



The Company Secretary
National Grid Electricity Transmission plc
National Grid House
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Warwick
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*Promoting choice and
value for all customers*

Direction issued to National Grid Electricity Transmission ("NGET") by the Gas and Electricity Markets Authority pursuant to paragraph 8 of standard condition C16 (Procurement and use of balancing services) of NGET's electricity transmission licence

1. This Direction is issued by the Gas and Electricity Markets Authority (the "Authority") pursuant to paragraph 8(a)(iv) of standard condition C16 ("SLC C16") 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 NGET (the "Licensee").
2. On 3 March 2009, NGET raised CUSC Amendment Proposal CAP 170 "Category 5 System to Generator Operational Intertripping Scheme" ("CAP 170"). NGET has also proposed consequential changes to the Grid Code, the Procurement Guidelines and the Balancing Principles Statement that would be required were CAP 170 to be approved.
3. The Authority is proposing to issue an Impact Assessment ("IA") in respect of CAP 170 for consultation shortly. Once the Authority has considered the responses from the IA it will endeavour to reach a decision as soon as possible.
4. The Authority considers it appropriate that it considers and makes its decision on CAP 170 in conjunction with the consequential changes that have been proposed to the Grid Code, the Procurement Guidelines and the Balancing Principles Statement on the grounds that the proposed changes to the Grid Code, the Procurement Guidelines and the Balancing Principles Statement are intended to reflect certain operational aspects of CAP 170.
5. As required by SLC C16 of the Licence, the Licensee has undertaken industry consultations proposing changes to the Procurement Guidelines and the Balancing Principles Statement in respect of the proposed introduction of a Category 5 Intertripping Service under CAP 170. These consultations closed on 13 May 2009.
6. Paragraph 8(a)(iii) of SLC C16 requires that the Licensee submit to the Authority within seven days of the close of the consultation periods reports (the "Reports") setting out the revisions originally proposed, the representations (if any) made to the Licensee, and any changes to the revisions.
7. Paragraph 8(b) of SLC C16 further requires that the Licensee shall not revise the Procurement Guidelines or the Balancing Principles Statement until the expiry of 28 days from the date on which the Authority receives the Reports, unless the Authority directs the Licensee to make the revisions on an earlier date, or directs the Licensee not to make the revisions.

8. The timetable of the requirements under SLC C16 means that the Authority is required to make its decision in respect of the consequential changes to the Procurement Guidelines and the Balancing Principles Statement prior to it being in a position to make its decision in respect of CAP 170. The Authority does not consider that this is appropriate and that all decisions relevant to CAP 170 should be made at the same time.
9. Paragraph 8(a)(iv) of SLC C16 provides that the Authority may direct that the Licensee is not required to comply with any or all of the requirements set out in paragraphs 8(a)(i)-(iii). In particular the Authority may direct that the Licensee is not required to submit the Reports within seven days of the close of the consultation periods.
10. The Authority hereby directs pursuant to paragraph 8(a)(iv) of SLC C16 that the Licensee is relieved of its obligations under paragraph 8(a)(iii) of SLC C16 to the extent and for the period specified below.
11. The Authority hereby directs that the Licensee is relieved of its obligation to submit to the Authority within seven days of the close of the consultations the Reports in respect of proposed revisions to the Procurement Guidelines and the Balancing Principles Statement in respect of consequential changes as a result of proposed CAP 170.
12. This Direction shall have immediate effect and shall expire on the date upon which the Authority exercises its right to revoke this Direction in accordance with paragraph 13 below.
13. The Authority may revoke this Direction and issue a further Direction at the same time requiring the Licensee to submit the Reports within a specified timescale. This will enable the Authority to consider and make its decisions on the Reports in conjunction with its decision on CAP 170.

Dated: 19 May 2009



Stuart Cook
Director, Transmission

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