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10th March 2026

Response to Draft Determination on the NESO1 Business Plan

Thank you for the opportunity to respond to the above consultation¹ to further develop and progress the regulatory framework for NESO.

SGN manages the network which distributes natural gas and biomethane to 6 million homes and more than 189,000 industrial and commercial (I&C) customers across Scotland and the south of England, providing heat to over 14 million customers. Our 4,600 colleagues keep gas flowing safely and reliably to our customers, 24 hours a day, seven days a week.

SGN recognise the critical role that the National Energy System Operator (NESO) will play in shaping a secure, affordable and decarbonised whole energy system. We support the intent behind NESO's establishment and Ofgem's regulatory approach, while highlighting areas requiring refinement to ensure that NESO's activities deliver tangible whole system value and do not impose unnecessary cost or risk onto consumers.

Our response comprises two parts: In Appendix 1, we have highlighted and commented on key themes from NESO's business plan relevant to our role as a GDN. In Appendix 2 we have provided our detailed response to each of the questions from Ofgem's draft determination consultation. SGN supports Ofgem's intention to strengthen NESO's performance, governance, and cost assurance mechanisms. NESO's emerging role as a whole system coordinator is critical to the UK's net zero journey. However, given the increasing interdependence of electricity and gas systems, particularly in relation to hydrogen, biomethane, power to gas, system resilience, and decarbonisation pathways it is essential that NESO's objectives, governance and expenditure decisions fully reflect gas system impacts and cross vector coordination. Given this it is essential for NESO to ensure:

- Genuine whole system integration, particularly for gas and hydrogen.
- NESO expenditure that is robust, justified and efficient.
- Governance that includes gas networks as equal partners with power networks.
- Resilience planning aligned across all vectors.
- Consumer protection, especially regarding affordability and fuel poverty.
- Realistic delivery plans supported by transparent milestones.

¹ [Draft Determination on the NESO1 Business Plan | Ofgem](#)

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We are keen to maintain constructive engagement with Ofgem and NESO as the regulatory framework develops. Should you have any questions regarding our response, or wish to discuss further, please do not hesitate to contact me at Hilary.Chapman@sgn.co.uk.

Kind Regards,

Hilary Chapman
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Appendix 1: SGN's comments on key GDN-relevant themes

1. System Coordination and Whole System Planning

SGN supports NESO's ambition to become a whole system planner integrating electricity, gas, hydrogen and carbon networks. NESO's Business Plan articulates this expanded remit clearly, stating that its remit "*spans the whole energy system, including electricity, gas, hydrogen, bioenergy and carbon*"². Stakeholders have also consistently called for greater whole system focus, with explicit incorporation of gas and hydrogen into planning frameworks such as SSEP and RESP.

Gas system representation must be properly embedded in strategic planning activities (SSEP, RESP, CSNP). While NESO plans first of a kind whole energy planning output, the current lack of clarity in how NESO's long term strategic aims link to near term deliverables creates a gap between strategy and practice. For GDNs, clarity is essential to ensure that gas and hydrogen networks are appropriately modelled and not treated as peripheral to electricity needs.

Planning assumptions must recognise the essential role that gas networks play in system resilience and energy security. While NESO highlights the UK's exposure to global gas market shocks, this reinforces the need for robust and credible gas system modelling alongside power-sector decarbonisation pathways, rather than focusing predominantly on electricity at the expense of wider whole-system considerations.

Stakeholders have also called for clearer treatment of biomethane and hydrogen within the Clean Power 2030 planning assumptions, and while NESO's plan acknowledges its forthcoming strategic hydrogen planning role, funded at £4 million from FY27³, the methodologies underpinning this work require much firmer articulation. To support credible whole-system planning, GDNs must have early and structured involvement in NESO's engagement frameworks. While NESO's commitment to inclusive stakeholder engagement, including regional and consumer-focused planning is welcome, SGN encourages this to extend to early gas-sector participation in tool and dataset development, modelling assumptions and scenario governance.

