

**To: National Grid Electricity Transmission Plc**

**RIIO-ET1 Modifications to amend the special conditions of the electricity transmission licence held by National Grid Electricity Transmission and reasons for decision pursuant to section 11A and 49A of the Electricity Act 1989**

**Electricity Act 1989  
Section 11A(1)(a)**

**MODIFICATION OF THE ELECTRICITY TRANSMISSION LICENCE HELD BY  
NATIONAL GRID ELECTRICITY TRANSMISSION PLC**

Whereas –

1. National Grid Electricity Transmission plc (“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 21 December 2012 (“the Notice”) that it proposed to make modifications to the Specials Conditions of the Licence by:
  - (a) amending the Special Conditions
  - (b) inserting proposed new Special Conditions
  - (c) deleting the Special Conditions; and
  - (d) restructuring and renumbering the remaining Special Conditions to improve the clarity and ease of use of the Special Conditions with no changes to the licence obligations or underlying policy objectives

as set out in Schedule 1 to the Notice, to implement the Authority’s decision on the RIIO-ET1 price control – Final Proposals<sup>1</sup> and by requiring any representations to the modifications to be made on or before 22 January 2013.

3. Prior to the close of the consultation period in respect of the Notice, the Authority received a response from the Licence Holder to the proposed modifications to the special conditions. The Authority also received 8 responses to the RIIO-T1 and GD1 proposed modifications. All non-confidential responses will be placed on the Ofgem website.
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 modifications.
5. The Authority has carefully considered in relation to the proposed modifications all representations received. Its response to these is attached at Schedule 2 to this modification.
6. The Authority also considers it necessary to make a number of minor changes to the modifications set out in the Notice. These are indicated at Schedule 2 to this modification.
7. In accordance with section 11A(7)(d) of the Act, Schedule 2 of this modification also states the reasons for any differences between the proposed modifications set out in the Notice and the modifications set out in attached Schedule 1.

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<sup>1</sup> [RIIO-T1 : Final Proposals for National Grid Electricity Transmission and National Grid Gas](#)

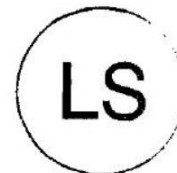
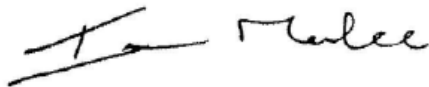
8. In accordance with section 49A of the Act, and in summary, the reason why the Authority is making these licence modifications is to give effect to the new RIIO (Revenue = Incentives + Innovation + Outputs) regulatory framework.
9. Schedule 3 of the modification sets out the reasons and effect of the modifications.

**Now therefore**

In accordance with the powers contained in section 11A(1)(a)) of the Act and for the reasons set out in Schedule 2 and 3 of this modification, the Authority hereby modifies the Special Conditions of the Licence in the manner specified in attached Schedule 1. This decision will take effect on and from 1 April 2013.

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

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



.....  
**Ian Marlee, Senior Partner Smarter Grid and Governance (Transmission)**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**31 January 2013**

## **Schedule 1 - Modifications of the special conditions of National Grid Electricity Transmission plc's electricity transmission licence**

A copy of the modifications of the special conditions of National Grid Electricity Transmission plc's electricity transmission licence is at the link below:

<http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/ConRes/Documents1/NGSpCmods.pdf>

## Schedule 2 – Response to representations and reasons for any differences between the modifications and those set out in the Notice

### Log of changes to Special Conditions

Special Conditions: General Comments				
Comment from	Paragraph Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
NGET	General	Care needs to be taken in relation to the use of capitals in Special Condition 1C - as this makes amendments to Standard Conditions (where lower case is used for defined terms), capital letters should not be applied to defined terms in that condition.	We have not capitalised any terms in Special Condition 1C	Y
NGET	General	There are a number of instances where the licence conditions refer to the Financial Handbook and these references are not clear. We request that each of the references to the Financial Handbook be checked for accuracy/consistency. In addition, we are suggesting a number of changes to the text of the Financial Handbook to improve the consistency of the Handbook with the licence. We request that these changes to the Financial Handbook be taken forward as part of this process.	We have checked all references to the Handbook and amended where appropriate.	Y
NGET, SPTL, SHE Transmission	General	Amendments required to improve the clarity of the drafting, to correct cross referencing errors and to correct discrepancies between Final Proposals and the handbook and the licence conditions and the handbook and delete typographical errors.	Appropriate amendments made.	Y

Special Conditions: General Comments				
Comment from	Paragraph Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
NGET, SPTL, SHE Transmission	General	Minor amendments required to correct references to defined terms.	Appropriate amendments made.	Y
NGET, SPTL, SHE Transmission	General	Cross references require correction	Appropriate amendments made.	Y
Ofgem	General	Throughout Licence in various conditions – remove the wording “objections”	The wording “or objections” should be deleted from conditions setting out consultation processes on various change mechanisms in the licence, to reflect third package changes.	Y
NGET, SHE Transmission, SPTL	General	Capital letters for defined terms needs to be consistent across the Special Conditions.	There are a number of Special Conditions to which we have made minor amendments. This has been to change their condition number and, where necessary, to make consequential changes to cross-references to ensure they continue to make sense. At this stage, we have made some minor changes to these conditions to capitalise the	N

Special Conditions: General Comments				
Comment from	Paragraph Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
			defined terms. However, we will look to make further changes to these conditions as soon as possible.	

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
Ofgem	1A.5	Correct publication dates and effective dates to be inserted into the definitions of ET1 Price Control Financial Handbook and ET1 Price Control Financial Model.	Appropriate amendments made.	Y
NGET	1A.5	DNO Substation Bays; DNO Tower Dismantle; DNO Undergrounding  Suggest these definitions are deleted. They are mentioned in Table 5: Unit cost allowances for DNO mitigation but not used as defined terms.	We agree as these are not used as defined terms.	Y (NGET only)
NGET	1A.5	Incentivised Loss of Supply Event  The list of exclusions needs to include events with a duration less than 3 minutes to be consistent with Final Proposals. Paragraph 2.19 of outputs doc states no change to Initial Proposals. Paragraph 2.7 of Initial Proposals outputs doc refers].	This change has been made to reflect the intention of Final Proposals.	Y

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
NGET	1A.5	Mitigating Pre-existing Infrastructure (EPI)  Suggest that acronym be changed as it no longer matches the description.	We recognise the inconsistency between the acronym and the title but do not propose to change the acronym as this would not match the acronym in the Financial Model. However, we have changed the title to <b>Enhancing Pre-existing Infrastructure</b> to match the acronym.	Y
NGET	1A.5	New Network Equipment – proposed a change to add the wording “at the time the question falls to be considered”.	We do not consider that this additional text is required. The existing text reflects the policy intent at Final Proposals.	Y
NGET	1A.5	Relevant Adjustment  Suggest this definition be deleted. It is used in lower case in Special Condition 6E and the same expression is used in other conditions and therefore it could potentially be confusing.	This term is now used in lower case throughout the licence and therefore does not need to be defined.	Y
NGET	1A.5	Relevant Generation Capacity  Words needed to clarify the meaning of new generation entry capacities – suggest “(calculated as the sum of all generation capacity in Relevant Year t minus the sum of all generation capacity in Relevant Year t-1)”. Zones 2 and 22 need to be defined. The map included in our business plan submission could be included in the Sp C 6F. Change needed to clarify the meaning of embedded generation	Change made to clarify the meaning of new generation entry capacities.  Also added map to appendix of Sp C 6F (Baseline Generation Connections and Generation Connections volume driver)	Y (NGET only)

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
		– suggest “the generation entry capacity shall be the sum of the maximum capacities of all half-hourly metered embedded power stations” .		
NGET	1A.5	Replacement Priority  A definition of Replacement Priority is required – suggest “Means the category assigned to an asset to prioritise the requirement for intervention (replacement, refurbishment or reconditioning) based on a measure of its asset health and criticality in terms of consequences of failure.”	The term Replacement Priority is used in the licence and therefore requires to be defined.	Y
NGET	1A,5	SF6 Gas Emissions Incentive Scheme  Definition should be deleted as not required.	No definition is required.	Y
NGET	1A.5	Special Conditions  This definition is required to support use of this term in conditions - suggest it is added as “means the Relevant SO Special Conditions and/or the Relevant TO Special Conditions as appropriate.”	We do not agree as there are specific definitions for Relevant TO and Relevant SO Special Conditions.	N
NGET	1A.5	Strategic Wider Works Outputs  This is a definition of Strategic Wider Works rather than Strategic Wider Works Outputs?	We have modified definition for new defined term Wider Works and added new defined terms for Strategic Wider Works Output and Baseline Wider Works Output.	Y



<b>Special Condition 1A: Definitions</b>				
<b>Comment from</b>	<b>Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and reasons for change from Statutory Consultation</b>	<b>Change made to the licence (Y/N)</b>
NGET	1A.5	System Operator  This does not identify NGET's SO activities – it only identifies NGET (as opposed to SHE Transmission and SPTL). As such, it can't be used to define SO activities – see specific comments on standard condition A1.	Our view is this does not need to be changed. Where System Operator is used to refer to its balancing services activities this is now made clear in the relevant conditions.	N
NGET	1A.5	System Operator Activity  Not defined in this condition. Definition must refer to "the balancing services activity" as defined in Standard Condition C1 (which itself needs amendment – see NGET comments of the Electricity Licence which deal with this point).	We have changed the definition to include a definition of System Operator Activity.	Y
NGET	1A.5	Transmission Owner (TO)  NGET indicated there was a problem with the definition.	We have reviewed the definition as set out in Standard Condition A1 and retain the view that this remains fit for purpose.	N
SPTL	1A.5	Definition of Relevant Year t seems to be defined for use of this term in Condition 3A. Surely, it is used more widely?	The definition has been amended to provide a definition setting out the particular meaning of the term Relevant/Formula Year t for special conditions that refer to the Annual Iteration process for the Price Control Financial Model.	Y

<b>Special Condition 1A: Definitions</b>				
<b>Comment from</b>	<b>Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and reasons for change from Statutory Consultation</b>	<b>Change made to the licence (Y/N)</b>
SPTL	1A.5	Capex rolling incentive - please insert reference to rollover final proposals of November 2011, as per previous comments.	For clarity we have inserted a reference to rollover final proposals of November 2011.	Y
SPTL	1A.5	Please refer to Special Condition 5A in relation to modification of Price Control Financial Instruments	We have included the relevant cross-reference to improve licence clarity.	Y
SPTL	1A.5	ET1 Price Control Financial Handbook - incorrectly refers to December 21 version which is still in draft. "As modified from time to time" should make reference to Special Condition 5A.	Licence should refer to the final version.	Y
SPTL	1A,5	Totex definitions – Capitalisation Rate and Incentive Mechanism Adjustment definitions refer to "meanings"	Language changed to improve clarity.	Y
SPTL	1A.5	Several cross-references require correction (See Mark-up text)	We have checked and, where appropriate, amended all cross-references.	Y
SPTL	1A.5	Baseline Wider Works Outputs – replace reference to condition C17 with condition D3 (applicable to TOs)	We have changed the references for SPTL and SHE Transmission to Standard Condition D3 which applies to Transmission Owners.	Y (SHE Transmission and SPTL only)
SPTL	1A.5	Strategic Wider Works Outputs – SPTL proposed an alternative definition.	We have added a definition for wider works and a new term and definition for SWW Output.	Y
SPTL	1A.5	Unrecoverable Expenditure – add the wording "which the Authority has determined to be unrecoverable in accordance with the relevant provisions of the NIA Governance Document".	We agree that a change is appropriate to better reflect the intention of Final Proposals. We have added the following: "means expenditure on a NIA project the Authority has determined does not satisfy the requirements of	Y

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
			the NIA Governance Document”	
SHE Transmission	1A.5	<b>Atypical Sole-use Generation Connection Capacity:</b> Text should refer to “using reasonable endeavours”, not “using best endeavours”.	We agree	Y (SHE Transmission only)
SHE Transmission	1A.5	<b>Atypical Shared-use Generation Connection Capacity:</b> Text should refer to “using reasonable endeavours”, not “using best endeavours”.	We agree	Y (SHE Transmission only)
SHE Transmission	1A.5	<b>Boundary Transfer Capability</b> We propose some minor changes to this definition to align with the SQSS: <i>“means the maximum amount of power flow across specific transmission circuits following the most onerous secured event of a fault outage without exceeding the thermal rating of any asset forming part of the national electricity transmission system, without any unacceptable voltage conditions or insufficient voltage performance and without any transient or dynamic system instability jeopardising the need to maintain voltages on the national electricity transmission system or the transient and dynamic stability of the electrical plant, equipment and systems directly or indirectly connected to the national electricity system”.</i>	We have amended the definition of Boundary Transfer Capability to better align with the SQSS.	Y
SHE Transmission	1A.5	<b>Environmental Discretionary Reward Scheme Guidance</b> This is a duplicate of the definition provided on pages 7-8 and out of alphabetical order. We suggest it is deleted.	We have removed the duplicate definition.	Y
SHE Transmission	1A.5	<b>Eligible NIC Bid Preparation Costs</b> The end of the definition should read “...under the provisions of Special Condition 3H (The Network Innovation Allowance).”	We have added reference to the appropriate licence condition for consistency with other definitions.	Y

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
SHE Transmission	1A.5	<b>ET1 Price Control Financial Model</b> The phrase “ <i>whether under this condition or otherwise</i> ” at the end of the definition should be deleted.	We have removed the phrase as it is not required for the purposes of the definition.	Y
SHE Transmission	1A.5	<b>External Assurance / External Assurance Methodology / External Assurance Score</b> The reference to Special Condition 3D should be “(Stakeholder Satisfaction Output)”, rather than “(Stakeholder Satisfaction Survey)”.	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>High Quality Outcomes</b> The reference to Special Condition 3D should be “(Stakeholder Satisfaction Output)”, rather than “(Stakeholder Satisfaction Outputs)”. (Emphasis added to assist).	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Loss of Supply Event</b> “3C” should be added between “Special Condition” and “(Reliability Incentive Adjustment...)”.	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Output Measures Adjusting Event</b> Reference to “Part 2” should be to “Part C”.	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Output Substitution (OS)</b> Reference to “Part C” should be to “Part B.”	We have amended to ensure the correct reference to the licence condition.	Y
	1A.5	<b>Pension Protection Fund / Pension Scheme Administration</b> These terms don’t appear to be defined in chapter 3 of the Financial Handbook. We suggest that the definition is amended to “has the meaning given in the Glossary of the ET1 Price Control Financial Handbook” and definitions inserted accordingly.	We have amended to make reference to the Glossary where this item is defined.	Y

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
SHE Transmission	1A.5	<b>Pre-construction Engineering (PE)</b> Insert “ <i>prospective</i> ” before “ <i>Strategic Wider Works</i> ” and delete “ <i>Output</i> ”.	We have amended to better reflect the intention of Final Proposals.	Y
SHE Transmission	1A.5	<b>Price Control Period</b> There should be a comma between “ <i>during which</i> ” and “ <i>subject to Special Condition...</i> ”.	We have amended to ensure the sentence makes sense.	Y
SHE Transmission	1A.5	<b>Price Control Review Information</b> This term is no longer used in Standard Condition B15 and has been replaced with “Specified Information.” We suggest that the definitions are amended to reflect this.	The definition has been removed and replaced with a new definition ‘Specified Information’ which links to the information being provided under the new RIGs licence condition.	Y
SHE Transmission	1A.5	<b>Project Details</b> “Annex A” should be replaced with “ <i>Appendix 2</i> ”	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Relevant Special Conditions</b> At the end of the definition, “ <i>the Disapplication Request relates</i> ” should be replaced with “ <i>a Disapplication Request under Special Condition 8A (Disapplication of Relevant Special Conditions) relates.</i> ”	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>TII Provisional Revenue Adjustment / TII Provisional Revenue Adjustment Term</b> The definitions for these terms are identical so we suggest that one can be deleted.	We have removed the superfluous definition.	Y
SHE Transmission	1A.5	<b>Totex</b> Delete “ <i>to these terms</i> ” from the definition.	We have deleted the additional text which did not add to the meaning of the definition.	Y

Special Condition 1A: Definitions				
Comment from	Ref in the Statutory Consultation	Comment	Ofgem Response and reasons for change from Statutory Consultation	Change made to the licence (Y/N)
SHE Transmission	1A.5	<b>TO Totex</b> We do not believe this term is needed for SHE Transmission.	We have removed for both SHE Transmission and SP Transmission as it is only needed for NGET.	Y
SHE Transmission	1A.5	<b>Totex Capitalisation Rate</b> We suggest that this is changed to “has the meaning given in the glossary of the ET1 Price Control Financial Handbook.”	We have changed to create a link to the Financial Handbook.	Y
SHE Transmission	1A.5	<b>Totex Incentive Strength Rate (SO)</b> This term is not applicable to SHE Transmission.	We have removed for both SHE Transmission as SP Transmission as it is only needed for NGET which has an SO function.	Y
SHE Transmission	1A.5	<b>Transmission Business Activities</b> After “B1”, the following should be added: “Regulatory Accounts”.	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Transmission Investment Incentives Projects</b> At the end of the definition, replace “under this condition and/or the legacy TII condition”, with “in Special Condition 6B (Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period.”	We have amended to ensure the correct reference to the licence condition.	Y
SHE Transmission	1A.5	<b>Transmission Owner Activity</b> We do not believe that this definition is applicable to SHE Transmission.	We have removed for both SHE Transmission and SP Transmission as it is only needed for NGET.	Y
Ofgem	1A.5	Amendments to definitions of TII Actual Allowance, TII Allowance Adjustment, TII Assumed Allowance, TII Initial Allowance and TII Year	Amendments made for improved clarity, have been reflected for all TOs.	Y
Ofgem	1A.5	Removed definitions of TII Provisional Revenue Adjustment and Output Measures Adjusting Event	Amendments made for improved clarity by removing duplication, have been reflected for all TOs.	Y

<b>Special Condition 1A: Definitions</b>				
<b>Comment from</b>	<b>Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and reasons for change from Statutory Consultation</b>	<b>Change made to the licence (Y/N)</b>
Ofgem	1A.5	Definition of Price Control Review Information (now Specified Information) Standard Condition B15 (Regulatory Instructions and Guidance).	We have amended to ensure the correct reference to the licence condition.	Y

<b>Special Condition 1C: Amended standard conditions</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	General	Need to have amendment to definition of “balancing services activity” in Standard Condition C1 to take account of changes to conditions under which internal SO costs are changed – reference NGET comments on Standard Conditions	The definition of ‘balancing services activity’ in standard condition C1 is amended as suggested, to read:  “balancing services activity’ means the activity undertaken by the licensee as part of the transmission business including the co-ordination and direction of the flow of electricity onto and over the national electricity transmission system, the procuring and using of balancing services for the purpose of balancing the national electricity transmission	Y

<b>Special Condition 1C: Amended standard conditions</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			<p>system and for which the licensee is remunerated under Part 2 of special condition AA5A (Revenue restriction provision) <b>and Special Condition 4A (Restriction of System Operator internal revenue)</b> of the licensee's transmission licence.”</p> <p>This change is made as a consequential change resulting from other modifications. It is necessary to bring the definition in C1 in line with usage of the term in the modified licence conditions.</p>	

<b>Special Condition 2F: Role in respect of the National Electricity Transmission System Operator area located in offshore waters</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	25(a)	Need to use existing defined terms – see Sp C 1A – Secretary of State designation missed the word “area”; “Offshore” is not defined	This is not an issue for setting the price controls for RIIO-T1.	N



<b>Special Condition 2H: Appointment of a Compliance Officer</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	Title	To align with approach to defined terms, 'Compliance Officer' in the title should be capitalised.	As it is a defined term it should be capitalised throughout all licences.	Y

<b>Special Condition 2J: Network Access Policy</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2J.2	Delete "Standard Condition D2 (Obligation to provide transmission services)" as it does not apply to NGET; Change "Standard Condition D3 (Transmission system security standard and quality of service" to "Standard Condition C17 ()" as this is the correct reference for NGET	This is to ensure the correct licence reference.	Y (NGET only)
NGET	2J.3	Rather than a provision requiring NGET to have something approved by the Authority by 30 April, 2013 and no timescale for the Authority's approval, we need a provision to submit our Network Access Policy by a certain date.	We have modified paragraph to ensure the licensee submits the NAP by a certain date. The NAP will then come into force once it has been approved by the Authority.	Y
NGET	2J.7 (a)	Changes needed so that the condition makes sense in the context of NGET because NGET is not a TO. We propose the following wording:  "details of the actions that the licensee's Transmission Owner Activity will take to coordinate with the licensee's balancing services activity and/or other Transmission Owners as	We made the changes to "System Operator's balancing services activity" so that the condition makes sense in the context of NGET's licence.	Y (NGET only)

<b>Special Condition 2J: Network Access Policy</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		appropriate to ensure that planned network outage arrangements are agreed with due consideration of the long term outcomes for consumers and network users;"		
NGET	2J.7 (d)	Changes needed so that the condition makes sense in the context of NGET. We propose the following wording: "a description of the licensee's communication and coordination strategy for interacting with the licensee's balancing services activity and Transmission Owners as appropriate in respect of matters relating to the NAP."	We made the changes to "System Operator's balancing services activities" so that the condition makes sense in the context of NGET's licence.	Y
NGET	2J.9	Changes needed so that the condition makes sense in the context of NGET. We propose the following wording: "Where the licensee proposes to amend the NAP, it must provide a full statement to the Authority of the proposed amendments and provide a copy of that statement to the licensee's balancing services activity and other Transmission Licensees."	We made the changes to "System Operator's balancing services activities" so that the condition makes sense in the context of NGET's licence.	Y
NGET	2J.11	Change needed to reflect views of licensee's balancing services activity to any particular amendment being covered by 2J.13 as an interested person. We propose the following wording: "The Authority's consideration of the proposed amendment will include consideration of any other submission."	We made the changes so that the condition makes sense in the context of NGET's licence.	Y

<b>Special Condition 2K: Transmission Losses reporting</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	2K.4(a)	As previously discussed with Ofgem, we do not have active metering between our transmission network and that of Scottish Power Transmission as this was switched off by SPT post-BETTA as no longer required due to the move to report losses at a GB level. Whilst the Special Condition L uses the same terminology as that proposed, we have discussed this limitation with Ofgem previously and it has been agreed that alternative arrangements would be deemed acceptable. We trust that this continues to be the case. We will explore options with SPT as to whether these metering assets are still available and could be activated and would appreciate further discussion with Ofgem in due course.	No specific change has been proposed.	N
SHE Transmission	2K.4(b)	Replace <i>“a lower level of”</i> with <i>“minimise”</i> .	The changed language better reflects the intention of Final Proposals.	Y

<b>Special Condition 2L: Methodology for Network Output Measures</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2L.3 (e)	Given the introduction of a specific incentive for customer satisfaction, this provision should just refer to that incentive, which is set out in Special Condition 3D.	The intention of the drafting is distinct from the incentive and therefore does not need to change.	N
NGET	2L.4	This condition should be the same as B17, Part B of the current version of the Licence.	Parts of section B are no longer relevant eg the section on implementing the NOMs before 31 May 2008. Changes to update and modernise this	N

<b>Special Condition 2L: Methodology for Network Output Measures</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			condition have been discussed with the licence working group. We do not consider there is a reason to revert back to the old text used in the existing SLC B17.	
NGET	2L.4	There are a number of terms which are incorrectly capitalised in this condition as they are not defined terms. They are: “network assets condition measure”; “network risk measure”; “network performance measure” and “network capability measure”. “transmission business” is a defined term, but is lower case in Special Condition 1A and therefore also incorrectly capitalised in this condition.	There are a number of terms that are not definitions and therefore which should not be capitalised.	Y
NGET	2L.4	The term Network Replacement Outputs is used in Special Condition 2M but is not described here. We propose the following wording be added to 2L.4 in order to provide a link to Sp C 2M: “(e) the Network Replacement Outputs, which are used to measure the licensee’s asset management performance as required in Special Condition 2M (Specification of Network Replacement Outputs).”	Text added to provide additional clarity to the meaning of Network Replacement Outputs.	Y
NGET	2L.10	The ability to make housekeeping changes when there is direct agreement with Ofgem has been lost. This is a useful facility which should be retained.	We cannot retain this facility as it would not be consistent with the Third Package which prohibits the Authority from taking instructions for licensees.	N

<b>Special Condition 2L: Methodology for Network Output Measures</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2L.10 (a)	A change is needed as a matter of law – this is a Special Condition and as such is only applicable to NGET. We propose the following wording:  “consulting with other Transmission Licensees to which a condition of equivalent effect to this condition applies and with any other interested parties, allowing them a period of at least 28 days within which to make written representations with respect to the licensee’s modification proposal; and”	This change has been made for all TOs to ensure that transmission licensees consult with each other in this area.	Y
SHE Transmission	2L.3(c)	Formatting for this paragraph needs correcting.	Paragraph formatting has been changed for consistency with the remainder of the licence.	Y
SHE Transmission	2L.4(b) & (c)	The term “Transmission System” in these paragraphs needs to be capitalised.	Transmission System is a defined term and therefore should be capitalised.	Y
SHE Transmission	2L.6(b)	Insert “ <i>Standard</i> ” before “ <i>Condition B15</i> ”.	Change made to ensure reference to the correct licence condition.	Y

<b>Special Condition 2M: Specification of Network Replacement Outputs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2M.2	Additional clause required to clarify that the Network Replacement Outputs will be the sum of RP1, RP2 and RP3 (50% expected values) units (for transformers, reactors and circuit breakers) and km (for overhead line fittings, overhead line conductor and cables).	We have not made the change here. Network Replacement Outputs are the figures in the table. They are not the sum of RP1, RP2 and RP3.	N

<b>Special Condition 2M: Specification of Network Replacement Outputs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2M.2	Additional clause required to clarify that this is a non-load related output i.e. asset replacements delivered as part of load-related schemes will not be included in the calculation used to define the non-load related NOMs	We have not added an additional clause. This definition will be clarified in the RIGs.	N
NGET	Table 1	In order to be consistent with Final Proposals [para 5.54 of the Cost assessment and uncertainty Supporting Document refers], a table of mid-period Network Replacement Outputs is required.	No change has been made. The licensee is not required to determine a set of outputs by the mid-period. Provision in Final Proposals is for assessment, if required.	N
NGET	Table 1	RP4 should not be included in Table 1 because these are subject to change as the population changes, and such changes should not need to be justified.	No change has been made. Four replacement priority categories is the level of NOMS transparency developed with all three TOs and should be retained in the licence.	N
NGET	Table 1	All figures in Table 1 should be quoted to zero decimal places.	We have discussed with companies. Where appropriate figures have been quoted to zero decimal places. We have also made additions to table template to improve clarity.	Y
NGET	2M.3	There are a number of terms which are incorrectly capitalised in this condition as they are not defined terms. They are: “materially equivalent outputs”; “justified material over delivery” and “justified material underdelivery”.	There are a number of terms that are not definitions and therefore which should not be capitalised.	Y

<b>Special Condition 2M: Specification of Network Replacement Outputs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	2M.3 (a)	Suggest “an output or outputs which delivers” is deleted as it is not required.	Text deleted as it is superfluous and its removal improves the readability of the licence.	Y
NGET	2M.3 (b)	This paragraph suggests that unjustified over-delivery is a failure to deliver the outputs which is incorrect.	Unjustified over-delivery would be a failure to deliver the outputs and thus the current drafting is an accurate representation of Final Proposals.	N
NGET	2M.3 (b)	We do not understand the term “higher specification of risk mitigation”	To improve clarity we have changed the text to refer to ‘levels’ of risk as measured by the network output measures in the table.	Y
NGET	2M.3 (c)	We do not understand the term “lower specification of risk mitigation”		
NGET	2M.4 & 2M.9	“Second Price Control Period” must be defined – suggest the use of the definition in the RIIO-GT1 drafting	We have defined this within the specific condition as a period “to commence 1 April 2021”.	Y
NGET	2M.6	There are a number of terms which are incorrectly capitalised in this condition as they are not defined terms. They are: “materially equivalent outputs”; “justified material over delivery” and “justified material underdelivery”.	There are a number of terms that are not definitions and therefore which should not be capitalised.	Y
NGET	Table 2	“(net of the efficiency incentive rate)” should be deleted as it is incorrect. The full amount needs to be included so that the operation of the efficiency incentive rate on under or overspend in RIIO-T2 is the same as the operation of the efficiency incentive rate on the corresponding over or underspend in RIIO-T1.	We have removed reference to the efficiency incentive rate. Applying the efficiency incentive rate would result in a change to revenues in future price control which would not be commensurate with costs incurred/saved.	Y

Special Condition 2M: Specification of Network Replacement Outputs				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	Part C: Allowed expenditure for Network Replacement Outputs	Should read "Part D"	Change made to ensure correct licence reference.	Y
SPTL	Table 3 after 2M.10	Although table 1 (outputs) takes into account non-load trigger projects (see FP table 6.3) table 3 (allowed expenditure) does not. Please take into account SPTL's amended table to exclude trigger projects to be sent separately.	We have updated Table 1 to exclude trigger projects. This reflected revised information provided by SP Transmission.	Y
SHE Transmission	2M.1	Insert "and" between "Price Control Period," and "the incentive reward...".	We have added the word "and" to improve the clarity of the condition.	Y
SHE Transmission	2M.2	After "First Price Control Period", insert "(1 April 2013 to 31 March 2021)".	We have changed to improve the clarity of the condition.	Y
SHE Transmission	2M.5	After "Second Price Control Period", insert "(to commence 1 April 2021)".	We have changed to improve the clarity of the condition.	Y
SHE Transmission	2M.9(a)(ii)	Formatting for this paragraph needs correcting.	Paragraph formatting has been changed for consistency with the remainder of the licence.	Y
SHE Transmission	2M.10	Replace "allowed revenue" with "Allowed Transmission Owner Revenue".	The precise mechanism for adjusting allowed revenue in RIIO-T2 could, by RIIO-T2, have changed its name.	N



<b>Special Condition 2N: Provision of Information</b>				
<b>SPTL and SHE Transmission only</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	General	Paragraph numbering has not been updated to new format.	Answered in general section above.	N

<b>Special Condition 3A: Restriction of Transmission Network Revenue</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3A.9	Definition of $REV_{t-2}$ – “Special Condition” is not defined. See suggested drafting in Sp C 1A.	A definition is not required for Special Condition. Rather a change is required to refer to the Relevant TO Special Conditions which is the relevant defined term.	Y
NGET	3A.10	Definition of $RI_{t-2}$ – need to add “Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied).”	We have amended to ensure the full reference to the licence condition is included.	Y
NGET	3A.10	Definition of $SFI_{t-2}$ – need to add “Special Condition 3E (Incentive in Respect of Sulphur Hexafluoride ( $SF_6$ ) Gas Emissions).	We have amended to ensure the full reference to the licence condition is included.	Y
NGET	3A.14	Definition of $TO_{t-2}$ – should read “means the Maximum Revenue as derived in accordance with Part B of this condition in respect of Relevant Year t-2.”	We have amended to ensure the correct reference to the licence condition.	Y
SPTL	3A.1	Replace "best endeavours" by existing requirement for licensee to use "all appropriate steps within its power". We have not seen a satisfactory justification for this change.	This is not an appropriate test. We are using the terms “best endeavours” or “reasonable endeavours” throughout the licence.	N

<b>Special Condition 3A: Restriction of Transmission Network Revenue</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SPTL	3A.12	CONADJt should have minus sign as it is negative adjustment to revenue but is positive number in condition 3G formula	We have amended to ensure the equation reflects the original licence intent.	Y
SPTL	3A.13	Definition of SF6 Gas Emission Incentive Scheme. Term should start with the words "Sulphur Hexafluoride" preceding SF6	There is no longer a defined term in the licence. Instead we have referred to the licensee's revenue adjustment in respect of SF6 gas emissions as determined by Sp C 3E (Incentive in respect of Sulphur Hexafluoride (SF6) Gas Emissions).	Y
SPTL	3A.7	RPIFt is defined for the purposes of paragraph 3A.6 but is also used in other conditions	We do not consider the existing drafting to be unworkable.	N
SPTL	3A.9	PVft is defined for the above formula for TRUt but is also used in other conditions	We do not consider the existing drafting to be unworkable.	N
SPTL	3A.10	Formatting of numerator in equation of the formula for REVt-2 is ambiguous. Which terms are divided by RPIFt-2	We have amended to provide greater clarity.	Y
SPTL	3A.10	"TIRGIncAdt-2" needs to be included in REVt-2 calculation as it is part of formula for TIRG.	RPIF is not applied to the TIRGIncAd term in Special Condition 3J and therefore there is no requirement to include in the calculation of the RPI true-up (TRUt)	N
SPTL	3A.11	Formatting of the equation of the formula for REVt-2 is ambiguous. Also, take out RVt-2 and put RBt-2 into numerator (see treatment in 3A.10). Include TIRGIncAdt-2, as for 3A.10.	Difference in the true-up treatment for pass through costs between the TPCR4 rollover and the RIIO calculation reflects differences in the way	N

<b>Special Condition 3A: Restriction of Transmission Network Revenue</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			the mechanisms work, ie we have introduced a lag on the RIIO mechanisms. Therefore current drafting is correct.	
SPTL	3A.14	" +2 " penalty rate should not apply in year t-2 in addition to PRt term in year t-2.	The changes we have made are consistent with our charging volatility decision. The mechanism now works symmetrically. The additional " +2 " on year t-2 is not a penalty per se as it is applied to both under and over recoveries. If there is an under recovery within the deadband then in a future year the licence results in a recovery of the original under recovery plus interest.	N
SPTL	3A.17 (c)	No deadband for over-recovery up to 104%. We commented on this point in the second informal consultation. Please review as the current drafting is not consistent with the decision document on charging volatility (paras. 2.44-2.45).	The changes we have made are consistent with our charging volatility decision. The mechanism now works symmetrically, ie impacts on over and under recoveries. Within the deadband (which is +/- a proportion of revenues) additional interest is applied. If you over recover then the adjustment in two years will be a reduction in revenues greater	N

Special Condition 3A: Restriction of Transmission Network Revenue				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			than the original over recovery, but if you under recover the value of the additional allowance (in two years) will be greater than the original under recovery. It is therefore symmetrical, ie if you under recover then it is additional interest on the under recovery.	
SPTL	Appendix 1 after 3A.22	Table of PU values overruns margin of page.	We have amended to provide greater clarity.	Y
SHE Transmission	3A.10	Where conditions are referred to in the definitions for the first time, the condition name needs to be added.  Also in SFI, SF <sub>6</sub> should have the '6' in subscript as it's a chemical formula.	We have amended to provide greater clarity.	Y
SHE Transmission	3A.11	Please can equation be formatted in such a way as to ensure it remains on one line as the positioning of $RV_{t-2}$ is unclear if not looking at a word version of the condition.  In definition of RV.	We have amended to provide greater clarity.	Y
SHE Transmission	3A.13	In definition of SFI, SF <sub>6</sub> should have the '6' in subscript as it's a chemical formula.	We have amended to provide greater clarity.	Y
SHE Transmission	3A.14	In definition of TO, there is a square bracket after "Allowed Transmission Owner Revenue" that should be deleted.	We have amended to remove the superfluous square bracket	Y

Special Condition 3B: Calculation of allowed pass-through items				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	3B.8	<p>Changes required to avoid disallowance coming into effect before the change to rates. Suggest the following wording:</p> <p>“In respect of any Relevant Year t-2 in which the revaluation by the Valuation Office Agency (in England and Wales) or the Scottish Assessors Association (in Scotland) of the assets of the licensee’s Transmission Network for the purposes of setting Non-Domestic Rates comes into effect, <math>RB_t</math> will have the value of zero in that year and in each subsequent Relevant Year t-2, unless the Authority has satisfied itself that the licensee has used reasonable endeavours to minimise the amount of the prescribed Non-Domestic Rates. If the Authority has so satisfied itself, it will direct that the formula set out in this Part B is to apply for the purposes of calculating the <math>RB_t</math> term in the specific Relevant Year and in each of the subsequent Relevant Years.”</p>	We have amended the paragraph to avoid disallowance coming into effect before the change to rates. This change reflects the intent of the paragraph.	Y
NGET	3B.13	Definition of $TPA_{t-2}$ - Need to change “System Operator” to “licensee as part of its balancing services activity”	We have changed the wording to “System Operator as part of its balancing services activity” to clarify this definition.	Y
NGET	3B.13	Definition of $TPA_{t-2}$ - Need to delete “in accordance with the provisions of the STC as defined in standard condition A1” – whilst the Scottish Transmission Licensees make the payment in accordance with the STC, NGET makes payment in accordance with the CUSC.	We have removed the reference to the STC. The terminology is consistent with current licence.	Y
SHE Transmission	3B.4 & titles of Parts B & C	Business Rates Adjustment and Temporary Physical Disconnection should be capitalised.	These are not defined terms and therefore should not be capitalised.	N

Special Condition 3B: Calculation of allowed pass-through items				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
SHE Transmission	3B.6	In definition of RBE, <i>“that applies to the licensee”</i> should be deleted.	We have amended the condition to remove the superfluous drafting.	Y
SHE Transmission	3B.10	In definition of TPA, Transmission Area should be capitalised.	We have amended as this is a defined term.	Y

Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	3C.3	Definition of RILEG <sub>t</sub> – need to add “Special Condition D5 (Incentive Payments)”	We have amended to ensure the full reference to the licence condition is included.	Y
NGET	3C.4	In the formula, BR <sub>t-2</sub> and TIRG <sub>t-2</sub> are both divided by RPIA <sub>t-2</sub> – this is incorrect because only IPTIRG, FTIRG and ETIRG include RPIF and therefore whilst they should be divided by RPIA, TIRGIncAd and ATIRG should not.	While only some terms in TIRG are multiplied by RPIF, the terms which are not are included in the licence as nominal prices. Therefore in order to convert the TIRG term from nominal prices to 2009/10 prices it must be divided by RPIA.	N
NGET	3C.5	Change required since, as a matter of law, this condition is only applicable to NGET. We propose the following wording: “The licensee must have in place and maintain a reliability incentive methodology statement approved by the Authority that sets out the methodology the licensee will use to calculate the volume of	We have amended the condition to properly reflect how this condition impacts NGET in its interaction with the other Transmission Licensees.	Y

Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		energy not supplied arising from each Incentivised Loss of Supply Event, having regard to the approaches taken by the other Transmission Licensees subject to a condition of equivalent effect to this condition, and to the approved statement prescribed by Standard Condition C17 (Transmission system security and quality of service) setting out criteria by which system availability, security and service quality of the National Electricity Transmission System may be measured.”		
SPTL	3C.4	3C.4 In definition of ENSAt-2 the defined term “incentivised loss of supply events” does not have initial capital letters	As it is a defined term it should be capitalised throughout all licences.	Y
SPTL	3C.4	In definition of PTIS-2 reference to 3E.5 should be 3E.6.	Amended to ensure the correct paragraph reference.	Y
SPTL	3C.4	PVF adjustment should not apply to cap - PVF should apply to left hand side only of maximum comparison.	The PVF adjustment should apply to the side of the formula that gives the maximum penalty that could be applied. Any reward/penalty under this condition should be treated consistently.	N
SHE Transmission	3C.4	In definition of VOLL, a bracket needs to be added before “ <i>in 2009/10 price</i> ”.	Amended to ensure the condition makes sense.	Y
SHE Transmission	3C.4	Reference to “ <i>paragraph 3E.5</i> ” should be changed to “ <i>3E.6</i> ”.	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	Part B	The term Reliability Incentive Methodology Statement should be capitalised.	It is a defined term and should be capitalised throughout.	Y
SHE Transmission	3C.5	At start of paragraph, insert “ <i>Within 30 days of this condition coming into effect,</i> ”.	Additional text is not required as this Methodology is already in effect.	N

<b>Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	3C.8	Incentivised Loss of Supply Event should be capitalised.	As it is a defined term it should be capitalised throughout all licences.	Y
SHE Transmission	Part D	The following terms should be capitalised through Part C: Domestic Customers; Loss of Supply Event/s; and Commercial Customers.	As it is a defined term it should be capitalised throughout all licences.	Y
SHE Transmission	3C.19	At start of paragraph, we suggest that “Within one month of this condition entering into force” is added to align with other conditions that require us to submit methodologies/statements to the Authority at the start of the price control.	We have amended text to require SHE Transmission to submit methodology to us at the start of the price control for the Authority’s approval.	Y

<b>Special Condition 3D: Stakeholder Satisfaction Output</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3D.6	Need to explain how $TIRG_{t-2}$ is derived – we suggest the inclusion of the following paragraph:  “The value of the $TIRG_{t-2}$ term for each Relevant Year is derived in accordance with the provisions of Special Condition 3J (Transmission Investment for Renewable Generation).”	Text added to provide greater clarity for how $TIRG_{t-2}$ is derived.	Y
NGET	3D.9	Should read “The Stakeholder Engagement Reward Guidance (the “Guidance”) may be....”	Text added to improve the clarity of the condition.	Y
NGET	3D.10(a)	“notice” should be lower case because it is not a defined term.	Notice is not a defined term and therefore should not be capitalised.	Y



Special Condition 3D: Stakeholder Satisfaction Output				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	3D.11	Need to explain the meaning of $TIRG_{t-2}$	Text added to explain the meaning of $TIRG_{t-2}$ to improve the clarity of the licence condition.	Y
NGET	3D.11	Definition of $CSSAF_{t-2}$ should read: "is the revenue adjustment factor based on the licensee's performance against the customer satisfaction survey as described in Part E in the Relevant Year t-2, and is derived from the following formula:"	Text added to improve the clarity of the condition.	Y
NGET	3D.11	Definition of $\min(A, B)$ and $\max(A, B)$ should be lower case for consistency with formula	Change made to ensure consistency between the text and the formula.	Y
NGET	3D.11	Definition of $SSSAF_{t-2}$ should read: "is the revenue adjustment factor based on the licensee's performance against the stakeholder satisfaction survey as described in Part E in the Relevant Year t-2, and is derived from the following formula:"	Text added to improve the clarity of the condition.	Y
NGET	3D.12	Need timescale for the Authority's approval.	We do not agree with the proposed change. The existing paragraph provides for the Authority determining values for the terms following the submission. We are not content to set a timescale on the Authority but it is clear that this process will be done in a timely way to support the first year assessment.	N

Special Condition 3D: Stakeholder Satisfaction Output				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	Part E	Should read: "Part E: Customer and Stakeholder Satisfaction Surveys"	Text added to improve the clarity of the condition.	Y
NGET	3D.13	Should read: "Unless otherwise agreed with the Authority, the licensee must carry out a survey at least once a year to assess customer satisfaction and stakeholder satisfaction with its activities (the Customer and Stakeholder Satisfaction Surveys)."	Text added to improve the clarity of the condition.	Y
NGET	3D.14	Delete "stakeholder"	Removed superfluous reference to stakeholder.	Y
NGET	3D.17	Reference to paragraph 24.17 is out of date and should be updated or deleted.	Paragraph reference change for consistency with new numbering.	Y
NGET	Parts F and G	Parts F and G should be deleted as they do not apply to NGET.	These sections only apply to SHE Transmission and SPTL and should be removed from NGET's licence.	Y (NGET only)
SPTL	3D.3	Definition of SSS <sub>t</sub> -2 - please amend to take account of measures other than just the survey. Also, "means the" repeated	Change made to ensure consistency with the intent of Final Proposals.	Y
SPTL	3D.6	"Maximum" in relation to BRt does not make sense.	Change made to ensure consistency with the intent of Final Proposals.	Y
SPTL	3D.11	Reference to paragraph 24.15 should be reference to paragraph 3D.15	Paragraph reference change for consistency with new numbering.	Y
SHE Transmission	3D.3 & 3D.11	Replace "SSS <sub>t</sub> " with "SSI <sub>t</sub> " and replace "(the Stakeholder Satisfaction Survey term)" with "(the Stakeholder Satisfaction Incentive term)" to reflect that the incentive is wider than just a survey.	Change made to ensure consistency with the intent of Final Proposals.	Y

Special Condition 3D: Stakeholder Satisfaction Output				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
SHE Transmission	3D.6	Add the following at the end: <i>“The maximum value of the TIRGt-2 term for each Relevant Year is derived in accordance with the provisions of Special Condition 3J (Transmission Investment for Renewable Generation).”</i>	Text added to improve the clarity of the condition.	Y
SHE Transmission	3D.11	In definition of SS, reference to <i>“paragraph 24.15”</i> at the very end should be changed to <i>“paragraph 3D.15 in this condition”</i> .	Paragraph reference change for consistency with new numbering.	Y
SHE Transmission	3D.11	In table under SEA definition, the spacing in the SEA Band needs to be changed.	Change made to ensure consistency with the intent of Final Proposals.	Y
SHE Transmission	3D.12	Replace the second sentence <i>“The Authority...this submission”</i> with <i>“The Authority will give due consideration to this submission to determine values for these terms.”</i>	Change made to ensure consistency with the intent of Final Proposals.	Y
SHE Transmission	3D.16	Replace <i>“must”</i> with <i>“shall”</i> ; delete the comma after <i>“the Authority”</i> and add <i>“and”</i> between <i>“the Authority”</i> and <i>“other licensees”</i> . This paragraph provides for the sharing of outcomes in the wider group but at the licensee’s discretion.	We are using <i>“must”</i> in the other sections of the licence, This is the appropriate legal language and does not require to be changed.	N
SHE Transmission	3D.17	Replace reference to paragraph <i>“3D.16”</i> with <i>“3D.15”</i> as this is the paragraph that deals with the licensee’s formal reporting to the Authority.	Accepted as this reflects the correct paragraph reference.	Y
SHE Transmission	3D.19	At the end of the paragraph, <i>“<sub>t-2</sub>”</i> should be in subscript.	This reflects the licence convention for formulae.	Y
SHE Transmission	3D.23	Delete the <i>“/”</i> between <i>“Indicators”</i> and <i>“at”</i> .	Changes made to improve the clarity of the condition.	Y
SHE Transmission	3D.29	At the end of the paragraph, <i>“<sub>t-2</sub>”</i> should be in subscript.	This reflects the licence convention for formulae.	Y
SHE Transmission	3D.32	Delete <i>“from time to time”</i> .	Removed as this is superfluous text.	Y

<b>Special Condition 3E: Incentive in Respect of Sulphur Hexafluoride (SF<sub>6</sub>) Gas Emissions</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3E.3	Suggest that we specify that $SFI_t$ is zero in 2013/14 and 2014/15 for clarity and consistency with other conditions.	Changes made to improve the clarity of the condition.	Y
NGET	3E.4	The formula has incorrectly been numbered as a paragraph. Paragraph number needs to be deleted and all subsequent paragraphs need to be renumbered accordingly. All paragraph references then need to be checked.	Accepted as this reflects the correct paragraph reference.	Y
NGET	3E.3	Definition of $ALE_{t-2}$ – should read “...the methodology statement prepared by the licensee as described in Part B of this condition.”	Changes made to improve the clarity of the condition.	Y
NGET	3E.5 (a)	Definition of $ADD_{t-2}$ – should read “means the expected SF <sub>6</sub> emissions in kilograms from new assets containing SF <sub>6</sub> comprising part of the licensee’s Transmission System in Relevant Year t-2 and is to be calculated in accordance with the methodology statement in respect of SF <sub>6</sub> gas leakage described in Part B and reported by the licensee in accordance with Standard Condition B15 (Regulatory Instructions and Guidance).”	Text added to improve the clarity of the condition.	Y
NGET	3E.5 (a)	Definition of $DSP_{t-2}$ – should read “means the expected reduction in SF <sub>6</sub> emissions in kilograms from assets containing SF <sub>6</sub> decommissioned from service on the licensee’s Transmission System in Relevant Year t-2 and is to be calculated in accordance with the methodology statement in respect of SF <sub>6</sub> gas leakage described in Part B and reported by the licensee in accordance with Standard Condition B15 (Regulatory Instructions and Guidance).”	Text added to improve the clarity of the condition.	Y
NGET	3E.5 (b)	Definition of $FYCTE_{t-3}$ – should read “means the baseline target emissions for Relevant Year t-3 that is adjusted so that an amount of ADD or DSP reported by the licensee which is calculated for only part of that year is substituted with the expected amount of	Text added to improve the clarity of the condition.	Y

Special Condition 3E: Incentive in Respect of Sulphur Hexafluoride (SF <sub>6</sub> ) Gas Emissions				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		leakage as if those assets comprise part of the licensee's Transmission System for a full year. This is to be calculated in accordance with the methodology statement in respect of SF <sub>6</sub> gas leakage described in Part B."		
NGET	3E.6	Change needed to ensure the formula is robust for changes to the tax rate. Suggest we delete 0.22 and replace with TR <sub>t-2</sub> in the formula and add a definition of TR <sub>t-2</sub> as "means the corporation tax rate that is applicable to Relevant Year t-2."	The licence condition has been amended to ensure the formula is robust for changes to the tax rate.	Y
NGET	3E.7	It is not clear why this paragraph is needed, but if so, suggest it should be moved above 3E.6	Change made to the ordering to improve the clarity of the condition.	Y
NGET	3E.14	Should read "Where the Authority is satisfied that the event that causes leakage of SF <sub>6</sub> is an SF <sub>6</sub> Exceptional Event, the Authority may, by notice to the licensee, direct that the value of ALE in Relevant Year t-2 is to be adjusted as specified in that direction."	Text added to improve the clarity of the condition.	Y
NGET	3E.18	Suggest that 'Exceptional Event' is changed to 'SF <sub>6</sub> Exceptional Event' to avoid confusion since Exceptional Event is defined in Special Condition 1A for the purposes of Special Condition 3C.	Change made to the definition to avoid confusion with Special Condition 3C.	Y
SPTL	3E.4	In definition of CTET-2 reference to 3E.4 should be 3E.5	Change made to correct the paragraph reference.	Y
SPTL	3E.5	Reference to 3E.3 should be 3E.4?	Change made to correct the paragraph reference.	Y
SPTL	3E.6	Please change "For the Relevant Year beginning on 1 April 2015" to "For Relevant Years beginning on or after 1 April 2015". (so that PTIST-2 has a value after 2015/16).	Change made to better reflect the intention of the Final Proposals.	Y
SPTL	3E.6	Reference to 3E.3 should be 3E.4. Also, correct cross reference for value of TIS.	Change made to correct the paragraph reference.	Y

Special Condition 3E: Incentive in Respect of Sulphur Hexafluoride (SF <sub>6</sub> ) Gas Emissions				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
SPTL		What does (1-0.22) represent? If it is a corporation tax adjustment the value will be (1-0.21) but this may well change from year to year.	The licence condition has been amended to ensure the formula is robust for changes to the tax rate.	Y
SPTL	3E.12	Correct cross reference, should be 3E.11 not 3E.10	Change made to correct the paragraph reference.	Y
SPTL	3E.18	Scope of Exceptional Event definition too narrow (applies to more than just para, E.13).	Change made to the text to reflect the wider application	Y
SHE Transmission	Table 1	It should be CO <sub>2</sub> as it's a chemical formula.	This reflects the licence convention for formulae.	Y
SHE Transmission	3E.5(b)	Current drafting does not result in a cumulative addition across whole T1 period for assets installed as part of SWW projects.  SWWE <sub>t-3</sub> and SWWI <sub>t-3</sub> should be replaced with SWWE <sub>t-n</sub> and SWWI <sub>t-n</sub> and a definition for "n" should be added as "n = 3 -8".	We have amended the licence to capture the cumulative addition of SF <sub>6</sub> from assets installed by SHE Transmission as part of SWW projects over the Price Control Period. We have made this change to better execute policy set out in Final Proposals.	Y (SHE Transmission only)
SHE Transmission	3E.5	<i>"That"</i> should be added between <i>"SWW Outputs"</i> and <i>"are commissioned"</i> .	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3E.6	After "1 April 2015", add <i>"and subsequent Relevant Years"</i> .  In definition of TIS, add <i>"has the meaning Totex Incentive Strength and has the value..."</i> as Special Condition 6C does not use the abbreviation.	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3E.18	This needs to read <i>"...results in, causes <b>and</b>/or prohibits the timely prevention..."</i> . (Emphasis added to assist).	Change made to better reflect the intent of Final Proposals.	Y

Special Condition 3F: Adjustment in Respect of the Environmental Discretionary Reward Scheme				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	3F.1 (b)	How do the arrangements specified here differ from those mentioned in (a) above.	We have removed the reference to arrangements in clause (a). Clause (a) establishes that the incentive value will be determined through the EDR scheme. Clause (b) establishes arrangements for the governance and administration of the scheme itself.	Y
NGET	3F.2	Should read “....in relation to the EDR Scheme in each Relevant Year.”	Change made to improve the clarity of the licence condition.	Y
NGET	3F.6	<p>Changes needed to provide consistency with other conditions. Suggest 3F.6 and 3F.7 are deleted and replaced with:</p> <p>3F.6 For Relevant Years beginning on 1 April 2013 and 1 April 2014 the value of <math>EDR_t</math> will equal zero.</p> <p>3F.7 For each subsequent Relevant Year <math>t</math>, the value of <math>EDR_t</math> is derived in accordance with the following formula:</p> $EDR_t = EDRO_{t-2} \times \left(1 + \frac{I_{t-2}}{100}\right) \times \left(1 + \frac{I_{t-1}}{100}\right)$ <p>where:</p> <p><math>EDRO_{t-2}</math> means a positive adjustment (if any) that may be determined by the Authority pursuant to the provisions set out in the EDR Scheme Guidance for the licensee for Relevant Year <math>t-2</math>; and</p> <p><math>I_t</math> means the Average Specified Rate in Relevant Year <math>t</math>.</p>	These proposed changes ensure the licence better reflects Final Proposals.	Y

<b>Special Condition 3F: Adjustment in Respect of the Environmental Discretionary Reward Scheme</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3F.11	Delete “may” and replace with “shall” and add “may be” before “modified”	The language has been changed to better reflect the intention of Final Proposals.	Y
SPTL	3F.6	Wording is ambiguous as regards revenue entitlement for relevant year t . For consistency with the formulas for OIPt in condition 3A we prefer determination of entitlement in current prices for the relevant year t.	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3F.9 (c) and (d)	EDR <sub>t</sub> in these paragraphs needs the ‘t’ in subscript.	This reflects the licence convention for formulae.	Y

<b>Special Condition 3G: Financial Incentive for Timely Connections SHE Transmission and SPTL ONLY</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SPTL	3G.13	Definition of "Total offers" is of timely offers. Please amend definition.	Change made for SPTL and SHE Transmission to improve accuracy of definition for Total offers.	Y
SHE Transmission	3G.5	At the end of the first sentence, “relating to connections” should be deleted.	Change made to improve the clarity of the licence condition.	Y



<b>Special Condition 3H: the Network Innovation Allowance</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3H.7	It is not clear how this formula links with the formula in the preceding paragraph, 3H.6. A reference would make this clearer.	It is already clear how the formula links with the formula in the preceding paragraph	N
NGET	3H.10 (e)	The text should be changed to be consistent with that contained in the equivalent Gas Transmission Condition.	Change made for consistency with the equivalent Gas Transmission Condition.	Y
NGET	3H.12	“gas transporter” should read “transmission”	Change made to include accurate reference for electricity transmission.	Y
NGET	3H.14	“commencement” should read “coming into force”	Change made to include more appropriate legal terminology.	Y
SPTL	3H.6	As commented previously, placing of 0.9 pass through factor limit has effect of reducing overall cap. Please put PTRA inside brackets to avoid this unintended consequence. Also “allowed revenue” reference in FP implies that TIRGt should be included alongside BRt in base.	We do not agree with the proposed changes on the following grounds: -PTRA: The customer only funds 90% of NIA expenditure. The remaining 10% is funded by the company. The pass through factor currently applies to both parts of the formula the effect of the proposed change would mean it only applies to the first part of the formula which would not deliver the intended policy intent. -TIRG: We have never said the NIA would be a proportion of	N

<b>Special Condition 3H: the Network Innovation Allowance</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			opening base revenue; within period adjustments captured in the annual iteration process; and TIRG. Paragraphs 2.2 to 2.5 in the April 2012 Final Proposals for SPTL and SHE Transmission only refer to setting the value of incentives.	
SPTL	3H.12	Delete "gas transporter"	Change made to include accurate reference for electricity transmission.	Y
SHE Transmission	3H.9	NIAR <sub>t</sub> should have the 't' in subscript.	This reflects the licence convention for formulae.	Y
SHE Transmission	3H.11 (d)	At the end of the subparagraph, replace " <i>in 3H.11(c)</i> " with " <i>in paragraph 3H.11(c) of this condition</i> ".	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3H.11 (e)	Change " <i>and electricity distribution licensees</i> " to " <i>and holders of an electricity distribution licence</i> ";".	Change made to improve the clarity of the licence condition.	Y
<b>National Grid Electricity Transmission</b>				
<b>Special Condition 3I: The Network Innovation Competition</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
WWW	General	There is nothing to say that the NIC governance documents would not contain matters more than are necessary for the reasonable operation of the NIC. Insert Paragraph into NIC special conditions along the line of the - NIC governance documents will not contain matters more than are necessary for the reasonable operation of the NIC.	We don't believe this is necessary as the licence condition already defines the appropriate scope of the governance document in Part E.	N

<b>Special Condition 3H: the Network Innovation Allowance</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGN/WWU	31.9	Please clarify the treatment of Royalties and how this interacts with the excluded services condition. If any such income is not treated as excluded then the amount will be included in Distribution Network Transportation Activity Revenue and effectively be paid back twice.	<p>The current drafting of the excluded services conditions states that NIC royalties are not classified as excluded services. This means is that it is treated as a separate item that is reported separately. It does not make a statement about how those revenues are recovered and would not result in funding being repaid twice.</p> <p>Returned Royalty income is not an excluded service. It is treated separately. Any royalty income generated through the NIC should be recorded in the RIGs. Then each year, when the funding direction is issued the returned royalty income will be paid back through the funding return mechanism and will be set out in the Funding Direction issued for the following year.</p>	N

<b>Special Condition 3H: the Network Innovation Allowance</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3I.22	Paragraph numbering needs correcting to avoid a circular reference. "3I.21 and 3I.22" should read "3I.20 and 3I.21".	Amended to ensure the correct paragraph reference.	Y
NGET	3I.23	"3I.21" should read "3I.20"	Amended to ensure the correct paragraph reference.	Y
NGET	3I.19	"licence" not "license"	Amended to ensure correct spelling.	Y
SHE Transmission	3I.15	Insert a comma after " <i>System Operator's Transmission Licence</i> ".	Change made to improve the clarity of the licence condition.	Y

<b>Special Condition 3J: Transmission Investment for Renewable Generation</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	3J	Due to the fact that NGET has completed spend on TIRG projects in the current price control period, many of the terms in this Licence condition are zero. This means that the whole condition should be significantly shortened to reflect only those terms which remain relevant. Please see separate note (Special Condition 3J – NGET Proposal) for revised drafting.	We are of the view that we should retain the TIRG condition in its original version and as noted in previous licence drafting consultation documents, we do not consider that any material changes are required for the TIRG condition.	N
SPTL	3J.2	Typographical errors (TIRGINCAD and FTIRG).	Amended to address typographical errors.	Y
SPTL	Schedule C	Please insert TIRGINCADt figures for Beaulieu Denny as per the decision letter of 17/6/11 and the values for AFFTIRGt and AFFTIRGDEPNt for Sloy set out in the decision letter of 25/11/10.	Any allowances that were varied due to value adjusting events are not included in the	N

Special Condition 3J: Transmission Investment for Renewable Generation				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			licence – they are done through our decision notices.	
SHE Transmission	General	The positioning of the <sup>i</sup> throughout this condition is throwing the formatting out.	Change made to improve the formatting of the condition.	Y
SHE Transmission	General	Throughout the condition, references to other paragraphs need to be updated to the new paragraph numbers and to maintain consistency with other conditions should have “of this condition” added in For example, in paragraph 3J.3, change “paragraph 2” to “paragraph 3J.2 of this condition”.	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	3J.5	The sub-paragraph numbering in the definition of FTIRGDepn is out of line with the relevant text.	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	3J.7	In the formula, insert opening bracket before “(Dep” and closing bracket after “RPI <sub>t</sub> ”.	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3J.10 (a) (i)	There is an additional dash in the “t=0” subscript that should be deleted.	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3J.2	The term “TIRGIncAd” is defined in 3J.2 as being in 2009/10 prices, and unlike the other terms appearing in the formula for “TIRG” in paragraph 3J.2 there is no provision to index for inflation. We are aware that lack of indexation for this term applies in the current licence as well, but this is an opportunity to fix this anomaly for ET1.	Indexation is not required as: <ul style="list-style-type: none"> <li>• there will not be any income adjusting events in the future and</li> <li>• there is no separate formula for TIRGIncAd</li> <li>• asset value adjusting event term is not indexed</li> <li>• when we make those value adjusting</li> </ul>	N

Special Condition 3J: Transmission Investment for Renewable Generation				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			events, we look into both current and 09/10 prices	

Special Condition 3L: Pre-construction Engineering Outputs for prospective Strategic Wider Works Outputs				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	3L.2	Proposed change makes it clearer that, although the PE Outputs may or may not be undertaken, PE Outputs are the deliverables from works that have been undertaken.	Change appropriate to make it clearer that the PE Outputs are the deliverables from works that have been undertaken.	Y
NGET	3L.3	Paragraph deleted because this definition is already given in Special Condition 1A.	Change made to reflect superfluous definition.	Y
SHE Transmission	3L.4	Delete "Outputs" at the end of the paragraph. The table sets out potential projects, not the outputs associated with them.	Change made to ensure consistency with the intent of Final Proposals.	Y
SHE Transmission	3L.6, 3L.11 (b)	Also, delete "Outputs" after "prospective SWW".	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3L.11 (c)	Replace "the" before "alternative PE Output" with "any".	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3L.17 (a)	Subparagraph numbering needs to start from (i).  In the third subparagraph, there should be a closing bracket after "28 days".	Amended to ensure the correct paragraph reference.	Y

<b>Special Condition 3L: Pre-construction Engineering Outputs for prospective Strategic Wider Works Outputs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	3L.18	The word " <i>delivere</i> " should be replaced with " <i>deliver</i> ".  Also, delete " <i>Output</i> " after " <i>prospective SWW</i> ".	Change made to ensure consistency with the intent of Final Proposals.	Y

<b>Special Condition 3K: Security Costs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	3K.4	Replace " <i>entited</i> " with " <i>entitled</i> ".	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	3K.6 (c)	Transmission Business should be capitalised.	Transmission Business is a defined term and should be capitalised in new conditions.	Y

<b>Special Condition 4A: Restriction Of System Operator Internal Revenue</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	4A.1	It is not possible to use "System Operator" in this context. System Operator as defined only identifies NGET and not its activities in relation to operating the system. This condition must therefore refer to the "balancing services activity" or this element of the price control framework will not work. 4A.2 shows the correct approach, and 4A.1 should therefore be made consistent.	We agree that the term "System Operator" does not sufficiently identify the relevant activities here. The paragraph is therefore amended to state "internal costs in relation to balancing	

Special Condition 4A: Restriction Of System Operator Internal Revenue				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			services activity” in place of “internal costs as System Operator”. This change is made to correctly identify the costs with which this condition is concerned.	
NGET	4A.2	The additional words proposed are required to distinguish the split between internal and external costs and ties in with wording of Sp C AA5A	Our view is that the additional language proposed by NGET is not essential but provides helpful clarification as to the costs referred to in this paragraph. For clarification the paragraph is therefore amended to: “...balancing services activity associated with internal costs (i.e. excluding the revenue associated with procuring and using balancing services)...”	Y
NGET	4A.6	Need to delete “SO Special Condition” and add “under the Relevant SO Special Conditions” before “that are indexed by the Retail Price Index....”	We agree as there are specific definitions for Relevant TO and Relevant SO Special Conditions.	Y



<b>Special Condition AA5A: Balancing Services Activity Revenue Restriction</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	Multiple	Multiple occurrences of the term 'Relevant Year' have been amended to capitalise the first letter to be consistent with the rest of the licence.	The intention of our changes was not to correct for issues that were already present which this issue represents. A wholesale review will be performed on this section and corrections made as part of implementing licence conditions to reflect a scheme in 2013.	N
NGET	5	The definition of BSCC <sub>p</sub> currently refers to 'relevant year p' but this should read 'period p' for consistency within the defined term.	The intention of our changes was not to correct for issues that were already present which this issue represents. A wholesale review will be performed on this section and corrections made as part of implementing licence conditions to reflect a scheme in 2013.	N
NGET	11(e)	Add back in the word 'the' prior to 'period 1 April 2011 to 31 March 2013' which has been deleted.	Change made to ensure consistency with the intent of Final Proposals.	Y

<b>Special Condition 5A. Governance of price control financial instruments</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SPTL	5A.7	As previously commented, please insert statement that changes impacting on PUs values will be done via licence mod process in the interests of a transparent process. This would add assurance for licensees and other parties to supplement paragraph 7.58 of the NGET Final Proposals	We have already included a paragraph in Final Proposals which provided clarity that we would not use the annual interaction process to introduce a policy change.	N
Ofgem	5A.3	Removed paragraph	Deleted paragraph is now dealt with by general definition. All paragraph references have been renumbered accordingly.	Y

<b>Special Condition 5B: Annual Iteration Process for the ET1 Price Control Financial Model</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	5B.6	It would be clearer if the clauses were put in numerical/Licence order.	Change made to improve the clarity of the licence condition.	Y
SPTL	5B.6(h)	Delete reference to Special Condition 7A (legacy price control adjustment for SO)	Change made as this reference is not relevant for SPTL and SHE Transmission.	Y
SPTL	5B.9	Change 'values for the term MODt' to 'value for the term MODt'.	Change made to reflect the fact that there is only a single value of MODt.	Y
SHE Transmission	5B.2	As discussed with Paul Darby (22/01/2013), this paragraph should be deleted.	We consider it is necessary to leave this reference in the	N

<b>Special Condition 5B: Annual Iteration Process for the ET1 Price Control Financial Model</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			licence as it is the final annual iteration process under these arrangements. We have put a clarifying statement in paragraph 1.12 of the ET1 Financial Handbook to address this point.	
SHE Transmission	5B.6	We suggest that the subparagraphs are reordered to reflect the order of the licence conditions covered.	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	5B.9	Reference to 5B2 should be "5B.2".	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	5B.13 (c)	The 'f' at the start of "for" is in subscript and should be in normal font.	Change made to improve the clarity of the licence condition.	Y
Ofgem	5B.14	Reference should be to paragraphs 5A.17(b) and (c) of Special Condition 5A	Amended to ensure the correct paragraph reference.	Y

<b>Special Condition 6A: Legacy price control adjustments – Transmission Owner</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6A.9 & 6A.10	Definitions of CAR and CRAV – Sp C D9 of our current licence specifies capex rolling incentive amounts for 1 April 2013 and 1 April 2014 – please confirm that these will be covered by a future update to the PCFM Variable Values relating to legacy price control adjustments for Relevant Year 2013/14.	The adjustments will always be remodelled, as required, with respect to 2013/14. The revision will only be to the CAR value in the 2013/14 column of the PCFM variable	N

Special Condition 6A: Legacy price control adjustments – Transmission Owner				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			values table.  However, such revision can be made at any time during the price control period.	
NGET	6A.16	Need to add “, starting from 30 November 2013” to avoid confusion - otherwise paragraph suggests first direction is 30 November in year before 2013/14 which is 30 November 2012.	Already addressed by cross-reference to para 6A.8.	N
NGET	6A.20	Need to add “or objections” before “duly received” for consistency with Gas Transmission Licence.	The text makes provision for representations rather than objections to reflect the Third Package changes.	N
SHE Transmission	6A.9	As discussed with Paul Darby (22/01/2013), this paragraph should be deleted	This paragraph (and all equivalent paragraphs) were removed to avoid any misunderstanding, as there was a representation that the paragraph might tend to suggest that Totex performance in the last two years of the price control period might not be addressed as per Final Proposals. A clarifying statement has been added to the ET1 Financial	Y

Special Condition 6A: Legacy price control adjustments – Transmission Owner				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			Handbook at paragraph 1.12.	
SHE Transmission	6A.13	Change “ <i>formulas</i> ” to “ <i>formulae</i> ”.	Correction of spelling mistake.	Y
SHE Transmission	6A.14	‘Part’ in subparagraphs (a) and (d) should be capitalised.	Change made to improve the clarity of the licence condition.	Y

Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6B.1 (a) and (b)	“Transmission Investment Incentives Projects” is not a defined term. Should the paragraph refer to the list of projects in the Appendix to this condition instead? Suggest we add the words “set out in the Appendices to this condition” for clarity.	Transmission Investment Incentives Project is defined in 1A, but for improved clarity amend that definition to:  “...a transmission investment project for which project-specific capital expenditure allowances in respect of one or more TII years are set out in the Appendices to Special Condition 6B (Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period) and are	Y

<b>Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			reflected in the provisions of that condition.”	
NGET	6B.11	The dates do not fit with the timing set out in Special Condition 6A (i.e. 30 November 2013).	Determination timings within the legacy TII condition (which in this case reflect the date by which the Authority may determine revisions to the TII Allowance Adjustment) will not necessarily reflect the Annual Iteration Process cycle – but the methodology for picking up PCFM Variable Value revisions from those mechanisms (in this case updating the IAR and IRAV terms to take into account revisions to the TII Allowance Adjustment) will reflect Annual Iteration Process requirements.	N
NGET	6B.15 (d)	The text needs clarifying by the addition of “in the case of an increase in costs,”	Change made to improve the clarity of the licence condition. Text added “increase (where applicable) in”.	Y
NGET	6B.26	It seems that (ii) is missing? This would cover the adjustment to allowances – this must be clarified.	There is no adjustment to allowances under the TII OMAE provisions, and such	Y

Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			<p>adjustment would be made through an associated TII AVAE.</p> <p>In light of this:</p> <ul style="list-style-type: none"> <li>• Bulleting removed.</li> <li>• Potential linkage to associated TII AVAE recognised through additional text in paragraph 6B.25: “alongside relevant information provided by the licensee under Part B of this condition in the context of any associated notice under paragraph 6B.14 in respect of the same Relevant Amendment to the Scope of Construction Works”</li> </ul>	
SPTL	6B.10(a)	When is "the time of setting the allowed revenue for that same TII year n?" Time of, for example, Final Proposals, Licence Modification or relevant determination or direction or annual iteration for year n ?	For improved clarity, we have amended text to “the same as if the project-specific capital expenditure allowances	Y

Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			<p>reflected in the TII Actual Allowance in respect of a given TII Year n had been known and taken into account by the Authority in the legacy period for the purposes of setting the licensee's allowed revenue for that same TII Year n".</p> <p>In simple terms, this means the same as the sum of allowances reflected in the TII Assumed Allowance (as adopted for the purposes of revenue setting) had been consistent with the sum of allowances reflected in the TII Actual Allowance (as determined by the Authority).</p>	
SPTL	6B.15(c)	How can any increase or decrease for TII year 2012/13 still be 'expected' to occur after 1 April 2014? Any increase or decrease in 2012/13 would have already occurred.	To provide clarity we have amended the text in para 6B.15(c) to "has occurred or is expected to occur". Similarly we have amended text in para 6B.15(b) amended to "have been or are expected to be incurred or saved".	Y



<b>Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SPTL	6B.18 (18)(ii?), 6B.26(b)(i)	Part E (modifications) should read part F	Amended to ensure the correct section reference.	Y
SPTL		Part E (modifications) should read part F	Amended to ensure the correct section reference.	Y
SHE Transmission	6B.6	We do not understand why this paragraph and subsequent references to J12 (Legacy TII Condition) are needed as J12 will no longer be in effect once this licence modification has taken effect and the contents of the former condition have all been integrated into this licence condition. We therefore propose that this paragraph and all subsequent references to the Legacy TII Condition are removed.	<p>The references to paragraphs 1C and 2A-2D in the TII legacy condition are required for the provisions in Part A of this condition as these provide the context for the revenue adjustments set out in this condition.</p> <p>Subsequent references to the TII legacy condition are also required for the provisions of Part D of this condition. Those provisions refer to information set out in annual reports previously provided by the licensee under the TII legacy condition. The licensee must refer to that information in the reports that must be provided under this condition on completion of the relevant works.</p>	N

<b>Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
SHE Transmission	6B.7	Reference to <i>“Part 4 of Chapter 15”</i> should be to <i>“Part 3 of Chapter 15”</i> .	Amended to ensure the correct section reference.	Y
SHE Transmission	6B.13	Replace <i>“Part I of this condition”</i> with <i>“Special Condition 1A (Definitions and Interpretation)”</i> .	Amended to ensure the correct section reference.	Y
SHE Transmission	6B.18 (b) (ii)	Subparagraph number and formatting has been lost and should be reincorporated.	Amended to ensure formatting is consistent with remainder of the licence.	Y
SHE Transmission	6B.22	Replace <i>“Part I of this condition”</i> with <i>“Special Condition 1A”</i> .	Amended to ensure the correct section reference.	Y
SHE Transmission	6B.36	In definition of IAR, reference should be to <i>“Part B of Special Condition 6A”</i> , not to <i>“Part A”</i> .	Change is no longer required as Para 6B.36 has been amended, see below.	N
SHE Transmission	Appendix 2	Where TII projects have transferred into Baseline Wider Works under RIIO-T1 (such as Beaulieu-Blackhillock-Kintore), we do not believe it is appropriate for outputs to also be specified here because outputs are now specified in Special Condition 6I, Table 1.	Project Details must be retained for all Scheduled Projects as these are used in the AVAE, OMAE and reporting provisions under this condition	N
Ofgem	6B.1(a)	“transmission asset owner incentives scheme activity” is not a defined term	We have added a definition in 1A for ‘Transmission Asset Owner Incentives Scheme Activity’ as “transmission owner activity undertaken by the licensee in relation to the Transmission Investment Incentives framework and/or to which the provisions of	Y

Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			Special Condition 6B apply". We have also reflected in the relevant references to this term in Special Condition 6A.	
Ofgem	6B.1(a)	Reference to "Price Control Periods prior to Relevant year 2013/14" is confusing as definitions in 1A defines Price Control Period as the RIIO-T1 period	Amend to "Relevant Years prior to Relevant Year 2013/14" for consistency with 6A.	Y
Ofgem	6B.1(d)	Unclear provisions	Amended for clarity and consistency with Part E to: (e) to set out (in Part E of this condition) the procedures for determining details in respect of additional Further Works.	Y
Ofgem	6B.3(a)	Add "TII Actual Allowance for each TII Year" to this list	Item added for completeness	Y
Ofgem	6B.6	Add text "in this licence" after "date on which this condition took effect" and add text "certain" before "provisions"	Amendments for improved clarity	Y
Ofgem	6B.9(a)	Add text "and which corresponds to the CxIncTOt term in paragraph 1C(a) of the legacy TII condition"	Amendment for improved clarity as to the basis of this term	Y
Ofgem	6B.9(b)	Add text "for each TII Year"	Amendment for improved clarity that the TII Sharing Factor only applies in the TII years.	Y
Ofgem	6B.14	Added "taking into account the provisions of paragraph 6B.11 and 6B.17"	Provisions clarified in recognition that the financial impact of a determination of a	Y
Ofgem	6B.17	Added "in timescales which allow that determination to be taken into		

<b>Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentive schemes activity in the legacy period</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		account by the Authority in making a determination under paragraph 6B.11”	TII AVAE is through the associated provisions for determination of a TII Allowance Adjustment under 6B.11 which are time limited.	
Ofgem	6B.19	Added “, when those adjustments are taken into account by the Authority in reaching a determination under paragraph 6B.11,”		
Ofgem	6B.23	Added “, taking into account the provisions of paragraph 6B.25”	Amendment for consistency with amended 6B.14	Y
Ofgem	6B.32	Added “that are to be given effect through a modification under Part F of this condition”	Amendment for completeness and consistency with other references.	Y
Ofgem	6B.33	Amended to “The Authority will take into account any determinations made under paragraph 6B.32 when making a determination under paragraph 6B.11”	Amendment for improved clarity and consistency with other references.	Y
Ofgem	6B.34(a)li	Added reference to para 6B.8(b)	Added reference to provision in which amendments to Table 1 and 2 may be determined.	Y
Ofgem	6B.36	Amended to “Definitions used in this condition and defined in Special Condition 1A (Definitions and Interpretation) are to be read and given effect subject to any further explanation or elaboration within the ET1 Price Control Financial Methodologies that may be applicable to them”	Amended for consistency with approach used elsewhere and in particular 6A.	Y
Ofgem	Appendix 2	Heading of section 1 for each project amended from “Cost allowances” to “Capital expenditure allowances”	Amendment for improved clarity and consistency with above definition of Transmission Investment Incentives Project.	Y

<b>Special Condition 6C: Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments – Transmission Owner</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6C.6	Delete “PCFM” and replace with “Price Control Financial Model”	Change made to improve the clarity of the licence condition.	Y
SHE Transmission	6C.11	As discussed with Paul Darby (22/01/2013), this paragraph should be deleted.	This paragraph (and all equivalent paragraphs) were removed to avoid any misunderstanding, as there was a representation that the paragraph might tend to suggest that Totex performance in the last two years of the price control period might not be addressed as per Final Proposals. A clarifying statement has been added to the ET1 Financial Handbook at paragraph 1.12.	Y
SHE Transmission	6C.12	<i>“Price Control Review Information”</i> should be changed to <i>“Submitted Information”</i> to align with defined term in Standard Condition B15.	Should be changed to “Specified Information” for consistency with the licence.	Y

<b>Special Condition 6D: Specified financial adjustments – Transmission Owner</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6D.2	Delete “means” and replace with “ensures”	We have amended to better reflect the intention of Final Proposals.	Y
NGET	6D.27	Should “2013/14” be “2019/20”?	We agree with the change as reflecting Final Proposals. However, the paragraph has now been deleted anyway.	N
NGET, SPTL, SHE Transmission	6D.29	Parts A and B should read “Parts A to C”	We have amended to better reflect the intention of Final Proposals.	Y
SHE Transmission	6D.7, 6D.10., 6D.17, 6D.20, 6D.26	As discussed with Paul Darby (22/01/2013), this paragraph should be deleted	This paragraph (and all equivalent paragraphs) were removed to avoid any misunderstanding, as there was a representation that the paragraph might tend to suggest that Totex performance in the last two years of the price control period might not be addressed as per Final Proposals. A clarifying statement has been added to the ET1 Financial Handbook at paragraph 1.12.	Y

<b>Special Condition 6E: The Innovation Roll-out Mechanism</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6E.22	Delete “as set out in Special Condition 5A (Governance of ET1 Price Control Financial Instruments)” because Time Value of Money in a defined term in Special Condition 1A.	Removed not required as Time Value of Money is a defined term in Special Condition 1A.	Y
SPTL	6E.9b	Current wording would disallow any expenditure before time of adjustment. As previously commented, please qualify by inserting cut off date of 1/4/13.	This has been the case throughout the development of the IRM. The mechanism is only intended to fund activities that take place after the Authority has given its permission.	N
SPTL	Appendix 2	Is the value in this table meant to be in nominal terms?	Alongside other PCFM conditions we have made clear that these are 2009/10 values.	Y
SHE Transmission	6E.7, 6E.9	“ <i>Relevant Adjustment</i> ” should be capitalised.	Term removed from definitions and therefore should be lower case.	N
SHE Transmission	6E.18	Reference to paragraph 3B is wrong. Should this be 5B?	Amended to ensure the correct paragraph reference.	Y

<b>Special Condition 6F: Baseline Generation connections and generation connections volume driver</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6F.7	Should read "...in accordance with the RIGs issued in accordance with Standard Condition B15"	Change made to improve the clarity of the licence condition.	Y
NGET	6F.8	For clarity and consistency with other conditions, suggest we add:  “(a) In Relevant Years 2013/14 and 2014/15, $GCE_{t,n}$ is zero.”	The licence condition has been amended to include a clause in the formula that sets the PCFM variable $GCE_{t,n}$ equal to the baseline Allowed Expenditure set out in Table 1 in the first two years of the Price Control Period. This better reflects the policy set out in Final Proposals.	N (NGET only)
NGET	6F.8	Suggest the term $FGCE_{t,n}$ is deleted from the formula to be applied to Relevant Year 2015/16 because it is set to zero in paragraph 6F.10 (a).	Change made to remove superfluous reference to term $FGCE$ in the formula.	Y (NGET only)
NGET	6F.8	Definition of $TPG_n$ – add “(in 2009/10 prices)” for clarity.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6F.8	Delete “ $TP_n$ ” and replace with “ $TPG_n$ ”	Change made to insert correct formula reference.	Y (NGET only)
NGET	6F.9	It would aid clarity of the year convention was explained, i.e. 2014	Change made to improve the	Y (NGET



Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		refers to the year 2013/14, etc.	clarity of the licence condition.	only)
NGET	6F.9	<p>Formula should be:</p> <p>For n = 2014 to 2021:</p> $VGCE_{t,n} = \left[ \{(AGCO_{t-2} - BGCO_{t-2}) \times \text{£}0.027\text{million}\} \right. \\ \left. + \{(ALOHL_{t-2} - BLOHL_{t-2}) \times \text{£}1.1\text{million}\} \right. \\ \left. + \left\{ \sum_{m=1 \text{ to } 9} (ASLCBL_{m,t-2} \times COUCA_m) \right\} \right] \times RPE_n \\ \times WFG_{t-2,n}$	Change made to insert correct formula reference.	Y (NGET only)
NGET	6F.9	Definitions of BGCO <sub>t-2</sub> & BLOHL <sub>t-2</sub> – Table 1 refers to Relevant Year n rather than Relevant Year t	Change made to insert correct definition reference.	Y (NGET only)
NGET	6F.9	Definition of ASLCBL <sub>t-2</sub> – rather than specifying the “sum of section lengths” in this definition, it would be clearer to give sections of cable a suffix (e.g. x) such that the formula can sum for all x.	We have added a suffix i to count the number of section of cable type. This change better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6F.9	Definition of COUCA <sub>m</sub> – Delete “specific matrix” as not required	Delete superfluous reference.	Y (NGET only)
NGET	Table 2	Delete “(adjusted for full costs of underground cabling)” in the title as not required.	Delete superfluous reference.	Y (NGET only)
NGET	Table 2	Suffix x for cable section is included in the table header but is not	Include reference to suffix x to	Y (NGET

<b>Special Condition 6F: Baseline Generation connections and generation connections volume driver</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		currently used. As mentioned in comment 137 above, suggest this suffix be used to improve clarity.	ensure consistency with Final Proposals.	only)
NGET	Table 2	Change needed for consistency with IET report – delete “in circuit km” and replace with “in route km”	Change made to ensure consistency with IET report	Y (NGET only)

**Special Condition 6F: Baseline Generation connections and generation connections volume driver**

Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)																																																						
NGET	Table 2	<p>The table is incomplete with some cable types missing. The full table is:</p> <table border="1" data-bbox="562 504 1420 1281"> <thead> <tr> <th data-bbox="562 504 622 683">m</th> <th data-bbox="622 504 920 683">Underground cable type</th> <th data-bbox="920 504 1196 683">Section length in route km</th> <th data-bbox="1196 504 1420 683">COUCA<sub>m</sub>, £m/circuit kilometre (2009/10 prices)</th> </tr> </thead> <tbody> <tr> <td data-bbox="562 683 622 719">1</td> <td data-bbox="622 683 920 719" rowspan="3">1 core per phase ≤2500mm<sup>2</sup></td> <td data-bbox="920 683 1196 719">x &lt;3</td> <td data-bbox="1196 683 1420 719">6.3</td> </tr> <tr> <td data-bbox="562 719 622 756">2</td> <td data-bbox="920 719 1196 756">3 ≤ x &lt; 15</td> <td data-bbox="1196 719 1420 756">5.2</td> </tr> <tr> <td data-bbox="562 756 622 793">3</td> <td data-bbox="920 756 1196 793">x ≥ 15</td> <td data-bbox="1196 756 1420 793">5</td> </tr> <tr> <td data-bbox="562 793 622 829">4</td> <td data-bbox="622 793 920 829" rowspan="3">1 core per phase &gt;2500mm<sup>2</sup></td> <td data-bbox="920 793 1196 829">x &lt;3</td> <td data-bbox="1196 793 1420 829">6.4</td> </tr> <tr> <td data-bbox="562 829 622 866">5</td> <td data-bbox="920 829 1196 866">3 ≤ x &lt; 15</td> <td data-bbox="1196 829 1420 866">5.5</td> </tr> <tr> <td data-bbox="562 866 622 903">6</td> <td data-bbox="920 866 1196 903">x ≥ 15</td> <td data-bbox="1196 866 1420 903">5.3</td> </tr> <tr> <td data-bbox="562 903 622 940">7</td> <td data-bbox="622 903 920 940" rowspan="3">2 cores per phase ≤2500mm<sup>2</sup></td> <td data-bbox="920 903 1196 940">x &lt;3</td> <td data-bbox="1196 903 1420 940">11</td> </tr> <tr> <td data-bbox="562 940 622 976">8</td> <td data-bbox="920 940 1196 976">3 ≤ x &lt; 15</td> <td data-bbox="1196 940 1420 976">8.9</td> </tr> <tr> <td data-bbox="562 976 622 1013">9</td> <td data-bbox="920 976 1196 1013">x ≥ 15</td> <td data-bbox="1196 976 1420 1013">8.7</td> </tr> <tr> <td data-bbox="562 1013 622 1050">10</td> <td data-bbox="622 1013 920 1050" rowspan="3">2 cores per phase &gt;2500mm<sup>2</sup></td> <td data-bbox="920 1013 1196 1050">x &lt;3</td> <td data-bbox="1196 1013 1420 1050">11.1</td> </tr> <tr> <td data-bbox="562 1050 622 1086">11</td> <td data-bbox="920 1050 1196 1086">3 ≤ x &lt; 15</td> <td data-bbox="1196 1050 1420 1086">9.5</td> </tr> <tr> <td data-bbox="562 1086 622 1123">12</td> <td data-bbox="920 1086 1196 1123">x ≥ 15</td> <td data-bbox="1196 1086 1420 1123">9.3</td> </tr> <tr> <td data-bbox="562 1123 622 1160">13</td> <td data-bbox="622 1123 920 1160" rowspan="3">3 cores per phase ≤2500mm<sup>2</sup></td> <td data-bbox="920 1123 1196 1160">x &lt;3</td> <td data-bbox="1196 1123 1420 1160">15.7</td> </tr> <tr> <td data-bbox="562 1160 622 1197">14</td> <td data-bbox="920 1160 1196 1197">3 ≤ x &lt; 15</td> <td data-bbox="1196 1160 1420 1197">12.6</td> </tr> <tr> <td data-bbox="562 1197 622 1233">15</td> <td data-bbox="920 1197 1196 1233">x ≥ 15</td> <td data-bbox="1196 1197 1420 1233">12.4</td> </tr> </tbody> </table>	m	Underground cable type	Section length in route km	COUCA <sub>m</sub> , £m/circuit kilometre (2009/10 prices)	1	1 core per phase ≤2500mm <sup>2</sup>	x <3	6.3	2	3 ≤ x < 15	5.2	3	x ≥ 15	5	4	1 core per phase >2500mm <sup>2</sup>	x <3	6.4	5	3 ≤ x < 15	5.5	6	x ≥ 15	5.3	7	2 cores per phase ≤2500mm <sup>2</sup>	x <3	11	8	3 ≤ x < 15	8.9	9	x ≥ 15	8.7	10	2 cores per phase >2500mm <sup>2</sup>	x <3	11.1	11	3 ≤ x < 15	9.5	12	x ≥ 15	9.3	13	3 cores per phase ≤2500mm <sup>2</sup>	x <3	15.7	14	3 ≤ x < 15	12.6	15	x ≥ 15	12.4	Additional cable types included in final licence to ensure company has appropriate funding for cables if required to discharge planning conditions. This better executes the policy set out in Final Proposals	Y (NGET only)
m	Underground cable type	Section length in route km	COUCA <sub>m</sub> , £m/circuit kilometre (2009/10 prices)																																																							
1	1 core per phase ≤2500mm <sup>2</sup>	x <3	6.3																																																							
2		3 ≤ x < 15	5.2																																																							
3		x ≥ 15	5																																																							
4	1 core per phase >2500mm <sup>2</sup>	x <3	6.4																																																							
5		3 ≤ x < 15	5.5																																																							
6		x ≥ 15	5.3																																																							
7	2 cores per phase ≤2500mm <sup>2</sup>	x <3	11																																																							
8		3 ≤ x < 15	8.9																																																							
9		x ≥ 15	8.7																																																							
10	2 cores per phase >2500mm <sup>2</sup>	x <3	11.1																																																							
11		3 ≤ x < 15	9.5																																																							
12		x ≥ 15	9.3																																																							
13	3 cores per phase ≤2500mm <sup>2</sup>	x <3	15.7																																																							
14		3 ≤ x < 15	12.6																																																							
15		x ≥ 15	12.4																																																							
NGET	Table 4	Suggest delete "(reading across rows)" from the title as not required.	Delete superfluous reference.	Y (NGET only)																																																						

Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6F.10 (a)	See comment 131 above – Change “2015/16” to “2016/17”	Change made to ensure licence reflects policy intention of Final Proposals.	Y (NGET only)
NGET	6F.10 (b)	<p>Formula should be:</p> <p>For d =2022 to 2023:</p> $FGCE_{t,d,n} = \left[ (FGCO_d \times \text{£}0.027\text{million}) + (FOHL_d \times \text{£}1.1\text{million}) + \sum_{m=1 \text{ to } 9} (FCBL_{m,d} \times COUCA_m) \right] \times RPE_n \times WFG_{d,n}$	The summation is needed to collect up the expenditure in each year n for works undertaken in that year for Delivery of outputs in different years d. For example, work could be undertaken in 2020 that contribute to the Delivery of Generation Connections in 2022 and 2023 therefore need to add the amount for each delivery year to get the total adjustment of Allowed Expenditure in Relevant Year n. Have modified formula so that summation occurs after the profiling of Allowed Expenditure across Relevant Years n.	N (NGET only)
NGET	6F.10 (c)	Definition of suffix m required as in Special Condition 6K.	Include reference to suffix x to ensure consistency with Final Proposals.	Y (NGET only)

Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6F.10 (c)	Definition of $FCBL_{m,d}$ – Delete $RGF_d$ and replace with “ $FGCO_d$ ”	Change definition to reflect policy intent at Final Proposals.	Y (NGET only)
NGET	6F.12	Change needed to insert outputs into Table 6 without a Licence mod – suggest add the words “deemed to be” before “set out in the format of Table 6”.	Change to reflect policy intent at Final Proposals.	Y (NGET only)
NGET	Table 6	Error numbering “Relevant Year, t” columns; Columns currently headed 2020/21 and 2021/22 can be deleted as not required.	Delete superfluous reference.	Y (NGET only)
NGET	6F.13 (a)	Delete “DGCE” and replace with “VGCE” and add “FGCE”	Change definition to reflect policy intent at Final Proposals.	Y (NGET only)
NGET	6F.15	Delete “as set out in Special Condition 5A (Governance of ET1 Price Control Financial Instruments)” because Time Value of Money is a defined term in Special Condition 1A.	Removed not required as Time Value of Money is a defined term in Special Condition 1A.	Y (NGET only)
SPTL	Table 1 following para. 6F.5	Change heading Relevant Years to “Relevant Years ending 31 March”	Change made to improve the clarity of the licence condition.	Y (SPTL only)
SPTL	6F.11	<i>Suggested simplification of formula for <math>COM_t</math></i>	We do not agree with the proposed simplification and therefore have retained the drafting from our Statutory Consultation. The proposed simplification would derive values of all generation works that would be above the threshold using the RPE from	N (SPTL only)

Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			the latest year k rather than the RPE that is applicable in the year that the works were delivered. This would overvalue the addition to RAV of these assets and therefore overvalue the O&M allowance. We have discussed this with SP Transmission and they agree with this position.	
SPTL	Table 6	No units in table for GCE modified values.	Change to reflect policy intent at Final Proposals.	Y (SPTL only)
SPTL	6F.13	Changes to definitions for components of “SHRDc,k” formula to ensure consistency.	Change to ensure consistency of formula.	Y (SPTL only)
SPTL	Table 4	Inserted text “overhead line synergies adjustment” to reflect missing text.	Change to reflect policy intent at Final Proposals.	Y (SPTL only)
SHE Transmission	General	There needs to be a consistent use of either “Relevant Year 2013/14” or “Relevant Year 2014” throughout the condition.	Change made to improve the clarity of the licence condition.	Y (SHE only)
SHE Transmission	6F.10	Definition of FSL should refer to “ <i>paragraph 6F.11</i> ”.  Definition of FSH should refer to “ <i>paragraph 6F.12</i> ”.  Definition of FASL should refer to “ <i>paragraph 6F.13</i> ”.  Definition of FASH should refer to “ <i>paragraph 6F.14</i> ”.	Amended to ensure the correct paragraph reference.	Y (SHE only)
SHE Transmission	6F.12, 6F.13 (ii), 6F.14 (ii),	Definition of RPE should refer to “ <i>paragraph 6F.11</i> ”.	Amended to ensure the correct paragraph reference.	Y (SHE only)

Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
	6F.18 (ii), 6F.17 (ii), 6F.22 (ii), 6F.21 (ii), 6F.23 (iv), 6F.25, 6F.26 (ii), 6F.27 (iv), 6F.29, 6F.30, 6F.31 (iv)			
SHE Transmission	6F.15	<p>Definition of DSLE should refer to “<i>paragraph 6F.16</i>”.</p> <p>Definition of DSHE should refer to “<i>paragraph 6F.20</i>”.</p> <p>Definition of DASLE should refer to “<i>paragraph 6F.24</i>”.</p> <p>Definition of DASHE should refer to “<i>paragraph 6F.28</i>”.</p>	Change made to improve the clarity of the licence condition.	Y (SHE only)
SHE Transmission	6F.16	Change “ <i>n = 1 to 3</i> ” to “ <i>n = 0 – 3</i> ”.	Change to reflect policy intent at Final Proposals.	Y (SHE only)
SHE Transmission	6F.16 (i), 6F.21 (i), 6F.21 (ii), 6F.25, 6F.29,	RPE notation should be “ <i>RPE<sub>t-n-2</sub></i> ”.	Change to reflect policy intent at Final Proposals.	Y (SHE only)
SHE Transmission	6F.16 (ii)	<p>BSLE definition should refer to “<i>Part A</i>”.</p> <ul style="list-style-type: none"> <li>• Definition of RPE should refer to “<i>paragraph 6F.11</i>”.</li> <li>• OSLE definition should refer to “<i>paragraph 6F.17</i>”.</li> <li>• OPSL definition should refer to “<i>paragraph 6F.18</i>”.</li> </ul>	Amended to ensure the correct paragraph reference.	Y (SHE only)

Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		<ul style="list-style-type: none"> <li>FSLA definition should refer to "<i>paragraph 6F.19</i>".</li> </ul>		
SHE Transmission	6F.18, 6F.19, 6F.20, 6F.21, 6F.31	Delete " <i>such</i> ".	Change made to improve the clarity of the licence condition.	Y (SHE only)
SHE Transmission	6F.20 (ii)	<p>Definition of BSHE should refer to "<i>Part B</i>".</p> <p>Definition of RPE should refer to "<i>paragraph 6F.11</i>".</p> <p>Definition of OSHE should refer to "<i>paragraph 6F.21</i>".</p>	Amended to ensure the correct paragraph reference.	Y (SHE only)
SHE Transmission	6F.20 (ii)	<p>Definition of OPSH should refer to "<i>paragraph 6F.22</i>".</p> <p>Definition of FSHA should refer to "<i>paragraph 6F.23</i>".</p>	Amended to ensure the correct paragraph reference.	Y (SHE only)
SHE Transmission	6F.21, 6F.27	Change " <i>formula</i> " to " <i>formulae</i> ".	Change to address spelling errors.	Y (SHE only)
SHE Transmission	6F.21 (ii)	<p>Definition of WF should refer to "<i>paragraph 6F.17</i>".</p> <p>Use of "<i>s</i>" is not needed here.</p>	Amended to ensure the correct paragraph reference and to correct spelling.	Y (SHE only)
SHE Transmission	6F.23 (iii)	Delete extra " <i>t</i> " after " <i>FSHA<sub>t</sub></i> ".	Change to reflect policy intent at Final Proposals.	Y (SHE only)
SHE Transmission	6F.23 (iv)	<p>Definition of OASLE should refer to "<i>paragraph 6F.25</i>".</p> <p>Definition of OPASL should refer to "<i>paragraph 6F.26</i>".</p> <p>Definition of FASLA should refer to "<i>paragraph 6F.27</i>".</p> <p>Use of "<i>s</i>" is not needed here.</p>	Amended to ensure the correct paragraph reference and to correct spelling.	Y (SHE only)
SHE Transmission	6F.28	<p>Definition of OASHE should refer to "<i>paragraph 6F.29</i>".</p> <p>Definition of OPASH should refer to "<i>paragraph 6F.30</i>".</p> <p>Definition of FASHA should refer to "<i>paragraph 6F.31</i>".</p>	Amended to ensure the correct paragraph reference and to correct spelling.	Y (SHE only)



Special Condition 6F: Baseline Generation connections and generation connections volume driver				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		Use of “s” is not needed here.		
SHE Transmission	6F.29	Definition of WF should refer to “ <i>paragraph 6F.17</i> ”.  Use of “s” is not needed here.	Amended to ensure the correct paragraph reference and to correct spelling.	Y (SHE only)
SHE Transmission	Table 4	Not sure that we need to modify the licence condition every year to update for new GCE values as these will be notified and agreed as part of the Annual Iteration Process. We suggest that this table could be deleted.	We have not made the change. We have added text to say that values directed by the Authority will be deemed to be set out in the format of Table 4. This will allow us to insert values into Table 4 without a Licence mod.	N
SHE Transmission	6F.35	Reference to “ <i>paragraph 6F.31</i> ” should be to “ <i>paragraph 6F.32</i> ”.	Amended to ensure the correct paragraph reference.	Y (SHE only)
SHE Transmission	6F.35 (a)	Reference to “ <i>paragraph 6F.31</i> ” should be to “ <i>paragraph 6F.32</i> ”.	Amended to ensure the correct paragraph reference.	Y (SHE only)
SHE Transmission	6F.36	Reference to “ <i>paragraph 6F.31</i> ” should be to “ <i>paragraph 6F.32</i> ”.	Amended to ensure the correct paragraph reference.	Y (SHE only)
Ofgem	6F.3	Remove text “...as set out in Part B of Special Condition 6C (Determination of PCFM Variable Values for Totex Incentive Mechanism adjustments – Transmission Owner) and in accordance with the methodology set out in Chapter 6 of the ET1 Price Control Financial Handbook.”	Appropriate to delete this text as 6C no longer identifies the particular components of allowed revenue.	Y (All)

**Special Condition 6G: Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas**

Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6G.1 (c)	The acronym “EPI” no longer represents the name Pre-existing Infrastructure.	We recognise the inconsistency between the acronym and the title but do not propose to change the acronym as this would not match the acronym in the Financial Model. However, we have changed the title to Enhancing Pre-existing Infrastructure to match the acronym.	Y
NGET	6G.5	Add the words “of this condition” after “....provisions of Part C”	Change made to improve the clarity of the licence condition.	Y
NGET	6G.6 (d)	Delete “overall contribution to sustainable development” and replace with “other environmental impacts” because it may be difficult to argue that replacing an adequate overhead line circuit contributes towards sustainable development.	Change to better reflect policy intent at Final Proposals.	Y
NGET	6G.11	Change needed to insert outputs into Table 1 without a Licence mod – suggest we add the words “deemed to be” after “All EPI Outputs will be”.	Change to better reflect policy intent at Final Proposals.	Y
NGET	6G.13	Need to add the words “on further willingness to pay research or” after “....costs of any additional preliminary work” for clarity.	This clarification would be misleading. We want the licences to include information on the costs of preliminary works in their notice to the Authority where these costs	N

Special Condition 6G: Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			cover any significant costs that the licensee expects to incur to determine the feasibility of the proposed mitigation e.g. further environmental surveys. This will ensure that the TO is able to recover these if it turns out that the proposed EPI output is not feasible and cannot be delivered.	
NGET	6G.19	Need to change “notice” to a lower case because it is not a defined term.	Notice is not a defined term and should not be capitalised.	Y
NGET	6G.20	As with comment 155 above, change needed – suggest we add the words “deemed to be” after “...under Part C of this condition will be”.	This better executes the policy set out in Final Proposals	Y
NGET	6G.23	Delete “as set out in Special Condition 5A (Governance of ET1 Price Control Financial Instruments)” because Time Value of Money is a defined term in Special Condition 1A.	Removed not required as Time Value of Money is a defined term in Special Condition 1A.	Y
SPTL	Second Part	Re-label second part as Part B (There are two parts labelled C but none B)	Amended to ensure the correct section reference.	Y
SHE Transmission	6G.1 (a)	Delete additional use of “is” at start of subparagraph.  “Pre-existing Transmission Infrastructure Assets” should be capitalised as this is a defined term.	Pre-existing Transmission Infrastructure Assets is a defined term and should be capitalised.	Y

Special Condition 6G: Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
SHE Transmission	6G.6(e)	There are a number of spaces missing in this subparagraph. It should read: <i>“a description of the potential measures by which the licensee could deliver EPI Outputs to mitigate the impact of Pre-existing Transmission Infrastructure on the visual amenity of designated areas;”</i> .  Also note replacement of <i>“Pre-existing Infrastructure”</i> with <i>“Pre-existing Transmission Infrastructure”</i> to align with the defined term.	This drafting better executes the policy set out in Final Proposals	Y
SHE Transmission	6G.19	Insert <i>“for the licensee”</i> before <i>“for the Relevant Year t”</i> at the end of the paragraph.	We have changed to improve the clarity of the condition.	Y
SHE Transmission	6G.21	At the start, insert <i>“Subject to paragraph 6G.19 of this condition,”</i> and delete <i>“also”</i> .	We have changed to improve the clarity of the condition.	Y
SHE Transmission	6G.21 (a)	<i>“Delivered”</i> should be capitalised as it’s a defined term.	Delivered is a defined term and should be capitalised.	
SHE Transmission	6G.21 (b)	At the end, <i>“are recovered”</i> should be changed to <i>“to be recovered”</i> .	We have changed to improve the clarity of the condition.	Y
SHE Transmission	6G.21 (c)	After <i>“earlier Relevant Years”</i> , <i>“is specified in a direction”</i> should be changed to <i>“will be specified in a direction”</i> .	This drafting better executes the policy set out in Final Proposals	Y
SHE Transmission	6G.23	<i>“GCE”</i> should be changed to <i>“EPIE”</i> .	Changed to ensure correct reference to licence term in line with the intent of Final Proposals.	Y

<b>Special Condition 6H: Arrangements for the recovery of uncertain costs</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6H.26	This should be referenced to the ET1 Financial Model.	The appropriate reference in this context is to the RIGs which is the basis on which the relevant information is collected.	N
SHE Transmission	6H.1	Delete " <i>as follows</i> " to align with other conditions.	Change made for consistency with other conditions.	Y
SHE Transmission	6H.7	" <i>Allowed Expenditure</i> " should be capitalised. Subsequent usage should also be capitalised.	Changed as " <i>Allowed Expenditure</i> " is a defined term.	Y

<b>Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	6I.3 (c)	"changes in system background" is not a defined term. Need to add "as set out in Part D" for clarity.	We have changed to improve the clarity of the condition.	Y
NGET	6I.9 & 6I.10	As with comment 155 above, change needed – suggest we add the words "deemed to be" before "specified in Table".	This drafting better executes the policy set out in Final Proposals.	Y
NGET	6I.13 (b)	Need to change "the Totex Incentive Mechanism" to "the application of the Totex Incentive Strength Rate" for clarity.	We have changed to improve the clarity of the condition.	Y
NGET	6I.16	Need to change Table 1 to "Tables 1 and 3" because Table 3 is SWW	Reference changed to Table 5 (or 4 in SHE Transmission's	Y

<b>Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		only, and it could relate to Baseline Wider Works.	case) in Part B. This drafting better executes the policy set out in Final Proposals	
NGET	6I.19 (a)	This paragraph should refer to the cost allocation specified in Table 2.	We will deem changes to table so won't be in licence. Prefer to reference the SWW determinations/decision letters.	N
NGET	6I.26	Need to delete "within the boundary (or within adjacent boundaries or zones) that the Baseline Wider Works Output or Strategic Wider Works Output is to be delivered" because this is incorrect and, in any case, is not required.	This drafting better executes the policy set out in Final Proposals.	Y
NGET	6I.37 (a)	For NGET, do we need to explain that this "materiality criteria" will be set out in the Network Development Policy?	We have changed to improve the clarity of the condition.	Y
SPTL	6I.3(e)(ii)	Change 'Part Br' to 'Part B'	We have changed to improve the clarity of the condition.	Y
SPTL	Table 1 after para. 6I.7	Series Compensation Figures for SPTL. Please update in line with agreed position and Model.  Profile should be £m 17.2, 46.7, 20.4 for years 2013/14 to 2015/16 respectively	We have updated the Series Compensation figures for SPTL to reflect the profile in the model. This gives a profile of £17.2m, £46.7m and £20.4m for years 2013/14 to 2015/16 respectively.	Y (SPTL only)
SPTL	Table "2"	Should be renumbered table 3.	Table renumbered to reflect	Y

Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
	after para. 6I.10		accurate numbering convention.	
SHE Transmission	Title	In title, insert " <i>Wider Works Outputs</i> " after " <i>Baseline</i> ".	We have changed to improve the clarity of the condition.	Y
SHE Transmission	General	" <i>Values</i> " when following " <i>WWE</i> " should be capitalised throughout.  Also " <i>Outputs</i> " should be capitalised.	This is not consistent with the treatment of other PCFM variables in other conditions.	N
SHE Transmission	6I.1 (b)	Insert " <i>adjustments to</i> " before " <i>Wider Works Allowed Expenditure</i> ".	We have changed to improve the clarity of the condition.	Y
SHE Transmission	Part A	Insert " <i>Outputs</i> " after " <i>Baseline Wider Works</i> ".	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.11 (a), 6I.11(d)	Reference to " <i>paragraph 6I.13</i> " should be to " <i>paragraph 6I.12</i> ".	Amended to ensure the correct paragraph reference.	Y (SHE Transmission only)
SHE Transmission	6I.11 (b), 6I.14	Delete " <i>single</i> ".	We have not removed the reference to a single event. As set out in Final Proposals the single event should be the attributable cause for the change of scope in works, but this will also include those additional changes to the scope of the works that are consequential to the event and linked to the initial event.	N

Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
SHE Transmission	6I.11 (b)(i)& (ii)	Delete <i>“over the period 2013/14 to 2020/21”</i> .	We have changed to improve the clarity of the condition.	Y (SHE Transmission only)
SHE Transmission	6I.11(b)(ii)	Replace <i>“link”</i> with <i>“project”</i> .	We have changed to improve the clarity of the condition.	Y (SHE Transmission only)
SHE Transmission	6I.11(c), 6I.12(c)	Between paragraphs (c) and (d), <i>“and”</i> should be <i>“and/or”</i> .	This drafting better executes the policy set out in Final Proposals.	Y (SHE Transmission only)
SHE Transmission	6I.12(d)	Insert <i>“reasonably”</i> between <i>“could not have been”</i> and <i>“anticipated”</i> .	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.13	Replace <i>“the Authority will take into account any further clarification that may be provided in the Authority’s determination”</i> with <i>“the Authority will take into account any additional considerations that might have been identified in the Authority’s determination”</i> .	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.16, 6I.17(a), 6I.19(a) & (c)	Reference to <i>“Table 5”</i> should be to <i>“Table 2”</i> .	Amended to reference correct table which in respect of COAV is table 4.	Y (SHE Transmission only)
SHE Transmission	6I.17	Reference to <i>“paragraph 6I.17”</i> should be to <i>“paragraph 6I.16”</i> .	Amended to ensure the correct paragraph reference.	Y (SHE Transmission only)
SHE Transmission	6I.17 (c)	We are unclear on why this is needed in the notice.	The reason for the Notice is, for example, if the Authority has said that any application	N



Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			for a COAE should be made jointly where it is a SWW Output that is being jointly Delivered.	
SHE Transmission	6I.17 (g)	Insert " <i>(as applicable)</i> " at end of subparagraph.	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.19	Reference to " <i>paragraph 6I.16</i> " should be to " <i>paragraph 6I.15</i> ".	Amended to ensure the correct paragraph reference.	Y (SHE Transmission only)
SHE Transmission	6I.21	Reference to " <i>paragraph 6I.20</i> " should be to " <i>paragraph 6I.19</i> ".	Amended to ensure the correct paragraph reference.	Y (SHE Transmission only)
SHE Transmission	6I.23(b)	Insert " <i>and</i> " between subparagraphs (i) and (ii).	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.24	At end of first line, change " <i>mean</i> " to " <i>means</i> ".	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.24	Insert " <i>in</i> " at end of paragraph.	Sentence has been amended and the clause to which this relates has been dropped.	Y
SHE Transmission	6I.26	Change " <i>specified</i> " to " <i>as set out</i> ".  Also, change " <i>Tables 1 and 2</i> " to " <i>Tables 1 or 2</i> ".	This drafting better executes the policy set out in Final	Y

Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			Proposals.	
SHE Transmission	6I.27 (c), 6I.28 (a)	Change “ <i>Tables 1 and 2</i> ” to “ <i>Tables 1 or 2</i> ”.	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.28 (b)	Replace “ <i>event</i> ” with “ <i>OA</i> ”.	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.29	Reference to “ <i>paragraph 6I.28</i> ” should be to “ <i>paragraph 6I.26</i> ”.	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	6I.34	<p>Replace this paragraph with the following as per discussion / email correspondence with Anna Kulhavy.</p> <p><i>“6I.34 Where the licensee proposes to request that the Authority specify a new Strategic Wider Works Output then it must give notice to the Authority in such form as the Authority may from time to time require.</i></p> <p><i>6I.35 [note that this is a new para] The licensee must provide notice of such a request in accordance with the timeline set out in Final Proposals or as amended and in reasonable timescales for the Authority to conduct its assessment in accordance with the timeline set out in Final Proposals or as amended by the Authority in further guidance it may issue from time to time (or by such later alternative date as the Authority may notify to the licensee).”</i></p>	This drafting better executes the policy set out in Final Proposals.	Y
SHE Transmission	6I.35(a)	Replace “ <i>set by the licensee</i> ” with “ <i>(i) &gt;£50m; and, (ii) Deliver cross boundary (or sub boundary) capacity or wider system benefits; and,</i>	We have specified the materiality criteria for SWW	Y (SPTL and SHE)

Special Condition 6I: Specification of Baseline Wider Works Outputs and Strategic Wider Works Outputs and Assessment of Allowed Expenditure				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		<i>(iii)Costs cannot be recovered under any other provision of this licence;</i> Also, insert “ <i>following</i> ” before “ <i>materiality criteria</i> ”.	Outputs set out in FP in both Licences to better reflect the agreed policy.	Transmission Only)
SHE Transmission	6I.35	Update subparagraph references.	Amended to ensure the correct paragraph reference.	Y
SHE Transmission	6I.41	“Allowed Expenditure” should be capitalised. Also, “ <i>Table4</i> ” should be “ <i>Table 5</i> ”.	Allowed Expenditure is a defined term and should be capitalised.	Y
SHE Transmission	6I.43(a)(ii)	Reference to Part D is not needed.	Removed as reference is superfluous.	Y

Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6J.5	Need to delete “shown as bolded increments in Table 1 of this condition” because it will not be possible to show any new SWW Outputs that are delivered on the same boundary and in the same year as an IWW Output and, in any case, this is not required.	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.5	Need to add the word “changes” between “IWW Outputs” and “that the licensee may determine are additionally required....” because	This drafting better executes the policy set out in Final	Y (NGET only)

<b>Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		without it, it appears that changes are upwards only.	Proposals.	
NGET	6J.5	Should “meet the objectives” be replaced with “comply with”?	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 1	Do we need to zero blank cells?	There is no need to zero blank cells. The existing approach is workable.	N
NGET	Table 1	Do we need to add a column with j boundaries listed from 1 to 15?	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.9	“Policy” should be capitalised because it is defined in 6J.7.	Policy should be capitalised because it is defined in this condition.	Y (NGET only)
NGET	6J.14	Do we need to explain the notation for years i.e. 2014 refers to 2013/14 for clarity?	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6J.14 (a)	Suggest we delete “FIWW <sub>t,n</sub> ” because it is set to zero in 6J.16 (a).	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.14	Definition of TPWW <sub>t,n</sub> – suggest we add “(in 2009/10 prices)” for clarity.	Change made to improve the clarity of the licence condition.	Y (NGET only)

Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	6J.15	<p>Formula should read as follows:</p> <p>For n = 2014 to 2021:</p> $VIWW_{t,n} = \left[ \sum_{j=1 \text{ to } 15} \left( \left\{ \sum_{\text{all } i} (BTITC_{i,j,t-2}) - BITC_{j,t-2} \right\} \times BTUCA_j \right) + \sum_{j=1 \text{ to } 15} (ATITC_{i,j,t-2} \times ATUCA_{i,j}) \right] \times RPE_n \times WFWW_{t-2,n}$	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.15	Need to add definitions for suffix i and suffix j.	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.15	Definitions of $BTITC_{i,j,t-2}$ and $ATITC_{i,j,t-2}$ – Need to change these definitions such that it is clear that projects which take the sum of IWW Outputs Delivered on a particular boundary from below the threshold to above the threshold are correctly treated. The incremental transfer capability delivered by these projects should be divided into below threshold capability (which is then multiplied by BTUCA) and above threshold capability (which is then multiplied by ATUCA). This is complicated further on boundaries with multiple above threshold UCAs – suggest that the project with the unit cost closest to BTUCA is treated as below threshold capability and so on.	We have added to the definition to improve clarity around the treatment of IWW Outputs that are delivered on boundaries in the licensee's Transmission System in the volume driver calculation. The effect of these changes will mean that the projects that deliver an IWW Output on a particular boundary in a given year will be added to	Y (NGET only)

<b>Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			cumulative total in order that the project specific unit cost is closest to the agreed unit cost allowance for that boundary. It also clarifies how only Boundary Transfer Capability provided by project i should be treated if that project takes the cumulative total of all IWW Outputs on that boundary after 1 April 2013 from below to above the Boundary Transfer Capability Threshold specified for that boundary.	
NGET	Table 2	The formula refers to boundaries j = 1 to 15. For clarity, suggest we add a column and assign each of the boundaries B6 to SC1 a boundary j number between 1 and 15.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	Table 2	Table needs to be restructured for clarity – see mark up.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	Table 3	Suggest we delete “(reading across rows)” as not required.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6J.16 (a)	Need to change 2015/16 to “2016/17” – see comment 176 above.	This drafting better executes the policy set out in Final	Y (NGET only)

Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			Proposals.	
NGET	6J.16 (b)	<p>Formula should read:</p> <p>In Relevant Year t= 2018/19, for d = 2022 to 2023:</p> $FIWW_{t,d,n} = \sum_{j=1 \text{ to } 15} \left[ \left( \sum_{\text{all } i} \{FBTITC_{i,j,d}\} \times BTUCA_j \right) + \left( \sum_{\text{all } i} \{FATITC_{i,j,d} \times ATUCA_{i,j}\} \right) \right] \times RPE_n \times WFWW_{d,n}$	Summation is needed to collect up the expenditure in each year n for works undertaken in that year for Delivery of outputs in different years d. For example, work could be undertaken in 2020 that contribute to the Delivery of IWW Outputs in 2022 and 2023 therefore need to add the amount for each delivery year to get the total adjustment of Allowed Expenditure in Relevant Year n. Have modified formula so that summation occurs after the profiling of Allowed Expenditure across Relevant Years n.	N
NGET	6J.16	Need to add definition for suffix d.	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	6J.16	Definition of FATITC <sub>i,j,d</sub> – See comment 180 above which also applies here.	This drafting better executes the policy set out in Final	Y (NGET only)

