

TRANSMISSION LICENCE STANDARD CONDITIONS

We have included the sections of the licence conditions we propose to remove or amend as well as those that are relevant to our amendments below. Deletions are shown in strike through and new text is shown in red and underlined.

TABLE OF CONTENTS

SECTION A: INTERPRETATION, APPLICATION AND PAYMENTS	1
<i>Condition A1: Definitions and interpretation</i>	1
<i>Condition A2: Application of Section C</i>	39
[...]	
SECTION C: SYSTEM OPERATOR STANDARD CONDITIONS	41
<i>Condition C1: Interpretation of Section C</i>	42
[...]	
<i>Condition C16: Procurement and use of balancing services</i>	52
[...]	

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Transmission Licence: Standard Conditions – 24 July 2021

SECTION A: INTERPRETATION, APPLICATION AND PAYMENTS

Condition A1: Definitions and interpretation

1. In the standard conditions unless the context otherwise requires:

the “Act”	means the Electricity Act 1989.
“affected transmission licensee”	for the purposes of section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“affiliate”	in relation to the licensee, means any holding company of the licensee, any subsidiary of the licensee, or any subsidiary of a holding company of the licensee.
the “Agency”	means the European Union Agency for the Cooperation of Energy Regulators established by Regulation (EC) No 713/2009 as it had effect immediately before IP completion day.
“ancillary services”	for the purposes of section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“applicable balancing services”	for the purposes of standard condition C16 (Procurement and use of balancing services) only has the meaning given in that condition.
“applicable balancing services volume data”	for the purposes of standard condition C16 (Procurement and use of balancing services)

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Transmission Licence: Standard Conditions – 24 July 2021

	only, has the meaning given in that condition.
“applicable balancing services volume data methodology”	for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.
“applicable BSC objective(s)”	for the purposes of standard condition C3 (Balancing and Settlement Code (BSC)) only, has the meaning given in that condition.
“applicable CUSC objectives”	for the purposes of standard condition C10 (Connection and Use of System Code (CUSC)) only, has the meaning given in that condition.
“applicable STC objectives”	for the purposes of standard condition B12 (System Operator-Transmission Owner Code) only, has the meaning given in that condition.
“Application Regulations”	for the purposes of section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“associated TO agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C)
“associated TO offer”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

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Transmission Licence: Standard Conditions – 24 July 2021

“auditors”	means the licensee’s auditors for the time being holding office in accordance with the requirements of the Companies Act 2006.
“authorised”	in relation to any business or activity, means authorised by licence granted or treated as granted under section 6 of the Act or, in appropriate cases, by exemption granted under section 5 of the Act.
“authorised electricity operator”	means any person (other than the licensee in its capacity as operator of the licensee’s transmission system or the national electricity transmission system) who is authorised to generate, participate in the transmission of, distribute, or supply electricity or participate in the operation of an interconnector and for the purposes of standard conditions C7 (Prohibition on discriminating between users) to C9 (Functions of the Authority) inclusive shall include any person who has made an application to be so authorised which application has not been refused and any person transferring electricity to or from the national electricity transmission system across any interconnector (or who has made an application for use of an interconnector which has not been refused).
the “Authority”	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000.

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Transmission Licence: Standard Conditions – 24 July 2021

“balancing mechanism”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“balancing services”	for the purposes of section c only, has the meaning given in standard condition C1 (Interpretation of Section C).
“balancing services activity”	has the meaning given in standard condition C1 (Interpretation of Section C).
“balancing services adjustment data methodology”	for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.
“BETTA”	means the British electricity trading and transmission arrangements which are provided for in Chapter 1 of Part 3 of the Energy Act 2004.
“BETTA go-live date”	means the date which the Secretary of State indicates in a direction shall be the BETTA go-live date.
“bilateral agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“bilateral connection agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“bilateral embedded generation agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

“BSC”	has the meaning given in standard condition C1 (Interpretation of Section C).
“BSC Framework Agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“BSC party”	for the purposes of section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“Citizens Advice”	means the National Association of Citizens Advice Bureaux.
“Citizens Advice Scotland”	means the Scottish Association of Citizens Advice Bureaux.
“Codes”	means any or all of the CUSC, BSC, Grid Code, STC and any Scottish grid code as the context requires.
“connect and manage applicant”	means a person seeking a connect and manage connection to the national electricity transmission system or distribution system by submitting a connect and manage application to the licensee;
“connect and manage application”	means an application from a connect and manage applicant for connection to the national electricity transmission system or distribution system or for modification to an existing connection to the national electricity transmission system or distribution system after the connect and manage implementation date;

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Transmission Licence: Standard Conditions – 24 July 2021

“connect and manage connection”	means the connection or modification of an existing connection to the national electricity transmission system or distribution system of a connect and manage applicant, that is dependent upon completion of enabling works but not on completion of wider works on the national electricity transmission system;
“connect and manage derogation”	for the purposes of Sections C and D has the meanings given in each of standard conditions C1(Interpretation of Section C) and D1 (Interpretation of Section D)
“connect and manage derogation criteria”	for the purposes of Sections C and D has the meanings given in each of standard conditions C1(Interpretation of Section C) and D1 (Interpretation of Section D)
“connect and manage derogation report”	for the purposes of Sections C and D has the meanings given in each of standard conditions C1(Interpretation of Section C) and D1 (Interpretation of Section D)
“connect and manage implementation date”	means the date which the Secretary of State determines shall be the connect and manage implementation date;
“connect and manage offer”	for the purposes of sections C and D has the meanings given in each of standard conditions C1(Interpretation of Section C) and D1 (Interpretation of Section D)
“connect and manage transferee”	means persons who have received or have accepted an interim connect and manage offer but who have not yet been connected

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Transmission Licence: Standard Conditions – 24 July 2021

	to the national electricity transmission system or distribution system as at the connect and manage implementation date pursuant to that interim connect and manage offer;
“connect and manage transition period”	means the period ending 6 months after the connect and manage implementation date;
“connection charges”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“connection charging methodology”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“connection date”	means the date on which a connect and manage applicant is connected to or able to use the national electricity transmission system or distribution system in accordance with a connect and manage offer;
“consolidated transmission business”	for the purposes of standard conditions B1 (Regulatory Accounts) and E2 (Regulatory Accounts) only, means the consolidation, for regulatory accounting purposes, of the business referred to in the definition of the “transmission business”.
“construction agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“core industry documents”	means those documents which:

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

(a) in the Secretary of State’s opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the balancing and settlement arrangements and

(b) have been so designated by the Secretary of State.

“cross-default obligation”

means a term of any agreement or arrangement (not including any arrangements between transmission licensees under the STC Framework Agreement) whereby the licensee’s liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or of acceleration by reason of a default (howsoever such default may be described or defined) by any person other than the licensee unless:

- (i) that liability can arise only as the result of a default by a subsidiary of the licensee,
- (ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors, and

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Transmission Licence: Standard Conditions – 24 July 2021

	(iii) that subsidiary carries on business only for a purpose within paragraph (a) of the definition of permitted purpose.
“customer”	means any person supplied or requiring to be supplied with electricity at any premises in the national electricity transmission system operator area but shall not include any authorised electricity operator in his capacity as such.
“CUSC”	has the meaning given in standard condition C1 (Interpretation of Section C).
“CUSC Framework Agreement”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“CUSC party”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“CUSC user”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
Data Assurance Guidance (DAG)	means the document issued by the Authority from time to time pursuant to a direction under Condition B23.
“designated sum”	for the purposes of standard condition C13 (Adjustments to use of system charges (small generators), has the meaning given in that condition.

