

THE ELECTRICITY ACT 1989
Section 11A

MODIFICATION OF STANDARD CONDITIONS OF ELECTRICITY DISTRIBUTION LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 6(1)(c) OF ELECTRICITY ACT 1989

Whereas:

1. Each of the companies to whom this document is addressed holds an electricity distribution licence, granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 ("the Act"), authorising them to distribute electricity subject to the conditions contained in that licence.
2. In accordance with section 11A(3) of the Act, the Gas and Electricity Markets Authority ("the Authority") gave notice ("the notice") on 12 September 2005 that it proposed to modify the standard licence conditions ("SLCs") of electricity generation, transmission, distribution and supply licences.
3. The notice proposed modifications to SLCs 1 (Definitions and Interpretation) and 4C (Non-Discrimination in the Provision of Use of System and Connection to the System) of the electricity distribution licences.
4. Objections or representations to the proposed modifications were required to be made on or before 10 October 2005. The Authority did not receive any objections and received one representation in response to the notice from an electricity distribution licensee.
5. The Authority sent a copy of the notice to the Secretary of State and to energywatch. The Secretary of State did not direct the Authority not to make the proposed modifications.
6. The representation from the electricity distribution licensee referred to:
 - (a) the modification of SLC 1 (Definitions and Interpretation) to provide that the definition of "interconnector" has the meaning given "in section 4(3E) of the Act". The licensee indicated that section 4(3E) of the Act, as inserted by section 145 of the Energy Act 2004, does not recognise the term "interconnector". The term recognised is "electricity interconnector"; and
 - (b) the modification of SLC 4C (Non-Discrimination in the Provision of Use of System and Connection to the System). The licensee suggested that the word "the" should be deleted immediately before the word "participation" so that the composite phrase beginning with the word "competition" and running to the end of that sentence makes good grammatical sense.
7. The Authority has carefully considered the representation.
8. In accordance with section 49A of the Act, the Authority published its decision about the proposed modifications and the reasons for that decision on 10 November 2005 in a letter entitled, "Decision in respect of licence modifications required as a consequence

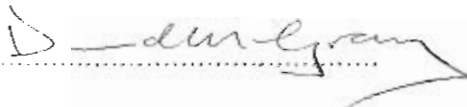
of the introduction of interconnector licences: statutory notices under section 11 and section 11A of the Electricity Act 1989" ("the decision letter").

9. In accordance with the decision letter, the definition of "interconnector" in SLC 1 (Definitions and Interpretation) has been modified to address the concern of the electricity distribution licensee, referred to in sub-paragraph 6(a) of this document. The reason the change suggested to SLC 4C (Non-Discrimination in the Provision of Use of System and Connection to the System) has not been made is contained in the decision letter.

Modification

In accordance with the powers contained in section 11A(1) of the Act, the Authority hereby modifies SLCs 1 (Definitions and Interpretation) and 4C (Non-Discrimination in the Provision of Use of System and Connection to the System) of the electricity distribution licences in the manner specified in the schedule to this document. That modification shall have effect on and from 14 August 2006.

The Official Seal of the Authority here affixed is authenticated by the signature of:

A handwritten signature in black ink, appearing to read 'D. Gray', is written over a horizontal dotted line. The signature is cursive and extends to the right of the line.

David Gray, Managing Director, Networks
authorised for and on behalf of the Authority

11 August 2006

SCHEDULE 1

Standard Condition 1. Definitions and Interpretation

No modifications are proposed to paragraph 1 of this condition, except as shown below:

“authorised electricity operator”	means any person (other than the licensee) who is authorised to generate, participate in the transmission of, distribute, or supply electricity or <u>participate in the operation of an interconnector</u> and includes any person who has made an application to be so authorised which has not been refused and any person transferring electricity to or from or across an interconnector or who has made an application for use of an interconnector which has not been refused.
“interconnector”	means the electric lines and electrical plant and meters owned or operated by a transmission licensee solely for the transfer of electricity to or from the GB transmission system into or out of Great Britain <u>has the meaning given to ‘electricity interconnector’ in section 4(3E) of the Act.</u>

No modifications are proposed to paragraphs 2-5 (inclusive) of this condition.

6. Any reference in these standard conditions to:

- (a) a provision thereof;
- (b) a provision of the standard conditions of electricity supply licences;
- (c) a provision of the standard conditions of electricity generation licences; ~~or~~
- (d) a provision of the standard conditions of electricity transmission licences; ~~or~~
- (e) a provision of the standard conditions of electricity interconnector licences,

shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or of the other standard conditions in question as modified.

No modifications are proposed to paragraphs 7-11 (inclusive) of this condition.

Standard Condition 4C. Non-Discrimination in the Provision of Use of System and Connection to the System

No modifications are proposed to paragraphs 1-5 (inclusive) of this condition.

6. In setting its charges for connection or use of system, and in the provision of non-contestable connection services and information relating thereto, the licensee shall not restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity- or in the participation in the operation of an interconnector.