

Appendix 7

To: All holders of an electricity distribution licence

NOTICE UNDER SECTION 11A(2) OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 11A(2) of the Electricity Act 1989 ("the Act") as follows:

1. The Authority proposes to modify all electricity distribution licences granted or treated as granted under section 6(1)(c) of the Act by amending Standard Conditions 1 (Definitions for the standard conditions), 5 (Licensee's payment to the Authority), 11 (Reporting on performance) and 22 (Distribution Connection and Use of System Agreement) and 44 (Regulatory Accounts).
2. The reason why the Authority proposes to make these licence modifications is to reflect the changes brought about by the Public Bodies (Abolition of the National Consumer Council and Transfer of the Office of Fair Trading's Functions in relation to Estate Agents etc) Order 2014. It is expected that the National Consumer Council ("NCC") will be abolished from 1 April 2014 and that certain functions of the NCC will be transferred to Citizens Advice and Citizens Advice Scotland. As we anticipate that these changes will take effect from 1 April 2014, we are not proposing to give effect to the proposed licence modifications set out in this notice until then.
3. The effect of the proposed modifications is to:
 - a. amend the definition for 'National Consumer Council';
 - b. replace any reference to 'the National Consumer Council' with 'Citizens Advice' and/or 'Citizens Advice Scotland';
 - c. insert the definition of 'Citizens Advice' and 'Citizens Advice Scotland'; and
 - d. recover expenses in relation to the transfer of functions from the NCC to Citizens Advice or Citizens Advice Scotland, as the case may be.
4. The attached Schedule to this Notice sets out the proposed modifications to Standard Conditions 1, 5, 11, 22 and 44.
5. Relevant licence holders for the purposes of this Notice are all holders of an electricity distribution licence at the relevant time with Standard Conditions referred to in paragraph 1 in effect in their licence.¹
6. A copy of the proposed modification and other documents referred to in this notice are available on the Ofgem website (www.ofgem.gov.uk).
7. Any representations with respect to the proposed licence modifications must be made on or before 24 January 2014 to: Paul Heseltine, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to paul.heseltine@ofgem.gov.uk
8. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.

¹ See s11A(10) of the Act

9. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published.

.....
Paul Heseltine
Associate Director Finance and Risk Management

Duly authorised on behalf of the
Gas and Electricity Markets Authority

19 December 2013

Schedule to Appendix 7 – Electricity Distribution Licence

Standard Condition 1, 5, 11, 22 and 44 of each Electricity Distribution licence is proposed to be modified in the manner set out in paragraph 1 to 7 of this Schedule.

1. In Standard Condition 1 (Definitions for the standard conditions) paragraph 1.3 (Definitions in alphabetical order) in the definition of "National Consumer Council" at the end add 'in the version before it was substituted by paragraph 12 of Part 1 (Amendments to Acts) of Schedule 1 of the Public Bodies (Abolition of the National Consumer Council and Transfer of the Office of Fair Trading's Functions in relation to Estate Agents etc) Order 2014.'
2. In Standard Condition 1 (Definitions for the standard conditions) paragraph 1.3 (Definitions in alphabetical order) after the definition of "Charging Methodology" and before the definition of "Conditions" insert:

Citizens Advice	means the National Association of Citizens Advice Bureaux;
-----------------	--

Citizens Advice Scotland	means the Scottish Association of Citizens Advice Bureaux;
--------------------------	--

3. In respect of Standard Condition 5: Licensee's payment to the Authority, the proposed insertions are shown underlined and the proposed deletions are crossed through as follows:

Condition 5. Licensee's payments to the Authority

Determination of amounts

- 5.1 In respect of each Regulatory Year at the beginning of which the licensee holds this licence, the licensee must pay to the Authority the total of:
 - (a) an amount that is the Relevant Proportion of the Estimated Costs of the Authority during the year in question;
 - (b) ~~an amount that is the Relevant Proportion of the Estimated Costs of the National Consumer Council during the year in question (including expenses which relate to its establishment but not expenses within paragraph (d)) that the Secretary of State considers is reasonable having regard to the functions exercisable by the National Consumer Council in relation to gas and electricity consumers;~~
 - (c) ~~an amount which is the Relevant Proportion of the Estimated Costs of the Secretary of State which relate to the establishment of the National Consumer Council during the year in question that the Secretary of State considers is reasonable having regard to the functions exercisable by the National Consumer Council in relation to gas and electricity consumers;~~
 - (b) the appropriate proportion of the expenses of Citizens Advice (including expenses relating to taking on functions transferred from the

National Consumer Council but not including expenses within paragraph (e));

