

Electricity Distribution Licence Review: Proposals

Appendix 3 - Proposed Standard Licence Conditions

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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 3 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 3 - Proposed Standard Licence Conditions

1.1. This appendix contains the legal text for the Proposed Standard Licence Conditions (PLCs), which represent the proposals developed under the DLR and described in the main body of the consultation document associated to this Appendix.

Gas and Electricity Markets Authority

ELECTRICITY ACT 1989

**Standard conditions of
the Electricity Distribution
Licence**

Consultation Draft : October 2007

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SECTION A:
STANDARD CONDITIONS FOR ALL
ELECTRICITY DISTRIBUTORS

CHAPTER 1

Standard conditions 1 to 3: Interpretation and application

Condition 1. Definitions for the standard conditions

Introduction

- 1.1 This condition sets out most of the defined words and expressions (all of which begin with capital letters) that are used in the standard conditions of both Section A and Section B of this licence, and gives their definitions next to them.
- 1.2 But:
- (a) where defined words and expressions are used only in a particular standard condition, their definitions are included in that condition, whether it falls in Section A or Section B; and
 - (b) some defined words and expressions that are used only in the standard conditions of Section B are set out, with their definitions, at standard condition 36 (Definitions for the Section B standard conditions).

Definitions in alphabetical order

- 1.3 In the standard conditions of this licence, unless the context otherwise requires:
- | | |
|--------------------------------|--|
| Act | means the Electricity Act 1989. |
| Affiliate | in relation to the licensee, means any Holding Company of the licensee, any Subsidiary of the licensee, or any Subsidiary of a Holding Company of the licensee. |
| Ancillary Business | means any business conducted or carried on by the licensee, or by an Affiliate or a Related Undertaking of the licensee in which the licensee holds shares or other investments, other than: <ul style="list-style-type: none"> (a) the Distribution Business; and (b) any other business or activity to which the Authority has given its consent under paragraph 4 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business). |
| Application Regulations | means regulations made under section 6A of the Act that set out the form and manner in which applications for an Electricity Distribution Licence or any extension or restriction of such a licence are to be made. |
| Authorised | in relation to any business or activity, means authorised by licence granted or treated as granted under section 6 of the Act or, in any appropriate cases, by exemption granted under section 5 of the Act. |

Authorised Electricity Operator	means any person (other than the licensee) who is Authorised to generate, participate in the transmission of, distribute, or supply electricity or participate in the operation of an Interconnector, and includes any person who has made an application to be so Authorised which has not been refused and any person who transfers electricity to or from or across an Interconnector or has made an application for use of an Interconnector that has not been refused.
Authority	means the Gas and Electricity Markets Authority that is established under section 1 of the Utilities Act 2000.
Balancing and Settlement Code	means the Balancing and Settlement Code that is provided for in standard condition C3 (Balancing and Settlement Code) of the Transmission Licence.
Basic Metering Equipment	means Metering Equipment provided by the licensee that is of the same functionality as that which was being provided by the licensee as at 1 June 2003 (and, at the licensee's own choice, may be Metering Equipment which it owns itself or Metering Equipment that is owned by any person other than the person who has asked the licensee to provide it).
Basic Metering Services	means any of the services of installing, commissioning, testing, repairing, maintaining, removing, and replacing Metering Equipment where the service in question is of the same standard of performance, quality, and timeliness as that of the comparable service that was being provided by the licensee at 1 June 2003.
Charge Restriction Condition	means any condition of this licence (including, for the avoidance of doubt, standard condition 34 (Regulation of charging arrangements)), the purpose of which (whether on its own or in combination with any other Charge Restriction Condition) is to provide for the determination of a maximum price that may be charged by the licensee or a maximum revenue that may be recovered by it.
Competition Commission	means the body of that name that is established by section 45 of the Competition Act 1998.
Conditions	means all the conditions of the licence in question (which, for the purposes of this particular licence, means each standard condition, each Charge Restriction Condition that is not a standard condition, and any other condition however described that has effect in this licence).

Connection	<p>means the physical connection (whether direct or indirect) of premises or another Distribution System to the licensee's Distribution System under section 16(1) of the Act, and references to providing or making a Connection include references to:</p> <ul style="list-style-type: none"> (a) retaining and maintaining an existing Connection in accordance with that section; and (b) modifying an existing Connection for the purpose of increasing or reducing its capacity, or of enhancing its stability or reliability, or for any other reason, <p>and related expressions, such as “connect” and “connected”, are to be read accordingly.</p>
Connection Charges	<p>means charges made or levied, or to be made or levied, by the licensee for the provision, modification, or retention of Connections to the licensee's Distribution System, whether or not such charges or any part of them are annualised, and may include, as appropriate, costs relating to any of the matters mentioned under paragraph A2 of Appendix 1 to standard condition 14 (Charges for Use of System and Connection).</p>
Connection Charging Statement	<p>means the statement that the licensee is required to have in place under standard condition 14 (Charges for Use of System and Connection) for the purpose of setting out the basis on which charges will be made for the provision of Connections to its Distribution System.</p>
Connection and Use of System Code	<p>means the Connection and Use of System Code that is provided for in standard condition C10 (Connection and Use of System Code) of the Transmission Licence.</p>
Consumer Council	<p>means the Gas and Electricity Consumer Council that is established under section 2 of the Utilities Act 2000, or any successor body that has the same or similar functions under the Consumers, Estate Agents, and Redress Act 2007.</p>
Customer	<p>except for the purposes of standard condition 46 (Incentive scheme for quality of service), where it has the meaning given there, means any person who is supplied or requires to be supplied with electricity at any premises in Great Britain, but does not include any Authorised Electricity Operator in its capacity as such.</p>

Data Aggregation	means services comprising any or all of the following: the collation and summation of Electricity Meter reading data (whether actual or estimated) and of data for the consumption of electricity at premises that 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 Electricity Meter reading data, and the creation, processing, and validation of data for the consumption of electricity at premises that 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 Electricity Meter reading data from Electricity Meters and the delivery of such data to any person for the purpose of Data Processing.
Data Services	means and is to be understood as the totality of: <ul style="list-style-type: none"> (a) Metering Point Administration Services provided under and in accordance with the provisions of the Master Registration Agreement; and (b) Data Transfer Services provided by the Data Transfer Service.
Data Transfer Catalogue	means the catalogue of that name, containing data flows, data definitions, and data formats, that is established under and is one of the mandatory components of the Master Registration Agreement.
Data Transfer Service	means the service that is established and maintained under standard condition 40 (Provision of the Data Transfer Service) for the purpose of providing Data Transfer Services in accordance with that condition.
Data Transfer Services	means the electronic data transfers specified at paragraph 3 of standard condition 40 (Provision of the Data Transfer Service) which the Data Transfer Service is required to make for any of the purposes set out at paragraph 4 of that condition.

<p>Distribution Business <i>if the licensee is a Distribution Services Provider</i></p>	<p>means a business of the licensee (or, in relation to either of sub-paragraphs (a) and (c), a business of any Affiliate or Related Undertaking of the licensee) which, except to the extent otherwise specified by the Authority in a direction to the licensee, comprises any of the following activities:</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 that system); (b) the provision of Basic Metering Services and Basic Metering Equipment (including the service of providing Legacy Basic Metering Equipment within the meaning of standard condition 37); and (c) the provision of Data Services, <p>and in each case includes any business that is ancillary to the business in question.</p>
<p>Distribution Business <i>if the licensee is not a Distribution Services Provider</i></p>	<p>has the meaning given immediately above, but as if for the whole of sub-paragraph (b) in that definition there were substituted the following:</p> <p>“(b) the provision of Metering Services and Metering Equipment; and”.</p>
<p>Distribution Code</p>	<p>means the Distribution Code approved by the Authority that the licensee is required to maintain in force under standard condition 21 (The Distribution Code) for the purposes set out in that condition.</p>
<p>Distribution Connection and Use of System Agreement</p>	<p>means the agreement of that name that the licensee is required to maintain in force in a form approved by the Authority under standard condition 22 (Distribution Connection and Use of System Agreement) for the purposes set out in that condition.</p>
<p>Distribution Services Area</p>	<p>in relation to the licensee if it is a Distribution Services Provider, means the area specified as such by the Authority under, as may be appropriate:</p> <ul style="list-style-type: none"> (a) standard condition 2 (Application of Section C) of the licensee’s Electricity Distribution Licence in the form in which that licence was in force at 31 March 2008; or (b) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 April 2008.

Distribution Services Direction	<p>in relation to the licensee if it is a Distribution Services Provider, means a direction given to the licensee by the Authority under, as may be appropriate:</p> <p>(a) standard condition 2 (Application of Section C) of the licensee's Electricity Distribution Licence in the form in which that licence was in force at 31 March 2008; or</p> <p>(b) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 April 2008,</p> <p>that specifies or describes the area within which, and the extent to which, the licensee will be obliged to comply with the requirements of the standard conditions of Section B of this licence.</p>
Distribution Services Provider	<p>means any Electricity Distributor in whose Electricity Distribution Licence the requirements of Section B of the standard conditions of that licence have effect (whether in whole or in part).</p>
Distribution System	<p>means the system consisting (wholly or mainly) of electric lines owned or operated by an Authorised distributor that is used for the distribution of electricity from grid supply points or generation sets or other Entry Points to the points of delivery to Customers or Authorised Electricity Operators or any Transmission Licensee in its capacity as operator of that licensee's Transmission System or the GB Transmission System, and includes any Remote Transmission Assets (owned by a Transmission Licensee within England and Wales) that are operated by that Authorised distributor and any electrical plant, Electricity Meters, and Metering Equipment owned or operated by it in connection with the distribution of electricity, but does not include any part of the GB Transmission System.</p>
Domestic Customer	<p>means a Customer who is supplied or requires to be supplied with electricity at Domestic Premises (but excludes such Customer insofar as he is supplied or requires to be supplied at premises other than Domestic Premises).</p>
Domestic Premises	<p>means premises at which a supply of electricity is taken wholly or mainly for domestic purposes.</p>

Electricity Distribution Licence	means an electricity distribution licence granted or treated as granted under section 6(1)(c) of the Act that authorises an Electricity Distributor to distribute electricity.
Electricity Distributor	means any person who is authorised by an Electricity Distribution Licence to distribute electricity.
Electricity Meter	means any meter which conforms to the requirements of paragraph 2 of Schedule 7 to the Act and is used for the purpose of measuring the quantity of electricity supplied to premises or, in any case other than that, any meter used for measurement purposes in connection with any of the activities of generating, transmitting, or distributing electricity.
Electricity Supplier	means any person who is authorised by a Supply Licence to supply electricity.
Electronic Communication	means a message comprising text or an image of text that: <ul style="list-style-type: none"> (a) is sent over a Public Electronic Communications Network; (b) can be stored in that network or in the recipient's terminal equipment until it is collected by the recipient; and (c) is in a particular form and is used for a particular purpose and the recipient of it has expressed a willingness, to the sender, to receive it in that form and for that purpose.
Entry Point	means a point on the licensee's Distribution System at which units of electricity, whether metered or unmetered, enter that system.
Excluded Services	means services provided by the licensee that are ancillary to the distribution of electricity through its Distribution System and for which the charges that are levied fall outside the scope of the Charge Restriction Conditions.
Exit Point	means a point on the licensee's Distribution System at which units of electricity, whether metered or unmetered, leave that system.
GB System Operator	means National Grid Electricity Transmission plc (which is the company incorporated in England and Wales under registered number 02366977) in its capacity as operator of the GB Transmission System.

GB Transmission System	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by Transmission Licensees within Great Britain that is used for the transmission of electricity from one generating station to a substation or to another generating station or between substations or to or from any Interconnector, and includes any electrical plant or Electricity Meters owned or operated by any Transmission Licensee within Great Britain in connection with the transmission of electricity, but does not include any Remote Transmission Assets.
Generation Licence	means an electricity generation licence granted or treated as granted under section 6(1)(a) of the Act that authorises a person to generate electricity.
Grid Code	means the Grid Code 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	in relation to the licensee, means a holding company within the meaning of sections 736, 736A, and 736B of the Companies Act 1985.
Indebtedness	means all liabilities that are 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 on them and all costs, charges, penalties, and expenses incurred in connection with them.
Information	means information (other than information subject to legal privilege) in any form or medium and of any description specified by the Authority and includes any documents, accounts, estimates, returns, records, or reports and data of any kind, whether or not prepared specifically at the request of the Authority.
Interconnector	has the meaning given to “electricity interconnector” in section 4(3E) of the Act.
Interconnector Licence	means an electricity interconnector licence granted or treated as granted under section 6(1)(e) of the Act that authorises a person to participate in the operation of an Interconnector.

Master Registration Agreement	means the agreement of that name that the licensee is required to maintain in force in a form approved by the Authority under standard condition 23 (Master Registration Agreement) for the purpose of providing for the matters set out in that condition.
Metering Equipment	means an Electricity Meter and any associated equipment which materially affects its operation, and includes: <ul style="list-style-type: none"> (a) Basic Metering Equipment; and (b) (if applicable) Legacy Basic Metering Equipment within the meaning of standard condition 37 (Requirement to offer terms for the provision of Legacy Basic Metering Equipment).
Metering Point	means the point, determined according to the principles and guidance given at Schedule 9 of the Master Registration Agreement, at which a supply of electricity taken into or conveyed from the licensee's Distribution System: <ul style="list-style-type: none"> (a) is or is intended to be measured; or (b) where Metering Equipment has been removed, was or was intended to be measured; or (c) in the case of an Unmetered Supply, is treated as measured.
Metering Point Administration Service	means the service of that name that the licensee must operate and maintain in accordance with the requirements of standard condition 18 (Provision of and charges for Metering Point Administration Services) for the purpose of providing Metering Point Administration Services.
Metering Point Administration Services	means the services to be provided by the Metering Point Administration Service as specified at Appendix 1 to standard condition 18 (Provision of and charges for Metering Point Administration Services).
Metering Services	means any of the services of installing, commissioning, testing, repairing, maintaining, removing, and replacing Metering Equipment and includes, where applicable, Basic Metering Services.

Non-Contestable Connection Services	means those services which, in accordance with the Connection Charging Statement prepared by the licensee under standard condition 14 (Charges for Use of System and Connection), cannot be provided by a person other than the licensee.
Notice	means notice given directly to a person in Writing (and includes a notification).
Permitted Purpose	means a purpose of any or all of the following: <ul style="list-style-type: none"> (a) the licensee's Distribution Business; (b) any Ancillary Business of the licensee within the limits imposed by paragraphs 8 to 10 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business); (c) any business or activity of the licensee to which the Authority has given its consent under paragraph 4 of standard condition 29; and (d) without prejudice to the generality of sub-paragraphs (a) to (c), any payment or transaction lawfully made or undertaken by the licensee in accordance with paragraph 3 of standard condition 33 (Restriction of Indebtedness and transfers of funds).
Priority Services Register	means the register containing details of certain Domestic Customers, known as Priority Services Register Customers, that must be established and maintained by the licensee in accordance with standard condition 10 (Special services and complaints procedure).
Priority Services Register Customers	means Domestic Customers at premises connected to the licensee's Distribution System who fall within the description set out at paragraph 3 of standard condition 10 (Special services and complaints procedure).
Public Electronic Communications Network	has the meaning given to that term in section 151 of the Communications Act 2003.
Regulatory Accounts	means the accounts of the licensee produced in accordance with standard condition 45 (Regulatory Accounts).
Regulatory Year	means a period of twelve months beginning on 1 April in any calendar year and ending on 31 March of the next following calendar year.

Related Undertaking	in relation to the licensee, means any undertaking in which the licensee has a participating interest within the meaning of section 260 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.
Relevant Asset	means any asset that for the time being forms part of the licensee's Distribution System, any control centre for use in conjunction with that asset, and any legal or beneficial interest in land (whether under the law of England and Wales or under the law of Scotland) upon, under, or over which any such asset or control centre is situated.
Remote Transmission Assets	means any electric lines, electrical plant, or Electricity Meters in England and Wales owned by a Transmission Licensee ("the owner transmission licensee") which: <ul style="list-style-type: none"> (a) are embedded in the licensee's Distribution System or the Distribution System of any Authorised distributor and are not directly connected by lines or plant owned by the owner transmission licensee to a substation owned by the owner transmission licensee; and (b) are by agreement between the owner transmission licensee and the licensee or such Authorised distributor operated under the direction and control of the licensee or that distributor.
Representative	means any person who is directly or indirectly authorised to represent the licensee in its dealings with Customers.
Settlement Purposes	means for the purposes of settlement as provided for in the Balancing and Settlement Code.
Subsidiary	in relation to the licensee, means a subsidiary within the meaning of sections 736, 736A, and 736B of the Companies Act 1985.
Supply Licence	means an electricity supply licence granted or treated as granted under section 6(1)(d) of the Act that authorises a person to supply electricity.
Transmission Licence	means an electricity transmission licence granted or treated as granted under section 6(1)(b) of the Act that authorises a person to participate in the transmission of electricity.
Transmission Licensee	means any person who is authorised by a Transmission Licence to participate in the transmission of electricity.

Transmission System	means those parts of the GB Transmission System that are owned or operated by a Transmission Licensee within the transmission area specified in its Transmission Licence.
Ultimate Controller	<p>means any of the following:</p> <p>(a) a Holding Company of the licensee which is not itself a subsidiary of another company; and</p> <p>(b) subject to notes 1 and 2 below, any person who (whether alone or with a person or persons connected with him) is in a position to control, or exercise significant influence over, the policy of the licensee or the policy of any Holding Company of the licensee by virtue of:</p> <p style="margin-left: 40px;">(i) rights under contractual arrangements to which he is a party or of which he is a beneficiary, or</p> <p style="margin-left: 40px;">(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary.</p> <p>note 1: for the purposes of sub-paragraph (b), a person is connected with another person if he is a party to any arrangement regarding the exercise of any such rights as are described or referred to in that sub-paragraph.</p> <p>note 2: sub-paragraph (b) does not include any director or employee of a corporate body in his capacity as such.</p>
Unmetered Supply	means a supply of electricity to premises that is not being measured by Metering Equipment for the purpose of calculating the charges for that supply.
Use of System	means use of the licensee's Distribution System for the distribution of electricity by the licensee on behalf of any person (and agreements for Use of System include all those provisions of the Distribution Connection and Use of System Agreement that relate to such use).
Use of System Charges	means charges made or levied, or to be made or levied, by the licensee for the provision of Use of System and certain other services as part of its Distribution Business to any person, but does not include Connection Charges.

Use of System Charging Statement	means the statement that the licensee is required to have in place under standard condition 14 (Charges for Use of System and Connection) for the purpose of setting out the basis on which charges will be made for the provision of Use of System.
Website	means a website controlled and used by the licensee to communicate with a Customer or any member of the public for reasons relating to the distribution of electricity.
Working Day	means any day other than a Saturday, a Sunday, Christmas Day, Good Friday, or a day that is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.
Writing	includes writing that is sent or received by Electronic Communication.

Some legislative definitions

- 1.4 The following words or expressions used in the standard conditions of this licence are defined in the sections indicated in the legislation specified below, and have in this licence the respective meanings given to them by those sections.

Electricity Act 1989	Section
distribute	s.4(4)
electric line	s.64(1)
electrical plant	s.64(1)
functions	s.3A(7)
licence	s.3A(8)
licence holder	s.3A(8)
making a connection	s.16(4)
modification [of a legal instrument]	s.111(1)
premises [except in standard condition 15]	s.64(1)
requiring a connection	s.16(4)
supply	s.4(4)
transmit	s.4(4)
Utilities Act 2000	Section
electricity licence	s.106(1)
Gas Act 1986	Section
gas shipper	s.7A(11)
gas shipper licence	s.7A(2)
gas supplier	s.7A(11)
gas supply licence	s.7A(1)

Condition 2. Interpretation of this licence

General rules of interpretation

- 2.1 Unless the context otherwise requires, any word or expression defined in the Act, the Utilities Act 2000, or the Energy Act 2004 has the same meaning when used in the standard conditions of this licence.
- 2.2 Unless the context otherwise requires, any reference in the standard conditions of this licence to an industry code, an agreement, or a statement is a reference to that code, agreement, or statement as modified, supplemented, transferred, novated, revised, or replaced from time to time.
- 2.3 The heading or title of any section, standard condition, schedule, paragraph, or sub-paragraph in the standard conditions of this licence is for convenience only and does not affect the interpretation of the text to which it relates.
- 2.4 Unless the context otherwise requires:
- (a) any reference in the standard conditions of this licence to a section, standard condition, schedule, paragraph, or sub-paragraph is a reference to it in the standard conditions of this licence;
 - (b) any reference in a standard condition of this licence to a paragraph or sub-paragraph is a reference to it in that standard condition; and
 - (c) any reference in the standard conditions of this licence to any natural or legal person includes that person's successors.
- 2.5 Any reference in the Conditions of this licence to any of the following:
- (a) a provision of the Conditions of this licence;
 - (b) a provision of the Conditions of the Supply Licence;
 - (c) a provision of the Conditions of the Generation Licence;
 - (d) a provision of the Conditions of the Transmission Licence; or
 - (e) a provision of the Conditions of the Interconnector Licence,

is to be read, if the Conditions of this licence or of any of the other licences are subsequently modified, as a reference (so far as the context permits) to the corresponding provision of the other relevant Conditions.

Licensee's performance of obligations

- 2.6 Where any obligation in this licence is required to be performed by a specified date or time or within a specified period and the licensee has failed to do so, the obligation will continue to be binding and enforceable after the specified date or time or after the end of the specified period, but without prejudice to all rights and remedies available against the licensee in relation to its failure.

Specific application of Authority's powers

- 2.7 Unless paragraph 5 of standard condition 3 (Application of Section B of standard conditions) applies or a contrary intention appears, any power of the Authority under any provision of this licence to give a direction, consent, derogation, approval, or designation is a power:
- (a) to give it to such extent, for such period of time, and subject to such conditions as the Authority thinks reasonable in all the circumstances of the case; and
 - (b) to revoke or amend it (after consulting with the licensee or, for the purposes of a Distribution Services Direction given under standard condition 3 (Application of Section B of the standard conditions), with the licensee's consent) or give it again under that power.
- 2.8 Unless a contrary intention appears, any power of the Authority under any provision of this licence to make a determination or a decision is a power:
- (a) to make it subject to such conditions as the Authority thinks reasonable in all the circumstances of the case; and
 - (b) to make it again under that power.
- 2.9 Any direction, consent, derogation, determination, approval, designation, decision, or other instrument given or made by the Authority under this licence will be given or made in Writing.

Date to be specified by the Authority

- 2.10 In each case in which the Authority may specify a date under any of the standard conditions of this licence, it may specify:
- (a) that date; or
 - (b) the means by which that date is to be determined.

Calculation of periods of time

- 2.11 Periods of time under this licence are to be calculated as follows:
- (a) where an act is required to be done within a specified period after or from a specified date, the period begins on the day immediately after that date;
 - (b) where the period would include Christmas Day, Good Friday, or a day which under the Banking and Financial Dealings Act 1971 is a bank holiday in England and Wales or, as the case may be, in Scotland, that day is to be excluded from the calculation; and
 - (c) where the period is expressed in terms of Working Days, any day that is a Saturday or Sunday is also to be excluded from the calculation.

Application to the generality of licensees

- 2.12 Any reference in a standard condition of this licence to the purposes of that condition generally is a reference to the purposes of that condition as it applies to the licensee and to every other holder of an Electricity Distribution Licence (whenever granted) in which that condition has effect.

Reading of words without limitation

- 2.13 The words “include”, “including”, and “in particular” where they occur in any provision of this licence are to be read without limitation to the generality of the preceding words.

Things done to have continuing effect

- 2.14 Anything done under or because of a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under the modified condition.
- 2.15 Without prejudice to the generality of paragraph 2.14, every direction, consent, determination, designation, approval, decision, or other instrument given or made by the Authority or by a licensing scheme made under Schedule 7 to the Utilities Act 2000 in relation to a standard condition of this licence, which is in effect immediately before that condition is modified, has continuing effect for so long as it is permitted or required by or under that modified condition.

References to the Companies Act 1985

- 2.16 Any reference in this licence to a provision of the Companies Act 1985 is to be treated as a reference to that provision as amended, replaced, or inserted by the provisions of the Companies Act 2006 and, if such provisions of that Act are not in force at the date on which the reference in question has effect, it must be read as if those provisions were in fact in force at that date.

References to the licensee

- 2.17 References to “the licensee” in this licence are references to the person to whom this licence has been granted, or is to be treated as so granted, under section 6(1)(c) of the Act and include references to any person to whom the whole or any part of this licence has been transferred under section 7A of the Act.

Interpretation Act 1978

- 2.18 The provisions of this licence are to be read and understood as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them.

Condition 3. Application of Section B of standard conditions

How Section B is given effect

- 3.1 Section B of the standard conditions will have effect in this licence if:
- (a) the Secretary of State has provided, by a scheme made under Schedule 7 to the Utilities Act 2000, that it will have effect; or
 - (b) the Authority gives a Distribution Services Direction to the licensee under paragraph 3.3.
- 3.2 If Section B of the standard conditions does not have effect in this licence, the licensee will not be required to comply with any of the requirements of that section.

