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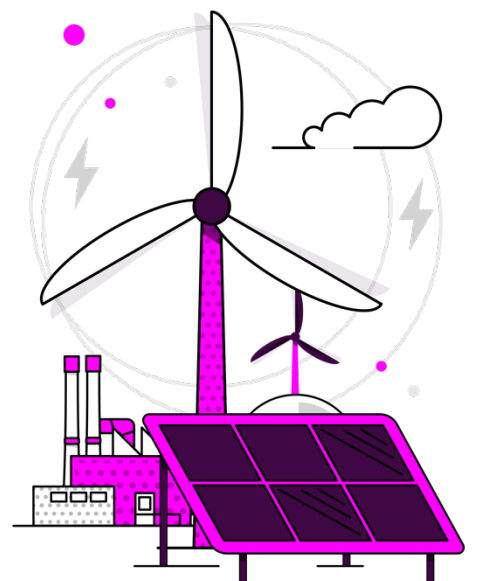
Cost Monitoring Framework (CMF) Summary

Q1-Q2 2025-26



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Cost Monitoring Framework Summary (CMF)

Q1-Q2 2025-26 Summary





Cost Monitoring Framework (Q1-Q2 2025-26 Summary)

Overview

Following our Business Plan 3 (BP3) submission, Ofgem outlined the requirement for a Cost Monitoring Framework (CMF). The objective of the CMF is to provide visibility of our BP3 Digital, Data and Technology (DD&T) delivery progress and cost management, and the value being delivered across the BP2 DD&T investment portfolio. It also provides transparency of DD&T key achievements, risks and strategic decisions.

The RIIO-2 incentives scheme is the framework Ofgem uses to assess our performance against our RIIO-2 business plan and associated BP3 delivery schedule milestones. Separately, the CMF reports against our BP3 DD&T Annex delivery roadmaps with its own schedule of DD&T-specific milestones. The CMF is not used directly to assess our performance, but it may be used as evidence as part of our 'Value for Money' assessment.

Our DD&T investments are critical enablers for many of our RIIO-2 deliverables, and it is important to understand dependencies between them. Our published BP3 delivery schedule provides a high-level view of where DD&T investments and BP3 deliverables are related to one another.

As per the NESO Performance Arrangements Governance (NESO PAG) Document, we are required to provide quarterly reports directly to Ofgem as part of the CMF. We feel it is important to share updates with our external stakeholders and industry as part of the framework. So, we are including a summary of the CMF update every six months alongside our incentives reporting.

This appendix provides a summary of the previous six months (Q1 and Q2 2025/26) of the CMF across our DD&T investment portfolio and includes:

- **Delivery performance** – covering main achievements during the last six months.
- **Governance outputs** – an overview of current main delivery risks/issues plus key strategic decisions taken in last six months.
- **Cost performance** – a comparison of BP3 submission vs latest approved spending profiles.

Note that costs presented in this report are based on 18/19 prices and will therefore not match equivalent costs in the Value for Money section of the Mid-Year incentives report which are based on nominal prices.



High-Level Portfolio Summary (Q1-Q2 2025-26)

Over the course of FY26Q1 and FY26Q2, substantial progress has been made across NESO's strategic areas, reflecting a strong commitment to transformation, innovation, and operational excellence.

In Strategic Energy Planning (SEP), Connections, Engineering Strategy and Policy, HR, and Finance, the focus on accelerating connections reform via a dedicated focus room has enabled significant movement towards the July go-live. Key legacy applications such as BID3 and Plexos Connect were decommissioned, and the successful NED DR test marked a milestone in system resilience. The CP30 tracker went live, replacing manual processes, while SEP's agile adoption was reinforced by aligning full backlogs to Epic structures and completing the tRESP DAP raw data ingestion. Digital Platform content was delivered, and the FES25 PowerBi dashboards were published.

Within Markets, System Operations, Major Projects, and Resilience, the SMP Market Reform continued apace. Although Quick Reserve non-BM did not launch in Q1 as planned, settlement and auction capabilities were deployed, with go-live expected early in Q2. Q2 saw the Single Markets Platform meet its major deliverables and deliver multiple releases, though API enhancements were deferred to Q3. Quick Reserve and Dynamic Response functionalities were made available to control room users, and the EAC Co-optimisation successfully launched after regulatory approval. The OBP Strategic Platform's go-live was rescheduled to Q3 to ensure high availability, while the Non-Balancing Mechanism Quick Reserve went live, offering new market flexibility.

Network Control managed ongoing NCMS delivery risks through active stakeholder engagement, achieving the completion of Release 1 (Reliance 2025.1.F and GridOS) and important product integrations. While most Q2 plans were met, iEMS customisation analysis and training definitions were deferred. For EMR/CFD, the roadmap continued on track, with the EMR portal progressing towards delivery. Preparations for decommissioning RegDB advanced with successful settlement assurance testing, though some issues delayed BM changes.

In Data & Analytics, integration of data standards into change frameworks was agreed, and DAP transitioned to NESO tenancy. Strategic Data Catalogue Phase 1 was delivered to pilot users; Phase 2 made the catalogue widely available. Over 500 datasets were catalogued, and AI began to drive efficiencies in governance. Data quality, open data assessments, and authoritative source reviews were completed. The internal data audit confirmed compliance with best practice, and refreshed policies are being finalised. The Data Partnering function was established, and the Data and Analytics Strategy is progressing toward completion in late 2025.

Security saw the operationalisation of incident management tooling and continued rollout of the Technology Risk Management framework. The 2025 Ofgem NIS Annual Report was successfully delivered, and physical security enhancements at critical sites continued. The Cyber Security Operations Centre reached the final quality control stage, third-party risk assessments advanced, and a company-wide security awareness campaign was set for October.



