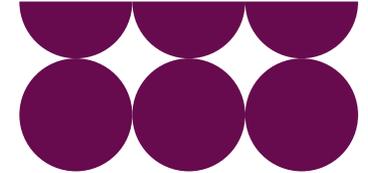


February 2026

# NESO 1 Business Plan Strategy and Policy Statement (SPS) Alignment



## Context

This document sets out how the NESO1 business plan aligns with the priorities in the Strategy and Policy Statement (SPS). It gives a simple overview of where our strategic aims and performance objectives support the SPS goals for a clean, secure and affordable energy system.

The table below demonstrates this alignment clearly highlighting how elements of the NESO1 plan map directly to each SPS priority.

### NESO1 Strategy and Policy Statement (SPS) Alignment

Strategy and Policy Statement (SPS) Strategic Priority	Consideration in NESO1 Business Plan
<b>Section One: Enabling clean energy and net zero infrastructure</b>	
To meet the UK's net zero and climate change targets, including the carbon budgets set under the Climate Change Act 2008 and the target for a decarbonised electricity system by 2035, subject to security of supply	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Planning a Clean Energy Future</i>, acknowledges that strategic planning will be critical to achieving a low-cost net zero system, delivering benefits by supporting progress towards net zero through coordinated, strategic plans.</li> <li>• Our Performance Objective: <i>Delivering a Decarbonised, Operable Grid</i>, supports delivery of net zero by enabling zero-carbon projects to connect more quickly.</li> <li>• Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i> supports net zero by creating market arrangements that accelerate decarbonisation.</li> </ul>
A strategic, whole system approach to plan and build reliable, resilient, sustainable network infrastructure which is appropriately connected to wider markets.	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Planning a Clean Energy Future</i>, aligns with this strategic priority. Our proposed Success Measures include the publication of a range of documents covering energy networks.</li> <li>• Our Performance Objective: <i>Delivering a Decarbonised, Operable Grid</i> will ensure faster, more coordinated and efficient connections to the electricity transmission network.</li> </ul>



<p>Enabling anticipatory investment to build network infrastructure at scale and pace, ahead of need, to meet the demands of a decarbonised energy system as electrification grows, while controlling system costs by facilitating a smart, flexible and digitalised energy system</p>	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Planning a Clean Energy Future</i>, aligns with this strategic priority, setting out views on the network infrastructure needed for a decarbonised energy system.</li> <li>• Our Performance Objective: <i>Delivering a Decarbonised, Operable Grid</i>, sets out our proposals to support efficient and economic anticipatory network investment.</li> <li>• Under our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, we will operationalise the Early Competition Framework to introduce innovative, cost-effective infrastructure solutions.</li> <li>• Our Performance Objective: <i>Building a Digitally Connected Energy System</i>, will facilitate further digitalisation of the energy sector.</li> </ul>
<p>Driving a net zero transition by achieving government targets for renewable and low carbon deployment, innovation and uptake of clean technologies, and providing opportunities to increase energy efficiency</p>	<ul style="list-style-type: none"> <li>• Our Performance Objective for: <i>Enabling Smarter, Cleaner Markets</i> will include implementing Capacity Market and Contracts for Difference regimes for Clean Power 2030 and operating the markets effectively.</li> <li>• Our Performance Objective: <i>Delivering a Decarbonised, Operable Grid</i> will drive the net zero transition by aligning the connections queue to projects that contribute efficiently to zero-carbon operation.</li> <li>• We have considered innovation across our Performance Objectives.</li> </ul>
<p>The transition to net zero alternatives from the unabated use of natural gas is planned and operated in a strategic and coordinated way, giving consideration to security of supply, system resilience, and costs for consumers, enabling necessary investment and promoting the move to the most cost-effective low carbon options wherever possible.</p>	<ul style="list-style-type: none"> <li>• As part of our Performance Objective: <i>Planning a Clean Energy Future</i>, our publications are focused on ensuring the national gas transmission network can meet consumers' needs for natural gas efficiently. We will also progress the development of hydrogen network planning activities.</li> <li>• Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, will include publishing the Gas Future Markets Plan, contributing to the evolution of the gas market and its alignment with the broader goals of a sustainable and decarbonised whole energy system.</li> <li>• Our Performance Objective: <i>Driving Whole-System Resilience</i> includes conducting assessments around gas security of supply and delivering actions to enable improvements in whole energy system resilience.</li> </ul>



