

To:

Electricity North West Limited

Northern Powergrid: Northeast

Northern Powergrid: Yorkshire

SP Energy Networks: Distribution

SP Energy Networks: Manweb

Scottish and Southern Energy Power Distribution: Scottish Hydro Electric Power Distribution

Scottish and Southern Energy Power Distribution: Southern Electric Power Distribution

UK Power Networks: London Power Networks

UK Power Networks: South East Power Networks

UK Power Networks: Eastern Power Networks

National Grid Electricity Distribution (West Midlands) plc

National Grid Electricity Distribution (East Midlands) plc

National Grid Electricity Distribution (South Wales) plc

National Grid Electricity Distribution (South West) plc

Electricity Act 1989

Section 11A(1)(a)

Modification of the Special Conditions of the Electricity Distribution Licence held by each of the above licensees

1. Each of the licensees to whom this document is addressed is the holder 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 notice² on 2 November 2023 ('the Notice') that we proposed to modify the Licence to give effect to the Competition and Markets Authority (CMA) Order relating to the allocation of total modelled costs for Northern Powergrid: Northeast and Northern Powergrid: Yorkshire.

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

² [Notice of modification of the Special Conditions of the Distribution Licence \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/notice-of-modification-of-the-special-conditions-of-the-distribution-licence)

3. We stated that any representations to the modification proposal must be made on or before 30 November 2023.
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 four responses to the Notice, which we carefully considered. Our response to these comments is published alongside this Notice in the form of a final decision document.
6. It is necessary to make a number of minor alterations to the minor modifications which address clarity set out in the Notice. These alterations are shown in track change and yellow highlight in the licences published alongside this Notice. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in the licences published alongside this Notice are to amend the numbering, formatting and to correct minor typographical errors, and respond to issues specifically raised by responses to our consultation.
7. The reasons for making these modifications can be found at:
 - a. [Statutory Consultation on Modifications to the Standard and Special Conditions of the Electricity Distribution Licence | Ofgem](#)
8. The effect of these modifications is to change values within the Special Licences Conditions of Northern Powergrid: Northeast and Northern Powergrid: Yorkshire to reflect our redetermination of the approach to allocating Northern Powergrid: Northeast and Northern Powergrid: Yorkshire's total modelled costs to individual cost categories, following the Final Determination of the Competition and Markets Authority (CMA). This includes modifications to the Price Control Financial Model (PCFM). Consequential modifications to all other electricity distribution licences held by the above licensees are also made to reflect the changes to the allowances of Northern Powergrid: Northeast and Northern Powergrid: Yorkshire.
9. Where an application for permission to appeal our decision is made to the CMA under section 11C of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules³ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice

³ CMA70

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1113629/Energy_Rules.pdf

setting out the matters required in Rule 5.2(a). This notice is addressed to the 'relevant licence holders' and 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 of the addressed licensees in the manner specified on our website. This decision will take effect from 09 April 2024.

This document is notice of the reasons for the decision to modify the electricity distribution Special Licence Conditions as required by section 49A(2) of the Act.

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Steve McMahon

Duly authorised on behalf of the

Gas and Electricity Markets Authority

13 February 2024