

National Grid Electricity Transmission plc and other stakeholders

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Date: 26 October 2023

**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. 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').
2. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> issued a direction<sup>2</sup> 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.
3. The direction explained in paragraph 9 that the Authority's intention was to add a total of £125.158m in allowances into the NGET licence, in addition to the existing £5.245m, creating a new total of £130.403m. Of the £130.403m in allowances, £52.594m had Price Control Deliverables (PCDs) attached to them.
4. On 17 August 2023 the Authority published a proposal to issue a direction, to correct this error.
5. The Authority received one non-confidential representation and has placed it on [ofgem.gov.uk](https://www.ofgem.gov.uk). This representation, from the Licensee, agreed with our proposal. It also requested that The Authority pauses publishing this correction to allow time to explore wider issues on the wider project timeline.

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

<sup>2</sup> [Direction under NGET's licence to award additional funding and to add a new Re-opener application window | Ofgem](#)

6. Having considered this representation, the Authority has decided to proceed with making this direction as the single representation agreed with the core proposal. The Authority will engage on the separate issues raised by the Licensee outside of this process.
7. This document constitutes notice of the Authority's reasons for the direction for the purposes of S.49A of the Electricity Act.
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.

**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>

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**