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Transmission Licence: Standard Conditions – 24 July 2021

“Director General of Electricity Supply”	for the purposes of standard condition A4 (Payments to the Authority) only, has the meaning given in that condition.
“disposal”	for the purposes of standard condition B3 and E4 (Disposal of relevant assets) only, has the meaning given in each of those conditions.
“Distribution Code”	means any distribution code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) of a distribution licence and approved by the Authority and revised from time to time with the approval of the Authority.
“distribution licence”	means a distribution licence granted or treated as granted under section 6(1)(c) of the Act.
“distribution system”	means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points to the points of delivery to customers or authorised electricity operators or any transmission licensee in its capacity as operator of the licensee’s transmission system or the national electricity transmission system and includes any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not

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Transmission Licence: Standard Conditions – 24 July 2021

	include any part of the national electricity transmission system.
“effective time”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“the Electricity Directive”	means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC as it has effect immediately before IP completion day as read with the modifications set out in the Act.
“electricity licensee”	means the holder of a licence granted under the Act.
“the Electricity Regulation”	means Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.
“eligible generator”	for the purposes of standard condition C13 (Adjustments to use of system charges (small generators)), has the meaning given in that condition.

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Transmission Licence: Standard Conditions – 24 July 2021

"EMR legislation"	means Part 2 of the Energy Act 2013 and any secondary legislation or other rules in force pursuant to that Part;
"enabling works"	for the purposes of standard condition B19 and Section C has the meaning given in standard condition C1 (Interpretation of Section C) and for the purposes of Section D has the meaning given in standard condition D1 (Interpretation of Section D)
"estimated costs"	for the purposes of standard condition A4 (Payments to the Authority) only, has the meaning given in that condition.
"final proposals"	means the documents entitled RIIO-T1: Final Proposals for National Grid Electricity Transmission and National Grid Gas – Overview (Reference number: 169/12), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on 17 December 2012; RIIO-T1 Final Proposals for SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd (Reference number: 58/12), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on 23 April 2012; and RIIO-T1: Final Proposals update letter in respect of the statutory consultation on the licence modifications for SP Transmission Ltd and Scottish Hydro Electric Transmission Plc (Reference

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Transmission Licence: Standard Conditions – 24 July 2021

	number: 193/12), which was published on 21 December 2012.
“Financial Resilience Report”	means the report prepared by the licensee pursuant to Part C of Standard Condition B10.
“financial year”	means subject to standard E3 (Change of financial year) (where applicable) a period of 12 months beginning on 1 st April of each year and ending on 31 st March of the following calendar year
“Fuel Security Code”	means the document of that title designated as such by the Secretary of State as from time to time amended.
“GB transmission system”	for the purposes of standard conditions C18 and D15 and the special conditions of the system operator’s and Scottish licensees’ licences, means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees within Great Britain and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee within Great Britain in connection with the transmission of electricity.
“generation set”	means any plant or apparatus for the production of electricity and shall where

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Transmission Licence: Standard Conditions – 24 July 2021

	appropriate include a generating station comprising more than one generating set.
“Great Britain”	means the landmass of England and Wales and Scotland, including internal waters.
“Grid Code”	means the grid code required to be drawn up by the system operator pursuant to standard condition C14 (Grid Code), as from time to time revised with the approval of the Authority.
“grid supply point”	means any point at which electricity is delivered from the national electricity transmission system to any distribution system.
“holding company”	means a holding company within the meaning of section 1159 of the Companies Act 2006.
“Housekeeping Modification”	<p>means minor changes such as:</p> <ul style="list-style-type: none"> (a) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired; (b) corrections of evident mistakes including typographical errors, incorrect cross-references and formatting errors; (c) updates to: <ul style="list-style-type: none"> (i) version numbers of other documents mentioned in the licence;

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Transmission Licence: Standard Conditions – 24 July 2021

	(ii) the titles of re-enacted legislation; names of bodies that have been renamed.
“Housekeeping Modification Working Group”	means a working group established for the purposes of considering proposed Housekeeping Modifications under Condition B24.
“imbalance price”	for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.
“indebtedness”	means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.
“information”	includes any documents, accounts, estimates, returns, records, or reports and data in written, verbal or electronic form and information in any form or medium whatsoever, (whether or not prepared specifically at the request of the Authority) of any description specified by the Authority.
“interconnection”	means the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

and the associated switchgear at Strathaven sub-station in Lanarkshire;

the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and

the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

all as existing at the date on which the transmission licence of each existing Scottish licensee comes into force as from time to time maintained, repaired or renewed, together with any alteration, modification or addition (other than maintenance, repair or renewal) which is primarily designed to effect a permanent increase in one or more particular interconnection capacities as they exist immediately prior to such alteration, modification or addition and as from time to time maintained, repaired or renewed; and

the 132kV transmission circuit between and including (and directly connecting) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria; and

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Transmission Licence: Standard Conditions – 24 July 2021

	<p>the 132kV transmission circuit between and including (and connecting, via Junction V) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria</p> <p>all as existing at the date on which the transmission licence of each existing Scottish licensee comes into force and as from time to time maintained, repaired or renewed.</p>
“interconnector(s)”	has the meaning given in standard condition C1 (Interpretation of Section C).
“interim connect and manage offer”	for the purpose of Section C only has the meaning given in standard condition C1 (Interpretation of Section C)
“Instrument Credit Rating”	<p>means: (a) a “Long-Term Issue Credit Rating” by Standard & Poor’s Ratings Group or any of its subsidiaries;</p> <p>(b) a “Long-Term Obligation Rating” by Moody’s Investors Services Inc. or any of its subsidiaries;</p> <p>(c) a rating on the “Structured, Project & Public Finance Obligations Long Term Ratings Scale” by Fitch Ratings Ltd or any of its subsidiaries;</p> <p>(d) a rating which, the Authority directs, is equivalent to those referred to in subparagraphs (a), (b), or (c) and issued by: (i) any of the credit rating agencies as referred to</p>

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

in sub-paragraphs (a), (b), or (c); or (ii) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

“Investment Grade”

means in relation to any Issuer Credit Rating or Instrument Credit Rating unless otherwise directed:

(a) one of the following:

(i) a rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries;

(ii) a rating of not less than Baa3 by Moody’s Investors Service Inc. or any of its subsidiaries;

(iii) a rating of not less than BBB-by Fitch Ratings Ltd or any of its subsidiaries;

(iv) in relation to Issuer Credit Ratings only, a rating of not less than BBB (low) by DBRS Ratings Limited or any of its affiliates; or

(v) a rating which, the Authority directs, is equivalent to those referred to in sub-paragraphs (i), (ii), (iii) and (iv) issued by:

(aa) any of the credit rating agencies referred to in sub-paragraphs (i), (ii), (iii) or (iv) or

(bb) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

Kingdom and the United States of America;

or

(b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

“Issuer Credit Rating”

means

- (a) an issuer credit rating by Standard & Poor’s Ratings Group or any of its subsidiaries;
- (b) an issuer credit rating by Moody’s Investors Service Inc. or any of its subsidiaries;
- (c) an issuer credit rating by Fitch Ratings Ltd or any of its subsidiaries;
- (d) an issuer credit rating by DBRS Ratings Limited or any of its affiliates; or
- (e) a rating which, in the opinion of the Authority, notified in writing to the licensee, is equivalent to those referred to in sub-paragraphs (a), (b), (c) or (d) and issued by:
 - (i) any of the credit rating agencies as referred to in sub-paragraphs (a), (b), (c) or (d) ; or
 - (ii) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

in both the United Kingdom and the United States of America.

