

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

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

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## **RIIO-ED2 Statutory Licence Modification Decision: Error identified in Special Licence Condition 3.12 Indirect 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:

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

Following notice of the proposed modifications, we received four responses, that all supported the proposed modification and, as a result, our view remains unchanged. 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).

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<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