

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

**NOTICE OF REASONS FOR THE DECISION TO MODIFY THE SPECIAL
CONDITIONS OF NATIONAL GRID ELECTRICITY TRANSMISSION PLC'S
ELECTRICITY TRANSMISSION LICENCE UNDER SECTION 49A OF THE
ELECTRICITY ACT 1989**

Whereas:

1. National Grid Electricity Transmission plc ("the licensee") 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"):
 - (i) gave notice (the "Notice") on 15 May 2009 that it proposed to modify the special conditions of the licence in accordance with the Schedule to the Notice;
 - (ii) published the Notice in the manner it considered appropriate; and
 - (iii) served a copy of the Notice on the licensee.
3. The reasons why the Authority proposes to make the licence modification were published by the Authority in the following document:

"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", Ref no: 52/09, Ofgem, 15 May 2009.

This document is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.
4. The Authority received one representation in relation to the proposed licence modification before the relevant time specified in the Notice; it was not marked confidential. No responses were withdrawn.
5. The representation brought to Ofgem's attention the fact that the acquisition of UKPX in 2004 was made by APX B.V. and not by APX Power UK as stated in the Notice. It also noted that APX B.V. is the owner of APX Commodities Ltd which includes APX Power UK and APX Gas UK. APX Power UK and APX Gas UK are the brand names of APX Commodities Ltd as authorised and regulated by the Financial Services Authority. As the Authority made clear in the Notice, 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. This clarification has no material impact on the operation of the licence or the changes proposed in the Schedule to the Notice.

6. Therefore, having carefully considered the representation made in relation to the proposed licence modification, the Authority considers that no amendment is necessary to the Notice in relation to the response received.

All non-confidential representations made in relation to the proposed licence modification are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW19 3GE or from the Ofgem website at www.ofgem.gov.uk.

7. The Authority sent a copy of the Notice to the Secretary of State. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modification before the relevant time specified in the Notice.
8. On 2 June 2009 the licensee gave its written consent to the licence modification proposed in the Schedule to the Notice.

THEREFORE:

In accordance with section 11 of the Act, and with the consent of the licensee, the Authority hereby modifies the licence in accordance with the Schedule to this Modification with effect on and from 00:00 hours on 1 July 2009.

This document constitutes a notice of reasons for the decision to modify the Special Conditions of the licence under section 49A of the Act.

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of:

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

15 June 2009

SCHEDULE

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