

# Decision

## Final Determinations on NESO 1 Business Plan

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## Decision

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## Decision

# Introduction

National Energy System Operator (NESO) is Great Britain’s independent system operator and planner. It is a government-owned public corporation, licenced and regulated by Ofgem.<sup>1</sup> As an expert, impartial body, NESO has key responsibilities across both electricity and gas systems. It has duties and objectives related to driving progress towards net zero, while maintaining energy security and minimising costs for consumers.

Ofgem has [statutory duties to regulate NESO](#) by [assessing its business plans, ensuring its cost-efficiency and by incentivising high performance](#). Our Determinations on NESO’s business plans form a key component of our regulatory framework, which is designed to effectively execute our duties for regulating NESO. Our future assessment of NESO’s performance will be based on NESO’s delivery of both its business plan commitments and the performance expectations we set in our Determinations.

[NESO published its regulatory business plan for April 2026 – March 2028](#) (the NESO1 Business Plan) in late November 2025. Following this, we published our [Draft Determinations](#) in February 2026. Our Draft Determinations proposed to evolve the NESO1 Business Plan impact pathways to be the foundation of the outcomes envisioned in our performance framework. We also proposed a requirement for NESO to resubmit the Value for Money aspects of the NESO 1 Business Plan by 30 May 2026 and to establish interim cost reporting until Value for Money is assessed. We proposed a set of regular Reporting Requirements for the NESO1 period and proposed to fully grant NESO’s innovation request.

NESO has critically important work to deliver over the next few years as it helps shape and operate the future energy system. For the energy sector, and therefore for Ofgem’s regulation, what matters most is the timely delivery of clear, high-quality outcomes. In our Final Determinations we have focused on confirming the outcomes we expect NESO to deliver over the NESO1 period. These outcomes will be used for measuring NESO’s success over the coming two years.

Further work will be done to finalise the Success Measures, confirm the Major Deliverables and undertake our Value for Money assessment. We have committed to working with NESO over the coming months to reach a final position on these areas.

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<sup>1</sup> Ofgem is the Office of the Gas and Electricity Markets Authority. The terms “Ofgem”, “the Authority,” “we”, “us” and “our” are used interchangeably in this document.

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The rest of this document is structured as follows:

- key cross-cutting themes from the consultation responses [Section 2];
- our final positions on NESO's Performance Objectives, including Ofgem's expectations for the outcomes NESO should achieve [Section 3];
- confirmation of our position on NESO's Value for Money [Section 4];
- the reporting requirements, including the specific Reported Metrics that NESO should publish throughout NESO 1 [Section 5]; and
- our decision on NESO's innovation funding allowances [Section 6].

# Consultation responses and performance framework feedback

This section confirms our position to set Ofgem Expectations in the place of NESOs Performance Objectives. It also explains that we will not set the Success Measures or Major Deliverables for the NESO1 Business Plan period in this document but instead work with NESO, using the stakeholder feedback gathered through our Draft Determinations, to set these ahead of the first quarterly report of NESO1.

## Consultation Responses

The consultation on our Draft Determinations ran from 10 February to 11 March 2026 and set out our provisional views on NESO's Business Plan from a regulatory assessment perspective. We received 14 responses from industry representatives, including one from NESO.

Overall, respondents supported our proposals for NESO's outcomes. NESO provided some constructive feedback and various respondents provided additional suggestions which we have considered for our Final Determinations. We received some suggestions for NESO's Success Measures and Major Deliverables, but further work is needed to finalise the details of these.

## Performance objectives and Ofgem expectations

A Performance Objective should be a major outcome that NESO intends to achieve by the end of the two-year Business Plan period. It must be clear from the wording of the Performance Objective what overall effect NESO's actions will have over the period and what change will be seen.

In our Draft Determinations we found that the information provided by NESO under each Performance Objective in its NESO1 Business Plan to be a useful and relatively comprehensive description of the types of activities NESO would be undertaking. To better provide clear upfront expectations to fairly measure NESO's performance, we reframed NESO's [proposed impact pathways](#) to be the foundation of the outcomes envisioned in our performance framework.

Stakeholders widely agreed that the six Performance Objectives NESO proposed, when set alongside the additional Ofgem Expectations, collectively captured the areas NESO should focus on over the NESO1 period. However, there were some concerns that this approach could create misalignment in stakeholders' understanding of the expectations NESO will be held to as part of its regulatory framework. Some stakeholders questioned whether NESO should republish its NESO1 Business Plan. We do not consider this to be necessary as Annex 1 of this document provides a comprehensive overview of the outcomes NESO will be held to. In addition, we do not anticipate that our Determinations should materially change the activities that NESO

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described in the NESO1 business plan under each of its Performance Objectives. Instead, our Determinations add clarity about how NESO's performance will be assessed and NESO's quarterly reporting on its performance will bolster that clarity.

Some stakeholders considered that NESO should be more open to stakeholder suggestions. Where NESO decides not to progress suggestions from market participants, such as ideas for new tools or market mechanisms, it should publish a clear rationale backed by evidence to ensure transparent and accountable decision making. We support the sentiment of this comment and consider that it is captured by NESO's [new licence obligations in C1 of its Electricity System Operator licence and the Licence Expectations Document](#).

Stakeholders also commented that NESO should publicly consult on a draft business plan to enable industry to shape the priorities and proposed outcomes. We acknowledge this feedback and will consider it alongside developing the next iteration of the NESO Business Plan Guidance. We anticipate that a return to a two-year business plan cycle should provide more scope for this type of engagement in future.

## Success Measures

Success Measures should be key indicators that help explain how a given outcome will be attained in practice. They are a key component of the regulatory arrangements and vital to the assessment of NESO performance.

Our Draft Determinations proposed to align NESO's Success Measures directly to the Ofgem Expectations and proposed some additional Success Measures. This included Success Measures for the outcomes under our proposed additional Performance Objective of Providing Customers with an Independent and Trusted Service. We highlighted that the Success Measures we set out in our Draft Determinations were themselves not yet complete and asked industry to help shape the proposals into useful, clear measures that would help identify success.

The consultation responses agreed with our position that the Success Measures proposed were not finalised. We received some suggested improvements to a few specific Success Measures, however further time is required to finalise the details and full suite of NESO1 Success Measures. To avoid undue delays in setting direction for NESO at the beginning of the Business Plan period, we have focused the Final Determinations on establishing clarity on the outcomes and Ofgem Expectations. We will work with NESO, using the Success Measure feedback provided in the responses, to finalise a set of Success Measures that align with the Ofgem Expectations in time for the first NESO1 quarterly report.

