

Appendix 3

To: All holders of an electricity distribution licence

Electricity Act 1989 Section 11A(1)(b)

Modification of the standard conditions of all electricity distribution licences

1. Each of the licensees to whom this document is addressed has an electricity distribution licence which has been granted or treated as granted under 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 10 May 2016 ('the Notice') that we propose to modify the following standard conditions:
 - a. SLC21 (The Distribution Code);
 - b. SLC22 (Distribution Connection and Use of System Agreement);
 - c. SLC22 A (Governance and change control arrangements for Relevant Charging Methodologies);
 - d. SLC23 (Master Registration Agreement).
3. We stated that any representations to the modification proposal must be made on or before 7 June 2016.
4. 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.
5. We received seven responses to the Notice, which we carefully considered. We have placed all the responses on our website. Our response to these comments is set out in the accompanying letter.
6. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are highlighted in grey in the attached Schedules. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in the Schedules are to correct minor typographical errors including those raised in consultation responses.
7. We are making this modification to ensure that the licence and the governance arrangements of all industry codes have in place a process aimed at delivering changes to the codes in an efficient and timely way.
8. The effect of these proposed modifications is to: introduce the ability for Ofgem to raise Significant Code Review (SCR) modification proposals; make amendments to the applicable objectives. Further details on the reasons for these licence modifications are available in the following documents:
 - a. Open Letter on Further Review of Code Governance dated 15 May 2015²
 - b. Code Governance Review (Phase 3): Initial Proposals (2015) dated 23 October 2015³
 - c. Code Governance Review (Phase 3): Final Proposals (2015) dated 31 March 2016⁴

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

² <https://www.ofgem.gov.uk/publications-and-updates/open-letter-further-review-industry-code-governance>

³ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-initial-proposals>

- d. Code Governance Review (Phase 3): Final Proposals – consultation on licence modifications dated 31 March 2016⁵
 - e. Code Governance Review (Phase 3) Final Proposals – statutory consultation on licence modifications dated 7 June 2016⁶
9. 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 Rules⁷ 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 1 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’.

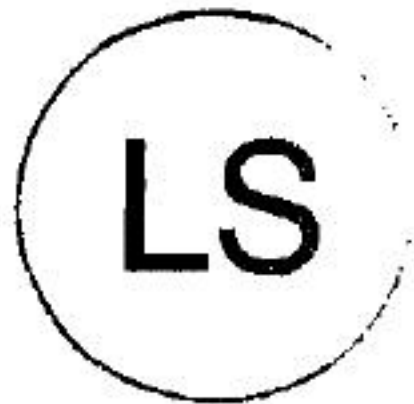
Now therefore

Under the powers set out contained in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity distribution licences in the manner specified in the attached Schedules 2,3,4,5. This decision will take effect on and from 10 August 2016.

This document is notice of the reasons for the decision to modify the electricity distribution licences 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**

LESLEY NUGENT



**Lesley Nugent
Head of Industry Codes & Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority
14 June 2016**

⁴ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals-consultation-licence-modifications>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals-statutory-consultation-licence-modifications-0>

⁷ 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 – Relevant licence holders

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

Schedule 2 – Amendments to Standard Licence Condition 21

See separate document

Schedule 3 - Amendments to Standard Licence Condition 22

See separate document

Schedule 4 - Amendments to Standard Licence Condition 22A

See separate document

Schedule 5 - Amendments to Standard Licence Condition 23

See separate document