

Note:

- 1** This document illustrates the proposed modifications to the distribution licences which it is anticipated the Secretary of State will make in exercise of her powers under Chapter 1 of Part 3 of the Energy Act 2004 (save that this document does not show deleted conditions).
- 2** The text of the proposed modifications to the distribution licences which it is anticipated the Secretary of State will make (“proposed designation text”) is contained in a number of annexes (the “Annexes”) which are also being published on this website today. (It is anticipated that annexes in the same form as the Annexes will form part of the direction from the Secretary of State to modify the distribution licences).
- 3** The attached document, which is being made available for information purposes only, is intended to illustrate the proposed designation text in the context of the relevant licence conditions. It should not, however, be relied upon in any consideration of the proposed modifications, for which reference should be made to the proposed designation text referred to at paragraph 2 above.
- 4** There may be differences between the way the proposed modifications are illustrated in the attached documents and the way the proposed designation text is expressed in the Annexes. Any differences are unintentional and may be due to the software used to produce the attached documents.

DISTRIBUTION LICENCE: TRANSITIONAL PROVISIONS

Condition 1. Definitions and Interpretation

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

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

under section 6 or by exemption granted under section 5 of the Act.

"authorised electricity operator" means any person (other than the licensee) who is authorised to generate, participate in the transmission of, distribute, or supply electricity and shall include any person who has made an application to be so authorised which application has not been refused and any person transferring electricity to or from or across an interconnector or Scottish interconnection or who has made an application for use of an interconnector or Scottish interconnection which has not been refused.

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

"BETTA" means the British electricity trading and transmission arrangements which are provided for in Chapter I of Part 3 of the Energy Act.

"BETTA go-live date" means the date which the Secretary of State indicates in a direction shall be the BETTA go-live date.

"British Grid Systems Agreement" for the purposes of standard condition 30B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.

"BSC" for the purposes of Section B only, has the meaning given in standard condition 10 (Balancing and Settlement Code and NETA Implementation).

"BSC Framework Agreement" for the purposes of standard condition 10 (Balancing and Settlement Code and NETA

	Implementation) only, has the meaning given in that condition.
"bilateral agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"charge restriction conditions"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"charging review date"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"competent authority"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"confidential information"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"connection charges"	means charges made or levied, or to be made or levied, by the licensee for the provision of connections or the modification or retention of existing connections to the licensee's distribution system at entry or exit points, whether or not such charges or any part of them are annualised, and may include, as appropriate, costs relating to any of the matters that are mentioned in paragraph 5 of standard condition 4B (Connection Charging Methodology).
"connection charging"	means the principles on which and the methods by

methodology"	which, for the purposes of achieving the objectives referred to in paragraph 3 of standard condition 4B (Connection Charging Methodology), connection charges are determined.
"consolidated distribution business"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"construction agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"Consumer Council"	means the Gas and Electricity Consumer Council as established under section 2 of the Utilities Act 2000.
"convenience customers"	means customers supplied or requiring to be supplied at any premises which are (i) connected to the licensee's distribution system; and (ii) situated within the distribution services area of a distribution services provider other than the licensee.
"core industry documents"	for the purposes of standard conditions 10 (Balancing and Settlement Code and NETA Implementation) and 11 (Change Co-ordination for NETA) only, has the meaning given in standard condition 10; and for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"cross-default obligation"	for the purposes of standard condition 47 (Indebtedness) only, has the meaning given in that condition.

"current cost assets"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"CUSC"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"CUSC Framework agreement"	for the purposes of standard condition 26 (Compliance with CUSC) only, has the meaning given in that condition.
"customer"	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain, but shall not include any authorised electricity operator in its capacity as such.
"data aggregation"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"data processing"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"data retrieval"	has the meaning given in standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"data transfer service"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"declared net capacity"	means, in relation to generation plant, the highest generation of electricity at the main alternator terminals which can be maintained for an

indefinite period of time without causing damage to the plant, less so much of that capacity as is consumed by the plant.

"disposal"

for the purposes of standard condition 29 (Disposal of Relevant Assets) only, has the meaning given in that condition.

"distribution arrangements"

has the meaning given in standard condition 25 (Long Term Development Statement).

