

**ELECTRICITY ACT 1989
SECTION 11A**

MODIFICATION PURSUANT TO SECTION 11A OF THE ELECTRICITY ACT 1989 OF THE STANDARD CONDITIONS OF THE ELECTRICITY GENERATION LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(a) 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 the 7 August 2009 ("the Notice") that it proposed to make modifications to the standard conditions of the electricity generation licences by inserting a new standard condition 16B set out in the Schedules of the notice and by requiring any objections or representations to the modification to be made on or before 15 of September 2009 ("the relevant date").
3. In accordance with section 49A of the Act, the reasons for making the licence modifications are those set out in the following documents:
 - a. Implementation of the Energy Supply Probe Retail Market Remedies, 19 October 2009;
 - b. Energy Supply Probe - Proposed Retail Market Remedies (99/09), 7 August 2009;
 - c. Energy Supply Probe - proposed retail market remedies (41/09), 15 April 2009;
 - d. Energy Supply Probe – Initial Findings Report (140/08), 6 October 2008.

These documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003) or from the Ofgem website at www.ofgem.gov.uk.

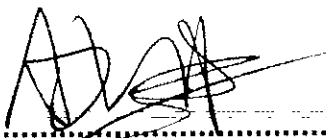
4. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modifications on or before the relevant date specified in the Notice.
5. On or before the relevant date specified in the Notice, the Authority received a response from RWE npower which constituted formal objections from 3 relevant licence holders. None of these objections were withdrawn. However, none of the objections triggered either the of the relevant minority thresholds (these being 20% of relevant licence holders by number and 20% of relevant licence holders weighted by market share). The objections amounted to less than 5% in terms of relevant licence holders by number and less than 15% of relevant licence holders weighted by market share.
6. The Authority received 47 representations in relation to the proposed licence modifications. No representations were withdrawn. The Authority has carefully considered all representations made in relation to the proposed licence modifications and not withdrawn.
7. All non-confidential representations made in relation to the proposed licence modifications 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.

Now therefore

In accordance with the powers contained in section 11A of the Act, the Authority hereby modifies the standard conditions for all electricity generation licences in the manner specified in attached schedule with effect on and from 00:00 hours on 21 October 2009.

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.

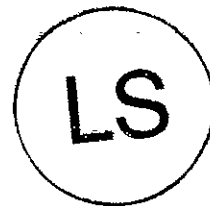
The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of Andrew Wright



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Andrew Wright

Senior Partner, Markets

Duly Authorised on behalf of the Authority 19 October 2009



Schedule

The following text of standard condition 16B is inserted after standard condition 16A:

Condition 16B. Financial information reporting

1. The Relevant Licensee must prepare and publish on its Website a Consolidated Segmental Statement in respect of information relating to the revenues, costs and profits of the licensee's activities in the generation and supply of electricity and the supply of gas to any premises taking account of the Guidelines.
2. Where applicable, the Relevant Licensee must prepare and publish the Consolidated Segmental Statement referred to in paragraph 1 in conjunction with any Affiliates (the "Relevant Affiliates") which hold any or all of the following:
 - (a) a supply licence granted or treated as granted under section 6(1)(d) of the Act;
 - (b) a generation licence granted or treated as granted under section 6(1)(a) of the Act;
 - (c) a supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986.
3. The Relevant Licensee must in conjunction with the Relevant Affiliates prepare and publish a Consolidated Segmental Statement no later than six months after the end of the licensee's financial year.
4. The Relevant Licensee may for the purpose of preparing the statement referred to in paragraph 3 prepare and compile the information according to the licensee's annual accounting procedures. The licensee must include in every such statement an explanation:
 - (a) of how the licensee defines the terms revenues, cost and profits;
 - (b) of how the revenues, costs and profits can be reconciled with the licensee's UK statutory accounts and where applicable the consolidated group accounts; and
 - (c) of the licensee's transfer pricing methodology and how this relates to the revenues, costs and profit information published.
5. The Relevant Licensee must ensure that all the information prepared and made public is in all material respects consistent with the information prepared pursuant to paragraph 4 and the information is presented with a clear and full explanation.
6. The Authority shall prepare Guidelines in relation to the requirements of this condition and may modify, in whole or in part, the Guidelines following consultation with the Relevant Licensees.
7. For the purposes of this condition:

"Consolidated Segmental Statement" means a statement as described in the Guidelines.

"Guidelines" mean the document prepared by the Authority pursuant to paragraph 6 setting out the nature of the information required and the template for the presentation of the financial information.

"Relevant Licensee" means the holder of an electricity generation licence granted or treated as granted under section 6(1)(a) of the Act if any of the licensee's Relevant Affiliates jointly supply electricity to more than 50,000 customers or gas to more than 50,000 customers respectively.

"Website" means a website controlled and used by the licensee for the purposes of providing information and communication.