

**To: All holders of an electricity transmission licence**

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

**MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY TRANSMISSION LICENCES GRANTED UNDER SECTION 6(1)(b) OF THE ELECTRICITY ACT 1989**

Whereas –

1. Each of the companies to whom this document is addressed (a Licence Holder) has been granted an electricity transmission licence (a Licence) 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)<sup>1</sup> that it proposed to modify Standard Condition C11 of the Licence and required any representations to the proposed 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 modification 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](http://www.ofgem.gov.uk)). Our responses to these comments are 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 System Operator to produce the electricity ten-year statement.
7. The effect of this modification will be to remove the previous obligation on the System Operator to produce the Seven Year 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 wording of existing Standard Condition C11 will be replaced with the wording at Schedule 1.
8. The modified Standard Condition C11 sets out the System Operator's obligations to:
  - produce the electricity ten-year statement (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

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

explanation of how this feedback has been taken into account.

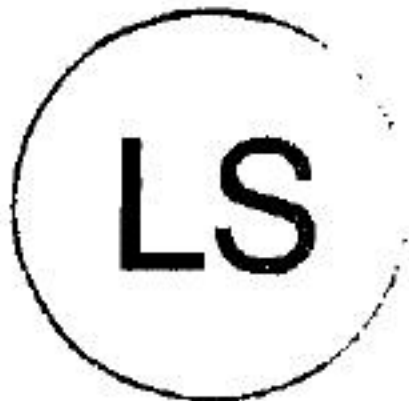
9. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules<sup>2</sup> requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification notice. 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)(b) of the Act, the Authority hereby modifies the standard licence conditions for all electricity transmission licence holders in the manner specified in attached Schedule 2. 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 licences 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**



KERSTI BERGE

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**Kersti Berge**  
**Partner, Transmission**  
**Smarter Grids & Governance**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

20 October 2014

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<sup>2</sup> 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).

## Schedule 1

### Standard Condition C11 - Production of information about the national electricity transmission system

1. The licensee shall by 30 November 2014 (or such later date as the Authority may direct) for the financial year commencing 1 April 2014 and by 30 November (or such later date as the Authority may direct) in each financial year thereafter, use reasonable endeavours to prepare and publish a statement of network development information (“the electricity ten year statement”) in a form approved by the Authority pursuant to paragraph 8. The electricity ten year statement shall set out in respect of the current financial year and each of the nine succeeding financial years: circuit capacity, forecast power flows and loading on each part of the national electricity transmission system and fault levels for each transmission node, together with:
  - a. such further information as shall be reasonably necessary to enable any person seeking use of the national electricity transmission system to identify and evaluate the opportunities available when connecting to and making use of such system;
  - b. a commentary prepared by the licensee indicating those parts of the national electricity transmission system most suited to new connections and transport of further quantities of electricity;
  - c. such further information as may be necessary for: authorised electricity operators, interconnected system operators, or any other transmission system operator or distribution system operator (as defined in the Electricity Directive) with whose system the licensee’s transmission system is connected or with whom the licensee interfaces, to ensure the secure and efficient operation, coordination development and interoperability of the interconnected system;
  - d. a reasonable number of future scenarios prepared pursuant to paragraph 12;
  - e. an explanation of any differences between the datasets used for the electricity ten year statement and the datasets used for the ten year network development plan; and
  - f. such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this condition.
2. The licensee shall prepare the electricity ten year statement in such a form and manner as is necessary to facilitate the development of an efficient, co-ordinated and economical system of electricity transmission (“the co-ordinated development objective”) and in accordance with the further development information objectives as set out in paragraph 3.
3. In preparing the electricity ten year statement, the licensee shall use the future scenarios developed pursuant to paragraph 12, in such a form that provides:
  - a. the licensee’s best view of the design and technical characteristics of the development of the national electricity transmission system, considering:
    - i. the likely development of the national electricity transmission system;
    - ii. the likely capacity, location and timing of the development of onshore and offshore generating stations and interconnector(s);
    - iii. the likely location of feasible connection points for new offshore transmission systems to the national electricity transmission system;
    - iv. to the extent that information is available to the licensee, possible routing options for new transmission circuits that might be used to connect generating stations and interconnector(s) in offshore waters to the national electricity transmission system;

- a. the licensee's best view of the potential reinforcements to the national electricity transmission system that may be required to connect onshore and offshore generating stations and interconnector(s);
- b. the licensee's best estimates of the costs associated with connecting onshore and offshore generating stations and interconnector(s); and
- c. other economic and technical factors, to help planning of onshore and offshore generating stations and interconnector(s);

collectively, "the development information objectives".

