

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 27 February 2015 (the Notice) that it proposed to modify standard condition 23 of the Licence and by requiring any representations to the modification to be made on or before 27 March 2015.
3. In accordance with section 11A(4)(b)(ii) of the Act, the Authority gave notice of its intention to make the modification 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 three responses. All responses have been placed on the Ofgem website.
5. The Authority has carefully considered in relation to the proposed modification all representations received.
6. The Authority gives the following reasons for making the licence modifications:

It will improve the decision-making process for changes to the Master Registration Agreement (MRA) – making it more transparent and bringing it into line with other industry codes. This will ensure more effective and consistent analysis and provide a clearer basis for decisions and recommendations on change proposals.
7. The effect of the modification will be to establish six Applicable MRA Objectives against which future changes to the MRA must be assessed. The modification also makes consequential amendments to the requirements for reporting the rationale for change and the self-governance appeal provisions in order that these provisions will refer to the facilitation of the new Applicable MRA Objectives.
8. Further information on the reasons and effects can be found in the following Ofgem documents:
 - a. Licence modification to set objectives for the Master Registration Agreement – 28 April 2015
 - b. [Consultation on a potential licence modification to set objectives for the Master Registration Agreement - 14 November 2014](#)
 - c. [Statutory consultation on a proposed licence modification to set applicable Master Registration Agreement \(MRA\) Objectives - 27th February 2015](#)
9. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) 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.

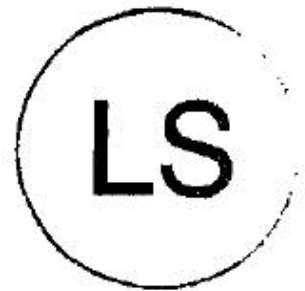
Schedule 2 provides a list of the relevant licence holders in relation to this modification notice. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

Now therefore

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all electricity distribution licences in the manner specified in attached Schedule 1. This decision will take effect on and from 23 June 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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Lesley Nugent
Head of Industry Codes and Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority

28 April 2015

Schedule 1: Licence Drafting

Condition 23. Master Registration Agreement

Licensee's obligation

23.1 The licensee, in conjunction and co-operation with all other Electricity Distributors, must take all steps within its power to ensure that the Master Registration Agreement ("the MRA") in force under this licence at 31 May 2008 remains an agreement that ~~conforms to the requirements of:~~

- (a) conforms to the requirements of paragraph 23.2 in respect of its contractual constitution; ~~and~~
- (b) conforms to the requirements of paragraph 23.3 in respect of its contents; ~~and~~
- (c) is designed to facilitate the achievement of the Applicable MRA Objectives set out in paragraph 23.3A.

Constitution of the MRA

23.2 The MRA must be an agreement made between:

- (a) on the one part, the licensee and all other Electricity Distributors; and
- (b) on the other part:
 - (i) all Electricity Suppliers (or their agents) that require the provision of Metering Point Administration Services from at least one Electricity Distributor, and
 - (ii) such other persons as are, for Settlement Purposes, appropriate parties to the agreement.

Contents of the MRA

23.3 The MRA must comprise:

- (a) terms for the provision of Metering Point Administration Services in accordance with the requirements of standard condition 18 (Provision of and charges for Metering Point Administration Services);
- (b) provisions to facilitate, and procedures and practices to be followed by Electricity Suppliers in relation to, changes of Electricity Supplier in respect of any premises;
- (c) the Data Transfer Catalogue, being a catalogue of definitions, flows, and forms of such data as may require to be transferred by or to parties to the MRA, between users of the Central Charge Database, or between any persons for Settlement Purposes or for any related purposes;
- (d) arrangements for the modification of the MRA following consultation with the parties, or representatives of the parties, to that agreement;

- (e) provisions (which must require the Authority's approval) by virtue of which the whole or specified parts of the MRA are not to be capable of modification without the Authority's approval;
- (f) such other matters as are or may be appropriate for the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the supply of electricity and for the purpose of facilitating competition in electricity supply; and
- (g) provisions to facilitate, and procedures and practices to be followed in relation to, the establishment, operation, and maintenance of the Central Charge Database.

23.3A The Applicable MRA Objectives are:

- (a) to develop, maintain and operate efficient, coordinated and economical procedures and practices to be followed in relation to changes of Electricity Supplier;
- (b) to promote effective competition between Electricity Suppliers and their agents;
- (c) to promote efficiency in implementing and administering the MRA arrangements;
- (d) so far as is consistent with sub-paragraphs (a), (b) and (c), to efficiently discharge the licensee's obligations under this licence;
- (e) to comply with the Regulation and any relevant, legally binding decision of the European Commission or the Agency for the Cooperation of Energy Regulators; and
- (f) to facilitate, so far as is consistent with sub-paragraphs (a) to (e), the maintenance and operation of an accessible, efficient, coordinated and economical system for the Green Deal.

~~23.4. The Master Registration Agreement must be compliant with the Regulation and any relevant decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.~~

23.4 NOT USED

23.5 The arrangements referred to in paragraph 23.3(d) must provide:

- (a) for proposals for the modification of the MRA to be made by the Authority (in relation only to modifications which it reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators);
- (b) for modification proposals made by the Authority or the licensee in accordance with paragraphs 23.5(a) and 23.5(c)(i) respectively:
 - (i) to be accepted into the MRA modification procedures by the panel;

- (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and
 - (iii) to proceed in accordance with paragraph 23.5(c);
- (c) for compliance by the licensee and (where applicable) the panel with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to a modification proposal which the Authority reasonably considers is necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators) for the:
- (i) licensee to raise a modification proposal; and/or
 - (ii) completion of each of the procedural steps outlined in the direction, to the extent that they are relevant; and/or
 - (iii) implementation of a modification.
- (d) for parties to the MRA, and any such other persons as may be specified in the code, to appeal against any decision to implement or reject a proposed modification of the MRA, which does not require the Authority's approval, to the Authority for determination;
- (e) for a modification report to be prepared in such manner and with all such contents as specified in the MRA, which shall include an assessment of the proposed modification in reference to whether, and if so how, it ~~facilitates the requirements of this condition~~ would better facilitate achieving the Applicable MRA Objectives and a detailed explanation of the reasons for that assessment;
- (f) where the proposed modification requires Authority approval in accordance with the provisions of the MRA, for the revision and resubmission of the modification report upon, and in accordance with, a direction issued to the panel by the Authority where the Authority determines that it cannot properly form an opinion on the approval of the modification proposal;
- (g) that proposals for the modification of the MRA falling within the scope of a Significant Code Review may not be made during the Significant Code Review Phase, except:
- (i) where the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or
 - (ii) at the direction of the Authority;
- (h) that where a modification proposal is made during a Significant Code Review Phase, the panel shall:
- (i) unless exempted by the Authority, notify the Authority as soon as practicable of:
 1. any representations received in relation to the relevance of the Significant Code Review; and

2. the panel's assessment of whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and
- (ii) if the Authority so directs, not proceed with the modification proposal until the Significant Code Review Phase has ended; and
- (i) that where an appeal has been raised in respect of a modification proposal in accordance with sub-paragraph (d), that modification proposal shall be treated in accordance with any decision and/or direction of the Authority following that appeal.

23.6 If, within twenty eight (28) days after the Authority has published its Significant Code Review conclusions, the Authority issues to the licensee:

- (a) Directions, the licensee shall comply with those Directions;
- (b) a statement that no Directions under sub-paragraph (a) will be issued in relation to the MRA, the licensee must treat the Significant Code Review Phase as ended;
- (c) neither directions under sub-paragraph (a) nor a statement under sub-paragraph (b) the Significant Code Review Phase will be deemed to have ended.

The Authority's published conclusions and Directions to the licensee will not fetter the voting rights of MRA parties or members of the panel, or the procedures informing the modification report described at sub-paragraph 23.5(e).

23.7 The MRA must provide for:

- (a) a panel body, as specified in the MRA (the "panel") whose functions must include the matters required by this condition and as set out in the MRA; and,
- (b) a secretarial or administrative person or body, as specified in the MRA, to perform the role of code administrator (the "code administrator"). In addition to any powers, duties or functions set out in the MRA, the code administrator must:
 - (i) together with other code administrators, publish, review, and (where appropriate) amend from time to time the Code of Practice approved by the Authority (any amendments to the Code of Practice are to be approved by the Authority);
 - (ii) facilitate the procedures for making a modification to the MRA;
 - (iii) have regard to, and in particular (to the extent relevant) be consistent with the principles contained in, the Code of Practice; and
 - (iv) provide assistance, insofar as is reasonably practicable and on reasonable request, to parties (including, in particular, Small Participants) and, to the extent relevant, consumer representatives that request the code administrator's assistance in relation to the MRA including, but not limited to, assistance with:

- drafting a modification proposal;
- understanding the operation of the MRA;
- their involvement in, and representation during, the modification procedure processes (including but not limited to code panel, and/or workgroup meetings);
- accessing information relating to modification proposals and/or modifications.

23.8 Eligible grounds for appeal under the provisions referred to in sub-paragraph 23.5(d) shall be that, in the opinion of the Authority:

- (a) (i) the appealing party is likely to be unfairly prejudiced by the implementation or non-implementation of that modification proposal; or
- (ii) the appeal is on the grounds that:
1. in the case of implementation, the modification proposal may not better ~~enable the MRA to fulfil the requirements of this condition~~ facilitate the achievement of at least one of the Applicable MRA Objectives; or
 2. in the case of non-implementation, the modification may better ~~enable the MRA to fulfil the requirements of this condition~~ facilitate the achievement of at least one of the Applicable MRA Objectives; and
- (b) the appeal is not brought for reasons that are trivial or vexatious, nor does the appeal have no reasonable prospect of success.

23.9 The procedures for the modification of the MRA must provide that recommendations or decisions for or against the implementation of a modification proposal shall be made with regard to whether that modification would, as compared with the existing provisions of the MRA, better enable the MRA to ~~fulfil the requirements of this condition~~ achieve the Applicable MRA Objectives.

23.10 The procedures for the modification of the MRA must be consistent with the principles set out in the Code of Practice, to the extent that they are relevant.

23.11. Without prejudice to any rights of approval, veto or direction the Authority may have, the licensee must use its best endeavours to ensure that procedures are in place that facilitate its compliance with the requirements of this condition including, but not limited to, modifying the MRA where necessary no later than 31 December 2013.

Schedule 2: Relevant Licence Holders²

Eastern Power Networks Plc
Electricity North West Limited
Energetics Electricity Limited
ESP Electricity Limited
Harlaxton Energy Networks Limited
Independent Power Networks Limited
London Power Networks Plc
Northern Powergrid (Northeast) Limited
Northern Powergrid (Yorkshire) Plc
Peel Electricity Networks Limited
Scottish Hydro Electric Power Distribution Plc
South Eastern Power Networks Plc
Southern Electric Power Distribution Plc
SP Distribution Limited
SP Manweb Plc
The Electricity Network Company Limited
Utility Assets Limited
Western Power Distribution (East Midlands) Plc
Western Power Distribution (South Wales) Plc
Western Power Distribution (South West) Plc
Western Power Distribution (West Midlands) Plc

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