Distribution Services Direction

- 3.3 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.
- 3.4 A Distribution Services Direction:
- (a) may specify that the standard conditions in Section B are to have effect in this licence;
 - (b) must specify or describe an area (“the Distribution Services Area”) within which the licensee will be obliged to comply with the requirements of Section B; and
 - (c) must specify whether or not the requirements of Section B are to apply to Convenience Customers within the meaning of standard condition 35.

Variation of terms

- 3.5 If the licensee applies to the Authority in Writing:
- (a) for a variation of the terms under which Section B of the standard conditions has effect in this licence; or
 - (b) for Section B of the standard conditions to stop having effect in this licence,

the Authority may approve that variation or cessation and specify the date on and from which it will have effect.

Interpretation

- 3.6 References in this condition to Section B, the standard conditions in Section B, and the requirements of Section B are references to that section, those conditions, and those requirements in whole or, as the case may be, in part.

CHAPTER 2

Standard conditions 4 to 7:

General obligations and

arrangements

Condition 4. No abuse of the licensee's special position

4.1 This condition applies to all of the activities that the licensee is authorised or required to carry on pursuant to the Act and by or under the provisions of this licence ("its activities").

The general obligation

4.2 The licensee must at all times carry on its activities, including the offering and setting of charges and other terms for the provision of services, in the manner most likely to ensure that its conduct of them:

- (a) does not restrict, distort, or prevent competition in the generation, transmission, distribution, and supply of electricity, or in participation in the operation of an Interconnector;
- (b) does not restrict, distort, or prevent competition in the provision of, or in any of the markets for, Metering Equipment and Metering Services; and
- (c) (where applicable) does not restrict, distort, or prevent competition in the provision of, or in any of the markets for, the services of Data Retrieval, Data Processing, and Data Aggregation.

Prohibition of cross-subsidy

4.3 If the licensee is a Distribution Services Provider, it must ensure in carrying on its activities that the Distribution Business does not give any cross-subsidy to, or receive any cross-subsidy from, any other business of:

- (a) the licensee; or
- (b) any Affiliate or Related Undertaking of the licensee.

Interpretation

4.4 In this condition, references to the licensee's activities include references to:

- (a) those activities to the extent that they are carried on by any third party acting on the licensee's instruction or behalf; and
- (b) any policies, processes, procedures, systems, or arrangements established or operated for the purpose of supporting or facilitating those activities.

Condition 5. Licensee's payments to the Authority

Determination of amounts

- 5.1 In respect of each Regulatory Year at the beginning of which the licensee holds this licence, the licensee must pay to the Authority the total of:
- (a) an amount that is the Relevant Proportion of the Estimated Costs of the Authority during the year in question;
 - (b) an amount that is the Relevant Proportion of the Estimated Costs of the Consumer Council during the year in question;
 - (c) an amount that is the Relevant Proportion of the Estimated Costs incurred by the Competition Commission in the previous Regulatory Year in connection with any reference made to it in respect of 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 (which may be a positive or negative amount), if any, between:
 - (i) any costs estimated by the Authority in the previous Regulatory Year under sub-paragraphs (a), (b) and (c); and
 - (ii) 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 (c)) for the previous Regulatory Year or, in the case of the Competition Commission, for the Regulatory Year immediately before the previous Regulatory Year.

Payment of amounts

- 5.2 The total amount determined in accordance with paragraph 5.1 must be paid by the licensee to the Authority in two instalments:
- (a) the first of which must be paid by 30 June in each year, if the Authority gives the licensee Notice of the amount of that instalment by 31 May in the year; and
 - (b) the second of which must be paid by 31 January in each year, if the Authority gives the licensee Notice of the amount of that instalment by 1 January in the year.
- 5.3 If the Authority does not give the licensee Notice of the amount of the instalment by 31 May or (as the case may be) 1 January in the year, the licensee must pay the amount in question within 30 days after the date on which the Authority does give such Notice to the licensee.

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- 5.4 If the licensee does not pay the amount determined in accordance with paragraph 5.1 within 30 days after the relevant payment date referred to in paragraph 5.2 or 5.3, it must with effect from that date pay simple interest on the amount:
- (a) at the rate which is from time to time equivalent to the base rate of NatWest Bank plc; or
 - (b) if there is no rate equivalent to the base rate of NatWest Bank plc, the base rate of an equivalent institution designated by the Authority for this purpose.

Interpretation

- 5.5 For the purposes of this condition:

Estimated Costs means costs estimated by the Authority (after taking account, in the case of sub-paragraph (c), of any views of the Competition Commission) as likely to be or likely to have been:

- (a) the costs of the Authority calculated in accordance with principles that the Authority has determined for the purposes of this condition generally (after consulting the licensee and others likely to be affected by the application of such principles) and has notified to the licensee;
- (b) the costs of the Consumer Council; and
- (c) 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.

Relevant Proportion means the proportion of the costs that are attributable to the licensee:

- (a) in accordance with principles that the Authority has determined for the purposes of this condition generally (after consulting the licensee and others likely to be affected by the application of such principles) and has notified to the licensee; or
- (b) 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 a direction, in accordance with the principles referred to in sub-paragraph (a)).

Condition 6. Provision of Information to the Authority

General obligation

- 6.1 After receiving a request from the Authority for Information that it may reasonably require or that it considers may be necessary to enable it to perform any functions given or transferred to it by or under any legislation, the licensee must give that Information to the Authority when and in the form requested.

Procurement of Information undertaking

- 6.2 The licensee must procure from each company or other person that it knows or reasonably should know is at any time an Ultimate Controller of the licensee a legally enforceable undertaking (“the Information undertaking”) in favour of the licensee, in a form specified by the Authority in a direction issued for the purposes of this condition generally, and on the terms set out in paragraph 6.3.

- 6.3 Those terms are that the Ultimate Controller (“the Information covenantor”):

- (a) will give to the licensee; and
- (b) will procure that any person (including a corporate body) that is a subsidiary of, or is controlled by, the Information covenantor (other than the licensee and any Subsidiary of the licensee) will give to the licensee,

all such Information as may be necessary to enable the licensee to comply with its obligation under paragraph 6.1.

- 6.4 The Information undertaking to be procured under paragraph 6.2:

- (a) must have been obtained before the end of seven days after the date on which the corporate body or person in question becomes an Ultimate Controller of the licensee; and
- (b) must remain in force for as long as the licensee remains the holder of this licence and the Information covenantor remains an Ultimate Controller of the licensee.

Evidence of compliance and duty to enforce

- 6.5 Whenever the licensee obtains an Information undertaking in accordance with paragraph 6.4(a), it must:
- (a) give the Authority evidence of its compliance without delay, including a copy of the undertaking in question; and
 - (b) at all times comply with any direction from the Authority to enforce that undertaking.

Restriction of arrangements with Ultimate Controller

- 6.6 Except with the Authority's consent, the licensee must not 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, with any of the subsidiaries of such a corporate Ultimate Controller (other than a Subsidiary of the licensee) at any time when:
- (a) an Information undertaking is not in place in relation to that Ultimate Controller; or
 - (b) there is an unremedied breach of an Information undertaking that is in place in relation to that Ultimate Controller; or
 - (c) the licensee is in breach of the terms of any direction given by the Authority under paragraph 6.5(b).

Sufficiency of Information provision

- 6.7 The Authority's power to request Information under this condition is additional to its power to call for Information under or pursuant to any other condition of this licence.
- 6.8 Where the licensee provides Information to the Authority in accordance with any other condition of this licence, such provision will be presumed to be sufficient for the purposes of that condition unless the Authority states by Notice to the licensee that in its opinion such further Information as is specified in that Notice will be required to enable it to exercise functions under the condition in question.

Other relevant matters

- 6.9 The licensee is not required to comply with paragraph 6.1 if:
- (a) the Information is required by the Authority to enable it to perform its functions under section 47 of the Act; or
 - (b) the licensee could not be compelled to produce or give the Information in evidence in civil proceedings before a court.
- 6.10 After receiving a request from the Authority for reasoned comments on the accuracy and text of any Information relating to the licensee's activities under or pursuant to this licence which the Authority proposes to publish under section 48 of the Act, the licensee must give such comments to the Authority when and in the form requested.

Condition 7. Determinations by the Authority

Failure to enter into an agreement

- 7.1 This paragraph applies if, after a period which to the Authority appears reasonable for the purpose, the licensee has failed to enter into an agreement with any person (“the requester”) who is entitled or claims to be entitled to an agreement with the licensee pursuant to a request under:
- (a) paragraph 1 of standard condition 12 (Requirement to offer terms for Use of System and Connection);
 - (b) paragraph 1 of standard condition 16 (Requirement to offer terms for the connection of Metering Equipment);
 - (c) paragraph 1 of standard condition 17 (Requirement to offer terms for the provision of Metering Point Administration Services);
 - (d) paragraph 1 of standard condition 37 (Requirement to offer terms for the provision of Legacy Basic Metering Equipment) (if applicable); or
 - (e) paragraph 1 of standard condition 38 (Requirement to offer terms for the provision of Data Services) (if applicable).
- 7.2 Where paragraph 7.1 applies, the Authority may, on the application of the requester or the licensee, settle any terms of the agreement in dispute between them in such manner as appears to it to be reasonable in all the circumstances of the case, having regard in particular to each of the considerations (where relevant) set out below.

Considerations requiring particular regard

- 7.3 The considerations referred to in paragraph 7.2 are as follows.
- 7.4 The first consideration is that, in the case of the provision of Use of System or of a Connection, the requester should pay to the licensee the Use of System Charges or (as the case may be) the Connection Charges determined in accordance with standard condition 14 (Charges for Use of System and Connection).
- 7.5 The second consideration is that the licensee should not be obliged to enter into the agreement if the requester does not undertake to be bound, so far as applicable, by the terms of the Grid Code or the Distribution Code;
- 7.6 The third consideration is that the performance by the licensee of its obligations under the agreement should not be likely to cause it to be in breach of:
- (a) its duties under section 9 of the Act;
 - (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee’s Distribution Business;

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- (c) the Grid Code or the Distribution Code; or
 - (d) any of the Conditions of this licence.

- 7.7 The fourth consideration is that any methods by which the licensee's Distribution System is connected to any other system for the transmission or distribution of electricity should accord (so far as applicable to the licensee) with the Distribution Code and the Grid Code.
- 7.8 The fifth consideration is that the terms and conditions of the agreement as settled by the Authority and of any other agreements entered into by the licensee pursuant to a request under the corresponding standard condition referred to in paragraph 7.1 should be in as similar a form as is practicable.

Obligation to implement a settled agreement

- 7.9 Insofar as the requester wishes to proceed on the basis of an agreement as settled by the Authority under paragraph 7.2, the licensee must enter into and implement such agreement without delay in accordance with its terms.

Disputed variation of contractual terms

- 7.10 If either party to an agreement that has been entered into under a standard condition referred to in paragraph 7.1, or under this condition, proposes to vary the contractual terms of that agreement in any manner provided for under the agreement, the Authority may, at the request of that party, settle any dispute relating to the variation in such manner as appears to the Authority to be reasonable in all the circumstances of the case.

Compliance with charging statements

- 7.11 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 Use of System Charging Statement under paragraph 1(a) of standard condition 14 (Charges for Use of System and Connection) that applied or applies in relation to the period in respect of which the dispute arises; or
 - (b) Connection Charges made, or to be made, comply with the Connection Charging Statement under paragraph 1(b) of standard condition 14 (Charges for Use of System and Connection) that applied or applies in relation to the period in respect of which the dispute arises,

such dispute may be referred by either party to the Authority for it to determine whether the charges in question did or would comply with the relevant Charging Statement.

CHAPTER 3

Standard conditions 8 to 11: Public service requirements

Condition 8. Safety and Security of Supplies Enquiry Service**Licensee's obligation**

8.1 The licensee must:

- (a) establish, or procure the establishment of; and
- (b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

an enquiry service, to be known as the Safety and Security of Supplies Enquiry Service, for use by any person for the purpose set out in paragraph 8.2.

Purpose of the service

8.2 The purpose of the Safety and Security of Supplies Enquiry Service is to enable any person to receive reports and offer information, guidance, or advice about any matter or incident that:

- (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 causes danger or requires urgent attention, or is likely to cause danger or require urgent attention.

Operation of the service

8.3 The Safety and Security of Supplies Enquiry Service must:

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

Requirement for statement

8.4 The licensee must at all times have in force a statement approved by the Authority that sets out, in plain and intelligible language, details of the Safety and Security of Supplies Enquiry Service.

8.5 The licensee must:

- (a) publish that statement on and make it readily accessible from its Website (if it has one); and
- (b) give a copy of the statement on request and free of charge to any person.

Amendment of statement

- 8.6 The licensee must give the Authority a Notice of any amendments that it proposes to make to the statement in force under paragraph 8.4 and must not make such amendments until either:
- (a) a period of one month from the date of that Notice has ended; or
 - (b) the licensee has obtained the Authority's approval to the amendments before the end of that period.

Change of address and telephone number

- 8.7 The licensee must take steps to inform each Authorised Electricity Operator that uses the Safety and Security of Supplies Enquiry Service of any change to the address or telephone number of that service as soon as is practicable but in any event before that change becomes effective.

Prohibition of discrimination

- 8.8 In establishing, operating, and maintaining the Safety and Security of Supplies Enquiry Service, the licensee must not show undue preference to or unduly discriminate between any person or class or classes of person.

Condition 9. Arrangements for access to premises

9.1 The licensee's obligations under this condition apply in relation to Customers at premises connected to the licensee's Distribution System.

Licensee's obligation

9.2 The licensee must take all reasonable steps to ensure that each Representative of the licensee who visits a Customer's 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.

Requirement for statement

9.3 The licensee must:

- (a) prepare a statement that sets out, in plain and intelligible language, its arrangements for complying with its obligations under paragraph 9.2;
- (b) ensure adequate publicity for the statement, including by publishing it on and making it readily accessible from its Website (if it has one);
- (c) take all reasonable steps to inform Customers, at least once a year, of the existence of the statement and how to obtain it; and
- (d) give a copy of the statement on request and free of charge to any person.

9.4 The statement prepared under paragraph 9.3 may, at the licensee's choice, be included in a single document with either or both of the statements referred to in standard condition 10 (Special services and complaints procedure).

Interpretation

9.5 In paragraph 9.2(d), the reference to entering premises includes a reference to entry under the authority of a warrant obtained under the Rights of Entry (Gas and Electricity Boards) Act 1954.

Condition 10. Special services and complaints procedure

10.1 The licensee's obligations under this condition apply in relation to Domestic Customers at premises connected to the licensee's Distribution System.

Duty to establish and maintain a Priority Services Register

10.2 The licensee must establish and maintain a Priority Services Register which contains such details of Priority Services Register Customers ("PSR Customers") as will enable the licensee to fulfil its obligations to them under this condition.

10.3 PSR Customers are Domestic Customers who:

- (a) are of Pensionable Age, disabled, or chronically sick;
- (b) because they have special communication needs or are dependent on electricity for medical reasons, require certain information and advice about interruptions in the supply of electricity to their premises; and
- (c) have either:
 - (i) personally asked the licensee to add their name to the Priority Services Register, or
 - (ii) had a person acting on their behalf ask for their name to be added to it, or
 - (iii) had a Relevant Supplier ask for their name to be added to it.

Duty to give information and advice to PSR Customers

10.4 The licensee must:

- (a) when a PSR Customer's name is first added to the Priority Services Register, give that customer appropriate information and advice about what precautions to take and what to do in the event of interruptions in the supply of electricity to the customer's premises;
- (b) when it needs to make a planned interruption in the supply of electricity to a PSR Customer's premises, give that customer such prior advice and information as may be appropriate in relation to that event; and
- (c) ensure, so far as is reasonably practicable, that during any unplanned interruption of supply to their premises, PSR Customers are promptly notified and kept informed:
 - (i) of the time at which the supply is likely to be restored, and
 - (ii) of any help that may be able to be provided.

10.5 The licensee must provide the information given under paragraph 10.4:

- (a) free of charge to any PSR Customer; and
- (b) when asked to do so by a PSR Customer who is blind, partially sighted, deaf, or hearing-impaired, in a manner or a format that is suitable for that customer's special communication needs.

Provision of information to the Relevant Supplier

10.6 Where a request for inclusion on the Priority Services Register has come directly from the PSR Customer or a third party (other than the Relevant Supplier) who is acting on behalf of that customer, the licensee must give the Relevant Supplier such details of that customer and his reasons for being included on the register, in such form and at such intervals, as are relevant to the performance of that supplier's obligations under the Supply Licence.

Services for other vulnerable Domestic Customers

10.7 If a Domestic Customer who is of Pensionable Age, disabled, or chronically sick asks it to do so, the licensee must, free of charge, agree a password with that customer that can be used by any Representative of the licensee to enable the customer to identify that person.

10.8 The licensee must provide facilities, free of charge, which enable any Domestic Customer who is:

- (a) blind or partially sighted; or
- (b) deaf or hearing-impaired and in possession of appropriate equipment, to ask or complain about any service provided by the licensee.

Procedure for dealing with Domestic Customer complaints

10.9 The licensee must produce, maintain, and comply with a procedure for dealing with any complaint made by a Domestic Customer about any of its activities that relate to the distribution of electricity or the manner in which it conducts its Distribution Business.

Requirement to publicise services and procedure

10.10 The licensee must prepare statements, in plain and intelligible language, that set out and explain:

- (a) its arrangements for complying with its obligations under paragraphs 10.2 to 10.8 (including how PSR Customers may become listed on its Priority Services Register); and
- (b) the procedure that it is required to have under paragraph 10.9 for dealing with complaints received from Domestic Customers.

10.11 In relation to statements prepared under paragraph 10.10, the licensee must:

- (a) publish them on and make them readily accessible from its Website (if it has one);
- (b) take all reasonable steps to inform Domestic Customers, at least once a year, of the existence of the statements and how to obtain them;
- (c) when asked to do so by a Domestic Customer who is blind, partially sighted, deaf, or hearing-impaired, provide the statements in a manner or a format that is suitable for that customer's special communication needs;
- (d) when asked to do so, provide to a person whose first language is not English such assistance or advice as will enable that person to understand the contents of the statements; and
- (e) give a copy of a statement on request and free of charge to any person.

10.12 The statements prepared under paragraph 10.10 may, at the licensee's choice, be published in the form of a single document that may also include the statement referred to in standard condition 9 (Arrangements for access to premises).

Other Domestic Customers and other services

10.13 Nothing in this condition prevents the licensee from:

- (a) including Domestic Customers additional to those specified at paragraph 10.3 in its Priority Services Register; or
- (b) providing services to Domestic Customers that exceed those required under this condition.

Interpretation

10.14 In this condition, in relation to a Domestic Customer:

Pensionable Age means pensionable age within the meaning given by section 48(2B) of the Gas Act 1986.

Relevant Supplier means the supplier of electricity to that customer's premises.

Condition 11. Reporting on performance

Licensee's obligation

- 11.1 The licensee must provide the Authority and the Consumer Council with information specified by the Authority that relates to matters that it reasonably considers are relevant to the licensee's dealings:
- (a) with Customers under standard condition 9 (Arrangements for access to premises);
 - (b) with Domestic Customers under standard condition 10 (Special services and complaints procedure); and
 - (c) with Customers under the Electricity (Standards of Performance) Regulations 2005 (SI 2005/1019) ("the regulations").
- 11.2 The information that is referred to in paragraph 11.1 may, in particular, include information about:
- (a) the number of Domestic Customers covered by password arrangements;
 - (b) the services offered by the licensee to Domestic Customers on its Priority Services Register;
 - (c) the number of Domestic Customers who are listed on that register;
 - (d) the number of performance failures by the licensee under the regulations; and
 - (e) the number and value of compensation payments made by the licensee under the regulations.

Reporting format and timeframes

- 11.3 The information provided by the licensee under paragraph 11.1 must be in the form of a statistical record which has such content and is presented in such a format and at such intervals of time as the Authority may from time to time direct, for the purposes of this condition generally, after consultation with the licensee and the Consumer Council.

CHAPTER 4

Standard conditions 12 to 17:

Arrangements for the provision

of services

Condition 12. Requirement to offer terms for Use of System and Connection

Agreement for Use of System

- 12.1 The licensee must, on receiving a request from any person (“the requester”) asking it to do so, offer to enter into an agreement for Use of System under which it will:
- (a) accept into the licensee’s Distribution System, at any Entry Point and in any quantity that was specified by the requester in the request, electricity that is provided by or on behalf of the requester; and
 - (b) distribute that quantity of electricity (subject to any distribution losses) to such Exit Point on the licensee’s Distribution System and to any person as the requester may specify.

Treatment of requests for Connection

- 12.2 On receiving a request from any person asking it to make a Connection, the licensee:
- (a) must not treat that request as anything other than a Notice given under section 16A of the Act requiring it to make the Connection pursuant to section 16(1) of the Act; and
 - (b) to the extent that the request does not comply with the requirements of section 16A of the Act, must take all reasonable steps to ensure that it does so comply.

Provision of information about Connection terms

- 12.3 Where the licensee makes an offer to make a Connection under section 16(1) of the Act, it must in that offer make detailed provision in relation to:
- (a) any works required to connect the licensee’s Distribution System to any other Distribution System or a Transmission System, and any consents needed for that purpose;
 - (b) any works to extend or reinforce the licensee’s Distribution System which in the opinion of the licensee are necessary or appropriate in consequence of the Connection, and any consents needed for that purpose;
 - (c) the installation of any switchgear or other apparatus required for the interruption of supply; and
 - (d) except to the extent included in any agreement offered in accordance with standard condition 37 (Requirement to offer terms for the provision of Legacy Basic Metering Equipment) or standard condition 38 (Requirement to offer terms for the provision of Data Services), the installation of:

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- (i) any Electricity Meters required to enable the licensee to measure electricity that is being accepted into or leaving the licensee's Distribution System at specified Entry Points or Exit Points, and
 - (ii) any special metering, telemetry, or Data Processing equipment for the purpose of enabling any party to the Balancing and Settlement Code to comply with its obligations under that Code in respect of metering or the licensee's performance of any related service.

Charges and other terms for Use of System and Connection

12.4 Where the licensee makes an offer to enter into an agreement for Use of System under paragraph 12.1 or to make a Connection under section 16(1) of the Act, it must in that offer set out:

- (a) the charges to be paid, which must (unless clearly inappropriate):
 - (i) be consistent with the relevant Charging Methodology within the meaning of standard condition 13 (Charging Methodologies for Use of System and Connection), and
 - (ii) be presented so as to be referable to the Use of System Charging Statement or the Connection Charging Statement (as the case may be) of the licensee under standard condition 14 (Charges for Use of System and Connection);
- (b) such other detailed terms as may be appropriate for the purposes of the agreement; and
- (c) in the case only of an offer to make a Connection, the date by which any works required for Connection to the licensee's Distribution System, including any works to extend or reinforce that system, will be completed (time being of the essence unless otherwise agreed with the person who requires the Connection to be made).

Timing of offer of Use of System and Connection terms

12.5 The licensee must offer terms for an agreement for Use of System under paragraph 12.1 and for the making of a Connection under section 16(1) of the Act):

- (a) as soon as is reasonably practicable after its receipt of the request from the requester or of the Notice under section 16A of the Act (as the case may be); and
- (b) in any event, not more than the period set out in paragraph 12.6 after the receipt by the licensee of all the information that it may reasonably require for the purpose of formulating the terms of the offer.

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- 12.6 The period set out in this paragraph is:
- (a) in the case of a request for an agreement for Use of System only, 28 days;
 - (b) in the case of a request for an agreement for both Use of System and a Connection, three months; and
 - (c) in the case of a request for a Connection, three months.

Exceptions to the obligation to offer terms

- 12.7 The licensee is not obliged under paragraph 12.1 to offer to enter into an agreement for Use of System if doing so would be likely to cause it to be in breach of:
- (a) its duties under section 9 of the Act;
 - (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the Distribution Business;
 - (c) the Grid Code or the Distribution Code; or
 - (d) any of the Conditions of this licence,

or if the requester does not agree to be bound, to the extent applicable to him, by the terms of the Grid Code or the Distribution Code.

Settlement of disputes

- 12.8 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Application Regulations

- 12.9 The licensee must, within 28 days of receiving a request from any person, give him any information held by the licensee that he reasonably requires for the purpose of completing an application under the Application Regulations.

Interpretation

- 12.10 In this condition, any reference to a Connection to be made under or pursuant to section 16(1) of the Act includes a reference to a Connection to be made in accordance with the terms of a special connection agreement under section 22 of the Act.

Condition 13. Charging Methodologies for Use of System and Connection

Requirements for Charging Methodology

13.1 The licensee must at all times have in force:

- (a) a Use of System Charging Methodology which the Authority has approved on the basis that it achieves the Relevant Objectives; and
 - (b) a Connection Charging Methodology which the Authority has approved on the basis that it achieves the Relevant Objectives
- (each, separately, “the Charging Methodology”),

and, except with the consent of the Authority, must comply with the Charging Methodology as modified from time to time in accordance with this condition.

