Gas and Electricity Markets Authority

ELECTRICITY ACT 1989

Standard conditions of the Electricity Distribution Licence

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SECTION A:

STANDARD CONDITIONS FOR ALL ELECTRICITY DISTRIBUTORS

CHAPTER 1 Standard conditions 1 to 3: Interpretation and application

Condition 1. Definitions for the standard conditions

Introduction

1.1 This condition sets out most of the defined words and expressions (all of which begin with capital letters) that are used in the standard conditions of both Section A and Section B of this licence, and gives their definitions next to them.

1.2 But where defined words and expressions are used only in a particular standard condition, their definitions are included in that condition.

Definitions in alphabetical order

1.3 In the standard conditions of this licence, unless the context otherwise requires**:**

Act	means the Electricity Act 1989.
Affiliate	in relation to the licensee, means any Holding Company of the licensee, any Subsidiary of the licensee, or any Subsidiary of a Holding Company of the licensee.
Agency for the Cooperation of Energy Regulators	means the Agency for the Cooperation of Energy Regulators established by Regulation (EC) No 713/2009 as construed as reference to and read in accordance with the correlation table in Annex II of Regulation (EU) 2019/942 establishing a European Union Agency for the Cooperation of Energy Regulators (recast) and as it had effect immediately before IP completion day.
Agreed Upon Procedures	means procedures from time to time agreed between the Authority, the Appropriate Auditor, and the licensee for the purpose of enabling the Appropriate Auditor to review and report to the Authority on matters relating to: (a) in the case of standard condition 44 (Regulatory Accounts), the licensee's compliance with the obligation to which Part E of that condition refers; and (b) in the case of standard condition 46 (Regulatory Instructions and Guidance), the licensee's provision of Specified Information (as defined in Part H of that condition).
Application Regulations	means regulations made under section 6A of the Act that set out the form and manner in which applications for an Electricity Licence or any extension or restriction of such a licence are to be made.

Appropriate Auditor	means: (a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act; (b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter 2 of Part 16 of that Act, a person so appointed; and (c) in any other case, a person who is eligible for appointment as a company auditor under Part 42 of that Act.
Authorised	in relation to any business or activity, means authorised by licence granted or treated as granted under section 6 of the Act or, in any appropriate cases, by exemption granted under section 5 of the Act.
Authorised Electricity Operator	means any person (other than the licensee) who is Authorised to hold an Electricity System Operator Licence, or to generate, participate in the transmission of, distribute, or supply electricity, participate in the operation of an Interconnector or provide a smart meter communication service, and includes any person who has made an application to be so Authorised which has not been refused and any person who transfers electricity to or from or across an Interconnector or has made an application for use of an Interconnector that has not been refused.
Authority	means the Gas and Electricity Markets Authority that is established under section 1 of the Utilities Act 2000.
Authority's Website	means www.ofgem.gov.uk.
Balancing and Settlement Code	means the Balancing and Settlement Code that is provided for in condition E1 (Balancing and Settlement Code (BSC)) of the Electricity System Operator Licence.
Central Charge Database	means the database required to be maintained under the Retail Energy Code to facilitate the validation of Green Deal Plans and the collection and remittance of Green Deal Charges as referred to and providing for such other matters as are set out in standard condition 35 (Central Charge Database) of an Electricity Supply Licence.

Charging Methodology	means a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply: (a) in relation to Use of System, for determining the licensee's Use of System Charges; and (b) in relation to connections, for determining the licensee's Connection Charges, as approved by the Authority by virtue of the provisions of standard conditions 13, 13A, 13B and 22A (as the case may be).
Citizens Advice	means the National Association of Citizens Advice Bureaux.
Citizens Advice Scotland	means the Scottish Association of the Citizens Advice Bureaux.
Claimant	means an Electricity Supplier and/or LRSP Permitted Assignee entitled to receive a Last Resort Supply Payment in accordance with a Valid Claim.
Competition and Markets Authority	means the Competition and Markets Authority, which is the competition regulator in the United Kingdom.
Conditions	means all the conditions of the licence in question (which, for the purposes of this particular licence, means each standard condition, each special condition, and any other condition however described that has effect in this licence).
Connection Charges	means charges made or levied, or to be made or levied, by the licensee for the provision, modification, or retention of connections to the licensee's Distribution System, whether or not such charges or any part of them are annualised, and may include, as appropriate, costs relating to any of the matters mentioned under paragraph A2 of Appendix 1 to standard condition 14 (Charges for Use of System and connection).
Connection Charging Statement	has the meaning given to that term in paragraph 14.1 of standard condition 14 (Charges for Use of System and connection).
Connections Methodologies	means: (a) the Gate 2 Criteria Methodology; and/or

(b) the Connections Network Design Methodology; and/or

(c) the Project Designation Methodology as applicable.

Connections Network Design Methodology	means the document issued by the ISOP and approved by the Authority in accordance with condition E16 (Connections Network Design Methodology) of the Electricity System Operator Licence.
Connections Process	means the process undertaken by the ISOP, Transmission Owners, Offshore Transmission Owners and Authorised distributors to assess connection applications and provide offers in accordance with the CUSC, DCUSA, STC and Connections Methodologies.
Connection Regulations	means regulations made in relation to connection standards of performance under section 39A of the Act.
Connection and Use of System Code	means the Connection and Use of System Code that is provided for in condition E2 (Connection and Use of System Code (CUSC)) of the Electricity System Operator Licence.
Consumer Scotland	means the body corporate established by the Consumer Scotland Act 2020.
Customer	means any person who is supplied or requires to be supplied with electricity at any premises in Great Britain, but does not include any Authorised Electricity Operator in its capacity as such.
Data Aggregation	means services comprising any or all of the following: the collation and summation of Electricity Meter reading data (whether actual or estimated) and of data for the consumption of electricity at premises that receive an Unmetered Supply, and the delivery of such data to any person for Settlement Purposes.
Data Processing	means services comprising any or all of the following: the processing, validation, and estimation of Electricity Meter reading data, and the creation, processing, and validation of data for the consumption of electricity at premises that

	receive an Unmetered Supply, and the delivery of such data to any person for the purpose of Data Aggregation.
Data Retrieval	means services comprising any or all of the following: the retrieval and verification of Electricity Meter reading data from Electricity Meters and the delivery of such data to any person for the purpose of Data Processing.
Data Services	means and is to be understood as the totality of**:** (a) Metering Point Administration Services provided under and in accordance with the provisions of the Retail Energy Code and the Balancing and Settlement Code; and (b) Data Transfer Services provided by the Data Transfer Service.
Data Transfer Specification	means the specification of that name, containing market messages, data definitions, and data formats, that is established under and is one of the mandatory components of the Retail Energy Code.
Data Transfer Service	means the service that is established and maintained under standard condition 37 (Provision of the Data Transfer Service) for the purpose of providing Data Transfer Services in accordance with that condition.
Data Transfer Services	means the electronic data transfers specified at paragraph 3 of standard condition 37 (Provision of the Data Transfer Service) which the Data Transfer Service is required to make for any of the purposes set out at paragraph 4 of that condition.
De Minimis Business	means any business conducted or carried on by the licensee, or by an Affiliate or a Related Undertaking of the licensee in which the licensee holds shares or other investments, other than: (a) the Distribution Business; and (b) any other business or activity to which the Authority has given its consent under paragraph 4 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business).
DG Standards Direction	has the meaning given to it in Part C of standard condition 15A (Connection Policy and Connection Performance)

Directive	means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC as it has effect immediately before IP completion day as read with the modifications set out in the Act.
Distributed Generation (DG)	means an installation comprising any plant or apparatus for the production of electricity that is directly connected to the licensee's Distribution System or is connected to that system through one or more electricity networks (other than through an onshore Transmission System) that are directly connected to it.
Distribution Business	means a business of the licensee (or, in relation to either of sub-paragraphs (a) and (c), a business of any Affiliate or Related Undertaking of the licensee) which, except to the extent otherwise specified by the Authority in a direction to the licensee, comprises any of the following activities**:** (a) the distribution of electricity through the licensee's Distribution System (including any business in providing connections to that system); (b) the provision of Metering Services and Metering Equipment (including the service of providing Legacy Metering Equipment within the meaning of standard condition 34); and (c) the provision of Data Services, and in each case includes any business that is ancillary to the business in question.
Distribution Code	means the Distribution Code approved by the Authority that the licensee is required to maintain in force under standard condition 21 (The Distribution Code) for the purposes set out in that condition.
Distribution Connection and Use of System Agreement	means the agreement of that name that the licensee is required to maintain in force in a form approved by the Authority under standard condition 22 (Distribution Connection and Use of System Agreement) for the purposes set out in that condition.

Distribution Losses means Units lost while being transported through the licensee's Distribution System, including:

(a) Units lost in the course of that process as a result of electrical impedance or the operation of that Distribution System; and

(b) Units unaccounted for that can be attributed to Relevant Theft of Electricity, or to inaccuracies or errors in inventories of unmetered supplies.

Distribution Services Area in relation to the licensee if it is a Distribution Services Provider, means the area specified as such by the Authority under:

(a) standard condition 2 (Application of Section C) of the licensee's Electricity Distribution Licence in the form in which that licence was in force on 31 May 2008; or

(b) standard condition 3 (Application of the Section B standard conditions) of the licensee's Electricity Distribution Licence in the form in which that licence was in force on 31 March 2015; or

(c) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 April 2015.

Distribution Services Direction in relation to the licensee if it is a Distribution Services Provider, means a direction given to the licensee by the Authority under, as may be appropriate**:**

(a) standard condition 2 (Application of Section C) of the licensee's Electricity Distribution Licence in the form in which that licence was in force at 31 May 2008; or

(b) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 June 2008,

that specifies or describes the area within which, and the extent to which, the licensee will be obliged to comply with the requirements of the standard conditions of Section B of this licence.

Distribution Services Provider means any Electricity Distributor in whose Electricity Distribution Licence the requirements of Section B of the standard conditions of that licence have effect (whether in whole or in part).

Distribution System	means the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised distributor that is used for the distribution of electricity from grid supply points or generation sets or other Entry Points to the points of delivery to Customers or Authorised Electricity Operators or any Transmission Licensee in its capacity as operator of that licensee's Transmission System or the ISOP in its capacity as operator of the GB Transmission System, and includes any Remote Transmission Assets (owned by a Transmission Licensee within England and Wales) that are operated by that Authorised distributor and any electrical plant, Electricity Meters, and Metering Equipment owned or operated by it in connection with the distribution of electricity, but does not include any part of the GB Transmission System.
Domestic Customer	means a Customer who is supplied or requires to be supplied with electricity at Domestic Premises (but excludes such Customer insofar as he is supplied or requires to be supplied at premises other than Domestic Premises).
Domestic Premises	means premises at which a supply of electricity is taken wholly or mainly for domestic purposes.
ED2 Final Determinations	means the documents published by the Authority on 30 November 2022 (and re-published in February 2022 as part of the errata process) setting out the Authority's decisions in relation to a Distribution Services Provider's revenue for the period 1 April 2023 to 31 March 2028.
Electricity Distribution Licence	means an electricity distribution licence granted or treated as granted under section 6(1)(c) of the Act that authorises an Electricity Distributor to distribute electricity.
Electricity Distributor	means any person who is Authorised by an Electricity Distribution Licence to distribute electricity.
Electricity Markets	means markets for electricity, including over-the-counter markets and electricity exchanges, markets for the trading of energy, capacity, balancing and ancillary services in all timeframes, including forward, day-ahead and intraday markets.
Electricity Meter	means any meter which conforms to the requirements of paragraph 2 of Schedule 7 to the Act and is used for the purpose of measuring the quantity of electricity supplied to premises or, in any case other than that, any meter used

	for measurement purposes in connection with any of the activities of generating, transmitting, or distributing electricity.
Electricity Supplier	means any person who is Authorised to supply electricity.
Electricity Supply Licence	means a licence granted or treated as granted under section 6(1)(d) of the Act.
Electricity System Operator Licence	means a licence granted or treated as granted under section 6(1)(da) of the Act.
Electronic Communication	means a message comprising text or an image of text that**:** (a) is sent over a Public Electronic Communications Network; (b) can be stored in that network or in the recipient's terminal equipment until it is collected by the recipient; and (c) is in a particular form and is used for a particular purpose and the recipient of it has expressed a willingness, to the sender, to receive it in that form and for that purpose.
Entry Point	means a point on the licensee's Distribution System at which units of electricity, whether metered or unmetered, enter that system.
Excluded Services	means those services which in accordance with the special conditions of this licence are treated as excluded services.
Exit Point	means a point on the licensee's Distribution System at which units of electricity, whether metered or unmetered, leave that system.
Export Charges	means Use of System Charges in relation to electricity generated and placed on a Distribution System via a direct connection to the source of generation.
Flexibility Market Asset Registration	means common digital infrastructure enabling the collection, storage and access of asset registration data for local and national flexibility markets, covering technical asset data and flexibility service data.
Flexibility Market Rules	means the set of rules of that name (inclusive of rules in respect of Flexibility Market Asset Registration) owned by

	the Market Facilitator and developed in collaboration with the licensee.
Gas System Planner Licence	means a licence granted or treated as granted under section 7AA of the Gas Act 1986.
Gate 1	means the type of connection offer that has the meaning given to that term in the CUSC.
Gate 2	means the type of connection offer that has the meaning given to that term in the CUSC.
Gate 2 Criteria	means the criteria specified in the Gate 2 Criteria Methodology.
Gate 2 Criteria Methodology	means the document issued by the ISOP and approved by the Authority in accordance with condition E15 (Gate 2 Criteria Methodology) of the Electricity System Operator Licence.
GB Transmission System	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by Transmission Licensees, or operated by the ISOP, within Great Britain that is used for the transmission of electricity from one generating station to a substation or to another generating station or between substations or to or from any Interconnector, and includes any electrical plant or Electricity Meters owned or operated by any Transmission Licensee, or the ISOP, within Great Britain in connection with the transmission of electricity, but does not include any Remote Transmission Assets.
Generation Licence	means an electricity generation licence granted or treated as granted under section 6(1)(a) of the Act that authorises a person to generate electricity.
Green Deal Arrangements Agreement	means the agreement providing for the entry of data relating to Green Deal Plans onto the Central Charge Database and the collection and remittance of Green Deal Charges, as referred to and providing for such other matters as are set out in standard condition 38 (Green Deal Arrangements Agreement) of an Electricity Supply Licence.

Green Deal Arrangements Data	has the meaning given to it in the Retail Energy Code.
Green Deal Bill Payer	means a "bill payer" within the meaning of the Green Deal Regulations.
Green Deal Charges	means a payment required to be made under a Green Deal Plan by a Green Deal Bill Payer, as referred to in section 1(6) of the Energy Act 2011.
Green Deal Participant	means a party to the Green Deal Arrangements Agreement or a person identified by or pursuant to the Retail Energy Code or the Green Deal Arrangements Agreement as an appropriate person to receive or send Green Deal Arrangements Data.
Green Deal Plan	has the meaning given to "green deal plan" in section 1(3) of the Energy Act 2011.
Green Deal Premises	means a person who is authorised to act as a Green Deal Provider under the Green Deal Regulations.
Green Deal Provider	has the meaning given to "green deal provider" in section 2(2) of the Energy Act 2011.
Grid Code	means the Grid Code that is required to be drawn up by the ISOP and approved by the Authority under condition E3 (Grid Code) of the Electricity System Operator Licence.
Holding Company	in relation to the licensee, means a holding company within the meaning of section 1159 of the Companies Act 2006.
Housekeeping Modification	means the following types of minor changes: (a) renumbering of paragraphs, capitalising defined terms and deleting transitional provisions that have expired; (b) corrections of evident mistakes including typographical errors, incorrect cross-references and formatting errors; and (c) updates to: (i) version numbers of other documents mentioned in the licence; (ii) the titles of re-enacted legislation; and (iii) names of bodies that have been renamed.

Housekeeping Modification Working Group	means the working group established by the Authority for the purposes of considering proposed Housekeeping Modifications under Standard Condition 3A (Housekeeping), with at least one representative per Electricity Distributor.
Import Charges	means Use of System Charges in relation to electricity conveyed to any premises or to any other Distribution System.
Indebtedness	means all liabilities that are now or hereafter due, owing, or incurred, whether actual or contingent, whether solely or jointly with any other person, and whether as principal or surety, together with any interest accruing on them and all costs, charges, penalties, and expenses incurred in connection with them.
Information	means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Authority and includes any documents, accounts, estimates, returns, records, or reports and data of any kind, whether or not prepared specifically at the request of the Authority.
Interconnector	has the meaning given to "electricity interconnector" in section 4(3E) of the Act.
Interconnector Licence	means an electricity interconnector licence granted or treated as granted under section 6(1)(e) of the Act that authorises a person to participate in the operation of an Interconnector.
IP completion day	has the same meaning as that given in section 39(1) of the European Union (Withdrawal Agreement) Act 2020.
ISOP	means the person for the time being designated as the Independent System Operator and Planner under section 162 of the Energy Act 2023 who holds an Electricity System Operator Licence and Gas System Planner Licence.
Last Resort Supply Payment	means a sum of money payable to the Claimant to compensate for any additional costs that it has incurred as a result of complying with a direction from the Authority to supply electricity to premises in accordance with standard

	condition 8 (Obligations under Last Resort Supply Direction) of the Electricity Supply Licence.
Legacy Metering Equipment	means Metering Equipment (whether owned by the licensee or not) provided by the licensee in respect of premises at which such equipment had been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee at 1 June 2003.
Legally Binding Decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators and legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	means any relevant legally binding decision or decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators, but a binding decision does not include a decision that is not, or so much of a decision as is not Retained EU law.
LRSP Permitted Assignee	means a person to whom an Electricity Supplier has assigned or otherwise disposed of all or any of its rights in relation to or arising from a Last Resort Supply Payment with the Authority's consent.
Margin	means a monetary sum, forming part of a Connection Charge, that is in addition to the cost estimated to be incurred by the licensee in providing the Connection Activity that is the subject of that charge.
Market Facilitator	means the role created by the Authority with a mandate to standardise local flexibility markets and align with national flexibility markets.
Market Facilitator Governance Framework Document	means the document of that name that is published by the Authority and amended from time to time by direction.
Market Facilitator Information (Electricity	means such information to be provided by the licensee to the Market Facilitator which:

Distribution Licence)	(a) relates to the licensee's Distribution System; (b) is in the possession or control of the licensee; and; (c) the Market Facilitator considers necessary for its implementation monitoring function.
Metering Equipment	means an Electricity Meter and any associated equipment that materially affects its operation, and includes (if applicable) Legacy Metering Equipment within the meaning of standard condition 34 (Requirement to offer terms for the provision of Legacy Metering Equipment).
Metering Point	means the point, determined according to the principles and guidance given in the MRA Transition Schedule to the Retail Energy Code, at which a supply of electricity taken into or conveyed from the licensee's Distribution System**:** (a) is or is intended to be measured; or (b) where Metering Equipment has been removed, was or was intended to be measured; or (c) in the case of an Unmetered Supply, is treated as measured.
Metering Point Administration Service	means the service of that name that the licensee must operate and maintain in accordance with the requirements of standard condition 18 (Provision of and charges for Metering Point Administration Services) for the purpose of providing Metering Point Administration Services. For the avoidance of doubt, the provision of the registration services of the Metering Point Administration Service may be referred to by a name other than Metering Point Administration Services in any industry code, for example the 'Supplier Meter Registration Services' (SMRS) in the Balancing and Settlement Code, or the 'Electricity Retail Data Services' (ERDS) in the Retail Energy Code, whilst the provision of the enquiry service for Suppliers of the Metering Point Administration Services is referred to as the 'Electricity Enquiry Service' (EES) under the Retail Energy Code.
Metering Point Administration Services	means the services to be provided by the Metering Point Administration Service as specified at Appendix 1 to standard condition 18 (Provision of and charges for Metering Point Administration Services).

Metering Services	means any of the services of installing, commissioning, testing, repairing, maintaining, removing, and replacing Metering Equipment.
National Electricity Transmission System Operator Area	means the area by that name as set out in the terms of the ISOP's Electricity System Operator Licence.
NGED Licensee	means each of the following: (a) National Grid Electricity Distribution (West Midlands) plc (registered number 3600574); (b) National Grid Electricity Distribution (East Midlands) plc (registered number 2366923); (c) National Grid Electricity Distribution (South Wales) plc (registered number 2366985); and (d) National Grid Electricity Distribution (South West) plc (registered number 2366894).
Non-Contestable Connection Services	means those services which, in accordance with the Connection Charging Statement prepared by the licensee under standard condition 14 (Charges for Use of System and connection), cannot be provided by a person other than the licensee.
Notice	means notice given directly to a person in Writing (and includes a notification).
Permitted Purpose	means the purpose of any or all of the following**:** (a) the licensee's Distribution Business; (b) any De Minimis Business of the licensee within the limits imposed by paragraphs 8 to 10 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business); (c) any business or activity of the licensee to which the Authority has given its consent under paragraph 4 of standard condition 29; and (d) where appropriate, without prejudice to the generality of sub-paragraphs (a) to (c), any payment or transaction lawfully made or undertaken by the licensee in accordance with paragraph 3 of standard condition 41 (Restriction of Indebtedness and transfers of funds) or paragraph 1(b) of amended standard condition BA 4 (Indebtedness) of Section BA.

Priority Services Register	means the register containing details of certain Domestic Customers, known as Priority Services Register Customers, that must be established and maintained by the licensee in accordance with standard condition 10 (Special services).
Priority Services Register Customers	means Domestic Customers at premises connected to the licensee's Distribution System who fall within the description set out at paragraph 4 of standard condition 10 (Special services).
Project Designation Methodology	means the document issued by the ISOP and approved by the Authority in accordance with condition E17 (Project Designation Methodology) of the Electricity System Operator licence.
Public Electronic Communications Network	has the meaning given to that term in section 151 of the Communications Act 2003.
Regulation	means Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.
Regulatory Accounts	means the accounts of the licensee produced in accordance with standard condition 44 (Regulatory Accounts).
Regulatory Instructions and Guidance (RIGs)	means Regulatory Instructions and Guidance as provided for in standard condition 46 (Regulatory Instructions and Guidance).
Regulatory Year	means a period of twelve months beginning on 1 April in any calendar year and ending on 31 March of the next calendar year.
Related Undertaking	in relation to the licensee, means any undertaking in which the licensee has a participating interest within the meaning of section 421A of the Financial Services and Markets Act 2000.
Relevant Asset	means any asset that for the time being forms part of the licensee's Distribution System, any control centre for use in conjunction with that asset, and any legal or beneficial interest in land (whether under the law of England and Wales or under the law of Scotland) upon, under, or over which any such asset or control centre is situated.

Relevant Connection

means any connection to the licensee's Distribution System other than an LVSSA connection or an LVSSB connection within the meaning given to those terms in Part A of Special Condition 1.2 (Definitions and references to the Electricity Distributors).

Relevant Theft of Electricity

means the abstraction of electricity in circumstances where:

(a) any person takes a supply of electricity that is in the course of being conveyed by the licensee; or

(b) any person at premises at which a connection has been restored in contravention of paragraph 5(1) of Schedule 6 to the Act takes a supply of electricity that has been conveyed to those premises by the licensee, and the supply is taken otherwise than in pursuance of:

(i) a contract made with an Electricity Supplier, or

(ii) a contract deemed to have been made with an Electricity Supplier by virtue of paragraph 3 of Schedule 6 to the Act or paragraph 23 of Schedule 7 to the Utilities Act 2000; or

(c) any person takes a supply of electricity at premises which have never been registered with an Electricity Supplier.

Relevant Year

means, in relation to any Valid Claim:

(a) where the Valid Claim was received by the licensee on or before the 31st December, the following Regulatory Year after the Valid Claim was received; or

(b) where the Valid Claim was received by the licensee after the 31st December the second Regulatory Year after the Valid Claim was received.

So, for example, if a Valid Claim was received on or before 31 December in year 1, the Relevant Year would be year 2. If a Valid Claim was received after 31 December in year 1, the Relevant Year would be year 3.

Remote Transmission Assets

means any electric lines, electrical plant, or Electricity Meters in England and Wales owned by a Transmission Licensee ("the owner transmission licensee") which**:**

(a) are embedded in the licensee's Distribution System or the Distribution System of any Authorised

distributor and are not directly connected by lines or plant owned by the owner transmission licensee to a substation owned by that licensee; and

(b) are by agreement between the owner transmission licensee and the licensee or such Authorised distributor operated under the direction and control of the licensee or that distributor.

Representative	means any person who is directly or indirectly authorised to represent the licensee in its dealings with Customers.
Retail Energy Code	means the Retail Energy Code ~~that is provided for in standard condition 11B (Retail Energy Code) of the Electricity Supply Licence~~ designated by the Secretary of State
Retained EU Law	Retained EU Law has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.
Settlement Purposes	means for the purposes of settlement as provided for in the Balancing and Settlement Code.
Smart Metering System	has the meaning given to it in standard condition 1 of the Standard Conditions of Electricity Supply Licences.
Specified Amount	means the total amount specified in a Valid Claim.
Subsidiary	means a subsidiary within the meaning of section 1159 of the Companies Act 2006.
Total System	means the national electricity transmission system and the distribution systems of all authorised electricity operators which are located in the National Electricity Transmission System Operator Area.
Transmission Licence	means an electricity transmission licence granted or treated as granted under section 6(1)(b) of the Act that authorises a person to participate in the transmission of electricity.
Transmission Licensee	means any person who is Authorised by a Transmission Licence to participate in the transmission of electricity.
Transmission System	means those parts of the GB Transmission System that are operated by the ISOP or owned or operated by a Transmission Licensee, within the transmission area specified in its Transmission Licence.

Ultimate Controller

means any of the following**:**

(a) a Holding Company of the licensee that is not itself a Subsidiary of another company; and

(b) subject to notes 1 and 2 below, any person who (whether alone or with a person or persons connected with him) is in a position to control, or exercise significant influence over, the policy of the licensee or the policy of any Holding Company of the licensee by virtue of**:**

(i) rights under contractual arrangements to which he is a party or of which he is a beneficiary, or

(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary.

note 1: for the purposes of sub-paragraph (b), a person is connected with another person if he is a party to any arrangement regarding the exercise of any such rights as are described or referred to in that sub-paragraph.

note 2: sub-paragraph (b) does not include any director or employee of a corporate body in his capacity as such.

Unit

means a kilowatt hour of electricity.

Unmetered Supply

means a supply of electricity to premises that is not being measured by Metering Equipment for the purpose of calculating the charges for that supply.

Unregulated Margin

means a Margin that:

(a) becomes chargeable in relation to Connection Activities by the licensee in the circumstances set out in paragraph 14.16 of standard condition 14 (Charges for Use of System and connection) and Part A of Special Condition 9.10 (Margins on licensee's Connection Activities); and

(b) is not limited in its amount by any provision of this licence.

Use of System

means use of the licensee’s Distribution System for the distribution of electricity by the licensee on behalf of any person (and agreements for Use of System include all those provisions of the Distribution Connection and Use of System Agreement that relate to such use).

Use of System Charges

means charges made or levied, or to be made or levied, by the licensee for the provision of Use of System and certain

	other services as part of its Distribution Business to any person, but does not include Connection Charges.
Use of System Charging Statement	has the meaning given to that term in paragraph 14.1 of standard condition 14 (Charges for Use of System and connection).
Valid Claim	means a claim for which the Claimant has received the Authority's consent under standard condition 9 (Claims for Last Resort Supply Payment) of the Electricity Supply Licence.
Website	means a website controlled and used by the licensee to communicate with a Customer or any member of the public for reasons relating to the distribution of electricity.
Working Day	means any day other than a Saturday, a Sunday, Christmas Day, Good Friday, or a day that is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

Some legislative definitions

1.4 The following words or expressions used in the standard conditions of this licence are defined in the sections indicated in the legislation specified below, and have in this licence the respective meanings given to them by those sections.

Electricity Act 1989	**Section**
distribute	s.4(4)
electric line	s.64(1)
electrical plant	s.64(1)
functions	s.3A(7)
licence	s.3A(8)
licence holder	s.3A(8)
making a connection	s.16(4)
modification [of a legal instrument]	s.111(1)
premises [except in standard condition 15]	s.64(1)
requiring a connection	s.16(4)
supply	s.4(4)
transmission	s.4(4)
working day	s.64(1)
Utilities Act 2000	**Section**
electricity licence	s.106(1)
Gas Act 1986	**Section**
gas shipper	s.7A(11)
gas shipper licence	s.7A(2)
gas supplier	s.7A(11)
gas supply licence	s.7A(1)

Condition 2. Interpretation of this licence

General rules of interpretation

2.1 Unless the context otherwise requires, any word or expression defined in the Act, the Utilities Act 2000, or the Energy Act 2004 has the same meaning when used in the standard conditions of this licence.

2.2 Unless the context otherwise requires, any reference in the standard 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.

2.3 The heading or title of any section, standard condition, schedule, paragraph, or sub-paragraph in the standard conditions of this licence is for convenience only and does not affect the interpretation of the text to which it relates.

2.4 Unless the context otherwise requires**:**

(a) any reference in the standard conditions of this licence to a section, standard condition, schedule, paragraph, or sub-paragraph is a reference to it in the standard conditions of this licence;

(b) any reference in a standard condition of this licence to a paragraph or sub-paragraph is a reference to it in that standard condition; and

(c) any reference in the standard conditions of this licence to any natural or legal person includes that person's successors.

2.5 Any reference in the Conditions of this licence to any of the following**:**

(a) a provision of the Conditions of this licence;

(b) a provision of the Conditions of the Electricity Supply Licence;

(c) a provision of the Conditions of the Generation Licence;

(d) a provision of the Conditions of the Transmission Licence;

(e) a provision of the Conditions of the Interconnector Licence; or

(f) a provision of the Conditions of the Electricity System Operator Licence,

is to be read, if the Conditions of this licence 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.

Licensee's performance of obligations

2.6 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.

Specific application of Authority's powers

2.7 Unless paragraph 5 of standard condition 3 (Application of Section B of standard conditions) applies or 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 with the licensee or, for the purposes of a Distribution Services Direction given under standard condition 3 (Application of Section B of the standard conditions), with the licensee's consent) or give it again under that power.

2.8 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 conditions as the Authority thinks reasonable in all the circumstances of the case; and

(b) to make it again under that power.

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

Date to be specified by the Authority

2.10 In each case in which the Authority may specify a date under any of the standard conditions of this licence, it may specify**:**

(a) that date; or

(b) the means by which that date is to be determined.

Calculation of periods of time

2.11 Periods of time under this licence are to be calculated as follows**:**

(a) where an act is required to be done within a specified period after or from a specified date, the period begins on the day immediately after that date;

(b) where the period would include Christmas Day, Good Friday, or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday in England and Wales or, as the case may be, in Scotland, that day is to be excluded from the calculation; and

(c) where the period is expressed in terms of Working Days, any day that is a Saturday or Sunday is also to be excluded from the calculation.

Application to the generality of licensees

2.12 Any reference in a standard condition of this licence to the purposes of that condition generally is a reference to the purposes of that condition as it applies to the licensee and to every other holder of an Electricity Distribution Licence (whenever granted) in which that condition has effect.

Reading of words without limitation

2.13 The words "include", "including", and "in particular" where they occur in any provision of this licence are to be read without limitation to the generality of the preceding words.

Things done to have continuing effect

2.14 Anything done under or because of a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under the modified condition.

2.15 Without prejudice to the generality of paragraph 2.14, every direction, consent, determination, designation, approval, decision, or other instrument given or made by the Authority or by a licensing scheme made under Schedule 7 to the Utilities Act 2000 in relation to a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under that modified condition.

References to the Companies Act 1985

2.16 Any reference in this licence to a provision of the Companies Act 1985 is to be treated as a reference to that provision as amended, replaced, or inserted by the provisions of the Companies Act 2006 and, if such provisions of that Act are not in force at the date on which the reference in question has effect, it must be read as if those provisions were in fact in force at that date.

References to the licensee

2.17 References to "the licensee" in this licence are references to the person to whom this licence has been granted, or is to be treated as so granted, under section 6(1)(c) of the Act and include references to any person to whom the whole or any part of this licence has been transferred under section 7A of the Act.

Interpretation Act 1978

2.18 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.

Condition 3. Application of Section B of the standard conditions

How Section B is given effect

3.1 Section B of the standard conditions will have effect in this licence if**:**

(a) the Secretary of State has provided, by a scheme made under Schedule 7 to the Utilities Act 2000, that it will have effect (and, where this is the case, such provision shall be treated for all the purposes of this condition as if it were a Distribution Services Direction given by the Authority); or

(b) the Authority gives a Distribution Services Direction to the licensee under paragraph 3.3.

3.2 If Section B of the standard conditions does not have effect in this licence, the licensee will not be required to comply with any of the requirements of that section.

Distribution Services Direction

3.3 After the Authority receives an application from the licensee in accordance with the Application Regulations, it may give a Distribution Services Direction to the licensee.

3.4 A Distribution Services Direction**:**

(a) may specify that the standard conditions in Section B are to have effect in this licence;

(b) must specify or describe an area ("the Distribution Services Area") within which the licensee will be obliged to comply with the requirements of Section B; and

(c) must specify whether or not the requirements of Section B are to apply to Convenience Customers within the meaning of standard condition 32.

Variation of terms

3.5 If the licensee applies to the Authority in Writing**:**

(a) for a variation of the terms under which Section B of the standard conditions has effect in this licence; or

(b) for Section B of the standard conditions to stop having effect in this licence,

the Authority may approve that variation or cessation and specify the date on and from which it will have effect.

Interpretation

3.6 References in this condition to Section B, the standard conditions in Section B, and the requirements of Section B are references to that section, those conditions, and those requirements in whole or, as the case may be, in part.

Condition 3A. Housekeeping

Introduction

3A.1 The purpose of this condition is to provide a process for making Housekeeping Modifications to the conditions of this licence.

Part A: Assessment of proposed modification

3A.2 Before initiating any modification under this condition, the Authority must assess whether that modification is a Housekeeping Modification.

3A.3 In making the assessment required by paragraph 3A.2, the Authority must have regard to all relevant factors including the views of the Housekeeping Modification Working Group.

Part B: Circumstances in which a modification may be made

3A.4 If, having carried out the required assessment under paragraph 3A.2 and in accordance with paragraph 3A.3, the Authority considers that the intended modification of the conditions of this licence is a Housekeeping Modification, it may implement that modification of the licence by direction. Otherwise, any modification must be made under section 11A of the Act.

3A.5 A modification may not be made under paragraph 3A.4 to licence instruments established by the special conditions that have their own bespoke licence provisions for making minor changes.

3A.6 Before making a direction under paragraph 3A.4, the Authority must publish on the Authority's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction, including why the Authority believes that it is a Housekeeping Modification; and

(c) a period during which representations may be made on the proposed direction, which must not be less than 28 days.

3A.7 A direction under paragraph 3A.4 must set out:

(a) the modification to the conditions of this licence; and

(b) the date on which it is to have effect or the mechanism by which that date is to be determined.

CHAPTER 2 Standard conditions 4 to 7: General obligations and arrangements

Condition 4. No abuse of the licensee's special position

General obligation

4.1 Subject to paragraph 4.1A, the licensee must at all times manage and operate the Distribution Business in a way that is calculated to ensure that it does not restrict, prevent, or distort competition in the supply of electricity or gas, the shipping of gas, the generation of electricity, or participation in the operation of an Interconnector.

4.1A For the avoidance of doubt, the licensee shall not be in breach of paragraph 4.1 in its compliant application and implementation of the Connections Process and/or of any decisions the ISOP may make under the Connections Process.

Specific requirements

4.2 Without limiting the general effect of the obligation imposed by paragraph 4.1, the following requirements apply in relation to such of the licensee's activities as are described in paragraphs 4.3 to 4.8.

4.3 In offering terms for agreements to authorise the connection of Metering Equipment to its Distribution System, the licensee must not restrict, distort, or prevent competition in such work.

4.4 In carrying on any of the activities of:

(a) establishing, operating, and maintaining the Safety and Security of Supplies Enquiry Service;

(b) providing Legacy Metering Equipment; and

(c) providing Data Services,

the licensee must not restrict, distort, or prevent competition in the supply of electricity.

4.5 In setting charges or other terms for the provision of Metering Point Administration Services, the licensee must not restrict, distort, or prevent competition in the generation, distribution, or supply of electricity.

4.6 In carrying on any of the activities of:

(a) setting Connection Charges;

(b) setting Use of System Charges; and

(c) providing Non-Contestable Connection Services and information relating to such provision, the licensee must not restrict, distort, or prevent competition in

the generation, transmission, distribution, or supply of electricity, or in participation in the operation of an Interconnector.

4.7 In setting charges or other terms for the provision of Metering Services and Data Services the licensee must not restrict, distort, or prevent competition in the provision of such services, the provision of Metering Equipment and the service of Data Retrieval, or the generation, distribution, or supply of electricity.

4.8 In establishing, maintaining, and operating a Data Transfer Service, the licensee must not restrict, distort, or prevent competition in the provision of, or in any of the markets for, Metering Equipment, Metering Services, or Data Services, or in the provision of any of the services of Data Aggregation, Data Processing, and Data Retrieval.

Prohibition of cross-subsidy

4.9 The licensee must ensure in carrying on its activities that the Distribution Business does not give any cross-subsidy to, or receive any cross-subsidy from, any other business of**:**

(a) the licensee; or

(b) any Affiliate or Related Undertaking of the licensee.

Interpretation

4.10 In this condition, any reference to an activity of the licensee includes a reference to that activity to the extent that it is carried on by any third party acting on the licensee's instruction or behalf.

Condition 5. Licensee's payments to the Authority

Determination of amounts

5.1 In respect of each Regulatory Year at the beginning of which the licensee holds this licence, the licensee must pay to the Authority the total of**:**

(a) an amount that is the Appropriate Proportion of the Costs of the Authority during the year in question;

(b) an amount that is the Appropriate Proportion of the Costs of Citizens Advice;

(c) an amount that is the Appropriate Proportion of the Costs of Citizens Advice Scotland or Consumer Scotland; and

(d) an amount that is the Appropriate Proportion of the Costs of the Secretary of State during the year in question in respect of:

(i) payments made by the Secretary of State by virtue of paragraph 4(2) or (2A) of Schedule 7 to the Act (payments relating to meter examiners); and

(ii) any other costs incurred by the Secretary of State in performing functions conferred by Schedule 7 to the Act or by electricity meter regulations (as defined in section 95(5) of the Energy Act 2008).

Payment of amounts

5.2 The total amount (net of any credit notes issued by the Authority) determined in accordance with paragraph 5.1 must be paid by the licensee to the Authority in two instalments**:**

(a) the first of which must be paid by 31 July in each year, if the Authority gives the licensee Notice of the amount of that instalment by 30 June in the year; and

(b) the second of which must be paid by 31 January in each year, if the Authority gives the licensee Notice of the amount of that instalment by 1 January in the year.

5.3 If the Authority does not give the licensee Notice of the amount of the instalment by 30 June or (as the case may be) 1 January in the year, the licensee must pay the amount in question within 30 days after the date on which the Authority does give such Notice to the licensee.

5.4 If the licensee does not pay the amount determined in accordance with paragraph 5.1 within 30 days after the relevant payment date referred to in paragraph 5.2 or 5.3, it must with effect from that date pay simple interest on the amount**:**

(a) at the rate which is from time to time equivalent to the base rate of NatWest Bank plc; or

(b) if there is no rate equivalent to the base rate of NatWest Bank plc, the base rate of an equivalent institution designated by the Authority for this purpose.

Interpretation

5.5 For the purposes of this condition**:**

Appropriate Proportion means the proportion of the costs that are attributable to the licensee in accordance with principles that the Authority has determined for the purposes of this condition generally (after consulting the licensee and others likely to be affected by the application of such principles) and has notified to the licensee in advance.

Costs means costs estimated by the Authority as likely to be or likely to have been**:**

(a) the costs of the Authority calculated in accordance with the principles determined by the Authority for the purpose of this condition generally (after consultation with the licensee and others likely to be affected by the application of such principles) and notified to the licensee;

(b) the costs of Citizens Advice, Citizens Advice Scotland or Consumer Scotland, as the case may be; and

(c) the costs of the Secretary of State.

Condition 6. Provision of Information to the Authority

General obligation

6.1 After receiving a request from the Authority for Information that it may reasonably require or that it considers may be necessary to enable it to perform any functions given or transferred to it by or under any legislation or in pursuance of any requirements of the Directive or the Regulation, the licensee must give that Information to the Authority when and in the form requested.

Procurement of Information undertaking

6.2 The licensee must procure from each company or other person that it knows or reasonably should know is at any time an Ultimate Controller of the licensee a legally enforceable undertaking ("the Information undertaking") in favour of the licensee, in a form specified by the Authority in a direction issued for the purposes of this condition generally and on the terms set out in paragraph 6.3.

6.3 Those terms are that the Ultimate Controller ("the Information covenantor")**:**

(a) will give to the licensee; and

(b) will procure that any person (including a corporate body) that is a Subsidiary of, or is controlled by, the Information covenantor (other than the licensee and any Subsidiary of the licensee) will give to the licensee,

all such Information as may be necessary to enable the licensee to comply with its obligation under paragraph 6.1.

6.4 The Information undertaking to be procured under paragraph 6.2**:**

(a) must have been obtained before the end of seven days after the date on which the corporate body or person in question becomes an Ultimate Controller of the licensee; and

(b) must remain in force for as long as the licensee remains the holder of this licence and the Information covenantor remains an Ultimate Controller of the licensee.

Evidence of compliance and duty to enforce

6.5 Whenever the licensee obtains an Information undertaking in accordance with paragraph 6.4(a), it must**:**

(a) give the Authority evidence of its compliance without delay, including a copy of the undertaking in question; and

(b) at all times comply with any direction from the Authority to enforce that undertaking.

Restriction of arrangements with Ultimate Controller

6.6 Except with the Authority's consent, the licensee must not enter (directly or indirectly) into any agreement or arrangement with any Ultimate Controller of the licensee or, where the Ultimate Controller is a corporate body, with any of the subsidiaries of such a corporate Ultimate Controller (other than a Subsidiary of the licensee) at any time when**:**

(a) an Information undertaking is not in place in relation to that Ultimate Controller; or

(b) there is an unremedied breach of an Information undertaking that is in place in relation to that Ultimate Controller; or

(c) the licensee is in breach of the terms of any direction given by the Authority under paragraph 6.5(b).

Sufficiency of Information provision

6.7 The Authority's power to request Information under this condition is additional to its power to call for Information under or pursuant to any other condition of this licence.

6.8 Where the licensee provides Information to the Authority in accordance with any other condition of this licence, such provision will be presumed to be sufficient for the purposes of that condition unless the Authority states by Notice to the licensee that in its opinion such further Information as is specified in that Notice will be required to enable it to exercise functions under the condition in question.

