

September 2025

# National Energy System Operator

## BP3 Activity Annex

Annex E

Public

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## Introduction

NESO lies at the heart of the energy system as an independent, public corporation responsible for planning Great Britain's electricity and gas networks, operating the electricity system and creating insights and recommendations for the future whole energy system.

At the forefront of our efforts is delivering value for consumers. We work with government, regulators and our customers to create an integrated future-proof system that works for people, communities, businesses and industry.

NESO's primary duty is to promote three objectives: enabling delivery of a cleaner, affordable and reliable energy system for current and future consumers. NESO will take a whole system approach, looking across natural gas, electricity and other forms of energy and will engage participants in all parts of the energy ecosystem to deliver the plans, markets and operations of the energy system of today and the future.

To provide further transparency of our costs we are publishing a breakdown of our costs with an accompanying narrative explaining the services we provide which drive our costs and Full Time Equivalent (FTE) employee numbers.

Further to this publication we will be providing an updated cost forecast and value for money narrative for the 2025-26 reporting period as part of our six-monthly incentive scheme reporting.

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## Reporting Structure

As we continue to develop our long-term strategy, we have identified eight long term roles which cover our operational activity and deliver our long-term strategic aims as set out in BP3. Within each of these roles there are a set of activities that drive our strategic outcomes. Alongside these eight roles there are other functions which enable the delivery of our roles. We have grouped these functions into common themes like Role Delivery Support, Corporate Functions, Digital Data and Technology (DD&T) Support and Cyber and Physical Security.

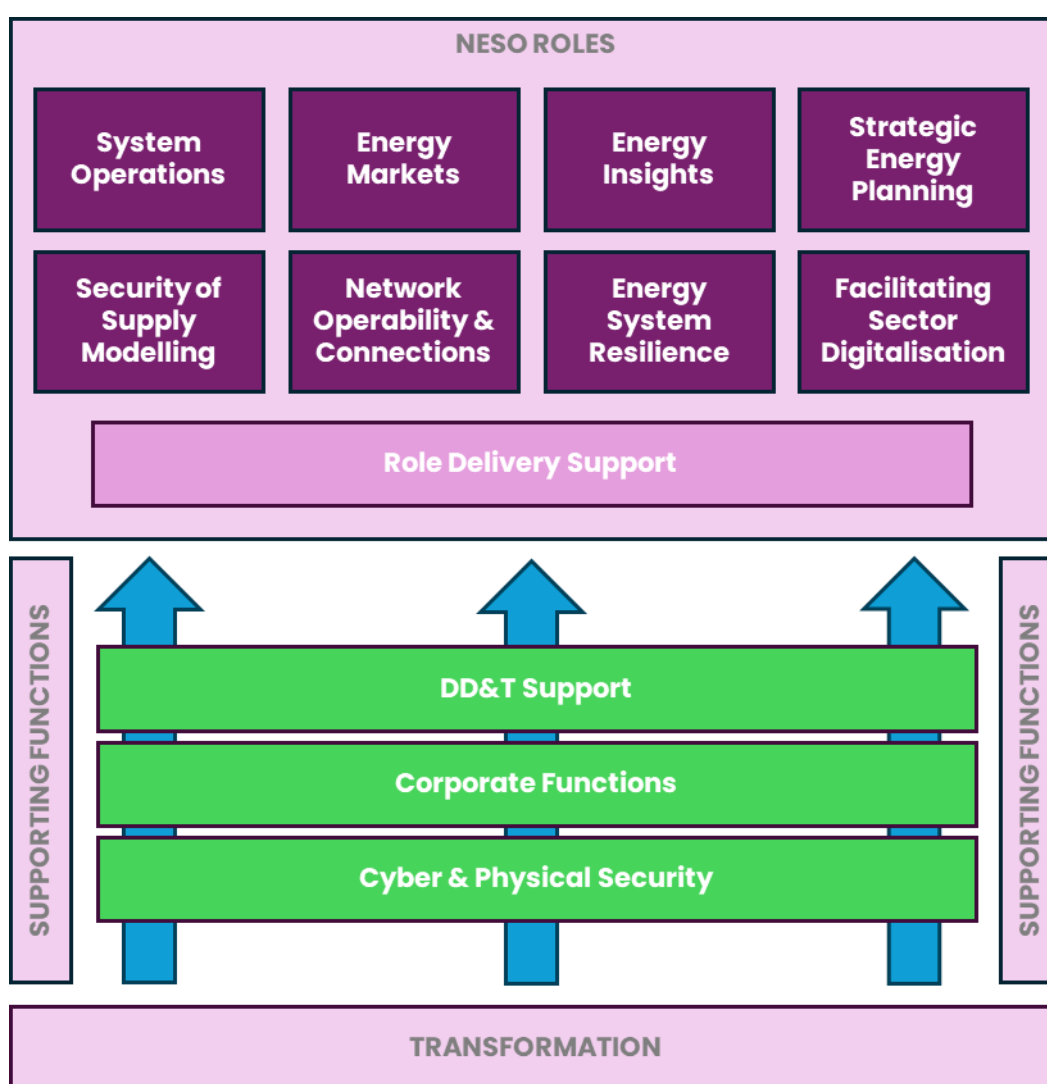


Figure 1 – NESO roles and Supporting Functions

We are using this structure to underpin our Corporate Strategy and Corporate Business Planning, and we will report our costs according to this structure for our incentive reporting and our future Business Plans. This reporting structure provides transparency by role and supporting function but does not align to our organisational directorate or team structures.

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## Cost Reporting

This report details the operating costs, investment and number of FTEs<sup>1</sup> associated with each of the activities that underpin our roles and Supporting Functions. The costs for each activity include costs associated with people as well as other costs such as contractors, consultancy, subscriptions, legal fees and other 3<sup>rd</sup> party contracts. Our [NESO RIIO-2 Business Plan 3 Digital, Data, and Technology Annex](#) provides a full narrative on planned investments for BP3 and we signpost readers to that report for further information regarding DD&T investment.

Numbers in this report overall align to our Final BP3 submission and are quoted in nominal prices.

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<sup>1</sup> FTE numbers presented in this report reflect the expected number of FTEs at the end of the BP3 period. They are rounded to the nearest multiple of 10 except where such rounding would result in a figure of zero, in which case the number is displayed as '<10'.

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## Executive Summary

In our [Final BP3 submission](#) in February 2025, we outlined the need to spend £690m in 2025/26 to fulfil our performance objectives. In this report we breakdown our cost base to provide a transparent view of the activities we perform. The map below shows the relative amount of cost we incur for delivering the Roles, Supporting Functions and Transformation activities as outlined in Figure 1.

