

# Joint European Stakeholder Group



Tuesday 10 February 2026  
Meeting 89

# 1. Welcome & Introductions

Independent Chair – Garth Graham

# Agenda

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	Title	Lead	Time
1.	Welcome & Introductions	Chair	10:00 - 10:05
2.	Publication of NTC innovation report	Elana Byrne (NESO)	10:05 - 10:25
3.	JESG Survey	Vanessa Simpson (NESO)	10:25 - 10:35
4.	Review of Actions log	Andrew Hemus, Tech Secretary	10:35 - 10:40
5.	Future Meeting Dates & Agenda Items	Andrew Hemus, Tech Secretary	
6.	Stakeholder Representation	Chair	
7.	Any Other Business	All	10:40 - 10:45

## 2. Publication of NTC innovation report

Elana Byrne (NESO)

Public

# Publication of FTI Consulting's Net Transfer Capacity Innovation Project Report

JESG February 2026

# Context for the report

## Background

- Net Transfer Capacity (NTC) restrictions are classed as a balancing tool that NESO use to manage system security via interconnector flows.
- Under Licence condition C1.5 (a)(i), balancing services should be procured through transparent, non-discriminatory and market-based procedures.
- September 2023 - Ofgem granted NESO a derogation to use NTCs without market-based procurement, acknowledging that a market was not 'economically efficient' at that time.
- The derogation noted that Ofgem expected NESO to keep this efficiency under review.

### **-> FTI Consulting won a competitive tender to deliver an objective report covering:**

- A summary of current arrangements and alternative options to reduce dependence on NTCs.
- The feasibility of creating a NTC market, including cost-benefit analysis and code/Licence/TCA compliance as applicable.

# Purpose of this session



- Promote awareness of the report available on the [ENA portal](#) & via the [NESO website](#)
- Summarise FTI's findings
- Outline NESO's next steps
- Provide options for industry stakeholders to share views on the findings

# FTI's Key Findings



Pages 104–107 in the report

## **Pros/cons for current NTC approach:**

- An effective system security tool, with a key role in the transition to net zero...but risks higher consumer costs.
- The process is not fully transparent, and interconnectors have raised concerns with the arrangements for compensation and disputing restriction outcomes.

## **A theoretical basis for an economically efficient market:**

- If restrictions were set on the lowest-bidding interconnectors, consumer costs could be reduced. The more variation between GB–EU market spreads, the greater the potential for the restriction to be placed against a more cost-effective bid.

## **Limited practical feasibility of a market in the short to medium term:**

- Limited competition outside the South–East means that the replacement of the status quo with a market is likely to be an unsuitable option for GB interconnectors outside that region.

# FTI's Key Findings



Pages 104–107 in the report

## **Risks of a market approach:**

- The potential for strategic bidding power to be leveraged by the limited numbers of market participants means the practical realization of potential benefits is uncertain.
- Additional operating costs for the complexities of NESO setting up a market and interconnectors setting up bidding strategies contribute to the view that the overall benefits case would be modest.

## **Alternative routes for improvement:**

- Improving NESO's trading operations (e.g. adding more, and varied, technology assets into the Extended Trades market) could reduce reliance on non-market NTC restrictions and generate more savings. This carries its own efficiency risks and does not remove the need for NTC restrictions.

# FTI's Key Findings



Page 104–107 in the report

## **Additional transparency:**

- There is further room for improvement in NESO's transparency around NTC use and efficiency of trading operations, as noted by interconnectors.

## **Conclusion summary:**

- FTI's assessment of a formal NTC market and expanding NESO's Trades function found modest benefits and material risks.
- Continuation of incremental reforms to existing arrangements is a more appropriate approach, for the time being, compared to a fundamental re-design of the NTC restriction tool.

# NESO next steps

NESO are assessing FTI's findings to form an official position on NTC market feasibility and satisfying the 2023 derogation's comments on this topic. This will also inform NESO's review of the derogation this year, prior to it expiring in September.

**Note:** The NTC Compensation Methodology is a document referenced in the FTI report, and a separate, formal consultation will be launched imminently on that document specifically.



# Feedback

**Industry stakeholders are invited to review the report and NESO welcome all feedback.**

Email feedback:

- **Views can be sent to [box.eft@neso.energy](mailto:box.eft@neso.energy) before 28 March 2026.**
- If any feedback is confidential (not to be shared outside NESO), please mark it as such. Otherwise, feedback will be taken to be non-confidential and could be attributed to your organization if shared.

