

Graham Knowles
Ofgem
9 Millbank
London

SW1P 3GE

John Greasley
GBSO Offshore Project Manager

john.greasley@uk.ngrid.com
Direct tel +44 (0)1926 656313
Mobile +44 (0)7836 357137

www.nationalgrid.com

12 March 2008

Dear Graham

Thank you for the opportunity to respond to the Ofgem/BERR consultation 'Modification of electricity transmission standard licence conditions – way forward document'. This response is being made on behalf of National Grid Electricity Transmission plc ('NGET').

NGET is supportive of the proposals contained within the consultation document relating to the restructuring of the standard licence conditions to allow new licensees to own and maintain offshore transmission networks, and we are looking forward to participating in the working group in due course.

The remainder of this letter provides our answers to the specific questions raised in Chapter 3 of the consultation along with some further detailed comments.

Question 1: What are your views on the proposed conditions outlined in this chapter? In particular, do you feel that any of the proposed new or amended conditions are unnecessary?

NGET is supportive of the proposals in the consultation. Specifically NGET supports the changes proposed to the structure of the transmission licence i.e. the introduction of a new section E as offshore transmission owner standards conditions.

At paragraph 3.19 Ofgem proposes to insert two new conditions into Section A, Condition A5 to dis-apply Section B in OFTO licences and condition A6 to apply Section E in OFTO licences. At paragraph 3.20 Ofgem also describes an alternative model under which the new condition A5 would operate as the "switch" to allow the application of Section B in certain (non OFTO) licences. NGET prefers the alternative approach outlined in paragraph 3.20 since it would be consistent with the existing approach to the application of standard licence conditions in Sections C and D and the envisaged approach to the application of standard licence conditions in Section E. Whilst it is recognised that such an approach will require a modification to existing transmission licences, the consultation envisages other changes to Sections A and B (applicable to all existing licensees) and Sections C and D (applicable to certain existing licensees) in any event, so the introduction of a "switch" to existing licences in the new condition A5 is not seen as problematic. Although such an approach would presumably require the Authority (or Secretary of State) to issue a "Section B Direction" to existing licensees, it would, as the consultation acknowledges, remove the need for the Authority to issue a direction switching off Section B in all OFTO licences granted in the future.

Question 2: Do you think there are any further conditions that it would be appropriate to alter or add, for purposes connected with offshore transmission?

We note Ofgem's suggestion that modifications may be required to Condition C17 which sets out the requirement for the GBSO to plan, develop and operate the GB Transmission System in accordance

with the GBSQSS. It will be important to ensure that the exact role of the GBSO within the Offshore regime is appropriately reflected within Section C.

I hope that this response is useful. If you have any queries, please contact me on 01926 656313.

Yours sincerely

By e-mail

John Greasley
GBSO Offshore Project Manager