

Supplementary annex 1: Draft RIIO-ED1 SLC licence changes

Draft

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Gas and Electricity Markets Authority

ELECTRICITY ACT 1989
Standard conditions of
the Electricity Distribution
Licence

Standard conditions of the Electricity Distribution Licence – 01 April 2015

SECTION A: STANDARD CONDITIONS FOR ALL ELECTRICITY DISTRIBUTORS	4
Condition 1. Definitions for the standard conditions.....	5
Condition 11. Reporting on performance	20 2019
Condition 13C. Recovery of Reinforcement Costs for Relevant Customers	21 2120
Condition 14. Charges for Use of System and connection	25 2523
Condition 15A. Connection Policy and Connection Performance	33 3334
Condition 25A. Distributed Generation Connections Guide	36
SECTION B: ADDITIONAL STANDARD CONDITIONS FOR ELECTRICITY DISTRIBUTORS WHO ARE DISTRIBUTION SERVICES PROVIDERS.....	38 3840
Condition 44. Regulatory Accounts	39 3941
Condition 45. Data Assurance requirements	44 4447
Condition 46. Regulatory Instructions and Guidance.....	49 4952
Condition 47. Environment Reporting	54 5456
Condition 48. The Innovation Strategy	56 5658
Condition 49. Electricity Distribution Losses Management Obligation and Distribution Losses Strategy	57 5759
Condition 50. Business Plan Commitment Reporting	61 6162
Condition 51. Network Asset Indices Methodology.....	63 6364
CONDITIONS WE PROPOSE TO REMOVE FROM THE CURRENT LICENCE	71 7170
Condition 33. Definitions for the Section B standard conditions	71 7170
Condition 44A. Network Outputs Regime	71 7170
Condition 44B. Distribution Losses Reporting Requirement.....	71 7170
Condition 44C. Low Carbon Networks Fund Reporting.....	71 7170
Condition 45. Incentive scheme for quality of service.....	71 7170
Condition 45A. Incentive scheme for Transmission Connection Point Charges	71 7170
Condition 46. Incentive schemes for innovation funding and Distributed Generation....	71 7170
Condition 46A. Business Carbon Footprint Reporting	71 7170
Condition 47. Reporting of Price Control Revenue Information.....	71 7170
Condition 48. Reporting of Price Control Cost Information.....	71 7170
Condition 49. Modification of RIGs in force under Chapters 4 and 12 and overarching RIGs structure	71 7170
Condition 50A. Development and implementation of an EHV Distribution Charging Methodology.....	71 7170

SECTION A: STANDARD CONDITIONS FOR ALL ELECTRICITY DISTRIBUTORS

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 Where defined words and expressions are used only in a particular standard condition, their definitions are included in that condition.

Definitions in alphabetical order

[The following defined terms and their definitions are to be contained within this condition, in alphabetical order and in the manner set out below. For clarity, the below list includes new definitions, modified DPCR5 definitions and unmodified DPCR5 definitions that are used in ED1 licence.]

- 1.3 In the standard conditions of this licence, unless the context otherwise requires:

[GREEN] – a modified DPCR5 definition; and

[BLUE] – a new ED1 definition]

*SLC
reference
[Not part of
final
condition]*

Agreed Upon Procedures

for the purposes of this condition, means procedures from time to time agreed between the Authority, the Appropriate Auditor, and the licensee for the purpose of enabling the Appropriate Auditor to review and report to the Authority on matters relating to the licensee's compliance with the obligation referred to in Part E of this condition.

SLC 44

Agreed Upon Procedures

for the purposes of this condition, means procedures from time to time agreed between the Authority, the Appropriate Auditor, and the licensee for the purpose of enabling the Appropriate Auditor to review and report to the Authority on matters relating to the licensee's provision of ~~specific~~ Specified Information.

SLC 46

Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
reference
[Not part of
final
condition]*

Allowed Distribution Network Revenue	means the revenue calculated in accordance with the formula for AR_t as set out in Part B of Charge Restriction Condition 2A (Restriction of Allowed Distribution Network Revenue).	SLC 46
Applicable Accounting Framework	means either: (a) in respect of any reference to statutory accounts of the licensee (except for group accounts): (i) individual accounts prepared in accordance with section 396 of the Companies Act 2006; ² or (ii) individual accounts prepared in accordance with international accounting standards; ² or (b) in respect of any reference to statutory accounts of the licensee that are group accounts: (i) group accounts prepared in accordance with section 404 of the Companies Act 2006; ² or (ii) group accounts prepared in accordance with international accounting standards.	SLC 44
Authority's Website	means www.ofgem.gov.uk .	SLC 47
Base Demand Revenue	means the revenue calculated in accordance with the formula set out in Part C of Charge Restriction Condition 2A.	SLC 46

Field Code Changed

Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
reference
[Not part of
final
condition]*

SLC 50

Business Plan Reporting Guidance

means any guidance issued by the Authority under Part B of this condition with respect to ~~from the Authority on the contents or structure of the report required to be published by the licensee under Part A, such reports as are issued or modified in accordance with Part B 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,

as approved by the Authority by virtue of the provisions of standard conditions 13, 13A, 13B and 22A.

SLC 14

*definition of
"Distribution
Use of
System
Charges"
in 13C*

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Common Network Asset Indices Methodology

has the meaning given to that term in Part C of standard condition 51.

SLC 51

Common Connection Charging Methodology

has the meaning given to that term in the Distribution Connection and Use of System Agreement.

SLC13C

Competition and Markets Authority

means the Competition and Markets Authority established under the Enterprise and Regulatory Reform Act 2013.

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SLC
reference
[Not part of
final
condition]

Connection Activities

for the purposes of Charge Restriction Condition 2K₁, means any and all of such activities that comprise or are associated with the provision, modification, or retention of a connection to the licensee's Distribution System as are able may, in accordance with the licensee's Connection Charging Statement, to be undertaken by persons other than the licensee, where those activities are fully funded by the Customer, but excluding:

SLC 14

- (a) low-voltage connection works relating to no more than four Domestic Premises where connection works are all at low voltage; or
- (b) low-voltage connection works in respect of a connection involving three-phase whole-current metering on premises other than Domestic Premises. (as described in Chapters 10 and 12 of the Authority's decision document published on 7 December 2009 under reference 145/09).

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Connection Charge

for the purposes of this condition, means a direct charge levied on a Customer by the licensee in accordance with the Common Connection Charging Methodology.

SLC 13C

Standard conditions of the Electricity Distribution Licence – 01 April 2015

		SLC reference [Not part of final condition]
Connection Charging Statement	has the meaning given to that term in paragraph 14.14.1 of standard condition 14 (Charges for Use of System and -connection).	SLC 14 and definition of “Non-Contestable Connection Services”
Customer	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.	Various SLCs
Data	means information contained in all the relevant submissions to the Authority under this licence in respect of which the licensee must carry out a Risk Assessment, as specified in the Data Assurance Guidance (DAG).	SLC 45
Data Assurance Activity	means, in respect of Data, an activity undertaken by -or on behalf of the licensee -in order to verify and/or provide assurance that Data meets the required level of accuracy and reliability.	SLC 45
Data Assurance Direction	means a direction by the Authority to bring into effect this condition <u>into effect</u> .	SLC 45
DG Connections Guide	means the document described in Part A of this condition.	SLC 25A
DG Standards Direction	has the meaning given to that <u>this</u> term in Part C of this condition.	SLC 15A

Comment [A1]: This term does not appear in SLC45 and, in any case, it will presumably be a S11A process, rather than a direction, that will bring the SLC45 referred to here into effect.

SLC
reference
[Not part of
final
condition]

SLC 44

Distribution Business Activities

means the following activities of the licensee;

(a) the distribution of electricity through the licensee's Distribution System to Demand Customers as defined in Charge Restriction Condition 2;

(b) the distribution of electricity through the licensee's Distribution System in respect of Distributed Generation, together with such of the activities covered by subparagraphs (c) and (d) of this definition as are directly associated with that activity;

(c) the provision of Directly Remunerated Services (other than any such services falling within the next subparagraph and) excluding any such provision falling within subparagraph (b) of this definition);

(d) the provision of Metering Equipment and Metering Services (including the service of providing Legacy Metering Equipment but excluding any such provision falling within subparagraph (b) of this definition), together with the provision of Data Services;

(e) any De Minimis Business of the licensee;

(f) any other activities to which the Authority has consented in accordance with paragraph 29.4(c) of standard condition 29; and

(g) any Distribution Business of the licensee in respect of which the activities take place outside the licensee's Distribution Services Area.

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Comment [A2]: This definition needs to be brought in – the current CRC2 will no longer exist.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
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[Not part of
final
condition]*

Distribution Losses

means electricity Units lost whilest being transported through the licensee's Distribution System, including:

SLC 14, SLC 49

(a) Units lost in the course of that process of transporting electricityenergy through electric power lines and electrical plant transformers as as a result of the inherent impedance of electric lines and electrical plantelectrical conductors; and

(b) Units ~~that are unaccounted for that and can~~ be attributed to Relevant Theft of Electricity, ~~or to inaccuracies or errors in inventories of Unmetered Supplies or metering data.~~

Distribution Losses Strategy

means the licensee's strategy for designing, building, and operating its Distribution System in a manner that can reasonably be expected to ensure that Distribution Losses are as low as reasonably practicable ~~in accordance with this condition~~, as published and ~~modifiedamended~~ from time to time in accordance with Part B of this condition.

SLC 49

Distribution Losses Strategy Guidance

means any guidance that the Authority may issue from time to time during the Price Control Period aboutas to the factors that the licensee should take into account in meeting its obligations under this condition.

SLC49

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Distribution Services Area

in relation to the licensee if it is a Distribution Services Provider, means the area specified as such by the Authority under:

- (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 on 31 May 2008;
- (b) standard condition 3 (Application of the Section B standard conditions) of the licensee's Electricity Distribution Licence in the form in which that licence was in force on 31 March 2015; or
- (c) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 April 2015.

