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Annex D – BP3

Stakeholder

Engagement

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Introduction

Welcome to the stakeholder engagement annex for NESO's RIIO-2 Business Plan 3 (BP3). This document is designed to provide transparency of our stakeholder engagement process for BP3 and evidence of how we have listened to stakeholder views as we've developed our activities.

Stakeholder engagement is a critical element in all the activities we deliver. This engagement holds us to account for delivery of what we've committed to, as well as supporting us to design and develop our plans. We know that we must work collectively across the energy industry, and with stakeholders outside of the energy industry, to achieve the shared goal of a net zero carbon system. The interconnected nature of the energy industry means we need to bring stakeholders with us as we work to facilitate decarbonisation. We also believe that making decisions alongside our stakeholders and factoring in their diversity of views should lead to better outcomes for customers and consumers.

BP3 has been developed using feedback gathered across Business Plan 2 (BP2) period (April 2023- March 2025) through a range of BAU engagement channels, as well as views gathered on our new responsibilities as NESO. We have also engaged regularly with our Independent Stakeholder Group (ISG) who provide scrutiny and challenge on the contents of our plan.

We consulted on our draft plan in December 2024 and the feedback that we received through this process has informed the final version of BP3.

In this document we set out what stakeholder groups we've engaged with, how we have engaged with them and provide details of the feedback we have received.

As a point of clarity, in the Final Business Plan we have used 'customer', defined as anyone impacted by our work, including service providers and communities. In this document, we have reverted to the use of 'stakeholder' to align with Ofgem's use of the term and meet their expectations in the Business Plan Guidance that we demonstrate how we have engaged with 'stakeholders' in the development of BP3.

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Our Engagement Approach

BP3 development engagement

BP3 has been developed in much shorter timescales than our previous RII0-2 business plans. [Ofgem’s Business Plan Guidance](#) outlines the expected contents of BP3, the timelines for development and the expectations around stakeholder engagement. To align with Ofgem’s expectations on timings we have developed our eight BP3 Performance Objectives using stakeholder feedback gathered over BP2, rather than a specific programme of engagement for BP3.

Our approach to stakeholder engagement throughout BP2 has continued to be thorough in line with engagement best practice. Later in this section we outline the different channels we have used.

We have transitioned from articulating our plan through activities and sub-activities, to a focused set of high-level Performance Objectives in BP3. Our approach to engagement has differed from BP2 where we did more targeted engagement on specific new or materially changed activities.

Our BP3 engagement objectives

Through ongoing stakeholder engagement, we are committed to making sure our BP3 Performance Objectives are informed by stakeholder priorities and needs. In designing our stakeholder engagement activities, we aim to:

- Provide a route for stakeholders to share their views and hold us to account for delivering what we have promised
- Work collectively across the industry to achieve Great Britain’s net zero goals
- Allow a diversity of views to inform our business plans
- Effectively communicate our proposed BP3 activity and share how feedback has shaped this activity.

Stakeholder segments

To support our new roles and responsibilities it’s important for us to ensure we are engaging with existing and new stakeholder segments. This will help us understand how all of our stakeholders are impacted and the effective collaboration that’s needed to help us deliver in these new roles. As part of a whole system approach, we have already

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engaged with new segments within Gas, as well as starting to work with societal stakeholders, new Trade Associations and Think Tanks. We will continue to review potential new stakeholder segments as we develop new projects and processes. Our stakeholder segments include:

- A full range of stakeholders from across the Energy Industry, representing all energy vectors
- UK networks (gas and electricity transmission and distribution)
- Regulatory bodies
- Political (including local authorities, devolved Government and European political stakeholders)
- Non-government organisations (e.g. environmental groups)
- Communities and their representatives (e.g. campaign groups and parish councils)
- Consumers and consumer groups (e.g. the general public and citizens advice)
- Societal interest groups (covering a broad cross section of economic, demographic and environmental interests across GB)
- Technology providers/experts
- Wider industry/business (including big and small businesses)
- Trade Associations
- We also engage with a variety of other stakeholders including academics, universities and schools, Think Tanks, the finance and investment community and infrastructure providers.

Understanding how our projects and processes impact these groups will help us coordinate effective communications and engagement plans for them. It will also be important that we continue to build relationships and collaborate with these stakeholders throughout BP3 to support us achieving our whole system goals.

Considering consumer needs in the development of BP3

Our consumer strategy is built upon bringing the consumer voice into NESO to inform our thinking and the actions we take as an organisation. Our consumer voice is strengthened and validated by research and insight, external engagement with consumer groups and industry stakeholders, and our relationships with DESNZ, Ofgem and our strategic partners, Citizens Advice and Consumer Scotland. Bringing the

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consumer voice into the organisation enables us to put consumers at the heart of the future energy system.

Over BP2, we have been working to raise awareness internally of the different needs, preferences and vulnerabilities of consumers, and supporting teams with how their work might have varying impacts on consumers as a result. Demonstrating our consideration of the impact on consumers has become increasingly important since we have become a public sector organisation, as we now have new statutory duties to comply with. These include a duty to consider the impact of energy sector activities on consumers, as well as the Public Sector Equality Duty (PSED).

Over BP3, the Consumer Strategy team will continue to support teams internally, as well as build on our relationships with DESNZ, Ofgem and our strategic partners to drive good outcomes for consumers. Our specific focus areas will be on understanding drivers for consumer participation in flexibility and exploring the needs and priorities of future consumers to understand how they might interact with the future energy system.

How have we engaged with stakeholders throughout BP2?

At the start of BP2 we set out our planned engagement approach – to use existing channels to reach stakeholders where possible. This approach was designed to minimise the additional demand on stakeholder time and recognise that much of our BAU engagement activity would also inform the activities set out in our business plan. These existing channels include:

Centrally managed user groups

Purpose: to engage stakeholders on a range of issues within a specifically defined area. Examples of this include Transmission Charging Methodology Forum and the Independent Stakeholder Group (ISG).

Target stakeholder groups: Stakeholders at a range of levels dependent on specifically defined area.