13.2 The licensee must, for the purpose of ensuring that the Charging Methodology continues to achieve the Relevant Objectives:

- (a) review the methodology at least once every year; and
- (b) subject to paragraph 13.4, make such modifications (if any) of the methodology as are necessary for the purpose of better achieving the Relevant Objectives.

The Relevant Objectives

13.3 The Relevant Objectives in relation to the Charging Methodology are:

- (a) that compliance with the 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 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 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 methodology, as far as is reasonably practicable, properly takes account of developments in the licensee’s Distribution Business.

Procedure for modifications

13.4 Unless otherwise directed by the Authority under sub-paragraph (b), before making a modification of the Charging Methodology the licensee must:

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- (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 (which must not be a date earlier than the date on which the period referred to in paragraph 13.6 will end); and
 - (b) if 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.
- 13.5 Subject to paragraph 13.6, where the licensee has complied with the requirements of paragraph 13.4 it must, before making the modification:
- (a) revise the relevant statement of the Charging Methodology (or the most recent version of that statement) published in accordance with paragraph 13.13 so that it sets out the changed methodology and specifies the date from which that is to have effect; and
 - (b) give the Authority a copy of the revised statement.
- 13.6 The licensee may not make a modification of the Charging Methodology if, within 28 days of receiving the licensee's report under paragraph 13.4, the Authority 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 giving that notification has directed the licensee not to make the modification.
- 13.7 A direction given by the Authority under paragraph 13.6(a) or (b) must include:
- (a) a decision that the licensee's proposed modification would not better achieve the Relevant Objectives; and
 - (b) the Authority's reasons for that decision.

Requirements for reports

- 13.8 The licensee must give or send a copy of any report under paragraph 13.4 to any person who requests it.
- 13.9 The licensee may make a charge for any report given or sent under paragraph 13.8 but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the report.

Approvals process

- 13.10 An approval by the Authority under paragraph 13.1 may only be withheld where the Authority has decided that the Charging Methodology does not achieve the Relevant Objectives and by Notice given to the licensee has set out its reasons for that decision.
- 13.11 Subject to paragraph 13.12, an approval by the Authority under paragraph 13.1 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 Charging Methodology would better achieve the Relevant Objectives; and
 - (b) the time by which such action must be completed.
- 13.12 No condition imposed under paragraph 13.11 is effective unless, before granting the relevant approval, the Authority has informed the licensee of its intention to impose the condition in a Notice which:
- (a) sets out the nature and contents of the condition; and
 - (b) specifies a period of at least 28 days within which representations or objections with respect to the condition may be made,
- and has considered any representations or objections duly made by the licensee and not withdrawn.

Publication of Charging Methodology

- 13.13 The licensee must ensure that each Charging Methodology that is in force under this condition is set out in a statement (which must be combined, in the case of the Connection Charging Methodology, with the Connection Charging Statement issued under paragraph 1 of standard condition 14) that is published in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee's Website, if it has one).

Interpretation

- 13.14 For the purposes of this condition:

Charging Methodology means a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply:

- (a) in relation to Use of System, for determining the licensee's Use of System Charges; and
- (b) in relation to Connections, for determining the licensee's Connection Charges.

Condition 14. Charges for Use of System and Connection

Charging Statements to be always available

- 14.1 The licensee must ensure that Charging Statements prepared by it that separately set out the basis on which charges will be made for:
- (a) Use of System (“the Use of System Charging Statement”); and
 - (b) the provision of Connections (“the Connection Charging Statement”),
- are at all times available in a form approved by the Authority.
- 14.2 Except with the Authority’s consent, each of the Charging Statements available under paragraph 14.1 must be:
- (a) prepared in accordance with the relevant Charging Methodology within the meaning of standard condition 13 (Charging Methodologies for Use of System and Connection);
 - (b) presented in such form and with 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 the provision of Connections; and
 - (c) published in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee’s Website, if it has one).
- 14.3 The licensee must give or send a copy of any Charging Statement available under paragraph 14.1 to any person who requests it.
- 14.4 The licensee may make a charge for any Charging Statement given or sent under paragraph 14.3 but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee’s reasonable costs of providing the statement.

Contents of the Charging Statements

- 14.5 The information that the Use of System Charging Statement and the Connection Charging Statement must, respectively, include is specified in the Schedule of Contents set out at Appendix 1, which is part of this condition.
- 14.6 The licensee may periodically review the information set out in any Charging Statement available under paragraph 14.1 and, at least once every year, must make any changes that are necessary to that statement to ensure that such information continues to be accurate in all material requests.

Charging in accordance with statements

- 14.7 Except with the Authority’s consent, every arrangement entered into by the licensee for the purposes of providing Use of System or a Connection must meet the following respective requirements:

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- (a) an arrangement for providing Use of System must ensure that the licensee's Use of System Charges will comply with the Use of System Charging Statement in the form in which it is in force at each time at which such charges are to be made under the arrangement; and
 - (b) an arrangement for providing a Connection or modifying or retaining an existing Connection must ensure that the charges to be levied under that arrangement comply with the Connection Charging Statement in the form in which it is in force at the time at which the licensee offers to enter into the arrangement.

Specific rules for Connection Charges

- 14.8 Connection Charges relating to the matters specified for the Connection Charging Statement in the Schedule of Contents set out at Appendix 1 are to 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 paragraphs 14.10 to 14.12) of the costs directly or indirectly incurred in carrying out any works for the extension or reinforcement of the licensee's Distribution System, or for 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.
- 14.9 Paragraphs 14.10 to 14.12 apply for the purpose of determining the appropriate proportion that the licensee may recover of the costs directly or indirectly incurred in carrying out any of the works mentioned in paragraph 14.8(a) under an agreement for providing, modifying, or retaining a Connection.
- 14.10 The licensee must have regard to the benefit (if any) to be obtained or likely in future to be obtained by itself or any other person from the extension of the licensee's Distribution System or the provision of additional Entry Points or Exit Points on that system as a result of the carrying out of the works in question.
- 14.11 The licensee must have regard to its ability, or its likely future ability, to recover from third parties a proportion of the costs in question.
- 14.12 The licensee must have regard to the principles that Connection Charges:
- (a) will not generally take into account Distribution System reinforcement carried out at more than one voltage level above the voltage of the Connection;
 - (b) will not generally take into account the costs (including any capitalised charge relating to them) for any maintenance, repair, and replacement required of any electric lines or electrical plant provided and installed for making a Connection;

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- (c) may include an amount for reinforcement of the licensee's Distribution System that is based on a proportionate share of the costs of such reinforcement and is charged at the time of Connection; and
 - (d) will not cover any costs that are covered by Use of System Charges.

Information on circuit capacity, power flows, and loading

- 14.13 The licensee must, in accordance with the requirement of paragraph 14.15, give or send to any person on request a report ("the capacity report") which shows 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.
- 14.14 The capacity report must also contain:
- (a) such further information as is reasonably necessary to enable the person who has made the request under paragraph 14.13 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 that indicates 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.
- 14.15 The requirement referred to in paragraph 14.13 is for the capacity report to be given or sent as soon as reasonably practicable and in any event within 28 days (or, with the Authority's consent, such longer period as the licensee may reasonably require, having regard to the nature and complexity of the request) after the date that is the later of:
- (a) the date of receipt of the request; and
 - (b) the date on which the licensee obtains agreement from the person who has made the request to pay the amount estimated by the licensee, or such other amount as is determined by the Authority, under paragraph 14.16.
- 14.16 The licensee may within ten days after receiving the request under paragraph 14.13 provide an estimate of its reasonable costs for preparing the capacity report, and its obligation to provide the statement takes effect when the person who has made the request agrees to pay the amount estimated or such other amount as the Authority may, on the application of the licensee or that person, direct.

14.17 The licensee may:

- (a) with the Authority's consent, omit from a capacity report any details about circuit capacity, power flows, loading, or any other information whose disclosure would, in the Authority's view, seriously and prejudicially affect the commercial interests of the licensee or any third party; and
- (b) omit any information whose disclosure would place the licensee in breach of standard condition 43 (Independence of the Distribution Business and restricted use of Confidential Information) (if applicable).

Amendment of Use of System Charges

14.18 Without prejudice to paragraph 14.21, before making any amendment to its Use of System Charges the licensee must give the Authority a revised Use of System Charging Statement which sets out the amended charges and specifies the date from which they are to have effect.

14.19 Without prejudice to paragraph 14.21 and paragraph 4 of standard condition 13 (Charging Methodologies for Use of System and Connection), before any modification of the Use of System Charging Methodology comes into effect the licensee must give the Authority a revised Use of System Charging Statement that sets out the amended charges and specifies the date from which they are to have effect.

14.20 The licensee must, 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) give 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.

14.21 Except with the Authority's consent, the licensee may only amend its Use of System Charges in respect of any agreement for Use of System if:

- (a) it has given Notice of the proposed amendment in accordance with paragraph 14.20; and
- (b) the amendment, when made, conforms to the proposals set out in that Notice (except for any revisions made necessary because there has been a material change since the Notice was given in any of the matters on which the assumptions set out in the statement under paragraph 14.20(a) were said to be based).

14.22 Appendix 1 follows immediately below.

Appendix 1: Schedule of Contents

Use of System Charging Statement

- A1. As provided for by paragraph 14.5, the information to be set out in the licensee's Use of System Charging Statement must 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.
 - (c) 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 (i) for providing and installing any electrical plant at Entry Points or Exit Points, the provision and installation of which is ancillary to the grant of Use of System, and (ii) for maintaining such plant.
 - (e) Information on any Use of System rebates given or formally announced to Authorised Electricity Operators in the 12 months preceding the date of publication or revision of the statement.

Connection Charging Statement

- A2. As provided for by paragraph 14.5, the information to be set out in the licensee's Connection Charging Statement must include:
- (a) A schedule that lists items of significant cost (including the carrying out of works and the provision and installation of electric lines or electrical plant) likely to be required for the purposes of Connection (at Entry Points 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) A statement of the principles on which and the methods by which any charges will be made in respect of any extension or reinforcement of the licensee's Distribution System that is made necessary or appropriate (at the licensee's discretion) by virtue of providing Connection to that system or Use of System to any person seeking such Connection.
 - (c) A statement of 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.

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- (d) A statement of 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 to comply with his obligations under that Code in respect of metering or the performance by the licensee of any service in relation to such metering.
 - (e) A statement of the principles on which and the methods by which any charges will be made for the disconnection of electrical plant and electric lines from the licensee's Distribution System and for the removal of such plant and lines following disconnection.
 - (f) A statement of the principles on which and the methods by which any charges (including any capitalised charge) will be made for any maintenance, repair, and replacement required of electric lines or electrical plant provided and installed for making a Connection to the licensee's Distribution System.

Condition 15. Standards for the provision of Non-Contestable Connection Services

Introduction

15.1 This condition applies where:

- (a) a person (“the applicant”) has asked the licensee to provide any of the services mentioned in paragraph 15.2 in relation to the Connection of Premises to the licensee’s Distribution System; and
- (b) the applicant’s request is limited to the provision of Non-Contestable Connection Services by the licensee.

15.2 The services covered by this condition are the services of:

- (a) providing Quotations (including Point of Connection information) in relation to the provision referred to in paragraph 15.1(b);
- (b) responding to design submissions in relation to Connections; and
- (c) completing Final Works and Phased Energisations as Non-Contestable Connection Services.

15.3 Those services and the standards that apply to them are specified in greater detail in the Table of Services and Standards (“the Table”) set out at Appendix 1, which is part of this condition.

15.4 A request received by the licensee under paragraph 15.1, in relation to a service referred to in paragraph 15.2, becomes effective for the purposes of this condition when the applicant has supplied:

- (a) all of the information that the licensee, in statements it has made available relating to the purposes of this condition, has specified are reasonably required to enable it to provide that service; and
- (b) payment of any charges that apply in relation to the provision of that service.

15.5 If a request received by the licensee under paragraph 15.1, in relation to a service referred to in paragraph 15.2, does not contain all of the information required under paragraph 15.4, the licensee must inform the applicant within five Working Days of receiving the request.

The relevant services and their standards

15.6 Where this condition applies, the licensee, in relation to each of the services specified in Column 1 of the Table, must:

- (a) take all reasonable steps in every case to provide the relevant service to the applicant; and

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- (b) without limiting the general effect of that obligation, provide the relevant service to the applicant in at least 90 per cent of all cases,

in accordance with the corresponding standard specified in Column 2 of the Table.

15.7 The licensee is not required to comply with its obligations under paragraph 15.6:

- (a) if and to the extent that the Authority consents otherwise;
- (b) if the applicant asks for a lower standard than is set out in the Table to be applied to a relevant service in any particular case;
- (c) if compliance by the licensee would be likely to cause the licensee to breach regulations made under section 29 of the Act (so long as the licensee has taken all reasonable steps to prevent such breach from occurring);
- (d) if the licensee is prevented from doing so by circumstances not within its control; or
- (e) if it is not reasonable in all the circumstances of the case for the licensee to be required to do so.

Audit of service provision and information reporting

15.8 The licensee must, by 30 June each year, unless otherwise agreed by the Authority:

- (a) undertake an audit relating to its provision during the previous Regulatory Year of the services to which paragraph 15.2 refers;
- (b) inform the Authority of the nature and scope of that audit; and
- (c) if asked to do so by the Authority in Writing, review the audit and the manner in which it is being operated, with a view to determining whether any change should be made to it or the manner of its operation.

15.9 The licensee must, by 30 June each year, provide the following information in respect of the previous Regulatory Year to the Authority:

- (a) the number of requests that the licensee has responded to for each of the services specified in Column 1 of the Table;
- (b) the time taken in each case to provide the relevant service;
- (c) for requests where the licensee's provision of the service failed to meet the corresponding standard specified in Column 2 of the Table, a commentary on those failures;
- (d) the number of requests in relation to which any of sub-paragraphs (a) to (e) of paragraph 15.7 has applied; and
- (e) the results of any audit carried out under paragraph 15.8.

Power to direct exemption

- 15.10 The Authority may give a direction to the licensee that this condition does not have effect in its licence from the date and for the duration specified in that direction.
- 15.11 The Authority's power to give a direction under paragraph 15.10 includes power to revoke that direction upon reasonable Notice to the licensee following consultation with it.

Guidance concerning this condition

- 15.12 The Authority may issue, and may from time to time revise, guidance on any of the provisions of this condition, with a view to:
- (a) removing or reducing inconsistencies between Electricity Distributors in their interpretation and application of those provisions; and
 - (b) improving the form or manner in which information is to be collected, provided, or reported under any requirement of this condition,
- so as more effectively to achieve its purposes.
- 15.13 Where any guidance is in force under paragraph 15.12, the licensee must act in accordance with that guidance.
- 15.14 Before issuing guidance under paragraph 15.12, the Authority, by Notice given to all Electricity Distributors, must:
- (a) state that it proposes to issue guidance and specify the date on which it proposes that this should take effect;
 - (b) set out the text of the guidance and the Authority's reasons for proposing to issue it; and
 - (c) specify the time (which must not be less than a period of 28 days from the date of the Notice) within which representations or objections with respect to the proposal may be made,
- and must consider any representations or objections which are duly made and not withdrawn.
- 15.15 In paragraph 15.14, "issuing guidance" includes issuing any revision of it.

Interpretation

- 15.16 For the purposes of this condition:

References to information are references to information that is accurate in all material respects.

Associated Works means any works required in order to provide a Connection to the licensee's Distribution System, including any necessary Reinforcement Works or Diversionary Works.

Demand Connection means a Connection the purpose of which is to enable the Premises to receive a supply of electricity from the licensee's Distribution System.

Diversionary Works means the service consisting of the moving of any electric lines or electrical plant in order to facilitate the extension, redesign, or redevelopment of any Premises on which such lines or plant are located and to which they are connected.

Energisation means the licensee's taking of the steps necessary to enable an electrical current to flow from (or to) the licensee's Distribution System to (or from) the Point of Connection, in response to a request from the applicant.

Final Works means the installation of the Connection equipment in such a way that, subject to Energisation, the Premises are physically able to receive a supply of electricity from the licensee's Distribution System or (as the case may be) the licensee's Distribution System is physically able to receive a supply of electricity from the Premises.

Generation Connection means a Connection the purpose of which is to enable the licensee's Distribution System to receive a supply of electricity from the Premises.

Phased Energisation, in relation to a part only of the Premises, means the physical ability, subject to the completion of Final Works, to allow an electrical current to flow from (or to) the licensee's Distribution System to (or from) that part by means of the insertion of a fuse or as a result of a switching operation.

Point of Connection means the point on the licensee's Distribution System at which the Premises will be directly or indirectly connected to that system.

Premises includes any land, building, or structure and any Distribution System other than the licensee's.

Quotation means information provided to the applicant in Writing and includes information relating to the Point of Connection, a statement of the charges that will apply (subject to any terms of the Quotation) in accordance with the licensee's statement prepared under standard condition 13 (Charging Methodologies for Use of System and Connection), and any other information reasonably required by the applicant.

Reinforcement Works means works required on the licensee's Distribution System to accommodate a new or an increased Connection.

15.17. Appendix 1 follows immediately below.

Appendix 1: Table of Services and Standards

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
<p>1. Provision of Quotations Provide a Quotation:</p> <p>(a) low voltage demand: for a new Demand Connection to the licensee’s Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is not more than one kilovolt.</p> <p>(b) low voltage generation: for a new Generation Connection to the licensee’s Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is not more than one kilovolt.</p> <p>(c) high voltage demand: for a new Demand Connection to the licensee’s Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is more than one kilovolt but not more than 22 kilovolts.</p> <p>(d) high voltage generation: for a new Generation Connection to the licensee’s Distribution System where the highest voltage of the assets at the Point of Connection and any Associated Works is more than one kilovolt but not more than 22 kilovolts.</p> <p>(e) extra high voltage demand: for a new Demand Connection to the licensee’s Distribution System where the highest voltage of the assets at the Point of Connection and Associated Works is more than 22 kilovolts but not more than 72 kilovolts.</p> <p>(f) other Connections: for a new Demand Connection or Generation Connection to the licensee’s Distribution System that is not included within the preceding sub-paragraphs.</p>	<p>within fifteen Working Days of receiving the request</p> <p>within thirty Working Days of receiving the request</p> <p>within twenty Working Days of receiving the request</p> <p>within fifty Working Days of receiving the request</p> <p>within fifty Working Days of receiving the request</p> <p>within three months of receiving the request</p>

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
<p>2. Information and design submissions</p> <p>(a) Point of Connection information: provide the technical information necessary to enable the applicant to identify the proposed location and characteristics of the Point of Connection of the Premises to the licensee’s Distribution System, where the highest voltage of the assets at that point and any Associated Works is more than 22 kilovolts but not more than 72 kilovolts.</p> <p>(b) design submissions for low voltage and high voltage Connections: in response to a design submitted by the applicant for the licensee’s approval, outlining a new proposal for connecting Premises to the licensee’s Distribution System, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.</p> <p>(c) design submissions for extra high voltage and other Connections: in response to a design submitted by the applicant for the licensee’s approval, outlining a new proposal for connecting Premises to the licensee’s Distribution System, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.</p>	<p>within thirty Working Days of receiving the request</p> <p>within ten Working Days of receiving the proposed design (unless any part of it would require or directly affect the use of extra high voltage assets)</p> <p>within twenty Working Days of receiving the proposed design</p>
<p>3. Final Works and Phased Energisation</p> <p>Subject to all conditions precedent being met:</p> <p>(a) low voltage Connections: complete the Final Works for a low voltage Connection.</p> <p>(b) high voltage Connections: complete the Final Works for a high voltage Connection.</p> <p>(c) extra high voltage Connections: inform the applicant of the date by which it is proposed to complete the Final Works for an extra high voltage Connection.</p> <p>(d) low voltage energisation: complete the works required for a low voltage Phased Energisation.</p>	<p>within ten Working Days of receiving the request</p> <p>within twenty Working Days of receiving the request</p> <p>within twenty Working Days of receiving the request (and complete the works as soon as reasonably practicable)</p> <p>within five Working Days of receiving the request</p>

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
(e) high voltage energisation: complete works required for a high voltage Phased Energisation.	within ten Working Days of receiving the request
Note: the conditions precedent to be satisfied for the purposes of Part 3 of this Table are those specified by the licensee and agreed by the applicant under the provisions of the Construction and Adoption Agreement (as defined in Engineering Recommendation G81 of the Energy Networks Association) or such similar agreement as the licensee may from time to time adopt.	calculation of time: where a request is received or a service is provided by the licensee under the provisions of this Table after 5 pm on any Working Day or at any time on any other day, it is to be treated as if it had been received or provided on the next following Working Day.

Condition 16. Requirement to offer terms for the connection of Metering Equipment**Licensee's obligation**

16.1 On application made by any person ("the applicant"), the licensee must (subject to paragraph 16.4) offer to enter into an agreement that authorises the applicant to connect Metering Equipment to the licensee's Distribution System.

Requirements relating to the offer

16.2 In making an offer to enter into an agreement under paragraph 16.1, the licensee must set out:

- (a) the date from which the applicant is authorised to undertake such connections;
- (b) the procedures to be adopted by the applicant when making such 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.

16.3 The licensee must offer terms for an agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after it receives from the applicant an application containing all such information as it reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

16.4 The licensee must not offer to enter or enter into an agreement under this condition if doing so would be likely to cause it to be in breach of:

- (a) its duties under section 9 of the Act;
- (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;
- (c) the Grid Code or the Distribution Code; or
- (d) any of the Conditions of this licence.

Settlement of disputes

16.5 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 17. Requirement to offer terms for the provision of Metering Point Administration Services

Licensee's obligation

17.1 On application made by any Electricity Supplier in relation to any premises connected to the licensee's Distribution System, the licensee must (subject to paragraph 17.5) offer to enter into an agreement for the provision of Metering Point Administration Services.

Requirements relating to the offer

17.2. In making an offer under this condition to enter into an agreement, the licensee must set out:

- (a) the date by which the Metering Point Administration 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 Metering Point Administration Services required; and
- (c) such other detailed terms in respect of each of the Metering Point Administration Services required as are or may be appropriate for the purposes of the agreement.

17.3 The charges mentioned in paragraph 17.2(b) must, unless clearly inappropriate:

- (a) be presented so as to be referable to the statement prepared in accordance with paragraph 4 of standard condition 18 (Provision of and charges for Metering Point Administration Services); and
- (b) comply with the requirements of that condition

17.4. The licensee must offer terms for an agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from an Electricity Supplier an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

17.5 The licensee must not offer to enter or enter into an agreement under this condition if doing so would be likely to cause it to be in breach of:

- (a) its duties under section 9 of the Act;
- (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;

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- (c) the Grid Code or the Distribution Code; or
 - (d) any of the Conditions of this licence.

Efficiency and economy

- 17.6 The licensee must undertake the provision of Metering Point Administration Services in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of such services.

Derogations

- 17.7 The Authority may, after consulting with the licensee, give a direction (“a derogation”) to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Settlement of disputes

- 17.8 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 18. Provision of and charges for Metering Point Administration Services

Licensee's obligation

18.1 The licensee must:

- (a) establish, or procure the establishment of; and
- (b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

a service, to be known as the Metering Point Administration Service, that provides the services specified in the Schedule of Services (“the Schedule”) set out at Appendix 1, which is part of this condition.

18.2 The services specified in the Schedule are, for all the relevant purposes of this licence, the Metering Point Administration Services.

Licensee as Distribution Services Provider

18.3 If the licensee is a Distribution Services Provider, it must ensure that Metering Point Administration Services are able to be provided, where so requested, in respect of all premises connected to any Distribution System other than the licensee's within the Distribution Services Area.

Charging Statements to be always available

18.4 The licensee must at all times have available a statement prepared by it in a form approved by the Authority (“the MPAS Charging Statement”) that sets out the basis on which charges will be made for the provision of Metering Point Administration Services.

18.5 The MPAS Charging Statement must:

- (a) be presented in such form and with such detail as is necessary to enable any Electricity Supplier to make a reasonable estimate:
 - (i) of the charges that it would become liable to pay for the provision of Metering Point Administration Services, and
 - (ii) of the other terms on which such services would be provided that are likely to have a material impact on the conduct of that Electricity Supplier's business; and
- (b) include a schedule of charges for Metering Point Administration Services and an explanation of the methods by which and the principles on which such charges will be calculated.

Review and provision of statements

- 18.6 The licensee may periodically review the information set out in the MPAS Charging Statement and, at least once every year, must make any changes that are necessary to that statement to ensure that such information continues to be accurate in all material respects.
- 18.7 The licensee must give or send a copy of the MPAS Charging Statement to:
- (a) the Authority; and
 - (b) any person who requests it.
- 18.8 The licensee may make a charge for any MPAS Charging Statement given or sent under paragraph 18.7(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on the Authority's estimate of the licensee's reasonable costs of providing the statement.
- 18.9 The MPAS Charging Statement may, at the licensee's choice, be made available in the same document as the Use of System Charging Statement referred to in standard condition 14 (Charges for Use of System and Connection) provided that the two statements are separately labelled.

Derogations

- 18.10 The Authority may, after consulting with the licensee and any other Authorised Electricity Operator likely to be materially affected, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.
- 18.11 Appendix 1 follows immediately below.

