



Making a positive difference
for energy consumers

System operators, transmission system owners, generators, suppliers, traders, consumers, aggregators and other interested parties

Tel: 020 7901 7000
Email: soincentive@ofgem.gov.uk

Date: 29 March 2016

Dear Colleagues,

Decision on the Modification of National Grid Electricity Transmission Plc's Electricity Transmission Licence - Updating Incentive Performance in Past Incentive Schemes

Today we published our decision regarding the modification of Special Condition 4C of National Grid Electricity Transmission plc's electricity transmission licence.

The Authority decided to make these licence modifications to allow for adjustments to the system operator external costs incentive scheme that may arise from model or data errors in the previous six years in some circumstances.

The effect of this modification is to adjust the system operator external costs incentive scheme payments either upwards or downwards where errors are caused by third parties and downwards when errors are caused by NGET. We continue to believe that it is appropriate to exclude from the new mechanism errors caused by NGET, if correcting them would benefit NGET. NGET can and should ensure it has quality assurance to avoid errors.

If you have any queries regarding the information contained within these documents, please contact Leonardo Costa on 0203 263 2764 or by email at soincentive@ofgem.gov.uk

Yours faithfully,

.....
Mark Copley
Associate Partner, Wholesale Markets