“IP completion day”	has the same meaning as that given in section 39(1) of the European Union (Withdrawal Agreement) Act 2020.
“licensed distributor”	means any holder of a distribution licence.
“legally binding decision of the European Commission and/or the Agency” and “legally binding decisions of the European Commission and/or the Agency”	means any relevant legally binding decision or decisions of the European Commission and/or the Agency, but a binding decision does not include a decision that is not, or so much of a decision as is not, Retained EU Law.
“licensee’s transmission system”	means those parts of the national electricity transmission system which are <ul style="list-style-type: none">a) owned by a transmission owner within its transmission area; orb) operated by the system operator.
“National Consumer Council”	Means the body of that name established by part 1, section 1 of the Consumers, Estate Agents and Redress Act 2007 in the version before it was substituted by paragraph 12 of Part 1 (Amendments to Acts) of Schedule 1 of the Public Bodies (Abolition of the National Consumer Council and Transfer of the Office of Fair Trading’s Functions in relation to Estate Agents etc) Order 2014.
“national electricity transmission system”	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees within

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Transmission Licence: Standard Conditions – 24 July 2021

	Great Britain, in the territorial sea adjacent to Great Britain and in any Renewable Energy Zone and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee within Great Britain, in the territorial sea adjacent to Great Britain and in any Renewable Energy Zone in connection with the transmission of electricity.
“national electricity transmission system operator”	means the specified area defined in Schedule 1 of the system operator’s transmission licence.
“Negative Rating Action”	means a rating agency placing a rating on Negative Watch or a rating agency downgrading a rating to a lower rating.
“Negative Watch”	means the mechanism or mechanisms used by the relevant credit rating agency to identify an issuer that is at risk of a credit rating downgrade in the short or long term, including but not limited to negative designations of S&P CreditWatch, S&P Outlook, Fitch Rating Watch, Fitch Outlook, Moody’s Watchlist, or Moody’s Rating Outlook, as defined on the relevant rating agencies’ websites from time to time.

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Transmission Licence: Standard Conditions – 24 July 2021

“NIC funding mechanism”	has the meaning given in Special Condition 1.1 (Interpretation and definitions) of the system operator’s transmission licence.
“offshore transmission”	has the meaning given at section 6C of the Act
“offshore transmission go-active”	means the date on which the Secretary of State first makes changes using powers pursuant to section 90 or section 91 of the Energy Act 2004;
“offshore transmission go-live”	means the date on which the last of sections 89 of the Energy Act 2004, 180 of the Energy Act 2004 and section 44(3) of the Energy Act 2008 is commenced by the Secretary of State (irrespective of which of these three provisions is the last to be commenced).
“offshore transmission implementation period”	means the period ending 18 months after offshore transmission go-active;
“offshore transmission implementation plan”	means the plan issued by the Secretary of State and the Authority (as amended) detailing the activities that are considered necessary or appropriate for the implementation of offshore transmission
“offshore transmission owner”	means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section E (offshore transmission owner standard conditions) Direction and where Section E remains in effect (whether or not subject to any terms included in a Section E (offshore

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Transmission Licence: Standard Conditions – 24 July 2021

	transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).
“offshore transmission system”	means a transmission system that is used for purposes connected with offshore transmission.
“participating interest”	has the meaning given in Section 421A of the Financial Services and Markets Act 2000
“party entry processes”	for the purposes of standard condition B12 (System Operator-Transmission Owner Code) only, has the meaning given in that condition.
“permitted purpose”	means the purpose of any or all of the following: <ul style="list-style-type: none"> (a) the transmission business, or any business or activity within the limits of paragraph 4 of standard condition B6 or E7 (Restriction on activity and financial ringfencing); (b) any business or activity to which the Authority has given its consent in writing in accordance with paragraph 3(d) of standard condition B6 or E7 (Restriction on activity and financial ringfencing); (c) without prejudice to the generality of subparagraphs (a) and (b), any payment

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

or transaction lawfully made or undertaken by the licensee for a purpose within subparagraphs (i) to (vii) of standard condition B9 or E10, 1(b)(Indebtedness).

“Pooling and Settlement Agreement”

means the agreement of that title approved by the Secretary of State as from time to time amended.

“Potential Mitigating Actions”

means actions designed to improve the Issuer Credit Rating, Significant Instrument Credit Rating and/or financial resilience, including but not limited to:

(a) dividend restraint;

(b) equity injection or other additional sources of finance;

(c) profiling of investment within the Price Control Period;

(d) cost reduction;

(e) profiling of financial liabilities within the Price Control Period; and

(f) if relevant, negotiations with lenders regarding covenants and possible exemptions.

“Price Control Period”

means the period of five years beginning on 1 April 2021 and ending on 31 March 2026.

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Transmission Licence: Standard Conditions – 24 July 2021

“Published Rating Report”	means a rating action announcement, credit opinion report, rating report, research update or transaction update which:
(a) specifically relates to the licensee, and	
(b) is published by any rating agency that is paid by the licensee (or a company in the licensee’s group) to provide either an Issuer Credit Rating or a Significant Instrument Credit Rating.	
“regulatory accounts”	means for the purposes of standard conditions B1 or E2 (Regulatory Accounts), B6 or E7 (Restriction on Activity and Financial Ring Fencing), B7 or E8 (Availability of Resources) only, the accounts required to be prepared by the licensee pursuant to standard condition B1 or E2 (Regulatory Accounts).
“Regulatory Year”	means a period of twelve months commencing on 1 April at 05:00 and ending on the following 1 April immediately before 05:00. The first such Regulatory Year (t=1) commences on 1 April 2021 at 05:00 hours.
“related undertaking”	in relation to the licensee means any undertaking in which the licensee has a participating interest.
“relevant agreement”	for the purposes of standard condition C9 (Functions of the Authority) only, has the meaning given in that condition.

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Transmission Licence: Standard Conditions – 24 July 2021

“relevant assets”	for the purposes of standard condition B3 and E4 (Disposal of relevant assets) only has the meaning given in that condition.
“relevant balancing services”	for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.
“relevant connect and manage derogation report”	for the purpose of Section C only has the meaning given in standard condition C1 (Interpretation of Section C)
“Relevant Consumers’ Committees”	for the purposes of standard condition A4 (Payments to the Authority) only, has the meaning given in that condition.
“relevant proportion”	for the purposes of standard condition A4 (Payments by to the Authority) only, has the meaning given in that condition.
“relevant year”	for the purposes of standard conditions A4 (Payments to the Authority) and B15 (Regulatory Instructions and Guidance) only, has the meaning given in standard condition A4 (Payments to the Authority).
“relinquishment of operational control”	for the purposes of standard condition B3 and E4 (Disposal of relevant assets) only, has the meaning given in each of those conditions.
“Renewable Energy Zone”	means an area designated by Order in Council under section 84(4) of the Energy Act 2004.

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Transmission Licence: Standard Conditions – 24 July 2021

“Retail Price Index”

means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

- (a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances; or
- (b) if there is a material change in the basis of the index, such other index as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances.

“Retained EU Law”

has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.

