



Future System Operator Draft Licences Consultation

SGN Response

October 2023



St Lawrence House
Station Approach
Horley
Surrey
RH6 9HJ

By email to: FSO@ofgem.gov.uk

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Response to Future System Operator Draft Licences Consultation¹

Dear Future System Operation Team,

Thank you for the opportunity to respond to the above consultation.

SGN is a gas distribution network that transports gas to 6 million customers in the Southern and Scotland licence areas. Our networks vary from the most densely populated regions of central London to the most sparsely populated regions of Scotland. Our customers are highly diverse in terms of their background, their expectations, and their needs.

We believe the role of the FSO will be key to ensuring a smooth and just whole-system transition to net-zero, as such it is crucial that the licences reflect and define exactly what that role will be. We have responded with the understanding of the FSO as it is today and has been consulted upon. It is our view that the licence as it is currently drafted extends beyond the points that were consulted upon and into areas that are currently under consultation regarding the interaction with the regional system planner. This is particularly pertinent to the Gas System Planner section. Irrespective benefits or otherwise of the proposed policy position set out in consultations it is important that the licence only reflects the agreed policy position.

We have provided a response to the questions posed within this consultation below. However, in addition to our response, we have also provided an appendix documenting recommended changes to the Gas system planner licence as we see appropriate to accommodate the needs of the gas transmission system.

Best regards,

David Handley

¹ [Future System operator Draft licence consultation](#)

Response

Q1. Does the draft ESO licence capture the policy intent set out by the joint 'Proposals for a Future System Operator' and 'Future System Operator: second policy consultation and project update' consultations?

We do not feel it would be appropriate to comment on this licence as our focus has been the Gas System planner licence.

Q2. Does the draft GSP licence capture the policy intent set out by the joint 'Proposals for a Future System Operator' and 'Future System Operator: second policy consultation and project update' consultations?

Overall, we agree with the policy intent of this licence, however, there are some clear areas which need to be revised. We have attached an appendix with our suggested revisions to make the licence more inclusive of the national transmission system, as well as improvements to the Gas network innovation strategy.

Q3. Do you have any other views or comments relating to the proposed approach to associated documents?

The Gas system planner licence is currently quite vague in relation to the NTS. In our attached appendix we have suggested where changes would be appropriate. This includes a clearer definition within the licence of which pipeline systems it is referring to, and also changes from where text specifically refers to electricity, to amend to specify to gas.

We have also included in our attached appendix suggested amendments to the gas network innovation strategy which help to clarify the

Q4. Have we correctly identified the major consequential impacts of the FSO licence proposals on other licences? Any further comments are welcome.

Within the GSP Licence SGN has identified that, currently, the boundaries of the FSO are not clearly identified. There needs to be clear definitive roles of responsibility between the FSO, Ofgem and the Gas networks.