



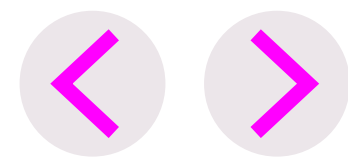
BP3 End-Scheme Incentives Report

Performance Summary
May 2026



Navigation

Navigating the document



Forward & back a page

Use the forward and back arrows on each page to move through the document

On desktop
you can use your keyboard arrow keys to change page

On tablet
you can swipe to change page

Please view in full screen mode to see all content



Contents

Links

Click on [underlined purple text](#) to navigate to external links



Contents

Executive Summary	04	•	•
Introduction	05		
Our BP3 Highlights	06	•	•
Performance Objective Outcomes	19		
Delivering Value for Money	22		
Listening to our stakeholders	24	•	•
Navigating our report	29		
Glossary	30	•	•

Executive Summary

Across the Business Plan 3 (BP3) period (April 2025 – March 2026), NESO moved decisively from launch into delivery. Overall performance was strong against the Business Plan, with delivery meeting expectations across all areas except Connections Reform, where delivery proved more challenging. Taken together, the year reflects both sustained operational performance and significant progress in building the capabilities required to deliver NESO's expanded role.

Against our BP3 Performance Objectives, we achieved seven of eight expected outcomes, with Connections Reform partly achieved. We made good progress in establishing whole-system planning capability, strengthening sector digitalisation and data sharing, supporting market reform, maintaining secure system operation, advancing zero-carbon operability, delivering Clean Power 2030 implementation activity, and progressing separation from National Grid. These outcomes demonstrate an organisation increasingly equipped to deliver complex system change while maintaining reliable day-to-day operations.

Connections Reform was particularly demanding, especially in the second half of the year. Issues with data and systems early in the implementation phase resulted in poor customer experience and extensions to the original timetable. This created challenges for customers, including reduced confidence in delivery timelines and greater uncertainty in progressing connection projects. However, the year ended with the connections queue reformed, a re-baselined

and deliverable programme timeline underway and offers issuing in line with revised milestones. While confidence will ultimately depend on continued execution, the foundations for a more disciplined and deliverable connections pipeline are now in place.

We exceeded the £3.4 billion consumer benefits originally committed for the RII0-2 period and delivered the year broadly within budget with variances managed across the period, including phasing of some activities into future years where this supported better delivery outcomes. Investment in digital platforms, data, modelling and tools improved the speed, transparency and robustness of decision-making across planning, markets, operations and customer journeys. Our Value for Money performance reflects disciplined prioritisation, cost control, and a continued focus on delivering efficient outcomes for consumers.

We also stepped up beyond the Business Plan in several key areas. This included providing system leadership following the North Hyde substation fire, strengthening Critical National Infrastructure resilience, accelerating sector digitalisation through the Data Sharing Infrastructure programme, delivering a step change in Strategic Energy Planning capability, and broadening our role across gas and hydrogen planning.

The year was therefore one of both building capability and delivering at scale. NESO exits BP3 with stronger foundations, a more mature organisation, and clearer delivery pathways in place. While some capabilities and reforms will continue to mature into NESO1, we are well positioned to meet rising expectations and to deliver confidently against our future role.

Introduction

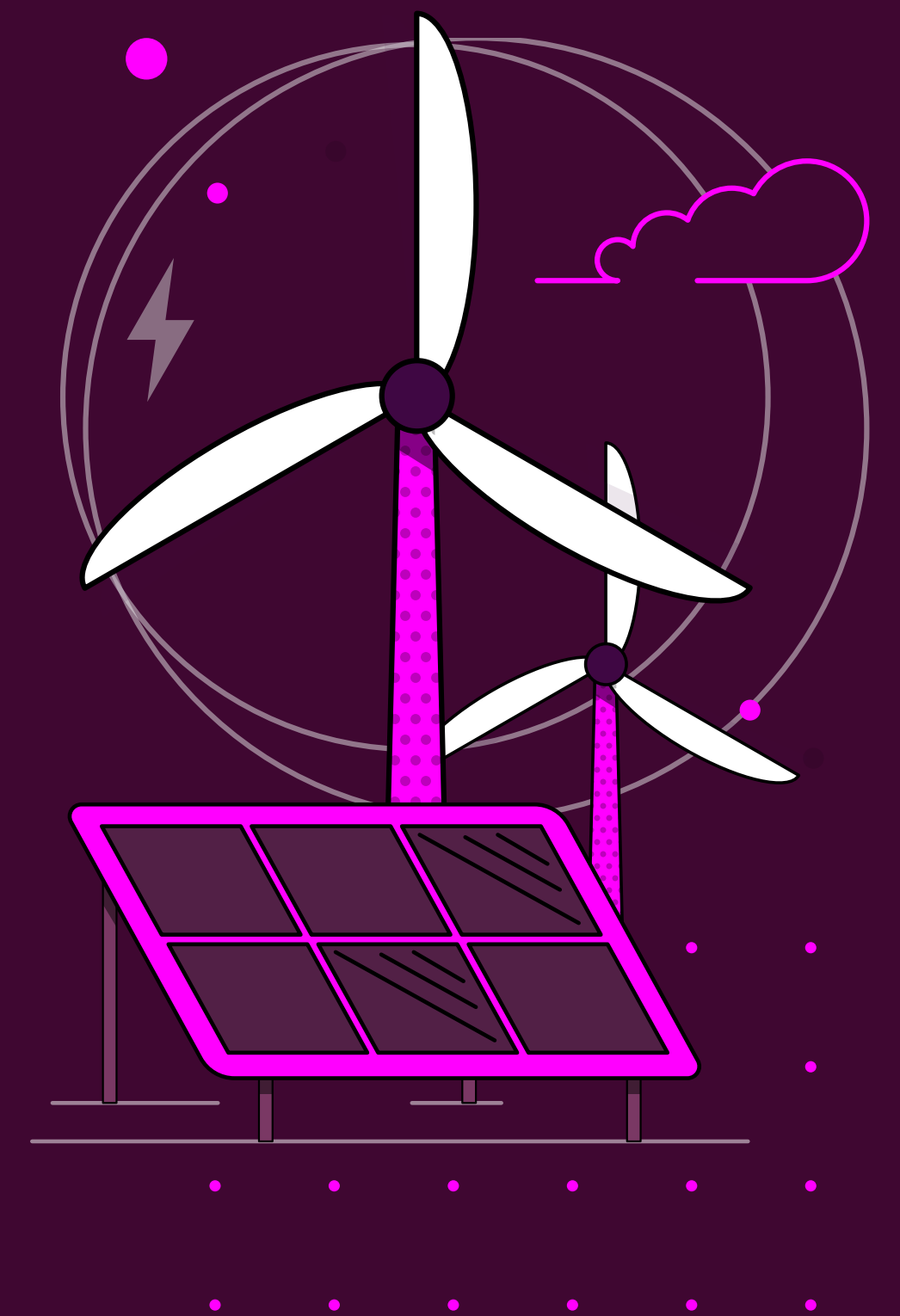
Welcome to our Business Plan 3 (BP3) end-scheme report which presents a comprehensive overview of our performance in the concluding year of our five-year RII0-2 regulatory period (April 2025 – March 2026).

The BP3 period coincided with ongoing transformation within Great Britain's energy system. Growing system complexity, heightened variability in supply and demand, and the expansion of low-carbon technologies have accentuated the need for coordinated planning across electricity, gas, and flexibility services. BP3 marked NESO's first complete business plan period as an independent system operator under the Energy Act 2023. Alongside our continued responsibility for real-time operation of the electricity system, our role expanded to encompass long-term system planning and enhanced market and policy analysis. These broader developments frame the material included in our end-scheme report.

This Performance Summary document is designed to deliver a clear and accessible account of our BP3 performance. Ofgem's assessment of our performance has two main components: delivery against our Business Plan objectives and delivery of value for money. In forming its view, Ofgem also considers stakeholder feedback. This report is structured accordingly – it outlines our key performance messages and summarises performance against our eight BP3 Performance Objectives. It also provides an overview of how we have delivered value for money for consumers and summarises feedback we have received from stakeholders.

In addition to this document, we have published a separate [Evidence Chapters report](#) and [Reported Metrics annex](#) providing comprehensive information required by our regulatory obligations. These documents offer a structured, chapter by chapter compilation of supporting evidence in accordance with incentives reporting guidance. Please visit our [website](#) for more information on the incentives scheme and associated reporting requirements.

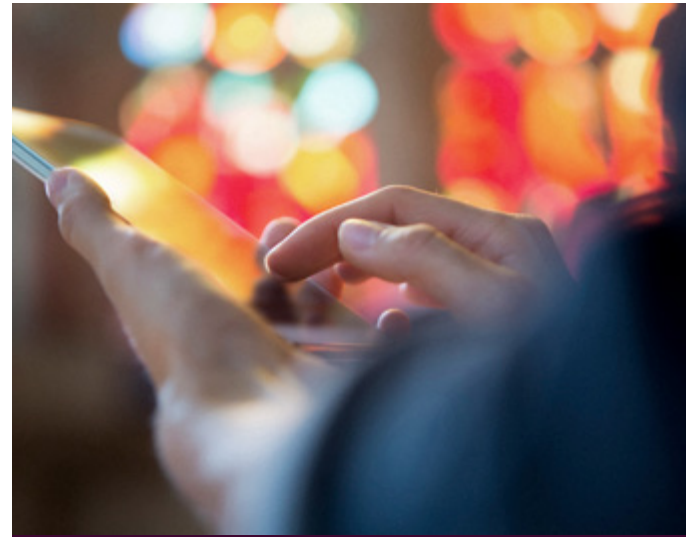
We thank you for your continued engagement.



Our BP3 Highlights



Against the backdrop of an energy landscape that is more complex than ever, we have moved from launch to delivery and impact with a whole-system focus



Underpinned by our digital transformation, we have demonstrated strong performance over BP3 and exceeded the original £3.4 billion benefits committed for the five-year regulatory period



We have also stepped up and delivered beyond our plan commitments in some areas, and have made great strides in delivering against new roles and activities



We have launched a new project delivery pipeline through Connections Reform and will continue to focus on communication, customer experience and digital capability



We continue to strengthen our collaboration with the government, Ofgem, and stakeholder groups on significant transformative initiatives



We have maintained energy system security and are paving the way to operating the electricity system at zero-carbon

Against the backdrop of an energy landscape that is more complex than ever, we have moved from launch to delivery and impact with a whole-system focus

Over the course of the five-year regulatory period, Great Britain's energy system has undergone profound change. Shifts in the generation mix, greater volatility in wholesale markets, and a heightened focus on affordability, energy security and domestic supply have reshaped the landscape in which we operate. These developments, combined with the government's ambition for a resilient, affordable and clean power system by 2030, enabling economic growth, have increased expectations for more coordinated, whole system action. Against this backdrop, system operators are being asked to plan, advise and enable the transition with greater pace, clarity and integration than ever before.

Throughout this period of change, our organisation has been required to respond with flexibility and pace. The transition from ESO to NESO, and the formal launch of NESO in October 2024, marked a defining strategic milestone. It placed us at the heart of Great Britain's evolving energy future and reinforced our role in enabling a secure, sustainable, and resilient system on the pathway to net zero. Establishing NESO while continuing to deliver against our regulatory commitments, and developing and growing the capability and processes to deliver our new roles and accountabilities, demanded agility, collaboration, and an organisation-wide focus on delivery. We have also become a more regionally based organisation, with teams now located across Great Britain from Cornwall to Aberdeenshire, strengthening our local insight and enabling closer engagement with regional partners. This included establishing 11 regional planning teams and delivering quarterly engagement through regional forums with over 3,400 attendees in total.

11
regional planning teams established

>3,400
stakeholders engaged through our quarterly regional forums

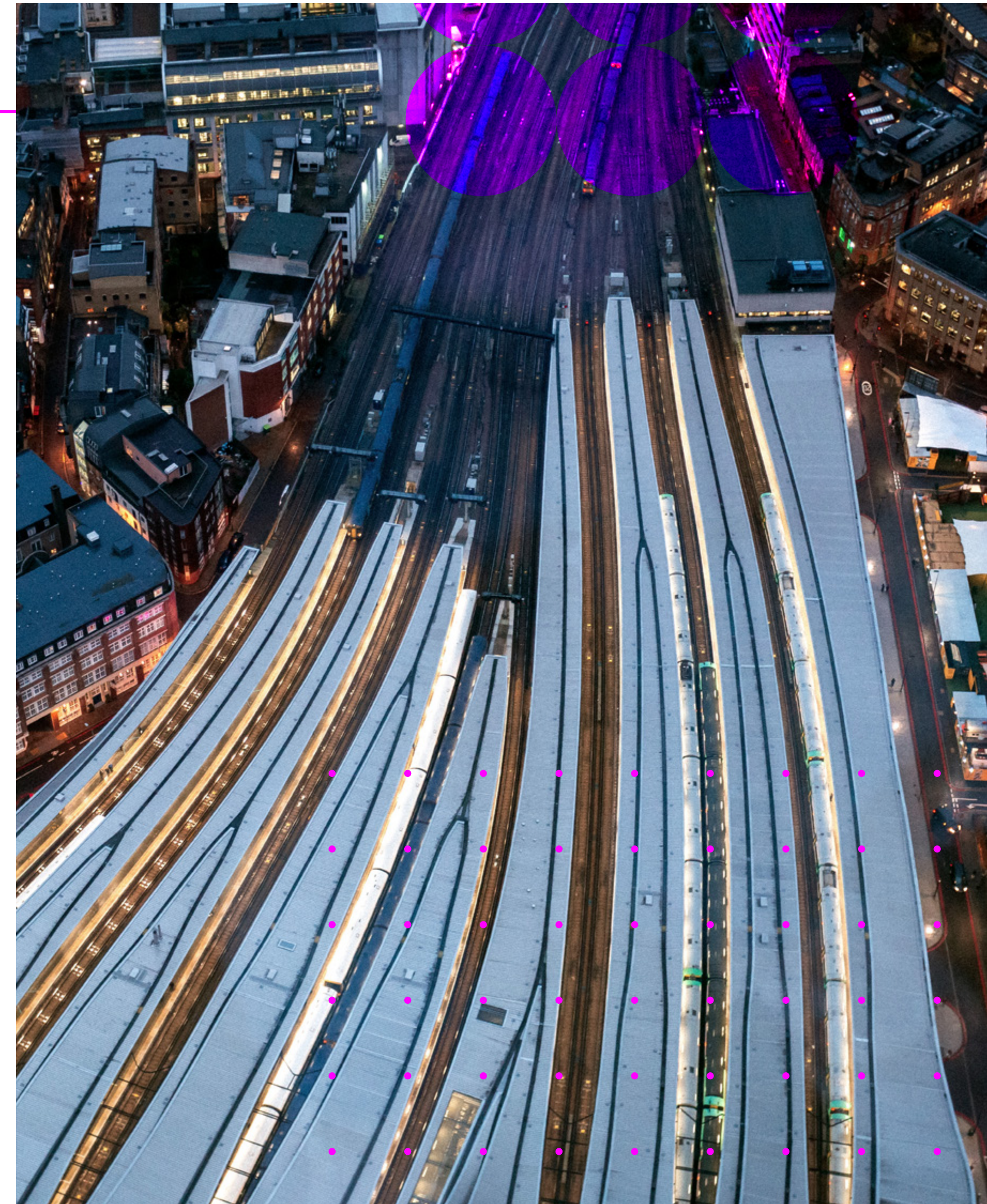
60%
of Transition Service Agreements exited in line with expected progress towards full independence

Alongside this progress, Connections Reform was particularly demanding during BP3, and while essential changes were delivered, issues with data, systems, programme delivery plans and pace all impacted customer experience and delivery confidence.

Over BP3, we have moved decisively from launch into delivery and impact. We have strengthened our whole-system capabilities, enhanced our analytical and advisory functions, and worked more closely than ever with government, industry, and Ofgem, to provide technically expert advice, guidance and operations of the system, as the complexity of the system has increased. Our people have shown adaptability and professionalism in navigating this rapid change, ensuring we remain focused on delivering positive outcomes for consumers.

We have delivered major steps toward full independence from National Grid; separating core systems and services, migrating networks, devices and platforms, and establishing our own security and corporate functions. Despite tight timelines, we remained on track, with Ofgem recognising this as clear progress toward full independence later in 2026.

This end-scheme report provides an opportunity to reflect on our progress during this pivotal year and the strong foundations we have laid for the years ahead. NESO has further strengthened its capabilities, with greater functional alignment and enhanced capacity, while some capabilities continue to mature as we move into the next regulatory period.



Underpinned by our digital transformation, we have demonstrated strong performance over BP3 and exceeded the original £3.4 billion benefits committed for the five-year regulatory period

Throughout the BP3 period, we have demonstrated strong and credible performance, achieving seven out of eight Performance Objectives with one outcome partly achieved. This reflects an organisation increasingly equipped to deliver complex, long-term change while maintaining high standards of operational performance. Over the year, we have strengthened the strategic foundations required for whole energy planning, advanced our digital transformation, and enhanced the analytical and advisory capabilities needed to support market reform and wider system transition.

