

COMPOSITE TRANSMISSION LICENCE

Notes to this composite transmission licence:

This composite transmission licence contains the “near final” text of the BETTA transmission licence conditions. This composite is in comparative form and highlights all the differences between it and the existing licence. Two tables of amendments accompany this licence. These detail all amendments which have been made to the BETTA transmission licence conditions since the composite transmission licence was last published in December 2003. Table 1 details all minor drafting and consequential changes which have been made to the licence since December and Table 2 details the more substantive changes which have been made to the licence since December.

In March 2004, Ofgem /DTI published a mini consultation document on transmission charging related licence conditions and the requirement to offer terms. The licence conditions, which were included in that mini consultation document (including each of the options therefor), have been included in this composite transmission licence. The amendments which were made to the charging and related conditions and are reflected in the March 2004 mini consultation document, are not reflected in either of the attached tables. These conditions will be amended, to the extent that further amendment is required, after responses to the mini consultation document have been received and considered. These responses are due to be submitted to Ofgem/DTI on or before 20 April 2004.

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SECTION A. INTERPRETATION, APPLICATION AND PAYMENTS

Condition [A1](#)¹. Definitions and ~~Interpretation~~[interpretation](#)

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

the "Act"	means the Electricity Act 1989.
"affected transmission licensee" ²	means a transmission licensee where that licensee's transmission system will or may be affected by the implementation of the matters contained in a TO offer or an offer made or to be made by the system operator pursuant to standard condition C8 (Requirement to offer terms).
"affiliate"	in relation to the licensee means any holding company or subsidiary of the licensee or any subsidiary of a holding company of the licensee, in each case within the meaning of sections 736- 736 , 736A, and 736B of the Companies Act 1985.
"alternative accounting rules"	for the purposes of standard condition 5B1 (Regulatory Accounts accounts) only, has the meaning given in that condition.
"ancillary services"	means:

¹ Formerly standard Condition 1.

² New definition.

- (a) such services as any authorised electricity operator may be required to have available as ancillary services pursuant to the ~~licensee's~~ Grid Code; and
- (b) such services as any authorised electricity operator or person making interconnector ~~or Scottish interconnection~~ transfers may have agreed to have available as being ancillary services pursuant to any agreement made with the ~~licensee~~ system operator and which may be offered for purchase by the ~~licensee~~system operator for the purpose of securing stability of operation ~~on~~of the ~~licensee's~~GB transmission system and the distribution system of any authorised electricity operator or any system linked to the ~~licensee's~~GB transmission system by an interconnector ~~or Scottish interconnection~~.

"applicable balancing services"³

for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.

"applicable balancing services volume

for the purposes of standard condition

³ New reference out to definition in standard condition C16 (Procurement and use of balancing services).

<u>data</u> " ⁴	<u>C16 (Procurement and use of balancing services) only, has the meaning given in that condition.</u>
<u>"applicable balancing services volume data methodology"</u> ⁵	<u>for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.</u>
<u>"applicable BSC objective(s)"</u> ⁶	<u>for the purposes of standard condition C3 (Balancing and Settlement Code (BSC)) only, has the meaning given in that condition.</u>
<u>"applicable CUSC objectives"</u> ⁷	<u>for the purposes of standard condition C10 (Connection and Use of System Code (CUSC)) only, has the meaning given in that condition.</u>
"applicable STC objectives" ⁸	for the purposes of standard condition B12 (System Operator-Transmission Owner Code) 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" ⁹	for the purposes of standard condition D3A (Independence of and Appointment

⁴ New reference out to definition in standard condition C16 (Procurement and use of balancing services).

⁵ New reference out to definition in standard condition C16 (Procurement and use of balancing services).

⁶ New reference out to definition in standard condition C3 (Balancing and Settlement Code (BSC)).

⁷ New reference out to definition in standard condition C10 (Connection and Use of System Code (CUSC)).

⁸ Reference out to new definition in new standard condition B12 (System Operator-Transmission Owner Code).

~~of a Managing Director of the Transmission Business) only, has the meaning given in that condition.~~

"associated TO agreement"¹⁰

means an agreement between the system operator and another transmission licensee which is entered into following the system operator's acceptance of a TO offer from that other transmission licensee and reflects that TO offer.

"associated TO offer"¹¹

means a TO offer which relates to a given offer made by the system operator pursuant to standard condition C8 (Requirement to offer terms) or to another TO offer which relates to such offer.

"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.

⁹ Moved to special conditions SPT D and SHETL D: both (Independence of and appointment of managing director of the transmission business).

¹⁰ New definition.

¹¹ New definition.

~~"authorised area"~~

~~means the area from time to time comprised in Schedule 1 to this licence.~~

"authorised electricity operator"

means any person (other than the licensee in its capacity as operator of the licensee's transmission system or the GB transmission system) who is authorised to generate, ~~transmit~~ participate in the transmission of, distribute, or supply electricity and for the purposes of standard conditions C7C (Prohibition on discriminating between users) to C7E9 (Functions of the Authority) inclusive 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 the ~~licensee's~~ GB transmission system across any 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.

"balancing mechanism"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

"balancing services"

for the purposes of section C only, has the meaning given in standard condition

	C1 (Interpretation of Section C).
"balancing services activity"	for the purposes of Section C only , has the meaning given in standard condition C1 (Interpretation of Section C).
<u>"balancing services adjustment data methodology"¹²</u>	<u>for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.</u>
"bilateral agreement"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"bilateral connection agreement"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"bilateral embedded generation agreement"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"BSC"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"BSC Framework Agreement"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
<u>"BSC party"¹³</u>	<u>for the purposes of Section C only, has the meaning given in standard condition</u>

¹² New reference out to definition in standard condition C16 (Procurement and use of balancing services).

C1 (Interpretation of Section C).

"competent authority"¹⁴

~~for the purposes of Section D only, has the meaning given in standard condition D3 (Restriction on Use of Certain Information).~~

"confidential information"¹⁵

~~for the purposes of Section D only, has the meaning given in standard condition D3 (Restriction on Use of Certain Information).~~

"connection charges"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C). ~~means charges made or levied or to be made or levied for the carrying out (whether before or after the date on which the licence came into force) or works and provision and installation of electrical plant, electric lines and meters in constructing or modifying entry and exit points on the licensee's transmission system together with charges in respect of maintenance and repair of such items in so far as not otherwise recoverable as use of system charges and in respect of disconnection and the removal of electrical plant, electric lines and ancillary meters following disconnection;~~

¹³ New reference out to definition in standard condition C1 (Interpretation of Section C).

¹⁴ Moved to special conditions SPT C and SHETL C: both (Restriction on use of certain information).

¹⁵ Moved to special conditions SPT C and SHETL C: both (Restriction on use of certain information).

~~all as more fully described in paragraphs 4 and 8 of standard condition C7B (Connection Charging Methodology) and special condition B1 (Basis of Charges for Use of Scottish Interconnection), whether or not such charges are annualised.¹⁶~~

"connection charging methodology"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"consolidated transmission business"	for the purposes of standard condition 5 <u>B1</u> (Regulatory Accounts <u>accounts</u>) only, has the meaning given in that condition.
"Consumer Council"	means the Gas and Electricity Consumer Council established under section 2 of the Utilities Act 2000.
"construction agreement"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"contract"	for the purposes of paragraph 9 of standard condition D2 (Trading Code for Scotland) only, has the meaning given in that condition.
"core industry documents"	<u>means those documents which</u> <u>(a) in the Secretary of State's opinion</u>

¹⁶ Moved to standard condition C1 (Interpretation of Section C).

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 Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).~~

"cross-default obligation"¹⁷

means a term of any agreement or arrangement (not including any arrangements between transmission licensees under the STC Framework Agreement) whereby the licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or of acceleration by reason of a default (howsoever such default may be described or defined) by any person other than the licensee unless:

(i) that liability can arise only as the result of a default by a subsidiary

¹⁷ This definition is based on the definition in special condition AA10 (Indebtedness) in NGC's licence, which has become standard condition B9.

of the licensee,

(ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of director's, and

(iii) that subsidiary carries on business only for a purpose within paragraph (a) of the definition of permitted purpose.

"current cost assets"¹⁸

for the purposes of standard condition B1 (Regulatory accounts) 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 his capacity as such.

"CUSC"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

"CUSC Framework Agreement"¹⁹

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

¹⁸ New reference out to definition in standard condition B1 (Regulatory accounts).

¹⁹ New reference out to definition in standard condition C1 (Interpretation of Section C).

<u>"CUSC party"²⁰</u>	<u>for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).</u>
"CUSC user"	for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).
"Director General of Electricity Supply"	for the purposes of standard condition <u>A4</u> (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"disposal"	for the purposes of standard condition 10B3 (Disposal of Relevant <u>relevant Assets</u> assets) only, has the meaning given in that condition.
"Distribution Code"	means any distribution code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) of a distribution licence and approved by the Authority and revised from time to time with the approval of the Authority.
"distribution licence"	means a distribution licence 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

²⁰ New reference out to definition in standard condition C1 (Interpretation of Section C).

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 licensee within Great Britain in its capacity as operator of the licensee's transmission system, or the GB 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 GB transmission system.

"effective time"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

~~"Electricity Arbitration Association"~~

~~for the purposes of standard condition D3 (Restriction on Use of Certain Information) only, has the meaning given in that condition.~~

"estimated costs"

for the purposes of standard condition A4 (~~Payments by the Licensee~~ to the Authority) only, has the meaning given in that condition.

"external transmission activities" ²¹	for the purposes of Section D only, has the meaning given in standard condition D3 (Restriction on Use of Certain Information).
"external distribution activities" ²²	for the purposes of standard condition D3 (Restriction on Use of Certain Information) only, has the meaning given in that condition.
"financial year"	means subject to standard condition 6B2 (Change of Financial financial Year 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.
"founder members"	for the purposes of standard condition D2 (Trading Code) only, has the meaning given in that condition.
"Fuel Security Code"	means the document of that title designated as such by the Secretary of State as from time to time amended.
"GB transmission system" ²³	means the system consisting (wholly or mainly) of high voltage electric wires owned or operated by transmission licensees within Great Britain and used for the transmission of electricity from one generating station to a sub-

²¹ Moved to special conditions SPT C and SHETL C: both (Restriction on use of certain information).

²² Moved to special conditions SPT C and SHETL C: both (Restriction on use of certain information).

²³ New definition.

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

"generation set"

means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generating set.

"~~licensee's~~ Grid Code"

means the grid code required to be drawn up by the ~~licensee~~system operator pursuant to standard condition ~~7C14~~ (~~Licensee's~~ Grid Code), as from time to time revised with the approval of the Authority.

"grid supply point"

means any point at which electricity is delivered from ~~at the~~ GB transmission system to any distribution system.

"the handbook"

for the purposes of standard condition ~~5B1~~ (Regulatory ~~Accounts~~accounts) only, has the meaning given in that condition.

"holding company"

has the meaning given to it in standard condition B1 (~~for the purposes of standard condition 5~~ (Regulatory aAccounts) ~~only, has the meaning given in that condition.~~

"imbalance price"²⁴

for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.

"indebtedness"²⁵

means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.

"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) of any description specified by the Authority.

~~"interconnection"~~

~~has the meaning given in standard condition D1 (Interpretation of Section D).~~

"interconnector(s)"

has the meaning given in standard condition C1 (Interpretation of Section C).

²⁴ New reference out to definition in standard condition C16 (Procurement and use of balancing services).

²⁵ This definition was contained in special condition AA10 (Indebtedness) in NGC's licence, which has become standard condition B9.

~~"interconnector(s) business"²⁶~~

~~has the meaning given in standard condition C1 (Interpretation of Section 6).~~

"investment grade issuer credit rating"²⁷

means:

- (a) an issuer rating of not less than BBB- by Standard & Poor's Ratings Group or any of its subsidiaries or a corporate rating of not less than Baa3 by Moody's Investors Service, Inc. or any of its subsidiaries or such higher rating as shall be specified by either of them from time to time as the lowest investment grade credit rating; or
- (b) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in the United Kingdom and the United States of America.

"licensed distributor"

means any holder of a distribution licence.

"licensee's transmission system"

means those parts of the GB transmission system ~~of the~~ which are owned or operated by a licensee within ~~the~~ its

²⁶ Moved to special condition NGC A (Definitions and interpretation).

²⁷ This definition was contained in special condition AA10 (Indebtedness) in NGC's licence, which has become standard condition B9.

	authorised <u>transmission</u> area owned and operated by the licensee.
"other founder member"	for the purposes of standard condition D2 (Trading Code) only, has the meaning given in that condition.
"other Grid Codes"	means the grid codes which the holder(s) of a transmission licence (other than the licensee) are required to draw up and have approved by the Authority pursuant to standard condition 7 (Licensee's Grid code) of their transmission licence, as from time to time revised with the approval of the Authority.
"participating interest"	has the meaning given by section 260 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.
"party entry processes" ²⁸	for the purposes of standard condition B12 (System Operator-Transmission Owner Code) only, has the meaning given in that condition.
"permitted purpose" ²⁹	means the purpose of any or all of the following: (a) the transmission business, the interconnector(s)-business or any business or activity within the limits of paragraph 4 of

²⁸ Reference out to new definition in new standard condition B12 (System Operator-Transmission Owner Code).

²⁹ Based on the amended SLC applicable to NGC (28 September 2001).

condition ~~AA6B6~~ (Restriction on ~~Activity~~activity and ~~Financial~~financial ~~Ringfence~~ringfencing);

(b) any business or activity to which the Authority has given its consent in writing in accordance with paragraph 3(d) of condition ~~AA6B6~~ (Restriction on ~~Activity~~activity and ~~Financial~~financial ~~Ringfence~~ringfencing);

(c) without prejudice to the generality of subparagraphs (a) and (b), any payment or transaction lawfully made or undertaken by the licensee for a purpose within subparagraphs (i) to (vii) of ~~special~~standard condition ~~AA10B9~~, 1(b) (Indebtedness).

"Pooling and Settlement Agreement"

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

"regulatory accounts"

for the purposes of standard condition ~~5B1~~ (Regulatory ~~Accounts~~accounts) 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 agreement"	for the purposes of standard condition C7E <u>9</u> (Functions of the Authority) only, has the meaning given in that condition.
"relevant assets"	for the purposes of standard condition 10B <u>3</u> (Disposal of Relevant <u>relevant</u> Assets <u>assets</u>) only has the meaning given in that condition.
<u>"relevant balancing services"</u> ³⁰	<u>for the purposes of standard condition C16 (Procurement and use of balancing services) only, has the meaning given in that condition.</u>
"Relevant Consumers' Committees"	for the purposes of standard condition <u>A</u> 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"relevant proportion"	for the purposes of standard condition <u>A</u> 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"relevant year"	for the purposes of standard condition <u>A</u> 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"relinquishment of operational control"	for the purposes of standard condition 10B <u>3</u> (Disposal of Relevant <u>relevant</u> Assets <u>assets</u>) only, has the meaning given in that condition.

³⁰ New reference out to definition in standard condition C16 (Procurement and use of balancing services).

~~"remote transmission assets"³¹~~

~~means any electric lines, electrical plant or meters in England and Wales owned by the licensee which:~~

~~(a) are embedded in a distribution system of an authorised electricity operator within the authorised area of the licensee and are not directly connected by lines or plant owned by the licensee to a sub-station owned by the licensee and~~

~~(b) are by agreement between the licensee and such authorised electricity operator operated under the direction and control of such authorised electricity operator.~~

"Retail Price Index"

means the general index of retail prices published by the Office for National Statistics each month in respect of all items or:

(a) if the index for any month in any year shall not have been published on or before the last day of the third month after such month, such index for such month or months as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the

³¹ Moved to special condition NGC H (Amended standard conditions for NGC).

circumstances; or

- (b) if there is a material change in the basis of the index, such other index as the Authority may after consultation with the licensee and for the purposes of this condition generally determine to be appropriate in the circumstances.

~~"Scottish interconnection"~~

~~has the meaning given in standard condition D1 (Interpretation of Section D).~~

~~"Scottish transmission system"~~

~~for the purposes of standard condition D2 (Trading Code) only, has the meaning given in that condition.~~

"Secretary of State's costs"

for the purposes of standard condition A4 (Payments ~~by the Licensee~~ to the Authority) has the meaning given in that condition.

"Section C (system operator standard conditions) Direction"³²

means a direction issued by the Authority in accordance with standard condition A2 (Application of Section C).

"Section D (transmission owner standard conditions) Direction"³³

means a direction issued by the Authority in accordance with standard condition A3 (Application of Section D).

³² New definition.

³³ New definition.

"separate business"³⁴	(i) in relation to any area of England and Wales, has the meaning given in standard condition C1 (Interpretation of Section C); and (ii) in relation to any area of Scotland, has the meaning given in standard condition D1 (Interpretation of Section D).
"Settlement Agreement for Scotland"	has the meaning given in standard condition D6 (Settlement Agreement for Scotland).
"short term contract"	for the purposes of standard condition D2 (Trading Code) only, has the meaning given in that condition.
"statutory accounts"	means the accounts to be prepared by the licensee under the Companies Act 1985.
"STC"³⁵	means the document required to be in place pursuant to standard condition B12 (System Operator – Transmission Owner Code) as from time to time amended in accordance with that condition.
"STC Framework Agreement"³⁶	means the agreement of that title, in the form approved by the Secretary of State, by which the STC is made contractually binding between the

³⁴ Separate definitions now contained in each of special conditions NGC H (Amended standard conditions for NGC), SPT F (Amended standard conditions for SPT), and SHETL F (Amended standard conditions for SHETL).

³⁵ New definition.

parties to that agreement, as amended from time to time with the approval of the Secretary of State.

"STC party"³⁷

means any person who is a party to the STC Framework Agreement.

"STC procedures"³⁸

for the purposes of standard condition B12 (System Operator-Transmission Owner Code) only, has the meaning given in that condition.

"subsidiary"

means a subsidiary within the meanings of sections 736, 736A, 736B of the Companies Act 1985.

"system operator"³⁹

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

"TO offer"⁴⁰

means an offer made by a transmission licensee to enter into an agreement

³⁶ New definition.

³⁷ New definition.

³⁸ Reference out to new definition in new standard condition B12 (System Operator-Transmission Owner Code).

³⁹ New definition.

⁴⁰ New definition.

with the system operator pursuant to standard condition D4A (Obligations in relation to offers for connection).

"total system"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

~~"Trading Code"~~

~~for the purposes of Section D only, has the meaning given in standard condition D1 (Interpretation of Section D).~~

~~"trading of electricity"~~

~~for the purposes of Section D only, has the meaning given in standard condition D2 (Trading Code).~~

~~"trading system"~~

~~for the purposes of Section D only, has the meaning given in standard condition D2 (Trading Code).~~

"transmission area"⁴¹

[].

"transmission business"

~~(i) in relation to any area of England and Wales, has the meaning given in standard condition C1 (Interpretation of Section C); and~~

~~(ii) in relation to any area of Scotland, has the meaning given in standard condition D1 (Interpretation of Section D).~~

means the authorised business of the licensee or any affiliate or related

⁴¹ New definition.

undertaking in the planning or development or construction or operation or maintenance of the licensee's transmission system or the GB transmission system or the provision of transmission services (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the Act) or the co-ordination and direction of the flow of electricity onto and over the GB transmission system including the balancing services activity, and any business in providing connections to the GB transmission system, but shall not include:

(i) any business of the licensee or any affiliate or related undertaking in the provision of settlement services in connection with the BSC or the Pooling and Settlement Agreement;
or

(ii) any other business of the licensee or any affiliate or related undertaking in the provision of services to or on behalf of any one or more persons.

"transmission licence"

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

<p>"transmission licensee"⁴²</p>	<p>means the holder for the time being of a transmission licence.</p>
<p>"transmission network services"</p>	<p>means all services provided by the licensee as part of its transmission business other than excluded services and in relation to any area of England and Wales the balancing services activity.⁴³ <u>for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).</u></p>
<p>"transmission services"⁴⁴</p>	<p>means those services which are provided or are to be provided to the system operator by another transmission licensee pursuant to standard condition D2 (Obligation to provide transmission services).</p>
<p>"transmission system"</p>	<p>(i) means in England and Wales, the system consisting (wholly or mainly) of high voltage electric lines owned or operated by the holder of a transmission licence within its authorised area and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant and meters owned or operated by</p>

⁴² New definition.

⁴³ Moved to standard condition C1 (Interpretation of Section C).

⁴⁴ New definition.

~~the holder of a transmission licence in connection with the transmission of electricity but shall not include any remote transmission assets; and~~

~~(ii) means in Scotland the system of high voltage electric lines owned or operated by a holder of a transmission licence within its authorised area and includes any electrical plant and meters owned or operated by such holder of a transmission licence in connection with the transmission of electricity.~~

"ultimate controller"⁴⁵

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

⁴⁵ Based on the amended SLC applicable to NGC (28 September 2001).

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 for which he is a beneficiary but excluding any director or employee of a corporate body in his capacity as such;

(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; and

(d) for the purposes of sub-paragraph (b), rights under contractual arrangements shall not include any rights in or arising under the STC Framework Agreement which are exercisable by a transmission licensee over the activities of, or as against, another transmission licensee.

"undertaking"

bears the meaning ascribed to that

expression by section 259 of the ~~companies~~[Companies](#) Act 1985.

"use of interconnector"

means use of any interconnector for the transfer of electricity.

"use of system"

~~means use of the licensee's transmission system for the transport of electricity by any authorised electricity operator.~~⁴⁶ [for the purposes of Section C only, has the meaning given in standard condition C1 \(Interpretation of Section C\).](#)

"use of system charges"

~~means charges made or levied or to be made or levied by the licensee for the provision of transmission network services and/or in relation to any area of England and Wales in respect of the balancing services activity, in each case as part of the transmission business, to any authorised electricity operator, but shall not include connection charges.~~⁴⁷ [for the purposes of Section C only, has the meaning given in standard condition C1 \(Interpretation of Section C\).](#)

"use of system charging methodology"

for the purposes of Section C only, has the meaning given in standard condition C1 (Interpretation of Section C).

⁴⁶ Moved to standard condition C1 (Interpretation of Section C).

⁴⁷ Moved to standard condition C1 (Interpretation of Section C).

2. Any word or expressions used in the Utilities Act 2000, ~~or~~ Part I of the Act or the Energy Act 2004 shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (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", 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 conditions to—
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity generation licences;
 - (c) a provision of the standard conditions of electricity distribution licences;
 - (d) a provision of the standard conditions of electricity supply licences,

shall, if these standard conditions or the standard conditions in question come to be modified, be construed so as 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)(b) 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 transmission 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 [A2](#) (Application of Section C) or standard condition [A3](#) (Application of Section D);
- (b) any definition which is used in Sections A and B and is also used in one or more other Sections:
- (i) 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.

Condition A2⁴⁸. Application of Section C ~~of Part II Supplementary Standard Conditions for England and Wales~~

1. ~~Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence:~~

~~(a) — paragraphs Paragraphs 2 to 4 to 8 shall cease to be suspended and shall not have effect in ~~the licensee's~~this licence; and (b) — the licensee shall not be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) of this licence, until the Authority has issued to the licensee a direction in accordance with paragraph 2.~~

~~from the date the said scheme takes effect.~~

~~2. — Until —~~

~~(a) — the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence; or~~

~~(b) — the Authority has issued to the licensee a direction pursuant to paragraph 4, the standard conditions in Section C (in whole or, as the case may be, in part) shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part) of this licence.~~

~~3. — Except where paragraph 1 applies to the licensee, paragraphs 4 to 8 of this standard condition shall be suspended and shall have no effect in this licence until such time as the Authority issues to the licensee a notice ending the suspension and providing for those paragraphs to have effect in this licence with effect from the date specified in the notice.~~

⁴⁸ Formerly Standard Condition 2.

~~4.2.~~ The Authority may issue a direction (a "Section C (system operator standard conditions) Direction"). Where the Authority has issued such a direction to the licensee ~~a Section C Direction~~, the standard conditions in Section C (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.

~~5. A Section C Direction may specify that the standard conditions in Section C (in whole or in part) are to have effect in this licence;~~

~~6.3.~~ The Authority may, with the consent of the licensee:

- (a) vary the terms (as set out in the Section C (system operator standard conditions) Direction or elsewhere) under which Section C (or parts thereof) has effect in this licence; or
- (b) provide for Section C (or parts thereof) to cease to have effect in this licence.

~~7.4.~~ The variation or cessation provided for in paragraph ~~6.3~~ shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority.

~~8.5.~~ With effect from the date of cessation referred to in paragraph ~~7.4~~, paragraphs 2 to 4 ~~to 7~~ of this condition shall be suspended and shall cease to have effect in this licence, but the Authority may at any time thereafter give to the licensee a notice ending the suspension and providing for those paragraphs again to have effect in this licence with effect from the date specified in the notice.

Condition A3⁴⁹. Application of Section D ~~of Part H Supplementary Conditions for Scotland~~

1. ~~Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section D (in whole or in part) to have effect within this licence:~~

~~(a) — paragraphs Paragraphs 2 to 4 to 8 shall cease to be suspended and shall not have effect in ~~the licensee's~~this licence; and (b) — the licensee shall not be obliged to comply with the requirements of Section D (in whole or, as the case may be, in part) of this licence until the Authority has issued to the licensee a direction in accordance with paragraph 2.~~in whole or, as the case may be, in part~~) of this licence;~~

~~from the date the said scheme takes effect.~~

~~2. — Until —~~

~~(a) — the Secretary of States provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for section D (in whole or in part) to have effect within this licence; or~~

~~(b) — the Authority has issued to the licensee a direction pursuant to paragraph 4, the standard conditions in Section D (in whole or, as the case may be, in part) shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements of Section D (in whole or, as the case may be, in part) of this licence. 3. Except where paragraph 1 applies to the licensee, paragraphs 4 to 8 of this standard condition shall be suspended and shall have no effect in this licence until such time as the Authority issues to the licensee a notice in writing ending the suspension and providing for those paragraphs to have effect in this licence with effect from the date specified in the notice.~~

⁴⁹ Formerly Standard Condition 3.

~~4.2.~~ The Authority may issue a direction (a "Section D (transmission owner standard conditions) Direction"). Where the Authority has issued such a direction to the licensee ~~a Section D Direction~~, the standard conditions in Section D (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section D (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.

~~5. A Section D Direction may specify that the conditions in Section D (in whole or in part) are to have effect in this licence.~~

~~6.3.~~ The Authority may, with the consent of the licensee:

- (a) vary the terms (as set out in the Section D (transmission owner standard conditions) Direction or elsewhere) under which Section D (or parts thereof) has effect in this licence; or
- (b) provide for Section D (or parts thereof) to cease to have effect in this licence.

~~7.4.~~ The variation or cessation provided for in paragraph ~~6.3~~ shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority.

~~8.5.~~ With effect from the date of cessation referred to in paragraph ~~7.4~~, paragraphs 2 to 4 ~~to 7~~ of this condition shall be suspended and shall cease to have effect in this licence, but the Authority may at any time thereafter give to the licensee a notice ending the suspension and providing for those paragraphs again to have effect in this licence with effect from the date specified in the notice.

Condition A4⁵⁰. Payments ~~by the Licensee~~ to the Authority

1. The licensee shall, at the times stated, pay to the Authority such amounts as are determined by or under this condition.
2. In respect of each relevant year at the beginning of which the licensee holds this licence, the licensee shall pay to the Authority the aggregate of:
 - (a) an amount which is the relevant proportion of the estimated costs of the Authority during the year in question;
 - (b) an amount which is the relevant proportion of the estimated costs of the Consumer Council during the year in question;
 - (c) an amount which is the relevant proportion of the estimated costs incurred in the previous relevant year by the Competition Commission in connection with references made to it with respect to the licence or any other electricity transmission licence;
 - (d) an amount which is the relevant proportion of the Secretary of State's costs during the year in question;
 - (e) an amount which is the relevant proportion of the difference (being a positive or negative amount), if any, between:
 - (aa) any costs estimated by the Authority or, in the case of sub-paragraph 2(d), the Secretary of State in the previous relevant year under sub-paragraphs 2(a), (b), (c), and (d); and
 - (bb) the actual costs of the Authority, the Consumer Council, the Competition Commission (in connection with that reference) and the Secretary of State for the previous relevant year or, in the case of the Competition Commission, for the relevant year prior to the previous relevant year; and

⁵⁰ Formerly Standard Condition 4.

- (f) in respect of the relevant year ending on 31 March 2002, an amount which is the relevant proportion of the actual unrecovered costs of the Director General of Electricity Supply and the Relevant Consumers' Committees.
3. The amounts determined in accordance with paragraph 2 shall be paid by the licensee to the Authority in two instalments, with:
- (a) the first instalment being due for payment by 30 June in each year; and
- (b) the second instalment being due for payment by 31 January in each year
- provided that, in each case, if the Authority has not given notice of the amount of the instalment due at least 30 days before the payment date stated above, the licensee shall pay the amount due within 30 days from the actual giving of notice by the ~~authority~~Authority to the licensee (whenever notice is given).
4. Where the licensee fails to pay the amount determined in accordance with paragraph 2 within 30 days of the due date set out in paragraph 3, it shall pay simple interest on the amount at the rate which is from time to time equivalent to the base rate of NatWest Bank plc or, if there is no such base rate, such base rate as the Authority may designate for the purposes hereof.
5. In relation to any data or information specified by the Authority in a direction given for the purposes of this condition generally, the licensee shall submit a certificate to the Authority, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution. Such certificate shall be submitted to the Authority each year on the date specified by the Authority. Each certificate shall be in the following form: -
- "In the opinion of the directors of [the licensee], all data and information provided to the Authority on [date provided to the Authority] for the purposes of enabling the Authority to calculate the licence fee payable by [the licensee] pursuant to standard condition A4 (Payments ~~by the Licensee~~ to the Authority) is accurate."

6. In this condition:

- "estimated costs" means costs estimated by the Authority as likely to be:
- (a) the costs of the Authority and the Consumer Council; and
 - (b) the costs incurred by the Competition Commission, such estimate having regard to the views of the Competition Commission.
- "relevant proportion" means the proportion of the costs attributable to the licensee in accordance with principles determined by the Authority for the purposes of this condition generally and notified to the licensee.
- "relevant year" means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year.
- "Secretary of State's costs" means costs estimated by the Secretary of State as likely to be his costs in relation to:
- (a) the establishment of the Authority and the Consumer Council; and
 - (b) Schedule 7 to the Utilities Act 2000.

7. In sub-paragraph 2(f) of this condition:

- "Director General of Electricity Supply" means the office previously established under section 1 of the Act;

"Relevant Consumers'
Committees"

means the committees previously appointed by the
Director General of Electricity Supply under section
2 of that Act.

SECTION B PART H. GENERAL

Condition ~~5~~. B1. Regulatory ~~Accounts~~accounts

1. The following paragraphs of this condition apply for the purpose of ensuring that the licensee (and any affiliate or related undertaking) maintains accounting and reporting arrangements which enable regulatory accounts to be prepared for the consolidated transmission business and showing the financial affairs of the consolidated transmission business.
2. The licensee shall:
 - (a) keep or cause to be kept for the period referred to in section 222(5)(b) of the Companies Act 1985 and in the manner referred to in that section such accounting records in respect of the consolidated transmission business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the consolidated transmission business are separately identifiable in the accounting records of the licensee (and any affiliate or related undertaking) from those of any other business of the licensee;
 - (b) prepare on a consistent basis from such accounting records in respect of:
 - (i) each financial year, accounting statements comprising a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement, together with notes thereto, and showing separately in respect of the consolidated transmission business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
 - (aa) charged from or to any other business together with a description of the basis of that charge; or
 - (bb) determined by apportionment or allocation between the consolidated transmission business and any other business

¹ Formerly standard condition 5.

together with a description of the basis of the apportionment or allocation; and

- (ii) the first six months of each financial year, an interim profit and loss account; and
 - (iii) each financial year, sufficient accounting information in respect of the consolidated transmission business to allow the preparation of consolidated accounting statements of the licensee or, where applicable, the ultimate holding company of the licensee. Such information shall include a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement together with notes thereto.
- (c) procure, in respect of the accounting statements prepared in accordance with this condition in respect of each financial year, a report by the auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the consolidated transmission business to which the statements relate; and
- (d) deliver to the Authority a copy of the account referred to in sub-paragraph (b)(ii), the auditors' report referred to in sub-paragraph (c), the accounting statements referred to in sub-paragraph (b)(i) and the accounting information referred to in sub-paragraph (b)(iii), as soon as reasonably practicable, and in any event not later than three months after the end of the period to which it relates in the case of the account referred to in sub-paragraph (b)(ii) and six months after the end of the financial year to which they relate in the case of the accounting statements, auditors' report and accounting information referred to in sub-paragraphs (b)(i), (b)(iii) and (c).
3. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written approval, the licensee shall not in relation to the accounting statements in respect of a financial year change the bases of

charge or apportionment or allocation referred to in sub-paragraph 2(b)(i) from those applied in respect of the previous financial year.

4. Where, in relation to the accounting statements in respect of a financial year, the licensee has changed such bases of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.
5. Accounting statements and information in respect of a financial year prepared under sub-paragraph 2(b)(i) and (b)(iii) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition:
 - (a) have the same content and format as the statutory accounts of the licensee prepared under section 226 and, where appropriate, section 227 of the Companies Act 1985 and conform to the best commercial accounting practices including all relevant accounting standards issued or adopted by the Accounting Standards Board currently in force;
 - (b) state the accounting policies adopted; and
 - (c) with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively, be published with the statutory accounts of the licensee.
6. Unless the accounting statements and information prepared under sub-paragraph 2(b)(i) and (b)(iii) are prepared on the current cost basis as provided by the alternative accounting rules, the licensee shall, unless otherwise agreed by the Authority, in addition to preparing those accounting statements under that paragraph, prepare accounting statements for the consolidated transmission business covering the same period, which shall comprise and show separately:

- (a) a profit and loss account, a statement of total recognised gains and losses, a balance sheet, and a cash flow statement, together with notes thereto, which shall:
 - (i) include in respect of current costs assets amounts determined on the current cost basis as provided by the alternative accounting rules; and
 - (ii) show or disclose the information and other matters required by the alternative accounting rules to be shown or disclosed in accounts where the amounts included in respect of assets covered by any items shown in those accounts have been determined on any basis mentioned in paragraph 31 of section C of Part II of Schedule 4 to the Companies Act 1985;
- (b) in respect of the consolidated transmission business the adjusted amount of any such provision for depreciation as is referred to in paragraph 32(2) of section C of Part II of Schedule 4 to the Companies Act 1985 and the item shown in the profit and loss account of the consolidated transmission business for the relevant period which are affected by the determination of amounts on the current cost basis as provided by the alternative accounting rules, including the profit (or loss) before taxation; and
- (c) such other current cost information as is referred to in the handbook as the Authority may reasonably require;

and shall deliver the same, together with an auditors' report prepared in relation to the current cost basis accounting statements in the form referred to in sub-paragraph 2(c), to the Authority within the time limit referred to in sub-paragraph 2(d), and shall (with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively) publish the same with the statutory accounts of the licensee.

- 7. References in this condition to costs or liabilities of, or reasonably attributable to, the consolidated transmission business shall be construed as excluding taxation and

capital liabilities which do not relate principally to the consolidated transmission business, and interest thereon; and references to any profit and loss account shall be construed accordingly.

8. Without prejudice to paragraph 5 of the terms of this licence, references in this condition to sections of the Companies Act 1985 are references to those provisions as amended, substituted or inserted by the relevant provisions of the Companies Act 1989 and if such provisions of the Companies Act 1989 are not in force at the date of grant of this licence shall be construed as if such provisions were in force at such date.

9. For the purposes of paragraph 6:

"alternative accounting rules" means the rules set out in section C of Part II of Schedule 4 to the Companies Act 1985.

"current cost assets" means assets of any description mentioned in paragraph 31 of section C of Part II of Schedule 4 to the Companies Act 1985.

"the handbook" means the handbook issued by the Accounting Standards Committee of the Consultative Committee of Accounting Bodies (CCAB Limited) or any successor body entitled "Accounting for the effects of changing prices: a Handbook" in its current edition for the time being or in the event that no such handbook shall be in issue such guidance or publication as may be issued in replacement or substitution therefor.

10. For the purposes of this condition:

"consolidated transmission business" means the consolidation, for regulatory accounting purposes, of the businesses referred to in the definition of "transmission

business" as defined in standard condition [A1](#) (Definitions and **Interpretations** [interpretation](#)).

"holding company"

means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.

"regulatory accounts"

means the accounts required to be prepared by the licensee pursuant to this condition.

Condition ~~6.~~² B2. Change of ~~Financial~~^{financial} ~~Year~~^{year}

1. The definition of "financial year" in standard condition A1 (~~Definitions and Interpretation~~^{interpretation}) shall, for the purpose only of the statutory accounts of the licensee, cease to apply to the licensee from the date the licensee sends a notice to the Authority for that purpose.
2. Such notice:
 - (a) shall specify the date from which, for the purpose set out at paragraph 1, the current and subsequent financial years of the licensee shall run; and
 - (b) shall continue in effect until revoked by the licensee issuing a further notice.
3. While the notice continues in effect the licensee shall procure the preparation of and shall deliver to the Authority audited group accounts for its group of companies for each financial year.
4. Audited group accounts produced in accordance with paragraph 3:
 - (a) shall comprise consolidated group accounts in respect of the group of companies;
 - (b) shall, save insofar as is necessary to reflect a different financial year, have the same form and content as the statutory accounts of the licensee;
 - (c) shall be accompanied by a report by the auditors and addressed to the Authority stating whether in their opinion the audited group accounts have been properly prepared in accordance with this condition and give a true and fair view of the state of affairs of the group of companies and of its profits or losses, total recognised gains or losses and cash flows during the financial year;

² Formerly standard condition 6.

- (d) may, with the prior written consent of the Authority, omit or provide in a different form, specified in the consent, such information as may be specified in the consent; and
 - (e) shall clearly disclose any differences between the accounting policies underlying the preparation of the statutory accounts of the licensee and the accounting policies underlying the preparation of the audited group accounts.
5. The licensee may, for the purpose only of its statutory accounts, change its financial year from that previously notified by sending to the Authority a new notice pursuant to paragraph 1. Where the licensee sends the Authority a new notice the previous notice shall be revoked, as provided by sub-paragraph 2(b). The licensee's financial year-end will change with effect from the date specified in the new notice. The new notice shall specify the licensee's new financial year-end.
6. No provisions of this condition shall apply to the financial year of the licensee as defined in standard condition [A1](#) (Definitions and ~~Interpretation~~[interpretation](#)) for the purpose of accounts produced in compliance with standard condition ~~5B1~~ (Regulatory ~~Aeeounts~~[accounts](#)). No provisions of this condition shall affect the licensee's obligations in respect of payment of licence fees under standard condition [A4](#) (Payments ~~by the Licensee~~ to the Authority).

Condition ~~10.B3~~³. Disposal of ~~Relevant Assets~~ relevant assets

1. The licensee shall not dispose of or relinquish operational control over any relevant asset otherwise than in accordance with the following paragraphs of this condition.
2. Save as provided in paragraph 3, the licensee shall give to the Authority not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
3. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over any relevant asset -
 - (a) where:
 - (i) the Authority has issued directions for the purposes of this condition containing a general consent (whether or not subject to conditions) to:
 - (aa) transactions of a specified description; or
 - (bb) the disposal of or relinquishment of operational control over relevant assets of a specified description; and
 - (ii) the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject; or
 - (b) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation ~~or where the relinquishment of operational control in question is to another transmission licensee and is required by or under standard condition B12 (System Operator – Transmission Owner Code).~~

³ Formerly standard condition 10 as amended in NGC's licence from 23 October 2002.

4. Notwithstanding paragraph 1, the licensee may dispose of or relinquish operational control over any relevant asset as is specified in any notice given under paragraph 2 in circumstances where:

- (a) the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to acceptance by the licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished to of such conditions as the Authority may specify); or
- (b) the Authority does not inform the licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.

5. In this condition:

"disposal" includes -

(a) in relation to disposal of a relevant asset situated in England and Wales, any sale, gift, exchange, assignment, lease, licence, loan, mortgage, charge or grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition;

(b) in relation to disposal of a relevant asset situated in Scotland, the grant of any disposition, conveyance, contract of excambion, any lease, assignation, licence, the grant of any right of possession, loan, standard security, floating charge to a third party or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered

interest in land;

and "dispose" and "~~cognate~~" expressions shall be construed accordingly.

"relevant asset"

means any asset for the time being forming part of the ~~licensee's~~GB transmission system or of any interconnector owned or operated by the licensee, any control centre for use in conjunction therewith and any legal or beneficial interest in (or right, title or 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 in favour of the licensee relating to the occupation, use or acquisition of such property).

"relinquishment of operational control"

includes, without limitation, entering into any agreement or arrangement whereby operational control of a relevant asset or relevant assets is not or ceases to be under the sole management of the licensee.

Special Condition ~~AA11~~: B4. Provision of ~~Information~~information to the Authority

1. Subject to paragraphs 5 and ~~6~~7, 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 ~~to it~~on the Authority by or under the Act and the Energy Act 2004; and
 - (b) any functions transferred to or conferred ~~to~~on it by or under the Utilities Act 2000.
2. The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in a form specified by the Authority that the ultimate controller ("the information ~~covenantor~~covenantor") will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the information covenantor (other than the licensee and the ~~Licensee~~licensee's Subsidiariessubsidiaries) will give to the licensee, all such information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such undertaking shall be obtained within 7 days of such corporate body or other person in question becoming an ~~Ultimate~~ultimate controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ultimate controller of the licensee.
3. The licensee shall deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with the obligation to procure undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.

⁴ Formerly special condition AA11 in NGC's licence.

4. The licensee shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or, where the ultimate controller is a corporate body, any of the subsidiaries of such a corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:
- (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
 - (b) there is an unremedied breach of such undertaking; or
 - (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this ~~special~~ condition.
5. The licensee shall not be required by the Authority to furnish it under this ~~special~~ condition with information for the purpose of the exercise of its functions under section 47 of the Act.
6. 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 the transmission licensee) which the Authority proposes to publish pursuant to section 48 of the Act.
- ~~6.7.~~ This ~~special~~ 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.
- ~~7.8.~~ The power of the Authority to call for information under this ~~special~~ condition is in addition to the power of the Authority to call for information under or pursuant to any other ~~special~~ condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

Condition 12:B⁵. Prohibition of ~~Cross~~cross-~~Subsidies~~subsidies

1. The licensee shall procure that the transmission business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.

⁵ Formerly standard condition 12.

**Special—Condition ~~AA6~~^{B6}. Restriction on ~~Activity~~activity and ~~Financial~~financial
~~Ringfencing~~ringfencing**

1. Save as provided by paragraphs 3 and 4, the licensee shall not conduct any business or carry out any activity other than the transmission~~—business and the interconnector~~
~~(s)~~ business.
2. The licensee shall not without the prior written consent of the Authority hold or acquire shares or other investments of any kind except:
 - (a) shares or other investments in a body corporate the sole activity of which is to carry on business for a permitted purpose; or
 - (b) shares or other investments in a body corporate which is a subsidiary of the licensee and is incorporated by it solely for the purpose of raising finance for the transmission~~—business or the interconnector~~
~~(s)~~ business; or
 - (c) investments acquired in the usual and ordinary course of the licensee's treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls which complies with best corporate governance practice as required (or in the absence of any such requirement recommended) from time to time for listed companies in the United Kingdom.
3. Subject to the provisions of paragraph 2, nothing in this ~~special—~~condition shall prevent:
 - (a) any affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity;
 - (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence;

⁶ Formerly special condition AA6 in NGC's licence as amended from 23 October 2002.

- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or
 - (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent in writing.
4. Nothing in this ~~special~~ condition shall prevent the licensee or an affiliate or related undertaking in which the licensee holds shares or other investments (a "relevant associate") conducting de-minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with:
- (a) For the purpose of this paragraph "de-minimis business" means any business or activity carried on by the licensee or relevant associates other than:
 - (i) the transmission business ~~and the interconnector(s) business~~; and
 - (ii) any other business activity to which the Authority has given its consent in writing under paragraph 3(d).
 - (b) The licensee or a relevant associate may carry on de-minimis business provided that the relevant associate carries on no other business except the activities of the transmission business and ~~interconnector(s) business and~~ business activities authorised by the Authority under paragraph 3(d); and neither of the following limitations is exceeded, namely:
 - (i) the aggregate turnover of all the de-minimis business carried on by the licensee and all its relevant associates does not in any period of twelve months commencing on 1 April of any year exceed 2½% of the aggregate turnover of the transmission business ~~and the interconnector(s) business~~ as shown by the most recent audited accounting statements of the licensee produced under paragraphs ~~32~~(b)(i) and (c) of standard condition ~~5~~B1 (Regulatory accounts); and
 - (ii) the aggregate amount (determined in accordance with subparagraph (d) below) of all investments made by the licensee and all its relevant associates in their de-minimis business or de-minimis businesses does

not at any time after 31 March 2001 exceed 2½% of the sum of share capital in issue, share premium and consolidated reserves of the licensee as shown by its most recent audited historical cost financial statements then available.

- (c) For the purpose of subparagraph (b) of this paragraph, "investment" means any form of financial support or assistance given by or on behalf of the licensee or a relevant associate for the de-minimis business whether on a temporary or permanent basis including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.
- (d) At any relevant time, the amount of an investment shall be the sum of:
- (i) the value at which such investment was included in the audited historical cost balance sheet of the licensee or a relevant associate as at its latest accounting reference date to have occurred prior to 31 March 2001 (or, where the investment was not so included, zero);
 - (ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee or a relevant associate in respect of such investment in all completed accounting reference periods since such accounting reference date;
 - (iii) all commitments and liabilities (whether actual or contingent) of the licensee or a relevant associate relating to such investments outstanding at the end of the most recently completed accounting reference period;

~~less the sum of:~~

~~the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date.~~

Special Condition ~~AA7~~:B7. Availability of ~~Resources~~resources

1. The licensee shall at all times act in a manner calculated to secure that it has available to it all such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities on such terms and with all such rights as shall ensure that it is at all times able:
 - (a) to properly and efficiently carry on the transmission business ~~and the interconnector(s) business~~; and
 - (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to the transmission business ~~and the interconnector(s) business~~ including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of electricity transmission.

2. The licensee shall submit a certificate to the Authority, approved by a resolution of the board of ~~director's~~directors of the licensee and signed by a director of the licensee pursuant to that resolution. Such certificate shall be submitted in June of each year. Each certificate shall be in one of the following forms:
 - (a) "After making enquiries, the ~~director's~~directors of the licensee have a reasonable expectation that the licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the licensee to carry on the transmission ~~business and the interconnector(s)~~ business for a period of 12 months from the date of this certificate."
 - (b) "After making enquiries, the ~~director's~~directors of the licensee have a reasonable expectation, subject to what is said below, that the licensee will have available to it, after taking into account in particular (but without

⁷ Formerly special condition AA7 in NGC's licence as amended from 23 October 2003.

limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, sufficient financial resources and financial facilities to enable the licensee to carry on the transmission business ~~and the interconnector(s) business~~ for a period of twelve months from that date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the licensee to carry on the transmission business ~~and/or the interconnector(s) business.~~"

- (c) "In the opinion of the ~~director's~~directors of the licensee, the licensee will not have available to it sufficient financial resources and financial facilities to enable the licensee to carry on the transmission ~~business and the interconnector(s)~~ business for a period of 12 months from the date of this certificate."
3. The licensee shall submit to the Authority with that certificate a statement of the main factors which the ~~director's~~directors of the licensee have taken into account in giving that certificate.
 4. The licensee shall inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.
 5. The licensee shall use its best endeavours to obtain and submit to the Authority with each certificate provided for in paragraph 2 a report prepared by its auditors and addressed to the Authority stating whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work.
 6. The ~~director's~~directors of the licensee shall not declare or recommend a dividend, nor shall the licensee make any other form of distribution within the meaning of section 263 of the Companies Act 1985, unless prior to the declaration, recommendation or making of the distribution (as the case may be) the licensee shall have issued to the Authority a certificate complying with the following requirements of this paragraph.

(a) The certificate shall be in the following form:

"After making enquiries, the ~~director's~~directors of the licensee are satisfied:

- (i) that the licensee is in compliance in all material respects with all obligations imposed on it by ~~special~~standard condition ~~AA11~~B4 (Provision of ~~Information~~information to the Authority), ~~special~~standard condition ~~AA~~B6 (Restriction on ~~Activity~~activity and ~~Financial~~financial ~~Ring-fencing~~ringfencing), ~~special~~standard condition ~~AA~~B7 (Availability of ~~Resources~~resources), ~~special~~standard condition ~~AA~~B8 (Undertaking from ultimate controller), ~~special~~standard condition ~~AA9~~B10 (Credit ~~Rating~~rating) and paragraph 1 of ~~special~~standard condition ~~AA10~~B9 (Indebtedness) of the licence; and
- (ii) that the making of a distribution of [] on [] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of these obligations in the future."

(b) The certificate shall be signed by a director of the licensee and approved by a resolution of the board of ~~director's~~directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.

(c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend provided such payment is made within six months of that certificate.

Special Condition ~~AA8~~^{B8}. Undertaking from ~~Ultimate~~^{ultimate} ~~Controller~~^{controller}

1. The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in the form specified by the Authority that that ultimate controller ("the ~~covenantor~~^{covenantor}") will refrain from any action, and will procure that any person (including, without limitation, a corporate body) which is subsidiary of, or is controlled, by, the covenantor (other than the licensee and its subsidiaries) will refrain from any action which would then be likely to cause the licensee to breach any of its obligations under the Act or this licence. Such undertaking shall be obtained within 7 days of the company or other person in question becoming an ultimate controller and shall remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an ultimate controller of the licensee.

2. The licensee shall:
 - (a) deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with its obligation to procure undertakings pursuant to paragraph 1;

 - (b) inform the Authority immediately in writing if the ~~director's~~^{directors} of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached; and

 - (c) comply with any direction from the Authority to enforce any such undertaking;and shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or of any of the subsidiaries of any such corporate ultimate controller (other than the subsidiaries of the licensee) at a time when,

⁸ Formerly special condition AA8 in NGC's licence.

- (i) an undertaking complying with paragraph 1 is not in place in relation to that ultimate controller, or
- (ii) there is an unremedied breach of such undertaking; or
- (iii) the licensee is in breach of the terms of any direction issued by the Authority under ~~subparagraph~~sub-paragraph (c).

Special Condition ~~AA10~~:B9. Indebtedness

1. In addition to the requirements of standard condition ~~10~~B3 (Disposal of relevant assets), the licensee shall not without the prior written consent of the Authority (following the disclosure by the licensee of all material facts):
 - (a) create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance whatsoever, undertake any indebtedness to any other person or enter into any guarantee or any obligation otherwise than:
 - (i) on an arm's length basis;
 - (ii) on normal commercial terms;
 - (iii) for a permitted purpose; and
 - (iv) (if the transaction is within the ambit of standard condition ~~10~~B3 (Disposal of relevant assets)) in accordance with that ~~Condition~~condition.
 - (b) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee otherwise than by way of:
 - (i) a dividend or other distribution out of distributable reserves;
 - (ii) repayment of capital;
 - (iii) payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms;
 - (iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition;

⁹ Formerly special condition AA10 in NGC's licence as amended from 23 October 2002.

