

DIRECTION ISSUED PURSUANT TO PARAGRAPH 4L.7 OF SPECIAL CONDITION 4L (EMR DISPUTE RESOLUTION INCENTIVE) OF NATIONAL GRID ELECTRICITY TRANSMISSION PLC'S ELECTRICITY TRANSMISSION LICENCE IN RELATION TO THE EMR DISPUTE RESOLUTION INCENTIVE

Whereas:

1. National Grid Electricity Transmission plc ("NGET") is the holder of an electricity transmission licence (the "Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the "Act").
2. Special condition 4L (EMR Dispute Resolution Incentive) ("SpC 4L") of the Licence establishes arrangements to determine an adjustment to NGET's Maximum SO Internal Revenue as a result of the financial incentive placed upon NGET to accurately determine certain disputes referred to it under:
 - a. the Contracts for Difference (Allocation) Regulations 2014 (the "CfD Regulations"); and
 - b. the Electricity Capacity Regulations 2014 (the "CM Regulations")(together the "Regulations").
3. The arrangements in SpC 4L apply to disputes arising from the following decisions made by NGET:
 - a. decisions made under regulation 20(4) of the CfD Regulations to uphold Non-qualification Determinations;¹
 - b. decisions made under regulation 69(3) of the CM Regulations to uphold Prequalification Decisions; and
 - c. decisions made under regulation 69(3) of the CM Regulations to uphold decisions not to amend the Capacity Agreement Notice and decisions not to rectify the Capacity Market Register,(together the "Decisions").
4. During the Relevant Year 2015/16 the Gas and Electricity Markets Authority (the "Authority") was referred one Prequalification Decision and none were overturned.
5. On the basis that there were no overturned Decisions in Relevant Year 2015/16, the Authority has determined that the term DRI for Relevant Year 2017/18 should take the value £75,000 (in 2009/10 prices) in accordance with the provisions of Part B of SpC 4L.

¹ Defined terms that are not defined in this Direction and defined in the Licence and the Regulations.

Therefore:

In accordance with SpC 4L.7, and following consultation with NGET, the Authority hereby directs that the value of the term DRI for the Licensee for Relevant Year 2017/18 is £75,000 (in 2009/10 prices).

This document constitutes notice of the reasons for the decision to issue the direction pursuant SpC 4L.7, as required by section 49A(2) of the Act.



.....
Mark Copley – Associate Partner, Wholesale Markets
For and on behalf of the Gas and Electricity Markets Authority

Date: 19 April 2017