



Making a positive difference
for energy consumers

National Grid Electricity
Transmission Plc and other
interested parties

Direct Dial: 020 7901 7105
Email: paul.branston@ofgem.gov.uk

Date: 7 July 2014

Dear colleagues,

Statutory consultation on proposed licence modifications to National 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):

- 1A (Definitions and Interpretations);
- 7D (Arrangements for the recovery of SO uncertain costs);

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 is published alongside this Notice.

Today we publish two statutory licence consultation notices that propose to modify special conditions 1A and 7D of NGET's licence. This allows NGET to recover EMR costs from consumers. Further detail on the reasons and effects of these modifications is provided in the statutory consultation notices, which are published alongside this covering letter.

Alongside these Notices we are also publishing changes to the Financial Handbook. Changes to the Financial Handbook are subject to an annual formal consultation process as per special condition 5A.

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 5 August 2014.

If you have any queries regarding the information contained within this letter, please contact Martin Rodgers on 020 7901 7273 or by email martin.rodgers@ofgem.gov.uk.

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

Yours faithfully,

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Paul Branston,
Associate Partner, Cost and Outputs, Smarter Grids and Governance