- (v) repayment of or payment of interest on a loan not prohibited by subparagraph (a);
 - (vi) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received; or
 - (vii) an acquisition of shares or other investments in conformity with paragraph 2 of ~~special~~standard condition ~~AA~~B6 (Restriction on activity and financial ringfencing) made on an arm's length basis and on normal commercial terms.
- (c) enter into an agreement or incur a commitment incorporating a cross-default obligation.
- (d) continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation subsisting ~~31 March 2001~~on the relevant date save that the licensee may permit any cross-default obligation in existence at that date to remain in effect for a period not exceeding twelve months from that date, provided that the cross-default obligation is solely referable to an instrument relating to the provision of a loan or other financial facilities granted prior to that date and the terms on which those facilities have been made available as subsisting on that date are not varied or otherwise made more onerous.
- (e) the provisions of paragraph 1 (c) and (d) shall not prevent the licensee from giving any guarantee permitted by and compliant with the requirements of paragraph 1 (a).
- (f) the payment condition referred to in subparagraph 1 (b) (iv) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:
- (i) the counter-party to the transaction has and maintains until payment is made in full an investment grade issuer credit rating, or

- (ii) the obligations of the counter-party to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor which has and maintains an investment grade issuer credit rating.

2. For the purposes of paragraph 1(d) of this condition 'the relevant date' shall be 31 March 2001 for the system operator and 1 October 2001 for other transmission licensees.

~~In this special condition:~~

~~"cross default obligation" means a term of any agreement or arrangement whereby the licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or of acceleration by reason of a default (howsoever such default may be described or defined) by any person other than the licensee unless:~~

~~(i) that liability can arise only as the result of a default by a subsidiary of the licensee;~~

~~(ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of director's, and~~

~~(iii) that subsidiary carries on business only for a purpose within paragraph (a) of the definition of permitted purpose.~~

~~"indebtedness" means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing~~

~~thereon and all costs, charges, penalties and expenses incurred in connection therewith.~~

~~"investment grade issuer credit rating~~

~~means:~~

- ~~(a) an issuer rating of not less than BBB by Standard & Poor's Ratings Group or any of its subsidiaries or a corporate rating of not less than Baa3 by Moody's Investors Service, Inc. or any of its subsidiaries or such higher rating as shall be specified by either of them from time to time as the lowest investment grade credit rating; or~~
- ~~(b) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in the United Kingdom and the United States of America.~~

Special Condition ~~AA9~~:B10¹⁰. Credit ~~Rating of Licensee~~rating

1. The licensee shall use all reasonable endeavours to ensure that the licensee maintains at all times an investment grade issuer credit rating.

~~2. In this special condition and in special condition AA10 (Indebtedness):~~

~~"investment grade issuer credit rating" means:~~

~~(a) an issuer rating of not less than BBB by Standard & Poor's Ratings Group or any of its subsidiaries or a corporate rating of not less than Baa3 by Moody's Investors Service, Inc. or any of its subsidiaries or such higher rating as shall be specified by either of them from time to time as the lowest investment grade credit rating; or~~

~~(b) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in the United Kingdom and the United States of America.~~

¹⁰ Formerly special condition AA9 in NGC's licence.

Condition ~~C8~~^{B11}¹¹. Security ~~Arrangements~~^{arrangements}

1. The licensee shall comply with the provisions of the Fuel Security Code and such provisions shall have effect as if they were set out in this licence.

¹¹ Formerly standard condition C8.

Condition B12.¹² System Operator – Transmission Owner Code

- 1. The licensee shall, in common with those other transmission licensees to which this condition applies, at all times have in force a STC, being a document which:**
 - (a) sets out terms as between transmission licensees whereby the GB transmission system and each licensee's transmission system forming part thereof is to be planned, developed or operated and transmission services are to be provided together with any associated arrangements;**
 - (b) is designed to facilitate achievement of the objectives set out in paragraph 3;**
 - (c) includes the amendment procedures required by paragraph 6; and**
 - (d) provides for mechanisms for the resolution of any disputes arising in relation to any of the matters addressed in the STC.**

The licensee shall be taken to comply with this paragraph by:

- (i) adopting (through entry into the STC Framework Agreement), as the STC in force with effect from the date this condition comes into effect, the document designated by the Secretary of State for the purposes of this condition; and**
 - (ii) amending such document from time to time in accordance with the provisions of paragraphs 6 and 7 below.**
- 2. For the purposes of this condition, the terms and arrangements referred to in paragraph 1(a) whereby the GB transmission system and each licensee's transmission system forming part thereof are to be planned, developed or operated and transmission services are to be provided are those which:**
 - (a) are requisite for the enjoyment and discharge of the rights and obligations of transmission licensees arising under their licences and such**

¹² New condition.

other code or document as may be specified from time to time by the Authority including, but not limited to, rights and obligations which may arise under each of the core industry documents, the BSC and the CUSC; and

(b) provide for matters which include:

- the provision of transmission services,**
- the operation, including the configuration, of the GB transmission system,**
- the co-ordination of the planning of licensees' transmission systems,**
- the progression of matters necessary to respond to applications for new connections (or modifications of existing connections),**
- planning for, and co-ordination of, transmission outages,**
- procedures for developing, agreeing and implementing party entry processes,**
- the resolution of disputes,**
- the exchange of information between transmission licensees, which information they are free to disclose and relates to the discharge of their duties under the Act, transmission licences and other relevant statutory obligations,**
- procedures to enable the system operator to produce information about the GB transmission system in accordance with standard condition C11 (Production of information about the GB transmission system), and**

(c) procedures established in pursuance of paragraph 6.

Nothing in this condition shall preclude the licensee entering into other terms and arrangements connected with these terms and arrangements, outside of the STC, where such other arrangements are not inconsistent or in conflict with this licence or the STC or other relevant statutory requirements.

- 3. The objectives of the STC referred to in sub-paragraph 1(b) are the:**
 - (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;**
 - (b) development, maintenance and operation of an efficient, economical and co-ordinated system of electricity transmission;**
 - (c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;**
 - (d) protection of the security and quality of supply and safe operation of the GB transmission system; and**
 - (e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.**

- 4. The STC shall provide for:**
 - (a) there to be referred to the Authority for determination such matters arising under the STC as may be specified in the STC; and**
 - (b) a copy of the STC (which excludes any confidential information contained in the STC, as provided in that document) to be provided to any person requesting the same upon payment of an amount not exceeding the reasonable costs of making and providing such copy.**

- 5. The provisions of paragraphs 1, 2, 4 and 10 shall not limit the matters which may be provided for in the STC.**

- 6. The STC shall include procedures for its own amendment (including procedures for the amendment of the amendment procedures themselves), so as better to facilitate achievement of the applicable STC objectives, which procedures shall provide:**
- (a) for proposals for amendment of the STC to be made by any of the STC parties or such other persons or bodies as the STC may provide;**
 - (b) where such a proposal is made:**
 - (i) for bringing the proposal to the attention of the STC parties and such other persons as may properly be considered to have an appropriate interest in it;**
 - (ii) for proper consideration of any representations on the proposal itself or on the likely effect of the proposal on the core industry documents;**
 - (iii) for the preparation by each transmission licensee of an assessment of the likely impact of the proposal on that licensee's transmission system and its other systems, provided that, so far as any such assessment requires information which is not generally available concerning that licensee or that licensee's transmission system, such assessment shall be made on the basis of that licensee's proper assessment (which that licensee shall make available for these purposes) of the impact of the proposal on that licensee's transmission system;**
 - (iv) for properly evaluating whether the proposed amendment would better facilitate achieving the applicable STC objectives, provided that so far as any such evaluation by the licensee requires information which is not generally available concerning another licensee or another licensee's transmission system or the GB transmission system, such evaluation shall be made on the basis of the licensee's proper assessment (which the licensee shall make**

available for these purposes) of the effect of the proposed amendment on the matters referred to in paragraph 3;

- (v) for development of any alternative amendment which may, as compared with the proposed amendment, better facilitate achieving the applicable STC objectives;
- (vi) for the preparation of a report by the STC parties which includes the following:
 - the proposed amendment and any alternative;
 - an evaluation of the proposed amendment and any alternative;
 - an assessment of the extent to which the proposed amendment or any alternative would better facilitate achieving the applicable STC objectives;
 - an assessment of the likely impact on each transmission licensee's transmission system and any other systems of that licensee and, to the extent practicable, on other licensees' transmission systems and any other systems of each other transmission licensee and on the GB transmission system, of the proposed amendment;
 - an assessment of the impact of the amendment on the core industry documents and the changes expected to be required to such documents as a consequence of the amendment;
 - to the extent practicable, the inclusion in the report of a recommendation or recommendations being the combined views of the STC parties concerning the amendment and any alternative and, where a

combined view is not practicable, setting out the views of each STC party;

- a timetable for implementation of the amendment and any alternative, including the date with effect from which such amendment (if made) is to take effect; and

(vii) for the submission of the report to the Authority as soon after the proposal is made as is appropriate (taking into account the complexity, importance and urgency of the amendment) for the proper execution and completion of the steps in sub-paragraphs (i) to (vi);

(c) for the timetable (referred to in sub-paragraph (b)(vi)) for implementation of any amendment to be such as will enable the amendment to take effect as soon as practicable after the Authority has directed such amendment to be made, account being taken of the complexity, importance and urgency of the amendment, and for that timetable to be extended with the consent of or as required by the Authority after those persons likely to be affected by the revision of the timetable have been consulted; and

(d) for separate processes for the amendment of STC procedures to those for the amendment of other parts of the STC set out in sub-paragraphs (a) to (c) above and paragraph 7.

7. (a) If a report has been submitted to the Authority pursuant to procedures described in paragraph 6(b)(vii), and the Authority is of the opinion that an amendment set out in such report would, as compared with the then existing provisions of the STC and any alternative amendments set out in such report, better facilitate achieving the applicable STC objectives, the Authority may direct the system operator to make that amendment on behalf of the STC parties and the system operator shall provide a copy of the direction to all other STC parties.

- (b) The system operator, on behalf of the STC parties, shall only amend the STC:**

 - (i) in order to comply with any direction of the Authority pursuant to sub-paragraph (a); or**
 - (ii) with the consent of the Authority,**

and it shall not have the power to amend the STC in any other circumstance; and the system operator shall furnish the Authority with a copy of any amendment made.
 - (c) Only the system operator shall have the power to amend the STC.**
 - (d) The system operator shall ensure that a copy of any direction of the Authority pursuant to sub-paragraph (a) is made available to each STC party, including by way of publication.**
 - (e) The system operator shall ensure that the other STC parties are furnished with a copy of any amendment so made.**
- 8. The system operator shall prepare and publish a summary of the STC as amended or changed from time to time in such form and manner as the Authority may from time to time direct.**
- 9. The licensee shall be a party to the STC Framework Agreement and shall comply with the STC.**
- 10. The STC Framework Agreement shall contain provisions:**
- (a) for admitting as an additional party to the STC Framework Agreement any person who accepts the terms and fulfils the conditions (each as specified in the STC) on which accession to the STC Framework Agreement is offered; and**
 - (b) for referring for determination by the Authority any dispute which shall arise as to whether a person seeking to be admitted as a party to the STC**

Framework Agreement has fulfilled any accession conditions; and if the Authority determines that the person seeking accession has fulfilled all relevant accession conditions, for admitting such person to be a party to the STC Framework Agreement.

- 11. The licensee shall, in conjunction with the other STC parties, take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to such documents), and shall not take any steps to prevent or unduly delay, changes to the core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment), such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any amendment which has been made to the STC.**
- 12. The licensee shall, in conjunction with the other STC parties, take all reasonable steps to secure and implement (consistently with the procedures for amendment set out in the STC and in this condition), and shall not take any steps to prevent or unduly delay, changes to the STC which are appropriate in order to give full and timely effect to and/or in consequence of any change which has been made to the core industry documents.**
- 13. For the avoidance of doubt, paragraphs 11 and 12 are without prejudice to any rights of approval, veto or direction in respect of proposed changes to the documents referred to in those paragraphs, which the Authority may have.**
- 14. The licensee shall comply with any direction to the licensee made pursuant to this condition.**
- 15. The Authority may (following consultation with all affected STC parties) issue directions relieving the licensee of its obligations to implement or comply with the STC in respect of such parts of the licensee's transmission system or the GB transmission system and/or to such extent as may be specified in the direction.**
- 16. In this condition:**

"applicable STC objectives" means:

- (a) in relation to a proposed amendment of the amendment procedures, the requirements of paragraph 6 (to the extent that they do not conflict with the objectives set out in paragraph 3); and
- (b) in relation to any other proposed amendment, the objectives set out in paragraph 3.

"party entry processes"

means the procedures, processes and steps to be followed by a party following accession to the STC Framework Agreement.

"STC procedures"

means the processes and procedures from time to time listed in the STC that the parties to such processes and procedures consider and agree are appropriate to support their compliance with the rest of the STC.

**SECTION C ~~PART H~~ SUPPLEMENTARY SYSTEM OPERATOR STANDARD
CONDITIONS FOR ENGLAND AND WALES**

Condition C1. Interpretation of Section C

1. In the standard conditions in this Section unless the context otherwise requires:

"balancing mechanism" means the mechanism for the making and acceptance of offers and bids pursuant to the arrangements contained in the BSC and referred to in paragraph 2(a) of standard condition C3 (Balancing and Settlement Code [\(BSC\)](#)).

"balancing services" means:

- (a) ancillary services;
- (b) offers and bids made in the balancing mechanism; and
- (c) other services available to the licensee which serve to assist the licensee in ~~operating the licensee's~~ [coordinating and directing the flow of electricity onto and over the GB](#) transmission system in accordance with the Act or the standard conditions and/or in doing so efficiently and economically, [but shall not include anything provided by another transmission licensee pursuant to the STC](#).

"balancing services activity"¹ means the activity undertaken by the licensee as part of the transmission business including

¹ Based on the definition in the amended SLC C1 applicable to NGC (28 September 2001).

the ~~operation of the licensee's~~co-ordination and direction of the flow of electricity onto and over the GB transmission system, the procuring and using of balancing services for the purpose of balancing the ~~licensee's~~GB transmission system and for which the licensee is ~~renumerated~~remunerated under Part 2 of special condition ~~AA5A~~XX (Revenue restriction provision) of the licensee's licence.

"bilateral agreement"

means a bilateral connection agreement and/or a bilateral embedded generation agreement.

"bilateral connection agreement"

means an agreement between the licensee and a CUSC user supplemental to the CUSC relating to a direct connection to the ~~licensee's~~GB transmission system identifying the relevant connection site and setting out other site-specific details in relation to that connection to the ~~licensee's~~GB transmission system, including provisions relating to payment of connection charges.

"bilateral embedded generation agreement"

means an agreement entered into between the licensee and a CUSC user supplemental to the CUSC, relating to a generating station (or other connections provided for in the CUSC) connected to a distribution system ~~in England and Wales~~ and the use of the ~~licensee's~~GB transmission system in relation to that generating station (or other connections provided for in the CUSC) identifying the relevant site of connection to the distribution system and setting out other site specific

details in relation to that use of the ~~licensee's~~GB transmission system.

"BSC"

means the balancing and settlement code provided for in paragraph 1 of standard condition C3 (Balancing and Settlement Code (BSC)), as from time to time modified in accordance with that condition.

"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.

"BSC ~~P~~party"

means any authorised electricity operator which is party, and (unless the context otherwise requires) any other person which is party, to the BSC Framework Agreement, other than the licensee and any person which is such a party for the purposes only of administering and/or facilitating the implementation of the BSC.

"connection charges"

means charges made or levied or to be made or levied by the system operator for the carrying out (whether before or after the date on which the licence came into force) ~~of~~of works and provision and installation of electrical plant, electric lines and meters in constructing or modifying entry and exit points on the ~~licensee's~~GB transmission system together with charges in respect of maintenance and

repair of such items in so far as not otherwise recoverable as use of system charges and in respect of disconnection and the removal of electrical plant, electric lines and ancillary meters following disconnection, all as more fully described in paragraphs 4 and 8 of standard condition ~~C7B6~~ (Connection ~~Charging Methodology~~charging methodology and special condition ~~B1 (Basis of Charges for Use of Scottish Interconnection)~~), whether or not such charges are annualised.

"connection charging methodology" means the principles on which, and the methods by which, for the purposes of achieving the objectives referred to in paragraph 11 of standard condition ~~C7B6~~ (Connection ~~Charging Methodology~~charging methodology), connection charges are determined.

"construction agreement" means an agreement between the licensee and a CUSC user in respect of construction works required on the ~~licensee's~~GB transmission system and the associated construction works of the CUSC user in relation to a connection to the ~~licensee's~~GB 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"~~²

~~means those documents which~~

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

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

"CUSC"

means the Connection and Use of System Code provided for in paragraph 2 of standard condition ~~C7F10~~ (Connection and Use of System Code (CUSC)), as from time to time modified in accordance with that condition.

"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.

"CUSC party"

means any person who is a party to the CUSC Framework Agreement.

"CUSC user"

means a CUSC party other than the licensee.

² Moved to standard condition A1 (Definitions and interpretation).

"effective time"	means the start of the first period for trading under the BSC as determined by the Secretary of State.
"information"	includes any documents, accounts, estimates (whether relating to the past or the future), 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).
"interconnector(s)"	means the electric lines and electrical plant and meters owned or operated by the licensee <u>used</u> solely for the transfer of electricity to or from the <u>GB</u> transmission system of the licensee into or out of England and Wales <u>Great Britain</u> .
"interconnector (s) business" ³	means the business of the licensee or any affiliate or related undertaking in the operation of any interconnector.
"separate business" ⁴	<p>means each of:</p> <p>(a) the transmission business of the licensee; and</p> <p>(b) the interconnector(s) business of the licensee,</p> <p>taken separately from one another and from any other business of the licensee, but so that</p>

³ Moved to special condition NGC A (Definitions and interpretation).

⁴ Separate definitions now contained in each of special conditions NGC H (Amended standard conditions for NGC), SPT F (Amended standard conditions for SPT), and SHETL F (Amended standard conditions for SHETL).

~~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 part of such business of the licensee (and of any other affiliate or related undertaking) so as to form a single separate business.~~

"total system"

means the ~~licensee's~~[GB](#) transmission system and the ~~transmission or~~ distribution systems of all authorised electricity operators which are located in ~~England and/or Wales~~[Great Britain](#).

~~"transmission business"~~

~~means the authorised business of the licensee or any affiliate or related undertaking in the planning, development, construction and maintenance of the licensee's transmission system (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the Act) and the operation of such system for the transmission of electricity, including the balancing services activity, and any business in providing connections to the licensee's transmission system, but shall not include~~

~~(i) any other separate business~~

~~(ii) any business of the licensee or any affiliate or related undertaking in the provision of settlement services in connection with the BSC or the Pooling and Settlement Agreement or~~

~~(iii) — any other business (not being a separate business) of the licensee or any affiliate or related undertaking in the provision of services to or on behalf of any one or more persons.~~

"transmission network services"	means all services provided by the licensee as part of its transmission business other than excluded services and in relation to any area of England and Wales, <u>Great Britain</u> the balancing services activity.
"use of system"	means use of the licensee's <u>GB</u> transmission system for the transport of electricity by any authorised electricity operator.
"use of system charges"	means charges made or levied or to be made or levied by the licensee for the provision of transmission network services and/or in relation to any area of England and Wales <u>Great Britain</u> in respect of the balancing services activity, in each case as part of the transmission business, to any authorised electricity operator, but shall not include connection charges.
"use of system charging methodology"	means the principles on which, and the methods by which, for the purposes of achieving the objectives referred to in paragraph 5 of standard condition C7A5 (Use of System Charging Methodology <u>system charging methodology</u>), use of system charges are determined.

Condition C2. Prohibited ~~Activities~~activities

1. The purpose of this condition is to prevent abuse by the licensee of its position as owner ~~and~~or operator of the licensee's transmission system and in carrying out activities in relation to co-ordinating and directing the flow of electricity onto and over the GB transmission system.
2. ~~The~~Except with the written consent of the Authority, the licensee shall not and shall procure that any affiliate or related undertaking of the licensee shall not, on its own account (or that of the licensee or of any affiliate or related undertaking of the licensee as the case may be), purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties except ~~with the consent of the Authority~~pursuant to the procurement or use of balancing services in connection with co-ordinating and directing the flow of electricity onto and over the GB transmission system and doing so economically and efficiently.
3. In paragraph 2, the reference to the purchase or other acquisition of electricity shall include entering into or acquiring the benefit of a contract conferring rights or obligations (including rights or obligations by way of option) in relation to or by reference to the sale, purchase or delivery of electricity at any time or the price at which electricity is sold or purchased at any time.

Condition C3.⁵ Balancing and Settlement Code (BSC)

1. The licensee shall at all times have in force a BSC, being a document
 - (a) setting out the terms of the balancing and settlement arrangements described in paragraph 2;
 - (b) designed so that the balancing and settlement arrangements facilitate achievement of the objectives set out in paragraph 3; and
 - (c) including the modification procedures required by paragraph 4 and the matters required by ~~paragraphs 6 and (where applicable) 10~~ paragraph 6.

and the licensee shall be taken to comply with this paragraph by adopting as the BSC in force with effect from the date this condition comes into effect the document designated by the Secretary of State for the purpose of this condition and by modifying such document from time to time in accordance with the provisions of paragraphs 4 and 5.

2. The balancing and settlement arrangements are
 - (a) arrangements pursuant to which BSC ~~Parties~~parties may make, and the licensee may accept, offers or bids to increase or decrease the quantities of electricity to be delivered to or taken off the total system at any time or during any period so as to assist the licensee in ~~operating~~co-ordinating and directing the flow of electricity onto and over the GB transmission system and balancing the ~~licensee's~~GB transmission system; and for the settlement of financial obligations (between BSC ~~Parties~~parties, or between BSC ~~Parties~~parties and the licensee) arising from the acceptance of such offers or bids; and
 - (b) arrangements:
 - (i) for the determination and allocation to BSC ~~Parties~~parties of the quantities of electricity delivered to and taken off the total system, and

⁵ Standard condition C3 as amended from 30 October 2002 in NGC's licence.

- (ii) which set, and provide for the determination and financial settlement of, obligations between BSC ~~Parties~~parties, or (in relation to the ~~operation of system operator's role in co-ordinating and directing the licensee's flow of electricity onto and over the GB~~ transmission system) between BSC ~~Parties~~parties and the licensee, arising by reference to the quantities referred to in sub-paragraph (i), including the imbalances (after taking account of the arrangements referred to in sub-paragraph (a)) between such quantities and the quantities of electricity contracted for sale and purchase between BSC ~~Parties~~parties.

3. The objectives referred to in paragraph 1(b) are:

- (a) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
- (b) the efficient, economic and co-ordinated operation ~~by the licensee~~ of the ~~licensee's~~GB transmission system;
- (c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) ~~without prejudice to paragraph 10,~~ promoting efficiency in the implementation and administration of the balancing and settlement arrangements described in paragraph 2~~;~~
- ~~(e) — without prejudice to the foregoing objectives and subject to paragraph 3A, the undertaking of work by BSCCo (as defined in the BSC) which is:~~
 - ~~(i) — necessary for the timely and effective implementation of the proposed British Electricity Trading and Transmission Arrangements (BETTA);~~
~~and~~
 - ~~(ii) — relevant to the proposed GB wide balancing and settlement code;~~~~and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives.~~

~~3A— For the purposes of, and without prejudice to, paragraph 5(a), in order to better facilitate achieving the objective referred to in paragraph 3(e), any modification to the BSC providing for the undertaking of work by BSCCo pursuant to paragraph 3(e) must include express provision that:~~

~~(i) such work is proposed by BSCCo and approved by the Authority prior to its commencement; and~~

~~(ii) the costs of such work as may be carried out by BSCCo shall be identified and recorded separately by BSCCo.~~

4. The BSC shall include procedures for its own modification (including procedures for the modification of the modification procedures themselves), which procedures shall provide (without prejudice to any procedures for modification of the BSC set out in the programme implementation scheme provided for in ~~standard~~special condition ~~€4 J~~ (NETA-~~Implementation~~implementation) of the licensee's licence or in the BSC by reference to the programme implementation scheme):

(a) for proposals for modification of the BSC to be made by the licensee, BSC ~~Parties~~parties and such other persons or bodies as the BSC may provide;

(b) where such a proposal is made,

(i) for bringing the proposal to the attention of BSC ~~Parties~~parties and such other persons as may have an appropriate interest in it;

(ii) for proper consideration of any representations on the proposal;

(iii) for properly evaluating whether the proposed modification would better facilitate achieving the applicable BSC objective(s), provided that so far as any such evaluation requires information which is not generally available concerning the licensee or the ~~licensee's~~GB transmission system, such evaluation shall be made on the basis of the licensee's proper assessment (which the licensee shall make available for these purposes) of the effect of the proposed modification on the matters referred to in paragraphs 3(a) and (b);

- (iv) for development of any alternative modification which may, as compared with the proposed modification, better facilitate achieving the applicable BSC objective(s);
 - (v) for the preparation of a report
 - setting out the proposed modification and any alternative,
 - evaluating the proposed modification and any alternative,
 - assessing the extent to which the proposed modification or any alternative would better facilitate achieving the applicable BSC objective(s),
 - assessing the impact of the modification on the core industry documents and the changes expected to be required to such documents as a consequence of such modification,
 - setting out a timetable for implementation of the modification and any alternative, including the date with effect from which such modification (if made) is to take effect; and
 - (vi) for the submission of the report to the Authority as soon after the proposal is made as is appropriate (taking into account the complexity, importance and urgency of the modification) for the proper execution and completion of the steps in sub-paragraphs (i) to (v);
- (c) for the timetable (referred to in sub-paragraph (b)(v)) for implementation of any modification to be such as will enable the modification to take effect as soon as practicable after the Authority has directed such modification to be made, account being taken of the complexity, importance and urgency of the modification, and for that timetable to be extended or shortened with the consent of or as directed by the Authority after those persons likely to be affected by the revision of the timetable have been consulted;

- (d) for empowering the licensee to secure, if so directed by the Authority in circumstances specified in the BSC,
 - (i) that the modification procedures are complied with in respect of any particular modification in accordance with the terms of the direction;
 - (ii) that, where a modification has been made but not implemented in accordance with its terms, all reasonable steps are taken to implement it in accordance with the terms of the direction and
 - (iii) that the licensee can recover its reasonable costs and expenses properly incurred in complying with the direction.
5. (a) If a report has been submitted to the Authority pursuant to the procedures described in paragraph 4(b)(vi), and the Authority is of the opinion that a modification set out in such report would, as compared with the then existing provisions of the BSC and any other modifications set out in such report, better facilitate achieving the applicable BSC objective(s), the Authority may direct the licensee to make that modification.
- (b) The licensee shall have power (by executing an appropriate instrument) to modify the BSC in accordance with any direction of the Authority pursuant to sub-paragraph (a); or paragraph 7 of ~~standard~~special condition ~~C4I~~ (NETA ~~Implementation implementation~~); of the licensee's licence and shall modify it in accordance with every such direction; but it shall not have power to modify the BSC in any other circumstance.
- (c) Only the licensee shall have power to modify the BSC.
6. The BSC shall provide for:
- (a) a copy of the BSC to be provided to any person requesting the same upon payment of an amount not exceeding the reasonable costs of making and providing such copy;

- (b) the licensee to refer to the Authority for determination, whether of its own motion or as provided in the BSC, such matters arising under the BSC as may be specified in the BSC;
- (c) information about the operation of the BSC and the balancing and settlement arrangements
 - (i) to be provided to the Authority and/or
 - (ii) to be published,

and for the licensee to be empowered to secure compliance with these requirements if so directed by the Authority.

