

To: National Grid Electricity Transmission plc
(Company Number: 02366977)

SP Transmission Limited
(Company Number: SC189126)

Scottish Hydro Electric Transmission plc
(Company number SC213461)

(the "Licensees")

Direction under paragraph 8 of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the Electricity Transmission Licence granted to the Licensees under section 6(1)(b) of the Electricity Act 1989

Whereas –

1. The Licensees have each been granted a Electricity Transmission Licence (the "Licence") under section 6(1)(b) of the Electricity Act 1986 (the "Act") and are subject to the conditions contained in the Licence.
2. In accordance with paragraph 10 of SC B15 of the Licence the Gas and Electricity Markets Authority (the "Authority") gave notice on 11 March 2014 that it proposed to issue Regulatory Instructions and Guidance (the "RIGs").
3. The reason for issuing the RIGs is to enable the Authority to collect the information to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-T1 Final Proposals.
4. SC B15 came into effect on 1 April 2013, the start of RIIO-T1 price control period and the Authority proposed to issue the RIGs with effect from 1 April 2013.
5. A copy of the proposed RIGs and the associated Excel and Word templates are included with this Notice.
 - a. RIIO-T1 Electricity Transmission Price Control – Regulatory Instructions and Guidance: Version 1.5
 - b. RIIO-T1 Electricity Transmission Costs and Outputs Reporting Template: Version 1.5
6. The Authority requested that any representations on the proposed RIGS be made on or before 8 April 2014. The Authority received some representations. We have considered the representations from consultees and made changes as set out in Appendix 1 included with this notice

Now therefore –

In accordance with the powers contained in paragraph 8 of SC B15 of the Licence, the Authority hereby issues the RIGs in the manner specified in the attached Schedule. The RIGs will have effect on and from 1 April 2013.

This document constitutes notice of the reasons for the Direction as required by section 49A of the Act.

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Paul Branston
Associate Partner, Costs and Outputs
Duly authorised on behalf of the Authority
16 April 2014

Appendix 1 to the Authority's Decision dated 16 April 2014 **Modification of Regulatory Instructions and Guidance**

| Table | Comment Made | Change |
|----------|--|--|
| 6.1 | Formulae in cell G11 (Survey Performance) and G16 (KPI Performance): The survey and KPI scores are divided by the baselines, whereas the licence condition appears to subtract the baseline from performance | Change made (also an equivalent change to NGET/NGGT) |
| 6.1 | Guidance notes - page 86: There is reference to Special Licence Condition ETC 24. This is not relevant to SHE Transmission as the SHE T Licence Condition relating to Stakeholder Engagement/satisfaction is Special Condition 3D and ECT 24 is National Grid's condition. | Change Made |
| 4.7 | Cell G7 - The 'year' column is suppose to start from year 2014, and not 2013. | Change Made |
| 5.2 | Cell C21 says 2013 instead of 2014. | Change Made |
| 5.3 | Cell L8 - The 'year' column is suppose to start from year 2014, and not 2013. | Change Made |
| 5.10 | Cell E9 - "Number of monitored circuits (31 March 2013)" . Is the date supposed to be 31 March 2014? | Change Made |
| 1.5 | Net debt & interest – please note that Ofgem are currently considering some further suggestions for this table made at a meeting with Ofgem/NG on Monday 24th March. | No change to the table. Further discussion with NGET about how it should be completed |
| 3.1 | The EMR costs have now been excluded from the Totex numbers in table 3.1 of the Electricity Transmission pack, however the RIGs Totex definition(Page 121) needs to be amended to state this exclusion. | Totex definition changed |
| Guidance | Commentary and publication | Changed the commentary and publication details in Chapter 1 to align with agreed details agreed with TOs |