



## **Consequential costs resulting from ESO's separation**

National Grid's response to Ofgem's consultation

February 2025

**nationalgrid**

David Beaumont,  
Office of Gas and Electricity Markets,  
10 South Colonnade,  
Canary Wharf,  
London,  
E14 4PU.

[NESORegulation@ofgem.gov.uk](mailto:NESORegulation@ofgem.gov.uk)

February 2025

**Statutory consultation on modifications to NGET's licence in relation to consequential costs from ESO separation**

Dear David,

Thank you for the opportunity to respond to Ofgem's statutory consultation on the proposed licence modifications.

In summary, we support the changes to the special conditions of the Electricity Transmission licence held by National Grid Electricity Transmission (NGET) and the the ET2 price control financial instruments.

It is worth noting that the proposed numbering (Special Condition 9.21: Termination of the OSA) duplicates Ofgem's recent statutory consultation dated 10 December 2024 on the proposed introduction of Special Condition 9.21 (Conflict Mitigation Arrangements for Onshore Electricity Transmission Tender Exercise) in to the NGET and other transmission licences. We propose that the Termination of the OSA condition is re-numbered as Special Condition 9.22 when directed in to the NGET licence.

While not a financial instrument, the regulatory reporting pack (RRP) and the regulatory instructions and guidance (RIGs) will also need updating. We would value Ofgem setting out its proposed changes in the same way that it has for the price control financial handbook (PCFH) and the price control financial model (PCFM). This will ensure that allowances for consequential costs are not lost in the RIIO-ET3 determinations and model updates.

We look forward to engaging with you further throughout National Energy System Operator's (NESO's) exit of transitional services. Should you require more information on any of the points raised in our response please contact Matthew Howson in the first instance at [matthew.howson@nationalgrid.com](mailto:matthew.howson@nationalgrid.com).

We do not consider this response to be confidential.

Yours sincerely,



Nikki Jamieson  
Chief Information and Digital Officer - Strategy and Transformation

National Grid plc  
National Grid House,  
Warwick Technology Park,  
Gallows Hill, Warwick.  
CV34 6DA United Kingdom  
Registered in England and Wales  
No. 4031152

[nationalgrid.com](http://nationalgrid.com)

**nationalgrid**