



Making a positive difference
for energy consumers

Electricity transmission licensees
and other interested parties

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Notice of intention not to reject modified electricity transmission Network Output Measures (NOMs) Methodology

On 29 April 2016 we issued a direction¹ ("the Direction") to onshore electricity transmission licensees (National Grid Electricity Transmission plc (NGET), Scottish Hydro Electric Transmission plc (SHE-T), and SP Transmission plc (SPT) to modify their NOMs methodology.

The Direction required the licensees to submit jointly the following to the Authority for approval:

- a. A modified Common Methodology
- b. A Risk Trading Model (RTM)
- c. Calibration, Testing, and Validation Plans
- d. A report explain how a to c comply with the Direction.

On 28 April 2017, the licensees submitted the items listed above for the Authority's approval. The licensees are required to implement the proposed modifications to the NOMs Methodology unless the Authority directs² them (within 28 days of submission) not to do so.

Having reviewed the submissions, our view is that they represent a significant improvement on the previous methodology. Therefore, we are not directing the licensees not to implement the modifications. However, while we consider that licensees have used reasonable endeavours to comply with the Direction, further work will be required before the Methodology fully achieves the NOMs Objectives. We will publish the reasons for this view and requirements for further development in the next couple of weeks.

If you have any questions in this matter in the first instance please contact Peter Tuhumwire at Peter.Tuhumwire@ofgem.gov.uk or by telephone on 020 3263 9660.

Yours sincerely,

Min Zhu,
Associate Partner, Electricity Transmission

¹ <https://www.ofgem.gov.uk/publications-and-updates/decision-direct-modifications-electricity-transmission-network-output-measures-methodology>

² Under Special Condition 2L of the electricity transmission licences

ANNEX A – ITEMS SUBMITTED FOR AUTHORITY APPROVAL BY ELECTICITY TRANSMISSION LICENSEES ON 28 APRIL 2017

Deliverable under the Direction	Item submitted	Format	Publicly Available*
Common Methodology	NOMs Common Methodology Issue 16	PDF	Yes
	NGET Process Appendix	PDF	Yes
	SPT/SHE-T Process Appendix	PDF	Yes
Risk Trading Model	Draft Risk Trading Model for SPT/SHET	Excel	Yes
Testing, validation, and calibration plan	Calibration, Validation, Testing Plan	PDF	Yes
	Calibration, Validation, and Testing (CTV) Spreadsheet	Excel	Yes
Compliance Report	Compliance Report	PDF	Yes
Licensee Specific Appendices	NGET Specific Appendix + 17 No. Associated Procedure Documents	PDF	No
	SHE-T Specific Appendix	PDF	No
	SPT Specific Appendix	PDF	No

* The items listed above as being publicly available have been published on Ofgem's website alongside this letter. The items listed as not publicly available contain commercially sensitive information and have therefore not been published.