2. Whole System Resilience

We welcome NESO's commitment to driving "*whole system security and resilience*"⁴ through coordinated action and risk analysis. Resilience is one of the areas with the clearest cross vector dependencies, and gas networks play a vital role in maintaining national energy security.

NESO's resilience assessments must integrate gas, biomethane and hydrogen system interdependencies. We welcome Ofgem's recognition that NESO must evolve from an electricity focused organisation toward whole energy risk management, covering system threats, emergency planning, and post event reviews.

However, greater clarity is needed on how NESO's responsibilities will interface with those of GDNs in emergency coordination, given the remaining separation of the Gas System Operator. NESO plans to support emergency exercises and undertake security-of-supply assessments across electricity, gas and future hydrogen systems, which SGN broadly

² <https://www.neso.energy/document/372436/download>, page 5

³ <https://www.neso.energy/document/372436/download>, page 33

⁴ <https://www.neso.energy/document/372436/download>, page 21

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supports, this must be aligned with established gas emergency procedures to ensure harmonisation rather than duplication, and certainly to avoid conflict. In parallel, resilience outcomes and metrics should more accurately reflect gas system realities: the currently proposed measures such as hours unsupplied, derated margins and loss-of-load expectation, are heavily electricity-focused. SGN therefore recommends the inclusion of equivalent gas system resilience metrics to ensure a balanced whole system approach.

3. Baseline Expenditure, Value for Money, and Efficiency

The Draft Determination raises material concerns regarding NESO's cost justification, forecasting methodologies, and value for money evidence. We welcome Ofgem's conclusion that NESO has not yet provided sufficient justification for its internal expenditure estimates or demonstrated optimisation of spending decisions.

A stable and financeable NESO is essential for maintaining confidence in the overall energy system, but its financial framework must incentivise long term system efficiency rather than simply rewarding activity. Performance incentives should recognise the value of avoided cross vector investment costs, and regulatory stability will be increasingly important as decisions on hydrogen development and gas network repurposing progress. Ultimately, financial mechanisms should reward measurable consumer benefit, not just the delivery of outputs. NESO's costs ultimately flow through to consumer bills, and its forecast expenditure is expected to rise to £791million in FY27⁵ before efficiencies are applied. If these costs increase inefficiently or planned outputs are not delivered, this could add further pressure to household energy bills and exacerbate fuel poverty, already a significant concern in many of the regions SGN serves. Despite this, NESO's Business Plan provides limited evidence that its spending proposals have been fully optimised, a concern also raised by Ofgem.

Although the draft determination places strong emphasis on consumer protection and value for money, it does not introduce a direct fuel-poverty mechanism within NESO's remit. NESO's influence on fuel poverty is instead indirect, shaped by the affordability of network charges, the efficiency of system investment decisions, and the resilience of energy supply. While Ofgem's scrutiny of costs and performance is intended to shield vulnerable consumers from unjustified increases, households already in fuel poverty remain highly sensitive to even small bill rises. The Draft Determination also provides limited explicit linkage between NESO's performance measures and outcomes for vulnerable groups. Given NESO's anticipated influence over future investment decisions, which will ultimately impact network charges and impact customer bills, it seems appropriate to apply more explicit fuel-poverty and vulnerability related performance metrics to NESO's regulatory framework. These should be in the form of demonstrating that consideration of proposals has included the assessment of impacts on different consumer groups. Strengthening the framework in this manner could include clearer reporting of the system-wide cost savings resulting from NESO decisions, explicit consideration of affordability and distributional impacts in performance assessments, and deeper integration of whole-system planning with demand reduction and flexibility measures that directly lower costs for low-income households.

