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Meeting minutes

Independent Stakeholder Group (ISG) – Meeting 2 In person/ Teams

Date: 10/07/2025 **Location:** IET, The Strand, London

Start: 09:30 **End:** 15:30

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Nina Skorupska (Chair)	Attend	Rosie McGlynn (Virtual)	Attend
Zoe Morrissey – NESO	Attend	Andy Manning	Attend
Rachel Smith – NESO	Attend	Stuart Cotten	Attend
Carole Hook – NESO	Attend	Aileen Mcleod	Attend
Amy Brook – NESO	Attend	Elizabeth Allkins	Regrets
Aaron Ludford – NESO	Attend	Sam Mackilligin	Attend
Natasha Antill – NESO (Virtual)	Attend	Janet Wood	Attend
Graham Morgan – NESO	Attend	Mark Fitch	Attend
Claire Dykta – NESO (Virtual)	Attend	Andy Wainwright	Attend
Tonderai Munetsi – NESO (Virtual)	Attend	Janine Michael	Attend
Becky Hart – NESO (Virtual)	Attend	Marko Grizelj	Regrets
Luke Nightingale – NESO (Virtual)	Attend	Trevor Hutchings	Regrets
Amanda Webb	Attend	Nick Sillito	Regrets
Goran Strbac	Attend	Gregory Edwards	Attend (virtual)
Tony Green	Attend	Rachel Fletcher	Attend (Virtual)
Ian Radley	Regrets	Iona Pearlman (guest)	Attend (Virtual)

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Agenda

#	Topics to be discussed	
1.	<p>Welcome & Introductions</p> <ul style="list-style-type: none"> Nina opened the meeting, then all attendees and members introduced themselves. Nina acknowledged the retirement of former members Barry Hatton & Robert Lowe and thanked them for their contributions to the group. This was echoed by other members. Nina also thanked former chair Andy Manning for his service as Chair. She confirmed he will now remain as a member of the group. Andy W was welcomed as a new member to the room, and Trevor Hutchins likewise (Trevor will be joining as a member of the group in future meetings). Nina reflected on membership gaps and suggested there may be a role for Elexon to join ISG. 	Nina
2.	<p>Closed Session</p> <p>Session conversations redacted due to confidential session.</p>	
3.	<p>Conflicts of interest, minutes review from previous meeting</p> <ul style="list-style-type: none"> No conflicts of interest were declared, and no objections to previous meeting minutes flagged. Aaron reviewed the outstanding actions from the previous meeting – many were agenda items for this meeting. 	Nina
4.	<p>NESO Corporate Strategy Session</p> <p>Graham and Claire presented a series of slides outlining how the NESO Corporate Strategy has been developed, and how it will be used. They provided an overview of the strategic context, presented slides outlining core elements, and invited feedback from members throughout. Several themes appeared in discussions.</p> <p><u>Clarity of Accountability & Ambition:</u></p> <p>There was a strong call for NESO to clarify its leadership role and increase ambition in its strategy language—moving from “help achieve” and “contribute” to stronger terms like “lead, drive, and enable.” Members wanted NESO’s accountability and ambition to be clearer, especially in delivery and impact.</p> <p><u>Affordability & Consumer Focus</u></p>	Claire Dykta (Virtual) & Graham Morgan

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Members consistently highlighted the importance of affordability, value-for-money, and consumer outcomes. The group urged NESO to demonstrate how it will influence energy costs and ensure affordability is reflected in both strategic language and future plans.

Decarbonisation, System Flexibility & Just Transition

Members wanted greater focus on actually delivering decarbonisation outcomes, with clearer reference to carbon targets and a more inspiring statement on Britain’s global leadership. There were also calls for NESO to prioritise practical system flexibility and renewable integration and clarify its role in driving a “just transition.”

