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## Clarification on Funding the Transition to a Future System Operator consultation

This is a clarification on our consultation on 'Funding the Transition to a Future System Operator' published on 21 June 2013.<sup>1</sup>

The subsidiary document to this consultation is National Grid's 'Separating ESO from National Grid plc' dated May 2023. We included this document for context on National Grid's planned activities and forecast costs. For the avoidance of doubt, any views expressed within the subsidiary document are those of National Grid only and do not represent the views of Ofgem. In particular, in paragraph 2.3 of this document National Grid states that "... *it is entitled to cost recovery based on the principle of full reparation, so as to re-establish the situation which would have existed but for the said divestment.*" A similar statement is made at paragraph 5.1.

We would like to clarify that National Grid's statements at paragraphs 2.3 and 5.1 are not consistent with Ofgem policy and that the full reparation of costs is not a basis on which we are consulting. As set out through the policy proposals in the main consultation document, we will scrutinise all costs that are sought to be recovered and will only allow recovery under the price control of those costs that we consider to be efficient.

We look forward to receiving your responses to our consultation which closes on the Wednesday 2 August.

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<sup>1</sup> A link to the consultation and subsidiary document is here: [Funding the transition to a Future System Operator | Ofgem](#)