*SLC
reference
[Not part of
final
condition]*

*SLC 14
definition of
"Distribution
Business
Activities"
(SLC 44)*

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Electricity Distribution Group

means any group of Distribution Services Providers in which the licensee and every other Distribution Services Provider within the group are Affiliates.

SLC 48

Environment Report

means a document published by the licensee ~~that is accessible to stakeholders~~ on activities it has undertaken in relation to environmental matters that is accessible to stakeholders, and ~~that~~ meets the requirements set out in the ERGD.

SLC 47

Environment Report Guidance Document (ERGD)

means the document of that name published on the Authority's Website for the purposes of this condition that provides guidance on the required ~~sets out the scope and contents of what should be contained within~~ the licensee's Environment Report.

SLC 47

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
reference
[Not part of
final
condition]*

Examiner

means a member of the Authority's staff or another person whose degree of knowledge and experience is similarly appropriate for the purposes of the relevant review.

SLC 45

Final Determination

means, as the case may be, the documents entitled [RIIO-ED1: Final Determination for XXX, XXX and XXX – Overview] (Reference number: XX/XX), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on XX March 2014; or the document entitled [RIIO-ED1 Final Determination for XXXXX] (Reference number: XX/XX), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on [XX] December 2014.

SLC 46

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Innovation Strategy

means a document, published by the licensee that ~~which~~ complies with the guidance set out in the Strategy Decision for RIIO-ED1 – Outputs, incentives and innovation subsidiary document, chapter 10, paragraph 10.16 published by the Authority on 4 March 2013.

SLC 48

Standard conditions of the Electricity Distribution Licence – 01 April 2015

SLC
reference
[Not part of
final
condition]

July 2013 RIIO-ED1 Business Plan

means the document published by the licensee on 1 July 2013 [to consider whether this will need also to be supplemented by any additional commitments offered as part of the second business plan submission] in response to the document entitled "Strategy decision for the RIIO-ED1 electricity distribution price control" (Reference number -26/13) published on 4 March 2013.

SLC 50

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Justified Over- delivery Justified Over- Delivery

means a delivery of Network Asset Secondary Deliverables that is above the level originally required of the licensee, as set out in the Network Assets Workbook, but that which has been demonstrated by the licensee and determined by the Authority to be consistent in-line with the appropriate operation of the licensee's Distribution System.

SLC 51

Comment [A3]: May be better couched in terms of: "(i) for [WPD licensees] means (ii) for [other licensees] means"

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Justified Under- delivery Justified Under-Delivery

means a delivery of Network Asset Secondary Deliverables that is below the level originally required of the licensee, as set out in the Network Assets Workbook, but that which has been demonstrated by the licensee and determined by the Authority to be consistent in-line with the appropriate operation of the licensee's Distribution System.

SLC 51

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Comment [A4]: Delete both "Justified" definitions as not used in standards

Standard conditions of the Electricity Distribution Licence – 01 April 2015

SLC
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[Not part of
final
condition]

Margin	means a monetary sum, forming part of a Connection Charge, that is in addition to the cost estimated to be incurred by the licensee in providing <u>the Connection Activity that is the subject of that charge.</u> any of its Connection Activities.	SLC 14
Network Asset Indices	has the meaning given to that term in paragraph 51.4.	SLC 51
Network Asset Secondary Deliverables	means the asset health, criticality and risk secondary deliverables that <u>are set out for the licensee</u> is expected <u>required to deliver by 31 March 2023 as set out in the Network Assets Workbook.</u>	SLC 51
Network Assets Workbook	<u>means the document described in Appendix 1 of this condition.</u>	SLC 51
Next Price Control Period	means the price control period beginning on 1 April 2023.	SLC 51
Physical Connection	means the fuse and service cable that connects a Customer's premises to the shared assets of the <u>licensee's</u> Distribution System.	SLC 13C
Price Control Period	means the period of eight years beginning on 1 April 2015 and ending on 31 March 2023 <u>during which, subject to CRC 5H (Disapplication of Relevant Charge Restriction Conditions), the Charge Restriction Conditions will have effect in this licence.</u>	SLC 51
Quotation Accuracy Scheme	has the meaning given in Part B of this condition.	SLC 15A

Comment [A5]: There is no Appendix 1 to SLC51, but, in any case this term doesn't seem to be used in SLC51.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
reference
[Not part of
final
condition]*

Registered Metering Point

means a metering point that has been allocated a metering point administration service number under the Master Registration Agreement and been registered on the licensee's metering point registration system by an Electricity Supplier.

SC 13C

Regulatory Instructions and Guidance (RIGs)

means Regulatory Instructions and Guidance as provided for in ~~in~~ standard condition 46 (Regulatory Instructions and Guidance).

Various SLCs

Reinforcement Costs

means, in relation to Distribution System assets used by two or more Customers, the costs incurred in upgrading those assets ~~costs which are necessitated by the upgrade of assets on the Distribution System, used by two or more customers, which are required to accommodate additional demand or generation.~~

SLC 13C

Relevant Customer

has the meaning given to that term in paragraph 13C.4.

SLC 13C

SLC
reference
[Not part of
final
condition]

Relevant Theft of Electricity

means the abstraction of electricity in circumstances where:

SLC49_

(a) any person takes a supply of electricity that is in the course of being conveyed by the licensee; or

(b) any person at premises at which a connection has been restored in contravention of paragraph 5(1) of Schedule 6 to the Act takes a supply of electricity that has been conveyed to those premises by the licensee and the supply is taken otherwise than in pursuance of:

(i) a contract made with an Electricity Supplier, or

(ii) a contract deemed to have been made with an Electricity Supplier by virtue of paragraph 3 of Schedule 6 to the Act or paragraph 23 of Schedule 7 to the Utilities Act 2000, (regardless of where such abstraction takes place) for use otherwise than at a premises where there is a metering point or metering system that is registered by an Electricity Supplier, or has previously been registered by an Electricity Supplier (which in both cases were not illegally reconnected after disconnection), or where there is an approved unmetered connection.

Risk Assessment

means an assessment of the likelihood and potential impact of any inaccurate or incomplete reporting, or any misreporting, of Data by the licensee to the Authority under this licence.

SLC 45

Standard conditions of the Electricity Distribution Licence – 01 April 2015

		SLC reference [Not part of final condition]
Scheme	for the purposes of this condition, means a scheme, established pursuant to Schedule 6 of the Act, in respect of supplies of electricity illegally taken.	SLC 49g
Specific Items	means items to be audited by the Appropriate Auditor carrying out the Agreed Upon Procedures, as defined under this condition.	SLC 46
Specified Information	means information (or a category of information) that is so described or defined in the RIGs.	SLC 46
UK Listing Authority	means the Financial Conduct Authority (FCA) acting in its capacity as the competent authority for the purposes of Part VI (Official Listing) of the Financial Services and Markets Act 2000 (Official Listing).	SLC 44
Unit	means a kilowatt hour.	SLC 49, local definition Of “Entry Point” and “Exit Point” (SLC 14)
Unregulated Margin	means a Margin that: (a) becomes chargeable in relation to Connection Activities by the licensee in the circumstances set out in paragraph 14.16 of this condition and paragraphs 2K.5 and 6 of Charge Restriction Condition -2K (Margins on Licensee’s Connection Activities); and (b) is not limited in its amount by any provision of this licence condition .	SLC 14

Standard conditions of the Electricity Distribution Licence – 01 April 2015

*SLC
reference
[Not part of
final
condition]*

Use of System Charging Statement

has the meaning given to that term in paragraph 14.1.

SLC 14

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)
transmission	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)

Comment [A6]: Unnecessary in the electricity distribution licence

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Condition 11. Reporting on performance

Comment [A7]: For consistency there should be an Introduction to this condition.

Licensee's obligation

11.1 The licensee must provide the Authority and the National Consumer Council with information specified by the Authority that relates to matters that it reasonably considers are relevant to the licensee's dealings:

Comment [A8]: This will need to keep up with the modification just consulted on formally by Ofgem, which will change this to 'Citizens Advice and Citizens Advice Scotland'.

- (a) with Customers under standard condition 9 (Arrangements for access to premises);
- (b) with Domestic Customers under standard condition 10 (Special services);
- (c) with Customers under the Electricity (Standards of Performance) Regulations 20[XX] (SI [XXXX5/XXX]) ("the regulations"); and
- (d) with Customers under the Electricity (Connections Standards of Performance) Regulations 20[XX] (SI [XXXX/XX]) ("the Connections Regulations").

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Comment [A9]: The reporting obligation in respect of connections-related guaranteed standards should more appropriately appear in SLC15A. In any event, the words here do not capture the reporting of performance under the DGSD.

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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 or the Connection Regulations; and
- (e) the number and value of compensation payments made by the licensee under the regulations or the Connection Regulations.

Comment [A10]: As above, these words do not encompass the DGSD.

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Comment [A11]: As above.

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 National Consumer Council.

Comment [A12]: As above.

Condition 13C. Recovery of Reinforcement Costs for Relevant Customers

Introduction

13C.1 This condition prevents the licensee~~s~~ from recovering Reinforcement Costs for Relevant Customers through Connection Charges ~~to on~~ individual Customers, unless Part B of this condition applies.

13C.2 The licensee must co-operate with other Electricity Distributors for the purpose of giving give-effect- to the requirements of in this condition as soon as reasonably practicable through the Distribution Connection and Use of System Agreement.

