

DIRECTION PURSUANT TO SPECIAL CONDITION AA OF THE ELECTRICITY GENERATION LICENCE

To: Drax Generation Enterprise Limited (Company number SC189124)

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 company to whom this Direction is addressed ("the licensee") holds a generation licence granted or treated as granted pursuant to section 6(1)(a) of the Electricity Act 1989 ("the Act") ("the licence"). The licence has Special Condition AA (Liquidity in the Wholesale Electricity Market) ("the condition") in 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. On 2 January 2019, the Authority issued a Direction pursuant to paragraph AA.1 of the condition that paragraph AA.2(b) ceased to have effect in the licensee's licence from 3 January 2019¹. At that time, the immediate holding company of the licensee was Drax Power Enterprise Limited.
4. VPI Holding Limited purchased the entire issued share capital of the Drax Generation Enterprise Limited with effect from 1 February 2020. As set out in Ofgem's Liquidity in the Wholesale Electricity Market (Special Condition AA of the electricity generation licence): Guidance² where a Secure & Promote (S&P) licensee is sold to a non-S&P licensee, we will disapply the condition through a Direction. The licensee no longer meets the criteria for the condition to apply to the licence.

Now therefore:

5. The Authority hereby directs that AA.2 to AA.6 of Special Condition AA shall cease to have effect for the licensee.
6. This Direction shall take effect from the date of this direction and remain in effect until such time as the Authority may revoke, vary or replace it by a further Direction.
7. In accordance with section 49A of the Act, this document constitutes the Authority's reasons for making this decision.

¹ https://www.ofgem.gov.uk/system/files/docs/2019/01/direction_to_scottishpower_generation_limited_1.pdf

² <https://www.ofgem.gov.uk/ofgem-publications/86717/liquidityinthewholesaleelectricitymarketspecialconditionaaoftheelectricitygenerationlicence-guidance-pdf>

Dated: 2 February, 2021

Chris Thackeray , Head of GB Wholesale Markets
Duly authorised on behalf of the Authority