Architecture introduced and refined a new governance model, transitioning to implementation and undergoing its first improvement iteration to strengthen decision transparency and linkages across review bodies.

Customer and Digital Platforms continued to drive NESO's agile transformation, deploying the AI Agile Coach, enhancing long-range planning processes, and moving dashboards to PowerBI for greater automation. Agile IQ introduced trend analytics and began exploring AI-driven backlog automation.

In Innovation, Digitalisation & AI, the productionisation of the Reveal project commenced, alongside automated identification of SSO events, battery storage modelling (BaTSeC), and new construction planning methodologies. BaTSeC's productionisation was completed, further supporting NESO's ambition for digital transformation.

Executive summary

During FY26Q1 and FY26Q2, NESO made notable advances across its strategic domains, underscoring a focus on transformation, innovation, and robust operations. In Strategic Energy Planning and core business areas, progress included decommissioning key legacy systems, launching the CP30 tracker, and reinforcing agile delivery. In Markets and System Operations, significant milestones were reached with the continued rollout of the SMP Market Reform, delivery of settlement and auction capabilities, and enhanced control room functionalities, though some releases were deferred to Q3 to ensure stability. Network Control achieved product integrations and completed major releases, while also addressing some delays in customisation and training.

Within Data & Analytics, over 500 datasets were catalogued, AI was harnessed for governance improvements, and the Data Catalogue's first two phases were delivered, with compliance and policy refresh activities underway. Security strengthened its frameworks, operationalised new incident management tools, improved physical security, and advanced awareness campaigns. Architecture implemented a new governance model to boost decision-making transparency. Customer and Digital Platforms enhanced agile practices, automated reporting, and began exploring AI-driven backlog management. Finally, Innovation, Digitalisation, and AI saw the productionisation of major projects, including battery storage modelling and advanced construction planning, furthering NESO's digital transformation goals.



The tables below show the current position. It shows our BP3 submission figures for FY25 and FY26, and the same years are shown for the approved values through our whole life sanctioning process in “Approved BP3 Spend”.

Latest DD&T role spend	£m	FY25 (BP2)	FY26	Total
	BP3 Submission	106.90	159.50	266.40
	Approved BP3 Spend	113.00	123.90	236.90
Rationale	Currently BP3 Investments are tracking on target to the current forecasted expenditure. It is important to note, however that as a Portfolio we are planning to underspend relative to BP3, primarily due to delays in initiating certain shared investments, resulting in a shift of expenditures to a later period.			



Investment Summaries

Investment summaries are organised in line with programme delivery groupings.

110 Network Control	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> • Deployed NCMS Release 1 (Reliance 2025.1.F and GridOS) to project reference environments, including baseline security requirements, deployment pipeline refinements, and updated runbooks. • Completed NCMS workstation setup for project office and control room access, enabling functional testing and user readiness. • Commissioned NESO Azure Landing Zone and began deployment of Grid Data Connect and configuration of data flows. • Completed handover of NCMS Production environment by NESO infrastructure and network teams, enabling product deployment. • Executed functional and non-functional testing of Reliance and GridOS platforms, validating new features and finalising test scripts. • Defined and implemented DevSecOps principles and initial capabilities for end-to-end Network Control delivery and support. • Conducted change management impact assessment, identifying training needs and process changes across all impacted teams. • Delivered Advanced Knowledge Transfer (AKT) sessions using live training environments, with full attendance and positive feedback. • Developed “to-be” processes and training scenarios to support effective training, testing, and communications activities. • Executed a comprehensive communications plan to keep all stakeholders informed of changes, impacts, and milestones. • Progressed non-functional testing in NESO Test and FoF environments, and advanced Keep/Toss and defects analysis for release scheduling. • Finalised Level 1 process flows across DevSecOps domains, defining core processes for delivery and support of Network Control products/features. <p>Value Statement</p> <p>The delivery of Network Control milestones in FY26 Q1 and Q2 has laid the foundation for a secure, modern, and resilient control environment. By deploying the NCMS platform, enhancing security, and embedding DevSecOps practices, NESO has improved operational readiness, reduced risk, and enabled more agile and effective support for the evolving needs of the energy system. The focus on knowledge transfer, process optimisation, and stakeholder engagement ensures that the organisation</p>



	is well-prepared for future challenges and can deliver reliable, efficient network control in support of national energy objectives					
Spend	FY26 Period					
	BP3 Submission	£8.91m	Latest Sanction Value	£7.90m	Latest Forecasted Value	£9.15m
	FY22 to FY26 Period					
	BP2 Submission	£58.1m		Approved Spend	£58.1m	

120 Interconnectors	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Delivered Eleclink Access Rules change (Phase 2) to support new nomination platform. Implemented audible alarms in IFLO for improved trade request awareness. Enhanced late notification handling and file upload error prevention. Improved situational awareness for control room operators via new file tracking features. Automated conversion of Nemolink MPTC files, removing manual workarounds. Standardised IFA2 IC file naming conventions. Updated default NTC logic to prevent unnecessary restrictions post-outage. Enhanced operational reference point visibility on multiple screens. Rectified manual entry and notification errors in IFLO. Improved validation for Irish interconnector trades. Enabled auto-zoom and vertical zoom features for trade period analysis. Saved outgoing ECP messages for troubleshooting and improved support. <p>Value Statement: Interconnector enhancements have streamlined cross-border trading, improved operational efficiency, and reduced manual interventions. These changes support market integration, risk reduction, and better situational awareness for NESO's control room teams</p>



Spend	FY26 Period					
	BP3 Submission	£1.35m	Latest Sanction Value	£1.26M	Latest Forecasted Value	£1.47M
	FY22 to FY26 Period					
	BP2 Submission	£10.9m		Approved Spend	£7.3m	

