

**To:**  
**National Grid Electricity Transmission Plc**

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

**Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity transmission licence held by the above licensee**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the electricity transmission licence held by the above licensee ("the licensee"), granted or treated as granted under 6(1)(b) of the Electricity Act 1989 by:
  - a. replacing an existing Special Condition: Special Condition 3.35 Bengeworth Road GSP Project Re-opener; and
  - b. amending Special Condition 1.1 (Interpretation and Definitions), Appendices 1 and 2 to Special Condition 3.4 (Physical Security Re-opener and Price Control Deliverable), and Special Condition 3.36 (Opex Escalator).
2. We are proposing these modifications to give effect to our decision to fund the construction of a Grid Supply Point (GSP) at the Bengeworth Road site.
3. Further detail on the reasons and effects of the proposed modifications can be found on our website at [National Grid Electricity Transmission \(NGET\) Bengeworth Road Grid Supply Point \(GSP\) Project | Ofgem](#), alternatively they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk). The full text of these modifications are set out below with amendments to Special Conditions 1.1, 3.4 and 3.36 shown with deletions struck through and new text underlined. Since we are replacing Special Condition 3.35 we have simply displayed the new text.
4. In addition, further details and background on these proposed changes are set out in the following documents:
  - a. National Grid Electricity Transmission (NGET) Bengeworth Road Grid Supply Point (GSP) Project - Consultation<sup>2</sup>; and
  - b. National Grid Electricity Transmission (NGET) Bengeworth Road Grid Supply Point (GSP) Project – Decision<sup>3</sup>.
5. Any representations with respect to the proposed licence modifications must be made on or before 12 July 2021 to: Paul O'Donovan, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [Paul.odonovan@ofgem.gov.uk](mailto:Paul.odonovan@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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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.

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

<sup>2</sup> [National Grid Electricity Transmission \(NGET\) Bengeworth Road Grid Supply Point \(GSP\) Project | Ofgem](#)

<sup>3</sup> [Link TBC]

7. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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**Min Zhu**  
**Deputy Director**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**14/06/2021**

## Replacement condition

### Special Condition 3.35 Bengeworth Road GSP Project Price Control Deliverable (BRG<sub>t</sub>)

#### Introduction

3.35.1 The purpose of this condition is to calculate the term BRG<sub>t</sub> (the Bengeworth Road GSP Project Price Control Deliverable term). This contributes to the calculation of the Totex Allowance.

3.35.2 The effect of this condition is to:

- (a) specify the outputs, delivery date and associated allowances for the Bengeworth Road GSP Project Price Control Deliverable; and
- (b) provide for an assessment of the Price Control Deliverable.

3.35.3 This condition also explains the process the Authority will follow when directing any changes under Part C.

#### Part A: Formula for calculating the Bengeworth Road GSP Project Price Control Deliverable term (BRG<sub>t</sub>)

3.35.4 The value of BRG<sub>t</sub> is derived in accordance with the following formula:

$$\text{BRG}_t = \text{BRGA}_t - \text{BRGRA}_t$$

where:

BRGA<sub>t</sub> means the allowance in Appendix 1; and

BRGRA<sub>t</sub> has the value zero unless otherwise directed by the Authority in accordance with Part C.

#### Part B: What is the licensee funded to deliver?

3.35.5 Appendix 1 specifies the outputs that the licensee is funded to deliver, the delivery dates for those outputs and the allowances provided.

#### Part C: Assessment of outputs (BRGRA<sub>t</sub>)

3.35.6 The Authority will, in accordance with the PCD Reporting Requirements and Methodology Document, consider directing a value for BRGRA<sub>t</sub> where the licensee has not Fully Delivered an output in Appendix 1.

#### Part D: What process will the Authority follow in making a direction?

3.35.7 Before making a direction under paragraph 3.35.6, the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the reasons for the proposed direction; and
- (c) a period during which representations may be made on the proposed direction, which will not be less than 28 days.

3.35.8 The direction will set out any adjustment to the value of the BRGR<sub>A</sub> term and the Regulatory Years to which that adjustment relates.

## Appendix 1

### Bengeworth Road GSP Project Price Control Deliverable (£m)

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>All years</b>
<b>Allowance</b>	12.40	10.96	22.09	18.47	16.84	80.76
<b>Delivery date</b>	31 March 2026					
<b>Outputs</b>	As set out in the NGET Redacted Information Document					

## **Amendments to conditions (shown in underline)**

### **Special Condition 1.1 Interpretation and definitions**

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NGET Redacted Information Document	means the document of that name sent by the Authority to the licensee on <del>28 May</del> <u>14 June</u> 2021 containing information redacted from this licence.
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## Special Condition 3.4 Physical security Re-opener and Price Control Deliverable (PSUPt and PSUPREt)

