

Decision to grant NESO a derogation for Emergency Process Assessment

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NESO has requested a derogation from Ofgem to exclude the gas industry requirements from the 2025 submission of the Emergency Process Assessment, making it electricity focussed for the first year only. This decision letter lays out the relevant regulations, our reasoning and the direction to NESO for its derogation request.

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To: National Energy System Operator

Direction under Part G of Condition C7 (Energy resilience and resilience reporting) of the Electricity System Operator Licence and Part G of C6 (Energy resilience and resilience reporting) of the Gas System Planner Licence to provide an Emergency Process Assessment by 1 December 2025.

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.

On 24 October 2025 the Authority received an application from National Energy System Operator Ltd (“NESO”) for a derogation relieving it of its obligations under Conditions C7.12 and C7.13 of the ESO Licence (Energy resilience and resilience reporting) and C6.12 and C6.13 of the GSP Licence (Energy resilience and resilience reporting) in respect of the gas industry requirements for the submission of the Emergency Process Assessment (“EPA”) on the 1 December 2025. NESO’s application requested that the EPA for the 2025 submission be electricity focussed for the first year only.

The Gas and Electricity Markets Authority (“the Authority”)¹ issues this direction, under Conditions C7.18 of the ESO Licence (Energy resilience and resilience reporting) and C6.18 of the GSP Licence (Energy resilience and resilience reporting), to relieve NESO from its obligation to include the gas industry in the EPA to the Authority, the Secretary of State and such other parties NESO considers materially affected by the issues contained in the EPA by 1 December 2025.

This is the first time that an EPA has been delivered by NESO against their licence conditions since the launch of NESO on 1 October 2024. The EPA seeks to identify best practice, gaps and to provide recommendations to drive consistency in emergency response across electricity and gas sectors. The launch of NESO required NESO to build up significant gas capabilities. Currently, NESO does not have the capabilities to adequately deliver gas in the first EPA. To mitigate the risk of excluding gas NESO has selected a scenario that has limited impact on the gas sector. Additionally, to build up awareness and capability of the assessment, NESO have engaged with gas stakeholders to ensure they are aware of this obligation. In that engagement NESO provided the reasoning behind the request to exclude gas from the first EPA and made clear that the gas industry will be required to participate for the next EPA submission. We have engaged with the Department for Energy Security and Net Zero which is also content that the first EPA will focus on electricity.

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.

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Our decision therefore is to grant NESO a derogation allowing gas to be excluded in the first EPA. We expect NESO to have developed their capability relating to the gas industry before their next EPA assessment which will be submitted by 1 December 2026. NESO has stated it will recruit further, provide gas training and continue to build relationships with gas stakeholders. We expect NESO to keep the Authority informed on this progress. Furthermore, we expect the gas industry to be included in the next and all subsequent submissions of the EPA to the Authority, the Secretary of State and such other parties NESO considers materially affected by the issues contained in the EPA.

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. Now the Authority, pursuant to Conditions C7.18 of the ESO Licence (Energy resilience and resilience reporting) and C6.18 of the GSP Licence (Energy resilience and resilience reporting), directs that NESO provides an EPA with exclusion of the gas industry to the Authority, to the Secretary of State and such other parties NESO considers materially affected by the issues contained in the EPA by 1 December 2025.

Adam Gilham

Head of NESO Regulation, Institutions for Net Zero

Duly authorised on behalf of the Gas and Electricity Markets Authority

28 November 2025