

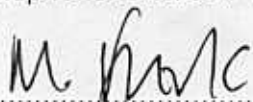
## NOTICE PURSUANT TO SECTION 49A OF THE ELECTRICITY ACT 1989

1. The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 49A of the Electricity Act 1989 ("the Act") of its reasons for making the following licence modifications:

Modifying Standard Conditions 39 and 40 of the Electricity Distribution Licences treated as granted under Section 6(1)(c) Electricity Act 1989

2. The reasons for making these licence modifications are those stated in the:
  - (a) Notice under section 11A(3) of the Act, which was given on 18 February 2002
  - (b) Document -*Separation of PES businesses: Review of C12 licence obligations*, which was published in February 2001
  - (c) Document -*Separation of PES businesses: Review of C39 of the new proposed distribution licence – Proposals*, which was published in September 2001
  - (d) Document -*Separation of PES businesses: Review of C39 of the new proposed distribution licence – Proposals*, which was published in February 2002
3. In summary the effect of the modifications is to amend the licence conditions restricting the use of certain information and requiring the independence of electricity distribution business so that from 1 April 2002:
  - (a). Distribution information is required to be kept confidential only from gas and electricity supply businesses held by companies associated to the distribution businesses. This obligation does not apply to information made equally available to all suppliers and shippers;
  - (b). The need to maintain full managerial and operational independence is replaced by a requirement not to restrict, distort or prevent competition in supply, shipping or generation;
  - (c). Distribution licensees are required to produce a report, which is to be agreed by the Authority and can be updated with the Authority's permission, outlining how they will achieve the two main obligations set out in sub-paragraphs (a) and (b) above. Licensees are required to use reasonable endeavours to comply with the measures set out in the report. The report is to be published on the distribution company's website;
  - (d). The compliance officer's duties are extended to include monitoring and reporting on conditions other than Condition 39 in so far as those other conditions affect the Licensee's independence from the supply business;
  - (e). Where a distribution business no longer possesses a supply, generation or shipping business these conditions can be switched off under the terms of condition 2.
4. The section 11A notice invited representations or objections with respect to the modifications to be made by 12 March 2002. The Authority did not receive any representations or objections.

Copies of the licence modifications are available (free of charge) from the Ofgem Library (Telephone 020 7901 1600) or on the Ofgem website at ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).



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Maxine Frerk

Authorised on behalf of the Gas and Electricity Markets Authority

June 2002