"distribution business"

means a business of the licensee, or in relation to sub-paragraphs (a) and (b) below, and except to the extent otherwise specified by the authority in a direction to the licensee, any business of any affiliate or related undertaking of the licensee comprising:

- (a) the distribution of electricity through the licensee's distribution system, including any business in providing connections to such system;
- (b) the provision of the services specified in sub-paragraphs (c) and (d) of paragraph 1 of standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services); and
- (c) the provision of the services specified in sub-paragraphs (a) and (b) of paragraph 1 of standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services),

or any business ancillary thereto.

"Distribution Code"	means a distribution code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) and approved by the Authority as revised from time to time with the approval of the Authority.
"distribution licence"	means a distribution licence granted or treated as granted under section 6(1)(c) of the Act.
"distribution services area"	has the meaning given at sub-paragraph 5(b) of standard condition 2 (Application of Section C (Distribution Services Obligations)).
"Distribution Services Direction"	has the meaning given in standard condition 2 (Application of Section C (Distribution Services Obligations)).
"distribution services provider"	means a licensed distributor in whose licence Section C has effect.
"distribution system"	means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points (and bulk supply points in Scotland) to the points of delivery to customers or authorised electricity operators or any transmission company within Great Britain in its capacity as operator of a transmission system and includes any remote transmission assets (owned by a transmission licensee within England and Wales) operated by such distributor and any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not include any

	part of a transmission system.
"distributor metering and dataservices"	for the purposes of Section C only, has the meaning given in paragraph 9 of standard condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services).
"domestic customer"	means a customer supplied or requiring to be supplied with electricity at domestic premises (but excluding such customer in so far as he is supplied or requires to be supplied at premises other than domestic premises).
"domestic premises"	means premises at which a supply is taken wholly or mainly for domestic purposes.
"Electricity Arbitration Association"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"electricity supplier"	means any person authorised to supply electricity.
"estimated costs"	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"existing connection"	means, in relation to any premises, an existing connection to the licensee's distribution system which does not require modification, or a new or modified connection to such system in respect of which all works have been completed, such that in either case electricity is able to be supplied to the premises in accordance with the terms of the relevant supply agreement.

"external distribution activities"	for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.
"financial year"	subject to standard condition 42A (Change of Financial Year) (where applicable), means a period of 12 months beginning on 1 April of each year and ending on 31 March of the following calendar year.
"Fuel Security Code"	for the purposes of Section B only, has the meaning given in standard condition 16 (Security Arrangements).
"GB transmission system"	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees within Great Britain and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee 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 generation set.
"Grid Code"	means the Grid Code which each transmission company is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority <u>a grid code that a transmission licensee is required to have in place</u>

[pursuant to its transmission licence.](#)

"grid supply point"	means any point at which electricity is delivered from a transmission system to any distribution system.
the "handbook"	for the purposes of standard condition 42 (Regulatory Accounts) only, has the meaning given in that condition.
"holding company"	means a company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
"indebtedness"	for the purposes of standard condition 47 (Indebtedness) only, has the meaning given in that condition.
"information"	includes any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic form and information in any form or medium whatsoever (whether or not prepared specifically at the request of the Authority or the Consumer Council) of any description specified by the Authority.
"interconnection"	means: the 275 kV and 400 kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the associated switchgear at Strathaven sub-station in Lanarkshire; the 275 kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and the 400 kV transmission circuit between and

including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

all as existing at the date on which the transmission licence comes into force as from time to time maintained, repaired or renewed, together with any alteration, modification or addition (other than maintenance, repair or renewal) which is primarily designed to effect a permanent increase in one or more particular interconnection capacities as they exist immediately prior to such alteration, modification or addition and as from time to time maintained, repaired or renewed; and

the 132 kV transmission circuit between and including (and directly connecting) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria; and

the 132 kV transmission circuit between and including (and connecting, via Junction V) the associated switchgear at Chapelcross and the associated switchgear at Harker sub-station in Cumbria

all as existing at the date on which the transmission licence comes into force and as from time to time maintained, repaired or renewed.

