

Schedule 4B: Reasons and effect of proposed modifications to the special conditions of the electricity transmission licence held by NGET

Existing Special Condition 1A: Definitions and Interpretation

The reason for our proposed amendment to this condition is to introduce a new defined term for 'Interconnector Owner' which does not currently exist in the special conditions of this licence.

The effect of this amendment is to define a term that is introduced into NGET's special conditions by our proposed changes to existing special condition 3B of that licence.

Existing Special Condition 3B: Calculation of allowed pass through items

The reason for our proposed amendments to this condition is to include two new pass through items (with associated definition) in the formula for calculating the Transmission Network Revenue allowed pass-through items.

The effect of these changes is to provide for any payments made to or received by NGET from interconnector licensees granted a cap and floor regime to be passed through to consumers via a corresponding increase or decrease in TNUoS charges.

It also provides for any payments received by NGET from NGIL, where NGIL cannot use surplus funds in accordance with one of the allowed uses specified in the Use of Revenues requirements under its electricity interconnector licence, to be passed through to consumers by reducing network charges from the SO.¹

¹ We anticipate using similar arrangements to this 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 of the electricity interconnector licence.