## Major Deliverables

Major Deliverables should be specific, measurable and timebound outputs that are key to achieving the Performance Objectives (for example, implementation of a system or product).

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Stakeholders that commented on the major deliverables agreed with our Draft Determinations position that the Major Deliverables set out in NESO's Business Plan needed further, measurable, specific details. Some commented on the need for interim milestones to avoid the clustering of deliverables in March 2028.

We note that this is not a milestone driven framework and that our primary focus is on clarifying the outcomes to be delivered. We continue to believe it is most appropriate that NESO has the responsibility to define its Major Deliverables. Given the importance these have in supporting stakeholders' understanding and expectations, we expect NESO to take this feedback onboard when finalising the set of Major Deliverables to be used in its performance reporting.

# Performance Objectives, Ofgem Expectations

This section sets out each of the Ofgem Expectations, highlights key stakeholder feedback received following the Draft Determinations and provides rationale for any changes we have made from our position in our Draft Determinations.

## Performance Objectives and Ofgem Expectations

Our Draft Determinations set out a list of 22 outcomes grouped under the 6 Performance Objectives proposed by NESO and one additional Performance Objective proposed by Ofgem. Stakeholders across the board were supportive of this approach.

In the section that follows, we recap our Draft Determinations positions, relevant stakeholder comments and the rationale for our final decisions regarding the Ofgem Expectations for each Performance Objective. A full list of the final Ofgem Expectations (with supporting description) can be found in Appendix 1 of this document.

### Performance Objective A: Planning a Clean Energy Future

Our Draft Determinations set out 4 distinct outcomes as Ofgem Expectations under this Performance Objective. Stakeholders were largely supportive of these, focusing on providing detailed comments on the content.

NESO's response supported the broad outcomes but highlighted specific points on the content – in particular that the revised timelines for publication of both CSNP and RESP fall outside of the NESO1 period. We recognise this and expect NESO to provide evidence during NESO1 that it is on track to deliver against these new timelines and that delivery of these plans will result in outcomes aligned with the Ofgem Expectations.

Some respondents shared concerns that it was not clear enough that these expectations were sufficiently whole system focussed. We do not think a change is required to the Ofgem Expectations or descriptions to address this but for clarity, we consider that A1, A2 and A3 are all whole system expectations with only A4 being more strictly electricity focussed.

One respondent shared views that they considered there to be a gap in our expectations as NESO should be required to provide evidence to support the work to “shape the future of energy by defining the energy infrastructure requirements across Great Britain”. It is our view that the four Ofgem Expectations, particularly A2, sufficiently cover this area.

#### **A1. Improved coordination in network planning and development.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported this Ofgem Expectation with the concerns shared being mostly a request for clarity that this outcome is not only electricity focussed but whole system. We consider the coordination aspect of this outcome to extend across the energy sector and we

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understand NESO's planned activities will allow it to provide evidence of how this is being achieved.

### **A2. Improved signals result in a pipeline of investments well-aligned to future system needs.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation. NESO shared concern that the wording of the Ofgem Expectation was not sufficiently clear that the focus of this outcome is limited to the signals NESO can influence. For the avoidance of doubt, our assessment of this Ofgem Expectation will be limited to the signals NESO is able to influence and should investment signals be influenced by forces outside of NESO's influence, our assessment will take this into account.

We recognise that some of the deliverables that would have influenced performance in this area now have revised timelines that push them out of this Business Plan period. We expect NESO to provide evidence that either the work done within the Business Plan period has improved the signals, or provide evidence that the plans, once published, should support improved signals including how NESO has aimed to provide consistency in signals across its various outputs.

### **A3. Investors show increased confidence in the energy market, supported by clear, stable market rules.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation. We note that NESO's response expressed some uncertainty as to the outputs which should contribute to this outcome. For clarity, we consider that outputs such as the SSEP and RESP are more closely aligned to the Ofgem Expectation A2 whereas we consider outputs such as the Operability Strategy Reports, markets roadmaps, gas future market plans and RNP advice to be more aligned with this Ofgem Expectation. We have also decided to make a clarificatory change to the Ofgem Expectation description text to change the wording from "likely rules and revenues" to "likely rules and opportunities".

Citing links between trust and investor confidence, one respondent commented that A3 would fit better alongside the Ofgem Expectations under 'Providing Customers with a High-quality, Independent and Trusted Service.' Whilst we understand this link, we consider that the investor confidence referenced in A3 is narrower than the more holistic trust in NESO envisaged under the 'Providing Customers with a High-quality, Independent and Trusted Service' Ofgem Expectations.

### **A4. Greater competition and innovation in network development.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation. One stakeholder was concerned with the description text: "NESO run an efficient tender process, including by growing bidder volumes, setting clear rules, and clearly identifying to the market the type and quantity of possible tendered projects." It was suggested that growing bidder volumes should not be included as the

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number of bidders is not a clear indicator of the health of a competitive tender process. We consider that to run an efficient tender process there must be sufficient competition. Bidder numbers are an indication of competition and therefore we will retain the reference to them in the description. However, we acknowledge that NESO should not be incentivised to purely grow bidder volumes as an end in of itself, and that the focus should be on delivering the outcome of effective competition. We will therefore consider this feedback when setting the Success Measures.

The same respondent also commented that it might not be NESO failure that leads to a lack of suitable projects being identified, rather this could be due to other factors, such as the regulatory framework. We agree that this could be the case but consider that NESO is the main party responsible for identifying potential projects and it is thus incumbent upon NESO to evidence that they have sought to identify the projects as far as is reasonable to do so within the bounds of the framework. If this is evidenced against a lack of suitable projects, we will not consider this a failing on NESO's part.

NESO suggested some additional wording to the description to also include promoting opportunities for innovation. We agree this is a valuable addition and have amended the description text accordingly.

### Performance Objective B: Operating an Intelligent, Real-Time Grid

Our Draft Determinations set out four distinct outcomes as Ofgem Expectations under this Performance Objective. Stakeholders were largely supportive of our position, but some stakeholders considered there to be missing objectives and deliverables associated with the interactions between gas and electricity systems. We consider that the aim of these Ofgem Expectations is focused on NESO's real-time system operation role, which is electricity focused. Whilst we expect NESO to consider cross sector efficiencies and impacts, we do not expect NESO to deliver gas system operation outcomes.

