

# National Grid Electricity Transmission Plc

## Electricity transmission licence

### Special Conditions

We have included the sections of the licence conditions we propose to remove or amend as well as those that are relevant to our amendments below. Deletions are shown in strike through and new text is shown in red and underlined.

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# Chapter 1: Interpretation and definitions

## Special Condition 1.1 Interpretation and definitions

[...]

### Part B: Definitions

- 1.1.2 In these special conditions the following defined terms have the meanings given in the table below.
- 1.1.3 Where these special conditions state that the outputs, delivery dates and allowances for a Price Control Deliverable are located in another document, the following defined terms also have the meanings given in the table below in that document.
- 1.1.4 Where the table below states that a defined term has the meaning given to it by:
- (a) another condition of this licence;
  - (b) the ET2 Price Control Financial Instruments;
  - (c) the RIGs;
  - (d) an Associated Document; or
  - (e) the CUSC
- the defined term is to have the meaning given in that provision or document as amended from time to time.

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[...]

~~Black Start Project means a project to aid local, regional or national restoration of power following a loss of supply.~~

~~Black Start Standard means a publication from government which sets out the procedure used to restore power in the event of a total or partial shutdown of the National Electricity Transmission System.~~

[...]

Electricity System Restoration Project means a project to aid the procedure used to restore power in the event of a Total Shutdown or Partial Shutdown (each as defined in the Grid Code) of the National Electricity Transmission System

Electricity System Restoration Standard means the target Restoration Time(s) that the Secretary of State directs the licensee to have the capability to meet.

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[...]

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Restoration Time means the time it would take to energise a part or parts of the National Electricity Transmission System following a Total Shutdown or Partial Shutdown (each as defined in the Grid Code).

[...]

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## Chapter 3:

## Chapter 3: Totex Allowance adjustments

[...]

### Special Condition 3.14 Medium Sized Investment Projects Re-opener and Price Control Deliverable (MSIPRE<sub>t</sub>)

#### Introduction

- 3.14.1 The purpose of this condition is to calculate the term MSIPRE<sub>t</sub> (the Medium Sized Investment Projects Re-opener term). This contributes to the calculation of the Totex Allowance.
- 3.14.2 The effect of this condition is to:
- (a) specify the outputs, delivery dates and associated allowances for the Price Control Deliverable;
  - (b) establish a Re-opener for the licensee to trigger amendments to the Price Control Deliverable during the Price Control Period; and
  - (c) provide for an assessment of the Price Control Deliverable.
- 3.14.3 This condition also explains the process the Authority will follow when directing any changes under paragraphs 3.14.6 and 3.14.12.

#### Part A: Formula for calculating the Medium Sized Investment Projects Re-opener term (MSIPRE<sub>t</sub>)

- 3.14.4 The value of MSIPRE<sub>t</sub> is derived in accordance with the following formula:

$$MSIPRE_t = MSIPO_t - MSIPRO_t$$

where:

*MSIPO<sub>t</sub>* means the sum of allowances directed by the Authority as a result of this Re-opener; and

*MSIPRO<sub>t</sub>* has the value zero unless otherwise directed by the Authority in accordance with Part F.

#### Part B: What is the licensee funded to deliver?

- 3.14.5 Appendix 1 specifies the outputs that the licensee is funded to deliver, the delivery dates for those outputs and the allowances provided.

#### Part C: Medium Sized Investment Projects Re-opener

- 3.14.6 The licensee may apply to the Authority for a direction amending the outputs, delivery dates or associated allowances in Appendix 1 in relation to one or more of the following activities:
- (a) a Generation Connection project, including all infrastructure related to that project, the forecast costs of which are at least £11.84m more or less than