“Scottish grid code”

means a grid code which a Scottish licensee is obliged to maintain pursuant to standard condition D9 (Licensee’s grid code) of that Scottish licensee’s transmission licence and references in standard condition D3 (Transmission system security standard and quality of service), standard condition D9

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Transmission Licence: Standard Conditions – 24 July 2021

	(Licensee's grid code), standard condition D10 (Supplementary grid code condition) and standard condition D13C (Functions of the Authority) to the "licensee's grid code" shall be construed accordingly.
"Scottish licensee"	means the holder of a transmission licence at the date that this condition takes effect in the licensee's transmission licence but shall not include the system operator nor any offshore transmission owner.
"Secretary of State's costs"	for the purposes of standard condition A4 (Payments to the Authority) has the meaning given in that condition.
"Section B (General) Direction"	means a direction issued by the Authority in accordance with standard condition A5 (Application of Section B).
"Section C (system operator standard conditions) Direction"	means a direction issued by the Authority or the Secretary of State, where appropriate, in accordance with standard condition A2 (Application of Section C).
"Section D (transmission owner standard conditions) Direction"	means a direction issued by the Authority in accordance with standard condition A3 (Application of Section D).
"Section E (offshore transmission owner of last resort) Direction"	means a direction issued by the Authority in accordance with standard condition B18 or E21 (Offshore Transmission Owner of Last Resort).

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

“Section E (offshore transmission owner standard conditions) Direction”	means a direction issued by the Authority in accordance with standard condition A6 (Application of Section E).
“Significant Instrument Credit Rating”	means an Instrument Credit Rating relating to debt issued by the licensee or a funding vehicle of the licensee which represents more than 10% of the licensee’s total debt.
“statutory accounts”	means the accounts that the licensee prepares in accordance with Part 15 of the Companies Act 2006.
“STC”	means the document required to be in place pursuant to standard condition B12 (System Operator – Transmission Owner Code) as from time to time amended in accordance with that condition.
“STC Framework Agreement”	means the agreement of that title, in the form approved by the Secretary of State, by which the STC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State.
“STC party”	means any person who is a party to the STC Framework Agreement.
“STC party’s transmission system”	means those parts of the national electricity transmission system planned, owned or operated by an STC party.
“STC procedures”	for the purposes of standard condition B12 (System Operator-Transmission Owner

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Transmission Licence: Standard Conditions – 24 July 2021

	Code) only, has the meaning given in that condition.
“subsidiary”	means a subsidiary within the meaning of section 1159 of the Companies Act 2006.
“system operator”	means the holder for the time being of a transmission licence in relation to which licence the Authority or the Secretary of State, where appropriate, has issued a Section C (system operator standard conditions) Direction and where Section C remains in effect (whether or not subject to any terms included in a Section C (system operator standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).
“tender regulations”	means regulations made by the Authority in accordance with section 6C of the Act.
“TO offer”	means an offer made by a STC party to enter into an agreement with the system operator; <ul style="list-style-type: none"> (a) pursuant to standard condition D4A (Obligations in relation to offers for connection etc), standard condition D16 (Requirements of a connect and manage connection) or standard condition D15 (Obligations relating to the preparation of TO offers during the transition period); or

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

	(b) pursuant to standard condition E17(Obligations in relation to offers for connection etc); or
	(c) pursuant to the STC.
“total system”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“transitional tender exercise”	has the meaning given at section 6D of the Act.
“transition modification provisions”	for the purposes of each of standard condition B12 (System Operator – Transmission Owner Code), standard condition C3 (Balancing and Settlement Code (BSC)), standard condition C10 (Connection and Use of System Code (CUSC)) and standard condition C14 (Grid Code), has the meaning given in that condition.
“transition period”	means the period commencing on the date on which this condition takes effect in the licensee’s transmission licence and ending on the BETTA go-live date.
“transmission area”	means the area specified in special condition 1B of the licensee’s transmission licence.
“transmission assets”	has the meaning given at paragraph 1(3) of Schedule 2A to the Act.
“transmission business”	means the authorised business of the licensee or any affiliate or related undertaking in the planning or development

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

or construction or operation or maintenance of the licensee's transmission system or the national electricity transmission system or the provision of transmission services (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the Act) or the co-ordination and direction of the flow of electricity onto and over the national electricity transmission system including the balancing services activity, and any business in providing connections to the national electricity transmission system, but shall not include:

- (i) any business of the licensee or any affiliate or related undertaking in the provision of settlement services in connection with the BSC or the Pooling and Settlement Agreement; or
- (ii) any other business of the licensee or any affiliate or related undertaking in the provision of services to or on behalf of any one or more persons.

“transmission constraint costs”

for the purpose of Section C only has the meaning given in standard condition C1 (Interpretation of Section C)

“transmission licence”

means a licence granted or treated as granted under section 6(1)(b) of the Act.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

“transmission licensee”	means the holder for the time being of a transmission licence.
“Transmission Network Revenue”	means the revenue received by the system operator via Transmission Network Use of System Charges as per Section 14 of the CUSC.
“transmission network services”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“Transmission network use of system charges”	has the meaning given to that term in the CUSC Section 14.14.
“transmission owner”	means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section D (transmission owner standard conditions) Direction and where Section D remains in effect (whether or not subject to any terms included in a Section D (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).
“transmission reinforcement works”	for the purposes of sections C and D has the meanings given in each of standard conditions C1 (Interpretation of Section C) and D1 (Interpretation of Section D)
“transmission services”	means those services which are provided or are to be provided to the system operator by another transmission licensee pursuant to

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Transmission Licence: Standard Conditions – 24 July 2021

standard condition D2 or E15 (Obligation to provide transmission services).

“ultimate controller”

means

- (a) a holding company of the licensee which is not itself a subsidiary of another company; and
- (b) any person who (whether alone or with a person or persons connected with him is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:
 - (i) rights under contractual arrangements to which he is a party or of which he is a beneficiary; or
 - (ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or for which he is a beneficiary but excluding any director or employee of a corporate body in his capacity as such
- (c) for the purposes of sub-paragraph (b) a person is connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that paragraph; and

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

	(d) for the purposes of sub-paragraph (b), rights under contractual arrangements shall not include any rights in or arising under the STC Framework Agreement which are exercisable by a transmission licensee over the activities of, or as against, another transmission licensee.
“undertaking”	means an undertaking within the meaning of section 1161 of the Companies Act 2006.
“use of interconnector”	means use of any interconnector for the conveyance of electricity (whether in both directions or in only one).
“use of system”	means use of the national electricity transmission system for the transport of electricity by any authorised electricity operator.
“use of system charges”	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
“use of system charging methodology”	for the purposes of Section C, only has the meaning given in standard condition C1 (Interpretation of Section C).
“vertically integrated undertaking”	means an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform in the European Economic Area at least one of the functions of transmission or distribution and at least

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Transmission Licence: Standard Conditions – 24 July 2021

one of the functions of generation or supply of electricity. The terms within this definition shall have the meaning given to them by the Electricity Directive.

“wider works”

for the purposes of standard condition B19 and Section C has the meaning given in standard condition C1 (Interpretation of Section C) and for the purposes of Section D has the meaning given in standard condition D1 (Interpretation of Section D)

2. Any word or expressions used in the Utilities Act 2000, Part I of the Act or the Energy Act 2004 shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.
4. These standard conditions have effect as if in relation to a licence holder who is a natural person, for the words “it”, “its” and “which” there were substituted the words “he”, “him”, “his”, and “whom”, and cognate expressions are to be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these conditions to
 - (a) a provision thereof;

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

- (b) a provision of the standard conditions of electricity generation licences;
- (c) a provision of the standard conditions of electricity distribution licences;
- (d) a provision of the standard conditions of electricity supply licences; and
- (e) a provision of the standard conditions of electricity interconnector licences,

will, 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 the other standard conditions in question as modified.

7. In construing the standard conditions, the heading or title of any standard conditions or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(b) of the Act (whenever granted) which incorporates it.
9. Where any obligation under, in or pursuant to the licence is required to be performed by a specified date or within a specified period, and where the licensee has failed so to perform by such date or within such period, such obligation will continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or within that period).
10. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case –
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a refutable presumption that what was received duly represented the original instrument.

