

Electricity Distribution Licence Review: Proposals

Appendix 4 - Detailed Log of Proposed Changes

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Target audience: Electricity distributors and potential new entrants, consumer groups, electricity suppliers, generators and other interested parties

Overview:

Ofgem is reviewing the standard licence conditions of the electricity distribution licence as part of its drive towards Better Regulation. The primary aim of the Distribution Licence Review is to improve the clarity and ease of use of the licence without making substantive changes to the obligations placed on licensees.

The proposed licence is now thinner (by almost a third), more up to date, and easier to use. While there have been no substantive policy changes, it has undergone substantial structural change. Certain conditions have been consolidated and those which are now obsolete have been removed. The proposed licence also uses descriptive chapters and subheadings, and a more Plain English approach to the drafting.

This document describes our proposals for updating the distribution licence and highlights specific changes and related issues. We are asking for views on these proposals and for licensees in particular to decide whether they are acceptable in principle.

In particular, this document contains appendix 4 to the main consultation document, which is entitled "Electricity Distribution Licence Review: Proposals" Ref 259/07.

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Context

This consultation forms part of our review of distribution standard licence conditions (the Distribution Licence Review) aimed at ensuring that they are fit for purpose and meet the principles of Better Regulation. This document invites views on our initial proposals to modify the existing standard conditions of the electricity distribution licence.

The Distribution Licence Review is referred to in Ofgem's Corporate Strategy and Plan 2007-2012 and is consistent with our commitment to incorporating the principles of Better Regulation into our policies and processes. In particular the Distribution Licence Review is outlined in our simplification plan as work to be carried out between 2007 and 2008.

Associated Documents

"Electricity Distribution Licence Review" (March 2007) Ref 52/07

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Networks/ElecDist/Policy>

"Ofgem Corporate Strategy and Plan 2007-2012" (March 2007) Ref 60/07

http://www.ofgem.gov.uk/About%20us/CorpPlan/Documents1/19247_2007%20Corp%20Plan.pdf

"Better regulation - from design to delivery: Annual Report 2004/2005"

<http://www.brc.gov.uk/upload/assets/www.brc.gov.uk/designdelivery.pdf>

"Supply Licence Review - Final Proposals" (June 2007) Ref 128/07

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=156&refer=Markets/RetMkts/Compl/SLR>

"DPCR5 - looking ahead an initial consultation letter" (May 2007) Ref 119/07

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Networks/ElecDist/PriceCtrls/DPCR5>

"GDPCR: Initial Licence drafting Consultation" (September 2007) Ref 221/07

<http://www.ofgem.gov.uk/NETWORKS/GASDISTR/GDPCR7-13/Documents1/GDPCR%20Licence%20drafting%20Consultation%20appendices.pdf>

Appendix 4 - Detailed log of proposed changes

1.1. The Detailed Log of Proposed Changes explains the DLR's proposed changes to the standard licence conditions (SLCs) of the distribution licence¹. It is designed to act as a tool to aid the process of identifying what changes have been proposed in relation to the existing SLC's and to help the reader understand why such changes have been proposed.

1.2. In particular the log states whether existing provisions in the SLCs have been redrafted, moved, retained or removed. If provisions have been redrafted or moved, the log explains where they can now be found in the corresponding Proposed Standard Licence Conditions (PLCs). The log also explains the DLR workgroups reasons for the changes.

1.3. Please note that the log does not indicate where new provisions have been inserted in the proposed licence. These are described in the main body of the consultation document associated to this appendix.

¹ The log uses, as its base, the SLCs that were consolidated on 15 March 2007 and published at that time on Ofgem's E-Public Register.

SECTION A: INTERPRETATION AND APPLICATION

SLC 1: Definitions and interpretation

SLC: 1(1) Provision: This provision sets out the definitions used in the licence.

REDRAFT

Proposal: We propose to delete, amend, move and retain the current definitions contained in SLC1 of the distribution licence. We also propose to insert new definitions into that condition.

NEW DEFINITIONS

We propose to include the following new definitions and terms. These terms and definitions complement the provisions and provisions that we propose to retain in the licence.

Modified SLC 1.1 to 1.3

<u>TERMS AND DEFINITIONS</u>	<u>COMMENT</u>
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• Ancillary Business	Provides clarity on the scope of the business conducted by the licensee and its Affiliates and Related Undertakings
• Competition Commission	Used in Chapter 2 in relation to costs attributable to either the Authority or the licensee in accordance with any direction issued by the Competition Commission (and also used in condition 34)
• Conditions	Introduces and clarifies the meaning of Conditions in the licence
• Connection	Introduces and clarifies the meaning of Connection
• Connection Charging Statement	Introduces and clarifies the purpose of the Connection Charging Statement
• Data Transfer Services	Introduces and clarifies the purpose of the Data Transfer Service
• Distribution Connection and Use of System Agreement	Industry agreement that was not defined in current licence
• Electricity Meter	Removes ambiguity about use of the term 'meter'
• Electronic Communication	Reflects the aim of the PLC's to permit use of electronic communication where a provision refers to a requirement for a communication to be in writing.
• Entry Point	Removes ambiguity about use of the term 'entry point'
• Exit Point	Removes ambiguity about use of the term 'exit point'
• GB Transmission System	Introduces and clarifies the meaning of the GB Transmission System which specifically excludes Remote Transmission Assets.
• Generation Licence	Introduces and clarifies the references to other licences
• Interconnector Licence	Introduces and clarifies the references to other licences
• Metering Point	Removes ambiguity about use of the term 'metering point'
• Notice	Permits simplified drafting to capture the provisions as to how a notice is to be communicated, i.e. in Writing.

• Priority Services Register	Provides clarity on the contents of the Priority Services Register
• Priority Services Register Customer	Provides clarity on the meaning of vulnerable Domestic Customers.
• Public Electronic Communications Network	Provides specification for the meaning of electronic communication.
• Regulatory Accounts	Provides clarity for references to “regulatory accounts”
• Regulatory Year	We have been consistent, where appropriate, to determine certain periods in terms of Regulatory Years.
• Representative	Provides clarity for references to “representative” of customers
• Use of System Charging Statement	Introduces and clarifies the purpose of the Use of System Charging Statement
• Website	The PLC’s recognise the licensees will have websites, and they are an efficient and effect method of publishing information customers.
• Working Day	This now replicates the definition of working day in the Electricity Act 1989
• Writing	Simplifies the drafting of the conditions and enables a wider definition of how communications may be effected.

DEFINITIONS REMOVED FROM SLC1

We propose to remove the following definitions and terms from SLC1.

- Appropriate time
- Auditors
- BETTA
- BETTA go-live date
- British Grid Systems Agreement
- BSC Framework Agreement

- Competent Authority
- Confidential Information
- Connection Charging Methodology
- Convenience Customers
- Core Industry Documents
- Cross-Default Provision
- CUSC Framework Agreement
- Declared net capacity
- De Minimis Business
- DG
- Directly Connected
- Disposal *
- Distribution Arrangements
- Distribution Business Activities
- Distribution Services
- Electricity Arbitration Association
- Estimated Costs
- Existing Connection
- External Distribution Activities
- Financial Year

- Fuel Security Code
- Generation Set
- Grid Supply Point
- Investment
- Investment Grade Issuer Credit Rating
- Issuer Credit Rating *
- Licensee's Distribution Code
- Licensee's Distribution System
- Meter Point Administration Service Operator
- Non-Domestic Customer
- Non-GB Trading and Transmission Services
- Other Distribution Codes
- Owned
- Participating Interest
- Relevant Documents
- Relevant Duties
- Relevant Proportion
- Relevant Year
- Relinquishment of Operational Control
- Running-off

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- Scottish Grid Code
 - Secretary of States Costs
 - Section C (System Operator Standard Conditions) Direction
 - Separate Business
 - Settlement Agreement for Scotland
 - Standby
 - Statutory Accounts
 - System Operator
 - System Operation Agreement
 - Top-Up
 - Transmission Area
 - Undertaking
 - Use of System Charging Methodology

* Whilst this has been removed from PLC 1 it is now defined within the individual licence condition to which it applies.

RETAINED AND AMENDED CONDITONS

We are not proposing a material change to the definitions of the following terms:

<u>TERMS AND DEFINITIONS</u>	<u>COMMENT</u>
<ul style="list-style-type: none"> • Act 	No change.
<ul style="list-style-type: none"> • Affiliate 	"holding company" or "subsidiary" are defined in PLC and therefore we propose to remove

	the reference to the Companies Act 1985 as it is superfluous.
<ul style="list-style-type: none"> Application Regulations 	The reference to the 2004 Regulations is removed and replaced with a description of those Regulations.
<ul style="list-style-type: none"> Appropriate auditor 	The definition of this term is currently in SLC 1 and refers to the definition of "appropriate auditor" contained in SLC 42. We propose that this definition is moved from SLC 1 to PLC 36 because it applies to the proposed section B of the PLC's only. There are no other proposed changes to the meaning of "appropriate auditor".
<ul style="list-style-type: none"> Authorised 	The definition of this term is proposed to be amended by insertion of "in any appropriate cases" before "by exemption granted under section 5 of the Act".
<ul style="list-style-type: none"> Authorised Electricity Operator 	No change
<ul style="list-style-type: none"> Authority 	We propose to insert "that is" after "Gas and Electricity Markets Authority" for coherency in the definition of this term.
<ul style="list-style-type: none"> Basic meter asset provision 	This term is proposed to be "Basic Metering Equipment". Furthermore, "that is of the same functionality as that which was being provided by the licensee at 1 July 2003" is proposed to be inserted and the reference to "Legacy Basic Meter Asset Provision" is proposed to be removed.
<ul style="list-style-type: none"> Basic meter operation services 	This term is proposed to be "Basic Metering Services". Furthermore, "where the service in question is of the same standard of performance, quality and timeliness as that of a comparable service that was being provided by the licensee at 1 June 2003" is inserted.
<ul style="list-style-type: none"> BSC 	This term is proposed to be clarified by referring to "Balancing and Settlement Code" rather than "BSC". We also propose to update the reference to the origin of the Balancing and Settlement Code by inserting "that is provided for in standard condition C3 (Balancing and Settlement Code) of the Transmission Licence".
<ul style="list-style-type: none"> Charge Restriction Conditions 	<p>This definition currently refers to the meaning in special condition A1 which means; "special conditions A2 to F1 inclusive as from time to time modified or replaced in accordance with the provisions of the Act".</p> <p>It is proposed that Charge Restriction Conditions will be any condition of the licence the purpose of which is to provide for determination of a maximum price that may be charged by the licensee or the maximum revenue that may be recovered by it.</p>

<ul style="list-style-type: none"> Confidential information 	The definition of this term is currently in SLC 1 and refers to the definition of "confidential information" contained in SLC 39. We propose that this definition is moved from SLC 1 to SLC 43 of the PLC's because it applies to the proposed section B of the PLC's only. There are no other proposed changes to the meaning of "confidential information".
<ul style="list-style-type: none"> Connection Charges 	We propose to change the cross reference in the current drafting to SLC 14 Appendix 1 Paragraph A2 of the PLC's, (as the cross reference would have to be changed to correspond to the correct part of the PLC's) and also propose the removal of "at entry and exit points".
<ul style="list-style-type: none"> Consumer Council 	The definition of this term has been amended to refer to any successor bodies that may be established under new legislation; the Consumers, Estate Agents, and Redress Act 2007.
<ul style="list-style-type: none"> CUSC 	This term is proposed to be clarified by referring to "Connection Use of System Code" rather than "CUSC". We also propose to update the reference to the origin of the Connection Use of System Code by inserting "that is provided for in standard condition C10 (Connection Use of System Code) of the Transmission Licence".
<ul style="list-style-type: none"> Customer 	We propose to change the reference to SLC 49 of the current licence to standard condition 46 of the PLC's because the cross reference would have to be changed to correspond to the correct part of the PLC's. This does not alter the meaning or scope of the current definition.
<ul style="list-style-type: none"> Data Aggregation 	The definition of this term is proposed to be removed from the SLC 36A and placed in standard condition 1 of the PLC's. No changes otherwise.
<ul style="list-style-type: none"> Data processing 	The definition of this term is proposed to be removed from the SLC 36A and placed in standard condition 1 of the PLC's. No changes otherwise.
<ul style="list-style-type: none"> Data Retrieval 	The definition of this term is proposed to be removed from the current standard condition 36A and placed in standard condition 1 of the PLC's. No changes otherwise.
<ul style="list-style-type: none"> Data Services 	The definition of this term is proposed to be removed from the current SLC 36A and placed in standard condition 1 of the PLC's. No changes otherwise.
<ul style="list-style-type: none"> Data Transfer Service 	We propose to change the reference to SLC 38 to standard condition 40 of the PLC's because the cross reference would have to be changed to correspond to the correct part of the PLC's. This does not alter the meaning or scope of the current definition.
<ul style="list-style-type: none"> Data Transfer Catalogue 	The definition of this term is proposed to be removed from SLC 32 and placed in standard condition 1 of the PLC's for ease of reference.

<ul style="list-style-type: none"> • DG Rigs 	<p>The definition of this term is currently in SLC 1 and we propose to move it from SLC 1 to standard condition 36 of the PLC's because it applies to section B of the PLC's only.</p> <p>The reference to SLC 51 in the definition is proposed to be changed to SLC 47 because the cross reference would have to be changed to correspond to the correct part of the PLC's. We also propose the insertion of "in relation to the collection and reporting of Specified Information as defined in that condition" after "Distributed Generation)".</p>
<ul style="list-style-type: none"> • Distribution Business 	<p>We propose that two separate definitions of "Distribution Business" may apply; 1. where the licensee is a Distribution Services Provider providing Basic Metering Services and Equipment, and 2. if the licensee is not a Distribution Services Provider providing Metering Services and Equipment.</p> <p>We propose to remove the reference (in (c) of the definition) to SLC 36A which then sets out the meaning of "Data Services", and replace with "Data Services", for ease of reference. We also propose to insert in (b) of the definition; a reference to SLC 37 as that provides the meaning of "Legacy Basic Metering Equipment", which is referred to in (b) of the definition.</p>
<ul style="list-style-type: none"> • Distribution Code 	<p>The definition of this term is proposed to be clarified by updating the reference to SLC 9 to SLC 21 of the PLC's because the cross reference would have to be changed to correspond to the correct part of the PLC's. We also propose to remove the requirement for the code to be prepared by the licensee as this has been fulfilled.</p>
<ul style="list-style-type: none"> • Distribution Services Area 	<p>We propose to amend the definition to refer to the area specified by the Authority under either SLC 2 (application of section C of the PLC's) or SLC 3 (application of section B of the PLC's). This does not alter the meaning or scope of the current definition as the cross reference would have to be changed to correspond to the correct part of the PLC's.</p>
<ul style="list-style-type: none"> • Distribution Services Direction 	<p>We propose to amend the definition to refer to the direction given by the Authority under either SLC 2 (application of section C of the PLC's) or SLC 3 (application of section B of the PLC's). This does not alter the meaning or scope of the current definition as the cross reference would have to be changed to correspond to the correct part of the PLC's.</p>
<ul style="list-style-type: none"> • Distribution Services Provider 	<p>The definition of this term is proposed to be amended to refer to section B of the licence. The reference would have to be changed to correspond to the correct part of PLC's.</p>
<ul style="list-style-type: none"> • Distribution System 	<p>We propose to amend the definition of this term by removing reference to "within GB" after "or any Transmission Licensee".</p>

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• Domestic Customer	We propose a minor language clarification; "requiring" is now "requires".
• Domestic Premises	No change
• Distribution Licence	This term is proposed to be "Electricity Distribution Licence" and we propose to amend the definition of this term by inserting "that authorises an Electricity Distributor to distribute electricity" after "6(1)(c) of the Act" for better accuracy in the meaning of this term.
• Electricity Supplier	The definition of this term is proposed to be clarified by inserting "which is authorised by a supply licence to supply electricity" after "means any person" for better accuracy in the meaning of this term.
• Excluded Services	The definition of this term is proposed to be clarified by removing reference to the meaning of this term in special condition A2, and inserting what the meaning is i.e. charges for these services fall outside the charge restrictions conditions, for ease of reference.
• GB System Operator	The definition of this term is currently in SLC 9B, and we propose to move this to SLC 1 for ease of reference, and we propose to amend the definition by inserting the reference to NGET's company number for identification purposes.
• Grid Code	This term is proposed to be clarified by updating the reference to the origin of the Grid Code by inserting "that is required to be drawn up by the GB System Operator and approved by the Authority under standard condition 14 (Grid Code) of the Transmission Licence".
• Holding Company	No change. However a catch all provision has been inserted in to PLC 2.16 to reflect the introduction of the companies Act 2006.
• Indebtedness	The definition of this term is currently in SLC 47. We propose to move this to SLC 1, for ease of reference and "therewith" has been removed and replaced with "with them", to update the style of language used.
• Information	No change
• Interconnector	No change
• Legacy Basic Meter Asset Provision	The definition of this term is currently in SLC 1 and refers to the meaning contained in SLC 36(3) of the current standard conditions. We propose to move the definition of this term from SLC 1 to SLC 36 of the PLC's because it applies to section B of the licence only and we propose to name the term "Legacy Basic Metering Equipment" for clarity.
• Licensed Distributor	This term is proposed to be "Electricity Distributor" and the definition is proposed to be

	amended by inserting “anyone who is authorised by an Electricity Distribution Licence to distribute electricity, and removing the words “holder of a distribution licence” for better accuracy in the meaning of this term.
<ul style="list-style-type: none"> • Licensee’s Transmission System 	This term is proposed to be “Transmission System” and the definition is proposed to be amended by inserting “specified in its transmission system” inserted after “operated by a Transmission Licensee within its transmission area” for better accuracy in the meaning of this term.
<ul style="list-style-type: none"> • Master Registration Agreement 	The definition of this term is proposed to be amended to change the reference to SLC 23 of the PLC’s instead of SLC’s 14 and 37 of the current licence. This is because the reference would have to be changed to correspond to the correct part of the PLC’s.
<ul style="list-style-type: none"> • Metering Equipment 	The definition of this term is proposed to be amended to explicitly refer to Metering Equipment, Basic Metering Equipment and Legacy Basic Metering Equipment.
<ul style="list-style-type: none"> • Metering Point Administration Service 	<p>The definition of this term is proposed to be amended to refer to SLC 18 of the PLC’s instead of standard condition 14 of the current standard conditions because the cross references would have to be changed to correspond to the correct part of the PLC’s.</p> <p>We also propose to remove “established” since the service has been established and we propose to insert “for the purpose of providing Meter Point Administration Services” after the reference to SLC 18 of the PLC’s, for better clarity.</p>
<ul style="list-style-type: none"> • Metering Point Administration Services 	<p>The definition of this term is proposed to be amended to refer to appendix 1 of SLC 18 of the PLC’s instead of SLC’s 14 and 37 of the current standard conditions because the cross references would have to be changed to correspond to the correct part of the PLC’s.</p> <p>We also propose to replace the words “of the Metering Point Administration Service established” in the current definition with the words “to be provided by the Metering Point Administration Service” for better clarity.</p>
<ul style="list-style-type: none"> • Metering Services 	We propose that the definition of this term be amended to specify what the services are rather than state “services related to the provision, operation and maintenance of metering equipment”. Therefore we propose to insert “services of installing, commissioning, testing, repairing, maintaining, removing, and replacing Metering Equipment and includes, where applicable, Basic Metering Services” instead.
<ul style="list-style-type: none"> • Non-Contestable Connection Services 	The definition of this term is currently contained in SLC 4C but we propose that it be moved to SLC 1 and the definition be amended by changing the reference from SLC 4B to SLC 14

	because the cross references would have to be changed to correspond to the correct part of the PLC's.
<ul style="list-style-type: none"> Permitted Purpose 	The definition of this term currently refers to the meaning of "Permitted Purpose" in SLC 32 of the current standard conditions. We propose that the meaning of the term in SLC 32 is removed and placed in SLC 1 of the PLC's for ease of reference.
<ul style="list-style-type: none"> Price Control Review Information 	<p>The definition of this term is currently in SLC 1 and it refers to the meaning of the term contained in SLC 52. We propose to move the definition from SLC 1 to SLC 36 of the PLC's because it applies to section B of the PLC's only.</p> <p>We propose to amend the term to read "Price Control Revenue Information" for more accurate use of the term.</p> <p>We also propose that the definition refer to the meaning of the term in SLC 49.19 of the PLC's and not SLC 52 of the current standard conditions (the meaning itself is only amended in that it will refer to "Cost Reporting Rigs" and not "price control reporting rules").</p>
<ul style="list-style-type: none"> Quality of Service RIGS 	<p>The definition of this term is currently contained in SLC 1 and refers to the meaning of the term in SLC 49 of the current standard conditions. We propose it be moved from SLC 1 to SLC 36 of the PLC's because it applies to section B of the PLC's only.</p> <p>We also propose that the definition refer to the definition in SLC 46 of the PLC's because the cross reference would have to be changed to correspond to the correct part of the PLC's. The meaning of the term itself is not proposed to be changed i.e. covering the matters which fall under the RIGS or amending the RIGS.</p>
<ul style="list-style-type: none"> Regulatory Instructions and Guidance 	<p>The definition of this term is currently contained in SLC 1. We propose to move this from SLC 1 to SLC 36 of the PLC's because it applies to section B of the PLC's only.</p> <p>We also propose to specify the PLC's under which the RIGS are issued rather than refer to "guidance issued by the Authority in relation to the collection and reporting of specified information" as is currently stated, for ease of reference and clarity.</p>
<ul style="list-style-type: none"> Relevant Asset 	We propose that the definition of this term is amended to remove the explicit references to what the legal or beneficial interests over land in Scotland could include and insert "under the law of Scotland" in their place, so as to clarify the definition as it currently tries to include any legal or beneficial interest over land in Scotland and then make explicit references to some of those legal and beneficial interests over land in Scotland which are not necessary.

	Our proposed definition will cover all legal and beneficial interests over land in Scotland and encapsulate any developments that may occur in the law of Scotland relating to these interests.
<ul style="list-style-type: none"> Remote Transmission Assets 	No change
<ul style="list-style-type: none"> Revenue Reporting RIGS 	<p>The definition of this term is currently in SLC 1. We propose to move it from SLC 1 to SLC 36 of the PLC's because it applies to section B of the PLC's only.</p> <p>We propose that the definition referred to SLC 48 of the PLC's and not SLC 50 because the cross references would have to be changed to correspond to the correct part of the PLC's.</p> <p>We also propose that the reference in the definition to "time being in force" be removed and "in relation to the collection and reporting of Price Control Revenue Information" inserted.</p>
<ul style="list-style-type: none"> Settlement Purposes 	We propose to amend the definition of this term to remove the reference to "Settlement Agreement for Scotland" is now removed because the Settlement Agreement for Scotland has been [run-off] as part of the BETTA process and therefore this reference is now redundant.
<ul style="list-style-type: none"> Specified Information 	<p>The definition of this term is currently contained in SLC 1. We propose to move the definition from SLC 1 of the current standard conditions to SLC 36 of the PLC's because it applies to section B of the PLC's.</p> <p>We also propose that the definition refer to SLC 46 and 47 of the PLC's instead of SLC 49 and 51 because the cross references would have to be changed to correspond to the correct part of the PLC's.</p> <p>We propose to remove the reference in the definition to current SLC 50 (which is SLC 48 in PLC's) since the "specified information" in relation to that condition is defined as "Price Control Revenue Information" in the PLC's. So as to avoid duplication.</p>
<ul style="list-style-type: none"> Subsidiary 	We propose that the definition of this term be amended by inserting "In relation to the licensee," at the beginning, for better accuracy in the use of this term.
<ul style="list-style-type: none"> Supply Licence 	We propose that the definition of this term be amended to be refer to electricity supply licence and be amended by inserting "that authorises a person to supply electricity" after "under section 6(1)(d) of the Act" for better accuracy in the use of this term.

<ul style="list-style-type: none"> • Transmission Licence 	We propose that the definition of this term be amended to refer to electricity transmission licence and be amended by inserting “that authorises a person to participate in the transmission of electricity” after “section 6(1)(b) of the Act” for better accuracy in the meaning of this term.
<ul style="list-style-type: none"> • Transmission Licensee 	We propose that the definition of this term is amended to state “any person who is authorised by a Transmission Licence to participate in the transmission of electricity” rather than “holder for the time being of a transmission licence” for better accuracy in the meaning of this term.
<ul style="list-style-type: none"> • Ultimate Controller 	No change except format the of the definition
<ul style="list-style-type: none"> • Unmetered Supply 	No change except format the of the definition
<ul style="list-style-type: none"> • Use of System 	No change

SLC: 1(2) Provision: Any words or expressions used in Part I of the Act, the Utilities Act 2000 or the Energy Act 2004 shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.

EXTEND Proposal: The existing paragraph refers to “Part 1 of the Act”. We propose to amend it to refer to “the Act”. The consequence of which is that any term defined in the Electricity Act 1989 will have the same meaning in the licence, unless a contrary intention appears. The reason for this proposal is that, in our view, it is appropriate that any term defined in the Electricity Act 1989 should have the same meaning in the licence, unless the contrary intention appears.

To PLC 2.1

SLC: 1(3) Provision: Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.

REDRAFT/MOVE Proposal: We propose a combination of SLC 1(3) and 1(5) to provide that, unless the context otherwise requires, references in the standard conditions to, for example, sections, standard conditions, schedules, paragraphs and sub-paragraphs are references to those parts of the standard conditions of the distribution licence. Also, a reference in a standard condition to a paragraph or sub-paragraph is a reference to it in

To PLC 2.4(a) and (b)

such standard conditions. In our view, it is a clearer, more comprehensive and appropriate statement of the existing interpretation provision.

SLC: 1(4)

Provision: These standard conditions shall have effect as if, in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "him", "his", "who" and "whom", and cognate expressions shall be construed accordingly.

REMOVE

Proposal: We propose to remove this paragraph. In our view, it is not necessary to include it in the interpretation condition. We have used words such as "it" to refer to the licensee. The provisions in which such words are used will continue to apply to a licensee even if it is a natural person.

SLC: 1(5)

Provision: Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.

REDRAFT/MOVE

To PLC 2.4(b)

Proposal: See comment for SLC 1(3).

SLC: 1(6)

Provision: Any reference in these standard conditions to –
 (a) a provision thereof;
 (b) a provision of the standard conditions of electricity supply licences, or
 (c) a provision of the standard conditions of electricity generation licences,
 (d) a provision of the standard conditions of electricity transmission licences, or
 (e) a provision of the standard conditions of electricity interconnector licences,
 shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or the other standard conditions in question as modified.

RETAIN/MOVE

To PLC 2.5

Proposal: We propose changes that maintain the substance of the existing provision and clarify its wording.

SLC: 1(7)

Provision: In construing these standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.

REDRAFT/MOVE

To PLC 2.3

Proposal: We propose changes that maintain the substance of the existing provision and clarify its wording.

SLC: 1(8)	<u>Provision:</u> Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that standard condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(c) of the Act (whenever granted) which incorporates it.
REDRAFT/MOVE To PLC 2.12	<u>Proposal:</u> We propose changes that maintain the substance of the existing provision
SLC: 1(9)	<u>Provision:</u> Where any obligations in the licence is required to be performed by a specified date or time or within a specified period, and where the licensee has failed so to perform, such obligations shall continue to be binding and enforceable after the specified date or time or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or time or within that period).
RETAIN/MOVE To PLC 2.6	<u>Proposal:</u> We propose changes that maintain the substance of the existing provision and clarify its wording.
SLC: 1(10)	<p><u>Provision:</u> Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case –</p> <p>(a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and</p> <p>(b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.</p>
REMOVE	<u>Proposal:</u> We propose that, subject to the drafting of the modified conditions, SLC 1(10) is removed. We have proposed to allow persons to use a number of forms of written communication including email and SMS message if the recipient of that communication has expressed a willingness to receive it in that form and for a particular purpose.

SLC: 1(11)

Provision: The definitions set out in this condition may include some definitions which are not used or not used exclusively in sections A and B (which sections are incorporated in all distribution licences). Accordingly:

(a) where any definition is not used in sections A and B, that definition shall, for the purposes of this licence, be treated:

(i) as part of the standard condition or conditions (and the section) in which it is used; and

(ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Distribution Services obligations));

and:

(b) where any definition which is used in sections A and B is also used in one or more other sections:

(i) that definition shall only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and

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

REMOVE

Proposal: We propose to include most of the defined words and expressions in SLC 1. In our view, the existing provision does not affect the general rules relating to interpretation and is unnecessary.

SLC 2: Application of Section C (Distribution services obligations)

SLC: 2(1)

Provision: Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence:

- (a) paragraphs 4 to 8 shall cease to be suspended and shall have effect in the licensee's licence; and
- (b) the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) of this licence, from the date the said scheme takes effect. Such provision made by the Secretary of State in the said scheme shall be treated, for the purposes of paragraphs 5, 6, and 7 of this condition, as if it were a Distribution Services Direction made by the Authority.

REDRAFT/MOVE

To PLC 3.1

Working group's proposal: For the provision to move to a new condition entitled 'Application of Section B of standard conditions'. Propose that section B is the section of the licence which applies only to licensee's with a distribution service area. The provision in SLC 2.1 to be merged with SLC 2.2 so that the provision states conditions in Section B will have effect if the Secretary of State has provided a scheme under Section 7 of the Utilities Act 2000 or the Authority gives a distribution services direction to the licensee.

SLC: 2(2)

Provision: Until –

(a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for Section C (in whole or in part) to have effect within this licence; or

(b) the Authority has issued to the licensee a direction pursuant to paragraph 4,

the standard conditions in Section C (in whole or, as the case may be, in part) shall not have effect within this licence; and the licensee shall not be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part) of this licence.

REDRAFT/MOVE

To PLC 3.1

Working group's proposal: For provisions to move to a new condition entitled 'Application of Section B of standard conditions'. Propose that section B is the section of the licence which applies only to licensee's with a distribution service area. The provision in SLC 2.1 has been merged with SLC 2.2 so that the conditions in Section B will have effect if the Secretary of State has provided a scheme under Section 7 of the Utilities Act 2000 or the Authority gives a distribution services direction to the licensee

SLC: 2(3)

Provision: Except where paragraph 1 applies to the licensee, paragraphs 4 to 8 of this standard condition shall be suspended and shall have no effect in this licence until such time as the Authority, with the consent of the licensee, issues to the licensee a notice ending the suspension and providing for those paragraphs to have effect in this licence with effect from the date specified in the notice.

REDRAFT/MOVE

To PLC 3.2

Working group's proposal: To condense the current provision and remove reference to subsequent paragraphs so that the condition is clearer and easier to interpret.

SLC: 2(4)

Provision: The Authority may, with the consent of the licensee, issue a direction (a "Distribution Services Direction"). Where the Authority has issued to the licensee a Distribution Services Direction the standard conditions in Section C (in whole or, as the case may be, in part) shall have effect within this licence from the date specified in the direction; and the licensee shall be obliged to comply with the requirements of Section C (in whole or, as the case may be, in part) to the extent and subject to the terms specified in such direction.

REDRAFT/MOVE

To PLC 3.3

Working group's proposal: To remove reference to "with the consent of the licensee" as in practice directions are always requested by licensee. The rest of the provision is redrafted so that it is simply "after the Authority receives an application from the licensee in accordance with the application regulations, it may give a distribution services direction to the licensee". This is clearer and easier to understand.

Matched

SLC: 2(5)Provision:

Distribution Services Direction:

- (a) may specify that the standard conditions in Section C (in whole or in part) are to have effect in this licence;
- (b) shall specify or describe an area (the "distribution services area") within which the licensee shall be obliged to comply with any of the requirements of Section C (in whole or, as the case may be, in part); and
- (c) shall specify whether or not the requirements of Section C (in whole or, as the case may be, in part) apply to convenience customers.

RETAIN/MOVE

To PLC 3.4

Working group's proposal: to retain the provision with minor adjustments so that the references to section C are replaced with reference to Section B. Also remove the "in whole or, as the case may be, in part" from parts (b) and (c) which is moved to an interpretation paragraph at the end of the condition

SLC: 2(6)

Provision: The Authority may, with the consent of the licensee:

- (a) vary the terms (as set out in the Distribution Services Direction or elsewhere) under which Section C (or parts thereof) has effect in this licence; or
- (b) provide for Section C (or parts thereof) to cease to have effect in this licence.

REDRAFT/MOVE

To PLC 3.5

Working group's proposal: To retain the spirit of the provision but redraft so that it is clear that the consent of the licensee is through writing to the Authority. References to Section C amended to Section B and removal of reference to Distribution services direction and 'of parts thereof' which is moved to an interpretation section at the end of the condition.

SLC: 2(7)

Provision: The variation or cessation provided for in paragraph 6 shall take effect from the date specified in the variation or cessation notice given to the licensee by the Authority

RETAIN/MOVE

To become part of
PLC 3.5

Working group's proposal: To incorporate the provision for the Authority to specify the time and date of cessation, into PLC 3.5

SLC: 2(8)	<u>Provision:</u> With effect from the date of cessation referred to in paragraph 7, paragraphs 4 to 7 of this condition shall be suspended and shall cease to have effect in this licence, but the Authority may at any time thereafter, with the consent of the licensee, give to the licensee a notice ending the suspension and providing for those paragraphs to have effect again in this licence with effect from the date specified in the notice.
REMOVE	<u>Working group's proposal:</u> To remove as this is now dealt with in the Interpretation (PLC 2)

SLC 3: Payments by the Licensee to the Authority

SLC: 3(1)	<u>Provision:</u> The licensee shall, at the times stated, pay to the Authority such amounts as are determined by or under this condition.
REMOVE	<u>Working group's proposal's:</u> To remove the provision from the condition as it is covered by PLC 5.2
SLC: 3(2)	<p><u>Provision:</u> In respect of each relevant year at the beginning of which the licensee holds this licence, the licensee shall pay to the Authority the aggregate of:</p> <ul style="list-style-type: none"> (a) an amount which is the relevant proportion of the estimated costs of the Authority during the year in question; (b) an amount which is the relevant proportion of the estimated costs of the Consumer Council during the year in question; (c) an amount which is the relevant proportion of the estimated costs incurred in the previous relevant year by the Competition Commission in connection with any reference made to it with respect to this licence or any other licence granted under the Act or the Gas Act 1986; and (d) an amount which is the relevant proportion of the difference (being a positive or negative amount), if any, between: <ul style="list-style-type: none"> (aa) any costs estimated by the Authority in the previous relevant year under sub-paragraphs 2(a), (b), and (c); and (bb) the actual costs of the Authority, the Consumer Council and the Competition Commission (in connection with references of the type referred to in sub-paragraph 2(c)) for the previous relevant year or, in the case of the Competition Commission, for the relevant year prior to the previous relevant year.
REDRAFT/MOVE To PLC 5.1	<u>Working group's proposal's:</u> To amend the reference to 'relevant year' and change it to 'regulatory year' and move the provision to PLC 5.1. The working group considers that the single phrase 'regulatory year' can be used in place of the separate references to 'reporting year', 'financial year' and 'relevant year'.

SLC: 3(3)

Provision: The amounts determined in accordance with paragraph 2 shall be paid by the licensee to the Authority in two instalments, with:

- (a) the first instalment being due for payment by 30 June in each relevant year; and
- (b) the second instalment being due for payment by 31 January in each relevant year

provided that, in each case, if the Authority has not given notice of the amount of the instalment due at least 30 days before the payment date stated above, the licensee shall pay the amount due within 30 days from the actual giving of notice by the Authority to the licensee (whenever notice is given).

REDRAFT/MOVE
Move to a new PLC
5.2 & 5.3

Working group's proposal: To move part (a) into PLC 5.2 and to redraft to incorporate the requirement for 30 days notice into paragraphs (a) and (b) by means of a date reference to 31 May and 31 January respectively. The last paragraph to be moved to PLC 5.3

SLC: 3(4)

Provision: If the licensee fails to pay the amount determined in accordance with paragraph 2 within 30 days of the payment date determined in accordance with paragraph 3, it shall with effect from that payment date pay simple interest on that amount at the rate which is from time to time equivalent to the base rate of NatWest Bank plc or, if there is no such base rate, such base rate as the Authority may designate for the purposes hereof.

REDRAFT/MOVE
To PLC 5.4

Working group's proposal: To redraft the condition so that the provision is split into that which applies where there is a base rate of NatWest plc (a); and the provision should there be no base rate (b)

SLC: 3(5)

Provision: In this condition:

"estimated costs" means costs estimated by the Authority as likely to be or have been:

- (a) the costs of
 - (i) the Authority calculated in accordance with principles determined by the Authority for the purposes of this condition generally (after consultation with the licensee and others likely to be affected by the application of such principles) and notified to the licensee; and
 - (ii) the Consumer Council; and
- (b) the costs incurred by the Competition Commission in connection with references to it in respect of this licence or any other licence granted under the Act or the Gas Act 1986, such estimate having regard to any views of the Competition Commission;

"relevant proportion" means the proportion of the costs attributable to the licensee in accordance with principles determined by the Authority for the purposes of this condition generally (after consultation with the licensee and others likely to be affected by the application of those principles) and notified to the licensee or, in relation to the costs of the Competition Commission, in accordance with any direction given by the Competition Commission under section 177(3) of the Energy Act 2004 or, in the absence of such direction, in accordance with such principles; and

"relevant year" means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year.

REDRAFT/MOVE
Move to PLC 5.5

Working group's proposal: Remove the reference to 'relevant year' in line with the current drafting of PLC 5.1 to ensure that the reference is to 'regulatory year'

SLC 4: Use of System Charging Methodology

SLC: 4(1)

Provision: The licensee shall, by 1 April 2005:

- (a) determine and prepare a statement of a use of system charging methodology, approved by the Authority, that achieves the relevant objectives; and
- (b) comply with the use of system charging methodology at that date and as modified from time to time thereafter in accordance with the provisions of this condition.

REDRAFT/MOVE
To PLC 13.1 (a)

Working group's proposals: To move to PLC 13 which combines the provisions which apply to the UoS methodology and Connection charging methodology into a single condition. The working group considers that this consolidation reduces repetition within the licence and consequently condenses it. The provision has been redrafted slightly so that the Authority approves the methodology on the basis that it achieves the relevant objectives.

SLC: 4(2)

Provision: The licensee shall, for the purpose of ensuring that the use of system charging methodology continues to achieve the relevant objectives:

- (a) review the use of system charging methodology at least once in every year; and
- (b) subject to paragraph 4, make such modifications (if any) of the use of system charging methodology as are necessary for the purpose of better achieving the relevant objectives

RETAIN/MOVE
To PLC 13.2

Working group's proposal: To retain the wording, but as part of PLC 13.2 which applies to both Connection and UoS methodologies

SLC: 4(3)

Provision: For the purposes of this condition, the relevant objectives are:

- (a) that compliance with the use of system charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;
- (b) that compliance with the use of system charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;
- (c) that compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the use of system charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

RETAIN/MOVE

To PLC 13.3

Working group's proposal: To retain the wording of the relevant objectives – which apply to both the Connection and UoS methodologies. To redraft the start of the paragraph so that it states that the relevant objectives are in relation to the Charging Methodology.

SLC: 4(4)

Provision: Except with the consent of the Authority, before making a modification of the use of system charging methodology the licensee shall:

- (a) give the Authority a report which sets out:
 - (i) the terms proposed for the modification;
 - (ii) how the modification would better achieve the relevant objectives; and
 - (iii) a timetable for implementing the modification and the date with effect from which the modification (if made) is to take effect, being not earlier than the date on which the period referred to in paragraph 6 will expire; and
- (b) where the Authority has directed that sub-paragraph (a) should not apply, comply with such other requirements (if any) as the Authority may specify in its direction.

RETAIN/MOVE

To PLC 13.4

Working group's proposal: To retain the wording of the provision and to move to PLC 13.5 where it will apply to both UoS and Connection methodologies.

