

The Company Secretary  
National Grid Electricity System Operator Limited  
(Company Number: 11014226)

**Consent given by the Gas and Electricity Markets Authority (“the Authority”) pursuant to paragraph 1 of standard condition B9 (Indebtedness) of the electricity transmission licence held by National Grid Electricity System Operator Limited (“the Licensee”)**

**This consent has effect from 1 April 2019 being the date that the Licensee is granted a transmission licence in accordance with the Authority’s consent under section 7A of the Electricity Act 1989 (“the Act”) (“Effective Date”)**

**Whereas:**

- A. As at the Effective Date of this consent, the Licensee is the holder of a licence (the “Licence”) granted under section 6(1)(b) of the Act.
- B. The Licensee may need to trade on the N2EX exchange as an alternative to relying on over the counter trades in its role as system operator. In order to comply with the provisions of Article 40 of the European Market Infrastructure Regulation (“EMIR”), Nasdaq OMX (who, together with Nord Pool Spot, manage the exchange) has imposed a requirement on all users of the N2EX exchange to participate in a Member Default Fund (in addition to the initial security provided by each member) to decrease the risk of each member defaulting on the clear house. The Licensee’s maximum exposure is likely to be €227,008.

**Reasons for the Authority’s decision:**

- C. Having had regard to its principal objective and statutory and other duties, the Authority is satisfied that a consent in accordance with paragraph 1 of standard condition B9 would be appropriate in the circumstances on the grounds set out in paragraph B above.

**Now the Authority consents hereby as follows:**

- 1. We note that the Licensee’s participation in the N2EX exchange is consistent with its role as system operator and that the Licensee’s likely liability is limited to €227,008.
- 2. In accordance with and for the purpose of paragraph 1 of standard condition B9 of the Licence the Authority hereby consents, with effect from the Effective Date, to the Licensee incurring indebtedness of up to £250,000 in relation to its participation in the Member Default Fund for the N2EX power exchange.
- 3. This consent will remain in place until further notice is given by the Authority and may be amended by the Authority from time to time.

**Notice**

This document constitutes notice under section 49A of the Act of the reasons for the Authority’s decision to give this consent.

1 April 2019

Grendon Thompson

Head of Electricity SO Regulation

**Duly authorised on behalf of the Gas and Electricity Markets Authority**