

To:
National Grid Electricity Transmission Plc ('NGET')

Direction under Part B of Special Condition 3.7 (Non-Operational IT Capex Re-opener) of an additional Re-opener application window

1. NGET is the holder of a licence granted or treated as granted under s.6(1)(b) of the Electricity Act 1989 (the 'Act').
2. Special Condition 3.7 of NGET's licence establishes a Re-opener triggered by either the licensee or the Authority¹ for Non-operational IT Capex. The licensee may only apply to the Authority for a direction adjusting the value of the Non-operational IT Capex Re-opener (NOIT_t) term during the periods set out in paragraphs 3.7.5(a) and 3.7.5(b) and such other periods as the Authority may direct under paragraph 3.7.5(c).
3. In April 2021, NGET submitted a Re-opener application in respect of the needs case, option selection and initial costs of its Integrated Energy Management systems (IEMs)/Transmission Network Control Centre (TNCC)/Supervisory Control and Data Acquisition (SCADA) project (the 'Project'). On 1 September 2021,² we consulted on NGET's Re-opener application and will be making a decision in due course. Further to this, we acknowledged that the costs incurred for the latter stages of the Project remained uncertain at the time of the April 2021 Re-opener application but that greater clarity and certainty should be available towards the end of 2021. To maximise consumer value and negate the risk exposure for all parties, we considered it appropriate to assess these costs in an additional Re-opener application window in 2022.
4. Ofgem had originally issued a direction under paragraph 3.7.5(c) on 29 November 2021 for an additional Re-opener application window between 24 and 28 January 2022. Since this was issued NGET have informed us of a delay to finalising their procurement process. To ensure the best quality information is available for the application and to maximise consumer value NGET have requested whether an application window could be provided for the 7 March 2022. Ofgem considered the above and has decided that it is in the best interests of consumers to issue a new additional Re-opener application window between 7 March and 11 March 2022, which will enable NGET to submit its Re-opener application under Special Condition 3.7.
5. On the basis of the above and pursuant to paragraph 3.7.5(c), the Authority hereby directs an additional Re-opener application window between 7 and 11 March 2022 to enable NGET to apply to the Authority for a direction adjusting the value of the NOIT_t term in respect of the costs for the next phase of the Project that are within the scope of paragraph 3.7.4. Any application must comply with the requirements set out in Special Condition 3.7.

¹ 'We' and the 'Authority' are used interchangeably in this document and refer to the Gas and Electricity Markets Authority.

² [NGET Non Operational IT Capex Re-Opener Consultation \(IEM-TNCC-SCADA\)](#)

6. This document constitutes notice of the Authority's reasons for the direction for the purposes of s.49A of the Act.

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Min Zhu
Deputy Director
Duly authorised on behalf of the
Gas and Electricity Markets Authority

28/01/2022