

**To: 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 National Grid Electricity System Operator Ltd**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the special conditions ('SpCs') of the electricity transmission licence ('the licence') held by National Grid Electricity System Operator Ltd ('NGESO') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending (a) a definition in SpC 1.1 (Interpretation and definitions) relevant to SpC 2.3 (Business Separation requirements and compliance obligations); and (b) SpC 2.7 (Prohibition on engaging in preferential or discriminatory behaviour). Proposed modifications are shown in annexes 1 and 2 to this notice, respectively.
2. The reason we are proposing these modifications is because National Grid plc has purchased a group of distribution licensees (previously known collectively as Western Power Distribution), and NGESO's existing licence conditions related to business separation could usefully be modified to ensure that they also cover electricity distribution licensees within the National Grid Group.
3. The effect of the proposed modifications is to ensure that appropriate obligations for business separation (in particular between NGESO and the distribution licenses within the group) will be provided within the licence. The proposed modifications extend NGESO's existing business separation obligations to cover distribution licensees within the National Grid Group and explicitly prevent NGESO from unduly preferring or discriminating against any distribution licensee, in addition to the extant condition applying to transmission licensees.
4. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk).
5. Any representations with respect to the proposed licence modifications must be made on or before [19 08 2022] to: James Hill, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [James.Hill@Ofgem.gov.uk](mailto:James.Hill@Ofgem.gov.uk).
6. 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.
7. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

**David Beaumont**  
**Head of ESO Regulation**

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

**Duly authorised on behalf of the  
Gas and Electricity Markets Authority**

**[21 July 2022]**