

NESO1 Stakeholder Engagement Annex

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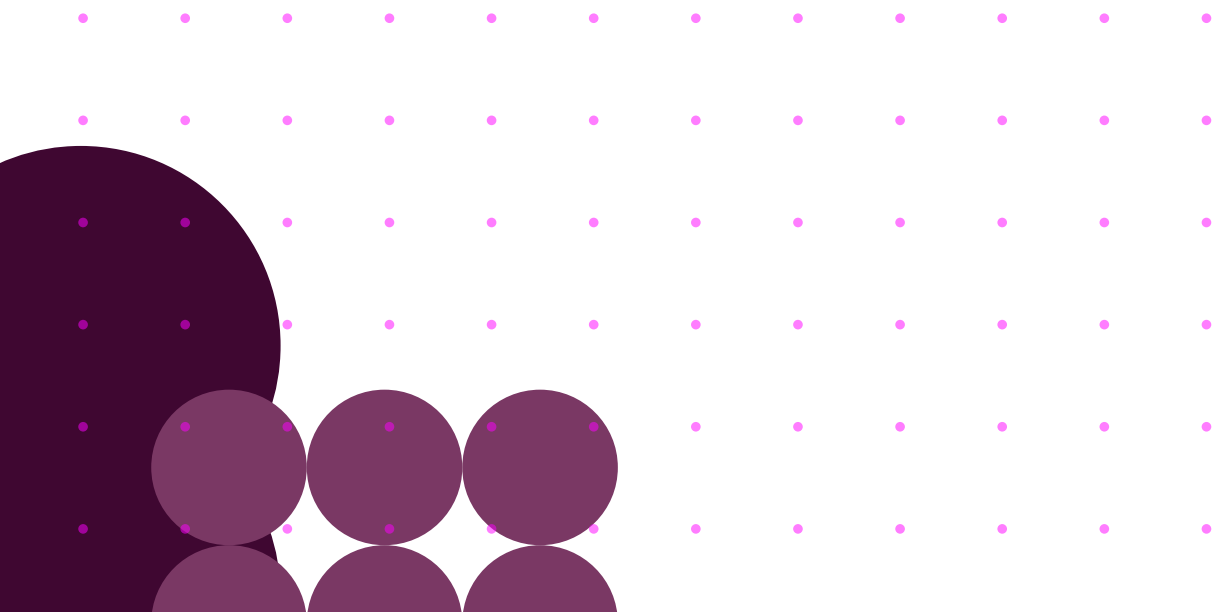
Introduction

NESO's Business Plan is fundamentally shaped by the voices of our stakeholders. Over the past year, we have engaged widely through targeted forums, bilateral meetings, our Independent Stakeholder Group (ISG), and open consultations with consumers, industry partners, government, and regional representatives.

In this document, we set out an overview of how we've engaged with stakeholders in the development of our NESOI Business Plan (April 2026 – March 2028), including the methods of engagement and the key themes we've heard from these interactions.

Specific details of how stakeholder feedback has directly impacted our NESOI Performance Objectives are set out in Annex I: Delivering Value section of our plan.

Thank you to everyone who has taken the time to engage with us and shape our Business Plan.



Our Engagement

Summary

The development of NESOI was grounded in a comprehensive and inclusive stakeholder engagement process, recognising that achieving the energy transition is a collaborative ambition. We actively collaborated with a wide range of partners across the energy ecosystem to ensure our business plan reflects shared priorities and real-world needs.

We recognise the relatively short timeline for delivering our NESOI plan, given our current RIIO-2 Business Plan 3 (BP3) covers a one-year period. We also recognise that across the energy industry, stakeholder fatigue is a growing challenge that must be managed carefully.

To reduce fatigue and optimise input, we focused on leveraging existing stakeholder channels and forums to gather feedback. This included building on the engagement conducted throughout Business Plan 2 (BP2) and Business Plan 3 (BP3) and engaging stakeholders through established strategic forums. Additionally, we provided specific opportunities for stakeholders to engage directly on NESOI through a four-week call for input and two webinars.

Our Independent Stakeholder Group (ISG) has been invaluable in providing representative stakeholder input on the detail of our business plan.

Stakeholder Priorities

In summary, our engagement has highlighted some clear priorities that our stakeholders would like to see reflected in our NESOI business plan activity:

