

Electricity Act 1989

Section 11(1)

Modification of Special Conditions B and D of the electricity distribution licence of SP Manweb plc ('the Licensee') 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 licence of the Licensee 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 Licensee 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;
 - b) Document – Ofgem Regulatory Instructions and Guidance, February 2001; and

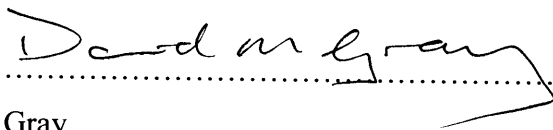
- c) Document – Standards of Performance: Interim Arrangements,
October 2003.

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 licence of the Licensee 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

A handwritten signature in cursive script, appearing to read "David Gray", is written over a horizontal dotted line. The signature is written in black ink and extends slightly below the line.

David Gray

Duly authorised on behalf of the Authority

21 January 2004

MODIFICATION TO THE ELECTRICITY DISTRIBUTION LICENCE GRANTED TO SP MANWEB 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 paragraphs **6A** and **6B** shall be inserted after paragraph 6:

Formula for CA_{dt} as used in paragraph 1

- 6A** For the purposes of paragraph 1, CA_{dt} shall be derived from the following formula:

$$CA_{dt} = RT_t \cdot PIC_t \left(\frac{C_{dt}}{D_t} \right)$$

where:

PIC_t is derived from the following formula:

$$PIC_t = \left(1 + \frac{RPI_t}{100} \right) PIC_{t-1}$$

where, for the eleventh relevant year, PIC_t equals 1.

RT_t means an amount equal to 50p for the fourteenth relevant year only, and otherwise shall be 0.

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).