



CORNWALL INSIGHT

CREATING CLARITY

# Alert - Forward Work Programme 2026-27

Headline assessment	
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Action if desired:	Note the relevant upcoming consultations

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# 1 Assessment and recommendation

On 30 March, Ofgem published the [Forward Work Programme \(FWP\) 2026-27](#), outlining Ofgem's regulatory priorities and planned activities during a period of significant transformation in the UK's energy sector. The programme reflects the regulator's four strategic priorities which aim to enhance consumer protection, support investment and innovation, and accelerate the transition to net zero whilst ensuring a fair and resilient system.

Within this framework, Ofgem has a continued role in administering low-carbon energy and social schemes on behalf of the government for a combined annual value of £13bn. These schemes are central to reducing fuel poverty, improving energy efficiency, and ensuring the fair distribution of the benefits of decarbonisation.

The FWP for 2026-27 sees increased organisational investment, with a budget of £177.2mn in resource spending, and £16.6mn in capital expenditure, reflecting the growing scale and complexity of Ofgem's role.

*Cornwall Insight comment: The anticipated outcome of DESNZ's review of Ofgem could have a major influence on future developments and interactions with the FWP. This Review could lead to potential reforms in Ofgem's role and responsibilities, as well as its approach to governance and regulation. Ofgem in the FWP reaffirm its commitment to implement any of the Review's recommendations. Regarding the FWP 26-27, Ofgem's ability to remain agile and transparent, with a focus on the delivery of benefits to consumers, will be a critical factor in measuring the success of its plans.*

## 2 Background

The aim of the FWP is to outline Ofgem's key projects for a given financial year supporting the energy sector's net zero transition. Therefore, this document provides an overview of these key projects and ongoing activities for FY26-27 to support energy consumers, energy infrastructure, market operation and fairness, as well as overall market resilience. Though this publication sets out Ofgem's current planned programme for the coming year, the regulator will respond to and prioritise any emerging or critical issues across the retail and infrastructure markets, as well as government priorities and external geopolitical factors.

## 3 Strategic Priorities

This publication contains the programme of work for the third year of the regulators [five-year multiyear strategy](#) (MYS). Five priorities from the MYS guide activities: retail market improvement, enabling net zero infrastructure, creating an efficient energy system, decarbonisation schemes, and organisational strengthening. The programme aligns with the Government's Strategy and Policy Statement (SPS) and anticipates reforms from the anticipated Ofgem Review which is expected to influence future plans.

### 3.1 Shaping a retail market that works for consumers

This first priority focuses on enhancing consumer protections, improve standards, and make the sector more resilient to shocks, particularly for vulnerable consumer, while enabling investability and innovation.

#### 3.1.1 Investability

With retail markets expected to transform in coming years, Ofgem looks to see investment into new products and services which will improve customer outcomes and simplify to process for consumers to engage with flexibility. Ofgem outlines a variety of actions including taking forward its Debt Relief Scheme in order to tackle high debt levels and arrears in the market. It also intends to work alongside government to improve how data is used to proactively identify households in vulnerable situations requiring additional help, as well

as investigate how Ofgem can control access to credit, preventing debt build-up at change of tenancy. The regulator also intends to examine access to credit in the energy system and the role of different payment methods in preventing and recovering debt.

Some of the other key actions planned in this section include:

- Regulating domestic suppliers to ensure high quality debt management and debt standards to prevent customers getting into energy debt and support those in debt in a compassionate and sustainable way.
- Explore other changes that may be needed to prompt payment, with the role of prepayment an important consideration. Ofgem is monitoring the restart of forced prepayment and will evaluate to ensure they continue to strike the right balance between protection of the most vulnerable and suppliers' right to recover debts.
- Make incremental change in the near-term price cap to improve the predictability of returns and ensure it is fit for purpose in the context of Market-wide Half Hourly Settlement (MHHS). In doing so, Ofgem would ensure the price cap continues to protect consumers from the loyalty penalty.
- Evaluate its Financial Resilience and Controls regime to ensure it is effective and proportionate.
- Work through its Cost Allocation and Recovery Review (CARR) to ensure costs are recovered as fairly and efficiently as possible.

### 3.1.2 Innovation

Ofgem looks to support innovation and growth through regulations which reduce the administrative burden. It will take forward its Consumer Confidence programme to consider the best future-proofed regulatory approach to achieving better consumer outcomes, including an outcomes-based approach. With this in mind, Ofgem is considering a move to outcomes-based monitoring and Key Performance Indicators (KPIs), improving data collection, and enhancing its data driven approach to improve its monitor of the market, as well as reduce the administrative burden of its regulation.

Ofgem would also look to implement new compliance operating principles, review maximum resale price, as well as exploring how it can support participants to bring forward propositions to market. A review of the framework for Guaranteed Standards of Performance (GSOP) to ensure it is fit for purpose would also be included.

## 3.2 Enabling infrastructure for net zero at pace

With the current energy system landscape seeing rapid change with major network investments now proceeding from the planning phase to delivery, this strategic priority is supported by six regulatory objectives outlined in the MYS:

1. Progress strategic planning
2. Expand electricity networks
3. Prepare for the future of natural gas
4. Facilitate deployment of low carbon technology
5. Network performance and connections
6. Ensure secure and resilient suppliers

In the previous FWP (25-26), Ofgem committed to confirming the governance and methodology for strategic energy and network planning at national and regional levels in order to develop pathways to Net Zero by 2050. For the coming year, the regulatory frameworks will be established for strategic energy and network planning. The first Strategic Spatial Energy Plan (SSEP) will be developed by National Energy System Operator (NESO) and consulted on, and Ofgem will decide the methodology for the Centralised Strategic Network Plan (CSNP). To ensure momentum on the needed network build in the 2030s, transitional plans will be in place, with the transitional Regional Energy System Plan (tRESP) already published and the transitional Centralised Strategic Network Plan (tCSNP) refresh following in 2026.

