

To: National Grid Electricity Transmission plc
SP Transmission Ltd
Scottish Hydro Electric Transmission Ltd
TC Robin Rigg OFTO Ltd
TC Gunfleet Sands OFTO Ltd
TC Barrow OFTO Ltd
Blue Transmission Walney 1 Ltd

MODIFICATION OF STANDARD CONDITIONS C17, D3 AND E16 'TRANSMISSION SYSTEM SECURITY STANDARD AND QUALITY OF SERVICE' OF ELECTRICITY TRANSMISSION LICENCES UNDER SECTION 11A(1) OF THE ELECTRICITY ACT 1989

Whereas:

1. National Grid Electricity Transmission plc, SP Transmission Ltd, Scottish Hydro Electric Transmission Ltd, TC Robin Rigg OFTO Ltd, TC Gunfleet Sands OFTO Ltd, TC Barrow OFTO Ltd and Blue Transmission Walney 1 LTD hold electricity transmission licences granted under section 6(1)(b) of the Electricity Act 1989 (the Act).

2. In accordance with paragraph 11A(2) of the Act, the Gas and Electricity Markets Authority (the "Authority") gave notice on 28 November 2011 (the Notice)¹ that it proposed to modify Standard Conditions C17, D3 and E16 of the electricity transmission licences in the manner set out in the schedule to the Notice.

3. As stated in the Notice, the effect of the licence modifications will be to ensure compliance with the latest version of the National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS) which has been updated to reflect recent decisions of the Authority.

4. The Authority received four responses to the Notice.² Three respondents supported the licence change and the fourth offered no opinion. The Authority has considered the responses made in relation to the proposed licence modifications.

5. In accordance with section 11A(4)(b)(ii) of the Act, the Authority sent a copy of the Notice to the Secretary of State. The Authority has not received a direction not to make the modifications from the Secretary of State.

6. The Authority has decided to make the proposed licence modifications. The Authority's reasons for modifying Standard Conditions C17, D3 and E16 are to require licence holders to comply with the most recent version of the NETS SQSS approved by the Authority and to ensure that the decisions to amend the NETS SQSS are given practical effect through the transmission licences.

7. The new version of the NETS SQSS takes account of the following changes:

- On 1 November 2011 the Authority approved an amendment to the NETS SQSS which altered the criteria used to assess minimum transmission capacity requirements (GSR009). The reasons for that decision are contained in the following documents:

(a) Decision on proposal to amend the minimum transmission capacity requirements in the System Security and Quality of Supply Standard (SQSS)- GSR009.³

¹ Consultation on proposed licence modification to give effect to changes to the Security and Quality of Supply Standard (SQSS) - (Reference Number: 163/11) available at

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=186&refer=Licensing/Work/Notices/ModNotice>

² <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=186&refer=Licensing/Work/Notices/ModNotice>

(b) Impact Assessment on minimum transmission capacity requirements in the Security and Quality of Supply Standard (SQSS).⁴

- On 14 November 2011 the Authority approved an amendment to the NETS SQSS which made a number of housekeeping changes to the NETS SQSS (GSR002-1). The Authority's reasons are contained in the Decision on proposal to make housekeeping changes to the Security and Quality of Supply Standard (SQSS) (GSR002-1).⁵

7. Documents referred to in this Modification are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, Westminster, SW1P 3GE (020 7901 7003 or library@ofgem.gov.uk) or from the Ofgem website (www.ofgem.gov.uk). The non confidential responses received are also available from the Ofgem Research and Information Centre or on the Ofgem website.⁶

Therefore:

In accordance with the powers contained in section 11A(1) of the Act, the Authority hereby issues its decision to modify Standard Conditions C17, D3 and E16 (Transmission System Security Standard and Quality of Service) of the electricity transmission licences granted to:

National Grid Electricity Transmission plc,
SP Transmission Ltd,
Scottish Hydro Electric Transmission Ltd,
TC Robin Rigg OFTO Ltd,
TC Gunfleet Sands OFTO LTD,
TC Barrow OFTO Ltd and
Blue Transmission Walney 1 Ltd,

under section 6(1)(b) of the Act in the manner set out in the schedule to this Modification, with effect from 05 March 2012, 56 days after the publication of this decision notice. This document constitutes notice of the reasons for the decision to modify the standard conditions of the electricity transmission licences as required by section 49A of the Act.

The official seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of:



**Hannah Nixon, Acting Senior Partner, Smarter Grids and Governance:
Transmission
Duly authorised on behalf of the Gas and Electricity Markets Authority**

9 January 2012

³ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=26&refer=Networks/Trans/ElecTransPolicy/SQSS>

⁴ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=18&refer=Networks/Trans/ElecTransPolicy/SQSS>

⁵ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=27&refer=Networks/Trans/ElecTransPolicy/SQSS>

⁶ <http://www.ofgem.gov.uk/CustomPages/Pages/Publications.aspx>

SCHEDULE
MODIFICATION OF THE STANDARD CONDITIONS OF THE ELECTRICITY TRANSMISSION LICENCES

Standard Conditions C17, D3 and E16 of the transmission licence are modified in the manner set out in this schedule. The Insertions are shown underlined and deletions are shown crossed-through.

