

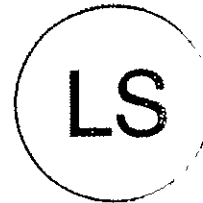
NOTICE UNDER SECTION 49A of the Electricity Act 1989
NOTICE OF THE REASONS FOR THE DECISION TO MODIFY THE LICENCES

In accordance with the Authority's duty to give reasons by virtue of section 49A(1)(b), the following explains why the Authority has modified the electricity supply licence.

1. The Authority has modified all electricity supply licences granted or treated as granted under section 6(1)(d) of the Act by amending Standard Licence Condition (SLC) 11.
2. The primary reason why the Authority has made this licence modification is to implement its decision, enabling the Authority to issue a direction relieving the licensee of the obligation pursuant to SLC 11.2 to be a signatory to the industry codes providing that appropriate alternative arrangements are in place with a licensed third party supplier. This is consistent with the Authority's decision published on 6 February 2009 titled 'Distributed Energy: Final Proposals and Statutory Notice on Electricity Supply Licence Modification' (ref. 08/09).
3. The effect of the proposed modification is to allow smaller participants to become licensed suppliers in a way that is proportionate to their size and impact. It will also be a more transparent process for those not familiar with the licensing arrangements. More detailed reasoning for the proposed licence modification has been published by the Authority, namely:
 - a) a decision document entitled "Distributed energy - Final Proposals and Statutory Notice on Electricity Supply Licence Modification " (08/09) on 6 February 2009
 - b) a consultation entitled "Distributed energy - further proposals for more flexible market and licensing arrangements" (87/08) on 18 June 2008
 - c) a consultation entitled "Distributed energy - initial proposals for more flexible market and licensing arrangements" (295/08) on 18 December 2007.
4. In accordance with section 11A(3) of the Act the Authority gave notice that it proposed to make modifications to condition SLC 11 of the licence and required that objections or representations to the modification were made before or on 6 March 2009.
5. No objections were received in response to the modification notice.
6. As the Authority is of the opinion that the licence modification is necessary for the reasons set out it directed that such modification be made on 19 March 2009 to be effective from the 19 March 2009.



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Martin Crouch
Duly authorised on behalf of the
Gas and Electricity Markets Authority



19 March 2009