7. The BSC may include:

- (a) arrangements to facilitate or secure compliance with the programme implementation scheme designated pursuant to ~~standard~~ special condition ~~C4 J~~ (NETA ~~Implementation~~ implementation) of the licensee's licence or matters envisaged thereunder, and
- (b) arrangements for final settlement and reconciliation of liabilities arising under or in connection with the Pooling and Settlement Agreement in respect of settlement periods prior to the effective time.

8. The provisions of paragraphs 6, ~~7, 10~~ 7 and ~~12~~ 11 shall not limit the matters which may be provided for in the BSC.

9. The Authority may direct the licensee to procure the provision to ~~him~~ the Authority of, or the publication of, such information about the operation of the BSC and/or the balancing and settlement arrangements as is referred to in paragraph 6(c) and specified in the direction.

~~10. (a) The BSC shall provide for arrangements pursuant to which, if sub-paragraph (b) has effect~~

- ~~(i) modifications proposed in respect of one code shall (in so far as applicable thereto) be proposed in respect of the other code;~~
 - ~~(ii) the modification procedures under each code may so far as practicable be co-ordinated, and~~
 - ~~(iii) all reasonable steps are taken to secure that rights in respect of computer systems used in support of the implementation of the BSC are made available to support the implementation of the other code on terms approved by the Authority.~~
- ~~(b) This sub-paragraph shall have effect if any licence authorising the transmission of electricity in an area in Scotland includes a condition pursuant to which there are or are to be arrangements equivalent to the BSC applying in Scotland or part of it.~~
- ~~(c) In this paragraph, "code" means the BSC and any equivalent arrangements applying in Scotland or part of it and approved by the Authority for the purpose of this condition.~~

~~11.10.~~ 11.10. The licensee shall comply with:

- (a) the BSC; and
- (b) any direction to the licensee made pursuant to this condition.

~~12.11.~~ 12.11. (a) The licensee shall be a party to the BSC Framework Agreement.

- (b) The BSC and/or the BSC Framework Agreement shall contain provisions:
 - (i) for admitting as an additional party to the BSC Framework Agreement any person who accepts the terms and fulfils the conditions (each as specified in the BSC) on which accession to the BSC Framework Agreement is offered;
 - (ii) for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the BSC any dispute which shall arise

as to whether a person seeking to be admitted as a party to the BSC Framework Agreement has fulfilled any accession conditions; and if the Authority determines that the person seeking admission has fulfilled all relevant accession conditions, for admitting such person as a party to the BSC Framework Agreement~~;~~

(iii) for persons to be admitted as additional parties to the BSC Framework Agreement by either

- a representative (who need not be a BSC ~~Party~~party) appointed thereunder to act on behalf of all parties to it, or
- if there is no such representative or if the representative fails to act, the licensee acting on behalf of all parties to it.

(c) If, following a determination of the Authority as referred to in sub-paragraph (b)(ii), the representative referred to in sub-paragraph ~~(b)~~(iii) fails to act on behalf of all parties to admit such person, the licensee shall act on behalf of all parties to admit such person if directed to do so by the Authority.

~~13.12.~~ 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)), 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.

~~14.13.~~ For the avoidance of doubt, paragraph ~~13.12~~ is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the documents referred to in paragraph ~~13.12~~ which the Authority may have.

~~15.14.~~ In this condition in the expression "sale and purchase of electricity", sale excludes sale by way of assumption of an imbalance under the BSC and sale by way of supply to premises, and purchase shall be construed accordingly; and

"applicable BSC objective(s)" means

- (a) in relation to a proposed modification of the modification procedures, the requirements of paragraph 4 (to the extent they do not conflict with the objectives set out in paragraph 3); and
- (b) in relation to any other proposed modification, the objectives set out in paragraph 3.

~~"BSC Party" means any authorised electricity operator which is party, and (unless the context otherwise requires) any other person which is party, to the BSC Framework Agreement, other than the licensee and any person which is such a party for the purposes only of administering and/or facilitating the implementation of the BSC.⁶~~

⁶ Moved to standard condition C1 (Interpretation of Section C).

Condition C7.4⁷: Charges for ~~Use~~ of ~~System~~system

1. The licensee shall:
 - (a) by the date this condition comes into effect determine a use of system charging methodology approved by the Authority; and
 - (b) conform to the use of system charging methodology as modified in accordance with standard condition C7A5 (Use of ~~System Charging Methodology~~system charging methodology).

2. The licensee shall by the date this condition comes into effect:
 - (a) prepare a statement approved by the Authority of the use of system charging methodology⁵; and
 - (b) prepare, other than in respect of a charge which the Authority has consented need not so appear, a statement, in a form approved by the Authority, of use of system charges determined in accordance with the use of system charging methodology and in such form and in such detail as shall be necessary to enable any person to make (other than in relation to charges to be made or levied in respect of the balancing services activity) a reasonable estimate of the charges to which he would become liable for the provision of such services,

and, without prejudice to paragraph 5 of this condition or paragraph 3 of standard condition C7A5 (Use of ~~System Charging Methodology~~system charging methodology), if any change is made in the use of system charges to be so made other than in relation to charges to be made in respect of the balancing services activity, or the use of system charging methodology, the licensee shall, before the changes take effect, furnish the Authority with a revision of the statement of use of system charges (or if the Authority so accepts, with amendments to the previous such statement)

⁷ Formerly standard condition C7.

and/or (as the case may be) with a revision of the statement of the use of system charging methodology, which reflect the changes.

3. Approvals by the Authority pursuant to paragraphs 1(a) and 2(a) may be granted subject to such conditions relating to further action to be undertaken by the licensee in relation to the use of system charging methodology better meeting the relevant objectives including, but not limited to, matters identified in any initial consultation by the Authority, as the Authority deems appropriate. Such conditions may include (but are not limited to) elements relating to the time by which action under the conditions must be completed.
4. Nothing in this condition shall affect the ability of the licensee to charge according to the statement issued pursuant to paragraph 2(b).
5. The licensee:
 - (a) shall give, except where the Authority consents to a shorter period, 150 days notice to the Authority of any proposals to change use of system charges other than in relation to charges to be made in respect of the balancing services activity, together with a reasonable assessment of the effect of the proposals (if implemented) on, those charges; and
 - (b) where it has decided to implement any proposals to change use of system charges other than in relation to charges to be made in respect of the balancing services activity, shall give the Authority notice of its decision and the date on which the proposals will be implemented which shall not, without the consent of the Authority, be less than a month after the date on which the notice required by this sub-paragraph was given.
6. Unless otherwise determined by the Authority, the licensee shall only enter arrangements for use of system which secure that use of system charges will conform with the statement last furnished under paragraph 2(b) either:
 - (a) before it enters into the arrangements; or
 - (b) before the ~~charges~~changes in question from time to time fall to be made,

and, for the purposes of this paragraph, the reference to the statement last furnished under paragraph 2(b) shall be construed, where that statement is subject to amendments so furnished before the relevant time, as a reference to that statement as so amended.

7. References in paragraphs 1, 2, 5 and 6 to charges do not include references to:
 - (a) connection charges; or
 - (b) to the extent, if any, to which the Authority has accepted they would, as respects certain matters, be so determined, charges determined by reference to the provisions of the CUSC.
8. The licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 2 and shall, at least once in every year that this licence is in force, make such revisions as may be necessary to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
9. The licensee shall send a copy of any such statement, revision, amendment or notice given under paragraphs 2 or 5 to any person who asks for any such statement, revision, amendment or notice.
10. The licensee may make a charge for any statement, revision, or amendment of a statement, furnished, or notice sent pursuant to paragraph 9 of an amount reflecting the licensee's reasonable costs of providing such statement, revision, amendment or notice which costs shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.

Condition C7A.5⁸: Use of ~~System Charging Methodology~~system charging methodology

1. The licensee shall, for the purpose of ensuring that the use of system charging methodology achieves the relevant objectives, keep the use of system charging methodology at all times under review.
2. The licensee shall, subject to paragraph 3, make such modifications of the use of system charging methodology as may be requisite for the purpose of better achieving the relevant objectives.
3. Except with the consent of the Authority, before making a modification to the use of system charging methodology, the licensee shall:
 - (a) consult the CUSC users on the proposed modification and allow them a period of not less than 28 days within which to make written representations;
 - (b) send a copy of the terms of the proposed modification to any person who asks for them;
 - (c) furnish the Authority with a report setting out:
 - (i) the terms originally proposed for the modification;
 - (ii) the representations (if any) made to the licensee;
 - (iii) any change in the terms of the modification intended in consequence of such representations;
 - (iv) how the intended modification better achieves the relevant objectives; and
 - (v) a timetable for implementation of the modification and the date with effect from which the modification (if made) is to take effect, such date being not earlier than the date on which the period referred to in paragraph 4 expires; and

⁸ Formerly standard condition C7A.

- (d) where the Authority has given a direction that sub-paragraphs (a), (b) and/or (c) should not apply, comply with such other requirements (if any) that the Authority may specify in the direction.
4. Where the licensee has complied with the requirements of paragraph 3, it shall, unless the Authority has within 28 days of the report being furnished to him given a direction that the modification may not be made, make the modification to the use of system charging methodology.
5. In paragraphs 1, 2 and 3 "the relevant objectives" shall mean the following objectives:
- (a) that compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- (b) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which relate to [activities to be specified]¹) incurred by ~~the~~transmission licensee~~licensees~~ in ~~its~~their transmission ~~business~~businesses; and
- (c) that, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in ~~the licensee's~~ transmission ~~business~~licensees' transmission businesses.
6. The licensee shall send a copy of any report furnished under paragraph 3 to any person who asks for any such report.
7. The licensee may make a charge for any report sent pursuant to paragraph 6 of an amount reflecting the licensee's reasonable costs of providing such report which costs

¹The activities which will be referred to here will be defined by reference to the revenue restriction conditions.

shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.

8. Nothing in this condition shall impact on the application of special conditions ~~AA5A to AA5E~~[XX to XX \(Revenue restriction provisions\)](#).

Condition C7B. 6⁹: Connection ~~Charging~~charging ~~Methodology~~methodology

1. The licensee shall:
 - (a) by the date this condition comes into effect determine a connection charging methodology approved by the Authority; and
 - (b) conform to the connection charging methodology as modified in accordance with paragraph 10.
2. The licensee shall, for the purpose of ensuring that the connection charging methodology achieves the relevant objectives, keep the connection charging methodology at all times under review.
3. The licensee shall, subject to paragraph 9, make such modifications to the connection charging methodology as may be requisite for the purpose of better achieving the relevant objectives.
4. The licensee shall by the date this condition comes into effect prepare a statement approved by the Authority of the connection charging methodology in relation to charges, including charges:
 - (a) for the carrying out of works and the provision and installation of electrical lines or electrical plant or meters for the purposes of connection (at entry or exit points) to the ~~licensee's~~GB transmission system;
 - (b) in respect of extension or reinforcement of the ~~licensee's~~GB transmission system rendered (at the ~~licensee's~~ discretion of a transmission licensee where the extension or reinforcement is of that licensee's transmission system) necessary or appropriate by virtue of the licensee providing connection to or use of system to any person seeking connection;
 - (c) in circumstances where the electrical lines or electrical plant to be installed are (at the ~~licensee's~~ discretion of a transmission licensee where the electrical lines

⁹ Formerly standard condition C7B.

or electrical plant which are to be installed will form part of that licensee's transmission system) of greater size than that required for use of system by the person seeking connection;

- (d) for maintenance and repair (including any capitalised charge) required of electrical lines or electrical plant or meters provided or installed for making a connection to the licensee's GB transmission system; and
- (e) for disconnection from the licensee's GB transmission system and the removal of electrical plant, electrical lines and meters following disconnection,

and the statement referred to in this paragraph shall be in such form and in such detail as shall be necessary to enable any person to determine that the charges to which he would become liable for the provision of such services are in accordance with such statement.

- 5. An approval by the Authority pursuant to paragraph 1(a) and 4 may be granted subject to such conditions relating to further action to be undertaken by the licensee in relation to the connection charging methodology better meeting the relevant objectives as identified in any initial consultation by the Authority as the Authority deems appropriate. Such conditions may include (but are not limited to) elements relating to the time by which actions under this condition need to be completed.
- 6. Nothing in this condition shall affect the ability of the licensee to charge according to the statement issued pursuant to paragraph 4.
- 7. Unless otherwise determined by the Authority, the licensee shall only enter into a bilateral agreement or a construction agreement which secures that the connection charges will conform with the statement of the connection charging methodology last furnished under paragraphs 4 or 10 either:
 - (a) before it enters into the arrangements; or
 - (b) before the charges in question from time to time fall to be made.

8. The connection charging methodology shall make provision for connection charges for those items referred to in paragraph 4 to be set at a level for connections made after 30 March 1990 which will enable the licensee to recover:

(a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the [licensee's GB](#) transmission system or the provision and installation, maintenance and repair or (as the case may be) removal following disconnection of any electric lines, electric plant or meters; and

(b) a reasonable rate of return on the capital represented by such costs,

and for connections made before 30 March 1990 the connection charging methodology for those items referred to in paragraph 4 shall as far as is reasonably practicable reflect the principles of sub-paragraphs (a) and (b).

9. Except with the consent of the Authority, before making a modification to the connection charging methodology the licensee shall:

(a) consult the CUSC users on the proposed modification and allow them a period of not less than 28 days within which to make written representations;

(b) send a copy of the terms of the proposed modification to any person who asks for them;

(c) furnish the Authority with a report setting out:

(i) the terms originally proposed for the modification;

(ii) the representations (if any) made to the licensee;

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

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

- (v) a timetable for implementation of the modification and the date with effect from which the modification (if made) is to take effect, such date being not earlier than the date on which the period referred to in paragraph 10 expires; and
 - (d) where the Authority has given a direction that sub-paragraphs (a), (b) and/or (c) should not apply, comply with such other requirements (if any) that the Authority may specify in the direction.
10. Where the licensee:
- (a) has complied with the requirements of paragraph 9, it shall, unless the Authority has within 28 days of the report being furnished to it given a direction that the modification may not be made, make the modification to the connection charging methodology;
 - (b) makes a modification to the connection charging methodology, furnish the Authority with a revised statement showing the changed connection charging methodology and such revised statement of the connection charging methodology shall supersede previous statements of the connection charging methodology furnished under paragraph 4 or this paragraph 8 from the date specified therein.
11. In paragraphs 2, 3 and 9 "the relevant objectives" shall mean:
- (a) the objectives referred to in paragraph 5 of standard condition ~~C7A5~~5 (Use of ~~System Charging Methodology~~system charging methodology), as if references therein to the use of system charging methodology were to the connection charging methodology; and
 - (b) in addition, the objective, in so far as consistent with sub-paragraph (a), of facilitating competition in the carrying out of works for connection to the ~~licensee's~~GB transmission system.

12. A statement furnished under paragraphs 4 or 10 shall, where practicable, include examples of the connection charges likely to be made in different cases as determined in accordance with the methods and principles shown in the statement.
13. The licensee shall send a copy of any statement or revision of a statement or report furnished under paragraphs 4, 9 or 10 to any person who asks for any such statement or revision thereof or report.
14. The licensee may make a charge for any statement or revision of a statement or report, furnished or sent pursuant to paragraph ~~13~~14 of an amount reflecting the licensee's reasonable costs of providing such which costs shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.
15. Nothing in this condition shall impact on the application of special conditions ~~AA5A to AA5E~~XX to XX (Revenue restriction provisions).

Condition C7¹⁰~~7C~~. ~~Non-discrimination~~. Prohibition on discriminating between users

1. In the provision of use of system or in the carrying out of works for the purpose of connection to the ~~licensee's~~GB transmission system or the retention of a connection to the GB transmission system, the licensee shall not discriminate as between any persons or class or classes of persons.
2. Without prejudice to paragraph 1 and subject to paragraph 3, the licensee shall not make charges for provision of use of system to any authorised electricity operator or class or classes of authorised electricity operator which differ in respect of any item separately identified in the statement referred to at paragraph 2(b) of standard condition C74 (Charges for ~~Use~~use of ~~System~~system) from those for provision of similar items under use of system to any other authorised electricity operator or class or classes of authorised electricity operator except in so far as such differences reasonably reflect differences in the costs associated with such provision.
3. Notwithstanding paragraph 2, the licensee shall not make use of system charges in respect of any item of charge separately identified in the statement referred to at paragraph 2(b) of standard condition C74 (Charges for ~~Use~~use of ~~System~~system) on any authorised electricity operator whose contract does not provide for him to receive the service to which such item of charge refers.
4. The licensee shall not in setting use of system charges restrict, distort or prevent competition in the generation, transmission, supply or distribution of electricity.

¹⁰ Formerly standard condition C7C.

Condition C7D.8¹¹: Requirement to ~~Offer~~offer ~~Term~~terms

1. Unless otherwise determined by the Authority under standard condition C7E9 (Functions of the Authority), on application made by:
 - (a) any authorised electricity operator in the case of an application for use of system; and
 - (b) any person in the case of an application for connection,the licensee shall (subject to paragraph 56) offer to enter into the CUSC Framework Agreement.
2. On application for connection or modification to an existing connection made by any person, the licensee shall where required by the STC notify other transmission licensees in accordance with the STC and, for the purpose of making an offer for connection, shall co-operate and co-ordinate its activities with any other transmission licensees in accordance with the STC.
- ~~2.3.~~ On application made by any person the licensee shall (subject to paragraph 56) offer to enter into a bilateral agreement and/or a construction agreement relating to connection or modification to an existing connection and such offer shall reflect any associated TO offer and shall make detailed provision regarding:
 - (a) the carrying out of work (if any) required to connect the ~~licensee's~~GB transmission 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 works (if any) in connection with the extension or reinforcement of the ~~licensee's~~GB transmission system rendered (~~in~~subject to the licensee's operation of standard condition C9 (Functions of the Authority), at the discretion of a transmission licensee where the works are to be carried out on that licensee's transmission system) appropriate or necessary by reason

¹¹ Formerly standard condition C7D.

of making the connection or modification to an existing connection and for the obtaining of any consents necessary for such purpose;

- (c) the installation of appropriate meters (if any) required to enable the licensee to measure electricity being accepted into the ~~licensee's~~GB transmission system at the specified entry point or points or leaving such system at the specified exit point or points;
- (d) the date by which any works required to permit access to the ~~licensee's~~GB transmission system (including for this purpose any works to reinforce or extend the ~~licensee's~~GB transmission system) shall be completed (time being of the essence unless otherwise agreed by the person seeking connection);
- (e) the connection charges to be paid to the licensee, such charges:
 - (i) to be presented in such a way as to be referable to the connection charging methodology or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraph 8 of standard condition ~~C7B6~~ (Connection ~~Charging~~charging Methodology~~methodology~~) and (where relevant) paragraph 4; and
- (f) such further terms as are or may be appropriate for the purpose of the agreement.

~~3.4.~~ For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under a bilateral agreement and/or construction agreement, the licensee will have regard to:

- (a) the benefit (if any) to be obtained or likely in the future to be obtained by ~~the~~any transmission licensee or any other person as a result of carrying out such works whether by reason of the reinforcement or extension of the ~~licensee's~~GB transmission system or the provision of additional entry or exit points on such system or otherwise; and

- (b) the ability or likely future ability of ~~the~~any transmission licensee to recoup a proportion of such costs from third parties.

~~4.5.~~5. The licensee shall offer terms in accordance with paragraphs 1 and 2 above as soon as practicable and (except where the Authority consents to a longer period) in any event not more than the period specified in paragraph ~~6~~7 below after receipt by the licensee of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of ~~the~~its offer.

~~5.6.~~6. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if:

- (a) to do so would be likely to involve the licensee:
- (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 of the transmission business;
 - (iii) in breach of the ~~licensee's~~ Grid Code; or
 - (iv) in breach of the conditions; or
- (b) the person making the application does not undertake to be bound insofar as applicable by the terms of the ~~licensee's~~ Grid Code and/or the CUSC from time to time in force; or
- (c) in the case of persons making application for use of system under paragraph 1, such person ceases to be an authorised electricity operator; ~~or~~or
- (d) it is unable to do so due to another transmission licensee having notified the licensee that, for one or more of the reasons set out in paragraph 3 of standard condition D4A (Obligations in relation to offers for connection), it is not obliged to offer to enter or to enter into any agreement with the licensee in accordance with paragraph 1 of standard condition D4A(Obligations in

relation to offers for connection) and that it does not intend to offer to enter or to enter into any such agreement.

~~6.7.~~ For the ~~purpose~~purposes of paragraph 4, the period specified shall be:

- (a) in the case of persons seeking use of system only and seeking to become a party to the CUSC Framework Agreement if not already a party, in connection with such use, 28 days; and
- (b) in the case of persons seeking a bilateral connection agreement or a construction agreement (and seeking to become a party to the CUSC Framework Agreement if not already a party, in connection with such agreements, 3 months; and
- (c) in any other case, 28 days.

~~7.8.~~ 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 of similar effect contained in any further regulations then in force made pursuant to sections 6(3), 60 and 64(1) of the Act.

OPTION A

Condition ~~C7E.9~~⁹: 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 (as the case may be) any authorised electricity operator or any person entitled or claiming to be entitled thereto pursuant to a request under standard condition ~~C7D8~~ (Requirement to ~~Offeroffer Terms~~^{terms}), the Authority may, pursuant to section 7(3)(c) of the Act and on application of such authorised electricity operator or such person or the licensee, settle any terms in dispute of the agreement to be entered into between the licensee and that authorised electricity operator or 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 authorised electricity operator or such person should pay to the licensee:
 - (i) in the case of use of system, use of system charges in accordance with paragraphs 1 and 6 of standard condition ~~C74~~ (Charges for ~~Useuse~~ of ~~System~~^{system}); or
 - (ii) in the case of connection charges in accordance with paragraphs 1 and 7 of standard condition ~~C7B6~~ (Connection ~~Charging~~^{charging} ~~Methodology~~^{methodology});
 - (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 paragraph ~~56~~ of standard condition ~~C7D8~~ (Requirement to ~~Offeroffer Terms~~^{terms});
 - (c) that the performance by another transmission licensee of its obligations under any associated TO agreement should not cause another transmission licensee

¹² Formerly standard condition C7E.

to be in breach of those provisions referred to at paragraph 3 of standard condition D4A (Obligations in relation to offers for connection);

- (d) that any methods by which the ~~licensee's~~GB transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the ~~licensee's~~ Grid Code, the STC and ~~with~~ the Distribution Code; and
- (~~e~~) 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 ~~C7D8~~ (Requirement to ~~Offer~~offer ~~Term~~terms) should be in as similar a form as is practicable.

2. If an application is made in accordance with paragraph 1 above, the licensee shall:

- (a) notify the Authority of:
 - (i) any TO offer which relates to the offer which is the subject of that application;
 - (ii) any transmission licensee (other than a transmission licensee who has made a TO offer) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the offer which is the subject of that application or any associated TO offer;
- (b) notify each transmission licensee who has made an associated TO offer and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the offer which is the subject of that application or any associated TO offer, of such application; and
- (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to paragraph 1 above or this paragraph 2(c).

~~2.~~3. Insofar as any person entitled or claiming to be entitled to an offer under standard condition C7D8 (Requirement to ~~Offer~~offer Terms) wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into such agreement.

~~3.~~4. If in respect of any bilateral agreement or construction agreement ~~to the licensee's transmission system~~ entered into pursuant to standard condition C7D8 (Requirement to ~~Offer~~offer Terms) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

5. If a request is made in accordance with paragraph 4 above, the licensee shall:

(a) notify the Authority of any associated TO agreement which relates to the agreement which is the subject of that request;

(b) notify each transmission licensee who is a party to an associated TO agreement notified to the Authority pursuant to paragraph (a); and

(c) request that the Authority exercise its powers under section 7(3)(c) of the Act to settle the terms of each associated TO agreement which is affected by the Authority's determination made pursuant to paragraph 4 above.

~~4.~~6. Where the licensee is party to a relevant agreement for connection and/or use of system which is other than in conformity with the CUSC, if either the licensee or other party to such agreement for connection and/or use of system proposes to vary the contractual terms of such agreement in any manner provided for under such relevant agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard to the consideration that the terms so settled are, in so far as circumstances allow, similar to the equivalent terms in the CUSC.

7. If a request is made in accordance with paragraph 6 above, the licensee shall:

- (a) notify the Authority of any associated TO agreement which relates to the agreement which is the subject of that request;
- (b) notify each transmission licensee who is a party to an associated TO agreement notified to the Authority pursuant to paragraph (a); and
- (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to settle the terms of each associated TO agreement which is affected by the Authority's determination made pursuant to paragraph 6 above.

5.8. If the licensee and a CUSC user or other person or party to a relevant agreement are in dispute as to whether:

- (a) use of system charges made, or to be made, conform with the statement of the use of system charges furnished under paragraphs 2(b) or 8 of standard condition C74 (Charges for Useuse of Systemsystem) which applied or applies in relation to the period in respect of which the dispute arises;
- (b) connection charges made, or to be made, conform with the statement of the connection charging methodology furnished under paragraphs 4 or 10 of standard condition C7B6 (Connection Chargingcharging Methodologymethodology) which applied or applies in relation to the period in respect of which the dispute arises;

such dispute may be referred to the Authority for him to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, conformed with the relevant statement(s) furnished under standard condition C74 (Charges for Useuse of Systemsystem), or whether, in the case of sub-~~paragraphs~~paragraph (b), the charges conformed with the relevant methodology.

