

To: National Grid Electricity Transmission plc ('the Licensee')

Direction issued by Gas and Electricity Markets Authority ('the Authority')¹ under Part C of Special Condition 3.15 (Pre-Construction Funding Re-opener and Price Control Deliverable) of the electricity transmission licence held by the Licensee to permit the Licensee to apply for Pre-Construction Funding for the Hackney Waltham Cross Upgrade (HWUP) North London reinforcement project at a time other than when submitting an Initial Needs Case (INC).

Whereas

1. The Licensee 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. The HWUP North London reinforcement project is designed to reinforce the route between Pelham and Hackney substations to accommodate increases in future renewable electricity generation. The project is expected to cost above £100m and is, in whole, or in part, load related and therefore meets the definition of Large Onshore Transmission Investment project as defined in Special Condition 1.1 (interpretation and definitions) of the Licence.
3. The Licensee wishes to apply to the Authority under paragraph 3.15.7 of Special Condition 3.15 (Pre-Construction Funding Re-opener and Price Control Deliverable) for a direction amending Appendix 2. This is because the Licensee expects to incur costs for Pre-Construction Works² for HWUP North London reinforcement project, which are not already specified as outputs in Appendix 2.
4. Paragraph 3.15.8 of Special Condition 3.15 provides that the Licensee may only apply to the Authority under paragraph 3.15.7 when submitting an INC for the relevant LOTI, unless the Authority directs that the Licensee may apply at another time.
5. On 29 July 2022, the Authority published a Direction to relieve the Licensee of the requirement to submit an INC for HWUP North London reinforcement project³.
6. We consider that Pre-Construction Funding could potentially be important to ensure timely delivery of the HWUP North London reinforcement project, which would be in the interests of consumers. It is therefore important that we have the opportunity to consider an application from the Licensee to amend the outputs in Appendix 2.
7. On this basis, and in accordance with paragraph 3.15.8 of Special Condition 3.15 of the Licence, the Authority hereby directs that the Licensee is permitted to apply for a direction amending the

¹ The 'Authority', 'Ofgem', 'we' and 'our' may be used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the authority in day to day work.

² Special Condition 1.1 (Interpretation and definitions) defines Pre-Construction Works as: (a) surveys, assessments and studies; (b) project design; (c) engineering development; (d) stakeholder engagement and consultation; (e) tasks associated with wayleaves; (f) planning applications; and (g) tender activities

³ [Direction for the Hackney Waltham Cross Upgrade North London reinforcement project | Ofgem](#)

outputs in Appendix 2 for the HWUP North London reinforcement project when submitting the Final Needs Case to the Authority.

8. This Direction gives notice of the reasons for the decision to issue this Direction as required by section 49A(2) of the Act.

James Dunshea
Head of Price Control Operations – Heavy Scrutiny Projects
Duly authorised on behalf of the Gas and Electricity Markets Authority

25 January 2023