

To: All holders of an electricity generation licence

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 49A OF THE ELECTRICITY ACT 1989

WHEREAS:

1. Each of the companies to whom this Modification is addressed holds an electricity generation licence granted, or treated as granted, pursuant to section 6(1)(a) of the Electricity Act 1989 (the "Act").
2. In accordance with section 11A(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") gave notice on 1 May 2007 (the "Notice") that it proposed to modify standard conditions D3 and D4 of the electricity generation licences.
3. The reason for the proposed licence modification was to make minor and consequential amendments which are necessary as a result of the modification of standard conditions 14 and 15 on 1 May 2007. The modification of standard conditions 14 and 15 gave effect to the powers and rights conferred by or under the provisions of Schedules 3 and 4 to the Act in relation to the holders of all electricity generation licences for the purposes specified in those conditions. Standard conditions D3 and D4 require to be modified so that they are consistent with the removal of the direction making mechanism for giving effect to standard conditions 14 and 15.
4. The Authority also proposed to take the opportunity to correct some typographical errors that are currently contained in standard conditions D3 and D4. In this respect, the proposed licence modification amends standard condition D3 so that it refers to paragraph 2 of standard condition 14; and amends standard condition D4 so that it refers to paragraph 4 of standard condition 15.
5. The Authority received no representations in relation to the proposed licence modification before the relevant time specified in the Notice.
6. No notice of objection to the proposed licence modification was given to the Authority by a relevant licence holder before the relevant time specified in the Notice.
7. The Authority gave notice of its intention to make the proposed licence modification to the Secretary of State. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modification before the relevant time specified in the Notice.
8. The reasons for making the licence modification are set out in the following documents published by the Authority:

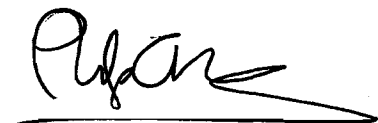
- (a) "Notice of modification of the Standard Conditions of Electricity Generation Licences under Section 11A of the Electricity Act 1989", Ofgem, May 2007
- (b) "Modification of the Standard Conditions of electricity generation licences under Section 11A of the Electricity Act 1989", Ofgem, May 2007
- (c) "Statutory consultation on the modification of Standard Licence Conditions 14 and 15 of the Electricity Generation Licence", Ofgem March 2007
- (d) "Review of Standard Licence Conditions 14 and 15 of the Electricity Generation licence", Ofgem November 2006

Copies of these documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

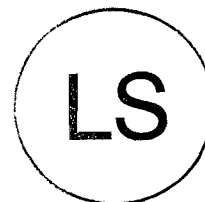
Therefore, in accordance with section 11A of the Act, the Authority hereby modifies the standard conditions of electricity generation licences in accordance with the Schedule to this Modification with effect on and from 5 June 2007.

This document constitutes a notice of reasons for the decision to modify the standard conditions of the electricity generation licences under section 49A of the Act.

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of:



Philip Davies
Director – GB Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority



5 June 2007

SCHEDULE

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

1. In paragraph 1 of standard condition D3 of the Electricity Generation Licence:
 - (a) for "Where the Authority has issued a direction under standard condition 14 (Compulsory Acquisition of Land etc.), the", substitute "The";
 - (b) for "paragraph 7 of that standard condition", substitute "paragraph 2 of standard condition 14 (Compulsory Acquisition of Land etc.)".

2. In paragraph 1 of standard condition D4 of the Electricity Generation Licence:
 - (a) for "Where the Authority has issued a direction under standard condition 15 (Other Powers etc.), the", substitute "The";
 - (b) for "(subject to paragraphs 8) of that standard condition", substitute ", subject to paragraph 4 of standard condition 15 (Other Powers etc.)".