

To:
National Energy System Operator Limited

Direction under Part D of Condition G1 (Business Plan) of the Electricity System Operator Licence and G1 (Business Plan) of the Gas System Planner Licence to issue the NESO Business Plan Guidance.

1. The company to which this direction is addressed is the holder of an Electricity System Operator Licence ("ESO Licence") treated as granted under Section 6(1)(da) of the Electricity Act 1989 and a Gas System Planner Licence ("GSP Licence") granted under Section 7AA of the Gas Act 1986.
2. The Gas and Electricity Markets Authority ("the Authority")¹ issues this direction, under Conditions G1.10 of the ESO Licence (Business Plan) and G1.10 of the GSP Licence (Business Plan), to issue and put into effect the NESO Business Plan Guidance document.
3. On 27 May 2025 the Authority published the text of the proposed NESO Business Plan Guidance document on the Authority's Website² and requested that any representations were made by 08 July 2025.
4. We received 14 responses to our consultation, which we have carefully considered. We have placed these non-confidential responses on our website. The respondents suggested: changes to strengthen consultation requirements on NESO when producing its Business Plan, clarity on the requirement for NESO to produce Strategic Aims, as well as clarity on the Business Plan content and when NESO will produce its final Business Plan for the Business Plan cycle commencing 1 April 2026.
5. In order to address the issues raised in the consultation response, as well as provide further clarity in the document, it is necessary to make minor alterations to the proposed text of the NESO Business Plan Guidance document. We have set out these alterations in the NESO Business Plan Guidance published alongside this direction.
6. The reason for this direction is set out in the 'Decision on the enduring regulatory framework for NESO' document published on our website.
7. This direction is our notice of reasons for the purposes of section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.
8. The Authority, pursuant to Condition G1.10 of the ESO Licence (Business Plan) and Condition G1.10 of the GSP Licence (Business Plan) hereby directs that the NESO

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Gas and Electricity Markets Authority (GEMA) in its day to day work.

² [Consultation on NESO Business Plan Guidance | Ofgem](#)

Business Plan Guidance Document, published on our website on 22 August 2025, is issued and will have effect from 22 August 2025.

David Beaumont
Head of NESO Framework Development
Duly authorised on behalf of the Gas and Electricity Markets Authority

22 August 2025