

To:
National Grid Electricity Transmission Plc
SP Transmission Limited
Scottish Hydro Electric Transmission Plc
National Grid Electricity System Operator Limited

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

Modification of the Standard Conditions of all Electricity Transmission licences

1. Each of the licensees to whom this document is addressed ('the licensees') is the holder of an Electricity Transmission licence ('the Licence') granted or treated as granted under 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 17 December 2020 ('the Notice') that we proposed to modify the Licence by:
 - a. amending the Standard Licence Conditions (SLCs) set out in Annex 1 of the notice;
 - b. inserting new SLCs set out in Annex 2 of the notice; and
 - c. removing existing SLCs set out in Annex 3 of the notice.

We stated that any representations to the modification proposal must be made on or before 19 January 2021.

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 change should not be made.
4. We received 13 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight for the SLCs in the modification text that can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>. The reasons for the differences between the modifications set out in the Notice and the modifications being made are to correct typographical, computational and arithmetical errors and to address minor issues and corrections raised since the issuing of the Notice.
6. The reasons and effects for making the modifications, together with the full text of the proposed modifications can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>, alternatively they are available from foi@ofgem.gov.uk.

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

7. In addition, further details and background on these licence changes are set out in the following documents:
 - a. Statutory consultation for RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences;²
 - b. RIIO-2 informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences;³
 - c. RIIO-2 Draft determinations for Transmission and Gas Distribution companies and the Electricity System Operator;⁴ and
 - d. RIIO-2 Final Determinations for Transmission and Gas Distribution companies and the Electricity System Operator.⁵

8. 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 Energy Licence Modification Appeals: Competition and Markets Authority Rules⁶ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Annex 4 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the Standard Conditions of the Electricity Transmission licence of the licensees in the manner specified at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>. This decision will take effect from 1 April 2021.

The reasons and effect document is our notice of reasons for the purposes of section 49A(2) of the Act and can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>.

.....
Min Zhu
Duly authorised on behalf of the
Gas and Electricity Markets Authority

3 February 2021

² <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

³ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

⁶ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Annex 1: SLCs we are proposing to amend

Condition	Licensees applicable to
Standard Condition A1: Definitions and Interpretation (Schedule 1 only shows definition we propose to remove or amend below).	All listed above
Standard Condition B10: Credit rating of the licensee and resulting obligations	All listed above
Standard Condition B12: System Operator – Transmission Owner Code	All listed above
Standard Condition B15: Regulatory Instructions and Guidance (RIGs)	All listed above
Standard Condition B16: Electricity Network Innovation Strategy	All listed above
Standard Condition B23: Data Assurance Requirements	All listed above
Standard Condition C16: Procurement and use of balancing services	National Grid Electricity System Operator Limited

Annex 2: SLCs we are proposing to insert

Condition	Licensees applicable to
Standard Condition B24: Housekeeping	All listed above
Standard Condition C28: Functions for an efficient, co-ordinated and economic system operator	National Grid Electricity System Operator Limited

Annex 3: SLCs we are proposing to remove

Condition	Licensees applicable to
SLC A7: Offshore Transmission Implementation	All listed above
SLC B13: BETTA implementation	All listed above
SLC B14: BETTA run-off arrangements scheme	All listed above

Annex 4: Relevant Licence Holders⁷

National Grid Electricity Transmission Plc
 SP Transmission Limited
 Scottish Hydro Electric Transmission Plc
 National Grid Electricity System Operator Limited

⁷ Electricity licence holders are listed on our website, here: <https://www.ofgem.gov.uk/publications-and-updates/list-all-electricity-licensees-including-suppliers>