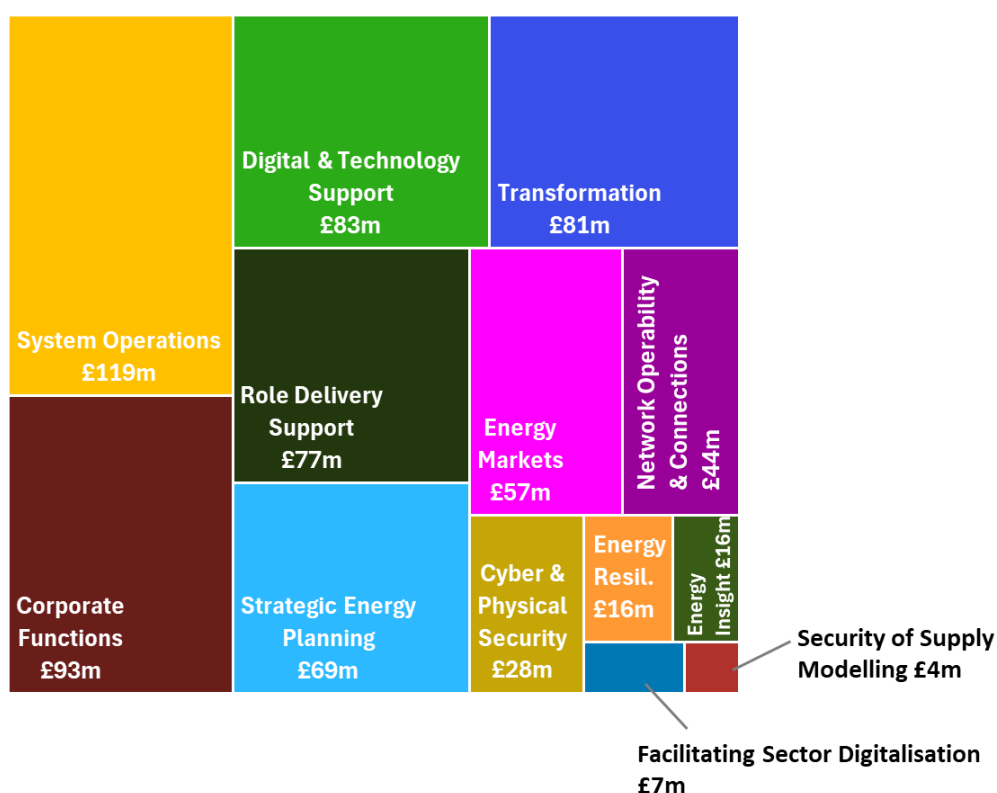
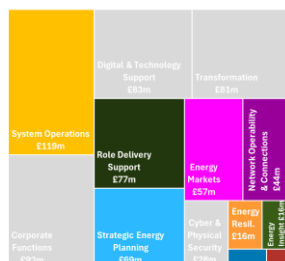


Figure 2 - Cost Map for BP3 (£690m)

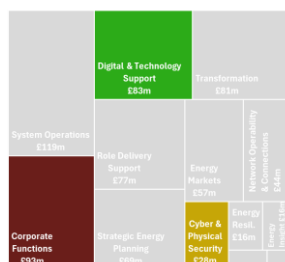
Our cost base can be broken into three parts:



### Roles and Role Delivery Support £404m

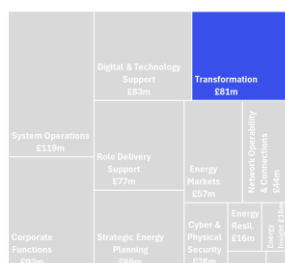
These are the costs to fulfil our core roles and the cost of activities within NESO that directly support delivery of those roles. In our previous regulatory reporting, we would have allocated these latter costs across all roles, but we believe that by presenting these directly supporting services separately we are able to provide better cost transparency.

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### Supporting Functions £205m

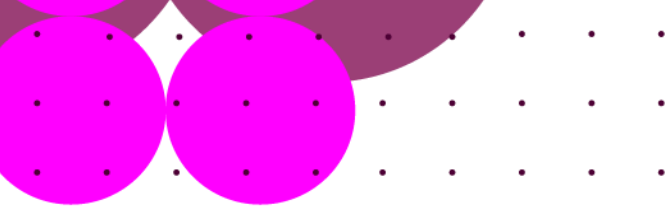
These are costs common to other corporate organisations, incurred in the ordinary course of business, such as finance, people, property and external affairs.



### Transformation £81m

We incur significant one-off costs to deliver transformational activities. To be transparent, we will report the costs for these separately until the transformation is complete and change is embedded into our normal business activity.

In the remainder of this report, we further breakdown each of the tiles in the BP3 cost breakdown map to provide transparency of the costs and number of people we have included in our business plan.



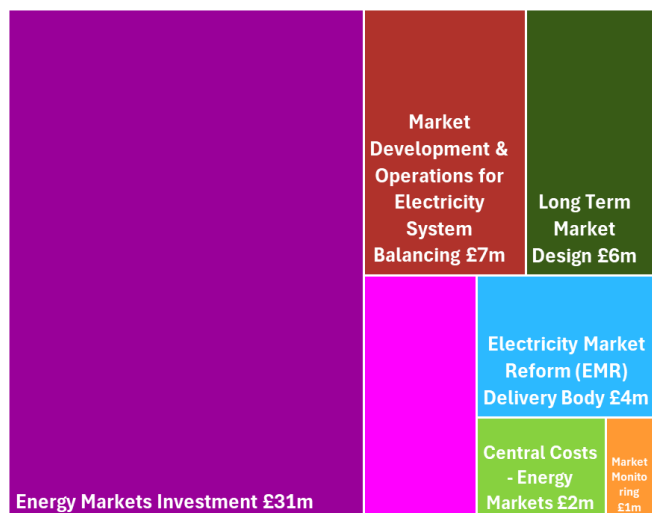
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# Part 1 – Our Roles



Public

## 1. Energy Markets



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

### *Market Development & Operations for Electricity System Balancing (£7m, 90 FTE)*

Through strategic development of NESO markets, we enable the competitive, co-ordinated and coherent design of electricity markets. We run daily auctions to procure the services that are needed for operating the system whilst also supporting the design and delivery of new products and procurement mechanisms.

### *Long Term Market Design (£6m, 50 FTE)*

We collaborate with industry stakeholders to deliver strategic recommendations to government for the design of future gas and electricity markets and facilitate the implementation of these market designs in NESO and across the industry. Through these market designs we aim to deliver clear and efficient signals for investment in, and operation of, the net zero electricity and gas systems of the future.

### *Code Administration (£5m, 50 FTE)*

We administer and develop the industry codes that govern electricity and gas. We manage the technical, commercial and legal changes to codes and ensure that code development aligns to Ofgem's strategic priorities and broader market reforms. We ensure that codes remain fit for purpose, deliver consumer benefits, and support the transition to net zero.

