



Making a positive difference
for energy consumers

Gwneud gwahaniaeth gwirioneddol
i ddefnyddwyr ynni

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Dear Colleague

Modification of the definition of 'Relevant Licensee' within standard licence condition 16B of the Electricity generation licence

We issued a modification on 18 December 2014¹ that modified standard licence condition (SLC) 16B of the electricity generation licence. The effect of the modification is to ensure that the information in vertically-integrated energy companies' Consolidated Segmental Statements (CSS) is more robust, useful and accessible for consumers, potential new entrants to the market and other users. The modification will take effect on and from 13 February 2015 and will apply for the 2014 CSS.

It has come to our attention that the amendment to the definition of 'Relevant Licensee' in paragraph 11 of SLC 16B² does not reflect our policy intent. The modification inadvertently excludes licensed electricity generators, which are part of a vertically-integrated company, that do not supply electricity or gas.

We have therefore decided to revoke the specific amendment to the definition of 'Relevant Licensee' and issue a new modification to correct that definition. This means that the definition of 'Relevant Licensee' will remain unchanged on 13 February when the 18 December modification takes effect.

Please find enclosed the new modification that implements the Authority's decision to modify the definition of 'Relevant Licensee' to better reflect our policy intent. The modification follows our statutory consultation dated 14 November 2014³. The new modification ensures that SLC 16B applies to licence holders that are the target of the policy intent, namely if they are part of a vertically-integrated group of companies that supplies electricity and/or gas, either jointly or severally to over 250,000 domestic and/or non-domestic customers. This decision will take effect on and from 9 April 2015.

¹ <https://www.ofgem.gov.uk/ofgem-publications/92229/decision-modificationofthestandardconditionsofelectricitygenerationlicences.pdf>

² As set out in schedule 1 to the modification decision

³ <https://www.ofgem.gov.uk/ofgem-publications/91354/proposedlicencemodificationstoimprovethetransparencyofenergycompanyprofits.pdf>

If you have any queries regarding the information contained within this letter, please contact Robyn Daniell on 0207 901 3877 or by email CSS@ofgem.gov.uk.

Yours faithfully,

Neil Barnes
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For and on behalf of the Gas and Electricity Markets Authority