

**To: Scottish Hydro Electric Transmission plc (SHE-T)  
 SP Transmission Ltd (SPTL)  
 National Grid Electricity Transmission plc (NGET)**

**Direction under Part B of Special Condition 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission Licence to make modifications to the ET1 Price Control Financial Model**

1. Each of the companies to whom this Direction is addressed (each "the licensee") is the holder of an Electricity Transmission Licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. In accordance with Part B of Special Condition (SC) 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission, the Gas and Electricity Markets Authority (the 'Authority')<sup>1</sup>, gave notice on 19 July 2016 ('the Notice') to consult on changes to the ET1 Price Control Financial Model ('the Model') and the proposed date by which these modifications should take effect. The Notice required any representations to be made on or before 16 August 2016.
3. We received no representations to the Notice.
4. Part A of SC 5A sets out the assessment process the Authority will follow in order to assess the likely impact of an intended modification and Part B of SC 5A sets out the circumstances in which a modification may (or may not) be made.
5. In accordance with SC 5A.9, the Authority has modified the Model in the manner indicated in Table 1 in this Direction, in order to;
  - a) in respect of modification number 1 in Table 1, as an ease of use improvement with no impact on calculations; and
  - b) in respect of all other modifications in Table 1, to align labels between the Financial Model and the Financial Handbook.
6. In the opinion of the Authority, with regard to the views of the ET1 Price Control Financial Model Working Group, the modifications of the ET1 Price Control Financial Instruments are not likely to have a significant impact on any of the persons mentioned in SC 5A.4. In particular, the intended modifications will not have any material impact on the licensees' financial revenue.

**Table 1 – Location of modifications within Schedule 1 to this Direction**

#	Modification	Worksheet in Model	Cell References
1	Adding Company Selector Dropdowns to each Calculation Tab	MOD, Input, Totex, TIM, DARTs, Depn, SystemOperator, Return&RAV, TaxPools, Finance&Tax, NonCore, Revenue, LiveResults	N/A
2	Label for Incremental Wider Works	Input	H19
3	Label for Legacy Variables	NGET SO	F16:F17
4	Dynamically Linking Cover Sheet Date	Cover	B5

<sup>1</sup> The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Gas and Electricity Markets Authority (GEMA) in its day to day work.

7. In accordance with our powers under Part B of SC 5A, we hereby incorporate these modifications to the Model. This Direction brings these modifications into effect as of the date of publication, 23 August 2016.
8. This document constitutes a direction issued by the Authority under Part B of SC 5A.



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**Ian Rowson**  
**Associate Partner, RIIO Finance & Investor Relations**  
**Duly Authorised on behalf of the Gas and Electricity Markets Authority**  
**23 August 2016**

**Directed ET1 Price Control Financial Model**

The directed ET1 Price Control Financial Model for the Annual Iteration Process 2016 can be found on our website at: <https://www.ofgem.gov.uk/publications-and-updates/riio-et1-financial-model-annual-iteration-process-november-2016>