

To: All holders of an electricity transmission licence

**Electricity Act 1989
Section 11A(1)(b)**

Modification of the standard conditions of all electricity transmission licences

1. Each of the licensees to whom this document is addressed has an electricity transmission licence which has been 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 4 January 2019 ('the Notice')² that we propose to modify Standard Licence Conditions ('SLC'):
 - A1: Definitions and interpretation;
 - C17: Transmission system security standard and quality of service;
 - D3: Transmission system security standard and quality of service, and
 - E16: Transmission system security standard and quality of service.

We stated that any representations to the modification proposal must be made on or before 1 February 2019.

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.
4. We received one response to the Notice, agreeing with our proposed changes. We have placed this non confidential response on our website.
5. We are making the modifications to:
 - SLC A1, to correct an error in the definition of "licensee's transmission system" in the decision on 4 September 2018 to modify the standard conditions of all electricity transmission licences, as explained in the open letter of 15 November 2018,³ and
 - SLCs C17, D3 and E16, to update all references to the National Electricity Transmission System Security and Quality of Supply Standard ('NETS SQSS') to reflect the latest version number 2.4. Licences currently refer to the out-of-date version number 2.3.⁴
6. The effect of the modifications, which are set out in Schedule 1, to:
 - SLC A1, is to update the electricity transmission licence following the partial transfer of National Grid Electricity Transmission Plc's ('NGET') electricity transmission licence to National Grid Electricity System Operator Limited, who

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

² <https://www.ofgem.gov.uk/publications-and-updates/proposal-modify-electricity-transmission-licences-reflect-latest-version-national-electricity-transmission-security-and-quality-supply-standard-nets-sqss-1>

³ <https://www.ofgem.gov.uk/publications-and-updates/open-letter-setting-out-changes-proposed-definition-licensees-transmission-system-standard-conditions-all-electricity-transmission-licences>

⁴ We note that we proposed such a modification to implement GSR018 on 16 February 2018 (<https://www.ofgem.gov.uk/publications-and-updates/proposal-modify-electricity-transmission-licences-reflect-latest-version-national-electricity-transmission-security-and-quality-supply-standard-nets-sqss-0>). Due to further NETS SQSS modification proposals at that time, e.g. GSR016, we decided, with the support of the NETS SQSS Panel, to delay the implementation of GSR018 such that multiple SQSS modifications could be implemented simultaneously.

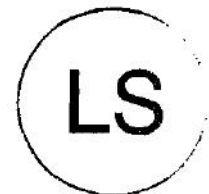
will take over NGET's existing electricity system operator functions from 1 April 2019, and

- SLCs C17, D3 and E16, is to ensure that all references in the electricity transmission licence conditions to the NETS SQSS are to the most up-to-date version, 2.4. Version 2.4 incorporates changes made to the NETS SQSS as a result of our decisions to approve modifications GSR018⁵, GSR016⁶, GSR023⁷ and GSR024⁸.
7. 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 Energy Licence Modification Appeals: Competition and Markets Authority Rules C⁹ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity transmission licences in the manner specified in Schedule 1. This decision will take effect from 17 May 2019.

This document is notice of the reasons for the decision to modify the electricity transmission licences as required by section 49A(2) of the Act.

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



Martin Queen, Principal Engineer, Systems and Networks

Duly authorised on behalf of the Gas and Electricity Markets Authority

21/03/2019

⁵ <https://www.ofgem.gov.uk/publications-and-updates/gsr018gc0077-sub-synchronous-oscillations>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/gsr016-small-and-medium-embedded-generation-assumptions>

⁷ <https://www.ofgem.gov.uk/publications-and-updates/gsr023-clarification-applicability-n-1-1-criterion>

⁸ <https://www.ofgem.gov.uk/publications-and-updates/gsr024-national-grid-legal-separation-sqss-changes>

⁹ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Schedule 1: Licence Drafting

- Text which has been deleted is struck through: ~~Example~~
- Text which has been added is bold and double underlined: **Example**

Condition A1: Definitions and interpretation

"licensee's transmission system" means those parts of the national electricity transmission system which are ~~owned by a transmission owner within its transmission area or operated by a transmission licensee.~~

- owned or operated by a transmission licensee within its transmission area; or**
- operated by the system operator**

Condition C17: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2, 3 and 4 of this condition, the licensee shall at all times:
 - (a) plan, develop and operate the licensee's transmission system; and
 - (b) co-ordinate and direct the flow of electricity onto and over the national electricity transmission system,

in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.34, together with the STC, the Grid Code or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby).

Condition D3: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2 and 3 of this condition, the licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.34, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorized electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.

Condition E16: Transmission system security standard and quality of service

1. The licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.34, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the

licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.

Schedule 2: Relevant Licence Holders¹⁰

Blue Transmission Walney 1 Limited
Blue Transmission Walney 2 Limited
Blue Transmission Sheringham Shoal Limited
Blue Transmission London Array Limited
Diamond Transmission Partners BBE Limited
Greater Gabbard OFTO plc
Gwynt y Mor OFTO plc
Humber Gateway OFTO Limited
National Grid Electricity Transmission Plc¹¹
Scottish Hydro Electric Transmission Plc
SP Transmission Plc
TC Barrow OFTO Limited
TC Dudgeon OFTO plc
TC Gunfleet Sands OFTO Limited
TC Ormonde OFTO Limited
TC Robin Rigg OFTO Limited
TC Lincs OFTO Limited
TC Westermost Rough OFTO Limited
Thanet OFTO Limited
WoDS Transmission plc

¹⁰ Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/list-all-electricity-licensees-registered-or-service-addresses>

¹¹ Due to the System Operator separation, the licence obligations currently placed on National Grid Electricity Transmission plc (NGET) in its capacity as System Operator will be transferred to National Grid Electricity System Operator Ltd (NGESO) on 1st April 2019.