Satisfaction / Roles survey

Purpose: Used in looking at how we have delivered against the three ESO Roles (in BP2) and Trusted Partner ambition, using the feedback to help us support any strategic changes in direction and prioritisation. The Roles feedback is used specifically as evidence for our mid/end of year incentives report.

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Target stakeholder groups: Strategic senior level relationships and key decision makers

Qualtrics survey tool

Purpose: To improve day-to-day / operational processes and experiences, looking for specific feedback in these areas allowing us to act on customer insights quickly.

Target stakeholder groups: Operational level contacts

Customer Relationship Management tool

Purpose: Capturing everyday interactions (phone calls, emails, meetings) and tracking timely response to these and resolution. This allows us to deep dive root causes and tackle any issues by reviewing data on a regular basis with our teams. We also use Behavioural Indicators, a score on a scale of 1-10 in the tool where colleagues can record how well they feel interactions have gone with customers. This gives us a measure of the strength of our individual relationships with customers and stakeholders that we can track and act on any issues.

Target stakeholder groups: All contacts

Webinars / Consultations

Purpose: Obtain project-based feedback on specific topics at different stages throughout the project life cycle. This enables collaboration and transparency on our work.

Target stakeholder groups: Generally open to all, targeting customer segments for specific projects.

Email communications targeted at specific stakeholders

Purpose: Provide information to stakeholders on the progress or outcomes of our projects and invite collaboration and feedback.

Target stakeholder groups: Emails are targeted at specific segments for specific projects.

We have incorporated the feedback received via the channels above into the development of our BP3 Performance Objectives.

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Draft BP3 Consultation

The Draft BP3 consultation launched on 2 December 2024 and ran for 6 weeks (until 10 January). During this period, we held a series of five webinars to provide more detail on the plan and the Performance Objectives and give stakeholders the opportunity to ask questions/provide feedback.

Details of the webinars were shared when we published BP3 for publication. They were posted on an [external article and published on our external website](#) and sent via a newsletter to our mailing list of external stakeholders. [Recordings of all five webinars can also be accessed on our website.](#)

Over 100 stakeholders attended webinar sessions across the week and 30 questions were asked. The feedback from these sessions has not led to any material changes to our final BP3 submission. However, we took note of all questions and comments and have considered them in the changes we've made in addition to the written consultation responses.

We also attended the Operational Transparency Forum and the Technology Advisory Council to provide a BP3 overview, promote the consultation and provide an opportunity for questions.

We had seven written responses to the consultation, which we have separately published on our website. We have used this feedback, along with feedback from Ofgem, the Independent Stakeholder Group and the Performance Panel to inform the final BP3 content.

Summary of Draft BP3 Consultation Responses

This section summarises the views provided in response to each question outlined in the draft plan for consultation, and how we have considered that feedback in developing our final plan.

Given the number of varied suggestions we received, particularly in response to question 3, the information below should not be treated as an exhaustive overview of the responses received or the changes that we have subsequently made. For the purpose of this document, we have not detailed every individual viewpoint or suggestion provided ([the full written responses can be found on our website](#)), particularly where feedback was more general on NESO activities rather than specific to final plan development. All submissions have been reviewed and considered in full and broader points shared with relevant teams within NESO.

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Q1: Do you agree with our proposed package of Performance Objectives? If not, what alternative Performance Objectives should we consider and why?

All respondents were broadly supportive of the proposed package of Performance Objectives, noting that they appropriately reflected our strategic priorities and new responsibilities as NESO, and focused on activities that were critical to achieving Clean Power by 2030.

One respondent suggested an additional Performance Objective, covering how we are establishing ourselves as an organisation. Some respondents asked for further detail on how the Performance Objectives will be achieved, and to better explain how they contribute to the broad outcomes identified in the draft plan. One respondent also raised a concern more generally regarding the level of detail when compared to BP2, while another suggested that BP3 should set out how it will adapt to the UK Government's Invest 2035 strategy once published.

While there was broad agreement on the Performance Objectives, most respondents also saw the need for changes to be made to the corresponding Success Measures, to better improve accountability, deliverability of the plan, and enable performance to be assessed.

NESO Response

We are pleased that stakeholders agreed with our proposed Performance Objectives and have therefore retained this package for the final plan. We are grateful for the suggested new addition but consider that this is suitably demonstrated by successful delivery across BP3.

As set out in the draft plan, BP3 is intended to be a less granular approach compared to BP2. In relation to future changes to align with government policy, our statutory duties require us to have regard to the government's strategic priorities set out in the current Strategy and Policy Statement.

We agree with the feedback received on Success Measures and have made several changes in response. Further detail on the range of suggestions provided by stakeholders is outlined in question 3.

Q2. Do you agree that BP3 represents a stretching level of ambition and will deliver benefits for consumers? Please provide supporting reasoning and identify any specific changes to this plan that you believe would better meet these objectives

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There was broad consensus across respondents that BP3 constituted an ambitious plan and that consumers should benefit once it is delivered. Some respondents noted there was potential for further ambition in BP3, providing specific suggestions for connections reform and data improvements. One stakeholder also noted that we should be more ambitious in enabling industry to deliver, citing improved TO system access as part of CP30.

With stakeholders expressing a view that the plan is ambitious, deliverability of the plan was a key theme in responses. Several reasons were provided, such as the increased complexity arising from CP30, our ability to quickly scale our capability and capacity for a range of new responsibilities, and the need for effective industry collaboration. One stakeholder recommended that BP3 contain more information on potential delivery risks, including any possible mitigations being considered.

Some respondents also emphasised the need for us to deliver high quality and robust outputs at pace for the level of ambition to be met and consumer benefits to be realised. Similar to question 1, a few respondents called for improvements to Success Measures, to better assess the extent to which they constituted stretching targets, and for BP3 to more clearly demonstrate how the plan was deliverable.

Respondents agreed with the broad approach outlined in the draft plan on benefits classification, with some suggesting further information on this framework, including how benefits will be realised, would be helpful. Respondents felt that further granularity was needed on the consolidated cost picture, to reflect NESO as a public entity, and to be able to determine if the BP3 forecast represents an efficient level of spending. We also received specific comments on some individual cost drivers.

