

**To: Electricity North West Ltd (ENWL)
Northern Powergrid (Northeast) Ltd (NPgN)
Northern Powergrid (Yorkshire) plc (NPgY)
London Power Networks plc (LPN)
South Eastern Power Networks plc (SPN)
Eastern Power Networks plc (EPN)
SP Distribution plc (SPD)
SP Manweb plc (SPMW)
Scottish Hydro Electric Power Distribution plc (SSEH)
Southern Electric Power Distribution plc (SSES)**

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

**Modification of the special conditions of the electricity distribution licence held by
the licensees above**

1. The licensees above are holders 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. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 9 December 2015 ('the Notice') that we propose to modify minor errors in Charge Restriction Conditions ('CRCs') 2A, 3A, 3E, 3F, 5B, 5D and 5G of the Licence. We stated that any representations to the modification proposal must be made on or before 11 January 2016.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received three responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in Schedule 4. One licensee indicated that it did not wish to make any representations.
5. It is necessary to make three minor alterations to the modifications set out in the Notice: two in the CRCs and the other in UKPN's Network Asset Workbook. The modifications set out in the Notice are shown in red font and the minor alterations to these modifications are shown in red font and yellow highlight in the attached Schedule 1 and 2. The reasons for two of the differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 and 2 are to correct minor errors raised in consultation responses. We have also amended the date in the definition of 'Network Assets Workbook' in CRC 5D.32 to clarify that this is the date of first publication.
6. We are making these licence changes to correct minor corrections and typographical errors within the licence. Specifically, the amendments to CRC 3F are to remove provisions which are not relevant to the licensee stipulated at the start of the condition. Another amendment to CRC 5D.18(b) is due to potential unintended consequences from the current drafting. The condition, prior to amendments, could have been interpreted to read that changes to the methodology which do not change the scope in and out of asset replacement and refurbishment are not factored into the test of 'equally challenging', which would have caused rebasing to not work correctly.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

7. The effect of the modifications will be to improve readability and usability of the licence.
8. We are reissuing the Network Asset Workbooks under CRC 5D for SSEH, SSES, LPN, SPN and EPN, in order to correct formulae errors and to correctly reflect the split of outputs for asset replacement and load-related high value projects respectively.
9. The modifications to the CRCs are set out in Schedule 1 of this notice and the reissued Network Asset Workbooks are set out in Schedule 2.
10. Where an application for permission to appeal our 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 Rules² 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 3 provides a list of the relevant licence holders in relation to this modification. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 11A(1)(a) of the Act, we hereby modify the special conditions of the electricity distribution licence held by the licensees above in the manner specified in attached Schedule 1. This decision will take effect from 1 April 2016.

This document is notice of the reasons for the decision to modify the electricity distribution licence held by the licensees above as required by section 49A(2) of the Act.

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**



.....
**Associate Partner, Paul Branston
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

29 January 2016

² 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 CMA.

Schedule 1: Modifications to the special conditions of the electricity distribution licences held by the licensees above

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

<https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-decision-minor-modifications-special-conditions-slow-track-electricity-distribution-licences>

Schedule 2: Reissue of Network Asset Workbooks for SSEH, SSES, LPN, EPN and SPN under the electricity distribution licences held by these licensees

A copy of reissued Network Asset Workbooks can be found on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-decision-minor-modifications-special-conditions-slow-track-electricity-distribution-licences>

We have also included at this link the re-issued Monetised Risk Workbook for SSEH.

Schedule 3: Relevant Licence Holders³

Relevant Licence Holder	Registered address
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

³ Electricity licence holders are listed at: <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

Schedule 4 – Responses to the representations received

- One DNO identified a minor typographical error in CRC 2A.4. This has now been corrected.
- One DNO identified a minor error in the Network Asset Workbook for SPN. This is in relation to the correct breakdown of assets in Health Index categories for 132kV circuit breakers, under tab NAW7b. This was an error in relation to duplication of tables and has now been corrected.
- One DNO raised a point of clarification in relation to the legal status of the Monetised Risk Workbook, which we had issued alongside the Network Asset Workbook in the statutory consultation.

We appreciate that in current licence drafting there may be a lack of clarity regarding the formal status of the Monetised Risk Workbooks. In order to be clear that the Monetised Risk Workbook should have the same legal status as the Network Asset Workbook, we intend to make the necessary changes to the workbook and/or licence at the next window of opportunity and following due process.

- One DNO requested clarification of the definition of 'Working Day'. We do not consider that this representation falls within the scope of the consultation and so we have corresponded with the DNO outside the scope of this consultation.