

To: National Grid Electricity 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 licensee

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 licensee 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 decision to accept voluntary allowance deferrals by National Grid Electricity Transmission plc
3. We propose to reduce the Non-variant Allowed Load-related Expenditure by £65m for both 2019/20 and 2020/21 and the Non-variant Allowed Asset Replacement Capex Expenditure by £175m for both 2019/20 and 2020/21.
4. Copies 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 1st August 2017 to:
Steven Steer, RIIO Finance, Ofgem, 9 Millbank, London, SW1P 3GE or by email to RIIOFinance@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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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
4th July 2017

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