

## Annex B- Distribution Licence Modifications Decision

We are amending the Electricity Distribution Licence, Annex 2, Paragraph 4 and 6.7, by removing the text below, struck through in red, from the CC\_Xt and OCT terms:

### **Electricity Distribution Licence<sup>1</sup>, Annex 2 Paragraph 4**

4.20. The pass through capex expenditure amount - PTCE\_Xt

4.21. For the purposes of this Annex, in each Regulatory Reporting Year t and for each RAB\_X, the pass through capex expenditure amount (PTCE\_Xt), shall:

a) be the value of capex incurred by the Licensee (excluding QCE\_Xt) reasonably allocated or attributed to:

- i. the Distribution Business;
- ii. the Regulatory Reporting Year t; and
- iii. RAB\_X; and

b) be calculated as follows:

$$PTCE\_Xt = CC\_Xt + CCSA\_Xt$$

Where:

CC\_Xt means the capex connections amount in Regulatory Reporting Year t and for each RAB\_X, being the net costs (or net contributions) relating to activities or services subject to the Licensee's connection charges such that the inclusion is consistent with the Licensee's Connection Charging Statement as approved by the Authority, and where contributions from connecting parties are included on a cash basis.

~~The capex connections amount shall exclude the cost of alterations to existing connections and shall only include costs of the following types of connection:~~

- ~~1. housing sites with 12 or more domestic premises; and~~
- ~~2. ii. Approved Generation Cluster Infrastructure.~~

CCSA\_Xt means the capex connections shared asset amount in Regulatory

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<sup>1</sup> <https://www.uregni.gov.uk/files/uregni/documents/2025-11/NIE%20Networks%20Distribution%20Licence%20-%20effective%2018%2011%202025%20-%20FINAL.pdf>

Reporting Year t and for each RAB\_X being the amount that the Authority determines, in a published decision, to be appropriate in respect of Shared Asset Charges payable by the Distribution Business for the connection of the Distribution System to that part of the transmission system that has been funded by a third party pursuant to a connection agreement entered into between that third party and the Transmission System Operator.

4.22 The value of CCSA\_Xt in each Regulatory Year t and for each RAB\_X shall be that which the Authority considers appropriate, and for these purposes:

- a) no allowance may be determined in respect of any outputs or costs that are funded through any other provision of this Annex;
- b) the Authority may follow such procedure as it considers appropriate prior to making its determination, including by providing for any audit, assessment or consultation in respect of the Shared Asset Charges;
- c) the Licensee shall provide such information, including in such manner, format and within such period, as may be required by the Authority (and notified to the Licensee) for the purposes of making its determination; and
- d) the Authority may make its determination subject to conditions with which the Licensee shall be required to comply, including in particular conditions as to any monitoring, audit and reporting in relation to the amount and timings of the Shared Asset Charges.

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## **Electricity Distribution Licence, Annex 2 Paragraph 6**

6.6. Pass through opex expenditure amount – PTOEt

6.7. For the purposes of this Annex, in each Regulatory Reporting Year t, the pass through opex expenditure amount (PTOEt) shall:

a) be the value of opex incurred by the Licensee (excluding QOEt) reasonably allocated or attributed to:

- i. the Distribution Business; and
- ii. the Regulatory Reporting Year t; and

b) be calculated as follows:

$$\text{PTOEt} = \text{OLFt} + \text{OCt} + \text{OCSAt} + \text{OBRAt}$$

Where:

OLFt is the opex licence fee amount in Regulatory Reporting Year t, being the licence fee apportioned or allocated to or required from the Licensee under Condition 7 of this Licence;

OCt means the opex connections amount in Regulatory Reporting Year t, being

the net costs (or net contributions) relating to activities or services subject to the Licensee's connection charges such that the inclusion is consistent with the Licensee's Connection Charging Statement as approved by the Authority, and where contributions from connecting parties are included on a cash basis.

~~The opex connections amount shall exclude the cost of alterations to existing connections and shall only include costs of the following types of connection:~~

~~housing sites with 12 or more domestic premises; and~~

~~3. ii. Approved Generation Cluster Infrastructure.~~

OCSAt means the opex connections shared asset amount in Regulatory Reporting Year t and being the amount that the Authority determines, in a published decision, to be appropriate in respect of Shared Asset Charges payable by the Distribution Business for the connection of the Distribution System to that part of the transmission system that has been funded by a third party pursuant to a connection agreement entered into between that third party and the Transmission System Operator.

The value of OCSAt in each Regulatory Year t shall be that which the Authority considers appropriate, and for these purposes:

a) no allowance may be determined in respect of any outputs or costs that are funded through any other provision of this Annex;

b) the Authority may follow such procedure as it considers appropriate prior to making its determination, including by providing for any audit, assessment or consultation in respect of the Shared Asset Charges;

c) the Licensee shall provide such information, including in such manner, format and within such period, as may be required by the Authority (and notified to the Licensee) for the purposes of making its determination; and

d) the Authority may make its determination subject to conditions with which the Licensee shall be required to comply, including in particular conditions as to any monitoring, audit and reporting in relation to the amount and timings of the Shared Asset Charges.

OBRAt the opex business rate amount in Regulatory Reporting Year t, being the payment by the company to Land and Property Service in respect of business rates, the rates payable by the Licensee in respect of hereditaments under the Valuation (Electricity) Order (Northern Ireland) 2003.

The value of OBRAt in each Regulatory Year t may be reduced by the Authority to the extent that the Authority has concluded that the Licensee has not acted

prudently and reasonably when challenging revaluations, maintaining good records and challenging rates bills, and for these purposes:

a) the Authority may follow such procedure as it considers appropriate prior to making any determination of an adjustment to the opex business rate amount; and

b) the Licensee shall provide such information, including in such manner, format and within such period, as may be required by the Authority (and notified to the Licensee) for the purposes of making its determination.