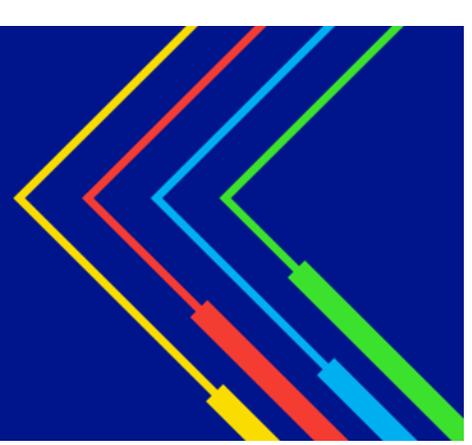


Consultation on Ofgem's Forward Work Programme- 2025/26

National Grid plc response



This response to Ofgem's "Forward Work Programme - 2025/26" dated 16 December 2024 (the consultation) is from National Grid plc (NG), on behalf of our transmission business, National Grid Electricity Transmission plc (NGET), our electricity interconnector business, National Grid Ventures (NGV) and our electricity distribution business, National Grid Electricity Distribution (NGED).

Introduction

We are grateful for the opportunity to provide our views on Ofgem's forward work programme for 2025/26 (FWP) which reflects the significant changes since last year, including the Government's acceleration of its Clean Power 2030 ambition and the establishment of the National Energy System Operator (NESO) as an independent body.

In recent years, Ofgem's FWP has had a greater focus on retail regulation due to the wider context of high energy bills for consumers. **We welcome the necessary shift in focus toward network regulation in the FWP for 2025/26:** with ambitious targets ahead; success in 2025 is crucial for the transition and to ensure networks can be delivered at pace. The projects and processes detailed in the FWP will lay the groundwork for that ongoing transition and are key to maintaining progress to achieve power sector decarbonisation and net zero. Implementing and progressing the projects in the FWP will also support the critical role networks can play in enabling growth.

Considering the Government's explicit focus on growth, we would **welcome further clarity on how Ofgem plans to meet its growth duty** through the activities outlined in this FWP. We believe that the growth duty should focus on attracting investment in the UK, both through stable and attractive regulatory frameworks that are internationally competitive in securing investment, drive anticipatory investment and supporting lower energy bills. Ensuring that the upcoming price control determinations support the UK growth agenda is a key opportunity for Ofgem to meet this duty.

In NGET's recently published RIIO-T3 Business Plan we have set out an ambitious vision outlining a scale of delivery unprecedented in our sector. Achieving this ambition requires a collective industry effort, with Ofgem playing a crucial role in ensuring that regulatory frameworks enable investment to come forward, thereby enabling the associated benefits for consumers to be realised. To drive growth and deliver the infrastructure needed for 2030 and beyond, the regulator and industry must move beyond a 'just enough, just in time' approach and instead build with anticipatory demand in mind (e.g. Data/AI hubs). Affordable, clean energy is fundamental to economic growth and supporting delivery of the energy transition requires bold action from all stakeholders. Future holistic and strategic planning mitigates risks associated with anticipatory investment and provides a foundation for growth. 2025 is a pivotal point and presents a significant opportunity to design a network and regulatory framework that underpins not only Clean Power 2030 (CP2030), but net zero out to 2050, addressing both immediate and longer-term growth ambitions.

Delivering the transition is a shared objective and requires a collaborative effort across Ofgem, NESO, Government and industry. It is important that Ofgem is transparent with stakeholders, sharing information on delivery risks and working with industry to manage and mitigate these risks. Clearly defined roles between Ofgem, the Government and the NESO to streamline decision making will also be key to enabling efficient progression towards our shared goal.

We are supportive of all the projects comprising the integrated CP2030 programme listed in the FWP, with a primary focus on the timely approval of the network build needed and reforming the connections queue.