### *Electricity Market Reform (EMR) Delivery Body (£4m, 50 FTE)*

We operate the Contracts for Difference (CfD) and Capacity Market (CM) regimes on behalf of the UK government. We run CfD and CM auctions in line with the EMR Regulatory Framework and Electricity System Operator Licence. We onboard customers, manage queries and support participants through the application and Capacity Market contract lifecycle. We make enhancements to the EMR portal for better data migration, reporting, and user experience. We also play an important role in developing and shaping CM and CfD policies by providing

## Public

operational insight and customer feedback to ensure the regimes remain fit for purpose to achieve their objectives.

### *Central Costs – Energy Markets (£2m, <10 FTE)*

Our central costs relate to senior management and overall administration of the Energy Markets role. We maintain a provision for any ad-hoc consultancy work and wider industry subscriptions.

### *Market Monitoring (£1m, 10 FTE)*

We monitor the balancing services markets ensuring fairness in the electricity market for everyone. We monitor the market for signs of Market manipulation and Insider trading, undertaking detailed investigations where necessary. We work closely with Ofgem to raise concerns or report potential market abuse as appropriate.

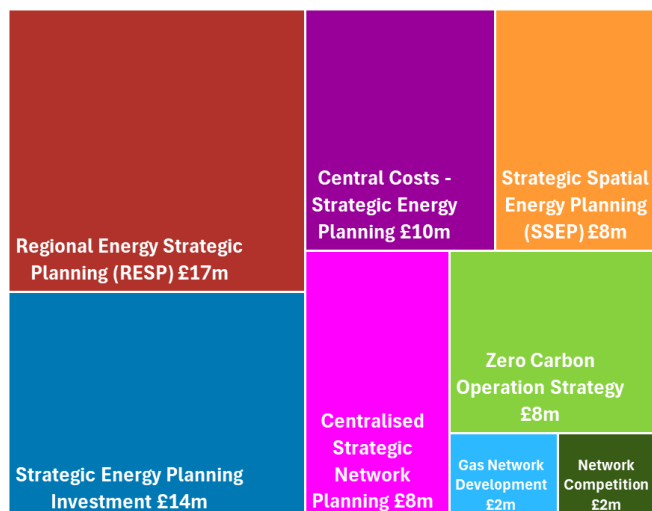
### *Energy Markets Investment (£31m)*

Our most significant investment is in the STAR platform (£13m) which enables the management of industry charging and revenue collection, and the settlement of ancillary services. Spend in BP3 will build on the foundational capability delivered in BP2 and complete the migration of revenue and settlement services off no longer fit-for-purpose legacy systems.

Other investments deliver the necessary changes to onboard new balancing services to NESO's Single Markets platform (£6m), enhance the EMR portal (£5m) and deliver systems changes to deliver regulatory change arising from GB code changes as well as changes to the framework governing our future energy trading relationship with Europe.

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## 2. 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.***

### *Regional Energy Strategic Planning (RESP) (£17m, 150 FTE)*

We will integrate national and local energy plans creating whole energy regional plans to support innovation and decarbonisation. We will build skills and capabilities alongside transparent processes to effectively develop national and regional strategic energy plans and network projects.

To deliver effectively, we will build capability and physical presence in the regions and develop key relationships. We will recruit people into the relevant regions to ensure sufficient local input and regional democratic oversight.

### *Central Costs – Strategic Energy Planning (£10m, 100 FTE)*

Our central costs cover the delivery of services to the wider Strategic Energy Planning functions including stakeholder engagement, programme management and a pool of power system engineering expertise which can be drawn upon to support all our roles.

Through stakeholder engagement across all Strategic Energy Planning functions, we will build trust and foster collaboration across all our internal and external stakeholders. Our work is designed to support strategic energy planning by ensuring that stakeholder perspectives are integrated into programme design, delivery, and decision-making. We proactively engage with SEP stakeholder sectors such as the energy industry, societal groups and locally elected politicians.

Programme management is central in coordinating, assuring, and delivering the strategic energy planning agenda across NESO. Our work spans multiple programmes including Strategic Spatial Energy Planning, Regional Energy Strategic Planning and Gas Whole Network Development, and supports the development of energy and network plans across vectors to meet net zero goals efficiently and securely.

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We have made provision for a temporary pool of engineering expertise to accommodate the support required for Clean Power 2030. This will be drawn on as and when required and a governance process is in place to ensure that this is utilised effectively.

### *Strategic Spatial Energy Planning (SSEP) (£8m, 50 FTE)*

We are focusing on spatial planning for future energy infrastructure across Great Britain. This work is foundational to the broader strategic energy planning framework. We will work out the best locations, quantity, and types of energy infrastructure that are required to meet future energy needs. To do this, our experts will look at economic, environmental, and technical factors.

### *Centralised Strategic Network Planning (£8m, 90 FTE)*

We design the long-term electricity transmission network needed to meet Great Britain's decarbonisation and growth ambitions. Our goal is to identify and appraise strategic reinforcement options for the electricity network, establish a baseline for future network design and delivery and ensure alignment with Ofgem's funding criteria and design standards.

### *Zero Carbon Operation Strategy (£8m, 30 FTE)*

We ensure that we can operate a zero-carbon electricity system reliably and securely and manage the risks as the system transitions. Our work spans both strategic planning and operational readiness such as horizon scanning, industry engagement and incident management: Developing business continuity plans and readiness frameworks to respond to energy security incidents

### *Gas Network Development (£2m, 20 FTE)*

We plan and develop the gas network in alignment with our whole energy system strategy. This work ensures that gas infrastructure remains safe, secure, and reliable while supporting the transition to low-carbon alternatives like hydrogen.

### *Network Competition (£2m, <10 FTE)*

We lead the development and execution of competitive processes for electricity transmission infrastructure. Our work is key in enabling early competition for network solutions, which helps drive innovation, efficiency, and value for consumers.

### *Strategic Energy Planning Investment (£14m)*

Our largest investment is in GeoSpatial & Location Intelligence. This investment will deliver an enduring platform for NESO's geospatial and location intelligence capabilities, and full integration with the NESO data platforms area, achieving advanced spatial analytics, modelling, and visualization for all users.