"interconnector(s)"

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

"investment"	for the purposes of Section C only, has the meaning given in standard condition 43 (Restriction on Activity and Financial Ring Fencing).
"investment grade issuer credit rating"	for the purposes of Section C only, has the meaning given in standard condition 46 (Credit Rating of Licensee).
"licensed distributor"	means any holder of a distribution licence.
"licensee's Distribution Code"	means the distribution code required to be prepared by the licensee pursuant to standard condition 9 (Distribution Code) and approved by the Authority as revised from time to time with the approval of the Authority.
"licensee's distribution system"	means the distribution system owned or operated by the licensee.
"Master Registration Agreement"	means the agreement of that title referred to and comprising such matters as are set out in standard condition 14 (Provision of the Metering Point Administration Service and Compliance with the Master Registration Agreement) and standard condition 37 (The Metering Point Administration Service and the Master Registration Agreement).
"metering equipment"	includes any electricity meter and any associated equipment which materially affects the operation of that meter.
"Metering Point Administration Service"	means the service to be established, operated and maintained by the licensee in accordance with standard condition 14 (Provision of the Metering Point Administration Service and Compliance

with the Master Registration Agreement).

"metering point administration services"

means the services of the Metering Point Administration Service established in accordance with standard condition 14 (Provisions of the Metering Point Administration Service and Compliance with the Master Registration Agreement) or where the context requires, in accordance with standard condition 37 (The Metering Point Administration Service and the Master Registration Agreement).

"Metering Point Administration Service operator"

has the meaning given in standard condition 38 (Establishment of a Data Transfer Service).

"non-GB trading and transmission arrangements"

for the purposes of standard condition 30B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.

"non-domestic customer"

means a customer who is not a domestic customer.

"other Distribution Codes"

means the distribution codes which the holder(s) of a distribution licence (other than the licensee) are required to draw up and have approved by the Authority pursuant to standard condition 9 (Distribution Code) of their distribution licence, as from time to time revised with the approval of the Authority.

"owned"

in relation to an electricity meter or other property includes leased and cognate expressions shall be construed accordingly.

"participating interest"

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

"permitted purpose"	for the purposes of Section C only, has the meaning given in standard condition 32 (Interpretation of Section C (Distribution Services Obligations)).
"Pooling and Settlement Agreement"	means the agreement of that title approved by the Secretary of State as from time to time amended.
"regulatory instructions and guidance"	for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.
"related undertaking"	in relation to the licensee means any undertaking in which the licensee has a participating interest.
"relevant asset"	means any asset for the time being forming part of the licensee's distribution system, any control centre for use in conjunction therewith, and any legal or beneficial interest in land upon which any of the foregoing is situate (which for the purposes of property located in Scotland means any estate, interest, servitude or other heritable or leasehold right in or over land including any leasehold interests or other rights to occupy or use and any contractual or personal rights relating to such property or the acquisition thereof).
<u>"relevant documents"</u>	<u>for the purposes of standard condition 30B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.</u>
"relevant duties"	for the purposes of standard condition 40 (Appointment of a Compliance Officer) only, has the meaning given in that condition.
"relevant proportion"	for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the

meaning given in that condition.

"relevant year"

for the purposes of standard condition 3 (Payments by the Licensee to the Authority) only, has the meaning given in that condition; and for the purposes of standard condition 48 (Last Resort Supply: Payment Claims) only, has the meaning given in that condition.

"relinquishment of operational control"

for the purposes of standard condition 29 (Disposal of Relevant Assets) only, has the meaning given in that condition.

"remote transmission assets"

means any electric lines, electrical plant or meters in England and Wales owned by a transmission company ("the owner transmission company") which:

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

"running-off"

for the purposes of standard condition 30B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.

"Scottish grid code"

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

"Scottish interconnection"

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

"Secretary of State's costs"

for the purposes of standard condition 3 (Payments by Licensee to the Authority) only, has the meaning given in that condition.

"Section C (system operator standard conditions) Direction"

means a direction issued by the Authority or the Secretary of State, where appropriate, in accordance with standard condition A2 (Application of Section C) of the standard conditions for electricity transmission licences.

"separate business"

for the purposes of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) only, has the meaning given in that condition.

the "scheme"

for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.

"Settlement Agreement for Scotland"

has the meaning given in standard condition 12 (Settlement Agreement for Scotland).

"settlement purposes"

means for the purposes of settlement as set out in the Balancing and Settlement Code or the Settlement Agreement for Scotland.

"specified information"

for the purposes of standard condition 49 (Incentive Scheme and Associated Information) only, has the meaning given in that condition.