Appendix 1: Schedule of Services

- A1. In accordance with paragraphs 18.1 and 18.2, the services that comprise the Metering Point Administration Services are these:
- A2. The service of maintaining 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):
- (a) the identity of the Electricity Supplier responsible under the Balancing and Settlement Code for the Metering Point at such premises;
 - (b) the type of Metering Equipment installed at each such premises; and
 - (c) a unique and accurate address of each such premises so far as is reasonably practicable, having regard to the nature and source of the information provided to the licensee.
- A3. The service of amending the register maintained in accordance with paragraph A2 to reflect changes of Electricity Supplier in respect of any premises.
- A4. The service of providing, in a timely and efficient manner, such data contained in the register maintained in accordance with paragraph A2 as are reasonably required and requested:
- (a) to any Electricity Supplier or its agent;
 - (b) to any person identified in the Balancing and Settlement Code as being an appropriate person to receive data for Settlement Purposes; and
 - (c) to any person identified in the Master Registration Agreement as being entitled to receive such data for the purpose of facilitating changes of Electricity Supplier in respect of any premises.
- A5. The service of:
- (a) maintaining an enquiry service for providing any Customer or an Electricity Supplier, on request and free of charge to that Customer, with such data contained in the register maintained in accordance with paragraph A2 as are relevant to the supply of electricity to premises which are (or are to be) owned or occupied by the Customer; and
 - (b) securing such publicity for the operation of that enquiry service as the licensee thinks is adequate.

Condition 19. Prohibition of discrimination under Chapters 4 and 5

Chapter 4: Use of System and Connection

- 19.1 The licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of persons:
- (a) in providing Use of System;
 - (b) in carrying out works for the purposes 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.
- 19.2 Without prejudice to paragraph 19.1, and subject to standard condition 14 (Charges for Use of System and Connection), the licensee must 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.

Chapter 4: Non-Contestable Connection Services

- 19.3 The licensee, in providing Non-Contestable Connection Services and information about them, must not show undue preference to or unduly 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.
- 19.4 The licensee must provide the Authority with information about its compliance with paragraph 19.3 in a format set by the Authority (which may be amended from time to time after consultation with the licensee) at the following times:
- (a) every year on or before such date as may be specified by the Authority after consultation with the licensee; and
 - (b) on any other date that the Authority may specify.

Chapter 4: Connection of Metering Equipment

- 19.5 In offering terms for the connection of Metering Equipment to its Distribution System, the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of persons.

Chapter 4: Metering Point Administration Services

- 19.6 In providing Metering Point Administration Services, the licensee must not show undue preference to, or unduly discriminate between, any Electricity Suppliers.
- 19.7 Without prejudice to paragraph 19.5, and subject to standard condition 18 (Provision of and charges for Metering Point Administration Services), the licensee must not make charges for providing Metering Point Administration Services to any Electricity Supplier which differ from the charges for such provision to any other Electricity Supplier, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

Chapter 5: The Distribution Code

- 19.8 In implementing and maintaining the Distribution Code and in complying with its obligations under that code (including in respect of the scheduling of the maintenance of its Distribution System), the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of person.

CHAPTER 5

Standard conditions 20 to 23:

Industry codes and

agreements

Condition 20. Compliance with Core Industry Documents**Grid Code**

20.1 The licensee must comply with the Grid Code.

Distribution Code

20.2 The licensee must at all times have in force, implement, and comply with the Distribution Code.

Other codes and agreements

20.3 The licensee must be a party to and comply with:

- (a) the Balancing and Settlement Code;
- (b) the Connection and Use of System Code;
- (c) the Distribution Connection and Use of System Agreement; and
- (d) the Master Registration Agreement,

from the earlier of the date on which it offers to distribute electricity or the date on which it begins to distribute electricity in Great Britain.

Consequential changes

20.4 If a consequential change is required in any Core Industry Document, the licensee must take all reasonable steps to secure, and must not take any unreasonable steps to prevent or delay, the making or implementation of that consequential change.

20.5 For the purposes of paragraph 20.4, a consequential change is any modification that is required to be made to a Core Industry Document solely in order to give full and timely effect to a modification made to that or any other Core Industry Document.

Rights of appeal and veto

20.6 Paragraph 20.4 is without prejudice to:

- (a) any rights of appeal that the licensee may have in relation to decisions made by the Authority under a Core Industry Document; and
- (b) any rights of approval, veto, or direction that the Authority or the Secretary of State may have in relation to changes to a Core Industry Document.

Derogations

- 20.7 The Authority may (after consulting the licensee and, where appropriate, any other Authorised Electricity Operator likely to be materially affected) give a direction (“a derogation”) to the licensee that relieves it of its obligations under any Core Industry Document in respect of such parts of that document, to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Fuel Security Code

- 20.8 The licensee must comply with the Fuel Security Code.
- 20.9 The Fuel Security Code has effect as a standard condition of this licence.

Interpretation

- 20.10 In this condition:

The licensee’s obligation to comply with a Core Industry Document or the Fuel Security Code is an obligation to comply with the provisions of that document so far as they are applicable to the licensee.

Core Industry Document means any and all of the following:

- (a) the Balancing and Settlement Code,
- (b) the Connection and Use of System Code,
- (c) the Distribution Code,
- (d) the Distribution Connection and Use of System Agreement,
- (e) the Grid Code,
- (f) the Master Registration Agreement,
- (g) the Revenue Protection Code,
- (h) the System Operator Transmission Owner Code, and
- (i) any other document designated by the Authority for the purposes of this condition following consultation with the licensee.

Fuel Security Code means the document of that name designated by the Secretary of State under section 7(4)(b) of the Act as a condition of every electricity licence of any type granted, or treated as granted, under section 6 of the Act.

Condition 21. The Distribution Code

Licensee's obligation

- 21.1 The licensee must take all steps within its power to ensure that the Distribution Code in force under this licence at 31 March 2008 remains a code approved by the Authority that complies with each of the following requirements.
- 21.2 The first requirement is that the Distribution Code must cover all material technical aspects relating to Connections to and the operation and use of the licensee's Distribution System or (so far as is relevant to such operation and use) the operation of electric lines and electrical plant connected to that system.
- 21.3 The second requirement, which is without prejudice to the first requirement, is that the Distribution Code must make express provision for the matters referred to in paragraphs 21.5 to 21.7.
- 21.4 The third requirement is that the Distribution Code, so far as is consistent with the first two requirements, must be designed so as to:
- (a) permit the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the distribution of electricity; and
 - (b) facilitate competition in the generation and supply of electricity.

Specific contents of the Distribution Code

- 21.5 The Distribution Code must include a Distribution Planning and Connection Code (see paragraph 21.6) and a Distribution Operating Code (see paragraph 21.7).
- 21.6 The Distribution Planning and Connection Code must contain:
- (a) planning conditions that specify the technical and design criteria and procedures that are to be applied by the licensee in the planning and development of its Distribution System and taken into account by persons connected or seeking connection to that system in the planning and development of their own plant and systems; and
 - (b) connection conditions that specify the technical, design, and operational criteria to be complied with by any person connected or seeking connection to the licensee's Distribution System.
- 21.7 The Distribution Operating Code must specify the conditions under which the licensee must operate its Distribution System, and under which persons must operate their own plant and systems in relation to that system, so far as is necessary to protect the security, quality of supply, and safe operation of the licensee's Distribution System under both normal and abnormal operating conditions.

Procedure for revising the Distribution Code

- 21.8 The licensee must (in consultation with other Authorised Electricity Operators likely to be materially affected) periodically review (including at the Authority's request) the Distribution Code and its implementation.
- 21.9 After completing any such review, the licensee must send to the Authority:
- (a) a report on the outcome of the review;
 - (b) a statement of any proposed revisions to the Distribution Code that the licensee (having regard to the outcome of the review) reasonably thinks are appropriate for the continuing achievement of the objectives referred to in paragraph 21.4; and
 - (c) any written representations or objections from Authorised Electricity Operators (including any proposals by such operators for revisions to the Distribution Code that have not been accepted by the licensee in the course of the review) that were received during the consultation process and have not been withdrawn.
- 21.10 Revisions to the Distribution Code that are proposed by the licensee and sent to the Authority under paragraph 21.9(b) must not be implemented without the Authority's approval.
- 21.11 The Authority (having regard to any representations or objections referred to in paragraph 21.9(c) and after any further consultation that it considers appropriate) may give a direction to the licensee that requires it to revise the Distribution Code in such manner as may be specified in the direction.

Availability of the Distribution Code

- 21.12 The licensee must give or send a copy of the Distribution Code (as from time to time revised):
- (a) to the Authority; and
 - (b) to any person who requests it.
- 21.13 The licensee may make a charge for any copy of the Distribution Code given or sent under paragraph 21.12(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on its estimate of the licensee's reasonable costs of providing the copy.

Performance of obligations

- 21.14 The licensee must fulfil its obligations under this condition in conjunction and co-operation with all other Electricity Distributors and in accordance with such arrangements for that purpose as are approved by the Authority.

Condition 22. Distribution Connection and Use of System Agreement

Licensee's obligation

- 22.1 The licensee must take all steps within its power to ensure that the Distribution Connection and Use of System Agreement (“the DCUSA”) in force under this licence at 31 March 2008 remains an agreement that:
- (a) is designed to facilitate achievement of the Applicable DCUSA Objectives set out in Part A of this condition;
 - (b) conforms to the requirements of Parts B to D of this condition in relation to the amendment of the DCUSA; and
 - (c) makes express provision for the matters described in the Schedule of DCUSA Contents (“the Schedule”) set out at Appendix 1, which is part of this condition.

Part A: Applicable DCUSA Objectives

- 22.2 The Applicable DCUSA Objectives are these:
- (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 is consistent with that) 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 arrangements.

Part B: Principles for making an amendment to the DCUSA

- 22.3 Any proposals to amend the DCUSA must be designed to better facilitate the achievement of the Applicable DCUSA Objectives.
- 22.4 The DCUSA may be amended at any time in accordance with such procedures (including procedures for amending those procedures) as may be Specified and are in conformity with the principles set out in paragraph 22.5.
- 22.5 Those principles are that:
- (a) proposals for the amendment of the DCUSA may be made by any Electricity Distributor, any other party to the DCUSA, the Consumer Council, the GB System Operator, and such other persons or bodies as may be designated by the Authority;

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- (b) the amendment procedures for dealing with any such proposal must comply with the requirements of Part C below;
 - (c) the making and implementation of any amendment of the DCUSA must comply with the provisions of Part D below; and
 - (d) those parts of the DCUSA that are Specified pursuant to paragraph A3(g) of the Schedule may not be amended without the Authority's approval, which must be sought in accordance with the appropriate procedures set out in the DCUSA.

Part C: Procedures for making an amendment to the DCUSA

- 22.6 The procedures contained in the DCUSA for the making of amendments to the DCUSA must have as their objective the achievement of the matters set out in the following provisions of this Part C.
- 22.7 The procedures must ensure that every proposed amendment is brought to the attention of all parties mentioned in or pursuant to paragraph 22.5(a).
- 22.8 They must ensure that any and all representations made in respect of a proposed amendment are able to be properly considered by the relevant decision makers.
- 22.9 They must ensure that the question of whether any proposed amendment better facilitates the achievement of the Applicable DCUSA Objectives is able to be properly evaluated.
- 22.10 They must ensure that an amendment report is prepared in such manner and has all such contents as may be Specified, including:
 - (a) a proposed implementation date that would enable any proposed amendment to take effect as soon as practicable after the decision to implement it has been reached, taking into account the complexity, importance, and urgency of that amendment; and
 - (b) a summary of and copies of all submissions made in respect of the proposed amendment.
- 22.11 They must ensure that the proposed implementation date may be altered with the consent of or as directed by the Authority.
- 22.12 They must ensure that parties to the DCUSA, after considering the amendment report prepared in accordance with paragraph 22.10 and whether the amendment would, as compared with the existing provisions of the DCUSA, better facilitate the achievement of the Applicable DCUSA Objectives, are able to vote for:
 - (a) the implementation or rejection of the proposed amendment, in the case of a proposal to amend any part of the DCUSA that is not Specified pursuant to paragraph A3(g) of the Schedule; or

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- (b) a recommendation to the Authority to approve or reject the proposed amendment, in the case of a proposal to amend any part of the DCUSA that is Specified pursuant to paragraph A3(g) of the Schedule.

22.13 They must ensure that all votes cast pursuant to paragraph 22.12 are compiled so that the DCUSA Panel established in accordance with paragraph A3(d) of the Schedule 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.

Part D: Implementation of an amendment to the DCUSA

22.14 No amendment of the DCUSA may be made unless:

- (a) the parties to the DCUSA have voted, pursuant to paragraph 22.12(a), 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 Electricity Distributor, to amend the DCUSA in such manner as is stated in that direction following the making of a recommendation to the Authority by the parties to the DCUSA pursuant to paragraph 22.12(b).

Part E: Interpretation

22.15 For the purposes of this condition:

- (a) “amendment” must be read in accordance with the meaning given to the term “modification” in section 111 of the Act, and any related expressions are to be read accordingly; and
- (b) words and expressions appearing in Appendix 1 that are defined under any provision of the DCUSA have the meaning given by, or are to be read in accordance with, that provision.

Specified means specified in the DCUSA.

22.16 Appendix 1 follows immediately below.

Appendix 1: Schedule of DCUSA Contents

- A1. In accordance with paragraph 22.1(c), the matters for which the DCUSA must make express provision are set out in the following paragraphs of this Schedule.

Matters of a commercial nature

- A2. The DCUSA must include all 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 in particular must make express provision for the following matters:
- (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 obligations owed by the licensee to the user in relation to such use.
 - (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.
 - (e) Terms that provide (i) for 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) for the extent to which and the circumstances in which such liability will otherwise attach to that party in respect of any claims against it.

Governance and administration

- A3. Without prejudice to any of the matters set out in paragraph A2, the DCUSA must also include:
- (a) Terms for the creation of an agreement, to which the licensee, every other Electricity Distributor, and any other Authorised Electricity Operator (not being an Electricity Distributor, and so far as the DCUSA is applicable to it) must be a party on such terms and conditions of accession as may be Specified ("the DCUSA Accession Agreement").

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- (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 that provide 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 that is 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 Parts B to D of this condition, of such provisions of the DCUSA as are Specified to be capable of being amended without the Authority’s approval.
 - (g) Provisions by virtue of which such parts of the DCUSA as may be Specified are not to be capable of being amended without the Authority’s prior approval, and procedures for seeking such approval.

Other matters to be included

- A4. Without prejudice to any of the matters set out in paragraphs A2 and A3, the DCUSA must also include:
- (a) Provision for a copy of DCUSA to be supplied to any person who requests it, upon payment of an amount not exceeding the reasonable costs of making and supplying that copy.
 - (b) Provision for information about the operation of any of the DCUSA arrangements to be supplied on request to the Authority 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).
 - (c) Provision for the DCUSA Panel to be able to secure the compliance of any party to the DCUSA Accession Agreement with any of the requirements of sub-paragraphs (a) and (b).
 - (d) Provision for such other matters as may be appropriate, having regard to the requirement for the DCUSA to be maintained as a document designed to facilitate achievement of the Applicable DCUSA Objectives.

Condition 23. Master Registration Agreement

Licensee's obligation

- 23.1 The licensee, in conjunction and co-operation with all other Electricity Distributors, must take all steps within its power to ensure that the Master Registration Agreement (“the MRA”) in force under this licence at 31 March 2008 remains an agreement that conforms to the requirements of:
- (a) paragraph 23.2 in respect of its contractual constitution; and
 - (b) paragraph 23.3 in respect of its contents.

Constitution of the MRA

- 23.2 The Master Registration Agreement must be an agreement made between:
- (a) on the one part, the licensee and all other Electricity Distributors; and
 - (b) on the other part:
 - (i) all Electricity Suppliers (or their agents) that require the provision of Metering Point Administration Services from at least one Electricity Distributor, and
 - (ii) such other persons as are, for Settlement Purposes, appropriate parties to the agreement.

Contents of the MRA

- 23.3 The Master Registration Agreement must comprise:
- (a) terms for the provision of Metering Point Administration Services in accordance with the requirements of standard condition 18 (Provision of and charges for Metering Point Administration Services);
 - (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) the Data Transfer Catalogue, being 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 between any persons for Settlement Purposes or for any related purposes;
 - (d) arrangements for the variation of the Master Registration Agreement following consultation with the parties, or representatives of the parties, to that agreement;

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- (e) provisions (which must require the Authority's approval) by virtue of which the whole or specified parts of the Master Registration Agreement are not to be capable of variation without the Authority's approval; 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.

CHAPTER 6

Standard conditions 24 to 28:

Integrity and development

of the network

Condition 24. Distribution System planning standard and quality of performance reporting**Distribution System planning standard**

- 24.1 The licensee must plan and develop its Distribution System in accordance with:
- (a) a standard not less than that set out in Engineering Recommendation P.2/6 of the Energy Networks Association so far as that standard is applicable to it; or
 - (b) such other standard of planning as the licensee, with the Authority's approval, may from time to time adopt after consulting (where appropriate) with the GB System Operator and any other Authorised Electricity Operator likely to be materially affected.
- 24.2 The Authority may (after consulting with the licensee and, where appropriate, with the GB System Operator and any other Authorised Electricity Operator likely to be materially affected) give a direction ("a derogation") to the licensee that relieves it of its obligation under paragraph 24.1 in respect of such parts of the licensee's Distribution System, to such extent, and subject to such conditions as may be specified in the direction.

Quality of performance reporting

- 24.3 The licensee must draw up and submit to the Authority for its approval a statement that sets out criteria by which the licensee's quality of performance in maintaining the security, availability, and quality of service of its Distribution System may be measured.
- 24.4 The licensee must within two months after the end of each Regulatory Year submit to the Authority a report providing details of the performance of the licensee during the previous Regulatory Year against the criteria referred to in paragraph 24.3.

Scope of this condition

- 24.5 Paragraphs 24.3 and 24.4 do not apply to the licensee if it is a Distribution Services Provider.

Interpretation

- 24.6 The Energy Networks Association is the company incorporated under that name in England and Wales with registered number 4832301.

Standard Condition 25. Long Term Development Statement

Introduction

- 25.1 This condition applies for the purpose of ensuring that the licensee:
- (a) provides information which will assist any person who might wish to enter into arrangements with the licensee that relate to Use of System or Connections to identify and evaluate the opportunities for doing so; and
 - (b) makes such information generally available in the public domain.

Scope and contents of statement

- 25.2 Where the Authority gives the licensee a direction to do so, the licensee must prepare and maintain a document, to be known as the Long Term Development Statement (“the statement”), that:
- (a) is in such form as may be specified in the direction for the purposes of this condition; and
 - (b) contains such information as the licensee can reasonably provide that identifies or relates to the matters specified in paragraph 25.3.
- 25.3 Those matters 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 two 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 five-year period covered by the statement, including those parts which may experience thermal overloading, voltage problems, or excess fault levels;
 - (f) the licensee’s plans to reduce or put right any predicted shortcomings in the operation or capability of its Distribution System; and
 - (g) (where applicable) how actual developments in the recent past compare with the licensee’s plans contained in previous statements under this condition.

Preparation and revision of statement

- 25.4 The licensee must include in its first statement prepared under paragraph 25.2 the information referred to in that paragraph for each year of the five succeeding years on a rolling basis beginning with 1 April of the year in which the direction under that paragraph is given.
- 25.5 The licensee, in relation to the statement referred to in paragraph 25.4, must:
- (a) prepare it within three months of the date of the Authority's direction (which may be given to the licensee at any time during a year); and
 - (b) except with the Authority's consent, revise it in each following year to ensure that, so far as is reasonably practicable, the information contained in it is up to date and accurate in all material respects.

Procedure for a direction

- 25.6 Before giving a direction under paragraph 25.2, the Authority must inform the licensee of its intention to do so in a Notice that:
- (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; and
 - (c) specifies the time (which must not be less than a period of 28 days from the date of the Notice) within which representations with respect to the proposed direction may be made,

and must consider any representations that are duly made by the licensee and not withdrawn.

Availability of statement

- 25.7 The licensee, subject to any requirement to comply with the listing rules of the Stock Exchange (within the meaning of Part IV of the Financial Services Act 1986) and with paragraph 25.8, must:
- (a) give the Authority a copy of the statement and of each revision of it;
 - (b) publish, in such form and manner as the Authority may direct, a summary of the statement (or of any revision of it) that will help a person to decide whether to ask for a copy of the statement; and
 - (c) prepare a version of the statement or revision which excludes, so far as is practicable, any such matter as is mentioned in paragraph 25.8 and give or send a copy to any person who requests one and makes such payment to the licensee as it may require (which must not exceed such amount as the Authority may from time to time approve for that purpose).

Exclusion of certain matters

- 25.8 In complying with the requirements of paragraph 25.7(b), the licensee must 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.
- 25.9 Any question arising under paragraph 25.8 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 is to be resolved by the Authority.

Condition 26. Disposal of Relevant Assets

General prohibition

- 26.1 The licensee must not take any action that is or would be a Disposal of or a Relinquishment of Operational Control over any Relevant Asset except in accordance with the provisions of this condition.

Arrangements for specific cases

- 26.2 Except where paragraph 26.4 or 26.5 applies, the licensee:
- (a) must give the Authority not less than two months' 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 that asset, or to the circumstances of the intended Disposal or Relinquishment of Operational Control, or to the intentions in regard to those matters of the person who proposes to acquire the asset or operational control over it; and
 - (b) may dispose of or relinquish operational control over that Relevant Asset if (and only if) the Authority either consents to the transaction in question or does not inform the licensee in Writing of any objection to it within the Notice period specified in sub-paragraph (a).
- 26.3 A consent by the Authority under paragraph 26.2(b) may be given subject to the acceptance by the licensee, or by any third party in favour of whom the Relevant Asset is proposed to be disposed or operational control is proposed to be relinquished, of such conditions as may be specified in that consent.

Arrangements for other cases

- 26.4 The licensee may dispose of or relinquish operational control over any Relevant Asset where:
- (a) the transaction in question or the asset in question is of a class or description to which the provisions of the General Consent set out at Appendix 1 (which is part of this condition) apply; and
 - (b) the transaction in question satisfies and is in accordance with all such conditions and requirements as may apply to it under those provisions in relation to that asset.

Statutory requirement

- 26.5 The licensee may dispose of or relinquish operational control over any Relevant Asset where the Disposal or Relinquishment of Operational Control in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act 1978, or a regulation or directive of the Council or Commission of the European Union.

Interpretation

26.6 In this condition, in relation to a Relevant Asset:

Disposal means (whether under the law of England and Wales or under the law of Scotland) any of the following:

- (a) a transfer of that asset (whether or not for value) to a person other than the licensee; or
- (b) a lease, licence, or loan of (or the grant of any other right of possession in relation to) that asset; or
- (c) the grant of any mortgage, charge, or other form of security over that asset; or
- (d) if the asset is an interest in land, any transaction or event that is capable under any enactment or rule of law of affecting the title to a registered interest in that land,

and references to “dispose” are to be read accordingly.

Obsolete means that the asset no longer performs its required function either in an efficient manner or at all (whether through wear and tear, obsolescence, damage, failure, unsafe operation, or advances in technology) and includes equipment that the licensee has decided to render obsolete as a result of inspection.

Prior Notice means Notice given to the Authority under paragraph 26.2(a) of the licensee’s intention in relation to the asset.

Redundant means that the asset is no longer required or necessary to enable the licensee to comply with its obligations under the Act or this licence in relation to its Distribution System (but a Relevant Asset may not be regarded as being Redundant solely because it is in the ownership or control of a third party).

Relinquishment of Operational Control includes entering into any agreement or arrangement under which operational control of the asset is not or ceases to be under the sole management of the licensee, and “relinquish” and any related expressions in this context are to be read accordingly.

Retail Price Index means, in relation to a valuation of the asset under paragraph A4 of Appendix 1, the general index of retail prices published by the Statistics Board each month in respect of all items.

Value means the estimated price that could be expected to be received in the market at the time of the Disposal of the asset.

26.7 Appendix 1 follows immediately below.

Appendix 1: General Consent

- A1. As provided for under paragraph 26.4, the licensee may dispose of or relinquish operational control over any Relevant Asset without Prior Notice:
- (a) in accordance with the provisions of Part A below, for the Disposal of a Relevant Asset; and
 - (b) in accordance with the provisions of Part B below, for the Relinquishment of Operational Control over a Relevant Asset.

PART A: CATEGORIES OF DISPOSAL

Disposal Category 1

- A2. The licensee may dispose of a Relevant Asset without giving Prior Notice if:
- (a) the asset is Obsolete or Redundant; or
 - (b) the Disposal will not constitute the Disposal of a legal (rather than an equitable) interest until the asset is Obsolete or Redundant; or
 - (c) where the asset comprises only land above or below which an electric line (but not electrical plant) of the licensee is situated, the Disposal complies with paragraph A3.
- A3. For the purposes of paragraph A2(c), the Disposal must be on terms which will permit the electric line (including any replacement of it) to remain in position for as long as it forms part of the licensee's Distribution System under a wayleave, easement, or other legal estate which in any such case includes sufficient rights of access in favour of the licensee for the purposes of inspection, maintenance, replacement, or repair as may reasonably be necessary to enable that line to remain in operation as part of the licensee's Distribution System.
- A4. The consent in paragraph A2 does not apply in any of the following cases.
- A5. It does not apply in respect of a Relevant Asset if the Value:
- (a) of that asset; or
 - (b) of that asset and other related Relevant Assets which are being or are intended to be disposed of at the same time; or
 - (c) of that asset and other Relevant Assets which together formed part of the licensee's Distribution System and are being declared Obsolete or Redundant at the same time or as part of the same operation,
- exceeds, in the Regulatory Year beginning on 1 April 2008, £200,000 or, in any subsequent Regulatory Year, that amount increased by the same percentage by which the Retail Price Index on 1 April in that year is greater than the Retail Price Index on 1 April 2008.