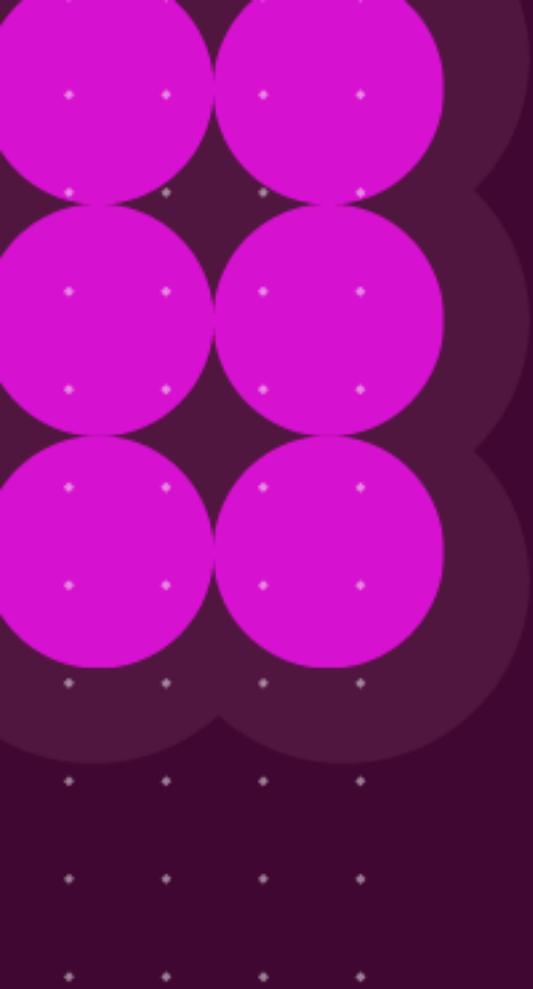
<p>Competitive and effective markets and regulation that facilitate the anticipatory investment required in innovation, clean technologies, and infrastructure to meet government's net zero targets while ensuring an appropriate balance between economic, environmental, and social costs, and addressing undue barriers to entry, growth, and innovation.</p>	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, will drive increased competition and access to markets. In particular, this includes a Success Measure on adoption rate and participation of existing and new products and services to demonstrate market responsiveness and innovation.</li> <li>• Our Performance Objective: <i>Delivering a Decarbonised, Operable Grid</i> will support competitive and effective markets by aligning the connections queue to projects that contribute efficiently to zero-carbon operation.</li> <li>• Our Performance Objective: <i>Planning a Clean Energy Future</i> will provide strategic energy planning to support regulatory decision-making around approved investment.</li> </ul>
<p>Ensuring the benefits of investment in clean energy and net zero infrastructure are felt across the UK, from emissions reduction to economic development and job creation, in line with government's levelling-up agenda.</p>	<ul style="list-style-type: none"> <li>• Through our Performance Objective: <i>Planning a Clean Energy Future</i>, we will align national-scale asset strategies with local initiatives to support policy ambitions in security, net zero, efficiency and economy. As part of this, we will enhance engagement at local and regional levels. To establish a strong presence and deliver on RESP effectively, we will continue to build capability in the regions and develop key relationships to enable local views to be properly considered.</li> </ul>
<p><b>Section Two: Ensuring energy security and protecting consumers</b></p>	
<p>An energy system which is fair, safe, secure and resilient, including from supply shocks, changes in the international environment and the impacts of climate change.</p>	<ul style="list-style-type: none"> <li>• A fair, safe, secure and resilient energy system is a key focus throughout NESO1 and ensuring system security and reliability is identified as a core outcome for our business plan.</li> <li>• More specifically, our Performance Objectives: <i>Operating an Intelligent, Real-Time Grid</i> and <i>Driving Whole-System Resilience</i> set out a range of measures focusing on a secure and resilient energy system.</li> </ul>
<p>Energy wholesale markets that are competitive, transparent, and liquid.</p>	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, sets out our whole energy market strategy which will recommend solutions to address challenges, conflicts and inefficiencies in the energy markets</li> </ul>



