

## Annex 2: Explanation of Authority's determination under paragraph 7 of Special Licence Condition J – Scottish Hydro-Electric Power Distribution Limited

The examiner (Mott MacDonald and British Power International) found that Scottish Hydro-Electric Power Distribution Limited's ((Scottish Hydro's") data for both the number and duration of interruptions were not below the minimum overall and LV levels of accuracy specified in the Regulatory Instructions and Guidance ("the RIGs"). Accordingly, no action was necessary under paragraph 8 of Special Condition J ("the Condition") of a licence treated as granted to Scottish Hydro under section 6(1)(c) of the Electricity Act 1989.

Under the mechanism set out in paragraph 7 of the Condition the (interim) targets  $TA_t$  and  $TB_t$  for the years 2002/3 and 2003/4 are the higher of:

- $CIIS_t$  and  $CMLIS_t$  respectively for the year 2001/2; and
- $TA_t$  and  $TB_t$  respectively for 2004/5 set out in Annex A of the licence condition.

The respective values of  $CIIS_t$  and  $CMLIS_t$  for the year 2001/2 were 119.87 and 142.10.

The targets are therefore determined under paragraph 7 of the Condition to be the following:

- $TA_t$  for 2002/3 and 2003/4 is 135.1; and
- $TB_t$  for 2002/3 and 2003/4 is 195.8.

The revised version of Annex A of the Condition is set out below:

Revised Annex A

Relevant year Commencing:	1 April 2002	1 April 2003	1 April 2004
$TA_t$	135.1	135.1	135.1
$IRA_t$ (£ million 2000/01 prices)	0.02	0.04	0.04
$RLA_t$	0.25	0.5	0.5
<b>RLOPA</b>			0.6
$TB_t$	195.8	195.8	195.8
$IRB_t$ (£ million 2000/01 prices)	0.02	0.04	0.04
$RLB_t$	0.5	1.25	1.25
<b>RLOPB</b>			1.4
$RLD_t$	0.1	0.125	0.125