

**NOTICE UNDER PARAGRAPH 3F.12 OF PART D OF SPECIAL CONDITION 3F
(ADJUSTMENT IN RESPECT OF THE ENVIRONMENTAL DISCRETIONARY REWARD
SCHEME) OF THE ELECTRICITY TRANSMISSION LICENCE OF SCOTTISH HYDRO
ELECTRIC TRANSMISSION PLC**

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice as follows pursuant to paragraph 3F.12 of Part D of special condition 3F of the electricity transmission licence (the "Licence") granted or treated as granted to Scottish Hydro Electric Transmission Plc (the Licensee) under section 6(1)(b) of the Electricity Act 1989:

1. The Authority proposes to modify the EDR Scheme Guidance by direction in accordance with Paragraph 3F.11 of Part D of special condition 3F of the Licence.
2. Subject to consideration of any representations which are duly made and not withdrawn, the Authority intends to make the proposed modifications to the EDR Scheme Guidance by direction on 31 March 2016. The Authority proposes that the modified EDR Scheme Guidance (Revision 3) will take effect on that date.
3. A copy of the text of the proposed EDR Scheme Guidance is included in Appendix 1 to this notice, as follows:
 - (a) EDR Scheme Guidance Revision 3
 - (b) EDR Scoring Spreadsheet Revision 3
4. The Authority's reasons for proposing to modify the EDR Scheme Guidance are the following:
 - i. The Authority wishes to implement a number of proposed changes and improvements to the EDR Scheme Guidance following analysis of the scoring mechanism and feedback from the licensees and the EDR expert panel in order to better achieve the EDR Scheme's objectives. These include proposed modifications designed to:
 - a. clarify the information and evidence to be provided by applicant licensees; and
 - b. simplify and improve aspects of the assessment criteria and scoring to ensure that they better accord with the objectives of the EDR Scheme.
 - ii. For further details of the reasons for the intended modifications please see the accompanying letter dated 18 February 2016.
5. Copies of this notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
6. Any representations with respect to the proposed modifications to the EDR Scheme Guidance (including the associated scoring spreadsheet) must be made on or before 17 March 2016 to: Harvey Beck, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to harvey.beck@ofgem.gov.uk.
7. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive

responses in an electronic form so they can be placed easily on the Ofgem website.



Geoffrey Randall
Head of RIIO
Electricity Transmission

Dated: 18 February 2016
Duly authorised on behalf of the Authority