

Confidential

Meeting 2: Independent Stakeholder Group (ISG)

09:30 – 15:00

Agenda

Agenda item	Lead	Time
Welcome & Introductions	Nina	09:30
Conflicts of interest, minutes review from previous meeting	Nina	09:35
Closed session (members only)	Nina	09:40
Corporate Strategy	Claire /Graham	10:00
Break	All	11:00
Business Plan: Performance Objective Workshop	Rachel / Carole	11:20
Lunch	All	12:30
Business Plan Performance Workshop Recap	Rachel / Carole	13:00
Zoe's Update	Zoe	13:30
Flexibility Q&A	Becky Hart & Luke Nightingale	14:00
AOB	All	14:40
Closed session (members only)	Nina	14:50
Close	All	15:00

Agenda – structure/objectives of detailed sessions

Agenda item	Structure of/ objectives of session
Corporate Strategy	Share an overview of our next Corporate Strategy with the group, and get feedback from the group on the strategy
Business Plan Performance Objectives Workshop	Get initial views on our Performance Objective areas, test these objectives with group to see if anything is missing / needs adding in respect of the significant commitments we should take forward.
Zoe's Update	Q&A session with Zoe Morrissey to discuss recent our activities, important milestones and other noteworthy updates from NESO
Flexibility Discussion	Opportunity for members to get a helicopter view of NESO's activities relating to flexibility, and to ask questions

Conflicts of interest, minutes review from previous meeting

Actions from previous meeting 14.05.25

ID	Description	Owner	Due	Status	Date
A23.0	Next ISG Meeting: Send proposed dates for the next ISG meeting and include placeholders for future meetings (Aaron)	NESO	Spring 25	Closed	10/07/25
A24.0	Corporate Strategy: Organise a full-day in-person session to discuss the corporate strategy and its linkage to the next business plan (Aaron)	NESO	Summer 25	Closed	10/07/25
A25.0	Performance Framework: Zoe to look to get director availability to attend future ISG to provide insights on topics such as constraints and flexibility during the next ISG meeting (Zoe)	NESO	Summer 25	Discussion on agenda today	10/07/25
A26.0	Stakeholder Engagement: Zoe to discuss with the corporate affairs team about proactively communicating the exercises and planning for threat scenarios to reassure the public (Zoe)	NESO	Summer 25		

Closed Session

Corporate Strategy

To encourage openness and the sharing of ideas, this session will be held under the **Chatham House Rule**.

This means:

Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Please respect this rule to ensure a safe and respectful environment for discussion.

Contents

1. Introduction

2. Goals and Measures

- a. Strategy on a Page
- b. Measure Definitions

3. Roles and Activities

- a. The 8 Roles
- b. NESO activities horizon (in session only)

4. Final Deliverable Components (in session only)

Context

As NESO approaches the end of its current regulatory period, we are developing our first stand-alone Corporate Strategy. This marks a significant milestone for the organisation, setting out our medium- to long-term goals in alignment with our overarching vision and evolving role in the energy system.

The strategy is designed to provide a clear foundation for our short-term objectives within the business plan and investment decisions. It enhances transparency and gives direction, helping stakeholders understand not just where we're going, but how we plan to get there.

Importantly, this strategy defines the long-term impacts NESO aims to deliver and outlines the strategic approach we will take to achieve them. It is a living document one that will be reviewed regularly and updated if needed, particularly in response to changes in policy or responsibilities. A comprehensive review will also take place every five years to ensure it remains relevant and effective.

This strategy has been shaped through broad stakeholder engagement including UKGI, DESNZ and Ofgem reflecting a wide range of perspectives. Today's session continues that commitment to transparency and collaboration.

Today we're asking for your views on the Strategy on a Page. While we don't anticipate major changes at this stage, there is still time before formal Board sign-off in July to incorporate your feedback and adjust where appropriate. Your input is valuable in helping us shape a strategy that is robust, inclusive, and future focused.