We have listed below the projects included in the current draft of the FWP that we believe should be prioritised in 2025/26:

- **A finalised framework for our ambitious RIIO-T3 plan** that delivers for consumers, Government and society and is attractive to investors. This requires:

- a fair return on capital and a framework which incentivises networks to deliver value for consumers and where high performing companies can earn additional returns sharing the value they create with consumers; and
 - a cost assessment regime which reflects transmission owners' costs and the risks they manage and ensures they can recover all efficient direct and indirect costs.
- **A tailored RIIO-ED3 methodology** that ensures the unique challenges faced by distribution networks are adequately addressed through key features such as the role of the transitional Regional Energy Strategic Plans (tRESPs/RESPs), incentives design, uncertainty mechanism design and the overall financial framework, with sufficient time for industry to engage meaningfully with the sector specific methodology consultation (SSMC). In response to Ofgem's RIIO-ED3 Framework Consultation, NGED has presented a framework to facilitate the identification, quantification and measurement of consumer value and answer Ofgem's challenge of measuring value in an alternative and complementary form to the traditional approach to cost benefit analysis (CBA).
 - **Timely and decisive approvals of all regulatory submissions**, including Accelerated Strategic Transmission Investment (ASTI), Large Onshore Transmission Investments (LOTI), Medium Sized Investment Projects (MSIP) and Electricity Distribution (ED) re-openers to allow delivery to continue at pace.
 - **Reforming the connections queue** to give networks certainty of investment to develop their networks. This should ensure alignment between connection offers for CP2030 and the development of the Strategic Spatial Energy Plan (SSEP). We encourage additional consideration of what further reform may be needed to support demand customers within the distribution network.
 - **Flexible supply chain management** initiatives that are aligned to the RIIO-T3 price control, with further consideration of how wider industry supply chain challenges can be addressed, for example in distribution networks.
 - **A clear regulatory framework for the NESO**, ensuring it is appropriately incentivised and prepared to successfully meet its commitments at pace and to sufficient quality. NESO will play a critical role in the collective endeavour to deliver CP2030 and it must be incentivised to take the required enabling steps. For example:
 - supporting Transmission Owners (TOs) to reduce constraint costs through active use of the SO:TO incentive;
 - reviewing the approach to system access to ensure that it does not become a blocker to the delivery of TO investment plans; and
 - supporting Distribution Network Owners (DNOs) through engagement on the development of offers, delivery of new connections points, enabling discussions with TOs and supporting discussions with distribution customers.

In addition to the above, we believe the following actions that are not currently included in the FWP also need to be prioritised in 2025/26:

- **Demonstration of a forward-looking perspective and engagement with stakeholders** to shape robust future frameworks beyond the current price controls as well as the evolution of the ASTI framework in this period.
- **A review of how the various onshore and offshore regulatory frameworks for major transmission projects and interconnectors could be harmonised and simplified**, to proactively address any unnecessary complexity that could impede timely delivery and help reduce costs.
- **A finalised regime for the Offshore Hybrid Asset pilot scheme** that provides appropriate returns in response to the higher level of risk for new asset-class and enables project delivery, while maintaining a fair risk-reward balance for consumers.
- **Recognition of the role of cross-border engagement with Europe** as a key element to supporting an efficient, fair and flexible energy system in GB. For instance, we would like to see the Multi-Purpose Interconnectors Framework Development Group (MFDG) resume, and the establishment of efficient and effective trading arrangements with EU connecting markets.
- **A focus on strengthening Ofgem as an organisation** to ensure that it has the right skills and capabilities for the required pace of delivery, with **transparent and streamlined decision making** facilitated by well-

defined roles for the NESO, network operators, Ofgem and Government, which are reflective of respective expertise

Appendix 1 details our specific comments on the proposed four key projects comprising the integrated Clean Power 2030 programme, as well as the activities listed under Ofgem's three strategic priorities from its Multiyear Strategy. To successfully deliver the energy transition beyond 2030, we believe additional activities should also be taken forward during the 2025/26 FWP. We have listed these activities in **Appendix 2** and explicitly aligned them with priorities identified in the Multiyear Strategy.