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- A6. It does not apply in respect of a Relevant Asset which is Obsolete, unless an appropriate replacement or alternative arrangement has been installed in the licensee's Distribution System, or is being or is intended to be installed in such a manner that continuity of the function of that system is achieved.
- A7. It does not apply if the Disposal of the Relevant Asset constitutes a sale and leaseback arrangement.
- A8. It does not apply if the Relevant Asset is intended to remain in operational use but not under the operational control of the licensee and its Value exceeds, in the Regulatory Year beginning on 1 April 2008, £20,000 or, in any subsequent Regulatory Year, that amount increased by the same percentage by which the Retail Price Index on 1 April in that year is greater than the Retail Price Index on 1 April 2008.

Disposal Category 2

- A9. The licensee may without giving Prior Notice dispose of any Relevant Asset to a wholly owned Subsidiary if before the Disposal it has given the Authority a document duly executed by the Subsidiary and the licensee (in a form capable of being enforced by the Authority) that undertakes to the Authority that:
- (a) the Subsidiary, in respect of the Relevant Asset, will comply with the provisions of this condition and standard condition 6 (Provision of Information to the Authority) as if it were the licensee; and
 - (b) the licensee will not cause or permit the Subsidiary to cease to be its wholly owned Subsidiary without the Authority's consent to the Disposal of the Relevant Asset owned by the Subsidiary.

Disposal Category 3

- A10. The licensee may without giving Prior Notice grant to a third party an easement, wayleave, licence, or similar right over any land or property in which the licensee has a legal or beneficial interest and which is a Relevant Asset, except where the grant of such a right would have a material adverse effect on the licensee's ability to use or develop the land for the purposes of its Distribution Business.

Disposal Category 4

- A11. The licensee may without giving Prior Notice dispose of any Relevant Asset to another Electricity Distributor so long as:
- (a) that Electricity Distributor is subject to the provisions of this condition and standard condition 6 (Provision of Information to the Authority); and
 - (b) the licensee will remain able to fulfil the duties imposed on it by or under this licence after the Disposal of the asset.

PART B: RELINQUISHMENT OF OPERATIONAL CONTROL

Ending of licensee's sole management of operational control

- B1. The licensee may, without giving Prior Notice, enter into an agreement or arrangement whereby operational control of a Relevant Asset (which, for the avoidance of doubt, may comprise the whole of the licensee's Distribution System) ceases to be under the licensee's sole management in any case where the agreement or arrangement ("the transaction") complies in every respect with all of the requirements set out in this Part B.

Primary characteristics of the transaction

- B2. The transaction must be consistent with all applicable conditions of this licence.
- B3. Any other consent or clearance required under statute or under this licence in respect of the transaction must have been obtained.
- B4. The transaction must be one that provides for the supply of a service or the provision of a resource in relation to a Relevant Asset by a counter-party ("the resource provider") on behalf of the licensee.
- B5. The resource provider must be and remain an Affiliate of the licensee but must not be a Holding Company of the licensee.
- B6. The transaction must be effected by contract made between the licensee and the resource provider.
- B7. That contract must be binding and enforceable both in Great Britain and in any other jurisdiction in which the resource provider has its principal place of business and must conform to the requirement of paragraph B8.

Mandatory provisions of the relevant contract

- B8. The requirement of this paragraph is that the contract in question must contain provisions to the effect set out as follows.
- B9. The contract must ensure that no force majeure or equivalent provision in the contract is permitted to excuse any failure by the licensee, or by the resource provider acting on its behalf, to comply with the licensee's statutory or licence obligations unless (and to the extent that) the event or circumstance in question would have excused the licensee under this licence if it had itself performed the service or provided the resource.
- B10. The contract must ensure that the responsibility for the performance of all the obligations to which the contract relates is clearly specified, subject to the overriding requirement that the licensee remains ultimately responsible for all statutory and licence obligations applicable to the licensee's business.

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- B11. The contract must ensure that the resource provider covenants with the licensee to refrain from any action which would be likely to cause the licensee to breach any of its statutory or licence obligations.
- B12. The contract must ensure that the resource provider (i) discloses to the licensee the basis or bases of all charges for services provided or supplies made under the contract, together with sufficient information and analysis to support the basis for the calculation of the total sum payable by the licensee, and (ii) may not raise any objection to, or seek to prevent, disclosure of such information to the Authority.
- B13. The contract must ensure that the licensee will be free, at any time after the fifth anniversary of the commencement of the contract, without penalty and on reasonable Notice, to resource any service or supply from an alternative source of its own choice if more favourable terms become available.
- B14. The contract must ensure, finally, that the resource provider is under an obligation to give the licensee any information within its possession or control which the licensee may from time to time require in order to enable it to:
- (a) comply with any request by the Authority for Information under standard condition 6 (Provision of Information to the Authority);
 - (b) assess the performance or position of the resource provider or any of its subsidiaries with respect to the provision of any service or supply made to the licensee; or
 - (c) monitor adherence by the resource provider to the terms and conditions of the contract.

Undertakings from Ultimate Holding Company

- B15. The licensee must procure:
- (a) from that company or other corporate body which is from time to time the Ultimate Holding Company of the licensee and the resource provider; or
 - (b) from such other corporate body as the Authority may from time to time designate,
- acknowledgements and legally enforceable undertakings in favour of the licensee on the terms set out in the Model Form below (which is part of this condition).
- B16. Those acknowledgements and undertakings:
- (a) must have been obtained before the end of seven days after the date on which the company or other corporate body in question (“the covenantor”) becomes the licensee’s Ultimate Holding Company; and

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- (b) must remain in force for as long as the covenantor remains the Ultimate Holding Company.

B17. For the purposes of paragraphs B15 and B16, “Ultimate Holding Company” means the company or other corporate body which is the Holding Company of both the licensee and the resource provider and is not itself a subsidiary of another company or corporate body.

Evidence of compliance and duty to enforce

- B18. Whenever the licensee obtains the acknowledgements and undertakings in accordance with paragraph B15, it must:
- (a) give the Authority evidence of its compliance without delay (including a copy of the acknowledgements and undertakings in question); and
 - (b) at all times comply with any direction from the Authority to enforce any of those undertakings.

Reporting obligation in respect of breach

B19. The licensee must inform the Authority immediately in Writing if the licensee’s directors become aware that any undertaking procured under the provisions of this Part B has ceased to be legally enforceable or that its terms have been breached.

Restriction of arrangements with resource provider

- B20. Except with the Authority’s consent, the licensee must not obtain or continue to obtain the service or resource in question from the resource provider at any time when:
- (a) the acknowledgements and undertakings specified at paragraph B15 are not in place; or
 - (b) there is an unremedied breach of any undertaking that is in place; or
 - (c) the licensee is in breach of the terms of any direction given by the Authority under paragraph B18(b).
- B21. The Model Form mentioned in paragraph B15 follows immediately below

MODEL FORM: ACKNOWLEDGEMENTS AND UNDERTAKINGS

Acknowledgements

- MF1. That it is in the best interests of the covenantor that the licensee complies with its statutory and licence obligations.
- MF2. That all matters relating to the enforcement of the licensee's rights under the relevant contract are to be reserved to the licensee's directors without regard to other interests.

Undertakings

- MF3. To procure that the resource provider will:
- (a) refrain from any action which would be likely to cause the licensee to breach any of its statutory or licence obligations;
 - (b) provide the licensee with any information within its possession or control which the licensee may from time to time require in order to enable the licensee to:
 - (i) comply with any request by the Authority for Information under standard condition 6 (Provision of Information to the Authority), or
 - (ii) assess the performance or position of the resource provider or any of its subsidiaries with respect to the provision of any service or supply made to the licensee, or
 - (iii) monitor adherence by the resource provider to the terms and conditions of the contract;
 - (c) not show undue preference to, or unduly discriminate against, the licensee in the provision to it of supplies or services; and
 - (d) not take any action which would constitute a Disposal of, or Relinquishment of Operational Control over, any Relevant Asset (other than to the licensee upon the ending or termination of any relevant contract in accordance with its terms) except in accordance with the requirements of this condition and of any consent given by the Authority under it.
- MF4. To procure that any contract between the licensee and the resource provider will comply with the requirements set out in Part B of this General Consent and will not be amended so as to cease in any way to be compliant with those requirements.
- MF5. To procure that the resource provider has and maintains resources and operating capacity at a level sufficient to ensure efficient performance of the contract and the efficient discharge of the licensee's relevant obligations.

Condition 27. Theft, damage and meter interference**Reporting obligation to Authorised supplier**

- 27.1 This paragraph applies if the licensee, in the course of providing services to any Authorised supplier of electricity to premises directly connected to the licensee's Distribution System, has reason to believe that there has been:
- (a) damage to any electrical plant, electric line, or Metering Equipment through which such premises are supplied; or
 - (b) interference with the Metering Equipment through which such premises are supplied so as to alter its register or prevent it from duly registering the quantity of electricity supplied.
- 27.2 If paragraph 27.1 applies, the licensee must inform the Authorised supplier in question of the relevant incident as soon as is reasonably practicable.

Reporting obligation to relevant owner

- 27.3 This paragraph applies where any electrical plant, electric line, or Metering Equipment that is connected to the licensee's Distribution System is owned by a person other than the licensee ("the relevant owner") and the licensee has reason to believe that there has been:
- (a) damage to that electrical plant, electric line, or Metering Equipment; or
 - (b) interference with the Metering Equipment so as to alter its register or prevent it from duly registering the quantity of electricity supplied.
- 27.4 If paragraph 27.3 applies, the licensee must inform the relevant owner about the incident in question as soon as is reasonably practicable, except if it has reason to believe that the damage or interference was caused by the relevant owner.

Condition 28. Application of statutory powers

28.1 This condition applies to the licensee in accordance with section 10 of the Act as it relates to Electricity Distributors.

Powers and rights to have effect

28.2 By virtue of this condition, all of the powers and rights conferred by or under the statutory provisions specified in paragraph 28.3 have effect in relation to the licensee to the extent that they are required for the purpose of enabling it to carry on the activities that it is authorised or required to carry on by or under this licence.

Relevant statutory provisions

28.3 The statutory provisions referred to at paragraph 28.2 are:

- (a) Schedule 3 to the Act (which provides for the compulsory acquisition of land); and
- (b) Schedule 4 to the Act (which confers other powers and makes other provision, particularly in relation to streetworks).

CHAPTER 7

Standard conditions 29 to 34:

Financial and ring-fencing

arrangements

Condition 29. Restriction of activity and financial ring-fencing of the Distribution Business

General prohibitions

- 29.1 The licensee must not conduct any business or carry on any activity other than an activity of the Distribution Business except in accordance with the provisions of this condition.
- 29.2 The licensee must not, without the Authority's consent, 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 has been incorporated by it solely for the purpose of raising finance for the Distribution Business; or
 - (c) (subject to paragraph 29.3) investments acquired in the usual and ordinary course of the licensee's treasury management operations.
- 29.3 The licensee can only rely on the exception permitted by paragraph 29.2(c) if it has in force a system of internal controls in relation to its treasury management operations that complies with such best corporate governance practice as is required (or, in the absence of that, is recommended) from time to time by the UK listing authority (or a successor body) for listed companies in the United Kingdom.

Activities not prevented by the general prohibitions

- 29.4 Subject to the provisions of paragraphs 29.2 and 29.3, nothing in this condition prevents the licensee from:
- (a) 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; or
 - (b) performing the supervisory or management functions of a holding company in respect of any Subsidiary; or
 - (c) carrying on any business or conducting any activity to which the Authority has given its consent.
- 29.5 Subject to the provisions of paragraphs 29.2 and 29.3, nothing in this condition prevents any Affiliate in which the licensee does not hold shares or other investments from conducting any business or carrying on any activity.

Permission to conduct Ancillary Business

- 29.6 Nothing in this condition prevents the licensee or an Affiliate or a Related Undertaking of the licensee in which the licensee holds shares or other investments (a “relevant associate”) from conducting Ancillary Business within the meaning of paragraph 29.7 so long as each of the two limitations specified in paragraphs 29.9 and 29.10 respectively is complied with.
- 29.7 For the purposes of paragraph 29.6, Ancillary Business means any business or activity conducted or carried on by the licensee or a relevant associate or relevant associates other than:
- (a) the Distribution Business; and
 - (b) any other business or activity to which the Authority has given its consent in accordance with paragraph 29.4(c).

Limitations of Ancillary Business not to be exceeded

- 29.8 The licensee or a relevant associate may carry on Ancillary Business so long as neither of the following limitations is exceeded.
- 29.9 The first limitation is that the total turnover of all of the Ancillary Business carried on by the licensee plus the Equity Share of the total turnover of all of the Ancillary Business carried on by all its relevant associates must not in any Regulatory Year exceed 2.5 per cent of the total turnover of the licensee’s Distribution Business as shown by the most recent audited Regulatory Accounts of the licensee.
- 29.10 The second limitation is that the total amount (calculated in accordance with paragraph 29.11) of all investments made by the licensee in Ancillary Business, as carried on by the licensee and all its relevant associates, must not at any time after the date on which this condition takes effect in this licence exceed 2.5 per cent of the sum of the licensee’s share capital in issue, its share premium, and its consolidated reserves (including retained earnings) as shown by its most recent audited Regulatory Accounts available at that date.

Calculation of total amount of investments

- 29.11 For the purposes of calculating the total amount of the investments referred to in paragraph 29.10:
- (a) “investments” means any form of financial support or assistance given by or on behalf of the licensee for the Ancillary Business whether on a temporary or permanent basis and includes any commitment to provide any such support or assistance in the future; and

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- (b) at any relevant time, the amount of an investment is 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 before the date on which this condition takes effect in this licence (or, where the investment was not so included, zero), and
 - (ii) the total gross amount of all expenditure (whether of a capital or a revenue nature) however 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 total gross amount of all income (whether of a capital or a revenue nature and however 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 (i).

Variation of provision for certain licensees

29.12 The following variations of this condition apply in relation to the licensee if it is not a Distribution Services Provider:

- (a) paragraph 29.9 has effect as if for the reference in that paragraph to the total turnover of the licensee's Distribution Business as shown by the most recent audited Regulatory Accounts of the licensee there were substituted a reference to the total turnover of the licensee as shown by its most recent audited historical cost accounting statements; and
- (b) paragraph 29.10 has effect as if for the reference in that paragraph to the most recent audited Regulatory Accounts of the licensee available at the date mentioned in that paragraph there were substituted a reference to the licensee's most recently audited historical cost accounting statements available at that date.

Interpretation

29.13 In paragraph 29.9, **Equity Share** means, in relation to any shareholding, the nominal value of the equity shares held by the licensee in a relevant associate expressed as a percentage of the nominal value of the entire issued equity share capital of that relevant associate.

Condition 30. Availability of resources

General obligation

- 30.1 The licensee must at all times act in a manner designed to ensure that it has available to itself such resources, including management and financial resources, personnel, fixed and moveable assets, rights, licences, consents, and facilities, on such terms and with all such rights, as will enable it to:
- (a) properly and efficiently carry on its Distribution Business; and
 - (b) comply in all respects with its obligations under this licence and such obligations under the Act as apply to the Distribution Business, including its duty to develop and maintain an efficient, co-ordinated, and economical system of electricity distribution.

Certificates for the Authority in relation to resources

- 30.2 The licensee must by 31 July each year give the Authority a certificate that has been approved by a resolution of the licensee's board of directors and signed by a director of the licensee pursuant to that resolution and is in one of the following forms:
- (a) **Certificate 1:** "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 licensee's directors 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." or
 - (b) **Certificate 2:** "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 licensee's directors 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, the directors of the licensee would like to draw attention to the following factors which may cast doubt on the licensee's ability to carry on the Distribution Business." or
 - (c) **Certificate 3:** "In the opinion of the licensee's directors, 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."

Statement of factors and report by auditors

- 30.3 The licensee must ensure that the certificate given to the Authority under paragraph 30.2 is accompanied by:
- (a) a statement of the main factors that the licensee's directors have taken into account in giving that certificate, together with a confirmation of the availability of financial facilities and a working capital statement in the format from time to time required by the UK listing authority (or a successor body) for listed companies in the United Kingdom; and
 - (b) a report prepared by its auditors and addressed to the Authority that states 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 under standard condition 45 (Regulatory Accounts) on the licensee's Regulatory Accounts.

Obligation to report any adverse circumstance

- 30.4 The licensee must inform the Authority in Writing immediately if the directors of the licensee become aware of any circumstance which causes them no longer to have a reasonable expectation expressed in the most recent certificate given under paragraph 30.2.

Certificates for the Authority in relation to dividends

- 30.5 The directors of the licensee must not declare or recommend a dividend, and the licensee must 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 before declaring, recommending, or making the distribution, redemption, or repurchase (as the case may be) the licensee has given the Authority a certificate that complies in all respects with the three requirements set out below.
- 30.6 The first requirement is that the certificate must be in the following form:
- “After making enquiries, the directors of the licensee are satisfied:
- (a) that the licensee is in compliance in all material respects with all the obligations imposed on it by standard condition 6 (Provision of Information to the Authority), standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business), standard condition 30 (Availability of resources), standard condition 31 (Undertaking from Ultimate Controller), standard condition 32 (Credit rating of the licensee), and standard condition 33 (Restriction of Indebtedness and transfers of funds); and

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- (b) that the making of a distribution, redemption, or repurchase of [*value*] on [*date*] 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.”

30.7 The second and third requirements are that the certificate:

- (a) must have been approved by a resolution of the licensee’s board of directors passed not more than 14 days before the date on which the declaration, recommendation, or payment is to be made; and
- (b) must be signed by a director of the licensee.

30.8 Where the certificate given under paragraph 30.5 relates to the declaration or recommendation of a dividend, the licensee is under no obligation to issue a further certificate before paying that dividend so long as such payment is made within six months of the date on which the certificate was given.

Variation of provision for certain licensees

30.9 The following variations of this condition apply in relation to the licensee if it is not a Distribution Services Provider:

- (a) paragraph 30.3(a) has effect as if all of the words following “facilities” in that paragraph were omitted; and
- (b) paragraph 30.3(b) has effect as if for the reference to the licensee’s Regulatory Accounts there were substituted a reference to the licensee’s most recent audited accounting statements.

Condition 31. Undertaking from Ultimate Controller

Obligation to procure undertaking

- 31.1 The licensee must procure from each company or other person that it 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 in a direction issued for the purposes of this condition generally, and on the terms set out in paragraph 31.2.
- 31.2 Those terms are that the Ultimate Controller (“the covenantor”):
- (a) will refrain from any action; and
 - (b) will procure that any person (including a corporate body) that is a subsidiary of, or is controlled by, the covenantor (other than the licensee and any Subsidiary of the licensee) will refrain from any action,
- that would be likely to cause the licensee to breach any of its obligations under the Act or this licence.
- 31.3 The undertaking to be procured under paragraph 31.1:
- (a) must have been obtained before the end of seven days after the date on which the company or person in question becomes an Ultimate Controller of the licensee; and
 - (b) must 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.

Evidence of compliance and duty to enforce

- 31.4 Whenever the licensee obtains an undertaking in accordance with paragraph 31.3(a), it must:
- (a) give the Authority evidence of its compliance without delay, including a copy of the undertaking in question; and
 - (b) at all times comply with any direction from the Authority to enforce that undertaking.

Reporting obligation in respect of breach

- 31.5 The licensee must inform the Authority immediately in Writing if the licensee’s directors become aware that any undertaking procured under the provisions of this condition has ceased to be legally enforceable or that its terms have been breached.

Restriction of arrangements with Ultimate Controller

- 31.6 Except with the Authority's consent, the licensee must not 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, with any of the subsidiaries of such a corporate Ultimate Controller (other than a Subsidiary of the licensee) at any time when:
- (a) an undertaking procured under paragraph 31.1 is not in place in relation to that Ultimate Controller; or
 - (b) there is an unremedied breach of any such undertaking that is in place in relation to that Ultimate Controller; or
 - (c) the licensee is in breach of the terms of any direction given by the Authority under paragraph 31.4(b).

Condition 32. Credit rating of the licensee

Licensee's obligation

- 32.1 The licensee must take all appropriate steps within its power to ensure that at all times it maintains:
- (a) an Investment Grade Issuer Credit Rating (which is to be interpreted in accordance with the provisions of paragraphs 32.2 to 32.4); or
 - (b) if the licensee is not a Distribution Services Provider, such arrangements in respect of its credit rating as the Authority considers appropriate and has approved.

Meaning of Issuer Credit Rating

- 32.2 For the purposes of paragraph 32.1(a), an **Issuer Credit Rating** is any of the following:
- (a) an issuer rating by Standard & Poor's Rating Group or any of its subsidiaries; or
 - (b) an issuer rating by Moody's Investors Services 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 Authority's opinion given by Notice to the licensee, is equivalent to any of those specified in sub-paragraph (a), (b) or (c) and is issued by:
 - (i) any of the credit rating agencies referred to in those sub-paragraphs, or
 - (ii) any other reputable credit rating agency which, in the Authority's opinion given by Notice to the licensee, has comparable standing in both the United Kingdom and the United States of America.

Meaning of Investment Grade

- 32.3 Subject to paragraph 32.4, an **Investment Grade**, in relation to any Issuer Credit Rating within the meaning of paragraph 32.2, is any of the following:
- (a) an issuer rating of not less than BBB– by Standard & Poor's Rating Group or any of its subsidiaries; or
 - (b) an issuer rating of not less than Baa3 by Moody's Investors Service Inc or any of its subsidiaries; or
 - (c) an issuer senior unsecured debt rating of not less than BBB– by Fitch Ratings Ltd or any of its subsidiaries; or

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- (d) a rating which, in the Authority's opinion given by Notice to the licensee, is equivalent to any of those specified in sub-paragraph (a), (b) or (c) and is issued by:
- (i) any of the credit rating agencies referred to in those sub-paragraphs, or
 - (ii) any other reputable credit rating agency which, in the Authority's opinion given by Notice to the licensee, has comparable standing in both the United Kingdom and the United States of America.

Variation of rating by agency

- 32.4 If a rating higher than a particular rating set out in paragraph 32.3 is at any time specified by the credit rating agency in question as its lowest investment grade credit rating, that higher rating is to be taken as the relevant Investment Grade for the purposes of that paragraph.

Condition 33. Restriction of Indebtedness and transfers of funds**General prohibition**

33.1 In addition to complying with the requirements of standard condition 26 (Disposal of Relevant Assets), the licensee must not, without the consent of the Authority following the licensee's disclosure of all material facts, enter into any transaction or commitment of a type described or referred to in this condition that does not comply with the restrictions applicable to it under this condition.

Part A: Restricted Category 1

33.2 The licensee must not create or continue or permit to remain in effect any mortgage, charge, pledge, lien or other form of security or encumbrance, or undertake any Indebtedness to any other person, or enter into any guarantee or any obligation, except in accordance with all of the following requirements:

- (a) the transaction in question must be on an arm's length basis;
- (b) it must be on normal commercial terms;
- (c) it must be for a Permitted Purpose; and
- (d) if it is within the ambit of standard condition 26 (Disposal of Relevant Assets), it must comply with the requirements of that condition.

Part B: Restricted Category 2

33.3 The licensee must not transfer, lease, license, or lend any sum or sums, asset, right, or benefit to any Affiliate or Related Undertaking of the licensee except by way of any of the following transactions:

- (a) a dividend or other distribution out of distributable reserves; or
- (b) a repayment of capital; or
- (c) a payment properly due for any goods, services, or assets provided on an arm's length basis and on normal commercial terms; or
- (d) a transfer, lease, licence, or loan of any sum or sums, asset, right, or benefit that is on an arm's length basis, on normal commercial terms, and is made in compliance with the payment condition described in paragraph 33.4 or
- (e) a repayment of, or payment of interest on, a loan that is not prohibited by paragraph 33.2; or
- (f) 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

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- (g) an acquisition of shares or other investments that is in conformity with paragraphs 2 and 3 of standard condition 29 (Restriction of activity and financial ring-fencing of the Distribution Business) and is made on an arm's length basis and on normal commercial terms.
- 33.4 The payment condition referred to in paragraph 33.3(d) is that the consideration due in respect of the transaction in question must be 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.
- 33.5 The provisions of this Part B are subject to the provisions of Part C below.

