

National Grid welcomes 'Electricity System Operator' decision

03 Aug 2017

National Grid welcomes Ofgem's decision today to create a National Grid Electricity System Operator (NGESO) company within the National Grid Group, legally separate from the Electricity Transmission Owner (ETO).

This decision follows the consultation Ofgem and BEIS published in January this year proposing to create a more separate role for the electricity System Operator.

National Grid CEO John Pettigrew said:

"This marks a significant milestone that enables a more secure, competitive and flexible energy system which will ultimately benefit consumers.

"We are pleased the Government and Ofgem have recognised our vast experience and expertise in balancing the electricity system and ensuring the market runs efficiently."

The NGESO will be incorporated as a separate company, wholly owned by National Grid, with its own board which will appoint three sufficiently independent directors. NGESO employees will be physically separate from any other National Grid electricity subsidiary company by April 2019.

Legal separation of the electricity System Operator within the National Grid Group is considered to be the best approach to meet the needs of a changing energy market. Separation can deliver customer value through competition, greater flexibility and efficient markets, while establishing a level playing field for all technologies.

The NGESO will carry out its existing functions, as well as taking on new responsibilities, including the promotion of smart solutions, in place of traditional network investment.

- Ends -

Contact for media information only

Corporate Media Relations Manager (Monday - Thursday)

Gemma Stokes

gemma.stokes@nationalgrid.com

+44 (0)7974 198333
+44 (0)1926 655272

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Notes for editors

Ofgem's decision can be found here: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/other/13317643.html>

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at <https://www.nationalgrid.com/group/news>

National Grid undertakes no obligation to update any of the information contained in this release, which speaks only as at the date of this release, unless required by law or regulation.

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