

# Proposed Forward Work Programme for 2026 to 2027 – Energy UK response to Ofgem consultation

12 February 2026

## About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

## Introduction

Ofgem has a vital role to play in the successful delivery of the energy transition, which should include fair and stable bills, whilst also protecting customers, particularly those in vulnerable circumstances. This vision of the energy market requires a targeted and proportionate approach to regulation, which would enable the investment and innovation that will help deliver the transition at lowest cost to customers.

In the last year, Energy UK has written extensively about the need for targeted and proportionate regulation, including in the publication, "The future of energy regulation: more efficient, lower cost, better outcomes", and in response to the Department of Energy Security and Net Zero's (DESNZ's) Review of Ofgem.<sup>1</sup>

Reflecting on Ofgem's proposed Forward Work Programme, Energy UK would highlight the following overarching points:

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<sup>1</sup> [Energy UK \(2025\), The future of energy regulation: more efficient, lower cost, better outcomes; Energy UK \(2025\), Energy UK Response to DESNZ Review of Ofgem: call for evidence.](#)

- **There is little sign of Ofgem taking action to reduce the significant administrative burden of the sector**, with over 10,000 pages of energy licenses and codes.<sup>2</sup> Complex regulation makes the cost to service an energy account in the UK double that of France, leaving British customers paying more unnecessarily.<sup>3</sup> This should be considered in all elements of Ofgem's Forward Work Programme as it will impact its ability to meet its strategic priorities.
- **Ad-hoc interventions, often requesting responses in very short timeframes, increase administrative costs and divert resources away from innovation that would improve customer service.** It is important that Ofgem remains focused on projects outlined in this Forward Work Programme that align with its strategic priorities. There should be a high threshold with clear, evidence-based justifications for any interventions that are not included in the Forward Work Programme.
- **Systemic delays to licencing and code modifications have directly impacted investment and pushed up costs for customers.** For example, some code modifications impacting generation have taken five years to reach a decision. Again, it is important that the Forward Work Programme prioritises projects that will best deliver value for customers and support its strategic priorities.

Energy UK holds the following practical concerns on Ofgem's Forward Work Programme:

- **More concrete information on the nature and timelines is needed on the projects outlined in the Foward Work Programme.** This lack of information makes it challenging for stakeholders to provide informed perspectives, and resource effectively. Such clarity would allow stakeholders to better align their own forward work planning with Ofgem's where appropriate, to ensure they can contribute to these projects effectively, as well as adequately prepare for any upcoming reform changes.
- **It is unclear what framework Ofgem will use to prioritise the projects outlined in the Forward Work Programme** (despite seeking views on the relative priorities). Given the significant breadth of work Ofgem could undertake, a robust and transparent framework should be used to judge where it should focus its efforts. It would be welcome to see details of what parts of the workplan will be delayed or deferred if resources are too constrained to deliver all of them.

If you have any questions about this response or wish to engage with Energy UK and its members, we would welcome further engagement.

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<sup>2</sup> This includes the Supply Licence and mandatory industry codes related to energy supply activities only.

<sup>3</sup> Simone Rossi, CEO of EDF UK, evidence to Energy Select Committee, 15th October 2025.

## Response to strategic priorities

### Strategic priority 1: Shaping a retail market that works for consumers

#### Investability

##### Is Ofgem proposing to tackle the right set of problems in the sector?

Energy UK supports Ofgem's stated ambition to enable energy services to deliver Net Zero at pace, that it is committed to evolving as a regulator, and that it has identified investability as a component of this.

Ofgem's State of the Market retail report illustrates a domestic market facing a debt crisis, and generating minuscule profit margins of less than 1%. This indicates a clear failure from the regulator to enable an investable market and needs urgent corrective action.

Currently, there is a heavy administrative burden, unclear obligations and fast-moving changes to the costs on bills, sometimes with limited transparency. This is often cited by investors as driving up risk premiums in the retail market. This has material negative consequences for economic growth, the energy transition and customers' bills.