- **Flexibility and consideration of demand participants:** Stakeholders consistently call for us to accelerate demand-side flexibility and enable a broader range of flexible solutions, including support for smaller technologies and new market entrants.
- **Whole System Focus:** There is a strong push for us to rapidly broaden our remit beyond electricity, explicitly incorporating gas (including biomethane and hydrogen) and supporting decarbonisation across heat networks and other sectors.
- **NESO's role in tackling Constraint Costs:** Constraint costs are rising as renewable generation expands, and stakeholders have made it clear that NESO's role in tackling these costs is critical. Recognising that management of constraint costs requires collective effort, across industry and government, we have identified extensive activity to play our critical role.
- **Regional and Consumer Value:** Feedback emphasises the importance of regional energy planning and ensuring that consumer value and system resilience are at the heart of all deliverables.
- **Transparency & Accountability:** Stakeholders want us to be clear about what we can and cannot influence, and to provide meaningful, quantifiable Success Measures.
- **Prioritisation:** Stakeholders, including Ofgem, recognise that we operate in a dynamic and ever shifting environment which means that the activities we undertake need to be able to flex accordingly. Stakeholders have asked us to identify the things we would continue to prioritise should anything unexpected emerge within business plan period, reflecting both regulatory obligations and the priorities identified through engagement.
- **Clean Power 2030 (CP30):** Stakeholders have urged us to strengthen our delivery pathway for Clean Power 2030 (CP30) and ensure it is clearly reflected across our activities. This includes enhancing the use of flexibility to meet CP30 targets, clearly aligning our Strategic Energy Plans with CP30, clarifying the role of sources like biomethane, and providing robust modelling and data to support our advice. Central to this is the expectation that we continually assess how to maintain high system reliability in a predominant renewable generation future.

Our ambition cuts across our activities

Many of our activities contribute towards multiple government, sector and consumer priorities. The Stakeholder Priority spotlights below (CP30 and Mitigating Constraint Costs) were the most significant recurring themes in NESO stakeholder and customer interactions.

CP30

The UK energy sector is undergoing a significant transformation. While notable progress has been made toward achieving net zero emissions, the journey is entering a more complex and demanding phase. The government's ambition to deliver a clean power system by 2030 is accelerating this shift, calling for coordinated action across every part of the energy system from generation and infrastructure to markets and consumers. Whilst, achieving this ambition is a collective effort NESO's role is to design, develop and deliver a Clean Power System by driving innovation, attracting investment, and advising decision-makers to help achieve a successful and fair transition to a clean energy system.

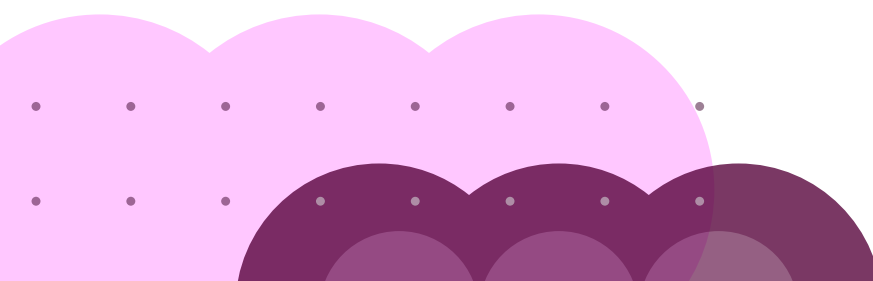
Delivering our critical role in this ambition spans many of our activities, including implementing innovative technologies, facilitating whole-system resilience, and ensuring ongoing operability as decarbonisation happens. We will also focus on building robust digital infrastructure and processes to support data-driven decision-making and enhance system flexibility.

Mitigating constraint costs

Transmission constraint costs are rising year on year as more renewable projects come online. Rising congestion on the electricity transmission system, long lead times for network reinforcement, and ongoing government deliberations regarding market reform, demands robust and coordinated action. While traditional solutions such as network reinforcement and wholesale market reform are underway, these approaches require time to deliver impact. In the interim, immediate collective action is needed to reduce constraint costs.

The responsibility for mitigating these costs is shared among several key stakeholders: NESO is tasked with forecasting and managing system constraints, optimising real-time grid operations, and driving strategic initiatives like demand-side flexibility and implementing national pricing reforms. Transmission and Distribution Network Operators focus on maintaining and upgrading infrastructure to alleviate long-term bottlenecks and support increased system flexibility. Ofgem ensures that frameworks and incentives encourage effective constraint management to protect consumer interests. Government and policymakers provide the legislative support necessary for investment, innovation, and decarbonisation. Market participants, including generators and suppliers, respond to market signals and participate in flexibility markets and delivering demand-side solutions.

In our next business plan period, the actions we are taking to play our part in addressing rising constraint costs span many of our Performance Objectives and Major Deliverables, including implementing demand-side flexibility initiatives, such as the 'Enabling Demand Side Flex' and the Clean Flex Roadmap, progressing reformed national pricing models, and transforming system operations to enable strategic access reform, while maintaining secure and efficient grid management.



