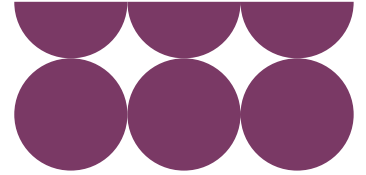


NESO RIIO-2 Business Plan 2 (2023-25)

End-Scheme Incentives Report

Performance Summary

May 2025



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Executive Summary

We have now concluded the second RIIO-2 business plan (BP2) period and as National Energy System Operator (NESO) we are continuing to lead the transformation of the energy system to deliver clean, affordable, resilient power.



As NESO we have stepped up and taken on new critical roles and responsibilities with a whole system view

Building on the strong foundations of the Electricity System Operator (ESO), NESO was established in October 2024. We are proud to have successfully delivered this transformation, positioning NESO to play a pivotal role in shaping GB's energy future, ensuring a secure, sustainable, and resilient system that meets our long-term needs and supports our journey to net zero.

Through close collaboration with key stakeholders and careful management of costs and timelines, the Future System Operator (FSO) programme established NESO as an independent, whole-system organisation. In partnership with Ofgem, DESNZ, and National Grid, the programme delivered key outcomes, including the establishment of new governance and organisational structures, the implementation of new whole system industry roles, and the efficient transfer of people and processes from National Grid Group to NESO. The programme also ensured that NESO was well-equipped with the necessary tools, services, and transitional arrangements to operate independently and effectively from day one.

Our new roles have been designed to enhance the organisation's whole system capabilities. One of our first actions as NESO, as part of our new Advisory role, was to deliver advice to the government on achieving a clean power system by 2030. In November 2024, we released [comprehensive and independent analysis](#) on how the UK government could achieve this goal. The government accepted our advice, which formed the basis for their Clean Power 2030 Action Plan published in December 2024. We have also made good progress in setting up and delivering our other new roles, including Strategic Planning, Market Development, and Resilience and Security, ensuring accountability, ownership, and readiness across all key areas. In particular:

- We received the Commission from DESNZ to develop the Strategic Spatial Energy Plan (SSEP). Our approach is to ensure that all stakeholders can input and shape the methodologies and in December 2024 we published the SSEP methodology for consultation.
- We have published the first ever NESO-led [Gas Network Capability Needs Report](#) and established the Gas Advisory Council, demonstrating our growing gas capability.

- We are working on establishing the capability to bring together regional, cross vector energy needs and create regional plans. This year has focused on defining the scope and roles of NESO and the network companies. Following a public consultation in July 2024, Ofgem published their final decision on the details of the Regional Energy Strategic Planner (RESP) in April 2025.



We have led the way in operating a system cost-effectively through a challenging environment, and we remain on track for zero-carbon operation

We have continued to operate a safe and reliable electricity system, while supporting the integration of renewable and flexible resources into the energy mix. Our operational capabilities have demonstrated resilience against an increasingly complex and challenging operating environment. As the complexity of the system has increased in BP2, we have continued to focus on driving efficiency and transparency in our decisions and delivering value for our customers.

We remain committed to doing everything we can to manage the costs of operating the system for the benefit of consumers. Balancing costs for BP2 amounted to £5.1bn, in contrast to £6.9bn during BP1. Our Balancing Costs Strategy delivered at least £1.3bn of savings during BP2 through initiatives including the Frequency Risk and Control Report (FRCR), Balancing Reserve and Network Procurement Services.

GB maintains its position as one of the world's fastest decarbonising electricity systems, and we remain on track to meet our RII0-2 ambition of operating a zero-carbon electricity system for periods in 2025. On 30 March 2025, a new zero-carbon operation record of 93.5% was achieved, surpassing the previous record of 92.2% set in April 2024.

¹Collaboration with other international system operators has allowed us to exchange experiences and discuss challenges related to this goal.

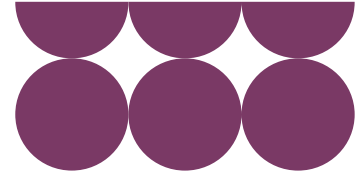


We have seen strong delivery against our business plan

Over the past year and throughout BP2, we have seen strong delivery performance against our ambitious plan while fulfilling our new roles as NESO.

In Role 1 (Control centre operations), following the implementation of the Open Balancing Platform (OBP) in December 2023, we have further enhanced our balancing capabilities and situational awareness through our Digital Data & Technology (DD&T) delivery plan. This has enabled the continued integration of new flexible balancing service providers into our markets. We have seen a five-fold increase in battery dispatch volumes of

¹ This record is based on the agreed methodology for RRE 1F for NESO's BP2 incentives reporting. This metric does not account for the revised definition of our Zero Carbon Ambition as set out in the Operability Strategy Report 2025 - doing so would increase this record to 95.5% (achieved on 15 April 2024).



c26GWhr/month (October–December 2023) to a peak of over 130GWhr/month in (January–March 2025).

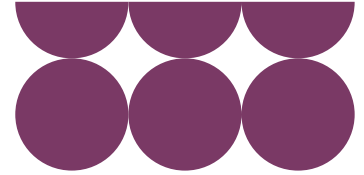
Working closely with our European partners, we supported the integration and commissioning of a new interconnector to Ireland and our pioneering Demand Flexibility Service (DFS) is now an in-merit based margin tool. We also remain on track to comply with the Electricity System Restoration Standard (ESRS) by the end of 2026.

In Role 2 (Market development and transactions), we have continued to reform our ancillary service and balancing markets to deliver a clean, secure and operable future electricity system. Our continued commitment to drive competition and deliver the best value for consumers is evident in the high proportion of competitive procurement we have seen across our suite of Response and Reserve markets. Further developments were made to our Dynamic Response products such as an improved State of Energy management regime and we delivered our new Quick Reserve product in December 2024. Through the Constraints Collaboration Project, we have worked with our customers to identify market-based constraint management measures to reduce constraint costs. Progress in some areas, however, such as reactive power market development, has been slower than we would like and we are prioritising this work over the next year.

Outside of NESO markets, we have continued to support the government's Review of Electricity Market Arrangements (REMA), leading the dispatch and balancing workstreams, and contributing analysis and insight to enable government to complete the REMA policy development phase by mid-2025.

In Role 3 (System insight, planning and network development), we have continued to respond to the growth in connection applications with a range of shorter-term tactical actions whilst progressing with our more fundamental, Connections Reform work. Connections Reform has been a key focus for us in BP2 and we've worked collaboratively with Ofgem, the government and across industry to develop a fit for purpose connections process. In December 2024, we submitted to Ofgem a package of ambitious and wide-ranging proposed changes to relevant industry codes and the introduction of three new 'connections methodologies' that, together with changes to relevant network company licences, will set the regulatory and commercial framework for the reformed connections process. In April 2025, following industry consultation, Ofgem approved our proposals. This is an important step in GB's energy transition, as it will allow the projects needed to meet the net zero agenda to be connected in a timely manner and will ensure efficient outcomes for consumers.

We have also continued to evolve the electricity network plans, with the publication of the Celtic Sea designs and the design for the Innovation and Targeted Oil and Gas (INTOG) projects. Alongside strong delivery of our business plan, we have achieved key milestones across our new roles as NESO, including SSEP and RESP. The first SSEP will be a GB-wide plan mapping potential locations, quantities and types of electricity and hydrogen generation and storage infrastructure. A dedicated SSEP team has been set up and we delivered our first milestone in December 2024, publishing our draft methodology for consultation to allow stakeholders to input and shape our approach.



Since we have taken on the role of RESP, we have set up a dedicated team across GB that has built relationships with local planning authorities and industrial communities. We have completed the high-level design of the RESP function within NESO, defined governance, and agreed responsibility boundaries with the network companies on future collaboration.



Digital, Data and Technology continues to be a critical enabler for all that we do

In the final year of BP2, we accelerated the use of key platforms enabling better customer response and market adaptation. Additionally, as NESO, we strengthened our digital, data, and security capabilities to ensure secure operations and drive digital transformation. For example:

- Improved system security and situational awareness within the control centre, equipping operators with the necessary capabilities to manage the electricity network as we transition to zero-carbon grid operations.
- Delivery of an enhanced Capacity Market Portal to replace the legacy portal, enabling streamlined processes and an improved customer experience.
- Delivery of Connections 360 to provide data transparency and customer self-serve, enabling the improved quality of connection applications
- Introduction of new forecasting tools to enhance accuracy, frequency, granularity, and transparency for market participants.

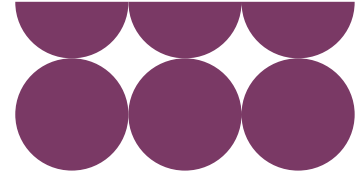
In December 2024, we also published our latest [Digitalisation Strategy and Action Plan \(DSAP\)](#). The plan sets out how we will create a more interconnected and efficient energy network by leveraging emerging technologies, maximising data value through initiatives such as data sharing infrastructure and fostering both collaboration and innovation. These ambitions will support the delivery of our whole system approach for energy in the UK.



We have prioritised areas of focus for our customers to build trust

We continue to prioritise building trust with our wider diversity of customers and stakeholders following our transition to NESO. Our newly established customer function is in place and is leading our plans to evolve and enhance customer listening and improvement activities across the organisation.

We are pleased with the progress made in addressing common customer feedback. We have created dedicated customer delivery roles to improve support and responsiveness and we have enhanced our systems for better issue tracking, particularly within our connections teams. Additionally, we have strengthened our resources and skill sets to provide more proactive customer engagement across business activity and project



lifecycle. We have received positive feedback from many customers recognising these improvements, though we acknowledge there is more work to be done.

There are particular areas of focus for our customers that we have prioritised over the past year including:

- **Connections:** We recognised the challenges facing our connections customers and the need to update the connections application process. Connections Reform will address these challenges and put our customers at the heart of this change.
- **Skip rates:** We have shown our dedication to transparency and collaboration in addressing skip rates by implementing measures that enhance our capability to track, measure, report on, and reduce them effectively in consultation with industry. We know we still have more to do in this area. In BP3 we have therefore committed to fulfilling all the objectives within our programme and roadmap to reduce skip rates further, while continuing to work closely and engage with our industry partners.
- **Operational metering standards:** Our independent review into operational metering standards has progressed this year, but has faced delays. Once complete, it will drive actions to address a key blocker for small-scale flexible asset participation in the balancing mechanism.
- **Unlocking flexibility:** We recognised the urgent need to do more to unlock flexibility in the GB electricity system and in December 2024 we published the [Enabling Demand Side Flexibility in NESO Markets report](#). This document examined the mid-term market reforms that can be undertaken to enhance explicit market signals. Our customers' input to this resulted in a robust set of actions which we look forward to developing further. Additionally, we have made significant progress on our [Demand Side Flexibility Routes to Market Review](#), which aims to identify, prioritise, and outline our approach to eliminating barriers for flexibility.



We have delivered value for money for consumers and remain on track to achieve our committed RIIO-2 benefits

Value for money is crucial, as it ensures that resources are used efficiently and effectively to achieve the best possible outcomes for consumers. As a standalone organisation we are now even better placed to identify and control more of the drivers of value. We will continue to refine and improve our approach to delivering value for money to ensure that we continue to provide consumer value through future business plans.

Total spend for the BP2 period was £636.0m, £14.9m lower than the £650.9m presented in our BP2 plan. In terms of benefits, the activities in our original RIIO-2 Business Plan were forecasted to deliver gross benefits of around £3.4 billion for consumers over the five-year RIIO-2 period and we are still on track to deliver this. More detail on our spend and benefits can be found across our report documents.



