

To: Generators, Suppliers, Distribution Network Operators, Ofgem, System Operator,
Other Interested Parties

From: National Grid, Scottish Hydro Electric Transmission Limited, Scottish Power
Transmission

23rd April 2008

Dear Colleague,

**National Grid, Scottish Hydro Electric Transmission Limited, Scottish Power
Transmission – Transmission Licence Standard Condition B17: Network
Output Measures Methodology – Workshop**

Invitation to Workshop

As part of our licence obligations, the three UK Transmission Owners are tasked with developing a “Network Output Measures Methodology”.

The three Transmission Owners have together developed a draft Network Output Measures Methodology. The methodology outlines how we will fulfil our obligations under the licence.

As part of the process of developing this methodology, it is our intention to consult with interested parties. The workshop is the proposed consultation process. It will be held at the Ramada Hotel, Solihull, B91 3RF on the 8th of May 2008 between 09:30 and 14:00.

If you would like to attend this workshop, please register your interest in advance by emailing: leon.walker@uk.ngrid.com by 6th of May 2008.

Background

Transmission License Standard Condition B17 states that the network output measures methodology shall be designed to enable the evaluation of:

- a) The current condition of the assets which collectively form the licensee’s transmission system (including the condition of the principal components of those assets) (collectively, “network assets”), the reliability of network assets, and the predicted rate of deterioration in the condition of network assets which is relevant to making assessment of the present and future ability of network assets to perform their function (“network asset condition”);
- b) The overall level of risk to the reliability of the licensee’s transmission system as a result of network asset condition and the interdependence between network assets (“network risk”);
- c) Those aspects of the technical performance of the licensee’s transmission system which have a direct impact on the reliability and cost of services provided by the licensee as part of its transmission business (“network performance”);

- d) The level of the capability and the utilisation of the licensee's transmission system at entry and exit points and other network capability and utilisation factors ("network capability"); collectively the "network output measures".

In addition, the network output measures shall be designed to facilitate:

- a) The monitoring of the licensee's performance in relation to the development, maintenance and operation of an efficient, co-ordinated and economical system of electricity transmission;
- b) The assessment of historical and forecast network expenditure on the licensee's transmission system;
- c) The comparative analysis over time between:
 - I. Geographic areas of, and network assets within the licensee's transmission system;
 - II. Transmission systems within Great Britain;
 - III. Transmission systems within Great Britain and within other countries;
 - IV. Transmission systems and distribution systems within Great Britain;
- d) The communication of relevant information regarding the licensee's transmission system between the licensee, the Authority and interested parties in a transparent manner;
- e) The assessment of customer satisfaction derived from the services provided by the licensee as part of its transmission business; collectively the "objectives".

It is our intention to outline the proposed methodology for addressing the license condition at the workshop.

If you have any questions please contact Leon Walker (leon.walker@uk.ngrid.com).

Yours Sincerely,

Edgar Goddard,

Electricity Network Investment Manager, National Grid
On behalf of National Grid, Scottish Hydro Electric Transmission Limited, Scottish Power Transmission