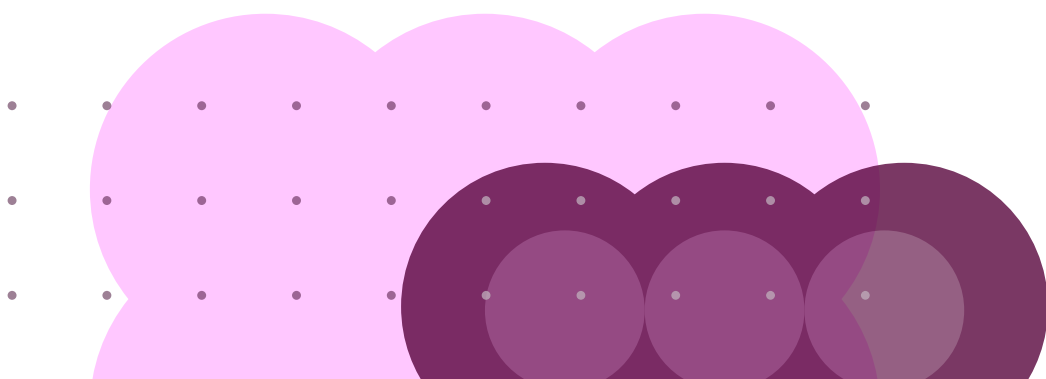
The Stakeholder Groups We Engage With

NESO holds a unique position, role and responsibility of working across the whole energy system by engaging, collaborating and delivering with a range of groups of people to enable the right outcomes for Great Britain.

Across our activities we engage with over 35,000 contacts from 9,500 organisations across the following stakeholder groups.

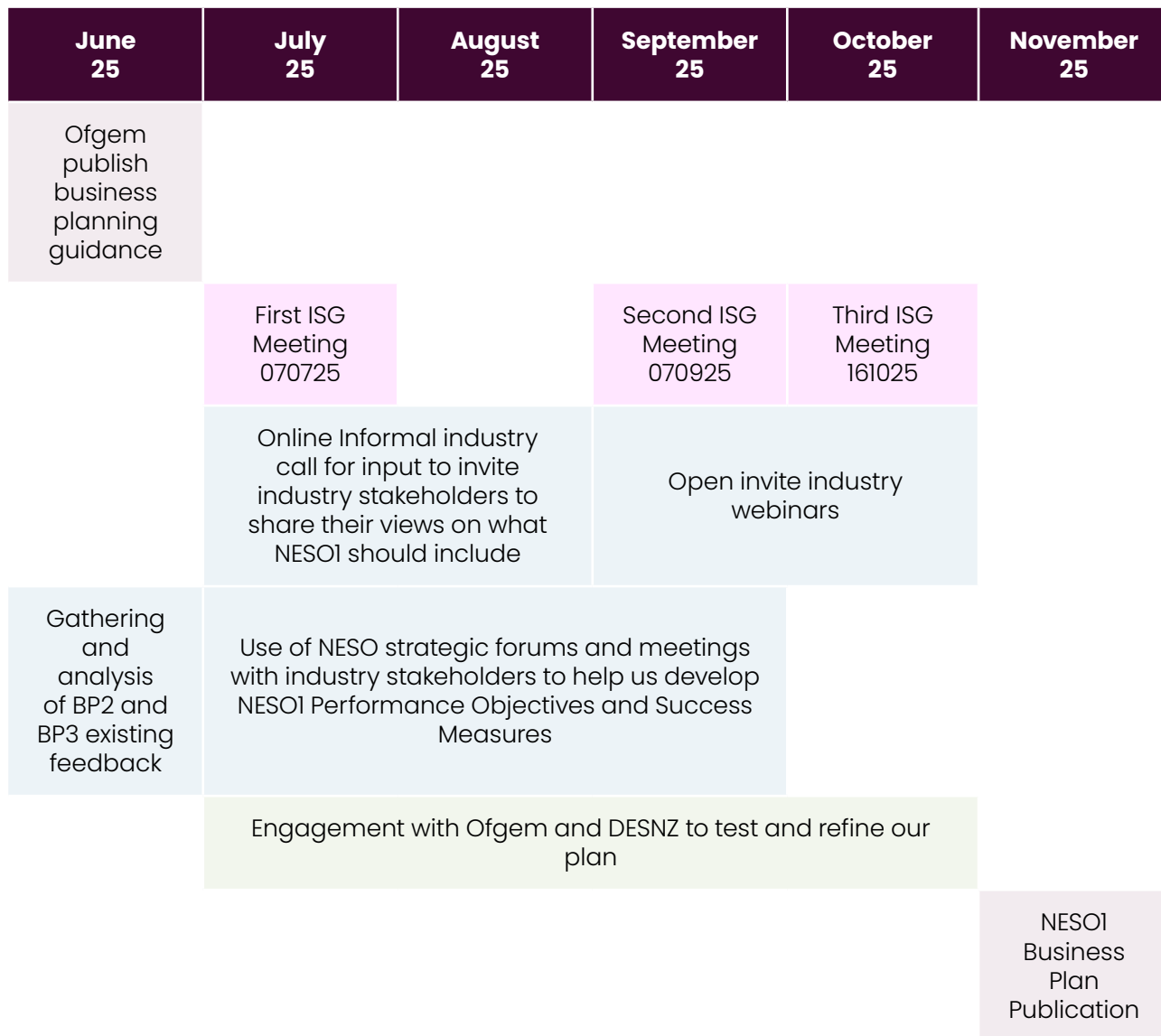
<p>Those we are delivering for</p>	<p>Consumers The billpayers and users of energy in GB who are the ultimate stakeholders of our purpose delivery.</p>
<p>Those who hold us to account</p>	<p>Government UK parliamentary bodies who we provide independent advice and services to – the proxy for our wider GB goal outcomes.</p>
<p>Those who regulate us</p>	<p>Regulator Regulatory bodies who regulate (or advise) us against statutory deliverables and outcomes.</p>
<p>Those we manage wider perceptions via</p>	<p>Press & Media UK media bodies who inform the public on important issues that affect them whether these issues are local, national or international.</p>
<p>Those we work with to deliver the energy system</p>	<p>Customers Any groups within the wider energy ecosystem we work with and either depend on or have a direct impact on through our purpose delivery.</p>