NESO Response

We welcome stakeholders' view that BP3 represents an ambitious plan for delivery. We have reviewed the need for additional outputs to demonstrate further ambition. We have not proposed additional outputs following this specific feedback to ensure the plan remains achievable. As noted in question 3, we have however made several changes to the Success Measures.

An ambitious plan will naturally create an inherent tension with deliverability. We believe that the plan is deliverable, but have sought to reflect the risks in achieving our outcomes where appropriate. More detailed narratives on risk, contingencies and mitigating factors should come through in future subject-specific publications.

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In response to concerns regarding the level of cost information provided, we have redrafted the consolidated cost picture to provide greater transparency of our costs and provided significantly more detail in a new cost narrative annex. Throughout the plan we have also sought to provide more information on the benefits that each Performance Objective will deliver.

Q3: Have we identified the most important Major Deliverables and relevant Success Measures for each Performance Objective during BP3? Please detail any alternative options we should consider, including anything that you believe we have missed or specific changes to our existing proposals.

Respondents generally agreed that the most important Major Deliverables and Success Measures had been identified, with a few additions recommended. Most respondents noted the need to strengthen the existing set of Success Measures, offering a wide range of suggestions for how these could be made more specific and measurable. An overview for each Performance Objective is provided below.

Feedback that was relevant across the Performance Objectives included the need for Major Deliverables to be of sufficient quality and able to be endorsed by industry stakeholders. It was recommended that we ensure Success Measures consider quality and deliverability when assessing performance. We also received feedback that some KPIs in the draft plan were more appropriate as Major Deliverables, and that a clearer view for determining how stakeholder engagement had been incorporated was needed.

Strategic Whole Energy Plans

- Respondents focussed on the RESP and SSEP, including how publications should be assessed for quality, with some suggestions for how this could be achieved. The tCSNP2 Refresh was highlighted as a Major Deliverable that should be included. For RESP, responses included a request for the initial RESP outputs to be brought forward, and for further clarity on how we will measure successful engagement, in addition to establishing our capabilities. The feasibility of delivering the initial RESP outputs in 2026 was also questioned.
- For SSEP, responses included requests for timelines to be changed to better interact with wider strategic plans, with one stakeholder requesting more detail on how the scope will evolve.

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Connections Reform

- Some respondents argued that whilst they noted the extent of the task and risks around third parties, we should bring the target deadline of 100% of connection offers forward to December 2025.
- Other points raised included the future scope of reform, and a suggestion for a workstream on performance monitoring. An additional Success Measure on customer communication was also recommended, and for further detail to be provided on the contract reissuing process. Respondents also asked for further ambition and detail on the interaction with DNOs, and our approach to demand-side connections, with some specific suggestions on how this could be better represented in BP3.

Clean Power 2030 (CP30) Implementation

- There was recognition that until the 2030 Delivery Plan is published, there would be a limit to our ability to provide detailed Success Measures but that it was important to articulate what we intend to deliver to support CP30 during BP3. Suggestions included adding the development of the Delivery Plan as a new Success Measure, and for more information on our timelines for consultation and publication. The Routes-to-Market Review for Demand-Side Flexibility report was also recommended as a discrete deliverable,
- Other responses tended to focus on the scope of CP30, and on areas that they felt should be prioritised or referenced explicitly.

Operating the Electricity System

- Responses largely consisted of individual points across a range of topics. One respondent suggested a range of wider barriers that would need to be resolved to achieve delivery of the Performance Objective.
- The need for a balancing cost metric and further detail on our balancing cost strategy was raised. Further information was requested to be added to BP3 in respect of interconnectors, our approach for zero carbon operation, and the complexity arising from CP30. Additional or revised Success Measures were proposed for skip rates, market transparency and reduced market downtime resulting from the Balancing Programme.

Fit-for-Purpose Markets

- There was broad support for the range of activities committed to, with most responses focusing on specific issues that they considered could result in suboptimal

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outcomes if not addressed. For example, wider barriers to flexibility, the need for coordination on the Review of Electricity Market Arrangements (REMA) and the scope of the Gas Markets Action Plan. More detail was also requested on changes to charging mechanisms during BP3, and the Low Carbon Flex Roadmap was suggested as a missing deliverable.

Enhanced Sector Digitalisation and Data Sharing

- Responses were supportive of the Performance Objective, recognising the impact that successful delivery would provide. It was recommended that we explicitly adopt a data sharing approach underpinned by the principle of open access, and more detail was requested for how we will implement the Sector Digitalisation Plan. Some specific points were also made regarding cost fairness, redress, and governance in relation to the Data Sharing Infrastructure (DSI), and SSEP alignment in the digitalisation strategy.

Secure and Resilient Energy Systems

- One respondent questioned whether the 95% target for meeting the Electricity System Restoration Standard (ESRS) demonstrated sufficient ambition and asked for clarity on the inclusion of distribution networks in relation to energy resilience. Another respondent also noted a need for clarification on which Outlook reports we would be responsible for publishing.

Separated NESO Systems, Processes and Services

- One respondent viewed the target to exit 60% of Transitional Service Agreements (TSAs) as not stretching, given previous work undertaken to separate as the ESO, and that work should be completed as quickly as possible to remove any risk that NESO is not perceived as independent.

NESO Response

We are grateful to all respondents for taking the time to submit their detailed views on the Major Deliverables and Success Measures. We agree with the need for the Success Measures to be as measurable as possible, though we note that in some areas plans for detailed activity remain under development. Therefore, will not be available until later into the BP3 period, as we further develop our thinking, consult with stakeholders and develop methodologies and plans. We have made multiple changes to the final plan in response to feedback, including:

- Existing Success Measures revised where possible to be more specific, measurable and timebound

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- New Major Deliverables added, such as the tCSNP2 Refresh Report and our Forecasting Strategy
- Success Measures removed where they remained vague or were reflected elsewhere, such as DER visibility
- Existing BP2 metrics reintroduced to maintain transparency, for example metrics on balancing costs, forecasting and Security of Supply reporting
- Where possible further narrative added to supplement Success Measures, and explain what our work will involve for BP3
- Further changes to address factual errors, update delivery dates, or where we identified drafting could be improved.

