

# SLR Industry Codes Workgroup Summary of Obligations Relating to Industry Codes

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## Background

This paper summarises the Standard Licence Conditions (SLCs) and associated obligations relating to industry codes.

To date the SLR Industry Codes Workgroup (“the Group”) has concentrated its discussions on the need for licensees to sign and/or comply with industry codes. This paper intends to draw the Group’s attention to the other terms of the licence which relate to industry codes and which will need to be considered.

Listed below are the SLCs which the Group is required to consider in accordance with its Terms of Reference. These contain a variety of obligations and provisions. The obligations obviously require the licensee to do something while the provisions typically expand on obligations or set out the circumstances within which they might operate. All these obligations and provisions will need to be considered by the Group to determine whether they should be retained, removed or redrafted.

## Electricity licence

### Condition 5. Compliance with the Grid Code

#### *Obligations:*

1. The licensee shall **comply** with the provisions of the Grid Code in so far as applicable to it (Paragraph 1).

#### *Provisions:*

1. This obligation may be relieved by the Authority by direction (paragraph 2).

### Condition 6. Compliance with Distribution Codes

#### *Obligations:*

1. The licensee shall **comply** with the provisions of every Distribution Code in so far as applicable to it (paragraph 1).

#### *Provisions:*

1. This obligation may be relieved by the Authority by direction (paragraph 2).

### **Condition 8. Settlement Agreement for Scotland (SAS)**

Until BETTA go-live, 1 April 2005, the wholesale electricity trading arrangements in Scotland were distinct from those in England and Wales and were governed by the SAS. The balancing and settlement arrangements for settlement days after BETTA go-live are governed by the BSC. However, there may be ongoing responsibilities under the SAS in relation to pre-BETTA settlement periods until they have completed final reconciliation. This may necessitate the retention of these obligations until at least June 2006.

#### *Obligations:*

1. Insofar as the licensee supplies or offers to supply electricity to premises in Scotland, it shall **become a party to** the SAS (paragraph 1), and
2. Insofar as the licensee supplies or offers to supply electricity to premises in Scotland and therefore becomes a party to the SAS, it shall **comply** with the SAS (paragraph 1).

#### *Provisions:*

1. The Authority may, where it has regard to the successful implementation of BETTA, issue directions relieving a licensee's obligations (either in part or in whole) from the obligations in SLC Condition 8 (paragraph 2), and
2. The obligation only applies to licensees who were a party to the SAS prior to BETTA go-live (ie 1 April 2005) (paragraph 3).

### **Condition 9. Compliance with Connection and Use of Systems Code (CUSC)**

#### *Obligations:*

1. Insofar as the licensee shall supply or offer to supply electricity to any premises in Great Britain, it shall **be a party to** the CUSC Framework (paragraph 1),
2. Insofar as the licensee shall supply or offer to supply electricity to any premises in Great Britain, it shall **comply** with the CUSC (paragraph 1), and
3. Licensees shall take all reasonable steps to secure and implement such changes as are necessary to give effect and/or in consequence to a modification which has been made to the CUSC (paragraph 2).

#### *Provisions:*

1. Obligation 3 is without prejudice to any rights of approval, veto or direction that the Authority may have.

### **Condition 10. Balancing and Settlement Code (BSC) and NETA Implementation**

#### *Obligations:*

1. Insofar as the licensee shall supply or offer to supply electricity to any premises in Great Britain, the licensee shall **be a party to** the BSC Framework Agreement (paragraph 1),

2. Insofar as the licensee shall supply or offer to supply electricity to any premises in Great Britain, the licensee shall **comply** with the BSC (paragraph 1),
3. The licensee shall comply with the NETA programme implementation scheme (paragraph 2),
4. The licensee shall comply with the scheme as modified by any direction made by the Secretary of State (paragraph 5b), and
5. The licensee shall use all reasonable endeavours to give full and timely effect to modifications made to the licence as determined by the Secretary of State pursuant to section 15A of the Electricity Act 1989 (as amended), ie with regard to NETA (paragraph 7).

*Provisions:*

1. The programme implementation scheme is a scheme setting out steps, including matters referred to in paragraph 4 of SLC 10, deemed appropriate for NETA implementation (paragraph 3),
2. The scheme may include a number of provisions with regard the implementation of the BSC (paragraph 4),
3. The scheme may be modified to give full and timely effect to NETA (paragraph 5a), and
4. Provisions 4a, 2 and/or 5 are precedent to the provisions of any other condition (paragraph 6).

### **Condition 11. Change Co-ordination for BSC**

*Obligations:*

1. Insofar as the licensee shall supply or offer to supply electricity to any premises in Great Britain, the licensee shall **secure and implement changes** to the BSC (paragraph 1).

*Provisions:*

1. Core industry documents mean those documents that are related or connected to the BSC (paragraph 2).

### **Condition 20. The Master Registration Agreement (MRA)**

*Obligations:*

1. The licensee shall **become a party** to the MRA (paragraph 1), and
2. Where the licensee is a party to the MRA, they shall **comply** with the provisions of the MRA (paragraph 1).

*Provisions:*

None

### **Condition 31B. BETTA run-off arrangements scheme**

#### *Obligations:*

1. The licensee shall **comply** with the BETTA run-off arrangements scheme (paragraph 1),
2. The licensee shall **comply** with any amendments to the scheme (paragraph 7), and
3. Where the licensee discovers a conflict between the requirements of the scheme and any other SLC, they shall give notice to the Authority and **comply** with any subsequent direction (paragraph 8).

#### *Provisions:*

1. The scheme may be modified from time to time by the Authority (paragraph 1 and 6),
2. The scheme is the effective run-off of the non-GB trading arrangements (ie NETA) and the implementation of BETTA (paragraph 2),
3. The scheme may provide for certain provisions (paragraph 5), and
4. The Authority may not make any directions to amend the scheme after the BETTA go-live date.

[Note, this condition is contained in Section C of the licence and only applies to those licensees with this section in effect, ie. domestic licence holders]

## **Gas licence**

### **Condition 34A. The Supply Point Administration Agreement (SPAA)**

#### *Obligations:*

1. The licensee shall in conjunction and co-operation with all other suppliers, **prepare, maintain and be a party to** the SPAA (paragraph 1),
2. The licensee shall **comply** with the relevant provisions of the SPAA (paragraph 2), and
3. Licensees shall take all reasonable measures **to secure and implement** such changes as are necessary to give effect and/or in consequence to a modification which has been made to the SPAA (paragraph 6).

#### *Provisions:*

1. The SPAA shall be an agreement between i) the licensee and all other gas suppliers and ii) such other persons as are necessary parties (paragraph 3),
2. The SPAA has relevant objectives (paragraph 4), and
3. The SPAA shall contain certain provisions (paragraph 5).