

To:
National Grid Electricity Transmission Plc
SP Transmission Limited
Scottish Hydro Electric Transmission Plc
National Grid Electricity System Operator Limited

Electricity Act 1989
Section 11A(1)(a)

**Modification of the Special Conditions of the Electricity Transmission licence held
by the licensees listed above**

1. Each of the licensees to whom this document is addressed ('the licensees') is the holder of an Electricity Transmission licence ('the Licence') granted or treated as granted under 6(1)(b) of the Electricity Act 1989 ('the Act').
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 14 April 2021 ('the Notice') that we propose to modify the Licence by:
 - a. amending the existing Special Conditions including the Price Control Financial Instruments; and
 - b. inserting new Special Conditions.

We stated that any representations to the modification proposal must be made on or before 13 May 2021.

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 9 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 at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in cyan highlight for the Special Conditions in the modification text that can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>. The reasons for the differences between the modifications set out in the Notice and the modifications being made are to correct errors in the modifications proposed, improve the modifications proposed, and to extend modifications of the same type proposed in the statutory consultation to the rest of the condition in question, other conditions or licences and to address minor issues and corrections raised since the issuing of the Notice such as formatting errors.
6. The reasons and effects for making the modifications, together with the full text of the modifications can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>.

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

[updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions](https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions), alternatively they are available from foi@ofgem.gov.uk.

7. In addition, further details and background on these licence changes are set out in the following documents:
 - a. Statutory consultation for RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences;²
 - b. RIIO-2 informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences;³
 - c. RIIO-2 Draft determinations for Transmission and Gas Distribution companies and the Electricity System Operator;⁴
 - d. RIIO-2 Final Determinations for Transmission and Gas Distribution companies and the Electricity System Operator;⁵
 - e. Decision on the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences;⁶ and
 - f. Statutory consultation for the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licence conditions.⁷

8. 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 Rules⁸ 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. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the Special Conditions of the Electricity Transmission licence of the licensees in the manner specified at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>. This decision will take effect from 24 July 2021.

The reasons and effect document is our notice of reasons for the purposes of section 49A(2) of the Act and can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>.

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Min Zhu
Duly authorised on behalf of the
Gas and Electricity Markets Authority

28 May 2021

² <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

³ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

⁷ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>

⁸ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf