

Confidential

# Meeting 5: Independent Stakeholder Group (ISG)

Thursday 10 October 2024

# Agenda

Agenda item	Lead	Time
Welcome & Introductions	AM	9:30
Group closed session	Group Members Only	9:35
Conflicts of interest, minutes review	AM	10:10
Introduction to BP3 Performance Objectives, Major Deliverables and Success Measures	ZM	10:20
BP3 Performance Objectives Q&A – part 1 Performance Objectives on Markets, Clean Power, Connections (dial-in)	All	10:30
Coffee break		11 15
BP3 Performance Objectives Q & A– part 2 Performance Objectives on National and local whole energy plans, Security of supply and resilience and Safe and reliable operation of the system	All	11:30
Lunch		12:15
BP3 Performance Objectives Q& A – part 3 Performance Objectives on Successful separation of systems, processes and services and Sector digitalisation and data sharing (dial-in)	All	12.45
Final Q&A	All, FS & ZM	13:15
AOB & Next Steps	AM	13:30
Coffee Break (NESO to Leave)		13:45
Group closed session	Group Members Only	14:00
Close	All	14:30

# Agenda – structure/objectives of detailed sessions

Agenda item	Structure o/ objectives of session
BP3 Priorities Q&A (Role leads)	<p><b>Pre-read</b></p> <ul style="list-style-type: none"><li>- BP3 Performance Objectives sent out prior to meeting</li><li>- Give members opportunity to see how commitments are shaping up</li></ul> <p><b>During Meeting</b></p> <ul style="list-style-type: none"><li>- Closer look at objectives and content behind them</li><li>- Open discussion on slides</li><li>- Bring in SMEs to discuss importance of these objectives</li></ul>

# Group Closed Session

# Conflicts of interest, minutes review

# Introducing the BP3 Performance Objectives, Major Deliverables and Success Measures



## Our strategic priorities

We have identified six priorities that will guide our efforts through to the end of the BP3 regulatory period, ensuring we fulfil our duties and achieve our purpose and vision. Our 'Clean Power', 'Decarbonised Energy' and 'Consumer Value' priorities describe what we will deliver and our commitments under these priorities will progress short, medium and long term ambitions. Our 'Customer Centricity', 'Digital Mindset' and 'People Value' priorities describe how we will deliver our BP3 commitments set out in this document.



### Clean Power

We will enable a zero-carbon electricity system by adopting a whole system approach, encouraging innovation and collaboration.



### Decarbonised Energy

We will develop integrated plans for a decarbonised, efficient and flexible energy system fit for the future.



### Consumer Value

We will have unlocked around £3 billion of consumer benefits by 2026 through delivery of our commitments.



### Customer Centricity

We will understand and balance the different needs of groups we work with to form meaningful partnerships.



### Digital Mindset

We will unlock the potential of technology and teamwork through a digital-first approach, enabling a future of seamless connectivity and innovation at pace.



### People Value

We will invest in our people to ensure we're prepared and empowered to embrace the opportunities of the future.



# NESO's Performance Objectives

We have identified seven Performance Objectives that support the delivery of our Strategic Priorities between April 2025 and March 2026.

Our objectives recognise the transformational level of change currently taking place within the energy system.

They sharpen our focus on progressing towards clean power, decarbonising energy and maximising consumer value.

## Our delivery focus for 2025/26:

**Fit for purpose markets:** Our work in policy reform and wholesale and balancing market design will serve to unlock the potential of all market participants today and out to 2030 and beyond, supporting investment and economic growth for GB and lowering costs to consumers.

**Clean Power 2030 implementation:** Play a pivotal role in securing clean power for Great Britain by 2030, building on our 2024 advice to government on the pathways to a clean, secure, operable, and deliverable electricity system and moving to action and implementation in line with Government's CP2030 action plan.

**Connections reform:** With Ofgem, DESNZ, Network Owners and customers, deliver and implement a reformed connections framework that enables projects needed for 2030 and beyond to connect in a timely and coordinated manner.

**Strategic whole energy plans:** Work towards national and regional strategic whole energy plans, that align to deliver a clean, secure and affordable energy system for the benefit of communities, consumers and society.

**Secure and resilient energy systems:** Bring a whole energy approach to ensuring energy security for GB and provide whole system coordination and analysis for system resilience.