Goals and Measures

PURPOSE

Forge the path to a sustainable future for everyone

VISION

A future where everyone has access to reliable, clean and affordable energy: Our work will be a catalyst for change across the global community

GOALS

Drive consumer value

We will minimise supply and price risks, design competitive markets, and efficiently manage system costs through effective operational decisions, benefiting consumers positively

Deliver a secure, resilient, and operable energy system

We will ensure the whole energy system remains resilient, secure, and operable during the energy transition by managing risks, seizing opportunities, and developing the necessary capabilities to enable and maintain it

Pave the way to Sustainable Energy

We will design, develop and deliver a Clean Power System, drive innovation, attract investment, and advise decision-makers to help achieve a successful and just transition to a net zero energy System

Lead as a trusted expert

We will foster strong partnerships nationally and globally, leveraging digitalisation and data across the whole energy system and facilitating growth

VALUES

Be Curious

Create Belonging

Accelerate Progress

Build Trust

HOW WE WILL DEFINE STRATEGIC SUCCESS

A highly engaged and motivated workforce

Delivering resilience & operational continuity in an economic and efficient manner

A connections queue of viable strategically aligned projects

A high degree of customer trust

The first GB Strategic Energy Planning cycle completed, and SSEP & RESP embedded

Great Britain's Clean Power Ambition is on track to deliver

Success Measure definition

Each measure will be clearly defined, including the benefits* it drives. Annual benchmarks will be set through the business planning process and reviewed as part of the BPR. In parallel, we will establish upfront quantitative targets for the overall five-year success measures to ensure long-term alignment and accountability.

Measure	A highly engaged and motivated workforce
Definition	Success Type: Maintain high performing norm with stretch (increased score) Benefit(s): People, Economic Leadership and Influence Engagement: Engagement remains a vital measure of our success, highlighting factors such as colleague motivation and pride in our organisation. This measure will continue to be taken from the responses to a subset of questions within our colleague survey NESO@listens and aligned to our values.
Measure	Delivering resilience & operational continuity in an economically efficient manner
Definition	Success Type: Maintain with stretch (cost reduction / avoidance against agreed counterfactual) Benefit(s): Economic, System and Network, Societal Operational Continuity: Keeping the electricity supply stable and uninterrupted, ensuring that power is consistently available to consumers and businesses. Cost Efficiency: Managing the operations in a way that reduces constraint costs, which can include optimising balancing costs, resource use, reducing waste, and ensuring that electricity is delivered at the lowest possible cost to consumers Facilitated Effectively: Effective scheduling and programme management of necessary outages for maintenance, upgrades and customer connections. This involves planning these outages to minimise disruption including those that “Fail to Fly”
Measure	A connections queue of viable strategically aligned projects
Definition	Success Type: Maintain with stretch (speed to reach business as usual / full implementation) Benefit(s): Economic, System and Network, Environmental, Societal Viable: These are projects that have been assessed as technically and financially feasible. They are likely to succeed and contribute positively to operations without undue risk of failure or disruption. Strategically aligned: Alignment with strategic energy plans support long-term objectives such as enhancing grid security, reliability, integrating renewable energy sources and improving efficiency,

NB: These targets will need to align with, and ultimately form part of, Executive performance objectives.

Success Measure definition (cont.)

Measure	A high degree of customer trust
Definition	Success Type: Grow
	Benefit(s): Leadership and influence
	Trust: NESO's credibility, reliability, impartiality, and ease of engagement in its operations and interactions with customers and stakeholders, using an indexed score from targeted survey
Measure	The first GB Strategic Energy Planning cycle completed , and SSEP & RESP embedded
Definition	Success Type: Deliver with stretch (high degree of engagement / positive feedback)
	Benefit(s): Economic, System and Network, Environmental, Societal, Leadership and influence
	Completion: Completion of the first GB Strategic Energy Planning cycle, including all necessary assessments and consultations on time and scope
	Embedded: Framework has been fully integrated into the operational and planning processes, ensuring that national and regional considerations are addressed in a cohesive manner, aligning with national strategies while meeting specific regional requirements
	Stakeholder Response: Monitor the level and broadness of engagement and feedback (positive and negative) from stakeholders, including industry, government, and the public
Measure	Great Britain's Clean Power Ambition is on track to deliver
Definition	Success Type: Grow
	Benefit: Environmental, Economic, Societal
	Clean Power: The grams of CO2 equivalent emitted per kilowatt-hour (gCO2e/kWh) of electricity produced is below 50gCO2e/kWh
	On Track: The proportion of electricity generated from renewable and low-carbon sources on track to meeting current target of 95% of total generation capacity

Roles and Activities

NESO's 8 roles describe our overarching responsibilities in the energy sector



System Operations

We balance a resilient GB electricity system through real-time operations and short-term planning. We anticipate and manage whole energy system interactions and will operate a clean power system in 2030.



