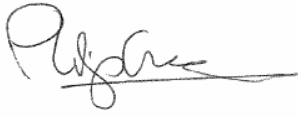


NOTICE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 11A(3) & (4) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify all **distribution** licences granted or treated as granted under section 6(1)(c) of the Act, by amending standard licence condition 4B (Connection Charging Methodology) as set out in Appendix 1 to this notice.
2. This notice is made further to the Authority's notice of 20 February 2007, in which we proposed modifying the following distribution standard licence conditions (SLCs): SLC1, SLC 4B, SLC 4D, SLC 36, SLC 36A, SLC 36B, SLC 36C, SLC 36D, and SLC 50. In the 20 February notice, the proposed amendment to SLC 4B was omitted from Appendix 1. We are therefore issuing a new notice setting out the proposed modification to SLC 4B.
3. The proposed modification to SLC 4B involves changing paragraph 5(d) of SLC 4B, such that the reference to "the Provision of Distributor Metering and Data Services" now refers to "Legacy Basic Meter Asset Provision".
4. The reason why the Authority proposes to make this modification is to align SLC 4B with the proposed amendments to SLC 36 set out in our notice of 20 February 2007. The proposed modifications to SLC 36 are intended to clarify that the obligation to offer terms for basic metering services, and the price controls on these services, now apply only to the provision of meters installed on or before 31 March 2007 ("legacy basic meter asset provision").
5. The effect of the proposed modification to SLC 4B, together with the proposed modifications set out in our previous notice of 20 February 2007, is to make clear that from 1 April 2007, following the cessation of existing licence obligations regarding basic meter operation services and basic meter asset provision for new and replacement meters, electricity distributors will retain obligations for basic meter asset provision regarding meters installed on or before 31 March 2007 ("legacy basic meter asset provision"), and the definition of a distribution business will effectively remain unchanged and will continue to include basic meter operation services and basic meter asset provision for both legacy and new and replacement meters.
6. "Relevant licence holders" for the purposes of giving notice of objection to this modification proposal are all electricity distributors.
7. A pro forma that relevant licence holders may wish to use in order to register a statutory objection is attached as Appendix 2 to this notice.
8. A copy of this notice and the documents referred to in it are available (free of charge) from the Ofgem library (telephone 020 7901 7003) or on the Ofgem website (www.ofgem.gov.uk).
9. Any representations or objections to the proposed licence modification must be made in writing (preferably in electronic form) on or before 23 March 2007, to: Duncan Mills, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to duncan.mills@ofgem.gov.uk.
10. All responses will normally be published on Ofgem's website and held in the Ofgem Research and Information Centre. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication.



.....
Philip Davies, Director, Markets

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

23 February 2007

Appendix 1 – Proposed Change to Paragraph 5(d) of Standard Condition 4B of the Distribution Licence

Key: Unmodified Text

Inserted Text

~~Deleted Text~~

Standard Condition 4B. Connection Charging Methodology

5. The statement referred to at paragraph 4 shall include:
- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the licensee's distribution system for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the principles on which and the methods by which such charges will be calculated;
 - (b) the principles on which and the methods by which any charges will be made in respect of extension or reinforcement of the licensee's distribution system rendered (in the licensee's discretion) necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
 - (c) the principles on which and the methods by which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for use of system by the person seeking connection;
 - (d) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36 – Requirement to Offer Terms for Legacy Basic Meter Asset Provision~~the Provision of Distributor Metering and Data Services~~), the principles on which and

the methods by which any charges will be made for the provision of special metering or telemetry or data processing equipment by the licensee for the purposes of enabling any person who is party to the Balancing and Settlement Code and/or the Settlement Agreement for Scotland to comply with his obligations thereunder in respect of metering or the performance by the licensee of any service in relation to such metering;

- (e) the principles on which and the methods by which any charges will be made for disconnection from the licensee's distribution system and the removal of electrical plant and electric lines following disconnection; and
- (f) the principles on which and the methods by which any charges (including any capitalised charge) will be made for maintenance, repair, and replacement required of electric lines or electrical plant provided and installed for making a connection to the licensee's distribution system.

Appendix 2
Suggested Pro Forma to Register a Statutory Objection

Proposed Modification of Standard Licence Conditions: SLC 1, SLC 4B, SLC 4D, SLC 36, SLC 36A, SLC 36B, SLC 36C, SLC 36D, and SLC 50 in electricity distribution licence.

In response to the statutory notice dated 20 February 2007 in respect of the above proposed modifications, this notice constitutes a statutory objection to that proposal on behalf of [state full name of each relevant licence holder making the objection].

I confirm that I am duly authorised to give this notice on behalf of each of the above named companies.

[Signed]

[Date: / /]

[Address for acknowledgement, preferably including email address]