

ELECTRICITY GENERATION LICENCE: STANDARD CONDITIONS

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Electricity Generation Licence: Standard Conditions - Consolidated to 29 November 2020

PART II : THE STANDARD CONDITIONS OF LICENCE

SECTION A. INTERPRETATION, APPLICATION AND PAYMENTS

Condition 1. Definitions and Interpretation

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

"ancillary services"

means:

- (a) such services as the licensee may be required to have available in association with any generation set pursuant to the Grid Code; and
- (b) such services as the licensee may have agreed to have available in association with any generation set pursuant to any agreement made with the ~~system operator~~ ISOP, and which may be offered for sale to the ~~system operator~~ ISOP for the purpose of securing stability of operation on the national electricity transmission system and/or a distribution system of any authorised electricity operator.

"authorised electricity operator"

means any person (other than the licensee) who is authorised to hold an electricity system operator licence, or to generate, participate in the transmission of, distribute or supply electricity or participate in the

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operation of an interconnector and, for the purposes of the standard conditions shall include any person who has made an application to be so authorised which application has not been refused and any person lawfully transferring electricity to or from or across Great Britain or any part thereof or to or from across an interconnector (or who has made application for use of an interconnector which has not been refused).

“electricity system operator licence” means a licence granted or treated as granted under section 6(1)(da) of the Act.

"Grid Code" means the grid code which the system operator ~~operator~~ ISOP is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.

“ISOP” means the person for the time being designated as the Independent System Operator and Planner under section 162 of the Energy Act 2023 who holds an electricity system operator licence and gas system planner licence.

“Scottish grid code” means any grid code which any transmission licensee ~~other than the system operator~~ is obliged to maintain pursuant to its licence

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~~"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) of the standard conditions for electricity transmission licences.~~

~~"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 the Section C (system operator standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).~~

2. Any words 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 or Schedule (with or without a letter) 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.

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4. These standard conditions shall have effect as if in relation to references to a licence holder who is a natural person, the words "it", "its" and "which" there are substituted the words "he", "him", "his" and "whom", and cognate expressions shall 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 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 standard conditions to:
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity supply licences, or
 - (c) a provision of the standard conditions of electricity distribution licences,
 - (d) a provision of the standard conditions of electricity transmission licences, ~~or~~
 - (e) a provision of the standard conditions of electricity interconnector licences, or
 - (f) a provision of the conditions of the electricity system operator licence,

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

7. In construing the standard conditions, the heading or title of any standard condition 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)(a) 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

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perform by such date or within such period, such obligation shall 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 rebuttable presumption that what was received duly represented the original instrument.

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 generation licences). Where:
 - (a) any definition is not used in Sections A and B, that definition shall, 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 condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Supplementary Conditions for Scotland)) or standard condition 3 (Application of Section D (Supplementary Conditions for Nuclear Generators));
 - (iii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in

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pursuance of that standard condition;

- (b) any definition which is used in Sections A and B is also used in one or more other Sections:
 - (i) that definition shall 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 shall automatically cease to have effect.

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Condition 5. Compliance with Grid

1. The licensee shall comply with the requirements of the Grid Code in so far as applicable to it.
2. The Authority may (following consultation with the ISOP and any transmission licensee likely to be affected) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the Grid Code and to such extent and subject to such conditions as may be specified in those directions.

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Condition 9. Balancing and Settlement Code and NETA Implementation