Part C: Circumstances that trigger the provisions of Part D

- 33.6 The following paragraphs of this Part C set out each of the circumstances in which the licensee must not, except with the Authority's consent, enter into or complete any transaction of a type described or referred to in Part B except in accordance with the provisions of Part D below.
- 33.7 The circumstance described by this paragraph is that the licensee does not hold an Investment Grade Issuer Credit Rating.
- 33.8 The circumstance described by this paragraph is that the licensee holds more than one Issuer Credit Rating and one or more of the ratings so held is not Investment Grade.
- 33.9 The circumstance described by this paragraph is that the licensee holds an Issuer Credit Rating that is BBB– by Standard & Poor's Ratings Group or Fitch Ratings Ltd, or is Baa3 by Moody's Investors Service Inc, or is such higher Issuer Credit Rating as may be specified by any of those 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 32 (Credit rating of the licensee), and:
- (a) the rating in question is under review for possible downgrade; or
 - (b) the licensee is on Credit Watch or Rating Watch with a negative designation;
- or, where neither sub-paragraph (a) nor (b) applies:

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- (c) the licensee's rating outlook, as specified by any credit rating agency referred to in this paragraph 33.9 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.

Part D: Restricted Category 3

33.10 Where any of the circumstances described or referred to under Part C applies, the licensee may not, without the consent of the Authority following the licensee's 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 except by way of any of the following transactions:

- (a) a payment properly due for any goods, services, or assets in relation to commitments entered into before the date on which the relevant circumstance under Part C arose, and which are provided on an arm's length basis and on normal commercial terms; or
- (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; or
- (c) a repayment of, or payment of interest on, a loan that is not prohibited by paragraph 33.2 and which was contracted before the date on which the relevant circumstance under Part C arose, provided that such payment is not made earlier than the original due date for payment in accordance with its terms; or
- (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, so long as the payments are not made before the date on which the amounts of tax thereby relieved would otherwise have been due.

Part E: Restricted Category 4

33.11 Subject to paragraph 33.12, the licensee must not:

- (a) enter into any agreement or incur any commitment that incorporates a Cross-Default Obligation; or
- (b) continue or permit to remain in effect any agreement or commitment that incorporates a Cross-Default Obligation subsisting at the date on which this condition takes effect in this licence.

33.12 The licensee may permit any Cross-Default Obligation in existence at the date mentioned in paragraph 33.11(b) to remain in effect for a period of not more than 12 months from that date, so long as:

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- (a) the Cross-Default Obligation is referable solely to an instrument that relates to the provision of a loan or other financial facilities granted before that date; and
 - (b) the terms on which those facilities have been made available as at that date are not varied or made more onerous.

33.13 Nothing in paragraph 33.11 or 33.12 prevents the licensee from giving any guarantee that is permitted by and compliant with the requirements of Part A.

Part F: Variation of provision for certain licensees

33.14 Where the licensee is not a Distribution Services Provider and has obtained the Authority's consent to the use of alternative credit rating arrangements under paragraph 1(b) of standard condition 32 (Credit rating of the licensee):

- (a) the provisions of Part C will not apply to the licensee; but
- (b) if those alternative arrangements are not maintained in accordance with any conditions imposed by the Authority when it gave its consent, the licensee must then not, without the Authority's consent, enter into or complete any transaction of a type described or referred to in paragraph 33.3 except in accordance with the provisions of Part D.

Part G: Interpretation

33.15 In this condition:

Cross-Default Obligation means a term of any agreement or arrangement under which the licensee's liability to pay or repay any debt or other sum arises or is increased or accelerated, or is capable of arising or increasing or of being accelerated, because of a default (however it 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 shares 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 sub-paragraph (a) or (b) of the definition of Permitted Purpose set out in standard condition 1 (Definitions for the standard conditions).

Investment Grade has the meaning given in standard condition 32 (Credit rating of the Licensee).

Issuer Credit Rating has the meaning given in standard condition 32 (Credit rating of the Licensee).

Condition 34. Regulation of charging arrangements

Introduction

- 34.1 The licensee must make, and continue to make, charges available, in accordance with the requirements of this condition, for the provision of Use of System to any Authorised supplier of electricity that uses or wishes to use the licensee's Distribution System to supply electricity to Domestic Customers.
- 34.2 If the licensee is a Distribution Services Provider, the obligation imposed by paragraph 34.1:
- (a) is to be read as applying only to charges it makes for the provision of Use of System in respect of its Distribution Business outside the Distribution Services Area; and
 - (b) is without prejudice to the provisions of any other Charge Restriction Condition that may be applicable to it under this licence.

Setting and restriction of charges

- 34.3 The licensee's Use of System Charges in relation to Domestic Customers may vary according to the Distribution Services Area of the Electricity Distributor within which Domestic Premises are connected to the licensee's Distribution System.
- 34.4 The licensee must set those Use of System Charges so that, except with the Authority's consent, the standing charge, unit rate, and any other component of the charges does not exceed the Use of System Charges to equivalent Domestic Customers ("the equivalent charges").
- 34.5 For the purposes of paragraph 34.4, equivalent charges are the Use of System Charges made by the Electricity Distributor which has a Distribution Services Direction that specifies the Distribution Services Area in which the Domestic Premises connected to the licensee's Distribution System are located.
- 34.6 The Authority may give the licensee a direction that specifies which of the Use of System Charges made by the Distribution Services Provider for the Distribution Services Area mentioned in paragraph 34.5 are relevant for the purposes of determining the equivalent charges.

Procedure for disapplying this condition

- 34.7 The charging arrangements set out above will remain in force until such time and in such circumstances as are described in paragraphs 34.8 to 34.14.
- 34.8 The licensee may ask the Authority to consent to the disapplication of this condition (in whole or in part) by giving it a disapplication request made in accordance with paragraph 34.9.

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- 34.9 A disapplication request must:
- (a) be in Writing addressed to the Authority;
 - (b) specify the paragraph or paragraphs of this condition to which the request relates; and
 - (c) state the date proposed by the licensee (which must not be earlier than the date specified in paragraph 34.10) on and after which the specified paragraph or paragraphs would no longer have effect (“the disapplication date”).
- 34.10 Except with the Authority’s consent, no disapplication of this condition following its receipt of a disapplication request under paragraph 34.8 may have effect until whichever is the later of:
- (a) a date not less than 18 months after delivery of the disapplication request; and
 - (b) either 31 March 2007 (if the licensee is a Distribution Services Provider) or 31 March 2011 (if the licensee is not a Distribution Services provider).
- 34.11 The licensee may withdraw a disapplication request at any time.

Licensee’s right to disapply this condition

- 34.12 If the licensee has given the Authority a disapplication request under paragraph 34.8, it may subsequently give the Authority a Notice that terminates the application of this condition or the part or parts of it specified in the request:
- (a) in the circumstances described in paragraph 34.13, with effect from either the disapplication date or such earlier date to which the Authority has given its consent under paragraph 34.10; or
 - (b) in the circumstances described in paragraph 34.14, with effect from the disapplication date, so long as the licensee gives Notice within 30 days after the publication of the report mentioned in that paragraph.
- 34.13 The circumstances described in this paragraph are these: (i) the Authority has not made a reference to the Competition Commission under section 12 of the Act relating to the modification of this condition as specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date, and (ii) the licensee has not withdrawn its request.
- 34.14 The circumstances described in this paragraph are these: (i) the Competition Commission has made a report on a reference made by the Authority relating to the modification of this condition as specified in the licensee’s disapplication request, and (ii) the Commission’s report does not find that the ending of the charging arrangements in this condition, in whole or in part, would operate or might be expected to operate against the public interest.

SECTION B:
ADDITIONAL STANDARD CONDITIONS
FOR ELECTRICITY DISTRIBUTORS
WHO ARE DISTRIBUTION
SERVICES PROVIDERS

CHAPTER 8

**Standard conditions 35 and 36:
Application and interpretation
of Section B**

Condition 35. Effect of the application of Section B**Application of Section B**

- 35.1 Section B of the standard conditions has effect in this licence in either of the two circumstances specified at paragraph 1 of standard condition 3 (Application of the Section B standard conditions).
- 35.2 Those circumstances are that:
- (a) the Secretary of State has provided, by a scheme made under Schedule 7 to the Utilities Act 2000, that Section B will have effect; or
 - (b) the Authority has given a Distribution Services Direction to the licensee under paragraph 3 of standard condition 3.

Effect of the application of Section B

- 35.3 Where Section B of the standard conditions has effect in this licence, the licensee:
- (a) is for the purposes of this licence a Distribution Services Provider;
 - (b) must comply with Section B of the standard conditions in relation to activities and obligations within the Distribution Services Area to such extent and subject to such terms as may have been specified in either of the circumstances referred to in paragraph 35.2; and
 - (c) without prejudice to the generality of its obligations under Section A of the standard conditions, must also comply with any requirement that is specified under any provision of those conditions as being applicable to a Distribution Services Provider.

Convenience Customers

- 35.4 If the Authority has specified in a Distribution Services Direction given to the licensee under paragraph 4(c) of standard condition 3 that the requirements of the standard conditions of Section B are to apply to Convenience Customers, the licensee must establish and maintain an accurate list of any Convenience Customers and update it at least once a year.
- 35.5 Convenience Customers are customers who are supplied or require to be supplied with electricity at any premises that are directly connected to the licensee's Distribution System but are situated within the Distribution Services Area of a Distribution Services Provider other than the licensee.

Condition 36. Definitions for the Section B standard conditions

- 36.1 Most of the defined words and expressions (all of which begin with capital letters) that are used only in the standard conditions of Section B of this licence are set out below, alongside their definitions.
- 36.2 But where defined words and expressions are used only in a particular standard condition of Section B, their definitions are included in that condition.

Definitions in alphabetical order

- 36.3 In the standard conditions of Section B of this licence, unless the context otherwise requires:

Appropriate Auditor	<p>means:</p> <p>(a) in the case of a licensee that 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;</p> <p>(b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter V of Part XI of that Act, a person so appointed; and</p> <p>(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.</p>
Compliance Statement	<p>means the licensee's statement produced in accordance with paragraph 3 of standard condition 43 (Independence of the Distribution Business and restricted use of Confidential Information) for the purpose of describing the practices, procedures, and systems adopted by the licensee to ensure compliance with its obligations under that condition.</p>
Cost Reporting Rigs	<p>means Regulatory Instructions and Guidance issued by the Authority under standard condition 49 (Reporting of Price Control Cost Information) in relation to the collection and reporting of Price Control Cost Information.</p>
DG Rigs	<p>means Regulatory Instructions and Guidance issued by the Authority under standard condition 47 (Incentive schemes for innovation funding and Distributed Generation) in relation to the collection and reporting of Specified Information as defined in that condition.</p>

Distributed Generation	means an installation comprising any plant or apparatus for the production of electricity that is directly connected to the licensee's Distribution System or is connected to that system through one or more electricity networks (other than an onshore Transmission System) that is or are directly connected to it.
Legacy Basic Metering Equipment	means Metering Equipment (whether owned by the licensee or not) provided by the licensee in respect of premises at which such equipment had been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee at 1 June 2003.
Price Control Cost Information	means information as defined at paragraph 19 of standard condition 49 (Reporting of Price Control Cost Information) that the licensee is required to collect and submit to the Authority for the purposes of that condition.
Price Control Revenue Information	means the information detailed at Appendix 1 to standard condition 48 (Reporting of Price Control Revenue Information) that the licensee is required to collect and submit to the Authority for the purposes of that condition.
Quality of Service Rigs	means Regulatory Instructions and Guidance issued by the Authority under standard condition 46 (Incentive scheme for quality of service) in relation to the collection and reporting of Specified Information as defined in that condition.
Regulatory Instructions and Guidance	means any of the Regulatory Instructions and Guidance ("Rigs") issued by the Authority under standard condition 46 (Incentive scheme for quality of service), standard condition 47 (Incentive schemes for innovation funding and Distributed Generation), standard condition 48 (Reporting of Price Control Revenue Information), and standard condition 49 (Reporting of Price Control Cost Information).
Revenue Reporting Rigs	means Regulatory Instructions and Guidance issued by the Authority under standard condition 48 (Reporting of Price Control Revenue Information) in relation to the collection and reporting of Price Control Revenue Information.
Specified Information	for the purposes of standard condition 46 (Incentive scheme for quality of service) and standard condition 47 (Incentive schemes for innovation funding and Distributed Generation), has the meaning given to that term in each of those conditions respectively.

CHAPTER 9

Standard conditions 37 to 42:

Requirements within the Distribution

Services Area

Condition 37. Requirement to offer terms for the provision of Legacy Basic Metering Equipment

37.1 This condition sets out the licensee's obligations relating to the service of providing Legacy Basic Metering Equipment.

Legacy Basic Metering Equipment

37.2 The service of providing Legacy Basic Metering Equipment comprises the provision of Metering Equipment (which, at the licensee's own choice, may be Metering Equipment owned by itself or by any person other than the person making the application to the licensee under paragraph 37.4) in respect of premises at which such equipment had been installed on or before 31 March 2007 and is of the same functionality as was being provided by the licensee at 1 June 2003.

37.3 For the purposes of paragraph 37.2, what is meant in any particular case by "the same functionality" is to be treated as a question of fact.

Licensee's obligation

37.4 This paragraph applies where, on application made by any person for the service described in paragraph 37.2, the licensee is able to establish to its reasonable satisfaction that the Metering Equipment in question is required for use in relation to Metering Points within its Distribution Services Area.

37.5 Where paragraph 37.4 applies, the licensee must (subject to paragraph 37.12), except with the consent of the Authority, offer to enter into an agreement ("a legacy metering agreement") to provide the Legacy Basic Metering Equipment required by the applicant.

Requirements relating to the offer

37.6 In making an offer under this condition to enter into a legacy metering agreement, the licensee must set out:

- (a) the date by which the service 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 service required; and
- (c) such other detailed terms in respect of the service required as are or may be appropriate for the purposes of the agreement.

37.7 The charges mentioned in paragraph 37.6(b) must (unless clearly inappropriate):

- (a) be presented so as to be referable to the statement prepared in accordance with paragraph 1 of standard condition 39 (Charges for the provision of Legacy Basic Metering Equipment and Data Services); and
- (b) comply with the requirements of that condition.

- 37.8 The licensee must offer terms for a legacy metering agreement as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from any person an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Relief of the licensee from obligation

- 37.9 This paragraph applies 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 service of providing Legacy Basic Metering Equipment under this condition appoints, in accordance with the provisions of the Master Registration Agreement, a provider of Metering Equipment other than the licensee.
- 37.10 Where paragraph 37.9 applies, the licensee is under no obligation thereafter to offer to enter into any legacy metering agreement with that person for the provision of Legacy Basic Metering Equipment in relation to the relevant Metering Point.
- 37.11 Nothing in paragraph 37.10 affects the licensee's continuing obligations in relation to the service of providing Legacy Basic Metering Equipment for each Metering Point within its Distribution Services Area in respect of which the circumstances specified in paragraph 37.9 do not apply.

Prohibition of agreement

- 37.12 The licensee must not offer to enter or enter into an agreement under this condition if doing so would be likely to cause it to be in breach of:
- (a) its duties under section 9 of the Act;
 - (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;
 - (c) the Grid Code or the Distribution Code; or
 - (d) any of the Conditions of this licence.

Efficiency and economy

- 37.13 The licensee must undertake the service of providing Legacy Basic Metering Equipment in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of that service.

Settlement of disputes

- 37.14 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

Condition 38. Requirement to offer terms for the provision of Data Services

38.1 This condition sets out the licensee's obligations relating to the provision of Data Services.

Services that comprise Data Services

38.2 For the purposes of this licence, Data Services comprise:

- (a) Metering Point Administration Services provided under and in accordance with the provisions of the Master Registration Agreement; and
- (b) Data Transfer Services provided by the Data Transfer Service.

Licensee's obligations

- 38.3 On application made by any person, the licensee must (subject to paragraph 38.9), except with the consent of the Authority, offer to enter into an agreement for the provision within its Distribution Services Area of Metering Point Administration Services under and in accordance with the provisions of the Master Registration Agreement.
- 38.4 On application made by any person, the licensee must (subject to paragraph 38.9), except with the consent of the Authority, offer to enter into an agreement for the provision of Data Transfer Services.
- 38.5 Nothing in this condition prevents the licensee from offering, at the request of any person, to enter into a single agreement covering the separate purposes of paragraphs 38.3 and 38.4.

Requirements relating to the offer

- 38.6 In making an offer under this condition to enter into any agreement, the licensee must 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; 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.
- 38.7 The charges mentioned in paragraph 38.6(b) must (unless clearly inappropriate):
- (a) be presented so as to be referable to the statement prepared in accordance with paragraph 1 of standard condition 39 (Charges for the provision of Legacy Basic Metering Equipment and Data Services); and

(b) comply with the requirements of that condition.

38.8 The licensee must offer terms for any agreement in accordance with paragraph 38.3 or 38.4 as soon as practicable and (except with the Authority's consent) in any event not more than 28 days after the licensee (or its agent) receives from any person an application that contains all such information as the licensee reasonably requires for the purpose of formulating the terms of the offer.

Prohibition of agreement

38.9 The licensee must not offer to enter or enter into an agreement under this condition if doing so would be likely to cause it to be in breach of:

- (a) its duties under section 9 of the Act;
- (b) any regulations made under section 29 of the Act, or any other enactment that relates to safety or standards applicable to the licensee's Distribution Business;
- (c) the Grid Code or the Distribution Code; or
- (d) any of the Conditions of this licence.

Efficiency and economy

38.10 The licensee must undertake each of the services comprising Data Services under paragraph 38.2 in the most efficient and economic manner practicable, having regard to the alternatives available and the other requirements of this licence and the Act so far as they relate to the provision of that service.

Settlement of disputes

38.11 Disputes arising under this condition are subject to the provisions of standard condition 7 (Determinations by the Authority) to the extent provided for in that condition.

38.12 But, in relation to the provision of Data Transfer Services, the reference at paragraph 1 of standard condition 7 to a failure by the licensee to enter into an agreement is to be treated as a reference to a failure by the licensee, in conjunction with all other Distribution Services Providers, to enter into, or to procure that a third party enters into, an agreement for the provision of those services through the Data Transfer Service pursuant to standard condition 40 (Provision of the Data Transfer Service).

Interpretation

38.13 For the avoidance of doubt, Data Services as referred to in this licence exclude the services of Data Aggregation, Data Processing, and Data Retrieval

Condition 39. Charges for the provision of Legacy Basic Metering Equipment and Data Services

Charging Statements to be always available

- 39.1 The licensee must at all times have available statements prepared by it in a form approved by the Authority (“the Charging Statements”) that set out the basis on which charges will be made for:
- (a) the provision of Legacy Basic Metering Equipment under standard condition 37 (Requirement to offer terms for the provision of Legacy Basic Metering Equipment); and
 - (b) the provision of Data Services under standard condition 38 (Requirement to offer terms for the provision of Data Services).

Requirements relating to the statements

- 39.2 The Charging Statements available under paragraph 39.1 must each:
- (a) be presented in such form and with such detail as is necessary to enable any person to make a reasonable estimate:
 - (i) of the charges that it would become liable to pay for the provision of the services in question, and
 - (ii) of the other terms on which such services would be provided that are likely to have a material impact on the conduct of that person’s business; and
 - (b) include a schedule of charges for the provision of Legacy Basic Metering Equipment and Data Services respectively and an explanation of the methods by which and the principles on which such charges will be calculated.

Review and provision of statements

- 39.3 The licensee:
- (a) must review the information set out in the Charging Statements at least once every year in order to ensure that the information set out in them continues to be accurate in all material respects; and
 - (b) may, with the Authority’s approval, from time to time alter the form of the statements.
- 39.4 The licensee must give or send a copy of any Charging Statement to:
- (a) the Authority; and
 - (b) any person who requests it.

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- 39.5 The licensee may make a charge for any Charging Statement given or sent under paragraph 39.4(b) but this must not exceed the amount specified in directions issued by the Authority for the purposes of this condition generally, based on the Authority's estimate of the licensee's reasonable costs of providing the statement.
- 39.6 Either or both of the Charging Statements that are required to be available under this condition may, at the licensee's choice, be made available in the same document as the Use of System Charging Statement referred to in standard condition 14 (Charges for Use of System and Connection) provided that all of the statements in the document are separately labelled.

Derogations

- 39.7 The Authority may, after consulting with the licensee, give a direction ("a derogation") to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Condition 40. Provision of the Data Transfer Service**Licensee's obligation**

40.1 The licensee, in conjunction and co-operation with all other Distribution Services Providers, must:

- (a) establish, or procure the establishment of; and
- (b) subsequently operate and maintain, or procure the subsequent operation and maintenance of,

a service, to be known as the Data Transfer Service, for providing Data Transfer Services in accordance with the provisions of this condition.

Requirements of the Data Transfer Service

40.2 The Data Transfer Service must:

- (a) provide a network over which may be made all of the electronic data transfers specified at paragraph 40.3;
- (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 40.3.

Specification of the data transfers

40.3 The electronic data transfers specified at this paragraph are those which are reasonably required for any of the purposes set out at paragraph 40.4 and which are made between:

- (a) a Metering Point Administration Service Operator and an Electricity Supplier;
- (b) a Metering Point Administration Service Operator and any person identified in the Balancing and Settlement Code as an appropriate person to receive data from the Metering Point Administration Service Operator for Settlement Purposes;
- (c) a Transmission Licensee and an Electricity Supplier;
- (d) an Electricity Supplier and any other Electricity Supplier;
- (e) an Electricity Supplier and any of its agents; and
- (f) different agents of the same Electricity Supplier.

Purposes of the data transfers

- 40.4 The purposes to which paragraph 40.3 refers in relation to the electronic data transfers specified under that paragraph are these:
- (a) to meet obligations with respect to the transfer of data for Settlement Purposes;
 - (b) to communicate Electricity Meter reading data and Electricity Meter standing data;
 - (c) to facilitate the provision of Metering Point Administration Services;
 - (d) to communicate Use of System information; and
 - (e) to fulfil such other requirements relating to the transfer of data as may be essential for the supply of electricity to Customers and compliance by Electricity Suppliers with the Master Registration Agreement.

Compliance with Data Transfer Catalogue

- 40.5 The Data Transfer Service must, where relevant, transmit data in a form that complies with the provisions of the Data Transfer Catalogue.

Collective nature of licensee's obligations

- 40.6 Any obligation placed on the licensee in relation to the provision of the Data Transfer Service under or because of:
- (a) standard condition 38 (Requirement to offer terms for the provision of Data Services);
 - (b) standard condition 39 (Charges for the provision of Legacy Basic Metering Equipment and Data Services); or
 - (c) standard condition 42 (Prohibition of discrimination under Chapter 9),
- is to be treated (for the purposes of those conditions) as a requirement on the licensee to take all steps within its power to fulfil that obligation, or to procure its fulfilment by a third party, in conjunction and co-operation with all other Distribution Services Providers.

Interpretation

- 40.7 In this condition:

References to an Electricity Supplier or a Transmission Licensee include references to any agent of that supplier or that licensee.

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.

Condition 41. Treatment of payment claims for last-resort supply**Application of this condition**

- 41.1 This condition applies if the licensee receives from any Claimant a Valid Claim for a Last Resort Supply Payment.

Obligation to increase Use of System Charges

- 41.2 Where the licensee receives a Valid Claim, it must, during the Relevant Regulatory Year, make an increase to its Use of System Charges relating to the distribution of electricity to premises in respect of that year to such an extent as it reasonably estimates is appropriate to ensure that the consequential increase in its Use of System revenue will equal the Specified Amount.
- 41.3 During, or as soon as practicable after the end of, the Relevant Regulatory Year, the licensee must pay to the Claimant by quarterly or monthly instalments (as specified in the Valid Claim) the amount of the consequential increase in its Use of System revenue mentioned in paragraph 41.2, to the extent that it does not exceed the Specified Amount.

Treatment of any shortfall

- 41.4 If the amount paid to the Claimant under paragraph 41.3 is less than the Specified Amount, the licensee must in the next Regulatory Year:
- (a) pay to the Claimant (in accordance with any direction given to the licensee by the Authority) the amount of the shortfall plus 12 months' interest on that amount; and
 - (b) increase its Use of System Charges relating to the distribution of electricity to premises during the Regulatory Year that follows the Relevant Regulatory Year to such extent as it reasonably estimates is appropriate to ensure that the consequential increase in its Use of System revenue will equal the amount of the shortfall plus 12 months' interest on that amount.

Treatment of any excess

- 41.5 If the amount of the consequential increase in Use of System revenue mentioned in paragraph 41.3 exceeds the Specified Amount, the licensee must, during the year following the Relevant Regulatory Year, reduce its Use of System Charges relating to the distribution of electricity to premises to the extent that it reasonably estimates is necessary in order to reduce its Use of System revenue for that year by an amount equal to the excess plus 12 months' interest on that amount.

Questions for the Authority

- 41.6 Any question about the reasonableness of any estimate made for the purposes of paragraph 41.2, 41.4, or 41.5 is to be resolved by the Authority.

Disregard of certain matters

- 41.7 In calculating the licensee's Use of System revenue during any period for the purposes of any Charge Restriction Condition that may be applicable to the licensee under this licence, any increase or decrease in Use of System revenue attributable to the licensee's compliance with this standard condition 41 must be treated as if it had not occurred.
- 41.8 The provisions of this condition have effect even if the licensee has not provided the Notice required under paragraph 17 of standard condition 14 (Charges for Use of System and Connection).

