

To the Company Secretary:

Northern Powergrid (Northeast) Limited
(Company Number 02906593)
Lloyds Court
78 Grey Street
Newcastle upon Tyne
NE1 6AF

Northern Powergrid (Yorkshire) plc
(Company Number 04112320)
Lloyds Court
78 Grey Street
Newcastle upon Tyne
NE1 6AF

Electricity North West Limited
(Company Number 02366949)
304 Bridgewater Place
Birchwood Park
Warrington
WA3 6XG

Eastern Power Networks plc
(Company Number 02366906)
Newington House
237 Southwark Bridge Road
London
SE1 6NP

London Power Networks plc
(Company Number 03929195)
Newington House
237 Southwark Bridge Road
London
SE1 6NP

South Eastern Power Networks plc
(Company Number 03043097)
Newington House
237 Southwark Bridge Road
London
SE1 6NP

Scottish Hydro Electric Power Distribution plc
(Company Number SC213460)
Inveralmond House
200 Dunkeld Road
Perth
Perthshire
PH1 3AQ

Southern Electric Power Distribution plc
(Company Number 04094290)
55 Vastern Road
Reading
Berkshire
RG1 8BU

SP Distribution Limited
(Company Number SC189125)
1 Atlantic Quay
Robertson Street
Glasgow
G2 8SP

SP Manweb plc
(Company Number 02366937)
3 Prenton Way
Prenton
CH43 3ET

Western Power Distribution (East Midlands) plc
(Company Number 02366923)
Avonbank, Feeder Road
Bristol
BS2 0TB

Western Power Distribution (West Midlands) plc
(Company Number 03600574)
Avonbank, Feeder Road
Bristol
BS2 0TB

Western Power Distribution (South West) plc
(Company Number 02366894)
Avonbank, Feeder Road
Bristol
BS2 0TB

Western Power Distribution (South Wales) plc
(Company Number 02366985)
Avonbank, Feeder Road
Bristol
BS2 0TB

DISTRIBUTION USE OF SYSTEM CHARGES: TAX TRIGGER MECHANISM

Direction issued by the Gas and Electricity Markets Authority pursuant to paragraph 3.4 of Charge Restriction Condition 3 (Restriction of distribution charges: use of system charges) ("CRC 3") of each of the companies' electricity distribution licence (the "licence") to which this document is addressed.

To:

- a. Northern Powergrid (Northeast) Limited
- b. Northern Powergrid (Yorkshire) plc
- c. Electricity North West Limited
- d. Eastern Power Networks plc
- e. London Power Networks plc
- f. South Eastern Power Networks plc
- g. Scottish Hydro Electric Power Distribution plc
- h. Southern Electric Power Distribution plc
- i. SP Distribution Limited
- j. SP Manweb plc
- k. Western Power Distribution (East Midlands) plc
- l. Western Power Distribution (West Midlands) plc
- m. Western Power Distribution (South West) plc
- n. Western Power Distribution (South Wales) plc

WHEREAS

- A. Pursuant to paragraph 3.4 of CRC 3, the Authority may direct, in respect of the Regulatory Year beginning on 1 April 2011 and any subsequent Regulatory Year, the value of the CTRAt term in paragraph 3.3 of CRC 3. This has been determined in accordance with the tax trigger mechanism referred to in the Authority's decision document published on 7 December 2009 under reference number 147/09 (the "Decision").
- B. The commencement of the Finance Act 2013 constitutes a trigger for the purposes of the tax trigger mechanism in the Decision. The Authority has decided that the amount of the CTRAt term set out against the licensees name in the table below is a negative amount, except for SP Manweb plc where it is a positive amount. This is to be multiplied by the value of the PIADt term for each year. The effect is to reduce revenue, except for SP Manweb plc where it increases revenue.
- C. This Direction takes effect on and from 12 September 2013.

NOW the Authority **HEREBY DIRECTS** that, in respect of the Regulatory Year beginning on 1 April 2014, the amount of the CTRAt term in CRC 3 set out against the licensees name in the table below is a negative amount. This is to be multiplied by the value of the PIADt term for each year. The effect is to reduce revenue, except where the amount is shown in parenthesis, when revenue is increased.

Regulatory year beginning 1 April 2014

<i>£m (2010-11 price base)</i>	<i>Already directed: Finance Act 2012</i>	<i>This direction: Finance Act 2013</i>	<i>Total adjustment to Revenue for 2014- 2015</i>
Northern Powergrid (Northeast) Limited	3.2	5.6	8.8
Northern Powergrid (Yorkshire) plc	5.1	8.3	13.4
Electricity North West Limited	5.3	9.1	14.4
Eastern Power Networks plc	1.7	6.0	7.8
London Power Networks plc	3.1	6.7	9.8
South Eastern Power Networks plc	1.8	4.3	6.1
Scottish Hydro Electric Power Distribution plc	3.8	5.9	9.7
Southern Electric Power Distribution plc	6.6	10.4	17.0
SP Distribution Limited	Nil	0.7	0.7
SP Manweb plc	(2.0)	Nil	(2.0)
Western Power Distribution (East Midlands) plc	0.8	3.3	4.1
Western Power Distribution (West Midlands) plc	2.1	5.1	7.2
Western Power Distribution (South West) plc	5.2	8.4	13.5
Western Power Distribution (South Wales) plc	4.3	6.7	11.0

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**Andy Burgess – Associate Partner,
 Transmission and Distribution Policy**

Authorised by the Authority

Dated: 12 September 2013