

**Electricity Act 1989
Sections 11A(1)(a) and 49A(1)(b)**

**MODIFICATION OF THE ELECTRICITY TRANSMISSION LICENCE OF NATIONAL
GRID ELECTRICITY TRANSMISSION PLC GRANTED UNDER SECTION 6(1)(B) OF
THE ELECTRICITY ACT 1989; AND**

**NOTICE UNDER SECTION 49A(1)(b) OF THE ELECTRICITY ACT 1989 OF THE
REASONS FOR THE DECISION TO MODIFY THE LICENCE**

Whereas:

1. National Grid Electricity Transmission plc ("NGET") (company number 2366977) ("the Licence Holder") is the holder of 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(2) of the Act the Gas and Electricity Markets Authority ("the Authority") gave notice on 2 December 2011 ("the Notice") that it proposed to modify Special Condition AA: "Transmission Area" of the Licence and by requiring any representations to the proposed modification to be made on or before 4 January 2012.
3. In accordance with section 49A(1)(b) of the Act, the reasons for making the licence modification are those set out in the Authority's statutory consultation letter which accompanied the Notice¹ and in the letter² which accompanies this document. In summary, the effect of the licence modification is to extend the geographical scope of the Licence so that it may include the Western HVDC link.
4. 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.
5. Prior to the close of the consultation period in respect of the Notice, the Authority received three responses all of which were non-confidential. All three respondents supported the licence change.
6. The Authority has carefully considered the responses made in relation to the proposed licence modification. Further detail on responses received and the Authority's consideration of the responses can be found in the letter³ which accompanies this document.
7. Minor typographical errors have been corrected in the attached Schedule 1. These include the following corrections to the definition of "Western HVDC link" in paragraph 2: (a) removing the superfluous word "and" in sub-paragraph (ii) of the definition; and (b) reformatting the alignment of sub-paragraph (i) for consistency with sub-paragraph (ii). These changes do not alter the effect of the licence modification.

¹ "Transmission Investment Incentives: statutory consultation and Notice under Section 11A(2) of the Electricity Act 1989 on proposed modifications to extend Special Condition AA: Transmission Area of National Grid Electricity Transmission plc and SP Transmission Ltd electricity transmission licences to include the Western HVDC link", 2 December 2011.

² "Transmission Investment Incentives: Decision under section 11A(1)(a) of the Electricity Act 1989 to make modifications to Special Condition AA: Transmission Area of the electricity transmission licences of National Grid Electricity Transmission plc and SP Transmission Ltd", 13 January 2012.

³ See footnote 2.

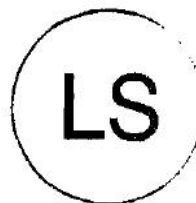

8. A printed copy of any document referred to in this document is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, Westminster, SW1P 3GE (020 7901 7003 or library@ofgem.gov.uk) or from the Ofgem website (www.ofgem.gov.uk). The responses received are also available from the Ofgem Research and Information Centre or on the Ofgem website.

Now therefore:

In accordance with the powers contained in section 11(1)(a) of the Act, the Authority hereby modifies Special Condition AA: "Transmission Area" of the Licence of the Licence Holder in the manner specified in the attached Schedule 1. This decision will take effect on and from 9 March 2012.

This document also constitutes notice of the reasons for the decision to modify the Licence as required by section 49A(1)(b) of the Act.

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



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Andrew Burgess

Associate Partner, Transmission & Distribution Policy – Smarter Grids & Governance

Duly authorised on behalf of the Gas and Electricity Markets Authority

13 January 2012

SCHEDULE 1

Special Condition AA. Transmission Area

1. The transmission area comprises:

- (a) England and Wales; and
- (b) the subsea corridor within the territorial sea adjacent to Great Britain or within any Renewable Energy Zone that the part of the Western HVDC Link (as defined in paragraph 2 below) owned by the licensee passes through.

2. For the purpose of this condition:

"the Western HVDC Link"	<p>(i) means the high voltage electric lines and electrical plant which comprise the following components:</p> <ul style="list-style-type: none">(a) a High Voltage Direct Current (HVDC) cable, the sole purpose of which is to transmit electricity between the transmission area of SP Transmission Limited (SPTL) and that part of the licensee's transmission area specified in paragraph 1(a) above via an onshore and subsea corridor the route of which extends, in part, outwith Great Britain, the territorial sea adjacent to Great Britain and any Renewable Energy Zone;(b) convertor stations at either end of the HVDC cable described in (a) above to facilitate the conversion of power from Direct Current (DC) in the HVDC cable to Alternating Current (AC) in the national electricity transmission system; and(c) cables to connect each converter station described in (b) above to an appropriate substation in each of the licensee's transmission area and SPTL's transmission area respectively. <p>(ii) does not transmit electricity for the purposes of offshore transmission as defined in the Electricity Act 1989 as a whole (as amended from time to time).</p>