<b>Special Condition 6J: Allowed Expenditure for Incremental Wider Works (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
			Proposals.	
NGET	6J.18	See comment 148 above. Suggest we add “deemed to be” before “set out in the format of Table 4”.	This drafting better executes the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 4	Delete “(reading down columns)” as this is not required.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6J.21	Delete “as set out in Special Condition 5A (Governance of ET1 Price Control Financial Instruments)” because Time Value of Money is a defined term in Special Condition 1A.	Removed not required as Time Value of Money is a defined term in Special Condition 1A.	Y (NGET only)

<b>Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	General	This condition refers to “UCE” values throughout, but the Financial Model uses “DUV” – these should be consistent for clarity.	Change made to the model to ensure consistency.	Y (NGET only)
NGET	6K.5	Should read “Table 1a”	Table should be renumbered 1. There is no table b. We have changed the table title.	Y (NGET only)
NGET	6K.5	The phrase “which is not subject to the provisions set out in Part C of	This text is unnecessary. We have removed it from the	Y (NGET only)



Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		this condition" is not clear – suggest needs to be re-worded.	licence.	
NGET	6K.9	Do we need to explain the notation for years i.e. 2014 refers to 2013/14 for clarity?	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6K.9	Formula should read:  For each year d = 2017 to 2024:  $UCE_{t,n} = \left[ \sum_{m=1 \text{ to } 9} (FUGC_{m,d} + RUGC_{m,d}) \times CUCA_m \right] \times WUG_{n,d} \times RPE_n + DMA_d$	We need to retain summation at the start of the formula as this is calculating Allowed Expenditure for all Relevant Years in the price control period. Therefore, we need to sum up the expenditure in each Relevant Year n for delivery in Relevant Year d.	N
NGET	6K.9	Definitions of $FUGC_{m,d}$ and $RUGC_{m,d}$ – Suggest the introduction of a suffix (e.g. x as in 6K.10 and Table 2) for each section of underground cable, we can then sum for all x in the formula to improve clarity.	Change made to add suffix i to count the number of section lengths of cable type.	Y (NGET only)
NGET	6K.9	Definition of $CUCA_m$ – Delete “specific matrix” as it is not required.	Removed superfluous reference to “specific matrix”.	Y (NGET only)
NGET	Table 2	Need to change “circuit” to “route” in the header in order to be consistent with the IET report.	Change made to ensure consistency with the IET report in line with the policy intent in Final Proposals.	Y (NGET only)

**Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver (NGET Only)**

Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)																																																						
NGET	Table 2	<p>The table is not complete. The correct table is included below. Note: This is not a theoretical problem – some of our schemes involve 3 cores per phase cable.</p> <table border="1" data-bbox="562 547 1420 1329"> <thead> <tr> <th data-bbox="562 547 622 730">m</th> <th data-bbox="622 547 853 730">Underground cable type</th> <th data-bbox="853 547 1196 730">Section length in route km</th> <th data-bbox="1196 547 1420 730">CUCA<sub>m</sub>, £m/circuit kilometre (2009/10 prices)</th> </tr> </thead> <tbody> <tr> <td data-bbox="562 730 622 770">1</td> <td data-bbox="622 730 853 802" rowspan="3">1 core per phase ≤2500mm<sup>2</sup></td> <td data-bbox="853 730 1196 770">x &lt; 3</td> <td data-bbox="1196 730 1420 770">5.2</td> </tr> <tr> <td data-bbox="562 770 622 810">2</td> <td data-bbox="853 770 1196 810">3 ≤ x &lt; 15</td> <td data-bbox="1196 770 1420 810">4.1</td> </tr> <tr> <td data-bbox="562 810 622 850">3</td> <td data-bbox="853 810 1196 850">x ≥ 15</td> <td data-bbox="1196 810 1420 850">3.9</td> </tr> <tr> <td data-bbox="562 850 622 890">4</td> <td data-bbox="622 850 853 922" rowspan="3">1 core per phase &gt;2500mm<sup>2</sup></td> <td data-bbox="853 850 1196 890">x &lt; 3</td> <td data-bbox="1196 850 1420 890">5.3</td> </tr> <tr> <td data-bbox="562 890 622 930">5</td> <td data-bbox="853 890 1196 930">3 ≤ x &lt; 15</td> <td data-bbox="1196 890 1420 930">4.4</td> </tr> <tr> <td data-bbox="562 930 622 970">6</td> <td data-bbox="853 930 1196 970">x ≥ 15</td> <td data-bbox="1196 930 1420 970">4.2</td> </tr> <tr> <td data-bbox="562 970 622 1010">7</td> <td data-bbox="622 970 853 1042" rowspan="3">2 cores per phase ≤2500mm<sup>2</sup></td> <td data-bbox="853 970 1196 1010">x &lt; 3</td> <td data-bbox="1196 970 1420 1010">9.9</td> </tr> <tr> <td data-bbox="562 1010 622 1050">8</td> <td data-bbox="853 1010 1196 1050">3 ≤ x &lt; 15</td> <td data-bbox="1196 1010 1420 1050">7.8</td> </tr> <tr> <td data-bbox="562 1050 622 1090">9</td> <td data-bbox="853 1050 1196 1090">x ≥ 15</td> <td data-bbox="1196 1050 1420 1090">7.6</td> </tr> <tr> <td data-bbox="562 1090 622 1129">10</td> <td data-bbox="622 1090 853 1161" rowspan="3">2 cores per phase &gt;2500mm<sup>2</sup></td> <td data-bbox="853 1090 1196 1129">x &lt; 3</td> <td data-bbox="1196 1090 1420 1129">10</td> </tr> <tr> <td data-bbox="562 1129 622 1169">11</td> <td data-bbox="853 1129 1196 1169">3 ≤ x &lt; 15</td> <td data-bbox="1196 1129 1420 1169">8.4</td> </tr> <tr> <td data-bbox="562 1169 622 1209">12</td> <td data-bbox="853 1169 1196 1209">x ≥ 15</td> <td data-bbox="1196 1169 1420 1209">8.2</td> </tr> <tr> <td data-bbox="562 1209 622 1249">13</td> <td data-bbox="622 1209 853 1281" rowspan="3">3 cores per phase ≤2500mm<sup>2</sup></td> <td data-bbox="853 1209 1196 1249">x &lt; 3</td> <td data-bbox="1196 1209 1420 1249">14.6</td> </tr> <tr> <td data-bbox="562 1249 622 1289">14</td> <td data-bbox="853 1249 1196 1289">3 ≤ x &lt; 15</td> <td data-bbox="1196 1249 1420 1289">11.5</td> </tr> <tr> <td data-bbox="562 1289 622 1329">15</td> <td data-bbox="853 1289 1196 1329">x ≥ 15</td> <td data-bbox="1196 1289 1420 1329">11.3</td> </tr> </tbody> </table>	m	Underground cable type	Section length in route km	CUCA <sub>m</sub> , £m/circuit kilometre (2009/10 prices)	1	1 core per phase ≤2500mm <sup>2</sup>	x < 3	5.2	2	3 ≤ x < 15	4.1	3	x ≥ 15	3.9	4	1 core per phase >2500mm <sup>2</sup>	x < 3	5.3	5	3 ≤ x < 15	4.4	6	x ≥ 15	4.2	7	2 cores per phase ≤2500mm <sup>2</sup>	x < 3	9.9	8	3 ≤ x < 15	7.8	9	x ≥ 15	7.6	10	2 cores per phase >2500mm <sup>2</sup>	x < 3	10	11	3 ≤ x < 15	8.4	12	x ≥ 15	8.2	13	3 cores per phase ≤2500mm <sup>2</sup>	x < 3	14.6	14	3 ≤ x < 15	11.5	15	x ≥ 15	11.3	Additional cable types included in final licence to ensure company has appropriate funding for cables if required to discharge planning conditions. This better executes the policy set out in Final Proposals	Y (NGET only)
m	Underground cable type	Section length in route km	CUCA <sub>m</sub> , £m/circuit kilometre (2009/10 prices)																																																							
1	1 core per phase ≤2500mm <sup>2</sup>	x < 3	5.2																																																							
2		3 ≤ x < 15	4.1																																																							
3		x ≥ 15	3.9																																																							
4	1 core per phase >2500mm <sup>2</sup>	x < 3	5.3																																																							
5		3 ≤ x < 15	4.4																																																							
6		x ≥ 15	4.2																																																							
7	2 cores per phase ≤2500mm <sup>2</sup>	x < 3	9.9																																																							
8		3 ≤ x < 15	7.8																																																							
9		x ≥ 15	7.6																																																							
10	2 cores per phase >2500mm <sup>2</sup>	x < 3	10																																																							
11		3 ≤ x < 15	8.4																																																							
12		x ≥ 15	8.2																																																							
13	3 cores per phase ≤2500mm <sup>2</sup>	x < 3	14.6																																																							
14		3 ≤ x < 15	11.5																																																							
15		x ≥ 15	11.3																																																							
NGET	Table 3	Delete "(reading across rows)" as this is not required.	Deleted superfluous text.	Y (NGET)																																																						

Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
				only)
NGET	Table 3	Rows associated with delivery years 2014, 2015 and 2016 should be deleted as they are not required.	Deleted superfluous text.	Y (NGET only)
NGET	Table 3	Expenditure Year n = 2018/19 has been omitted from the Table headers – the last three column headers need to be corrected.	Corrected column headers to reflect policy intent in Final Proposals.	Y (NGET only)
NGET	Table 3	The spend profile for delivery year 2021 is incorrect – it sums to 110%	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 3	Additional rows for delivery years 2022 and 2023 need to be added – see mark up for the profiles.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6K.11	In the formula, brackets are required around $(FV_{g,d} + RV_{g,d}) \times DUCA_{g,n}$ and $RPE_n$ should be replaced with $RPE_d$	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6K.11	Definition of $DMA_d$ – should refer to “Part B” rather than “Part C”.	Amended to ensure the correct paragraph reference.	Y (NGET only)
NGET	6K.11	Definition of $RPE_n$ – this should be $RPE_d$ and therefore the reference to Part C of this condition is incorrect.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 5	Should be numbered “Table 4”.	Amended to ensure the correct Table reference.	Y (NGET only)

<b>Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	Table 5	Change “DNO undergrounding” to “DNO Underground Cabling” to make use of defined terms.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 5	The use of “[REDACTED]” does not work – we need a means of recording the number for use with the formula.	As agreed with NGET, Ofgem will separately send an Agreed Unit Cost Library for DNO Mitigations and include redacted form in the licence.	N
NGET	Table 5	Add “New build” ahead of “Overhead line – single circuit”; “Overhead line – double circuit” and “DNO substation bays” to clarify and avoid the need for defined terms in Special Condition 1A.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6K.13	See comment 148 above. Suggest we add “deemed to be” before “set out in the format of Table 5”.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)

<b>Special Condition 6L: Baseline Demand Related Infrastructure Outputs and Allowed Expenditure volume driver (NGET Only)</b>
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Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	General	This condition uses "DRI values" throughout but the PCFM Variable Values table uses "DIV". This must be made consistent.	Change made to the model to ensure consistency.	Y (NGET only)
NGET	6L.3 (b)	"year d" should be "year t-2"	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	Table 1	For clarity, the abbreviations BOSGT and BDOHL should be included in Table 1. Also, Allowed Expenditure is a defined term and should be capitalised.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6L.8	"year n" is not defined	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.8	It would be clearer if this read "The DRI values are to be determined in relevant Year t for each year n (n = 2013/14 to 2020/21) in accordance with the following formulae:"	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6L.8	A new clause (a) needs adding to set $DRI_{t,n}$ to $BDRI_{t,n}$ for the first two years of the RIIO-T1 period.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.8 (a)	This becomes (b). $FDRI_{t,n}$ can be deleted as it is set to zero in paragraph 6L.10 (a).	Change made to remove superfluous reference.	Y (NGET only)
NGET	6L.8	The internal cross-reference in the definition of $VDRI_{t,n}$ should refer to "6L.9".	Amended to ensure the correct cross-reference.	Y (NGET only)
NGET	6L.8	"Demand Connection" is not a defined term and should be lowercase.	"Demand Connection" is not a defined term and should be lowercase.	Y (NGET only)
NGET	6L.8	$FDRI_{t,n}$ should clarify that the next price control period is the one "commencing on 1 April 2021".	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6L.9	The formula currently drafted does not work; specifically the use of sigma was wrong. It should read $VDRI_{t,n}$	Change made to better execute the	Y (NGET only)

Special Condition 6L: Baseline Demand Related Infrastructure Outputs and Allowed Expenditure volume driver (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
		$= \left[ \begin{aligned} &\{(AQSGT_{t-2} - BQSGT_{t-2}) \times \text{£}3.9\text{million}\} \\ &+ \{(ADOHL_{t-2} - BDOHL_{t-2}) \times \text{£}1.1\text{million}\} \\ &+ \left\{ \sum_{m=1 \text{ to } 9} (ASDCBL_{m,t-2} \times COUCA_m) \right\} \end{aligned} \right] \times RPE_n \times WFD_{t-2,n}$	policy set out in Final Proposals.	
NGET	6L.9	The definition of AQSGT <sub>t-2</sub> should be clarified as referring to “supergrid” transformers.	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6L.9	“Delivered” is a defined term and should be capitalised.	“Delivered” is a defined term and should be capitalised.	Y (NGET only)
NGET	6L.9	“m” is not defined.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.9	“ALOHL” should be changed to “ADOHL”, “BLOHL” to “BDOHL” and “ASLCBL” to ASDCBL” to differentiate between this quantity and the similar measure in the generation connection condition.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.9	The formula does not yet reflect the fact that a single year or project may see more than one discreet section of cable commissioned. We suggest the use of a suffix (e.g. x) for separate cable sections such that we can then sum for all x in the formula above.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.9 and 6L.10	COUCA <sub>m</sub> and RPE <sub>n</sub> should refer to “Part B” of Special Condition 6F, not “Part B”.	Amended to ensure the correct cross-reference.	Y (NGET only)
NGET	6L.10	This could be simplified to say that FDRI <sub>t,n</sub> is zero for all Relevant Years other than 2018/19 (i.e. modify clause (a) and delete (c)).	Change made to improve the clarity of the licence condition.	Y (NGET only)
NGET	6L.10 (b)	It is necessary to add “for d = 2021/22 to 2022/23” to limit the forward forecast.	Change made to better execute the	Y (NGET only)

Special Condition 6L: Baseline Demand Related Infrastructure Outputs and Allowed Expenditure volume driver (NGET Only)				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
			policy set out in Final Proposals.	
NGET	6L.10 (b)	<p>The formula currently drafted does not work; specifically the use of sigma was wrong. It should read <math>FDRI_{t,d,n}</math></p> $= \left[ (SGTF_d \times \text{£}3.9\text{million}) + (FDOHL_d \times \text{£}1.1\text{million}) + \sum_{m=1 \text{ to } 9} (FDCBL_{m,d} \times COUCA_m) \right] \times RPE_n \times WFD_{d,n}$	Summation is needed to collect up the expenditure in each year n for works undertaken in that year for Delivery of outputs in different years d. For example, work could be undertaken in 2020 that contribute to the Delivery of Demand Connection Outputs in 2022 and 2023 therefore need to add the amount for each delivery year to get the total adjustment of Allowed Expenditure in Relevant Year n. Have modified formula so that summation occurs after the profiling of Allowed Expenditure across Relevant Years n.	N
NGET	6L.10	“Deliver” is a defined term and should be capitalised.	“Deliver” is a defined term and should be capitalised.	Y (NGET only)
NGET	6L.10	The definition for $SGTF_d$ should specifically refer to “supergrid” transformers, and the “licensee” not the “licence”.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.10	$FDCBL_{m,d}$ does not yet reflect the fact that a single year or project may see more than one discreet section of cable commissioned. We suggest the use of a suffix (e.g. x) for separate cable sections such that we can then sum for all x in the formula above.	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.12	Add “deemed to be” so that the table can be populated without a	Change made to better execute the	Y (NGET

<b>Special Condition 6L: Baseline Demand Related Infrastructure Outputs and Allowed Expenditure volume driver (NGET Only)</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
		licence mod.	policy set out in Final Proposals.	only)
NGET	6L.15	'earlier Relevant Years' is not a defined term – suggest "earlier 'Relevant Years'"	Change made to better execute the policy set out in Final Proposals.	Y (NGET only)
NGET	6L.15	Delete "as set out in Special Condition 5A (Governance of ET1 Price Control Financial Instruments)" because this is a defined term.	Change made to improve the clarity of the licence condition.	Y (NGET only)

<b>Special Condition 7A: Legacy Price Control Adjustments – System Operator</b>				
<b>Comment from</b>	<b>Para Ref in the Statutory Consultation</b>	<b>Comment</b>	<b>Ofgem Response and Reasons for Changes from Statutory Consultation Drafting</b>	<b>Change made to licence (Y/N)</b>
NGET	General	In this condition (and occasionally elsewhere in the Licence, e.g. 7B), a different year numbering format has been used. For example "2-13-14" should be "2013/14" for consistency.	We have changed all date references to "/" for consistency.	Y
NGET	7A.15	"LAR" and "LRAV" should be "SOLAR" and "SOLRAV"	Change made to better execute the policy set out in Final Proposals.	Y

<b>Special Condition 7B: Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments – System Operator</b>
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Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	7B.12	For consistency with Special Condition 6C, “any” should be the start of a new sentence.	Change made to improve the clarity of the licence condition.	Y

Special Condition 7C: Specified Financial Adjustments – System Operator NGET Only				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	7C.9 and 7C.10	The internal cross-reference should be to “7C.8” not “7C.7”.	Amended to ensure the correct paragraph reference.	Y
NGET	7C.29	This paragraph should refer to the provisions of “Parts A to C”.	Amended to ensure the correct section reference.	Y

Special Condition 7D: Arrangements for the Recovery of SO uncertain costs NGET Only				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	General	“allowed expenditure” should be “Allowed Expenditure” throughout as this is a defined term.	“Allowed Expenditure” is a defined term and should be capitalised throughout.	Y
NGET	7D.26	This paragraph should refer to the “ET1 Financial Handbook” not the “relevant RIGs”.	The paragraph needs to refer to the RIGs as this is where the reporting criteria will be set out and thus forms the basis on which data is collected.	N

Special Condition 8A: Disapplication of Relevant Special Conditions				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	8A.6	It is necessary to add “paragraph 8A.8 of” to avoid circularity. If the effect of this statement is not limited to 8A.8, the request is deemed never served and the 28-day period would never start.	Change made to remove circularity.	Y
NGET	8A.8	This paragraph needs to refer to the “service” of a Disapplication Request in order to be consistent with 8A.3, 8A.5 and 8A.6.	Change made for consistency with other internal references. Change made to better execute the policy set out in Final Proposals.	Y
SHE Transmission	8A.8	Replace “18 months” with “12 months”.	We previously made the change to 18 months to ensure consistency across licensees. Given the new licence appeals process we consider this to be an appropriate time period.	N

Special Condition 8B: Services treated as Excluded Services				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
NGET	8B.7	The reference to “Transmission Business Activities” does not currently work because the definition of this term in Special Condition 1A is incomplete. See comments on Special Condition 1A.	We have amended the definition of System Operator Activity in Special Condition A1 to cross-reference Standard Condition C1 which does include a reference to balancing services.	Y
SHE Transmission	8B.10 ES5	Replace “Schedule” with “condition”.	Change made to improve the clarity of the licence condition.	Y
SHE	8B.10 ES6	Insert “(The Network Innovation Competition” after “3I”.	Change made to improve the	Y

Special Condition 8B: Services treated as Excluded Services				
Comment from	Para Ref in the Statutory Consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to licence (Y/N)
Transmission			clarity of the licence condition.	

### Log of changes to Supporting Documents

ET Financial Handbook - comments				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to handbook (Y/N)
Ofgem	Throughout handbook	Amendments consequential to changes to the licence conditions from the statutory consultation drafting are required.	Appropriate amendments made.	Y
Ofgem	Throughout handbook	Amendments required to improve the clarity of the drafting, correct cross referencing errors, correct discrepancies between Final Proposals and the handbook and the licence conditions and the handbook and delete typographical errors.	Appropriate amendments made.	Y
NGET	Table 3.1	It is unclear why a valuation at 31/3/12 is needed as well as a valuation at 31/3/13 (see comments which follow below). If the 2 dates reflect different pension schemes then the text should say "2012 or 2013" rather than "and".	We have clarified the purpose of the 2012 and 2013 valuations and the requirements when a full triennial valuation is not available at the valuation date.	Y
Ofgem	Table 3.2 & 3.4	The application of tax to this formula is incorrect because it is inconsistent with the way the financial model treats the EDE and SOEDE term. This tax treatment has been introduced since the previous draft and is incorrect.	Amendments made.	Y
	6.19	The licence (SC 1A) refers to the handbook chapter 6 for a definition of TO totex and SO Totex. In this context this para not only needs to say that this is a definition of TO Totex and SO Totex but it also has to	We have clarified that the RIGs will provide further detail for reporting purposes rather than	Y

ET Financial Handbook - comments				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to handbook (Y/N)
		be the definition that matters. In this context this para should not then say that the full definition is provided elsewhere (the RIGS). If the intention is to define it elsewhere the licence should not direct users to this chapter	the full definition and that the definition in the Handbook applies to both TO totex and SO totex as applicable.	

