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To: NESOregulation@ofgem.gov.uk

18 May 2026

National Gas Transmission's Assessment of NESO's Business Plan 3 performance Response

Dear Sir/Madam,

Thank you for the opportunity to review and reflect on NESO's Business Plan 3 performance for the period April 2025 – March 2026, through this call for input against [NESO's Business Plan 3 objectives](). We provide this written response against questions where we feel most able to offer some insight, as such we do not address every question. This response is non-confidential and can be published.

National Gas Transmission (NGT) is responsible for the planning, design, development and operation of the physical infrastructure of the National Transmission System (NTS), ensuring it is safe, reliable and economically and efficiently operated. This includes meeting our obligations and delivering the services and undertaking necessary long-term investment to maintain the reliability of the network for our customers. In addition, we lead on necessary market framework changes to underpin the efficient functioning of the NTS. NGT also acts as the System Operator, overseeing the 24/7 operation of the NTS, balancing supply and demand in real time and providing capacity and operational flexibility to support the economic and efficient functioning of the gas market in Great Britain (GB).

This builds on previous responses on our responses to the NESO1 Business Plan Draft Determinations provided earlier this year[1].

NESO is a critical partner in many of our activities. NESO has an obligation to be the Whole System Energy planner; however, we feel their position as the Electricity System Operator (ESO) means they are too often pulled or driven to over emphasise and focus on the needs and the position of the electricity system which can be at the expense of other vectors such as natural gas, hydrogen and bio-energy.

We recommend business planning in the future and the related performance objectives makes more distinction between the different energy vectors and the deliverables for them. This should enable easier monitoring and measurement of performance and provide greater transparency on

[1] https://www.ofgem.gov.uk/consultation/determinations-neso1-business-plan

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the objectives and costs associated to specific obligations including the detailed role NESO is expected to play.

This response is split into two sections, with Part 1 focusing on the questions related to the specific performance objectives and Part 2 on the question of value for money.

If you would like to discuss any part of this response please do not hesitate to contact Paul Sullivan (paul.j.sullivan@nationalgas.com) Head of System Capability and Risk, or Liz Ferry (elizabeth.ferry@nationalgas.com) Head of Market Change.

Yours faithfully,

Glenn Bryn-Jacobsen
Director, Energy Systems & Resilience

Appendix: Responses to specific questions

Part 1: NESO's achievement of its business plan aims (whether NESO has successfully delivered its agreed Performance Objectives and to an appropriate quality using Success Measures)

NESO started in October 2024 and has a wide range of obligations and continues to evolve as a significant industry stakeholder for all parties. NESO are still developing and refining their understanding and capabilities and whilst it has made significant progress there are still areas where there is work to be done to wholly deliver on their obligations. National Gas will continue to offer support, input and insight, working to help ensure natural gas including Hydrogen and bio-energy related objectives are delivered against.

By way of a summary we note:

- NESO's Stakeholder Engagement and access could be improved so this covers all vectors and not dominated by electricity centric obligations.
- Whilst some activities are duplicative at this stage with respect to natural gas, we note that these should deliver benefits over time as understanding and delivery of gas and whole system related projects advance.
- Given its size, and the breadth of the obligations NESO has, there is much it has to deliver. NESO should ensure appropriate focus on core objectives where it can add the most value, including whole system by way of example.
- Perception is still very much ESO focused with less on natural gas including Hydrogen and bio-energy and whole system publications. We welcome future efforts to deliver more in this space.
- For some obligations regarding energy resilience there have been derogations made for inclusion of natural gas across the year ending March 2026. These can be fully tested across 2026/27 and National Gas will continue to provide its support and insight to help in this area.

NESO proposed eight Performance Objectives for the BP3 period. The Performance Objectives are listed in this section along with comments where these can be provided.

NESO Performance Objectives

1. *Strategic Whole Energy Plans*

   Much of the deliverables relate to electricity. It would be worth for future feedback and assessment to make it clearer the measurement against electricity, natural gas, hydrogen and bio-energy gas (including hydrogen and bio and whole system publications).