**Electricity security of supply:** Continue to maintain the safe, reliable and efficient operation of the electricity system, ensuring our electricity systems remain secure and stable today and in a future zero carbon network.

**Enhanced sector digitalisation and data sharing:** Work across the sector to build a unified digital ecosystem with transparent data access and customer focused solutions.

**Stand-alone NESO systems, processes and services:** Design and execute successful exit of transitional arrangements with National Grid, creating autonomy and enabling pace in NESOs business operations.



# BP3 Priorities Q&A (Role leads) Part 1



## Performance Objective 4: Fit for purpose markets

Performance Objective	Major Deliverables/Success Measures
<p>Our work in policy reform and wholesale and balancing market design will serve to unlock the potential of all market participants today and out to 2030 and beyond, supporting investment and economic growth for GB and lowering costs to consumers.</p>	<ul style="list-style-type: none"> <li>• Deliver quality analysis required for the REMA Programme to reach successful conclusion and move into implementation phase.</li> <li>• Deliver timely and well-evidenced REMA analysis with effective industry engagement.</li> <li>• Deliver against our Markets roadmap, including flexibility strategy, co-creating markets with our customers that enable full access and benefit consumers.</li> <li>• Industry codes, regulations, and frameworks are fit for purpose and ensure that the voice of our customers is at the heart of any change.</li> <li>• Feedback on the code governance process is positive.</li> <li>• We will lead and set the new direction of the Future of Gas Steering Group and Forums.</li> <li>• Publish and deliver the Gas Markets Plan (GMaP) independently for the first time.</li> <li>• Progress work on whole energy market strategy [details are WIP]</li> </ul>



# Performance Objective 1: Clean Power 2030 implementation

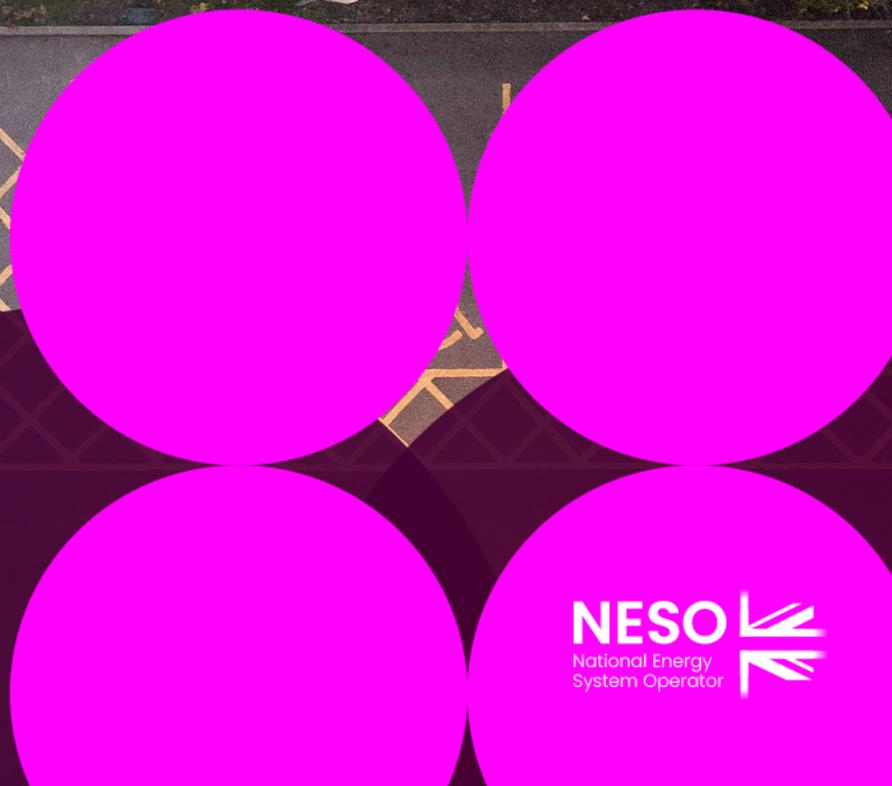
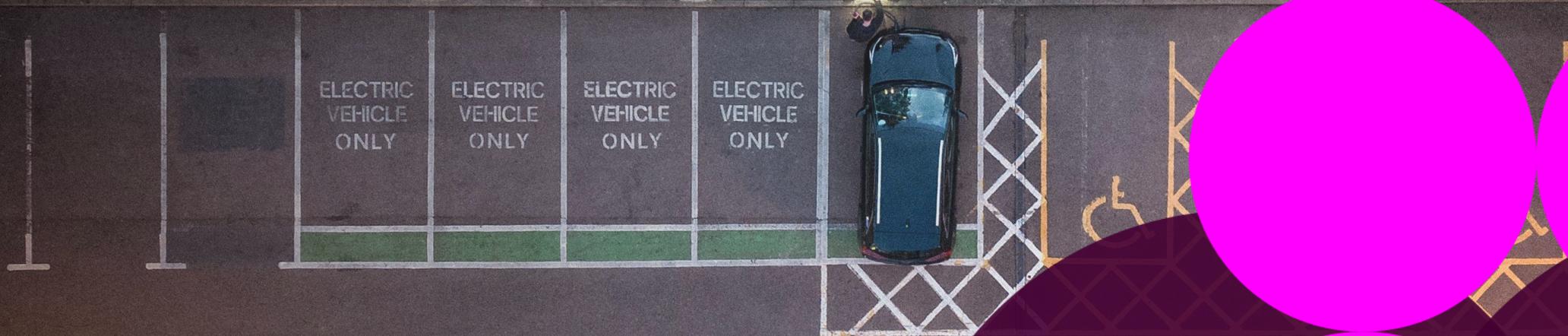
Performance Objective	Major Deliverables/Success Measures
<p>Play a pivotal role in securing clean power for Great Britain by 2030, building on our 2024 advice to government on the pathways to a clean, secure, operable, and deliverable electricity system and moving to action and implementation in line with Government's CP2030 action plan</p>	<ul style="list-style-type: none"><li>• Develop NESO's plan such that the clean power plan remains on track, with NESO contributing to key milestones and risk mitigation, demonstrated by regular reporting into mission control</li><li>• NESO successfully transforms to meet the changing demands of clean power, with the ability to meet new customer needs and system demands with agility as evidenced by continued delivery of key performance metrics on operability, system stability and decarbonisation</li><li>• Offer expert, independent insights that enable government to drive action, with measurable impacts on policy, regulatory updates, or strategic decisions that accelerate the delivery of clean power initiatives</li><li>• Bring together our activities on market and connections reform with our strategic energy plans to create whole system approach that enables our customers to operate at pace to deliver for clean power by 2030 on the way to a decarbonised energy system by 2050</li><li>• Ensure consistently aligned objectives, demonstrated by coordinated actions, shared progress, understanding and positive customer feedback on NESO's role in supporting clean power delivery.</li></ul>



