

To: All holders of an electricity transmission licence

Decision under section 11A(1)(b) of the Electricity Act 1989

MODIFICATION OF THE STANDARD CONDITIONS OF THE ELECTRICITY TRANSMISSION LICENSE GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(b) OF THE ELECTRICITY ACT 1989

1. Each of the companies to whom this document is addressed (a "Licence Holder") has been granted a licence under section 6(1)(b) of the Act to participate in the transmission of electricity subject to the conditions contained in their Licences.
2. On 24 January 2014, in accordance with section 11A(2) of the Act, the Authority gave notice (the "Notice") that it proposed to make modifications to the following standard conditions of the Licence and specified that any representations to the modifications be made on or before 21 February 2014:
 - a. Standard Condition A1 (Definitions and Interpretation).
 - b. Standard Condition C25 (Provision of information and assistance to the Authority in relation to applications requiring the appointment of an offshore transmission owner).
3. In accordance with section 11A(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received 10 responses¹. All non-confidential responses have been published on the Ofgem website. The Authority has carefully considered in relation to the proposed modification all representations received. Only one respondent provided comments on further changes to the Licence². That respondent proposed a minor amendment to the definition of "Completion Notice". A change has been made to include that term in a new paragraph 12. We consider that this further change to the Licence is minor, and that a further consultation in accordance with section 11A(2) of the Act is not required.
5. In accordance with section 49A of the Act, the reason for the Licence modification is to enable the Authority to implement sections 6F and 6G of the Act (together referred to as the "Generator Commissioning Clause"). The Generator Commissioning Clause provides that generator developers can lawfully commission an offshore transmission system during a "commissioning" prior to transferring the assets to an offshore transmission licensee. The final 18 months of the commissioning period are triggered by National Grid Electricity Transmission plc ("NGET") issuing a Completion Notice in respect of an offshore transmission system. Further detail on the reasoning behind these modifications is set out in the following publications:
 - Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Bill, published on 30 August 2013;

¹ <https://www.ofgem.gov.uk/publications-and-updates/offshore-electricity-transmission-consultation-implementation-generator-commissioning-clause-energy-act-2013>.

² Other respondents did not comment on the proposed modifications to the electricity transmission licence.

- Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Act 2013, published on 24 January 2014;
- Offshore Electricity Transmission: Decision on implementation of the Generator Commissioning Clause in the Energy Act 2013, published today.

6. In summary, the effect of the Licence modifications is:

- To amend standard condition C25 to implement an obligation on NGET, the National Electricity Transmission System Operator ("NETSO"), consistent with section 6G of the Act, to require NETSO to issue the Authority with a completion notice, in respect of any generator build offshore transmission system stating that it would be possible to transmit electricity over that system by making it available for use. This will also be the date that export of power from the generating station connected to that offshore transmission system onto the national electricity transmission system ("NETS") is permitted by the NETSO, in accordance with the Connection and Use of System Code ("CUSC") and the commissioning process set out in the Grid Code;
- To amend standard condition C25 that, if any electricity generated by the relevant generating station connected to that offshore transmission system has already been permitted to be transmitted over that offshore transmission system to onshore, implement an obligation on NETSO, consistent with section 6G of the Act, to require NETSO to issue the Authority with a completion notice notifying it that such a system is available for use within 10 working days of this modification coming into effect, and
- To amend standard condition A1 to clarify that the offshore transmission assets built by the developer are not treated as forming part of the NETS until that system transfers to the relevant Offshore Transmission Owner ("OFTO"). This is consistent with our intention that such developers should not be exposed to all the obligations that would otherwise apply to an OFTO or Transmission Owner ("TO") carrying out the same activities. Once the offshore transmission system is owned or operated by an OFTO it will form part of the NETS.

7. Where an application for permission to appeal the Authority's decision is made to the Competition Markets Authority under section 11C of the Act, Rule 5.7 of the Energy Licence Modification Appeals Rules³ requires that appellant to send notice setting out the matters required in Rule 5.2. Relevant licence holders for the purposes of the modifications referred to in paragraph 6(a) are all holders of an electricity transmission licence with standard condition A1 in effect in their licence and these are listed in Schedule 2. The relevant licence holder for the purposes of the modifications referred to in paragraph 6(b) is NGET. The meaning of "relevant licence holder" is set out in section 11A of the Act.

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard conditions for all electricity transmission licences in the manner specified in Schedule 1.

This decision will take effect on the date when the Secretary of State commences section 89 of the 2004 Act which shall be at least 56 days after this notice has been published.

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

³ This guidance was originally published by the Competition Commission and has been adopted by the Competition and Markets Authority.

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

**Min Zhu
Associate Director, Offshore Transmission
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

2 April 2014



Schedule 1 to the Authority's decision to modify standard conditions of electricity transmission licences under section 11A(1)(b) of the Electricity Act 1989 dated 2 April 2014

Section A, standard condition A1: Definitions and interpretation

We propose to amend paragraph 1 of standard condition A1 for the purposes of implementing our decision as follows:

"offshore transmission system" means a ~~part of the national electricity~~ transmission system that is used for ~~the~~ purposes ~~connected with~~ ~~of~~ offshore transmission.

