

**Amendments to the electricity transmission,
generation, distribution and supply licences
in relation to the legal cut-over to BETTA**

An Ofgem/DTI conclusions document

March 2005

CORRECTION NOTICE

Amendment to the published text of Ofgem/DTI conclusions document – Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA

Ofgem published the above joint conclusions document on its website on 21 March 2005. The published text of the document has subsequently been amended to correct typographical errors in the Annexes and to insert a page that was omitted.

22 March 2005

Summary

In August 2004, the Secretary of State exercised her powers under the Energy Act 2004 to determine new standard licence conditions ('SLCs') for electricity transmission licences¹ and also to modify electricity transmission, generation, distribution and supply licence conditions for BETTA². In general, the enduring arrangements were included in the framework at the BETTA go-active date but their operation was limited during the transition period³. Further transitional changes were introduced which placed additional obligations on licensees relating to their preparations for the introduction of BETTA. All of the transitional arrangements (with a few exceptions where transitional arrangements were identified as being required after the BETTA go-live date, such as for run-off purposes) were designed to automatically fall away at the BETTA go-live date.

During the transitional period Ofgem/DTI have been considering whether or not it is necessary to make any final changes to the electricity licence conditions in preparing for the implementation of BETTA. In particular, Ofgem/DTI have been considering whether further legal changes are required for 'cutting over' to BETTA to:

- recognise that the implementation of certain matters that are part of BETTA but which are not critical for the BETTA go-live date will now continue beyond the BETTA go-live date
- accommodate the practical arrangements for 'cutting over' the key business processes that were identified at the BETTA go-active date, and
- ensure that the legal framework will effectively 'cut-over' from the transitional arrangements to the enduring arrangements.

The above three areas are referred to collectively as 'legal cut-over'.

In February 2005 Ofgem/DTI published a consultation document⁴ (the February 2005 consultation) which proposed amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA. This document consulted on proposed modifications to the electricity licences and sought

¹ Section 137 of the Energy Act 2004.

² Section 134 of the Energy Act 2004.

³ The 'transition period' is the period from 1 September 2004 to the BETTA go-live date, currently anticipated to be 1 April 2005.

⁴ "Proposed amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cutover to BETTA. . An Ofgem/DTI consultation document, February 2005.

views on any further changes that may be required in preparing for the implementation of BETTA on and from the BETTA go-live date.

This document considers the responses to the February 2005 Ofgem/DTI consultation document and sets out Ofgem/DTI's conclusions on the proposed licence modifications.

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1. Introduction

Background

- 1.1. The rationale for the British Electricity Trading and Transmission Arrangements (BETTA) is set out in a consultation paper of December 2001⁵ and a report of May 2002⁶.
- 1.2. Since May 2002, Ofgem/DTI have published a number of consultation and conclusion documents on BETTA and its component parts. Copies of these papers and non-confidential responses can be found on the Ofgem website.
- 1.3. On 17 June 2004 Ofgem/DTI published a communications paper⁷ ('the June 2004 communications paper') which described the legal arrangements for the transition to and implementation of BETTA. In that paper Ofgem/DTI explained that it was their expectation that industry participants would be in a position to comply fully with BETTA on and from the BETTA go-live date, which was anticipated to be 1 April 2005⁸.
- 1.4. To facilitate this, it was recognised that provision needed to be made for transition from existing arrangements for the trading and transmission of electricity in Scotland and England and Wales to the new GB-wide arrangements. In the June 2004 communications paper Ofgem/DTI set out their expectation that during the transition period, licensees in addition to complying with their pre-BETTA obligations, would also be obliged to comply with any additional obligations which are imposed on them by the Secretary of State for the purposes of transition. The aim of these transitional obligations is to facilitate the effective and timely implementation of BETTA.

⁵ 'The Development of British Electricity Trading and Transmission Arrangements (BETTA): A consultation paper', Ofgem, December 2001.

⁶ 'The Development of British Electricity Trading arrangements (BETTA): Report on consultation and next steps' Ofgem/DTI, May 2002.

⁷ 'Legal arrangements for the transition to and implementation of the British Electricity Trading and Transmission Arrangements' an Ofgem/DTI communication paper, June 2004.

⁸ On 8 March 2005, the Minister for Energy and E-commerce signed a direction for and on behalf of the Secretary of State indicating that the BETTA go-live date shall be 1 April 2005.

'Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA' An Ofgem/DTI conclusion document.

1.5. On 9 July 2004 Ofgem/DTI published a consultation paper⁹ ('the July 2004 open letter') which set out and invited views upon licence arrangements associated with the transition to and implementation of BETTA affecting holders of electricity generation, distribution and supply licences. In the July 2004 open letter Ofgem/DTI indicated that at the BETTA go-active date¹⁰ modifications to the legal and regulatory framework that support the GB-wide trading and transmission arrangements would be made but that certain aspects of these changes would not be effective until the BETTA go-live date (or until such other time as it was appropriate for them to apply).

BETTA go-active date

1.6. In August 2004, the Secretary of State exercised her powers under the Energy Act 2004 to determine new standard licence conditions ('SLCs') for electricity transmission licences¹¹ and to modify electricity transmission, generation, distribution and supply licence conditions for BETTA¹². In general, the enduring arrangements were included in the framework at the BETTA go-active date but their operation was limited during the transition period¹³. Further transitional changes were introduced which placed additional obligations on licensees relating to their preparations for the introduction of BETTA. All of the transitional arrangements (with a few exceptions where transitional arrangements were identified as being required after the date, such as for run-off purposes) were designed to automatically fall away at the BETTA go-live date.

1.7. At that time Ofgem/DTI recognised that further modifications might be required as work progressed towards the implementation of BETTA, for example to reflect arrangements for the final 'legal cut-over' to the new arrangements (given that such 'legal cut-over' had not, by the BETTA go-active date, been the subject of detailed planning).

⁹ 'Legal arrangements associated with the transition to and implementation of BETTA that will affect holders of electricity generation, distribution and supply licences', an Ofgem/DTI consultation open letter, July 2004.

¹⁰ 1 September 2004.

¹¹ Section 137 of the Energy Act 2004.

¹² Section 134 of the Energy Act 2004.

¹³ The 'transition period' is the period from 1 September 2004 to the BETTA go-live date, currently anticipated to be 1 April 2005.

'Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA' An Ofgem/DTI conclusion document.

- 1.8. On 17 December 2004, Ofgem/DTI published an open letter consultation¹⁴ ('the December 2004 open letter consultation') which proposed among other things that a number of changes be made to the legal framework to take account of the possible late issuance by National Grid Company plc ('NGC') of certain offers for connection to and use of the GB transmission system ('GB offers'), some of which would now not be issued until after the BETTA go-live date. On 28 January 2005, Ofgem/DTI published their conclusions ('the January 2005 conclusions open letter')¹⁵ on the changes to the legal framework required to take account of the possible late issuance of some GB offers and noted that legal drafting to deliver a number of the required changes to the electricity licences would be included within the forthcoming consultation on the 'legal cut-over' of the electricity licences.
- 1.9. On 8 March 2005 the Secretary of State for Trade and Industry made a direction confirming that the BETTA go-live date shall be 1 April 2005¹⁶.

Further required changes in preparing for BETTA go-live date

Connection and Use of System Code ('CUSC'), Grid Code, System Operator – Transmission Owner Code ('STC') and Balancing and Settlement Code ('BSC')

- 1.10. NGC and Elexon (the BSC company) have considered whether any further changes are required to the CUSC, the Grid Code and the STC (NGC) and the BSC (Elexon) in relation to 'legal cut-over' to the BETTA, including considering whether any further changes are required to reflect that the implementation of some elements of BETTA will continue beyond the BETTA go-live date. It is intended that any required changes to these codes for 'legal cut-over' will be directed by the Authority in accordance with the transitional modification arrangements that were introduced at the BETTA go-active date for each code (namely: paragraph 7 of SLC

¹⁴ BETTA open letter on proposed changes to Standard licence conditions C18, C8 and D15 for transmission licences, Section 12 of Section I of the STC – and transitional licence obligations for all generation, distribution and supply licensees to reflect the possible late issuance of offers under transmission licence condition SLC C18 and other required changes'. Ofgem/DTI, 17 December 2004.

¹⁵ BETTA open letter on proposed changes to Standard Licences ('SLC') C18 of the transmission licence, other SLCs, the CUSC and the STC to reflect the possible late issuance of GB offers under SLC C18 and other changes : Ofgem/DTI conclusions, 28 January 2005.

¹⁶ http://www.dti.gov.uk/energy/domestic_markets/electricity_trading/betta_transit.shtml

'Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA' An Ofgem/DTI conclusion document.

B12 (System Operator-Transmission Owner Code) ('SLC B12'), paragraph 6 of SLC C3 (Balancing and Settlement Code (BSC)) ('SLC C3'), paragraph 8 of SLC C10 (Connection and Use of System Code) ('SLC C10') and paragraph 7 of SLC C14 (Grid Code) ('SLC C14') rather than under the enduring modification or amendment arrangements that apply to each code.

- 1.11. Elexon has published a number of reports and consultations relating to the 'legal cut-over' of the BSC for BETTA. These are available under the consultations by ELEXON in relation to the proposed transitional modifications (PTMs) on the Elexon website www.elexon.co.uk.
- 1.12. On 24 December 2004 NGC published a consultation paper on changes required to the Grid Code for the 'legal cut-over' to BETTA¹⁷. This consultation closed on 31 January 2005 and NGC submitted a report to Ofgem on this matter on 28 February 2005. On 11 March the Authority issued its decision¹⁸ and directed NGC to revise the Grid Code in accordance with SLC 14.
- 1.13. On 9 February 2005 NGC published a consultation paper on changes required to the CUSC for the 'legal cut-over' to BETTA¹⁹. This consultation closed on 23 February 2005 and a report was been submitted to Ofgem on 1 March 2005. On 8 March 2005 the Authority issued its decision and directed NGC to amend the CUSC as set out in NGC's report to the Authority, in accordance with SLC 10.
- 1.14. To date NGC has not identified any legal changes that are required to the STC for the purposes of the 'legal cut-over' to BETTA. Ofgem/DTI have identified some changes relating to the January 2005 conclusions open letter on the possible late issuance of some GB offers and the Authority on 3 February 2005 directed NGC to make these changes to the STC²⁰.

Electricity licences

¹⁷ www.nationalgrid.com/uk

¹⁸ http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/10649_8205.pdf

¹⁹ www.nationalgrid.com/uk

²⁰ [http://www.nationalgrid.com/uk/indinfo/stc/pdfs/STC_C18_and_housekeeping_direction_Final_\(7\)1.pdf](http://www.nationalgrid.com/uk/indinfo/stc/pdfs/STC_C18_and_housekeeping_direction_Final_(7)1.pdf)

1.15. The February 2005 consultation document ²¹ indicated that Ofgem/DTI have considered during the transitional period whether or not it is necessary to make any final changes to the electricity licence conditions in preparing for the implementation of BETTA. In particular, Ofgem/DTI have considered whether further legal changes are required for 'cutting over' to BETTA to:

- recognise that the implementation of certain matters not critical for the BETTA go-live date will now continue beyond that date ("the continuing implementation of BETTA")
- accommodate the practical 'cut-over' arrangements for the business processes that were established at the BETTA go-active date, ("the legal cutover of the business processes") and
- ensure that the legal framework will effectively 'cut-over' from the transitional arrangements to the enduring arrangements("the cut-over of the legal Framework").

These areas are collectively referred to throughout this document as 'legal cut-over'.

1.16. Ofgem/DTI indicated in the February 2005 consultation document that the appropriate mechanism for any proposed changes in relation to legal cut-over would be under section 134 of the Energy Act 2004. This provides that the Secretary of State may modify electricity licence conditions (either SLCs or special conditions (including amended SLCs)) if she considers it necessary or expedient to do so for the purpose of implementing BETTA.

The continuing implementation of BETTA

1.17. The regulatory framework that was put in place at the BETTA go-active date was designed to accommodate an automatic move from the arrangements and obligations that applied immediately prior to the implementation of BETTA to the new enduring BETTA arrangements that will exist on and from the BETTA go-live

²¹ "Proposed amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cutover to BETTA. . An Ofgem/DTI consultation document, February 2005.

date. In general, the enduring arrangements (with a few exceptions which were to be completed during the transition period) were included in the framework at the BETTA go-active date but their operation was limited for the transition period. In addition, further transitional arrangements were introduced which continued the pre-existing transmission arrangements for the transition period (e.g. retaining Scottish responsibilities for system operation) as well as placing specific obligations on licensees relating to their preparations for the introduction of BETTA. All of the transitional arrangements (with a few exceptions where transitional arrangements were identified as continuing to be required after the BETTA go-live date, such as arrangements for run-off) were designed to automatically fall away at the BETTA go-live date.

- 1.18. The February 2005 consultation document noted that in preparing for the implementation of BETTA, Ofgem/DTI and the three transmission licensees have identified a number of matters relating to the transition to BETTA which will not have been completed in advance of 1 April 2005. Although in Ofgem/DTI's view none of these matters are required in advance of the expected implementation of BETTA on and from 1 April 2005, they will need to be completed in due course in order for successful transition to BETTA.
- 1.19. In view of this, in the February 2005 consultation document Ofgem/DTI considered whether any further changes were required to the electricity transmission, generation, distribution and supply licences to retain some of the transitional provisions beyond the BETTA go-live date (with appropriate modifications where necessary) as a result of some enduring elements of BETTA being delayed. These proposed changes were set in chapter 3 of the above document.

