

The Company Secretary
Scottish Hydro-Electric Power Distribution Ltd
(Company number SC213460)
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

SECTION 11 OF THE ELECTRICITY ACT 1989

MODIFICATION OF THE DISTRIBUTION LICENCE GRANTED OR TREATED AS
GRANTED UNDER SECTION 6(1)(C) OF THE ELECTRICITY ACT 1989
TO SCOTTISH HYDRO-ELECTRIC POWER DISTRIBUTION LTD, AND

SECTION 49A OF THE ELECTRICITY ACT 1989

NOTICE OF REASONS FOR THE DECISION OF THE GAS AND ELECTRICITY MARKETS
AUTHORITY TO MODIFY THE DISTRIBUTION LICENCE GRANTED OR TREATED AS
GRANTED TO SCOTTISH HYDRO-ELECTRIC POWER DISTRIBUTION LTD

WHEREAS

1. Scottish Hydro-Electric Power Distribution Ltd ("the Licensee"), is the holder of a distribution licence ("the Licence") granted or treated as granted by the Gas and Electricity Markets Authority ("the Authority") under section 6(1)(c) of the Electricity Act 1989 ("the Act");
2. In accordance with section 11 of the Act the Authority gave notice on 14 July 2006 on its website that it proposed to modify the Licence by omitting therefrom Special Condition H (Arrangements relating to supplies to premises within the licensee's distribution services area) and Special Condition I (The Settlement Agreement for Scotland) (the "Conditions"); and specified that representations or objections to the proposed modification must be made on or before 31 August 2006.
3. In accordance with section 11 (4) of the Act the Authority sent a copy of the notice of its proposal to make the modification to the Secretary of State and did not receive by 31 August 2006 or at all, a direction from the Secretary of State not to make any modification.
4. On July 27 2006 the Licensee consented in writing to the modification and no representations or objections to the modification were received by the Authority by 31 August 2006 or at all.
5. The reason for the decision to modify the Licence is to promote efficiency and economy by making the Licensee's settlement obligations as a distribution network operator consistent with those of all other distribution network operators whose licences are granted or treated as granted by the Authority under section 6(1)(c) of the Act, since following BETTA Go-live and the subsequent run-off of the Settlement Agreement for Scotland, the obligations set out in the Conditions have been superseded and the modification removes non-GB trading obligations, consistent with the successful implementation and operation of BETTA.

NOW in accordance with the powers contained in section 11 of the Act and with the consent of the Licensee, the Authority **HEREBY MODIFIES** the Licence by omitting the Conditions therefrom **WITH EFFECT** on and from 6 September 2006.

This document also constitutes notice of reasons under section 49A of the Act for the Authority's decision to modify the Licence.



Martin Crouch

Director, Distribution

Authorised on behalf of the Authority

September 5 2006