#### **B1. NESO initiatives retain or improve system reliability standards while reducing costs of system balancing.**

We have decided to retain this Ofgem Expectation. NESO's response suggested a change in the Ofgem Expectation wording from "reducing costs of system balancing" to "minimising costs of system balancing". NESO commented that, "It is recognised that balancing costs will increase up to 2030, due to factors beyond our direct control". We agree that overall costs of system balancing may increase. This Ofgem Expectation is focused on the NESO initiatives that should reduce the costs against the counterfactual of not undertaking those initiatives. We have therefore updated the description wording to reflect this.

More widely, stakeholders largely supported the expectation but noted that transparent, granular and credible balancing cost forecasts are required for this to be successfully assessed. We agree and will work with NESO to develop Success Measures that support this expectation.

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### **B2. Improved operational planning and operational forecasting.**

We have decided to retain this Ofgem Expectation, with a minor change to the wording to add clarity that the forecasting in the Ofgem Expectation refers to operational forecasting.

Stakeholders supported this Ofgem Expectation however some stakeholders shared concern that it was not sufficiently explained, with NESO requesting further clarity on the interactions with Ofgem Expectation B4. We consider that this Ofgem Expectation covers the forecasts used in the control room and in operational planning – that is, an emphasis on NESO making decisions at the right times, using the right, accurate information, and thus minimising regret spend and inefficiency. We consider that this is separate to Ofgem Expectation B4, which focuses on outage management. Whilst outages form a fundamental part of operational planning, B2 only focuses on the forecasts used.

### **B3. Extended periods of zero carbon operation and reduced electricity system carbon intensity.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on B3 supported it, with the comments focussed on the associated Success Measures.

### **B4. Outages are managed proactively and efficiently, with their impact minimised.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on B4 supported it, with the comments focussed on the associated Success Measures.

## Performance Objective C: Enabling Smarter, Cleaner Markets

Our Draft Determinations set out two distinct outcomes as Ofgem Expectations under this Performance Objective. Stakeholders were largely supportive of the approach, with many stakeholders noting the importance of a whole system focus and the need to consider the roles that different energy vectors can play.

One stakeholder considered that the two outcomes were not comprehensive and that there was a gap for an outcome around opening up markets or new market opportunities. We consider that this is captured by the description of Ofgem Expectation C2.

### **C1. Market design and operation encourages innovation and efficient market participation.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation. NESO suggested a wording change to reflect that NESO has influence across markets but not control of the design and operation of all markets. However, we consider the description of the Ofgem Expectation already reflects this and therefore does not require a change.

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Another respondent commented that the outcome should include text such as “across all energy vectors, including hydrogen and biomethane”. We have added text to the description to make this clearer.

Finally, one stakeholder provided a view that NESO must provide robust justification for the need, costs and benefits of any proposal. We agree with this position and consider this to be captured by NESO’s [new licence obligations in C1 of its Electricity System Operator licence and the Licence Expectations Document](#).

### **C2. Market design and operation facilitates optimised system operability.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on C2 supported it, with the comments focussed on the associated Success Measures.

## Performance Objective D: Delivering a Decarbonised, Operable Grid

Our Draft Determinations set out 3 distinct outcomes as Ofgem Expectations under the original NESO1 Business Plan Performance Objective. Stakeholders were largely supportive of the approach with some respondents commenting on the challenges in this area over RIIO-2.

One respondent highlighted a concern that the Ofgem Expectations lacked consideration of how NESO will deliver the subsequent connection window activities, including any activities from the outcomes of Connections End-to-End Review and Demand Connections Reform Call for Input. We originally intended for this to be captured by the Ofgem Expectations D1 and D2, however we recognise that this is not immediately clear. We have therefore decided to add an additional Ofgem Expectation to capture this area more explicitly: **D4. Connections process is efficient and comprehensive**. We have described this Ofgem Expectation in Appendix 1 of this document.

Another respondent highlighted concern that whilst Ofgem acknowledged that NESO’s business plan did not fully explain how they will lead at the transmission and distribution connections interface, this is not reflected in the identified outcomes. We acknowledge that shortcoming in our proposal and consider that this can be most effectively covered by the new Ofgem Expectation **D4. Connections process is efficient and comprehensive**.

### **D1. Faster connection times, shorter queues, and lower administrative burden for prospective connectees to the electricity network.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation. However, one respondent shared concern that “the new 7.5-month timeframe for issuing offers, though justified for Gate 2 to Whole Queue process, will appear unnecessarily slow and inefficient on an enduring basis”. We consider that the Ofgem Expectation focusses on “faster connection times” and “shorter queues” and that Gate 2 to Whole Queue timelines should not be seen as a benchmark for offers during NESO1.

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### **D2. The electricity connection queue is actively and effectively managed.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on the Ofgem Expectation supported it with the comments focussed solely on Success Measures.

### **D3. Deliver inputs to policy for low carbon developments.**

We have decided to retain this Ofgem Expectation. Stakeholders supported the expectation but one respondent commented that this Ofgem Expectation was not sufficient to meet the objective of a decarbonised grid, commenting that they were disappointed that our proposals did not include co-location, microgrids or flexibility as alternatives to network build. Our intention in setting this Ofgem Expectation was that while these, or other, more specific considerations were not directly mentioned, they would not necessarily be excluded from this expectation. The description text was not an exhaustive list and the concerns raised could be captured by the “other low-carbon solutions” text within the Ofgem Expectation description. We acknowledge that there could be changes to policy or priorities over the NESO1 period and we believe this text allows NESO to be flexible within that.

### **D4. Connections process is efficient and comprehensive.**

We have added this Ofgem Expectation in response to industry feedback. We have described this outcome as:

- NESO continues working on the reformed connections process, including to make necessary improvements for demand projects and clarify how the transmission-distribution interface should be managed. This includes including any activities from the outcomes of Connections End-to-End Review and Demand Connections Reform Call for Input.
- NESO provides quality policy input to Ofgem and DESNZ with regard to connections policies.
- NESO communicates changes to industry, so they are ready for implementation dates.

This builds on description text originally found in Ofgem Expectation D1. For clarity we have removed the references to the continuing reform of the connections process from the description of expectation D1.

## Performance Objective E: Driving Whole-System Resilience

Our Draft Determinations set out 2 distinct outcomes as Ofgem Expectations under the original NESO1 Business Plan Performance Objective. Stakeholders were supportive of the approach.

