

To: National Grid Electricity Transmission

Notice under Part C of Special Condition 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of the Electricity Transmission Licence to make modifications to the EPI outputs and Allowed Expenditure

1. National Grid Electricity Transmission ('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. Special Condition (SC) 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of the licensee's Electricity Transmission Licence specifies the circumstances in which the Gas and Electricity Markets Authority (the 'Authority')¹, by way of direction, can make changes to the Enhancing Pre-existing Infrastructure (EPI) Outputs and associated Allowed Expenditure (EPIE values)².
3. Part B of SC 6G sets out the process the Authority will follow in considering a request from the licensee for an adjustment to the EPIE values in its price control to deliver an EPI Output.
4. In accordance with SC 6G.18, the Authority hereby gives notice to interested parties that it proposes to modify (a) Table 1: EPI Outputs in Part B of SC 6G and (b) Table 2: EPIE Values in Part D of that same condition, of the licensee's Electricity Transmission Licence in the manner indicated in Schedule 1 to this Notice.
5. We have set out our reasons for the modifications in our determination letter dated 24 February 2021 which is published alongside this Notice³. In summary, the purpose of the modifications is to specify the deliverables of the Peak East mitigation project that the licensee is required to deliver, and to specify the associated EPIE values.
6. We propose to further adjust the main contract price for changes in the metal price and exchange rate indices⁴ that have occurred in the period between the contractors submitting their final price, and the licensee awarding the contract. We propose that this adjustment be reflected in the allowed expenditure that is directed following the 28 day notice period to implement our determination.
7. The purpose of the proposed modifications has been set out in our determination letter, which accompanies this Notice. In summary, the purpose of these licence modifications is to increase the licensee's Allowed Expenditure under the RIIO-1 electricity transmission price control by £11.04 million (2009/10 prices).

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

² This is the specific licence term used in SC 6G for Allowed Expenditure associated with EPI Outputs.

³ <https://www.ofgem.gov.uk/publications-and-updates/determination-she-transmission-s-proposals-reducing-visual-amenity-impacts-loch-lomond-and-trossachs-national-park>

⁴ The indices to be used to adjust the contract price are: Metals: London Metal Exchange <https://www.lme.com> and Forex: Bank of England <https://www.bankofengland.co.uk/statistics/exchange-rates>

8. The proposed modifications are set out in Schedule 1 to this Notice. A copy of the proposed modifications and other documents referred to in this Notice are also published on our website (www.ofgem.gov.uk).
9. We propose that the direction should take effect on 31 March 2021.
10. Any representations with respect to the proposed licence modifications must be made on or before 24 March 2021 to: Anna Kulhavy, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to Anna.Kulhavy@ofgem.gov.uk.
11. All representations will normally be published on our website. However, if you do not wish your response to be made public, then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be published easily on our website.

Min Zhu
Deputy Director - RIIIO Electricity Transmission

Duly authorised on behalf of the Gas and Electricity Markets Authority

24 February 2021

Schedule 1: Proposed modifications to Special Condition 6G of National Grid Electricity Transmission's electricity transmission licence

The proposed modification will add a new row to existing Table 1: EPI outputs, as follows:

Part B: Assessment of Allowed Expenditure for EPI Outputs

Table 1: EPI Outputs

EPI Output description			Designated Area	Delivery date
<u>Peak East Mitigation Project in the Peak District National Park</u>			<u>Peak East National Park</u>	<u>2023</u>
<u>EPI output</u>	<u>Mitigation activity</u>	<u>Volume of underground cable</u>	<u>Combined visual and landscape impact⁵</u>	
			<u>Pre-mitigation</u>	<u>Post-mitigation</u>
<u>Reduced visual impact</u>	<ul style="list-style-type: none"> replace a 2 km section of a 400kV double circuit overhead line (OHL), known as 4Z0, with 2 km underground cable along the Trans Pennine Trail, near the hamlet of Dunford Bridge; removal of 8 towers and associated fittings from the route; and install a new sealing end compound (SEC) and tension tower at Wogden Foot to connect the new section of underground cable to the existing overhead line. 	<u>2km</u>	<u>27</u>	<u>4</u>

Part D: Determination of revisions to EPIE values by the Authority

The proposed modification will replace the existing table with the new table below.

Table 2: EPIE values after modifications in Part C of this condition

£m (2009/ 10 prices)	Relevant Year t							
	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
	0.166	0.556	0.976	1.271	2.003	9.884	45.331	23.487
			<u>1.092</u>	<u>3.562</u>	<u>3.540</u>	<u>11.666</u>	<u>48.100</u>	<u>26.037</u>

⁵ The combined impact scores are from the 2014 Landscape and Visual Impact Assessment report on pre-existing transmission lines. Line sections with a measure of 25 or greater denote very high impact, 20 to 24 is assessed as high impact, 10 to 19 as moderate impact and lines with a score of 10 or less have a lower impact.