Across the RII0-2 period, our delivery and performance translated into consumer benefits that exceeded the £3.4 billion originally committed in our RII0-2 Business Plan. These benefits have been delivered through a combination of activities including secure and efficient operation of the electricity system, improved whole-energy planning and market reforms, and disciplined prioritisation of investment to maximise impact for consumers.

Digital transformation has been a critical enabler of this progress. Investments in data, platforms, modelling capability and digital tools have improved the speed, transparency, and robustness of our decision making. These improvements have underpinned our delivery across the year, from long term system planning methodologies to market reform analysis, operational insight, and improved customer journeys. They have supported a more integrated, whole-system approach and ensured we can respond more effectively to the increasing complexity of the energy system.

7

out of 8 BP3 Performance Objectives achieved

>£3.4 billion

of consumer benefits delivered over the RII0-2 period

25

Open Balancing Platform (OBP) releases comprising 424 features delivered incrementally

We accelerated our innovation agenda, delivering projects that strengthen system flexibility and resilience. The launch of CrowdFlex demonstrated the potential of domestic flexibility through large-scale trials and advanced modelling, providing new insight for planning and control. We also began productionising these models and advancing wider innovation programmes to improve data integration, forecasting and coordination across distributed energy resources.

Alongside this, we delivered the year broadly within budget, embedding stronger value for money disciplines and ensuring that additional demands from separation, reform and expanded responsibilities were managed without undermining consumer outcomes.

As we close BP3, NESO is strongly positioned for the next phase. Our five-year strategy and NESO1 Business Plan articulate the actions and outcomes we will deliver from April 2026 to March 2028. These plans build on the capability growth achieved during BP3 and set a clear path for how NESO will continue to drive progress and deliver measurable whole-system impact in the years ahead.



We have also stepped up and delivered beyond our plan commitments in some areas, and have made great strides in delivering against new roles and activities

Delivery beyond our plan commitments demonstrates our ability to meet expectations and to lead, influence, and drive meaningful change across the whole-energy system. As our remit expanded, we embraced new roles with confidence. This strengthened our position as an independent system operator capable of providing trusted advice, shaping national decisions, and guiding whole system progress.

Our enhanced advice function has played a pivotal role in this process, including conducting an independent review of the North Hyde substation fire. The findings and recommendations from this work are already helping to improve the resilience of the UK's Critical National Infrastructure, beyond energy. It has reinforced NESO's credibility, independence, and authority at moments when clear system leadership is most needed.

We advanced our sector digitalisation responsibilities by improving data consistency, transparency and interoperability. Through the Data Sharing Infrastructure programme, we strengthened the systems that enable secure, high-quality data sharing across industry, supporting clearer whole-system insight and more effective decision-making. These improvements are laying the foundations for a more connected, data-driven energy sector.

Gas Options Advice

two-year cycle completed

First-of-a-kind

whole energy system methodologies and planning tools developed

North Hyde substation fire

independent review conducted

This year also marked a step change in our Strategic Energy Planning (SEP) capability. We developed first-of-a-kind whole energy system methodologies and planning tools, embedding a more coherent and consistent whole-system approach. Our advancing methodologies including the Centralised Strategic Network Plan (CSNP), the Regional Energy System Planner (RESP), and transitional RESP (tRESP), are enabling clearer assumptions, improved regional insight, and more integrated planning across electricity, gas, and other energy vectors.

Alongside this, we continued to progress the Strategic Spatial Energy Plan (SSEP). We remained on track to deliver as expected, but to support greater transparency for industry we worked with DESNZ to publish a full suite of revised input data. This resulted in a nine-month delay, which we considered the right approach given the scale of the plan and the influence it will have on the energy sector and future government policy.

We have also broadened our remit to encompass gas and hydrogen planning. The publication of our Gas Options Advice completed a two-year cycle of evidence-based analysis, providing clear guidance for future infrastructure and investment decisions. Alongside this, we established the Gas Advisory Council to strengthen expert input, improve transparency and ensure our advice reflects a broad range of industry perspectives. We also completed the first Gas Network Development cycle, demonstrating our growing focus and capability in shaping long term gas system needs. Taken together, this work strengthens our ability to provide holistic, cross vector advice that reflects the interdependencies of a rapidly evolving energy system.

Through all of this, NESO has demonstrated increasing maturity and agility in responding to a rapidly changing system. We have delivered beyond our commitments and strengthened our capabilities through work such as the North Hyde review and the Gas Options Advice. Feedback from stakeholders on these pieces has been positive, reflecting confidence in our analysis and the value of our contribution to whole-system planning and resilience.



We have launched a new project delivery pipeline through Connections Reform and will continue to focus on communication, customer experience and digital capability

This year has marked a major turning point in how connections are delivered across Great Britain. Through Connections Reform, we have launched a new project delivery pipeline and published a reformed queue that aligns with the government's Clean Power 2030 ambition. This represents one of the most significant shifts in industry processes in a generation and unlocks the potential for around £40 billion per year of investment to come forward more quickly as Great Britain accelerates its transition to a cleaner, more secure, and more efficient energy system.

Reform of this scale inevitably brings challenges. The transition required substantial change to the rules and processes for securing a connection offer. The retrospective nature of the changes and the complexity and time required to implement has created uncertainty for project developers and investors. Early issues with data, the connections portal and our customer support model caused considerable frustration, and while the data and portal issues were resolved enabling a rigorous evidence submission and queue formation process, work is ongoing to establish a sustainable customer support model that meets the needs of customers. These challenges had a clear impact on customers during the period, contributing to increased uncertainty around delivery timelines and the progression of connection projects.

c£40billion

per year of investment potentially unlocked through Connections Reform

381.5 GW

of ready-to-build capacity unlocked

>1,500

queue formation results and related communications issued through the connections portal

We have learned from this experience and recognise that clearer, more timely communication with customers will be essential as we move into the next phases of reform. Recent timetable adjustments have reinforced the importance of being transparent about what is changing, why it is changing, and how customers will be supported throughout.

We also recognise that customers are concerned not only about communication but about the realism and clarity of our planning. The time required to implement the new arrangements has been longer than originally expected, and timetable updates have created uncertainty. This has reinforced the importance of providing greater clarity and confidence to customers on delivery timelines and programme sequencing. As we move forward, we are committed to providing clearer and more dependable delivery plans, setting out achievable timelines and being open about the factors that may affect progress. This will sit alongside continued efforts to digitise the process and improvements to communication, earlier engagement and clearer guidance to help customers navigate a rapidly evolving process.

Despite these challenges, the direction is the right one. Clear policy and rules are enabling progress on projects that are ready and strategically aligned to the government's 2030 Clean Power Action Plan creating a more disciplined, deliverable pipeline and a fairer, more transparent approach to accessing the network. As further elements of Connections Reform are implemented, we will continue to work closely with industry to ensure the process evolves in a way that is accessible, transparent and aligned with whole-system needs.

By combining reform delivery with a stronger focus on customer experience and digital capability, we are laying the foundations for a more efficient, more strategic, and more future ready connections process for Great Britain. Alongside this, the System Access Reform Programme is helping ensure that networks downstream can deliver the increased investment needed to connect customers, supporting a more coordinated and deliverable end to end process.



We continue to strengthen our collaboration with the government, Ofgem, and stakeholder groups on significant transformative initiatives

This year, NESO has acted as a trusted, independent partner working closely with sector leaders to shape reform and provide clear, evidence-based advice. We have also expanded our engagement with globally recognised expertise, including deepening collaboration with the Met Office and the National Cyber Security Centre, and establishing a new relationship with ENTSO-E. These partnerships are helping us to build the strategic alignment needed to deliver a cleaner, smarter and more resilient energy system, and reflect the growing maturity of our role as a whole-system leader.

The joint development of the Clean Flexibility Roadmap with DESNZ and Ofgem was a major milestone. This work brought together the three key institutions responsible for delivering flexibility to meet Clean Power 2030, establishing a unified approach to unlocking demand-side flexibility and ensuring the system can adapt to rising variability. The roadmap sets out clear commitments, shared actions, and a common vision which demonstrates how coordinated delivery can accelerate progress for consumers and industry.

We have also continued our close involvement in the Reformed National Pricing (RNP) programme, working collaboratively to assess long-term locational signals and develop frameworks that support electricity system efficiency and investor confidence. NESO's leadership in this area highlights our growing role in shaping enduring market design and providing independent insight on reforms that will define the future of Great Britain's energy markets.