Obligation to prepare and publish statement

- 41.9 The licensee must, in respect of each Regulatory Year in which it increases or reduces its Use of System Charges under paragraph 41.2, 41.4, or 41.5:
- (a) prepare a statement that shows the matters detailed at paragraph 41.10;
 - (b) give any such statement to the Authority within the first four months of the Regulatory Year following that to which it relates; and
 - (c) publish that statement in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee's Website, if it has one).
- 41.10 The matters referred to in paragraph 41.9(a) are these:
- (a) in the case of an increase in the licensee's Use of System Charges under paragraph 41.2, the total amount of its Use of System revenue derived from that increase;
 - (b) in the case of an increase in the licensee's Use of System Charges under paragraph 41.4, the total amount of its Use of System revenue derived from that increase;
 - (c) in the case of a reduction in the licensee's Use of System Charges under paragraph 41.5, the total amount of the decrease in its Use of System revenue resulting from that reduction; and
 - (d) in the case of each Last Resort Supply Payment made in response to a Valid Claim, the total payments made to the relevant Claimant in respect of the Regulatory Year in question (whenever those payments were made).

Cumulative effect of separate claims

- 41.11 Where the licensee receives more than one Valid Claim for a Last Resort Supply Payment, such changes in its Use of System Charges as would result from the separate fulfilment of its obligations under this condition in relation to each such claim are to be given effect within the Relevant Regulatory Year as a single aggregated change in Use of System Charges.

Interpretation

41.12 For the purposes of this condition:

Claimant means an Electricity Supplier entitled to receive the benefit of a Last Resort Supply Payment.

Last Resort Supply Payment means a sum of money payable to the Claimant to compensate for any additional costs that it has incurred as a result of complying with a direction from the Authority to supply electricity to premises in accordance with standard condition 8 (Obligations under Last Resort Supply Direction) of the Supply Licence.

Relevant Regulatory 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 Regulatory Year, that Regulatory Year; or
- (b) where the claim was received by the licensee less than 60 days before the beginning of a Regulatory Year, the next Regulatory Year.

Specified Amount means the amount specified in a Valid Claim plus interest calculated as simple interest on that amount for the period beginning with the date on which the Valid Claim was received by the licensee and ending with the date that is 61 days before the start of the Relevant Regulatory Year (unless that period is of 30 days or less, in which case no interest will be payable).

Valid Claim means a claim for which the Claimant has received the Authority's consent under standard condition 9 (Claims for Last Resort Supply Payment) of the Supply Licence.

Condition 42. Prohibition of discrimination under Chapter 9**Provision of Legacy Basic Metering Equipment**

- 42.1 In providing Legacy Basic Metering Equipment under standard condition 37 (Requirement to offer terms for provision of Legacy Basic Metering Equipment), the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of person.
- 42.2 Without prejudice to paragraph 42.1, and subject to the provisions of standard condition 39 (Charges for the provision of Legacy Basic Metering Equipment and Data Services), the licensee must not make charges for providing Legacy Basic Metering Equipment to any person or class or classes of person which differ from the charges for such provision to any other person or any other class or classes of person, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

Provision of Data Services

- 42.3 In providing Data Services under standard condition 38 (Requirement to offer terms for the provision of Data Services), the licensee must not show undue preference to, or unduly discriminate between, any person or class or classes of person.
- 42.4 Without prejudice to paragraph 42.3, and subject to the provisions of standard condition 39 (Charges for the provision of Legacy Basic Metering Equipment and Data Services), the licensee must not make charges for providing Data Services to any person or class or classes of person which differ from the charges for such provision to any other person or any other class or classes of person, except insofar as such differences reasonably reflect differences in the costs associated with such provision.

CHAPTER 10

Standard conditions 43 and 44:

Independence of the Distribution

Business

Condition 43. Independence of the Distribution Business and restricted use of Confidential Information

Licensee's obligations

- 43.1 The licensee must put in place and at all times maintain managerial and operational systems which prevent any Relevant Licence Holder from having access to Confidential Information except and to the extent that such information:
- (a) is made available on an equal basis to any Electricity Supplier, gas supplier, or gas shipper;
 - (b) is referable to a Customer who at the time to which the information relates was a Customer of the Relevant Licence Holder; or
 - (c) is of a type that has been confirmed by the Authority in Writing as corporate information.
- 43.2 In addition to complying with its obligations under standard condition 4 (No abuse of the licensee's special position) in relation to the generation and supply of electricity, the licensee must also, for the purposes of this standard condition 43, at all times manage and operate the Distribution Business in a way that is designed to ensure that it does not restrict, prevent, or distort competition in the shipping or supply of gas.

Compliance Statement must always be in place

- 43.3 Except with the Authority's consent, the licensee must at all times have in place a Compliance Statement, approved by the Authority, that describes the practices, procedures, and systems which the licensee has adopted (or intends to adopt) to ensure compliance with paragraphs 43.1 and 43.2.
- 43.4 If the Authority does not direct the licensee to amend the Compliance Statement within 60 days of receiving it, the statement is to be treated as approved by the Authority.
- 43.5 The licensee must take all reasonable steps to ensure that it complies with the terms of the Compliance Statement in place under this condition.

Specific contents of the Compliance Statement

- 43.6 The Compliance Statement must, in particular, set out how the licensee will:
- (a) maintain the full managerial and operational independence of the Distribution Business from any Relevant Licence Holder;
 - (b) maintain the branding of the Distribution Business so that it is fully independent from the branding used by any Relevant Licence Holder;
- and

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- (c) manage the transfer of employees from the Distribution Business to any Relevant Licence Holder.
- 43.7 The Compliance Statement must also ensure that any arrangements to which the licensee is party that fall within any of the descriptions given in paragraph 43.8 are such as to prevent any breach of the requirements of paragraphs 43.1 and 43.2.
- 43.8 The arrangements referred to in paragraph 43.7 are those that enable any Relevant Licence Holder, or any person engaged in or in respect of the activities of such a Relevant Licence Holder, to have any use of or access to:
- (a) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Distribution Business;
 - (b) systems for recording, processing, or storing data to which persons engaged in, or in respect of, the management or operation of the Distribution Business also have access;
 - (c) equipment, facilities, or property employed for the management or operation of the Distribution Business; and
 - (d) the services of any persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Distribution Business.

Revision and publication of Compliance Statement

- 43.9 The licensee may, with the Authority's approval, revise a Compliance Statement prepared in accordance with paragraph 43.3.
- 43.10 The licensee must publish a copy of every Compliance Statement prepared in accordance with paragraph 43.3 (or revised in accordance with paragraph 43.9) on its Website (if it has one) within 21 days of its approval by the Authority.

Interpretation

- 43.11 In this condition:

Confidential Information means information relating to, or derived from, the Distribution Business that is not published or otherwise legitimately in the public domain.

Relevant Licence Holder means any holder of:

- (a) a Supply Licence; or
- (b) a gas supply licence; or
- (c) a gas shipper licence,

that is also an Affiliate or a Related Undertaking of the licensee.

Condition 44. Appointment of Compliance Officer

Purpose of appointment

- 44.1 The licensee must ensure, following consultation with the Authority, that a competent person (who is to be known as the Compliance Officer) is appointed for the purpose of facilitating the licensee's compliance with the Relevant Requirements.

Appropriate tasks for the Compliance Officer

- 44.2 The licensee must 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 purpose specified at paragraph 44.1.
- 44.3 Those duties and tasks for the Compliance Officer must include:
- (a) providing relevant advice and information to the licensee for the purpose of facilitating its compliance with the Relevant Requirements;
 - (b) monitoring the effectiveness of the practices, procedures, and systems adopted by the licensee in accordance with the Compliance Statement required under paragraph 3 of standard condition 43 (Independence of the Distribution Business and restricted use of Confidential Information);
 - (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 allow the required co-operation;
 - (d) investigating any complaint or representation made available to him in accordance with paragraph 44.5;
 - (e) recommending and advising on 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 the practices, procedures, and systems referred to at sub-paragraph (b), and of any remedial action recommended in accordance with sub-paragraph (e); and
 - (g) reporting annually to the licensee's directors about his activities during the period covered by the report, including the fulfilment of any other duties assigned to him by the licensee under this condition.

Licensee's duties to the Compliance Officer

- 44.4 The licensee must ensure that the Compliance Officer:
- (a) is provided with such staff, premises, equipment, facilities, and other resources; and

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- (b) has such access to the licensee's premises, systems, information, and documentation,

as he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

- 44.5 The licensee must give the Compliance Officer a copy of any complaint or representation that it receives from any person about a matter arising under or because of the Relevant Requirements.

Licensee's own Compliance Report

- 44.6 The licensee must, as soon as is reasonably practicable after receiving each annual report of the Compliance Officer under paragraph 44.3(g), produce a report ("the Compliance Report"):

- (a) about its compliance during the relevant year with the Relevant Requirements; and
- (b) about its implementation of the practices, procedures, and systems adopted in accordance with the Compliance Statement required under paragraph 3 of standard condition 43.

- 44.7 The Compliance Report produced in accordance with paragraph 44.6 must, in particular, do the following things.

- 44.8 It must detail the activities of the Compliance Officer during the relevant year.

- 44.9 It must refer to such other matters as are or may be appropriate in relation to the licensee's implementation of the practices, procedures, and systems adopted in accordance with the Compliance Statement required under paragraph 3 of standard condition 43.

- 44.10 It must set out the details of any investigations conducted by the Compliance Officer, including:

- (a) the number, type, and source of the complaints or representations on which those investigations were based;
- (b) the outcome of the investigations; and
- (c) any remedial action taken by the licensee following them.

Publication of Compliance Report

- 44.11 The licensee must:

- (a) give the Authority a copy of every Compliance Report; and
- (b) publish each such report on, and in a way that is readily accessible from, its Website (if it has one).

Interpretation

44.12 For the purposes of this condition, **Relevant Requirements** means:

- (a) the requirements of standard condition 43 (Independence of Distribution Business and restricted use of Confidential Information);

and, so far as they relate to relationships with Relevant Licence Holders within the meaning of standard condition 43, the requirements of:
- (b) paragraph 3 of standard condition 4 (No abuse of the licensee's special position) (which prohibits cross-subsidy between the licensee's Distribution Business and any other business of the licensee or of an Affiliate or Related Undertaking of the licensee);
- (c) paragraph 1 of standard condition 19 (Prohibition of discrimination under Chapters 4 and 5) (which prohibits the licensee from unduly preferring or unduly discriminating between any person or class or classes of persons when providing Use of System or Connections or carrying out works for the purposes of Connection); and
- (d) paragraphs 1 and 3 separately of standard condition 42 (Prohibition of discrimination under Chapter 9) (which prohibit the licensee from unduly preferring or unduly discriminating between any person or class or classes of persons when providing, respectively, Legacy Basic Metering Equipment and Data Services).

CHAPTER 11

Standard conditions 45 to 50:

Provision of regulatory

information

Condition 45. Regulatory Accounts

Application and purpose

- 45.1 This condition applies for the purpose of ensuring that the licensee:
- (a) prepares and publishes Regulatory Accounts within the meaning of paragraph 45.5; and
 - (b) maintains (and ensures 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.

Preparation of Regulatory Accounts

- 45.2. For the purposes of this condition, but without prejudice to paragraph 45.6, the licensee must prepare Regulatory Accounts for each Regulatory Year.
- 45.3 Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by paragraphs 45.4 and 45.5 in relation to the preparation of Regulatory Accounts.
- 45.4 The licensee must keep or cause to be kept, for a period approved by the Authority that is 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 and other records as are necessary to ensure that all of 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 as such in those records (and in those of any Affiliate or Related Undertaking of the licensee).
- 45.5 The Regulatory Accounts are to be prepared on a consistent basis derived from the accounting and other records referred to in paragraph 45.4 and must comprise:
- (a) a profit and loss account (or, as appropriate, an income statement);
 - (b) 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);
 - (c) a balance sheet;
 - (d) a cash flow statement;
 - (e) a Corporate Governance Statement;
 - (f) a Directors' Report; and
 - (g) a Business Review,
- together with related notes and statements of the accounting policies adopted.

Consistency with the statutory accounts

- 45.6 Regulatory Accounts prepared in respect of a Regulatory Year under paragraph 45.5 must, so far as is reasonably practicable and except with the Authority's approval, having regard to the purposes of this condition:
- (a) 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
 - (b) 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.

Audit and delivery of Regulatory Accounts

- 45.7 Unless the Authority otherwise consents, the licensee must:
- (a) procure an audit by an Appropriate Auditor of such parts of its Regulatory Accounts and the Directors' Report and Business 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 licensee's statutory accounts drawn up to 31 March and prepared under sections 226 and 226A or, as appropriate, section 226B of the Companies Act 1985;
 - (b) procure a report by that auditor, addressed to the Authority, that states whether in his opinion those accounts fairly present the licensee's financial position, financial performance, and cash flows in accordance with the requirements of this condition; and
 - (c) deliver those accounts, the auditor's report required under paragraph 45.7(b), and the auditor's report mentioned in paragraph 45.8(b) to the Authority as soon as is reasonably practicable and in any event before the date of their publication under paragraph 45.10.

Requirement of appropriate European Directive

- 45.8 The licensee must take all appropriate steps within its power to procure:
- (a) that the audit referred to in paragraph 45.7(a) verifies whether the duty to avoid discrimination and cross-subsidies specified in Article 19 of Directive 2003/54/EC of the European Parliament and 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 45.7(b) addressed to the Authority.

Terms of appointment of Appropriate Auditor

45.9 For the purposes of paragraphs 45.7 and 45.8, 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 licensee's Regulatory Accounts must be conducted by that auditor in accordance with all such relevant auditing standards in force on the last day of the Regulatory 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.

Publication and provision of Regulatory Accounts

- 45.10 Unless the Authority after consulting with the licensee directs otherwise, the licensee must publish its Regulatory Accounts:
- (a) as a stand-alone document in accordance with this condition;
 - (b) by 31 July after the end of the Regulatory Year to which the accounts relate;
 - (c) on, and in a way that is readily accessible from, its Website (if it has one); and
 - (d) in any other manner which the licensee believes will ensure adequate publicity for the accounts.
- 45.11 A copy of the Regulatory Accounts must be provided free of charge to:
- (a) the Consumer Council, no later than the date on which the accounts are published; and
 - (b) any person who requests a copy.

Interpretation

45.12 For the purposes of this condition:

References in this paragraph 45.12 to anything that is required to be done by a Quoted Company are references to a requirement on the licensee to do that thing, under this condition, whether or not it is a Quoted Company.

Business Review means a review that has, in relation to the licensee, the coverage and content of the business review that a Quoted Company is required to prepare under section 417 of the Companies Act 2006.

Corporate Governance Statement means a statement that has, in relation to the licensee, the coverage and content of the corporate governance statement that a Quoted Company is required to prepare under the Combined Code on Corporate Governance issued under the Financial Services Authority's listing rules and interpretations on corporate governance.

Directors' Report means a report that has, in relation to the licensee, the coverage and content of the directors' report that a Quoted Company is required to prepare under sections 234 and 234ZZA of the Companies Act 1985 and section 417 of the Companies Act 2006.

Distribution Business Activities means those activities of the licensee which separately comprise the following:

- (a) the services provided by the licensee as part of its Distribution Business (other than those falling within the next two sub-paragraphs);
- (b) the services provided by the licensee as Excluded Services;
- (c) the services provided by the licensee as Metering Services; and
- (d) any services provided by the licensee as Ancillary Business.

Quoted Company has the meaning given in section 262(1) of the Companies Act 1985.

Condition 46. Incentive scheme for quality of service

Introduction

- 46.1 This condition requires the licensee to collect and provide the Authority with Specified Information on a common basis with all other Distribution Services Providers, and to an appropriate degree of accuracy, so as to:
- (a) facilitate the establishment and operation of a Quality of Service Scheme to improve the licensee's quality of service performance;
 - (b) enable the Authority to monitor that performance; and
 - (c) identify any unintended consequences that arise from the operation of that scheme and the Charge Restriction Conditions of this licence.

Licensee's obligations

- 46.2 Unless and so far as the Authority otherwise consents, the licensee must have and maintain appropriate systems, processes, and procedures to enable it:
- (a) to measure and record the information detailed in the Schedule of Specified Information set out at Appendix 1, which is part of this condition; and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in that Schedule.
- 46.3 In fulfilling its obligations under paragraph 46.2, the licensee must at all times act in accordance with any Regulatory Instructions and Guidance issued by the Authority for the purposes of this condition ("the Quality of Service Rigs").

Continuation of the Quality of Service Rigs

- 46.4 The Quality of Service Rigs in force under standard condition 49 of this licence in the form in which it had effect at 31 March 2008 continue in force under this standard condition 46, subject to paragraph 46.5.
- 46.5 The Quality of Service Rigs may be modified at any time on or after 1 April 2008 in accordance with the procedures and subject to the other provisions specified in standard condition 50 (Modification of Rigs in force under Chapter 11).
- 46.6 The Quality of Service Rigs may include, or make provision for, any of the matters specified at paragraph 46.7.

Contents of the Quality of Service Rigs

- 46.7 Subject to paragraph 46.8, the matters that may be included, or for which provision may be made, in the Quality of Service Rigs are these:

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- (a) instructions and guidance on the establishment of different systems, processes, procedures, and ways for providing and recording information, and of standards for different classes of information;
 - (b) 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 must be recorded;
 - (c) provision with respect to the meaning of words and phrases used in defining Specified Information;
 - (d) requirements for the recording of information associated with Specified Information which are reasonably necessary to enable an Examiner nominated by the Authority under paragraph 46.9 to determine the accuracy and reliability of Specified Information;
 - (e) requirements as to the form and manner in which Specified Information must be provided to the Authority;
 - (f) requirements as to the form and manner in which Specified Information must be recorded and the standards of accuracy and reliability with which it must be recorded; and
 - (g) a statement on whether and to what extent each category of Specified Information is required for the purposes of the Quality of Service Scheme.

46.8 The provisions of the Quality of Service Rigs must 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 licensee's fulfilment of any obligation imposed in respect of any matter that is the subject of any such condition.

Nomination of an Examiner

46.9 The licensee must permit a person or persons nominated by the Authority (in either case, "an Examiner") to examine:

- (a) the systems, processes, and procedures referred to in paragraph 46.2 and their operation;
- (b) the Specified Information collected by the licensee; and
- (c) the extent to which each of the matters mentioned in sub-paragraphs (a) and (b) complies, and is in accordance, with the Quality of Service Rigs.

Co-operation with an Examiner

46.10 Subject to paragraph 46.13, the licensee must 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 46.9.

46.11 The licensee's obligation to co-operate fully with an Examiner under paragraph 46.10 includes an obligation to ensure, so far as it can, that the following persons also co-operate fully with that Examiner:

- (a) any Affiliate or Related Undertaking of the licensee;
- (b) any person by whom the licensee procures the performance of the obligations imposed at paragraph 46.2; and
- (c) any auditor of such person, or of the licensee, or of any Affiliate or Related Undertaking of the licensee.

Provision of access to people and premises

46.12 The licensee's obligation under paragraphs 46.10 and 46.11 to co-operate or ensure co-operation with an Examiner includes, so far as may be necessary or expedient for such purpose, and in each case subject to reasonable Notice to the licensee:

- (a) providing access to management, employees, agents, or independent contractors of the licensee sufficient to enable the Examiner to make any enquiries and to discuss any matters which he reasonably considers to be relevant to the carrying out of the examination;
- (b) giving the Examiner access at reasonable hours to any premises occupied by the licensee or any other person in performing the obligations set out in this condition; and
- (c) allowing the Examiner at reasonable hours:
 - (i) to inspect and make copies of, and take extracts from, any documents and records of the licensee maintained in relation to Specified Information (other than information which is subject to legal privilege),
 - (ii) to carry out inspections, measurements, and tests on or in relation to any systems maintained and operated for or in relation to the requirements of this condition, and
 - (iii) to take onto such premises or onto or into any assets used for the purposes of the licensee such other persons and such equipment as may be necessary or expedient for the purpose of carrying out the examination.

46.13 The licensee is not required to perform its obligations in relation to an Examiner and his functions unless the Examiner has entered into an agreement with the licensee to maintain confidentiality on reasonable terms.

46.14 Appendix 1 follows immediately below.

Appendix 1: Schedule of Specified Information

- A1. As provided for at paragraph 46.2, this Schedule details the Specified Information that the licensee must measure and record under this condition, the periods in respect of which the licensee must collect it, and the timeframes within which the licensee must give it to the Authority.

Specified Information Category 1

- A2. This information comprises the number of interruptions in the supply of electricity through the licensee's Distribution System which have a duration of:
- (a) 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
 - (b) three minutes or more, together (in respect of each such interruption) with:
 - (i) the number of Customers whose supply of electricity was interrupted and the duration of the interruption,
 - (ii) the source, voltage level, and high voltage circuit, and
 - (iii) the total number of re-interruptions.

Specified Information Category 2

- A3. This information relates to telephone calls to the enquiry service operated by the licensee under standard condition 8 (Safety and Security of Supplies Enquiry Service) and comprises:
- (a) the speed of response for answering each such call; and
 - (b) in the case of each call answered by a human operator:
 - (i) the telephone number of the caller,
 - (ii) the time of the call, and
 - (iii) if known, the name of the caller and whether the caller is or is not a Domestic Customer.

Specified Information Category 3

- A4. This information comprises:
- (a) the total number and the cause of faults occurring in specified classes or types of electrical plant or electric lines;
 - (b) a statement setting out the asset management strategy of the licensee in respect of its Distribution System; and

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- (c) a statement of the reasons for any material increase or decrease in the number and cause of faults referred to in sub-paragraph (a), having regard to equivalent data held in respect of previous years.

Specified Information Category 4

- A5. This comprises such other information as may from time to time be specified by the Authority in a direction given under this condition to the licensee and all other Distribution Services Providers as if it were a direction issued under and subject to the provisions of standard condition 50 (Modification of Rigs in force under Chapter 11) to modify the Quality of Service Rigs.

Collection periods and reporting timeframes

- A6. With the exception of Specified Information under paragraph A3(b) of Category 2 and paragraph A5 of Category 4, all of the Specified Information detailed under this Schedule must be:
- (a) collected (with effect from and including 1 April 2001) in respect of the period comprising each Regulatory Year; and
 - (b) provided to the Authority on or before 30 April (or such later date as the Authority may by Notice specify) in the next following Regulatory Year.
- A7. Specified Information detailed under paragraph A3(b) of Category 2 must be:
- (a) collected in respect of each of the weeks within a Regulatory Year; and
 - (b) provided to the Authority within four days of the end of each such week.
- A8. Specified Information referred to under paragraph A5 of Category 4 must be collected in respect of such period and be provided to the Authority by such date as are specified by the Authority in the direction referred to in that paragraph.

Interpretation

- A9. For the purposes of this Schedule:
- (a) **Customer** means, in relation to any energised or de-energised Entry Point or Exit Point on the licensee's Distribution System where Metering Equipment is used for the purpose of calculating charges for electricity consumption, the person who is providing or is taken to be providing a supply of electricity through that Entry Point, or the person who is receiving or is taken to be receiving a supply of electricity through that Exit Point; and
 - (b) any other words and expressions appearing in the Schedule that are defined, explained, or further elaborated under any provision of the Quality of Service Rigs have the meaning given by, or are to be read in accordance with, that provision.

Condition 47. Incentive schemes for innovation funding and Distributed Generation

Introduction

- 47.1 This condition requires the licensee to collect and provide the Authority with Specified Information on a common basis with all other Distribution Services Providers, and to an appropriate degree of accuracy, so as to:
- (a) facilitate the establishment and operation of:
 - (i) the Distributed Generation Incentive Scheme (“the DG scheme”) to incentivise the effective Connection and use of Distributed Generation by the licensee,
 - (ii) the Registered Power Zone Incentive Scheme (“the RPZ scheme”) to incentivise the development and implementation of innovative approaches to further enhance the effective Connection and use of Distributed Generation by the licensee, and
 - (iii) the Innovation Funding Incentive Scheme (“the IFI scheme”) to incentivise effective expenditure on innovation by the licensee;
 - (b) enable the Authority to monitor the licensee’s performance in respect of each of the DG scheme, the RPZ scheme, and the IFI scheme; and
 - (c) identify any unintended consequences that arise from the operation of those schemes and the Charge Restriction Conditions of this licence

Licensee’s obligations

- 47.2 Unless and so far as the Authority otherwise consents, the licensee must have and maintain appropriate systems, processes, and procedures to enable it:
- (a) to measure and record the information detailed in the Schedule of Specified Information set out at Appendix 1, which is part of this condition; and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in that Schedule.
- 47.3 In fulfilling its obligations under paragraph 47.2, the licensee must at all times act in accordance with any Regulatory Instructions and Guidance issued by the Authority for the purposes of this condition (“the DG Rigs”).

Continuation of the DG Rigs

- 47.4 The DG Rigs in force under standard condition 51 of this licence in the form in which it had effect at 31 March 2008 continue in force under this standard condition 47, subject to paragraph 47.5.

