

David Beaumont  
FSO Transition Team  
Ofgem  
[FSO@ofgem.gov.uk](mailto:FSO@ofgem.gov.uk)

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[Consultation: Funding the transition to a Future System Operator](#)

Dear David,

Thank you for the opportunity to respond to this consultation. This non-confidential response is provided on behalf of National Gas Transmission.

In summary, we broadly agree with Ofgem's consultation positions, but note uncertainties in the full scope of the FSO on Day 1 and beyond, and in the costs that network organisations might incur to support development and implementation.

Our full responses to the consultation questions are included in the annex that follows.

Yours sincerely

[by email]

Tony Nixon  
Regulation Director, Gas Transmission

## Annex: Consultation Question Responses

**FSOQ1. Do you have any views or comments on the Day 1 cost estimates presented by ESO, NG and NGT?**

We do not yet have full clarity in the industry over the exact scope and nature of the Future System Operator (FSO) role at Day 1, and beyond. The costs articulated by the organisations involved are a well presented and detailed view of likely exposures give this uncertainty

It is important to note that as the FSO evolves ahead of and beyond Day 1, additional costs may be incurred by the organisations e.g., the development and implementation of the Office of Energy Resilience and Emergency Planning (OREM) is still too unclear to understand the cost impacts, and these are appropriate to be included in the recovery mechanisms

Costs have been and continue to be incurred by the organisations to ensure delivery of FSO in the agreed timeframe. All costs incurred should be considered and be part of the recovery mechanism whether incurred prior to or after the outcome of this consultation and the subsequent licence changes.

**FSOQ2. Do you agree with the cost recovery proposals outlined in Chapter 4?**

It is right that there should be a cost recovery mechanism for those costs incurred by the organisations as a result of the creation of the FSO by Ofgem and the Department for Energy Security and Net Zero.

The range of cost recovery mechanisms appear sensible given the range and specifics of the costs that are to be incurred.

**FSOQ3. Are there any other consumer protections that we should consider?**

The consumer protections appear appropriate and at the right level of granularity to provide sufficient comfort that costs incurred as a result of the development and implementation of the FSO are appropriate and justifiable.