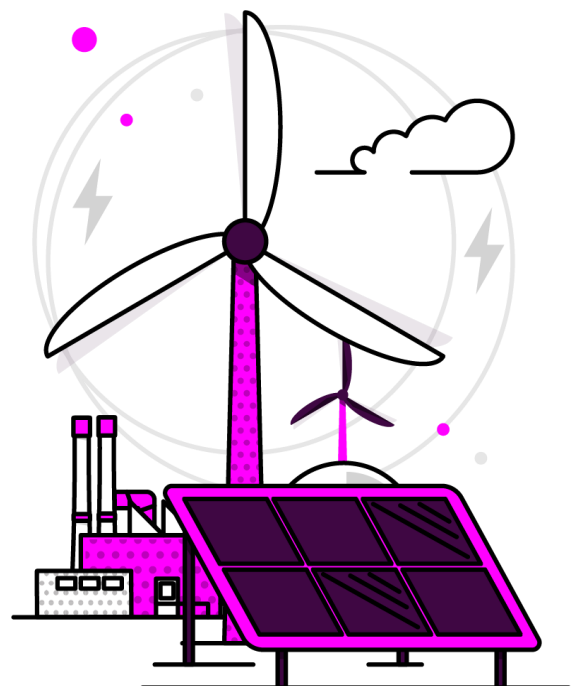
Looking forward to BP3 and beyond

We are really proud of everything we have achieved over the last two years. We recognise there is still room for improvement in some areas and a lot more to do. In February 2025, we published our first business plan as NESO and the final plan for the RIIO-2 period (BP3), highlighting critical activities for the evolving energy system which we are committed to delivering by the end of March 2026. Our plan features eight Performance Objectives aimed at delivering consumer value, achieving clean power by 2030 and net zero emissions by 2050 whilst ensuring a resilient and secure system. These objectives will guide our expanded roles and responsibilities.

This report marks the end of the current BP2 period and we are now looking ahead to the regulatory framework that follows the RIIO-2 period starting 1 April 2026. We are working closely with Ofgem to develop a regime that builds on the changes implemented for BP3 to reflect our status as an independent, public corporation.






The energy sector is undergoing a fundamental transformation, with the pace of change only continuing to accelerate. We recognise the monumental amount of future work needed in areas including the connections queue, reforming energy markets, and embracing a digital future. We do not underestimate the challenges that lie ahead through BP3 and beyond. We will draw valuable lessons from our journey through the RIIO-2 period thus far in seeking to accelerate the energy transition and meet the net zero targets.

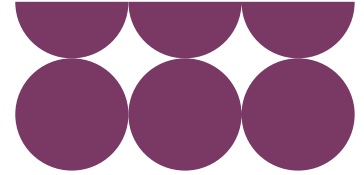
We look forward to continuing to collaborate with our customers, and in the best interests of consumers, as we create an integrated future-proof system that works for people, communities, businesses, and industry, where everyone has access to clean, reliable, and affordable energy.



NESO BP2 performance on a page

Below we have provided a summary of our BP2 performance against each of the RIIO-2 evaluation criteria that are considered by Ofgem and the Performance Panel in assessing our performance. NESO's incentives scheme is evaluative so all evidence presented in our reports will be considered in their assessment.

 <p>Plan delivery</p>	<p>Our two-year BP2 plan included 501 milestones. Of those, 57 milestones could not be completed for valid reasons as follows:</p> <ul style="list-style-type: none"> - Delayed to deliver an improved outcome for consumers (7) - Delayed for reasons outside of NESO control (43) - Milestone is no longer valid (7) <p>Of the remaining 444 milestones, 94% (416) were completed and 6% (28) were delayed for NESO-related reasons.</p>														
 <p>Metric performance</p>	<table border="1"> <thead> <tr> <th>No. of metrics by status</th> <th>2024-25</th> <th>BP2 Overall</th> </tr> </thead> <tbody> <tr> <td>● Exceeding expectations</td> <td>4</td> <td>3</td> </tr> <tr> <td>● Meeting expectations</td> <td>2</td> <td>2</td> </tr> <tr> <td>● Below expectations</td> <td>2</td> <td>3</td> </tr> </tbody> </table>	No. of metrics by status	2024-25	BP2 Overall	● Exceeding expectations	4	3	● Meeting expectations	2	2	● Below expectations	2	3		
No. of metrics by status	2024-25	BP2 Overall													
● Exceeding expectations	4	3													
● Meeting expectations	2	2													
● Below expectations	2	3													
 <p>Stakeholder evidence</p>	<p>Stakeholder survey (March 2025):</p> <p>19% exceeding expectations</p> <p>61% meeting expectations</p> <p>21% below expectations</p> <p>(percentages may not add to 100% due to rounding)</p>														
 <p>Quality of outputs</p>	<p>The activities in our original RIIO-2 Business Plan were forecasted to deliver gross benefits of around £3.4 billion for consumers over the five-year RIIO-2 period and we are still on track to deliver this.</p> <p>Our Regularly Reported Evidence (RREs) presented in the annexes evidences the quality of our outputs. We have also provided activity-level narratives detailing how our approach maximises outcomes.</p>														
 <p>Value for money</p>	<p>Our total expenditure across all three roles in BP2 was £636.0m, which is 2.3% lower than the benchmark of £650.9m.</p> <p>Lower spend across our capex investments was the key overall driver of the variance over the period. Opex costs were broadly in line with our plan across all roles. See "Delivering Value for Money" section later in this document for more information.</p>														



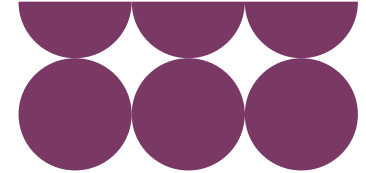
Our RIIO-2 ambitions

At the start of RIIO-2 we set out our ambition as a legally separate company, trusted by our partners and stakeholders. Our ambition was to:

- Deliver reliable and secure system operation
- Transform participation in smart and sustainable markets
- Unlock consumer value through competition in networks
- Drive towards a sustainable whole energy future

For BP2, we refreshed and expanded our ambitions to align with our updated mission at the time. See below a high-level update on our progress against these ambitions which remain on track. Please read through our report documents for details on the activities supporting these ambitions.

Ambition	Relevant areas of delivery and performance
Ensuring the electricity system can operate carbon-free by 2025	We achieved critical milestones over the last year and remain on track to meet our ambition of zero-carbon operations by the end of 2025. We launched further frequency products whilst reducing the minimum inertia requirement from 140GVAs to 120GVAs. In March 2025 a new zero-carbon operation record of 93.5% was achieved.
Encouraging competition for the benefit of consumers	Our commitment to drive competition is evident in the high proportion of competitive procurement across our markets, however we acknowledge there is still more to do in addressing skip rates and unlocking flexibility. Our ongoing work in Network Services Procurement and Early Competition are also driving competition across networks.
Being the net zero employer of choice	As NESO we have significantly enhanced our workforce and capabilities. We continue to focus on talent development, diversity and empowerment to ensure we have the right skills and expertise to deliver. Over the last 2 years we have seen our total headcount increase from ~1.1k to ~2.4k.
Engaging as a trusted partner	We continue to strengthen partnerships with customers and stakeholders to address the industry's most complex challenges. Highlights include our ongoing role in the REMA programme supporting DESNZ and Ofgem, and the forming of new partnerships across our new roles in gas, RESP and SSEP.
Being innovative, digital and data-driven	We have adopted a digital-first approach which has been achieved through deploying digital technologies, data-centric enablement, and long-term transformative innovation. Our new Digitalisation Strategy and Action Plan outlined our strategic ambitions and action plans.

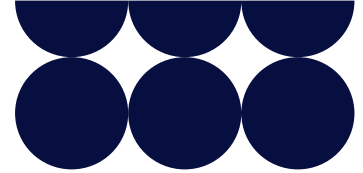


Navigating our report

Alongside this document, we have also published a set of evidence chapter annexes which include the detailed evidence required as set out in the [BP2 NESO Performance Arrangements Governance Document \(PAGD\)](#). In the table below is an overview of what is contained within each annex and links to the documents themselves. In line with our BP2 business plan and Ofgem’s guidance documents, our evidence is split by each RIIO-2 role with additional evidence related to activities that we have taken on since becoming NESO.

In October 2024, the Electricity System Operator (ESO) transitioned into the National Energy System Operator (NESO). NESO builds on the work of the ESO, taking a broader whole system view on how GB can deliver on its net zero ambitions while maintaining a reliable and affordable energy supply. This incentives report builds on the ESO mid-scheme report (published in May 2024) and covers activity delivered across the BP2 period, both as the ESO (prior to October 2024) and as NESO. This report, as well as each of our monthly reports can be found in the documents section of our [incentives webpage](#).

Annex (with links)	Contents
Annex A: Role 1 – Control centre operations	Detailed role-specific evidence including: <ul style="list-style-type: none">• Activity-specific updates (inc. plan delivery, quality of outputs and stakeholder evidence)• Delivery schedule status• Stakeholder survey results• Metrics performance• Quality of Outputs (role-specific) including:<ul style="list-style-type: none">• Regularly Reported Evidence (RREs)• RIIO-2 CBAs• Benefits case studies
Annex B: Role 2 – Market development and transactions	
Annex C: Role 3 – System insight, planning and network development	
Annex D: NESO implementation and new roles	Detailed evidence for implementation and progress against our new NESO roles including: <ul style="list-style-type: none">• Activity-specific updates (inc. plan delivery, quality of outputs and stakeholder evidence)• Stakeholder survey results
Annex E: Value for Money and Cost Monitoring Framework (CMF)	BP2 cost outturns, associated value for money evidence and CMF reporting summary.
Annex F: Quality of Outputs (non-Role specific)	Evidence against the non-Role specific Quality of Outputs as set out in Ofgem’s Roles Guidance document for BP2.



Role 1 – Control centre operations

Role 1 covers our core function of balancing the National Electricity Transmission System (NETS) in an efficient, economic and coordinated way. We keep the lights on and get electricity to people whenever and wherever they need it. Our activities under this Role include contracting and trading with energy market participants and working with network owners to optimise the physical network in the short term. Other key functions under this Role include forecasting and system restoration, as well as managing and sharing system data and information. See below an overview of progress against key activities that fall under Role 1 over the final year of the Business Plan 2 (BP2) period.

Operating the System

During BP2, we have maintained a strong system security record, whilst managing the system through some challenging operating conditions, including tight margins, higher levels of storm activity and a significantly constrained network which is undergoing transformation. At the same time, we have seen record levels of renewable technology connect and records for wind, solar and CO2 intensity fall. We have driven continuous improvement in our processes and systems in and around real-time operations for enhanced situational awareness and provided the environment to enable effective and efficient decision making. 30 years ago, we would have taken c100 actions in the market to balance the system. We are taking up to 12,000 actions a day (December 2024), with a record 170 in one minute in February 2025. All of this has been facilitated by the transformation of our tools and policies.

Sector leading upgrades to our network monitoring systems in December 2024 have provided real time operational monitoring of Sub-Synchronous Oscillations (SSO) events and high-resolution data to transform our event investigations. Delivery of additional tools, including voltage stability and enhanced frequency monitoring, has improved situational awareness for our operational teams and allows for enhanced constraint optimisation to drive down the cost of operating the system.

Our operational policies and processes have been optimised to reflect the changing energy mix and to manage an increasingly complex network. We have introduced new people and capabilities into operational teams to improve our dispatch and constraint optimisation processes.

Our customers are key to enabling secure and economic operation of the system. We have leveraged our operational relationships to deliver the right outcomes for the whole electricity system. This includes coordination with European TSOs during tight margin and highly constrained situations, technical collaboration with network





operators during events, such as SSO, and supporting the transition of new technologies into real-time operation. We continue to promote an open and transparent culture within the industry with a range of engagement throughout the year and the ongoing success of our [Operational Transparency Forum \(OTF\)](#).

Integration of new Balancing Service Providers

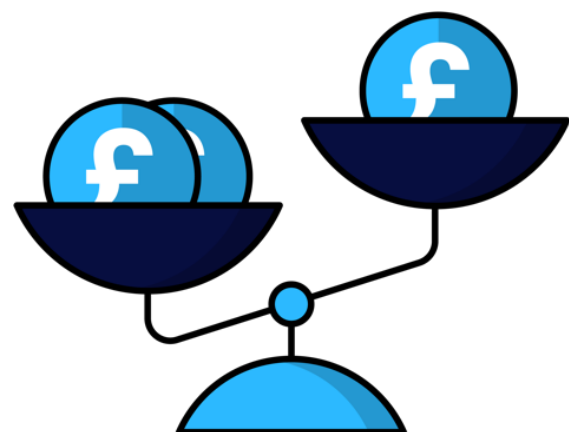
We continue to support new and flexible balancing service providers into our markets. Working with European partners, we integrated new interconnectors to both Denmark and Ireland and supported their transition to commercial operation in December 2023 and January 2025, respectively. To address a key blocker for small-scale flexible asset participation in the balancing mechanism, such as domestic EV chargers and heat pumps, we have initiated a detailed, independent review into operational metering standards. We are proud to have transitioned our pioneering Demand Flexibility Service (DFS) into an in-merit based margin tool.

