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Dear Nigel

Directions pursuant to sub-paragraph 7(a) of standard licence condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the transmission licence

Background

National Grid Company plc ("the Licensee") holds a licence granted, or treated as granted, under section 6(1)(b) of the Electricity Act 1989 to participate in the transmission of electricity ("the Licence").

Pursuant to paragraph 7 of standard licence condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) ("C18") of the Licence, the Licensee is required to make offers ("GB offers"), within particular periods of time:

- (a) to enter into agreements to connect to or use the GB transmission system with all existing Scottish users;
- (b) to amend such of the existing agreements between it and existing other users for connection to or use of the licensee's transmission system as are necessary to ensure that all of those agreements will, with effect from the BETTA go-live date, become agreements for connection to or use of the GB transmission system; and
- (c) subject to paragraph 8 of standard licence condition C18, to enter into agreements to connect to or use the GB transmission system with all applicants.

Ofgem/DTI have published three open letters dated 19 November 2004¹ ("the November letter"), 17 December 2005² and 28 January 2005³ which have discussed and concluded that,

¹ Entitled, "BETTA open letter on likely late issuance of offers under standard licence condition C18 of the electricity transmission licence".

given a number of constraints upon electricity licensees, it is appropriate for the Authority to issue directions and grant consents pursuant to paragraph 7 of standard licence condition C18 of the Licence to extend the periods of time prescribed for the issue of GB offers in particular circumstances.

The Authority issued directions and granted consents on 28 January 2005⁴, including a direction pursuant to sub-paragraph 7(a) of standard licence condition C18 of the Licence to extend the time frame to 1 March 2005 for making a GB offer to existing other users and existing Scottish users who had an agreement as at 1 September 2004 to connect to or use the GB transmission system and who shall not be connected to or using the GB transmission system by the BETTA go-live date.

The Authority issued further directions and granted further consents on 25 February 2005⁵, including a direction pursuant to sub-paragraph 7(a) of standard licence condition C18 of the Licence to extend the time frame to 25 April 2005 for making a GB offer to existing Scottish users who had an agreement as at 1 September 2004 to connect to or use the GB transmission system and who shall not be connected to or using the GB transmission system by the BETTA go-live date.

Further direction extending time frame for GB offers for a number of existing Scottish users

On 18 April 2005 the Authority received a letter from the Licensee requesting that the Authority issue a further direction in respect of 36 sites (identified in annex 1 to this letter) for a number of existing Scottish users who had an agreement as at 1 September 2004 to connect to or use the GB transmission system and who were not connected to nor using the GB transmission system at the BETTA go-live date under sub-paragraph 7(a) of standard licence condition C18 of the Licence to extend the time frame for making GB offers to these users to 31 May 2005. The Licensee requested the direction as a result of:

- the need for the Licensee to request revised TO construction offers from the transmission owners in respect of sites for 9 users who have recently requested changes to the charging arrangements in their GB offers
- the resource constraints caused by the higher than expected level of queries from connected existing users in respect of GB offers, compounded by the diversion of resources to manage the referral of a number of GB offers to Ofgem

² Entitled, "BETTA open letter on proposed changes to Standard Licence Conditions C18, C8, D15 for Transmission Licences, Section 12 of the CUSC, Section I of the STC – and transitional licence obligations for all generation, distribution and supply licensees to reflect the possible late issuance of GB offers under transmission licence conditions SLC C18 and other required changes".

³ Entitled, "BETTA open letter on proposed changes to Standard Licence Condition ("SLC") C18 of the transmission licence, other SLCs, the CUSC and the STC to reflect the possible late issuance of GB offers under SLC C18 and other required changes: Ofgem/DTI Conclusions Invitation of views on the proposal by the Secretary of State to exercise powers to further amend SLC C18 in relation to the treatment of Embedded Exemptable Large Power Stations: Ofgem/DTI Consultation"

⁴ "Directions and consents pursuant to paragraph 7 of standard licence condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the transmission licence", January 2005 Ofgem ref 17/05

⁵ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/10449_6905.pdf

- the requirement to reconcile a number of differences between the agreement that the user entered into with the relevant transmission licensee before 1 September 2004 and the GB offer made by the Licensee which are proving more time consuming to address than the Licensee anticipated, and
- the need for the Licensee to seek clarification or further detail from the transmission owners on some information contained in the TO construction offers.