To ensure long-term affordability, whole-system planning must also reflect the diverse socioeconomic conditions across regions, where levels of gas dependency, income distribution and rurality vary significantly. As NESO expands demand-side flexibility and digital participation initiatives, it must ensure these opportunities are genuinely inclusive so that low-income consumers are not excluded from potential benefits. Without embedding these considerations into its

⁵ <https://www.neso.energy/document/372436/download>, page 32

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planning and engagement frameworks, NESO risks undermining its own consumer value proposition and widening regional or socioeconomic disparities.

NESO's cost pass-through model makes strong governance essential, and we welcome Ofgem's recognition of this through enhanced in-period scrutiny, monthly reporting requirements, business case reviews and tighter change-control oversight until an acceptable cost baseline is established. These safeguards are vital given the potential for rising NESO costs to affect network charging signals and undermine investment certainty. NESO itself notes that reformed national pricing (RNP) is a major and uncertain cost driver⁶, and both GDNs and electricity networks will require early clarity on its implications to avoid distortions in cross-vector investment planning.

4. Governance and Performance Metrics

We agree with Ofgem's view that many of NESO's proposed success measures lack clear methodologies or measurable targets. As discussed in our response to July 2025's Framework consultation⁷ NESO is in the process of developing and deliver its first tangible set of outputs, (such as the transitional Regional Energy Strategy Plan (tRESP) and Centralised Strategic Network Plan (CNSP)). And as such, while we acknowledge Ofgem's ambition to move towards a more strategic, less granular style of regulation, we are of the opinion that this would be more appropriate as NESO matures into its role, and we consider that this first price control period (2026-2028) as a minimum should be more granular-based, in order to support both NESO and industry in establishing its new way of working.

Furthermore, although we broadly support the proposed Performance Objectives, they must more explicitly embed cross-vector system optimisation from a gas network perspective. This includes recognising the interactions between electricity and gas, the critical role of gas infrastructure in whole-system balancing, the need to plan for hydrogen network development and repurposing, and the contribution of gas assets to whole-system security of supply. Without this explicit emphasis, there is a real risk that optimisation focused primarily on the electricity sector could inadvertently increase costs or introduce additional risks within the gas system.

On Success Measures, we agree with the shift toward stronger, outcome-based metrics, as we consider these to be more appropriate for an emerging organisation. We do however believe these must go further to demonstrate whole system value. Key additions should include evidence of coordinated planning with GDNs and gas transmission, quantified avoided system costs through cross vector optimisation, and transparency on key modelling assumptions for hydrogen, biomethane and gas demand sensitivities. Gas resilience metrics should also form part of whole system resilience reporting. Activity based measures alone are insufficient; performance metrics must be tied directly to outcomes that deliver consumer value.

Regarding NESO's future code administration role, this must explicitly encompass gas industry codes as well as electricity. Ofgem's proposed Performance Objective for delivering a "high-quality, independent and trusted service" appropriately includes code administration functions, and SGN supports this direction. However, transparent, well-coordinated

⁶ <https://www.neso.energy/document/372436/download>, page 32

⁷ Ofgem consultation: NESO Enduring Regulator Framework and Business Plan Guidance Document – July 2025

governance for gas codes will be essential during the transition to ensure consistency, avoid fragmentation, and maintain whole-system alignment.

5. Deliverability of NESO's Plan

NESO's plan is ambitious and directionally positive, but SGN highlights several delivery risks. Rapid organisational expansion, around 400 additional FTE in FY26⁸ with further growth expected for RESP, creates challenges while NESO's internal systems, processes and governance are still developing. Deliverability is further constrained by uncertainties in wider sector reforms, including RNP, market code changes and emerging hydrogen regulatory frameworks, all of which NESO depends on to meet key milestones. There is also concern over the clustering of many deliverables in March 2028, the final month of NESO1, which reduces transparency and heightens the risk of slippage.

Successful whole system delivery will also require structured and sustained engagement with the gas sector. SGN emphasises that early, consistent and meaningful collaboration with GDNs is essential to ensure realistic planning assumptions, coherent whole system outputs and timely progress across electricity and gas interfaces.

6. Innovation Funding

SGN notes Ofgem's proposal to ring-fence £50m of the Strategic Innovation Fund (SIF) for NESO, intended to support NESO's independence and avoid conflicts of interest in the management of innovation funding. While we recognise the rationale, this approach effectively reduces the competitive SIF funding available to all other network companies to less than that available during the RIIO-2 period when the £50m deployment fund is also considered.

External parties, including GDNs, rely on SIF to progress critical gas decarbonisation, whole energy system and consumer-focused vulnerability initiatives. With Ofgem confirming that the £50m NESO allocation will sit within the existing £500m SIF envelope, this ring-fencing risks constraining innovation capacity across the wider sector and may inadvertently crowd out gas-centric or cross-vector projects essential for achieving whole-system outcomes. SGN therefore encourages Ofgem to ensure that the remaining SIF framework maintains balanced access for all network types and continues to support gas and whole system innovations that are vital for resilience, affordability, and a fair transition.

Regarding NESO's NIA funding request, SGN fully supports and welcomes the continued development of the hydrogen transition as a credible and essential pathway to achieving the UK's net zero ambitions. We note that NESO's Innovation Annex explicitly anticipates using NIA funding to support future hydrogen system planning and integration, stating that NESO *"requires flexibility... as vectors such as hydrogen planning and CCUS planning may come online"*⁹, and we agree that hydrogen must remain within the scope of strategic whole-system innovation. We look forward to working with NESO on hydrogen innovation, ensuring the transition is efficient, evidence-based, and deliverable for consumers.

⁸ <https://www.neso.energy/document/372436/download>, page 33

⁹ <https://www.neso.energy/document/372456/download>

Appendix 2: SGN Responses to Consultation Questions

Q1. Do you agree with our assessment that NESO's six Performance Objectives, alongside Ofgem's additional Performance Objective allows for comprehensive assessment of NESO's performance?

SGN broadly supports the direction of travel set out in the draft determinations and recognises the importance of clear performance objectives aligned to system security, decarbonisation and consumer value.

However, we consider that performance objectives should place greater emphasis on whole-system delivery realism, rather than primarily focusing on strategic planning outputs or analytical deliverables. As NESO outputs increasingly shape downstream investment and policy decisions, it is essential that performance is measured not only by quality of analysis, but by the extent to which outputs are:

- Deliverable within real-world infrastructure, supply chain and workforce constraints
- Robust to uncertainty in consumer behaviour and technology uptake
- Explicitly stress-tested against whole-system resilience risks
- Capable of supporting low-regret investment decisions across vectors

Performance frameworks should recognise the importance of maintaining system optionality during transition, particularly where this supports affordability and resilience.

As per our comments in Appendix 1 and in response to the July 2025 Regulatory Framework consultation, we are of the view that performance objectives, and assessments of performance against those objectives, should be at a granular level as NESO builds into its emerging role.

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

SGN welcomes the direction of Ofgem's expectations but considers that they do not yet provide a fully integrated whole system planning framework. The current approach does not sufficiently reflect the central role that gas networks, hydrogen transition pathways and biomethane development will play in shaping the future energy system. Clearer detail is required on how NESO will embed cross vector modelling, incorporate gas system assumptions and involve Gas networks early in the development of tools, data sets and scenarios to avoid costly misalignment between vectors and ensure planning outputs remain credible and deliverable.

SGN also considers that the success metrics for this objective should focus more directly on system outcomes. Metrics should capture whole system cost optimisation, resilience during winter peaks, the quality of cross vector integration, and the transparency and usability of NESO's outputs for downstream decisionmakers. Given the influence NESO's work will have across the sector, it is essential that success is judged on whether outputs support robust, investable and affordable whole system pathways. SGN therefore encourages further refinement of these expectations to ensure they drive integrated, operationally realistic planning that supports a secure and resilient transition.

Q3. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

SGN supports the development of clear and granular success measures to assess NESO's performance against Ofgem's expectations. Given the growing influence of NESO outputs across the energy system, success measures should focus not only on delivery of analytical outputs, but also on whether those outputs support robust, deliverable and whole-system outcomes.

