

To: The Company Secretary
National Grid Electricity Transmission Plc
(Company number: 02366977)

Direction issued to National Grid Electricity Transmission plc by the Gas and Electricity Markets Authority pursuant to paragraphs 4G.6 of Special Condition 4G of National Grid Electricity Transmission plc's Electricity Transmission Licence

Whereas

1. National Grid Electricity Transmission plc ("the Licensee") is the holder of an electricity transmission licence ("the Licence") granted or treated as granted by the Gas and Electricity Markets Authority ("the Authority") under section 6(1)(b) of the Electricity Act 1989 ("the Act") that includes Special Conditions.
2. Pursuant to paragraph 4G.5 of Special Condition 4G (Black Start Cost Incentive), the Licensee may by the end of "Relevant Year t" prepare and submit to the Authority a notification of any costs in respect to that year as a result of payments it has made, or expects to make to New Providers in respect of Feasibility Studies, which it considers should be recovered by means of BSFS_t under the term BXext_t in paragraph 4C.1 in Part A of Special Condition 4C.
3. Pursuant to paragraph 4G.6 of Special Condition 4G, within three months of the end of the Relevant Year, the Authority shall approve any direct recovery of such proposed costs where it is satisfied that the payments were, or will be efficiently incurred and will provide long term value for electricity consumers. The Authority shall also direct any consequential changes to the value of the BSFS_t.
4. In total, the Licensee submitted costs of £2,007,976 (excluding Value Added Tax) in respect of the 2016/17.
5. The Authority has considered the information and supporting evidence contained in the Licensee's notification and found that £1,871,822 of the Licensee's costs were efficiently incurred and will provide long term value for electricity consumers. The remaining submitted costs were out of scope because they were either not incurred in 2016/17, or did not relate to Feasibility Studies.

Now, therefore the Authority hereby directs pursuant to paragraph 4G.6 of Special Condition 4G that BSFS_t shall take the value of £1,871,822 in respect to 2016/17.

This Direction shall have effect from 1 July 2017.

This document constitutes notice of the reasons for the decision to issue the direction as required by section 49A(2) of the Act.

Emma Kelso
Partner, Wholesale Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

30 June 2017