

NOTICE UNDER SECTION 11(2) OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice pursuant to section 11(2) of the Electricity Act (the "Act") as follows:

1. The Authority proposes to modify the electricity transmission licence treated as granted to SP Transmission plc (company number SC189126) (the "Licensee") under section 6(1)(b) of the Act by amending Schedule C (Supplementary Provisions to Special Condition J3 (Restriction of transmission charges: Transmission Investment for Renewable Generation)) ("Schedule C") in the manner set out in Appendix 1 of this Notice.
2. The purpose and effect of these licence modifications is to implement changes to Schedule C to amend the Output Measures table for Sloy.
3. The reasons why the Authority proposes to modify Schedule C are set out in the Explanatory Notes in Appendix 2 of this Notice.
4. Any representations or objections to the proposed modifications must be made in writing on or before 3rd January 2008 to David Hunt at the Office of Gas and Electricity Markets (Ofgem), 9 Millbank, London SW1P 3GE, or via e-mail to david.hunt@ofgem.gov.uk

Robert Hull

Director, Transmission

Authorised on behalf of the Authority

Date

22nd November 2007

Inverarnan - Dalmally	Circuit does not presently exist.			Circuit does not presently exist.			275	760	620
Inverarnan - Windyhill	Circuit does not presently exist.			Circuit does not presently exist.			275	760	620

Appendix 2

Explanatory Notes

1. Paragraph 12 of Special Condition J3 (Restriction on Transmission Charges: Transmission Investment for Renewable Generation) (“SC J3”) sets out the process for amending the output measures in Schedule C (Supplementary Provisions to Special Condition J3 (Restriction of transmission charges: Transmission Investment for Renewable Generation)) (“Schedule C”) to that condition. An output measures adjusting event means a “relevant amendment to the scope of the construction works” (as defined in paragraph (6)(b)(ii) of SC J3) which the Authority is satisfied is expected to cause a material change in the output measures specified in Schedule C.
2. Where a Licensee considers that an output measures adjusting event has taken place the Licensee is required to give notice of the event to the Authority as soon as practicable. A notice of an output measures adjusting event must be accompanied by a statement from independent technical advisors setting out the amended scope of construction works, setting out the reasons why the licensee believes it is an output measures adjusting event, details of the proposed adjustment, how the adjustment is calculated and any other relevant information or analysis.
3. Where the Authority receives a notice of a proposed output measures adjusting event, the Authority is required, after consultation with the Licensee and such other persons as it considers necessary, to determine whether such an output measures adjusting event has occurred. If so, the Authority must then determine an output measures adjustment in relation to that event. The Authority is also required to publish a notice stating the output measures adjustment for the transmission investment project and the reasons for the determination.
4. In accordance with the provisions of paragraph 12 of SC J3 SP Transmission plc (“the Licensee”) has given notice to the Authority that it considers an output measures adjusting event has occurred in relation to the Sloy works, as set out in Schedule C. The output measures adjusting event relate to the following projects as set out in Schedule C:
 - a. Inverarnan-Dalmally No. 1
 - b. Inverarnan-Dalmally No. 2
 - c. Inverarnan-Windyhill No. 1
 - d. Inverarnan-Windyhill No. 2
5. Previously approval was granted for the establishment of a new 275/132kV substation near Inverarnan to facilitate the connection of renewable generation in the southwest of the SHETL transmission area. The approved system configuration provided a 275kV ‘double tee’ arrangement at Inverarnan. In view of the existing 275kV and 132kV overhead line arrangements and topographical, environmental and access constraints, highlighted as part of the detailed scheme design, it is proposed that the approved design for Inverarnan 275kV substation is modified to an alternative 275kV ‘three-switch’ connection. This solution will reduce environmental impact due to overhead line deviations, terminal tower configurations and substation footprint, ease construction difficulties and improve overall deliverability of the project. These changes will result in two connection points rather than four which requires a change to the output table, no calculations were made as the capability of the equipment has not changed. The revised design meets the declared project objectives and the delivery capability of the project post construction will not be impacted. The work was carried out

by independent technical advisors SKM in accordance with the relevant licence conditions.

6. The Authority has considered all the information available to it in accordance with the provisions of SC J3. The Authority considers that the event notified by the licensee is an output measures adjusting event because it is a relevant amendment to the scope of the construction works, being an amendment that is necessary to comply with technical, engineering or planning constraints in respect of the transmission investment project identified during preconstruction work.

Subject to the views received through this consultation, the Authority considers that it is appropriate to make the changes to Schedule C, as set out by the Licensee in its notice of the proposed output measures adjusting event.