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In particular, success measures should reflect:

- Delivery realism – whether NESO outputs are based on credible assumptions around infrastructure deployment, supply chains, workforce capacity and consumer uptake.
- Whole-system integration – the extent to which NESO analysis appropriately reflects interactions across electricity, gas and emerging energy vectors.
- Transparency and stakeholder confidence – including visibility of modelling assumptions, accessibility of data and effectiveness of stakeholder engagement.
- System affordability and resilience – whether NESO’s work supports whole-system cost optimisation while maintaining security of supply, particularly during periods of peak demand.

Overall, SGN considers that success measures should assess whether NESO’s work is independent and enables credible, investable and resilient system pathways, rather than focusing solely on the production of planning outputs.

Q4. Do you agree that this sets a comprehensive set of Ofgem Expectations for the Operating an Intelligent, Real-Time Grid Performance Objective?

SGN supports Ofgem’s ambition for enhanced real time system operation but believes the expectations must better reflect the critical interdependencies between electricity and gas. Gas infrastructure plays a vital role in maintaining system stability, particularly during periods of stress, and the current power focused framing does not fully acknowledge this.

Given the importance of cross vector dependencies such as peaking gas generation, hydrogen blending and electricity dependent gas compression, real time operation must be explicitly whole system. Without this, operational decisions risk becoming inefficient, driving up balancing costs and undermining resilience, ultimately impacting consumers.

SGN therefore urges Ofgem and NESO to ensure that real time operational frameworks fully incorporate gas–electricity interactions, especially during peak demand or stress events. A coordinated, whole system approach will be essential to maintaining security, stability and efficiency as the energy system becomes increasingly complex.

Q5. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

Success measures should reflect whether NESO is able to maintain system security during periods of peak demand or system stress, operate increasingly complex system conditions effectively, and recognise cross-vector interactions where electricity system actions can influence gas demand and network operations.

Success measures should also support transparency and learning from operational events, ensuring stakeholders have confidence that system operation decisions are robust and informed by whole-system considerations.

Overall, SGN considers that success measures should demonstrate NESO’s ability to operate the system securely, transparently and with a whole-system perspective as system complexity increases.

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

SGN broadly supports the expectations set out for NESO in enabling smarter, cleaner energy markets. As the energy system evolves, effective market arrangements will be critical in enabling flexibility, supporting decarbonisation and ensuring efficient use of infrastructure.

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However, it will be important that market design continues to reflect whole-system outcomes, rather than focusing solely on electricity system optimisation. In particular, market frameworks should recognise the role that different energy vectors and existing infrastructure can play in supporting system flexibility, resilience and cost optimisation.

SGN therefore encourages continued consideration of cross-vector interactions and the wider system impacts of market reforms, ensuring that market signals support coordinated investment and operational decisions across the energy system.

Q7. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

SGN supports the development of success measures that assess whether NESO is effectively enabling markets that deliver decarbonisation while maintaining system security and affordability.

Success measures should be clear, granular, and focus on whether market arrangements support efficient whole-system outcomes, including the effective use of flexibility, transparent market signals for investment, and the ability of different technologies and energy vectors to participate where they provide system value.

SGN considers it important that success measures also reflect whether market frameworks maintain system resilience and avoid unintended consequences for other parts of the energy system, ensuring that market design supports coordinated and cost-effective delivery of the energy transition.

Q8. Do you agree that this sets a comprehensive set of Ofgem Expectations for the Delivering a Decarbonised, Operable Grid Performance Objective?

SGN supports the expectations set for NESO but believes they must more explicitly recognise the critical interdependencies between gas networks, hydrogen infrastructure and electricity system operability. Gas remains essential for maintaining security of supply, providing flexible capacity, and enabling industrial and heat decarbonisation, capabilities that will be increasingly important as the system transitions. Without clear articulation of how NESO will consider gas network repurposing, hydrogen transition sequencing and biomethane contributions, there is a risk that electricity led approaches could increase system wide costs or erode resilience under peak or stress conditions.

