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Dear Colleague,

Electricity Distribution Licence Review

The purpose of this letter is to outline the proposed process for the review of the Electricity Distribution Licence which was set out in our draft corporate plan and advocated by the Energy Networks Association.

1. Scope

The main purpose of the review is to improve the clarity and ease of use of the licence rather than to substantively change the obligations placed on distribution licensees. For example, it will consider:

- the possibility of rewording certain conditions and indexing defined terms;
- the removal of redundant conditions; and
- updating the style of the licence.

This will be the remit of a working group proposed by the Energy Networks Association (see below) to take forward the detailed work in reviewing the licence. However, Ofgem also sees the review as an opportunity to gather views on more substantive revisions to the licence, largely through the consultation in July (see below). Material changes to obligations may be more appropriately timed to coincide with the next price control (April 2010) but it is helpful to identify issues at this stage so that they can be considered in planning the price control review. Similarly this review of the licence is expected to focus on the standard licence conditions (not price control terms) but views will be welcome on any aspect of the licences.

2. Participation

The working group presently consists of representatives from Ofgem and the ENA sub-group. We would welcome participation in the review by other stakeholders, particularly customer representatives, independent distribution network operators and suppliers, either as part of the working group or through responses to this letter and consultations. If you are interested in participating in the working group, please contact Paul Darby at the above address (e-mail: paul.darby@ofgem.gov.uk, telephone 020 7901 7072).

3. Timetable

We plan to hold a meeting of the working group on 17 April 2007 which will do an initial 'page turn' review of the standard licence conditions. The group will then work on drafting possible changes to the standard licence conditions.

We intend to consult on potential changes in July 2007, allowing 12 weeks for responses.

Depending on the nature of responses, we may consider holding a workshop on the review in autumn 2007. We envisage issuing formal licence modification proposals for statutory consultation in approximately January 2008, for implementation from April 2008.

4. Views

If you have any views on the scope or work plan for the review as set out in this letter, or wish to raise issues that you think we should consider, we would welcome views by 11 May 2007 to Paul Darby at the above address (e-mail: paul.darby@ofgem.gov.uk, telephone 020 7901 7072).

Yours sincerely



Martin Crouch
Director, Electricity Distribution