

## **DIRECTION PURSUANT TO SPECIAL CONDITION AA OF THE ELECTRICITY GENERATION LICENCE**

**To: Centrica PB Limited (Company number: 04262250)**

**DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY PURSUANT  
TO PARAGRAPH AA.1 OF SPECIAL CONDITION AA OF THE ELECTRICITY GENERATION  
LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(a) OF THE  
ELECTRICITY ACT 1989**

**Whereas:**

1. The company to whom this Direction is addressed ("the licensee") holds a generation licence granted or treated as granted pursuant to section 6(1)(a) of the Electricity Act 1989 ("the Act") ("the licence"). This licence has special condition AA (Liquidity in the Wholesale Electricity Market) ("the condition") in effect.
2. The Gas and Electricity Markets Authority ("the Authority") has the power pursuant to paragraph AA.1 of the condition to direct that paragraphs AA.2 to AA.6 of the condition shall cease to have effect from such date as the Authority may specify.
3. On 21 March 2014 the Authority issued a Direction pursuant to which the provisions of the condition had effect in the licence of the licensee. The ultimate parent company of the licensee is Centrica and the licensee is therefore part of the Centrica corporate group. The condition therefore had effect in the licensees' licence.<sup>1</sup>
4. The Authority has today published a letter titled 'Request for modification of Special Condition AA of Centrica's Electricity Generation Licence'. In accordance with section 49A of the Act, this letter gives the Authority's reasons for making this Direction and our conclusion that, following the significant and sustained reduction in the electricity

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<sup>1</sup> The Authority published its reasons for this decision in the following documents:  
<https://www.ofgem.gov.uk/publications-and-updates/wholesale-power-market-liquidity-decision-letter>;  
<https://www.ofgem.gov.uk/publications-and-updates/wholesale-power-market-liquidity-statutory-consultation-secure-and-promote-licence-condition>; and  
[https://www.ofgem.gov.uk/sites/default/files/docs/2013/06/liquidity-final-proposals-120613\\_0.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2013/06/liquidity-final-proposals-120613_0.pdf)

generation market share of Centrica corporate group, the licensee no longer meets the criteria for complying with the condition, as set out in Ofgem's Liquidity in the Wholesale Electricity Market (Special Condition AA of the electricity generation licence): Guidance<sup>2</sup>. Therefore, it is no longer appropriate for the condition to apply.

**Now therefore:**

5. The Authority hereby directs that the paragraphs AA.2 to AA.6 of the condition shall cease to have effect in the licence of the licensee.
6. This Direction shall take effect from the date below and remain in effect until such time as the Authority may revoke, vary or replace it by a further Direction.

Dated: 26 August 2021

**Heather Stewart**

**Head of GB Wholesale Markets**

**Duly authorised on behalf of the Authority**

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<sup>2</sup> <https://www.ofgem.gov.uk/ofgem-publications/86717/liquidityinthewholesaleelectricitymarketspecialconditionaaoftheelectricitygenerationlicence-guidance-pdf>