



Promoting choice and value for all customers

Direct Dial: 020 7901 7017

National Grid Company

3 March 2005

Our Ref:

Dear Colleague,

Amendment to the Grid Code - Direction in relation to Ofgem conclusions on the treatment of embedded exemptable large power stations (EELPS) under BETTA

On 22 February 2005, Ofgem¹ published its conclusions² ('the EELPS code changes conclusions') following the Ofgem/DTI consultations³ on, among other things, proposed changes to the Grid Code for EELPS.

The EELPS code changes conclusions document concluded that a number of amendments should be made to the Grid Code to ensure that appropriate arrangements are in place under BETTA between National Grid Company plc (NGC) and EELPS and it included legal drafting for changes to the Grid Code to give effect to Ofgem's conclusions.

The Authority is able to direct, pursuant to standard licence condition C14 (7)(d), amendments to the Grid Code to make the changes required or appropriate for the purposes of reflecting in the Grid Code the development of the matters identified for these purposes in General Condition GC.A1.11(c) as at 8 September 2004. General Condition GC.A1.11(c) identifies as a matter potentially requiring amendments to the Grid Code the conclusions of Ofgem/DTI in relation to small and/or embedded generator issues under BETTA.

This letter provides the direction of the Authority to implement the proposed amendments to the Grid Code to give effect to the conclusions as set out in the EELPS code changes conclusions.

¹ Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. The terms "Ofgem" and "the Authority" are used interchangeably in this document.

² "Treatment of Embedded Exemptable Large Power Stations under BETTA: Ofgem conclusions on code changes", February 2005, Ofgem 55/05

³ "Treatment of Embedded Exemptable Large Power Stations under BETTA - An Ofgem/DTI Mini Consultation Document", July 2004, 161/04; "Treatment of Embedded Exemptable Large Power Stations under BETTA: An Ofgem/DTI conclusions and further consultation document", November 2004, 253/04, and "Treatment of Embedded Exemptable Large Power Stations under BETTA: An Ofgem conclusions and consultation on Code Changes. January 2005, #12/05.

The Authority's direction

Having regard to the above and for the reasons set out in the EELPS code changes conclusions document, the Authority, in accordance with Condition C14 (7) (d) of the electricity transmission licence granted to NGC under Section 6 of the Electricity Act 1989 (the "Transmission Licence"), hereby directs NGC to amend the Grid Code as set out in Ofgem's EELPS code changes conclusions document.

The Implementation Date for these proposed amendments is 4th March 2005.

In accordance with Condition C14 (7)(d) of the Transmission Licence, NGC shall amend the Grid Code in accordance with this direction of the Authority (and for the avoidance of doubt this includes consequential page numbering or formatting changes necessary as a result of the implementation of these amendments).

If you have any questions, please contact me on the above number.

Yours sincerely,

David Haldearn

Director, Scotland and Europe

Signed on behalf of the Authority and authorised for that purpose by the Authority