

To:

National Grid Electricity Transmission Plc
SP Transmission Limited
Scottish Hydro Electric Transmission Plc
National Grid Electricity System Operator Limited

**Electricity Act 1989
Section 11A(2)**

Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity transmission licence held by each of the above licensees

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the Standard Conditions of the electricity transmission licence held by each of the licensees ("the licensees") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by:
 - a. Amending the existing Special Conditions, including the Price Control Financial Handbook; and
 - b. Issuing the NARM Handbook and Network Asset Risk Workbook, which form part of Special Condition 3.1 (Baseline Network Risk Output).
2. The reasons and effects of these proposed modifications together with the full text of the proposed modifications can be found on our website², alternatively they are available from foi@ofgem.gov.uk. Modifications that were substituted by the CMA's Order³ on RIIO-2 Appeals⁴ are shown in green highlight. Modifications that have been made already - but are still in the 56 day standstill period before they take effect - are shown in cyan highlight.
3. In addition, further details and background on these proposed changes are set out in the following documents:
 - a. CMA's Order in relation to joined ground D 'licence modification process' following the Energy Licence Modification Appeals 2021.
 - b. Ofgem's Consultation on Licence fee cost recovery principles⁵.
4. Any representations with respect to the proposed licence modifications must be made on or before 17th January 2022 to: Dale Winch, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to Dale.Winch@ofgem.gov.uk.
5. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² <https://www.ofgem.gov.uk/publications/statutory-consultation-proposed-changes-riio-2-transmission-and-gas-distribution-licences>

³ CMA's Final Determinations and order in the Energy Licence Modification Appeals, issued on 28 October 2021. [Energy Licence Modification Appeals 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101444/Energy_Licence_Modification_Appeals_2021_-_GOV.UK_(www.gov.uk))

⁴ <https://www.gov.uk/cma-cases/energy-licence-modification-appeals-2021>

⁵ [Licence fee cost recovery principles - proposed minor amendments December 2021 | Ofgem](https://www.ofgem.gov.uk/publications/consultation-proposed-changes-riio-2-transmission-and-gas-distribution-licences)

6. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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Laura Nell
Interim Deputy Director
Duly authorised on behalf of the
Gas and Electricity Markets Authority

15/12/2021