



The Company Secretary  
National Grid Electricity Transmission plc  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

Providing choice and  
value for all customers

**Direction issued to National Grid Electricity Transmission ("NGET") by the Gas and Electricity Markets Authority pursuant to paragraph B1(b) of Part B of Schedule A to Special Condition AA5A (Balancing Services Activity Revenue Restriction) of NGET's electricity transmission licence**

1. This Direction is issued by the Gas and Electricity Markets Authority (the "Authority") pursuant to paragraph B1(b) of Part B of Schedule A to Special Condition AA5A (Balancing Services Activity Revenue Restriction) ("the Condition") of NGET's electricity transmission licence ("the Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the "Act") to NGET (the "Licensee").
2. In the preparation of the 2009/10 Balancing Services Incentive Scheme ("BSIS") final proposals the Authority and NGET agreed to the inclusion of automatic adjusters in respect of a "material change"<sup>1</sup> in the availability to the licensee of ancillary services from that assumed by the licensee when developing its forecast for Incentivised Balancing Costs for 2009/10. On the basis of such a material event the Authority would accordingly direct a reduction of the BSIS target.
3. In accordance with paragraph B1(b) of Part B of Schedule A to the Condition NGET wrote to the Authority on 29 October 2009 to report that a Material Event had occurred which NGET considered should result in a reduction to the target of £13.57m.
4. Paragraph B1(b) of Part B of Schedule A to the Condition of the Licence states that "any relevant material change in the availability of ancillary services to the licensee and the associated costs of such material change shall be agreed between the Authority and the licensee prior to the commencement of the relevant year". The Authority can confirm that the material changes considered in this Direction were agreed prior to the commencement of the relevant year.
5. The Authority hereby directs, pursuant to paragraph B1(b) of Part B of Schedule A to the Condition of the Licence, that the table in B1(a) of Part B of Schedule A to the Condition of the Licence be replaced with

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<sup>1</sup> These are referred to as "Material Events" in the correspondence from National Grid.

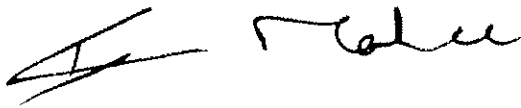
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$IBC_t$ (£)	$MT_t$ (£)	$SF_t$	$CB_t$ (£)
$IBC_t < 526,430,000$	0	0	15,000,000
$526,430,000 \leq IBC_t < 586,430,000$	586,430,000	0.25	0
$586,430,000 \leq IBC_t < 616,430,000$	$IBC_t$	0	0
$616,430,000 \leq IBC_t < 716,430,000$	616,430,000	0.15	0
$IBC_t \geq 716,430,000$	0	0	-15,000,000

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6. This Direction shall have retrospective effect on and from 1 April 2009 and shall not preclude the Authority from issuing further directions under paragraph B1(b) of Part B of Schedule A to the Condition for the relevant year.

Dated: 10 November 2009



**Ian Marlee**  
**Partner, Trading Arrangements**

Signed on behalf of the Authority and authorised for that purpose by the Authority