Legal cut-over of the business processes

- 1.20. Part of the approach which was taken to identify the requirements for transition was to consider how the key BETTA business processes²² would be implemented and to consider what activities would need to be undertaken (and by which

²² The eight business processes are identified on page 12 of 'Legal arrangements for the transition to and implementation of the British Electricity Trading and Transmission Arrangements, Ofgem/DTI statement of approach, June 2004.

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parties) such that all relevant parties would be in a position to comply with the new arrangements from the BETTA go-live date. Since the development of these business processes, a substantial amount of work has been carried out to develop the practical cut-over arrangements.

1.21. The February 2005 consultation document noted that Ofgem/DTI in considering the development of the practical cut-over arrangements, had considered whether or not any further changes are required to be made to the electricity licences. The types of matters that Ofgem/DTI considered included:

- switching on the enduring BETTA arrangements early (if dictated by the needs of a business process), with modifications as required
- modifying the behaviour of licensees or market participants where such modification is required to ensure that practical cut-over arrangements operate effectively, and
- modifying the enduring or transitional arrangements to reflect any demands of the practical cut-over arrangements.

1.22 The February 2005 consultation document explained that Ofgem/DTI had not identified any further changes that were required to the electricity licences to accommodate the practical cut-over arrangements. It was noted that a number of changes to the CUSC, BSC and the Grid Code had been identified to address the practical cut-over arrangements developed for the business processes. These proposed changes were considered in the various legal cut-over consultations on the codes referred to in paragraphs 1.10 to 1.13 above.

Cut-over of the legal framework

1.23 As explained above, the legal framework that was put in place at the BETTA go-active²³ date was designed to accommodate an automatic legal cut-over from the arrangements and obligations that applied immediately prior to the implementation of BETTA to the new enduring BETTA arrangements that will exist on and from the BETTA go-live date.

²³ 1 September 2004.

- 1.24 In considering whether any further changes were required to the electricity licences for legal cut-over, Ofgem/DTI considered that there was a need to consider (and confirm) that:
- the arrangements that were included at the BETTA go-active date are effective (i.e. that the new arrangements will have effect automatically at the BETTA go-live date with virtually all of the old arrangements falling away), and
 - no further changes were required to ensure the cut-over to the new legal framework is delivered.
- 1.25 Ofgem/DTI have considered matters including whether the falling away of the transitional conditions (and modifications) at the BETTA go-live date is correct in all instances. It has also been necessary to consider whether, with regard to the enduring conditions, there is anything more that needs to be done to ensure that the new arrangements will operate effectively.
- 1.26 In chapter 4 of the February 2005 consultation document, Ofgem/DTI identified a few further changes that are required in relation to these matters.

Scope of proposed changes

- 1.27 Ofgem/DTI noted in the February 2005 consultation document that some additional changes could have been made to the electricity licences to reflect the fact that the BETTA go-live date will have occurred. For example the removal of all references to the Scottish grid code which ceases to exist at the BETTA go-live date. However, Ofgem/DTI considered that it was appropriate to make only those changes that were required to ensure that licensees are subject to the required obligations rather than to 're-design' the provisions.

Purpose of this paper

- 1.28 This document considers the responses to the February 2005 consultation document and sets out Ofgem/DTI's conclusions on the proposed licence modifications. It is intended that amendments will be made to the electricity licences by the Secretary of State in exercise of her powers under section 134 of the Energy Act 2004 on or around 18 March 2005 to implement these changes in advance of the BETTA go-live date.

2. The proposed amendments to the electricity transmission, generation, distribution and supply licence conditions

- 2.1 The February 2005 consultation document set out Ofgem/DTI's views on the changes that are required to electricity transmission, generation, distribution and supply licences to reflect that some activities relating to the implementation of BETTA will continue beyond the BETTA go-live date.

The licence conditions relating to the codes

- 2.2 The legal framework to have effect during the transition period that was introduced at the BETTA go-active date included additional arrangements for the modification of the CUSC, BSC, STC, Grid Code ('the Codes') in the transition period²⁴. These new arrangements provided that, in addition to the enduring modification arrangements, during the transition period the Authority would be able to direct changes, in certain specific circumstances, to the Codes where such changes were considered to be necessary or expedient for the purposes of implementing BETTA. These transitional modification provisions also provided that other changes to the Codes which might be considered necessary or expedient could be made with the consent of the Secretary of State. All of these powers were designed to fall away automatically at the BETTA go-live date. In addition, each of the Codes included transitional obligations which are placed upon parties relating to preparations for the implementation of BETTA.
- 2.3. The February 2005 consultation document noted the possibility that given that a number of activities have been identified for which implementation will continue beyond the BETTA go-live date further changes might be identified to the Codes relating to the implementation of such matters. As such, Ofgem/DTI considered whether or not it would be appropriate to extend the transitional modification arrangements for the Codes beyond BETTA go-live, to allow the Authority,

²⁴ The appropriate licence references for the STC, CUSC, BSC and Grid Code are set out in paragraph 1.9 of this paper.

following appropriate consultation, to direct further changes to the Codes where they were considered necessary or expedient for the purposes of implementing BETTA.

- 2.4 In the February 2005 consultation document, Ofgem/DTI noted it was unlikely that the transitional obligations contained within each Code would require further amendment after the BETTA go-live date to reflect the continuing implementation of certain elements of BETTA as any changes likely to be required as a result of the consultations which were highlighted in paragraphs 1.10 to 1.13 will have been implemented prior to the BETTA go-live date. In addition, the transitional provisions within the Codes which cover activities occurring after the BETTA go-live date are generally flexible, providing, in many instances, for different dates to be directed by the Authority, where required.
- 2.5 As such, Ofgem/DTI indicated in the February 2005 consultation document that they did not consider that it would be necessary to make specific provision for the transitional code modification powers to continue beyond the BETTA go-live date.

General obligations relating to BETTA implementation

- 2.6 The February 2005 consultation document noted that at BETTA go-active, licence obligations were introduced for all electricity licensees to support the transition to the implementation of BETTA. Ofgem/DTI placed licence obligations on each electricity transmission, generation, distribution and supply licensee to:
- take certain steps and do certain things as 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 specify
 - 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 modifications to their licence and the modifications or amendments to the industry codes (and the matters envisaged by them) which are required to implement BETTA.
- Modifications in this context included modifications that are in effect and those that are suspended. For the transmission licensees this obligation also relates to the introduction of the STC and any subsequent modifications to the STC

- take all reasonable steps and do such things as are reasonable and as are within its power and as are or may be necessary or expedient to give full and timely effect to modifications to their licence and modifications to the industry codes that they know or reasonably anticipate are to be made. For the transmission licensees this obligation also relates to the introduction of the STC and any subsequent modifications to the STC
- cooperate with all other licensees (and such other persons as the Authority may determine) in the discharge by those other licensees of the aforementioned obligations, and
- provide the Authority with information, as requested, to enable the Authority to monitor compliance with the above obligations.

2.7 These licence conditions are SLC 19A (BETTA implementation) ('SLC 19A') of the generation licence, SLC 31A (BETTA implementation) ('SLC 31A') of the supply licence and SLC 30A (BETTA implementation) ('SLC 30A') of the distribution licence. For the transmission licensees the aforementioned obligations are currently set out in SLC B13 (BETTA implementation) ('SLC B13'). In addition to SLC B13, the three transmission licensees are subject to supplementary obligations in relation to BETTA implementation, namely:

- SLC C19²⁵ (NGC obligation) and
- SLC D14²⁶ (SPT and SHETL obligation).

These conditions require the relevant transmission licensees to keep the transitional arrangements in relation to transmission SLC B13 under review and use all reasonable endeavours to identify any matters which are not addressed in the transitional provisions in the electricity licences and the relevant codes. The licensees are also obliged to consider any such possible matters raised by other parties and to advise Ofgem as to any required changes identified by themselves or any other party.

²⁵ Transmission SLC C19, BETTA implementation: supplementary provisions.

²⁶ transmission SLC D14, BETTA implementation: supplementary provisions.

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- 2.8 While it was envisaged, at BETTA go-active, that some matters relating to the implementation of BETTA (such as run-off) would continue beyond the BETTA go-live date, the licence amendments put in place at BETTA go-active provided that all of the obligations outlined above would fall away at the BETTA go-live date. Ofgem/DTI did not consider, at that time, that it would be necessary to continue the BETTA implementation licence conditions after the BETTA go-live date and as such provided, at BETTA go-active, that they would fall away automatically at the BETTA go-live date. One of the reasons for this view was that the activities that were to continue beyond the BETTA go-live date were subject to other obligations which would continue, for example, as a result of their obligation to comply with the provisions of the BETTA run-off arrangements scheme²⁷. As such it was not considered necessary for the BETTA implementation licence conditions to endure.
- 2.9 Ofgem/DTI indicated in the February 2005 consultation document that in light of the fact that the implementation of a number of additional matters will now continue beyond the BETTA go-live date, they had given further thought as to whether or not it is correct that the BETTA implementation licence conditions fall away at the BETTA go-live date.

Transmission licensees

- 2.10 Many of the activities outlined above, for which implementation will continue after the BETTA go-live date, are already the subject of specific obligations placed upon the transmission licensees that oblige them to take certain actions (either in the licence or the industry codes or both) which either will, or can be amended to, endure beyond the BETTA go-live date. There are however, other matters which are not currently the subject matter of specific licence or code obligations such as the preparation of the STC procedures which will form part of the STC.
- 2.11 Ofgem/DTI indicated in the February 2005 consultation document that in view of their importance to the overall delivery of BETTA it would not be appropriate to move to BETTA without provisions for the completion of all of the outstanding activities even after the BETTA go-live date. In addition, while some of these

²⁷ SLC 31B (BETTA run-off arrangements scheme) ('SLC 31B') for supply, SLC 19B (BETTA run-off arrangements) ('SLC 19B') for generation and SLC 30B (BETTA run-off arrangements scheme) ('SLC 30B') for distribution.

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matters are already the subject of specific obligations contained within the licences or the industry codes Ofgem/DTI considered that the continuation of the BETTA implementation licence condition would help to ensure that these outstanding activities are completed and that they are completed in a timely manner. As such Ofgem/DTI in the February 2005 consultation document indicated that they considered it necessary to continue to place obligations on each of the three transmission licensees to:

- take certain steps and do certain things as are within its power and which are or may be necessary or expedient for the purposes of implementing BETTA (this differs from the obligation with effect on and from the BETTA go-active date which referred to BETTA taking effect on or around 1 April 2005 (or such later date as may be specified by the Secretary of State)
- 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 modifications to their licences and industry codes (and the matters envisaged by them) which are required to implement BETTA. The reference to ‘modifications’ in this context continues to include modifications that are in effect and those that are suspended²⁸. For the transmission licensees this obligation also relates to the introduction of the STC and any subsequent modifications to the STC
- take all reasonable steps and do such things as are reasonable and as are within its power and as are or may be necessary or expedient to give full and timely effect to modifications that they know or reasonably anticipate are to be made. Ofgem/DTI note that while the likelihood of further required modifications for BETTA being identified are low (and in relation to the Codes would need to be through a mechanism other than the transitional modification provisions which will not continue after the BETTA go-live date) it is possible that such changes could be identified and introduced through an exercise of the section 134 power, and as such its retention is appropriate. For the transmission licensees this obligation also relates to the introduction of the STC and any subsequent modifications to the STC.

²⁸ Ofgem/DTI note that the issue of ‘suspended’ provisions is less relevant in this context given that virtually all suspended provisions will come into full effect on and from the BETTA go-live date.

- 2.12 Ofgem/DTI also indicated in the February 2005 consultation document their intention to continue the provisions relating to the provision of information and reports to the Authority with regard to the outstanding implementation activities.
- 2.13 Ofgem/DTI noted in the February 2005 consultation document that the completion of outstanding activities will require the continued co-operation of the three transmission licensees and considered that those elements of the BETTA implementation licence condition which relate to co-operating with other licensees should continue to remain in place until all such activities are completed.
- 2.14 Ofgem/DTI also noted in the February 2005 consultation document that in retaining the BETTA implementation licence condition beyond the BETTA go-live date it would be necessary to make specific provision for the retention of certain definitions which were included in the SLCs by virtue of Section E during the transitional period.

Generation, distribution and supply licensees

- 2.15 Ofgem/DTI indicated in the February 2005 consultation document that while it might be considered appropriate to extend the BETTA run-off and BETTA implementation transition obligations upon all generation, distribution and supply licensees relating to the completion of activities required for BETTA implementation, they did not consider that it will be necessary to do so. In particular Ofgem/DTI considered that given that the continuing activities identified to date for generation, distribution and supply licensees are already the subject of specific obligations contained within the licences or the CUSC and apply only to a subset of such licensees, it would be more appropriate to rely upon the specific obligations. Ofgem/DTI noted that the licence and CUSC obligations included, where required, obligations with regard to co-operating with other licensees (although such obligations are not as wide as the existing BETTA implementation licence condition).
- 2.16 Ofgem/DTI will not, under these proposals, be able to require that generation, distribution and supply licensees provide the Authority with information and reports to enable the Authority to monitor their compliance with these obligations. However, Ofgem/DTI consider that the existing information provisions (add

licence condition refs) could be used to request information from such licensees where required given that their activities for continuing implementation relate to specified obligations set out in the licences and the CUSC with which they are obliged to comply.