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Transmission Licence: Standard Conditions – 24 July 2021

11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all transmission licences). Where:

(a) any definition is not used in Sections A and B, that definition will, for the purposes of this licence, be treated:

- (i) as part of the standard condition or conditions (and the Section) in which it is used;
- (ii) as not having effect in the licence until such time as the standard conditions in which the definition is used has effect within the licence in pursuance of standard condition A2 (Application of Section C), standard condition A3 (Application of Section D) or standard condition A6 (Application of Section E);

(b) any definition which is used in Sections A and B and is also used in one or more other Sections:

- (i) will only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
- (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition will automatically cease to have effect.

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Transmission Licence: Standard Conditions – 24 July 2021

Condition A2: Application of Section C

1. The standard conditions in Section C (in whole or, as the case may be, in part) shall not have effect in this licence; and the licensee shall not be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) of this licence until the Secretary of State or the Authority has issued to the licensee a direction in accordance with paragraph 2.
2. The Secretary of State may issue a direction (a "Section C (system operator standard conditions) Direction") on or before 8 September 2004.
 - (a) The Authority may issue a Section C (system operator standard conditions) Direction on or after 9 September 2004.

Where the Secretary of State or the Authority has issued a Section C (system operator standard conditions) Direction to the licensee, the standard conditions in Section C (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.

3. The Authority may, with the consent of the licensee:
 - (a) vary the terms (as set out in the Section C (system operator standard conditions) Direction or elsewhere) under which Section C (or parts thereof) has effect in this licence; or
 - (b) provide for Section C (or parts thereof) to cease to have effect in this licence.
4. The variation or cessation provided for in paragraph 3 shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority.
5. With effect from the date of cessation referred to in paragraph 4, paragraphs 2 to 4 of this condition shall be suspended and shall cease to have effect in this licence, but the Authority may at any time thereafter give to the licensee a notice ending the suspension and providing for those paragraphs again to have effect in this licence with effect from the date specified in the notice.

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Transmission Licence: Standard Conditions – 24 July 2021

[...]

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Transmission Licence: Standard Conditions – 24 July 2021

SECTION C: SYSTEM OPERATOR STANDARD CONDITIONS

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Transmission Licence: Standard Conditions – 24 July 2021

Condition C1: Interpretation of Section C

1. In the standard conditions in this Section unless the context otherwise requires:

"affected STC party"	means a STC party where that STC party's transmission system will or may be affected by the implementation of the matters contained in a TO offer or an offer made or to be made by the system operator pursuant to standard condition C8 (Requirement to offer terms) or standard condition C26 (Requirements of a connect and manage connection).
"ancillary services"	<p>means:</p> <ul style="list-style-type: none">(a) such services as any authorised electricity operator may be required to have available as ancillary services pursuant to the Grid Code; and(b) such services as any authorised electricity operator or person making interconnector transfers may have agreed to have available as being ancillary services pursuant to any agreement made with the system operator and which may be offered for purchase by the system operator for the purpose of securing stability of operation of the national electricity transmission system and the distribution system of any authorised electricity operator or any system linked to the national electricity transmission system by an interconnector.
"Application Regulations"	means regulations in force at the time of application made pursuant to section 6A of the Act.
"associated TO agreement"	means an agreement between the system operator and another STC party which is entered into following the system operator's acceptance of a TO offer from that other STC party and reflects that TO offer.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

"associated TO offer"	means a TO offer which relates either (1) to an offer made by the system operator pursuant to standard condition C8 (Requirement to offer terms), standard condition C26 (Requirements of a connect and manage connection) or standard condition C18 (Requirement to offer terms for connection or use of the national electricity transmission system during the transition period) (as appropriate) or (2) to another TO offer which relates to an offer made by the system operator pursuant to standard condition C8 (Requirement to offer terms), standard condition C26 (Requirements of a connect and manage connection) or standard condition C18 (Requirement to offer terms for connection or use of the national electricity transmission system during the transition period) (as appropriate).
"balancing mechanism"	means the mechanism for the making and acceptance of offers and bids pursuant to the arrangements contained in the BSC and referred to in paragraph 2(a) of standard condition C3 (Balancing and Settlement Code (BSC)).
"balancing services"	means: <ul style="list-style-type: none"> (a) ancillary services; (b) offers and bids made in the balancing mechanism; (c) <u>restoration services; and</u> (d) other services available to the licensee which serve to assist the licensee in co-ordinating and directing the flow of electricity onto and over the national electricity transmission system in accordance with the Act or the standard conditions and/or in doing so efficiently and economically, but shall not

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

include anything provided by another transmission licensee pursuant to the STC.

"balancing services activity"	means the activity undertaken by the licensee as part of the transmission business including the co-ordination and direction of the flow of electricity onto and over the national electricity transmission system, the procuring and using of balancing services for the purpose of balancing the national electricity transmission system and for which the licensee is remunerated under Special Condition 4C (Balancing Services Activity Revenue Restriction on External Costs) and Special Condition 4A (Restriction of System Operator internal revenue) of the licensee's transmission licence.
"bilateral agreement"	means a bilateral connection agreement and/or a bilateral embedded generation agreement.
"bilateral connection agreement"	means an agreement between the licensee and a CUSC user supplemental to the CUSC relating to a direct connection to the national electricity transmission system identifying the relevant connection site and setting out other site-specific details in relation to that connection to the national electricity transmission system, including provisions relating to payment of connection charges.
"bilateral embedded generation agreement"	means an agreement entered into between the licensee and a CUSC user supplemental to the CUSC, relating to a generating station (or other connections provided for in the CUSC) connected to a distribution system and the use of the national electricity transmission system in relation to that generating station (or other connections provided for in the CUSC) identifying the relevant site of connection to the distribution system and setting out other site specific details

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

in relation to that use of the national electricity transmission system.

"BSC"	means the balancing and settlement code provided for in paragraph 1 of standard condition C3 (Balancing and Settlement Code (BSC)), as from time to time modified in accordance with that condition.
"BSC Framework Agreement"	means the agreement of that title, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as from time to time amended with the consent of the Secretary of State.
"BSC party"	means any authorised electricity operator which is a party, and (unless the context otherwise requires) any other person which is a party, to the BSC Framework Agreement, other than the licensee and any person which is such a party for the purposes only of administering and/or facilitating the implementation of the BSC.
"connect and manage derogation"	means a temporary derogation, by reference to the connect and manage derogation criteria, from paragraph 1 of standard condition C17 (Transmission system security standard and quality of service) in respect of Chapter 2 and/or Chapter 4 of the National Electricity Transmission System Security and Quality of Supply Standard (or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply) which is necessary to make a connect and manage offer where failure to complete wider works before the connection date would otherwise render the national electricity transmission system non-compliant with such planning and operation standards (the connect and manage derogation to be applicable only until

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Transmission Licence: Standard Conditions – 24 July 2021

	completion of the wider works in relation to which the derogation relates);
“connect and manage derogation criteria”	means the criteria defined as such in the CUSC;
“connect and manage derogation report”	means the report prepared by the licensee in respect of a connect and manage derogation;
“connect and manage offer”	means an offer from the licensee to a connect and manage applicant for a connect and manage connection pursuant to this condition;
"connection charges"	means charges made or levied or to be made or levied by the system operator for the carrying out (whether before or after the date on which the licence came into force) of works and provision and installation of electrical plant, electric lines and meters in constructing or modifying entry and exit points on the national electricity transmission system together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as use of system charges and in respect of disconnection and the removal of electrical plant, electric lines and ancillary meters following disconnection, all as more fully described in paragraphs 4 and 8 of standard condition C6 (Connection charging methodology), whether or not such charges are annualised.
"connection charging methodology"	means the principles on which, and the methods by which, for the purposes of achieving the objectives referred to in paragraph 11 of standard condition C6 (Connection charging methodology), connection charges are determined.
"construction agreement"	means an agreement between the licensee and a CUSC user in respect of construction works required on the national electricity transmission system and the associated