6.9. For the purposes of this condition:

"relevant agreement"	means an agreement in respect of which paragraph 3 of standard condition 10C of the licensee's licence, as such applied immediately prior to 18 September 2001 had
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effect.

OPTION B

Condition ~~C7E.9~~¹³: 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 (as the case may be) any authorised electricity operator or any person entitled or claiming to be entitled thereto pursuant to a request under standard condition ~~C7D8~~ (Requirement to ~~Offeroffer Termsterms~~), the Authority may, pursuant to section 7(3)(c) of the Act and on application of such authorised electricity operator or such person or the licensee, settle any terms in dispute of the agreement to be entered into between the licensee and that authorised electricity operator or 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 authorised electricity operator or such person should pay to the licensee:
 - (i) in the case of use of system, use of system charges in accordance with paragraphs 1 and 6 of standard condition ~~C74~~ (Charges for ~~Useuse~~ of ~~Systemsystem~~); or
 - (ii) in the case of connection charges in accordance with paragraphs 1 and 7 of standard condition ~~C7B6~~ (Connection ~~Chargingcharging Methodologymethodology~~);
 - (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 paragraph ~~56~~ of standard condition ~~C7D8~~ (Requirement to ~~Offeroffer Termsterms~~);
 - (c) that the performance by another transmission licensee of its obligations under any associated TO agreement should not cause another transmission licensee

¹³ Formerly standard condition C7E.

to be in breach of those provisions referred to at paragraph 3 of standard condition D4A (Obligations in relation to offers for connection):

- (d) that any methods by which the ~~licensee's~~GB transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the ~~licensee's~~ Grid Code, the STC and ~~with~~ the Distribution Code; and
- (~~e~~) 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 C7D8 (Requirement to ~~Offer~~offer ~~Term~~terms) should be in as similar a form as is practicable.

2. If an application is made in accordance with paragraph 1 above, the licensee shall:

(a) notify the Authority of:

- (i) any TO offer which relates to the offer which is the subject of that application;
- (ii) any transmission licensee (other than a transmission licensee who has made a TO offer) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the offer which is the subject of that application or any associated TO offer; and

(b) notify each transmission licensee who has made an associated TO offer and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the offer which is the subject of that application or any associated TO offer, of such application.

2.3. Insofar as any person entitled or claiming to be entitled to an offer under standard condition C7D8 (Requirement to ~~Offer~~offer ~~Term~~terms) wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into such agreement.

~~3.4.~~ If in respect of any bilateral agreement or construction agreement ~~to the licensee's transmission system~~ entered into pursuant to standard condition C7D8 (Requirement to Offeroffer Terms/terms) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

5. If a request is made in accordance with paragraph 4 above, the licensee shall:

(a) notify the Authority of any associated TO agreement which relates to the agreement which is the subject of that request;

(b) notify each transmission licensee who is a party to an associated TO agreement notified to the Authority pursuant to paragraph (a).

6. If at the date the Authority makes a determination in accordance with paragraph 4 above, the licensee and any other transmission licensee who is a party to any associated TO agreement has not agreed the terms of any variation required to such associated TO agreement to take account of such determination, the Authority may, at the request of the licensee or such other transmission licensee, determine any terms of such associated TO agreement which are in dispute at that time.

~~4.7.~~ Where the licensee is party to a relevant agreement for connection and/or use of system which is other than in conformity with the CUSC, if either the licensee or other party to such agreement for connection and/or use of system proposes to vary the contractual terms of such agreement in any manner provided for under such relevant agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard to the consideration that the terms so settled are, in so far as circumstances allow, similar to the equivalent terms in the CUSC.

8. If a request is made in accordance with paragraph 6 above, the licensee shall:

(a) notify the Authority of any associated TO agreement which relates to the agreement which is the subject of that request;

(b) notify each transmission licensee who is a party to an associated TO agreement notified to the Authority pursuant to paragraph (a).

9. If at the date the Authority makes a determination in accordance with paragraph 8 above, the licensee and any other transmission licensee who is a party to any associated TO agreement has not agreed the terms of any variation required to such associated TO agreement to take account of such determination, the Authority may, at the request of the licensee or such other transmission licensee, determine any terms of such associated TO agreement which are in dispute at that time.

~~5.10.~~ If the licensee and a CUSC user or other person or party to a relevant agreement are in dispute as to whether:

(a) use of system charges made, or to be made, conform with the statement of the use of system charges furnished under paragraphs 2(b) or 8 of standard condition C74 (Charges for ~~Use~~use of ~~System~~system) which applied or applies in relation to the period in respect of which the dispute arises;

(b) connection charges made, or to be made, conform with the statement of the connection charging methodology furnished under paragraphs 4 or 10 of standard condition C7B6 (Connection ~~Charging~~charging ~~Methodology~~methodology) which applied or applies in relation to the period in respect of which the dispute arises;

such dispute may be referred to the Authority for him to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, conformed with the relevant statement(s) furnished under standard condition C74 (Charges for ~~Use~~use of ~~System~~system), or whether, in the case of sub-~~paragraphs~~paragraph (b), the charges conformed with the relevant methodology.

~~6.11.~~ For the purposes of this condition:

"relevant agreement"

means an agreement in respect of which paragraph 3 of standard condition 10C of the licensee's licence, as such applied immediately prior to 18 September 2001 had effect.

Condition C~~7F~~-10¹⁴. Connection and Use of System Code (CUSC)

1. The licensee shall establish arrangements for connection and use of system in respect of matters other than those to which standard conditions ~~7C14 (Licensees Grid Code); C5 (Supplementary Grid Code Condition for England and Wales) and C5 (Use of system charging methodology)~~ and ~~C7A~~ to ~~C7E9 (Functions of the Authority)~~ relate which are calculated to facilitate the achievement of the following objectives:
 - (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and
 - (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity,and the licensee shall be taken to comply with this paragraph by having a document setting out the arrangements for connection and use of system designated by the Secretary of State for the purposes of this condition by the date this condition comes into effect and by modifying such document from time to time in accordance with the provisions of paragraphs 6 and 7.
2. The licensee shall prepare a connection and use of system code ("CUSC") setting out:
 - (a) the terms of the arrangements made in pursuance of paragraph 1;
 - (b) the procedures established in pursuance of paragraph 6; andsuch other terms as are or may be appropriate for the purposes of the CUSC.
3. The licensee shall only enter into arrangements for connection and use of system which are in conformity with any relevant provisions of the CUSC.
4. The CUSC shall provide for:

¹⁴ Formerly standard condition C7F.

- (a) the licensee and each CUSC user to be contractually bound insofar as is applicable by the terms of the ~~licensee's~~ Grid Code from time to time in force;
 - (b) (i) the licensee and each CUSC user to enter into an agreement or agreements, supplemental to and in a form prescribed by the CUSC, setting out site specific details in respect of each site at which the CUSC user's electrical lines or electrical plant is connected to the ~~licensee's~~ GB transmission system;
 - (ii) each CUSC user to enter into an agreement or agreements with a transmission licensee (other than the licensee) supplemental to and in a form prescribed by the CUSC setting out site specific details in respect of each site at which the CUSC user's electrical lines or electrical plant is connected to the GB transmission system;
 - (c) there to be referred to the Authority for determination such matters arising under the CUSC as may be specified in the CUSC; and
 - (d) a copy of the CUSC to be provided to any person requesting the same upon payment of an amount not exceeding the reasonable costs of making and providing such copy.
5. The provisions of paragraphs 4 and 10 shall not limit the matters which may be provided for in the CUSC.
6. The licensee shall establish and operate procedures for the modification of the CUSC (including procedures for modification of the modification procedures themselves), so as to better facilitate achievement of the applicable CUSC objectives, which procedures shall provide:
- (a) for proposals for modification of the CUSC to be made by the licensee, CUSC users and such other persons and bodies as the CUSC may provide;
 - (b) where such a proposal is made:

- (i) for bringing the proposal to the attention of CUSC ~~Parties~~parties and such other persons as may properly be considered to have an appropriate interest in it;
- (ii) for proper consideration of any representations on the proposal;
- (iii) for properly evaluating whether the proposed modification would better facilitate achieving the applicable CUSC objectives, provided that so far as any such evaluation requires information which is not generally available concerning the licensee or the ~~licensee's~~GB transmission system, such evaluation shall be made on the basis of the licensee's proper assessment (which the licensee shall make available for these purposes) of the effect of the proposed modification on the matters referred to in paragraph 1(a) and (b);
- (iv) for development of any alternative modification which may, as compared with the proposed modification, better facilitate achieving the applicable CUSC objectives;
- (v) for the preparation of a report:
 - setting out the proposed modification and any alternative;
 - evaluating the proposed modification and any alternative;
 - assessing the extent to which the proposed modification or any alternative would better facilitate achieving the applicable CUSC objectives;
 - assessing the impact of the modification on the core industry documents and the changes expected to be required to such documents as a consequence of such modification;
 - setting out a timetable for implementation of the modification and any alternative, including the date with effect from which such modification (if made) is to take effect; and

- (vi) for the submission of the report to the Authority as soon after the proposal is made as is appropriate (taking into account the complexity, importance and urgency of the modification) for the proper execution and completion of the steps in sub-paragraphs (i) to (v); and
 - (c) for the timetable (referred to in sub-paragraph (b)(v)) for implementation of any modification to be such as will enable the modification to take effect as soon as practicable after the Authority has directed such modification to be made, account being taken of the complexity, importance and urgency of the modification, and for that timetable to be extended with the consent of or as required by the Authority.
- 7.
 - (a) If a report has been submitted to the Authority pursuant to procedures described in paragraph 6(b)(vi), and the Authority is of the opinion that a modification set out in such report would, as compared with the then existing provisions of the CUSC and any alternative modifications set out in such report, better facilitate achieving the applicable CUSC objectives the Authority may direct the licensee to make that modification.
 - (b) The licensee shall only modify the CUSC:
 - (i) in order to comply with any direction of the Authority pursuant to sub-paragraph (a); or
 - (ii) with the consent of the Authority,and it shall not have the power to modify the CUSC in any other circumstance; and the licensee shall furnish the Authority with a copy of any modification made.
 - (c) Only the licensee shall have the power to modify the CUSC.
- 8. The licensee shall prepare and publish a summary of the CUSC as modified or changed from time to time in such form and manner as the Authority may from time to time direct.

9. The licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC.
10. The CUSC Framework Agreement shall contain provisions:
 - (a) for admitting as an additional party to the CUSC Framework Agreement any person who accepts the terms and fulfils the conditions (each as specified in the CUSC) on which accession to the CUSC Framework Agreement is offered; and
 - (b) for referring for determination by the Authority any dispute which shall arise as to whether a person seeking to be admitted as a party to the CUSC Framework Agreement has fulfilled any accession conditions; and if the Authority determines that the person seeking accession had fulfilled all relevant standard conditions, for admitting such person to be a party to the CUSC Framework Agreement.
11. The Authority may issue a direction to the licensee to make such amendments to the agreement known as the Master Connection and Use of System Agreement ("MCUSA") and the supplemental agreements and ancillary services agreements (as defined or referred to in MCUSA) and any associated agreements derived from MCUSA as shall be stated as required to be made to amend them appropriately into the CUSC Framework Agreement, CUSC, bilateral agreements, construction agreements and associated agreements derived from CUSC so as to maintain continuity of contractual relationships.
12. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to such documents), and shall not take any steps to prevent or unduly delay, changes to the core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment), 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.

13. For the avoidance of doubt, paragraph 11 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the documents referred to in paragraph 12 which the Authority may have.
14. The licensee shall comply with any direction to the licensee made pursuant to this condition.
15. In this condition:

"applicable CUSC objectives" means:

- (a) in relation to a proposed modification of the modification procedures, the requirements of paragraph 6 (to the extent that they do not conflict with the objectives set out in paragraph 1); and
- (b) in relation to any other proposed modification, the objectives set out in paragraph 1.

Condition ~~C7G.~~ 11¹⁵. Production of information ~~Information~~ about the Licensee's ~~Transmission System~~ GB transmission system

1. The licensee shall by not later than 31 March in each financial year, prepare a statement in a form approved by the Authority showing in respect of each of the seven succeeding financial years circuit capacity, forecast power flows and loading on each part of the ~~licensee's~~ GB transmission system and fault levels for each transmission node, together with:
 - (a) such further information as shall be reasonably necessary to enable any person seeking use of system to identify and evaluate the opportunities available when connecting to and making use of such system; ~~and~~
 - (b) a commentary prepared by the licensee indicating ~~the licensee's views as to~~ those parts of the ~~licensee's~~ GB transmission system most suited to new connections and transport of further quantities of electricity; ~~and~~
 - (c) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this condition.
2. The licensee shall include in every statement prepared under paragraph 1 above the information required by that paragraph except that the licensee may with the prior consent of the Authority omit from 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 other transmission licensee or any third party.
3. The licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once every year that this licence is in force, revise such statement in order that the information set out in the statement shall continue to be accurate in all material respects.

¹⁵ Formerly standard condition C7G.

4. The licensee shall send a copy of any such statement or revision given under paragraphs 1 or 3 to any person who asks for one.
5. The licensee may make a charge for any statement or revision sent pursuant to paragraph 4 of an amount reflecting the licensee's reasonable costs of providing such, which costs shall not exceed the maximum amount specified in directions issued by the Authority for the ~~purposes~~purpose of this condition.

Condition C12¹⁶. Limits on the level to which transmission services are provided

- 1. In co-ordinating and directing the flow of electricity onto and over the GB transmission system, the licensee shall, in accordance with the STC, ensure that any of the technical levels that apply to the provision to the licensee of any transmission services are not exceeded.**
- 2. The technical levels referred to in paragraph 1 above are those set out in the STC.**

¹⁶ New condition.

Condition C13. Not used

Condition ~~7. Licensee's~~C14¹⁷. Grid Code

1. The licensee shall in consultation with authorised electricity operators liable to be materially affected thereby prepare and at all times have in force and shall implement and comply (subject to paragraph 10) with the Grid Code ~~to be known as the licensee's Grid Code~~:
 - (a) covering all material technical aspects relating to connections to and the operation and use of the ~~licensee's~~GB transmission system or (in so far as relevant to the operation and use of the ~~licensee's~~GB transmission system) the operation of electric lines and electrical plant connected to the ~~licensee's~~GB transmission system or any distribution system of any authorised distributor and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 5 below; and
 - (b) which is designed so as:
 - (i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity;
 - (ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the ~~licensee's~~GB transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity) ; and
 - (iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in ~~England and Wales or Scotland each~~Great Britain taken as a whole.
2. The ~~licensee's~~ Grid Code in force at the date this condition comes into force shall be sent to the Authority for its approval. Thereafter the licensee shall (in consultation

¹⁷ Formerly standard condition 7.

with authorised electricity operators liable to be materially affected thereby) periodically review (including upon the request of the Authority) the ~~licensee's~~ Grid Code and its implementation. Following any such review, the licensee shall send to the Authority:

- (a) a report on the outcome of such review; and
 - (b) any proposed revisions to the ~~licensee's~~ Grid Code from time to time as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in paragraph (b) of paragraph 1; and
 - (c) any written representations or objections from authorised electricity operators liable to be materially affected thereby (including any proposals by such operators for revisions to the ~~licensee's~~ Grid Code not accepted by the licensee in the course of the review) arising during the consultation process and subsequently maintained.
3. Revisions to the ~~licensee's~~ Grid Code proposed by the licensee and sent to the Authority pursuant to paragraph 2 shall require to be approved by the Authority.
 4. Having regard to any written representations or objections referred to in subparagraph (c) of paragraph 2, and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the licensee to revise the ~~licensee's~~ Grid Code in such manner as may be specified in the directions, and the licensee shall forthwith comply with any such directions.
 5. The ~~licensee's~~ Grid Code shall include codes relating to the technical operation of the ~~licensee's~~ GB transmission system, including:
 - (a) connection conditions specifying the technical, design and operational criteria to be complied with by the licensee and by any person connected or seeking connection with the ~~licensee's~~ GB transmission system or by any person authorised to generate who is connected with or seeks connection with the ~~licensee's~~ GB transmission system or any ~~transmission system or~~ distribution system of any third party which is located in Great Britain.

- (b) an operating code specifying the conditions under which the licensee shall operate the ~~licensee's~~GB transmission system and under which persons shall operate their plant and/or distribution systems in relation to the ~~licensee's~~GB transmission system, in so far as necessary to protect the security and quality of supply and safe operation of the ~~licensee's~~GB transmission system under both normal and abnormal operating conditions; ~~and~~
- (c) a planning code specifying the technical and design criteria and procedures to be applied ~~by the licensee~~ in the planning and development of the ~~licensee's~~GB transmission system and to be taken into account by persons connected or seeking connection with the ~~licensee's~~GB transmission system in the planning and development of their own plant and systems; ~~and~~
- (d) procedures relating to the outage of generation sets and a balancing code specifying, among other matters, information to be submitted by authorised electricity operators to the licensee for the purposes of, and the making of offers and bids in, the balancing mechanism, and the issuing by the licensee of instructions by reference to such offers and bids.¹⁸**
6. The licensee shall give or send a copy of the ~~licensee's~~ Grid Code (as from time to time revised) to the Authority.
7. The licensee shall (subject to paragraph 8) give or send a copy of the ~~licensee's~~ Grid Code (as from time to time revised) to any person requesting the same.
8. The licensee may make a charge for any copy of the ~~licensee's~~ Grid Code (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in directions issued by the Authority.
9. In preparing, implementing and complying with the ~~licensee's~~ Grid Code (including in respect of the scheduling of maintenance of the licensee's transmission system), the

¹⁸ Based on standard condition C5 (Supplementary Grid Code Condition for England and Wales) (28 September 2001).

licensee shall not unduly discriminate against or unduly prefer any person or class or classes of person in favour of or as against any person or class or classes of persons.

10. The Authority may (following consultation with the licensee) issue directions relieving the licensee of its obligations to implement or comply with the ~~licensee's~~ Grid Code in respect of such parts of the ~~licensee's~~GB transmission system and/or to such extent as may be specified in the directions.
11. **In this condition, authorised electricity operator includes any person transferring electricity to or from ~~England and Wales~~Great Britain across an interconnector.**¹⁹

¹⁹ Based on standard condition C5 (Supplementary Grid Code Condition for England and Wales) (28 September 2001).

Condition ~~8.~~C15²⁰. Compliance with Distribution Codes

1. The licensee shall comply with the provisions of every Distribution Code in so far as applicable to it.
2. The Authority may, following consultation with the licensed distributor responsible for the relevant Distribution Code and any other authorised electricity operators directly affected thereby, issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of such Distribution Code and to such extent and subject to such conditions as may be specified in those directions.

²⁰ Formerly standard condition 8.

**Special Condition AA4: Licensee's C16²¹. Procurement and Use of Balancing
balancing Services**

1. The licensee shall ~~operate the licensee's~~co-ordinate and direct the flow of electricity onto and over the GB transmission system in an efficient, economic and co-ordinated manner.
2. Having taken into account relevant price and technical differences, the licensee shall not discriminate as between any persons or classes of persons in its procurement or use of balancing services.
3. (a) The licensee shall before the effective time and thereafter at 12 monthly intervals (or such longer period as the Authority may approve) prepare a statement in a form approved by the Authority setting out the kinds of balancing services which it may be interested in purchasing in the period until the next statement is due and the mechanisms by which it would envisage purchasing them.

(b) Where during the term of the statement referred to in sub-paragraph (a) the licensee's intentions change regarding the types of services it wishes to purchase, the licensee shall review the statement and consider whether any revision to the statement is necessary and promptly seek to establish a revised statement in accordance with the terms of paragraph 8 of this ~~special~~ condition.
4. Within one month after the date on which each statement (other than the first one) is due to be published pursuant to paragraph 3, the licensee shall prepare a report in a form approved by the Authority in respect of the balancing services which the licensee has bought or acquired (other than balancing services which the licensee has acquired through the mere acceptance of an offer or bid in the balancing mechanism, provided such offer or bid was not made pursuant to any prior agreement) in the

²¹ Formerly special condition AA4 of NGC's licence as amended from 23 February 2003.

period of 12 months (or such longer period as the Authority may approve) ending on the date referred to above.

5. (a) The licensee shall before the effective time prepare a statement approved by the Authority setting out (consistently with the licensee's duty under paragraph 2 and consistently with its other duties under the Act and the conditions of its transmission licence) the principles and criteria by which the licensee will determine, at different times and in different circumstances, which balancing services the licensee will use to assist in ~~the operation~~co-ordinating and directing the flow of electricity onto and over the ~~licensee's~~GB transmission system (and/or to assist in doing so efficiently and economically), and when the licensee would resort to measures not involving the use of balancing services.
- (b) The licensee shall if so directed by the Authority or when any modification should be made to the statement referred to in paragraph 5(a) to more closely reflect the intentions of the licensee but in any event at least once a year, review the statement prepared pursuant to sub-paragraph (a) and promptly seek to establish a revised statement approved by the Authority, such revisions to be made in accordance with the terms of paragraph 8 of this ~~special~~ condition.
- (c) The licensee shall as soon as practicable:
 - (i) after 1 April 2002, in respect of the period beginning at the effective time and ending on 1 April 2002;
 - (ii) after 30 September 2002, in respect of the period beginning on 1 April 2002 and ending on 30 September 2002; and
 - (iii) after 30 September 2003 and in each subsequent year, in respect of each period of twelve months commencing on 1 October and ending on 30 September

prepare a report on the manner in which and the extent to which the licensee has, during that period, complied with the statement prepared pursuant to sub-

paragraph (a) together with any revision made in accordance with paragraph 8 of this ~~special~~ condition and whether any modification should be made to that statement to more closely reflect the practice of the licensee.

- (d) The report prepared pursuant to sub-paragraph (c) shall be accompanied by a statement from the licensee's auditors that they have carried out an investigation the scope and objectives of which shall have been established by the licensee and approved by the Authority, and they shall give their opinion as to the extent to which the licensee has complied with the statement prepared pursuant to sub-paragraph (a) together with any revision made in accordance with paragraph 8 of this ~~special~~ condition.
6. (a) This paragraph applies where the BSC provides that any imbalance price is to be determined (in whole or in part) by reference to the costs and volumes of relevant balancing services.
- (b) Where this paragraph applies the licensee shall:
- (i) before the effective time, establish a balancing services adjustment data methodology approved by the Authority;
 - (ii) from time to time thereafter, when the licensee first buys, sells or acquires any relevant balancing services of a kind or under a mechanism which is not covered by the prevailing balancing services adjustment data methodology, promptly seek to establish a revised balancing services adjustment data methodology approved by the Authority which covers that kind of balancing services or mechanisms for buying, selling or acquiring them;
 - (iii) prepare a statement of the prevailing balancing services adjustment data methodology as approved by the Authority; and
 - (iv) at all times determine and provide (for use under the relevant provisions of the BSC) the costs and volumes of the relevant balancing services in compliance with the prevailing balancing services

adjustment data methodology, which are to be taken into account in determining imbalance price(s) under the BSC.

- (c) The licensee shall when any modification should be made to the statement referred to in sub-paragraph 6 (b) (iii) to more closely reflect the intentions of the licensee review the statement prepared pursuant to sub-paragraph 6 (b)(iii) and promptly seek to establish a revised statement approved by the Authority made in accordance with terms of paragraph 8 of this ~~special~~ condition.
- 7.
- (a) This paragraph applies where the BSC provides that any applicable balancing services volume data is to be determined (in whole or in part) by reference to the volumes of energy associated with the provision of applicable balancing services.
 - (b) Where this paragraph applies the licensee shall:
 - (i) before the date this paragraph comes into effect, establish an applicable balancing services volume data methodology approved by the Authority;
 - (ii) Not used;
 - (iii) prepare a statement of the prevailing applicable balancing services volume data methodology as approved by the Authority; and
 - (iv) at all times determine and provide (for use under the relevant provisions of the BSC) the volumes of applicable balancing services in compliance with the prevailing applicable balancing services volume data methodology, which are to be taken into account in determining applicable balancing services volume data under the BSC.
 - (c) The licensee shall when any modification should be made to the statement referred to in sub-paragraph 7(b)(iii) to more closely reflect the intentions of the licensee review the statement prepared pursuant to sub-paragraph 7(b)(iii) and promptly seek to establish a revised statement approved by the Authority made in accordance with terms of paragraph 8 of this ~~special~~ condition.

8. (a) Except where the Authority directs otherwise, before revising the statements prepared pursuant to paragraphs 3(a), 5(a), 6(b)(iii) and 7(b)(iii) and each revision thereof the licensee shall:
- (i) send a copy of the proposed revisions to the Authority and to any person who asks for one;
 - (ii) consult BSC ~~Parties~~parties on the proposed revisions and allow them a period of not less than 28 days in which to make representations;
 - (iii) submit to the Authority within seven (7) days of the close of the consultation period referred to in sub-paragraph 8(a) (ii) above a report setting out
 - the revisions originally proposed,
 - the representations (if any) made to the licensee,
 - any changes to the revisions, and
 - (iv) where the Authority directs that sub-paragraphs (i), (ii) and (iii) or any of them shall not apply, comply with such other requirements as are specified in the direction.
- (b) The licensee shall not revise the statements referred to in paragraphs 3(a), 5(a), 6(b)(iii) and 7(b)(iii) and each revision thereof until the expiry of 28 days from the date on which the Authority receives the report referred to in sub-paragraph (a)(iii) unless prior to such date the Authority either:
- (i) directs the licensee to make the revisions on an earlier date; or
 - (ii) directs the licensee not to make the revision.
9. The licensee shall take all reasonable steps to comply with the statement for the time being in force pursuant to paragraph 5(a).