Information exchange between the transmission licensees

- 2.17 The February 2005 consultation document also noted that some additional information exchange is likely to take place between the transmission licensees in undertaking BETTA implementation activities (subject to appropriate restrictions and confidentiality arrangements). As such Ofgem/DTI indicated that it would be appropriate to continue the transitional provisions contained within special condition C for Scottish Hydro-Electric Transmission Limited (SHETL) and SP Transmission Limited (SPT) which allow the two Scottish transmission licensees to provide information which is required to assist other transmission licensees in preparing for the implementation of BETTA.

The issuing of GB offers during the transition period

Background

2. 18 On 17 December 2004, Ofgem/DTI published an open letter consultation (the December 2004 letter) which proposed (amongst other things) that a number of changes be made to the legal framework to take account of the possible late issuance by NGC of certain GB offers. Changes were proposed to:
- continue the existing transitional licence conditions put in place at BETTA go-active regarding the issuing of GB offers in the transition period
 - amend the existing transitional licence conditions to make it clear that they only apply in relation to parties who applied for use of a local transmission system prior to the BETTA go-live date, and
 - amend the enduring licence conditions on the issuing of GB offers to clarify that they only apply to applications for connection to and use of the GB transmission system received after the BETTA go-live date.

- 2.19 The December 2004 letter noted that these required changes would be taken forward as part of Ofgem/DTI's work on making final changes to the electricity transmission licence to prepare for the legal cut-over to the new GB arrangements that will apply from the BETTA go-live date.
- 2.20 On 28 January 2005, Ofgem/DTI published their conclusions on the changes to the legal framework that are required to take account of the possible late issuance of GB offers and noted that legal drafting to deliver a number of the required changes to the electricity licences would be included within the forthcoming consultation on legal cut-over of the electricity licences.

Changes set out in 28 January 2005 conclusions paper

- 2.21 As such, Ofgem/DTI set out the following proposed changes to the electricity licences in the February 2005 consultation document to reflect the late issuance of certain GB offers in relation to the 28 January 2005 conclusions document:

SLC C18 of the transmission licence

- to provide that SLC C18 will continue to have effect after the BETTA go-live date (including the continuation of any required definitions which will otherwise fall away at the BETTA go-live date²⁹)
- to ensure that any GB offers issued under SLC C18 continue to have effect after the BETTA go-live date in accordance with the provisions of SLC C18

SLC C8 of the transmission licence

- to clarify that the provisions of SLC C8 only apply in respect of applications made to NGC after the BETTA go-live date

SLC D15 (Obligations relating to the preparation of TO offers during the transition period) of the transmission licence

- to provide that the provisions of SLC D15 (Obligations relating to the preparation of TO offers during the transitional period) ('SLC D15') continue to

²⁹ The definition of 'run-off' in SLC C18 has been changed from that indicated in the February 2005 consultation document to provide a more accurate definition.

have effect in relation to a GB offer for which SLC C18 will also continue to have effect. SLC D15 will continue in effect alongside SLC D4A (Obligations in relation to offers of connection etc) ('SLC D4A') but the former SLC will only relate to applications made before the BETTA go-live date

SLC D4A of the transmission licence

- to clarify that its provisions only apply in respect of applications for terms made to NGC after the BETTA go-live date

SLC 19C of the generation licence, SLC 30C of the distribution licence and SLC 31C of the supply licence (Offers for connection to or use of the GB transmission system in the transitional period) ('SLCs 19C, 30C and 31C')

- to clarify that its provisions only apply in respect of applications for terms made before the BETTA go-live date and to include amendments to recognise that certain parties will not be receiving their GB offer prior to the BETTA go-live date (and as such that the timescales for the application of the default arrangements in such instances will need to be adapted).

Additional changes required to electricity licences to reflect the possible late issuance of GB offers

- 2.22 In addition to the changes outlined above, Ofgem/DTI indicated in the February 2005 consultation document that in completing their analysis, they identified some further changes that need to be made to the transmission SLCs to reflect the late issuance of some GB offers. The February 2005 consultation document therefore proposed changes to the definition of 'TO offer' in SLC A1 (Definitions and interpretation) and to SLC D5 (Prohibition on engaging in preferential or discriminatory behaviour) to ensure it continues to apply to TO offers made under SLC D15 as well as those being made under SLC D4A on an enduring basis.

The run-off of the Settlement Agreement for Scotland

- 2.23 The February 2005 consultation document noted that in the May 2003 conclusions paper on the Settlement Agreement for Scotland (SAS) under BETTA ('the May

2003 conclusions paper')³⁰ Ofgem/DTI concluded that for clarity, the SLCs requiring licensees to be a party to and/or comply with the SAS should be amended to require compliance for the purposes of run-off. Ofgem/DTI explained that this approach was consistent with the treatment of the equivalent licence obligations for NETA. Ofgem/DTI further commented that, at the end of SAS run-off, the Authority could propose that these conditions will be removed from all licences.

- 2.24 In the May 2003 conclusions paper Ofgem/DTI also considered that, under BETTA, the licences of Scottish Power Distribution Limited (SPDL) and Scottish-Hydro Power Distribution Limited (SHEPDL) should reflect the fact that the obligations set out in special conditions H and I of those licensees' distribution licences would be limited to providing supply and settlement arrangements only insofar as this was required for the purposes of run-off.
- 2.25 In relation to the SLCs that relate to the SAS, Ofgem/DTI in the February 2005 consultation document proposed amendments to generation SLC C4 and supply SLC 8 to ensure that the application of these conditions is restricted to those licensees who will have been a party to the SAS prior to the BETTA go-live date.
- 2.26 Ofgem/DTI also noted in the February 2005 consultation document that special distribution licence conditions H and I³¹ of SHEPDL and SPDL's distribution licences allow (through the transitional text that was inserted) for a direction to be issued by the Authority, subject to the consultation and consent of the Secretary of State, relieving the licensee of obligations in relation to these conditions. Ofgem/DTI indicated, in the February 2005 consultation document, their intention that SHEPDL and SPDL through special condition I will only be required to ensure that pre-BETTA settlement data is effectively run-off, and will be relieved of the obligation of settling data for settlement days on BETTA go-live date and beyond.
- 2.27 The proposed licence drafting relating to the SAS is set out in Annex C to this paper.

³⁰ 'The impact of BETTA on the Settlement Agreement for Scotland', an Ofgem/DTI conclusions paper'

³¹ These special licence conditions relate to the establishment of supply arrangements in the case of special condition H and the establishment of Scottish settlement arrangements in the case of special condition I.

'Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA' An Ofgem/DTI conclusion document.

Cut-over of the legal framework

2.28 In the February 2005 consultation document Ofgem/DTI considered that there was a need to consider (and confirm) that:

- the arrangements that were included at the BETTA go-active date works (i.e. that the new arrangements will have effect automatically at the BETTA go-live date with virtually all of the old arrangements falling away), and
- no further changes were required to ensure the cut-over to the new legal framework is delivered.

2.29 Ofgem/DTI indicated in the February 2005 that questions considered were whether the removal of the transitional conditions (and amendments) at the BETTA go-live date was correct in all instances. Ofgem/DTI also considered whether, in restating the enduring conditions, there is anything more that needs to be done to ensure that the new arrangements will operate effectively.

2.30 In Chapter 4 of the February 2005 consultation document Ofgem/DTI identified further changes that are required in relation to these matters. Tables of these licence amendments are included in Annex A. It should be noted that since publication of the February 2005 consultation document Ofgem/DTI have identified a need for a definition of 'transmission area' to be included in the generation, distribution and supply licences, as it is used in the definition of "licensee's transmission system".

3. Respondents' comments on the February 2005 consultation document

3.1. Ofgem/DTI received three responses to the February 2005 consultation document. These responses are available to view on the Ofgem website www.ofgem.gov.uk. A list of respondents is available at Annex B.

3.2 The February 2005 consultation document sought views on the proposals set out in the document and in particular on:

- Ofgem/DTI's views in chapter 3 on the legal changes required for the continuing implementation of some elements of BETTA after the BETTA go-live date
- legal drafting set out in Annex A, Annex B and Annex C to address the continued implementation of some elements of BETTA beyond the BETTA go-live date
- Ofgem/DTI's view that no specific legal changes are required to the electricity licences to accommodate the practical cut-over of the business processes
- Ofgem/DTI's views, set out in chapter 4 of the February 2005 consultation document on the legal changes required to cut-over the legal framework for BETTA
- legal drafting set out in Annex D for the legal changes required to cut-over the legal framework for BETTA, and
- any further changes that may be required in preparing for the implementation of BETTA on and from the BETTA go-live date.

3.3 The respondents' comments were limited to two areas:

- SLC B13 of the transmission licence in relation to BETTA implementation, and

- general comments regarding the scope of the changes being proposed and seeking clarification as to how the required changes will be introduced.

BETTA implementation beyond BETTA go-live date

- 3.4 All three respondents commented on the proposed changes to the SLC B13 of the transmission licence (a transitional condition).
- 3.5 One respondent indicated that it had no objections to the proposed extension of the BETTA implementation obligations beyond the BETTA go-live date but that it would wish to work with the Authority and the other transmission licensees to agree what requires to be completed after the BETTA go-live date.
- 3.6 Another respondent acknowledged the need to complete areas of work beyond the BETTA go-live date in relation to BETTA implementation but commented that it did not consider that the proposed amendments in SLC B13 of the transmission licence would achieve an extension beyond the BETTA go-live date. In addition, this respondent considered that it would not be acceptable for an open-ended obligation to be placed upon the transmission licensees as it considered that there would be potential for other matters to be included that were not strictly necessary for BETTA implementation. This respondent suggested that a time limit similar to that included in the proposed modifications to SLC C18 and D15 should be applied to SLC B13 of the transmission licence. In addition, this respondent also proposed limiting the scope of the proposed modifications to SLC B13 of the transmission licence by inserting the word “strictly” between “expedient” and “for”.
- 3.7 One of the respondents indicated its support for the approach of ensuring that all activities relating to the implementation of BETTA that need to be completed beyond the BETTA go-live date are completed in an appropriate timescale.

General comments

- 3.8 Two respondents indicated their general support for the approach and proposals in the February 2005 consultation.

- 3.9 One respondent commented that in a number of licence condition titles the words “transitional period” are still included and that it would be helpful to update these for BETTA go-live.
- 3.10 One respondent also suggested that the references (included in the drafting in Annex A) to “National Grid Company plc in the capacity of the party identified by the Minister of Energy as the party whose application to be GB system operator the government is minded to support” is not appropriate terminology. The respondent suggested that the reference should be to “National Grid Company plc as system operator”.
- 3.11 One of the respondents sought clarification as to how these changes were to be achieved.
- 3.12 The three respondents made no other comments on any part of the proposed amendments in the February 2005 consultation document or in response to the list of areas where Ofgem/DTI sought views (see paragraph 3.2).

4. Ofgem/DTI conclusions on the February 2005 consultation document

4.1. Ofgem/DTI note the respondents' comments on the February 2005 consultation document. These comments are discussed below. This chapter also concludes on the proposals in the February 2005 consultation document and indicates how the proposed modifications will be made to the electricity licences and the timing of those modifications.

BETTA implementation beyond BETTA go-live date

4.2 Ofgem/DTI note that all three respondents commented on the proposed modifications to SLC B13 of the transmission licence (a transitional condition). All three respondents acknowledged the need to complete areas of work in relation to BETTA implementation beyond the BETTA go-live date.

Scope of the obligation

4.3 Ofgem/DTI note that one respondent indicated that it would wish to work with the Authority and the other transmission licensees to agree what requires to be completed after the BETTA go-live date. Another respondent raised concerns regarding the scope of any continuing obligation relating to the implementation of BETTA, raising concerns that matters not strictly associated with the implementation of BETTA might be brought within the scope of the obligation. That respondent also suggested that the scope of the obligation should be limited by inserting "strictly" between "expedient" and "for".

4.4 The scope of the licence obligation is limited to those matters that are necessary or expedient for the purpose of implementing BETTA. Ofgem/DTI do not consider, in the light of this drafting, that it would be possible for this obligation to be widened to include matters that are not necessary or expedient for that purpose. As such Ofgem/DTI do not consider that it is necessary to provide further clarity in the licence condition as to the nature of the 'implementation activities' that remain outstanding. In addition, Ofgem/DTI do not consider that the insertion of the term 'strictly' would be appropriate as the test that is currently in place already places

the appropriate boundary around the obligation, being limited only to matters that are necessary or expedient for the purposes of implementing BETTA.

4.5 Ofgem/DTI recognise that there is a need for the transmission licensees (and Ofgem/DTI) to have a clear understanding of what continued actions are required for BETTA implementation after the BETTA go-live date. Ofgem/DTI consider that the nature of these activities is sufficiently known to the transmission licensees, (in particular given the detailed arrangements set out in the industry codes and/or specific licence obligations in relation to these activities) such that they can be clear as to the nature of their continuing obligations under this licence condition. The activities that remain to be completed may broadly be grouped into three areas:

- activities to complete the run-off of the existing non-GB trading and transmission arrangements (this includes the completion of the determination of any disputes relating to the running-off of these arrangements and the continued administration and operation of the SAS during the run-off period)
- activities to complete the new contractual arrangements that are required for the GB transmission system (this includes putting in place new GB contractual arrangements between NGC and users (including the resolution of any disputes as to appropriate terms to apply to those), the introduction of appropriate interface arrangements between users and transmission owners and
- the completion of outstanding STC procedures.

4.6 Ofgem/DTI conclude that no further changes are required to this licence condition to ensure the scope of activities falling within it.

4.7 The respondent also commented that it would not be acceptable for an open-ended obligation to be placed upon the licensees. This respondent suggested that there should be a time limit applied to the condition.

4.8 Ofgem/DTI is of the view that this condition is not open ended as it relates only to the 'implementation of BETTA' which in effect is activities related to the introduction of BETTA rather than the operation of BETTA on an ongoing basis. Ofgem/DTI understand that it would be preferable if a clear date for the expiration

of this obligation could be included within the licence obligation, such that a transmission licensee can, at a specific point in time (or on the occurrence of a specific event such as the last issuance of a GB offer) be clear that its obligations under the licence condition have been fully discharged. Although it is not possible at this stage to predict when all of the remaining activities relating to the implementation of BETTA will be completed it is safe to assume that with the exception of GB offers³² (which will be covered by other transitional licence conditions) that all other activities will have been completed by April 2006. Therefore in light of the concern raised by the respondent, Ofgem/DTI have considered further whether it might be possible to introduce a mechanism whereby the obligations included within this provision can be brought to an end and have concluded that a new paragraph should be inserted into SLC B13 of the transmission licence (a transitional condition) which will relieve the licensees of the obligations in this condition on 1 April 2006 or allow the Authority to issue a direction at an earlier date if it considers it sensible to do so. In Ofgem/DTI's view this addresses the issues about the concerns raised regarding the period of the extension.

- 4.9 Another respondent although supportive of the obligation being extended beyond the BETTA go-live date requested clarification on how this (and other changes to transmission licence obligations included within the consultation document) would be achieved through the proposed drafting. This matter is considered under the 'general comments' heading below.

General comments

- 4.10 Ofgem/DTI note that one respondent commented that in a number of licence condition titles the words "transitional period" are still included and that it would be helpful to update these for the BETTA go-live date. Ofgem/DTI indicated in the February 2005 consultation document that some additional changes could have been made to the electricity licences to reflect the fact that the BETTA go-live date will have occurred. However, Ofgem/DTI considered (and continue to consider) that it is appropriate only to make those changes that are required to ensure that

³² These GB offers fall under transmission licence condition C18 which will be retained until the last offer is made.

licensees are subject to the required obligations rather than to 're-design' the provisions.

- 4.11 Ofgem/DTI also note that one respondent commented that the reference to NGC in special condition C in the transmission licences of SPT and SHETL (Annex A of the February 2005 consultation document) should be updated from the current drafting, which refers to NGC " in the capacity of the party identified by the Minister of Energy as the party whose application to be GB system operator the government is minded to support" to "as system operator".
- 4.12 Ofgem/DTI note the comments of the respondent but consider that given that the stated intention of the process, as set out in the February 2005 consultation document, was to consider and make only those changes that are required to ensure that licensees are subject to the required obligations rather than to 're-design' the provisions, it would not be appropriate to make such a change at this time.
- 4.13 As noted above, one of the respondents sought clarification as to how the changes proposed in the February 2005 consultation document were going to be implemented.
- 4.14 In the case of the SLCs of the transmission licence, such as SLC B13, Ofgem/DTI intend that the relevant changes will be made by modifying 'Section E: Transitional standard licence conditions' which formed annex 1 of the directions issued to NGC, SPT and SHETL dated 31 August 2004 ('Section E'). Such changes to Section E will be made by the Secretary of State in exercise of her powers under section 134 of the Energy Act 2004 on or around 21 March 2005.
- 4.15 In respect of the changes to the special conditions and the changes to electricity generation, distribution and supply SLCs and special conditions for the purpose of legal cutover, Ofgem/DTI intend that these changes will be made by the Secretary of State in exercise of her powers under section 134 of the Energy Act 2004 on or around 21 March 2005. Such exercise will modify, as appropriate, the arrangements that were introduced at the BETTA go-active date.

Proposed modifications to standard conditions and special conditions of the electricity transmission, generation, distribution and supply licences

4.16 Ofgem/DTI conclude that the proposed amendments to the electricity licences in the February 2005 consultation document will be made by the Secretary of State in exercise of her powers under section 134 of the Energy Act 2004. In addition, in light of comments received, further changes as outlined in paragraph 4.8 in relation to SLC B13 of the transmission licence will be included. It should also be noted that paragraph 2(b)(ii) of SLC B14 of the transmission licence will be amended in line with those changes proposed in SLC B13 of the transmission licence, SLC 19A of the generation licence, SLC 31A of the supply licence and SLC 30A of the distribution licence. This change is referred to in table 2 of Annex A and the condition (with the proposed amendments) is included in Annex F.

4.17 The proposed modifications to the standard conditions and the special conditions of the electricity transmission, generation, and distribution and supply licences (excluding the modifications to particular definition [s] 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 are contained within the following annexes:

- **Annex C** contains modifications to SLC B13 (BETTA implementation) of the transmission licence and special condition C (Restriction on the use of certain information) of SPT and SHETL's transmission licences.
- **Annex D** contains modifications to SLC C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period), SLC C8 (Requirement to offer terms), SLC D15 (Obligations relating to the preparation of TO offers during the transition period), SLC D4A (Obligations in relation to offers for connection etc) and SLC D5 (Prohibition on engaging in preferential or discriminatory behaviour) all of the transmission licence, and SLC 19C (Offers for connection to or use of the GB transmission system in the transition period) of the generation licence, SLC 30C (Offers for connection to or use of the GB transmission system in the transition period) of the distribution licence and SLC 31C (Offers for connection to or use of the GB transmission system in the transition period) of the supply licence.
- **Annex E** contains modifications to SLC C4 (Compliance with Settlement Agreement for Scotland) of the generation licence and SLC C8 (Settlement Agreement for Scotland) of the supply licence.

- **Annex F** contains modifications to SLC B13 (BETTA implementation), SLC B14 (BETTA run-off arrangements), SLC C9 (Functions of the Authority) all of the transmission licence, special condition A (definitions) and special condition C (Pooling and Settlement Agreement run-off) of NGC's transmission licence.

Timing of modifications

4.18 It is intended that the modifications to the licence conditions, except those to paragraphs 1(c) of each of SLC 19C (Offers for connection to or use of the GB transmission system in the transition period) of the generation licence, SLC 30C (Offers for connection to or use of the GB transmission system in the transition period) of the distribution licence and SLC 31C (Offers for connection to or use of the GB transmission system in the transition period) of the supply licence shall have effect on and from the BETTA go-live date. It is intended that the modifications to paragraph 1(c) of the relevant conditions shall have effect on and from the date of the direction signed by the Secretary of State to modify the licence conditions. Such modifications shall have effect at an earlier date (than the date the other modifications shall have effect) as a consequence of the late issuance of GB offers by NGC and to be consistent with similar modifications previously made to SLC C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) of the transmission licence.

**MODIFICATIONS TO STANDARD CONDITIONS AND SPECIAL CONDITIONS OF
ELECTRICITY TRANSMISSION, GENERATION, DISTRIBUTION AND SUPPLY
LICENCES**

Note:

- 1** The documents attached at Annexes C, D, E and F show the proposed modifications to the standard conditions and the special conditions of the electricity transmission, generation, distribution and supply licences (as appropriate) 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.
- 2** The text of the proposed modifications to the standard conditions and the special conditions of the electricity transmission, generation, distribution and supply licences (as appropriate) which it is anticipated the Secretary of State will make (“proposed designation text”) shall be contained in a number of annexes (the “Annexes”) that will form part of the direction from the Secretary of State to modify the standard conditions and the special conditions of the licences (as appropriate).
- 3** Annexes C, D, E and F are being made available for information purposes only and are intended to show 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 shown 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.

Annex A

Transmission Licence

Transmission SLC definitions

Definitions SLC	Required change	Reason for change
'associated TO offer' SLC A1/C1 (Definitions and interpretation)	This definition needs to be amended so that it includes a definition for associated TO offers in connection with GB offers issued under SLC C18 as well as the definition for the enduring offers made under SLC C8.	This definition was omitted in error from the BETTA go-active arrangements. Given that SLC D15 (within which the term is used) will continue in effect beyond the BETTA go-live date Ofgem/DTI consider that it is appropriate to correct this error.
'BETTA' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of B13.	This definition would fall away at BETTA go-live as it is transitional text but needs to be retained for the purposes of B13.
'Code' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of B13.	This definition would fall away at the BETTA go-live date as it is transitional text but needs to be retained for the purposes of B13.
'electricity licensee' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of B13.	This definition would fall away at the BETTA go-live date as it is transitional text but needs to be retained for the purposes of B13.

'Amendments to the electricity transmission, generation, distribution and supply licences in relation to the legal cut-over to BETTA' An Ofgem/DTI conclusion document.

'interconnection' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of C18 and D15.	This definition would fall away at the BETTA go-live date as it is transitional text but needs to be retained for the purposes of C18 & D15.
'Scottish grid code' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of B13.	This definition would fall away at the BETTA go-live date as it is transitional text but needs to be retained for the purposes of B13.
'Scottish licensee' SLC A1 (Definitions and interpretation)	This definition needs to be retained for the purposes of C18 and D15.	This definition would fall away at the BETTA go-live date as it is transitional text but needs to be retained for the purposes of C18 & D15.

Standard licence conditions and special licence conditions

Annex F of this document contains the proposed modifications to the licence conditions listed in the table below which it is anticipated the Secretary of State will make.

Licence condition	Required change	Reason for change
SLC B13 (BETTA implementation)	Changes to paragraph 2(b)(ii) to reflect that the paragraphs in the various conditions to which this paragraph refers will have fallen away at the BETTA go-live date.	Ofgem/DTI consider that it is appropriate, given that this paragraph forms part of the definition of 'BETTA' for the BETTA run-off arrangements scheme (which will be the subject of enduring licence obligations) to make these changes to ensure that the provision is not misleading.

<p>SLC B14 (BETTA run-off arrangements scheme)</p>	<p>Changes to paragraph 2(b)(ii) to reflect that the paragraphs in the various conditions to which this paragraph refers will have fallen away at the BETTA go-live date.</p>	<p>Ofgem/DTI consider that it is appropriate, given that this paragraph forms part of the definition of 'BETTA' for the BETTA run-off arrangements scheme (which will be the subject of enduring licence obligations) to make these changes to ensure that the provision is not misleading</p>
<p>SLC C9 (Functions of the Authority)</p>	<p>An additional paragraph has been inserted into the condition at paragraph 8 to retain both the transitional definitions of 'connection charges', 'connection charging methodology' and 'use of system charges' and the definitions which applied prior to BETTA go-active. The purpose of this is to provide that historical disputes relating to the 'local' methodologies and charges can continue to be raised under SLC C9.</p>	<p>These changes are required to ensure that paragraph 8 will continue to apply to any disputes that arose prior to the BETTA go-live date.</p>
<p>NGC special condition A (Definitions)</p>	<p>To retain, for the purposes of special condition C the definition of 'interconnector(s)' that</p>	<p>The enduring definition of 'interconnector(s)' in special condition A refers to the GB transmission system. At BETTA go-active this was amended for the transitional period to refer to</p>

	<p>applied prior to BETTA go-active³³.</p>	<p>England and Wales. This definition is used in NGC's special conditions relating to the England-France interconnector (special conditions D (Basis of charges for use of interconnector(s) and requirement to offer terms), E (Non-discrimination in the provision of use of interconnectors(s)) and F (Functions of the Authority). In this context it is correct that the transitional definition falls away at the BETTA go-live date and that the GB definition applies. However the definition is also used in special condition C in relating to PSA run-off. In this context it is not correct that the definition reverts to GB at the BETTA go-live date as this may remove the obligation to keep data and records regarding the Scottish interconnection.</p>
<p>Special condition C for NGC (Pooling and Settlement Agreement run-off)</p>	<p>A definition of 'ancillary services' needs to be included in the licence condition which replicates the transitional period version of the definition of 'ancillary services'</p>	<p>This change should have been made at BETTA go-active. In moving the definition of 'ancillary services' to section C and providing that the definition is for the purposes of section C only the link to this condition was lost at</p>

³³ In the February 2005 consultation document, the mark-up version of the definition was shown in special condition C, the actual modification is in special condition A which is now in annex F.

	contained in SLC C1 of the transmission SLCs.	BETTA go-active. It is also the case that the SLC C1 (Definitions and interpretation) definition is not correct in this historical context in any event and would have required amendments for the purposes of this licence condition to retain the references to the Scottish interconnection.
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Generation Licence

Licence condition	Required change	Reason for change
'transmission area' SLC A1 (Definition and interpretation)	Insertion of definition.	The definition of 'licensee's transmission system' uses the term 'transmission area' which needs to be defined.
19B (BETTA run-off arrangements scheme)	Changes to paragraph 2(b)(ii) to reflect that the paragraphs in the various conditions to which this paragraph refers will have fallen away at the BETTA go-live date.	Ofgem/DTI consider that it is appropriate, given that this paragraph forms part of the definition of 'BETTA' for the BETTA run-off arrangements scheme (which will be the subject of enduring licence obligations) to make these changes to ensure that the provision is not misleading.

Supply licence

Licence condition	Required change	Reason for change
'transmission area' SLC A1 (Definition and interpretation)	Insertion of definition.	The definition of 'licensee's transmission system' uses the term 'transmission area' which needs to be defined.
31B (BETTA run-off arrangements)	Changes to paragraph 2(b)(ii) to reflect that the paragraphs in the various conditions to which this paragraph refers will have fallen away at the BETTA go-live date.	Ofgem/DTI consider that it is appropriate, given that this paragraph forms part of the definition of 'BETTA' for the BETTA run-off arrangements scheme (which will be the subject of enduring licence obligations) to make these changes to ensure that the provision is not misleading.

Distribution licence

Licence condition	Required change	Reason for change
'transmission area' SLC A1 (Definition and interpretation)	Insertion of definition.	The definition of 'licensee's transmission system' uses the term 'transmission area' which is needs to be defined.
30B (BETTA run-off arrangements)	Changes to paragraph 2(b)(ii) to reflect that the paragraphs in the various conditions to which this	Ofgem/DTI consider that it is appropriate, given that this paragraph forms part of the definition of 'BETTA' for

	paragraph refers will have fallen away at the BETTA go-live date.	the BETTA run-off arrangements scheme (which will be the subject of enduring licence obligations) to make these changes to ensure that the provision is not misleading.
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Annex B

Respondents:

National Grid Transco

Scottish and Southern Energy

SP Transmission & Distribution

Annex C

Condition B13. 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~~ for the purposes of implementing BETTA ~~can take effect on or around 1 April 2005 or such later date as the Secretary of State may designate as~~ on and from 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:
 - (a) to 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, to 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 ~~new~~ paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code) which applied during the transition period, ~~new~~ paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, ~~new~~ paragraph 8 of standard condition C10 (Connection

and Use of System Code (CUSC)) which applied during the transition period, ~~new~~ paragraph 7 of standard condition C14 (Grid Code) which applied during the transition period and ~~new~~ paragraph 6 of standard condition D9 (Licensee's grid code) which applied during the transition period respectively; and

- (c) to 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 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 or the STC, as appropriate.

- 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 STC, BSC, CUSC, Grid Code or any Scottish grid code which are directed by the Authority pursuant to the provisions of

~~new~~ paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code) which applied during the transition period, ~~new~~ paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, ~~new~~ paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) which applied during the transition period, ~~new~~ paragraph 7 of standard condition C14 (Grid Code) which applied during the transition period and ~~new~~ paragraph 6 of standard condition D9 (Licensee's grid code) which applied during the transition period 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 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.

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 any Scottish grid code which are directed by the Authority pursuant to the provisions of ~~new~~ paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code) which applied during the transition period, ~~new~~ paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, ~~new~~ paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) which applied during the transition period, ~~new~~ paragraph 7 of standard condition C14 (Grid Code) which applied during the transition period and ~~new~~ paragraph 6 of standard condition D9 (Licensee's grid code) which applied during the transition period 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 conditions 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 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.

7. This condition shall cease to have effect on 1 April 2006 or such earlier date as the Authority may specify in a direction given for the purposes of this condition generally.

Special Condition C. Restriction on use of certain information [SPT/SHETL]

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

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

(b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:

- (i) any requirement of a competent authority;
- (ii) the standard conditions of any licence granted or taking effect as if granted under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;
- (iii) any other requirement of law; or
- (iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;

(c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential; ~~or~~

(d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain; or

(e) where such information is required for the purposes of assisting other transmission licence holders, including National Grid Company plc in the capacity of the party who has been identified by the Minister for Energy as the party whose application to be GB System Operator the government is minded to accept, to prepare for and plan and develop the operation of a GB transmission system and such other matters as will facilitate the

implementation of new arrangements relating to the trading and transmission of electricity in Great Britain designed –

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

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

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

4. Subject to paragraphs 9 to 12 of special condition D (Independence of and appointment of managing director of the transmission business), the licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with subparagraph 3(a) shall use such information only for the purposes of the transmission business or any external transmission activities.

5. In this condition

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

"confidential information" bears the meaning given at paragraph 1.

"Electricity Arbitration Association" means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for

the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.

"external activities" distribution means any business of the licensee or any affiliate or related undertaking comprising or ancillary to the maintenance, repair or operation of, or other activities in connection with any electricity distribution or transmission system other than the licensee's distribution system ("an external distribution system").

"external activities" transmission has the meaning given to that term in special condition D (Independence of and appointment of managing director or the transmission business) of this part of this licence.

Annex D

Transmission

Condition C18. Requirement to offer terms for connection or use of the GB transmission system during the transition period

1. The principal objectives of this condition are to ensure that, to the extent possible, the licensee shall, in accordance with the requirements of this condition:

- (a) have agreements governing connection to or use of the GB transmission system with all existing users by the BETTA go-live date; and
- (b) make offers for connection to or use of the GB transmission system to all applicants in accordance with the timescales specified in paragraph 7 below,

each such agreement and offer, as appropriate, to take account of and be consistent with:

- (i) the licensee's obligations under this condition, including the licensee's obligations under Schedule 1 to this condition;
- (ii) subject to (i), those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the agreement been entered into or the offer been made after the BETTA go-live date, have applied to that agreement or offer, as appropriate.

2. Without prejudice to its obligations under condition B13 (BETTA implementation), the licensee shall take such steps and do such things as are necessary or requisite and as are within its power to secure the achievement of the principal objectives described in paragraph 1 above.

3. The licensee shall, in the manner provided for in Section 12 of the CUSC (save that, in the event of any conflict between the provisions of Section 12 of the

CUSC and the provisions of this condition, the provisions of this condition shall prevail) and unless otherwise directed by the Authority:

- (a) offer to enter into agreements to connect to or use the GB transmission system with all existing Scottish users, which agreements shall comply and be consistent with the provisions of this condition;
- (b) offer to amend such of the existing agreements between it and existing other users for connection to or use of the licensee's transmission system as are necessary to ensure that all of those agreements will, with effect from the BETTA go-live date, become agreements for connection to or use of the GB transmission system and will otherwise be modified such that those agreements comply and are consistent with the provisions of this condition; and
- (c) subject to paragraph 8 below, offer to enter into agreements to connect to or use the GB transmission system with all applicants, which agreements shall comply and be consistent with the provisions of this condition.

4. To enable the licensee to comply with paragraph 3 above, the licensee shall, unless otherwise directed by the Authority and, in the case of applicants, subject to paragraph 8 below, offer to enter into:

- (a) the CUSC Framework Agreement (where the relevant person is not already a party to such agreement); and
- (b) to the extent appropriate, such other agreements as are provided for in the CUSC,

with each existing user and each applicant.

5. Each offer which the licensee makes to an existing Scottish user or an existing Scottish applicant pursuant to paragraph 3 above shall:

- (a) reflect any associated TO offer which relates to that offer and, to the extent appropriate, Section I Information;

- (b) take account of and be consistent with the licensee's obligations under this condition, including the licensee's obligations under Schedule 1 to this condition;
- (c) in the case of each existing Scottish user, reflect a Connection Entry Capacity and Transmission Entry Capacity which are, to the extent practicable, equal to that existing Scottish user's equivalent rights under the relevant existing agreement between it and a Scottish licensee;
- (d) subject to sub-paragraphs (b), (c) and (f), take account of and be consistent with those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the offer been made after the BETTA go-live date, have applied to that offer;
- (e) where that offer is for connection, and to the extent appropriate, make detailed provision regarding the connection charges to be paid to the licensee, such charges:
 - (i) to be presented in such a way as to be referable to the GB connection charging methodology (or, in respect of any offer made prior to 1 February 2005 or such later date as the Authority may direct for these purposes, the licensee's best estimate thereof) or any revision thereof;
 - (ii) where the licensee has, in accordance with sub-paragraph (e)(i) above, relied upon an estimate of the GB connection charging methodology, to be updated, as necessary, so as to be referable to the GB connection charging methodology as soon as reasonably practicable after it is available;
 - (iii) to be set in conformity with the requirements of paragraph 8 of standard condition C6 (Connection charging methodology) and (where relevant) paragraph 4;
- (f) save where the Authority otherwise directs, reflect the division of ownership of Plant and Apparatus provided for in:

- (i) the relevant existing agreement between a Scottish licensee and that existing Scottish user; or
 - (ii) any offer made or to be made by a Scottish licensee to that existing Scottish applicant, and
- (g) contain such further terms as are or may be appropriate for the purpose of the agreement, taking account, in the case of existing Scottish users, of:
 - (i) any rights afforded to and any restrictions imposed upon the relevant person pursuant to any existing agreement for connection or use of system, as appropriate; or
 - (ii) any rights afforded to and any restrictions imposed upon the relevant person pursuant to any agreement for connection or use of system, as appropriate, that has been run-off pursuant to standard condition B14 (BETTA run-off arrangements scheme),

to the extent that the same have been notified to the licensee and the licensee is able to continue to offer such rights or impose such restrictions and there are no grounds upon which the licensee may reasonably object to such rights or restrictions being reflected in the offer being made by it to the relevant existing Scottish user (or in any subsequent agreement).

- 6. Each offer which the licensee makes to an existing other user or an existing other applicant pursuant to paragraph 3 above shall:
 - (a) reflect any associated TO offer which relates to that offer;
 - (b) take account of and be consistent with the licensee's obligations under this condition, including its obligations under Schedule 1 to this condition;
 - (c) in the case of each existing other user, reflect the Connection Entry Capacity and Transmission Entry Capacity which apply under the

relevant existing agreement between that existing other user and the licensee;

- (d) subject to sub-paragraphs (b), (c) and (f), take account of and be consistent with those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the offer been made after the BETTA go-live date, have applied to that offer; and
- (e) where that offer is for connection, and to the extent appropriate, make detailed provision regarding the connection charges to be paid to the licensee, such charges:
 - (i) to be presented in such a way as to be referable to the GB connection charging methodology (or, in respect of any offer made prior to 1 February 2005 or such later date as the Authority may direct for these purposes, the licensee's best estimate thereof) or any revision thereof;
 - (ii) where the licensee has, in accordance with sub-paragraph (f)(i) above, relied upon an estimate of the GB connection charging methodology, to be updated, as necessary, so as to be referable to the GB connection charging methodology as soon as reasonably practicable after it is available;
 - (iii) to be set in conformity with the requirements of paragraph 8 of standard condition C6 (Connection charging methodology) and (where relevant) paragraph 4;
- (f) save where the Authority otherwise directs, reflect the division of ownership of Plant and Apparatus provided for in:
 - (i) the relevant existing agreement between the licensee and that existing other user; or

- (ii) any offer made or to be made by the licensee to that existing other applicant; and
- (g) contain such further terms as are or may be appropriate for the purpose of the agreement, taking account, in the case of existing other users, of:
 - (i) any rights afforded to and any restrictions imposed upon the relevant person pursuant to any existing agreement for connection or use of system, as appropriate; or
 - (ii) any rights afforded to and any restrictions imposed upon the relevant person pursuant to any agreement for connection or use of system, as appropriate, that has been run-off pursuant to standard condition B14 (BETTA run-off arrangements scheme),

to the extent that the licensee is able to continue to offer such rights or impose such restrictions and there are no grounds upon which the licensee may reasonably object to such rights or restrictions being reflected in the offer being made by it to the relevant existing other user (or in any agreement between it and that relevant user).

7. The licensee shall make an offer in accordance with paragraph 3 above:

- (a)
 - (i) to the extent required to comply with paragraph 3, to each existing other user; and
 - (ii) to each existing Scottish user whose details have been provided to the licensee in accordance with Section I of the STC,

as soon as reasonably practicable after the date upon which this condition takes effect in the licensee's licence and, in any event, by 1 February 2005 or such later date as the Authority may direct for these purposes;
- (b) to each existing other applicant as soon as reasonably practicable and in any event (except where the Authority consents to a longer period) within:

- (i) 3 months of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of an application from that existing other applicant for connection to the licensee's transmission system containing all such information as the licensee may reasonably require for the purpose of formulating the terms of its offer; or
 - (ii) 28 days of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of an application from that existing other applicant for use of the licensee's transmission system containing all such information as the licensee may reasonably require for the purpose of formulating the terms of its offer;
- (c) to each existing Scottish applicant as soon as reasonably practicable and in any event (except where the Authority consents to a longer period) within:
 - (i) 3 months of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of a notification from a Scottish licensee in accordance with condition D15 (Obligations relating to the preparation of TO offers during the transition period) that that Scottish licensee has received an application for connection containing all such information as that Scottish licensee reasonably requires for the purpose of formulating the terms of its offer to that existing Scottish applicant; or
 - (ii) 28 days of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of a notification from a Scottish licensee in accordance with condition D15 (Obligations relating to the preparation of TO offers during the transition period) that that Scottish licensee has received an application for use of system containing all such information as that Scottish licensee reasonably requires for the purpose of formulating the terms of its offer to that existing Scottish applicant.

8. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement with any applicant if:
 - (a) to do so would be likely to involve the licensee:
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the transmission business;
 - (iii) in breach of the Grid Code; or
 - (iv) in breach of the conditions; or
 - (b) the person to whom the offer is being made does not undertake to be bound insofar as applicable by the terms of the Grid Code or the CUSC from time to time in force; or
 - (c) in the case of offers for use of system, the person to whom the offer is being or is to be made ceases to be an authorised electricity operator; or
 - (d) a Scottish licensee has notified the licensee that under paragraph 5 of condition D15 (Obligations relating to the preparation of TO offers during the transition period) it is not obliged to offer to enter or to enter into any agreement in response to the application or notification, as appropriate.
9. Each offer made by the licensee to:
 - (a) an existing Scottish user or an existing other user pursuant to paragraph 3 above shall be open for acceptance for a minimum period of one month (or such longer period as the Authority may direct for these purposes) from the date that it is received by that existing Scottish user or existing other user, as appropriate; and
 - (b) an applicant pursuant to paragraph 3 above shall be open for acceptance for a minimum period of three months.

10. If the licensee and any applicant or existing user fail to agree upon the terms of an agreement based upon an offer made pursuant to this condition, the Authority may, pursuant to section 7(3)(c) of the Act and on application of the licensee, an applicant or an existing user, settle any terms in dispute in such manner as appears to the Authority to be reasonable.
11. If an application is made to the Authority as provided at paragraph 10 above, the licensee shall:
 - (a) notify the Authority of:
 - (i) any associated TO offer which relates to the agreement which is the subject of that application;
 - (ii) any Section I Information which relates to the agreement which is the subject of that application;
 - (iii) any transmission licensee (other than a transmission licensee who has made a TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 11(a)(ii)) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer;
 - (b) notify each transmission licensee who has made an associated TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 11(a)(ii) and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer, of such application; and
 - (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to:

- (i) settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c);
 - (ii) determine any changes to be made to Section I Information (including any addition to be made thereto) as a consequence of the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c); and
 - (iii) determine whether any TO offer (other than those TO offers (if any) which the licensee shall have notified to the Authority in accordance with paragraph 11(a) above) is required in connection with the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c).
- 12. Insofar as an applicant or an existing user wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 10 above, the licensee shall forthwith enter into an agreement or amend an existing agreement, as appropriate, on the basis so settled.
- 13. If the licensee has failed by 1 March 2005 (or such later date as the Authority may direct for these purposes) to enter into an agreement with an existing Scottish user who is also an electricity licensee, or to agree changes to an existing agreement for connection to or use of system with an existing other user who is also an electricity licensee, then, without prejudice to either party's right to refer the matters in dispute to the Authority for determination as provided at paragraph 10 above, the licensee shall:
 - (a) where no such reference has been made, apply to the Authority to settle any terms in dispute and the Authority shall be entitled to settle such terms in such manner as appears to the Authority to be reasonable;
 - (b) notify the Authority of:
 - (i) any associated TO offer which relates to the agreement which is the subject of that application;

- (ii) any Section I Information which relates to the agreement which is the subject of that application;
 - (iii) any transmission licensee (other than a transmission licensee who has made a TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 13(b)(ii)) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer;
- (c) notify each transmission licensee who has made an associated TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 13(b)(ii) and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer, of such application; and
- (d) request that the Authority exercise its powers under section 7(3)(c) of the Act to:
 - (i) settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to this paragraph 13; and
 - (ii) determine any changes to be made to the Section I Information (including any addition to be made thereto) as a consequence of the Authority's determination made pursuant to this paragraph 13; and
 - (iii) determine whether any TO offer (other than those TO offers (if any) which the licensee shall have notified to the Authority in accordance with paragraph 13(b) above) is required in connection with the Authority's determination made pursuant to this paragraph 13.

14. Where the terms of an agreement are settled by the Authority pursuant to paragraph 13 above, the licensee shall forthwith enter into an agreement or amend an existing agreement, as appropriate, on the basis so settled.
15. Where the terms of an agreement which are to be settled by the Authority pursuant to paragraph 13 above have not been settled by the date which falls two weeks prior to the BETTA go-live date (or such later date as the Authority may direct for these purposes), the licensee shall forthwith enter into an agreement, or amend an existing agreement, on the basis of the terms of the licensee's offer to the relevant electricity licensee pending settlement of the terms of that agreement by the Authority. 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.
16. [The provisions of this condition shall only apply to existing users and to any application made by an applicant before the BETTA go-live date.](#)

17. In this condition:

"Apparatus"	has the meaning given to it in the CUSC.
"applicant"	means either an existing other applicant or an existing Scottish applicant.
"Connection Entry Capacity"	has the meaning given to it in the CUSC.
"existing agreement"	means an agreement between the licensee or a Scottish licensee and an existing user.

"existing other applicant"

means in respect of each application, either:

- (a) any authorised electricity operator in the case of an application for use of system; or
- (b) any person in the case of an application for connection,

who has made or who at any time during the transition period makes an application requesting an offer for connection to or use of the licensee's transmission system but who has not, as at 1 January 2005, accepted any such offer provided that an authorised electricity operator or a person, as appropriate, shall not (or no longer) constitute, for the purposes of the relevant application, an existing other applicant where the period within which the relevant offer needs to be accepted has expired and that offer has not been accepted.

"existing other user"

means in respect of each agreement, a person who, as at 1 January 2005, has an agreement with (or has accepted an offer from) the licensee for connection to or use of the

licensee's transmission system provided that any person who has an agreement with the licensee relating to connection to the licensee's transmission system of the interconnection shall not, in respect of that agreement, constitute an existing other user for the purposes of this condition.

"existing Scottish applicant"

means in respect of each application, either:

- (a) any authorised electricity operator in the case of an application for use of system;
or
- (b) any person in the case of an application for connection,

who has made or who at any time during the transition period makes an application requesting an offer for connection to or use of a Scottish licensee's transmission system but who has not, as at 1 January 2005, accepted any such offer provided that an authorised electricity operator or a person, as appropriate, shall not (or no longer) constitute an existing other applicant where the period within which the relevant offer needs

to be accepted has expired and the offer has not been accepted.

"existing Scottish user"

means in respect of each agreement, a person who, as at 1 January 2005, has an agreement with (or has accepted an offer from) a Scottish licensee for connection to or use of a Scottish licensee's transmission system provided that any person who has an agreement with a Scottish licensee relating to connection to that Scottish licensee's transmission system of the interconnection shall not, in respect of that agreement, constitute an existing Scottish user for the purposes of this condition.

"existing user"

means an existing Scottish user or an existing other user.

"GB connection charging methodology"

means the connection charging methodology which the licensee is obliged to determine in accordance with standard condition 6 (Connection charging methodology).

"Plant"

has the meaning given to it in the CUSC.

"relevant time"

for the purposes of this condition means the time at which the licensee makes an offer as required by paragraph 3 of this condition.

"run-off"

means brought to an end.

"Section I Information"

means any information which is contained or to be contained in the Site Specification.

"Site Specification"

means the "Transitional Connection Site Specification" (as defined in the STC).

"Transmission Entry Capacity"

has the meaning given to it in the CUSC.

"transmission licensee"

means the licensee or any Scottish licensee, as appropriate.

"transmission system works"

means those works which are required to be undertaken on the GB transmission system to ensure that the GB transmission system meets the standards prescribed by standard condition C17 (Transmission system security standard and quality of service) and standard condition D3 (Transmission system security standard and quality of service).

**SCHEDULE 1 TO CONDITION 18 (REQUIREMENT TO OFFER TERMS FOR
CONNECTION OR USE OF THE GB TRANSMISSION SYSTEM DURING
THE TRANSITION PERIOD)**

1. Offers made by the licensee pursuant to paragraph 3 of this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) shall comply and be consistent with the requirements of this Schedule.
2. Each offer which the licensee makes in accordance with paragraph 3 of this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) to:
 - (a) an existing user; or
 - (b) an applicant who has, on or before 1 January 2005, submitted a complete application (which, for the purposes of this Schedule 1 shall mean an application which contains the information which the transmission licensee to whom it is submitted reasonably requires for the purposes of preparing an offer for connection or use of that licensee's transmission system) for connection or use of system, shall:
 - (i) not be contingent on the completion of transmission system works on circuits which relate directly to the interconnection (or works directly consequential, in the context of the relevant offer, to such transmission system works);
 - (ii) in the case of an existing Scottish user or an existing Scottish applicant who has submitted a complete application for connection or use of system to a Scottish licensee on or before 1 January 2005, not be contingent on the completion of transmission system works in England and Wales;
 - (iii) in the case of an existing other user or an existing other applicant who has submitted a complete application for connection or use of system to the licensee on or before 1 January 2005, not be

contingent on the completion of transmission system works in Scotland.

3. Subject to paragraph 6 of this Schedule 1, in preparing the offers which the licensee makes or is to make in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) the licensee shall (subject to paragraph 2 of this Schedule 1) identify the transmission system works which are relevant to each offer in the following order:
 - (a) first, and subject to (b), for each offer which is made or to be made to a person who is, as at 1 September 2004, an existing user;
 - (b) for each existing user who falls within (a) above, in the order in which each such existing user accepted the offer for connection or use of system which led to its existing agreement, starting with the existing user who accepted its offer earliest, provided that, where it is not reasonably practicable for the licensee to determine the date upon which an offer was accepted by a particular existing user, the relevant date for these purposes shall be the date upon which that relevant existing user's Plant or Apparatus was commissioned; and
 - (c) then, for each offer which is made or to be made to each existing user who does not fall within the scope of paragraph 3(a) and to each applicant.
4. In identifying transmission system works for the purposes of preparing the offers which the licensee makes or is to make to:
 - (a) existing users who fall within the scope of paragraph 3(a) of this Schedule 1, the licensee shall assume that each existing user who precedes, in the order identified in paragraph 3(b) of this Schedule, the existing user whose offer it is preparing, has accepted the offer which the licensee makes or is to make to it in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period);

- (b) existing users and applicants who fall within the scope of paragraph 3(c) of this Schedule 1, the licensee shall assume that each existing user who falls within the scope of paragraph 3(a) of this Schedule 1 has accepted the offer which the licensee makes or is to make to that existing user in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period).
- 5. Subject to paragraph 6 of this Schedule 1 and without prejudice to paragraph 7 of this condition (Requirement to offer terms for connection or use of the GB transmission system during the transition period), the licensee shall use best endeavours to ensure that each existing user (an 'earlier existing user') and each applicant (an 'earlier applicant') who falls within the scope of paragraph 3(c) of this Schedule 1 does not receive its offer from the licensee, made in accordance with this condition 18 ((Requirement to offer terms for connection or use of the GB transmission system during the transition period) later than the date upon which another existing user or applicant who also falls within the scope of paragraph 3(c) of this Schedule 1 receives its offer where that other existing user or applicant, as appropriate, submitted or submits its complete application to the licensee or a Scottish licensee, as appropriate, later than the date upon which the earlier existing user or earlier applicant, as appropriate, submitted or submits its complete application to the licensee or a Scottish licensee, as appropriate.
- 6. Paragraph 5 of this Schedule 1 does not apply to the receipt of an offer ("Offer A") from the licensee, made in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period), by existing users or applicants who fall within the scope of paragraph 3(c) of this Schedule 1 if the licensee is satisfied that no other offer and no revised offer (in relation to the same application) (together "Offer B") has been or may be made in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) that:
 - (a) if accepted would affect the terms of Offer A; or

- (b) would be affected by the terms of Offer A if that Offer A was accepted before Offer B was accepted.
- 7. Paragraph 8 applies where a person, in respect of an embedded exemptable large power station that he owns or operates:
 - (a) has submitted a BELLA application to the licensee (whether or not the licensee has made an offer in respect of that application and whether or not the person has accepted any such offer); or
 - (b) is to receive an offer (the “original offer”) from the licensee for use of system of the GB transmission system (whether or not the licensee has made an offer and whether or not the person has accepted any such offer).
- 8. Where, on or before 1 October 2005:
 - (a) in the case of a person to whom paragraph 7(a) applies, such person notifies the licensee that he no longer wishes to enter into and comply with a BELLA , and applies for use of system to the licensee in respect of the embedded exemptable large power station that he owns or operates, or
 - (b) in the case of a person to whom paragraph 7(b) applies, such person notifies the licensee that, in respect of the embedded exemptable large power station that he owns or operates, he no longer wishes an offer for use of system, and submits a BELLA application to the licensee; and
 - (c) in all other respects there are no other changes to:
 - (i) the application to the licensee in respect of the relevant embedded exemptable large power station made by the person who owns or operates that embedded exemptable large power station or any applicant who owns or operates the distribution system to which that embedded exemptable large power station is connected; or
 - (ii) in the case of existing users, matters which will affect the transmission system works contained within the offer as compared to the original offer or any offer to that existing user

who owns or operates the distribution system to which the relevant embedded exemptable large power station is connected in respect of that embedded exemptable large power station; and

(d) there has been no previous notification to the licensee under sub-paragraphs (a) or (b) in relation to that embedded exemptable large power station then:

(i) where sub-paragraph (a) applies, the use of system application shall for the purposes of identifying the transmission system works under paragraph 3 of this schedule 1, be ordered in the same position as any application which has been made to the licensee in respect of the relevant embedded exemptable large power station by an applicant who owns or operates the distribution system to which that embedded exemptable large power station is connected or, in the case of an existing user, where offer an offer is to be made to that existing user by the licensee pursuant to standard condition C18 in respect of that embedded exemptable large power station;

(ii) where sub-paragraph (b) applies, any application for connection to the GB transmission system to the licensee in respect of the relevant embedded exemptable large power station by an applicant who owns or operates the distribution system to which that embedded exemptable large power station is connected shall, for the purposes of identifying the transmission system works under paragraph 3 of this schedule 1, be ordered in the same position as the original offer; and

(iii) the licensee will not be in breach of paragraph 4 of this Schedule 1 when making offers in respect of embedded exemptable large power stations where it has received notification pursuant to sub-paragraphs (a) or (b)

9. In paragraphs 7 and 8, the following terms have the meanings given in the CUSC:

- (a) embedded exemptable large power station
- (b) BELLA;
- (c) BELLA application.