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Part A: Costs to be recovered through Use of System charges

~~13C.3 The licensee must use its best endeavours to recover network Reinforcement Costs caused by Relevant Customers through Use of System Charges other than where Part B of this condition applies.~~

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~~13C.4~~ 13C.3 A Relevant Customer is a Customer who is supplied with electricity at ~~a~~ Domestic Premises or ~~a~~ business premises ~~that and~~:

- (a) ~~has is connected to~~ a low-voltage single-, two- or three--phase service fused at 100 amperes or less per phase and with whole-current metering;
- (b) ~~is are~~ already connected to the licensee's Distribution System network and ~~has been being~~ supplied with electricity through a Registered Metering Point when the need for reinforcement it causes Reinforcement Costs is first identified; and

(c) does not require any modification to its their Physical Connection except where it is necessary to remove a low-voltage single-, two- or three-phase looped service fused at 100 amperes or less per phase and with whole-current metering

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Part B: The licensee's ability to directly charge the Relevant Customers who cause Reinforcement Costs on the Distribution System

~~13C.5~~ 13C.4 The licensee may recover ~~the~~ Reinforcement Costs, to the extent that ~~it~~ is reasonable, through a Connection Charge ~~to on~~ the Relevant Customer, in line with the Distribution Connection and Use of System Agreement, in either one or both of the following circumstances:

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) ~~where~~ The Reinforcement Costs are necessitated by a Relevant Customer's connecting generation equipment, at its premises, with a rated output greater than 16 amperes per phase (including the connection of generation equipment of ~~less than~~ 16 amperes or less per phase where the aggregate capacity of installed generation equipment is greater than 16 amperes per phase); ~~and/or~~

- (b) [OPTION 1 - still being considered] ~~where~~ The Customer and the equipment that is connected at its premises, can be clearly identified by the licensee as causing a significant proportion of the Reinforcement Costs, and the Reinforcement Costs necessitated by the Relevant Customer's connecting equipment at its premises exceed £x [or £x/kW].

[OPTION 2 - still being considered] ~~where~~ The Customer has connected equipment, of a type described in Appendix 1, at its premises that can be clearly identified by the licensee as causing a significant proportion of the Reinforcement Costs.

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- 13C.6 13C.5 The licensee may only recover Reinforcement Costs directly from Relevant Customers under paragraph 13C.45 where ~~those~~ these costs have not been funded through the Charge Restriction Conditions or recovered under ~~any~~ another mechanism provided for by this licence.

Part C: Disapplication of this condition

- 13C.7 13C.6 ~~When~~ If the licensee, in conjunction with all other Electricity Distributors, licensees, has given effect to the requirements of this condition ~~in~~ through the Distribution Connection and Use of System Agreement, the Authority, will issue a direction to remove this condition from ~~this~~ their licence.

Part D: Interpretation

- 13C.8 13C.7 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Connection Charge	XX
Use of System Charges	XX
Domestic Premises	XX
Physical Connection	XX
Relevant Customer	XX
Registered Metering Point	XX
Reinforcement Costs	XX

Appendix 1

A1.1 The licensee should charge Relevant Customers who have connected the following [equipment](#)~~devices~~ in the circumstances described in paragraph 13C.5(b):

- [Device 1
- Device 2
- Etc]

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Condition 14. Charges for Use of System and connection

Comment [A13]: For consistency this condition should have an Introduction.

Charging statements to be always available

- 14.1 The licensee must ensure that the following charging statements prepared by it are at all times available in a form approved by the Authority:
- (a) a charging statement that sets out the basis on which charges will be made for Use of System (“the Use of System Charging Statement”); and
 - (b) a charging statement that sets out the basis on which charges will be made for the provision of connections to the licensee’s Distribution System (“the Connection Charging Statement”).

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Compliance of charging statements with Charging Methodologies

- 14.2 Except with the Authority’s consent, the charging statements available under paragraph 14.1 must:
- (a) in the case of the Use of System Charging Statement, be prepared in accordance with the relevant Charging Methodology within the meaning of standard condition 13 (Charging Methodologies for Use of System and connection), standard condition 13A (Common Distribution Charging Methodology), or standard condition 13B (EHV Distribution Charging Methodology) (as appropriate); and
 - (b) in the case of the Connection Charging Statement, be prepared in accordance with the relevant Charging Methodology within the meaning of standard condition 13.

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Other general requirements in relation to charging statements

- 14.3 Except with the Authority’s consent, the charging statements available under paragraph 14.1 must:
- (a) be presented in such form and with such detail as would enable any person to make a reasonable estimate of the charges for which he would become liable in respect of Use of System or (as the case may be) the provision of connections to the licensee’s Distribution System; and
 - (b) be published in such manner as the licensee believes will ensure adequate publicity for it (including on the licensee’s Website).
- 14.4 The licensee must periodically review the information set out in any charging statement available under paragraph 14.1 and, at least once in every Regulatory Year, must make any changes that are necessary to that statement to ensure that such information continues to be accurate in all material respects.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- 14.5 The licensee must give or send a copy of any charging statement available under paragraph 14.1 to any person who requests it.
- 14.6 The licensee may make a charge for any charging statement given or sent under paragraph 14.5 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 licensee's Use of System Charging Statement

- 14.7 The information that the Use of System Charging Statement must include is specified in Part A of the Schedule of Contents set out at Appendix 1, which is part of this condition.

Charging in accordance with the Use of System Charging Statement

- 14.8 Except with the Authority's consent, every arrangement entered into by the licensee for the purposes of providing Use of System must ensure that the licensee's Use of System Charges 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.

Amendment of the licensee's Use of System Charges

- 14.9 Without prejudice to paragraph 14.12, before making any amendment to its Use of System Charges, the licensee must give the Authority a revised Use of System Charging Statement ~~which~~that sets out the amended charges and specifies the date from which they are to have effect.
- 14.10 Without prejudice to paragraph 14.12 and (as appropriate) paragraph 13.4 of standard condition 13, paragraph 13A.15 of standard condition 13A, or paragraph 13B.15 of standard condition 13B, the licensee must, before any modification of its Use of System Charging Methodology comes into effect, 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.
- 14.11 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.
- 14.12 Except where the Authority otherwise directs or ~~-~~consents, the licensee may only amend its Use of System Charges in respect of any agreement for Use of System if:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) it has given Notice of the proposed amendment in accordance with paragraph 14.11;
- (b) the amendment, when made, conforms to the proposals that were set out in that Notice (except for any necessary revisions resulting from the occurrence of a material change, after the Notice has been given, into any of the matters on which the assumptions set out in the statement under paragraph 14.11 were based, and then only to such extent as is necessary to reflect the change in such matters); and
- (c) the amendment takes effect on 1 April of the relevant Regulatory Year.

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Contents of the licensee's Connection Charging Statement

- 14.13 The information that the Connection Charging Statement must include is specified in Part B of the Schedule of Contents set out at Appendix 1, which is part of this condition.
- 14.14 The licensee must ensure that the schedule of items of significant cost, referred to in paragraph A2(a) of Part B of Appendix 1 to this condition, is presented in accordance with a template common to all licensees (to be referred to as the common connection charging template).

Charging in accordance with the Connection Charging Statement

- 14.15 Except with the Authority's consent, every arrangement entered into by the licensee for the purposes of 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 the licensee's Connection Charges

- 14.16 Connection Charges relating to the matters specified for the Connection Charging Statement in Part B of the Schedule of Contents set out at Appendix 1 are to be set at a level that will enable the licensee to recover:
 - (a) the appropriate proportion (to be determined having regard to the factors set out at paragraphs 14.18 to 14.20) 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, disconnection, or removal following disconnection, of any electric lines or electrical plant; and
 - (b) where the licensee is a Distribution Services Provider operating in its Distribution Services Area, such Margin as the licensee is allowed to charge under Charge Restriction Condition 2K (Margins on Licensee's Connection Activities); or

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (c) where the licensee is not a Distribution Services Provider, or is a Distribution Services Provider operating outside its Distribution Services Area, an Unregulated Margin in the Connection Charges that it makes in relation to its Connection Activities.

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- 14.17 Paragraphs 14.18 to 14.20 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 14.16(a) under an agreement for providing, modifying, or retaining a connection.
- 14.18 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.
- 14.19 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.
- 14.20 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;
 - (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
 - (d) will not include ~~cover~~ any costs that are recovered ~~covered~~ by Use of System Charges.

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Information on circuit capacity, power flows, and loading

- 14.21 The licensee must, in accordance with the requirement of paragraph 14.23, give or send to any person on request a report (the "capacity report") which ~~that~~ 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.
- 14.22 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 14.21 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

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (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.

14.23 The requirement referred to in paragraph 14.21 is for the capacity report to be given or sent to the person who has made the request 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 14.24.

14.24 The licensee may, within ten days after receiving the request under paragraph 14.21, 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.

14.25 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 42 (Independence of the Distribution Business and restricted use of Confidential Information) (if applicable).

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Interpretation

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

14.26 For the purposes of this condition:

Authorised Electricity Operator	XX
Authority	XX
Balancing and Settlement Code	XX
Charging Methodology	XX

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Confidential Information	XX
Connection Activities	XX
Connection Charges	Xx
Connection Charging Statement	Xx
Distribution Services Area	XX
Distribution Services Provider	XX
Distribution System	XX
Entry Point	XX
Exit Point	XX
Margin	XX
Notice	XX
Regulatory Year	XX
Use of System	XX
Unregulated Margin	XX
Use of System Charging Statement	XX
Website	XX

Appendix 1

Schedule of Contents

This Appendix specifies the information that must be included in the licensee's Use of System Charging Statement (Part A) and the information that must be included in the licensee's Connection Charging Statement (Part B).

Part A: Use of System Charging Statement

- A1. As provided for by paragraph 14.7, 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~~that may be made in respect of accounting and administrative services;
 - (d) a schedule of the charges (if any) ~~which~~that may be made (i) for providing and installing any electrical plant at Entry Points or Exit Points, where such provision and installation are ancillary to the grant of Use of System, and (ii) for maintaining such plant; and
 - (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.

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Part B: Connection Charging Statement

- A2. As provided for by paragraphs 14.13 and 14.14, 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 which₂ and the methods by which, such charges will be calculated;
 - (b) a statement of the principles on which₂ and the methods by which₂ 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 which₂ and the methods by which₂ Connection Charges will be made in circumstances where the electric

Standard conditions of the Electricity Distribution Licence – 01 April 2015

lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for Use of System by the person seeking connection;

- | (d) a statement of the principles on which₂ and the methods by which₂ 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 which₂ and the methods by which₂ 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; and
- | (f) a statement of the principles on which₂ and the methods by which₂ 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 15A. Connection Policy and Connection Performance

Comment [A14]: This condition should:
(i) Include the relevant reporting obligation (rather than SLC11), catering for performance under the DGSD as well as under the Connection Regulations.
(ii) Make appropriate reference to the two guidance documents that relate to the demand and DG standards respectively

Introduction

15A.1 This condition:

- (a) imposes duties of compliance on the licensee with respect to the licensee's performance under:
 - (i) the Connection Regulations; and
 - (ii) any Distributed Generation Connection Standards ("DG Standards") that are prescribed by the Authority in a DG Standards Direction issued under this condition; and
- (b) requires the licensee to establish and operate a Quotation Accuracy Scheme by reference to which the licensee may in certain circumstances be required to pay compensation to Customers under the Connection Regulations in relation to the accuracy of quotations provided by the licensee.

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Part A: Licensee's particular duties of compliance

15A.2 The licensee must:

- (a) use all reasonable endeavours to achieve the standards of performance prescribed for the licensee:
 - (i) by the Connection Regulations; and
 - (ii) by any DG Standards specified by the Authority in a DG Standards Direction,in every case to which each such standard applies; and
- (b) without limiting the general effect of that obligation, ~~to~~ achieve those standards of performance, calculated on a quarterly basis, in at least 90 per cent on average of all of the cases falling within each of the following groups:
 - (i) ~~metered~~ standards of performance relating to budget estimates and quotations for metered connections (in total);
 - (ii) all other ~~metered~~ standards of performance for metered connections (in total); and
 - (iii) all ~~unmetered~~ standards of performance for unmetered connections (in total).

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Part B: Quotation Accuracy Scheme

15A.3 The licensee must from time to time submit to the Authority for its approval a Quotation Accuracy Scheme that:

- (a) enables a Customer to require the licensee to review the accuracy of a quotation provided in respect of the terms for making or modifying such types

Standard conditions of the Electricity Distribution Licence – 01 April 2015

of connection to the licensee's Distribution System as may be specified in the Connection Regulations for the purposes of that scheme; and

- (b) in the event that the licensee provides an inaccurate quotation, requires the licensee to adjust any charge made to the Customer to the amount properly due under an accurate quotation.

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Part C: Scope and contents of a DG Standards Direction

15A.4 The Authority may issue a DG Standards Direction for the purposes of this condition, and may from time to time amend that direction in accordance with the provisions of Part D of this condition below.

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15A.5 The licensee must comply with the requirements of a DG Standards Direction.

15A.6 A DG Standards Direction is a direction the purpose of which is to ensure that there are standards of performance in place in relation to DG Connections that are equivalent to the standards of performance prescribed for the licensee by the Connection Regulations in relation to the Demand Connections to which those regulations refer.

15A.7 Accordingly, a DG Standards Direction will, in particular, include provision for:

- (a) the specification of the standards of performance that are to apply to DG Connections in relation to the matters and activities covered by regulations 4, 6 and 9 of the Connection Regulations in respect of Demand Connections;
- (b) the licensee's performance of those standards within prescribed periods or by reference to agreed dates that are defined in terms consistent with the definitions given to those terms in the Connection Regulations in respect of Demand Connections;
- (c) the exemption of the licensee from the specified standards of performance in relation to DG Connections in the same terms as apply under regulation 15 of the Connection Regulations in respect of Demand Connections;
- (d) extensions of time in relation to those standards of performance as they apply to DG Connections in the same terms as apply under regulation 16 of the Connection Regulations in respect of Demand Connections;
- (e) the resolution of disputes between the licensee and DG Operators in relation to any of the matters covered by paragraph 15A.7(a) to (d); and
- (f) any other matters in relation to the achievement of standards of performance in relation to DG Connections that are consistent with, or incidental to, the fulfilment of the purpose described in paragraph 15A.6.

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15A.8 Subject to paragraph 15A.9, a DG Standards Direction may also require the licensee to give undertakings to the Authority as to the circumstances in which, and the levels

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

at which, compensation will be payable to DG Operators in respect of contraventions of the standards of performance imposed by the direction.

Comment [A15]: This may be an untrue statement. It is because the Authority lacks power under S39A of the Act to impose standards with failure payments attaching to them for DG customers that it became necessary in the first place for the DGSD to be created and for licensees to provide voluntary undertakings to make payments for failures of the standards set out in the DGSD.

- 15A.9 The circumstances giving rise to a requirement to pay such compensation, and the levels of the compensation payable, must be consistent with those that apply under the Connection Regulations to contraventions of the standards of performance prescribed by those regulations in relation to the Demand Connections to which they refer.

Part D: Procedure for amending a DG Standards Direction

- 15A.10 Notwithstanding any other provision of this licence, a DG Standards Direction may only be amended in accordance with the procedures that would apply to that direction if it were in fact a standard condition of this licence subject to modification under section 11A of the Act.

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Part E: Derogations

- 15A.11 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.

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Part F: Interpretation

- 15A.12 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

DG Connection	XX
DG Operator	XX
DG Standards Direction	XX
Connection Regulations	XX
Quotation Accuracy Scheme	XX

Condition 25A. Distributed Generation Connections Guide

Introduction

- 25A.1 This condition requires the licensee to make information available in the public domain to assist any person who might wish to enter into arrangements with the licensee that relate to the connection of Distributed Generation to the licensee's Distribution System ("DG Connections") to understand and evaluate the process for doing so.

Part A: Scope and contents of the DG Connections Guide

- 25A.2 The licensee must work collectively with such other licensees as are subject to a direction under this condition ("relevant licensees") to prepare and maintain a common set of documents, approved by the Authority and to be known as the DG Connections Guide, 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 25A.3.

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- 25A.3 Those matters must ~~(without limitation)~~ include, in particular:

- (a) details of the statutory and regulatory framework (including health and safety considerations) that applies to DG Connections;
- (b) the likely costs, charges, and timescales involved in the application process typically operated by Electricity Distributors in respect of such connections;
- (c) details of the arrangements and opportunities available for competitive activity in the provision or procurement of such connections; and
- (d) engineering and other technical matters relevant to the commissioning, energisation, and maintenance of such connections.

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Part B: ~~Preparation and r~~Revision of the DG Connections Guide

- 25A.4 Except where the Authority otherwise consents, the licensee must, together with the relevant licensees, review and where appropriate revise the DG Connections Guide in each ~~following~~ Regulatory 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.

Part C: Availability of the DG Connections Guide

- 25A.5 The licensee must give the Authority a copy of the ~~latest~~ DG Connections Guide and of each revision of it.

- 25A.6 The licensee must also:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) give or send a copy of the DG Connections Guide to any person who requests one and who 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 in respect of the document); and
- (b) publish the DG Connections Guide in such manner as the licensee believes will ensure adequate publicity for it (including by making it readily accessible from the licensee's Website).

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Part D: Interpretation

25A.7 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

DG Connections Guide XX

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

Condition 44. Regulatory Accounts

Introduction

- 44.1 This condition applies to Regulatory Accounts prepared for Regulatory Years ~~beginning~~ commencing on and after 1 April 2015 and requires the licensee to:
- (a) prepare and publish Regulatory Accounts within the meaning set out in Part A of this condition; and
 - (b) 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 comply with that obligation.

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Part A: Preparation of Regulatory Accounts

- 44.2 For the purposes of this condition, but without prejudice to paragraph 44.9, the licensee must prepare Regulatory Accounts for each Regulatory Year.
- 44.3 Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by Part A of this condition.
- 44.4 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 388(4)(b) of the Companies Act 2006, and in the manner referred to in that section 388, 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).
- 44.5 The Regulatory Accounts must be prepared on a consistent basis derived from the accounting and other records referred to in paragraph 44.4.
- 44.6 The Regulatory Accounts must be prepared under the same Applicable Accounting Framework as the most recent or concurrent statutory accounts of the licensee and must comprise the accounting items set out at paragraph 44.7, supported by the explanatory notes ~~items~~ mentioned at paragraph 44.8.
- 44.7 The accounting items ~~in this paragraph~~ to which paragraph 44.6 refers are:
- (a) a profit and loss account (or, as appropriate, an income statement and a statement of comprehensive income);
 - (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 (or, as appropriate, a statement of financial position);

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (d) a cash flow statement (or, as appropriate, a statement of cash flows);
- (e) a Corporate Governance Statement;
- (f) a Strategic Report; and
- (g) a Directors' Report.

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44.8 The explanatory notes ~~items~~ to which paragraph 44.6 refers must ~~are explanatory notes that:~~

- (a) provide a summary of the accounting policies adopted by the licensee for the purpose of producing Regulatory Accounts;
- (b) disclose, in relation to the accounts to which paragraph 44.7(a) refers, Segmental Information for each of the Distribution Business Activities of the licensee for each of the disclosure lines in the relevant account or statement down to the total operating profit level; and
- (c) disclose, in relation to the accounts to which paragraph 44.7(c) refers, Segmental Information for each of the Distribution Business Activities of the licensee for gross additions to tangible and intangible assets in the case of a balance sheet, or for gross additions to non-current assets by category in the case of a statement of financial position.

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Part B: Consistency with the statutory accounts

44.9 Regulatory Accounts prepared in respect of a Regulatory Year under Part A of this condition 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 Chapter 4 of Part 15 of the Companies Act 2006 and follow the reporting requirements of the Applicable Accounting Framework, subject to the inclusion of Segmental Information as prescribed in paragraphs 44.8(b) and (c);
- (b) comply with all relevant accounting and reporting standards currently in force under the Applicable Accounting Framework as set out in section 395 of the Companies Act 2006; and
- (c) also be prepared as group accounts in the format required under the Applicable Accounting Framework if, where the holder of this licence is a parent undertaking as defined in Section 1162 of the Companies Act 2006 and itself prepares group accounts under the Applicable Accounting Framework.

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Part C: Audit and delivery of Regulatory Accounts

44.10 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 as would be required by the Companies

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Act 2006 if the licensee were a Quoted Company and they were the licensee's statutory accounts drawn up to 31 March and prepared under Part 15 of the Companies Act 2006;

- (b) procure a report by the Appropriate 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 and the Appropriate Auditor's report required under paragraph 44.10(b) to the Authority as soon as is reasonably practicable and in any event before the date of their publication under Part F of this condition.

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Part D: Terms of appointment of Appropriate Auditor

- 44.11 For the purposes of paragraph 44.10, the licensee must, at its own expense, enter into a contract of appointment with an Appropriate Auditor that includes a term requiring that the audit of the licensee's Regulatory Accounts must be conducted by that Appropriate 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 the provisions of Part 15 of the Companies Act 2006.

Part E: Agreed Upon Procedures: prohibition of cross-subsidy and discrimination

- 44.12 The licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor for the completion of Agreed Upon Procedures in relation to the prohibition of cross-subsidy and discrimination generally and in particular under paragraph 9 of standard condition 4 (No abuse of the licensee's special position) and under standard conditions 19 (Prohibition of discrimination under Chapters 4 and 5) and 39 (Prohibition of discrimination under Chapter 9).
- 44.13 The contract must require that the Agreed Upon Procedures are conducted in relation to each Regulatory Year and that the licensee will arrange for the Appropriate Auditor to address a report to the Authority by 31 July following the end of each Regulatory Year ~~that~~^{which}:
- (a) states that he has, in a manner consistent with the relevant auditing standards, completed the Agreed Upon Procedures issued by the Authority in respect of the Regulatory Year under report; and
 - (b) sets out his findings.
- 44.14 If the Authority is satisfied that the report referred to in paragraph 44.13 demonstrates that the licensee has complied with the obligation to avoid discrimination and cross-subsidies that is specified in Article 31 of Directive 2009/72/EC of the European Parliament and of the European Council of 13 July 2009 and is imposed on the

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

licensee by the standard conditions of this licence referred to in paragraph 44.12, the report will be deemed to represent the results of an audit of that obligation, as required by the Article.

Part F: Publication and provision of Regulatory Accounts

- 44.15 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 or a Website of an Affiliate or Ultimate Controller of the licensee provided that the link is both clear and readily accessible; and
 - (d) in any other manner that, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
- 44.16 The licensee must provide a copy of the Regulatory Accounts free of charge to any person who requests a copy.

Part G: Definitions

- 44.17 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Agreed Upon Procedures	XX
Applicable Accounting Framework	XX
Appropriate Auditor	XX
Distribution Business Activities	XX
Quoted Company	XX
Segmental Information	XX
UK Listing Authority	XX

Part H: Interpretation

- 44.18 The requirement under paragraph 44.7 for the licensee to include a Strategic Report, a Corporate Governance Statement and a Directors' Report in its Regulatory Accounts must will be read as if the requirement applied to the licensee as a Quoted Company, whether or not it is such a company, such that:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) the Corporate Governance Statement has the coverage and content of the corporate governance statement that a Quoted Company is required to prepare under the UK Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance;
- (b) the Strategic Report has the coverage and content of the Strategic Report that a Quoted Company is required to prepare under sections 414A, 414C and 414D of the Companies Act 2006; and
- (c) the Directors' Report has the coverage and content of the directors' report that a Quoted Company is required to prepare under sections 415, 416, , 418(2), and 419(3) and (4) of the Companies Act 2006.

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44.19 Regulatory Accounts prepared by the licensee in respect of the Regulatory Year beginning on 1 April 2014 are subject to the provisions of this condition in the form in which it was in force at 31 March 2015.

Condition 45. Data Assurance requirements

Introduction

- 45.1 This condition requires the licensee to undertake processes and Data Assurance Activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.

Part A: Licensee's obligations under this condition

- 45.2 The licensee must:

- (a) comply with the provisions of the Data Assurance Guidance (the "DAG") (being, a document that will be incorporated into this licence by way of a direction as set out in Part C of this condition);
- (b) carry out a Risk Assessment in accordance with such provisions and timescales as are specified for that purpose in the DAG, and ensure that it has used its best reasonable endeavours to mitigate, in accordance with the DAG, such risks as it has identified in that assessment;
- (c) if directed by the Authority, procure an independent review of its Data Assurance Activities in accordance with such provisions and timescales as are specified for that purpose in the DAG; and
- (d) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the DAG, reports that variously contain:
 - (i) the results of the licensee's Risk Assessment;
 - (ii) a description of the Data Assurance Activities that the licensee intends to undertake concerning Data for the coming Regulatory Year to mitigate the risks identified in that assessment;
 - (iii) a description of the Data Assurance Activities undertaken by the licensee concerning Data for the preceding Regulatory Year; and
 - (iv) if required, the details and results of any independent review procured by the licensee of its Data Assurance Activities.

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- 45.3 The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 45.2.
- 45.4 The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific Data Assurance Activity in accordance with the provisions of Part D of this condition.

Part B: Scope and contents of the Data Assurance Guidance

- 45.5 The purpose of the DAG is to establish ~~aa-~~ process under which the licensee complies ~~must comply w~~ with its obligations as set out in paragraph 45.2(b) to (d).
- 45.6 Subject to paragraphs 45.8 and 45.9, the DAG may include, or make provision for, any of the following matters:
- (a) the Data to which the Risk Assessment applies;
 - (b) the format of the Risk Assessment;
 - (c) the frequency with which and the timescales within which the Risk Assessment is required to be carried out;
 - (d) the format of any independent review that may be required of the licensee's Data Assurance Activities and the associated reporting requirements;
 - (e) the format of the reporting requirements detailed in paragraph 45.2(d); and
 - (f) the frequency with which and the timescales within which the licensee must report on its Data Assurance Activities to the Authority.
- 45.7 Reference in paragraph 45.6 to the format of an assessment, a review, or a reporting requirement includes reference to its form, layout, scope and content.
- 45.8 The provisions of the DAG must not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions and the impact on consumers of Data reporting errors.
- 45.9 Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

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Part C: The process to issue and modify the Data Assurance Guidance

- 45.10 The Authority will issue, and may modify, the DAG by issuing a direction for that purpose to every licensee in whose licence this condition has effect.
- 45.11 A direction issued by the Authority under paragraph 45.10 will be of no effect unless, before issuing it, the Authority has:
- (a) by Notice to all licensees in whose licence this condition has effect, set out the text of the proposed DAG (-or modifications to it) that it proposes to direct;
 - (b) specified in the Notice the reasons for the Authority's ~~propos~~ al ~~sed~~ modifications;
 - (c) specified in the Notice the date on which it proposes that the provisions (new or modified -provisions) of the document ~~-s~~ should take effect;

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
- (e) considered any representations duly received in response to the Notice.

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Part D: Authority's power to specify Data Assurance Activity

- 45.12 The Authority may, after consulting with the licensee, issue a direction, in accordance with the provisions of paragraph 45.13, requiring the licensee to carry out (or, where appropriate, to procure and facilitate the carrying out of) such Data Assurance Activity as may be specified in the direction.
- 45.13 The requirements for the direction under paragraph 45.12 are that it must:
- (a) contain a description of the Data Assurance Activity to be carried out by the licensee (or, where appropriate, by a person nominated by the Authority) for the purpose of assuring the accuracy and completeness of Data provided to the Authority;
 - (b) if it refers to a person nominated by the Authority, specify the steps that must be taken by the licensee to procure and facilitate the carrying out of that activity by that person;
 - (c) contain a description of the Data to which the activity that is described in the direction must apply;
 - (d) contain an explanation of why the Authority requires the licensee to carry out that activity;
 - (e) specify any relevant dates by which that activity must be completed; and
 - (f) specify the form and content of any information relating to that activity that the licensee must provide to the Authority.
- 45.14 The Authority may, following [the](#) submission of Data [by the licensee](#), appoint or nominate a person ([an "Examiner"](#)) to undertake a review of [the](#) ~~this~~ Data or the systems or processes used to generate it.
- 45.15 Subject to paragraph 45.18, 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 review or examination specified by the Authority.
- 45.16 The licensee's obligation to co-operate fully with an Examiner under paragraph 45.15 ~~17~~ 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 from whom the licensee procures reporting services or who measures and records data on behalf of the licensee; and

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (c) any auditor of such person, or of the licensee, or of any Affiliate or Related Undertaking of the licensee.

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45.17 The licensee's obligation under paragraphs 45.15 and 45.16 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 that 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 by 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 containing information held or maintained in relation to the Data (other than information that 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 Data; 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.

Comment [A16]: Needs to cover for litigation also.

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45.18 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.

Part E: Derogations

45.19 The Authority may, after consulting with the licensee, give a direction ("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.

Part F: Interpretation

45.20 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Affiliate

XX

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Data	XX
Data Assurance Activity	XX
Examiner	XX
Notice	XX
Related Undertaking	XX
Risk Assessment	XX

Draft

Condition 46. Regulatory Instructions and Guidance

Comment [A17]: This condition should contain an appropriate reporting obligation, ideally tied to a list of reporting areas set out in an appendix to the condition, with the RIGs themselves then merely providing instructions and guidance as to the precise 'what', 'how' and 'when'.

Introduction

- 46.1 This condition sets out the scope, contents, and common governance arrangements for the Regulatory Instructions and Guidance ("RIGs") published by the Authority pursuant to this condition.
- 46.2 The RIGs are the primary means by which the Authority directs the licensee to collect and provide to it the information that the Authority needs to administer:
- (a) the Charge Restriction Conditions of this licence; ~~and/or~~
 - (b) where not referenced in the Charge Restriction Conditions of this licence, the provisions of the Final Determination.

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Part A: Licensee's obligations under this condition

- 46.3 Unless and so far as the Authority otherwise consents, the licensee must have in place and maintain appropriate systems, processes, and procedures to enable it:
- (a) to measure and record, or where permitted in the RIGs estimate, the information detailed in the RIGs ("Specified Information"); and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs.
- 46.4 To facilitate compliance with paragraph 46.3, the accounting records and other records kept by the licensee with respect to the Specified Information must:
- (a) be so arranged as to ensure that such information can be separately identified and reasonably attributed as between the licensee's business and the business of any Affiliate or Related Undertaking of the licensee; and
 - (b) be maintained for a period of eight Regulatory Years, or such shorter period as may be set out in the RIGs, from the date that they records are made.

