

**To: Holders of an Electricity Transmission licence or Distribution Network Operators Licence.**

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

**Modification of the standard conditions of all Electricity Transmission licence or Distribution Network Operators Licences**

1. Each of the licensees to whom this document is addressed has an Electricity Transmission licence or Distribution Network Operators Licence which has been granted or treated as granted under 6(1)(b) or 6(1)(c) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> gave notice on 6<sup>th</sup> Of March 2020 ('the Notice') that we propose to modify the Standard Electricity Transmission licence and Standard Distribution Network Operators Licence. We stated that any representations to the modification proposal must be made on or before 3<sup>rd</sup> of April 2020.
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 8 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in our Decision Document published alongside this Notice.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight in the attached Schedule 1. The reasons for any differences between the modifications set out in

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

the Notice and the modifications reflected in Schedule 1 are set out in the Decision Document and address corrections raised in consultation responses.

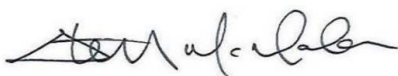
6. The effect of the modification(s) will be to:

To include a governance process for the Guidance document, requiring The Authority to consult on proposed changes to this document.

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<sup>2</sup> 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. The attached 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 Standard Electricity Transmission licence and Standard Distribution Network Operators Licence in the manner specified in attached Schedule 1. This decision will take effect from 27<sup>th</sup> May 2021.

This document, together with The Decision Document published alongside it, is notice of the reasons for the decision to modify the Electricity Transmission licence or Distribution Network Operators Licence as required by section 49A(2) of the Act.



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**Steven McMahon**

Deputy Director, Electricity Distribution & Cross Sector Policy

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

**01/04/2021**

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<sup>2</sup> CMA70 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655601/energy-licence-modification-appeals-rules.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf)

## **Schedule 1: Licence Drafting**

### Condition D17: Whole Electricity System Obligations

#### **Introduction**

D17.1 The purpose of this condition is to set an obligation on transmission owners to coordinate **and cooperate** with transmission licensees and electricity distributors in order to build a common understanding of where actions taken by one transmission licensee or electricity distributor could have cross-network impacts (both positive and negative). This should include at a minimum sharing information and developing processes that aim to achieve optimal efficiency across the total system. The further purpose is to set an obligation on transmission owners to consider actions proposed by transmission system users that seek to advance the efficient and economical operation of its own network.

#### **Part A: Whole electricity system coordination**

D17.2 The licensee must coordinate and cooperate with transmission licensees and electricity distributors to **seek to** identify actions and processes that advance the efficient and economical operation of the **total system**.

D17.3 The licensee must consider actions proposed by transmission system users which seek to advance the efficient and economical operation of its network.

D17.4 The licensee must use all reasonable endeavours to implement actions or processes identified or proposed under paragraphs D17.2 or D17.3 of this condition that:

- (a) will not negatively impact its network; and
- (b) are in the interest of the efficient and economical operation of the total system.

#### **Part B: Demonstrating compliance with whole electricity system obligations**

##### Coordination Register

D17.5 The licensee must prepare and is required to publish on its **w**website a coordination register demonstrating the steps it has taken to comply with Part A of this condition not later than 12 months from the date of this condition coming into force.

D17.6 The licensee must keep up to date and is required to publish its coordination register (as updated) on its website at least once every 12 months from the date of initial publication under paragraph D17.5 of this condition.

### **Part C: Whole Electricity System Guidance**

D17.7 In satisfying the requirements of this condition the licensee must have due regard to the Whole Electricity System Guidance.

### **Part D: Procedure for issuing and revising Whole Electricity System Guidance**

D17.8 Before issuing the Whole Electricity System Guidance under this condition the Authority by Notice given to the licensee will:

- (a) state that it proposes to issue the Whole Electricity System Guidance, and specify the date on which it proposes that the document should take effect;
- (b) set out the text of the Whole Electricity System Guidance and the Authority's reasons for proposing to issue it; and
- (c) specify the date (which must not be less than a period of 28 days from the date of the Notice) by which representations with respect to the proposed Whole Electricity System Guidance may be made.

D17.9 The Authority will consider any representations that are duly made and not withdrawn.

D17.10 The requirements of paragraphs D17.8 and D17.9 may be satisfied by action taken before, as well as action taken after, the commencement of this condition.

D17.11 In paragraph D17.8 of this condition reference to "issuing the Whole Electricity System Guidance" includes issuing any revision of the document and the procedure provided for under paragraph D17.8 will apply to any such revision.

### **Part E: Interpretation**

D17.12 For the purposes of this condition:

**coordination register** means a document prepared by a transmission owner in accordance with its

obligations under Part A and Part B of this condition containing at a minimum the information specified in the Whole Electricity System Guidance.

**electricity distributor** means any person who is authorised by a distribution licence to distribute electricity.

**total system** means the national electricity transmission system and the distribution systems of all authorised electricity operators which are located in the national electricity transmission system operator area.

**transmission system user** means a person producing electricity that is being conveyed by means of that transmission owner's system or a customer who owns or who occupies premises that are directly connected to that transmission owner's system.

