

**To: Western Power Distribution (West Midlands) plc (WMID)
Western Power Distribution (East Midlands) plc (EMID)
Western Power Distribution (South Wales) plc (SWALES)
Western Power Distribution (South West) plc (SWEST)**

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 the electricity distribution licence held by each of the above licensees ("the licensees") granted or treated as granted under section 6(1)(c) of the Act by introducing a new condition CRC 3A Legacy price control adjustments and the associated Part 3 of the Price Control Financial Handbook.
2. The reason the Authority proposes to make this licence modification is to update licensees' revenue allowances, during RII0-ED1, for the close-out of specific schemes that were introduced under DPCR5. The adjustments are needed because complete data on which to close out the DPCR5 schemes was not available when setting licensees' final determinations.
3. The effect of introducing CRC 3A, along with the associated Part 3 of the Handbook, is to provide a process for adjusting licensees' allowed revenue through the annual iteration of the Price Control Financial Model (PCFM).
4. The proposed special condition to the electricity distribution licence held by the licensees is attached at Schedule 2A to this notice.
5. The proposed Part 3 of the ED1 Price Control Financial Handbook is attached at Schedule 2B of this notice.
6. A copy of the proposed modifications and other documents referred to in this Notice is published alongside this Notice and is on Ofgem's website (www.ofgem.gov.uk).
7. If you want to make any representations about the proposed licence modifications, please do so on or before 19 January 2015 to: Clothilde Cantegreil, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to Clothilde.Cantegreil@ofgem.gov.uk.
8. We will normally publish responses on Ofgem's website. But if you do not want your response to be made public, clearly mark your response as not for publication. We prefer to receive responses electronically, so we can put them on our website more easily.
9. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published.

**Maxine Frerk, Interim Senior Partner, Smarter Grids and Governance
(Distribution)
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

17 December 2014

Schedule 1: Proposed special condition to the electricity distribution licences held by:

Western Power Distribution (West Midlands) plc (WMID)

Western Power Distribution (East Midlands) plc (EMID)

Western Power Distribution (South Wales) plc (SWALES)

Western Power Distribution (South West) plc (SWEST)

A copy of the proposed modifications to the special conditions can be found on our website at:

<https://authors.ofgem.gov.uk/publications-and-updates/statutory-consultation-modification-wpd%E2%80%99s-licence-incorporate-provisions-closeout-dpcr5-schemes>

Schedule 2: proposed Part 3 of the ED1 Price Control Financial Handbook

A copy of the relevant ED1 Price Control Financial Handbook chapters can be found on our website at:

<https://authors.ofgem.gov.uk/publications-and-updates/statutory-consultation-modification-wpd%E2%80%99s-licence-incorporate-provisions-closeout-dpcr5-schemes>