SGN therefore welcomes the direction of travel but urges NESO to adopt a stronger whole system perspective to ensure decarbonisation pathways remain technically operable, resilient and deliverable in practice. Planning assumptions must reflect real world system behaviour across all vectors and ensure that future pathways can withstand operational pressures, not just modelled averages. Continued emphasis on operational realism, cross-vector coordination and system security will be essential to delivering a net zero transition that remains robust, efficient and affordable for consumers.

Q9. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

SGN supports the development of success measures that assess whether NESO is enabling decarbonisation while maintaining a system that remains secure and operable in practice.

Success measures should focus on whether system planning and operational frameworks support deliverable transition pathways, including the ability to maintain security of supply during periods of peak demand and system stress. They should also reflect the extent to which planning approaches consider whole-system interactions and the role of existing infrastructure in supporting flexibility, resilience and cost-effective decarbonisation.

Overall, success measures should demonstrate that decarbonisation pathways are not only technically compliant with targets, but also operable, resilient and affordable for consumers.

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

SGN broadly supports the expectations set out for NESO in driving whole-system resilience. As the energy system becomes more interconnected and reliant on variable generation, maintaining resilience across vectors will be increasingly important.

It will be important that resilience frameworks continue to recognise the interdependencies between electricity and gas systems, particularly during periods of system stress or peak demand. Electricity system actions can influence gas demand patterns and network operation, and these interactions should be considered within resilience planning.

SGN therefore supports expectations that encourage NESO to take a genuinely whole-system approach to resilience, ensuring that system planning and operational decisions maintain security of supply and support coordinated action across the energy system.

Q11. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

SGN supports the development of success measures that assess whether NESO is effectively strengthening resilience across the whole energy system.

Success measures should focus on whether system planning and operational frameworks maintain security of supply during periods of peak demand and system stress, while recognising the growing interdependencies between electricity and gas systems. They should also reflect the extent to which NESO's work supports coordinated resilience planning across energy vectors.

Overall, success measures should demonstrate that NESO is enabling a system that remains secure, adaptable and resilient as the energy transition progresses.

Q12. Do you agree that this sets a comprehensive set of Ofgem Expectations for the Building a Digitally Connected Energy System Performance Objective?

SGN broadly supports the expectations set out for NESO in building a more digitally connected energy system. Improved data sharing, visibility and digital coordination will be essential as the energy system becomes more decentralised and complex.

It will be important that digital frameworks support whole-system data integration, enabling effective coordination across electricity, gas and other energy vectors. This includes ensuring that data standards, platforms and governance arrangements allow different networks and system participants to access and use information in a consistent and transparent way.

SGN therefore supports expectations that encourage NESO to drive greater data accessibility, interoperability and collaboration across the energy system.

Q13. Please provide any views you have on the Success Measures which should be used to identify of NESO success or otherwise of these Ofgem Expectations.

SGN supports the development of success measures that assess whether NESO is enabling improved data visibility, coordination and decision-making across the energy system.

Success measures should focus on whether digital frameworks improve the accessibility, quality and interoperability of data, enabling more effective coordination between system operators, networks and market participants. They should also reflect the extent to which digital systems support whole-system planning and operational decision-making.

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Overall, success measures should demonstrate that NESO is enabling a more transparent, coordinated and data-driven energy system as system complexity increases.

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

SGN supports the inclusion of an additional Performance Objective where it strengthens the clarity of NESO's role and accountability as the energy system continues to evolve.

As NESO's remit expands, clearly defined objectives can help ensure that its activities remain focused on delivering outcomes that support system security, decarbonisation and consumer value. It will be important that any additional objective is clearly aligned with NESO's core system responsibilities and complements, rather than duplicates, the existing performance framework.

