

National Grid welcomes new electricity System Operator proposals

Decarbonisation, decentralisation and new business models driving unprecedented change in electricity supply and demand patterns. A more independent electricity system operator within National Grid can realise benefits for consumers

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National Grid has welcomed an announcement by BEIS and the energy regulator Ofgem, confirming a joint belief that a more independent electricity system operator within National Grid can realise benefits for consumers.

Greater independence for National Grid's electricity System Operator role is considered to be the best approach to meet the needs of a changing energy market. More independence can deliver customer value through competition, greater flexibility and efficient markets, while establishing a level playing field for all technologies.

Under the proposals, the electricity System Operator 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.

Subject to consultation, the electricity System Operator will be incorporated into a separate company, wholly owned by National Grid, with its own board. Staff will be physically separate from any other National Grid electricity subsidiary company by April 2019.

National Grid CEO John Pettigrew said: "We believe National Grid is best placed to deliver the role of System Operator, especially during a time when the energy landscape is changing rapidly. The Government and Ofgem have recognised our vast experience and expertise in balancing the electricity system and ensuring the market runs efficiently.

"We share the same priorities towards keeping customer bills down, increasing certainty, enabling greener energy, and security of supply. We will be working closely with key stakeholders to achieve these objectives while further evolving the independence of the system operator role within National Grid."

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Notes for editors

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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