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Date: 21 March 2014

Dear Colleague

**Statutory Consultation on the modification of the electricity generation licence of Carnedd Wen Wind Farm Limited**

On 23 November 2013 Ofgem published a Statutory Consultation<sup>1</sup> setting out its reasons for introducing Special Condition AA (the licence condition) into electricity generation licences of certain company groups. This licence condition is designed to deliver our liquidity objectives for the wholesale electricity market. On 23 January 2014 Ofgem published its decision to introduce the licence condition.<sup>2</sup> The licence condition comes into effect for those licensees today (21 March 2014). On 23 January 2014 Ofgem also published a guidance document that set out (in paragraph 1.22) that it intended to introduce the licence condition into any new generation licence subsequently granted to the company groups specified in its statutory consultation, or any affiliated generation businesses.<sup>3</sup>

On 21 February 2014, Carnedd Wen Windfarm Limited was granted a generation licence. The ultimate holding company of Carnedd Wen Windfarm Limited is RWE AG. RWE AG generation licensees are subject to Special Condition AA. Consistent with our policy intention, we are proposing to modify the generation licence of Carnedd Wen Windfarm Limited to include Special Condition AA, and to subsequently switch on Schedules A, B and C.

In future cases where obligated company groups are granted new generation licences, the usual process will be to insert Special Condition AA into relevant licences at the point of licence grant. We are minded to insert the condition into this licence. However, as this licence was granted before the Special Condition had come into effect, we are undertaking a statutory consultation prior to our decision as to whether to insert the condition.

Any representations on the proposed licence modifications may be made on or before 22 April 2014 to Graham Knowles, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [wholesalemarketoperation@ofgem.gov.uk](mailto:wholesalemarketoperation@ofgem.gov.uk).

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<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/84508/wholesalepowermarketliquiditystatutoryconsultationonthesecureandpromotelicencecondition.pdf>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/wholesale-power-market-liquidity-decision-letter>

<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/85718/liquidityinthewholesaleelectricitymarketspecialconditionaaoftheelectricitygenerationlicence-guidance.pdf>

A notice under Section 11A(2) of the Electricity Act 1989 is appended to this letter.

Yours faithfully,

**Rachel Fletcher**

**Interim Senior Partner, Markets**