We agree with stakeholders that KPIs are better categorised as Success Measures and have therefore removed the concept of KPIs from the final plan. To better reflect the Business Plan Guidance, Success Measures are also now a single consolidated list for each Performance Objective.

For many of the Performance Objectives, we received feedback on specific activities that was unrelated to the development of the final plan for BP3. We have ensured this feedback has been communicated to the relevant individual teams for consideration, and further action if necessary.

We note it is essential for our Major Deliverables to constitute quality, robust outputs which provide confidence for industry. We have aimed to better demonstrate this in the plan. However, we generally consider that the increased level of detail being sought is better placed in future subject-specific publications and engagement.

Q4. Are there additional measures or steps you would expect to see to demonstrate our success in engaging with stakeholders and ensuring feedback is fully considered during BP3 activities? Please provide specific examples where relevant.

Respondents were supportive of our commitment to maintain a customer-centric approach across all Performance Objectives. Respondents emphasised the benefits of effective collaboration and provided examples of where this had a positive impact during BP2.

Some respondents called for a consistent approach to engagement across BP3, recommending that BP3 sets out a framework to ensure engagement is effective and represents best practice, and for further information on our planned engagement for each Performance Objective.

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We received some specific suggestions for improvements beyond the scope of BP3, such as website and communication changes, increased consultation timelines and publishing closed code governance forum papers to increase transparency. Specifically, for BP3, some respondents asked for clarity on organisational responsibility as NESO takes on new roles, a view of what the BP3 performance tracker would include, and whether industry events could constitute a Success Measure.

NESO Response

It is clear that stakeholders value the existing engagement channels that we offer and are keen to ensure that we continue to collaborate closely with them during BP3. We have not amended BP3 in response to this feedback. Work we are undertaking in BP3 to focus on customer centricity will however consider the consistency of how we engage with stakeholders across all of our activities and stakeholders should expect to see further detail on the changes we are seeking to make in the future.

Regarding the BP3 performance tracker, we have confirmed our decision to remove KPIs from the final plan. The BP3 Performance Tracker will record our Performance Objectives and Success Measures.

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Independent Stakeholder Group engagement

In March 2024, we formally stood up our Independent Stakeholder Group (ISG). ISG is a build on the ESO RIIO-2 Stakeholder Group (ERSG) that provided ESO valuable scrutiny and feedback on the development of RIIO-2 Business Plans 1 and 2.

We recognised the value and broad range of stakeholder views the group provided and started a new group to support with the development of Business Plan 3 (BP3). The group has helped make sure our plans reflect our stakeholders’ priorities, as well as helping us drive value for consumers.

The group is comprised of a range of stakeholders from across industry to bring the voices from all aspects of the wider industry in the group. The table below demonstrates the wide-ranging industry perspectives represented in our ISG membership:

Table: ISG Stakeholder Representation

Member	Stakeholder Sector	Organisation
Andy Manning – Chair	Consumer	Citizens Advice
Stuart Cotten	Generator	Drax
Gregory Edwards	Large supplier	Centrica
Aileen Mcleod	Scottish Transmission Owner (TO)	Scottish and Southern Electricity Networks (SSEN)
Barry Hatton	Distribution Network Operator (DNO)	UK Power Networks (UKPN)
Marko Grizelj	Existing service provider	Siemens Energy
Rachel Fletcher	Supplier	Octopus Energy
Elizabeth Allkins	Supplier	Ovo Energy
Robert Lowe	Academic	University College London
Nina Skorupska	Trade body – renewables	The Association for Renewable Energy & Clean Technology (REA)
Tony Green	Gas Distribution Network (GDN)	SGN
Sam Mackilligin	Infrastructure (hydrogen, automotive)	Aecom
Mark Fitch	Offshore Transmission Owner (OFTO) / Interconnector	Transmission Investment
Ian Radley	Gas Transmission	National Gas
Rosie McGlynn	Renewables (including heat, transport and hydrogen)	Mentone Energy Limited
Janet Wood	Journalist, consumer	New Power Report
Amanda Webb	Transmission Owner	National Grid

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Janine Michael	Wider interest (consumer, energy efficiency and sustainability)	Centre for Sustainable Energy (CSE)
David Mitchell	Large energy user	Chemical Industries Association (CIA)
Goran Strbac	Academic	Imperial College London
Nick Silito	Flexibility Supplier	Innovergy

ISG was instrumental in the development of our strategic priorities in our 'Introducing NESO' Day 1 launch document. ISG were consulted throughout the document's development to help ensure that the priorities we took forward as NESO were the right ones. Those strategic priorities then informed the development of our eight BP3 Performance Objectives and related success measures, which were tested with and shaped by ISG.

ISG meetings

We've held seven meetings with ISG since 15 April 2024. These meetings have covered the following areas:

- Outlining the role of the group and our new role as NESO
- Discussion of the NESO regulatory framework direction
- Sharing and receiving feedback on draft deliverables for the introducing NESO document and BP3 Performance Objectives and success measures
- Discussion with Ofgem on Business Plan Guidance Document and performance incentive framework for NESO for BP3
- Our overall approach to drafting BP3 (higher level, less granular detail)

Over the course of these meetings, ISG provided their feedback on our proposed BP3 document structure and contents. [Minutes from these meetings are available on our website.](#)

ISG Influence

We've listened to advice and constructive feedback from ISG throughout the process of developing BP3. Detailed minutes from each meeting have captured this feedback. Below we have summarised how we've used feedback to influence the contents of BP3, improve the ways we work with the group and design agendas for ISG meetings.

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Ways of working:

- Sharing early views of our drafts so that ISG had plenty of time to input.
- Running a deep dive session with Ofgem to discuss the future regulatory framework and Ofgem’s consultation on NESO’s regulatory and incentives frameworks.
- Sharing a clear timeline for our activities so ISG were clear on where their input would be needed.