Balancing Costs

Through the continued delivery of our balancing cost strategy, we have realised significant cost savings in BP2 and made great improvements to the transparency of our decisions. Balancing costs for BP2 amounted to £5.1bn, in contrast to £6.9bn during BP1. We have calculated at least £1.3bn in savings over BP2 from just four specific initiatives in our Balancing Costs Strategy (FRCR, Trading activities, DFS, and Network Procurement Services)

Driving cost efficiency as we operate the system is a core principle of everything we do and is reflected in initiatives such as reduced inertia requirements through the Frequency Risk and Control Report (FRCR) annual review cycle, introduction of our new Balancing Reserve product, ongoing Network Procurement Services (NPS), improvements to our core systems and working in partnership with Distribution Network Operators (DNOs) to expand the MW dispatch service, and enabling the management of constraints utilising Distributed Energy Resources (DER).

Alongside this, through the balancing cost strategy, we have delivered specific initiatives to drive cost efficiency and transparency in what makes up the cost of balancing the system. In May 2024, we delivered our first annual Balancing Cost Report and we regularly report on balancing costs through the Operational Transparency Forum (OTF). We have developed detailed Costs Savings Analysis for initiatives to track when and why they are beneficial during different periods.





Skip Rates

With the rapid acceleration of renewable energy sources, the volume and complexity of balancing actions taken by our control teams has increased significantly. We have demonstrated our commitment to supporting the integration of energy storage assets and other flexible providers through regular engagement with industry. This included round tables in October and December 2024 with senior leaders representing battery owners, developers, and investors. We also held regular industry webinars, drop-in sessions, and an in-person industry forum in December 2024.

However, we recognise that our operational systems, processes and tools have not always kept up with the pace of this rapid transition. We are unlocking these new technologies and reducing skip rates across all asset types. In December 2024, we published an independent report, by LCP Delta. This report contained an analysis of NESO skip rates, and a methodology for defining skip rates. We now publish this single definition for every settlement period, and are regularly reporting skip rates through the OTF, which has enabled industry to hold us to account for our performance. Our delivery roadmap and skip rate methodology outlines our commitments to defining, refining, measuring and addressing skips. We are working with industry on a code modification (GC166) to introduce new Balancing Mechanism (BM) parameters, which will enable better utilisation of limited duration assets, within BM markets.

Balancing Programme

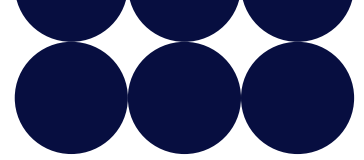
The Balancing Programme is transforming our operational balancing capabilities by continuous improvement of the Open Balancing Platform (OBP), whilst maintaining our legacy systems. Additionally, through our energy forecasting products PEF (Platform for Energy Forecasting) and Real Time Predictions (a new investment) we have been building out a sustainable suite of products to deliver value on a continuing basis.

During the last year of BP2, we delivered 22 OBP releases and 24 releases across existing balancing products, totalling over 2,000 changes. Key capabilities delivered include enabling market services, enhancements to bulk and fast dispatch capabilities, new forecasting capabilities for wind and close to real time predictions.

OBP has been recognised by industry and won Product of the Year at the Energy Storage Awards 2024 along with three additional DevOps (Software Development and IT Operations) Excellence Awards for Best Team, Best Project and Best Use of Cloud-Native Technology.

Through delivery we are enabling the integration of new technologies. We have seen an increase in battery dispatch volume by 425% and small BM volume by 31%. We have also maintained existing systems to accommodate 5% growth in data submissions from our customers whilst enabling an increase in instructions. The large increase in daily actions drives an increase in participation in markets, lowering skip rates and driving down balancing costs for the consumer.

Customer collaboration and feedback continue to be central to the development and evolution of the Balancing and Forecasting Transformation roadmaps, accelerating



actions based on our engagements and re-baselining our activities. Throughout the year our engagement reached over 5,000 individuals across the industry.

Forecasting

Throughout BP2, we have continued to drive improvements in our demand and wind generation forecasts, which we recognised were previously not where we wanted them to be. We have released a new forecast platform (Platform Energy Forecasting v2), along with a new wind forecast product and solar Balancing Mechanism Units (BMU) forecast product.

Our wind generation forecast metric saw a significant improvement in performance for the second year of BP2 and out-turned as exceeding expectations. Underperformance in the first year means the metric out-turned as below expectations for the full 2 years. Over the last year we have rebuilt our core wind models, aligning them to the latest generation Numerical Weather Prediction (NWP) of weather data and real-time outage information. This has returned ~20% performance improvement every month. We plan to implement further tactical improvements during BP3.

Our demand forecast metric is more challenging and was below expectations for the second year of BP2 and for BP2 overall. We have a plan in place to deliver strategic improvements. We have built an initial prototype AI National Demand model, which is undergoing assessment and validation.

Market Monitoring

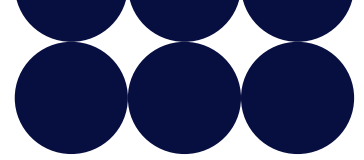
We have continually developed and improved methodologies to test market behaviours against REMIT and the Balancing Codes in Grid Code. We have provided tailored alerts and procedures for the updated Transmission Constraint Licence Condition (TCLC) Guidance and the newly introduced Inflexible Offers Licence Condition (IOLC).

We have also implemented a data improvement project that has significantly reduced a consumer cost from the directional physical notification errors which have improved 27.6% in 2024 relative to 2023. In the last year, we have also flagged a range of issues, having been identified through our tools and analysis, which has enabled Ofgem to take enforcement action, including over £38 million in payments to the consumer redress fund.

Restoration

The new Electricity System Restoration Standard (ESRS) obligates us to have sufficient capability and arrangements in place to restore 100% of GB's electricity demand within five days by the end of 2026. We are currently on track to meet this obligation.

In BP2, we have supported the completion of the necessary code modifications, implemented processes, progressed IT projects, and tendered for and contracted with additional restoration providers. We have done this through our established working groups and we continue to work with industry stakeholders to understand risks and mitigations to ensure the restoration capability is in place by the end of 2026.



The code modifications to facilitate ESRS are now all complete and we have implemented relevant processes and requirements. This includes a cost recovery process for Connection and Use of System Code (CUSC) parties to recover costs of achieving 72 hours resilience. We have begun monitoring industry assurance activities, started training, and established further training plans for us, DNOs and TOs. We have also started developing IT projects to support restoration.

This progress is detailed in the annual Assurance Framework published for industry consultation on 18 December 2024 to provide transparency of progress and seek industry views.

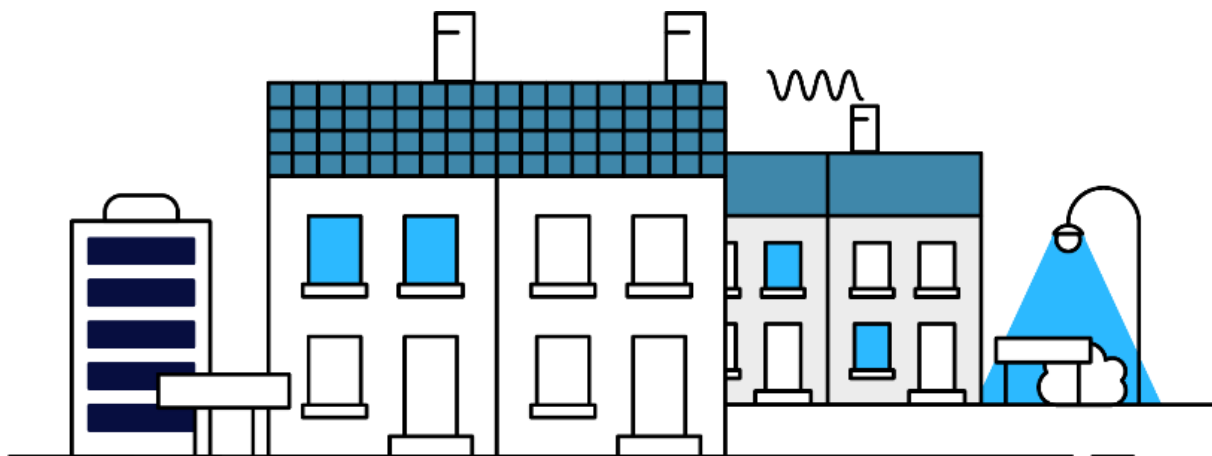
Stakeholder Engagement and Transparency

Teams across NESO continue to focus on improving the quality and content of engagement with energy industry stakeholders by developing new approaches to sharing information about NESO activities and future developments including the Balancing Programme.

We have created a dedicated team to lead on engaging stakeholders around our dispatch transparency decision making. We have also implemented a new data sharing approach which provides industry with a clear process to request publication of additional datasets beyond those provided on the Data Portal.






Our Transparency Roadmap is published regularly and reflects our commitment to increasing transparency in engagement, events, publications, and ongoing activities. It is important to continue enhancing transparency to maintain openness and collaboration with the wider energy industry, ensuring full engagement across all aspects of NESO.

The Operational Transparency Forum continues to provide industry with a weekly update of regular operational content while also delivering deep dives in a wide range of focus topics and allowing customers to receive answers to their questions. There are currently over 2000 registered participants from across the energy industry and beyond. We have gathered and used feedback to identify and implement changes to better meet the needs of our audience.





Role 1 BP2 performance on a page

 <p>Plan delivery</p>	<p>Our two-year BP2 plan included 140 milestones in Role 1. Of those, 12 milestones could not be completed for valid reasons as follows:</p> <ul style="list-style-type: none"> - Delayed to deliver an improved outcome for consumers (6) - Delayed for reasons outside of NESO control (6) <p>Of the remaining 128 milestones, 84% (107) were completed and 16% (21) were delayed for NESO-related reasons.</p>																	
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 <p>Stakeholder evidence</p>	<p>Stakeholder survey (March 2025):</p> <p>30% exceeding expectations</p> <p>54% meeting expectations</p> <p>17% below expectations</p> <p>(percentages may not add to 100% due to rounding)</p>																	
 <p>Quality of outputs</p>	<p>Notable highlights (April 2024-March 2025):</p> <ul style="list-style-type: none"> • No reportable frequency or voltage excursions that breached statutory limits (<i>RRE 1I</i>) • Accommodation of up to 93.5% zero carbon generation (<i>RRE 1F</i>) • 4 planned and 0 unplanned outages to CNI systems (<i>RRE 1J</i>) 																	
 <p>Value for money</p>	<p>Over the BP2 period directly attributable spend for Role 1 was £33.7m lower than our plan (£199.1m spend vs £232.9m forecast). Opex spend was in line with our plan whilst investment spend was £33.6m lower.</p> <p>See “Delivering Value for Money” section later in this document for more information.</p>																	

Role 2 – Market development and transactions

In Role 2 we develop and procure Balancing Services in a way that promotes competition and drives efficiency in our operational activities. In addition, we administer the charging arrangements on behalf of industry, we are the Electricity Market Reform (EMR) delivery body, and have responsibilities related to implementing network codes and regulations. See below an overview of progress against key activities that fall under Role 2 over the final year of the Business Plan 2 (BP2) period.

Market Reforms

The Enduring Auction Capability (EAC) was implemented in November 2023 and allows the co-optimised procurement between the Dynamic Response services (DC, DM, DR) as well as splitting. We saw impressive early cost benefits from launch, and this has continued throughout 2024/25 helping achieve a reduction in clearing prices for all services. More efficient procurement has fuelled growth in these markets allowing increased requirements. Although we are seeing an increase in overall costs for response, we are procuring larger volumes.

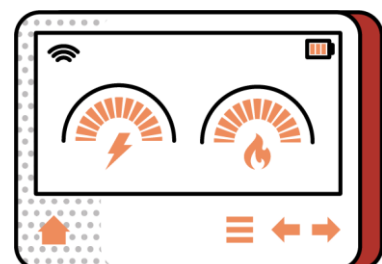
Following significant engagement with providers, we have removed the ramp rate restriction in Dynamic Response services. We have also provided greater clarity on state of energy management expectations for batteries, to better balance system risks with provider freedom to manage their assets efficiently. In addition, we have developed new tools to monitor service provider behaviour enabling us to better enforce a level playing field for Dynamic Response services and drive fair competition.

