



Making a positive difference  
for energy consumers

To Chief Executive Officers of Distribution  
Network Operators (DNOs)  
Other interested stakeholders

Email: [steven.mcmahon@ofgem.gov.uk](mailto:steven.mcmahon@ofgem.gov.uk)

Date: 14 February 2023

## **RIIO-ED2 Statutory Licence Modification Notice: Error identified in Special Licence Condition 3.12 Indirects Scaler**

We acknowledge the typographical error contained within Special Licence Condition (SpC) 3.12.4 of the Electricity Distribution Licence, as published in our Decision on the proposed modifications to the RIIO-2 Electricity Distribution licences on 3 February 2023.<sup>1</sup>

The error consists of an incorrect licence formula being reflected in SpC 3.12.4.

This is a typographical error and does not reflect how Ofgem will calculate the  $UMTERM_t$ .

The licence formula within SpC 3.12.4 should state:

$$UMTERM_t = LRE_t + SINVA_t + SRVD_t + LVSVD_t$$

The typographical error will be corrected by modifying SpC 3.12.4 in accordance with section 11A of the Electricity Act 1989 to replace the formula (with the correct formula outlined above). We are due to give notice of the proposed modifications by 17 February 2023, and intend to publish our decision on modifications by Monday 3<sup>rd</sup> April 2023. We expect the licence modifications will then take effect following the mandatory 56-day minimum standstill period.

---

<sup>1</sup> [Decision on the proposed modifications to the RIIO-2 Electricity Distribution licences | Ofgem](#)

Ofgem can confirm that  $UMTERM_t$  will be calculated in accordance with the correct formula, as set out in this letter, from the start of the RIIO-ED2 price control on 1 April 2023.

A copy of this letter will be published on our website.

**Steve McMahon**

Deputy Director, Onshore Networks – Price Control Setting