

1. Annex A – Scope of proposed changes

- 1.1. For generation, distribution and supply licences, the Secretary of State will designate specific amendments to the SLCs and special conditions (including amended SLCs), as opposed to designating a whole "set" of amended SLCs for each type of licence. In relation to generation, distribution and supply licences Ofgem/DTI have taken the approach of only making such amendments as are necessary or expedient for the purposes of BETTA. This impacts not only on additions to SLCs and special conditions (including amended SLCs) but also on deletions of, or within, existing SLCs. To this extent, although certain provisions or entire SLCs may relate to issues that will not be relevant under BETTA, for example generation SLC B12, distribution SLC B13 and supply SLC B13 (Change Co-ordination for the Utilities Act 2000) which places obligations on licensees to make changes to industry documents required as a result of the Utilities Act 2000, such licence conditions will not be removed unless confusion would be caused under BETTA by their retention.
- 1.2. In making only such amendments to generation, distribution and supply SLCs as are necessary for the purposes of BETTA, Ofgem/DTI consider that no amendments should be made where such amendment would have the sole effect of correcting existing grammatical, typographical or formatting errors except where the retention of such errors might cause additional difficulties under BETTA. Furthermore, no amendments have been made to generation, distribution and supply SLCs, purely for the purpose of ensuring consistency to provisions or definitions across generation, distribution or supply licences to the extent that such inconsistency exists today.
- 1.3. It should be noted that certain definitions contained in these conditions have been amended to align with Ofgem/DTI's proposal in relation to transmission licences, for example the definition of "interconnectors" and the definition of "transmission system". To the extent that proposals in relation to electricity transmission change, such changes will need to be reflected in definitions contained in generation, supply and distribution licences.

- 1.4. As outlined in the January 2003 consultation consequential drafting changes will be required throughout the generation, distribution, and supply licences under BETTA including:
- ◆ amendments to replace the current reference to "Grid Codes" for each transmission licensee with a reference to a single GB Grid Code which the GB system operator will be required to have in place
 - ◆ amendments to the CUSC condition to refer to a CUSC that applies across GB
 - ◆ amendment to include reference to a GB BSC, and
 - ◆ amendments of references to the "transmission company" to either "transmission licensee" or "the system operator" (as appropriate given the context). Such changes are required as a result of the separation of transmission functions between the GB system operator and the transmission owners in order to provide clarity as to which transmission licensee an obligation applies to under BETTA and to provide consistency with the electricity transmission licence conditions where changes have been made to the definition of "transmission company".
- 1.5. The following annexes set out Ofgem/DTI's proposals on changes that are required to existing generation, distribution and supply licences under BETTA. Changes to existing licence conditions are change-marked and commentary is provided on the changes that are being proposed. Annex E sets out the text of those licence conditions that Ofgem/DTI consider will be deleted from existing generation, distribution and supply licences under BETTA.

2. Annex B - Generation licence conditions

- 2.1. Annex B sets out licence drafting for amendments to existing generation SLCs and provides commentary on the drafting approach that has been adopted. It should be noted that this Annex only includes those licence conditions where an amendment has been made.
- 2.2. No amendments have been proposed to the following SLCs:
- ◆ A3: Application of Section D (Supplementary Conditions for Nuclear Generators)
 - ◆ A4: Payments by the Licensee to the Authority.
 - ◆ B6: Compliance with Distribution Codes.
 - ◆ B12: Change Co-ordination for the Utilities Act 2000.
 - ◆ B16: Regulatory Accounts.
 - ◆ B16A: Change of Financial Year.
 - ◆ B17: Prohibition of Discrimination in Selling Electricity.
 - ◆ B17A: Prohibition of Cross Subsidies.
 - ◆ D1: Definitions.
 - ◆ D3: Compulsory Acquisition of Land etc.
 - ◆ D4: Other Powers etc.
 - ◆ D5: Ancillary Services.
- 2.3. Amendments are proposed to the following SLCs which are included in this Annex:
- ◆ A1: Definitions and Interpretation.
 - ◆ B5: Compliance with the Grid Code[s].

- ◆ B8: Pooling and Settlement Agreement Run-Off.
- ◆ B9: Balancing and Settlement Code and NETA Implementation.
- ◆ B10: Change Co-ordination for NETA.
- ◆ B11: Ancillary Services.
- ◆ B13: Provision of Information to the Authority.
- ◆ B14: Compulsory Acquisition of Land etc.
- ◆ B15: Other Powers etc.
- ◆ B18: Generating Unit Availability.
- ◆ B19: Compliance with CUSC.
- ◆ D2: Consultation with the Nuclear Installations Inspectorate.

2.4. It should be noted that Ofgem/DTI are not considering the following conditions in this consultation although they may be subject to change proposals at a later date:

- ◆ A2: Application of Section C (Supplementary Conditions for Scotland).
- ◆ B7: Security Arrangements.
- ◆ C1: Definitions.
- ◆ C2: Compliance with Trading Code.
- ◆ C3: Security Arrangements (Scotland).
- ◆ C4: Compliance with Settlement Agreement in Scotland.

2.5. In addition a number of SLCs (including amended SLCs) and special conditions will be deleted under BETTA. The text of these licence conditions is included at Annex E to this paper.

- 2.6. Each of the following sections set out the entire SLC and then provides commentary on the drafting approach that has been adopted. The amended components of the SLCs are indicated through change-marking.

PROPOSED DRAFT AMENDMENTS TO STANDARD GENERATION LICENCE CONDITIONS

Definitions and Interpretation

Condition 1: Definitions and Interpretation

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

the “Act”	means the Electricity Act 1989.
“affiliate”	in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person, in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
“alternative accounting rules”	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
“ancillary services”	<p>means:</p> <p>(a) such services as the licensee may be required to have available in association with any generation set pursuant to any<u>the</u> Grid Codes<u>Code</u>; and</p> <p>(b) such services as the licensee may have agreed to have available in association with any generation set pursuant to any agreement made with a transmission company<u>the system operator</u>,</p> <p>and which may be offered for sale to a transmission company<u>the system operator</u></p>

for the purpose of securing stability of operation on ~~a~~the transmission system and/or a distribution system of any authorised electricity operator.

"auditors"

means the licensee's auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.

"authorised"

in relation to any business or activity means authorised by licence granted or treated as granted under section 6 or exemption granted under section 5 of the Act.

"authorised activities"

for the purposes of standard condition 15 (Other Powers etc) only, has the meaning given in that condition.

"authorised electricity operator"

means any person (other than the licensee) who is authorised to generate, ~~transmit~~participate in the transmission of, distribute or supply electricity and, for the purposes of the standard conditions shall include any person who has made an application to be so authorised which application has not been refused and any person lawfully transferring electricity to or from or across Great Britain or any part thereof or to or from across an interconnector ~~or Scottish interconnection~~ (or who has made application for use of an interconnector ~~or Scottish interconnection~~ which has not been refused).

"the Authority"

means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000.

“BSC”	for the purposes of Section B only, has the meaning given in standard condition 9 (Balancing and Settlement Code and NETA implementation).
“BSC Framework Agreement”	for the purposes of standard condition 9 (Balancing and Settlement Code and NETA implementation) only, has the meaning given in that condition.
“bilateral agreement”	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
“construction agreement”	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
“Consumer Council”	means the Gas and Electricity Consumer Council established by section 2 of the Utilities Act 2000.
“core industry documents”	for the purposes of standard conditions 9 (Balancing and Settlement Code and NETA Implementation) and 10 (Change Co-ordination for NETA <u>BSC</u>) only, has the meaning given in standard condition 109 ; and for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
“current costs assets”	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
“CUSC”	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.

“CUSC Framework Agreement”	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
“customer”	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain but shall not include any authorised electricity operator in its capacity as such.
“Distribution Code”	means a 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 granted or treated as granted under section 6 (1) (c) of the Act.
“distribution system”	means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points (and bulk supply points in Scotland) to the point of delivery to customers or authorised electricity operators or any transmission company within Great Britain in its capacity as operator of a transmission system and includes any remote transmission assets (owned by a transmission licensee within England and Wales) operated by such distributor and any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity,

but shall not include any part of ~~a~~the transmission system.

~~“effective time”~~

~~for the purposes of standard condition 8 (Pooling and Settlement Agreement Run-Off) and standard condition 9 (Balancing and Settlement Code and NETA Implementation) only, has the meaning given in standard condition 8 (Pooling and Settlement Agreement Run-Off).~~

“electricity supplier”

means any person authorised to supply electricity.

“estimated costs”

for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.

“extension”

shall be construed in accordance with standard condition 14 (Compulsory Acquisition of Land etc).

“financial year”

means subject to standard condition 16A (Change of Financial Year) (where applicable) a period of 12 months beginning on 1st April of each year and ending on 31st March of the following calendar year.

“Fuel Security Code”

for the purposes of Section B only, has the meaning given in standard condition 7 (Security Arrangements).

“generating station”

shall be construed in accordance with standard condition 14 (Compulsory Acquisition of Land etc).

“generation business”

means the authorised business of the licensee or

	any affiliate or related undertaking of the licensee in the generation of electricity and the provision of ancillary services.
“generation licence”	means a generation licence granted or treated as granted under section 6(1)(a) of the Act.
"generation set"	means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generation set.
“generating unit”	for the purposes of standard condition 18 (Generating Unit Availability) only, has the meaning given in that condition.
"Grid Code"	means the grid code which each transmission company <u>the system operator</u> is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.
"grid supply point"	means any point at which electricity is delivered from a <u>the</u> transmission system to any distribution system.
“the handbook”	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
“holding company”	means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
“information”	shall include any documents, accounts, estimates,

returns or reports, records and any data in verbal, written or electronic form and information in any form or medium whatsoever.

"interconnector"

means the electric lines and electrical plant and meters owned or operated by a transmission ~~company~~ licensee solely for the transfer of electricity to or from ~~a~~ the transmission system into or out of ~~England and Wales~~ Great Britain.

~~"interconnection"~~

means:

~~the 275 kV and 400 kV 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 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 Chapeleross 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 Chapeleross and the associated switchgear at Harker sub-station in Cumbria all as existing on which the transmission licence comes into force as from time to time maintained, repaired or renewed.~~

“licensed distributor”

means any holder of a distribution licence.

“participating interest”

has the meaning given by section 260 of the Companies Act 1985, as amended by section 22 of the Companies Act 1989.

“planned availability period”

for the purposes of standard condition 18 (Generating Unit Availability) only, has the meaning given in that condition.

“Pooling and Settlement Agreement”

means the agreement of that title approved by the Secretary of State as from time to time amended.

"related undertaking"

in relation to any person means any undertaking in which such person has a participating interest.

“relevant proportion”

for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.

“relevant year”

for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.

“remote transmission assets”

means any electric lines, electrical plant or meters in England and Wales owned by a transmission ~~company~~[licensee](#) (the “owner transmission ~~company~~[licensee](#)”) which

- (a) are embedded in a distribution system of any authorised distributor, and are not directly connected by lines or plant owned by the owner transmission ~~company~~[licensee](#) to a sub-station owned by the owner transmission ~~company~~[licensee](#); and
- (b) are by agreement between the owner transmission ~~company~~[licensee](#) and such authorised distributor operated under the direction and control of such authorised distributor.

~~“run-off”~~

~~for the purposes of standard condition 8 (Pooling and Settlement Agreement Run-Off) only, has the meaning given in that condition.~~

~~“Scottish interconnection”~~

~~means such part of the interconnection as is situated in Scotland.~~

“separate business”

means each and any of

- (a) the generation business of the licensee;
 - (b) the supply business of the licensee;
 - (c) any distribution business of an affiliate or related undertaking of the licensee; and
 - (d) any transmission business of an affiliate or related undertaking of the licensee
- taken separately from one another (but so that where all or any part of such business is carried on by an affiliate or related undertaking of the

licensee, such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such other business of the licensee and of any other affiliate or related undertaking of the licensee so as to form a single separate business).

“statutory accounts”

means the accounts that the licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989).

“subsidiary”

has the meaning given in sections 736, 736A and 736B of the Companies Act 1985.

“supply licence”

means a supply licence granted or treated as granted under section 6(1)(d) of the Act.

"system operator"

means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section C Direction and where Section C remains in effect (whether or not subject to any terms included in the Section C Direction or to any subsequent variation of its terms to which the licensee may be subject).

“terms”

means the terms contained in Part I of this licence and in any provisions in a Schedule referred to in such terms.

~~“transmission company”~~

~~means the holder for the time being of a transmission licence.~~

“transmission licence”

means a transmission licence granted or treated as granted under section 6(1)(b) of the Act.

"transmission licensee"

means the holder for the time being of a
transmission licence.

"transmission system"

means a system consisting (wholly or mainly) of high voltage electric lines owned or operated by ~~the holder of a transmission licence in its authorised area~~licensees 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 ~~or Scottish interconnection in question and in relation to Scotland including any interconnector and Scottish interconnection~~, and includes any electrical plant and meters owned or operated by ~~such a~~ transmission ~~company~~licensee in connection with the transmission of electricity but shall not include any remote transmission assets.

"undertaking"

has the meaning given by section 259 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.

2. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition or Schedule (with or without a letter) bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.

4. These standard conditions shall have effect as if in relation to references to a licence holder who is a natural person, the words “it”, “its” and “which” there are substituted the words “he”, “him”, “his” and “whom”, and cognate expressions shall be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these standard conditions to:
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity supply licences, or
 - (c) a provision of the standard conditions of electricity distribution licences, or
 - (d) a provision of the standard conditions of electricity transmission licences,shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or the other standard conditions in question as modified.
7. In construing the standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(a) of the Act (whenever granted) which incorporates it.
9. Where any obligation under in or pursuant to the licence is required to be performed by a specified date or within a specified period, and where the licensee has failed so to perform by such date or within such period, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee’s failure to perform by that date or within that period).
10. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:

- (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all generation licences). Where:
- (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated:
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of [\[standard condition 2 \(Application of Section C \(Supplementary Conditions for Scotland\)\) or\]](#) [standard condition 3 \(Application of Section D \(Supplementary Conditions for Nuclear Generators\)\)](#);
 - (iii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of that standard condition;
 - (b) any definition which is used in Sections A and B is also used in one or more other Sections:
 - (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
 - (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

Discussion

- 2.7. SLC A1 has been amended to reflect changes required to certain existing definitions, to include new definitions required as a result of BETTA, for example the definition of system operator and to delete existing definitions that will no longer be required under BETTA, such as existing definitions of the Scottish

interconnection. Commentary on those definitions which need to be changed under BETTA is set out below.

- 2.8. The definition of "ancillary services" has been amended to reflect the introduction of a single Grid Code for GB which will be entered into by the system operator. Amendment has also been made to reflect the move to a single GB transmission system.
- 2.9. The definition of "authorised electricity operator" has been amended to reflect the change in relation to the authorised activity of electricity transmission to "participate in the transmission of" electricity as used in the E(TT) Bill. The definition has also been amended to delete references to the Scottish interconnection given that the assets which comprise the Scottish interconnection today will be subsumed into the GB transmission system under BETTA.
- 2.10. The definitions of "BSC" and "BSC Framework Agreement" have been amended to remove the reference to NETA implementation as the relevant provisions of SLC B9 will be deleted under BETTA. In DTI/Ofgem's view, the NETA implementation scheme is complete and as such, in order to avoid any potential confusion with implementation arrangements that may be required for BETTA, provisions relating to the NETA implementation scheme will be removed.
- 2.11. The definition of "core industry documents" has been amended to reflect that the definition will no longer be required in SLC B9 (BSC and NETA Implementation) following the removal of provisions relating to the NETA implementation scheme. However, the definition of "core industry documents" in relation to the BSC will be required in relation to SLC B10 (Change co-ordination for BSC) and will under BETTA, be included in that licence condition. As such, changes have been made to this definition to reflect this.
- 2.12. A number of changes are required to the definition of "distribution system" under BETTA. In particular it is necessary to remove the existing reference to "bulk supply point" given that this term will no longer be used under BETTA (and will be replaced with the existing England and Wales term of "grid supply point" as discussed in chapter 5 of this paper). Furthermore, as explained in chapter 5 of this paper, Ofgem/DTI consider that it will be necessary to remove the existing

reference in the definition of “distribution system” that currently includes specific reference, in defining the parameters of the distribution system to the point of delivery to a “transmission company within Great Britain in its capacity as operator of a transmission system”. As explained, Ofgem/DTI do not consider this additional text to be necessary (as such transmission companies will already have been included through the preceding reference to “authorised electricity operators”). While such an amendment may not be considered necessary under BETTA Ofgem/DTI consider that it would be appropriate to remove these references to a licensee’s capacity as system operator in order to make the parameters of the distribution system (in particular as to whether or not a point of delivery to a ‘transmission owner’ who is an “authorised electricity operator” is one of the parameters of the distribution system).

- 2.13. The definition of "effective time" has been deleted to reflect the proposed deletion of SLC B8 (Pooling and Settlement Agreement Run-Off) and the proposed removal of the relevant provisions of SLC B9 (Balancing and Settlement Code and NETA Implementation). With the removal of these provisions this definition is no longer required.
- 2.14. The definition of "Grid Code" has been amended to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator under BETTA.
- 2.15. The definition of "grid supply point" has been amended to reflect the introduction of a GB-wide transmission system. It should also be noted that this definition will now apply on a GB basis, with the existing equivalent term for Scotland, “bulk supply point” being removed under BETTA.
- 2.16. The definition of "interconnection" has been deleted given that these assets will be subsumed into the GB transmission system under BETTA.
- 2.17. The definition of "interconnector" has been amended given the deletion of the definition of "transmission company" (and its replacement, as the context dictates, with system operator or transmission licensees). In this context the existing term has been replaced with “transmission licensee”. In addition, amendment has been made to reflect the move to a GB-wide transmission system.

- 2.18. Amendment has been made to the definition of "remote transmission assets" given the deletion of the definition of transmission company. Such references have, in this context, been replaced with references to "transmission licensees". As such the definition of "owner transmission company" included within this definition has also been amended to "owner transmission licensee". Given the historical nature of this term it is not intended to extend its geographical scope by applying the existing definition to GB.
- 2.19. The definition of "run-off" has been deleted to reflect the deletion of SLC B8 (Pooling and Settlement Agreement) in which the defined term is used.
- 2.20. The definition of "Scottish interconnection" has been deleted given that the assets that comprise the Scottish interconnection will be subsumed into the GB transmission system under BETTA.
- 2.21. A new definition of "system operator" has been added to provide reference to the introduction of a GB-wide system operator function and the allocation of functions as between the system operator and transmission owners under BETTA. This definition is the same as the definition used in the second consultation on electricity transmission licences under BETTA. Subject to the outcome of that consultation the definition included here may need to change as work on the development of electricity transmission licences under BETTA progresses.
- 2.22. For the reasons discussed above the existing definition of "transmission company" has been deleted and replaced, as the context dictates, with either "the system operator" or "transmission licensee(s)".
- 2.23. The new definition of "transmission licensee" (in addition to that of "system operator") has been included pursuant to the deletion of "transmission company". Transmission licensee refers to all transmission licensees and has been drawn from the amended draft transmission licence that is currently being consulted upon. As such this definition may be subject to further change as work on the development of electricity transmission licences under BETTA progresses.
- 2.24. The definition of "transmission system" has been amended to reflect the move to a GB-wide transmission system and the subsuming of the existing Scottish interconnection assets into the GB transmission system. The definition also takes

account of the deletion of the definition of "transmission company" and its replacement in this context with "transmission licensees". The definition reflects that used in the amended draft transmission licence that is currently being consulted upon and therefore may be subject to change as work on the development of electricity transmission licences under BETTA progresses.

- 2.25. Ofgem/DTI note that the existing reference to paragraph 11 (a) (ii) will need to be considered further once Ofgem/DTI have reached a view on the need to retain Section C under BETTA.

Grid Code

Condition 5: Compliance with the Grid Codes

1. The licensee shall comply with the requirements of ~~every~~the Grid Code in so far as applicable to it.
2. The Authority may (following consultation with the system operator ~~transmission company responsible for the relevant Grid~~) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the ~~relevant~~ Grid Code and to such extent and subject to such conditions as may be specified in those directions.

Discussion

- 2.26. Amendments to this licence conditions have been made to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator.

BSC and NETA Implementation

Condition 9: Balancing and Settlement Code ~~and NETA Implementation~~

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

- ~~(d) — for securing the co-ordinated and effective commencement of implementation of and operations under the BSC, including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;~~
- ~~(e) — for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement;~~
- ~~(f) — for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and~~
- ~~(g) — for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the effective time (as defined in standard condition 8 (Pooling and Settlement Run-Off)).~~

~~5. — The Secretary of State:~~

- ~~(a) — may at any time direct, in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme be modified in the manner set out in such direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 3.~~
- ~~(b) — shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.~~

~~6. — If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 4(a) and/or imposed on the licensee by~~

~~paragraphs 2 and 5 of this condition, and those imposed on the licensee by any other condition, the provisions of paragraphs 4(a), 2 and/or 5 (as appropriate) shall prevail.~~

~~7. Without prejudice to paragraph 2, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to give full and timely effect to the modifications made to this licence as determined by the Secretary of State pursuant to the power vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).~~

~~8.2.~~ In this condition:

"BSC"

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

"BSC Framework Agreement"

means the agreement of that title, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as from time to time amended with the consent of the Secretary of State.

~~"core industry documents" mean those documents which:~~

- ~~(a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the Balancing and Settlement arrangements, and~~
- ~~(b) have been so designated by the Secretary of State.~~

Discussion

- 2.27. SLC B9 has been amended to delete the reference to the NETA implementation scheme given that Ofgem/DTI have concluded that the NETA implementation scheme is spent. Paragraphs 2, 3, 4, 5, 6 and 7 and the consequential definition of "core industry documents" in paragraph 8 in this condition have therefore been deleted. It should be noted that the definition of "core industry documents" that was previously included in this licence condition will be moved, under BETTA, to SLC B10 which relates to change co-ordination between the BSC and key industry documents such as the Distribution Code. This change is taking place because the defined term is no longer used in SLC B9 given the removal of provisions relating to NETA implementation.
- 2.28. The definition of "BSC" has been amended to reflect the fact that, under BETTA, the GB system operator will be the party that is responsible for having the BSC in place.

Change Co-ordination for NETA

Condition B10: Change co-ordination for ~~NETA~~ BSC

1. ~~Insofar as the licensee shall construct or operate a generating station in England and Wales, the~~The licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment), as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the BSC.

2. In this condition:

"core industry documents" mean those documents which:

- (a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the Balancing and Settlement arrangements, and
- (b) have been so designated by the Secretary of State.

~~For the purposes of paragraph 1, core industry documents has the meaning given in paragraph 8 of standard condition 9 (Balancing and Settlement Code and NETA Implementation).~~

Discussion

- 2.29. As explained in chapter 5 of this paper, Ofgem/DTI have concluded that this licence condition will need to be retained under BETTA, as it places an enduring obligation on licensees in relation to the co-ordination of changes to industry documents. As such it is not appropriate to remove this licence condition under

BETTA. As explained above the existing definition of “core industry documents” contained in SLC B9 has been moved to this licence condition given that the defined term is no longer used in that condition.

Ancillary Services

Condition B11: Ancillary Services

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

Discussion

- 2.30. SLC B11 has been amended to reflect that, under BETTA, the GB system operator will be the party that contracts for ancillary services.

Provision of Information to the Authority

Condition B13: Provision of information to the Authority

1. Subject to paragraphs 2 and 4, 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 it by or under the Act; and
 - (b) any functions transferred to or conferred on it by or under the Utilities Act 2000.
2. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 47 of the Act.
3. 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 generation licence) which the Authority proposes to publish pursuant to section 48 of the Act.
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 a court.
5. 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.
6. Except where the licensee has ~~Section C~~ in effect in its licence, prior to the licensee commencing:

~~(a) — the construction or operation of a generating station in Scotland; or (b) —~~ the construction or operation of a nuclear generating station; the licensee shall notify the Authority in writing of such proposed construction or operation, such notification to include the size and location of the proposed construction or operation.

Discussion

- 2.31. Paragraph 6 of this SLC has been amended as it will no longer be necessary for the Authority, under BETTA, to be aware of the geographical location of generating plant (as the same market arrangements will apply across GB under BETTA).
- 2.32. In view of this Ofgem/DTI intend to remove the existing reference to Section C. However, Ofgem/DTI note that the existing draft contains a typographical error and should currently refer at paragraph (a) to Sections C and D. Ofgem/DTI note that this error needs to be corrected and it is intended that a modification will be brought forward by Ofgem in the next few months to address this matter.

Compulsory Acquisition of Land

Condition B14: Compulsory Acquisition of Land etc

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence, the provisions contained in paragraphs 5 to 7 shall apply to the licensee from the date the said scheme takes effect until such date as may be specified for that purpose in the said scheme. The Authority may from time to time direct that such a period is extended.
2. The Authority may issue a direction providing that the provisions of paragraphs 5 to 7 shall have effect in this licence. Where the Authority has issued to the licensee a direction, paragraphs 5 to 7 shall have effect within the licence from the date specified in the Authority's direction until the end of the period specified in the Authority's direction (unless extended by a direction of the Authority).
3. Until:
 - (a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence; or
 - (b) the Authority has issued to the licensee a direction for the purposes of this condition,the provisions contained in paragraphs 5 to 7 shall not have effect within this licence.
4. A direction pursuant to paragraph 1 or 2 may be issued at any time from the date the Secretary of State determines these standard conditions pursuant to sub-section 33(1) of the Utilities Act 2000.
5. 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 respect of the licensee) for the purposes set out in paragraph 6 below
6. The purposes referred to in paragraph 5 above are:
 - (a) the construction or extension of a generating station;
 - (b) activities connected with the construction or extension of a generating station or connected with the operation of a generating station; and

(c) the installation, maintenance, removal or replacement of electric lines, and electrical plant associated with them, connecting a generating station with:

(i) ~~a~~the transmission system; or

(ii) a distribution system.

7. In paragraph 6 above:

(a) the references to "generating station" are to an electricity generating station which

(i) has, or will have when its construction or extension is completed, a capacity of not less than 50 megawatts or such other capacity as may be specified in relation thereto by order of the Secretary of State under section 36(3) of the Act; and

(ii) is, or will be when its extension or construction is completed, operated by or for the licensee; and

(b) "extension" in relation to a generating station includes the use by the person operating the station of any land (wherever situated) for a purpose directly related to the generation of electricity by that station

Discussion

2.33. Paragraph 6(c)(i) of this SLC has been amended to reflect the move to a GB-wide transmission system under BETTA.

Other powers

Condition B15: Other powers etc

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence, the provisions contained in paragraphs 5 to 8 shall apply to the licensee from the date the said scheme takes effect until such date as may be specified for that purpose in the said scheme. The Authority may from time to time direct that such a period is extended.
2. The Authority may issue a direction providing that the provisions of paragraphs 5 to 8 shall have effect in this licence. Where the Authority has issued to the licensee a direction, paragraphs 5 to 8 shall have effect within the licence from the date specified in the Authority's direction until the end of the period specified in the Authority's direction (unless extended by a direction of the Authority).
3. Until:
 - (a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence; or
 - (b) the Authority has issued to the licensee a direction for the purposes of this condition,the provisions contained in paragraphs 5 to 8 shall not have effect within this licence.
4. A direction pursuant to paragraph 1 or 2 may be issued at any time from the date the Secretary of State determines these standard conditions pursuant to sub-section 33(1) of the Utilities Act 2000.
5. The powers and rights conferred by or under the provisions of Schedule 4 to the Act (Other Powers etc. of Licence Holders) shall, subject to paragraph 6 below, have effect to enable the licensee to carry on its authorised activities:
 - (a) in relation to, or in pursuance of, the installation, inspection, maintenance, adjustment, repair, alteration, replacement and removal of:
 - (i) electric lines specified in paragraph 6 below;
 - (ii) electrical plant associated with such lines; and
 - (iii) any structures for housing or covering such lines or plant;

- (b) in relation to the installation of electrical plant to be used in connection with a generating station or the operation thereof;
 - (c) in relation to electric lines or electrical plant as if the references to them in Schedule 4 to the Act included pipes for conveying directly to consumers' premises heat produced in association with electricity and steam produced from air and water heated by such heat and associated works in relation to such pipes and as if "associated works" had the meaning given in section 10(3) of the Act.

- 6. Electric lines are specified for the purposes of sub-paragraph (a) of paragraph 5 above:
 - (a) if they connect, or will connect when installed, a generating station with:
 - the a transmission system; or
 - any distribution system
 - (b) where "electric lines" has the extended meaning given by paragraph 5(c) above, if they connect a generating station with any premises.

- 7. Paragraph 10 of Schedule 4 to the Act shall apply to the licensee if:
 - (a) it wishes to exercise its rights of entry on land for the purpose of establishing whether or not the land is suitable for the construction or extension of a generating station; and
 - (b) it obtains the consent of the Authority before exercising those rights.

- 8. In this condition:
 - "authorised activities" means the activities which the licensee is authorised by the licence to carry on, and shall include any purpose connected with the supply to any premises of heat produced in

association with electricity and steam produced from air and water heated by such heat.

“generating station” has the meaning given in paragraph 7 of standard condition 14 (Compulsory Acquisition of Land etc).

“extension” in relation to a generating station, has the meaning given in paragraph 7 of standard condition 14 (Compulsory Acquisition of Land etc).

Discussion

- 2.34. Paragraph 6(a) of this SLC has been amended to reflect the move to a GB-wide transmission system under BETTA.

Generating Unit Availability

Condition B18: Generating unit availability

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

the provisions contained in paragraphs 7 to 17 shall not have effect within this licence and the licensee shall not be obliged to comply with any of the requirements of such paragraphs.

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

of the planned availability period in question, the licensee shall provide the Authority with a statement setting out in reasonable detail the information specified in sub-paragraph (b).

- (b) The information referred to in sub-paragraph (a) shall, in respect of each generating unit involved, comprise the following:
 - (i) details of any material differences between the actual availability and the information specified in sub-paragraph (a) relating to planned availability, such information to include the date and duration of any unavailability; and
 - (ii) an explanation (with appropriate supporting technical information) as to how each such difference has arisen.

- 10. (a) The licensee shall give notice to the Authority of the date upon which it is intended:

- (i) to close permanently or close temporarily any power station; or
 - (ii) to make a material reduction in the registered capacity of any power station,

and shall use its reasonable endeavours to give that notice not less than six months prior to the date of the intended closure or reduction in capacity.

- (b) A notice under sub-paragraph (a) shall specify the power station to which it relates, the intended date of closure or reduction in capacity and, if in respect of sub-paragraph (a)(ii), shall also specify:

- (i) the existing and proposed registered capacity;
 - (ii) the expected duration of the reduction in capacity;
 - (iii) the reasons for the reduction in capacity; and
 - (iv) (if the reduction is as a result of the cessation of operation of a generating unit or units) whether it would be practicable for that

generating unit or those units (on the assumption, if not the case, that it or they were operational) to be operated separately from the other unit or units of that station and, if not, the reasons therefor.

(c) For the purpose of this paragraph :

- (i) a reduction of more than 10 per cent in the registered capacity of an open cycle gas turbine generating unit is material;
- (ii) subject to (c)(i), a reduction in capacity is material if it will reduce the registered capacity of a power station by more than 25 megawatts or more than 10 per cent whichever is the lesser; and
- (iii) “close temporarily” means to close or not to make available for a period greater than one year but not permanently.

11. (a) Within one month of delivery of a notice under paragraph 10(a)(i), the licensee shall provide to the Authority a statement setting out in reasonable detail:

- (i) (if in relation to any closure of a power station) the reasons for the decision referred to in the notice;
- (ii) (if in respect of a temporary closure of a power station) the circumstances in which the licensee expects to recommence operating the power station; and
- (iii) (if in respect of a permanent closure of a power station) the licensee’s proposals for use or disposal of the site and the plant, and alternative proposals considered and the reason for adopting the chosen proposal.

(b) The licensee shall provide to such independent and competent assessor (if any) as may be appointed by the Authority with the approval of the licensee (such approval not to be unreasonably withheld) such information (in addition to that contained in any notice under paragraph 10(a)(i) or the statement under paragraph 11(a)) as the assessor may reasonably require to enable him to provide to the Authority and the licensee within two months of his appointment (or such longer period as the Authority may approve) an assessment of whether the above decision process and result were reasonable,

taking into account all the relevant circumstances and opportunities, identifying the direct and indirect financial implications for the licensee, and the amounts if any which third parties have offered or would be likely to pay to purchase or lease the plant or site and associated facilities whether or not for use as an operating power station.

12. A licensee, in whose licence this condition has effect, may make a disapplication request in writing to the Authority. The disapplication request shall specify the paragraphs of this condition (or any part or parts thereof) to which the request relates and shall state the date (“the disapplication date”, being a date not less than 18 months after the date of delivery of the request) from which the licensee wishes the Authority to agree that the specified paragraphs (or the specified part or parts thereof) shall cease to have effect.
13. Paragraphs 7 to 17 of this condition (or any part or parts thereof) shall cease to have effect from the date specified in the disapplication request or such later date as may be agreed, if the licensee delivers to the Authority a disapplication request made in accordance with paragraph 12 and the Authority agrees in writing to the disapplication request.
14. Save where the Authority otherwise agrees, no further disapplication request pursuant to paragraph 12 may be served within 12 months following the date on which a report is delivered by the Competition Commission following a reference under paragraph 15 where the report of the Competition Commission did not entitle the licensee to deliver a notice to the Authority under paragraph 16.
15. If the Authority has not made a reference to the Competition Commission in respect of this licence under section 12 of the Act relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date, the licensee may deliver a termination notice to the Authority. Following the service of a termination notice, with effect from the disapplication date or such later date as may be specified in the termination notice such of the paragraphs (or any part or parts thereof) as are specified in the disapplication request shall cease to have effect in this licence.

16. If the Competition Commission makes a report on a reference in respect of this licence made by the Authority relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request and such report does not include a conclusion that the removal of such paragraphs (or any part or parts thereof) operates or may be expected to operate against the public interest, the licensee may within 30 days after the publication of the report by the Authority in accordance with section 13 of the Act deliver a termination notice to the Authority. With effect from the disapplication date or such later date as may be specified in the termination notice such paragraphs (or any part or parts thereof) as are specified in the disapplication request and in respect of which the Competition Commission report does not include the aforementioned conclusion shall cease to have effect in this licence.

17. In this condition:

“registered capacity”;

“generating unit”,

“power station” and

“settlement period”

each shall have the same meaning as in the Grid Code, but as if in relation to a power station the registered capacity means the aggregate of the registered capacity of the generating units forming part of that power station;

“planned availability period”

means each period of 4 successive weeks, the first such period to begin on the first date in respect of which the licensee is required, pursuant to ~~any~~the Grid Code, to provide the information specified in subparagraph 9(a) of this condition.

(a) This condition does not apply to any generating unit having a registered capacity of [10] megawatts or less.

(b) Unless the Authority otherwise directs, any reference to generating unit or power station shall mean, respectively, each generating unit owned or operated by the licensee forming part of a power station owned or operated by the licensee which is capable of

providing 100 megawatts or more to the total system being the transmission [system](#) and distribution systems of all authorised electricity operators which are located in Great Britain.

Discussion

- 2.35. Paragraph 9(a) of this SLC has been amended to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator.

CUSC

Condition B19: Compliance with CUSC

1. Insofar as the licensee shall construct or operate a generating station ~~in England and Wales~~, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC ~~and, if it is party to the agreement known as the Master Connection and Use of System Agreement (“MCUSA”), execute such other documents as shall be stated as required to be made in any direction issued by the Authority to enable the MCUSA and its supplemental agreements and ancillary service agreements (as defined or referred to in MCUSA) and any associated agreements derived from MCUSA to be amended appropriately into the CUSC Framework Agreement, CUSC, bilateral agreements, construction agreements and, so far as is appropriate, associated agreements derived from CUSC so as to maintain continuity of contractual relationships.~~
2. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment), as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to the those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.
3. For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.
4. In this condition:
~~“bilateral agreement”~~ means an agreement between the holder of a transmission licence in England and Wales and a CUSC user supplemental to the CUSC relating to a direct connection to that transmission system identifying the relevant connection site and setting out other site specific details in relation to that connection to the transmission system, including

	provisions relating to payment of connection charges.
“construction agreement”	means an agreement between the holder of a transmission licence in England and Wales and a CUSC user in respect of construction works required on that transmission system and the associated construction works of the CUSC user in relation to a connection to the transmission system or in relation to a generating station connected to a distribution system in England and Wales, whether for the initial connection or a modification of the connection.
“core industry documents”	<p>means those documents which;</p> <p>(a) in the Secretary of State’s opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the CUSC or connection and use of system arrangements; and</p> <p>(b) have been so designated by the Secretary of State.</p>
“CUSC”	means the connection and use of system code required to be in place pursuant to the transmission licence granted to the transmission company in England and Wales <u>system operator</u> , as from time to time modified.
“CUSC Framework Agreement”	means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State,

Discussion

- 2.36. Paragraph 1 has been amended to reflect the move to a GB-wide transmission system under BETTA.
- 2.37. As explained in chapter 5 of this paper Ofgem/DTI consider that it is appropriate to remove existing references to MCUSA and its associated definitions. As such these provisions have been deleted.
- 2.38. In addition, the definition of "CUSC" in paragraph 4 has been amended to reflect that the obligation to have in place a CUSC will rest with the GB system operator under BETTA.

Consultation with the Nuclear Installations Inspectorate

Condition D2: Consultation with the Nuclear Installations Inspectorate

1. Where the Authority may issue directions under paragraph 2 of each of the following standard conditions:

Condition 5 (Compliance with ~~the~~ [Grid Codes](#) [Code](#)), or

Condition 6 (Compliance with Distribution Codes)

following consultation by the Authority as referred to in those standard conditions (respectively), the Authority's consultation will include consultation with the Nuclear Installations Inspectorate.

Discussion

- 2.39. This condition has been amended to reflect the introduction of a single Grid Code for GB under BETTA.

