

Appendix 2

To: All holders of an electricity transmission licence

Electricity Act 1989 Section 11A(2)

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

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity transmission licences granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending:
 - a. SLC B12 (System Operator – Transmission Owner Code (STC));
 - b. SLC C3 (Balancing and Settlement Code (BSC));
 - c. SLC C5 (Use of system charging methodology);
 - d. SLC C10 (Connection and Use of System Code (CUSC));
 - e. SLC C14 (Grid Code).
2. We are proposing these modifications to ensure that the licence and the governance arrangements of all industry codes have in place a process aimed at delivering changes to the codes in an efficient and timely way.
3. The effect of these proposed modifications is to: introduce the ability for Ofgem to raise Significant Code Review (SCR) modification proposals; make housekeeping amendments to the applicable objectives; add an applicable objective related to facilitating efficiency in code administration; in respect of the Grid Code: facilitate introduction of open governance as per Grid Code modification proposal GC0086²; . Further details on the reasons for these licence modifications are available in the following documents:
 - a. Open Letter on Further Review of Code Governance dated 15 May 2015³
 - b. Code Governance Review (Phase 3): Initial Proposals (2015) dated 23 October 2015⁴
 - c. Code Governance Review (Phase 3): Final Proposals (2015) dated 31 March 2016⁵
 - d. Code Governance Review (Phase 3): Final Proposals – consultation on licence modifications dated 31 March 2016⁶
4. The proposed amendments to the standard conditions are set out in the Schedules to this Notice.
5. A copy of the proposed modifications 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).
6. Any representations with respect to the proposed licence modifications must be made on or before 7 June 2016 to: Marion Quinn, Office of Gas and Electricity

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

² <http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0086/>

³ <https://www.ofgem.gov.uk/publications-and-updates/open-letter-further-review-industry-code-governance>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-initial-proposals>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals-consultation-licence-modifications>

Markets, 9 Millbank, London, SW1P 3GE or by email to industrycodes@ofgem.gov.uk.

7. 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.
8. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

Lesley Nugent
Head of Industry Codes & Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority
10 May 2016

Schedule 1 – Proposed amendments to Standard Licence Condition B12

See separate document

Schedule 2 – Proposed amendments to Standard Licence Condition C3

See separate document

Schedule 3 – Proposed amendments to Standard Licence Condition C5

See separate document

Schedule 4 – Proposed amendments to Standard Licence Condition C10

See separate document

Schedule 5 – Proposed amendments to Standard Licence Condition C14

See separate document