

To: Centrica Barry Limited, Centrica KL Limited, Centrica KPS Limited, Centrica PB Limited

**DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY
PURSUANT TO PARAGRAPH AA.1 OF SPECIAL CONDITION AA OF THE ELECTRICITY
GENERATION LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION
6(1)(a) OF THE ELECTRICITY ACT 1989**

Whereas:

1. The companies to whom this Direction is addressed ("the licensees") hold a generation licence ("the licence") granted or treated as granted pursuant to section 6(1)(a) of the Electricity Act 1989 ("the Act"), in which special condition AA (Liquidity in the Wholesale Electricity Market) ("the condition") has effect.
2. The Gas and Electricity Markets Authority ("the Authority") has the power pursuant to paragraph AA.1 of the condition to direct that paragraphs AA.2 to AA.6 of the condition shall cease to have effect from such date as the Authority may specify.
3. The Authority has published today a letter titled 'REQUEST FOR MODIFICATION OF SPECIAL CONDITION AA OF ELECTRICITY GENERATION LICENCES HELD BY CENTRICA GROUP'. In accordance with section 49A of the Act, this letter gives the Authority's reasons for making this Direction and our conclusion that, following the significant and sustained reduction in the licensees' generation market share, the licensees no longer meet the criteria for complying with Schedule B of the condition, as set out in Ofgem's Liquidity in the Wholesale Electricity Market (Special Condition AA of the electricity generation licence): Guidance.

Now therefore:

4. The Authority hereby directs that paragraph AA.2(b) of the condition shall cease to have effect for the licensees.
5. This direction shall take effect on 09 August 2018 and remain in effect until such time as the Authority may revoke, vary or replace it by a further direction.

Dated: 09 August 2018

**Authorised on behalf of the Authority by Cathryn Scott
Duly authorised for that purpose by the Authority**