Colm Murphy
Director of Transformation

Cian McLeavey-Reville
Head of Market Development

Martin Crouch
Head of Gas Market Development

Shona Watt
Senior Whole Energy Market Analyst
In October 2023 the Energy Act set the legislative framework for NESO as an organisation at the heart of the energy sector.

**NESO**

*NESO will have responsibilities around delivering a net zero energy system that balances sustainability with affordability and security*

- Independent
- Whole System
- Serving GB
NESO is set up as a public corporation independent from industry and Government.

- Secretary of State: Owns NESO
- Board of Directors: Guides NESO
- Ofgem: Regulates NESO
- 1,800 people on day 1
NESO will deliver significant additional value to society from Day 1.

- Strategic planning
- Market development
- Resilience and security
Let’s focus on the new responsibilities NESO is taking on in the development of whole energy markets.

NESO drives…

the evolution of market arrangements across the whole energy system

…to facilitate security of energy supply and deliver investible markets at the most equitable cost for consumers.
Our Market Development activities in electricity

Our objective: Transforming electricity markets to enable zero carbon operability from 2025 and set us on the trajectory for full decarbonisation by 2035.

Strategy
Our Net Zero Market Reform programme sets out a long-term vision for markets and policy with achievable pathways.

A dual role, we deliver advisory for wider markets and policy through our role in REMA, while setting the direction for how we develop and operate our own balancing markets.

Development
Our Markets Roadmap sets out the “what and why” for balancing services market reform and knits together our short- and long-term strategy.

Operation
Market monitoring and assessment of market efficiency, to protect consumers, drive continuous improvement and inform long-term strategy.

Working as an independent trusted advisor to government and the regulator
What we currently do in electricity.

Our objective: Transforming electricity markets to enable zero carbon operability from 2025 and set us on the trajectory for full decarbonisation by 2035.
What we will do in gas.

Our objective: To develop and coordinate gas market engagement and drive action on gas market strategy towards net zero.

**Strategy**
Our Gas Market Strategy Team will work with gas stakeholders to **develop the Gas Markets Plan**. This will set out the actions, projects and plans needed to **transition the market** and industry arrangements for gas based on potential future scenarios for a **decarbonised energy system**.

**Development**
Work with industry participants to **improve interactions, policies, develop projects that enable the energy transition** and become a UNC signatory.

**Operation**
National Gas Transmission operate the Gas Transmission network. We will work closely with all industry participants to support the efficient operation of the gas markets.

Working as an independent trusted advisor to government and the regulator
What we will do in Whole Energy Market Strategy.

**Our objective:** Informed by extensive stakeholder engagement, we will develop independent recommendations for cross-vector market and policy design, which promote efficiency and address any distortive interactions.

**Strategy**

**Development**
We will work with government as well as stakeholders across the industry to drive the development of these new markets.

**Operation**
We will work with industry to assess the operational efficiency of cross-vector markets and their interactions, feeding back into our strategy process.

Working as an independent trusted advisor to government and the regulator.
Developing a Whole Energy Market Strategy

Assessment of Great Britain’s **whole energy market mechanisms**, focusing on vector interactions, with the big questions in mind:

- How to attract the huge investment required to achieve Net Zero?
- How to ensure energy reliability and security?
- How to deliver an efficient, coordinated and economical zero carbon energy system?
- How to ensure a fair and affordable system for all?
- How to stay competitive in global markets?

**How we do it:**

- Multi-phased study (2024-2026) starting with analysing Whole Energy Markets at global, national & regional levels
- Collaborative approach with stakeholders
- Learn from comparable markets
- Recommend implementable market design
- Phase 1: case for change, 6 months duration
Key milestones as we build our capability to deliver these roles.

- **October 23**: Markets Forum
- **November 23**: Markets Advisory Council
- **December 23**: Initial Gas Markets team embedded in NESO
- **January 24**: Net Zero Market Reform Phase 4
- **February 24**: Gas Markets Team in place
- **March 24**: Flexibility Market Strategy
- **April 24**: Operational separation
- **May 24**: Ofgem Market Facilitator decision
- **June 24**: Licence and codes go live
- **July 24**: NECO leads on Gas Strategy/Engagement
- **August 24**: Whole Energy Market Strategy Publication
- **September 24**: Future of Gas forum

**Key**
- Electricity
- Gas
- Whole Energy

**GMaP Projects**
- Whole Energy Market Forum
- Whole Energy Webinar & Q&A
- Markets Forum Webinar & Q&A
- Markets Forum

**Initial Gas Markets team embedded in NESO**
We want to hear your thoughts!

Establishing NESO is a huge challenge so we can’t do this alone. We need your support to make NESO the success we all want it to be.

What does this mean for you?

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Details</th>
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<tbody>
<tr>
<td><strong>Gas Market Strategy</strong></td>
<td>We are seeking views on the new direction of the Future of Gas Steering Group and future Gas Market Plan (GMaP) and projects, inviting input from gas market participants across the energy industry, gas network operators, shippers, storage owners etc.</td>
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<tr>
<td><strong>Electricity Market Strategy</strong></td>
<td>We will continue to work in close partnership with a wide range of stakeholders across the electricity industry via the Markets Forum and as a trusted delivery partner to Ofgem and DESNZ in the Review of Electricity Market Arrangements (REMA).</td>
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<tr>
<td><strong>Whole Energy Market Strategy</strong></td>
<td>We will work closely with both the energy industry and wider industrial stakeholders to co-create high quality analysis and insights on cross-vector market interactions. We will foster collaboration via the transformation of existing separate market forums into a unified Whole Energy Market Forum.</td>
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Becoming the National Energy System Operator (NESO) | ESO (nationalgrideso.com)
Markets Forum events | ESO (nationalgrideso.com)
Email enquiries: box.fso@nationalgrideso.com
Organisational Roadmap coming soon
Thank you for joining