One stakeholder responded that they felt that there was a need for an outcome incentivising NESO to maintain a broad and consistent engagement process in the development and management of system resilience. Another commented that there is a need for NESO to show transparency in its decision making in this area. We agree with

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the sentiment of these comments and consider to already be captured by the wording in the cross-cutting section of the Licence Expectations Document.

### **E1. A system with maximum up-time and capability to recover quickly from events.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation, however one respondent commented that security of supply should be elevated in prominence and be captured within the Ofgem Expectation text. We consider that this is a reasonable request and follows the intent of our existing wording. We are therefore amending the existing wording to the suggested text, “A system with maximum up-time, demonstrable security of supply, and capability to recover quickly from events.”, and we have updated the description of the expectation to further draw this out.

### **E2. NESO develops future resilience and restoration capability.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported the Ofgem Expectation however there was comment on the need for clarity that this Ofgem Expectation should not solely be electricity focussed and another comment recommend stronger and more explicit consideration of operational cyber and physical resilience within this objective to ensure a comprehensive, accurate assessment of a real-time grid. We consider these are already captured by the existing Ofgem Expectation but have updated the description text to provide additional clarity.

## Performance Objective F: Building a Digitally Connected Energy System

Our Draft Determinations set out 3 distinct outcomes as Ofgem Expectations under the original NESO1 Business Plan Performance Objective. Stakeholders supported this approach.

### **F1. NESO and industry have access to complete, usable, useful data.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on the Ofgem Expectation supported it. One respondent noted that it could be improved by the addition of “supported by transparent prioritisation and consolidation of data requests”. We agree with the sentiment but consider this aspect to be adequately covered by the Ofgem Expectation description already.

### **F2. Secure and standardised data exchange is established.**

We have decided to retain this Ofgem Expectation. Stakeholders who commented on the Ofgem Expectation supported it with the comments focussed solely on Success Measures.

### **F3. As a digital leader in the industry, NESO progresses its own and sector digitalisation.**

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We have decided to retain this Ofgem Expectation. Stakeholders who commented on the Ofgem Expectation supported it with the comments focussed solely on Success Measures.

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

Our Draft Determinations proposed to introduce this new Performance Objective to facilitate four Ofgem Expectations that did not fit neatly under the Performance Objectives proposed by NESO. All stakeholders who responded to this question except NESO supported these additions. NESO recognised the importance of operating independently and maintaining the confidence of the stakeholders it serves but considered that this was already captured by the Strategic Aims in the NESO1 Business Plan.

We agree that this is captured by the strategic aims and indeed drew on this when proposing this Performance Objective. The NESO regulatory framework does not measure NESO performance against the Strategic Aims (which provide the ‘golden thread’ for longer term change). We believe the focus of this Strategic Aim - overall trust in NESO at the organisational level (not just in the individual activities NESO undertakes) - is sufficiently important to have a dedicated Performance Objective.

NESO also stated concern that there is duplication with this set of Ofgem Expectations and others due to trust being a component of other Ofgem Expectations. We do not consider that to be the case. The aim of our Expectation that ‘NESO has a high degree of stakeholder and customer trust’ is to be broader than the degree of trust in any individual role, as would be gleaned by a Success Measure in the existing Ofgem Expectation areas. We envisage this Ofgem Expectation to be a holistic view of NESO, encompassing all activities and interactions, and we will be mindful that specific stakeholder views on an individual area should not be ‘double counted’.

Stakeholders shared several specific comments on this Performance Objective. For example, respondents suggested it was important to understand the distinction between customers and stakeholders and to consider interactions and dependencies across NESO’s activities. In addition, responses highlighted a desire for NESO’s governance framework to further embed and strengthen transparency, external challenge, and accountability. Although we have not made direct changes to our NESO1 expectations, we consider that the recent changes we have introduced to NESO’s regulatory framework align with this feedback, including the new C1 licence obligations and the new ICP arrangements. We will continue to keep the framework under review and make further changes should we consider it necessary.

#### **G1. NESO has a high degree of stakeholder and customer trust.**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported this Ofgem Expectation while NESO considered that measuring trust in isolation risks weakening its strategic relevance and conflating it with short-term stakeholder

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sentiment. We do not consider this to be the case as we consider holistic trust in NESO over time to be a credible measure of NESO performance. Stakeholder views and trust in individual activities can still be measured and by doing so will mitigate the risk of stakeholders skewing holistic views with specific views due to the inability to share those more specific views.

### **G.2 NESO's plans and strategies provide certainty to stakeholders and ensure NESO can be held to account for quality and efficiency of delivery.**

We have decided to retain this Ofgem Expectation. Stakeholders broadly supported this Ofgem Expectation. NESO considered this a relevant and important outcome but commented that in their view the Ofgem Expectation did not relate to customer trust. Instead, they believe it reflects clarity, transparency and predictability in NESO's organisational planning and strategic intent. We consider that high-quality plans and strategies, when paired with a track record of high-quality delivery of plans, provides certainty to stakeholders, which builds customer trust. We therefore consider this to be consistent with the Ofgem Expectations it is grouped with.

NESO also expressed concern that some terms in the outcome are subjective and undefined (such as "certainty", "quality" and "efficiency"). We have carefully considered this but determined that the full description supporting this Ofgem Expectation (provided at Annex 1 of this document) is sufficient to give reasonable expectation and note that stakeholders generally also reflected a solid understanding of this expectation.

### **G.3 Improved NESO decision making transparency**

We have decided to retain this Ofgem Expectation. Stakeholders largely supported this Ofgem Expectation. NESO shared concern that the Ofgem Expectation was subjective and insufficiently defined. We consider that the wording applies across all NESO's activities and therefore to define the wording for each individual instance that it would be applied would be impractical. It is for NESO to decide what the terms, for example proportionate, mean in each instance and to evidence why that is suitable. This highlights the importance of NESO engaging with stakeholders to understand the information that would best meet their needs across NESO activities.

### **G.4 NESO provides a quality, independent role as a Code Administrator for the codes it governs.**

We have decided to retain this Ofgem Expectation under Performance Objective G. Stakeholders largely supported this Ofgem Expectation as a relevant outcome. One industry stakeholder and NESO commented that it was better placed under the Enabling Smarter, Cleaner Markets Performance Objective. Other stakeholders supported the realignment, with one stating that "clarifying that this function sits separately from broader market design activities strengthens accountability and helps avoid institutional ambiguity. Clear delineation of responsibilities reduces the risk of misunderstanding and supports more effective cross-body working."

