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Konark Anand
Head, Transmission Network Planning
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

National Energy System Operator
Faraday House
Gallows Hill
Warwick
CV34 6DA

box.enexternal@neso.energy
www.neso.energy

03 December 2025

Request for derogations and direction under Independent System Operator and Planner (ISOP) Direction and Licence Terms and Conditions for C12 for Electricity Ten Year Statement (ETYS) and C13 for Network Options Assessment (NOA)/transitional Centralised Strategic Network Plan (tCSNP).

Dear Konark,

The licence background

National Energy System Operator (NESO) as per the ISOP Direction and Licence Terms and Conditions, Condition C13 has the following obligations:

- To publish the NOA report by 31 March each year following an initial report in April 2025 (licence condition C13.9(b)).
- To undertake Interconnector capacity analysis and publish the results in the same NOA report (licence condition C13.13(a)) and submit information to Ofgem (C13.18).
- To publish the Electricity Ten Year Statement (ETYS) by 31 January (licence condition C12.2).

We sought and obtained your direction in our letter dated 11 July 2024 to amend the NOA report publication date to 31 January 2026 under the previous licence condition C27 that applied to National Grid ESO before establishment of NESO on 1 October 2024. That direction letter also amended the date by which NESO must submit the NOA methodology to Ofgem from 1 August 2024 to 31 March 2025. We duly submitted the methodology to you on 31 March 2025.

We now request Ofgem approval for a direction to publish the next NOA report by the 30 June 2026 instead of 31 January 2026, to publish the ETYS by 30 June 2026 instead of 31 January 2026 and a derogation to suspend the requirement for the Interconnector capacity analysis/information submission and report from the next NOA report.

The licence condition refers to Network Options Assessment (NOA) which we call the transitional CSNP (tCSNP) as it's a bridge to the full CSNP that is covered by licence condition C17. The next iteration of the NOA is known as the refresh of the second transitional CSNP hence *tCSNP2 Refresh*. The tCSNP2 Refresh meets the NOA licence condition.

The need for further change

For the tCSNP2 Refresh to give the best quality analysis, it should have the appropriate level of data input detail. As our letter of 11 July 2024 highlighted, there has been significant uncertainty in the future strategic energy planning landscape. This includes Connections Reform, the ongoing development of the CSNP methodology and assessment for offshore coordination for INTOG and the Celtic Sea.

By delaying the analysis to take account of the most accurate available data, the tCSNP2 Refresh will produce recommendations that are the best outcome for consumers. After discussing this matter with the TOs, they have formally advocated for an extension. They cite that an extension is advisory as it enables the alignment of the TCSNP2 Refresh analysis with the Connection Reform data.

Extending the period allowed for the analysis and for publishing the report by 30 June 2026 rather than 31 January 2026 achieves these aims. We acknowledge a change to the delivery timeline would have an impact on the timings of Ofgem's determination of project approvals and funding.

New proposal for the tCSNP2 Refresh

The tCSNP2 Refresh continues to be a follow-on from the Beyond 2030 publication in the same way as described in our previous request for direction. It will provide signals for transmission projects in the middle part of the 2030s, to act as a foundation for the CSNP. Our analysis will be based on FES 25 data, Connections Reform outputs as well as the latest Holistic Network Design Follow Up Exercise (HNDFUE) designs including Celtic Sea, INTOG and the Impact Assessments.

Our revised timeline includes receiving TO reinforcement options data by 08:00 on Monday 15 December 2025 for our data quality assurance checks and then strategic options analysis from then. We will run competition eligibility assessments, governance and stakeholder engagement in Q1/Q2 2026 to enable the Refresh publication in June 2026.. To reflect these changes, we would update Appendix D tCSNP2 Refresh Key Dates for 2025/26 from our methodology to the dates in Annex 1 of this letter.

Interconnector capacity analysis

The scale of modern interconnectors has a major impact on potential network development. We have developed a new process for the SSEP and CSNP to identify the optimal strategic

parameters for potential future interconnection opportunities. It integrates the interconnector analysis into the broader network development analysis optimising multiple elements at the same time. In contrast, the existing Interconnector capacity analysis process is sequential and follows the onshore network analysis and so does not consider potential network connection issues.

The first interconnector assessment as part of the SSEP and CSNP marks a significant improvement from the existing process. We therefore believe that it is right to replace the existing Interconnector capacity analysis process with the new SSEP/CSNP interconnector assessments process. Given the SSEP, we believe the existing process should be stopped to avoid duplication and potentially conflicting results due to the different analytical approaches. Removal of the Interconnector capacity analysis has no impact on the other elements of tCSNP2 Refresh as the interconnector analysis is performed after the other tCSNP2 Refresh work. Due to suspending the analysis requirement, the information to be submitted to Ofgem under licence condition 13.18 would not be available and so we are seeking derogation from 13.18 also. Note that this means that tCSNP2 Refresh methodology annex 9, Interconnector Capacity Analysis would be withdrawn. We request Ofgem's direction to suspend the requirement for Interconnector Capacity Analysis along with the requirement to submit information to Ofgem from the tCSNP2 Refresh.