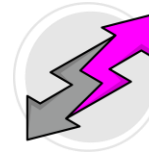
Energy Markets

We develop and operate the markets needed for balancing GB's electricity system. We also contribute to strategy for wholesale markets, act as a code administrator and are a market delivery body.



Strategic Energy Planning

We create integrated, resilient national network plans for GB's electricity, gas and hydrogen networks. We also align regional energy planning through regionalised engagement teams and strategies.



Network Operability & Connections

We ensure that GB's electricity system will be operable through identifying operability needs, procuring solutions and delivering engineering services and commercial contracts. We serve customers connecting to and operating on transmission and distribution networks.



Energy System Resilience

We ensure whole-energy system resilience by understanding risk. We use our trusted voice to develop mitigations working in partnership with government and industry.



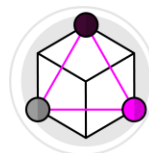
Security of Supply

We enable a reliable and secure energy system through an integrated and coordinated approach to provision of expert advice on resource adequacy to government, to ensure our energy demands can be met.



Energy Insights

We create robust, evidence-based insights into emerging energy transition trends. Resulting in the development of scenarios, insight and advice for the use of policy makers, industry and NESO itself.



Facilitating Sector Digitalisation

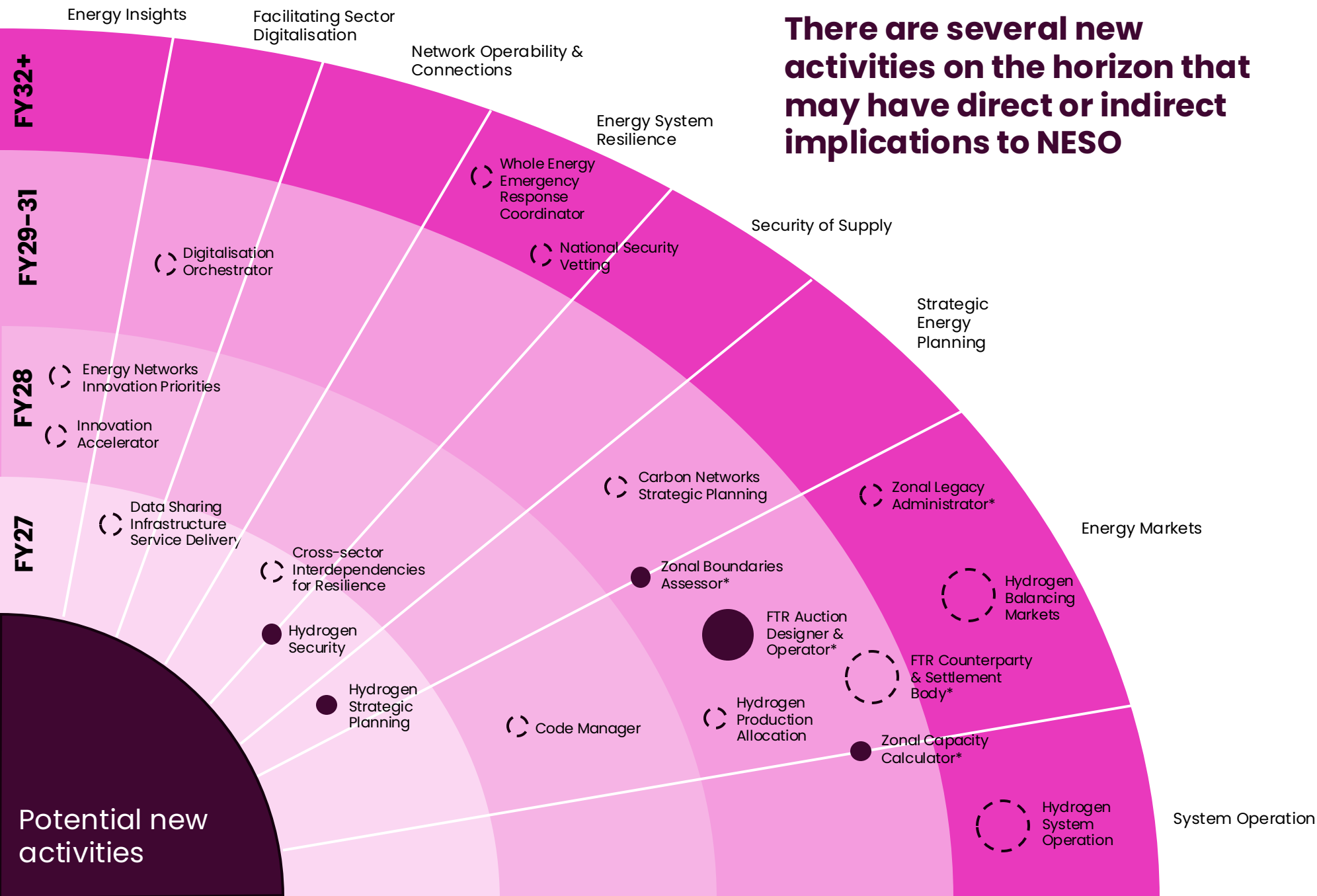
We coordinate the development of shared digital infrastructure for, and by, industry.

