



To all electricity distribution licensees

*Promoting choice and
value for all customers*

Your Ref:
Our Ref: RR/CR/Rules/2008-09
Direct Dial: 020 7901 7192
Email: rachel.fletcher@ofgem.gov.uk

1 April 2009

Dear Sir/Madam

**DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY TO
RELEVANT ELECTRICITY DISTRIBUTORS UNDER STANDARD CONDITION 48
(REPORTING OF PRICE CONTROL COST INFORMATION) AND STANDARD CONDITION
49 (MODIFICATION OF RIGS IN FORCE UNDER CHAPTER 12) OF THE DISTRIBUTION
LICENCE; AND**

**NOTICE OF REASONS UNDER SECTION 49A ELECTRICITY ACT 1989 FOR THE DECISION
TO ISSUE THE DIRECTION**

WHEREAS

- A. The Gas and Electricity Markets Authority (the 'Authority') on 27 February 2009 consulted the relevant electricity distributors who are holders of a distribution licence treated as granted by the Authority under section 6(1)(c) of the Electricity Act 1989 (the 'Act') and in whose licence standard condition 49.2 (Modification of the RIGs by the Authority) (the 'Condition') has effect, of the Authority's intention to modify price control review reporting rules ('cost reporting rules').
- B. The Authority received nil objections and five representations, which have been duly considered in arriving at its decision to modify cost reporting rules, and in summary the reasons for representations were that with regard to the cost reporting rules circulated for consultation:
- i.* some formulae contained errors and inconsistencies and needed corrections;
 - ii.* certain tables were amended to clarify some of the financial reporting;

- iii. some definitions needed amendment to improve usefulness and consistency ; and
- iv. certain tables required minor amendments for data entry presentation and structure.

C. The Authority has carefully considered the representations to its proposals and the reasons for the proposals set out in the February 27 consultation letter and is minded to make the modifications.

NOW the Authority pursuant to Conditions 48 and 49 of the Standard conditions of the Electricity Distribution Licence, and for the reason of enabling the collection and provision of accurate, consistent, useful or comparable cost information from every relevant electricity distributor for the purpose of the next distribution price control review, **HEREBY ISSUES** this Direction **MODIFYING** the cost reporting rules to be as set out in '*Electricity Distribution Price Control Review, Price control cost reporting rules: Instructions and Guidance, April 2009*', **WITH EFFECT ON AND FROM** 1 April 2009, to apply to price control information (including cost reporting rules), due to be provided under the Condition by each relevant electricity distributor to the Authority for the financial year ending March 31 2009; and for subsequent financial years.

This document also constitutes a notice for the purpose of section 49A(1)(c) of the Act, stating the reason for the Authority's decision to issue the Direction.

Dated 1 April 2009

SIGNED



Rachel Fletcher, Director, Distribution

Duly Authorised on behalf of the Gas and Electricity Markets Authority

List of addresses:

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Company Secretary
Central Networks West plc
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Westwood Business Park,
Coventry, CV4 8LG.

Company Secretary
EDF Energy Networks (EPN) plc
Company number 02366906
40 Grosvenor Place, Victoria
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Company Secretary
EDF Energy Networks (LPN) plc
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Company Secretary
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Company Secretary
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Company Secretary
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