

Annex 2

RELEVANT DEFINITIONS

- “BETTA”** *[To be defined broadly as the arrangements relating to the trading and transmission of electricity in Great Britain which are provided for in Chapter 1 of Part 3 of the Energy Bill;]*
- “BETTA go-live date”** *[It is currently anticipated that the BETTA go-live date will be 1 April 2005. The actual BETTA go-live date will be signalled by the Secretary of State. This term will be defined by reference to the date which the Secretary of State signals as the BETTA go-live date].*
- “Codes”** means¹ the CUSC, BSC, Grid Code, STC and any Scottish grid code;
- “licensee”** means the holder of a licence granted under the Act;
- “Scottish grid code”** means the grid code which any transmission licensee other than the system operator is obliged to maintain pursuant to its licence;
- “transitional arrangements”** means the arrangements which are in place or which are necessary or appropriate to effect a timely and successful transition from the arrangements for the trading and transmission of electricity which apply in England and Wales and Scotland at the start of the transition period to the arrangements for the trading and transmission of electricity which are to apply under BETTA on and from the BETTA go-live date;

¹ This term may be defined differently for different licences. The above suggested definition represents its widest possible meaning.

“transition period”

means the period beginning on the date upon which this condition has effect in the licensee’s licence and ending on the BETTA go-live date.

“transition provisions”

means those provisions of the licensee’s licence and the Codes which are concerned with or relevant to the transition from the existing arrangements for the trading and transmission of electricity in England and Wales and in Scotland to the arrangements for the trading and transmission of electricity which are to apply under BETTA on and from the BETTA go-live date.

Condition for inclusion in all electricity licences

1. The licensee shall take such steps and do such things as are within its power and as are or may be necessary or expedient in order to give full and timely effect to:

- (a) the modifications:
 - (i) to this licence made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);
 - (ii) to the BSC, CUSC, Grid Code and the Scottish Grid Code which are designated by the Secretary of State on or before *[insert relevant date]* pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence; and
 - (iii) to the Codes which are directed by the Authority pursuant to the provisions of *[insert cross-reference to relevant licence provisions]*; and

[(b) the provisions of the STC,]²

and shall, in each case, take such steps and do such things as are within its power and as are or may be necessary or expedient to give full and timely effect to the matters envisaged by such modifications [or the STC, as appropriate]^{3, 4}

² This part of this condition will only be included in transmission licences.

³ This text will only be relevant to transmission licences.

⁴ It is intended that, in respect of certain obligations, licensees should be in a position to comply with them, at and from go-live, as if those obligations had applied to each relevant licensee for a period prior to go-live.

2. Without prejudice to paragraph 1, the licensee shall:
- (a) cooperate with other licensees and such other persons as the Authority may determine for these purposes and take such steps and do such things as are reasonable and within its power and as are or may be necessary or expedient to enable such licensees to comply with their licence obligations to give full and timely effect to:
 - (i) the modifications made to their licence by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);
 - (ii) the modifications to the BSC, CUSC, Grid Code and the Scottish Grid Code designated by the Secretary of State on or before *[insert relevant date]* pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence;
 - (iii) the modifications to the Codes which are directed by the Authority pursuant to the provisions of *[insert cross-reference to relevant licence provisions]*; and
 - (iv) where that other licensee is a transmission licensee, the provisions of the STC, andthe matters envisaged by such modifications and the provisions of the STC, as appropriate.
 - (b) in the event that the licensee becomes aware of any conflict between its compliance with the provisions of this condition and its compliance with any other condition of this licence or any Code, document or agreement to which the licensee is obliged to be or become a party pursuant to this licence, the licensee shall forthwith send written notice

of such conflict to the Authority and shall comply with any direction of the Authority in relation to the same.

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

Provision to be included in NGC's licence

1. In complying with its obligations under condition [*insert cross reference to condition for inclusion in all electricity licences*] and without prejudice to the provisions of that condition, the licensee shall keep the transitional arrangements under review and shall:
 - (a) identify any matters which are not, at the relevant time, addressed in or by the transition provisions contained in this licence, the CUSC, the Grid Code, the BSC or the STC but which should, in the licensee's opinion, be addressed in such transition provisions and, where the licensee identifies any such matter, submit full details of such matter (including full details of how, in the licensee's opinion, such matter should be addressed and reflected in the transition provisions) to the Authority;
 - (b) where it is notified by another person that, in that other person's view, the transition provisions need to be amended or extended in some way, give due consideration to the contents of such notification and, where:
 - (i) the licensee agrees with that other person, submit full details of such matter (including full details of how, in the licensee's opinion, such matter should be addressed and reflected in the transition provisions) to the Authority; or
 - (ii) the licensee does not agree with that other person, submit to the Authority details of the matter raised by that other person, together with details of why, in the licensee's view, the transition provisions need not be amended to take account of such matter.