Introducing NESO document:

- Providing clarity of what we were going to deliver by focusing on key deliverables for each NESO function rather than strategic commitments. These formed the basis of our BP3 Performance Objectives.
- NESO senior managers attended ISG meeting 2 to give an overview of the regulatory commitments set out in the document.
- Provided context on the use of the term ‘whole energy’ and the context of that in respect to NESO’s new roles.

BP3 document:

- Created a clearer whole system view across the document and drew out interdependencies between the Performance Objectives to highlight the linkages between them all. We also tried to provide clarity on what we are directly responsible for delivering vs what where we need to work with other parties or advise other parties to deliver.
- Adjusted structure/ordering of the eight Performance Objectives to avoid layout being seen as an order of importance.
- Developed a high-level Executive Summary alongside the more detailed BP3 document so that the document is accessible to more audiences. Also published a glossary to help with acronyms.
- Included clarity for the audience on what energy type each Performance Objective is referring to. In early drafts it was also felt that gas didn’t feature enough, and only natural gas was referred to. This was addressed in the draft published for consultation.
- Developed a KPI for each Performance Objective, following requests at ISG meeting 5 for a measure consumers can understand to assess if we are delivering as required

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- Included information about our work in the areas of people, capabilities, and culture outside the Performance Objectives so that our success in this area can be measured more easily.
- Improved Value for Money section to outline benefits for consumers beyond just financial benefits/lower cost to consumers e.g. other societal benefits.

Specific Performance Objectives

We also received detailed feedback on specifics under each Performance Objective, which we captured, discussed with our internal subject matter experts and where possible, used to inform refining of the narrative for the draft publication. Themes of this feedback across all Performance Objectives included:

- Revise wording to better articulate our activities in some areas e.g. code reform, cyber security.
- Be more specific about what we will deliver during the BP3 time period and where we need to work with others to deliver.
- Show how different Success Measures within Performance Objectives align and how things fit together.
- Review the language used in setting our targets and make sure that it is relevant to our stakeholders/matches what stakeholders actually want or will get.
- Demonstrate how we will engage with stakeholders to make sure that our plans/roadmaps are still the right things to be focusing on.

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How has stakeholder engagement during BP2 informed our BP3 Performance Objectives?

The customer feedback from our various BP2 activities helped us understand where to focus our delivery for the next year to maximise consumer benefit. Our proposed Performance Objectives demonstrate our expanded and wide-ranging whole system remit as NESO. Many of the activities we intend to undertake for this period represent roles we have not previously been responsible for. In some areas, we are committed to undertaking work that has never been done before to advance the energy transition, both in the energy sector in Great Britain and on an international scale.

A significant number of the Success Measures that underpin our Performance Objectives are new responsibilities we are legislated to undertake as NESO. Therefore, stakeholder engagement outside of discussions with Ofgem and DESNZ has not directly fed into all of them yet. As we begin BP3, we will engage stakeholders to further develop the outputs.

Strategic Whole Energy Plans

Stakeholder views on our strategic planning activities will be fundamental in the development of a holistically designed network. This holistic approach to national planning for electricity and hydrogen supply and storage in Great Britain is a critical enabler of a decarbonised network.

Strategic Energy Planning (SEP) is a new role we have taken on since becoming NESO. The Success Measures under this Performance Objective have been partly informed by the obligations placed on us by Ofgem. Our BP3 activities in this area also build on the Holistic Network Design work undertaken by the ESO, which was informed by extensive stakeholder engagement.

The following engagement routes have informed the development of this Performance Objective and will inform our activity during BP3:

- **The SEP Industry Working Group** – established to coordinate and align engagement across Strategic Energy Plan projects. Membership of this group represents a wide cross-section of the industry, including electricity and gas networks, developers, trade associations and representative bodies and supply chain.

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- **Targeted engagement with stakeholders on the development of the Strategic Spatial Energy Plan (SSEP)** – we’ve set up a number of different stakeholder governance forums (segmented based on stakeholder interest and influence) which are used to collect feedback on the SSEP.
- **Consultation on the SSEP draft methodology** – launched in December 2024 and covering the draft methodology and high-level principles for the future SSEP, transitional Centralised Strategic Network Plan (tCSNP2) Refresh and the Centralised Strategic Network Plan (CSNP). The feedback from this consultation, along with that of our stakeholder governance forums, will be grouped into themes and used to inform the final SSEP document. [Details of the consultation can be found on our website.](#)
- **Attendance at other NESO events** – gathering informal feedback from other events including the Future Energy Scenarios Topic Table Talks event and the Operational Transparency Forum.
- **Engagement on the role of Gas Network planning** – we engaged with stakeholders during the development of the Gas Network Capability Needs Report (GNCNR) to make sure that the perspectives of broader societal participants are accurately reflected. Stakeholders underscored the necessity of a reliable gas network and the availability of gas network components, which then informed our analysis. We will continue our dialogue with stakeholders to ensure their views are incorporated in the forthcoming Gas Options Advisory Document (GOAD). Both the GNCNR and GOAD are new NESO licence obligations.

[More information on Strategic Whole Energy Plan engagement can be found on our website.](#)

Enhanced sector digitalisation and data sharing

To achieve clean power by 2030 and net zero by 2050, it is essential to adopt a comprehensive system approach that fosters innovation and collaboration across the industry. The sector is undergoing rapid transformation, with decarbonisation, affordability, and supply security at the forefront of our priorities.

Stakeholder engagement is critical in creating a digital infrastructure that works for the whole energy industry. We engage regularly with a wide range of stakeholders to understand their digital needs.

