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value for all customers*

National Grid Electricity
Transmission plc,
Scottish Hydro-Electric
Transmission Limited, SP
Transmission Limited, users of
the electricity transmission
system, consumer groups and
other interested parties

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09 February 2007

Dear Colleague,

Proposed modification of standard licence condition (SLC) C9 ('Functions of the Authority')

It has come to the Authority's attention that agreements made between National Grid Electricity Transmission plc ("NGET") and users to connect to the GB transmission system under SLC C18 ('Requirement to offer terms for connection or use of the GB transmission system during the transition period') do not contain the same right of referral to the Authority as agreements made between NGET and users under either SLC C8 ('Requirement to offer terms') or SLC 9 ("Functions of the Authority").

The consequence of this difference is that in respect of agreements between NGET and users entered under SLC C18, neither party has the ability to make a reference to the Authority for determination should either party wish to vary the terms of such an agreement. As a result there is a danger that parties entering into an agreement under SLC C18 may not enjoy the same rights compared with parties who have entered into agreements under SLC C8 or SLC C9.

To resolve this disparity Ofgem proposes to modify paragraph 4 of SLC C9 to make it clear that the provisions contained in this paragraph apply to agreements entered into under SLC C8, SLC C9 and SLC C18. Attached is the proposed draft licence modification for information.

We would welcome any comments that you may have on this proposal by 9 March 2007.

Yours faithfully,

Robert Hull
Director, Transmission

Condition C9: Functions of the Authority

4. If in respect of any bilateral agreement or construction agreement entered into pursuant to standard condition C8 (Requirement to offer terms) or standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable”