

NOTICE OF REASONS PURSUANT TO SECTION 49A OF THE ELECTRICITY ACT 1989 FOR THE DECISION TO MODIFY STANDARD CONDITIONS OF ALL TRANSMISSION LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(b) OF THE ELECTRICITY ACT 1989

Whereas:

1. Each of the companies to whom this document is addressed holds an electricity transmission licence ("the Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ("the Act").
2. In accordance with section 11A(3) and (4) of the Act, the Gas and Electricity Markets Authority ("the Authority"):
 - i. gave notice that it proposed to modify SLC C16 of the Licence in accordance with the Schedule to that notice;
 - ii. published an initial Notice ("the initial Notice") on 8 July 2009 in a manner it considered appropriate;
 - iii. published a second Notice ("the second Notice") on 25 August 2009 in response to representations received to consultation on the initial Notice; and
 - iv. served a copy of the initial Notice and the second Notice on the relevant licence holders.
3. The reasons why the Authority proposes to make the licence modification were published by the Authority in the following documents:

"Collective Licence Modification: Notice of Proposed Modifications of Standard Licence Condition C16 of the Electricity Transmission Licence Under Section 11A of the Electricity Act 1989", Ofgem, 8 July 2009.

"Re-consultation on Collective Licence Modification: Notice of Proposed Modifications of Standard Licence Condition C16 of the Electricity Transmission Licence under Section 11A of the Electricity Act 1989", Ofgem, 25 August 2009.

These documents are 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 no objection to the initial Notice and the second Notice from the relevant licence holder. The Authority received one representation in relation to the consultation on the initial Notice before the relevant time specified in the Notice; it was marked confidential. No representations were received to the consultation on the second Notice before the relevant specified time. No responses were withdrawn.
5. The representation received to the consultation on the initial Notice brought to Ofgem's attention an ambiguity relating to the proposed definition of "transmission constraint" outlined in the Schedule attached to the initial Notice. The representation asserted that the proposed definition of "transmission constraint" did not distinguish between situations where a "limit" is being exceeded and situations where a limit is

being avoided. After further discussions with the respondent and National Grid Electricity Transmission plc (the "relevant licence holder" for the purposes of the collective licence modification procedure), Ofgem considers that the definition in the Schedule attached to the initial Notice should be amended to clarify the meaning of "transmission constraint".

6. Consequently, in response to this representation the Authority re-consulted on a revised definition of "transmission constraint" in the second Notice issued for consultation on 25 August 2009. No objections or representations were received to this consultation. Therefore, the Authority considers that no further amendment is necessary.

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.

THEREFORE:

In accordance with section 11A of the Act, the Authority hereby modifies SLC C16 of the Licence in accordance with the Schedule to the Modification Notice with effect on and from 00:00 hours on 5 October 2009.

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

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

5 October 2009