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for energy consumers

BSC Parties, National Grid  
Electricity Transmission Plc,  
Elexon Limited and other  
interested parties

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Dear Colleagues,

### **Modification of National Grid Electricity Transmission Plc's electricity transmission licence to enable future expansion of the role of Elexon Limited**

We have decided to modify standard condition C3, 'The Balancing and Settlement Code' (BSC), of National Grid Electricity Plc's electricity transmission licence.<sup>1</sup> This modification allows the industry to explore options for potential expansion of Elexon Limited's (Elexon's) role, if appropriate. The Modification is published alongside this letter. The licence drafting remains unchanged from that proposed in the statutory consultation.<sup>2</sup>

#### **Background**

We published a statutory consultation proposing this modification on 15 January 2015. We received two non-confidential responses which can be seen on our website alongside the statutory consultation, and one confidential response.

The licence changes do not necessitate a change to the BSC and are not driven by any particular future role that Elexon may take on. Rather, this is an enabling change to ensure that the industry is better able to explore options for expansion, if and when appropriate. Any such expansion would be subject to Authority consent and we would consider the four prerequisite conditions set out in our April 2012 letter.<sup>3</sup> Further details about the reasons for this change can be found in our initial<sup>4</sup> and statutory consultations.

#### **Consultation responses**

One respondent, who had previously responded to our initial consultation, reiterated their views. We responded to these views in our statutory consultation covering letter and do not consider further comment is necessary.

A further respondent welcomed the proposed approach however also suggested that the four prerequisite conditions which were set out in our April 2012 letter should be added to the transmission licence to adequately safeguard Elexon's core role.

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<sup>1</sup> <https://epr.ofgem.gov.uk//Content/Documents/Electricity%20transmission%20full%20set%20of%20consolidated%20standard%20licence%20conditions%20-%20Current%20Version.pdf>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-licence-modification-enable-future-expansion-role-elexon-limited>

<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/61697/elexon-expansion-way-forward-letter-300412.pdf>

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/consultation-potential-licence-modification-enable-future-expansion-role-elexon-limited>

We continue to believe that any proposal for the expansion of Elexon's role would need to meet these conditions. We do not consider it necessary to include the conditions within the licence itself however we have stated that we will take account of these conditions in reaching any decision in respect of an expansion of Elexon's remit. As we suggested in our initial consultation, these conditions, and any other potential criteria, could be considered at a later stage, if appropriate.

### **Next steps**

In accordance with the powers contained in s.11A(1) of the Electricity Act 1989, the Authority has decided to modify standard condition C3, of National Grid Electricity Plc's electricity transmission licence. This Modification decision is published alongside this letter and will take effect on and from 15 May 2015.

If you have any queries regarding the information contained within this letter or the associated Modification please contact Rory P Edwards on 0207 901 3168 or email [rory.p.edwards@ofgem.gov.uk](mailto:rory.p.edwards@ofgem.gov.uk).

Yours faithfully,

Lesley Nugent  
**Head of Industry Codes and Licensing**