Overall, we welcome the necessary shift in focus of the 2025/26 FWP towards network regulation. This recognises the importance of the 2025/26 period in laying the groundwork for delivery of CP2030 and net zero, as well as the broader role electricity networks will have in driving economic growth across the country. For example, we expect our investments to generate 55,000 new jobs in the UK by 2030. It is vital that industry is collectively set up in the near term to achieve Clean Power 2030, as well as considering how future regulatory frameworks, cross-border engagement and Ofgem's capabilities need to evolve to ensure sustainable fast progress in supporting the Government's growth agenda alongside delivery of net zero 2050. As per the final 2024/25 workplan, we would also welcome further detail of when Ofgem expect milestones to be completed.

We look forward to further engagement with Ofgem on the development of the FWP. We are happy to discuss our response to this consultation and look forward to working collaboratively with Ofgem in the next FWP period and beyond to help deliver the energy transition.

Appendix 1: Specific comments

We have detailed below our specific comments on the four key projects comprising the integrated Clean Power 2030 programme and the activities listed under the three Strategic Priorities identified.

Ofgem's integrated Clean Power 2030 Programme	
Project	Commentary/ feedback
Reforming the connections queue	<p>Ensuring timely connections is essential for facilitating the transition to a low-carbon energy system and achieving the UK's simultaneous clean energy and growth goals.</p> <p>For projects that require longer term certainty such as interconnectors, nuclear plants and offshore wind development, it is important that Ofgem's work in this FWP period is aligned with NESO's proposals in the Connections Reform Methodologies for such projects. As Ofgem examines licence conditions and monitors the implementation of Connections Reform through the FWP period, the overall strategy should be to ensure consideration of all types of projects. This includes both those with shorter lead times that may be advanced to achieve targets in 2030, and those more strategic projects that despite having longer lead times still need short term certainty for their connection arrangements that are crucial for targets beyond 2030.</p> <p>Transmission connections</p> <p>From a transmission perspective, we are confident that NESO's reform proposals are legally robust and should deliver our ambition for reform. Reform is on the critical path to networks playing their role to support CP2030 and it needs to be implemented promptly. However, it is crucial that the strategic direction for energy requirements through CP2030 aligns with the long-term evolution of the SSEP to provide a clear forward-looking view for both customers and network companies.</p> <p>Distribution connections</p> <p>For our distribution business, system flexibility will be crucial, allowing customers to connect at a time that suits them while network infrastructure is being built. We advocate for regulatory agreements that incorporate CP2030 requirements into our RIIO-3 business plans, enabling adaptation to customer needs. Furthermore, it is important to provide clear strategic direction for demand customers, ensuring the reform process, which has historically focused on generation, but which should not negatively impact the Quality of Connections customer incentive. We welcome continued engagement with NESO and industry to assess the need for review of the connections framework for demand projects, in alignment with CP2030, SSEP, Regional Energy Strategic Plans (RESP) development and RIIO-ED3 to ensure it is fit for purpose to enable Low Carbon transition where distribution customers have a role to play.</p> <p>Currently, as we look ahead to the implementation of the reformed connection processes, which awaits Ofgem's decision on code modifications and licence changes, we continue to be focused on the need to ensure the final design of the policies and implementation plan is equitable for distribution customers as well as transmission customers and delivers a quality reform package overall. At present there are some outstanding areas of design in the legal and regulatory framework, plus the timing of key milestones, which are imbalanced and</p>