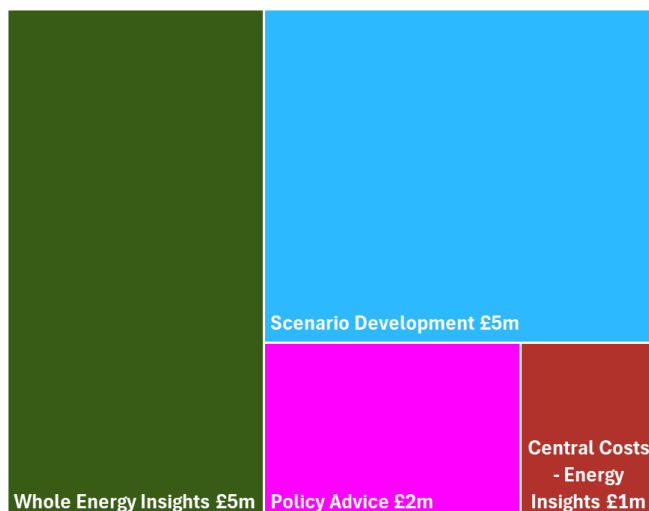
The Regional Development Programme (RDP) Implementation and Extension investment will continue delivering IT solutions that facilitate connections for Distributed Energy Resources (DER) more quickly and at lower cost for the consumer. We are achieving this by implementing an integrated data exchange and situational awareness capability with Distribution Network Operators (DNO), enabling co-ordinated access to DERs and management of service conflicts.

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Finally, our strategic energy planning investment will start to deliver the necessary technology to provide digitally enabled planning models, shared data repositories for use across our planning tools and interactive maps and data for customers to access.

Public

### 3. 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.***

#### *Scenario Development (£5m, 50 FTE)*

We create dynamic, data-driven models that explore future energy pathways and generate energy demand and supply forecasts. Our work challenges and refines assumptions on technology costs, fuel availability and consumer behaviours ensuring NESO scenarios remain robust, relevant and fit for long-term planning. These scenarios also provide the structured evidence base that supports NESO's wider analysis and responses to advisory requests.

#### *Whole Energy Insights (£5m, 30 FTE)*

We turn complex energy data into clear, actionable insights that support strategic decisions across electricity, gas, hydrogen, and heat. We deliver a portfolio of targeted, proactive analysis to anticipate major system issues and provide early advice before they escalate. We also support responses to government and regulator requests, ensuring that NESO provides timely, evidence-based insights that strengthen decision-making and support a secure and sustainable energy future.

#### *Policy Advice (£2m, 20 FTE)*

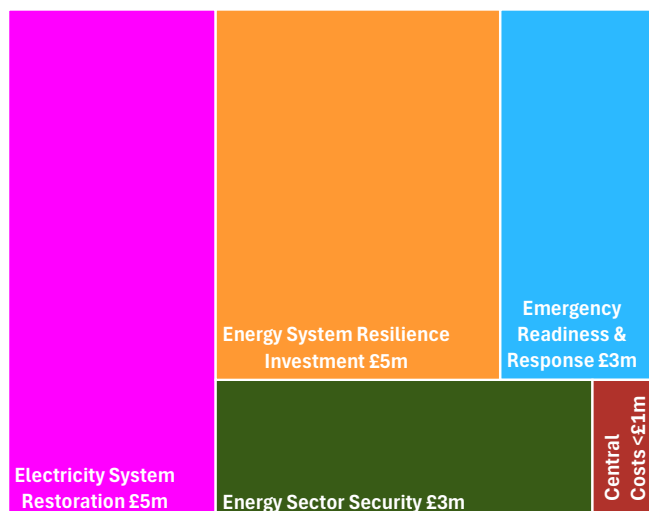
We play a central role in shaping the organisation's voice in the UK energy policy landscape. We develop NESO's policy positions, supporting statutory advisory functions and triaging and coordinating responses from DESNZ and Ofgem ensuring NESO's responses are consistent, strategic, and aligned with organisational priorities.

#### *Central Costs - Energy Insights (£1m, 10 FTE)*

We proactively manage the pipeline of Energy Insights and formal requests from Government and Ofgem. Our central costs also relate to senior management and overall administration of the Energy Insights role.

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## 4. 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.***

### *Electricity System Restoration (£5m, 50 FTE)*

We ensure that Great Britain's electricity system can be safely and efficiently restarted in the event of a total or partial blackout. We deploy tools (like the Restoration Decision Support Tool) to guide control room engineers during national shutdown scenarios. We Engage with Distribution Network Operators (DNOs), generators, and government bodies to ensure restoration readiness. We oversee initiatives that minimise the impact of supply-demand challenges, including improving communication protocols. We manage incidents through operation of a structured escalation framework (Silver/Gold Command) during unplanned events.

### *Emergency Readiness and Response (£3m, 30 FTE)*

We develop and maintain robust emergency plans and processes and deliver emergency preparedness exercises and training across NESO. We support business units in writing and testing continuity plans, aligned with international standards. We are part of NESO's broader strategy to enhance the resilience and security of energy networks, including gas supply reliability and system restoration capabilities.

### *Energy Sector Security (£3m, 20 FTE)*

We provide information and analysis on risks or threats that could impact the safety, security, or resilience of the entire energy system and to advise on appropriate mitigations. We have a whole system approach to risk and resilience, combining cyber, physical, and operational security under one strategic umbrella.

### *Central Costs - Energy System Resilience (<£1m, <10 FTE)*

Our central costs relate to senior management and overall administration of the Energy System Resilience role.

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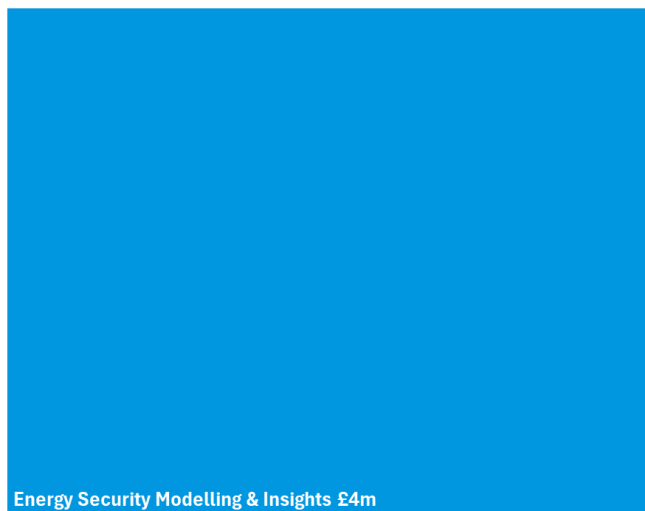
### *Energy System Resilience Investment (£5m)*

We are investing in development of the Restoration Decision Support Tool (RDST). The RDST is a software application being developed by NESO to support the emergency restart of the electricity network in the event of a total or partial blackout. This capability is mandated by the Electricity System Restoration Standard (ESRS). This tool will recommend optimal restoration routes, factor in generator availability and response times and support control centre engineers in national shutdown scenarios.