10. The licensee shall send to the Authority a copy of each of the statements and reports prepared pursuant to paragraphs 3, 4, 5, 6 and 7 and of all revisions to any such statements made in accordance with the terms of paragraph 8 of this ~~special~~ condition.
11. The licensee shall:
 - (a) publish (in such manner as the Authority may approve from time to time) the statements prepared pursuant to paragraphs 3(a), 5(a) , 6(b)(iii) and 7(b)(iii) and each revision thereof, and
 - (b) send a copy of each statement and report prepared pursuant to paragraphs 3, 4, 5, 6 and 7 or the latest revision of any such statements to any person who requests the same, provided that the licensee shall exclude therefrom, so far as is practicable, any matter which relates to the affairs of any person where the publication of that matter would or might seriously and prejudicially affect his interests,and, for the purposes of paragraph (b), the licensee shall refer for determination by the Authority any question as to whether any matter would or might seriously and prejudicially affect the interests of any person (unless the Authority consents to the licensee not doing so).
12. The licensee may make a charge for any copy of a statement, report or revision sent pursuant to paragraph 11(b) of any amount reasonably reflecting the licensee's reasonable costs of providing such a copy which shall not exceed the maximum amount specified in directions issued by the Authority for the purpose of this ~~special~~ condition.
13. The licensee shall, unless the Authority otherwise consents, maintain for a period of six years:
 - (a) particulars of all balancing services offered to it;
 - (b) particulars of all contracts (other than those in the balancing mechanism) for balancing services which it entered into;

- (c) particulars of all contracts for balancing services entered into by way of the acceptance of a bid or offer in the balancing mechanism where the bid or offer was made pursuant to a prior agreement;
 - (d) records of all balancing services called for and provided; and
 - (e) records of quantities of electricity imported and exported across each interconnector(s).
14. The licensee shall provide to the Authority such information as the Authority shall request concerning the procurement and use of balancing services.
15. In this ~~special~~ condition:

"applicable balancing services" ~~Means~~means those services that the Authority directs the licensee to treat as applicable balancing services;

"applicable balancing services volume data" ~~Means~~means the amount of energy deemed by virtue of the applicable balancing services volume methodology to have been produced or consumed as a result of delivering applicable balancing services;

"applicable balancing services volume data methodology" means a methodology to be used by the licensee to determine what volumes of applicable balancing services are to be taken into account under the BSC for the purposes of determining in whole or in part the applicable balancing services volume data in any period, which methodology shall cover each of the applicable balancing services which the licensee buys, sells or acquires at the time at which the methodology is established;

"balancing services adjustment data methodology"	means a methodology to be used by the licensee to determine what costs and volumes of relevant balancing services are to be taken into account under the BSC for the purposes of determining in whole or in part the imbalance price(s) in any period, which methodology shall cover each of the kinds of balancing services which the licensee buys, sells or acquires, and the mechanisms by which the licensee buys, sells or acquires them, at the time at which the methodology is established.
"imbalance price"	means a price, in the BSC, for charging for imbalances as referred to in paragraph 2(b)(ii) of standard condition C3 (Balancing and Settlement Code (BSC));
"relevant balancing services"	means balancing services other than <ul style="list-style-type: none"> (a) those which the licensee has acquired through the mere acceptance of an offer or bid in the balancing mechanism, provided that such offer or bid was not made pursuant to any prior agreement, and (b) those which the Authority directs the licensee not to treat as relevant balancing services."

~~Special Condition AA2: C17²². Transmission System Security Standard~~ system security standard and Quality quality of Service service

1. The licensee shall at all times:

(a) plan, develop and operate the licensee's transmission system ; and

(b) co-ordinate and direct the flow of electricity onto and over the GB transmission system,

in accordance with "~~NGC Transmission System Security and Quality of Supply Standard", Issue 2 (dated November 2000)~~the relevant standards, together with the ~~licensee's STC, the~~ Grid Code ~~and~~ or such other standard of planning and operation as the Authority may approve from time to time and with which the licensee may be required to ~~adopt from time to time,~~comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby).

2. The licensee shall at all times have in force a statement approved by the Authority setting out criteria by which the performance of the licensee in maintaining the ~~licensee's transmission system~~ security and availability and quality of service of the licensee's transmission system and the GB transmission system 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 paragraph 2 of this condition.

4. The Authority may (following consultation with the licensee and, where appropriate, any relevant authorised electricity operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of the licensee's transmission system or the GB transmission system and to such extent as may be specified in the directions.

²² Formerly special condition AA2 of NGC's licence as amended from 23 October 2003.

- 5. The licensee shall give or send a copy of the documents (other than the Grid Code and the STC) referred to in paragraph 1 (as from time to time revised) to the Authority.²³**
- 6. The licensee shall (subject to paragraph 7) give or send a copy of the documents (as from time to time revised) referred to in paragraph 5 to any person requesting the same.**
- 7. The licensee may make a charge for any copy given or sent pursuant to paragraph 6 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in a direction issued by the Authority.**

²³ Paragraphs 5, 6 and 7 are based on special conditions SPT H and SHETL H: both (Transmission system security standards and quality of service (Scotland)).

SECTION D ~~**PART II Supplementary Conditions For Scotland.**~~ **TRANSMISSION
OWNER STANDARD CONDITIONS**

Condition D1. Interpretation of Section D

Not used

~~"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 Coekenzie 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.~~

"Scottish interconnection"

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

"separate business"

~~means each or any of:~~

~~(a) any supply business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;~~

~~(b) any distribution business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;~~

~~(c) any generation business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;~~

"Trading Code"

~~means the trading code required to be adopted pursuant to standard condition D2 (Trading~~

~~Code for Scotland) and approved by the Authority as from time to time revised with the approval of the Authority.~~

~~"transmission business"~~

~~means the authorised business of the licensee or any affiliate or related undertaking of the licensee in the planning, development, construction and maintenance of the licensee's transmission system (whether or not pursuant to directions of the Secretary of State made under section 34 or 35 of the Act) and the operation of such system for transmission by the licensee, including any business in providing connections to the licensee's transmission system, but shall not include any other business (whether or not a separate business) of the licensee or any affiliate or related undertaking of the licensee in the provision of services to or on behalf of any one or more persons.~~

Condition D2¹. Obligation to provide transmission services

- 1. The licensee shall, in accordance with the STC, provide to the system operator the transmission services set out in paragraph 2.**
- 2. The transmission services which the licensee shall provide in accordance with paragraph 1 shall consist of the following:**
 - (a) making available those parts of the licensee's transmission system which are intended for the purposes of conveying, or affecting the flow of, electricity so that such parts are capable of doing so and are fit for those purposes;**
 - (b) a means of enabling the system operator to direct the configuration of those parts of the licensee's transmission system made available to it and, consistent with such means, giving effect to any such direction from time to time; and**
 - (c) a means of enabling the system operator to obtain information in relation to the licensee's transmission system which is needed by the system operator to enable it to co-ordinate and direct the flow of electricity onto and over the GB transmission system and, consistent with such means, providing such information to the system operator.**

¹ New condition.

~~Special Condition AA2: D3: Transmission System Security Standard~~ system security standard and Quality quality of Service service

1. The licensee shall at all times plan, and develop ~~and operate~~ the licensee's transmission system in accordance with "~~NGC Transmission System Security and Quality of Supply Standard~~", ~~Issue 2 (dated November 2000)~~ the relevant standards, together with the ~~licensee's Grid Code and~~ STC or such other standard of planning and operation as the Authority may approve from time to time and with which ~~the transmission licensee~~ licensees may be required to ~~adopt from time to time~~ comply (following consultation (where appropriate) with any authorised electricity operator liable to be materially affected thereby) and shall, in so doing, have regard to the system operator's obligations under standard condition C17 (Transmission system security standard and quality of service) to co-ordinate and direct the flow of electricity onto and over the GB transmission system.
2. The licensee shall at all times have in force a statement approved by the Authority setting out criteria by which the performance of the licensee in maintaining the ~~licensee's transmission system~~ security and availability and quality of service of the licensee's transmission system and, to the extent appropriate, the GB transmission system 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 paragraph 2 of this condition.
4. The Authority may (following consultation with the licensee and, where appropriate, any relevant authorised electricity operator) issue directions relieving the licensee of its obligations under paragraph 1 in respect of such parts of the licensee's transmission system and to such extent as may be specified in the directions.
5. The licensee shall give or send a copy of the documents (other than the STC) referred to in paragraph 1 (as from time to time revised) to the Authority.

² Based on special condition AA2 of NGC's licence as amended from 23 October 2003. SPT/SHETL equivalent special conditions H.

6. The licensee shall (subject to paragraph 7) give or send a copy of the documents (as from time to time revised) referred to in paragraph 5 to any person requesting the same.

7. The licensee may make a charge for any copy given or sent pursuant to paragraph 6 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in a direction issued by the Authority.

Condition D4A³: Obligations in relation to offers for connection

- 1. On notification by the system operator of receipt of an application for connection or for modification to an existing connection in accordance with paragraph 2 of standard condition C8 (Requirement to offer terms), the licensee shall as soon as practicable offer to enter into an agreement with the system operator and such offer shall make detailed provision regarding:**
 - (a) the carrying out of works (if any) on the licensee's transmission system required to connect the GB transmission 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 works (if any) on the licensee's transmission system in connection with the extension or reinforcement of the licensee's transmission system which is rendered (in the licensee's discretion) appropriate or necessary by reason of making the connection or modification to an existing connection to the GB transmission system and for the obtaining of any consents necessary for such purpose;**
 - (c) the date by which any works required on the licensee's transmission system to facilitate access to the GB transmission system (including for this purpose any works on the licensee's transmission system to reinforce or extend the licensee's transmission system shall be completed (time being of the essence unless otherwise agreed by the system operator);**
 - (d) such costs as may be directly or indirectly incurred in carrying out the works, the extension or reinforcement of the licensee's transmission system or the provision and installation, maintenance and repair or (as the case may be) removal following disconnection of any electric lines, electric plant or meters, which works are detailed in the offer;**

³ New condition.

(f) such further terms as are or may be appropriate for the purpose of the agreement; and

in providing such information, the licensee shall co-operate and co-ordinate its activities with other transmission licensees in accordance with the STC.

2. Subject to paragraph 4, the licensee shall, after receipt by the licensee of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer, offer terms in accordance with paragraph 1 above as soon as practicable and (except where the Authority consents to a longer period) in accordance with the time periods specified for this purpose in the STC.

3. The licensee shall not be obliged pursuant to this condition to offer to enter into or to enter into an agreement pursuant to this condition if to do so would be likely to involve the licensee:

(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 respects of the transmission business; or

(c) in breach of the conditions,

and where the licensee is not obliged pursuant to this condition to offer to enter into or to enter into an agreement with the system operator, the licensee shall notify the system operator of that fact (and of the fact that it does not intend to offer to enter into or to enter into an agreement pursuant to paragraph 1) as soon as practicable in accordance with the STC.

OPTION A

Condition ~~C7E~~. D4B: 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 (as the case may be) any authorised electricity operator or any person entitled or claiming to be entitled thereto pursuant to a request under standard condition C7D (Requirement to Offer Terms), the Authority may, pursuant to section 7(3)(c) of the Act and on application of such authorised electricity operator or such person or the licensee, settle any terms in dispute of the agreement to be entered into between the licensee and that authorised electricity operator or 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 authorised electricity operator or such person should pay to the licensee:~~

~~(i) in the case of use of system, use of system charges in accordance with paragraphs 1 and 6 of standard condition C7 (Charges for Use of System); or~~

~~(ii) in the case of connection charges in accordance with paragraphs 1 and 7 of standard condition C7B (Connection Charging Methodology);~~

~~(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 paragraph 5 of standard condition C7D (Requirement to Offer Terms);~~

~~(c) that any methods by which the licensee's transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the licensee's Grid Code and with the Distribution Code; and~~

⁴ Formerly standard condition C7E.

~~(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 C7D (Requirement to Offer Terms) should be in as similar a form as is practicable.~~

~~2.1.~~ Insofar as ~~any person entitled or claiming to be entitled to an offer under standard condition C7D (Requirement to Offer Terms)~~the system operator wishes to proceed on the basis of ~~an agreement~~a TO offer from the licensee as settled by the Authority pursuant to paragraph ~~1,2~~ of standard condition C9 (Functions of the Authority), the licensee shall forthwith enter into ~~such agreement~~an agreement with the system operator which fully reflects the TO offer as so settled.

~~3. — If in respect of any bilateral agreement or construction agreement to the licensee's transmission system entered into pursuant to standard condition C7D (Requirement to Offer Terms) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.~~

~~4. — Where the licensee is party to a relevant agreement for connection and/or use of system which is other than in conformity with the CUSC, if either the licensee or other party to such agreement for connection and/or use of system proposes to vary the contractual terms of such agreement in any manner provided for under such relevant agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard to the consideration that the terms so settled are, in so far as circumstances allow, similar to the equivalent terms in the CUSC.~~

~~5. — If the licensee and a CUSC user or other person party to a relevant agreement are in dispute as to whether:~~

~~(a) — use of system charges made, or to be made, conform with the statement of the use of system charges furnished under paragraphs 2(b) or 8 of standard~~

~~condition C7 (Charges for Use of System) which applied or applies in relation to the period in respect of which the dispute arises;~~

~~(b) connection charges made, or to be made, conform with the statement of the connection charging methodology furnished under paragraphs 4 or 10 of standard condition C7B (Connection Charging Methodology) which applied or applies in relation to the period in respect of which the dispute arises;~~

~~such dispute may be referred to the Authority for him to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, conformed with the relevant statement(s) furnished under standard condition C7 (Charges for Use of System), or whether, in the case of sub-paragraphs (b), the charges conformed with the relevant methodology.~~

~~6. For the purposes of this condition:~~

~~"relevant agreement"~~

~~means an agreement in respect of which paragraph 3 of standard condition 10C of the licensee's licence, as such applied immediately prior to 18 September 2001 had effect.~~

OPTION B

Condition ~~C7E~~, D4B: Functions of the Authority

1. If, ~~after a period which appears to~~ following any determination by the Authority ~~to be reasonable for~~ under paragraph 1 of standard condition C9 (Functions of the purpose, Authority) in relation to a failure by the ~~licensee has failed~~ system operator to enter into an agreement with ~~(as the case may be)~~ any authorised electricity operator or any person entitled to or claiming to be entitled thereto pursuant to a request under standard condition ~~C7D8~~ (Requirement to ~~Offer~~ offer Terms), a variation of any TO offer is required and a dispute as to such variation arises between the system operator and the licensee, the Authority may, pursuant to section 7(3)(c) of the Act and on application of ~~such authorised electricity~~ the system operator ~~or such person~~ or the licensee, settle any terms of the TO offer which are in dispute ~~of the agreement to be entered into between the licensee and that authorised electricity operator or 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 authorised electricity operator or such person should pay to the licensee:~~
 - (i) ~~in that an offer made by~~ the ~~case of use of system, use of system charges operator~~ in accordance with ~~paragraphs 1~~ standard condition C8 (Requirement to offer terms) must reflect the terms of any associated TO offer;
 - (ii) that the performance by the licensee of its obligations in relation to the TO offer should not cause the licensee to be in breach of those provisions referred to at paragraph 3 of standard condition D4A (Obligations in relation to offers for connection); and
 - (iii) that the performance by another transmission licensee of its obligations under any associated TO agreement should not cause that other transmission licensee

⁵ Formerly standard condition C7E.

to be in breach of those provisions referred to at paragraph 3 of standard condition D4A (Obligations in relation to offers for connection);

(iv) that the performance by the system operator of its obligations under agreement entered into pursuant to standard condition C8 (Requirement to offer terms) should not cause the system operator to be in breach of those provisions referred to at paragraph 6 of standard condition C8 (Requirement to offer terms); ~~7 (Charges for Use of System); or~~

~~(ii) in the case of connection charges in accordance with paragraphs 1 and 7 of standard condition C7B (Connection Charging Methodology);~~

~~(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 paragraph 5 of standard condition C7D (Requirement to Offer Terms);~~

(ev) that any methods by which the ~~licensee's~~ GB transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the ~~licensee's~~ Grid Code, the STC and ~~with~~ the Distribution Code; ~~and~~ .

~~(d) that the terms and conditions of the agreement so settled by~~

2. If an application is made in accordance with paragraph 1 above, the system operator shall:

(a) notify the Authority ~~and of~~ of:

(i) any other ~~agreements entered into by~~ TO offer which relates to the licensee pursuant to a request under standard condition C7D (Requirement to Offer Terms) should be in as similar a form as is practicable; offer which is the subject of that application;

(ii) any other transmission licensee (other than a transmission licensee who has made a TO offer) which the system operator knows or reasonably considers is or may be an affected transmission licensee for the purposes of the offer which is the subject of that application;

(b) notify each transmission licensee who has made an associated TO offer and any other transmission licensee which the system operator knows or reasonably considers is or may be an affected transmission licensee for these purposes of that TO offer of such application.

~~2.3.~~ Insofar as ~~any person entitled or claiming to be entitled to an offer under standard condition C7D (Requirement to Offer Terms)~~ the system operator wishes to proceed on the basis of ~~an agreement as a TO offer~~ settled by the Authority pursuant ~~to~~ to paragraph 1, the licensee shall ~~forthwith~~ enter into an agreement with the system operator which fully reflects such ~~agreement~~ TO offer as so settled.

~~3.~~ If in respect of any bilateral agreement or construction agreement to the licensee's transmission system entered into pursuant to standard condition C7D (Requirement to Offer Terms) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

~~4.~~ Where the licensee is party to a relevant agreement for connection and/or use of system which is other than in conformity with the CUSC, if either the licensee or other party to such agreement for connection and/or use of system proposes to vary the contractual terms of such agreement in any manner provided for under such relevant agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard to the consideration that the terms so settled are, in so far as circumstances allow, similar to the equivalent terms in the CUSC.

~~5.~~ If the licensee and a CUSC user or other person party to a relevant agreement are in dispute as to whether:

~~(a) use of system charges made, or to be made, conform with the statement of the use of system charges furnished under paragraphs 2(b) or 8 of standard~~

~~condition C7 (Charges for Use of System) which applied or applies in relation to the period in respect of which the dispute arises;~~

~~(b) connection charges made, or to be made, conform with the statement of the connection charging methodology furnished under paragraphs 4 or 10 of standard condition C7B (Connection Charging Methodology) which applied or applies in relation to the period in respect of which the dispute arises;~~

~~such dispute may be referred to the Authority for him to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, conformed with the relevant statement(s) furnished under standard condition C7 (Charges for Use of System), or whether, in the case of sub-paragraphs (b), the charges conformed with the relevant methodology.~~

~~6. For the purposes of this condition:~~

~~"relevant agreement"~~

~~means an agreement in respect of which paragraph 3 of standard condition 10C of the licensee's licence, as such applied immediately prior to 18 September 2001 had effect.~~

Condition D5¹. Prohibition on engaging in preferential or discriminatory behaviour

- 1. The licensee shall not unduly discriminate as between any persons or any class or classes of person or persons or unduly prefer itself or any affiliate or related undertaking over any other person or persons or any class or classes of person or persons:**
 - (a) in meeting its obligations under standard condition D2 (Obligation to provide transmission services);**
 - (b) in meeting its obligations under standard condition D3 (Transmission system security standard and quality of service)**
 - (c) in meeting its obligations under standard condition D4A (Obligations in relation to offers for connection); and**
 - (d) in meeting its obligations under standard condition B12 (System Operator - Transmission Owner Code).**

- 2. On notification by the Authority, the licensee shall keep and maintain such records concerning its compliance with this condition as are in the opinion of the Authority sufficient to enable the Authority to assess whether the licensee is complying with this condition and as are specified in any such notification, and the licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.**

¹ New condition.

Condition D6². Prohibition on selling electricity

- 1. The purpose of this condition is to prevent abuse by the licensee of its position as owner or operator of the licensee's transmission system.**
- 2. Except with the written consent of the Authority, the licensee shall not purchase or otherwise acquire electricity for the purpose of sale or other disposition to third parties except for the purpose of providing transmission services.**
- 3. In paragraph 2, the reference to purchase or other acquisition of electricity shall include entering into or acquiring the benefit of a contract conferring rights or obligations (including rights or obligations by way of option) in relation to or by reference to the sale, purchase or delivery of electricity at any time or the price at which electricity is sold or purchased at any time.**

² New condition.

~~PART IV. THE SPECIAL CONDITIONS~~SPECIALS. NGC

Special Condition ~~A1: Interpretation~~NGC A'. Definitions and interpretation

1. ~~Unless~~In these special conditions unless the context otherwise requires:

"interconnector(s)" means the electric lines and electrical plant and meters owned or operated by the licensee solely for the transfer of electricity to or from the GB transmission system into or out of Great Britain.

"interconnector(s) business" means the business of the licensee or any affiliate or related undertaking in the operation of any interconnector.

"transmission area" [].

~~2.~~ Subject to paragraph 1, unless the context otherwise requires, words and expressions used in the standard conditions of this licence shall bear the same meaning in these special conditions.

~~2.3.~~ Where a term is used in these special conditions and is also used in Section C of the standard conditions for electricity transmission licences then, unless the context otherwise requires, it shall have the same meaning in these special conditions as is ascribed to that term in Section C of the standard conditions.

~~3.4.~~ Any reference in these special conditions to:

- (a) a provision thereof;
- (b) a provision of the standard conditions of electricity transmission licences;
- (c) a provision of the standard conditions of electricity supply licences;

¹ Formerly special condition A1 in NGC's licence.

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

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

shall, if these 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 or the standard conditions in question as modified.

Special Condition NGC B². Activities restrictions

- 1. Subject to the provisions of paragraph 2 below (which are made in accordance with section 7(2A)(a) of the Act), the licensee is authorised by paragraph X of Part I of this licence to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.**
- 2. The licensee shall not, outside its transmission area, obtain or obtain access to any assets comprising part of the GB transmission system which are intended for the purpose of conveying electricity except from another transmission licensee.**

² New condition.

Special Condition NGC C³6. Pooling and Settlement Agreement ~~Runrun~~-off

~~1. The licensee shall continue to be a party to the Pooling and Settlement Agreement in its capacity as grid operator and ancillary services provider and will comply with that agreement for the purposes of run-off until the provisions of the BSC relating to run-off become effective.~~

~~2.1~~ The licensee shall maintain for a minimum period of six years such records in respect of the period before the effective time of:

- (a) generation sets and interconnector transfers available or declared as available;
- (b) offer prices (including separate elements thereof) of generation sets and interconnector transfers declared as available;
- (c) generation sets and interconnector transfers scheduled for despatch or despatched;
- (d) ancillary services called for by the licensee and provided;
- (e) kilowatt hours of electricity taken from the total system by any purchaser of electricity under the Pooling and Settlement Agreement; and
- (f) imports and exports of electricity across any interconnector

as shall be reasonably necessary to give effect to the settlement system operated under the Pooling and Settlement Agreement.

~~3.2~~ The licensee shall give or send to any person requesting the same, but in each case only in respect of any 28 day period before the effective time:

- (a) the bid prices (showing separately prices for start up, no-load heat and incremental heat rates) of each generation set and interconnector transfer offered in each period for which prices are bid over the preceding 28 days for despatch by any authorised electricity operator;

³ Formerly standard condition C6.

- (b) declared (and, where different, actual) availability of generation sets (on a set-by-set basis) or interconnector transfers offered for despatch over the preceding 28 days by any authorised electricity operator; and
- (c) the Pool Selling Price and the Pool Purchase Price as derived in respect of any period over the preceding 28 days pursuant to the terms of the Pooling and Settlement Agreement.

~~4.3.~~ The licensee may make a charge for the information given or sent pursuant to paragraph ~~3.2~~ to any person not otherwise entitled to the same under the terms of the Pooling and Settlement Agreement of an amount which shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.

~~5.4.~~ The licensee shall provide to the Authority such information as the Authority shall request concerning the merit order system or any aspect of its operation.

~~6.5.~~ The obligations of the licensee under this condition in relation to the period before the effective time shall continue notwithstanding any termination of the Pooling and Settlement Agreement on or after the effective time.

~~7.6.~~ In this condition:

"available" in relation to any generation set or interconnector transfer means a generation set or interconnector transfer which is both

(a) available in accordance with the licensee's Grid Code; and

(b) declared as available for the generation of electricity in accordance with the provisions of the Pooling and Settlement Agreement, ~~and~~.

"interconnector transfer"

means electricity generating capacity of an amount not exceeding the maximum capacity specified in any contract for use of the relevant interconnector as may at any time be available to generate electricity for transfer across the interconnector to the total system.

"licensee's Grid Code"

means the Grid Code which the licensee was required to have in force prior to the effective time by special condition 8 which was included in the licence granted or treated as granted under section 6(1)(b) of the Act.

"licensing scheme"

means the scheme made by the Secretary of State under section 110 and Schedule 17 to the Energy Act 2004.

"merit order system"

means a system applying in the period before the effective time and establishing economic precedence of electricity from available generation sets or interconnector transfers to be delivered or transferred to the total system (subject to other system needs).

~~"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).~~

"scheme effective date"

means the date on which the licensing scheme was made.

"total system"

shall have the meaning given in standard condition C1 (Interpretation of Section C) which was included in the licence granted or treated as granted under section 6(1)(b) of the Act immediately prior to the scheme effective date.

Special Condition AA1: NGC D⁴. Basis of Charges for Use of Interconnector interconnector(s) and Requirement to Offer Terms

1. Charges for use of interconnector (s) shall be set at a level which will enable the licensee to recover no more than a reasonable rate of return on the capital represented by the interconnector (s).
2. On application made by any person (and subject to constraints imposed by the capacity of any interconnector(s) and the amount of that capacity already contracted to third parties) the licensee shall (subject to paragraph 3) offer to enter into an agreement for use of interconnector(s) to convey across any interconnector(s) electricity to be provided by or on behalf of such person.
3. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into an agreement with any person if:
 - (a) to do so would be likely to involve the licensee
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of the conditions; or
 - (b) if the person making the application does not undertake to be bound by the terms of any code of general application or agreement made with the co-operator of any interconnector (s) governing the operation and maintenance of interconnector (s) approved for the time being by the Authority.
4. For the purposes of this condition:

"co-operator" means any person other than the licensee who owns assets which are used in conjunction with an interconnector (s) or who is able to exercise jointly with the licensee control over the use made of the interconnector (s);

⁴ Formerly special condition AA1 of NGC's licence.

Special Condition AA1A:–NGC E⁵. Non-discrimination in the Provisionprovision of Useuse of Interconnectorinterconnector(s)

1. In the provision of use of interconnector(s) the licensee shall not discriminate between any persons or class or classes of persons.
2. Without prejudice to paragraph 1, the licensee shall not make, provide, or offer to provide an agreement for use of interconnector(s) to any person or class or classes of persons on terms as to price which are materially more or less favourable than those on which it makes, provides or offers to provide an agreement for use of Interconnector(s) to any other comparable person or group of persons. For those purposes, due regard shall be had to the circumstances of provision, including volumes, conditions of interruptibility, and the date and duration of the agreement.
3. The licensee shall not in setting its charges for use of interconnector(s) restrict, distort or prevent competition in the transmission, supply, distribution or generation of electricity.
4. The licensee shall not be in breach of this condition where by reason of having previously granted use of interconnector(s), there is no further available capacity in respect of which to grant use of interconnector(s).

⁵ Formerly special condition AA1A of NGC's licence.

Special Condition AA1B: NGC F⁶. Functions of the Authority

1. Upon the application of any person wishing to question the terms of an agreement for use of interconnector(s) offered pursuant to special condition ~~AA1~~NGC D (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) or required to be offered under the terms of any agreement previously entered into for use of interconnector(s) by the person or persons entitled to use thereunder or upon application of the licensee, the Authority may, pursuant to section 7(3)(c) of the Act, settle any terms of the agreement in dispute between the licensee and that person or between such persons (as the case may be) in such manner as appears to the Authority to be reasonable having (~~in so far~~insofar as relevant) regard in particular to the following considerations:
 - (a) 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 paragraph 3 of special condition ~~AA1~~NGC D (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms); and
 - (b) 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 special condition ~~AA1~~NGC D (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) or the person or persons entitled to use of interconnector(s) under any agreement previously made with the licensee (as the case may be) should be, so far as circumstances allow, in as similar a form as practicable.
2. ~~In so far~~Insofar as any person entitled to an offer under special condition ~~AA1~~NGC D (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) wishes to proceed on the basis of the agreement as settled by the Authority, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.

⁶ Formerly special condition AA1B of NGC's licence.

Special Condition NGC G⁷. Prohibition on engaging in preferential or discriminatory behaviour

- 1. The licensee shall not, in meeting its obligations under this licence, unduly discriminate as between or unduly prefer any other transmission licensee or transmission licensees or unduly prefer itself over any other transmission licensee or transmission licensees.**
- 2. When determining whether to use or refrain from using services provided by another transmission licensee pursuant to that other transmission licensee's transmission licence, the licensee shall apply the same or equivalent factors (and shall, in applying such factors, take into account any information available to it) that it applies when considering whether to undertake (or to refrain from undertaking) equivalent activities in its transmission area.**
- 3. On notification by the Authority, the licensee shall keep and maintain such records concerning its compliance with this condition as are in the opinion of the Authority sufficient to enable the Authority to assess whether the licensee is complying with this condition and as are specified in any such notification, and the licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.**

⁷ New condition.

Special Condition NGC H⁸. Amended standard conditions for NGC

1. **Standard condition A1 (Definitions and interpretation) shall be amended by the addition of the following text between the definitions of "relinquishment of operational control" and "Retail Price Index":**

"remote transmission assets" means any electric lines, electrical plant or meters in England and Wales owned by the licensee which:

(a) are embedded in a distribution system of an authorised electricity operator within the ~~authorised~~transmission area of the licensee and are not directly connected by lines or plant owned by the licensee to a sub-station owned by the licensee and

(b) are z by agreement between the licensee and such authorised electricity operator z operated under the direction and control of such authorised electricity operator.

and the following text between the definitions of "Section D (transmission owner standard conditions) Direction" and "statutory accounts":

"separate business" means each of:

⁸ New condition.

(a) the transmission business of the licensee:

and

(b) the interconnector(s) business of the licensee,

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 part of such business of the licensee (and of any other affiliate or related undertaking) so as to form a single separate business.

2. Standard condition A1 (Definitions and interpretation) shall be amended as follows:

- (a) by the addition of the following text after "and includes" in the definition of "distribution system": "remote transmission assets (owned by the licensee within England and Wales) operated by such distributor and any";**
- (b) by the addition of the following text at the end of the definition of "GB transmission system": "but shall not include any remote transmission assets.";**

- (c) by the addition of the following text after "the transmission business" in paragraph (a) of the definition of "permitted purpose": "or the interconnector(s) business";
 - (d) in the definition of "transmission business":
 - (aa) the following text shall be added as sub-paragraph (i): "any other separate business"; and
 - (bb) the existing sub-paragraphs (i) and (ii) shall be renumbered as (ii) and (iii) respectively.
3. Standard condition B6 (Restriction on activity and financial ringfencing) shall be amended by the addition of the following text:
- (a) at the end of paragraph 1:

"and the interconnector(s) business.";
 - (b) at the end of paragraph 2(b):

"or the interconnector(s) business;"
 - (c) at the end of paragraph 4(a)(i):

"and the interconnector(s) business;"
 - (d) after "transmission business" and before "and business activities" in paragraph 4(b):

"and interconnector(s) business";
 - (e) after "transmission business" and before "as shown by" in paragraph 4(b)(i):

"and the interconnector(s) business"; and
 - (f) at the end of paragraph 4, after paragraph 4(d)(iii), insert a new paragraph as follows:

"less the sum of:

the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date."

4. Standard condition B7 (Availability of resources) shall be amended by the addition of the following text:

(a) after the words "transmission business" in paragraph 1(a), insert the words: "and the interconnector(s) business.";

(b) between "transmission business" and "including, without limitation," in paragraph 1(b):

"and the interconnector(s) business";

(c) between "transmission business" and "for a period of 12 months," in paragraph 2(a):

"and the interconnector(s) business";

(d) between "transmission business" and "for a period of twelve months" in paragraph 2(b):

"and the interconnector(s) business";

(e) after the words "transmission business" at the end of paragraph 2(b) insert the words "or the interconnector(s) business"; and

(f) between "transmission business" and "for a period of 12 months," in paragraph 2(c):

"and the interconnector(s) business".

Draft—Special Condition ~~AA12~~:NGC 1. Restriction on ~~Use~~use of ~~Information~~information deriving from the EnMo ~~Business~~business

1. The licensee shall procure that each ultimate holding company of the licensee which is also an ultimate holding company of EnMo (a "relevant ultimate holding company") shall give an undertaking in the form described in paragraph 5.
2. Without prejudice to the licensee's obligation under paragraph 1, any breach of the undertaking given pursuant to paragraph 1 shall be a breach by the licensee of the licence.
3. Any information, held by EnMo or any subsidiary or holding company of EnMo, or by any employee, agent, adviser, consultant, contractor, director or officer of EnMo or of any subsidiary or holding company of EnMo (each such legal or natural person being called an "Enmo source"), relating to volumes or prices of gas, electricity and related products or services, traded or to be traded in the course of EnMo business or relating to any of the parties to any such trade in relation thereto shall be confidential information (" EnMo confidential information").
4. Notwithstanding paragraph 3, the following information shall not fall within the definition of EnMo confidential information for the purpose of this ~~special~~ condition:-
 - (i) information which is in the public domain, other than through breach of the undertaking given pursuant to paragraph 1;
 - (ii) information solely in relation to trades by or on behalf of the licensee through the EnMo business (to the extent the same is properly disclosed to the licensee in the ordinary course of the EnMo business in compliance with all applicable laws, regulations and contracts);
 - (iii) information which is disclosed in accordance with the terms of any consent given by the Authority or by the person entitled to disclose it; or

⁹ Formerly special condition AA12 of NGC's licence as of 23 October 2002.

- (iv) information which EnMo is contractually obliged to provide to Transco plc pursuant to the Network Code or a contract entitled "Within Day Gas Market: Market Operator Appointment Contract dated 1 September 1999".
5. The licensee shall procure from each relevant ultimate holding company a legally enforceable undertaking in favour of the licensee that the relevant ultimate holding company shall use its best endeavours to ensure that no EnMo confidential information shall be disclosed to or otherwise howsoever come into the possession of the licensee whether directly or indirectly from an EnMo source. Such undertaking shall be obtained from each relevant ultimate holding company within seven (7) days of that company becoming a relevant ultimate holding company and shall remain in force so long as it remains a relevant ultimate holding company.
6. The licensee shall:
- (a) deliver to the Authority evidence (including a copy of the undertaking) that the licensee has complied with the obligation to procure the undertaking pursuant to this ~~special~~ condition;
 - (b) inform the Authority immediately in writing if the directors of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached or that there has been a change in identity of a relevant ultimate holding company; and
 - (c) comply with any direction from the Authority to enforce any such undertaking.
7. In the event that any EnMo confidential information comes into the possession of the licensee, the licensee shall ensure that such information shall be treated as confidential, and shall not be used in any respect for the purpose of or in connection with the management or operation of its transmission business.
8. In this ~~special~~ condition:
- "EnMo" means EnMo Limited, a company incorporated in England and Wales under the Companies Act 1985 (registered number

3751681) and having its registered office at 15 Marylebone Road, London, NW1 5JD.

"EnMo business"

means any business carried on by EnMo including, without limitation, the operation of the On-the-Day Commodity Market in gas operated by EnMo.

"information"

shall include, without limitation, any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic format and information in any form or medium whatsoever.

"Network Code"

has the meaning given in standard condition 1 of the gas transporter licence held by Transco plc.

"ultimate holding company"

shall mean any company or body corporate which is a holding company and is not itself a subsidiary of another company or body corporate.

Special Condition ~~C4~~NGC J¹⁰ NETA ~~Implementation~~implementation

1. The licensee shall comply with the programme implementation scheme established in accordance with paragraph 2, as modified from time to time in accordance with paragraph 4.
2. The programme implementation scheme shall be a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 3, 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.
3. 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, contracts, 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 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 of operations under the BSC, including the testing, trialling and start-up

¹⁰ Formerly standard condition C4.

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; and for dealing with run-off ~~as defined in paragraph 7 of standard condition C6 (Pooling and Settlement Agreement Run-Off)~~;
 - (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.
4. (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, other than provisions pursuant to paragraphs 3(g) and 7(a), 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 2.
- (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.
5. If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 3(a) and/or imposed on the licensee by paragraphs 1 and 4, and those imposed on the licensee by any other condition, the provisions of this condition shall prevail.

6. Without prejudice to paragraph 1, 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 by the Secretary of State pursuant to the powers vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).
7.
 - (a) The Authority may, in the circumstances specified in the programme implementation scheme, direct the licensee to modify the BSC in the manner indicated in the direction.
 - (b) The Authority shall not make any such direction after the effective time.

8. For the purposes of this condition:

"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).

Special Condition ~~AA1C~~: NGC K¹¹. Requests for ~~Transit~~transit

~~1.~~ In this condition:

~~"entity"~~ means any of the entities referred to in Article 3.1 of the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids ("the Directive");

~~"grid"~~ means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive;

~~"Member State"~~ means a Member State of the European Communities;

~~"transit"~~ means a transaction for the transport of electricity between grids where:

~~(a) the grid of origin or final destination is situated in a Member State; and~~

~~(b) the transport involves—~~

~~(i) the crossing of at least one frontier between Member States; and~~

~~(ii) the use of the licensee's transmission system and at least two other grids.~~

~~2.1.~~ Any entity applying in connection with transit for an agreement for use of system shall be treated for the purposes of standard conditions ~~C7C (Non-Discrimination)~~, ~~C7D (Prohibition on discrimination against users)~~, C8 (Requirement to ~~Offer~~offer ~~Terms~~terms) and ~~C7E9~~ (Functions of the Authority) as an authorised electricity operator.

~~3.2.~~ The licensee shall, after receiving in connection with transit for a minimum duration of one year an application by any entity for an agreement for -

¹¹ Formerly special condition AA1C of NGC's licence.

- (a) use of system;
- (b) connection to the ~~licensee's~~GB transmission system or modification to an existing connection; or
- (c) use of interconnector(s),

notify the Secretary of State, the Authority and the Commission of the European Communities without delay of the matters set out in paragraph ~~4~~3 below.

~~4.3.~~ The matters of which notification must be given are:

- (a) the application;
- (b) if an agreement has not been concluded within 12 months of the date of receipt of the application, the reasons for the failure to conclude it; and
- (c) the conclusion of the agreement, whether it is concluded before or after the expiry of the period mentioned in sub-paragraph (b) above.

~~5.4.~~ If, in relation to an application for transit by any entity, the Authority has been requested to exercise its powers under standard condition ~~C7E~~9 (Functions of the Authority) or special condition ~~AA1B~~NGC F (Functions of the Authority), the Authority may delay the exercise of its said powers until the terms have been considered by the body set up under Article 3.4 of the Directive and the Authority may give such weight to the opinion (if any) of that body as it thinks fit in exercising its said powers.

5. In this condition:

"Directive"

means the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids.

"entity"

means any of the entities referred to in Article 3.1 of the Directive.

<u>"grid"</u>	<u>means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive.</u>
<u>"Member State"</u>	<u>means a Member State of the European Communities.</u>
<u>"transit"</u>	<u>means a transaction for the transport of electricity between grids where:</u> <ul style="list-style-type: none"> <u>(a) the grid of origin or final destination is situated in a Member State; and</u> <u>(b) the transport involves -</u> <ul style="list-style-type: none"> <u>(i) the crossing of at least one frontier between Member States; and</u> <u>(ii) the use of the GB transmission system and at least two other grids.</u>

Special Condition 9 ~~NGC L¹²~~. **Change ~~Co~~co-ordination for the Utilities Act 2000**

1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.
2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.
3. For the purposes of this condition, "industry framework document" means, subject to paragraph 4 any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:
 - (a) the Pooling and Settlement Agreement;
 - (b) the Balancing and Settlement Code;
 - (c) the Master Connection and Use of System Agreement or the Connection and Use of System Code;
 - (d) the Settlement Agreement for Scotland;
 - (e) the Master Registration Agreement;
 - (f) the Date Transfer Services Agreement;
 - (g) the Radio Teleswitch Agreement;
 - (h) any Grid Code;
 - (i) any Distribution Code;
 - (j) the Trading Code;

¹² Formerly standard condition 9.

- (k) the Fuel Security Code;
 - (l) any agreement for use of an interconnector or Scottish interconnection; and
 - (m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.
4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.
5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given, for the purposes of this condition generally.

PART IV. SPECIAL CONDITIONSSPECIALS. SPT

Special Condition ~~A: Interpretation~~SPT A'. Definitions and interpretation

1. ~~Unless~~In these special conditions unless the context otherwise requires:

<u>"appropriate time"</u>	<u>for the purposes of special condition SPT D (Independence of and appointment of managing director of the transmission business) only, has the meaning given in that condition.</u>
<u>"competent authority"</u>	<u>for the purposes of special condition SPT C (Restriction on use of certain information) only, has the meaning given in that condition.</u>
<u>"confidential information"</u>	<u>for the purposes of special condition SPT C (Restriction on use of certain information) only, has the meaning given in that condition.</u>
<u>"Electricity Arbitration Association"</u>	<u>for the purposes of special condition SPT C (Restriction on use of certain information) only, has the meaning given in that condition.</u>
<u>"external distribution activities"</u>	<u>for the purposes of special condition SPT C (Restriction on use of certain information) only, has the meaning given in that condition.</u>
<u>"external transmission activities"</u>	<u>for the purposes of special condition SPT D (Independence of and appointment of managing director of the transmission business) only, has the meaning given in that condition.</u>

¹ Formerly special condition A in SPT's licence.

"transmission area"

[].

2. Subject to paragraph 1, unless the context otherwise requires, words and expressions used in the standard conditions of this licence shall bear the same meaning in these ~~Special~~special ~~Conditions~~conditions.

3. Where a term is used in these special conditions and is also used in Section D of the standard conditions for electricity transmission licences then, unless the context otherwise requires, it shall have the same meaning in these special conditions as is ascribed to that term in Section D of the standard conditions.

~~2.4.~~ Any reference in these ~~Special~~special ~~Conditions~~conditions to—:

- (a) a provision thereof;
- (b) a provision of the standard conditions of electricity transmission licences;
- (c) a provision of the standard conditions of electricity supply licences;
- (d) a provision of the standard conditions of electricity distribution licences;
- (e) a provision of the standard conditions of electricity generation licences;

shall, if these 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 or the standard conditions in question as modified.

Special Condition SPT B². Activities restrictions

- 1. Subject to paragraph 2, the licensee is authorised by paragraph X of Part I of this licence to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.**
- 2. In accordance with section 7(2A)(a) of the Act:**
 - (a) the licensee shall not co-ordinate or direct the flow of electricity onto or over the whole or any part of the GB transmission system except where required to do so by any other licence condition; and**
 - (b) the licensee shall not, outside its transmission area, make available assets comprising part of the GB transmission system which are intended for the purpose of conveying or affecting the flow of electricity.**

² New condition.

Special Condition ~~D3.~~ SPT C³. Restriction on ~~Use~~ of ~~Certain~~ Information

1. Any information relating to or deriving from the management or operation of the transmission business shall, for the purposes of this condition, be treated as confidential information.
2. The licensee shall not (and shall procure that its affiliates and related undertakings shall not) disclose or authorise access to confidential information:
 - (a) save to the extent provided by sub-paragraphs 3(b) to (ed), to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of any other business (whether or not a separate business) of the licensee; or
 - (b) save to the extent permitted by paragraph 3, to any other person.
3. Subject to paragraphs 9 to 12 of ~~standard~~ special condition SPT D3A (Independence of and ~~Appointment~~ appointment of ~~Managing~~ managing ~~Director~~ director of the ~~Transmission~~ transmission ~~Business~~ business), the licensee shall (and shall procure that its affiliates and related undertakings shall) disclose or authorise access to confidential information only:
 - (a) in the following circumstances, namely:
 - (i) to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities and require access to the information for that purpose;
 - (ii) to personnel of any holder of a distribution licence or a transmission licence holder engaged in the external distribution activities of that distribution licence holder, or the external transmission activities of

³ Formerly standard condition D3.

that transmission licence holder (as the case may be), to the extent necessary for the performance by such personnel of those external distribution activities, or those external transmission activities (as the case may be), and the use by such personnel of that information for that purpose;

provided that effective arrangements are maintained in place at all times for ensuring that no further disclosure of any information supplied or obtained pursuant to this paragraph is made and that such information is used only for the purpose of the transmission business or any external transmission activities of the licensee;

- (b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:
 - (i) any requirement of a competent authority;
 - (ii) the standard conditions of any licence granted [or taking effect as if granted](#) under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;
 - (iii) any other requirement of law; or
 - (iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;
- (c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential; or
- (d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain;
~~or~~
- ~~(e) where such information is required for the purposes of assisting other transmission licence holders, including in the case of the National Grid~~

~~Company ple in the capacity of the party who has been identified by the Minister for Energy as the party whose application to be GB System Operator the government is minded to accept, to prepare for and plan and develop the operation of a GB transmission system and such other matters as will facilitate the implementation of new arrangements relating to the trading and transmission of electricity in Great Britain designed~~

~~(i) to promote the creation of a single competitive wholesale electricity trading market, and~~

~~(ii) to introduce a single set of arrangements for access to and use of any transmission system in Great Britain;~~

and in each case the licensee shall disclose or authorise access to the confidential information only insofar as is necessary or appropriate in all the circumstances.

4. Subject to paragraphs 9 to 12 of ~~standard~~special condition ~~SPT_D3A~~ (Independence of and ~~Appointment~~appointment of ~~Managing~~managing ~~Director~~director of the ~~Transmission~~transmission ~~Business~~business), the licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with sub-paragraph 3(a) shall use such information only for the purposes of the transmission business or any external transmission activities.

5. In this condition

"competent authority"

means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of

	America or the European Community.
"confidential information"	bears the meaning given at paragraph 1.
"Electricity Arbitration Association"	means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.
"external distribution activities"	means any business of the licensee or any affiliate or related undertaking comprising or ancillary to the maintenance, repair or operation of, or other activities in connection with any electricity distribution or transmission system other than the licensee's distribution system ("an external distribution system").
"external transmission activities"	has the meaning given to that term in standard <u>special</u> condition SPT <u>D3A</u> (Independence of and Appointment <u>appointment</u> of Managing <u>managing</u> Director <u>director</u> of the Transmission <u>transmission</u> Business <u>business</u>) of this part of this licence.

Special Condition SPT D⁴3A. Independence of and Appointment of Managing Director of the Transmission Business

1. (a) The licensee shall establish and shall thereafter maintain the full managerial and operational independence of the transmission business and any external transmission activities from each other business (whether or not a separate business) of the licensee and of its affiliates and related undertakings.

(b) The licensee shall appoint an officer (hereafter referred to as "the Managing Director of Transmission") to be responsible for the conduct of the transmission business and any external transmission activities.

2. The Managing Director of Transmission may be a director:
 - (a) of the transmission licensee; or
 - (b) in the circumstances set out in paragraph 12 only, of the licensee and of an affiliate or related undertaking of the licensee which holds a distribution licence or a holding company only engaged in ownership or management of distribution or transmission businesses or both;

provided that the licensee shall ensure that the Managing Director of Transmission shall not be a director of any other affiliate or related undertaking of the licensee and that he shall not be engaged by the licensee in any other capacity than as Managing Director of Transmission.

3. The licensee shall arrange for the Managing Director of Transmission in the course of discharging his responsibility under paragraph 1 to be provided from time to time with:
 - (a) the services of such persons (as the Managing Director of Transmission may from time to time select), whose services:

⁴ Formerly standard condition D3A.

- (i) may be dispensed with at the sole discretion (subject to compliance with relevant UK employment legislation) of the Managing Director of Transmission; and
 - (ii) will only be utilised if such persons execute a contract of or for services containing an appropriate confidentiality clause regarding that information which may be acquired by such person whilst working for the transmission business and any external transmission activities;
- (b) such premises, systems, equipment, facilities, property, personnel, data and management resources; and
 - (c) such finance;

as may be reasonably required by the Managing Director of Transmission for the efficient and effective management and operation of the transmission business in accordance with the licensee's duty under section 9(2)(a) of the Act and the transmission licence.

4. The licensee shall direct the Managing Director of Transmission:

- (a) to inform the directors of the licensee, in writing, if, at any time, he is of the opinion that the provision of those items specified in paragraph 3 are not sufficient to enable the licensee to comply with its duties under section 9(2)(a) of the Act and the transmission licence; and
- (b) as soon as practicable after the end of the year 2001 and of each subsequent calendar year, to furnish to the directors of the licensee:
 - (i) an informative report on the provision of those matters made in respect of that year; and
 - (ii) a statement of his opinion whether adequate arrangements have been or are likely to be made for the provision of those matters which will be required in respect of the ensuing calendar year to enable the licensee to comply with those duties including, in particular, a description of

the differences in the provision of those matters made or likely to be made in that year compared with the provision made in respect of the preceding year and the reasons for those differences.

5. On receipt of any information under paragraph 4(a) or report and statement under paragraph 4(b), the licensee shall, subject to compliance with the listing rules (within the meaning of Part IV of the Financial Services Act 1986 (c.60)) of the Stock Exchange:
 - (a) give to the Authority forthwith that information or report and statement; and
 - (b) where such a report is received, publish it in such form and manner as the Authority may direct.

6. Except insofar as the Authority consents to the licensee doing so, the licensee shall only give directions to the Managing Director of Transmission as to the discharge of his responsibilities under paragraph 1:
 - (a) where:
 - (i) in the bona fide and reasonable opinion of the licensee the statutory, licence and contractual obligations of the licensee; or
 - (ii) in the bona fide opinion of the directors, their duties;so require; or
 - (b) to ensure compliance with paragraph 4.

7. The licensee shall give directions under sub- paragraph 6(a) by notice in writing, specifying in the notice the statutory, licence or contractual obligations of the licensee or duty of the directors of the licensee which require the licensee to give directions, which notice shall be copied to the Authority.

8. Except in so far as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraph 9 below, ensure that:

- (a) no business of the licensee (or of any affiliate or related undertaking of the licensee), other than the transmission business or any external transmission activities, may use or have access to:
 - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the transmission business or any external transmission activities; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities; and
- (b) it can and does, insofar as is legally possible, prevent any person who has ceased to be engaged in, or in respect of, the management or operation of the transmission business from being engaged in, or in respect of, the activities of any other business of the licensee (or of any affiliate or related undertaking of the licensee) until the expiry of an appropriate time from the date on which he ceased to be engaged by the transmission business.

9. The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under ~~standard~~special condition ~~D3~~SPT_C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information) and under paragraphs 1(a), 2 and 8 of this condition, to such extent and subject to such terms and conditions as he may specify in that direction, where:

- (a) it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
- (b) in the case of paragraphs 2 to 4 of ~~standard~~special condition ~~D3~~SPT_C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information), a failure to comply with any aspect of those obligations would be of a trivial nature; or
- (c) in the case of paragraphs 1(a) and 8 of this condition, any arrangements for the use of or access to premises, systems, equipment, facilities, property or personnel by both the transmission business and any other business of the licensee (or of any affiliate or related undertaking of the licensee):
 - (i) do not involve a cross-subsidy being either given to the transmission business by such other business or received from the transmission business by such other business;
 - (ii) obtain for the transmission business, in the most efficient and economical manner possible, the use of the relevant premises, systems, equipment, facilities, property or personnel; and
 - (iii) do not restrict, distort or prevent competition in the generation or supply of electricity,

provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC.

10. Where, subsequent to the issue of a direction pursuant to paragraph 9, the criteria set out at sub-paragraphs 9(a), (b) or (c) cease to be satisfied, the Authority may withdraw the direction or modify any terms and conditions which may be specified in it.
11. For the purposes of paragraphs 9 and 10 the Authority shall, following consultation with the licensee, determine any question as to whether the criteria set out at ~~sub-paragraphs~~subparagraphs 9(a), (b) or (c) are or continue to be satisfied.

