

## **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) and (4) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify all of the transmission licences that are granted, or treated as granted, pursuant to Section 6(1)(b) of the Act as detailed below:
  - (a) By amending standard condition A1 (Definitions and interpretation) to be as set out in Annex 1 to this notice:
  - (b) By removing and replacing the following standard conditions to be as set out in Annex 2 to this notice:
    - (i) B1 (Regulatory Accounts)
    - (ii) B2 (Change of Financial Year)
    - (iii) B6 (Restriction on Activity and Financial Ring Fencing)
    - (iv) B7 (Availability of Resources)
    - (v) B9 (Indebtedness)
    - (vi) B10 (Credit Rating)
  - (c) By adding and including the following new standard conditions as set out in Annex 3 to this notice:
    - (i) Standard condition B15 (Price Control Review Information)
    - (ii) Standard condition B16 (Price Control Review Reporting and Associated Information)
    - (iii) Standard condition B17 (Network Output Measures)

- (d) By making any necessary incidental or consequential modifications to any standard condition for the accurate and correct numbering and referencing of any such condition.
- 2. "Relevant licence holders" for the purpose of giving notice of objection to the modification proposals are all transmission licence holders.
- 3. The reasons why the Authority proposes to make these licence modifications and their effect are set out in the following documents published by the Authority:
  - (i) "Transmission Price Control: Draft Licence Modifications", published 15 November 2006;
  - (ii) "Transmission Price Control Final Proposals", published 4 December 2006;
  - (iii) "Transmission Price Control: Draft Licence Condition (Electricity) Second Informal Consultation," published 19 January 2007; and
  - (iv) Open Letter dated 1 March 2007 from Robert Hull headed "Transmission Price Control Review: Statutory consultation on licence modifications".
- 4. In summary, the purpose and effect of these licence modifications is to implement those changes to the regulatory framework consulted upon as part of, or in conjunction with, the Electricity Transmission Price Control Review. In particular, those changes required to:
  - (i) introduce enhanced reporting obligations in support of the revised price control information rules to be implemented from 1 April 2007;
  - (ii) introduce new reporting procedures for monitoring compliance with the relevant revenue restriction or charge restriction conditions;
  - (iii) introduce reporting obligations in respect of network output measures and methodology;
  - (iv) align the requirements in respect of Transmission licensees' regulatory accounts with those prepared by other licensees;
  - (v) strengthen the financial ring fencing provisions of the licence;

- (vi) strengthen the provision of information associated with the availability of resources; and
  - (vii) align the relevant financial obligations of the transmission licensees with those of other licensees.
5. Copies of the proposed licence modifications, together with the other documents referred to in paragraph 3 of this notice, are available (free of charge) from the Ofgem Library (telephone: 020 7901 7003) or on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
6. Any representations or objections to the proposed modifications must be made in writing on or before **29 March 2007** to Colin Green, Office of Gas and Electricity Markets (Ofgem), 9 Millbank, London SW1P 3GE, or via e-mail to [colin.green@ofgem.gov.uk](mailto:colin.green@ofgem.gov.uk) .



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Director, Transmission

Authorised on behalf of the Authority

