

To:
National Energy System Operator Limited

Date: 21 August 2025

Dear Company Secretary,

Decision to modify NESO Regulatory Instructions and Guidance ("RIGs") and the Regulatory Financial Reporting Pack ("RFRP") for RIIO-2

We¹ are issuing a Direction under both National Energy System Operator Limited's ("NESO") Electricity System Operator Licence and Gas System Planner Licence to modify the RIIO-2 RIGs RFRP Guidance document and the RIIO-2 RFRP data template for the National Energy System Operator.

We have renamed the "RIIO-2 Regulatory Financial Performance Report (RFRP)" as the "RIIO-2 RFRP (Regulatory Financial Reporting Pack)" to more accurately reflect the purpose of the reporting pack for NESO.

We note this pack is an interim solution for reporting relating to 2024/25, and that the NESO RIGs and RFRP are subject to change pending the publication of our decision on the NESO enduring regulatory framework, following our recent consultation.²

Please find attached the Direction setting out the modifications that we made pursuant to the aforementioned licences.

RIGs and RFRP

The RFRP RIGs outline the reporting requirements and set out instructions and guidance for NESO regarding the RFRP template.

As part of the enclosed Notice, we provide the following documents with modifications:

- RIIO-2 NESO – RFRP Regulatory Instructions and Guidance: Version 1.0; and,
- RIIO-2 NESO - Regulatory Financial Reporting Pack: Version 1.0.

Summary of Consultation Responses

We received one response from the Licensee which broadly agreed with the proposed modifications, with a few minor changes made to the consultation version of the RIGs. These changes, confirmed with the licensee, have been incorporated into the final version of the RIGs published alongside this decision.

¹ References to 'the Authority', 'GEMA', 'Ofgem', 'we', 'us' and 'our' are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

² Consultation on the enduring regulatory framework for NESO | Ofgem published on 27 May 2025

Decision

We have decided to make a number of modifications to the RIGs and the RFRP to reflect the transition from National Grid Electricity System Operator to NESO.

A Direction modifying the RIGs and RFRP is attached as an Annex to this decision letter.

The modifications to the RIGs and the RFRP take effect on 21 August 2025.

Yours faithfully,

Mick Watson

Deputy Director of Regulatory Finance, Financial Resilience and Controls

Duly authorised on behalf of the Gas and Electricity Markets Authority

21 August 2025

Annex

National Energy System Operator Limited

(the “Licensee”)

Direction under Part A of Condition G3 (Regulatory Instructions and Guidance) of the Electricity System Operator Licence and the Gas System Planner Licence.

Whereas -

The Gas and Electricity Markets Authority (the “Authority”)³ hereby gives notice as follows:

1. The Licensee holds both an Electricity System Operator Licence granted or treated as granted under section 6(1)(da) of the Electricity Act 1989 and a Gas System Planner Licence granted under section 7AA of the Gas Act 1986 and is subject to the conditions contained in both of the aforementioned licences.
2. Part A of Condition G3 sets out the process for issuing and modifying the RIGs. In accordance with Part A of Condition G3, the Authority gave notice to the Licensee on 11 July 2025⁴ that it proposed to modify the RIGs, as set out in that notice.
3. The Notice required any representations on the proposals to be made on, or before, 9 August 2025.
4. The Authority received a response from the Licensee which generally agreed with our proposed modifications, with some minor adjustments to the consultation version of the RIGs which we have agreed with the licensee and implemented.
5. The modifications refer specifically to information required to be submitted to the Authority on or before 30 September 2025 in relation to:
 - RIIO-2 NESO – RFRP Regulatory Instructions and Guidance: Version 1.0; and
 - RIIO-2 NESO - Regulatory Financial Reporting Pack: Version 1.0
6. The purpose of the modifications is to update the RIGs and RFRP (formerly RFPR) to reflect the transition from NGESO (a private company owned by National Grid PLC) to NESO (a publicly owned not-for-profit organisation). This is due to the launching of NESO on 1st October 2024, and as such the RFRP (formerly RFPR) has been restructured to enable the collection of accurate and consistent information relating to NESO, in line with the requirements set out in the licences.⁵ Alongside this, we have also amended the RIGs to provide guidance on the sources and format of the information the Licensee is expected to provide.

³ The “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

⁴ [Notice of proposed modifications to the Regulatory Financial Reporting Pack template and guidance for NESO for RIIO-2 \(2025\) | Ofgem](#)

⁵ National Energy System Operator (NESO) launches on 1 October | National Energy System Operator

Now Therefore -

7. Pursuant to Part A of Condition G3 of both the Electricity System Operator Licence and the Gas System Planner Licence, the Authority hereby directs that the RFRP and its RIGs be amended in the manner specified in the documents published alongside this Direction.
8. The modifications take effect on 21 August 2025.
9. This Direction and the letter constitute the reasons for the Authority's decision pursuant to section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

Mick Watson

Deputy Director of Regulatory Finance, Financial Resilience and Controls

Duly authorised on behalf of the Gas and Electricity Markets Authority

21 August 2025