

**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)**

**Electricity Act 1989
Section 11A(1)(a)**

**MODIFICATION OF THE LICENCES HELD BY THE FOUR LICENSEES OWNED BY
WESTERN POWER DISTRIBUTION**

Whereas –

1. Each of the companies to whom this document is addressed (the Relevant Licence Holder) is the holder of an electricity distribution licence (the Licence) granted or treated as granted 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 modify the Licence by introducing a new condition CRC 3A Legacy price control adjustments and the associated Part 3 of the Price Control Financial Handbook. The Notice required any representations to the modification 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 1 response, which has been placed on the Ofgem website. Our response to these comments is set out at Schedule 3 of this modification.
5. The Authority has carefully considered in relation to the proposed modification all representations received.
6. 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.
7. The effect of the modifications will be to provide a process for adjusting licensees' allowed revenue through the annual iteration of the RII0-ED1 Price Control Financial Model (PCFM).
8. The Authority considers it necessary to make a number of minor changes to the modifications set out in the Notice. These alterations are shown in red in the attached Schedules 2A and 2B. Reasons for these changes are indicated in Schedule 4 attached to this modification.
9. 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 Energy Licence Modification Appeals Rules¹ 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

¹ 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).

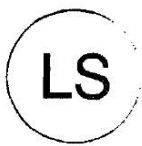
Schedule 4 provides a list of the relevant licence holders in relation to this modification notice. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

Now therefore

In accordance with the powers contained in section 11A(1)(a) of the Act, the Authority hereby modifies the licence of the Relevant Licence Holder in the manner specified in attached Schedule 1 and 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 licence held by Relevant Licence Holders 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

Schedule 1: Modification of the special conditions 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 (SWEAT)

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

<https://www.ofgem.gov.uk/publications-and-updates/modifications-special-conditions-electricity-distribution-licences-held-wpd-licensees-incorporate-dpcr5-closeout-provisions>

Schedule 2: 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://www.ofgem.gov.uk/publications-and-updates/modifications-special-conditions-electricity-distribution-licences-held-wpd-licensees-incorporate-dpcr5-closeout-provisions>

Schedule 3: Response to representations and reasons for any differences between the proposed modification in the statutory consultation and those set out in this Notice

On 17 December we published our statutory consultation on proposed modification to the special conditions of the electricity distribution licence held by the four licensees owned by WPD. Our response to issues raised by stakeholders responding to these consultations can be found on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/modifications-special-conditions-electricity-distribution-licences-held-wpd-licensees-incorporate-dpcr5-closeout-provisions>

Schedule 4: List of Relevant Licence Holders²

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

² Electricity licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-electricity-licensees-registered-addresses>