

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 (a Licence) under section 6(1)(c) of the Electricity Act 1989 (the Act).
2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave notice on 17 December 2014 (the Notice) that it proposed to make modifications to the standard conditions of the electricity distribution licences, of which the Licence is one, as set out in Schedule 2 to the Notice. The Notice specified that the reason for the modifications was to give effect to the policy set out in the Strategy Decision for the RIIO-ED1 Electricity Distribution Price Control - Overview (Reference number: 26/13), referred to within this Notice as 'Strategy Decision'¹ and the RIIO-ED1 final determinations for the slow-track electricity distribution companies, referred to within this Notice as 'Final Determinations'². The Notice required any representations to the modifications to be made on or before 19 January 2015.
3. In accordance with section 11A(4)(b) of the Act, the Authority gave notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received 7 responses. All non-confidential responses have been placed on the Ofgem website.
5. The Authority has carefully considered in relation to the proposed modification all representations received. Our response to these is set out at Schedule 4 to this modification.
6. The Authority considers it necessary to make a number of minor changes to the modifications set out in the Notice. These are indicated in Schedule 4 attached to this modification. These alterations are shown in red in the attached Schedule 2. Reasons for these changes are indicated in Schedule 4 attached to this modification.
7. In accordance with section 11A(7)(d) of the Act, Schedule 4 of this modification states the reasons for any differences between the proposed modifications set out in the Notice and the modifications set out in the attached Schedule 2.
8. In accordance with section 49A of the Act, in summary, the reason why the Authority is making these licence modifications is to give effect to the policy set out in the Strategy Decision.
9. Schedule 3 of the modification sets out in more detail the reasons for and effects of the modifications.
10. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 11C of the Act, Rule 5.7 of the CMA's

¹ <https://www.ofgem.gov.uk/ofgem-publications/47067/riioed1decoverview.pdf>

² <https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-final-determinations-slow-track-electricity-distribution-companies>

Energy Licence Modification Appeals Rules³ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 5 provides a list of the relevant licence holders in relation to this modification notice. 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 and for the reasons set out in the modification and in Schedule 3 to it, the Authority hereby modifies the standard licence conditions for all electricity distribution licences in the manner specified in attached Schedule 2. This decision will take effect on and from 1 April 2015.

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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Maxine Frerk

Interim Senior Partner, Smarter Grids and Governance (Distribution)

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

03 February 2015

³ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

Schedule 1: Summary of standard conditions to be amended, added or removed

The following table is an overview of the structure of the Standard Licence Conditions (SLCs), existing DPCR5 conditions and any changes that are being made as part of the RIIO-ED1 price control review.

In particular, the table shows:

- changes to the SLCs made in May 2014⁴ (in blue)
- changes to the SLCs we are directing now (in green)
- SLCs to which changes were made in May 2014 and to which we are now making further amendments (in orange).

Licence Number	SLC	Change for RIIO-ED1	Associated Document Created?
Section A: Standard conditions for all electricity distributors			
Chapter 1: Interpretation and Application			
1	Definitions for the standard conditions	Amendment	No
2	Interpretation of this licence	No Change	No
3	Application of Section B of the standard conditions	No Change	No
Chapter 2: General Obligations and Arrangements			
4	No abuse of the licensee's special position	No Change	No
5	Licensee's payments to the Authority	No Change	No
6	Provision of Information to the Authority	No Change	No
6A	Smart metering systems and provision of information to the Secretary of State	No Change	No
7	Determinations by the Authority	No Change	No
Chapter 3: Public Service Requirements			
8	Safety and security of supplies enquiry service	No Change	No
9	Arrangements for access to premises	No Change	No
10	Special services and complaints procedure	No Change	No
10A	Smart metering – matters relating to obtaining and using consumption data	No Change	No
11	Reporting on performance	Amendment	No
Chapter 4: Arrangements for the Provision of Services			
12	Requirement to offer terms for Use of System and connection	Amendment	No
13	Charging Methodologies for Use of System and connection	Amendment	No
13A	Common distribution charging methodology	No Change	No
13B	EHV distribution charging methodology	No Change	No
13C	Recovery of reinforcement costs for relevant customers	New for RIIO-ED1	No
14	Charges for Use of System and connection	Amendment	No
15	Standards for the provision of Non-Contestable Connection Services	Amendment	No
15A	Connection Policy and Connection Performance	Amendment	No
16	Requirement to offer terms for the connection of Metering Equipment	No Change	No
17	Requirement to offer terms for the provision of Metering Point Admin Services	No Change	No
18	Provision of and charges for Metering Point Administration Services	No Change	No
19	Prohibition of discrimination under Chapters 4 and 5	No Change	No
Chapter 5: Industry Codes and Agreements			