### Appendix 1

#### Title and publication date of document containing the Physical Security Baseline Allowances Table

Title	Publication Date
NGET Redacted Information Document	<del>28 May</del> <u>14 June</u> 2021

### Appendix 2

#### Title and publication date of document containing the Physical Security PCD Table

Title	Publication Date
NGET Redacted Information Document	<del>28 May</del> <u>14 June</u> 2021

## Special Condition 3.36 Opex Escalator (OE<sub>t</sub>)

### Introduction

- 3.36.1 The purpose of this condition is to calculate the term OE<sub>t</sub> (the opex escalator term). This contributes to the calculation of the Totex Allowance.
- 3.36.2 The effect is to provide an additional allowance for operating expenditure where capital expenditure has been provided under particular uncertainty mechanisms.

### Formula for calculating the opex escalator term (OE<sub>t</sub>)

- 3.36.3 The value of OE<sub>t</sub> is derived in accordance with following formula:

$$OE_t = NOCA_t + CAIA_t$$

where:

*NOCA<sub>t</sub>* is the network operating costs uplift allowance derived in accordance with paragraph 3.36.4; and

*CAIA<sub>t</sub>* is the closely associated indirect uplift allowance derived in accordance with paragraph 3.36.5.

- 3.36.4 The value of NOCA<sub>t</sub> is derived in accordance with the following formula:

$$NOCA_t = \sum_i [( '2025/26' - t + 1) \cdot 0.5\% \cdot UMTERMA_{i,t}]$$

where

$i$	refers to an individual project;
$(\text{'2025/26'} - t + 1)$	means the number of Regulatory Years remaining in the Price Control Period, including Regulatory Year $t$ ; and
$UMTERMA_{i,t}$	is the total direct capex allowance for project $i$ , energising in Regulatory Year $t$ , provided by the following terms:  $GCE_t$ in Special Condition 3.11 (Generation Connections volume driver); $DRI_t$ in Special Condition 3.12 (Demand Connections volume driver); $LOTIRE_t$ in Special Condition 3.13 (Large onshore transmission investment Re-opener); $MSIPRE_t$ in Special Condition 3.14 (Medium Sized Investment Projects Re-opener and Price Control Deliverable); $WWV_t$ in Special Condition 3.30 (Wider Works Volume Driver); $TCR_t$ in Special Condition 3.34 (Tyne Crossing Project Re-opener); and $BRG_t$ in Special Condition 3.35 (Bengeworth Road GSP Project <del>Re-opener</del> <u>Price Control Deliverable</u> ).

3.36.5 The value of  $CAIA_t$  is derived in accordance with the following formula:

$$CAIA_t = 73.4\% \cdot BCAI \cdot \frac{UMTERMB_t}{BCAPEX}$$

where:

$UMTERMB_t$	is derived in accordance with paragraph 3.36.6;
$BCAI$	means the baseline allowance for closely associated indirect opex and has the value £829.7m; and
$BCAPEX$	means the baseline allowance for capex and has the value £3606.0m.

3.36.6 The value of  $UMTERMB_t$  is derived in accordance with the following formula:

$$UMTERMB_t = VIMRE_t + GCE_t + DRI_t + LOTIRE_t + MSIPRE_t + WWV_t + FWR_t + CWR_t + TSF_t + TCR_t + BRG_t$$

where:

$VIMRE_t$	is derived in accordance with Part A of Special Condition 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance);
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$GCE_t$	is derived in accordance with Part A of Special Condition 3.11 (Generation Connections volume driver);
$DRI_t$	is derived in accordance with Part A of Special Condition 3.12 (Demand Connections volume driver);
$LOTIRE_t$	has the meaning given in Part A of Special Condition 3.13 (Large onshore transmission investment Re-opener);
$MSIPRE_t$	is derived in accordance with Part A of Special Condition 3.14 (Medium Sized Investment Projects Re-opener and Price Control Deliverable);
$WWV_t$	is derived in accordance with Part A of Special Condition 3.30 (Wider Works Volume Driver);
$FWR_t$	has the value zero unless directed otherwise in accordance with Special Condition 3.31 (Fibre Wrap Replacement Re-opener);
$CWR_t$	has the value zero unless directed otherwise in accordance with Special Condition 3.32 (Civil Related Works Re-opener);
$TSF_t$	has the value zero unless directed otherwise in accordance with Special Condition 3.33 (Tower Steelworks and Foundations Re-opener);
$TCR_t$	has the value zero unless directed otherwise in accordance with Special Condition 3.34 (Tyne Crossing Project Re-opener); and
$BRG_t$	<del>has the value zero unless directed otherwise in accordance with</del> <u>is derived in accordance with Part A of Special Condition 3.35 (Bengeworth Road GSP Project Re-opener Price Control Deliverable).</u>