## Performance Objective 3: Connections reform

Performance Objective	Major Deliverables/Success Measures
<p>With Ofgem, DESNZ, Network Owners and customers, deliver and implement a reformed connections framework that enables projects needed for 2030 and beyond to connect in a timely and coordinated manner</p>	<ul style="list-style-type: none"><li>• Implement TMO4+ code changes and new methodologies to govern a reformed queue (Q2 2025).</li><li>• Working with TOs and DNOs to provide revised connection offers to customers in alignment with CP2030 and beyond (Q4 2025)</li><li>• Connection reform delivered on time to the satisfaction of DESNZ and Ofgem.</li><li>• Acceleration of connection dates for net zero aligned projects.</li></ul>

# Coffee Break



# BP3 Priorities Q&A (Role leads) Part 2



## Performance Objective 2: Strategic whole energy plans

Performance Objective	Major Deliverables/Success Measures
<p>Work towards national and regional strategic whole energy plans, that align to deliver a clean, secure and affordable energy system for the benefit of communities, consumers and society</p>	<ul style="list-style-type: none"> <li>• Publish the first RESP output, adhering to the agreed timescales with DESNZ and Ofgem.</li> <li>• Publish the first SSEP document, to enhance transparency and understanding of the planning processes.</li> <li>• Publish the annual Gas Network Capability Needs Report, ensuring timely delivery as per the agreed plan.</li> <li>• Consult on the methodologies for the centralised, spatial and regional plans, engaging with a broad range of stakeholders, and clearly demonstrating how their feedback has provided input into our planning processes and updated methodologies.</li> <li>• Gain approval of SEP methodologies within the specified timelines (SSEP methodology in Q1 2025, RESP methodology in Q2 2026, CSNP methodology in Q3 2025, and GOAD methodology in Q2 2026).</li> <li>• The Secretary of State agrees and secures a single pathway by the end of 2025, demonstrating confidence in our delivery.</li> </ul>



