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Date: 17 July 2026

Dear Paul,

Thank you for the letter that you sent on 9 July requesting a series of derogations from the National Energy System Operator's (NESO's) Licence Conditions (LCs) relating to electricity and gas network planning.

The Authority's decision

We agree with all your requests due to the reasons you set out in your letter.

Decision and Directions to the National Energy System Operator:

- 1. Derogation against the requirements of the Electricity System Operator (ESO) LC C12 (Production of information about the National Electricity Transmission System) in their entirety until 15 December 2028.**
- 2. Derogation against the requirements of the ESO LC C13 (Network Options Assessment (NOA) process and reporting requirements) in their entirety until 15 December 2028.**
- 3. Derogation against the requirements of the Gas System Planner (GSP) LC C8 (Gas strategic network planning) Part C (Gas Options Advice Document (GOAD)) in their entirety until 15 December 2028.**
- 4. Derogation against GSP LC C8.9 (Publication of the Gas Network Capability Needs Report (GNCNR)) from 31 December 2026 until 15 December 2028.**

Annexes 1 – 4 set out the directions to give effect to this decision.

These derogations are granted on the basis that the Centralised Strategic Network Plan (CSNP) continues to be developed in line with current expected timeframes. We are currently retaining the relevant LCs as a contingency should there be any further significant delay to the CSNP programme. In such circumstances, or generally at its discretion, Ofgem may amend or revoke these derogations as needed, and provide further direction regarding the requirement for, and timing of, any transitional network plans. Any such direction would be issued sufficiently in advance of the date on which work would reasonably be expected to commence, after consulting the licensee.

In the longer term, we expect to remove the LCs associated with planning processes that are superseded by the CSNP.

Rationale for decision

The CSNP will provide an independent, coordinated, and long-term whole-system approach to planning the electricity and natural gas transmission networks, as well as hydrogen transport and storage networks across Great Britain (GB) to help meet the government's net zero ambitions. The first CSNP is currently required to be published by 15 December 2028.

The CSNP will supersede NESO's current electricity and gas network planning processes, including the Network Options Assessment (NOA), Electricity Ten Year Statement (ETYS), Gas Options Advice Document (GOAD) and Gas Network Capability Needs Report (GNCNR). The information that is provided in these planning documents will now be included in the CSNP. Therefore, we are derogating against the requirements of LCs associated with these processes, as there is no requirement for these planning processes to be completed in addition to the CSNP.

For the GNCNR, we are granting a derogation only from the requirement to publish the report, rather than from all requirements under LC C8 Part B. This is because the GNCNR is required for National Gas Transmission plc (NGT) to respond to NESO via the Strategic Planning Options Proposal (SPOP) licence obligation (NGT Special Condition (SpC) 9.10 Part B). NESO will provide the information that would otherwise be contained within the GNCNR to NGT and Ofgem by 31 December 2026 as part of the development of the CSNP. This information will be subsequently published as part of the CSNP programme by 31 August 2027. As this data will be shared directly with NGT by the date stated in the LC and will subsequently be published as part of the CSNP process, we are derogating against its requirement to be published as a separate document.

If you have any questions in relation to this letter, please contact Edward Duggan (edward.duggan@ofgem.gov.uk) or me.

Yours sincerely,

Rebecca Pickett

Head of Energy System Planning

For and on behalf of the Gas and Electricity Markets Authority

Annex 1

DIRECTION PURSUANT TO CONDITION C12 OF NATIONAL ENERGY SYSTEM OPERATOR'S ELECTRICITY SYSTEM OPERATOR LICENCE IN RELATION TO THE PRODUCTION OF INFORMATION ABOUT THE NATIONAL ELECTRICITY TRANSMISSION SYSTEM.

Whereas:

1. National Energy System Operator (the “Licensee”) is the holder of the Independent System Operator and Planner – Electricity System Operator Licence (“the Licence”) granted or treated as granted under Part 5, section 167 of the Energy Act 2023 (“the Act”).
2. Licence Condition (“LC”) C12 is the condition as stated within the Licence.¹
3. LC C12(13) allows the Authority to provide the Licensee with a derogation relieving the licensee of its obligations under this condition to such an extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Therefore:

In accordance with LC C12(13), following a request from the Licensee, the Authority hereby provides a derogation relieving the Licensee from its obligation to fulfil the requirements of LC C12 in their entirety until 15 December 2028.

This Direction may be amended or revoked by the Authority, after such consultation as is required by the licence and upon reasonable notice, including where the Authority considers that a further direction is required in relation to the requirement for, or timing of, any transitional network plans.

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Electricity Act 1989.

