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National Grid Electricity Transmission plc,
STC Signatories and Other Interested Parties

Direct Dial: 020 7901 7355

16 September 2005

Our Ref: IND/COD/STC/CA014

Dear Colleague,

Modification to the System Operator - Transmission Owner Code ("STC") - Decision and Notice in relation to Proposed Amendment CA014 "Change of name for National Grid Company plc (NGC) and Consequential Amendments to the STC".

The Gas and Electricity Markets Authority (the "Authority"¹) has carefully considered the issues raised in the Amendment Report² in respect of Proposed Amendment CA014 "Change of name for National Grid Company plc (NGC) and Consequential Amendments to the STC".

The Committee recommended to the Authority that the Proposed Amendment should be made with a proposed Implementation Date of five Business Days after an Authority decision.

Having considered the Amendment Report and the recommendation of the Committee, and having regard to the Applicable STC Objectives³ and Ofgem's wider statutory

1 Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

2 CA014 Amendments Report dated 25 August 2005.

3 The applicable STC objectives are contained in General Condition B12 of the Licence to transmit electricity treated as granted to NGET under section 6 of the Electricity Act 1989 (the "Transmission Licence") and are:

(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act (as amended);
(b) development, maintenance and operation of an efficient, economical and co-ordinated system of electricity transmission;
(c) facilitating effective competition in the generation and supply of electricity, and (so far as is consistent therewith) facilitating such competition in the distribution of electricity;
(d) protection of the security and quality of supply and safe operation of the GB transmission system insofar as it relates to interactions between transmission licensees; and
(e) promotion of good industry practice and the efficiency in the implementation and administration of the arrangements described in the STC.

duties⁴, the Authority has decided to direct an amendment to the STC in line with CA014 as detailed in the Amendment Report.

This letter explains the background to CA014, and sets out the Authority's reasons for its decision. This letter constitutes notice by the Authority under section 49A of the Electricity Act 1989 in relation to the direction.

Background

A motion was submitted to the National Grid Transco plc Annual General Meeting, held on 25 July 2005, which sought shareholder approval to change the name of that group company from "National Grid Transco plc" to "National Grid plc".

Approval of that motion prompted the renaming of certain subsidiary companies in the group. In particular, the existing subsidiary name "National Grid Company plc" was considered to be too similar to the new group name "National Grid plc". It was therefore agreed that the subsidiary "National Grid Company plc" would become "National Grid Electricity Transmission plc".

This name change took legal effect at Companies House on 26 July 2005. That subsidiary company is the holder of a Transmission Licence, but is still referred to by its old name in the STC.

In order to rectify this situation, National Grid Electricity Transmission plc submitted CA014, "Change of name for National Grid Company plc (NGC) and Consequential Amendments to the STC" on 19 July 2005.

The Modification Proposal

CA014 proposes to update the STC such that it reflects the change in the name of the Transmission licensee from National Grid Company plc to National Grid Electricity Transmission plc.

Respondents' views

No responses were received following the publication of the Proposed Amendment Report.

STC Committee views

The STC Committee believes that altering the STC in line with CA014 would aid the promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.

⁴ Ofgem's statutory duties are wider than the matters that the Panel must take into consideration and are detailed in sections 3A to 3C of the Electricity Act 1989.

Ofgem's view

Having considered the Amendment Report in the context of the Applicable STC Objectives and its statutory duties, Ofgem considers that CA014 would aid the promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC by ensuring that it clearly identifies its signatories. CA014 therefore better facilitates Applicable STC Objective (e).

If you have any queries in relation to the issues raised in this letter, please feel free to contact Richard Hall on 020 7901 7335.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. N. Simpson', written over a horizontal line.

Nick Simpson

Director, Modifications

Signed on behalf of the Authority and authorised for that purpose by the Authority