- (c) the appropriate proportion of the expenses of Citizens Advice Scotland (including expenses relating to taking on functions transferred from the National Consumer Council but not including expenses within paragraph (f));
- (d) an amount which is the Relevant Proportion of any Estimated Costs of ~~the National Consumer Council~~, the Secretary of State or the Gas and Electricity Consumer Council during the year in question which relate to a transfer scheme made in respect of the Gas and Electricity Consumer Council under section 35(2)(a) or (7) of the Consumers, Estate Agents and Redress Act 2007;
- (e) the appropriate proportion of the expenses of Citizens Advice which relate to a transfer scheme made in respect of the National Consumer Council under section 23 of the Public Bodies Act 2011;
- (f) the appropriate proportion of the expenses of Citizens Advice Scotland which relate to a transfer scheme made in respect of the National Consumer Council under section 23 of the Public Bodies Act 2011;
- ~~(e)~~(g) an amount which is the Relevant Proportion of the Estimated Costs of the Secretary of State which relate to the abolition of the Gas and Electricity Consumer Council during the year in question;
- (h) the appropriate proportion of the expenses of the Secretary of State which relate to the abolition of the National Consumer Council and the transfer of functions to Citizens Advice and Citizens Advice Scotland;
- (i) the appropriate proportion of the expenses of the Secretary of State which relate to the transfer of functions and the conferring of functions on Citizens Advice and Citizens Advice Scotland by the Public Bodies (Abolition of the National Consumer Council and Transfer of the Office of Fair Trading's Functions in relation to Estate Agents etc) Order 2014 (S.I. 2014/...);
- (j) the appropriate proportion of the expenses of the Secretary of State which relate to a transfer scheme made in respect of the National Consumer Council under section 23 of the Public Bodies Act 2011;
- ~~(f)~~(k) an amount which is the Relevant Proportion of the Estimated Costs of the Citizens Advice or Citizens Advice Scotland on, or in connection with, the support of any qualifying consumer advice scheme that the Secretary of State considers is reasonable having regard to the functions exercisable by the National Consumer Council in relation to gas and electricity consumers;
- ~~(g)~~(l) an amount that is the Relevant Proportion of the Estimated Costs of the Secretary of State during the year in question in respect of –

(i) payments made by the Secretary of State by virtue of paragraph 4(2) or (2A) of Schedule 7 the Act (payments relating to meter examiners);

(ii) any other costs incurred by the Secretary of State in performing functions conferred by Schedule 7 to the Act or by electricity meter regulations (as defined in section 95(5) of the Energy Act 2008);

and

~~(h)~~(m) an amount which is the Relevant Proportion of the difference (being a positive or negative amount), if any, between:

(i) any costs estimated by the Authority in the previous Regulatory Year under sub-paragraphs (a) to ~~(g)~~(l); and

(ii) the actual costs of the Authority, the National Consumer Council, Citizens Advice or Citizens Advice Scotland, as the case may be and the Secretary of State ~~(including Citizens Advice or Citizens Advice Scotland)~~ for the previous Regulatory Year.

Payment of amounts

5.2 The total amount determined in accordance with paragraph 5.1 must be paid by the licensee to the Authority in two instalments:

(a) the first of which must be paid by 30 June in each year, if the Authority gives the licensee Notice of the amount of that instalment by 31 May in the year; and

(b) the second of which must be paid by 31 January in each year, if the Authority gives the licensee Notice of the amount of that instalment by 1 January in the year.

5.3 If the Authority does not give the licensee Notice of the amount of the instalment by 31 May or (as the case may be) 1 January in the year, the licensee must pay the amount in question within 30 days after the date on which the Authority does give such Notice to the licensee.

5.4 If the licensee does not pay the amount determined in accordance with paragraph 5.1 within 30 days after the relevant payment date referred to in paragraph 5.2 or 5.3, it must with effect from that date pay simple interest on the amount:

(a) at the rate which is from time to time equivalent to the base rate of NatWest Bank plc; or

(b) if there is no rate equivalent to the base rate of NatWest Bank plc, the base rate of an equivalent institution designated by the Authority for this purpose.

Interpretation

5.5 For the purposes of this condition:

Estimated Costs means costs estimated by the Authority as likely to be or likely to have been:

- (a) the costs of the National Consumer Council and Citizens Advice or Citizens Advice Scotland, as the case may be; and
- (b) the costs of the Secretary of State; ~~(including Citizens Advice or Citizens Advice Scotland);~~

Relevant Proportion means the proportion of the costs that are attributable to the licensee in accordance with principles that the Authority has determined for the purposes of this condition generally (after consulting the licensee and others likely to be affected by the application of such principles) and has notified to the licensee.

- 4. In Standard Condition 11 (Reporting on performance) paragraph 11.1 (Licensee's obligations) substitute 'the Consumer Council' with 'Citizens Advice and Citizens Advice Scotland'.
- 5. In Standard Condition 11 (Reporting on performance) paragraph 11.3 (Reporting format and timeframes) substitute 'the Consumer Council' with 'Citizens Advice and Citizens Advice Scotland'.
- 6. In Standard Condition 22 (Distribution Connection and Use of System Agreement) paragraph 22.5(a) (Part B: Principles for making a modification to the DCUSA) substitute 'the Consumer Council' with 'Citizens Advice and Citizens Advice Scotland'.
- 7. In Standard Condition 44 (Regulatory Accounts) paragraph 44.15(a) (Publication and provision of Regulatory Accounts) substitute 'the National Consumer Council' with 'Citizens Advice and Citizens Advice Scotland'.