**Whole Electricity System Guidance** means the document of that name published on the Authority's website for the purposes of this licence condition that provides guidance on compliance with this licence condition.

## Condition 7A: Whole Electricity System Obligations

### **Introduction**

7A.1 The purpose of this condition is to set an obligation on the licensee to coordinate **and cooperate** with other Electricity Distributors and Transmission Licensees in order to build a common understanding of where actions taken by one Electricity Distributor or Transmission Licensee could have cross-network impacts (both positive and negative). This should include at a minimum sharing information and developing processes that aim to achieve optimal efficiency across the Total System. The further purpose is to set an obligation on the licensee to coordinate with and consider actions proposed by Distribution System Users, that seek to advance the efficient and economical operation of its own network.

### **Part A: Whole electricity system coordination**

7A.2 The licensee must coordinate and cooperate with other Electricity Distributors and Transmission Licensees to **seek to** identify actions and processes that advance the efficient and economical operation the **Total System**.

7A.3 The licensee must consider actions proposed by Distribution System Users which seek to advance the efficient and economical operation of its network.

7A.4 The licensee must use all reasonable endeavours to implement actions or processes identified or proposed under paragraphs 7A.2 or 7A.3 of this condition that:

- (a) will not negatively impact its network; and
- (b) are in the interest of the efficient and economical operation of the Total System.

### **Part B: Demonstrating compliance with whole electricity system obligations**

#### Coordination Register

7A.5 The licensee must prepare and is required to publish on its **w**website a Coordination Register demonstrating the steps it has taken to comply with Part A of this condition not later than 12 months from the date of this condition coming into force.

7A.6 The licensee must keep up to date and is required to publish its Coordination Register (as updated) on their **w**website at least once every 12

months from the date of initial publication under paragraph 7A.5 of this condition.

**Part C: Whole Electricity System Guidance**

7A.7 In satisfying the requirements of this condition the licensee must have due regard to the Whole Electricity System Guidance.

**Part D: Procedure for issuing and revising the Whole Electricity System Guidance**

7A.18 Before issuing the Whole Electricity System Guidance under this condition the Authority by Notice given to the licensee will:

- (a) state that it proposes to issue the Whole Electricity System Guidance and specify the date on which it proposes that the document should take effect;
- (b) set out the text of the Whole Electricity System Guidance and the Authority's reasons for proposing to issue it; and
- (c) specify the date (which must not be less than a period of 28 days from the date of the Notice) by which representations with respect to the proposed Whole Electricity System Guidance may be made.

7A.9 The Authority will consider any representations that are duly made and not withdrawn.

7A.10 The requirements of paragraphs 7A.8 and 7A.9 may be satisfied by action taken before, as well as action taken after, the commencement of this condition.

7A.11 In paragraph 7A.8 of this condition reference to "issuing the Whole Electricity System Guidance" includes issuing any revision of the document and the procedure provided for under paragraph 7A.8 will apply to any such revision.

**Part E: Interpretation**

7A.12 For the purposes of this condition:

**Coordination Register** means a document prepared by an Electricity Distributor in accordance with its obligations under Part A and Part B of

this condition containing at a minimum the information specified in the Whole Electricity System Guidance.

**Distribution System User**

means a person producing electricity that is being conveyed by means of that Distribution System or a Customer who owns or who occupies premises that are directly connected to that Distribution System.

**Transmission Owner**

means the holder for the time being of a Transmission Licence in relation to which licence the Authority has issued a Section D of the Transmission Licence (transmission owner standard conditions) Direction and where Section D remains in effect (whether or not subject to any terms included in a Section D of the Transmission Licence (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).

**Whole Electricity System Guidance**

means the document of that name published on the Authority's Website for the purposes of this condition that provides guidance on compliance with this licence condition.



## **Schedule 2: Relevant Licence Holders<sup>3</sup>**

### **Independent Distribution Network Operators**

Eclipse Power Networks Limited  
Energy Assets Networks Limited  
ESP Electricity Limited  
Forbury Assets Limited  
Fulcrum Electricity Assets Limited  
Harlaxton Energy Networks Limited  
Independent Power Networks Limited  
Indigo Power Limited  
Last Mile Electricity Limited  
Leep Electricity Networks Limited  
Murphy Power Distribution Limited  
The Electricity Network Company Limited  
UK Power Distribution Limited  
Utility Assets Limited  
Vattenfall Networks Limited

### **Distribution Network Operators**

Eastern Power Networks Plc  
Electricity North West Limited  
London Power Networks Plc  
Northern Powergrid (Northeast) Limited  
Northern Powergrid (Yorkshire) Plc  
Scottish Hydro Electric Power Distribution Plc  
South Eastern Power Networks Plc  
Southern Electric Power Distribution Plc  
SP Distribution Plc  
SP Manweb Plc  
Western Power Distribution (East Midlands) Plc  
Western Power Distribution (South Wales) Plc  
Western Power Distribution (South West) Plc  
Western Power Distribution (West Midlands) Plc

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<sup>3</sup> Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>

## **Electricity Transmission**

National Grid Electricity Transmission Plc

Scottish Hydro Electric Transmission Plc

SP Transmission Plc