	<p>incomplete – i.e. Date for opening of window for submission of evidence at distribution and transmission (subject to code modifications approval and licence changes being progressed by Ofgem); the process to be introduced by distribution to manage projects that don't secure Gate 2 Offer; the process for data exchange between DNOs and NESO associated with Evidence checks and network data (for engineering assessment), the timeline and process for management Transmission Offers to DNOs (phasing and dates no yet confirmed) and the timeline and process for opening a new window (CMP434). We continue to work closely with NESO and industry colleagues, to highlight these blockers and look to Ofgem to support problem-solving on behalf of transmission and distribution customers to enable successful implementation of reform.</p>
Approving the network build needed	<p>Approving the network build necessary for Clean Power 2030 has considerable alignment with the government's growth agenda. Swift approval of this network build is essential; without it, growth prospects are limited.</p> <p>Ofgem needs to demonstrate sufficient resources and capabilities to enable timely and decisive approvals of all regulatory submissions/re-openers including under the ASTI, LOTI and MSIP frameworks. National Grid has multiple billions of pounds of potential investment currently under consideration in submissions with Ofgem. Many of these investments, including but not limited to those under ASTI, must be delivered on time – supported by timely and efficient regulatory decision making –to support the delivery of Clean Power 2030.</p> <p>For distribution, the RIIO-ED3 methodology requires a tailored approach; a 'copy-paste' strategy from electricity transmission will not suffice. With only four full price controls remaining before 2050, electricity networks must build and connect at scale and pace to avoid being a blocker to net zero and to support and promote economic growth. The regulatory framework for RIIO-ED3 must support this ambition and be flexible in alignment with Regional Energy Strategic Plans (RESPs) as they become established and evolve.</p>
Establishing a new Cap and Floor regime for long-duration energy storage	<p>We welcome the long-duration energy storage (LDES) cap and floor regime to support the delivery of new low carbon technologies and infrastructure. As with the interconnector cap and floor regime, the regulatory processes deliver outcomes in line with government policy ambitions, it is critical that as part of applying a multi-criteria approach to project assessment, the cost-benefit analyses are designed to take a broader view of benefits than the standard socioeconomic welfare analysis. The framework must value the more 'hard-to-monetise' strategic benefits of project delivery alongside the SEW results, such as contribution to security of supply, decarbonisation and reduced renewables curtailment in system operation.</p>
Demand-side response	<p>Establishing incentives for the RIIO-ED3 framework is an enabler to maximise opportunities for demand-side response.</p>

Strategic Priority 1: Shaping a retail market that works for consumers

Project/ Programme of work	Commentary/ Feedback
Debt and affordability	<p>We strongly support Ofgem's work in this area. It is imperative that household debt is continually addressed so that the energy transition is affordable to all. We note that the level of debt held by suppliers is unsustainable and understand the need for measures to resolve this. In its response to Ofgem's consultation on a</p>

	debt relief scheme, NGED determined that addressing debt levels should not entirely depend on distribution companies to address this issue, which would also see network companies acting as a lender and recovering monies from future consumers in future years. In its response, NGED has provided alternative, more viable, options.
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Strategic Priority 2: Enabling infrastructure for net zero at pace

Project	Commentary/ Feedback
Spatial energy planning	<p>We welcome Ofgem’s overarching approach to spatial energy planning and would encourage roles to be defined further in the development of the plans that are reflective of both TOs’ and DNOs’ expertise especially with respect to engineering and design expertise.</p> <p>We agree with Ofgem prioritising spatial energy planning, at national and regional levels. However, it is unclear whether the reference to 'Spatial energy planning' focusses on all strategic energy plans, including transitional Centralised Strategic Network Plan 2 (tCSNP2) Refresh, Centralised Strategic Network Plan (CSNP), SSEP, transitional RESP (tRESP) and RESP.</p> <p>Therefore, we would like to reiterate the importance of centralised network planning as well. Although the first full CSNP is due to be published in 2027, there are key milestones which are deliverable over the upcoming financial year that this FWP covers. We therefore urge Ofgem to ensure these milestones are being met so the delivery of the centralised plan remains on target.</p>
Network investment	<p>For us to play our role in delivering net zero there will need to be timely decisions on investment approvals through uncertainty mechanisms and the ASTI regime.</p> <p>This scale of ambition and investment requires a paradigm shift in approach, with industry working together and working differently. We welcome positive actions already taken such as the Transmission Acceleration Action Plan (TAAP), ASTI and Ofgem’s concept of investability, which are driving this change.</p> <p>The settlement of RIIO-3 plans is critical to us being able to deliver our part through our transmission and distribution networks. The frameworks need to deliver for consumers, wider society and Government and be attractive to investors (debt and equity). It is essential that the frameworks are investable and offer returns that are competitive with international counterparts, aligning with the Government's growth agenda. The world has changed since some decisions within RIIO 2 were made (e.g. volume of investment required to achieve net zero and the complexity of capital markets and supply chains). We are committed to delivering our ambitious RIIO-3 plans, but we can only deliver our plans if all the regulatory enablers and assumptions underpinning them are in place, such as a streamlined design of uncertainty mechanisms.</p> <p>It is critical that the RIIO-ED3 framework considers the unique challenges faced by distribution. DNOs and DSOs should be incentivised to act as enablers of the net zero transition. This includes exploring broader use cases for flexibility to reduce overall system costs and supporting the smooth delivery of strategic investment. Flexibility should be used to enable customers to connect to the network at a time that suits them whilst network infrastructure is being built. This</p>