Other relevant matters

6.9 The licensee is not required to comply with paragraph 6.1 if**:**

(a) the Information is required by the Authority to enable it to perform its functions under section 47 of the Act; or

(b) the licensee could not be compelled to produce or give the Information in evidence in civil proceedings before a court.

6.10 After receiving a request from the Authority for reasoned comments on the accuracy and text of any Information relating to the licensee's activities under or pursuant to this licence which the Authority proposes to publish under section 48 of the Act, the licensee must give such comments to the Authority when and in the form requested.

Condition 6A. Smart Metering Systems and Provision of Information to the Secretary of State

Introduction

6A.1 This condition provides for the Secretary of State to be able to obtain from the licensee information, as relating to the licensee's activities or otherwise available to or held by the licensee, in respect of matters relating to the provision, installation, operation, maintenance, and use of meters.

Purposes

6A.2 The purposes of this condition are to ensure that the Secretary of State may obtain such Information as he may reasonably require to enable him, from time to time, to:

(a) keep under review matters relating to the provision, installation, operation maintenance and use of Smart Metering Systems;

(b) identify and evaluate the costs associated with, and benefits attributed to, the provision, installation, operation, maintenance and use of Smart Metering Systems, including in particular costs savings and improvements in services resulting from changes made to energy industry activities and procedures;

(c) decide whether or when there may be a need for him to exercise any of his powers under:

(i) the conditions of this licence which impose obligations or contain provisions in relation to Smart Metering Systems; or

(ii) section 88 of the Energy Act 2008; and

(d) publish information in respect of the matters set out in paragraphs (a) – (c).

Information Request

6A.3 The Secretary of State may, for the purposes of this condition, from time to time issue a request for Information to be provided to him (an **Information Request**).

6A.4 An Information Request (or any part of it) may be addressed to the licensee alone, to all Electricity Distributors or to a category of Electricity Distributors.

6A.5 An Information Request may in particular specify:

(a) the type and nature of Information to be provided;

(b) that the Information is to be accompanied by such supporting documents or data as may be described;

(c) that all or some of the specified Information shall continue to be provided at the intervals specified until such date as is specified or until the Secretary of State issues a subsequent Information Request to the licensee or to the category of Electricity Distributors of which it is a member; and

(d) the form and manner in which, and the date by which, the specified Information is to be provided.

6A.6 The licensee must comply with an Information Request addressed to it or to a category of Electricity Distributors of which it is a member.

6A.7 The licensee must ensure that the Information it provides in response to an Information Request is complete and accurate.

6A.8 The licensee is not required under this condition to provide any Information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

Cessation

6A.9 This condition shall cease to apply to the licensee from the date which is five years after the ARS Specified Date.

Interpretation and Definitions

6A.10 In this condition:

ARS Specified Date has the meaning given to it in standard condition 1 of the Standard Conditions of Electricity Supply Licences.

Information includes information (other than information subject to legal privilege) in any form or medium and of any description specified by the Secretary of State and includes any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Secretary of State.

Condition 7. Determinations by the Authority

Failure to enter into an agreement

7.1 This paragraph applies if, after a period which to the Authority appears reasonable for the purpose, the licensee has failed to enter into an agreement with any person ("the requester") who is entitled or claims to be entitled to an agreement with the licensee pursuant to a request under**:**

(a) paragraphs 1 and 2 of standard condition 12 (Requirement to offer terms for Use of System and connection);

(b) paragraph 1 of standard condition 16 (Requirement to offer terms for the connection of Metering Equipment);

(c) paragraph 1 of standard condition 17 (Requirement to offer terms for the provision of Metering Point Administration Services);

(d) paragraph 1 of standard condition 34 (Requirement to offer terms for the provision of Legacy Metering Equipment) (if applicable); or

(e) paragraph 1 of standard condition 35 (Requirement to offer terms for the provision of Data Services) (if applicable).

7.2 Where paragraph 7.1 applies, the Authority may, on the application of the requester or the licensee, settle any terms of the agreement in dispute between them in such manner as appears to it to be reasonable in all the circumstances of the case, having regard in particular to each of the considerations (where relevant) set out below.

Considerations requiring particular regard

7.3 The considerations referred to in paragraph 7.2 are as follows:

7.4 The first consideration is that, in the case of the provision of Use of System or of a connection, the requester should pay to the licensee the Use of System Charges or (as the case may be) the Connection Charges determined in accordance with standard condition 14 (Charges for Use of System and connection);

7.5 The second consideration is that the licensee should not be obliged to enter into the agreement if the requester does not undertake to be bound, so far as applicable, by the terms of the Grid Code or the Distribution Code;

7.6 The third consideration is that the performance by the licensee of its obligations under the agreement should not be likely to cause it to be in breach of:

(a) its duties under section 9 of the Act;

(b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

(c) Grid Code or the Distribution Code; or

(d) any of the Conditions of this licence.

7.7 The fourth consideration is that any methods by which the licensee's Distribution System is connected to any other system for the transmission or distribution of electricity should accord (so far as applicable to the licensee) with the Distribution Code and the Grid Code.

7.8 The fifth consideration is that the terms and conditions of the agreement as settled by the Authority and of any other agreements entered into by the licensee pursuant to a request under the corresponding standard condition referred to in paragraph 7.1 should be in as similar a form as is practicable.

Obligation to implement a settled agreement

7.9 Insofar as the requester wishes to proceed on the basis of an agreement as settled by the Authority under paragraph 7.2, the licensee must enter into and implement such agreement without delay in accordance with its terms.

Disputed variation of contractual terms

7.10 If either party to an agreement that has been entered into under a standard condition referred to in paragraph 7.1, or under this condition, proposes to vary the contractual terms of that agreement in any manner provided for under the agreement, the Authority may, at the request of that party, settle any dispute relating to the variation in such manner as appears to the Authority to be reasonable in all the circumstances of the case.

Compliance with charging statements

7.11 This paragraph applies if the licensee and an Authorised Electricity Operator or other person who is party to a relevant agreement are in dispute as to whether:

(a) Use of System Charges or Connection Charges made, or to be made, comply with the relevant Charging Methodology under paragraph 1 of standard condition 13 (Charging Methodologies for Use of System and connection) that applied in relation to the period in respect of which the dispute arises; or

(b) Use of System Charges or Connection Charges made, or to be made, comply with the relevant Charging Statement under paragraph 1 of standard condition 14 (Charges for Use of System and connection) that applied or applies in relation to the period in respect of which the dispute arises.

7.12 Where paragraph 7.11 applies, the dispute may be referred by either party to the Authority for it to determine whether the charges in question did or would comply with the relevant Charging Methodology or Charging Statement.

Condition 7A. Whole Electricity System Obligations

Introduction

7A.1 The purpose of this condition is to set an obligation on the licensee to coordinate and cooperate with other Electricity Distributors, the ISOP and Transmission Licensees in order to build a common understanding of where actions taken by one Electricity Distributor or Transmission Licensee could have cross-network impacts (both positive and negative). This should include at a minimum sharing information and developing processes that aim to achieve optimal efficiency across the Total System. The further purpose is to set an obligation on the licensee to coordinate with and consider actions proposed by Distribution System Users, that seek to advance the efficient and economical operation of its own network.

Part A: Whole electricity system coordination

7A.2 The licensee must coordinate and cooperate with other Electricity Distributors, the ISOP and Transmission Licensees to seek to identify actions and processes that advance the efficient and economical operation of the Total System.

7A.3 The licensee must consider actions proposed by Distribution System Users which seek to advance the efficient and economical operation of its network.

7A.4 The licensee must use all reasonable endeavours to implement actions or processes identified or proposed under paragraphs 7A.2 or 7A.3 of this condition that:

(a) will not negatively impact its network; and

(b) are in the interest of the efficient and economical operation of the Total System.

Part B: Demonstrating compliance with whole electricity system obligations

Coordination Register

7A.5 The licensee must prepare and is required to publish on its Website a Coordination Register demonstrating the steps it has taken to comply with Part A of this condition by 27 May each year.

7A.6 The licensee must keep up to date and is required to publish its Coordination Register (as updated) on their Website at least once every 12 months from 27 May each year.

Part C: Whole Electricity System Guidance

7A.7 In satisfying the requirements of this condition the licensee must have due regard to the Whole Electricity System Guidance.

Part D: Procedure for issuing and revising the Whole Electricity System Guidance

7A.8 Before issuing the Whole Electricity System Guidance under this condition the Authority by Notice given to the licensee will:

(a) state that it proposes to issue the Whole Electricity System Guidance and specify the date on which it proposes that the document should take effect;
(b) set out the text of the Whole Electricity System Guidance and the Authority's reasons for proposing to issue it; and
(c) specify the date (which must not be less than a period of 28 days from the date of the Notice) by which representations with respect to the proposed Whole Electricity System Guidance may be made.

7A.9 The Authority will consider any representations that are duly made and not withdrawn.

7A.10 The requirements of paragraphs 7A.8 and 7A.9 may be satisfied by action taken before, as well as action taken after, the commencement of this condition.

7A.11 In paragraph 7A.8 of this condition reference to "issuing the Whole Electricity System Guidance" includes issuing any revision of the document and the procedure provided for under paragraph 7A.8 will apply to any such revision.

Part E: Interpretation

7A.12 For the purposes of this condition:

Coordination Register	means a document prepared by an Electricity Distributor in accordance with its obligations under Part A and Part B of this condition containing at a minimum the information specified in the Whole Electricity System Guidance.
Distribution System User	means a person producing electricity that is being conveyed by means of that Distribution System or a

	Customer who owns or who occupies premises that are directly connected to that Distribution System.
Transmission Owner	means the holder for the time being of a Transmission Licence in relation to which licence the Authority has issued a Section D of the Transmission Licence (transmission owner standard conditions) Direction and where Section D remains in effect (whether or not subject to any terms included in a Section D of the Transmission Licence (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).
Whole Electricity System Guidance	means the document of that name published on the Authority's Website for the purposes of this condition that provides guidance on compliance with this licence condition.

CHAPTER 3 Standard conditions 8 to 11: Public service requirements

Condition 8. Safety and Security of Supplies Enquiry Service

Licensee's obligation

8.1 The licensee must**:**

(a) establish, or procure the establishment of; and

(b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

an enquiry service, to be known as the safety and security of supplies enquiry service, for use by any person for the purpose set out in paragraph 8.2.

Purpose of the service

8.2 The purpose of the safety and security of supplies enquiry service is to enable any person to receive reports and offer information, guidance, or advice about any matter or incident that**:**

(a) affects or is likely to affect the maintenance of the security, availability, and quality of service of the licensee's Distribution System; or

(b) arises from or in connection with the operation of, or otherwise relates to, the licensee's Distribution System and causes danger or requires urgent attention, or is likely to cause danger or require urgent attention.

Operation of the service

8.3 The safety and security of supplies enquiry service must**:**

(a) be provided without charge by the licensee to the user at the point of use;

(b) provide guidance and advice on help available to Customers during an unplanned supply interruption, on a Website that the licensee has made reasonable efforts to ensure is available at all times; and

(c) ensure that all reports and enquiries to the service are processed in a prompt and efficient manner.

8.4 The licensee must make reasonable efforts to ensure that the safety and security of supplies service is available to receive and process reports and enquiries at all times.

Requirement for statement

8.5 The licensee must at all times have in force a statement approved by the Authority that sets out, in plain and intelligible language, details of the safety and security of supplies enquiry service.

8.6 The licensee must**:**

(a) publish that statement on and make it readily accessible from its Website;

(b) when asked to do so by a Domestic Customer who is blind, partially sighted, deaf, or hearing-impaired, provide the statement in a manner or a format that is suitable for that customer's special communication needs;

(c) when asked to do so, provide to a person whose first language is not English such assistance or advice as will enable that person to understand the contents of the statement; and

(d) give a copy of the statement on request and free of charge to any person.

8.7 The statement prepared under paragraph 8.5 may, at the licensee's choice, be included in a single document with any or all of the statements referred to in standard condition 9 (Arrangements for access to premises) and standard condition 10 (Special services).

Amendment of statement

8.8 The licensee must give the Authority a Notice of any amendments that it proposes to make to the statement in force under paragraph 8.5 and must not make such amendments until either**:**

(a) a period of one month from the date of that Notice has ended; or

(b) the licensee has obtained the Authority's approval to the amendments before the end of that period.

Change of address and telephone number

8.9 The licensee must take steps to inform each Authorised Electricity Operator that uses the Safety and Security of Supplies Enquiry Service of any change to the address, Website address or telephone number of that service as soon as is practicable but in any event before that change becomes effective.

Prohibition of discrimination

8.10 In establishing, operating, and maintaining the Safety and Security of Supplies Enquiry Service, the licensee must not discriminate between any person or class or classes of persons.

Condition 9. Arrangements for access to premises

9.1 The licensee's obligations under this condition apply in relation to Customers at premises connected to the licensee's Distribution System.

Licensee's obligation

9.2 The licensee must take all reasonable steps to ensure that each Representative of the licensee who visits a Customer's premises on its behalf**:**

(a) possesses the skills necessary to perform the required function;

(b) can be readily identified as a Representative of the licensee by a member of the public;

(c) uses any password that the licensee has agreed with the Customer in accordance with paragraph 7 of standard condition 10 (Special services);

(d) is a fit and proper person to visit and enter the Customer's premises; and

(e) is able to inform the Customer, on request, of a contact point for any help and advice that he may require in relation to the safety and security of the supply of electricity.

Requirement for statement

9.3 The licensee must**:**

(a) prepare a statement that sets out, in plain and intelligible language, its arrangements for complying with its obligations under paragraph 9.2;

(b) ensure adequate publicity for the statement, including by publishing it on and making it readily accessible from its Website (if it has one);

(c) when asked to do so by a Domestic Customer who is blind, partially sighted, deaf, or hearing-impaired, provide the statements in a manner or a format that is suitable for that customer's special communication needs;

(d) when asked to do so, provide to a person whose first language is not English such assistance or advice as will enable that person to understand the contents of the statements;

(e) take all reasonable steps to inform Customers, at least once a year, of the existence of the statement and how to obtain it; and

(f) give a copy of the statement on request and free of charge to any person.

9.4 The statement prepared under paragraph 9.3 may, at the licensee's choice, be included in a single document with any or all of the statements referred to in standard condition 8 (Safety and Security of Supplies Enquiry Service) and standard condition 10 (Special services).

Interpretation

9.5 In paragraph 9.2(d), the reference to entering premises includes a reference to entry under the authority of a warrant obtained under the Rights of Entry (Gas and Electricity Boards) Act 1954.

Condition 10. Special services

10.1 The licensee's obligations under this condition apply in relation to Domestic Customers at premises connected to the licensee's Distribution System.

Duty to establish and maintain a Priority Services Register

10.2 The licensee must establish and maintain a Priority Services Register which contains such details of Priority Services Register Customers ("PSR Customers") as will enable the licensee to fulfil its obligations to them under this condition.

10.3 The licensee must set up and maintain practices and procedures to identify Domestic Customers who may be eligible to become PSR Customers as a result of its customer interactions, and offer to add them to the Priority Services Register.

10.4 PSR Customers are Domestic Customers who**:**

(a) are either

(i) of Pensionable Age, disabled, chronically sick, or live with children aged under 5; or

(ii) due to otherwise being in a vulnerable situation, in need of additional services related to their access, safety, and communication needs; and

(b) have**:**

(i) personally asked the licensee to add their name to the Priority Services Register, or

(ii) had a person acting on their behalf ask for their name to be added to the Priority Services Register, or

(iii) had a Relevant Supplier or Relevant Gas Transporter ask for their name to be added to the Priority Services Register.

Duty to give information and advice to PSR Customers

10.5 The licensee must**:**

(a) when a PSR Customer's name is first added to the Priority Services Register, give that customer (or their representative) appropriate information and advice about what precautions to take and what to do in the event of interruptions in the supply of electricity to the customer's premises;

(b) when it needs to make a planned interruption in the supply of electricity to

a PSR Customer's premises, give that customer (or their representative) such prior advice and information as may be appropriate in relation to that event; and

(c) ensure, so far as is reasonably practicable, that during any unplanned interruption of supply to their premises, PSR Customers are promptly notified and kept informed**:**

(i) of the time at which the supply is likely to be restored, and

(ii) of any help that may be able to be provided.

10.6 The licensee must provide the information given under paragraph 10.5**:**

(a) free of charge to any PSR Customer; and

(b) when asked to do so by a PSR Customer (or their representative) with additional communication needs (including a visual or hearing impairment), in a manner or a format that is suitable for that customer's additional communication needs.

Provision of information to the Relevant Supplier and Relevant Gas Transporter

10.7 Where a request for inclusion on the Priority Services Register has come directly from the PSR Customer or a third party (other than the Relevant Supplier or Relevant Gas Transporter) who is acting on behalf of that customer, in so far as permitted by any laws relating to data protection and/or privacy, the licensee must give the Relevant Supplier and/or Relevant Gas Transporter such details of that customer and their reasons for being included on the register, in such form and at such intervals, as are relevant to the performance of that supplier's and/or gas transporter's obligations under their Licence.

10.8 For the purposes of complying with its obligations under this condition (including in respect of obtaining, recording, using and sharing information), the licensee must comply with any laws relating to data protection and/or privacy.

Services for other vulnerable Domestic Customers

10.9 The licensee must offer, free of charge, to agree a password, with the PSR Customer (or their representative) that can be used by any Representative of the licensee to enable the customer to identify that person.

10.10 The licensee must provide facilities, free of charge, which enable any Domestic Customer (or their representative) who has additional communication needs to ask or complain about any service provided by the licensee.

Requirement to publicise services and procedure

10.11 The licensee must prepare statements, in plain and intelligible language, that set out and explain its arrangements for complying with its obligations under paragraphs 10.2 to 10.10 (including how PSR Customers may become listed on its Priority Services Register).

10.12 In relation to statements prepared under paragraph 10.11, the licensee must**:**

(a) publish them on and make them readily accessible from its Website (if it has one);

(b) take all reasonable steps to inform Domestic Customers, at least once a year, of the existence of the statements and how to obtain them;

(c) when asked to do so by a Domestic Customer (or their representative) with additional communication needs, provide the statements in a manner or a format that is suitable for that customer's additional communication needs;

(d) when asked to do so, provide to a person whose first language is not English such assistance or advice as will enable that person to understand the contents of the statements; and

(e) give a copy of a statement on request and free of charge to any person.

10.13 The statements prepared under paragraph 10.11 may, at the licensee's choice, be published in the form of a single document that may also include the statement referred to in standard condition 8 (Safety and Security of Supplies Enquiry Service) and standard condition 9 (Arrangements for access to premises).

Other Domestic Customers and other services

10.14 Nothing in this condition prevents the licensee from**:**

(a) including Domestic Customers additional to those specified at paragraph 10.4 in its Priority Services Register; or

(b) providing services to Domestic Customers that exceed those required under this condition.

Interpretation

10.15 In this condition, in relation to a Domestic Customer**:**

Pensionable Age means pensionable age within the meaning given by section 48(2B) of the Gas Act 1986.

Relevant Supplier means the supplier of electricity to that customer's premises.

Relevant Gas Transporter means the licensed gas transporter to whose gas distribution network that customer's premises are connected.

Condition 10A. Smart Metering – Matters Relating to Obtaining and Using Consumption Data

Application

10A.1 This condition applies in respect of each Domestic Premises supplied with electricity through the licensee's distribution system (the **relevant premises**):

(a) to which the electricity is supplied through an Electricity Meter that forms part of a Smart Metering System; and

(b) in respect of which the quantity of electricity supplied is measured by that Electricity Meter.

Prohibition on obtaining consumption data

10A.2 Subject to paragraph 10A.3, the licensee must not, in respect of any relevant premises, obtain any Electricity Consumption Data which relates to a period of less than one month.

10A.3 Paragraph 10A.2 does not apply where the requirements of any of paragraphs 10A.4, 10A.6, 10A.7 or 10A.8 are satisfied.

Exceptions to the Prohibition

10A.4 The requirements of this paragraph are that:

(a) the licensee has submitted proposals to demonstrate to the satisfaction of the Secretary of State (or, in respect of proposals submitted after 31 December 2014, to the satisfaction of the Authority) that it can implement practices, procedures and systems which are designed to ensure that, so far as is reasonably practicable, the outcome described at paragraph 10A.5 is achieved;

(b) the Secretary of State or the Authority (as the case may be) has given approval to the licensee to obtain, once it has implemented such practices, procedures and systems, Electricity Consumption Data which relates to any one or more periods of less than one month; and

(c) the licensee has implemented those practices, procedures and systems.

10A.5 The outcome described at this paragraph is that, except to the extent that the requirements of any of paragraphs 10A.6, 10A.7 or 10A.8 have also been satisfied, Electricity Consumption Data which is obtained by the licensee and which relates to a period of less than one month ceases (through its aggregation

with other Electricity Consumption Data or by means of any other process) to be data which is capable of being associated with a Domestic Customer at relevant premises.

10A.6 The requirements of this paragraph are that:

(a) the licensee has given Notice to the Domestic Customer at the relevant premises informing the Domestic Customer that:

(i) the licensee intends to obtain Electricity Consumption Data which relates to any one or more periods of less than one month;

(ii) the licensee requires the Domestic Customer's consent to obtain that Electricity Consumption Data; and

(iii) where the Domestic Customer gives consent he may withdraw it at any time; and

(b) the Domestic Customer has given explicit consent to the licensee obtaining that Electricity Consumption Data and such consent has not been withdrawn.

10A.7 The requirements of this paragraph are that the licensee has reasonable grounds to suspect that any person is taking, from that part of the licensee's distribution system through which the relevant premises are supplied, a supply of electricity which is in the course of being conveyed by the licensee (for the purposes of this paragraph referred to as the suspected theft or abstraction of electricity), and it obtains Electricity Consumption Data which relates to any one or more periods of less than one month only for the purposes of investigating that suspected theft or abstraction of electricity.

10A.8 The requirements of this paragraph are that:

(a) the Secretary of State has approved proposals submitted by the licensee for obtaining Electricity Consumption Data which relates to any one or more periods of less than one month, in respect of a particular category of relevant premises and for a particular purpose (in each case as specified in the proposal), on a trial basis (the **Trial**);

(b) the relevant premises fall within that category;

(c) the licensee has given at least 14 days advance Notice to the Domestic Customer at the relevant premises informing the Domestic Customer:

(i) of the nature and purpose of the Trial;

(ii) that he may at any time object to being included in the Trial;

(iii) of the process by which the Domestic Customer may object; and

(d) the Domestic Customer has not objected to being included in the Trial.

Prohibition on use of consumption data

10A.9 The licensee must not use any Electricity Consumption Data which is obtained by it in respect of any relevant premises other than:

(a) for the purpose of complying with a relevant condition or a relevant requirement;

(b) where the requirements of paragraph 10A.7 are satisfied, for the purpose of investigating a suspected theft or abstraction of electricity;

(c) where the requirements of paragraph 10A.8 are satisfied, for the purpose of the Trial.

10A.10 The licensee must not use any data which is derived (whether in whole or in part) from Electricity Consumption Data by means of practices, procedures and systems implemented in accordance with paragraph 10A.4 other than for the purpose of complying with a relevant condition or a relevant requirement.

Interpretation and Definitions

10A.11 In this condition, any reference:

(a) to Electricity Consumption Data being 'obtained' by the licensee shall be read as incorporating a reference to the licensee requesting any other person to obtain that Electricity Consumption Data on its behalf (and references to 'obtain' and 'obtaining' shall be construed accordingly);

(b) to the licensee obtaining Electricity Consumption Data which 'relates to' a specified period, shall be read as incorporating a reference to the licensee obtaining any data which would allow it to calculate Electricity Consumption Data in respect of that period.

10A.12 In this condition:

(a) any power of the Secretary of State or of the Authority to give an approval is a power:

(i) to give it to such extent, for such period of time and subject to such conditions as the Secretary of State or the Authority (as the case may be) thinks reasonable in all the circumstances of the case; and

(ii) to revoke or amend it (after consulting with the licensee) or give it again under that power;

(b) any approval given by the Secretary of State or the Authority will be in Writing; and

(c) every approval given by the Secretary of State or the Authority, which is in effect immediately before this condition is modified, has continuing effect for so long as it is permitted or required by or under the modified condition.

10A.13 For the purposes of this condition:

Electricity Consumption Data means, in respect of a relevant premises, the quantity of electricity measured by the Electricity Meter as having been supplied to the relevant premises.

Condition 10AA. Treating Domestic Customers Fairly

Introduction

10AA.1 The purpose of this condition is for the licensee and any Representative to ensure that it achieves the Standards of Conduct by treating each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, in a Fair way.

Part A: Achieving the Standards of Conduct

10AA.2 The licensee must ensure that it and its Representatives achieve the Standards of Conduct in a manner consistent with the Customer Objective.

10AA.3 To achieve the Standards of Conduct the licensee must have approaches in place to deliver the Customer Objective for Domestic Customers, which can include the use of innovative methods.

10AA.4 The Standards of Conduct are that the licensee and any Representative must:

(a) behave and act in a Fair, honest, transparent, appropriate and professional manner;

(b) provide information (whether in Writing, orally, or visually) to each Domestic Customer with whom the licensee or any Representative interacts, which to the best of the licensee's knowledge at the time of providing that information;

(i) is complete, accurate and not misleading (in terms of the information provided or omitted) or, in the case of the provision of incomplete or estimated information, is appropriately qualified as such when communicated to the Domestic Customer;

(ii) is communicated (and, if provided in Writing, drafted) in an accessible format in plain and intelligible language with more important information being given appropriate prominence;

(iii) relates to products or services which are appropriate to Domestic Customers to whom that information is directed;

(iv) in terms of its content and how it is presented, does not create a material imbalance in the rights, obligations or interests of the licensee and the Domestic Customer in favour of the licensee; and

(v) is sufficient to enable the Domestic Customer to make informed choices about the services provided by, or on behalf of, the licensee;

(c) in relation to customer service arrangements:

(i) make it easy for a Domestic Customer to contact the licensee;

(ii) act promptly and courteously to resolve any mistake made by the licensee or any Representative; and

(iii) otherwise ensure that those arrangements are complete, thorough, fit for purpose and transparent; and

(d) in relation to the licensee's or any Representative's interactions with Domestic Customers in a Vulnerable Situation:

(i) seek to identify Domestic Customers in a Vulnerable Situation, in a manner which is effective and appropriate, having regard to different types of vulnerability including but not restricted to Priority Services Register Customers; and

(ii) when applying the Standards of Conduct in sub-paragraphs (a) to (c), do so in a manner which takes into account any Vulnerable Situation of each Domestic Customer identified in accordance with sub-paragraph (d)(i) or otherwise.

Part B: The RIIO-ED2 Fair Treatment Guidance

10AA.5 The licensee must ensure that it and any of its Representatives have due regard to the RIIO-ED2 Fair Treatment Guidance in their interactions with Domestic Customers.

10AA.6 The RIIO-ED2 Fair Treatment Guidance provides the licensee with guidance regarding the Standards of Conduct and will detail:

(a) the purpose and scope of the Standards of Conduct;

(b) the broad principle the licensee should follow to achieve the Standards of Conduct; and

(c) the process that will be followed to determine how the Standards of Conduct will be applied and factors that will be taken into account in determining whether enforcement action should be taken.

10AA.7 The Authority may issue and amend the RIIO-ED2 Fair Treatment Guidance by direction.

10AA.8 Before issuing or amending the RIIO-ED2 Fair Treatment Guidance, the Authority must publish on the Authority's Website:

(a) the text of the proposed or amended RIIO-ED2 Fair Treatment Guidance

(b) the date on which the Authority intends the RIIO-ED2 Fair Treatment Guidance or amended RIIO-ED2 Fair Treatment Guidance to come into effect; and

(c) a period during which representations may be made on the content of the RIIO-ED2 Fair Treatment Guidance, which must not be less than 28 days.

10AA.9 After issuing or amending the RIIO-ED2 Fair Treatment Guidance, the Authority must:

(a) publish the RIIO-ED2 Fair Treatment Guidance on the Authority's Website; and

(b) ensure that any amendments to the RIIO-ED2 Fair Treatment Guidance are promptly incorporated into a consolidated version maintained on the Authority's Website.

10AA.10 The steps required to issue or amend the RIIO-ED2 Fair Treatment Guidance may be satisfied by action taken before, as well as by action taken after, this condition comes into effect.

Part C: Interpretations and definitions

10AA.11 In this condition:

Customer Objective	means the Fair treatment of each Domestic Customer, including Domestic Customers in a Vulnerable Situation.
Fair	means the licensee or any Representative refraining from actions or omissions giving rise to a likelihood of detriment to the Domestic Customer unless the detriment would be reasonable in all the relevant circumstances.
RIIO-ED2 Fair Treatment Guidance	means the document of that name issued by the Authority in accordance with Part B of standard condition 10AA (Treating Domestic Customers Fairly).
Standards of Conduct	means the standards set out in paragraph 4 of Standard Condition 10AA (Treating Domestic Customers fairly).
Vulnerable Situation	means a situation resulting from a combination of the personal circumstances and characteristics of a Domestic Customer with aspects of

the market such that the Domestic Customer in question is:

(a) significantly less able than a typical Domestic Customer to protect or represent their interests; or

(b) significantly more likely to suffer detriment or more substantial detriment than a typical Domestic Customer.

Condition 11. Reporting on performance

Introduction

11.1 This condition requires the licensee to report on a number of matters in relation to its dealings with its Customers.

Part A: Licensee's obligation

11.2 The licensee must provide the Authority and Citizens Advice or Consumer Scotland, with information specified by the Authority that relates to matters that the Authority reasonably considers are relevant to the licensee's dealings:

(a) with Customers under standard condition 9 (Arrangements for access to premises);

(b) with Domestic Customers under standard condition 10 (Special services);

(c) with Customers under the Electricity (Standards of Performance) Regulations 2015) ("the Standards Regulations"); and

(d) with Customers under the Electricity (Connection Standards of Performance) Regulations 2015 ("the Connections Regulations"); and

(e) with Customers in relation to any DG Standards Direction issued pursuant to standard condition 15A (Connection Policy and Connection Performance).

11.3 The information that is referred to in paragraph 11.2 may, in particular, include information about:

(a) the number of Domestic Customers covered by password arrangements;

(b) the services offered by the licensee to Domestic Customers on its Priority Services Register;

(c) the number of Domestic Customers who are listed on that register;

(d) the number of performance failures by the licensee under the Standards Regulations, the Connections Regulations and in relation to the DG Standards Direction; and

(e) the number and value of compensation payments made by the licensee under the Standards Regulations, the Connections Regulations and in relation to the DG Standards Direction.

Part B: Reporting format and timeframes

11.4 The timescales and format for reporting are specified in the RIGs.

CHAPTER 4 Standard conditions 12 to 17: Arrangements for the provision of services

Condition 12. Requirement to offer terms for Use of System and connection

Part A: Agreement for Use of System

12.1 The licensee must, on receiving a request from any person ("the requester") asking it to do so, offer to enter into an agreement for Use of System under which it will:

(a) accept into the licensee's Distribution System, at any Entry Point and in any quantity that was specified by the requester in the request, electricity that is provided by or on behalf of the requester; and

(b) distribute that quantity of electricity (subject to any distribution losses) to such Exit Point on the licensee's Distribution System and to any person as the requester may specify.

Part B: Treatment of requests for connection

12.2 On receiving a request from any person asking it to make a connection, the licensee:

(a) must not treat that request as anything other than a Notice given under section 16A of the Act requiring it to make the connection pursuant to section 16(1) of the Act; and

(b) to the extent that the request does not comply with the requirements of section 16A of the Act, must take all reasonable steps to ensure that it does so comply.

12.2A On receipt of a request for connection from any person asking it to make a connection that is required to meet the Gate 2 Criteria before the effective date of "cut over" as set out in the relevant section of the CUSC and if the connection has not yet been made, the licensee must follow the Connections Process.

12.2B On receipt of a request for connection from any person asking to make a connection that is required to meet the Gate 2 Criteria on or after the effective date of "cut over" as set out in the relevant section of the CUSC, the licensee must follow the Connections Process.

Part C: Provision of information about connection terms

12.3 Where the licensee makes an offer to make a connection under section 16(1) of the Act, it must in that offer make detailed provision in relation to:

(a) any works required to connect the licensee's Distribution System to any other Distribution System or a Transmission System, and any consents needed for that purpose;

(b) any works to extend or reinforce the licensee's Distribution System which in the opinion of the licensee are necessary or appropriate in consequence of the connection, or modification of an existing connection and any consents needed for that purpose;

(c) the installation of any switchgear or other apparatus required for the interruption of supply; and

(d) except to the extent included in any agreement offered in accordance with standard condition 34 (Requirement to offer terms for the provision of Legacy Metering Equipment) or standard condition 35 (Requirement to offer terms for the provision of Data Services), the installation of**:**

(i) any Electricity Meters required to enable the licensee to measure electricity that is being accepted into or leaving the licensee's Distribution System at specified Entry Points or Exit Points, and

(ii) any special metering, telemetry, or Data Processing equipment for the purpose of enabling any party to the Balancing and Settlement Code to comply with its obligations under that code in respect of metering or the licensee's performance of any related service.

Part D: Charges and other terms for Use of System and connection

12.4 Where the licensee makes an offer to enter into an agreement for Use of System under paragraph 12.1 or to make a connection under section 16(1) of the Act, it must in that offer set out:

(a) the charges to be paid, which must (unless clearly inappropriate)**:**

(i) be consistent with the relevant Charging Methodology within the meaning of standard condition 13 (Charging Methodologies for Use of System and connection);

(ii) be presented so as to be referable to the Use of System Charging Statement or the Connection Charging Statement (as the case may be) of the licensee under standard condition 14 (Charges for Use of System and connection); and

(iii) in the case only of an offer to make a connection, be presented in accordance with the common connection charging template referred to in standard condition 14;

(b) such other detailed terms as may be appropriate for the purposes of the agreement; and

(c) in the case only of an offer to make a connection, where the offer does not relate to a connection subject to the Gate 2 Criteria, the date by which any works required for connection to the licensee's Distribution System, including any works to extend or reinforce that system, will be completed (time being of the essence unless otherwise agreed with the person who requires the connection to be made).

12.4A Where a new, or a modification of an existing, connection offer under 12.4 has been made and where the Gate 2 Criteria apply:

(a) where the Gate 2 Criteria have been met, as soon as reasonably practicable after the receipt of the relevant information from the ISOP, the licensee must provide the date by which any works required for connection to the licensee's Distribution System, including any works to extend or reinforce that system, will be completed (time being of the essence unless otherwise agreed with the person who requires the connection to be made; and

(b) where the Gate 2 Criteria have not been met, no date for connection needs to be provided by the licensee.

Part E: Timing of offer of Use of System and connection terms

12.5 The licensee must offer terms for an agreement for Use of System under paragraph 12.1 and for the making of a connection under section 16(1) of the Act:

(a) as soon as is reasonably practicable after its (or its agent's) receipt of the request from the requester or of the Notice under section 16A of the Act (as the case may be); and

(b) except and so far as the Authority otherwise consents, not more than the period set out in paragraph 12.6 after the receipt by the licensee of all the information that it may reasonably require for the purpose of formulating the terms of the offer.

12.6 The period set out in this paragraph is:

(a) in the case of a request for an agreement for Use of System only, 28 days;

(b) in the case of a request for an agreement for both Use of System and a connection, 65 Working Days; and

(c) in the case of a request for a connection, 65 Working Days.

Part F: Exceptions to the obligation to offer terms

12.7 The licensee is not obliged under paragraph 12.1 to offer to enter into an agreement for Use of System or under paragraph 12.2 to offer to enter into an agreement for connection if -

(a) doing so would be likely to cause it to be in breach of:

(i) its duties under section 9 of the Act;

(ii) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the Distribution Business;

(iii) the Grid Code or the Distribution Code; or

(iv) any of the Conditions of this licence;

(b) the requester does not agree to be bound, to the extent applicable to him, by the terms of the Grid Code or the Distribution Code; or

(c) the requester has not paid the relevant connection offer expenses required by the licensee in accordance with regulations made under section 16(A)(4A) of the Act within the reasonable timescales requested by the licensee.

12.8 Where the licensee refuses to offer to enter into an agreement for Use of System for one of the reasons in paragraph 12.7 duly substantiated reasons must be given for such refusal.

Part G: Settlement of disputes

12.9 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Part H: Application Regulations

12.10 The licensee must, within 28 days of receiving a request from any person, give him any information held by the licensee that he reasonably requires for the purpose of completing an application under the Application Regulations.

12.11 Where the licensee has made a connection to premises under section 16(1)(a) of the Act or under standard condition 15 (Standards for the provision of Non-Contestable Connection Services) and such premises become and remain Green

Deal Premises, it may not disconnect those Green Deal Premises unless it is permitted to do so under the Electricity Safety, Quality and Continuity Regulations 2002 (as amended), Schedule 6 to the Act or any other legislation.

12.12 Where in respect of Green Deal Premises:

(a) the owner or occupier; or

(b) the relevant energy supplier

requests the licensee to disconnect those premises and the licensee is not permitted to do so, the licensee must give the owner, occupier or relevant energy supplier (whichever of these made the request) a Notice to that effect.

Part I: Interpretation

12.13 In this condition: any reference to a connection to be made under or pursuant to section 16(1) of the Act includes a reference to a connection to be made in accordance with the terms of a special connection agreement under section 22 of the Act.

12.14 For the purposes of this condition

relevant energy supplier	has the meaning given to it in regulation 4(2) of the Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) Regulations 2012.

Condition 12A. Requirement to progress applications

12A.1 Upon receipt of information to demonstrate compliance of a Relevant Project with the Gate 2 Criteria, the licensee must review the Relevant Project and:

(a) carry out the checks the licensee is required to make in respect of the Gate 2 Criteria;
(b) conduct that review in accordance with those requirements of the CUSC with which the licensee is obliged to comply;
(c) communicate the outcome of the licensee's review to the requester; and
(d) if the licensee assesses that the checks it is required to make in respect of the Gate 2 Criteria have been met, progress the application Relevant Project into the transmission assessment process set out in the Connections Methodologies as soon as reasonably practicable, and in any event, in accordance with the relevant timeframes in the CUSC.

12A.2 For the purposes of this Condition, Relevant Project means an application for a connection, or for modification of an existing connection, to the licensee's Distribution System made under section 16 of the Act that has been received by the licensee to which the Gate 2 Criteria apply and in respect of which:

a) the licensee has issued an offer in response to that application; and
b) that offer has been accepted; and
c) the connection to the licensee's Distribution System has not yet been made.

Condition 13. Charging Methodologies for Use of System and connection

Part A: Requirements for Charging Methodology

13.1 The licensee must at all times have in force:

(a) a Use of System Charging Methodology which the Authority has approved on the basis that it achieves the Relevant Objectives; and

(b) a Connection Charging Methodology (which, if the licensee is a Distribution Services Provider, must include the Common Connection Charging Methodology ("the CCCM") as set out in the Distribution Connection and Use of System Agreement ("the DCUSA") and as amended in accordance with the DCUSA) approved by the Authority on the basis that it achieves the Relevant Objectives (each, separately, "the Charging Methodology"),

and, except with the consent of the Authority, must comply with the Charging Methodology as modified from time to time in accordance with this condition.

13.2 The licensee must, for the purpose of ensuring that the Charging Methodology continues to achieve the Relevant Objectives**:**

(a) review the methodology at least once every year;

(b) subject to paragraph 13.4, make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives; and

(c) if the licensee is a Distribution Services Provider, include any modifications made to the CCCM in its Connection Charging Methodology.

Part B: The Relevant Objectives

13.3 The Relevant Objectives in relation to the Charging Methodology are**:**

(a) that compliance with the methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;

(b) that compliance with the methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;

(c) that compliance with the methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its Distribution Business;

(d) that, so far as is consistent with subparagraphs (a), (b), and (c), the methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's Distribution Business; and

(e) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Part C: Procedure for modifications

13.4 Unless otherwise directed by the Authority under subparagraph (b), or unless the modification is one described in paragraph 13.5, before making a modification of the Charging Methodology the licensee must**:**

(a) give the Authority a report which sets out**:**

(i) the terms proposed for the modification,

(ii) how the modification would better achieve the Relevant Objectives, and

(iii) a timetable for implementing the modification and the date with effect from which the modification (if made) is to take effect (which must not be a date earlier than the date on which the period referred to in paragraph 13.7 will end); and

(b) if the Authority has directed that subparagraph (a) should not apply, comply with such other requirements (if any) as the Authority may specify in its direction.

13.5 Paragraph 13.4 will not apply if the licensee is a Distribution Services Provider and the purpose of the modification is to include modifications made to the CCCM.

13.6 Subject to paragraph 13.7, where the licensee has complied with the requirements of paragraph 13.4 it must, before making the modification**:**

(a) revise the relevant statement of the Charging Methodology (or the most recent version of that statement) published in accordance with paragraph 13.15 so that it sets out the changed methodology and specifies the date from which that is to have effect; and

(b) give the Authority a copy of the revised statement.

13.7 The licensee may not make a modification of the Charging Methodology if, within 28 days of receiving the licensee's report under paragraph 13.4, the Authority has either**:**

(a) directed the licensee not to make the modification; or

(b) notified the licensee that it intends to consult and then within three months of giving that notification has directed the licensee not to make the modification.

13.8 A direction given by the Authority under paragraph 13.7(a) or (b) must include**:**

(a) a decision that the licensee's proposed modification would not better achieve the Relevant Objectives; and

(b) the Authority's reasons for that decision.

Part D: Requirements for reports

13.9 The licensee must give or send a copy of any report under paragraph 13.4 or statement under paragraph 13.15 to any person who requests it.

13.10 The licensee may make a charge for any report or statement given or sent under paragraph 13.9 but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the report or statement.

Part E: Approvals process

13.11 The following paragraphs 13.12 to 13.14 of this condition will not apply if the licensee is a Distribution Services Provider and the purpose of the modification is to include modifications made to the CCCM.

13.12 An approval by the Authority under paragraph 13.1 may only be withheld where the Authority has decided that the Charging Methodology does not achieve the Relevant Objectives and by Notice given to the licensee has set out its reasons for that decision.

13.13 Subject to paragraph 13.14, an approval by the Authority under paragraph 13.1 may be granted subject to such conditions as the Authority considers appropriate, having regard, in particular, to**:**

(a) the need for any further action to be undertaken by the licensee to ensure that the Charging Methodology would better achieve the Relevant Objectives; and

(b) the time by which such action must be completed.

13.14 No condition imposed under paragraph 13.13 is effective unless, before granting the relevant approval, the Authority has informed the licensee of its intention to impose the condition in a Notice which**:**

(a) sets out the nature and contents of the condition; and

(b) specifies a period of at least 28 days within which representations or objections with respect to the condition may be made,

and has considered any representations or objections duly made by the licensee and not withdrawn.

Part F: Publication of Charging Methodology

13.15 The licensee must ensure that each Charging Methodology that is in force under this condition is set out in a statement (which must be combined, in the case of the Connection Charging Methodology, with the Connection Charging Statement

issued under paragraph 1 of standard condition 14) that is published in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee's Website, if it has one).

Part G: Arrangements applying because of other conditions

13.16 If the licensee is a Distribution Services Provider:

(a) standard condition 13A (Common Distribution Charging Methodology) applies in relation to certain obligations of the licensee under this condition 13;

(b) standard condition 13B EHV Distribution Charging Methodology) applies in relation to certain obligations of the licensee under this condition 13B; and

(c) this standard condition 13 does not apply to the extent that standard condition 13A (Common Distribution Charging Methodology) and standard condition 13B (EHV Distribution Charging Methodology) apply.

Condition 13A. Common Distribution Charging Methodology

Part A: Licensee's obligations

13A.1 This condition applies to the licensee on and after 1 April 2010 if the licensee is a Distribution Services Provider.

13A.2 This condition applies to the licensee in relation to Designated Properties only.

13A.3 The licensee must take all steps within its power to ensure that the Common Distribution Charging Methodology ('the CDCM') in force under this licence at 1 April 2010 continues to be a Charging Methodology for the determination of the licensee's Use of System Charges that is approved by the Authority on the basis that it achieves the Relevant Objectives set out in Part C below.

13A.4 The licensee must at all times implement and comply with the CDCM.

13A.5 The licensee must, for the purpose of ensuring that the CDCM continues to achieve the Relevant Objectives:

(a) review the methodology at least once every year; and

(b) subject to Part D of condition 22A, make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives.

Part B: Charging boundary

13A.6 For the purposes of this condition, Designated Properties are:

(a) from 1 April 2010 to 31 March 2012 (or 31 March 2013 for the purposes of its Export Charges), premises or Distribution Systems connected to electric lines or electrical plant on the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding any such premises or Distribution Systems in respect of which the Use of System Charges levied by the licensee are calculated on the same basis as those levied in respect of premises or Distribution Systems connected to electric lines or electrical plant on the licensee's Distribution System at a voltage level of 22 kilovolts or more;

(b) on and after 1 April 2012 for the purposes of its Import Charges, premises or Distribution Systems (that are not LDNO Distribution Systems) connected to the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding premises or Distribution

Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and the Metering Point is located at the same substation;

(c) on and after 1 April 2013, for the purposes of its Export Charges, premises or Distribution Systems (that are not LDNO Distribution Systems) connected to the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding premises or Distribution Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and the Metering Point is located at the same substation.

(d) on and after 1 April 2012, for the purposes of its Import Charges, LDNO Distribution Systems connected to the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding LDNO Distribution Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and where the LDNO Asset Ownership Boundary is at the same substation; and

(e) on and after 1 April 2013, for the purposes of its Export Charges, LDNO Distribution Systems connected to the licensee's Distribution System at a voltage level of less than 22 kilovolts, but excluding LDNO Distribution Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and where the LDNO Asset Ownership Boundary is at the same substation.

Part C: The Relevant Objectives of the CDCM

13A.7 The Relevant Objectives that the CDCM must achieve are as follows.

13A.7A The first Relevant Objective is compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators

13A.8 The second Relevant Objective is that compliance with the CDCM facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.

13A.9 The third Relevant Objective is that compliance with the CDCM facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector.

13A.10 The fourth Relevant Objective is that compliance with the CDCM results in charges that, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the licensee in its Distribution Business.

13A.11 The fifth Relevant Objective is that, so far as is consistent with the first four Relevant Objectives, The CDCM, so far as is reasonably practicable, should properly take account of developments in the licensee's Distribution Business.

13A.12 For the purposes of this condition, the CDCM achieves the Relevant Objectives if it achieves them in the round, taking one objective with another.

Part D: Public availability of the CDCM

13A.13 The licensee must ensure that a copy of the CDCM that is in force under this condition, as from time to time modified, is publicly available on the licensee's Website and is otherwise available to any person who requests it upon payment of an amount not exceeding the reasonable costs of making and supplying that copy.

Part E: Derogations

13A.14 The Authority may (after consulting the licensee and, where appropriate, any other Authorised Electricity Operator likely to be materially affected) give a direction ('a derogation') to the licensee that relieves it of its obligations under Part A of this condition in respect of such elements of the CDCM, to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part F: Interpretation

13A.15 For the purposes of this condition:

LDNO Asset Ownership Boundary means the point at which electric lines or electrical plant owned or operated by the licensee that (for the avoidance of doubt) form part of the licensee's Distribution System are connected to a LDNO Distribution System that is not owned or operated by the licensee.

LDNO Distribution System means:

(a) a Distribution System that is operated by an Electricity Distributor that is not a Distribution Services Provider; or

(b) a Distribution System that is operated by an Electricity Distributor that is a Distribution Services Provider, but is operating that Distribution System outside its Distribution Services Area.

Condition 13B.EHV Distribution Charging Methodology

Part A: Licensee's obligations

13B.1 This condition applies to the licensee on and after 1 April 2012 if the licensee is a Distribution Services Provider.

13B.2 The licensee must take all steps within its power to ensure that the EHV Distribution Charging Methodology ('the EDCM') continues to be a Charging Methodology for the determination of the licensee's Use of System Charges that is approved by the Authority on the basis that it achieves the Relevant Objectives set out in Part C below.

13B.3 In this condition, references to the EDCM are references to the methodology that was developed and brought into force by the licensee on 1 April 2012 in conjunction with every Associated Licensee within the meaning of paragraph 4 of standard condition 50A (Development and implementation of an EHV Distribution Charging Methodology).

13B.4 The licensee must at all times implement and comply with the EDCM.

13B.5 The licensee must, for the purpose of ensuring that the EDCM continues to achieve the Relevant Objectives:

(a) review the methodology at least once every year; and

(b) subject to Part D of standard condition 22A, make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives.

Part B: Charging boundary

13B.6 For the purposes of this condition, Designated EHV Properties are any of the following:

(a) Distribution Systems connected to the licensee's Distribution System at 22 kilovolts or more;

(b) premises connected to the licensee's Distribution System at 22 kilovolts or more;

(c) Distribution Systems connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22

kilovolts or more and where the Metering Point is located at the same substation; and

(d) premises connected directly to substation assets that form part of the licensee's Distribution System at 1 kilovolt or more and less than 22 kilovolts where the primary voltage of the substation is 22 kilovolts or more and where the Metering Point is located at the same substation.

Part C: The Relevant Objectives of the EDCM

13B.7 The Relevant Objectives that the EDCM must achieve are as follows.

13B.7A The first Relevant Objective is compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

13B.8 The second Relevant Objective is that compliance with the EDCM facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence.

13B.9 The third Relevant Objective is that compliance with the EDCM facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector.

13B.10 The fourth Relevant Objective is that compliance with the EDCM results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the licensee in its Distribution Business.

13B.11 The fifth Relevant Objective is that, so far as is consistent with the first three Relevant Objectives, the EDCM, so far as is reasonably practicable, should properly take account of developments in the licensee's Distribution Business.

13B.12 For the purposes of this condition, the EDCM achieves the Relevant Objectives if it achieves them in the round, taking one objective with another.

Part D: Public availability of the EDCM

13B.13 The licensee must ensure that a copy of its EDCM that is in force under this condition, as from time to time modified, is publicly available on the licensee's Website and is otherwise available to any person who requests it upon payment of an amount that does not exceed the reasonable costs of making and supplying that copy.

Part E: Derogations

13B.14 The Authority may (after consulting the licensee and, where appropriate, any other Authorised Electricity Operator likely to be materially affected) give a direction ('a derogation') to the licensee that relieves it of its obligations under Part A of this condition in respect of such elements of the EDCM, to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Condition 13C. Recovery of Reinforcement Costs arising in respect of Relevant Customers

Introduction

13C.1 This condition prevents the licensee from recovering Reinforcement Costs arising in respect of Relevant Customers through Connection Charges (levied on owners or occupiers of premises described in paragraph 13C.3) unless Part B of this condition applies.

13C.2 This condition also requires the licensee:

(a) (where it is not a Distribution Services Provider) to give effect to the requirements of this condition through its Connection Charging Methodology pursuant to paragraph 13.1(b) of standard condition 13 (Charging Methodologies for Use of System and connection) of this licence; and

(b) (where it is a Distribution Services Provider) to co-operate with all other Distribution Services Providers for the purpose of giving effect to the requirements of this condition through the Common Connection Charging Methodology contained within the Distribution Connection and Use of System Agreement.

Part A: Restriction on the recovery of Reinforcement Costs arising in respect of Relevant Customers

13C.3 A person is a Relevant Customer in relation to a Domestic or business premises if he is the owner or occupier of those premises and those premises:

(a) are connected to the licensee's Distribution System by a low-voltage single-phase, two-phase or three-phase service fused at 100 amperes or less per phase and with whole-current metering;

(b) are already connected to the licensee's Distribution System and supplied with electricity through a Registered Metering Point when the requirements of the owner or occupier of the premises cause Reinforcement Costs to arise; and

(c) do not require any modification to their Physical Connection, except in the case of a Looped Service, where any modification to an existing Looped Service provides the owner or occupier of the premises with a low-voltage

single phase service fused at 100 amperes or less per phase and with whole-current metering.

13C.4 In determining whether a person is a Relevant Customer for the purposes of this condition, each premises that is connected to the licensee's Distribution System must be considered separately even if the Reinforcement Costs arise on a part of the licensee's Distribution System because of the actions of a single promoter who installs equipment at multiple premises, where each of those premises meet the requirements of paragraph 13C.3.

Part B: Licensee's ability to recover Reinforcement Costs from Relevant Customers

13C.5 The licensee may only recover Reinforcement Costs through the levying of a Connection Charge on a Relevant Customer in the circumstances specified in paragraph 13C.6 to the extent that such a charge is reasonable in all the circumstances and is consistent with the provisions of the Distribution Connection and Use of System Agreement, and consistent with paragraph 13C.7.

13C.6 The circumstances referred to in paragraph 13C.5 are where the Reinforcement Costs are caused by a Relevant Customer connecting, or allowing to be connected, at its premises:

(a) generation equipment with a rated output greater than 16 amperes per phase (including the connection of generation equipment of 16 amperes or less per phase where the aggregate capacity of installed generation equipment at the premises is greater than 16 amperes per phase); or

(b) equipment which the licensee reasonably believes will fail to meet the equipment standards that have been set out in the Distribution Connection Use of System Agreement for the purposes of this condition.

13C.7 The licensee must not recover Reinforcement Costs directly from Relevant Customers under paragraph 13C.3 where those costs have already been provided for through the Special Conditions or recovered under another mechanism provided for the recovery of such costs.

Part C: Disapplication of this condition

13C.8 The licensee must use its best endeavours to modify its Connection Charging Methodology or (as the case may be) the Common Connection Charging Methodology pursuant to paragraph 13C.2 so that in either case it permits the recovery of Reinforcement Costs only through the levying of a Connection Charge on a Relevant Customer where such recovery is in accordance with Part B of this condition.

13C.9 When the Authority is satisfied that this has been done it will issue a direction so that this condition ceases to have effect.

Part D: Interpretation

13C.10 For the purposes of this condition:

Connection Charge	means a charge levied directly on an owner or occupier of premises by the licensee in accordance with the Common Connection Charging Methodology.
Common Connection Charging Methodology	has the meaning given to that term in the Distribution Connection and Use of System Agreement.
Connection Charging Methodology	means the Charging Methodology used for the purpose of determining the licensee's Connection Charges.
Looped Service	means the collection of service cables that provides connections for two or more premises to the Distribution System at low voltage (single phase) and fused at 100 amperes or less and with whole-current metering, and includes the service cable from the mains cable to the first premises and also the second and subsequent (looped) service cable from the first premises to the second (and any subsequent) premises.
Physical Connection	means the fuse and service cable that connects premises to the Distribution System.
Relevant Customer	has the meaning given to that term in paragraphs 13C.3 and 13C.4.
Registered Metering Point	means a Metering Point that has been allocated a Metering Point Administration Number under the Retail Energy Code and has been registered on the licensee's metering registration system by an Electricity Supplier.
Reinforcement Costs	for the purposes of this condition means, in relation to Distribution System assets used

by the owners or occupiers of two or more premises, the costs incurred in upgrading these assets to accommodate additional demand or generation at the premises.

Condition 14. Charges for Use of System and connection

Part A: Charging statements to be always available

14.1 The licensee must ensure that the following charging statements prepared by it are at all times available in a form approved by the Authority:

(a) a charging statement that sets out the basis on which charges will be made for Use of System ("the Use of System Charging Statement"); and

(b) a charging statement that sets out the basis on which charges will be made for the provision of connections to the licensee's Distribution System ("the Connection Charging Statement").

Part B: Compliance of charging statements with Charging Methodologies

14.2 Except with the Authority's consent, the charging statements available under paragraph 14.1 must:

(a) in the case of the Use of System Charging Statement, be prepared in accordance with the relevant Charging Methodology within the meaning of standard condition 13 (Charging Methodologies for Use of System and connection), standard condition 13A (Common Distribution Charging Methodology), or standard condition 13B (EHV Distribution Charging Methodology) (as appropriate); and

(b) in the case of the Connection Charging Statement, be prepared in accordance with the relevant Charging Methodology within the meaning of standard condition 13.

Part C: Other general requirements in relation to charging statements

14.3 Except with the Authority's consent, the charging statements available under paragraph 14.1 must:

(a) be presented in such form and with such detail as would enable any person to make a reasonable estimate of the charges for which he would become liable in respect of Use of System or (as the case may be) the provision of connections to the licensee's Distribution System; and

(b) be published in such manner as the licensee believes will ensure adequate publicity for them (including on the licensee's Website).

14.4 The licensee must periodically review the information set out in any charging statement available under paragraph 14.1 and, at least once in every Regulatory Year, must make any changes that are necessary to that statement to ensure that such information continues to be accurate in all material respects.

14.5 The licensee must give or send a copy of any charging statement available under paragraph 14.1 to any person who requests it.

14.6 The licensee may make a charge for any charging statement given or sent under paragraph 14.5 but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the statement.

Part D: Contents of the licensee's Use of System Charging Statement

14.7 The information that the Use of System Charging Statement must include is specified in Part A of the Schedule of Contents set out at Appendix 1, which is part of this condition.

Part E: Charging in accordance with the Use of System Charging Statement

14.8 Except with the Authority's consent, every arrangement entered into by the licensee for the purposes of providing Use of System must ensure that the licensee's Use of System Charges comply with the Use of System Charging Statement in the form in which it is in force at each time at which such charges are to be made under the arrangement.

Part F: Amendment of the licensee's Use of System Charges

14.9 Without prejudice to paragraph 14.12, before making any amendment to its Use of System Charges, the licensee must give the Authority a revised Use of System Charging Statement that sets out the amended charges and specifies the date from which they are to have effect.

14.10 Without prejudice to paragraph 14.12 and (as appropriate) paragraph 13.4 of standard condition, paragraph 13A.15 of standard condition 13A or paragraph 13B.15 of standard condition 13B the licensee must, before any modification of its Use of System Charging Methodology comes into effect, give the Authority a revised Use of System Charging Statement that sets out the amended charges and specifies the date from which they are to have effect.

14.11 The licensee must, not less than three months before the date on which it proposes to amend its Use of System Charges in respect of any agreement for Use of System:

(a) give the Authority a Notice setting out those proposals, together with an explanation of them (including a statement of any assumptions on which the proposals are based); and

(b) send a copy of such Notice to any person who has entered into an agreement for Use of System in accordance with the provisions of this licence.

14.12 Except where the Authority otherwise directs or consents, the licensee may only amend its Use of System Charges in respect of any agreement for Use of System if:

(e) it has given Notice of the proposed amendment in accordance with paragraph 14.11;

(b) the amendment, when made, conforms to the proposals set out in that Notice (except for any necessary revisions resulting from the occurrence of a material change after the Notice has been given, to any of the matters on which the assumptions set out in the statement under paragraph 14.11 were based, and then only to such extent as is necessary to reflect the change in such matters); and

(c) the amendment takes effect on 1 April of the relevant Regulatory Year.

Part G: Contents of the licensee's Connection Charging Statement

14.13 The information that the Connection Charging Statement must include is specified in Part B of the Schedule of Contents set out at Appendix 1, which is part of this condition.

14.14 The licensee must ensure that the schedule of items of significant cost, referred to in paragraph A2(a) of Part B of Appendix 1 to this condition, is presented in accordance with a template common to all licensees (to be referred to as the common connection charging template).

Part H: Charging in accordance with the Connection Charging Statement

14.15 Except with the Authority's consent, every arrangement entered into by the licensee for the purposes of providing a connection or modifying or retaining an existing connection must ensure that the charges to be levied under that arrangement comply with the Connection Charging Statement in the form in which it is in force at the time at which the licensee offers to enter into the arrangement.

Part I: Specific rules for the licensee's connection charges

14.16 Connection charges relating to the matters specified for the Connection Charging Statement in Part B of the Schedule of Contents set out at Appendix 1 are to be set at a level that will enable the licensee to recover:

(a) the appropriate proportion (to be determined having regard to the factors set out at paragraphs 14.18 to 14.20) of the costs directly or indirectly incurred in carrying out any works for the extension or reinforcement of the licensee's Distribution System, or for the provision and installation, maintenance, repair, replacement, disconnection, or removal following disconnection, of any electric lines or electrical plant; and

(b) where the licensee is a Distribution Services Provider operating in its Distribution Services Area, such Margin as the licensee is allowed to charge under Special Condition 9.10 (Margins on licensee's Connection Activities) or.

(c) where the licensee is not a Distribution Services Provider, or is a Distribution Services Provider operating outside its Distribution Services Area, an Unregulated Margin in the Connection Charges that it makes in relation to its Connection Activities.

14.17 Paragraphs 14.18 to 14.20 apply for the purpose of determining the appropriate proportion that the licensee may recover of the costs directly or indirectly incurred in carrying out any of the works mentioned in paragraph 14.16(a) under an agreement for providing, modifying, or retaining a connection.

14.18 The licensee must have regard to the benefit (if any) to be obtained or likely in future to be obtained by itself or any other person from the extension of the licensee's Distribution System or the provision of additional Entry Points or Exit Points on that system as a result of the carrying out of the works in question.

14.19 The licensee must have regard to its ability, or its likely future ability, to recover from third parties a proportion of the costs in question.

14.20 The licensee must have regard to the principles that connection charges:

(a) will not generally take into account Distribution System reinforcement carried out at more than one voltage level above the voltage of the connection;

(b) will not generally take into account the costs (including any capitalised charge relating to them) for any maintenance, repair, and replacement required of any electric lines or electrical plant provided and installed for making a connection;

(c) may include an amount for reinforcement of the licensee's Distribution System that is based on a proportionate share of the costs of such reinforcement; and

(d) will not include any costs that are recovered by Use of System Charges.

Part J: Information on circuit capacity, power flows, and loading

14.21 The licensee must, in accordance with the requirement of paragraph 14.23, give or send to any person on request a report (“the “capacity report”) that shows present and future circuit capacity, forecast power flows and loading on the part or parts of the licensee’s Distribution System specified in the request, and fault levels for each distribution node covered by the request.

14.22 The capacity report must also contain:

(a) such further information as is reasonably necessary to enable the person who has made the request under paragraph 14.21 to identify and evaluate the opportunities available when connecting to and making use of the part or parts of the licensee’s Distribution System specified in the request; and

(b) if so requested, a commentary prepared by the licensee that indicates its views on the suitability of the part or parts of the licensee’s Distribution System specified in the request for new connections and the distribution of further quantities of electricity.

14.23 The requirement referred to in paragraph 14.21 is for the capacity report to be given or sent to the person who has made the request as soon as reasonably practicable and in any event within 28 days (or, with the Authority’s consent, such longer period as the licensee may reasonably require, having regard to the nature and complexity of the request) after the date that is the later of:

(a) the date of receipt of the request; and

(b) the date on which the licensee obtains agreement from the person who has made the request to pay the amount estimated by the licensee, or such other amount as is determined by the Authority under paragraph 14.24.

14.24 The licensee may, within ten days after receiving the request under paragraph 14.21 provide an estimate of its reasonable costs for preparing the capacity report, and its obligation to provide the statement takes effect when the person who has made the request agrees to pay the amount estimated or such other amount as the Authority may, on the application of the licensee or that person, direct.

14.25 The licensee may:

(a) with the Authority’s consent, omit from a capacity report any details about circuit capacity, power flows, loading, or any other information whose disclosure would, in the Authority’s view, seriously and prejudicially affect the commercial interests of the licensee or any third party; and

(b) omit any information whose disclosure would place the licensee in breach of standard condition 42 (Independence of the Distribution Business and restricted use of Confidential Information) (if applicable).

Part K: Interpretation

14.26 For the purposes of this condition:

Connection Activities	means any and all of such activities that comprise or are associated with the provision, modification, or retention of a Relevant Connection to the licensee's Distribution System as are able, in accordance with the licensee's Connection Charging Statement, to be undertaken by persons other than the licensee, where those activities are fully funded by the owner or occupier of the premises in respect of which the activities are required.

Appendix 1

Schedule of Contents

This Appendix specifies the information that must be included in the licensee's Use of System Charging Statement (Part A) and the information that must be included in the licensee's Connection Charging Statement (Part B).

Part A: Use of System Charging Statement

A1. As provided for by paragraph 14.7, the information to be set out in the licensee's Use of System Charging Statement must include**:**

(a) a schedule of charges for the distribution of electricity under Use of System;

(b) a schedule of adjustment factors to be made for Distribution Losses, in the form of additional supplies required to cover those losses;

(c) a schedule of the charges (if any) that may be made in respect of accounting and administrative services;

(d) a schedule of the charges (if any) that may be made:

(i) for providing and installing any electrical plant at Entry Points or Exit Points, where such provision and installation are ancillary to the grant of Use of System, and

(ii) for maintaining such plant; and

(e) information on any Use of System rebates given or formally announced to Authorised Electricity Operators in the 12 months preceding the date of publication or revision of the statement.

Part B: Connection Charging Statement

A2. As provided for by paragraphs 14.13 and 14.14, the information to be set out in the licensee's Connection Charging Statement must include:

(a) a schedule that lists items of significant cost (including the carrying out of works and the provision and installation of electric lines or electrical plant) likely to be required for the purposes of connection (at Entry Points or Exit Points) to the licensee's Distribution System for which Connection Charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the principles on which, and the methods by which, such charges will be calculated.;

(b) a statement of the principles on which, and the methods by which, any charges will be made in respect of any extension or reinforcement of the licensee's Distribution System that is made necessary or appropriate (at the

licensee's discretion) by virtue of providing connection to that system or Use of System to any person seeking such connection;

(c) a statement of the principles on which, and the methods by which, Connection Charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for Use of System by the person seeking connection;

(d) a statement of the principles on which, and the methods by which, any charges will be made for the provision of special metering or telemetry, or Data Processing equipment by the licensee for the purposes of enabling any person who is party to the Balancing and Settlement Code to comply with his obligations under that code in respect of metering or the performance by the licensee of any service in relation to such metering;

(e) a statement of the principles on which, and the methods by which, any charges will be made for the disconnection of electrical plant and electric lines from the licensee's Distribution System and for the removal of such plant and lines following disconnection; and

(f) a statement of the principles on which, and the methods by which, any charges (including any capitalised charge) will be made for any maintenance, repair, and replacement required of electric lines or electrical plant provided and installed for making a connection to the licensee's Distribution System.

Condition 15. Standards for the provision of Non-Contestable Connection Services

Introduction

15.1 This condition applies where:

(a) a person ("the applicant") has asked the licensee to provide any of the services mentioned in paragraph 15.2 in relation to the connection of Premises to the licensee's Distribution System; and

(b) the applicant's request is limited to the provision of Non-Contestable Connection Services by the licensee.

15.2 The services covered by this condition are the services of:

(a) providing Quotations (including Point of Connection information) in relation to the provision referred to in sub-paragraph 15.1(b);

(b) responding to design submissions in relation to connections; and

(c) completing Final Works and Phased Energisations as Non-Contestable Connection Services.

Part A: The relevant services and their standards

15.3 Where this condition applies, the licensee, in relation to each of the services specified in Column 1 of the Table of Services and Standards ("the Table") set out in Appendix 1, which is part of this condition, must:

(a) take reasonable steps in every case to provide the relevant service to the applicant; and

(b) without limiting the general effect of that obligation, provide the relevant services, calculated on an annual basis, in at least 90 per cent of all cases in each of the following categories:

(i) 15.2 (a)

(ii) 15.2 (b)

(iii) 15.2 (c)

(c) in accordance with the corresponding standard specified in Column 2 of the Table.

15.4 A request received by the licensee under paragraph 15.1, in relation to a service referred to in paragraph 15.2, becomes effective for the purposes of this condition when the applicant has supplied:

(a) information on contact details, the work-site location, the service required and, where relevant, the total load required

(b) payment of any charges that apply in relation to the provision of that service.

15.5 The licensee is not required to comply with its obligations under paragraph 15.3:

(a) if and to the extent that the Authority consents otherwise;

(b) if the applicant asks for a lower standard than is set out in the Table to be applied to a relevant service in any particular case;

(c) if compliance by the licensee would be likely to cause the licensee to breach regulations made under section 29 of the Act (so long as the licensee has taken all reasonable steps to prevent such breach from occurring);

(d) if the licensee is prevented from doing so by circumstances not within its control, as may be further clarified in the RIGs; or

(e) if it is not reasonable in all the circumstances of the case for the licensee to be required to do so, as may be further clarified in the RIGs.

Part B: Power to direct exemption

15.6 The Authority may give a direction to the licensee that this condition does not have effect in its licence from the date and for the duration specified in that direction.

15.7 The Authority's power to give a direction under paragraph 15.6 includes power to revoke that direction upon reasonable Notice to the licensee following consultation.

Part C: Interpretation

15.8 For the purposes of this condition:

References to information are references to information that is accurate in all material respects.

Associated Works	means any works required in order to provide a connection to the licensee's Distribution System, including any necessary Reinforcement Works or Diversionary Works.
Demand Connection	means a connection the purpose of which is to enable the Premises to receive a supply of

	electricity from the licensee's Distribution System.
Diversionary Works	means the service consisting of the moving of any electric lines or electrical plant in order to facilitate the extension, redesign, or redevelopment of any Premises on which such lines or plant are located and to which they are connected.
Energisation	means the licensee's taking of the steps necessary to enable an electrical current to flow from (or to) the licensee's Distribution System to (or from) the Point of Connection, in response to a request from the applicant.
Final Works	means the installation of the connection equipment in such a way that, subject to Energisation, the Premises are physically able to receive a supply of electricity from the licensee's Distribution System or (as the case may be) the licensee's Distribution System is physically able to receive a supply of electricity from the Premises.
Generation Connection	means a connection the purpose of which is to enable the licensee's Distribution System to receive a supply of electricity from the Premises.
Phased Energisation	in relation to a part only of the Premises, means the physical ability, subject to the completion of Final Works, to allow an electrical current to flow from (or to) the licensee's Distribution System to (or from) that part by means of the insertion of a fuse or as a result of a switching operation.
Point of Connection	means the point on the licensee's Distribution System at which the Premises will be directly or indirectly connected to that system.
Premises	includes any land, building, or structure and any Distribution System other than the licensee's.

Quotation	means information provided to the applicant in Writing and includes information relating to the Point of Connection, a statement of the charges that will apply (subject to any terms of the Quotation) in accordance with the licensee's combined statement prepared under paragraph 15 of standard condition 13 (Charging Methodologies for Use of System and connection), and any other information reasonably required by the applicant.
Reinforcement Works	means works required on the licensee's Distribution System to accommodate a new or an increased connection.

Appendix 1: Table of Services and Standards

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
Provision of Quotations	
Provide a Quotation**:**	
low voltage demand: for a new Demand Connection to the licensee's Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is not more than one kilovolt.	within **fifteen Working Days** of receiving the request
low voltage generation: for a new Generation Connection to the licensee's Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is not more than one kilovolt.	within **thirty Working Days** of receiving the request
high voltage demand: for a new Demand Connection to the licensee's Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is more than one kilovolt but not more than 22 kilovolts.	within **twenty Working Days** of receiving the request
high voltage generation: for a new Generation Connection to the licensee's Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is more than one kilovolt but not more than 22 kilovolts.	within **fifty Working Days** of receiving the request
extra high voltage demand: for a new Demand Connection to the licensee's Distribution System where the highest voltage of the assets at the Point of Connection and Associated Works is more than 22 kilovolts but not more than 72 kilovolts.	within **fifty Working Days** of receiving the request
other connections: for a new Demand Connection or Generation Connection to the licensee's Distribution System that is not included within the preceding sub-paragraphs.	within **sixty-five Working Days** of receiving the request
Information and design submissions	
Point of Connection information: provide the technical information necessary to enable the applicant to identify the proposed location and characteristics of the Point of Connection of the Premises to the licensee's Distribution System,	within **thirty Working Days** of receiving the request

where the highest voltage of the assets at that point and any Associated Works is more than 22 kilovolts but not more than 72 kilovolts.	within **ten Working Days** of receiving the proposed design (unless any part of it would require or directly affect the use of extra high voltage assets)
design submissions for low voltage and high voltage connections: in response to a design submitted by the applicant for the licensee's approval, outlining a new proposal for connecting Premises to the licensee's Distribution System, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.	within **twenty Working Days** of receiving the proposed design
design submissions for extra high voltage and other connections: in response to a design submitted by the applicant for the licensee's approval, outlining a new proposal for connecting Premises to the licensee's Distribution System, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.	

Final Works and Phased Energisation

Subject to all conditions precedent being met**:** **low voltage connections:** complete the Final Works for a low voltage connection.	within **ten Working Days** of receiving the request or on a later date that has been requested by the applicant and agreed by the licensee
high voltage connections: complete the Final Works for a high voltage connection.	within **twenty Working Days** of receiving the request or on a later date that has been requested by the applicant and agreed by the licensee
extra high voltage connections: inform the applicant of the date by which it is proposed to complete the Final Works for an extra high voltage connection.	within **twenty Working Days** of receiving the request (and complete the works as soon as reasonably practicable) or on a later date that has been requested by the applicant and agreed by the licensee
low voltage energisation: complete the works required for a low voltage Phased Energisation.	within **five Working Days** of receiving the request or on a later date that has been requested by the applicant and agreed by the licensee

high voltage energisation: complete works required for a high voltage Phased Energisation. **Note:** the conditions precedent to be satisfied for the purposes of Part 3 of this Table are those specified by the licensee and agreed by the applicant under the provisions of the Construction and Adoption Agreement (as defined in Engineering Recommendation G81 of the Energy Networks Association) or such similar agreement as the licensee may from time to time adopt.	within **ten Working Days** of receiving the request or on a later date that has been requested by the applicant and agreed by the licensee

Condition 15A. Connection Policy and Connection Performance

Introduction

15A.1 This condition:

(a) imposes duties of compliance on the licensee with respect to the licensee's performance under:

(i) the Connection Regulations; and

(ii) any Distributed Generation Connection Standards ("DG Standards") that are prescribed by the Authority in a DG Standards Direction issued under this condition; and

(b) requires the licensee to establish and operate a Quotation Accuracy Scheme by reference to which the licensee may in certain circumstances be required to pay compensation to persons under the Connection Regulations in relation to the accuracy of quotations provided by the licensee.

Part A: Licensee's duties of compliance

15A.2 The licensee must:

(a) use all reasonable endeavours to achieve the standards of performance prescribed for the licensee:

(i) by the Connection Regulations; and

(ii) by any DG Standards specified by the Authority in a DG Standards Direction, in every case to which each such standard applies and as may be further specified in RIGs; and

(b) without limiting the general effect of that obligation, achieve those standards of performance, calculated on a quarterly basis, in at least 90 per cent on average of all of the cases falling within each of the following groups:

(i) standards of performance relating to budget estimates and quotations for metered connections (in total);

(ii) all other standards of performance (in total) for metered connections; and

(iii) all standards of performance for unmetered connections (in total).

Part B: Quotation Accuracy Scheme

15A.3 The licensee must from time to time submit to the Authority for its approval a Quotation Accuracy Scheme that:

(a) enables a person seeking a connection to require the licensee to review the accuracy of a quotation provided in respect of the terms for making or modifying such types of connection to the licensee's Distribution System as may be specified in the Connection Regulations for the purposes of that scheme; and

(b) in the event that the licensee provides an inaccurate quotation, requires the licensee to adjust any charge made to the person seeking a connection to the amount properly due under an accurate quotation.

Part C: Scope and contents of a DG Standards Direction

15A.4 The Authority may issue a DG Standards Direction for the purposes of this condition, and may amend that direction in accordance with the provisions of Part D of this condition.

15A.5 The licensee must comply with the requirements of a DG Standards Direction.

15A.6 A DG Standards Direction is a direction the purpose of which is to ensure that there are standards of performance in place in relation to DG Connections that are equivalent to the standards of performance prescribed for the licensee by the Connection Regulations in relation to the demand connections to which those regulations refer.

15A. 7 Accordingly, a DG Standards Direction will, in particular, include provision for:

(a) the specification of the standards of performance that are to apply to DG Connections in relation to the matters and activities covered by regulations 4, 6 and 9 of the Connection Regulations in respect of demand connections;

(b) the licensee's performance of those standards within prescribed periods or by reference to agreed dates that are defined in terms consistent with the definitions given to those terms in the Connection Regulations in respect of demand connections;

(c) the exemption of the licensee from the specified standards of performance in relation to DG Connections in the same terms as apply under regulation 15 of the Connection Regulations in respect of demand connections;

(d) extensions of time in relation to those standards of performance as they apply to DG Connections in the same terms as apply under regulation 16 of the Connection Regulations in respect of demand connections;

(e) the resolution of disputes between the licensee and DG Operators in relation to any of the matters covered by paragraph 15A.7(a) to (d); and

(f) any other matters in relation to the achievement of standards of performance in relation to DG Connections that are consistent with, or incidental to, the fulfilment of the purpose described in paragraph 15A.6.

15A.8 Subject to paragraph 15A.9, a DG Standards Direction may also require the licensee to give undertakings to the Authority as to the circumstances in which, and the levels at which, compensation will be payable to DG Operators in respect of contraventions of the standards of performance imposed by the direction.

15A.9 The circumstances giving rise to a requirement to pay such compensation, and the levels of the compensation payable, must be consistent with those that apply under the Connection Regulations to contraventions of the standards of performance prescribed by those regulations in relation to the demand connections to which they refer.

Part D: Procedure for amending a DG Standards Direction

15A.10 Notwithstanding any other provision of this licence, a DG Standards Direction may only be amended in accordance with the procedures that would apply to that direction if it were in fact a standard condition of this licence subject to modification under section 11A of the Act.

Part E: Derogations

15A.11 The Authority may, after consulting with the licensee, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part F: Interpretation

15A.12 For the purposes of this condition:

DG Connection	means, in relation to any premises, a connection the purpose of which is to enable the licensee's Distribution System to receive a supply of electricity from the premises.
DG Operator	means an owner or occupier of any premises in respect of which a DG Connection is required.
Quotation Accuracy Scheme	has the meaning given to that term in Part B of this condition.

Condition 16. Requirement to offer terms for the connection of Metering Equipment

Licensee's obligation

16.1 On application made by any person ("the applicant"), the licensee must (subject to paragraph 16.4) offer to enter into an agreement that authorises the applicant to connect Metering Equipment to the licensee's Distribution System.

Requirements relating to the offer

16.2 In making an offer to enter into an agreement under paragraph 16.1, the licensee must set out**:**

(a) the date from which the applicant is authorised to undertake such connections;

(b) the procedures to be adopted by the applicant when making such connections, with particular regard to those relating to safety; and

(c) such other detailed terms as are or may be appropriate for the purposes of the agreement.

16.3 The licensee must offer terms for an agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after it receives from the applicant an application containing all such information as it reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

16.4 The licensee must not offer to enter or enter into an agreement under this condition if doing so would be likely to cause it to be in breach of**:**

(a) its duties under section 9 of the Act;

(b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

(c) the Grid Code or the Distribution Code; or

(d) any of the Conditions of this licence.

Settlement of disputes

16.5 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 17. Requirement to offer terms for the provision of Metering Point Administration Services

Licensee's obligation

17.1 On application made by any Electricity Supplier in relation to any premises connected to the licensee's Distribution System, the licensee must (subject to paragraph 17.5) offer to enter into an agreement for the provision of Metering Point Administration Services.

Requirements relating to the offer

17.2. In making an offer under this condition to enter into an agreement, the licensee must set out**:**

(a) the date by which the Metering Point Administration Services required will be provided (time being of the essence, unless otherwise agreed between the parties);

(b) the charges to be paid in respect of the Metering Point Administration Services required; and

(c) such other detailed terms in respect of each of the Metering Point Administration Services required as are or may be appropriate for the purposes of the agreement.

17.3 The charges mentioned in paragraph 17.2(b) must, unless clearly inappropriate**:**

(a) be presented so as to be referable to the statement prepared in accordance with paragraph 4 of standard condition 18 (Provision of and charges for Metering Point Administration Services); and

(b) comply with the requirements of that condition

17.4. The licensee must offer terms for an agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from an Electricity Supplier an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

17.5 The licensee is not obliged to offer to enter or to enter into an agreement under this condition if doing so would be likely to cause it to be in breach of**:**

(a) its duties under section 9 of the Act;

(b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

(c) the Grid Code or the Distribution Code; or

(d) any of the Conditions of this licence.

Efficiency and economy

17.6 The licensee must undertake the provision of Metering Point Administration Services in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of such services.

Derogations

17.7 The Authority may, after consulting with the licensee, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Settlement of disputes

17.8 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 18. Provision of and charges for Metering Point Administration Services

Licensee's obligation

18.1 The licensee must**:**

(a) establish, or procure the establishment of; and

(b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

a service, to be known as the Metering Point Administration Service, that provides the services specified in the Schedule of Services ("the Schedule") set out at Appendix 1, which is part of this condition.

18.2 The services specified in the Schedule are, for all the relevant purposes of this licence, the Metering Point Administration Services.

Licensee as Distribution Services Provider

18.3 If the licensee is a Distribution Services Provider, it must ensure that Metering Point Administration Services are able to be provided, where so requested, in respect of all premises connected to any Distribution System other than the licensee's within the Distribution Services Area.

Charging Statements to be always available

18.4 The licensee must at all times have available a statement prepared by it in a form approved by the Authority ("the MPAS Charging Statement") that sets out the basis on which charges will be made for the provision of Metering Point Administration Services.

18.5 The MPAS Charging Statement must**:**

(a) be presented in such form and with such detail as are necessary to enable any Electricity Supplier to make a reasonable estimate**:**

(i) of the charges that it would become liable to pay for the provision of Metering Point Administration Services, and

(ii) of the other terms on which such services would be provided that are likely to have a material impact on the conduct of that Electricity Supplier's business; and

(b) include a schedule of charges for Metering Point Administration Services and an explanation of the methods by which and the principles on which such charges will be calculated.

Review and provision of statements

18.6 The licensee may periodically review the information set out in the MPAS Charging Statement and, at least once every year, must make any changes that are necessary to that statement to ensure that such information continues to be accurate in all material respects.

18.7 The licensee must give or send a copy of the MPAS Charging Statement to**:**

(a) the Authority; and

(b) any person who requests it.

18.8 The licensee may make a charge for any MPAS Charging Statement given or sent under paragraph 18.7(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on the Authority's estimate of the licensee's reasonable costs of providing the statement.

18.9 The MPAS Charging Statement may, at the licensee's choice, be made available in the same document as the Use of System Charging Statement referred to in standard condition 14 (Charges for Use of System and connection) provided that the two statements are separately labelled.

Derogations

18.10 The Authority may, after consulting with the licensee and any other Authorised Electricity Operator likely to be materially affected, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

18.11 Appendix 1 follows immediately below.

Appendix 1: Schedule of Services

A1. In accordance with paragraphs 18.1 and 18.2, the services that comprise the Metering Point Administration Services are these**:**

A2. The service of maintaining such a register of technical and other data as is necessary to facilitate supply by any Electricity Supplier to all premises connected

to the licensee's Distribution System and to meet the reasonable requirements of Electricity Suppliers in respect of such premises for information for Settlement Purposes, including (where so required)**:**

(a) the identity of the Electricity Supplier responsible under the Balancing and Settlement Code for the Metering Point at such premises;

(b) and the type of Metering Equipment installed at each such premises;

(c) a unique and accurate address of each such premises so far as is reasonably practicable, having regard to the nature and source of the information provided to the licensee;

(d) whether such premises are Green Deal Premises.

A3. The service of amending the register maintained in accordance with paragraph A2 to reflect changes of Electricity Supplier in respect of any premises.

A4. The service of providing, in a timely and efficient manner, such data contained in the register maintained in accordance with paragraph A2 as are reasonably required and requested**:**

(a) to any Electricity Supplier or its agent;

(b) to any person identified in the Balancing and Settlement Code as being an appropriate person to receive data for Settlement Purposes; and

(c) to any person identified in the Retail Energy Code as being entitled to receive such data for the purpose of facilitating changes of Electricity Supplier in respect of any premises.

A5. The service of**:**

(a) maintaining an enquiry service for providing any Customer or an Electricity Supplier, on request and free of charge to that Customer, with such data contained in the register maintained in accordance with paragraph A2 as are relevant to the supply of electricity to premises which are (or are to be) owned or occupied by the Customer; and

(b) securing such publicity for the operation of that enquiry service as the licensee thinks is adequate.

Condition 19. Prohibition of discrimination under Chapters 4 and 5

Chapter 4: Use of System and connection

19.1 The licensee must not unduly discriminate between any person or class or classes of persons**:**

(a) in providing Use of System;

(b) in carrying out works for the purposes of connection to the licensee's Distribution System; or

(c) in providing for a modification to or the retention of an existing connection to that system.

19.1A For the avoidance of doubt, the licensee shall not be in breach of this condition in the compliant application and implementation of the Connections Process and/or of any decisions the ISOP may make under the Connections Process.

19.2 Without prejudice to paragraph 19.1, and subject to standard condition 14 (Charges for Use of System and connection), the licensee must not make charges for providing Use of System to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

Chapter 4: Non-Contestable Connection Services

19.3 The licensee, in providing Non-Contestable Connection Services and information about them, must not discriminate between**:**

(a) any business of the licensee comprising the provision of connections to the licensee's Distribution System;

(b) any business of any Affiliate or Related Undertaking of the licensee comprising such provision; and

(c) any business of any other person comprising such provision.

19.4 The licensee must provide the Authority with information about its compliance with paragraph 19.3 in a format set by the Authority (which may be amended from time to time after consultation with the licensee) at the following times**:**

(a) every year on or before such date as may be specified by the Authority after consultation with the licensee; and

(b) on any other date that the Authority may specify.

Chapter 4: Connection of Metering Equipment

19.5 In offering terms for the connection of Metering Equipment to its Distribution System, the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of persons.

Chapter 4: Metering Point Administration Services

19.6 In providing Metering Point Administration Services, the licensee must not discriminate between any Electricity Suppliers.

19.7 Without prejudice to paragraph 19.5, and subject to standard condition 18 (Provision of and charges for Metering Point Administration Services), the licensee must not make charges for providing Metering Point Administration Services to any Electricity Supplier that differ from the charges for such provision to any other Electricity Supplier, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

Chapter 5: The Distribution Code

19.8 In implementing and maintaining the Distribution Code and in complying with its obligations under that code (including in respect of the scheduling of the maintenance of its Distribution System), the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of persons.

Chapter 5 Standard conditions 20 to 23: Industry codes and agreements

Condition 20. Compliance with Core Industry Documents

Grid Code

20.1 The licensee must comply with the Grid Code.

Distribution Code

20.2 The licensee must at all times have in force, implement, and comply with the Distribution Code.

Other codes and agreements

20.3 The licensee must be a party to and comply with**:**

(a) the Balancing and Settlement Code;

(b) the Connection and Use of System Code;

(c) the Distribution Connection and Use of System Agreement; and

(d) the Retail Energy Code;

from the earlier of the date on which it offers to distribute electricity or the date on which it begins to distribute electricity in Great Britain.

Consequential changes

20.4 If a consequential change is required in any Core Industry Document, the licensee must take all reasonable steps to secure, and must not take any unreasonable steps to prevent or delay, the making or implementation of that consequential change.

20.5 For the purposes of paragraph 20.4, a consequential change is any modification that is required to be made to a Core Industry Document solely in order to give full and timely effect to a modification made to that or any other Core Industry Document.

Rights of appeal and veto

20.6 Paragraph 20.4 is without prejudice to**:**

(a) any rights of appeal that the licensee may have in relation to decisions made by the Authority under a Core Industry Document; and

(b) any rights of approval, veto, or direction that the Authority or the Secretary of State may have in relation to changes to a Core Industry Document.

Derogations

20.7 The Authority may (after consulting the licensee and, where appropriate, any other Authorised Electricity Operator likely to be materially affected) give a direction ("a derogation") to the licensee that relieves it of its obligations under any Core Industry Document in respect of such parts of that document, to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Fuel Security Code

20.8 The licensee must comply with the Fuel Security Code.

20.9 The Fuel Security Code has effect as a standard condition of this licence.

Duty to cooperate

20.10 The licensee will cooperate with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any reasonable requests in relation to planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a Significant Code Review.

20.11 Cooperation for the purposes of condition 20.10 may include but not be limited to:

(a) the sharing of such information as reasonable, and constructive participation in industry engagement in order to undertake appropriate planning of changes to IT systems or industry standard operational processes system changes pursuant to the conclusions of a Significant Code Review;
(b) the provision of such data as may be identified and reasonably requested in order to undertake testing and/or the population of any new central systems;
(c) the preparation and cleansing of such data as may reasonably be requested in order to facilitate live operation of the new central system;
(d) the provision of test scripts and results of any testing as may be requested by any person appointed to assure the success of any testing;
(e) all reasonable steps to:
    (i) meet key programme milestones for the completion of any action(s) assigned to the licensee;
    (ii) adhere to any remedial plan put in place to address any issues, delays or slippage that may impact the licensee's ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the Significant Code Review;
    (iii) identify any dependencies that the licensee may have upon agents or other third parties and secure the necessary support from such parties; and

(iv) promptly escalate and/or resolve any disputes that if unresolved may jeopardise the fulfilment of these obligations.

Interpretation

20.12 In this condition**:**

The licensee's obligation to comply with a Core Industry Document or the Fuel Security Code is an obligation to comply with the provisions of that document so far as they are applicable to the licensee.

Core Industry Document means any and all of the following**:**

(a) the Balancing and Settlement Code,

(b) the Connection and Use of System Code,

(c) the Distribution Code,

(d) the Distribution Connection and Use of System Agreement,

(e) the Grid Code,

(f) (Not used),

(g) the Revenue Protection Code,

(h) the System Operator Transmission Owner Code,

(i) the Retail Energy Code, and

(i) any other document designated by the Authority for the purposes of this condition following consultation with the licensee.

Fuel Security Code means the document of that name designated by the Secretary of State under section 7(4)(b) of the Act as a condition of every electricity licence of any type granted, or treated as granted, under section 6 of the Act.

Significant Code Review means a review of matters in relation to its principal objective and/or general duties (under section 3A of the Electricity Act or section 4AA of the Gas Act), statutory functions and/or relevant obligations arising under EU law, which the Authority considers are likely to relate to one or more of the documents referred to in this condition, or to which the licensee is required under this licence to be a party, and concerning which the Authority has consulted upon and issued a Notice to the parties stating that the review will constitute a Significant Code Review.

Condition 21. The Distribution Code

Licensee's obligation

21.1 The licensee must take all steps within its power to ensure that the Distribution Code in force under this licence at 31 May 2008 remains a code approved by the Authority that complies with each of the following requirements.

21.2 The first requirement is that the Distribution Code must cover all material technical aspects relating to connections to and the operation and use of the licensee's Distribution System or (so far as is relevant to such operation and use) the operation of electric lines and electrical plant connected to that system.

21.3 The second requirement, which is without prejudice to the first requirement, is that the Distribution Code must make express provision for the matters referred to in paragraphs 21.5 to 21.7A.

21.4 The third requirement is that the Distribution Code, so far as is consistent with the first two requirements, must be designed so as to better facilitate the achievement of the Applicable Distribution Code Objectives, which are to**:**

(a) permit the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the distribution of electricity;

(b) facilitate competition in the generation and supply of electricity;

(c) efficiently discharge the obligations imposed upon distribution licensees by the distribution licences and comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and

(d) promote efficiency in the implementation and administration of the Distribution Code.

Specific contents of the Distribution Code

21.5 The Distribution Code must include a Distribution Planning and Connection Code (see paragraph 21.6) and a Distribution Operating Code (see paragraph 21.7).

21.6 The Distribution Planning and Connection Code must contain**:**

(a) planning conditions that specify the technical and design criteria and procedures that are to be applied by the licensee in the planning and development of its Distribution System and taken into account by persons having a connection or seeking a connection to that system in the planning and development of their own plant and systems; and

(b) connection conditions that specify the technical, design, and operational criteria to be complied with by any person having a connection or seeking a connection to the licensee's Distribution System.

21.7 The Distribution Operating Code must specify the conditions under which the licensee must operate its Distribution System, and under which persons must operate their own plant and systems in relation to that system, so far as is necessary to protect the security, quality of supply, and safe operation of the licensee's Distribution System under both normal and abnormal operating conditions.

21.7A The Distribution Code must provide for:

(a) a panel body, as specified in the Distribution Code (the "panel"), whose functions shall include the matters required by this condition and as set out in the Distribution Code and any ancillary documents; and

(b) a secretarial or administrative person or body, as specified in the Distribution Code, to perform the role of code administrator (the "code administrator"). In addition to any powers, duties, or functions set out in the Distribution Code and any ancillary documents, the code administrator shall:

(i) together with other code administrators, publish, review, and (where appropriate) amend from time to time the Code of Practice approved by the Authority (any amendments to the Code of Practice are to be approved by the Authority);

(ii) facilitate the procedures for making a modification to the Distribution Code;

(iii) have regard to, and in particular (to the extent relevant) be consistent with the principles contained in, the Code of Practice; and

(iv) provide assistance, insofar as is reasonably practicable and on reasonable request, to Authorised Electricity Operators (including, in particular, Small Participants) and, to the extent relevant, consumer representatives that request the code administrator's assistance in relation to the Distribution Code including, but not limited to, assistance with:

a. understanding the operation of the Distribution Code;

b. their involvement in, and representation during, the modification procedure processes (including, but not limited to, code panel and/or workgroup meetings);

c. accessing information relating to modification proposals and/or modifications.

Procedure for modifying the Distribution Code

21.8 The licensee must (in consultation with other Authorised Electricity Operators likely to be materially affected) periodically review (including at the Authority's request) the Distribution Code and its implementation.

21.8A The review undertaken under paragraph 21.8 must:

(a) where the Authority reasonably considers it necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators proceed in accordance with any timetable(s) directed by the Authority under this paragraph in relation to the progress of the review and/or implementation of any modifications to the Distribution Code; and

(b) involve an evaluation of whether any modification or modifications to the Distribution Code would better facilitate the achievement of the Applicable Distribution Code Objectives and, where the impact is likely to be material, this must include an assessment of the quantifiable impact of any such modification on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of greenhouse gas emissions) as may be issued by the Authority from time to time.

21.9 After completing any such review, the licensee must send to the Authority**:**

(a) a report on the outcome of the review conducted in accordance with paragraphs 21.8 and 21.8A;

(b) a statement of any proposed modifications to the Distribution Code that the licensee (having regard to the outcome of the review) reasonably thinks are appropriate for the continuing achievement of the objectives referred to in paragraph 21.4 and a detailed explanation of the reasons for this assessment; and

(c) any written representations or objections from Authorised Electricity Operators (including any proposals by such operators for modifications to the Distribution Code that have not been accepted by the licensee in the course of the review) that were received during the consultation process and have not been withdrawn.

21.9A Modifications to the Distribution Code must not be implemented without the Authority's approval.

21.10 The Authority (having regard to any representations or objections referred to in paragraph 21.9(c) and after any further consultation that it considers appropriate) , or having regard to a report submitted in accordance with paragraph 21.11AA(b) or 21.11E(b), may give a direction to the licensee that requires it to modify the Distribution Code in such manner as may be specified in the direction and the licensee must forthwith comply with any such directions.

21.11A The procedures for modifying the Distribution Code must provide:
for the revision and resubmission of the report provided for under paragraph 21.9(a), paragraph 21.11AA(b) or paragraph 21.11E(b) upon, and in accordance with, a direction issued to the licensee by the Authority where the Authority determines that it cannot properly form an opinion on the approval of the modification proposal;

(a) without prejudice to paragraph 21.11D, that proposals for the modification of the Distribution Code falling within the scope of a Significant Code Review may not be made during the Significant Code Review Phase, except:

(i) where the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or

(ii) at the direction of, or by, the Authority;

(b) that, where a modification proposal is made during a Significant Code Review Phase, the licensee must:

(i) unless exempted by the Authority, notify the Authority as soon as practicable of:

a. any representations received in relation to the relevance of the Significant Code Review; and

b. the licensee's assessment of whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and

(ii) if the Authority so directs, not proceed with the modification proposal until the Significant Code Review Phase has ended.

(c) that the Authority may make a proposal for modification of the Distribution Code where that modification proposal is in respect of a Significant Code Review;

21.11AA The procedures for modifying the Distribution Code must provide, where the Authority makes a modification proposal in accordance with paragraph 21.11A(d), for the licensee:

(a) to evaluate whether the modification to the Distribution Code would better facilitate the achievement of the Applicable Distribution Code Objectives and, where the impact is likely to be material, this must include an assessment of the quantifiable impact of any such modification on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of greenhouse gas emissions) as may be issued by the Authority from time to time;

(b) to send to the Authority a report on the outcome of the evaluation conducted in accordance with sub-paragraph (a) above;

(c) to send to the Authority any written representations or objections from Authorised Electricity Operators that were received during the consultation process and have not been withdrawn; and

(d) to proceed in accordance with any timetable(s) directed by the Authority in relation to the procedural steps outlined in this paragraph and/or in relation to implementation of such modification to the Distribution Code.

21.11B If, within twenty-eight (28) days after the Authority has published its Significant Code Review conclusions:

(a) the Authority issues Directions to the licensee, the licensee must comply with those Directions and must treat the Significant Code Review Phase as ended;

(b) the Authority issues to the licensee a statement that no Directions under sub-paragraph (a) will be issued in relation to the Distribution Code, the licensee must treat the Significant Code Review Phase as ended;

(i) the Authority makes a modification proposal in accordance with paragraph 21.11A(d), the licensee must treat the Significant Code Review Phase as ended;

(ii) the Authority issues a statement that it will continue work on the Significant Code Review, the licensee must treat the Significant Code

Review Phase as continuing until it is brought to an end in accordance with paragraph 21.11C;

(c) neither Directions under sub-paragraph (a) nor a statement under sub-paragraphs (b) or (bb) have been issued, nor a modification proposal under sub-paragraph (ba) has been made, the Significant Code Review Phase will be deemed to have ended.

(d) The Authority's published conclusions and Directions to the licensee will not fetter any voting rights of the members of the panel or the procedures informing the report described at sub-paragraph 21.9(a).

21.11C The procedures for modification of the Distribution Code shall provide that, if the Authority issues a statement under paragraph 21.11B(bb) and/or a direction in accordance with paragraph 21.11F, the Significant Code Review Phase will be deemed to have ended when:

(a) the Authority issues a statement that the Significant Code Review Phase has ended;

(b) one of the circumstances in sub-paragraphs 21.11B(a) or (ba) occurs (irrespective of whether such circumstance occurs within twenty-eight (28) days after the Authority has published its Significant Code Review conclusions); or

(c) the Authority makes a decision consenting or otherwise to the modification of the Distribution Code following the submission of the report under paragraph 21.11E(b).

21.11D The procedures for modification of the Distribution Code shall provide that, where the Authority has issued a statement in accordance with paragraph 21.11B(bb) and/or a direction in accordance with paragraph 21.11F, the Authority may submit to the licensee a modification proposal for a modification in respect of a Significant Code Review.

21.11E The procedures for modification of the Distribution Code shall provide, where the Authority submits a Significant Code Review modification proposal in accordance with paragraph 21.11D:

(a) for the evaluation of whether the proposed modification would better facilitate the achievement of the Applicable Distribution Code Objectives and, where the impact is likely to be material, this must include an assessment of the quantifiable impact of any such modification on greenhouse gas emissions, to be conducted in accordance with any such

guidance (on the treatment of carbon costs and evaluation of greenhouse gas emissions) as may be issued by the Authority from time to time;

(b) for the licensee to send to the Authority a report on the outcome of the evaluation conducted in accordance with sub-paragraph (a); and

(c) for the licensee to proceed in accordance with any timetable(s) directed by the Authority in relation to the procedural steps outlined in this paragraph and/or in relation to implementation of such modification to the Distribution Code.

The Authority's published conclusions and Significant Code Review modification proposal will not fetter any voting rights of the members of the panel or the procedures informing the report described at sub-paragraph 21.11E(b).

21.11F The procedures for modification of the Distribution Code shall provide that, where a proposal has been made in accordance with paragraph 21.11B(a) or by the Authority under paragraph 21.11B(ba), the Authority may issue a direction (a "backstop direction"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review Phase to recommence.

Availability of the Distribution Code

21.12 The licensee must give or send a copy of the Distribution Code (as from time to time modified)**:**

(a) to the Authority; and

(b) to any person who requests it.

21.13 The licensee may make a charge for any copy of the Distribution Code given or sent under paragraph 21.12(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the copy.

Performance of obligations

21.14 The licensee must fulfil its obligations under this condition in conjunction and co-operation with all other Electricity Distributors and in accordance with such arrangements for that purpose as are approved by the Authority.

21.15 Without prejudice to any rights of approval, veto or direction the Authority may have, the licensee must use its best endeavours to ensure that procedures are in place that facilitate its compliance with the requirements of this condition

including, but not limited to, modifying the Distribution Code and any ancillary documents where necessary no later than 31 March 2017.

Interpretation

21.16 For the purposes of this condition:

Code of Practice means the Code Administration Code of Practice approved by the Authority and:
(a) developed and maintained by the code administrators in existence from time to time; and
(b) amended subject to the Authority's approval from time to time; and
(c) e-published from time to time.

Directions means, in the context of sub-paragraph 21.11B(a), direction(s) issued following publication of Significant Code Review conclusions which will contain:
(a) instructions to the licensee to make (and not withdraw, without the Authority's prior consent) a modification proposal;
(b) the timetable for the licensee to comply with the Authority's Direction(s); and
(c) the Authority's reasons for its Direction(s).

Significant Code Review means a review of one or more matters which the Authority considers likely to:
(a) relate to the Distribution Code (either on its own or in conjunction with any other industry code(s)); and
(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under Retained EU Law; and concerning which the Authority has issued a notice to the licensee

(among others, as appropriate) stating:

(i) that the review will constitute a Significant Code Review;

(ii) the start date of the Significant Code Review; and

(iii) the matters that will fall within the scope of the review.

Significant Code Review Phase

means the period

(a) commencing either:

(i) on the start date of a Significant Code Review as stated by the Authority, or

(ii) on the date the Authority makes a direction under paragraph 21.11F (a "backstop direction"), and

(b) ending either:

(i) on the date on which the Authority issues a statement under sub-paragraph 21.11B(b) that no Directions will be issued in relation to the Distribution Code; or

(ii) if no statement is made under sub-paragraph 21.11B(b) or (bb), on the date on which the licensee has made a modification proposal in accordance with Directions issued by the Authority, or the Authority makes a modification proposal under sub-paragraph 21.11B(ba); or

(iii) immediately under sub-paragraph 21.11B(c), if neither a statement, a modification proposal nor Directions are issued by the Authority within (and including) twenty-eight (28) days from the Authority's publication of its Significant Code Review conclusions; or

(iv) if a statement has been made under sub-paragraph 21.11B(bb) or a direction has been made under paragraph 21.11F (a

"backstop direction"), on the date specified in accordance with paragraph 21.11C.

Small Participant means:

(a) a generator, supplier, distributor, or new entrant to the electricity market in Great Britain that can demonstrate to the code administrator that it is resource-constrained and, therefore, in particular need of assistance;

(b) any other participant or class of participant that the code administrator considers to be in particular need of assistance; and

(c) a participant or class of participant that the Authority has notified the code administrator as being in particular need of assistance.

Condition 21A. The Smart Energy Code

Party to the Code

21A.1 The licensee must:

(a) by no later than the Commencement Date, be a party to the Smart Energy Code; and

(b) thereafter remain a party to and comply with the Smart Energy Code.

Derogation

21A.2 The Authority, following consultation with the licensee and where appropriate any other person likely to be materially affected and after having regard to any guidance issued by it in accordance with paragraph 21A.3, may give a direction ("a

derogation") to the licensee that relieves it of its obligations under the Smart Energy Code in respect of such parts of the Smart Energy Code, to such extent, for such period of time and subject to such conditions as may be specified in the direction.

21A.3 The Authority may issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under paragraph 21A.2.

21A. 4 The guidance issued in accordance with paragraph 21A.3 may, in particular, set out:

(a) the process for requesting the Authority to grant a derogation under paragraph 21A.2;

(b) the type of information that is likely to be required by the Authority as part of that process; and

(c) the criteria the Authority would have regard to in considering whether and to what extent to exercise its power to give a direction under paragraph 21A.2.

DCC User – Distribution Services Provider

21A.5 Paragraph 21A.6 applies where the licensee is:

(a) a party to the Smart Energy Code in accordance with paragraph 21A.1; and

(b) a Distribution Services Provider.

21A.6 Where this paragraph applies the licensee must become a DCC User by no later than 28 April 2017 (or such later date as may be specified in a direction issued by the Secretary of State under this paragraph)

Interpretation

21A.7 For the purposes of this Condition the licensee's obligation to comply with the Smart Energy Code is an obligation to comply with the provisions of the Smart Energy Code so far as they are applicable to the licensee.

Definitions

In this Condition:

Commencement Date means:

(a) the date which is the SEC Designated Date; or

(b) where this Condition comes into force after the SEC Designated Date, the earlier of the date on which the licensee offers to distribute electricity

	or the date on which it begins to distribute electricity in Great Britain.
DCC Licence	means the licence for the provision of a smart meter communication service granted pursuant to sections 6(1A) and (1C) of the Electricity Act 1989.
DCC User	means a User for the User Role of Electricity Distributor (where 'User', 'User Role' and 'Electricity Distributor' all have the meanings given to them from time to time in the Smart Energy Code).
Smart Energy Code	means the document of that name, as designated by the Secretary of State under Condition 22 of the DCC Licence.
SEC Designated Date	means the date the Smart Energy Code is designated by the Secretary of State in a direction given for the purposes of Condition 22 of the DCC Licence.

Condition 22. Distribution Connection and Use of System Agreement

Licensee's obligation

22.1 The licensee must take all steps within its power to ensure that the Distribution Connection and Use of System Agreement ("the DCUSA") in force under this licence at 31 May 2008 remains an agreement that**:**

(a) is designed to facilitate achievement of the Applicable DCUSA Objectives set out in Part A of this condition;

(b) conforms to the requirements of Parts B to D of this condition in relation to the modification of the DCUSA; and

(c) makes express provision for the matters described in the Schedule of DCUSA Contents ("the Schedule") set out at Appendix 1, which is part of this condition.

Part A: Applicable DCUSA Objectives

22.2 The Applicable DCUSA Objectives are these**:**

(a) the development, maintenance and operation by the licensee of an efficient, co-ordinated, and economical Distribution System;

(b) the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution, and purchase of electricity;

(c) the efficient discharge by the licensee of the obligations imposed upon it by this licence;

(d) the promotion of efficiency in the implementation and administration of the DCUSA arrangements;

(i) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and

(ii) in relation to the Common Distribution Charging Methodology, the EHV Distribution Charging Methodology or the Common Connection Charging Methodology, the Applicable Charging Methodology Objectives listed in Part B of Standard Licence Condition 22A.

Part B: Principles for making a modification to the DCUSA

22.3 Any proposals to modify the DCUSA must be designed to better facilitate the achievement of the Applicable DCUSA Objectives.

22.4 The DCUSA may be modified at any time in accordance with such procedures (including procedures for modifying those procedures) as may be Specified and are in conformity with the principles set out in paragraph 22.5.

22.5 Those principles are that**:**

(a) proposals for the modification of the DCUSA may be made by any Electricity Distributor, any other party to the DCUSA, the Authority (in relation only to modifications within the scope of paragraph 22.9EE), Citizens Advice and Citizens Advice Scotland, the ISOP, and such other persons or bodies as may be designated by the Authority;

(b) the modification procedures for dealing with any such proposal must comply with the requirements of Part C below;

(c) the making and implementation of any modification of the DCUSA must comply with the provisions of Part D below;

(d) modifications to the DCUSA require Authority approval, which must be sought in accordance with the appropriate procedures set out in the DCUSA, except for modifications made pursuant to paragraph 22.9F ("the self-governance route");

(e) modification proposals made by the Authority or the licensee in accordance with paragraphs 22.5(a) and 22.5(f)(i) respectively which fall within the scope of paragraph 22.9EE are:

(i) to be accepted into the DCUSA modification procedures by the panel;

(ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and

(iii) to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 22.5(f); and

(f) the licensee and (where applicable) the panel are to comply with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to a modification proposal which falls within the scope of paragraph 22.9EE) for the:

(i) licensee to raise a modification proposal; and/or

(ii) completion of each of the procedural steps outlined in Part C, to the extent that they are relevant; and/or

(iii) implementation of a modification proposal.

Part C: Procedures for making a modification to the DCUSA

22.6 The procedures contained in the DCUSA for the making of modifications to the DCUSA ("the procedures") must have as their objective the achievement of the matters set out in the following provisions of this Part C.

22.7 The procedures must ensure that every proposed modification is brought to the attention of all parties mentioned in or pursuant to paragraph 22.5(a).

22.8 The procedures must ensure that any and all representations made in respect of a proposed modification are able to be properly considered by the relevant decision makers.

22.9 The procedures must ensure that the question of whether any proposed modification better facilitates the achievement of the Applicable DCUSA Objectives is able to be properly evaluated.

22.9A. The procedures must ensure that the evaluation required under paragraph 22.9 in respect of the Applicable DCUSA Objective(s) includes, where the impact is likely to be material, an assessment of the impact of the proposed modifications on greenhouse gas emissions, to be conducted in accordance with any such guidance (on the treatment of carbon costs and evaluation of the impact on greenhouse gas emissions) as may be issued by the Authority from time to time.

22.9B The procedures must provide for the proper evaluation of the suitability of the self-governance route for any particular modification proposal in accordance with the criteria Specified pursuant to paragraph A3(f) of the Schedule.

22.9C. Without prejudice to paragraph 22.9EB, the procedures must provide that proposals for the modification of the DCUSA falling within the scope of a Significant Code Review may not be made during the Significant Code Review Phase, except:

(a) where the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or

(b) at the direction of, or by, the Authority.

22.9D The procedures must provide that, where a modification proposal is made during a Significant Code Review Phase, the panel shall: unless exempted by the Authority, notify the Authority as soon as practicable of:

(a) any representations received in relation to the relevance of the Significant Code Review; and

(b) the panel's assessment of whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and

if the Authority so directs, not proceed with the modification proposal until the Significant Code Review Phase has ended.

22.9E If, within twenty-eight (28) days after the Authority has published its Significant Code Review conclusions:

(a) the Authority issues Directions to the licensee, the licensee must comply with those Directions and shall treat the Significant Code Review Phase as ended;

(b) the Authority issues to the licensee a statement that no Directions under sub-paragraph (a) will be issued in relation to the DCUSA, the licensee must treat the Significant Code Review Phase as ended;

(ba) the Authority raises a modification proposal in accordance with paragraph 22.5(a), the licensee shall treat the Significant Code Review Phase as ended;

(bb) the Authority issues a statement that it will continue work on the Significant Code Review, the licensee shall treat the Significant Code Review Phase as continuing until it is brought to an end in accordance with paragraph 22.9EA;

(c) neither Directions under sub-paragraph (a), nor a statement under sub-paragraph (b) or (bb) have been issued, nor a modification proposal under sub-paragraph (ba) has been made, the Significant Code Review Phase will be deemed to have ended.

(d) The Authority's published conclusions and Directions to the licensee will not fetter any voting rights of DCUSA parties or members of the panel, or the procedures informing the modification report described at paragraph 22.10.

22.9EA The procedures must provide that, if the Authority issues a statement under paragraph 22.9E(bb) and/or a direction in accordance with paragraph 22.9ED, the Significant Code Review Phase will be deemed to have ended when:

(a) the Authority issues a statement that the Significant Code Review Phase has ended;

(b) one of the circumstances in sub-paragraphs 22.9E(a) or (ba) occurs (irrespective of whether such circumstance occurs within twenty-eight (28) days after the Authority has published its Significant Code Review conclusions); or

(c) the Authority makes a decision consenting, or otherwise, to the modification of DCUSA following a modification proposal submitted pursuant to paragraph 22.9EB.

22.9EB The procedures must provide that, where the Authority has issued a statement in accordance with sub-paragraph 22.9E(bb) and/or a direction in accordance with paragraph 22.9ED, the Authority may submit a modification proposal for a modification falling within the scope of paragraph 22.9EE(b) to the panel.

22.9EC The procedures must provide, where the Authority submits a Significant Code Review modification proposal to the panel in accordance with paragraph 22.9EB, for the modification to be accepted into the procedures as if the steps in paragraphs 22.7-9B had been completed.

The Authority's published conclusions and Significant Code Review modification proposal will not fetter any voting rights of DCUSA parties or members of the panel, or the procedures informing the modification report described at paragraph 22.10.

22.9ED The procedures must provide that, where a proposal has been raised in accordance with paragraph 22.9E(a) or 22.5(f), or by the Authority under paragraph 22.9E(ba) and it falls within the scope of paragraph 22.9EE(b), the Authority may issue a direction (a "backstop direction"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review Phase to recommence.

22.9EE Modification proposals fall within the scope of this paragraph where:

(a) the Authority reasonably considers the modifications are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and/or

(b) the modification proposal is in respect of a Significant Code Review.

22.9F The procedures must provide that modifications to the DCUSA may be made pursuant to this paragraph 22.9F (the "self-governance route") where:

(a) in the view of the panel, the modification proposal meets all of the criteria Specified pursuant to paragraph A3(f) of the Schedule; or

(b) the Authority has determined that the criteria Specified pursuant to paragraph A3(f) of the Schedule are satisfied and the modification proposal is suitable for the self-governance route; and

(c) unless otherwise exempted by the Authority, the panel has sent copies of any consultation responses to the Authority at least seven (7) days before the modification report is approved by the panel; and

(d) the Authority has not directed that the Authority's approval is required prior to the modification report being approved by the panel; and

(e) the DCUSA parties have determined, in accordance with paragraph 22.12A, that the modification proposal or any alternative should be implemented on the basis that it would, as compared with the then existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA objective(s); and

(i) no appeal has been raised up to and including 10 working days after the publication of the parties' determination pursuant to paragraphs 22.12A and 22.13 in respect of such a modification proposal in accordance with paragraph 22.9G; or

(ii) an appeal has been raised in respect of such a modification proposal in accordance with paragraph 22.9G and the Authority has not quashed the DCUSA parties' determination made pursuant to paragraphs 22.12A(a) and 22.13 (and either remitted the relevant modification proposal back to the parties for reconsideration or taken the decision on the relevant modification proposal itself following the appeal).

22.9G The procedures must provide that those persons mentioned in or pursuant to paragraph 22.5(a) may appeal to the Authority the approval or rejection of a modification proposal determined pursuant to 22.9F, provided the appeal has been made up to and including 10 working days after the publication of the parties' determination pursuant to paragraphs 22.12A and 22.13, and in accordance with the procedures specified in the DCUSA and, in the opinion of the Authority:

(a) the appealing party is likely to be unfairly prejudiced by the implementation or non-implementation of that modification proposal; or

(b) the appeal is on the grounds that:

(i) in the case of implementation, the modification may not better facilitate the achievement of at least one of the Applicable DCUSA Objectives; or

(ii) in the case of non-implementation, the modification proposal may better facilitate the achievement of at least one of the Applicable DCUSA Objectives; and

(c) the appeal is not brought for reasons that are trivial or vexatious, nor does the appeal have no reasonable prospect of success.

22.9H. The procedures must provide that:

(a) where an appeal has been raised in respect of a modification proposal in accordance with paragraph 22.9G, that modification proposal shall be treated in accordance with any decision and/or direction of the Authority following that appeal; and

(b) if the Authority quashes the parties' determination pursuant to paragraphs 22.12A(a) and 22.13 and takes the decision on the relevant modification proposal itself following an appeal in accordance with paragraph 22.9G, the

parties' determination of that modification proposal pursuant to paragraphs 22.12A(a) and 22.13 shall be treated as a recommendation pursuant to paragraphs 22.12A(b) and 22.13.

22.10 The procedures must ensure that a modification report is prepared in such manner and has all such contents as may be Specified, including**:**

(a) a proposed implementation date either:

(i) in accordance with any direction(s) issued by the Authority under paragraph 22.5(f)(iii); or
(ii) where no direction has been issued by the Authority under paragraph 22.5(f)(iii), that would enable any proposed modification to take effect as soon as practicable after the decision to implement it has been reached, taking into account the complexity, importance, and urgency of that modification; and

(b) except in the case of a modification falling within the scope of paragraph 22.9EB, a summary of and copies of all submissions made in respect of the proposed modification.

(c) an assessment of the extent to which the proposed modification would better facilitate achieving the Applicable DCUSA Objectives and a detailed explanation of the reasons for that assessment (such assessment to include, where the impact is likely to be material, an assessment of the impact of the proposed modifications on greenhouse gas emissions, to be conducted in accordance with any such guidance on the treatment of carbon costs and evaluation of the impact on greenhouse gas emissions as may be issued by the Authority from time to time).

22.11 The procedures must ensure that the proposed implementation date may be altered with the consent of or as directed by the Authority.

22.12 The procedures must ensure that parties to the DCUSA are able to consider the modification report prepared in accordance with paragraph 22.10 and whether the modification would, as compared with the existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA Objectives.

22.12A The procedures must ensure that parties to the DCUSA, having regard to whether the modification would, as compared with the existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA Objectives, are able to vote for**:**

(a) the implementation or rejection of the proposed modification, in the case of a proposal that is to be determined in accordance with paragraph 22.9F; or,

(b) a recommendation to the Authority to approve or reject the proposed modification, in the case of a proposal that requires Authority approval.

22.13 The procedures must ensure that all votes cast pursuant to paragraph 22.12A are compiled so that the panel may take such steps as are necessary to facilitate the implementation of any proposed modification or (as the case may be) to put forward a recommendation to the Authority along with the report prepared in accordance with paragraph 22.10.

22.13A The procedures must ensure that completion of each of the procedural steps outlined in this Part C, to the extent that they are relevant, is in accordance with any timetable(s) directed by the Authority under paragraph 22.5(f).

22.13B The procedures must provide for the revision and resubmission of the modification report prepared in accordance with paragraph 22.10 (and submitted to the Authority pursuant to the procedures described in Part C of this condition) upon, and in accordance with, a direction issued to the panel by the Authority where the Authority determines that it cannot properly form an opinion on the approval of the modification proposal.

22.13C The procedures for the modification of the DCUSA must be consistent with the principles set out in the Code of Practice, to the extent that they are relevant.

Part D: Implementation of a modification to the DCUSA

22.14 No modification of the DCUSA may be made unless**:**

(a) the parties to the DCUSA have voted, pursuant to paragraph 22.12(a), in favour of the modification described in the relevant modification report; or

(b) the Authority, having had regard to the Applicable DCUSA Objectives, directs the licensee, in conjunction with every other Electricity Distributor, to modify the DCUSA in such manner as is stated in that direction following the making of a recommendation to the Authority by the parties to the DCUSA pursuant to paragraph 22.12A(b).

Part E: Interpretation

22.15 For the purposes of this condition:

(a) "modification" must be read in accordance with the meaning given to the term in section 111 of the Act, and any related expressions are to be read accordingly; and

(b) words and expressions appearing in Appendix 1 that are defined under any provision of the DCUSA have the meaning given by, or are to be read in accordance with, that provision.

Specified means specified in the DCUSA.

Code of Practice means the Code Administration Code of Practice approved by the Authority and:

(a) developed and maintained by the code administrators in existence from time to time; and

(b) amended subject to the Authority's approval from time to time; and

(c) re-published from time to time.

Directions means, in the context of sub-paragraph 22.9E(a), Direction(s) issued following publication of Significant Code Review conclusions, which will contain:

(a) instructions to the licensee to make (and not withdraw, without the Authority's prior consent) a modification proposal;

(b) the timetable for the licensee to comply with the Authority's Direction(s); and

(c) the Authority's reasons for its Direction(s).

Significant Code Review means a review of one or more matters which the Authority considers likely to:

(a) relate to the DCUSA (either on its own or in conjunction with any other industry code(s)); and

(b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions and/or relevant obligations arising under Retained EU Law;
and concerning which the Authority has issued a notice to the DCUSA parties (among others, as appropriate) stating:

(i) that the review will constitute a Significant Code Review;

(ii) the start date of the Significant Code Review; and
(iii) the matters that will fall within the scope of the review.

Significant Code Review Phase means:
(a) the period commencing either:
(i) on the start date of a Significant Code Review as stated by the Authority; or
(ii) on the date the Authority makes a direction under paragraph 22.9ED; (a "backstop direction")
and
(b) ending either:

(i) on the date on which the Authority issues a statement under sub-paragraph 22.9E(b) that no Directions will be issued in relation to the DCUSA; or
(ii) if no statement is made under sub-paragraph 22.9E(b) or (bb), on the date on which the licensee has made a modification proposal in accordance with Directions issued by the Authority, or the Authority makes a modification proposal under paragraph 22.9E(ba); or
(iii) immediately under paragraph 22.9E(c), if neither a statement, a modification proposal, nor Directions are made by the Authority within (and including) twenty-eight (28) days from the Authority's publication of its Significant Code Review conclusions; or
(iv) if a statement has been made under paragraph 22.9E(bb) or

a direction has been made under paragraph 22.9ED (a "backstop direction"), on the date specified in accordance with paragraph 22.9EA.

Small Participant means:

(a) a generator, supplier, distributor, or new entrant to the electricity market in Great Britain that can demonstrate to the code administrator that it is resource-constrained and, therefore, in particular need of assistance;

(b) any other participant or class of participant that the code administrator considers to be in particular need of assistance; and

(c) a participant or class of participant that the Authority has notified the code administrator as being in particular need of assistance.

22.16 Without prejudice to any rights of approval, veto, or direction the Authority may have, the licensee must use its best endeavours to ensure that procedures are in place that facilitate its compliance with the requirements of this condition including, but not limited to, modifying the DCUSA where necessary no later than 31 March 2017.

22.17 Appendix 1 follows immediately below.

Appendix 1: Schedule of DCUSA Contents

A1. In accordance with paragraph 22.1(c), the matters for which the DCUSA must make express provision are set out in the following paragraphs of this Schedule.

Matters of a commercial nature

A2. The DCUSA must include all such material terms, procedures, and arrangements of a commercial nature as relate to the use of the licensee's Distribution System and (where appropriate) to connections to that system, and in particular must make express provision for the following matters**:**

(a) Conditions (including as to the provision of credit cover) that are to apply to any person in respect of the commencement, continuation, or termination of use of the licensee's Distribution System by or on behalf of that person ("the user"), and obligations owed by the licensee to the user in relation to such use.

(b) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of the payment of the charges due on either an individual or an aggregated basis to the licensee from the user for use of the licensee's Distribution System.

(c) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of such activities or works (including the energisation, de-energisation, or re-energisation of Entry Points and Exit Points) as may be carried out by or on behalf of the user on the licensee's Distribution System.

(d) Terms, arrangements, and procedures that are to apply or to be available to the user in respect of the activities of system demand control and revenue protection, the installation and maintenance of Metering Equipment, and the provision of metering data and other relevant information arising from use of the licensee's Distribution System.

(e) Terms that provide (i) for the circumstances in which, in relation to the use of or connection to the licensee's Distribution System, a party's liability for any contravention of the provisions of the DCUSA may be restricted, and (ii) for the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it.

Governance and administration

A3. Without prejudice to any of the matters set out in paragraph A2, the DCUSA must also include**:**

(a) Terms for the creation of an agreement, to which the licensee, every other Electricity Distributor, and any other Authorised Electricity Operator (not being an Electricity Distributor, and so far as the DCUSA is applicable to

it) must be a party on such terms and conditions of accession as may be Specified ("the DCUSA Accession Agreement").

(b) Provisions for the referral for determination by the Authority of any dispute arising as to whether a person seeking to be admitted as a party to the DCUSA Accession Agreement has fulfilled any such accession conditions.

(c) Terms that provide for the licensee and such other parties to the DCUSA Accession Agreement as may be Specified to be contractually bound by some or all of the provisions of the DCUSA.

(d) Arrangements for establishing and maintaining, in accordance with such procedures for appointment or election as may be Specified, a panel ("the panel") which is to be responsible, by way of such proceedings as may be Specified, for the governance and administration of the DCUSA and whose members are to be required as a condition of appointment or election to act independently and not as delegates.

(e) Arrangements for the establishment and funding of a secretariat that is able to service the panel to such extent and in respect of such matters as may be Specified.

(f) Arrangements for a secretarial or administrative person or body, as specified in the DCUSA, to perform the role of code administrator (the "code administrator"). In addition to any power, duties, or functions set out in the DCUSA, the code administrator shall:

(i) together with other code administrators, publish, review, and (where appropriate) amend from time to time the Code of Practice approved by the Authority (any amendments to the Code of Practice are to be approved by the Authority);

(ii) facilitate the procedures for making a modification to the DCUSA;

(iii) have regard to, and in particular (to the extent relevant) be consistent with the principles contained in, the Code of Practice; and

(iv) provide assistance, insofar as is reasonably practicable and on reasonable request, to parties (including, in particular, Small Participants) and, to the extent relevant, consumer representatives that request the code administrator's assistance in relation to the DCUSA including, but not limited to, assistance with:

1) drafting a modification proposal;

2) understanding the operation of the DCUSA;

3) their involvement in, and representation during, the modification procedure processes (including, but not limited to, panel and/or workgroup meetings);

4) accessing information relating to modification proposals and/or modifications.

(g) Such criteria as are Specified for the modification of the DCUSA without the Authority's approval, in accordance with Parts B to D of this condition.

(h) Not used.

A3A. Modification proposals raised by the Authority or the licensee under paragraphs 22.5(a) and 22.5(f)(i) respectively and/or any modification proposal in respect of which the Authority has issued a direction(s) under paragraph 22.5(f) require Authority approval.

Other matters to be included

A4. Without prejudice to any of the matters set out in paragraphs A2 and A3, the DCUSA must also include**:**

(a) Provision for a copy of DCUSA to be supplied to any person who requests it, upon payment of an amount not exceeding the reasonable costs of making and supplying that copy.

(b) Provision for information about the operation of any of the DCUSA arrangements to be supplied on request to the Authority or to be published by it or by the panel (having particular regard to the provisions of section 105 of the Utilities Act 2000).

(c) Provision for the panel to be able to secure the compliance of any party to the DCUSA Accession Agreement with any of the requirements of sub-paragraphs (a) and (b).

(d) Provision for such other matters as may be appropriate, having regard to the requirement for the DCUSA to be maintained as a document designed to facilitate achievement of the Applicable DCUSA Objectives.

Condition 22A. Governance and change control arrangements for Relevant Charging Methodologies

Part A: Application and purpose

22A.1 This condition;

(a) has effect on and after 1 October 2009;

(b) supplements standard condition 22 (Distribution Connection and Use of System Agreement) ('the DCUSA'); and

(c) applies for the following purposes.

22A.2 The first purpose is to ensure that, with effect from the relevant incorporation date, and subject to paragraph 22A.3 in respect of modification arrangements, each of the following Charging Methodologies of the Distribution Services Providers is incorporated into the DCUSA as if it were one of the matters that is required to be included in the DCUSA by virtue of the provisions of standard condition 22:

(a) the Common Distribution Charging Methodology ('CDCM') in force under standard condition 13A (Common Distribution Charging Methodology), for which the incorporation date is 1 April 2010;

(b) the EHV Distribution Charging Methodology ('EDCM') for Import Charges in force under standard condition 13B (EHV Distribution Charging Methodology), for which the incorporation date is 1 April 2012;

(c) the EDCM for Export Charges in force under standard condition 13B (EHV Distribution Charging Methodology), for which the incorporation date is 1 April 2013; and

(d) the Common Connection Charging Methodology ('CCCM'), in force under standard condition 13 (Charging Methodologies for Use of System and Connection) for which the incorporation date is 1 October 2012 (unless otherwise advised by the Authority).

22A.3 The second purpose is to provide:

(a) for all modification proposals relating to the Charging Methodologies, (other than the CCCM) after their incorporation into the DCUSA, to be subject to a restriction in their purpose and effect in the period of time up to 1 April 2015; and

(b) for modifications of the Charging Methodologies following incorporation into the DCUSA to be made in each case by reference to the Applicable

Charging Methodology Objectives specified in Part B of this condition 22A, rather than the Applicable DCUSA Objectives specified in standard condition 22 that would otherwise apply.

22A.4 A Charging Methodology (whether the CDCM, the EDCM or the CCCM) that is to be or has been incorporated into the DCUSA under this condition is a Relevant Charging Methodology for all the purposes of this condition.

Part B: The Applicable Charging Methodology Objectives

22A.5 The Applicable Charging Methodology Objectives, in relation to any Relevant Charging Methodology, are as follows.

22A.6 The first Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology facilitates the discharge by a Distribution Services Provider of the obligations imposed on it under the Act and by this licence.

22A.7 The second Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in the participation in the operation of an Interconnector.

22A.8 The third Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology results in charges that, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by a Distribution Services Provider in its Distribution Business.

22A.9 The fourth Applicable Charging Methodology Objective is that, so far as is consistent with the first three Applicable Charging Methodology Objectives, the Relevant Charging Methodology, so far as is reasonably practicable, properly takes account of developments in a Distribution Services Provider's Distribution Business.

22A.10 The fifth Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology facilitates compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

22A.10A The sixth Applicable Charging Methodology Objective is that compliance with the Relevant Charging Methodology promotes efficiency in its own implementation and administration.

22A.11 A Relevant Charging Methodology achieves the Applicable Charging Methodology Objectives if it achieves them in the round, taking one objective with another, and having due regard to any particular implications for the determination of Use of System Charges or Connection Charges under any other Relevant Charging Methodology.

Part C: Licensee's obligations under this condition

22A.12 The licensee must take all appropriate steps within its power to ensure that such modifications of the DCUSA as are required for the purpose of incorporating a Relevant Charging Methodology into the DCUSA are made in sufficient time to ensure that the methodology is incorporated into the DCUSA with full and complete effect from its incorporation date.

22A.13 The licensee, in conjunction with all other Distribution Services Providers, and in consultation with other Authorised Electricity Operators, must develop arrangements that provide for the licensee to meet periodically with other Distribution Services Providers, other Authorised Electricity Operators, and any other persons whose interests are materially affected by a Relevant Charging Methodology for the purpose of discussing the further development of a Relevant Charging Methodology.

Part D: Governance and change control arrangements

22A.14 This part applies for the purpose of enabling a Relevant Charging Methodology to be modified under the DCUSA on and after its incorporation date.

22A.15 All of the arrangements for which the DCUSA makes provision under standard condition 22 in relation to the governance, administration, and modification of the DCUSA are to apply equally to the Relevant Charging Methodology with effect from its incorporation date, subject to paragraph 22A.16.

22A.16 Those arrangements must ensure:

(a) that the requirements in paragraph 22A.18 and paragraph 22A.19 in relation to the modification procedures applicable to a Relevant Charging Methodology are satisfied;

(b) that, for the CDCM and the EDCM, the Authority is able at any time before 1 April 2015 to veto any modification proposal under the DCUSA that appears to the Authority to have its purpose or effect the full or substantial substitution of one Relevant Charging Methodology for another Relevant Charging Methodology; and

(c) subject to sub-paragraph (b), that every modification proposal raised under the DCUSA in relation to a Relevant Charging Methodology and any modification of the methodology that may arise from such a proposal will

be assessed by reference to the Applicable Charging Methodology Objectives specified in the condition 22A, and not the Applicable DCUSA Objectives specified in standard condition 22.

22A.17 Every modification proposal raised under the DCUSA in relation to a Relevant Charging Methodology and any modification of the methodology that may arise from such a proposal must have as its aim the better achievement of the Applicable Charging Methodology Objectives.

22A.18 Proposals for modifying a Relevant Charging Methodology ('a modification proposal') may be raised by:

(a) any Authorised Electricity Operator; or

(b) any other person whose interests are materially affected by the Relevant Charging Methodology,

and must be handled by the licensee in conjunction with all other Distribution Services Providers and in accordance with Part D of this condition.

22A.19 Unless the Authority directs otherwise, where a report in respect of any proposal for modification of the CDCM is submitted to the Authority, in accordance with Part D of standard condition 13A (Common Distribution Charging Methodology) in force at 31 March 2011, before 1 April 2011 the licensee must make the modification of the CDCM unless, within 28 days of receiving that report, the Authority, having regard to its principal objective and duties under the Act, has either:

(a) directed the licensee not to make the modification; or

(b) notified the licensee that it intends to consult and then within three months of giving that notification directed the licensee not to make the modification.

Condition 23. (Not Used)

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Chapter 6 Standard conditions 24 to 28: Integrity and development of the network

Condition 24. Distribution System planning standard and quality of performance reporting

Distribution System planning standard

24.1 The licensee must plan and develop its Distribution System in accordance with**:**

(a) a standard not less than that set out in Engineering Recommendation P.2/7 of the Energy Networks Association, or set out in any subsequent Engineering Recommendation in the EREC P2 series of the Energy Networks Association, as may be directed by the Authority, so far as that standard is applicable to it; or

(b) such other standard of planning as the licensee, with the Authority's approval, may from time to time adopt after consulting (where appropriate) with the ISOP and any other Authorised Electricity Operator likely to be materially affected.

24.2 The Authority may (after consulting with the licensee and, where appropriate, with the ISOP and any other Authorised Electricity Operator likely to be materially affected) give a direction ("a derogation") to the licensee that relieves it of its obligation under paragraph 24.1 in respect of such parts of the licensee's Distribution System, to such extent, and subject to such conditions as may be specified in the direction.

Quality of performance reporting

24.3 The licensee must draw up and submit to the Authority for its approval a statement that sets out criteria by which the licensee's quality of performance in maintaining the security, availability, and quality of service of its Distribution System may be measured.

24.4 The licensee must within two months after the end of each Regulatory Year submit to the Authority a report providing details of the performance of the licensee during the previous Regulatory Year against the criteria referred to in paragraph 24.3.

Scope of this condition

24.5 Paragraphs 24.3 and 24.4 do not apply to the licensee if it is a Distribution Services Provider.

Interpretation

24.6 The Energy Networks Association is the company incorporated under that name in England and Wales with registered number 4832301.

Condition 25. Long-Term Development Statement

Introduction

25.1 This condition applies for the purpose of ensuring that the licensee:

(a) provides information that will assist any person who might wish to enter into arrangements with the licensee that relate to Use of System or connections to identify and evaluate the opportunities for doing so; and

(b) makes such information generally available in the public domain.

Scope and contents of statement

25.2 Where the Authority gives the licensee a direction to do so, the licensee must prepare and maintain a document, to be known as the Long-Term Development Statement ("the statement"), that**:**

(a) is in such form as may be specified in the direction for the purposes of this condition; and

(b) contains such information as the licensee can reasonably provide that identifies or relates to the matters specified in paragraph 25.3.

25.3 Those matters are**:**

(a) the use likely to be made of the licensee's Distribution System;

(b) the likely development of the licensee's Distribution System;

(c) the likely development of those facilities that the licensee expects to be taken into account from time to time in determining charges for making connections to its Distribution System and for Use of System;

(d) the licensee's plans for modifying its Distribution System, including works that it expects to be carried out for that purpose within two years from the date of the statement;

(e) the identification of those parts of the licensee's Distribution System that are likely to reach the limit of their capability during the five-year period covered by the statement, including those parts that may experience thermal overloading, voltage problems, or excess fault levels;

(f) the licensee's plans to reduce or put right any predicted shortcomings in the operation or capability of its Distribution System; and

(g) (where applicable) how actual developments in the recent past compare with the licensee's plans contained in previous statements under this condition.

Preparation and revision of statement

25.4 The licensee must include in its first statement prepared under paragraph 25.2 the information referred to in that paragraph for each year of the five succeeding years on a rolling basis beginning with 1 April of the year in which the direction under that paragraph is given.

25.5 The licensee, in relation to the statement referred to in paragraph 25.4, must**:**

(a) prepare it within three months of the date of the Authority's direction (which may be given to the licensee at any time during a year); and

(b) except with the Authority's consent, revise it in each following year to ensure that, so far as is reasonably practicable, the information contained in it is up to date and accurate in all material respects.

Procedure for a direction

25.6 Before giving a direction under paragraph 25.2, the Authority must inform the licensee of its intention to do so in a Notice that**:**

(a) states the date on which it is proposed that the direction should take effect;

(b) sets out the proposed contents of the direction with respect to the form in which the statement is to be prepared and maintained for the purposes of this condition; and

(c) specifies the time (which must not be less than a period of 28 days from the date of the Notice) within which representations with respect to the proposed direction may be made, and must consider any representations that are duly made by the licensee and not withdrawn.

Availability of statement

25.7 The licensee, subject to any requirement to comply with the listing rules or the Disclosure Guidance and Transparency Rules sourcebook of the Stock Exchange (within the meaning of Part IV of the Financial Services and Markets Act 2000) and with paragraph 25.8, must**:**

(a) publish, in such form and manner as the Authority may direct, a summary of the statement (or of any revision of it) that will help a person to decide whether to ask for a copy of the statement; and

(b) prepare a version of the statement or revision that excludes, so far as is practicable, any such matter as is mentioned in paragraph 25.8 and give or send a copy to any person who requests one and makes such payment to the licensee as it may require (which must not exceed such amount as the Authority may from time to time approve for that purpose).

Exclusion of certain matters

25.8 In complying with the requirements of paragraph 25.7(a), the licensee must have regard to the need for excluding, so far as is practicable, any matter that relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.

25.9 Any question arising under paragraph 25.8 as to whether the publication of some matter that relates to the affairs of a person would or might seriously and prejudicially affect his interests is to be resolved by the Authority.

Condition 25A. Distributed Generation: Connections Guide

Introduction

25A.1 This condition requires the licensee to make information available in the public domain to assist any person who might wish to enter into arrangements with the licensee that relate to the connection of Distributed Generation to the licensee's Distribution System ("DG Connections") to understand and evaluate the process for doing so.

Part A: Scope and contents of the DG Connections Guide

25A.2 The licensee must work collectively with such other licensees as are subject to a direction under this condition ("relevant licensees") to prepare and maintain a common set of documents, approved by the Authority and to be known as the DG Connections Guide, that:

(a) is in such form as may be specified in the direction for the purposes of this condition; and

(b) contains such information as the licensee can reasonably provide that identifies or relates to the matters specified in paragraph 25A.3.

25A.3 Those matters must include, in particular:

(a) details of the statutory and regulatory framework (including health and safety considerations) that applies to DG Connections;

(b) the likely costs, charges, and timescales involved in the application process typically operated by Electricity Distributors in respect of such connections;

(c) details of the arrangements and opportunities available for competitive activity in the provision or procurement of such connections; and

(d) engineering and other technical matters relevant to the commissioning, energisation, and maintenance of such connections.

Part B: Review of the DG Connections Guide

25A.4 Except where the Authority otherwise consents, the licensee must, together with the relevant licensees, review and where appropriate revise the DG Connections Guide in each Regulatory Year to ensure that, so far as is reasonably practicable, the information contained in it is up to date and accurate in all material respects.

Part C: Availability of the DG Connections Guide

25A.5 The licensee must:

(a) give or send a copy of the DG Connections Guide to any person who requests one and who makes such payment to the licensee as it may require (which must not exceed such amount as the Authority may from time to time approve for that purpose in respect of the document); and

(b) publish the DG Connections Guide in such manner as the licensee believes will ensure adequate publicity for it (including by making it readily accessible from the licensee's Website).

Part D: Interpretation

25A.6 For the purposes of this condition:

DG Connections Guide	means the document described in Part A of this condition.

Condition 25B. Network Development Plan

Introduction

25B.1 The licensee must publish on its Website a statement of network development information ("the Network Development Plan"):

(a) on or before 1 May in the financial year commencing 1 April 2022 or on such date as the Authority may direct; and

(b) subsequently, on or before 1 May every two years afterwards or on such date as the Authority may direct.

25B.2 This Condition applies to an Electricity Distributor operating a continuous area of network that serves 100,000 or more Customers unless the Authority directs otherwise.

Part A: Scope and contents of Network Development Plan

25B.3 The licensee must use reasonable endeavours to ensure that each Network Development Plan published by it covers the investments planned for the next five to ten year period in relation to the 11kV network and above, but it may exclude secondary transformers and all pole mounted transformers. The Network Development Plan must include:

(a) a description of those parts of the licensee's Distribution System most suited to new connections and distribution of further quantities of electricity;

(b) a description of those parts of the licensee's Distribution System where reinforcement may be required in order to connect new capacity and new loads, including to facilitate the deployment of Electric Vehicle Recharging Points;

(c) such information as may be necessary for:

(i) the ISOP;

(ii) Electricity Distributors; and

(iii) Transmission Licensees,

with whose system the licensee's Distribution System is connected or with whom the licensee interfaces, to ensure the secure and efficient operation, coordination development and interoperability of the interconnected system; and

(d) the Distribution Flexibility Services or Energy Efficiency Services that the

Electricity Distributor reasonably expects to need. This includes:

(i) demand-side response;

(ii) energy efficiency;

(iii) energy storage facilities; or

(iv) other resources,

that the Electricity Distributor will reasonably expect to use as an alternative to reinforcement.

Part B: Publication of data and information in relation to the Network Development Plan

25B.4 The licensee must publish on its Website at the same time as the Network Development Plan, the relevant data and information used to prepare its Network Development Plan, including:

(a) the methodology used by the licensee in preparing the Network Development Plan;

(b) the assumptions made by the licensee in preparing the Network Development Plan;

(c) information relating to the Distribution Flexibility Services that the Electricity Distributor reasonably expects to need across the network area in respect of each financial year. This includes:

(i) demand-side response;

(ii) energy efficiency;

(iii) energy storage facilities; and

(iv) other resources,

that the Electricity Distributor will reasonably expect to use as an alternative to reinforcement; and

(d) information relating to the expected development of distribution infrastructure in respect of each financial year, including the licensee's best view of the design and technical characteristics of the development of the system, considering the likely power flows, capacity, location and timing of the development. This should include developments required in order to connect new generation capacity and new loads, including Electric Vehicle

Recharging Points. To the extent that information is available to the licensee, this includes possible routing options for new circuits and locations for potential reinforcements.

25B.5 The licensee must provide a copy of the Network Development Plan on request and free of charge to any person.

Part C: Information exclusions

25B.6 The licensee must include the information required by 25B.3 in every Network Development Plan and must publish the relevant data and information referred to in 25B.4 except if it receives the Authority's consent to:

(a) omit any details about circuit capacity, power flows, loading, or any other information the disclosure of which would, in the Authority's view, seriously and prejudicially affect the commercial interests of the licensee or any third party;

(b) omit any information the disclosure of which would place the licensee in breach of standard condition 42 (independence of the distribution business and restricted use of confidential information).

Part D: Use of the most recent Long-Term Development Statement

25B.7 In preparing the Network Development Plan, the licensee must use the most recent version of the Long-Term Development Statement prepared under standard condition 25 (long term development statement) to ensure that the data and information used for the Network Development Plan is consistent with that used in the Long-Term Development Statement, so that there is a clear progression from the final year of the Long-Term Development Statement to the start of the Network Development Plan.

Part E: Consultation

25B.8 The licensee must:

(a) consult interested parties on the proposed Network Development Plan for a period of at least 28 days before publishing as required by 25B.1; and

(b) publish the non-confidential consultation responses received, a summary of the responses and how it has taken them into account.

Part F: Changes to the Network Development Plan

25B.9 The Authority may:

(a) within 28 days of the licensee publishing its Network Development Plan under 25B.1, issue a direction to the licensee that the Network Development Plan

requires further development; and

(b) direct the licensee to:

(i) revise the Network Development Plan;

(ii) further consult with interested parties;

(iii) submit the revised Network Development Plan to the Authority by the date specified by the Authority; and

(iv) publish the revised Network Development Plan and the relevant data and information used to prepare the same, subject to the information exclusions in 25B.6.

Condition 26. Disposal of Relevant Assets and restrictions on charges over Receivables

General prohibition

26.1 The licensee must not take any action that is or would be a Disposal of, or a Relinquishment of Operational Control over, any Relevant Asset except in accordance with the provisions of this condition.

26.2 Subject to paragraph 26.3, the licensee must not, on or after 1 April 2023, grant any mortgage, charge, or other form of security over any Receivable except in accordance with the provisions of this condition.

26.3 The licensee may permit any mortgage, charge, or other form of security over any Receivable in effect at the date mentioned in paragraph 26.2 to remain in effect and may vary its terms so long as the variation does not have the effect of materially extending the scope of the mortgage, charge, or other form of security insofar as it applies to the licensee's Receivables.

Arrangements for specific cases

26.4 Except where paragraph 26.6, 26.7 or 26.9 applies, the licensee**:**

(a)

(i) must give the Authority not less than two months' Notice of its intention to dispose of or relinquish operational control over any Relevant Asset, together with such further information as the Authority may request relating to that asset, or to the circumstances of the intended Disposal or Relinquishment of Operational Control, or to the intentions in regard to those matters of the person who proposes to acquire the asset or operational control over it; and

(ii) may dispose of or relinquish operational control over that Relevant Asset if (and only if) the Authority either consents to the transaction in question or does not inform the licensee in Writing of any objection to it within the Notice period specified in sub-paragraph (a)(i);

and

(b)

(i) must give the Authority not less than two months' Notice of its intention to grant any mortgage, charge, or other form of security over any Receivable or class or classes of Receivables together with such further information as the Authority may request relating to that Receivable, class or classes of Receivables or to the circumstances of the intended grant of the mortgage, charge, or other form of security; and

(ii) may grant a mortgage, charge, or other form of security over that Receivable or class or classes of Receivables if (and only if) the Authority either consents to the transaction in question or does not inform the licensee in Writing of any objection to it within the Notice period specified in sub-paragraph (b)(i).

26.5 A consent by the Authority under paragraph 26.4(a)(ii) or 26.4(b)(ii) may be given subject to the acceptance by the licensee, or by any third party to the transaction in question, of such conditions as may be specified in that consent.

Arrangements for other cases

26.6 The licensee may dispose of or relinquish operational control over any Relevant Asset where**:**

(a) the transaction in question or the asset in question is of a class or description to which the provisions of the General Consent set out at Appendix 1 (which is part of this condition) apply; and

(b) the transaction in question satisfies and is in accordance with all such conditions and requirements as may apply to it under those provisions in relation to that asset.

26.7 The licensee may grant a mortgage, charge, or other form of security over a Receivable or class or classes of Receivables where:

(a) the indebtedness of the licensee that is to be secured represents the novation or rollover of existing indebtedness; and

(b) the proceeds of the indebtedness of the licensee that is to be secured are used to repay the existing indebtedness referred to in sub-paragraph (a).

26.8 For the purposes of paragraph 26.7, what is meant in any particular case by:

(a) "existing indebtedness" and

(b) "proceeds of the indebtedness"

is to be treated as a question of fact.

Statutory requirement

26.9 The licensee may:

(a) dispose of or relinquish operational control over any Relevant Asset; or

(b) grant a mortgage, charge, or other form of security over any Receivable or class or classes of Receivables,

where the transaction in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act

1978, or a regulation of the Council or Commission of the European Union that forms part of Retained EU Law.

Interpretation

26.10 In this condition, in relation to a Relevant Asset or, as applicable, a Receivable**:**

Disposal means (whether under the law of England and Wales or under the law of Scotland) any of the following**:**

(a) a transfer of that asset (whether or not for value) to a person other than the licensee; or

(b) a lease, licence, or loan of (or the grant of any other right of possession in relation to) that asset; or

(c) the grant of any mortgage, charge, or other form of security over that asset; or

(d) if the asset is an interest in land, any transaction or event that is capable under any enactment or rule of law of affecting the title to a registered interest in that land,

and references to "dispose" are to be read accordingly.

Obsolete means that the asset no longer performs its required function either in an efficient manner or at all (whether through wear and tear, obsolescence, damage, failure, unsafe operation, or advances in technology) and includes equipment that the licensee has decided to render obsolete as a result of inspection.

Prior Notice means Notice given to the Authority under paragraph 26.2(a) of the licensee's intention in relation to the asset.

Receivable means a contractual right to receive any sum or sums or any other financial asset from another person.

Redundant means that the asset is no longer required or necessary to enable the licensee to comply with its obligations under the Act or this licence in relation to its Distribution System (but a Relevant Asset may not be regarded as being Redundant solely because it is in the ownership or control of a third party).

Relinquishment of Operational Control includes entering into any agreement or arrangement under which operational control of the asset is not or ceases to be under the sole management of the licensee, and "relinquish" and any related expressions in this context are to be read accordingly.

Retail Prices Index means, in relation to a valuation of the asset under paragraph A5 of Appendix 1, the general index of retail prices published by the Office for

National Statistics (or any other successor body) each month in respect of all items.

Value means the estimated price that could be expected to be received in the market at the time of the Disposal of the asset.

Appendix 1: General Consent

A1. As provided for under paragraph 26.6, the licensee may dispose of or relinquish operational control over any Relevant Asset without Prior Notice**:**

(a) in accordance with the provisions of Part A below, for the Disposal of a Relevant Asset; and

(b) in accordance with the provisions of Part B below, for the Relinquishment of Operational Control over a Relevant Asset.

PART A: CATEGORIES OF DISPOSAL

Disposal Category 1

A2. The licensee may dispose of a Relevant Asset without giving Prior Notice if**:**

(a) the asset is Obsolete or Redundant; or

(b) the Disposal will not constitute the Disposal of a legal (rather than an equitable) interest until the asset is Obsolete or Redundant; or

(c) where the asset comprises only land above or below which an electric line (but not electrical plant) of the licensee is situated, the Disposal complies with paragraph A3.

A3. For the purposes of paragraph A2(c), the Disposal must be on terms that will permit the electric line (including any replacement of it) to remain in position for as long as it forms part of the licensee's Distribution System under a wayleave, easement, or other legal estate which in any such case includes sufficient rights of access in favour of the licensee for the purposes of inspection, maintenance, replacement, or repair as may reasonably be necessary to enable that line to remain in operation as part of the licensee's Distribution System.

A4. The consent in paragraph A2 does not apply in any of the following cases.

A5. It does not apply in respect of a Relevant Asset if the Value**:**

(a) of that asset; or

(b) of that asset and other related Relevant Assets that are being or are intended to be disposed of at the same time; or

(c) of that asset and other Relevant Assets which together formed part of the licensee's Distribution System and are being declared Obsolete or Redundant at the same time or as part of the same operation,

exceeds, in the Regulatory Year beginning on 1 April 2022, £298,000 or, in any subsequent Regulatory Year, that amount increased by the same percentage by which the Retail Prices Index on 1 April in that year is greater than the Retail Prices Index on 1 April 2022.

A6. It does not apply in respect of a Relevant Asset that is Obsolete, unless an appropriate replacement or alternative arrangement has been installed in the licensee's Distribution System, or is being or is intended to be installed in such a manner that continuity of the function of that system is achieved.

A7. It does not apply if the Disposal of the Relevant Asset constitutes a sale and leaseback arrangement.

A8. It does not apply if the Relevant Asset is intended to remain in operational use but not under the operational control of the licensee and its Value exceeds, in the Regulatory Year beginning on 1 April 2022, £29,800 or, in any subsequent Regulatory Year, that amount increased by the same percentage by which the Retail Prices Index on 1 April in that year is greater than the Retail Prices Index on 1 April 2022.

Disposal Category 2

A9. The licensee may without giving Prior Notice dispose of any Relevant Asset to a wholly owned Subsidiary if before the Disposal it has given the Authority a document duly executed by the Subsidiary and the licensee (in a form capable of being enforced by the Authority) that undertakes to the Authority that**:**

(a) the Subsidiary, in respect of the Relevant Asset, will comply with the provisions of this condition and standard condition 6 (Provision of Information to the Authority) as if it were the licensee; and

(b) the licensee will not cause or permit the Subsidiary to cease to be its wholly owned Subsidiary without the Authority's consent to the Disposal of the Relevant Asset owned by the Subsidiary.

Disposal Category 3

A10. The licensee may without giving Prior Notice grant to a third party an easement, wayleave, licence, or similar right over any land or property in which the licensee has a legal or beneficial interest and which is a Relevant Asset, except where the grant of such a right would have a material adverse effect on the licensee's ability to use or develop the land for the purposes of its Distribution Business.

Disposal Category 4

A11. The licensee may without giving Prior Notice dispose of any Relevant Asset to another Electricity Distributor so long as**:**

(a) that Electricity Distributor is subject to the provisions of this condition and standard condition 6 (Provision of Information to the Authority); and

(b) the licensee will remain able to fulfil the duties imposed on it by or under this licence after the Disposal of the asset.

PART B: RELINQUISHMENT OF OPERATIONAL CONTROL

Ending of licensee's sole management of operational control

B1. The licensee may, without giving Prior Notice, enter into an agreement or arrangement whereby operational control of a Relevant Asset (which, for the avoidance of doubt, may comprise the whole of the licensee's Distribution System) ceases to be under the licensee's sole management in any case where the agreement or arrangement ("the transaction") complies in every respect with all of the requirements set out in this Part B.

Primary characteristics of the transaction

B2. The transaction must be consistent with all applicable conditions of this licence.

B3. Any other consent or clearance required under statute or under this licence in respect of the transaction must have been obtained.

B4. The transaction must be one that provides for the supply of a service or the provision of a resource in relation to a Relevant Asset by a counter-party ("the resource provider") on behalf of the licensee.

B5. The resource provider must be and remain an Affiliate of the licensee but must not be a Holding Company of the licensee.

B6. The transaction must be effected by contract made between the licensee and the resource provider.

B7. That contract must be binding and enforceable both in Great Britain and in any other jurisdiction in which the resource provider has its principal place of business and must conform to the requirement of paragraph B8.

Mandatory provisions of the relevant contract

B8. The requirement of this paragraph is that the contract in question must contain provisions to the effect set out as follows.

B9. The contract must ensure that no force majeure or equivalent provision in the contract is permitted to excuse any failure by the licensee, or by the resource provider acting on its behalf, to comply with the licensee's statutory or licence obligations unless (and to the extent that) the event or circumstance in question would have excused the licensee under this licence if it had itself performed the service or provided the resource.

B10. The contract must ensure that the responsibility for the performance of all the obligations to which the contract relates is clearly specified, subject to the

overriding requirement that the licensee remains ultimately responsible for all statutory and licence obligations applicable to the licensee's business.

B11. The contract must ensure that the resource provider covenants with the licensee to refrain from any action that would be likely to cause the licensee to breach any of its statutory or licence obligations.

B12. The contract must ensure that the resource provider (i) discloses to the licensee the basis or bases of all charges for services provided or supplies made under the contract, together with sufficient information and analysis to support the basis for the calculation of the total sum payable by the licensee, and (ii) may not raise any objection to, or seek to prevent, disclosure of such information to the Authority.

B13. The contract must ensure that the licensee will be free, at any time after the fifth anniversary of the commencement of the contract, without penalty and on reasonable Notice, to resource any service or supply from an alternative source of its own choice if more favourable terms become available.

B14. The contract must ensure, finally, that the resource provider is under an obligation to give the licensee any information within its possession or control that the licensee may from time to time require in order to enable it to**:**

(a) comply with any request by the Authority for Information under standard condition 6 (Provision of Information to the Authority);

(b) assess the performance or position of the resource provider or any of its subsidiaries with respect to the provision of any service or supply made to the licensee; or

(c) monitor adherence by the resource provider to the terms and conditions of the contract.

Undertakings from Ultimate Holding Company

B15. The licensee must procure**:**

(a) from that company or other corporate body that is from time to time the Ultimate Holding Company of the licensee and the resource provider; or

(b) from such other corporate body as the Authority may from time to time designate,

acknowledgements and legally enforceable undertakings in favour of the licensee on the terms set out in the Model Form below (which is part of this condition).

B16. Those acknowledgements and undertakings**:**

(a) must have been obtained before the end of seven days after the date on which the company or other corporate body in question ("the covenantor") becomes the licensee's Ultimate Holding Company; and

(b) must remain in force for as long as the covenantor remains the Ultimate Holding Company.

B17. For the purposes of paragraphs B15 and B16, "Ultimate Holding Company" means the company or other corporate body that is the Holding Company of both the licensee and the resource provider and is not itself a Subsidiary of another company or corporate body.

Evidence of compliance and duty to enforce

B18. Whenever the licensee obtains the acknowledgements and undertakings in accordance with paragraph B15, it must**:**

(a) give the Authority evidence of its compliance without delay (including a copy of the acknowledgements and undertakings in question); and

(b) at all times comply with any direction from the Authority to enforce any of those undertakings.

Reporting obligation in respect of breach

B19. The licensee must inform the Authority immediately in Writing if the licensee's directors become aware that any undertaking procured under the provisions of this Part B has ceased to be legally enforceable or that its terms have been breached.

Restriction of arrangements with resource provider

B20. Except with the Authority's consent, the licensee must not obtain or continue to obtain the service or resource in question from the resource provider at any time when**:**

(a) the acknowledgements and undertakings specified at paragraph B15 are not in place; or

(b) there is an unremedied breach of any undertaking that is in place; or

(c) the licensee is in breach of the terms of any direction given by the Authority under paragraph B18(b).

B21. The Model Form mentioned in paragraph B15 follows immediately below.

MODEL FORM: ACKNOWLEDGEMENTS AND UNDERTAKINGS

Acknowledgements

MF1. That it is in the best interests of the covenantor that the licensee complies with its statutory and licence obligations.

MF2. That all matters relating to the enforcement of the licensee's rights under the relevant contract are to be reserved to the licensee's directors without regard to other interests.

Undertakings

MF3. To procure that the resource provider will**:**

(a) refrain from any action that would be likely to cause the licensee to breach any of its statutory or licence obligations;

(b) provide the licensee with any information within its possession or control that the licensee may from time to time require in order to enable the licensee to**:**

(i) comply with any request by the Authority for Information under standard condition 6 (Provision of Information to the Authority), or

(ii) assess the performance or position of the resource provider or any of its subsidiaries with respect to the provision of any service or supply made to the licensee, or

(iii) monitor adherence by the resource provider to the terms and conditions of the contract;

(c) not show undue preference to, or unduly discriminate against, the licensee in the provision to it of supplies or services; and

(d) not take any action that would constitute a Disposal of, or Relinquishment of Operational Control over, any Relevant Asset (other than to the licensee upon the ending or termination of any relevant contract in accordance with its terms) except in accordance with the requirements of this condition and of any consent given by the Authority under it.

MF4. To procure that any contract between the licensee and the resource provider will comply with the requirements set out in Part B of this General Consent and will not be amended so as to cease in any way to be compliant with those requirements.

MF5. To procure that the resource provider has and maintains resources and operating capacity at a level sufficient to ensure efficient performance of the contract and the efficient discharge of the licensee's relevant obligations.

Condition 27. Theft, damage and meter interference

Reporting obligation to Authorised supplier

27.1 This paragraph applies if the licensee, in the course of providing services to any Authorised supplier of electricity to premises directly connected to the licensee's Distribution System, has reason to believe that there has been**:**

(a) damage to any electrical plant, electric line, or Metering Equipment through which such premises are supplied; or

(b) interference with the Metering Equipment through which such premises are supplied so as to alter its register or prevent it from duly registering the quantity of electricity supplied.

27.2 If paragraph 27.1 applies, the licensee must inform the Authorised supplier in question of the relevant incident as soon as is reasonably practicable.

Reporting obligation to relevant owner

27.3 This paragraph applies where any electrical plant, electric line, or Metering Equipment that is connected to the licensee's Distribution System is owned by a person other than the licensee ("the relevant owner") and the licensee has reason to believe that there has been**:**

(a) damage to that electrical plant, electric line, or Metering Equipment; or

(b) interference with the Metering Equipment so as to alter its register or prevent it from duly registering the quantity of electricity supplied.

27.4 If paragraph 27.3 applies, the licensee must inform the relevant owner about the incident in question as soon as is reasonably practicable, except if it has reason to believe that the damage or interference was caused by the relevant owner.

Condition 28. Application of statutory powers

28.1 This condition applies to the licensee in accordance with section 10 of the Act as it relates to Electricity Distributors.

Powers and rights to have effect

28.2 By virtue of this condition, all of the powers and rights conferred by or under the statutory provisions specified in paragraph 28.3 have effect in relation to the licensee to the extent that they are required for the purpose of enabling it to carry on the activities that it is Authorised or required to carry on by or under this licence.

Relevant statutory provisions

28.3 The statutory provisions referred to at paragraph 28.2 are**:**

(a) Schedule 3 to the Act (which provides for the compulsory acquisition of land); and

(b) Schedule 4 to the Act (which confers other powers and makes other provision, particularly in relation to street works).

Chapter 7 Standard conditions 29 to 31: Financial and ring-fencing arrangements

Condition 29. Restriction of activity and financial ring-fencing of the Distribution Business

General prohibitions

29.1 The licensee must not conduct any business or carry on any activity other than an activity of the Distribution Business except in accordance with the provisions of this condition.

29.2 The licensee must not, without the Authority's consent, hold or acquire shares or other investments of any kind except**:**

(a) shares or other investments in a body corporate the sole activity of which is to carry on business for a Permitted Purpose; or

(b) shares or other investments in a body corporate which is a Subsidiary of the licensee and has been incorporated by it solely for the purpose of raising finance for the Distribution Business; or

(c) (subject to paragraph 29.3) investments acquired in the usual and ordinary course of the licensee's treasury management operations.

29.3 The licensee can only rely on the exception permitted by paragraph 29.2(c) if it has in force a system of internal controls in relation to its treasury management operations that complies with such best corporate governance practice as is required (or, in the absence of that, is recommended) from time to time by the UK listing authority (or a successor body) for listed companies in the United Kingdom.

Activities not prevented by the general prohibitions

29.4 Subject to the provisions of paragraphs 29.2 and 29.3, nothing in this condition prevents the licensee from**:**

(a) holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence; or

(b) performing the supervisory or management functions of a holding company in respect of any Subsidiary; or

(c) carrying on any business or conducting any activity to which the Authority has given its consent.

29.5 Subject to the provisions of paragraphs 29.2 and 29.3, nothing in this condition prevents any Affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity.

Permission to conduct De Minimis Business

29.6 Nothing in this condition prevents the licensee or an Affiliate or a Related Undertaking of the licensee in which the licensee holds shares or other investments (a "relevant associate") from conducting De Minimis Business within the meaning of paragraph 29.7 so long as each of the two limitations specified in paragraphs 29.9 and 29.10 respectively is complied with.

29.7 For the purposes of paragraph 29.6, De Minimis Business means any business or activity conducted or carried on by the licensee or a relevant associate or relevant associates other than**:**

(a) the Distribution Business; and

(b) any other business or activity to which the Authority has given its consent in accordance with paragraph 29.4(c).

Limitations of De Minimis Business not to be exceeded

29.8 The licensee or a relevant associate may carry on De Minimis Business so long as neither of the following limitations is exceeded.

29.9 The first limitation is that the total turnover of all of the De Minimis Business carried on by the licensee plus the Equity Share of the total turnover of all of the De Minimis Business carried on by all its relevant associates must not in any Regulatory Year exceed 2.5 per cent of the total turnover of the licensee's Distribution Business as shown by the most recent audited historical cost accounting statements of the licensee.

29.10 The second limitation is that the total amount (calculated in accordance with paragraph 29.11) of all investments made by the licensee in De Minimis Business, as carried on by the licensee and all its relevant associates, must not at any time after the date on which this condition takes effect in this licence exceed 2.5 per cent of the sum of the licensee's share capital in issue, its share premium, and its consolidated reserves (including retained earnings) as shown by its most recent audited historical cost accounting statements available at that date.

Calculation of total amount of investments

29.11 For the purposes of calculating the total amount of the investments referred to in paragraph 29.10**:**

(a) "investments" means any form of financial support or assistance given by or on behalf of the licensee for the De Minimis Business whether on a temporary or permanent basis and includes any commitment to provide any such support or assistance in the future; and

(b) at any relevant time, the amount of an investment is the sum of**:**

(i) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred before the date on which this condition takes effect in this licence (or, where the investment was not so included, zero), and

(ii) the total gross amount of all expenditure (whether of a capital or a revenue nature) however incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date, and

(iii) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period,

less the sum of the total gross amount of all income (whether of a capital or a revenue nature and however received by the licensee) in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in sub-paragraph (i).

Variation of provision for certain licensees

29.12 The following variations of this condition apply in relation to the licensee if it is not a Distribution Services Provider**:**

(a) paragraph 29.9 has effect as if for the reference in that paragraph to the total turnover of the licensee's Distribution Business as shown by the most recent audited Regulatory Accounts of the licensee there were substituted a reference to the total turnover of the licensee as shown by its most recent audited historical cost accounting statements; and

(b) paragraph 29.10 has effect as if for the reference in that paragraph to the most recent audited Regulatory Accounts of the licensee available at the date mentioned in that paragraph there were substituted a reference to the licensee's most recently audited historical cost accounting statements available at that date.

Interpretation

29.13 In paragraph 29.9, **Equity Share** means, in relation to any shareholding, the nominal value of the equity shares held by the licensee in a relevant associate expressed as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.

Condition 30. Availability of resources

General obligation

30.1 The licensee must at all times act in a manner designed to ensure that it has available to itself such resources, including management and financial resources, personnel, fixed and moveable assets, rights, licences, consents, and facilities, on such terms and with all such rights, as will enable it to**:**

(a) properly and efficiently carry on its Distribution Business; and

(b) comply in all respects with its obligations under this licence and such obligations under the Act as apply to the Distribution Business, including its duty to develop and maintain an efficient, co-ordinated, and economical system of electricity distribution.

Certificates for the Authority in relation to financial resources

30.2 The licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms**:**

(a) **Certificate 1F**

"After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the licensee's directors have a reasonable expectation that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate."

or

(b) **Certificate 2F**

"After making enquiries, and subject to what is explained below, having taken into account in particular (but without limitation) any dividend or other distribution that might reasonably be expected to be declared or paid by the licensee, the licensee's directors have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the Distribution Business [*followed by a description of the factors concerned*]."

or

(c) **Certificate 3F**

"In the opinion of the licensee's directors, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate."

Statement of factors and report by auditors in relation to financial resources certificate

30.3 The licensee must ensure that the certificate given to the Authority under paragraph 30.2 is accompanied by**:**

(a) a statement of the main factors that the licensee's directors have taken into account in giving that certificate including reference to:

(i) the main financial resources and financial facilities available to the licensee;

(ii) the most recent cash flow statement prepared for the licensee; and

(b) a report prepared by its auditors and addressed to the Authority that states whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it under sub-paragraph (a) and, on the other hand, any information that they obtained during their audit work under standard condition 44 (Regulatory Accounts) on the licensee's Regulatory Accounts.

Certificates for the Authority in relation to operational resources

30.4 With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

(a) **Certificate 1R**

"After making enquiries the licensee's directors have a reasonable expectation that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate."

or

(b) **Certificate 2R**

"After making enquiries, and subject to what is explained below, the licensee's directors have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents and facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate.

However, the directors of the licensee would like to draw attention to the following factors, which may cast doubt on the licensee's ability to carry on the Distribution Business [followed by a description of the factors concerned].

or

(c) **Certificate 3R**

"In the opinion of the licensee's directors, the licensee will not have sufficient operational resources including management, personnel, fixed and moveable assets, rights, licences, consents, and facilities available to itself to enable the licensee to carry on the Distribution Business for a period of 12 months from the date of this certificate."

Statement of factors in relation to operational resources certificate

30.5 The licensee must ensure that the certificate given to the Authority under paragraph 30.4 is accompanied by a statement of the main factors that the licensee's directors have taken into account in giving that certificate.

Certificate for the Authority in relation to compliance with certain standard licence conditions

30.6 With effect from 1 August 2013, the licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:

(a) **Certificate 1C**

"After making enquiries the licensee's directors consider that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all of the obligations imposed on it by standard condition 6 (Provision of Information to the Authority), standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business), standard condition 30 (Availability of resources), standard condition 31 (Undertaking from Ultimate Controller), [standard condition 40 (Credit rating of the licensee) and standard condition 41 (Restriction of Indebtedness and transfers of funds)] [amended standard condition BA 3 (Credit rating of licensee), and amended standard condition BA 4 (Indebtedness)]."

or

(b) **Certificate 2C**

"In the opinion of the licensee's directors, the licensee is not at the time of their approval of this certificate in compliance in all material respects with all of the obligations imposed on it by standard condition 6 (Provision of Information to the Authority), standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business), standard condition 30 (Availability of resources), standard condition 31 (Undertaking from Ultimate Controller), [standard condition 40 (Credit rating of the licensee) and standard condition 41 (Restriction of Indebtedness and transfers of funds)] [amended standard condition BA 3 (Credit rating of licensee), and amended standard condition BA 4 (Indebtedness)]."

Obligation to report any adverse circumstance

30.7 The licensee must inform the Authority in Writing immediately if:

(a) the directors of the licensee become aware of any circumstance that causes them no longer to have the reasonable expectations expressed in the most recent certificate given under paragraph 30.2(a), 30.2(b), 30.4(a) or 30.4(b); or

(b) the directors of the licensee consider that any adverse circumstance that caused them to give the Authority a certificate in the form of Certificate 3F under paragraph 30.2(c) or Certificate 3R under paragraph 30.4(c) has materially worsened.

Certificates for the Authority in relation to dividends

30.8 Subject to paragraph 30.11, the directors of the licensee must not declare or recommend a dividend, and the licensee must not make any other form of distribution within the meaning of sections 829, 830, 849 and 850 of the Companies Act 2006, or redeem or repurchase any share capital of the licensee, unless before declaring, recommending, or making the distribution, redemption, or repurchase (as the case may be) the licensee has given the Authority a certificate that complies in all respects with the three requirements set out in paragraphs 30.9 and 30.10 below.

30.9 The first requirement is that the certificate must be in the following form**:**

"After making enquiries, the directors of the licensee are satisfied**:**

(a) that, at the time of their approval of this certificate, the licensee is in compliance in all material respects with all the obligations imposed on it by standard condition 6 (Provision of Information to the Authority), standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business), standard condition 30 (Availability of resources), standard condition 31 (Undertaking from Ultimate Controller), [standard condition 40 (Credit rating of the licensee), and standard condition 41 (Restriction of Indebtedness and transfers of funds)] [amended standard

condition BA 3 (Credit rating of licensee), and amended standard condition BA 4 (Indebtedness)]; and

(b) that the making of a distribution, redemption, or repurchase of [value] on [date] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of those obligations in the future."

30.10 The second and third requirements are that the certificate**:**

(a) must have been approved by a resolution of the licensee's board of directors passed not more than 14 days before the date on which the declaration, recommendation, or payment is to be made; and

(b) must be signed by a director of the licensee.

30.11 The licensee need not give the Authority a certificate of the type referred to in paragraph 30.8 in circumstances where:

(a) during the three months preceding the declaration or recommendation of a dividend, the making of any other form of distribution or the redemption or repurchase of share capital, it has given the Authority a certificate in the form of Certificate 1C under the requirement set out in paragraph 30.6 of this condition; and

(b) that certificate includes an appropriate addendum using the wording given at paragraph 30.9(b) of this condition.

30.12 Where the certificate given under paragraph 30.8, or relied upon under paragraph 30.11, relates to the declaration or recommendation of a dividend, the licensee is under no obligation to issue a further certificate before paying that dividend so long as such payment is made within six months of the date on which the certificate was given.

Requirement to maintain an Intervention Plan

30.13 The licensee must prepare by 1 April 2014, or within 12 months of this condition coming into effect in respect of the licensee, whichever is the later, and thereafter, maintain an Intervention Plan fulfilling the criteria described in the definition of Intervention Plan in Paragraph 30.16 below.

30.14 The requirement for the information described in any of sub-paragraphs (a) to (k) in the definition of intervention plan in paragraph 30.16 below to be included in the Intervention Plan will be satisfied if the plan provides details of other documents or records (including electronic records) where that information can be readily obtained and those documents or records are either maintained by the licensee itself or are available to the licensee at all times under a legal or contractual right.

Variation of provision for certain licensees

30.15 If the licensee is not a Distribution Services Provider, paragraph 30.3(b) has effect as if, for the reference to "audit work under standard condition 44 (Regulatory Accounts) on the licensee's Regulatory Accounts" there were substituted a reference to "audit work on the licensee's most recent annual accounts as referred to in standard condition 31A (Accounts)".

Interpretation

30.16 In this condition:

Associate means:

(a) an Affiliate or Related undertaking of the licensee;

(b) an Ultimate Controller of the licensee;

(c) a Participating Owner of the licensee; or

(d) a Common Control Company.

Common Control Company means any company, any of whose Ultimate Controllers (applying the definition set out in standard condition 1 (Definitions for the standard conditions) but substituting that company for the licensee) is also an Ultimate Controller of the licensee.

Intervention Plan means a document or set of documents (which may be in a suitably secure electronic format) containing information that would be sufficient to allow an energy administrator (within the meaning of Chapter 3 of Part 3 of the Energy Act 2004) readily to obtain information on:

(a) the financial assets, resources, and facilities of the licensee;

(b) the non-financial assets, rights, and resources of the licensee including information on key management and operational personnel and information technology systems;

(c) the liabilities of the licensee, including contingent and contractual liabilities, with counterparty and maturity information;

(d) the tax affairs of the licensee;

(e) the personnel of the licensee and any pension schemes sponsored or administered by the licensee;

(f) any mortgages, charges, or other forms of security over the licensee's assets;

(g) the systems and processes by which the licensee carries on the Distribution Business with information on any significant contractual arrangements, including those that impose obligations on the licensee;

(h) any arrangements under which the licensee has relinquished operation control over Relevant Assets to an Associate of the licensee;

(i) any contractual rights to receive cash or other financial assets from any Associate of the licensee;

(j) any contractual obligations to deliver cash or other financial assets to any Associate of the licensee; and

(k) the licensee's arrangements and procedures for ensuring compliance with legislative requirements and with its obligations under this licence, including price control reporting requirements.

Participating Owner – For the purposes of the definition of Associate above, a person is subject to a Participating Interest by another person (a **Participating Owner**) if:

(a) that other person holds a Participating Interest in the person; or

(b) the person is subject to a Participating Interest by a person who is himself subject to a Participating Interest by that other person.

Participating Interest has the meaning given in section 421A of the Financial Services and Markets Act 2000.

Condition 31. Undertaking from Ultimate Controller

Obligation to procure undertaking

31.1 The licensee must procure from each company or other person that it knows or reasonably should know is at any time an Ultimate Controller of the licensee a legally enforceable undertaking in favour of the licensee, in a form specified by the Authority in a direction issued for the purposes of this condition generally, and on the terms set out in paragraph 31.2.

31.2 Those terms are that the Ultimate Controller ("the covenantor")**:**

(a) will refrain from any action; and

(b) will procure that any person (including a corporate body) that is a Subsidiary of, or is controlled by, the covenantor (other than the licensee and any Subsidiary of the licensee) will refrain from any action,

that would be likely to cause the licensee to breach any of its obligations under the Act or this licence.

31.3 The undertaking to be procured under paragraph 31.1**:**

(a) must have been obtained before the end of seven days after the date on which the company or person in question becomes an Ultimate Controller of the licensee; and

(b) must remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an Ultimate Controller of the licensee.

Evidence of compliance and duty to enforce

31.4 Whenever the licensee obtains an undertaking in accordance with paragraph 31.3(a), it must**:**

(a) give the Authority evidence of its compliance without delay, including a copy of the undertaking in question; and

(b) at all times comply with any direction from the Authority to enforce that undertaking.

31.5 With effect from 1 August 2013, the licensee must, on or before 31 July in each Regulatory Year, provide the Authority with a schedule of the undertakings obtained in accordance with paragraph 31.1 that are in force at the time, together with a confirmation that the licensee has sent each of the Ultimate Controllers concerned a letter, within the preceding 12 months, re-apprising that Ultimate Controller of the terms of the undertaking that it has given.

Reporting obligation in respect of breach

31.6 The licensee must inform the Authority immediately in Writing if the licensee's directors become aware that any undertaking procured under the provisions of this condition has ceased to be legally enforceable or that its terms have been breached.

Restriction of arrangements with Ultimate Controller

31.7 Except with the Authority's consent, the licensee must not enter (directly or indirectly) into any agreement or arrangement with any Ultimate Controller of the licensee or, where the Ultimate Controller is a corporate body, with any of the subsidiaries of such a corporate Ultimate Controller (other than a Subsidiary of the licensee) at any time when**:**

(a) an undertaking procured under paragraph 31.1 is not in place in relation to that Ultimate Controller; or

(b) there is an unremedied breach of any such undertaking that is in place in relation to that Ultimate Controller; or

(c) the licensee is in breach of the terms of any direction given by the Authority under paragraph 31.4(b).

Chapter 7A: Independent Distribution Network Operators:

Standard conditions 31A to 31D

Condition 31A. Accounts

Provisions applying to Independent Distribution Network Operators

31.A.1 This condition and standard conditions 31B (Independence of the Distribution Business and restricted use of Confidential Information), 31C (Appointment of Compliance Officer) and 31D (Prohibition on Generating by Licensee) apply where the licensee is not a Distribution Services Provider.

Keeping accounts at the disposal of the public

31A.2 The licensee shall draw up, submit to audit and publish its annual accounts in accordance with any obligations to which it is subject under national company law.

31A.3 To the extent that the licensee is not subject to an obligation to draw up and submit to audit annual accounts under national company law, the licensee shall draw up, submit to audit and publish its annual accounts as if it were a limited liability company within the meaning of sections 1 and 3 of the Companies Act 2006.

31A.4 The licensee shall keep a copy of its annual accounts at the disposal of the public at its principal place of business.

Internal accounting

31A.5 The licensee, in its internal accounting, shall:

(a) keep separate accounts for its distribution activities and each if any of its transmission activities as if such activities were carried out by separate undertakings, to avoid discrimination, cross-subsidisation between these activities and distortion of competition;

(b) keep accounts, which may be consolidated, for other electricity activities not relating to transmission or distribution.

(c) ensure that revenue from ownership of the interconnector operation of the distribution system is separately identifiable;

(d) where appropriate, keep consolidated accounts for other non-electricity activities; and

(e) include a balance sheet and a profit and loss account for each activity in the accounts.

Audit

31A.6 The licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor for the completion of Agreed Upon Procedures in relation to the prohibition of cross-subsidy and discrimination generally and in particular under standard condition 31B.

31A.7 The contract must require that Agreed Upon Procedures are conducted in relation to each Regulatory Year and that the licensee will arrange for the Appropriate Auditor to address a report to the Authority by 31 July following the end of each Regulatory Year which states that he has, in a manner consistent with the relevant auditing standards, completed the Agreed Upon Procedures issued by the Authority in respect of the Regulatory Year under report and which sets out his findings.

31A.8 If the Authority is satisfied that the report referred to in paragraph 6 above demonstrates that the licensee has complied with the obligation to avoid discrimination and cross-subsidies that is specified in Article 31 of the Directive, and is imposed on the licensee by the condition of this licence referred to in paragraph 6 above, the report is deemed to represent the results of an audit of that obligation, as required by the Article.

Interpretation

31A.9 In this condition:

Agreed Upon Procedures	means procedures from time to time agreed between the Authority, the Appropriate Auditor and the licensee for the purpose of enabling the Appropriate Auditor to review and report to the Authority on matters relating to the licensee's compliance with the obligation mentioned at paragraph 7.
Appropriate Auditor	means: (a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006 a person appointed as auditor under Chapter 2 of Part 16 of that Act; (b) in the case of any other licensee that is required by the law of a country or

territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter 2 of Part 16 of that Act, a person so appointed; and

(c) in any other case a person who is eligible for appointment as a company auditor under Part 42 of that Act.

National company law means:

(a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, that Act;

(b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to comply with obligations to draw up, audit and publish annual accounts, that law.

Condition 31B. Independence of the Distribution Business and restricted use of Confidential Information

31B.1 This condition applies where the licensee is not a Distribution Service Provider but is part of a Vertically Integrated undertaking.

Licensee's obligations

31B.2 The licensee must put in place and at all time maintain managerial and operational systems that prevent any Relevant Undertaking from having access to Confidential Information except and to the extent that such information:

(a) is made available on an equal basis to any Electricity Supplier, gas supplier, or gas shipper;

(b) is referable to a Customer who at the time to which the information relates was a Customer of the Relevant Undertaking; or

(c) is of a type that has been confirmed by the Authority in Writing as corporate information.

Compliance Statement must always be in place

31B.3 Except with the Authority's consent, the licensee must at all times have in place a Compliance Statement, approved by the Authority, that describes the practices, procedures, and systems which the licensee has adopted (or intends to adopt) to ensure compliance with paragraph 2.

31B.4 If the Authority does not direct the licensee to amend the Compliance Statement within 60 days of receiving it, the statement is to be treated as approved by the Authority.

31B.5 The licensee must take all reasonable steps to ensure that it complies with the terms of the Compliance Statement in place under this condition.

Specific contents of the Compliance Statement

31B.6 The Compliance Statement must, in particular, set out how the licensee will:

(a) maintain the full managerial and operational independence of the Distribution Business from any Relevant Undertaking;

(b) maintain the branding of the Distribution Business so that it is fully independent from the branding used by any Relevant Undertaking; and

(c) manage the transfer of employees from the Distribution Business to any Relevant Undertaking.

31B.7 The Compliance Statement must also ensure that any arrangements to which the licensee is party that fall within any of the descriptions given in paragraph 8 are such as to prevent any breach of the requirements for paragraph 2.

31B.8 The arrangements referred to in paragraph 7 are those that enable any Relevant Undertaking, or any person engaged in or in respect of the activities of such a Relevant Undertaking, to have any use of or access to:

(a) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Distribution Business;

(b) systems for recording, processing, or storing data to which persons engaged in. or in respect of, the management or operation of the Distribution Business also have access;

(c) equipment, facilities, or property employed for the management or operation of the Distribution Business; and

(d) the services of any persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Distribution Business.

Revision and publication of Compliance Statement

31B.9 The licensee may, with the Authority's approval, revise a Compliance Statement prepared in accordance with paragraph 3.

31B.10 The licensee must publish a copy of every Compliance Statement prepared in accordance with paragraph 3 (or revised in accordance with paragraph 9) on its Website (if it has one) within 21 days of its approval by the Authority.

Interpretation

31B.11 In this condition:

Confidential Information	means information relating to, or derived from, the Distribution Business that is not

	published or otherwise legitimately in the public domain.
Relevant Licence Holder	means the holder of: (a) an Electricity Supply Licence; or (b) a gas supply licence; or (c) a gas shipper licence; or (d) an electricity generation licence; that is also an Affiliate or a Related Undertaking of the licensee.
Vertically Integrated Undertaking	means an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform in the United Kingdom and/or the European Economic Area at least one of the functions of transmission or distribution, and perform in the United Kingdom and/or the European Economic Area at least one of the functions of generation or supply of electricity. Terms within this definition shall have the meaning given to them by the Directive.
Relevant Undertaking	means either a Relevant Licence Holder, or a Relevant Exemption Holder.
Relevant Exemption Holder	means a person who: (a) carries out the activity specified in Section 4(1)(a) of the Act; (b) is authorised to do so by an exemption pursuant to Section 5 of the Act; and (c) is an Affiliate or a Related Undertaking of the licensee. but does not include a person who at the relevant time benefits, and only to the

extent that person so benefits, from an exception under condition 31D.1.

Condition 31C. Appointment of Compliance Officer

Application to Vertically Integrated Undertakings

31C.1 This condition applies where the licensee is not a Distribution Services Provider but is part of a Vertically Integrated Undertaking.

Purpose of appointment

31C.2 The licensee must ensure, following consultation with the Authority, that a competent person (who is to be known as the Compliance Officer) is appointed for the purpose of facilitating the licensee's compliance with the Relevant Obligations.

Appropriate tasks for the Compliance Officer

31C.3 The licensee must at all times ensure that the Compliance Officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purpose specified at paragraph 2.

31C.4 Those duties and tasks for the Compliance Officer must include:

(a) providing relevant advice and information to the licensee for the purpose of facilitating its compliance with the Relevant Obligations;

(b) monitoring the effectiveness of the practices, procedures, and systems adopted by the licensee in accordance with the Compliance Statement required under paragraph 3 of standard condition 31B (Independence of the Distribution Business and restricted use of Confidential Information);

(c) advising whether, to the extent that the implementation of such practices, procedures, and systems requires the co-operation of any other person, they are designed so as reasonably to allow the required co-operation;

(d) investigating any complaint or representation made available to him in accordance with paragraph 6;

(e) recommending and advising on the remedial action that 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 effective implementation of the practices, procedures, and

systems referred to at sub-paragraph (b), and of any remedial action recommended in accordance with sub-paragraph (e); and

(g) reporting annually to the licensee's directors about his activities during the period covered by the report, including the fulfilment of any other duties assigned to him by the licensee under this condition.

Licensee's duties to the Compliance Officer

31C.5 The licensee must ensure that the Compliance Officer is sufficiently independent to comply with the requirements of Article 26(2)(d) of the Directive and that he:

(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 he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him

31C.6 The licensee must give the Compliance Officer a copy of any complaint or representation that it receives from any person about a matter arising under or because of the Relevant Obligations.

Licensee's own Compliance Report

31C.7 The licensee must produce a report ("the Compliance Report"):

(a) about its compliance during the relevant year with the Relevant Obligations; and

(b) about its implementation of the practices, procedures, and systems adopted in accordance with the Compliance Statement required under paragraph 3 of standard condition 31B.

31C.8 The Compliance Report produced in accordance with paragraph 6 must, in particular, do the things described in paragraphs 9 to 11.

31C.9 It must detail the activities of the Compliance Officer during the relevant year.

31C.10 It must refer to such other matters as are or may be appropriate in relation to the licensee's implementation of the practices, procedures, and systems adopted in

accordance with the Compliance Statement required under paragraph 3 of standard condition 31B.

31C.11 It must set out the details of any investigations conducted by the Compliance Officer, including:

(a) the number, type, and source of the complaints or representation on which those investigations were based;

(b) the outcome of the investigations; and

(c) any remedial action taken by the licensee following them.

Publication of Compliance Report

31C.12 The licensee must:

(a) provide the Authority a copy of every Compliance Report in accordance with the Regulatory Instructions & Guidance (RIGs) document issued under standard condition 46 (Regulatory Instructions and Guidance); and

(b) publish each such report on, and in a way that is readily accessible from, its Website (if it has one).

Interpretation

31C.13 For the purposes of this condition, Relevant Obligations means:

(a) the requirements of standard condition 31B (Independence of Distribution Business and restricted use of Confidential Information);

(b) and, so far as they relate to relationships with Relevant Undertakings within the meaning of standard condition 31B, the requirements of:

(i) paragraph 9 of standard condition 4 (No abuse of the licensee's special position) (which prohibits cross-subsidy between the licensee's Distribution Business and any other business of the licensee or of an Affiliate or Related Undertaking of the licensee); and

(ii) paragraph 1 of standard condition 19 (Prohibition of discrimination under Chapters 4 and 5) (which prohibits the licensee from discriminating between any person or class or classes of persons when providing Use of System or connections or carrying out works for the purposes of connection); and

(iii) the requirements of standard condition 31D (Prohibition on Generating by Licensee).

Condition 31D. Prohibition on Generating by Licensee

Part A: Prohibition on Licensee engaging in the activity of electricity generation

31D.1 The licensee must not carry out the activity specified in Section 4(1)(a) of the Act, except where the licensee:

(a) owns or operates assets as part of island networks solely for the purpose of ensuring security of supply of that island, and those assets form part of a facility originally commissioned prior to this licence condition taking effect (known as Category A exception); or

(b) owns or operates assets, which are situated on sites on which the licensee carries out Distribution Business, for purposes of continuity of supply, system resilience, or energy management and the assets are not used to buy or sell electricity in the Electricity Markets (known as Category B exception); or

(c) has been issued a direction from the Authority under 31D.2 (known as Category C exception).

31D.2 A direction may be given where the Authority considers the licensee to have satisfied the following criteria:

(a) taken reasonable steps to obtain a market-based solution prior to making an application for a direction under this section; and

(b) justified that a licensee-operated asset provides the most economic and efficient solution; and

(c) put in place arrangements that minimise the risk of discrimination or distortion of current and future markets.

31D.3 Any direction given under 31D.2 may be given to such an extent, for such a period of time and subject to such conditions as may be specific in the direction.

31D.3A Where a licensee operates assets under a Category C exception, it must, prior to the expiry of the period of 5 years from the date on which the exception came into force, or such other period as the Authority may direct, prepare a report detailing the willingness of third parties to own, develop, operate or manage such assets in a cost effective manner and provide it to the Authority.

31D.3B Where the Authority uses the report under 31D.3A to consult to assess the potential availability and interest of third parties in investing in such assets and on the costs of such investment and, as a result of that consultation, decides that

the criteria in 31D.2 are no longer met, the licensee must ensure that its activities in this regard are phased out within 18 months of that decision, including by way of a transfer to another undertaking and as part of the conditions of that procedure the Authority may allow the licensee to receive reasonable compensation, in particular to recover the residual value of its investment in the assets.

31D.4 The Licensee must, if directed to do so by the Authority, publish details of assets subject to any exception in standard licence condition 31D.1.

Part B: The Prohibition on Generating Guidance (POGG)

31D.5 The Authority will issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under 31D.2, 31D.3A and 31D.4, and such guidance will be known as the Prohibition on Generating Guidance (POGG).

31D.6 The guidance issued in accordance with 31D.5 may, in particular, set out:

(a) detail on the exceptions described in 31D.1;

(b) detail on the criteria against which applications for a direction will be assessed as referred to under 31D.2;

(c) the process and procedures that will be in place for the assessment and issuing of a direction under 31D.2;

(d) any other matter relating to the process of granting of a direction under this 31D.2;

(e) the circumstances in which a direction may be issued under 31D.4;

(f) the details to be published pursuant to a direction made under 31D.4; and

(g) the process and procedures for the preparation of a report under 31D.3A.

31D.7 Where the POGG imposes any obligations on the licensee, the obligation has effect as if it were a part of this condition.

Part C: Procedure for issuing and revising the POGG

31D.8 Before issuing the POGG under this condition, the Authority, by Notice given to the licensee, will:

(a) state that it proposes to issue the POGG, and specify the date on which it proposes that the document should take effect;

(b) set out the text of the POGG and the Authority's reasons for proposing to issue it; and

(c) specify the date (which must not be less than a period of 28 days from the date of the Notice) by which representations with respect to the proposed POGG may be made.

31D.9 The Authority will consider any representations that are duly made and not withdrawn.

31D.10 The requirements of paragraphs 31D.8 and 31D.9 may be satisfied by action taken before, as well as action taken after, the commencement of this condition.

31D.11 In paragraph 31D.8, "issuing the POGG" includes issuing any revision of the document, and the procedure provided for under the paragraph will apply to any such revision.

Condition 31E. Procurement and use of Distribution Flexibility Services

31E.1 The licensee must coordinate and direct the flow of electricity onto and over its Distribution System in an efficient, economic and coordinated manner. This includes the following:

(a) procuring and using Distribution Flexibility Services where it is economic and efficient to do so;

(b) procuring Distribution Flexibility Services in the most economic manner possible;

(c) subject to 31E.3, procuring Distribution Flexibility Services in accordance with objective, transparent and market-based procedures;

(d) promoting the uptake of measures to improve Energy Efficiency, where such services cost-effectively alleviate the need to upgrade or replace electricity capacity and support the efficient and secure operation of the Distribution System. This may include procuring Energy Efficiency Services, where it is economic and efficient to do so;

(e) when procuring Distribution Flexibility Services, the licensee must have regard, insofar as is practicable, to the following considerations:

(i) the impact any actions taken will have on the ability of undertakings to effectively participate in retail, wholesale and balancing markets; and

(ii) the impact any actions taken will have on the Total System;

(f) using all reasonable endeavours, in coordination with the ISOP, other Distribution Licensees, and undertakings participating or intending to participate in the provision of Distribution Flexibility Services or, where relevant, Energy Efficiency Services, to establish as soon as reasonably practicable and thereafter maintain relevant:

(i) objective, transparent, cost-reflective and non-discriminatory rules, including terms and conditions and rules and tariffs where applicable, governing the procurement and use of Distribution Flexibility Services and, where relevant, Energy Efficiency Services by Distribution Licensees, such rules to be published; and

(ii) technical requirements for participation in the Distribution Flexibility Services market on the basis of technical characteristics of the market and the capabilities of participants in the market, such technical requirements to be published;

(g) taking all reasonable steps to ensure the effective participation of all undertakings participating or intending to participate in the provision of Distribution Flexibility Services or, where relevant, Energy Efficiency Services, including not unduly restricting new and existing providers of those services from competing in the provision of such services, and in doing so, the licensee must use all reasonable endeavours to:

(i) cooperate with the ISOP to ensure the effective participation in retail, wholesale and balancing markets of undertakings connected to the licensee's grid; and

(ii) as soon as is reasonably practicable, establish and thereafter maintain, in a transparent and participatory process that includes the ISOP, other Distribution Licensees, and undertakings participating or intending to participate in the provision of Distribution Flexibility Services, the relevant specifications for Distribution Flexibility Services and, where appropriate, standardised market products for such services at national level;

(h) taking all reasonable steps to establish and thereafter ensure the exchange of all necessary information and coordinate with the ISOP in order to ensure the optimal utilisation of resources, to ensure the secure and efficient operation of both the Distribution System and Transmission System, and to facilitate market development; and

(i) anticipating the future electricity requirements of its Distribution System and developing competitive approaches to procuring Distribution Flexibility Services and, where applicable, Energy Efficiency Services, wherever this is in the best interests of current and future electricity consumers in Great Britain.

31E.2 Having taken into account relevant price and technical differences, the licensee must not discriminate as between any persons or classes of persons in its procurement or use of Distribution Flexibility Services.

31E.3 The Authority may, at its own discretion, or on an application by a licensee, grant a derogation from the licensee's obligation to procure Distribution Flexibility Services using market-based procedures (as required under 31E.1(c)) where the Authority has determined that compliance with the market-based provision is:

(i) economically not efficient; or
(ii) would lead to severe market distortions or to higher levels of constraints.

31E.4 The licensee may request that the Authority grants such a derogation, by providing appropriate reasoning and justification within its Distribution Flexibility Services Procurement Statement submitted to the Authority in accordance with 31E.8.

31E.5 Where, during the term of any Distribution Flexibility Services Procurement Statement submitted to the Authority pursuant to 31E.8, the licensee wishes to amend its statement to request such a derogation from the Authority, the licensee must prepare a revised statement and submit it to the Authority for determination.

31E.6 If the Authority fails to determine any request for a derogation from the use of market-based procedures within one month of receipt, the request is to be treated as approved.

31E.7 If the request is refused, the Authority may require the licensee to prepare a revised Distribution Flexibility Services Procurement Statement in accordance with 31E.8.

31E.8 The licensee must before each Annual Submission Date prepare, and submit to the Authority for approval, in a form approved by the Authority, a Distribution Flexibility Services Procurement Statement setting out:

(a) the kinds of Distribution Flexibility Services and Energy Efficiency Services which it reasonably expects it may be interested in purchasing in the period from that Annual Submission Date to the next Annual Submission Date and the mechanisms by which it reasonably expects to purchase them; and

(b) a statement demonstrating its compliance with its obligations under 31E.1, including:

(i) a summary of the rules and technical requirements governing the procurement and use of Distribution Flexibility Services and, where relevant, Energy Efficiency Services, which have been established in accordance with 31E.1(f);

(ii) a description of the steps taken to ensure the effective participation of undertakings participating or intending to participate in the provision of Distribution Flexibility Services or Energy Efficiency Services, in accordance with 31E.1(g); and

(iii) a description of the engagement that has taken place in the preceding twelve months with the ISOP, other Distribution Licensees and undertakings participating or intending to participate in the provision of Distribution Flexibility Services in respect of establishing and maintaining the relevant specifications governing the procurement of Distribution Flexibility Services, in accordance with 31E.1(g)(ii).

31E.9 For the purposes of 31E.8, the licensee must outline any changes to its practises or intended changes to its practises resulting from engagement in accordance with 31E.8(b)(iii).

31E.10 Where the licensee reasonably expects that it will not procure Distribution Flexibility Services in the twelve month period following an Annual Submission Date, the licensee must prior to that date write to the Authority informing it of this position.

31E.11 Paragraph 31E.10 is without prejudice to the obligation of the licensee to submit a Distribution Flexibility Services Procurement Statement on each Annual Submission Date, in accordance with the provisions of 31E.8.

31E.12 Where during the term of any Distribution Flexibility Services Procurement Statement the licensee's intentions change regarding the information contained within the Distribution Flexibility Services Procurement Statement, the licensee must review the statement and consider whether any revision to the statement is necessary to ensure it remains an accurate reflection of the licensee's intentions and, if so, promptly seek to prepare a revised statement and submit it to the Authority for approval.

31E.13 Where the licensee has written to the Authority in accordance with 31E.10 and the licensee's intentions in respect of the procurement of Distribution Flexibility Services change, the licensee is to promptly prepare a Distribution Flexibility Services Statement in accordance with the provisions of 31E.8 and submit it to the Authority for approval.

31E.14 Within one month after each Annual Submission Date, the licensee must prepare a report (a "Distribution Flexibility Services Procurement Report") setting out the Distribution Flexibility Services and Energy Efficiency Services which the licensee has tendered for, contracted and dispatched in the period of 12 months preceding the Annual Submission Date, or such other period as the Authority may have directed, if any.

31E.15 The licensee must:

(a) publish, in such manner as the Authority may approve from time to time, the Distribution Flexibility Services Procurement Statement and Distribution Flexibility Services Procurement Report and each subsequent revision, and

(b) send a copy of each of the Distribution Flexibility Services Procurement Statement and Distribution Flexibility Services Procurement Report, or the latest revision thereto, to any person who requests the same, provided that the licensee excludes, so far as is reasonably practicable, any matter which relates to the

affairs of any person where the publication of that matter would or might seriously and prejudicially affect that person's interests,

and, for the purposes of 31E.15(b), the licensee is to refer to the Authority for determination any question as to whether any matter would or might seriously and prejudicially affect the interests of any person unless the Authority consents to the licensee not doing so.

31E.16 The licensee may make a charge for any copy of a Distribution Flexibility Services Procurement Statement, Distribution Flexibility Services Report or revision thereto provided pursuant to 31E.15 of an amount reflecting the licensee's reasonable costs of providing such a copy, which must not exceed the maximum amount specified in directions issued by the Authority for the purpose of this condition.

31E.17 The licensee must publish in a transparent manner the outcomes of any concluded Distribution Flexibility Services procurement processes within one month of contractual agreement. This must include, where relevant, and subject always to the licensee's compliance with laws relating to data protection and commercial confidentiality, confirmation of:

(a) The counterparty to the contract;
(b) The technology type of the counterparty;
(c) The capacity and volume procured;
(d) The length of the contractual agreement;
(e) The payment structure of the contract; and
(f) The price agreed for the provision of services.

31E.18 The licensee must, unless the Authority otherwise consents, maintain for a period of at least six years:

(a) particulars of all Distribution Flexibility Services and Energy Efficiency Services offered to it;

(b) particulars of all contracts for Distribution Flexibility Services and Energy Efficiency Services which it entered into; and

(c) records of all Distribution Flexibility Services and Energy Efficiency Services called for and provided.

31E.19 The licensee must provide to the Authority such information as the Authority may request concerning the procurement and use of Distribution Flexibility Services or Energy Efficiency Services.

31E.20 For the purpose of this condition:

"Annual Submission Date" means:
(a) 1 April in each calendar year; or
(b) such other date in any calendar year that the Authority may direct.

"Distribution Constraint" means any limit on the ability of the licensee's Distribution System, or any part of it, to transmit the power supplied onto the licensee's Distribution System to the location where the demand for that power is situated, such limit arising as a result of any one or more of:

(a) the need to not exceed the thermal rating of any asset forming part of the licensee's Distribution System;
(b) the need to maintain voltages on the licensee's Distribution System; and
(c) the need to maintain the transient and dynamic stability of electricity plant, equipment and systems directly or indirectly connected to the licensee's Distribution System and used by the licensee to operate the licensee's electricity distribution system in accordance with the Act, this licence, or any other requirement of law;

"Distribution Flexibility Services" means Distribution Non-frequency Ancillary Services and Distribution Constraint management;

"Distribution Non-Frequency Ancillary Services" means a service used by the Distribution Licensee for steady state voltage control, fast reactive current injections, inertia for local grid stability, short-circuit current, Electricity System Restoration capability and island operation capability;

"Energy Efficiency" means the ratio of output of performance, service, goods or energy, to input of energy;

"Energy Efficiency Services" means a service contracted to improve the Energy Efficiency of a network user or users:

Condition 31F. Requirements relating to Electric Vehicle Recharging Points

31F.1 The licensee must not own, develop, manage or operate an Electric Vehicle Recharging Point, except where the conditions in 31F.2 below apply.

Electric Vehicle Recharging Points: exception for Licensee's own use

31F.2 This paragraph applies where the following conditions are satisfied in respect of an Electric Vehicle Recharging Point:

(a) it is not generally accessible to the public;
(b) it is used by the licensee only for the purposes of charging vehicles in connection with its Distribution Business; and
(c) it is not used in the provision of:
(i) any Balancing Services to the ISOP; or
(ii) any equivalent service in relation to the licensee's Distribution System..

31F.3 For the purpose of 31F.2 references to:
(a) the licensee include references to an Affiliate of the licensee; and
(b) the public do not include employees or contractors of the licensee or any visitors to any premises under the control of any of them in the ordinary course of business.

Interpretation

31F.4 For the purpose of this condition:

(a) **"Balancing Services"** has the meaning given in Condition A1 (Definitions) of the Electricity System Operator Licence; and
(b) **"Electric Vehicle Recharging Point"** means an interface which is capable of charging one electric vehicle at a time, or exchanging a battery of one electric vehicle at a time.

SECTION B:
ADDITIONAL STANDARD CONDITIONS FOR ELECTRICITY DISTRIBUTORS WHO ARE DISTRIBUTION SERVICES PROVIDERS

Chapter 8 Standard conditions 32 and 33: Application and interpretation of Section B

Condition 32. Effect of the application of Section B

Application of Section B

32.1 Section B of the standard conditions has effect in this licence in either of the two circumstances specified at paragraph 1 of standard condition 3 (Application of the Section B standard conditions).

32.2 Those circumstances are that**:**

(a) the Secretary of State has provided, by a scheme made under Schedule 7 to the Utilities Act 2000, that Section B will have effect; or

(b) the Authority has given a Distribution Services Direction to the licensee under paragraph 3 of standard condition 3.

Effect of the application of Section B

32.3 Where Section B of the standard conditions has effect in this licence, the licensee**:**

(a) is for the purposes of this licence a Distribution Services Provider;

(b) must comply with Section B of the standard conditions in relation to activities and obligations within the Distribution Services Area to such extent and subject to such terms as may have been specified in either of the circumstances referred to in paragraph 32.2; and

(c) without prejudice to the generality of its obligations under Section A of the standard conditions, must also comply with any requirement that is specified under any provision of those conditions as being applicable to a Distribution Services Provider.

Convenience Customers

32.4 If a Distribution Services Direction given to the licensee under standard condition 3 has specified that the requirements of the standard conditions of Section B are to apply to Convenience Customers, the licensee must establish and maintain an accurate list of any Convenience Customers and update it at least once a year.

32.5 Convenience Customers are customers who are supplied or require to be supplied with electricity at any premises that are directly connected to the licensee's Distribution System but are situated within the Distribution Services Area of a Distribution Services Provider other than the licensee.

Condition 33. Not Used

Chapter 9 Standard conditions 34 to 39: Requirements within the Distribution Services Area

Condition 34. Requirement to offer terms for the provision of Legacy Metering Equipment

34.1 This condition sets out the licensee's obligations relating to the service of providing Legacy Metering Equipment.

Legacy Metering Equipment

34.2 The service of providing Legacy Metering Equipment comprises the provision of Metering Equipment (which, at the licensee's own choice, may be Metering Equipment owned by itself or by any person other than the person making the application to the licensee under paragraph 34.4) in respect of premises at which such equipment had been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee at 1 June 2003.

34.3 For the purposes of paragraph 34.2, what is meant in any particular case by "the same functionality" is to be treated as a question of fact.

Licensee's obligation

34.4 This paragraph applies where, on application made by any person for the service described in paragraph 34.2, the licensee is able to establish to its reasonable satisfaction that the Metering Equipment in question is required for use in relation to Metering Points within its Distribution Services Area.

34.5 Where paragraph 34.4 applies, the licensee must (subject to paragraph 34.12), except with the consent of the Authority, offer to enter into an agreement ("a legacy metering agreement") to provide the Legacy Metering Equipment required by the applicant.

Requirements relating to the offer

34.6 In making an offer under this condition to enter into a legacy metering agreement, the licensee must set out**:**

(a) the date by which the service required will be provided (time being of the essence, unless otherwise agreed between the parties);

(b) the charges to be paid in respect of the service required; and

(c) such other detailed terms in respect of the service required as are or may be appropriate for the purposes of the agreement.

34.7 The charges mentioned in paragraph 34.6(b) must (unless clearly inappropriate)**:**

(a) be presented so as to be referable to the statement prepared in accordance with paragraph 1 of standard condition 36 (Charges for the provision of Legacy Metering Equipment and Data Services); and

(b) comply with the requirements of that condition.

34.8 The licensee must offer terms for a legacy metering agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from any person an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Relief of the licensee from obligation

34.9 This paragraph applies where, in relation to any Metering Point within the licensee's Distribution Services Area, a person (including, if that person is a company, an affiliate or a related undertaking of the company) who is party to an agreement with the licensee for the service of providing Legacy Metering Equipment under this condition appoints, in accordance with the provisions of the Retail Energy Code, a provider of Metering Equipment other than the licensee.

34.10 Where paragraph 34.9 applies, the licensee is under no obligation thereafter to offer to enter into any legacy metering agreement with that person for the provision of Legacy Metering Equipment in relation to the relevant Metering Point.

34.11 Nothing in paragraph 34.10 affects the licensee's continuing obligations in relation to the service of providing Legacy Metering Equipment for each Metering Point within its Distribution Services Area in respect of which the circumstances specified in paragraph 34.9 do not apply.

Prohibition of agreement

34.12 The licensee is not obliged to offer to enter or to enter into any agreement under this condition if doing so would be likely to cause it to be in breach of:

(a) its duties under section 9 of the Act;

(b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

(c) the Grid Code or the Distribution Code; or

(d) any of the Conditions of this licence.

Efficiency and economy

34.13 The licensee must undertake the service of providing Legacy Metering Equipment in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of that service.

Settlement of disputes

34.14 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 35. Requirement to offer terms for the provision of Data Services

35.1 This condition sets out the licensee's obligations relating to the provision of Data Services.

35.2 (Not used).

Licensee's obligations

35.3 On application made by any person, the licensee must (subject to paragraph 35.9), except with the consent of the Authority, offer to enter into an agreement for the provision within its Distribution Services Area of Metering Point Administration Services under and in accordance with the provisions of the Retail Energy Code and the Balancing and Settlement Code.

35.4 On application made by any person, the licensee must (subject to paragraph 35.9), except with the consent of the Authority, offer to enter into an agreement for the provision of Data Transfer Services.

35.5 Nothing in this condition prevents the licensee from offering, at the request of any person, to enter into a single agreement covering the separate purposes of paragraphs 35.3 and 35.4.

Requirements relating to the offer

35.6 In making an offer under this condition to enter into any agreement, the licensee must set out**:**

(a) the date by which the services required will be provided (time being of the essence, unless otherwise agreed between the parties);

(b) the charges to be paid in respect of the services required; and

(c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purposes of the agreement.

35.7 The charges mentioned in paragraph 35.6(b) must (unless clearly inappropriate)**:**

(a) be presented so as to be referable to the statement prepared in accordance with paragraph 1 of standard condition 36 (Charges for the provision of Legacy Metering Equipment and Data Services); and

(b) comply with the requirements of that condition.

35.8 The licensee must offer terms for any agreement in accordance with paragraph 35.3 or 35.4 as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from

any person an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

35.9 The licensee is not obliged under this condition to offer to enter or to enter into any agreement if doing so would be likely to cause it to be in breach of**:**

(a) its duties under section 9 of the Act;

(b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

(c) the Grid Code or the Distribution Code; or

(d) any of the Conditions of this licence.

Efficiency and economy

35.10 The licensee must undertake each of the services comprising Data Services under paragraph 35.2 in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of that service.

Settlement of disputes

35.11 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

35.12 But, in relation to the provision of Data Transfer Services, the reference at paragraph 1 of standard condition 7 to a failure by the licensee to enter into an agreement is to be treated as a reference to a failure by the licensee, in conjunction with all other Distribution Services Providers, to enter into, or to procure that a third party enters into, an agreement for the provision of those services through the Data Transfer Service pursuant to standard condition 37 (Provision of the Data Transfer Service).

Interpretation

35.13 For the avoidance of doubt, Data Services as referred to in this licence exclude the services of Data Aggregation, Data Processing, and Data Retrieval

Condition 36. Charges for the provision of Legacy Metering Equipment and Data Services

Charging Statements to be always available

36.1 The licensee must at all times have available statements prepared by it in a form approved by the Authority ("the Charging Statements") that set out the basis on which charges will be made for**:**

(a) the provision of Legacy Metering Equipment under standard condition 34 (Requirement to offer terms for the provision of Legacy Metering Equipment); and

(b) the provision of Data Services under standard condition 35 (Requirement to offer terms for the provision of Data Services).

Requirements relating to the statements

36.2 The Charging Statements available under paragraph 36.1 must each**:**

(a) be presented in such form and with such detail as are necessary to enable any person to make a reasonable estimate**:**

(i) of the charges that it would become liable to pay for the provision of the services in question, and

(ii) of the other terms on which such services would be provided that are likely to have a material impact on the conduct of that person's business; and

(b) include a schedule of charges for the provision of Legacy Metering Equipment and Data Services respectively and an explanation of the methods by which and the principles on which such charges will be calculated.

Review and provision of statements

36.3 The licensee**:**

(a) must review the information set out in the Charging Statements at least once every year in order to ensure that the information set out in them continues to be accurate in all material respects; and

(b) may, with the Authority's approval, from time to time alter the form of the statements.

36.4 The licensee must give or send a copy of any Charging Statement to**:**

(a) the Authority; and

(b) any person who requests it.

36.5 The licensee may make a charge for any Charging Statement given or sent under paragraph 36.4(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on the Authority's estimate of the licensee's reasonable costs of providing the statement.

36.6 Either or both of the Charging Statements that are required to be available under this condition may, at the licensee's choice, be made available in the same document as the Use of System Charging Statement referred to in standard condition 14 (Charges for Use of System and connection) provided that all of the statements in the document are separately labelled.

Derogations

36.7 The Authority may, after consulting with the licensee, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Condition 37. Provision of the Data Transfer Service

Licensee's obligation

37.1 The licensee, in conjunction and co-operation with all other Distribution Services Providers, must**:**

(a) establish, or procure the establishment of; and

(b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

a service, to be known as the Data Transfer Service, for providing Data Transfer Services in accordance with the provisions of this condition.

Requirements of the Data Transfer Service

37.2 The Data Transfer Service must**:**

(a) provide a network over which may be made all of the electronic data transfers specified at paragraph 37.3;

(b) operate and maintain that network; and

(c) provide a connection to that network, on request, to any person who is or will be a party to any of the electronic data transfers specified at paragraph 37.3.

Specification of the data transfers

37.3 The electronic data transfers specified at this paragraph are those which are reasonably required for any of the purposes set out at paragraph 37.4 and which are made between**:**

(a) a Metering Point Administration Service Operator and an Electricity Supplier;

(b) a Metering Point Administration Service Operator and any person identified in the Balancing and Settlement Code as an appropriate person to receive data from the Metering Point Administration Service Operator for Settlement Purposes;

(c) a Transmission Licensee or the ISOP and an Electricity Supplier;

(d) an Electricity Supplier and any other Electricity Supplier;

(e) an Electricity Supplier and any of its agents;

(f) different agents of the same Electricity Supplier; and

(g) a Green Deal Participant and any other Green Deal Participant.

Purposes of the data transfers

37.4 The purposes to which paragraph 37.3 refers in relation to the electronic data transfers specified under that paragraph are these**:**

(a) to meet obligations with respect to the transfer of data for Settlement Purposes;

(b) to communicate Electricity Meter reading data and Electricity Meter standing data;

(c) to facilitate the provision of Metering Point Administration Services;

(d) to communicate Use of System information;

(e) to fulfil such other requirements relating to the transfer of data as may be essential for the supply of electricity to Customers and compliance by Electricity Suppliers with the Retail Energy Code; and

(f) to communicate Green Deal Arrangements Data.

Compliance with Data Transfer Specification

37.5 The Data Transfer Service must, where relevant, transmit data in a form that complies with the provisions of the Data Transfer Specification.

Collective nature of licensee's obligations

37.6 Any obligation placed on the licensee in relation to the provision of the Data Transfer Service under or because of**:**

(a) standard condition 35 (Requirement to offer terms for the provision of Data Services);

(b) standard condition 36 (Charges for the provision of Legacy Metering Equipment and Data Services); or

(c) standard condition 39 (Prohibition of discrimination under Chapter 9),

is to be treated (for the purposes of those conditions) as a requirement on the licensee to take all steps within its power to fulfil that obligation, or to procure its fulfilment by a third party, in conjunction and co-operation with all other Distribution Services Providers.