Provision to be included in TOs' licences

1. In complying with its obligations under condition [*insert cross reference to generic transition licence obligation*] and without prejudice to the provisions of that condition, the licensee shall keep the transitional arrangements under review and shall:
 - (a) identify any matters which are not, at the relevant time, addressed in or by the transition provisions contained in this licence, the Grid Code, the Scottish grid code or the STC but which should, in the licensee's opinion, be addressed in such transition provisions and, where the licensee identifies any such matter, submit full details of such matter (including full details of how, in the licensee's opinion, such matter should be addressed and reflected in the transition provisions) to the Authority;
 - (b) where it is notified by another person that, in that other person's view, the transition provisions need to be amended or extended in some way, give due consideration to the contents of such notification and, where:
 - (i) the licensee agrees with that other person, submit full details of such matter (including full details of how, in the licensee's opinion, such matter should be addressed and reflected in the transition provisions) to the Authority; or
 - (ii) the licensee does not agree with that other person, submit to the Authority details of the matter raised by that other person, together with details of why, in the licensee's view, the transition provisions need not be amended to take account of such matter.

RELEVANT DEFINITIONS

- “BETTA”** *[To be defined broadly as the arrangements relating to the trading and transmission of electricity in Great Britain which are provided for in Chapter 1 of Part 3 of the Energy Bill.]*
- “BETTA go-live date”** *[It is currently anticipated that the BETTA go-live date will be 1 April 2005. The actual BETTA go-live date will be signalled by the Secretary of State. This term will be defined by reference to the date which the Secretary of State signals as the BETTA go-live date].*
- “Codes”** means the CUSC, BSC, Grid Code, STC and any Scottish grid code;
- “non-GB trading and transmission arrangements”** means those arrangements for, amongst other things, the trading and transmission of electricity in Scotland and the separate trading and transmission of electricity in England and Wales which are defined and governed by, amongst other things, the relevant documents;
- “relevant documents”** means the documents which relate to the non-GB trading and transmission arrangements, including, without limitation, those listed in Annex 1;
- “running off”** means bringing to a complete or partial end;

“Scottish grid code”

means the grid code which any transmission licensee other than the system operator is obliged to maintain pursuant to its licence.

BETTA run-off arrangements scheme

1. The licensee shall comply with the BETTA run-off arrangements scheme made or to be made in accordance with this condition, as the same may be modified from time to time in accordance with this condition.
2. The principal objective of the BETTA run-off arrangements scheme shall be the running-off of the non-GB trading and transmission arrangements to the extent the same is considered necessary or appropriate to ensure that those arrangements do not prevent or in any way hinder the successful and effective implementation of the modifications:
 - (a) to this licence and each other licence made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);
 - (b) to the BSC, CUSC, Grid Code and the Scottish Grid Code which are designated by the Secretary of State on or before *[insert relevant date]* pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to this or any other licence; and
 - (c) to the Codes which are directed by the Authority pursuant to the provisions of *[insert cross-reference to relevant licence provisions]*; and,the matters envisaged by such modifications.
3. The BETTA run-off arrangements scheme shall be a scheme designated by the Secretary of State for the purposes of this condition, which scheme may provide that some or all of its provisions shall have contractual force, and shall set out the steps to be taken (or procured) by the licensee or by any authorised electricity operator or by any other person who undertakes to comply with that scheme, which are, in the opinion of the Secretary of State or, in respect of any subsequent changes made to the scheme by the Authority pursuant to

paragraph 5 below, in the opinion of the Authority, necessary or appropriate in order to achieve the principal objectives described in paragraph 2.

4. The BETTA run-off arrangements scheme may include, without limitation, provisions:
 - (a) to secure or facilitate the amendment of all or any of the relevant documents in a manner which is consistent with the principal objectives; and
 - (b) for the making by the Authority of determinations in respect of such matters affecting such persons, including the licensee, as may be specified in the BETTA run-off arrangements scheme.
5. The Authority may (with the consent of the Secretary of State) direct that the BETTA run-off arrangements scheme be amended (following such consultation with such persons, and in such manner, as the Authority deems appropriate) where it considers it appropriate for the purposes of achieving the principal objective described in paragraph 2.
6. The Authority shall serve a copy of any such direction on the licensee, and thereupon, the licensee shall comply with the scheme as modified by the direction.
7. The licensee shall forthwith upon becoming aware of the same, notify to the Authority any conflict between the requirements contained in the BETTA run-off arrangements scheme and those imposed on the licensee by any other condition of this licence.
8. The Authority shall not make any such direction under this condition after the BETTA go-live date.