It is highly unlikely that NESO will take on any additional roles in 2026–31 and doing so would require Board approval.

We expect our roles to evolve in 2026–31 and it's very likely that we will perform new activities underneath them. There are three key drivers for that anticipated activity growth:

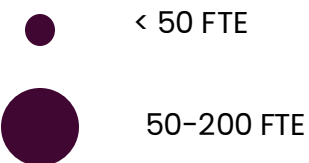
- **Hydrogen** – institutional roles and responsibilities are still emerging for Hydrogen networks
- **REMA** – a potential zonal pricing decision would create new activities for NESO as the transmission system operator
- **Sector Coordination** – we anticipate growing needs to facilitate sector change (e.g. in digitalisation)

There are several new activities on the horizon that may have direct or indirect implications to NESO



KEY:

Estimated Incremental Headcount



Internal Governance Status in Jun-25



*Dependent on Zonal Pricing decision

Final Component Deliverables

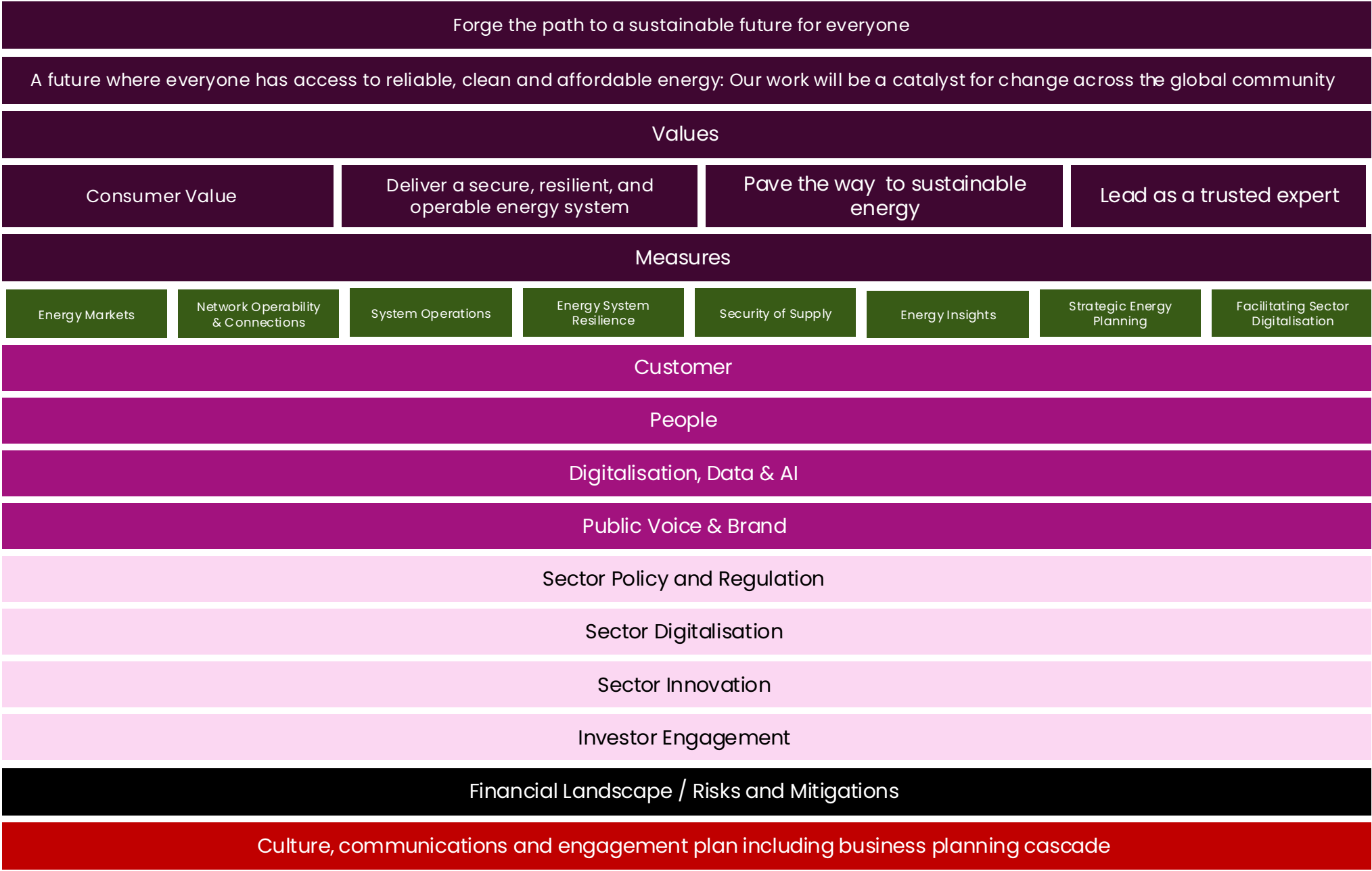
Corporate Strategy and component parts



Corporate Strategy



Component Part



Purpose, Vision and Values drive long term articulations to drive strategy and culture within NESO

Goals and subsequent **measures** and definitions agreed with targets for the 5-year period. Some baselining required post sign off

The **roles and activities** that will guide our delivery over the period. It reflects a considered strategic direction, with a clear position established on core activities, while identifying areas requiring further exploration and refinement

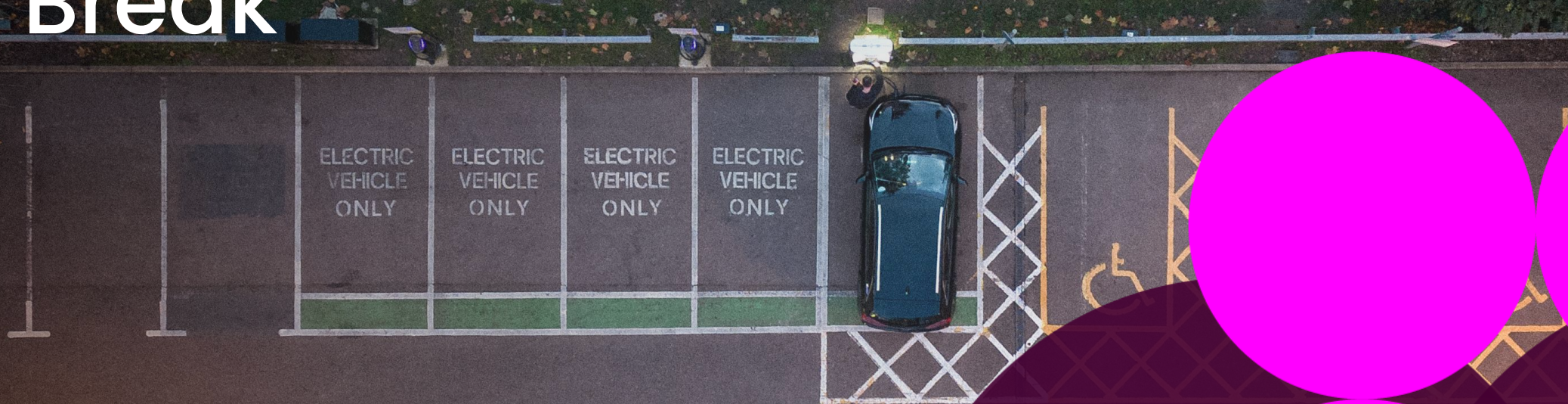
Internal Transformations define the major shifts needed to deliver the strategy. These will be developed in more detail through a flexible approach, with further refinement post-approval. Key elements include the current state, ambition, focus areas, and supporting roadmaps and milestones

