

**To:**

SP Transmission Ltd  
Company number SC189126  
1 Atlantic Quay  
Robertson Street  
Glasgow  
G2 8SP  
Great Britain

("the licensee")

**NOTICE UNDER SECTION 11A(2) OF THE ELECTRICITY ACT 1989**

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 11A(2) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify the electricity transmission licence ("the licence") held by SP Transmission Ltd granted or treated as granted under section 6(1)(b) of the Act by amending:
  - (a) Special Condition 6H (Arrangements for the recovery of uncertain costs); and
  - (b) Special Condition 1A (Definitions and interpretation).
2. The only relevant licence holder for the purposes of this Notice is SP Transmission Ltd.
3. The Authority's reasons for proposing the modifications are:
  - (a) to introduce a new adjustment category into the Annual Iteration Process for the ET1 Price Control Financial Model ("PCFM") for the licensee, in respect of uncertain costs relating to a set of non-load related works projects specified in the Authority's Final Proposals for the RIIO-ET1 price control but inadvertently omitted from the licence; and
  - (b) to include a definition for the term "Non-Load Related Works Costs" in the licence.

This is to ensure that correctly calculated values for the term MOD, as used in the formula for Base Transmission Revenue set out in Special Condition 3A (Restriction of Transmission Network Revenue), are produced for the licensee under the Annual Iteration Process for the PCFM. This is necessary so that the Authority's Final Proposals for the RIIO-ET1 price control are properly implemented.

4. The effect of the proposed modifications will be to:
  - (a) introduce an adjustment mechanism and a new PCFM Variable Value for uncertain costs relating to one or more projects for non-load related works that were specified in the Authority's Final Proposals for the RIIO-ET1 price control; and
  - (b) include a definition for the term "Non-Load Related Works Costs" in the licence.
5. Associated modifications to the ET1 Price Control Financial Handbook and the ET1 Price Control Financial Model, both of which form part of Special Condition 5A

(Governance of ET1 Price Control Financial Instruments) of the licence, have been separately proposed by the Authority.

6. The proposed modifications to Special Conditions 6H and 1A are set out in Appendix 1 to this Notice.
7. Copies of this Notice and other documents referred to in it are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
8. Any representations on the proposed licence modifications may be made on or before 30 August 2013 to: Anna Kulhavy, Ofgem, 9 Millbank, London, SW1P 3GE or by email to [anna.kulhavy@ofgem.gov.uk](mailto:anna.kulhavy@ofgem.gov.uk).
9. All responses will normally be published on our website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
10. If the Authority decides to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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**Geoffrey Randall**  
**Head of Networks Policy, Electricity Transmission**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**24 July 2013**

## Appendix 1 to the Authority's Notice dated 24 July 2013

Proposed modification to Special Condition 1A of the electricity transmission licence held by SP Transmission Ltd

Paragraph reference	Proposed modification
1A	Insert definition of "Non-load Related Works Costs" as "means the efficient costs incurred or expected to be incurred by the licensee for the purposes of completing one or more projects of non-load related works that form part of the licensee's Transmission System specified in Appendix 3 of Special Condition 6H (Arrangements for the recovery of uncertain costs) that are triggered by the commencement of, or interaction with a Wider Works project."

Proposed modification to Special Condition 6H of the electricity transmission licence held by SP Transmission Ltd

Paragraph reference	Proposed modification												
6H.3	Remove "and" at the end of sub-paragraph (a). Replace "." with "; and" at the end of sub-paragraph (b). Insert sub-paragraph "(c)" as "Non-Load Related Work Costs."												
6H.6 (c)	Insert "in relation to each uncertain cost category set out in paragraph 6H.3 sub-paragraphs (a) and (b) of this condition," at the start of the sub-paragraph.												
6H.10	Insert "and Non-Load Related Work Costs" after "Enhanced Physical Site Security Costs" in the first sentence of the paragraph.												
6H.18	Remove "and" at the end of sub-paragraph (a). Replace "." with "; and" at the end of sub-paragraph (b). Insert sub-paragraph "(c)" as "Non-Load Related Work Costs (IAENLUM values)."												
6H.27	Insert "APPENDIX 3: NON-LOAD RELATED WORKS PROJECTS" Insert " <table border="1" data-bbox="399 1429 1423 1962"> <thead> <tr> <th>Non-load Works Project</th> <th>Wider Works project trigger</th> </tr> </thead> <tbody> <tr> <td>U &amp; AT - Galashiels to Eccles OHL Rebuild (61 cctkm)</td> <td>Scottish Border area load related activity</td> </tr> <tr> <td>XD - Jnc. XN route to Kincardine Major Refurbishment (Recond 10cctkm)</td> <td>East Coast 400kV Upgrade</td> </tr> <tr> <td>XK - Jnc. XN route to Jnc. XM route OHL modernisation Major Refurbishment (Recond 21cctkm)</td> <td>East Coast 400kV Upgrade</td> </tr> <tr> <td>XM - Jnc. XK route to Currie OHL modernisation Major Refurbishment (Recond 62cctkm)</td> <td>East Coast 400kV Upgrade</td> </tr> <tr> <td>XN - Jnc. XD route to Jnc. XK route/ Jnc. XK route to Grangemouth Major Refurbishment (Recond 19cctkm)</td> <td>East Coast 400kV Upgrade</td> </tr> </tbody> </table>	Non-load Works Project	Wider Works project trigger	U & AT - Galashiels to Eccles OHL Rebuild (61 cctkm)	Scottish Border area load related activity	XD - Jnc. XN route to Kincardine Major Refurbishment (Recond 10cctkm)	East Coast 400kV Upgrade	XK - Jnc. XN route to Jnc. XM route OHL modernisation Major Refurbishment (Recond 21cctkm)	East Coast 400kV Upgrade	XM - Jnc. XK route to Currie OHL modernisation Major Refurbishment (Recond 62cctkm)	East Coast 400kV Upgrade	XN - Jnc. XD route to Jnc. XK route/ Jnc. XK route to Grangemouth Major Refurbishment (Recond 19cctkm)	East Coast 400kV Upgrade
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