NESO1 sets out how we will deliver enduring value, support long-term system efficiency, enhance coordination across industry, and deliver sustained decarbonisation outcomes through our business plan activities.



Timeline of NESO1 Engagement With External Stakeholders

Our short timelines for NESO1 mean we've engaged in parallel with our different stakeholder groups throughout the development phase.



Key			
Publications	Independent Stakeholder Group	Specific NESO1 engagement	Bilateral engagement with Ofgem & DESNZ

Channels for Gathering Stakeholder Input

How We've Gathered Stakeholder Feedback

Prior to and while developing NESO 1 we've followed engagement best practice principles and used a range of channels to inform stakeholders of our progress and gather feedback/input to shape our future plans.

NESO1 specific engagement:

Strategic forums to minimise fatigue and maximise input

Including our Electricity Markets Advisory Council, Technology Advisory Council, Gas Advisory Council, Operational Transparency Forum and other BAU project forums.

Independent Stakeholder Group (ISG)

A range of representatives from across industry who have provided challenge and strategic advice as we've developed our plan.

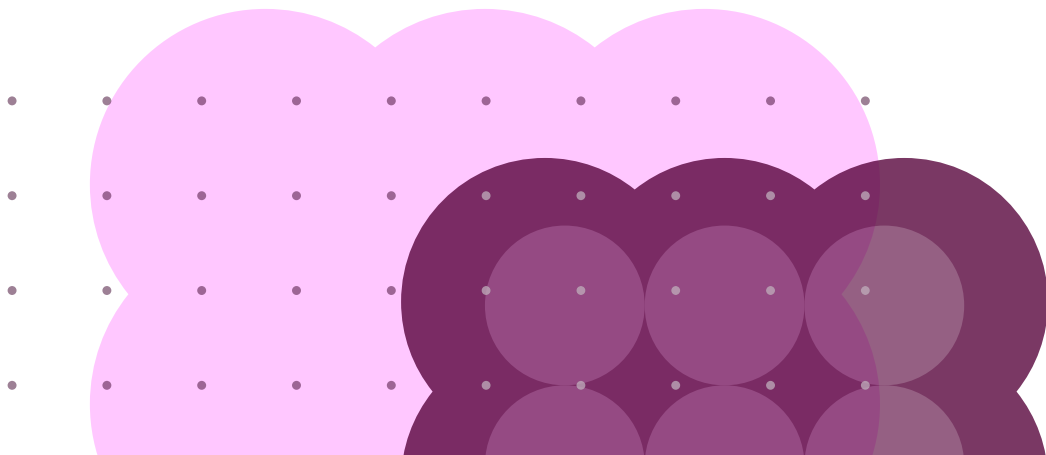
Call for Input and webinars to answer questions and gather feedback

We held a 4 week call for input and two webinars open to all stakeholders across industry during the development period. We also held bilaterals on request to support this engagement.

Supported by:

Ongoing business/project engagement and customer data gathering

Including customer satisfaction survey results and customer data from throughout BP2 and BP3, digital communications e.g. Energising Progress newsletter and project specific communications and consultations



NESOI Specific Engagement Overview

Independent Stakeholder Group (ISG)

The ISG provides valuable scrutiny and challenge throughout the development of our regulatory submissions. The group are comprised of 20 stakeholders representing a broad range of sectors and vectors drawn from across the industry. Membership is regularly reviewed to make sure we continue to gather an appropriate coverage of views given the ever-shifting landscape. Current membership includes representatives from:

Renewables	Consumer	Generators	Large Supplier	Academia	Service Providers
Flexibility Supplier	Suppliers	Scottish Transmission Owners	Gas Distribution Network Operator	Infrastructure	Investors
Gas Transmission Owner	Media	Transmission Owners	Large Energy Users	Electricity Distribution Network Operators	Independents

The ISG reviews how we engage with stakeholders, making sure our plans reflect our stakeholders' priorities, as well as driving value for consumers. The broad representation of members means the insightful and valuable feedback we receive from the group ensures a full spectrum of views are reflected in the development of our plan.

The group saw and provided feedback on our Core NESO 1 Business Plan and NESOI Annex 1: Delivering Value annex and have not directly fed into our other published annexes.

The ISG acts in an advisory capacity and are not a decision-making body. The group have also provided valuable input throughout the development stages of our previous RII0-2 Business Plans and Ofgem's consultation and review process.

