

SCHEME MADE PURSUANT TO PARAGRAPH 1 OF SCHEDULE 17 TO
THE ENERGY ACT 2004 IN RESPECT OF THE TRANSMISSION LICENCES OF EACH OF
THE NATIONAL GRID COMPANY PLC, SCOTTISH HYDRO-ELECTRIC TRANSMISSION
LIMITED AND SP TRANSMISSION LIMITED

MADE ON 26 AUGUST 2004

CONTENTS

Clause	Subject matter	Page
1.	INTERPRETATION.....	2
2.	EFFECT OF THE SCHEME	3
3.	NEW STANDARD CONDITIONS.....	3
4.	MODIFICATIONS TO THE EXISTING TRANSMISSION LICENCES	4
5.	CONSEQUENTIAL AMENDMENT OF RELATED CODES AND AGREEMENTS.....	4
6.	CONTINUING EFFECT	4
	SCHEDULE 1	6
	SCHEDULE 2	8

THE SCHEME

Pursuant to paragraph 1 of Schedule 17 to the Energy Act 2004 (“the 2004 Act”), the Secretary of State hereby makes the following Scheme:

RECITALS

WHEREAS:

1. National Grid Company plc (company registered no.2366977) (“NGC”), Scottish Hydro-Electric Transmission Limited (company registered no.SC213461) (“SHETL”) and SP Transmission Limited (company registered no.SC189126) (“SPTL”) (together called the “Transmission Licensees”) hold the following licences:
 - 1.1 NGC holds an electricity transmission licence which, by virtue of a scheme made on 28 September 2001 under the Utilities Act 2000, was treated as granted pursuant to section 6(1) of the Electricity Act 1989 (the “NGC Licence”);
 - 1.2 SHETL holds an electricity transmission licence which, by virtue of a scheme made on 28 September 2001 under the Utilities Act 2000, was treated as granted pursuant to section 6(1) of the Electricity Act 1989 (the “SHETL Licence”); and
 - 1.3 SPTL holds an electricity transmission licence which, by virtue of a scheme made on 28 September 2001 under the Utilities Act 2000, was treated as granted pursuant to section 6(1) of the Electricity Act 1989 (the “SPTL Licence”),(together called the “Existing Transmission Licences”).
2. Schedule 17 to the 2004 Act (“Schedule 17”) applies to the Existing Transmission Licences.
3. The purpose of this Scheme is to provide for each of the Existing Transmission Licences to be amended and as so amended to have effect on and after the Determination Day as an electricity transmission licence treated as granted under

section 6(1)(b) of the Electricity Act 1989 (as amended by the 2004 Act) on the terms of this Scheme (each an “Electricity Transmission Licence”).

4. By virtue of paragraph 2 of Schedule 17 the Secretary of State may include in a Scheme made under paragraph 1 of Schedule 17 provision amending a code or agreement relevant to the conditions of an Existing Transmission Licence if it appears to her to be necessary or expedient to do so in consequence of anything for which the Scheme makes provision.

1. INTERPRETATION

- 1.1 In this Scheme, unless the context otherwise requires, the following expressions shall bear the meanings ascribed to them below:

“the Authority”	means the Gas and Electricity Markets Authority established pursuant to section 1 of the Utilities Act 2000;
“the BSC”	means the document known as the balancing and settlement code which existed and NGC maintained pursuant to the NGC Licence immediately prior to the Determination Day;
“the BSC Framework Agreement”	means the agreement of that title made on 14 August 2000, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State;
“the CUSC”	means the document known as the connection and use of system code which existed and NGC maintained pursuant to the NGC Licence immediately prior to the Determination Day;
“the CUSC Framework Agreement”	means the agreement of that title made on 18 September 2001, 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;

“Determination Day” means the date on which section 136 of the 2004 Act comes into force;

“the New Standard Conditions” means the standard conditions determined by the Secretary of State under section 137(1) of the 2004 Act as standard conditions for the purposes of electricity transmission licences.

- 1.2 Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978, this Scheme shall be interpreted and construed in like manner as an Act of Parliament passed after the commencement of the Interpretation Act 1978.
- 1.3 Unless the context otherwise requires, words and expressions used in Part I of the Electricity Act 1989 or Part 3 of the 2004 Act (each as in force immediately before the Determination Day, or as the context requires, as in force from the Determination Day) shall bear the same meaning in this Scheme.

2. EFFECT OF THE SCHEME

- 2.1 On the Determination Day each of the Existing Transmission Licences shall be amended as set out in paragraphs 3 and 4 of this Scheme and each such licence (as amended by this Scheme) shall have effect as a licence granted under section 6(1)(b) of the Electricity Act 1989 (as amended by the 2004 Act).
- 2.2 On the Determination Day the BSC Framework Agreement and CUSC Framework Agreement shall be amended and such amendments shall have effect as set out in paragraph 5 of this Scheme.

3. NEW STANDARD CONDITIONS

Each of the New Standard Conditions shall on the Determination Day be incorporated in Part II of each Existing Transmission Licence as provided for in Schedule 1 in place

of the standard licence conditions in Part II of each such licence immediately prior to the Determination Day.

