

To: All holders of an electricity generation licence

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 49A OF THE ELECTRICITY ACT 1989

WHEREAS:

1. Each of the companies to whom this Modification is addressed holds an electricity generation licence granted, or treated as granted, pursuant to section 6(1)(a) of the Electricity Act 1989 (the "Act").
2. In accordance with section 11A(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") gave notice on 27 March 2007 (the "Notice") that it proposed to modify standard conditions 14 and 15 of the electricity generation licences. The effect of the proposed modification was to give effect to the powers and rights conferred by or under the provisions of Schedules 3 and 4 to the Act in relation to the holders of all electricity generation licences for the purposes of carrying out certain specified activities.
3. The Authority received 4 representations in relation to the proposed licence modification before the relevant time specified in the Notice. No representations were withdrawn. The Authority has carefully considered all representations duly made in relation to the proposed licence modification.

All non confidential representations made in relation to the proposed licence modification are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

4. It has come to the Authority's attention that some minor textual errors were contained in the Notice and that clarificatory amendments are required, namely, in Condition 15:
 - (a) in paragraph 1, "be" is replaced with "come into";
 - (b) the second paragraph 3 is renumbered 4; and
 - (c) paragraph 4 is renumbered 5.
5. No notice of objection to the proposed licence modification was given to the Authority by a relevant licence holder before the relevant time specified in the Notice.
6. The Authority gave notice of its intention to make the proposed licence modification to the Secretary of State. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modification before the relevant time specified in the Notice.

7. The reasons for making the licence modification are set out in the following documents published by the Authority:

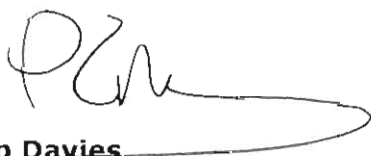
- (a) "Statutory consultation on the modification of Standard Licence Conditions 14 and 15 of the Electricity Generation Licence", Ofgem March 2007
- (b) "Review of Standard Licence Conditions 14 and 15 of the Electricity Generation Licence", Ofgem November 2006

Copies of these documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

Therefore, in accordance with section 11A of the Act, the Authority hereby modifies the standard conditions of electricity generation licences in accordance with the Schedule to this Modification with effect on and from 1 May 2007.

This document constitutes a notice of reasons for the decision to modify the standard conditions of the electricity generation licences under section 49A of the Act.

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



Philip Davies
Director – GB Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

1 May 2007



SCHEDULE

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY GENERATION LICENCES UNDER SECTION 11A OF THE ELECTRICITY ACT 1989

1. Omit Standard Conditions 14 and 15 of the electricity generation licence.
2. After Standard Condition 13 of the electricity generation licence, insert:

"Condition 14. Compulsory Acquisition of Land etc.

1. This condition shall have effect and come into operation for the purpose of this licence on and from 1 May 2007.
2. The powers and rights conferred by or under the provisions of Schedule 3 to the Act (Compulsory Acquisition of Land etc. by Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which relate to:
 - (a) the construction or extension of a generating station;
 - (b) activities connected with the construction or extension of a generating station or connected with the operation of a generating station; and
 - (c) the installation, maintenance, removal or replacement of electric lines, and electrical plant associated with them, connecting a generating station with:
 - (i) the GB transmission system; or
 - (ii) a distribution system.
3. In paragraph 2 above:
 - (a) the references to "generating station" are to an electricity generating station which:
 - (i) has, or will have when its construction or extension is completed, a capacity of not less than 50 megawatts or such other capacity as may be specified in relation thereto by order of the Secretary of State under section 36(3) of the Act; and
 - (ii) is, or will be when its extension or construction is completed, operated by or for the licensee; and
 - (b) "extension" in relation to a generating station includes the use by the person operating the station of any land (wherever situated) for a purpose directly related to the generation of electricity by that station.

Condition 15. Other powers etc.

1. This condition shall have effect and come into operation for the purpose of this licence on and from 1 May 2007.
2. The powers and rights conferred by or under the provisions of Schedule 4 to the Act (Other Powers etc. of Licence Holders) shall, subject to paragraph 3 below, have effect to enable the licensee to carry on its authorised activities:
 - (a) in relation to, or in pursuance of, the installation, inspection, maintenance, adjustment, repair, alteration, replacement and removal of:
 - (i) electric lines specified in paragraph 3 below;
 - (ii) electrical plant associated with such lines; and
 - (iii) any structures for housing or covering such lines or plant;
 - (b) in relation to the installation of electrical plant to be used in connection with a generating station or the operation thereof;
 - (c) in relation to electric lines or electrical plant as if the references to them in Schedule 4 to the Act included pipes for conveying directly to consumers' premises heat produced in association with electricity and steam produced from air and water heated by such heat and associated works in relation to such pipes and as if "associated works" had the meaning given in section 10(3) of the Act.
3. Electric lines are specified for the purposes of sub-paragraph (a) of paragraph 2 above:
 - (a) if they connect, or will connect when installed, a generating station with:
 - (i) the GB transmission system; or
 - (ii) any distribution system;
 - (b) where "electric lines" has the extended meaning given by paragraph 2(c) above, if they connect a generating station with any premises.
4. Paragraph 10 of Schedule 4 to the Act shall apply to the licensee if:
 - (a) it wishes to exercise its rights of entry on land for the purpose of establishing whether or not the land is suitable for the construction or extension of a generating station; and
 - (b) it obtains the consent of the Authority before exercising those rights.
5. In this condition:

"authorised activities" means the activities which the licensee is authorised by the licence to carry on, and

shall include any purpose connected with the supply to any premises of heat produced in association with electricity and steam produced from air and water heated by such heat;

"generating station" has the meaning given in paragraph 3 of standard condition 14 (Compulsory Acquisition of Land etc);

"extension" in relation to a generating station, has the meaning given in paragraph 3 of standard condition 14 (Compulsory Acquisition of Land etc)."