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## 5. Security of Supply Modelling



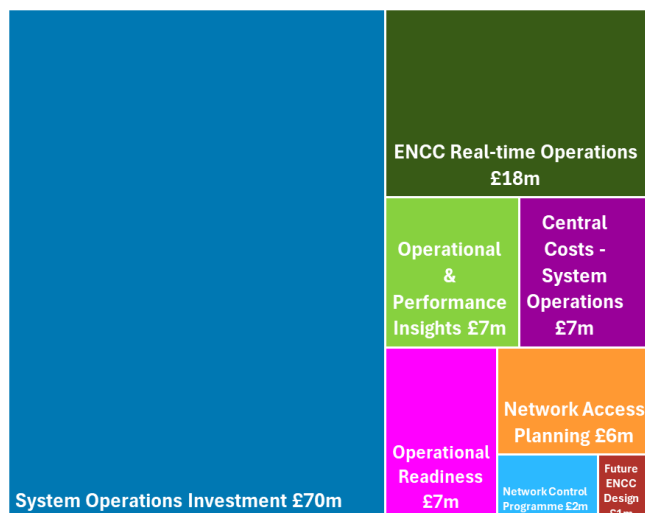
***We enable a reliable and secure energy system through an integrated and co-ordinated approach to provision of expert advice on resource adequacy to government, to ensure our energy demands can be met.***

*Energy Security Modelling & Insights (£4m, 30 FTE)*

We provide advanced modelling and analytics incorporating electricity, gas, and other sectors to reflect the evolving nature of the GB energy system. We support resilience planning and risk mitigation through identifying system vulnerabilities, and we recommend adaptive measures to limit societal impacts from extreme events. We stress test scenarios through building “what if” cases to assess future risks and we provide recommendations to industry and government.

Public

## 6. System Operations



***We balance a resilient Great Britain 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.***

### *ENCC Real-time Operations (£18m, 140 FTE)*

Our ENCC (Electricity National Control Centre) delivers the real-time balancing of electricity generation and demand across the GB transmission network. We ensure the system remains stable, secure, and economically efficient. Key functions include System Balancing, Trading Operations, Frequency and Voltage Management and Dispatch and Ancillary Services.

### *Operational & Performance Insights (£7m, 90 FTE)*

We maintain and update existing control centre related systems, facilitating the capital plan delivery, and evaluate and report upon the performance of assets, via technical investigations, to support operation of the transmission network. We provide transparency of our actions and decision-making processes in operating the power system and target continual reduction of balancing costs through monitoring and incentive reporting.

### *Central Costs - System Operations (£7m, 10 FTE)*

Central costs related to senior management and administration of the System Operations role. It includes the cost of our membership of Coreso (£5m), a regional centre that coordinates high-voltage electricity flows for European Transmission System Operators (TSOs) to support the security of electricity supply on a European regional basis.

### *Operational Readiness (£7m, 50 FTE)*

We ensure the control room has the tools, protocols and staffing needed to manage the electricity system effectively. We support incident management and critical infrastructure protection, especially in digital-first environments. We develop strategies for future control room capabilities and integrating new operational technologies

## Public

### *Network Access Planning (£6m, 90 FTE)*

We coordinate and manage access to the electricity transmission network for both customers and Transmission Operators (TOs). Our engineers assess, coordinate, and sanction the planned release of assets from the National Electricity Transmission System (NETS) for maintenance and commissioning of new connections and equipment. We play a key role in delivering NESO's Clean Power 2030 (CP30) strategy.

### *Network Control Programme (£2m, 30 FTE)*

We are leading the development and deployment of the Network Control Management System (NCMS), which replaces our legacy control platform. We are transforming how the electricity transmission network is monitored, analysed, and controlled in real time. Our work underpins the operational resilience and efficiency of the Electricity National Control Centre (ENCC) and supports NESO's broader goals like Zero Carbon 2025 and Clean Power 2030.

### *Future ENCC Design (£1m, 30 FTE)*

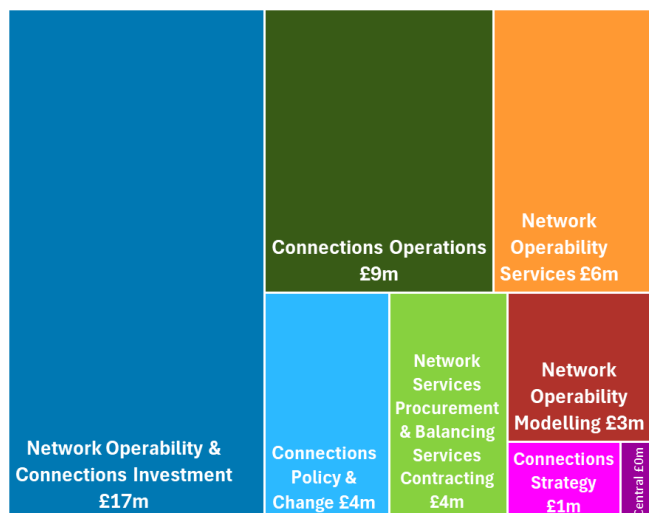
We support the ongoing development of the Electricity National Control Centre (ENCC) and maintain key operational relationships with electricity interconnectors and Coreso. We ensure the control centre remains fit for purpose in its people, process and facilities as the energy system transitions toward net zero, with increasing complexity, decentralisation, and digitalisation. This also includes supporting NESO and industry partners in service delivery and technical capability development to ensure operability.

### *System Operations Investment (£70m)*

Our largest investment is in Enhanced Balancing capabilities (£18m), an investment which delivers the Open Balancing Platform (OBP), a new real-time balancing capability (aligning supply and demand) to replace legacy NESO balancing systems and processes. Our existing balancing systems architecture cannot be adapted to support zero carbon grid operations. We plan to spend £12m on our Network Control Programme, an investment that helps us deliver our real-time situational awareness capability providing control centre operators capability to manage the electricity network as we move to zero carbon grid operations. We will invest £11m in our Data and Analytics Platform which modernises and standardises data management and governance across NESO and provides access to trusted data for insights and analytics. The remaining smaller investments in this area will support asset health, frequency visibility, forecasting enhancements, real time prediction and technology enablement.

Public

## 7. Network Operability & Connections



**We ensure that Great Britain'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.**

### *Connections Operations (£9m, 80 FTE)*

We manage the full lifecycle of customer connections—from initial enquiry to post-commissioning compliance. We support customers through registration, training, and understanding Grid Code obligations. We handle technical assessments, fee processing, and offer issuance in collaboration with Transmission Owners (TOs). We co-ordinate asset procurement, testing, and energisation, including compliance checks. We ensure operational compliance and managing contractual obligations such as Transmission Use of System (TNUoS) charges.

### *Network Operability Services (£6m, 80 FTE)*

We ensure the safe, reliable, dependable, and efficient operation of Great Britain's electricity transmission system. We identify and quantify risks and opportunities for network operation, helping NESO anticipate and mitigate system challenges. We develop solutions that support real-time system operation and long-term planning, integrating new technologies and distributed energy resources. We maintain and develop network models for operational, planning, and revenue activities and we ensure that equipment connecting to the network meets technical requirements.

