

*All Electricity Distribution
Network Operators and
interested parties*

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Date: 23 August 2013

Decision issued under section 11A of the Electricity Act 1989 pursuant to modifications to Special Conditions CRC 13 and 15 of the Electricity Distribution Licence

This letter and the attached decision notice makes modifications to Special Condition Charging Restriction Conditions (CRC) 13 and 15 of the Electricity Distribution Licence (the licence).

On 26 April 2013 we published a statutory consultation notice outlining our proposed modifications to CRC 13 and 15 of the licence.¹ We proposed modifications to the text of the licence condition which came into effect on 1 March 2013. The proposed modifications would ensure that customers benefit from intellectual property developed by Low Carbon Networks (LCN) Fund projects. As projects are largely funded by customers, they should receive a share of revenue earned from royalties resulting from intellectual property use.

In accordance with section 11A(2) of the Electricity Act 1989, the notice of 26 April 2013 set out the reasons for the proposed modifications and specified that any representations should be made by 27 May 2013.

Representations to our consultation

We received two responses, both from distribution network licensees. One respondent stated that there should be explicit reference to the way we calculate royalty revenues. We have not included this change in the modified licence. We have instead included the principle and calculation in the LCN Fund Governance Document (the governance document). CRC 13.23 requires that licensees comply with the governance document as if it formed part of the licence condition.

The other respondent stated that it had no objections or representations to make on the modification. We have not received a response from the Secretary of State directing the Authority not to make this modification.

Therefore, we have decided to make the proposed modifications as set out in the modification decision notice.

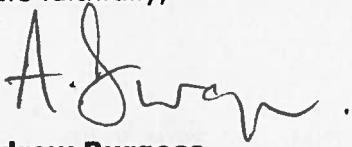
Decision

The decision notice issued under section 11A(1)(a) of the Electricity Act 1989 explains the reasons for our decision to modify the electricity distribution licence as required by section 49A of the Electricity Act 1989. The modifications to CRC 13 and 15 will take effect no later than 56 days after the date of this decision (19 October 2013).

¹ <https://www.ofgem.gov.uk/publications-and-updates/cover-letter-notice-under-section-11a2-electricity-act-1989-consultation-proposed-licence-modifications-charge-restriction-conditions-crc-13-and-15>

For more information on this decision, please contact Arun Pontin
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Yours faithfully,



Andrew Burgess
Associate Partner, Transmission and Distribution Policy
For and on behalf of the Gas and Electricity Markets Authority