Alignment and Collaboration:

Members emphasised the need for stronger links between NESO and other key stakeholders (e.g., Distribution System Operators, Ofgem, DESNZ), calling for clearer articulation of roles, responsibilities, and boundaries—especially where joint delivery is required.

Success Measures & Metrics

Member feedback noted a lack of specific, aligned metrics and success measures. Members urged NESO to ensure targets are benchmarked, aligned to strategic goals, and measurable in practice, with an emphasis on stakeholder satisfaction rather than just activity levels.

Governance, Planning & Investor Considerations

The group highlighted the importance of clear governance, whole system planning, and alignment with other organisations’ strategies. Investor perspectives and global context were seen as important to fully capture in the strategy.

5. **Business Plan Workshop & Feedback**

Carole H &
Rachel S

Carole and Rachel introduced the business planning workshop and invited members to submit their views on what was shared in the pre-read and how we should measure success. General comments/questions from members included:

- The reason for NESO’s differing business cycle; Carole and Zoe explained it’s due to a unique framework and need for agility aligned with corporate strategy.
- Many actions in the NESO plan require input from others and highlighted the need for the framework to evolve regarding Connections post Gate 2.

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- Suggestion made to send a letter to DESNZ and Ofgem to align accountability.
- Concerns raised about misalignment in the RESP process and resource requirements; Carole agreed NESO should support consistency.
- Discussion on revisiting and improving regulatory relationships and frameworks.
- Need identified for capacity building in Local Authorities and recognition of voluntary engagement in RESP.

The group then split off to review the performance objective drafts and submit their feedback. Initial thoughts were shared:

- The need for greater representation of consumer perspectives, suggesting consumer impacts and insights could be integrated more fully into the work, including regular publication of tracker data and a focus on “just transition.”
- Concerns about a lack of clarity on electricity bill forecasting, believing NESO could clarify how decisions affect bills and ensure consumer considerations inform analysis.
- Members identified a gap in defining roles and responsibilities, particularly regarding security of supply and NESO’s role in system planning and resilience. The importance of addressing both current and future consumers was highlighted, as was the need to better engage communities.
- There was agreement on the necessity of distinguishing between advisory and operational roles to signal investment needs, and a comment on understanding demand and asset use, especially in the context of digitalising the framework.

General feedback

- Members flagged they would like more specific detail in commitments
 - NESO need to demonstrate how we lead coordination across market participants
 - Be explicit about the levels of performance for day-to-day activities (this is not always obvious from the strategic commentary)
 - The Group believes that consideration of Domestic and Industrial heat is missing and need to be aware that this, in many cases, forms a major part of Local Authorities’ decarbonisation plans.
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- Do we need an explicit mention of the need to clarify roles and work to define boundaries especially with Ofgem – who is responsible for constraints? Who is responsible for efficient network development?
- Should there be a piece about the NESO being stood up as an independent organisation and how it is building on its capabilities and behavioural changes needed?
- Should Flexibility be cross-cutting across multiple roles?
- Performance Objectives in this iteration seem unspecific – hard to make effective comment.

Energy Insights Performance Objective

Key themes raised by members:

Insights vs analysis

ISG challenged NESO that this area seems more weighted towards analysis. Insights are key for industry and investors – what story are we telling, and how can industry respond? Our insights need to communicate for shorter term needs as well as long term.

Roles & responsibilities

In respect to modelling, members expressed confusion on the role of NESO's modelling and DESNZ – who takes the lead for pulling together the “one source of the truth” for industry and how is this communicated? Members added they would like to see more insights on the roles of other activities like heat networks.

Data sources

An understanding of which data sources have been looked at outside energy, for example, industrial sector plans should be recorded in this objective.

Trade-offs

The trade-offs between the aspects of the trilemma are really important in decision making and demonstrating NESO's independence. Members urge NESO to be more forceful in the insights and the recommendations made.