"standby"	means the periodic or intermittent supply or sale of electricity:
	(a) to an authorised electricity operator to make good any shortfall in the availability of electricity to that operator for the purposes of its supply of electricity to persons seeking such supply; or
	(b) to a customer of the licensee to make good any shortfall between the customer's total supply requirements and that met either by its own generation or by electricity supplied by an electricity supplier other than the licensee.
"statutory accounts"	means the accounts that the licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989).
"subsidiary"	means a subsidiary within the meanings of sections 736, 736 A and 736B of the Companies Act 1985.
"supply licence"	means a supply licence granted or treated as granted under section 6(1)(d) of the Act.
<u>"System Operation Agreement"</u>	<u>for the purposes of standard condition 30B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.</u>
"system operator"	means the holder for the time being of a transmission licence in relation to which licence the Authority or the Secretary of State, where appropriate, 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).

"top-up"

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

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

"trading code"

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

"transmission company"

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

"transmission licence"

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

"transmission licensee"

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

"transmission system"

means a system consisting (wholly or mainly) of high voltage electric lines owned or operated by a transmission company and used for the transmission of electricity from one generating station to a sub-station or to another generating

station, or between sub-stations or to or from any interconnector or Scottish interconnection in question and in relation to Scotland including any interconnector and Scottish interconnection, and includes any electrical plant and meters owned or operated by the transmission company in connection with the transmission of electricity but shall not include any remote transmission assets.

"ultimate controller"

means:

(a) a holding company of the licensee which is not itself a subsidiary of another company; and

(b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the licensee or any holding company of the licensee by virtue of:

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

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

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

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

that paragraph.

"undertaking"	has the meaning given by section 259 of the Companies Act 1985.
"unmetered supply"	means a supply of electricity to premises which is not, for the purpose of calculating the charges for electricity supplied to the customer at such premises, measured by metering equipment.
"use of system"	means use of the licensee's distribution system for the distribution of electricity by the licensee for any person.
"use of system charges"	means charges made or levied, or to be made or levied, by the licensee for the provision of services as part of the distribution business to any person, as more fully described in standard condition 4 (Use of System Charging Methodology) and 4A (Charges for Use of System), but does 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 3 of standard condition 4 (Use of System Charging Methodology), use of system charges are determined.

2. Any words or expressions used in the Utilities Act 2000, Part I of the Act or the Energy Act 2004 shall, unless the contrary intention appears, have the same meanings when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter)

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

4. These standard conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "him", "his", "who" and "whom", and cognate expressions shall be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these standard conditions to -
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity supply licences, or
 - (c) a provision of the standard conditions of electricity generation licences,
 - (d) a provision of the standard conditions of electricity transmission licences,shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or the other standard conditions in question as modified.
7. In construing these standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that standard condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(c) of the Act (whenever granted) which incorporates it.
9. Where any obligation of the licence is required to be performed by a specified date or time, or within a specified period, and where the licensee has failed so to

perform, such obligation shall continue to be binding and enforceable after the specified date or time, or after the expiry of the specified period (but without prejudice to all the rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or time, or within that period).

10. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case -
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.

11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all distribution licences). Where:
 - (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated:
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Distribution Services Obligations));
 - (b) any definition which is used in Sections A and B is also used in one or more other Sections:
 - (i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and

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

Condition 12. Settlement Agreement for Scotland

1. [Subject to paragraph 2, in](#) so far as the licensee shall distribute or offer to distribute electricity within any area of Scotland or to the extent that the Settlement Agreement for Scotland may apply in respect of the activities of the distribution business, the licensee shall comply with the relevant provisions of the Settlement Agreement for Scotland.
2. [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 BETTA, issue directions relieving the licensee of such of its obligations under this condition \(whether in part or in whole\) as the Authority deems appropriate.](#)
3. [In this condition:](#)

"Settlement Agreement for Scotland" means the agreement of that title, as nominated by the Authority for the purposes of this condition, to be prepared in accordance with and comprise such matters as are set out in special condition I (The Settlement Agreement for Scotland) of each of the electricity distribution licences of SP Distribution Limited, and Scottish Hydro-Electric Power Distribution Limited (and any other name by which any of these companies come to be known), as from time to time revised with the approval of the Authority.