ET1 Financial Model				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response and Reasons for Changes from Statutory Consultation Drafting	Change made to model (Y/N)
<b>Special Condition [1,2,3..]. XXXXX</b>				
SPTL	Financial model	The allocation of baseline allowances for the PCFM variable value term associated with Special Condition 6F "GCE" between fixed amounts (yellow box) and variable amounts (blue box) is not correct.	Agreed and appropriate amendments made. No impact on PU values.	Y

Network Innovation Competition - Governance Documents				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to licence (Y/N)
Transmission Investment LLP (TCP)	General	Respondent would like certainty of the level of risk when bidding for NIC funding. In particular: <ul style="list-style-type: none"> <li>The maximum amount of NIC funding that could be refunded</li> <li>The time-limits within which any refunding direction must be made by Ofgem</li> </ul>	<p>The maximum that would be refunded is the total amount received from the NIC.</p> <p>The expected last point for a funding return direction will be the December following the approval of the project close</p>	N

Network Innovation Competition - Governance Documents				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to licence (Y/N)
			down report in the governance document.	
SGN	Overview	Respondent concerned that it is not always clear what is intended as an absolute obligation and what is intended as guidance only e.g. it uses language such as 'expect' and urge greater clarity. They ask this is considered when regulating Network Licensees under the NIC and when conducting the planned review.	<p>Following comments to the informal consultation we added text to the front of the NIC Guidance document prior to the Statutory Consultation to clarify that section A provides guidance for the competition and section B the requirements for the Licensee to follow once funding has been awarded.</p> <p>We note there has been no issue with the LCN fund to date, which has been running for the last 3 years and is set-up in a similar way. The review provides an opportunity to consider any changes to the governance if necessary.</p>	N
SGN	General	Respondent concerned that a substantial number of comments submitted in response to the previous consultation remain and have not been taken in to consideration.	We spent time considering all the comments we received prior to the statutory consultation and made revisions where appropriate. The two year review remains available to consider any changes to the arrangements following experience from	Y

Network Innovation Competition - Governance Documents				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to licence (Y/N)
			running the competition and we may consider any lessons learnt from running the first competition in 2013 if necessary.	
SGN	2.10	Network Licensees must ensure Project details published on the Learning Portal are up to date at all times. As project details are continuously developing throughout the life of a Project please clarify this means the most recent Project Progress Reports rather than continuously updated as the Project moves on.	The intention of this paragraph is that the licensee ensures that relevant information is up to date. This means the most recent reports that have been published. To aid clarity we have made a minor alteration to the text in paragraph 2.10, to refer to the latest project progress reports.	Y
SGN	3.3	Greater clarity regarding intended dates would be helpful as 2 Calendar Months notice is extremely tight for Projects of this size and complexity.	We provided clarity following comments from the informal consultation. Please see paragraph 3.3 where we state “we expect the ISP deadline to be in April each year and the full submission deadline to be in August each year”.	N
SGN	ISP Criteria – Page 18	Respondent concerned that the Network Licensee must be able to set out quite detailed and specific information to ‘demonstrate’ how the Project can accelerate development of low carbon and environmental benefits and the potential to deliver value for money for customers across GB. Given the nature of such Projects, the risk and uncertainty, the difficulty associated with demonstrating the elements outlined should not be underestimated.	We appreciate that innovative projects by their nature have a degree of uncertainty involved.  To understand the level of detail that will be required, an example ISP submission for the LCN Fund is <a href="#">here</a> . This is similar level of	N

Network Innovation Competition - Governance Documents				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to licence (Y/N)
			detail to what will be required for the NIC and all past LCN Fund ISPs can be found on our website.	
SGN	Evaluation Criteria – Page 32	The difficulties and uncertainty associated with the demonstrating a Project meets the criteria should not be underestimated. Details can be extremely uncertain and difficult to quantify e.g. potential to deliver net financial benefits, potential to release capacity and potential to replicate across GB.	<p>We appreciate that innovative projects by their nature have a degree of uncertainty involved.</p> <p>Any example full submission for a project is found <a href="#">here</a>. The projects are assessed as a whole against all of the criteria – it is likely that projects will perform differently against each of the individual criteria, but it is the combined performance that is important.</p> <p>All past LCN Fund Full Submissions can be found on our website (both those that were awarded funding and those that were not).</p>	N
SGN	IPR - 9.4	It is not clear what is meant by 'material'. This needs to be clearer, particularly if this is intended to be more than guidance.	The use of material is a common phrase and we do not consider it needs further definition. It may vary on a project by project basis.	N
SGN	9.5	We suggest "(as appropriate)" be inserted after the word "shared" on the penultimate line.	We do not consider this is necessary and believe the current drafting is clear as it stands.	N

Network Innovation Competition - Governance Documents				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to licence (Y/N)
SGN	9.12	We recommend use of the words "new and distinct" in relation to the definition of Foreground IPR. .	The definition of Foreground IPR is linked to IPR that is generated through the project. We do consider it is appropriate to include "new and distinct".	N
SGN		The term Participant is used throughout this section but only Project Participant is defined (and used elsewhere in the document).	Where we refer to participant this has been updated to the defined term "Project Participant"	Y
Internal		The terms GBSO and GB Transmission System were amended in the transmission licence in 2009, with the introduction of the offshore regime. The GBSO is now the NETSO or National Electricity Transmission System Operator. The GB Transmission System is defined to exclude the offshore transmission system so the correct term should be National Electricity Transmission System or NETS.	We have made changes to refer to the GBSO as NETSO and GB transmission system as National Electricity Transmission System to account for the changes and ensure the inclusion of offshore	Y
Internal		The current drafting of network licensee group requires clarification where a licensee is owned by more than one ultimate controller.	We have made minor changes to the definition of a network licensee group to account for when a licensee is owned by more than one ultimate controller.	Y



Network Innovation Allowance (NIA) Governance Document				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to Associated document (Y/N)
All	Various	Comments in relation to this document were typographical and we have accepted these minor changes.		Y

EDR Scheme Guidance Document (a subsidiary document to Special condition 3F)				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response	Change made to document (Y/N)
Ofgem	EDR Scheme Guidance Document, Paragraphs 1.8, 1.9, 1.11 and 2.23.	<p>One TO noted that the Guidance document stated that the EDR Scheme would run from 2013-20, which did not reflect what the policy set out in Final Proposals (FP). We have adjusted the wording in the guidance to match the policy position in FP this, and keep the scheme within budget.</p> <p>We also have amended the evidence requirements for submissions covering the period 2012 to 2013 to be based on actual performance of companies during a particular year, instead of referring to business plans. We have also removed the requirement for applicant companies participate in the 2012 to 2013 period in order to be eligible to apply for a financial reward for the 2013 to 2014 scheme year. These changes serve to clarify that the purpose of submissions covering the period 2012 to 2013 is to give applicant companies the opportunity to develop their thinking, and the systems and processes that the EDR Scheme seeks to promote. It is also an opportunity to seek feedback on their submissions in advance of the first financial incentive covering for the 2013 to 2014</p>	<p>Paragraph 1.8 amended to clarify that the EDR Scheme runs from 2013-2021, instead of 2013-20.</p> <p>Paragraph 1.9 amended to clarify that the financial incentive is up to £4m per year for each scheme year between 2013-21, instead of £8m in 2013-14 and £4m in 2014-20.</p> <p>Paragraph 2.23 amended to change the evidence requirements for submissions covering the period 2012-13.</p>	Y

<b>EDR Scheme Guidance Document (a subsidiary document to Special condition 3F)</b>				
<b>Comment From</b>	<b>Para Ref in the statutory consultation</b>	<b>Comment</b>	<b>Ofgem Response</b>	<b>Change made to document (Y/N)</b>
		scheme year.	Paragraph 1.11 amended to remove the requirement for applicant companies to submit an EDR application form to cover the period 2012-2013 in order to be eligible to apply for a financial reward for the 2013-2014 scheme year.	

<b>Stakeholder Engagement Incentive Scheme Guidance</b>				
<b>Comment From</b>	<b>Para Ref in the statutory consultation</b>	<b>Comment</b>	<b>Ofgem Response</b>	<b>Change made to Associated document (Y/N)</b>
All	Various	Comments in relation to this document were typographical and we have accepted these minor changes. One change has been made to paragraph 1 in the 'Evaluation and Reward Allocation' section to provide clarity on the implications of passing the part 1 submission on the overall eligibility for the reward.		Y

## **Schedule 3 – Reasons and effects of the modifications**

### **Amended Special Conditions**

#### **Special Condition A: Definitions and interpretation, and**

##### **Special Condition D1: Transmission Network Revenue Restriction: Definitions**

Amend and merge conditions, renumber and amend title to Special Condition 1A: Definitions and Interpretation

1.1. The content of this condition has been updated to add new definitions. The reason for these amendments is to improve clarity and simplicity in the Special Conditions of the electricity transmission licence. The additional content is added to incorporate definitions that are necessary to the RIIO-T1 price control model. The content has also been updated to remove redundant definitions that applied to the TPCR4 price control model and, where appropriate, to update definitions to correct for out of date legislation and cross references to other licence conditions.

1.2. The effect of the changes is to create an up-to-date list of the definitions that are necessary to understand the Special Condition that will be in force over the RIIO-T1 period.

#### **Special Condition C2: Separation of National Grid Electricity Transmission plc and Relevant Offshore Transmission Interests**

Amend condition and renumber as Special Condition 2D

#### **Special Condition C3: Appointment and duties of the business separation compliance officer**

Amend condition and renumber as Special Condition 2E

#### **Special Condition C4: Role in respect of the national electricity transmission system operator area located in offshore waters**

Amend condition and renumber as Special Condition 2F

1.3. Given the re-structuring of the Special Conditions, and changes to specific Standard Conditions, minor consequential changes are required to cross references in the above three conditions to ensure they continue to operate during the RIIO period.

#### **Special Condition D2: Restriction of Transmission Network Revenue**

Amend condition and renumber condition as Special Condition 3A

1.4. This Special Condition provides for calculation of the maximum revenue the licensee is allowed to recover from customers, by bringing together terms from other licence conditions. It also sets out the calculation of the price index adjustment factor used throughout the licence and the correction term (K) for the treatment of over/under recovered revenue.

1.5. There are no significant changes to the intent of this condition from the equivalent current Special Condition D2. The changes made reflect new revenue adjustments proposed for RIIO-T1 and remove terms for revenue adjustments that are no longer required. The calculation of the price index adjustment term has been updated to reflect our decision of July 2011.<sup>2</sup> We have also incorporated the calculation of the correction term for over/under recovery (previously within Special Condition D6/J6) and updated its calculation as a result of our decision on measures to mitigate charging volatility.<sup>3</sup>

1.6. The effect of the changes to this condition is to enable the licensee to recover revenue streams that are consistent with the RIIO price control settlement as set out in Final Proposals.

### **Special Condition D3: Adjustment to the Transmission Network Revenue Restriction due to Transmission Investment for Renewable Generation**

#### Amend and renumber condition and amend title to Special Condition 3J: Transmission Investment for Renewable Generation

1.7. This condition governs the Transmission Investment for Renewable Generation (TIRG) funding mechanism. This mechanism provides for potential revenue allowances to facilitate the connection of renewable generation outside the price control provisions.

1.8. The reason for the changes to this condition is to update the condition such that it is compatible with the rest of the updated RIIO licence. This includes:

- changing the condition number and title;
- amending the structure of the condition to make it consistent with the Special Conditions inserted as part of RIIO; and
- changing references to other licence conditions such that they are compatible with the final structure of the RIIO licence.

1.9. The effect of the above changes is to ensure the continuity of the TIRG funding mechanism during RIIO. The changes do not materially alter the existing TIRG licence conditions and their purpose. No changes are proposed to the associated Annex or Schedule.<sup>4</sup>

### **Special Condition D4: Pass Through Items**

#### Amend and renumber condition and amend title to Special Condition 3B: Calculation of allowed pass-through items

1.10. This condition calculates the pass-through costs that the licensee is allowed to recover from customers. Final Proposals set out the areas of cost that will be treated as pass-through.

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<sup>2</sup> Decision on the RPI indexation method to apply allowed revenues in the forthcoming RIIO price controls (T1 and GD1) and the Transmission Price Control (TPCR4) Rollover (Jul 2011): <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=117&refer=Networks/Trans/PriceControls/RIIO-T1/ConRes>

<sup>3</sup> Decision on measures to mitigate charging volatility arising from the price control settlement (Oct 2012): <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=404&refer=Networks/Policy>

<sup>4</sup> Annex to Special Condition D3.

1.11. There are no significant changes to the intent of this condition. Changes have been made to reflect the Authority's decision on measures to mitigate charging volatility,<sup>5</sup> by introducing a two year lag to some of the adjustments. The effect of this change is to reduce charging volatility.

### **Special Condition D7: Allowance in Respect of Security Costs**

#### Amend and renumber condition and amend title to Special Condition 3K: Allowances in respect of a Security Period

1.12. There is no change the policy intention behind this current condition. There are only minor changes to ensure this condition:

- is consistent, where possible, with equivalent conditions in the licences of other licensees; and
- is updated in style, so that it is consistent with the other Special Conditions being developed for RIIO (eg capitals for defined terms, changes to the font used).

1.13. The effect of these changes is to create consistency with other Special Conditions and licences, where possible. The licensee's ability to recover Allowed Security Costs in the event of a Security Period is retained.

### **Special Condition D8: Duration of the Transmission Network Revenue Restriction**

#### Amend and renumber condition and amend title to Special Condition 8A: Disapplication of Relevant Special Conditions

1.14. This condition currently refers to section 12 of the Electricity Act 1989 relating to modification references to the Competition Commission (CC). The amendments to this condition reflect changes to the licence modification procedure introduced in the Electricity and Gas (Internal Markets) Regulations 2011 (the Third Package Regulations).

1.15. In particular, under the new licence modification procedure the Authority is no longer able to make licence condition references to the CC. Instead, the Authority may modify the licence unilaterally, but licensees and certain other specified parties have the right to refer any decision to modify a condition to the CC. Accordingly, this condition needs to be amended to take account of these changes.

1.16. Additionally, disapplication provisions are currently set out in more than one licence condition. For clarity and ease of reference, we consider it appropriate to consolidate the disapplication provisions for the Transmission Owner (TO) and System Operator (SO) into one single licence condition. To do this we propose to remove Special Condition AA5E: Duration of the Balancing Services Activity Revenue Restriction and to amend this condition to incorporate the disapplication provisions currently contained in Special Condition AA5E.

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<sup>5</sup> Decision on measures to mitigate charging volatility arising from the price control settlement (Oct 2012): <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=404&refer=Networks/Policy>

1.17. The effects of the amendments are to ensure that the condition reflects changes brought in by the Third Package Regulations, and to improve the clarity of the disapplication provisions.

### **Special Condition D10: Excluded Services**

#### Amend and renumber condition and amend title to Special Condition 8B: Services treated as Excluded Services

1.18. The purpose of this condition is to set out the basis on which services provided by the licensee may be treated as Excluded Services.

1.19. The amendments are to improve clarity regarding the activities that are to be treated as Excluded Services, and to ensure the condition is applicable for the RIIO-T1 price control period in light of the changes proposed to other Special Conditions in the licence. The effects of the amendments are improved clarity and ensured applicability of the condition as required.

### **Special Condition D11: Adjustment to the Transmission Network Revenue Restriction due to Transmission Asset Owner Incentives**

#### Amend and renumber condition and amend title to Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period

1.20. This condition governs the Transmission Investment Incentives (TII) framework (the TII condition). The TII condition was introduced into the licence on 1 April 2010 to reflect the TII framework for providing project-specific, interim funding for critical large-scale investments within TPCR4. The TII condition was subsequently modified for application in the TPCR4 rollover year 2012-13.

1.21. The TII condition provides for cost recovery by the licensee in relation to specific pre-construction and construction works, for which the Authority determines capital expenditure allowances covering planned expenditure in one or more financial years up to and including 2012-13. It also includes mechanisms for adjusting allowances, and associated deliverables, and for annual reporting on expenditure against allowances and progress against deliverables.

1.22. The TII framework is being superseded by the arrangements for Wider Works under RIIO-T1. The Wider Works arrangements are covered separately in the new Special Conditions outlined below.

1.23. However, certain provisions within the current TII condition, as amended for TPCR4 rollover, will need to be retained under RIIO-T1. These provisions are:

- the adjustment mechanisms and reporting arrangements, as they apply to relevant works undertaken in 2012-13; and
- the provisions, which were introduced as part of the modifications to this condition for 2012-13, for future TII revenue adjustments to be made under RIIO-T1.

1.24. The future TII revenue adjustments referred to above relate to:

- the “true-up”, by setting the process for adjustment of revenues in the future to account for the final values (including any adjustments under the above mechanism) of the relevant capital expenditure allowances, where those differ from the values assumed or taken into account in setting the allowed revenue for the relevant year; and
- the application of the capital expenditure efficiency incentive to the relevant works.

1.25. The amendments to this condition are to reflect the above changes to the TII framework and the new Wider Works arrangements. The effects of the proposed amendments are that the condition:

- retains an amended version of the TII condition in the RIIO-T1 licence, which will include the adjustment mechanisms and reporting arrangements; and
- sets out the basis of the revenue adjustments to be made under RIIO-T1, with reference to input variables defined in proposed Special Condition 6B and the Financial Handbook.

### **Special Condition M: Restriction on the use of certain information**

Amend and renumber condition as Special Condition 2B

### **Special Condition N: Appointment of compliance officer**

Amend condition and amend title and renumber condition as Special Condition 2H:  
Appointment of a compliance officer

1.26. Given the re-structuring of the Special Conditions, and changes to specific Standard Conditions, minor consequential changes are required to cross references in the above two Special Conditions M and N to ensure they continue to operate during the RIIO period.

### **Special Condition AA5A: Balancing Services Activity Revenue Restriction**

Amend condition

1.27. The amendments remove sections of this condition that are being moved and updated as part of RIIO-T1 and, as part of the SO 2013<sup>6</sup>, amend sections to provide clarity over arrangements until the conclusion of this project.

1.28. The amendments remove Part 1 of this condition as it is defunct, and move and update the provisions of Part 2 (ii), which relate to NGET’s allowance with repeat of System Operator (SO) Internal Costs. The provisions for NGET to recover their SO Internal Costs are moved to a new dedicated licence condition - Special Condition 4A: Restriction of System Operator Internal Revenue.

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<sup>6</sup> Gas System Operator (SO) incentives 2013 final proposals consultation.

1.29. As part of the SO 2013 review<sup>7</sup>, we are amending parts of the licence to provide clarity over the arrangements that will be in place for SO external costs in the period between the expiration of the current balancing services incentive scheme (BSIS) on 31 March 2013 and the coming into effect of a new scheme, for which final proposals will be published in the New Year.

1.30. The reasons for and effects of the changes to this condition are set out in the table below.

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<sup>7</sup> See: <http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Pages/SystOptIncent.aspx>



<b>Reference to structure of existing Special Condition AA5A</b>	<b>New structure of Special Condition AA5A (including reasons for change and effects)</b>
Part 1	Removal of this section, as there is no substantive reason for it to be retained.
Part 2 (i) – SO external costs	<p>Changing the definition of 'period p' in paragraph 5 to define the period under which NGET's maximum allowed revenue will be derived from 1 April 2013 to 31 March 2014. Within this period, licence condition C16 will be in effect in isolation until new licence conditions are introduced to reflect the incentive scheme developed through the SO 2013 review. We also propose to revise a number of referenced dates in paragraphs 9, 10, 11 and 12 of the text to ensure that NGET is able to give notice of, and raise proposals for, an income adjusting event up until three months following the incentive period lasting from 1 April 2011 to 31 March 2013.</p> <p>For the avoidance of doubt, revenue recovery resulting from any income adjusting event in respect of the period 1 April 2011 to 31 March 2013 will be provided for as part of any Authority determination of such an event.</p> <p>For the avoidance of doubt, the text set out that paragraph B1 of Schedule A, which states 'In respect of any period commencing on or after 1 April 2013, the terms MTP, SFP and CBP shall be set to zero', takes precedence over the table set out prior to this text in the same paragraph, which sets out values of the terms used for IBCP.</p>
Part 2 (ii) – SO internal costs	Removal of all text in this section and replace with the words 'Not used'. The reason for the change is because there will be a new specific licence condition, Special Condition 4A: Restriction of System Operator Internal Revenue, which will set out the maximum revenue that NGET can recover from its customers in relation to SO Internal Costs. The effect of this change is to remove an out of date section of a licence condition that is being superseded by provisions elsewhere in the licence.
Part 2 (iii) Information on balancing services	No changes. This will be considered as part of SO 2013 review.
Part 2 (iv) TO incentives	No changes. This will be considered as part of SO 2013 review.

**Special Condition AA5C: Information to be Provided to the Authority in Connection with the Transmission Network Revenue Restriction**

1.31. Amend and renumber condition and amend title to Special Condition 2K: Electricity Transmission Losses reporting

1.32. The purpose of this condition is to set requirements for the licensee to report to stakeholders annually in relation to:

- transmission losses on the licensee's transmission system; and
- the steps the licensee is taking to contribute to a lower level of transmission losses on the licensee's transmission system.

1.33. The amendments modify the existing reporting requirement so that the licensee must report to stakeholders on its overall strategy to contribute to fewer losses as well as provide an annual update on its progress in implementing its strategy over the price control.

1.34. The effect of the changes is to make the licensee more accountable to stakeholders about how it takes into account transmission losses when it is planning and developing its transmission system.

## New Special Conditions

### Special Condition 2J: Network Access Policy

1.35. The effect of this new condition is to provide for the licensee to develop a Network Access Policy (NAP). This policy will include general commitment to effective joint co-operation and communication between the TOs and the SO in relation to managing planned and unplanned outages on the system.

1.36. The reason for the introduction of this policy is to provide a reputational incentive on the licensee to effectively communicate and plan with the other TOs to minimise overall system costs. In the new condition:

- Part A sets out the basic obligations. In light of the complexity of the issues, the NAP provides for a range of scenarios and expected approaches that the TOs will be required to act consistently with, as an overall package;
- Part B outlines the minimum headings that should be contained in the NAP;
- Part C is where arrangements to update and change the NAP are set out. This includes arrangements for consulting with the SO; and
- Part D is about publication and availability of the NAP.

### Special Condition 2L: Methodology for Network Output Measures

1.37. During TPCR4, licensees developed methodologies for deriving and reporting Network Output Measures (NOMs) as set out in the current Standard Licence Condition B17: Network Output Measures.

1.38. The purpose of this new condition is to ensure that this methodology continues to meet its objectives. The condition provides for implementation and modification of the methodology. This new condition replaces existing Standard Condition B17: Network Output Measures, which will be deleted.

1.39. The effect of these changes is to update the content of existing Standard Condition B17 as necessary as part of RIIO, and to provide clarity on the methodology.

### Special Condition 2M: Specification of Network Replacement Outputs

1.40. The purpose of this new condition is to specify the Network Replacement Outputs the licensee must deliver during the price control period, and the associated allowed expenditure.

1.41. The effect of this condition is to record the outputs that the companies are expected to deliver over the RIIO-T1 period. If the outputs need to change (eg because of a change in the Network Output Measures methodology, as set out in Special Condition 2L: Methodology for Network Output Measures), then a licence modification will be required to modify this table.

### **Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied**

1.42. The purpose of this new condition is to calculate the revenue-adjusting term that reflects the licensee's performance against the primary output of Energy Not Supplied (ENS), which was set out as part of the RIIO-T1 March 2011 Strategy Document<sup>8</sup> (the March Strategy Document).

1.43. This condition will replace Part 1 of Special Condition D5. The new condition:

- modernises the content of Special Condition D5;
- ensures the measure of ENS consistent between licensees;
- removes deadbands from the incentive;
- standardises the reporting requirements for exceptional events with other licence conditions; and
- changes some of the exclusions to the loss of supply events.

1.44. The effect of this new condition is to enable the licensee to recover revenue streams that are consistent with the RIIO price control settlement, as set out in Final Proposals.

### **Special Condition 3D: Stakeholder Satisfaction Output**

1.45. The purpose of this new condition is to set out the key components of the stakeholder satisfaction output and determine the provisions deriving the financial penalty or reward (-1% to 1% of allowed revenue). Additionally and separately the new condition sets out the conditions for a discretionary reward of up to 0.5% of allowed revenue for high quality outcomes resulting from stakeholder engagement. The financial incentive (-1% to 1%) relates to performance assessed against a survey of stakeholder and/or customer views of the transmission network company's performance. The decision as to whether to apply the separate discretionary reward would be taken by the Authority, and informed by the Stakeholder Engagement Reward Guidance.

1.46. The purpose of these provisions is to incentivise the licensees to deliver benefits to their customers.

1.47. Parts B and C of the new condition make provision for the Stakeholder Engagement Reward and the Stakeholder Engagement Reward Guidance associated document. The purpose of this associated document is to provide the licensee with information on the application and reward process. It sets out the application process to be followed by licensees to be able to qualify for a reward under the stakeholder engagement scheme, and sets out the assessment process, including the minimum requirements, details on the evaluation and allocation of the reward and the panel members.