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System Operations Performance Objective

Key themes raised by members:

Managing the costs

Feedback queried the wording around costs – “managed” is this ambitious enough, and can NESO actually manage them? ISG would like to see us do more to demonstrate how we can reduce costs for consumers. Consideration should be given to whether the focus should be on cost optimisation versus management.

Roles & responsibilities

Several members flagged the importance of roles for NESO and other participants in this area. For example, what are the roles of batteries/energy storage? How can a breadth of players become involved in these activities? This could evolve into a success measure, i.e., the amount of players that participated in data systems across year 1 and 2.

Actions & system changes

Members stated they expect NESO to be looking at roadmaps, restoration capability, the role of flexibility and how we measure success across those areas.

Strategic Energy Planning Performance Objective

Key themes raised by members:

Roles & responsibilities

This was the predominant talking point in this area. Questions included:

1. What is NESO's role and who are decision makers for SEP?
2. Are NESO creating network plans or strategic plans?

Success measures

A number of suggestions were presented for success measures including buy-in and satisfaction from local communities, the need for delivering greater investment, faster delivery and lower impacts on society with a lower cost. How will SEP impact other areas such as digitilisation, SoS, System Operations and Resilience? How is this articulated in the plan, and can the outputs be measured? Measures

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should assess how having a plan expedites processes, not solely whether a plan exists. Evaluate the practical implications enabled by such plans.

Drive delivery beyond planning

How do we drive delivery beyond planning and how do we deliver as fast as possible? Members suggested an emphasis on us ensuring our wording should reflect delivery, not just lead so NESO can be held to account and drive delivery.

Coordination

Members queried how NESO are coordinating with different stakeholders impacted and engaged in SEP. This extends to beyond cross-sector and how the opinions of wider organisations for example, water and utilities are considered in these activities. A need for coordination with other plans including those from local planning and transport infrastructure. What are the links between industry bodies like Midlands energy net zero hubs and industrial and commercial customers?

Resilience Performance Objective

Key themes raised by members:

Roles & responsibilities

Many members wanted more clarity on NESO's role in coordinating Resilience and our reliance on industry, and what the overall governance of that is. This included post-events, working with DNOs/ DSOs, and managing Critical National Infrastructure energy supply risks. Others wanted to know the boundaries between NESO and the roles of others.

Other activities that relate to resilience

Questions were asked about the other activities that can impact resilience. This included how flexibility can be utilised, the role of heat networks and the impact of resilience through EVs and continuing growth of this sector.

Short term vs long term risks and impacts

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Members wanted NESO to assess longer term concerns about resilience/security of supply and what investment needs to happen in the short term. Transparency into areas of stress would be beneficial.

Trusted technical advice

Members asked NESO to consider how we demonstrate deep technical knowledge of power generation, systems and weather / wind. This would require lots of trusted voices which are accepted by industry.

Networks and Connections Performance Objective

Key themes raised by members:

Roles, responsibilities & coordination

Members would like a clearer understanding of how NESO will lead coordination with industry and link Connections activities including SSEP, RESP, CSNP and market reform. What are the roles of others in landing Connections to ensure it delivers for consumers and participants alike?

Demand customers

Several members highlighted that they feel demand customers require a level of consideration in this objective.

Benefits

Members suggested we need to do more to articulate what the benefits are. For example, timely support to investment – what does that mean and what are the products? Also, can we demonstrate CO2 saved by NESO actions, and benefiting locations? An assessable figure on constraint costs was also requested. Clearly communicate the benefits of proposed actions.

Data sharing & systems

Collaborate with Distribution System Operators (DSOs) on data sharing and implementation of advanced technologies.

Signals to market participants

Communications and all NESO's output including this business plan, need to provide clear signals to market participants.

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Security of Supply Performance Objective

Key themes raised by members:

Priorities and trade-offs

How do we prioritise impact on security of supply of new assets, system and new products in the market? NESO must consider trade-offs to allow system access to connect new generation for demand, which will require certain short-term trade-offs for constraints / resilience, noting there will be long term benefits. Assess the trade-offs inherent in the energy trilemma.