4. MODIFICATIONS TO THE EXISTING TRANSMISSION LICENCES

On the Determination Day each of the Existing Transmission Licences shall be amended and such amendments shall have effect as provided for in Schedule 1.

5. CONSEQUENTIAL AMENDMENT OF RELATED CODES AND AGREEMENTS

On the Determination Day the BSC Framework Agreement and the CUSC Framework Agreement shall be amended as provided for in Schedule 2.

6. CONTINUING EFFECT

6.1 Anything done under or by virtue of any Existing Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement which is in effect immediately before the Determination Day shall have continuing effect in so far as it is permitted by or in pursuance of the New Standard Conditions, any other provision in the relevant Electricity Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement (each as amended by this Scheme).

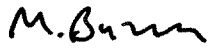
6.2 Without prejudice to the generality of paragraph 6.1 of this Scheme:

- (a) every statement, code or other document prepared pursuant to an obligation in any Existing Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement; and
- (b) every direction, consent, determination, designation, approval, decision or other instrument made or issued by the Authority in relation to any Existing Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement,

which in each case is in effect immediately before the Determination Day, shall have continuing effect pursuant to or under the relevant Electricity Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement (as the case may be) in so far as it is permitted by or in pursuance of the New Standard Conditions, any

other provision in the relevant Electricity Transmission Licence, the BSC Framework Agreement or the CUSC Framework Agreement (as amended by this Scheme).

On this the 26th day of August 2004


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Maria Bazell

Head of BETTA and electricity markets team

For and on behalf of the Secretary of State for
Trade and Industry

SCHEDULE 1

As provided for in paragraphs 3 and 4 of this Scheme, each of the Existing Transmission Licences shall be amended and such amendments shall take effect as follows:

For each of the Existing Transmission Licences:

In paragraph 1 of Part I the words “to transmit electricity” are deleted and replaced with “to participate in the transmission of electricity”.

In paragraph 1(a)(ii) of Part I of the NGC Licence, the SHETL Licence and the SPTL Licence the words “standard conditions 2 and 3” are deleted and replaced with “standard conditions A2 and A3”.

In paragraph 1 of Part II the table is deleted and replaced by the following table:

Section A	Section B
Standard condition A1	Standard condition B1
Standard condition A2	Standard condition B2
Standard condition A3	Standard condition B3
Standard condition A4	Standard condition B4
	Standard condition B5
	Standard condition B6
	Standard condition B7
	Standard condition B8
	Standard condition B9
	Standard condition B10
	Standard condition B11
	Standard condition B12

In paragraph 2 of Part II the table is deleted and replaced by the following table:

Section C	Section D
Standard condition C1	Standard condition D1
Standard condition C2	Standard condition D2
Standard condition C3	Standard condition D3
Standard condition C4	Standard condition D4A
Standard condition C5	Standard condition D4B
Standard condition C6	Standard condition D5
Standard condition C7	Standard condition D6
Standard condition C8	
Standard condition C9	
Standard condition C10	
Standard condition C11	
Standard condition C12	
Standard condition C13	
Standard condition C14	
Standard condition C15	
Standard condition C16	
Standard condition C17	

For the NGC Licence:

In Schedule 1 the sub-title “Description of the Authorised Area” and the words “The authorised area shall comprise England (other than the Scilly Isles) and Wales” are deleted and replaced with the words “Great Britain”.

For each of the SHETL and SPTL Licences:

In Schedule 1 the title “Authorised Area” is deleted and replaced with “Specified Area” and paragraphs 1, 2 and 3 are deleted and replaced with the words “Great Britain”.

SCHEDULE 2

As provided for in paragraph 5 of this Scheme, the BSC Framework Agreement and the CUSC Framework Agreement shall be amended and take effect as follows:

For the BSC Framework Agreement:

In the definition of “Transmission Licence” in clause 1.1 of the BSC Framework Agreement, between “licence granted” and “pursuant to”, the words “to NGC” are inserted and the words “in respect of England and Wales” are deleted.

In clause 7 of the BSC Framework Agreement the words “England or Wales” are deleted and replaced with “Great Britain” wherever they may appear in that clause.

In clause 8 of the BSC Framework Agreement the word "exclusive", between the words "submit to the" and "jurisdiction of the", is deleted.

In clause 8 of the BSC Framework Agreement the words “and the courts of Scotland only” are inserted after the words “the courts of England and Wales”.

For the CUSC Framework Agreement:

In Recital (B) of the CUSC Framework Agreement the word “NGC”, between the words “connecting to the” and “Transmission System”, is deleted and replaced with “GB”.

In clause 7 of the CUSC Framework Agreement the words “England or Wales” are deleted and replaced with “Great Britain” wherever they may appear in that clause.

In clause 9 of the CUSC Framework Agreement the word "exclusive", between the words "submit to the" and "jurisdiction of the", is deleted.

In clause 9 of the CUSC Framework Agreement the words “and Scotland only” are inserted after the words “the courts of England and Wales”.