

The Company Secretary
National Grid Electricity System Operator Limited
1-3 Strand
London
WC2N 5EH

Email: peter.bingham@ofgem.gov.uk

Date: 29 November 2023

CC: Dr Paul Wakeley,
Strategic Network Development Manager
National Grid Electricity System Operator Limited

Dear Company Secretary,

Decision and Directions allowing National Grid Electricity System Operator Limited, to publish its Electricity Ten Year Statement (ETYS) appendices by 31 March 2024, and an updated Network Options Assessment (NOA) report by 31 March 2024.

Background

Standard Licence Condition (SLC) C11(1) of the Electricity Transmission Licence (the Licence) requires the Electricity System Operator's (ESO), by 30 November in each financial year (or such later date as the Authority may direct), to prepare and publish the ETYS.

SLC C27(12) of the Licence requires the ESO to review the NOA report prepared and published in the previous financial year, and update and publish the NOA report by 31 January or such other date as directed by the Authority.

The ESO includes a 'NOA for Interconnectors' report as part of the NOA report, the methodology for which is incorporated within the NOA Methodology.

In October 2022, the ESO submitted a request to Ofgem to delay the 2022/23 NOA by 11 months from January 2023 to **December 2023**. The ESO also submitted a request to delay publication of ETYS by two months from 30 November 2022 to 31 **January 2023**. These requests were approved by Ofgem in November 2022.¹ The ETYS 2022 was subsequently published in January 2023.

In July 2023, the ESO submitted a request to delay the 2023 ETYS *technical appendices* publication that was due to be published by 30 November 2023 alongside the core ETYS document, to December 2023, with the aim to align the publication date of the appendices to that of the NOA.² This request was approved in August 2023.³

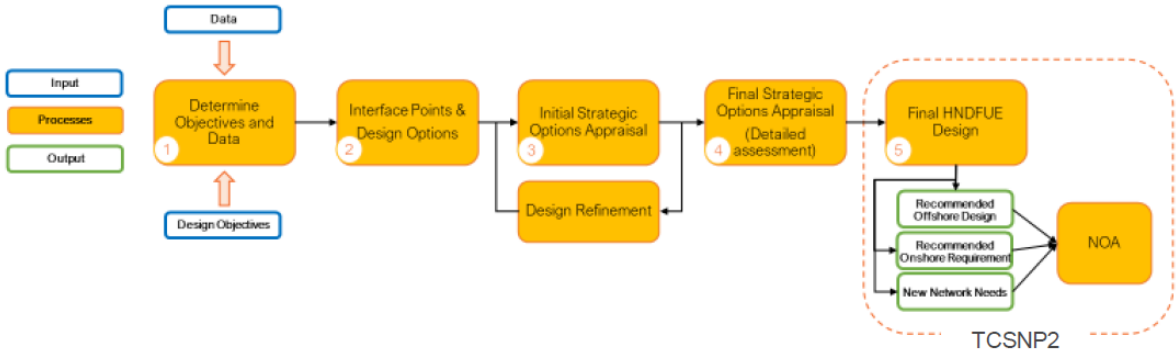
¹ [Decision and Directions allowing National Grid Electricity System Operator Limited, to publish its Electricity Ten Year Statement \(ETYS\) by 31 January 2023, and an updated Network Options Assessment \(NOA\) report by 31 December 2023 | Ofgem](#)

² The core ETYS document was published in summer 2023, ahead of the 30th November deadline: [Electricity Ten Year Statement \(ETYS\) | ESO \(nationalgrideso.com\)](#)

³ [Direction to National Grid Electricity System Operator Limited to publish its Electricity Ten Year Statement \(ETYS\) technical appendices by 31 December 2023 | Ofgem](#)

The last iteration of the NOA (NOA 2021/22) was published in July 2022 alongside the Holistic Network Design (HND)⁴, and together these formed the first Transitional Centralised Strategic Network Plan (TCSNP) – TCSNP1. The upcoming publication of the NOA will similarly form, alongside the HND Follow up Exercise (HND FUE)⁵, the second iteration of the TCSNP – TCSNP2. Figure 1 below shows how the HND FUE and NOA interact.

Figure 1: HND FUE and NOA interaction



ESO’s Request to the Authority

In September 2023, the ESO wrote to the Authority⁶ to seek a direction pursuant to SLC C27(12)(b) of the Licence, for publication of the NOA report by an alternative date to the one approved by the Authority by direction¹, which it has requested to be by 31 March 2024 instead of 31 December 2023.

