

To:

National Grid Electricity Transmission plc
Company number 02366977
1-3 Strand
London
WC2N 5EH
Great Britain

Electricity Act 1989

Section 11A(1)(a)

**MODIFICATION OF THE ELECTRICITY TRANSMISSION LICENCE HELD BY
NATIONAL GRID ELECTRICITY TRANSMISSION PLC 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 28 July 2014 (the Notice)¹ that it proposed to modify Special Condition 2F (Role in respect of the National Electricity Transmission System Operator area located in offshore waters) of the Licence, and required any representations to the modification to be made on or before 28 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 modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received two responses. All non-confidential responses have been placed on the Ofgem website (www.ofgem.gov.uk). Our response to these comments is set out in the accompanying letter.
5. The Authority has carefully considered all representations received in relation to the proposed modification.
6. In accordance with section 49A of the Act, the reason why the Authority is making this licence modification is to update the Licence to formalise the obligations on the Licence Holder as System Operator to produce the electricity ten-year statement.

¹ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-modifying-nget%E2%80%99s-electricity-transmission-licence-implement-electricity-ten-year-statement>

7. The effect of the modification will be to remove the previous obligation on the Licence Holder to produce the Offshore Development Information Statement. This obligation will be replaced with an obligation to produce a new, combined, statement of network development information known as the electricity ten-year statement (the statement), which is set out in the modified Standard Condition C11 of the Licence.
8. The modified Standard Condition C11 will set out the System Operator's obligations to:
 - produce the statement each year by 30 November;
 - ensure the statement meets certain objectives specified in the licence, and facilitates the development of an efficient, co-ordinated and economical system of electricity transmission;
 - prepare future scenarios to be included within the statement;
 - consult stakeholders on both the form of the statement and the future scenarios; and
 - submit to Ofgem the proposed form of the statement and the proposed future scenarios, together with details of stakeholder feedback received and an explanation of how this feedback has been taken into account.
9. 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 Rules² requires that the appellant must send any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The only relevant licence holder, within the meaning of section 11A of the Act, in relation to this modification direction is National Grid Electricity Transmission plc.

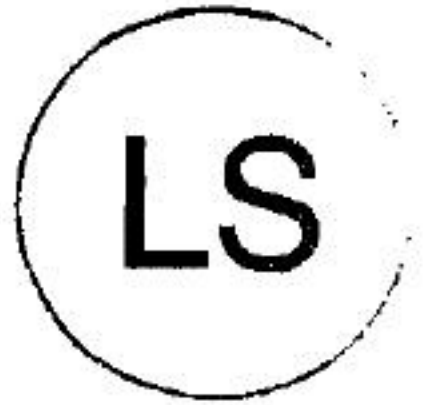
Now therefore

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 attached Schedule 1. This decision will take effect on and from 16 December 2014.

This document constitutes notice of the reasons for the decision to modify the electricity transmission licence held by National Grid Electricity Transmission plc as required by section 49A of the Act.

² 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).

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



Min Zhu

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Min Zhu, Associate Director, Offshore Transmission

20 October 2014

Duly authorised on behalf of the Gas and Electricity Markets Authority