⁴ RIIO-ED1: Modifications to the standard conditions of the electricity distribution licences - <https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-modifications-standard-conditions-electricity-distribution-licences>

20	Compliance with core industry documents	No Change	No
21	The distribution code	No Change	No
22	Distribution connection and Use of System agreement	No Change	No
22A	Governance and change control arrangements for Relevant Charging	No Change	No
23	Master registration agreement	No Change	No
Chapter 6: Integrity and Development of the Network			
24	Distribution system planning standard and quality of performance reporting	No Change	No
25	Long-Term development statement	No Change	No
25A	Distributed generation: connections guide and information strategy	Amendment	No
26	Disposal of relevant assets and restrictions on charges over Receivables	No Change	No
27	Theft, damage, and meter interference	No Change	No
28	Application of statutory powers	No Change	No

Chapter 7: Financial and Ring-Fencing Arrangements			
29	Restriction of activity and financial ring-fencing of the Distribution Business	No Change	No
30	Availability of resources	No Change	No
31	Undertaking from Ultimate Controller	No Change	No
31A	Accounts	No Change	No
31B	Independence of the Distribution Business and restricted use of Confidential Information	No Change	No
31C	Appointment of compliance officer	No Change	No

Section B: Additional standard conditions for electricity distributors who are distribution services providers			
Chapter 8: Application and Interpretation of Section B			
32	Effect of the application of Section B	No Change	No
Chapter 9: Requirements within the Distribution Services Area			
34	Requirement to offer terms for the provision of Legacy Metering Equipment	No Change	No
35	Requirement to offer terms for the provision of Data Services	No Change	No
36	Charges for the provision of Legacy Metering Equipment and Data Services	No Change	No
37	Provision of the Data Transfer Service	No Change	No
38	Treatment of payment claims for last-resort supply	No Change	No
39	Prohibition of discrimination under Chapter 9	No Change	No
Chapter 10: Credit Rating and Restriction of Indebtedness			
40	Credit rating of the licensee	No Change	No
41	Restriction of Indebtedness and transfers of funds	No Change	No
Chapter 11: Independence of the Distribution Business			
42	Independence of the Distribution Business and restricted use of Confidential Information	No Change	No
43	Appointment of compliance officer	No Change	No
43a	Requirement for sufficiently independent directors	No Change	No
Chapter 12: Provision of Regulatory Information			
44	Regulatory accounts	Amendment	No
45	Data assurance requirements	New for RIIO-ED1	Yes
46	Regulatory instructions and guidance	New for RIIO-ED1	Yes
47	Environmental reporting	New for RIIO-ED1	Yes
48	Innovation strategy	New for RIIO-ED1	No
49	Electricity distribution losses management obligation and distribution losses	New for RIIO-ED1	Yes

50	Business plan commitment reporting	New for RIIO-ED1	Yes
51	Network asset indices methodology	New for RIIO-ED1	No

Current conditions for complete removal			
33	Definitions for the Section B standard conditions	Removal	No
44a-49	Multiple RIG conditions: <ul style="list-style-type: none"> ▪ Network Outputs Regime ▪ Distribution Losses Reporting Requirement ▪ Low Carbon Networks Fund Reporting ▪ Incentive scheme for quality of service ▪ Incentive scheme for Transmission Connection Point Charges ▪ Incentive schemes for innovation funding and Distributed Generation ▪ Business Carbon Footprint Reporting ▪ Reporting of Price Control Revenue Information ▪ Reporting of Price control Cost Information ▪ Modification of the RIGs in force under Chapter 4 and 12 and overarching RIG structure 	Removal	No
50a	Development and implementation of an EHV Distribution Charging Methodology	Removal	No

