

The Company Secretary
National Grid Electricity Transmission plc
(Company Number: 2366977)

Consent given by the Gas and Electricity Markets Authority (“the Authority”) pursuant to:

- A. **standard condition B6; and**
- B. **standard condition B9**

of the electricity transmission licence granted under section 6(1)(b) of the Electricity Act 1989 (“the Act”) to National Grid Electricity Transmission plc (“the Licensee”).

This consent has effect from 1 April 2019 (“Effective Date”) and shall remain in effect until the earlier of (i) date of the completion of the transfer of the shares held by the Licensee in Coreso SA, a company incorporated in Belgium with company number 0808.569.630 based at 71 Avenue de Cortnbergh, 1000 Bruxelles, Belgium (“Coreso”) to National Grid Electricity System Operator Limited, company number 11014226 (“NGESO”) and (ii) the date of the expiry of six (6) months from the Effective Date or such longer period as may be agreed with the Authority (“Termination Date”).

Whereas:

- A. As at the Effective Date of this consent, the Licensee is the holder of an electricity transmission licence (the “**Licence**”) granted under section 6(1)(b) of the Act and holds certain shares in Coreso.
- B. On the Effective Date, the Licensee shall sell its electricity system operator business (the “**Business**”) to NGESO (such sale being the “**Transaction**”);
- C. As part of the Transaction, it was intended that the Licensee would sell the shares in Coreso to NGESO. The ability to complete this share sale as part of the Transaction has been delayed due to the impact of the United Kingdom potentially exiting the European Union, as Coreso share transfer can only be made to a European TSO. Instead, as an interim measure, the Licensee and NGESO will enter into an agreement (the “**Shareholding Agreement**”) whereby the Licensee will grant beneficial use of the shareholding in Coreso to NGESO until the share transfer can be effected. As a result of the Shareholding Agreement and allowing NGESO the beneficial use of the Coreso shares:
 - a. The Licensee will hold shares in a body corporate which will not be carrying on business for a permitted purpose in respect of the Licensee; and
 - b. any default by NGESO in relation to the Coreso shareholding (including the Coreso shareholders agreement, to which the Licensee will remain party) which gives rise to a liability to the Licensee to pay or repay any debt or other sum will give rise to a cross-default obligation.

Reasons for the Authority’s decision:

- D. Having had regard to its principal objective and statutory and other duties, the Authority is satisfied that a:
 - a. consent in accordance with paragraph 2(a) of standard condition B6 would be appropriate in respect of the holding by the Licensee of the shares referred to in paragraph (C)(a) of the recitals above; and
 - b. Consent in accordance with paragraph 1 of standard condition B9 would be appropriate in respect of the Licensee entering into the Shareholding Agreement and to permit the beneficial use by NGESO of the shares referred to in paragraph (C)(b) of the recitals above

until the Termination Date because from the information provided, it does not appear that such arrangements:

- i. will prejudice or have any undue impact on existing or future electricity consumers;
- ii. would impinge on the Licensee's duty to develop and maintain an efficient and economical transmission system for the conveyance of electricity; and
- iii. would compromise the overall intent of standard condition B9.

Now the Authority consents hereby as follows:

1. In accordance with and for the purpose of paragraph 3(d) of standard condition B6 (Restriction on Activity and Financial Ring Fencing) of the Licence the Authority hereby consents, with effect from the Effective Date until the Termination Date, to the Licensee holding shares or other investments in Coreso.
2. Subject to paragraph 3 below, the Authority in accordance with paragraph 1 of standard condition B9 (Indebtedness) hereby consents to the Licensee entering into the Shareholding Agreement and to permit the beneficial use by NGESO of the shares referred to in paragraph (C)(b) of the recitals above with effect from the Effective Date until the Termination Date.
3. The Licensee shall obtain from NGESO a legally enforceable indemnity in favour of the Licensee in respect of any liability that the Licensee may incur as a consequence of entering into the Shareholding Agreement and permitting the beneficial use by NGESO of the shares referred to in paragraph (C)(b) of the recitals above.
4. This consent 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