1. Insofar as the licensee shall construct or operate a generating station, the licensee shall be a party to the BSC Framework Agreement and shall comply with the BSC.
2. The licensee shall comply with the programme implementation scheme established in accordance with paragraph 3, as modified from time to time in accordance with paragraph 5.
3. The programme implementation scheme is a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 4, to be taken (or procured) by the licensee (and/or by authorised electricity operators) which are, in the Secretary of State's opinion, appropriate in order to give full and timely effect to:
 - (a) any modifications made to this licence and to the licences of authorised electricity operators by the Secretary of State pursuant to the power vested in him under section 15A of the Act;
 - (b) any conditions imposed by any exemption from the requirement to hold any such licence; and
 - (c) the matters envisaged by such modifications and conditions.
4. The programme implementation scheme may include provisions, *inter alia*,
 - (a) to secure or facilitate the amendment of any of the core industry documents;
 - (b) to secure that any systems, persons or other resources employed in the implementation of the Pooling and Settlement Agreement may be employed in the implementation of the BSC;
 - (c) for the giving of the indemnities against liabilities to which parties to the Pooling and Settlement Agreement may be exposed;
 - (d) for securing the co-ordinated and effective commencement of implementation of and operations under the BSC, including the testing, trialling and start-up of

the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;

- (e) for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement;
 - (f) for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and
 - (g) for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the effective time.
5. The Secretary of State:
- (a) may at any time direct, in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme be modified in the manner set out in such direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 3.
 - (b) shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.
6. If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 4(a) and/or imposed on the licensee by paragraphs 2 and 5 of this condition, and those imposed on the licensee by any other condition, the provisions of paragraphs 4(a), 2 and/or 5 (as appropriate) shall prevail.
7. Subject to paragraph 7A without prejudice to paragraph 2, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to

give full and timely effect to the modifications made to this licence as determined by the Secretary of State pursuant to the power vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).

7A. In the event of any conflict between the Energy Market Investigation (Electricity Transmission Losses) Order 2016 and the BSC with respect to the calculation of the Transmission Loss Factor (as defined in the BSC), the licensee's charges shall be calculated in accordance with the provisions set out in Schedule 1 to the Energy Market Investigation (Electricity Transmission Losses) Order 2016. This paragraph 7A will cease to have effect once a modification proposal reflecting the terms set out in Schedules 1 and 2 to The Energy Market Investigation (Electricity Transmission Losses) Order 2016 has been implemented.

8. In this condition:

"BSC" means the Balancing and Settlement Code required to be in place, pursuant to the electricity system operator transmission licence ~~granted to the system operator~~, as from time to time modified.

"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.

"core industry documents" mean those documents which:

(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.

"effective time"

means the start of the first period for trading under the BSC as determined by the Secretary of State.

Condition 11. Ancillary Services

1. The licensee shall from time to time upon request by the ~~system operator~~ **ISOP** offer terms for the provision by the licensee of ancillary services from any operating generation set of the licensee.
2. The licensee shall at any time upon request of the Authority provide to the Authority a report containing details of:
 - (a) prices offered pursuant to paragraph 1 for the provision of ancillary services from each generation set of the licensee; and
 - (b) an explanation of the factors justifying the prices offered including (without limitation) details of the licensee's costs associated with making available such ancillary services in conformity with the Grid Code and of providing the same to the ~~system operator~~ **ISOP**.

Condition 18. Generating Unit Availability

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence, the licensee shall be obliged to comply with the requirements of the provisions contained in paragraph 7 to 17 from the date the said scheme takes effect.
2. Subject to paragraph 3, the Authority may issue a direction providing that paragraphs 7 to 17 shall have effect in this licence. Where the Authority has issued to the licensee a direction, paragraphs 7 to 17 shall have effect within the licence from the date specified in the Authority's direction and the licensee shall be obliged to comply with the requirements of the provisions contained in those paragraphs from that date.
3. Where -
 - (a) the Authority has consented to a disapplication request pursuant to paragraph 13; or
 - (b) the licensee has issued a termination notice pursuant to paragraph 15 or 16, the Authority shall not thereafter issue a direction pursuant to paragraph 2 to the licensee in respect of the paragraphs (or any part or parts thereof) to which the termination notice relates until –
 - (i) at least 12 months have elapsed since the date of the termination notice, and
 - (ii) the Authority is of the opinion that circumstances have changed in a material respect.
4. Until:
 - (a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence; or
 - (b) the Authority has issued to the licensee a direction for the purposes of this condition,the provisions contained in paragraphs 7 to 17 shall not have effect within this licence and the licensee shall not be obliged to comply with any of the requirements of such paragraphs.