170 Frequency Visibility						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Deployed system frequency enhancement to production (FATE Replacement). Approved network design and implemented F5 configuration for bandwidth increase. Progressed PI to ICCP migration and scripting. Advanced NGET PDC Data Links implementation (delayed due to third-party issues). Kicked off DSM Proof of Concept with multiple stakeholders. Updated project plans and delivery dates for PMU data and FATE decommissioning. Addressed issues with legacy system decommissioning and data readiness. 					
	Value Statement: Frequency Visibility investments have improved NESO's ability to monitor and respond to system frequency events, supporting grid stability and operational excellence. Enhanced data integration and migration efforts underpin a more resilient and future-ready control environment.					
Spend	FY26 Period					
	BP3 Submission	£2.50 m	Latest Sanction Value	£0.14m	Latest Forecasted Value	£1.14m
	FY22 to FY26 Period					
	BP2 Submission	£6.8m		Approved Spend	£6.4m	



180 Enhanced Balancing Capabilities						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">Delivered OBP (Open Balancing Platform) enhancements for manual BOA instructions and constraint management.Enabled Quick Reserve and Slow Reserve services, supporting new market opportunities.Integrated OBP with settlements platform for improved accuracy.Advanced NDO (National Dispatch Optimiser) for parallel running and benchmarking.Progressed EDL/EDT instruction migration and security testing.Developed contingency plans for backup/recovery systems.Closed multiple Coforge recommendations to improve delivery governance.Managed risks related to SRE readiness and EDL/EDT migration. Value Statement: <p>Balancing Transformation has modernised NESO’s balancing operations, enabling more flexible, resilient, and efficient market and system management. The new platform supports innovation, reduces operational risk, and enhances market participant engagement.</p>					
	FY26 Period					
	BP3 Submission	£13.85m	Latest Sanction Value	£13.15m	Latest Forecasted Value	£17.22m
Spend	FY22 to FY26 Period					
	BP2 Submission	£102.8m		Approved Spend	£103.5m	

210 Balancing Asset Health	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Delivered BM Interim Release 7 with critical production fixes and performance improvements. Enhanced dispatch tools and control room usability. Improved demand reduction validation and profiling performance.



	<ul style="list-style-type: none"> Advanced OBP integration for instruction control and asset health monitoring. Addressed risks related to system performance and control room usability. <p>Value Statement: Balancing Asset Health investments have improved the reliability, performance, and resilience of NESO's balancing systems, supporting secure and efficient grid operations</p>					
Spend	FY26 Period					
	BP3 Submission	£4.10m	Latest Sanction Value	£4.59m	Latest Forecasted Value	£4.59m
	FY22 to FY26 Period					
	BP2 Submission	£27.5m		Approved Spend	£27.5m	

480 Ancillary Services Dispatch						
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Changes to ASDP are now restricted to BAU activities such as system maintenance and defect fixes. Work continues to progress with transitioning the ASDP services to OBP, which is outside the scope of this programme. 					
Spend	FY26 Period					
	BP3 Submission	£0.67m	Latest Sanction Value	£0.90M	Latest Forecasted Value	£0.70M
	FY22 to FY26 Period					
	BP2 Submission	£8.5m		Approved Spend	£8.5m	

670 Real Time Predictions	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Improved real-time prediction accuracy and performance.



	<ul style="list-style-type: none"> Enhanced user interface and prediction metrics screens. Enabled parallel run of real-time predictor with legacy systems. <p>Value Statement: Real-time Prediction investments have delivered more accurate, timely, and actionable insights for control engineers, supporting secure and efficient grid balancing</p>					
Spend	FY26 Period					
	BP3 Submission	£2.90m	Latest Sanction Value	£2.33m	Latest Forecasted Value	£2.51m
	FY22 to FY26 Period					
	BP2 Submission	£0m		Approved Spend	£5.8m	

260 Forecasting Enhancements						
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Migrated PEF (Physical Environment Forecasting) to Azure, enabling decommissioning of legacy infrastructure. Released new solar BMU and embedded models for improved forecasting accuracy. Decoupled forecasting tools from legacy EFS data. Enhanced control room situational awareness with improved visualisations. Developed new demand forecasting tool MVP. <p>Value Statement: Forecasting Enhancements have delivered more accurate, timely, and resilient forecasting capabilities, supporting NESO's operational and market needs</p>					
	FY26 Period					
Spend	BP3 Submission	£2.22m	Latest Sanction Value	£4.73m	Latest Forecasted Value	£4.80m
	FY22 to FY26 Period					



	BP2 Submission	£13.4m	Approved Spend	£13.4m
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220 Data and Analytics Platform						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Migrated DAP infrastructure to NESO Azure, reducing operational risk. Integrated APIM for API management and data sharing. Enabled OBP auditing data for balancing insights. Progressed analytics capabilities with Plexos integration. Extended dataset ingestion for key data products. TRESP Dataset ingestion from SharePoint data source successfully and demonstrated to SEP team ASR MRP Day 2 closure delayed due to the increased complexity in the calculations Crowdflex OVO OHME Acquisition to start Network services (Pathfinders) datasets Acquisition completed successfully Enterprise Data Catalogue MVP release pushed to the end of October following challenges with the delivery of Bulk Upload capability and the manual effort required to mitigate. Actions defined and being tracked to ensure delivery against revised date. 					
	Value Statement: The Data Analytics Platform investment has enhanced NESO's data-driven decision-making, enabling advanced analytics, improved data sharing, and greater operational insight.					
Spend	FY26 Period					
	BP3 Submission	£8.72m	Latest Sanction Value	£4.82m	Latest Forecasted Value	£4.80m
	FY22 to FY26 Period					
	BP2 Submission	£29.9m		Approved Spend	£30.3m	