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Part B: Scope and content of the RIGs

- 46.5 Subject to paragraph 46.6, ~~and of this condition,~~ the matters that may be included, or for which provision may be made, in the RIGs are:
- (a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing Specified Information;
 - (b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of Specified Information (including different classes of such information);

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;
- (d) instructions on when the licensee must at its own expense enter into a contract of appointment with an Appropriate Auditor, and on compliance with the Agreed Upon Procedures;
- (e) the methodology for calculating or deriving numbers comprising Specified Information;
- (f) provision with respect to the meaning of words and phrases used in defining Specified Information;
- (g) requirements as to the form and manner in which, or the frequency with which, Specified Information must be recorded;
- (h) requirements as to the form and manner in which, or the frequency with which, Specified Information must be provided to the Authority; and
- (i) explanation of why the Specified Information is required for the purposes of the RIGs.

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46.6 No Specified Information may exceed what could be requested from the licensee by the Authority under standard condition 6 (Provision of Information to the Authority).

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46.7 Subject to paragraph 46.8, Specified Information collected in relation to the Regulatory Year commencing in 2014 must be reported according to the relevant reporting requirements provided for in these standard conditions in the form in which they were in force at 31 March 2014.

~~46.6~~ 46.8 If, having first consulted with the licensee, the Authority specifies by direction that the licensee must report Specified Information for the Regulatory Year commencing in 2014 according to requirements that are different from those referred to in paragraph 46.7, the licensee must comply with that direction.

Part C: The process to issue and modify the RIGs

~~46.7~~ 46.9 The Authority will issue, and may modify, the RIGs by issuing a direction for that purpose to every licensee in whose licence this condition has effect.

Comment [A18]: The scope of a direction should be constrained such that it cannot effectively vary anything in the final determination.

~~46.8~~ Subject to paragraph ~~46.9~~46.19, Specified Information collected in relation to the Regulatory Year commencing in 2014 must be reported according to the relevant reporting requirements provided for in these standard conditions in the form in which as they were in force at 31 March 2014.

~~46.9~~ If, having first consulted with the licensee, the Authority specifies by direction that the licensee must report Specified Information for the Regulatory Year commencing in 2014 according to requirements that are different from those referred to in paragraph 46.8, the licensee must comply with that direction.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

46.10 A direction issued by the Authority under paragraph 46.97 will be of no effect unless, before issuing it, the Authority has:

- (a) by Notice to all licensees in whose licence this condition has effect, set out the text of the proposed RIGs (or modifications to it) that it proposes to direct;
- (b) specified in the Notice the reasons for the Authority's proposed ~~modifications~~ modifications;
- (c) specified in the Notice the date on which it proposes that the provisions (or modified provisions) of the document ~~to be issued or modifications to it~~ should take effect;
- (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
- (e) considered any representations duly received in response to the Notice.

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46.11 Where a direction under paragraph 46.9 modifies the scope or content of the RIGs with respect to the collection and reporting of Specified Information, it may not require the modification to have effect from a date that is earlier than xx months after the date of the direction.

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Comment [A19]: See wording suggested in covering letter

46.12 The requirements for the issuing of new RIGs or modification of existing RIGs set out in paragraph 46.10 may be satisfied by actions taken by the Authority before as well as after the coming into effect of this condition.

Part D: Requirements for new or more detailed information

46.13 This Part D applies if any modified or new RIGs have the effect of introducing a requirement to provide:

- (a) a new category of Specified Information; or
 - (b) an existing category of Specified Information to a greater level of detail,
- and such category of Specified Information has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.

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46.14 Where this Part D applies, the licensee may provide estimates to the Authority in respect of the relevant category of Specified Information for any ~~relevant~~ Regulatory Year specified by the Authority.

46.15 The estimates that are mentioned in paragraph 46.13 may be derived from such other information available to the licensee as may be appropriate for that purpose.

Part E: Compliance with the provisions of the RIGs

46.16 The licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~46.16~~ 46.17 Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part F: Events with a material impact on information

~~46.17~~ 46.18 This paragraph applies where there has been a change in the industry's or the licensee's processes or procedures that has a significant effect on the calculation of one or more items to be considered by the Appropriate Auditor carrying out the Agreed Upon Procedures ("~~Specific Items~~") and the RIGs do not provide adequate or sufficient guidance in relation to the collection and reporting of such items.

~~46.18~~ 46.19 For the purposes of paragraph 46.17, a "significant effect" means a change to the calculation of one or more Specific Items such that its effect on the calculation of Allowed Distribution Network Revenue for any Regulatory Year exceeds, or is likely to exceed, 1 per cent of Base Demand Revenue for that year.Regulatory Year.

~~46.19~~ 46.20 Where paragraph 46.17 applies, the licensee must request guidance from the Authority in relation to the treatment of the item or items in question.

~~46.20~~ 46.21 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 paragraph 46.20(a), other Distribution Services Providers,

may by Notice to the licensee and (where relevant) other Distribution Services Providers direct how such Specific Items should be reported for the purposes of this condition.

Comment [A20]: Is there a deliberate distinction to be drawn between this term and the defined term 'Specific Items' that appears 5 lines below this and, if so, what is that distinction?

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Part G: Derogations

~~46.21~~ 46.22 The Authority may, after consulting with the licensee, give a direction ("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.

Part H: Interpretation

~~46.22~~ 46.23 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Affiliate

XX

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Agreed Upon Procedures	XX
Appropriate Auditor	XX
Allowed Distribution Network Revenue Authority	XX
Base Demand Revenue	XX
Charge Restriction Conditions	XX
Distribution Services Provider	XX
Final Determination	XX
Regulatory Year	XX
Related Undertaking	XX
Specific Items	XX
Specified Information	XX

Condition 47. Environment Reporting

Introduction

- 47.1 This condition sets out requirements for the licensee to ~~inform stakeholders, through the publication of~~ publish an annual Environmental Report, about activities ~~that~~ it has undertaken in relation to environmental matters, ~~through the publication of an annual Environment Report~~.

Part A: Scope and contents of the Environment Report

- 47.2 On or before 1 September 2016 and by each subsequent 1 September, unless the Authority directs otherwise, the licensee must publish an Environment Report for the preceding Regulatory Year.
- 47.3 The Environment Report must be published and be readily accessible to the public from the licensee's Website.
- 47.4 The Environment Report must be prepared in accordance with the provisions set out in the Environment Report Guidance Document (ERGD) published on the Authority's Website (which may be modified from time to time in accordance with the provisions ~~of outlined in~~ Part B of this condition).
- 47.5 The ERGD will set out how the licensee must report on activities ~~that~~ it has undertaken in relation to environmental matters, including, ~~in particular, but not limited to,~~ the following:
- (a) the requirements for the structure of and level of detail in the report; and
 - (b) the policies, business practices, existing obligations and activities that must be covered in the report.

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Part B: The process for issuing or modifying the ERGD

- 47.6 The Authority will issue, and may modify, the ERGD by issuing a direction for that purpose to every licensee in whose licence this condition has effect.
- 47.7 A direction issued by the Authority under paragraph 47.6 will be of no effect unless; the Authority has first:
- (a) by Notice to all licensees in whose licence this condition has effect, set out the text of the proposed ERGD ~~(or modifications to it)~~ that it proposes to direct;
 - (b) specified in the Notice the reasons for the Authority's ~~propos~~ al ~~sed~~ modifications;
 - (c) specified in the Notice the date on which it proposes that the provisions ~~(or modified provisions)~~ of the document ~~to be issued or modifications to it~~ should take effect;

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
- (e) considered any representations duly received in response to the Notice.

Part C: Interpretation

47.8 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Authority's Website	XX
Environment Report	XX
Environment Report	XX
Guidance Document (ERGD)	

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Condition 48. The Innovation Strategy

Introduction

- 48.1 This condition requires the licensee to have in place and maintain an Innovation Strategy for the purpose of demonstrating the role of innovation within the Electricity Distribution Group of which it is a part.
- 48.2 This condition should be read in conjunction with Charge Restriction Condition 2H (The Network Innovation Allowance), which provides an allowance of funding to the licensee to spend on innovative projects.

Part A: Requirement to have an Innovation Strategy

- 48.3 ~~On or before 1 April 2015, the~~ The licensee must have in place and maintain an Innovation Strategy.

Comment [A21]: These words are pointless, given that this condition will not enter into effect until 1 April 2015.

- 48.4 The Innovation Strategy must be:

- (a) published by the licensee;
- (b) readily accessible to the public from the licensee's Website; and
- (c) updated from time to time in accordance with such procedures as are set out for that purpose in the document.

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Part B: Interpretation

- 48.5 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Electricity Distribution Group	XX
Innovation Strategy	XX

Condition 49. Electricity Distribution Losses Management Obligation and Distribution Losses Strategy

Introduction

- 49.1 This condition requires the licensee to ~~ensure that~~~~manage electricity~~ Distribution Losses ~~from~~~~on~~ its Distribution System ~~to ensure losses, including Units lost to the Relevant Theft of Electricity from its Distribution System,~~ are as low as reasonably practicable, and to maintain and act in accordance with a Distribution Losses Strategy.

Part A: Licensee's obligation to manage Distribution Losses

- 49.2 The licensee must design, build, and operate its Distribution System in a manner that can reasonably be expected to ensure ~~that Units lost in the process of transporting electricity through electric lines and electrical plant as a result of the inherent impedance of electrical conductors~~~~Distribution Losses on its Distribution System~~ are as low as reasonably practicable.

Comment [A22]: This wording should follow that of the proposed modification of limb (a) of the definition of 'Distribution Losses' in SLC1.