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We consider, on balance, that code administration is wider than a markets function (for example it also includes technical codes such as SQSS and STC) and that we are looking for NESO to provide a high quality and independent service to industry under this outcome. We expect to see consistent, quality code administration across all codes NESO administers. Any perception of a focus on only codes that relate to Enabling Smarter, Cleaner Markets would be detrimental. Outside of this Ofgem Expectation, we expect NESO to ensure codes reflect the right rules to meet system needs; however, this performance should be captured under the other relevant Ofgem Expectations.

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# Value for Money

This section outlines our decision to continue with the plan proposed in our Draft Determinations. NESO will provide an updated Annex 6 Cost Narrative and Cost Template to facilitate our assessment of NESO Value for Money by 30 May 2026. Until we have concluded that assessment, NESO will be required to provide additional reporting on Value for Money.

NESO is a public body but is not subject to HM Treasury oversight. Its internal (and external) costs are fully passed-through Balancing Service Use of System charges and ultimately paid through consumers' bills. This cost-recovery approach recognises that NESO can create most value through delivering quality services, sectoral outcomes and reducing external energy system costs, rather than unduly focussing on minimising its own internal costs. This approach is also designed to provide flexibility to NESO to adapt quickly in response to energy sector developments.

NESO is subject to economic regulation by Ofgem. As part of our role we have to strike the right balance between providing NESO with autonomy and flexibility, with an appropriate level of cost scrutiny and incentives to spend efficiently.

Our Draft Determinations confirmed that we considered NESO's proposed activities to all be relevant and important activities and therefore deserving of appropriate funding. We further set out that the NESO1 Business Plan submission did not, at that point, explicitly set out the level of cost that NESO considers will provide Value for Money against its planned activities, and we focused on proposals to move forward to undertake a value assessment.

NESO responded fully to this in its consultation response and committed to republishing the Annex 6 Cost Narrative and Cost Template of its NESO1 Business Plan with updated figures and rationale for value by 30 May 2026, following completion of its internal budgeting process.

In addition to the general requirements outlined in the PAGD, unless and until we are satisfied with NESO's updated Cost Narrative and Cost Template, we expect NESO to provide the following additional cost reporting requirements, which are intended to align with the information NESO already produces:

- NESO must, on an ongoing basis, engage with and provide to Ofgem a monthly monitoring of the latest forecast of spend, actual spend and headcount with a cost commentary of similar granularity as provided in the cost annex.
- NESO must provide to Ofgem the management papers related to the budget setting process described on page 35 of the business plan.
- NESO must provide to Ofgem the formal business cases for material spend (with the associated assessment outcome), as noted on page 36 of the business plan.

## Decision

- NESO must provide to Ofgem the management papers related to the formal change control process for significant deviations from the approved budget, as noted on page 36 of the business plan.
- NESO must provide to Ofgem, on a monthly basis, reporting and metrics for NESO's Efficiency Programme, as described on page 38 of the business plan.

Following NESO's republication of the Annex 6 Cost Narrative and Cost Template, and upon completion of our Value for Money assessment, we will publish an addendum to this document setting out our assessment and appropriate changes to our reporting requirements.

## Rationale

The majority of industry responses that commented on the Value for Money proposals strongly supported our Draft Determinations proposals. NESO noted that the additional reporting requirements were disproportionate and extended into areas of internal management and governance without a clear justification. NESO also stated that the additional reporting requirements would require NESO to set up further reporting structure beyond those required for effective governance of the organisation. In addition, National Grid encouraged further consideration of the value of additional interim reporting requirements before NESO republishes the Annex 6 Cost Narrative and Cost Template.

We consider that NESO's cost information provided in the NESO1 Business Plan submission did not sufficiently meet the requirements of our Business Plan Guidance and Licence Conditions. The additional interim reporting requirements are therefore necessary to provide confidence that NESO's near-term spending decisions deliver value for consumers. We have sought to keep these requirements proportionate and as least burdensome as possible by aligning them with NESO's existing internal processes and documentation NESO described in the NESO1 Business Plan. Moreover, we consider that the monthly reporting on NESO's Efficiency Programme will provide opportunity for more regular and timely feedback, whilst allowing NESO additional opportunities to evidence Value for Money. To avoid unnecessary longer-term regulatory burden we will reevaluate, and where appropriate remove, the need for any additional cost reporting requirements once we are satisfied with NESO's updated Cost Narrative and Cost Template.

# Reporting Requirements

This section outlines our decision to maintain our position on the reporting requirements set out in our Draft Determinations.

Regular, transparent performance reporting is beneficial to Ofgem, the wider industry and NESO. It allows NESO to demonstrate its performance throughout the year and means that Ofgem and industry parties can provide informed feedback.

## Reported Metrics

Reported Metrics are regularly published, quantitative measures. In several cases, NESO's performance against Reported Metrics will directly contribute to NESO's Success Measures. In other cases, they may support NESO's accountability to stakeholders and the process of reporting these provides reputational incentives which are supplementary to our public performance assessment.

Our Draft Determinations position was to retain all RIIO-2 BP3 Reported Metrics. We proposed that NESO should continue to utilise the existing methodologies when reporting these metrics. We considered that this should provide Ofgem and industry stakeholders with continuity in tracking key data trends that are relevant to NESO's enduring ambitions. As many of the metrics are pre-established processes, we don't expect these to create additional reporting burden that outweighs their value.

We have decided to confirm our Draft Determinations position. The list of NESO1 Reported Metrics can be found in Appendix 2 of this document. Stakeholders generally supported our proposal, however, some stakeholders commented that additional metrics would be beneficial.

One stakeholder questioned the rationale for the proposed removal of the 'savings arising from TO collaboration' and on 'EMR demand forecasting accuracy'. We consider this to be a misunderstanding of our position based on the table in our Draft Determinations. For clarity, we proposed to retain all existing Reported Metrics, however we did not consider those two metrics to be relevant Success Measures related to a specific Ofgem Expectation. We will continue to assess this whilst finalising the Success Measures with NESO.

One stakeholder commented that the current suite of Reported Metrics is too electricity focused and lacking whole system consideration. Other stakeholders proposed additional Reported Metrics. These suggestions included greater transparency of system resilience, turn-around times for in-year TO outage requests, and hours and cost of wind curtailment. As part of our further work to define the Success Measures we will consider all these suggestions and, where appropriate, we will decide whether these are added to the regulatory framework (as either a Success Measure or a Reported Metric).

