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Dear Team

CALL FOR INPUT ON NESO'S BP3 PERFORMANCE

Thank you for the opportunity to provide comments on aspects of the National Energy System operator (NESO) performance during BP3 from 1 April 2025 to 31 March 2026. This response is on behalf of the ScottishPower Group, predominantly reflecting the views of our renewables and retail businesses. Our networks business SP Energy Networks is responding separately from its perspective as an operator of electricity transmission and distribution networks. We provide comments against selected NESO BP3 performance objectives below.

Performance Objective 1: Strategic Whole Energy Plans

The NESO's and Government's decision to delay timescales for the production of the Strategic Spatial Energy Plan (SSEP) has meant the NESO has failed to meet its BP3 deliverable to have submitted the SSEP pathways to the Secretary of State by the end of 2025. This delay has caused knock on delays to other NESO strategic plan deliverables, notably the transitional Central Strategic Network Plan (tCSNP) Refresh.

In its November 2025 letter requesting the delay to the SSEP, the NESO noted the importance of accurate data, robust assurance, and transparency in developing the SSEP. However, we are concerned that the NESO's performance during the BP3 period has been characterised by a lack of transparency and engagement with industry, in particular regarding its modelling and the key assumptions used in the development of the SSEP pathways. This lack of transparency and engagement by the NESO appears to have continued, which undermines industry confidence that the NESO can deliver a robust SSEP output within the already delayed timescales. It is therefore essential that the NESO dramatically improves its industry engagement and information disclosure for the remainder of the SSEP development timeline.

We are concerned that thus far, including during BP3, the NESO has not given explicit consideration to the repowering of onshore wind generation, particularly in Scotland. The problem arises as the Clean Power 2030 Action Plan (CP2030) capacity allocation for onshore wind in Scotland has been fully accounted for in the current Gate 2 to Whole Queue (G2TWQ) connection queue reformation. As things stand, it is unlikely that any onshore wind projects seeking to repower at existing sites in Scotland will be able to make connection applications at future windows, especially if they are seeking to repower before 2035. Without the confidence of being able to receive requested connection offers in Scotland, onshore wind developers cannot regard repowering as a reliable and therefore viable option and therefore may have to decommission prematurely. According to DESNZ industry data, up to 2.6GW of existing onshore wind capacity across Scotland could retire by 2035. We believe part of the problem is that the NESO has not factored in any attrition of existing onshore wind generation in Scotland and this can be rectified in the SSEP by the NESO applying a rate of attrition to onshore wind generation thereby increasing the capacity limit for this technology and enabling projects seeking to repower to be able to make successful connection applications.

Performance Objective 3: Operating the Electricity System

There are a number of market initiatives the NESO is tasked with progressing, for example solutions to address repetitive re-trading and the provision of voluntary data by market participants to the NESO. These changes have linkages and interactions with Reformed National Pricing (RNP) proposals. However there is a lack of transparency on how these market initiatives are progressing and whether they remain aligned with the direction of travel under RNP reforms.

With regard to skip rates, we are supportive of the NESO's overall ambition to reduce them during BP3. However, we do not think the focus on achieving parity of skip rates across different technologies is appropriate and could come at the expense of economic despatch decisions, Instead, the NESO should refocus on improving merit order despatch across all scenarios. We also think the NESO has considerable scope for improvement in its methodology for measuring and recording skip rates.

Performance Objective 4: Connection Reform

We are extremely concerned about the significant under-performance by the NESO against this objective, notably to implement the TMO4+ connection reforms by completing the G2TWQ connection queue reformation and issuing all Gate 2 connection offers by the end of 2025. The G2TWQ timelines have been substantially delayed with Gate 2 offers now being issued later by the NESO throughout 2026 and into 2027, with many issued offers containing material errors or omissions which makes acceptance by connectees extremely difficult. These problems are compounded by the NESO's constrained ability to engage properly with connection applicants, largely driven by the poor functioning of the NESO's online connection portal during BP3. We are concerned at the NESO's continued insistence that all communications regarding connection offers continue to be directed through the portal, with no alternative routes of engagement such as the ability to liaise with account managers.

The cumulative impact of these delays and poor performance is to undermine project delivery and investment decisions, in particular for protected projects with expected connection dates before the end of 2027 and Phase 1 connections seeking to connect by 2030, and this could undermine parties seeking to bid in forthcoming Contract for Difference Allocation Rounds. It is essential that the NESO improves its performance, in particular providing parties with timelines for when they can expect connection offers with no further delays, and an acceptable level of assurance regarding their quality. Furthermore, it is critical that the NESO conducts a review of the G2TWQ process so that lessons learned can be applied ahead of the next connection application window to give applicants sufficient confidence to participate.

Performance Objective 5: Fit for Purpose Markets

An important aspect of the NESO's role is to provide balanced and impartial advice as a technical expert in policy development. The strong position in favour of zonal pricing adopted by NESO during the Government's reformed electricity markets arrangements (REMA) workstream in our view went beyond the balance and impartiality expected of NESO in this role. In this context, we are also concerned that the proposals being consulted on in its recent RNP call for evidence[1] are now being presented as definite reforms to be progressed in the electricity markets roadmap.[2]

We would also note that from our experience during BP3, the NESO's commercial and settlements teams have proved slow to respond to queries and there is considerable scope for improvement in this respect.

Performance Objective 7: Clean Power 2030 Implementation

One of the NESO's stated success measures for BP3 against this objective was the development of a strategic approach to system access planning with transmission owners (TOs) and wider stakeholders by June 2025, and implementation by March 2026. The NESO has not met these success measures and we reiterate the importance of the NESO reviewing and developing an innovative and strategic approach to system access, including the optimised management of planned transmission network outages, given the scale of future electricity transmission upgrades required over the coming years. We would highlight the importance of the NESO's engagement with wider stakeholders who are impacted by planned outages, in particular onshore wind generators on single circuit connections in Scotland who can be taken offline due to variations to the planned outage plan with the associated loss of renewable generation from the system. The optimal approach to system access should be at lowest cost to consumers while also minimising commercial impact on generators.

Another success measure against this objective is the requirement for a stakeholder engagement plan to demonstrate how feedback on CP2030 has been taken on board by the NESO. In this context, we would highlight industry concerns on repowering of onshore wind in Scotland and how these can be addressed by the NESO by using the SSEP to increase capacity limits for onshore wind in CP2030 (see our comments against performance objective 1).

Should you have any queries regarding any aspect of this response please do not hesitate to contact me or my colleague Haren Thillainathan (hthillainathan@scottishpower.com).

Yours sincerely,

Richard Sweet
Director of Regulatory Policy

[1] Reformed National Pricing Call for Input (CfI) | National Energy System Operator
[2] https://www.neso.energy/document/379406/download