



Making a positive difference
for energy consumers

National Grid Electricity
Transmission Plc and other
interested parties

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Date: 13 June 2014

Dear colleagues,

Statutory consultation on proposed licence modifications to National Grid Electricity Transmission plc Licence

Please find enclosed a proposal to modify the following special conditions of the electricity transmission licence held by National Grid Electricity Transmission plc (NGET):

- 4A (Restriction of System Operator Internal Revenue); and
- 4L (EMR Dispute Resolution Incentive).

In our April consultation¹, we set out how we would assess NGET's allowances, outputs and incentives required to deliver its roles under EMR from August 2014 to March 2021. Our decision on incentives is published alongside this Notice.

Today we publish a statutory licence consultation notice that proposes to modify special conditions 4A and 4L. This provides financial incentives for NGET in resolving disputes effectively. Further detail on the reasons and effects of these modifications is provided in the statutory consultation notice, which is published alongside this covering letter. A separate decision letter and Notice will be published shortly in relation to funding.

On 9 May 2014², we published a previous decision to modify special condition 4A, which takes effect on 5 July. Changes due to take effect on 5 July are double underlined, and the changes detailed in this Notice are underlined.

If we decide to proceed with the licence modification it will take effect not less than 56 days after the date of our decision. Representation or objections to the proposed modification should be made in writing on or before 14 July 2014.

If you have any queries regarding the information contained within this letter, please contact Sujitra Krishnanandan on 020 3263 9832 or by email sujitra.krishnanandan@ofgem.gov.uk.

¹ <https://www.ofgem.gov.uk/publications-and-updates/strategy-consultation-revenue-incentives-and-outputs-national-grids-role-electricity-market-reform>

² <https://www.ofgem.gov.uk/publications-and-updates/decision-funding-national-grid-electricity-plcs-preparatory-costs-electricity-market-reform>

Yours faithfully,

Rachel Fletcher,
Senior Partner, Markets