

Decision

Implementation of NESO's enduring regulatory framework: modifications to the GSP Licence

This is a subsidiary document to our decision on the implementation of National Energy System Operator (NESO)'s enduring regulatory framework.

This shows our modifications to NESO's Gas System Planner Licence. Any deletions from the existing licence are shown in strikethrough (~~example~~), and any additions are shown in double underlined text (example).

Changes to the consultation-stage text are all shown using yellow highlight. This includes the following conventions alongside the yellow highlight: deletions of proposed text is shown with a double underline and strikethrough (~~example~~); further deletions of existing licence text is shown with a strikethrough (~~example~~); reinstated existing licence text is shown in yellow with no underline (example); and any additions made to the consultation-stage text are double-underlined and highlighted in yellow (example).

Please note that:

- We have only included those conditions that we are amending.
- New or amended paragraph numbers, Part letters, and sub-paragraph letters are not shown in double underlined text or yellow highlight (due to word formatting limitations). All paragraph numbers, Part letters, and sub-paragraph letters shown and not struck through are those we propose to reflect in the modified licence.
- For modifications to the definitions in condition A1, we have only shown those definitions that we are amending, adding or deleting.

Please refer to our main decision document for the reasons for and effects of these modifications.

Section A: Definitions and interpretation

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Condition A1 Definitions

Introduction

A1.1. The purpose of this condition is to set out the defined terms that are used in the conditions of this licence (all of which are capitalised throughout these conditions).

Part A: Definitions

A1.2. In these conditions the following defined terms have the meanings given in the table below.

A1.3. Where it is stated in these conditions that the outputs, delivery dates and allowances are located in another document, the following defined terms also have the meanings given in the table below in that document.

A1.4. Where the table below states that a defined term has the meaning given to it by:

- (a) another condition of this licence;
- (b) a condition of another licence;
- ~~(c) the RIGs;~~
- (c) the STC;
- (d) the Grid Code;
- (e) the CUSC;
- (f) the BSC;
- (g) the Uniform Network Code;
- (h) the Fuel Security Code;
- (i) a document issued and amended by the Authority by direction in accordance with this licence (any reference to such a document is to that document as amended from time to time unless otherwise specified); or
- (j) an Act of Parliament,

the defined term is to have the meaning given in that provision or document as amended from time to time.

[We propose that the following definitions are added to / amended within / deleted from Condition A1, in the order in which they appear]

A

<u>Annual Performance Assessment</u>	<u>means the annual assessment of the licensee's performance carried out by the Authority pursuant to the arrangements established in Condition condition G2 (Performance Reports and Assessment) and the NESO Performance Arrangements Governance Document.</u>
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<u>Applicable Executive Committee Members</u>	<u>means the licensee's chief executive officer, chief operating officer, and chief financial officer (or any equivalent positions).</u>
<u>Applicable Senior Staff</u>	<p><u>means employees of the licensee which:</u></p> <p>(a) <u>hold senior leadership positions and are members of executive committees (or equivalent decision-making groups) which oversee the operation of the ISOP Business; and</u></p> <p>(b) <u>have relevant leadership responsibilities or accountabilities with respect to the delivery of value for money in the licensee's expenditure or the achievement of the performance outcomes assessed as part of the Annual Performance Assessment.</u></p> <p><u>This includes but is not limited to the licensee's chief executive operator; chief operating officer; chief financial officer; members of any executive committees established to oversee the delivery of the licensee's Business Plan commitments; and any persons that the Authority considers confirms meets criteria (a) and (b) above.</u></p>
<u>Assessment Period</u>	<u>means the period over which the licensee's performance is assessed by the Authority as set out in the NESO Performance Arrangements Governance Document.</u>

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C

<u>CSNP Coordination Governance Document</u>	<u>means a document developed and published by the Authority in accordance with Part G of Condition-condition C12 (Centralised Strategic Network Plan).</u>
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<u>DAG Data</u>	<u>means the relevant submissions to the Authority under this licence in respect of which the licensee must carry out a Risk Assessment, as specified in the Data Assurance Guidance.</u>
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Data Assurance Activity	means, in respect of DAG Data, the activity undertaken by the licensee (or a person nominated by the Authority, as the case may be) to address the risks identified in the Risk Assessment.
Data Assurance Guidance (DAG)	means the document issued by the Authority from time to time pursuant to a direction under condition D4 (Data assurance requirements).

E

Examiner	means, in relation to the RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the RIGs will enable them to properly carry out and complete the tasks required of them under the terms of their nomination by the Authority pursuant to the provisions of the RIGs.
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Financial Handbook	means the document of that name that is published by the Authority and amended from time to time by direction in accordance with the provisions of condition F5 (Financial Model and Handbook) of the Electricity System Operator Licence and condition F4 (Financial Model and Handbook) of the Gas System Planner Licence.
Financial Model	means the model of that name that is published by the licensee under condition F4 (Financial Model and Handbook) and is represented by a workbook in Microsoft Excel® format, or other computer programming language and data as appropriate; and that is used to determine the value of the term ARGSPt in accordance with the guidance contained in the Financial Handbook.
FSO Day 1	means the date on which the first designation of the Independent System Operator and Planner (ISOP) has had effect under the Energy Act 2023 which <u>was</u> 1 October 2024.

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<u>Independent Challenge Panel</u>	<u>means a panel of energy sector stakeholders, established under Condition-condition G2 (Performance reports and assessment), to promote engagement between the licensee and stakeholders on the licensee's performance and make recommendations to the Authority.</u>
<u>Innovation Project</u>	means a project funded by the: <ul style="list-style-type: none"> (a) RHO-1 Network Innovation Allowance <u>RIIO-2 NIA</u>; (b) RHO-2 Network Innovation Allowance <u>RIIO-3 NIA</u>; or (c) RHO-1 Network Innovation Competition; or <u>SIF</u>. (d) <u>SIF</u>.
<u>Internal Expenditure</u>	<u>means the net expenditure incurred by the licensee in order to carry out the ISOP Business and which is recoverable by the licensee through the term INTE_t in condition F1 (Expenditure and allowed revenue) of the Electricity System Operator Licence.</u>

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<u>NESO Business Plan Guidance</u>	means the document developed and published by the Authority in accordance with Part E of condition G1 (Business Plan).
<u>NESO Financial Handbook</u>	<u>means the document of that name that is published by the Authority and amended from time to time by direction in accordance with the provisions of condition F5 (Financial model and handbook) of the Electricity System Operator Licence and condition F4 (Financial model and handbook) of the Gas System Planner Licence.</u>
<u>NESO Financial Model</u>	<u>means the model of that name that is published by the licensee under condition F4 (Financial model and handbook) and is represented by a workbook in Microsoft Excel® format, or other computer programming language and data as appropriate; and that is used to determine the value of the term ARGSP_t in accordance with the</u>

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	<u>guidance contained in the NESO Financial Handbook.</u>
<u>NESO Licence Expectations Document</u>	<u>means the document of that name that is published by the Authority and amended from time to time by direction in accordance with the provisions of condition C1 (General principles and minimum standards) of the Electricity System Operator Licence and condition C1 (General principles and minimum standards) of the Gas System Planner Licence.</u>
<u>Notice of Remediation</u>	<u>means a direction issued by the Authority pursuant to Part H of Condition condition C1 (General principles and minimum standards).</u>

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<u>Performance-Related Pay</u>	<u>means any pay awarded to employees of the licensee which is additional to an employee's fixed base salary, and which is variable depending on the performance of the employee.</u>
<u>Performance-Related Pay Objection</u>	<u>means a Written confirmation from the Authority to the licensee that it objects to the provisional Performance-Related Pay awards that the licensee has notified to the Authority under Part B of Condition F5 (Requirements on staff remuneration and expenses), on the basis that:</u> <ul style="list-style-type: none"> <u>(a) the requirements of Part A of Condition F5 have not been adequately considered by the licensee; or</u> <u>(b) the licensee has not provided sufficient information for the Authority to determine whether the requirements of Part A of Condition F5 have been met.</u>
<u>Plan Determination</u>	<u>means the document published by the Authority, in accordance with Part D€ of condition G1, setting out the Authority's determination in relation to the Business Plan for the period covered by the Business Plan submission.</u>

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Reference Variable Rate	the variable rate of interest, as set out in the <u>NESO Financial Handbook</u> , that is set as the benchmark rate or reference rate for the ISOP Working Capital Facility.
Regulatory Instructions and Guidance (RIGs)	means the Regulatory Instructions and Guidance published by the Authority in accordance with condition G3 (Regulatory Instructions and Guidance (RIGs)).
<u>Remediation Plan</u>	<u>means a plan developed by the licensee pursuant that meets the requirements of a Notice of Remediation issued by the Authority pursuant to Part H of Condition condition C1 (General principles and minimum standards).</u>
RIGs	means the document published by the Authority in accordance with condition G3 (Regulatory Instructions and Guidance).
RIIO-1 Network Innovation Allowance	means the network innovation allowance established by Special Condition 2E (The Network Innovation Allowance) of the gas transporter licence held by National Grid Gas plc as in force on 31 March 2021 and now governed by Special Condition 5.3 (Carry-over Network Innovation Allowance) of that licence; and Special Condition 1H (The Network Innovation Allowance) of the gas transporter licences held by the RIIO Gas Distribution Licensees as in force on 31 March 2021 and now governed by Special Condition 5.3 (Carry-over Network Innovation Allowance) of those licences.
RIIO-1 Network Innovation Competition	means the network innovation competition established by Special Condition 2F (The Network Innovation Competition) of the gas transporter licence held by National Grid Gas plc as in force on 31 March 2021 and now governed by Special Condition 7.7 (RIIO-GT1 network innovation competition) of that licence; and Special Condition 1I (The Network Innovation Competition) of the gas transporter licences held by the RIIO Gas Distribution Licensees as in force on 31 March 2021 and now governed by Special Condition 7.7 (RIIO-

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	GD1 network innovation competition) of those licences.
<u>RIIO-2 Network Innovation Allowance NIA</u>	means the network innovation allowance established by Special Condition 5.2 (RIIO-2 network innovation allowance) of the gas transporter licences held by National Grid Gas plc and the RIIO Gas Distribution Licensees. <u>means the arrangements established by parts A to C of Condition condition F2 (Innovation Funding) of the Electricity System Operator Licence as in force on 31 March 2026, and the equivalent conditions in the licences of network companies regulated under the RIIO-2 price control.</u>
<u>RIIO-3 NIA</u>	<u>means the arrangements established by parts A to D of Condition condition F2 (Innovation Funding) of the Electricity System Operator Licence and the equivalent conditions in the licences of network companies regulated under the RIIO-3 price control.</u>
<u>Risk Assessment</u>	means an assessment of the likelihood and potential impact of any inaccurate or incomplete reporting, or any misreporting, of data by the licensee to the Authority under this licence.

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<u>Specified Information</u>	means information (or a category of information) that is so described or required in the RIGs.
<u>Strategic Aims</u>	means a document which: <ul style="list-style-type: none"> (a) <u>sets out the medium to long term outcomes and impacts the licensee is aiming to achieve;</u> (b) <u>explains the licensee's strategy for delivering those outcomes and impacts; and</u> (c) <u>meets other relevant requirements in the NESO Business Plan Guidance</u>

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Condition A2 Interpretation

Introduction

- A2.1. The purpose of this condition is to set out provisions of general interpretation for the conditions of this licence.
- A2.2. Note that other provisions exist in the terms of this licence.

Part A: General rules of interpretation

- A2.3. The provisions of this licence are to be read and understood as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them.
- A2.4. Unless the context otherwise requires, any word or expression defined in the Utilities Act 2000, the Gas Act 1986, the Electricity Act 1989, or any of the Energy Acts 2004, 2008, 2010, 2013 and 2023 has the same meaning when used in the conditions of this licence.
- A2.5. Unless the context otherwise requires, any reference in the conditions of this licence to an Industry Code, an agreement, or a statement is a reference to that code, agreement, or statement as modified, supplemented, transferred, novated, revised, or replaced from time to time.
- A2.6. The heading or title of any section, condition, schedule, paragraph, or subparagraph in the conditions of this licence is for convenience only and does not affect the interpretation of the text to which it relates.
- A2.7. The “Introduction” of a condition, before Part A, is for convenience only.
- A2.8. Unless the context otherwise requires:
 - (a) any reference in the conditions of this licence to a section, part, condition, schedule or paragraph is a reference to it in the conditions of this licence;
 - (b) any reference in a condition of this licence to a part or paragraph is a reference to it in that condition; and
 - (c) any reference in the conditions of this licence to any natural or legal person includes that person’s successors.
- A2.9. Any reference in the conditions of this licence to any of the following:
 - (a) a provision of the conditions of the Electricity System Operator Licence;
 - (b) a provision of the standard conditions of Gas Transporter Licences;
 - (c) a provision of the standard special conditions of Gas Transporter Licences (Parts A, B, and D);
 - (d) a provision of the special conditions of Gas Transporter Licences (Part C);
 - (e) a provision of the standard conditions of Gas Shipper Licences; or
 - (f) a provision of the standard conditions of Gas Supplier Licences;

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is to be read, if the conditions of this or of any of the other licences are subsequently modified, as a reference (so far as the context permits) to the corresponding provision of the other relevant conditions.

- A2.10. References to “the licensee” in this licence are references to the ISOP to whom this licence has been granted, or is to be treated as granted, under section 7AA of the Gas Act 1986.
- A2.11. Wherever the subscript ‘t’ is used, without further numerical notation, the value to be used is the one for the Regulatory Year in question.
- A2.12. A positive or negative numerical notation accompanying the letter t in subscript indicates that the value to be used is for a year after or before the Regulatory Year in question and the number indicates how many years after or before. For example, 't-1' means the year before the Regulatory Year in question.
- A2.13. In some cases, other subscripts may also be used to denote the value for a specific Regulatory Year and are noted in those conditions.
- A2.14. Any values derived by reference to the value of revenues accrued, received or paid by or to the licensee shall be the actual sum accrued, received or paid by or to the licensee on the date of such accrual, receipt or payment without any adjustment for inflation or interest after deduction of value added tax (if any) and any other taxes charged directly by reference to the amounts so accrued, received or paid.
- A2.15. Any monetary values in these conditions are in sterling in nominal terms unless otherwise indicated.
- A2.16. Unless otherwise indicated, the NESO Financial Handbook will make provision for any revenue terms or monetary values which require price indexation and the methodology that should be used for indexation.

Part B: Licensee’s performance of obligations

- A2.17. Where any obligation in this licence is required to be performed by a specified date or time or within a specified period and the licensee has failed to do so, the obligation will continue to be binding and enforceable after the specified date or time or after the end of the specified period, but without prejudice to all rights and remedies available against the licensee in relation to its failure.
- A2.18. The licensee must comply with a direction (and with any conditions to which the direction may be subject) given to it by the Authority or the Secretary of State under any provision of this licence that provides for such direction to be given.
- A2.19. Where obligations in this licence provide for specific named documents, reports or assessments of the same name to be produced as under the Electricity System Operator Licence, the licensee must prepare the documents in the same form, manner and submission as the equivalent document in the Electricity System Operator Licence provide for documents and reports of the same name

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to be produced as those obligated under this licence, the licensee must prepare the following documents in the same form, manner and submission as the equivalent document obligated to be produced under the Electricity System Operator Licence:

- (a) the Independence Statement under condition B1 (Independence Requirements and compliance obligations) of this licence and condition B1 (Independence Requirements and compliance obligations) of the Electricity System Operator Licence;
- (b) the report of the Compliance Officer under paragraph B1.38(h) condition B1 of this licence and paragraph B1.38(h) condition B1 of the Electricity System Operator Licence;
- (c) the Compliance Report under condition B1 of this licence and condition B1 of the Electricity System Operator Licence;
- (d) the code of conduct under condition B6 (Information ringfencing obligations) of this licence and condition B7 (Information ringfencing obligations) of the Electricity System Operator Licence;
- (e) the Digitalisation Strategy under condition C3 (Digitalisation) of this licence and condition C3 (Digitalisation) of the Electricity System Operator Licence;
- (f) the Digitalisation Action Plan under condition C3 of this licence and condition C3 of the Electricity System Operator Licence;
- (g) the Future Energy Pathway Methodology under condition C10 (Future Energy Pathways) of this licence and condition C15 (Future Energy Pathways) of the Electricity System Operator Licence;
- (h) the Future Energy Pathways under condition C10 of this licence and condition C15 of the Electricity System Operator Licence;
- (i) the SSEP Methodology condition C11 (Strategic Spatial Energy Plan) of this licence and condition C16 (Strategic Spatial Energy Plan) of the Electricity System Operator Licence;
- (j) the SSEP condition C11 of this licence and condition C16 of the Electricity System Operator Licence;
- (k) the CSNP Methodology under condition C12 (Centralised Strategic Network Plan) of this licence and condition C17 (Centralised Strategic Network Plan) of the Electricity System Operator Licence;
- (l) the CSNP under condition C12 of this licence and condition C17 of the Electricity System Operator Licence;
- (m) the ISOP Information Request Statement under condition D2 (Information requests by the licensee) of this licence and condition D2 (Information requests by the licensee) of the Electricity System Operator Licence.
- (n) the Total Cost Allocation Methodology under condition F1 (Expenditure and allowed revenue) of this licence and condition F1 (Gas revenue calculations and notification process) of the Electricity System Operator Licence.

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~~(o) the Financial Model under condition F4 (Financial Model and Handbook) of this licence and condition F5 (Financial Model and Handbook) of the Electricity System Operator Licence.~~

~~(p) the Remuneration Policy under condition F5 (Remuneration Policy and Expenses Policy) of this licence and condition F7 (Remuneration Policy and Expenses Policy) of the Electricity System Operator Licence.~~

~~(q) the Expenses Policy under condition F5 of this licence and condition F7 of the Electricity System Operator Licence.~~

~~(r) the Business Plan under condition G1 (Business Plan) of this licence and condition G1 (Business Plan) of the Electricity System Operator licence.~~

A2.20. No provision of this licence shall be construed as requiring, or take effect so to require, the licensee to act other than in accordance with its duties under the Energy Act 2023.

Part C: Specific application of powers

A2.21. Unless a contrary intention appears, any power of the Authority under any provision of this licence to give a direction, consent, derogation, approval or designation, is a power:

- (a) to give it to such extent, for such period of time, and subject to such conditions as the Authority thinks reasonable in all the circumstances of the case; and
- (b) to revoke or amend it (after consulting the licensee) or give it again under that power.

A2.22. Unless a contrary intention appears, any power of the Authority under any provision of this licence to make a determination or a decision is a power:

- (a) to make it subject to such terms and conditions as the Authority thinks reasonable in all the circumstances of the case; and
- (b) to make it again under that power.

A2.23. Any direction, consent, derogation, approval, designation or determination, decision or other instrument given or made by the Authority under this licence will be given or made in Writing.

A2.24. Where these conditions provide for the Authority to issue or amend a document by direction, the steps required to achieve this may be satisfied by action taken before, on, or after the date the relevant condition comes into effect.

A2.25. Any reference in a condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence.

Section B: Business conduct and independence

Condition B1 Independence Requirements and compliance obligations

Introduction

- B1.1. The purpose of this condition is to establish the Independence Requirements and compliance obligations for the licensee, as follows:
- (a) Part A sets out the Independence Requirements;
 - (b) Part B sets out the requirements in relation to Sufficiently Independent Directors;
 - (c) Part C sets out the obligations related to Operational Services;
 - (d) Part D sets out the obligations related to Transitional Services;
 - (e) Part E sets out the requirement for an Independence Statement;
 - (f) Part F sets out the obligations for the appointment of a Compliance Officer and compliance reporting; and
 - (g) Part G provides for the licensee to apply for a derogation for relief from its obligations under this condition.
- B1.2. The Secretary of State's policy is that the licensee is anticipated to have a high level of operational independence from government.

Part A: Independence Requirements

- B1.3. The licensee must put in place and maintain such systems, processes and other governance arrangements that are necessary to maintain its independence from Potential Conflict Parties and must ensure that it does not become a party to any arrangements that compromise, or could reasonably be seen as compromising, that independence. This should include, but not be limited to, arrangements that support the impartiality and integrity of the actions of individual employees.
- B1.4. The licensee must use best endeavours to avoid any perceived or real conflicts of interest relating to any Potential Conflict Parties.
- B1.5. Paragraphs B1.3 and B1.4 do not exclude the licensee from engaging in partnership projects with Potential Conflict Parties or cooperating with Potential Conflict Parties as required to act consistently with its duties under the Energy Act 2023 and the conditions of this licence.
- B1.6. Nothing in this condition will prevent the licensee from being party to or meeting its obligations or exercising its rights under the FSO Day 1 Agreements.

Part B: Requirements for non-executive directors to be Sufficiently Independent Directors

- B1.7. Subject to paragraph B1.16, except and to the extent that the Authority consents otherwise, the licensee must ensure that at all times at least half of its non-executive directors are Sufficiently Independent Directors.

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- B1.8. A Sufficiently Independent Director must:
- (a) be a natural person;
 - (b) in the reasonable opinion of the licensee, have the skills, knowledge, experience, and qualities necessary to perform effectively as a non-executive director of the licensee; and
 - (c) not have any executive duties within the licensee.
- B1.9. Except and to the extent that the Authority consents otherwise, a Sufficiently Independent Director must not be, and must not have been during the 12 months before their appointment as a director of the licensee or the coming into force of this condition (whichever is the later):
- (a) an employee of the licensee; or
 - (b) a director or employee of any Potential Conflict Party.
- B1.10. Except and to the extent that the Authority consents otherwise, a Sufficiently Independent Director must not:
- (a) have held during the 12 months before their appointment as a director or the coming into force of this condition (whichever is the later), currently hold, or enter into any contractual arrangements with the licensee, ISOP Associate or Potential Conflict Party;
 - (b) hold a position to represent the interests of any ISOP Associate or the interests of any Potential Conflict Party;
 - (c) receive remuneration from the licensee (apart from a director's fee and reasonable expenses), or from any ISOP Associate or Potential Conflict Party; or
 - (d) hold any direct shareholdings in any ISOP Associate or Potential Conflict Party,
- where a reasonable expectation of conflict of interest might arise.
- B1.11. For the purposes of paragraph B1.10(c), the receipt or retention of any benefit accrued from prior employment or service with the licensee, any ISOP Associate or Potential Conflict Party will not be considered to be remuneration.
- B1.12. The licensee must notify the Authority of the names of its Sufficiently Independent Directors within 14 days from the date this licence comes into effect and must notify the Authority within 14 days from the date of appointment where any new directors are appointed to fulfil the obligation in paragraph B1.16.
- B1.13. The terms of appointment of each Sufficiently Independent Director must include a condition stipulating that both the licensee and the appointee must use their best endeavours to ensure that the appointee remains a Sufficiently Independent Director during their term of office, having particular regard to the requirements set out in paragraphs B1.8, B1.9 and B1.10.

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- B1.14. A term of appointment for a Sufficiently Independent Director must not be for longer than 8 years, but an individual may be reappointed thereafter provided that they continue to meet the requirements set out in paragraphs B1.8, B1.9 and B1.10.
- B1.15. The licensee must notify the Authority in Writing within 14 days if any Sufficiently Independent Director is removed from office or resigns, giving reasons for the removal or (to the extent that they are known to the licensee) the resignation. For the purposes of this obligation, the reasons for a resignation may, if appropriate, be stated to be personal reasons.
- B1.16. If at any time fewer than half of the licensee's non-executive directors are Sufficiently Independent Directors because of a removal or resignation or other reasons (including death or incapacity), the licensee must use its best endeavours to ensure that such new non-executive directors are appointed to fulfil the obligation in paragraph B1.7 as soon as is reasonably practicable to bring the number of Sufficiently Independent Directors up to at least half of the licensee's non-executive directors.

Part C: Operational Services

- B1.17. The licensee must ensure that at all times it has in place, exercises its rights and performs its obligations under the Operational Services Agreement to have such Operational Services as are needed to enable it to carry out its functions, before the Authority issues to it an OSA Notice.
- B1.18. The licensee must as soon as reasonably practicable notify the Authority if it proposes to make any material change to, extend the duration of, or terminate the Operational Services Agreement (in whole or in part).
- B1.19. Prior to the licensee exercising any termination right in respect of the Operational Services Agreement, the licensee must first consult with the Authority.

Part D: Transitional Services

- B1.20. The licensee must ensure that at all times it has in place, exercises its rights and performs its obligations under the Transitional Services Agreement to have such Transitional Services as are needed to enable it to carry out its functions, before the Authority issues to it a TSA Notice.
- B1.21. The licensee must use reasonable endeavours to ensure that it is able to operate without the Transitional Services Agreement by the time that the Transitional Services Agreement is due to expire (with the expiry date for that Transitional Services Agreement being the expiry date applicable at the time of this licence coming into effect) or as soon as practicable thereafter.
- B1.22. The licensee must as soon as reasonably practicable notify the Authority if it proposes to make any material change to, extend the duration of, or terminate the Transitional Services Agreement (in whole or in part).

Part E: Independence Statement

- B1.23. By the end of a period of 30 days, beginning with the date on which this condition comes into effect, the licensee must submit to the Authority the Independence Statement, which must set out the systems, processes and other governance arrangements that the licensee has in place to maintain the impartiality and integrity of the actions of its employees and the independence of the licensee.
- B1.24. The licensee must, subject to paragraphs B1.26 and B1.27, ensure that the Independence Statement also sets out:
- (a) a list of services which fall under the definitions of Transitional Services and Operational Services;
 - (b) details of the Transitional Services Agreement and Operational Services Agreement under which the Transitional Services and Operational Services are (and will be) provided and an explanation of how they ensure that the licensee is able to meet its Independence Requirements;
 - (c) how the licensee will meet its Independence Requirements and obligations under this condition in the treatment of Transitional Services and Operational Services, including proposals as to how it intends to operate without the Transitional Services Agreement by the time that agreement expires;
 - (d) a strategy to transfer to the licensee, or otherwise provide for the long-term outsourcing, of any Transitional Services to services that are not provided by members of National Grid Plc or its Affiliates or Related Undertakings, including:
 - (i) an approach to transferring Transitional Services to the licensee that ensures economy and efficiency in terms of the combination of cost and quality;
 - (ii) a clear timeline and milestones to complete transfer to the licensee or outsourcing (without the Transitional Services Agreement) of services comprising Transitional Services, with due regard to the licensee's Independence Requirements; and
 - (iii) protection of business continuity for the licensee at all times to fully exercise its ISOP Business and comply with its licence obligations and all relevant requirements (having the meaning given to that term in the Gas Act 1986);
 - (e) how the licensee will meet its Independence Requirements in relation to any work with a Potential Conflict Party to deliver FSO Transition Activities, including with respect to any contractual agreements established in accordance with paragraph F10.2 of condition F10 (ISOP implementation funding) of the Electricity System Operator Licence; and

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(f) such other information as reasonably requested by the Authority in relation to the licensee's Independence Requirements and obligations under this condition.

B1.25. A TSA Notice and/or OSA Notice issued by the Authority may also specify that the obligations under paragraph B1.24 will no longer apply.

B1.26. In respect of Transitional Services and the Transitional Services Agreement only, the obligations under paragraph B1.24 will come into effect at the end of a period of 100 days beginning with the date on which this condition comes into effect, at which point the licensee must submit an updated Independence Statement to the Authority.

B1.27. In respect of Operational Services and the Operational Services Agreement only, the obligations under paragraph B1.24 will come into effect at the end of a period of 6 months beginning with the date on which this condition comes into effect or at the end of such other period as directed by the Authority, at which point the licensee must submit an updated Independence Statement to the Authority.

B1.28. Within 28 days of receipt of the Independence Statement, or any revisions to the Independence Statement as provided for in paragraph B1.29(b), the Authority will:

- (a) approve the Independence Statement and notify the licensee of such approval; or
- (b) give a direction to the licensee that the Independence Statement requires further development and direct the date by which the licensee is required to submit any further revisions to the Authority for approval.

B1.29. Following the Authority's approval of the Independence Statement, the licensee must:

- (a) unless the Authority otherwise consents or directs, comply with the terms of the approved Independence Statement; and
- (b) review the Independence Statement and revise it as necessary:
 - (i) at such intervals as the Authority may direct, or at a minimum every 12 months;
 - (ii) when circumstances change such that the Independence Statement no longer secures compliance with the Independence Requirements and obligations as set out in this condition; and/or
 - (iii) to ensure that the Independence Statement continues to be complete and accurate in all material respects; and
- (c) submit any revisions to this document to the Authority, which will only become effective once the Authority has approved them in accordance with paragraph B1.28(a).

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B1.30. The licensee must publish a copy of the Independence Statement, and each revised version on its website within a period of 15 Working Days beginning with the date of its approval by the Authority.

B1.31. The licensee must ensure that it has removed any commercially confidential and/or security related material from the version published on its website under paragraph B1.30.

Part F: Appointment of a Compliance Officer and compliance reporting

B1.32. The licensee must, following consultation with the Authority, appoint a Compliance Officer for the purpose of monitoring and facilitating the licensee's compliance with the Independence Requirements and other obligations under this condition.

B1.33. The licensee must ensure that the Compliance Officer appointed under paragraph B1.32 is the same person appointed under condition B1 (Independence Requirements and compliance obligations) of the Electricity System Operator Licence.

B1.34. The licensee must ensure that the Compliance Officer:

(a) is provided with such staff, premises, equipment, facilities and other resources; and

(b) has such access to the licensee's premises, systems, information and documentation,

as, in each case, the Compliance Officer might reasonably require for the fulfilment of the duties and tasks assigned under this condition.

B1.35. The licensee must ensure that the Compliance Officer is not engaged in the management or operation of any ISOP Affiliate or ISOP Related Undertaking, or of any Potential Conflict Parties.

B1.36. The licensee must ensure that the Compliance Officer is sufficiently independent to carry out the duties and tasks under paragraph B1.38.

B1.37. The licensee must make available to the Compliance Officer the details of any complaint or representation received by it from any person in respect of the conduct of the licensee in undertaking the Independence Requirements and other obligations under this condition.

B1.38. The licensee must ensure that the duties and tasks of the Compliance Officer shall include:

(a) providing advice and information to the licensee for the purpose of ensuring the licensee's compliance with the Independence Requirements;

(b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee to ensure its compliance with the Independence Requirements and obligations under this condition and in the Independence Statement;

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- (c) advising whether, to the extent that the implementation of such practices, procedures and systems requires the cooperation of any other person, they are designed so as reasonably to secure the required cooperation;
- (d) investigating any complaint or representation made available to the Compliance Officer in accordance with paragraph B1.37;
- (e) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
- (f) providing relevant advice and information to the licensee for the purpose of ensuring its implementation of:
 - (i) the practices, procedures and systems adopted in accordance with the Independence Statement; and
 - (ii) any remedial action recommended in accordance with paragraph B1.38(e);
- (g) any other duties or tasks that the licensee or the Authority may reasonably require to fulfil compliance with the Independence Requirements and other obligations under this condition; and
- (h) reporting annually to the Board once in each Regulatory Year after this condition comes into force as to their activities during the period covered by the report, including the fulfilment of the duties and tasks of the Compliance Officer in paragraphs B1.38(a) to (g).

B1.39. As soon as is reasonably practicable and in any event before the period of 90 days beginning with the date of issue of each annual report of the Compliance Officer under paragraph B1.38(h), the licensee must produce, ~~in a form approved by the Authority,~~ the Compliance Report that sets out the licensee's:

- (a) compliance with the Independence Requirements and obligations under this condition during the period since the last Compliance Report; and
- (b) implementation of the practices, procedures and systems adopted in accordance with the Independence Statement.

B1.40. The Compliance Report must:

- (a) detail the activities of the Compliance Officer during the relevant period covered by the report under paragraph B1.38(h);
- (b) report on the impartiality of the licensee's employees and the independence of the licensee, including any perceived or real conflicts of interest with Potential Conflict Parties and the steps taken to mitigate these conflicts;
- (c) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems described in the Independence Statement; and
- (d) set out the details of any investigations conducted by the Compliance Officer, including:

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- (i) the number, type and source of the complaints or representations on which such investigations were based;
- (ii) the outcome of such investigations; and
- (iii) any remedial action taken by the licensee following such investigations.

B1.41. The licensee must, as soon as reasonably practicable, and in any event before the end of the period of 120 days beginning with the issue of each annual report of the Compliance Officer under paragraph B1.38(h), submit to the Authority a copy of the Compliance Report produced in accordance with paragraph B1.39 and publish a copy of it on its website.

Part G: Derogations

B1.42. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such an extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Condition B6 Information ringfencing obligations

Introduction

B6.1. The purpose of this condition is to ensure that the licensee appropriately manages and secures confidential data and information that relates to the licensee's performance of its functions.

Part A: Licensee's information ringfencing obligations

B6.2. The licensee must identify any confidential data and information it holds related to the performance of its functions that in its opinion should not be disclosed or otherwise be accessible to persons other than the licensee's employees, agents, contractors and advisors (other than as set out in paragraph B6.7) due to the adverse impact such disclosure or access may give rise to.

B6.3. Confidential data and information under paragraph B6.2 includes but is not limited to:

(a) data and information related to national security and to the delivery of the obligations under condition C5 (Licensee's obligations regarding critical national infrastructure) and condition C6 (Energy resilience and resilience reporting); and

(b) data and information that is market sensitive.

B6.4. Unless the Authority otherwise consents, the licensee must ensure that appropriate protections are in place to secure that any data and information identified under paragraph B6.2 is appropriately protected from being directly or indirectly disclosed to, solicited or used by any person who is involved in delivery of Operational Services and/or Transitional Services.

B6.5. Subject to paragraph B6.7, the licensee must ensure that appropriate protections are in place to secure that any data and information identified under paragraph B6.2 is appropriately protected from being directly or indirectly disclosed to, solicited or used by any person who:

(a) is not required to have access to that confidential data and confidential information; or

(b) is delivering FSO Transition Activities as part of bilateral agreements between the licensee and:

(i) National Gas Transmission plc; or

(ii) National Grid Plc or its Affiliates or Related Undertakings.

B6.6. Subject to paragraph B6.7, the licensee must ensure that appropriate protections are in place to secure that any confidential data and information identified under paragraph B6.2 is appropriately protected from being directly or indirectly disclosed to, solicited or used by any Potential Conflict Party or persons engaged in the management or operation of any Potential Conflict Party.

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B6.7. Paragraphs B6. 5 and B6.6 do not apply to the disclosure or access of confidential data and information identified under paragraph B6.2:

- (a) where the licensee is specifically required to do so under a condition of this licence;
- (b) to National Gas Transmission plc where such disclosure is required by it for purposes connected with the carrying out of NTS System Operation Activity (as authorised by the Transporter Licence granted or treated as granted to National Gas Transmission plc under the Gas Act 1986);
- (c) where required or permitted under an Industry Code;
- (d) where required by or under any statute, enactment or provision of subordinate legislation, or the rules of any governmental or regulatory authority having jurisdiction over the licensee, or for the purposes of facilitating the performance of any functions of the Secretary of State or the Authority (for the avoidance of doubt, this includes the functions of the Secretary of State or their advisors in their role as the shareholder of the licensee);
- (e) where the licensee has obtained prior written consent from the provider of the information for such disclosure, provided that the extent of such disclosure is consistent with the consent obtained; or
- (f) where authorised in advance in Writing by the Authority.

B6.8. The licensee must ~~establish and~~ maintain a code of conduct governing the identification, disclosure and use of confidential data and information identified under paragraph B6.2, and how the licensee ensures:

- (a) compliance with its obligations under paragraphs B6.5 and B6.6; and
- (b) appropriate protections are in place to limit the disclosure of the information related to the delivery of the obligations in Part A and Part B of condition C6 (Energy resilience and resilience reporting) to persons not involved in the delivery of those obligations to where such disclosure is necessary:
 - (i) for the performance of such obligations;
 - (ii) to implement mitigations and remediations identified under Part A of condition C6; or
 - (iii) at the conclusion of any analysis or assessment under Part B of condition C6.

~~B6.9. The licensee must produce the code of conduct under paragraph B6.8 in a form approved by the Authority.~~

~~B6.10. The requirement of paragraph B6.8 may be satisfied by actions taken by the licensee and the Authority before or after this licence condition comes into effect.~~

Section C: Strategic and operational functions

Condition C1 General obligations on ISOP's activities principles and minimum standards

Introduction

- C1.1. The purpose of this condition is to set out general principles the licensee must follow and general minimum outcomes the licensee must seek to achieve through the delivery of its activities.
- C1.2. These requirements are grouped into the following areas:
- (a) in Part A, energy system efficiency and resilience and efficiency;
 - (b) in Part B, wholesale market arrangements, codes and charging;
 - (c) in Part C, energy system planning and connections; and
 - (d) in Part D, cross-cutting requirements.
- C1.3. These general requirements are intended to support and align with the more specific, detailed requirements contained in other parts of this licence.
- C1.4. This condition also establishes the NESO Licence Expectations Document, which is a document that may provide guidance on the requirements contained within this condition, as set out in Part E.
- C1.5. The condition also sets requirements on the licensee in relation to the provision of a Remediation Plan as set out in Part F.

Part A: Energy system efficiency and resilience

- C1.6. The licensee must promote the enduring security and resilience of the energy system, including by seeking to take ing a leading role in coordinating resilience activities across the energy system.
- C1.7. The licensee must promote coordination between energy system developments in Great Britain and those in maintain effective communication and relationships with the relevant transmission system operators for interconnected electricity and gas systems, including through effective engagement with interconnected system operators and impacted stakeholders to understand developments that may impact the energy system in Great Britain.
- C1.8. The licensee must seek to facilitate the digitalisation required in the energy sector to enable a secure and efficient Zero Carbon Energy System.
- C1.9. The licensee must produce and publish accurate and unbiased energy system forecasts that create overall value for the energy system consumers and stakeholders.

Part B: Wholesale market arrangements, codes and charging

- C1.10. The licensee must engage with industry stakeholders, the Authority, and government to promote the development of energy wholesale market

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arrangements that facilitate a secure ~~and~~, efficient ~~and economical~~ Zero Carbon Energy System.

Part C: Energy system planning and connections

C1.11. The licensee must effectively engage with industry stakeholders, the Authority, and government to ensure that ~~its~~ frameworks and procedures for planning the development of the whole energy system are transparent, coordinated and support the timely, secure, ~~and efficient and economical~~ transition to a Zero Carbon Energy System.

Part D: Cross-cutting requirements

C1.12. The licensee must ensure that through the delivery of its activities it carries out ~~robust stakeholder effective~~ engagement ~~with stakeholders~~ on issues, recommendations or decisions which ~~are important for materially impact those~~ stakeholders or ~~for the~~ energy sector ~~outcomes~~.

C1.13. The licensee must take all reasonable steps to clearly explain the reasons underpinning its decisions or recommendations, ~~considering and to provide a~~ level of detail in its stated rationale that is proportionate to the impact those decisions or recommendations have on stakeholders and the energy sector.

C1.14. The licensee must put in place effective processes and governance for the purpose of ensuring that any information, ~~or data or analysis~~ it publishes or provides to the Authority or government is accurate ~~and that any analysis does not contain errors~~.

~~C1.15. The licensee must ensure any formal advice or recommendation provided to the Authority or government is clear, impartial and evidence-based.~~

C1.15. The licensee must use reasonable endeavours to ensure that ~~the~~ any published information or data is clear and easily accessible to the users of that information.

C1.16. The licensee must use reasonable endeavours to ensure that any ~~externally used information technology platforms that it is responsible for are introduced and maintained in a manner that does not create unnecessary costs or disruption for energy system users processes or platforms the licensee is responsible for which are used by external parties are robust and operationally ready prior to their introduction~~.

Part E: NESO Licence Expectations Document

C1.17. The Authority may issue, and from time-to-time revise, the NESO Licence Expectations Document which is a document that applies guidance on the requirements in Parts A to D of this condition.

C1.18. The licensee must have regard to the NESO Licence Expectations Document and must be able to demonstrate such regard when complying with the provisions of Parts A to F of this condition.

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C1.19. The Authority will issue and amend the NESO Licence Expectations Document under this condition by direction.

C1.20. The Authority will publish the NESO Licence Expectations Document issued or amended under this condition on the Authority's Website.

C1.21. Before issuing the new or amended NESO Licence Expectations Document pursuant to paragraph C1.2119, the Authority will publish on the Authority's Website:

- (a) the text of the proposed or amended guidance;
- (b) the date on which the Authority intends the guidance to come into effect;
- (c) the reasons for the new or amended amendments to the guidance; and
- (d) a period during which representations may be made on the content of the guidance, which will not be less than 28 days.

C1.22. The requirements of Part E of this condition may be satisfied by action taken by the Authority before, as well as by action taken after, this condition comes into effect.

Part F: Notice of Remediation

C1.22. The Authority may issue a direction to the licensee (which for the purpose of this condition will be referred to as a Notice of Remediation) to produce a Remediation Plan.

C1.23. A Notice of Remediation would be issued where the Authority considers the licensee needs to provide greater transparency and confidence on the actions and steps it is taking to ensure continued compliance with the obligations in this licence or to remedy any perceived performance concerns.

C1.24. A Notice of Remediation will specify:

- (a) The issue(s) that the Authority considers the licensee must seek to address;
- (b) The licence condition(s) relevant to the issue(s);
- (c) The information the licensee must provide within a Remediation Plan;
- (d) The timeframes for producing and submitting the Remediation Plan to the Authority; and
- (e) Any other requirements related to the Remediation Plan, including but not limited to any publication requirements.

C1.25. On receipt of a Notice of Remediation the licensee must produce a Remediation Plan which complies with the requirements set out in the Notice of Remediation.

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Introduction

- ~~C1.1. The purpose of this condition is to set out general principles the licensee must follow and general minimum outcomes the licensee must seek to achieve through the delivery of its activities.~~
- ~~C1.2. These requirements are grouped into the following areas:~~
- ~~(a) in Part A, operation of the electricity system;~~
 - ~~(b) in Part B, energy system resilience and efficiency;~~
 - ~~(c) in Part C, markets for electricity system services;~~
 - ~~(d) in Part D, wholesale market arrangements, codes and charging;~~
 - ~~(e) in Part E, energy system planning and connections; and~~
 - ~~(f) in Part F, cross-cutting requirements.~~
- ~~C1.3. These general requirements are intended to support and align with the more specific, detailed requirements contained in other parts of this licence.~~
- ~~C1.4. This condition also establishes the NESO Licence Expectations Document, which is a document that may provide guidance on the requirements contained within this condition, as set out in Part G.~~
- ~~C1.5. The condition also sets requirements on the licensee in relation to the provision of a Remediation Plan as set out in Part H.~~
- ~~C1.6. The purpose of this condition is to set out the general obligations on the manner by which the licensee should carry out certain activities, as follows:~~
- ~~(a) in Part A, obligations related to transparency and forecasting;~~
 - ~~(b) in Part B, obligations related to development of markets and security of supply;~~
 - ~~(c) in Part C, obligations related to coordinated development of the energy system;~~
 - ~~(d) in Part D, further general obligations; and~~
 - ~~(e) in Part E, obligations related to guidance issued by the Authority on requirements in Parts A to D.~~

Part A: General obligations related to transparency and forecasting

- ~~C1.7. To promote transparency (in accordance with applicable conditions of this licence) the licensee must:~~
- ~~(a) publish easily accessible information which the licensee holds to generate value for consumers and stakeholders, including but not limited to, ensuring information services are designed to meet the needs of the service users;~~
 - ~~(b) use reasonable endeavours to ensure that the reasons underpinning decisions or recommendations made by the licensee are clearly stated and~~

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made available to any stakeholders that the licensee considers may be materially impacted by those decisions or recommendations. This includes but is not limited to the decision-making process the licensee follows to make recommendations on energy system investments;

- (c) publish reliable pathways for the long-term development of the whole energy system and its needs under different pathways; and
- (d) produce and publish accurate and unbiased forecasts for gas, which include forecast levels of supply and demand at relevant intervals.

Part B: General obligations related to developing markets and security of supply

C1.8. The licensee must (in accordance with applicable conditions of this licence):

- (a) coordinate and cooperate with Gas Transporters, users (within the meaning of that term in the Uniform Network Code) and other interested parties within the gas industry to identify actions and processes that advance market functions and facilitate the transition to a decarbonised whole energy system;
- (b) propose and support modifications that promote the UNC Relevant Objectives;
- (c) promote gas supply security and produce Gas Supply Security Assessments, which consider gas supply availability, reliability and deliverability and emerging events, issues and scenarios impacting gas supplies; and
- (d) promote market arrangements, and lead market strategy to coordinate the progression and development of gas markets in the transition to a decarbonised whole energy system.

Part C: General obligations related to the coordinated development of the energy system

C1.9. In order to promote the coordinated development of the energy system (in accordance with applicable conditions of this licence) the licensee must:

- (a) undertake strategic planning of pipeline systems for the conveyance of gas, coordinating with relevant parties and advise on network planning solutions that meet future energy system needs;
- (b) exchange all necessary information, needs and analysis for the strategic planning of pipeline systems and assessment of physical network capability with the NTS System Operator; and
- (c) coordinate and engage with relevant parties to identify and deliver network planning and development solutions that meet the needs of the future whole energy system and which are consistent with the licensee's duties in statute.

Part D: Other general obligations

C1.10. The licensee must:

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- ~~(a) take steps to establish a whole energy resilience function, assessing the interactions between electricity and gas to deliver whole system resilience analysis, alongside strategic coordination and coordinating preparation for emergencies; and~~
- ~~(b) provide guidance, information and analysis to persons involved in the energy sector where the licensee believes this would be consistent with the licensee's duties in the Energy Act 2023, and publish this guidance, information and analysis where appropriate.~~

Part E: Guidance

- ~~C1.11. The licensee must have regard to any guidance the Authority may issue, and from time to time revise, on the requirements in this condition and must be able to demonstrate such regard when complying with the provisions of Parts A to D of this condition.~~
- ~~C1.12. The Authority will issue and amend any guidance under this condition by direction.~~
- ~~C1.13. The Authority will publish any guidance issued or amended under this condition on the Authority's Website.~~
- ~~C1.14. Before issuing any new or amended guidance pursuant to paragraph C1.7, the Authority will publish on the Authority's Website:
 - ~~(a) the text of the proposed or amended guidance;~~
 - ~~(b) the date on which the Authority intends the guidance to come into effect;~~
 - ~~(c) the reasons for the amendments to the guidance; and~~
 - ~~(d) a period during which representations may be made on the content of the guidance, which will not be less than 28 days.~~~~
- ~~C1.15. The requirements of Part E of this condition may be satisfied by action taken by the Authority before, as well as by action taken after, this condition comes into effect.~~

Condition C6 Energy resilience and resilience reporting

Introduction

- C6.1. The purpose of this condition is to set out the licensee's obligations related to:
- (a) in Part A, energy risk and threat advice;
 - (b) in Part B, post-event and post-emergency analysis;
 - (c) in Part C, the licensee's Energy Resilience Assessment Report;
 - (d) in Part D, the licensee's Emergency Processes Assessment;
 - (e) in Part E, the licensee's Industry Readiness and Preparedness Report;
 - (f) in Part F, the provision of reports and confidential information; and
 - (g) Part G of this condition relates to derogations.

Part A: Energy risk and threat advice

- C6.2. The licensee must provide to the Authority and Secretary of State information and analysis on any risk or threat that the licensee has identified, where such a risk or threat may, in the licensee's view, compromise or detrimentally impact the safety, security or resilience of any significant part of the whole energy system.
- C6.3. The licensee must advise the Authority and the Secretary of State on any mitigations and remediations the licensee considers could be applied to:
- (a) improve whole energy system resilience; or
 - (b) manage risks or threats identified in accordance with paragraph C6.2, including any advice on products, services and regulatory changes.
- C6.4. The licensee must engage with the stakeholders which it determines to be relevant to the identification and/or mitigation of risks or threats in paragraphs C6.2 and C6.3 to the extent required.

Part B: Post-event and post-emergency analysis

- C6.5. The licensee must, when requested by the Authority or the Secretary of State, provide post-event analysis and assessment in relation to an event or an emergency that has detrimentally impacted, or could have detrimentally impacted, the licensee, gas and electricity consumers, or any licensed party operating across the National Transmission System, the National Electricity Transmission System, Distribution Network, Distribution Systems, Gas Interconnectors, Electricity Interconnectors, Electricity Generators, and embedded generators.
- ~~C6.6. The licensee must, when requested by the Authority or Secretary of State, provide post-emergency analysis and assessment in relation to an emergency which has occurred on the National Electricity Transmission System and/or the National Transmission System.~~

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- C6.6. The licensee may also carry out and provide to the Authority or Secretary of State the analysis and assessments referred to in paragraph ~~C7.5~~ C6.5, in the absence of a request from the Authority or the Secretary of State, where the licensee considers this would be beneficial for the resilience of the energy system.
- C6.7. The licensee must have regard to any views shared by the Authority on the situations in which a review under ~~C7.6~~ C6.6 would be appropriate, and it must notify the Authority and Secretary of State of any decision to undertake such a review.
- C6.8. The licensee must engage with the stakeholders which it determines to be relevant to the request analysis and assessment carried out under paragraphs ~~C7.5~~ C6.5 and ~~C7.6~~ C6.6 to the extent required.

Part C: Energy Resilience Assessment Report

- C6.9. The licensee must provide an Energy Resilience Assessment Report to the Authority and to the Secretary of State by 30 June 2025, ~~and by 30 June~~ of each subsequent Regulatory Year.
- C6.10. The licensee must ensure the Energy Resilience Assessment Report includes:
- (a) the licensee's view on emerging risks and threats:
 - (i) within 5 years;
 - (ii) in 5-10 years' time; and
 - (iii) beyond 10 years,
 in relation to the National Electricity Transmission System, National Transmission System, Distribution Systems, Distribution Networks, Gas Interconnectors, Electricity Interconnectors, Electricity Generators and any other part of the whole energy system relating to electricity and/or gas that the Secretary of State may request;
 - (b) an assessment by the licensee of the likelihood and potential impact of risks and threats identified by the licensee under paragraph C6.109(a); ~~and~~
 - (c) any advice on mitigations that the licensee views would limit and address the impact of risks and threats identified under paragraph C6.109(a); ~~and~~
 - (d) updates on actions, recommendations and/or mitigations it has included within previous Energy Resilience Assessment reports.
- C6.11. The licensee must engage with relevant gas and electricity ~~infrastructure~~ stakeholders, Gas Transporters, Distribution Networks, Transmission Owners, Licensed Distributors, Gas Interconnectors, Electricity Interconnectors, Electricity Generators and the Secretary of State when producing the Energy Resilience Assessment Report.

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Part D: Emergency Processes Assessment

C6.12. The licensee must provide its Emergency Processes Assessment, and any accompanying information and analysis that the licensee considers it appropriate to provide, to the Authority, the Secretary of State and such other parties the licensee considers materially affected by the issues contained in the Emergency Processes Assessment by 1 December 2025, and by 1 December of each subsequent Regulatory Year.

C6.13. The licensee must ensure its Emergency Processes Assessment outlines:

- (a) the licensee's assessment of scenarios and view on best practice for emergency processes and preparedness; ~~and~~
- (b) any of the licensee's recommended improvements and learnings, including on the prevention of emergencies; and
- (c) updates on actions, recommendations and/or mitigations it has included within previous Energy Emergency Processes Assessments.

across the gas and electricity networks covering the National Transmission System, the National Electricity Transmission System, Distribution Networks, Distribution Systems, Gas Interconnectors, Electricity Interconnectors, Electricity Generators and any other part of the whole energy system relating to electricity and/or gas that the Secretary of State may request.

C6.14. The licensee must engage with the Authority and the Secretary of State prior to determining the scenarios within the Emergency Processes Assessment to understand and consider the Authority and Secretary of State's views on the appropriate scenarios.

C6.15. The licensee must engage with relevant gas and electricity stakeholders, including Gas Transporters, Distribution Networks, Transmission Owners, Licensed Distributors, Electricity Generators, Gas Interconnectors, Electricity Interconnectors, the Secretary of State and such other parties that the licensee considers materially affected by the issues in paragraphs C6.13~~2~~(a) and C6.13~~2~~(b) when producing the Emergency Processes Assessment.

Part E: Industry Readiness and Preparedness Report

C6.16. The licensee, in respect of the following winter and summer seasons respectively, must provide its Industry Readiness and Preparedness Report to the Authority, Secretary of State and such other parties the licensee considers materially affected by the issues contained in the Industry Readiness and Preparedness Report by 31 October and 30 April of each Regulatory Year.

C6.17. The licensee must ensure its Industry Readiness and Preparedness Report outlines its assessment of the preparedness and seasonal readiness for incidents and emergencies occurring on (and including assessing persons that operate or are connected to):

- (a) the National Electricity Transmission System;

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- (b) Distribution Systems;
- (c) the National Transmission System;
- (d) Gas Interconnectors and Electricity Interconnectors;
- (e) Distribution Networks;
- (f) Electricity Generators and
- (g) any other part of the whole energy system relating to electricity and/or gas that the Secretary of State may request,

in respect of the winter and summer seasons that follow the dates the licensee provides its Industry Readiness and Preparedness Report under paragraph C6.14.

Part F: Provision of reports and confidential information

C6.18. Where the licensee provides the reports and assessments under Parts A, B, C, D and E to the Authority, the Secretary of State and to materially affected parties, the licensee must have due regard to the confidential data and confidential information contained in the reports and assessments, and must seek to ensure that such data or information is not inappropriately disclosed to materially affected parties.

C6.19. The licensee must seek the Authority's approval, prior to sharing, to provide appropriately redacted versions of the reports and assessments under Parts A, B, C, D and E to materially affected parties.

Part G: Derogations

C6.20. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, and subject to such conditions, as may be specified by the Authority by direction.

Condition C12 Centralised Strategic Network Plan

Introduction

- C12.1. The purpose of this condition is to set out the obligation of the licensee to develop a Centralised Strategic Network Plan (CSNP) and CSNP Methodology, including setting out:
- (a) in Part A, the requirement to create a Centralised Strategic Network Plan;
 - (b) in Part B, the process for issuing and amending the Centralised Strategic Network Plan Guidance;
 - (c) in Part C, the development and approval process for the Centralised Strategic Network Plan Methodology;
 - (d) in Part D, the approval process for the Centralised Strategic Network Plan; ~~and~~
 - (e) in Part E, the publication of the Centralised Strategic Network Plan;
 - (f) in Part F, requirements to report to the Authority on the quality and timeliness of information provided by Transmission Owners; and
 - (g) in Part G, the process for issuing and amending the CSNP Coordination Governance Document.

Part A: Requirement to create a Centralised Strategic Network Plan

- C12.2. The licensee must, in accordance with the CSNP Guidance:
- (a) develop and publish a CSNP Methodology; and
 - (b) develop and publish a Centralised Strategic Network Plan.
- C12.3. In developing the CSNP, the licensee must:
- (a) conduct a whole system strategic assessment of network needs over a rolling 25-year time horizon;
 - (b) evaluate network options for achieving Government net zero targets, identifying and selecting optimal network projects required for delivery in the near term and identifying and selecting a portfolio of potential projects for longer-term requirements;
 - (c) determine whether a holder of a Transmission Licensee License or Transporter License or third party will deliver a project that is identified in paragraph C12.3(b); and
 - (d) monitor and identify solutions for longer-term trends in electricity transmission and gas transmission operability that can be resolved through commercial means, innovation, or network investments.
- C12.4. During the development of the Centralised Strategic Network Plan and in accordance with the CSNP Guidance, the licensee must consult;
- (a) the Authority;

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- (b) persons as set out in the CSNP Methodology; and
- (c) publicly, other parties that might be interested in the development of the Centralised Strategic Network Plan.

C12.5. The consultation in accordance with paragraph C12.4 must be of such a form and duration, as reasonably practicable, to reasonably allow all parties set out in paragraph C12.4 to provide representations.

Part B: Centralised Strategic Network Plan Guidance

C12.6. The Authority may issue and amend the CSNP Guidance by direction.

C12.7. The CSNP Guidance will contain, but not be limited to:

- (a) instructions and guidance on the process, content, and timeframe for publishing the Centralised System Network Plan; and
- (b) instructions and guidance for the process, content, and publication of the CSNP Methodology.

C12.8. Before directing that the CSNP Guidance comes into effect, the Authority will publish:

- (a) the text of the proposed CSNP Guidance; and
- (b) the period during which representations may be made, which will not be less than 28 days.

C12.9. Before directing any amendment to the CSNP Guidance, the Authority will publish:

- (a) a consultation on the text of any amendments to the CSNP Guidance;
- (b) the date on which the Authority intends the amendments to come into effect; and
- (c) the reasons for any amendment.

Part C: The approval process for the CSNP Methodology

C12.10. By 31 December 2025 and by 31 December of every third year thereafter, the licensee must (unless otherwise directed by the Authority) publish the CSNP Methodology.

C12.11. During the development of, and prior to submitting the proposed CSNP Methodology to the Authority pursuant to paragraphs C12.13 and C12.14, the licensee must consult:

- (a) the Authority;
- (b) the Secretary of State; and
- (c) publicly, other parties that might be interested in the development of the CSNP Methodology.

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- C12.12. The consultation in accordance with paragraph C12.11 must be of such a form and duration to reasonably allow all parties set out in paragraph C12.11 to provide representations.
- C12.13. By 30 September 2025 and by 30 September of every third year thereafter, the licensee must (unless otherwise directed by the Authority) submit to the Authority for approval the proposed CSNP Methodology.
- C12.14. Submissions made under paragraph C12.13 must include:
- (a) a detailed explanation of the consultation process undertaken in the development of the CSNP Methodology;
 - (b) a summary of views from all parties and an explanation of how these were considered in the development of the CSNP Methodology; and
 - (c) copies of any formal responses submitted to the licensee as part of its consultation process.
- C12.15. The Authority may on receipt of a submission under paragraph C12.13 either:
- (a) approve the proposed CSNP Methodology; or
 - (b) give a direction to the licensee that the CSNP Methodology requires further development, and the date by which the licensee is required to submit a revised CSNP Methodology to the Authority for approval.

Part D: The approval process for the Centralised Strategic Network Plan

- C12.16. By 1 June 2027 and by 1 June of every third year thereafter, the licensee must (unless otherwise directed by the Authority) submit to the Authority for approval the proposed CSNP.
- C12.17. The Authority may on receipt of a submission under paragraph C12.13 either:
- (a) approve the proposed CSNP; or
 - (b) give a direction to the licensee that the CSNP requires further development, and the date by which the licensee is required to submit a revised CSNP to the Authority for approval.

Part E: Publication of the Centralised Strategic Network Plan

- C12.18. By 31 December 2027 and by 31 December of every third year thereafter, (unless otherwise directed by the Authority) the licensee must publish the CSNP in accordance with the latest CSNP Methodology (or other date as directed by the Authority) and in a form approved by the Authority as accordance with any relevant requirements set out in the Centralised Strategic Network Plan Guidance).
- C12.19. The licensee must publish the Centralised Strategic Network Plan on its website.

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Part F: Requirements on NESO to report on Transmission Owner data and information submissions

C12.20. The licensee must report to the Authority on the quality and timeliness of the data and information submitted by Transmission Owners to the licensee with respect to the CSNP, in accordance with the requirements contained in the CSNP Coordination Governance Document.

Part G: The CSNP Coordination Governance Document

C12.21. The licensee must comply with the CSNP Coordination Governance Document.

C12.22. The Authority will issue and amend the CSNP Coordination Governance Document by direction.

C12.23. The Authority will publish the CSNP Coordination Governance Document issued or amended on the Authority's Website.

C12.24. Before directing that the CSNP Coordination Governance Document comes into effect, the Authority will publish:

- (a) the text of the proposed CSNP Coordination Governance Document;
- (b) the date on which the Authority intends the CSNP Coordination Governance Document to come into effect; and
- (c) the period during which representations may be made on the CSNP Coordination Governance Document, which will not be less than 28 days.

C12.25. Before directing an amendment to the CSNP Coordination Governance Document, the Authority will publish on the Authority's Website:

- (a) the text of the amended CSNP Coordination Governance Document;
- (b) the date on which the Authority intends the amended CSNP Coordination Governance Document to come into effect;
- (c) the reasons for the amendments to the CSNP Coordination Governance Document; and
- (d) the period during which representations may be made on the amendments to the CSNP Coordination Governance Document, which will not be less than 28 days.

Section D: Provision of advice and information

Condition D4 Data assurance requirements

Introduction

~~D4.1. The purpose of this condition is to set out the processes and activities the licensee must undertake to reduce the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority, and the processes the Authority will follow in issuing and amending the Data Assurance Guidance (DAG).~~

Part A: Obligations as regard data assurance requirements

~~D4.2. The licensee must:~~

- ~~(a) comply with the provisions of the DAG;~~
- ~~(b) where required to provide DAG Data under the provisions of this licence, provide DAG Data which complies with the requirements set out in the DAG;~~
- ~~(c) subject to paragraph D4.3, where required to provide DAG Data under the provisions of this licence, provide accurate and complete DAG Data;~~
- ~~(d) carry out a Risk Assessment in accordance with such provisions and timescales as are specified for that purpose in the DAG, and ensure that it has used its best endeavours to mitigate such risks as it has identified in the Risk Assessment;~~
- ~~(e) if directed by the Authority, procure an independent review of its Data Assurance Activities in accordance with such provisions and timescales as are specified for that purpose in the DAG; and~~
- ~~(f) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the DAG, reports that contain:
 - ~~(i) the results of the licensee's Risk Assessment;~~
 - ~~(ii) a description of the Data Assurance Activities that the licensee intends to undertake concerning expected future DAG Data submissions for the relevant reporting period set out in the DAG;~~
 - ~~(iii) a description of the Data Assurance Activities undertaken by the licensee concerning previously submitted DAG Data for the relevant reporting period set out in the DAG; and~~
 - ~~(iv) if required, the details and results of the independent review procured by the licensee of its Data Assurance Activities.~~~~

~~D4.3. DAG Data provided to the level of accuracy and reliability required under the relevant licence condition will be considered to be accurate and complete for the purposes of this condition.~~

~~D4.4. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph D4.2.~~

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Part B: Data Assurance Guidance (DAG)

~~D4.5. The Authority will issue and amend the DAG by direction.~~

~~D4.6. The Authority will publish the DAG on the Authority's Website.~~

~~D4.7. The DAG will make provision for any of the following matters:~~

- ~~(a) the DAG Data to which the Risk Assessment applies;~~
- ~~(b) the format (including its form, layout, scope and content) of the Risk Assessment;~~
- ~~(c) the frequency with which and the timescales within which the Risk Assessment is required to be carried out;~~
- ~~(d) the format (including its form, layout, scope and content) of any independent review that may be required of the licensee's Data Assurance Activities and the associated reporting requirements;~~
- ~~(e) the format (including its form, layout, scope and content) of the reporting requirements detailed in paragraph D4.2(f);~~
- ~~(f) the frequency with which and the timescales within which the licensee should report on its Data Assurance Activities to the Authority; and~~
- ~~(g) the time period to which required reports must relate.~~

~~D4.8. The provisions of the DAG will not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions relative to the impact on consumers from data reporting errors.~~

~~D4.9. Information requested by the Authority under or in accordance with the requirements of the DAG will not exceed what could be requested from the licensee by the Authority under condition D3 (Provision of information to the Authority).~~

~~D4.10. Before issuing or amending the DAG by direction the Authority will publish on the Authority's Website:~~

- ~~(a) the proposed text of the new or amended DAG;~~
- ~~(b) the date on which the Authority intends the new or amended DAG to come into effect;~~
- ~~(c) the reasons for the new or amended DAG; and~~
- ~~(d) the period during which representations may be made on the new or amended DAG, which will not be less than 28 days.~~

Part C: Licensee's obligation to carry out a Data Assurance Activity

~~D4.11. The licensee must comply with any direction by the Authority requiring the licensee to carry out (or, where appropriate, procure and facilitate the carrying out of) such Data Assurance Activity as may be specified in the direction.~~

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D4.12. Before issuing a direction under paragraph D4.10 the Authority will publish on the Authority's Website:

- (a) the text of the proposed direction;
- (b) the date on which the Authority intends the direction to come into effect;
- (c) the reasons why it proposed to issue the direction; and
- (d) the period during which representations may be made on the proposed direction which will not be less than 28 days.

D4.13. The direction will set out:

- (a) a description of the Data Assurance Activity to be carried out by the licensee (or, where appropriate, by a person nominated by the Authority) for the purpose of ensuring the accuracy and completeness of data provided to the Authority;
- (b) if necessary, the steps that must be taken by the licensee to procure and facilitate the carrying out of the activity under paragraph D4.13(a) by any such nominated person;
- (c) a description of the DAG Data to which the activity described in the direction must apply;
- (d) an explanation of why the Authority requires the licensee to carry out that activity;
- (e) any relevant dates by which that activity must be completed; and
- (f) the form and content of any information relating to that activity that the licensee must provide to the Authority.

Part D: Derogations

D4.14. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.

Section E: Industry Codes and charging

Section F: Finance and funding arrangements

Condition F1 Gas revenue calculations and notification process

Introduction

- F1.1. The purpose of this condition is to establish requirements on the licensee in relation to:
- (a) the licensee's expenditure;
 - (b) the licensee's allocation of Electricity Licence Expenditure and Gas Licence Expenditure; and
 - (c) notifying the NTS System Operator of the forecast amounts of ARGSP_t it requires in respect of Gas Licence Expenditure.

Part A: Requirements on ISOP expenditure

- F1.2. Unless the Authority consents otherwise, the licensee must only seek to incur expenditure which is for the purposes of carrying out the ISOP Business.
- F1.3. The licensee must, when incurring Gas Licence Expenditure in a Regulatory Year, ensure that it can demonstrate that it has had regard to any relevant Plan Determination made by the Authority in accordance with condition G1 (Business Plan), including but not limited to any determination by the Authority that the licensee must:
- (a) deliver a specific activity or set of activities at a different cost than proposed by the licensee in its Business Plan; or
 - (b) not carry out an activity at all.
- F1.4. The licensee must take all reasonable steps to ensure that it incurs no expenditure which is demonstrably uneconomical, wasteful or inefficient, provided that for these purposes:
- (a) behaviours of the licensee which might lead to expenditure, which is demonstrably uneconomical, wasteful or inefficient include (without limitation):
 - (i) an active commitment to expenditure which serves no evident purpose or benefit for carrying out the ISOP Business;
 - (ii) an active commitment to expenditure which is evidently excessive considering the other options available to the licensee;
 - (iii) a failure to keep regular expenditure under review which, as a consequence, means the licensee is unable to identify where action is required to better allocate its resources and mitigate the risk of excessive future expenditure;
 - (iv) a failure to act in reasonable timeframes in response to situations where there is known risk of excessive expenditure materialising;
 - (v) a failure to assess the economic value of alternative options, or have regard to the relative impact on energy consumers of alternative options, before committing to Material Investments;

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- (vi) a failure to follow robust decision-making and governance processes for Material Investments;
 - (vii) a failure to have robust processes for procuring services from external providers;
 - (viii) a failure to manage and oversee the delivery of services by an external provider or take action to address inadequate service provision; and
 - (ix) where reckless or irrational actions of the licensee have caused successful legal awards against the licensee;
- ~~(b) expenditure that is in line with policies (such as staff remuneration, travel and expenses) approved by the Authority will not be considered as uneconomical, inefficient or wasteful; and~~ **not used; and**
- (c) economy, efficiency and wastefulness will be considered on the basis of the knowledge and the information that should have been reasonably available to the licensee at the time of incurring the expenditure.
- F1.5. The Authority may issue a Cost Efficiency Notice to the licensee where the Authority considers it requires further information in relation to the licensee's compliance with paragraph F1.4 in relation to a specified activity or a specified expenditure.
- F1.6. As soon as reasonably practical after receiving a Cost Efficiency Notice, the licensee must share with the Authority a written explanation for how it has met its obligations under paragraph F1.4 for the activities or expenditure stated by the Authority in the Cost Efficiency Notice.
- F1.7. The Authority may also request that the licensee submits to it a Cost Efficiency Plan containing the information in paragraph F1.8.
- F1.8. As soon as reasonably practical after receiving a request from the Authority under paragraph F1.7, the licensee must submit to the Authority a Cost Efficiency Plan, which must outline in writing any actions or measures the licensee is taking to ensure compliance with its obligations under paragraph F1.4 for a specified activity or for specified expenditure, at all times from the point of the submission.

Part B: Allocation of revenues between licences

- F1.9. The licensee must use best endeavours to ensure there is no double recovery of expenditure through the ARGSP_t term under Part C of this condition and through charges under condition F1 (Expenditure and allowed revenue) of the Electricity System Operator Licence, by allocating its total expenditure as either Electricity Licence Expenditure or Gas Licence Expenditure.
- F1.10. By no later than 31 October 2024, or another date agreed with the Authority, the licensee must submit to the Authority a Total Cost Allocation Methodology that sets out the principles and procedures for how the licensee will allocate its

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total expenditure as either Electricity Licence Expenditure or Gas Licence Expenditure.

- F1.11. On receipt of the proposed Total Cost Allocation Methodology provided for in paragraph F1.10, or any proposed revision, as provided for in paragraph F1.13, the Authority will:
- (a) approve the Total Cost Allocation Methodology and notify the licensee of approval; or
 - (b) give a direction to the licensee that the Total Cost Allocation Methodology requires further development and the date by which the licensee is required to submit a revision to the Authority for approval.
- F1.12. Following the Authority's approval under paragraph F1.11, the licensee must:
- (a) unless the Authority otherwise consents or directs, at all times comply with the Total Cost Allocation Methodology;
 - (b) at least once in every 12 months, or at such other interval as the Authority may direct, review the Total Cost Allocation Methodology and revise it as necessary, including when circumstances change such that the methodology would no longer lead to a reflective allocation of Electricity Licence Expenditure and Gas Licence Expenditure.
- F1.13. The licensee must submit any revisions made to the Total Cost Allocation Methodology to the Authority and any revisions will only become effective once the Authority has approved them, in accordance with paragraph F1.11.
- F1.14. The licensee must publish a copy of the Total Cost Allocation Methodology and each revision on its website within a period of 15 Working Days beginning with the date of its approval by the Authority.

Part C: Calculation of the gas revenue provision term ($ARGSP_t$)

- F1.15. The licensee must, by the dates specified in the statement issued in accordance with Part C of special condition 6.4 (ISOP gas costs revenue process) of National Gas Transmission plc's Gas Transporter Licence, notify the NTS System Operator of the best estimate of the gas revenue provision term ($ARGSP_t$) term.
- F1.16. The value of $ARGSP_t$ is derived in accordance with the following formula:

$$ARGSP_t = GLE_t + GSPADJ_t$$

where:

GLE_t means Gas Licence Expenditure; and

$GSPADJ_t$ is the Gas System Planner Licence correction term, derived in accordance with Part D.

Part D: Gas System Planner Licence correction term ($GSPADJ_t$)

- F1.17. The value of $GSPADJ_t$ is derived in accordance with the following formula:

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$$GSPADJ_t = (ARGSP_{t-1} - RGSP_{t-1}) \times (1 + I_{t-1} + 1.15\%)$$

where:

I_t means the average value of the Reference Variable Rate;
and

$RGSP_t$ is the total revenue received by the licensee in accordance with payments made under special condition 6.4 (ISOP gas costs revenue process) of National Gas Transmission plc's Gas Transporter Licence.

Part E: Obligation to provide forecasts of $ARGSP_t$ to the NTS System Operator

- F1.18. In its notification of $ARGSP_t$ provided to the NTS System Operator in paragraph F1.15, the licensee must also provide a reasonable forecast of $ARGSP_t$ for the four following Regulatory Years.
- F1.19. The licensee must keep under review the forecast provided to the NTS System Operator under paragraph F1.15 and, if at any time, the licensee reasonably considers the values of $ARGSP_t$ to be significantly different to those previously notified, the licensee must provide a revised forecast to the NTS System Operator as soon as reasonably practicable.

Condition F4 Financial Model and Handbook model and handbook

Introduction

- F4.1. The purpose of this condition is to set out requirements on the licensee in relation to the NESO Financial Model.
- F4.2. This condition also establishes the NESO Financial Handbook and the process the Authority will follow in issuing and amending the NESO Financial Handbook.

Part A: The NESO Financial Model

- F4.3. The licensee must maintain, update, consult on, and publish the NESO Financial Model, in line with the processes and requirements in this Part and in the NESO Financial Handbook.
- F4.4. The NESO Financial Model must contain the licensee's detailed calculation for its gas revenue provision term (ARGSP_t) for each Regulatory Year, in line with the requirements in condition F1 (Gas revenue calculations and notification process) and the NESO Financial Handbook.
- F4.5. The licensee must have in place a robust internal governance process to verify the accuracy of the data, information and calculations contained within the NESO Financial Model. This must include, at a minimum, approval from the licensee's chief financial officer (or an equivalent officer that has overall accountability for delivery of the licensee's financial obligations) prior to the publication or submission of any updated or populated versions of the NESO Financial Model to the Authority.
- F4.6. The Authority may, where it considers it necessary, direct the licensee to review or change the NESO Financial Model (or supporting models or reporting packs for the NESO Financial Model outlined in the NESO Financial Handbook) in the manner and timeframes specified in the relevant letter of direction.
- ~~F4.5. The licensee must send the Financial Model and its calculation of ESOAR_t to the Authority in accordance with the process and timelines stated in the Financial Handbook.~~
- ~~F4.6. Following receipt of the Financial Model, the Authority may give a direction to the licensee that the Financial Model requires specified changes and the date by which the licensee is required to submit a revised version of the Financial Model to the Authority.~~
- ~~F4.7. Following a review of the Financial Model by the Authority and unless directed otherwise, the licensee must publish a final version of the Financial Model each Regulatory Year on its website in accordance with the timelines and requirements stated in the Financial Handbook.~~

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Part B: The NESO Financial Handbook

- F4.7. The licensee must comply with the NESO Financial Handbook.
- F4.8. The Authority will issue and amend the NESO Financial Handbook by direction.
- F4.9. The Authority will publish the NESO Financial Handbook on the Authority's Website.
- F4.10. The NESO Financial Handbook will include provisions about or impose requirements in relation to, but not limited to:
- (a) the timelines and processes the licensee should follow ~~when submitting for~~ updating, populating and publishing the NESO Financial Model to the Authority and publishing it on its website; and
 - (b) any other matters relating to the regulation, governance and administration of the NESO Financial Model and the NESO Financial Handbook.
- F4.11. Before issuing or amending the NESO Financial Handbook, the Authority will publish on the Authority's Website:
- (a) the text of the proposed or amended NESO Financial Handbook;
 - (b) the date on which the Authority intends the NESO Financial Handbook or amended NESO Financial Handbook to come into effect; and
 - (c) a period during which representations may be made on the content of the NESO Financial Handbook, which must be at least 14 days ~~or as agreed with the Authority.~~
- ~~F4.12. After issuing or amending the Financial Handbook, the Authority must:~~
- ~~(a) publish the Financial Handbook on the Authority's Website; and~~
 - ~~(b) ensure that any amendments to Financial Handbook are promptly incorporated into a consolidated version maintained on the Authority's Website.~~
- ~~F4.13. The steps required to issue or amend the Financial Handbook may be satisfied by action taken before, as well as by action taken after, this condition comes into effect.~~

Condition F5 Requirements on staff remuneration and expenses **Remuneration Policy and Expenses Policy**

Introduction

F5.1. The purpose of this condition is to set requirements on the licensee on its approach to staff remuneration and expenses. This includes requirements on the licensee that aim to support alignment between the Authority's performance assessments and the licensee's decisions on Performance-Related Pay for Applicable Senior Staff. This condition also sets requirements on the licensee to publish certain policies and reports that promote transparency on the licensee's approach, decisions and costs with respect to staff remuneration and expenses.

Part A: Requirements on Performance-Related Pay for Applicable Senior Staff

F5.2. The licensee must ensure that there is a strong relationship between its approach to Performance-Related Pay for Applicable Senior Staff and the performance arrangements established by the Authority pursuant to Condition G2 (Performance reports and assessment). This includes the licensee ensuring the Annual Performance Assessment carried out by the Authority is a material factor in its decisions on Performance-Related Pay for Applicable Senior Staff.

F5.3. Subject to paragraph F5.2, the Licensee may consider a range of factors when determining Performance-Related Pay for Applicable Senior Staff, but it must ensure that at a minimum it demonstrably considers:

- (a) the grades in the Annual Performance Assessment;
- (b) the Authority's key findings and reasons for the grades in the Annual Performance Assessment;
- (c) the views of stakeholders on the licensee's performance, including but not limited to views provided by the Independent Challenge Panel; and
- (d) the extent to which the factors in paragraphs F5.3(a) to F5.3(c) relate to the accountabilities and performance of each Applicable Senior Staff member individual accountabilities and performance of each Applicable Senior Staff member contributed to the factors in paragraphs F5.3(a), F5.3(b) and F5.3(c).

F5.4. The licensee must ensure its arrangements for Performance-Related Pay for Applicable Senior Staff create strong incentives on Applicable Senior Staff to promote the licensee's compliance with its license obligations. This includes ensuring that any instances of findings of non-compliance with licence conditions following enforcement action taken by the Authority against the licensee using its statutory enforcement powers are a prominent factor in Performance-Related Pay for Applicable Senior Staff with relevant accountabilities (including through the implementation and, where relevant, execution of effective malus or claw back provisions).

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Part B: Confirmation of Performance-Related Pay for Applicable Senior Staff

F5.5. Prior to authorising any Performance-Related Pay for Applicable Senior Staff, the licensee must notify the Authority in Writing of its provisional decisions on Performance-Related Pay for Applicable Senior Staff, along with a clear explanation of how the provisional pay awards are consistent with the requirements in Part A of this condition.

F5.6. Within 30 days of the receipt of a notification provided by the licensee pursuant to paragraph F5.5, if the Authority is satisfied that the licensee's provisional decisions on Performance-Related Pay are consistent with the requirements of Part A of this condition, the Authority will confirm in Writing that it does not wish to issue a Performance-Related Pay Objection. If the Authority does not respond to the notification within 30 days, then the licensee can consider this as meaning the Authority has no Performance-Related Pay Objection.

F5.7. Where the Authority is not satisfied that the provisional pay awards for Applicable Senior Staff are consistent with the requirements in Part A of this condition, the Authority will confirm to the licensee in Writing that it has a Performance-Related Pay Objection before the deadline in paragraph F5.6 and state its reasons for the Performance-Related Pay Objection.

F5.8. Following the receipt of a Performance-Related Pay Objection, the licensee must review its provisional pay awards to address the Authority's concerns and submit a new notification under paragraph F5.5 as soon as reasonably practicable following the Authority's confirmation of a Performance-Related Pay Objection.

F5.9. The licensee must not award any Performance-Related Pay to Applicable Senior Staff unless, pursuant to paragraph F5.6, either:

(a) the Authority has confirmed in Writing it is satisfied that the licensee's provisional decisions on Performance-Related Pay are consistent with the requirements of Part A of this condition; or

(b) the Authority has not responded within 30 days to the notification provided by the licensee pursuant to paragraph F5.5.

Part B: Transparency on staff remuneration

F5.5. The licensee must maintain and publish on its website a Remuneration Policy describing the principles, practices, and procedures that the licensee follows when remunerating its employees (including the approach to establishing base salaries, annual salary adjustments, benefit packages, and Performance-Related Pay).

F5.6. The licensee must keep the Remuneration Policy under review and publish an updated version as soon as reasonably practicable after identifying any changes that are needed to more closely reflect the principles, practices and procedures followed by the licensee.

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- F5.7. The licensee must provide transparency on its decisions on Performance-Related Pay for Applicable Senior Staff and the reasoning for these decisions through public end-of-year reporting. This public reporting must as a minimum include:
- (a) Disaggregated data on the pay awards granted to each Applicable Executive Committee Member, including the values of pay award granted in comparison to the minimum and maximum values available;
 - (b) An explanation of the rationale behind the licensee's decisions on performance related pay for each Applicable Executive Committee Member, including an explanation of how the factors in paragraph F5.3 were considered by the licensee;
 - (c) Aggregated data on the pay awards granted to Applicable Senior Staff who are not Applicable Executive Committee Members, including the average percentage pay award compared to the average minimum and average maximum values available; and
 - (d) A summary explanation of the rationale behind the licensee's aggregate decisions on performance related pay for Applicable Senior Staff who are not Applicable Executive Committee Members, including an explanation of how the factors in paragraph F5.3 were considered by the licensee.

Part C: Requirements with respect to expenditure on travel, expenses and hospitality

- F5.8. The licensee must have in place a robust system of internal governance, procedures and controls that ensure any travel or expenses cost incurred or claimed by its employees, or any expenditure on hospitality:
- (a) has a justified needs-case with respect to the effective operation of the ISOP Business;
 - (b) delivers value for money for energy consumers; and
 - (c) aligns with the relevant expectations established in any formal agreements with the Secretary of State, as well as any published guidance issued from time to time by HM Treasury (or a successor body) outlining the principles, recommendations or guidelines on the use and management of financial resources by public organisations in the United Kingdom.
- F5.9. The licensee must maintain and publish on its website an Expenses Policy which describes the principles, practices, procedures and systems that the licensee follows in relation to expenditure on expenses, travel and hospitality by employees (management and the wider workforce), and when carrying out the ISOP Business.
- F5.10. The licensee must keep the Expenses Policy under review and publish an updated version as soon as reasonably practicable after identifying any changes that are needed to more closely reflect the principles, practices and procedures followed by the licensee.

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F5.11. The licensee must provide transparency on the expenditure it incurs on travel, expenses and hospitality each Regulatory Year through public end-of-year reporting. This public reporting must at a minimum include:

- (a) Data on the total expenses claimed by each member of the licensee's executive committee over the Regulatory Year, disaggregated into sub-categories which include at a minimum: air travel, rail travel, travel by taxi and car, accommodation, subsistence, and other;
- (b) Data on the cumulative total of staff expenses over the Regulatory Year disaggregated into sub-categories which include at a minimum: travel, accommodation, subsistence, and other; and
- (c) Data on the licensee's cumulative expenditure on hospitality.

Introduction

F5.1. ~~The purpose of this condition is to ensure that the licensee has in place and complies with:~~

- ~~(b) a Remuneration Policy (as described in Part B of this condition); and~~
- ~~(c) an Expenses Policy (as described in Part C of this condition),~~

~~that has been approved by the Authority.~~

Part A: Submitting policies for approval

F5.2. ~~The licensee must prepare and submit to the Authority:~~

- ~~(a) a Remuneration Policy; and~~
- ~~(b) an Expenses Policy,~~

~~within one month of this condition coming into effect, or such later date with the consent of the Authority.~~

F5.3. ~~On receipt of the policies provided for in paragraph F5.2, or any revisions of them as provided for in paragraph F5.4(b), the Authority will:~~

- ~~(a) approve any policy (or any revised version) and notify the licensee of such approval;~~
- ~~or~~
- ~~(b) give a direction to the licensee that the new (or revised) Remuneration Policy and/or Expenses Policy requires further development and the date by which the licensee is required to submit any subsequent revisions to the Authority for approval.~~

F5.4. ~~Following the Authority's approval of the policies provided for in paragraph F5.2, the licensee must (unless the Authority otherwise consents or directs):~~

- ~~(a) comply at all times with the Remuneration Policy and the Expenses Policy;~~

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- ~~(b) publish the Remuneration Policy and the Expenses Policy on its Website as soon as reasonably practicable after the Authority's approval;~~
- ~~(c) review each of the policies at least every twelve months and revise them as necessary; and~~
- ~~(d) submit any revisions to the Authority, which will only become effective once the Authority has approved them, in accordance with paragraph F5.3.~~

Part B: Remuneration Policy

~~F5.5. The Remuneration Policy must describe the principles, practices, procedures and systems that the licensee must follow when remunerating its employees, and the policy shall include the following:~~

- ~~(a) the principles the licensee follows when setting remuneration for its employees (for management and the wider workforce);~~
- ~~(b) the approach the licensee takes to annual increases in remuneration for its employees (for management and the wider workforce);~~
- ~~(c) the approach the licensee takes to avoiding any differences in remuneration between protected characteristics under the Equality Act 2010;~~
- ~~(d) the principles and methodologies for awarding performance related remuneration, including how any assessment of the licensee's performance by the Authority (including with respect to arrangements in Part A of condition G2 (Performance reports and assessments)), and any instances of non-compliance with this licence or enforcement actions against the licensee, will be taken into consideration for senior management performance related remuneration;~~
- ~~(e) the principles and methodologies for awarding any other employee benefits; and~~
- ~~(f) the remuneration ratios between senior management and the wider workforce.~~

Part C: Expenses Policy

~~F5.6. The Expenses Policy must describe the principles, practices, procedures and systems that the licensee must follow in relation to the use of, and approval of, expenses by employees (management and the wider workforce) when carrying out business on behalf of the licensee, and the policy shall include the following:~~

- ~~(a) expenses for travel by air, sea, rail, taxi or any other form of transport;~~
- ~~(b) subsistence expenses (for food and drink); and~~
- ~~(c) expenses for staying overnight.~~

Section G: Regulatory reports and assessment

Condition G1 Strategic Aims and Business Plan

Introduction

- G1.1. The purpose of this condition is to set obligations on the licensee related to ~~developing a~~ the development of Strategic Aims and Business Plans.
- G1.2. This condition also sets out the process the Authority will follow in issuing and amending the NESO Business Plan Guidance.

Part A: Strategic Aims

- G1.3. The licensee must:
- (a) develop and maintain a set of Strategic Aims; and
 - (b) publish the Strategic Aims on its website.
- G1.4. The Strategic Aims must meet the requirements set out within the NESO Business Plan Guidance.
- G1.5. The licensee must keep the Strategic Aims under review. Where the licensee identifies that the Strategic Aims will be materially inaccurate by the time of the next Business Plan submission, the licensee must seek to update and republish the Strategic Aims in sufficient timescales for the revised Strategic Aims to inform the development of the next Business Plan.
- G1.6. Subject to paragraph G1.5, the licensee must conduct a review of the Strategic Aims with stakeholders at least once every six years.

Part B: Business Plan

- G1.7. Before the start of the Regulatory Year commencing 1 April ~~2025~~**2028**, and subsequently ~~on an annual basis every two years~~, unless the Authority directs otherwise, the licensee must:
- (a) produce a Business Plan; and
 - (b) publish the Business Plan on its website.
- G1.8. The Business Plan must contain, with respect to the two forthcoming Regulatory Years:
- (a) the licensee's forecast of the total ~~Gas Licence~~ Internal Expenditure that it expects to incur for each of the two Regulatory Years ahead within the Business Plan period;
 - (b) an explanation of and justification for the forecast ~~Gas Licence~~ Internal Expenditure;
 - ~~(c) where and when required by the NESO Business Plan Guidance, a summary of the licensee's key strategic aims in respect of the time period specified in the NESO Business Plan Guidance; and~~

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- (c) a summary of the licensee's key work priorities and major planned deliverables for the Regulatory Year, including how they relate to its latest key strategic aims under the requirements of paragraph G1.4(c) a clear articulation of the major performance outcomes the licensee is seeking to achieve over the Business Plan period, including an explanation of how those shorter term performance outcomes relate to the licensee's most recent Strategic Aims; and
- (d) information and measures to explain how the outcomes in paragraph G1.8(c) will be achieved in practice (including a description of the licensee's major planned deliverables and key milestones); and
- (e) any other required contents set out in the NESO Business Plan Guidance.

Part C: Stakeholder engagement

- G1.9. ~~When~~ Whenever preparing the Business Plan, or whenever materially revising the Strategic Aims, the licensee must engage with relevant stakeholders, in line with the guidance provided in the NESO Business Plan Guidance.

Part D: Authority's review and determination on the Business Plan

- G1.10. The licensee must submit the Business Plan, and any other supporting information required by the Authority for review, in line with the process and timelines set out in the NESO Business Plan Guidance.
- G1.11. The Authority will assess the Business Plan, and any other supporting information required by the Authority, in line with the process and timelines set out in the NESO Business Plan Guidance.
- G1.12. The Authority will publish an annual Plan Determination following its assessment of the Business Plan on the Authority's Website.
- G1.13. The Authority's Plan Determination will set out the Authority's views and conclusions on the contents of the Business Plan, including, where relevant, ~~the key strategic aims, activities and costs outlined in the Business Plan~~ any additional or different expectations the Authority considers the licensee should meet over the Business Plan period, in line with the process in the NESO Business Plan Guidance.

Part E: NESO Business Plan Guidance

- G1.14. The Authority will issue and amend the NESO Business Plan Guidance by direction.
- G1.15. The licensee must comply with the NESO Business Plan Guidance.
- G1.16. The Authority will publish the NESO Business Plan Guidance on the Authority's Website.
- G1.17. The NESO Business Plan Guidance will include provisions about or impose requirements in relation to:

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- (a) requirements related to Strategic Aims;
- (b) the date for the submission of the Business Plan;
- (c) the contents of the Business Plan;
- (d) the processes for engagement with stakeholders, including any consultations; and
- (e) how the Authority will assess the Business Plan and make a Plan Determination.

G1.18. Before issuing a new or amended NESO Business Plan Guidance, the Authority will publish on the Authority's Website:

- (a) the text of the proposed or amended NESO Business Plan Guidance;
- (b) the date on which the Authority intends the NESO Business Plan Guidance or amended NESO Business Plan Guidance to come into effect; and
- (c) a period during which representations may be made on the content of the NESO Business Plan Guidance, which will not be less than 28 days.

G1.19. After issuing or amending the NESO Business Plan Guidance, the Authority must:

- (a) publish the NESO Business Plan Guidance on the Authority's Website; and
- (b) ensure that any amendments to the NESO Business Plan Guidance are promptly incorporated into a consolidated version maintained on the Authority's Website.

G1.20. The steps required to issue or amend the NESO Business Plan Guidance may be satisfied by action taken before, as well as by action taken after, this condition comes into effect.

Condition G2 Performance reports and assessment

Introduction

- G2.1. The purpose of this condition is to establish the licensee's regulatory performance incentives, including requirements on the licensee in relation to performance reporting and gathering stakeholder feedback, and the arrangements for an assessment of the licensee's performance by the Authority.
- G2.2. This condition also establishes the NESO Performance Arrangements Governance Document and sets out the process the Authority will follow in issuing and amending the NESO Performance Arrangements Governance Document.

Part A: Performance reports, stakeholder feedback and assessment

- G2.3. The licensee must publish, on its website, reports demonstrating its performance carrying out the ISOP Business, including with respect to the achievement of ~~its delivery of its~~ Business Plan outcomes and value for money in expenditure, in line with the requirements in the NESO Performance Arrangements Governance Document.
- G2.4. The licensee must put in place arrangements that enable stakeholders to provide regular and coordinated feedback on the licensee's performance carrying out the ISOP Business, in line with the specific requirements in the NESO Performance Arrangements Governance Document, and must use reasonable endeavours to ensure these arrangements facilitate feedback from a diverse range of stakeholders.
- G2.5. The Authority will put in place arrangements for the Independent Challenge Panel. These arrangements, including the associated requirements on the licensee, will be set out within the NESO Performance Arrangements Governance Document.
- G2.6. The licensee must engage and cooperate with the Independent Challenge Panel to enable the Independent Challenge Panel to deliver its roles and responsibilities as established in the NESO Performance Arrangements Governance Document.
- G2.7. At the end of each ~~Assessment Period~~ Regulatory Year, the Authority will publish its views ~~of~~ on the licensee's performance over that ~~Assessment Period~~ Regulatory Year, in line with the arrangements in the NESO Performance Arrangements Governance Document.

Part B: The NESO Performance Arrangements Governance Document

- G2.8. The licensee must comply with the NESO Performance Arrangements Governance Document.
- G2.9. The Authority will issue and amend the NESO Performance Arrangements Governance Document by direction.

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- G2.10. The Authority will publish the NESO Performance Arrangements Governance Document on the Authority's Website.
- G2.11. The NESO Performance Arrangements Governance Document will include provisions about or impose requirements in relation to:
- (a) reports the licensee must publish on its website to demonstrate its performance in carrying out the ISOP Business (including with respect to its delivery of Business Plan outcomes and its expenditure);
 - (b) the process and procedures that will be in place for any assessment of the performance of the licensee by the Authority;
 - (c) the requirements the licensee must fulfil as part of any such assessment process;
 - (d) how any such assessment of the performance of the licensee will be published by the Authority;
 - (e) requirements in relation to licensee gathering feedback from its stakeholders; ~~and~~
 - (f) the arrangements for the Independent Challenge Panel, and the licensee's obligations in relation to the Independent Challenge Panel; and
 - (g) any other matters relating to the regulation, governance, or administration of the licensee's regulatory performance incentives.
- G2.12. Before issuing a new or amended NESO Performance Arrangements Governance Document, the Authority will publish on the Authority's Website:
- (a) the text of the proposed or amended NESO Performance Arrangements Governance Document;
 - (b) the date on which the Authority intends the NESO Performance Arrangements Governance Document or amended NESO Performance Arrangements Governance Document to come into effect; and
 - (c) a period during which representations may be made on the content of the NESO Performance Arrangements Governance Document, which will not be less than 28 days.
- G2.13. The steps required to issue or amend the NESO Performance Arrangements Governance Document may be satisfied by action taken before, as well as by action taken after, this condition comes into effect.

Condition G3 Regulatory Instructions and Guidance (RIGs)

Introduction

~~G3.1. The purpose of this condition is to set out the scope, contents, and governance arrangements for the Regulatory Instructions and Guidance (RIGs).~~

Part A: The RIGs

~~G3.2. The Authority will issue and amend the RIGs by direction.~~

~~G3.3. The Authority will maintain a current version of the RIGs on the Authority's Website.~~

~~G3.4. Subject to paragraphs G3.5 and G3.6, the RIGs will make provision for:~~

- ~~(a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing Specified Information;~~
- ~~(b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such information);~~
- ~~(c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;~~
- ~~(d) the methodology for calculating or deriving numbers comprising Specified Information;~~
- ~~(e) provision with respect to the meaning of words and phrases used in defining Specified Information;~~
- ~~(f) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;~~
- ~~(g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority;~~
- ~~(h) requirements as to which (if any) of the Specified Information is to be subject to audit, the terms on which an auditor is to be appointed by the licensee for that purpose, and the nature of the audit to be carried out by that person;~~
- ~~(i) requirements as to the circumstances in which the Authority may appoint an Examiner to examine the recording of the Specified Information by the licensee;~~
- ~~(j) a statement on whether and to what extent each category of the Specified Information is required for the purposes of the RIGs;~~
- ~~(k) provision about how the Authority intends to monitor, assess, and enforce compliance with the RIGs; and~~
- ~~(l) instructions and guidance on the standards of accuracy and reliability that are applicable to the commentary that supports the information provided by licensees under the RIGs (to enable the Authority to assess efficiency and delivery of value to consumers).~~

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- ~~G3.5. The provisions of the RIGs will not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions.~~
- ~~G3.6. No Specified Information will exceed what could be requested from the licensee by the Authority under paragraph D3.2 of condition D3 (Provision of information to the Authority) excluding any reference to paragraph D3.3 of that condition.~~
- ~~G3.7. Before issuing new RIGs or amending the RIGs the Authority will publish on the Authority's Website:~~
- ~~(a) the proposed text of the new or amended RIGs;~~
 - ~~(b) the date on which the Authority intends the new or amended RIGs to come into effect;~~
 - ~~(c) the reasons for the new or amended RIGs; and~~
 - ~~(d) a period during which representations may be made on the new or amended RIGs which will not be less than 28 days.~~
- ~~G3.8. The requirements of paragraph G3.7 of this condition may be satisfied by action taken by the Authority before, as well as by action taken after this licence condition comes into effect.~~

Part B: Compliance with the provisions of the RIGs

- ~~G3.9. The licensee must comply with the RIGs.~~
- ~~G3.10. The licensee must at all times have in place, comply with, and maintain appropriate systems, processes, and procedures to enable it to:~~
- ~~(a) estimate, measure, and record Specified Information; and~~
 - ~~(b) provide Specified Information to the Authority in accordance with the RIGs.~~
- ~~G3.11. The accounting records and other records kept by the licensee with respect to the Specified Information must be:~~
- ~~(a) separately identified and reasonably attributed as between the ISOP Business and the business of any ISOP Affiliate or ISOP Related Undertaking; and~~
 - ~~(b) maintained for a period of eight years, or such shorter period as set out in the RIGs, from the date that they are made.~~
- ~~G3.12. The licensee must take all reasonable steps to validate and check that the Specified Information is complete, reliable and meets the standards prescribed by the RIGs.~~
- ~~G3.13. The licensee must, on or before each submission date, write to the Authority to confirm that, in its opinion, the Specified Information in respect of each Regulatory Year meets the standards prescribed by the RIGs.~~

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~~G3.14. This condition does not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.~~

Part C: Requirements for new or more detailed information

~~G3.15. The licensee may provide estimates to the Authority in respect of the relevant category of Specified Information for any Regulatory Year specified by the Authority if any new or amended RIGs have the effect of introducing a requirement to provide:~~

- ~~(a) a new category of Specified Information; or~~
- ~~(b) an existing category of Specified Information to a greater level of detail, which has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.~~

~~G3.16. The estimates that are mentioned in paragraph G3.15 of this condition may be derived from such other information available to the licensee as may be appropriate for that purpose.~~

Part D: Derogations

~~G3.17. The licensee may apply to the Authority for a derogation relieving the licensee of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified by the Authority by direction after consulting the licensee.~~