Ofgem will continue to regulate electricity distribution and transmission network companies through its price control frameworks. In addition to monitoring ongoing performance, Ofgem has outlined further actions it intends to carry out including timely re-opener decisions under the RIIO-2 price control in order to facilitate

new investments and begin the RIIO-2 close-out process. Alongside this, the regulator would also look for timely decisions on additional investments though in-period reopeners for RIIO-ET3 to support Transmission Owners' capability to deliver Clean Power 2030. Ofgem has also outlined a list of actions relating to facilitating additional investment into offshore network infrastructure; introducing competition for network build to find cheaper and faster ways to build network assets; oversee the implementation of connections reform for generation and storage, working to ensure a smooth transition into the new enduring gated window application process; progress further the deployment of low carbon technology; and increase its focus on asset health and system-wide energy resilience across all hazards and threats.

### 3.3 Establishing an efficient, fair, and flexible energy system

This strategic priority looks to ensure that the fair distribution of the benefits of the energy transition whilst enabling a more flexible and digitally enabled system. Ofgem highlights that a major focus here is governance and market reform. Under the Energy Act 2023, the regulator will implement changes to industry code governance, introducing new code managers to improve responsiveness and accountability. Network charging and pricing structures will also be reviewed, with Ofgem looking to align them with government reforms in the interest of ensuring efficient investment signals whilst maintaining a single national wholesale price.

With regards to cost allocation and fairness, Ofgem will explore how system costs are distributed among consumers using the Cost Allocation and Recovery Review (CARR), with the aim of balancing fairness with efficiency and support for net zero, all the while ensuring reforms are practical and transparent.

Consumer-led flexibility is a crucial aspect of the energy transition, with Ofgem looking to build on the Clean Flexibility Roadmap by removing barriers to the flexible use of energy, enabling both consumers and businesses to benefit from smart technologies and dynamic pricing. This includes incentivising demand-side response and integrating flexibility into retail markets.

A final and central aspect of Ofgem' third strategic priority is digitalisation and data governance. Ofgem aims to develop infrastructure for secure data sharing, improve the interoperability across the system, and enhance consumer control over data through such initiatives as the Consumer Consent Solution. It will explore long-term digital cooperation models which support innovation and the efficiency of the system.

### 3.4 Advancing decarbonisation through low carbon energy and social schemes

Although these schemes are delivered on behalf of the government and not directly shaped by the FWP, they do represent a large part of Ofgem's operational impact, with a combined annual value of £13bn.

The main priority here is to maximise the impact for consumers, in part by reducing fuel poverty and supporting the transition to energy-efficient homes. Ofgem aims to ensure that schemes are accessible and aligned with net zero goals. The regulator also highlights the importance of value for money and effective delivery, strengthening assurance, compliance, and monitoring processes to ensure the efficient use of public funds. Alongside this, in the interest of continuous improvement, Ofgem is investing in systems, infrastructure, as well as workforce development to enhance the delivery of schemes.

A major development aligned with this strategic priority is the Warm Homes Plan and the planned creation of the Warm Homes Agency by 2027, with the responsibilities for this scheme transitioning from Ofgem to this new body.

### 3.5 Ofgem Budget 2026–2027

The budget for 2026-27 reflects the expanding scope and complexity of its responsibilities. Therefore, for FY26-27:

- **Resource budget (excluding depreciation):** £177.2mn

- **Capital budget:** £16.6mn

Increased funding is intended to support new regulatory demands and government priorities. These include increased oversight of emerging areas such as third-party intermediaries, heat networks, and digital infrastructure, alongside the delivery of reform initiatives outlined in the FWP. Ofgem also administers funding on behalf of government low-carbon and social schemes. Though the exact figure is to be confirmed separately, this represents a significant additional financial responsibility.

## 4 Next steps

The FWP outlines the expected upcoming consultations and calls for input that cover each strategic priority area. This is set out below for the next quarter:

Expected consultation/call for input – Strategic Priority 1 (Q1 April-June)
<b>Financial resilience: Consultation</b> <ul style="list-style-type: none"> <li>- Renewables Obligation / Consumer Credit Balance</li> </ul>
<b>Consumer Confidence: Consultations</b> <ul style="list-style-type: none"> <li>- GSOP Design</li> <li>- Application of the outcome's framework to billing</li> <li>- Licence simplification</li> </ul>
<b>Energy code reform: Consultations</b> <ul style="list-style-type: none"> <li>- Phase 1 consultation</li> <li>- Strategic Direction Statement</li> </ul>
<b>TPI Regulation: Call for input – Market study</b>
<b>Heat Networks regulation: Consultations</b> <ul style="list-style-type: none"> <li>- GSOPs policy</li> <li>- Authorisation application policy</li> </ul>
Strategic Priority 2 (Q1 April-June)
<b>ED3 – Decision on Sector Specific Methodology</b>
<b>OFTO: Consultation</b> <ul style="list-style-type: none"> <li>- Proposed framework for OFTO build models</li> </ul>
<b>Interconnectors: Consultation</b> <ul style="list-style-type: none"> <li>- Consultation on the Greenlink Post-Construction Review</li> </ul>
<b>LDES: Consultations</b> <ul style="list-style-type: none"> <li>- LDES licence and initial minded-to window one decisions</li> </ul>
Strategic Priority 3 (Q1 April-June)
<b>NESO: CFI on performance during ‘Business Plan 3’ period</b> <ul style="list-style-type: none"> <li>- Consultation on enforcement governance reforms</li> </ul>





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