5. Where the Authority has issued to the licensee a direction pursuant to paragraph 2, the provisions contained in paragraphs 7 to 17 shall be deemed to have effect within the licence and shall apply to the licensee from the date specified in the Authority's direction.
6. A direction pursuant to paragraph 2 may be issued at any time from the date the Secretary of State determines these standard conditions pursuant to sub-section 33(1) of the Utilities Act 2000.
7. The purpose of this condition is to enable the Authority to keep under review the behaviour of the licensee to ascertain whether the licensee is pursuing a course of conduct in making or declining (whether temporarily or permanently) to make available generating units owned or operated by the licensee which is intended to have or is likely to have the effect of restricting, distorting or preventing competition in the generation or supply of electricity.
8. The licensee shall within 2 months of the Authority's direction under paragraph 2 prepare a statement, for approval as to form by the Authority, specifying in reasonable detail the criteria upon which the licensee will, for the purpose of planning the availability of generating units:
 - (a) determine its policy regarding the closure, whether permanent or temporary, of any generating units; and
 - (b) determine its policy regarding the reduction in capacity of any generating units.
9. (a) Where the licensee is required, pursuant to the Grid Code, to provide information to the ~~system operator~~ ISOP relating to planned availability of any generating unit operated by the licensee, then, where applicable, in respect of each planned availability period, as soon as is reasonably practicable and in any event no later than 2 months from the end of the planned availability period in question, the licensee shall provide the Authority with a statement setting out in reasonable detail the information specified in sub-paragraph (b).

- (b) The information referred to in sub-paragraph (a) shall, in respect of each generating unit involved, comprise the following:
 - (i) details of any material differences between the actual availability and the information specified in sub-paragraph (a) relating to planned availability, such information to include the date and duration of any unavailability; and
 - (ii) an explanation (with appropriate supporting technical information) as to how each such difference has arisen.
10. (a) The licensee shall give notice to the Authority of the date upon which it is intended:
- (i) to close permanently or close temporarily any power station; or
 - (ii) to make a material reduction in the registered capacity of any power station,
- and shall use its reasonable endeavours to give that notice not less than six months prior to the date of the intended closure or reduction in capacity.
- (b) A notice under sub-paragraph (a) shall specify the power station to which it relates, the intended date of closure or reduction in capacity and, if in respect of sub-paragraph (a)(ii), shall also specify:
- (i) the existing and proposed registered capacity;
 - (ii) the expected duration of the reduction in capacity;
 - (iii) the reasons for the reduction in capacity; and
 - (iv) (if the reduction is as a result of the cessation of operation of a generating unit or units) whether it would be practicable for that generating unit or those units (on the assumption, if not the case, that it or they were operational) to be operated separately from the other unit or units of that station and, if not, the reasons therefore.
- (c) For the purpose of this paragraph :
- (i) a reduction of more than 10 per cent in the registered capacity of an open cycle gas turbine generating unit is material;
 - (ii) subject to (c)(i), a reduction in capacity is material if it will reduce the

registered capacity of a power station by more than 25 megawatts or more than 10 per cent whichever is the lesser; and

(iii) "close temporarily" means to close or not to make available for a period greater than one year but not permanently.

11. (a) Within one month of delivery of a notice under paragraph 10(a)(i), the licensee shall provide to the Authority a statement setting out in reasonable detail:
- (i) (if in relation to any closure of a power station) the reasons for the decision referred to in the notice;
 - (ii) (if in respect of a temporary closure of a power station) the circumstances in which the licensee expects to recommence operating the power station; and
 - (iii) (if in respect of a permanent closure of a power station) the licensee's proposals for use or disposal of the site and the plant, and alternative proposals considered and the reason for adopting the chosen proposal.
- (b) The licensee shall provide to such independent and competent assessor (if any) as may be appointed by the Authority with the approval of the licensee (such approval not to be unreasonably withheld) such information (in addition to that contained in any notice under paragraph 10(a)(i) or the statement under paragraph 11(a)) as the assessor may reasonably require to enable him to provide to the Authority and the licensee within two months of his appointment (or such longer period as the Authority may approve) an assessment of whether the above decision process and result were reasonable, taking into account all the relevant circumstances and opportunities, identifying the direct and indirect financial implications for the licensee, and the amounts if any which third parties have offered or would be likely to pay to purchase or lease the plant or site and associated facilities whether or not for use as an operating power station.
12. A licensee, in whose licence this condition has effect, may make a disapplication request in writing to the Authority. The disapplication request shall specify the paragraphs of this condition (or any part or parts thereof) to which the request relates