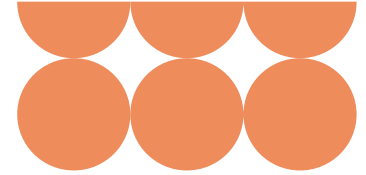
We launched our Quick Reserve service in December 2024. Quick Reserve will replace Fast Reserve as our fast-acting reserve service and was initially launched as a BM only product. In 2025, there will be further reforms to Quick Reserve and Balancing Reserve as well as the launch of our new Slow Reserve service. The regulatory approval process for the Quick Reserve service is expected to conclude by the end of June 2025 and the service will go live in July 2025.

Demand Flexibility Service (DFS)

The DFS has evolved to be a merit-based margin tool following collaboration with industry and learnings from the previous year's operation under an enhanced action winter contingency tool.

Since approval in November 2024 the service has issued more than 50 Service Requirements with >1.7m domestic and industrial and commercial consumers registered to participate. Peak delivery volumes have been ~200MW with the service forecasting £450,000 of savings against alternative actions.





Constraints Collaboration Project

The Constraints Collaboration Project was set up in January 2024 for us to work with industry on opportunities to manage network constraints, in the context of increasing renewable generation curtailment and increasing balancing costs. We set a clear scope with industry stakeholders and asked for their suggestions about how best to resolve the issue of increasing renewable curtailment, increasing constraints actions and therefore increasing balancing costs.

Through regular engagement, webinars, reports and bilateral meetings, we have explored the potential of the different options suggested. We've used our market design framework to perform a preliminary assessment of the ideas. We have since conducted system studies, detailed risk assessments and cost benefit analyses to fully appraise the different options. We're progressing with technical options to maximise flow over boundaries and have developed our strategic approach to constraint management markets based on the outcome of our investigations. Given the positive working relationship established, we plan to continue this project so that we keep benefiting from a collaborative approach with industry.

Codes and Charging

Code Governance

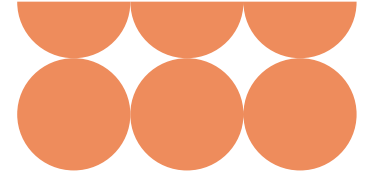
The NESO Code Administrator has worked with industry, panels, and Ofgem to support code changes with 256 workgroup meetings taking place and 30 Final Modification Reports submitted to Ofgem across the codes and standards we administer. These are the Connection and Use of System Code (CUSC), the Grid Code (GC), the System Operator – Transmission Owner Code (STC), and the Security & Quality of Supply Standard (SQSS) (from April 2024 up to and inclusive of 12 March 2025).

Connections Reform

In April 2024, we raised urgent code modifications to implement Connections Reform (CMP434, CMP435 and CM095). In April 2025, following industry consultation, Ofgem approved our proposals. We received positive feedback from industry, Panels and Ofgem in relation to the way we managed and responded to these modifications, within the short delivery timescales.

In 2025, we raised a second suite of Connections Reform Modifications to improve the connection process for smaller Distributed Generation (CMP446) and incentivise the timely removal of unviable projects from the connections queue by introducing a Progression Commitment Fee (PCF) (CMP448).

We undertook extensive engagement with industry before raising these modifications to maximise efficiency. For example, following the Transmission Charging Methodologies Forum (TCMF) we published a 'Call for Input' to gather further feedback and refine the PCF modification, evidencing a clear need for the proposal ahead of it being raised.



Charging

We have progressed the charging modifications prioritised by industry, including CMP444, which seeks to introduce a Cap and Floor to TNUoS charges. We acted quickly to develop the CMP444 proposal which aims to increase investor certainty in new investment required to meet CP30 without undermining locational signals.

We continue to support the Market Wide Half-Hourly (MHHS) programme, delivering the urgent modification CMP430 (adjustments to TNUoS charging from 2025 to support the MHHS Programme) which was approved in September 2024.

Technical code changes

We continue to drive forward technical code changes. In February 2025, Ofgem issued their minded-to position on GC0117 which aims to improve Transparency and Consistency of Large, Medium and Small Power Stations across GB. In late 2024, the code changes in respect of Competitively Appointed Transmission Licensees were submitted to Ofgem for approval. GC0166, which seeks to introduce new parameters that will allow the better use of Electricity Storage Modules within the BM is currently in workgroup stage and is well advanced. In February 2024, Ofgem approved the code changes for the Electricity System Restoration Standard, and we are working with industry to ensure compliance for 31 December 2026.

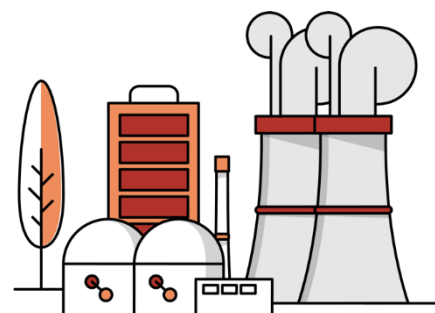
Role in Europe

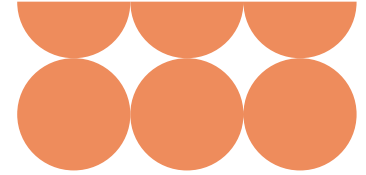
We have made significant strides in the development of the Interconnector Framework to encourage consistency for interconnectors operating in GB markets and aid transparency of the ways in which the interconnectors operate and work with NESO. Following industry consultation, we launched a dedicated interconnector webpage to enhance transparency and provide centralized access to relevant information for stakeholders.

Electricity Market Reform (EMR) Delivery Body

Contracts for Difference (CfD) and Capacity Market (CM) are the main mechanisms to incentivise investment in renewable generation and to strengthen electricity security of supply. During BP2, the EMR team have been working with government, Ofgem and industry to identify, assess and implement policy, rule and process changes to further develop the CM and CfD mechanisms. This includes not only incremental improvements but also medium to long term reforms to ensure the schemes remain fit for purpose.

We successfully delivered CfD Allocation Rounds (AR) 5 and 6 and 2023/24 and 2024/25 CM rounds. It is worth noting that we have seen a significant increase in application numbers for both regimes: 100% for CfD AR6 and 20% for CM 2024/25 rounds. We help new customers navigate through the complex process and rules and support existing customers to understand the rule changes to ensure compliance. To enable effective engagement, we leverage different means such as launch events, integrated guidance for CM and a





dedicated helpline and email contact accounts for CM and CfD. In 2024/25 we received over 2,200 customer queries and were able to resolve over 50% of these within two working days. We continuously improve our processes and the systems to incorporate customer feedback, for example, we optimised Capacity Market Register documents which were well received by the industry. As a result, we have seen strong scores for customer satisfaction with 8.4/10 for CfD AR6 and 8.3/10 for CM.

New Capacity Market Portal

We delivered the new Capacity Market Portal and all the related milestones in BP2. The new portal has been used by 770 customer accounts to participate in the CM, including prequalification, auction and continuous management of over 3,600 Capacity agreements. Intensive customer engagement was carried out throughout the design and development of the portal, enabling a smooth launch in June 2024.

Surveys and feedback confirmed high customer satisfaction with the new portal. The increased capabilities and flexibility also enabled timely implementation of the regulatory changes required for 2024 prequalification and enabled a significant increase in CM applications (20% increase) in 2024. This led to more competitive auctions in March 2025 and clearing prices for consumers.

DD&T delivery

Primacy

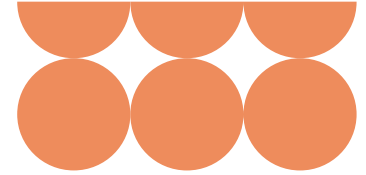
We are identifying and implementing the system, process and data changes to deliver primacy rules. Meanwhile, we are working with the ENA Open Networks and the incoming Market Facilitator to establish required data exchanges with DNOs. Implementing these rules will promote coordinated access to flexible resources in a way that reflects more efficient whole system outcomes.

Single Markets Platform (SMP)

Over the last year, 12 deployments on SMP have added new services and enhanced functionality for platform users. Of particular note, is the recent migration of the Balancing Mechanism registration process to SMP. This is specifically in support of participation in the Balancing Mechanism which represents an expansion to our previous work that focused on day-ahead Balancing Services markets. This will benefit from being in SMP to facilitate greater levels of user visibility, access to our Application Programming Interfaces (API) to better facilitate registration of embedded Balancing Mechanism Units (BMU), and ongoing enhancement to the process and user experience over time.

STAR (Settlements and Revenue System)

All major revenue streams have now been delivered onto STAR. The delivery of daily BSUoS billing in November 2024 has been successful and showcases the ability of the new system to perform complex calculations each day. In parallel to this we are continuing to deliver Ancillary Service settlement onto STAR with Firm Frequency Response products going live in mid-2024, alongside delivering Reactive and new products onto the platform.



Moving the Revenue and Settlement activities onto STAR is enabling faster, more efficient and effective changes in line with evolving market and regulatory conditions.

Review of Electricity Market Arrangements (REMA)

During the last year of BP2, we have continued our role as formal delivery partner for REMA with DESNZ and Ofgem, reflecting our status as trusted partner for both organisations.

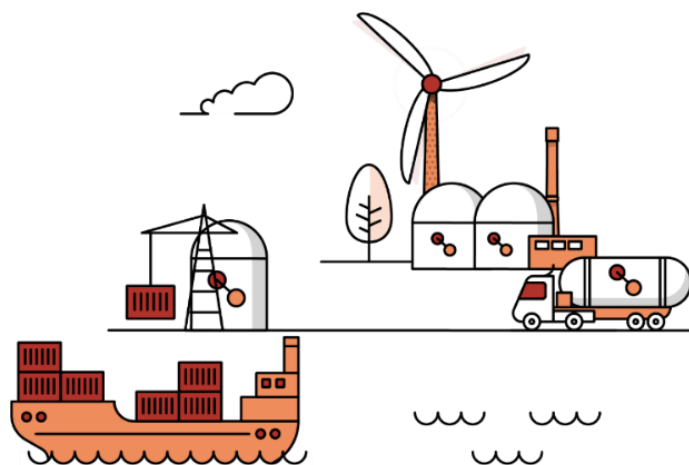
In this period, we have led the REMA workstream looking into dispatch reform and played an advisory role in other workstreams such as investment (Contracts for Difference and Capacity Market), trading and market strategy, operability, wholesale and location.

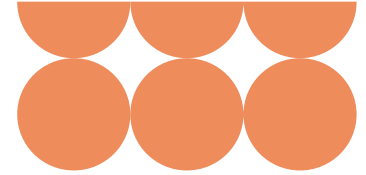
We have worked within the REMA programme, researching and informing on dispatch and investment options for reform, potential zonal designs and processes, interactions between cross-border trading arrangements and GB market design and the potential implementation implications of REMA options for us and industry.

We have received positive feedback from both DESNZ and Ofgem that our work on REMA has highlighted our focus on providing the best value for consumers. Integrating both external and internal feedback has enabled the REMA team to guarantee the robustness of its advice, delivering consumer value and taking the needs of market participants into account.

Distributed Flexibility

We published the [Enabling Demand Side Flexibility in NESO Markets Report](#) in December 2024. This followed a series of industry engagement activities including bilateral meetings, workshops and a call for input. This report establishes a clear vision and objectives for unlocking distributed flexibility and enabling its seamless operation across markets. We also conducted a [Route to Market Review for demand side flexibility](#). This review aims to identify and prioritise barriers in NESO services and sets out our approach to and timeframes for removing them. We have also made changes to our Local Constraints Market (LCM) and Demand Flexibility Service (DFS), for example removing the stacking exclusivity clauses from DFS, to improve the participation from distributed flexibility. We ran a call for input on the draft report in Spring 2024, which received 44 responses from a wide range of stakeholders. Most respondents welcomed the opportunity to provide feedback ahead of the report's release and believe the approach outlines the key challenges many stakeholders are facing to realising the potential of flexibility in services in GB. The average rating for the approach and roadmap explanation was 7/10.





In the LCM, we introduced a new approach to understand whether aggregators could compete effectively within the service by receiving a separate compensation for volume delivered. We are looking forward to continuing to work with our stakeholders to understand the benefits of these types of novel arrangements.