- the level that could be provided for under Special Condition 3.11 (Generation Connections volume driver);
- (b) a Demand Connection project, including all infrastructure related to that project, the forecast costs of which are at least £11.84m more or less than the level that could be provided for under Special Condition 3.12 (Demand Connection volume driver);
  - (c) a Boundary Reinforcement Project that has received a NOA Proceed Signal in the most recent NOA, and will:
    - (d) create a new boundary, or alter an existing boundary; or
    - (e) finish after 1 April 2028 but before 31 March 2031;
  - (f) a Flooding Defence Project, the purpose of which is to follow:
    - (g) updates to the Energy Networks Association's report titled 'Engineering Technical Report (ETR138)' guidance on flooding; or
    - (h) a request from government, or a body which has responsibility for flood prevention, to protect sites from flooding;
  - (i) an Electricity System Restoration Black Start Project following the publication by government of a new [establishment of an Electricity System Restoration Black Start Standard](#), published on or after 1 February 2021;
  - (j) a system operability or constraint management project that has been requested by the System Operator;
  - (k) projects that are required in order to meet NETS SQSS requirements regarding security and system operability;
  - (l) Harmonic Filtering projects that are needed following:
  - (m) requests from the licensee's customers to aggregate and deliver Harmonic Filtering requirements; or
  - (n) system studies by the System Operator or the licensee showing a need for additional Harmonic Filtering on the National Electricity Transmission System;
  - (o) protection projects that are needed following:
  - (p) system studies by the System Operator or the licensee showing a need for changes to the protection settings or replacement of protection relay with inadequate range;
  - (q) system studies by the System Operator or the licensee showing a need for dynamic line ratings; or
  - (r) system studies by the System Operator or the licensee showing a need for an operational intertrip;
  - (s) data transformation and improvement projects, to meet requests from stakeholders and recommendations from industry data working groups;
  - (t) SF6 asset interventions, where the licensee can demonstrate a well-justified intervention plan; and

- (u) ~~Black Start~~ Electricity System Restoration Projects or a Flooding Defence Project, where the licensee can demonstrate a well-justified needs case.

#### **Part D: When to make an application**

- 3.14.7 The licensee may only apply to the Authority for an adjustment under paragraph 3.14.6 Between:
- (a) 24 April 2021 and 30 April 2021;
  - (b) 25 January 2022 and 31 January 2022
  - (c) 25 January 2023 and 31 January 2023;
  - (d) 25 January 2024 and 31 January 2024; and
  - (e) 25 January 2025 and 31 January 2025.
- 3.14.8 In relation to an application under paragraph 3.14.6(k) the licensee may only apply once during the Price Control Period.
- 3.14.9 In relation to an application under paragraph 3.14.6(l) the licensee may only apply once during the Price Control Period.

#### **Part E: How to make an application**

- 3.14.10 An application under paragraph 3.14.6 must be made in writing to the Authority and include:
- (a) a statement setting out what Medium Sized Investment Project the application relates to;
  - (b) any amendments requested to the outputs, delivery dates or allowances in Appendix 1;
  - (c) a detailed justification of the technical need and, where relevant, the consumer benefit that the Medium Sized Investment Project that the application relates to is expected to deliver; and
  - (d) an explanation of the basis of the calculation any amendments requested to allowances.
- 3.14.11 An application under paragraph 3.14.6 must:
- (a) take account of any expenditure, which can be avoided as a result of the change;
  - (b) relate to costs incurred or expected to be incurred that exceed the Materiality Threshold, but are less than £100m; and
  - (c) be confined to costs incurred or expected to be incurred on or after 1 April 2021.

#### **Part F: Assessment of the Price Control Deliverable (MSIPRO<sub>t</sub>)**

- 3.14.12 The Authority will, in accordance with the PCD Reporting Requirements and Methodology Document, consider directing a value for MSIPRO<sub>t</sub> where the licensee has not Fully Delivered an output in Appendix 1.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.  
National Grid Electricity Transmission plc (company number 2366977): Special Conditions Consolidated – 24 July 2021

## Part G: What process will the Authority follow in making a direction?

3.14.13 Before making a direction under paragraph 3.14.6 or 3.14.12, the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.14.14 A direction under paragraph 3.14.6 will set out any amendments to Appendix 1.

3.14.15 A direction under paragraph 3.14.12 will set out the value of the MSIPRO<sub>t</sub> term and the Regulatory Years to which that adjustment relates.

3.14.16

### Appendix 1

#### Medium Sized Investment Project Price Control Deliverable (£m)

MSIP project	Output Delivery date	Regulatory Year					Total
		2021/22	2022/23	2023/24	2024/25	2025/26	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[...]