External Enablers are areas that require sustained focus and influence throughout the period to support strategic delivery

Agreed **threshold / range of totex** for the 5-year period

Outside scope of corporate strategy components but crucial to successful delivery

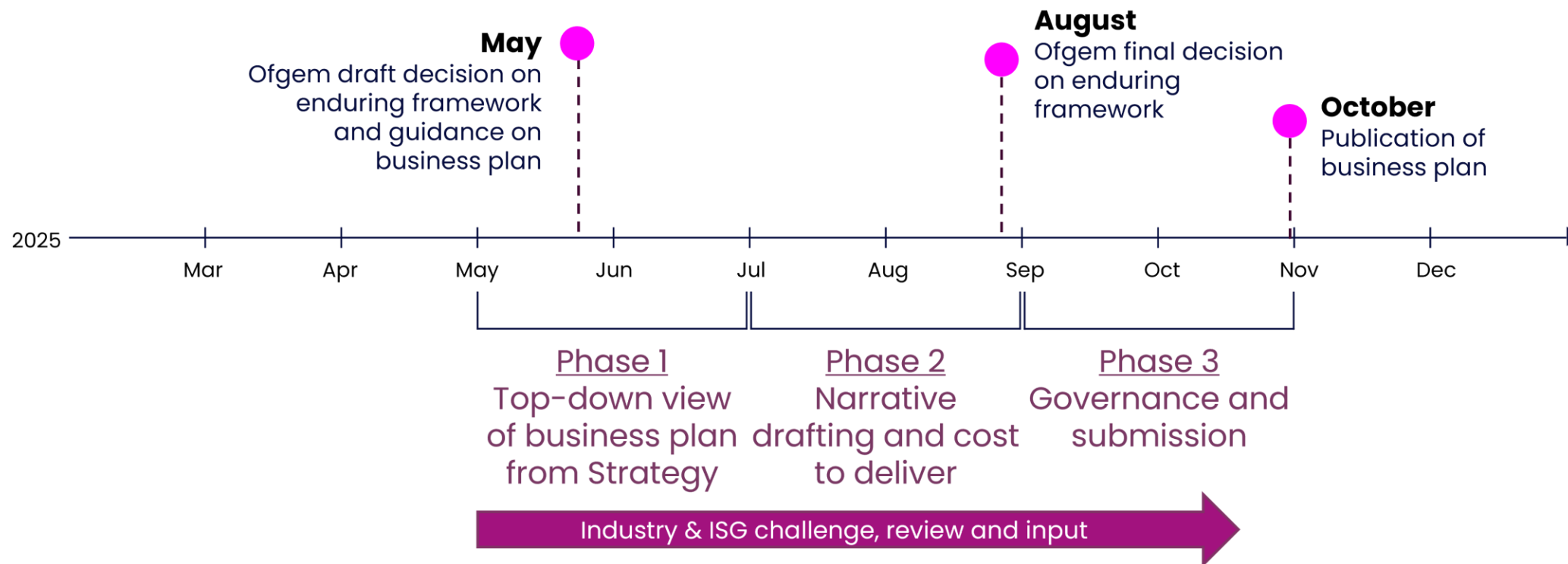
Break



Business Plan: Performance Objective Workshop

Our Business Plan: 1 April 2026 – 31 March 2028

Timeline and approach



Shaping our Performance Objectives

Our business plan will include Performance Objectives which cover major outcomes that we will achieve by the end of the two-year business plan period

As we begin to shape our Performance Objectives we have linked the corporate strategy ambition to how we will achieve the two-year outcomes (see following slides). We are seeking your feedback on...

- Are we capturing all the material activities you would expect us to undertake?
- Are there any material gaps?

Lunch

Business Plan: Performance Objective Workshop: RECAP



Zoe's Update



Flexibility Q&A

AOB & Next Steps

Future Meeting Dates

Thursday 21 August (Virtual)

Proposed 10:00–12:00 or longer if needed)

Tuesday 30 September (In person)

Or

Thursday 25 September (In Person)

Closed Session

End