While the projects listed in the Forward Work Programme are largely sensible, Ofgem has not acknowledge the scale or breadth of the problems, which damage investability in the sector.

Ofgem must be prepared to implement fundamental changes to its regulatory approach, if the market is to attract the investment levels needed in the retail market for a clean power system that works for customers. Namely:

- Ofgem should review its rules, and refocus these on consumer outcomes, investment and clean power.
- Standards should be genuinely linked to consumer benefit, impact assessed, and avoiding reactive rules which don't achieve this aim, and any duplication.

##### Is anything major missing?

The Forward Work Programme does not fully address ongoing efforts to improve the non-domestic energy supply customer experience. We understand that significant work is currently underway or planned, expected to deliver meaningful improvements over the period covered. We therefore encourage Ofgem to provide sufficient detail to enable the meaningful engagement that can help drive both the quality and pace of improvements for the sector.

##### Any sense of the relative priorities between different problems?

It is important that Ofgem maintain focus on its strategic priorities and activities outlined in the Forward Work Programme (FWP), avoiding ad-hoc interventions, where time has not been taken to assess and consider whether there is evidence of a systemic problem.

For example, last year Ofgem continued to progress proposals for mandatory zero/low standing charge tariffs, despite evidence from both industry and consumer groups that this would drive higher bills for many households. Projects like these cause unnecessary and burdensome work for energy suppliers, creating a high-regulation, high-cost environment, which increases bills for customers.

## Innovation

### Is Ofgem proposing to tackle the right set of problems in the sector?

In the consultation, Ofgem notes it wants to “*Consider how we can support participants to bring forward propositions to market. We need to ensure there are incentives to encourage and reward consumers to be flexible (both domestic and non-domestic).*” Ofgem must ensure it is not a barrier to innovation by being targeted and proportionate in its regulation. This can be achieved by implementing the measures noted above.

Further, Ofgem must work closely with heat networks developers, suppliers and customers to ensure that the heat networks regulation is fit for purpose, and responsive to evidence of consumer detriment. It will be important to iterate the regulations where appropriate, for example, in areas where there is an onerous administrative burden on heat networks without a corresponding consumer benefit. This should include scaling back the frequency with which heat networks have to provide data to Ofgem, from quarterly to annually.

### Is anything major missing?

As outlined above, Ofgem must reduce burdensome regulations to better enable market innovation. Other activities to encourage innovation will be unsuccessful if investability remains an issue. For example, while it is positive that DESNZ and Ofgem are introducing light-touch licensing for flexibility service providers and load controllers, work should also be undertaken to streamline supply licence obligations for suppliers, to enable them to deliver greater flexibility offerings as well.

### Any sense of the relative priorities between different problems?

As a priority, Ofgem should continue work on ensuring that regulations apply to services, not business types, such that there is a level playing field across all market participants offering a service. For example, suppliers should not face more burdensome regulation than other businesses when providing flexibility services.

## Strategic priority 2: Enabling infrastructure for net zero at pace

### Is Ofgem proposing to tackle the right set of problems in the sector?

The problem areas that Ofgem have identified largely relate to the transmission grid, which is the main bottleneck as the UK connects more low-carbon generation and delivers a clean power system. As such, the current proposed measures are welcome and show that Ofgem is largely on track to tackle the right set of problems.

Industry would welcome more detail/clarity on the following:

- Ofgem's thinking around possible further regulatory enablers for offshore coordination, given that much work has already been carried out in this space.
- The focus on hydrogen infrastructure. Whilst we welcome the acknowledgement of the importance of hydrogen networks, it is not clear if work is also being undertaken on hydrogen storage. This, too, is critical to the effective future production and use of hydrogen.
- How spatial planning, network price controls, cross-organisational workstreams, and wider reforms to planning and environmental regulations will be considered holistically as part of Ofgem's processes.

The focus on ASTI projects is welcome and should be extended to ensure greater transparency around the progress towards project delivery. This will enable developers of generation projects reliant upon ASTI projects to better manage the risk of connection delays, and, where appropriate, adjust their own delivery timelines.

