

Electricity Act 1989
Section 11A(2)

Notice of statutory consultation on a proposal to modify the standard conditions of the electricity transmission licences

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify a standard condition of the electricity transmission licences granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending standard licence condition C13 'Adjustment to use of system charges (small generators)' ('SLC C13').
2. The Authority proposes to modify SLC C13 to extend the small generator discount until 31 March 2019.
3. SLC C13 was put in place to provide equal treatment between small generators connected to the 132kv network in Scotland and those in England and Wales while enduring arrangements for transmission charges for embedded generation were developed. The reason why the Authority proposes to make this licence modification is to provide for the discount to remain in place while these arrangements are developed.
4. The effect of the proposed modification is to extend the expiry date for SLC C13 from 1 April 2016 to 1 April 2019.
5. The relevant licence holder for the purpose of this Notice is National Grid Electricity Transmission plc.
6. A copy of the proposed modification and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively they are available from our Research and Information Centre, 9 Millbank, London SW1P 3GE (020 7901 7003).
7. Any representations with respect to the proposed licence modification must be made on or before **23 December 2015** to: Donald Smith, Office of Gas and Electricity Markets, 9 Millbank, London SW1P 3GE or by email to donald.smith@ofgem.gov.uk.
8. We normally publish all responses 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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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 placed easily on our website.
9. If we decide to make the proposed modification it will take effect not less than 56 days after the decision is published.

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**Catherine Williams Head of Commercial Regulation,
Electricity Transmission
Duly authorised on behalf of the Gas and Electricity Markets Authority, 25
November 2015.**

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

Schedule 1

Condition C13: Adjustments to use of system charges (small generators)

1. When calculating use of system charges (other than charges relating to the provision of balancing services) to eligible generators the licensee shall set a charge in conformance with the use of system charging methodology in accordance with standard condition C4 (Charges for use of system) less a designated sum.
2. When calculating use of system charges (other than charges relating to the provision of balancing services) to customers who are taking demand from the national electricity transmission system the licensee shall set charges in conformance with the use of system charging methodology in accordance with standard condition C4 (Charges for use of system) plus a unit amount (to be added to all such charges on a non-discriminatory and non-locational basis) such that the net effect of this condition on total sums charged for and recovered by the licensee in respect of the period in which this condition is in effect is zero. The licensee shall ensure that the net sums recovered for any given year are as far as practicable zero.
3. The licensee shall publish sufficient information in a timely manner such that all parties whose use of system charges are or may be adjusted in accordance with this condition are able to make a reasonable estimate of how use of system charges have been affected by the provision contained within this condition. To the extent that net sums recovered for any given year might not be equal to zero, the licensee shall also publish sufficient information to enable affected parties to make a reasonable estimate of how any over or under-recovery in respect of that year made pursuant to this condition will affect adjustments to charges for the following year.
4. The Authority shall be entitled to issue a direction pursuant to this condition at any time stating that, with effect from 1 April immediately following the issuing by the Authority of such a direction, the designated sum shall be equal to zero.
5. This condition shall have effect for the Licensee's charges for the period ending on ~~31 March 2016~~ 31 March 2019.
6. For the purposes of this condition:
 - "eligible generator" means a generating station which:
 - (a) is liable for generation transmission network use of system charges (or its equivalent) under the use of system charging methodology approved by the Authority in accordance with standard condition C4 (Charges for use of system); and
 - (b) is connected to the national electricity transmission system at a voltage of 132 kilovolts; and
 - (c) would not, on the basis of its maximum generating capacity, be liable for generation transmission network use of system charges (or its equivalent) if it were connected to the distribution system of a licensed distributor rather than to the national electricity transmission system.
 - "designated sum" means such sum as shall be directed by the Authority as soon as practicable after the determination of an approved use of system charging methodology in accordance with standard condition C4 (Charges for use of system).