

To: All holders of an electricity distribution licence

**Electricity Act 1989
Section 11A(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY DISTRIBUTION
LICENCES GRANTED UNDER SECTION 6(1)(c) OF THE
ELECTRICITY ACT 1989**

Whereas –

1. Each of the companies to whom this document is addressed (a "Licence Holder") has been granted a licence ("the Licence") under section 6(1)(c) of the Electricity Act 1989 ("the Act") to distribute electricity subject to the conditions contained in its Licence.

2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority ("the Authority") gave notice on 29 July 2013 ("the Notice") that it proposed to make modifications to the following conditions of the Licence and by requiring any representations to the modifications to be made on or before 28 August 2013:

- Condition 1 (Definitions for the standard conditions)
- Condition 22 (Distribution Connection and Use of System Agreement)

3. In accordance with section 11A(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modifications.

4. Prior to the close of the consultation period in respect of the Notice, the Authority received a total of eight responses, of which four responses relate to the modifications referred to above.¹ All non-confidential responses have been placed on the Ofgem website.

5. The Authority has carefully considered in relation to the proposed modifications all representations received.

6. In accordance with section 49A of the Act the Authority gives the following reasons for making the licence modifications:

- to include a definition of "Agency for the Cooperation of Energy Regulators" in the Licence; and
- to clarify the circumstances when the Authority's consent is required before a licensee can withdraw a code modification proposal that it has raised.

7. The effect of the modification(s) will be to:

- provide a definition for 'Agency for the Cooperation of Energy Regulators' in the Licence; and
- prevent a licensee from withdrawing code modification proposals which the Authority reasonably considers are necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators without the Authority's prior consent.

8. Specific details on the reasons and effect of the modifications can be found in the attached Schedule 2.

¹ Two respondents, though they provided comments, said they did not wish to make formal representations in respect of the proposed modifications.

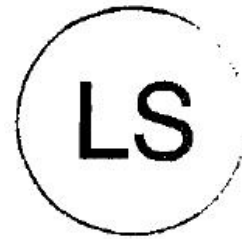
9. Where an application for permission to appeal the Authority's decision is made to the Competition Commission under section 11C of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules requires the appellant to send a notice setting out the matters required in Rule 5.2. The attached Schedule 3 provides a list of the relevant licence holders in relation to this modification direction. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

Now therefore

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all electricity distribution licences in the manner specified in the attached Schedule 1. This decision will take effect on and from 17 December 2013.

This document constitutes notice of the reasons for the decision to modify the electricity distribution licences as required by section 49A of the Act.

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



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Lesley Nugent
Head of Industry Codes and Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority

22 October 2013

Schedule 1 - Modifications to the standard conditions of the electricity distribution licence

Condition 1. Definitions for the standard conditions

Paragraph 1.3 (addition of the following definition between the definitions of "Affiliate" and "Application Regulations")

Agency for the Cooperation of Energy Regulators means the agency of that name established under Regulation 2009/713/EC of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.

Condition 22. Distribution Connection and Use of System Agreement

Paragraph 5 (e)

(e) modification proposals made by the Authority or the licensee in accordance with paragraphs 22.5(a) and 22.5(f)(i) respectively which the Authority reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators are:

- (i) to be accepted into the DCUSA modification procedures by the panel;
- (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and
- (iii) to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 22.5(f); and

Schedule 2 – Reasons for and effect of the proposed modifications to the standard conditions of the electricity distribution licence

Proposed modifications	Reason for and effect of the proposed modifications
<p>Modifications proposed to:</p> <ul style="list-style-type: none"> • Standard Licence Condition (SLC) 1 (Definitions for standard conditions) <p>to add the definition of 'Agency for the Cooperation of Energy Regulators'.</p>	<p>To define the term 'Agency for the Cooperation of Energy Regulators' which is referred to in the Licence.</p>
<p>Modification proposed to:</p> <ul style="list-style-type: none"> • SLC 22.5 (Distribution Connection and Use of System Agreement) <p>to ensure that modification proposals raised by the licensee that the Authority reasonably considers are necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators cannot be withdrawn without the Authority's consent.</p>	<p>To clarify when the Authority's consent would be required before a licensee can withdraw a code modification proposal that it has raised.</p> <p>The modification will prevent a licensee from withdrawing a modification that it has raised, whether or not as a result of the Authority's direction, without the Authority's consent where the Authority, in its view, reasonably considers that that the code modification is necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators.</p>

Schedule 3 - Relevant licence holders

Licensee	Company registration number
Energetics Electricity Limited	SC234694
ESP Electricity Limited	04718806
Independent Power Networks Limited	04935008
The Electricity Network Company Limited	05581824
UK Power Networks (IDNO) Ltd	06489447
Utility Assets Limited	07255054
Eastern Power Networks Plc	02366906
Electricity North West Limited	02366949
London Power Networks Plc	03929195
Northern Powergrid (Northeast) Limited	02906593
Northern Powergrid (Yorkshire) Plc	04112320
Scottish Hydro Electric Power Distribution Plc	SC213460
South Eastern Power Networks Plc	03043097
Southern Electric Power Distribution Plc	04094290
SP Distribution Limited	SC189125
SP Manweb Plc	02366937
Western Power Distribution (East Midlands) Plc	02366923
Western Power Distribution (South Wales) Plc	02366985

Western Power Distribution (South West) Plc	02366894
Western Power Distribution (West Midlands) Plc	03600574