### **Is anything major missing?**

A greater focus is needed on system stability. As more low-carbon technology is connected at lower voltages and in business and domestic properties, and as more intermittent energy sources connect to the grid, including at distribution levels, this can become an issue for system operators.

Ofgem should treat system stability as a national, not a local issue. This includes acknowledging that the system is removing inertia faster than it is being replaced, and accordingly, incentivising a proactive and planned approach to system stability (rather than a reactive approach, which only procures ancillary services in times of need).

There also appears to be little focus on how Ofgem will work to ensure network companies are delivering timely connections and reinforcements. This is particularly important given the significant level of risk around network development. Energy UK will respond to the consultation on the End-to-End Review of Connections Processes, and ask that, beyond this workstream, ensuring that networks are held to account for the timeliness and quality of connections should form a significant part of Ofgem's Forward Work Programme. This cannot be left to future RIIO periods, and given the significant cost of network delays, it must be introduced as soon as possible to ensure consumer cost is kept to a minimum.

Ofgem should take every opportunity to remove regulatory barriers to connecting new generation through, for example, private wire arrangements where there are significant regulatory barriers, particularly at the transmission level. Where private-wire generators reduce overall system costs, these savings must be reflected in the charges faced by the generator/consumer, which will support efficient investment decisions regarding location and nature of connections.

Finally, Ofgem has a responsibility to ensure whole-system security of supply, and Energy UK would urge the regulator to strengthen its oversight of the gas system. This includes gas acceptability for large industrial users and power stations as the

United Kingdom Continental Shelf (UKCS) declines and quality worsens. It should ensure more robust analysis and scrutiny of gas code modifications, particularly against security of supply and carbon objectives. For example, examining the suitability of requests for increased CO<sub>2</sub> concentrations in gas in the North Sea and gas winter maintenance outages for power stations.

Energy UK continues to view spatial planning as essential to enabling the timely delivery of low-carbon and strategically needed infrastructure. With the Strategic Spatial Energy Plan (SSEP), the focus should be on translating SSEP outputs into actionable signals for network investment, connections, and wider infrastructure development. Ofgem's FWP should clarify how SSEP recommendations are used within regulatory, planning, and statutory consenting processes, and ensure consistency across wider policy priorities such as electrification and industrial decarbonisation. This will reduce delivery risk, maintain investor confidence, and ensure that strategic spatial outcomes are reinforced across the energy system.

### **Any sense of the relative priorities between different problems?**

While Energy UK is supportive of the intended approach and long-term thinking around network planning via the Centralised Strategic Network Plan (CSNP), this cannot come at the detriment of maintaining pressure on networks to deliver timely reinforcements in the near-term.

### **Strategic priority 3: Establishing an efficient, fair, and flexible energy system**

#### **Is Ofgem proposing to tackle the right set of problems in the sector?**

The proposed measures are largely welcome.

#### **Is anything major missing?**

On Transmission Network Use of System (TNUoS) reform, as reformed national pricing is developed, Ofgem should provide early and explicit signalling on the future role of TNUoS within the charging framework. Without this clarity, there is a risk of duplication, misaligned incentives, or conflicting locational signals as the UK approaches the Clean Power 2030 deadline. Some key elements of further clarity would include the evolution of cost-reflective TNUoS principles, where these conflict with strategic or regional objectives (such as the outcomes of the transitional Regional Energy Strategic Plan and future regional energy strategic plans), as well as clarity on the treatment of legacy assets and committed investments, to avoid undermining investor confidence.

### **Any sense of the relative priorities between different problems?**

While the additional funding for the new aggregator licensing responsibilities is welcome, Ofgem should ensure that sufficient time for businesses to adapt to the new framework is allocated. Ofgem should also ensure that businesses are well-supported to adhere to the new regulation, given that it is the first of its kind.

Energy UK welcomes Ofgem's work on developing a consumer consent model. Ofgem should ensure that this is designed in a way to ensure high uptake for the solution and is clearly integrated into industry consent frameworks. Interoperability with other regulatory and industry programmes should be prioritised to minimise duplication and the cost of the workstream.