

**To: Scottish Hydro Electric Transmission Plc (company no. SC213461)  
SP Transmission Plc (company no. SC189126)**

**Electricity Act 1989  
Section 11A(2)**

**Notice of statutory consultation on a proposal to modify the Special Conditions of  
the electricity transmission licences held by  
Scottish Hydro Electric Transmission plc and SP Transmission plc**

1. The Gas and Electricity Markets Authority ("the Authority")<sup>1</sup> proposes to modify the Special Conditions of the electricity transmission licences held by Scottish Hydro Electric Transmission plc and SP Transmission plc (the "Licensees") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending Special Condition 8C: Basis of transmission owner charges.
2. We are proposing these modifications (as shown in Appendix A) to the licences of the Licensees in order to make changes to the way the Licensees' Statements of the Basis for Transmission Owner Charges are approved.
3. The effects of the proposed modifications are set out in a letter<sup>2</sup> published alongside this Notice on 20 November 2015.
4. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively they are available from our Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003).
5. Any representations with respect to the proposed licence modifications must be made on or before 5pm Monday 21 December to Edda Dirks, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE, or by email to [edda.dirks@ofgem.gov.uk](mailto:edda.dirks@ofgem.gov.uk).
6. 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 However, if you do not wish your response to be made public, then please clearly mark it as not for publication.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.
7. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

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**Catherine Williams, Head of Commercial Regulations and System Operator  
Duly authorised on behalf of the  
Gas and Electricity Markets Authority**

**20 November 2015**

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

<sup>2</sup> At <https://www.ofgem.gov.uk/publications-and-updates/proposed-changes-way-statements-basis-transmission-owner-charges-are-produced-and-statutory-consultation-modifying-special-condition-8c-basis-transmission-owner-charges>

## Appendix A

[Additions to the current licence condition is shown in double underline. Deletions are shown in strikethrough.]

### Special Condition 8C. Basis of transmission owner charges

1. The licensee shall as soon as practicable after this licence has come into force and, in any event, not later than such date as the Authority shall specify prepare a statement in a form approved by the Authority setting out the basis upon which charges will be made
  - (a) for transmission owner services;
  - (b) for connection to the licensee's transmission system, such statement to be in such form and to contain such detail as shall be necessary to enable the system operator to make a reasonable estimate of the charges to which it would become liable for the provision of such services, and (without prejudice to the foregoing) including ~~such~~ of the information set out in paragraph 2 as is required by such paragraph to be included in the relevant statement; and
  - (c) for outage charges.
2. The statement referred to in paragraph 1 shall in respect of connections to the licensee's transmission system include:
  - (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the licensee's transmission system for which site specific charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
  - (b) the methods by which and the principles on which site specific charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required;

- (c) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance, replacement and repair required of electric lines, electrical plant or meters provided and installed for making a connection to the licensee's transmission system;
  - (d) the methods by which and the principles on which any charges will be made for disconnection from the licensee's transmission system and the removal of electrical plant, electric lines and ancillary meters following disconnection; and
  - (e) such other matters as shall be specified in directions issued by the Authority from time to time for the purpose of this condition.
3. Site specific charges for those items referred to in paragraph 2 shall be set at a level which will enable the licensee to recover:
- (a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the licensee's transmission system or the provision and installation, maintenance, replacement and repair or (as the case may be) removal following disconnection of any electric lines, electrical plant, meters or other items; and
  - (b) a reasonable rate of return on the capital represented by such costs.
4. In addition to, and without prejudice to, the licensee's obligations under paragraph 1, the licensee shall, upon being directed to do so in directions issued by the Authority from time to time for the purposes of this condition and within such period as shall be specified in the directions, prepare a statement or statements in a form approved by the Authority providing that charges
- (a) for transmission owner services;
  - (b) for connection to the licensee's transmission system; and
  - (c) for outage charges
- will be made on such basis as shall be specified in the directions and such statement or statements shall be in such form and contain such detail as shall be necessary to enable the system operator to make a reasonable estimate of the charges to which it would become liable for the provision of such services and (without prejudice to the foregoing)

including such information as shall be specified in the directions. Each statement prepared in accordance with this paragraph shall, ~~with effect from the date on which it is approved by the Authority or such later date as the Authority shall specify,~~ replace the corresponding statement prepared by the licensee in accordance with paragraph 1 or, as the case may be, this paragraph (as from time to time revised in accordance with paragraph 5) which is in force at such date and the licensee shall, with effect from such date make charges in accordance with the statement (as from time to time revised in accordance with paragraph 5) which has replaced such corresponding statement.

5. The licensee may periodically revise the statements in accordance with paragraphs 1 and 4 and shall, at least once in every year this license is in force, make any necessary revisions to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
- ~~6. The licensee shall send a copy of the statements prepared in accordance with paragraphs 1 and 4, and of each revision of such statements in accordance with paragraph 5, to the Authority. Each such Any revision to the form of the statement shall require to be approved by the Authority and shall not become effective until approved by the Authority.~~
7. The licensee shall give or send a copy of the statements prepared in accordance with paragraphs 1 and 4 or (as the case may be) of the latest revision of such statements in accordance with paragraph 5 in a form approved by the Authority pursuant to such paragraph to any person who requests a copy of such statement or statements.
8. The licensee may make a charge for any statement given or sent pursuant to paragraph 7 of an amount reflecting the licensee's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.

## Appendix B

### Relevant Licence Holders

Scottish Hydro Electric Transmission plc Inveralmond House 200 Dunkeld Road Perth Perthshire PH1 3AQ	SP Transmission plc 1 Atlantic Quay Robertson Street Glasgow G2 8SP
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