510 Restoration & Restoration Decision Support Tool																																	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">Agreed product proposal and scope for RDST with GE.Mobilised delivery team and advanced contract negotiations.Delivered demand disconnection tool and scenario modelling PoC.Progressed ICCP link implementation and regional demand forecast migration. Value Statement: Restoration investments have enhanced NESO’s restoration readiness, supporting faster, more effective system recovery and compliance with new standards																																
	Spend <table><tr><td colspan="7">FY26 Period</td></tr><tr><td>BP3 Submission</td><td>£3.84m</td><td>Latest Sanction Value</td><td>£3.77m</td><td>Latest Forecasted Value</td><td colspan="2">£3.75m</td></tr><tr><td colspan="7">FY22 to FY26 Period</td></tr><tr><td>BP2 Submission</td><td colspan="2">£24.9m</td><td>Approved Spend</td><td colspan="3">£21.8m</td></tr></table>						FY26 Period							BP3 Submission	£3.84m	Latest Sanction Value	£3.77m	Latest Forecasted Value	£3.75m		FY22 to FY26 Period							BP2 Submission	£24.9m		Approved Spend	£21.8m	
FY26 Period																																	
BP3 Submission	£3.84m	Latest Sanction Value	£3.77m	Latest Forecasted Value	£3.75m																												
FY22 to FY26 Period																																	
BP2 Submission	£24.9m		Approved Spend	£21.8m																													
130 Inertia Monitoring																																	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">Migrated Reactive GridMetrix and GE Inertia Grid Analytics environments to NESO Azure.Designed and implemented F5 configuration for secure data publishing.Approved network design for SSE to ESO Bandwidth Increase Part 2.Progressed PI to ICCP migration scripting.Completed network design for NGET PDC Data Links.Advanced Dynamic System Monitoring (DSM) Proof of Concept with stakeholder engagement.Addressed delays in third-party documentation and approvals for data links.Updated project plans to reflect new delivery dates for PMU data.																																



	Value Statement: The Inertia Monitoring investment has strengthened NESO’s ability to monitor and manage system stability, supporting the transition to a more dynamic and renewable-heavy grid. Migration to NESO Azure and enhanced data integration lay the groundwork for advanced analytics and real-time system insights					
Spend	FY26 Period					
	BP3 Submission	£0.45m	Latest Sanction Value	£0.45m	Latest Forecasted Value	£0.12m
	FY22 to FY26 Period					
	BP2 Submission	£8.7m		Approved Spend	£6.9m	
250 Digital Engagement Platform						
Delivery and spend update	Delivery highlights for past 6 Months					
	<ul style="list-style-type: none">NESO Day 2 migration planning phase (DNS changes to NESO.energy from nationalenergyso.com.) Planning complete to deliver CIAM App migration to NESO.energy in parallel with associated downstream applications (i.e. EaC, PODE, Connections, SMP, eNAMS, eGAMA, STAR). whilst ensuring no impact to Service. Migration supports consistency of NESO branding across all NESO external portals and sites.Newsletters/Campaigns - Commenced Marketing Cloud implementation and transition of Newsletters/Campaigns to new Salesforce technology. This will provide enhanced capability for Newsletters and customer insights and support delivery of BP3 deliverables for Targeted campaigns and Measurement (customer insights & metrics).NESO.energy redesign - Successful Stakeholder alignment across directorates and assurance that plans for Redesign are in accordance with Corporate, Digital and Customer Strategies. Commenced Procurement activities and discovery tasks for the redesign of NESO.energy website. This will provide an interactive ‘single pane of glass’ view across NESO’s operational systems, to support our vision of accessing Open Data, enhancing the customer experience and improving overall navigation for end usersSelection of new Searchability tool - Discovery and Relevancy testing completed for new Search capability. Vendor selected and					



	<p>solution confirmed ensuring a component approach at all times to minimise technical debt and to ensure re-use as part of the Redesign of NESO.energy. This will provide enhanced navigation for End Users and improvements to the Customer Experience.</p> <ul style="list-style-type: none"> • OpenData - Successful testing of the DEP/DAP POC for the removal of CKAN and direct integration between DEP & DAP. • NESO.energy redesign - Due diligence completed to ensure alignment with Public Voice and Brand, Customer and Digital Strategies. Redesign will provide an interactive 'single pane of glass' view across NESO's operational systems, to support our vision of accessing Open Data, enhancing the customer experience and improving overall navigation for end users. Vendor selection paused waiting new D&D framework (Recommended at time of writing -October) • Security releases delivered to improve Cyberthreat detection and increase resiliency of the NESO.energy website. • OpenData - DEP/DAP integration - removal of CKAN. Testing on track to provide seamless access to Data across NESO. • Interactive Content: Discovery and requirements gathering completed with SSEP for Interactive Content deliverable to include Interactive Explainers, Planning simulators, Consultation Coms and Visualisations. Successful POC built for "bolt-ons" (GIS maps) to prove approach and technology. <p>Value Statement:</p> <p>These digital initiatives enhance NESO's branding, customer experience, data accessibility, and security—driving operational efficiency, strategic alignment, and measurable value across all external platforms as we progress on our digital transformation journey.</p>					
Spend	FY26 Period					
	BP3 Submission	£3.50m	Latest Sanction Value	£2.55m	Latest Forecasted Value	£2.33m
	FY22 to FY26 Period					
	BP2 Submission	£11.4m		Approved Spend	£12.0m	



