London Power Networks plc

DIRECTION UNDER PARAGRAPH 8 OF SPECIAL CONDITION G OF THE DISTRIBUTION LICENCE

Whereas:

1. London Power Networks plc ("the Licensee") is the holder of a licence ("the Licence") treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act") to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in its authorised area for the term and upon the conditions specified in the Licence;

2. The Gas and Electricity Markets Authority ("the Authority") has carried out a consultation exercise in accordance with paragraph 10A of Special Condition G ("the Condition") of the Licence;

3. The Authority has considered the representations made by the Licensee and had regard to all relevant information and circumstances; and

4. Pursuant to paragraph 8 of the Condition Mott MacDonald and British Power International (together known as "the Examiner") have specified that the level of accuracy of:
   - the number of interruptions to supply (CI) at the Low Voltage level;
   - the number of interruptions to supply (CI) at the Overall level;
   - the duration of interruptions to supply (CML) at the Low Voltage level;
   - the duration of interruptions to supply (CML) at the Overall level;

   is in each case less than the level of accuracy specified for such information in the Regulatory Instructions and Guidance.

Now, for the reasons specified in the notice issued pursuant to paragraph 10A of the Condition and in a notice issued to the Licensee under section 49A of the Act, and so as to mitigate any distortion arising from the inaccuracy identified by the Examiner, the Authority directs under paragraph 8 of the Condition that in Table A below the data in columns C and D shall be substituted for the specified information in columns A and B respectively for the purposes of paragraph 7 of the Condition.

Table A: Adjustments to 2001/2 performance data for inaccuracy (LPN)

	A	B	C	D
	Reported performance figures for 2001/02		Adjusted performance figures for 2001/02	
	CI	CML	CI	CML
HV	22.07	13.73	20.54	10.36
EHV	2.46	0.45	2.68	0.47
132kV	3.55	1.87	3.86	1.97
LV	4.65	12.82	7.76	20.28
LV services	1.65	4.19	2.51	6.16
Planned	1.31	3.10	1.28	3.04
NGC or other transmission company	0.00	0.00	0.00	0.00
Embedded generators	0.00	0.00	0.00	0.00
Other connected systems	0.00	0.00	0.00	0.00
Overall CI and CML for 2001/2	35.69	36.16	38.62	42.29
Overall CIIS and CMLIS for 2001/2	**35.68**	**36.16**	**38.62**	**42.28**

London Power Networks plc

DETERMINATION UNDER PARAGRAPH 7 OF SPECIAL CONDITION G OF THE DISTRIBUTION LICENCE

Whereas:

1. London Power Networks plc ("the Licensee") is the holder of a licence ("the Licence") treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act") to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in its authorised area for the term and upon the conditions specified in the Licence;

2. The Gas and Electricity Markets Authority ("the Authority") has made a direction under paragraph 8 of Special Condition G ("the Condition") of the Licence that the value of $CIIS_t$ in respect of the year commencing 1 April 2001 is 38.62 and the value of $CMLIS_t$ for that year is 42.28;

Now the Authority determines in respect of the Licensee under paragraph 7 of the Condition that:

(1) the value of $CIIS_t$ in respect of the year commencing on 1 April 2001 is therefore greater than TA_t in respect of the relevant year commencing on 1 April 2004 in Annex A; and

(2) the value of $CMLIS_t$ in respect of the year commencing on 1 April 2001is therefore greater than TB_t in respect of the relevant year commencing on 1 April 2004 in Annex A;

(3) the target TA_t in respect of the years specified in paragraph 7 of the Condition shall therefore be 38.62

(4) the target TB_t in respect of the years specified in paragraph 7 of the Condition shall therefore be 42.28

and Annex A shall be modified accordingly.

London Power Networks plc

DIRECTION UNDER PARAGRAPH 7C OF SPECIAL CONDITION G OF THE DISTRIBUTION LICENCE

Whereas:

1. London Power Networks plc ("the Licensee") is the holder of a licence ("the Licence") treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act") to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in its authorised area for the term and upon the conditions specified in the Licence;

2. The Licensee gave notice to the Gas and Electricity Markets Authority ("the Authority") under paragraph 7A of Special Condition G ("the Condition") of the Licence;

3. The Authority has carried out a consultation exercise in accordance with paragraphs 7C and 10A of the Condition; and

4. The Authority has considered the representations made by the Licensee.

5. The Authority has made a direction under paragraph 8 of the Condition and made any adjustment as specified in that direction.

6. The Authority has made a determination under paragraph 7 of the Condition to specify TA_t and TB_t for the years commencing 1 April 2002 and 1 April 2003.