### *Connections Policy & Change (£4m, 30 FTE)*

We design and implement code modifications to improve connection processes and network capacity allocation. We lead reform initiatives to streamline the customer journey and align with government initiatives like the DESNZ Clean Power 2030 Action Plan. We coordinate with Transmission Owners, Ofgem, DESNZ, and industry groups to ensure alignment and transparency.

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### *Network Services Procurement & Balancing Services Contracting (£4m, 20 FTE)*

We deliver consumer value through strategic procurement and contract management. We procure balancing services to ensure supply and demand equilibrium across the electricity system. We manage contracts with balancing service providers, including both short-term and long-term arrangements. We support system operability through competitive, transparent procurement of flexibility services.

### *Network Operability Modelling (£3m, 30 FTE)*

We develop and maintain network models which underpin real-time system operation, long term strategic planning, connections assessments and revenue forecasting and compliance. We handle network data exchange with industry stakeholders.

### *Connections Strategy (£1m, 10 FTE)*

We are responsible for shaping the long-term strategic direction of the electricity transmission connections process. We design the next level of reform, setting strategic direction, and developing policies that will guide the future of our electricity network. By focusing on these key areas, we ensure that our transmission connections process remains robust, efficient, and capable of meeting the evolving demands of a sustainable energy landscape.

### *Central Costs - Network Operability & Connections (<£1m, <10 FTE)*

Our central costs relate to senior management and overall administration of the Network Operability and Connections role.

### *Network Operability & Connections Investment (£17m)*

We will invest c. £10m in Connections Platform Enhancements, investments that help deliver the capability for customers to engage with NESO services for energy grid connections. We work closely with Transmission Owners (TOs) to support customer connections, which are a critical part of our decarbonisation strategy. Our work ensures customers can connect to the energy network where and when the need is crucial for achieving net zero, delivering affordability for consumers and maintaining security of supply.

We are planning investments in Offline Network modelling (£3m) initiatives which will support the development of a comprehensive energy system approach to achieving zero carbon operability, addressing the complex modelling challenges associated with a decarbonised system.

Additionally, we will invest £3m on Planning and Outage Data Exchange improvements and £2m in Electricity Network Development Tools.

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## 8. Facilitating Sector Digitalisation



***We co-ordinate the delivery of shared digital infrastructure for, and by, industry.***

### *Interim Data Sharing Infrastructure (DSI) Coordinator (£1m, 10 FTE)*

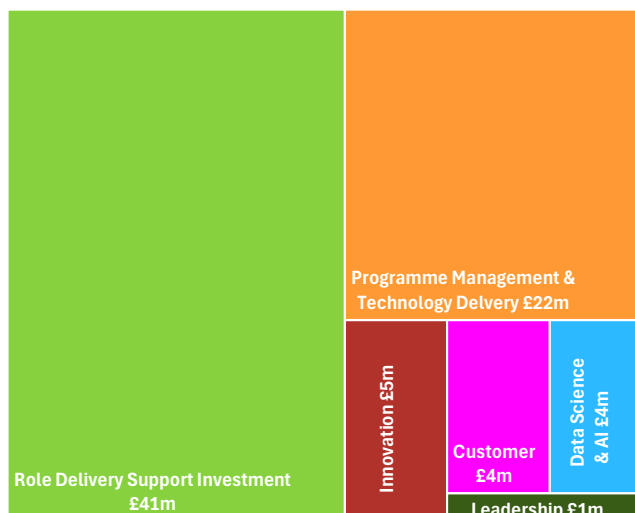
We have been appointed by Ofgem as the Interim Data Sharing Infrastructure (DSI) Coordinator. We will work with Ofgem, industry, and the government to design and implement a secure and compatible framework for energy system data exchange, crucial to facilitating a secure and resilient energy system, enabling improved simulation, forecasting and decision-making, whilst supporting a zero-carbon energy system.

### *Facilitating Sector Digitalisation Investment (£6m)*

We are developing and delivering on behalf of industry, the Data Sharing Infrastructure (DSI), a multi-year socio-technical programme to enable secure, resilient, and scalable data sharing between any energy sector participants. In BP3 we will prepare and mobilise for the delivery of the DSI Minimum Viable Product phase of the programme.

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## 9. Role Delivery Support



***We directly support the delivery of our core roles through change and data management, driving innovation and building strong customer relationships.***

### *Programme Management & Technology Delivery (£22m, 360 FTE)*

We lead the delivery of DD&T initiatives and major NESO programmes through partnering across the organisation. Our work is shaped by the evolving needs of the business. We actively respond to and prioritise demands to ensure our efforts are targeted where they add the most value. We coordinate large-scale change, resourcing efficiently by balancing internal capabilities with external expertise, including partners, and flexible resource. All transformation activity is centrally governed to ensure alignment with strategic priorities, consistency in execution, and measurable outcomes.

### *Innovation (£5m, 50 FTE)*

We support the business and industry's efforts to meet its decarbonisation targets by tackling the challenges and opportunities that lie ahead. We support the north star technology ambitions for the business and the wider sector by developing and delivering innovation programmes to transform its processes and technological outcomes.

### *Operational Leadership (£1m, <10 FTE)*

These costs cover the Office of the Chief Operating Officer. Costs include provision for operational consultancy support where needed.

### *Customer (£4m, 30 FTE)*

We provide expertise, strategic insight, and prioritised action to deliver a consistent and informed customer approach across all areas of our business. This ensures that we can build and demonstrate a culture of customer centricity across our end-to-end activity. Through strong relationships and active advocacy, we amplify the customer voice, influence decision-making, and foster trust.

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### *Data Science & AI (£4m, 40 FTE)*

We ensure that the right frameworks, practices and standards for data are established and embedded to enable NESO to meet its strategic objectives. This includes AI and Automation, Data Governance, Data Protection (including external data sharing and data privacy), Data Quality and Authoritative Data, Data Partnering and Stewardship, and Data Technology and Tooling Solutions.

### *Role Delivery Support Investment (£41m)*

We will reduce our technical debt (£12m) through refreshing existing assets in order to minimise security and technological risks as well as enabling us to have platforms that can co-exist with other investment upgrades. We will continue to invest in AI Transformation (£8m) to progress the mobilisation phase for the AI 2030 Roadmap. We will also continue to invest in our Data and Analytics Platform (£7m) which equips NESO with the necessary tools to develop data products for analytics and insights.

Other areas of investment will be in Enterprise Data Management, Digital Engagement Platform enhancements and Future Innovation Productionisation projects.

