

Electricity Act 1989

Section 11(1)

Modification of Special Conditions B and D of the electricity distribution licences of Aquila Networks plc, Yorkshire Electricity Distribution plc, East Midlands Electricity Distribution plc, Northern Electric Distribution Ltd, Southern Electric Power Distribution plc, United Utilities Electricity plc, Western Power Distribution (South Wales) plc and Western Power Distribution (South West) plc ('the Licensees') granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 ('the Act').

Whereas:

- 1) Pursuant to Section 11(2) of the Act, the Gas and Electricity Markets Authority ('the Authority') gave notice on 27 November 2003 that it proposed to modify Special Conditions B and D of the electricity distribution licences of the Licensees in the form set out in the Schedule to this direction.
- 2) In relation to the proposed modification, the Authority did consider one representation but no objections were received from any holders of an electricity distribution licence.
- 3) The Authority gave notice to the Secretary of State of its intention to make the modifications and did not receive from her a direction not to make any modification.
- 4) The consent of the Licensees has been obtained.
- 5) Pursuant to Section 49A of the Act, the reasons for making the licence modifications are those stated in the:

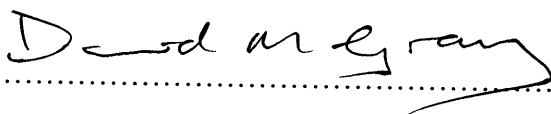
- a) Notice under Section 11(2) of the Act, which was given on 27 November 2003; and
- b) Document – Standards of Performance: Interim Arrangements, October 2003.

Copies of the documents referred to in paragraph 5 are available (free of charge) from the Ofgem Library, 9 Millbank, London, SW1P 3GE (telephone 020 7901 7003) or on the Ofgem website at www.ofgem.gov.uk.

Now Therefore:

In accordance with the powers contained in Section 11(1) of the Act, the Authority hereby modifies Special Conditions B and D of the electricity distribution licenses of the Licensees as set out in the attached Schedule with effect on and from 21 January 2004.

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of



.....
David Gray

Duly authorised on behalf of the Authority

21 January 2004

MODIFICATION TO THE ELECTRICITY DISTRIBUTION LICENCE GRANTED TO AQUILA NETWORKS PLC, YORKSHIRE ELECTRICITY DISTRIBUTION PLC, EAST MIDLANDS ELECTRICITY DISTRIBUTION PLC, NORTHERN ELECTRIC DISTRIBUTION LTD, SOUTHERN ELECTRIC POWER DISTRIBUTION PLC, UNITED UTILITIES ELECTRICITY PLC, WESTERN POWER DISTRIBUTION (SOUTH WALES) PLC AND WESTERN POWER DISTRIBUTION (SOUTH WEST) PLC

SCHEDULE

Amendments to special condition B

1. The formula in paragraph 1 of special condition B (Restriction of distribution charges) shall be amended to read as follows:

$$M_{dt} = P_{dt} + PN_{dt} + LF_{dt} + Q_{dt} + Z_{dt} + CA_{dt} + SW_{dt} - PM_{dt} - K_{dt}$$

2. In special condition B (Restriction of distribution charges), the following new paragraph **6B** shall be inserted after paragraph **6A**:

Formula for SW_{dt} as used in paragraph 1

- 6B** For the purposes of paragraph 1, in the relevant years commencing on 1 April 2003 and 1 April 2004, SW_{dt} shall be derived from the following formula:

$$SW_{dt} = \left(\frac{CR_t}{D_t} \right)$$

and in each other relevant year is zero.

where:

CR_t means the cumulative costs to be recovered by the licensee under the interim compensation arrangements made in connection with severe weather events which occur in relevant year t.

“the interim compensation arrangements” means the arrangements set out in the document issued by the Authority entitled **Standards of Performance: Interim Arrangements** and dated October 2003.

Amendments to special condition D

1. In paragraph 9 of special condition D (Information to be provided to the Authority in connection with the charge restriction condition), the following new sub-paragraph (i) shall be inserted after sub-paragraph (h):
 - (i) The value of the term SW_{dt} together with the value of each of its component parts is detailed in paragraph 6B of special condition B (Restriction of distribution charges).