SGN therefore supports the proposal in principle, while emphasising the importance of maintaining a clear focus on whole-system outcomes and practical delivery across the energy system.

Q15. Do you agree that the outcomes proposed under this Performance Objective are clear and comprehensive? Please provide any views for additional outcomes, if appropriate.

SGN broadly agrees that the proposed outcomes provide a clear framework for assessing NESO's performance under this objective. Clear outcomes will help ensure accountability and provide stakeholders with greater confidence in how NESO's activities translate into system benefits.

However, it will be important that the outcomes continue to emphasise whole-system coordination and deliverability, ensuring that NESO's work supports practical and resilient energy system operation. Outcomes should reflect the importance of effective cross-vector coordination and maintaining system security during periods of peak demand and system stress.

SGN would therefore encourage continued focus on outcomes that demonstrate NESO's ability to support a secure, coordinated and deliverable energy transition.

Q16. Do you agree that our proposed Success Measures can suitably identify the extent to which NESO has been successful in achieving the outcomes set?

SGN broadly supports the use of success measures to assess whether NESO has delivered against the proposed outcomes. Clear and transparent measures will be important in providing accountability and building stakeholder confidence in NESO's performance.

However, it will be important that these measures focus on real system outcomes, rather than solely on the delivery of processes or publications. Success measures should demonstrate whether NESO's work supports secure system operation, effective whole-system coordination and deliverable transition pathways.

SGN therefore encourages the use of measures that clearly link NESO's activities to tangible improvements in system resilience, operability and affordability.

Q17. Do you agree with our approach of requiring additional Value for Money reporting until sufficient information is provided by NESO such that we can perform a Value for Money assessment of this plan?

SGN supports Ofgem's approach to strengthening Value for Money (VfM) reporting requirements while NESO develops more detailed evidence to justify its expenditure. Because NESO's costs will ultimately feed through to consumer bills, enhanced scrutiny is essential to safeguard affordability and ensure transparency, particularly for vulnerable customers who are most exposed to rising energy costs. Improved VfM reporting will provide greater clarity on how NESO allocates resources and how its activities contribute to wider system objectives, helping stakeholders understand the value being delivered as NESO's role and influence continue to expand.



Q18. Do you agree that NESO should continue to report against these metrics?

SGN supports NESO continuing to report against these metrics, as consistent reporting will help maintain transparency and enable Ofgem and stakeholders to track performance over time.

Regular reporting can also help provide greater visibility of how NESO's activities are supporting system operation, planning and market development. As NESO's role evolves, it will be important that these metrics remain relevant and clearly linked to whole-system outcomes, including system resilience, operability and affordability.

SGN therefore supports continued reporting, alongside periodic review to ensure the metrics remain meaningful and reflective of NESO's role in delivering a secure and coordinated energy system.

Q19. Are there any additional metrics you would like NESO to regularly report against?

SGN considers that additional metrics could be helpful where they improve visibility of how NESO's activities support whole-system outcomes.

In particular, reporting that provides greater transparency on system resilience, cross-vector system interactions and the assumptions underpinning system planning outputs would be valuable. This could include metrics that demonstrate how system operation and planning decisions perform during periods of peak demand or system stress.

Greater transparency in these areas would help stakeholders better understand how NESO's work contributes to maintaining a secure, operable and coordinated energy system as the transition progresses.

Q20. Do you agree with the proposed level of innovation funding for NESO?

SGN supports the role of innovation in enabling NESO to respond to a rapidly evolving and increasingly complex energy system. Targeted innovation funding can play an important role in developing new tools, analytical capabilities and operational approaches needed to manage the future energy system.

However, it will be important that innovation activity remains clearly linked to delivering practical system outcomes and complements innovation already taking place across networks and the wider energy sector. Strong coordination with network innovation programmes will help ensure learning is shared and duplication is avoided.

SGN therefore supports the principle of innovation funding, while emphasising the importance of ensuring that funded activity delivers clear whole-system value and practical system benefits.