Rebecca Pickett

Head of Energy System Planning

For and on behalf of the Gas and Electricity Markets Authority

17 July 2026

¹ [Electricity System Operator Licence](#)

Annex 2

DIRECTION PURSUANT TO CONDITION C13 OF NATIONAL ENERGY SYSTEM OPERATOR'S ELECTRICITY SYSTEM OPERATOR LICENCE IN RELATION TO THE NETWORK OPTIONS ASSESSMENT (NOA) PROCESS AND REPORTING REQUIREMENTS.

Whereas:

1. National Energy System Operator (the "Licensee") is the holder of the Independent System Operator and Planner – Electricity System Operator Licence ("the Licence") granted or treated as granted under Part 5, section 167 of the Energy Act 2023 ("the Act").
2. Licence Condition ("LC") C13 is the condition as stated within the Licence.²
3. LC C13(22) allows the Authority to provide the Licensee with a derogation relieving the licensee of its obligations under this condition to such an extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Therefore:

In accordance with LC C13(22), following a request from the Licensee, the Authority hereby provides a derogation relieving the Licensee from its obligation to fulfil the requirements of LC C13 in their entirety until 15 December 2028.

This Direction may be amended or revoked by the Authority, after such consultation as is required by the licence and upon reasonable notice, including where the Authority considers that a further direction is required in relation to the requirement for, or timing of, any transitional network plans.

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Electricity Act 1989.

Rebecca Pickett

Head of Energy System Planning

For and on behalf of the Gas and Electricity Markets Authority

17 July 2026

² [Electricity System Operator Licence](#)

Annex 3

DIRECTION PURSUANT TO CONDITION C8 PART C OF NATIONAL ENERGY SYSTEM OPERATOR'S GAS SYSTEM PLANNER LICENCE IN RELATION TO THE GAS OPTIONS ADVICE DOCUMENT.

Whereas:

1. National Energy System Operator (the “Licensee”) is the holder of the Independent System Operator and Planner – Gas System Planner Licence (“the Licence”) granted or treated as granted under Part 5, section 167 of the Energy Act 2023 (“the Act”).
2. Licence Condition (“LC”) C8 Part C is the condition as stated within the Licence.³
3. LC C8(17) allows the Authority to provide the Licensee with a derogation relieving the licensee of its obligations under this condition to such an extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Therefore:

In accordance with LC C8(17), following a request from the Licensee, the Authority hereby provides a derogation relieving the Licensee from its obligation to fulfil the requirements of LC C8 Part C in their entirety until 15 December 2028.

This Direction may be amended or revoked by the Authority, after such consultation as is required by the licence and upon reasonable notice, including where the Authority considers that a further direction is required in relation to the requirement for, or timing of, any transitional network plans.

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Electricity Act 1989.

Rebecca Pickett
Head of Energy System Planning
For and on behalf of the Gas and Electricity Markets Authority
17 July 2026

³ [Gas System Planner Licence](#)

Annex 4

DIRECTION PURSUANT TO CONDITION C8(9) OF NATIONAL ENERGY SYSTEM OPERATOR'S GAS SYSTEM PLANNER LICENCE IN RELATION TO THE PUBLICATION OF THE GAS NETWORK CAPABILITY NEEDS REPORT.

Whereas:

1. National Energy System Operator (the “Licensee”) is the holder of the Independent System Operator and Planner – Gas System Planner Licence (“the Licence”) granted or treated as granted under Part 5, section 167 of the Energy Act 2023 (“the Act”).
2. Licence Condition (“LC”) C8(9) states:
C8.9. The licensee must publish its Gas Network Capability Needs Report by 31 December in the Regulatory Year commencing on 1 April 2024 and every second Regulatory Year thereafter or such other date as directed by the Authority in a form approved by the Authority, on its website in a readily accessible form and manner.
3. LC C8(17) allows the Authority to provide the Licensee with a derogation relieving the licensee of its obligations under this condition to such an extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Therefore:

In accordance with LC C8(17), following a request from the Licensee, the Authority hereby provides a derogation relieving the Licensee from its obligation to publish the Gas Network Capability Needs Report until 15 December 2028.

This Direction is granted on the basis that the Licensee will provide the information that would otherwise be contained within the Gas Network Capability Needs Report to National Gas Transmission plc and Ofgem by 31 December 2026, as part of the development of the CSNP, and that this will be subsequently published as part of the CSNP programme by 31 August 2027.

This Direction may be amended or revoked by the Authority, after such consultation as is required by the licence and upon reasonable notice, including where the Authority considers that a further direction is required in relation to the requirement for, or timing of, any transitional network plans.

This Direction and the letter to which it is attached constitutes notice of the reasons for the decision pursuant to section 49A of the Electricity Act 1989.

Rebecca Pickett

Head of Energy System Planning

For and on behalf of the Gas and Electricity Markets Authority

17 July 2026