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24<sup>th</sup> March 2015

Dear Anna

Response to Notice under Section 11A(2) of the Electricity Act 1989 of proposed modifications to National Grid Electricity Transmission's licence for the electricity price control, RIIO-T1

National Grid welcomes the opportunity to respond to the consultation would like to make clear that we agree that the proposed modifications will provide more accurate and comprehensive licence conditions that reflect the Authority's intention.

The proposed changes to the definition of Relevant Generation Capacity are clear, reduce possible misunderstanding, are aligned with the Regulatory Instructions and Guidance and now fully reflect the intentions of the RIIO-ET1 decision. We are happy to accept these proposed changes to the licence for the general typographical errors in Schedule One. It is also helpful that Table 3 in SC6K is being modified to reflect the required detail for the rest of the RIIO period.

In terms of the changes proposed for Schedule Two, we were extensively consulted with as part of the CMP192 approval process and helped to frame the definitions as part of the collaborative approach taken when building up these Schedule changes. We agree with the proposed changes, however, we have identified further changes required to paragraph 3A.4 sub paragraph (b) to reference Offshore Transmission Owners (shown in blue - those in red are those proposed in relation to issue 2 in schedule 2):

*“(b) an amount equal to the income received by the licensee in Relevant Year t-1 in respect of users who **reduce TEC or developer capacity (as defined in the CUSC) or who terminate relevant bilateral agreements for connection and/or access rights to the GB transmission system in the respective Transmission Areas of each of Scottish Hydro Electric Transmission Plc, ~~and~~ SP Transmission Ltd and any Offshore Transmission Owner prior to commencing use of the GB transmission system** (for the avoidance of doubt, including any amounts that are treated as capital contributions).”*

Rationale (for the new change): It is appropriate for the adjustment term  $TS_t$  to also reference offshore transmission owners so that revenue is not over-recovered.

Secondly, NG notes Ofgem's recent announcement on ITPR and in particular the changes to introduce competitive tendering for some onshore Transmission assets. These changes would result in the need for further licence amendments similar to some of those proposed as part of this consultation. This would be to ensure that the existing user commitment arrangements can be applied with any non-incumbent TOs that are appointed (alongside any other relating changes to industry frameworks).

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Chris Bennett', with a long horizontal flourish extending to the right.

Chris Bennett  
Head of UK RIIO Delivery