

APPENDIX 4

To: National Grid Electricity Transmission Plc

Electricity Act 1989 Section 11A(1)(a)

Modification of the special conditions of the electricity transmission licence held by National Grid Electricity Transmission Plc

1. National Grid Electricity Transmission Plc ('NGET') is the holder of an electricity transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 22 August 2016 ('the Notice') that we propose to modify the Licence by amending special conditions 1A and 3B, as specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 23 September 2016.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made. We received no responses to the Notice.
4. We are making these licence changes 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.
5. Further details on the reasons and effect of the modifications can be found in the schedule accompanying the Notice.³
6. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules⁴ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The relevant licence holder in relation to this modification is NGET. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the special conditions of the electricity transmission licence of NGET in the manner specified in attached Schedule 4. This decision will take effect from 18 January 2017.

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

² Proposed new special conditions for the electricity transmission licence held by NGET: https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_4a_-_proposed_modifications_to_nget_special_conditions_0.pdf

³ Reasons and effect of proposed modifications to the special conditions of the electricity transmission licence held by NGET: https://www.ofgem.gov.uk/system/files/docs/2016/08/schedule_4b_-_reasons_and_effects_of_modifications_to_nget_special_conditions.pdf

⁴ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

This document is notice of the reasons for the decision to modify the electricity transmission licence held by NGET as required by section 49A of the Act.

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**



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

15 November 2016