Interpretation

37.7 In this condition**:**

References to an Electricity Supplier or a Transmission Licensee or the ISOP include references to any agent of that supplier or that licensee.

Metering Point Administration Service Operator means the licensee or any other Distribution Services Provider in its capacity as a provider of Metering Point Administration Services.

Condition 38. Treatment of payment claims for last-resort supply where Valid Claim is received before 1 April 2019

Application of this condition

38.1 This condition applies if the licensee receives from any Claimant a Valid Claim for a Last Resort Supply Payment before 1 April 2019 and:

(a) the licensee has commenced the process of recovering the Valid Claim through Use of System Charges in accordance with paragraph 38.2 of this condition, but the licensee has not yet increased or decreased its Use of System Charges in accordance with paragraphs 38.4 or 38.5 of this condition to correct any shortfall or excess, in which case the licensee must:

(i) follow the process set out in paragraphs 38.2, 38.3, 38.7 and 38.9 of this condition in respect of the initial recovery of the Valid Claim; and

(ii) follow the process set out in paragraphs 38A.1(b)(ii) and 38A.1(b)(iii) of standard condition 38A in respect of the treatment of any shortfall or excess.

or

(b) the licensee has commenced the process of recovering the Valid Claim through Use of System Charges in accordance with paragraph 38.2 of this condition and has increased or decreased its Use of System Charges in accordance with paragraphs 38.4 or 38.5 of this condition to correct any shortfall or excess, in which case the licensee must:

(i) follow the process set out in paragraphs 38.4 or 38.5 of this condition in respect of the treatment of any shortfall or excess; and

(ii) follow the process set out in paragraph 3 of standard condition 38A in respect of the treatment of any residual shortfall or excess which remains following the consequential increase or decrease in Use of System Charges once the process set out in paragraph 38.4 or 38.5 of this condition has been followed.

Obligation to increase Use of System Charges

38.2 Where the licensee receives a Valid Claim, it must, during the Relevant Regulatory Year, make an increase to its Use of System Charges relating to the distribution of electricity to premises in respect of that year to such an extent as it reasonably estimates is appropriate to ensure that the consequential increase in its Use of System revenue will equal the Specified Amount.

38.3 During, or as soon as practicable after the end of, the Relevant Regulatory Year, the licensee must pay to the Claimant by quarterly or monthly instalments (as specified in the Valid Claim) the amount of the consequential increase in its Use of System revenue mentioned in paragraph 38.2 of this condition, to the extent that it does not exceed the Specified Amount.

Treatment of any shortfall

38.4 If the amount paid to the Claimant under paragraph 38.3 of this condition is less than the Specified Amount, the licensee must in the next Regulatory Year**:**

(a) pay to the Claimant (in accordance with any direction given to the licensee by the Authority) the amount of the shortfall plus 12 months' interest on that amount; and

(b) increase its Use of System Charges relating to the distribution of electricity to premises during the Regulatory Year that follows the Relevant Regulatory Year to such extent as it reasonably estimates is appropriate to ensure that the consequential increase in its Use of System revenue will equal the amount of the shortfall plus 12 months' interest on that amount.

Treatment of any excess

38.5 If the amount of the consequential increase in Use of System revenue mentioned in paragraph 38.3 of this condition exceeds the Specified Amount, the licensee must, during the year following the Relevant Regulatory Year, reduce its Use of System Charges relating to the distribution of electricity to premises to the extent that it reasonably estimates is necessary in order to reduce its Use of System revenue for that year by an amount equal to the excess plus 12 months' interest on that amount.

Questions for the Authority

38.6 Any question about the reasonableness of any estimate made for the purposes of paragraph 38.2, 38.4, or 38.5 of this condition is to be resolved by the Authority.

Disregard of certain matters

38.7 In calculating the licensee's Use of System revenue during any period for the purposes of any Special Condition that may be applicable to the licensee under this licence, any increase or decrease in Use of System revenue attributable to the licensee's compliance with this condition 38 must be treated as if it had not occurred.

38.8 The provisions of this condition have effect even if the licensee has not provided the Notice required under paragraph 11 of standard condition 14 (Charges for Use of System and connection).

Obligation to prepare and publish statement

38.9 The licensee must, in respect of each Regulatory Year in which it increases or reduces its Use of System Charges under paragraph 38.2, 38.4, or 38.5 of this condition**:**

(a) prepare a statement that shows the matters detailed at paragraph 38.10 of this condition;

(b) give any such statement to the Authority within the first four months of the Regulatory Year following that to which it relates; and

(c) publish that statement in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee's Website, if it has one).

38.10 The matters referred to in paragraph 38.9(a) of this condition are these**:**

(a) in the case of an increase in the licensee's Use of System Charges under paragraph 38.2 of this condition, the total amount of its Use of System revenue derived from that increase;

(b) in the case of an increase in the licensee's Use of System Charges under paragraph 38.4 of this condition, the total amount of its Use of System revenue derived from that increase;

(c) in the case of a reduction in the licensee's Use of System Charges under paragraph 38.5 of this condition, the total amount of the decrease in its Use of System revenue resulting from that reduction; and

(d) in the case of each Last Resort Supply Payment made in response to a Valid Claim, the total payments made to the relevant Claimant in respect of the Regulatory Year in question (whenever those payments were made).

Cumulative effect of separate claims

38.11 Where the licensee receives more than one Valid Claim for a Last Resort Supply Payment, such changes in its Use of System Charges as would result from the separate fulfilment of its obligations under this condition in relation to each such claim are to be given effect within the Relevant Regulatory Year as a single aggregated change in Use of System Charges.

Interpretation

38.12 For the purposes of this condition**:**

Relevant Regulatory Year means, in relation to any Valid Claim**:**

(a) where the claim was received by the licensee at least 60 days before the beginning of the next Regulatory Year, that Regulatory Year; or

(b) where the claim was received by the licensee less than 60 days before the beginning of the next Regulatory Year, the year after the next Regulatory Year.

Specified Amount means the amount specified in a Valid Claim plus interest calculated as simple interest on that amount for the period beginning with the date on which the Valid Claim was received by the licensee and ending with the date that is 61 days before the start of the Relevant Regulatory Year (unless that period is of 30 days or less, in which case no interest will be payable).

Condition 38A. Treatment of unresolved payment claims for last-resort supply where Valid Claim is received before 1 April 2019

Application of this condition

38A.1 This condition applies if the licensee receives from any Claimant a Valid Claim for a Last Resort Supply Payment before 1 April 2019 and:

(a) the licensee has not yet commenced the process of recovering the Valid Claim through Use of System Charges in accordance with paragraph 2 of standard condition 38, in which case the licensee must follow the process set out in standard condition 38B; or

(b) the licensee has commenced the process of recovering the Valid Claim through Use of System Charges in accordance with paragraph 2 of standard condition 38, but the licensee has not yet increased or decreased its Use of System charges in accordance with paragraphs 4 or 5 of that condition to correct any shortfall or excess, in which case it must:

(i) follow the process set out in paragraphs 2, 3, 7 and 9 of standard condition 38 in respect of the initial recovery of the Valid Claim;

(ii) in the event of a shortfall in recovery of the Valid Claim, pay to the Claimant the amount of the shortfall plus any interest on that amount; and

(iii) follow the process set out in paragraph 38A.3 of this condition in respect of the treatment of any shortfall or excess.

38A.2 Where the licensee received a Valid Claim before 1 April 2019 and the licensee has commenced the process of recovering the Valid Claim through Use of System Charges in accordance with paragraph 2 of standard condition 38 and has increased or decreased its Use of System charges in accordance with paragraphs 4 or 5 of that condition to correct any shortfall or excess it must:

(a) follow the process set out in paragraphs 4 or 5 of standard condition 38 in respect of the treatment of any shortfall or excess; and

(b) follow the process set out in paragraph 38A.3 of this condition in respect of the treatment of any residual shortfall or excess which remains following the consequential increase or decrease in Use of

System charges once the process set out in paragraphs 4 or 5 of standard condition 38 has been followed.

Treatment of any shortfall or excess

38A.3 If the amount recovered through Use of System Charges on completion of the processes outlined in paragraphs 38A.1(b) or 38A.2 of this condition does not equal the Specified Amount, the licensee must include the shortfall or excess in $SLRA_t$, as defined in Licence Condition CRC 2B, Calculation of Allowed Pass-Through Items.

Interpretation

38A.4 For the purposes of this condition:

Specified Amount means the amount specified in a Valid Claim plus interest calculated as simple interest on that amount for the period beginning with the date on which the Valid Claim was received by the licensee and ending with the date that is 61 days before the start of the Relevant Regulatory Year (unless that period is of 30 days or less, in which case no interest will be payable).

Condition 38B. Last Resort Supply Payment claims

Introduction

38B.1 This condition sets out the circumstances in which the licensee must pay a Claimant a Last Resort Supply Payment.

Part A: Requirement to make a Last Resort Supply Payment

38B.2 Where the licensee receives a Valid Claim, the licensee must make a Last Resort Supply Payment in the Relevant Year in accordance with the Valid Claim or, where any Valid Claim is adjusted by the Authority before a Last Resort Supply Payment has been made in respect of it, the licensee must make the Last Resort Supply Payment in accordance with the adjusted Valid Claim.

38B.3 Where the licensee makes a Last Resort Supply Payment to an LRSP Permitted Assignee that will discharge any requirement to pay that amount to an Electricity Supplier.

Part B: Multiple Last Resort Supply Payments claims

38B.4 Where the licensee receives more than one claim for a Last Resort Supply Payment, this condition applies separately as respects each separate Valid Claim.

Part C: Last Resort Supply Payments over more than one Regulatory Year

38B.5 Where the licensee receives a Valid Claim:

(a) that contains provision for the Last Resort Supply Payment to be made over a period longer than 12 months; and

(b) where such Valid Claim specifies this Part C applies

the licensee must make payments to the Claimant in accordance with a schedule specified by the Authority with the Valid Claim.

38B.6 The Authority may update a schedule specified under paragraph 38B.5 annually by direction.

38B.7 The Authority must make a direction under 38B.6 at least three months before the start of the next Regulatory Year to which it relates.

38B.8 A direction under paragraph 38B.6 must specify the amount the licensee is required to pay to the Claimant in respect of each particular Regulatory Year.

Part D: Recovery of Last Resort Supply Payment Claims from a Former Electricity Supplier

38B.9 Unless the Authority directs otherwise, the licensee must take all reasonable steps to recover sums due to it under an undertaking given by an Electricity Supplier to the licensee under standard condition 9A (Undertakings to Licensed Distributors in relation to Last Resort Supply Payments) of the Electricity Supply Licence.

38B.10 The licensee may adjust Use of System Charges to recover any costs reasonably incurred in fulfilling its obligations under paragraph 38B.9, subject to the following provisions:

(a) Should the costs incurred be anticipated to exceed the sums expected to be recovered, the licensee must seek guidance from the Authority.

(b) The licensee must submit a statement to the Authority, in a form acceptable to the Authority, providing an account of the costs incurred.

38B.11 The licensee must have regard to such guidance as the Authority may, from time to time, publish about the obligation at paragraphs 38B.9 of this condition.

Condition 38C. Treatment of Valid Bad Debt Claims

Application of this condition

38C.1 This condition applies if the licensee receives a Valid Bad Debt Claim from a Bad Debt Claimant.

Obligation to pay the Bad Debt Claimant

38C.2 Where the licensee receives a Valid Bad Debt Claim, it must, during or as soon as practicable after the end of the Applicable Regulatory Year, make payments to the Bad Debt Claimant, in instalments (12 monthly instalments unless otherwise agreed with the Bad Debt Claimant), until such a time as the total Specified Bad Debt Amount has been paid in full.

38C.3 Where the licensee receives an adjustment to a previous Valid Bad Debt Claim under paragraph 11 of standard condition BA5, Valid Bad Debt Claims, and where the licensee is required to make an amended payment to the Bad Debt Claimant, the licensee shall pay the Bad Debt Claimant the amount of that adjustment plus any interest:

(a) on the date of the first instalment following receipt of the adjusted claim, where that claim is received 30 days or more prior to the date on which that first instalment is due (including the date of receipt of that claim);

(b) on the date of the second instalment or subsequent following receipt of the adjusted claim, where that claim is received less than 30 days prior to the date on which that first instalment is due (including the date of receipt of that claim) or after the first instalment has been made; or

(c) within 30 days of receipt of the adjusted claim (including the date of receipt), where no further instalments are due.

Cumulative effect of separate claims

38C.4 Where the licensee receives more than one Valid Bad Debt Claim requiring payment in the Applicable Regulatory Year t, $IBDA_t$ in Special Condition 6.1 (Pass-through items) shall be treated as a single aggregated figure representing the total Specified Bad Debt Amount of all Valid Bad Debt Claims requiring payment in the Applicable Regulatory Year t, plus any adjustments to previous Valid Bad Debt Claims paid in the Regulatory Year t.

Interpretation

38C.5 For the purposes of this condition**:**

Applicable Regulatory Year means, in relation to any Valid Bad Debt Claim, the next Regulatory Year in respect of which the licensee has not been required to publish its final Use of System Charges, (the "Next Regulatory Year") unless the licensee is required to publish its final Use of System Charges within 40 days of the date on which the licensee received the Valid Bad Debt Claim in which case it shall be the Regulatory Year after the Next Regulatory Year.

Bad Debt Claimant means a Non-Distribution Services Provider entitled to receive payment for a Valid Bad Debt Claim.

Non-Distribution Services Provider means any Electricity Distributor in whose Electricity Distribution Licence the requirements of Section B of the standard conditions of that licence do not have effect (whether in whole or in part).

Specified Bad Debt Amount means the amount specified in a Valid Bad Debt Claim.

Valid Bad Debt Claim means a claim for bad debt incurred by a Non-Distribution Services Provider with respect to Use of System Charges as a result of the insolvency of one or more Electricity Suppliers whose Electricity Supply Licences have been revoked and in respect of which the Bad Debt Claimant has received the Authority's consent under the amended standard condition BA5 (Valid Bad Debt Claims) of the Non-Distribution Services Provider's licence.

Condition 39. Prohibition of discrimination under Chapter 9

Provision of Legacy Metering Equipment

39.1 In providing Legacy Metering Equipment under standard condition 34 (Requirement to offer terms for provision of Legacy Metering Equipment), the licensee must not discriminate between any person or class or classes of persons.

39.2 Without prejudice to paragraph 39.1, and subject to the provisions of standard condition 36 (Charges for the provision of Legacy Metering Equipment and Data Services), the licensee must not make charges for providing Legacy Metering Equipment to any person or class or classes of persons that differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

Provision of Data Services

39.3 In providing Data Services under standard condition 35 (Requirement to offer terms for the provision of Data Services), the licensee must not discriminate between any person or class or classes of persons.

39.4 Without prejudice to paragraph 39.3, and subject to the provisions of standard condition 36 (Charges for the provision of Legacy Metering Equipment and Data Services), the licensee must not make charges for providing Data Services to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

CHAPTER 10 Standard conditions 40 and 41: Credit Rating and Restriction of Indebtedness

Condition 40. Credit rating of the licensee

Licensee's obligation

40.1 The licensee must take all appropriate steps within its power to ensure that at all times it maintains an Investment Grade Issuer Credit Rating (which is to be interpreted in accordance with the provisions of paragraphs 40.2 to 40.4).

Meaning of Issuer Credit Rating

40.2 For the purposes of paragraph 40.1, an Issuer Credit Rating is any of the following:

(a) an issuer credit rating by Standard & Poor's Ratings Group or any of its subsidiaries;

(b) an issuer credit rating by Moody's Investors Services Inc or any of its subsidiaries;

(c) an issuer credit rating by Fitch Ratings Ltd or any of its subsidiaries;

(d) an issuer credit rating by DBRS Ratings Limited or any of its affiliates; or

(e) a rating which, in the Authority's opinion given by Notice to the licensee, is equivalent to any of those specified in sub-paragraph (a), (b), (c) or (d) and is issued by**:**

(i) any of the credit rating agencies referred to in those sub-paragraphs, or

(ii) any other reputable credit rating agency which, in the Authority's opinion given by Notice to the licensee, has comparable standing in both the United Kingdom and the United States of America.

Meaning of Investment Grade

40.3 Subject to paragraph 40.4, an **Investment Grade**, in relation to any Issuer Credit Rating within the meaning of paragraph 40.2, is any of the following**:**

(a) an issuer credit rating of not less than BBB– by Standard & Poor's Ratings Group or any of its subsidiaries; or

(b) an issuer credit rating of not less than Baa3 by Moody's Investors Service Inc or any of its subsidiaries; or

(c) an issuer credit rating of not less than BBB– by Fitch Ratings Ltd or any of its subsidiaries;

(d) an issuer credit rating of not less than BBB (low) by DBRS Rating Limited or any of its affiliates; or

(e) a rating which, in the Authority's opinion given by Notice to the licensee, is equivalent to any of those specified in sub-paragraph (a), (b), (c) or (d) and is issued by**:**

(i) any of the credit rating agencies referred to in those sub-paragraphs, or

(ii) any other reputable credit rating agency which, in the Authority's opinion given by Notice to the licensee, has comparable standing in both the United Kingdom and the United States of America.

Variation of rating by agency

40.4 If a rating higher than a particular rating set out in paragraph 40.3 is at any time specified by the credit rating agency in question as its lowest investment grade issuer credit rating, that higher rating is to be taken as the relevant Investment Grade for the purposes of that paragraph.

Condition 41. Restriction of Indebtedness and transfers of funds

General prohibition

41.1 In addition to complying with the requirements of standard condition 26 (Disposal of Relevant Assets and restrictions on charges over Receivables), the licensee must not, without the consent of the Authority following the licensee's disclosure of all material facts, enter into any transaction or commitment of a type described or referred to in this condition that does not comply with the restrictions applicable to it under this condition.

Part A: Restricted Category 1

41.2 The licensee must not create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance, or undertake any Indebtedness to any other person, or enter into any guarantee or any obligation, except in accordance with all of the following requirements**:**

(a) the transaction in question must be on an arm's length basis;

(b) it must be on normal commercial terms;

(c) it must be for a Permitted Purpose; and

(d) if it is within the ambit of standard condition 26 (Disposal of Relevant Assets and restrictions on charges over Receivables), it must comply with the requirements of that condition.

Part B: Restricted Category 2

41.3 The licensee must not transfer, lease, license, or lend any sum or sums, asset, right, or benefit to any Associate of the licensee except by way of any of the following transactions**:**

(a) a dividend or other distribution out of distributable reserves; or

(b) a repayment of capital; or

(c) a payment properly due for any goods, services, or assets provided on an arm's length basis and on normal commercial terms; or

(d) a transfer, lease, licence, or loan of any sum or sums, asset, right, or benefit that is on an arm's length basis, on normal commercial terms, and is made in compliance with the payment condition described in paragraph 41.4 or

(e) a repayment of, or payment of interest on, a loan that is not prohibited by paragraph 41.2; or

(f) payments for group corporation tax relief calculated on a basis not exceeding the value of the benefit received; or

(g) an acquisition of shares or other investments that is in conformity with paragraphs 29.2 and 29.3 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business) and is made on an arm's length basis and on normal commercial terms.

41.4 The payment condition referred to in paragraph 41.3(d) is that the consideration due in respect of the transaction in question must be paid in full when the transaction is entered into unless either**:**

(a) the counter-party to the transaction has and maintains until payment is made in full an Investment Grade Issuer Credit Rating; or

(b) the obligations of the counter-party to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor that has and maintains an Investment Grade Issuer Credit Rating.

41.5 The provisions of this Part B are subject to the provisions of Part C below.

Part C: Circumstances that trigger the provisions of Part D

41.6 The following paragraphs of this Part C set out each of the circumstances in which the licensee must not, except with the Authority's consent, enter into or complete any transaction of a type described or referred to in Part B except in accordance with the provisions of Part D below.

41.7 The circumstance described by this paragraph is that the licensee does not hold an Investment Grade Issuer Credit Rating.

41.8 The circumstance described by this paragraph is that the licensee holds more than one Issuer Credit Rating and one or more of the ratings so held is not Investment Grade.

41.9 The circumstance described by this paragraph is that the licensee holds an issuer credit rating that is BBB– by Standard & Poor's Ratings Group or Fitch Ratings Ltd, or is Baa3 by Moody's Investors Service Inc, or BBB (low) by DBRS Ratings Ltd or any of its affiliates, or is such higher issuer credit rating as may be specified by any of those credit rating agencies from time to time as the lowest investment grade issuer credit rating, or is an equivalent rating from another agency that has been notified to the licensee by the Authority as of comparable standing for the purposes of standard condition 40 (Credit rating of the licensee), and**:**

(a) the rating in question is under review for possible downgrade; or

(b) the licensee is on Credit Watch or Rating Watch with a negative designation;

or, where neither sub-paragraph (a) nor (b) applies**:**

(c) the licensee's rating outlook, as specified by any credit rating agency referred to in this paragraph 41.9 which at the relevant time has assigned the lower or lowest Investment Grade Issuer Credit Rating held by the licensee, has been changed from stable or positive to negative.

41.10 The circumstances described by this paragraph is that the licensee has:

(a) given the Authority a certificate in the form of Certificate 3F under the requirement set out in paragraph 30.2 of standard condition 30 (Availability of resources) and has not subsequently given the Authority a certificate in the form of Certificate 1F or Certificate 2F as set out in the same condition;

(b) given the Authority a certificate in the form of Certificate 3R under the requirement set out in paragraph 30.4 of standard condition 30 (Availability of resources) and:

(i) the opinion expressed in the certificate arises in whole or in part from circumstances affecting an Associate of the licensee, and

(ii) the licensee has not subsequently given the Authority a certificate in the form of Certificate 1R or Certificate 2R as set out in the same condition;

or

(c) informed the Authority of any circumstance of the type referred to at paragraph 30.7 of standard condition 30 (Availability of resources) and:

(i) the circumstances giving rise to the licensee's report related to the licensee's financial resources and the licensee has not subsequently given the Authority a certificate in the form of Certificate 1F or 2F as set out in the same condition; or

(ii) the circumstances giving rise to the licensee's report relate to the licensee's operational resources and:

(aa) relate in whole or in part to circumstances affecting an Associate of the licensee; and

(bb) the licensee has not subsequently given the Authority a certificate in the form of Certificate 1R or 2R as set out in the same condition.

41.11 The circumstance described by this paragraph is that the licensee has, after 1 April 2013, materially breached any formal covenant contained in any loan agreement,

commercial paper, bond issue or committed facility that it has entered into with a counterparty, unless one of the following applies:

(a) the licensee has remedied the breach to the satisfaction of the counterparty concerned;

(b) the licensee has renegotiated the covenant or arrangement to the satisfaction of the counterparty concerned;

and in either case (a) or (b) the remedy or renegotiation has been notified in Writing to the Authority;

or

(c) in response to a written request from the licensee, either the Authority has confirmed in Writing, before the breach occurs, that the breach in question shall not trigger the provisions of Part D, or the Authority has not provided a substantive response to such a written request within seven days of receiving it.

Part D: Restricted Category 3

41.12 Where any of the circumstances described or referred to under Part C applies, the licensee may not, without the consent of the Authority following the licensee's disclosure of all material facts, transfer, lease, license, or lend any sum or sums, asset, right, or benefit to any Associate of the licensee except by way of any of the following transactions**:**

(a) a payment properly due for any goods, services, or assets in relation to commitments entered into before the date on which the relevant circumstance under Part C arose, and which are provided on an arm's length basis and on normal commercial terms; or

(b) a transfer, lease, licence, or loan of any sum or sums, asset, right, or benefit on an arm's length basis, on normal commercial terms, and where the value of the consideration due in respect of the transaction in question is payable wholly in cash and is paid in full when the transaction is entered into; or

(c) a repayment of, or payment of interest on, a loan that is not prohibited by paragraph 41.2 and which was contracted before the date on which the relevant circumstance under Part C arose, provided that such payment is not made earlier than the original due date for payment in accordance with its terms; or

(d) payments for group corporation tax relief calculated on a basis not exceeding the value of the benefit received, so long as the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due.

Part E: Restricted Category 4

41.13 Subject to paragraph 41.14, the licensee must not enter into any agreement or incur any commitment that incorporates a Cross-Default Obligation

41.14 Nothing in paragraph 41.13 prevents the licensee from giving any guarantee that is permitted by and compliant with the requirements of Part A.

Part F: Interpretation

41.15 In this condition**:**

Associate means:

(a) an Affiliate or Related undertaking of the licensee;

(b) an Ultimate Controller of the licensee;

(c) a Participating Owner of the licensee; or

(d) a Common Control company.

Common Control Company means any company, any of whose Ultimate Controllers (applying the definition set out in standard condition 1 (Definitions for the standard conditions) by substituting that company for the licensee) is also an Ultimate Controller of the licensee.

Cross-Default Obligation means a term of any agreement or arrangement under which the licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated, or is capable of arising or increasing or of being accelerated, because of a default (however it may be described or defined) by any person other than the licensee, unless**:**

(a) that liability can arise only as the result of a default by a Subsidiary of the licensee;

(b) the licensee holds a majority of the voting shares in that Subsidiary and has the right to appoint or remove a majority of its board of directors; and

(c) that Subsidiary carries on business only for a purpose within sub-paragraph (a) or (b) of the definition of Permitted Purpose set out in standard condition 1 (Definitions for the standard conditions).

Investment Grade has the meaning given in standard condition 40 (Credit rating of the Licensee).

Issuer Credit Rating has the meaning given in standard condition 40 (Credit rating of the Licensee).

Participating Owner – For the purposes of the definition of Associate above, a person is subject to a Participating interest by another person (a **Participating Owner**) if:

(a) that other person holds a Participating Interest in the person; or

(b) the person is subject to a Participating Interest by a person who is himself subject to a Participating Interest by that other person.

Participating Interest has the meaning given in section 421A of the Financial Services and Markets Act 2000.

Chapter 11 Standard conditions 42 and 43: Independence of the Distribution Business

Condition 42. Independence of the Distribution Business and restricted use of Confidential Information

Licensee's obligations

42.1 The licensee must put in place and at all times maintain managerial and operational systems that prevent any Relevant Undertaking from having access to Confidential Information except and to the extent that such information:

(a) is made available on an equal basis to any Electricity Supplier, gas supplier, or gas shipper;

(b) is referable to a Customer who at the time to which the information relates was a Customer of the Relevant Undertaking; or

(c) is of a type that has been confirmed by the Authority in Writing as corporate information.

Compliance Statement must always be in place

42.2 Except with the Authority's consent, the licensee must at all times have in place a Compliance Statement, approved by the Authority, that describes the practices, procedures, and systems which the licensee has adopted (or intends to adopt) to ensure compliance with paragraphs 42.1.

42.3 If the Authority does not direct the licensee to amend the Compliance Statement within 60 days of receiving it, the statement is to be treated as approved by the Authority.

42.4 The licensee must take all reasonable steps to ensure that it complies with the terms of the Compliance Statement in place under this condition.

Specific contents of the Compliance Statement

42.5 The Compliance Statement must, in particular, set out how the licensee will**:**

(a) maintain the full managerial and operational independence of the Distribution Business from any Relevant Undertaking;

(b) maintain the branding of the Distribution Business so that it is fully independent from the branding used by any Relevant Undertaking; and

(c) manage the transfer of employees from the Distribution Business to any Relevant Undertaking.

42.6 The Compliance Statement must also ensure that any arrangements to which the licensee is party that fall within any of the descriptions given in paragraph 42.7 are such as to prevent any breach of the requirements of paragraphs 42.1.

42.7 The arrangements referred to in paragraph 42.6 are those that enable any Relevant

Undertaking, or any person engaged in or in respect of the activities of such a Relevant Undertaking, to have any use of or access to**:**

(a) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Distribution Business;

(b) systems for recording, processing, or storing data to which persons engaged in, or in respect of, the management or operation of the Distribution Business also have access;

(c) equipment, facilities, or property employed for the management or operation of the Distribution Business; and

(d) the services of any persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Distribution Business.

Revision and publication of Compliance Statement

42.8 The licensee may, with the Authority's approval, revise a Compliance Statement prepared in accordance with paragraph 42.2.

42.9 The licensee must publish a copy of every Compliance Statement prepared in accordance with paragraph 42.2 (or revised in accordance with paragraph 42.8) on its Website (if it has one) within 21 days of its approval by the Authority.

Interpretation

42.10 In this condition**:**

Confidential Information means information relating to, or derived from, the Distribution Business that is not published or otherwise legitimately in the public domain.

Relevant Undertaking means either a Relevant Licence Holder, or a Relevant Exemption Holder.

Relevant Licence Holder means any holder of**:**

(a) an Electricity Supply Licence; or

(b) a gas supply licence; or

(c) a gas shipper licence; or

(d) an electricity generation licence,

that is also an Affiliate or a Related Undertaking of the licensee.

Relevant Exemption Holder means a person who:

(a) carries out the activity specified in Section 4(1)(a) of the Act, and

(b) is authorised to do so by an exemption pursuant to Section 5 of the Act, and

(c) is an Affiliate or a Related Undertaking of the licensee.

but does not include a person who at the relevant time benefits, and only to the extent that person so benefits, from an exception under condition 43B.1.

Condition 42A. Affiliate independent distribution network operators

Application

42A.1 This condition applies in the event that the licensee has an Affiliate which also holds a distribution licence and such Affiliate is not a Distribution Services Provider (an "Affiliate IDNO").

42A.2 This condition only applies in relation to the licensee's activities in its Distribution Services Area.

General obligation

42A.3 The licensee must at all times manage and operate the Distribution Business in a way that is calculated to ensure that it does not restrict, prevent or distort competition such that an Affiliate IDNO is or may be advantaged as compared to any other Electricity Distributor or an Electricity Distributor is or may be disadvantaged as compared to the Affiliate IDNO.

Specific Obligations

Restricted use of Confidential Information

42A.4 The licensee must put in place and at all times maintain managerial and operational systems that prevent any Affiliate IDNO from having access to Confidential Information except and to the extent that such information:

(a) is made available on an equal basis to all Electricity Distributors;
(b) is referable to a customer who at the time to which the information relates was a customer of the Affiliate IDNO; or
(c) is of a type that has been confirmed by the Authority in Writing as corporate information.

Compliance Statement must always be in place

42A.5 Except with the Authority's consent, the licensee must at all times have in place an Affiliate IDNO Compliance Statement, approved by the Authority, that describes practices, procedures, and systems which the licensee has adopted (or intends to adopt) to ensure compliance with paragraph 42A.4. The AIDNO Compliance Statement may be in the same or substantially similar form to the Compliance Statement prepared under condition 42.

42A.6 If the Authority does not direct the licensee to amend the Affiliate IDNO Compliance Statement within 60 days of receiving it, the statement is to be treated as approved by the Authority.

42A.7 The licensee must take all reasonable steps to ensure that it complies with the terms of the Affiliate IDNO Compliance Statement put in place under this condition.

Specific contents of the Compliance Statement

42A.8 The Affiliate IDNO Compliance Statement must, in particular, set out how the licensee will:

(a) maintain the full managerial and operational independence of the Distribution Business from the Affiliate IDNO; and
(b) manage the transfer of employees from the Distribution Business to an Affiliate IDNO.

42A.9 The Affiliate IDNO Compliance Statement must also ensure that any arrangements to which the licensee is party that fall within any of the descriptions given in paragraph 42A.10 below are such as to prevent any breach of the requirements of paragraph 42A.4 above.

42A.10 The arrangements referred to in paragraph 42A.9 are those that enable any Affiliate IDNO, or any person engaged in or in respect of the activities of such an Affiliate IDNO, to have any use of or access to:

(a) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Distribution Business;
(b) systems for recording, processing, or storing data to which persons engaged in, or in respect of, the management or operation of the Distribution Business also have access;
(c) equipment, facilities, or property employed for the management or operation of the Distribution Business; and
(d) the services of any persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Distribution Business.

Revision and publication of Compliance Statement

42A.11 The licensee may, with the Authority's approval, revise an Affiliate IDNO Compliance Statement prepared in accordance with paragraph 42A.5.

42A.12 The licensee must publish a copy of every Affiliate IDNO Compliance Statement prepared in accordance with paragraph 42A.5 or revised in accordance with paragraph 42A.11) on its website within 21 days of its approval by the Authority.

Compliance Officer

42A.13 The licensee must ensure, following consultation with the Authority, that a competent person (who is to be known as the AIDNO Compliance Officer) is appointed for the purposes of facilitating the licensee's compliance with the requirements of this condition.

42A.14 Subject to paragraph 42A.16, the licensee shall be entitled to appoint the same person to act as the AIDNO Compliance Officer as it has appointed to act as the Compliance Officer under Standard Condition 43.

42A.15 The licensee must at all times ensure that the AIDNO Compliance Officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purpose specified in paragraph 42A.13 including but not limited to reporting annually to the licensee's directors about his activities during the period covered by the report.

42A.16 The licensee must ensure that the AIDNO Compliance Officer is sufficiently independent, adequately resourced and provided such access to premises, systems, information and documentation as is needed for the fulfilment of duties and tasks assigned to him.

42A.17 The licensee must, after receiving each annual report of the AIDNO Compliance Officer, produce a report (the "AIDNO Compliance Report") about its compliance during the relevant year with the requirements under this condition and its implementation of the practices, procedures and systems adopted in accordance with the Affiliate IDNO Compliance Statement. It must also set out details of any investigations conducted by the Compliance Officer.

42A.18 The licensee must provide the Authority a copy of every AIDNO Compliance Report and publish each such report on, and in a way that is readily accessible from, its Website.

Derogation

42A.19 The Authority may (after consulting the licensee and, where appropriate, any other materially affected party) issue a direction ('a derogation') to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Interpretation

42A.20 For the purposes of this condition:

Affiliate IDNO	has the meaning set out in paragraph 42A.1;
Affiliate IDNO Compliance Statement	means the compliance statement to be prepared under paragraph 42A.5;
AIDNO Compliance Officer	means the compliance officer appointed by the licensee in terms of paragraph 42A.13;
Confidential information	means information relating to, or derived from, the DNO's Distribution Business that is not published or otherwise legitimately in the public domain.

Condition 43. Appointment of Compliance Officer

Purpose of appointment

43.1 The licensee must ensure, following consultation with the Authority, that a competent person (who is to be known as the Compliance Officer) is appointed for the purpose of facilitating the licensee's compliance with the Relevant Requirements.

Appropriate tasks for the Compliance Officer

43.2 The licensee must at all times ensure that the Compliance Officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purpose specified at paragraph 43.1.

43.3 Those duties and tasks for the Compliance Officer must include**:**

(a) providing relevant advice and information to the licensee for the purpose of facilitating its compliance with the Relevant Requirements;

(b) monitoring the effectiveness of the practices, procedures, and systems adopted by the licensee in accordance with the Compliance Statement required under paragraph 2 of standard condition 42 (Independence of the Distribution Business and restricted use of Confidential Information);

(c) advising whether, to the extent that the implementation of such practices, procedures, and systems requires the co-operation of any other person, they are designed so as reasonably to allow the required co-operation;

(d) investigating any complaint or representation made available to him in accordance with paragraph 43.5;

(e) recommending and advising on the remedial action that 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 effective implementation of the practices, procedures, and systems referred to at sub-paragraph (b), and of any remedial action recommended in accordance with sub-paragraph (e); and

(g) reporting annually to the licensee's directors about his activities during the period covered by the report, including the fulfilment of any other duties assigned to him by the licensee under this condition.

Licensee's duties to the Compliance Officer

43.4 The licensee must ensure that the Compliance Officer is sufficiently independent to comply with the requirements of Article 26(2)(d) of the Directive and that he:

(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 he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

43.5 The licensee must give the Compliance Officer a copy of any complaint or representation that it receives from any person about a matter arising under or because of the Relevant Requirements.

Licensee's own Compliance Report

43.6 The licensee must produce a report ("the Compliance Report")**:**

(a) about its compliance during the relevant year with the Relevant Requirements; and

(b) about its implementation of the practices, procedures, and systems adopted in accordance with the Compliance Statement required under paragraph 2 of standard condition 42.

43.7 The Compliance Report produced in accordance with paragraph 43.6 must, in particular, do the things described in paragraphs 43.8 to 43.10.

43.8 It must detail the activities of the Compliance Officer during the relevant year.

43.9 It must refer to such other matters as are or may be appropriate in relation to the licensee's implementation of the practices, procedures, and systems adopted in accordance with the Compliance Statement required under paragraph 2 of standard condition 42.

43.10 It must set out the details of any investigations conducted by the Compliance Officer, including**:**

(a) the number, type, and source of the complaints or representations on which those investigations were based;

(b) the outcome of the investigations; and

(c) any remedial action taken by the licensee following them.

Publication of Compliance Report

43.11 The licensee must**:**

(a) provide the Authority a copy of every Compliance Report in accordance with the Regulatory Instructions & Guidance (RIGs) document issued under standard condition 46 (Regulatory Instructions and Guidance); and

(b) publish each such report on, and in a way that is readily accessible from, its Website (if it has one).

Interpretation

43.12 For the purposes of this condition, **Relevant Requirements** means**:**

(a) the requirements of standard condition 42 (Independence of Distribution Business and restricted use of Confidential Information);

and, so far as they relate to relationships with Relevant Undertakings within the meaning of standard condition 42, the requirements of**:**

(b) paragraph 9 of standard condition 4 (No abuse of the licensee's special position) (which prohibits cross-subsidy between the licensee's Distribution Business and any other business of the licensee or of an Affiliate or Related Undertaking of the licensee);

(c) paragraph 1 of standard condition 19 (Prohibition of discrimination under Chapters 4 and 5) (which prohibits the licensee from discriminating between any person or class or classes of persons when providing Use of System or connections or carrying out works for the purposes of connection);

(d) paragraphs 1 and 3 separately of standard condition 41 (Prohibition of discrimination under Chapter 9) (which prohibit the licensee from discriminating between any person or class or classes of persons when providing, respectively, Legacy Metering Equipment and Data Services);

(e) the requirements of standard condition 43B (Prohibition on Generating by Licensee); and

(f) the requirements of standard condition 31F (Requirements relating to Electric Vehicle Recharging Points).

Condition 43A. Requirement for sufficiently independent directors

43A.1 Subject to paragraph 43A.11, except and to the extent that the Authority consents otherwise, the licensee must ensure that at all times it has at least two non-executive directors who meet the criteria set out in paragraphs 43A.2, 43A.3, and 43A.5 below. In this condition such directors are referred to as "sufficiently independent directors".

43A.2 A sufficiently independent director must:

(a) be a natural person; and

(b) in the reasonable opinion of the licensee, have the skills, knowledge, experience, and personal qualities necessary to perform effectively as a non-executive director of the licensee; and

(c) not have any executive duties within the Distribution Business.

43A.3 Except and to the extent that the Authority consents otherwise, and subject to paragraph 43A.4, a sufficiently independent director must not be, and must not have been during the 12 months before his 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 an Associate of the licensee.

43A.4 The reference to 'director' in sub-paragraph 43A.3(b) does not include appointment as a non-executive director of:

(a) an Associate of the licensee that is the holder of a gas transporter licence or an electricity transmission licence or an electricity distribution licence;

(b) a wholly-owned subsidiary of the licensee that has been incorporated by it solely for the purpose of raising finance for a Permitted Purpose (as that term is defined in Standard condition 1 (Definitions for the standard conditions)); or

(c) a Qualifying Group Company.

43A.5 A sufficiently independent director must not:

(a) have, or have had during the 12 months before his appointment as a director or the coming into force of this condition (whichever is the later), any material business relationship with the licensee or any Associate of the licensee;

(b) hold a remit to represent the interests of any particular shareholder or group of shareholders of the licensee or the interests of any Associate of the licensee; or

(c) receive remuneration from the licensee or any Associate of the licensee apart from a director's fee and reasonable expenses.

43A.6 For the purposes of sub-paragraphs 43A.5(a) and 43A.5(c) respectively:

(a) the holding of a small number of shares or associated rights shall not, of itself, be considered a material business relationship; and

(b) the receipt or retention of any benefit accrued as a result of prior employment by or service with the licensee or any Associate of the licensee shall not be considered to be remuneration.

43A.7 The licensee must notify the Authority of the names of its sufficiently independent directors within 14 days of the later of the two dates referred to in paragraph 43A.1 and must notify the Authority within 14 days where any new directors are appointed to fulfil the obligation in paragraph 43A.11 of this condition.

43A.8 The terms of appointment of each sufficiently independent director must include a condition stipulating that both the licensee and the appointee will use their best endeavours to ensure that the appointee remains sufficiently independent during his term of office, having particular regard to the criteria set out in paragraphs 43A.2, 43A.3 and 43A.5.

43A.9 A term of appointment for a sufficiently independent director may not be for longer than eight years, but an individual may be reappointed thereafter provided that he continues to meet the criteria set out in paragraphs 43A.2, 43A.3, and 43A.5.

43A.10 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 requirement, the reasons for a resignation may, if appropriate, be stated to be personal reasons.

43A.11 If at any time the licensee has fewer than two sufficiently independent directors because of a removal or resignation or other reason (including death or incapacity), the licensee must use its reasonable endeavours to ensure that a new director is, or new directors are, appointed to fulfil the obligation in paragraph 43A.1 as soon as is reasonably practicable to bring the number of sufficiently independent directors up to at least two.

Interpretation

43A.12 In this condition:

Associate means:

(a) an Affiliate or Related undertaking of the licensee;

(b) an Ultimate Controller of the licensee;

(c) a Participating Owner of the licensee; or

(d) a Common Control Company.

Common Control Company means any company, any of whose Ultimate Controllers (applying the definition set out in standard condition 1 (Definitions for the standard conditions) but substituting that company for the licensees) is also an Ultimate Controller of the licensee.

Participating Owner – For the purposes of the definition of Associate above, a person is subject to a Participating Interest by another person (a **Participating Owner**) if:

(a) that other person holds a Participating Interest in the person; or

(b) the person is subject to a Participating Interest by a person who is himself subject to a Participating Interest by that other person.

Participating Interest has the meaning given in section 421A of the Financial Services and Markets Act 2000.

Qualifying Group Company means:

(a) an immediate parent company of the licensee that holds 100% of the shares of the licensee and no other shares except for shares in one or more wholly-owned subsidiaries, each of which is the holder of a gas transporter licence or an electricity transmission licence or an electricity distribution licence;

(b) the parent company of a group whose other members may only include :

  (i) a company meeting the criteria set out in sub-paragraph (a) or a subsidiary of such a company, of the type referred to in that sub-paragraph; and

  (ii) intermediate holding companies between the parent company concerned and a company meeting the criteria set out in sub-paragraph (b)(i) provided that such intermediate holding companies:

    (aa) have no shareholders other than the parent company concerned or another intermediate holding company; and

(bb) hold no shares other than shares in a company meeting the criteria set out in sub-paragraph (a) or shares in another intermediate holding company; and

(c) intermediate holding companies meeting the criteria set out in sub-paragraph (b)(ii).