1.48. For RIIO-T1 and GD1, the Stakeholder Engagement Reward Guidance will come into force on 1 April 2013. Recognising this is the first time the Guidance has been used, we intend to test it in mid-2013, by holding a trial run of the Stakeholder Engagement Reward process. The results of this trial can be used to further develop the Stakeholder Engagement Reward Guidance which can then, if necessary, be modified through the

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<sup>8</sup> [Decision on strategy for the next transmission price control – RIIO-T1](#)

governance arrangements set out in this condition. The condition gives effect to this associated document and provides governance arrangements should the associated document need to be changed.

### **Special Condition 3E: Incentive in respect of Sulphur Hexafluoride Gas (SF<sub>6</sub>) Emissions**

1.49. The purpose of this new condition is to establish an incentive for the licensee to efficiently mitigate the leakage of sulphur hexafluoride (SF<sub>6</sub>) from assets on the licensee's transmission system.

1.50. As part of RIIO we have modified the TPCR4 incentive scheme<sup>9</sup> to apply to actual emission levels from the licensee's transmission system instead of a percentage rate of emissions. This approach provides a better incentive on the TOs to manage marginal SF<sub>6</sub> emissions than the previous regime over the entire performance period.

1.51. In addition, the new condition will change the incentive so that it will reward or penalise the licensee according to whether emissions are above or below the baseline. The incentive amount has also been changed to the non-traded equivalent carbon price.

1.52. The effect of this condition is to adjust the licensee's revenue up or down, based on the difference between its baseline and the actual level of SF<sub>6</sub> emissions for that licensee.

### **Special Condition 3F: Adjustment in Respect of the Environmental Discretionary Reward Scheme**

1.53. This new condition establishes arrangements for the Environmental Discretionary Reward (EDR) Scheme, and establishes the Environmental Discretionary Reward (EDR) Scheme Guidance. The EDR Scheme determines, in accordance with the EDR Scheme Guidance, the amount of incentive the licensee will receive in respect of its assessed performance in each relevant year. The EDR Scheme is introduced to encourage the licensee to achieve high standards in environmental management and facilitate the move towards a low carbon energy system.

1.54. The effect of this condition is to make a positive adjustment to the licensee's revenue if the licensee makes a submission to the annual scheme and the licensee is assessed as having met the level of performance required under the EDR Scheme for a reward.

### **Special Condition 3H: The Network Innovation Allowance**

1.55. The purpose of this new condition is to establish the Network Innovation Allowance (NIA). We are establishing the NIA to fund smaller scale innovative projects which deliver benefits to consumers. In the March Strategy Document we set out that as part of the RIIO innovation stimulus we would establish a limited Innovation Allowance of between 0.5-1 per cent of base revenue for each licensee. The NIA is self governing and will allow licensees to implement smaller scale innovation projects on their own networks.

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<sup>9</sup> As set in Part 3 of Special Condition D5.

1.56. This new condition also sets out the scope of the NIA and change control processes for the NIA Governance Document. It also sets out that only NIA expenditure that conforms with the requirements of the NIA Governance Document and licence condition will be considered eligible within the NIA.

1.57. The effect of this condition is to establish the Network Innovation Allowance. The condition sets out the percentage of each licensee's base revenue that they can spend on innovative projects that conform to the NIA Governance Document. The allowance is provided on a 'use it or lose it' basis and licensees will self-certify against the criteria that are included in the NIA Governance Document.

### **Special Condition 3I: The Network Innovation Competition**

1.58. In the March Strategy Documents we outlined the introduction of an innovation stimulus. One element of the innovation stimulus is the Network Innovation Competition (NIC). The March Strategy Documents set out that licensees can bid for funding through a competitive process for projects which have potential low carbon and/or environmental benefits. This differs from the current Innovation Roll-out Mechanism which exists to fund the rollout of a proven innovation where the licensee is unable to complete rollout under the existing price control settlement. This Special Condition has been created in order to establish the arrangements for the NIC which did not exist in the previous price control.

1.59. The effect of the new condition is to establish the NIC. This will enable licensees to fund eligible NIC projects. This includes:

- a) establishing the NIC Funding and the Funding Return Mechanism, which outline the circumstances under which the licensee will receive funding and the circumstances under which the licensee must return money;
- b) establishing that the regulation, governance and administration of the NIC will be detailed in the NIC Governance Document;
- c) establishing that the licensee must comply with the NIC Governance Document as if it forms part of the licence; and
- d) establishing the procedures for issuing and revising the NIC Governance Document.

1.60. We set out that funding<sup>10</sup> for the NIC should be recovered from all transmission customers. Therefore, in addition the proposed new condition provides for NGET to collect and transfer the total awarded NIC funding on behalf of all electricity transmission licensees who have been awarded NIC funding through the annual NIC competitive process. This is done through by the term NCIF in NGET's Principle Formula.

### **Special Condition 3L: Pre-construction Engineering Outputs for prospective Strategic Wider Works Outputs**

1.61. The purpose of this new condition is to specify and provide baseline funding for the pre-construction engineering works associated with some of the larger wider works outputs that could be required during RIIO-T1. This condition specifies the amount of baseline funding as well as the types of outputs to be delivered by the licensee. The

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<sup>10</sup> March 2012 decision document: [Decisions on the Network Innovation Competition](#).

condition also allows for the licensee to substitute or curtail outputs if it is more economical and efficient to do so.

1.62. The effect of this new condition is to ensure the licensee has funding for the first (low cost) phase of works in preparation of the larger wider reinforcement outputs that it may be required to deliver during the price control period. These works provide the licensee with the information they need to request the Authority to approve further funding under the Strategic Wider Works arrangements.

#### **Special Condition 4A: Restriction on System Operator Internal Revenue**

1.63. The purpose of this new condition is to calculate the maximum SO internal revenue the licensee is allowed to recover from customers. The effect of this condition is to enable the licensee to recover revenue streams that are consistent with the RIIO price control settlement as set out in Final Proposals.

1.64. This condition replaces the current provisions for the recovery of SO internal Costs that are found in Part 2(ii) of current Special Condition AA5A.

#### **Special Condition 5A: Governance of ET1 Price Control Financial Instruments**

1.65. The reason for introducing this new condition is to establish the change control framework for the ET1 Price Control Financial Model and the ET1 Price Control Financial Handbook. Both the ET1 Price Control Financial Model and the ET1 Price Control Financial Handbook form part of this condition and may only be modified by the Authority in accordance with the provisions set out in this condition.

1.66. The effect of introducing this condition is to establish, and provide governance for, two key associated documents that are essential components of the annual iteration of the PCFM.

#### **Special Condition 5B: Annual Iteration Process for the ET1 Price Control Financial Model**

1.67. The purpose and effect of this new condition is to:

- set out the steps to be taken for the annual iteration process of the Price Control Financial Model; and
- set out the procedure for directing the value of the terms MODt and SOMODt to the licensee.

1.68. The terms MODt and SOMODt are specified in Special Condition 3A: Restriction of Transmission Network Revenue and Special Condition 4A: Restriction of System Operator Internal Revenue and form part of the licensee's allowed revenue.

#### **Special Condition 6A: Legacy price control adjustments – Transmission Owner**

1.69. The reason for introducing this new condition is to provide for the determination of PCFM Variable Values that will be used in the annual iteration process for the ET1

Price Control Financial Model to update the licensee's revenue allowances and RAV balances to give effect to closing financial adjustments due in respect of legacy (pre-RIIO) price control mechanisms.

1.70. These adjustments are needed because:

- outturn values for schemes relating to 2012/13 (the last pre-RIIO year) may not be reported by licensees until 31 July 2013 (by which time the RIIO-T1 and GD1 price controls will be underway);
- cost totals for items subject to true-up or logging-up may not be reported by licensees until 31 July 2013; and
- the RIIO special conditions may exceptionally provide for pre-RIIO allowances to be adjusted (for example in relation to Transmission Investment Incentive projects).

1.71. The effect of introducing this condition is to provide for the adjustment of the licensee's allowed revenue levels and RAV balances to close-out schemes that were introduced during price control periods prior to RIIO-T1.

#### **Special Condition 6C: Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments – Transmission Owner**

1.72. The reason for introducing this new condition is to provide for the determination and direction of revised PCFM Variable Values relating to the licensee's actual levels of Totex expenditure. Under the annual iteration process for the Price Control Financial Model (PCFM), the licensee's actual level of Totex expenditure is compared to their allowed Totex expenditure levels. By then applying the Totex Incentive Strength rate for the licensee and the Totex capitalisation rate, an appropriate adjustment to allowed revenue is calculated to reflect any over spend or under spend.

1.73. The effect of introducing this condition is to enable an adjustment to be made to licensee's allowed revenue based on any over or under spend when compared against their allowed Totex expenditure levels.

#### **Special Condition 6D: Specified financial adjustments – Transmission Owner**

1.74. The purpose of this new condition is to provide for the determination and direction of revised PCFM Variables Values that will be used in the annual iteration process for the ET1 Price Control Financial Model to make appropriate adjustments to:

- revenue allowances relating to Pension Scheme Established Deficits, Pension Scheme Administration Costs and Pension Protection Fund levy costs;
- revenue allowance changes driven by tax trigger events and the licensees' gearing levels and corporate debt interest costs; and
- the licensees' allowed percentage cost of corporate debt.

1.75. The effect of this condition is to provide for adjustments to be made to licensees' allowed revenue in respect of these factors.



### **Special Condition 6E: The Innovation Roll-out Mechanism**

1.76. The purpose of this new condition is to establish the Innovation Roll-out Mechanism. This implements the policy, set out in the March Strategy Documents, that licensees would be able to apply for funding for the rollout of proven innovative solutions with low carbon and/or environmental customer benefits where they cannot fund the roll out under the existing price control settlement. Funding would be provided through a licensee's allowed revenue using the standard capitalisation ratio. All projects would need to demonstrate they represent value for money to consumers in the long term. The reasons for the introduction of this policy are set out fully in our March Strategy Documents.

1.77. The effect of this condition is to set out the criteria licensees must address when making a notice to the Authority to seek an adjustment to their allowed revenue to fund the costs of rolling out a proven innovation. The condition also sets out the process the Authority will follow when reaching its decision regarding a notice that has been made and sets out what would be considered a relevant adjustment.

1.78. The condition also ensures that the process for determining a relevant adjustment and directing the resulting change to the PCFM values is consistent with the other licence conditions relating to PCFM values.

### **Special Condition 6F: Baseline Generation Connections Outputs and Generation Connections volume driver**

1.79. The purpose of this new condition is to create a volume driver mechanism to ensure that the licensee has enough flexibility within the price control settlement to efficiently finance the cost of providing generation connections as and when requested by customers. The allowed expenditure determined within this condition will form a PCFM Variable Value that will impact allowed revenue through the annual iteration of the PCFM.

1.80. The condition will set the agreed unit cost allowances for delivering new generation connections on the licensee's transmission system. The effect of the condition is to make provisions for a volume driver to automatically adjust the licensee's allowed expenditure for the efficient costs of actual delivered outputs.

### **Special Condition 6G: Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas**

1.81. The purpose of this new condition is to enable the licensee to:

- specify visual amenity outputs in areas that are designated as National Parks, Areas of Outstanding Natural Beauty, and National Scenic Areas; and
- request the Authority to determine the allowed expenditure for the delivery of those outputs.

1.82. The condition also establishes provisions for the Authority to determine the amount of allowed expenditure the licensee can recover as a PCFM Variable Value, and to make ex ante adjustments through the annual iteration of the PCFM.

1.83. The effect of this condition is that it will allow licensees to reduce the impact of existing transmission infrastructure on the visual amenity of designated areas and to recover efficiently incurred costs.

#### **Special Condition 6H: Arrangements for the recovery of uncertain costs**

1.84. The purpose and effect of this new condition is to allow for the recovery, during the price control, of additional costs through allowed revenues. The areas of cost covered by this mechanism are set out in Final Proposals. The adjustments to revenues made as a result of the application of this condition will impact allowed revenues through the output of the annual iteration of the PCFM.

#### **Special Condition 6I: Specification of Baseline Wider Works and Strategic Wider Works Outputs and Assessment of Allowed Expenditure**

1.85. The purpose of this new condition is to specify the baseline and strategic wider works (SWW) outputs the licensee must deliver over the price control period. The condition also establishes provisions for the Authority to determine the amount of allowed expenditure the licensee will incur in the delivery of the SWW outputs. The allowed expenditure determined by this condition will form a PCFM Variable Value that will impact allowed revenue through the annual iteration of the PCFM.

1.86. As part of RIIO-T1, licensees are funded to deliver specific wider works outputs for the reinforcement of the main interconnected transmission system. This condition specifies the baseline wider works that the licensee has been funded, in its opening revenue, to deliver.

1.87. It also makes provisions for large reinforcement works to be added during the price control period as strategic wider works outputs and for an ex ante revenue adjustment to be made to cover the additional expenditure incurred by the licensee to deliver these outputs.

1.88. The effect of this condition is to:

- make the licensee accountable for the outputs it has been funded to deliver;
- provide flexibility to adjust the licensee's allowed expenditure during the price control to deliver strategic wider works outputs that were not envisaged or clearly required at the start of the price control period; and
- require the licensee to report annually in relation to progress in delivering the outputs it has received funding to deliver.

#### **Special Condition 6J: Allowed Expenditure for Incremental Wider Works**

1.89. The purpose of this new condition is to require the licensee to have a Network Development Policy, approved by the Authority, setting out how the licensee will

determine when to invest and reinforce its transmission system in the best interests of existing and future consumers. The condition also sets out a volume driver mechanism to determine the licensee's allowed expenditure for incremental wider works outputs. The allowed expenditure determined by this condition will form a PCFM Variable Value that will impact allowed revenue through the annual iteration of the PCFM.

1.90. There is a degree of uncertainty over the exact location, timing and magnitude of new transmission connected generation and therefore whether and to what extent that reinforcement will be required on the licensee's transmission system during price control period. The volume driver mechanism, along with the Network Development Policy, will ensure that the licensee has enough flexibility within the price control to invest in its transmission area to meet customer requirements and maintain security standards.

1.91. The effect of this condition is to make provisions for a volume driver to automatically adjust NGET's allowed revenue subject to the delivered outputs complying with the requirements of its Network Development Policy. The condition will set the agreed unit cost allowances for delivering increases in boundary capability at different boundaries on the licensee's transmission system.

#### **Special Condition 6K: Allowed Expenditure for meeting planning requirements and volume driver**

1.92. The purpose of this new condition is to specify a baseline allowance for the licensee for underground cabling and mitigation measures on DNO infrastructure where these are necessary to comply with the conditions of a planning consent during the price control period.

1.93. The condition also sets out a volume driver mechanism to calculate an adjustment term for the licensee's allowed expenditure if the level of mitigation required during the price control period turns out to be different to the baseline. This term will form a PCFM Variable Value that will impact allowed revenue through the annual iteration of the PCFM.

1.94. The effect of this new condition is to ensure the licensee has the necessary funding allowances to meet the requirements of planning consents in terms of addressing the impacts of its new infrastructure on the landscape and communities.

#### **Special Condition 6L: Baseline Demand Related Infrastructure Outputs and Allowed Expenditure volume driver - NGET**

1.95. The purpose of this new condition is to specify the baseline allowed expenditure the licensee will receive for delivering demand related infrastructure outputs during RIIO-T1.

1.96. The condition sets out a volume driver mechanism to calculate an adjustment term for licensee's allowed expenditure if the level of demand related infrastructure outputs during the price control period turns out to be different to the baseline. This term will form a PCFM Variable Value that will impact allowed revenue through the annual iteration of the PCFM.

1.97. The condition also requires the licensee to provide evidence of the trigger for delivery of new demand related infrastructure, in the form of the commercial agreement

with the customer or distribution network owner. The condition will set the agreed unit cost allowances for delivering demand related infrastructure on the licensee's transmission system.

1.98. The effect of this condition is to make provisions for a volume driver to automatically adjust the licensee's allowed expenditure for the efficient costs of actual delivered demand related infrastructure outputs.

#### **Special Condition 7A: Legacy price control adjustments – System Operator**

1.99. The reason for introducing this new condition is to provide for the determination of the PCFM Variable Values that will be used in the annual iteration process for the ET1 Price Control Financial Model to update the licensee's revenues allowances and RAV balances, in respect of the SO part of its Transmission Business, to give effect to closing financial adjustments due in respect of legacy (pre-RIIO) price control mechanisms.

1.100. These close out adjustments are needed because:

- outturn values for schemes relating to 2012/13 (the last pre-RIIO year) may not be reported by licensees until 31 July 2013 (by which time the RIIO-T1 price controls will be underway); and
- cost totals for items subject to true-up or logging-up may not be reported by licensees until 31 July 2013.

1.101. The effect of introducing this condition is to provide for the adjustment of the licensee's allowed revenue levels and RAV balances to close-out SO schemes that were introduced during price control periods prior to RIIO-T1.

#### **Special Condition 7B: Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments – System Operator**

1.102. The reason for introducing this new condition is to provide for the determination and direction of revised PCFM Variable Values relating to the licensee's actual levels of SO Totex expenditure that will be used in the annual iteration process for the ET1 Price Control Financial Model to facilitate allowed revenue and RAV balance adjustments under the Totex Incentive Mechanism.

1.103. The effect of introducing this condition is to provide for the adjustment of the licensee's allowed revenue levels and RAV balances in a way that provides for the licensee to bear an appropriate share of any under spend, or retain an appropriate share of any under spend, represented by differences between its allowed and actual SO Totex expenditure levels.

#### **Special Condition 7C: Specified financial adjustments – System Operator**

1.104. The reason for, and effect of, introducing this new condition is to provide for the determination and direction of revised PCFM Variables Values relating to:

- revenue allowances for Pension Scheme Established Deficits, Pension Scheme Administration Costs and Pension Protection Fund levy costs;

- revenue allowance changes driven by tax trigger events and the licensees' gearing levels and corporate debt interest costs; and
- the licensees' allowed percentage cost of corporate debt.

**Special Condition 7D: Arrangements for the recovery of SO uncertain costs**

1.105. The purpose and effect of this new condition is to allow for the recovery, during the price control, of additional SO internal costs through allowed revenues. The details of the cost areas that are included are set out in the Final Proposals document for NGET.

1.106. The adjustments to revenues as a result of the application of this condition will impact allowed revenues through the output of the annual iteration of the PCFM.

**New Special Conditions to preserve the structure and numbering sequence of the Special Conditions**

1.107. While the three transmission companies<sup>11</sup> share a number of Special Conditions, certain Special Conditions are company-specific and so not applicable to all three licensees. In such instances we propose to insert new Special Conditions into the relevant licence, titled "Not used", to ensure that shared Special Conditions have the same condition number. These new Special Conditions are listed below.

1.108. The effect of this is to preserve the structure and numbering sequence for the Special Conditions across the licences of all three transmission companies.

2I: Not used
2N: Not used
3G: Not used
8C: Not used

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<sup>11</sup> NGET, Scottish Hydro Electric Transmission plc and Scottish Power Transmission Limited.

## Deleted Special Conditions

### Special Condition D5: Incentive Payments

1.109. We are deleting this condition, as provisions and terms within it have either been moved to other parts of the licence or can be removed as they are now superfluous.

1.110. The provisions relating to efficiently mitigating the leakage of sulphur hexafluoride are now contained within proposed Special Condition 3E: Incentive to Reduce Sulphur Hexafluoride Emissions<sup>12</sup> and provisions with respect to energy not supplied are contained within proposed Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied.<sup>13</sup>

1.111. The terms below can be removed as they are not part of the RIIO incentive package:

- IFI;
- RevApOx;
- RevDrvSP (Special Condition J5 only);
- RevDrvSHE(Special Condition J5 only); and
- RCI (Special Condition J5 only).

1.112. The effect of the modification is to remove terms and provisions that are either covered elsewhere in the licence or are now superfluous.

### Special Condition D6: Adjustments to Transmission Network Revenue

1.113. This condition contains provisions for the calculation of the correction factor (K). This will remain for RIIO but will be incorporated in proposed Special Condition 3A: Restriction of Transmission Network Revenue.

1.114. We are deleting this condition. The effect of the modification is to remove provisions covered elsewhere in the licence.

### Special Condition D9: Capital Expenditure Incentive and Safety Net

1.115. The close out of TPCR4 and TPCR4 Adapted Rollover capital expenditure incentive revenue adjustment (sometimes referred to as Work in Progress (WIP)) will be handled through the proposed new Special Condition 6A: Legacy price control adjustments – Transmission Owner, and the Financial Handbook. Under Special Condition 6A any adjustment to allowed revenue would be via the annual iteration of the PCFM.

1.116. The capital expenditure incentive revenue adjustments provisions contained in this condition will then form part of the calculations made in proposed Special Condition 6A: Legacy price control adjustments – Transmission Owner and the Financial Handbook,

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<sup>12</sup> See proposed Special Condition 3E: Incentive in Respect of Sulphur Hexafluoride (SF6) Gas Emissions below for further details.

<sup>13</sup> See proposed Special Condition 3C: Reliability Incentive Adjustment in Respect of Energy Not Supplied below for further details.

published alongside this Statutory Consultation. The Financial Handbook sets out the methodology to determine the revised PCFM variable components for the TPCR4 capital expenditure incentive scheme and the TPCR4 Rollover capital incentive scheme. The proposed methodology is in line with, and refers to, the policy set out in the TPCR4<sup>1</sup> and Rollover<sup>2</sup> Final Proposals documents, and is based on the approach set out in licence conditions<sup>3</sup> that were in force at 31 March 2012.

1.117. We are therefore deleting this condition. The close out of this scheme will be handled through proposed new Special Condition 6A.

1.118. The effect of this deletion is to remove a now redundant licence condition.

### **Special Condition K: Requests for transit**

1.119. This condition requires the licensee to notify the Authority, the Secretary of State and the European Commission of applications for transit.<sup>14</sup>

1.120. The Directive referred to in this condition<sup>15</sup> has been repealed and replaced twice and has now been replaced by provisions in the Third Package Regulations.

1.121. Therefore we are deleting this condition. The effect of this deletion is to remove a condition that now obsolete.

### **Special Condition AA5E: Duration of the Balancing Services Activity Revenue Restriction**

1.122. We are merging provisions of this condition into Special Condition 8A: Disapplication of Relevant Special Conditions and to delete this condition.

1.123. The reason and effect for this change is set out above under Special Condition D8: Duration of the Transmission Network Revenue Restriction.

## **Removal of certain Special Conditions listed as 'not used' in the NGET's licence**

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<sup>14</sup> As defined in paragraph 1 of this condition.

<sup>15</sup> Directive No 90/547/EEC of 29 October 1990 on the transit of electricity through transmission grids. This was repealed and replaced in 2003 by Regulation (EC) No. 1228/2003, which was then repealed and replaced by Regulation (EC) No. 714/2009 as part of the EU Third Package.

1.124. There are several Special Conditions currently in NGET's licence that are marked as 'Not used'. These Special Conditions are set out in the table below.

**Table 5.2: Special Conditions in NGET licence listed as Not Used**

Special Condition D: Not used

Special Condition E: Not used

Special Condition F: Not used

Special Condition I: Not used

Special Condition J: Not used

Special Condition L: Not used

Special Condition AA5D: Not used

Special Condition AA5F: Not used

Special Condition AA5G: Not used

Special Condition AA5H: Not used

1.125. We are removing all of these conditions as they are not being used. The effect of these changes is to remove redundant licence conditions from NGET's licence.