Condition 30A. BETTA implementation

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

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

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

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

(i) to the BSC, CUSC and the Grid Code which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence; and

(ii) to the BSC, CUSC, Grid Code or Scottish grid code which are directed by the Authority pursuant to the provisions of paragraph 6 of condition C3 (BSC), paragraph 8 of condition C10 (CUSC), paragraph 7 of condition C14 (Grid Code) and paragraph 6 of condition D9 (Scottish grid code), respectively;

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

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

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

(b) the modifications or amendments:

(i) to the BSC, CUSC and the Grid Code which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence; and

(ii) to the BSC, CUSC, Grid Code or Scottish grid code which are directed by the Authority pursuant to the provisions of paragraph 6 of condition C3 (BSC), paragraph 8 of condition C10 (CUSC), paragraph 7 of condition C14 (Grid Code) and paragraph 6 of condition D9 (Scottish grid code), respectively or which the licensee otherwise knows (or reasonably anticipates) are to be directed by the Authority pursuant to such provisions,

but which, in either case, do not, at the relevant time, have full effect in the relevant code.

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

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

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

(ii) the modifications or amendments to the BSC, CUSC and the Grid Code designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence;

(iii) the modifications or amendments to the STC, BSC, CUSC, Grid Code or Scottish grid code which are directed by the Authority pursuant to the provisions of paragraph 7 of condition B12 (STC), paragraph 6 of condition C3 (BSC), paragraph 8 of condition C10 (CUSC), paragraph 7 of condition C14 (Grid Code) and paragraph 6 of condition D9 (Scottish grid code), respectively; and

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

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

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

5. The licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and

furnish to it such reports as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the licensee's compliance with the requirements of this condition.

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

Condition 30B. BETTA run-off arrangements scheme

1. The licensee shall, to the extent applicable to it, comply with the BETTA run-off arrangements scheme (“the scheme”) established and as modified from time to time in accordance with this condition.
2. For the purposes of this condition, the objective of the scheme shall be the running-off of the non-GB trading and transmission arrangements to the extent that the Authority considers it necessary or expedient to do so to ensure that those arrangements do not prevent or in any way hinder the successful and effective implementation of:
 - (a) the modifications to this licence and each other licence made or to be made by the Secretary of State pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission);
 - (b) the modifications or amendments to:
 - (i) the BSC, CUSC and the Grid Code which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence; and
 - (ii) the STC, BSC, CUSC, Grid Code or any Scottish grid code which are directed by the Authority pursuant to the provisions of paragraph 7 of condition B12 (STC), paragraph 6 of condition C3 (BSC), paragraph 8 of condition C10 (Connection use of system code (CUSC), paragraph 8 of condition C14 (Grid Code) and paragraph 6 of condition D9 (Scottish grid code), respectively; and,
 - (c) the provisions of the STC which are designated by the Secretary of State on or before 8 September 2004 pursuant to the powers vested in her under Chapter 1 of Part 3 of the Energy Act 2004 (Electricity trading and transmission) or pursuant to any power under this or any other licence,

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

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

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

5. The scheme may provide, without limitation:

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

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

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

6. The Authority may (with the consent of the Secretary of State) direct that the BETTA run-off arrangements scheme be amended (following such consultation as the Authority deems appropriate with those persons that the Authority considers are likely to be affected by such an amendment) where the Authority considers it necessary or expedient to do so for the purposes of achieving the objective described in paragraph 2.

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

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

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

10. In this condition:

“British Grid Systems Agreement” means the agreement known as the British Grid Systems agreement and made between The National Grid Company plc, Scottish Hydro-Electric Plc and Scottish Power Plc and dated 30 March 1990, as amended or modified from time to time.

“non-GB trading and transmission arrangements” means those arrangements for, amongst other things, the separate trading or transmission of electricity in Scotland, the separate trading or transmission of electricity in England and Wales and the trading or transmission of electricity between England and Wales (taken as a whole) and Scotland which are defined and governed by, amongst other things, the relevant documents.

“relevant documents” means the documents which relate to the non-GB trading and transmission arrangements, including, without limitation:

(a) the Settlement Agreement for Scotland;

(b) the British Grid System Agreement;

(c) the System Operation Agreement; and

(d) any agreement relating to:

(i) the establishment of, operation of, or trading of electricity across the Scottish interconnection;

(ii) the use of or connection to the Scottish interconnection; and

(iii) the use of, or connection to, a distribution or transmission system in Scotland.

“running-off” means bringing to an end.

“System Operation Agreement” means the agreement known as the System Operation agreement and made between Scottish Hydro-Electric Plc and Scottish Power Plc and dated 1 June 1990, as amended or modified from time to time.