## **Decision**

NESO considered there to be duplication between Success Measures and Reported Metrics. For the avoidance of doubt, a Reported Metric may be associated with the achievement of a specific Success Measure, which is linked to a Performance Objective or Ofgem Expectation. Alternatively, a Reported Metrics may not link to another specific part of the framework but its inclusion supports transparency, provides external accountability and applies a reputational incentive, which supplements our public performance assessment.

NESO also considered that wind and demand forecasting should be reported quarterly as data is already published monthly in other forms. In the case this data is published elsewhere, we would be content for NESO's metrics reporting to minimise duplication and appropriately signpost stakeholders to the relevant location where this data is published.

## Decision

# Innovation

This section details our final position to proceed with our proposal to allocate £95m in Network Innovation Allowance (NIA) funding and to ringfence £50m in Strategic Innovation Fund (SIF) money for NESO.

## Introduction

In our Draft Determinations on NESO's innovation funding we proposed awarding £95m in NIA and ringfencing £50m in SIF money. We have decided to proceed with those proposed levels.

In the below sections we summarise the responses we received, alongside the rationale behind our decision.

## Summary of Consultation Responses

We received nine responses from networks and industry bodies regarding the innovation section of the Draft Determinations.

### NIA and SIF Funding Level

The majority of respondents supported our proposed funding level.

### Governance arrangements

Most responses asked Ofgem to clarify how it would govern NIA and SIF funding to ensure NESO delivers innovation projects that provide system benefits and value to consumers.

### Hydrogen, biogas, carbon capture and storage

National Gas Transmission sought clarity regarding NESO's hydrogen, biogas, and carbon capture and storage projects and whether networks could partner in these projects.

## Final Determinations Decisions and Rationale

### NIA and SIF Funding Level

As the majority of respondents supported our funding levels we have decided to proceed with our original position of awarding a £95m NIA allocation while ringfencing £50m for SIF.

### Governance arrangements

NESO's NIA projects are subject to the RIIO-3 NIA governance document which was consulted on as part of the RIIO-3 price control setting process. [The updated governance](#) was published on 1 April 2026.

## Decision

Ofgem also consulted on the [RIIO-3 SIF governance document](#), which was published on 1 April 2026. The document sets out NESO's role and how its involvement with the fund will be governed. To maintain independence and appropriately manage any actual or perceived conflicts of interest, we have established ringfenced SIF funding for NESO.

NESO will be required to participate in specific SIF projects where it is considered essential to ensure alignment with system-level priorities or to facilitate effective delivery. In cases where an application gives rise to a disagreement regarding NESO's participation, the funding party may provide a justification for its position for Ofgem to consider. NESO-led projects and applications must comply with all requirements set out in the RIIO-3 SIF governance document in the same manner as other SIF projects or applications. Projects where NESO is involved, but is not leading, will follow the standard project delivery process.

### Hydrogen, biogas, carbon capture and storage

We have approved NESO using its NIA allocation to assess the potential role hydrogen, biogas, and carbon capture and storage will play in the energy system, reflecting NESO's role as the whole system planner. Gas networks will only be allowed to use their NIA and participate in these projects should NESO demonstrate that their involvement is strictly necessary, and subject to explicit written approval by Ofgem. Any such approval will be granted solely for clearly defined, limited inputs, and remains subject to all existing NIA eligibility requirements

## Appendix 1 – Full List of Ofgem Expectations

For ease of reading, we have not provided a full tracked change view of the Ofgem Expectations and associated descriptions but we have highlighted additions in red.

ID	Performance Objective	Ofgem Expectation	Description of expectation
A.1	Planning a Clean Energy Future	Improved coordination in network planning and development	<p>NESO brings together relevant industry parties to create methodologies and deliver plans in line with those methodologies.</p> <p>NESO acts as a consumer advocate in dealing with the myriad stakeholders for network planning, including by providing appropriate scrutiny of proposed designs.</p> <p>Stakeholders understand the interaction of the different energy planning outputs (eg, SSEP, CSNP, RESP, etc) and the signals sent by these outputs are consistent and coherent, while also supporting clear decision making and accelerating network build-out.</p> <p>NESO shows how its delivery of network plans has been achieved in a way that maximises this improved coordination. This includes showing how modelling assumptions and inputs have been improved and data is shared with relevant stakeholders, such that alignment and coordination is bettered.</p>
A.2	Planning a Clean Energy Future	Improved signals result in a pipeline of investments well-aligned to future system needs.	<p>NESO plans provide the right signals to optimise investor confidence and investment decisions.</p> <p>NESO plans clearly outline future system needs to align investments to GB system needs, accounting for the need to decarbonise, to maintain system operability, and the cost to the end consumer.</p> <p>NESO uses improved models to support its plans, and its plans include broader considerations (such as SEA, HEA, etc) to help planning permissions.</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
			Plans are informed by operational insights, ensuring link between control room experiences and desired investment/reinforcement needs.
A.3	Planning a Clean Energy Future	Investors show increased confidence in the energy market, supported by clear, stable market rules.	<p>To ensure that GB sees the right level of investment in projects, NESO produce plans, roadmaps and strategies which show future system needs, including by location.</p> <p>NESO supports broader policy, such as under Reformed National Pricing, to provide clarity to market participants on the likely rules and <b>opportunities</b> they can expect.</p> <p>NESO provides forecasts of system charges and handles industry transactions effectively, to support investor and market participant confidence in the performance of the market.</p>
A.4	Planning a Clean Energy Future	Greater competition and innovation in network development.	<p>NESO identifies potential projects suitable for competitive delivery.</p> <p>NESO run an efficient tender process, including by growing bidder volumes, setting clear rules, and clearly identifying to the market the type and quantity of possible tendered projects.</p> <p>NESO work with the market to prepare it for the quantity, type and nature of likely projects available under CATO, including through early signalling in its strategic energy plans and through effective market engagement <b>that promotes growing bidder volumes.</b></p> <p><b>NESO promotes opportunities for innovation in the delivery and finance of competed projects where innovation can be shown to deliver consumer benefit.</b></p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
B.1	Operating an Intelligent, Real-Time Grid	NESO initiatives retain or improve system reliability standards while reducing costs of system balancing.	<p>System reliability remains stable or improves while the overall costs of system balancing <b>are reduced through NESO initiatives.</b></p> <p>NESO delivers improved operational efficiency, including through modernisation of system operations and tooling.</p> <p>NESO seeks out and delivering opportunities to reduce balancing costs, including constraint costs.</p> <p>Balancing Costs are lower against a relevant counterfactual. This reflects that there are considerable factors that impact balancing costs that are outside NESO's control.</p>
B.2	Operating an Intelligent, Real-Time Grid	Improved operational planning and <b>operational</b> forecasting.	<p>NESO has improved overall performance in the forecasts it uses in the control room and its operational planning.</p> <p>Improved forecasting and operational planning better reflect the system outturn leading to more optimised operational decision making.</p> <p>NESO makes decisions at the right times, using the right, accurate information.</p>
B.3	Operating an Intelligent, Real-Time Grid	Extended periods of zero carbon operation and reduced electricity system carbon intensity.	<p>NESO has the tools and processes in place to operate a low carbon system, in line with government targets for a clean power and a zero carbon electricity system.</p> <p>NESO ensures it has the right markets and systems such that its own actions do not contribute carbon emissions unnecessarily in situations where the market can provide cheaper low carbon options.</p>
B.4	Operating an Intelligent,	Outages are managed proactively and	Parties will need access to the electricity system for necessary works. NESO works collaboratively to ensure that this is planned

