

**To: All holders of an electricity transmission licence**

**Electricity Act 1989**

**Sections 11A(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY  
TRANSMISSION LICENCES GRANTED UNDER SECTION 6(1)(b) OF THE  
ELECTRICITY ACT 1989**

**Whereas:**

1. Each of the companies to whom this document is addressed has been granted a licence (a Licence) under section 6(1)(b) of the Electricity Act 1989 (the Act) to participate in the transmission of electricity subject to the conditions contained in the Licence.
2. In accordance with section 11A(2) of the Act, the Gas and Electricity Markets Authority (the Authority) gave notice on 11 October 2012 (the Notice) that it proposed to modify standard condition C13 (Adjustment to use of system charges (small generators)) (SLC C13) of the Licence and requiring any representations to the proposed modification to be made on or before 9 November 2012.
3. In accordance with section 11A(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received no responses.
5. In accordance with section 49A(1)(b) of the Act the reasons for making the licence modifications are those set out in the Authority's statutory consultation letter<sup>1</sup> which accompanied the Notice.
6. The effect of the modification is, in summary, to extend the obligation on National Grid Electricity Transmission plc to calculate use of system charges payable by eligible generators<sup>2</sup> in accordance with the use of system methodology less a designated sum<sup>3</sup> until 31 March 2016.
7. Where an application for permission to appeal the Authority's decision is made to the Competition Commission under section 11C of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules requires that appellants to send notice setting out the matters in Rule 5.2. The attached Schedule 1 sets out the relevant licence holder in relation to this modification direction. The meaning of 'relevant licence holder' is set out in section 11A of the Act.

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<sup>1</sup>

<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/SLC%20C13%20decision.pdf>

<sup>2</sup> As defined in SLC C13.

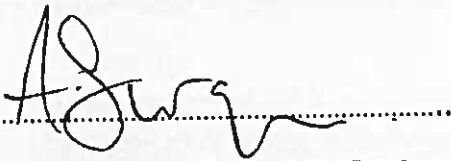
<sup>3</sup> As defined in SLC C13.

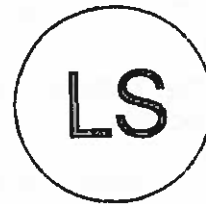
**Now therefore:**

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all electricity transmission licences in the manner specified in the attached Schedule 2. This decision will take effect on and from 14 February 2013.

This document also constitutes notice of the reasons for the decision to modify the Licence as required by section 49A(1)(b) of the Act.

**The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of**





**Andrew Burgess, Associate Partner, Transmission and Distribution Policy**

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

**19 December 2012**

**Schedule 1**

National Grid Electricity Transmission plc

1-3 Strand

London

WC2N 5EH

## Schedule 2

### 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 2013~~6~~.
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).