The Authority has considered NGC's request in accordance with its principle objective and general duties and in the light of the following advice from NGC:

- NGC has advised that it continues to work closely with the Scottish transmission owners to clarify the outstanding matters identified above
- NGC's assurance that, notwithstanding the extension requested, it will continue to issue offers as soon as it is practicably able to do so, and
- NGC has confirmed that the extension of timescales for the production of GB offers for these users should have little or no significant impact on the timescales in which these users can connect to or use the GB transmission system and that it is not proposed that the change in the dates set out above will affect the infrastructure requirements upon which GB offers are made conditional.

For these reasons the Authority has decided to issue a direction extending the time frame for making GB offers to 31 May 2005 for the sites identified in annex 1.

The Authority, in making this direction, notes that NGC has made the Authority aware that it may request the Authority to revise this date, particularly if NGC does not receive the information it requires from Scottish users to make such offers. The Authority will give careful consideration to such possible future requests.

Direction

Annex 1 to this letter contains a direction pursuant to sub-paragraph 7(a) of standard licence condition C18 of the Licence to extend the time frame for making a GB offer to the 36 sites identified in annex 1 all of which are existing Scottish users who had an agreement as at 1 September 2004 to connect to or use the GB transmission system and who were not connected to nor using the GB transmission system at the BETTA go-live date.

Unless the context otherwise requires, words and expressions used in the Licence shall bear the same meaning in this letter and the annexes to it.

Yours sincerely



David Haldearn
Director, Scotland and Europe
Signed on behalf of the Authority and authorised for that purpose

Annex 1

Direction pursuant to sub-paragraph 7(a) of standard licence condition C18 of the Licence to extend the time frame for making a GB offer to existing Scottish users in respect of the 36 sites identified below who had an agreement as at 1 September 2004 to connect to or use the GB transmission system and who were not connected to nor using the GB transmission system at the BETTA go-live date

Pursuant to sub-paragraph 7(a) of standard licence condition C18 of the Licence, the Authority hereby directs that the Licensee shall make an offer in accordance with paragraph 3 of standard licence condition C18 of the Licence to each existing Scottish user in respect of the sites identified in the table below who, as at 1 September 2004, had an agreement with (or had accepted an offer from) a Scottish licensee for connection to or use of a Scottish licensee's transmission system and who were not connected to nor using the GB transmission system at the BETTA go-live date, as soon as reasonably practicable after the date upon which this condition takes effect in the Licence and, in any event, by 31 May 2005 or such later date as the Authority may direct for these purposes.

Sites for which a GB offer will be made by 31 May 2005, or such later date as the Authority may direct:

	TO Area	Site Name		TO Area	Site Name
1	SP	Hadyard Hill	19	SSE	Ardkinglas
2	SP	Clyde	20	SSE	Largie Wind
3	SP	Whitelee	21	SSE	Eredine Forest Wind
4	SSE	Edinbane Wind	22	SSE	Fairburn Wind
5	SSE	Griffin Wind Farm	23	SSE	Clashindarroch Wind
6	SSE	Millenium Wind	24	SSE	Berry Burn Windfarm
7	SSE	Farr Wind Farm	25	SSE	Dunbeath Wind Farm
8	SSE	Gordonbush Wind	26	SSE	Fairwind
9	SSE	Strath Brora Wind	27	SSE	Mid Hill Wind
10	SSE	Aultmore Wind Farm	28	SSE	Camster Windfarm
11	SSE	Eishken Estate	29	SSE	Inverleiver Forest Wind
12	SSE	Abercairny Wind	30	SSE	Strathy North & South Wind
13	SSE	Carraig Gheal Wind Farm	31	SSE	Akron Wind
14	SSE	Luichart Wind	32	SSE	Lairg – Achany Wind Farm
15	SSE	North Nesting Wind	33	SSE	Tomatin Windfarm
16	SSE	Glendoe Hydro	34	SSE	Causeymire
17	SSE	Parc (South Lochs) Wind	35	SSE	Hill of Lieurary
18	SSE	Paul's Hill Wind	36	SSE	Beatrice