SLC 4(5)

Provision: Subject to paragraph 6, where the licensee has complied with the requirements of paragraph 4, it shall, before making the

	<p>modification:</p> <p>(a) Revise the statement (or the most recent revision thereof) issued under paragraph 1(a) of this condition so that the statement sets out the changed use of system charging methodology and specifies the date from which it is to have effect; and</p> <p>(b) give the Authority a copy of the revised statement.</p>
<p>RETAIN/MOVE To PLC 13.5</p>	<p><u>Working group's proposals:</u> To redraft slightly so that the reference in part (a) is to the relevant charging statement. The provision is retained and placed in PLC 13.5 where it applies to both UoS and Connection methodologies. The modified provision references a new Provision in PLC 13.13 which makes it clear that the revised statement must be published.</p>
<p>SLC: 4(6)</p>	<p><u>Provision:</u> The licensee shall make the modification to the use of system charging methodology unless, within 28 days of receiving the licensee's report under paragraph 4, the Authority, having particular regard to the relevant objectives, has either:</p> <p>(a) directed the licensee not to make the modification; or</p> <p>(b) notified the licensee that it intends to consult and then within three months of giving that notification has directed the licensee not to make the modification.</p>
<p>RETAIN/MOVE To PLC 13.6</p>	<p><u>Working group's proposal:</u> To retain the provision and move it to PLC 13.6. To make it clear that the provision applies to both UoS and Connection charging methodologies and to refer to the Charging methodology accordingly.</p>
<p>SLC: 4(7)</p>	<p><u>Provision:</u> The licensee shall give or send a copy of any statement under paragraph 1(a) or report under paragraph 4 to any person who requests it.</p>
<p>RETAIN/ MOVE To PLC 13.8</p>	<p><u>Working group's proposal:</u> To retain the provision and move it to PLC 13.8 where it will apply to both UoS and Connection methodologies</p>
<p>SLC: 4(8)</p>	<p><u>Provision:</u> The licensee may make a charge for any statement or report given or sent pursuant to paragraph 7 of an amount which does not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing the document.</p>
<p>RETAIN/ MOVE To PLC 13.9</p>	<p><u>Working group's proposal:</u> To retain the provision and move it to PLC 13.9 where it will apply to both UoS and Connection methodologies</p>

SLC: 4(9) Provision: Subject to paragraph 10, an approval by the Authority pursuant to paragraph 1(a) may be granted subject to such conditions as the Authority considers appropriate, having regard, in particular, to:

- (a) the need for any further action to be undertaken by the licensee to ensure that the use of system charging methodology would facilitate the achievement of the relevant objectives; and
- (b) the time by which such action must be completed.

**RETAIN/
MOVE** Working group's proposal: To retain the provision but move to PLC 13.11 where it will apply to both UoS and Connection charging methodologies and make this clear by referring to Charging Methodology rather than merely UoS charging methodology.
To move to PLC 13.11

SLC: 4(10) Provision: An approval granted under paragraph 9 will only be effective if the Authority has informed the licensee of its intention to impose such conditions in a notice which:

- (a) sets out the nature and contents of the conditions; and
- (b) specifies the period (not being less than 28 days from the date of the notice) within which representations with respect to the conditions may be made,
- (c) and has considered any representations or objections which have been duly made by the licensee and have not been withdrawn.

**RETAIN/
MOVE** Working group's proposal: To retain the provision and move it to PLC 13.12 where it will apply to both UoS and Connection charging methodologies. PLC 13.10 also contains a new provision stating that an approval can only be withheld where the Authority has decided that the Charging Methodology does not achieve the relevant objectives and that the Authority has notified the licensee of this and its reasons.
To PLC 13.12

SLC: 4(11) Provision: The provisions of this condition are wholly without prejudice to:

- (a) the application of any charge restriction conditions (within the meaning given in paragraph 4 of special condition A1 (Definitions and Interpretation) of the distribution licence); or
- (b) the application of any charging arrangements condition (within the meaning of standard condition BA1 (Charging Arrangements) of the distribution licence as modified from time to time).

REMOVE Working group's proposal: To remove this provision from the proposed licence as it was initially inserted to aid in the transition to more transparent charging methodologies.

SLC: 4(12) Provision: The Authority may (following consultation with the licensee and, where appropriate, with any other authorised electricity operator likely

to be materially affected thereby) issue directions relieving the licensee of its obligations under paragraph 1 to such extent as may be specified in the directions.

REMOVE/MOVE

Working group's proposal: To remove the provision providing for the specific power to derogate. However the Authority is still able to consent to licensees not having to comply with the provision to have in place a UoS and Connection methodology and statements. This provision is contained in PLC 13.1

To PLC 13.1

SLC 4A: Charges for Use of System

SLC: 4A(1)

Provision: The licensee shall prepare a statement, in a form approved by the Authority, which sets out the basis on which charges will be made for use of system ("the charging statement"), which:

- (a) is in such form and contains such detail as would enable any person to make a reasonable estimate of the charges to which he would become liable in respect of use of system; and
- (b) from 1 April 2005, is prepared in accordance with the use of system charging methodology.

**RETAIN/
REDRAFT/MOVE**
To PLC 14.2

Working group's proposal: To retain the provision and move to PLC 14.2 where it will apply to both UoS and Connection charging statement. The provision has been redrafted slightly to include an extra requirement for the statement to be published to ensure adequate publicity.

SLC: 4A(2)

Provision: The statement referred to at paragraph 1 shall include:

- (a) a schedule of charges for the distribution of electricity under use of system;
- (b) a schedule of adjustment factors to be made for distribution losses, in the form of additional supplies required to cover those losses; a schedule of the charges (if any) which may be made in respect of accounting and administrative services;
- (d) a schedule of the charges (if any) which may be made for the provision and installation of any electrical plant at entry or exit points, the provision and installation of which are ancillary to the grant of use of system, and for the maintenance of such electrical plant;
- (e) information on electricity distribution use of system rebates (if any) given or announced to authorised electricity operators in the 12 months preceding the date of publication or revision of the statement; and
- (f) up until 31 March 2005, the principles on which and the methods by which charges will be made for use of system.

Electricity Distribution Licence Review: Proposals (Appendix 4)

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RETAIN/ MOVE

To A1 in Appendix 1
to PLC 14

Working group's proposal: To retain the provision but to move it to an appendix in PLC 14 which clearly illustrates what charges come under the UoS. The group considered that placing this as a schedule of contents to the Licence condition made them more accessible and was more logical.

SLC: 4A(3)

Provision: Without prejudice to paragraph 6, before making any amendment to its use of system charges, the licensee shall give the Authority a revised charging statement which sets out the amended charges and specifies the date from which they are to have effect.

RETAIN/ MOVE

To PLC 14.18

Working group's proposal: To retain the provision and move it to PLC 14.18 where it will apply to both UoS and Connection charges.

SLC: 4A(4)

Provision: Without prejudice to paragraph 4 of standard condition 4 (Use of System Charging Methodology) and paragraph 6 of this condition, before any modification of the use of system charging methodology comes into effect, the licensee shall give the Authority a revised charging statement which sets out the amended charges and specifies the date from which they are to have effect.

RETAIN/ MOVE

To PLC 14.19

Working group's proposal: To retain the provision and move it to PLC 14.19 where it will apply to both UoS and Connection charges.

SLC: 4A (5)

Provision: The licensee shall, not less than three months before the date on which it proposes to amend its use of system charges in respect of any agreement for use of system:

- (a) send to the Authority a notice setting out those proposals, together with an explanation of them (including a statement of any assumptions on which the proposals are based); and
- (b) send a copy of such notice to any person who has entered into an agreement for use of system in accordance with the provisions of this licence.

RETAIN/MOVE

To PLC 14.20

Working group's proposal: To retain and move to PLC 14.20 which will apply to both UoS and Connection statements. Part (a) has been slightly redrafted so that rather than "send to the Authority", the licensee "gives to the Authority".

SLC: 4A(6)

Provision: Except with the prior consent of the Authority, the licensee shall not amend its use of system charges in respect of any agreement for use of system unless:

- (a) the licensee has given prior notice of the amendment in accordance with paragraph 5; and
- (b) the amendment reflects the proposals made in the notice (subject only to revisions consequent on material changes in the matters which were expressed, in the statement under paragraph 5 which accompanied the notice, to be assumptions on which the proposals were based)

RETAIN/MOVE

Working group's proposal: To retain the provision and move it to PLC 14.21

To PLC 14.21

SLC: 4A(7)

Provision: The licensee:

- (a) may periodically review the information set out in and, with the approval of the Authority, change the form of the charging statement; and
- (b) shall, at least once in every year, make such changes (if any) as are necessary to the charging statement to ensure that the information set out in it continues to be accurate in all material respects.

RETAIN/MOVE

Working group's proposals: To retain the provision and move to PLC 14.6 which applies to both UoS and Connection charging statement. Slight redrafting so that current parts (a) and (b) are combined in a single paragraph.

To PLC 14.6

SLC: 4A(8)

Provision: The licensee shall give or send a copy of any statement (or the most recent revision thereof) prepared in accordance with paragraph 1 to any person who requests it.

RETAIN/
MOVE

Working group's proposals: To retain and move to PLC 14.3 where it will apply to both UoS and Connection charging statements. Minor redrafting so that the provision makes reference to the "Charging Statement" rather than "statement".

To PLC 14.3

SLC: 4A (9)	<u>Provision:</u> The licensee may make a charge for any statement given or sent pursuant to paragraph 8 of an amount which does not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing the statement.
RETAIN/ MOVE To PLC 14.3	<u>Working group's proposal:</u> To retain the condition and move to PLC 14.3 where it will apply to both Connection and UoS charging statements
SLC: 4A(10)	<u>Provision:</u> Unless the Authority determines otherwise, the licensee shall not enter into any use of system arrangement which does not ensure that its use of system charges will comply with the charging statement (or, where applicable, with the revision of that statement which is most recent at that time) at each time at which charges fall to be made under the arrangement.
RETAIN/MOVE To PLC 14.7(a)	<u>Working group's proposal:</u> To retain and move to PLC 14.7 part (a) with slight redrafting so as to make it clear that the statement to which it must comply is the one in force at that time.
SLC: 4A(11)	<u>Provision:</u> Nothing in this condition affects the ability of the licensee to charge for use of system in accordance with the charging statement (or the most recent revision thereof) issued in accordance with paragraph 1.
REMOVE	<u>Working group's proposal:</u> To remove this from the proposed licence as it was initially inserted to aid in the transition to more transparent methodologies and statements.
SLC: 4A(12)	<u>Provision:</u> The Authority may (following consultation with the licensee and, where appropriate, with any other authorised electricity operator likely to be materially affected thereby) issue directions relieving the licensee of its obligations under paragraph 1 to such extent as may be specified in the directions.
REMOVE/MOVE To 14.2	<u>Working group's proposal:</u> To remove the provision providing for the specific power to derogate. However the Authority is still able to consent to licensees not having to comply with the provision to have in place a UoS and Connection methodology and statements. This provision is contained in PLC 14.2

SLC 4B: Connection Charging Methodology

SLC: 4B(1)

Provision: The licensee shall, by 1 April 2005:

- (a) determine a connection charging methodology approved by the Authority; and
- (b) comply with the connection charging methodology at that date and as modified from time to time thereafter in accordance with the provisions of this condition.

REDRAFT/MOVE

Working group's proposals: To redraft the provision slightly to reflect that the methodologies have been approved by the Authority. Part (b) of the current provision has been moved to a separate paragraph in PLC 13.1 with the current wording retained

To PLC 13.1 (b)

SLC 4B(2)

Provision: The licensee shall, for the purpose of ensuring that the connection charging methodology continues to achieve the relevant objectives:

- (a) review the connection charging methodology at least once in every year; and
- (b) subject to paragraph 10, make such modifications (if any) of the connection charging methodology as are necessary for the purpose of better achieving the relevant objectives.

RETAIN/MOVE

To PLC 13.2

Working group's proposal: To retain the condition and move it to PLC 13.2 where it has been redrafted so that the reference to "connection charging methodology" simply becomes "Charging methodology" to reflect that the condition applies to both UoS and connection methodologies.

SLC: 4B(3)

Provision: In paragraph 2 and below, the relevant objectives are:

- (a) that compliance with the connection charging methodology facilitates the discharge by the licensee of the obligations imposed on it under the Act and by this licence;
- (b) that compliance with the connection charging methodology facilitates competition in the generation and supply of electricity, and does not restrict, distort, or prevent competition in the transmission or distribution of electricity;
- (c) that compliance with the connection charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its distribution business; and
- (d) that, so far as is consistent with sub-paragraphs (a), (b) and (c), the connection charging methodology, as far as is reasonably practicable, properly takes account of developments in the licensee's distribution business.

RETAIN/ MOVE

Working group's proposal: To retain the wording of the relevant objectives in PLC 13.3 and state that they are in relation to the Charging methodology, which is defined in 13.14 as meaning the UoS and Connection methodologies

To PLC 13.3

SLC: 4B (4)

Provision: Subject to paragraph 6, the licensee shall prepare a statement, in a form approved by the Authority, which:

- (a) sets out the basis on which charges will be made for the provision of connections to the licensee's distribution system; and
- (b) is in such form and contains such detail as are necessary to enable any person to make a reasonable estimate of the charges to which he would become liable in respect of such provision.

REDRAFT/MOVE

To PLC 14.1 (b) &
PLC 14.2 (b)

Working group's proposal: To move part (a) of the current provision into PLC 14.1(b) and part (b) into PLC 14.2(b). This provision relates to the connection charges as opposed to the connection methodology and so resides with the charging condition of the proposed licence

SLC: 4B(5)

Provision: The statement referred to at paragraph 4 shall include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the licensee's distribution system for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the principles on which and the methods by which such charges will be calculated;
- (b) the principles on which and the methods by which any charges will be made in respect of extension or reinforcement of the licensee's distribution system rendered (in the licensee's discretion) necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
- (c) the principles on which and the methods by which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for use of system by the person seeking connection;
- (d) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36 – Requirement to Offer Terms for the Provision of Distributor Metering and Data Services), the principles on which and the methods by which any charges will be made for the provision of special metering or telemetry or data processing equipment by the licensee for the purposes of enabling any person who is party to the Balancing and Settlement Code and/or the Settlement Agreement for Scotland to comply with his obligations there under in respect of metering or the performance by the licensee of any service in relation to such metering;

(e) the principles on which and the methods by which any charges will be made for disconnection from the licensee's distribution system and the removal of electrical plant and electric lines following disconnection; and

(f) the principles on which and the methods by which any charges (including any capitalised charge) will be made for maintenance, repair, and replacement required of electric lines or electrical plant provided and installed for making a connection to the licensee's distribution system.

RETAIN/MOVE
To A2 in Appendix 1
of PLC 14

Working group's proposal: To move into the Appendix to PLC 14 which clearly illustrates what charges come under the umbrella of connection charges. The working group considered that in moving these to a separate schedule of charges, they can be more easily identified.

SLC: 4B (6)

Provision: With effect from 1 April 2005, the statement prepared by the licensee in accordance with paragraph 4 shall:

(a) comply with the connection charging methodology; and

(b) be approved by the Authority, except in the case of the indicative charges included within the statement by virtue of paragraph 5(a), which will be in a form approved by the Authority.

REDRAFT/MOVE
To PLC 14.1 & PLC
14.2 (a)

Working group's proposal: To move part (a) of the current provision to PLC 14.2 (a) as this related to the connection charges as opposed to the methodology. Similarly, part (b) of the current provision moves to PLC 14.1 but with the reference to indicative charges removed. This was proposed because the indicative charges comprise the connection charging statement which is covered by PLC 14. Therefore, there is no need to distinguish between the methodology (which is approved by the Authority) and the indicative charges (where only the form is approved by the Authority) as the working group is proposing that they are dealt with in separate proposed conditions.

SLC: 4B (7)

Provision: Connection charges for those items referred to at paragraph 5 will be set at a level which will enable the licensee to recover:

(a) the appropriate proportion to be determined (having regard to the factors set out at paragraph 8) of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the licensee's distribution system, or the provision and installation, maintenance, repair, and replacement, or (as the case may be) removal following disconnection, of any electric lines or electrical plant; and

(b) a reasonable rate of return on the capital represented by such costs.

RETAIN/MOVE
To PLC 14.8

Working group's proposal: To retain the provision and move it to PLC 14.8 which makes clear that it applies solely to connection charges

SLC: 4B(8)

Provision: For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works under an agreement for providing a connection, or a modification or retention of an existing connection, the licensee shall have regard to:

- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the licensee or any other person as a result of the carrying out of such works by reason of extension of the licensee's distribution system or the provision of additional entry or exit points on such system or otherwise;
- (b) the ability or likely future ability of the licensee to recoup a proportion of such costs from third parties; and the principles (subject to paragraph 9) that:
 - (i) charges will not generally take into account system reinforcement carried out at more than one voltage level above the voltage of connection;
 - (ii) charges will not generally take into account the costs (including any capitalised charge) for maintenance, repair and replacement required of electric lines or electrical plant provided and installed for making a connection to the licensee's distribution system;
 - (iii) the licensee may charge at the time of connection an amount for reinforcement of the licensee's distribution system based on a proportionate share of the costs of such reinforcement; and
 - (iv) connection charges will not cover costs that are covered by use of system charges.

RETAIN/MOVE

Working group's proposal: To retain the provision and move it to PLC 14.9 which makes clear that this applies specifically to connection charges

SLC: 4B (9)

Provision: Until 31 March 2005, paragraph 8(c) applies to the licensee as if, for the provisions set out therein, there were substituted the provisions set out in paragraph 5(c) of standard condition 4B of this licence in the form in which it was in force at 1 April 2004.

REMOVE

Working group's proposal: To remove from the proposed new licence since we have since passed the 31 March 2005 and consequently the provision is now obsolete

SLC: 4B(10)

Provision: Except with the consent of the Authority, before making a modification of the connection charging methodology the licensee shall:

- (a) give the Authority a report which sets out:

- (i) the terms proposed for the modification;
- (ii) how the intended modification would better achieve the relevant objectives; and
- (iii) a timetable for implementing the modification and the date with effect from which the modification (if made) is to take effect, being not earlier than the date on which the period referred to in paragraph 12 will expire; and

(b) where the Authority has directed that sub-paragraph (a) should not apply, comply with such other requirements (if any) as the Authority may specify in its direction.

RETAIN/MOVE

To PLC 13.4

Working group's proposal: To retain the provision and move to PLC 13.4 where it relates to both the UoS methodology and connection methodology. To redraft slightly so that reference to Connection charging statement becomes Charging statements which 13.14 makes clear applies to both UoS and connection methodologies.

SLC: 4B (11)

Provision: Subject to paragraph 12, where the licensee has complied with the requirements of paragraph 10, it shall, before making the modification:

(a) revise the statement (or the most recent revision thereof) issued under paragraph 4 so that the statement sets out the changed connection charging methodology and specifies the date from which it is to have effect; and

(b) give the Authority a copy of the revised statement.

RETAIN/MOVE

To PLC 13.5

Working group's proposal: To retain the Provision and move it to PLC 13.5 where it will apply to both UoS and connection. To redraft slightly so that the reference to 'statement' becomes 'relevant charging statement' to ensure that the Provision relates to the statement (UoS or connection) which the licensee is modifying.

SLC: 4B(12)

Provision: The licensee shall make the modification to the connection charging methodology unless, within 28 days of receiving the licensee's report under paragraph 10, the Authority, having particular regard to the relevant objectives, has either:

(a) directed the licensee not to make the modification; or

(b) notified the licensee that it intends to consult and then within three months of that notification directed the licensee not to make the modification.

RETAIN/MOVE

Working group's Views: To retain the provision and move to PLC 13.6 where it will apply to both the UoS charging and connection charging methodologies. There has been a slight redraft to reflect this fact whereby the "connection charging methodology" is proposed to be called the "Charging methodology" which is defined in PLC 13.14 as applying to both UoS and connection.

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To PLC 13.6

SLC: 4B(13) Provision: The licensee shall give or send a copy of any statement under paragraph 4 or report under paragraph 10 to any person who requests it.

RETAIN/MOVE Working group's proposal: To retain the provision and move it to PLC 14.3 where it is slightly redrafted to state "Charging Statement" rather than merely "statement" This is proposed since the condition will apply to both UoS and connection charging statements.

To PLC 14.3

SLC: 4B(14) Provision: The licensee may make a charge for any statement or report given or sent pursuant to paragraph 13 of an amount which does not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing the document.

RETAIN/MOVE Working group's proposal: To retain the provision and move it to PLC 13.9 where it will apply to both the UoS and connection methodology

To PLC 13.9

SLC: 4B(15) Provision: If so requested, and subject to paragraphs 17 and 18, the licensee shall, as soon as practicable and in any event within 28 days (or, where the Authority so approves, such longer period as the licensee may reasonably require having regard to the nature and complexity of the request) after the date referred to in paragraph 16, give or send to any person making such request a statement showing present and future circuit capacity, forecast power flows and loading on the part or parts of the licensee's distribution system specified in the request and fault levels for each distribution node covered by the request, and containing:

(a) such further information as is reasonably necessary to enable such person to identify and evaluate the opportunities available when connecting to and making use of the part or parts of the licensee's distribution system specified in the request; and

(b) if so requested, a commentary prepared by the licensee indicating its views on the suitability of the part or parts of the licensee's distribution system specified in the request for new connections and the distribution of further quantities of electricity.

RETAIN/MOVE/ Working group's proposal: To retain the provision and split it out into PLC's 14.13, 14.14 and 14.15. Parts (a) and (b) of the provision are to move to PLC 14.14. The first paragraph of the current provision is to be split between PLC's 14.13 and 14.15 where the provision to provide

REDRAFT the circuit information within 28 days is moved into PLC 14.15
To PLC 14.13, 14.14
and 14.15

SLC: 4B(16) Provision: For the purposes of paragraph 15, the date referred to is the later of:

- (a) the date of receipt of the request referred to in paragraph 15; or
- (b) the date on which the licensee receives agreement from the person making the request to pay the amount estimated by the licensee or (as the case may be) such other amount as is determined by the Authority under paragraph 17.

RETAIN/MOVE Working group's proposal: To move the provision into PLC 14.12
To PLC 14.12

SLC: 4B(17) Provision: The licensee may within ten days after receipt of the request provide an estimate of its reasonable costs in the preparation of any statement referred to in paragraph 15, and its provision to provide such statement will be conditional on the requesting person agreeing to pay the amount estimated or such other amount as the Authority may, on the application of the licensee or the person requesting such statement, direct.

RETAIN/MOVE Working group's Views: To retain the provision and move it to PLC 14.13
To PLC 14.16

SLC: 4B(18) Provision: The licensee shall include in every statement given or sent under paragraph 15 the information required by that paragraph, except that the licensee may:

- (a) with the prior consent of the Authority omit from any such statement any details as to circuit capacity, power flows, loading or other information, the disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the licensee or any third party; and
- (b) omit information the disclosure of which would place the licensee in breach of standard condition 39 (Restriction on Use of Certain Information and Independence of the Distribution Business) (if applicable).

REDRAFT/MOVE
To PLC 14.17

Working group's proposal: To redraft part (a) of the provision so that it is clear that the "licensee may with the consent of authority" omit details, rather than have the requirement to "include in every statement the information required, except ..." The working group considered this to be clearer.

SLC: 4B (19)

Provision: Subject to paragraph 20, approvals by the Authority pursuant to paragraphs 1(a) and 6 may be granted subject to such conditions as the Authority considers appropriate, having regard, in particular, to:

(a) the need for any further action to be undertaken by the licensee to ensure that the connection charging methodology would facilitate the achievement of the relevant objectives; and

(b) the time by which such action must be completed.

RETAIN/MOVE
To PLC 13.11

Working Group's proposal: To retain and move to PLC 13.11 where it will apply to both UoS and connection charging methodologies.

SLC: 4B (20)

Provision: An approval granted under paragraph 19 will only be effective if the Authority has informed the licensee of its intention to impose such conditions in a notice which:

(a) sets out the nature and contents of the conditions; and

(b) specifies the period (not being less than 28 days from the date of the notice) within which representations with respect to the conditions may be made,

and has considered any representations or objections which have been duly made by the licensee and have not been withdrawn.

REDRAFT/MOVE
To PLC 13.12

Working group's proposal: To redraft the proposal to make it clear that no condition under PLC 13.11 is effective unless the Authority has informed the licensee of its intention with a Notice. The working group considered this new wording to be clear in meaning. The reworded provision will apply to both UoS and connection methodologies in PLC 13.12.

SLC: 4B (21)

Provision: Unless the Authority determines otherwise, the licensee shall not enter into an arrangement for providing a connection or a modification or retention of an existing connection unless the arrangement ensures that the connection charges in respect of that arrangement will comply with the statement referred to in paragraph 4 at the time at which the licensee offers to enter into the arrangement.

RETAIN/MOVE

Working group's proposal: To retain the provision and move it to PLC 14.7 (b)

To PLC 14.7 (b)

SLC:4B (22) Provision: Nothing in this condition affects the ability of the licensee to charge for the provisions of connections in accordance with the statement issued pursuant to paragraph 4.

REMOVE Working group's proposal: To remove this provision from the proposed licence as it is now has no effect.

SLC: 4B (23) Provision: The provisions of this condition are wholly without prejudice to:

(a) the application of any charge restriction conditions (within the meaning given in paragraph 4 of special condition A1 (Definitions and Interpretation) of the distribution licence); or

(b) the application of any charging arrangements condition (within the meaning of standard condition BA1 (Charging Arrangements) of the distribution licence as modified from time to time).

REMOVE Working group's proposals: To remove the provision from the proposed licence as it is now has no effect.

SLC: 4B (24) Provision: The Authority may (following consultation with the licensee and, where appropriate, with any other authorised electricity operator likely to be materially affected thereby) issue directions relieving the licensee of its obligations under paragraph 1 to such extent as may be specified in the directions.

REMOVE/MOVE Working group's proposal: To remove the provision providing for the specific power to derogate. However the Authority is still able to consent to licensees not having to comply with the provision to have in place a UoS and Connection methodology and statements. This provision is contained in PLC 13.1

To PLC 13.1

SLC 4C Non-discrimination in Provision of Use of System and connection to the System

SLC: 4C (1) Provision: The licensee shall not discriminate between any persons or class or classes of persons:

- (a) in providing use of system;
- (b) in carrying out works for the purpose of connection to the licensee's distribution system; or
- (c) in providing for a modification to or the retention of an existing connection to that system.

RETAIN/MOVE/
REDRAFT
To PLC 19.1

Working group's proposals: To retain the provision and move it to PLC 19.1. The provision has been redrafted slightly to state that "the licensee must not show undue preference, or unduly discriminate between..." The working group considered that the addition of undue preference and unduly discriminate made what the provision was intended to achieve and was clearer in that it permits discrimination so long that it is justified.

SLC: 4C (2)

Provision: The licensee, in the provision of non-contestable connection services and information relating thereto, shall not discriminate between:

- (a) any business of the licensee comprising the provision of connections to the licensee's distribution system;
- (b) any business of any affiliate or related undertaking of the licensee comprising such provision; and
- (c) any business of any other person comprising such provision.

RETAIN/MOVE/
REDRAFT

Working group's proposal: To retain the condition and move to PLC 19.3. The provision has been redrafted slightly with the addition of "undue preference" and "unduly" discriminate. The working group considered that "undue" was clearer in demonstrating what the provision intended to achieve and was clearer in that it permits discrimination so long that it is justified.

To PLC 19.3

SLC: 4C (3)

Provision: The licensee shall provide information to the Authority regarding compliance with paragraph 2 in a format determined by the Authority which may be amended from time to time, following consultation with the licensee.

REDRAFT/MOVE

Working group's proposal: To retain the provision and move to PLC 19.4

To PLC 19.4

SLC: 4C (4)

Provision: The information in the format determined pursuant to paragraph 3 shall be provided:

- (a) every year on or before such date as may be specified by the Authority, following consultation with the licensee; and
- (b) on any other such date as may be requested by the Authority.

REDRAFT/MOVE

Working group's proposals: To retain the provision and move to PLC 19.4

SLC: 4C (5)

Provision: Without prejudice to paragraph 1, and subject to the provisions of standard condition 4A (Charges for Use of System), the licensee shall not make charges for providing use of system to any person or class or classes of persons which differ from the charges for such provision to any other person or any other class or classes of persons, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

RETAIN/MOVE

Working group's proposal: To retain the provision with minor redrafting to take account that it now applies to UoS and connection charges, and move to PLC 19.2

To PLC 19.2

SLC: 4C (6)

Provision: In setting its charges for connection or use of system, and in the provision of non-contestable connection services and information relating thereto, the licensee shall not restrict, distort, or prevent competition in the generation, transmission, distribution, or supply of electricity or in the participation in the operation of an interconnector.

RETAIN/MOVE/
REDRAFT

Working group's proposal: To retain the provision and move it to PLC 4.2 (a) where it is to become a 'catch-all' provision which is no longer specific to UoS but to "the offering and setting of charges and other terms for the provision of services". The working group considered that by having this catch-all condition, the repetition within the current licence has been reduced.

To PLC 4.2 (a)

SLC: 4C (7)

Provision: In this condition:

“non-contestable connection services” means those services which, in accordance with the statement prepared by the licensee pursuant to standard condition 4B (Connection Charging Methodology), cannot be provided by a person other than the licensee.

“information relating thereto” means such information about those services as is necessary to facilitate the purpose for which the information is required by the person requesting it.

RETAIN/MOVE

To PLC 1 - definitions

Working group's proposal: To retain these definitions but to move them to PLC 1 which lists all definitions which are frequently used within the licence

SLC 4D Requirement to Offer terms for Use of System and Connection

SLC 4D (1)

Provision: On application made by any person, the licensee shall (subject to paragraph 4) offer to enter into an agreement for use of system:

(a) to accept into the licensee's distribution system, at such entry point or points and in such quantities as may be specified in the application, electricity to be provided by or on behalf of such person; and/or

(b) to distribute such quantities of electricity as are referred to in sub-paragraph (a) (less any distribution losses) at such exit point or points on the licensee's distribution system and to such person or persons as the applicant for use of system may specify.

REDRAFT/MOVE

To PLC 12.1

Working group's proposal: To redraft the condition and move it to PLC 12.1. The minor redrafting aims to make the provision clearer in that, “on receiving a request from any person asking it to do so [the licensee must] offer to enter into an agreement for UoS”. The reworded provision also makes reference to the “requester” to make it implicitly clear who is making the request and states “any quantity specified” rather than “such quantity specified”

SLC 4D (2)

Provision: On application made by any person for a connection, the licensee shall offer terms for making the connection pursuant to sections 16 and 16A of the Act and in compliance with the provisions of this condition.

REDRAFT/MOVE

To PLC 12.2

Working group's proposal: To redraft the condition with reference to a request rather than an application. The provision is also split into two parts (a) and (b) where (a) retains the provision to offer terms but states that it must not treat the request as anything other than a notice under section 16A of the Act. Part (b) adds a further provision to state that the licensee “must take all reasonable steps” to ensure that any request complies with and thus can be treated as a Section 16A connection. The working group considered that these changes give greater protection to connection requesters and steps out the provisions on the licensee in a clear way which is easier to understand.

SLC: 4D (3)

Provision: Where the licensee makes an offer to enter into a connection agreement pursuant to section 22 of the Act, or replies to a request for a connection made to it under section 16A of the Act, the licensee shall, in making the offer or replying to the applicant, make detailed provision regarding:

(a) the carrying out of the works (if any) required to connect the licensee's distribution 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 the works (if any) in connection with the extension or reinforcement of the licensee's distribution system rendered (in the licensee's discretion) appropriate or necessary by reason of making the connection or the modification of an existing connection, and for the obtaining of any consents necessary for such purpose;

(c) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36 (Requirement to Offer Terms for the Provision of Basic Metering Services or standard condition 36A (Requirement to Offer Terms for the Provision of Data Services)), the installation of appropriate meters (if any) required to enable the licensee to measure electricity being accepted into the licensee's distribution system at the specified entry point or points or leaving such system at the specified exit point or points;

(d) the installation of such switchgear or other apparatus (if any) as may be required for the interruption of supply where the person seeking connection or the modification of an existing connection does not require the provision of top-up or standby; and

(e) (save to the extent that such matters are included in any agreement offered in accordance with standard condition 36 (Requirement to Offer Terms for the Provision of Basic Metering Services or standard condition 36A (Requirement to Offer Terms for the Provision of Data Services)), the installation of special metering, telemetry, or data processing equipment (if any) for the purpose of enabling any party to the Balancing and Settlement Code and/or the Settlement Agreement for Scotland to comply with its obligations there under in respect of metering or the performance by the licensee of any service in relation to such metering.

REDRAFT/MOVE

To PLC 12.3

Working group's proposal: To redraft the provision and move it to PLC 12.3. The provision to "the carrying out of the works required" (if any) has been redrafted in parts (a) and (b) to "Any works required". The provisions concerning basic meter services in conjunction with the current SLC 36A have been rolled into one part (d) with sub parts (i) referring to Electricity meters and part (ii) referring to special metering and telemetry. The reference to Section 22 of the Act has been removed and is reference in a new provision in PLC 12.10 which explains that any reference to a connection under section 16 also includes a special connection agreement under section 22 of the Act. The working group considers that this is a more logical way to set out the provision.

SLC: 4D (4)

Provision: In making an offer pursuant to this condition to enter into any connection agreement, or in replying to a request for connection under section 16A of the Act, the licensee shall set out:

(a) the date by which, in the case of an agreement under paragraph 2, any works required to permit access to the licensee's distribution system (including for this purpose any works to reinforce or extend the licensee's distribution system) shall be completed, time being of the essence unless, in the case of connection agreements only, otherwise agreed between the parties;

- (b) the charges to be paid in respect of the services required, which are (unless manifestly inappropriate):
- (i) to be set in compliance with the requirements of standard condition 4B (Connection Charging Methodology), and
 - (ii) to be presented in such a way as to be referable to the statement prepared in accordance with paragraph 4 of standard condition 4B (Connection Charging Methodology) or any revision thereof; and
- (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.

RETAIN/MOVE
To PLC 12.4

Working Group's proposal: To retain the provision and redraft and re-format slightly and move to PLC 12.4. Minor redrafting so that "manifestly inappropriate" becomes "clearly inappropriate"

SLC: 4D (5)

Provision: The licensee shall offer terms for agreements in accordance with paragraphs 1, 2, and 4 as soon as is practicable and (save where the Authority consents to a longer period) in any event not more than the period specified in paragraph 6 after receipt by the licensee (or its agent) from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.

REDRAFT/MOVE
To PLC 12.5

Working group's proposal: To redraft the condition so that it clearly states that the offers it mentions are those under Section 16(1) and 22 of the Act and to say that the offer should be made as soon as *reasonably* practical. The provision has been moved to PLC 12.5.

SLC: 4D (6)

Provision: For the purposes of paragraph 5, the period specified is:

- (a) in the case of persons seeking the provision of use of system only, 28 days;
- (b) in the case of persons seeking connection or the modification of an existing connection, three months; and
- (c) in the case of persons seeking use of system in conjunction with connection or the modification of an existing connection, three months.

Working group's proposal: To retain the provision and move to PLC 12.6

RETAIN/MOVE
To PLC 12.6

SLC: 4D (7)

Provision: The licensee is not obliged pursuant to this condition to offer to enter or to enter into any agreement under paragraphs 1, 2, and 4:

(a) if to do so would be likely to involve the licensee being:

- (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 distribution business,
- (iii) in breach of the Grid Code or the licensee's Distribution Code, or
- (iv) in breach of the conditions; or

(b) if the person making the application does not undertake to be bound, insofar as applicable, by the terms of the licensee's Distribution Code or the Grid Code from time to time in force; or

(c) if to do so would be likely to involve the licensee doing something which, without the consent of another person, would require the exercise of a power conferred by any provision of Schedules 3 or 4 to the Act, and the licence does not provide for that provision to have effect in relation to the licensee, and any necessary consent has not, at the time that the request is made, been given.

RETAIN/MOVE

Working group's proposal: To retain the provision and move to PLC 12.7 except for sub paragraph (c) which is no longer required in the licence.

To PLC 12.7

SLC 4D (8)

Provision: The licensee shall, within 28 days following receipt of a request from any person, give or send to him 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.

RETAIN/MOVE

Working group's proposal: To retain the proposal with minor redrafting to that 'shall' becomes 'must' and 'such information' becomes 'any information'. The provision has been moved to PLC 12.9.

To PLC 12.9

SLC 4E Functions of the Authority

SLC 4E (1)

Provision: 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 any person entitled or claiming to be entitled thereto pursuant to a request under standard condition 4D (Requirement to Offer Terms for Use of System and Connection), the Authority may, on the application of such person or the licensee, settle any terms of the agreement in dispute between the licensee and that person in such manner as appears to the Authority to be reasonable, having (insofar as is relevant) regard in particular to the following considerations:

(a) that such a person should pay to the licensee:

- (i) in the case of provision of use of system, the use of system charges determined in accordance with standard condition 4A (Charges for Use of System), and
- (ii) in the case of provision of a connection, connection charges determined in accordance with standard condition 4B (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 7 of standard condition 4D (Requirement to Offer Terms for Use of System and Connection);

(c) that any methods by which the licensee's distribution system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the licensee) with the applicable Distribution Codes and Grid Code; and

(d) 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 4D (Requirement to Offer Terms for Use of System and Connection) should be in as similar a form as is practicable

REDRAFT/MOVE

To PLC 7.1 and 7.2
and 7.3

Working group's proposal: To redraft the condition and move to PLC 7.1 and PLC 7.2 which is a 'catch-all' condition which captures determination conditions which are currently separate for UoS and connection, metering equipment, MPAS, provision of legacy basic metering equipment and the provision of data services. The provision has been redrafted and split up so that PLC 7.1 illustrates which provisions the condition covers, whilst PLC 7.2 then states that the Authority can determine them. PLC 7.3 then contains the considerations which comprise parts (a) – (d)

SLC: 4E (2)

Provision: Insofar as any person entitled or claiming to be entitled to an offer under standard condition 4D (Requirement to Offer Terms for Use of System and Connection) wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.

RETAIN/MOVE

To PLC 7.4

Working group's proposal: To retain the provision (with person replaced with "requestor" and with reference to UoS and connection removed for the catch-all purpose) and to move to PLC 7.4

SLC: 4E(3)

Provision: If either party to such agreement proposes to vary the contractual terms of any agreement for use of system, or for the provision of a connection or the modification of an existing connection to the licensee's distribution system, entered into pursuant to standard condition 4D (Requirement to Offer Terms for Use of System and Connection) or under this condition, in any manner provided for under such agreement, the Authority may, at the request of that party, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

RETAIN/MOVE

Working group's proposal: To retain the provision (with the omission of any reference specific to UoS or connection) and move to PLC 7.5

To PLC 7.5

SLC: 4E (4)

Provision: If the licensee and an authorised electricity operator or other person who is party to a relevant agreement are in dispute as to whether:

(a) use of system charges made, or to be made, comply with the statement of use of system charges under paragraph 1 of standard condition 4A (Charges for Use of System) which applied or applies in relation to the period in respect of which the dispute arises; or

(b) use of system charges made, or to be made, comply with the statement of the use of system charging methodology under paragraph 1(a) of standard condition 4 (Use of System Charging Methodology) which applied or applies in relation to the period in respect of which the dispute arises; or

(c) connection charges made, or to be made, comply with the statement of the connection charging methodology under paragraph 4 of standard condition 4B (Connection Charging Methodology) 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 it to determine whether, in the case of sub-paragraph (a), the charges made, or to be made, complied with the relevant statement under standard condition 4A (Charges for Use of System), or whether, in the case of sub-paragraphs (b) and (c), the charges complied with the relevant methodology.

**REDRAFT/
RETAIN/MOVE**

Working group's proposal: To retain the provisions within the present condition but to redraft and structure to reflect that the UoS and Connection methodologies and statements now have a single condition (PLC 13 and PLC 14 respectively). The content of the provision is to remain the same. The provision is to be moved into PLC 7.6

To PLC 7.6

SLC 4E Functions of the Authority

SLC 4F was recently inserted into the licence on 1 October 2007. It was drafted alongside this review and therefore has moved en masse and unaltered to PLC 15

SLC 5: Distribution and Planning Standard and Quality of Service

SLC: 5 (1)

Provision: The licensee shall plan and develop its distribution system in accordance with a standard not less than that set out in Engineering Recommendation P.2/6 of the Energy Networks Association in so far as applicable to it or such other standard of planning as the licensee may, following consultation (where appropriate) with the system operator and any other authorised electricity operator liable to be materially affected thereby and with the approval of the Authority, adopt from time to time

RETAIN/MOVE/ REDRAFT

To PLC 24.1 (a) and
(b)

Working group's proposal: To retain the provision but redraft into parts (a) referring to the planning standard and (b) referring to other standards which may be applicable following consultation and approval from the Authority.

SLC: 5 (2)

Provision: The licensee shall within 3 months after this condition comes into force draw up and submit to the Authority for its approval a statement setting out criteria by which the quality of performance of the licensee in maintaining the licensee's distribution system's security and availability and quality of service may be measured.

REDRAFT/MOVE

To PLC 24.3

Working group's views: To redraft so that the provision does not apply "3 months after the condition comes in force" but states that the licensee "must submit a statement". This reflects the fact that the condition has been in place since 2005 and licensees have been providing statements. Consequently the reference to 3 months after the condition comes into force is no longer relevant. The working group considers that this tidying up brings the provision in line with current practice.

SLC: 5 (3)

Provision: The licensee shall within 2 months after the end of each financial year submit to the Authority a report providing details of the performance of the licensee during the previous financial year against the criteria referred to in paragraphs 1 and 2.

REDRAFT/MOVE

To PLC 24.4

Working group's proposals: To redraft the provision so that the reference is in relation to the "regulatory year" as opposed to the "financial year". The working group considers that this change avoid any possible confusion which could arise with licensee's having different financial years from that of the regulator. The provision itself has largely been retained and moved to PLC 24.4.

SLC: 5 (4)

Provision: The Authority may (following consultation with the licensee and, where appropriate, with the system operator and any other authorised electricity operator liable to be materially affected thereby) issue directions relieving the licensee of its provision under paragraph 1 in respect of such parts of the licensee's distribution system and to such extent as may be specified in the directions.

REDRAFT/MOVE

To PLC 24.2

Working group's proposal: To redraft the proposal to make reference to the "GB" system operator. The redrafting also makes reference to "a derogation" under the directions.

SLC: 5 (5)

Provision: Paragraph 2 shall not apply to the licensee in respect of any period during which standard condition 49 has effect.

REDRAFT/MOVE

To PLC 24.5

Working group's proposal: To redraft this provision so that rather than refer to when condition 49 has effect, it specifically states 'Distribution Service provider'. The working group considers that this makes the licence clearer and easier to understand.

SLC: 5 (6)

Provision: Paragraph 3 shall not apply in respect of a previous financial year during the whole or part of which standard condition 49 had effect

REDRAFT/MOVE

To PLC 24.5

Working group's proposal: To redraft this provision so that rather than refer to when condition 49 has effect, it specifically states that the provision does not apply if the licensee is a 'Distribution Service provider'. The working group considers that this makes the licence clearer and easier to understand.

SLC 6: Safety and Security of Supplies Enquiry service

SLC 6: (1)

Provision: The licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, an enquiry service for use by any person for the purposes of receiving reports and offering information, guidance or advice about any matter or incident which:

- (a) affects or is likely to affect the maintenance of the security, availability and quality of service of the licensee's distribution system; or
- (b) arises from or in connection with the operation of, or otherwise relates to, the licensee's distribution system and which causes danger or

requires urgent attention or is likely to cause danger or require urgent attention

REDRAFT/MOVE
To PLC 8.1 & 8.2

Working group's proposal: To redraft the proposal and split it out into PLC 8.1 which refers to the provision to establish an enquiry service and goes on to name it. The part of the existing provision which describes the purpose of the service have been split out into PLC 8.2

SLC: 6 (2)

Provision: The service established, operated and maintained in accordance with paragraph 1 shall:

- (a) be provided without charge by the licensee to the user at the point of use;
- (b) ensure that all reports and enquiries are processed in a prompt and efficient manner whether made by telephone, in writing or in person; and
- (c) be available to receive and process telephone reports and enquiries at all times on every day of each year.

RETAIN/MOVE
To PLC 8.3

Working group's proposal: To retain the provision and move to PLC 8.3

SLC: 6 (3)

Provision: In the establishment and operation and maintenance of the enquiry service in accordance with paragraph 1 the licensee shall not discriminate between any persons or class or classes of persons.

RETAIN/MOVE

Working group's proposal: To retain the provision and move to PLC 8.8 with the addition that it must not "*unduly* discriminate" or show "undue preference". The working group considered that these words better reflected how licensees would apply the provision. Please see explanation in SLC 4C for reasons behind new wording.

Matched

SLC: 6 (4)

Provision: In the establishment, operation and maintenance of the enquiry service in accordance with paragraph 1 the licensee shall not restrict, distort or prevent competition in the supply of electricity.

**RETAIN/MOVE/
REDRAFT**
To PLC 4.2 (a)

Working group's proposal: To retain the condition and move into a generic condition dealing with no abuse of the licensee's special powers in PLC 4.

SLC: 6 (5)

Provision: The licensee shall have in force at all times a statement approved by the Authority setting out details of the service to be provided in accordance with paragraph 1, and the licensee shall give or send a copy of such statement to any person requesting it.

RETAIN/MOVE/
REDRAFT

To PLC 8.4 & PLC 8.5
(b)

Working group's proposal: To retain the provision but to split it out into the requirement to at all times have statement in force, approved by the Authority (PLC 8.4) and then the provision to give a copy to any person who requests it (PLC 8.5 (b)). The working group considered that splitting the provision out into its components made it clearer and easier to understand.

SLC: 6 (6)

Provision: The licensee shall give to the Authority notice of any amendments it proposes to make to the statement prepared under paragraph 5, and shall not make such amendments until either:

(a) a period of one month from the date of the notice has expired; or

(b) prior to the expiry of such period, the licensee has obtained the written approval of the Authority to such amendments

RETAIN/MOVE

To PLC 8.6

Working group's proposal: To retain the provision and move to PLC 8.6 where it is redrafted slightly so that rather than "shall give" the provision states that the licensee "must give" and "prior to expiry" is amended to "before the end of". The working group considers that this makes the provision clearer.

SLC: 6 (7)

Provision: The licensee shall take steps to inform each authorised electricity operator which uses the service of any change to the address or telephone number of such service established, operated and maintained in accordance with paragraph 1, as soon as is practicable but in any event prior to such change becoming effective.

RETAIN/MOVE

Working group's proposal: To retain the provision and move to PLC 8.7

SLC 7: Provision of Information about Theft of Abstraction of Electricity, Damage and Meter Interference

SLC: 7 (1)

Provision: Where a person other than the licensee is the owner of any electrical plant, electric lines or meter the licensee shall, as soon as is reasonably practicable, inform that person of any incident where the licensee has reason to believe:

- (a) that there has been damage to such electrical plant, electric line or metering equipment; or that there has been interference with the metering equipment to alter its register or prevent it from duly registering the quantity of electricity supplied;
- (b) provided that the licensee shall not be obliged to inform the owner of any electrical plant, electrical line or meter of any such incident where it has reason to believe that the damage or interference referred to above was caused by such owner.

REDRAFT/MOVE
To PLC 27.1 & 27.2

Working group's proposal: To redraft the provision so that it is clear that it relates to where the licensee is offering services to a supplier and has reason to believe that there has been damage caused or interference. This provision has been moved into PLC 27.1. The provision to inform the supplier has been moved to PLC 27.2. In both cases the provision has been redrafted so that rather than stating 'where the licensee', it now says, 'if the licensee'. The working group considers that this makes it clearer when the provision applies.

SLC: 7(2)

Provision: Where the licensee, in the course of providing services to any person supplying electricity to premises directly connected to the licensee's distribution system, has reason to believe that:

- (a) there has been damage to any electrical plant, electric line or metering equipment through which such premises are supplied with electricity; or
- (b) there has been interference with the metering equipment through which such premises are supplied to alter its register or prevent it from duly registering the quantity of electricity supplied,

the licensee shall, as soon as reasonably practicable, inform that person (the person supplying electricity to the premises in question) of the incident in question

REDRAFT/MOVE
To PLC 27.3 and 27.4

Working group's proposals: To redraft so that it is clear that the provision applies to any electrical plant, metering, ect which is owned by a person other than the licensee. To split the condition out so that the provision to inform is moved into PLC 27.4 and the description of equipment, to which the provision applies is in PLC 27.3. The working group considers that this makes the provision clearer and easier to understand.

SLC 8: Provisions relating to the connection of metering equipment

SLC: 8 (1)

Provision: On application made by any person the licensee shall, subject to paragraph 5, offer to enter into an agreement authorising that person to connect metering equipment to the licensee's distribution system.

RETAIN/MOVE

To PLC 16.1

Working group's proposal: To retain the provision and redraft slightly so as to refer to the "applicant" being the person who makes the application. Also to make it clear that the "licensee must" rather than the "licensee shall".

SLC: 8 (2)

Provision: In making an offer to enter into an agreement specified in paragraph 1, the licensee shall set out:

- (a) the date from which the applicant is authorised to undertake connections;
- (b) the procedures to be adopted by the applicant when making connections, with particular regard to those relating to safety; and
- (c) such other detailed terms as are or may be appropriate for the purposes of the agreement.

RETAIN/MOVE

To PLC 16.2

Working group's proposal: To retain the provision with a slight redraft to "such connections" rather than "connections" to make it clear that it refers only to the connection of metering equipment.

SLC: 8 (3)

Provision: The licensee shall offer terms for an agreement in accordance with paragraph 1 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.

RETAIN /MOVE

To PLC 16.3

Working group's proposal: To retain the provision except for the back reference to the agreement "in accordance with paragraph.." Also the "licensee shall" has been amended to the "licensee must". It is proposed that the provision be moved to PLC 16.3.

SLC: 8(4)

Provision: In the offering of the terms in accordance with paragraph 1, the licensee shall not show undue preference to or exercise undue discrimination against any person or class or classes of persons and shall not offer terms or operate in such a way as to restrict, distort or prevent competition.

RETAIN/MOVE

To PLC 19.4

Working group's proposal: To retain the provision and move to PLC 19.4 as part of a new non discrimination condition specific to those proposed conditions which fall under chapter 4 of the new licence dealing with arrangements for the provision of services.

SLC: 8(5)

Provision: The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement where to do so would be likely to cause the licensee to be in breach of those provisions referred to at paragraph 7(a) of standard condition 4D (Requirement to Offer

Terms for Use of System and Connection).

RETAIN/MOVE/
REDRAFT
To PLC 16.4

Working group's proposal: To retain the spirit of the provision but to redraft so that the provisions which the licensee must not breach are now contained within the condition rather than elsewhere. The working group considers that this makes the licence clear and easier to use and understand

SLC: 8(6)

Provision: 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 any person entitled or claiming to be entitled thereto pursuant to a request under this condition, the Authority may, on the application of such person or the licensee, settle any terms of the agreement in dispute between the licensee and that person in such manner as appears to the Authority to be reasonable.

REDRAFT/MOVE
To PLC 7.1 (b) and
7.2

Working group's proposal: To redraft the provision into a catch all determinations condition and to split the provision out into a part (b) dealing with the Authority's ability to settle any disputes when requested to, and part (a) detailing which requirement this right to determine falls under. The working group considers that the catch all determinations condition condenses the licence and reduces repetition.

SLC: 8(7)

Provision: If the licensee or other party to such agreement proposes to vary the terms of any agreement entered into pursuant to this condition 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.

REDRAFT/MOVE

Working group's proposal: To redraft the provision into a catch all determinations condition in PLC 7.5 but to retain the basis of the provision.

To PLC 7.5

SLC: 8(8)

Provision: In so far as any person entitled or claiming to be entitled to an offer under this condition wishes to proceed on the basis of an agreement or a variation to it as settled by the Authority pursuant to paragraphs 6 and 7, the licensee shall forthwith enter into and implement such agreement or variation in accordance with its terms.

RETAIN/ MOVE

Working group's proposal: To redraft the provision into a catch all determinations condition in PLC 7.4 with reference to the "requester" rather than "person".

To PLC 7.4

SLC 9: Distribution Code

SLC: 9 (1)

Provision: The licensee shall in consultation with authorised electricity operators liable to be materially affected thereby prepare and at all times have in force and shall implement and (subject to paragraph 10 of this condition) comply with a Distribution Code:

- (a) covering all material technical aspects relating to connections to and the operation and use of the licensee's distribution system or (in so far as relevant to the operation and use of the licensee's distribution system) the operation of electric lines and electrical plant connected to the licensee's distribution system and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 5 below; and
- (b) which is designed so as:
 - (i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the distribution of electricity; and
 - (ii) to facilitate competition in the generation and supply of electricity

REDRAFT/MOVE

Working group's proposal: To redraft the condition so that the provision is to ensure that the "licensee takes all appropriate steps within its power to ensure that the Distribution code in force under this licence at 31 March 2008 remains a code which" covers the current parts (a) and (b). The first part of the provision to "have in force, implement and comply with the distribution code" has moved to PLC 20.2. Note that the reference to the distribution code reflects a policy change in line with the ongoing work of the ENA and IDNOs to move towards a single Distribution code. Whilst this change will be dependent upon the outcome of the ENA and IDNOs' own consultation, it appears sensible to tie this work into the licence review.

To PLC 21.1 and PLC 20.2

SLC: 9 (2)

Provision: The Distribution Code in force at the date this condition comes into force shall be sent to the Authority for its approval. Thereafter the licensee shall (in consultation with authorised electricity operators liable to be materially affected thereby) periodically review (including upon the request of the Authority) the Distribution Code and its implementation. Following any such review, the licensee shall send to the Authority:

- (a) a report on the outcome of such review; and
- (b) any proposed revisions to the Distribution Code from time to time as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in sub-paragraph 1(b); and

(c) any written representations or objections from authorised electricity operators (including any proposals by such operators for revisions to the Distribution Code not accepted by the licensee in the course of the review) arising during the consultation process and subsequently maintained.

RETAIN/MOVE

To PLC 21.6

Working group's proposal: To retain the provision but to redraft so as to remove the reference to the "code in force at the date of this condition" and to split the provision out into two separate parts. The provision to periodically review the code is moved to PLC 21.5, whilst the provisions following such a review are separated out into PLC 21.6.

SLC: 9 (3)

Provision: Revisions to the Distribution Code proposed by the licensee and sent to the Authority pursuant to paragraph 2 must receive the prior approval of the Authority before being implemented.

RETAIN/ MOVE

To PLC 21.7

Working group's proposal: To retain the provision and move to PLC 21.7 with slight redrafting so that rather than state "must receive the prior approval of the Authority" it states "must not be implemented without the Authority's approval".

SLC: 9(4)

Provision: Having regard to any written representations or objections referred to in sub-paragraph 2(c), and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the licensee to revise the Distribution Code in such manner as may be specified in the directions, and the licensee shall forthwith comply with any such directions.

REDRAFT/MOVE

To PLC 21.8

Working group's proposal: To redraft the provision so that it does not explicitly say that "the licensee shall forthwith comply with such directions" and to move the provision to PLC 21.8

SLC: 9 (5)

Provision: The Distribution Code shall include:

(a) distribution planning and connection code containing:

- (i) connection conditions specifying the technical, design and operational criteria to be complied with by any person connected or seeking connection to the licensee's distribution system; and
- (ii) planning conditions specifying the technical and design criteria and procedures to be applied by the licensee in the planning and development of the licensee's distribution system and to be taken into account by persons connected or

seeking connection with the licensee's distribution system in the planning and development of their own plant and systems; and

- (b) a distribution operating code specifying the conditions under which the licensee shall operate the licensee's distribution system and under which persons shall operate their plant and/or distribution systems in relation to the licensee's distribution system, in so far as necessary to protect the security and quality of supply and safe operation of the licensee's distribution system under both normal and abnormal operating conditions.

REDRAFT/MOVE

Working group's proposal: To redraft the provision so it is split in two so that the current part (a) is retained as PLC 21.3 and part (b) is retained as PLC 21.4 with slight redrafting to amend the provision to "must" rather than "shall". The working group considers that splitting the provisions out makes both clearer and easier to interpret.

To move to PLC 21.3
& PLC 21.4

SLC: 9(6)

Provision: The licensee shall give or send a copy of the Distribution Code (as from time to time revised) to the Authority

RETAIN/MOVE

Working group's proposal: To retain the provision and move it to PLC 21.9 (a)

To PLC 21.9 (a)

SLC: 9(7)

Provision: The licensee shall (subject to paragraph 8) give or send a copy of the Distribution Code (as from time to time revised) to any person requesting the same.

RETAIN/MOVE

Working group's proposal: To retain the provision and move it to PLC 21.9 (b). The working group considered that in combining the current SLC 9.6 & 9.7 the licence has been made more logical and has been condensed.

To PLC 21.9 (b)

SLC: 9(8)

Provision: The licensee may make a charge for any copy of the Distribution Code (as from time to time revised) given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this condition in directions issued by the Authority.

REDRAFT/MOVE

To PLC 21.10

Working group's proposal: To retain the provision but to redraft so that it states that the fee charged "must not exceed the amount specified in directions issued by the Authority for the purposes of the condition generally". The working group considers that this makes the provision more implicit.

SLC: 9(9)

Provision: In preparing, implementing and complying with the Distribution Code (including in respect of the scheduling of maintenance of the licensee's distribution system), the licensee shall not unduly discriminate between or unduly prefer any person or class or classes of persons.

REDRAFT/MOVE

To PLC 19.8

Working group's proposal: We propose to redraft this provision and move it to PLC 19.8 as part of the condition which prohibits discrimination under Chapters 4 and 5 of the licence.

SLC: 9(10)

Provision: The Authority may (following consultation with the licensee) issue directions relieving the licensee of its provisions under the Distribution Code in respect of such parts of the licensee's distribution system and to such extent as may be specified in the directions.

REDRAFT/MOVE

To PLC 20.7

Working group's proposal: To redraft the provision into a catch-all condition dealing with core industry documents in PLC 20.7. All specific references to the Distribution code have subsequently been removed.

SLC 9A: Compliance with other Distribution Codes

SLC: 9A(1)

Provision: The licensee shall comply with the provisions of the other Distribution Codes insofar as applicable to the licensee or the licensee's distribution business.

REMOVE

Working group's proposal: To remove the provision for the sake of clarity and simplicity as the ENA and IDNOs are currently working towards a single Distribution code

SLC: 9A(2) Provision: The Authority may, following consultation with the licensed distributor(s) responsible for any other Distribution Code(s) and any authorised electricity operators directly affected thereby, issue directions relieving the licensee of its obligation in paragraph 1 in respect of such parts of the other Distribution Code(s) and to such extent and subject to such conditions as may be specified in those directions

REMOVE Working group's proposal: To remove the provision for the sake of clarity and simplicity as the ENA and IDNOs are currently working towards a single Distribution code

SLC 9B: Distribution Connection and Use of System Agreement

SLC: 9B(1) Provision: The licensee shall, within six months of the coming into effect of this condition or such later date as the Authority may direct, in conjunction with every other relevant electricity distributor and any other interested authorised electricity operator (not being a relevant electricity distributor), prepare and give effect to a Distribution Connection and Use of System Agreement ("DCUSA"), which shall comply with the requirements of this Condition 9B and in particular but without limitation shall:

(a) include the contents referred to at paragraphs 5 to 7; and

(b) make provision for the matters set out at paragraph 8 in respect of governance and administration and for the matters set out at paragraph 15.

REDRAFT/MOVE
To PLC 22.1 Working group's proposal: To redraft the condition to take account of the designation and implementation of DCUSA in October 2006. As such the revised provision requires the licensee to take all appropriate steps to ensure that the DCUSA in force remains an agreement which is designed to facilitate achievement of the DCUSA objectives and which confirms with the schedule of DCUSA contents. The working group considers that this redrafting updates the condition in the most sensible manner.

SLC 9B (2) Provision: Where the Authority is satisfied with the DCUSA prepared by the licensee in accordance with paragraph 1 above, it shall, by direction, designate the DCUSA for the purposes of this condition generally.

REMOVE Working group's proposal: To remove the provision as it is obsolete following the designation of DCUSA in October 2006

SLC 9B (3)

Provision: Before issuing a direction under paragraph 2, the Authority shall give notice to all relevant electricity distributors, and to such other authorised electricity operators (not being relevant electricity distributors) as are likely in its opinion to be affected by the DCUSA:

(a) stating that it intends to designate the DCUSA;

(b) setting out the contents of the DCUSA and the date on which it is proposed that the direction should take effect; and

(c) specifying the period (not being less than 28 days from the date of the notice) within which representations with respect to any aspect of those contents may be made.

REMOVE

Working group's proposal: To remove the provision as it is obsolete following the designation of DCUSA in October 2006

SLC 9B (4)

Provision: Subject to the Authority issuing a direction under paragraph 2 above and provided that such direction has not been withdrawn, the licensee shall:

(a) accede to the DCUSA Accession Agreement on the date on which the Authority's direction is given under paragraph 2 (the "due date");

(b) maintain the DCUSA; and

(c) at all times comply with the DCUSA as amended from time to time in accordance with the provisions thereof.

Working group's proposal: To remove the provision as it obsolete following the designation of DCUSA in October 2006

SLC 9B (5)

Provision: The DCUSA shall:

(a) include such material terms, procedures and arrangements of a commercial nature as relate to the use of the licensee's distribution system and (where appropriate) to connections to that system; and

(b) (without prejudice to the foregoing) make express provision for the matters set out in paragraph 6.

REDRAFT/MOVE

To A2 in Appendix 1
of PLC 22

Working group's proposal: To redraft the proposal so that it becomes a singular provision in A2 of appendix 1 in PLC. The working group considered that this appendix would make the requirements contained within the condition clearer and therefore easier to follow, without the need for cross referencing to other paragraphs.

SLC 9B (6)

Provision: Those matters are:

- (a) conditions (including as to the provision of credit cover) which are to apply to any person in respect of the commencement, continuation or termination of use of the licensee's distribution system by or on behalf of that person ("the user"), and the obligations owed by the licensee to the user in relation to use of that system;
- (b) terms, arrangements and procedures which are to apply or to be available to the user in respect of the payment of the charges due on either an individual or an aggregated basis to the licensee from the user for use of the licensee's distribution system;
- (c) terms, arrangements and procedures which are to apply or to be available to the user in respect of such activities or works (including the energisation, de-energisation or re-energisation of entry points and exit points) as may be carried out by or on behalf of the user on the licensee's distribution system;
- (d) terms, arrangements and procedures which are to apply or to be available to the user in respect of the activities of system demand control and revenue protection, the installation and maintenance of metering equipment and the provision of metering data and other relevant information arising from use of the licensee's distribution system; and
- (e) terms providing for:
 - (iii) the circumstances in which, in relation to the use of or connection to the licensee's distribution system, a party's liability for any contravention of the provisions of the DCUSA may be restricted; and
 - (ii) the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it.

RETAIN/MOVE

To A2 in Appendix 1
of PLC 22

Working group's proposal: To retain the provision and move it to A2 in appendix 1 of PLC 22 where they are clearly set out alongside other requirements of the condition.

SLC 9B (7)

Provision: The text of the contents required to be included in the DCUSA at the due date by virtue of this Part B shall, save to the extent directed otherwise by the Authority, be the same as the text which in each case comprises the corresponding contents of the consolidated agreement for the use of system developed through the joint activities of relevant electricity distributors and users immediately before the due date.

REMOVE

Working group's proposal: To remove the provision as it is now obsolete following the designation of DCUSA in October 2006.

SLC 9B (8)

Provision: Without prejudice to the matters set out in Part B, the DCUSA shall also comprise:

- (a) terms for the creation of an agreement, to which the licensee, every other relevant electricity distributor and any other authorised electricity operator (not being a relevant electricity distributor, and insofar as the DCUSA is applicable to it) shall be a party on such terms and conditions of accession as may be specified (the "DCUSA Accession Agreement");
- (b) provisions for the referral for determination by the Authority of any dispute arising as to whether a person seeking to be admitted as a party to the DCUSA Accession Agreement has fulfilled any such accession conditions;
- (c) terms providing for the licensee and such other parties to the DCUSA Accession Agreement as may be specified to be contractually bound by some or all of the provisions of the DCUSA;
- (d) arrangements for establishing and maintaining, in accordance with such procedures for appointment or election as may be specified, a panel (the "DCUSA Panel") which is to be responsible, by way of such proceedings as may be specified, for the governance and administration of the DCUSA, and whose members are to be required as a condition of appointment or election to act independently and not as delegates;
- (e) arrangements for the establishment and funding of a secretariat able to service the DCUSA Panel, to such extent and in respect of such matters as may be specified;
- (f) procedures for the amendment, in accordance with Part E, of such provisions of the DCUSA as are specified to be capable of being amended without the prior approval of the Authority;
- (g) provisions by virtue of which such parts of the DCUSA as may be specified shall not be capable of being amended without the prior approval of the Authority, and procedures for seeking such approval; and
- (h) such other matters as may be appropriate to be included in or provided for by the DCUSA, having regard to the requirement of paragraph 9.

RETAIN/MOVE

To A3 in Appendix 1
of PLC 22

Working Group's proposal: To retain the provision and move to A3 in Appendix 1 of PLC 22 as part of a section which states the requirements of the condition with reference to governance and administration. Part (b) of the provision goes to A4 (d) in Appendix 1 of PLC 22.

SLC 9B (9)

Provision: Proposals to amend the DCUSA pursuant to Part E must be such as are calculated to better facilitate achievement of the following objectives ("the Applicable DCUSA Objectives"):

- (a) the development, maintenance and operation by the licensee of an efficient, co-ordinated and economical distribution system;

(b) the facilitation of effective competition in the generation and supply of electricity and (so far as consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity;

(c) the efficient discharge by the licensee of the obligations imposed upon it by this licence; and

(d) the promotion of efficiency in the implementation and administration of the DCUSA arrangement

REDRAFT/MOVE
To PLC 22.2

Working Group's proposal: To retain the provision and move it to PLC 22.2 where it is to be redrafted slightly to remove the reference to Part E and where the provision to "facilitate achievement of the objectives" is moved to PLC 21.1 (c).

SLC 9B (10)

Provision: The DCUSA as designated by the Authority in accordance with paragraph 2 may be amended at any time thereafter in accordance with such amendment procedures (including procedures for amending those amendment procedures themselves) as may be specified and are in conformity with the principles set out in paragraph 11.

REDRAFT/MOVE

Working Group's Views: To retain the provision but remove the reference to "as designated by the Authority" and to move to PLC 22.4

To PLC 22.4

SLC: 9B (11)

Provision: Those principles are that:

(a) proposals for the amendment of the DCUSA may be made by any relevant electricity distributor, by any other party to the DCUSA Accession Agreement, by the Gas and Electricity Consumer Council, by the GB System Operator and by such other persons or bodies as may be specified by the Authority;

(b) the amendment procedures for dealing with any such proposal shall comply with the requirements of paragraph 12;

(c) the making and implementation of any amendment of the DCUSA shall comply with the provisions of paragraph 13; and

(d) those parts of the DCUSA specified pursuant to paragraph 8(g) shall not be amended without the prior approval of the Authority, which shall be sought in accordance with appropriate procedures set out in the DCUSA.

RETAIN/MOVE

Working Group's proposal: To retain the provision but to omit references in part (a) to "Gas and Electricity Consumer council" and to merely state "party to the DCUSA" rather than "party to the DCUSA accession agreement" and to move the provision to PLC 22.5.

To PLC 22.5

SLC: 9B (12)

Provision: The DCUSA shall provide procedures for the making of amendments which shall secure:

- (a) that every proposed amendment is brought to the attention of all parties specified in or pursuant to paragraph 11(a);
- (b) that any and all representations made in respect of a proposed amendment shall be properly considered by the relevant decision-maker(s);
- (c) that the question of whether any proposed amendment better facilitates the achievement of the Applicable DCUSA Objectives is properly evaluated;
- (d) that an amendment report is prepared in such manner and having all such contents as may be specified, including (i) a proposed implementation date such as to enable any proposed amendment to take effect as soon as practicable after the decision to implement it is reached, taking into account the complexity, importance and urgency of that amendment, and (ii) a summary of and copies of all submissions made in respect of the proposed amendment;
- (e) that the proposed implementation date may be altered with the consent of or as directed by the Authority; and
- (f) that parties to the DCUSA may, having considered the amendment report prepared in accordance with sub-paragraph (d) above and whether that amendment would, as compared with the existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA Objectives, vote for:
 - (i) in the case of a proposed amendment to a part of the DCUSA not specified pursuant to paragraph 8(g) above, the implementation or rejection of that amendment, or
 - (ii) in the case of a proposed amendment to a part of the DCUSA specified pursuant to paragraph 8(g) above, a recommendation to the Authority to approve or reject that amendment,

and that such votes shall be compiled so that the Panel may take such steps as are necessary to facilitate the implementation of any proposed amendment or (as the case may be) to put forward a recommendation to the Authority.

RETAIN/MOVE

Working Group's proposal: To redraft the provision so that the separate points are split out into individual provisions. Part (a) becomes PLC 22.7 with minor redrafting so as to insert 'procedures must ensure that every proposed amendment...'

To PLC 22.6, 22.7,
22.8, 22.9, 22.10,

Part (b) becomes PLC 22.8 which is redrafted slightly so as to state 'They must ensure that any and all representations...'

22.11, 22.12 & 22.13

Part (c) becomes PLC 22.9 which is again redrafted to place 'They must ensure' at the start of the provision

Part (d) becomes PLC 22.10 which is again redrafted to place 'They must ensure' at the start of the provision. Sub parts (i) and (ii) have been redrafted into (a) and (b).

Part (e) becomes PLC 22.11 which again redrafted to place 'They must ensure' at the start of the provision

Part (f) becomes PLC 22.12 which again redrafted to place 'They must ensure' at the start of the provision. Sub-parts (i) and (ii) have been redrafted as PLC 22.12 (a) and (b).

The final paragraph of the provision is redrafted and expanded to become PLC 22.13. 'They must ensure' is inserted at the start and it makes clear that the DCUSA panel to which they refer.

SLC: 9B (13)

Provision: No amendment of the DCUSA may be made unless:

(a) the parties to the DCUSA have voted, pursuant to paragraph 12(f)(i), in favour of the amendment described in the relevant amendment report; or

(b) the Authority, having had regard to the Applicable DCUSA Objectives, directs the licensee, in conjunction with every other relevant electricity distributor, to amend the DCUSA in such manner as is communicated in that direction following the provision of a recommendation to the Authority by the parties to the DCUSA pursuant to paragraph 12 (f)

RETAIN/MOVE
To PLC 22.14

Working Group's proposal: To retain the provision and move to PLC 22.14 with slight redrafting so that the proposed provision makes reference to "stated" rather than "communicated" and "making" rather than the "provision".

SLC: 9B (14)

Provision: In relation to any industry document to which it is a party or under which it holds rights in respect of amendment, the licensee shall take all appropriate steps within its power, and in accordance with the procedures applicable under or in relation to that document, to secure and implement such changes to the document as are necessary to give full and timely effect to, or are consequential upon, any amendment of the DCUSA, and shall not take any steps to prevent or unduly delay such changes.

REDRAFT/MOVE

Working Group's proposal: To retain the spirit of the provision but to move it to PLC 20.5 as part of a catch-all condition dealing with

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To PLC 20.5

compliance with core industry documents. It has been redrafted so as to remove the provision to “take all appropriate steps within its power” and all specific reference to the DCUSA has been removed and replaced with the catch all reference to “Core industry document”. The working group considers that this removes repetition within the licence and thus condenses it.

SLC: 9B (15)

Provision: Without prejudice to Parts B, C and E, the DCUSA must also provide for:

- (a) a copy of the DCUSA to be supplied to any person requesting it, upon payment of an amount not exceeding the reasonable costs of making and supplying such a copy;
- (b) information about the operation of any of the DCUSA arrangements to be supplied upon request to the Authority and/or to be published by it or by the DCUSA Panel (having particular regard to the provisions of section 105 of the Utilities Act 2000); and
- (c) the DCUSA Panel to be able to secure the compliance of any party to the DCUSA Accession Agreement with any of the requirements of this paragraph

RETAIN/MOVE/
EXTEND

Working Group's proposal: To retain the provision and move it A4 in Appendix 1 of PLC 22.

To A4 in Appendix 1
of PLC 22

SLC: 9B (16)

Provision: Without prejudice to any accrued rights, liabilities or obligations subsisting under any agreement for use of system to which the licensee is a party immediately before the date of any direction given by the Authority under paragraph 2, each such agreement shall cease to have effect from the date of that direction.

REMOVE

Working Group's proposal: To remove the provision from the proposed licence as with the designation of DCUSA it is still obsolete.

SLC: 9B (17)

Provision: In this condition, unless the context otherwise requires:
“amendment” should be construed in accordance with the meaning given to “modification” in section 111 of the Act;

“approval” means approval in writing;

“direction” means a direction given in writing (and includes an approval or a consent);

“GB System Operator” means National Grid Electricity Transmission plc in its capacity as operator of the GB transmission system (as defined in standard condition A1 of the transmission licence);

“industry documents” means any of:

the Balancing and Settlement Code,
the Connection and Use of System Code,
the Distribution Code,
the Grid Code,
the Revenue Protection Code,
the System Operator Transmission Owner Code,
the Master Registration Agreement, and
any other document designated by the Authority for the purposes of paragraph 14 following consultation with the licensee;

“relevant electricity distributor” means an electricity distributor in whose licence this condition has effect; and
“specified” means specified in the DCUSA.

REMOVE/MOVE/
REDRAFT

To PLC 1, PLC 20.9 &
PLC 22.15

Working Group's proposal: To remove the majority of the provision but to retain the context applying to “amendments” and “specified”. GB system operator has moved into PLC 1 (definitions)

SLC 10: Balancing and Settlement Code and NETA Implementation

SLC: 10 (1)

Provision: Insofar as the licensee shall distribute or offer to distribute electricity within Great Britain, the licensee shall be a party to the BSC Framework Agreement and shall comply with the BSC.

REDRAFT/MOVE

To PLC 20.3

Working group's proposal: To retain the provision and move it to PLC 20.3 as part of a catch-all condition relating to core industry documents. Consequently the provision has been redrafted slightly so that it simply states that the “licensee must be party to and comply with the BSC”. The working group considers that this reduces the repetition within the current licence and condenses the licence.

SLC: 10 (2) Provision: The licensee shall comply with the programme implementation scheme established in accordance with paragraph 3 as modified from time to time in accordance with paragraph 5.

REMOVE Working group's proposal: To remove the provision from the proposed new licence as the implementation scheme is now obsolete

SLC: 10 (3) Provision: The programme implementation scheme is a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 4, to be taken (or procured) by the licensee (and/or by authorised electricity operators) which are, in the Secretary of State's opinion, appropriate in order to give full and timely effect to:

- (a) any modifications made to this licence and to the licences of authorised electricity operators by the Secretary of State pursuant to the power vested in him under section 15A of the Act;
- (b) any conditions imposed by any exemption from the requirement to hold any such licence; and
- (c) the matters envisaged by such modifications and conditions.

REMOVE Working group's proposal: To remove the provision from the proposed new licence as the implementation scheme is now obsolete

SLC: 10 (4) Provision: The programme implementation scheme may include provisions, *inter alia*,

- (a) to secure or facilitate the amendment of any of the core industry documents;
- (b) to secure that any systems, persons or other resources employed in the implementation of the Pooling and Settlement Agreement may be employed in the implementation of the BSC;
- (c) for the giving of the indemnities against liabilities to which parties to the Pooling and Settlement Agreement may be exposed;
- (d) for securing the co-ordinated and effective commencement of implementation of and operations under the BSC, including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;
- (e) for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement

Agreement;

- (f) for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and
- (g) for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the start of the first period for trading under the BSC as determined by the Secretary of State.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as the implementation scheme is now obsolete

SLC: 10 (5)

- Provision: (a) The Secretary of State may at any time direct, in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme be modified in the manner set out in such direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 3.
- (b) The Secretary of State 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as the implementation scheme is now obsolete

SLC: 10 (6)

Provision: If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 4(a) and/or imposed on the licensee by paragraphs 2 and 5 of this condition, and those imposed on the licensee by any other condition, the provisions of paragraph(s) 4(a), 2 and/or 5 (as appropriate) shall prevail.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as the implementation is now obsolete

SLC: 10 (7)

Provision: Without prejudice to paragraph 2, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to give full and timely effect to the modifications made to this licence as determined by the Secretary of State pursuant to the power vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).

REMOVE

Working group's proposal: To remove the provision as it is now obsolete

SLC: 10 (8)

Provision: In this condition:

"BSC"

means the balancing and settlement code required to be in place, pursuant to the transmission licence granted to the system operator, as from time to time modified.

"BSC Framework Agreement"

means the agreement of that title, in the form approved by the Secretary of State, by which the BSC is made contractually binding between the parties to that agreement, as from time to time amended, with the consent of the Secretary of State.

"core industry documents"

mean those documents which:

- (a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC or the balancing and settlement arrangements, and
- (b) have been so designated by the Secretary of State.

REMOVE

Working group's proposal: To remove these definitions from the proposed licence as they are now obsolete as the condition has, on the whole been removed.

SLC 11: Change Co-ordination for BSC

SLC: 11 (1) Provision: Insofar as the licensee shall distribute or offer to distribute electricity within any area of Great Britain, the licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the BSC.

REMOVE Working group's proposal: To remove the provision from the proposed licence as it is now obsolete.

SLC: 11 (2) Provision: For the purposes of paragraph 1, core industry documents has the meaning given in paragraph 8 of standard condition 10 (Balancing and Settlement Code and NETA Implementation).

REMOVE Working group's proposal: To redraft the proposal so that the definition of "core industry document" is moved to PLC 20.10 and redrafted so that it simply lists, the BSC, CUSC, D-code, DCUSA, Grid Code, MRA, Revenue Protection Code, System Operator transmission owner code. All of these codes are then defined fully in PLC 1 (definitions).

SLC 12: Settlement agreement for Scotland

SLC: 12 (1) Provision: Subject to paragraph 2, in so far as the licensee shall distribute or offer to distribute electricity within any area of Scotland or to the extent that the Settlement Agreement for Scotland may apply in respect of the activities of the distribution business, the licensee shall comply with the relevant provisions of the Settlement Agreement for Scotland.

REMOVE Working group's proposal: The provision has been removed since the Settlement agreement for Scotland is obsolete with the introduction of

BETTA

SLC: 12 (2) Provision: 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 is 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.

REMOVE Working group's proposal: The provision has been removed since the Settlement agreement for Scotland is obsolete with the introduction of BETTA

SLC: 12 (3) Provision: In this condition:
"Settlement Agreement for Scotland" means the agreement of that title, as nominated by the Authority for the purposes of this condition, to be prepared in accordance with and comprise such matters as are set out in special condition I (The Settlement Agreement for Scotland) of each of the electricity distribution licences of SP Distribution Limited, and Scottish Hydro-Electric Power Distribution Limited (and any other name by which any of these companies come to be known), as from time to time revised with the approval of the Authority.

REMOVE Working group's proposal: The provision has been removed since the Settlement agreement for Scotland is obsolete with the introduction of BETTA

SLC 13 : Change Co-ordinate for the Utilities Act 2000

SLC: 13 (1) Provision: The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.

REMOVE

Working group's proposal: To remove the provision from the licence since the Utilities Act 2000 has come into force

SLC: 13 (2)

Provision: In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.

REMOVE

Working group's proposal: To remove the provision from the licence since the Utilities Act 2000 has come into force

SLC: 13(3)

Provision: For the purposes of this condition, "industry framework document" means, subject to paragraph 4, any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:

- (a) the Pooling and Settlement Agreement;
- (b) the Balancing and Settlement Code;
- (c) Master Connection and Use of System Agreement or the Connection and Use of System Code;
- (d) the Settlement Agreement for Scotland;
- (e) the Master Registration Agreement;
- (f) the Data Transfer services Agreement;
- (g) the Radio Teleswitch Agreement;
- (h) any Grid Code or Scottish Grid Code;
- (i) any Distribution Code;
- (j) the Trading Code;
- (k) the Fuel Security Code;
- (l) any agreement for use of an interconnector or Scottish interconnection; and
- (m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.

Working group's proposal: To remove the provision from the licence since the Utilities Act 2000 has come into force

SLC: 13(4)

Provision: Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition generally, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.

REMOVE

Working group's proposal: To remove the provision from the licence since the Utilities Act 2000 has come into force

SLC: 13 (5)

Provision: This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given for the purposes of this condition generally.

REMOVE

Working group's proposal: To remove the provision from the licence since the Utilities Act 2000 has come into force

SLC 14: Provision of Metering Point Administration Service and Master Registration Agreement

SLC: 14 (1)

Provision: The licensee shall be a party to and shall comply with the provisions of the Master Registration Agreement

REDRAFT/MOVE

To PLC 20.3

Working group's proposal: To redraft the provision and move it to PLC 20.3 as part of a catch-all condition covering compliance with and being party to the BSC, CUSC, DCUSA and the MRA.

SLC: 14 (2)

Provision: The licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of, a service to be known as the "Metering Point Administration Service".

REDRAFT/MOVE

To PLC 18.1

Working group's proposal: To redraft the proposal and move it to PLC 18.1 where it is split out into a part (a) which states that MPAS must be established and a part (b) which goes on to say that it must be operated and maintained. The new provision also makes reference to the schedule of services being contained in Appendix 1 of the proposed condition. The working group considered that splitting the proposal out into parts (a) and (b) made the separate provisions clearer as did the moving of the schedule of services to a separate appendix.

SLC: 14 (3)

Provision: The Metering Point Administration Service shall fulfil the following function:

- (a) the maintenance of such a register of technical and other data as is necessary to facilitate supply by any electricity supplier to all premises connected to the licensee's distribution system and to meet the reasonable requirements of electricity suppliers in respect of such premises for information for settlement purposes, including, (where so required):
 - (i) the identity of the electricity supplier responsible under the Balancing and Settlement Code (where the premises are in Great Britain) and/or the Settlement Agreement for Scotland (where the premises are within Scotland) for the metering point at such premises;
 - (ii) the type of metering equipment installed at each such premises; and
 - (iii) a unique and accurate address of each of such premises so far as is reasonably practicable having regard to the nature and source of the information provided to the licensee;
- (b) the amendment of the register maintained in accordance with sub-paragraph (a) to reflect changes of electricity supplier in respect of any premises;
- (c) the provision, in a timely and efficient manner, of such data contained in the register as is reasonably required and requested to:
 - (i) any electricity supplier or agent thereof;
 - (ii) any person identified in the Balancing and Settlement Code (where the premises are in Great Britain) and/or the Settlement Agreement for Scotland (where the premises are within Scotland) as an appropriate person for the receipt of data for settlement purposes; and
 - (iii) any person identified in the Master Registration Agreement as entitled to such data for the purpose of facilitating changes of electricity supplier in respect of any premises; and

(d) the maintenance of an enquiry service for the provision to any customer or an electricity supplier, on request and free of charge to that customer, of such data contained in the register as is relevant to the supply of electricity to premises which are (or are to be) owned or occupied by the customer, and the taking of such steps as will in the opinion of the licensee secure adequate publicity for the operation of the enquiry service.

**RETAIN/MOVE/
REDRAFT**

To A2, A3, A4 and A5
in Appendix 1 of PLC
18

Working group's proposal: To retain the spirit of the provision but to redraft and move it so that it is split out into three separate provisions within an Appendix to PLC 18. Part (a) of the current provision moves to A2, part (b) to A3, part (c) to A4 and part (d) to A5. The working group considered that in moving these service provisions to a separate Appendix and splitting them out into separate provisions, the licence becomes more readable

SLC 14A: Basis for Charges for Metering Point Administration Services : requirements for Transparency

SLC: 14A (1)

Provision: The licensee shall as soon as practicable prepare a statement in a form approved by the Authority setting out the basis upon which charges will be made for the provision of metering point administration services, in such form and with such detail as shall be necessary to enable an electricity supplier to make a reasonable estimate of the charges to which the electricity supplier would become liable to pay for the provision of such services and of the other terms, likely to have a material impact on the conduct of the electricity supplier's business, upon which the service would be provided and (without prejudice to the foregoing) including the information set out in paragraph 2.

**RETAIN/MOVE/
REDRAFT**

To PLC 18.4 & 18.5

Working group's proposal: To retain the spirit of the provision and redraft it so that it is split out into PLC's 18.4 (stating the provision to have in place a statement approved by the Authority which sets out the basis on which charges will be made) and 18.5 (stating the provision for the statement to allow suppliers to make a reasonable estimate of charges). The working group considered that splitting the provision out makes it clearer and easier to understand

SLC: 14A (2)

Provision: The statement referred to in paragraph 1 shall include a schedule of charges for metering point administration services, together with an explanation of the methods by which and the principles on which such charges will be calculated.

RETAIN/MOVE Working group's proposal: To retain the condition and move it to PLC 18.5 (b).

To 18.5 (b)

SLC: 14A (3) Provision: The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under paragraph 1 to such extent and subject to such terms and conditions as the Authority may specify in that direction.

REDRAFT/MOVE Working group's proposal: To retain the spirit of the proposal and redraft it so that it contains a new provision to "consult with the licensee and any other Authorised Electricity Operator likely to be materially affected". The direction is also termed a "derogation". The new provision makes it clear that the licensee may be relieved of his provisions "for such a period of time". The working group considers that these alterations make the provision clearer and implicit.

To PLC 18.10

SLC: 14A (4) Provision: The licensee shall not in setting its charges for, or in setting the other terms that will apply to the provision of metering point administration services, restrict, distort or prevent competition in the generation, distribution or supply of electricity.

REDRAFT/MOVE Working group's proposal: To redraft the provision and move it to PLC 4.2 as part of a catch all provision covering prohibition abuse of the licensee's special position. The working group considers that this reduces the amount of repetition and therefore is able to condense the licence.

To PLC 4.2

SLC: 14A (5) Provision: The licensee:

- (a) shall, at least once in every year, review the information set out in the statement prepared in accordance with paragraph 1 in order that the information set out in such a statement shall continue to be accurate in all material respects; and
- (b) may, with the approval of the Authority, from time to time alter the form of such a statement

RETAIN/MOVE/
REMOVE Working group's proposal: To retain part (a) of the provision and move to PLC 18.6. Part (b) of the existing provision has been removed since the provision in PLC 18.4 requires the licensee to have at all times a statement in a form approved by the Authority. The working group

To PLC 18.6 considers that this, combined with the requirement in PLC 18.6 (a) means that any alteration made to the statement will have to have the Authority's approval.

SLC: 14A (6) Provision: The licensee shall send a copy of the statement prepared in accordance with paragraph 1, and of each revision of such statement, to the Authority.

REDRAFT/MOVE
To PLC 18.7 (a) Working group's proposal: To redraft the provision so that it only states that MPAS statement must be sent to the Authority and removes the provision to send to the Authority "each revision" of the statement since this is covered by the combination of the provision in PLC 18.4 & PLC 18.6 (a) – see above for details.

SLC: 14A (7) Provision: The licensee shall give or send a copy of the statement prepared in accordance with paragraph 1, or (as the case may be) of the latest revision of such statement, to any person who requests a copy of such statement.

RETAIN
To PLC 18.7 (b) Working group's proposal: To retain the proposal and move it PLC 18.7 (b). The working group considered that it was clearer to have this provision and SLC 14A (6) combined as it reduced the amount of repetition in the licence.

SLC: 14A (8) Provision: The licensee may make a charge for any statement given or sent pursuant to paragraph 7 of an amount which shall not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing such a statement.

RETAIN/MOVE Working group's proposal: To retain the provision and move to PLC 18.8

To PLC 18.8

SLC 14B: Non-Discrimination in the Provision of Metering Point Administration Services

SLC: 14B (1) Provision: In the provision of metering point administration services the licensee shall not discriminate between any electricity suppliers.

RETAIN/MOVE
PLC 19.5 Working group's proposal: To retain the provision and move to PLC 19.5 which is a catch-all condition covering non discrimination in arrangements for the provision of services. The words "undue preference and unduly" have been inserted prior to 'discrimination'. Please see SLC 4C in this log for the reasons behind this.

SLC: 14B (2) Provision: Without prejudice to paragraph 1, and subject to the provisions of standard condition 14A (Basis of Charges for Metering Point Administration Services: Requirements for Transparency), the licensee shall not make charges for the provision of metering point administration services to any electricity supplier which differ from the charges for such provision to any other electricity supplier except in so far as such differences reasonably reflect differences in the costs associated with such provision.

REDRAFT/MOVE
To PLC 19.2 Working group's proposal: To retain the spirit of the provision but to redraft and move to PLC 19.2 which is a catch-all non discrimination condition for arrangements for the provisions of services. Consequently any references to MPAS or specific conditions have been removed and replaced with a catch-all reference to "the offering and setting of charges and other terms for the provision of services".

SLC 14C: Requirement to Offer terms for the provision of Metering Point Administration Services

SLC: 14C (1) Provision: This condition sets out the obligations relating to the metering point administration services pursuant to and in accordance with the Master Registration Agreement.

REMOVE/RETAIN
/MOVE
PLC 23 Working group's proposal: To remove this from the proposed licence in so far as this condition is concerned but the provision to comply with the MRA is retained and redrafted in PLC 23.

SLC: 14C (2) Provision: On application made by any electricity supplier for any premises connected to the licensee's distribution system, the licensee shall (subject to paragraph 5) offer to enter into an agreement for the provision of metering point administration services.

RETAIN/MOVE
To PLC 17.1 Working group's proposal: To retain the provision and move to PLC 17.1 with minor redrafting so that reference to "shall" are altered to "must"

SLC: 14C (3)

Provision: In making an offer pursuant to this condition to enter into an agreement, the licensee shall set out:

- (a) the date by which the metering point administration services required shall be provided (time being of the essence, unless otherwise agreed between parties);
- (b) the charges to be paid in respect of the metering point administration services required, such charges (unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statement prepared in accordance with paragraph 1 of standard condition 14A (Basis of Charges for Metering Point Administration Services: Requirements for Transparency) or any revision thereof;
 - (ii) to be in conformity with the requirements of standard condition 14A (Basis of Charges for Metering Point Administration Services: Requirements for Transparency).
- (c) such other detailed terms in respect of each of the metering point administration services required as are or may be appropriate for the purpose of the agreement.

REDRAFT/MOVE

Working group's proposal: To redraft the provision so that parts i and ii of (b) are split out into a separate provision in PLC 17.3. The rest of the provision is to be retained as PLC 17.2.

To PLC 17.2 & 17.3

SLC: 14C (4)

Provision: The licensee shall offer terms for an agreement in accordance with paragraph 2 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee (or its agent) from an electricity supplier of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.

RETAIN/MOVE

To PLC 17.4

Working group's proposal: To retain the provision and move to PLC 17.4 with minor redrafting.

SLC: 14C (5)

Provision: The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if to do so would be likely to involve the licensee being:

- (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 distribution business;
- (c) in breach of the Grid Code or any Distribution Code; or
- (d) in breach of the conditions.

RETAIN/MOVE

To PLC 17.5

Working group's proposal: To retain the provision and move to PLC 17.5 where it has been redrafted so that it states that "the licensee must not offer or offer to enter into". This represents a change from the present provision which states that the licensee is not obliged to. Given that it is neither the Licensee's or the Authority's interests for the licensee to breach the Act, codes or conditions, the working group considers that the redrafting is sensible.

SLC: 14C (6)

Provision: The licensee shall undertake metering point administration services in the most efficient and economic manner practicable having regard to the alternatives available and the other requirements of the licence and of the Act in so far as they relate to the provision of such services.

RETAIN/MOVE

To PLC 17.6

Working group's proposal: To retain the provision and move to PLC 17.6

SLC: 14C (7)

Provision: In the provision of metering point administration services the licensee shall not restrict, distort or prevent competition in the supply of electricity.

REDRAFT/MOVE

To PLC 4.2 (a)

Working group's proposal: To retain the provision as it is provided for in the generic drafting of PLC 4.2. The working group considers that this proposal reduces the amount of repetition within the licence and therefore condenses it.

SLC 14D: Functions of the Authority

SLC: 14D (1)

Provision: 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 an electricity supplier entitled or claiming to be entitled there to pursuant to a request under standard condition 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services), the Authority may, on the application of such an electricity supplier or the licensee, settle any terms of the agreement in dispute between the licensee and the electricity supplier 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 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 5 in standard condition 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services); and
- (b) 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 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services) should be in as similar a form as is practicable.

REDRAFT/MOVE

To PLC 7.1 (c), 7.2 & 7.3 (e)

Working group's proposal: To redraft the proposal and move to PLC 7.2 where it is part of a catch-all condition dealing with determinations. Part (b) of the existing provision is to be moved to PLC 7.3 (e) whilst the provision that the Authority can settle terms is split out into a separate provision in PLC 7.2. The remainder of the provision is moved to PLC 7.1. The working group considers that the proposal steps out the provisions in a clearer and more logical way, making them easier to follow. In taking the provision into a catch-all condition, repetition has been reduced and thus the licence condensed.

SLC: 14D (2)

Provision: In so far as an electricity supplier entitled or claiming to be entitled to an offer under standard condition 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services) wishes to proceed on the basis of the agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.

REDRAFT/MOVE

TO PLC 7.4

Working group's proposal: To retain the spirit of the provision and move to PLC 7.4 where it has been redrafted so as to be part of a catch-all condition dealing with the Authority's power to determine. Consequently all specific references dealing with MPAS have been omitted. The working group considers that the proposal reduces repetition and therefore condenses the licence.

SLC: 14D (3)

Provision: If either party to such agreement proposes to vary the contractual terms of any agreement for the provision of metering point administration services entered into pursuant to standard condition 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services) in any manner provided for under such agreement, the Authority may, at the request of that party, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

REDRAFT/MOVE

To PLC 7.5

Working group's proposal: To retain the spirit of the provision and to move to PLC 7.5 where it has been redrafted so as to be part of a catch-all condition dealing with the Authority's power to determine. Consequently all specific references dealing with MPAS have been omitted. The working group considers that the proposal reduces repetition and therefore condenses the licence.

SLC: 14D (4)

Provision: The Authority may (following consultation with the licensee) issue directions relieving the licensee of its obligations under standard condition 14C (Requirement to Offer Terms for the Provision of Metering Point Administration Services) relating to metering point administration services in respect of such parts of that condition and to such extent as may be specified in the directions.

RETAIN/MOVE

Working group's proposal: To retain the provision and move to PLC 17.7.

To PLC 17.7

SLC 15: Compliance with the Grid Code

SLC: 15 (1)

Provision: The licensee shall comply with the provisions of the Grid Code in so far as applicable to it.

REDRAFT/MOVE

To PLC 20.1

Working group's proposal: To retain the proposal but to redraft so as to be included in a catch-all condition in PLC 20 which deals with compliance with Core industry documents. The working group considered that in grouping the core industry codes together into a single condition, repetition has been reduced and the licence subsequently condensed.

SLC: 15 (2)

Provision: The Authority may (following consultation with any transmission licensee likely to be affected) issue directions relieving the licensee of its obligation under paragraph 1 in respect of such parts of the Grid Code and to such extent and subject to such conditions as may be specified in those directions.

REDRAFT/MOVE

To PLC 20.7

Working group's proposal: To redraft the proposal and move to PLC 20.7 as part of a catch-all condition dealing with core industry documents. The provision has been redrafted so as to remove the specific reference to "transmission licensee" and replace it with "any other Authorised Electricity operators likely to be materially affected." The new term is defined in PLC 1 as encompassing 'Transmission licensee'. The working group considers that placing the provision within a catch-all condition it reduces the volume of repetition within the licence and consequently condenses it.

SLC 16: Security Arrangements

SLC: 16 (1)

Provision: Insofar as the licensee shall distribute or offer to distribute electricity within any area of England and Wales, the licensee shall comply with the provisions of the Fuel Security Code and such provisions shall have effect as if they were set out in this licence.

REDRAFT/MOVE

To PLC 20.8

Working group's proposal: To retain the spirit of the provision and move it to PLC 20.8 as part of a catch-all condition dealing with core industry documents. As part of the redrafting, the provision now simply states that "The licensee must comply with the Fuel security code". Consequently the specific references to the licence who distributes Electricity in England and Wales, and to the provisions as set out in the licence, have been removed as the Fuel Security Code has superseded the Security Requirements in that it now covers England, Wales and Scotland.

SLC: 16 (2)

Provision: Insofar as the licensee shall distribute or offer to distribute electricity within any area of Scotland:

- (a) if so directed in directions issued by the Authority for the purposes of this condition, the licensee shall, not later than such date

as may be specified in such directions, enter into an agreement designated by the Secretary of State for the purposes of this condition relating to compliance with directions issued by the Secretary of State under section 34 and/or section 35 of the Act; and

- (b) the licensee shall comply with and perform its obligations under any agreement which it enters into pursuant to sub-paragraph (a) above.

REMOVE

Working group's proposal: To remove this provision from the licence (please see SLC 16 (2) above)

SLC: 16 (3)

Provision: In this condition:

"Fuel Security Code" means the document of that title designated as such by the Secretary of State as from time to time amended.

REDRAFT/MOVE

To PLC 20.10

Working group's proposal: To redraft the interpretation so that it makes clear that it is the code designated by the SoS as a condition of "every electricity licence" of any type "granted under section 6 of the Act". The working group considers that this gives the interpretation greater depth and thus provides the reader with more context.

SLC 17: Provision of services for Persons who are of Pensionable age, Disabled or Chronically sick

SLC: 17 (1)

Provision: The licensee shall, with effect from 1 November 2001 or the date on which this licence is granted whichever is later, prepare and submit to the Authority for its approval a code of practice detailing the special services the licensee will make available for domestic customers who are of pensionable age or disabled or chronically sick.

REDRAFT/MOVE

To PLC 10.2 (a) & 10.3

Working group's proposal: To redraft the provision so as to remove the outdated reference to 2001 and replace reference to codes of practice with statement. This provision has been incorporated into PLC 10 which is a catch-all condition dealing with special services available to vulnerable customers and complaints. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC: 17 (2)

Provision: The code of practice shall include arrangements whereby the licensee will:

(a) maintain a register of customers who have special communication needs or depend on electricity for medical reasons by virtue of being of pensionable age or disabled or chronically sick, and who require advance notice of planned interruptions to the supply of electricity, comprising the relevant details of each customer who requests or whose supplier requests his inclusion on it;

(b) give to all customers so registered, either via the relevant supplier or, where appropriate, directly, in respect of interruptions to the supply of electricity, such information and advice as may be appropriate and is of such nature as shall be set out in the code of practice, provided that where the licensee is providing the supplier with any such information, the licensee shall provide such information as soon as is practicable; and

(c) in the case where the request for the inclusion in the register is made directly to the licensee, provide the relevant supplier with the relevant details in such form and at such intervals as is relevant to the supplier's licence Provisions.

REDRAFT/MOVE

To PLC 10.3, 10.4 & 10.6

Working group's proposal: To redraft the provision significantly and split out into its separate provisions within a catch-all PLC 10 which deals with special services available to vulnerable customers. The provision to maintain a register has been moved to PLC 10.2 whilst the qualifying criteria for the register such as having special communication needs or medical reasons are detailed in PLC 10.3. The current provision in part (b) has also been split out so that the provision for the licensee to provide information and advice in the event of interruptions is now covered by PLC 10.4 (b). Whilst the different scenarios where a customer can be added to the register are now listed clearly in PLC 10.3 (c). The working group has also proposed that the difference between the provisions on the licensee in an unplanned, as opposed to a planned interruption is clearly expressed by splitting them out into separate requirements in PLC's 10.4. The current provision in part (c) is moved to PLC 10.6

SLC: 17 (3)

Provision: This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Customer Service Codes).

REMOVE

Working group's proposal: To remove this provision from the proposed licence. We propose that the licensee should be obliged to prepare a statement on how its arrangements for complying with the condition above would operate and to provide it to any person who asks for it. We do not propose to retain the requirements set out in current licence condition 22 for a code of practice to be produced and approved. The effect of these changes is for the licence to clearly set out what a distributor is required to do and to remove unnecessary administration.

SLC 18: Provision of Services for Persons who are blind or deaf

SLC: 18 (1)

Provision: The licensee shall, with effect from 1 November 2001 or the date on which this licence is granted whichever is later, prepare and submit to the Authority for its approval a code of practice detailing the special services the licensee will make available for domestic customers who are disabled by virtue of being blind or partially sighted, or deaf or hearing impaired.

REDRAFT/MOVE

To PLC 10.2 (a) &
PLC 10.3

Working group's proposal: To redraft the provision so as to remove the outdated reference to 2001 and replace reference to codes of practice with statement. This provision has been incorporated into PLC 10 which is a catch-all condition dealing with special services available to vulnerable customers and complaints. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC: 18 (2)

Provision: The code of practice shall include arrangements by which the licensee will, on request, in each case free of charge:

- (a) make available to blind and partially sighted domestic customers a facility for enquiring or complaining about any service provided by the licensee, by telephone or other appropriate means; and
- (b) make available to deaf and hearing impaired domestic customers, being in possession of appropriate equipment, facilities to assist them in enquiring or complaining about any service provided by the licensee.

REDRAFT/MOVE

To PLC 10.8

Working group's proposal: To retain the spirit of the provision and move to PLC 10.8 as part of a catch-all condition dealing with special services for vulnerable customers and complaints. The working group considered that this will reduce repetition in the licence and subsequently condense it.

SLC: 18 (3)

Provision: This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Customer Service Codes).

REMOVE

Working group's proposal: To remove this provision from the proposed licence.

SLC 19: Codes of Practice on Procedures with respect to Site Access

SLC: 19 (1) Provision: The licensee shall, with effect from 1 November 2001 or the date on which this licence is granted whichever is later, prepare and submit to the Authority for its approval a code of practice setting out the principles and procedures the licensee will follow in respect of any person acting on its behalf who requires access to customers' premises.

REDRAFT/MOVE

To PLC 9.3 (a)

Working group's proposal: To retain the provision and to redraft to PLC 9.3 (a) so as to remove references to codes of practice and replace them with statements. The date reference to November 2001 has also been removed.

SLC: 19 (2) Provision: The code of practice shall include procedures calculated to ensure that persons visiting customers' premises on behalf of the licensee:

- (a) possess the skills necessary to perform the required duties;
- (b) are readily identifiable to members of the public;
- (c) use passwords provided for vulnerable customers;
- (d) are appropriate persons to visit and enter customers' premises;
- (e) are able to inform customers, on request, of a contact point for help and advice they may require in relation to the safety and security of the supply of the electricity; and
- (f) comply with the provisions of the Rights of Entry (Gas and Electricity Boards) Act 1954.

REDRAFT/MOVE

To PLC 9.2 & 9.5

Working group's proposal: To retain the spirit of the proposal and redraft to require a licensee to take all reasonable steps to ensure that any person entering a premises on its behalf:

- (a) possesses the skills necessary to perform the required function;
 - (b) can be readily identified as a Representative of the licensee by a member of the public;
 - (c) uses any password that the licensee has agreed with the Customer;
 - (d) is a fit and proper person to visit and enter the Customer's premises;
- and

(e) is able to inform the Customer, on request, of a contact point for any help and advice that he may require in relation to the safety and security of the supply of electricity.
 The current provision under part (f) is moved to PLC 9.5 where as part of the interpretation of entry, the rights of entry warrant is included. This list has been enhanced. In particular we propose to require that the use of passwords is extended from vulnerable customers to any customer that wants to use a password.

SLC: 19 (3)

Provision: This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Customer Service Codes).

REMOVE

Working group's proposal: To remove this provision from the proposed licence. We propose that the licensee should be obliged to prepare a statement on how its arrangements for complying with the site access requirements above would operate and to provide it to any person who asks for it. We do not propose to retain the requirements set out in the current licence condition 22 for a code of practice to be produced and approved. The effect of these changes is for the licence to clearly set out what a distributor is required to do and to remove unnecessary administration.

SLC 20: Payments in Relation to Standards of Performance

SLC: 20 (1)

Provision: With effect from 1 April 2005, the licensee shall not enter into any use of system agreement with an electricity supplier which does not contain appropriate provisions requiring the licensee, where it has not made payments directly to a customer in respect of its own performance or that of another electricity distributor in relation to a distribution system within the distribution services area of the licensee pursuant to any provision of regulations made under section 39A of the Act ("the regulations"), to make payments in respect of its own or that other electricity distributor's performance to the electricity supplier for the benefit of any customer of that electricity supplier equivalent to such sums as would have been paid pursuant to any provision of the regulations.

REMOVE

Working group's proposal: To remove the provision as its effects were provided for by DCUSA in Oct 06.

SLC: 20 (2)

Provision: The licensee shall take all appropriate steps within its power to ensure that any existing use of system agreement it has with an electricity supplier is so amended with effect from 1 April 2005, or as soon as may be thereafter, that the agreement is compliant in all material respects with the requirements of paragraph 1.

REMOVE

Working group's proposal: To remove the provision as its effects were provided for by DCUSA in Oct 06.

SLC: 20 (3)

Provision: The licensee shall not enter into or allow to continue any agreement, either for connection to or use of the distribution system, with any other licensed distributor ("the other distributor") that does not provide:

- (a) for the licensee to make payments in respect of its performance pursuant to any provision of the regulations to the other distributor for onward transmission to a customer whose premises are directly connected to the other distributor's distribution system;
- (b) for the licensee and the other distributor to agree the extent of responsibility of each licensee (where relevant) in relation to any failure to meet a prescribed level of performance pursuant to any provision of the regulations;
- (c) for the other distributor, where he is liable to make payments pursuant to any provision of regulation 5, 6, 7 or 9, and that liability arises wholly or partly from a failure, act or omission on the part of the licensee, to recover from the licensee all or (as appropriate) part of the cost of those payments (including financing costs where any such payments have already been made to the customer or a supplier for onward transmission to the customer);
- (d) for the Authority, on the application of either licensee, to settle any dispute in such a manner as appears to the Authority to be reasonable where:
 - (i) the licensee has failed to agree with the other distributor the extent of the responsibility of each licensee (where relevant) in relation to any failure to meet a prescribed level of performance pursuant to any provision of the regulations, as provided for in paragraph 3(b), or
 - (ii) the other distributor has been unable to recover from the licensee the costs that it considers are due under paragraph 3(c); and
- (e) for the licensee to pay to the other distributor such costs (including, where appropriate, financing costs) as may be determined under paragraph 3(d) as soon as is reasonably practicable.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as it will be covered by new section 2b of DCUSA. This drafting was sent out for consultation on 28 August and is scheduled to 'go live' on 10

SLC 21: Complaint Handling Procedure

SLC: 21(1) Provision: The licensee shall, with effect from 1 November 2001 or the date on which this licence is granted whichever is later, prepare and submit to the Authority for its approval a code of practice detailing the procedure for handling complaints from domestic customers about the manner in which the licensee conducts its distribution business.

REDRAFT/MOVE Working group's proposal: To redraft the provision so as to remove the outdated reference to 2001 and replace reference to codes of practice with statement. This provision has been incorporated into PLC 10 which is a catch-all condition dealing with special services available to vulnerable customers and complaints. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC: 21 (2) Provision: Any procedure established in accordance with this condition shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.

REMOVE

Working group's proposal: To remove the provision from the proposed licence. This approach may be reviewed pending the outcome of Ofgem's consultation on complaint handling.

SLC: 21(3) Provision: This condition is subject to the provisions of standard condition 22 (Preparation, Review of and Compliance with Customer Service Codes).

REMOVE

Working group's proposal: To remove this provision from the proposed licence. We propose that the licensee should be obliged to prepare a statement on how its arrangements for complying with complaint handling would operate and to provide it to any person who asks for it. We do not propose to retain the requirements set out in the current licence condition 22 for a code of practice to be produced and approved. The effect of these changes is for the licence to clearly set out what a distributor is required to do and to remove unnecessary administration.

SLC 22: Preparation, Review of and compliance

SLC: 22 (1)

Provision: This condition applies to any code of practice required to be prepared by the licensee pursuant to standard condition 17 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick), standard condition 18 (Provision of Services for Persons who are Blind or Deaf), standard condition 19 (Code of Practice on Procedures in Respect of Site Access) and standard condition 21 (Complaint Handling Procedure) of this licence.

Working group's proposal: To remove the provision as statements rather than codes of practice are to be produced and the requirement to have these statements in place is covered by PLC 9 and PLC 10

SLC: 22 (2)

Provision: In first preparing such a code the licensee shall, prior to submitting that code to the Authority, consult the Consumer Council and shall have regard to any representations made by the Consumer Council about such code or the manner in which it is likely to be operated.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22 (3)

Provision: Where before the expiry of 30 days of the licensee first submitting such code to the Authority for its approval the Authority notifies the licensee that the Authority considers the code is not sufficient for the purposes of meeting the requirements of this licence, the licensee shall forthwith make such changes as the Authority may require.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22 (4)

Provision: The licensee shall, whenever requested to do so by the Authority, review such code and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22 (5)

Provision: In carrying out any such review the licensee shall consult the Consumer Council and shall have regard to any representations made by the Consumer Council about such code or the manner in which it is likely to be or (as the case may be) has been operated.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22 (6)

Provision: The licensee shall submit any revision of such code which, after consulting the Consumer Council in accordance with paragraph 5, the licensee wishes to make, to the Authority for its approval and following its approval in writing shall then revise the code accordingly.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22(7)

Provision: The licensee shall:

- (a) as soon as practicable following the preparation of any code or any revision made to it send to the Authority and the Consumer Council a copy of such code or such revision (in each case in the form approved by the Authority);
- (b) at least once in each year, draw the attention of those customers to whom such code applies, to the existence of the code and of each substantive revision of it and to the means by which a copy of such code may be inspected in its latest form, in such manner as in the reasonable opinion of the licensee will give adequate publicity to it; and
- (c) give or send free of charge a copy of such code (as from time to time revised) to any person who requests it.

REDRAFT/MOVE/

REMOVE

To PLC 9.3 and 10.11 Working group's proposal: Remove part (a) from the proposed licence. Redraft Part (b) so it is split into two, where the provision will be to take all reasonable steps to inform Domestic Customers at least once a year of the statements existence is one half and make the statements

readily accessible on the licensees website is the other half. Part (c) of the current provision has been retained and moved to PLC 9.3(c) and 10.11 (d). The working group considers that in moving these provisions into a single condition alongside the other special services and complaints, a more logical user-friendly licence is produced.

SLC: 22 (8)

Provision: No changes may be made to any code otherwise than in accordance with the foregoing procedures.

REMOVE

Working group's proposal: To remove the provision from the proposed licence

SLC: 22 (9)

Provision: The licensee shall ensure, so far as reasonably practicable, that it complies with such arrangements or procedures (as the case may be) as are contained in or described by any code to which this condition applies and approved by the Authority or any revision to such code approved by the Authority.

Working group's proposal: To remove the provision from the proposed licence. We do not intend to be too prescriptive as to the form of marketing required. However, the new conditions for services for specific customer groups (PLCs 9, and 10) have been drafted to require distributors to publish a statement setting out, in plain and intelligible language their provisions under the standard condition. This statement must be readily accessible on distributors' websites, and they must provide a copy free of charge to anyone who requests it. We note the concern that some customers do not have access to the internet and we have included a requirement to take all reasonable steps to inform customers annually of the existence of the statement and how it can be obtained.

SLC 23: Record of and report on Performance

SLC: 23 (1)

Provision: The licensee shall keep a record of its general operation of the arrangements mentioned in standard conditions 17 to 22 and if the Authority so directs in writing, of its operation of any particular cases specified, or of a description specified, by the Authority.

REDRAFT/MOVE

To PLC 11.1

Working group's proposal: To redraft the provision so that it specifies that "the licensee must provide the Authority and the Consumer council with information which it considers relates to matters that it reasonably considers are relevant to the licensee's dealings". This redrafted provision in PLC 11.1 also lists the proposed conditions under which the provision is relevant.

SLC: 23 (2) Provision: The licensee shall keep a statistical record of its performance in relation to the provision of services to domestic customers.

REDRAFT/MOVE

To PLC 11.3

Working group's proposal: To retain the spirit of the provision and move to PLC 11.3 which states that the "information provided by the licensee... must be in the form of a statistical record". The working group considers that the provision to keep a statistical record is therefore kept as the licensee would have had to keep such a record in order to present such a record to Authority"

SLC: 23 (3) Provision: The licensee shall, from time to time as required by the Authority, provide to the Authority and to the Consumer Council such of the information contained in the records prepared in accordance with paragraphs 1 and 2 as the Authority may request in writing.

REDRAFT/MOVE

To PLC 11.1

Working group's proposal: To redraft the provision and move it to be incorporated to PLC 11.1 where the type of information to which it refers is clearly laid out, which avoids the need for cross referencing. The information that will be required will be set out in a direction, issued following consultation with the licensee and the Consumer Council and it must be in statistical form.

SLC: 23 (4) Provision: As soon as is reasonably practicable after the end of each calendar year, the licensee shall submit to the Authority and the Consumer Council a report dealing with the matters mentioned in paragraphs 1 and 2 in relation to that year and shall:

- (a) publish the report so submitted in such manner as will in the reasonable opinion of the licensee secure adequate publicity for it; and
- (b) send a copy of it free of charge to any person requesting one,

except that, in performing its Obligations under sub-paragraphs (a) and (b), the licensee shall exclude from the report such information as appears to it to be necessary or expedient to ensure that, save where they consent, individual domestic customers referred to therein cannot readily be identified.

**REDRAFT/MOVE/
REMOVE**

To PLC 11.3

Working group's proposal: To remove the provision to publish an annual report. However we would expect distributors as part of normal customer service to signpost enquirers to Ofgem or their own website for statistical information which has been published. The licence will be redrafted so that the requirement is simply to submit a report "at such intervals of time as the Authority may direct, for the purposes of this condition generally in consultation with the licensee and consumer council".

SLC: 23 (5)

Provision: The report shall be presented, so far as is reasonably practicable, in a standard form designated by the Authority for the purposes of this condition.

REDRAFT/MOVE

To PLC 11.3

Working group's proposal: To redraft the provision from the proposed licence and move to PLC 11.3

SLC 24: Provision of Information to the Authority

SLC: 24 (1)

Provision: Subject to paragraphs 5 and 7, the licensee shall furnish 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 reasonably require or as may be necessary for the purpose of performing:

- (a) the functions conferred on it by or under the Act; and
- (b) any functions transferred to or conferred on it by or under the Utilities Act 2000.

REDRAFT/MOVE

To PLC 6.1

Working group's proposal: To redraft the provision so that rather than refer to the Act and Utilities Act, just make reference to "any legislation". The working group considers that the redrafting makes the provision clearer.

SLC: 24 (2)

Provision: The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in a form specified by the Authority that that ultimate controller ("the information covenantor") will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the information covenantor (other than the licensee and its subsidiaries) will give to the licensee, all such information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such undertaking shall be obtained within 7 days of such corporate body or other person in question becoming an ultimate controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ultimate controller of the licensee.

REDRAFT/MOVE

To PLC 6.2, 6.3 & 6.4

Working group's proposal: To redraft the provision and split it out quite considerably into separate provisions. The requirement to procure a

legally enforceable ultimate controller undertaking is moved to PLC 6.2. The provision to provide “all such necessary information” under legislation to allow the licensee to comply with the condition is moved to PLC 6.3. Whilst the time constraints on the provisions are moved and split into PLC 6.4. The working group considers that this redrafting makes the provisions clearer and far easier to follow.

SLC: 24 (3)

Provision: The licensee shall deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with the obligation to procure undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.

REDRAFT/MOVE

To PLC 6.5

Working group's proposal: To redraft the provision and move it to PLC 6.5 where it is to be split out so that it is clear that the requirements on the licensee when they obtain an information order are (a) they must give the Authority evidence of the undertaking without delay and (b) that at all times they must comply with any directions the Authority may have given to enforce that undertaking. The working group considers that this is a more logical and clearer way to explain the provisions.

SLC: 24 (4)

Provision: The licensee shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or, where the ultimate controller is a corporate body, any of the subsidiaries of such a corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:

- (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
- (b) there is an unremedied breach of such undertaking; or
- (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.

REDRAFT/MOVE

To PLC 6.6

Working group's proposal: To retain the provision with minor redrafting so as to specify that the undertaking is an “Information undertaking”, and moved to PLC 6.6

SLC: 24 (5)

Provision: The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 47 of the Act.

RETAIN/MOVE

To PLC 6.9(a)

Working group's proposal: To retain the provision and move to PLC 6.9 (a).

SLC: 24 (6)

Provision: The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as holder of an electricity distribution licence) which the Authority proposes to publish pursuant to section 48 of the Act.

RETAIN/MOVE

To PLC 6.10

Working group's proposal: To retain the provision with slight redrafting which removes the reference to "advice" and moved to PLC 6.10. It is proposed to remove the reference to 'advice' because providing reasoned comments on any information is sufficient for the provision to remain effective.

SLC: 24 (7)

Provision: This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

RETAIN/MOVE

To PLC 6.9(b)

Working group's proposal: To retain the provision and move it to PLC 6.9 (b)

SLC: 24 (8)

Provision: The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

REDRAFT/MOVE

To PLC 6.7 & 6.8

Working group's proposal: To redraft the provision so that it is split out into the statement that the Authority's call for information under the condition is pursuant to any other condition (PLC 6.7) whilst the second part of the provision is moved to PLC 6.8. The working group has highlighted the possibility that these provisions could be removed altogether pending views from consultation. The working group considers that it adds little to the licence.

SLC 25: Long Term development Statement

SLC: 25 (1)

Provision: The purposes of this condition are:

- (a) to secure the provision by the licensee of information which will assist any person who contemplates entering into distribution arrangements with the licensee to identify and evaluate the opportunities for doing so; and
- (b) to ensure the general availability of such information in the public domain.

RETAIN

As PLC 25.1

Working group's proposal: To retain the provision with minor redrafting so that rather than refer to "distribution arrangements", the provision specifically mentions arrangements "that relates to Use of system or connections". The working group considered that this was clearer and contained more detail on what "distribution arrangements" actually referred to.

SLC: 25 (2)

Provision: Where the Authority gives the licensee a direction to do so, the licensee shall prepare and maintain a statement in such form as may be specified in the direction for the purposes of this condition generally, containing, with respect to each of the 5 succeeding years on a rolling basis beginning with 1st April in any year, such information as it is reasonably practicable for the licensee to provide which identifies or relates to the matters specified in paragraph 4.

REDRAFT/MOVE

To PLC 25.2 & 25.4

Working group's proposal: To redraft the provision so that it is split out into two separate parts. The requirement to prepare a statement remains in PLC 25.2 (where it is named as the Long term development statement). The requirement for the statement to contain the information for "each of the five succeeding years" is retained and moved to PLC 25.4. The working group considers that this is a more logical order and through splitting the provisions out, makes the licence clearer and easier to follow.

SLC: 25(3)

Provision: The direction specified in paragraph 2 may be given by the Authority at any time during a year. Any statement to be prepared by the licensee pursuant to paragraph 2 shall be prepared within 3 months of the giving of the direction. The licensee shall be obliged to include in the first such statement prepared the information referred to in paragraph 2 with respect to each year of the 5 succeeding years on a rolling basis beginning with 1st April of the year in which the direction is given.

REDRAFT/MOVE

To PLC 25.5(a)

Working group's proposal: To redraft the proposal so that the provision to prepare the statement within 3 months of receiving a direction, is moved to PLC 25.5 (a). The second part of the existing provision is covered in PLC 25.4. The working considers that this avoids repetition and consequently condenses the licence.

SLC: 25 (4)

Provision: The matters referred to at paragraph 2 are:

- (a) the use likely to be made of the licensee's distribution system;
- (b) the likely development of the licensee's distribution system;
- (c) the likely development of those facilities which the licensee expects to be taken into account from time to time in determining charges for making connections to its distribution system and for use of system;
- (d) the licensee's plans for modifying its distribution system, including works which it expects to be carried out for that purpose within the forthcoming 2 years (from the date of the statement);
- (e) the identification of those parts of the licensee's distribution system which are likely to reach the limit of their capability during the succeeding 5 year period, including those parts which may experience thermal overloading, voltage problems or excess fault levels;
- (f) the licensee's plans to alleviate or rectify any predicted shortcomings in the operation and/or capability of its distribution system; and
- (g) (where applicable) how the actual developments in the recent past compared with the licensee's plans contained in previous statements.

RETAIN/MOVE

To PLC 25.3

Working group's proposal: To retain the provision and move to PLC 25.3

SLC: 25 (5)

Provision: Any statement to be prepared by the licensee pursuant to paragraph 2 shall be prepared within 3 months of the giving of the relevant direction.

REMOVE

Working group's proposal: To remove the provision from the proposed licence. The working group considers that the provision is already covered in PLC 25.5 (b).

SLC: 25 (6)

Provision: Except in so far as the Authority otherwise consents, the licensee shall on an annual basis prepare a revision of any statement prepared under paragraph 2 so as to ensure that, so far as is reasonably practicable, the information in the revised statement is up to date.

RETAIN/MOVE

To PLC 25.5(b)

Working group's proposal: To retain the provision and move it to PLC 25.5 (b).

SLC: 25 (7)

Provision: The licensee shall, subject to any requirement to comply with the listing rules (within the meaning of Part IV of the Financial Services Act 1986) of The Stock Exchange and with paragraph 8 –

- (a) furnish the Authority with a copy of the statement prepared under paragraph 2 and of each revision of the statement prepared under paragraph 6;
- (b) in such form and manner as the Authority may direct, publish such a summary of the statement or, as the case may be, of a revision of the statement as will assist a person in deciding whether to ask for a copy of the statement;
- (c) prepare a version of the statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 8 and send a copy thereof to any person who asks for one and makes such payment to the licensee in respect of the cost thereof as it may require not exceeding such amount as the Authority may from time to time approve for the purposes hereof.

RETAIN

As PLC 25.7

Working group's proposal: To retain the proposal as PLC 25.7 with minor redrafting so that "furnish" becomes "provide".

SLC: 25 (8)

Provision: In complying with the requirements of paragraph 7(b), the licensee shall have regard to the need for excluding, so far as is practicable, any matter which relates to the affairs of a person where the publication of that matter would or might seriously and prejudicially affect his interests.

RETAIN

As PLC 25.8

Working group's proposal: To retain the provision as PLC 25.8.

SLC: 25 (9)

Provision: Any question arising under paragraph 8 as to whether the publication of some matter which relates to the affairs of a person would or might seriously and prejudicially affect his interests shall be determined by the Authority.

RETAIN

As PLC 25.9

Working group's proposal: To retain the provision as PLC 25.9 with minor redrafting so that rather than refer to being "determined" by the Authority, it is "resolved" by the Authority.

SLC: 25 (10)

Provision: A direction given under paragraph 2 is only effective where the Authority has informed the licensee of its intention to do so in a notice which:

- (a) states the date on which it is proposed that the direction should take effect;
- (b) sets out the proposed contents of the direction with respect to the form in which the statement is to be prepared and maintained for the purposes of this condition;
- (c) specifies the time (not being less than 28 days from the date of the notice) within which representations with respect to the proposed direction may be made,

and has considered any representations which are duly made by the licensee and are not withdrawn

RETAIN/MOVE

To PLC 25.6

Working group's proposal: To retain the provision and move to PLC 25.6.

SLC: 25 (11)

Provision: Any consultation undertaken by the Authority with the holder of a licence granted under section 6(1)(c) of the Act before the determination of this standard condition by the Secretary of State pursuant to section 33(1) of the Utilities Act 2000 shall be effective for the purposes of paragraph 10.

REMOVE

Working group's proposal: To remove from the proposed licence as it is covered within the interpretation in PLC 2.

SLC: 25 (12)

Provision: In this condition, “distribution arrangements” includes distribution arrangements which relate to –

- (a) the utilisation of the licensee’s distribution system; and
- (b) connections to the licensee’s distribution system.

REMOVE

Working group’s proposal: To remove from the proposed licence as “distribution arrangements” has been omitted from PLC 25.1 and replaced with a full definition in PLC 1, negating the need for this interpretation paragraph.

SLC 26: Compliance with CUSC

SLC: 26 (1)

Provision: Insofar as the licensee distributes or offers to distribute to any premises situated in Great Britain, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC.

REDRAFT/MOVE

Working group’s proposal: This paragraph is redrafted and moved to PLC 20.3. The proposed condition removes the provision to be a party to the CUSC Framework Agreement. Instead parties must be a party to and comply with the CUSC.

To PLC 20.3

SLC: 26 (2)

Provision: The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment) as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.

REDRAFT/MOVE

Working group’s proposal: This paragraph is redrafted and moved to PLC 20.4 and 20.5.

To PLC 20.4 & 20.5

SLC: 26 (3)

Provision: For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 20.6.

To PLC 20.6

SLC: 26 (4)

Provision: In this condition:

"core industry documents"

means those documents which have been designated by the Secretary of State as such.

"CUSC"

means the Connection and Use of System Code required to be in place pursuant to the transmission licence granted to the system operator, as from time to time modified.

"CUSC Framework Agreement"

means the agreement of that title, in the form approved by the Secretary of State, by which the CUSC is made contractually binding between the parties to that agreement, as amended from time to time with the approval of the Secretary of State.

REDRAFT/MOVE/
REMOVE

Working group's proposal: The definition for "CUSC" is redrafted and moved to PLC 1.3. The definition of core industry documents is removed (it does reappear in the licence with a different meaning). The definition for "CUSC Framework Agreement" is removed.

SLC 27: Not in Use

REMOVE

Working group's proposal: To remove the condition from the proposed licence

SLC 28: Not in Use

REMOVE

Working group's proposal: To remove the condition from the proposed licence

SLC 29: Disposal of Relevant Assets

SLC: 29 (1)

Provision: The licensee shall not dispose of or relinquish operational control over any relevant asset otherwise than in accordance with the following paragraphs of this condition

REDRAFT/MOVE

Working group's proposal: To redraft the provision to make clear that the licensee must not take any action to dispose or relinquish operational control of any relevant asset other than where the condition specifies. The working group considers that this makes the provision clearer and easier to understand.

To PLC 26.1

SLC: 29 (2)

Provision: Save as provided in paragraph 3, the licensee shall give to the Authority not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.

RETAIN/MOVE

Working group's proposal: To retain the proposal and move to PLC 26.2 (a).

To PLC 26.2 (a)

SLC: 29 (3)	<u>Provision:</u> Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over any relevant asset: <ul style="list-style-type: none"> (a) where: <ul style="list-style-type: none"> (i) the Authority has issued directions for the purposes of this condition containing a general consent (whether or not subject to conditions) to: <ul style="list-style-type: none"> (aa) transactions of a specified description; or (bb) the disposal of or relinquishment of operational control over relevant assets of a specified description; and (ii) the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject; or (b) where the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation
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REDRAFT/MOVE Working group's proposal: To redraft the paragraph so that part (a) becomes PLC 26.4 and part (b) becomes PLC 26.5. SLC 29(3) provides for the Authority to issue a direction containing a general consent. In practice such a consent exists and for consistency and transparency it is proposed that its terms are captured in the standard licence. They have therefore been introduced as an Appendix to PLC 26.

To PLC 26.4 and 26.5

SLC: 29 (4)	<u>Provision:</u> Notwithstanding paragraph 1, the licensee may dispose of or relinquish operational control over any relevant asset as is specified in any notice given under paragraph 2 in circumstances where: <ul style="list-style-type: none"> (a) the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to the acceptance by the licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished to) of such conditions as the Authority may specify; or (b) the Authority does not inform the licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.
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REDRAFT/MOVE/ Working group's proposal: To redraft the provision and to move part (a) to PLC 26.3 and part (b) to PLC 26.2 (b)

REMOVE

To PLC 26.2 (b) &
26.3

SLC: 29 (5)Provision:

“disposal” means:

(a) in relation to disposal of a relevant asset situated in England and Wales includes any sale, gift, exchange, assignment, lease, licence, loan, mortgage, charge, or grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition;

(b) in relation to disposal of a relevant asset situated in Scotland includes the grant of any disposition, conveyance, contract of excambion, any lease, assignation, licence, the grant of any right of possession, loan, standard security, floating charge to a third party, or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered interest in land

and “dispose” and cognate expressions shall be construed accordingly;

includes, without limitation, entering into any agreement or arrangement whereby operational control of a relevant asset or relevant assets is not or ceases to be under the sole management of the licensee

REDRAFT/MOVE

Working group’s proposal: To redraft the provision so that the difference references to England & Wales as opposed to Scotland are removed and replaced with a single interpretation which relates to both England and Wales and Scotland.

To PLC 26.6

SLC 30 – Not used**SLC: 30**

REMOVE

SLC 30B: BETTA run-off arrangements scheme**SLC: 30B (1)**

Provision: 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.

REMOVE

Working group’s proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete.

SLC: 30B (2)

Provision: 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 modification 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (3)

Provision: 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (4)

Provision: 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (5)

Provision: 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (6)

Provision: 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (7)

Provision: 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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (8)

Provision: 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).

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (9)

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

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC: 30B (10)

Provision:

"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 275 kV and 400 kV circuits between and including the associated switchgear at Harker substation in Cumbria and the associated switchgear at Strathaven substation in Lanarkshire;

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

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

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

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

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

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

“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

the use of, or connection to, a distribution or 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 that meaning given to it in standard condition 12 (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.

REMOVE

Working group's proposal: To remove the provision from the proposed licence as BETTA run off arrangements are now obsolete

SLC 31A Compulsory Acquisition of land ect

SLC: 31A (1)

Provision: The powers and rights conferred by or under the provisions of Schedule 3 to the Act (Compulsory Acquisition of Land etc. by Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which:

- (a) are comprised within its distribution business; and
- (b) are carried on within the distribution services area or necessitate the use of the licensee's distribution system, including any extension of or addition to the licensee's distribution system, whether or not connected to such system.

REDRAFT/MOVE
To PLC 28.2 & 28.3
(a)

Working group's proposal: To maintain the provision and split the proposal out into PLC 28.2 and PLC 28.3. Where the use of powers and rights is contained in PLC 28.2 and the provisions for these powers listed in 28.3 (a). It is also proposed that sub-paragraphs (a) and (b) of SLC 31A are removed. The redrafting enables for a consolidation with SLC 31 B so as to deal with the application of all relevant statutory powers under the licence. The working group considers that this reduces the need for repetition within the licence and consequently condenses it.

SLC 31B Other Powers

SLC: 31B (1)

Provision: The powers and rights conferred by or under the provisions of Schedule 4 to the Act (Other Powers etc. of Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which:

- (a) are comprised within its distribution business; and
- (b) are carried on within the distribution services area or necessitate the use of the licensee's distribution system, including any extension of or addition to the licensee's distribution system, whether or not connected to such system.

REDRAFT/MOVE
To PLC 28.2 & 28.3
(b)

Working group's proposal: To maintain the provision and split the proposal out into PLC 28.2 and PLC 28.3. Where the use of powers and rights is contained in PLC 28.2 and the provisions for these powers listed in 28.3 (b). It is also proposed that sub-paragraphs (a) and (b) of SLC 31B are removed. The redrafting enables for a consolidation with SLC 30A so as to deal with the application of all relevant statutory powers under the licence. The working group considers that this reduces the need for repetition within the licence and consequently condenses

it.

SECTION C: DISTRIBUTION SERVICES OBLIGATIONS

SLC 32: Interpretation of Section C (Distribution Services Obligations)

SLC: 32 (1)

In this Section of the standard conditions, unless the context otherwise requires:

“data transfer catalogue”

has the meaning given at paragraph 4(c) of standard condition 37 (The Metering Point Administration Service and the Master Registration Agreement).

“data transfer service”

means the data transfer service and service facility to be established, operated and maintained by the licensee, in conjunction and co-operation with all other distribution services providers, in accordance with and comprising the elements set out in standard condition 38 (Establishment of a Data Transfer Service).

“permitted purpose”

means the purpose of all or any of the following:

- (a) the distribution business or any other business or activity within the limits of paragraph 4 of standard condition 43 (Restriction on Activity and Financial Ring Fencing);
- (b) any business or activity to which the Authority has given its consent in writing in accordance with paragraph 3 (d) of condition 43; and
- (c) without prejudice to the generality of sub-paragraph (a), any payment or transaction lawfully made or undertaken by the licensee for a purpose within sub-paragraphs 1(b)(i) to (vii) of standard condition 47 (Indebtedness);

REMOVE

Working group's proposal: SLC 32 has been removed because the proposed licence does not have a Section C. The definitions described above are now redrafted and found in PLC 1 “Definitions for the standard conditions”.

SLC 32A: Convenience Customers

SLC: 32A (1)

The licensee shall establish and maintain an accurate list of any convenience customers.

RETAIN/MOVE

Working group's proposal: To retain the provision and move to PLC 35 as part of the ‘Effect of the application of Section B’ condition

To PLC 35.4

SLC: 32A (2) The licensee shall update the list referred to in paragraph 1 at least once in every period of 12 months.

RETAIN/MOVE Working group's proposal To retain the provision and move to PLC 35 as part of the 'Effect of the application of Section B' condition

To PLC 35.4

SLC 33: Not used

SLC: 33

REMOVE

SLC 34: No longer in effect

SLC: 34

REMOVE

SLC 35: Not used

SLC: 35

REMOVE

SLC 36: Requirement to Offer Terms for Legacy Basic Meter Asset Provision

SLC: 36 (1) Provision: This condition has effect on and after 1 April 2007.

REMOVE Working group's proposal: Paragraph (1) is no longer necessary because SLC 36 is already in effect.

SLC: 36 (2) Provision: Without prejudice to the provisions of paragraph 12, this condition sets out the obligations of the licensee relating to the service of legacy basic meter asset provision.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.1. It is intended that the words "Without prejudice to the provisions of

paragraph 11" are removed as the PLC clearly signposts those paragraphs referring to 'Relief of the licensee from the provision.'

To PLC 37.1

SLC: 36 (3)

Provision: For the purposes of this condition, the service of legacy basic meter asset provision comprises the provision of metering equipment (which, at the discretion of the licensee, may be metering equipment which is owned by him or by any person other than the person making the application under paragraph 6), where such equipment has been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee on 1 June 2003

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 37.2.

To PLC 37.2

SLC: 36 (4)

Provision: In relation to the licensee's discharge of its obligations under conditions 36 to 36D of this licence:

- (a) the service of basic meter asset provision provided pursuant to paragraph 3(a) shall be of the same functionality as that of the service provided pursuant to paragraph 1(a) of condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services) of this licence in the form in which it was in force on 1 June 2003; and
- (b) the services of basic meter operation provided pursuant to paragraph 3(b) shall be of the same standard of performance, quality and timeliness as that of the services provided pursuant to paragraph 1(b) of condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services) of this licence in the form in which it was in force on 1 June 2003.

REMOVE

Working group's proposal: To remove the provision from the proposed condition as it dealt with in PLC 1 (definitions)

SLC: 36 (5)

Provision: For the purposes of paragraph 3, what is meant in any particular case by "the same functionality" or "the same standard of performance, quality and timeliness" shall be a question of fact.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 37.3.

To PLC 37.3

SLC: 36 (6) Provision: On application made by any person, the licensee shall (subject to paragraph 8), where the person making the application is able to establish to the reasonable satisfaction of the licensee that the meters in question are required for use in relation to metering points within the distribution services area of the licensee, offer to enter into an agreement for providing the service described in paragraph 3.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.4 and 37.5.

To PLC 37.4 & 37.5

SLC: 36 (7) Provision: In making an offer pursuant to this condition to enter into any agreement, the licensee shall set out:

- (a) the date by which the services required will be provided (time being of the essence, unless otherwise agreed between the parties);
- (b) the charges to be paid in respect of the services required, such charges (unless manifestly inappropriate) being:
 - (i) presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 of standard condition 36C (Basis of Charges for Basic Metering Services and Data Services: Requirements for Transparency) or any revision thereof; and
 - (ii) set in conformity with the requirements of standard condition 36C (Basis of Charges for Basic Metering Services and Data Services: Requirements for Transparency); and
- (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purposes of the agreement.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.6 except for sub paragraphs (b)(i) and (ii) which become PLC 37.7.

To PLC 37.7

SLC: 36 (8) Provision: The licensee shall offer terms for agreements in accordance with paragraph 5 as soon as practicable and (except where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee (or its agent) from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.8.

To PLC 37.8

SLC: 36 (9)

Provision: The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if to do so would be likely to involve the licensee in being:

- (a) in breach of its duties under section 9 of the Act;
- (b) in breach either of any regulations made under section 29 of the Act or of any other enactment relating to safety or standards that is applicable in respect of the distribution business;
- (c) in breach of the Grid Code or any Distribution Code; or
- (d) in breach of the conditions.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.12.

To PLC 37.12

SLC: 36 (10)

Provision: The licensee shall undertake each of the services referred to in paragraph 3 in the most efficient and economic manner practicable having regard to the alternatives available and the other requirements of the licence and of the Act insofar as they relate to the provision of those services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 37.13.

To PLC 37.13

SLC: 36 (11)

Provision: In providing any of the services referred to in paragraph 3, the licensee shall not restrict, distort or prevent competition in the supply of electricity.

REDRAFT/MOVE Working group's proposal: This paragraph is now covered by PLC 4.2

To PLC 4.2

SLC: 36 (12)

Provision: Where, in relation to any metering point within the licensee's distribution services area, a person (including, if that person is a company, an affiliate or a related undertaking of the company) who is party to an agreement with the licensee for the provision of the service of legacy basic meter asset provision pursuant to this condition appoints, in accordance with the provisions of the Master Registration Agreement, a provider other than the licensee of the service described at paragraph 3, the licensee (notwithstanding anything in this condition) shall be under no obligation thereafter to offer to enter into any such agreement with that person for the provision of that service in relation to that metering point.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 37.9 and 37.10.

To PLC 37.9 & 37.10

SLC: 36 (13)

Provision: An appointment made in accordance with the provisions of the Master Registration Agreement, after 28 June 2004 and before this condition takes effect, of a provider other than the licensee of any of the services provided pursuant to paragraph 1(a) or (b) of condition 36B (Requirement to Offer Terms for the Provision of Distributor Metering and Data Services) of this licence in the form in which it was in force on 1 June 2003 shall be treated, for the purposes of paragraph 12 of this condition, as an appointment which did not have effect until 1 April 2005.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 37.11.

To PLC 37.11

SLC: 36 (14)

Provision: For the avoidance of doubt, nothing in this condition:

- (a) affects the continuing obligations of the licensee in respect of the provision of the services of basic meter asset provision and/or basic meter operation for each and every metering point within its distribution services area at which the circumstances specified in paragraph do not apply; or
- (b) prevents the licensee from offering to enter into and entering into an agreement with any person, whether on the application of that person under paragraph 0 or otherwise, for the provision of the service of basic meter asset provision or the services of basic meter operation of a functionality or (as the case may be) standard of performance, quality and timeliness higher than that provided previously within the meaning of paragraph 0.

REMOVE

Working group's proposal: To remove the provision as it is now obsolete

SLC: 36 (15)

Provision: The obligations of the licensee in relation to the provision of:

- (a) the service of basic meter asset provision (except for meters provided prior to 31 March 2007); and
- (b) the services of basic meter operation,

pursuant to this condition shall cease to have effect on 31 March 2007 unless the Authority issues a direction for the purposes of this condition not less than six months before that date that it considers that the cessation of those obligations would be likely to be detrimental to the interests of consumers.

REMOVE

Working group's proposal: To remove the provision as it is now obsolete

SLC: 36 (16)

Provision: For the avoidance of doubt, references to "meter" in this condition and conditions 36A to 36D do not include references to any meter or metering equipment that is configured to record the quantity of electricity supplied to premises during each half-hour period of supply.

REMOVE

Working group's proposal: To remove the provision as it is now obsolete

SLC 36 A: Requirement to Offer terms for the provision of Data

SLC: 36A (1)

Provision: The purpose of this condition is to set out the provisions of the licensee relating to the provision of data services.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 38.1.

To PLC 38.1

Provision: For the purposes of this condition, data services comprise:

SLC: 36A (2)

- (a) metering point administration services pursuant to and in accordance with the provisions of the Master Registration Agreement; and
- (b) data transfer services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.2.

To PLC 38.2

SLC: 36A (3)

Provision: On application made by any person, the licensee shall (subject to paragraph 7) offer to enter into an agreement for the provision within its distribution services area of metering point administration services pursuant to and in accordance with the provisions of the Master Registration Agreement.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.3.

To PLC 38.3

SLC: 36A (4)

Provision: On application made by any person, the licensee shall (subject to paragraph 7) offer to enter into an agreement for the provision of data transfer services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.4.

To PLC 38.4

SLC: 36A (5)

Provision: In making an offer pursuant to this condition to enter into any agreement, the licensee shall set out:

- (a) the date by which the services required shall be provided (time being of the essence, unless otherwise agreed between the parties);
- (b) the charges to be paid in respect of the services required, such charges (unless manifestly inappropriate) being:
 - (i) presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 of standard condition 36C (Basis of Charges for Legacy Basic Meter Asset Provision and the Provision of Data Services: Requirements for Transparency) or any revision thereof, and

(ii) set in conformity with the requirements of standard condition 36C (Basis of Charges for Legacy Basic Meter Asset Provision and the Provision of Data Services: Requirements for Transparency); and

(c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purposes of the agreement.

REDRAFT/MOVE Working group's proposal: Sub-paragraphs (a), (b) and (c) are redrafted and become PLC 38.6. Sub-paragraphs (b)(i) and (ii) are re-drafted into a new paragraph, PLC 38.7. This is to improve the clarity and readability of the provision.

To PLC 38.6 and
38.7

SLC: 36A (6) Provision: The licensee shall offer terms for agreements in accordance with paragraph 3 and 4 as soon as practicable and (except where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee (or its agent) from any person of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.8.

To PLC 38.8

SLC: 36A (7) Provision: The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement if to do so would be likely to involve the licensee in being:

- (a) in breach of its duties under section 9 of the Act;
- (b) in breach either 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 distribution business;
- (c) in breach of any Grid Code or Distribution Code; or
- (d) in breach of the conditions.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.9.

To PLC 38.9

SLC: 36A (8) Provision: The licensee shall undertake each of the services referred to in paragraph 2 in the most efficient and economic manner practicable having regard to the alternatives available and the other requirements of the licence and of the Act insofar as they relate to the provision of those services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.10.

To PLC 38.10

SLC: 36A (9) Provision: In the provision of any of the services referred to in paragraph 2, the licensee shall not restrict, distort or prevent competition in the supply of electricity.

REDRAFT/MOVE Working group's proposal: This paragraph is now covered by PLC 4.2. The virtue of this redraft is that it avoids the repetition of provisions to restrict, distort or prevent competition across multiple licence conditions

To PLC 4.2

SLC: 36A (10) Provision: The services referred to in paragraph 2 shall collectively be referred to as the data services. For the avoidance of doubt, data services as referred to in this licence exclude the services of data aggregation, data processing and data retrieval.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.13.

To PLC 38.13

SLC: 36A (11) Provision: In this condition:

“data aggregation”

means services comprising any or all of the following:

the collation and summation of meter reading data (whether actual or estimated) and of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for settlement purposes.

“data processing”

means services comprising any or all of the following:

the processing, validation and estimation of meter reading data, and the creation, processing and validation of data in respect of the consumption of electricity at premises which receive an unmetered supply, and the delivery of such data to any person for the purpose of data aggregation.

“data retrieval”

means services comprising any or all of the following:

the retrieval and verification of meter reading data from electricity meters and the delivery of such data to any person for the purpose of data processing

REDRAFT/MOVE Working group's proposal: The definitions described by this paragraph are now redrafted into PLC 1.3 to ensure they are more accessible and also to avoid unnecessary repetition.

To PLC 1.3

SLC 36B: Non-Discrimination in Legacy Basic Meter Asset Provision and in the Provision of Data Services

SLC: 36B (1)

Provision: In legacy basic meter asset provision and the provision of data services, the licensee shall not discriminate between any persons or class or classes of person.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted so that licensees must not show ‘undue’ preference or discrimination. The working group considered that this change better reflected what the provision was intended to achieve, ie that it permits discrimination so long that it is justified. The provision is also being moved to PLC 42.1.

To PLC 42.1

SLC: 36B (2)

Provision: Without prejudice to paragraph 1, and subject to the provisions of standard condition 36C (Basis of Charges for Legacy Basic Meter Asset Provision and the Provision of Data Services: Requirements for Transparency), the licensee shall not make charges for legacy basic meter asset provision and the provision of data services to any person or class or classes of person which differ from the charges for such provision to any other person or class or classes of person except insofar as such differences reasonably reflect differences in the costs associated with such provision.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 42.2.

To PLC 42.2

SLC 36C: Basis of Charges for Legacy Basic Meter Asset Provision and the Provision of Data Services: Requirements for Transparency

SLC: 36C (1) Provision: The licensee shall as soon as practicable prepare statements in a form approved by the Authority setting out the basis upon which charges will be made for legacy basic meter asset provision and the provision of data services, in each case in such form and with such detail as shall be necessary to enable any person to make a reasonable estimate of the charges which the person would become liable to pay for the provision of such services and of the other terms, likely to have a material impact on the conduct of the person's business, upon which the services would be provided and (without prejudice to the foregoing) including the information required under paragraph 2.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and becomes PLC 39.1 and 39.2(a). The redraft is intended to improve the clarity and readability.

To PLC 39.1 & 39.2
(a)

SLC: 36C (2) Provision: The statements referred to at paragraph 1 shall include a schedule of charges for legacy basic meter asset provision and the provision of data services respectively, together with an explanation of the methods by which and the principles on which such charges will be calculated.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.2(b).

To PLC 39.2 (b)

SLC: 36C (3) Provision: The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under paragraph 1 to such extent and subject to such terms and conditions as the Authority may specify in that direction.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.7. The proposed condition loses the requirement for such a direction to be made only where the licensee has made a written request as derogations would only be issued upon the specific request of a licensee. However, the redrafted PLC 39.7 introduces a provision on the Authority to consult with the licensee and any other Authorised Electricity Operator likely to be materially affected.

To PLC 39.7

SLC: 36C (4) Provision: The licensee shall not in setting its charges for, or in setting the other terms that will apply to, legacy basic meter asset provision and the provision of data services, restrict, distort or prevent competition in the generation, distribution or supply of electricity or in the provision of meter

equipment, meter maintenance or data retrieval services.

REDRAFT/MOVE Working group's proposal: This paragraph is now covered by PLC 4.2, The virtue of this redraft is that it avoids the repetition of provisions to restrict, distort or prevent competition across multiple licence conditions.

To PLC 4.2

SLC: 36C (5) Provision: The licensee:

- (a) shall, at least once in every year, review the information set out in the statements prepared in accordance with paragraph 1 in order to ensure that the information set out in them continues to be accurate in all material respects; and
- (b) may, with the approval of the Authority, from time to time alter the form of such statements.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.3.

To PLC 39.3

SLC: 36C (6) Provision: The licensee shall send a copy of any statement prepared in accordance with paragraph 1, and of each revision of such statement, to the Authority.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.4. However, the provision to send a copy of each revision of the statements required under SLC 36C to the Authority has been removed because PLC 39.1 states that the licensee must at all times have statements which have been approved by the Authority. Therefore any revisions to these statements must be sent to the Authority for approval.

To PLC 39.4

SLC: 36C (7) Provision: The licensee shall give or send a copy of any statement prepared in accordance with paragraph 1, or (as the case may be) of the latest revision of such statement, to any person who requests a copy.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.4

To PLC 39.4

SLC: 36C (8) Provision: The licensee may make a charge for any statement given or sent pursuant to paragraph 7 of an amount which shall not exceed the amount

specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing such statement.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 39.5.

To PLC 39.5

SLC 36D: Legacy Basic Meter Asset Provision and the Provision of Data Services – Functions of the Authority

SLC: 36D (1) Provision: 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 any person entitled or claiming to be entitled thereto pursuant to a request under standard condition 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) or standard condition 36A (Requirement to Offer Terms for the Provision of Data Services), the Authority may, on the application of such person or the licensee, settle any terms of the agreement in dispute between the licensee and that person in such manner as appears to the Authority to be reasonable, having (insofar as relevant) regard in particular to the following considerations:

- (a) 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 9 of standard condition 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) or paragraph 6 of standard condition 36A (Requirement to Offer Terms for the Provision of Data Services); and
- (b) 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 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) and standard condition 36A (Requirement to Offer Terms for the Provision of Data Services) should be in as similar a form as is practicable.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and becomes PLC 7.1, 7.2, 7.3(c) and 7.3(e). This paragraph has been redrafted to improve the clarity and readability of the provisions it describes.

To PLC 7.1, 7.2, 7.3
(c) & 7.3 (e)

SLC: 36D (2) Provision: Insofar as any person entitled or claiming to be entitled to an offer under standard condition 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) and condition 36A (Requirement to Offer Terms for the Provision of Data Services) wishes to proceed on the basis of the agreement as settled by the Authority pursuant to paragraph 1, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 7.4.

To PLC 7.4

SLC: 36D (3) Provision: If either party to such agreement proposes to vary the contractual terms of any agreement for the provision of services entered into pursuant to standard condition 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) or standard condition 36A (Requirement to Offer Terms for the Provision of Data Services) or this condition in any manner provided for under such agreement, the Authority may, at the request of that party, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 7.5.

To PLC 7.5

SLC: 36D (4) Provision: The Authority may (following consultation with the licensee) issue a direction relieving the licensee of its obligations under standard condition 36 (Requirement to Offer Terms for Legacy Basic Meter Asset Provision) or standard condition 36A (Requirement to Offer Terms for the Provision of Data Services) relating to such parts of those conditions and to such extent as may be specified in the direction.

REMOVE/
REDRAFT/MOVE Working group's proposal: To remove this provision providing for the special power to derogate. However the Authority is still able to consent to the licensee not having to apply with the provisions to, offer into an agreement for the provision of MPAS and data services within its distribution services area and to offer into an agreement to provide legacy basic metering equipment. This is drafted for in PLC 37.5, PLC 38.3 and PLC 38.4.

To PLC 37.5, PLC
38.3 & PLC 38.4

SLC 37: The Metering Point Administration Service and the Master Registration Agreement

SLC: 37 (1) Provision: The Metering Point Administration Service shall, where so requested, fulfil within the distribution services areas the functions set out in standard condition 14 (Provision of the Metering Point Administration Service and Compliance with the Master Registration Agreement) in respect of all premises connected to another distribution system within the distribution services area.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 38.3. As a consequence PLC 38.3 removes the apparent duplication of a provision found at this paragraph 37(1) and in SLC 36A(3).

To PLC 38.3

SLC: 37 (2) Provision: The licensee shall use its best endeavours, in conjunction and co-operation with all other distribution services providers, to prepare and maintain a form of agreement to be known as the Master Registration Agreement.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 23.1. The proposed paragraph replaces the current provision to prepare and maintain with a provision to ensure that the MRA is in force at 31 March 2008.

To PLC 23.1

SLC: 37 (3) Provision: The Master Registration Agreement shall be an agreement made between:

- (a) on the one part, the licensee and all other licensed distributors; and
- (b) on the other part:
 - (i) all electricity suppliers (or their agents) which require the provision of metering point administration services from at least one licensed distributor; and
 - (ii) such other persons as are, for settlement purposes, appropriate parties to the agreement.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 23.2.

To PLC 23.2

SLC: 37 (4) Provision: The Master Registration Agreement shall comprise:

- (a) terms for the provision of metering point administration services in accordance with the requirements of paragraph 3 of standard condition 14 (Provision of the Metering Point Administration Service and Compliance with the Master Registration Agreement) and the equivalent requirements in the distribution licences of all other licensed distributors;
- (b) provisions to facilitate, and procedures and practices to be followed by electricity suppliers in relation to changes of electricity supplier in respect of any premises;
- (c) a catalogue of definitions, flows and forms of such data as may require to be transferred by or to parties to the Master Registration Agreement, or as between any persons for settlement purposes or for any related purposes (the "data transfer catalogue");
- (d) arrangements for the variation of the Master Registration Agreement following consultation with the parties, or representatives of the parties, to that agreement;
- (e) provisions (which shall require to be approved in advance by the Authority) by virtue of which the whole or specified parts of the Master Registration Agreement shall not be capable of variation without the prior approval of the Authority; and
- (f) such other matters as are or may be appropriate for the development, maintenance and operation of an efficient, co-ordinated and

economical system for the supply of electricity and for the purpose of facilitating competition in electricity supply.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 23.3.

To PLC 23.3

SLC 38: Establishment of a Data Transfer Service

SLC: 38 (1)

Provision: The licensee shall use its best endeavours, in conjunction and co-operation with all other distribution services providers:

- (a) to establish, or to procure the establishment of, a service to be known as the data transfer service; and
- (b) subsequently to operate and maintain, or to procure the subsequent operation and maintenance of, such data transfer service in accordance with the provisions of this condition.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moves to PLC 40.1. The reference to 'best endeavours' has been removed.

To PLC 40.1

SLC: 38 (2)

Provision: The data transfer service shall:

- (a) provide a network over which may be made all of the electronic data transfers specified at paragraph 3;
- (b) operate and maintain that network; and
- (c) provide a connection to that network, on request, to any person who is or will be a party to any of the electronic data transfers specified at paragraph 3.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moves to PLC 40.2.

To PLC 40.2

SLC: 38 (3)

Provision: The electronic data transfers specified at this paragraph are those which are reasonably required for any of the purposes set out at paragraph 4 and which are made between:

- (a) a Metering Point Administration Service operator and an electricity supplier or any agent thereof;
- (b) a Metering Point Administration Service operator and any person identified in the Balancing and Settlement Code or the Settlement Agreement for Scotland as an appropriate person for the receipt of data from the Metering Point Administration Service operator for settlement purposes;
- (c) a transmission licensee (or any agent thereof) or Scottish Electricity Settlements Limited or its successor in title (or any agent thereof) and an electricity supplier (or any agent thereof);
- (d) an electricity supplier (or any agent thereof) and another electricity supplier (or any agent thereof);
- (e) an electricity supplier and any of its agents;
- (f) different agents of the same electricity supplier;
- (g) electricity suppliers (or their agents) and generators (or their agents) which are parties to the Settlement Agreement for Scotland; and
- (h) Scottish Electricity Settlements Limited or its successor in title (or any agent thereof) and any person (or any agent thereof) who is a party to or complies with the Settlement Agreement for Scotland.

REDRAFT/MOVE

To PLC 40.3 & 40.7

Working group's proposal: This paragraph is generally redrafted and moved to PLC 40.3. Sub-paragraphs (g) and (h) and other references to the Settlement Agreement for Scotland or Scottish Electricity Settlements Limited are removed as BETTA means that they are now obsolete. Also, references to 'any agent thereof' are removed from PLC 40.3 but are captured by PLC 40.7.

SLC: 38 (4)

Provision: The purposes of this paragraph are to:

- (a) meet obligations with respect to the transfer of data for settlement purposes;
- (b) communicate meter reading and meter standing data;
- (c) facilitate the provision of metering point administration services;
- (d) communicate distribution use of system information; and
- (e) fulfil such other requirements relating to the transfer of data as may be requisite for the supply of electricity to customers and compliance by electricity suppliers with the Master Registration Agreement.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 40.4.

To PLC 40.4

SLC: 38 (5) Provision: The data transfer service shall, where relevant, transmit data in a form which complies with the provisions of the data transfer catalogue.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 40.5.

To PLC 40.5

SLC: 38 (6) Provision: In fulfilling its obligations under paragraph 1 the licensee shall not, or (if appropriate) shall ensure that any third party acting on the licensee's instruction or behalf shall not, restrict, distort or prevent competition in the provision of meters, meter maintenance, data retrieval, data processing, data aggregation or prepayment meter services and markets for any of the distributor metering and data services.

REDRAFT/MOVE Working group's proposal: This paragraph is now covered by PLC 4.2

To PLC 4.2

SLC: 38 (7) Provision: Any obligation placed on the licensee under standard conditions 36A to 36C in respect of the provision of the data transfer service shall (for the purposes of those conditions) be treated as a requirement on the licensee to use its best endeavours, in conjunction and co-operation with all other distribution services providers, to fulfil that obligation or to procure the fulfilment of that obligation by a third party, and standard conditions 36A to 36C shall apply *mutatis mutandis* to the provision of data transfer services by the distribution services providers acting co-operatively and by means of procurement of third party services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 40.6. The provision to 'use its best endeavours' has been replaced by a provision to 'take all steps'.

To PLC 40.6

SLC: 38 (8) Provision: Further, in relation to the provision of data transfer services the reference at paragraph 1 of standard condition 36C (Functions of the Authority) to the licensee failing to enter into an agreement shall be a reference to the licensee, in conjunction with all other distribution services providers, failing to enter into, or failing to procure that a third party enters into, an agreement for the provision of those services.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 38.12.

To PLC 38.12

SLC: 38 (9)	<u>Provision:</u> In this condition: “Metering Point Administration Service operator”	means the licensee or any other distribution services provider in its capacity as a provider of metering point administration services.
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REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 40.7.

To PLC 40.7

SLC 39: Restriction on Use of Certain Information and Independence of the Distribution Business

SLC: 39 (1)	<u>Provision:</u> In this Condition and in Condition 40: ‘Confidential information’ means information relating to, or derived from, the distribution business which is not published or otherwise legitimately in the public domain; and ‘Relevant supplier or shipper’ means the holder of an electricity or gas supply licence or a gas shipper’s licence, which is an affiliate or related undertaking of the licensee.
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REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 43.11.

To PLC 43.11

SLC: 39 (2)	<u>Provision:</u> The licensee shall put in place and at all times maintain managerial and operational systems which prevent any relevant supplier or shipper from having access to confidential information except and to the extent that such information: (a) is made available on an equal basis to any gas or electricity supplier or gas shipper; (b) appertains to a customer who at the time to which the information relates was a customer of the relevant supplier; or (c) is of a type that has been confirmed by the Authority in writing as corporate.
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REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 43.1.

To PLC 43.1

SLC: 39 (3)

Provision: The licensee shall at all times manage and operate the distribution business in a way calculated to ensure that it does not restrict, prevent or distort competition in the supply of electricity or gas or the shipping of gas or the generation of electricity.

REDRAFT/MOVE

Working group's proposal: This paragraph is generally covered by PLC 4. However it also requires that licensees do not restrict, prevent or distort competition in the supply and shipping of gas. This provision is covered by PLC 43.2

To PLC 4.2 & 43.2

SLC: 39 (4)

Provision: Unless otherwise directed by the Authority, the licensee shall no later than 31 May 2002 have in place a statement (in this Condition "the statement"), approved by the Authority, describing the practices, procedures and systems which the licensee has adopted (or intends to adopt) to secure compliance with paragraphs 2 and 3.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 43.3. The paragraph is redrafted so that the licensee must 'at all times have in place a statement', as opposed to 'no later than 31 May 2002'.

To PLC 43.3

SLC: 39 (5)

Provision: Where the Authority does not indicate otherwise within 60 days of receipt of the statement, the statement shall be deemed to be approved by the Authority.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 43.4.

To PLC 43.4

SLC: 39 (6)

Provision: The statement shall in particular (but without prejudice to the generality of paragraphs 2 and 3) set out how the licensee shall:

- (a) maintain the full managerial and operational independence of the distribution business from any relevant supplier or shipper;
- (b) maintain the branding of the distribution business so that it is fully independent from the branding used by any relevant supplier or shipper;
- (c) secure that any arrangements for the use of or access to:

- (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the distribution business;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the distribution business also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the distribution business; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the distribution business,
- by any relevant supplier or shipper or by any person engaged in or in respect of the activities of such a relevant supplier or shipper shall be such as to prevent any breach of the requirements of those paragraphs; and

(d) manage the transfer of employees from the distribution business to any relevant supplier or shipper.

REDRAFT/MOVE Working group's proposal: Sub-paragraphs (a), (b) and (d) are redrafted as PLC 43.6 and sub-paragraph (c) is redrafted as PLC 43.7 and 43.8.

To PLC 43.6, 43.7 &
43.8

SLC: 39 (7) Provision: The licensee may, with the approval of the Authority, revise the statement prepared in accordance with paragraph 4.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 43.9.

To PLC 43.9

SLC: 39 (8) Provision: The licensee shall take all reasonable measures to ensure compliance with the terms of the statement as from time to time revised by the licensee and approved by the Authority.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 43.5. '... as from time to time revised by the licensee and approved by the Authority' has been removed because it is an unnecessary matter of fact statement already covered by PLC 43.3 and 43.9.

To PLC 43.5

SLC: 39 (9) Provision: The licensee shall publish a copy of the approved statement prepared in accordance with paragraph 4 (or the latest approved revision) on its company's website within fifteen working days of its approval by the Authority.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 43.10. The Provision to publish the statement on the licensee's website has changed from within fifteen working days to within twenty-one days to reflect the change from business days to days.

To PLC 43.10

SLC 40: Appointment of Compliance Officer

SLC: 40 (1) Provision: The licensee shall ensure, following consultation with the Authority that a competent person (who shall be known as the "compliance officer") shall be appointed for the purpose of facilitating compliance by the licensee with standard condition 39, and, insofar as they relate to relationships with relevant suppliers and shippers, standard condition 41 and Paragraph 1 of standard conditions 4A and 36B (together, "the relevant duties").

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and split between PLC 44.1 and 44.9. The reference to SLC 4A has been amended to take account of the redrafting of SLC 4A in 2005 and the failure to amend the reference to it in this condition. The provision relates to non-discrimination and so the licence has been amended to refer to PLC 19 which deals with non-discrimination.

To PLC 44.1 & 44.9

SLC: 40 (2) Provision: The licensee shall at all times ensure that the compliance officer is engaged for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purposes specified at paragraph 1, which duties and tasks shall include those set out at paragraph 5.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 44.2.

To PLC 44.2

SLC: 40 (3) Provision: The licensee shall procure that the compliance officer:

- (a) is provided with such staff, premises, equipment, facilities and other resources; and
- (b) has such access to the licensee's premises, systems, information and documentation

as, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 44.4.

To PLC 44.4

SLC: 40 (4)

Provision: The licensee shall make available to the compliance officer a copy of any complaint or representation received by it from any person in respect of a matter arising under the virtue of those standard conditions and parts of standard conditions specified in paragraph 1.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 44.5.

To PLC 44.5

SLC: 40 (5)

Provision: The duties and tasks assigned to the compliance officer shall include:

- (a) providing relevant advice and information to the licensee for the purpose of facilitating its compliance with the relevant duties;
- (b) monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the statement referred to at paragraph 4 of standard condition 39;
- (c) advising whether, to the extent that the implementation of such practices, procedures and systems requires the co-operation of any other person, they are designed so as reasonably to admit of the required co-operation;
- (d) investigating any complaint or representation made available to him in accordance with paragraph 4;
- (e) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
- (f) providing relevant advice and information to the licensee for the purpose of ensuring its effective implementation of:
 - i. the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of standard condition 39; and
 - ii. any remedial action recommended in accordance with sub-paragraph (e); and
- (g) reporting annually to the Directors of the licensee – in respect of each year after this standard condition comes into force – as to his activities during the period covered by the report, including the fulfilment of the other duties assigned to him by the licensee.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moved to PLC 44.3.

To PLC 44.3

- SLC: 40 (6)** Provision: As soon as is reasonably practicable following each annual report of the compliance officer, the licensee shall produce a report:
- (a) as to its compliance during the relevant year with the relevant duties; and
 - (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of standard condition 39.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 44.6.

To PLC 44.6

- SLC: 40 (7)** Provision: The report produced in accordance with paragraph 6 shall in particular:
- (a) detail the activities of the compliance officer during the relevant year;
 - (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 4 of standard condition 39; and
 - (c) set out the details of any investigations conducted by the compliance officer, including:
 - (i) the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 44.7.

To PLC 44.7

- SLC: 40 (8)** Provision: The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 6, and shall publish the report on its website.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 44.8.

To PLC 44.8

SLC 41: Prohibition of Cross-Subsidies

SLC: 41(1) Provision: The licensee shall procure that the distribution business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 4.3.

To PLC 4.3

SLC 42: Regulatory Accounts

SLC: 42 (1) Provision: This condition applies for the purposes of ensuring:

- (a) that the licensee prepares and publishes regulatory accounts within the meaning of paragraph 3(b); and
- (b) 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 comply with that obligation.

RETAIN/REDRAFT Working group's proposal: This paragraph is redrafted slightly and moves to PLC 45.1.
/MOVE

To PLC 45.1

SLC: 42 (2) Provision: For the purposes of this condition, but without prejudice to paragraph 4, the licensee must prepare regulatory accounts for each financial year ending on 31 March.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moves to PLC 45.2. The term Financial Year is replaced by Regulatory Year – please see SLC 3 for the reasons behind this change.

To PLC 45.2

SLC: 42 (3) Provision: Unless 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 so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the distribution business activities of the licensee are separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee); and

- (b) prepare, on a consistent basis from such accounting records in respect of each financial year, regulatory accounts of the licensee comprising:
- (i) a profit and loss account (or, as appropriate, an income statement);
 - (ii) a statement of total recognised gains and losses (or, as appropriate, a statement of changes in equity and if appropriate a statement of recognised income and expense);
 - (iii) a balance sheet;
 - (iv) a cash flow statement;
 - (v) a corporate governance statement;
 - (vi) a directors' report; and
 - (vii) an operating and financial review,
- together with notes thereto and statements of the accounting policies adopted.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and split between PLC 45.3, 45.4 and 45.5. In particular the main body of the paragraph, ie SLC 40(3)(a) and SLC 40(3)(b) respectively become PLC 45.4 and PLC 45.5.

To PLC 45.3, 45.4 & 44.5

SLC: 42 (4)

Provision: Regulatory accounts in respect of a financial year prepared under paragraph 3(b) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition, have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under sections 226 and 226A or, where appropriate, section 226B of the Companies Act 1985 and shall comply with all relevant accounting and reporting standards currently in force which have been issued or adopted by the Accounting Standards Board or, if the regulatory accounts have been prepared under section 226B of the Companies Act 1985, by the International Accounting Standards Board.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 45.6.

To PLC 45.6

SLC: 42 (5) Provision: Unless the Authority otherwise consents, the licensee must:

- (a) procure, in relation to its regulatory accounts:
 - (i) an audit by an appropriate auditor of such parts of those accounts and the directors' report and operating and financial review as are specified in the Companies Act 1985 as being required to be so audited as if the licensee were a quoted company and they were the statutory accounts of the licensee prepared under sections 226 and 226A or, as appropriate, section 226B of the Companies Act 1985 drawn up to 31 March, and
 - (ii) a report by that auditor, addressed to the Authority, stating whether in the auditor's opinion those accounts fairly present the financial position, financial performance and cash flows of the licensee in accordance with the requirements of this condition; and
- (b) deliver to the Authority those accounts and the auditor's reports referred to in paragraph 5(a)(ii) and paragraph 6 as soon as is reasonably practicable, and in any event prior to their publication under Part D and not later than 31 July following the end of the financial year to which the regulatory accounts relate.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 45.7.

To PLC 45.7

SLC: 42 (6) Provision: The licensee shall take all appropriate steps within its power to procure, in relation to its regulatory accounts:

- (a) that the audit referred to in paragraph 5(a)(i) verifies whether the Provision to avoid discrimination and cross-subsidies specified in Article 19 of Directive 2003/54/EC of the European Parliament and of the European Council of 26 June 2003 has been respected by the licensee; and
- (b) that the appropriate auditor reports separately on that matter from his report under paragraph 5(a)(ii) addressed to the Authority.

REDRAFT/MOVE Working group's proposal: This paragraph is redrafted and moved to PLC 45.8.

To PLC 45.8

SLC: 42 (7)

Provision: For the purposes of paragraphs 5 and 6, the licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor which includes a term requiring that the audit of the regulatory accounts of the licensee must be conducted by that auditor in accordance with all such relevant auditing standards in force on the last day of the financial year to which the audit relates as would be appropriate for accounts prepared in accordance with either section 226A or 226B of the Companies Act 1985.

RETAIN/REDRAFT
/MOVE

Working group's proposal: Whilst the intent is maintained the paragraph is redrafted slightly and moved to PLC 45.9.

To PLC 45.9

SLC: 42 (8)

Provision: In this Part C, "appropriate auditor" means:

- (a) in the case of a licensee which is a company within the meaning of section 735 of the Companies Act 1985, a person appointed as auditor under Chapter V of Part XI of that Act;
- (b) in the case of any other licensee which is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to Chapter V of Part XI of that Act, a person so appointed; and
- (c) in any other case, a person who is eligible for appointment as a company auditor under sections 25 and 26 of the Companies Act 1989.

REDRAFT/MOVE

Working group's proposal: Whilst the intent is maintained the paragraph is redrafted slightly and moved to PLC 36.3.

To PLC 36.3

SLC: 42 (9)

Provision: Unless the Authority otherwise directs, after consulting the licensee, the licensee must publish its regulatory accounts:

- (a) as a stand-alone document in accordance with this condition;
- (b) by 31 July following the end of the financial year to which the accounts relate;
- (c) on a website used by the licensee in its ordinary course of business (where the regulatory accounts should be reasonably

accessible to any person requiring them); and

(d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.

REDRAFT/MOVE

To PLC 45.10

Working group's proposal: Whilst the intent is maintained the paragraph is redrafted and moved to PLC 45.10. In particular sub-paragraph (c) is amended so that Regulatory Accounts are 'readily' accessible as opposed to 'reasonably' accessible. Furthermore, the existing Provision to publish Accounts on 'a' website are changed to 'its website (if it has one)' for clarity and understanding.

SLC: 42 (10)

Provision: A copy of the regulatory accounts must be provided free of charge:

(a) to the Consumer Council no later than the date on which the accounts are published; and

(b) to any person requesting a copy.

RETAIN/MOVE

To PLC 45.11

Working group's proposal: The paragraph is retained, with some minor redrafting, and moved to PLC 45.11.

SLC: 42 (11)

Provision: References in this condition to sections of the Companies Act 1985 are references to those provisions as amended, substituted or inserted by the relevant provisions of the Companies Act 1989, and if such provisions of the Companies Act 1989 are not in force at the date on which this condition takes effect, it must be construed as if such provisions were in force at such date.

REMOVE

Working group's proposal: This paragraph is removed because the Companies Act 1989 is now in force

SLC: 42 (12)

Provision: A consent under paragraph 3, 4 or 5 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.

REDRAFT/MOVE

To PLC 2.7 & PLC 2.8

Working group's proposal: This paragraph is removed from the condition but is redrafted into PLC 2.7 & PLC 2.8 which acts a generic interpretation of the consent, direction and derogation powers of the Authority

SLC: 42 (13)

Provision: In this condition:

- (a) "corporate governance statement" means a statement which describes how the principles of good corporate governance have been applied to the licensee and which a quoted company is required to prepare pursuant to the Combined Code on Corporate Governance issued under the Financial Services Authority's listing rules and interpretations on corporate governance (and, for the purposes of this condition, the requirement for a quoted company to prepare such a statement is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
- (b) "directors' report" means a report having the coverage and content of the directors' report which a quoted company is required to prepare pursuant to sections 234, 234ZZA and 234ZZB of the Companies Act 1985 (and, for the purposes of this condition, the requirement for a quoted company to prepare such a report is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
- (c) "operating and financial review" means a review having the coverage and content of the operating and financial review which a quoted company is required to prepare pursuant to section 234AA of the Companies Act 1985 and in accordance with Schedule 7ZA thereof (and, for the purposes of this condition, the requirement for a quoted company to prepare such a review is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
- (d) "quoted company" has the meaning attributed to it by the Companies Act 1985.

REDRAFT/MOVE

To PLC 45.12

Working group's proposal: This paragraph is redrafted and becomes PLC 45.12. It includes a definition of Distribution Business activities which comes from SLC 1 and is identical except for the term de minimis business which becomes ancillary business. The change is to modernise the licence and remove any Latin references.

SLC 42A: Change of Financial Year

SLC: 42A (1)

Provision: The definition of "financial year" in standard condition 1 (Definitions and Interpretation) shall, for the purpose only of the statutory accounts of the licensee, cease to apply to the licensee from the date at which the licensee sends a notice to the Authority for that purpose.

REMOVE

Working group's proposal: To remove the provision from the proposed licence. This SLC is being removed because it is obsolete, ie there is no longer a need to cater for variations in licensee's financial years as all reference to financial year within the licence has been replaced with regulatory years (see SLC 3 for the reasons behind this)

- SLC: 42A (2)** Provision: Such notice shall:
- (a) specify the date from which, for the purpose set out at paragraph 1, the current and subsequent financial years of the licensee shall run; and
 - (b) continue in effect until revoked by the licensee issuing a further notice.

REMOVE Working group's proposal: To remove the provision from the proposed licence. This SLC is being removed because it is obsolete, ie there is no longer a need to cater for variations in licensee's financial years as all reference to financial year within the licence has been replaced with regulatory years (see SLC 3 for the reasons behind this)

- SLC: 42A (3)** Provision: The licensee may, for the purpose only of its statutory accounts, change its financial year from that previously notified by sending to the Authority a new notice pursuant to paragraph 1 which specifies the licensee's new financial year-end.

REMOVE Working group's proposal: To remove the provision from the proposed licence. This SLC is being removed because it is obsolete, ie there is no longer a need to cater for variations in licensee's financial years as all reference to financial year within the licence has been replaced with regulatory years (see SLC 3 for the reasons behind this)

- SLC: 42A (4)** Provision: Where the licensee sends the Authority a new notice, the previous notice shall be revoked, as provided by paragraph 2(b), and the licensee's financial year-end shall change with effect from the date specified in the new notice.

REMOVE Working group's proposal: To remove the provision from the proposed licence. This SLC is being removed because it is obsolete, ie there is no longer a need to cater for variations in licensee's financial years as all reference to financial year within the licence has been replaced with regulatory years (see SLC 3 for the reasons behind this)

- SLC: 42A (5)** Provision: The provisions of this condition shall not:

- (a) apply to the financial year of the licensee as defined in standard condition 1 (Definitions and Interpretation) for the purpose of accounts or other information produced in compliance with standard conditions 42 (Regulatory Accounts), 50 (Price Control Revenue Reporting and Associated Information) and 52 (Price Control Review Information); or
- (b) affect the licensee's obligations in respect of the payment of licence fees under standard condition 3 (Payments by Licensee to the Authority).

REMOVE

Working group's proposal: To remove the provision from the proposed licence. This SLC is being removed because it is obsolete, ie there is no longer a need to cater for variations in licensee's financial years as all reference to financial year within the licence has been replaced with regulatory years (see SLC 3 for the reasons behind this)

SLC 43: Restriction on Activity and Financial Ring Fencing

SLC: 43 (1)

Provision: Save as provided by paragraphs 3 and 4, the licensee shall not conduct any business or carry on any activity other than the distribution business.

REDRAFT/MOVE

Working group's proposal: This paragraph is redrafted and moves to PLC 29.1 where the references to certain paragraphs are replaced with a reference to 'this condition'.

To PLC 29.1

SLC: 43 (2)

Provision: The licensee shall not without the prior written consent of the Authority hold or acquire shares or other investments of any kind except:

- (a) shares or other investments in a body corporate the sole activity of which is to carry on business for a permitted purpose;
- (b) shares or other investments in a body corporate which is a subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for the distribution business; or
- (c) investments acquired in the usual and ordinary course of the licensee's treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls which complies with best corporate governance practice as required (or, in the absence of any such requirement, recommended) by the UK listing authority (or a successor body) from time to time for listed companies in the United Kingdom.

REDRAFT/MOVE

To PLC 29.2 & 29.3

Working group's proposal: Whilst the intent of the paragraph is maintained it is split between two new paragraphs. In particular, sub-paragraphs (a), (b) and, part of, (c) are redrafted and become PLC 29.2 and the majority of sub-paragraph (c) is redrafted and becomes PLC 29.3. Sub paragraph (c) has been redrafted slightly so as to state that its provisions are subject to PLC 29.3. PLC 29.3 explains more clearly that the exception to PLC 29.2 (c) is reliant upon a system of internal controls being in place. The working group considers that this is clearer and easier to understand.

SLC: 43 (3)

Provision: Subject to the provisions of paragraph 2, nothing in this condition shall prevent:

- (a) any affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity;
- (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence;
- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or
- (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent in writing.

**RETAIN/REDRAFT
/MOVE**

To PLC 29.4

Working group's proposal: This paragraph is generally retained and becomes PLC 29.4. Redrafting is minimal.

SLC: 43 (4)

Provision: Nothing in this condition shall prevent the licensee or an affiliate or related undertaking of the licensee in which the licensee holds shares or other investments (a "relevant associate") from conducting de minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with.

- (a) For the purpose of this paragraph, "de minimis business" means any business or activity carried on by the licensee or a relevant associate or relevant associates other than:
 - (i) the distribution business; and
 - (ii) any other business activity to which the Authority has given its consent in writing in accordance with paragraph 3(d).
- (b) The licensee or a relevant associate may carry on de minimis business provided that neither of the following limitations is

exceeded, namely:

- (i) the aggregate turnover of all the de minimis business carried on by the licensee and the equity share of the aggregate turnover of all the de minimis business carried on by all its relevant associates does not in any period of twelve months commencing on 1 April of any year exceed 2.5 per cent of the aggregate turnover of the distribution business as shown by the most recent audited regulatory accounts of the licensee produced under paragraph 3(b) of standard condition 42 (Regulatory Accounts); and
 - (ii) the aggregate amount (determined in accordance with sub-paragraph (d) below) of all investments made by the licensee in de minimis business, carried on by the licensee and all relevant associates, does not at any time after the date at which this condition takes effect in this licence exceed 2.5 per cent of the sum of the share capital in issue, the share premium and the consolidated reserves (including retained earnings) of the licensee as shown by the most recent audited regulatory accounts of the licensee produced under paragraph 3(b) of standard condition 42 (Regulatory Accounts) then available.
- (c) For the purpose of sub-paragraph (b) above, "investment" means any form of financial support or assistance given by or on behalf of the licensee for the de minimis business whether on a temporary or permanent basis and including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.
- (d) At any relevant time, the amount of an investment shall be the sum of:
- (i) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred prior to 1 October 2001 (or, where the investment was not so included, zero);
 - (ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date; and
 - (iii) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period,
- less the sum of the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in paragraph 4(d)(i).

REDRAFT/MOVE

Working group's proposal: This paragraph is considerably redrafted and is split between PLCs 29.5, 29.6, 29.7 and 29.8. The opening paragraph of SLC 43 (4) is generally retained and becomes PLC 29.5. Sub-paragraphs (a), (b), (c) and (d) are redrafted to become PLCs 29.6, 29.7, 29.8(a) and

To PLC 29.5, 29.6,
29.7 & 29.8

29.8(b) respectively.

The requirement for written consent in (a) is replaced by a more general consent in PLC 29.6. References to 'aggregate turnover' and 'de minimis business' becomes 'total turnover' and 'ancillary business' respectively. In the case of aggregate turnover, the change is for simplicity and the change from 'de minimis' represents a modernisation.

SLC: 43 (5)

Provision: For the purposes of paragraph 4, "equity share", in relation to any shareholding, means the nominal value of the equity shares held by the licensee in a relevant associate, as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.

RETAIN/REDRAFT
/MOVE

Working group's proposal: This paragraph is generally retained and becomes PLC 29.10. Redrafting is minimal.

To PLC 29.10

SLC 44: Availability of resources

SLC: 44 (1)

Provision: The licensee shall at all times act in a manner calculated to secure that it has available to itself such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:

- (a) to properly and efficiently carry on the distribution business; and
- (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to the distribution business including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of electricity distribution.

RETAIN/MOVE

Working Group's proposal: To retain the provision and move to PLC 30.1 where it is to apply to IDNOs and well as DNOs. The working group considered that amalgamating the BA and Section C conditions would reduce repetition in the licence and hence condense it. The provision has been slightly redrafted so as to refer to a 'manner designed to ensure' rather than a 'manner calculated to secure'.

To PLC 30.1

SLC: 44 (2)

Provision: The licensee shall by 31 July of each year submit to the Authority a certificate, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution, in one of the following forms:

- (a) "After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which

might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate."

- (b) "After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the licensee to carry on the distribution business."
- (c) "In the opinion of the directors of the licensee, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate."

RETAIN/MOVE

To PLC 30.2

Working Group's proposal: To retain the provision and move to PLC 30.2 where it applies to both IDNOs and DNOs. The provision has been redrafted slightly to refer to certificate 1, 2 and 3. The working group considered that amalgamating the BA and Section C conditions would reduce repetition in the licence and hence condense it.

SLC: 44 (3)

Provision: The licensee shall submit to the Authority with that certificate a statement of the main factors which the directors of the licensee have taken into account in giving the certificate, together with a confirmation of the availability of financial facilities and a working capital statement in the format required by the UK listing authority (or a successor body) from time to time for listed companies in the United Kingdom.

REDRAFT/MOVE

To PLC 30.3 (a)

Working Group's proposal: To retain the provision and move to PLC 30.3(a) where it applies to IDNOs and DNOs. The working group considered that amalgamating the BA and Section C conditions would reduce repetition in the licence and hence condense it.

SLC: 44 (4)

Provision: The statement submitted to the Authority in accordance with paragraph 3 shall be approved by a resolution of the board of directors of the licensee and must be signed by a director of the licensee pursuant to that resolution.

REDRAFT/MOVE Working Group's proposal: This provision is redrafted and moved to PLC 30.2.

To PLC 30.2

SLC: 44 (5) Provision: The licensee shall inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the most recent certificate given under paragraph 2.

RETAIN/MOVE Working Group's proposal: To retain the provision and move to PLC 30.4. The provision has been redrafted slightly to refer to certificate 1, 2 and 3. The working group considered that amalgamating the BA and Section C conditions would reduce repetition in the licence and hence condense it.

To PLC 30.4

SLC: 44 (6) Provision: The licensee shall require that each certificate provided for in paragraph 2 is accompanied by a report prepared by its auditors and addressed to the Authority stating whether or not the auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work on the regulatory accounts of the licensee prepared pursuant to standard condition 42 (Regulatory Accounts).

RETAIN/MOVE Working Group's proposal: To retain the provision and move to PLC 30.3 (b) where it applies to IDNOs and DNOs. The working group considered that amalgamating the BA and Section C conditions would reduce repetition in the licence and hence condense it.

To PLC 30.3 (b)

SLC: 44 (7) Provision: The directors of the licensee shall not declare or recommend a dividend, and the licensee shall not make any other form of distribution within the meaning of section 263 of the Companies Act 1985, or redeem or repurchase any share capital of the licensee unless prior to the declaration, recommendation or making of the distribution (as the case may be) the licensee has issued to the Authority a certificate complying with the following requirements of this paragraph:

(a) The certificate shall be in the following form:

"After making enquiries, the directors of the licensee are satisfied:

(i) that the licensee is in compliance in all material respects with all obligations imposed on it by standard condition 24 (Provision of Information to the Authority), standard condition 43 (Restriction on Activity and Financial Ring Fencing), standard condition 44 (Availability of Resources), standard condition 45 (Undertaking from Ultimate Controller), standard condition 46 (Credit

Rating of the Licensee) and standard condition 47 (Indebtedness) of its licence; and

- (ii) that the making of a distribution of [] on [] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of those obligations in the future.”
- (b) The certificate shall be signed by a director of the licensee and must have been approved by a resolution of the board of directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.
- (c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend, provided that such payment is made within six months of the issuing of that certificate.

REDRAFT/MOVE

To PLC 30.5, PLC 30.6, PLC 30.7 & PLC 30.8

Working Group's proposal: The first paragraph of the provision is to be retained but split out into a separate provision as PLC 30.5. There has been slight redrafting so as to insert the words 'redemption, or repurchase' into the provision. The working group considered that this made the requirement more implicit and easier to follow.

Part (a) of the current condition is retained but again split out into a separate provision as PLC 30.6(a) and (b). The working group considered that this made the requirement more implicit and easier to follow.

Part (b) of the current provision is retained and moved to PLC 30.7(a).

Part (c) of the current provision is retained with minor redrafting but split out into a separate provision as PLC 30.8. The working group considered that this made the requirement more implicit and easier to follow.

The provisions have been moved into Section A of the proposed licence where they will apply to both IDNOs and DNOs. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC 45: Undertaking from the ultimate controller

SLC: 45 (1)

Provision: The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in the form specified by the Authority that that ultimate controller (“the covenantor”) will refrain from any action, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is

controlled by, the covenantor (other than the licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the licensee to breach any of its obligations under the Act or this licence. Such undertaking shall be obtained within 7 days of the company or other person in question becoming an ultimate controller and shall remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an ultimate controller of the licensee.

REDRAFT/MOVE

To PLC 31.1, 31.2 & 31.3

Working Group's proposal: To redraft the provision so that it is split up into its component parts. The provision to procure the enforceable undertaking from the ultimate controller is retained as PLC 31.1

The terms which apply to the Ultimate controller are split out into a separate provision in PLC 31.2.

The provision on the timeframes for the undertaking are split out into a separate provision in PLC 31.3 where (a) specifies that it must be obtained 7 days after the date on which the company in question becomes the ultimate controller and (b) that the undertaking must remain in force as long as the licensee holds a licence and the covenantor remains an Ultimate controller of the licensee.

The working group consider that in splitting out the provisions into separate requirements, they are making those provisions clearer and easier to follow/understand.

The provisions have been moved into Section A of the proposed licence where they will apply to both IDNOs and DNOs. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC: 45 (2)

Provision: The licensee shall:

- (a) deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with its obligation to procure undertakings pursuant to paragraph 1;
- (b) inform the Authority immediately in writing if the directors of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached; and
- (c) comply with any direction from the Authority to enforce any such undertaking;

and shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or of any of the subsidiaries of any such corporate ultimate controller (other than the subsidiaries of the licensee) at a time when,

- (i) an undertaking complying with paragraph 1 is not in place in relation to that ultimate controller; or

- (ii) there is an unremedied breach of such undertaking; or
- (iii) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 2 of this condition.

REDRAFT/MOVE

Working Group's proposal: To retain the provision but to split out into its component parts so that they are easier to understand and follow.

To PLC 31.4, PLC 31.5 & PLC 31.6

The current parts (a) and (c) are retained as PLC 31.4 in a new part (a) and (b).

The current part (b) is split out into a new provision as PLC 31.5

The detail under current part (c) is also split out into a new provision as PLC 31.6

All the provisions have been moved into Section A of the proposed licence where they will apply to both IDNOs and DNOs. The working group considers that this reduces repetition within the licence and subsequently condenses it.

SLC 46: Credit rating of licensee

SLC:46 (1)

Provision: The licensee shall take all appropriate steps to ensure that the licensee maintains at all times an investment grade issuer credit rating.

RETAIN/MOVE

Working Group's proposal: To retain the provision and amend to "must" rather than "shall" and has included the phrase "within its power" for clarification.

To PLC 32.1 (a)

SLC: 46 (2)

Provision: In this condition:

"issuer credit rating" means:

- (a) an issuer rating by Standard & Poor's Ratings Group or any of its subsidiaries;

- (b) an issuer rating by Moody's Investors Service Inc. or any of its subsidiaries;
- (c) an issuer senior unsecured debt rating by Fitch Ratings Ltd or any of its subsidiaries; or
- (d) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee has comparable standing in both the United Kingdom and the United States of America.

In relation to any issuer credit rating, "investment grade" means:

- (a) unless sub-paragraph (b) below applies:
 - (i) an issuer rating of not less than BBB- by Standard & Poor's Ratings Group or any of its subsidiaries;
 - (ii) an issuer rating of not less than Baa3 by Moody's Investors Service Inc. or any of its subsidiaries;
 - (iii) an issuer senior unsecured debt rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries; or
 - (iv) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America;
- (b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

REDRAFT/MOVE
To PLC 32.2, PLC
32.3 & PLC 32.4

Working Group's proposal: To retain the provision for the meaning of "issuer credit rating" as it is from (a) to (c) with part (d) redrafted and split into two parts for definition and clarity. To retain the provision for the meaning of "Investment Grade" with slight redrafting and an extension of part (d), which was formally (vi), is split into two to provide clear definition. To move part (b) to 32.4 under "Variation of rating by agency" is expanded in more detail.

SLC 47: Indebtedness

SLC: 47 (1)

Provision: In addition to the requirements of standard condition 29 (Disposal of Relevant Assets), the licensee shall not without the prior written consent of the Authority (following the disclosure by the licensee of all material facts):

- (a) create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance whatsoever, undertake any indebtedness to any other person or enter into any guarantee or any obligation otherwise than:
 - (i) on an arm's length basis;
 - (ii) on normal commercial terms;
 - (iii) for a permitted purpose; and
 - (iv) (if the transaction is within the ambit of standard condition 29 (Disposal of Relevant Assets)) in accordance with that condition;
- (b) transfer, lease, licence or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee otherwise than by way of:
 - (i) a dividend or other distribution out of distributable reserves;
 - (ii) repayment of capital;
 - (iii) payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms;
 - (iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition referred to in paragraph 2;
 - (v) repayment of or payment of interest on a loan not prohibited by sub-paragraph (a);
 - (vi) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received; or
 - (vii) an acquisition of shares or other investments in conformity with paragraph 2 of standard condition 43 (Restriction on Activity and Financial Ring Fencing) made on an arm's length basis and on normal commercial terms,

provided, however, that the provisions of paragraph 3 below shall prevail in any of the circumstances described or referred to

therein;

- (c) enter into an agreement or incur a commitment incorporating a cross-default obligation; or
- (d) continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation subsisting at 1 October 2001, save that the licensee may permit any cross-default obligation in existence at that date to remain in effect for a period not exceeding twelve months from that date, provided that the cross-default obligation is solely referable to an instrument relating to the provision of a loan or other financial facilities granted prior to that date and the terms on which those facilities have been made available as subsisting on that date are not varied or otherwise made more onerous,

provided, however, that the provisions of sub-paragraphs (c) and (d) shall not prevent the licensee from giving any guarantee permitted by and compliant with the requirements of sub-paragraph (a).

REDRAFT/MOVE

To PLC 33.2, 33.3,
33.9, 33.11 & 33.12

Working Group's proposal: To redraft provision from "shall not" to "must not" and move (a) to PLC 33.2 under the heading of "Part A: Restricted Category 1". This has been redrafted so as to make it clear that the transaction in question must be on an arm's length basis. Part (b) has been moved to PLC 33.3 under the heading "Part B: Restricted Category 2". Also to move the provision from part (c) and (d) to PLC 33.9 to 33.11 under the heading "Part E: Restricted Category 4" which is split up for clarification. The provision has a further extension which is part PLC 33.12 under "Part F: Variation of provision for certain licensees".

SLC: 47 (2)

Provision: The payment condition referred to in paragraph 1(b)(iv) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:

- (a) the counter-party to the transaction has and maintains until payment is made in full an investment grade issuer credit rating, or
- (b) the obligations of the counter-party to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor which has and maintains an investment grade issuer credit rating.

RETAIN/MOVE

Working Group's proposal: To retain provision and move it to PLC 33.4 under "Part B: Restricted category 2

To PLC 33.4

SLC: 47 (3)

Provision: Except with the prior consent of the Authority, the licensee shall not enter into or complete any transaction of a type referred to or described in paragraph 1(b) save in accordance with paragraph 4, if:

- (a) the licensee does not hold an investment grade issuer credit rating;
- (b) where the licensee holds more than one issuer credit rating, one or more of the ratings so held is not investment grade; or
- (c) any issuer credit rating held by the licensee is BBB- by Standard & Poor's Ratings Group or Fitch Ratings Ltd or Baa3 by Moody's Investors Service, Inc. (or such higher issuer credit rating as may be specified by any of these credit rating agencies from time to time as the lowest investment grade credit rating), or is an equivalent rating from another agency that has been notified to the licensee by the Authority as of comparable standing for the purposes of standard condition 46 (Credit Rating of the Licensee) and:
 - (i) is on review for possible downgrade; or
 - (ii) is on Credit Watch or Rating Watch with a negative designation;or, where neither (i) nor (ii) applies:
 - (iii) the rating outlook of the licensee as specified by any credit rating agency referred to in sub-paragraph (c) which at the relevant time has assigned the lower or lowest investment grade issuer credit rating held by the licensee has been changed from stable or positive to negative.

REDRAFT/MOVE

To PLC 33.6, PLC
33.7, PLC 33.8 & PLC
33.9

Working Group's proposal: To redraft and split the provisions out in separate paragraphs. The first paragraph is retained, redrafted slightly and moved to PLC 30.6. Part (a) is retained and moved to PLC 33.7, part (b) moves to PLC 33.8 and part (c) moves to PLC 33.9. The working group considers that in splitting out the provisions it makes them clearer and easier to follow.

SLC: 47 (4)

Provision: Where paragraph 3 applies, the licensee may not without the prior written consent of the Authority (following disclosure of all material facts) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee as described or referred to in paragraph 1(b), otherwise than by way of:

- (a) payment properly due for any goods, services or assets in relation to commitments entered into prior to the date on which the circumstances described in paragraph 3 arise, and which are provided on an arm's length basis and on normal commercial terms;
- (b) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and where the value of the consideration due in respect of the transaction in question is payable wholly in cash and is paid in full when the transaction is entered into;
- (c) repayment of, or payment of interest on, a loan not prohibited by paragraph 1(a) and which was contracted prior to the date on which the circumstances in paragraph 3 arise, provided that such payment is not made earlier than the original due date for payment in accordance with its terms; and
- (d) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received, provided that the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due.

REDRAFT/MOVE

To PLC 33.10

Working Group's proposal: To redraft the provision so that the meaning in the opening paragraph is retained in PLC 33.10. Parts (a) - (d) are retained and become parts (a) – (d) of PLC 33.10.

SLC: 47 (5)

Provision: In this condition:

"cross-default provision"

means a term of any agreement or arrangement whereby the licensee's liability to pay or repay any debt

	<p>or other sum arises or is increased or accelerated or is capable of arising, of increasing or of being accelerated by reason of a default (howsoever such default may be described or defined) by any person other than the licensee, unless:</p> <p>(i) that liability can arise only as the result of a default by a subsidiary of the licensee;</p> <p>(ii) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors; and</p> <p>(iii) that subsidiary carries on business only for a purpose within paragraph (a) of the definition of permitted purpose set out in standard condition 32 (Interpretation of Section C (Distribution Services obligations)).</p>	
"indebtedness"	<p>means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.</p>	
"investment grade"	<p>has the meaning given in paragraph 2 of standard condition 46 (Credit Rating of the Licensee).</p>	
"issuer credit rating"	<p>has the meaning given in paragraph 2 of standard condition 46 (Credit Rating of the Licensee).</p>	

RETAIN/MOVE

To PLC 33.15

Working Group's proposal: To retain the provision and redraft for clarification. Also to move it to PLC 33.13 under "Part G: Interpretation" for clear reference to definitions. The provision has removed "indebtedness" from this condition and inserted into PLC 1 where it has effect throughout the proposed licence.

SLC 48: Last resort supply: Payment claims

SLC: 48 (1)

Provision: This condition sets out the circumstances in which the licensee shall increase its use of system charges in order to compensate any electricity supplier (a "claimant") which claims for losses that it has incurred in complying with a last resort supply direction.

REMOVE

Working Group's proposal: To remove the provision from the proposed licence because it is considered unnecessary.

SLC: 48 (2)

Provision: The following provisions apply where the licensee receives from a claimant a valid claim for a last resort supply payment.

RETAIN/MOVE

To PLC 41.1

Working Group's proposal: To retain the provision with minor changes to wording, and move to PLC 41.1.

SLC: 48 (3)

Provision: Where the licensee receives a valid claim it shall, during the relevant year, make a consequential increase to its use of system charges in respect of that year which relate to the distribution of electricity to premises to such an extent as it reasonably estimates to be appropriate to secure that such consequential increase in its revenue equals the specified amount.

RETAIN/MOVE

To PLC 41.2

Working Group's proposal: To retain the provision with minor changes including changing "shall" to "must", removing the word "consequential", changing word order and clarifying that the "revenue" mentioned is "Use of System revenue". The provision moves to PLC 41.2.

SLC: 48 (3) Provision: The licensee shall, during, or as soon as practicable after the end of, the relevant year, pay to the claimant, by quarterly or monthly instalments (as specified in the claim), the amount of that consequential increase in revenue mentioned in paragraph 3 to the extent that it does not exceed the specified amount.

n.b due to a typo in the licence there are two (3) in this condition

RETAIN/MOVE Working Group's proposal: To retain the provision with minor changes to word order, changing "relevant year" to "Relevant Regulatory Year" and updating the reference from "paragraph 3" to "paragraph 41.2". The provision moves to PLC 41.3.

To PLC 41.3

SLC: 48 (4) Provision: If the amount paid to the claimant under paragraph 4 is less than the specified amount, the licensee shall in the following year

- (a) pay to the claimant (in accordance with any directions given by the Authority) the shortfall together with 12 months' interest thereon; and
- (b) increase the charges which relate to the distribution of electricity to premises during the year following the relevant year to such extent as it reasonably estimates to be appropriate to secure that the consequential increase in its revenue equals the amount of that shortfall together with 12 months' interest thereon.

RETAIN/MOVE Working Group's proposal: To retain the proposal and move to PLC 41.4 with minor redrafting to reference 'regulatory year' rather than following year (please see SLC 3 for the background to this).

To PLC 41.4

SLC: 48 (5) Provision: If the amount of the consequential increase mentioned in paragraph 3 exceeds the specified amount, the licensee shall, during the year following the relevant year, decrease the charges which relate to the distribution of electricity to premises to the extent that it reasonably estimates to be necessary in order to reduce its use of system revenue for that year by an amount equal to the excess together with 12 months' interest thereon.

RETAIN/MOVE Working Group's proposal: To retain the provision and move to PLC 41.5 with slight redrafting so as to reference the 'relevant regulatory year' (please see SLC 3 for the background). The redraft also refers specifically to the need to 'reduce' UoS charges rather than 'decrease the charges which relate to the distribution of electricity'. The working group considers that this is clearer.

To PLC 41.5

SLC: 48 (6)

Provision: Any question whether any estimate for the purposes of paragraph 3, 5 or 6 is a reasonable one shall be determined by the Authority.

RETAIN/MOVE

Working Group's proposal: To retain the provision with minor amendments to word order and an explicit reference to previous paragraphs to clarify what it is referring to. This provision moves to 41.6.

To PLC 41.6

SLC: 48 (7)

Provision: The licensee shall not enter into any use of system agreement with an electricity supplier which does not permit variation of its use of system charges in pursuance of this condition.

REMOVE

Working Group's proposal: To remove the provision from the proposed licence as this is now covered by the DCUSA.

SLC: 48 (8)

Provision: The provisions of this condition shall have effect notwithstanding that the licensee has not provided the notice required by paragraph 5 of standard condition 4A (Charges for Use of System).

RETAIN/MOVE

Working Group's proposal: To retain the provision with minor amendments to the wording and updated references. This provision moves to PLC 41.8.

To PLC 41.8

SLC: 48 (9)

Provision: In calculating the licensee's use of system revenue during any period for the purposes of a price control condition any increase or decrease in revenue attributable to the licensee's compliance with this condition shall be treated as if it had not occurred.

RETAIN/MOVE Working Group's proposal: To retain the provision and move it to PLC 41.7.
To PLC 41.7

SLC: 48 (10) Provision:
NB check the numbering here (48.10 does not exist in the current licence)

Working Group's View: SLC 48(10) does not currently exist.

SLC: 48 (11) Provision: The licensee shall prepare, in respect of each year in which it increases or decreases charges in pursuance of paragraph 3, 5 or 6, a statement showing -

- (a) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3;
- (b) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 5;
- (c) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6;
and
- (d) in the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made).

REDRAFT/MOVE Working Group's View: To retain the spirit of the provision but redraft and move to explain over 2 paragraphs actions for the licensee to take with regard to preparing and distributing a statement (PLC41.9) and which details should be included (PLC 41.10). Wording has also been changed for clarity.
To PLC 41.9 and PLC 41.10

SLC: 48 (12) Provision: The licensee shall give the statements referred to in paragraph 11 to the Authority within the first 4 months of the year following that to which they relate.

REDRAFT/MOVE Working Group's proposal: To retain the spirit of the provision but incorporate it into PLC 41.9, updating references and wording.

To PLC 41.9

SLC: 48 (13) Provision: On giving the statement mentioned in paragraph 11(d) to the Authority, the licensee shall publish it in such manner as, in the reasonable opinion of the licensee, will secure adequate publicity for it.

REDRAFT/MOVE/
DELETE Working Group's proposal: To retain the spirit of the provision but incorporate it into PLC 41.9, updating references and wording. The phrase ("including on the licensee's Website, if it has one") has been added.

To PLC 41.9

SLC: 48 (14) Provision: Where the licensee receives more than one claim for a last resort payment, this condition (other than sub-paragraphs 11(a), (b) and (c)) shall apply separately as respects each separate claim but in so far as it results in changes to the licensee's use of system charges it shall have the cumulative effect of such separate applications.

RETAIN/MOVE Working Group's View: To retain the spirit of the provision but make changes including removal of specific reference to other paragraphs and inclusion of a timeframe – "Relevant Regulatory Year" – in which changes to UoS charges would be aggregated. This provision moves to PLC 41.11.

To PLC 41.11.

SLC: 48 (15) Provision: (a) For the purposes of this condition –

 "last resort supply direction" and "last resort supply payment" have, respectively the meanings given to them in standard conditions 29 (Supplier of Last Resort) and 29A (Supplier of Last Resort Supply Payments) of the standard conditions of the electricity supply licence;

 "price control condition" means any condition of the licence which places a monetary limitation on the use of system charges which may be levied or the use of system revenue which may be recovered by the licensee during a given period;

 "relevant year" means, in relation to any valid claim -

 (a) where the claim was received by the licensee at least 60 days before the beginning of a year, that year; or

 (b) where the claim was received by the licensee less than 60 days before the beginning of a year, the next year;

“specified amount” means the amount specified on a valid claim together with interest calculated in accordance with sub-paragraph (b);

“valid claim” means a claim for which a claimant has been give a consent by the Authority pursuant to standard condition 29A (Supplier of Last Resort Supply Payments) of the standard conditions of the electricity supply licence; and

“year” means a period of 12 months beginning with 1st April.