12. If the Authority is requested to issue any direction pursuant to paragraph 9 relating to the transmission business being managed or operated by the licensee together with any distribution business then that direction may provide that for the purposes of this condition and of ~~standard~~special condition ~~D3~~SPT_C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information) the transmission business shall be taken to include any such distribution business and for the Managing Director of Transmission to take part in the management of and/or to be a director of any company carrying on any such distribution business.

13. In this condition:

"appropriate time" means 3 months, or such shorter period as the Authority may approve in respect of any person or class of persons.

"external transmission activities" means any business of the licensee or any affiliate or related undertaking of the licensee comprising or ancillary to the maintenance, repair or operation in an emergency of any electricity distribution ~~or~~system or any part of the GB transmission system other than the licensee's transmission system.

Special Condition D3B SPT E⁵. Appointment of Compliance Officer

1. The licensee shall prepare a statement in a form approved by the Authority setting out the practices, procedures and systems which the licensee has adopted (or intends to adopt) to ensure its compliance with the relevant duties.
2. The licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once every year during which this licence is in force, review such statement in order that the information set out therein shall continue to be accurate in all material respects.
3. The licensee shall send a copy of the statement prepared in accordance with paragraph 1, and of each revision of such statement in accordance with paragraph 2, to the Authority.
4. The licensee shall, following consultation with the Authority, appoint a competent person (who shall be known as the "Compliance Officer") for the purpose of facilitating compliance by the licensee with the relevant duties.
5. The licensee shall at all times engage the services of the Compliance Officer for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purposes specified at paragraph 4, which duties and tasks shall include those set out at paragraph 8.
6. The licensee shall procure that the Compliance Officer:
 - (a) is provided with such staff, premises, equipment, facilities and other resources; and
 - (b) has such access to its premises, systems, information and documentationas, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

⁵ Formerly standard condition D3B.

7. The licensee shall make available to the Compliance Officer a copy of any complaint or representation received by it from any person in relation to any of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 1.
8. The duties and tasks assigned to the Compliance Officer shall include:
 - (a) providing relevant advice and information to the licensee for the purpose of ensuring its compliance with the Relevant Duties;
 - (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 1;
 - (c) investigating any complaint or representation made available to him in accordance with paragraph 7;
 - (d) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
 - (e) providing relevant advice and information to the licensee for the purpose of ensuring its effective implementation of:
 - (i) the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and
 - (ii) any remedial action recommended in accordance with sub-paragraph (d); and
 - (f) reporting annually to the directors of the licensee - in respect of the year ending 31 December 2001 and of each subsequent year - as to his activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to him by the licensee.
9. As soon as is reasonably practicable following each annual report of the Compliance Officer, the licensee shall produce a report:
 - (a) as to its compliance during the relevant year with the relevant duties; and

- (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1.
10. The report produced in accordance with paragraph 9 shall in particular:
- (a) detail the activities of the Compliance Officer during the relevant year;
 - (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and
 - (c) set out the details of any investigations conducted by the Compliance Officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations.
11. The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 9, and shall give or send a copy of the report to any person who requests such a copy.
12. In this condition:
- "relevant duties" means the obligations set out in ~~standard~~special condition ~~D3~~SPT_C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information).

Special Condition SPT F⁶. Amended standard conditions for SPT

- 1. Standard condition B1 (Regulatory accounts) shall be amended by the addition of the following text at the beginning of paragraph 6:**

"6. Unless the Authority otherwise consents (such consent may be given in relation to some or all of the obligations in this condition and may be given subject to such conditions as the Authority considers appropriate), ...".

- 2. Standard condition D1 (Interpretation of Section D) shall be amended by the addition of the following text:**

"separate business"

means each or any of:

- (a) any supply business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;**
- (b) any distribution business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;**
- (c) any generation business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee.**

⁶ New condition.

Special Condition ~~AA1C~~: SPT G⁷. Requests for ~~Transit~~transit

~~1.~~ ~~In this condition:~~

~~"entity" means any of the entities referred to in Article 3.1 of the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids ("the Directive");~~

~~"grid" means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive;~~

~~"Member State" means a Member State of the European Communities;~~

~~"transit" means a transaction for the transport of electricity between grids where:~~

~~(a) the grid of origin or final destination is situated in a Member State; and~~

~~(b) the transport involves—~~

~~(i) the crossing of at least one frontier between Member States; and~~

~~(ii) the use of the licensee's transmission system and at least two other grids.~~

~~2.1.~~ Any entity applying in connection with transit for an agreement for use of system shall be treated for the purposes of standard conditions ~~C7C~~ (~~Non-Discrimination~~), ~~C7D~~Prohibition on discrimination against users, ~~C8~~ (Requirement to ~~Offer~~offer Termsterms) and ~~C7E9~~ (Functions of the Authority) as an authorised electricity operator.

~~3.2.~~ The licensee shall, after receiving in connection with transit for a minimum duration of one year an application by any entity for an agreement for -

⁷ Formerly special condition AA1C of NGC's licence.

- (a) use of system;
- (b) connection to the ~~Heensee's~~GB transmission system or modification to an existing connection; or
- (c) use of interconnector(s),

notify the Secretary of State, the Authority and the Commission of the European Communities without delay of the matters set out in paragraph ~~4~~3 below.

~~4.3.~~ The matters of which notification must be given are:

- (a) the application;
- (b) if an agreement has not been concluded within 12 months of the date of receipt of the application, the reasons for the failure to conclude it; and
- (c) the conclusion of the agreement, whether it is concluded before or after the expiry of the period mentioned in sub-paragraph (b) above.

~~5.4.~~ If, in relation to an application for transit by any entity, the Authority has been requested to exercise its powers under standard condition ~~C7E9~~ (Functions of the Authority) or special condition ~~AA1B~~NGC F (Functions of the Authority), the Authority may delay the exercise of its said powers until the terms have been considered by the body set up under Article 3.4 of the Directive and the Authority may give such weight to the opinion (if any) of that body as it thinks fit in exercising its said powers.

5. In this condition:

"Directive"

means the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids.

"entity"

means any of the entities referred to in

Article 3.1 of the Directive.

"grid"

means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive.

"Member State"

means a Member State of the European Communities.

"transit"

means a transaction for the transport of electricity between grids where:

(a) the grid of origin or final destination is situated in a Member State; and

(b) the transport involves -

(i) the crossing of at least one frontier between Member States; and

(ii) the use of the GB transmission system and at least two other grids.

Special Condition 9, SPT H⁸. Change Co-ordination for the Utilities Act 2000

1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.
2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.
3. For the purposes of this condition, "industry framework document" means, subject to paragraph 4 any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:
 - (a) the Pooling and Settlement Agreement;
 - (b) the Balancing and Settlement Code;
 - (c) the Master Connection and Use of System Agreement or the Connection and Use of System Code;
 - (d) the Settlement Agreement for Scotland;
 - (e) the Master Registration Agreement;
 - (f) the Date Transfer Services Agreement;
 - (g) the Radio Teleswitch Agreement;
 - (h) any Grid Code;
 - (i) any Distribution Code;

⁸ Formerly standard Condition 9.

- (j) the Trading Code;
 - (k) the Fuel Security Code;
 - (l) any agreement for use of an interconnector of Scottish interconnection; and
 - (m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.
4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.
5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given, for the purposes of this condition generally.

PART IV. SPECIAL CONDITIONS SPECIALS. SHETL

Special Condition ~~A: Interpretation~~ SHETL A'. Definitions and interpretation

1. ~~Unless~~ In these special conditions unless the context otherwise requires:

"appropriate time" for the purposes of special condition SHETL D (Independence of and appointment of managing director of the transmission business) only, has the meaning given in that condition.

"competent authority" for the purposes of special condition SHETL C (Restriction on use of certain information) only, has the meaning given in that condition.

"confidential information" for the purposes of special condition SHETL C (Restriction on use of certain information) only, has the meaning given in that condition.

"Electricity Arbitration Association" for the purposes of special condition SHETL C (Restriction on use of certain information) only, has the meaning given in that condition.

"external distribution activities" for the purposes of special condition SHETL C (Restriction on use of certain information) only, has the meaning given in that condition.

"external transmission activities" for the purposes of special condition SHETL D (Independence of and appointment of managing director of the transmission business) only, has the meaning given in that condition.

⁹ Formerly special condition A in SHETL's licence.

"transmission area"

[].

2. Subject to paragraph 1, unless the context otherwise requires, words and expressions used in the standard conditions of this licence shall bear the same meaning in these ~~Special~~special ~~Conditions~~conditions.

3. Where a term is used in these special conditions and is also used in Section D of the standard conditions for electricity transmission licences then, unless the context otherwise requires, it shall have the same meaning in these special conditions as is ascribed to that term in Section D of the standard conditions.

~~2.4.~~ Any reference in these ~~Special~~special ~~Conditions~~conditions to:-

- (a) a provision thereof;
- (b) a provision of the standard conditions of electricity transmission licences;
- (c) a provision of the standard conditions of electricity supply licences;
- (d) a provision of the standard conditions of electricity distribution licences;
- (e) a provision of the standard conditions of electricity generation licences;

shall, if these 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 or the standard conditions in question as modified.

Special Condition SHETL B¹⁰. Activities restrictions

- 1. Subject to paragraph 2, the licensee is authorised by paragraph X of Part I of this licence to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.**
- 2. In accordance with section 7(2A)(a) of the Act:**
 - (a) the licensee shall not co-ordinate or direct the flow of electricity onto or over the whole or any part of the GB transmission system except where required to do so by any other licence condition; and**
 - (b) the licensee shall not, outside its transmission area, make available assets comprising part of the GB transmission system which are intended for the purpose of conveying or affecting the flow of electricity.**

¹⁰ New condition.

Special Condition ~~D3~~-SHETL C¹¹. Restriction on ~~Use~~ of ~~Certain~~ Information information

1. Any information relating to or deriving from the management or operation of the transmission business shall, for the purposes of this condition, be treated as confidential information.
2. The licensee shall not (and shall procure that its affiliates and related undertakings shall not) disclose or authorise access to confidential information:
 - (a) save to the extent provided by sub-paragraphs 3(b) to (ed), to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of any other business (whether or not a separate business) of the licensee; or
 - (b) save to the extent permitted by paragraph 3, to any other person.
3. Subject to paragraphs 9 to 12 of ~~standard~~special condition SHETL_D3A (Independence of and ~~Appointment~~appointment of ~~Managing~~managing ~~Director~~director of the ~~Transmission~~transmission ~~Business~~business), the licensee shall (and shall procure that its affiliates and related undertakings shall) disclose or authorise access to confidential information only:
 - (a) in the following circumstances, namely:
 - (i) to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities and require access to the information for that purpose;
 - (ii) to personnel of any holder of a distribution licence or a transmission licence holder engaged in the external distribution activities of that distribution licence holder, or the external transmission activities of

¹¹ Formerly standard condition D3.

that transmission licence holder (as the case may be), to the extent necessary for the performance by such personnel of those external distribution activities, or those external transmission activities (as the case may be), and the use by such personnel of that information for that purpose;

provided that effective arrangements are maintained in place at all times for ensuring that no further disclosure of any information supplied or obtained pursuant to this paragraph is made and that such information is used only for the purpose of the transmission business or any external transmission activities of the licensee;

- (b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:
 - (i) any requirement of a competent authority;
 - (ii) the standard conditions of any licence granted [or taking effect as if granted](#) under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;
 - (iii) any other requirement of law; or
 - (iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;
- (c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential; or
- (d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain;
~~or~~
- ~~(e) where such information is required for the purposes of assisting other transmission licence holders, including in the case of the National Grid~~

~~Company ple in the capacity of the party who has been identified by the Minister for Energy as the party whose application to be GB System Operator the government is minded to accept, to prepare for and plan and develop the operation of a GB transmission system and such other matters as will facilitate the implementation of new arrangements relating to the trading and transmission of electricity in Great Britain designed~~

~~(i) to promote the creation of a single competitive wholesale electricity trading market, and~~

~~(ii) to introduce a single set of arrangements for access to and use of any transmission system in Great Britain;~~

and in each case the licensee shall disclose or authorise access to the confidential information only insofar as is necessary or appropriate in all the circumstances.

4. Subject to paragraphs 9 to 12 of ~~standard~~special condition ~~SHETL_D3A~~ (Independence of and ~~Appointment~~appointment of ~~Managing~~managing ~~Director~~director of the ~~Transmission~~transmission ~~Business~~business), the licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with sub-paragraph 3(a) shall use such information only for the purposes of the transmission business or any external transmission activities.

5. In this condition

"competent authority"

means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United

	Kingdom, the United States of America or the European Community.
"confidential information"	bears the meaning given at paragraph 1.
"Electricity Arbitration Association"	means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.
"external distribution activities"	means any business of the licensee or any affiliate or related undertaking comprising or ancillary to the maintenance, repair or operation of, or other activities in connection with any electricity distribution or transmission system other than the licensee's distribution system ("an external distribution system").
"external transmission activities"	has the meaning given to that term in standard <u>special</u> condition <u>SHETL_D3A</u> (Independence of and Appointment <u>appointment</u> of Managing <u>managing</u> Director <u>director</u> of the Transmission <u>transmission</u> Business <u>business</u>) of this part of this licence.

Special Condition SHETL D¹²3A. Independence of and Appointment of Managing Director of the Transmission Business

1. (a) The licensee shall establish and shall thereafter maintain the full managerial and operational independence of the transmission business and any external transmission activities from each other business (whether or not a separate business) of the licensee and of its affiliates and related undertakings.

(b) The licensee shall appoint an officer (hereafter referred to as "the Managing Director of Transmission") to be responsible for the conduct of the transmission business and any external transmission activities.

2. The Managing Director of Transmission may be a director:
 - (a) of the transmission licensee; or
 - (b) in the circumstances set out in paragraph 12 only, of the licensee and of an affiliate or related undertaking of the licensee which holds a distribution licence or a holding company only engaged in ownership or management of distribution or transmission businesses or both;

provided that the licensee shall ensure that the Managing Director of Transmission shall not be a director of any other affiliate or related undertaking of the licensee and that he shall not be engaged by the licensee in any other capacity than as Managing Director of Transmission.

3. The licensee shall arrange for the Managing Director of Transmission in the course of discharging his responsibility under paragraph 1 to be provided from time to time with:
 - (a) the services of such persons (as the Managing Director of Transmission may from time to time select), whose services:

¹² Formerly standard condition D3A.

- (i) may be dispensed with at the sole discretion (subject to compliance with relevant UK employment legislation) of the Managing Director of Transmission; and
 - (ii) will only be utilised if such persons execute a contract of or for services containing an appropriate confidentiality clause regarding that information which may be acquired by such person whilst working for the transmission business and any external transmission activities;
- (b) such premises, systems, equipment, facilities, property, personnel, data and management resources; and
- (c) such finance;

as may be reasonably required by the Managing Director of Transmission for the efficient and effective management and operation of the transmission business in accordance with the licensee's duty under section 9(2)(a) of the Act and the transmission licence.

4. The licensee shall direct the Managing Director of Transmission:

- (a) to inform the directors of the licensee, in writing, if, at any time, he is of the opinion that the provision of those items specified in paragraph 3 are not sufficient to enable the licensee to comply with its duties under section 9(2)(a) of the Act and the transmission licence; and
- (b) as soon as practicable after the end of the year 2001 and of each subsequent calendar year, to furnish to the directors of the licensee:
 - (i) an informative report on the provision of those matters made in respect of that year; and
 - (ii) a statement of his opinion whether adequate arrangements have been or are likely to be made for the provision of those matters which will be required in respect of the ensuing calendar year to enable the licensee to comply with those duties including, in particular, a description of

the differences in the provision of those matters made or likely to be made in that year compared with the provision made in respect of the preceding year and the reasons for those differences.

5. On receipt of any information under paragraph 4(a) or report and statement under paragraph 4(b), the licensee shall, subject to compliance with the listing rules (within the meaning of Part IV of the Financial Services Act 1986 (c.60)) of the Stock Exchange:
 - (a) give to the Authority forthwith that information or report and statement; and
 - (b) where such a report is received, publish it in such form and manner as the Authority may direct.

6. Except insofar as the Authority consents to the licensee doing so, the licensee shall only give directions to the Managing Director of Transmission as to the discharge of his responsibilities under paragraph 1:
 - (a) where:
 - (i) in the bona fide and reasonable opinion of the licensee the statutory, licence and contractual obligations of the licensee; or
 - (ii) in the bona fide opinion of the directors, their duties;so require; or
 - (b) to ensure compliance with paragraph 4.

7. The licensee shall give directions under sub- paragraph 6(a) by notice in writing, specifying in the notice the statutory, licence or contractual obligations of the licensee or duty of the directors of the licensee which require the licensee to give directions, which notice shall be copied to the Authority.

8. Except in so far as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraph 9 below, ensure that:

- (a) no business of the licensee (or of any affiliate or related undertaking of the licensee), other than the transmission business or any external transmission activities, may use or have access to:
- (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the transmission business or any external transmission activities; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities; and
- (b) it can and does, insofar as is legally possible, prevent any person who has ceased to be engaged in, or in respect of, the management or operation of the transmission business from being engaged in, or in respect of, the activities of any other business of the licensee (or of any affiliate or related undertaking of the licensee) until the expiry of an appropriate time from the date on which he ceased to be engaged by the transmission business.

9. The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under ~~standard~~special condition ~~D3~~SHETL C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information) and under paragraphs 1(a), 2 and 8 of this condition, to such extent and subject to such terms and conditions as he may specify in that direction, where:

- (a) it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
- (b) in the case of paragraphs 2 to 4 of ~~standard~~special condition ~~D3~~SHETL C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information), a failure to comply with any aspect of those obligations would be of a trivial nature; or
- (c) in the case of paragraphs 1(a) and 8 of this condition, any arrangements for the use of or access to premises, systems, equipment, facilities, property or personnel by both the transmission business and any other business of the licensee (or of any affiliate or related undertaking of the licensee):
 - (i) do not involve a cross-subsidy being either given to the transmission business by such other business or received from the transmission business by such other business;
 - (ii) obtain for the transmission business, in the most efficient and economical manner possible, the use of the relevant premises, systems, equipment, facilities, property or personnel; and
 - (iii) do not restrict, distort or prevent competition in the generation or supply of electricity,

provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC.

10. Where, subsequent to the issue of a direction pursuant to paragraph 9, the criteria set out at sub-paragraphs 9(a), (b) or (c) cease to be satisfied, the Authority may withdraw the direction or modify any terms and conditions which may be specified in it.
11. For the purposes of paragraphs 9 and 10 the Authority shall, following consultation with the licensee, determine any question as to whether the criteria set out at ~~sub-paragraphs~~subparagraphs 9(a), (b) or (c) are or continue to be satisfied.

12. If the Authority is requested to issue any direction pursuant to paragraph 9 relating to the transmission business being managed or operated by the licensee together with any distribution business then that direction may provide that for the purposes of this condition and of ~~standard~~special condition ~~D3~~SHETL C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information) the transmission business shall be taken to include any such distribution business and for the Managing Director of Transmission to take part in the management of and/or to be a director of any company carrying on any such distribution business.

13. In this condition:

"appropriate time" means 3 months, or such shorter period as the Authority may approve in respect of any person or class of persons.

"external transmission activities" means any business of the licensee or any affiliate or related undertaking of the licensee comprising or ancillary to the maintenance, repair or operation in an emergency of any electricity distribution ~~or~~system or any part of the GB transmission system other than the licensee's transmission system.

Special Condition D3B¹³SHETL E¹³. Appointment of Compliance Officer

1. The licensee shall prepare a statement in a form approved by the Authority setting out the practices, procedures and systems which the licensee has adopted (or intends to adopt) to ensure its compliance with the relevant duties.
2. The licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once every year during which this licence is in force, review such statement in order that the information set out therein shall continue to be accurate in all material respects.
3. The licensee shall send a copy of the statement prepared in accordance with paragraph 1, and of each revision of such statement in accordance with paragraph 2, to the Authority.
4. The licensee shall, following consultation with the Authority, appoint a competent person (who shall be known as the "Compliance Officer") for the purpose of facilitating compliance by the licensee with the relevant duties.
5. The licensee shall at all times engage the services of the Compliance Officer for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purposes specified at paragraph 4, which duties and tasks shall include those set out at paragraph 8.
6. The licensee shall procure that the Compliance Officer:
 - (a) is provided with such staff, premises, equipment, facilities and other resources; and
 - (b) has such access to its premises, systems, information and documentation

¹³ Formerly standard condition D3B.

as, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

7. The licensee shall make available to the Compliance Officer a copy of any complaint or representation received by it from any person in relation to any of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 1.
8. The duties and tasks assigned to the Compliance Officer shall include:
 - (a) providing relevant advice and information to the licensee for the purpose of ensuring its compliance with the Relevant Duties;
 - (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 1;
 - (c) investigating any complaint or representation made available to him in accordance with paragraph 7;
 - (d) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
 - (e) providing relevant advice and information to the licensee for the purpose of ensuring its effective implementation of:
 - (i) the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and
 - (ii) any remedial action recommended in accordance with sub-paragraph (d); and
 - (f) reporting annually to the directors of the licensee - in respect of the year ending 31 December 2001 and of each subsequent year - as to his activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to him by the licensee.

9. As soon as is reasonably practicable following each annual report of the Compliance Officer, the licensee shall produce a report:
 - (a) as to its compliance during the relevant year with the relevant duties; and
 - (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1.

10. The report produced in accordance with paragraph 9 shall in particular:
 - (a) detail the activities of the Compliance Officer during the relevant year;
 - (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and
 - (c) set out the details of any investigations conducted by the Compliance Officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations.

11. The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 9, and shall give or send a copy of the report to any person who requests such a copy.

12. In this condition:

"relevant duties" means the obligations set out in ~~standard~~special condition ~~D3~~SHETL C (Restriction on ~~Use~~use of ~~Certain~~certain ~~Information~~information).

Special Condition SHETL F¹⁴. Amended standard conditions for SHETL

- 1. Standard condition B1 (Regulatory accounts) shall be amended by the addition of the following text at the beginning of paragraph 6:**

"6. Unless the Authority otherwise consents (such consent may be given in relation to some or all of the obligations in this condition and may be given subject to such conditions as the Authority considers appropriate), ...".

- 2. Standard condition D1 (Interpretation of Section D) shall be amended by the addition of the following text:**

"separate business"

means each or any of:

(a) any supply business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;

(b) any distribution business of (i) the licensee or (ii) an affiliate or related undertaking of the licensee;

(c) any generation business (i) the licensee or (ii) an affiliate or related undertaking of the licensee.

¹⁴ New condition.

Special Condition ~~AA1C~~: SHETL G¹⁵. Requests for ~~Transit~~transit

~~1.~~ ~~In this condition:~~

~~"entity" means any of the entities referred to in Article 3.1 of the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids ("the Directive");~~

~~"grid" means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive;~~

~~"Member State" means a Member State of the European Communities;~~

~~"transit" means a transaction for the transport of electricity between grids where:~~

~~(a) the grid of origin or final destination is situated in a Member State; and~~

~~(b) the transport involves—~~

~~(i) the crossing of at least one frontier between Member States; and~~

~~(ii) the use of the licensee's transmission system and at least two other grids.~~

~~2.1.~~ Any entity applying in connection with transit for an agreement for use of system shall be treated for the purposes of standard conditions ~~C7C (Non-Discrimination)~~, ~~C7D (Prohibition on discrimination against users)~~, C8 (Requirement to ~~Offer~~offer ~~Terms~~terms) and ~~C7E9~~ (Functions of the Authority) as an authorised electricity operator.

~~3.2.~~ The licensee shall, after receiving in connection with transit for a minimum duration of one year an application by any entity for an agreement for -

¹⁵ Formerly special condition AA1C of NGC's licence.

- (a) use of system;
- (b) connection to the ~~licensee's~~GB transmission system or modification to an existing connection; or
- (c) use of interconnector(s),

notify the Secretary of State, the Authority and the Commission of the European Communities without delay of the matters set out in paragraph 43 below.

4.3. The matters of which notification must be given are:

- (a) the application;
- (b) if an agreement has not been concluded within 12 months of the date of receipt of the application, the reasons for the failure to conclude it; and
- (c) the conclusion of the agreement, whether it is concluded before or after the expiry of the period mentioned in sub-paragraph (b) above.

5.4. If, in relation to an application for transit by any entity, the Authority has been requested to exercise its powers under standard condition C7E9 (Functions of the Authority) or special condition AA1BNGC F (Functions of the Authority), the Authority may delay the exercise of its said powers until the terms have been considered by the body set up under Article 3.4 of the Directive and the Authority may give such weight to the opinion (if any) of that body as it thinks fit in exercising its said powers.

5. In this condition:

"Directive"

means the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids.

"entity"

means any of the entities referred to in

Article 3.1 of the Directive.

"grid"

means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive.

"Member State"

means a Member State of the European Communities.

"transit"

means a transaction for the transport of electricity between grids where:

(a) the grid of origin or final destination is situated in a Member State; and

(b) the transport involves -

(i) the crossing of at least one frontier between Member States; and

(ii) the use of the GB transmission system and at least two other grids.

Special Condition 9, SHETL H¹⁶. Change Co-ordination for the Utilities Act 2000

1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.
2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.
3. For the purposes of this condition, "industry framework document" means, subject to paragraph 4 any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:
 - (a) the Pooling and Settlement Agreement;
 - (b) the Balancing and Settlement Code;
 - (c) the Master Connection and Use of System Agreement or the Connection and Use of System Code;
 - (d) the Settlement Agreement for Scotland;
 - (e) the Master Registration Agreement;
 - (f) the Date Transfer Services Agreement;
 - (g) the Radio Teleswitch Agreement;
 - (h) any Grid Code;
 - (i) any Distribution Code;

¹⁶ Formerly standard condition 9.

- (j) the Trading Code;
 - (k) the Fuel Security Code;
 - (l) any agreement for use of an interconnector of Scottish interconnection; and
 - (m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.
4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.
5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given, for the purposes of this condition generally.