and shall state the date ("the disapplication date", being a date not less than 18 months after the date of delivery of the request) from which the licensee wishes the Authority to agree that the specified paragraphs (or the specified part or parts thereof) shall cease to have effect.

13. Paragraphs 7 to 17 of this condition (or any part or parts thereof) shall cease to have effect from the date specified in the disapplication request or such later date as may be agreed, if the licensee delivers to the Authority a disapplication request made in accordance with paragraph 12 and the Authority agrees in writing to the disapplication request.
14. Save where the Authority otherwise agrees, no further disapplication request pursuant to paragraph 12 may be served within 12 months following the date on which a report is delivered by the Competition Commission following a reference under paragraph 15 where the report of the Competition Commission did not entitle the licensee to deliver a notice to the Authority under paragraph 16.
15. If the Authority has not made a reference to the Competition Commission in respect of this licence under section 12 of the Act relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date, the licensee may deliver a termination notice to the Authority. Following the service of a termination notice, with effect from the disapplication date or such later date as may be specified in the termination notice such of the paragraphs (or any part or parts thereof) as are specified in the disapplication request shall cease to have effect in this licence.
16. If the Competition Commission makes a report on a reference in respect of this licence made by the Authority relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request and such report does not include a conclusion that the removal of such paragraphs (or any part or parts thereof) operates or may be expected to operate against the public interest, the licensee may within 30 days after the publication of the report by the Authority in accordance with section 13 of the Act deliver a termination

notice to the Authority. With effect from the disapplication date or such later date as may be specified in the termination notice such paragraphs (or any part or parts thereof) as are specified in the disapplication request and in respect of which the Competition Commission report does not include the aforementioned conclusion shall cease to have effect in this licence.

17. In this condition:

<p>"registered capacity";</p> <p>"generating unit",</p> <p>"power station" and</p> <p>"settlement period"</p>	<p>each shall have the same meaning as in the Grid Code, but as if in relation to a power station the registered capacity means the aggregate of the registered capacity of the generating units forming part of that power station;</p>
<p>"planned availability period"</p>	<p>means each period of 4 successive weeks, the first such period to begin on the first date in respect of which the licensee is required, pursuant to the Grid Code, to provide the information specified in sub-paragraph 9(a) of this condition.</p>

- (a) This condition does not apply to any generating unit having a registered capacity of [10] megawatts or less.
- (b) Unless the Authority otherwise directs, any reference to generating unit or power station shall mean, respectively, each generating unit owned or operated by the licensee forming part of a power station owned or operated by the licensee which is capable of providing 100 megawatts or more to the total system being the distribution systems of all authorised electricity operators and the national electricity transmission system.

Condition 19. Compliance with CUSC

1. Insofar as the licensee shall construct or operate a generating station, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC.
2. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment), as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to the those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.
3. For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.
4. In this condition:

"core industry documents"

means those documents which:

- (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 CUSC or connection and use of system arrangements; and

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

"CUSC"

means the connection and use of system code required to be in place pursuant to the electricity system operator transmission licence ~~granted to the system operator~~, as from time to time modified.

"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.

Condition 19B . BETTA run-off arrangements scheme

1. The licensee shall, to the extent applicable to it, comply with the BETTA run-off arrangements scheme ("the scheme") established and as modified from time to time in accordance with this condition.

