

To: National Grid Electricity Transmission plc

**Electricity Act 1989
Section 11A(1)(a)**

**MODIFICATION OF THE LICENCE OF NATIONAL GRID ELECTRICITY
TRANSMISSION PLC WHICH HOLDS AN ELECTRICITY TRANSMISSION LICENCE
GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(b) OF THE
ELECTRICITY ACT 1989**

Whereas –

1. National Grid Electricity Transmission plc (the Licence Holder) is the holder of an electricity transmission licence (the Licence) granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the Act).
2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave notice on 18 July 2014 (the Notice) that it proposed to modify Special Condition 6B (Supplementary provisions in relation to transmission asset owner incentives scheme activity in the legacy period) of the Licence and required any representations to the modifications to be made on or before 18 August 2014.
3. In accordance with section 11A(4)(b) of the Act, the Authority gave notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modifications.
4. Prior to the close of the consultation period in respect of the Notice, the Authority did not receive any responses.
5. The Authority gives the following reason for making the licence modification: to give effect to our decision of 18 July 2014 to approve an increase in the Licence Holder's 2012-13 capital expenditure allowance for the Anglo Scottish Incremental project. The Licence Holder sought the additional allowance to recover expenditure for works at the Hutton substation that were not already funded.
6. The effect of the modification will be to increase the 2012-13 capital expenditure allowance in the Licence by £8.4 million in 2009-10 prices.
7. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules¹ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2.
8. The relevant licence holder in relation to this modification decision is National Grid Electricity Transmission plc. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

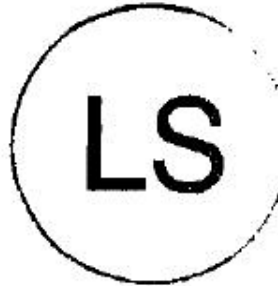
Now therefore

In accordance with the powers contained in section 11A(1)(a) of the Act, the Authority hereby modifies the licence of National Grid Electricity Transmission plc in the manner specified in the accompanying Schedule 1. For the avoidance of doubt, this decision will take effect on and from 30 October 2014, which is 56 days from the date of this modification.

¹ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

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

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



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**Kersti Berge (Partner, Electricity Transmission),
duly authorised on behalf of the
Gas and Electricity Markets Authority**

3 September 2014

Schedule 1 – Modification of Special Condition 6B of National Grid Electricity Transmission plc’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>