The following engagement routes have informed the development of this Performance Objective and will continue to inform our activity during BP3:

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- **Regular feedback via our Technology Advisory Council (TAC)** – made up of a diverse range of experts with experience in technology and transformation. This group advises us on our digital, data and technology related innovation and transformations and makes sure we work closely with the energy industry as we develop new systems. For more details on this group, head to our website.
- **Data Sharing Infrastructure Pilot for the Virtual Energy System (VES)** – designed to refine the activity we will deliver on VES in BP3. Extensive engagement with stakeholders including networks, wider industry and academia took place before the launch and during the pilot. This engagement included three separate advisory groups providing expertise and making sure our plans align with industry needs. This expertise allowed us to prioritise use cases and enhance the breadth of the programme, ultimately developing a Minimum Viable Product (MVP) which will launch in test mode for network partners in July 2025.
- **Stakeholder feedback from BP2 stakeholder satisfaction surveys on data quality and accessibility** – this is a regular theme of feedback from stakeholders and continues to inform our work on data. Our Data Catalogue BP3 deliverable will address the need to share our data, encouraging transparency, innovation and collaboration. During development of the catalogue, we will share it with the Digital and Data TAC subgroup for feedback.
- **Incorporating ongoing stakeholder feedback into our Digitalisation Strategy** – using customer data and interactions to inform our Digital effort and making continuous improvements through digital innovation. We gather this input through a variety of stakeholder channels including our monthly performance reporting, Operational Transparency Forum and specific events e.g. ‘Get involved with innovation’ initiative. We’ve also incorporated feedback received following the publication of our Clean Power 2030 plan and external engagement with Ofgem.

For more information on how customer and stakeholder have informed our approach to Digitalisation in BP3, please see our [Digitalisation Strategy & Action Plan](#).

Operating the Electricity System

The ability to operate the electricity system at zero-carbon in 2025 will lay the foundation for the activities needed for us to deliver a decarbonised network. As we continue our programme of work in BP3, collaboration with a range of industry stakeholders is needed to deliver this and ensure the markets can help deliver a zero-carbon network.

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In respect to how we operate the system, engagement with stakeholders is critical. We will continue to engage with our key stakeholders to help ensure the network is best adapted to deliver our BP3 commitments.

The following engagement activities have helped develop this Performance Objective and Success Measures. They will continue to inform our activity during BP3:

- **Provision of enhanced data sharing of progress around zero-carbon targets** – stakeholders have emphasised the need for improved data sharing, so in BP3 we will be sharing the monthly maximum zero-carbon generation percentage. This data will offer transparency on the zero-carbon generation supplied by the markets and the percentage achieved through our operational actions. We will also provide information on the minimum number of carbon-generating assets used in the system, which will collectively illustrate our capability to operate a zero-carbon system.
- **Coordinating with industry to develop Balancing Programme activity** – The Balancing Programme is enhancing the balancing capabilities of the Electricity National Control Centre (ENCC) to effectively manage evolving system and market conditions. This includes accommodating an increase in market participants and flexible technologies, while optimising costs. The programme actively engages stakeholders through regular events, webinars, and focus groups, using feedback to shape its roadmap and priorities. All of which have helped us to develop our ongoing Balancing Programme activity and set programme priorities for our BP3 activities; [content from our regular engagement can be viewed here](#). The Programme has introduced relationship managers for more frequent stakeholder interactions, providing updates, addressing issues, and gathering insights into pain points. These engagements have helped ensure our roadmap aligns with stakeholder expectations, whilst enabling a decarbonised energy system and delivering consumer value. In June 2024, the Programme began sessions and surveys to assess balancing and forecasting capabilities beyond 2025, aiming to align with stakeholder expectations and support a decarbonised energy system. [Further details of how we have addressed stakeholder feedback can be found in the slides from our November & June 2024 Balancing Programme events](#).
- **Shaping our roadmap via focus groups** – we have reconvened our Forecasting Stakeholder Focus Group, which will run alongside our existing Balancing Programme Stakeholder Focus Groups for Technology & Optimisation. Sessions have been interactive, gathering stakeholder feedback on delivery expectations and how they can be better met to help shape our future roadmap. These

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meetings will continue in 2025. For further details and to view previous content, [please visit the stakeholder focus group section on our website.](#)

- **Collaboration with Imperial College London to deliver new Balancing Costs initiatives** – stakeholders have highlighted the need for cost transparency and predictive insights, so we’ve developed a causal analysis with Imperial College London. This analysis quantifies the impact of market and system features, such as wholesale prices, fuel mix, interconnector flows, and outages, on balancing costs. This will inform our balancing costs strategy and provide advance indications of high-cost days.
- **Working with stakeholders to reduce Skip Rates** – We have committed to reducing skip rates in line with the dispatch strategy in BP3 with the launch of our skip rate methodology. The methodology has been developed with assistance from our stakeholders and will be updated on feedback we receive from industry. We’ve also engaged regularly throughout BP2 via the OTF, providing transparency on our actions and answering stakeholder questions. [Further details can be found on our Operational Transparency Forum webpage.](#)

Connections Reform

Reforming the Connections queue is crucial to the delivery of a decarbonised system and towards our goal of Clean Power 2030. Connections Reform is dependent on collaboration from across the industry. We will work with Ofgem, DESNZ, network owners and customers to deliver and implement a reformed connections framework that enables projects needed for 2030 and beyond to connect in a timely and coordinated manner.

During BP2, the Connections programme has delivered regular stakeholder and customer engagement through a combination of governance groups, publications, webinars, face-to-face interactions (e.g. seminars/meetings), and formal consultations. This has shaped our BP3 commitments.

The following engagement routes have informed the development of this Performance Objective and Success Measures and will continue to inform our activity during BP3:

- **Developing the First Ready, First Connected approach (known as ‘TMO4+’) through extensive stakeholder engagement** – phased engagement helped us develop a case for change, outline and consult on reform process model options and then evolve our final recommendations on this approach. Following the announcement of the government’s Clean Power 2030 ambition, we further adapted our TMO4+ proposals to provide strategic alignment to our reformed connections process proposals. In November 2024, we launched the consultation on Connections Reform

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Gate 2 Criteria Methodology so stakeholders could help shape a final process which meets the needs of industry and supports Great Britain’s strategic goals. A summary of the responses to this consultation are [available in our report on Connections Methodologies Consultation Responses](#). An extensive list of the [non-confidential responses can be found on our website](#). We used these responses to inform the package of connections reform we submitted to Ofgem.

- **Extensive engagement through a series of Connections events** – we hosted a variety of events, webinars, and seminars where Connections customers and stakeholders shared their views. These include our Connections Forums and Customer Connections and Compliance in-person seminars. The feedback we received from these engagements highlighted the need to improve processes and data accuracy, which we will address via Connections 360 in the BP3 period.