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

	construction works of the CUSC user in relation to a connection to the national electricity transmission system or in relation to a generating station connected to a distribution system, whether for the initial connection or a modification of the connection.
"CUSC"	means the Connection and Use of System Code provided for in paragraph 2 of standard condition C10 (Connection and Use of System Code (CUSC)), as from time to time modified in accordance with that condition.
"CUSC Framework Agreement"	means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State.
"CUSC party"	means any person who is a party to the CUSC Framework Agreement.
"CUSC user"	means a CUSC party other than the licensee
"Developer-Associated Offshore Wider Works"	means Offshore Wider Works: (a) which are specified by the licensee in an offer, agreement or variation to the contractual terms made under standard condition C8 (Requirement to offer terms); and (b) for which the person seeking connection will undertake Preliminary Works and/or construction;
"enabling works"	means the minimum transmission reinforcement works required to be completed on the national electricity transmission system to permit the connect and manage applicant access to the national electricity transmission system or distribution system, where such works are

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Transmission Licence: Standard Conditions – 24 July 2021

	defined in the manner provided for in the CUSC and identified in the construction agreement;
"effective time"	means the start of the first period for trading under the BSC as determined by the Secretary of State.
"initial assumptions"	means the assumptions made by the licensee about the works required to extend the national electricity transmission system where the relevant offshore transmission owner has not been identified.
"information"	includes any documents, accounts, estimates (whether relating to the past or the future), returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority).
"interconnector(s)"	has the meaning given to 'electricity interconnector' in section 4(3E) of the Act.
Interconnector Developer"	means a person who owns and/or operates an entity participating in, or intending to participate in, activities which require a licence under section 6(1)(e) of the Electricity Act 1989.
"interim connect and manage offer"	means an offer for connection from the licensee pursuant to the interim connect and manage framework in place between May 2009 and the connect and manage implementation date;
"Major National Electricity Transmission System Reinforcements"	has the meaning set out in the Network Options Assessment methodology approved by the Authority under paragraph 7(a) of standard condition C27 (The Network options Assessment process and reporting requirements).
"Needs Case"	in the context of Developer-Associated Offshore Wider Works means the economic case for such works in the

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Transmission Licence: Standard Conditions – 24 July 2021

	context of the benefit to be obtained or likely in the future to be obtained for users of the national electricity transmission system;
“Non Developer Associated Offshore Wider Works”	means Offshore Wider Works which a person seeking connection under standard condition C8 (Requirement to offer terms) will not be responsible for undertaking as part of the terms of any offer, agreement or variation made pursuant to that condition, including any Preliminary Works;
“Offshore Wider Works”	means works associated with offshore transmission identified by the system operator that are designed to reinforce or extend the national electricity transmission system for the benefit of multiple parties, both onshore and offshore and including generation and demand;
“Preliminary Works”	in the context of Developer-Associated Offshore Wider Works and Non Developer-Associated Offshore Wider Works has the meaning given to it in regulations made by the Authority under Section 6C of the Act.
“relevant connect and manage derogation report”	means either the connect and manage derogation report produced by the licensee or the connect and manage derogation report produced by a transmission owner.
<u>“restoration services”</u>	<u>Means services procured by the licensee and used to re-energise the National Electricity Transmission System following a Total Shutdown or Partial Shutdown (each as defined in the Grid Code).</u>
"total system"	means the national electricity transmission system and the distribution systems of all authorised electricity operators which are located in the national electricity transmission system operator area.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

“transmission constraint costs”	means those costs resulting from the licensee’s management of transmission constraints, as that term is defined in standard condition C16 (Procurement and use of balancing services);
"transmission network services"	means all services provided by the licensee as part of its transmission business other than excluded services and in relation to any area of the national electricity transmission system operator area the balancing services activity.
"transmission owner activity”	means the activity of the licensee or any affiliate or related undertaking relating to the medium to long term planning, development, construction, maintenance and commercial management of the licensee's transmission system or the national electricity transmission system which is remunerated under Special Condition 3A (Restriction of Transmission Network Revenue), and excluded services.
“transmission reinforcement works”	(i) means those works defined in the construction agreement which are necessary to extend or reinforce the national electricity transmission system to ensure that it would comply with the requirements of standard condition C17 (Transmission System security standard and quality of service) if no connect and manage derogation were in place;
"use of system charges"	means charges made or levied or to be made or levied by the licensee for the provision of transmission network services and/or in relation to any area of the national electricity transmission system operator area in respect of the balancing services activity, in each case as part of the transmission business, to any authorised electricity operator, but shall not include connection charges.

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Transmission Licence: Standard Conditions – 24 July 2021

(ii)

"use of system charging methodology"

means the principles on which, and the methods by which, for the purposes of achieving the objectives referred to in paragraph 5 of standard condition C5 (Use of system charging methodology), use of system charges are determined.

“wider works”

means those transmission reinforcement works which are not required to be completed prior to the connection date but are necessary to reinforce or extend the national electricity transmission system to make it compliant with the terms of the National Electricity Transmission System Security and Quality of Supply Standard (or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to comply in accordance with standard condition C17 (Transmission system security standard and quality of service)), where such works are defined in the manner provided for in the CUSC and identified in the construction agreement;

[...]

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Transmission Licence: Standard Conditions – 24 July 2021

Condition C16: Procurement and use of balancing services

Introduction

1. This condition sets out the processes and activities the licensee must undertake for the procurement of balancing services, used to assist in co-ordinating and directing the flow of electricity onto and over the national electricity transmission system in an efficient, economic and co-ordinated manner.

Part A: Licensee's obligations under this condition

2. Having taken into account relevant price and technical differences, the licensee must not discriminate as between any persons or classes of persons in its procurement or use of balancing services.
3. The licensee must prepare the following:
 - (a) Procurement guidelines statement ~~(and associated report)~~ described in Part B of this condition;
 - (b) Balancing principles statement ~~(and associated report)~~ described in Part C of this condition;
 - (c) Balancing services adjustment data methodology statement described in Part D of this condition;
 - (d) System management action flagging methodology statement described in Part E of this condition;
 - (e) Applicable balancing services volume data methodology statement described in Part F of this condition; and
 - (f) Preparation and publication of an annual report described in accordance with Part G of this condition.

Part B: Procurement guidelines statement

4. (a) The licensee must before the effective time and thereafter at 12 monthly intervals (or such longer period as the Authority may approve) prepare a statement in a form approved by the Authority setting out the kinds of balancing services which it may

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Transmission Licence: Standard Conditions – 24 July 2021

be interested in purchasing in the period until the next statement is due and the mechanisms by which it would envisage purchasing them.

(b) Where during the term of the statement referred to in sub-paragraph (a) the licensee's intentions change regarding the types of services it wishes to purchase, the licensee must review the statement and consider whether any revision to the statement is necessary and promptly seek to establish a revised statement in accordance with the terms of paragraph ~~10(a)~~108 of this condition.