Condition C8: Requirement to offer terms

1. Unless otherwise determined by the Authority under standard condition C9 (Functions of the Authority), on application made [on or after the BETTA go-live date](#) by:
 - (a) any authorised electricity operator in the case of an application for use of system; and
 - (b) any person in the case of an application for connection,the licensee shall (subject to paragraph 6) offer to enter into the CUSC Framework Agreement.
2. On application made [on or after the BETTA go-live date](#) by any person or any authorised electricity operator in accordance with paragraph 1, the licensee shall, where required by the STC, notify other transmission licensees in accordance with the STC and, for the purpose of making an offer for connection or modification to an existing connection or for use of system, shall co-operate and co-ordinate its activities with any other transmission licensees in accordance with the STC.
3. On application made [on or after the BETTA go-live date](#) by any person the licensee shall (subject to paragraph 6) offer to enter into a bilateral agreement and/or a construction agreement relating to connection or modification to an existing connection and such offer shall reflect any associated TO offer which relates to that offer and shall make detailed provision regarding:
 - (a) the carrying out of work (if any) required to connect the GB transmission system to any other system for the transmission or distribution of electricity and for the obtaining of any consents necessary for such purpose;
 - (b) the carrying out of works (if any) in connection with the extension or reinforcement of the GB transmission system rendered (at the discretion of a transmission licensee where the works are to be carried out on that licensee's transmission system) appropriate or necessary by reason of

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

- (c) the installation of appropriate meters (if any) required to enable the licensee to measure electricity being accepted into the GB transmission system at the specified entry point or points or leaving such system at the specified exit point or points;
 - (d) the date by which any works required to permit access to the GB transmission system (including for this purpose any works to reinforce or extend the GB transmission system) shall be completed (time being of the essence unless otherwise agreed by the person seeking connection);
 - (e) the connection charges to be paid to the licensee, such charges:
 - (i) to be presented in such a way as to be referable to the connection charging methodology or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraph 8 of standard condition C6 (Connection charging methodology) and (where relevant) paragraph 4; and
 - (f) such further terms as are or may be appropriate for the purpose of the agreement.
4. For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under a bilateral agreement and/or construction agreement, the licensee will have regard to:
- (a) the benefit (if any) to be obtained or likely in the future to be obtained by any transmission licensee or any other person as a result of carrying out such works whether by reason of the reinforcement or extension of the GB transmission system or the provision of additional entry or exit points on such system or otherwise; and
 - (b) the ability or likely future ability of any transmission licensee to recoup a proportion of such costs from third parties.

5. The licensee shall offer terms in accordance with paragraphs 1 and 3 above as soon as practicable and (except where the Authority consents to a longer period) in any event not more than the period specified in paragraph 7 below after receipt by the licensee of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
6. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if:
 - (a) to do so would be likely to involve the licensee:
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the transmission business;
 - (iii) in breach of the Grid Code; or
 - (iv) in breach of the conditions; or
 - (b) the person making the application does not undertake to be bound insofar as applicable by the terms of the Grid Code and/or the CUSC from time to time in force; or
 - (c) in the case of persons making application for use of system under paragraph 1, such person ceases to be an authorised electricity operator; or
 - (d) it is unable to do so due to another transmission licensee having notified the licensee that, for one or more reasons set out in paragraph 4 of standard condition D4A (Obligations in relation to offers for connection etc), it is not obliged to offer to enter or to enter into any agreement with the licensee in accordance with paragraph 1 or paragraph 3 of standard condition D4A (Obligations in relation to offers for connection etc) and that it does not intend to offer to enter or to enter into any such agreement.

7. For the purposes of paragraph 5, the period specified shall be:
 - (a) in the case of persons seeking use of system only and seeking to become a party to the CUSC Framework Agreement if not already a party, in connection with such use, 28 days; and
 - (b) in the case of persons seeking a bilateral connection agreement or a construction agreement (and seeking to become a party to the CUSC Framework Agreement if not already a party, in connection with such agreements), 3 months; and
 - (c) in any other case, 28 days.
8. The licensee shall within 28 days following receipt of a request from any person, give or send to such person such information in the possession of the licensee as may be reasonably required by such person for the purpose of completing an application under the Application Regulations or such provisions of similar effect contained in any further regulations then in force made pursuant to sections 6(3), 60 and 64(1) of the Act.

Condition D15. Obligations relating to the preparation of TO offers during the transition period

1. Without prejudice to the licensee's other obligations to support the system operator as provided in this licence and the STC, the principal objective of this condition is to require the licensee to make TO offers to the system operator for the purposes of supporting the system operator in its achievement of the principal objectives specified in standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) to:

- (a) have agreements governing connection to or use of the GB transmission system with all existing users by the BETTA go-live date; and
- (b) make offers for connection to or use of the GB transmission system to all applicants in accordance with the timescales specified in paragraph 7 of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period),

such agreements and offers to take account of and be consistent with the matters identified in paragraphs 1(i) and 1(ii) of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period).

2. The licensee shall (unless and to the extent that the Authority otherwise directs) in the manner and within the time periods (if any) specified in Section I of the STC on notification by the system operator in accordance with Section I of the STC, make a TO offer to the system operator, and such offer shall:

- (a) take account of and be consistent with the licensee's obligations under this condition;
- (b) save where the Authority otherwise directs, reflect the division of ownership of Plant and Apparatus provided for in:

- (i) any relevant existing agreement between the licensee and the existing user to whom the offer is to be made; or
 - (ii) any relevant offer already made or to be made by the licensee to the applicant to whom the offer is to be made, and
 - (c) subject to sub-paragraphs (a), (b), (d) and (e), take account of and be consistent with those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the offer been made after the BETTA go-live date, have applied to that offer;
 - (d) where notified by the system operator, not be contingent on the completion of transmission system works on circuits which relate directly to the interconnection (or works directly consequential, in the context of the relevant offer, to such transmission system works); and
 - (e) where notified by the system operator, not be contingent upon the completion of transmission system works in Scotland.
3. The licensee shall, in respect of each complete application for connection to or use of the licensee's transmission system which it receives during the transition period, within one working day of having received that complete application, notify the system operator of such application and provide the system operator with information concerning such application in accordance with Section I of the STC. An application shall be a complete application for the purposes of this condition if that application contains all the information which the licensee reasonably requires for the purpose of preparing an offer for connection to or use of the licensee's transmission system in response to such application.
4. The licensee shall not be obliged pursuant to this condition to offer to enter into or to enter into an agreement pursuant to this condition if to do so would be likely to involve the licensee:

- (a) in breach of its duties under section 9 of the Act;
- (b) in breach of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the transmission business; or
- (c) in breach of the conditions,

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

5. Insofar as the system operator wishes to proceed on the basis of a TO offer from the licensee as settled by the Authority pursuant to paragraph 11 or paragraph 13 of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period), the licensee shall forthwith enter into an agreement with the system operator which fully reflects the TO offer as so settled.
6. Where the Authority determines in accordance with paragraph 11(c)(iii) or paragraph 13(d)(iii) of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) that a TO offer (other than any existing TO offer) is required in respect of an agreement settled or determined by the Authority pursuant to paragraph 10 or paragraph 13 of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) and that TO offer is required to be made by the licensee, the licensee shall prepare a TO offer which is consistent with such settlement or determination and shall submit such TO offer to the system operator as soon as reasonably practicable after the date of such settlement or determination and, in any event, within the time periods (if any) specified in such settlement or determination.

7. Where the Authority determines in accordance with paragraph 11(c)(ii) or paragraph 13(d)(ii) of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) that changes are required to be made to any part of the Section I Information (including any addition to be made thereto) the licensee shall cooperate with the system operator in giving effect to the changes to the Section I Information in accordance with the Authority's determination as soon as reasonably practicable after the date of such determination and, in any event, within the time periods (if any) specified in such determination.

8. Where the terms of an agreement which are to be settled or determined by the Authority pursuant to paragraph 13 of standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) have not been settled or determined by the date which falls two weeks prior to the BETTA go-live date [\(or such later date as the Authority may direct for these purposes\)](#), the licensee shall, if the system operator so indicates, at any time prior to the terms of such agreement being so settled or determined, that it wishes to proceed on the basis of any then existing associated TO offer from the licensee (or on the basis of any then existing Section I Information) forthwith enter into an agreement with the system operator on the basis of that associated TO offer (or proceed on the basis of any applicable Section I Information) pending settlement or determination of the terms of the relevant agreement by the Authority. The Authority's settlement or determination of the terms of any such agreement (and any determination of any associated TO offer (including the need therefor) or applicable Section I Information) may, where and to the extent appropriate, take account of and make appropriate adjustments to reflect the difference between the terms of that agreement (and any associated TO offer or applicable Section I Information) as settled or determined and terms of that agreement (and any associated TO offer or applicable Section I Information) which applied during the period from the BETTA go-live date to the date upon which the agreement (and any associated TO offer or applicable Section I Information) as settled or determined takes effect.

9. The provisions of this condition shall only apply to existing users and to any application made by an applicant before the BETTA go-live date.

10. Unless the context otherwise requires, in this condition the following words have the meaning contained in standard condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period):

- (a) "Apparatus"
- (b) "applicant"
- (c) "existing agreement"
- (d) "existing user"
- (e) "Plant"
- (f) "Section I Information"
- (g) "transmission system works"

and the term "relevant time" shall, for the purposes of this condition, mean the time at which the licensee makes a TO offer as required by paragraph 2 of this condition.

Condition D4A. Obligations in relation to offers for connection etc

1. On notification by the system operator of receipt [on or after the BETTA go-live date](#) of an application for connection or for modification to an existing connection in accordance with paragraph 2 of standard condition C8 (Requirement to offer terms), the licensee shall (subject to paragraph 2 and paragraph 4) offer to enter into an agreement with the system operator and such offer shall make detailed provision regarding:
 - (a) the carrying out of work (if any) on the licensee's transmission system required to connect the GB transmission system to any other system for the transmission or distribution of electricity and for the obtaining of any consents necessary for such purpose;
 - (b) the carrying out of works (if any) on the licensee's transmission system in connection with the extension or reinforcement of the licensee's transmission system which is rendered (in the licensee's discretion) appropriate or necessary by reason of making the connection or modification to an existing connection to the GB transmission system and for the obtaining of any consents necessary for such purpose;
 - (c) where the system operator requests the same, the installation of meters (if any) on the licensee's transmission system required to enable the system operator to measure electricity being accepted onto the GB transmission system at the specified entry point or points or leaving such system at the specified exit point or points;
 - (d) the date by which any works required on the licensee's transmission system to facilitate access to the GB transmission system (including for this purpose any works on the licensee's transmission system to reinforce or extend the licensee's transmission system) shall be completed (time being of the essence unless otherwise agreed by the system operator);
 - (e) such costs as may be directly or indirectly incurred in carrying out the works, the extension or reinforcement of the licensee's transmission system or the provision and installation, maintenance and repair or (as the

case may be) removal following disconnection of any electric lines, electric plant or meters, which works are detailed in the offer;

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

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

2. Subject to paragraph 4, the licensee shall, after receipt by the licensee of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer, offer terms in accordance with paragraph 1 above as soon as practicable and (except where the Authority consents to a longer period) in accordance with the time periods specified for this purpose in the STC.
3. On notification by the system operator in accordance with paragraph 2 of standard condition C8 (Requirement to offer terms) of receipt by the system operator [on or after the BETTA go-live date](#) of an application for use of system, the licensee shall (subject to paragraph 4), where the system operator requests that it do so in accordance with the STC, offer to enter into an agreement with the system operator in respect of such application in the manner provided in the STC and for the purposes of making such offer shall cooperate and co-ordinate its activities with other transmission licensees in accordance with the STC.
4. The licensee shall not be obliged pursuant to this condition to offer to enter into or to enter into any agreement pursuant to this condition if to do so would be likely to involve the licensee:
 - (a) in breach of its duties under section 9 of the Act;
 - (b) in breach of any regulations made under section 29 of the Act or any other enactment relating to safety or standards applicable in respect of the transmission business; or
 - (c) in breach of the conditions,

and where the licensee is not obliged pursuant to this condition to offer to enter into or to enter into an agreement with the system operator, the licensee shall notify the system operator of that fact (and of the fact that it does not intend to offer to enter into or to enter into an agreement pursuant to paragraph 1 or paragraph 3) as soon as practicable in accordance with the STC.

Condition D5. Prohibition on engaging in preferential or discriminatory behaviour

1. The licensee shall not unduly discriminate as between any persons or any class or classes of person or persons or unduly prefer itself or any affiliate or related undertaking over any other person or persons or any class or classes of person or persons:
 - (a) in meeting its obligations under standard condition D2 (Obligation to provide transmission services);
 - (b) in meeting its obligations under standard condition D3 (Transmission system security standard and quality of service)
 - (c) in meeting its obligations under standard condition D4A (Obligations in relation to offers for connections etc);
 - (d) in meeting its obligations under standard condition D15 (Obligations relating to the preparation of TO offers during the transition period); and
 - ~~(de)~~ in meeting its obligations under standard condition B12 (System Operator – Transmission Owner Code).

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

Generation

Condition 19C. 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 (or such later date as the Authority may direct for these purposes), 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.

Distribution

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 [\(or such later date as the Authority may direct for these purposes\)](#), 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.

Supply

Condition 31C. 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 [\(or such later date as the Authority may direct for these purposes\)](#), 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.

Annex E

Generation

SLC C4. Compliance with Settlement Agreement for Scotland

1. Subject to ~~paragraph 2,~~[paragraphs 2 and 3](#), the licensee shall when this condition comes into force be a party to and thereafter comply with the 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. [This condition shall only apply to the licensee if the licensee is a party to the Settlement Agreement for Scotland before the BETTA go-live date.](#)

Supply

SLC 8. Settlement Agreement for Scotland

1. Subject to ~~paragraph 2,~~[paragraphs 2 and 3](#), insofar as the licensee supplies or offers to supply electricity to any premises situated in Scotland, it shall become a party to and thereafter comply with the 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. [This condition shall only apply to the licensee if the licensee is a party to the Settlement Agreement for Scotland before the BETTA go-live date.](#)

4. In this condition:

"Settlement Agreement for Scotland" means the agreement of that title prepared in accordance with, and comprising 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).

Annex F

Transmission

Condition C9: Functions of the Authority

1. If, after a period which appears to the Authority to be reasonable for the purpose, the licensee has failed to enter into an agreement with (as the case may be) any authorised electricity operator or any person entitled or claiming to be entitled thereto pursuant to a request under standard condition C8 (Requirement to offer terms), the Authority may, pursuant to section 7(3)(c) of the Act and on application of such authorised electricity operator or such person or the licensee, settle any terms in dispute of the agreement to be entered into between the licensee and that authorised electricity operator or that person in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard in particular to the following considerations:
 - (a) that such authorised electricity operator or such person should pay to the licensee:
 - (i) in the case of use of system, use of system charges in accordance with paragraphs 1 and 6 of standard condition C4 (Charges for use of system); or
 - (ii) in the case of connection charges in accordance with paragraphs 1 and 7 of standard condition C6 (Connection charging methodology);
 - (b) that the performance by the licensee of its obligations under the agreement should not cause it to be in breach of those provisions referred to at paragraph 6 of standard condition C8 (Requirement to offer terms);
 - (c) that the performance of another transmission licensee of its obligations under any associated TO agreement should not cause another transmission licensee to be in breach of those provisions referred to at paragraph 4 of standard condition D4A (Obligations in relation to offers for connection etc);

- (d) that any methods by which the GB transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the Grid Code, the STC and the Distribution Code; and
 - (e) that the terms and conditions of the agreement so settled by the Authority and of any other agreements entered into by the licensee pursuant to a request under standard condition C8 (Requirement to offer terms) should be in as similar a form as is practicable.
2. If an application is made in accordance with paragraph 1 above, the licensee shall:
- (a) notify the Authority of:
 - (i) any associated TO offer which relates to the agreement to be entered into which is the subject of that application;
 - (ii) any transmission licensee (other than the transmission licensee who has made a TO offer) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement to be entered into which is the subject of that application or any associated TO offer which relates to the agreement to be entered into;
 - (b) notify each transmission licensee who has made an associated TO offer which relates to the agreement to be entered into and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement to be entered into which is the subject of that application or any associated TO offer which relates to the agreement to be entered into, of such application; and
 - (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to:

- (i) settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to paragraph 1 above or this paragraph 2(c); and
 - (ii) determine whether any TO offer (other than those TO offers (if any) which the licensee shall have notified to the Authority in accordance with paragraph 2(a) above) is required in connection with the Authority's determination made pursuant to paragraph 1 above or this paragraph 2(c).
3. Insofar as any person entitled or claiming to be entitled to an offer under standard condition C8 (Requirement to offer terms) wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into such agreement.
4. If in respect of any bilateral agreement or construction agreement entered into pursuant to standard condition C8 (Requirement to offer terms) or this condition either the licensee or other party to such agreement proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.
5. If a request is made in accordance with paragraph 4 above, the licensee shall:
 - (a) notify the Authority of any associated TO agreement which relates to the agreement which is the subject of that request;
 - (b) notify each transmission licensee who is a party to an associated TO agreement notified to the Authority pursuant to paragraph (a); and
 - (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to settle the terms of each associated TO agreement which is affected by the Authority's determination made pursuant to paragraph 4 above.
6. Where the licensee is party to a relevant agreement for connection and/or use of system which is other than in conformity with the CUSC, if either the licensee or other party to such agreement for connection and/or use of system proposes to

vary the contractual terms of such agreement in any manner provided for under such relevant agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard to the consideration that the terms so settled are, in so far as circumstances allow, similar to the equivalent terms in the CUSC.

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

8. If the licensee and a CUSC user or other person or party to a relevant agreement are in dispute as to whether:
 - (a) use of system charges made, or to be made, conform with the statement of the use of system charges furnished under paragraphs 2(b) or 8 of standard condition C4 (Charges for use of system), [standard condition C4A \(Charges for use of the licensee's transmission system\)](#) or [standard condition C7 \(Charges for Use of System\) \(as appropriate\)](#) which applied or applies in relation to the period in respect of which the dispute arises;
 - (b) connection charges made, or to be made, conform with the statement of the connection charging methodology furnished under paragraphs 4 or 10 of standard condition C6 (Connection charging methodology), [standard condition C6A \(E&W connection charging methodology\)](#) or [standard condition C7B \(Connection Charging Methodology\) \(as appropriate\)](#) which applied or applies in relation to the period in respect of which the dispute arises,

such dispute may be referred to the Authority for him to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, conformed with the relevant statements(s) furnished under standard condition C4 (Charges for use of system), [standard condition C4A \(Charges for use of the licensee's transmission system\)](#) or [standard condition C7 \(Charges for Use of System\) \(as appropriate\)](#), or whether, in the case of sub-paragraph (b), the charges conformed with the relevant methodology.

9. For the purposes of this condition:

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

10. For the purposes of paragraph 8 of this condition only, the following words shall, unless the context otherwise requires, have the meaning ascribed to that term in the electricity transmission licence standard conditions which applied or applies in relation to the period in respect of which the dispute arises:

- (a) connection charges;
- (b) connection charging methodology; and
- (c) use of system charges.

Special Condition C. Pooling and Settlement Agreement run-off [NGC]

1. The licensee shall maintain for a minimum period of six years such records in respect of the period before the effective time of:
 - (a) generation sets and interconnector transfers available or declared as available;
 - (b) offer prices (including separate elements thereof) of generation sets and interconnector transfers declared as available;
 - (c) generation sets and interconnector transfers scheduled for despatch or despatched;
 - (d) ancillary services called for by the licensee and provided;
 - (e) kilowatt hours of electricity taken from the total system by any purchaser of electricity under the Pooling and Settlement Agreement; and
 - (f) imports and exports of electricity across any interconnectoras shall be reasonably necessary to give effect to the settlement system operated under the Pooling and Settlement Agreement.
2. The licensee shall give or send to any person requesting the same, but in each case only in respect of any 28 day period before the effective time:
 - (a) the bid prices (showing separately prices for start up, no-load heat and incremental heat rates) of each generation set and interconnector transfer offered in each period for which prices are bid over the preceding 28 days for despatch by any authorised electricity operator;
 - (b) declared (and, where different, actual) availability of generation sets (on a set-by-set basis) or interconnector transfers offered for despatch over the preceding 28 days by any authorised electricity operator; and
 - (c) the Pool Selling Price and the Pool Purchase Price as derived in respect of any period over the preceding 28 days pursuant to the terms of the Pooling and Settlement Agreement.

3. The licensee may make a charge for the information given or sent pursuant to paragraph 2 to any person not otherwise entitled to the same under the terms of the Pooling and Settlement Agreement of an amount which shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.
4. The licensee shall provide to the Authority such information as the Authority shall request concerning the merit order system or any aspect of its operation.
5. The obligations of the licensee under this condition in relation to the period before the effective time shall continue notwithstanding any termination of the Pooling and Settlement Agreement on or after the effective time.
6. In this condition:

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

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

- (a) available in accordance with the licensee's Grid Code; and
- (b) declared as available for the generation of electricity in accordance with the provisions of the Pooling and Settlement Agreement.

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

for transfer across the interconnector to the total system.

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

"licensing scheme" means the scheme made by the Secretary of State under section 138 and Schedule 17 to the Energy Act 2004.

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

"scheme effective date" means the date on which the licensing scheme has effect.

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

Condition B14. 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 this 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 ~~new~~ paragraph 7 of standard condition B12 (System Operator – Transmission Owner Code) which applied during the transition period, ~~new~~ paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, ~~new~~ paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) which applied during the transition period, ~~new~~ paragraph 8 of standard condition C14 (Grid Code) which applied during the transition period and ~~new~~

paragraph 6 of standard condition B9 (Licensee's grid code) [which applied during the transition period](#) 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 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.

"interconnection" means:

the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the associated switchgear at Strathaven sub-station in Lanarkshire;

the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and

the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

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

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

the 132kV transmission circuit between and including (and connecting, via Junction V) the associated switchgear at

Chapelcross and the associated switchgear at Harker sub-station in Cumbria,

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

"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 system in Scotland or a licensee's transmission system in Scotland.
"running-off"	means bringing to an end.
"Scottish interconnection"	means such part of the interconnection as is situated in Scotland.
"Scottish licensee"	means the holder of a transmission licence at the date that this condition takes effect in the licensee's transmission licence but shall not include the system operator.
"Settlement Agreement for Scotland"	has the meaning given to it in standard condition D12 (Scottish Settlement Agreement)
"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.

Generation

Condition 19B. 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 following provisions of the standard conditions for electricity transmission licences: paragraph 7 of standard condition B12 (System Operator - Transmission Owner Code (STC)) which applied during the transition period, paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) which applied during the transition period, paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) which applied during the transition period, paragraph 8 of standard condition

C14 (Grid Code) [which applied during the transition period](#) and paragraph 6 of standard condition D9 (Licensee's grid code), [which applied during the transition period](#), 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 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.

"interconnection" means:

the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the

associated switchgear at Strathaven sub-station in Lanarkshire;

the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and

the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

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

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

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

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

"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 [a licensee's](#) transmission system in Scotland.

"running-off"

means bringing to an end.

"Scottish interconnection"

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

"Scottish licensee"

means the holder of a transmission licence at the date that this condition takes effect in this licence but shall not include the system operator.

"Settlement Agreement for Scotland"

has the meaning given to it in standard condition C1 (Definitions).

"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.

"transition period" means the period commencing on 1 September 2004 and ending on the BETTA go-live date.

Supply

Condition 31B. 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 following provisions of the standard conditions for electricity transmission licences: paragraph 7 of standard condition B12 (System Operator - Transmission Owner Code (STC)) [which applied during the transition period](#), paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) [which applied during the transition period](#), paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) [which applied during the transition period](#), paragraph 8 of standard condition

C14 (Grid Code) [which applied during the transition period](#) and paragraph 6 of standard condition D9 (Licensee's grid code), [which applied during the transition period](#), 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 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.

"interconnection" means:

the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the

associated switchgear at Strathaven sub-station in Lanarkshire;

the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and

the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

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

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

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

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

"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 [a licensee's](#) transmission system in Scotland.

"running-off"

means bringing to an end.

"Scottish interconnection"

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

"Scottish licensee"

means the holder of a transmission licence at the date that this condition takes effect in this licence but shall not include the system operator.

"Settlement Agreement for Scotland"

has the meaning given to it in standard condition B8 (Settlement Agreement for Scotland).

"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.

"transition period"

means the period commencing on 1 September 2004 and ending on the BETTA go-live date.

Distribution

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 following provisions of the standard conditions for electricity transmission licences: paragraph 7 of standard condition B12 (System Operator - Transmission Owner Code (STC)) [which applied during the transition period](#), paragraph 6 of standard condition C3 (Balancing and Settlement Code (BSC)) [which applied during the transition period](#), paragraph 8 of standard condition C10 (Connection and Use of System Code (CUSC)) [which applied during the transition period](#), paragraph 8 of standard condition

C14 (Grid Code) [which applied during the transition period](#) and paragraph 6 of standard condition D9 (Licensee's grid code) [which applied during the transition period](#), 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 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.

"interconnection" means:

the 275kV and 400kV circuits between and including the associated switchgear at Harker sub-station in Cumbria and the

associated switchgear at Strathaven sub-station in Lanarkshire;

the 275kV transmission circuit between and including the associated switchgear at Cockenzie in East Lothian and the associated switchgear at Stella in Tyne and Wear; and

the 400kV transmission circuit between and including the associated switchgear at Torness in East Lothian and the associated switchgear at Stella in Tyne and Wear

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

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

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

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

"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 [a licensee's](#) transmission system in Scotland.

"running-off"

means bringing to an end.

"Scottish interconnection"

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

"Scottish licensee"

means the holder of a transmission licence at the date that this condition takes effect in this licence but shall not include the system operator.

"Settlement Agreement for Scotland"

has the meaning given to it in standard condition B12 (Settlement Agreement for Scotland).

"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.

"transition period"

means the period commencing on 1 September 2004 and ending on the BETTA go-live date.