Clean Flexibility Roadmap

developed alongside Ofgem and DESNZ

14.6 GW

of renewable capacity secured through the latest Contracts for Difference round

>55

Reformed National Pricing stakeholder engagement events hosted across Q3 and Q4

In addition, our support for the Clean Power 2030 mission has strengthened NESO's position as a key delivery partner. Through rigorous analysis, implementation planning, and sustained engagement with policymakers, we are helping translate ambitious national objectives into practical, system-wide plans.

In our Markets function, we played a key role in the successful delivery of the latest Contracts for Difference (CfD) round, working with government and Ofgem to ensure a smooth, well-run process that reinforced confidence in the scheme. Allocation Rounds 7 and 7a delivered a record outcome, securing 14.6 GW of renewable capacity, including 8.4 GW of offshore generation, marking a major step towards Clean Power 2030. Our strengthened code administrator function has further improved the clarity and consistency of market arrangements for industry, supporting effective reform and a more reliable framework for participants.

Across these initiatives, NESO has demonstrated strong, strategic system partnerships; collaboration that sits at the heart of our ability to guide whole-system transition. These relationships will continue to be essential as we support government and industry through the next phase of decarbonisation and system transformation.



We have maintained energy system security and are paving the way to operating the electricity system at zero-carbon

Throughout BP3, we have maintained the secure and reliable operation of the electricity system despite increasing complexity, tighter operating margins and rising levels of low-carbon generation. Our control room teams have continued to run the system safely, efficiently and transparently, ensuring consumers and industry could rely on stable operation during a year of significant transformation.

We responded rapidly to emerging system risks, stepping in immediately after the North Hyde substation fire to coordinate restoration efforts across all parties involved. This helped secure supplies for key sites and local communities and stabilised the wider system. In parallel, we strengthened whole-system security through the publication of a Quad Security Strategy, developed jointly with DESNZ, the National Cyber Security Centre, Ofgem and NESO, setting out a shared approach to managing physical, cyber and resilience risks.

A significant step forward during BP3 was the enhancement of NESO's cyber security profile, strengthening governance, assurance and operational readiness and ensuring security keeps pace with increasing digitalisation and system complexity.

We also made progress in our ambition to operate the system at zero-carbon. Over BP3, we saw sustained periods of very low-carbon operation, including extended windows above 85–90% zero-carbon. We also identified periods in late 2025 where full Zero-Carbon Operability may have been achievable, indicating that the required operational capability is increasingly in place, although system conditions did not fully align. This reflects the continued development of our operational tools, processes and system insight.

108

settlement periods operated above 95% zero-carbon over BP3

£514m

of savings delivered through our balancing costs strategy initiatives (April 2025–February 2026)

12 percentage point

reduction in skip rates from April 2025 (42%) to March 2026 (30%)

Digital transformation has been central to this progress. New control room capabilities, improved modelling and forecasting, and stronger data and risk management tools have enhanced system visibility and readiness for a system with more variable, less synchronous generation. Key programmes such as the Frequency Risk and Control Report (FRCR) and our Network Services continue to support this shift by enabling new approaches to stability, flexibility and operability.

Beyond electricity, we strengthened security of supply insight across the gas system through our Gas Security of Supply Assessment, providing government and industry with clearer, evidence-based insight into risks, interdependencies and future resilience requirements.

We strengthened the management of balancing costs, an increasingly important priority as the system transitions. Our balancing costs strategy delivered measurable savings of £514m between April 2025 and February 2026, and provided clearer insight into constraint drivers, supported by more transparent reporting and closer collaboration with DESNZ and Ofgem on longer-term cost reduction pathways.

Alongside this, we advanced electricity system restoration capabilities through the Electricity Restoration System Standard (ESRS) programme, improving modelling, restoration pathways and tools required for full implementation by year-end, enhancing our ability to respond to extreme events and reinforcing system resilience.

We also improved the transparency and management of skip rates through deeper root cause analysis, industry engagement and enhanced dispatch analytics, supporting more efficient balancing decisions.

Together, these achievements show a system operator maintaining security today while building the operational, digital and analytical capability needed for a fully zero-carbon electricity system in the years ahead.

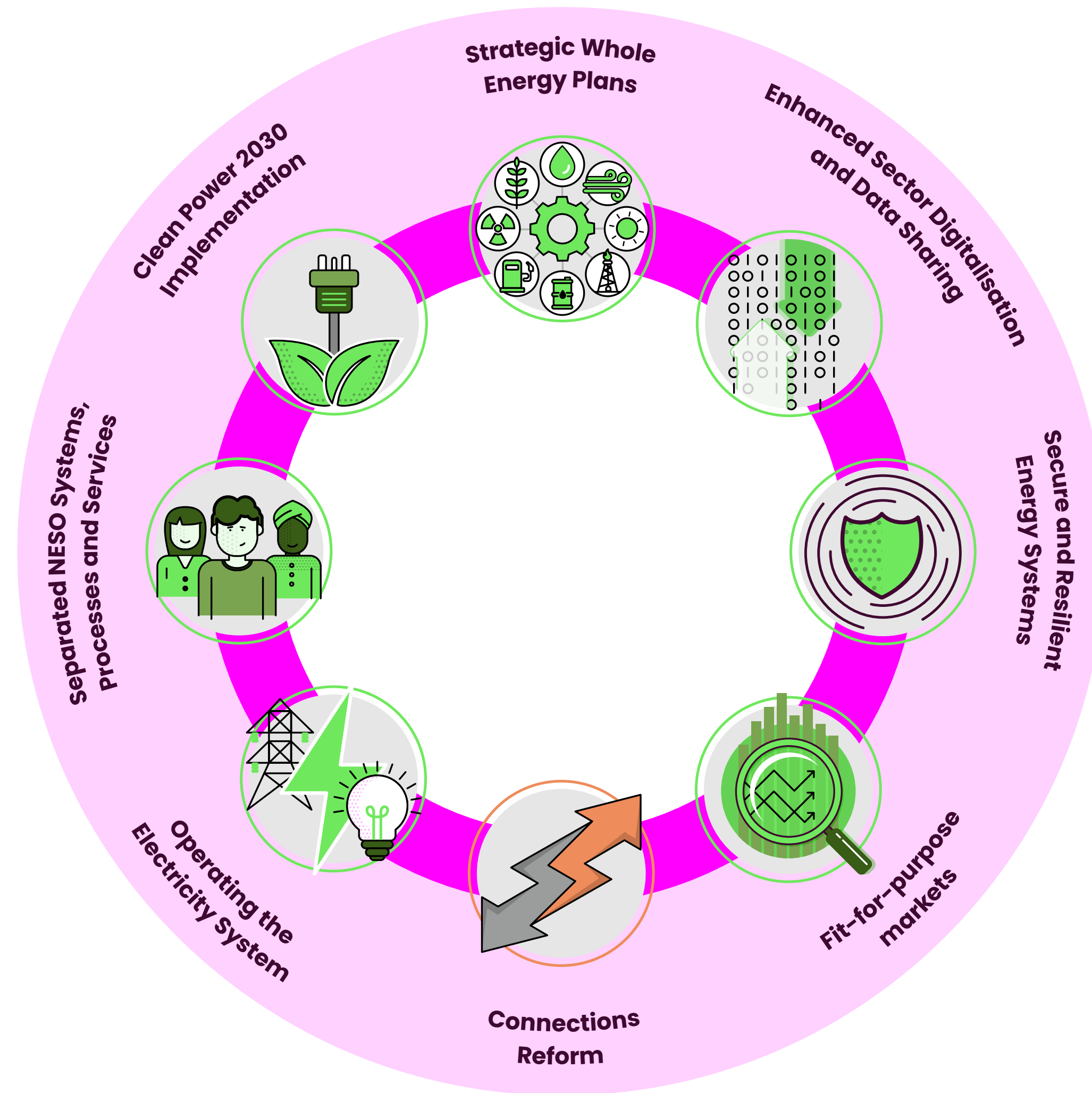


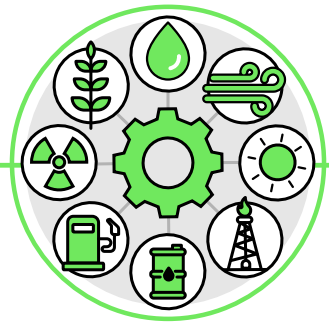
Performance Objective Outcomes

Our third Business Plan (BP3) for the RII0-2 period, published in January 2025, outlined our delivery priorities for the period from April 2025 to March 2026 across eight Performance Objectives. These objectives defined our intended outcomes for the BP3 timeframe. Included on this page is a summary indicating whether each outcome was achieved, partially achieved, or not achieved. Comprehensive details and supporting evidence regarding the Performance Objectives and the associated Success Measures which underpin them can be found in our [Evidence Chapters report](#).