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
	Real-Time Grid	efficiently, with their impact minimised.	<p>to minimise the consequential impacts.</p> <p>Coordination among relevant parties, effective NESO monitoring of optimal windows for outages (eg identifying of likely high constraint cost periods), and modernisation of system operations can enable NESO to do this effectively.</p> <p>NESO’s work with equipment owners seeks appropriate opportunities to take preventative actions to avoid forced outage periods which are likely to be higher impact.</p>
C.1	Enabling Smarter, Cleaner Markets	Market design and operation encourages innovation and efficient market participation.	<p>As NESO influences energy market design and operation, we consider that this includes, but also extends beyond, NESO’s own markets. NESO uses this influence to ensure that markets allow for the broadest possible participation while respecting genuine system requirements. This is future-proofed, allowing for innovation in service provider offerings.</p> <p>NESO utilises all of the options at its disposal to achieve this, including direct design of its own markets, <b>coordination with DNOs and engagement</b> with the market facilitator, influence of the industry codes, and the markets insights (including for gas, <b>hydrogen and biomethane</b> markets) that it publishes. NESO keeps market designs under review to optimise their functioning and recognise industry developments. NESO encourages co-creation of markets in these processes, where appropriate.</p> <p>Market designs align with clear, fair and transparent principles which maximise consumer benefit while presenting revenue opportunities to providers.</p> <p>NESO operates markets such as the CfD allocations and CM effectively, including with input into the design of those markets (eg</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
			<p>through the CMAG).</p> <p>NESO delivers key milestones in its Markets Roadmap. NESO has delivered actions in line with roadmaps such as the Route to Markets review, supporting appropriate growth towards CP30 flexibility requirements.</p> <p>Market participants transition smoothly across markets, with consistent engagement and information requirements. This includes allowing access to markets in a timely manner (eg registration and onboarding times are minimised).</p>
C.2	Enabling Smarter, Cleaner Markets	Market design and operation facilitates optimised system operability.	<p>NESO has the suite of services to enable a low carbon system to operate effectively. NESO shows how its markets and market signals encourage participation in line with NESO’s view of greatest need.</p> <p>NESO has regularly assessed system needs and ensure that electricity markets allow providers to meet system needs most effectively (from both technical and cost perspectives). The NESO ENCC has confidence that it has the best tools available to manage system balancing needs and does not have over-procurement requirements to manage avoidable delivery risks.</p> <p>NESO also holds a PPAT responsibility, which, alongside more general monitoring of its markets, NESO has used to inform market rules and provide confidence to the broader market that rules are enforced.</p>
D.1	Delivering a Decarbonised, Operable Grid	Faster connection times, shorter queues, and lower administrative	<p>Where parties request to connect to the electricity system, NESO provides high quality connection offers within a short time period. High-quality connection offers are trusted and reliable, allowing investors / project developers to make informed decisions and</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
		burden for prospective connectees to the electricity network.	<p>progress projects efficiently.</p> <p>Offers reflect the technology designations of NESO’s Clean Power 2030 advice (or relevant updated designations), with connection dates as short as possible for viable and ready projects.</p> <p>Parties have clarity on the process they need to follow in order to receive a connection offer and are able to utilise a user-friendly digital portal to engage with NESO.</p> <p>We consider that this applies to both demand and generation projects, noting that continued reform is necessary to capture demand projects.</p>
D.2	Delivering a Decarbonised, Operable Grid	The electricity connection queue is actively and effectively managed.	<p>NESO follows the progress of connecting projects, enforcing relevant milestones. There are minimal controllable delays to agreed connection dates.</p> <p>NESO are responsive to queue attrition.</p> <p>NESO doing this effectively has resulted in a queue with only strategically aligned, viable projects and improved renewable integration.</p>
D.3	Delivering a Decarbonised, Operable Grid	Deliver inputs to policy for low carbon developments.	<p>NESO delivers policy on low carbon solutions such as multi-purpose interconnectors.</p> <p>NESO provides support to Ofgem and Government on policy development in areas like long duration energy storage and other low-carbon solutions to be appropriate and necessary for delivery of an operable decarbonised grid. It will also be vital for NESO to work with Ofgem and Government to integrate these technologies within connections reform policy.</p> <p>For more nascent concepts, we expect NESO</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
D.4	Delivering a Decarbonised, Operable Grid	Connections process is efficient and comprehensive.	<p>to produce modelling outputs and policy insights, as a trusted independent expert. For more developed areas, we expect NESO to engage with relevant parties, and ensure that industry rules are clear and fit-for-purpose.</p> <p>NESO continues working on the reformed connections process, including to make necessary improvements for demand projects and clarify how the transmission-distribution interface should be managed. This includes any activities from the outcomes of Connections End-to-End Review and Demand Connections Reform Call for Input.</p> <p>NESO provides quality policy input to Ofgem and DESNZ with regard to connections policies.</p> <p>NESO communicates changes to industry, so they are ready for implementation dates.</p>
E.1	Driving Whole-System Resilience	A system with maximum up-time, demonstrable security of supply, and capability to recover quickly from events.	<p>The electricity system has maximum availability to meet consumer needs, with unplanned outages minimised. The system is resilient to disturbances in line with relevant system standards.</p> <p>NESO understands the current risk profile across the energy sector. NESO coordinates with all relevant parties to mitigate risks.</p> <p>This includes ensuring that the electricity system can restore from outages quickly (at least in line with the ESRS), at minimal cost.</p> <p>NESO can demonstrate continued assessment of and delivery of security of supply.</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
			<p>NESO conducts post-event analysis and assessment in relation to relevant events.</p> <p>NESO ensures that the improvements in resilience NESO drives are part of a clear, joined up approach with other relevant parties (notably with Ofgem and government).</p>
E.2	Driving Whole-System Resilience	NESO develops future resilience and restoration capability.	<p>NESO develops an in-depth knowledge of, and records and tracks, sector resilience risks <b>(this includes all facets of the energy sector, including physical and cyber)</b>.</p> <p>NESO facilitates the sector’s understanding of those future risks and undertakes / supports (as applicable) delivery of mitigating actions, in a timely fashion. This is done with the intention of creating a future system with minimal residual exposure to outages. This includes ensuring that the electricity system can restore from outages quickly (at least in line with the ESRS), at minimal cost.</p> <p>NESO is, and is seen as, a trusted authority in energy system resilience, and provides appropriate input to government/regulator policy and industry capability.</p> <p>NESO ensures that the improvements in resilience NESO drives are part of a clear, joined up approach with other relevant parties (notably with Ofgem and government).</p> <p>NESO continues to assess resource adequacy on an appropriate frequency and for an appropriate horizon.</p>
F.1	Building a Digitally Connected Energy System	NESO and industry have access to complete,	<p>NESO proactively engages with industry to obtain quality data to fulfil its functions.</p> <p>NESO looks across its data portfolio and works with industry to ensure that it provides all useful data (both outturn and forecast</p>

