

National Grid Electricity Transmission plc and other
stakeholders

Email: joe.draissey@ofgem.gov.uk

Date: 29 August 2023

Proposal to issue a direction under Special Condition 3.7.6 of the electricity transmission licence ('the Licence') held by National Grid Electricity Transmission plc ('the Licensee') to correct allowances allocated in the direction dated 20 June 2023

1. On 20 June 2023 the Authority issued a direction¹ to, among other things, amend the Licensee's Special Condition 3.7 Appendix 1: Total Non-operational IT Capex Re-opener allowance (£m).
2. The direction contained an error in setting out the allowances in Appendix 1. The direction explained in paragraph 9 that our intention was to add a total of £125.158m in allowances into the NGET licence, on top of the existing 5.245m, creating a new total of £130.403m. Of the total £130.403m in allowances, £52.594m had Price Control Deliverables (PCDs) attached to them.
3. When creating Appendix 1, we mistakenly reduced the figures by subtracting the values of the PCD allowances. We are now proposing to correct this error by adding the PCD allowances into Appendix 1, as originally intended and in line with paragraph 9 in the original direction.
4. We can confirm that the remaining amendments made in the 20 June 2023 direction, including the correlating PCDs, were correctly included in Appendix 2: Non-Operational IT Capex Price Control Deliverable (£m) as set out in Annex 2 of the 20 June 2023 direction.

¹ [Direction under NGET's licence to award additional funding and to add a new Re-opener application window | Ofgem](#)

5. We are proposing to correct the values in Special Condition 3.7 Appendix 1 to the values intended in the original direction. These values are set out in the draft direction text in Annex 1 below.
6. Any representations with respect to the proposed direction must be made on or before 27 September 2023. These should be sent to Joe Draisey, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to Joe.Draisey@ofgem.gov.uk.
7. We will publish the non-confidential responses we receive on our website. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

Yours sincerely,

Jourdan Edwards

Interim Deputy Director, Onshore Networks

For and on behalf of the Authority

Appendix 1 – Draft Direction

Direction under Special Condition 3.7.6 of the electricity transmission licence ('the Licence') held by National Grid Electricity Transmission plc ('the Licensee') to correct allowances allocated in the direction dated 20 June 2023

A1.1 National Grid Electricity Transmission plc is the holder of a licence granted or treated as granted under s.6(1)(b) of the Electricity Act 1989 (the 'Act').

A1.2 The Gas and Electricity Markets Authority ('the Authority')² issued a direction³ on 20 June 2023 to amend Special Condition 3.7 Appendix 1: Total Non-operational IT Capex Re-opener allowance (£m). The direction contained an error in setting out the allowances in Appendix 1 of the licence.

A1.3 The direction contained an error in setting out the allowances in Appendix 1. The direction explained in paragraph 9 that our intention was to add a total of £125.158m in allowances into the NGET licence, on top of the existing 5.245m, creating a new total of £130.403m. Of the total £130.403m in allowances, £52.594m had Price Control Deliverables (PCDs) attached to them.

A1.4 On 29 August 2023 we published a proposal to issue a direction, which would correct this error.

A1.5 [The Authority received [x] confidential / non-confidential representation(s) and has placed it on [ofgem.gov.uk](https://www.ofgem.gov.uk).]

A1.6 Having considered all representations, the Authority has [decided to / decided not to] proceed with making this direction for the following reasons [x].

A1.7 This document constitutes notice of the Authority's reasons for the direction for the purposes of s.49A of the Act.

A1.8 Pursuant to Special Condition 3.7.6, the Authority hereby directs the changes to Appendix 1 Special Condition 3.7 as set out in Table 1.

² The terms "the Authority", "we" and "us" are used interchangeably in this document

³ [Direction under NGET's licence to award additional funding and to add a new Re-opener application window | Ofgem](#)

Table 1: Total Non-operational IT Capex Re-opener allowance (m)

	<u>Regulatory Year</u>						
	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Contingency</u>	<u>All years</u>
<u>Re-opener Allowance</u>	<u>3.461</u>	<u>12.850</u>	<u>26.215</u>	<u>14.935</u>	<u>12.475</u>	<u>7.875</u>	<u>77.809</u>
<u>Re-opener Allowance</u>	<u>3.461</u>	<u>29.271</u>	<u>42.957</u>	<u>25.997</u>	<u>28.718</u>		<u>130.404</u>

A1.9 This direction under Special Condition 3.7.6 will take effect immediately.

Yours sincerely,

Jourdan Edwards

Interim Deputy Director, Onshore Networks

For and on behalf of the Authority