~~5. Within one month after the date on which each statement (other than the first one) is due to be published pursuant to paragraph 3, the licensee must prepare a report in a form approved by the Authority in respect of the balancing services which the licensee has bought or acquired (other than balancing services which the licensee has acquired through the mere acceptance of an offer or bid in the balancing mechanism, provided such offer or bid was not made pursuant to any prior agreement) in the period of 12 months (or such longer period as the Authority may approve) ending on the date referred to above.~~

Part C: Balancing principles statement

6.

(a) The licensee must before the effective time prepare a statement approved by the Authority setting out (consistently with the licensee's duty under paragraph 2 and consistently with its other duties under the Act and the conditions of its transmission licence) the principles and criteria by which the licensee will determine, at different times and in different circumstances, which balancing services the licensee will use to assist in co-ordinating and directing the flow of electricity onto and over the national electricity transmission system (and/or to assist in doing so efficiently and economically), and when the licensee would resort to measures not involving the use of balancing services.

~~(a)~~ The licensee must if so directed by the Authority or when any modification should be made to the statement referred to in paragraph 6(a) to more closely reflect the intentions of the licensee but in any event at least once a year, review the statement prepared pursuant to sub-paragraph (a) and promptly seek to establish a revised

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

statement approved by the Authority, such revisions to be made in accordance with the terms of paragraph ~~10(a)~~108 of this condition.

~~(b)~~ The licensee must as soon as practicable after 30 September 2021 and in each subsequent year, in respect of each period of twelve months commencing on 1 October and ending on 30 September,

~~(b)(c)~~ prepare a report on the manner in which and the extent to which the licensee has, during that period, complied with the statement prepared pursuant to sub-paragraph (a) together with any revision made in accordance with paragraph 8 of this condition and whether any modification should be made to that statement to more closely reflect the practice of the licensee.

~~(c)(d)~~ The report prepared pursuant to sub-paragraph (c) must be accompanied by a statement from an independent auditor of internationally recognised standing appointed by the licensee that they have carried out an investigation the scope and objectives of which must have been established by the licensee and approved by the Authority, and they must give their opinion as to the extent to which the licensee has complied with the statement prepared pursuant to sub-paragraph (a) together with any revision made in accordance with paragraph 9 of this condition.

Part D: Balancing services adjustment data methodology statement

7.

- (a) This paragraph applies where the BSC provides that any imbalance price is to be determined (in whole or in part) by reference to the costs and volumes of relevant balancing services.
- (b) Where this paragraph applies the licensee must:
 - (i) before the effective time, establish a balancing services adjustment data methodology approved by the Authority;
 - (ii) from time to time thereafter, when the licensee first buys, sells or acquires any relevant balancing services of a kind or under a mechanism which is not covered by the prevailing balancing services adjustment data methodology, promptly seek to establish a revised balancing services

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

adjustment data methodology approved by the Authority which covers that kind of balancing services or mechanisms for buying, selling or acquiring them;

- (iii) prepare a statement of the prevailing balancing services adjustment data methodology as approved by the Authority; and
- (iv) at all times determine and provide (for use under the relevant provisions of the BSC) the costs and volumes of the relevant balancing services in compliance with the prevailing balancing services adjustment data methodology, which are to be taken into account in determining imbalance price(s) under the BSC.

The licensee must when any modification should be made to the statement referred to in sub-paragraph 7 (b)(iii) to more closely reflect the intentions of the licensee review the statement prepared pursuant to sub-paragraph 7 (b)(iii) and promptly seek to establish a revised statement approved by the Authority made in accordance with terms of paragraph ~~10(a)~~108 of this condition.

Part E: System management action flagging methodology statement

7A. ~~(a)~~

- (a) This paragraph applies to the extent that the BSC provides that the licensee is required to identify balancing services which relate to system management.
- (b) ~~(b)~~ Where this paragraph applies, the licensee must, before 5 November 2009, in writing:
 - (i) ~~(i)~~ establish a system management action flagging methodology approved by the Authority; and
 - ~~(ii)~~ prepare a statement of the prevailing system management action flagging methodology as approved by the Authority,
 - (ii) and at all times thereafter use its reasonable endeavours to identify the balancing services which the BSC requires it to identify as relating to system management in accordance with the prevailing system management action flagging methodology and provide records (for use under the relevant provisions of the BSC) of those balancing services which the BSC requires must be taken into account in determining imbalance price(s).

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Transmission Licence: Standard Conditions – 24 July 2021

- (c) ~~(e)~~—The licensee must, if so directed by the Authority or when it considers that any modification should be made to the statement referred to in sub-paragraph 7A(b)(ii) more accurately to identify the balancing services which relate to system management, review the statement prepared pursuant to sub-paragraph 7A(b)(ii) and promptly seek to establish a revised statement approved by the Authority, such revisions to be made in accordance with the terms of paragraph ~~10(a)~~108 of this condition.

Part F: Applicable balancing services volume data methodology statement

8.

- (a) This paragraph applies where the BSC provides that any applicable balancing services volume data is to be determined (in whole or in part) by reference to the volumes of energy associated with the provision of applicable balancing services.
- (b) Where this paragraph applies the licensee must:
 - (i) before the date this paragraph comes into effect, establish an applicable balancing services volume data methodology approved by the Authority;
 - (ii) Not used;
 - (iii) prepare a statement of the prevailing applicable balancing services volume data methodology as approved by the Authority; and
 - (iv) at all times determine and provide (for use under the relevant provisions of the BSC) the volumes of applicable balancing services in compliance with the prevailing applicable balancing services volume data methodology, which are to be taken into account in determining applicable balancing services volume data under the BSC.
- (c) The licensee must when any modification should be made to the statement referred to in sub-paragraph 8(b)(iii) to more closely reflect the intentions of the licensee review the statement prepared pursuant to sub-paragraph 8(b)(iii) and promptly seek to establish a revised statement approved by the Authority made in accordance with terms of paragraph ~~10(a)~~108 of this condition.

Part G: Preparation and publication of an annual report

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

9.

- (a) During a period of one month, beginning with At the end of each regulatory year, the licensee must prepare an annual report in a form approved by the Authority in respect of the total costs the licensee has incurred in that regulatory year in relation to balancing services.
- (b) Within ~~one month~~two months, beginning with the end of each regulatory year, the licensee must submit the annual report prepared in accordance with paragraph 9(a) to the Authority and publish the annual report on its website as soon as is reasonably practicable.
- (c) Where the licensee considers that there are legitimate reasons for not publishing certain information or data on its website in accordance with paragraph 9(b), it must seek the Authority's approval to publish a redacted version.
- (d) The report provided to the Authority under paragraph 9(b) must give particulars of:
 - (i) the total costs incurred for that regulatory year, and how the total costs have been calculated in respect of the balancing services which the licensee has bought or acquired (other than balancing services which the licensee has acquired through the mere acceptance of an offer or bid in the balancing mechanism, provided such offer or bid was not made pursuant to any prior agreement);
 - (ii) how the total costs have been incurred in accordance with the balancing services statements prepared pursuant to paragraphs 4(a) and 6(a); and
 - (iii) any other analysis or information which the licensee considers to be required to enable the Authority fully to assess the particulars to which the report relates.
- (e) The report prepared pursuant to paragraph 9(a) must be accompanied by a statement from an independent auditor of internationally recognised standing appointed by the licensee:
 - (i) confirming that the report is accurate; and
 - (ii) detailing the auditor's independent assessment of the extent to which the licensee has complied with the relevant approved balancing services statements prepared pursuant to paragraphs 4(a) and 6(a) together with any revision made in accordance with paragraph 10(a) of this condition.