4. The licensee shall include in every statement prepared pursuant to paragraph 1 above the information required by that paragraph except that the licensee may, with the prior consent of the Authority, omit from such statement any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the licensee or any other transmission licensee or any third party.
5. The licensee shall not less than once in each financial year (and at such other times as the Authority may direct), in consultation with interested parties, review the most recent electricity ten year statement prepared and published pursuant to paragraph 1. The consultation shall be of such a form and duration to reasonably allow all interested parties to contribute to the preparation of the electricity ten year statement. The licensee shall provide to the Authority, no later than 14 days after it has completed its consultation, copies of all of the responses that it has received to any consultation undertaken pursuant to this paragraph.
6. Following a review of the electricity ten year statement pursuant to paragraph 5, the licensee shall propose to the Authority any suggested revisions to the ten year electricity statement that it considers would better facilitate the co-ordinated development objective and the development information objectives. Any such revisions shall, as appropriate, be included in the licensee's submissions to the Authority pursuant to paragraphs 8 and 15.
7. The licensee shall periodically revise (at least once every 6 months) the information set out in the statement prepared pursuant to paragraph 1 to ensure that the information set out in the statement remains accurate in all material respects.
8. The licensee shall submit to the Authority for approval the proposed form of the electricity ten year statement to be published in the financial year commencing 1 April 2014 by no later than 1 June 2014 and submit to the Authority for approval any proposed revisions to the form of the electricity ten year statement by no later than 1 June in each subsequent financial year thereafter or at such other date as directed by the Authority.
9. The Authority may:
  - a. within 28 days of receipt of the licensee's proposals pursuant to paragraph 8, give a direction to the licensee that the proposed form of the electricity ten year statement or the proposed revisions to the form of the electricity ten year statement requires further development; and
  - b. subsequently, following consultation with the licensee and other interested parties, direct the areas in which the licensee shall be required to make revisions to the proposed form of the electricity ten year statement and the date by which the licensee shall be required to submit a revised form of the electricity ten year statement to the Authority for approval.

10. If, within 28 days of receipt of the licensee's proposals pursuant to paragraph 8, the Authority has not given a direction to the licensee pursuant to paragraph 9, the form of the electricity ten year statement proposed by the licensee will be deemed to have been approved by the Authority.
11. The licensee shall publish the electricity ten year statement on its website in such readily accessible form and manner that it considers will facilitate the achievement of the co-ordinated development objective and the development information objectives, and must give a copy of the statement on request and free of charge to any person who asks for one.
12. The licensee shall, in consultation with interested parties, prepare a reasonable number of future scenarios that it proposes to include within the electricity ten year statement. The consultation shall be of such a form and duration as to reasonably allow all interested parties to contribute to the preparation of the future scenarios. The future scenarios shall be reasonable, reflect uncertainties and shall, as far as practicable, be consistent with scenarios that the licensee uses in other relevant areas of work.
13. Each future scenario prepared pursuant to paragraph 12 shall include a description of the key assumptions made by the licensee in developing that future scenario, including, but not limited to:
  - a. the capacity, location and timing of the connection of generating stations and interconnectors, having regard to information generally available in the public domain as well as such information, if any, made available to the licensee for use in the electricity ten year statement by interested parties with respect to generating stations and interconnector(s) planned to be developed;
  - b. the wider development of the national electricity transmission system, having regard to the licensee's investment plans and investment plan information provided by other authorised electricity operators; and
  - c. the plant and equipment that the licensee considers would reasonably be available to transmission owners and interconnectors;together with a description of the data used by the licensee to model each of the future scenarios.
14. The licensee shall finalise the future scenarios that it proposes to use in the preparation of the electricity ten year statement it prepares pursuant to paragraph 1, taking account of the views expressed by interested parties in response to the consultation undertaken by the licensee pursuant to paragraph 12.
15. The licensee shall submit the following information to the Authority by no later than 31 January 2015 and by no later than 31 January in each subsequent financial year (or such other date as the Authority may direct):
  - a. the future scenarios, or any revisions to the future scenarios, that it proposes to include in the electricity ten year statement;
  - b. a detailed explanation of the consultation process undertaken in the development of the future scenarios; and
  - c. a summary of views from interested parties on the future scenarios and an explanation of how these responses were taken into account in the design of the future scenarios.
16. If the Authority is not satisfied that the future scenarios proposed by the licensee would facilitate the achievement of the coordinated development objective and the development information objectives, the Authority may, within 28 days of receipt of the future scenarios pursuant to paragraph 15, issue a direction to the licensee that the future scenarios proposed by the licensee require further development.

17. The Authority may subsequently, following consultation with the licensee and other interested parties, direct the areas in which the licensee shall be required to make revisions to the future scenarios and any further consultation with interested parties that the licensee shall be required to undertake together with the date by which the licensee shall be required to submit those further revisions to the future scenarios to the Authority.
18. The licensee shall also include in the electricity ten year statement an explanation of how responses from interested parties on the future scenarios were taken into account in further revisions of the future scenarios.
19. In this condition:

**“interested parties”**

includes authorised electricity operators, potential offshore transmission owners, the Crown Estate, Government bodies and institutions with an interest in the development of the national electricity transmission system.

**“ten year network development plan”**

refers to the non-binding European Community-wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared by each individual transmission system operator.

## **Schedule 2: Relevant Licence Holders<sup>3</sup>**

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

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<sup>3</sup> Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>