

To: Western Power Distribution (West Midlands) plc (WMID)
(registered number 3600574)
Western Power Distribution (East Midlands) plc (EMID)
(registered number 2366923)
Western Power Distribution (South Wales) plc (SWALES)
(registered number 2366985)
Western Power Distribution (South West) plc (SWEST)
(registered number 2366894)

Directions under Parts A and D of CRC 4C (Price control update provisions for WPD) of WMID's, EMID's, SWALES's and SWEST's electricity distribution licences

1. Each of the companies to whom this Notice is addressed (the licensees) holds an electricity distribution licence (licences) under section 6(1)(c) of the Electricity Act 1989 (the Act).
2. The Gas and Electricity Markets Authority (the Authority) gave notice on 3 February 2015 under Parts A and D of CRC 4C (Price control update provisions for WPD) of the licences (the Notice) that it proposed to:
 - (a) update the Stipulated Values as defined under paragraph 4C.5 of CRC 4C; and
 - (b) modify Charge Restriction Conditions in Part 4 of the licence and the ED1 Price Control Financial Instruments that form part of Special condition 4A (Governance of ED1 Price Control Financial Instruments) to:
 - (i) incorporate the updated Stipulated Values referred to in subparagraph (a); and
 - (ii) make detail of the Common Content of the ED1 Price Control Financial Instruments Handbook exactly similar to that for every other Distribution Services Provider.
3. The Notice required any representations to be made on or before 17 February 2015.
4. Prior to the close of the Notice period, we received one representation from WPD on behalf of the licensees. This response is not confidential and has been published on the Ofgem website.
5. As provided for under paragraph 4C.13 of CRC 4C, the licensees have included in their representation proposals for Reprofile their Opening Base Revenue Allowances.
6. The Authority considers that the Reprofile proposed by the licensees satisfies the requirements of paragraph 4C.14 of CRC 4C and has incorporated the modifications under these directions.
7. The Authority is directing the modifications in order to:
 - (a) bring Stipulated Values as set out in the ED1 Final Determinations up to date;
 - (b) Reprofile the licensees' Opening Base Revenue Allowances in light of the update to Stipulated Values; and
 - (c) make the detail of the Common Content of the ED1 Price Control Financial Instruments for the licensees exactly similar to that for every other Distribution Services Provider.

8. When making a direction under Part D of CRC 4C, Paragraph 4C.16 of CRC 4C allows the Authority to update any of the Charge Restriction Conditions, including the ED1 Price Control Financial Handbook and any value, functionality or formatting contained in the PCFM.
9. These Directions have the effect of updating Values for the PU term in Appendix 1 of CRC 2A.

Direction

10. The Authority hereby directs under CRC 4C:
 - Stipulated Values for each licensee to be updated and incorporated, in the manner specified in Schedule 1 to this notice;
 - the Opening Base Revenue Allowances for each licensee to be Reprofiled, in the manner specified in Schedule 2 to this notice; and
 - the detail of the Common Content of the ED1 Price Control Financial Handbook to be made exactly similar as that for every other Distribution Services Provider in the manner specified in Schedule 3 to this notice.

**Maxine Frerk - Senior Partner SG&G Distribution
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

4 March 2015

Schedule 1: ED1 Price Control Financial Model

A copy of the ED1 Price Control Financial Model for WPD's licensees can be found on our website at:

<https://authors.ofgem.gov.uk/publications-and-updates/directions-under-parts-and-d-crc-4c-price-control-update-provisions-wpd-wmid%E2%80%99s-emid%E2%80%99s-swales%E2%80%99s-and-swest%E2%80%99s-electricity-distribution-licences>

Schedule 2: Reprofiting proposed by the Licensee under paragraph 4C.13 of CRC 4C

The table shows the requested year on year percentage change in base revenue. The first year is fixed at Final Determinations. The DNO cannot request a profile for the second year, as it is calculated automatically to make sure the profile is neutral across time.

	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023
WMID			2.80%	1.00%	1.00%	1.00%	1.00%	1.00%
EMID			3.00%	1.00%	1.00%	1.00%	1.00%	1.00%
SWALES			2.30%	1.00%	1.00%	1.00%	1.00%	1.00%
SWEST			1.60%	1.00%	1.00%	1.00%	1.00%	1.00%

Schedule 3: ED1 Price Control Financial Handbook

A copy of the ED1 Price Control Financial Handbook for WPD's licensees can be found on our website at:

<https://authors.ofgem.gov.uk/publications-and-updates/directions-under-parts-and-d-crc-4c-price-control-update-provisions-wpd-wmid%E2%80%99s-emid%E2%80%99s-swales%E2%80%99s-and-swest%E2%80%99s-electricity-distribution-licences>