RAGs

- Green** - Outcome achieved
- Amber** - Outcome partly achieved
- Red** - Outcome not achieved





Strategic Whole Energy Plans

NESO will establish the capabilities, foundations and methodologies needed to deliver national and regional strategic whole energy plans.

Outcome achieved

We established the capabilities, methodologies and governance required to deliver our strategic whole-energy plans. We developed the SSEP, CSNP and RESP teams, including the regional teams, and put in place the supporting frameworks and methodologies. We also strengthened analytical and planning capability across energy vectors, and embedded robust governance, stakeholder engagement and assurance arrangements, which will enable the delivery of our strategic whole-system plans.



Enhanced Sector Digitalisation and Data Sharing

NESO will work with the sector to develop an aligned and interoperable digital ecosystem that enables industry digitalisation collaboration utilising innovation, underpinned by transparent data sharing and access.

Outcome achieved

We met the Enhanced Sector Digitalisation and Data Sharing Performance Objective by working collaboratively with the energy sector to establish shared digital frameworks, strengthen data access and delivery, and drive industry-wide digitalisation. We published the Sector Digitalisation Plan, advanced data-sharing infrastructure, and improved transparency, providing firm foundations for continued progress beyond BP3.

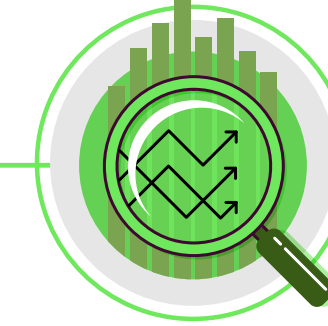


Secure and Resilient Energy Systems

NESO will improve whole energy system emergency preparedness and resilience. We will ensure the necessary capabilities and requirements are in place and facilitate industry readiness to meet the Electricity System Restoration Standard (ESRS).

Outcome achieved

We strengthened whole-system energy resilience through enhanced emergency preparedness, improved analytical and restoration capabilities, and strengthened cross-industry coordination. Enhanced modelling, scenario analysis, learning from the North Hyde event and significant progress towards the ESRS, have ensured a more robust and resilient GB energy system.

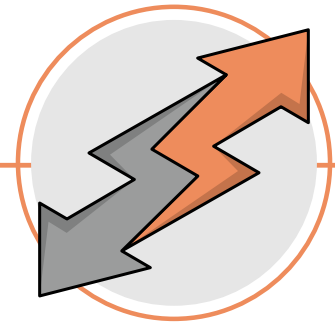


Fit-for-purpose markets

NESO will support the government in making informed decisions on policy and market reform across the whole system. We will also continue to reform our own markets to level the playing field and deliver value to consumers.

Outcome achieved

We delivered a strong outcome by working with government to inform and shape the development of REMA, progressing reforms to balancing services and entry requirements to improve access and consumer value, and delivering Capacity Market and CfD auctions effectively. Throughout our work we engaged extensively with our stakeholders and used their input to inform the decisions we made.

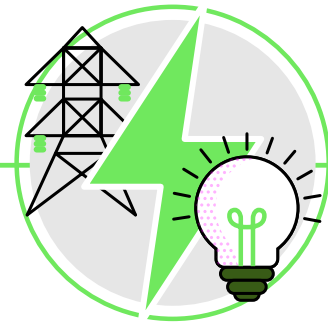


Connections Reform

NESO will drive delivery and implementation of a reformed connections process that enables projects needed for 2030 and beyond to connect in a timely and coordinated manner.

Outcome partly achieved

We partly met the Connections Reform Performance Objective. We delivered fundamental reforms to the connections queue, establishing new prioritisation rules and processes, governance and methodologies aligned with Clean Power 2030. While a reformed, more deliverable pipeline was published, delays to issuing revised connection offers meant the full benefits of reform will be realised beyond BP3.



Operating the Electricity System

NESO will transparently operate a safe, reliable and efficient system throughout BP3, while continuing to transform the capabilities of our people, processes and systems to enable secure zero-carbon operation of the system by the end of 2025.

Outcome achieved

We operated the electricity system safely, reliably and transparently through rising complexity and tighter margins. We responded to operational events, strengthened voltage management, reduced balancing costs, and improved forecasting and control-room capability. In parallel, we demonstrated increasing operational capability to support secure zero-carbon operation of the electricity system.



Separated NESO Systems, Processes and Services

NESO will transition remaining systems, processes and services from National Grid to NESO ownership to enhance our capabilities and establish our autonomy and full independence.

Outcome achieved

We met the objective to transition systems, processes and services to NESO ownership, delivering planned progress towards autonomy and full independence. We exited 60% of services from Transition Service Agreements, established NESO-owned digital, security and service management capabilities, and set clear, agreed plans for completing separation in 2026.



Clean Power 2030 Implementation

NESO will play a pivotal role in securing clean power for Great Britain by 2030 on the path to net zero by 2050. Building on our 2024 advice to government on pathways to a clean, secure, operable and deliverable electricity system, we will move to action and implementation in line with the government's CP2030 action plan.

Outcome achieved

We met the Clean Power 2030 Implementation Performance Objective by providing effective system integration, coordination and oversight. We published a comprehensive implementation plan, strengthened senior engagement with government, and embedded proportionate stakeholder engagement, enabling timely identification and escalation of cross-system risks to support progress towards Great Britain's 2030 clean power ambition.

Delivering Value for Money

Delivering Value for Money for consumers is a fundamental principle that guides NESO's operations and strategic decisions. We are embedding our own Value for Money framework to ensure accountability and drive continuous improvement. This will maximise our contribution to achieving NESO's strategic objectives, and broader policy goals, while maintaining public trust through transparency and evidence-based decision-making.

Our framework has been based on the strong foundations of the recognised Value for Money principles of Economy, Efficiency and Effectiveness. The objectives of the framework are:

- To demonstrate NESO is achieving operational efficiency by ensuring excellence and transparency in our operations and business processes.
- To demonstrate NESO is delivering and measuring the impact of our activities to ensure effective outcome delivery to customers, stakeholders and consumers.
- To demonstrate NESO is leading and shaping the energy system through strong and robust strategic alignment.

Our NESO Value for Money framework defines Value for Money as:

“The optimal use of resources to achieve stated objectives, considering social, economic, and environmental benefits. It involves balancing today's requirements with longer-term opportunities and evaluating the trade-offs between spending and delivering benefits.”

Our framework is further underpinned by three value pillars:

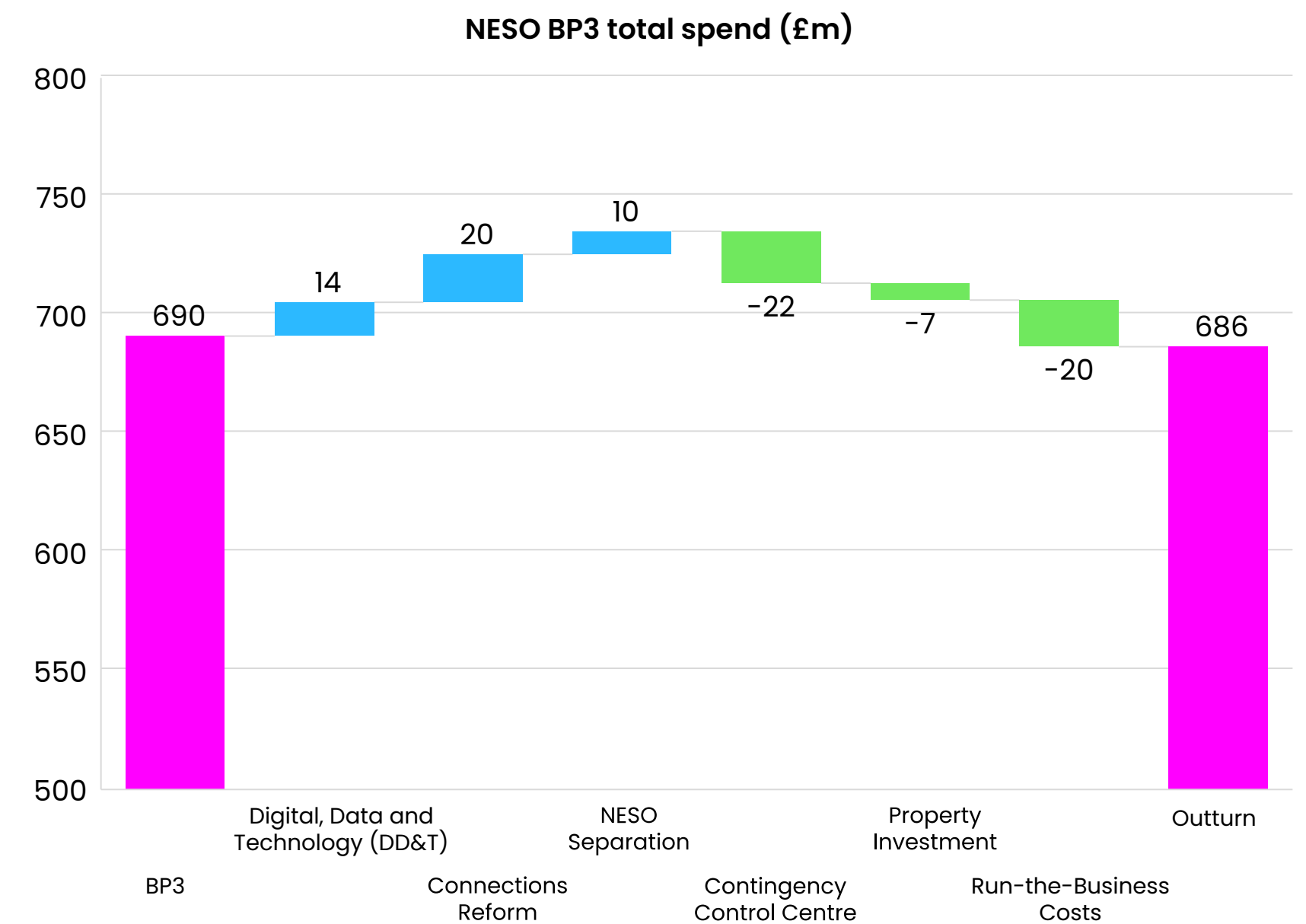
Strategic alignment ensures that our activities are aligned with our mission, vision, and strategic priorities.

Outcome delivery ensures that we are achieving intended outcomes and delivering measurable impacts.

Operational efficiency focuses on ensuring that our resources are used optimally to achieve the best possible outcomes without compromising quality, ensuring that every action we take is cost-effective and contributes to the overall efficiency of the organisation.

BP3 Cost Overview

Over the BP3 period we spent £686m which was broadly in line with our planned spend. See below an overview of the main drivers of the cost variances.



For more information and evidence relating to delivery of Value for Money over the BP3 period please read our [Evidence Chapters report](#).

Digital, Data and Technology (DD&T)

Total DD&T spend in the year excluding separation activity was £338m, which exceeded the BP3 forecast by £14m (+4%). The primary cause of this net increase was higher than anticipated licensing and support costs for applications and platforms introduced through the RII0-2 period and dis-synergies from the separation of foundational services from National Grid. These run-the-business costs are governed through NESO's monthly financial management and forecasting process and subject to ongoing review and monitoring.

Connections Reform

During BP3, we implemented the reorganisation of the connections queue, transitioning from the traditional "first-come, first-served" method to a system that prioritises projects demonstrating readiness and alignment with Clean Power 2030 objectives. Cost estimates for the BP3 Connections Reform programme were established in Q3 2024; however, they reflected a high degree of uncertainty due to the programme's early stage of development at that time. Actual expenditure during BP3 exceeded initial forecasts by £20m, primarily because of expanded scope, increased assurance requirements, and heightened delivery complexity encountered during the transition from design to execution.

NESO Separation

Throughout FY26, we have continued the process of separating our core DD&T services from National Grid, while simultaneously developing new, independent back-office systems. This work is part of a structured two-year programme which will deliver complete system separation by September 2026. The incremental expenditure of £10m in BP3 was due to a phasing of the delivery and we remain certain that the programme will deliver in line with the original cost estimate and timing as approved by the Board. The programme continues to be governed through a steering committee and reports monthly to the Portfolio Review Board and Executive.

Contingency Control Centre

During BP3, NESO has continued to work on the programme to deliver continued resilience of our control operations through the establishment of a new contingency control centre. For security reasons, we are not providing detailed information in this report. Ofgem noted in their BP3 final determinations that this project was an area where costs were highly uncertain, and we have kept Ofgem informed of our progress and spend as the project has developed.

Property Investment

Property investment in BP3 was £7m lower than forecast largely due to a focus on essential maintenance whilst deferring spend on the Wokingham site as longer-term estate strategy options are considered. Additionally, the fit-out of our new London office has started later than anticipated which has pushed costs into FY27. NESO's property investment portfolio is overseen by a steering committee to ensure continued estate support of service delivery.

Run-the-Business Costs

Run-the-Business (RtB) spend excluding DD&T and connections was £20m lower than BP3 driven by slower than planned recruitment across all functions (£5m) and lower professional services and consultancy spend (£15m). RtB is governed through NESO's monthly financial management processes and quarterly finance and risk reviews that aligns financial performance with risk and operational delivery.

Listening to our stakeholders

Listening to and working with stakeholders is central to how NESO delivers across the energy system. Their insight helps us test delivery against real-world experience, track changing expectations, and ensure our outputs are understood, usable and trusted.

Across BP3, stakeholder feedback provides a clear and constructive assessment of our performance, reflecting the increasing scale and complexity of our role and rising expectations associated with system reform. Stakeholders recognised our ambition, technical expertise and operational capability, particularly our role in maintaining a secure electricity system and providing whole-system leadership. We saw progress since mid-scheme across several Performance Objectives, including improved engagement, clearer information and greater transparency.

End-scheme feedback was more critical in some areas, driven less by confidence in direction and more by delivery confidence. Pace, sequencing and communication were concerns raised where outcomes depend on wider reform or external factors. Connections Reform was the most significant cross-cutting influence, shaping perceptions across multiple

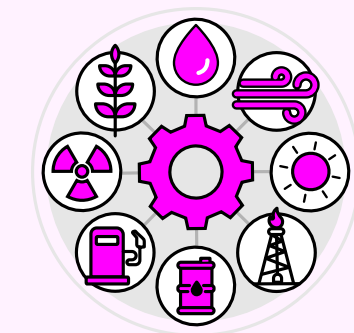
objectives through dependencies, system readiness and investment timelines.

Some feedback raised under individual Performance Objectives reflects wider organisational, system-wide or policy-related issues. This is evident where delivery is interdependent, such as connections, whole-system planning and Clean Power 2030. Stakeholders often experience NESO's work across multiple areas, with perceptions shaped by delivery confidence, coordination and communication. These themes have been considered alongside objective-level findings to identify common feedback drivers and improvement priorities.

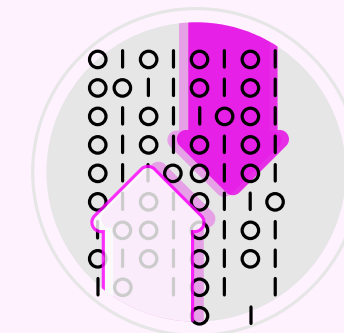
Overall, the feedback reflects a maturing stakeholder perspective as our strategic intent is better understood with respondents increasingly focused on how effectively plans translate into deliverable outcomes. This reinforces that we are trusted for our purpose and expertise, and increasingly judged on how well we coordinate, communicate and deliver at pace.

BP3 stakeholder survey results

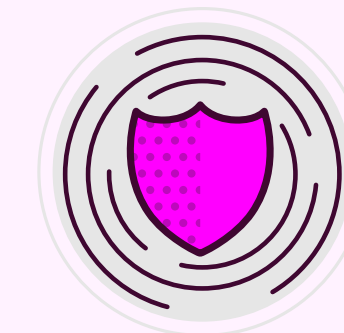
We commissioned surveys from an independent research company that took place in October 2025 and March 2026. These surveys asked our stakeholders to rate NESO's performance based on their experience for each BP3 Performance Objective (below, meets or exceeds expectations). Please click below for a summary of the results and feedback for each Performance Objective from our latest March 2026 surveys. For more detail please read our [Evidence Chapters report](#).