- (b) The interest referred to in sub-paragraph (a) is simple interest for the period commencing with the date on which the valid claim was received by the licensee and ending with the date which is 61 days before the start of the relevant year, except where that period is of 30 days or less, in which case no interest shall be payable.

REDRAFT/MOVE

To PLC 41.12

Working Group's proposal: To redraft the condition to include a definition of a “Claimant”, refer to a “Relevant Regulatory Year” rather than a relevant year, remove references to “year”, “price control condition” and “last resort supply direction” and changing word order and references. The provision moves to PLC 41.12.

SLC 49 : Quality of service incentive scheme and associated information

SLC 49 Part A : General

SLC: 49A(1)

Provision: The purposes of this condition are to secure the collection of information on a common basis, and to an appropriate degree of accuracy, by the licensee so as:

- (a) to facilitate the establishment and operation of an incentive scheme (“the scheme”) to improve the quality of service performance of the licensee;

- (b) to monitor the quality of service performance of the licensee; and
- (c) to monitor any unintended consequences arising from the operation of the scheme and the charge restriction conditions.

RETAIN/ MOVE

Working Group's proposal: To retain the provision, adding a reference to "all other Distribution Service Providers" in order to explain on whom the provision applies on a common basis with. The provision moves to PLC 46.1.

To PLC 46.1

SLC: 49A (2)

Provision: The licensee shall establish and maintain appropriate systems, processes and procedures to measure and record specified information from the dates specified in paragraph 4 and in accordance with the regulatory instructions and guidance (including any associated information specified therein) for the time being in force pursuant to this condition ("the quality of service rigs")

REDRAFT/MOVE

Working Group's View: To retain the spirit of the provision, but change the wording, layout, and add details. The caveat "Unless and so far as the Authority otherwise consents" has been inserted, as has the link to the "Schedule of Specified Information" that forms part of the provision, and an provision to provide information to the Authority within specified time periods and schedules. The provision moves to PLC 46.2 and 46.3.

To PLC 46.2 and 46.3

SLC 49 : Part B Quality of service RIGS and specified information

SLC: 49B (3)

Provision: For the purposes of this condition:

"charge restriction conditions" shall have the same meaning as set out in special condition A1 (Definitions and interpretation).

"quality of service rigs" means the regulatory instructions and guidance issued by the Authority for the purposes of this condition as modified from time to time by direction under paragraph 10 and, subject to paragraphs 13 and 14, may include:

"instructions and guidance as to the establishment of different systems, processes, procedures and manners for providing and recording information and of standards for different classes of information;

- (a) a timetable for the development of the systems, processes and procedures required to achieve the appropriate standards of

accuracy and reliability with which specified information shall be recorded;

- (b) provisions with respect to the meaning of words and phrases used in defining specified information;
- (c) requirements for the recording of information associated with specified information which are reasonably necessary to enable an examiner to determine the accuracy and reliability of specified information;
- (d) requirements as to the form and manner in which specified information shall be provided to the Authority;
- (e) requirements as to the form and manner in which specified information shall be recorded and the standards of accuracy and reliability with which it shall be recorded; and
- (f) a statement as to whether and to what extent each category of specified information is required for the purposes of the scheme,

“specified information” means:

- (a) the number of interruptions in the supply of electricity through the licensee’s distribution system which occur in each period of 12 months commencing on 1 April in each calendar year and have a duration of:
 - (i) less than three minutes, together (in respect of each such interruption) with the number of customers whose supply was interrupted and the cause of that interruption; and
 - (ii) three minutes or more, together (in respect of each such interruption) with:
 - (aa) the number of customers whose supply of electricity was interrupted and the duration of the interruption;
 - (bb) the source, voltage level and HV circuit; and
 - (cc) the aggregate number of re-interruptions;
- (b) in relation to telephone calls made to the enquiry service operated under paragraph 1 of standard condition 6 (Safety and Security of Supplies Enquiry Service):
 - (i) the speed of response for answering each call; and
 - (ii) in the case of each call answered by a human operator:

- (aa) the telephone number of the caller;
- (bb) the time of the call; and
- (cc) if known, the name of the caller and whether the caller is or is not a domestic customer;
- (c) (i) the aggregate number and cause of faults occurring in specified classes or types of electrical plant or electric lines;
- (ii) a statement setting out the asset management strategy of the licensee in respect of the licensee’s distribution system; and
- (iii) a statement of the reasons for any material increase or decrease in the number and cause of faults referred to in subparagraph (i) having regard to equivalent data held in respect of previous years; and
- (d) such other information as may from time to time be specified by the Authority by direction to the licensee in accordance with paragraph 10.

**REDRAFT/
EXTEND/MOVE**

To PLC 46.3,
PLC 46.4,
PLC 46.5,
PLC 46.7,
PLC 46: A1,
PLC 46: A2,
PLC 46: A3,
PLC 46: A4.

Working Group’s proposal: to retain the spirit of the provision, and the form and detail of many sections, but redraft, extend, move and insert other sections as detailed.

“charge restriction conditions” definition moved to PLC 1

A – G have been retained, with the word “shall” changing to “must”, and move to PLC 46.7.

Much of the information on specified information moves to Appendix 1: Schedule of Specified Information. A1 to PLC 46 introduces the appendix that details what the licensee must “measure and record”, the “periods in respect of which the licensee must collect it, and the timeframes” within which they must give information to the Authority.

(a) is retained and moves to Appendix 1, PLC A2: Specified Information Category 1 (a) and (b) (i) – (iii)

(b) is retained and moves to A3: Specified Information Category 2 (a) and (b) (i) – (iii)

(c) is retained and moves to A4: Special Information Category 3 (a) – (c) with updated reference

(d) is redrafted, and adds “all other Distribution Service Providers” can be given directions, and also that a direction given under this condition

should be treated “as if it were a direction issued under and subject to the provisions of Standard Condition 50...to modify the Quality of Service Rigs.” It moves to A3 in PLC 46: Special Information Category 4

SLC: 49B (4)

Provision: The licensee shall collect specified information:

- (a) in respect of the matters specified in sub-paragraphs (a), (b) and (c) of the definition of specified information set out in paragraph 3, from and including 1 April 2001; and
- (b) in respect of any matter specified under sub-paragraph (d) of that definition, from the date specified in the direction given in accordance with paragraph 10.

REDRAFT/MOVE

Working Group's proposal: the spirit of the provision is retained, with changes made to the way certain information is collected and provided to the Authority.

Moves to
PLC 46: A6
PLC 46: A7
PLC 46: A8

(a) is retained, with the exception of information collected under paragraph A3 (b), and is moved to A6 in PLC 46. Additional requirements mean that the information should be collected for “each Regulatory Year” and be “provided to the Authority on or before 30 April...in the next following Regulatory Year.” It moves to PLC A6: Collection periods and reporting timeframes.

For information collected under paragraph A3 (b) it must be “collected in respect of each of the weeks within a regulatory year” and “provided to the Authority within four days of the end of each such week.” It moves to A7 in PLC 46: Collection periods and reporting timeframes.

(b) is retained, with references updated, and moves to A8 in PLC 46: Collection periods and reporting timeframes.

SLC 50 : Price control revenue reporting and associated information

SLC 50 Part A : General

SLC: 50 Part A (1) Provision: The purposes of this condition are to secure the collection of specified information on a common basis, and to an appropriate degree of accuracy, by the licensee so as to enable the Authority to effectively monitor the compliance of the licensee with the charge restriction conditions.

RETAIN/MOVE Working Group's proposal: To retain the condition and to redraft slightly so that the requirement is on the licensee and all other Distribution Service Providers. This is to stress that the provision is undertaken on a common basis. The working group considers that this makes the provision clearer.
To PLC 48.1

SLC:50 Part A (2) Provision: The licensee shall establish and maintain appropriate systems, processes and procedures to measure and record specified information from the dates specified in paragraph 4 and in accordance with the regulatory instructions and guidance (including any associated information specified therein) for the time being in force pursuant to this condition (the "revenue reporting rigs").

REDRAFT/MOVE Working Group's proposal: To redraft the provision and move to PLC 48.2 where it has been considerably redrafted so as to have a part (a) & a part (b). The new part (a) states the provision to measure and record information which is specified in the new Appendix to the condition. The new part (b) then states the provision to provide this information within the timeframes specified in that schedule. The working group considered that this redrafting made the provision clearer.
To PLC 48.2

SLC 50 Part B : Revenue reporting rigs and specified information

SLC: 50 Part B (3) Provision: For the purposes of this condition:

- (a) "charge restriction conditions" shall have the same meaning as set out in special condition A1 (Definitions and interpretation).
- (b) "revenue reporting rigs" means the instructions and guidance issued by the Authority for the purposes of this condition as modified from time to time by a direction under paragraph 10 and, subject to paragraphs 13 and 14, may include:
 - (i) provisions with respect to the meaning of words and phrases used in defining specified information;
 - (ii) requirements for the recording of specified information which are reasonably necessary to enable an appropriate auditor to

- determine the accuracy and reliability of specified information;
 - (iii) requirements as to the form and manner in which specified information shall be provided to the Authority (including templates for doing so); and
 - (iv) requirements as to the form and manner in which specified information shall be recorded and the standards of accuracy and reliability with which it shall be recorded.
- (c) “relevant year t” shall have the same meaning as in special condition A1 (Definitions and interpretation).
- (d) “specified information” means such items referred to in special licence conditions A1 to F1 as the Authority considers are necessary to monitor, to an appropriate degree of accuracy, compliance with the charge restriction conditions, and shall include:
- (i) in relation to the restriction on demand use of system charges:
 - (aa) regulated demand revenue;
 - (bb) units distributed;
 - (cc) distribution losses; and
 - (dd) allowed demand revenue and its associated terms as set out in special conditions B1 to C3;
 - (ii) in relation to the restriction on generation use of system charges:
 - (aa) network generation revenue; and
 - (bb) allowed network generation revenue and its associated terms as set out in special conditions D1 to D2;
 - (iii) in relation to the restriction on basic metering charges:
 - (aa) charges for the service of basic meter asset provision;
 - (bb) basic meter operation revenue; and
 - (cc) allowed meter operation revenue and its associated terms as set out in special condition F1 (Restriction of basic

metering charges);

- (iv) a breakdown of revenue that falls under the category of excluded services;
- (v) details of the licensee's de minimis business and associated income; and
- (vi) such other information as is specified in the revenue reporting rigs, or as may from time to time be specified by the Authority in a direction issued in accordance with paragraph 10.

REDRAFT/MOVE

To PLC A2, A9, A3,
A4 & A5 in the
Appendix to PLC 48

Working Group's proposal: To redraft the provision so that it is split up considerably into component parts and placed in a new Appendix to the condition. The working group considers that in splitting out the specific details of what is required into an appendix to the condition, that all the information can be easily identified and followed.

Part (a) of the existing condition is redrafted and moved to A2 in the Appendix to PLC 48. The redrafting reflects the fact that special condition G1 is now contained within PLC 34 and therefore the references can refer to 'this licence' rather than to special conditions. There is a new reference within the new provision which states "As the Authority considers are necessary to monitor to an appropriate degree of accuracy'

The current part (b) has been retained as PLC 48.7

The current part (c) has been removed since all references to the relevant charging year within the proposed licence have been removed and so the interpretation of it here is obsolete.

The current part (d) has been split up into several components. Part (i) has been retained and moved to A3 in the Appendix to PLC 48

Part (ii) has been retained and moved to A4 in the Appendix to PLC 48

Part (iii) has been retained on the whole and moved to A5 (a) in the Appendix to PLC 48 where the definitions have been amended in line with PLC 1 (please see above).

Part (iv) has been retained and moved to A5 (b) in the Appendix to PLC 48.

Part (v) has been retained and moved to A5 (c) in the Appendix to PLC 48.

Part (vi) has been retained and moved to A5 (d) in the Appendix to PLC 48. It has been slightly redrafted to make reference to 'all other Distribution Service Providers' and references to being subject to PLC 50 (modifications of the Rigs).

- SLC: 50 Part B (4)** Provision: The licensee shall collect specified information:
- (a) in respect of the matters specified in paragraphs 3(d)(i) to (v) from and including 1 April 2005; and
 - (b) in respect of any matter specified under paragraph 3(d)(vi):
 - (i) where such information is specified as a requirement of the revenue reporting rigs in force on 1 April 2005, from and including 1 April 2005; and
 - (ii) where such information is specified by the Authority, in a direction issued in accordance with paragraph 10, from the date specified in that direction.

REDRAFT/MOVE

Working Group's proposal: To retain the provision, merging parts (a) and (b)(i) and moving to A8 in the Appendix to PLC 48. The working group considered that in splitting the provision out, it makes the requirements clearer and easier to understand.

To A8 in the Appendix
to PLC 48

SLC 50 Part C : Information to be provided by the Authority

- SLC: 50 Part C (5)** Provision: The licensee shall provide to the Authority:
- (a) the information specified in template A ("the detailed return") of the revenue reporting rigs by no later than 31 July following the end of the relevant year;
 - (b) the information specified in template B ("the forecast return") of the revenue reporting rigs by no later than 1 April of relevant year t, being the licensee's estimate of that information made on or before 1 April; and
 - (c) the information specified in template B ("the forecast return") of the revenue reporting rigs by no later than 31 October of the relevant year t, being the licensee's revised estimate of the specified items made after 31 July of that year.

REDRAFT/MOVE

To A7 in the Appendix
to PLC 48

Working Group's proposal: To redraft the provision and move to A7 in the Appendix to PLC 48. The redrafting reflects the fact the template B provision is being removed following Ofgem's informal consultation of February 2007. Consequently the reference in part (c) of the provision has been slightly redrafted so as to remove the reference to 'revised' since the estimates received on 31 Oct will be the first estimates received that year.

SLC 50 Part D : Audit requirements

SLC: 50 Part D (6)

Provision: The information referred to in paragraph 5(a) shall be accompanied by a report addressed to the Authority from an appropriate auditor, as defined in standard licence condition 42 (Regulatory Accounts), stating whether in his opinion:

- (a) the information in relation to each of the items referred to in the statement has been properly prepared; and
- (b) the amounts presented are in accordance with the licensee's records which have been maintained in accordance with paragraph 2 of this condition.

REDRAFT/MOVE

To PLC 48.9

Working Group's proposal: To retain the provision and move to PLC 48.9 where it has been redrafted to specifically reference template A of the reporting Rigs and to remove the reference to the Regulatory accounts condition.

SLC: 50 Part D (7)

Provision: The licensee shall require that the report from the appropriate auditor, referred to in paragraph 6, is accompanied by a letter from that auditor to the Authority detailing the procedures that the auditor has followed in reaching his opinion.

RETAIN/ MOVE

To PLC 48.10

Working Group's proposal: To retain the provision with slight redrafting so that the requirement is not that "the licensee shall require the report from the auditors' but that the 'licensee must ensure that the report from the auditors' and move to PLC 48.10.

SLC: 50Part D (8)

Provision: For the purposes of paragraph 6, the licensee shall at its own expense enter into a contract of appointment with the appropriate auditor which includes a term requiring that the audit be conducted in accordance with all such relevant auditing standards in force on the last day of the financial year to which the audit relates as would be appropriate.

RETAIN/MOVE

Working Group's proposal: To retain the provision with minor redrafting so that the licensee 'must rather than 'shall' and also to remove the reference to 'financial year' and replace it with 'year'.

To PLC 48.11

SLC: 50 Part D (9)

Provision: The licensee shall (and must procure, insofar as it is able to do so, that any affiliate or related undertaking of the licensee shall) co-operate fully with the appropriate auditor so as to enable him to complete and report to the Authority on any audit carried out in accordance with paragraph 6.

RETAIN/MOVE

Working Group's proposal: To retain the provision with minor redrafting so that the reference to procure is removed and replaced with ensure and 'shall' is replaced with 'must'. The spirit of the provision is retained and moved to PLC 48.12.

To PLC 48.12

SLC 50 Part E : Modification of the revenue reporting rigs

SLC: 50 Part E (10)

Provision: Where the Authority considers that the revenue reporting rigs should be modified to:

- (a) improve the presentation or style of the requirements of those rigs;
- (b) remove or reduce inconsistencies between distribution services providers in the application or interpretation of such requirements;
- (c) further clarify the meaning of words and phrases used within such requirements to define the information to be provided;
- (d) improve the form or manner in which such information is to be provided under such requirements; or
- (e) introduce additional categories of specified information or enlarge existing categories of specified information,

in such ways as are necessary to more effectively achieve the purposes of this condition, the Authority may, subject to paragraphs 11 to 14, modify the revenue reporting rigs by issuing a direction for that purpose to all distribution services providers.

REDRAFT/MOVE
To PLC 50.2 & 50.4

Working Group's proposal: To redraft the provision and split it out into two separate provisions in a catch-all condition dealing with modifications to the Rigs. The current provisions in parts (a) to (e) are covered in PLC 50.4 whilst the fact that they could be modified by the Authority is moved to PLC 50.2. The working group considers that a catch all condition covering modifications to the Rigs reduces repetition within the licence and consequently condenses it.

SLC: 50 Part E (11)

Provision: Before issuing a direction under paragraph 10, the Authority, by notice given to all distribution services providers, must:

- (a) state that it proposes to make a modification, and set out the date on which it proposes that this should take effect;
- (b) set out the text of the modification, the purpose and effect of the modification, and the reasons for proposing it; and
- (c) specify the time (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,

and consider any representations or objections which have been duly made and are not withdrawn, and give reasons for its decision.

REDRAFT/MOVE
To PLC 50.8

Working Group's proposal: To redraft the provision and move to PLC 50.8 where it becomes part of a catch-all condition dealing with modifications to the Rigs. The spirit of the provision has been retained but the content has been slightly redrafted so that the requirement for the Authority to give reasons for its decision has been removed as under the Electricity Act (1989), the Authority is required always to provide reasons for its decisions. The working group considers that a catch all condition covering modifications to the Rigs reduces repetition within the licence and consequently condenses it.

SLC:50 Part E (12)

Provision: Where any proposed modification of the revenue reporting rigs relates to a requirement to provide specified information to a greater level of accuracy than was required previously, the Authority may not make that modification except in accordance with the procedure under section 11A of the Act which would apply to the modification as if it were a modification of this condition.

REDRAFT/MOVE
To PLC 50.6 (a)

Working Group's proposal: To redraft the provision and move it to PLC 50.6 (a) where it becomes part of a catch-all provision dealing with modifications to the Rigs. The spirit of the provision has been retained and the content slightly redrafted so that the reference to 'than was required previously' has been lost. The working group considers that a catch all condition covering modifications to the Rigs reduces repetition within the licence and consequently condenses it.

SLC: 50 Part E (13) Provision: Any modification of the revenue reporting rigs under paragraph 10 to introduce an additional category of specified information or to enlarge an existing category of information shall not exceed what may reasonably be requested from the licensee by the Authority under paragraph 1 of standard condition 24 (Provision of Information to the Authority), excluding any reference to paragraph 8 of that condition.

REDRAFT/MOVE Working Group's proposal: To redraft the provision so that it becomes part of a catch all condition dealing with modifications to the Rigs. The spirit of the provision has been retained and it has been moved to PLC 50.7. The working group considers that a catch all condition covering modifications to the Rigs reduces repetition within the licence and consequently condenses it.
To PLC 50.7

SLC: 50 Part E (14) Provision: The provisions of the revenue reporting rigs may not exceed what is necessary to achieve the purposes of this condition or purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any provision imposed in respect of any matter which is the subject of any such condition.

RETAIN/MOVE Working Group's proposal: To retain the provision and move it to PLC 48.8
To PLC 48.8

SLC 50 Part F : Dealing with an event with a material impact on the consistency or accuracy of information

SLC: 50 Part F (15) Provision: Where the revenue reporting rigs do not provide adequate or sufficient guidance in relation to the collection and reporting of specified items following:

- (a) a change in industry processes or procedures on or after 1 April 2005 which has a significant effect on the calculation of one or more specified items; or
- (b) a change in the processes or procedures of the licensee on or after 1 April 2005 which has a significant effect on the calculation of one

or more specified items,

the licensee shall request guidance from the Authority in relation to the treatment of such items.

RETAIN/MOVE

Working Group's proposal: To retain the provision and move parts (a) and (b) to PLC 48.13. The final sentence in the provision is split out into a separate provision in PLC 48.15. The working group considers that this is clearer.

To PLC 48.13 & PLC
48.15

**SLC: 50 Part F
(16)**

Provision: For the purposes of this condition, a "significant effect" is defined as a change to the calculation of one or more specified items such that:

- (a) its effect on the calculation of allowed demand revenue exceeds, or is likely to exceed, 1 per cent of base demand revenue as defined in paragraph 4 of special condition B1 (Restriction of distribution charges: demand use of system charges); or
- (b) its effect on the calculation of allowed network generation revenue exceeds, or is likely to exceed, an amount which is equal to 0.5 per cent of base demand revenue as defined in paragraph 4 of special condition B1 (Restriction of distribution charges: demand use of system charges).

RETAIN/MOVE

Working Group's proposal: To retain the provision and move to PLC 48.14 where it has been redrafted to remove the reference to special condition B1 and replaced it with a reference to Charge restriction conditions..

To PLC 48.14

**SLC: 50 Part F
(17)**

Provision: On receipt of a request for guidance in accordance with paragraph 15, the Authority may:

- (a) having regard to whether the change to the calculation of one or more specified items has material implications for other distribution services providers; and
- (b) after consultation with the licensee and (where relevant, having regard to sub-paragraph (a)) other distribution services providers,

by notice to the licensee and (where relevant) other distribution services providers direct how such specified items should be reported for the purposes of this condition.

RETAIN/MOVE Working Group's proposal: To retain the provision and move to PLC 48.16

To PLC 48.16

SLC 50 Part G : Restatement of information

SLC: 50 Part G (18) Provision: For the purposes of this condition, the licensee shall take all appropriate steps within its power to ensure that information provided to the Authority in respect of a given relevant year under paragraph 5(a) is not restated after the date on which that information has been so provided except where restatement is necessary in the opinion of the appropriate auditor referred to in paragraph 6.

RETAIN/MOVE Working Group's View: To retain the provision and move it to PLC 48.17 where it is redrafted slightly to refer to regulatory year rather than 'relevant year' (please see SLC 3 for the background to this).

To PLC 48.17

SLC 51: Incentive schemes and associated information for Distributed Generation, Innovation funding and Registered Power Zones

SLC: 51 (1) Provision: The purposes of this condition are to secure the collection of information on a common basis, and to an appropriate degree of accuracy, by the licensee so as:

- (a) to facilitate the establishment and operation of:
 - (i) the distributed generation incentive scheme ("scheme A") to incentivise the effective connection and utilisation of distributed generation by the licensee;
 - (ii) the innovation funding incentive scheme ("scheme B") to incentivise effective expenditure on innovation by the licensee; and
 - (iii) the registered power zone incentive scheme ("scheme C") to incentivise the development and implementation of innovative approaches to further enhance the effective connection and utilisation of distributed generation by the

licensee;

- (b) to monitor the performance of the licensee in respect of each of the above incentive schemes; and
- (c) to monitor any unintended consequences that arise from the operation of the schemes and the charge restriction conditions.

RETAIN/MOVE
To PLC 47.1

Working group's proposal: To retain the proposal and move to PLC 47.1 with minor redrafting so that the schemes referred to are now called "DG scheme", IFI scheme" & "RPZ scheme" respectively. These are then spelt out in part (b) which clarifies that the reason for the provision is to 'enable the Authority to monitor'. Part (c) is amended slightly so that rather than 'monitor' it reads 'identify'.

SLC: 51 (2)

Provision: The licensee shall establish and maintain appropriate systems, processes and procedures to measure and record the specified information from the dates specified in paragraph 4 and in accordance with the regulatory instructions and guidance (including any associated information specified therein) for the time being in force pursuant to this condition (the "DG rigs").

REDRAFT/MOVE
To PLC 47.2 &
Appendix 1 to PLC 47

Working group's proposal: To redraft the provision and insert "Unless and so far as the Authority consents". The reference to the dates mentioned in paragraph 4 are now obsolete and so have been removed.

SLC: 51 (3)

Provision: For the purposes of this condition:

- (a) "charge restriction conditions" shall have the same meaning as set out in special condition A1 (Definitions and interpretation).
- (b) "DG rigs" means the instructions and guidance issued by the Authority for the purposes of this condition as modified from time to time by a direction under paragraph 9 and, subject to paragraph 13, may include:
 - (i) provisions with respect to the meaning of words and phrases used in defining specified information;
 - (ii) requirements for the recording of information associated with specified information which are reasonably necessary to enable an examiner to determine the accuracy and reliability of specified information;

- (iii) requirements as to the form and manner in which specified information shall be provided to the Authority;
 - (iv) requirements as to the form and manner in which specified information shall be recorded and the standards of accuracy and reliability with which it shall be recorded; and
 - (v) a statement as to whether and to what extent each category of specified information is required for the purposes of the schemes referred to in paragraph 1 of this condition.
- (c) "specified information" means such items as are referred to in the "DG rigs" and shall include:
- (i) in relation to scheme A:
 - (aa) the total incentivised DG capacity;
 - (bb) disaggregated DG capacity;
 - (cc) total capex for DG;
 - (dd) use of system capex for DG;
 - (ee) shared connection capex for DG;
 - (ff) assets transferred out of DG capex to demand capex;
 - (gg) DG network unavailability;
 - (hh) DG network unavailability rebate payments; and
 - (ii) in relation to scheme B:
 - (aa) IFI carry-forward;
 - (bb) eligible IFI expenditure;

- (cc) eligible IFI internal expenditure;
- (dd) combined distribution network revenue; and
- (ee) the IFI annual report;
- (iii) in relation to scheme C:
 - (aa) a schedule of all RPZ projects, whether planned, committed, under construction or in operation, detailing their starting year, generating capacity in MW, connection cost and a summary of the innovation content of the RPZ;
 - (bb) for RPZs in operation a report of the performance achieved in the reporting year; and
- (iv) such other information as may from time to time be specified by the Authority for the purposes of scheme A, B or C by direction to the licensee in accordance with paragraph 9.
- (d) "reporting year" means a twelve-month period ending on 31 March.

REDRAFT/MOVE

To PLC 47.7 & A2,
A3, A4 & A9 in
Appendix 1 of PLC 47
and PLC 1
(definitions)

Working group's proposal: To redraft the provision so as to move the interpretation in current part (a) and (b) so that 'charge restriction conditions' are now contained in PLC 1 (definitions) and 'DG rigs' is given interpretation in A9 of PLC 47. The items listed in part (b) under DG rigs are moved to PLC 47.7 with minor redrafting so that part (iii) makes reference to the process by which the Authority appoints an examiner. The information scheduled under the current part (c) has been moved to A2 in Appendix 1 of PLC 47. The current Part (ii) has been condensed and move to A4 of PLC 47. The information contained under the current part (iii) has been retained and moved to A3 of PLC 47 where it has gained a further provision to include the summary of the innovation content of the RPZ

SLC: 51 (4)

Provision: The licensee shall collect specified information:

- (a) in respect of the matters specified in paragraphs 3(c)(i) to (iii), from and including 1 April 2005; and
- (b) in respect of any matter specified under paragraph 3(c)(iv,) from the date specified in the relevant direction given in accordance with paragraph 9.

REDRAFT/MOVE

To A6 (a) in PLC 47

Working group's proposal: To redraft the provision and move to A6 (a) of PLC 47.

SLC: 51 (5)

Provision: The licensee shall provide to the Authority:

- (a) subject to sub-paragraph (b), the information referred to in paragraphs 3(c)(i) to (iii) , in respect of the period of 12 months expiring on the preceding 31 March, on or before 31 July of each subsequent year (or such later date as the Authority may by notice specify);
- (b) an estimate of the information referred to in sub-paragraph (aa) of paragraph 3(c)(ii) for each reporting year on or before 1 April for that year; and
- (c) the information referred to in paragraph 3©(iv) in respect of such period and by such date as is specified in the relevant direction given in accordance with paragraph 9.

REDRAFT/MOVE

To Appendix 1 to PLC 47

Working group's proposal: To redraft the provision so that it is split out into separate provisions and moved into Appendix 1 to PLC 47. Part (a) of the current provision is moved to A6 (b) of PLC 47. The current part (b) moved to A7 where it has been slightly redrafted so as to refer to regulatory rather than reporting year [please see SLC 5 for background]. The current part (c) has been moved to A8 of PLC 47. The working group considers that this steps the provisions out and makes them clearer to follow.

SLC: 51 (6)

Provision: The licensee shall permit a person or persons nominated by the Authority (in each case "an examiner") to examine:

- (a) the systems, processes and procedures referred to in paragraph 2 and their operation;
- (b) the specified information collected by the licensee; and
- (c) the extent to which each complies, and is in accordance, with the provisions of the DG rigs.

RETAIN/MOVE

To PLC 47.9

Working group's proposal: To retain the proposal and move it to PLC 47.9 where it is to be redrafted slightly so that the licence 'must' rather than 'shall'. Also the current part (c) has been redrafted so that rather than refer to 'the extent to which each complies' it specifies each of these matters mentioned in the relevant sub-paragraphs.

SLC: 51 (7)

Provision: The licensee 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 the obligation in paragraph 2 and any auditor of such person, or of the licensee or any affiliate or related undertaking of the licensee, shall) co-operate fully with an examiner so as to enable him to carry out, complete and report to the Authority on any examination carried out in accordance with paragraph 6.

REDRAFT/MOVE

To PLC 47.11

Working group's proposal: To retain the spirit of the provision but to split it out into its components so that the revised provision starts with the need for the following persons to be able to co-operate fully with the examiner. Then the reference to 'affiliate or relating undertaking' forms part (a) of the revised provision, 'any persons whom procures the performance' part (b) and 'any auditor of such person' part (c). The working group considered that in splitting this provision out into its components it was more logical and easier to understand.

SLC: 51 (8)

Provision: The licensee's performance of its obligations under this Part D is conditional on the examiner having entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

RETAIN/MOVE

To PLC 47.12

Working group's proposal: To retain the provision and move to PLC 47.12 where it has been redrafted to make clear that the licensee is not required to perform its provisions in relation to an Examiner unless the Examiner has entered into an agreement with the licensee to maintain confidentiality on reasonable terms. The working group considers that the redraft maintains the sentiment of the provision whilst making it clearer.

SLC: 51 (9)

Provision: Where the Authority considers that the DG rigs should be modified to:

- (a) improve the presentation or style of the requirements of those rigs;

- (b) remove or reduce inconsistencies between distribution services providers in the application or interpretation of such requirements;
 - (c) further clarify the meaning of words and phrases used within such requirements to define the information to be provided;
 - (d) improve the form or manner in which such information is to be provided under such requirements; or
 - (e) introduce additional categories of specified information or enlarge existing categories of specified information,
- in such ways as are reasonably required to more effectively achieve the purposes of this condition, the Authority may, subject to paragraphs 10 to 13, modify the DG rigs by issuing a direction for that purpose to all distribution services providers.

REDRAFT/MOVE
To PLC 50.3 & 50.4

Working group's proposal: To retain the spirit of the provision but to redraft and move to PLC 50 which is a catch-all provision dealing with modifications to all the cost reporting rigs. The current provision has been further redrafted in that the reference to the Authority modifying the rigs to more effectively achieve the purposes of the condition, has been split out and placed as a separate provision in PLC 50.3. The specific reasons behind the modification are then detailed in PLC 50.4. All specific references to the DG rigs have been removed in the new generic condition. The working group considers that the proposed amendments avoid repetition within the licence and consequently condenses it.

SLC: 51 (10)

Provision: Before issuing a direction under paragraph 9, the Authority, by notice given to all distribution services providers, must:

- (a) state that it proposes to make a modification, and set out the date on which it proposes that this should take effect;
- (b) set out the text of the modification, the purpose and effect of the modification and the reasons for proposing it; and
- (c) specify the time (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,

and must consider any representations or objections which have been duly made and not withdrawn, and give reasons for its decision.

RETAIN/MOVE
To PLC 50.8

Working group's proposal: To retain the proposal and move to PLC 50.8 as part of a catch-all condition dealing with modifications to the cost reporting rigs with minor redrafting so that the provision for the Authority to 'give reasons for its decision' is removed as this is covered with the Act (Electricity Act (1989)).

SLC: 51 (11)

Provision: Where any proposed modification of the DG rigs relates:

(a) to a requirement of those rigs to provide specified information to a greater level of accuracy than was required previously; or

(b) to the introduction into those rigs of an additional category of specified information which is or is intended to be required for the purposes of any of the schemes to which paragraph 1 refers,

the Authority may not make that modification except in accordance with the procedure under section 11A of the Act which would apply to the modification if it were a modification of this condition.

REDRAFT/MOVE

To PLC 50.6

Working group's proposal: To retain the spirit of the proposal and to move into PLC 50.6 as part of a catch-all condition dealing with modifications to the cost reporting rigs. The provision has been redrafted slightly so as to make it clear which rigs it is referring to. The working group considers that in moving the provision to a catch-all condition repetition within the licence is avoided.

SLC: 51 (12)

Provision: Any modification of the DG rigs under paragraph 9 to introduce an additional category of specified information or to enlarge an existing category of information may not include information that could not be reasonably requested from the licensee by the Authority under paragraph 1 of standard condition 24 (Provision of Information to the Authority), excluding any reference to paragraph 8 of that condition.

RETAIN/MOVE

To PLC 50.7

Working group's proposal: To retain the proposal and move to PLC 50.7 as part of a catch-all condition dealing with modifications to the cost reporting rigs. There has been minor redrafting so that the specific references to DG rigs have been replaced by generic references to cost reporting rigs. The cross referencing of paragraphs has also been updated. The working group considers that the catch-all condition avoids unnecessary repetition within the licence.

SLC: 51 (13)

Provision: The provisions of the DG rigs may not exceed what is reasonably required to achieve the purposes of this condition or 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.

RETAIN/MOVE

To PLC 47.8

Working group's proposal: To redraft and move to PLC 47.8

SLC 52: Reporting scheme of Price control revenue Information

SLC: 52 (1)

Provision: This condition takes effect on 1 April 2005 and applies in respect of the price control review information of the licensee relating to the financial year commencing 1 April 2005 and each succeeding financial year for the purposes set out in paragraph 2.

REDRAFT/MOVE

To PLC 49.1

Working group's proposal: To retain the spirit of the proposal but to redraft it so that the reference to 1 April 2005 is removed and 'regulatory year' is used rather than financial year [please see SLC 3 for reasons behind this].

SLC: 52 (2)

Provision: 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 1 April 2006, a common set of rules 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 relevant electricity distributor ("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").

RETAIN/MOVE

To PLC 49.2

Working group's proposal: To retain the provision with minor redrafting so that in part (a), rather than 'to ensure' the licensee is required to maintain and ensure. The name of the scheme has also been subject to a minor change and becomes the Price control cost information. Part (b) has been updated to reflect that the reporting rules (or RIGS) are now in place. Part (c) has been retained without the reference to 'a price control review'.

SLC: 52 (3)	<p><u>Provision:</u> Unless and insofar as the Authority otherwise consents, the licensee must:</p> <p>(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 distribution business is separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee); and</p> <p>(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 licensee's distribution 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 distribution 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.</p>
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REDRAFT/MOVE

To PLC 49.3, 49.4 & 49.5

Working group's proposal: To redraft the provision so that it is split out and moved to PLC 49.3, 49.4 & 49.5. The first line of the provision is retained as PLC 49.3. Part (a) is retained bar the amendment to 'cost information' rather than 'revenue information' and moved to PLC 49.4. Part (b) has been redrafted and moved to PLC 49.5 where it has been split out into its three separate components, first the back reference to the relevant paragraph, secondly the provision to prepare records and thirdly, the provision in regards to the manner in which these records should be provided. The working group considers that in splitting these provisions out, they become clearer and easier to follow.

SLC: 52 (4)	<p><u>Provision:</u> 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, and in any event not later than 31 July following the end of the financial year to which such information relates.</p>
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REDRAFT/MOVE

To PLC 49.6

Working group's proposal: To retain the spirit of the proposal but to redraft so that it is clear what the price control cost information involves and to amend the reference to financial year to 'regulatory year' [see SLC 3 for reasons behind this].

SLC: 52 (5)	<p><u>Provision:</u> The Authority may, in addition to any audit of the regulatory accounts of the licensee carried out in accordance with standard condition 42 (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.</p>
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RETAIN/MOVE

To PLC 49.7

Working group's proposal: To retain the provision with minor redrafting to the referenced conditions and the name change to 'price control cost information'

SLC: 52 (6)

Provision: 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.

RETAIN/MOVE
To PLC 49.8 & 49.9

Working group's proposal: To redraft the provision and split out so that part (a) moves to PLC 48.9. Part (b) moves to PLC 49.9 where it is three different references to any person, any affiliate or any auditor. The working group considers that this improves the clarity of the licence and makes the provisions easier to understand.

SLC: 52 (7)

Provision: 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 reviewers having entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

RETAIN/MOVE
To PLC 49.10

Working group's proposal: To retain the provision and redraft into PLC 49.10. It has been slightly redrafted so that the reference to "where a reviewer has been dominated" has been omitted. It has also been redrafted to make it clear that the licensee is not required to perform its provisions in relation to a reviewer and his functions unless the reviewer has entered into an agreement with the licensee to maintain confidentiality on reasonable terms. The working group consider that this is clearer and easier to understand.

SLC: 52 (8)

Provision: The price control review reporting rules shall be the rules of that name, issued by direction of the Authority in accordance with the provisions of paragraph 9 for the purposes of this condition generally, as from time to time modified by the Authority in accordance with the provisions of Part F of this condition, and with which the licensee and every other relevant electricity distributor shall be required to comply for the purposes of collecting and preparing price control review information for submission to the Authority.

REDRAFT/MOVE

To PLC 50.2 (b)

Working group's proposal: To redraft so that provision is moved into PLC 50.2 which is a catch all condition dealing with modifications to the Rigs. For these purposes, the price control reporting rules have been changed to the 'cost reporting Rigs'.

SLC: 52 (9)

Provision: Before issuing a direction under paragraph 8, the Authority must have:

- (a) given notice to all relevant electricity distributors:
 - (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) considered any representations or objections which are duly made and not withdrawn; and
- (c) given reasons for its decision.

REDRAFT/MOVE

To PLC 50.8

Working group's proposal: To redraft the provision so that the Authority has to give notice to "the licensee and all other Distribution service Providers" Part (a) (i) has been removed as a consequence of the reporting rules becoming Rigs and being subject to the same modification process as the Rigs.

Part (b) has been retained whilst the requirement for the Authority to give reasons for its decision has been removed as the requirement for the Authority to provide reasons for its decisions as this is included within the Act.

SLC: 52 (10)

Provision: The licensee shall take all appropriate steps within its power:

- (a) in conjunction and co-operation with every other relevant electricity distributor; and
- (b) in accordance with a programme of work and an associated timetable established and directed by the Authority in consultation with all relevant electricity distributors,

to develop the price control review reporting rules for implementation pursuant to this condition by 1 April 2006.

REMOVE

Working group's proposal: To remove from the proposed licence as the reporting rules are now in place.

SLC: 52 (11)

Provision: 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, 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.

RETAIN/MOVE

Working group's proposal: To retain the spirit of the provision and redraft slightly to refer to Rigs rather than rules.

To PLC 49.14

SLC: 52 (12)

Provision: 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 obligations imposed in respect of any matter which is the subject of any such condition.

RETAIN/MOVE

Working group's proposal: To retain the proposal and redraft it slightly so that it refers to the new title given to the condition [please see reasoning in SLC 52.8 above] and to refer to "those provisions" rather than "complying therewith". The provision has been moved to PLC 49.16. The working group considered that this was clearer.

To PLC 49.16

SLC: 52 (13)

Provision: 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.

REDRAFT/MOVE

To PLC 50.2

Working group's proposal: To redraft the provision and move it to PLC 50.2 as part of a catch-all condition dealing with modifications to the Rigs. The reference to reporting rules has been removed and the rules are now termed the Rigs [see SLC 52.8 above]. The specific condition references have been removed.