190 Workforce Change Management Tools						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">The business team are working with the ROTA tool supplier Bullhorn on a set of new requirements which will allow us to implement the complete recruitment cycle tracking for control room staff through a single tool enabling the team to link recruitment to training to full time operation in the control room.The programme has instituted a small AGILE project to digitise the capture and approval of regular control room update's collectively known as CRAIG (Control Room Advice and Information Guide) through the use of off the shelf AZURE products and tools such as PowerAPPS and PowerBI. The digitised content delivery to the control room users will be further enhanced through the addition of AI and agents establishing an improved and more easily accessible update of relevant information for operators. Value Statement: <p>These deliverables will streamline recruitment, training, and operational processes for control room staff, while enhancing information accessibility and decision-making through digitisation and AI-powered tools.</p>					
	Spend					
	FY26 Period					
	BP3 Submission	£0.28m	Latest Sanction Value	£0.28m	Latest Forecasted Value	£0.40m
	FY22 to FY26 Period					
	BP2 Submission	£3.8m		Approved Spend	£1.0m	

200 Future Training Simulator and Tools	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Network Control Programme Management Board has taken the decision to pause work on Future Training Simulator until such time the NCMS and OBP Programmes progress with training simulator capabilities that FTS can integrate and devise training scenarios that reflect control room operations
Spend	FY26 Period



	BP3 Submission	£0m	Latest Sanction Value	£0m	Latest Forecasted Value	£0m
	FY22 to FY26 Period					
	BP2 Submission	£7.3m		Approved Spend	£0m	

240 ENCC Asset Health						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Digitised CRAIG (Control Room Advice and Information Guide) content for improved accessibility. Advanced ROTA tool enhancements for shift management and onboarding. Developed AI agents to support control room information delivery. Maintained robust backlog and delivery pipeline. Value Statement: ENCC Asset Health investments have modernised control room knowledge management and workforce tools, supporting operational excellence and staff engagement					
Spend	FY26 Period					
	BP3 Submission	£2.3m	Latest Sanction Value	£2.3m	Latest Forecasted Value	£2.4m
	FY22 to FY26 Period					
	BP2 Submission	£14.2m		Approved Spend	£12.5m	

450 Future Innovation Productionisation	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Advanced productionisation of BatSec and SSO innovation projects. Developed analytical frameworks and GUI for enhanced scenario analysis. Supported construction planning and market stacking behaviour.



	Value Statement: Future Innovation investments have accelerated the adoption of new technologies and analytical tools, supporting NESO's innovation and efficiency objectives.					
Spend	FY26 Period					
	BP3 Submission	£2,61m	Latest Sanction Value	£0.9M	Latest Forecasted Value	£0,07m
	FY22 to FY26 Period					
	BP2 Submission	£6.6m		Approved Spend	£0.7m	

140 ENCC Operator Console	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Advanced procurement for Operator Console solution, including vendor demos and proposal evaluation. Completed moderation and progressed procurement event through Gate 2. Developed high-level requirements and engaged with third parties for mobilisation. Evaluated network prerequisites for console delivery. Updated project plans to reflect procurement and mobilisation timelines. Identified and mitigated risks related to network delivery and vendor capacity. Maintained spend within sanctioned budget despite procurement delays. Value Statement: The ENCC Operator Console investment is modernising NESO's control room infrastructure, ensuring operators have access to state-of-the-art tools and interfaces. This enhances operational efficiency, resilience, and readiness for future system demands
Spend	FY26 Period



	BP3 Submission	£2.0m	Latest Sanction Value	£2,1m	Latest Forecasted Value	£2,6m
	FY22 to FY26 Period					
	BP2 Submission	£5.5m		Approved Spend	£5.4m	

320 EMR and CfD improvements						
Delivery and spend update	Delivery highlights for past 6 Months					
	<ul style="list-style-type: none"> Delivered regulatory enhancements and platform improvements. Enhanced customer data security and reporting. Improvement in SoS functionality to allow customers to opt-out of an auction through EMR portal if needed in upcoming Auction. Supported migration to scalable cloud hosting. Improved user experience for prequalification and evidence submission. Improvement in Capacity Market Emissions Chapter process to allow Emissions Report to be included in the Capacity Market Emissions Report so that it is available for industry consumption/download. Extend Field Encryption functionality to further improve security of customer data. Improvement to Exhibit ZA process to allow customers to submit exhibit ZA through EMR portal for CMU that have Fossil Fuel Emission Declaration Component, Capacity is greater than 1 MW. 					
Spend	Value Statement: EMR investments have strengthened NESO's regulatory compliance, customer service, and operational efficiency in the capacity market					
	FY26 Period					
	BP3 Submission	£3.5m	Latest Sanction Value	£4,1m	Latest Forecasted Value	£3,5m
	FY22 to FY26 Period					
	BP2 Submission	£21.3m		Approved Spend	£30.5m	



400 Single Markets Platform						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">• Enabled ABSVD and enhanced external APIs for BM registration.• Prevented overbidding and improved validation for market participants.• Delivered technical go-live for Quick Reserve non-BM.• Supported regulatory and market-driven enhancements. Value Statement: Single Markets Platform investments have improved market access, compliance, and operational efficiency, supporting NESO’s market transformation goals.					
Spend	FY26 Period					
	BP3 Submission	£4.2m	Latest Sanction Value	£6.7m	Latest Forecasted Value	£4.0m
	FY22 to FY26 Period					
	BP2 Submission	£34.9m		Approved Spend	£35.7 (inc £2.2 for Balancing Reserve)	

420 Auction Capability	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none">Enhanced EAC for linked service windows and slow reserve onboarding.Improved co-optimisation of balancing reserve and frequency response.Delivered technical go-live for Quick Reserve and overbidding prevention. Value Statement: <p>Auction Capability investments have strengthened NESO's market mechanisms, supporting secure, efficient, and competitive energy procurement.</p>
	Spend FY26 Period



	BP3 Submission	£1.3m	Latest Sanction Value	£1.4m	Latest Forecasted Value	£1.2m
	FY22 to FY26 Period					
	BP2 Submission	£8.9m		Approved Spend	£8.1m	