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Transmission Licence: Standard Conditions – 24 July 2021

Part ~~G~~**H**: Governance

10. ~~(a)~~

~~(a)~~ Except where the Authority directs otherwise, before revising the statements prepared pursuant to paragraphs 4(a), 6(a), 7(b)(iii), 7A(b) (ii) and 8(b)(iii) and each revision thereof the licensee must:

- (i) send a copy of the proposed revisions to the Authority and to any person who asks for one;
- (ii) consult BSC parties on the proposed revisions and allow them a period of not less than 28 days in which to make representations;
- (iii) submit to the Authority within seven (7) days of the close of the consultation period referred to in sub-paragraph ~~10.109(a)(i)~~ (ii) above a report setting out

the revisions originally proposed,

the representations (if any) made to the licensee,

any changes to the revisions, and

- (iv) where the Authority directs that sub-paragraphs (i), (ii) and (iii) or any of them must not apply, comply with such other requirements as are specified in the direction.

- (b) The licensee must not revise the statements referred to in paragraphs 4(a), 6(a), 7(b)(iii), 7A(b) (ii) and 8(b)(iii) and each revision thereof until the expiry of 28 days from the date on which the Authority receives the report referred to in sub-paragraph (a)(iii) unless prior to such date the Authority either:

- (v) directs the licensee to make the revisions on an earlier date; or
- (vi) directs the licensee not to make the revision.

~~10.11.~~ The licensee must take all reasonable steps to comply with the statement for the time being in force pursuant to paragraph 6(a).

12. The licensee must send to the Authority a copy of each of the statements and reports prepared pursuant to paragraphs 4, 5, 6, 7, 7A, ~~and 8,~~ and 9 and of all revisions to any such statements made in accordance with the terms of paragraph ~~10(a)~~108 of this condition.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

~~11.~~13. The licensee must:

- (a) publish (in such manner as the Authority may approve from time to time) the statements prepared pursuant to paragraphs 4(a), 6(a), 7(b)(iii), 7A(b) (ii) and 8(b)(iii) and each revision thereof, and
- (b) send a copy of each statement and report prepared pursuant to paragraphs 4, 5, 6, 7, 7A, ~~and 8,~~ and 9 or the latest revision of any such statements to any person who requests the same, provided that the licensee must exclude therefrom, so far as is practicable, any matter which relates to the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests,

and, for the purposes of paragraph (b), the licensee must refer for determination by the Authority any question as to whether any matter would or might seriously and prejudicially affect the interests of any person (unless the Authority consents to the licensee not doing so).

~~12.~~14. The licensee may make a charge for any copy of a statement, report or revision sent pursuant to paragraph ~~13.123~~(b) of any amount reasonably reflecting the licensee's reasonable costs of providing such a copy which must not exceed the maximum amount specified in directions issued by the Authority for the purpose of this condition.

~~13.~~15. The licensee must, unless the Authority otherwise consents, maintain for a period of six years:

- (a) particulars of all balancing services offered to it;
- (b) particulars of all contracts (other than those in the balancing mechanism) for balancing services which it entered into;
- (c) particulars of all contracts for balancing services entered into by way of the acceptance of a bid or offer in the balancing mechanism where the bid or offer was made pursuant to a prior agreement;
- (d) records of all balancing services called for and provided; and
- (e) records of quantities of electricity imported and exported across each interconnector(s).

~~14.~~16. The licensee must provide to the Authority such information as the Authority shall request concerning the procurement and use of balancing services.

Part ~~III~~ II: Interpretation

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

~~15.17.~~ In this condition:

active power	must have the same meaning as that given to that term in the Grid Code.
<u>“annual report”</u>	<u>means a report of that name published by the licensee under Standard Licence Condition C16;</u>
“adverse effects”	means any impact on the continued stability of operation of the national electricity transmission system including, but not limited to, any effect on the frequency or voltage of the electricity transmitted on all or any part of the national electricity transmission system.
"applicable balancing services"	means those services that the Authority directs the licensee to treat as applicable balancing services.
"applicable balancing services volume data"	means the amount of energy deemed by virtue of the applicable balancing services volume methodology to have been produced or consumed as a result of delivering applicable balancing services.
"applicable balancing services volume data methodology"	means a methodology to be used by the licensee to determine what volumes of applicable balancing services are to be taken into account under the BSC for the purposes of determining in whole or in part the applicable balancing services volume data in any period, which methodology shall cover each of the applicable balancing services which the licensee buys, sells or acquires at the time at which the methodology is established;
balancing costs;	means the costs incurred by the licensee to balance the national electricity transmission system.
"balancing services adjustment data methodology"	means a methodology to be used by the licensee to determine what costs and volumes of relevant balancing services are to be taken into account under the BSC for the purposes of determining in whole or in part the imbalance price(s) in any

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

period, which methodology must cover each of the kinds of balancing services which the licensee buys, sells or acquires, and the mechanisms by which the licensee buys, sells or acquires them, at the time at which the methodology is established.

demand;	means taking, or being able to take, megawatts (MW) of electricity (active power) from the total system
"imbalance price"	means a price, in the BSC, for charging for imbalances as referred to in paragraph 2(b)(ii) of standard condition C3 (Balancing and Settlement Code (BSC)).
indicated margin	shall have the same meaning as that given to that term in the Grid Code
"interconnected TSO"	means the operator of any transmission system outside of the national electricity transmission system operator area whose transmission system is connected to the national electricity transmission system by one or more interconnectors (irrespective of the ownership of those interconnectors).
"relevant balancing services"	<p>means balancing services other than</p> <ul style="list-style-type: none"> (a) those which the licensee has acquired through the mere acceptance of an offer or bid in the balancing mechanism, provided that such offer or bid was not made pursuant to any prior agreement, and (b) those which the Authority directs the licensee not to treat as relevant balancing services.
"system management"	<p>means:</p> <ul style="list-style-type: none"> (a) the licensee's management of transmission constraints; (b) the licensee's management of adverse effects on the national electricity

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

transmission system arising from changes in electrical flows over any interconnector which are not the result of actions taken by an interconnected TSO; and

- (c) actions by any interconnected TSO which have an effect on the national electricity transmission system.

“system management action flagging methodology” means a methodology to be used by the licensee which, in the licensee’s opinion, will enable it to use reasonable endeavours to identify those balancing services which the BSC requires it to identify as relating to system management.

“total costs” means the total costs associated with the provision of balancing services. In the case of restoration services, this includes, payments for feasibility study costs, procuring the services from parties, capital contributions, testing, warming and utilising.

“transmission constraint” means any limit on the ability of the national electricity transmission system, or any part of it, to transmit the power supplied onto the national electricity transmission system to the location where the demand for that power is situated, such limit arising as a result of any one or more of:

- (a) the need not to exceed the thermal rating of any asset forming part of the national electricity transmission system;
- (b) the need to maintain voltages on the national electricity transmission system; and
- (c) the need to maintain the transient and dynamic stability of electricity plant, equipment and systems directly or indirectly connected to the national electricity transmission system.

Note: Consolidated conditions are not formal Public Register documents and should not be relied on.

Transmission Licence: Standard Conditions – 24 July 2021

and used by the licensee to operate the national electricity transmission system in accordance with the National Electricity Transmission System Security and Quality of Supply Standard referred to in standard condition C17 (Transmission system security standard and quality of service) or any other provision of the Act, this licence or any other requirement of law.

wind generation output

means the active power output in MW from each wind generator in respect of which operational metering is installed (excluding that relating to wind generators accepted as bids and offers in the balancing mechanism).

[...]

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Transmission Licence: Standard Conditions – 24 July 2021