

To:
National Energy System Operator Limited

Direction under Part D of Condition G1 (Business Plan) of the Electricity System Operator Licence and G1 (Business Plan) of the Gas System Planner Licence to issue the NESO Business Plan Guidance.

1. 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.
2. The Gas and Electricity Markets Authority ("the Authority")¹ issues this direction, under Conditions G1.10 of the ESO Licence (Business Plan) and G1.10 of the GSP Licence (Business Plan), to issue and put into effect the NESO Business Plan Guidance document.
3. On 22 August 2024 the Authority published the text of the proposed NESO Business Plan Guidance document on the Authority's Website² and requested that any representations were made by 28 September 2024.
4. We received three responses to our consultation, which we have carefully considered. We have placed these non-confidential responses on our website. The respondents suggested a couple of wording changes to strengthen transparency requirements on NESO when producing its Business Plan as well as clarity on certain cost reporting. Our response to this representation is set out in the 'Decision on NESO's performance incentives framework for BP3' document published on our website.
5. In order to address the minor issues raised in the consultation response, it is necessary to make a number of minor alterations to the proposed text of the NESO Business Plan Guidance document. We have set out these alterations in the NESO Business Plan Guidance published alongside this direction.
6. The reason for this direction is to issue and put into effect the NESO Business Plan Guidance document published on our website on 8 November 2024 which sets out the key dates for the submission and determinations of the Business Plan; the contents of the Business Plan; how the Authority will assess the Business Plan; and the duration of the Business Plan cycle.
7. 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.

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.

² [Consultation on NESO Business Plan Guidance | Ofgem](#)

8. Now the Authority, pursuant to Condition G1.10 of the ESO Licence (Business Plan) and Condition G1.10 of the GSP Licence (Business Plan) hereby directs that the NESO Business Plan Guidance Document, published on our website on 8 November 2024, is issued and will have effect from 8 November 2024.

David Beaumont
Head of NESO Transition
Duly authorised on behalf of the Gas and Electricity Markets Authority

8 November 2024