Condition 43B. Prohibition on Generating by Licensee

Part A: Prohibition on Licensee engaging in the activity of electricity generation

43B.1 The licensee must not carry out the activity specified in Section 4(1)(a) of the Act, except where the licensee:

(a) owns or operates assets situated on an island solely for the purpose of ensuring security of supply of that island, and those assets form part of a facility originally commissioned prior to this licence condition taking effect (known as Category A exception); or

(b) owns or operates assets, which are situated on sites on which the licensee carries out Distribution Business, for purpose of continuity of supply, system resilience, or energy management and the facilities are not used to buy or sell electricity in the Electricity Markets (known as Category B exception); or

(c) has been issued a direction from the Authority under 43B.2 (known as Category C exception).

43B.2 A direction may be given where the Authority considers the licensee to have satisfied the following criteria:

(a) taken reasonable steps to obtain a market-based solution prior to making an application for a direction under this section; and

(b) justified that a licensee-operated asset provides the most economic and efficient solution; and

(c) put in place arrangements that minimise the risk of discrimination or distortion of current and future markets.

43B.3 Any direction given under 43B.2 may be given to such an extent, for such a period of time and subject to such conditions as may be specific in the direction.

43B.3A Where a licensee operates assets under a Category C exception, it must, prior to the expiry of the period of 5 years from the date on which the exception came into force, or such other period as the Authority may direct, prepare a report detailing the willingness of third parties to own, develop, operate or manage such assets in a cost effective manner and provide it to the Authority.

43B.3B Where the Authority uses the report under 43B.3A to consult to assess the potential availability and interest of third parties in investing in such assets and on the costs of such investment and, as a result of that consultation, decides that

the criteria in 43B.2 are no longer met, the licensee must ensure that its activities in this regard are phased out within 18 months of that decision, including by way of a transfer to another undertaking, and as part of the conditions of that procedure the Authority may allow the licensee to receive reasonable compensation, in particular to recover the residual value of its investment in the assets.

43B.4 The Licensee must, if directed to do so by the Authority, publish details of assets subject to any exception in standard licence condition 43B.1.

Part B: The Prohibition on Generating Guidance (POGG)

43B.5 The Authority will issue, and may from time to time revise, guidance regarding the manner in which it will exercise its powers under 43B.2, 43B.3A and 43B.4, and such guidance will be known as the Prohibition on Generating Guidance (POGG).

43B.6 The guidance issued in accordance with 43B.5 may, in particular, set out:

(a) detail on the exceptions described in 43B.1;

(b) detail on the criteria against which applications for a direction will be assessed as referred to under 43B.2;

(c) the process and procedures that will be in place for the assessment and issuing of a direction under 43B.2;

(d) any other matter relating to the process of granting of a direction under 43B.2;

(e) the circumstances in which a direction may be issued under 43B.4;

(f) the details to be published pursuant to a direction made under 43B.4; and

(g) the process and procedures for the preparation of a Report under 43B.3A.

43B.7 Where the POGG imposes any obligations on the licensee, the obligation has effect as if it were a part of this condition.

Part C: Procedure for issuing and revising the POGG

43B.8 Before issuing the POGG under this condition, the Authority, by Notice given to the licensee, will:

(a) state that it proposes to issue the POGG, and specify the date on which it proposes that the document should take effect;

(b) set out the text of the POGG and the Authority's reasons for proposing to issue it; and

(c) specify the date (which must not be less than a period of 28 days from the date of the Notice) by which representations with respect to the proposed POGG may be made.

43B.9 The Authority will consider any representations that are duly made and not withdrawn.

43B.10 The requirements of paragraphs 43B.8 and 43B.9 may be satisfied by action taken before, as well as action taken after, the commencement of this condition.

43B.11 In paragraph 43B.8, "issuing the POGG" includes issuing any revision of the document, and the procedure provided for under the paragraph will apply to any such revision.

Chapter 12 Standard conditions 44 to 49: Provision of regulatory information

Condition 44. Regulatory Accounts

Introduction

44.1 This condition applies to Regulatory Accounts prepared for Regulatory Years beginning on and after 1 April 2015 and requires the licensee to:

(a) prepare and publish Regulatory Accounts within the meaning set out in Part A of this condition; and

(b) maintain (and ensure that any Affiliate or Related Undertaking of the licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the licensee to comply with that obligation.

Part A: Preparation of Regulatory Accounts

44.2 For the purposes of this condition, but without prejudice to paragraph 44.9, the licensee must prepare Regulatory Accounts for each Regulatory Year.

44.3 Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by Part A of this condition.

44.4 The licensee must keep or cause to be kept, for a period approved by the Authority that is not less than the period referred to in section 388(4)(b) of the Companies Act 2006, and in the manner referred to in that section 388, such accounting and other records as are necessary to ensure that all of the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the Distribution Business Activities of the licensee are separately identifiable as such in those records (and in those of any Affiliate or Related Undertaking of the licensee).

44.5 The Regulatory Accounts must be prepared on a consistent basis derived from the accounting and other records referred to in paragraph 44.4.

44.6 The Regulatory Accounts must be prepared under the same Applicable Accounting Framework as the most recent or concurrent statutory accounts of the licensee and must comprise the accounting items set out at paragraph 44.7, supported by the explanatory notes mentioned at paragraph 44.8.

44.7 The accounting items to which paragraph 44.6 refers are:

(a) a profit and loss account (or, as appropriate, a statement of profit or loss and other comprehensive income);

(b) a statement of total recognised gains and losses (or, as appropriate, a statement of changes in equity and, if appropriate, a statement of recognised income and expense);

(c) a balance sheet (or, as appropriate, a statement of financial position);

(d) a cash flow statement (or, as appropriate, a statement of cash flows);

(e) a Corporate Governance Statement;

(f) a Strategic Report; and

(g) a Directors' Report.

44.8 The explanatory notes to which paragraph 44.6 refers must:

(a) provide a summary of the accounting policies adopted by the licensee for the purpose of producing Regulatory Accounts;

(b) disclose, in relation to the accounts to which paragraph 44.7(a) refers, Segmental Information for each of the Distribution Business Activities of the licensee for each of the disclosure lines in the relevant account or statement down to the total operating profit level; and

(c) disclose, in relation to the accounts to which paragraph 44.7(c) refers, Segmental Information for each of the Distribution Business Activities of the licensee for gross additions to tangible and intangible assets in the case of a balance sheet, or for gross additions to non-current assets by category in the case of a statement of financial position.

Part B: Consistency with the statutory accounts

44.9 Regulatory Accounts prepared in respect of a Regulatory Year under Part A of this condition must, so far as is reasonably practicable and except with the Authority's approval, having regard to the purposes of this condition:

(a) have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under Chapter 4 of Part 15 of the Companies Act 2006 and follow the reporting requirements of the Applicable Accounting Framework, subject to the inclusion of Segmental Information as prescribed in paragraphs 44.8(b) and (c);

(b) comply with all relevant accounting and reporting standards currently in force under the Applicable Accounting Framework as set out in section 395 of the Companies Act 2006; and

(c) also be prepared as group accounts in the format required under the Applicable Accounting Framework if the holder of this licence is a parent undertaking as defined in Section 1162 of the Companies Act 2006 and itself prepares group accounts under the Applicable Accounting Framework.

Part C: Audit and delivery of Regulatory Accounts

44.10 Unless the Authority otherwise consents, the licensee must:

(a) procure an audit by an Appropriate Auditor of such parts of its Regulatory Accounts and the Directors' Report as would be required by the Companies Act 2006 if the licensee were a Quoted Company and they were the licensee's statutory accounts drawn up to 31 March and prepared under Part 15 of the Companies Act 2006;

(b) procure a report by the Appropriate Auditor, addressed to the Authority, that states whether in his opinion those accounts fairly present the licensee's financial position, financial performance, and cash flows in accordance with the requirements of this condition; and

(c) deliver those accounts and the Appropriate Auditor's report required under paragraph 44.10(b) to the Authority as soon as is reasonably practicable and in any event before the date of their publication under F of this condition.

Part D: Terms of appointment of Appropriate Auditor

44.11 For the purposes of paragraph 44.10, the licensee must, at its own expense, enter into a contract of appointment with an Appropriate Auditor that includes a term requiring that the audit of the licensee's Regulatory Accounts must be conducted by that Appropriate Auditor in accordance with all such relevant auditing standards in force on the last day of the Regulatory Year to which the audit relates as would be appropriate for accounts prepared in accordance with the provisions of Part 15 of the Companies Act 2006.

Part E: Agreed Upon Procedures: prohibition of cross-subsidy and discrimination

44.12 The licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor for the completion of Agreed Upon Procedures in relation to the prohibition of cross-subsidy and discrimination generally and in particular under paragraph 9 of standard condition 4 (No abuse of the licensee's special position) and under standard conditions 19 (Prohibition of discrimination under Chapters 4 and 5) and 39 (Prohibition of discrimination under Chapter 9).

44.13 The contract must require that the Agreed Upon Procedures are conducted in relation to each Regulatory Year and that the licensee will arrange for the Appropriate Auditor to address a report to the Authority by 31 July following the end of each Regulatory Year that:

(a) states that he has, in a manner consistent with the relevant auditing standards, completed the Agreed Upon Procedures issued by the Authority in respect of the Regulatory Year under report; and

(b) sets out his findings.

44.14 If the Authority is satisfied that the report referred to in paragraph 44.13 demonstrates that the licensee has complied with the obligation to avoid discrimination and cross-subsidies that is specified in Article 31 of the Directive and is imposed on the licensee by the standard conditions of this licence referred to in paragraph 44.12, the report will be deemed to represent the results of an audit of that obligation, as required by the Article.

Part F: Publication and provision of Regulatory Accounts

44.15 Unless the Authority after consulting with the licensee directs otherwise, the licensee must publish its Regulatory Accounts:

(a) as a stand-alone document in accordance with this condition;

(b) by 31 July after the end of the Regulatory Year to which the accounts relate;

(c) on, and in a way that is readily accessible from, its Website or a Website of an Affiliate or Ultimate Controller of the licensee provided that the link is both clear and readily accessible; and

(d) in any other manner that, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.

44.16 The licensee must provide a copy of the Regulatory Accounts free of charge to any person who requests a copy.

Part G: Definitions

44.17 For the purposes of this condition:

Applicable Accounting Framework	means either: (a) in respect of any reference to statutory accounts of the licensee (except for group accounts):

(i) individual accounts prepared in accordance with section 396 of the Companies Act 2006; or

(ii) individual accounts prepared in accordance with international accounting standards;

or

(b) in respect of any reference to statutory accounts of the licensee that are group accounts:

(i) group accounts prepared in accordance with section 404 of the Companies Act 2006; or

(ii) group accounts prepared in accordance with international accounting standards.

Demand Customer means, in relation to any energised or de-energised Exit Point on the licensee's Distribution System, the person who is taking, or is deemed to be taking, a supply of electricity through that Exit Point.

Distribution Business Activities means the following activities of the licensee**:**

(a) the distribution of electricity through the licensee's Distribution System to Demand Customers;

(b) the distribution of electricity through the licensee's Distribution System in respect of Distributed Generation, together with such of the activities covered by sub-paragraphs (c) and (d) of this definition as are directly associated with that activity;

(c) the provision of Directly Remunerated Services (other than any such services falling within the next sub-paragraph;

(d) the provision of Metering Equipment and Metering Services (including the service of providing Legacy Metering Equipment but excluding any such provision falling within sub-paragraph (b) of this definition), together with the provision of Data Services;

(e) any De Minimis Business of the licensee;

(f) any other activities to which the Authority has consented in accordance with paragraph 29.4(c) of standard condition 29; and
(g) any Distribution Business of the licensee in respect of which the activities take place outside the licensee's Distribution Services Area.

Quoted Company has the meaning given to that term in section 385 of the Companies Act 2006.

Segmental Information means such financial and descriptive information in respect of the Distribution Business Activities of the licensee as would be disclosable under International Financial Reporting Standard 8 (or Statement of Standard Accounting Practice 25) if each of those activities were an operating segment (or reportable segment) of the licensee within the meaning of those respective standards.

UK Listing Authority means the Financial Conduct Authority (FCA) acting in its capacity as the competent authority for the purposes of Part VI (Official Listing) of the Financial Services and Markets Act 2000.

Part H: Interpretation

44.18 The requirement under paragraph 44.7 for the licensee to include a Strategic Report, a Corporate Governance Statement~~,~~ and a Directors' Report in its Regulatory Accounts must be read as if the requirement applied to the licensee as a Quoted Company, whether or not it is such a company, such that:

(a) the Corporate Governance Statement~~,~~ has the coverage and content of the corporate governance statement that a Quoted Company is required to prepare under the UK Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance;

(b) the Strategic Report has the coverage and content of the Strategic Report that a Quoted Company is required to prepare under sections 414A, 414C and 414D of the Companies Act 2006; and

(c) the Directors' Report~~,~~ has the coverage and content of the directors' report that a Quoted Company is required to prepare under sections 415, 416, 418(2), and 419(3) and (4) of the Companies Act 2006.

44.19 Regulatory Accounts prepared by the licensee in respect of the Regulatory Year beginning on 1 April 2014 are subject to the provisions of this condition in the form in which it was in force at 31 March 2015.

Condition 45. Data Assurance requirements

Introduction

45.1 This condition requires the licensee to undertake processes and Data Assurance Activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.

Part A: Licensee's obligations under this condition

45.2 The licensee must:

(a) comply with the provisions of the Data Assurance Guidance (the "DAG");

(b) 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, in accordance with the DAG, to manage such risks as it has identified in that assessment;

(c) 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

(d) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the DAG, reports that variously 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 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 Data for the relevant reporting period set out in the DAG; and

(iv) if required, the details and results of any independent review procured by the licensee of its Data Assurance Activities.

45.3 The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 45.2.

45.4 The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific Data Assurance Activity in accordance with the provisions of Part D of this condition.

Part B: Scope and contents of the Data Assurance Guidance

45.5 The purpose of the DAG is to establish a framework of processes and practices by which the licensee must comply with its obligations as set out in paragraph 45.2(b) to (d).

45.6 Subject to paragraphs 45.8 and 45.9, the DAG may include, or make provision for, any of the following matters:

(a) the Data to which the Risk Assessment applies;

(b) the format 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 of any independent review that may be required of the licensee's Data Assurance Activities and the associated reporting requirements;

(e) the format of the reporting requirements detailed in paragraph 45.2(d);

(f) the frequency with which and the timescales within which the licensee must report on its Data Assurance Activities to the Authority; and

(g) the time period(s) to which required reports relate.

45.7 Reference in paragraph 45.6 to the format of an assessment, review, or reporting requirement includes reference to its form, layout, scope and content.

45.8 The provisions of the DAG must 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 and the impact on consumers of Data reporting errors.

45.9 Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part C: The process to issue and modify the Data Assurance Guidance

45.10 The Authority will issue and amend the DAG by direction.

45.11 Before issuing or amending the DAG the Authority must send to all licensees in whose licence this condition has effect and publish on the Authority's Website:

(a) the 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) a period during which representations may be made on the content of the new or amended DAG, which must not be less than 28 days.

45.12 The Authority must:

(a) publish the DAG on the Authority's Website; and

(b) ensure that any amendments to the DAG are promptly incorporated into a consolidated version maintained on the Authority's Website.

45.13 The steps required to issue or amend the DAG may be satisfied by action taken before, as well as by action taken on or after 1 April 2023.

Part D: Authority's power to specify Data Assurance Activity

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

45.15 Before issuing a direction under paragraph 45.14 the Authority must 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 proposes to issue the direction; and

(d) a period during which representations may be made on the proposed directions which must not be less than 28 days.

45.16 The direction under paragraph 45.10 must:

(a) contain 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 assuring the accuracy and completeness of Data provided to the Authority;

(b) if it refers to a person nominated by the Authority, specify the steps that must be taken by the licensee to procure and facilitate the carrying out of that activity by that person;

(c) contain a description of the Data to which the activity that is described in the direction must apply;

(d) contain an explanation of why the Authority requires the licensee to carry out that activity;

(e) specify any relevant dates by which that activity must be completed; and

(f) specify the form and content of any information relating to that activity that the licensee must provide to the Authority.

45.17 The Authority may, following the submission of Data, appoint or nominate a person (Examiner) to undertake a review of such Data or the systems or processes used to generate it.

45.18 Subject to paragraph 45.21, the licensee must cooperate fully with an Examiner so as to enable him to carry out, complete, and report to the Authority on any review or examination specified by the Authority.

45.19 The licensee's obligation to cooperate fully with an Examiner under paragraph 45.18 includes an obligation to ensure, so far as it can, that the following persons also cooperate fully with that Examiner:

(a) any Affiliate or Related Undertaking of the licensee;

(b) any person from whom the licensee procures reporting services or who measures and records Data on behalf of the licensee; and

(c) any auditor of such person, or of the licensee, or of any Affiliate or Related Undertaking of the licensee.

45.20 The licensee's obligation under paragraphs 45.18 and 45.19 to cooperate or ensure cooperation with an Examiner includes, so far as may be necessary or expedient for such purpose, and in each case subject to reasonable Notice to the licensee:

(a) providing access to management, employees, agents, or independent contractors of the licensee sufficient to enable the Examiner to make any enquiries and to discuss any matters that he reasonably considers to be relevant to the carrying out of the examination;

(b) giving the Examiner access at reasonable hours to any premises occupied by the licensee or by any other person in performing the obligations set out in this condition; and

(c) allowing the Examiner at reasonable hours:

(i) to inspect and make copies of, and take extracts from, any documents and records of the licensee maintained in relation to the Data (other than information that is subject to legal privilege);

(ii) to carry out inspections, measurements, and tests on or in relation to any systems maintained and operated for or in relation to the Data; and

(iii) to take onto such premises or onto or into any assets used for the purposes of the licensee such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

45.21 The licensee is not required to perform its obligations in relation to an Examiner and his functions unless the Examiner has entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

Part E: Derogations

45.22 The Authority may, after consulting with the licensee, give a direction ("derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part F: Interpretation

45.23 For the purposes of this condition:

Data	means information contained in any submissions to the Authority under this licence in respect of which the licensee must carry out a Risk Assessment, as specified in the DAG, as may be further clarified in the DAG.
Data Assurance Activity	means, in respect of Data, an activity undertaken by or on behalf of the licensee in order to verify or provide assurance that Data meets the required level of accuracy and reliability (as may be further clarified in the DAG).
Examiner	means a member of the Authority's staff, or any other person, whose degree of knowledge and experience is appropriate for the purposes of the relevant review.
Risk Assessment	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 (as may be further clarified in the DAG).

Condition 46. Regulatory Instructions and Guidance

Introduction

46.1 This condition sets out the scope, contents, and common governance arrangements for the Regulatory Instructions and Guidance ("RIGs") published by the Authority pursuant to this condition.

46.2 The RIGs are the primary means by which the Authority directs the licensee to collect and provide to it the information that the Authority needs to administer:

(a) the special conditions (and such standard conditions as may be relevant) of this licence; and

(b) where not referenced in this licence, the RIIO-ED2 Final Determination.

Part A: Licensee's obligations under this condition

46.3 Unless and so far as the Authority otherwise consents, the licensee must:

(a) measure and record or, where permitted in the RIGs, estimate the Specified Information;

(b) provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs; and

(c) have in place and maintain appropriate systems, processes, and procedures to enable it to carry out its obligations in sub-paragraphs (a) and (b).

46.4 To facilitate compliance with paragraph 46.3, the accounting records and other records kept by the licensee with respect to the Specified Information must:

(a) be so arranged as to ensure that such information can be separately identified and reasonably attributed as between the licensee's business and the business of any Affiliate or Related Undertaking of the licensee; and

(b) be maintained for a period of five Regulatory Years, or such shorter period as may be set out in the RIGs, from the date that the records are made.

Part B: Scope and content of the RIGs

46.5 Subject to paragraph 46.6, the matters that may be included, or for which provision may be made, in the RIGs are:

(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) instructions on when the licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor, and on compliance with the Agreed Upon Procedures;

(e) the methodology for calculating or deriving numbers comprising Specified Information;

(f) provision with respect to the meaning of words and phrases used in defining Specified Information;

(g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;

(h) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority; and

(i) explanation of why the Specified Information is required for the purposes of the RIGs.

46.6 No Specified Information may exceed what could be requested from the licensee by the Authority under standard condition 6 (Provision of Information to the Authority).

46.7 Subject to paragraph 46.19, Specified Information collected in relation to the Regulatory Year commencing in 2022 must be reported according to the relevant reporting requirements provided for in these standard conditions in the form in which they were in force at 31 March 2022.

46.8 If, having first consulted with the licensee, the Authority specifies by direction that the licensee must report Specified Information for the Regulatory Year commencing in 2022 according to requirements that are different from those referred to in paragraph 46.7, the licensee must comply with that direction.

Part C: The process to issue and modify the RIGs

46.9 The Authority will issue and amend the RIGs by direction.

46.10 Before issuing new RIGs or amending the RIGs the Authority must send to all licensees in whose licence this condition has effect and publish on the Authority's Website:

(a) the 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 content of the new or amended RIGs, which must not be less than 28 days.

46.11 The Authority must:

(a) publish the RIGs on the Authority's Website; and

(b) ensure that any amendments to the RIGs are promptly incorporated into a consolidated version maintained on the Authority's Website.

46.12 The steps required to issue or amend the RIGs may be satisfied by action taken before, as well as by action taken on or after 1 April 2023.

Part D: Requirements for new or more detailed information

46.13 This Part D applies if any modified or new 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, and such category of Specified Information has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.

46.14 Where this Part D applies, 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.

46.15 The estimates that are mentioned in paragraph 46.14 may be derived from such other information available to the licensee as may be appropriate for that purpose.

Part E: Compliance with the provisions of the RIGs

46.16 The licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.

46.17 Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part F: Events with a material impact on information

46.18 This paragraph applies where there has been a change in the industry's or the licensee's processes or procedures that has a significant effect on the calculation of one or more items to be considered by the Appropriate Auditor carrying out the Agreed Upon Procedures ("Specific Items") and the RIGs do not provide adequate or sufficient guidance in relation to the collection and reporting of such items.

46.19 For the purposes of paragraph 46.18, a "significant effect" means a change to the calculation of one or more Specific Items such that its effect on the calculation of Allowed Revenue for any Regulatory Year exceeds, or is likely to exceed, 1 per cent of Calculated Revenue for that Regulatory Year.

46.20 Where paragraph 46.18 applies, the licensee must request guidance from the Authority in relation to the treatment of the item or items in question.

46.21 On receiving a request for guidance, the Authority:

(a) having regard to whether the change to the calculation of one or more Specific Items has material implications for other Distribution Services Providers; and

(b) after consultation with the licensee and, where appropriate because of paragraph 46.21(a), other Distribution Services Providers,

may, by Notice to the licensee and (where relevant) other Distribution Services Providers, direct how such Specific Items should be reported for the purposes of this condition.

Part G: Derogations

46.22 The Authority may, after consulting with the licensee, give a direction ("derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part H: Interpretation

46.23 For the purposes of this condition:

Allowed Revenue	means the revenue calculated in accordance with the formula for AR_t as set out in Part C of Special Condition 2.1 (Revenue Restriction).
Calculated Revenue	means the revenue calculated in accordance with the formula set out in Part D of Special Condition 2.1.

Specific Items	means items to be audited by the Appropriate Auditor carrying out the Agreed Upon Procedures.
Specified Information	means information (or a category of information) that is so described or defined in the RIGs.

Condition 47. [Not Used]

Condition 48. The Innovation Strategy

Introduction

48.1 This condition requires the licensee to have in place and maintain an Innovation Strategy for the purpose of demonstrating the role of innovation within the Electricity Distribution Group of which it is a part.

48.2 This condition should be read in conjunction with Special Condition 5.2 (The Network Innovation Allowance), which provides an allowance of funding to the licensee to spend on innovative projects.

Part A: Requirement to have an Innovation Strategy

48.3 The licensee must have in place and maintain an Innovation Strategy.

48.4 The Innovation Strategy must be:

(a) published by the licensee, on its Website where it is readily accessible to the public; and

(b) updated from time to time in accordance with such procedures as are set out for that purpose in the document.

Part B: Interpretation

48.5 For the purposes of this condition:

Electricity Distribution Group	means any group of Distribution Services Providers in which the licensee and every other Distribution Services Provider within the group are Affiliates.
Innovation Strategy	means a document published by the licensee that contains, at a minimum: (a) the high -level problems and challenges that the electricity distribution sector and the licensee expect to face during the Price Control Period and the justification for initiating projects to address these; (b) the process or methodology by which the licensee will decide the focus for

innovation during the Price Control Period;

(c) demonstration that the problems or challenges have been identified or prioritised and the innovative projects proposed to address the same have been justified in consultation with the licensee's stakeholders;

(d) discussion of the relative priorities, risks, benefits, value for money and potential Customer impacts of the innovation proposed;

(e) the consequences of innovation not occurring in respect of the high - level problems and challenges identified; and

(f) a description of the deliverables and potential deliverables from the research or development or trials associated with the innovative projects proposed to address the high- level problems and challenges, such as learning on an issue, revised codes or new charging methodologies.

Price Control Period means the period of five Regulatory Years commencing on 1 April 2023.

Condition 48A. Electricity Network Innovation Strategy

Introduction

48A.1. The purpose of this condition is to oblige the licensee to work with other parties to maintain the Electricity Network Innovation Strategy. This requirement is intended to ensure that Relevant Network Licensees work together in relation to innovation to take coordinated action on priority areas that offer significant potential benefit, shared learning and avoid unnecessary duplication.

48A.2. This condition does not prevent the licensee from undertaking Innovation Projects that are not specifically included within the Electricity Network Innovation Strategy.

Part A: Requirement to maintain an Electricity Network Innovation Strategy

48A.3. The licensee must maintain the Electricity Network Innovation Strategy and must use reasonable endeavours to cooperate with all other Relevant Network Licensees in the development of the Electricity Network Innovation Strategy.

48A.4. The licensee must use reasonable endeavours to work with all other Relevant Network Licensees to ensure that the Electricity Network Innovation Strategy is reviewed every two years and that where necessary in the majority view of Relevant Network Licensees, it is also updated.

Part B: Electricity Network Innovation Strategy

48A.5. The Electricity Network Innovation Strategy must:

(a) set out the procedures for updating it (which must include the requirement to consult with Interested Parties in accordance with Part C and the biennial review referred to in paragraph 48A.4);

(b) be kept up to date in accordance with the procedures referred to in paragraph 48A.5(a); and

(c) be readily accessible to the public from the licensee's Website.

48A.6. The Electricity Network Innovation Strategy must include:

(a) a description of the challenges and uncertainties which the Relevant Network Licensees consider are pertinent to the electricity network over different time periods that could be addressed through innovative projects;

(b) a description of the challenges and uncertainties pertinent to the electricity network, which are not currently being addressed through innovative projects, including but not limited to projects or plans made by the Relevant Network Licensees and Interested Parties;

(c) a description of the innovative projects and plans that the Relevant Network Licensees intend to pursue in order to address the challenges and uncertainties referred to in paragraph 48A.6(a) of this condition, with particular regard to how future Innovation Projects which Relevant Network Licensees will seek to initiate over the period of the Electricity Network Innovation Strategy will help to address those challenges;

(d) a description of the innovative projects and plans that the Relevant Network Licensees intend to pursue in relation to the challenges and uncertainties identified in paragraph 48A.6(b) of this condition, with particular regard to how future Innovation Projects which Relevant Network Licensees will seek to initiate over the period of the Electricity Network Innovation Strategy will help to address those challenges. Consideration should be given to the suitability of the Relevant Network Licensees to carry out the innovative projects and plans. If the Relevant Network Licensees do not intend to carry out innovative projects and plans relating to any challenge and uncertainties identified in paragraph 48A.6(b), a reason should be provided as part of this description;

(e) a description of how Relevant Network Licensees will coordinate their activities on Innovation Projects to minimise unnecessary duplication of effort;

(f) a description of how Relevant Network Licensees will share the learning that they have gained through Innovation Projects; and

(g) any content required by any directions related to the Electricity Network Innovation Strategy issued by the Authority, in accordance with Part D.

Part C: Consultation

48A.7 The licensee must, in cooperation with Relevant Network Licensees, have regard to Whole System Solutions and use reasonable endeavours to consult with Interested Parties and with stakeholders in other sectors prior to the publication, or revision, of the Electricity Network Innovation Strategy. This includes stakeholders in the following sectors:

(a) electricity;

(b) gas;

(c) heat;

(d) refuse;

(e) telecoms;

(f) transport; and

(g) water and wastewater.

48A.8 The licensee must include, subject to any necessary redactions to protect confidential information, in the Electricity Network Innovation Strategy:

(a) a description of those Interested Parties and stakeholders referred to in paragraph 48A.7, with whom it has consulted; and

(b) a description of any representations relevant to the requirements set out in paragraph 48A.6, received in response to the consultation, alongside an explanation of how any representations have been considered.

Part D: Authority Directions on the Electricity Network Innovation Strategy

48A.9 The Authority may issue a direction setting out changes to requirements pertaining to the Electricity Network Innovation Strategy, in relation to its required contents, scope, form, means of publication and dates of publication. Before issuing a direction under this Part, the Authority must send to the licensee and publish on the Authority's Website:

(a) the text of the proposed direction;

(b) the date on which the Authority intends the proposed direction to come into effect;

(c) the reasons why it proposes to issue the direction; and

(d) a period during which representations may be made on the proposed direction, which must not be less than 28 days.

Part E: Interpretation

48A.10 For the purposes of this condition:

Electricity Network Innovation Strategy	means a document, or suite of documents, published by Relevant Network Licensees that complies, or together comply, with the requirements of this condition.

Innovation Project	means a project funded by: (a) RIIO-1 Network Innovation Allowance; (b) RIIO-2 Network Innovation Allowance; (c) RIIO-1 Network Innovation Competition; or (d) SIF.
Interested Parties	interested parties include, but are not limited to, the Engineering and Physical Sciences Research Council, the Department of Business, Energy and Industrial Strategy, Innovate UK and their successor bodies and holders of a Transmission Licence or an Electricity Distribution Licence that are not Relevant Network Licensees.
Offshore Electricity Transmission Licence	means a Transmission Licence awarded via a competitive tender for the transmission of electricity generated by an offshore windfarm to bring it onto the onshore grid.
Relevant Network Licensee	means the holder of a Transmission Licence with condition B16 in effect in its licence, or an Electricity Distribution Licence with condition 48A in effect in its licence or the ISOP.
RIIO-1 Network Innovation Allowance	means the network innovation allowance as established by Charge Restriction Condition 2H (The Network Innovation Allowance) as in force on 31 March 2023 and now governed by Special Condition 5.3 (Carry-over Network Innovation Allowance); and Special Condition 3H (The Network Innovation Allowance) of the Transmission Licence held by Transmission Licensees as in force on 31 March 2021 and now governed by Special Condition 5.3 (Carry-over Network

	Innovation Allowance) and Special Condition 4.7 (Carry-over Network Innovation Allowance) of the GB System Operator's Transmission Licence.
RIIO-1 Network Innovation Competition	means the network innovation competition as established by Charge Restriction Condition 5A (the Network Innovation Competition) as in force on 31 March 2023 and now governed by Special Condition 7.9 (RIIO-ED1 network innovation competition); Special Condition 3I (The Network Innovation Competition) of the Transmission Licence held by Transmission Licensees as in force on 31 March 2021 and now governed by Special Condition 7.11 (the RIIO-ET1 network innovation competition); Condition F2 (Innovation funding) of the Electricity System Operator Licence; and amended Standard Conditions E12 – J11 (the Network Innovation Competition) of the Offshore Electricity Transmission Licence.
RIIO-2 Network Innovation Allowance	means the network innovation allowance as established by Special Condition 5.2 (The RIIO-2 network innovation allowance); Special Condition 5.2 (The RIIO-2 network innovation allowance) of the Transmission Licence held by Transmission Licensees; and Condition F2 (Innovation funding) of the Electricity System Operator Licence.
SIF	means the strategic innovation fund as established by Special Condition 9.9 (The strategic innovation fund) of this licence; Special Condition 9.19 (The strategic innovation fund) of the Transmission Licence held by Electricity Transmission Licensees; and Condition F2 (The strategic

	innovation fund) of the Electricity System Operator Licence.
Whole System Solutions	means solutions arising from energy network companies and the ISOP coordinating effectively, between each other and with broader areas, which deliver value for consumers.

Condition 49. Electricity Distribution Losses Management Obligation and Distribution Losses Strategy

Introduction

49.1 This condition requires the licensee to ensure that Distribution Losses from its Distribution System are as low as reasonably practicable, and to maintain and act in accordance with its Distribution Losses Strategy.

Part A: Licensee's obligation to manage Distribution Losses

49.2 The licensee must design, build, and operate its Distribution System in a manner that can reasonably be expected to ensure that Distribution Losses are as low as reasonably practicable.

49.3 In designing, building and operating its Distribution System the licensee must act in accordance with its Distribution Losses Strategy, having regard to the following:

(a) the Distribution Losses characteristics of new assets to be introduced to its Distribution System;

(b) whether and when assets that form part of its Distribution System should be replaced or repaired;

(c) the way that its Distribution System is operated under normal operating conditions; and

(d) any relevant legislation that may impact on its investment decisions.

Part B: The Distribution Losses Strategy

49.4 The licensee must maintain a Distribution Losses Strategy and must keep it under review and where necessary modify it from time to time to ensure that it remains:

(a) calculated to ensure that Distribution Losses are as low as reasonably practicable; and

(b) based upon an up-to-date cost-benefit analysis.

49.5 The licensee must maintain on its Website:

(a) an up-to-date version of its Distribution Losses Strategy; and

(b) an up-to-date record of any modifications that it has made to its Distribution Losses Strategy, including explanations of:

(i) the reasons for and effects of each such modification; and

(ii) how, in the licensee's opinion, the modification better facilitates the requirements of paragraph 49.4 compared with the previous version of the Distribution Losses Strategy.

Part C: Electricity losses related to the Relevant Theft of Electricity from the Distribution System

49.6 Notwithstanding the generality of paragraph 49.1, the licensee must undertake all reasonable cost-effective steps within its power to resolve any cases of Relevant Theft of Electricity from its Distribution System.

49.7 Where the licensee in compliance with paragraph 49.6 has a right to recover the value of the electricity taken in that case, it must seek to recover the value of the electricity so taken from the person who has taken the electricity, provided that the costs incurred in so doing are not likely to exceed the value of the sums that may reasonably be expected to be recovered.

49.8 Where the licensee exercises any right that it has to recover the value of electricity taken in a case of Relevant Theft of Electricity from its Distribution System, it must also seek to recover any of its costs associated with:

(a) the disconnection of the premises;

(b) making good any damage to the licensee's Distribution System;

(c) the investigation of the particular case; and

(d) pursuing any action in the particular case to recover any sums that may be due, provided that the costs incurred in so doing are not likely to exceed the value of the sums that may reasonably be expected to be recovered.

Part D: Publication of Distribution Losses performance

49.9 The licensee must:

(a) report on its actions to manage Distribution Losses and to deal with Relevant Theft of Electricity in accordance with the requirements of any relevant RIGs issued pursuant to standard condition 46 (Regulatory Instructions and Guidance); and

(b) publish information about those actions on its Website.

Part E: Interpretation

49.10 For the purposes of this condition:

Distribution Losses Strategy	means the licensee's strategy for designing, building, and operating its Distribution System in a manner that can reasonably be expected to ensure that Distribution Losses are as low as reasonably practicable, as published and modified from time to time in accordance with Part B of this condition.

Condition 50. Business Plan Commitment Reporting

Introduction

50.1 This condition requires the licensee to prepare and publish an annual report on how it has performed against relevant commitments made in its RIIO Business Plan.

Part A: Reporting requirement

50.2 On or before 31 October of each Regulatory Year, unless the Authority directs otherwise, the licensee must publish on its Website a report setting out, in detail, how it has performed against any relevant commitments it made in its RIIO Business Plan (as further described in the Business Plan Reporting Guidance).

50.3 In preparing its report, the licensee must have regard to any Business Plan Reporting Guidance that the Authority may have issued on the contents or structure of such reports.

Part B: Business Plan Reporting Guidance

50.4 The Authority may issue, and modify, the Business Plan Reporting Guidance by issuing a direction for that purpose to all Distribution Services Providers.

50.5 A direction issued by the Authority under paragraph 50.4 will be of no effect unless, before issuing it, the Authority has:

(a) by Notice to all Distribution Services Providers set out the text of the proposed Business Plan Reporting Guidance (or modifications to it) that it proposes to direct;

(b) specified in the Notice the reasons for the Authority's proposals;

(c) specified in the Notice the date on which it proposes that provisions (or modified provisions) of the document should take effect;

(d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and

(e) considered any representations duly received in response to the Notice.

Part C: Interpretation

50.6 For the purposes of this condition:

Business Plan Reporting Guidance	means any guidance from the Authority on the contents or structure of the reports

that the licensee is required to publish under this condition, as is issued or modified in accordance with Part B of this condition.

RIIO Business Plan

means:

(a) for the Regulatory Year commencing on 1 April 2023, the document submitted to the Authority and published by the licensee in March 2014 in response to the document entitled "Assessment of RIIO-ED1 business plans and fast-tracking" published on 22 November 2013, or in respect of the NGED Licensees, the document published by the licensee on 1 July 2013 in response to the document entitled "Strategy decision for the RIIO-ED1 electricity distribution price control" (Ref 26/13) published on 4 March 2013; and

(b) for the Regulatory Years commencing on or after 1 April 2024 to 1 April 2028, the document submitted to the Authority on 1 December 2021 in response to the document entitled "RIIO-ED2 Sector Specific Methodology: Overview", published by the Authority on 17 December 2020.

Condition 51. [Not Used]

Condition 52. Competition in Connections Code of Practice

Introduction

52.1 This condition requires the licensee to have, maintain and comply with a Competition in Connections Code of Practice and to facilitate competition in the Local Connections Market, as set out in paragraph 52.2.

Part A: Duties

52.2 The licensee must:

(a) have, maintain and comply with a Competition in Connections Code of Practice which is designed to facilitate the achievement of the Relevant Objectives set out in paragraph 52.3; and

(b) facilitate competition in the Local Connections Market through:

(i) minimising, to the fullest extent reasonably practicable, the number and scope of Input Services which are only available from the licensee;

(ii) providing Input Services on an equivalent basis to all Connection Parties that operate in the Local Connections Market; and

(iii) removing, to the extent that it is within its power to do so, any barrier associated with managing and operating its Distribution Business, which would prevent entry to, or continued participation in, the Local Connections Market.

52.3 The Relevant Objectives are to:

(a) facilitate competition in the Local Connections Markets through:

(i) minimising, to the fullest extent reasonably practicable, the number and scope of Input Services which are only available from the licensee;

(ii) providing Input Services on an equivalent basis to all Connection Parties that operate in the Local Connections Markets;

(iii) harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Services Providers.

(b) not distort, prevent or restrict competition in the Local Connections Markets;

(c) facilitate compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators; and

(d) facilitate the efficient discharge by the licensee of the obligations imposed upon it by this condition.

52.4 The licensee must periodically review (including upon the request of the Authority) the Competition in Connections Code of Practice and, subject to the governance arrangements, make such modifications as are necessary for the purpose of better achieving the Relevant Objectives.

52.5 Modifications to the Competition in Connections Code of Practice shall have no effect unless made in accordance with procedures specified in the Competition in Connections Code of Practice.

52.6 The Competition in Connections Code of Practice must contain provisions for the governance of the Competition in Connections Code of Practice.

52.7 The Authority may (after consulting with the licensee and, where appropriate, any other materially affected party) issue a direction amending the governance arrangements of the Competition in Connections Code of Practice.

52.8 A direction issued by the Authority under paragraph 52.7 will be of no effect unless, before issuing it, the Authority has:

(a) by Notice to all licensees in whose licence this condition has effect, set out the text of the proposed modifications to the governance arrangements that it proposes to direct;

(b) specified in the Notice the reasons for the Authority's proposals;

(c) specified in the Notice the date or dates on which it proposes that the modifications should take effect;

(d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and

(e) considered any representations duly received in response to the Notice.

52.9 The licensee must ensure that a copy of the Competition in Connections Code of Practice (as from time to time modified) is publicly available on its Website.

Part B: Derogations

52.10 The Authority may (after consulting the licensee and, where appropriate, any other materially affected party) issue a direction ('a derogation') to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part C: Definitions

52.11 For the purposes of this condition:

Connection Parties	means: (a) any business of the licensee comprising the provision of connections to the licensee's Distribution System; (b) any business of any Affiliate or Related Undertaking of the licensee comprising such provision; and (c) any business of any other person comprising such provision.
Contestable Connection Activities	means any and all of such activities that comprise or are associated with the provision, modification, or retention of a Relevant Connection to the licensee's Distribution System as are able, in accordance with the licensee's Connection Charging Statement and Connection Charging Methodology to be undertaken by persons other than the licensee.
Competition in Connections Code of Practice	means the document described in Part A of this condition.
Input Services	means any essential input required to enable another party to connect to the licensee's Distribution System, as further clarified in the Competition in Connections Code of Practice.
Local Connections Market	means the market for the procurement and provision of Contestable Connection Activities within the licensee's Distribution Services Area.
Relevant Objectives	means the objectives for the Competition in Connections Code of Practice set out in paragraph 52.3 of this condition.

Condition 55. Market Facilitator

Introduction

55.1 The purpose of this condition is to set an obligation on the licensee to engage with the Market Facilitator in its role to align and standardise flexibility markets and flexibility market arrangements and processes.

Part A: Flexibility Market Rules

55.2 The licensee must comply with the Flexibility Market Rules, subject to 55.4.

55.3 The Market Facilitator will issue and amend the Flexibility Market Rules. The licensee may raise appeal to The Authority upon the issuing or amending of the Flexibility Market Rules, in accordance with the process outlined in the Market Facilitator Governance Framework Document.

55.4 Nothing in this condition replaces, overrides or limits: (a) any statutory duty imposed on the licensee; or (b) any other obligation of the licensee under the licence or any industry code.

Part B: Implementation monitoring

55.5 The licensee must, within a reasonable timeframe, provide Market Facilitator Information to the Market Facilitator, as and when reasonably requested by the Market Facilitator.

55.6 The Market Facilitator Information must be provided by the licensee in sufficient quality and format as the Market Facilitator may reasonably request.

55.7 The licensee is not required to comply with paragraph 55.5 if the licensee could not be compelled to produce or give the Market Facilitator Information in evidence in civil proceedings before a court.