- 49.3 In designing, building, and operating its Distribution System, the licensee must act in accordance with its Distribution Losses Strategy, having regard to the following:
- (a) the Distribution Losses characteristics of new assets to be introduced to its Distribution System;
 - (b) whether and when assets that form part of its Distribution System should be replaced or repaired;
 - (c) the way that its Distribution System is operated under normal operating conditions;
 - (d) any relevant European Union legislation that may impact on the investment decisions; ~~and~~
 - ~~(e) compliance with or participation in any initiatives to detect and/or control the Relevant Theft of Electricity; and~~
 - ~~(f)~~(e) any Distribution Losses Strategy Guidance issued by the Authority under paragraph 49.6.

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Part B: The Distribution Losses Strategy

- 49.4 The licensee must maintain a Distribution Losses Strategy and must keep it under review and where necessary modify it from time to time to ensure that it ~~remains~~:
- (a) ~~remains~~-calculated to ensure ~~that~~ Distribution Losses are as low as reasonably practicable; and
 - (b) ~~remains~~-based upon an up-to-date ~~positive~~ cost-benefit analysis.
- 49.5 The licensee must maintain on its Website:

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) an up-to-date version of its Distribution Losses Strategy; and
- (b) an up-to-date record of ~~any~~the modifications that it has made to its Distribution Losses Strategy, including explanations of:
 - (i) the reasons for and effects of each such modification; and
 - (ii) how, in the licensee's opinion, the modification better facilitates the requirements of 49.4 compared with the previous version of the Distribution Losses Strategy.

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Part C: Distribution Losses Strategy Guidance from the Authority

Comment [A23]: Need appropriate references here about timing of when Guidance could become effective and about provision for costs of implementation.

- 49.6 The Distribution Losses Strategy Guidance ~~that is mentioned~~referred to in paragraph 49.3 is any guidance issued from time to time by the Authority ~~about~~as to the factors that the licensee should take into account in meeting its obligations under paragraphs 49.2 and 49.3.
- 49.7 The Authority may issue, and from time to time modify, the Distribution Losses Strategy Guidance by issuing a direction for that purpose to every licensee in whose licence this condition has effect.
- 49.8 A direction issued by the Authority under paragraph 49.7 will be of no effect unless, before issuing it, the Authority has:
- (a) by Notice to all licensees in whose licence this condition has effect set out the text of the proposed Distribution Losses Strategy Guidance (or modifications to it) that it proposes to direct;
 - (b) specified in the Notice the reasons for the Authority's proposals;
 - (c) specified in the Notice the date on which it proposes that the provisions of the document (or the modifications to it)~~new or modified provisions of the Distribution Losses Strategy Guidance~~ should take effect;
 - (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
 - (e) considered any representations duly received in response to the Notice.

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Part D: Electricity losses related to the Relevant Theft of Electricity from the Distribution System

- 49.9 Notwithstanding the generality of paragraph 49.1, the licensee must undertake all reasonable cost-effective steps to ~~identify and~~ resolve any cases where~~the~~ Relevant Theft of Electricity from its Distribution System is occurring.

49.10 Where the licensee:

- (a) becomes aware of a case of Relevant Theft of Electricity from its Distribution System; and

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

(b) has a right to recover the value of the electricity taken in that case,

it must seek to recover the value of the electricity so taken from the person who has taken the electricity, provided that the costs incurred in so doing are not likely to exceed the value of the sums that may reasonably be expected to be recovered.

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~~49.11~~ Where the licensee exercises any right that it has to recover the value of electricity taken in a case of Relevant Theft of Electricity from its Distribution System, it must also seek to recover any of its costs associated with:

(a) the disconnection of the premises;

(b) making good any damage to the licensee's Distribution System;

(c) the investigation of the particular case where there has been Relevant Theft of Electricity; and

(d) the costs associated with pursuing any action in the particular case to recover any sums that may be due,

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provided that the costs incurred in so doing are not likely to exceed the value of the sums that may reasonably be expected to be recovered.

~~49.10~~ The licensee must employ all reasonable endeavours to recover the value of stolen electricity from the person who has taken the electricity, in accordance with Schedule 6 of the Act.

~~49.11~~ In addition to the value of the stolen electricity taken, the licensee should where practical and efficient to so endeavour to recover from the person who has taken the electricity, in accordance with the licensee's Scheme made under Schedule 6 of the Act:

(a) the costs of disconnecting the connection;

(b) the costs of any damage to the licensee's distribution system, meters, plant or equipment;

(c) the costs of any investigation; and

(d) the costs associated with pursuing any action with respect to theft of electricity under relevant legislation.

Part E: Publication of Distribution Losses performance

~~49.12~~ The licensee must:

(a) report on ~~and publish~~ its actions to ~~manage~~ reduce Distribution Losses and ~~deal with~~ the Relevant ~~_____~~ Theft of ~~_____~~ Electricity in accordance with the requirements of any relevant RIGs issued pursuant to standard condition 46 ~~_____~~ (Regulatory Instructions and Guidance); ~~and~~

~~49.12~~ (b) publish information about those actions on its Website.

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

Part E: Interpretation

49.13 For the purposes of this condition:

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Distribution System	XX
Distribution Losses	XX
Distribution Losses	XX
Strategy	
Distribution Losses	XX
Strategy Guidance	
<u>Scheme</u>	XX
Relevant Theft of Electricity	XX
Unit	XX

Condition 50. Business Plan Commitment Reporting

Introduction

- 50.1 This condition requires the licensee to publish an annual report on how it has performed against commitments made in its RIIO-ED1 Business Plan. DEFINITION AND ORIGINATING DATE REQUIRED

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Part A: Reporting requirement

- 50.2 On or before 31 October 2016 and by each subsequent 31 October, unless the Authority directs otherwise, the licensee must publish on its Website a report setting out, in detail, how it has performed against any commitments it made in its RIIO-ED1 Business Plan.
- 50.3 By the same date, the licensee must also send a copy of ~~that this~~ report to the Authority.
- 50.4 In ~~drafting~~ preparing its report, the licensee must have regard to any Business Plan Reporting Guidance that the Authority may have issued on the contents or structure of such reports.

Part B: The process to issue and modify the Business Plan Reporting Guidance

- 50.5 The Authority may issue, and modify, the Business Plan Reporting Guidance by issuing a direction for that purpose to all Distribution Services Providersevery licensee in whose licence this condition has effect.
- 50.6 A direction issued by the Authority under paragraph 50.5 will be of no effect unless, before issuing it, the Authority has:
- (a) by Notice to all Distribution Services Providers, licensees in whose licence this condition has effect set out the text of the proposed Business Plan Reporting Guidance (or modifications to it) that it proposes to direct;
 - (b) specified in the Notice the reasons for the Authority's proposals;
 - (c) specified in the Notice the date on which it proposes that provisions (the new or modified -provisions) of the document should take effect;
 - (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
 - (e) considered any representations duly received in response to the Notice.

Part C: Interpretation

- 50.7 For the purposes of this condition:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Business Plan Reporting Guidance	XX
RIO-ED1 Business Plan	XX

Draft

Condition 51. Network Asset Indices Methodology

Introduction

51.1 This condition:

- (a) requires the licensee to maintain a Network Asset Indices Methodology and to establish and follow an Information Gathering Plan so that there is appropriate information available to enable the assessment of:
 - (i) its Network Assets and Distribution System against the Network Asset Indices and in accordance with the RIGs; and
 - (ii) its delivery of the Network Asset Secondary Deliverables;
- (b) requires the licensee to work with the other DNOs every other Distribution Services Provider to develop a Common Network Asset Indices Methodology;
- (c) establishes a process for modifying the Common Network Asset Indices Methodology where that would better facilitate the Methodology Relevant Objectives;
- (d) requires the licensee to keep its Network Asset Indices Methodology under review and, where necessary, modify it to ensure that it is consistent with the Common Network Asset Indices Methodology; and
- (e) establishes a framework for reporting on the licensee's delivery of the Network Asset Secondary Deliverables.

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Part A: The Network Asset Indices Methodology

51.2 From 1 April 2015 the licensee must at all times have in force and keep under review and, where necessary, modify a Network Asset Indices Methodology so as to ensure that this:

- (a) enables the licensee to ~~assessment of~~ its Network Assets and Distribution System against the Network Asset Indices and in accordance with the RIGs, and also its delivery of the Network Asset Secondary Deliverables; and
- (b) is consistent, to the extent that such one ~~has been approved or designated by~~ the Authority, with the Common Network Asset Indices Methodology as modified from time to time in accordance with Part H of this condition.

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Comment [A24]: There should be acknowledgment of a time-lag between modification of the common methodology and the modification by the licensee of its own methodology.

51.3 The licensee must set out in its Network Asset Indices Methodology the categories of data that are to be used and the methodology that will be applied to assess its delivery of the Network Asset Secondary Deliverables.

Part B: The Network Asset Indices

51.4 The Network Asset Indices are:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) the “Health Index”, which relates to the current condition of the licensee’s Network Assets, and the predicted rate of deterioration in the condition of those assets, the licensee’s Network Assets, so as to enable assess their present and future condition of the Network Assets and the probability of their failure of the Network Assets to be assessed;
- (b) the “Criticality Index”, which reflects the safety impact, environmental impact, network (or system) reliability impact, or financial implications, and other consequences that the licensee may reasonably deem to be relevant to asset, network (or system) failure; and
- (c) the “Risk Index”, which is a measure of the overall level of risk to the reliability of the licensee’s Distribution System to which this licence relates, and which. This is determined from the Health Index, the Criticality Index, and the interdependence between the Network Assets.

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Part C: The Common Network Asset Indices Methodology

51.5 The licensee must use all reasonable its best endeavours, in co-operation with all other Distribution Services Providers, to ensure that by 1 July 2015 the DNOs have submitted the Common Network Asset Indices Methodology has been submitted for approval by the Authority in accordance with this Part CD of this condition.

51.6 The Common Network Asset Indices Methodology must:

- (a) facilitate the achievement of the Network Asset Indices Methodology Objectives set out in Part D of this condition;
- (b) enable the objective evaluation of the Network Asset Secondary Deliverables set out in Part E of this condition;
- (c) be implemented by the licensee through appropriate amendment of its own Network Asset Indices Methodology in accordance with the provisions of Part H of this condition; and
- (d) be capable of being modified from time to time in accordance with the provisions of that Part H of this condition.