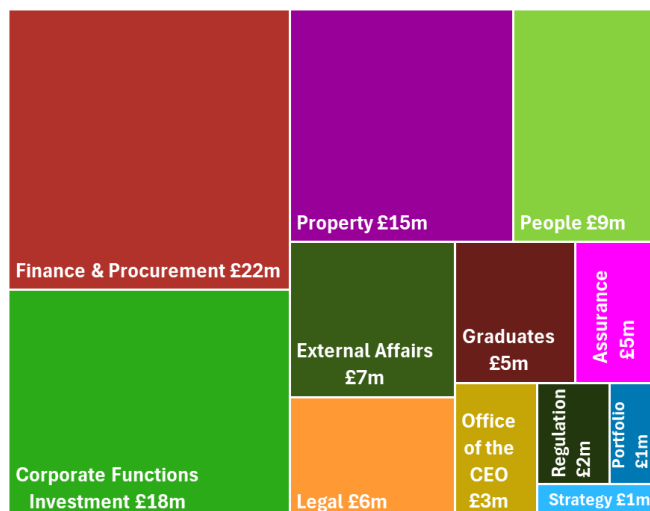


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# Part 2 – Supporting Functions

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## 10. Corporate Functions



***We support NESO to achieve its strategic priorities through strong financial stewardship, developing talent and capability, acquiring and maintaining our properties and managing risk and reputation.***

### *Finance & Procurement (£22m, 150 FTE)*

We support financial control and stewardship through management accounting, tax compliance and forecasting. We manage cash, banking and treasury operations. We set and collect NESO's revenues as well as collecting and distributing revenues to wider industry participants. We deliver strategic plans, performance management, value for money assurance and investor and regulatory engagement. We also procure goods and services across the organisation ensuring compliance with relevant legislation.

### *Property (£15m)*

We oversee all NESO's office locations managing leases, fit-outs and the smooth running of day-to-day operations including health and safety, maintenance and compliance. We facilitate strategic property decisions, including new office acquisitions and renewals. We support the resilience and security requirements for our critical infrastructure sites.

### *People (£9m, 70 FTE)*

We enhance talent and capabilities, through learning and development programmes, while fostering leadership and technical expertise, ensuring our workforce is future-ready and at the leading edge of talent in the energy industry. We create an inclusive work environment that values diverse experiences, fosters a sense of belonging, and enables everyone to feel included. We support delivery of NESO's strategic goals by attracting and developing a workforce that supports them. We implement innovative and easy to use HR technology that provides accurate insight of its organisation, people and culture to make informed decisions and accelerate progress.

## Public

### *External Affairs (£7m, 40 FTE)*

We promote and protect NESO's reputation externally as a new public body. We manage NESO's external messaging, including media relations, public affairs campaigns, and executive communications. We support the business with strategic stakeholder engagement, messaging and branding. We drive the strategic coordination, engagement and narrative needed across NESO to speak with one voice across all NESO's external activity.

### *Legal (£6m, 20 FTE)*

We provide proactive and reactive legal expertise and guidance on a range of areas. We support the Board and its Committees, ensuring compliance with corporate obligations, including managing the interests of the shareholder.

### *Graduates (£5m, 110 FTE)*

We invest in developing new capability through our graduate, apprenticeship and industrial placement schemes. Our early career programmes cover a broad range of business capabilities and provide a pipeline of talent to support all our roles.

### *Assurance (£5m, 30 FTE)*

We monitor and manage operational risks, aligning assurance activities with our control framework and providing support for strategic risk assessments. We provide data assurance ensuring data quality, transparency, and consistency, supporting our strategic priorities through robust data governance. We maintain NESO's business continuity plan to ensure we are prepared for disruptive events.

### *Office of the CEO (£3m <10FTE)*

These costs cover the Office of the Chief Executive Officer.

### *Regulation (£2m, 20 FTE)*

We oversee NESO's regulatory reporting and assurance. We ensure compliance with our licence obligations and oversee licence management and modifications. We co-ordinate regulatory business plans and incentives reporting. We develop strategic regulatory policy and future frameworks and co-ordinate inputs to regulatory consultations. We also provide proactive and reactive regulatory expertise and guidance on a range of areas.

### *Portfolio Management (£1m, 10 FTE)*

We oversee programme and project delivery to achieve NESO's strategic objectives. We provide insights on progress, strategic alignment, finances, risk, and resources. We maintain consistent delivery standards and ensure effective portfolio management across the whole of NESO.

## Public

### *Corporate Strategy (£1m, 10 FTE)*

We define NESO's long-term strategic direction and ensure alignment across the organisation. We set clear, outcome-driven goals and translate them into measurable aims that connect every team's work to NESO's overarching purpose and vision. We lead the development of NESO's corporate strategy and work closely with delivery and planning teams to cascade strategic priorities into operational plans. Our work ensures NESO remains focused, agile, and aligned.

### *Corporate Functions Investment (£18m)*

We will invest £13m in maintaining and upgrading our property estate. The majority of spend will be at our Wokingham site for roof refurbishment, drainage works and upgrades to our workspace.

Public

## 11. Cyber & Physical Security



***We will create a resilient and secure organisation that supports NESO's transition to net zero.***

### *Cyber & Physical Security (£21m, 80 FTE)*

We protect NESO's people, data, systems, and infrastructure. This includes threat detection, incident response, vulnerability management, governance, and education. We provide physical security through site protection, personnel vetting, corporate security, and compliance with critical national infrastructure (CNI) standards. We support NESO's strategic goals by embedding security into business processes and enabling secure innovation.

### *Cyber & Physical Security Investment (£8m)*

We will invest to address identified physical risks and enhance assets to improve NESO's security measures. This work will upgrade the existing physical security systems currently in place at a number of sites that make up NESO's critical national infrastructure (CNI).

Public

## 12. Digital & Technology Support



**We manage the provision of IT service delivery across all NESO functions. We ensure the right digital, data and technology principles, tools, standards and strategies are in place to achieve NESO's objectives.**

### *Digital & Technology Support Contracts (£71m, <10 FTE)*

We manage the provision of all IT related services within NESO as part of the IT Transitional Service Agreements (TSAs) with National Grid. This includes areas such as licencing, applications support and maintenance, networks, infrastructure, system security and digital workplace services.

### *Digital Strategy & Architecture (£6m, 60 FTE)*

We provide overarching architectural strategies, principles, and standards across NESO. We offer deep functional and technical expertise in specific business areas such as Balancing, Control Centre, Markets, and Engineering. We govern foundational technology platforms, and we design end-to-end solutions ensuring alignment of people, processes, and technology to business outcomes. Our work ensures that NESO's digital transformation aligns with corporate goals and regulatory obligations.

### *Functional Excellence (£6m, 60 FTE)*

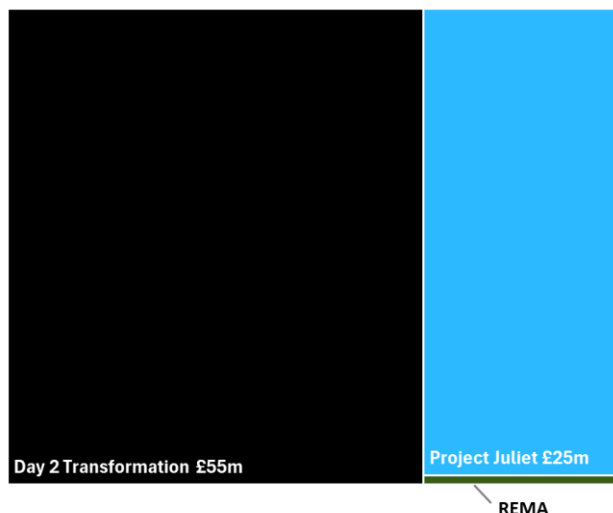
We drive a culture of excellence across our DD&T activities by providing the right principles, services and tools to achieve NESO's objectives. We coordinate planning across DD&T and other directorates to ensure alignment with NESO's strategic goals and regulatory commitments. We ensure that DD&T portfolio finances are governed, controlled, and aligned with business value. We support vendor and contract management, including exiting transitional service arrangements with National Grid. We provide workforce planning and capability management as well as assurance across DD&T programmes, ensuring risks are identified and mitigated.

Public

# Part 3 – Transformation

Public

## 13. Transformation



***We deliver transformational activities and programmes that support NESO's strategic priorities.***

### *Day 2 Transformation (£55m, 90 FTE)*

We are delivering the transition and operationalisation of services from National Grid, such as the digital workplace which includes desktop and Microsoft Office services, corporate networks, IT Service Management (ITSM) processes and help desk. We will manage the takeover of all IT related services and the closure of IT Transitional Service Agreements (TSAs) with National Grid. We are delivering new finance, HR and procurement systems by the end of the year.

### *Project Juliet (£25m, 10 FTE)*

The Juliet Project is a major initiative by NESO focused on developing a Contingency Control Centre for future needs. This is part of NESO's broader transformation programme, designed to support its operational independence and strategic capabilities.

### *REMA (<£1m)*

We will undertake a discovery activity to develop understanding of the potential impacts on our systems of the Review of Electricity Market Arrangements (REMA), the government's programme to reform GB electricity markets to support delivery of net zero and decarbonisation of the power sector.



Public

# Appendix 1 – Cost and FTE Breakdown

Role/Function	Activity	Cost (£m)	FTE
Energy Markets	Code Administration & Market Frameworks	5	50
	Electricity Market Reform (EMR) Delivery Body	4	50
	Long Term Market Design	6	50
	Market Development & Operations for Electricity System Balancing	7	90
	Market Monitoring	1	10
	Central Costs - Energy Markets	2	<10
	Energy Markets Investment	31	
<b>Energy Markets Total</b>		<b>57</b>	<b>250</b>
Strategic Energy Planning	Centralised Strategic Network Planning	8	80
	Gas Network Development	2	20
	Network Competition	2	10
	Regional Energy Strategic Planning (RESP)	17	150
	Strategic Spatial Energy Planning (SSEP)	8	50
	Zero Carbon Operation Strategy	8	30
	Central Costs - Strategic Energy Planning	10	100
	Strategic Energy Planning Investment	14	
<b>Strategic Energy Planning Total</b>		<b>69</b>	<b>440</b>
Energy Insights	Policy Advice	2	20
	Scenario Development	5	50
	Whole Energy Insights	5	30
	Central Costs - Energy Insights	1	10
<b>Energy Insights Total</b>		<b>12</b>	<b>110</b>
Security of Supply Modelling	Energy Security Modelling & Insights	4	30
<b>Security of Supply Modelling Total</b>		<b>4</b>	<b>30</b>
Energy System Resilience	Electricity System Restoration	5	50
	Emergency Readiness & Response	3	30
	Energy Sector Security	3	20
	Central Costs - Energy System Resilience	0	<10
	Energy System Resilience Investment	5	
<b>Energy System Resilience Total</b>		<b>16</b>	<b>100</b>
System Operations	Operational Readiness	7	50
	Network Control Programme	2	20
	Balancing Programme	-	40
	ENCC Real-time Operations	18	140
	Future ENCC Design	1	30
	Network Access Planning	6	90
	Operational & Performance Insights	7	90
	Central Costs - System Operations	7	10
	System Operations Investment	70	
<b>System Operations Total</b>		<b>119</b>	<b>470</b>

## Public

Role/Function	Activity	Cost (£m)	FTE
Network Operability & Connections	Connections Strategy	1	10
	Connections Policy & Change	4	30
	Connections Operations	9	80
	Network Operability Modelling	3	30
	Network Operability Services	6	80
	Network Services Procurement & Balancing Services Contracting	4	20
	Central Costs - Network Operability & Connections	0	<10
	Network Operability & Connections Investment	17	
<b>Network Operability &amp; Connections Total</b>		<b>44</b>	<b>250</b>
Facilitating Sector Digitalisation	Interim Data Sharing Infrastructure (DSI) Coordinator	1	10
	Facilitating Sector Digitalisation Investment	6	
<b>Facilitating Sector Digitalisation Total</b>		<b>7</b>	<b>10</b>
Role Delivery Support	Customer	4	30
	Data Science & AI	4	40
	Operational Leadership	1	<10
	Innovation	5	50
	Programme Change & Management	22	360
	Role Delivery Support Investment	41	
<b>Role Delivery Support Total</b>		<b>77</b>	<b>480</b>
Corporate Functions	Assurance	3	30
	Corporate Strategy	1	10
	External Affairs	7	40
	Finance & Procurement	22	150
	Legal	6	20
	People	9	70
	Property	15	<10
	Portfolio Management	1	10
	Regulation	2	20
	Graduates	5	110
	Office of the CEO	3	<10
	Corporate Functions Investment	18	
<b>Corporate Functions Total</b>		<b>93</b>	<b>460</b>
Cyber & Physical Security	Physical & Cyber Security	21	80
	Cyber & Physical Security Investment	8	
<b>Cyber &amp; Physical Security Total</b>		<b>28</b>	<b>80</b>
Digital & Technology Support Total	Digital & Technology Support Contracts	71	<10
	Digital Strategy & Architecture	6	60
	Functional Excellence	6	60
<b>Digital &amp; Technology Support Total</b>		<b>83</b>	<b>120</b>
Transformation	Day 2 Transformation	55	90
	Project Juliet	25	10
	REMA	1	
<b>Transformation Total</b>		<b>81</b>	<b>100</b>
<b>Grand Total</b>		<b>690</b>	<b>2,884</b>

Figure 3 – BP3 Costs and FTE by Activity

FTEs are rounded to the nearest 10 FTE. Total FTEs are 2,884 FTE as presented in BP3

[Note that FTEs are aligned to activity in this table, but in some cases costs for those FTEs are charged to investment projects]