

**To: National Grid Electricity Transmission plc
SP Transmission Ltd
Scottish Hydro Electric Transmission Ltd**

Direction to modify the Stakeholder Engagement Reward Guidance document pursuant to paragraph 3D.9 of Special Condition 3D (Stakeholder Satisfaction Output) of the electricity transmission licences granted or treated as granted under section 6(1)(b) of the Electricity Act 1989

WHEREAS

1. National Grid Electricity Transmission plc, SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd (the "Licence Holders") are holders of electricity transmission licences granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the "Act").
2. On 6 February 2014 the Gas and Electricity Markets Authority¹ (the "Authority") gave notice of its proposal to modify the Stakeholder Engagement Reward Guidance document, in accordance with Part C of Special Condition 3D (Stakeholder Satisfaction Output).
3. The text of the modified guidance and the reasons for the Authority's proposed modifications were specified in that Notice and included:
 - to ensure that the volume of information presented is manageable;
 - to allow us to us to clarify any queries about a company's submission before making a decision on whether it has met the minimum requirements; and
 - to ensure consistency across all forms of the Stakeholder Engagement Reward and reduce the number of changes required each year.
4. The Authority requested that any representations with respect to the proposed guidance be made on or before 20 March 2014. We received eight responses to our consultation. All non-confidential responses have been placed on our website at www.ofgem.gov.uk.
5. Having carefully considered the responses received, we hereby issue a direction to modify the Stakeholder Engagement Incentive Guidance document.
6. The reasons for this direction are set out more fully in a decision letter dated 30 April 2014, attached to this direction. A copy of the revised RIIO-T1 Stakeholder Engagement Reward Guidance document is also attached.

DIRECTION

In accordance with paragraph 3D.9 of Special Condition 3D, the Authority hereby modifies the Stakeholder Engagement Reward Guidance document in the manner specified in the associated document attached to this direction. The modified Stakeholder Engagement Reward Guidance will have effect from 30 April 2014.

This document constitutes notice of the reasons for the Authority's decision for the purposes of section 49A of the Act.



Andy Burgess
Associate Partner, Transmission and Distribution Policy
Duly Authorised on behalf of the Authority
30 April 2014

¹ The terms "the Authority", "Ofgem" and "we" are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.