3. Annex C – Distribution licence conditions

- 3.1. Annex C sets out licence drafting for amendments to existing distribution SLCs and provides commentary on the drafting approach that has been adopted. It should be noted that this Annex only includes those licence conditions where an amendment has been made.
- 3.2. No amendments have been proposed to the following SLCs:
- ◆ A2: Application of Section C (Distribution Services Obligations).
 - ◆ A 3: Payments by Licensee to the Authority.
 - ◆ B4A: Non-Discrimination in the Provision of Use of System and Connection to System.
 - ◆ B6: Safety and Security of Supplies Enquiry Service.
 - ◆ B7: Provision of Information about Theft or Abstraction of Electricity, Damage and Meter Interference.
 - ◆ B8: Provisions Relating to the Connection of Metering Equipment.
 - ◆ B9: Distribution Code
 - ◆ B9A: Compliance with other Distribution Codes.
 - ◆ B13: Change Co-ordination for the Utilities Act 2000.
 - ◆ B14: The Master Registration Agreement.
 - ◆ B17: Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick.
 - ◆ B18: Provision of Services for Persons who are Blind or Deaf.
 - ◆ B19: Code of Practice on Procedures with Respect to Site Access.
 - ◆ B20: Payments in Relation to Standards of Performance.

- ◆ B21: Compliant Handling Procedure.
- ◆ B22: Preparation, Review of and Compliance with Customer Service Codes.
- ◆ B23: Record of and Report on Performance.
- ◆ B24: Provision of Information to the Authority.
- ◆ B25: Long Term Development Statement.
- ◆ B27: Not Used.
- ◆ B28: Not Used.
- ◆ B29: Disposal of Relevant Assets.
- ◆ B30: Not Used.
- ◆ B31: Not Used.
- ◆ C32: Interpretation of Section C (Distribution Services Obligations).
- ◆ C32A: Convenience Customers
- ◆ C33: Not Used.
- ◆ C34: Compulsory Acquisition of Land.
- ◆ C35: Other Powers etc.
- ◆ C36: Basis of Charges for Distributor Metering and Data Services: Requirements for transparency.
- ◆ C36A: Non-Discrimination in the Provision of Distributor Metering and Data Services.
- ◆ C36C: Functions of the Authority.
- ◆ C39: Restriction on Use of Certain Information and Independence of the Distribution Business.

- ◆ C40: Appointment of Compliance Officer.
- ◆ C41: Prohibition of Cross-Subsidies.
- ◆ C42: Regulatory Accounts.
- ◆ C42A: Change of Financial Year.
- ◆ C43: Restriction on Activity and Financial Ring Fencing.
- ◆ C44: Availability of Resources.
- ◆ C45: Undertaking from Ultimate Controller.
- ◆ C46: Credit Rating of Licensee.
- ◆ C47: Indebtedness.
- ◆ C48: Last Resort Supply: Payment Claims.
- ◆ C49 Incentive Scheme and Associated Information.

3.3. Amendments are proposed to the following SLCs which are included in this Annex:

- ◆ A1: Definitions and interpretation.
- ◆ B4: Basis of Charges for Use of System and Connection to System: Requirements for Transparency.
- ◆ B4B: Requirement to Offer Terms for Use of System and Connection.
- ◆ B4C: Functions of the Authority.
- ◆ B5: Distribution System Planning Standard and Quality of Service.
- ◆ B10: Balancing and Settlement Code and NETA Implementation.
- ◆ B11: Change Co-ordination for NETA.
- ◆ B15: Compliance with the Grid Code[s].

- ◆ B26: Compliance with CUSC.
 - ◆ C36B: Requirement to offer Terms for the Provision of Distributor Metering and Data Services.
 - ◆ C37: The Metering Point Administration Service and the Master Registration Agreement.
 - ◆ C38: Establishment of a Data Transfer Service.
- 3.4. It should be noted that Ofgem/DTI are not considering the following conditions in this consultation although they may be subject to change proposals at a later date:
- ◆ B12: Settlement Agreement for Scotland.
 - ◆ B12A: Compliance with Trading Code in Scotland
 - ◆ B16: Security Arrangements.
 - ◆ Distribution price control licence conditions
- 3.5. In addition a number of SLCs (including amended SLCs) and special conditions will be deleted under BETTA. The text of these licence conditions is included at Annex E to this paper.
- 3.6. Each of the following sections set out the entire SLC and then provides commentary on the drafting approach that has been adopted. The amended components of the SLCs are indicated through change-marking.

PROPOSED DRAFT AMENDMENTS TO STANDARD DISTRIBUTION LICENCE CONDITIONS

Definitions and interpretation

Condition 1: Definitions and interpretation

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

the "Act"	means the Electricity Act 1989.
"affiliate"	in relation to the licensee means any holding company of the licensee, any subsidiary of the licensee or any subsidiary of a holding company of the licensee in each case within the meaning of section 736, 736A and 736B of the Companies Act 1985.
"alternative accounting rules"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"amendment"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"Application Regulations"	means the Electricity (Applications for Licences and Extensions and Restrictions of Licences) Regulations 2001.
"appropriate time"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"auditors"	means the licensee's auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.

"authorised"	in relation to any business or activity means authorised by licence granted or treated as granted under section 6 or by exemption granted under section 5 of the Act.
"authorised electricity operator"	means any person (other than the licensee) who is authorised to generate, transmit <u>participate in the transmission of</u> , distribute, or supply electricity and shall include any person who has made an application to be so authorised which application has not been refused and any person transferring electricity to or from or across an interconnector or Scottish interconnection or who has made an application for use of an interconnector or Scottish interconnection which has not been refused.
the "Authority"	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000.
"BSC"	for the purposes of Section B only, has the meaning given in standard condition 10 (Balancing and Settlement Code and NETA Implementation).
"BSC Framework Agreement"	for the purposes of standard condition 10 (Balancing and Settlement Code and NETA Implementation) only, has the meaning given in that condition.
"bilateral agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"charge restriction conditions"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information)

	only, has the meaning given in that condition.
"charging review date"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"competent authority"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"confidential information"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"consolidated distribution business"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"construction agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"Consumer Council"	means the Gas and Electricity Consumer Council as established under section 2 of the Utilities Act 2000.
"convenience customers"	means customers supplied or requiring to be supplied at any premises which are (i) connected to the licensee's distribution system; and (ii) situated within the distribution services area of a distribution services provider other than the licensee.
"core industry documents"	for the purposes of standard conditions 10 (Balancing and Settlement Code and NETA Implementation) and 11 (Change Co-ordination

	for NETA <u>BSC</u>) only, has the meaning given in standard condition <u>11</u> 0 ; and for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"cross-default obligation"	for the purposes of standard condition 47 (Indebtedness) only, has the meaning given in that condition.
"current cost assets"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"CUSC"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"CUSC Framework agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"customer"	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain, but shall not include any authorised electricity operator in its capacity as such.
"data aggregation"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"data processing"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"data retrieval"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).

"data transfer service"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"declared net capacity"	means, in relation to generation plant, the highest generation of electricity at the main alternator terminals which can be maintained for an indefinite period of time without causing damage to the plant, less so much of that capacity as is consumed by the plant.
"disposal"	for the purposes of standard condition 29 (Disposal of Relevant Assets) only, has the meaning given in that condition.
"distribution arrangements"	has the meaning given in standard condition 25 (Long Term Development Statement).
"distribution business"	<p>means a business of the licensee, or in relation to sub-paragraphs (a) and (b) below, and except to the extent otherwise specified by the authority in a direction to the licensee, any business of any affiliate or related undertaking of the licensee comprising:</p> <ul style="list-style-type: none"> (a) the distribution of electricity through the licensee's distribution system, including any business in providing connections to such system; (b) the provision of the services specified in sub-paragraphs (c) and (d) of paragraph 1 of standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services); and (c) the provision of the services specified in sub-paragraphs (a) and (b) of paragraph 1 of

standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services)

or any business ancillary thereto.

"Distribution Code"

means a distribution code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) and approved by the Authority as revised from time to time with the approval of the Authority.

"distribution licence"

means a distribution licence granted or treated as granted under section 6(1)(c) of the Act.

"distribution services area"

has the meaning given at sub-paragraph 5(b) of standard condition 2 (Application of Section C (Distribution Services Obligations)).

"Distribution Services Direction"

has the meaning given in standard condition 2 (Application of Section C (Distribution Services Obligations)).

"distribution services provider"

means a licensed distributor in whose licence Section C has effect.

"distribution system"

means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points ~~(and bulk supply points in Scotland)~~ to the points of delivery to customers or authorised electricity operators ~~or any transmission company~~ within Great Britain ~~in its capacity as operator of a transmission system~~ and includes any remote

	transmission assets (owned by a transmission licensee within England and Wales) operated by such distributor and any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not include any part of the transmission system.
"distributor metering and data services"	for the purposes of Section C only, has the meaning given in paragraph 9 of standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"domestic customer"	means a customer supplied or requiring to be supplied with electricity at domestic premises (but excluding such customer in so far as he is supplied or requires to be supplied at premises other than domestic premises).
"domestic premises"	means premises at which a supply is taken wholly or mainly for domestic purposes.
"Electricity Arbitration Association"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"electricity supplier"	means any person authorised to supply electricity.
"estimated costs"	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"existing connection"	means, in relation to any premises, an existing

	<p>connection to the licensee's distribution system which does not require modification, or a new or modified connection to such system in respect of which all works have been completed, such that in either case electricity is able to be supplied to the premises in accordance with the terms of the relevant supply agreement.</p>
"external distribution activities"	<p>for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.</p>
"financial year"	<p>subject to standard condition 42A (Change of Financial Year) (where applicable), means a period of 12 months beginning on 1 April of each year and ending on 31 March of the following calendar year.</p>
"Fuel Security Code"	<p>for the purposes of Section B only, has the meaning given in standard condition 16 (Security Arrangements).</p>
"generation set"	<p>means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generation set.</p>
"Grid Code"	<p>means the Grid Code which each transmission company <u>the system operator</u> is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.</p>
"grid supply point"	<p>means any point at which electricity is delivered</p>

the "handbook"	from a <u>the</u> transmission system to any distribution system. for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"holding company"	means a company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
"indebtedness"	for the purposes of standard condition 47 (Indebtedness) only, has the meaning given in that condition.
"information"	includes any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or the Consumer Council) of any description specified by the Authority.
"interconnection"	means: the 275 kV and 400 kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the associated switchgear at Strathaven sub-station in Lanarkshire; the 275 kV 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 400 kV 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 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 132 kV 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 132 kV 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 comes into force and as from time to time maintained, repaired or renewed.~~

"interconnector(s)"

means the electric lines and electrical plant and meters owned or operated by a transmission ~~company~~[licensee](#) solely for the transfer of electricity to or from ~~a~~[the](#) transmission system into or out of ~~England and Wales~~[Great Britain](#).

"investment"

for the purposes of Section C only, has the meaning given in standard condition 43 (Restriction on Activity and Financial Ring Fencing).

"investment grade issuer credit rating"

for the purposes of Section C only, has the meaning given in standard condition 46 (Credit

	Rating of Licensee).
"licensed distributor"	means any holder of a distribution licence.
"licensee's Distribution Code"	means the distribution code required to be prepared by the licensee pursuant to standard condition 9 (Distribution Code) and approved by the Authority as revised from time to time with the approval of the Authority.
"licensee's distribution system"	means the distribution system owned or operated by the licensee.
"Master Registration Agreement"	means the agreement of that title referred to and comprising such matters as are set out in standard condition 37 (The Metering Point Administration Service and the Master Registration Agreement).
"metering equipment"	includes any electricity meter and any associated equipment which materially affects the operation of that meter.
"Metering Point Administration Service"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"metering point administration services"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"Metering Point Administration Service operator"	has the meaning given in standard condition 38 (Establishment of a Data Transfer Service).

"non-domestic customer"	means a customer who is not a domestic customer.
"other Distribution Codes"	means the distribution codes which the holder(s) of a distribution licence (other than the licensee) are required to draw up and have approved by the Authority pursuant to standard condition 9 (Distribution Code) of their distribution licence, as from time to time revised with the approval of the Authority.
"owned"	in relation to an electricity meter or other property includes leased and cognate expressions shall be construed accordingly.
"participating interest"	has the meaning given by section 260 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.
"permitted purpose"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"Pooling and Settlement Agreement"	means the agreement of that title approved by the Secretary of State as from time to time amended.
"regulatory instructions and guidance"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"related undertaking"	in relation to the licensee means any undertaking in which the licensee has a participating interest.
"relevant asset"	means any asset for the time being forming part

	of the licensee's distribution system, any control centre for use in conjunction therewith, and any legal or beneficial interest in land upon which any of the foregoing is situate (which for the purposes of property located in Scotland means any estate, interest, servitude or other heritable or leasehold right in or over land including any leasehold interests or other rights to occupy or use and any contractual or personal rights relating to such property or the acquisition thereof).
"relevant duties"	for the purposes of standard condition 40 (Appointment of a Compliance Officer) only, has the meaning given in that condition.
"relevant proportion"	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"relevant year"	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition; and for the purposes of standard condition 48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition.
"relinquishment of operational control"	for the purposes of standard condition 29 (Disposal of Relevant Assets) only, has the meaning given in that condition.
"remote transmission assets"	means any electric lines, electrical plant or meters in England and Wales owned by a transmission company <u>licensee</u> ("the <u>"owner transmission company</u> licensee ") which: (a) are embedded in the licensee's distribution

	<p>system or the distribution system of any authorised distributor and are not directly connected by lines or plant owned by the owner transmission companylicensee to a sub-station owned by the owner transmission companylicensee; and</p> <p>(b) are by agreement between the owner transmission companylicensee and the licensee or such authorised distributor operated under the direction and control of the licensee or such authorised distributor.</p>
"Scottish interconnection"	means such part of the interconnection as is situated in Scotland.
"Secretary of State's costs"	for the purposes of standard condition 3 (Payments by Licensee to the Authority) only, has the meaning given in that condition.
"separate business"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
the "scheme"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"Settlement Agreement for Scotland"	has the meaning given in standard condition 12 (Settlement Agreement for Scotland).
"settlement purposes"	means for the purposes of settlement as set out in the Balancing and Settlement Code [or the Settlement Agreement for Scotland] .

"specified information"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"standby"	means the periodic or intermittent supply or sale of electricity: <ul style="list-style-type: none"> (a) to an authorised electricity operator to make good any shortfall in the availability of electricity to that operator for the purposes of its supply of electricity to persons seeking such supply; or (b) to a customer of the licensee to make good any shortfall between the customer's total supply requirements and that met either by its own generation or by electricity supplied by an electricity supplier other than the licensee.
"statutory accounts"	means the accounts that the licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989).
"subsidiary"	means a subsidiary within the meanings of sections 736, 736A and 736B of the Companies Act 1985.
"supply licence"	means a supply licence granted or treated as granted under section 6(1)(d) of the Act.
<u>"system operator"</u>	<u>means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section C Direction and where Section C remains in effect (whether or not subject to any terms included in the Section C Direction or to any subsequent</u>

variation of its terms to which the licensee may be subject).]

"top-up"

means the supply or sale of electricity on a continuing or regular basis:

- (a) to an authorised electricity operator to make good any shortfall in the availability of electricity to that operator for the purposes of its supply of electricity to persons seeking such supply; or
- (b) to a customer of the licensee to make good any shortfall between the customer's total supply requirements and that met either by its own generation or by electricity supplied by an electricity supplier other than the licensee.

"trading code"

for the purposes of Section B only, has the meaning given in standard condition 12A (Compliance with Trading Code in Scotland).

~~"transmission company"~~

~~means the holder for the time being of a transmission licence.~~

"transmission licence"

means a transmission licence granted or treated as granted under section 6(1)(b) of the Act.

"transmission licensee"

means the holder for the time being of a transmission licence.

"transmission system"

means a system consisting (wholly or mainly) of high voltage electric lines owned or operated by a transmission ~~company~~ licensees 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 ~~or Scottish interconnection in question and in relation to Scotland including any interconnector and Scottish interconnection~~, and includes any electrical plant and meters owned or operated by ~~the~~a transmission ~~company~~licensee in connection with the transmission of electricity but shall not include any remote transmission assets.

"ultimate controller"

means:

- (a) a holding company of the licensee which is not itself a subsidiary of another company; and
- (b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:
 - (i) rights under contractual arrangements to which he is a party or of which he is a beneficiary; or
 - (ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary;

but excluding any director or employee of a corporate body in his capacity as such; and

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

"undertaking"	has the meaning given by section 259 of the Companies Act 1985.
"unmetered supply"	means a supply of electricity to premises which is not, for the purpose of calculating the charges for electricity supplied to the customer at such premises, measured by metering equipment.
"use of system"	means use of the licensee's distribution system for the distribution of electricity by the licensee for any person.
"use of system charges"	means charges made or levied or to be made or levied by the licensee for the provision of services as part of the distribution business to any person as more fully described in standard condition 4 (Basis of Charges for Use of System and Connection to System: Requirements for Transparency) but shall not include connection charges.

2. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless the contrary intention appears, have the same meanings when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.

4. These standard conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "him", "his", "who" and "whom", and cognate expressions shall be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these standard conditions to -
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity supply licences, or
 - (c) a provision of the standard conditions of electricity generation licences,
 - (d) a provision of the standard conditions of electricity transmission licences,shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or the other standard conditions in question as modified.
7. In construing these standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that standard condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(c) of the Act (whenever granted) which incorporates it.
9. Where any obligation of the 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, 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 the 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 standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case -
- (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all distribution licences). Where:
- (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated:
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Distribution Services Obligations));
 - (b) any definition which is used in Sections A and B is also used in one or more other Sections:
 - (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
 - (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

Discussion

- 3.7. SLC A1 has been amended to reflect changes required to certain existing definitions, to include new definitions required as a result of BETTA, for example the definition of system operator and to delete existing definitions that will no longer be required under BETTA, such as existing definitions of the Scottish interconnection. Commentary on those definitions which need to be changed under BETTA is set out below.
- 3.8. The definition of "authorised electricity operator" has been amended to reflect the change in relation to the authorised activity of electricity transmission to "participate in the transmission of" electricity as used in the E(TT) Bill. The definition has also been amended to delete references to the Scottish interconnection given that the assets which comprise the Scottish interconnection today will be subsumed into the GB transmission system under BETTA.
- 3.9. The definitions of "BSC" and "BSC Framework Agreement" have been amended to remove the reference to NETA implementation as the relevant provisions of SLC B10 will be deleted under BETTA. In Ofgem/DTI's view, the NETA implementation scheme is complete and as such, in order to avoid any potential confusion with the implementation arrangements that may be required for BETTA, provisions relating to the NETA implementation scheme will be removed.
- 3.10. The definition of "core industry documents" has been amended to reflect that the definition will no longer be required in SLC B10 (BSC and NETA Implementation) following the removal of provisions relating to the NETA implementation scheme. However, the definition of "core industry documents" in relation to the BSC will be required in relation to SLC B11 (Change co-ordination for BSC) and will under BETTA, be included in that licence condition. As such, changes have been made to this definition to reflect this.
- 3.11. A number of changes are required to the definition of "distribution system" under BETTA. In particular it is necessary to remove the existing reference to "bulk supply point" given that this term will no longer be used under BETTA (and will be replaced with the existing England and Wales term of "grid supply point" as discussed in chapter 5 of this paper). Furthermore, as explained in chapter 5 of

this paper, Ofgem/DTI consider that it will be necessary to remove the existing reference in the definition of “distribution system” that currently includes specific reference, in defining the parameters of the distribution system to the point of delivery to a “transmission company within Great Britain in its capacity as operator of a transmission system”. As explained, Ofgem/DTI do not consider this additional text to be necessary (as such transmission companies will already have been included through the preceding reference to “authorised electricity operators”). While such an amendment may not be considered necessary under BETTA, Ofgem/DTI consider that it would be appropriate to remove these references to a licensee’s capacity as system operator in order to make the parameters of the distribution system (in particular as to whether or not a point of delivery to a ‘transmission owner’ who is an “authorised electricity operator” is one of the parameters of the distribution system).

- 3.12. The definition of "Grid Code" has been amended to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator under BETTA.
- 3.13. The definition of "grid supply point" has been amended to reflect the introduction of a GB-wide transmission system. It should also be noted that this definition will now apply on a GB basis, with the existing equivalent term for Scotland, “bulk supply point” being removed under BETTA.
- 3.14. The definition of "interconnection" has been deleted given that these assets will be subsumed into the GB transmission system under BETTA.
- 3.15. The definition of "interconnector" has been amended given the deletion of the definition of "transmission company" (and its replacement, as the context dictates, with system operator or transmission licensees). In this context the existing term has been replaced with “transmission licensee”. In addition, amendment has been made to reflect the move to a GB-wide transmission system.
- 3.16. Amendment has been made to the definition of "remote transmission assets" given the deletion of the definition of “transmission company”. Such references have, in this context, been replaced with references to “transmission licensees”. As such the definition of "owner transmission company" included within this definition has

also been amended to "owner transmission licensee". Given the historical nature of this term it is not intended to extend its geographical scope by applying the existing definition to GB.

- 3.17. The definition of "Scottish interconnection" has been deleted given that the assets that comprise the Scottish interconnection will be subsumed into the GB-wide transmission system under BETTA.
- 3.18. A new definition of "system operator" has been added to provide reference to the introduction of a GB-wide system operator function and the allocation of functions as between the system operator and transmission owners under BETTA. This definition is the same as the definition used in the second consultation on electricity transmission licences under BETTA. Subject to the outcome of that consultation the definition included here may need to change as work on the development of electricity transmission licences under BETTA progresses.
- 3.19. For the reasons discussed above the existing definition of "transmission company" has been deleted and replaced, as the context dictates with either "the system operator" or "transmission licensee(s)".
- 3.20. The new definition of "transmission licensee" (in addition to that of "system operator") has been included pursuant to the deletion of "transmission company". Transmission licensee refers to all transmission licensees and has been drawn from the amended draft transmission licence that is currently being consulted upon. As such this definition may be subject to further change as work on the development of electricity transmission licences under BETTA progresses.
- 3.21. The definition of "transmission system" has been amended to reflect the move to a GB-wide transmission system and the subsuming of the existing Scottish interconnection assets into the GB transmission system. The definition also takes account of the deletion of the definition of "transmission company" and its replacement with "transmission licensees". The definition reflects that used in the amended draft transmission licence that is currently being consulted upon and therefore may be subject to change as work on the development of transmission licences under BETTA progresses.

***Basis of Charges for Use of System and Connection to System:
Requirements for Transparency***

**Condition 4: Basis of Charges for Use of System and Connection to System:
Requirements for Transparency**

1. The licensee shall as soon as practicable prepare statements in a form approved by the Authority setting out the basis upon which charges will be made for the provision of:
 - (a) use of system; and
 - (b) connections to the licensee's distribution system,in each case in such form and with such detail as shall be necessary to enable any person to make a reasonable estimate of the charges which the person would become liable to pay for the provision of such services, and (without prejudice to the foregoing) including the information set out in paragraphs 2 and 3 respectively.
2. The statement referred to at sub-paragraph 1(a) shall include:
 - (a) a schedule of charges for the distribution of electricity under use of system;
 - (b) a schedule of adjustment factors to be made in respect of distribution losses, in the form of additional supplies required to cover those distribution losses;
 - (c) the methods by which and the principles on which the charges (if any) for availability of distribution capacity on the licensee's distribution system will be made;
 - (d) a schedule of charges in respect of accounting and administrative services; and
 - (e) a schedule of the charges (if any) which may be made for the provision and installation of any electrical plant at entry or exit points, the provision and installation of which are ancillary to the grant of use of system, and for the maintenance of such electrical plant.
3. The statement referred to at sub-paragraph 1(b) shall include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the licensee's distribution system for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
- (b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the licensee's distribution system rendered (in the licensee's discretion) necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
- (c) the methods by which and the principles on which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for use of system by the person seeking connection;
- (d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance, repair and replacement required of electric lines or electrical plant provided and installed for making a connection to the licensee's distribution system;
- (e) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services) the methods by which and principles on which any charges will be made for the provision of special metering or telemetry or data processing equipment by the licensee for the purposes of enabling any person who is party to ~~the Pooling and Settlement Agreement and/or~~ the Balancing and Settlement Code to comply with its obligations in respect of metering thereunder, or for the performance by the licensee of any service in relation to such metering thereto; and
- (f) the methods by which and principles on which any charges will be made for disconnection from the licensee's distribution system and the removal of electrical plant and electric lines following disconnection.

4. Connection charges for those items referred to in paragraph 3 shall be set at a level which will enable the licensee to recover:
 - (a) the appropriate proportion to be determined having regard to the factors set out in paragraph 4 of standard condition 4B (Requirement to Offer Terms for Use of System and Connection) of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the licensee's distribution system or the provision and installation, maintenance, repair, and replacement or (as the case may be) removal following disconnection of any electric lines or electrical plant; and
 - (b) a reasonable rate of return on the capital represented by such costs.
5. If so requested and subject to paragraphs 6 and 10, the licensee shall, as soon as practicable and in any event within 28 days (or where the Authority so approves such longer period as the licensee may reasonably require having regard to the nature and complexity of the request) after the date referred to in paragraph 12 give or send to any person making such request a statement showing present and future circuit capacity, forecast power flows and loading on the part or parts of the licensee's distribution system specified in the request and fault levels for each distribution node covered by the request and containing:
 - (a) such further information as shall be reasonably necessary to enable such person to identify and evaluate the opportunities available when connecting to and making use of the part or parts of the licensee's distribution system specified in the request; and
 - (b) if so requested, a commentary prepared by the licensee indicating the licensee's views as to the suitability of the part or parts of the licensee's distribution system specified in the request for new connections and the distribution of further quantities of electricity.
6. The licensee shall include in every statement given or sent under paragraph 5 the information required by that paragraph except that the licensee may:
 - (a) with the prior consent of the Authority omit from any such statement any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and

prejudicially affect the commercial interests of the licensee or any third party;
and

- (b) omit information the disclosure of which would place the licensee in breach of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) (if applicable).

7. The licensee:

- (a) shall, at least once in every year, review the information set out in the statements prepared in accordance with paragraph 1 in order that the information set out in such statements shall continue to be accurate in all material respects; and
- (b) may, with the approval of the Authority, from time to time alter the form of such statements.

8. The licensee shall send a copy of the statements prepared in accordance with paragraph 1 and of any revision of such statements, to the Authority.

9. The licensee shall give or send a copy of the statements prepared in accordance with paragraph 1, or (as the case may be) of the latest revision of such statements, to any person who requests a copy of such statement or statements.

10. The licensee may make a charge for any statement given or sent pursuant to paragraph 9 of an amount which shall not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing such a statement.

11. The licensee may within 10 days after receipt of the request provide an estimate of its reasonable costs in the preparation of any statement referred to in paragraph 5, and its obligation to provide such statement shall be conditional on the person requesting such statement agreeing to pay the amount estimated or such other amount as the Authority may, upon application of the licensee or the person requesting such statement, direct.

12. For the purposes of paragraph 5, the date referred to shall be the later of:

- (a) the date of receipt of the request referred to in paragraph 5; or

- (b) the date on which the licensee receives agreement from the person making the request to pay the amount estimated or such other amount as is determined by the Authority (as the case may be) under paragraph 11.
- 13. The licensee shall, not less than 5 months prior to the date on which it proposes to amend its use of system charges in respect of any agreement for use of system, send to the Authority a notice setting out the licensee's proposals in relation to such amendment together with an explanation of the proposed amendment (including a statement of any assumptions on which such proposals are based), and the licensee shall send a copy of such notice to any person who has entered into an agreement for use of system under standard condition 4B (Requirement to Offer Terms for Use of System and Connection).
- 14. Except with the prior consent of the Authority, the licensee shall not amend its use of system charges in respect of any agreement for use of system save to the extent that it has given prior notice of the amendment in accordance with paragraph 13 and such amendment reflects the proposals made in the notice (subject only to revisions consequent upon material changes in the matters which were expressed, in the statement which accompanied the notice, to be assumptions on which the proposals were based).

Discussion

- 3.22. Paragraph 3(e) of this SLC has been amended to delete the reference to the Pooling and Settlement Agreement (PSA), for which run-off arrangements are now addressed through the BSC. Ofgem/DTI consider that it is appropriate to remove this reference to the PSA to more appropriately reflect the BETTA arrangements and to provide clarity as to the prevailing arrangements under BETTA. This approach is consistent with Ofgem/DTI's approach to electricity transmission licences.

Requirement to Offer Terms for Use of System and Connection to system

Condition B4B: Requirement to Offer Terms for Use of System and Connection to system

1. On application made by any person the licensee shall (subject to paragraph 4) offer to enter into an agreement for use of system:
 - (a) to accept into the licensee's distribution system at such entry point or points and in such quantities as may be specified in the application, electricity to be provided by or on behalf of such person; and/or
 - (b) to distribute such quantities of electricity as are referred to in sub-paragraph (a) (less any distribution losses) at such exit point or points on the licensee's distribution system and to such person or persons as the applicant for use of system may specify.
2. On application made by any person for a connection, the licensee shall offer terms for making the connection pursuant to section 16 and section 16A of the Act. Such offer of a connection shall comply with the provisions of this condition.
3. Where the licensee:
 - (i) makes an offer to enter into a connection agreement pursuant to section 22 of the Act; or
 - (ii) replies to a request for a connection made to it under section 16A of the Act

the licensee shall, in making the offer or replying to the applicant, make detailed provision regarding:

- (a) the carrying out of the works (if any) required to connect the licensee's distribution system to any other system for the transmission or distribution of electricity, and for the obtaining of any consents necessary for such purpose;
- (b) the carrying out of the works (if any) in connection with the extension or reinforcement of the licensee's distribution system rendered (in the licensee's discretion) appropriate or necessary by reason of making the connection or modification to an existing connection and for the obtaining of any consents necessary for such purpose;

- (c) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services)) the installation of appropriate meters (if any) required to enable the licensee to measure electricity being accepted into the licensee's distribution system at the specified entry point or points or leaving such system at the specified exit point or points;
 - (d) the installation of such switchgear or other apparatus (if any) as may be required for the interruption of supply where the person seeking connection or modification of an existing connection does not require the provision of top-up or standby; and
 - (e) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services) the installation of special metering, telemetry or data processing equipment (if any) for the purpose of enabling any person who is party to the ~~Pooling and Settlement Agreement and/or the~~ Balancing and Settlement Code whilst such agreement is still in existence to comply with its obligations in respect to metering or the performance by the licensee of any service in relation to such metering thereunder.
4. In making an offer pursuant to this condition to enter into any connection agreement or in replying to a request for connection under section 16A of the Act, the licensee shall set out:
- (a) the date by which in the case of an agreement under paragraph 2, any works required to permit access to the licensee's distribution system (including for this purpose any works to reinforce or extend the licensee's distribution system) shall be completed, time being of the essence unless, in the case of connection agreements only, otherwise agreed between the parties;
 - (b) the charges to be paid in respect of the services required, such charges (unless manifestly inappropriate):

- (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 of standard condition 4 (Basis of Charges for Use of System and Connection to System: Requirements for Transparency) or any revision thereof; and
 - (ii) to be set in conformity with the requirements of standard condition 4 (Basis of Charges for Use of System and Connection to System: Requirements for Transparency); and
 - (iii) in the case of a connection agreement under paragraph 2, additionally to be set in conformity with the requirements of paragraph 5.
 - (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.
5. For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under an agreement for providing a connection or modification to or retention of an existing connection, the licensee shall have regard to:
- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the licensee or any other person as a result of the carrying out of such works whether by reason of the reinforcement or extension of the licensee's distribution system or the provision of additional entry or exit points on such system or otherwise;
 - (b) the ability or likely future ability of the licensee to recoup a proportion of such costs from third parties; and
 - (c) the principles that:
 - (i) no charge will normally be made for reinforcement of the existing distribution system if the new or increased load requirement does not exceed 25 per cent of the existing effective capacity at the relevant points on the system; and

- (ii) charges will not generally take into account system reinforcement carried out at more than one voltage level above the voltage of connection.
- 6. The licensee shall offer terms for agreements in accordance with paragraphs 2 and 4 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than the period specified in paragraph 7 after receipt by the licensee (or its agent) from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
- 7. For the purposes of paragraph 6, the period specified shall be:
 - (a) in the case of persons seeking the provision of use of system only, 28 days;
 - (b) in the case of persons seeking connection or a modification to an existing connection, 3 months; and
 - (c) in the case of persons seeking use of system in conjunction with connection or a modification to an existing connection, 3 months.
- 8. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement:
 - (a) under paragraphs 2 and 4 if to do so would be likely to involve the licensee being:
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect to the distribution business;
 - (iii) in breach of the Grid Codes or the licensee's Distribution Code; or
 - (iv) in breach of the conditions; or

- (b) under paragraph 2 or 4, if the person making the application does not undertake to be bound, in so far as applicable, by the terms of the licensee's Distribution Code or the ~~applicable~~ Grid Code from time to time in force; or
 - (c) under paragraphs 2 and 4, if to do so would be likely to involve the licensee doing something which, without the consent of another person, would require the exercise of a power conferred by any provision of Schedules 3 or 4 to the Act; where the licence does not provide for that provision to have effect in relation to it; and any necessary consent has not, at the time the request is made, been given.
9. The licensee shall within 28 days following receipt of a request from any person, give or send to such person such information in the possession of the licensee as may be reasonably required by such person for the purpose of completing an application under the Application Regulations or such provisions to like effect contained in any further regulations then in force made pursuant to sections 6(3), 60 and 64(1) of the Act.

Discussion

- 3.23. As per SLC B4, paragraph 3(ii)(e) of this condition has also been amended to delete the reference to the Pooling and Settlement Agreement. Paragraphs 8(a)(iii) and 8(b) have also been amended to reflect the introduction of a single GB Grid Code under BETTA.

Functions of the Authority

Condition 4C: Functions of the Authority

1. If, after a period which appears to the Authority to be reasonable for the purpose, the licensee has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to a request under standard condition 4B (Requirement to Offer Terms for Use of System and Connection) for use of system, or an agreement for connection, the Authority may, on the application of such person or the licensee, settle any terms of the agreement in dispute between the licensee and that person in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard in particular to the following considerations:
 - (a) that such a person should pay to the licensee, in the case of provision of use of system, the use of system charges determined in accordance with standard condition 4 (Basis of Charges for Use of System and Connection to System: Requirements for Transparency); and

in the case of provision of a connection or modification to an existing connection to the system, the whole or an appropriate proportion (as determined in accordance with paragraph 4 of standard condition 4B (Requirement to Offer Terms for Use of System and Connection)) of the costs referred to in paragraph 4 of standard condition 4 (Basis of Charges for Use of System and Connection to System: Requirements for Transparency), together with a reasonable rate of return on the capital represented by such costs;
 - (b) that the performance by the licensee of its obligations under the agreement should not cause it to be in breach of those provisions referred to at subparagraph 8(a) of standard condition 4B (Requirement to Offer Terms for Use of System and Connection);
 - (c) that any methods by which the licensee's distribution system is connected to any other system for the transmission or distribution of electricity accord (in so far as applicable to the licensee) with the applicable Distribution Codes and Grid ~~Codes~~Code; and

- (d) that the terms and conditions of the agreement so settled by the Authority and of any other agreements entered into by the licensee pursuant to a request under standard condition 4B (Requirement to Offer Terms for Use of System and Connection) should be in as similar a form as is practicable.
- 2. In so far as any person entitled or claiming to be entitled to an offer under standard condition 4B (Requirement to Offer Terms for Use of System and Connection) wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.
- 3. If either party to such agreement proposes to vary the contractual terms of any agreement for use of system, for the provision of a connection or for the modification to an existing connection to the licensee's distribution system, entered into pursuant to standard condition 4B (Requirement to Offer Terms for Use of System and Connection) or under this condition in any manner provided for under such agreement, the Authority may, at the request of that party, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

Discussion

- 3.24. Paragraph (1)(c) has been amended to reflect the introduction of a single GB Grid Code under BETTA.

Distribution System Planning and Quality of Service

Condition 5: Distribution System Planning Standard and Quality of Service

1. The licensee shall plan and develop the licensee's distribution system in accordance with a standard not less than that set out in Engineering Recommendation P.2/5 (October 1978 revision) of the Electricity Council Chief in so far as applicable to it or such other standard of planning as the licensee may, following consultation (where appropriate) with the ~~transmission company~~system operator and any other authorised electricity operator liable to be materially affected thereby and with the approval of the Authority, adopt from time to time.
2. The licensee shall within 3 months after this condition comes into force draw up and submit to the Authority for its approval a statement setting out criteria by which the quality of performance of the licensee in maintaining the licensee's distribution system's security and availability and quality of service may be measured.
3. The licensee shall within 2 months after the end of each financial year submit to the Authority a report providing details of the performance of the licensee during the previous financial year against the criteria referred to in paragraphs 1 and 2.
4. The Authority may (following consultation with the licensee and, where appropriate, with the ~~transmission company~~system operator and any other authorised electricity operator liable to be materially affected thereby) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the licensee's distribution system and to such extent as may be specified in the directions.
5. Paragraph 2 shall not apply to the licensee in respect of any period during which standard condition 49 has effect.
6. Paragraph 3 shall not apply in respect of a previous financial year during the whole or part of which standard condition 49 had effect.

Amended condition B5 for Scottish Hydro-Electric Power Distribution Limited.

1. The licensee shall plan and develop the licensee's distribution system in accordance with a standard not less than that set out in Engineering Recommendation P.2/5 (October 1978 revision) of the Electricity Council Chief Engineers' Conference (as modified by the Memorandum numbered EM7907 and entitled "Distribution Planning – Standards of Voltage and security of supply" (dated 23 March 1979) such Memorandum being as submitted by or on behalf of the licensee to the Authority on or before the date of grant of this Licence Document or such later date as the Authority shall agree) in so far as applicable to it or such other standard of planning as the licensee may, following consultation (where appropriate) with the ~~transmission company~~ system operator and any other authorised electricity operator liable to be materially affected thereby and with the approval of the Authority, adopt from time to time.
2. The licensee shall within 3 months after this condition comes into force draw up and submit to the Authority for its approval a statement setting out criteria by which the quality of performance of the licensee in maintaining the licensee's distribution system's security and availability and quality of service may be measured.
3. The licensee shall within 2 months after the end of each financial year submit to the Authority a report providing details of the performance of the licensee during the previous financial year against the criteria referred to in paragraphs 1 and 2.
4. The Authority may (following consultation with the licensee and, where appropriate, with the ~~transmission company~~ system operator and any other authorised electricity operator liable to be materially affected thereby) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the licensee's distribution system and to such extent as may be specified in the directions.
5. Paragraph 2 shall not apply to the licensee in respect of any period during which standard condition 49 has effect.
6. Paragraph 3 shall not apply in respect of a previous financial year during the whole or part of which standard condition 49 had effect.

Discussion

- 3.25. As explained in chapter 7 of this paper, Ofgem/DTI consider that, given the interconnectivity of the transmission system and the distribution system and taking into account the GB system operator's obligations in relation to system operation, it is appropriate to include specific reference to the system operator's involvement in any review and consultation processes in relation to these standards (in the same way in which reference is made today to the "transmission company". Amendment has been made to these licence conditions to reflect this. Ofgem/DTI also explained in chapter 7 that while it was envisaged that transmission owners might need to be involved in such processes in certain circumstances it was not necessary for explicit provision to be made for this within the licence condition given the existing obligations on the licensee to consult any authorised electricity operator liable to be materially affected.
- 3.26. Equivalent changes have also been made to the amended SLC for Scottish Hydro-Electric Power Distribution Limited.

Balancing and Settlement Code and NETA Implementation

Condition B10: Balancing and Settlement Code ~~and NETA implementation~~

1. Insofar as the licensee shall distribute or offer to distribute electricity ~~within any area of England and Wales~~, the licensee shall be a party to the BSC Framework Agreement and shall comply with the BSC.
- ~~2. The licensee shall comply with the programme implementation scheme established in accordance with paragraph 3 as modified from time to time in accordance with paragraph 5:~~
- ~~3. The programme implementation scheme is a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 4, to be taken (or procured) by the licensee (and/or by authorised electricity operators) which are, in the Secretary of State's opinion, appropriate in order to give full and timely effect to:~~
 - ~~(a) any modifications made to this licence and to the licences of authorised electricity operators by the Secretary of State pursuant to the power vested in him under section 15A of the Act;~~
 - ~~(b) any conditions imposed by any exemption from the requirement to hold any such licence; and~~
 - ~~(c) the matters envisaged by such modifications and conditions.~~
- ~~4. The programme implementation scheme may include provisions, *inter alia*:~~
 - ~~(a) to secure or facilitate the amendment of any of the core industry documents;~~
 - ~~(b) to secure that any systems, persons or other resources employed in the implementation of the Pooling and Settlement Agreement may be employed in the implementation of the BSC;~~

- ~~(e) — for the giving of the indemnities against liabilities to which parties to the Pooling and Settlement Agreement may be exposed;~~
 - ~~(d) — for securing the co-ordinated and effective commencement of implementation of and operations under the BSC, including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;~~
 - ~~(e) — for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement;~~
 - ~~(f) — for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and~~
 - ~~(g) — for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the start of the first period for trading under the BSC as determined by the Secretary of State.~~
5. ~~(a) — The Secretary of State may at any time direct, in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme be modified in the manner set out in such direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 3.~~
- ~~(b) — The Secretary of State shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.~~
6. ~~If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 4(a) and/or imposed on the licensee by~~

~~paragraphs 2 and 5 of this condition, and those imposed on the licensee by any other condition, the provisions of paragraph(s) 4(a), 2 and/or 5 (as appropriate) shall prevail.~~

~~7. Without prejudice to paragraph 2, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to give full and timely effect to the modifications made to this licence as determined by the Secretary of State pursuant to the power vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).~~

8.2 In this condition:

"BSC" means the balancing and settlement code required to be in place, pursuant to the transmission licence granted to the ~~transmission company in England and Wales~~system operator, as from time to time modified.

"BSC Framework Agreement" means the agreement of that title, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as from time to time amended, with the consent of the Secretary of State.

~~"core industry documents" mean those documents which:~~

- ~~—— (a) — in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the balancing and settlement arrangements, and~~
- ~~—— (b) — have been so designated by the Secretary of State.~~

Discussion

- 3.27. SLC B10 has been amended to delete the reference to the NETA implementation scheme given that Ofgem/DTI have concluded that the NETA implementation scheme is spent. Paragraphs 2, 3, 4, 5, 6 and 7 and the consequential definition of "core industry documents" in paragraph 8 in this condition have therefore been deleted. It should be noted that the definition of "core industry documents" that was previously included in this licence condition will be moved, under BETTA, to SLC B11 which relates to change co-ordination between the BSC and key industry documents such as the Distribution Code. This change is taking place because the defined term is no longer used in SLC B10 given the removal of provisions relating to NETA implementation.
- 3.28. The definition of "BSC" has been amended to reflect the fact that, under BETTA, the GB system operator will be the party that is responsible for having the BSC in place.

Change Co-ordination for NETA

Condition B11: Change Co-ordination for ~~NETA~~ BSC

~~1. Insofar as the licensee shall distribute or offer to distribute electricity within any area of England and Wales, t~~ The licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the BSC.

2. In this condition:

"core industry documents"

mean those documents which:

- (a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the balancing and settlement arrangements, and
- (b) have been so designated by the Secretary of State.

~~For the purposes of paragraph 1, core industry documents has the meaning given in paragraph 8 of standard condition 10 (Balancing and Settlement Code and NETA Implementation).~~

Discussion

- 3.29. As explained in chapter 5 of this paper, Ofgem/DTI have concluded that this licence condition will need to be retained under BETTA, as it places an enduring obligation on licensees in relation to the co-ordination of changes to industry documents. As such it is not appropriate to remove this licence condition under BETTA. As explained above the existing definition of "core industry documents" contained in SLC B10 has been moved to this licence condition given that the defined term is no longer used in that condition.

Grid Code[s]

Condition B15: Compliance with the Grid Codes

1. The licensee shall comply with the provision of ~~every~~ the Grid Code in so far as applicable to it.
2. The Authority may (following consultation with the ~~transmission company responsible for the relevant Grid Code~~ system operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of ~~such~~ the Grid Code as to such extent and subject to such conditions as may be specified in those directions.

Discussion

- 3.30. Amendments to this licence conditions have been made to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator.

CUSC

Condition B26: Compliance with CUSC

1. Insofar as the licensee distributes or offers to distribute to any premises ~~situated in England and Wales~~, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC ~~and, if it is party to the agreement known as the Master Connection and Use of System Agreement (“MCUSA”), execute such other documents as shall be stated as required to be made in any direction issued by the Authority to enable the MCUSA and its supplemental agreements and ancillary service agreements (as defined or referred to in MCUSA) and any associated agreements derived from MCUSA to be amended appropriately into the CUSC Framework Agreement, CUSC, bilateral agreements, construction agreements and, so far as is appropriate, associated agreements derived from CUSC so as to maintain continuity of contractual relationships.~~
2. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.
3. For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.
4. In this condition:
~~“bilateral agreement”~~ ~~means an agreement between the holder of a transmission licence in England and Wales and a CUSC user supplemental to the CUSC relating to a direct connection to that transmission system identifying the relevant connection site and setting out other site specific details in relation to that connection to the transmission system, including~~

~~provisions relating to payment of connection charges.~~

~~“construction agreement” means an agreement between the holder of a transmission licence in England and Wales and a CUSC user in respect of construction works required on that transmission system and the associated construction works of the CUSC user in relation to a connection to the transmission system or in relation to a generating station connected to a distribution system in England and Wales, whether for the initial connection or a modification of the connection.~~

“core industry documents” means those documents which have been designated by the Secretary of State as such.

“CUSC” means the Connection and Use of System Code required to be in place pursuant to the transmission licence granted to the ~~transmission company in England and Wales~~ system operator, as from time to time modified.

“CUSC Framework Agreement” means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State.

Discussion

- 3.31. Paragraph 1 has been amended to reflect the move to a GB-wide transmission system under BETTA.

- 3.32. As explained in chapter 5 of this paper, Ofgem/DTI consider that it is appropriate to remove existing references to MCUSA and its associated definitions. As such these provisions have been deleted.
- 3.33. In addition, the definition of "CUSC" in paragraph 4 has been amended to reflect that the obligation to have in place a CUSC will rest with the GB system operator under BETTA.

Requirement to offer Terms for the Provision of Distributor Metering and Data Services

Condition C36B: Requirement to offer Terms for the Provision of Distributor Metering and Data Services

1. This condition sets out the obligations relating to the following services:
 - (a) the provision of metering equipment which, at the discretion of the licensee, may be metering equipment which is owned by him or by any person other than the person making such application;
 - (b) the installation, commissioning, testing, repair, maintenance, removal and replacement of metering equipment;
 - (c) metering point administration services pursuant to and in accordance with the Master Registration Agreement; and
 - (d) data transfer services.
2. On application made by any person, the licensee shall (subject to paragraph 6) offer to enter into an agreement for the provision within its distribution services area of such of the services described in sub-paragraphs 1(a), (b) and (c) as may be required.
3. On application made by any person the licensee shall (subject to paragraph 6) offer to enter into an agreement for the provision of data transfer services.
4. In making an offer pursuant to this condition to enter into any agreement, the licensee shall set out:
 - (a) the date by which the services required shall be provided (time being of the essence, unless otherwise agreed between parties);
 - (b) the charges to be paid in respect of the services required, such charges (unless manifestly inappropriate):

- (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 of standard condition 36 (Basis of Charges for Distributor Metering and Data Services: Requirements for Transparency) or any revision thereof;
 - (ii) to be set in conformity with the requirements of standard condition 36 (Basis of Charges for Distributor Metering and Data Services: Requirements for Transparency); and
 - (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.
5. The licensee shall offer terms for agreements in accordance with paragraphs 2 and 3 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee (or its agent) from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
6. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if to do so would be likely to involve the licensee being:
- (a) in breach of its duties under section 9 of the Act;
 - (b) in breach of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the distribution business;
 - (c) in breach of ~~any~~the Grid Code or Distribution Code; or
 - (d) in breach of the conditions.
7. The licensee shall undertake each of the services referred to in paragraph 1 in the most efficient and economic manner practicable having regard to the alternatives available and the other requirements of the licence and of the Act in so far as they relate to the provision of those services.

8. In the provision of any of the services referred to in paragraph 1 the licensee shall not restrict, distort or prevent competition in the supply of electricity.
9. The services referred to in paragraph 1 shall collectively be referred to as the distributor metering and data services. For the avoidance of doubt distributor metering and data services as referred to in this licence excludes data retrieval, data processing and data aggregation.
10. In this condition:
- | | |
|--------------------|--|
| “data retrieval” | means services comprising any or all of the following: the retrieval and verification of meter reading data from electricity meters and the delivery of such data to any person for the purpose of data processing. |
| “data processing” | means services comprising any or all of the following: the processing, validation and estimation of meter reading data, and the creation, processing and validation of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for the purpose of data aggregation. |
| “data aggregation” | means services comprising any or all of the following: the collation and summation of meter reading data (whether actual or estimated) and of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for settlement purposes. |

Discussion

- 3.34. Paragraph 6(c) has been amended to reflect the move to a GB-wide Grid Code under BETTA, which will be the responsibility of the GB system operator under BETTA.

The Metering Point Administration Service and the MRA

Condition C37: The Metering Point Administration Service and the Master Registration Agreement

1. The licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, a service to be known as the “Metering Point Administration Service.”
2. The Metering Point Administration Service shall, within the distribution services area, fulfil the following functions:
 - (a) the maintenance of such a register of technical and other data as is necessary to facilitate supply by any electricity supplier to all premises connected to the licensee’s distribution system within the distribution services area or, where so requested, connected to another distribution system within the distribution services area and to meet the reasonable requirements of electricity suppliers in respect of such premises for information for settlement purposes, including (where so required):
 - (i) the identity of the electricity supplier responsible under the Balancing and Settlement Code ~~(where the distribution services area is within England and Wales)~~ and/or the Settlement Agreement for Scotland (where the distribution services area is within Scotland) for the metering point at such premises;
 - (ii) the type of metering equipment installed at each such premises; and
 - (iii) a unique and accurate address of each such premises so far as is reasonably practicable having regard to the nature and source of the information provided to the licensee;
 - (b) the amendment of the register maintained in accordance with sub-paragraph (a) to reflect changes of electricity supplier in respect of any premises;
 - (c) the provision, in a timely and efficient manner, of such data contained in the register as is reasonably required and requested to:

- (i) any electricity supplier or agent thereof;
 - (ii) any person identified in the Balancing and Settlement Code ~~(where the distribution services area is within England and Wales)~~ and/or the Settlement Agreement for Scotland (where the distribution services area is within Scotland) as an appropriate person for the receipt of data for settlement purposes; and
 - (iii) any person identified in the Master Registration Agreement as entitled to such data for the purpose of facilitating changes of electricity supplier in respect of any premises; and
 - (d) the maintenance of an enquiry service for the provision to any customer or an electricity supplier, on request and free of charge to that customer, of such data contained in the register as is relevant to the supply of electricity to premises which are (or are to be) owned or occupied by the customer, and the taking of such steps as will in the opinion of the licensee secure adequate publicity for the operation of the enquiry service.
3. The licensee shall use its best endeavours, in conjunction and co-operation with all other distribution services providers, to prepare and maintain a form of agreement to be known as the Master Registration Agreement.
4. The Master Registration Agreement shall be an agreement made between:
- (a) on the one part, the licensee and all other distribution services providers in their capacity as providers of metering point administration services; and
 - (b) on the other part:
 - (i) all electricity suppliers (or their agents) which require the provision of metering point administration services from at least one distribution services provider; and
 - (ii) such other persons as are, for settlement purposes, appropriate parties to the agreement.

5. The Master Registration Agreement shall comprise:
- (a) terms for the provision of metering point administration services in accordance with the requirements of paragraph 2 and the equivalent requirements in the distribution licences of all other distribution services providers;
 - (b) provisions to facilitate, and procedures and practices to be followed by electricity suppliers in relation to changes of electricity supplier in respect of any premises;
 - (c) a catalogue of definitions, flows and forms of such data as may require to be transferred by or to parties to the Master Registration Agreement, or as between any persons for settlement purposes or for any related purposes (the “data transfer catalogue”);
 - (d) arrangements for the variation of the Master Registration Agreement following consultation with the parties, or representatives of the parties, to that agreement;
 - (e) provisions (which shall require to be approved in advance by the Authority) by virtue of which the whole or specified parts of the Master Registration Agreement shall not be capable of variation without the prior approval of the Authority; and
 - (f) such other matters as are or may be appropriate for the development, maintenance and operation of an efficient, co-ordinated and economical system for the supply of electricity and for the purpose of facilitating competition in electricity supply.

Discussion

- 3.35. Paragraphs 2(a)(i) and 2 (c)(ii) have been amended to remove specific reference to distribution service areas in England and Wales as the GB BSC will apply on a GB basis under BETTA.

Data Transfer Service

Condition C38: Establishment of a Data Transfer Service

1. The licensee shall use its best endeavours, in conjunction and co-operation with all other distribution services providers:
 - (a) to establish, or to procure the establishment of, a service to be known as the data transfer service; and
 - (b) subsequently to operate and maintain, or to procure the subsequent operation and maintenance of, such data transfer service in accordance with the provisions of this condition.
2. The data transfer service shall:
 - (a) provide a network over which may be made all of the electronic data transfers specified at paragraph 3;
 - (b) operate and maintain that network; and
 - (c) provide a connection to that network, on request, to any person who is or will be a party to any of the electronic data transfers specified at paragraph 3.
3. The electronic data transfers specified at this paragraph are those which are reasonably required for any of the purposes set out at paragraph 4 and which are made between:
 - (a) a Metering Point Administration Service operator and an electricity supplier or any agent thereof;
 - (b) a Metering Point Administration Service operator and any person identified in the Balancing and Settlement Code or the Settlement Agreement for Scotland as an appropriate person for the receipt of data from the Metering Point Administration Service operator for settlement purposes;

- (c) ~~any transmission company~~the system operator (or any agent thereof) or Scottish Electricity Settlements Limited or its successor in title (or any agent thereof) and an electricity supplier (or any agent thereof);
 - (d) an electricity supplier (or any agent thereof) and another electricity supplier (or any agent thereof);
 - (e) an electricity supplier and any of its agents;
 - (f) different agents of the same electricity supplier;
 - (g) electricity suppliers (or their agents) and generators (or their agents) which are parties to the Settlement Agreement for Scotland; and
 - (h) Scottish Electricity Settlements Limited or its successor in title (or any agent thereof) and any person (or any agent thereof) who is a party to or complies with the Settlement Agreement for Scotland.
4. The purposes of this paragraph are to:
- (a) meet obligations with respect to the transfer of data for settlement purposes;
 - (b) communicate meter reading and meter standing data;
 - (c) facilitate the provision of metering point administration services;
 - (d) communicate distribution use of system information; and
 - (e) fulfil such other requirements relating to the transfer of data as may be requisite for the supply of electricity to customers and compliance by electricity suppliers with the Master Registration Agreement.
5. The data transfer service shall, where relevant, transmit data in a form which complies with the provisions of the data transfer catalogue.

6. In fulfilling its obligations under paragraph 1 the licensee shall not, or (if appropriate) shall ensure that any third party acting on the licensee's instruction or behalf shall not, restrict, distort or prevent competition in the provision of meters, meter maintenance, data retrieval, data processing, data aggregation or prepayment meter services and markets for any of the distributor metering and data services.
7. Any obligation placed on the licensee under standard conditions 36A to 36C in respect of the provision of the data transfer service shall (for the purposes of those conditions) be treated as a requirement on the licensee to use its best endeavours, in conjunction and co-operation with all other distribution services providers, to fulfil that obligation or to procure the fulfilment of that obligation by a third party, and standard conditions 36A to 36C shall apply *mutatis mutandis* to the provision of data transfer services by the distribution services providers acting co-operatively and by means of procurement of third party services.
8. Further, in relation to the provision of data transfer services the reference at paragraph 1 of standard condition 36C (Functions of the Authority) to the licensee failing to enter into an agreement shall be a reference to the licensee, in conjunction with all other distribution services providers, failing to enter into, or failing to procure that a third party enters into, an agreement for the provision of those services.
9. In this condition:
"Metering Point Administration Service operator" means the licensee or any other distribution services provider in its capacity as a provider of metering point administration services

Discussion

- 3.36. Paragraph (3)(c) has been amended to reflect that under BETTA the GB system operator will be responsible for settlement activities in relation to the GB transmission system.

4. Annex D – Supply licence conditions

- 4.1. Annex D sets out licence drafting for amendments to existing supply SLCs and provides commentary on the drafting approach that has been adopted. It should be noted that this Annex only includes those licence conditions where an amendment has been made.
- 4.2. No amendments have been proposed to the following SLCs:
- ◆ A2: Application of Section C (Domestic Supply Obligations).
 - ◆ A3: Application of Section D (Supply Services Obligations).
 - ◆ A4: Payments by the Licensee to the Authority.
 - ◆ B6: Compliance with Distribution Code.
 - ◆ B7A: Not used.
 - ◆ B12A: Prohibition of Discrimination Selling Electricity
 - ◆ B12B: Prohibition on Cross Subsidies
 - ◆ B13: Change Co-ordination for the Utilities Act 2000.
 - ◆ B15: Security and Safety of Supplies.
 - ◆ B16: Procedures for the Detection and Prevention of Theft or Abstraction of Electricity, Damage and Meter Interference.
 - ◆ B17: Reading and Inspection of Meters.
 - ◆ B18: Licensee's Apparatus on Customers' Side of Meter.
 - ◆ B19: Provision of Information to the Authority.
 - ◆ B20: The Master Registration Agreement.
 - ◆ B21: Publication of Information to Customers.

- ◆ B22: Domestic Premises.
- ◆ B22A: Restriction or Revocation: Securing Continuity of Supply.
- ◆ B23: Payments Received in Relation to Standards of Performance.
- ◆ B24: Code of Practice on Procedures with Respect to Site Access.
- ◆ B25: Efficient Use of Electricity.
- ◆ B26: Record of and Report on Performance.
- ◆ B27: Preparation, Review of and Compliance with Customer Service Codes.
- ◆ B28: Deemed Contracts.
- ◆ B29: Supplier of Last Resort.
- ◆ B29A: Supplier of Last Resort Supply Payments.
- ◆ B29B: Provision for Termination upon a Direction.
- ◆ B30: Not used.
- ◆ C31: Interpretation of Section C.
- ◆ C32: Duty to Supply Domestic Customers.
- ◆ C33: Last Resort Supply: Security for Payments.
- ◆ C34: Not used.
- ◆ C35: Code of Practice on Payment of Bills and Guidance for Dealing with Customers in Difficulty.
- ◆ C36: Code of Practice on the Use of Prepayment Meters.
- ◆ C37: Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick.
- ◆ C38: Provision of Services for Persons who are Blind or Deaf.

- ◆ C39: Complaint Handling Procedure.
- ◆ C40: Information Given to Domestic Customers.
- ◆ C41: Terms for Supply of Electricity Incompatible with Licence Conditions.
- ◆ C42: Domestic Supply Contracts.
- ◆ C43: Contractual Terms - Methods of Payment.
- ◆ C44: Notification of Terms.
- ◆ C45: Security Deposits.
- ◆ C46: Termination of Contracts on Notice.
- ◆ C47: Termination of Contracts in Specified Circumstances.
- ◆ C48: Marketing of Electricity to Domestic Customers.
- ◆ C49: Assignment of Outstanding Charges.
- ◆ C50: Modification of Provisions under Standard Conditions 46 and 49.
- ◆ D51: Interpretation of Section D.
- ◆ D52: Regulatory Accounts.
- ◆ D52A: Change of Financial Year.
- ◆ D53: Basis of Charges for Top-up and Standby, Exempt Supply Services and Prepayment Meter Services: Requirements for Transparency.
- ◆ D53A: Non-discrimination in the Provision of Top-Up or Standby, Exempt Supply Services and Prepayment Meter Services.
- ◆ D53C: Functions of the Authority.
- ◆ D54: Duration of Standard Condition 53B.

- 4.3. Amendments are proposed to the following SLCs which are included in this Annex:
- ◆ A1: Definitions and Interpretation.
 - ◆ B5: Compliance with the Grid Code[s].
 - ◆ B7: Duty to Offer Terms for Meter Provision.
 - ◆ B9: Compliance with CUSC.
 - ◆ B10: Balancing and Settlement Code and NETA Implementation.
 - ◆ B11: Change co-ordination for NETA Implementation
 - ◆ D53B: Requirement to Offer Terms for Top-Up and Standby, Exempt Supply Services and Prepayment Meter Services.
- 4.4. It should be noted that Ofgem/DTI are not considering the following conditions in this consultation although they may be subject to change proposals at a later date:
- ◆ B8: Settlement Agreement for Scotland.
 - ◆ B8A: Compliance with Trading Code in Scotland.
 - ◆ B14: Security Arrangements.
 - ◆ SSE Energy Supply Limited amended SLC B12A (Prohibition of discrimination in selling electricity), and
- 4.5. In addition a number of SLCs (including amended SLCs) and special conditions will be deleted under BETTA. The text of these licence conditions is included at Annex E to this paper.
- 4.6. Each of the following sections set out the entire SLC and then provides commentary on the drafting approach that has been adopted. The amended components of the SLCs are indicated through change-marking.

PROPOSED DRAFT AMENDMENTS TO STANDARD SUPPLY LICENCE CONDITIONS

Definitions and Interpretation

SLC A1: Definitions and Interpretation

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

the “Act”	means the Electricity Act 1989.
“affiliate”	in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person, in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
“alternative accounting rules”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.
“Application Regulations”	means the Electricity (Applications for Licences and Extensions and Restrictions of Licences) Regulations 2001.
“auditors”	means the licensee’s auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.
“authorised”	in relation to any business or activity means authorised by licence granted or treated as granted under section 6 or by exemption granted under section 5 of the Act.
“authorised electricity operator”	means any person (other than the licensee) who is

	authorised to generate, transmit participate in the transmission of , distribute, or supply electricity and shall include any person who has made an application to be so authorised which application has not been refused and any person transferring electricity to or from or across an interconnector or Scottish interconnection or who has made an application for use of an interconnector or Scottish interconnection which has not been refused.
the “Authority”	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000.
“bilateral agreement”	for the purposes of standard condition 9 (Compliance with CUSC) only, has the meaning given in that condition.
“bill”	includes an invoice, account, statement or any other instrument of the like character.
“BSC”	means the code referred to in standard condition 10 (Balancing and Settlement Code and NETA Implementation) as from time to time modified.
“BSC Framework Agreement”	for the purposes of standard condition 10 (Balancing and Settlement Code and NETA Implementation) only, has the meaning given in that condition.
“charges for the supply of electricity”	includes, in relation to the licensee and a particular customer, charges made by the licensee in respect of the provision to that customer of an electricity meter and cognate expressions shall be construed accordingly.
“construction agreement”	for the purposes of standard condition 9

~~(Compliance with CUSC) only, has the meaning given in that condition.~~

“Consumer Council”	means the Gas and Electricity Consumer Council as established by section 2 of the Utilities Act 2000.
“contract”	does not include a deemed contract but does include a contract which by virtue of paragraph 23 of Schedule 7 to the Utilities Act 2000 is deemed to have been made and “contractual” shall be construed accordingly.
“core industry documents”	for the purposes of standard condition 9 (Compliance with CUSC) only, has the meaning given in that condition; and for the purposes of standard condition s 10 (Balancing and Settlement Code and NETA Implementation) and 11 (Change Co-ordination for BSC NETA) only, has the meaning given in standard condition 11 10.
“current cost assets”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.
“CUSC”	for the purposes of standard condition 9 (Compliance with CUSC) only, has the meaning given in that condition.
“CUSC Framework Agreement”	for the purposes of standard condition 9 (Compliance with CUSC) only, has the meaning given in that condition.
“customer”	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain but shall not include any authorised

electricity operator in its capacity as such.

“data aggregation”

means services comprising any or all of the following:

the collation and summation of meter reading data (whether actual or estimated) and of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for settlement purposes.

“data processing”

means services comprising any or all of the following:

the processing, validation, and estimation of meter reading data, and the creation, processing and validation of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for the purpose of data aggregation.

“data retrieval”

means services comprising any or all of the following:

the retrieval and verification of meter reading data from electricity meters and the delivery of such data to any person for the purpose of data processing.

“data services”

means any one or more of the services of data retrieval, data processing and data aggregation.

“date of the domestic supply contract”

for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).

“deemed contract”

means a contract which by virtue of paragraph 3 of Schedule 6 to the Act is deemed to have been made but does not include a contract which by virtue of

paragraph 23 of Schedule 7 to the Utilities Act 2000 is deemed to have been made.

“deemed contract scheme”	means the scheme made by the licensee under paragraph 3 of Schedule 6 to the Act.
“deposit”	for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).
“the disapplication date”	has the meaning given in standard condition 54 (Duration of Standard Condition 53B (Requirement to Offer Terms for Top-up and Standby, Exempt Supply Services and Prepayment Meter Services)).
“Distribution Code”	means in relation to any licensed distributor the distribution code required to be prepared by such distributor and approved by the Authority as from time to time revised with the approval of the Authority.
“distribution licence”	means a distribution licence granted or treated as granted under section 6(1)(c) of the Act.
“distribution services area”	means an area determined by the Authority in a direction issued to a licensed distributor under standard condition 2 (Application of Section C (Distribution Services Obligations)) of its distribution licence.
“distribution system”	means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points (and bulk supply points in Scotland) to

the points of delivery to customers or authorised electricity operators ~~or any transmission company within Great Britain in its capacity as operator of a transmission system~~ and includes any remote transmission assets (owned by a transmission licensee within England and Wales) operated by such distributor and any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not include any part of ~~a~~the transmission system.

“domestic customer”

means a customer supplied or requiring to be supplied with electricity at domestic premises (but excluding such customer in so far as he is supplied or requires to be supplied at premises other than domestic premises).

“domestic premises”

means premises at which a supply is taken wholly or mainly for domestic purposes.

“domestic supply contract”

has the meaning given in standard condition 42 (Domestic Supply Contracts).

“Domestic Supply Direction”

has the meaning given in standard condition 2 (Application of Section C (Domestic Supply Obligations)).

~~“effective time”~~

~~for the purposes of Section B only, has the meaning given in standard condition 12 (Pooling and Settlement Agreement Run-off).~~

“electricity supplier”

means any person authorised to supply electricity.

“estimated costs”

for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the

	meaning given in that condition.
“exempt supplier”	for the purposes of Section D only, has the meaning given in standard condition 51 (Interpretation of Section D).
“exempt supply services”	for the purposes of Section D only, has the meaning given in standard condition 51 (Interpretation of Section D).
“financial year”	means, subject to standard condition 52A (Change of Financial Year) (where applicable), a period of 12 months beginning on 1 st April of each year and ending on 31 st March of the following calendar year.
“fixed term period”	for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).
“Fuel Security Code”	for the purposes of Section B only, has the meaning given in standard condition 14 (Security Arrangements).
“generation security standard”	for the purposes of standard condition 8B (Generation Security Standard) only, has the meaning given in that condition.
“generation set”	means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generation set.
“goods or services”	includes electric lines and electric plant, and goods or services designed or calculated to promote the efficient use of electricity, but excludes meters,

	meter maintenance and prepayment systems, data retrieval, data processing and data aggregation.
“Grid Code”	means the Grid Code which each transmission company <u>the system operator</u> is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.
“grid supply point”	means any point at which electricity is delivered from a <u>the</u> transmission system to any distribution system.
“the handbook”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.
“holding company”	means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
“in-area supply business”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.
“industry framework document”	for the purposes of standard condition 13 (Change Co-ordination for the Utilities Act 2000) only, has the meaning given in that condition.
“information”	includes any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or the Consumer Council) of any description specified by the Authority.

~~“interconnection”~~

~~means:~~

~~the 275 kV and 400 kV 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 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 comes into force and as from time to time maintained, repaired or renewed.~~

“interconnector(s)”	means the electric lines and electrical plant and meters owned or operated by a transmission company licensee solely for the transfer of electricity to or from a the transmission system into or out of England and Wales Great Britain .
“the last resort supply direction”	has the meaning given in standard condition 29 (Supplier of Last Resort).
“licensed distributor”	means any holder of a distribution licence.
“licensed supplier”	means any holder of a supply licence.
“marketing activities”	for the purposes of standard condition 48 (Marketing of Electricity to Domestic Customers) only, has the meaning given in that condition.
“Master Registration Agreement”	means the agreement of that title referred to and comprising such matters as are set out in standard condition 37 (The Metering Point Administration Service and the Master Registration Agreement) of a distribution licence.
“metering equipment”	includes any meter and any associated equipment which materially affects the operation of that meter.
“modification”	has the meaning given in standard condition 8B (Generation Security Standard).
“multi-site contract”	for the purposes of standard condition 22 (Domestic Premises) only, has the meaning given in that

	condition.
“new termination date”	for the purposes of standard condition 48 (Marketing of Electricity to Domestic Customers) only, has the meaning given in that condition.
“non-domestic customer”	means a customer who is not a domestic customer.
“non-half-hourly meter”	means any electricity meter other than one which is configured to record the quantity of electricity (calculated in kWh) supplied to premises during each half-hour period of supply.
“the other supplier”	has the meaning given in standard condition 29 (Supplier of Last Resort).
“out-of-area supply business”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.
“owned”	in relation to an electricity meter or other property includes leased and cognate expressions shall be construed accordingly.
“participating interest”	has the meaning given by section 260 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.
“Pooling and Settlement Agreement”	means the agreement of that title approved by the Secretary of State as from time to time amended.
“prepayment meter services”	has the meaning given in standard condition 53B (Requirement to Offer Terms for Top-up and Standby, Exempt Supply Services and Prepayment Meter Services).

“previous supplier”	for the purposes of standard condition 49 (Assignment of Outstanding Charges) only, has the meaning given in that condition.
“principal terms”	<p>means, in respect of any form of contract or deemed contract, those terms which relate to:</p> <ul style="list-style-type: none"> (a) charges for the supply of electricity; (b) any requirement to pay charges for the supply of electricity by prepayment through a prepayment meter; (c) any requirement for a security deposit; (d) the duration of the contract or deemed contract; and (e) the rights to terminate the contract (including any obligation to pay a termination fee), or the circumstances in which a deemed contract will expire; <p>and such other terms as may reasonably be considered significantly to affect the evaluation by the customer of the contract to supply electricity to the customer.</p>
“Priority Service Register”	for the purposes of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) only, has the meaning given in that condition.
“qualifying customer”	for the purposes of standard condition 8B (Generation Security Standard) only, has the meaning given in that condition.
“regulatory accounts”	for the purposes of standard condition 52 (Regulatory Accounts) only, has the meaning given in that condition.

“related undertaking”	in relation to any person means any undertaking in which such person has a participating interest.
“relevant constraints”	for the purposes of standard condition 8B (Generation Security Standard) only, has the meaning given in that condition.
“relevant customer”	for the purposes of Section B only, has the meaning given in standard condition 23 (Payments Received in Relation to Standards of Performance).
“relevant customers with payment difficulties”	for the purposes of standard condition 35 (Code of Practice on Payment of Bills and Guidance for Dealing with Customers in Difficulty) only, has the meaning given in that condition.
“relevant distributor”	means, in relation to any premises, the authorised distributor to whose distribution system those premises are connected.
“relevant licensed distributor”	means any licensed distributor which has been issued with a direction under standard condition 2 (Application of Section C (Distribution Services Obligations)) of its distribution licence designating a distribution services area to the licensed distributor.
“relevant metering equipment”	for the purposes of standard condition 7 (Duty to Offer Terms for Meter Provision) only, has the meaning given in that condition.
“relevant parties”	for the purposes of standard condition 50 (Modification of Provisions under Standard Conditions 46 and 49) only, has the meaning given in that condition.

“relevant payment”	for the purposes of standard condition 23 (Payments Received in Relation to Standards of Performance) only, has the meaning given in that condition.
“relevant premises”	for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).
“relevant proportion”	for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
“relevant provisions”	for the purposes of Section D only, has the meaning given in standard condition 50 (Modification of Provisions under Conditions 46 and 49).
“relevant purchaser”	for the purposes of standard condition 8B (Generation Security Standard) only, has the meaning given in that condition.
“relevant year”	for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
“remote transmission assets”	<p>means any electric lines, electrical plant or meters in England and Wales owned by a transmission company (“the owner transmission company” <u>licensee (the "owner transmission licensee")</u>)</p> <p>(a) are embedded in the distribution system of any authorised distributor other than the owner transmission company<u>licensee</u> and are not directly connected by lines or plant owned by the owner transmission company<u>licensee</u> to a sub-station owned by the owner transmission company<u>licensee</u>; and</p>

(b) are by agreement between the owner transmission ~~company~~ licensee and such authorised distributor operated under the direction and control of such authorised distributor.

“representative” for the purposes of Section C only, has the meaning given in standard condition 48 (Marketing of Electricity to Domestic Customers).

“request” for the purposes of Section C only, has the meaning given in standard condition 32 (Duty to Supply Domestic Customers).

~~“run-off”~~ ~~for the purposes of standard condition 12 (Pooling and Settlement Agreement Run-off) only, has the meaning given in that condition.~~

~~“Scottish interconnection”~~ ~~means such part of the interconnection as is situated in Scotland.~~

“security arrangements” for the purposes of standard condition 33 (Last Resort Supply: Security for Payments) only, has the meaning given in that condition.

“separate business” means each of the in-area supply and out-of-area supply businesses taken separately from one another and from any other business of the licensee, but so that where all or any part of such business is carried on by an affiliate or related undertaking of the licensee such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any other such business of the licensee (and of any other affiliate or related undertaking) so as to form a single separate

business.

“Settlement Agreement for Scotland” for the purposes of Section B only, has the meaning given in standard condition 8 (Settlement Agreement for Scotland).

“standby” for the purposes of Section D only, has the meaning given in standard condition 51 (Interpretation of Section D).

“statutory accounts” means the accounts that the licensee prepares under the Companies Act 1985.

“subsidiary” means a subsidiary within the meaning of sections 736, 736A and 736B of the Companies Act 1985.

“supply business” means the business of the licensee supplying electricity as authorised.

“supply licence” means a supply licence granted or treated as granted under section 6(1)(d) of the Act.

“supply services area” has the meaning given at paragraph 5(b) of standard condition 3 (Application of Section D (Supply Services Obligations)).

“Supply Services Direction” for the purposes of standard condition 3 (Application of Section D (Supply Services Obligations)) only, has the meaning given in that condition.

"system operator" means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section C Direction and where Section C remains in effect (whether or not

subject to any terms included in the Section C Direction or to any subsequent variation of its terms to which the licensee may be subject).

“termination date”	for the purposes of standard condition 48 (Marketing of Electricity to Domestic Customers) only, has the meaning given in that condition.
“termination fee”	for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).
“top-up”	for the purposes of Section D only, has the meaning given in standard condition 51 (Interpretation of Section D).
“Trading Code”	for the purposes of Section B only, has the meaning given in standard condition 8A (Compliance with Trading Code in Scotland).
“transmission company”	means the holder for the time being of a transmission licence.
“transmission licence”	means a transmission licence granted or treated as granted under section 6(1)(b) of the Act.
<u>“transmission licensee”</u>	<u>means the holder for the time being of a transmission licence.</u>
“transmission system”	means a system consisting (wholly or mainly) of high voltage electric lines owned or operated by a transmission company <u>licensees</u> 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 or Scottish interconnection in question and in relation to Scotland including any interconnector and Scottish interconnection,~~ and includes any electrical plant and meters owned or operated by ~~such a~~ transmission ~~company~~ licensee in connection with the transmission of electricity but shall not include any remote transmission assets.

“undertaking” has the meaning given by section 259 of the Companies Act 1985.

“unmetered supply” means a supply of electricity to premises which is not, for the purpose of calculating the charges for electricity supplied to the customer at such premises, measured by metering equipment.

“use of system agreement” for the purposes of Section B only, has the meaning given in standard condition 23 (Payments Received in Relation to Standards of Performance).

“valid notice of termination” for the purposes of Section C only, has the meaning given in standard condition 31 (Interpretation of Section C).

~~“value of lost load” for the purposes of standard condition 8B (Generation Security Standard) only, has the meaning given in that condition.~~

2. Any words or expressions used in the Utilities Act 2000 or Part I of the Act shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the

standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.

4. These standard conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words “it”, “its” and “which” there were substituted the words “he”, “him”, “his”, “who” and “whom”, and cognate expressions shall be construed accordingly.

5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.

6. Any reference in these standard conditions to -

- (a) a provision thereof;
- (b) a provision of the standard conditions of distribution licences, or
- (c) a provision of the standard conditions of generation licences, or
- (d) a provision of the standard conditions of transmission licences,

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

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

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

9. Where any obligation in the 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, 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 standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case –
- (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all electricity suppliers licences). Where:
- (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated:
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Domestic Supply Obligations)) or standard condition 3 (Application of Section D (Supply Services Obligations));
 - (b) any definition which is used in Sections A and B is also used in one or more other Sections:
 - (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
 - (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition shall automatically cease to have effect.