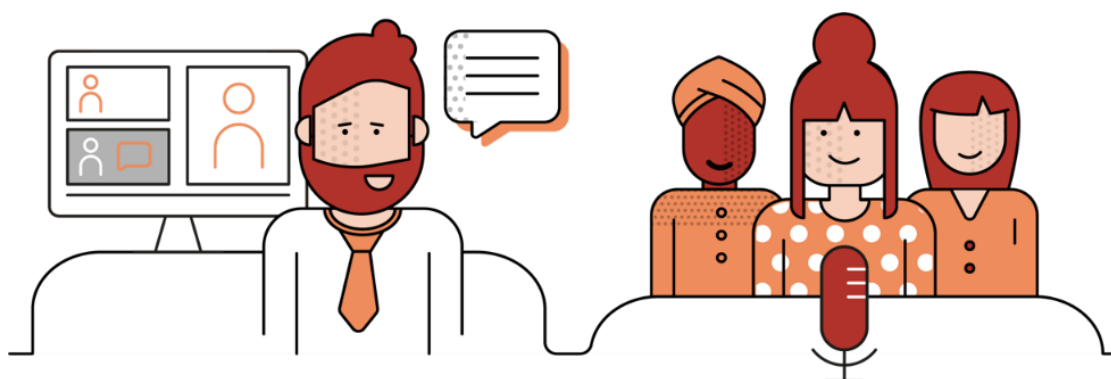
Stakeholder Engagement

During the past year we have established the Gas Advisory Council as per our licence condition, with wide participation across the gas sector covering four key molecules (methane, hydrogen, biomethane, and carbon). We held our first session in January 2025, with our next session planned for May 2025.


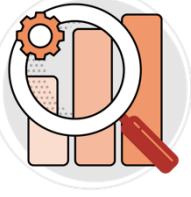



The Gas Advisory Council has been designed alongside the pre-established Markets Advisory Council (MAC) which explores key strategic electricity markets questions. Since 2022, the MAC has provided valuable strategic insight on important themes such as REMA, Clean Power 2030 and the interactions between market development and strategic energy planning. We are currently refreshing the MAC to ensure that it remains representative of the different sectors that are crucial in designing and operating markets fit for a decarbonised electricity system.

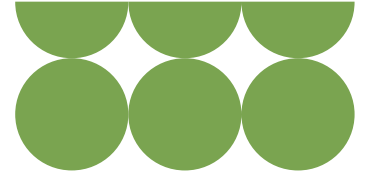
We hosted four Markets Forums in 2024. Based on customer feedback, we committed to varying the location of our in-person forums (not all events being held in London) and the first in-person event of the year was our Spring Markets Forum held in Scotland. Our last Markets Forum of 2024 had a focus on Whole Energy as we had transitioned to NESO. This event involved breakout discussion covering Clean Power 2030 and how that impacted markets, and discussions about Whole Energy in markets. We also hosted our first Whole Energy panel debate to enable discussions from a holistic approach and two live Q&A sessions following publication of two pre-recorded webinars in March and September.

Following feedback, we included breakout sessions for our last in person session of 2024. Post event feedback highlighted these sessions added value to our customers. We are planning to expand on this at future events with more in depth breakout sessions to encourage further collaboration and discussion.



Role 2 BP2 performance on a page

 <p>Plan delivery</p>	<p>Our two-year BP2 plan included 133 milestones in Role 2. Of those, 25 milestones could not be completed for valid reasons as follows:</p> <ul style="list-style-type: none"> - Delayed for reasons outside of NESO control (25) <p>Of the remaining 108 milestones, 96% (104) were completed and 4% (4) were delayed for NESO-related reasons.</p>																				
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 <p>Quality of outputs</p>	<p>Notable highlights (April 2024-March 2025):</p> <ul style="list-style-type: none"> • CBA A4 (Build the future of balancing services markets) estimated to deliver gross benefits of £330m over the RIIO-2 period, which is an increase of £231m compared to plan. • CBA A5 (Transform access to CM and CfD) estimated to deliver gross benefits of £257m over the RIIO-2 period, which is an increase of £183m compared to plan. 																				
 <p>Value for money</p>	<p>Over the BP2 period directly attributable spend for Role 2 was broadly in line with our BP2 plan (£96.6m spend vs £95.5m forecast). Opex spend was £1.3m lower than our plan whilst investment spend was £2.3m higher.</p> <p>See “Delivering Value for Money” section later in this document for more information.</p>																				



Role 3 – System insight, planning and network development

Under Role 3, we are responsible for providing key insights and leadership on credible long-term pathways for the energy sector and for defining long-term electricity system needs. We are responsible for managing the process to connect to the electricity transmission system and for managing impacts on this system from connections of new generation offshore and at distribution level. See below an overview of progress against key activities that fall under Role 3 over the final year of the Business Plan 2 (BP2) period.

Centralised Strategic Network Planning (CSNP)

CSNP provides an independent, coordinated, and longer-term approach to energy network planning in GB, helping to meet the government's net zero ambitions. It takes a broad, whole energy system view to transform the planning process for the next 25 years. Over the past 12 months, significant progress has been made towards establishing a robust and sufficient major investment plan across GB's electricity transmission network. We have also developed the future framework for energy planning.

In March 2024, we published Beyond 2030. This report proposes a £58 billion investment in the electricity grid to meet the growing and decarbonising demand for electricity in GB by 2035. This was the second iteration of the transitional CSNP and together with the Holistic Network Design Follow-up exercise (HNDfUE), it provided far broader coordinated network planning activity and assessment, combining more energy vectors, whole system thinking, and third-party solutions.

Following the publication of the government's Clean Power Action Plan in December 2024, we have carried out our assessment showing that the delivery of the wider transmission network investment recommended to 2030 is critical to achieving clean power by 2030. Our next publication will be the tCSNP2 Refresh which will assess investment options against updated scenario backgrounds with more options to be considered. The results of our tCSNP2 Refresh will also form the initial round of projects in the CSNP delivery pipeline.

We have continued developing the CSNP methodology, working in close partnership with Ofgem and the Transmission Owners (TOs). Our consultation on the high-level methodology for CSNP in December 2024 provided a great opportunity for feedback from a broad range of stakeholders. It was well received by the industry. This new methodology adopts an evidence-based approach to assess a broad range of options against various assessment criteria. It also ensures environmental issues are appropriately considered and consulted on via a strategic environmental assessment (SEA) and habitat regulations assessment (HRA).

We have also aligned the CSNP with other initiatives where there is an interaction or dependency. These include the Strategic Spatial Energy Plan (SSEP), Regional Energy Strategic Planner (RESP), Future Energy Scenarios (FES), and Connections Reform.



Offshore Coordination

Over the last 12 months, we have been undertaking the HNDFUE. This included strategically designing the offshore connections for Crown Estate and Crown Estate's Innovation and Targeted Oil and Gas and Celtic Sea Leasing Rounds. These are the final two exercises which close out the HNDFUE. We've also been supporting the TOs and developers in their detailed network design by evaluating design refinements to our holistic network design. We've done this using impact assessment, undertaking more in-depth environmental assessments across our holistic network designs and starting to work with The Crown Estate and Crown Estate Scotland to develop the next tranche of offshore planning.

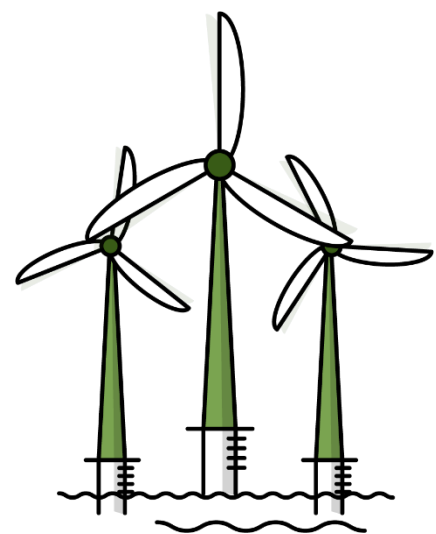
All three exercises are aiming to bring power onto the transmission network in a way that would optimise cost, mitigate deliverability and operability challenges, and minimise environment and community impacts. These plans facilitate the connection of up to 30GW of offshore wind generation throughout the 2030s and will support GB successfully meeting its Sixth Carbon Budget target.

Connections

The growth in connections application volumes and connection offers continues, albeit at a significantly lower rate than in 2023/24. Over the last year the transmission connections queue has grown by c60GW, which represents a monthly increase of 5GW (compared to the average 20GW per month over the previous 18 months). The transmission queue currently stands at over 595GW, with over 85GW already connected. The connections queue is well over double the installed transmission-connected capacity expected by 2050 under the 'Leading the Way' scenario in our FES 2024. While the rate of increase of the connections queue has reduced over the last year, the volume of connections applications in general has not reduced – we have received over 1,500 applications, for a total of c240GW of capacity over the last year. This includes all new applications as well as applications seeking to either modify their connection offer date, location or technology.

We are continuing to respond to the growth in applications with a range of shorter-term tactical actions (such as the recent introduction of a 'Pause' in receiving new connection applications) whilst progressing with our more fundamental, Connections Reform work.

Connections Reform has been a key focus for us in BP2 and we've worked collaboratively with Ofgem, the government and across industry to address the issue of connections and continue to make progress towards net zero. Our objective of Connections Reform is to ensure that the mix and order of projects in the reformed connections queue best reflects GB's Clean Power needs in 2030, whilst providing an efficient transition and clear investment signal to 2035.





In December 2024, we submitted our Connections Reform proposals to Ofgem for decision. These proposals introduced three new connections methodologies and a package of ambitious and wide-ranging proposed changes to relevant industry codes. Ofgem agreed to these proposal in April 2025. This is an important step in GB's energy transition, as it will allow the projects needed for net zero to progress quickly and will ensure efficient outcomes for consumers.

Early Competition

The main achievement has been the support to Ofgem and DESNZ that has culminated in laying of the Onshore Tender Regulations² in April 2025 that enable the appointment of CATOs. There has also been significant progress in all the elements that support the implementation of onshore early competition such as code modifications and TO licence changes.

In November 2024 we made a formal request for the first competitive tender, in line with agreed timescales with Ofgem and DESNZ. The project selected was a sub-section of WCN2, a new high voltage transmission line from south-west Scotland to north-west England that forms part of the Beyond 2030 plan. This request was subsequently consulted on by Ofgem. Ofgem recognised that WCN2 was a "strong potential project" and would deliver consumer savings if it had been selected as the first onshore early competition tender. However, they felt that they were not able to confirm the needs case for the sub-section of WCN2 largely due to uncertainty of the impact of the tSCNP2 Refresh and SSEP on network requirements.

Zero-Carbon Operations (ZCO)

Over the last year we achieved critical milestones towards our ambition of zero-carbon operations by the end of 2025. We launched further frequency products, including Balancing Reserve and Quick Reserve, whilst reducing the minimum inertia requirement from 140GVAs to 120GVAs. This prepares us for managing larger network losses and reducing reliance on gas generation. Further contracts were awarded for voltage and stability services, providing access to network services from zero-carbon assets. The first grid-forming batteries on the GB system are entering service in 2025 as part of Stability Phase 2. This will contribute to greater system security on a network with gas fired power stations running less often. Our Inter-tripping Services Procurement programme has also been extended, allowing for more renewable generation in the East Anglia region to meet demand across the wider network. All of this, plus the growth in our world leading Dynamic Containment market, led to new maximum solar and wind generation levels, minimum carbon intensity from electricity generation, and a new maximum ZCO%. On 30 March 2025, a new zero-carbon operation record of 93.5% was achieved, surpassing the previous record of 92.2% set in April 2024. Collaboration with other international system operators has allowed us to exchange experiences and discuss challenges related to this significant goal.