Condition C17: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2, 3 and 4 of this condition, the licensee shall at all times:
 - a. plan, develop and operate the licensee's transmission system; and
 - b. co-ordinate and direct the flow of electricity onto and over the national electricity transmission system,
in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version ~~2.1~~ 2.2, together with the STC, the Grid Code or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby).
2. Before making a connect and manage offer in accordance with standard condition C26 (Requirement of a connect and manage connection), the licensee shall determine whether, if it were to make that connect and manage offer, it would comply with paragraph 1 of this condition at the connection date. If the licensee determines that making that connect and manage offer would be inconsistent with its obligations under paragraph 1 of this condition, the licensee shall determine by reference to the connect and manage derogation criteria whether, and to what extent, a connect and manage derogation is required and appropriate and produce a connect and manage derogation report thereon.
3. Where a connect and manage derogation report is submitted to the licensee by another transmission licensee as part of an associated TO offer, the licensee shall:
 - a. determine whether the connect and manage derogation detailed in the connect and manage derogation report satisfies the connect and manage derogation criteria; and
 - b. if it does not satisfy such criteria advise the relevant transmission licensee as soon as reasonably practicable following receipt of the associated TO offer that it proposes to raise a dispute under the STC in respect of the connect and manage derogation. The licensee shall be deemed to have approved the connect and manage derogation on acceptance of the TO offer.
4. Where the licensee determines that a connect and manage derogation is required to enable it to make a connect and manage offer, the licensee shall not be required to comply with the requirements of paragraph 1 of this condition to the extent of that connect and manage derogation until the wider works relevant to that connect and manage connection have been completed.
5. The licensee shall at all times have in force a statement approved by the Authority following consultation with any relevant authorised electricity operator setting out criteria by which system availability, security and service quality of the national electricity transmission system may be measured and where such measurement is dependent on information provided to the licensee by a transmission owner, the statement shall specify the information to be so provided.
6. The licensee shall within 4 months after the end of each financial year submit to the Authority a report providing details of system availability, security and service quality of the national electricity transmission system during the previous financial year against the criteria referred to

in paragraph 5 of this condition and shall publish the report if within 2 months of the date of submission the Authority does not give a direction to the licensee not to publish the report.

7. The Authority may (following consultation with the licensee and, where appropriate, any relevant authorised electricity operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of the licensee's transmission system or the national electricity transmission system and to such extent as may be specified in the directions.
8. The licensee shall give or send a copy of the documents (other than the Grid Code and the STC) referred to in paragraph 1 (as from time to time revised) to the Authority.
9. The licensee shall (subject to paragraph 10) give or send a copy of the documents (as from time to time revised) referred to in paragraph 8 to any person requesting the same.
10. The licensee may make a charge for any copy given or sent pursuant to paragraph 9 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in a direction issued by the Authority.

Condition D3: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2 and 3 of this condition, the licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.1 2.2, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorized electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.
2. Before making a TO offer to the system operator in accordance with standard condition D16 (Requirements of a connect and manage connection), the licensee shall
 - (a) determine whether, if it were to make that TO offer, it would comply with paragraph 1 of this condition at the connection date;
 - (b) if the licensee determines that making that TO offer would be inconsistent with its obligations under paragraph 1 of this condition, the licensee shall determine by reference to the connect and manage derogation criteria whether, and to what extent, a connect and manage derogation is required;
 - (c) where the licensee has identified the need for a connect and manage derogation, submit a connect and manage derogation report to the system operator as part of the TO offer in accordance with the timetable under the STC.
3. Where the licensee determines that a connect and manage derogation is required to enable it to make a TO offer in respect of a connect and manage application and the system operator has accepted the TO offer, the licensee shall not be required to comply with the requirements of paragraph 1 of this condition to the extent of that connect and manage derogation until the wider works relevant to that connect and manage connection have been completed.
4. The licensee shall no later than 2 months after the end of the financial year as required by the system operator, provide to the system operator all such information as may be necessary or as the system operator may reasonably require for the purpose of submitting a report to the Authority in compliance with paragraph 6 of standard condition C17 (Transmission system security standard and quality of service) of the transmission Licence.
5. *(Omitted)*
6. The Authority may (following consultation with the licensee and, where appropriate, any relevant authorised electricity operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of the licensee's transmission system and to such extent as may be specified in the directions.
7. The licensee shall give or send a copy of the documents (other than the STC) referred to in paragraph 1 (as from time to time revised) to the Authority.
8. The licensee shall (subject to paragraph 9) give or send a copy of the documents (as from time to time revised) referred to in paragraph 7 to any person requesting the same.
9. The licensee may make a charge for any copy given or sent pursuant to paragraph 8 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in a direction issued by the Authority.

Condition E16: Transmission system security standard and quality of service

1. The licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.1 2.2, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.
2. The licensee shall no later than 2 months after the end of the financial year as required by the system operator, provide to the system operator all such information as may be necessary or as the system operator may reasonably require for the purpose of submitting a report to the Authority in compliance with paragraph 3 of standard condition C17 (Transmission system security standard and quality of service) of the transmission Licence.
3. *(Omitted)*
4. The Authority may (following consultation with the licensee and, where appropriate, any relevant authorised electricity operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of the licensee's transmission system and to such extent as may be specified in the directions.
5. The licensee shall give or send a copy of the documents (other than the STC) referred to in paragraph 1 (as from time to time revised) to the Authority.
6. The licensee shall (subject to paragraph 7) give or send a copy of the documents (as from time to time revised) referred to in paragraph 5 to any person requesting the same.
7. The licensee may make a charge for any copy given or sent pursuant to paragraph 6 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in a direction issued by the Authority.