610 Settlements, Charging and Billing						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Delivered Quick Reserve and MFR services, enabling new settlement capabilities. Migrated performance metering data solution to production. Enhanced revenue reconciliation and billing processes. Supported business go-live for new services and decommissioning of legacy systems. Value Statement: STAR investments have modernised NESO's settlements and billing processes, improving accuracy, efficiency, and customer service.					
Spend	FY26 Period					
	BP3 Submission	£9.8m	Latest Sanction Value	£5.8m	Latest Forecasted Value	£7.9m
	FY22 to FY26 Period					
	BP2 Submission	£33.5m		Approved Spend	£43.2m	

330 Digitalised Code Management	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> The migration of the Digitalised Code Management (DCM) portal to NESO's Azure environment was successfully completed in Q1 FY26. This transition aligns DCM with NESO's broader foundational services strategy, supporting the separation from National Grid infrastructure. The future business case for the DCM project was completed at the end of BP2 and subsequently reviewed by the Project Management



	<p>Board (PMB) during Q1 FY26. It was concluded that, given the additional implementation costs and ongoing discussions relating to NESO's role within Code Management reform, the benefit case for continuing the project during BP3 could not be justified.</p> <ul style="list-style-type: none"> As a result of this decision, delivery of the remaining BP2 Milestone—specifically Phase 3 Workflow and Modifications capability—has been deferred. These elements will be reassessed for inclusion in a future business plan, contingent on the outcome of the code manager role decision which is expected in FY26. The project closed out during FY26Q2. 					
Spend	FY26 Period					
	BP3 Submission	£0.0m	Latest Sanction Value	£0.0m	Latest Forecasted Value	£0.1m
	FY22 to FY26 Period					
	BP2 Submission	£2.7m		Approved Spend	£2.8m	

280 GB and RiE Regulations	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Supported REMA and GC0117 industry programmes with impact assessments. Assessed whether further DD&T support needed on NESO participation with Multi-Region Loose Volume Coupling (MRLVC) industry workstreams. REMA: impact assessment delivered on Forward Transmission Rights (FTR) market design, alongside shorter ad-hoc requests for insight on overall implementation plan, costs, potential new NESO roles and Reformed National Pricing option GC0117 Improving transparency and consistency of access arrangements across GB by the creation of a pan-GB commonality of Power Station requirements: assessed Ofgem consultation and supported NESO response. GC0156 (forecasting only): impact assessment updated with estimates, ongoing signoff and agreement of next steps with the Restoration programme. CMP316, CMP397, CMP417, CMP445: discovery work restarted after industry code change processes resumed on these mods.



	<ul style="list-style-type: none"> Delivered compliance for GB Day Ahead Power Prices. Advanced PCN and RSC Project releases for improved operational planning. Supported MHHS Programme with assurance testing and early delivery. <p>Value Statement: GB and RiE Regulations investments have ensured NESO's compliance with evolving regulatory requirements, supporting market integrity and operational readiness</p>					
Spend	FY26 Period					
	BP3 Submission	£3.4m	Latest Sanction Value	£8.6m	Latest Forecasted Value	£3.9m
	FY22 to FY26 Period					
	BP2 Submission	£19.4m		Approved Spend	£10.5	

340 RDP Implementation and Extension						
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> Delivered GSP Technical Limits for multiple DNOs, supporting DER connections. Achieved technical go-live for third phase DNO (UKPN). Advanced MW Dispatch solutions and project closure activities. Supported net zero grid operations through regional solutions. <p>Value Statement: RDP investments have enabled increased DER connections and regional grid flexibility, supporting NESO's clean power and net zero priorities</p>					
	FY26 Period					
Spend	BP3 Submission	£2.0m	Latest Sanction Value	£0.9m	Latest Forecasted Value	£0.4m
	FY22 to FY26 Period					



	BP2 Submission	£17.1m	Approved Spend	£14.1m
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350 Planning and outage data exchange																
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Enhanced eNAMS with new change codes and workflow improvements. Delivered email automation and bulk upload features. Improved outage planning and data exchange with DNOs. Advanced eMIDS enhancements for better data management. Value Statement: PODE investments have streamlined outage planning and data exchange, improving efficiency, compliance, and collaboration across the network.															
	FY26 Period <table> <tr> <td>BP3 Submission</td><td>£2.0m</td><td>Latest Sanction Value</td><td>£1.7m</td><td>Latest Forecasted Value</td><td></td></tr> </table> FY22 to FY26 Period <table> <tr> <td>BP2 Submission</td><td>£8.4m</td><td>Approved Spend</td><td>£8.1m</td><td colspan="2"></td></tr> </table>					BP3 Submission	£2.0m	Latest Sanction Value	£1.7m	Latest Forecasted Value		BP2 Submission	£8.4m	Approved Spend	£8.1m	
BP3 Submission	£2.0m	Latest Sanction Value	£1.7m	Latest Forecasted Value												
BP2 Submission	£8.4m	Approved Spend	£8.1m													

360 Offline network modelling	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Offline Network Modelling : Re-sanctioned to with BP3 scope and savings of £1.17M OLTA Application : Minor Fix Release for DACF and Interface Audit logs following PF2024 release. Minor Release for Microsoft FXLogix to support with Roaming Profiles upon login as a performance improvement. Security 2025 NIS-CAF_E submission for OLTA on National Grid Estate. Ongoing work with OLTA Team with WOW ADO Modernisation. EMT Application : Procurement and implementation of additional Enhanced Licenses as demand for enhanced EMT simulations has grown. The design set-up of a new Development environment that



