

To:
Scottish Hydro Electric Transmission plc (SHE-T)
SP Transmission Ltd (SPTL)
National Grid Electricity Transmission plc (NGET)

Direction under paragraph 5A.12 of Special Condition 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission Licence to make modifications to the ET1 Price Control Financial Model

1. Each of the companies to whom this Notice is addressed (each 'the licensee') is the holder of an Electricity Transmission Licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. In accordance with paragraph 5A.9 of Special Condition (SC) 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission, the Gas and Electricity Markets Authority (the 'Authority'), gave notice on 06 August 2019 ('the Notice') of the proposed modifications to the ET1 Price Control Financial Model ('the Model') and specified the date from which the Authority proposed that these modifications should take effect as 06 September 2019. The Notice also specified the date for any representations on the proposed modifications to be made on or before 04 September 2019.
3. We received no representations in response to the Notice, prior to the close of the above mentioned period.
4. Part A of SC 5A sets out the assessment process the Authority will follow in order to assess the likely impact of an intended modification and Part B of SC 5A sets out the circumstances in which a modification may be made.
5. In accordance with SC 5A.12, the Authority hereby modifies the Model in the manner indicated in Table 1 in this Direction, in order to ensure that the Model is consistent with SPTL's Cost and Output Reporting template.
6. These modifications take effect from the date of this Direction.

Table 1 – Location of modifications within the Model

Nature of Modification	Sheet reference	Cell reference
Innovation Roll-out mechanism costs will now be 100% allocated to the " <i>load related capex expenditure</i> " category within the Model. Previously, these costs were allocated across several capex and opex categories.	SPTL	AH163:AO163



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Steve McMahon
Deputy Director, Electricity Distribution and Cross Sector Policy
Duly authorised on behalf of the Gas and Electricity Markets Authority
06 September 2019