Bilateral conversations (if requested):

- **Please email the .box above before 13 March 2026 to request a session,** and please advise on the specific topics for discussion.
- We will aim to have any requested calls arranged for before the end of March.

# 3. JESG Survey

Vanessa Simpson (NESO)

# JESG Survey

Vanessa Simpson

February 2026

## Survey Aims

- Expand on the Interconnector Framework Consultation responses and gather additional feedback.
- Refine agenda items for upcoming JESG meetings based on broader input.
- Ensure JESG continues to deliver value by maintaining NESO's customer focus.

# Themes of Questions



Request for feedback  
on the current format of  
JESG



Preferred frequency  
and scheduling of the  
meetings

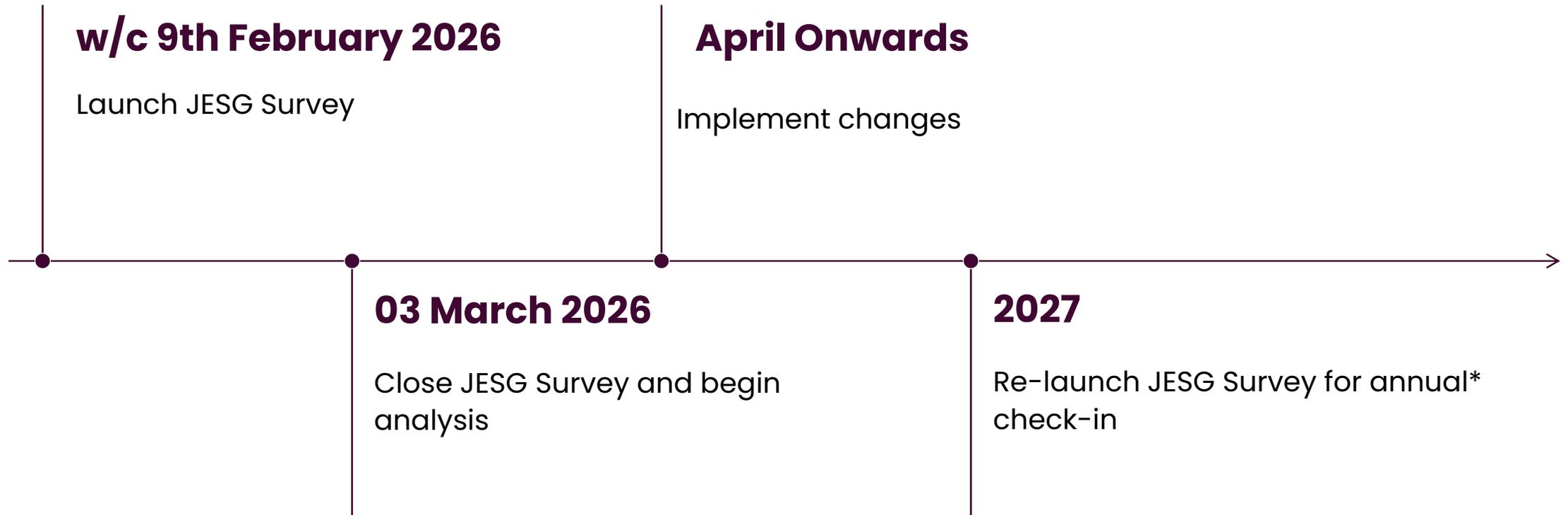


Topics respondents  
wish to be prioritised in  
JESG



Suggested  
stakeholders for  
inclusion in JESG

# Indicative Timeline



*\*NESO plan to conduct the survey annually to offer stakeholders a regular opportunity to provide feedback on JESG.*

# 4. Review of Actions log

Andrew Hemus  
JESG Technical Secretary

# JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET / Ofgem / DESNZ
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies.	DESNZ / Ofgem / Industry parties with European parent companies

# JESG Open Actions

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ID	Topic	Lead Party	Status	Update

# 5. Future Meeting Dates & Agenda Items

Andrew Hemus  
JESG Technical Secretary

# JESG Meetings for 2026

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- [JESG calendar email invites can be downloaded here.](#)
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Meeting Date	Proposed Agenda Items
<del>Tuesday 13 January</del>	Cancelled
Tuesday 10 February	
Tuesday 10 March	
Tuesday 14 April	
Tuesday 12 May	
Tuesday 9 June	
Tuesday 14 July	
Tuesday 11 August	
Tuesday 8 September	
Tuesday 13 October	
Tuesday 10 November	
Tuesday 8 December	

# 6. Stakeholder Representation

All

# 7. AOB