

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 THE 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 4 February 2010 (“the Notice”) that it proposed to make modifications to the standard conditions of the electricity generation licences by:
 - a. amending standard condition 1 (“Definitions for standard conditions”); and
 - b. amending standard condition 16B (“Financial information reporting”).

The Notice required any objections or representations to the modification to be made on or before 18 March 2010 (“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. Ofgem’s covering letter for the Notice dated 4 February 2010;
 - b. Implementation of the Energy Supply Probe Retail Market Remedies, 19 October 2009;
 - c. Energy Supply Probe - Proposed Retail Market Remedies (99/09), 7 August 2009;
 - d. Energy Supply Probe – Proposed Retail Market Remedies (41/09), 15 April 2009;
 - e. 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. The Authority did not receive any representations or objections in relation to the proposed modifications.

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 4 May 2010.

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 Emma Kelso

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Emma Kelso

Associate Partner, Retail and Market Processes

Duly Authorised on behalf of the Authority 28 April 2010



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.

1. Modifications to the definition of "affiliate" in paragraph 1 of standard condition 1

The text below which is highlighted by track changes constitutes the modifications to the definition of "affiliate" in paragraph 1 of standard condition 1 (insertions are shown by underlined text and deletions are shown by strikethrough text):

"affiliate" in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person, in each case within the meaning of sections 1159 and 1160 of the Companies Act 2006 ~~736, 736A and 736B of the Companies Act 1985.~~

2. Modifications to standard condition 16B

The text below which is highlighted by track changes constitutes the modifications to standard condition 16B (insertions are shown by underlined text and deletions are shown by strikethrough text):

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~~ sits 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 Relevant Licensee's ~~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 Relevant Licensee ~~licensee~~ must include in every such statement an explanation:
 - (a) of how ~~the licensee~~ it defines the terms revenues, cost and profits;
 - (b) of how the revenues, costs and profits can be reconciled with ~~the licensee's~~ sits UK statutory accounts ~~and where applicable or~~ the consolidated group accounts; and
 - (c) of ~~the licensee's~~ sits 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 pursuant to paragraph 3 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 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 Relevant Licensee~~licensee~~ for the purposes of providing information and communication.