[Find out more about the ISG and read the meeting minutes on our website.](#)

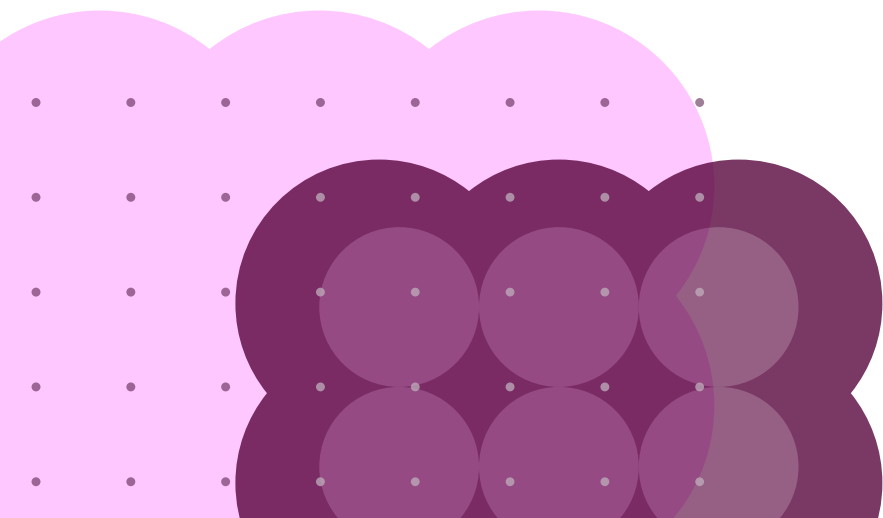


Independent Stakeholder Group (ISG) feedback

We've set out a high-level summary of what was covered in each meeting with the ISG, the high-level themes we heard in each session and how we used their feedback to help shape the next iteration of the plan.

Meeting	What we shared	Session outcomes
ISG Meeting 1 – 10 July 2025	<ul style="list-style-type: none"> • Draft Corporate Strategy • Proposed areas for Performance Objectives 	We held an interactive ISG workshop to explore priority activities for NESO's 2026–2028 delivery and define what good looks like. Members highlighted the need for clear roles in each objective, flexibility as a cross-cutting theme, and awareness of trade-offs. Their feedback was directly used to input into the first iteration of our Performance Objectives. Summary minutes can be found here.
ISG Meeting 2 – 10 September 2025	<ul style="list-style-type: none"> • Draft Performance Objectives • Proposed Major Deliverables & Success Measures 	Having developed the Performance Objectives based on ISG's initial feedback as well as BAU feedback, we presented our draft objectives with key deliverables and Success Measures. ISG members reviewed each objective and advised us to better define outcomes, clarify success criteria, and articulate our role in managing Constraint Costs. Their input directly informed refinements to the objectives. Summary minutes can be found here.
ISG Meeting 3 – 16 October 2025	<ul style="list-style-type: none"> • Full draft version of Business Plan 	Members received a draft version of our Core NESO 1 Business Plan and NESO1 Annex 1: Delivering Value in advance of the session. In the session we presented an overview of how each Performance Objective and the plan overall had developed as a result of our stakeholder feedback. We then took final comments and feedback on suggested changes to the draft business plan. Summary minutes can be found here.

Please note these are the cross-cutting stakeholder themes and detailed feedback by PO is captured separately in this document and within the Value for Money Annex.



Call for Input

We launched a Call for input on our website on 11 July which ran until Monday 11 August.

We had eight responses submitted from a range of industry stakeholders and customers: Elexon, Challenging Ideas, National Grid, National Gas, Eden Geothermal, Volcore, Centre for Sustainable Energy & the Electricity Storage Network. We followed up with a number of responders by request to talk through their feedback.

Key themes from the Call for Input feedback included:

1. Modernisation and digitalisation.
2. Delivery of reform across connections, balancing mechanism and market reform with Elexon.
3. Doing more to enable market flexibility and consumer participation.
4. Improving transparency and data quality, particularly in network planning and providing the right locational signals.
5. Developing a consumer value framework for decision-making which considers trade-offs.
6. Interconnector flexibility and cross-border collaboration.
7. Focusing on decarbonisation of heat and large-scale solutions like deep geothermal direct heat.

Please note these are the cross-cutting stakeholder themes and detailed feedback by PO is captured separately in this document and within the Value for Money Annex.

Stakeholder Workshops and Webinars

We held several workshops with some of our strategic stakeholder forums and two open invite webinars to get views on our Performance Objectives, proposed Success Measures and Major Deliverables.

Across these interactions we engaged with 160+ stakeholders.

We've summarised the main feedback themes below:

Workshop and webinar feedback:

More needs to be done to:

- Bring Gas and the specific types of Gas we are referring to out clearly across the objectives.
- Provide clarity on our role in delivering success.
- Clearly set out our Success Measures, and ensure they demonstrate value for money.
- Demonstrate the quality of our Strategic plan delivery by stakeholder endorsement.
- Set out where cyber fits in across the objectives.
- Show how we will take action on Skip Rates.