CSNP

In addition to the tCSNP2 Refresh requests, we have been discussing the impact of changing its timescales on the first iteration of the CSNP. This continues in separate discussions with Ofgem.

Electricity Ten Year Statement (ETYS)

We request a derogation for delaying ETYS publication to 30 June 2026. This is to:

- Allow the network modelling teams to focus on delivering models for the tCSNP2 Refresh and Connections Reform, which are currently scheduled concurrently with the ETYS model exchange.
- Ensure the ETYS publication reflects the most accurate forecast of the future network, incorporating the outcomes of Connections Reform and the tCSNP2 Refresh.

The delay was requested by all TOs and has the support of NESO. This adjustment does not affect the proposed tCSNP2 Refresh date. The current convergence of three major modelling activities, Connections Reform, tCSNP2 Refresh, and ETYS 2025 has created a significant burden on TO modelling teams. Currently, the ETYS model submission is scheduled to occur while the TOs are assessing 2027–2030 offers for Connections Reform, which will alter the schemes and connection works that would be forecast to be included in the models. As a result, any ETYS dataset published in January 2026 would be outdated upon release, undermining its value and creating inefficiency in downstream processes. Postponing the ETYS 2025 publication until after the 2027–

2030 offer assessments will allow TOs to integrate these updates into their model submissions, ensuring the ETYS reflects the most current network assumptions.

The delay has multiple benefits:

- It reduces the risk of errors or delays by allowing a sequential model building activity.
- It improves the quality and relevance of the ETYS dataset, enhancing its utility for strategic planning and stakeholder engagement.
- For new connection offers to be accounted for as accurately as possible ensuring that we design the network based on projects that will be progressing rather than those that will be deprioritised.
- It supports a more efficient and coordinated modelling process across NESO and TOs.

The ETYS dataset is used in some downstream processes, including charging and balancing. Following discussions with the relevant stakeholders, existing data can continue to be used without significantly impacting the downstream stakeholders.

Conclusion

We believe that our requested changes give the best consumer value as they allow for the latest and most up to date input data for the best quality analysis. It would be delivered at times that meet requirements for Ofgem's funding decision process and our wider stakeholders.

In line with our discussions with you, we request a derogation from Ofgem under licence condition:

- C13.9 (b) to publish the NOA report by 30 June 2026 instead of 31 January 2026 as directed by your letter of 30 July 2024,
- C13.22, suspending the requirement to:
    - undertake Interconnector capacity analysis and associated report as per C13.13.(a) from the 2026 report,
    - submit information to Ofgem as per C13.18, and,
- C12.14, to delay the ETYS publication requirement from 31 January 2026 to 30 June 2026.

Please can you respond and confirm your decision in writing, copying in the following email address box.enexternal@neso.energy. If you would like to discuss any of the point set out in this letter any further, please contact my colleague Victor Matilla.

Yours sincerely

Dr Paul Wakeley

Head of Electricity Network Strategy

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Annex 1

Revised tCSNP2 Refresh Key Dates for 2025/26

This table describes the key dates for the tCSNP2 Refresh in the relevant year and is updated from the tCSNP2 Refresh methodology appendix D.

Reference, number or part	Description	General timing	Specific timing for tCSNP2 Refresh 2025/26
N/A	Agree the *Basis for the cost estimate provided for each option*	October (was July)	03/10/2025 (was 18/07/2025)
SRF Part A	Boundary requirement and capability	September (was Mid May – End of June)	24/07/2025[1] (was 19/05/2025 30/06/2025)
SRF Part B	TO proposed options	Start of December (draft) Mid-December (final) (was Mid-August(draft) Mid–September (final))	08:00 on 01/12/2025 (draft) 17:00 on 15/12/2025 (final) (was 15/08/2025 (Draft) 15/09/2025 (Final))
SRF Part C	Outage requirements	Start of December (draft) Mid-December (final) (was Mid-August(draft) Mid–September (final))	08:00 on 01/12/2025 (draft) 17:00 on 15/12/2025 (final) (was 15/09/2025)
SRF Part D	Studied option combinations and their impacts on the network	Start of December (draft) Mid-December (final) (was Mid-September(final))	08:00 on 01/12/2025 (draft) 17:00 on 15/12/2025 (final) (was 15/09/2025)
SRF Part E	Options' costs	Start of December (draft) Mid-December (final) (was Mid-September (final))	08:00 on 01/12/2025 (draft) 17:00 on 15/12/2025 (final) (was 15/09/2025)
SRF Part F	Publication information	Mid-January 2026 (was Mid-October)	16/01/2026 (was 15/10/2025)
Committee meeting	System requirements and options overview	December 2025 (was October 2025)	17/12/2025
Committee meeting	Initial results	March – April 2026 (was December 2025)	Dates TBC
Committee meeting	Final results	May -June 2026 (was January 2026)	Dates TBC
N/A	Publication launched	End of June 2026 (was end of January 2026)	30/06/2026 (was 30/01/2026)

[1] Subsequent SRF Part A data will be available incorporating Connections Reform.