Condition 30C. Offers for connection to or use of the GB transmission system in the transition period

1. The licensee shall:

(a) save where it disputes the terms of the same, accept any offer made to it in its capacity as an existing user:

(i) to enter into an agreement for connection to or use of the GB transmission system made by the system operator in accordance with condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the system operator's licence; or

(ii) to amend any existing agreement between the licensee and the system operator for connection or use of system made by the system operator in accordance with condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the system operator's licence

in each case, within one month (or such longer period as the Authority may direct for these purposes) of its receipt of the same;

(b) where the terms of an agreement between it and the system operator are settled pursuant to paragraph 11 of condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the system operator's licence, the licensee shall forthwith enter into the agreement with the system operator on the basis of the terms so settled; and

(c) where the terms of any offer made pursuant to condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the system operator's licence are in dispute, and an application has been made to the Authority requesting that it settle the terms of the agreement which are in dispute, and where the terms of such agreement have not been settled by the date which falls two weeks prior to the BETTA go-live date, forthwith enter into an agreement

with the system operator for connection to or use of the GB transmission system, or amend an existing agreement, on the basis of the terms offered by the system operator pending resolution of the terms of that agreement by the Authority in accordance with paragraph 11 of condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the system operator's licence. The Authority's determination of the terms of any such agreement may, where and to the extent appropriate, take account of and make appropriate adjustments to reflect the difference between the terms of that agreement as settled and the terms of that agreement which applied during the period from the BETTA go-live date to the date upon which the agreement as settled takes effect.

SP Distribution Limited

Special Condition H: Arrangements relating to supplies to premises within the licensee's distribution services area

1. ~~The~~Subject to paragraph 10 below, the licensee shall, as soon as practicable and, in any event, not later than such date as the Authority shall specify, establish relevant supply arrangements.
2. ~~The~~Subject to paragraph 10 below, the licensee shall implement and comply with the relevant supply arrangements.
3. ~~The~~Subject to paragraph 10 below, the licensee shall, in consultation with relevant suppliers, periodically review (including upon the request of the Authority) the relevant supply arrangements. Following any such review, the licensee shall send to the Authority:
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the relevant supply arrangements as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objective referred to in sub-paragraph (a) of paragraph 10; and
 - (c) any written representations or objections from relevant suppliers (including any proposals by such suppliers for revisions to the relevant supply arrangements established in accordance with paragraph 1 not accepted by the licensee in the course of the review) arising during the consultation process and subsequently maintained.
4. Revisions to the relevant supply arrangements established in accordance with paragraph 1 proposed by the licensee and sent to the Authority pursuant to paragraph 3 shall require to be approved by the Authority.
5. Having regard to any written representations or objections referred to in sub-paragraph (c) of paragraph 3, and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the licensee to revise the relevant supply arrangements in such manner

as may be specified in the directions, and subject to paragraph 10 below, the licensee shall forthwith comply with any such directions.

6. ~~The~~Subject to paragraph 10 below, the licensee shall give or send a copy of the relevant supply arrangements to the Authority.
7. ~~The~~Subject to paragraph 10 below, the licensee shall (subject to paragraph 8) give or send a copy of the relevant supply arrangements to any person requesting the same.
8. ~~The~~Subject to paragraph 10 below, the licensee may make a charge for any copy 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~~Subject to paragraph 10 below, in establishing, implementing and complying with the relevant supply arrangements the licensee shall not unduly discriminate against or prefer any one or any group of persons in favour of or as against any one other or any other group of persons.
10. 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 BETTA, issue directions relieving the licensee of such of its obligations under this condition (whether in part or in whole) as the Authority deems appropriate.

11. In this Condition:

"relevant supply arrangements"

means arrangements which the Authority shall agree to be the most appropriate for securing the objective of eliminating barriers to the economic and efficient supply of electricity by relevant suppliers to relevant premises caused by relevant constraints (and, where the context admits, it means such arrangements as from

time to time revised).

"relevant supplier"

means a person authorised to supply electricity to relevant premises by a licence granted under Section 6(1)(d) of the Act.

"relevant premises"

means premises situated within the licensee's distribution services area.

"relevant constraints"

means constraints arising from the costs of implementing technical arrangements for ensuring that the amount of electricity which is delivered by or for a relevant supplier into a system at any given time for the purpose of giving a supply to any relevant premises matches the level of demand of these relevant premises at that time.

"system"

means the distribution system of the licensee or any other distribution licensee or the transmission system of an affiliate or related undertaking of the licensee or any other transmission licensee.