## Performance Objective 5: Secure and resilient energy systems

Performance Objective	Major Deliverables/Success Measures
<p>Bring a whole energy approach to ensuring energy security for GB and provide whole system coordination and analysis for system resilience</p>	<ul style="list-style-type: none"><li>• Submit the winter readiness report to DESNZ by 31st October.</li><li>• Submit the summer readiness report to DESNZ by 30th April.</li><li>• Publish the Gas supply security report by 31st October, with recommendations adopted by Government / Ofgem.</li><li>• Submit the annual Energy Resilience Assessment Report by 30th June.</li><li>• Submit the Electricity Capacity Report to DESNZ by 1 June.</li><li>• Implement Phase 1 of the Restoration Decision Support Tool in November 2025. This tool is designed to provide decision-making support during the restoration process of the energy system.</li><li>• Publish the Summer and Winter Outlook reports in accordance with the agreed timelines, collaborating with stakeholders to ensure “no surprises” when the reports are published.</li></ul>



## Performance Objective 6: Electricity security of supply

Performance Objective	Major Deliverables/Success Measures
<p>Continue to maintain the safe, reliable and efficient operation of the electricity system, ensuring our electricity systems remain secure and stable today and in a future zero carbon network</p>	<ul style="list-style-type: none"><li data-bbox="843 436 2418 529">• Operate the system Zero Carbon Operation for at least one settlement period</li><li data-bbox="843 551 2418 701">• Deliver new products and capabilities that benefit customers and consumers in accordance with our Balancing Programme and Markets roadmaps</li><li data-bbox="843 722 1972 772">• Deliver benefits from the Balancing Costs Strategy</li><li data-bbox="843 808 2262 901">• Deliver the benefits from the recommendations of the Electricity Commissioners Transmission Acceleration Report</li><li data-bbox="843 929 2244 1022">• Deliver the benefits for consumers through the Network Control Programme</li><li data-bbox="843 1051 2257 1143">• Deliver the strategy that delivers the necessary transparency to customers on all operation of the electricity system</li></ul>

Lunch



# BP3 Priorities Q&A (Role leads) Part 3



# Performance Objective 7: Enhanced sector digitalisation and data sharing

Performance Objective	Major Deliverables/Success Measures
Work across the sector to build a unified digital ecosystem with transparent data access and customer focused solutions	<ul style="list-style-type: none"><li data-bbox="851 476 2359 634">• Deliver a Data Sharing Infrastructure pilot and minimum viable product, to enable trusted, secure, resilient sharing of interoperable data across the sector</li><li data-bbox="851 634 2359 753">• Fully implement the interim Data Sharing Infrastructure Coordinator role (subject to consultation outcomes)</li><li data-bbox="851 753 2359 925">• In collaboration with the regulator and industry partners and experts create a “task force” to publish a report and recommend on sector wide digitalisation priorities (still under discussion TBC)</li><li data-bbox="851 925 2359 1096">• Enhance the enablement of open data published by NESO for the wider industry through data catalogues and ease of access and search by April 2025 (date TBC but within BP3 period)</li><li data-bbox="851 1096 2359 1210">• Support the definition of AI policy, ethical use and development of AI capability across energy industry</li></ul>



## Performance Objective 8: Stand-alone NESO systems, processes and services

Performance Objective	Major Deliverables/Success Measures
<p>Design and execute successful exit of transitional arrangements with National Grid, creating autonomy and enabling pace in NESOs business operations.</p>	<ul style="list-style-type: none"><li>• Transition of physical and cyber security from National Grid includes security operations centre, security specific tooling and processes by September 2026 (have taken maximum timeframe, can be refined once Exit plan is submitted at end of October)</li><li>• Transition of foundational services such as networks including CNI, end user compute, digital workplace, cloud including migration of applications, other digital platforms, service desk and related processes by September 2026</li><li>• Transformation and transition of core systems and data for People including Payroll, Finance, Procurement and Enterprise used across the enterprise by September 2026</li><li>• Exit from Transitional Service Arrangements from National Grid within the agreed 24-month period till September 2026</li></ul>

# Final Q&A

# AOB & Next Steps

# Group Closed Session

End