2. *Enhanced Sector Digitalisation and Data Sharing*

We are not aware of any major concerns against this objective. We note this may be one where more insight against deliverables can be made over time.

3. Operating the Electricity System

We are providing comments related to natural gas, hydrogen and bio-energy. As such we do not offer a view on this objective.

4. Connections Reform

We do not offer comments on Connections reform per se. We note the importance and necessity to focus efforts in this area. NESO should not lose sight of its focus and risk being pulled or driven to certain workstreams which could be at the expense of other important vectors such as natural gas, hydrogen and bio-energy.

For connections where there is cross over into Natural Gas, for example with respect to data centres, there could be improved ways of working across the vectors to support developments in this area.

5. Fit-for-Purpose Markets

Most of the objectives relate to electricity. The Gas Future Markets Plan is not due until Summer of 2026, after which greater insight against delivery can be made. However, we welcome the continued engagement with the NESO Gas Market Strategy team.

With respect of markets input and industry codes and developments, we encourage NESO to cement its role of advisor and considering how best it adds value to modification development, workgroup discussions and how its viewpoints are balanced against its advisory role.

We support NESO providing clarity on its role, distinguishing between gas and electricity and whole system where it's appropriate so that all engagement in this area is clear as to its purpose.

6. Secure and Resilient Energy Systems

Over the past year, we welcomed the publication of the first Gas Supply Security Assessment (GSSA) – This assessment was designed to inform the market on supply security risks beyond the current winter, along with testing against a period of high demand against derated supply assumptions. NESO have engaged with us extensively throughout the process with detailed sessions both on the modelling techniques and core assumptions to be used in the assessment. This engagement has been, and continues to be, productive and genuinely collaborative. The document itself has made a significant contribution to the wider debates on security of supply, and the assessments should be a key consideration when potential interventions are considered.

We do note some challenges and encourage greater proactivity with respect to whole system resilience workstreams and supporting whole system. Much of the whole system analysis, in relation to Natural Gas, across April 2025 to March 2026 had derogations meaning gas was not included. As such the focus is on April 2026 to March 2027 and National Gas are actively engaging with NESO for this year which presents the opportunity to provide a wider view of this performance.

As enhancing resilience across systems requires both an electricity operational perspective and a view as the whole system planner, more clarity provided in what role NESO are fulfilling in the various resilience activities they undertake would be beneficial for the industry. This would enable clearer roles and responsibilities in delivering outcomes.

7. *Clean Power 2030 Implementation*

So far as Clean Power 2030 implementation is concerned, we note that publications have provided scenarios that would deliver Clean Power 2030 and we look forward to engaging on future publications covering NESO readiness for CP30 and with DESNZ Clean Power 2030 Action Planning.

8. *Separated NESO Systems Processes and Services*

We have no major concerns on this objective. This is a challenge any new organisation faces as it separates from its legacy systems and services. It is important to keep working with Stakeholders to minimise impacts with engagement paramount to ensure continued access and awareness of NESO's activities.

Part 2: NESO's delivery of value for money.

NESO's revenues are made public and available on their website, in terms of the values they intend to recover for their activities across Gas and Electricity. NESO is in its infancy and benefits can take time to realise, even with the duplication of work in some areas. Costs will fluctuate with NESOs responsibilities, and we welcome the outputs that NESO will provide and ask further clarity on roles and responsibilities that will enable value for money assessments to be made.

NESO shares costs for gas, costs for electricity, but do not separate out costs for whole system work for example. Where objectives relate to cross vector work or areas like hydrogen and bio-energy, without transparency on these areas, it can make some of the measurement of value for money against objectives where cost is a factor, more challenging to identify.

In terms of value for money, we see this is more in regard to future delivery, with improved transparency on activities to help better reflect on their performance on specific objectives where costs can be part of this assessment.

END