[Further details on the stakeholder events we run in Connections can be found on our website.](#)

- **Enhanced Connections customer service capability** – during BP2, we actively engaged with customers through our Connections Portal, prioritising their needs and concerns. This engagement led to the introduction of additional Service Level Agreements (SLAs) and the establishment of a dedicated Connections triage team, enhancing our ability to review and resolve customer issues efficiently. To further support Connections customers, we have significantly increased our UK and offshore staff numbers. In addition, we have expanded our team in the Glasgow office to better assist customers in Scotland.

The insights from these interactions have informed, where we can go further in BP3 with digital-first approach to enhance the quality and customer service of the connections process. This will help us make the process more streamlined for Connections customers and make it more efficient and user-friendly.

Fit-for-Purpose Markets

Market reforms will be developed in collaboration with a range of stakeholders. We aim to create energy markets that respond to evolving needs and align with government policies for a low-carbon future and deliver value for consumers.

Stakeholder engagement is critical to refine market activities, and enhance industry codes, regulation and market frameworks so that industry coordination can be improved. Improved coordination will also result from setting a strategic direction and priorities for the gas market and the whole energy market strategy.

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The following examples of stakeholder engagement have informed the development of this Performance Objective and will inform our activity during BP3:

- **Shaping our recommendations for the Review of Electricity Market Arrangements (REMA)** – stakeholder feedback has been critical to informing our work on REMA and fostering a culture of trust, enhancing the legitimacy of our decision-making process. In BP2 we’ve held bilateral meetings, industry forums, engaged with a DESNZ panel of experts and used formal consultations to gather this feedback. From this, we’ve developed a dispatch modelling recommendation, reflecting a range of stakeholder views, for example the role of liquidity in improving BM outcomes and concerns on how cross-border trading could work seamlessly with central dispatch.
- **Engaging internationally to plan implementation of market reforms** – we’ve gathered insights and best practice on similar market reform programmes from transmission system operators, academics, consultants, regulators and market participants. This has informed our BP3 plans.
- **Informing our activity by gathering regular feedback via our Markets Forums and Markets Advisory Council (MAC)** – we hold four Markets Forum events a year and meet regularly with the MAC (a group of industry experts) to share and seek feedback on our plans and priorities. This has informed the work we are continuing in BP3. Details of the Market Forums [can be found on our website](#).
- **Informing our early competition activity through engagement with transmission owners (TOs)** – we’ve held webinars and bi-laterals with stakeholders. These have helped our stakeholders to better understand the early competition model and how this will fit in with wider changes to network planning processes. These interactions have also helped us to better understand potential issues in the supply chain and finalise details of the commercial model. [Further details can be found in our Early Competition – implementation document](#).
- **Setting up a Gas Market Strategy Team for more effective gas market stakeholder engagement** – this is a new responsibility for us and the team’s objective is to develop and coordinate gas market engagement and drive action on gas market strategy towards net zero. The team will work with gas stakeholders to develop the Gas Markets Plan and will take on the responsibility for the Future of Gas Forum and Steering Group, inviting input from gas market participants across the energy industry such as gas network operators, shippers and storage owners.

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Secure and Resilient Energy Systems

Delivering the secure and resilient energy system needed by Great Britain is dependent on effective coordination with a breadth of stakeholders. We are using our modelling expertise to derive key insights that inform our advice to the government and Ofgem on security of supply. These interactions are critical to ensure the measures we recommend, and contingencies we take, will work for the public as well as the wider industry.

As we head into BP3, our activities relating to Secure and Resilient Energy Systems underpin us meeting the new Electricity System Restoration Standard (ESRS). To achieve ESRS, NESO requires sufficient capability and arrangements in place to restore 100% of Great Britain's electricity demand within five days. The capability to meet that target requires a coordinated approach with industry customers.

The following engagement routes have informed the development of this Performance Objective and will inform our activity during BP3:

- **Co-creating Electricity System Restoration Standard (ESRS) requirements with industry subgroups** – feedback from eight industry-wide subgroups, the Electricity Task Group (ETG), ESRS Steering Committee, Assurance Subgroup, and NESO/TO/DNO Workshop has informed proposals to Ofgem on code modifications and shaped the implementation approach for ESRS. The outcome of the engagement was consulted upon by industry as part of the Code Modification process. The codes are now approved. For more information about those working groups, and their role, please head to our website; [Electricity System Restoration Standard](#).
- **Preparation for the first Energy Resilience Assessment** – stakeholders have helped us begin to work out how we can approach this assessment. We have gathered their input via a bi-monthly roundtable with key resilience stakeholders from across the electricity and gas sectors. In addition, we've conducted a survey to assess the likelihood and impacts of risks to resilience and look at the effectiveness of potential mitigations. The Energy Emergencies Executive Cyber Committee and Security Task Group have also given their views, and we've held a number of workshops. The stakeholder views in this area have helped us formulate our BP3 plans and will inform the development of the first energy resilience assessment.
- **Considering stakeholder needs in the development of the Summer and Winter Outlook Reports** – to ensure the reports we will deliver in BP3 provide industry

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customers with valuable insights to support decision-making and ensure the efficient, reliable operation of the energy system. We coordinate closely with key stakeholders (including National Gas, DESNZ and Ofgem) and seek to engage industry through a variety of channels, including launch events, the Operational Transparency Forum (OTF) and through the consultation contained in the Winter Review publication. This engagement helps us gather feedback to inform subsequent reports. From this year's Winter Outlook, we have received feedback suggesting improvements to aspects of the operational surplus modelling and its representation in the report, and queries which have highlighted potential improvements to the data workbook. Improvements relating to these requests will be included in the upcoming Winter Review and Consultation document and Winter Outlook Report respectively.