	<p>will help create more opportunities for planned outages, improve network stability during unplanned outages, and where necessary allow for the deferral of network investment until there is a clear pathway to low-regret, cost-effective investments.</p>
Supply chain management	<p>Evolutions of regulatory frameworks that respond to supply chain constraints of the prevailing market will be vital to ensuring critical infrastructure can be delivered within earliest timescales, at the most economic costs. We welcome the Advanced Procurement Mechanism (APM) as one solution to address this need for use by electricity transmission operators within the RIIO price controls. Noting that it needs to be flexible and agile to maximise the value it can deliver, while also ensuring consumers are protected from the risk of stranded equipment or services procurement. Given the global capacity challenges and competition for skilled workforce, the APM should extend beyond just equipment and allow TOs to provide long-term certainty of demand and commitment to secure the construction services supply chain. TOs should have the flexibility to secure capacity in line their individual procurement approaches – as long as these are economic and efficient.</p> <p>We note that the same challenges cited in support of introducing the APM are similarly being faced by other industry participants, including DNOs and Interconnector businesses. We therefore welcome further engagement with Ofgem and wider industry on support for regulated businesses in securing the supply chain critical for net zero delivery.</p>
Competition	<p>We are supportive of a running a pilot tender to test the Onshore competition (CATO) framework and would welcome confirmation from Ofgem and NESO that the learnings from this pilot will be taken forward to any future tenders.</p> <p>We remain concerned that the current commercial framework encourages a bid low and haggle up approach. While we understand that this is intended to attract a wide pool of bidders, we are concerned that it overly shields bidders from risks and will translate to low bids that increase significantly during delivery, with costs ultimately shouldered by consumers.</p> <p>It is encouraging that Ofgem has reiterated the commitment to the 'onshore' competition regime, but we would also urge Ofgem to continue their development of the non-radial OFTO regime.</p>
Resilience	<p>We welcome the moves towards developing sector network resilience standards and measuring metrics. This must be done through full engagement and coordination across the sectors. It is important that any resilience metrics are appropriately designed for the different network topologies across Transmission, Distribution and radial Interconnector systems avoiding a one size fits all approach.</p>
Cyber Security	<p>Regarding cyber regulation, with the introduction of new liabilities and responsibilities across NESO, DESNZ and Ofgem, a joint data collaboration strategy between the various UK regulatory bodies would be beneficial. It would be good to develop a framework where data only needs to be shared once for market participants rather than have three independent requests for similar data.</p>