	<p>will enable the business owners to develop automation scripts for simulations</p> <ul style="list-style-type: none"> • Data Registration Code (DRC) portal is released to industry for those that need to use the 24-week compliance process . There has been positive feedback from participants • NESO Migration: PowerFactory Licence Server : All environments have been released to support ENDT -AVAT NESO Migration. Partially completed in readiness for OLTA Migration. • NESO Migration : EMT : Dev environment is due for migration at the end of June , there has been some delay with the set-up of FsLogix for EMT NESO Migration : DRC-Gen : Delays due to the approval process for the migration , Dev is planned for migration in June with other environments planned for July • NESO Migration : OLTA : Commenced set-up for landing Zone for Dev, there is a dependency on the NESO network connection for OLTA that may delay other environments • NESO Migrations : <ul style="list-style-type: none"> ○ DRC Gen fully migrated to NESO Azure , prod migration on 6th August ○ EMT Fully migrated to NESO , prod migration on 10 Oct ○ OLTA Migration has been re-planned due to its complexity and dependency on deployment to E-stig. The Dev migration is planned for 24th Oct. But will be dual running in NG and NESO environments <p>Value Statement: The Offline Network Modelling programme has modernised and streamlined critical simulation and compliance processes, accelerating migrations to NESO platforms, improving automation, and enabling more robust, efficient, and future-ready network analysis for the energy system.</p>				
Spend	FY26 Period				
	BP3 Submission	£2.6m	Latest Sanction Value	£2.0m	Latest Forecasted Value £1.8m
	FY22 to FY26 Period				
	BP2 Submission	£8.1m		Approved Spend	£9.2m



380 Connections platform	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> • Offline Network Modelling was re-sanctioned to align with BP3 scope, achieving savings of £1.17 million. • OLTA Application saw minor fixes for DACF and Interface Audit logs, and a Microsoft FXLogix update improved performance for roaming profiles. • Security 2025 NIS-CAF_E submission for OLTA was completed on the National Grid Estate, with ongoing collaboration on WOW ADO Modernisation. • EMT Application procured and implemented additional Enhanced Licences and set up a new environment for developing automation scripts. • The Data Registration Code (DRC) Portal was released to industry, meeting the 24-week compliance requirement and receiving positive user feedback. • NESO Migration for the PowerFactory Licence Server released all environments to support ENDT-AVAT NESO Migration and OLTA preparation. • NESO Migration for EMT is scheduled for end of June, with a minor delay in FsLogix setup. • NESO Migration for DRC-Gen was delayed pending approval, with migrations planned for June and July. • NESO Migration for OLTA began with the development landing zone, but progress is dependent on NESO network connectivity. • DRC Gen and EMT have been fully migrated to NESO Azure, with production migrations completed in August and October respectively; OLTA migration was re-planned with dual running in NG and NESO. • The evidence submission window launched on 8th July, supported by development, testing, training, and deployment activities. • Remedial actions and data cleansing were required due to technical and data issues preventing some customers from submitting evidence. • Multi-disciplinary SME squads addressed customer queries rapidly, while guidance and communications were improved through daily webinars and updated FAQs. • Planning, assurance, and data cleanse activities were undertaken ahead of queue formation, alongside ongoing requirements, design, build, and testing for queue and detailed checks, Engineering & Offers, and Finance, Fees and Securities increments.



	Value Statement: Connections investments have modernised and streamlined the connections process, supporting faster, more transparent, and scalable grid access.					
Spend	FY26 Period					
	BP3 Submission	£7.3m	Latest Sanction Value	£7.2m	Latest Forecasted Value	£7.6m
	FY22 to FY26 Period					
	BP2 Submission	£7.0m		Approved Spend	£15.7m	

390 'Electricity Network Development Tools' (ENDT)	
Delivery and spend update	<p>Delivery highlights for past 6 Months</p> <ul style="list-style-type: none"> • Made the decision to postpone the completion of DAP PLEXOS integration until DAP is fully migrated to NESO, to avoid duplication of work in data integration to NG and then again to NESO. We did achieve the following: BatSec innovation project requirement freeze and started implementation works on POUYA • Completion of migration from NG to NESO for AVAT, ARSA, FIT, and SCRT. • We completed most of our objectives for Q2, except for PLEXOS Data Hub implementation is still in progress due to continuous changes in design and building of new features at PLEXOS EE. POUYA visualisation delivery got re-baselined, due to scope creep/increase based on new business lead. • Completed BatSec and Interconnectors risk assessment Productionisation • Completed PLEXOS Cloud and PLEXOS automation (BOA Tool) migration to NESO <p>Value Statement: The Electricity Network Development Tools (ENDT) programme has accelerated the migration and integration of critical modelling and automation tools to NESO, enhancing system flexibility, reducing duplication, and supporting innovation through streamlined data processes and advanced risk assessment capabilities</p>
Spend	FY26 Period



	BP3 Submission	£1.3m	Latest Sanction Value	£1.3m	Latest Forecasted Value	£1.3m
	FY22 to FY26 Period					
	BP2 Submission	£9.3m		Approved Spend	£8.9m	

650 Accelerating Whole Electricity Flexibility						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Improved operational metering impact assessment and planning. Advanced DER use case planning and resource onboarding. Defined technology capability impact assessment and delivery scope. Value Statement: DER/CER investments have improved NESO's visibility and integration of distributed and consumer energy resources, supporting grid flexibility and net zero goals.					
Spend	FY26 Period					
	BP3 Submission	£0.0m	Latest Sanction Value	£2.0m	Latest Forecasted Value	£0.3m
	FY22 to FY26 Period					
	BP2 Submission	£0.1m		Approved Spend	£0.7m	

