

Appendix 3

To: National Grid Electricity System Operator Limited

Electricity Act 1989 Section 11A(1)(a)

Modification of special condition 3B of the electricity transmission licence held by National Grid Electricity System Operator Limited

1. National Grid Electricity System Operator Limited ('NGESO') is the holder of an electricity transmission licence ('the Licence') granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Act').
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 3 July 2020 ('the Notice') that we propose to modify the Licence by amending special condition 3B in the manner specified in the schedule accompanying the Notice.² We stated that any representations to the modification proposal must be made on or before 31 July 2020.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the changes should not be made.
4. We received five responses to the Notice and carefully considered comments made with respect to the proposed modifications. Our response to these comments is set out in the summary of consultation responses attached at Appendix 4. We have placed all non-confidential responses on our website.
5. We are making these licence changes in order to facilitate the recovery of costs related to the Capacity Allocation and Congestion Management Regulation (the CACM Regulation) from the Transmission Network Use of System (TNUoS) Charges by relevant interconnector licensees.
6. Further details on the reasons and effect of the modifications can be found in Part D of the schedule accompanying the Notice.³
7. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's

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

² Proposed modifications to the electricity interconnector licence standard conditions:
https://www.ofgem.gov.uk/system/files/docs/2020/07/schedule_1_-_ic_standards.pdf

³ Reasons and effects of proposed modifications:
https://www.ofgem.gov.uk/system/files/docs/2020/07/schedule_4_-_reasons_and_effects.pdf

Energy Licence Modification Appeals Rules requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The relevant licence holders in relation to this modification is NGENO⁴. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify special condition 3B of the Licence in the manner specified in attached Schedule 3. This decision will take effect from 11 December 2020.

This document is notice of the reasons for the decision to modify the electricity interconnector licences as required by section 49A of the Act.

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Tom Corcut
Deputy Director, Wholesale Markets

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

15 October 2020

⁴ Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/list-all-electricity-licensees-including-suppliers>