Schedule 2: Modifications to the standard conditions of the electricity distribution licences

A copy of the modifications to the Standard Conditions of the electricity distribution licences can be found on Ofgem's website at:

<https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-modifications-standard-conditions-electricity-distribution-licences-0>

Schedule 3: Reasons and effects of the modifications to the standard conditions of the electricity distribution licences

Section A: Standard conditions for all Electricity Distributors

SLC 1. Definitions for the standard conditions

Type of change: amendment

1.1 This condition sets out the defined terms and expressions that apply to the standard conditions of the licence and appear in more than one standard condition. Any defined terms and expressions used in a single condition are listed in condition in which they are used.

1.2 The reasons for the modifications are:

- to ensure the term "Charging Methodology" operates appropriately in consequence of changes to the SLCs; and
- provide a definition of "DG Standards Direction" for SLC 11.

1.3 Initial changes were made to SLC 1 in May 2014.⁵ This is an update following changes to the remaining SLCs which could not be finalised early.

1.4 The effect of the changes is to remove references to SLCs 50 and 50A from the definition of "Charging Methodology" and to move the definition of "DG Standards Direction" from SLC 15A to this condition.

SLC 11. Reporting on Performance

Type of change: amendment

1.5 This condition requires the DNOs to report on a number of matters in relation to its dealings with customers.

1.6 The reason for the change is to ensure the licence is kept up-to-date and consistent with licensees' other reporting requirements.

1.7 The effect of the changes is to update the reference to Electricity Standards of Performance Regulations, include the Electricity (Connection Standards of Performance) Regulations and DG Standards Direction and amend the reporting format and timescales to make it consistent with the rest of the RIGs.

SLC 12. Requirement to offer terms for Use of System and connection

Type of change: amendment

⁵ <https://www.ofgem.gov.uk/publications-and-updates/rrio-ed1-modifications-standard-conditions-electricity-distribution-licences>

1.8 This condition sets out how the licensee must treat requests to enter into a Use of System agreement or make a connection.

1.9 The reason for this change is to ensure that licensees provide connection quotations consistently throughout the regulatory year. This also ensures that SLC 12 remains consistent with the standards outlined in the Connection Guaranteed Standards of Performance.

1.10 The effect of this change is to specify that the licensee must give customers a quote within 65 working days rather than the current three months.

1.11 We are also making minor drafting changes to this condition to improve its clarity.

SLC 13. Charging Methodologies for Use of System and connection

Type of change: amendment

1.12 The reason for the changes is to ensure that the licence condition is kept up-to-date.

1.13 The effect of the condition is to delete dates which have already passed and to amend cross references in consequence of modifications to the SLCs.

SLC 15. Standards for the provision of Non-Contestable Connection Services

Type of change: amendment

1.14 This condition sets out the standards of service that the licensee must provide for non-contestable connection services. We are proposing modifications for the following reasons and with the following effects.

1.15 The reasons for the changes are to put the responsibility on the licensee to contact the applicant as soon as possible if they need additional information, because the standards become effective once the applicant has supplied the specified information (ie contact details, the work-site location, the service required and, where relevant, the total load required). These changes will also provide more consistent reporting requirements across SLC15 and our Guaranteed Standards of Performance and ensure obligations are relevant to current sample sizes.

1.16 The effects of our changes are to:

- Combine the licensee's 90% obligation to provide the relevant service standard for the Final Works and Phased Energisation categories due to low sample numbers.
- Delete references to a specific guidance document and audit requirements as reporting requirements are being incorporated into the RIGs
- Specify that the licensee must provide quotes within 65 working days rather than three months.
- Allow licensees to exclude Final Works and Phased Energisation work where the applicant has requested deferred dates.
- Make the standards effective once the licensee has been provided with contact details, the work-site location, the service required and, where relevant, the total load required.

- Delete the requirement for the licensee to contact the applicant within five working days if the application does not contain all the information required.

SLC 15A. Connection policy and connection performance

Type of change: amendment

1.17 We are moving the definition of “DG Standards Direction” from this condition to SLC 1 so that it will also apply to SLC 11.