Please note these are the cross-cutting stakeholder themes and detailed feedback by PO is captured separately in this document and within the Value for Money Annex.

BAU / Ongoing Engagement

BAU Stakeholder Engagement Sources

Detailed stakeholder feedback has been gathered from a range of sources including the BP2 End-Scheme CSAT surveys, Ofgem's BP2 end scheme call for input, BP3 draft determinations and ongoing/BAU NESO project stakeholder engagement.

Please click on the links below to find out more about some of our BAU project engagement:

Operational Transparency Forum (OTF)	Balancing Programme	Connections Reform Programme	Performance Panel
Strategic Energy Planning (SEP) Engagement	Regional Energy Strategic Planning	Markets Forum Events	NESO Advisory Councils
	Future Energy Scenarios (FES)	Innovation Engagement	

Themes of stakeholder feedback from BP2 and BP3

The key themes of BP2 and BP3 feedback below have fed into the NESO1 Performance Objectives and Success Measures at development stage:

Digitalisation & Data Sharing	Stakeholders want open access principles, clearer execution plans, and better alignment with strategic initiatives like SSEP.
IT Delivery & Efficiency	Previous engagement has highlighted concerns with slow IT project progress, resource bottlenecks, and system instability impacting productivity.
Market Access & Flexibility	We need to lower entry barriers and accelerate reforms to enable broader consumer-led flexibility and asset participation.
Strategic Planning & Independence	Demonstrate greater independence and improve transparency and alignment across strategic programmes.
Stakeholder Engagement & Comms	Regular calls for more proactive, timely, and transparent communication—especially on complex reforms.
Connections & Networks	Feedback emphasised issues with planning, portal usability, and transparency, alongside support for reform with clearer demand-side focus.
Restoration & Resilience	Stakeholders value NESO's operational response but want more clarity, balanced messaging, and inclusion of all energy vectors in resilience planning.
Process & System Modernisation	There is a strong push to modernise legacy systems, improve forecasting and settlement processes, and strengthen training to reduce recurring issues.

How Stakeholders Informed Our Plan

Our Performance Objectives

We developed our six NESOI Performance Objectives and supporting Success Measures using feedback from across our engagement. Initially, we proposed eight objectives including separate objectives for Energy Insights and Security of Supply.

However, stakeholder feedback led us to integrate these areas into other objectives. Security of Supply was merged into other relevant objectives to avoid duplication in performance tracking and confusion for stakeholder. Energy Insights was embedded across all objectives to reflect its cross-cutting role in informing our work.

Over the following pages we set out a high-level summary of key themes for each Performance Objective and how we've taken on board that feedback.

Further detail can be found on each Performance Objective in Annex 1: Delivering Value.

Delivering a Decarbonised, Operable Grid



NESO will enable efficient connections and coordinated system standards, delivering a resilient, operable and decarbonised energy system whilst reducing barriers to entry. Reordering the connections queue will ensure timely and efficient network connections that support system growth and delivery of CP30. This will be underpinned by a reimagined and transparent enduring connections process, whilst maintaining coordinated operability standards across an increasingly complex, decentralised energy system.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Strategic Fit:** Stakeholders emphasised the need for alignment between Strategic Energy Planning and Connections; we have embedded this linkage directly into the objective.
- **Benefits & Impacts:** To meet calls for clearer benefit tracking, we incorporated metrics on CO₂ savings, constraint cost reductions, investment efficiency, and innovation into Success Measures.
- **Queue Reform:** Feedback on reform speed and process clarity—especially in relation to strategic planning—shaped our delivery plan for timely, efficient network access.
- **Communication:** In response to requests for better coordination and updates, we introduced metrics to assess progress in building customer trust.

Enabling Smarter, Cleaner Markets



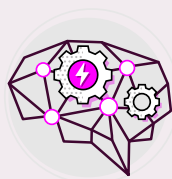
NESO will evolve key market frameworks to enhance market signals, improve market access and make our data accessible.

This will increase competition, reduce supply and price risks, support flexibility and innovation, and enable efficient market participation of new technologies and distributed resources.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Market Reform:** Stakeholders strongly supported reforms to boost liquidity, transparency, and demand-side participation; we responded by embedding a Competitive Procurement Framework and enhancing the Capacity Market to better integrate flexibility and support Clean Power by 2030.
- **Consumer Value:** Feedback emphasised the need to clearly articulate consumer value; we addressed this by framing the objective around how delivering consumer value enables system reform.
- **Gas Visibility:** Concerns about electricity bias led us to introduce gas-related deliverables—including biomethane and hydrogen—to reflect whole-system decarbonisation, such as leading Gas Code modification.
- **Access:** We have committed to improving market entry for all participants, including smaller actors, to foster inclusivity.
- **Clarity of Outcomes:** We have sharpened our Success Measures to ensure reforms are trackable and outcome-driven.