² [The Electricity \(Early-Model Competitive Tenders for Onshore Transmission Licences\) Regulations 2025](#)

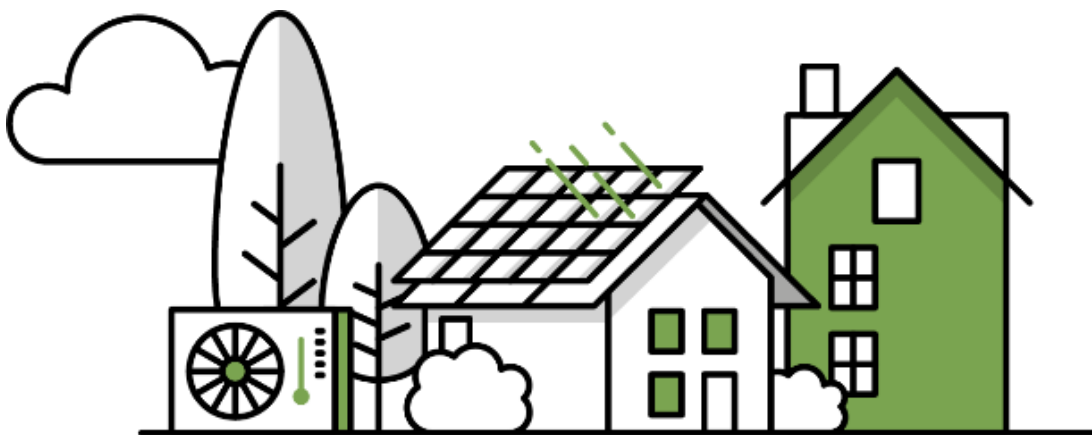


We have continued the progress of Distributed Energy Resources (DER) Visibility (now renamed as Transformation for Integration of Distributed Energy programme) to address system needs and market facilitation through a wider industry transformation. After conducting an impact assessment in 2024, we have captured over 200 user cases and commenced IT solution design and demonstration trial. We estimate this work will deliver £22.7m consumer benefits in FY25/26.

Regional Development Programmes (RDPs)

RDP is an industry transformation initiative aiming to unlock more network capacity, reduce constraints and increase market competition overall. Between April 2024 and March 2025, we have continued to enhance our MW Dispatch service to add value for consumers from our RDP deliveries by bringing more DER into the system balancing mechanism and enabling their early connection into the network. We have aligned our internal business processes and technology to enable the MW Dispatch solutions we have built with two DNOs in the South East and South West to launch successfully. We have also automated the existing manual processes on data exchange with DNOs and DERs and new asset registration and compliance for DERs, building in scalability to the solutions so that we can support the planned increase in Distributed Energy Resources (DER) volumes. In total, 71 MW of capacity has connected and signed up for MW Dispatch and 1,191 MW of capacity is scheduled to connect and participate by the end of 2026. This work has also created the potential for more DERs to be brought forward in the Connections queue should their project be ready to deliver sooner.

We have also worked with all DNOs and the Energy Networks Association (ENA) to roll out the Grid Supply Point (GSP) Technical Limits (TL) exercise across the GB network. This provides a coordinated approach to manage the power flow within an agreed limit on GSPs prior to the completion of transmission reinforcement work triggered by DER connections behind GSPs. It has enabled a forecasted 3.79GW of accelerated DERs connections in relevant distributed networks in 2025. We have also started to explore the use of our MW dispatch solution in the Dumfries and Galloway area to provide flexibility in the management of the local network constraints.





Stakeholder Engagement

Connections - Strong engagement across connections has continued. In 2024, we hosted 23 events – 19 virtual and four in-person events attended by over 3,500 customers and stakeholders. A hybrid approach was key to connecting and engaging with our customers, offering opportunities for in-person knowledge sharing and more accessible virtual events attended by the wider industry.

Alongside our twice-yearly Customer Connections Seminar (over 400 attendees in 2024), we hosted our first Compliance Seminar and introduced two new virtual series. The Connections Forum is a monthly webinar, offering transparency and clarity on the work of the wider Connections Team and our Connections Reform series. This began in September 2024 with an in-person event providing detailed information and Q&A around key reform milestones. In 2025, the Reform series reached the highest level of Connections engagements – over 700 attendees for each of the webinars. Our customer engagement continued into April with our first Customer Seminar in Edinburgh focusing on step-by-step breakthroughs of the reformed customer journeys.






CSNP - Throughout 2024, we established working groups to help shape the high-level principles to our methodology which we published for consultation in December 2024. In addition to consultation responses, we are using working groups set up across the wider Strategic Energy Planning team to ensure that conversations are coordinated and try to limit the duplication of meetings that stakeholders are involved in. This offers a more joined up approach with how each of the elements of NESO plans impact stakeholders and how we can support stakeholders to get the most out of NESO.

Future Energy Scenarios (FES) - Extensive stakeholder engagement has also supported FES development. Last July, 3,000 stakeholders joined our 2024 FES launch event. For our 2025 FES development, we have continued to employ a range of engagement methods. 80 stakeholders from a wide range of energy organisations attended our Topic Table Talk Day for 2025, providing insight for this year's report. Our ongoing bilateral engagement with key FES stakeholders, remains a fundamental element of the FES cycle. We have complimented these activities with an online consultation and used NESO social media and website platforms for our engagement.





Role 3 BP2 performance on a page

 <p>Plan delivery</p>	<p>Our two-year BP2 plan included 228 milestones in Role 3. Of those, 20 milestones could not be completed for valid reasons as follows:</p> <ul style="list-style-type: none"> - Delayed to deliver an improved outcome for consumers (1) - Delayed for reasons outside of NESO control (12) - Milestone is no longer valid (7) <p>Of the remaining 208 milestones, 99% (205) were completed and 1% (3) were delayed for NESO-related reasons.</p>
 <p>Metric performance</p>	<p>There are no metrics for Role 3</p>
 <p>Stakeholder evidence</p>	<p>Stakeholder survey (March 2025):</p> <p>16% exceeding expectations</p> <p>62% meeting expectations</p> <p>21% below expectations</p> <p>(percentages may not add to 100% due to rounding)</p>
 <p>Quality of outputs</p>	<p>Notable highlights (April 2024-March 2025):</p> <ul style="list-style-type: none"> • Forecasted savings of £592m (balancing costs) and £1,894m (infrastructures costs) from operability solutions (<i>RRE 3A</i>) • Over 1.8k licensed offers issued (12% increase compared to previous year) with 93% of offers sent on time (<i>RRE 3X</i>) • 94% of connections offers 'right first time' (<i>RRE 3Y</i>)
 <p>Value for money</p>	<p>Over the BP2 period directly attributable spend for Role 3 was broadly in line with our BP2 plan (£82.5m spend vs £80.2m forecast). Opex spend was £1.9m higher than our plan whilst investment spend was broadly in line.</p> <p>See "Delivering Value for Money" section later in this document for more information.</p>



NESO implementation and new roles

The FSO (Future System Operator) programme was established to manage the successful transition from the Electricity System Operator (ESO) to NESO. At the point we became NESO we took on a number of new roles which have been designed to enhance the organisation's whole system capabilities. See below an overview of the activities that have taken place as part of the transition to NESO, along with the progress we have made in establishing and delivering against our new roles over the final year of the Business Plan 2 (BP2) period.

Future System Operator (FSO) Transition

The FSO programme was a transformative initiative that led to the creation of NESO, an independent organisation with enhanced operational and strategic capabilities. The primary goal of the programme was to ensure a smooth transition from the ESO to NESO, focusing on achieving critical milestones in whole system capability, regulatory, and stakeholder engagement fronts.

In close partnership with Ofgem, DESNZ, and National Grid, the FSO Programme successfully completed the transition on 1 October 2024 within the required legislative timelines and budget. We achieved our original goals and managed costs effectively throughout the process. This success was driven by three key outcomes:

- Establishing NESO as an independent system operator and planner by designing and implementing new roles, processes, and systems, while building the necessary capabilities.
- Creating a strong organisational governance framework with new licences, codes, and regulatory structures to ensure NESO's long-term success.
- Developing NESO as a fully independent entity, complete with its own support services, smooth transfer of personnel from National Grid, Transitional Service Agreements (TSAs) in place and safe and secure system cutover.

The success of the FSO programme can be attributed to its well-defined blueprint, which outlined a phased approach to achieving the desired state. This strategic approach helped mitigate risks and provided certainty to both employees and customers during the transition.



The programme's achievements and successes reflect the dedication and collaborative efforts of the teams involved from DESNZ, Ofgem, National Grid, National Gas Transmission, ESO, and partner organisations, ensuring that NESO is well-prepared to meet future challenges and opportunities in the energy sector.

Resilience and Emergency Management

The introduction of the Resilience and Emergency Management role for NESO formalised our whole-energy remit, providing a whole system perspective on resilience and how it interacts with other critical functions. We will assess and enhance the resilience and security of energy networks by understanding current risks, identifying future risks and addressing known threats and vulnerabilities. By identifying opportunities for improvement and learning from our experiences, we can put mitigation plans in place for the future.



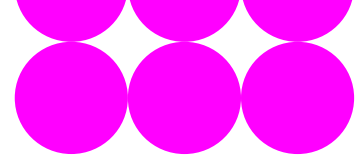
In BP2, our focus has been on establishing the new teams required to deliver our new roles, along with scoping of the roles themselves. We have also provided informal advice directly to Ofgem and DESNZ.

This role also includes many of our BP2 activities across Restoration (including delivery of the ESRS), and publication of our Winter and Summer Outlook reports. These are covered under Role 1.

Energy Insights and Advice

The energy transition presents significant opportunities for GB businesses and consumers by providing affordable energy independent of natural gas, while also generating employment and fostering exportable economic growth. It is essential to consider various combinations of energy sources, technologies, and infrastructure projects for investment. Therefore, independent expert advice from an organisation with comprehensive knowledge of the entire energy system is crucial. As part of our new role as NESO to provide energy insights and respond to requests for advice from government and Ofgem, we will develop comprehensive and independent insights across the entire energy system. These will offer clear recommendations to policy makers, industry decision makers and leadership across our organisation on how to accelerate energy transition progress.

In August 2024, NESO was formally commissioned by the Secretary of State and DESNZ to provide independent advice on the pathway towards the Clean Power 2030 ambition. We developed two pathways, with expert analysis of the location and type of new investment and infrastructure needed to deliver it. The process to develop it was underpinned by over 300 touchpoints of engagement across a wide range of stakeholders, and the review and analysis of nearly 100 pieces of written feedback. In November 2024, [we published a thorough and independent analysis](#) on pathways for the government to achieve this objective. The government adopted our recommendations, which subsequently shaped their Clean Power 2030 Action Plan released in December 2024. This development highlights the advancement in our organisational capabilities as NESO.



Gas Planning

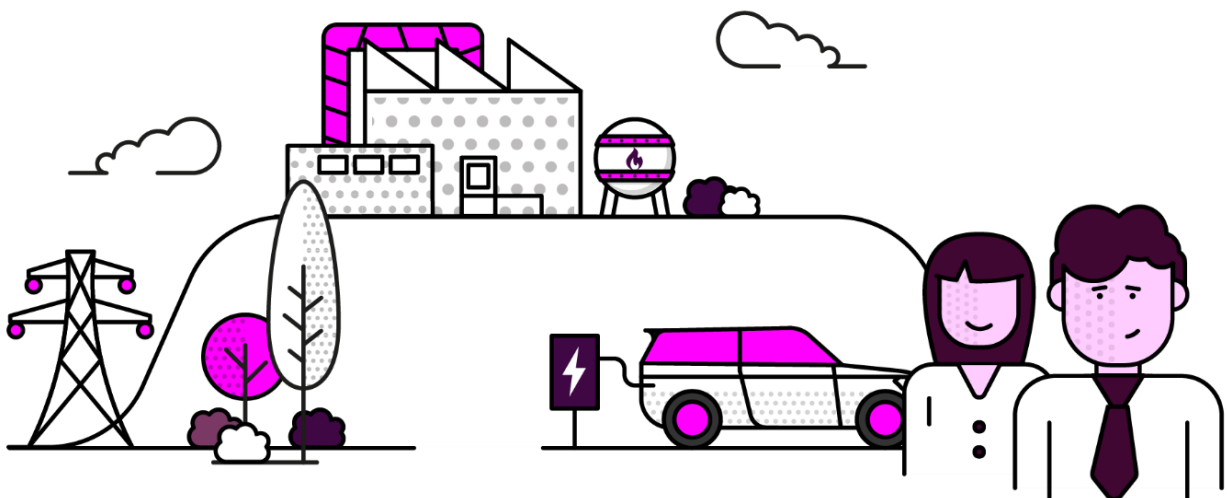
We published the first ever NESO-led [Gas Network Capability Needs Report](#) in early December, which demonstrates our credibility and capability in the gas market. We are now looking to the next stage, by producing the Gas Options Advice Document (GOAD). We continue to work closely with National Gas Transmission (NGT) to agree the methodology of producing GOAD and to define the responsibilities between NESO and NGT.