SLC 47. Environment Reporting

Type of change: Amendment

1.18 The reason for this change is to ensure that the annual Environment Report published by the licensee is also submitted to the Authority and falls under the definition of “Data” in SLC 45 Data Assurance requirements.

1.19 The effect of the change is to ensure that the Environment Report is submitted to the Authority as well as published.

SLC 50A. Development and implementation of an EHV distribution charging methodology

Type of change and effect: removal from licence

1.20 The reason for proposing this modification is that the vast majority of the current condition’s obligations have now been fulfilled and the current condition SLC 13B carries the necessary arrangements going forward.

1.21 Given the obligations under SLC50A have been fulfilled, the effect of removing it is to remove redundant obligations from the licence.

SLC 51. Network Asset Indices Methodology

Type of change: Amendment

1.22 The reason for this change is to provide clarity on how the Risk Index is determined.

1.23 The effect of this change is to modify the definition of “Risk Index”.

Schedule 4: Response to representations and reasons for any differences between the proposed modifications in the statutory consultation and those set out in this Notice - Standard Licence Conditions

On 17 December 2014, we published our statutory consultation on proposed modifications to the standard conditions of the electricity distribution licences. Our response to the issues raised by stakeholders responding to this consultation can be found on our website at: <https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-modifications-standard-conditions-electricity-distribution-licences-0>

Schedule 5: List of Relevant Licence Holders⁶

Relevant Licence Holder	Registered address⁷
Eastern Power Networks Plc	Newington House 237 Southwark Bridge Road London SE1 6NP United Kingdom
Electricity North West Limited	304 Bridgewater Place Birchwood Park Warrington WA3 6XG United Kingdom
London Power Networks Plc	Newington House 237 Southwark Bridge Road London SE1 6NP United Kingdom
Northern Powergrid (Northeast) Limited	Lloyds Court 78 Grey Street Newcastle Upon Tyne NE1 6AF United Kingdom
Northern Powergrid (Yorkshire) Plc	Lloyds Court 78 Grey Street Newcastle Upon Tyne NE1 6AF United Kingdom
Scottish Hydro Electric Power Distribution Plc	Inveralmond House 200 Dunkeld Road Perth Perthshire PH1 3AQ United Kingdom
South Eastern Power Networks Plc	Newington House 237 Southwark Bridge Road London SE1 6NP United Kingdom

⁶ Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>

⁷ The maintained list of Relevant Licence Holders' registered addresses can be also found on Ofgem's website: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>

Southern Electric Power Distribution Plc	55 Vastern Road Reading RG1 8BU United Kingdom
SP Distribution Limited	1 Atlantic Quay Robertson Street Glasgow G2 8SP United Kingdom
SP Manweb Plc	3 Prenton Way Prenton CH43 3ET United Kingdom
Western Power Distribution (East Midlands) Plc	Avonbank Feeder Road Bristol BS2 0TB United Kingdom
Western Power Distribution (South Wales) Plc	Avonbank Feeder Road Bristol BS2 0TB United Kingdom
Western Power Distribution (South West) Plc	Avonbank Feeder Road Bristol BS2 0TB United Kingdom
Western Power Distribution (West Midlands) Plc	Avonbank Feeder Road Bristol BS2 0TB United Kingdom
Energetics Electricity Limited	International House Stanley Boulevard Hamilton International Technology Park Glasgow South Lanarkshire G72 0BN United Kingdom

ESP Electricity Limited	Hazeldean Station Road Leatherhead Surrey KT22 7AA United Kingdom
Harlaxton Energy Networks Limited	Westby Lodge Westby Grantham Lincs NG33 4EA United Kingdom
Independent Power Networks Limited	Energy House Woolpit Business Park Woolpit Bury St Edmunds Suffolk IP30 9UP United Kingdom
Peel Electricity Networks Limited	Peel Dome The Trafford Centre Manchester M17 8PL United Kingdom
The Electricity Network Company Limited	Energy House Woolpit Business Park Woolpit Bury St Edmunds Suffolk IP30 9UP United Kingdom
UK Power Networks (IDNO) Ltd	Newington House 237 Southwark Bridge Road London SE1 6NP United Kingdom
Utility Assets Limited	53 High Street Cheveley Newmarket Suffolk CD8 9DQ

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