

**To: Scottish Hydro Electric Transmission plc (SHE-T)  
SP Transmission Ltd (SPTL)  
National Grid Electricity Transmission plc (NGET)**

**Notice under Part B of Special Condition 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission Licence to make modifications to the ET1 Price Control Financial Model**

1. Each of the companies to whom this Notice is addressed (each "the licensee") is the holder of an Electricity Transmission Licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989.
2. Special Condition (SC) 5A (Governance of ET1 Price Control Financial Instruments) of the Electricity Transmission Licence establishes the circumstances in which the Gas and Electricity Markets Authority (the 'Authority')<sup>1</sup>, by way of direction, can make changes to the ET1 Price Control Financial Model ('the Model').
3. Part A of SC 5A sets out the assessment process the Authority will follow in order to assess the likely impact of an intended modification and Part B of SC 5A sets out the circumstances in which a modification may be made.
4. In accordance with SC 5A.9, the Authority hereby gives notice to the licensees that it proposes to modify the Model in the manner indicated in Table 1 in this Notice.
5. The Authority considers that it is necessary to modify the Model in the manner indicated for the following reasons:
  - a) in respect of change number 1, this simplifies the Model by removing no longer required worksheets. This is not a functional change;
  - b) in respect of change number 2, this eliminates the possibility of introducing a calculation error for the NGET System Operator that would occur in the circumstance that the preceding instance of running the tax trigger calculation macro related to SHE-T or SPTL, without first having cleared the contents of cells AH85:A085. The revised macro automatically clears these cells to prevent the possibility of error. Although it has been possible to trigger this error, there was never an instance of this happening.
6. In the opinion of the Authority and having regard to the views of the ET1 Price Control Financial Model Working Group, the proposed modifications of the Model are not likely to have a significant impact on any of the persons mentioned in SC 5A.4. In particular, the intended modifications will not have any material impact on the licensees' financial revenues.

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<sup>1</sup> The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

**Table 1 – Location of modifications within the Model**

#	Modification	Worksheet in Model	Cell References
1	Removal of Blank Operator worksheets	SHE-Transmission PLC (Blank - ), SPTL (Blank - not used), NGET TO (Blank - not used), NGET SO (Blank - not used)  NB: these were hidden sheets	Entire worksheet
2	SO Tax Trigger Macro revision	This is a change to the VBA module, "Module2"	The VBA code changes are highlighted by containing them within code commentary

7. The Authority proposes that these modifications will come into effect on 30 September 2017.
8. Any representations on the proposed modifications may be made in writing on or before 26 September 2017 to the RIIO Finance team at Ofgem, 9 Millbank, London, SW1P 3GE, or by email to [RegFinance@ofgem.gov.uk](mailto:RegFinance@ofgem.gov.uk)
9. Unless you mark your response confidential, we will publish it on our website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk), and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.
10. If the information you give in your response contains personal data under the Data Protection Act 1998, the Gas and Electricity Markets Authority will be the data controller. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.
11. We prefer to receive responses in electronic form so we can more easily place them on our website.



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**Ian Rowson**  
**Associate Partner, RIIO Finance & Investor Relations**  
**Duly Authorised on behalf of the Gas and Electricity Markets Authority**  
**12 September 2017**