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
		usable, useful data.	<p>data), as accurately as possible. This includes responding to data requests in line with data triage best practice. Provision of data is timely.</p> <p>It provides up-to-date data in usable, consistent formats. Data is published at the most appropriate location on its website minimising user effort in locating and accessing data.</p>
F.2	Building a Digitally Connected Energy System	Secure and standardised data exchange is established.	<p>NESO has assured the security framework for the DSI with relevant security authorities and delivered the DSI to a high standard. NESO supported parties in onboarding to use the DSI functionality. NESO does this with the aim of enabling efficient collaboration and innovation across the energy system.</p> <p>NESO uses the DSI to obtain standardised data for its own functions.</p>
F.3	Building a Digitally Connected Energy System	As a digital leader in the industry, NESO progresses its own and sector digitalisation.	<p>An organisation viewed as a digital leader that takes a digital-first approach to delivery, wherever appropriate, and delivers digital tools with high quality and reliability, matched to user needs.</p> <p>NESO uses its position as a central body in the energy system to drive improvements in interoperability of energy data and facilitate development of data standards across the energy sector.</p> <p>NESO is also be involved in (and a driver of) the discussion of wider sector developments and ensure alignment of sectoral digital policy and needs arising from ISOP functions.</p>
G.1	Providing Customers with a High-quality,	NESO has a high degree of stakeholder and customer trust.	Stakeholders view NESO as an apolitical and independent organisation with integrity that seeks to deliver its aims in good faith with its partners in both government and industry.

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
	Independent and Trusted Service		
G.2	Providing Customers with a High-quality, Independent and Trusted Service	NESO's plans and strategies provide certainty to stakeholders and ensure NESO can be held to account for quality and efficiency of delivery.	<p>NESO Business Plans, strategies and associated documents are compliant with all licence requirements and guidance documents.</p> <p>NESO engages with relevant stakeholders on these documents to ensure alignment.</p> <p>All NESO plans are structured such that they provide both clarity and certainty to stakeholders whilst ensuring that it is clear how NESO will be held to account for the quality and efficiency of delivery.</p>
G.3	Providing Customers with a High-quality, Independent and Trusted Service	Improved NESO decision making transparency	<p>The way in which NESO arrives at decisions that impact wider industry is important.</p> <p>We expect NESO to:</p> <ul style="list-style-type: none"> <li>• undertake effective, proportionate stakeholder engagement, allowing for stakeholders to co-create or be consulted and informed, as appropriate,</li> <li>• provide, follow and update clear, public timelines for decision points and the key milestones on roadmaps for arriving at decisions,</li> <li>• allow sufficient time, wherever possible, for all parties to respond to change, and</li> <li>• explain decisions clearly once made.</li> </ul> <p>This applies across all of NESO's activities, though we recognise that there will be variance in the level of engagement appropriate across activities.</p>
G.4	Providing Customers with a High-quality,	NESO provides a quality, independent role as a Code	NESO is a code administrator for multiple industry codes. It is expected to operate independently in this function, consistently providing all modification Proposers and

## Decision

ID	Performance Objective	Ofgem Expectation	Description of expectation
	Independent and Trusted Service	Administrator for the codes it governs.	<p data-bbox="751 315 1394 385">working group members with quality support in improving the industry rule books.</p> <p data-bbox="751 434 1394 622">NESO also has a position on the Panel, which requires it to take an independent view of proposals, ensuring that outcomes are aligned with code objectives and any industry conflicts of interest are effectively managed.</p> <p data-bbox="751 669 1394 1283">The role of Code Administrators is becoming ever more important and prominent. Significant industry change is being delivered through industry codes, and Ofgem is delivering annual Strategic Direction Statements to help align industry efforts with policy intentions. Code Administrators have a key role in supporting this in being successful and aligning progress of modifications to policy intent. There are no formal obligations on the NESO, as a Code Administrator, in relation to the SDS. However, we expect NESO to support the implementation of the SDS, as budgets and delivery plans allow, in line with the expectations set out for Code Administrators in the latest SDS.</p> <p data-bbox="751 1330 1394 1397">Digitalisation of industry codes would be captured under outcome F.3.</p>

## Decision

### Appendix 2 – Reported Metrics

<b>Reported metric</b>	<b>Frequency</b>
Balancing costs	Monthly
Demand Forecasting accuracy	Monthly
Wind Forecasting accuracy	Monthly
Dispatch efficiency (skip rates)	Monthly
Carbon intensity of NESO actions	Quarterly
Security of Supply	Monthly
CNI outages	Monthly
Short notice changes to planned outages	Quarterly
Zero Carbon Operability	Quarterly
Savings from TO collaboration	Annual
Day ahead procurement	Quarterly
Accuracy of forecasts for charge setting - BSUoS	Quarterly
Balancing services procured in a non-competitive manner	6 Monthly
Accuracy of forecasts for charge setting – TNUoS	Annual
EMR demand forecasting accuracy	Annual
Future savings from operability solutions	6 Monthly