Discussion

- 4.7. SLC A1 has been amended to reflect changes required to certain existing definitions, inclusion of new definitions required as a result of BETTA, for example the definition of system operator, and to delete existing definitions that will no longer be required under BETTA, such as existing definitions relating to the Scottish interconnection. Commentary on those definitions which need to be changed under BETTA is set out below.
- 4.8. The definition of "authorised electricity operator" has been amended to reflect the change in the authorised activity to "participation in the transmission of electricity" as used in the E(TT) Bill. The definition has also been amended to delete reference to the Scottish interconnection given that the assets which comprise the Scottish interconnection today will be subsumed into the GB transmission system under BETTA.
- 4.9. The definitions of "BSC" and "BSC Framework Agreement" have been amended to remove the reference to NETA implementation as the relevant provisions of SLC B10 will be deleted under BETTA. In Ofgem/DTI's view, the NETA implementation scheme is complete and as such, in order to avoid any potential confusion with implementation arrangements that may be required for BETTA Ofgem/DTI consider that it would be appropriate to remove provisions relating to the NETA implementation scheme.
- 4.10. The definition of "core industry documents" has been amended to reflect that the definition will no longer be required in SLC B10 (BSC and NETA Implementation) following the removal of provisions relating to the NETA implementation scheme. However, the definition of "core industry documents" in relation to the BSC will be required in relation to SLC B11 (Change co-ordination for BSC) and will under BETTA, be included in that licence condition. As such, changes have been made to this definition to reflect this.
- 4.11. A number of changes are required to the definition of "distribution system" under BETTA. In particular it is necessary to remove the existing reference to "bulk supply point" given that this term will no longer be used under BETTA (and will be replaced with the existing England and Wales term of "grid supply point" as discussed in chapter 5 of this paper). Furthermore, as explained in chapter 5 of this paper, Ofgem/DTI consider that it will be necessary to remove the existing

reference in the definition of “distribution system” that currently includes specific reference, in defining the parameters of the distribution system to the point of delivery to a “transmission company within Great Britain in its capacity as operator of a transmission system”. As explained, Ofgem/DTI do not consider this additional text to be necessary (as such transmission companies will already have been included through the preceding reference to “authorised electricity operators”). While such an amendment may not be considered necessary under BETTA Ofgem/DTI consider that it would be appropriate to remove these references to a licensee’s capacity as system operator in order to make the parameters of the distribution system (in particular as to whether or not a point of delivery to a ‘transmission owner’ who is an “authorised electricity operator” is one of the parameters of the distribution system).

- 4.12. The definition of "effective time" has been deleted to reflect the proposed deletion of SLC B12 (Pooling and Settlement Agreement Run-Off), and the proposed removal of the relevant provisions of SLC B10 (Balancing and Settlement Code and NETA Implementation). With the removal of these provisions this definition is no longer required.
- 4.13. The definition of “generation security standard” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).
- 4.14. The definition of "Grid Code" has been amended to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator under BETTA.
- 4.15. The definition of "grid supply point" has been amended to reflect the introduction of a GB-wide transmission system. It should also be noted that this definition will now apply on a GB basis, with the existing equivalent term for Scotland “bulk supply point” being removed under BETTA.
- 4.16. The definition of "interconnection" has been deleted given that these assets will be subsumed into the GB transmission system under BETTA.
- 4.17. The definition of "interconnector" has been amended given the deletion of the definition of "transmission company" and its replacement, as the context dictates, with system operator or transmission licensees. In this context the existing term

has been replaced with “transmission licensee”. In addition amendment has been made to reflect the move to a GB transmission system.

- 4.18. The definition of “modification” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).
- 4.19. The definition of “qualifying customer” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).
- 4.20. The definition of “relevant constraints” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).
- 4.21. The definition of “relevant purchaser” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).
- 4.22. Amendment has been made to the definition of "remote transmission assets" given the deletion of the definition of transmission company. Such references have, in this context, been replaced with references to “transmission licensees”. As such the definition of “owner transmission company” included within this definition has also been amended to “owner transmission licensee”. Given the historical nature of this term it is not intended to extend its geographical scope by applying the existing definition to GB.
- 4.23. The definition of "run-off has been deleted to reflect the proposed deletion of SLC B12 (Pooling and Settlement Agreement) in which the term was used.
- 4.24. The definition of "Scottish interconnection" has been deleted given that the assets that comprise the Scottish interconnection will be subsumed into the GB transmission system under BETTA.
- 4.25. A new definition of "system operator" has been added to provide reference to the introduction of a GB-wide system operator function and the allocation of functions as between the GB system operator and transmission owners under BETTA. This definition is the same as the definition used in the second consultation on electricity transmission licences under BETTA. Subject to the outcome of that consultation the definition included here may need to change as work on the development of electricity transmission licences under BETTA progresses.

- 4.26. For reasons discussed above the existing definition of “transmission company” has been deleted and replaced, as the context dictates, with either “the system operator” or “transmission licensee(s)”.
- 4.27. The new definition of "transmission licensee" (in addition to that of "system operator") has been included pursuant to the deletion of "transmission company". “Transmission licensee” refers to all transmission licensees and has been drawn from the amended draft transmission licence that is currently being consulted upon. As such this definition may be subject to further change as work on the development of electricity transmission licences under BETTA progresses.
- 4.28. The definition of "transmission system" has been amended to reflect the move to a GB-wide transmission system and the subsuming of the existing Scottish interconnection assets into the GB transmission system. The definition also takes account of the deletion of the definition of “transmission company” and its replacement in this context with “transmission licensees”. The definition reflects that used in the amended draft transmission licence that is currently being consulted upon and therefore may be subject to change as further work on the development of electricity transmission licences under BETTA progresses.
- 4.29. The definition of “value of lost load” has been deleted to reflect the proposed deletion of SLC B8B (Generation Security Standard).

Grid Code

Condition B5: Compliance with the Grid Codes

1. The licensee shall comply with the provisions of ~~every~~ the Grid Code in so far as applicable to it.
2. The Authority may (following consultation with the system operator transmission company responsible for the relevant Grid Code) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the Grid Code and to such extent and subject to such conditions as may be specified in those directions.

Discussion

- 4.30. The reference has been changed to reflect the introduction of a single Grid Code for GB which will be the responsibility of the GB system operator.

Duty to Offer Terms for Meter Provision

Condition B7: Duty to Offer Terms for Meter Provision

1. Where the licensee is the owner of any relevant metering equipment, it shall, on an application made by any person:
 - (a) offer to enter into an agreement for the provision of such relevant metering equipment whether, at the discretion of the licensee, by way of sale, hire or loan; and
 - (b) where the terms offered are acceptable to the person making the application, sell, hire or loan the relevant metering equipment in accordance with the terms offered.
2. In making an offer to enter into an agreement in accordance with paragraph 1, the licensee shall set out:
 - (a) the date by which the terms of the agreement shall be fulfilled, including the date by which the relevant metering equipment will be available for use by the applicant (time being of the essence unless otherwise agreed between the parties);
 - (b) the charges to be paid to the licensee; and
 - (c) such other detailed terms as are or may be appropriate for the purpose of the agreement.
3. The licensee shall offer terms for agreements in accordance with paragraph 1 as soon as practicable after the receipt by the licensee of an application containing all such information as it may reasonably require for the purpose of formulating the terms of the offer.
4. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if to do so would be likely to cause the licensee to be in breach of:
 - (a) any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the licensee;
 - (b) ~~any of the applicable~~ Grid Codes or Distribution Codes; or
 - (c) the conditions.

5. The Authority may, on the application of the licensee, issue a direction relieving the licensee of its obligations under paragraph 1 in respect of such relevant metering equipment and subject to such terms and conditions as may be specified in the direction.
6. Without prejudice to the provisions of paragraphs 1 to 5 above, the licensee, whether it is the owner of any metering equipment or not, shall not enter into any agreement (whatever the nature of the agreement):
 - (a) with any customer to provide metering equipment to that customer; or
 - (b) with any other person, to provide metering equipment to that person or to procure the provision of metering equipment to or on behalf of any customer

which in each case is intended or is likely to restrict, distort or prevent competition in the supply of electricity.

7. In this condition:

“relevant metering equipment” means metering equipment sited at any premises to which a supply of electricity is being or is required to be given by an electricity supplier other than the licensee.

Discussion

- 4.31. Paragraph 4(b) has been amended to reflect the introduction of a single Grid Code for GB under BETTA.

CUSC

Condition B9: Compliance with CUSC

1. Insofar as the licensee shall supply or offer to supply electricity to any premises ~~situated in England and Wales~~, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC ~~and, if it is party to the agreement known as the Master Connection and Use of System Agreement (“MCUSA”), execute such other documents as shall be stated as required to be made in any direction issued by the Authority to enable the MCUSA and its supplemental agreements and ancillary service agreements (as defined or referred to in MCUSA) and any associated agreements derived from MCUSA to be amended appropriately into the CUSC Framework Agreement, CUSC, bilateral agreements, construction agreements and, so far as is appropriate, associated agreements derived from CUSC so as to maintain continuity of contractual relationships.~~
2. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.
3. For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.

In this condition:

~~“bilateral agreement”~~ means an agreement between the holder of a transmission licence in England and Wales and a CUSC user supplemental to the CUSC relating to a direct connection to that transmission system identifying the relevant connection site and setting out other site specific details in relation to that

	<p>connection to the transmission system, including provisions relating to payment of connection charges.</p>
“ construction agreement ”	<p>means an agreement between the holder of a transmission licence in England and Wales and a CUSC user in respect of construction works required on that transmission system and the associated construction works of the CUSC user in relation to a connection to that transmission system or in relation to a generating station connected to a distribution system in England and Wales, whether for the initial connection or a modification of the connection.</p>
“core industry documents”	<p>means those documents which have been so designated by the Secretary of State as such.</p>
“CUSC”	<p>means the Connection and Use of System Code required to be in place pursuant to the transmission- licence granted to the <u>system operator</u> transmission company in England and Wales, as from time to time modified.</p>
“CUSC Framework Agreement”	<p>means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State.</p>

Discussion

- 4.32. Paragraph (1) has been amended to reflect the move to a GB-wide transmission system under BETTA.
- 4.33. As explained in chapter 5 of this paper Ofgem/DTI consider that it is appropriate to remove existing references to MCUSA and its associated definitions. As such these provisions have been deleted.
- 4.34. In addition, the definition of "CUSC" in paragraph 4 has been amended to reflect that the obligation to have in place a CUSC will rest with the GB system operator under BETTA.

BSC and NETA Implementation

Condition B10: Balancing and Settlement Code ~~and NETA Implementation~~

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

~~employed by authorised electricity operators and others in connection with such operations;~~

~~(e) — for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement;~~

~~(f) — for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and~~

~~(g) — for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the effective time (as defined in standard condition 12 (Pooling and Settlement Agreement Run-off)).~~

~~5. (a) — The Secretary of State may at any time direct, in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme be modified in the manner set out in the direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 3.~~

~~(b) — The Secretary of State shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.~~

~~6. — If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 4(a) and/or imposed on the licensee by paragraphs 2 and 5 of this condition, and those imposed on the licensee by any other condition, the provisions of paragraphs 4(a), 2 and/or 5 (as appropriate) shall prevail.~~

~~7. — Without prejudice to paragraph 2, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to give full and timely effect to the modifications made to this licence as determined by the Secretary of State pursuant to the power vested in him under section 15A of the~~

~~Act (and to give full and timely effect to the matters envisaged by such modifications).~~

28. In this condition:

"BSC"	means the balancing and settlement code required to be in place, pursuant to the transmission licence granted to the transmission company in England and Wales <u>system operator</u> , as from time to time modified.
"BSC Framework Agreement"	means the agreement of that title, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as from time to time amended, with the consent of the Secretary of State.

~~"core industry documents" mean those documents which~~

~~(a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators,~~

~~and~~

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

Discussion

- 4.35. SLC B10 has been amended to delete reference to the NETA implementation scheme given that Ofgem/DTI have concluded that the NETA implementation scheme is spent. Paragraphs 2, 3, 4, 5, 6 and 7 and the consequential definition of "core industry documents" in paragraph 8 in this condition have therefore been deleted. It should be noted that the definition of "core industry documents" that was previously included in this licence condition will be moved, under BETTA, to SLC B11 which relates to change co-ordination between the BSC and key industry documents such as the Distribution Code. This change is taking place

because the defined term is no longer used in SLC B10 given the removal of the provisions relating to NETA implementation.

- 4.36. The definition of "BSC" has been amended to reflect the fact that, under BETTA, the GB system operator will be the party responsible for having the BSC in place.

Change Co-ordination for NETA

Condition B11: Change Co-ordination for ~~BSC~~ ~~NETA~~

1. Insofar as the licensee shall supply or offer to supply electricity to any premises ~~in~~ ~~England and Wales~~, the licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the BSC.
2. For the purposes of paragraph 1, core industry documents has the meaning given in paragraph 8 of standard condition 10 (Balancing and Settlement Code and NETA Implementation).
3. In this condition
"core industry documents" mean those documents which:
 - (a) in the Secretary of State's
opinion are central industry
documents associated with the
activities of the licensee and
authorised electricity operators, the
subject matter of which relates to or
is connected with the BSC or the
balancing and settlement
arrangements, and
 - (b) have been so designated by
the Secretary of State-

Discussion

- 4.37. As explained in chapter 5 of this paper, Ofgem/DTI have concluded that this licence condition will need to be retained under BETTA as it places enduring obligations on the licensee in relation to the co-ordination of changes to industry documents. As such it is not appropriate to remove this licence condition under BETTA. As explained above the existing

definition of “core industry documents” contained in SLC B10 has been moved to this licence condition given that the defined term is no longer used in that condition.

Requirement to Offer Terms for Top-Up and Standby, Exempt Supply Services and Prepayment Meter Services

Condition 53B: Requirement to Offer Terms for Top-Up and Standby, Exempt Supply Services and Prepayment Meter Services

1. On application made by any person the licensee shall (subject to sub-paragraphs 6(a) and (b)) offer to enter into an agreement to provide top-up or standby.
2. On application made by any exempt supplier the licensee shall (subject to paragraph 6) offer to enter into an agreement for exempt supply services within the supply services area and such offer shall make detailed provision regarding:
 - (a) the making, maintenance and termination by the licensee of registrations under and in accordance with the Master Registration Agreement in relation to premises to which the exempt supplier supplies or is required to supply electricity;
 - (b) the exchange between the licensee and exempt supplier of such information as is required for the performance of the licensee's obligations in accordance with sub-paragraph (a);
 - (c) the appointment by the exempt supplier of an appropriate provider of meters and metering equipment, meter maintenance services, and provision of data retrieval, data processing and data aggregation services in relation to premises to which it supplies electricity;
 - (d) the apportionment and settlement by the licensee of charges incurred by it by virtue of registrations under the Master Registration Agreement which are made, maintained and terminated in accordance with sub-paragraph (a);
 - (e) the reimbursement by the exempt supplier (by way of indemnity) of all charges incurred by the licensee by virtue of registrations made and maintained in accordance with sub-paragraph (a);
 - (f) the provision by the exempt supplier to the licensee of reasonable security or collateral for the performance of its obligations under the agreement; and

- (g) the varying of the agreement, including the making of amendments necessary to give effect to any determination made by the Authority in respect of the agreement.
3. On application made by any electricity supplier the licensee shall (subject to subparagraph 6(a)) offer to enter into an agreement for the provision within the supply services area of access to a system which supports the supply of electricity to domestic customers with prepayment meters (“prepayment meter services”), such system providing as may be reasonably appropriate for prepayment meters which require tokens, cards or keys for their operation and comprising facilities for:
- (a) (where requested) the purchase by electricity suppliers and/or encoding with data of tokens, cards or keys;
 - (b) the use by domestic customers of local outlets for the purchase of tokens and the crediting with value of cards or keys;
 - (c) the making of payments to electricity suppliers in respect of sums received by the licensee on behalf of domestic customers; and
 - (d) where relevant, the transfer of domestic customer data to electricity suppliers.
4. In making an offer to enter into any agreement specified in paragraphs 1 to 3, the licensee shall set out:
- (a) the date by which the services required shall be provided (time being of the essence unless otherwise agreed between parties);
 - (b) the charges to be paid in respect of the services required, such charges (unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraphs 1 and 2 of standard condition 53 (Basis of Charges for Top-up and Standby, Exempt Supply Services and Prepayment Meter Services: Requirements for Transparency) or any revision thereof; and

- (ii) to be set in conformity with the requirements of standard condition 53 (Basis of Charges for Top-up and Standby, Exempt Supply Services and Prepayment Meter Services: Requirements for Transparency); and
 - (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.
- 5. The licensee shall offer terms for agreements in accordance with paragraphs 1 to 3 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee (or its agent) from any person of an application containing such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
- 6. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement:
 - (a) under paragraphs 1 to 3, if to do so would be likely to involve the licensee being:
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of any regulations made under section 29 of the Act;
 - (iii) in breach of ~~any~~the Grid Code or any Distribution Code; or
 - (iv) in breach of the conditions;
 - (b) under paragraph 1 or 2, if the person making the application does not undertake to be bound, in so far as applicable, by the terms of the applicable Distribution Code ~~or the applicable Grid Code~~ from time to time in force or the Grid Code;
 - (c) under paragraph 2, if the person making the application ceases to be an exempt supplier.

7. The licensee shall undertake the provision of prepayment meter services in the most efficient and economic manner practicable having regard to the alternatives available and the other requirements of this licence and of the Act in so far as they relate to the provision of those services.

Discussion

- 4.38. Paragraphs 6(a)(iii) and 6(b) have been amended to reflect the introduction of a single Grid Code for GB.

