

To: All holders of an electricity distribution licence**Electricity Act 1989
Section 11A(1)(a)****Modification of the special conditions of all electricity distribution licences**

1. Each of the licensees to whom this document is addressed has an electricity distribution licence which has been granted or treated as granted under section 6(1)(c) of the Electricity Act 1989.
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 4th December 2025 ('the Notice') that we propose to modify Special Condition 5.2 of the Electricity Distribution Licence. We stated that any representations to the modification proposal must be made on or before 5th January 2026.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received four responses to the Notice, which we carefully considered. All supported our proposed modifications, with one suggesting changing "SSEN" to "SSES" in Appendix 1 of Special Condition 5.2 of the Electricity Distribution Licence. We have placed all non-confidential responses on our website. Our response to these comments is set out in the accompanying decision.
5. It is necessary to make a minor alteration to the modifications set out in the Notice. This alteration is shown in yellow highlight in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 are to address corrections raised in consultation responses.
6. We are making these licence changes:
 - In order to award additional Network Innovation Allowance (NIA) funding for the final two years of RIIO-ED2.
7. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules² requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

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

² CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the special licence conditions for all electricity distribution licences in the manner specified in attached Schedule 1. This decision will take effect from 27th March 2026.

This document is notice of the reasons for the decision to modify all electricity distribution licences as required by section 49A(2) of the Act.

Luke Blackaby
Head of Innovation Hub
Duly authorised on behalf of the
Gas and Electricity Markets Authority

29th January 2026

Schedule 1**Special Condition 5.2 RIIO-2 network innovation allowance (NIAt)****Appendix 1**
Value of the licensee's NIA (TNIA) (£m)

Licensee	Value of TNIA (£m)
ENWL	8.4 <u>12.1</u>
NPgN	3.2 <u>5.9</u>
NPgY	4.3 <u>7.9</u>
WMID	5.6
EMID	5.6
SWALES	2.8
SWEST	4
LPN	4.7 <u>6.6</u>
SPN	4 <u>5.7</u>
EPN	6.3 <u>8.9</u>
SPD	5.9 <u>8.3</u>
SPMW	5.2 <u>7.3</u>
SSEH	3 <u>6.2</u>
SSES	<u>5.4</u> <u>11.2</u>

Schedule 2

List of the relevant licence holders in relation to this modification are listed at:

[List of all electricity licensees | Ofgem](#)