Strategic Priority 3: Establishing an efficient, fair and flexible energy system	
Project	Commentary/ Feedback
NESO regulatory framework	<p>With its broader remit and increasingly central role in supporting delivery of the Government's ambitious decarbonisation goals, the NESO must be appropriately incentivised to deliver timely, quality outputs that can be taken forward by other industry parties with confidence and at pace. We were disappointed to see that KPIs were removed from the NESO's Business Plan 3, and we encourage further consideration of these for the next RIIO reporting period. Establishing appropriate assurance mechanisms is essential to ensure that the progress towards and delivery of these goals is transparently measured and held accountable by stakeholders when necessary.</p> <p>We continue to be supportive of stronger reputational incentives to drive the right outcomes; we believe that the incentives of NESO senior management should be linked directly to the Performance Objectives in future regulation of NESO performance.</p> <p>We look forward to further engagement on Ofgem's evolving regulatory framework so that it can enhance future NESO performance and support NESO in defining and achieving its objectives. It is imperative for the development of the regulatory framework to equitably consider both transmission and distribution to collectively strive towards the energy transition. Early engagement on this will ensure there is sufficient time to develop a robust framework that meets the needs of all stakeholders.</p>
Review of Electricity Market Arrangements (REMA)	<p>Managing affordability for consumers during the transition to net zero is essential to maintain public support for decarbonisation of the energy system. We support the FWP statement that Ofgem should be working with Government, as the main decision-making party in this programme. This year will be critical because an important milestone in the programme is expected mid-2025 with a decision on what policy changes to take forward. We recognise that the ongoing programme of work for Ofgem is dependent on this milestone.</p> <p>Decisions on the role of markets must work in tandem with a strong role for strategic planning and coordination to support efficient infrastructure build out. We have encouraged the Government to communicate a roadmap and timeline for major reforms to the electricity system, sequencing the reforms to account for dependencies and industry capacity (including Ofgem's) for change. For example, finishing the roll out of smart metering, settlement reform for domestic customers and retail market reform needs to be completed before any wholesale market reforms are introduced, so that customers are not exposed to any stronger wholesale price signals created.</p> <p>We are conscious that giving investors certainty and clarity and protecting consumers from unnecessarily high costs can require trade-offs to be evaluated. Measures to reduce costs or create certainty for investors in generation can imply higher bills for other parties in the energy system. We support Ofgem ensuring it is resourced over the FWP period to effectively evaluate the decisions it makes to ensure the balance reached are appropriately evidenced.</p>
Cap and Floor regime to stabilise transmission network charges	We question whether prioritising the Cap and Floor regime is necessary in this FWP.

	<p>We also advocate for more analysis to sufficiently demonstrate the positive consumer case for a cap and floor mechanism; because a speedy process does not necessarily remove the need for robust evidence and justification for change.</p>
Regulation of aggregators and remote load controllers	<p>It is important that these new regulations both benefit and protect consumers. The role of aggregators in small scale demand side response is vital to further opening distribution flexibility markets. The role of the market facilitator in this space is also important and developments need to be made from the perspectives of participants to ensure that market efficiency is optimised.</p>
Smart meters and half-hourly settlement	<p>We welcome the continuation of the smart meter roll out. This will further enable the path to net zero.</p> <p>We are actively supporting the testing and implementation of Market-wide Half Hourly Settlement, and we are encouraged that this continues to form part of the Forward Work Programme.</p>
Market Facilitator	<p>We support the establishment of the Market Facilitator (MF) and recognise a case for change. We emphasise the importance of stakeholders having the opportunity to contribute to its design as co-creation will foster trust and confidence in the MF. We encourage Ofgem to maintain a collaborative and transparent process throughout this initiative. One area we would highlight is that the transition plan between ENA Open Networks and MF is critical. To date, however, a detailed delivery plan for the transition has not yet been defined. We look forward to seeing a draft from the MF, iterating it as needed, and then fulfilling our role in collaboratively implementing the transition.</p> <p>Additionally, we welcome Ofgem’s clarification that innovation is out of scope for the MF, which means that the MF will not impact network-led innovation. We further recognise that the MF will include innovation – along with policy, regulation, energy markets, international best practice – as part of its horizon scanning activity and where it may see barriers arise, it will inform the relevant party. We believe this is pragmatic and look forward to continually supporting the MF as it grows and matures.</p> <p>However, a detailed proposal is missing from Ofgem’s suggestion that Elexon inputs into the DNO incentive. The MF should feed into the DSO incentive through existing stakeholder channels, and we do not believe a new process is needed to enable this. We would caution against extraordinary treatment of the market facilitator’s input, as this can cause a conflict of interest given that DNOs need to retain their ability to appeal the market facilitator’s decisions. To ensure that Elexon’s unique insights are captured in the standard DSO incentive process, Ofgem could consider obligating Elexon’s participation and defining the objective data required in its submission.</p>
Artificial Intelligence (AI)	<p>We welcome clear guidance which sets out good practice for all stakeholders considering procurement or deployment of Artificial Intelligence (AI) in the energy sector. We also support the broader government stance on AI as a catalyst for growth and societal and consumer benefit. AI has the potential to drive innovation, efficiency, and enhanced service delivery within the energy sector, and at National Grid, we are actively leveraging AI to benefit consumers, contribute to net zero objectives, and improve operational performance.</p> <p>As per our response to Ofgem’s consultation on “AI in the energy sector guidance”, we encourage Ofgem to explore through regulatory sandboxes and</p>