Operating an Intelligent, Real-Time Grid



NESO will operate a flexible, and increasingly intelligent, electricity system, optimising transparent real-time decision-making and ensuring ongoing resilience of the energy system. Enhanced operational decision-making will be enabled through data, automation and future-ready digital tools. Operational capability will be transformed by maximising the benefit of digitalisation and ensuring the correct skillsets and processes are in place to manage increasing variability and complexity of the GB Power System.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Forecasting Accuracy:** Stakeholder concerns led us to improve AI-based forecasting, utilising BP3 skip rate benchmarks, and embed skip rate tracking as a Success Measure.
- **Value:** We have committed to reducing costs and clearly defining success metrics to demonstrate operational efficiency.
- **Constraint Costs:** Feedback on our role in influencing constraint costs informed targeted actions on this which are now reflected in the plan.
- **Control Room Modernisation:** We highlighted new tools and technologies as Major Deliverables to modernise system operations.
- **Transparency:** We responded to calls for clearer data sharing and trade-off rationale by embedding transparency into our operational approach.

Driving Whole-System Resilience



NESO will drive improvements in whole energy system security and resilience by being the catalyst for coordinated and prioritised action across the system to address risks. We will deliver clear insights and advice to our stakeholders through robust analysis, systematic, and topical assessments, reviews, emergency exercises, and plans –grounded in an evolving understanding of system risks and interdependencies. This cycle of continuous learning, assessment, and action will reinforce NESO’s position as a trusted technical authority and enhance system resilience.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Security of Supply:** Stakeholders questioned the separation of Security of Supply and Resilience; we responded by combining them into a single, integrated objective.
- **Performance Targets:** In response to calls for clearer benchmarking, we introduced defined performance targets and output visibility.
- **Resilience Scope:** Feedback highlighted the need to clarify whole-system resilience—including gas, cross-vector, and cyber—which we’ve now explicitly drawn out in the plan.
- **Risk Planning:** We’ve strengthened our approach to modelling and scenario planning to better reflect stakeholder expectations.
- **Collaboration:** We’ve committed to aligning resilience planning more closely with stakeholders to ensure shared understanding and coordinated action.

Planning a Clean Energy Future



NESO will shape the future of energy by defining the energy infrastructure requirements across GB that reflect societal and community values, safeguard the environment, maintain system resilience and ensure consumer benefits are realised. This will guide the transition to a clean, affordable and secure energy for GB by delivering first-of-a-kind whole energy strategic planning.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Delivery:** We committed to a high-quality submission of our various Strategic Energy Plans with clear strategic pathways and have included stakeholder endorsement of our plans as a Success Measure.
- **Effective Stakeholder Engagement:** In response to calls for inclusive coordination, we’re establishing a dynamic stakeholder and societal engagement framework to bring diverse voices into the conversation.
- **Clarity:** We’ve defined our role and independence more clearly to support stakeholder understanding.
- **Transparency:** We’re progressing our Distributed Energy Resources visibility roadmap to improve access to data and planning outputs.
- **Alignment:** We’ve strengthened links between key strategic programmes to ensure coherence and impact.

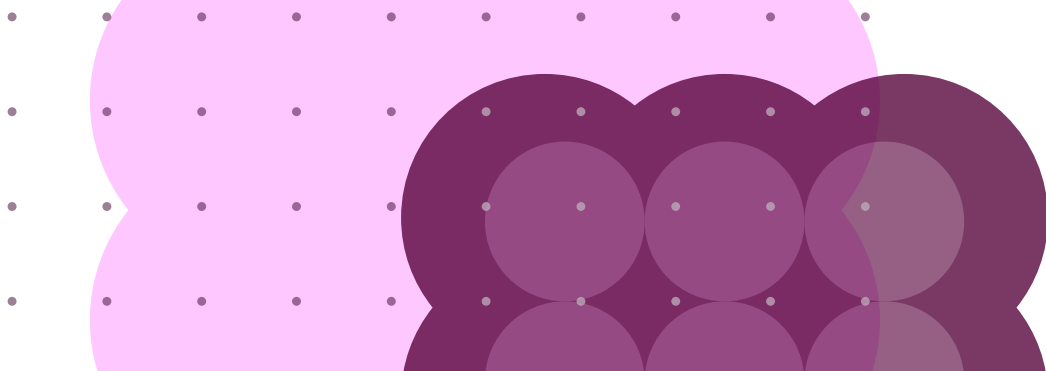
Building a Digitally Connected Energy System



NESO will enable a digitally connected energy system through open data, smart standards, AI and interoperable tools—accelerating innovation, broadening participation, and driving system-wide efficiency. This will accelerate digitalisation across the energy sector, champion open data and foster a digital ecosystem that unlocks value and drives collaboration.

High-level stakeholder themes we have addressed in designing this Performance Objective:

- **Collaboration:** We're enabling shared data and protocols to support coordinated low-carbon operations across the system.
- **Integration:** We're aligning digital systems with strategic low-carbon goals to ensure cohesive delivery and system-wide impact.
- **Flexibility:** We're enhancing tools to meet Clean Power 2030 flexibility targets and support dynamic system needs.