<p>An energy system that provides protection for both domestic and non-domestic consumers, including a strong focus on protecting vulnerable domestic consumers, and delivers against the statutory fuel poverty target for England.</p>	<ul style="list-style-type: none"> <li>Achieving lower costs than would otherwise be the case is identified as core outcome for our business plan and <i>driving consumer value</i> is one of our strategic goals. Minimising cost to consumers is a focus across our Performance Objectives.</li> </ul>
<p>A retail market that works better for consumers, is more resilient and investable, and supports the electrification and wider transformation of the energy system in the most cost-effective way.</p>	<ul style="list-style-type: none"> <li>Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i> includes the Major Deliverable: <i>Increase of demand side participation in NESO markets through delivery of the Routes to Market project</i>. To enable the expansion and wider demand side participation in NESO markets to support the delivery of a secure, low-cost, and decarbonised electricity system</li> </ul>
<p><b>Section Three: Ensuring the energy system is fit for the future</b></p>	
<p>Electricity market arrangements that meet our objectives for a decarbonised and secure electricity system by 2035 at least possible cost to consumers. Efficient, competitive and transparent energy markets that optimise investment and operation and work for the full range of market participants</p>	<ul style="list-style-type: none"> <li>Our performance objective: <i>Enabling Smarter, Cleaner Markets</i>, set out metrics which aim to create competitive and transparent market arrangements that accelerate decarbonisation at least possible cost while ensuring system security.</li> <li>Achieving lower costs than would otherwise be the case is identified as core outcome for our business plan and <i>driving consumer value</i> is one of our strategic goals. Minimising cost to consumers is a focus across our Performance Objectives.</li> <li>Our focus on a customer centric approach underpins all our performance objectives and will lead to us listening to the views of a broad range of stakeholders and our work on digitisation and data sharing will increase transparency.</li> </ul>



<p>Ensuring flexibility in the energy system at the national and local level, and the requisite growth in flexibility markets and consumer adoption of energy smart appliances to achieve this.</p>	<ul style="list-style-type: none"> <li>• Our NESO1 strategic priorities acknowledge the importance of flexibility in the energy system as part of the delivery of decarbonised energy.</li> <li>• More specifically, as part of our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, our Markets Roadmap will serve as a guiding document, outlining our market objectives, principles and plans for market reform. This objective also includes a commitment to progress work to ensure that demand-side participation can compete effectively in markets where it meets system operability needs. Our Performance Objective: <i>Operating an Intelligent, Real-Time Grid</i> includes deliverables to further flexibility.</li> </ul>
<p>An economic and efficient digital infrastructure which enables an inclusive, smart, digital, safe and secure energy system, based on principles of open data, security, interoperability and a whole systems approach to data sharing.</p>	<ul style="list-style-type: none"> <li>• As one of our NESO1 strategic goals we will <i>Lead as a trusted expert</i>, which will include leveraging digitalisation and data across the whole energy system and facilitating growth.</li> <li>• Our Performance Objective: <i>Building a Digitally Connected Energy System</i>, sets out further measures aligned to this SPS strategic priority, including progress of Data Sharing Infrastructure for the industry and improving NESO's Open Data Portal.</li> </ul>
<p>Effective governance during the transition to net zero of the codes and technical rules that govern the energy system, system operation and planning, and local governance.</p>	<ul style="list-style-type: none"> <li>• Our Performance Objective: <i>Enabling Smarter, Cleaner Markets</i>, includes our commitment to future-proofing industry codes, regulations and frameworks, as we continue to be a technical expert and code administrator. Furthermore, within this Performance Objective, we have made the commitment to support Energy Code Reform.</li> <li>• Our Performance Objective: <i>Planning a Clean Energy Future</i>, sets out further measures on planning and local governance, including establishing regional governance relating to the RESPs.</li> </ul>



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