

To: All holders of an electricity distribution licence

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

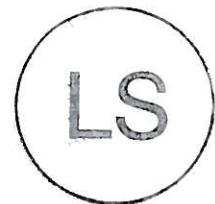
Modification of the standard conditions of all electricity distribution licences

1. Each of the licensees to whom this document is addressed has a 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 16 October 2018 ('the Notice') that we propose to modify standard condition 20. We stated that any representations to the modification proposal must be made on or before 16 November 2018.
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 39 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 at the accompanying letter.
5. We are making these licence change(s) because the majority of responses agreed with our proposals. Which are to facilitate the implementation of, and thereafter electricity distributors' accession to and compliance with, the Retail Energy Code, which we expect to give effect through designation in early 2019.
6. We are also placing a duty on electricity distribution licensees, along with other holders of licences granted under the Gas Act 1986 or Electricity Act 1989, to cooperate with the Authority or any person(s) appointed by the Authority, as may be required to give full effect to the conclusions of a Significant Code Review.
7. The reason for this modification is to ensure that change programmes initiated or sponsored by the Authority are delivered in an effective manner. At present, the Significant Code Review procedures focus on the process up to the point at which a decision is made to modify the relevant industry codes. The new requirements will ensure that any necessary change to systems and other processes are also delivered in an effective manner to deliver the policy intent.
8. The effect of the modification(s) will be to:
 - a) add the Retail Energy Code to the list of Industry Codes to which the licensee is required to accede to and comply with;
 - b) add a duty to cooperate with the Authority in delivery of a Significant Code Review; and,
 - c) include definitions of new terms where appropriate.

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

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 Energy Licence Modification Appeals: Competition and Markets Authority Rules² requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 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'.
10. Under the powers set out 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 attached Schedule 1. This modification will take effect 1 February 2019.
11. 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**



Rachel Clark,
Programme Director, Switching Programme
Duly authorised on behalf of the Gas and Electricity Markets Authority

6 December 2018

² CMA70

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Schedule 1: Modification of Standard Conditions 1 and 20 of the electricity distribution licence

Deletions are shown in strike through and new text is double underlined.

Standard Condition 1: Definitions for the standard conditions

Insert:

Retail Energy Code means the Retail Energy Code that is provided for in standard condition 11B (Retail Energy Code) of the Electricity Supply Licence.

Modify:

Standard Condition 20: Compliance with Code Industry Documents

20.3 The licensee must be a party to and comply with:

- (a) the Balancing and Settlement Code;
- (b) the Connection and Use of System Code;
- (c) the Distribution Connection and Use of System Agreement; ~~and~~
- (d) the Master Registration Agreement; and,
- (e) the Retail Energy Code;

from the earlier of:

- a. the date on which it offers to distribute electricity or
- b. the date on which it begins to distribute electricity in Great Britain.

Insert:

Duty to cooperate

20.10 The licensee will cooperate with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any reasonable requests in relation to planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a Significant Code Review.

20.11 Cooperation for the purposes of condition 20.10 may include but not be limited to:

- a) the sharing of such information as reasonable, and constructive participation in industry engagement in order to undertake appropriate planning of changes to IT systems or industry standard operational processes system changes pursuant to the conclusions of a Significant Code Review;
- b) the provision of such data as may be identified and reasonably requested in order to undertake testing and/or the population of any new central systems;
- c) the preparation and cleansing of such data as may reasonably be requested in order to facilitate live operation of the new central system;
- d) the provision of test scripts and results of any testing as may be requested by any person appointed to assure the success of any testing;
- e) all reasonable steps to:

- i) meet key programme milestones for the completion of any action(s) assigned to the licensee;
- ii) adhere to any remedial plan put in place to address any issues, delays or slippage that may impact the licensee's ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the Significant Code Review;
- iii) identify any dependencies that the licensee may have upon agents or other third-parties and secure the necessary support from such parties; and,
- iv) promptly escalate and/or resolve any disputes that if unresolved may jeopardise the fulfilment of these obligations.

and modify:

Interpretation

20.1012 In this condition:

The licensee's obligation to comply with a Core Industry Document or the Fuel Security Code is an obligation to comply with the provisions of that document so far as they are applicable to the licensee.

Core Industry Document means any and all of the following:

- (a) the Balancing and Settlement Code,
- (b) the Connection and Use of System Code,
- (c) the Distribution Code,
- (d) the Distribution Connection and Use of System Agreement,
- (e) the Grid Code,
- (f) the Master Registration Agreement,
- (g) the Revenue Protection Code,
- (h) the System Operator Transmission Owner Code, **and**
- (i) the Retail Energy Code, and
- (h) any other document designated by the Authority for the purposes of this condition following consultation with the licensee.

Fuel Security Code means the document of that name designated by the Secretary of State under section 7(4)(b) of the Act as a condition of every electricity licence of any type granted, or treated as granted, under section 6 of the Act.

Significant Code Review means a review of matters in relation to its principal objective and/or general duties (under section 3A of the Electricity Act or section 4AA of the Gas Act), statutory functions and/or relevant obligations arising under EU law, which the Authority considers are likely to relate to one or more of the documents referred to in this condition, or to which the licensee is required under this licence to be a party, and concerning which the Authority has consulted upon and issued a Notice to the parties stating that the review will constitute a Significant Code Review.

Schedule 2: Relevant licence holders

Eclipse Power Networks Limited
Energetics Electricity Limited
Energy Assets Networks Limited
Energy Assets Power Networks Limited
ESP Electricity Limited
Fulcrum Electricity Assets Limited
Harlaxton Energy Networks Limited
Independent Power Networks Limited
Leep Electricity Networks Limited
Murphy Power Distribution Limited
The Electricity Network Company Limited
UK Power Distribution Limited
Utility Assets Limited
Vattenfall Networks Limited
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