The ESO also included in its letter a request for a direction pursuant to SLC C11(1) of the Licence, for publication of the ETYS technical appendices by an alternative date to the one already approved by the Authority by direction³, which it has requested to be by 31 March 2024 instead of 31 of December 2023, to align the publication to that of the NOA as per above.

ESO’s rationale for the delay request

As part of the transition to the Centralised Strategic Network Plan (CSNP)⁷, and with the development of the HND under the Offshore Transmission Network Review, the ESO’s approach to network planning is evolving ahead of changes to licence conditions expected as part of the Future System Operator implementation.

The need for delay in publication reflects that the HND FUE recommendations were produced later than was originally envisaged (when the current date of 31 December was set) and allows for in-depth stakeholder engagement.

The change in publication date will also allow for an additional governance process for the TCSNP2 to be established between the ESO, Ofgem, Government and Electricity Transmission Owners – as requested by all parties.

The development of the TCSNP2 is being done in close collaboration with the Transmission Owners, who will see the draft and final recommendation prior to the publication date.

⁴ [The Pathway to 2030 Holistic Network Design | ESO \(nationalgrideso.com\)](https://www.nationalgrideso.com)
⁵ [Offshore Coordination Project | ESO \(nationalgrideso.com\)](https://www.nationalgrideso.com)
⁶ Published together with this letter on our website.
⁷ [Decision on the initial findings of our Electricity Transmission Network Planning Review | Ofgem](https://www.ofgem.gov.uk)

The ESO is of the view that the proposed change of date is in the overall interest of consumers, to ensure the ESO will have a fully developed, supported plan for the future network. The ESO is of the view that the delay will not have any material impact on security of supply, competition, sustainable development, or other parties' non-compliance with any relevant conditions or standards.

The ESO expects to publish the TCSNP2 (including the NOA, HNDFUE and the ETYS Technical Appendices) by the end of February 2024. The ESOs' request to the Authority to direct publication to 31 March 2024 is with the expectation that it will be published earlier, but the additional time provides some contingency if there is a short delay to the complex publication.

Rationale for our decision

We recognise that the additional governance process that was requested by stakeholders requires additional time, and that the delay in the publication of the HNDFUE also contributed to the need for the delay. The HNDFUE was completed in July 2023 instead of March 2023, as indicated in the HNDFUE methodology⁸.

ETYS appendices delay

From further engagement with the ESO since receiving its request, we've been informed that the ESO expects the majority of the technical appendices of the ETYS to be published by November 2023. However, those appendices that relate to extensive future network data, will need to align with the TCSNP2 publication date. We accept that the additional time requested will be used to implement the additional governance as requested by Ofgem and other stakeholders as per above.

Specifically, the ESO has provided the following breakdown of expected publication dates of the technical appendices update:

- Appendices B (System technical data), C (Power flow diagrams), and D (Fault Levels Peak and Minimum), which contain extensive future network data, will be published along with TCSNP2 no later than 31 March 2024.
- Appendices A (System schematics and geographic drawings), D (Fault Levels Narrative), E (FES charts), F (Contracted Generation), G (FES Nodal Demand), H (Further information) and I (Transmission losses) are expected to be published by the end of November 2023.

NOA publication delay

From further engagement with the ESO we understand that the NOA is still on track to be produced for December 2023, and the delay is to allow additional governance and extensive stakeholder engagement. The ESO plans to provide an initial indication of the results to Transmission Owners (TOs), Ofgem and DESNZ in December 2023, ahead of publication.

Specifically, the additional governance that is being introduced includes:

- ESO/TO Electricity Infrastructure Planning forum
- TCSNP committee
- Electricity Infrastructure Plan Advisory Forum

These governance forums are expected to conclude by late-January 2024, and the additional time following this is to allow for any changes to be made to the TCSNP2 publication following this governance process.

⁸ Holistic Network Design Follow up Exercise Methodology, version 3.0, November 2022, page 39, Follow-up HND timing: <https://www.nationalgrideso.com/document/270851/download>

The ESO also plans to conduct engagement with ministers across Governments in England, Wales, and Scotland ahead of the publication planned for February 2024.

ETYS

We are satisfied that the delay of four months in publication of the ETYS appendices by the requested 31 March 2024 does not have any significant negative impacts on users of the report, stakeholders, and consumers.

NOA

We are satisfied that a NOA report by 31 March 2024 that incorporates the impact of the HNDFUE and will follow an additional governance process will allow for a more robust planning process.

On balance, we are satisfied that any negative impact of the delay on stakeholders and consumers is outweighed by the benefit of the additional governance process.