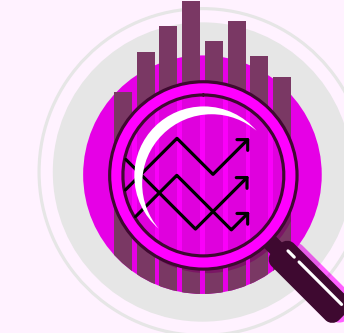
Strategic Whole Energy Plans



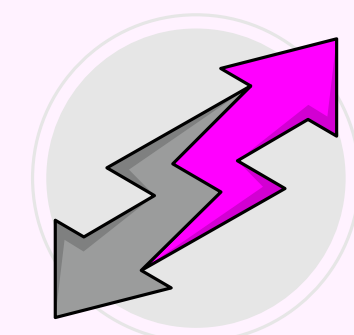
Enhanced Sector Digitalisation and Data Sharing



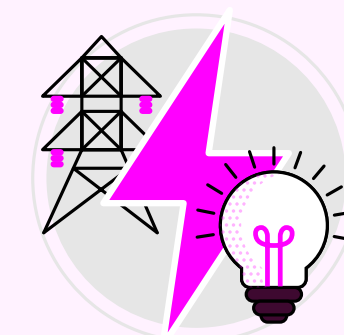
Secure and Resilient Energy Systems



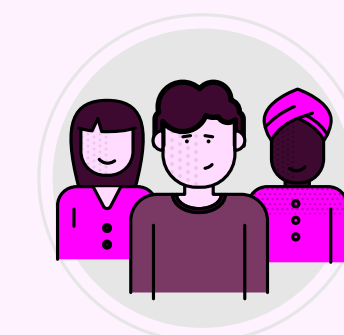
Fit-for-purpose markets



Connections Reform



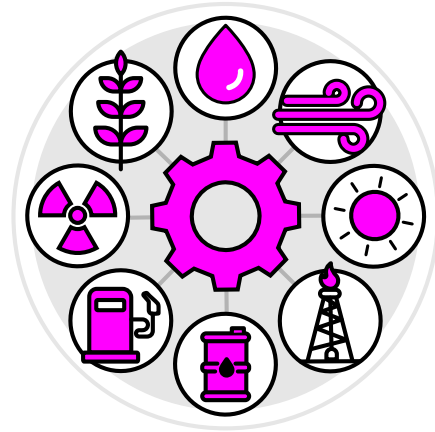
Operating the Electricity System



Separated NESO Systems, Processes and Services



Clean Power 2030 Implementation

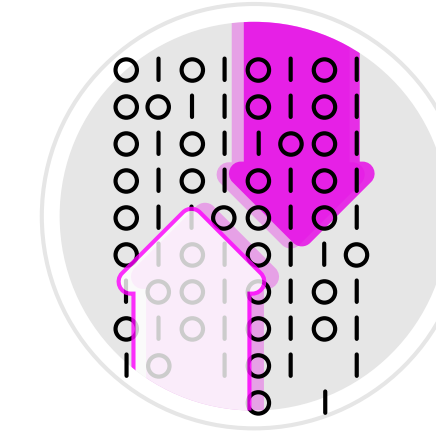


Strategic Whole Energy Plans

Mar-26 survey score (meets + exceeds %)

57%

Stakeholders continue to recognise NESO’s leadership and ambition in whole-system energy planning, particularly in policy and system-facing contexts. However, sentiment declined between mid- and end-scheme, reflecting rising expectations around delivery certainty rather than reduced confidence in strategic intent. Feedback increasingly focused on pace, sequencing and translation into actionable outcomes, often shaped by external dependencies. Since mid-scheme, stakeholders noted clearer explanations of assumptions and improved engagement, but confidence remains more closely linked to delivery credibility than direction of travel.



Enhanced Sector Digitalisation and Data Sharing

Mar-26 survey score (meets + exceeds %)

58%

Feedback shows a broadly stable position across BP3, with increasing recognition of improved data availability and emerging digital tools. Expectations have matured from “more data” to data that is reliable and usable, contributing to a small increase in below-expectations ratings between mid- and end-scheme. Any dissatisfaction relates to usability and system reliability rather than digital strategy, with a minority reflecting wider NESO issues. Incremental improvements in guidance, transparency and engagement since mid-scheme were recognised, supporting a positive trajectory.

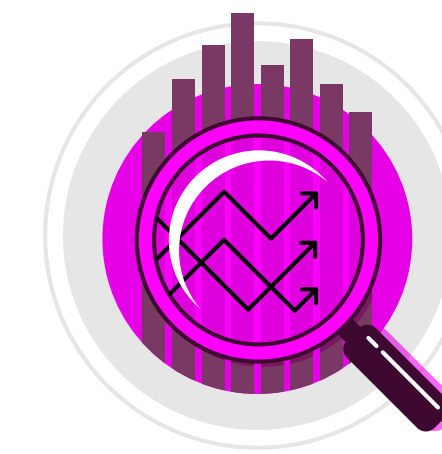


Secure and Resilient Energy Systems

Mar-26 survey score (meets + exceeds %)

75%

This remains one of the strongest-performing objectives, with stakeholders consistently recognising secure system operation and technical capability. A small increase in below-expectations ratings from mid- to end-scheme reflects evolving expectations for clearer articulation of long-term resilience strategy rather than concerns about day-to-day performance. Engagement quality and transparency improved modestly between mid- and end-scheme. Overall confidence remains high, with trust increasingly shaped by how future risks, priorities and trade-offs are communicated as system complexity grows.

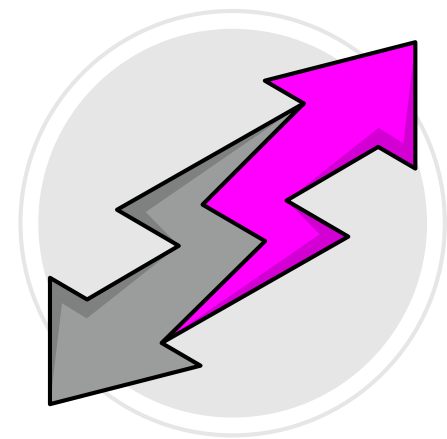


Fit-for-purpose markets

Mar-26 survey score (meets + exceeds %)

59%

Confidence in NESO's role in market development remains stable, with stakeholders continuing to recognise technical expertise and direction of travel. A modest decline in sentiment between mid- and end-scheme reflects increased scrutiny of execution rather than market design intent. Feedback focused on access, operational performance and clarity of change, while a material proportion related to wider delivery issues. Since mid-scheme, some stakeholders noted improved transparency and engagement, although predictability and pace remain the primary drivers of confidence.

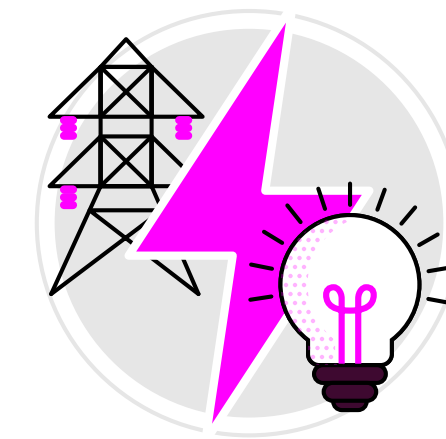


Connections Reform

Mar-26 survey score (meets + exceeds %)

31%

Connections Reform remains the most challenged objective, despite continued support for its necessity and intent. Sentiment declined further from mid- to end-scheme, reflecting concerns about pace, system reliability and quality of offers. Some improvements in transparency, engagement and process clarity since mid-scheme were recognised, with stakeholders increasingly focused on how reform is delivered. Overall confidence is not yet secured and remains closely tied to execution quality and service experience.



Operating the Electricity System

Mar-26 survey score (meets + exceeds %)

81%

Operating the electricity system remains a clear strength, with stable satisfaction across both survey waves and strong recognition of system reliability. Expectations have evolved toward operational modernisation, responsiveness and clearer communication rather than core performance. Feedback since mid-scheme noted incremental improvements in data visibility, engagement and longer-term delivery transparency. Overall confidence remains high, with trust sustained by consistent technical performance and shaped increasingly by clarity and pace of change in a more complex operating environment.

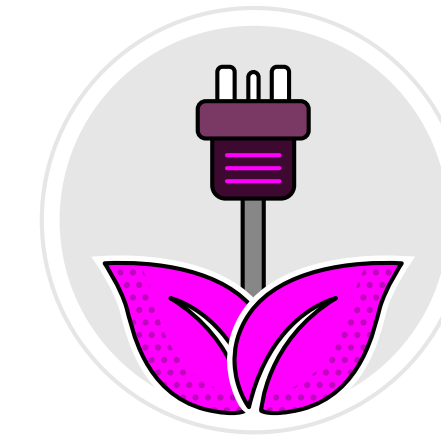


Separated NESO Systems, Processes and Services

Mar-26 survey score (meets + exceeds %)

68%

Feedback indicates that separation has delivered continuity and increasing stability, with improving clarity and governance signals over time. Satisfaction declined modestly from mid- to end-scheme, although around 36% of feedback was not directly related to separation and instead reflected wider NESO activity. Separation-specific concerns centred on process friction, systems usability and unclear ownership at interfaces. Since mid-scheme, some stakeholders recognised clearer routes and engagement, but experience remains shaped by how separation is felt through systems and processes.