	laboratories how AI could further benefit consumers. The use of AI should not become a regulatory burden but rather an enabler of faster, more accurate, and more efficient processes. As such, guidance in this area should continue to not stifle innovation but should ensure that AI systems are used responsibly.
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Appendix 2: Additional priorities, aligned to Ofgem’s Multiyear Strategy

We have detailed below our suggestions for additional priorities that we suggest should be included in the FWP 2025/26. We have aligned these to the activities and strategic priorities identified in Ofgem’s Multiyear Strategy.

Ofgem’s Multiyear Strategy	
Priority/ Objective	Commentary/ Feedback
<p>Enabling infrastructure at pace</p> <p>6.1 <i>Continue to drive accelerated onshore network investment.</i></p>	<p>Ofgem should demonstrate a forward-looking perspective and engage with stakeholders, shape robust future frameworks beyond the current price controls as well as the evolution of the ASTI framework in this period.</p> <p>Ofgem should review how various onshore and offshore regulatory frameworks for Transmission and Interconnectors could be harmonised and simplified, to proactively address any unnecessary complexity that could impede timely delivery.</p>
<p>Enabling infrastructure at pace</p> <p>6.3 <i>Enhance flexibility through electricity interconnection.</i></p>	<p>Despite good progress with the development of the Offshore Hybrid Asset (OHA) pilot scheme, there remains an opportunity to enhance market and regulatory arrangements in GB to facilitate investment in Multi-Purpose Interconnectors (MPIs) with GB wind. These interconnectors present strong economic and environmental benefits through coordination of offshore infrastructure. With DESNZ, we would like to see the MPI Framework Development Group (MFDG) resume to address solutions to the hurdles to MPI delivery.</p> <p>Furthermore, establishing efficient and effective trading arrangements with EU connecting markets is a key element to supporting an efficient, fair and flexible energy system in GB. There will be ongoing work in 2025 to consider and develop improvements to the current arrangements, including direction from the UK-EU Trade and Cooperation Agreement (TCA). Regulatory involvement would be expected to contribute to this process and help determine and ultimately deliver more optimal solutions.</p>

Strengthening Ofgem as an organisation	<p>Strengthening Ofgem as an organisation is essential to ensure it does not become a barrier to delivering CP2030 or later moves in the transition to net zero. The priorities outlined in the introduction, the pace at which we and other network companies now expect to deliver new network capacity, and Ofgem's evolving role within new forms of network competition will all place greater demands on Ofgem. To deliver on these demands, Ofgem must continue to strengthen both internally and externally.</p> <p>Internally, this means focusing on skills and financial capabilities by being up to date with information and communicating across departments. We support Ofgem's efforts to adopt or develop new forms of regulatory engagement, for example the intent to trial the use of Independent Technical Assurance.</p> <p>Externally, with the NESO now established, the 2025/26 period presents an opportunity to clearly define the roles and responsibilities of Ofgem, NESO, network operators and the Government, ensuring they align with their respective expertise. This will facilitate transparent and streamlined decision making which is vital to enabling the energy transition within strict timelines.</p>
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