evolves from an electricity-focussed organisation to one managing energy sector-wide risks.

Performance Objective F: Building a Digitally Connected Energy System

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Q13 – Please provide any views you have on the Success Measures which should be used to identify NESO success.

The coordination of Data Sharing Infrastructure (DSI) by NESO will be fundamental to establishing an open, consistent, and interoperable data environment across the energy system. For both Gas Distribution Networks (GDNs) and Distribution Network Operators (DNOs), this shared infrastructure will be a key enabler of efficient, reliable access to the data required for whole-system planning and operation. NESO's ability to transparently prioritise, consolidate, and coordinate data requests across networks is therefore central to achieving a digitally connected energy system.

To strengthen **Ofgem Expectation F.1**, we propose the following wording:

"NESO and industry have access to complete, usable, and useful data, supported by transparent prioritisation and consolidation of data requests."

A core Success Measure should be the publication of a clear and transparent methodology describing how NESO prioritises data requests across gas and electricity networks. This methodology should set out the criteria NESO will use—such as system value, impact, urgency, and interdependency—to ensure that effort is directed toward the most beneficial datasets.

In addition, the process through which data requests are developed, submitted, assessed, and actioned across GDNs and DNOs should form part of NESO's performance measurement. Monitoring this activity will indicate the extent of stakeholder engagement and whether NESO is successfully identifying and progressing the most impactful datasets.

These measures will support transparent governance of NESO's data activities, reduce duplication across industry, ensure high-value datasets are delivered efficiently, and provide clear, quantifiable indicators of NESO's effectiveness in coordinating whole-system data needs.

Performance Objective G: Providing a High-quality, Independent and Trusted Service

Q14 – Do you agree with our proposal to include this additional Performance Objective for NESO?

We strongly support the creation of this objective. It is essential for recognising NESO's role as an impartial, expert body that must "do the right thing" regardless of commercial interests.

Q15 – Do you agree that the outcomes proposed under this Performance Objective are clear and comprehensive?

While we agree with the outcomes, we suggest precise language changes to ensure stakeholder voices are not diluted by multiple layers of scrutiny:

Ofgem Expectation G.1: Should be reworded to: "*NESO has a high degree of stakeholder and customer trust, ensuring stakeholder feedback is weighted materially in final decision-making.*"

Ofgem Expectation G.3: Should include: "*Improved NESO decision-making transparency, including clear methodologies for operational and data prioritisation decisions.*"



Q16 – Do you agree that our proposed Success Measures can suitably identify the extent to which NESO has been successful?

To mitigate the risk of diluting stakeholder influence, we suggest that a core Success Measure for the **Independent Challenge Panel (ICP)** should be its measurement of the **quality of NESO's engagement**. Specifically, the ICP should provide evidence that ensures the voice from the Stakeholder Panel carries sufficient weight in NESO's final outputs. This provides a practical solution to ensure that the new layers of scrutiny reinforce, rather than weaken, the impact of stakeholder feedback.