Clean Power 2030 Implementation

Mar-26 survey score (meets + exceeds %)

45%

Support for the ambition and necessity of Clean Power 2030 remains strong, with NESO's leadership role widely recognised. End-scheme sentiment declined from mid-scheme, driven by delivery scrutiny as the programme matured, particularly where pathways depended on external enablers such as connections. Feedback increasingly focused on realism, sequencing and investability rather than strategic intent. Engagement and transparency improved between mid- and end-scheme, but confidence remains primarily shaped by delivery credibility of enabling programmes rather than ambition.

Navigating our report

Alongside this report, we have also published additional documents which include the detailed evidence as required by the incentives scheme. The [NESO Performance Arrangements Governance Document \(NESO PAGD\)](#) for BP3 was published by Ofgem in February 2025. This document sets out the process and criteria for assessing the performance of NESO, and the overarching reporting requirements which form part of the incentives scheme for the BP3 period. Further detailed reporting requirements are also set out in [Ofgem’s BP3 Final Determinations](#).

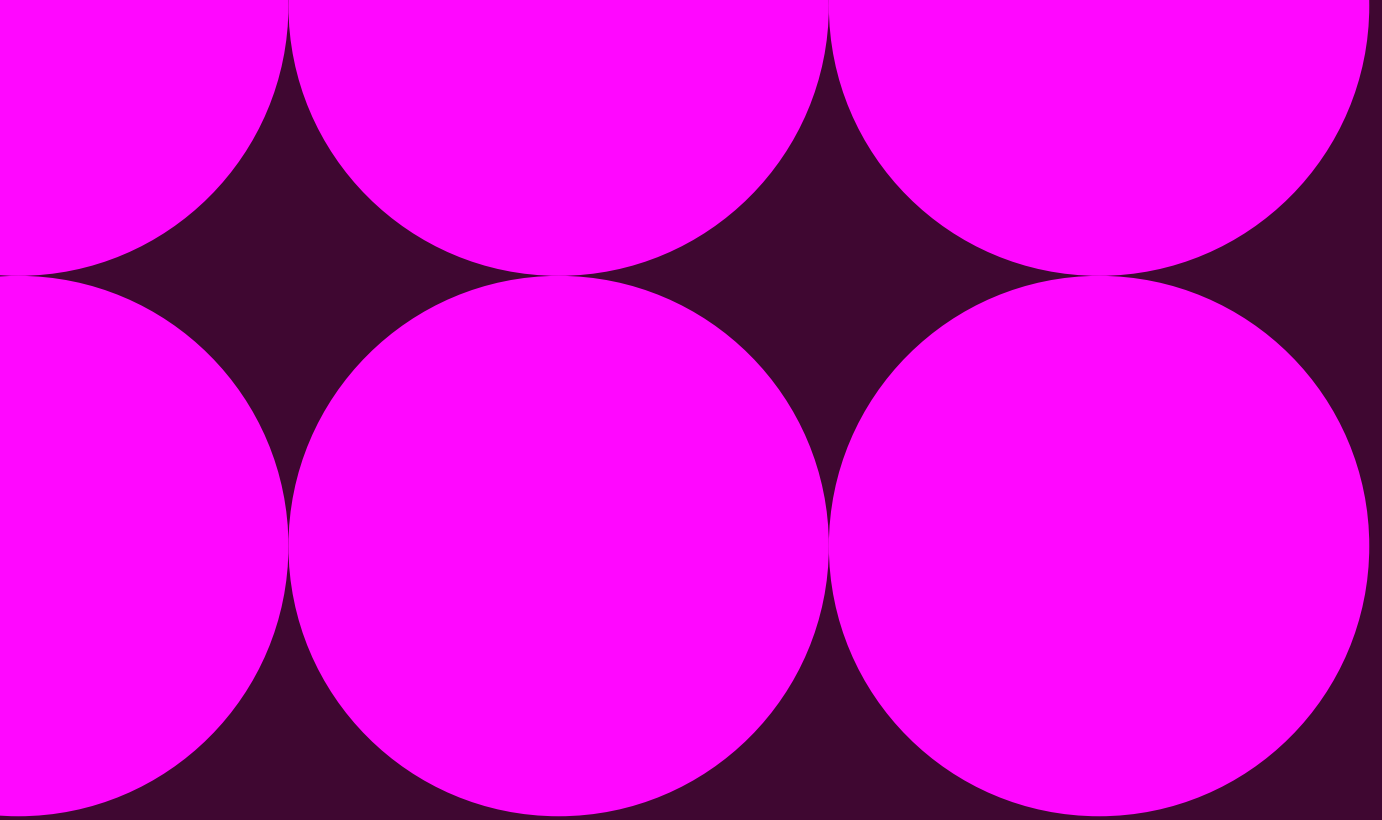
In line with the PAGD we publish a report on our [website](#) every month. Our end-scheme report builds on the reporting we have published throughout BP3. In the table below is an overview of what is contained within each report and links to the documents themselves.

Document (with links)	Contents
Evidence Chapters report	<p>Performance Objectives:</p> <ul style="list-style-type: none"> • Final outcome statuses • Performance Objective outcome narrative and evidence • Success Measure updates <p>Stakeholder evidence:</p> <ul style="list-style-type: none"> • Stakeholder survey results • Performance Objective feedback and NESO actions <p>Value for Money:</p> <ul style="list-style-type: none"> • BP3 cost outturn • Cost variance justification • Value for Money evidence
Reported Metrics Annex	Reporting against the suite of BP3 Reported Metrics as set out in the PAGD.



Glossary

Term	Acronym	Description
Balancing Costs		Costs incurred to balance electricity supply and demand in real time and manage system constraints.
Business Plan 3	BP3	NESO's third business plan under the RIIO-2 framework, covering April 2025 to March 2026.
Centralised Strategic Network Plan	CSNP	A national-level electricity transmission network plan supporting long-term investment decisions.
Clean Power 2030		The government's ambition to deliver a clean, secure and affordable electricity system by 2030.
Connections Reform		A programme to reform how projects access the electricity network, introducing a more coordinated and deliverable connections process.
Data Sharing Infrastructure	DSI	Arrangements and systems enabling secure, consistent and interoperable data sharing across the energy sector.
Electricity System Restoration Standard	ESRS	A standard setting out requirements and processes for restoring the electricity system following a major outage.
National Energy System Operator	NESO	The independent system operator and planner for Great Britain, responsible for operating the electricity system and providing whole-system planning and advice.
Performance Arrangements Governance Document	PAGD	Ofgem's document setting out the governance, assessment methodology and criteria, and reporting requirements for NESO's incentives scheme.
Performance Objectives		The objectives set out in BP3 that define intended outcomes and form the basis for performance assessment.
Regional Energy System Planner	RESP	A regional planning function providing integrated whole-energy system insight.
Reported Metric	RM	A quantitative measure defined in the Performance Arrangements Governance Document and reported regularly by NESO.
Review of Electricity Market Arrangements	REMA	A government programme reviewing and reforming electricity market design to support net zero and system efficiency.
RIIO-2		Ofgem's regulatory framework (2021-2026) for Great Britain's energy network companies.
Run-the-Business costs	RTB	Ongoing operational costs required to maintain day-to-day delivery, excluding major programmes and transformation activity.
Strategic Energy Planning	SEP	NESO's role in developing long-term, whole-energy system planning methodologies.
Strategic Spatial Energy Plan	SSEP	A long-term spatial plan identifying where future energy infrastructure may be required.
Success Measure		Metric or indicator used to track progress and impact against NESO's objectives.
Transitional Regional Energy System Plan	tRESP	An interim regional planning approach used while full RESP arrangements are established.
Transition Service Agreements	TSAs	Time-limited arrangements under which National Grid continues to provide services to NESO during the separation period.
Value for Money	VfM	The optimal use of resources to achieve objectives, balancing economy, efficiency and effectiveness.
Whole-System Approach		An approach that considers electricity, gas, flexibility and demand together to deliver coordinated system outcomes.
Zero-Carbon Operability	ZCO	The ability to operate the electricity system safely and securely whenever electricity markets provide a zero-carbon generation mix and wider system conditions allow.



NESO

National Energy
System Operator

