

To: All holders of an electricity transmission licence

**Electricity Act 1989
Section 11A(2)**

**Notice of statutory consultation on a proposal to modify the standard conditions
of all electricity transmission licences**

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity transmission licences granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by amending standard licence conditions ('SLC'):
 - A1: Definitions and interpretation;
 - C17: Transmission system security standard and quality of service;
 - D3: Transmission system security standard and quality of service, and
 - E16: Transmission system security standard and quality of service.

2. We are proposing the modifications to SLC:
 - A1 to correct an error in the definition of "licensee's transmission system" in the decision on 4 September 2018 to modify the standard conditions of all electricity transmission licences, as explained in the open letter of 15 November 2018,² and
 - C17, D3 and E16 to update all references to the National Electricity Transmission System Security and Quality of Supply Standard ('NETS SQSS') to reflect the latest version number 2.4. Licences currently refer to the out-of-date version number 2.3.³

3. The effect of the proposed modifications, which are set out in the Annex to this notice, to:
 - SLC A1 will be to update the electricity transmission licence following the partial transfer of National Grid Electricity Transmission Plc's ('NGET') electricity transmission licence to National Grid Electricity System Operator Limited ('NGESO'), who will take over NGET's existing electricity system operator functions, and
 - SLCs C17, D3 and E16 will be to ensure that all references in the Electricity Transmission licence conditions to the NETS SQSS are to the most up-to-date version, 2.4. Version 2.4 incorporates changes made to the NETS SQSS as a result of our decisions to approve modifications GSR018⁴, GSR016⁵, GSR023⁶ and GSR024⁷.

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

² <https://www.ofgem.gov.uk/publications-and-updates/open-letter-setting-out-changes-proposed-definition-licensees-transmission-system-standard-conditions-all-electricity-transmission-licences>

³ We note that we proposed such a modification to implement GSR018 on 16 February 2018 (<https://www.ofgem.gov.uk/publications-and-updates/proposal-modify-electricity-transmission-licences-reflect-latest-version-national-electricity-transmission-security-and-quality-supply-standard-nets-sqss-0>). Due to further NETS SQSS modification proposals at that time, e.g. GSR016, we decided, with the support of the NETS SQSS Panel, to delay the implementation of GSR018 such that multiple SQSS modifications could be implemented simultaneously.

⁴ <https://www.ofgem.gov.uk/publications-and-updates/gsr018qc0077-sub-synchronous-oscillations>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/gsr016-small-and-medium-embedded-generation-assumptions>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/gsr023-clarification-applicability-n-1-1-criterion>

⁷ <https://www.ofgem.gov.uk/publications-and-updates/gsr024-national-grid-legal-separation-sqss-changes>

4. A copy 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 foi@ofgem.gov.uk.
5. Any representations with respect to the proposed licence modifications must be made on or before 01/02/2019 to: Shilen Shah, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to Shilen.shah@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.

Peter Bingham, Chief Engineer, Systems and Networks

Duly authorised on behalf of the Gas and Electricity Markets Authority

04/01/2019

Annex

For information, the modifications made to SLC A1 in the 4 September 2018 decision are as follows (deletions are shown in strike through and new text is double underlined):

"licensee's transmission system" means those parts of the national electricity transmission system which are owned by a transmission owner within its transmission area or operated by a transmission licensee ~~within its transmission area.~~

In this modification proposal:

- Existing text which is proposed to be deleted is struck through: ~~Example~~
- Text proposed to be added is bold and double underlined: **Example**

Condition A1: Definitions and interpretation

"licensee's transmission system" means those parts of the national electricity transmission system which are ~~owned by a transmission owner within its transmission area or operated by a transmission licensee.~~

- owned or operated by a transmission licensee within its transmission area; or**
- operated by the system operator**

Condition C17: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2, 3 and 4 of this condition, the licensee shall at all times:
 - (a) plan, develop and operate the licensee's transmission system; and
 - (b) co-ordinate and direct the flow of electricity onto and over the national electricity transmission system,

in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.~~3~~**4**, together with the STC, the Grid Code or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby).

Condition D3: Transmission system security standard and quality of service

1. Subject to any connect and manage derogation made pursuant to paragraphs 2 and 3 of this condition, the licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.~~3~~**4**, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorized electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and

quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.

Condition E16: Transmission system security standard and quality of service

1. The licensee shall at all times plan and develop the licensee's transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard version 2.34, together with the STC or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby) and shall, in so doing, take into account the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system.