

Appendix 2 – proposed Standard Licence Conditions, with Ofgem’s views

Condition No.	Summary Description	Propose to include? Y/N	Ofgem’s Initial Views
A1	Contains Licence definitions.	Y	This condition is required because some of the definitions are used in other conditions that we are proposing to apply to MRPL.
A2	Restricts Section C (System Operator conditions) from applying, unless required.	Y	This condition relates to the System Operator and the licence application relates only to transmission. However, retaining this condition, will provide flexibility for the future without associated risk and is standard for other Transmission licences.
A3	Restricts Section D (Transmission Owner conditions) from applying, unless required.	Y	We are proposing that some conditions within Section D should apply, so this condition is required.
A4	Renumeration of costs to Ofgem and other key bodies, in relation to Section C.	Y	This condition relates to the System Operator conditions in Section C, and the licence application relates only to transmission. However, retaining this condition, will provide flexibility for the future without associated risk and is standard for other Transmission licences.
A5	Restricts Section B (General conditions) from applying, unless required.	Y	We are proposing that a number of conditions within Section B should apply, so this condition is required.
A6	Restricts Section E (Offshore Transmission Owner conditions from applying, unless required.	Y	This condition relates to offshore transmission and the licence application relates only to onshore transmission. However, retaining this condition, will provide flexibility for the future without associated risk and is standard for other Transmission licences.
A7	Condition removed	N	N/A
B1	Requires the licensee to hold regulatory accounts, the provisions for these, and how these are audited.	N	We are not proposing that this condition should apply as the payment and performance standards required of MRPL are specified in the contract with the ESO.
B2	Condition removed	N	N/A

B3	Prevents licensees from being able to relinquish control over key assets without Ofgem approval.	N	We are not proposing for this condition to apply as the payment and performance standards are contractually specified with the ESO.
B4	Relates to providing Ofgem with information when requested.	Y	We are proposing that this condition should apply, as this will be an important tool for Ofgem to request any information necessary for our functions as a regulator.
B5	Prohibits cross-subsidies from or to the transmission business.	Y	We are proposing for this condition to be included to ensure financial ringfencing of the transmission business and activity. We consider this to be important to ensure separation of activities between those licenced and those which are not.
B6	Financially ringfences the transmission business and activity to that within the licence	Y	We are proposing for this condition to be included to ensure financial ringfencing of the transmission business and activity. We consider this to be important to ensure separation of activities between those licenced and those which are not.
B7	Requires the licensee to ensure it has necessary resources to properly and efficiently undertake its transmission business	N	We are not proposing that this condition should apply as the payment and performance standards required of MRPL are specified in the contract with the ESO.
B8	Prevents the ultimate owner of licence from actions that will cause the licensee to breach any licence obligations	N	We are not proposing that this condition should apply as the payment and performance standards required of MRPL are specified in the contract with the ESO.
B9	Prohibits the licensee from undertaking in indebtedness without consent from Ofgem, and that which may negatively affect its credit rating.	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, with a limited financial risk to the wider network
B10	Requires the licensee to have an investor-grade credit rating and provide financial reporting	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, with a limited financial risk to the wider network.

B11	Requires adherence to the Fuel Security Code (FSC).	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, with a limited financial risk to the wider network.
B12	Requires the licensee to adhere to the System Operator Transmission Owner Code (STC), including having its own framework and funding with the ESO.	N	We are not proposing for this condition to apply as the payment and performance standards are contractually specified with the ESO.
B13	Condition removed	N	N/A
B14	Condition removed	N	N/A
B15	Sets out the scope and arrangements for the Regulatory Instructions and Guidance (RIGs).	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham. Information can be requested through Condition B4 if required.
B16	Obliges the Licensee to develop a Network Innovation Strategy and operate a joint approach to innovation with other licensees	N	We do not consider the requirement to develop a strategy for the network relevant or proportional for a licence that relates to just a single shunt reactor (and associated) licensable activities at Frodsham.
B17	Condition removed	N	N/A
B18	Allows for the provision of licensees as operators of last resort for Offshore Transmission Owners	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham because the licence application relates only to onshore transmission.
B19	Relates to facilitating connect and manage arrangements during a transition period	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, as MRPL will not be required to make connection offers.
B20	Condition removed	N	N/A
B21	Relates to certification of a transmission licensee under the Energy Act 1989.	Y	We consider this condition should apply to ensure alignment with the certification process and ensure continued eligibility.

B22	Sets out requirements on company directors to be sufficiently independent to prevent conflict of interest	N	We are not proposing for this condition to apply as the payment and performance standards are contractually specified with the ESO.
B23	Requires adherence to the Data Assurance Requirements (DAG) to report data.	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham. We are not proposing for the submission of data through B15, and do not consider this to be necessary.
B24	Allows for housekeeping of the conditions of this licence and modifications	Y	We consider this condition to be necessary to allow for any housekeeping amendments to standard conditions of the licence to be made for all licensees.
C1-C28	System Operator conditions and functions	N	We do not consider Section C (System Operator) to be relevant for a shunt reactor (and associated) licensable activities at Frodsham because the licence application relates only to transmission.
D1	Transmission Operator definitions specific to Section D	Y	We are proposing for this condition to apply, to provide future compatibility with any potential conditions within Section D.
D2	Requires adhere to the STC and providing of transmission services	N	We are not proposing for this condition to apply as the payment and performance standards are contractually specified with the ESO.
D3	Requires compliance with a number of standards relating to new connections	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, as MRPL will not be required to make connection offers.
D4	Condition removed	N	N/A
D4A	Relates to connection offers and the BETTA process	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, as MRPL will not be required to make connection offers.
D4B	Relates to connection offers and allows for the authority to require changes to offers	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at

			Frodsham, as MRPL will not be required to make connection offers.
D5	Prohibits the licensee from discriminating between parties in undertaking its duties	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham.
D6	Prohibits a licensee from also selling electricity where it could abuse its position as an owner/operator of a transmission network.	Y	We consider this condition to be necessary to ringfence the separation of a transmission business from supply.
D7	Condition removed	N	N/A
D8	Condition removed	N	N/A
D9	Condition removed	N	N/A
D10	Condition removed	N	N/A
D11	Condition removed	N	N/A
D12	Compliance with the Scottish Settlement Agreement for transmission in Scotland.	N	We do not consider this applicable as the site of the licensable activity is not in Scotland.
D13	Condition removed	N	N/A
D14	Condition removed	N	N/A
D15	Relates to connection offers during a transition period relating to BETTA and the STC	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham.
D16	Sets out the requirements of a Connect and manage connection	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, as MRPL will not be required to make connection offers.
D17	Requires coordination with other transmission and distribution licensees for whole system solutions	N	We do not consider this condition to be relevant or proportional for a shunt reactor (and associated) licensable activities at Frodsham, as MRPL will not be required to make connection offers.

E1-E24	Offshore Transmission Owner conditions and functions	N	We do not consider Section E to be relevant for a shunt reactor (and associated) licensable activities at Frodsham. because the licence application relates only to onshore transmission.
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