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- 47.5 The DG Rigs may be modified at any time on or after 1 April 2008 in accordance with the procedures and subject to the other provisions specified in standard condition 50 (Modification of Rigs in force under Chapter 11).
- 47.6 The DG Rigs may include, or make provision for, any of the matters specified at paragraph 47.7.

Contents of the DG Rigs

- 47.7 Subject to paragraph 47.8, the matters that may be included, or for which provision may be made, in the DG Rigs are these:
- (a) provision with respect to the meaning of words and phrases used in defining Specified Information;
 - (b) requirements for the recording of information associated with Specified Information which are reasonably necessary to enable an Examiner nominated by the Authority under paragraph 47.9 to determine the accuracy and reliability of Specified Information;
 - (c) requirements as to the form and manner in which Specified Information must be provided to the Authority;
 - (d) requirements as to the form and manner in which Specified Information must be recorded and the standards of accuracy and reliability with which it must be recorded; and
 - (e) a statement on whether and to what extent each category of Specified Information is required for the purposes of any of the schemes.
- 47.8 The provisions of the DG Rigs must 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 licensee's fulfilment of any obligation imposed in respect of any matter that is the subject of any such condition.

Nomination of an Examiner

- 47.9 The licensee must permit a person or persons nominated by the Authority (in either case, "an Examiner") to examine:
- (a) the systems, processes, and procedures referred to in paragraph 47.2 and their operation;
 - (b) the Specified Information collected by the licensee; and
 - (c) the extent to which each of the matters mentioned in sub-paragraphs (a) and (b) complies, and is in accordance, with the DG Rigs.

Co-operation with an Examiner

- 47.10 Subject to paragraph 47.12, the licensee must 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 47.9.
- 47.11 The licensee's obligation to co-operate fully with an Examiner under paragraph 47.10 includes an obligation to ensure, so far as it can, that the following persons also co-operate fully with that Examiner:
- (a) any Affiliate or Related Undertaking of the licensee;
 - (b) any person by whom the licensee procures the performance of the obligations imposed at paragraph 47.2; and
 - (c) any auditor of such person, or of the licensee, or of any Affiliate or Related Undertaking of the licensee.
- 47.12 The licensee is not required to perform its obligations in relation to an Examiner and his functions unless the Examiner has entered into an agreement with the licensee to maintain confidentiality on reasonable terms.
- 47.13 Appendix 1 follows immediately below.

Appendix 1: Schedule of Specified Information

- A1. As provided for at paragraph 47.2, this Schedule details the Specified Information that the licensee must measure and record under this condition, the periods in respect of which the licensee must collect it, and the timeframes within which the licensee must give it to the Authority.

Specified Information in relation to the DG scheme

- A2. This information comprises:
- (a) total incentivised DG capacity
 - (b) disaggregated DG capacity
 - (c) total capex for DG
 - (d) use of system capex for DG
 - (e) shared connection capex for DG
 - (f) assets transferred out of DG capex to demand capex
 - (g) DG network unavailability
 - (h) DG network unavailability rebate payments, and
 - (i) operational and maintenance costs for DG.

Specified Information in relation to the RPZ scheme

- A3. This information comprises:
- (a) a schedule of all RPZ projects, whether planned, committed, under construction, or in operation, that details their starting year, generating capacity in MW, and connection cost;
 - (b) a summary of the innovation content of the RPZ; and
 - (c) for RPZs in operation, a report of the performance achieved in the reporting year.

Specified Information in relation to the IFI scheme

- A4. This information comprises:
- (a) IFI carry-forward
 - (b) eligible IFI expenditure
 - (c) eligible IFI internal expenditure
 - (d) combined distribution network revenue, and
 - (e) the IFI annual report.

Other Specified Information

- A5. This information comprises such other information as may from time to time be specified by the Authority in a direction given under this condition to the licensee and all other Distribution Services Providers as if it were a direction issued under and subject to the provisions of standard condition 50 (Modification of Rigs in force under Chapter 11) to modify the DG Rigs.

Collection periods and reporting timeframes

- A6. With the exception of Specified Information within paragraph A4(a) and paragraph A5, all of the Specified Information detailed under this Schedule must be:
- (a) collected (with effect from and including 1 April 2005) in respect of the period comprising each Regulatory Year; and
 - (b) provided to the Authority on or before 31 July (or such later date as the Authority may by Notice specify) in the next following Regulatory Year.
- A7. An estimate of the Specified Information detailed under paragraph A4(a) must be provided to the Authority on or before 1 April of each Regulatory Year.
- A8. Specified Information referred to under paragraph A5 must be collected in respect of such period and be provided to the Authority by such date as are specified by the Authority in the direction referred to in that paragraph.

Interpretation

- A9. For the purposes of this condition (including this Schedule):
- (a) words and expressions appearing in the condition that are defined under any provision of the Charge Restriction Conditions of this licence have the meaning given by that provision;
 - (b) any words and expressions appearing in the condition that are defined, explained, or further elaborated under any provision of the DG Rigs have the meaning given by, or are to be read in accordance with, that provision; and
 - (c) the Distributed Generation Incentive Scheme, the Registered Power Zone Incentive Scheme, and the Innovation Funding Incentive Scheme is in each case the scheme of that name established pursuant to this condition.

Condition 48. Reporting of Price Control Revenue Information

Introduction

48.1 This condition requires the licensee to collect and provide the Authority with Price Control Revenue Information on a common basis with all other Distribution Services Providers and in such manner as will enable the Authority to monitor the licensee's compliance with the Charge Restriction Conditions of this licence.

Licensee's obligations

48.2 Unless and so far as the Authority otherwise consents, the licensee must have and maintain appropriate systems, processes, and procedures to enable it:

- (a) to measure and record the information specified in the Schedule of Price Control Revenue Information ("the Schedule") set out at Appendix 1, which is part of this condition; and
- (b) to provide the Price Control Revenue Information to the Authority in respect of such periods and within such timeframes as are specified in that Schedule.

48.3 In fulfilling its obligations under paragraph 48.2, the licensee must at all times act in accordance with any Regulatory Instructions and Guidance issued by the Authority for the purposes of this condition ("the Revenue Reporting Rigs").

Continuation of the Revenue Reporting Rigs

48.4 The Revenue Reporting Rigs in force under standard condition 50 of this licence in the form in which it had effect at 31 March 2008 continue in force under this standard condition 48, subject to paragraph 48.5.

48.5 The Revenue Reporting Rigs may be modified at any time on or after 1 April 2008 in accordance with the procedures and subject to the other provisions specified in standard condition 50 (Modification of Rigs in force under Chapter 11).

48.6 The Revenue Reporting Rigs may include, or make provision for, any of the matters specified at paragraph 48.7.

Contents of the Revenue Reporting Rigs

48.7 Subject to paragraph 48.8, the matters that may be included, or for which provision may be made, in the Revenue Reporting Rigs are these:

- (a) provision with respect to the meaning of words and phrases used in defining Price Control Revenue Information;

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- (b) requirements for the recording of information associated with Price Control Revenue Information which are reasonably necessary to enable an Appropriate Auditor to determine the accuracy and reliability of the latter;
 - (c) requirements as to the form and manner in which Price Control Revenue Information must be provided to the Authority (including templates for doing so); and
 - (d) requirements as to the form and manner in which Price Control Revenue Information must be recorded and the standards of accuracy and reliability with which it must be recorded.
- 48.8 The provisions of the Revenue Reporting Rigs must 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 licensee's fulfilment of any obligation imposed in respect of any matter that is the subject of any such condition.

Requirements for audit of information

- 48.9 Whenever Price Control Revenue Information is provided under Template A of the Revenue Reporting Rigs in accordance with the requirements of the Schedule, the licensee must ensure that this submission of information is accompanied by a report addressed to the Authority from an Appropriate Auditor that states whether in his opinion:
- (a) the information provided in relation to each of the items referred to in that template has been properly prepared; and
 - (b) the amounts presented in relation to each such item are in accordance with the licensee's records maintained by virtue of paragraph 48.2.
- 48.10 The licensee must ensure that the report from the Appropriate Auditor under paragraph 48.9 is accompanied by a letter from that auditor to the Authority that details the procedures that he has followed in reaching his opinion.
- 48.11 For the purposes of paragraph 48.9, the licensee must at its own expense enter into a contract of appointment with the Appropriate Auditor which includes a term that requires the audit to be conducted in accordance with all such relevant auditing standards in force on the last day of the year to which the audit relates as would be appropriate.
- 48.12 The licensee must co-operate fully (and must ensure, so far as it can, that any Affiliate or Related Undertaking of the licensee co-operates 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 48.9.

Events with a material impact on information

- 48.13 This paragraph applies where the Revenue Reporting Rigs do not provide adequate or sufficient guidance in relation to the collection and reporting of specified items under this condition following any change in the industry's or the licensee's processes or procedures on or after 1 April 2005 that has a significant effect on the calculation of one or more specified items.
- 48.14 For the purposes of paragraph 48.13, a "significant effect" means 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 under the relevant provision of the Charge Restriction Conditions; or
 - (b) its effect on the calculation of allowed network generation revenue exceeds, or is likely to exceed, an amount that is equal to 0.5 per cent of base demand revenue as defined under the relevant provision of the Charge Restriction Conditions.
- 48.15 Where paragraph 48.13 applies, the licensee must request guidance from the Authority in relation to the treatment of the items in question.
- 48.16 On receiving a request for guidance, the Authority:
- (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 appropriate because of sub-paragraph (a), other Distribution Services Providers,
- may 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.

Restatement of information

- 48.17 The licensee must take all appropriate steps within its power to ensure that information provided to the Authority for the purposes of this condition in relation to any given Regulatory Year under Template A of the Revenue Reporting Rigs 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.
- 48.18 Appendix 1 follows immediately below.

Appendix 1: Schedule of Price Control Revenue Information

- A1. As provided for at paragraph 48.2, this Schedule details the Price Control Revenue Information that the licensee must measure and record under this condition, the periods in respect of which the licensee must collect it, and the timeframes within which the licensee must give it to the Authority.

Meaning of Price Control Revenue Information

- A2. For the purposes of this condition, Price Control Revenue Information means such items referred to in the Charge Restriction Conditions of this licence as the Authority considers are necessary to monitor, to an appropriate degree of accuracy, compliance with those conditions and will, in particular, include the items specified below.

Items for demand use of system charges

- A3. These items comprise, in relation to the restriction on demand use of system charges:
- (a) regulated demand revenue
 - (b) units distributed
 - (c) distribution losses, and
 - (d) allowed demand revenue and its associated terms.

Items for generation use of system charges

- A4. These items comprise, in relation to the restriction on generation use of system charges:
- (a) network generation revenue, and
 - (b) allowed network generation revenue and its associated terms.

Items in relation to other matters

- A5. These items comprise:
- (a) in relation to the restriction on charges for the provision of Legacy Basic Metering Equipment, the charges for that service;
 - (b) a breakdown of revenue under the category of Excluded Services;
 - (c) details of the licensee's Ancillary Business and associated income; and
 - (d) such other information as is specified in the Revenue Reporting Rigs, or as may from time to time be specified in a direction given to the licensee and all other Distribution Services Providers under this condition as if it were a direction issued under and subject to the provisions of standard condition 50 (Modification of Rigs in force under Chapter 11) to modify the Revenue Reporting Rigs.

Collection periods and reporting timeframes

- A6. With the exception of information under paragraph A5(d), all of the Price Control Revenue Information specified under this Schedule must be collected (with effect from and including 1 April 2005) in respect of the period comprising each Regulatory Year.
- A7. Price Control Revenue Information collected in accordance with this Schedule or any requirement of the Revenue Reporting Rigs must be provided to the Authority:
- (a) in the case of information specified in Template A (“the detailed return”) of the Revenue Reporting Rigs, by no later than 31 July in the next Regulatory Year following the Regulatory Year under report; and
 - (b) in the case of information specified in Template B (“the forecast return”) of the Revenue Reporting Rigs, by no later than 31 October of the relevant Regulatory Year in respect of the licensee’s estimates of those specified items made after 31 July of that year.
- A8. Price Control Revenue Information referred to under paragraph A5(d) must be collected:
- (a) where such information is specified as a requirement of the Revenue Reporting Rigs in force on 1 April 2005, from and including that date; and
 - (b) where such information has been specified by the Authority in the direction referred to in paragraph A5(d), in respect of such period and from such date as is specified in that direction.

Interpretation

- A9. For the purposes of this condition (including this Schedule):
- (a) words and expressions appearing in the condition that are defined under any provision of the Charge Restriction Conditions of this licence have the meaning given by that provision; and
 - (b) any words and expressions appearing in the condition that are defined, explained, or further elaborated under any provision of the Revenue Reporting Rigs have the meaning given by, or are to be read in accordance with, that provision.

Condition 49. Reporting of Price Control Cost Information**Application and purpose**

49.1 This condition:

- (a) has effect in order to facilitate any review or modification by the Authority of the requirements of any of the Charge Restriction Conditions of this licence; and
- (b) applies to the reporting of Price Control Cost Information by the licensee and every other Distribution Services Provider for the Regulatory Year beginning on 1 April 2005 and each succeeding Regulatory Year for the purposes set out in paragraph 2.

49.2 Those purposes are:

- (a) to require the licensee to maintain (and ensure 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 Cost Information for submission to the Authority in accordance with the requirements of this condition; and
- (b) to ensure that the licensee acts in accordance with any Regulatory Instructions and Guidance issued by the Authority under this condition in relation to the collection, preparation, and reporting of Price Control Cost Information (“the Cost Reporting Rigs”) on a common basis by all Distribution Services Providers.

Preparation of Price Control Cost Information

49.3 Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by paragraphs 49.4 and 49.5 in relation to the preparation of Price Control Cost Information.

49.4 The licensee must keep or cause to be kept, for a period approved by the Authority that is 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 and other records as are necessary to ensure that the Price Control Cost Information of, or reasonably attributable to, the licensee’s Distribution Business is separately identifiable as such in those records (and in those of any Affiliate or Related Undertaking of the licensee).

49.5 The licensee must prepare Price Control Cost Information in respect of each Regulatory Year:

- (a) on a consistent basis derived from the accounting and other records referred to in paragraph 49.4;

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- (b) 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, as may be specified by the Cost Reporting Rigs; and
 - (c) in such manner as may be required under the Cost Reporting Rigs.

Delivery and review of Price Control Cost Information

- 49.6 Except and so far as the Authority otherwise consents, the licensee must deliver the Price Control Cost Information prepared under paragraphs 49.4 and 49.5 to the Authority as soon as is reasonably practicable, and in any event not later than 31 July after the end of the Regulatory Year to which such information relates.
- 49.7 The Authority may, in addition to any audit of the Regulatory Accounts of the licensee carried out under standard condition 45 (Regulatory Accounts), review, or arrange for a person nominated by the Authority ("a Reviewer") to review, any matters in the Price Control Cost Information in respect of which the Authority requires clarification.
- 49.8 Subject to paragraph 49.10, the licensee must give the Authority or (as the case may be) the Reviewer all such assistance as it or he may reasonably require for the purposes of any review carried out under paragraph 49.7.
- 49.9 The licensee's obligation to assist the Authority or a Reviewer under paragraph 49.7 includes an obligation to ensure, so far as it can, that the following persons also assist the Authority or that Reviewer:
- (a) any Affiliate or Related Undertaking of the licensee;
 - (b) any person by whom the licensee procures the performance of any obligation imposed by or under this condition; and
 - (c) any auditor of such person, or of the licensee, or of any Affiliate or Related Undertaking of the licensee.
- 49.10 The licensee is not required to perform its obligations 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.

Continuation of the Cost Reporting Rigs

- 49.11 The Cost Reporting Rigs in force (under the name of "the price control review reporting rules") under standard condition 52 of this licence in the form in which it had effect at 31 March 2008 continue in force under this standard condition 49, subject to paragraph 49.12.

49.12 The Cost Reporting Rigs may be modified at any time on or after 1 April 2008 in accordance with the procedures and subject to the other provisions specified in standard condition 50 (Modification of Rigs in force under Chapter 11).

49.13 The Cost Reporting Rigs may include, or make provision for, any of the matters specified at paragraph 49.14.

Contents of the Cost Reporting Rigs

49.14 Subject to paragraph 49.16, the matters that may be included, or for which provision may be made, in the Cost Reporting Rigs, in relation to any requirement of this condition as it applies to the Price Control Cost Information of the licensee, are these:

- (a) the meaning to be applied to words and phrases 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 that may fall to be considered by a Reviewer and the nature of that consideration.

49.15 The Cost Reporting Rigs may also specify which (if any) of the Price Control Cost Information provided to the Authority under this condition is to be subject to publication by the Authority (having particular regard to section 105 of the Utilities Act 2000).

49.16 The provisions of the Cost Reporting Rigs must 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 with those provisions; or
- (b) purport to have effect with respect to the interpretation of any other condition of this licence or the fulfilment by the licensee of any obligation imposed in respect of any matter which is the subject of any such condition.

Requirements for new or more detailed information

49.17 This paragraph applies where a modification of the Cost Reporting Rigs under standard condition 50 (Modification of Rigs in force under Chapter 11) relates to the introduction into that document of a requirement to provide:

- (a) a new category of Price Control Cost Information; or
- (b) an existing category of Price Control Cost Information to a greater level of detail,

and such information has not previously been collected by the licensee, whether under the provisions of the Cost Reporting Rigs or otherwise.

49.18 Where paragraph 49.17 applies, it will not be a breach of the requirement in question for the licensee to provide estimates to the Authority in respect of the relevant category, for the Regulatory Year in which the modification is made and for any preceding Regulatory Year, derived from such other information available to the licensee as may be appropriate.

Interpretation

49.19 For the purposes of this condition, **Price Control Cost Information** means the information that is required to be submitted to the Authority under and because of this condition, and is to be read in accordance with the provisions of the Cost Reporting Rigs.

Condition 50. Modification of Rigs in force under Chapter 11

Scope of this condition

50.1 In this condition, references to “the Rigs” are references to any of the Regulatory Instructions and Guidance in force under standard condition 46 (that is to say, the Quality of Service Rigs), standard condition 47 (the DG Rigs), standard condition 48 (the Revenue Reporting Rigs), and standard condition 49 (the Cost Reporting Rigs).

Modification of the Rigs by the Authority

- 50.2 The Authority may modify the Rigs by issuing a direction for that purpose to the licensee and all other Distribution Services Providers after complying with the procedure set out at paragraph 50.8 and subject to:
- (a) in the case of the Quality of Service Rigs, DG Rigs, and Revenue Reporting Rigs, the provisions of paragraphs 50.3 and 50.4; and
 - (b) in the case of the Cost Reporting Rigs, the provisions of paragraph 50.5.

Provisions to which modifications must conform

- 50.3 The Authority may modify the Quality of Service Rigs, the DG Rigs, and Revenue Reporting Rigs for any of the reasons set out in paragraph 50.4 if it considers that to do so would more effectively achieve the purposes of the standard condition under which the particular Rigs are in force.
- 50.4 The reasons referred to in paragraph 50.3 are that the modification would:
- (a) improve the presentation or style of the requirements of the Rigs; or
 - (b) remove or reduce inconsistencies between Distribution Services Providers in the application or interpretation of such requirements; or
 - (c) further clarify the meaning of words and phrases used within such requirements to define the information to be provided; or
 - (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 Price Control Revenue Information or enlarge existing categories of such information.
- 50.5 The Authority may modify the Cost Reporting Rigs where it considers that it is necessary to do so in order to secure the provision of more accurate, consistent, useful, or comparable Price Control Cost Information for the purposes of any review or modification of any of the requirements of the Charge Restriction Conditions of this licence.

Restrictions of the power to modify

- 50.6 Where any proposed modification of the Quality of Service Rigs, the DG Rigs, or the Revenue Reporting Rigs relates:
- (a) to a requirement under those Rigs to provide Specified Information or Price Control Revenue Information to a greater level of accuracy; or
 - (b) in the case of the Quality of Service Rigs and the DG Rigs, to introduce into those Rigs an additional category of Specified Information which is or is intended to be required for the purposes of any of the incentive schemes to which those Rigs relate,

the Authority may not make that modification except in accordance with the procedure under section 11A of the Act that would apply to the modification if it were in fact a modification of a standard condition of this licence.

- 50.7 Any modification of any of the Rigs under this condition to introduce an additional category of Specified Information, Price Control Revenue Information, or Price Control Cost Information or to enlarge an existing category of such information may not exceed what could reasonably be requested from the licensee by the Authority under paragraph 1 of standard condition 6 (Provision of Information to the Authority) (excluding any reference to paragraph 8 of that condition).

Procedure for modification

- 50.8 Before issuing a direction under paragraph 50.2, the Authority, by Notice given to the licensee and all other 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, its purpose and effect, and the reasons for proposing it; and
 - (c) specify the time (which must not be less than a period of 28 days from the date of the Notice) within which representations or objections with respect to the proposal may be made,

and must consider any representations or objections that are duly made and not withdrawn.

Interpretation

- 50.9 In this condition, references to modifying the Rigs include references to revoking the Rigs and re-issuing them in a modified form, and “modification” is to be read accordingly.

ANNEX 1

**Illustrative draft of a special
licence modification power**

Condition X. Special licence modification power**Introduction**

- X.1 The special modification power conferred by this condition is without prejudice to the powers of modification contained in sections 11 to 15 of the Act.
- X.2 The Authority may modify any of the standard conditions of the Electricity Distribution Licence using the special modification power in accordance with the provisions of this condition.

Conditions to be satisfied first

- X.3 The Authority may exercise the special modification power (which is the power conferred by paragraph X.4) if:
- (a) it is of the view that the proposed modification is directly relevant only to persons within one (and one only) of the Particular Categories of Relevant Licence Holder;
 - (b) it has (by Notice issued to all Electricity Distributors) set out the text of the proposed modification, specified the Particular Category of Relevant Licence Holder to which sub-paragraph (a) applies, and explained why it believes that the only persons to whom the proposal is directly relevant are those within that category; and
 - (c) it has allowed a period of at least 28 days within which:
 - (i) any Electricity Distributor can make representations to the Authority in relation to the proposal, and
 - (ii) any person within the Particular Category of Relevant Licence Holder specified in the Notice can make representations or objections to the Authority in relation to the proposal.

The special modification power

- X.4 Where all of the preconditions mentioned in paragraph X.3 are met, the Authority may modify the standard conditions in either of the following circumstances:
- (a) the first circumstance is where no Notice of Objection to the modification in question is given to the Authority, within the period allowed under paragraph X.3(c), by any person within the Particular Category of Relevant Licence Holder specified in the Notice issued under paragraph X.3(b); and
 - (b) the second circumstance is where the proportion (expressed as a percentage) of persons within that Particular Category who have given a Notice of Objection to the Authority is both:

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- (i) less than 20 per cent numerically of all such persons, and
 - (ii) less than 20 per cent of all such persons weighted according to their market share in such manner as would apply if the modification were being made under section 11A of the Act and sub-section (7) of that section applied to it.

Interpretation

X.5 For the purposes of this condition, the **Particular Categories of Relevant Licence Holder** are:

- (a) the Particular Category comprising all Relevant Licence Holders that are Distribution Services Providers; and
- (b) the Particular Category comprising all Relevant Licence Holders that are not Distribution Services Providers.

Notice of Objection means a Notice given to the Authority in which a person who is entitled under this condition to do so formally registers his objection to the Authority's modification proposal for the purposes of any calculation to be carried out under paragraph X.4.

Relevant Licence Holder has the meaning given by section 11A(10) of the Act.

ANNEX 2

Assistance for high-cost distribution areas

Condition Y. Assistance for high-cost distribution areas

This condition

- Y.1 This condition sets out the obligations of the licensee, if it is a Relevant Distributor in the Specified Area, in relation to any annual payments received by it from the System Operator for the purpose of providing assistance with the high costs of distributing electricity incurred by the licensee in that area.
- Y.2 The payments to which paragraph Y.1 refers are payments made pursuant to the Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005 (“the Assistance Order”) and in accordance with standard condition C22 of the System Operator’s Transmission Licence.

Application of payments

- Y.3 The licensee must apply the benefit of any annual payment received by it under paragraph Y.1 so as to reduce its Use of System Charges to Specified Suppliers in a manner that does not unduly discriminate between them and does not show undue preference to any Affiliate or Related Undertaking of the licensee.
- Y.4 In particular, the licensee must allocate the benefit of any such payment so as to ensure that the level of the benefit received by a Specified Supplier is directly proportionate to the expected level of demand attributable to the requirements of those (and only those) of that supplier’s Customers who will be located in the Specified Area in the forthcoming year of demand.
- Y.5 When deciding the level of benefit to be allocated to a Specified Supplier under paragraph Y.4, the licensee must apply the same or equivalent factors that it applies when considering the level of the benefit to be allocated to any Affiliate or Related Undertaking of the licensee.

Provision of Information

- Y.6 The licensee must give the Authority any Information that the Authority reasonably requires for the purpose of establishing whether the licensee is or has been in compliance with its obligations under this condition.

Interpretation

- Y.7 In this condition:

Relevant Distributor means an Electricity Distributor that distributes electricity by means of a Distribution System to which at least 100,000 premises are connected.

Specified Area means the area described as such in the Assistance Order.

Specified Supplier means an electricity supplier who takes electricity from the GB Transmission System and supplies it to Customers in the Specified Area.