

NOTICE UNDER SECTION 11A(2) OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority (the Authority) hereby gives notice pursuant to section 11A(2) of the Electricity Act 1989 as follows:

1. The Authority proposes to modify the electricity transmission licence held by National Grid Electricity Transmission plc (National Grid) granted or held under section 6(1)(b) of the Act by amending Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period in the manner set out in Schedule 1 to this Notice.
2. The reason why the Authority proposes to make these licence modifications has been set out in the Authority's Notice of modification letter, which accompanies this Notice. In summary, the purpose of this licence modification is to insert additional capital expenditure allowances for the Anglo Scottish Incremental project following National Grid's decision to bring forward series compensation works at the Hutton substation.
3. The effect of the proposed modification has been set out in the Authority's statutory consultation letter, which accompanies this Notice. In summary, the effect of this licence modification is to increase the capital expenditure allowance for National Grid for the Anglo Scottish Incremental project by £8.4 million (in 2009-10 prices). This project is being undertaken to increase capacity across the transmission boundary between Scotland and England.
4. Copies of the proposed modification and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk).
5. Any representations on the proposed licence modification may be made on or before 18 August 2014 to: Bethany Hanna, Ofgem, 9 Millbank, London, SW1P 3GE or by email to: bethany.hanna@ofgem.gov.uk.
6. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public, then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be more easily placed on the Ofgem website.
7. If the Authority decides to make the proposed modification, it will take effect at least 56 days after the decision is published.



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Kersti Berge, Partner – Electricity Transmission
Duly Authorised on behalf of the Gas and Electricity Markets Authority
18 July 2014

Schedule 1 – proposed modification of Special Condition 6B of National Grid’s electricity transmission licence

Special Condition 6B: Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period

Table 4: Further Works for which project-specific capital expenditure allowances are taken into account in setting TII Allowance Adjustment (see paragraph 6B.31)

Further works			Capital expenditure allowance (£m 2009/10 prices) in respect of TII Year			
Transmission Investment Incentives Project	Works	Output	2009/10	2010/11	2011/12	2012/13
Western HVDC link	Construction works on WHVDC link	WHVDC output (Table 1 of Special Condition 6I)	0.000	0.000	15.500	83.000
<u>Anglo Scottish Incremental</u>	<u>Construction works on series compensation at the Hutton substation</u>	<u>Series and Shunt Compensation (Table 1 of Special Condition 6I)</u>				<u>8.400</u>