

**To: National Grid Electricity Transmission plc
Scottish Hydro Electric Transmission plc
SP Transmission plc**

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

Notice of statutory consultation on a proposal to modify the financial instruments as defined in the special conditions of the electricity transmission licence held by the above licensees

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the financial instruments as defined in the special conditions of the electricity transmission licence held by the above specified licensees granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending the ET1 Price Control Financial Model as defined under Special Condition 5A.
2. We are proposing these modifications to incorporate our recent mid-period review decision into the financial model, so the revenue impacts can flow through into the MOD_t term for 2018/19 and subsequent years.
3. The effect of the proposed modifications is to maintain the original Final Proposals profile of the Information Quality Incentive ex-ante reward, to decrease NGET's totex allowances by £38.12 and to increase NGET SO's totex allowance by £21.51m.
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). 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 21st April 2017 to: Matthew Brown, RIIO Finance, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to matthew.brown@ofgem.gov.uk and mpr@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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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.

Ian Rowson



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**Associate Partner, RIIO Finance
Duly authorised on behalf of the Gas and Electricity Markets Authority
22nd March 2017**

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