How Can Stakeholders Continue to Feedback

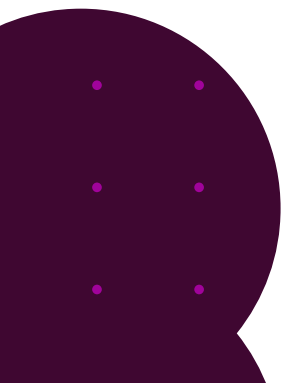
As we deliver the NESOI Performance Objectives, stakeholder feedback will continue to be critical in assessing our performance and informing our future activity. We will continue to engage with stakeholders on specific activities through our BAU/project channels.

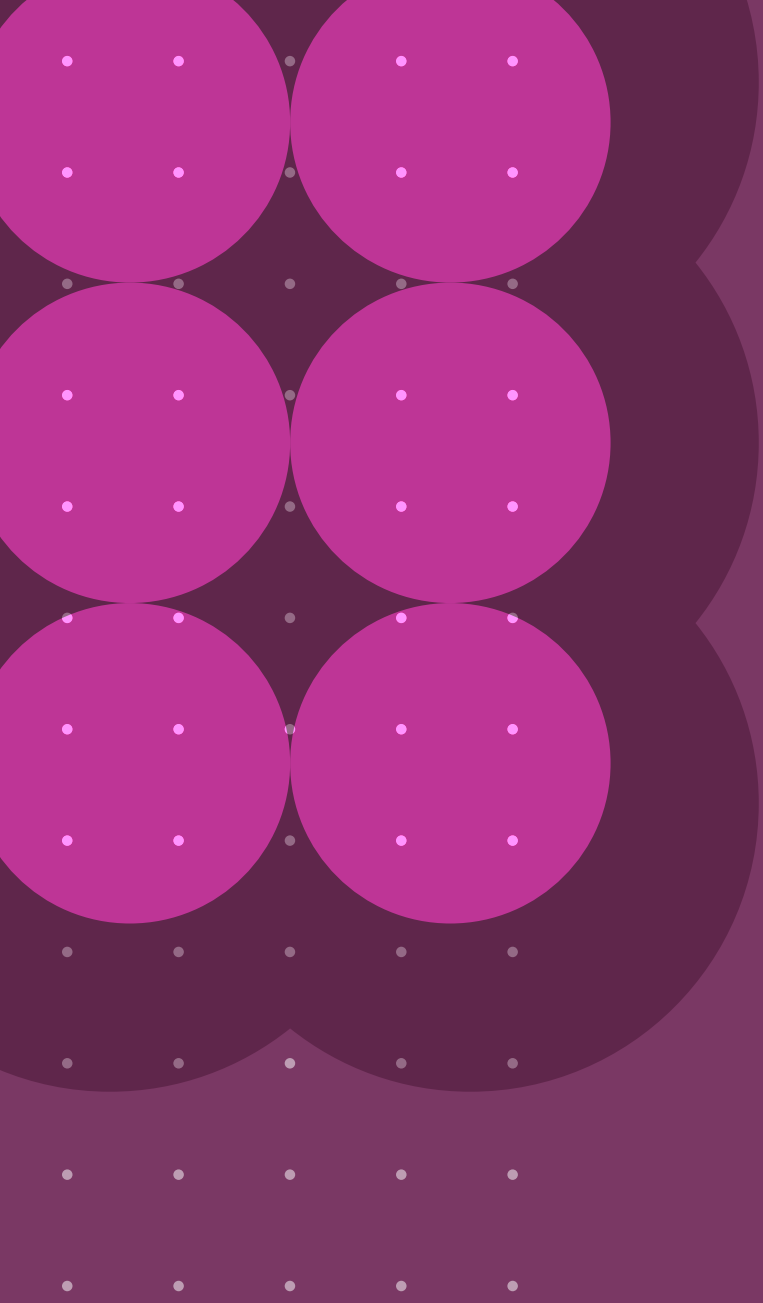
For the NESO Enduring Framework (which covers this business plan period) Ofgem has made some changes to stakeholder feedback mechanisms to strengthen the role of stakeholder feedback and to ensure this remains a critical aspect of Ofgem's performance assessment process. Stakeholder views on our NESOI performance will be gathered through:

- **An Independent Challenge Panel (ICP)** to replace the existing NESO Performance Panel but with a stronger focus on the collection, coordination and sharing of stakeholder feedback – this will be managed and led by industry following a remit set by Ofgem.
- **Twice yearly stakeholder surveys** with the results to be discussed with the ICP. This approach will support NESO and Ofgem's understanding of stakeholder feedback. Details of these surveys will be consulted on by Ofgem later this year.
- **Ongoing call for evidence** (rather than periodic) where stakeholders can submit feedback to Ofgem on our performance at any point in the Business Plan period.

For more detail on the NESO Enduring Framework see Ofgem's [NESO Enduring Framework Decision](#).

For any feedback on our stakeholder engagement email box.customerservice@neso.energy





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