Now, for the reasons specified in the notice issued pursuant to paragraph 10A and in a notice issued to the Licensee under section 49A of the Act:

(1) the Authority hereby directs that pursuant to paragraph 7C of the Condition that in Annex A to the Condition the targets TA_t and TB_t in respect of the relevant year commencing on 1 April 2004 shall be 31.82 and 45.03 and shall have effect in substitution for the targets currently specified in Annex A; and

(2) pursuant to paragraph 7E of the Condition the incentive rates IRA_t and IRB_t appropriate to the direction made under paragraph 7C of the Condition shall be revised as follows:

   (a) IRA_t for the year commencing 1 April 2002 shall be adjusted from 0.12 to 0.116
   (b) IRB_t for the year commencing 1 April 2002 shall be adjusted from 0.10 to 0.092
   (c) IRA_t for the years commencing 1 April 2003 and 1 April 2004 shall be adjusted from 0.24 to 0.231

(d) IRB_t for the years commencing 1 April 2003 and 1 April 2004 shall be adjusted from 0.26 to 0.240

and Annex A shall be modified accordingly.

London Power Networks plc

DIRECTION UNDER PARAGRAPH 7D OF SPECIAL CONDITION G OF THE DISTRIBUTION LICENCE

Whereas:

1. London Power Networks plc ("the Licensee") is the holder of a licence ("the Licence") treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act") to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in its authorised area for the term and upon the conditions specified in the Licence;

2. The Licensee gave notice to the Gas and Electricity Markets Authority ("the Authority") under paragraph 7A of Special Condition G ("the Condition") of the Licence;

3. The Authority gave notice on 3 March 2003 in accordance with paragraphs 7D and 10A of the Condition; and

4. The Authority has considered the representations made by the Licensee.

5. The Authority has made a direction under paragraph 8 of the Condition and made any adjustment as specified in that direction.

6. The Authority has made a determination under paragraph 7 of the Condition to specify TA_t and TB_t for the years commencing 1 April 2002 and 1 April 2003.

7. The Authority has made a direction under paragraph 7C of the Condition and made any adjustment as specified in that direction.

Now, for the reasons specified in the notice issued pursuant to paragraph 10A of the Condition and in a notice issued to the Licensee under section 49A of the Act and having regard to the actual performance of the Licensee during the relevant year commencing on 1 April 2001, the Authority hereby directs that pursuant to paragraph 7D of the Condition the target TA_t and TB_t in respect of the relevant years commencing on 1 April 2002 and 1 April 2003 shall be 38.62 and 45.03 and shall have effect in substitution for the targets currently specified in Annex A;

and Annex A shall be modified accordingly.

London Power Networks plc

NOTICE UNDER SECTION 49A OF THE ELECTRICITY ACT

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 49A of the Electricity Act 1989 ("the Act") as follows:

1. The Authority has decided to give directions under paragraphs 7C, 7D, 7E and 8 of Special Condition G ("the Condition") of a licence ("the Licence") treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act") to London Power Networks plc ("the Licensee") to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in its authorised area for the term and upon the conditions specified in the Licence.

2. The Gas and Electricity Markets Authority ("the Authority") has carried out a consultation exercise in accordance with paragraph 10A of the Condition.

3. In summary, the effect of the directions is to revise the values of the specified information in Column A of Table B below for the purposes of the calculations required under the Condition so as to be those set out in Column B of Table B:

Table B: Effect of directions on LPN

Column A	Column B
$CIIS_t$ for the year commencing 1 April 2001	38.62
$CMLIS_t$ for the year commencing 1 April 2001	42.28
TA_t for the years commencing 1 April 2002 and 2003	38.62
TB_t for the years commencing 1 April 2002 and 2003	45.03
TA_t for the year commencing 1 April 2004	31.82
TB_t for the year commencing 1 April 2004	45.03
IRA_t for the year commencing 1 April 2002	0.116
IRB_t for the year commencing 1 April 2002	0.092
IRA_t for the years commencing 1 April 2003 and 2004	0.231
IRB_t for the years commencing 1 April 2003 and 2004	0.240

4. The reasons why the Authority has decided to give these directions are set out in the Annex to this document. In reaching its decision the Authority has taken account of responses it has received to the consultation under paragraph 10A of the Condition. This is also set out in the Annex to this notice.

5. A copy of the directions and other documents referred to in this notice are available (free of charge) from the Ofgem library (telephone 020 7901 1600) or on the Ofgem website (www.ofgem.gov.uk)