



Making a positive difference
for energy consumers

The Company Secretary
National Grid Electricity Transmission plc
1-3 Strand
London
WC2N 5EH

Email: Steven.Becker@ofgem.gov.uk

Date: 15 June 2018

Dear Company Secretary,

Direction requiring the production of specified information under special condition 4G.17 of National Grid Electricity Transmission plc's electricity transmission licence - in relation to the determination of the adjustment to BSTC_t

Request for information for monitoring purposes

This letter accompanies a formal Direction under special condition 4G.17 of National Grid Electricity Transmission plc's electricity transmission licence requiring you to produce the information specified in Appendix 1. In addition, please feel free to provide any contextual comments in relation to the information requested. **The information requested must be emailed to Ayena Gupta at ayena.gupta@ofgem.gov.uk by no later than 5pm on 29 June 2018.**

Background

The Gas and Electricity Markets Authority (the "Authority") is issuing the Direction in connection with assessing the Annual Report submitted by you on 30 April 2018 in accordance with Part E of Special Condition 4G (Black Start Allowed Revenue).

Confidentiality, disclosure and publication

Any information provided to Ofgem which relates to the affairs of an individual or a particular business will be subject to statutory restrictions on disclosure under section 105 of the Utilities Act 2000. However, you should note that there are exceptions to the statutory restrictions, including where the disclosure is necessary to facilitate the statutory functions of Ofgem (e.g. publishing information to promote the interests of consumers) or other public bodies.

You should note that Ofgem cannot provide any assurances in relation to the treatment of information which may be the subject of a request made under the Freedom of Information Act 2000 ("FOIA"). However, we can confirm that Ofgem will always consider whether the statutory restrictions on disclosure apply to the requested information and therefore whether one or more of the FOIA exemptions apply.

Before deciding whether to publish any information relating to the affairs of a particular licence holder or business, Ofgem will consider whether it is appropriate to redact any information on the basis that the information would or might, in our opinion, seriously and prejudicially harm the interests of that person ("confidential information"). **In order to enable Ofgem to conduct this assessment (in the event that the possibility of publishing information is considered), we would ask that you indicate in your response whether you consider any information to be confidential information and provide brief reasoning in support of your views.** Where appropriate, we may seek

further representations from you at a later stage in respect of any specific information Ofgem is proposing to publish.

Your response

The information specified in Appendix 1 of the attached Direction must be emailed to ayena.gupta@ofgem.gov.uk by no later than 5pm on 29 June 2018. This information must be provided in an appropriate electronic format.

If you have any questions concerning this Direction, please contact **Ayena Gupta** at ayena.gupta@ofgem.gov.uk.

Yours sincerely,

Steven Becker
Head of ESO, SO/DSO, Systems & Network

Direction requiring the production of specified information under special condition 4G.17 of National Grid Electricity Transmission plc's electricity transmission licence

To the Company Secretary: National Grid Electricity Transmission plc ("NGET")

Whereas:

In accordance with special condition 4G.17, the Authority may direct that additional information be provided where it considers that the analysis or information provided in accordance with Part E of special Condition 4G (Black Start Allowed Revenue) is insufficient to enable it to assess whether it should direct an adjustment to BSTC. Having reviewed the Annual Report submitted on 30 April the Authority considers that it does need the additional information in Appendix 1 to this Direction to make that assessment.

Now therefore:

1. Pursuant to special condition 4G.17, the Authority hereby requires NGET to furnish to it all the documents and information which is specified or described in Appendix 1 to this Direction.
2. The information specified or described in Appendix 1 to this Direction must be emailed in an appropriate electronic format to ayena.gupta@ofgem.gov.uk by no later than 5pm on 29 June 2018.

This constitutes notice pursuant to section 49A of the Electricity Act 1989

Signed

Steven Becker
Head of ESO, SO/DSO, Systems & Network - Duly authorised on behalf of the Authority
Dated: 15/06/2018

Appendix 1

Information requested

Please provide the information listed below in electronic format.

Please provide the following information relating to the Black Start Annual Report submitted on 30 April 2018:

Compliance with the procurement methodology:

1. [Redacted]
2. Auditor's report states: NGET undertook a high level assessment of 'Alternative costs' when considering new Black Start options and providers, and when renewing existing Black Start contracts. Please justify why a high level assessment was sufficient.
3. The annual report did not demonstrate how feasibility studies have been procured economically or if the costs were assessed against previous studies. There is significant variation between the costs of feasibility studies depending on the provider.
 - a. Please explain the variations.
 - b. How have NGET ensured costs are consistent across different providers?
4. [Redacted]
5. [Redacted]
6. [Redacted]

Accuracy and transparency of total costs:

7. How do the Availability Payments and Warming Costs compare with historical costs from year 2012/13 to present? Please provide for each Black Start service provider - total costs on Capital Expenditure and contract value from year 2012/13 to present.
8. In Appendix 2, the costs for Capital Expenditure and Feasibility Studies are exclusive of VAT, please confirm that the other groups i.e. Availability Payments, Warming Costs and Testing Costs are also exclusive of VAT.
9. Please provide the following additional information for the availability payments table in Appendix 2:
 - a. What are the units of the column titled "Price per SP"?
 - b. Please explain the contract agreed/service start date columns – There are examples where the service start date precedes the contract agreed date.
 - c. The period of time for which the providers' availability has been maintained.
10. Please provide information on the total contract value and duration for all the tables in Appendix 2.
11. [Redacted]