

To: National Energy System  
Operator Limited and any other  
interested parties

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Date: 31 March 2026

## Energy Act 2023

### Notice Pursuant to Section 170(4)

#### **Notice of Decision to modify the conditions of the Electricity System Operator Licence and the Gas System Planner Licence held by National Energy System Operator Limited (the “Licensee”).**

1. Pursuant to section 169(1) of the Energy Act 2023, the Gas and Electricity Markets Authority (“the Authority”)<sup>1</sup> has decided to modify the conditions of the Electricity System Operator (ESO) Licence and the Gas System Planner (GSP) Licence held by the Licensee granted or treated as granted under Section 6(1)(da) of the Electricity Act 1989 and Section 7AA of the Gas Act 1986 respectively, by amending the following conditions:
  - ESO Licence:
    - A1 (Definitions)
    - A2 (Interpretation)
    - B1 (Independence Requirements and compliance obligations)
    - B7 (Information ringfencing obligations)
    - C1 (General Obligations on ISOP’s activities)
    - C4 (Electricity System Restoration Standard)

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<sup>1</sup> The terms “the Authority”, “we” and “us” are used interchangeably in this document.

- C7 (Energy resilience and resilience reporting)
  - C9 (Procurement and use of Balancing Services)
  - C12 (Production of information about the National Electricity Transmission System)
  - C13 (The Network Options Assessment (NOA) process and reporting requirements)
  - C17 (Centralised Strategic Network Plan)
  - D5 (Data assurance requirements)
  - F1 (Expenditure and allowed revenue)
  - F2 (Innovation funding)
  - F3 (Recovery of transmission network revenues)
  - F5 (Financial Model and Handbook)
  - F7 (Remuneration Policy and Expenses Policy)
  - F10 (ISOP implementation funding)
  - G1 (Business Plan)
  - G2 (Performance reports and assessment)
  - G3 (Regulatory Instructions and Guidance (RIGs))
- GSP Licence:
    - A1 (Definitions)
    - A2 (Interpretation)
    - B1 (Independence Requirements and compliance obligations)
    - B6 (Information ringfencing obligations)
    - C1 (General obligations on ISOP's activities)
    - C6 (Energy resilience and resilience reporting)
    - C12 (Centralised Strategic Network Plan)
    - D4 (Data assurance requirements)
    - F1 (Expenditure and Allowed Revenue)
    - F4 (Financial Model and Handbook)
    - F5 (Remuneration Policy and Expenses Policy)
    - G1 (Business Plan)
    - G2 (Performance reports and assessment)
    - G3 (Regulatory Instructions and Guidance (RIGs))

2. We are making these changes following our decision in August 2025 on National Energy System Operator (NESO)'s enduring regulatory framework (the ['August 2025 Decision'](#)).
3. Further background, as well as a summary of the changes to the above conditions can be found in our decision on the 'Implementation of NESO's enduring regulatory

**The Office of Gas and Electricity Markets**

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framework' (the "Decision Document"). This Decision Document has been published on the same webpage as this Notice.

4. The main reason for these modifications is to implement our August 2025 Decision. The effect of these modifications is to put in place a more tailored and effective regulatory framework for NESO from April 2026 onwards. The full reasons for, and effects of, amending each of the conditions are detailed in Appendix 1 of our Decision Document.
5. The modifications outlined in this Notice have been published as subsidiary documents to our Decision Document. These can be found on our website (<http://www.ofgem.gov.uk>). Alternatively, they are available from [information.rights@ofgem.gov.uk](mailto:information.rights@ofgem.gov.uk).
6. This decision follows a statutory consultation where stakeholders were invited to make any representations with respect to the proposed licence modifications. This consultation was open from 11 December 2025 to 26 January 2026. We received 13 responses, including 11 non-confidential responses.
7. We have carefully considered and taken into account the representations made. Our response to these comments is set out in the accompanying Decision Document, which also includes the reasons for any differences between the modifications set out in the notice and the proposed modifications. We have also published a more detailed log where we have responded individually to specific drafting issues and concerns raised (see the "Drafting Issues Response Log").
8. All non-confidential responses are published alongside this Notice.
9. The decisions made with respect to this Notice will take effect from 1 April 2026.

David Beaumont

**Head of NESO Framework Development**

Energy Systems Management & Security

Signed for and on behalf of the Gas and Electricity Markets Authority

31 March 2026

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