SLC: 52 (14)	<p><u>Provision:</u> 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;</p> <ul style="list-style-type: none"> (a) has first given notice to all relevant electricity distributors <ul style="list-style-type: none"> (i) stating that it proposes to make the modification (ii) setting out the text of the modification, the purpose and the effect of the modification and the date on which it is proposed to come into effect; and (iii) specifying the period (not 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
REDRAFT/MOVE To PLC 50.8	<p><u>Working group's proposal:</u> To redraft the provision so that the Authority has to give notice to "the licensee and all other Distribution service Providers". Part (a) (i) has been removed as a consequence of the reporting rules becoming Rigs and being subject to the same modification process as the Rigs.</p> <p>Part (b) has been retained whilst the requirement for the Authority to give reasons for its decision has been removed as the requirement for the Authority to provide reasons for its decisions are included within the Act.</p>
SLC: 52 (15)	<p><u>Provision:</u> Where a modification of the price control review reporting rules relates to the introduction into those rules of a requirement to provide:</p> <ul style="list-style-type: none"> (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, <p>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.</p>

REDRAFT/MOVE
To PLC 49.17 & 49.18

Working group's proposal: To redraft the provision and split it out into PLC 49.17 & PLC 49.18. Where the former explains the circumstances and the latter specifies that in those circumstances, there will not be a breach. There has been further slight redrafting in the title change [see proposal under SLC 52.8] and the reference to 'year' has now been amended to 'regulatory year' [see proposal in SLC 3] in line with the rest of the drafting for the proposed licence.

SLC: 52 (16)

Provision: 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.

REDRAFT/MOVE

Working group's proposal: To redraft the provision and move it to a generic interpretation in PLC 2.7.

To PLC 2.7

SLC: 52 (17)

Provision: For the purposes of this condition:

"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; and

"relevant electricity distributor" means an electricity distributor in whose licence this condition has effect.

REDRAFT/MOVE

Working group's proposal: To redraft the provision so that the definition of the price control review information is retained but redrafted so as to reflect the change from Reporting rules to cost reporting Rigs. The definition of relevant electricity distributor' has been removed.

To PLC 49.19

SLC 53 Part A : Assistance for areas with high distribution costs scheme: transfer of payment to the licensee and accounting requirements

SLC: 53A (1)

Provision: Pursuant to the Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005, where the licensee is a relevant distributor in the specified area, the licensee shall be entitled to receive and shall account for the annual payments received from the system operator pursuant to standard condition C22 (Assistance for areas with high distribution costs scheme: payments to a relevant distributor) of the system operator's transmission licence.

REMOVE

Working Group's proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53A (2)

Provision: The accounting statement to be prepared for the purposes of standard condition 42 (Regulatory Accounts) in respect of every financial year commencing on 1 April shall include the annual payments received by the licensee referred to in and in accordance with paragraph 1 of this condition.

REMOVE

Working Group's proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53A (3)

Provision: In this condition:

"relevant distributor"

has the same meaning as in section 184 of the Energy Act 2004.

"specified area"

means the area specified in the Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005.

REMOVE

Working Group's proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC 53 Part B : Assistance for areas with high distribution costs scheme: allocation of the annual payment between specified suppliers

SLC: 53B (1)

Provision: The licensee shall apply the benefit of any annual payment received pursuant to paragraph 1 of standard condition 53A (Assistance for areas with high distribution costs scheme: transfer of payment to the licensee and accounting requirements) to reduce the use of system charges to specified suppliers in a non-discriminatory manner in accordance with standard condition 53C (Assistance for areas with high distribution costs scheme: prohibition on engaging in preferential or discriminatory behaviour) and this condition.

REMOVE

Working Group's Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53B (2)

Provision: The licensee shall apply the benefit of the annual payment referred to in paragraph 1 on a pro-rated basis according to each specified supplier's anticipated level of demand attributable to the requirements of those of its customers located in the specified area in the forthcoming year of demand but not to the requirements of other customers in Great Britain.

REMOVE

Working Group's Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53B (3)

Provision: In this condition:

“specified area”

means the area specified in the Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005.

“specified supplier”

means an authorised supplier as defined in section 184(13) of the Energy Act 2004 who takes demand from the GB transmission system and supplies same to customers in the specified area.

REMOVE

Working Group’s Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC 53 Part C : Assistance for areas with high distribution costs scheme: prohibition on engaging in preferential or discriminatory behaviour

SLC: 53C (1)

Provision: The licensee shall not, in meeting its obligations under standard condition 53B (Assistance for areas with high distribution costs scheme: allocation of the annual payment between specified suppliers), unduly discriminate as between any specified supplier or specified suppliers or unduly prefer itself or any affiliate or related undertaking over any other specified supplier or specified suppliers.

REMOVE

Working Group's Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53C (2)

Provision: When determining the level of benefit to apply to another specified supplier under standard condition 53B (Assistance for areas with high distribution costs scheme: allocation of the annual payment between specified suppliers), the licensee shall apply the same or equivalent factors (and shall, in applying such factors, take into account any information available to it) that it applies when considering the level of benefit to apply to itself or any affiliate or related undertaking.

REMOVE

Working Group's Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53C (3)

Provision: 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.

REMOVE

Working Group's Proposal: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence

SLC: 53C (4)Provision: In this condition:

"assistance for areas with high distribution costs scheme"

means the scheme established pursuant to the Energy Act 2004 (Assistance for Areas with High Distribution costs) Order 2005.

"specified area"

means the area specified in the Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005.

"specified supplier"

means an authorised supplier as defined in section 184(13) of the Energy Act 2004 who takes demand from the GB transmission system and supplies same to customers in the specified area.

REMOVE

Working Group's View: To remove from the proposed licence and transferred into the special licence condition for Scottish Hydro Distribution. The working group considered that this condition was only going to apply to Scottish Hydro and so it was sensible to place it as a special condition rather than have it contained within the standard licence. This approach maybe reconsidered pending views in this consultation and the provision may be reinserted into the licence`

SLC BA1: Interpretation , Application and Payments**SLC BA1 : Definitions and Interpretation****SLC: BA1 (1)**Provision: [All definitions within the above condition remain the same save the following amendments]

In these standard conditions, unless the context otherwise requires:

"cross-default obligations"

for the purposes of standard condition BA6

	(Indebtedness) only, has the meaning given in that condition.
"de minimis business"	For the purposes of Section BA only, has the meaning given in sub-paragraph 4(a) of standard condition BA 2 (Restriction on Activity and Financial Ring Fencing).
"distribution business"	<p>means a business of the licensee, or in relation to subparagraphs (a) to (c) below, and except to the extent otherwise specified by the Authority in a direction to the licensee, any business of any affiliate or related undertaking of the licensee comprising:</p> <ul style="list-style-type: none"> (a) the distribution of electricity through the licensee's distribution system, including any business in providing connections to such system; (b) metering point administration services pursuant to and in accordance with the Master Registration Agreement; (c) data transfer services; (d) the provision of metering equipment which, at the discretion of the licensee, may be metering equipment which is owned by him or by any person other than the person making the application; (e) the installation, commissioning, testing, repair, maintenance, removal and replacement of metering equipment, <p>and in any of the above cases includes any business ancillary thereto.</p>

"indebtedness"	for the purposes of standard condition BA6 (Indebtedness) only, has the meaning given in that condition.
"investment"	for the purposes of Section BA only, has the meaning given in standard condition BA2 (Restriction on Activity and Financial Ring Fencing).
"investment grade issuer credit rating"	for the purposes of Section BA only, has the meaning given in standard condition BA5 (Credit Rating of Licensee).
"issuer credit rating"	for the purposes of Section BA only, has the meaning given in sub-paragraph 4(a) of standard condition BA 5 (Credit Rating of Licensee).
"Master Registration Agreement"	means the agreement of that title referred to and comprising such matters as are set out in standard condition 14 (Provision of the Metering Point Administration Service and Compliance with Master Registration Agreement).
"Metering Point Administration Service"	means the service to be established, operated and maintained by the licensee in accordance with standard condition 14 (Provision of the Metering Point Administration Service and Compliance with Master Registration Agreement).
"metering point administration services"	means the services of the Metering Point Administration Service established in accordance with standard condition 14 (Provision of the Metering Point Administration Service and Compliance with Master Registration Agreement).
"permitted purpose"	for the purposes of Section BA only, has the meaning given in standard condition BA2 (Restriction on Activity and Financial Ring Fencing).

RETAIN/MOVE

Working Group's Proposal: To retain the definitions and move them into PLC 1 and PLC 36. As the BA conditions are being amalgamated into Section A. Some of the definitions are now specific to certain financial ring fencing conditions (PLC 29-34) and so can be found in these.

SLC BA1 : Charging arrangements

SLC: BA1 (1)

Provision: The licensee shall make available and continue to make available charges for the provision of use of system to any authorised supplier using the licensee's distribution system to supply domestic customers.

REDRAFT/MOVE

To PLC 34.1

Working Group's Proposal: To redraft the provision so that it applies to both DNOs and IDNOs and is contained within Section A of the proposed licence. The spirit of the provision remains but rather than say "to supply domestic customers" the reference is now to a supplier that uses or wishes to use the licensee's distribution system to supply electricity to Domestic customers". The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (2)

Provision: The licensee's distribution use of system charges to domestic customers may vary according to the distribution services area of the licensed distributor within which domestic premises are connected to the licensee's distribution system.

RETAIN/MOVE

To PLC 34.3

Working Group's Proposal: To retain the provision and move to PLC 34.3 where it resides in Section A of the proposed licence and subsequently applies to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (3)

Provision: The licensee shall set these charges so that, except with the prior written consent of the Authority, the standing charge, unit rate and any other component of charges shall not exceed the distribution use of system charges to equivalent domestic customers.

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REDRAFT/MOVE

To PLC 34.4

Working Group's Proposal: To retain the spirit of the provision and to move to PLC 34.4 with minor redrafting so that rather than 'shall' the new provisions reads "must" and that it no longer specifies distribution use of system charges, only use of system charges. The provision has also been moved into Section A of the proposed new licence where it will apply to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (4)

Provision: For the purposes of this condition, distribution use of system charges to equivalent domestic customers are the distribution use of system charges made by the licensed distributor that has a Distribution Services Direction specifying the distribution services area where the domestic premises connected to the licensee's system are located.

RETAIN/MOVE

To PLC 34.5

Working Group's Proposal: To retain the provision and move to PLC 34.5 where it is to become part of Section A of the proposed new licence and consequently apply to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (5)

Provision: The Authority may specify by direction, which of the distribution use of system charges made by the licensed distributor with Distribution Services Obligations for the distribution services area are relevant for the purposes of determining distribution use of system charges to equivalent domestic customers.

REDRAFT/MOVE

To PLC 34.6

Working Group's Proposal: To retain the provision and but to slightly redraft it slightly so that it refers to distribution service providers which replaces the need to refer to 'Distribution service provisions for the distribution services area'. The provision has been moved to Section A of the proposed licence where it consequently applies to both IDNOs and DNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (6)

Provision: These charging arrangements shall have effect within this licence until such time and in such circumstances as are described in paragraphs 7 to 12 of this standard condition.

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 34.7 where the subsequent paragraphs have been updated. The working group considers that this reduces unnecessary repetition and condenses the licence.

To PLC 34.7

SLC: BA1 (7)

Provision: This condition shall cease to have effect (in whole or in part as the case may be) if the licensee delivers to the Authority a disapplication request made in accordance with paragraph 8 of this standard condition or notice is given to the Authority by the licensee in accordance with either paragraph 11 or paragraph 12 of this standard condition.

RETAIN/MOVE

Working Group's Proposal: To retain the provision but to make it clear that the licensee has to ask the Authority to give consent to disapplication. The working group considers that this reduces unnecessary repetition and condenses the licence.

To PLC 34.8

SLC: BA1 (8)

Provision: A disapplication request shall:

- (a) be in writing addressed to the Authority;
- (b) specify the paragraph or paragraphs of this standard condition to which the request relates; and

state the date (being not earlier than the date specified in paragraph 10 of this standard condition) from which the licensee wishes the Authority to agree that the conditions shall cease to have effect (the disapplication date)

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 34.9 where it becomes part of Section A of the proposed licence and consequently applies to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

To PLC 34.9

SLC: BA1 (9)

Provision: The licensee may withdraw a disapplication request at any time.

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 34.11 where it is moved in Section A of the proposed licence and consequently applies to DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

To PLC 34.11

SLC: BA1 (10)

Provision: Save where the Authority otherwise consents in writing, no disapplication following delivery of a disapplication request pursuant to paragraph 8 of this standard condition shall have effect until a date being the later of:

- (a) not less than 18 months after delivery of the disapplication request; and
- (b) 31 March 2011.

REDRAFT/MOVE

Working Group's Proposal: To retain the spirit of the proposal but to redraft so that part (b) contains two disapplication dates, one of 31 March 2007 if the licensee is a distribution service provider and 31 March 2011 if the licensee isn't a distribution service provider. There has also been a redraft so that the Authority now has to have "receipt" of a disapplication request rather than the present "delivery". Since the provision is now going to be contained in Section A of the proposed licence where it can apply to both DNOs and IDNOs, separate dates were needed for each. The working group considers that this reduces unnecessary repetition and condenses the licence.

To PLC 34.10

SLC: BA1 (11)

Provision: If the Authority has not made a reference to the Competition Commission under section 12 of the Act relating to the modification of this standard condition or the part or parts thereof specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date and the licensee has not withdrawn this disapplication request, the licensee may deliver a written notice to the Authority terminating the application of this standard condition or the part or parts thereof specified in the disapplication request with effect from the disapplication date or such earlier date to which the Authority has given its consent under paragraph 10.

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 34.13 where it is to be moved in to Section A and apply to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC: BA1 (12)

Provision: If the Competition Commission makes a report on a reference made by the Authority relating to the modification of this standard condition or the part or parts thereof specified in the disapplication request and such report does not include a conclusion that the cessation of such revenue restrictions in this standard condition, in whole or in part, operates or may be expected to operate against the public interest, the licensee may within 30 days after the publication of the report by the Authority in accordance with section 13 of the Act deliver to the Authority

written notice terminating the application of this standard condition or the part or parts thereof specified in the disapplication request with effect from the disapplication date.

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 34.13 where it is to be moved in to Section A and apply to both DNOs and IDNOs. The working group considers that this reduces unnecessary repetition and condenses the licence.

SLC BA2 :Restriction on activity and financial ring fencing

SLC: BA2 (1)

Provision: Save as provided by paragraphs 3 and 4, the licensee shall not conduct any business or carry on any activity other than the distribution business.

RETAIN/MOVE

Working Group's Proposal: To retain the provision and move to PLC 29.1, with minor redrafting to update the paragraph references and to refer to 'must' rather than 'shall'. To move into Section A of the proposed licence where it is to apply to both DNOs and IDNOs. The working group considers that this reduces repetition within the licence and consequently condenses it.

To PLC 29.1

SLC: BA2 (2)

Provision: The licensee shall not without the prior written consent of the Authority hold or acquire shares or other investments of any kind except:

- (a) shares or other investments in a body corporate the sole activity of which is to carry on business for a permitted purpose; or
- (b) shares or other investments in a body corporate which is a subsidiary of the licensee and incorporated by it solely for the purpose of raising finance for the distribution business; or
- (c) investments acquired in the usual and ordinary course of the licensee's treasury management operations, subject to the licensee maintaining in force, in relation to those operations, a system of internal controls which complies with best corporate governance practice as required (or in the absence of any such requirement recommended) by the UK listing authority (or a successor body) from time to time for listed companies in the United Kingdom.

REDRAFT/MOVE

To PLC 29.2 & 29.3

Working Group's Proposal: To retain the spirit of the proposal but to redraft, in order to split it out and so that parts (a), (b) and the reference to 'investment acquired in the usual course of the licensee's treasury management operations' are moved to PLC 29.2. Whilst the reference to having in force a system of internal controls is split into a separate provision in PLC 29.3. The revised provision makes it clear that the UK listing authority is for listed UK companies. Both provisions have been moved into Section A where they apply to both DNOs and IDNOs. The working group considers that this reduces repetition within the licence and consequently condenses it.

SLC: BA2 (3)

Provision: Subject to the provisions of paragraph 2 nothing in this condition shall prevent:

- (a) any affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity;
- (b) the licensee from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest consistent with the provisions of this licence;
- (c) the licensee from performing the supervisory or management functions of a holding company in respect of any subsidiary; or
- (d) the licensee from carrying on any business or conducting any activity to which the Authority has given its consent in writing.

REDRAFT/MOVE

To PLC 29.4

Working Group's Proposal: To retain the spirit of the provision but to redraft and move to PLC 29.4. The opening sentence of the provision has been amended so that it refers to PLC 29.2 and PLC 29.3. Current parts (a) and (b) have been combined into a new part (a). Current part (c) has been retained and moved to a new part (b) and current part (d) is retained as new part (c).

The Provision has been moved into Section A where it applies to both DNOs and IDNOs. The working group considers that this reduces repetition within the licence and consequently condenses it.

SLC: BA2 (4)

Provision: Nothing in this condition shall prevent the licensee or an affiliate or related undertaking of the licensee in which the licensee holds shares or other investments (a 'relevant associate') from conducting de minimis business as defined in this paragraph so long as the limitations specified in this paragraph are complied with.

- (a) For the purpose of this paragraph "de minimis business" means any business or activity carried on by the licensee or a relevant associate or relevant associates other than:
 - i) the distribution business; and

- ii) any other business activity to which the Authority has given its consent in writing in accordance with paragraph 3(d).
- (b) The licensee or a relevant associate may carry on de minimis business provided that neither of the following limitations is exceeded, namely:
- i) the aggregate turnover of all the de minimis business carried on by the licensee and the equity share of the aggregate turnover of all the de minimis business carried on by all its relevant associates does not in any period of twelve months commencing on 1 April of any year exceed 2.5 percent of the aggregate turnover of the licensee as shown by the most recent audited historical cost accounting statements of the licensee; and
 - ii) the aggregate amount (determined in accordance with sub-paragraph (d) below) of all investments made by the licensee in de minimis business, carried on by the licensee and all relevant associates, does not at any time after the date this condition takes effect in this licence exceed 2.5 percent of the sum of share capital in issue, the share premium and the consolidated reserves (including retained earnings) of the licensee as shown by its most recently audited historical cost accounting statements then available.
- (c) For the purpose of sub-paragraph (b) of this paragraph, "investment" means any form of financial support or assistance given by or on behalf of the licensee for the de minimis business whether on a temporary or permanent basis and including (without limiting the generality of the foregoing) any commitment to provide any such support or assistance in the future.
- (d) At any relevant time, the amount of an investment shall be the sum of:
- i) the value at which such investment was included in the audited historical cost balance sheet of the licensee as at its latest accounting reference date to have occurred prior to the date of this licence (or, where the investment was not so included, zero);
 - ii) the aggregate gross amount of all expenditure (whether of a capital or revenue nature) howsoever incurred by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date; and
 - iii) all commitments and liabilities (whether actual or contingent) of the licensee relating to such investment outstanding at the end of the most recently completed accounting reference period
- less the sum of the aggregate gross amount of all income (whether of a capital or a revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since the accounting reference date referred to in sub-paragraph (d)(i).

REDRAFT/MOVE

To PLC 29.6,
 PLC 29.7
 PLC 29.8,
 PLC 29.9 ,
 PLC 29.10,
 PLC 29.11
 & PLC 29.12

Working Group's Proposal: To redraft the provision so that it is split out considerably into its component parts. The current first paragraph is retained and moved to PLC 29.6 with minor redrafting so that "de minimis business" becomes "ancillary business" in order to modernise the licence and remove Latin references from it.

The current part (a) has been split out and made a separate provision in PLC 29.7 where its wording has been retained. The current first paragraph of part (b) has been redrafted and split out in PLC 29.8, whilst its sub paragraphs (i) and (ii) have become PLC 29.9 & PLC 29.10 respectively. These have been redrafted so that "de minimis" business is now termed "Ancillary Business" and that rather refer to aggregate turnover, the provision mentions total turnover as this term is more simplistic and easier to understand. Also, Regulatory year is used rather than "any period of 12 months commencing on 1 April of any year" The working group considered that these amendments made the provisions clearer and easier to understand.

The current part (c) and (d) of the provision have been amalgamated into PLC 29.8 where new part (a) retains the Provision in the current part (c) and new part (b) retains the provision in the current part (d). The wording has been largely retained bar the change from "de minimis" to "Ancillary" business and "aggregate" to "total" turnover.

All of the provisions have been moved into Section A of the proposed new licence where they apply to both DNOs and IDNOs. The working group considers that this reduces repetition within the licence and consequently condenses it. As part of this a new provision has been added in PLC 29.9 which states that if the licensee is not Distribution Service provider then the total turnover quoted in PLC 29.7 (a) is the total turnover of the licensee and not the licensee's distribution business. This reflects the difference in the provision above from that which applies to DNOs under current SLC 43.

SLC: BA2 (5)

Provision: For the purpose of paragraph 4, "equity share", in relation to any share holding, means the nominal value of the equity shares held by the licensee in a relevant associate, as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.

RETAIN/MOVE

To PLC 29.13

Working Group's Proposal: To retain the provision and move to PLC 29.10 where it is to be in Section A of the proposed new licence and applicable to both DNO and IDNOs. The working group considers that this reduces the repetition in the licence and consequently condenses it.

SLC:BA2 (6)

Provision: In this condition :

"permitted purpose"

means the purpose of all or any of the following:

(a) the licensee's distribution business or any other

business or activity within the limits of paragraph 4;

- (b) any business or activity to which the Authority has given its consent in writing in accordance with paragraph 3 (d); and
- (c) without prejudice to the generality of sub-paragraph (a), any payment or transaction lawfully made or undertaken by the licensee for a purpose within sub-paragraphs 1(b)(i) to (vii) of standard condition BA6.

REDRAFT/MOVE

Working Group's Proposal: To retain the definitions and move them to PLC 1. (please see SLC 1 for the details behind any redrafting to this definition)

To PLC 1

SLC BA3: Availability of resources

SLC: BA3 (1)

Provision: The licensee shall at all times act in a manner calculated to secure that it has available to itself such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able:

- (a) to properly and efficiently carry on the distribution business of the licensee; and
- (b) to comply in all respects with its obligations under this licence and such obligations under the Act as apply to the distribution business including, without limitation, its duty to develop and maintain an efficient, co-ordinated and economical system of electricity

distribution.

RETAIN/MOVE

To PLC 30.1

Working Group's Proposal: To retain the provision with minor redrafting so that the provision reads "must" rather than "shall". The reference to resources "without limitation" has been lost as has the reference to the distribution system "of the licensee". The provision has been moved into Section A of the proposed new licence where it is to be applicable to both IDNOs and DNOs. The working group considers that this avoids repetition and condenses the licence.

SLC: BA3 (2)

Provision: The licensee shall by 31 July of each year submit to the Authority a certificate, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution, in one of the following forms:

- (a) "After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate."
- (b) "After making enquiries, and having taken into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid by the licensee, the directors of the licensee have a reasonable expectation, subject to what is explained below, that the licensee will have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the licensee to carry on the distribution business."
- (c) "In the opinion of the directors of the licensee, the licensee will not have sufficient financial resources and financial facilities available to itself to enable the licensee to carry on the distribution business for a period of 12 months from the date of this certificate."

RETAIN/MOVE

To PLC 30.2

Working Group's Proposal: To retain the provision and move to PLC 30.2 with minor redrafting so that parts (a), (b) and (c) are all given the title of certificate 1,2, 3 and the provision that the licensee "shall" is altered to the "licensee must". The provision has been moved into Section A of the proposed new licence where it is to be applicable to both IDNOs and DNOs.

SLC: BA3 (3)

Provision: The licensee shall submit to the Authority with that certificate a statement of the main factors which the directors of the licensee have taken into account in giving the certificate, together with a confirmation of the availability of financial facilities.

REDRAFT/MOVE

To PLC 30.3 (a)

Working Group's Proposal: To redraft and move to PLC 30.3 (a) where it has some extra provision on the licensee to provide a "working capital statement in the format from time to time prepared by the UK listing authority (or a successor body) for listed companies in the UK" which has been brought over from amalgamating SLC 44 into the provision. The working group considers that this avoids repetition and condenses the licence. The rest of the provision is retained word for word.

SLC: BA3 (4)

Provision: The statement submitted to the Authority in accordance with paragraph 3 shall be approved by a resolution of the board of directors of the licensee and must be signed by a director of the licensee pursuant to that resolution.

REDRAFT/MOVE

To PLC 30.6 (b)

Working Group's Proposal: To redraft the provision and move it to PLC 30.6 (b) where an additional provision is added that the "resolution must be passed not more than 14 days before the date on which the declaration, recommendation, or payment is made". The provision has also been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA3 (5)

Provision: The licensee shall inform the Authority in writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.

RETAIN/MOVE

To PLC 30.4

Working Group's Proposal: To retain the provision and move to PLC 30.4 where it has been slightly redrafted so as to refer to "the reasonable expectation" rather than "a reasonable expectation". The provision has also been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA3 (6)

Provision: The licensee shall require that each certificate provided for in paragraph 2 is accompanied by a report prepared by its auditors and addressed to the Authority stating whether or not the auditors are aware of any inconsistencies between on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work on the most recent audited accounting statements of the licensee.

RETAIN/MOVE

To PLC 30.3(b)

Working Group's Proposal: To retain the provision and move to PLC 30.3 (b) with minor redrafting to refer to PLC 45 – Regulatory accounts – rather than "the recent audited accounting statements of the licensee". The provision has also been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA3 (7)

Provision: The directors of the licensee shall not declare or recommend a dividend, and the licensee shall not make any other form of distribution within the meaning of section 263 of the Companies Act 1985, or redeem or repurchase any share capital of the licensee unless prior to the declaration, recommendation or making of the distribution, redemption or repurchase (as the case may be) the licensee has issued to the Authority a certificate complying with the following requirements of this paragraph.

(a) The certificate shall be in the following form:

“After making enquiries, the directors of the licensee are satisfied:

- i) that the licensee is in compliance in all material respects with all obligations imposed on it by standard condition 24 (Provision of Information to the Authority), standard condition BA2 (Restriction on Activity and Financial Ring Fencing), standard condition BA3 (Availability of Resources), standard condition BA4 (Undertaking from Ultimate Controller), standard condition BA5 (Credit Rating of the Licensee) and paragraph 1 of standard condition BA6 (Indebtedness) of the licence; and
- ii) that the making of a distribution, redemption or repurchase of [] on [] will not, either alone or when taken together with other circumstances reasonably foreseeable at the date of this certificate, cause the licensee to be in breach to a material extent of any of these obligations in the future.”

(b) The certificate shall be signed by a director of the licensee and must have been approved by a resolution of the board of directors of the licensee passed not more than 14 days before the date on which the declaration, recommendation or payment will be made.

(c) Where the certificate has been issued in respect of the declaration or recommendation of a dividend, the licensee shall be under no obligation to issue a further certificate prior to payment of that dividend provided such payment is made within six months of the issuing of that certificate.

REDRAFT/MOVE

Working Group's Proposal: The first paragraph of the current provision has been retained (bar a change to “must” rather than “shall”) and split out into a separate provision in PLC 30.5.

To PLC 30.5,
 PLC 30.6
 PLC 30.7
 PLC 30.8

Part (a) of the current provision has been retained as PLC 30.6 with sub paragraphs (i) & (ii) becoming parts (a) and (b) respectively..

Part (b) of the current provision has been retained with minor redrafting so that “shall” is now “must” and is moved to PLC 30.7

Part (c) of the current provision has been retained with minor redrafting and has been split out and moved into a separate provision in PLC 30.8

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC BA4: Undertaking from ultimate controller

SLC: BA4 (1)

Provision: The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in the form specified by the Authority that that ultimate controller ("the covenantor") will refrain from any action, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the covenantor (other than the licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the licensee to breach any of its Obligations under the Act or this licence. Such undertaking shall be obtained within 7 days of the company or other person in question becoming an ultimate controller and shall remain in force for as long as the licensee remains the holder of this licence and the covenantor remains an ultimate controller of the licensee.

REDRAFT/MOVE

To PLC 31.1, 31.2 & 31.3

Working Group's Proposal: To retain the spirit of the proposal but to split in out into separate provisions. The provision to procure the undertaking in a form approved by the Authority is retained and moved to PLC 31.1.

The provision to refrain from any action which would breach the Act is retained but spit out and moved into PLC 31.2 (a).

The provision that the undertaking shall be obtained within 7 days is retained and split out into PLC 31.3 (a) whilst the provision that the undertaking remains in force is split out into PLC 31.3 (b).

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA4 (2)

Provision: The licensee shall:

- (a) deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with its Provision to procure undertakings pursuant to paragraph 1;
- (b) inform the Authority immediately in writing if the directors of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached; and
- (c) comply with any direction from the Authority to enforce any such undertaking;

and shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or of any of the subsidiaries of any such corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:

- i) an undertaking complying with paragraph 1 is not in place in relation to that ultimate controller; or
- ii) there is an unremedied breach of such undertaking; or
- iii) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 2 of this condition.

REDRAFT/MOVE

Working Group's Proposal: To redraft the provision so that it is split out into its separate components. The current parts (a) and (c) have been retained and moved to PLC 31.4 as parts (a) and (b) respectively.

To PLC 31.4, 31.5 & 31.6

The current part (b) is retained but as a separate condition in PLC 31.5.

The final part of the current provision is also retained as a separate condition in PLC 31.6 with a new reference to arrangements where "the Ultimate Controller is a corporate body"

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC BA5: Credit rating of licensee

SLC: BA5 (1)

Provision: The licensee shall take all appropriate steps to ensure that the licensee maintains at all times an investment grade issuer credit rating, or with the prior written permission of the Authority, any such arrangements as the Authority considers appropriate.

REDRAFT/MOVE

Working Group's Proposal: To redraft the provision so that it is moved to PLC 32.1 (b). Here it sits alongside the provision on DNOs to have an investment grade issuer credit rating which is in PLC 32.1 (a)

To PLC 32.1(b)

SLC: BA5 (2)

Provision: In this condition:

“issuer credit rating” means:

- (a) an issuer rating by Standard & Poor’s Ratings Group or any of its subsidiaries;
- (b) an issuer rating by Moody’s Investors Service Inc. or any of its subsidiaries; or
- (c) an issuer senior unsecured debt rating by Fitch Ratings Ltd or any of its subsidiaries ; or
- (d) a rating which, in the opinion of the Authority, notified in writing to the licensee, is equivalent to those referred to in sub-paragraphs (a), (b) or (c) and issued by:
 - i) any of the credit rating agencies referred to in sub-paragraphs (a), (b) or (c) or;
 - ii) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America.

In relation to any issuer credit rating, “investment grade” means:

- (a) unless sub-paragraph (b) below applies:
 - i) an issuer rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries;
 - ii) an issuer rating of not less than Baa3 by Moody’s Investors Service Inc. or any of its subsidiaries;
 - iii) an issuer senior unsecured debt rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries; or
 - iv) a rating which, in the opinion of the Authority, notified in writing to the licensee, is equivalent to those referred to in sub-paragraphs (a), (b) or (c) and issued by:
 - aa) any of the credit rating agencies referred to in sub-paragraphs (a), (b) or (c) or;
 - bb) any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the licensee, has comparable standing in both the United Kingdom and the United States of America;
- (b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

REDRAFT/MOVE

To PLC 32.2, 32,3 &
34.4

Working Group's View: To redraft the provision so that part (a) of the existing provision listing the companies with whom a credit rating is acceptable, is retained and split out into a separate provision in PLC 32.2. The investment grade required which is currently detailed in part (b) is split out into a separate provision in PLC 32.3.

The current provision concerning any higher rating has been split into a separate provision in PLC 32.4.

The current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC BA6: Indebtedness

SLC: BA6 (1)

Provision: In addition to the requirements of standard condition 29 (Disposal of Relevant Assets), the licensee shall not without the prior written consent of the Authority (following the disclosure by the licensee of all material facts):

- (a) create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance whatsoever, undertake any indebtedness to any other person or enter into or continue or permit to remain in effect any guarantee or any obligation otherwise than:
 - i) on an arm's length basis;
 - ii) on normal commercial terms;
 - iii) for a permitted purpose; and
 - iv) (if the transaction is within the ambit of standard condition 29 (Disposal of Relevant Assets)) in accordance with that condition;
- (b) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee otherwise than by way of:
 - i) a dividend or other distribution out of distributable reserves;
 - ii) repayment of capital;

- iii) payment properly due for any goods, services or assets provided on an arm's length basis and on normal commercial terms;
- iv) a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and made in compliance with the payment condition referred to in paragraph 2;
- v) repayment of or payment of interest on a loan not prohibited by sub-paragraph (a);
- vi) payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received ; or
- vii) an acquisition of shares or other investments in conformity with paragraph 2 of standard condition BA2 (Restriction on Activity and Financial Ring Fencing) made on an arm's length basis and on normal commercial terms,

provided, however, that the provisions of paragraph 3 or 4 below, as the case may be, shall prevail in any circumstances described or referred to therein;

- (c) enter into an agreement or incur a commitment incorporating a cross-default obligation; or
- (d) continue or permit to remain in effect any agreement or commitment incorporating a cross-default obligation subsisting at date of this licence, save that the licensee may permit any cross-default obligation in existence at that date to remain in effect for a period not exceeding twelve months from that date, provided that the cross-default obligation is solely referable to an instrument relating to the provision of a loan or other financial facilities granted prior to that date and the terms on which those facilities have been made available as subsisting on that date are not varied or otherwise made more onerous, provided, however, that the provisions of sub-paragraphs (c) and (d) shall not prevent the licensee from giving any guarantee permitted by and compliant with the requirements of sub-paragraph (a);

RETAIN/ MOVE

To PLC 33.1, 33.2 & 33.3

Working Group's Proposal: To retain the provision with updated references and minor changes.

The first paragraph moves to PLC 33.1 – General prohibition;

(a) (i) – (iv) move to PLC 33.2 – Part A: Restricted Category 1 – with the omission of the phrase "...or continue or permit to remain in effect..."; It is also redrafted so as to state that the transaction must be on an arm's length basis, must be on commercial terms and must be for a permitted purpose.

(b) (i) – (vii) move to PLC 33.3 – Part B: Restricted Category 2;

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The

working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA6 (2)

Provision: The payment condition referred to in paragraph 1(b)(iv) is that the consideration due in respect of the transaction in question is paid in full when the transaction is entered into unless either:

- (a) the counter-party to the transaction has and maintains until payment is made in full an investment grade issuer credit rating, or
- (b) the obligations of the counter-party to the transaction are fully and unconditionally guaranteed throughout the period during which any part of the consideration remains outstanding by a guarantor which has and maintains an investment grade issuer credit rating.

RETAIN/MOVE

Working Group's Proposal: To retain the provision with updated references and minor changes. The provision moves to PLC 33.4.

To PLC 33.4

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA6 (3)

Provision: Where the Authority has not granted permission for the use of alternative arrangements in accordance with paragraph 1 of BA5 (Credit Rating of the Licensee), then except with the prior consent of the Authority, the licensee shall not enter into or complete any transaction of a type referred to or described in paragraph 1(b) save in accordance with paragraph 5, if:

- (a) the licensee does not hold an investment grade issuer credit rating;
- (b) where the licensee holds more than one issuer credit rating, one or more of the ratings so held is not investment grade; or
- (c) any issuer credit rating held by the licensee is BBB- by Standard & Poor's Ratings Group or Fitch Ratings Ltd or Baa3 by Moody's Investors Service, Inc. (or such higher issuer credit rating as may be specified by any of these credit rating agencies from time to time as the lowest investment grade credit rating), or is an equivalent rating from another agency that has been notified to the licensee by the Authority as of comparable standing for the purposes of standard condition BA5 (Credit Rating of the Licensee) and:
 - i) is on review for possible downgrade; or
 - ii) is on Credit Watch or Rating Watch with a negative designation;
 or, where neither (i) nor (ii) applies:
 - iii) the rating outlook of the licensee as specified by any credit rating agency referred to in sub-paragraph (c) which at the relevant

time has assigned the lower or lowest investment grade issuer credit rating held by the licensee has been changed from stable or positive to negative.

REDRAFT/MOVE

Working Group's Proposal: To retain the spirit of the provision but to redraft and split the sub paragraphs out into separate provisions. The first paragraph is retained and split out into PLC 33.6

To PLC 33.6,
PLC 33.7
PLC 33.8
PLC 33.9

Part (a) is retained as PLC 33.7.

Part (b) is retained as PLC 33.8

Part (c) is retained as PLC 33.9 with sub paragraphs (i), (ii) and (iii) being retained as PLC 33.9 (a), (b) and (c) respectively.

SLC: BA6 (4)

Provision: Where the Authority has granted permission for the use of alternative arrangements in accordance with paragraph 1 of BA5 (Credit Rating of the Licensee), then except with the prior consent of the Authority, the licensee shall not enter into or complete any transaction of a type referred to or described in paragraph 1(b) save in accordance with paragraph 5, if the alternative arrangements for which the Authority has granted permission are not maintained in accordance with the conditions imposed by the Authority when giving written permission pursuant to paragraph 1 of standard condition BA5 (Credit Rating of the Licensee).

REDRAFT/MOVE

PLC 33.14

Working Group's Proposal: retain the spirit of the provision, and redraft for improved clarity and updated references. The caveat "If the licensee is not a Distribution Services Provider" is inserted because of the amalgamation of DNO and IDNO licences, and the phrase alternative '**credit rating**' arrangements has been inserted for clarity. The provision moves to PLC 33.14 – Part F: Variation of provision for certain licensees.

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA6 (5)

Provision: Where paragraph 3 or 4 applies, the licensee may not without the prior written consent of the Authority (following disclosure of all material facts) transfer, lease, license or lend any sum or sums, asset, right or benefit to any affiliate or related undertaking of the licensee as described or referred to in paragraph 1(b), otherwise than by way of:

- a. payment properly due for any goods, services or assets in relation to commitments entered into prior to the date on which the

- circumstances described in paragraph 3 or 4 arise, and which are provided on an arm's length basis and on normal commercial terms;
- b. a transfer, lease, licence or loan of any sum or sums, asset, right or benefit on an arm's length basis, on normal commercial terms and where the value of the consideration due in respect of the transaction in question is payable wholly in cash and is paid in full when the transaction is entered into;
 - c. repayment of, or payment of interest on, a loan not prohibited by paragraph 1(a) and which was contracted prior to the date on which the circumstances in paragraph 3 or 4 arise, provided that such payment is not made earlier than the original due date for payment in accordance with its terms; and
 - d. payments for group corporation tax relief or for the surrender of Advance Corporation Tax calculated on a basis not exceeding the value of the benefit received, provided that the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due.

REDRAFT/MOVE

Working Group's Proposal: this provision is retained with updated references, and the term "prior written" removed from "the licensee may not without *prior written* consent of the Authority", and moves to PLC 33.10 – Part D: Restricted Category 3.

To PLC 33.10

After this provision, Part E: Restricted Category 4 has been inserted from SLC 47 1 (c) and (d), and Part F: Variation of provision for certain licensees has been inserted as PLC 33.14 to distinguish between DNOs and IDNOs.

The whole of the current provision has been brought in to Section A of the proposed licence where it is applicable to both DNOs and IDNOs. The working group considers that this reduces repetition in the licence and consequently condenses it.

SLC: BA6 (6)

Provision: In this condition:

"cross-default obligation"

means a term of any agreement or arrangement whereby the licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated or is capable of arising, increasing or of acceleration by reason of a default (howsoever such default may be described or defined) by any person other than the licensee, unless:

- (a) that liability can arise only as the result of a default by a subsidiary of the licensee,
- (b) the licensee holds a majority of the voting rights in that subsidiary and has the right to appoint or remove a majority of its board of directors, and
- (c) that subsidiary carries on business only for a purpose within paragraph (a) of the definition of permitted purpose set out in standard condition BA2 (Restriction on Activity and Financial Ring Fencing).

"indebtedness"

means all liabilities now or hereafter due, owing or incurred, whether actual or contingent, whether solely or jointly with any other person and whether as principal or surety, together with any interest accruing thereon and all costs, charges, penalties and expenses incurred in connection therewith.

"investment grade" has the meaning given in paragraph 2 of standard condition BA5 (Credit Rating of the Licensee).

"issuer credit rating" has the meaning given in paragraph 2 of standard condition BA5 (Credit Rating of the Licensee).

RETAIN/MOVE/
DELETE

Working Group's Proposal: To retain the provision with the exception of the definition of "indebtedness" and move to PLC 33.15 – Part G: Interpretation. "Indebtedness is now covered in PLC 1.

To PLC 33.15