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Mr Paul Whittaker
UK Director of Regulation
National Grid Electricity
Transmission plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Your Ref:
Our Ref: blm/107 028
Direct Dial: 020 7901 7366
Email: john.scott@ofgem.gov.uk

30 April 2007

Dear Paul,

Standard Condition C17 (Transmission System Security Standard and Quality of Service): Electricity Transmission Licence

We have further reviewed the "Direction to National Grid Electricity Transmission plc by the Gas and Electricity Markets Authority under paragraph 4 of Electricity Transmission Licence Standard Condition C17" issued on 30 March 2007 (the '30 March 2007 Direction'). I regret to inform you that a number of drafting inaccuracies were identified in the 30 March 2007 Direction.

Therefore, we have decided to revoke the 30 March 2007 Direction and grant a new direction (the 'New Direction') which is substantially the same as the 30 March 2007 Direction. The New Direction grants derogation to the same extent as the 30 March 2007 Direction, with the identified drafting inaccuracies corrected. Attached to this letter is a copy of the New Direction. We consider that the New Direction is required to clarify the scope and conditions of the derogation granted. We advise that the reasons for our decision to grant derogation in respect of the New Direction remain as set out in our letter dated 30 March 2007 (reference blm/107 017).

This letter constitutes notice for the purposes of section 49A of the Electricity Act 1989 in relation to the New Direction.

Yours sincerely

John Scott
Technical Director



Director of Regulation
National Grid Electricity Transmission plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

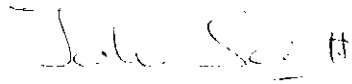
Direction issued to National Grid Electricity Transmission plc by the Gas and Electricity Markets Authority pursuant to paragraph 4 of standard condition C17 (Transmission system security standard and quality of service) of the electricity transmission licence

1. This Direction is issued by the Gas and Electricity Markets Authority ("the Authority") pursuant to paragraph 4 of standard condition ("SLC") C17 of the electricity transmission licence ("the Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ("the Act") to National Grid Electricity Transmission plc ("the Licensee").
2. Paragraph 4 of SLC C17 of the Licence provides that the Authority may issue directions relieving the Licensee of its obligations under paragraph 1 of SLC C17 of the Licence in respect of such parts of the Licensee's transmission system and to such extent as may be specified in the directions.
3. *Subject to paragraph 4 of this Direction, the Authority hereby directs, pursuant to paragraph 4 of SLC C17 of the Licence, that the Licensee is relieved of its obligations under paragraph 1 of SLC C17 of the Licence with respect to each connection point in column 1 of the table in the schedule to this Direction for the corresponding period in column 3 of the table, from the corresponding obligation to comply with the design of the main interconnected transmission system criteria of the GB Security and Quality of Supply Standard ("GBSQSS") set out in column 2 of the table.*
4. This derogation is subject to the Licensee:-
 - a. providing notification of significant changes to the scope and/or completion dates of the identified long term solution (and the reasons for those changes) that arise during the period of derogation;
 - b. completing reinforcement works on the Licensee's transmission system required to increase the transfer capacity of the Cheviot Boundary Circuits¹ to 2.8GW by 31 December 2010;
 - c. providing notification by 31 December 2010, if the transfer capacity of the Cheviot Boundary Circuits has not increased to 2.8GW by 31 December 2010;
 - d. completing reinforcement works on the Licensee's transmission system required to increase the transfer capacity of the Cheviot Boundary Circuits to 3.3GW by 31 October 2011;
 - e. providing notification by 31 October 2011, if the transfer capacity of the Cheviot Boundary Circuits has not increased to 3.3GW by 31 October 2011;

¹ Cheviot Boundary Circuits are considered to be the circuits between Eccles and Stella West, Strathaven and Harker and relevant 132kV circuits from Galashiels.

- f. proposing governance arrangements for the GBSQSS by 30 June 2007; and
 - g. reporting conclusions from its review of the GBSQSS to clarify the treatment of wind generation by 30 April 2008.
5. This Direction shall have effect from and including 30 April 2007 and shall remain in effect up to and including 31 March 2012 or such time as the Authority shall revoke or vary the Direction in writing upon reasonable notice.
 6. The Authority hereby revokes, the direction issued on 30 March 2007 to the Licensee relieving the Licensee from its obligations under paragraph 1 of SLC C17 of the Licence (the "Revocation").
 7. This Revocation shall take effect on and from 30 April 2007.

Dated: 30 April 2007



SIGNED on behalf of the Authority by
John Scott, Technical Director

Authorised for that purpose by the Authority

SCHEDULE

TABLE – Relief Granted in respect of Connection Points on the Licensee’s Transmission System

1 PART OF THE TRANSMISSION SYSTEM FOR WHICH RELIEF IS GIVEN	2 NATURE OF RELIEF	3 DEROGATION PERIOD	4 DETAILED DESCRIPTION OF RELIEF GRANTED		
			ISSUE	INTERIM SOLUTION	LONG TERM SOLUTION
<p>Cheviot Boundary transmission circuits</p> <ul style="list-style-type: none"> • Eccles – Stella West • Strathaven – Harker • Relevant 132kV circuits from Galashiels 	<p>GB Security and Quality of Supply Standard (“GBSQSS”) Design of Main Interconnected Transmission System Criteria Paragraph 4.1 – 4.13</p>	<p>31 March 2012</p>	<p>Unacceptable overloading of remaining circuits (under Planned Transfer plus appropriate Interconnection Allowance conditions)</p>	<p>Application of pre-fault constraints to generation in Scotland to permit compliance with GBSQSS Section 5 (Operational Standards).</p> <p>Review of GBSQSS planning criteria to ensure adequacy of assumptions made about wind generation when identifying background conditions used when assessing GBSQSS compliance.</p>	<p>Transmission system reinforcement works:</p> <ul style="list-style-type: none"> • On the Cheviot boundary circuits to increase transfer capacity from Scotland to England to 2.8GW. These works are planned for completion by end December 2010. • Reconductoring of the Heysham ring and upgrade of the existing 275kV route between Stella West and Norton to 400kV to increase transfer capacity from Scotland to England to 3.3GW. These works are planned for completion by end October 2011. <p>Further work is required to fully address the identified compliance issues and detailed proposals have not yet been developed. The Licensee will investigate and expects to bring forward proposals as part of the next price control review.</p>