

## **Standard Condition B15. Price Control Review Information**

### **Part A: Application and purpose**

1. This condition takes effect from [DATE TO BE INSERTED] and applies in respect of the price control review information of the licensee relating to the relevant year commencing [DATE TO BE INSERTED] and each succeeding relevant year for the purposes set out in paragraph 2.
2. Those purposes are:
  - (a) to ensure that the licensee maintains (and secures that any affiliate or related undertaking of the licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the licensee to prepare price control review information for submission to the Authority in accordance with the requirements of this condition;
  - (b) to establish, by 1st April 2007, a common set of rules, issued by direction of the Authority, which are to apply to the collection and preparation of price control review information for submission to the Authority by the licensee and every other transmission licensee (“the price control review reporting rules”); and thereby:
  - (c) to facilitate any review or modification by the Authority of the requirements of any of the charge restriction conditions of this licence (“a price control review”).

### **Part B: Preparation of price control review information**

3. Unless and insofar as the Authority otherwise consents, the licensee must:
  - (a) keep or cause to be kept for a period approved by the Authority, but not less than the period referred to in section 222(5)(b) of the Companies Act 1985 and in the manner referred to in that section, such accounting records and other records as are necessary to ensure that the price control review information of, or reasonably attributable to the

transmission business is separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee); and

- (b) prepare and submit to the Authority, on a consistent basis from such accounting records, in respect of each financial year, price control review information for such aspects of the consolidated transmission business and of the business of each affiliate or related undertaking of the licensee that either directly or indirectly provides goods and services to the licensee or forms part of the consolidated transmission business, either separately or consolidated, and in such manner and in respect of such financial year as may be required under the price control review reporting rules.

#### **Part C : Delivery and review of price control review**

- 4. (a) Unless and insofar as the Authority otherwise consents, the licensee must deliver the price control review information to the Authority as soon as is reasonably practicable following the end of the financial year to which such information relates and in any event not later than the date determined by the Authority and set out in a direction issued pursuant to paragraph (b).  
  
(b) The Authority may issue directions stating the date by which each transmission licensee must deliver the price control review information to the Authority.
- 5. The Authority may, in addition to any audit of the regulatory accounts of the licensee carried out in accordance with standard condition B1 (Regulatory Accounts), review, or arrange for a person nominated by the Authority (“a reviewer”) to review, matters in the price control review information in respect of which the Authority requires clarification.
- 6. Subject to paragraph 7, the licensee, in relation to the purposes of any review carried out under paragraph 5:

- (a) shall give the Authority or (as the case may be) the reviewer all such assistance as it or he may reasonably require; and
  - (b) shall (and must procure, insofar as it is able to do so, that any affiliate or related undertaking of the licensee, any person by whom it procures the performance of any obligation under this condition and any auditor of such person, or of the licensee or any affiliate or related undertaking of the licensee, shall) co-operate fully with the Authority or (as the case may be) with the reviewer so as to enable him to carry out and complete his review for the Authority.
7. Where a reviewer has been nominated in accordance with paragraph 5, the licensee's performance of its obligations under paragraph 6 in relation to the reviewer is conditional on the reviewer's having entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

**Part D: Establishment of the price control review reporting rules**

8. Subject to paragraph 9, the price control review reporting rules shall be issued by direction of the Authority for the purposes of this condition generally. The Authority may from time to time modify the price control review reporting rules in accordance with the provisions of Part F of this condition.
9. Before issuing a direction under paragraph 8, the Authority shall
- (a) give notice to all transmission licensees :
    - (i) stating that it intends to issue the price control review reporting rules,
    - (ii) setting out the contents of those rules and the date on which it is proposed that the direction should take effect, and
    - (iii) specifying the period (not being less than 28 days from the date of the notice) within which representations or objections with respect to those rules may be made;

- (b) consider any representations or objections which are duly made and not withdrawn; and
  - (c) give reasons for its decision
10. The licensee shall take all appropriate steps within its power:
- (a) in conjunction and co-operation with every other transmission licensee; and
  - (b) in accordance with a programme of work and an associated timetable established and directed by the Authority in consultation with all transmission licensees;
- to develop the price control review reporting rules for implementation pursuant to this condition by [DATE TO BE INSERTED]

**Part E: Content of the price control review reporting rules**

11. Subject to paragraphs 12 to 15, the price control review reporting rules may, in relation to any requirement of this condition in respect of the price control review information without limitation , specify:
- (a) the meaning to be applied to words and phrases (other than those defined in this or any other condition of this licence) used in connection with such information;
  - (b) the methodology for calculating or deriving numbers comprising any part of such information;
  - (c) requirements as to the form and manner in which such information must be recorded;
  - (d) requirements as to the standards of accuracy and reliability with which such information must be recorded;
  - (e) requirements as to the form and the content of such information;

(f) requirements as to the manner in which such information must be provided to the Authority; and

(g) requirements as to those parts of such information which may fall to be considered by a reviewer and the nature of that consideration;

and (having particular regard to the provisions of section 105 of the Utilities Act 2000) may also specify which (if any) of the information provided under this condition is to be subject to publication by the Authority.

12. The price control review reporting rules may not:

(a) exceed what is necessary to achieve the purposes of this condition, having regard in particular to the materiality of the costs likely to be incurred by the licensee in complying therewith; or

(b) purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any obligation imposed in respect of any matter which is the subject of any such condition.

**Part F: Modification of the price control review reporting rules**

13. The Authority may modify, in whole or in part, any price control review reporting rules established in accordance with Part D of this condition, in accordance with the following provisions of this Part F.

14. Subject to paragraph 15, where the Authority considers that it is necessary to modify the price control review reporting rules in order to provide more accurate, consistent, useful or comparable information for the purposes of a price control review, it may do so by issuing a direction to that effect where it:

(a) has first given notice to all transmission licensees:

(i) stating that it proposes to make the modification,

- (ii) setting out the text of the modification, the purpose and effect of the modification and the date on which it is proposed to come into effect, and
    - (iii) specifying the period (not being less than 28 days from the date of the notice) within which representations or objections with respect to the proposed modification may be made;
  - (b) has considered any representations or objections which are duly made and not withdrawn; and
  - (c) has given reasons for its decisions.
15. Where a modification of the price control review reporting rules relates to the introduction into those rules of a requirement to provide:
- (a) a new category of price control review information; or
  - (b) an existing category of price control review information to a greater level of detail,

and in either case such information has not previously been collected by the licensee (whether under the provisions of the price control review reporting rules or otherwise), it shall not be a breach of that requirement for the licensee to provide estimates in respect of that category, for the year in which the modification is made and for any preceding year, derived from such other information available to the licensee as may be appropriate for that purpose.

### **Part G: Interpretation**

16. A consent under paragraph 3 or 4 may be given in relation to some or all of the requirements of the relevant paragraph and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.

17. For the purposes of this condition:

“consolidated transmission business” has the meaning given in paragraph 14 of standard condition B1 (Regulatory Accounts).

“price control review information” means the information required to be submitted by the licensee pursuant to this condition, and is to be interpreted in accordance with the price control review reporting rules.

“relevant year” in this condition shall mean a year beginning on 1<sup>st</sup> April of each calendar year and ending on 31<sup>st</sup> March of the following calendar year.