

To:

Electricity North West Limited

Northern Powergrid: Northeast

Northern Powergrid: Yorkshire

SP Energy Networks: Distribution

SP Energy Networks: Manweb

Scottish and Southern Energy Power Distribution: Scottish Hydro Electric Power Distribution

Scottish and Southern Energy Power Distribution: Southern Electric Power Distribution

UK Power Networks: London Power Networks

UK Power Networks: South East Power Networks

UK Power Networks: Eastern Power Networks

National Grid Electricity Distribution (West Midlands) plc

National Grid Electricity Distribution (East Midlands) plc

National Grid Electricity Distribution (South Wales) plc

National Grid Electricity Distribution (South West) plc

## **Electricity Act 1989**

### **Section 11A(2)**

#### **Notice of statutory consultation on a proposal to modify the Special Conditions of the electricity distribution licence held by each of the above licensees**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the electricity distribution licence held by each of the above licensees ("the licensees"), granted or treated as granted under 6(1)(c) of the Electricity Act 1989 by:
  - a. removing the existing Special Conditions; and
  - b. inserting new Special Conditions, including the following licence instruments:
    - i. the ED2 Price Control Financial Model;
    - ii. the ED2 Price Control Financial Handbook;
    - iii. the Network Asset Risk Workbook; and
    - iv. the Load Related Expenditure Volume Drivers Governance Document.

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<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document.

2. We are proposing these modifications to give effect to our RIIO-ED2 Final Determinations for electricity distribution companies. The proposals also aim to improve the clarity of the licence and its relationship with the Price Control Financial Instruments established by the licence.
3. The reasons and effects of the proposed modifications, together with the full text of the proposed modifications, are published alongside this notice at [www.ofgem.gov.uk](http://www.ofgem.gov.uk), alternatively they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk).
4. In addition, further details and background on these proposed changes are set out in the following documents:
  - a. RIIO-ED2 informal licence drafting consultation for electricity distribution licences<sup>2</sup>;
  - b. RIIO-ED2 Draft determinations for electricity distribution companies<sup>3</sup>; and
  - c. RIIO-ED2 Final Determinations for electricity distribution companies.<sup>4</sup>
5. Our responses to issues raised by stakeholders as part of the Licence Drafting Working Group process and the RIIO-ED2 informal licence drafting consultation for electricity distribution licences can be found at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).
6. Any representations with respect to the proposed licence modifications must be made on or before 17 January 2023 to: Joanna Gaches, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [Joanna.Gaches@ofgem.gov.uk](mailto:Joanna.Gaches@ofgem.gov.uk).
7. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
8. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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Steve McMahon  
Deputy Director

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<sup>2</sup> <https://www.ofgem.gov.uk/publications/riio-ed2-informal-licence-drafting-consultation>

<sup>3</sup> <https://www.ofgem.gov.uk/publications/riio-ed2-draft-determinations>

<sup>4</sup> <https://www.ofgem.gov.uk/publications/riio-ed2-final-determinations>

