

The Company Secretary
National Grid Electricity Transmission plc
1-3 Strand
London
WC2N 5EH

Email: esoperformance@ofgem.gov.uk

Date: 20 August 2018

Direction issued to adjust Black Start Costs incurred in 2017/18 to direct a value for the term $BSTA_t$ under special condition 4G.21 of National Grid Electricity Transmission plc's electricity transmission licence

1. This direction is issued by the Gas and Electricity Markets Authority (the "Authority") pursuant to special condition 4G.21 of National Grid Electricity Transmission plc's (NGET) electricity transmission licence.
2. Special condition 4G.21 provides that if the Authority determines that the total costs in that relevant year were not incurred in accordance with the relevant approved methodologies, it shall, direct a value for the term $BSTA_t$ where such value shall not exceed 10% of the total costs for that relevant year.
3. The Authority considered all of the submitted costs against the criteria set out in Special Condition 4G. For most costs, there were no concerns on their accuracy or compliance with the approved methodologies. For £254,628.17 of costs related to a feasibility study contract there were concerns on whether these costs were incurred in relevant year 2017/18. Following analysis of further evidence submitted by the ESO, it was concluded that they were incurred in 2016/17 as the invoice was received by the ESO in that year. However, given that the ESO incurred these costs in the spirit of the approved methodologies and conducting the feasibility study was in the interest of consumers, the Authority has decided to direct the value for the term $BSTA_t$ to be £0.
4. The Authority hereby directs the value for the term $BSTA_t$ to be £0.

Signed

Grendon Thompson
Head of SO Regulation - Duly authorised on behalf of the Authority

Dated: 20/08/2018