

Appendix 4

To: National Grid Electricity Transmission Plc

Electricity Act 1989 Section 11A(2)

Notice of statutory consultation on a proposal to modify the special conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the electricity transmission licence held by National Grid Electricity Transmission Plc ('NGET') and granted or treated as granted under section 6(1)(b) of the Act by amending the special conditions as specified in Schedule 4A of this notice.
2. We are proposing these modifications in order require NGET to amend its transmission charges to reflect payments to/from interconnector licensees granted a cap and floor regime and also reflect payments from National Grid Interconnectors Limited (NGIL) in accordance with its Use of Revenues requirements.²
3. The effect of the proposed modifications is to give effect to NGET's role in processing payments to/from interconnector licensees under the cap and floor regime and from NGIL.
4. Specific details on the reasons and effects of the proposed modifications can be found in Schedule 4B of this notice.
5. Further details and background on these proposed licence modifications are set out in the following documents:
 - Decision on the cap and floor regime for the GB-Belgium interconnector project Nemo, December 2014; and
 - Our informal consultation on these proposed licence modifications, published on our website on 4 February 2016³.
6. Schedule 4C to this notice contains our responses to the issues raised by stakeholders as part of the February 2016 informal consultation on these proposed licence modifications.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² We anticipate using similar arrangements to that proposed here for NGIL, to provide for NGET to receive payments from interconnector licensees which have a cap on revenues imposed in any exemption order issued under standard condition 12 (Application of Conditions 9, 10 and 11: Exemption Orders) of the electricity interconnector licence

³ Consultation on proposed changes to the standard conditions of the electricity interconnector licence, licences held by Nemo Link and NGIL and NGET's electricity transmission licence to implement the cap and floor regime and use of revenues compliance <https://www.ofgem.gov.uk/publications-and-updates/consultation-proposed-changes-standard-conditions-electricity-interconnector-licence-licences-held-nemo-link-and-ngil-and-ngets-electricity-transmission-licence-implement-cap-and-floor-regime-and-use-revenues-compliance>

7. A copy of the proposed modifications and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk). Alternatively, they are available from our Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003).
8. Any representations on the proposed licence modifications may be made on or before 23 September 2016 to: Ikbal Hussain, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to cap.floor@ofgem.gov.uk
9. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
10. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

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Stephen Beel
Partner, Competitive Networks
Duly authorised on behalf of the
Gas and Electricity Markets Authority

22 August 2016