5. Annexe E – Deleted licence conditions

Generation SLCs – deleted conditions

Pooling and Settlement Agreement

Condition 8: ~~Pooling and Settlement Agreement run-off~~

- ~~1. Insofar as the licensee shall construct or operate a generating station in England and Wales, the licensee shall continue to be a party to and a pool member under, and shall comply with, the Pooling and Settlement Agreement for the purposes of run-off until the provisions of the BSC relating to run-off become effective.~~
- ~~2. This condition shall apply to the extent that the licensee was party to and a pool member under the Pooling and Settlement Agreement immediately prior to the effective time.~~
- ~~3. In this condition:

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

"run-off" means the determination and settlement (including by way of reconciliation) of amounts due arising under or in connection with the Pooling and Settlement Agreement in relation to settlement periods up to and including the settlement period immediately prior to the effective time (including the resolution of disputes in respect thereof).~~

Not Used

Scottish Power Generation Limited –deleted conditions

Amended standard condition

~~Standard definition 1 (Definitions and interpretation) shall be amended by the addition of the following text as an additional definition:-~~

~~“bulk supply point” means any point at which electricity is delivered from the transmission system to any distribution system.”~~

Amended standard condition

~~Standard condition 17A (Prohibition of cross-subsidies) shall be amended by the addition of the following text as a new paragraph 13 of that condition:~~

~~“13. Nothing which the licensee is obliged to do or not to do pursuant to this licence or any other document which grants a licence to the licensee under the Act shall be regarded as a cross-subsidy for the purposes of this condition.”~~

~~Special Condition B: Submission of certain agreements~~

- ~~1. The licensee shall not make an amendment to a specified agreement or enter into any agreement which amends a specified agreement except with the prior written approval of the Authority.~~
- ~~2. The licensee shall comply with the relevant provisions of the nuclear energy agreement.~~
- ~~3. For the purposes of this Special Condition:~~

~~"specified agreements"~~

~~means agreements relating to the following matters, namely:~~

- ~~(a) the provision by the licensee to SSE Energy Supply Limited of 576MW of capacity from the Longannet and Cogenzie Power Stations;~~
- ~~(b) the provision by SSE Energy Supply Limited to the licensee of 200 MW of hydro-generated capacity;~~
- ~~(c) the provision by SSE Energy Supply Limited to the licensee of a 50% share of the capacity of Peterhead Power Station (including rights and obligations relative to the consumption of electricity generated from 50% (or 70% in peak periods) of the gas supplied to Peterhead Power Station from the Miller Field);~~
- ~~(d) the provision by Scottish Nuclear Limited to the licensee and SSE Energy Supply Limited (in the respective proportions of 74.9% and 25.1%) of all electricity generated by Scottish Nuclear Limited from the nuclear stations at Hunterston and Torness (net of electricity consumed by such stations themselves).~~

~~"amendment"~~

~~in relation to any agreement shall (without limiting the generality) include the making, entering into and granting of:~~

~~(a) any agreement which terminates, extends the duration of, varies or has the effect of affecting in any other way any right and/or obligation (or the enforceability of any right and/or obligation) of any person under the first mentioned agreement; and~~

~~(b) any waiver or purported waiver (whether or not constituted or evidenced by any written document, and whether express, implied or otherwise) of any right of any person under that agreement.~~

"agreement"

~~includes any contract or arrangement (whether or not constituted or evidenced by any written document).~~

"nuclear energy agreement"

~~means the specified agreement relating to the matter referred to in sub-paragraph (d) of the definition of "specified agreements" as amended from time to time with the approval of the Authority given pursuant to this Condition.~~

~~"relevant provisions of the nuclear energy agreement"~~

~~means such provisions of the nuclear energy agreement as are set out in a notice designated by the Secretary of State for the purpose of this Condition which is given to the Licensee not later than 60 days after: (i) the date on which the nuclear energy agreement is submitted to the Authority pursuant to paragraph 1 of condition 7 (Submission of certain agreements), Part II, of the Composite Licence of ScottishPower in force as at 27 September 2001; or (ii) (if the nuclear energy agreement is entered into and submitted pursuant to paragraph 2 of condition 7 (Submission of certain agreements), Part II, of the Composite Licence of ScottishPower in force as at 27 September 2001) the date on which it is submitted to the Authority pursuant to that paragraph, and such provisions shall have effect as if they were set out in this Condition.~~

SSE Generation Limited – deleted conditions

Amended standard condition

~~Standard definition 1 (Definitions and interpretation) shall be amended by the addition of the following text as an additional definition:-~~

~~“bulk supply point” means any point at which electricity is delivered from the transmission system to any distribution system.”~~

British Energy Generation (UK) Limited – deleted conditions

Amendment to Standard Condition

~~17: Prohibition of discrimination in selling electricity~~

- ~~1. In paragraph 8 delete the “and” at the end of sub-paragraph (a), delete the full stop at the end of sub-paragraph (b) and after sub-paragraph (b) insert the following—~~

~~“; and~~

~~(c) any contract for the sale of electricity to the North Company and South Company in their capacities as purchasers of electricity under the nuclear energy agreement.
_____”~~

- ~~2. Insert the following new paragraph 14—~~

~~“For the purposes of this condition—~~

~~“North Company” means Scottish and Southern Energy plc (formerly Scottish Hydro Electric PLC)(Registered Number: Sc117119).~~

~~“South Company” means ScottishPower UK plc (formerly Scottish Power PLC)(Registered Number Sc117120).~~

~~Special Condition 2: Submission of Nuclear Energy Agreement~~

- ~~1. The licensee shall enter into the nuclear energy agreement as soon as practicable after the date of grant of this Licence and shall, not later than 1 June 1990 or such later date (if any) as the Secretary of State shall agree, submit the nuclear energy agreement so entered into to the Authority.~~
- ~~2. The licensee shall, if required so to do by notice given by the Secretary of State within 60 days after the date of submission of the nuclear energy agreement under paragraph 1, as soon as practicable (and in any event not later than 10 days) after receipt of the notice:~~
 - ~~(a) enter into a proposed nuclear energy agreement described in the notice; and~~
 - ~~(b) submit the proposed nuclear energy agreement so entered into to the Authority.~~
- ~~3. The licensee shall not make or enter into any agreement (other than an agreement which the licensee is required to enter into pursuant to paragraph 2) which amends an agreement which has been submitted to the Authority pursuant to paragraph 1 or 2, or any agreement the making or entering into of which has been approved pursuant to this paragraph, except in each case with the prior written approval of the Authority.~~
- ~~4. The licensee shall comply with the relevant provisions of the nuclear energy agreement.~~
- ~~5. For the purposes of this Condition:~~
 - ~~(a) “nuclear energy agreement”~~

~~means an agreement relating to the provision by the licensee to North Company and South Company (in the respective proportions of 25.1% and 74.9%) of all electricity generated by the licensee from the nuclear stations at Hunterston and Torness (net of electricity consumed by such stations themselves).~~
 - ~~(b) “proposed nuclear energy agreement”~~

~~means an agreement designated by the Secretary of State for the purposes of this Condition which relates to the matter referred to in the definition of nuclear energy agreement in sub-paragraph (a) above and which the Secretary of State proposes be entered into between the licensee, North Company and South Company in substitution for, and to the exclusion of, the nuclear energy agreement submitted to the Authority pursuant to paragraph 1.~~

~~(c) — “amendment”~~

~~in relation to any agreement shall (without limiting the generality) include the making, entering into and granting of:~~

~~(i) — any agreement which terminates, extends the duration of, varies or has the effect of affecting in any other way any right and/or obligation (or the enforceability of any right and/or obligation) of any person under the first mentioned agreement; and~~

~~(ii) — any waiver or purported waiver (whether or not constituted or evidenced by any written document, and whether express, implied or otherwise) of any right of any person under the agreement.~~

~~(d) — “agreement”~~

~~includes any contract or arrangement (whether or not constituted or evidenced by any written document).~~

~~(e) — “relevant provisions of the nuclear energy agreement”~~

~~means such provisions of the nuclear energy agreement submitted to the Authority pursuant to paragraph 1 (or if a proposed nuclear energy agreement is entered into and submitted pursuant to paragraph 2, of that proposed nuclear energy agreement) as are set out in a notice designated for the purpose of this Condition which is given by the Secretary of State to the licensee not later than 60 days after (i) the date on which the nuclear energy agreement is submitted to the Authority pursuant to paragraph 1 or (ii) (if a proposed nuclear energy agreement is entered into and submitted pursuant to paragraph 2) the date on which the proposed nuclear energy agreement is submitted to the Authority pursuant to that paragraph and such provisions shall have effect as if they were set out in this Condition.~~

~~(f) — “North Company” means Scottish and Southern Energy plc (formerly Scottish Hydro Electric PLC)(Registered Number: Sc117119).~~

~~(g) — “South Company” means ScottishPower UK plc (formerly Scottish Power PLC)(Registered Number Sc117120).~~

Distribution Licence – deleted conditions

SP Distribution Limited – deleted conditions

Amended standard condition

~~Standard definition 1 (Definitions and interpretation) shall be amended by the addition of the following text as an additional definition:-~~

~~“bulk supply point” means any point at which electricity is delivered from the transmission system to any distribution system.”~~

Amended standard condition

~~Standard condition 41 (Prohibition of cross-subsidies) shall be amended by the addition of the following text as a new paragraph 2 of that condition:-~~

~~“2. Nothing which the licensee is obliged to do or not to do pursuant to this licence or any other document which grants a licence to the licensee under the Act shall be regarded as a cross-subsidy for the purposes of this condition.”~~

Scottish Hydro Electric Power Distribution Limited- deleted conditions

Amended standard condition

~~Standard definition 1 (Definitions and interpretation) shall be amended by the addition of the following text as an additional definition:-~~

~~“bulk supply point” means any point at which electricity is delivered from the transmission system to any distribution system.”~~

Supply SLCs – deleted conditions

General Security Standard

Condition B8B: ~~Generation Security Standard~~

- ~~1. Insofar as the licensee supplies or offers to supply electricity to any premises situated in Scotland, the licensee shall make arrangements sufficient to meet the generation security standard.~~
- ~~2. Not later than 3 months before the end of each financial year, the licensee shall provide to the Authority a statement complying with the provisions of paragraph 3.~~
- ~~3. The statement to be provided to the Authority under paragraph 2 shall:
 - ~~(a) be signed by 2 directors of the licensee;~~
 - ~~(b) describe the arrangements made or to be made by the licensee to meet the generation security standard in each of the 7 succeeding financial years;~~
 - ~~(c) state the planning margin or margins adopted by the licensee for the purpose of the above arrangements and set out the methodology and calculations used in arriving at such margin or margins;~~
 - ~~(d) refer to data, assumptions and demand forecasts (including insofar as relevant those relating to diversity of demand, own generation, arrangements for trading energy and capacity with other persons, arrangements with qualifying customers and relevant purchasers, including those permitting interruption and reduction of supply, forecast maximum demand from qualifying customers and relevant purchasers, the maximum demand which the licensee can meet without failing to meet the generation security standard, contracted availability of generation, and load management (if any) of qualifying customers and relevant purchasers); and~~
 - ~~(e) include such other matters as the Authority shall specify in directions issued by the Authority to the licensee for the purpose of this condition not later than 6 months before the end of the financial year in which the statement is provided.~~~~
- ~~4. The licensee shall upon request by the Authority provide to the Authority such information as the Authority may require for the purpose of monitoring~~

~~compliance with this condition and to enable the Authority (having regard to his statutory duties) to review the operation of the generation security standard.~~

~~5. The licensee shall not make or agree any alteration, other than an alteration to which paragraph 7 applies, to the arrangements described in any statement provided to the Authority under paragraph 2 as having been made by the licensee to meet the generation security standard for the first financial year covered by such statement.~~

~~6. The licensee shall:~~

~~—— (a) — procure that, except to the extent that the Authority shall otherwise approve, arrangements described in any statement provided to the Authority under paragraph 2 as falling to be made by the licensee to meet the generation security standard for the first financial year covered by such statement shall be made; and~~

~~—— (b) — not make or agree any alteration, other than an alteration to which paragraph 7 applies to the arrangements so made.~~

~~7. This paragraph applies to an alteration which the Authority considers is unlikely to result in the licensee failing to meet the generation security standard.~~

~~8. Save as required by law, the licensee shall not enter into any contract for the supply of electricity if the entering into of the contract would cause demand in the first year covered by the statement most recently provided to the Authority under paragraph 2 to exceed the maximum demand which the licensee can meet in that year without failing to meet the generation security standard as referred to in such statement, unless the Authority shall consider that the entering into of the contract is unlikely to result in the licensee failing to meet the generation security standard.~~

~~9. Subject to paragraph 10, the licensee shall not:~~

~~(a) — enter into any contract to supply electricity to a person other than a qualifying customer if the licensee has interrupted or reduced the supply of electricity to any qualifying customer (other than by reason of relevant constraints) and the interruption or reduction continues during the period or any part of the period in which electricity would otherwise be supplied under such contract; or~~

~~(b) — interrupt or reduce the supply of electricity to any qualifying customer (except to the extent that such interruption or reduction is made by reason of relevant constraints) if at or shortly before the time of the interruption or reduction the~~

~~licensee enters into any contract to supply electricity to a person other than a qualifying customer during the period or part of the period that the supply is interrupted or reduced; or~~

~~(c) — interrupt or reduce the supply of electricity to any qualifying customer in circumstances where:~~

~~(i) — electricity is available for purchase under the terms of the Balancing and Settlement Code, the Settlement Agreement for Scotland or the trading system established by the Trading Code at a price less than value of lost load; and~~

~~(ii) — the licensee is not prevented from purchasing such electricity by reason of relevant constraints.~~

~~10. — Notwithstanding paragraph 9, the licensee may interrupt or reduce a supply of electricity in circumstances where it is necessary to do so by reason of planned maintenance undertaken on the distribution system or transmission system required by the licensee for the supply of electricity or by reason of a fault on or affecting either the distribution system or transmission system required by the licensee for the supply of electricity or the quantities of electricity delivered into that system.~~

~~11. — In the event that the Authority, after consultation with the licensee, shall at any time or from time to time issue a direction to the licensee for the purpose of this condition to the effect that, in the opinion of the Authority, it is desirable that the licensee make arrangements such as are specified in the direction to meet the generation security standard, then the duty imposed by paragraph 1 shall not be capable of being discharged by the licensee after such date as shall be specified for the purpose in the direction except by the licensee making the arrangements so specified.~~

~~12. — The Authority, after consultation with the licensee, may at any time and from time to time by directions issued to the licensee for the purpose of this condition make such modifications to this condition or any other condition to which the licensee is subject as, in the opinion of the Authority, are the most appropriate to ensure that the licensee's supply charges are restricted in circumstances where the licensee fails to meet demand from its qualifying customers by reason of an insufficiency of electricity generation available for the purposes of supply by the licensee to such customers.~~

~~13. The duty of the licensee under paragraph 1 may, in relation to qualifying customers whose premises are located in isolated areas, be discharged by the making of arrangements sufficient to meet a standard of generation security (other than the generation security standard) agreed between the licensee and the Authority.~~

~~14. The provisions of this condition are without prejudice to the duties of the licensee under any regulation made under section 29 of the Act.~~

~~15. In this condition:~~

~~“generation security standard” means:~~

~~_____ (a) such standard of generation security as will ensure:~~

~~_____ (i) that the supply of electricity to qualifying customers will not be discontinued in more than 9 years in any period of 100 years; and~~

~~_____ (ii) that the voltage or frequency of electricity supplied to qualifying customers will not be reduced below usual operational limits in more than 30 years in any period of 100 years by reason of insufficiency of electricity generation available for the purposes of supply by the licensee to its qualifying customers at times of annual system peak demand; and~~

~~_____ (b) sufficient electricity generation being available for the purposes of supply by the licensee to its qualifying customers at times other than times of annual system peak demand to ensure that the standard of generation security at each such time will be not less than that referred to in sub-paragraph (a) above for times of annual system peak demand.~~

~~“modification” shall have the same meaning as in section 111 of the Act.~~

~~“qualifying customer” means any purchaser from the licensee entitled and requiring at any time to be supplied by the licensee at premises within Scotland but shall exclude a purchaser under an interruptible contract or a contract containing load management terms to the extent that supplies to that purchaser may be interrupted or reduced in accordance with the terms of that contract.~~

~~“relevant constraints” means any constraints on the transmission system of any transmission licensee or on the interconnector or Scottish interconnection or on a distribution system required by the licensee for the supply of electricity.~~

~~“relevant purchaser” means any purchaser from the licensee who is not a qualifying customer.~~

~~“value of lost load” means, in respect of the financial year ending on 31 March 2002, the sum of £2.90 per kWh and, in respect of each succeeding financial year, the sum which corresponds to £2.90 per kWh as adjusted to reflect the percentage change in the Retail Price Index between the index published or determined in respect of the December prior to the start of that financial year and the index published or determined for December 2000.~~

[Not Used](#)

Pooling and Settlement Agreement

Condition B12: ~~Pooling and Settlement Agreement run-off~~

- ~~1. Insofar as the licensee shall supply or offer to supply electricity to any premises in England and Wales, the licensee shall continue to be a party to and a pool member under, and shall comply with, the Pooling and Settlement Agreement for the purposes of run-off, until the provisions of the BSC relating to run-off become effective.~~
- ~~2. This condition shall apply to the extent that the licensee was party to and a Pool member under the Pooling and Settlement Agreement immediately prior to the effective time.~~
- ~~3. In this condition:
"effective time" means the start of the first period for trading under the BSC as determined by the Secretary of State.
"run-off" means the determination and settlement (including by way of reconciliation) of amounts due arising under or in connection with the Pooling and Settlement Agreement in relation to settlement periods up to and including the settlement period immediately prior to the effective time (including the resolution of disputes in respect thereof).~~

Not Used

Scottish Power Energy Retail Limited- deleted conditions

Amended standard condition

~~Standard condition 12B (Prohibition of cross-subsidies) shall be amended by the addition of the following text as a new paragraph 2 of that condition:~~

~~“2. Nothing which the licensee is obliged to do or not to do pursuant to this licence or any other document which grants a licence to the licensee under the Act shall be regarded as a cross-subsidy for the purposes of this condition.”~~

SSE Energy Supply Limited- deleted conditions

Amended standard condition

~~Standard condition 12A (Prohibition of discrimination in selling electricity) shall be amended by the addition of the following text as a new paragraph 2(c) of that condition:~~

~~“(c) do not include the sale of electricity to Scottish Power Generation Limited in its capacity as a purchaser of electricity from the licensee under any of the restructuring agreements”.~~

~~Special Condition B: Submission of certain agreements~~

- ~~1. The licensee shall not make an amendment to a specified agreement or enter into any agreement which amends a specified agreement except with the prior written approval of the Authority.~~
- ~~2. The licensee shall comply with the relevant provisions of the nuclear energy agreement.~~
- ~~3. For the purposes of this Condition:~~

~~“specified agreements” means agreements relating to the following matters, namely:~~

- ~~(a) the provision by Scottish Power Generation Limited to the licensee of 576MW of capacity from the Longannet and Cockenzie Power Stations;~~
- ~~(b) the provision by the licensee to Scottish Power Generation Limited of 200 MW of hydro-generated capacity;~~
- ~~(c) the provision by the licensee to Scottish Power Generation Limited of a 50% share of the capacity of Peterhead Power Station (including rights and obligations relative to the consumption of electricity generated from 50% (or 70% in peak periods) of the gas supplied to Peterhead Power Station from the Miller Field);~~
- ~~(d) the provision by Scottish Nuclear Limited to the licensee and Scottish Power Generation Limited (in the respective proportions of 25.1% and 74.9%) of all electricity generated by Scottish Nuclear Limited from the nuclear stations at Hunterston and Torness (net of electricity consumed by such stations themselves).~~

~~“amendment” in relation to any agreement shall (without limiting the generality) include the making, entering into and granting of:~~

~~(a) — any agreement which terminates, extends the duration of, varies or has the effect of affecting in any other way any right and/or obligation (or the enforceability of any right and/or obligation) of any person under the first mentioned agreement; and~~

~~(b) — any waiver or purported waiver (whether or not constituted or evidenced by any written document, and whether express, implied or otherwise) of any right of any person under that agreement.~~

~~“agreement” — includes any contract or arrangement (whether or not constituted or evidenced by any written document).~~

~~“nuclear energy agreement” — means the specified agreement relating to the matter referred to in sub-paragraph (d) of the definition of specified agreements as amended from time to time with the approval of the Authority given pursuant to this Condition.~~

~~“relevant provisions of the nuclear energy agreement” — means such provisions of the nuclear energy agreement as are set out in a notice designated by the Secretary of State for the purpose of this Condition which is given to the Licensee not later than 60 days after: (i) the date on which the nuclear energy agreement is submitted to the Authority pursuant to paragraph 1 of condition 7 (Submission of certain agreements), Part II, of the Composite~~

~~Licence of Scottish and Southern Energy in force as at 27 September 2001; or (ii) (if the nuclear energy agreement is entered into and submitted pursuant to paragraph 2 of condition 7 (Submission of certain agreements), Part II, of the Composite Licence of Scottish and Southern Energy in force as at 27 September 2001) the date on which it is submitted to the Authority pursuant to that paragraph, and such provisions shall have effect as if they were set out in this Condition.~~

6. Annexe F: Respondents to January 2003 consultation

British Energy

Centrica

Comhairle

Grangemouth CHP

LE Group

Powergen

Scottish and Southern Energy

ScottishPower

United Utilities