2. For the purposes of this condition, the objective of the scheme shall be the running-off of the non-GB trading and transmission arrangements to the extent that the Authority considers it necessary or expedient to do so to ensure that those arrangements do not prevent or in any way hinder the successful and effective implementation of:
 - (a) the modifications to this licence and each other licence made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);

 - (b) the modifications or amendments to:
 - (i) the BSC, CUSC and the Grid Code which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence; and

 - (ii) the STC, BSC, CUSC, Grid Code or any Scottish grid code which are directed by the Authority pursuant to the following provisions of the standard conditions for electricity transmission licences: paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code (STC)) which applied during the transition period, paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) which applied during the transition period, paragraph 8 of standard condition C14 (Grid Code) which applied during the transition period and paragraph 6 of standard condition D9 (Licensee's grid code) which

applied during the transition period respectively; and

- (a) the provisions of the STC which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence,

and the matters envisaged by such modifications or amendments or the STC, as appropriate.

- 3. The scheme shall be designated by the Secretary of State for the purposes of this condition, following such consultation as the Secretary of State deems appropriate with those persons that the Secretary of State considers are likely to be affected by the scheme and such other persons as the Secretary of State deems appropriate.
- 4. The scheme shall set out the steps to be taken (or procured) by the licensee or by any authorised electricity operator or by any other person who undertakes to comply with the scheme, which are, in the opinion of the Secretary of State or, in respect of any subsequent changes made to the scheme by the Authority pursuant to paragraph 6 below, in the opinion of the Authority, reasonably required in order to achieve the objective described in paragraph 2.
- 5. The scheme may provide, without limitation:
 - (a) for all or some of its provisions to have contractual force;
 - (b) for securing or facilitating the amendment of all or any of the relevant documents in a manner which is consistent with the objective described in paragraph 2; and
 - (c) for the making by the Authority of determinations in respect of such matters affecting such persons, including the licensee, as may be specified in the scheme.

6. The Authority may (with the consent of the Secretary of State) direct that the scheme be amended (following such consultation as the Authority deems appropriate with those persons that the Authority considers are likely to be affected by such an amendment) where the Authority considers it necessary or expedient to do so for the purposes of achieving the objective described in paragraph 2.
7. The Authority shall serve a copy of any such direction on the licensee, and thereupon, the licensee shall comply with the scheme as modified by the direction.
8. If the licensee becomes aware of any conflict between the requirements contained in the scheme and those imposed on the licensee by any other condition of this licence, the licensee shall forthwith give notice of such conflict to the Authority and shall comply with any direction of the Authority in relation to the same (which direction may only be made following such consultation with the licensee (and such other persons as the Authority deems appropriate) in such manner as the Authority deems appropriate).
9. The Authority may not make any direction under paragraph 6 of this condition after the BETTA go-live date.
10. In this condition:

"British Grid Systems Agreement" means the agreement known as the British Grid Systems agreement and made between The National Grid Company plc, Scottish Hydro-Electric Plc and Scottish Power Plc and dated 30 March 1990, as amended or modified from time to time.

"interconnection" means:

the 275kV and 400kV circuits between and

including the associated switchgear at Harker sub-station in Cumbria 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

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,

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.

"non-GB trading and transmission arrangements" means those arrangements for, amongst other things, the separate trading or transmission of electricity in Scotland, the separate trading or transmission of electricity in England and Wales and the trading or transmission of electricity between England and Wales (taken as a whole) and Scotland which are defined and governed by, amongst other things, the relevant documents.

"relevant documents" means the documents which relate to the non-GB trading and transmission arrangements, including, without limitation,

- (a) the Settlement Agreement for Scotland;
- (b) the British Grid System Agreement;
- (c) the System Operation Agreement; and
- (d) any agreement relating to:

- (i) the establishment of, operation of, or trading of electricity across the Scottish interconnection;
- (ii) the use of, or connection to, the Scottish interconnection; and
- (iii) the use of, or connection to, a distribution system in Scotland or a licensee's transmission system in Scotland.

"running-off"	means bringing to an end.
"Scottish interconnection"	means such part of the interconnection as is situated in Scotland.
"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.
"Settlement Agreement for Scotland"	has the meaning given to it in standard condition C1 (Definitions).
"System Operation Agreement"	means the agreement known as the System Operation agreement and made between Scottish Hydro-Electric Plc and Scottish Power Plc and dated 1 June 1990, as amended or modified from time to time.
"transition period"	"transition period" means the period commencing on 1 September 2004 and ending on the BETTA go-live date.

Condition 20A. Transmission Constraint Licence Condition

1. The licensee must not obtain an excessive benefit from electricity generation in relation to a Transmission Constraint Period.
2. For the purposes of paragraph 1, the licensee shall be considered to have obtained an excessive benefit from electricity generation in relation to a Transmission Constraint Period if:
 - (a) the licensee and the ~~system operator~~ **ISOP** enter into, or have entered into, Relevant Arrangements which related to a Transmission Constraint Period; and
 - (b) under the Relevant Arrangements and in connection with a reduction in electricity generation in the Transmission Constraint Period, either:
 - (i) the licensee pays, or seeks to pay, the ~~system operator~~ **ISOP** an excessively low amount; or
 - (ii) the licensee is paid, or seeks to be paid, an excessive amount by the ~~system operator~~ **ISOP**.
3. For the purposes of paragraph 2 the reference to a reduction in generation by the licensee in a Transmission Constraint Period means:
 - (a) a reduction in comparison to the licensee's Notified Electricity Generation for that Transmission Constraint Period; and
 - (b) a reduction in generation of electricity by a particular generating plant, whether or not there is an overall reduction in electricity generation in that Transmission Constraint Period.
3. This licence condition shall be interpreted and enforced in accordance with guidance published by the Authority.
4. Before this condition comes into force the Authority shall publish the guidance referred to in paragraph 4.
5. Before the Authority publishes the guidance referred to in paragraph 4 the Authority shall consult:
 - (a) the holder of any licence under section 6(1)(a) of the Act; and
 - (b) such other persons as the Authority thinks it appropriate to consult.
6. The Authority may from time to time revise the guidance referred to in paragraph 4 and before issuing any such revised guidance the Authority shall consult such person as specified in paragraph 6 setting out the text of, and the reasons for, the proposed

revisions.

7. The licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the licensee's compliance with this condition.
9. In this condition:

<p>“Balancing Mechanism”</p>	<p>means the mechanism for the making and acceptance of offers and bids to increase or decrease the quantities of electricity to be delivered to, or taken off, the total system at any time or during any period so as to assist the system operator ISOP in coordinating and directing the flow of electricity onto and over the national electricity system and balancing the national electricity system pursuant to the arrangements contained in the BSC;</p>
<p>“Notified Electricity Generation”</p>	<p>means the intended level of generation notified by the licensee to the system operator ISOP for a period pursuant to the notification arrangements established by BETTA and the BSC;</p>
<p>“Relevant Arrangements”</p>	<p>means arrangements entered into by the licensee and the system operator ISOP within the Balancing Mechanism, and the entering of such arrangements shall include the making of a bid by the licensee whether or not that bid is accepted by the system operator ISOP;</p>
<p>“Transmission Constraint”</p>	<p>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 factors such as:</p> <ul style="list-style-type: none"> (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 voltage 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; <p>and such limit being used by the system operator ISOP to operate the National Electricity</p>

	<p>Transmission System in accordance with the National Electricity Transmission System Security and Quality of Supply Standard referred to in standard condition E7C17 (Transmission systems security standard and quality of service) of the <u>electricity system operator licence</u> standard conditions for electricity transmission licencees or any other provision of the transmission licence, <u>electricity system operator licence</u>, the Act or any other requirement of law;</p>
<p>“Transmission Constraint Period”</p>	<p>means any period of time, regardless of the duration, when a Transmission Constraint occurs.</p>