

Decision



Making a positive difference
for energy consumers

Direction on the ESOs financial incentive for BP1

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Direction on the ESO's financial incentive for 2021-2023

For and on behalf of the Gas and Electricity Markets Authority

**DIRECTION PURSUANT TO PARAGRAPH 4.4.4 OF SPECIAL CONDITION 4.4 OF
NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED'S ELECTRICITY
TRANSMISSION LICENCE IN RELATION TO THE ELECTRICITY SYSTEM OPERATOR
INCENTIVE ARRANGEMENTS**

Whereas:

1. National Grid Electricity System Operator Limited ("NGESO") is the holder of an electricity transmission licence (the "Licence") granted or treated as granted under section 6(b) of the Electricity Act 1989 (the "Act").
2. Special condition 4.4 (Electricity System Operator Reporting and Incentive Arrangements), Part A (The Electricity System Operator Reporting and Incentive term) of the Licence, that was in effect on 31 March 2023, allows the Authority to direct the value of ESORIt, in respect of NGESO's incentive performance, as determined under this condition and the ESORI Arrangements Guidance Document.

Therefore:

In accordance with Special Condition 4.4.4, the Authority hereby directs the incentive value of ESORIt in respect to the Business Plan Cycle 2021-2023, to be £1.8m. This Direction and the document to which this Direction is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Act.

Grendon Thompson

Acting Deputy Director - Institutions for Net Zero

For and on behalf of the Gas and Electricity Markets Authority

Date: 16/11/2023