- **Supporting coordinated industry action via the Winter and Summer Readiness Reports** – by working with industry to assess readiness and preparedness, we make sure our reports are accurate and share the necessary level of detail. We engage with Focus Groups with SMEs and Workshops with wider stakeholder participants to ensure we are asking relevant and accurate questions for the applicable season. Stakeholders then complete a qualitative survey on the readiness of their assets, systems, and processes for the upcoming season. This new NESO obligation, previously managed by DESNZ and Ofgem, is now managed by the Whole Energy Industry Readiness team who analyse the data and compile it into the Summer or Winter Readiness & Preparedness Report for submission to DESNZ and Ofgem. We will continue to use the feedback we gather to inform our future reports and our ways of engaging with stakeholders.
- **Informing our new role of developing the Gas Supply Security Assessment** – We are ensuring the Assessment's new methodology and advice is being informed through comprehensive testing with industry stakeholders including NGT, academics and named licencees, DESNZ and Ofgem. Working towards incorporating any BP3 outcomes, and alignment with NESO's other gas reporting to provide a clear signal of any future challenges to balancing gas supply and demand, and appropriate advice on any mitigations and remediations.
- **Understanding the needs of stakeholders to develop the Electricity Capacity Report (ECR)** – engaging during the annual cycle of report development and publication helps us to discuss our modelling assumptions, gather feedback and reflect feedback in the contents of the report (where possible). Our main stakeholders for the ECR are DESNZ, the DESNZ Panel of Technical Experts (PTE) and Ofgem, but we also engage with wider stakeholders including Capacity Market

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participants, industry and academic consultants when, for example, we propose a new or revised methodology calculating de-rating factors. Our BP2 engagement has included consultations, webinars, an annual briefing note and regular discussions with key stakeholders. In addition, many of our key modelling assumptions come from NESO’s Future Energy Scenarios (FES) which undergoes its own extensive stakeholder engagement. Details of which can be seen in the ESO’s [Future Energy Scenarios: ESO Pathways to Net Zero 2024 Stakeholder Feedback Document](#).

Clean Power 2030 Implementation

Our Clean Power 2030 activities are a new role we are undertaking following the Clean Power 2030 commission from the government. We delivered our [Clean Power 2030 advice to government in November 2024](#).

Implementation of the Government’s Clean Power 2030 action plan will require coordinated action across the energy industry. Our commitments in the context of developing a Clean Power 2030 delivery plan in BP3 have been underpinned by a significant amount of stakeholder engagement.

The following engagement routes have informed the development of this Performance Objective and will inform our activity during BP3:

- **Building upon extensive Future Energy Scenarios (FES) engagement** – as we developed the Clean Power report, we built on the extensive FES engagement. We established several routes to further engage with industry and beyond on these new pathways which target clean power by 2030. [More information on how FES stakeholder engagement informed our proposals is accessible on our website](#).
- **Collaboration with industry and societal stakeholder forums to gather perspectives on energy infrastructure** – we established several societal forums including the Network and Technology and Societal Delivery forums representing a broad range of stakeholder views. The Network and Technology forum gave us perspectives on the infrastructure needed for a Clean Power System, generation sources, demand and demand-side flexibility, energy networks, storage, energy markets, and operability. And, through the Societal Delivery Forum, we gathered strategic level expertise on the challenges and opportunities of delivering major energy infrastructure across consumer, planning, policy and environment. These forums have now closed, and we are engaging with stakeholders bilaterally where needed. [Details of the feedback from these stakeholder forums can be found on our website](#).

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- Open engagement with industry** – to ensure transparency and stakeholder input, we opened a feedback window for insights from trade bodies and organisations. We engaged 318 stakeholders, 124 organisations and 65% of energy industry. This engagement included 247 methods of feedback collection, 12 engagement events, 114 bilateral meetings, 91 formal feedback submissions and 25 literary reports. We engaged with market participants on key analysis areas such as Demand, Supply, Flexibility, Networks, and Operability. In response to feedback gathered, we held roundtables on Thermal Generation, Demand Side Flexibility, and Batteries, and hosted an open webinar to share progress and gather additional feedback. Details of these stakeholder interactions and the themes that emerged, and informed our BP3 work can be found on our website.

For more information on how the advice we have taken was developed, see section 1.5 stakeholder engagement in our [Clean Power 2030 Advice on achieving clean power for Great Britain by 2030](#) publication.

Separated NESO Systems, Processes and Services

While this is an internally focused Performance Objective, our separation activity in BP3 will be for the benefit of our stakeholders and reflects what we know stakeholders want from us as an independent organisation.

We have assumed new roles and activities related to the decarbonisation of the energy network, which rely on coordination with our industry stakeholders. These stakeholders are interested in our development as an independent organisation whose primary aim is to provide value to consumers through transparent and autonomous operations. Achieving recognition as a truly independent entity, separate from the National Grid group, is essential for gaining confidence as we lead efforts towards a decarbonised network.

With the tight deadlines related to Clean Power 2030, it is crucial that our systems are efficient while we transform our capabilities to operate quickly and enhance user and customer experience. Implementing our own systems will enable us to deliver fit-for-purpose, data-driven capabilities, processes, and systems, helping us meet stakeholder demands.

This enhanced capability as an independent organisation will accelerate progress in various areas and allow us to respond promptly to the needs of NESO and external customers. This Performance Objective, along with its Success Measures, will enable us in delivering our other commitments.

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Continued engagement in BP3

We are making ongoing efforts to improve and refresh how we interact with stakeholders, particularly with our new responsibilities as NESO. To ensure we are continually listening to and engaging with stakeholders to shape our future initiatives and improve our service, we have appointed a Customer Director to our Executive team. We are carrying out a review of our tactical and strategic activities, to ensure we have a consistent approach to engagement with our existing and expanded stakeholder base. In BP3 we will focus on:

- Establishing mechanisms to gather and share insights into stakeholder needs and priorities
- Redesigning our communications and engagement strategy so that stakeholders have access to the right level of information and opportunities to work with us, share their ideas and provide feedback.
- Using stakeholder feedback to enhance our service channels and processes, making it easier for stakeholders to work with us.

We will continue to engage on all our BP3 activities through targeted engagement via our various channels.

If you have any questions or feedback on our BP3 stakeholder engagement email box.neso.rrio2@nationalenergyso.com