ANNEX 1 RELEVANT DOCUMENTS

Use of Interconnector Agreement (Scotland) 1994

Interconnector Administrator Agreement

Interconnector Error Administrator Agreement

Error Agreement

Scottish Interconnection Agreement

Interconnector User Agreements

System Operation Agreement

British Grid System Agreement

Use of System Agreements

Connection Agreements

[SAS]

Joint Operating Agreements -

Auxiliary Service Agreement

Construction Agreements

Moyle Interconnector Agreements

Special Condition I: The Settlement Agreement for Scotland

1. ~~The~~¹Subject to paragraph 5 below, the² licensee shall use its best endeavours, in conjunction and co-operation with SP Distribution Limited:
 - (a) to establish, or to procure the establishment by a third party of, a system (the “settlement system”) which shall - to the extent required to facilitate the proper functioning of arrangements established in accordance with Special Condition H (Arrangements relating to supplies to premises within the licensee's distribution services area), or as otherwise agreed by the licensee and SP Distribution Limited- fulfil the objects set out at paragraph 2;
 - (b) subsequently to operate and maintain, or to procure the subsequent operation and maintenance by a third party of, the settlement system;
 - (c) to prepare (or procure the preparation of) a form of agreement, to be known as the Settlement Agreement for Scotland, which shall contain terms on which the settlement system will be made available and shall comply with the other requirements of this Condition; and
 - (d) to offer (or procure that a third party offers) to make available the settlement system, pursuant to and in accordance with the Settlement Agreement for Scotland, to any person applying for the use of such system who is an electricity supplier or portfolio generator or is otherwise an appropriate user of the system in accordance with the objects set out at paragraph 2.

2. The objects set out at this paragraph are:
 - (a) to enable electricity suppliers, other than Scottish Power Energy Retail Limited and SSE Energy Supply Limited, to have their volumetric purchases of electricity from portfolio generators and from parties to the Balancing and Settlement Code correctly allocated to them;
 - (b) to enable electricity suppliers, other than Scottish Power Energy Retail Limited and SSE Energy Supply Limited, and portfolio generators, other than Scottish Power Generation Limited and SSE Generation Limited, to have their volumetric residual electricity requirements and provisions correctly allocated to them;
 - (c) to enable electricity suppliers to have their volumetric supplies of electricity to customers correctly allocated to them;
 - (d) to facilitate the calculation of accurate information regarding the aggregate amount of electricity provided to Scottish Power Energy Retail Limited by Scottish Power Generation Limited in its capacity as a portfolio generator and to SSE Energy Supply Limited by SSE Generation Limited in its capacity as a portfolio generator;

- (e) to provide for such other matters ancillary to those specified in subparagraphs (a) to (d) as are or may be appropriate to facilitate competition in electricity supply in Scotland.
3. ~~The~~³[Subject to paragraph 5 below, the](#)⁴ Settlement Agreement for Scotland shall provide - to the extent required to facilitate the proper functioning of arrangements established in accordance with Special Condition H (Arrangements relating to supplies to premises within the licensee's distribution services area), or as otherwise agreed by the licensee and SP Distribution Limited- for the fulfilment of the objects set out at paragraph 2, and shall also comprise provisions (which shall require to be approved in advance by the Authority):
- (a) which relate to the level and method of recovery of charges payable by parties to the Settlement Agreement for Scotland in respect of the establishment, operation and maintenance of the settlement system, such charges to be set so as to reflect the Authority's estimate of the reasonable costs of efficiently establishing, operating and maintaining such a system;
 - (b) which provide for the variation of the Settlement Agreement for Scotland following consultation with the parties, or representatives of the parties, to that agreement; and
 - (c) by virtue of which the whole or (following consultation with representatives of all of the parties to the agreement) specified parts of the Settlement Agreement for Scotland shall not be capable of variation without the prior approval of the Authority.
4. ~~The~~⁵[Subject to paragraph 5, the](#)⁶ licensee shall be a party to and shall comply with the provisions of the Settlement Agreement for Scotland.
5. ⁷[The Authority may \(with the consent of the Secretary of State and following consultation with the licensee and such other persons as the Authority determines appropriate\) where it considers it consistent with, or necessary or expedient for, the successful implementation and operation of BETTA¹⁸, issue directions relieving the licensee of such of its obligations under this condition \(whether in part or in whole\) as the Authority deems appropriate.](#)¹⁰
6. ~~5.~~¹¹ In this Condition:
- “portfolio generator” means any person who:
- (a) is authorised to generate electricity and owns or operates a generating station situated in Scotland; or
 - (b) is authorised to generate or supply electricity and is contracted to purchase the output of one or more generating stations situated in Scotland.

¹ [To be defined as “the British trading and transmission arrangements which are provided for in Chapter 1 of Part 3 of the Energy Bill”.](#)⁹