Special Condition I: The Settlement Agreement for Scotland

1. ~~The~~[Subject to paragraph 5 below, the](#) licensee shall use its best endeavours, in conjunction and co-operation with Scottish Hydro-Electric Power 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 Scottish Hydro-Electric Power 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~~Subject to paragraph 5 below, the 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 Scottish Hydro-Electric Power 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~~Subject to paragraph 5 below, the licensee shall be a party to and shall comply with the provisions of the Settlement Agreement for Scotland.

5. 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 BETTA, issue directions relieving the licensee of such of its obligations under this condition (whether in part or in whole) as the Authority deems appropriate.

6. 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.

Scottish Hydro Electric Power Distribution Limited

Special Condition H: Arrangements relating to supplies to premises within the licensee's distribution services area

1. ~~The~~[Subject to paragraph 10 below, the](#) licensee shall, as soon as practicable and, in any event, not later than such date as the Authority shall specify, establish relevant supply arrangements.
2. ~~The~~[Subject to paragraph 10 below, the](#) licensee shall implement and comply with the relevant supply arrangements.
3. ~~The~~[Subject to paragraph 10 below, the](#) licensee shall, in consultation with relevant suppliers, periodically review (including upon the request of the Authority) the relevant supply arrangements. Following any such review, the licensee shall send to the Authority:
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the relevant supply arrangements as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objective referred to in sub-paragraph (a) of paragraph 10; and
 - (c) any written representations or objections from relevant suppliers (including any proposals by such suppliers for revisions to the relevant supply arrangements established in accordance with paragraph 1 not accepted by the licensee in the course of the review) arising during the consultation process and subsequently maintained.
4. Revisions to the relevant supply arrangements established in accordance with paragraph 1 proposed by the licensee and sent to the Authority pursuant to paragraph 3 shall require to be approved by the Authority.
5. Having regard to any written representations or objections referred to in sub-paragraph (c) of paragraph 3, and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the licensee to revise the relevant supply arrangements in such manner

as may be specified in the directions, and subject to paragraph 10 below, the licensee shall forthwith comply with any such directions.

6. ~~The~~Subject to paragraph 10 below, the licensee shall give or send a copy of the relevant supply arrangements to the Authority.
7. ~~The~~Subject to paragraph 10 below, the licensee shall (subject to paragraph 8) give or send a copy of the relevant supply arrangements to any person requesting the same.
8. ~~The~~Subject to paragraph 10 below, the licensee may make a charge for any copy 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~~Subject to paragraph 10 below, in establishing, implementing and complying with the relevant supply arrangements the licensee shall not unduly discriminate against or prefer any one or any group of persons in favour of or as against any one other or any other group of persons.
10. 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 BETTA, issue directions relieving the licensee of such of its obligations under this condition (whether in part or in whole) as the Authority deems appropriate.

11. In this Condition:

"relevant supply arrangements"

means arrangements which the Authority shall agree to be the most appropriate for securing the objective of eliminating barriers to the economic and efficient supply of electricity by relevant suppliers to relevant premises caused by relevant constraints (and, where the context admits, it means such arrangements as

from time to time revised).

"relevant supplier"

means a person authorised to supply electricity to relevant premises by a licence granted under Section 6(1)(d) of the Act.

"relevant premises"

means premises situated within the licensee's distribution services area.

"relevant constraints"

means constraints arising from the costs of implementing technical arrangements for ensuring that the amount of electricity which is delivered by or for a relevant supplier into a system at any given time for the purpose of giving a supply to any relevant premises matches the level of demand of these relevant premises at that time.

"system"

means the distribution system of the licensee or any other distribution licensee or the transmission system of an affiliate or related undertaking of the licensee or any other transmission licensee.

Special Condition I: The Settlement Agreement for Scotland

1. ~~The~~[Subject to paragraph 5 below, the](#) licensee shall use its best endeavours, in conjunction and co-operation with SP Distribution Limited:
 - (a) to establish, or 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~~[Subject to paragraph 5 below, the](#) 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~~Subject to paragraph 5 below, the licensee shall be a party to and shall comply with the provisions of the Settlement Agreement for Scotland.
5. 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 BETTA, issue directions relieving the licensee of such of its obligations under this condition (whether in part or in whole) as the Authority deems appropriate.

6. 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 generation stations situated in Scotland