690 Geospatial and Locational Intelligence						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Advanced Esri discovery and delivery partner onboarding. Published FES25 webmap and commenced CSNP route optimiser. Developed NELI target operating model and prioritised requirements. Value Statement: Geospatial investments have enhanced NESO's spatial analysis 					



	and planning capabilities, supporting strategic decision-making and stakeholder engagement.					
Spend	FY26 Period					
	BP3 Submission	£4.6m	Latest Sanction Value	£3.4m	Latest Forecasted Value	£2.9m
	FY22 to FY26 Period					
	BP2 Submission	£0		Approved Spend	£0.7m	

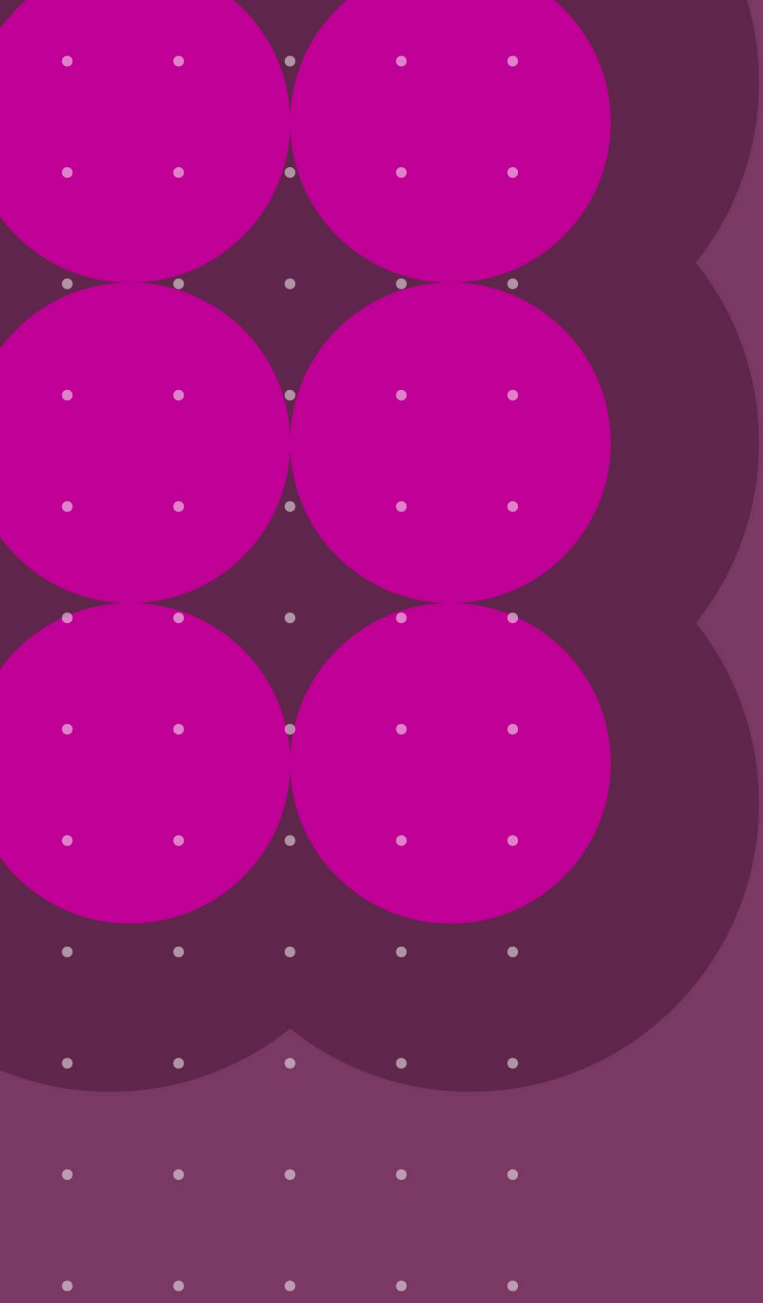
700 Strategic Energy Planning						
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Progressed SSEP stakeholder tool and CSNP route optimiser design. Delivered tRESP Pathways modelling and FES25 PowerBi dashboards. Onboarded UI/UX designers and refined business processes. Value Statement: Strategic Energy Planning investments have strengthened NESO's long-term planning and stakeholder engagement, supporting a coordinated transition to net zero					
Spend	FY26 Period					
	BP3 Submission	£4.2m	Latest Sanction Value	£4.1m	Latest Forecasted Value	£3.6m
	FY22 to FY26 Period					
	BP2 Submission	£0		Approved Spend	£0.4m	

720 Network Services Procurement	
Delivery and spend update	Delivery highlights for past 6 Months <ul style="list-style-type: none"> Delivered iEMS enhancements for Sync Comp at Thurso South. Advanced Stability Y-1 MVP and Voltage 2026 solutions. Developed Engineering and Customer Solutions Digital Charter.



	Value Statement: Network Services Procurement investments have enhanced NESO's system stability and voltage management, supporting secure and reliable grid operations <ul style="list-style-type: none"> 					
Spend	FY26 Period					
	BP3 Submission	£1.1m	Latest Sanction Value	£1.2m	Latest Forecasted Value	£1.0m
	FY22 to FY26 Period					
	BP2 Submission	£0		Approved Spend	£0.4m	

820 Contracts for Difference						
Delivery and spend update	<ul style="list-style-type: none"> • Delivery highlights for past 6 Months • Delivered regulatory changes and platform enhancements for Allocation Round 7. • Initiated migration to scalable cloud hosting. • Enhanced customer data security and compliance. Value Statement: CfD investments have improved NESO's ability to deliver regulatory change, support market participants, and ensure secure, scalable operations.					
Spend	FY26 Period					
	BP3 Submission	£1,5m	Latest Sanction Value	£1.5m	Latest Forecasted Value	£1.3m
	FY22 to FY26 Period					
	BP2 Submission	£0		Approved Spend	£0.4m	



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