

SP Distribution Limited

DIRECTION UNDER PARAGRAPH 10 OF SPECIAL CONDITION J OF THE DISTRIBUTION LICENCE

Whereas:

1. SP Distribution Limited (“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 J (“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;
4. Pursuant to paragraph 10 of the Condition:
 - (a) the Licensee considers that its performance in respect of any matter used for the purpose of paragraph 7 of the Condition or for calculating Q_t , z_a or z_b has been materially and adversely affected by three exceptional events referred to as Event One, Event Two and Event Three in the reasons document (Annex 1 to the notice given under paragraph 10A of the Condition);
 - (b) the Licensee has notified the Authority of such events within 14 days of the date upon which the licensee considers such effect has ceased or, in respect of the relevant year commencing on 1 April 2001, within 14 days of the end of that year;
 - (c) after the end of the relevant year in which those events occurred, the consortium of Mott-MacDonald and British Power International (“together known as the examiner”) have reported to the Authority in respect of such events and their effect;
 - (d) the Licensee has provided such further information as the Authority may have required; and
 - (e) the Authority is satisfied that Event One, Event Two and Event Three are exceptional events having regard to the criteria contained or referred to in the conclusions document;
 - (f) for the reasons set out in the reasons document (Annex 1 to the notice given under paragraph 10A of the Condition) the Authority is satisfied that it is inappropriate to adjust constituent data relevant to Event One. Accordingly the Authority shall not make a direction under paragraph 10 of

the Condition in respect of Event One

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, the Authority directs under paragraph 10 of the Condition that for the purpose of calculating Q_t , z_a or z_b or making a determination under paragraph 7 of the Condition in respect of the relevant year in which the events occurred, the constituent data relevant to those events shall be adjusted as follows:

- (1) In respect of Event Two $CIIS_t$ for the year commencing 1 April 2001 shall be adjusted from 66.47 to 65.55 and $CMLIS_t$ for the year commencing 1 April 2001 shall be adjusted from 85.28 to 82.54
- (2) In respect of Event Three $CIIS_t$ for the year commencing 1 April 2001 shall be further adjusted from 65.55 to 59.93 and $CMLIS_t$ for the year commencing 1 April 2001 shall be further adjusted from 82.54 to 63.75

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

Whereas:

1. SP Distribution Limited (“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 directions under paragraph 10 of Special Condition J (“the Condition”) of the Licence that the value of $CIIS_t$ in respect of the year commencing 1 April 2001 is 59.93 and the value of $CMLIS_t$ for that year is 63.75;

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 less 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 2001 is therefore less 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 66.4
- (4) the target TB_t in respect of the years specified in paragraph 7 of the Condition shall therefore be 87.7

and Annex A shall be modified accordingly.

SP Distribution Limited

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 paragraph 10 of Special Condition J (“the Condition”) of a licence (“the Licence”) treated as granted under section 6(1)(c) of the Electricity Act 1989 (“the Act”) to SP Distribution Limited (“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 so as to be those set out in Column B of Table B below.

Table B: Effect of the direction on the Licensee

Column A	Column B
CIIS _t for the year commencing 1 April 2001	59.93
CMLIS _t for the year commencing 1 April 2001	63.75
TA _t for the years commencing 1 April 2002 and 2003	66.4
TB _t for the years commencing 1 April 2002 and 2003	87.7

4. The reasons why the Authority has decided to give these directions are 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).