

To:

1. The Company Secretary
National Grid Electricity Transmission Plc
Company number: 02366977
1-3 Strand
London WC2N 5EH

2. The Company Secretary
SP Transmission Limited
Company number: SC189126
1 Atlantic Quay
Robertson Street
Glasgow G2 8SP

3. The Company Secretary
Scottish Hydro Electric Transmission Limited
Company number: SC213461
Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

**Electricity Act 1989
Section 11A**

**MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY
TRANSMISSION LICENCES TREATED AS GRANTED UNDER SECTION
6(1)(b) OF THE ELECTRICITY ACT 1989**

**NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD
CONDITIONS OF ELECTRICITY TRANSMISSION LICENCES UNDER
SECTION 49A OF THE ELECTRICITY ACT 1989**

WHEREAS:

1. Each of the companies to whom this Modification is addressed (a "Licence Holder") holds an electricity transmission licence (the "Licence") treated as granted under section 6(1)(b) of the Electricity Act 1989 (the "Act") to transmit electricity for the purpose of enabling a supply to be given to any premises in the Licence Holder authorised area, subject to the conditions contained in its Licence.
2. In accordance with section 11A(3) of the Act, the Gas and Electricity Markets Authority (the "Authority") gave notice on 10 June 2009 (the

- “Notice”) that it proposed to modify Standard Licence Conditions C5 (“Use of system charging methodology”) (“SLC C5”) and C6 (“Connection charging methodology”) (“SLC C6”) of the Licence. The proposed modification of SLC C5 specifically amends paragraph 4, modifying the time framework to issue a direction on licence modification reports the Authority receives. The proposed modification of SLC C6 amends paragraph 10(a) in the same sense.
3. Previously, on 14 May 2009, a section 11A(3) Notice (the “May 2009 Notice”) on the same modifications indicated above was published and a consultation process commenced. However, the May 2009 Notice was then withdrawn due to an inaccuracy on the file published on our website, and the Notice was subsequently issued as indicated in paragraph 2.
 4. In accordance with section 49A of the Act, the reasons for making the licence modifications were set out in our initial consultation document entitled “Proposal to modify Standard Licence Conditions C5 (“Use of system charging methodology”) and C6 (“Connection charging methodology”) of the electricity transmission licence” (Ref 32/09), on 30 March 2009 (the “Consultation letter”) and a further open letter issued by Ofgem on 10 June 2009 (Ref 64/09) (the “Conclusions letter”). They were reiterated in the Notice.
 5. The Notice also stated the intention to apply the modifications retrospectively from 10 of June 2009 to all the charging methodology modification reports submitted by the relevant Licence Holders and the reasons for that intention.
 6. In accordance with section 11A(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
 7. Prior to the close of the consultation period in respect of the Notice, the Authority received one response (the “Response”) in relation to the modification. No objection to the proposed modification was given to the Authority.
 8. Copies of the Consultation letter, the Conclusions letter, the Notice and the Response are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE (020 7901 7003) and from the Ofgem website (www.ofgem.gov.uk).

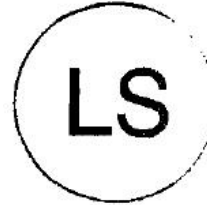
Now therefore

In accordance with the powers contained in section 11A of the Act, the Authority hereby modifies SLC C5 and C6 of the Licence in the manner specified in the attached Schedule, with effect on and from 10 June 2009.

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

A handwritten signature in black ink, appearing to read 'Stuart Cook', with a long horizontal line extending from the end of the signature.

Stuart Cook
Director of Transmission
Authorised on behalf of the Authority
21 July 2009



SCHEDULE

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY TRANSMISSION LICENCES UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

SLC C5: Use of system charging methodology

4. The licensee will not make any modification to the use of system charging methodology ~~where the Authority has if~~, within 28 days ~~(or within 3 months if the Authority intends to undertake an impact assessment)~~ of the report being furnished to it under paragraph 3 (for the avoidance of doubt, including any report furnished from 10 June 2009), ~~given a direction that the modification shall not be made-~~the Authority has either:

(a) directed the licensee that the modification shall not be made; or

(b) notified the licensee that it intends to undertake an impact assessment and then, within three months of giving that notification, has directed the licensee not to make the modification.

SLC C6: Connection charging methodology

10(a). The licensee will not make any modification to the connection charging methodology ~~where the Authority has if~~, within 28 days ~~(or within 3 months if the Authority intends to undertake an impact assessment)~~ of the report being furnished to it under paragraph 9 (for the avoidance of doubt, including any report furnished from 10 June 2009), ~~given a direction that the modification shall not be made-~~the Authority has either:

i) directed the licensee that the modification shall not be made; or

ii) notified the licensee that it intends to undertake an impact assessment and then, within three months of giving that notification, has directed the licensee not to make the modification.