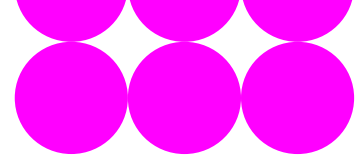
In preparation for taking on hydrogen network responsibilities, we are developing hydrogen network planning activities. Our activities across natural gas and hydrogen network planning will enable us to assess the value to consumers of repurposing natural gas pipeline assets and help to identify other opportunities for cross-vector optimisation.

Regional Energy System Planning (RESP)

We have made great progress on RESP in the last 12 months. We supported the RESP industry consultation led by Ofgem between July to October 2024 which achieved a significant amount of external engagement. We also provided our own comprehensive response to the consultation. In summer 2024, we mobilised a transformation programme to design and deliver RESP and we have developed a process, outputs and a blueprint for RESP, with detailed design due to complete in December 2025.

We supported Ofgem with the impact assessment for RESP which was published in February 2025. After agreeing the scope for Electricity Distribution (ED) 3 submission with Ofgem in February, we have started to deliver this scope including setting up quarterly RESP forums (starting in March) and the methodology for regional pathways. We have grown the RESP team and started building 11 regional teams, who are developing regional stakeholder relationships with both DNOs, GDNs, local authorities and communities.





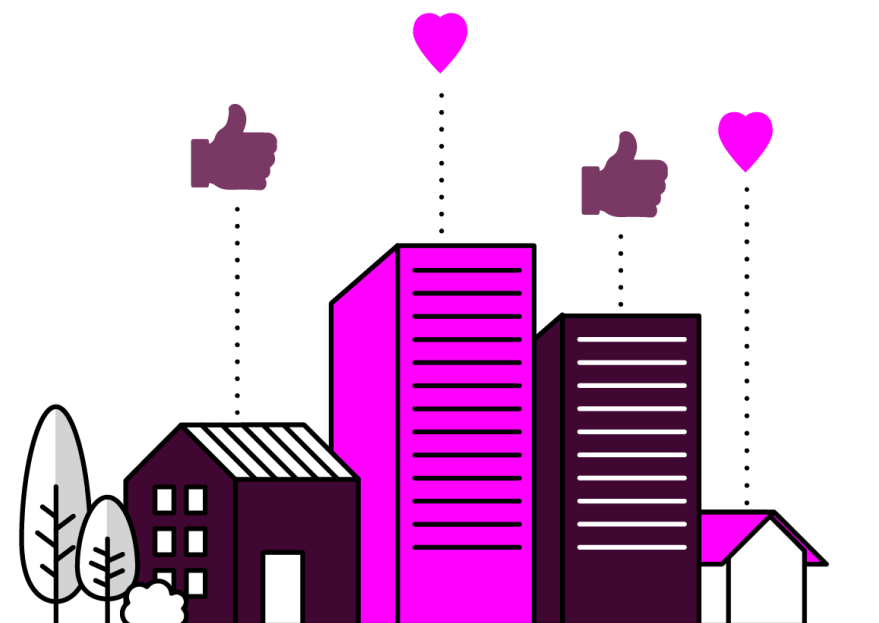
Strategic Spatial Energy Planning (SSEP)

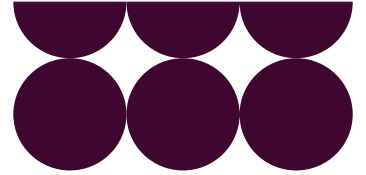
We have been working on our approach to the SSEP since the government's Transmission Acceleration Action Plan published in August 2023. We officially received our commission to create a SSEP in October 2024 from the UK, Scottish and Welsh governments. The first SSEP will be a GB-wide plan mapping potential locations, quantities and types of electricity and hydrogen generation and storage infrastructure. A dedicated SSEP team has been set up.

In December 2024, we delivered our draft methodology for consultation to allow stakeholders to shape our approach. Following the feedback, we are finalising the SSEP methodology to submit the first SSEP pathways document to the UK Energy Secretary later this year.

This will be the first time we combine the economic modelling, environmental assessment and expert engagement together to create a set of "pathway" options reflecting not only technical, environmental and economic considerations, but also taking account of dialogue with a wide range of stakeholders.

We have delivered transparent, timely and proactive engagement with stakeholders based on the needs of different groups. There has been comprehensive engagement with governments and statutory stakeholders through a formal governance structure. We have better understood the views of society through opinion research and establishing societal forums, and with energy stakeholders through an industry working group. Our community engagement has focused on local government and in time will be establishing frameworks for engagement with communities. Our stakeholders views will be used to inform and shape our thinking and we will continue to update and educate them on the work of the SSEP.



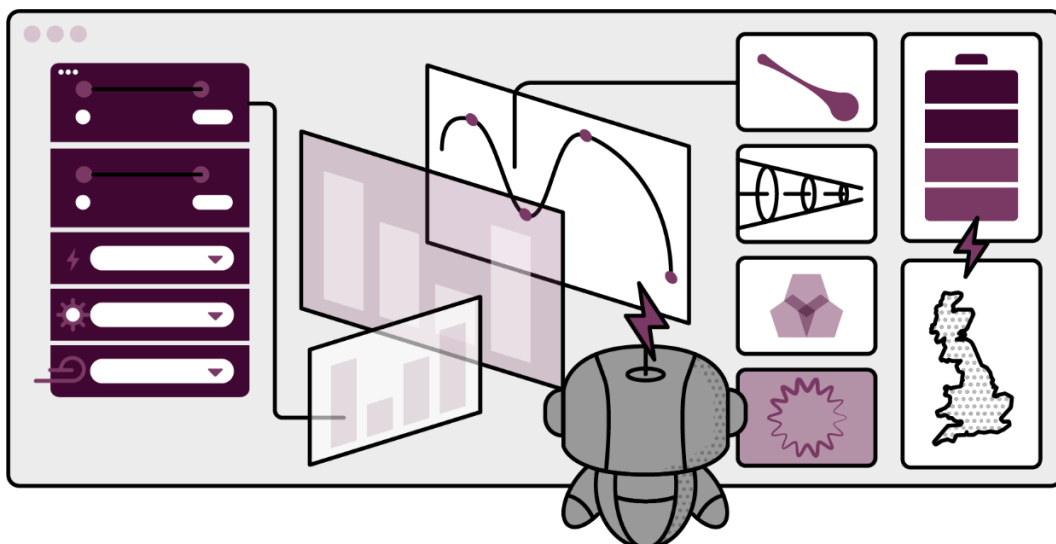


Digital, Data and Technology

In Digital, Data, and Technology the team have advanced our customers', and employees' experience through adoption of our digital-first approach. This has been achieved through deploying digital technologies, data-centric enablement, and long-term transformative innovation.

Over the past 12 months key deliveries have included the Capacity Market Portal, Network Control Upgrades, FATE (Frequency and Time Error) and Connections 360 Go Live. BSUoS daily billing is also fully operational in STAR and fast dispatch is live within the Open Balancing Platform (OBP). We have successfully achieved our transition to become NESO through our day 1 activities and continue our journey through the development of our own architecture and security capabilities. We have also strengthened our engagement with Ofgem through our ongoing regulatory reporting.

Additionally, we have published a new [Digitalisation Strategy and Action Plan \(DSAP\)](#) which aims to transform the organisation into a digital leader by embracing a digital-first approach. The main goals include ensuring secure and resilient infrastructure, focusing on clean power solutions, prioritising customer-centric efforts, demonstrating agility and adaptability, cultivating a digital mindset, leveraging future technologies, and promoting data and AI-driven innovation. We also completed its Digital Quotient (DQ) survey which measures our digital maturity by assessing key levers such as Digital Charters, technology modernisation, and digital and data capabilities. It provides insights into our strengths and areas for growth in digital practices and technologies and supports our strategic priority of fostering a digital mindset and driving a "Digital First" approach.





Improving data and its usage

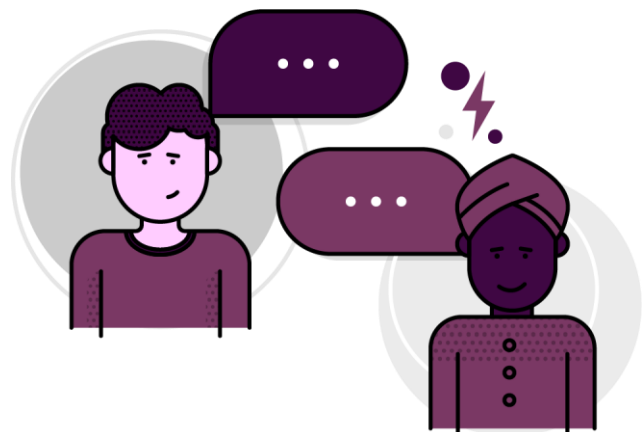
We have delivered foundational elements of our data management programme to enable data to be trustable, accessible, and transparent for NESO and our customers. One such activity was establishing comprehensive policies and procedures to ensure data is secure, trustworthy, and transparent. We have also introduced a taxonomy coupled with data ownership which will enable enhanced quality and governance, and revised the classification approach to ensure we protect and share our data appropriately. We have established a dedicated Privacy and Protection function for ensuring compliance to regulatory activities, reinforcing our commitment to data security.

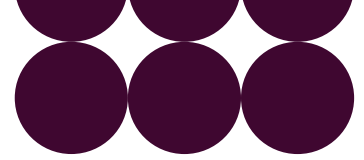
Moreover, we have fostered a strong information culture through the creation of a data council to guide strategic data initiatives and champion its use in NESO. We have also launched a data professions training programme as well as the Data One Stop Shop to centralise data resources. These initiatives enable colleagues to access data services and increase data literacy across the organisation.

Ways of working

Ways of working initiatives were aimed to advance Agile DevSecOps modernisation and capability enhancement throughout the year. High-level process designs for Automated Release Governance (the automation and governance around the DD&T release process to streamline the deployment pipeline) were completed, benefiting key areas such as OBP, Salesforce, MuleSoft, and Cloud. Low-level designs for IT control validation were created for ServiceNow and Cloud. The Observability playbook (set of metrics that allows for quick observation to resolve issues and monitor system performance and behaviour), including maturity scaling (the ability to assess an organisation's maturity in regards to adoption), was published, and a North Star tooling capability map with around 50 capabilities was established to support end-to-end Automated Release Governance, DevSecOps, and Observability.

DD&T have launched multiple Communities of Practices (CoP) including the Engineering CoP further supporting Site Reliability Engineering (SRE) capability across DD&T. Agile Hygiene Dashboards, now known as Agile IQ, were adopted across most Azure DevOps (ADO) teams, providing a comprehensive overview of key flow metrics that measure the efficiency and effectiveness of our software delivery processes. The Customer Needs





Analysis (putting customer needs at the forefront of design thinking) element of the Design Thinking framework was utilised in Platform for Energy Forecasting (PEF) to accelerate delivery. The finalisation of the SRE blueprint and the creation of a Level blueprint for Automated Release Governance underscored Ways of Working commitment to enhancing DevSecOps practices.

Artificial Intelligence (AI), Sector Digitalisation and Innovation

We have developed our NESO ambition and strategic framework to leverage AI in our planning, operations and customer interactions. We have deployed models, such as the National Demand Forecast, which has successfully achieved a 10% improvement to current tools and a 3-hour lead time (Skip Rate). We are driving adoption of Gen AI for staff through Co-Pilot and NESO.GPT (a NESO managed version like Chat GPT).

Staff members took part in, and won, an energy challenge which saw the NESO team tackle some of the most complex decarbonisation challenges and develop innovative prototypes solutions at Number 10 Downing Street, We have also put some of our core foundational technical capabilities in place, such as Machine Learning (ML) Ops.

The Data Sharing Infrastructure (DSI) pilot was launched in Autumn 2024 in collaboration with industry, government and transmission and distribution electricity networks. In November, we met with Ofgem and network partners and received positive feedback on the initiative. The pilot trial is validating the DSI concept and providing critical learning for next steps of the DSI development and innovation in the sector.

We successfully progressed our Welsh Government Innovation Project Powering Wales Renewably into its BETA stage, and deployed REVEAL, a project to create a sandbox-type environment for testing new balancing services and conducting live trials. We also ran two successful trials pushing the boundaries of consumer flexibility with CrowdFlex.





Transition to NESO

Transitioning to NESO made significant progress in establishing foundational capabilities and ensuring readiness for the new NESO organisation. The focus areas were on aligning separation and migration plans, rebranding applications, and developing NESO-specific data privacy functions and security policies.

The FSO transition Readiness programme effectively facilitated cutover technology for the new NESO organisation, whilst managing the interface with the National Grid programme to align activities with FSO Transitioning to NESO, to ensure a successful deployment of the rebranding of corporate applications and separation activities. Notably, the transition was successful, with no unplanned system outages or Priority 1 (P1) or P2 incidents reported, marked by the completion of early life support and received positive feedback from executives and the wider organisation.

Regulatory Reporting and Ofgem Collaboration

The Cost Monitoring Framework reports continued to provide detailed progress on a quarterly basis, with a focus on simplified and automated processes to ensure smoother information flow to Ofgem as well as a more structured and streamlined approach to the collaborative sessions between NESO and Ofgem.

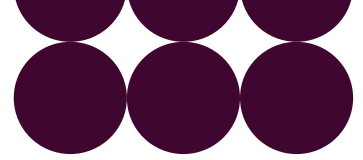
During the period Ofgem also assessed NESO DD&T with the assistance of Coforge. The Coforge report was an independent holistic assessment of our DD&T portfolio in line with the guidance documentation provided by Ofgem. This assessment highlighted improvements across NESO's digital, data and technology capabilities, with recommendations being put forward to NESO to drive further improvements and successes. These recommendations are being addressed by NESO and we submitted a full response to Ofgem in May 2025.

Digital, Data and Technology Governance

We have successfully launched a new DD&T operating model and organisational design to align with the NESO organisational structure. This model aimed to drive Agile DevSecOps modernisation and build capability to achieve separation, including a new DD&T governance model that will continue to mature and refine to drive value and efficiencies. Governance forums focused on simplification and efficiency were also streamlined. Within the NESO Technology Business Management Framework (TBM) the capability build roadmap is being finalised, with plans to incorporate finance principles to drive cost optimisation and value for the business.

Architecture

The completion of internal architecture maturity assessments and the development of a capability roadmap were notable achievements. Our architecture governance framework has been aligned with its needs, establishing the Technical Design Authority (TDA) and overarching DD&T design authority. The Architecture Maturity Assessment concluded successfully, with plans for a roadmap proposal, including frameworks and master



classes. Additionally, standards and approaches for application migration were agreed upon with National Grid, to separate out the technology estate securely and with stability. A revised Digitalisation Strategy and Action Plan was launched in November 2024.

Security

Security activities across NESO included standing up a new security team consisting of five functions: governance, risk and compliance, business enablement, incident management, security operations and physical security. This included the development of NESO security capabilities in preparation for a transition away from Day 1 Security TSAs - including work to establish a NESO Security Operations Centre and Security Incident Monitoring Solution. The rollout of a suite of security policies and standards aligned with a new NESO Security Strategy, and the implementation of a revised control framework and continual security enhancements to our critical sites and control was also completed.



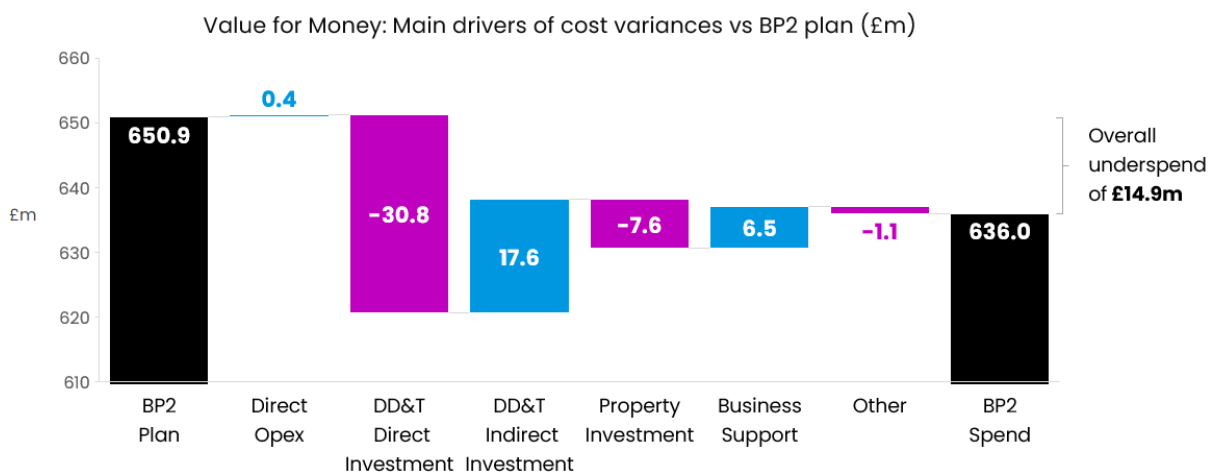


Delivering Value for Money

Value for money is crucial, as it ensures that resources are used efficiently and effectively to achieve the best possible outcomes for consumers. We deliver value for money through three main mechanisms: operational efficiency, outcome delivery and strategic alignment. More detail around our Value for Money framework, governance model and decision making can be found in Annex E.

BP2 overview

Over the BP2 period we spent £14.9m (-2.3%) less than we forecast in our plan. Whilst there was underspend related to deliverables that were either not delivered or delayed from our original BP2 plan, this has been partly offset by additional spend to deliver incremental value across a number of other activities.



Our opex costs, which are directly attributable to roles, were broadly in line with our plan across all roles. Whilst spend against our BP2 activities was generally below plan, this was offset by increased spend on headcount to deliver additional value across areas including REMA, balancing costs and management of skip rates.

A lower spend in direct DD&T investment was the key overall driver of lower cost over the period. This underspend was mainly seen in Role 1 driven by the timing of spend on our Network Control investment and de-scoping within our restoration decision support tool project. This underspend was partly offset by new priority initiatives within our indirect DD&T portfolio including reduction of technical debt, customer platform fixes, and improving data management. We assessed these activities based on priority, risk mitigation, and benefits to ensure continued value.

Across other categories, we have seen lower property investment due to a reassessment of the timing of our Wokingham site refurbishment and higher business support costs with the key driver being property lease costs associated with the expansion of our regional offices. Spend related to the establishment of NESO and our new roles has been reported separately and is not included in the above figures. More detail can be found in Annex E.



Glossary

Term	Definition
Automated Release Governance	A framework or process that automates the governance of software releases, ensuring compliance and quality standards are met.
Balancing Mechanism (BM)	A market tool used by NESO to balance electricity supply and demand in real-time, facilitating efficient system operations.
Capacity Market (CM)	A mechanism to ensure electricity supply security by providing payments for reliable sources of capacity to be available when needed.
Centralised Strategic Network Planning (CSNP)	An independent, coordinated approach to long-term energy network planning in GB, aimed at meeting net zero ambitions.
Communities of Practices (CoP)	Groups of people who share a concern or passion for something they do and learn how to do it better through regular interaction.
Connection and Use of System Code (CUSC)	A code outlining the terms for connection to and use of the National Electricity Transmission System in the UK.
Connections Reform	A set of proposed changes to improve the connections process for new electricity generation, ensuring timely and efficient outcomes.
Contracts for Difference (CfD)	A government scheme to support low-carbon electricity generation by providing price stability through long-term contracts.
Cost Monitoring Framework (CMF)	A reporting framework to monitor the delivery and value for money of NESO's IT investments.
CrowdFlex	A trial conducted by NESO to explore consumer flexibility in energy markets and push boundaries of participation.
Customer Needs Analysis	The process of identifying and evaluating the needs and preferences of customers to inform product development and service delivery.



Term	Definition
Data Sharing Infrastructure (DSI)	An initiative to facilitate data sharing and collaboration across industry stakeholders, enhancing transparency and innovation.
Demand Flexibility Service (DFS)	A tool for managing electricity demand flexibility, which has transitioned into a merit-based margin tool to optimise resource use.
DESNZ	The UK Department for Energy Security and Net Zero, focusing on energy supply security and achieving net zero carbon emissions targets.
DevSecOps	An approach that integrates security practices within the DevOps process, ensuring that security is considered at every stage of software development.
Digital Quotient (DQ) Survey	A survey conducted by NESO to assess its digital maturity and identify areas for improvement in digital practices.
Distributed Energy Resources (DER)	Small-scale units of local generation connected to the grid at distribution level.
Dynamic Response Services	Services that provide rapid adjustments to electricity supply or demand to maintain system stability.
Early Competition	A competitive process to select a bidder a solution or a specific need on GB's electricity transmission system.
Electricity Market Reform (EMR) Delivery Body	The entity responsible for administering the Contracts for Difference and Capacity Market schemes.
Electricity System Restoration Standard (ESRS)	A standard obligating NESO to restore 100% of GB's electricity demand within five days by the end of 2026.
Enduring Auction Capability (EAC)	A system implemented to optimise the procurement of dynamic response services through auctions.
Frequency Risk and Control Report (FRCR)	A report as part of NESO's initiatives to manage frequency risks and control balancing costs effectively.
Grid Code (GC)	A technical code specifying the operating procedures and principles governing the National Electricity Transmission System.



Term	Definition
Holistic Network Design Follow-Up Exercise (HNDFUE)	Strategic design initiative for offshore connections to optimise the electricity transmission network and integrate renewable energy sources.
Market Facilitator (MF)	An independent entity tasked with aligning and improving local and national flexibility markets.
NESO Security Operations Centre	A centralised unit within NESO dedicated to monitoring and managing security incidents and threats.
Network Procurement Services	Services aimed at improving the procurement of network resources to optimise system operation and reduce costs.
Observability	The ability to measure the internal states of a system by examining its outputs, crucial for diagnosing issues and understanding system behaviour.
Ofgem	The Office of Gas and Electricity Markets, responsible for regulating the electricity and gas markets in GB.
Open Balancing Platform (OBP)	A platform designed to enhance NESO's balancing capabilities and situational awareness, facilitating integration of new balancing service providers.
Primacy	A set rules governing how NESO and DNOs (Distribution Network Operators) coordinate their use of distributed flexibility assets.
Quick Reserve	A fast-acting reserve service introduced by NESO to replace Fast Reserve, aimed at responding quickly to changes in electricity demand or supply.
Regional Development Programmes (RDPs)	Initiatives aimed at unlocking network capacity, reducing constraints, and increasing competition in energy markets.
Regional Energy Strategic Planner (RESP)	An initiative to address regional energy needs, planning, and coordination, with final consultation outcomes published by Ofgem in April 2025.
Review of Electricity Market Arrangements (REMA)	A government-led initiative for analysing and developing electricity market policies, with NESO contributing to dispatch and balancing workstreams.
RIIO-2	The second regulatory price control period under Ofgem's RIIO model, covering 1 April 2021 to 31 March 2026.



Term	Definition
Security & Quality of Supply Standard (SQSS)	Standards that ensure the security and quality of electricity supply in the UK.
Security Incident Monitoring Solution	Tools and processes used to detect, monitor, and respond to security incidents within an organisation's IT systems.
Site Reliability Engineering (SRE)	A discipline that incorporates aspects of software engineering and applies them to infrastructure and operations problems to create scalable and highly reliable software systems.
Single Markets Platform (SMP)	A platform that integrates various market services to enhance user experience and market operations.
Skip Rates	The frequency at which certain actions or assets are bypassed or skipped through NESO's operational decisions.
Strategic Spatial Energy Plan (SSEP)	A comprehensive plan aimed at mapping potential locations, quantities, and types of generation and storage infrastructure across GB.
Sub-Synchronous Oscillations (SSO)	Power system oscillations at frequencies that are less than the power frequency of 50Hz.
System Operator – Transmission Owner Code (STC)	A code that governs the relationship and responsibilities between the system operator and transmission owners.
Technical Design Authority (TDA)	An entity within NESO responsible for overseeing technical design decisions and ensuring alignment with organisational needs.
Technology Business Management Framework (TBM)	A framework that provides standards and best practices to manage the business of IT, focusing on cost transparency and value delivery.
Transmission Constraint Licence Condition (TCLC)	A condition imposed on electricity generators to prevent exploitation of transmission constraints for financial gain.
Transitional Service Agreements (TSAs)	Agreements facilitating the transition from ESO to NESO, ensuring continuity of services and operations.

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