

National Grid Electricity Transmission Plc

Date: 9 October 2023

Notice to vary the conditional direction under Special Condition 3.32.8 of the electricity transmission licence held by National Grid Electricity Transmission Plc (the Licensee) to add allowance for Civil Related Works

1. On 28 April 2023 we issued a direction under Special Condition (SpC) 3.32.8 to add Appendix 1 to SpC 3.32 (Civil Related Works Re-opener (CWRt)), conditional on the outcome of the Statutory Consultation published on 28 April 2023 on amending the definition of "Civil Related Works" and "Use It Or Lose It Adjustment" in SpC 1.1.16 and on amending SpC 3.32 to enlarge the scope of the Civil Related Works Re-opener and to enable the allowance for Civil Related Works to be subject to a Use It Or Lose It Adjustment. The direction will take effect if and when the modification of the definition of "Civil Related Works" and "Use It Or Lose It Adjustment" and the amendments to SpC 3.32 take effect.
2. On 26 May 2023, as part of NGET's response to the statutory consultation dated 28 April 2023 as mentioned above, NGET requested the two Use-It-Or-Lose-It (UIOLI) funding pots for 'Plant Status Intervention' and 'Site Condition Monitoring' be merged into one under SpC 3.32.8 to help them to take a more efficient approach and reduce overall costs.
3. Our original intent to award fundings in four UIOLI pots for the four categories of works is to allow flexibility for NGET to deploy the funding within each category of works. We recognised that the works identified under 'Plant Status Intervention' and 'Site Condition Monitoring' are similar in nature, and the difference is the quality of condition data. After careful consideration of the consultation response, we have decided to vary our direction issued on 28 April 2023 to merge the two UIOLI funding pots into one, as on balance it represents a better outcome for consumers by allowing more flexibility for NGET to deploy the funding. We consider the merger of the two UIOLI funding pots to provide more benefits to consumers than the original proposal. These benefits include:
 - a. greater flexibility in the use of funding, enabling more effective prioritisation of interventions for efficient delivery;

- b. enables the delivery of works within the same site to be delivered as a single work package, avoiding repeated visits to a site and the additional cost to consumers; and
 - c. the efficiencies realised in delivery could be utilised to fund further essential Civil Related Works identified by NGET during the ET2 price control period.
- 4. Attached to this letter is the varied direction. It constitutes notice of the Authority's reasons for the decision pursuant to section 49A of the Act.

Yours sincerely,

Jourdan Edwards

Interim Deputy Director, Onshore Networks

Duly authorised on behalf of the Gas and Electricity Markets Authority

Annex 1 – Variation of Direction

This varied direction will add Appendix 1 to Special Condition 3.32. Text proposed to be added is double underscored.

Appendix 1

Civil Related Works Re-opener Term CWRT (£m)

<u>Regulatory Year</u>					
<u>Category of Works</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>All years</u>
<u>Plant Status</u> <u>Interventions & Site</u> <u>Condition</u> <u>Monitoring</u>	<u>1.377</u>	<u>5.265</u>	<u>5.265</u>	<u>5.265</u>	<u>17.172</u>
<u>Fixed Wiring</u>	<u>0.838</u>	<u>0.774</u>	<u>0.774</u>	<u>0.710</u>	<u>3.097</u>
<u>Urgent Unforeseen</u> <u>Interventions</u>	<u>0.270</u>	<u>1.270</u>	<u>1.270</u>	<u>1.270</u>	<u>4.080</u>
<u>Total</u>	<u>2.485</u>	<u>7.309</u>	<u>7.309</u>	<u>7.245</u>	<u>24.349</u>