We propose to amend paragraph 8 of standard condition C25 to implement our decision as follows:

Condition C25: Provision of information and assistance to the Authority in relation to applications requiring the appointment of an offshore transmission owner

1. The licensee shall furnish to the Authority information relating to
 - (a) any application made under standard condition C8 (Requirement to offer terms) that would require the appointment of an offshore transmission owner;
 - (b) any agreement entered into under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner, and
 - (c) any agreed variation to the contractual terms entered into under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner.
2. The licensee shall submit to the Authority information equivalent to an application in accordance with the STC, made by the licensee to another licensee under paragraph 1 or of standard condition D4A, in respect of an application made under standard condition C8 (Requirement to offer terms) that requires the appointment of an offshore transmission owner.
3. The licensee shall provide to the Authority computer file(s) produced by the licensee that the licensee considers provides an appropriate representation of the national electricity transmission system, for the conditions on the national electricity transmission system relevant to each agreement notified pursuant to paragraph 1(b) and in sufficient detail to enable other parties to undertake offshore transmission system design work.
4. The licensee shall provide to the Authority information describing any other design options considered by the licensee that are relevant to each agreement notified pursuant to paragraph 1(b).
5. The licensee shall provide the information required under paragraphs 1, 2, 3 and 4 without specific request from the Authority and within 10 business days of the date of the application made or agreement entered into, under standard condition C8 (Requirement to offer terms).

6. The Authority may require the licensee to provide additional information as the Authority may reasonably require or as may be necessary, for the purposes of appointing an offshore transmission owner. The licensee shall agree with the Authority an indicative timetable for additional information provision during a tender exercise.
7. The licensee shall provide the Authority with assistance in assessing offshore transmission system designs proposed during a tender exercise, equivalent to that provided to other STC parties in respect of an application in accordance with the STC. Such assistance may include (but is not limited to) the licensee:
 - (a) Carrying out an economic impact assessment of proposed offshore transmission designs;
 - (b) Assessing the impact of proposed offshore transmission designs that require a change to the assumptions made by the licensee in preparing the offer made under standard condition C8 (Requirement to offer terms); and
 - (c) Advising on any constraints relevant to the carrying out of the works necessary to connect proposed offshore transmission system designs to the national electricity transmission system.
8. (a) Where an offshore transmission system has not been constructed or installed by an offshore transmission owner:
 - (i) the licensee shall provide a completion notice to the Authority in respect of that offshore transmission system on the same date that any electricity generated by the relevant generating station connected to that offshore transmission system is permitted to be transmitted over that offshore transmission system onto the total system in accordance with the Grid Code; or
 - (ii) where, on or before the date this paragraph comes into effect, any electricity generated by the relevant generating station connected to that offshore transmission system has already been permitted to be transmitted over that offshore transmission system onto the total system, the licensee shall provide a completion notice to the Authority in respect of that offshore transmission system within 10 business days from that date and the completion notice shall be issued by the licensee with effect from the same date for all such offshore transmission systems.

(b) In all other cases, the licensee shall notify the Authority within 10 business days of the completion of any ~~new~~ offshore transmission system.
9. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 47 of the Act.

10. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
11. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.
12. **In this condition:**

“completion notice”

means a notice given by the licensee to the Authority in relation to an offshore transmission system stating that it would be possible to carry on an activity to which section 4(1)(b) of the Act applies by making available for use that system.

Schedule 2 to the Authority's decision to modify standard conditions of electricity transmission licences under section 11A(1)(b) of the Electricity Act 1989 dated 2 April 2014

1. The Company Secretary
National Grid Electricity Transmission plc
Company number: 02366977
1-3 Strand
London
WC2N 5EH

2. The Company Secretary
Scottish Hydro Electric Transmission Plc
Company number: SC213461
Inveralmond House
200 Dunkeld Road, Perth
Perthshire
PH1 3AQ

3. The Company Secretary
SP Transmission Ltd
Company number: SC189126
1 Atlantic Quay
200 Dunkeld Street
Glasgow
G2 8SP

4. The Company Secretary
TC Robin Rigg OFTO Limited
Company number: 07384550
Two London Bridge
London
SE1 9RA

5. The Company Secretary
TC Gunfleet Sands OFTO Limited
Company number: 7384551
Two London Bridge
London
United Kingdom
SE1 9RA

6. The Company Secretary
TC Barrow OFTO Limited
Company number: 7384547
Two London Bridge
London
SE1 9RA

7. The Company Secretary
TC Ormonde OFTO Limited
Company number: 7456969
Two London Bridge
London
SE1 9RA

8. The Company Secretary
Blue Transmission Walney 1 Limited
Company number: 7353265
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

9. The Company Secretary
Blue Transmission Walney 2 Limited
Company number: 7753568
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

10. The Company Secretary
Blue Transmission Sheringham Shoal Limited
Company number: 08085795
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

11. The Company Secretary
Blue Transmission London Array Limited
Company number: 8275752
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

12. The Company Secretary
Greater Gabbard OFTO plc
Company number: 08180541
350 Euston Road
London
NW1 3AX