Cyber security

NESO should have a secure cyber framework that enables new participant parties to participate. Do NESO provide details on attempts to break in? Could be a success measure on actions taken by NESO to ensure SoS.

Transparency

Provide transparency into the reliance on interconnectors and granular transparency on interdependency between gas fired CCGT's & system security.

Roles & responsibilities

What are the interactions between those with responsibilities in planning operational and post event timescales? How will NESO work with other parties, like local authorities and Elexon?

Level of threat NESO can respond to

Several members highlighted concerns with the term "at any cost" - does this apply to war, acts of sabotage, a 1-in-100-year weather event? NESO needs to be clear on what is within our realms of deliverability.

Facilitating Sector Digitalisation Performance Objective

Key themes raised by members:

Roles & responsibilities

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Clarity on how DSOs and GDNs are meant to align with NESO digital architecture. What is NESO's role in recognising market-led developments? What is Ofgem's role, and are Ofgem putting licence conditions on the speed of digitalisation? What's the role of innovation and capability build?

Success Measures

Need clear measures of success on what good looks like for NESO and industry. Potential success measure is the % of homes and business assets increase. What happened to identical twin metrics on delivery, and how have these been consumed by new targets and incentives?

Stakeholder

Members highlighted the ongoing need for us to work with key players, and our actual role in sector coordination, not facilitation. Links with DSOs are critical for cost efficacy.

Energy Markets Performance Objective

Key themes raised by members:

Consumer value

Members feel consumer value needs to be articulated more here: What are we trying to achieve in this space? How are we minimising risk for consumers? We should frame the PO in the context of consumer protection and value.

Stakeholder

Members urge us to work with the Market Facilitator closely in this space. They suggested that effective, impactful engagement with market stakeholders needs recognition via our success measures and outputs.

Information to market participants

Members wanted to see more high quality and insightful information.

Competitive markets

How explicit are we in terms of what we deem as competitive? Are they "fair"? Could a measure here be the level of participation in different types of market?

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6. **Zoe's Update**

Zoe M

Zoe gave an overview of a number of topics related to NESO currently going on including:

- The Iberian incident – NESO are working closely to understand root cause and learning we can take onto our own network.
- Positive feedback from our North Hyde investigation.
- An overview on the Government's decision on REMA.

Zoe then opened for questions from the group.

- Several ISG members emphasised the need for NESO to set clear timelines for developing alternative options and to craft a strong position on balancing REMA decisions with constraint costs, highlighting flexibility as a key solution.
- Members called for NESO to assert its independence, respond effectively to its first major challenge, and participate in reviewing outdated SQSS standards.
- Members also stressed the importance of communicating the benefits of flexibility and demand-side capacity to the public and political stakeholders.
- Clearer support channels for both domestic and business customers were requested, with the North Hyde experience cited as a learning opportunity.

7. **Flexibility Q&A**

Becky Hart &
Luke
Nightingale

Becky Hart & Luke Nightingale joined the meeting to discuss NESO's position on flexibility, and the work we are doing across flexibility. The key themes of these discussions are set out below:

Understanding Flexibility

Becky introduced NESO's perspective on flexibility, outlining the various sources—such as frequency response, capacity markets, hydrogen, and energy storage—and highlighted the importance of demand-side flexibility. She presented data on the projected increase in demand-side flexibility required to meet the CP30 target by 2030 and described NESO's current and planned activities to support flexibility providers.

Barriers to Local Constraint Markets

The group discussed the limited participation and high costs seen in local constraint markets, particularly along the B6 boundary. Becky explained that initial market designs and payment mechanisms, as well as government-imposed levies, had made these markets less

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competitive and more expensive, leading NESO to favour alternative mechanisms for consumer value.

