

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

**MODIFICATION OF THE ELECTRICITY TRANSMISSION LICENCE GRANTED  
UNDER SECTION 6(1)(b) OF THE ELECTRICITY ACT 1989; AND**

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

Whereas -

1. National Grid Electricity Transmission Plc (NGET) 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. The Gas and Electricity Markets Authority (the "Authority") gave notice in accordance with section 11A(2) of the Act on 27 February 2012 proposing to make modifications to Part E of Special Condition C4 (Role in respect of the National Electricity Transmission System Operator area located in offshore waters) (the "Condition") of the Licence which requires an offshore transmission report, relating to NGET's activities in respect of that part of the national electricity transmission system located in offshore waters, to be submitted to the Authority (in such frequency, form and content as is approved by the Authority in a direction) until 31 March 2012 by:
  - a. amending paragraph 21 of the Condition to change the 31 March 2012 date to 31 March 2021;
  - b. inserting new paragraph after paragraph 22 of the Condition to make express the Authority's ability to amend any direction issued under paragraph 22 which specifies the frequency, form and content of the offshore transmission report;
  - c. deleting paragraphs 24(c), 26, 27 and 28 of the Condition; and
  - d. amending paragraph 25 of the Condition to change the 31 March 2012 date to 31 March 2021 and changing the 1 December 2009 date to 1 December.
3. The date upon which representations with respect to the proposed modifications could be made was 23 March 2012 and the Authority did not receive any representations to the Notice. The Authority gave notice of its intention to make the proposed licence modification to the Secretary of State and has not received a direction from the Secretary of State not to make the proposed licence modifications.
4. The Authority has decided to make the proposed modifications set out in the Notice in the manner set out in Schedule to this Modification.
5. In accordance with section 11A(7)(b) of the Act, the effect of the modifications is to require NGET to continue to provide the offshore transmission report to the Authority on an extended basis beyond 31 March 2012 to 31 March 2021 that will demonstrate to the Authority how NGET continues to facilitate the development of an efficient, co-ordinated and economical system of offshore transmission which will facilitate the Authority's monitoring and assessment of NGET's conduct and performance. Also, the information contained in the offshore transmission report is to be certified in respect of fairness and accuracy by the responsible director for system operation at NGET on an extended basis beyond 31 March 2012 to 31 March 2021. Further, the modifications remove redundant reporting obligations in relation to future costs associated with NGET's System Operator activities offshore as these will be included

within an ex-ante allowance under Transmission Price Control 4 (TPCR4) Rollover<sup>1</sup>. Finally, the modifications clarify that the frequency, form and content of the report contained in a direction may be altered as necessary.

6. In accordance with section 49A of the Act, the reasons for making the Licence modifications are summarised above in paragraph 5 of this Modification and are set out in the following documents published by the Authority:
  - a. the Authority's statutory consultation letter dated 27 February 2012 and accompanying section 11A Notice dated 27 February 2012;
  - b. the Authority's statutory modification letter accompanying this Modification notice.
7. Copies of these documents are available from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE (020 7901 7003) or the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
8. The Schedule to this Modification contains the Condition as amended that will, once 56 days have passed from the publication of this modification in accordance with section 11A(9) of the Act.

**Now therefore**

In accordance with the powers contained in section 11A of the Act, the Authority hereby modifies the Conditions in the manner set out in the Schedule to this Modification with effect once 56 days have passed from the publication of this modification in accordance with section 11A(9) of the Act.

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:**



**Paul O'Donovan**  
**Head of Regulatory and Support Services, Offshore Transmission**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

20 April 2012

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<sup>1</sup> TPCR4 Rollover: Final Proposals (reference number: 162/11) and Transmission Price Control Review 4 Rollover, Section 11A Statutory Consultation – National Grid Electricity Transmission PLC's Licence - (Reference number: 08/12).

## SCHEDULE

### Modification to Part E of Special Condition C4: Role in respect of the national electricity transmission system operator area located in offshore waters

#### Part E: Offshore transmission report

21. The licensee shall until 31 March 20~~21~~<sup>14</sup>2, (or such earlier date as the Authority may direct) deliver a report (the “offshore transmission report”) to the Authority containing information relating to the licensee’s activities undertaken pursuant to this licence in respect of that part of the national electricity transmission system located in offshore waters **in accordance with any direction issued under paragraph 22.**
22. The Authority shall, following consultation with the licensee, ~~no later than 30 September 2009~~ issue a direction to the licensee as to the form and content of the offshore transmission report and the frequency with which the licensee shall deliver the offshore transmission report to the Authority (being not more frequent than one report each month).
23. **The Authority may review and, following consultation with the licensee, vary any direction issued by the Authority pursuant to paragraph 22 by issuing a further direction to the licensee under paragraph 22 as to the form and content of the offshore transmission report and the frequency with which the licensee shall deliver the offshore transmission report to the Authority (being not more frequent than one report each month).**
- ~~23.~~
24. The licensee may request a review of any direction issued by the Authority pursuant to paragraph 22 or a variation to a direction issued by the Authority pursuant to paragraph 22. If, having considered the representations made by the licensee in such a request, the Authority considers that it is appropriate that the form and content of the offshore transmission report and/or the frequency with which the licensee shall deliver the offshore transmission report to the Authority should be varied, the Authority may issue a further direction **under paragraph 22** to the licensee varying the form and content of the offshore transmission report and/or the frequency with which the licensee shall be required to deliver the offshore transmission report to the Authority. The Authority may not direct that the licensee shall deliver the offshore transmission report to it more frequently than once in each month.
25. The offshore transmission report shall be designed to facilitate monitoring and assessment of the conduct and performance of the licensee in relation to:

- (a) the licensee's compliance with this licence in respect of that part of the national electricity transmission system operator area located in offshore waters;
- (b) the licensee's performance in respect of that part of the national electricity transmission system operator area located in offshore waters in developing and facilitating the development of an efficient, co-ordinated and economical system of electricity transmission; and
- ~~(c) the additional costs incurred by the licensee in complying with its licence in respect of that part of the national electricity transmission system operator area located in offshore waters; and~~
- ~~(d)~~(c) details of any complaints made by interested parties to the licensee in respect of its performance under this licence in respect of that part of the national electricity transmission system operator area located in offshore waters and of the actions taken by the licensee to resolve any complaints raised.

26. The licensee shall until 31 March 2021~~12~~ (or such earlier date as the Authority may direct), provide to the Authority, ~~by 1 December 2009 and~~ by 1 December in each ~~financial~~ year ~~thereafter~~, a certificate signed by the Responsible Director for system operation (appointed pursuant to Special Condition C2 (Separation of National Grid Electricity Transmission plc and Relevant Offshore Transmission Interests) certifying that the information in the offshore transmission reports delivered to the Authority in the previous twelve months is fair and accurate.

~~27. The Authority may direct the licensee to engage an external reviewer to review and prepare a report on whether, in its opinion, the information contained in the offshore transmission report is fair and accurate ("the review report").~~

~~28. For the purposes of preparing the review report, the licensee shall secure that the external reviewer has reasonably access to its premises, staff and information systems.~~

~~29. The licensee shall submit each review report to the Authority within 14 days of receipt of the review report by the licensee from the external reviewer.~~

~~30.~~27. In this condition:

**"interested parties"**

includes authorised electricity operators, potential offshore transmission owners, the Crown Estate, Government bodies and

institutions with an interest in the development of the national electricity transmission system in respect of the parts of the national electricity operator area located in offshore waters.