The Authority's decision

ETYS

Under SLC C11(1), we direct the ESO to publish the ETYS appendices in a form approved by the Authority pursuant to paragraph 8, by 31 March 2024, instead of by 31 December 2023. See Annex 1 to this letter for our Direction.

NOA

Under SLC C27(12)(b), we direct the ESO to publish an updated NOA report by 31 March 2024, instead of by 31 December 2023. This must be based on and include the latest NOA Methodology approved by the Authority pursuant to SLC C27(7). See Annex 2 to this letter for our Direction.

This updated report shall also include the 'NOA for Interconnectors' report, which must be based on the latest NOA Methodology approved by the Authority pursuant to SLC C27(7).

If you have any questions in relation to this letter please contact Keren Maschler (keren.maschler@ofgem.gov), Konark Anand (Konark.Anand@ofgem.gov.uk), or Richard Harrap (Richard.Harrap@ofgem.gov.uk).

Yours sincerely,

Peter Bingham

Director of System planning, Engineering and New Technologies (SpENT)
For and on behalf of the Gas and Electricity Markets Authority

Annex 1

For and on behalf of the Gas and Electricity Markets Authority

DIRECTION PURSUANT TO CONDITION C11(1) OF NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED'S ELECTRICITY TRANSMISSION LICENCE IN RELATION TO THE PRODUCTION OF INFORMATION ABOUT THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM.

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(1)(b) of the Electricity Act 1989 ("the Act").
2. Standard Licence Condition ("SLC") C11(1) allows the Authority to direct NGESO to publish the Electricity Ten Year Statement ("ETYS") on a date other than 31 January in each financial year.
3. In line with Standard Licence Condition ("SLC") C11(1), following a request from NGESO, the Authority directed the NGESO to publish the ETYS appendices by 31 December 2023 instead of 30 November 2023.
4. Following an additional request by the NGESO and for the reasons set out in the letter to which this Direction is attached, the Authority has decided to direct the NGESO to publish the ETYS appendices by 31 March 2024, instead of the previously approved date of 31 December 2023.

Therefore:

In accordance with sub-paragraph 1 of SLC C11, the Authority hereby directs NGESO to publish the ETYS 2023 appendices B, C, and D by 31 March 2024, instead of by 31 December 2023.

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Act.

Peter Bingham

Director of System planning, Engineering and New Technologies (SpENT)

For and on behalf of the Gas and Electricity Markets Authority

29 November 2023

Annex 2

For and on behalf of the Gas and Electricity Markets Authority

DIRECTION PURSUANT CONDITION C27(12)(b) OF NATIONAL GRID ELECTRICITY SYSTEM OPERATOR LIMITED'S ELECTRICITY TRANSMISSION LICENCE IN RELATION TO THE NETWORK OPTIONS ASSESSMENT PROCESS AND REPORTING REQUIREMENTS.

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(1)(b) of the Electricity Act 1989 ("the Act").

2. Standard Licence Condition ("SLC") C27(12) states:

"Following publication of the initial NOA report the licensee must:

(a) review at least once in each financial year the NOA report prepared and published in the previous financial year and consider any improvements to better facilitate the development of an efficient, co-ordinated and economical system of electricity transmission; and

(b) publish an updated NOA report by 31 January or such other date as directed by the Authority in a form approved by the Authority. This must be based on and include the latest NOA methodology approved by the Authority pursuant to paragraph 7."

3. SLC C27(12)(b) allows the Authority to direct NGESO to publish an updated NOA report on a date other than 31 January.

4. In line with Standard Licence Condition ("SLC") C11(1), following a request from NGESO, the Authority directed the NGESO to publish the NOA report by 31 December 2023 instead of 31 January 2023.

5. Following an additional request from the NGESO, and for the reasons set out in the letter to which this Direction is attached, the Authority has decided to direct the NGESO to publish an updated NOA report by 31 March 2024, instead of by 31 December 2023.

Therefore:

In accordance with SLC C27(12)(b), the Authority hereby directs NGESO to publish an updated NOA report by 31 March 2024, instead of by 31 December 2023. This must be

based on and include the latest NOA methodology approved by the Authority pursuant to SLC C27(7). This updated report shall also include the "NOA for Interconnectors" report, which must be based on the latest NOA methodology approved by the Authority pursuant to SLC C27(7).

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Act.

Peter Bingham

**Director of System planning, Engineering and New Technologies (SpENT)
For and on behalf of the Gas and Electricity Markets Authority**

29 November 2023