Market Access and Economic Viability

An ISG member raised concerns about the financial barriers to participating in flexibility markets, noting that costs—such as consumption levies—made it uneconomical for many providers. They called for NESO to adopt a more forward-looking and proactive approach to market facilitation, and questioned NESO’s confidence in its ability to meet low carbon flexibility targets. Luke responded that many details would become clearer following the release of the government’s roadmap but emphasised the need for organisational change to address existing barriers. {The roadmap has now been released and can be found [here](#).}

Rules and Accessibility

The discussion highlighted that market access is currently constrained by a range of NESO and distribution network rules. An ISG member referenced an industry paper listing these barriers and suggested sharing this information with the group for further action.

Cost Implications and Ancillary Services

Another ISG member pointed to the rising costs of ancillary services, suggesting that storage and demand-side flexibility could help reduce these expenses.

Policy and Regulatory Barriers

The issue of consumption levies—set by government policy—was identified as a barrier to broader participation. Becky confirmed that both NESO and market participants have raised this concern with policymakers.

Distribution of Benefits

Members discussed how the benefits of flexibility are distributed, questioning whether NESO’s approach was embedded in business-as-usual processes or still at an innovation stage. Becky stated that while not all opportunities are accessible to everyone yet, flexibility solutions have the potential to benefit consumers more widely as the market matures.

International Examples and Modelling

The use of heat networks for flexibility, as seen in Denmark, was brought up as a potential model. Becky confirmed this was considered in NESO’s

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scenarios, though it was unclear whether future modelling would fully capture projected growth.

Alignment Between Organisations

Members remarked on differences in approach to flexibility between NESO and Distribution System Operators (DSOs) and discussed the role of a market facilitator in aligning rules and standards across the sector, including primacy, baselining, stacking, and consistent market standards.

Programme Engagement and Governance

Ongoing collaboration with Elexon and engagement across multiple programmes was highlighted as essential for progressing flexibility initiatives. Becky reiterated the importance of defining remits and clarifying roles and responsibilities between parties.

Local vs National Objectives

The group noted the misalignment between local and national objectives, suggesting that at times, utilising flexibility locally may be cost-effective to achieve broader system goals.

Market Participation and Equity

The need for alignment among generators participating in flexibility markets was raised, and it was suggested that community-level flexibility would need to become a larger part of future solutions.

8.	<p>AOB & Next Steps</p> <ul style="list-style-type: none"> We closed the meeting, and tentatively shared ISG dates of 15 August and 25 September / 30 September. Aaron will take away and get placeholders sent out. Nina summarised that she will lead on a letter from ISG to be sent to Ofgem on role of the group, and concerns for merging the group with the Performance Panel in an Independent Challenge Panel role. 	Aaron
9.	<p>Closed Session</p> <p>Session conversations redacted due to confidential session.</p>	Nina

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Meeting Actions

Note – this document contains in-progress items and a rolling 30-day history of completed items.

The complete log may be found in:

Action items: In progress and completed since last meeting

ID	Description	Owner	Due	Status	Date
26.0	Any gaps in membership to be revisited, particularly in the context of Elexon as Flexibility Market Facilitator	NESO (Aaron)	August 25	In Progress	Click or tap to enter a date.
27.0	Placeholders to be sent for next meetings	NESO (Aaron)	August 25	Status	Click or tap to enter a date.
28.0	Letter to Ofgem on future of ISG and merger proposals for performance management	Nina	August 25	Status	Click or tap to enter a date.
29.0	NESO to Raise to Ofgem a view of roles and responsibilities across the energy areas, what are their views on who owns what, so everything is aligned? There needs to be a view of this.	Zoe	August 25	Status	Click or tap to enter a date.
30.0	You said, we did for the corporate strategy to be shared with members	Graham	August 25	Status	Click or tap to enter a date.
31.0	Share ADE paper on flexibility discussion with members	Aaron	August 25	Status	Click or tap to enter a date.