

To:

Scottish Hydro Electric Transmission plc
SP Transmission plc
National Grid Electricity Transmission plc

**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 notice¹ on 7 July 2015 (the Notice)² that it proposed to modify Standard Condition B12 (System Operator – Transmission Owner Code) of the Licence and required any representations to the proposed modification to be made on or before 4 August 2015.
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 four responses. All non-confidential responses have been placed on the Ofgem website (www.ofgem.gov.uk). Our responses to these comments are set out in the accompanying letter.
5. The Authority has carefully considered in relation to the proposed modification all representations received.
6. The reason why the Authority is making these licence modifications is to implement our decision to enhance the role of the System Operator (SO) in planning the electricity transmission network as part of our Integrated Transmission Planning and Regulation (ITPR) project.
7. The reason why the Authority is modifying paragraph 2b of Standard Condition B12 is to require electricity transmission licensees to ensure that arrangements for exchanging information for the Network Options Assessment (NOA) process are set out within the System Operator – Transmission Owner Code (STC).
8. The effect of the modification will be to ensure that the electricity transmission licensees support the System Operator (SO) in its new role.
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

¹ The Notice also covered additional licence modifications to enhance the role of the System Operator

² https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/modifications_to_the_standard_licence_condition_s- itpr_0.pdf

5.7 of the CMA's Energy Licence Modification Appeals Rules³ 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 1. This decision will take effect on and from 30 September 2016.

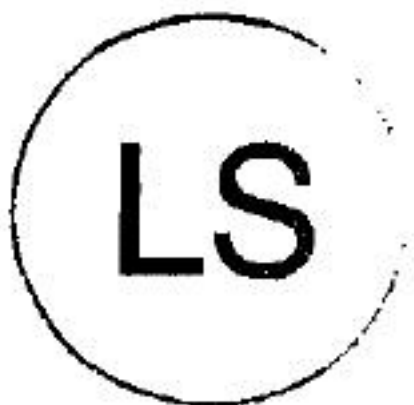
This document constitutes notice of the reasons for the decision to modify the electricity transmission licences as required by section 49A of the Act.

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

KERSTI BERGE

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

3 September 2015



³ 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: Modifications to Standard Condition B12 of the electricity transmission licence

[Note: The new text is marked with a double underscore and deletions with a strike through. For clarity we have only included the part of the condition we are modifying.]

Condition B12: System Operator – Transmission Owner Code

2. For the purposes of this condition, the terms and arrangements referred to in paragraph 1(a) whereby the national electricity transmission system and each STC party's transmission system forming part thereof are to be planned, developed or operated and transmission services are to be provided are those which:
 - (a) are requisite for the enjoyment and discharge of the rights and obligations of transmission licensees and STC parties arising under any relevant licences codes or other document as may be specified from time to time by the Authority including, but not limited to, rights and obligations which may arise under each of the core industry documents, the BSC and the CUSC; and
 - (b) provide for matters which include:
 - the provision of transmission services,
 - the operation, including the configuration, of the national electricity transmission system,
 - the co-ordination of the planning of STC parties' transmission systems,
 - the progression of matters necessary to respond to applications for new connections (or modifications of existing connections),
 - planning for, and co-ordination of, transmission outages,
 - procedures for developing, agreeing and implementing party entry processes,
 - the resolution of disputes,
 - the exchange of information between STC parties, which information they are free to disclose and relates to the discharge of their duties under the Act, transmission licences and other relevant statutory obligations,

- procedures to enable the system operator to obtain relevant information from STC parties to enable it to produce information and analysis about the national electricity transmission system in accordance with standard condition C11 (Production of information about the national electricity transmission system) and standard condition C27 (The Network Options Assessment process and reporting requirements), and
- procedures established in pursuance of paragraphs 6-6H.

Nothing in this condition shall preclude the licensee entering into other terms and arrangements connected with these terms and arrangements, outside of the STC, where such other arrangements are not inconsistent or in conflict with this licence or the STC or other relevant statutory requirements.

Schedule 2: Relevant Licence Holders⁴

Scottish Hydro Electric Transmission plc
SP Transmission plc
National Grid Electricity Transmission plc

⁴ Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>