

NOTICE OF MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID ELECTRICITY TRANSMISSION PLC'S ELECTRICITY TRANSMISSION LICENCE UNDER SECTION 11 OF THE ELECTRICITY ACT 1989

1. National Grid Electricity Transmission plc ("NGET") holds an electricity transmission licence (the "licence") treated as granted pursuant to section 6(1)(b) of the Electricity Act 1989 (the "Act").
2. In accordance with section 11(2) and (3) of the Act, the Gas and Electricity Markets Authority (the "Authority") gives notice that it proposes to modify the special conditions of the licence in accordance with the Schedule to this Notice.
3. The reasons why the Authority proposes to amend certain references in the licence are that it has come to the attention of the Authority that the licence has not been updated to reflect the acquisition of the United Kingdom Power Exchange (UKPX) by APX Power UK in 2004. As a result of which it is appropriate to amend Part B of Schedule A to special condition AA5 (Supplementary Provisions of the Charge Restriction Conditions) of the licence to reflect the change in reference from UKPX to APXUK. It should be noted that the licensee has in practice used the APX Power UK reference price from the moment it became effective after the acquisition in order to calculate the value of the Net Imbalance Volume Reference Price (SPNIRP) as required under Schedule A. Therefore this proposed change of reference will have no material impact with regards to the operation of the licence itself.
4. A copy of the proposed modification to Schedule A of special condition AA5 can be found in the Schedule to this Notice.
5. Subject to the outcome of this statutory consultation, consideration of respondents' views and the consent of NGET being given, it is the intention of the Authority that the proposed licence modification shall have effect on and from 00:00 hours on 1 July 2009.
6. Any representations or objections to the proposed licence modification may be made before 12 June 2009 and sent to:

Ian Marlee
Director, Trading Arrangements
Office of Gas and Electricity Markets
9 Millbank
London SW1P 3GE

or by e-mail to gb.markets@ofgem.gov.uk.

Ian Marlee
Director, Trading Arrangements
Duly authorised on behalf of the Gas and Electricity Markets Authority

15 May 2009

SCHEDULE

PROPOSED MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID ELECTRICITY TRANSMISSION PLC'S ELECTRICITY TRANSMISSION LICENCE UNDER SECTION 11 OF THE ELECTRICITY ACT 1989

1. In Schedule A to special condition AA5: Supplementary Provisions of the Charge Restriction Conditions, in PART B (Terms used in the balancing services activity revenue restriction), substitute the whole of B4 (a) for the following:

- (a) (i) where APXUKHH_j and APXUK4H_j data are published in respect of the relevant settlement period j then:

$$SPNIRP_j = (0.5 * APXUKHH_j) + (0.5 * APXUK4H_j)$$

- (ii) where APXUKHH_j data are published and APXUK4H_j data are not published in respect of the relevant settlement period j then:

$$SPNIRP_j = APXUKHH_j$$

- (iii) where APXUKHH_j data are not published and APXUK4H_j data are published in respect of the relevant settlement period j then:

$$SPNIRP_j = APXUK4H_j$$

- (iv) where neither APXUKHH_j data nor APXUK4H_j data have been published in respect of the relevant settlement period j then:

$$SPNIRP_j = SPNIRP_{j-1}$$

where:

SPNIRP_j means the single price net imbalance volume reference price for each settlement period j.

j in all cases shall mean a settlement period (being a half an hour) as defined in the BSC.

j-1 the settlement period immediately preceding the relevant settlement period j.

APXUKHH_j means the APX Power UK volume weighted reference price for each settlement period j based on the traded prices of half hourly spot contracts.

APXUK4H_j means the APX Power UK weighted average price in respect of all four (4) hour block market contracts delivered within the EFA block applying to those settlement periods j. In order to derive the APXUK4H_j price in respect of each relevant

settlement period j the EFA block containing the relevant settlement period j shall be used.

EFA block means the six four hourly blocks within the EFA day (being 23.00 hours to 23.00 hours in the immediately following day) set out in the table below:

Block	Time
1	23:00 to 03:00
2	03:00 to 07:00
3	07:00 to 11:00
4	11:00 to 15:00
5	15:00 to 19:00
6	19:00 to 23:00