ELECTRICITY INTERCONNECTOR LICENCE: STANDARD CONDITIONS

[Note: Text Shown in underline indicates additions to the licence and text shown in ~~strikethrough~~ indicates deletions from the licence.]

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PART II - SECTION A: INTERPRETATION, APPLICATION AND PAYMENTS

Condition 1. Definitions and interpretation

1. In these licence conditions unless the context otherwise requires:

"Access Rules"	means methodologies used to establish terms and conditions for access to (including use of) the licensee's interconnector but not including those related to charges
the "Act"	means the Electricity Act 1989
the "Agency"	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
"ancillary service"	means a service necessary for the operation of the licensee's interconnector or an interconnected system
the "Authority"	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000

"BSC"	means the balancing and settlement code provided for in paragraph E1.2 of condition E1 (Balancing and Settlement Code (BSC)) of the Electricity System Operator Licence, as from time to time modified in accordance with that condition
"CUSC"	means the Connection and Use of System Code provided for in paragraph E2.5 of condition E2 (Connection and Use of System Code (CUSC)) of the Electricity System Operator licence, as from time to time modified in accordance with that condition
the "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 modifications set out in the Act
Electricity System Operator Licence	means a licence granted or treated as granted under section 6(1)(da) of the Act
Gas System Planner Licence	means a licence granted or treated as granted under section 7AA of the Gas Act 1986
"GB 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 a Gas System Planner Licence
"Grid Code"	means the grid code required to be drawn up by the GB ISOP pursuant condition E3 (Grid Code) of the Electricity System Operator Licence, as from time to time revised with the approval of the Authority
"information"	includes (without limitation) any documents, accounts, estimates, returns, records or reports and data (whether in written, verbal or electronic form) and/or information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority) of any description specified by the Authority
"integrated transmission system"	means a system which includes both transmission and interconnection and which the regulatory authority, for the purpose of setting and/or approving system tariffs and/or a tariff or charging methodology, does not draw a distinction between usage of the transmission and the interconnection forming part of that system
"interconnected system"	means a system of a relevant system operator with which the licensee's interconnector is connected or with which the licensee interfaces

"interconnector capacity"	means all interconnector capacity, including new interconnector capacity, which is available over the licensee's interconnector
"licensee's interconnector"	means the electricity interconnector specified in Schedule 1 to this licence which the licensee is authorised to participate in the operation of by virtue of this licence
"IP completion day"	has the same meaning as that given in section 39(1) of the European Union (Withdrawal Agreement) Act 2020
"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
"Northern Ireland Authority for Utility Regulation"	means the body corporate established under Article 3 of the Energy (Northern Ireland) Order 2003
"new interconnector capacity"	means physical capacity, or new capacity product, which is made available over the

	licensee's interconnector on or after 3 March 2011
the "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 authority"	means any body (other than the Authority) designated by a member State whose responsibilities include the oversight or regulation of any of the activities or matters covered by this licence and where appropriate the Northern Ireland Authority for Utility Regulation
"related undertaking"	means an "affiliated undertaking" and / or an "associated undertaking" both as defined in Article 2 of Directive 2013/34/EU (on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings) as it has effect immediately before IP completion day and / or an undertaking which belongs to the same shareholders.
"relevant system operator"	means a transmission system operator or distribution system operator where such phrases shall have the meaning given to them in Article 2 of the Directive

"Retained EU Law"	has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018
"Scottish grid code"	means any grid code which any transmission licenseeis obliged to maintain pursuant to its licence
"transmission licence"	means a licence granted or treated as granted under section 6(1)(b) of the Act
"transmission licensee"	means a person who holds a transmission licence

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

(a) a provision thereof;

(b) a provision of the standard conditions of electricity supply licences;

(c) a provision of the standard conditions of electricity distribution licences;

(d) a provision of the standard conditions of electricity transmission licences;

(e) a provision of the standard conditions of electricity generation licences; or

(f) a provision of the conditions of the electricity system operator licence,

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

7. In construing these conditions, the heading or title of any condition or paragraph shall be disregarded.

8. Any reference in a condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(e) of the Act (whenever granted) which incorporates it.

9. Where any obligation placed on the licensee under this licence is required to be performed by a specified date or time, or within a specified period, and where the licensee has failed so to perform by such date or time, or within such period, such obligation shall continue to be binding and enforceable after the specified date or time, or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or time, or within that period).

10. Anything required by or under these conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:

(a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid post as soon as is reasonably practicable, and

(b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.

11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A, B, C, D, E, F, or G (which sections are incorporated in all electricity interconnector licences). Where:

(a) any definition is not used in Sections A, B, C, D, E, F, or G that definition shall, for the purposes of this licence, be treated:

(i) as part of the condition or conditions (and the Section) in which it is used; and

(ii) as not having effect in the licence until such time as the condition in which the definition is used has effect within the licence in pursuance of that condition;

(b) any definition which is used in Sections A, B, C, D, E, F, or G and is also used in one or more other Sections:

(i) that definition shall only be modifiable in accordance with the modification process applicable to each of the conditions in which it is used; and

(ii) if any such condition is modified so as to omit that definition, then the reference to that definition in the condition shall automatically cease to have effect.

Condition 1A. Application of Section G

1) The standard conditions in Section G (in whole or in part) shall not have effect in this licence; and the licensee shall not be obliged to comply with the requirements of Section G (in whole or in part) of this licence until the Authority has issued to the licensee a direction in accordance with paragraph 2 of this condition.

2) The Authority may issue a direction (a "Section G (Cap and Floor Conditions) Direction") to the licensee specifying that the standard conditions in Section G (in whole or in part) shall have effect within this licence from the date and to the extent specified in the direction.

3) The Authority may issue a direction to the licensee to vary the terms (as set out in the Section G (Cap and Floor Conditions) Direction) under which Section G (or parts thereof) has effect in this licence or to provide for Section G (or parts thereof) to cease to have effect in this licence.

4) The variation or cessation provided for in paragraph 3 of this condition shall take effect from the date specified in the variation or cessation direction issued to the licensee by the Authority.

5) With effect from the cessation referred to in paragraph 4 of this condition, paragraphs 2 to 4 of this condition shall be suspended and shall cease to have effect in this licence, in respect of Section G to the extent specified in the cessation direction, but the Authority may at any time thereafter give to the licensee a notice ending the suspension and providing for those paragraphs again to have effect in the licence with effect from the date specified in the notice.

6) Before issuing a direction under paragraphs 2 and 3 of this condition, the Authority will:

   (a) give notice to the licensee that it proposes to issue a direction specifying:

      (i) the date on which it proposes the direction to take effect;

      (ii) the text of the direction and the Authority's reasons for proposing to issue the direction; and

(iii) the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to the Authority's proposal may be made; and

(b) consider any representations in response to the notice that are duly made and not withdrawn.

Condition 1B. Application of Section H

1. The standard conditions in Section H (in whole or in part) shall not have effect in this licence; and the licensee shall not be obliged to comply with the requirements of Section H (in whole or in part) of this licence until the Authority has issued to the licensee a direction in accordance with paragraph 2 of this condition.
2. The Authority may issue a direction (a "Section H (Payments Between the Licensee and the GB ISOP) Direction") to the licensee specifying that the standard conditions in Section H (in whole or in part) shall have effect within this licence from the date and to the extent specified in the direction.
3. The Authority may issue a direction to the licensee to vary the terms (as set out in the Section H (Payments Between the Licensee and the GB ISOP) Direction) under which Section G has (or its parts have) effect in this licence or to provide for Section H (or its parts) to cease to have effect in this licence.
4. The variation or cessation provided for in paragraph 3 of this condition shall take effect from the date specified in the variation or cessation direction issued to the licensee by the Authority.
5. With effect from the cessation referred to in paragraph 4 of this condition, paragraphs 2 to 4 of this condition shall be suspended and shall cease to have effect in this licence, in respect of Section H, to the extent specified in the cessation direction, but the Authority may at any time thereafter give to the licensee a notice ending the suspension and providing for those paragraphs again to have effect in the licence from the date specified in the notice.
6. Before issuing a direction under paragraphs 2 and 3 of this condition, the Authority will:
   (a) give notice to the licensee that it proposes to issue a direction specifying:
      (i) the date on which it proposes the direction to take effect;
      (ii) the text of the direction and the Authority's reasons for proposing to issue the direction; and

(iii) the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to the Authority's proposal may be made; and

(b) consider any representations in response to the notice that are duly made and not withdrawn.

Condition 2. Not used.

PART II – SECTION B: GENERAL

Condition 3. Compliance with codes

1. The licensee shall become a party to the BSC and the CUSC and shall comply with the provisions of the same in so far as applicable to it.

2. The licensee shall comply with the requirements of the Grid Code, Scottish grid code and the Distribution Code in so far as applicable to it.

3. The Authority may (following consultation with the relevant transmission licensee or licensed distributor or the GB ISOP, as appropriate responsible for such code and such other persons as the Authority considers appropriate) issue directions relieving the licensee of its obligations under paragraph 1 and/or paragraph 2 in respect of such parts of the BSC, CUSC, Grid Code, relevant Scottish grid code and/or Distribution Code, to such extent and subject to such conditions as may be specified in those directions.

4. 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.

5. Such cooperation 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 licensees ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the programme;

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.

6. In this condition:

"Distribution Code"	means any distribution code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) of a distribution licence and approved by the Authority and revised from time to time with the approval of the Authority
"distribution licence"	means a distribution licence as granted under section 6(1)(c) of the Act
"licensed distributor"	means a person who holds a distribution licence
"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 Retained 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 4. Provision of information to the Authority

1. Subject to paragraphs 2 and 4 below, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing**:**

   (a) the functions conferred on the Authority by or under the Act;

   (b) any functions transferred to or conferred on the Authority by or under the Utilities Act 2000;

   (c) any functions conferred on the Authority by or under the Energy Act 2004; and

   (d) any functions conferred on the Authority by or under the Regulation.

   The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of the Authority's functions under section 47 of the Act.

2. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of an electricity interconnector licence) that the Authority proposes to publish pursuant to section 48 of the Act.

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

4. The power of the Authority to call for information under paragraph 1 is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

Condition 5. Information regarding technical rules, operation and co-ordinated development

1. In order to promote effective competition and the efficient functioning of the energy market in Great Britain , if so directed by the Authority the licensee shall:

   (a) define the technical safety criteria and technical rules establishing the minimum technical design and operational requirements for connection by users to the interconnector. The technical rules shall ensure the interoperability of systems and be objective and non-discriminatory; and

   (b) publish the technical safety criteria and technical rules described in sub-paragraph (a) above, at least on its website.

2. To the extent not already published pursuant to paragraph 1 above, the licensee shall furnish to any relevant transmission licensee, any relevant distribution licensee, the GB ISOP, or any operator of an interconnected system, information concerning the operation and technical specifications of the licensee's interconnector in such manner and at such times as may reasonably:

   (a) be required by a relevant transmission licensee or relevant distribution licensee or the GB ISOP to enable it to comply with its obligations under its own licence or applicable industry codes;

   (b) be specified in directions issued from time to time by the Authority to the licensee for the purpose of sub-paragraph (a) above, having taken into consideration any representations made to the Authority by the licensee and any relevant transmission licensee or relevant distribution licensee or the GB ISOP, and in accordance with any conditions contained in such directions; or

   (c) be required by the operator of an interconnected system for the purposes of ensuring the secure and efficient operation of the interconnected system and its coordinated development and interoperability with the licensee's interconnector.

3. The licensee shall be entitled to refuse to disclose an item of information under paragraph 1, sub-paragraph 2(a) and/or sub-paragraph 2(c)on the grounds that its disclosure would seriously and prejudicially affect the commercial interests of the licensee unless and until the Authority, by notice in writing given to the licensee,

directs it to provide that item of information on the ground that provision thereof is necessary or expedient for the purpose mentioned in paragraph 1, sub-paragraph 2(a) and/or sub-paragraph 2(c).

4. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before the court.

5. Sub-paragraph 2(a) and 2(c) shall not apply in respect of any relevant transmission licensee, any relevant distribution licensee, the GB ISOP or any operator of an interconnected system which has not established, whether in pursuance of a licence condition or otherwise, effective arrangements designed to secure that information provided in pursuance of this condition is not communicated, directly or indirectly, to any electricity generator or electricity supplier.

6. In this condition:

"relevant distribution licensee"	means any distribution licensee to whose system the licensee's interconnector is connected
"relevant transmission licensee"	means any transmission licensee to whose system the licensee's interconnector is connected or with whom the licensee interfaces as a relevant system operator

Condition 6. Separation of accounts

1. The licensee shall, in their internal accounting, keep separate accounts for each of their electricity activities: interconnection; generation; transmission (in the instance of an integrated transmission system, this will also include interconnection activities); distribution; and supply activities as if such activities were carried out by separate undertakings, to avoid discrimination, cross-subsidisation and the distortion of competition between these activities.

Condition 7. Compulsory acquisition of land etc

1. The powers and rights conferred by or under the provisions of Schedule 3 to the Act (Compulsory Acquisition of Land etc. by Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which relate to:

   (a) the construction or extension of the licensee's interconnector; or

   (b) activities connected with the construction or extension of the licensee's interconnector or connected with the operation of the licensee's interconnector.

Condition 8. Other powers etc

1. The powers and rights conferred by or under the provisions of Schedule 4 to the Act (Other Powers etc. of Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which relate to:

   (a) the construction or extension of the licensee's interconnector; or

   (b) activities connected with the construction or extension of the licensee's interconnector or connected with the operation of the licensee's interconnector.

PART II – SECTION C: REVENUE

Condition 9. Use of revenues

Part A: Purpose

1. The purpose of this licence condition is to ensure appropriate use of revenues and to secure collection of specific accounting information to an appropriate degree of accuracy by the licensee to enable the Authority to review and approve the use of revenue resulting from the allocation of interconnector capacity.

Part B: Use of Revenues

2. The licensee shall use any revenues which it receives from the allocation of interconnector capacity in accordance with Article 19(2) and (3) of the Regulation.

Part C: Use of Revenues Statement

3. The licensee shall prepare and submit to the Authority a use of revenues statement, in such form as the Authority may from time to time direct.

    (a) guaranteeing the actual availability of the allocated capacity including firmness compensation, either on a physical or contractual basis;

    (b) network investment in maintaining or increasing interconnection capacities at an efficient level;

    (c) an income to be taken into account by regulatory authorities when approving the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified.

4. The use of revenues statement prepared by the licensee under this licence condition shall be submitted to the Authority annually by no later than 31 January.

5. The use of revenues statement must set out, in respect of the year ending on 31 December of the previous year:

    (a) the total amount of revenues the licensee has received from the allocation of interconnector capacity during that period;

(b) the use made of those revenues during that period pursuant to Article 19(2) and (3) of the Regulation;

(c) a statement verifying that, in the licensee's view, the actual use of revenues is in accordance with Article 19(2) and (3) of the Regulation, including the methodology developed pursuant to Article 19 (3) and (4) and giving reasons for that view; and

(d) any changes in approach or categorisation since the last submitted use of revenues statement.

Part D: Approval of Use of Revenues Statement

6. The use of revenues statement shall not be approved for the purposes of paragraph 1 unless and until the Authority has issued a direction approving the use of revenues statement, such direction to be issued without undue delay and in any event within 3 months of receipt of the use of revenues statement from the licensee, unless, prior to the expiry of that period, the Authority directs that the use of revenues statement is not approved. In the absence of any direction within 3 months of receipt of the use of revenues statement from the licensee, the use of revenues shall be deemed to be approved.

PART II – SECTION D: THIRD PARTY ACCESS

Condition 10. Charging methodology to apply to third party access to the licensee's interconnector

1. Unless otherwise determined by the Authority, the licensee shall only enter into agreements for access to the licensee's interconnector on the basis of the charging methodology last approved by the Authority.

Initial approval of charging methodology

2. The licensee shall, sufficiently in advance of new interconnector capacity becoming operational, or by such date as the Authority may direct in writing, prepare and submit for approval by the Authority, a charging methodology for access to (including use of) the licensee's interconnector. The licensee may, subject to the approval of the Authority, submit a statement which includes both the Access Rules and the charging methodology.

3. The charging methodology shall set out the methodologies for the calculation of any charges imposed for access to (including use of) the interconnector and/or the provision of ancillary services, and any payments made for access to (including use of), the interconnector, including:

    (a) charges levied by the licensee for the allocation of interconnector capacity, including but not limited to:

        (i) any charges for congestion management purposes, such as the non-use of nominated interconnector capacity; and

        (ii) any charges for the provision (including the provision to any relevant system operator) of ancillary services, including but not limited to balancing services;

    (b) payments made by the licensee for the provision of ancillary services provided by users or relevant system operators; and

    (c) payments made by the licensee to users for the loss of capacity in the event of being unable to make available interconnector capacity.

4. The charges and the application of the underlying charging methodology shall be objective, transparent, non-discriminatory and compliant with the Regulation and

any relevant legally binding decision of the European Commission and/or the Agency (collectively, the 'relevant charging methodology objectives').

5. Prior to submitting the charging methodology to the Authority for approval the licensee shall:

   (a) take all reasonable steps to ensure that all persons including those in member States who may have a direct interest in the charging methodology are consulted and allow them a period of not less than 28 days within which to make written representations; and

   (b) furnish to the Authority a report setting out:

      (i) the terms originally proposed in the charging methodology;

      (ii) the representations, if any, made by interested persons; and

      (iii) any change in the terms of the methodology intended as a consequence of such representations.

6. The licensee shall comply with any direction from the Authority to amend its charging methodology for the purposes of meeting the relevant charging methodology objectives, such direction to be issued without undue delay and in any event within three months of receipt of the charging methodology submitted by the licensee. Where the Authority directs changes to the charging methodology the licensee shall re-submit (by such date as may be determined by the Authority and notified to the licensee) it's charging methodology to the Authority for approval, and the provisions of paragraph 7 shall apply.

7. The charging methodology shall not be approved for the purposes of paragraph 1 unless and until the Authority has issued a direction approving the methodology on the basis that it meets the relevant charging methodology objectives, such direction to be issued without undue delay and in any event within three months of receipt of the charging methodology from the licensee, unless, prior to the expiry of that period, the Authority directs that the charging methodology is not approved. In the absence of any direction within three months of receipt of the charging methodology from the licensee, the charging methodology shall be deemed to be approved.

Provisional Charging Methodology

8. If the Authority does not approve the charging methodology submitted by the licensee, or the licensee does not submit a charging methodology for approval, the licensee shall comply with any provisional charging methodology which the Authority may, after giving reasonable notice to the licensee, fix for an interim period and the licensee shall ensure that any compensatory measures set by the Authority are put in place to compensate the licensee and/or users as the case may be if the approved charging methodology deviates from the provisional charging methodology.

Review of the charging methodology by the licensee

9. The licensee shall review its charging methodology at least once in each calendar year and, subject to paragraphs 11 to 14, make such modifications to the charging methodology as may be requisite for the purpose of ensuring that the charging methodology better achieves the relevant charging methodology objectives.

10. The licensee shall also review its charging methodology where the Authority so requests. Such review must have regard to any suggestions or comments made by the Authority on the licensee's charging methodology. The licensee shall complete any such review and provide the Authority with a report on the review within three months of the Authority's request. The licensee shall then, subject to paragraphs 11 to 14, make such modifications to the charging methodology as may be requisite for the purpose of better achieving the relevant charging methodology objectives.

Modification of charging methodology

11. Subject to paragraphs 13 and 14, the licensee shall not make a modification to the charging methodology unless the licensee has:

    (a) taken all reasonable steps to ensure that all persons, including those in member States, who may have a direct interest in the charging methodology, including the Authority, are consulted on the proposed modification and has allowed such persons a period of not less than 28 days within which to make written representations; and

    (b) furnished the Authority with a report setting out:

(i) the terms originally proposed for the modification;

(ii) the representations, if any, made by interested persons to the licensee;

(iii) any change in the terms of the modification intended in consequence of such representations;

(iv) how the intended modification better achieves the relevant charging methodology objectives; and

(v) a timetable for the implementation of the modification and the date with effect from which the modification (if made) is to take effect, such date being not earlier than the date on which the period referred to in paragraph 14 expires.

12. The licensee shall not propose a modification to the charging methodology more than once a year unless the Authority consents otherwise.

13. The licensee shall comply with any direction from the Authority to amend its proposed modification charging methodology for the purposes of meeting the relevant charging methodology objectives, such direction to be issued without undue delay and in any event within three months of receipt of the proposed modified charging methodology submitted by the licensee. Where the Authority directs changes to the proposed modified charging methodology the licensee shall re-submit (by such date as may be determined by the Authority and notified to the licensee) its proposed modified charging methodology to the Authority for approval and the provisions of paragraph 14 shall apply.

14. The proposed modified charging methodology shall not be approved for the purposes of paragraph 1 unless and until the Authority has issued a direction approving the proposed modified charging methodology on the basis that it meets the relevant charging methodology objectives, such direction to be issued without undue delay and in any event within three months of receipt of the proposed modified charging methodology from the licensee, unless prior to the expiry of that period, the Authority directs that the proposed modified charging methodology is not approved (in which case paragraph 8 shall apply). In the absence of any direction within three months of receipt of the proposed modified

charging methodology from the licensee, the proposed modified charging methodology shall be deemed to be approved.

Publication of charging methodology statement

15. The licensee shall publish (at least on its website) a charging methodology statement that sets out the prevailing charges for access to the licensee's interconnector and how the charges have been derived in accordance with its charging methodology, as soon as practicable after the charging methodology has been approved by the Authority, or, where the charging methodology has been modified, in accordance with any modified charging methodology. Unless the Authority directs otherwise, the charging methodology statement shall be published 28 days prior to it coming into effect.

Provision of charging methodology or charging methodology statement to any person

16. The licensee shall send a copy of its: charging methodology; charging methodology statement; and/or any proposed modification to the charging methodology proposed under paragraph 11, to any person who requests such charging methodology, charging methodology statement or proposed modification. The licensee may impose a reasonable charge upon a person who requests the sending of a charging methodology, charging methodology statement or any proposed modification. Such charge should be equivalent to the licensee's reasonable costs of meeting the request but shall not exceed the maximum amount specified in any directions that may be issued by the Authority for the purposes of this condition.

Where tariffs, and/or a tariff or charging methodology has been established or approved by a regulatory authority other than the Authority

17. Where the licensee's interconnector either:

    (a) forms part of an integrated transmission system and the tariffs and/or the tariff or charging methodology that applies to access to the licensee's interconnector have been established or approved by a regulatory authority and those tariffs and/or the tariff or charging methodology meet the relevant charging methodology objectives; or

(b) does not form part of an integrated transmission system and the tariffs and/or the tariff or charging methodology that applies to access to the licensee's interconnector have been established or approved by a regulatory authority and those tariffs and/or the tariff or charging methodology meet the relevant charging methodology objectives,

the Authority may issue a notice to the licensee that the establishment or approval by that regulatory authority meets the requirements of this licence condition. Such notice will constitute approval of a charging methodology for the purposes of this licence condition.

18. A notice issued under paragraph 17 will expire on the earlier of:

(a) the date, if any, provided for expiry in the notice, or

(b) the withdrawal of the notice by the Authority, such withdrawal being effective from the date specified by the Authority, such date being not less than four months after the Authority has informed the licensee that the notice will be withdrawn.

19. Where the Authority has issued a notice to the licensee under paragraph 17 and the tariffs, and/or tariff or charging methodology that have or has been established or approved by the regulatory authority have or has been modified, or is or are to be modified, the licensee shall furnish the Authority with a report setting out:

(a) the terms originally proposed for the modification;

(b) the representations, if any, made by any interested person to the licensee;

(c) any change in the terms of the modification intended in consequence of the representations;

(d) how the intended modification better achieves the relevant charging methodology objectives; and

(e) a timetable for the implementation of the modification and the date with effect from which the modification (if made) is to take effect.

20. Where the Authority has issued a notice to the licensee under paragraph 17, until that notice expires or is withdrawn by the Authority, paragraphs 2 and 5 to 15 of this condition do not apply to the licensee.

Agreements entered into before 1 July 2004 on the basis of a charging methodology that was approved by either the Authority or the European Commission

21. Paragraphs 2 and 5 to 15 of this licence condition do not apply to a contract for access to the licensee's interconnector that was entered into before 1 July 2004 and which:

    (a) was entered into on the basis of a charging methodology that had been approved by either the Authority or the European Commission; and

    (b) subject to paragraph 24, the Authority has given notice to the licensee that paragraphs 2 and 5 to 15 of this licence condition do not apply to such contract.

22. The licensee shall inform the Authority in writing of any proposed material changes to a contract which is the subject of a notice given under sub-paragraph 21(b). This information shall be furnished to the Authority at least 28 days before the proposed contractual variation becomes effective.

23. A notice given under sub-paragraph 21(b) may be given unconditionally or subject to such conditions as the Authority considers appropriate.

24. A notice given under sub-paragraph 21(b) may be withdrawn or revoked by the Authority in any of the following circumstances:

    (a) the Authority considers that such contract is operating in a manner which is detrimental to competition or the effective functioning of the electricity market in Great Britain, or the efficient functioning of the regulated system to which the licensee's interconnector is connected;

    (b) the licensee is found to be in breach of any national or European competition laws, such breach relating to the licensee's interconnector;

    (c) there is merger or acquisition activity in relation to or by the licensee that is detrimental to competition;

    (d) there is a material change to the contract terms which has not be approved by the Authority;

    (e) the contract is extended beyond its initial term;

(f) the licensee:

(i) has a receiver (which expression shall include an administrative receiver within the meaning of section 251 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed; or

(ii) has an administration order under section 8 of the Insolvency Act 1986 made in relation to it.

Provision of information to Authority in relation to the charging methodology

25. The licensee shall comply with any direction given by the Authority to furnish it with a statement showing, so far as is reasonably practicable, the methods by which, and the principles upon which, its charging methodology has been derived.

Condition 11. Requirement to offer terms for access to the licensee's interconnector

1. On the application of any person for access to the licensee's interconnector the licensee shall offer to enter into an agreement with such person for access to the licensee's interconnector.
2. The licensee shall not be in breach of this condition where there is a lack of capacity in respect of which to grant access to the licensee's interconnector.
3. Where the licensee refuses access on the grounds that it lacks the necessary capacity, duly substantiated reasons for such refusal, demonstrating that it is either not economic or not technically feasible to provide the capacity, must be given to both the person seeking access and to the Authority within 28 days of a refusal.
4. Where the licensee refuses access on the grounds that it lacks the necessary capacity and the person seeking access so requests, the licensee shall provide relevant information on measures that would be required to reinforce the network in order to provide that capacity. The licensee may impose a reasonable charge upon a person who requests such information. Such charge should be equivalent to the licensee's reasonable costs of meeting the request but shall not exceed the maximum amount specified in any direction issued by the Authority for the purposes of this condition.
5. Where the licensee considers that for reasons of confidentiality the licensee should not have to provide particular items of information to the person seeking access under paragraphs 3 or 4, the licensee may seek the consent of the Authority to limit the provision of information to that person.
6. A dispute arising from refusal of access on the grounds of lack of necessary capacity will be resolved in accordance with condition 14.
7. The licensee shall keep and maintain records for at least seven years, or the length of any concluded contract plus seven years (whichever is the longer in each case), detailing all access terms and conditions offered to any person (whether or not access is in fact granted or utilised) including details of the charges or tariffs and non-price terms and conditions of access offered.

Condition 11A. Approval of terms for access to the licensee's interconnector initial approval of access rules

1. The licensee shall, sufficiently in advance of new interconnector capacity becoming operational, or by such date as the Authority may direct in writing, prepare and submit for approval by the Authority a statement setting out the Access Rules. The licensee may, subject to the approval of the Authority, submit a statement which includes both the charging methodology and Access Rules.
2. In respect of interconnector capacity which was operational prior to 3 March 2011, and which has not been included in Access Rules submitted pursuant to paragraph 1, the licensee shall, by such date as the Authority may direct in writing, prepare and submit for approval by the Authority the Access Rules.
3. The Access Rules shall comply with the Regulation and must include, in particular, but not be limited to:
    (a) arrangements for maximising the available interconnector capacity, including: the methodology for the calculation of interconnector capacity, the netting of capacity of any power flows in the opposite direction over the interconnector, the volume of capacity offered on a firm basis and any additional capacity offered on an interruptible basis to maximise cross-border trade;
    (b) arrangements for users to obtain interconnector capacity at appropriate timescales, including, where relevant, the auction rules and procedures for nominating power flows against the capacity;
    (c) arrangements for the management of congestion, including procedures for the licensee to resell or make available to other users unused interconnector capacity and for users to transfer or resell interconnector capacity;
    (d) arrangements in the event that the licensee curtails, withdraws or is unable to provide available capacity;
    (e) arrangements for any ancillary services, such as balancing arrangements, including where users may offer ancillary services to assist with relevant system operator balancing; and
    (f) any general terms and conditions that a user must accept in order to obtain interconnector capacity.

4. The Access Rules shall be transparent, objective, non-discriminatory and compliant with the Regulation and any relevant legally binding decision of the European Commission and/or Agency (collectively 'the relevant access rules objectives').
5. Prior to submitting the Access Rules to the Authority for approval the licensee shall:
    (a) take all reasonable steps to ensure that all persons, including those in member States who may have a direct interest in the Access Rules, are consulted and allow them a period of not less than 28 days within which to make written representations; and
    (b) furnish to the Authority a report setting out:
        (i) the terms originally proposed in the Access Rules;
        (ii) the representations, if any, made by interested persons; and
        (iii) any change in the terms of the Access Rules intended as a consequence of such representations.
6. The licensee shall comply with any direction from the Authority to amend the Access Rules for the purposes of meeting the relevant access rules objectives, such direction to be issued without delay and in any event within three months of receipt of the Access Rules submitted by the licensee. Where the Authority directs changes to the Access Rules, the licensee shall re-submit (by such date as may be determined by the Authority and notified to the licensee) its Access Rules to the Authority for approval and the provisions of paragraph 7 shall apply.
7. The Access Rules shall not be approved unless and until the Authority has issued a direction approving the Access Rules on the basis that they meet the relevant access rules objectives, such direction to be issued without undue delay and in any event within three months of receipt of the Access Rules for the licensee, unless, prior to the expiry of that period, the Authority directs that the Access Rules are not approved. In the absence of any direction within three months of receipt of the Access Rules from the licensee, the Access Rules shall be deemed to be approved.

Review of the Access Rules by the licensee

8. The licensee shall review its Access Rules at least once in each calendar year and, subject to paragraphs 10 to 13, make such modifications to the Access Rules as

may be requisite for the purpose of ensuring that the Access Rules better achieve the relevant access rules objectives.

9. The licensee shall also review its Access Rules where the Authority so requests. Such review must have regard to any suggestions or comments made by the Authority on the licensee's Access Rules. The licensee shall complete any such review and provide the Authority with a report on the review within three months of the Authority's request. The licensee shall then, subject to paragraphs 10 to 13, make such modifications to the Access Rules as may be requisite for the purpose of better achieving the relevant access rules objectives.

Modification of Access Rules

10. Subject to paragraphs 12 and 13, the licensee shall not make a modification to the Access Rules unless the licensee has:
    (a) taken all reasonable steps to ensure that all persons who may have a direct interest in the Access Rules, including those in member States, are consulted on the proposed modification and has allowed such persons a period of not less than 28 days within which to make written representations; and
    (b) furnished the Authority with a report setting out:
        (i) the terms originally proposed for the modification;
        (ii) the representations, if any, made by interested persons to the licensee;
        (iii) any change in the terms of the modification intended in consequence of such representations;
        (iv) how the intended modification better achieves the relevant access rules objectives; and
        (v) a timetable for the implementation of the modification and the date with effect from which the modification (if made) is to take effect, such date being not earlier than the date on which the period referred to in paragraph 13 expires.
11. The licensee shall not propose a modification to the Access Rules more than once a year unless the Authority consents otherwise.

12. The licensee shall comply with any direction from the Authority to amend its proposed modified Access Rules for the purposes of meeting the relevant access rules objectives, such direction to be issued without undue delay and in any event within three months of receipt of the proposed modified Access Rules submitted by the licensee. Where the Authority directs changes to the proposed modified Access Rules, the licensee shall re-submit (by such date as may be determined by the Authority and notified to the licensee) its proposed modified Access Rules to the Authority for approval and the provisions of paragraph 13 shall apply.
13. The proposed modified Access Rules shall not be approved unless and until the Authority has issued a direction approving the proposed modified Access Rules on the basis that they meet the relevant access rules objectives, such direction to be issued without undue delay and in any event within three months of receipt of the proposed modified Access Rules from the licensee unless, prior to the expiry of that period, the Authority directs that the proposed modified Access Rules are not approved. In the absence of any direction within three months of receipt of the proposed modified Access Rules from the licensee, the proposed modified Access Rules shall be deemed to be approved.

Publication of Access Rules

14. The licensee shall publish (at least on its website) the Access Rules as soon as practicable after the Access Rules have been approved by the Authority, or, where the Access Rules have been modified, the Access Rules as modified. Unless the Authority directs otherwise, the Access Rules shall be published 28 days prior to coming into effect.

Provision of Access Rules to any person

15. The licensee shall send a copy of its Access Rules and/or any proposed modification to the Access Rules proposed under paragraph 10, to any person who requests such Access Rules or proposed modification. The licensee may impose a reasonable charge upon a person who requests the sending of the Access Rules or any proposed modification. Such charge should be equivalent to the licensee's reasonable costs of meeting the request but shall not exceed the maximum amount specified in any directions that may be issued by the Authority for the purposes of this condition.

Condition 12. Application of licence conditions 9, 10 and 11: Exemption orders

1. In accordance with this licence condition, licence conditions 9, 10 and 11 ('the relevant conditions') may:

   (a) not have effect in this licence;

   (b) be suspended from operation in this licence;

   (c) be brought into, (where the licence condition did not have effect) or back into operation (where the licence condition was suspended from operation), in this licence.

2. On the application of the licensee in accordance with paragraph 3, the Authority must (either before, at the same time, or after this licence has been granted to the licensee) issue an exemption order providing that any or all of the relevant conditions may not have effect or are suspended from operation, or (where the licence has not yet been granted) will not be in effect or will be suspended from operation, where the Authority is satisfied that it has complied with the requirements placed on the Authority by Article 63 of the Regulation and in the issuing of the exemption order is otherwise compliant with that Article.

3. A licensee may make a request in writing to the Authority for the Authority to issue an exemption order such that any or all of the relevant conditions do not have effect or are suspended from operation. The request shall specify the relevant conditions to which the request relates and must set out all relevant information that would allow the Authority to determine whether such an exemption order should be issued given the matters of which the Authority must be satisfied before issuing an exemption order, as set out in paragraph 1 of Article 63 of the Regulation. The request shall include the Access Rules for approval by the Authority in accordance with paragraph 9 below, which Access Rules shall comply with paragraphs 3 and 4 of licence condition 11A, and prior to submitting the Access Rules for approval, the licensee shall comply with paragraph 5 of licence condition 11A.

4. An exemption order shall be in writing and may be expressed:

   (a) so as to have effect or for a period specified in, or determined under the exemption;

(b) subject to such conditions as the Authority considers appropriate including any conditions regarding non-discriminatory access to the interconnector to which the exemption relates;

(c) so as to have effect in relation to the whole or any part of, as the case may be:

(i) the capacity of the new interconnector;

(ii) the significant increase in the capacity of the licensee's interconnector.

5. An exemption order issued under paragraph 2 may be revoked in accordance with its provisions.

6. An application made under paragraph 3 may relate to a new interconnector or to a part of an interconnector in so far as that part represents a significant increase of capacity to that interconnector.

7. An exemption order will not be made until the Authority has approved the Access Rules.

8. The licensee shall comply with any direction from the Authority to amend the Access Rules submitted pursuant to paragraph 3 above, for the purposes of meeting the relevant access rules objectives and the requirements of paragraph 10 below, such direction to be issued without undue delay and in any even within three months of receipt of the Access Rules submitted by the licensee. Where the Authority directs changes to the Access Rules, the licensee shall re-submit (by such date as may be determined by the Authority and notified to the licensee) its Access Rules to the Authority for approval and the provisions of paragraph 9 shall apply.

9. The Access Rules shall not be approved for the purposes of paragraph 7 unless and until the Authority has issued a direction approving the Access Rules on the basis that they meet the relevant access rules objectives and the requirements of paragraph 10 below, such direction to be issued without undue delay and in any event within three months of receipt of the Access Rules from the licensee unless, prior to the expiry of that period, the Authority directs that the Access Rules are

not approved. In the absence of any direction within three months of receipt of the Access Rules from the licensee, the Access Rules shall be deemed to be approved.

10. The requirements of this paragraph are that the Authority considers that the Access Rules:

    (a) will require that any unused capacity in the exempt infrastructure is made available to other users or potential users;

    (b) will not restrict reselling of rights to have electricity transmitted through the exempt infrastructure.

11. In this licence condition:

"new interconnector"	means an interconnector not completed by 4 August 2003

Condition 13 - Not Used

Condition 14. Dispute resolution

1. Upon the application of any person who wishes to dispute the tariffs or Access Rules offered to that person in respect of access to the licensee's interconnector (including a refusal by the licensee to offer access on the grounds that insufficient capacity is available), the Authority may, pursuant to section 7(3)(c) of the Act, settle any terms of the agreement in dispute between the licensee and that person or persons (as the case may be) in such manner as it appears to the Authority to be reasonable.

PART II – SECTION E: BRITISH ELECTRICITY TRADING AND TRANSMISSION ARRANGEMENTS

Condition 15. Definitions

In this section:

"BETTA"	means the British electricity trading and transmission arrangements which are provided for in Chapter 1 of Part 3 of the Energy Act 2004
"BETTA go-live date"	means the date which the Secretary of State indicates in a direction shall be the BETTA go-live date
"British Grid Systems Agreement"	means the agreement known as the British Grid Systems agreement and made between The National Grid Company plc, Scottish Hydro-Electric Plc and Scottish Power Plc and dated 30 March 1990, as amended or modified from time to time
"Code"	means any or all of the CUSC, BSC, Grid Code, STC and any Scottish grid code as the context requires
"Electricity System Operator Licence"	means a licence granted or treated as granted under section 6(1)(da) of the Act
"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 GB ISOP, within Great Britain and used for the transmission of electricity from one generating station to a

sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee or the GB ISOP within Great Britain in connection with the transmission of electricity

"interconnection"	means:

the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the associated switchgear at Strathaven sub-station in Lanarkshire;

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

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

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

	interconnection capacities as they exist immediately prior to such alteration, modification or addition and as from time to time maintained, repaired or renewed; and the 132kV transmission circuit between and including (and directly connecting) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria, and the 132kV transmission circuit between and including (and connecting, via Junction V) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria, all as existing at the date on which the transmission licence of each existing Scottish licensee comes into force and as from time to time maintained, repaired or renewed
"interconnector"	means the electric lines and electrical plant and meters used solely for the transfer of electricity to or from the GB transmission system into or out of Great Britain
"licensee's transmission system"	means those parts of the GB transmission system which are owned or operated by the GB ISOP or a transmission licensee within its transmission area
"non-GB trading and transmission arrangements"	means those arrangements for, amongst other things, the separate trading or transmission of electricity in Scotland, the

	separate trading or transmission of electricity in England and Wales and the trading or transmission of electricity between England and Wales (taken as a whole) and Scotland which are defined and governed by, amongst other things, the relevant documents
"relevant documents"	means the documents which relate to the non-GB trading and transmission arrangements, including, without limitation: (a) the Settlement Agreement for Scotland; (b) the British Grid System Agreement; (c) the System Operation Agreement; and (d) any agreement relating to: (i) the establishment of, operation of, or trading of electricity across the Scottish interconnection; (ii) the use of or connection to the Scottish interconnection; and (iii) the use of, or connection to, a distribution or a licensee's transmission system in Scotland
"running-off"	means bringing to an end
"Scottish interconnection"	means such part of the interconnection as is situated in Scotland
"Scottish licensee"	means the holder of a transmission licence at the date that this condition takes effect in this licence

"Settlement Agreement for Scotland"	means the agreement of that title, as nominated by the Authority for the purposes of this condition, to be prepared in accordance with and comprise such matters as are set out in special condition I (The Settlement Agreement for Scotland) in each of the electricity distribution licences of SP Distribution Limited, and Scottish Hydro-Electric Power Distribution Limited (and any other name by which any of these companies come to be known)
"STC"	means the system operator – transmission owner code required to be in place pursuant to the transmission licence granted to the transmission licensees, as from time to time modified
"System Operation Agreement"	means the agreement known as the System Operation agreement and made between Scottish Hydro-Electric Plc and Scottish Power Plc and dated 1 June 1990, as amended or modified from time to time
"GB 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

"transition period"	means the period commencing on 1 September 2004 and ending on the BETTA go-live date

Condition 16. BETTA implementation

1. The objective of this licence condition is to require the licensee to take certain steps and do certain things which are within its power and which are or may be necessary or expedient in order that BETTA can take effect on or around 1 April 2005 or such later date as the Secretary of State may designate as the BETTA go-live date.

2. Without prejudice to paragraph 1, the licensee shall take such steps and do such things as are within its power and as are or may be necessary or expedient in order to give full and timely effect:

   (a) to the modifications to this licence made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) and which have effect in this licence;

   (b) to the extent that the licensee is obliged to comply with the same by virtue of being a party to such code or otherwise and to the extent that such changes have full effect in such code, to the modifications or amendments to:

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

      (ii) the BSC, CUSC, or Grid Codewhich are directed by the Authority pursuant to the provisions of the following paragraphs of the licence conditions of the electricity system operator licence: paragraph E1.14 of condition E1 (Balancing and Settlement Code (BSC)), paragraph E2.24 of condition E2 (Connection and Use of System Code (CUSC)), paragraph E3.21 of condition E3 (Grid Code), respectively. Or any Scottish grid code which is directed by the Authority pursuant to the provisions of paragraph 6 of

standard condition D9 (Licensee's grid code) of the transmission licences, respectively;

and shall, in each case, take such reasonable steps and do such things as are reasonable and, in each case, as are within its power and as are or may be necessary or expedient to give full and timely effect to the matters envisaged by such modifications or amendments.

3. Without prejudice to paragraph 1, the licensee shall take all reasonable steps and do such things as are reasonable and, in each case, as are within its power and as are or may be necessary in order to give full and timely effect to:

(a) the modifications to this licence which either the Secretary of State has notified to the licensee are to be made to this licence pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or which the licensee otherwise knows (or reasonably anticipates) are to be made to this licence, but which, at the relevant time, do not have effect in this licence; and

(b) the modifications or amendments:

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

(ii) to the BSC, CUSC, Grid Code which are directed by the Authority pursuant to the provisions of the following paragraphs of the licence conditions of the electricity system operator licence: paragraph E1.14 of condition E1 (Balancing and Settlement Code (BSC)), paragraph E2.24 of condition E2 (Connection and Use of System Code (CUSC)), paragraph E3.21 of condition E3 (Grid Code), respectively. Or any Scottish grid code which is directed by the Authority pursuant to the provisions of paragraph 6 of standard condition D9 (Licensee's grid code) of the transmission licences, respectively or which the

licensee otherwise knows (or reasonably anticipates) are to be directed by the Authority pursuant to such provisions,

but which, in either case, do not, at the relevant time, have full effect in the relevant code and shall, in each case, take such reasonable steps and do such things as are reasonable and, in each case, as are within its power and as are or may be necessary or expedient to give full and timely effect to the matters envisaged by such modifications or amendments.

4. Without prejudice to the other provisions of this condition, the licensee shall:

(a) cooperate with other electricity licensees and such other persons as the Authority may determine for these purposes and take such steps and do such things as are reasonable and within its power and as are or may be necessary or expedient to enable such electricity licensees to comply with their licence obligations to give full and timely effect to:

(i) the modifications made or to be made to their licence by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);

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

(iii) the modifications or amendments to the STC, BSC, CUSC, Grid Code which are directed by the Authority pursuant to the following provisions of the conditions of the electricity system operator licence: paragraph E4.22 of condition E4 (System Operator-Transmission Owner Code (STC)), paragraph E1.14 of condition E1 (Balancing and Settlement Code (BSC)), paragraph E2.24 of condition E2 (Connection and Use of System Code (CUSC)), paragraph E3.21 of condition E3 (Grid Code), respectively. Or any

Scottish grid code which is directed by the Authority pursuant to the provisions of paragraph 6 of standard condition D9 (Licensee's grid code) of the transmission licences; and

(iv) where that other licensee is a transmission licensee or the GB ISOP, the provisions of the STC, and

the matters envisaged by such modifications and the provisions of the STC, as appropriate, and

(b) if the licensee becomes aware of any conflict between its compliance with the provisions of this condition and its compliance with any other condition of this licence or any Code, document or agreement to which the licensee is obliged to be or become a party pursuant to this licence, the licensee shall forthwith give written notice of such conflict to the Authority and shall comply with any direction of the Authority in relation to the same (which direction may only be made following such consultation with the licensee (and such other persons as the Authority deems appropriate) in such manner as the Authority deems appropriate).

5. The licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the licensee's compliance with the requirements of this condition.

6. For the purposes of sub-paragraph 2(b) and paragraph 3 above, a modification or amendment shall have full effect in a code where that modification or amendment, as appropriate, has been implemented and is effective in that code and is not prevented from having effect or being implemented in that code, at the relevant time, by another provision of that code.

7. This condition shall cease to have effect on and from the BETTA go-live date.

Condition 17. BETTA run-off arrangements scheme

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

2. For the purposes of this condition, the objective of the scheme shall be the running-off of the non-GB trading and transmission arrangements to the extent that the Authority considers it necessary or expedient to do so to ensure that those arrangements do not prevent or in any way hinder the successful and effective implementation of:

   (a) the modifications to this licence and each other licence made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);

   (b) the modifications or amendments to:

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

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

paragraph 6 of standard condition D9 (Licensee's grid code) which applied during the transition period, respectively; and,

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

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

3. The scheme shall be designated by the Secretary of State for the purposes of this condition, following such consultation as the Secretary of State deems appropriate with those persons that the Secretary of State considers are likely to be affected by the scheme and such other persons as the Secretary of State deems appropriate.

4. The scheme shall set out the steps to be taken (or procured) by the licensee or by any authorised electricity operator or by any other person who undertakes to comply with the scheme, which are, in the opinion of the Secretary of State or, in respect of any subsequent changes made to the scheme by the Authority pursuant to paragraph 6 below, in the opinion of the Authority, reasonably required in order to achieve the objective described in paragraph 2.

5. The scheme may provide, without limitation:

   (a) for all or some of its provisions to have contractual force;

   (b) for securing or facilitating the amendment of all or any of the relevant documents in a manner which is consistent with the objective described in paragraph 2; and

   (c) for the making by the Authority of determinations in respect of such matters affecting such persons, including the licensee, as may be specified in the scheme.

6. The Authority may (with the consent of the Secretary of State) direct that the scheme be amended (following such consultation as the Authority deems appropriate with those persons that the Authority considers are likely to be affected by such an amendment) where the Authority considers it necessary or

expedient to do so for the purposes of achieving the objective described in paragraph 2.

7. The Authority shall serve a copy of any such direction on the licensee, and thereupon, the licensee shall comply with the scheme as modified by the direction.

8. If the licensee becomes aware of any conflict between the requirements contained in the scheme and those imposed on the licensee by any other condition of this licence, the licensee shall forthwith give notice of such conflict to the Authority and shall comply with any direction of the Authority in relation to the same (which direction may only be made following such consultation with the licensee (and such other persons as the Authority deems appropriate) in such manner as the Authority deems appropriate).

9. The Authority may not make any direction under paragraph 6 of this condition after the BETTA go-live date.

Condition 18. Not used Not used

PART II - SECTION F: OTHER PROVISIONS

Condition 19. Operation and development of the interconnector

1. The licensee shall at all times act in a manner calculated to secure that it has available to it such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licenses, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:

    (a) to properly and efficiently participate in the operation of the interconnector; and

    (b) to comply in all respects with its obligations under this licence, the Act, the Regulation and any other legislation as the Authority may direct from time to time for the purposes of this licence condition.

2. The licensee shall operate, maintain and develop an economic, efficient, secure and reliable interconnector.

3. The licensee shall ensure adequate interconnector capacity and interconnector reliability to ensure the long-term ability of the interconnector to meet reasonable demands for capacity and contribute to security of supply.

4. The licensee shall manage electricity flows on the licensee's interconnector, taking into account exchanges with any interconnected system and shall ensure the availability of all ancillary services including those provided by demand response, insofar as such availability is independent from an interconnected system.

5. The licensee must not own, develop, manage or operate an electricity storage facility, except where the licensee owns or operates an electricity storage facility which is situated on the same site as the licensee's interconnector for the purpose of continuity of supply and system resilience, and the electricity storage facility is not used to buy or sell electricity in the electricity markets.

6. In this condition:

"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 storage" means the conversion of electrical energy into a form of energy that can be stored, the storing of that energy, and the subsequent reconversion of that energy back into electrical energy;

"electricity storage facility" means a facility where electricity storage occurs; and

"system resilience" means the ability to avoid, adapt to, and quickly and efficiently recover from potential or actual disturbance in the supply of electricity.

Condition 20. Prohibition of discrimination and cross-subsidies

1. The licensee shall not discriminate between users or classes of users particularly in favour of a related undertaking of the licensee.
2. The licensee shall not give any cross-subsidy to, or receive any cross subsidy from, any entity which is related undertaking of the licensee and which carries out one or more of the following electricity activities: supply and distribution.

Condition 21. General provisions on disclosure of information

1. Save to the extent otherwise provided in this or any other licence condition, or required by any other legal duty to disclose, the licensee shall not disclose commercially sensitive information which it has obtained in the course of carrying out its activities.
2. The licensee shall not disclose information about its own activities, which may be commercially advantageous in respect of supply or generation activities, in a discriminatory manner save where this is necessary for carrying out a business transaction.
3. Paragraph 1 above shall not prohibit disclosure by the licensee to any related undertaking which either holds a transmission licence or is the relevant system operator (being a transmission system operator) for an interconnected system.
4. Without limiting the generality of paragraphs 1 to 3 of this licence condition, the licensee shall not, in the context of sales or purchases of electricity by related undertakings, misuse commercially sensitive information obtained from third parties in the context of providing or negotiating access to the licensee's interconnector.

Condition 22. Notification of changes that may affect eligibility for certification

1. Where the licensee has made or makes an application for certification under section 10B of the Act, if at any time prior to the Authority notifying the licensee of its certification decision under section 10D(4) of the Act the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.

2. Where the licensee has been certified, if at any time the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.

3. If at any time the licensee knows or reasonably should know that, on or after IP completion day, any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee is or may become a person from a country outside the United Kingdom has or may take control of the licensee, the licensee shall as soon as reasonably practicable notify the Authority in writing.

4. If at any time from the relevant date the licensee exercises or is likely to exercise any shareholder right or right of appointment in the circumstances described in section 10M of the Act, the licensee shall as soon as is reasonably practicable notify the Authority in writing of the right that has been or is likely to be exercised and the effect of exercising that right.

5. Where the licensee has been certified, by 31 July of each year flowing certification the licensee shall provide the Authority with a written declaration, approved by a resolution of the board of directors of t he licensee and signed by a director of the licensee pursuant to that resolution, setting out:

(a) Whether any event or circumstance has occurred in the previous 12 month period, or such part of that 12 month period since the licensee was certified, that may affect the licensee's eligibility for certification, and if so, the reasons it considers that the event or circumstance may affect its eligibility for certification;

(b) Whether, on or after IP completion day, any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee has become a person from a country outside the United Kingdom, or that a Person from outside the United Kingdom has taken control of the licensee, in the previous 12 month period or such part of that 12 month period since the licensee was certified; and

(c) Whether the licensee has exercised any shareholder right or right of appointment in the circumstances described in section 10M of the Act in the previous 12 month period or such part of that 12 month period since the licensee was certified and if so the effect of exercising that right, providing that the licensee is only required to provide a written declaration under this paragraph (c) where it has been certified on the certification ground in section 10E(3) of the Act and in relation to a period that occurs after the relevant date.

6. In this condition:

"certified" has the same meaning as in section 10O of the Act

"control" has the same meaning as in section 10O of the Act

"person from a country outside the United Kingdom" has the same meaning as in section 10O of the Act

"relevant date" has the same meaning as in section 10M of the Act

"shareholder right" has the same meaning as in section 10O of t he Act

Condition 23. Regional Cooperation

1. [not in use]

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PART II - SECTION G: CAP AND FLOOR CONDITIONS

Condition 24. Definitions

1. In this Section G unless the context otherwise requires:

"Relevant Year"	has the meaning given to that term in special condition 1 (Definitions and interpretation) of this licence.
"Relevant Year *t*"	has the meaning given to that term in special condition 1 (Definitions and interpretation) of this licence.

Condition 25. Cap and Floor Regulatory Instructions and Guidance

Introduction

1. The purpose of this condition is to set out the scope, contents, and common governance arrangements for the Cap and Floor Regulatory Instructions and Guidance ("Cap and Floor RIGs") issued by the Authority pursuant to this condition.

2. The Cap and Floor RIGs are the primary means by which the Authority directs the licensee to collect Specified Information to an appropriate degree of accuracy and provide this information to the Authority to enable it to effectively monitor the costs and revenue during the development, construction, operation, maintenance and decommissioning of the licensee's interconnector.

Part A: Licensee's obligations under this condition

3. Unless and so far as the Authority otherwise consents, the licensee must establish and maintain appropriate systems, processes, and procedures to enable it:

   (a) to estimate, measure, and record the Specified Information detailed in the Cap and Floor RIGs for the time being in force pursuant to this condition; and

   (b) to provide the Specified Information to the Authority in respect of such periods and within such timeframes as are specified in the Cap and Floor RIGs.

4. To facilitate compliance with paragraph 3 of this condition, the accounting records and other records kept by the licensee with respect to the Specified Information must 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.

5. The licensee shall:

   (a) maintain all systems of control and other governance arrangements that ensure the information collected and reported to the Authority is in all material respects accurate and complete and is fairly presented and that all such systems of control and other governance arrangements are kept under

regular review by the directors of the licensee with a view to ensuring that they remain effective for this purpose; and

(b) provide all such assistance as may be reasonably required to permit the Authority to review such systems from time to time.

6. The licensee shall notify the Authority immediately if it discovers errors in the information or calculations used to derive the information submitted to the Authority under this licence condition.

Part B: Scope and content of the Cap and Floor RIGs

7. Subject to paragraphs 8 and 9 of this condition, the matters that may be included, or for which provision may be made, in the Cap and Floor RIGs are:

(a) instructions and guidance on the establishment and maintenance of systems, processes, procedures, and ways for recording and providing Specified Information;

(b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such information);

(c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;

(d) the methodology for calculating or deriving numbers comprising Specified Information;

(e) provision with respect to the meaning of words and phrases used in defining Specified Information;

(f) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;

(g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority;

(h) requirements as to which (if any) of the Specified Information is to be subject to audit, the terms on which an auditor is to be appointed by the

licensee for that purpose, and the nature of the audit to be carried out by that person;

(i) requirements as to the circumstances in which the Authority may appoint an Examiner to examine the recording of the Specified Information by the licensee;

(j) a statement on whether and to what extent each category of the Specified Information is required for the purposes of the Cap and Floor RIGs; and

(k) provision about how the Authority intends to monitor, assess, and enforce compliance with the Cap and Floor RIGs (as to which, see also Part E of this condition).

8. The provisions of the Cap and Floor RIGs will not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions.

9. No Specified Information may exceed what could be requested from the licensee by the Authority under paragraph 1 of standard condition 4 (Provision of information to the Authority).

Part C: Development and modification of the Cap and Floor RIGs

10. The Authority may issue new Cap and Floor RIGs and may modify any existing Cap and Floor RIGs by issuing a direction for that purpose to all licensees in whose licence this condition has effect.

11. The Specified Information collected in relation to each Relevant Year must be reported, according to the relevant reporting requirements provided for in this condition and Cap and Floor RIGs, by no later than 3 months following the end of that Relevant Year, unless the Authority consents to alternative arrangements or unless the licensee is notified otherwise by the Authority.

12. Before issuing a direction under paragraph 10, the Authority will:

(a) give notice to all licensees in whose licence this condition has effect that it proposes to issue new Cap and Floor RIGs or to modify the existing Cap and Floor RIGs specifying:

(i) the date on which it proposes that the provisions of the Cap and Floor RIGs to be issued or modified should take effect;

(ii) the text of the Cap and Floor RIGs to be issued or modified and the Authority's reasons for proposing to issue or modify them; and

(iii) the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to the Authority's proposal may be made; and

(b) consider any representations in response to the notice that are duly made and not withdrawn.

13. The requirements for the issuing of new Cap and Floor RIGs or modification of existing Cap and Floor RIGs set out in paragraph 12 of this condition may be satisfied by actions taken by the Authority before as well as after the coming into effect of this condition.

Part D: Requirements for new or more detailed information

14. This Part D applies if any new Cap and Floor RIGs or modification of existing Cap and Floor RIGs have the effect of introducing a requirement to provide:

(a) a new category of Specified Information; or

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

15. Where this Part D applies, the licensee may provide estimates to the Authority in respect of the relevant category of Specified Information for any Relevant Year specified by the Authority.

16. The estimates that are mentioned in paragraph 15 of this condition 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 Cap and Floor RIGs

17. The licensee must at all times comply with the provisions of the Cap and Floor RIGs for the time being in force pursuant to this condition.

18. 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: Interconnector-specific variations to the Cap and Floor RIGs

19. Where the Authority and the licensee agree on the need to modify the Cap and Floor RIGs, established under Part D of this condition, in order to:

    (a) reflect the specific circumstances of the licensee's interconnector; and
    (b) facilitate the effective monitoring of costs and revenue during the development, construction, operation, maintenance and decommissioning of the licensee's interconnector,

    such modifications may be made by the Authority, without following the process described in Part C of this condition, after bilateral consultation with the licensee.

20. Where the licensee and the Authority cannot reach agreement on the need for modifications under this Part F, such modifications may only be made by means of a direction, after the Authority has conducted a consultation with the licensee and such other interested parties as it considers appropriate (for a period of not less than 28 days) and considered any representations in response to that consultation that are duly made and not withdrawn.

21. Any modifications made pursuant to this Part F shall only apply to the Cap and Floor RIGs utilised by the relevant licensee.

Part G: Interpretation

22. For the purposes of this condition:

"Examiner"	means, in relation to the Cap and Floor RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the Cap and Floor RIGs will enable him to properly carry out and complete the tasks required of him under the terms of his

	nomination by the Authority pursuant to the provisions of the Cap and Floor RIGs.
"Specified Information"	means information (or a category of information) that is so described or defined in the Cap and Floor RIGs.

Condition 26. Provision of information to the GB ISOP

1. The purpose of this condition is to set out when the licensee shall provide estimates of the value of the Interconnector Cap And Floor Revenue Adjustment term (ICF_t) to the GB ISOP and the Authority.

2. In the first TNUoS Reporting Relevant Year of the Regime Duration, the licensee shall as soon as reasonably practicable,

   (a) notify the GB ISOP of its best estimate for the value of ICF_t in respect of that TNUoS Reporting Relevant Year; and

   (b) notify the GB ISOP of its best estimate for the value of ICF_{t+1}; where:

   ICF_t is means the total payment in the TNUoS Reporting Relevant Year *t* to be made between the licensee and the GB ISOP, pursuant to and calculated in accordance with, the special conditions of the relevant licensee's electricity interconnector licence.

3. In each Relevant Year subsequent to the first TNUoS Reporting Relevant Year of the Regime Duration, the licensee shall, on or before the date specified in the CUSC:

   (a) notify the GB ISOP of its latest best estimate for the value of ICF_t; and

   (b) notify the GB ISOP of its latest best estimate for the value of ICF_{t+1}.

4. The licensee shall, at all times, keep under review the estimates notified to the GB ISOP pursuant to paragraphs 2 or 3. If at any time, the licensee reasonably considers that the values of ICF_t and/or ICF_{t+1}, notified to the GB ISOP will be materially different from the estimates previously notified to the GB ISOP, the licensee shall notify the GB ISOP of the revised values for ICF_t and/or ICF_{t+1} as soon as reasonably practicable.

5. In each TNUoS Reporting Relevant Year subsequent to the first TNUoS Reporting Relevant Year of the Regime Duration, the licensee shall on or before the date specified in the CUSC (or such later date as the Authority may direct), provide a statement to the Authority specifying:

(a) the values of ICF_t and ICF_{t+1} notified to the GB ISOP in the TNUoS Reporting Relevant Year *t-1* in accordance with paragraph 2 or paragraph 3 of this condition; and

(b) any revised values of ICF_t and ICF_{t+1} notified to the GB ISOP in the TNUoS Reporting Relevant Year *t-1* in accordance with paragraph 4 of this condition.

6. For the purposes of this condition:

"Regime Duration"	has the meaning given to that term in Special Condition 1 (Definitions and Interpretation) of this licence
"TNUoS Reporting Relevant Year"	means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year
"TNUoS Reporting Relevant Year *t*"	means that TNUoS Reporting Relevant Year for the purposes of which any calculation falls to be made
"TNUoS Reporting Relevant Year *t-1*"	means the TNUoS Reporting Relevant Year immediately preceding TNUoS Reporting Relevant Year *t* and similar expressions shall be construed accordingly.

Condition 26A. Delay to Regime Start Date caused by Pre-Operational Force Majeure

1. The purpose of this condition is to set out the provisions that apply in circumstances where the licensee considers that the Regime Start Date has been delayed due to Pre-operational Force Majeure.
2. If the licensee considers that an event or circumstance of Pre-operational Force Majeure has occurred and caused a delay to the Regime Start Date, the licensee may, within a reasonable timeframe of that event or circumstance occurring, submit a written request to the Authority for the Regime Start Date to be adjusted to reflect the delay caused by that event or circumstance of Pre-operational Force Majeure.
3. Any request made by the licensee under paragraph 2 of this condition shall include:
   (a) the particulars of the event or circumstance to which the request relates and the reason(s) why the licensee considers it to be an event or circumstance of Pre-Operational Force Majeure;
   (b) the length of any resulting delay that the licensee considers to have been caused as a consequence of that event or circumstance;
   (c) how this resulting delay has been calculated; and
   (d) any analysis or information, which the licensee considers sufficient to enable the Authority to fully assess the event or circumstance to which the request relates.
4. For the purposes of paragraph 3(c) of this condition, where any additional analysis or information is not available to the licensee at the time of the request, the licensee shall:
   (a) specify any such additional analysis or information items in its request together with an indication of when the licensee expects the specified items to become available; and
   (b) provide these items as soon as reasonably practicable after they become available.
5. The licensee must provide the Authority, within a reasonable timeframe, as specified by the Authority, with any additional information that the Authority may reasonably require for the purposes of the Authority's consideration under this condition.
6. If, in the Authority's opinion, the Regime Start Date:
   (a) has been delayed by an event or circumstance of Pre-operational Force Majeure and such event or circumstance has been appropriately mitigated

and managed by the licensee, the Regime Start Date shall fall on such later date as the Authority may specify in a direction; or

(b) has not been delayed by an event or circumstance of Pre-operational Force Majeure, the Authority shall confirm by a direction that the Regime Start Date shall continue to fall on the earlier of the dates specified in the Special Conditions of this Licence.

7. Before issuing a direction under paragraph 6 of this condition, the Authority shall give notice to the licensee that it proposes to issue a direction, specifying:

(a) where paragraph 6(a) applies:

(i) the length of any delay that, in the Authority's opinion, was caused by an event or circumstance of Pre-Operational Force Majeure; and

(ii) a revised Regime Start Date that takes any such delay into account; or

(b) where paragraph 6(b) applies, that the Regime Start Date shall continue to fall on the earlier of the dates specified in the Special Conditions of this Licence;

(c) the Authority's reasons for proposing to issue the direction under paragraph 6(a) or 6(b);

(d) specifying the period (not being less than 14 days from the date of the notice, or such other period as may be agreed in writing between the licensee and the Authority) within which the licensee may make representations or objections.

8. Before issuing a direction under paragraph 6(a) or (b) the Authority shall consider representations or objections raised by the licensee.

9. The direction issued under paragraph 6(a) or (b) shall state the reasons for the Authority's decision.

10. The Authority shall issue a direction under paragraph 6 of this condition as soon as reasonably practicable after receipt of all necessary information that the Authority may reasonably require.

11. For the purposes of this condition:

Pre-Operational Force Majeure	means (a) an event or circumstance which is beyond the reasonable control of the licensee, including act of God, act of the public enemy, strike, lockout and other industrial disturbance, war declared or undeclared, threat of war, terrorist act (or threat of), blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism,

governmental restraint, provided that lack of funds of the licensee ~~or performance or non-performance by an electricity transmission licensee or equivalent entity~~ shall not be interpreted as a cause beyond the reasonable control of the licensee and provided that weather and ground conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of the licensee; and

(b) where such event or circumstance has occurred or commenced between:

(i) the date of the Authority's Initial Project Assessment Decision with respect to the licensee's Interconnector; and

(ii) the successful completion of such procedures and tests in relation to the licensee's Interconnector that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee's Interconnector is available for the use of conveyance of electricity at the Rated Capacity

Regime Start Date	means (a) the Regime Start Date as defined in the Special Conditions of this Licence; or (b) such later date as may be specified by the Authority in a direction issued under paragraph 6 of this condition.
Initial Project Assessment (IPA) Decision	means the Authority's decision, published on its website, on its initial assessment of the needs case for the licensee's interconnector project
Good Industry Practice	has the meaning given to that term in the Special Conditions of this Licence
Rated Capacity	has the meaning given to that term in the Special Conditions of this Licence

Condition 26B. Delay to Regime Start Date caused by Pre-Operational Force Majeure (Third Window)

1. The purpose of this condition is to set out the provisions that apply in circumstances where a licensee (and a participant of the Third Window) considers that the Regime Start Date has been delayed due to an event or circumstance of Pre-Operational Force Majeure.

2. If the licensee considers that an event or circumstance of Pre-Operational Force Majeure has occurred and caused a delay to the Regime Start Date, the licensee may, within a reasonable timeframe of that event or circumstance occurring, submit a written request to the Authority for the Regime Start Date to be adjusted to reflect the delay caused by that event or circumstance of Pre-Operational Force Majeure.

3. Any requests made by the licensee under paragraph 2 of this condition shall include:

   (a) the particulars of the event or circumstance to which the requests relates and the reason(s) why the licensee considers it to be an event or circumstance of Pre-Operational Force Majeure;

   (b) the length of any resulting delay that the licensee considers to have been caused as a consequence of that event or circumstance;

   (c) how this resulting delay has been calculated; and

   (d) any analysis or information, which the licensee considers sufficient to enable the Authority to fully assess the event or circumstance to which the request relates.

4. For the purposes of paragraph 3 of this condition, where any additional analysis or information is not available to the licensee at the time of the request, the licensee shall:

   (a) specify any such additional analysis or information items in its request together with an indication of when the licensee expects the specified items to become available; and

   (b) provide these items as soon as reasonably practicable after they become available.

5. The licensee must provide the Authority, within a reasonable timeframe, as specified by the Authority, with any additional information that the Authority may reasonably require for the purposes of the Authority's consideration under this condition.

6. If in the Authority's opinion, the Regime Start Date:

   (a) has been delayed by an event or circumstance of Pre-Operational Force Majeure and such event or circumstance has been appropriately mitigated

and managed by the licensee, the Regime Start Date shall fall on such later date as the Authority may specify in a direction; or

(b) has not been delayed by an event or circumstance of Pre-Operational Force Majeure, the Authority shall confirm by way of a direction:

(i) that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and
(ii) that the licensee shall be subject to the Payback Mechanism for Delays and shall repay, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period; and
(iii) the start and end dates of the Exposure Period.

7. Before issuing a direction under paragraph 6 of this condition, the Authority shall give notice to the licensee that it proposes to issue a direction, specifying:

(a) where paragraph 6(a) applies:

(i) the length of any delay that, in the Authority's opinion, was caused by an event or circumstance of Pre-Operational Force Majeure; and

(ii) a revised Regime Start Date that takes any such delay into account; or

(b) where paragraph 6(b) applies:

(i) that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and
(ii) that the licensee shall be subject to the Payback Mechanism for Delays and shall repay, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period; and
(iii) the start and end date of the Exposure Period.

(c) the Authority's reasons for proposing to issue the direction under paragraph 6(a) or 6(b); and

(d) the period (not being less than 14 days from the date of the notice, or such other period as may be agreed in writing between the licensee and the Authority) within which the licensee may make representations or objections.

8. Before issuing a direction under paragraph 6(a) or 6(b), the Authority shall consider any representations or objections raised by the licensee.

9. The direction issued under paragraph 6(a) or 6(b) shall state the reasons for the Authority's decision.

10. The Authority shall issue a direction under paragraph 6 of this condition as soon as reasonably practicable after receipt of all necessary information that the Authority may reasonably require.

11. For the purposes of this condition:

Pre-Operational Force Majeure	means (a) an event or circumstance which is beyond the reasonable control of the licensee, including act of God, act of the public enemy, strike, lockout and other industrial disturbance, war declared or undeclared, threat of war, terrorist act (or threat of), blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, governmental restraint, provided that lack of funds of the licensee shall not be interpreted as a cause beyond the reasonable control of the licensee and provided that weather and ground conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of the licensee; and (b) where such event or circumstance has occurred or commenced between: (i) the date of the Authority's Initial Project Assessment Decision with respect to the licensee's interconnector; and (ii) the successful completion of such procedures and tests in relation to the licensee's interconnector that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee's interconnector is available for the use of conveyance of electricity at the Rated Capacity.
Backstop Date	means 31 December ~~2032~~ 2035, the date set by the Authority and by which the licensee's interconnector project must connect to the grid and must achieve its Regime Start Date.

Exposure Period	means a period in the final years of the licensee's Regime Duration which: a) corresponds to the length of the delay(s), experienced by the licensee's interconnector: i) which were not approved by the Authority under the Pre-Operational Force Majeure mechanism or the Reasonable Delay Event mechanism; and/or ii) for which no request under the Pre-Operational Force Majeure mechanism or the Reasonable Delay Event mechanism was submitted by the licensee; and b) exposes the licensee to the repayment obligation of any incurred floor top-up payments during this period.
Good Industry Practice	has the meaning given to that term in the Special Conditions of this licence.
Initial Project Assessment (IPA) Decision	means the Authority's decision, published on its website, on the initial project assessment for the licensee's interconnector.
Payback Mechanism for Delays	means a mechanism: 1) that applies in circumstances where the licensee's Regime Start Date: (a) has been delayed beyond the Backstop Date and has not been approved by the Authority under the Pre-Operational Force Majeure mechanism; or (b) has been delayed to a date that falls before the Backstop Date and that delay has not been approved by the Authority: (i) under the Reasonable Delay Event mechanism; or (ii) under the Pre-Operational Force Majeure mechanism, or (c) has been delayed but no request has been submitted by the licensee under the Reasonable Delay Event mechanism or the Pre-Operational Force Majeure mechanism; and

	2) through which, the licensee repays, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period.
Payback Period	means a period: - that is triggered by the licensee receiving the first floor top-up payment, incurred during the Exposure Period; - during which the licensee repays any received floor top-up payments incurred during the Exposure Period; and - which applies until the licensee repays, during the Regime Duration and during the Post Regime Duration (if relevant), all received floor top-up payments incurred during the Exposure Period.
Post Regime Duration	for the purposes of this condition, means the period falling immediately after the end of the Regime Duration: - during which the licensee repays any outstanding floor top-up payments that it has incurred during the Exposure Period and which fall under the Payback Mechanism for Delays; and - which lasts and applies until the licensee repays all received floor top-up payments incurred during the Exposure Period.
Rated Capacity	has the meaning given to that term in the Special Conditions of this licence.
Regime Duration	means a period of 25 years.
Regime Start Date	means the earlier of (a) the successful completion of such procedures and tests in relation to the licensee's interconnector that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee's interconnector is available for the use of conveyance of electricity at the Rated Capacity; (b) the latest Regime Start Date approved by the Authority.
Reasonable Delay Event	has the meaning given to that term in the Decision on Timelines and Incentives changes for the Third Cap and Floor Window for Interconnectors, dated 14/11/2023.

Final Project Assessment (FPA) Decision	means the Authority's decision, published on its website, on the final project assessment for the licensee's interconnector.
Third Window	means the third round of the cap and floor regime, with the application period between 1st September 2022 and 10th January 2023.

PART II - SECTION H: PAYMENTS BETWEEN THE LICENSEE AND THE GB ISOP

Condition 27: Determination of the Interconnector Payments term with respect to costs related to the Capacity Allocation and Congestion Management Regulation

1. The purpose of this condition is to establish the process for determining the value of the Interconnector Payments (ICP) term as applicable to costs related to the Capacity Allocation and Congestion Management Regulation.

2. The ICP term denotes the total costs determined by the Authority as being:

   (a) the efficient, reasonable and proportionate costs related to establishing, amending and operating Single Day-Ahead Coupling and Single Intraday Coupling; and

   (b) eligible for recovery by the licensee (including costs eligible for recovery by the licensee on behalf of a relevant Nominated Electricity Market Operator (NEMO)), in accordance with the Authority's Relevant Decision on the approach to cost sharing and cost recovery under the CACM Regulation.

3. The licensee shall submit a request to the Authority setting out the proposed value for the ICP term for Reporting Period n.

4. The licensee shall ensure that a request submitted pursuant to paragraph 3 of this condition includes:

   (a) The proposed value for the ICP term for Reporting Period n (ICP_n);

   (b) details of the of the Reporting Period to which the proposed value for the ICP_n term relates;

   (c) where relevant, a statement setting out how the proposed value of the ICP_n term is to be shared between the licensee and any relevant Nominated Electricity Market Operator(s); and

(d) any other relevant information as may be specified by the Authority to facilitate its determination of the licensee's proposed value for the ICP_n term.

5. The value of the ICP term shall be determined by the Authority following the completion of a cost assessment exercise as outlined in the CACM Regulation (Title III, Chapter 3 and in particular Article 75, which sets out the guiding provisions on cost recovery).

6. Following the cost assessment process, the Authority shall determine whether the proposed values for the ICP_n term, submitted by the licensee pursuant to paragraph 4 of this condition, is acceptable and, if not, specify the value of the ICP_n term, such value to be not less than zero.

7. As soon as reasonably practicable after completing its determination under paragraph 6 of this condition, the Authority shall direct in writing the value of the ICP_n term.

8. Prior to completing its determination under paragraph 6 of this condition and before issuing the direction pursuant to paragraph 7, the Authority shall consult on this determination with the licensee and any other relevant parties for a period of at least 28 days and consider any representations duly received within that period.

9. The licensee shall ensure that any amounts:

(a) included in the ICP_n term determined and directed by the Authority; and
(b) corresponding to the amounts which the licensee has submitted on behalf of a NEMO,

are passed to that NEMO as soon as reasonably practicable after being received by the licensee.

10. For the purposes of this condition:

CACM Regulation (Capacity Allocation and Congestion Management Regulation)	means Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management
ICP_n	means the value of the ICP term in Reporting Period n
Interconnector Payments (ICP) term	Unless defined otherwise in the special conditions of the licensee's interconnector licence, means the total amount: (e) determined by the Authority, in accordance with paragraph 6 of this condition; and (f) that is due to the licensee (including, where relevant, any amount eligible for recovery by the licensee on behalf of a relevant NEMO) from the GB ISOP
NEMO (Nominated Electricity Market Operator)	means an entity designated by the Authority pursuant to the CACM Regulation to perform tasks related to Single Day-Ahead Coupling or Single Intraday Coupling
Relevant Decision	means the Authority's decision on approach to cost sharing and cost recovery under the CACM Regulation, dated 30 August 2019

Reporting Period	means the time period to which the proposed value of ICP payment term relates, such time period ending no later than 30 August 2019
Reporting Period $_n$	means the Reporting Period for the purposes of which any calculations fall to be made
Single Day-Ahead Coupling	has the meaning given to this term in the CACM Regulation
Single Intraday Coupling	has the meaning given to this term in the CACM Regulation.

Condition 28: Provision of payments information to the GB ISOP

1. The purpose of this condition is to set out when the licensee shall provide estimates of the value of the Interconnector Payments (ICP) term in Relevant Year t (ICPt) to the GB ISOP and the Authority.

2. In any Relevant Year, the licensee shall, on or before the date specified in the CUSC:

   (a) notify the GB ISOP of its best estimate for the value of ICP_n in respect of that Relevant Year; and

   (b) where relevant, notify the GB ISOP of its best estimate for the value of ICP_{n+1}.

3. In each subsequent Relevant Year the licensee shall on or before the date specified in the CUSC (or such later date as the Authority may direct), provide a statement to the Authority specifying the value of ICPn and ICPn+1 notified to the GB ISOP in the Relevant Year n-1 in accordance with paragraph 2 of this condition.

4. For the purposes of this condition:

Interconnector Payments (ICP) term	has the meaning given to that term in standard condition 27 of this licence
ICP_t	means the value of the ICP term in Relevant $Year_t$ and shall have the value of the ICP_n term
ICP_{t-1}	means the value of the ICP term in Relevant Year $_{t-1}$ and shall have the value of the ICP_{t-1} term
ICP_n	has the meaning given to that term in standard condition 27 of this licence.

ICP_{n-1}	means the value of the ICP term in the Reporting Period immediately preceding Reporting Period $_n$
Relevant Year	for the purposes of this condition means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year
Relevant Year t	for the purposes of this condition means that Relevant Year for the purposes of which any calculation falls to be settled
Relevant Year t-1	for the purposes of this condition means the Relevant Year immediately preceding Relevant Year $_{t-1}$ and similar expressions shall be construed accordingly
Reporting Period	has the meaning given to that term in standard condition 27 of this licence.