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51.7 Where If the DNOs submit a Common Network Asset Indices Methodology has been submitted to the Authority by 1 July 2015, the Authority , after consulting the licensee and all other Distribution Services Providers will review that methodology, may:

- (a) approve that methodology without modification if satisfied that it complies with the provisions of paragraph 51.6; or

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- 51.7 (b) direct the licensee and the other Distribution Services Providers to modify that methodology, in such manner, to such extent, and with effect from such date as may be specified in the direction, so that it will, in the Authority’s opinion, comply with the provisions of paragraph 51.6

Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~51.8~~ ~~W~~~~h~~~~i~~~~f~~ the Authority is satisfied that the Common Network Asset Indices Methodology complies with paragraph 51.6 it will approve the methodology.

~~51.9~~ 51.8 here ~~If the DNOs do not submit an~~ Common Network Asset Indices Methodology ~~has been submitted to the Authority~~ by 1 July 2015, ~~or if~~ ~~if~~ the Authority is not satisfied that any methodology duly submitted within that deadline is capable of being modified to comply with the provisions ~~complies with~~ paragraph 51.6, ~~the Authority may, it will,~~ by direction to the licensee and other Distribution Services Providers, DNOs, designate a Common Network Asset Indices Methodology which that in the Authority's opinion does ~~complies with paragraph 51.6~~ with those provisions.

~~51.10~~ 51.9 A direction issued by the Authority under paragraph 51. ~~79~~ or 51.8 will be of no effect unless, before issuing it, the Authority has ~~first~~:

- (a) by Notice to all Distribution Services Providers ~~DNOs~~ set out the text of the ~~proposed~~ ~~C~~ Common Network Asset Indices Methodology that it proposes to approve or designate ~~(as the case may be)~~ direct;
- (b) specified in the Notice the reasons for the Authority's proposals;
- (c) specified in the Notice the date from on which it proposes that the provisions of the document should take effect;
- (d) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which the licensee may make representations to the Authority about its proposals; and
- ~~(e)~~ considered any representations duly received in response to the Notice.

~~51.11(c)~~ The Authority will, after consulting with DNOs and any other interested parties as it considers appropriate, direct the areas in which the DNOs shall make improvements to the information gathering plan and the date by which the licensee shall submit to the Authority for approval such a revised information provision plan.

Part D: The Network Asset Indices Methodology Objectives

~~51.12~~ 51.10 The Network Asset Indices Methodology Objectives are that compliance with the Common Network Asset Indices Methodology will enable:

- (a) the comparative analysis ~~of of network asset~~ performance between Distribution Services Providers ~~Distribution Network Operators and~~ over time;
- (b) the assessment of the licensee's delivery of the Network Asset Secondary Deliverables; and
- (c) the communication of information affecting the Network Asset Secondary Deliverables between the licensee, the Authority and, as appropriate, other interested parties in a transparent manner.

Part E: Information Gathering Plan

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Comment [A25]: Not part of a defined term?

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~51.11~~ Unless the Authority otherwise consents ~~in writing~~ because the licensee already has sufficient information available to support its Network Asset Indices Methodology, the licensee must also provide the Authority by not later than 31 March 2016 with a plan (the “Information Gathering Plan”) that ~~sets setting~~ out how the licensee it w will gather and record information required for the application of its Network Asset Indices Methodology. ~~(“the information gathering plan”)~~.

~~51.13~~ ~~51.12~~ The Information Gathering Plan must ~~include~~ ~~including~~ the scope and form of the data that the licensee it w will collect, ~~and the frequency with which~~ data will be collected, ~~it w~~ such that the licensee will be able ~~it collect it, so that it can to~~ report accurately on the progress of its ~~its~~ Network Asset Secondary Deliverables at each of the following two milestones:

- (a) 24 months in advance of the mid-period of the Price Control Period (1 April 2019) (or such alternative date as the Authority may direct) to facilitate a mid-period review; and
- (b) 24 months in advance of the end of the Price Control Period (1 April 2023) (or such alternative date as the Authority may direct) to facilitate the subsequent price control review.

Comment [A26]: This should go without saying, and its use would then imply a distinction in all references to a reporting obligation where the word ‘accurately’ was not used.

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~~51.13~~ The Authority, after reviewing the Information Gathering Plan submitted to it, and having consulted the licensee and any other interested parties that the Authority considers it appropriate to consult, may:

(a) approve that plan without modification if satisfied that it will enable the licensee to report accurately on the progress of ~~The Authority will review the information gathering plan submitted to it and if it is satisfied that the information gathering plan would enable the licensee to report accurately on~~ its Network Asset Secondary Deliverables at each of the two milestones referred to in paragraph 51.12 ~~43; or~~

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(b) direct the licensee to modify that plan, in such manner, to such extent, and with effect from such date as may be specified in the direction, so that it will, in the Authority’s opinion, enable the licensee to so report.

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~~51.14~~ ~~51.14~~ ~~it will approve the information plan. If the Authority is not satisfied that the information gathering plan proposed by the licensee would enable the licensee to report accurately on its Network Asset Secondary Deliverables at the two milestones referred to in paragraph 51.13, it will issue a notice of disapproval.~~

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~~51.15~~ ~~The Authority will, after consulting the licensee and any other interested parties as it considers appropriate, direct the areas in which the licensee shall make improvements to the information gathering plan and the date by which the licensee shall submit to the Authority for approval such a revised information provision plan.~~

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~51.16~~ The licensee must keep the ~~I~~nformation ~~G~~athering ~~P~~lan under review and where necessary modify it, subject to the Authority's consent, to ensure that it continues to enable the licensee to report accurately on the progress of its Network Asset ~~Secondary Deliverables at each of the two milestones referred to in paragraph 51.12~~⁴³.

Part F: Additional requirements ~~s if the for licensee(s) has who have not sufficiently justified its their Network Asset Indices before the prior to commencement of RIIO-ED1~~ the Price Control Period

~~51.17~~ 51.15 ~~If Where~~ the Authority has determined in the RIIO-ED1 Final Determination that the licensee has not sufficiently justified its Network Asset Indices Methodology and its ability to report on its Network Asset Secondary Deliverables, ~~in accordance with paragraph 51.1~~¹, the following requirements will apply ~~to the licensee~~:

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- (a) the licensee must provide a plan to the Authority, indicating how ~~it~~^{they} will ensure that its Network Asset Indices Methodology and the reporting of its ~~their~~ Network Asset Secondary Deliverables ~~reporting and methodology are~~ sufficiently well justified, by 1 July 2015;
- (b) by 1 July 2015, and every three months ~~on the first of that month~~ thereafter, the licensee ~~must~~^{will} provide the Authority with an update on the progress that it has made towards in ensuring that the methodology and the reporting are ~~providing~~ sufficiently well justified ~~Network Asset Secondary Deliverables reporting and methodology~~; and
- (c) when the licensee considers that the methodology and the reporting are, in fact, feels it has sufficiently well justified it ~~Network Asset Secondary Deliverables reporting and methodology, the licensee~~ must demonstrate to the Authority that this is the case and that the requirements of this ~~licence~~ ^{condition} have therefore been met.

~~51.18~~ 51.16 On successful completion of the requirements of paragraph 51.15 ~~17~~ by the licensee, ~~concerned, this~~ Part F ~~of this condition~~ will cease to ~~apply be applicable to the licensee~~.

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Part G: Implementation of the Network Asset Indices Methodology

~~51.19~~ 51.17 Except where the Authority ~~y~~ otherwise consents, the licensee must:

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- (a) from 1 April 2015, or such later date as the Authority may direct, record the data required for the application of the Network Asset Indices Methodology together with the Network Asset Indices derived pursuant to it in accordance with any ~~I~~nformation ~~G~~athering ~~P~~lan established under Part E of this condition;
- (b) in respect of the Regulatory Year commencing on 1 April 2015, or such later date as the Authority may direct, and for each subsequent Regulatory Year, submit a report on the Network Asset Secondary Deliverables to the Authority

Standard conditions of the Electricity Distribution Licence – 01 April 2015

by 31 July (or such later date as the Authority may direct) in the year immediately following the end of the Regulatory Year to which the Network Asset Secondary Deliverable Measures relate; ~~the Authority will make any corresponding specific reporting arrangements applicable to the Network Asset Secondary Deliverables;~~

- (e) — submit such information (whether historical, current, or forward-looking) about the Network Asset Secondary Deliverables, such other relevant data, and ; and

- ~~(d)(c)~~ submit such relevant other data and such examples of network modelling, — as may be specified for the purposes of this condition in the any RIGs ~~that have been issued by the Authority.~~

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- ~~51.20~~ 51.18 All of the information mentioned in this Part G ~~The information in paragraph 51.19~~ must be provided in such manner, in respect of ~~of sus~~ such periods, and within such timeframes as are will be specified in the RIGs.

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Part H: Modification of the Common Network Asset Indices Methodology ~~and/or the information provision plan~~

- ~~51.21~~ 51.19 The licensee must at all times keep the Common Network Asset Indices Methodology _____ under review and use all reasonable its best endeavours to ensure that it continues to comply _____ with the provisions of paragraph 51.6.

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- ~~51.22~~ 51.20 The licensee, ~~or any other DNO,~~ may modify the Common Network Asset Indices Methodology, subject _____ to paragraph 51.22.21 after:

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- (a) consulting with all other Distribution Services Providers DNOs and any other interested parties, allowing them a period of at least 28 days within which to make written representations with respect to the licensee's modification proposal; and
- (b) submitting to the Authority a report that contains addresses all of the matters that are listed in paragraph 51.2123.

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- ~~51.23~~ 51.21 The matters to which subparagraph 51.2022(b) refers are these:

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- (a) a statement of the proposed modification to the Common Network Asset Indices Methodology;
- (b) a full and fair summary of any representations that were made to the licensee ~~(or relevant other DNO)~~ pursuant to subparagraph 51.2022(a) and were not withdrawn;
- (c) an explanation of any changes that the licensee has made to its modification proposal as a consequence of such representations;

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (d) an explanation of how, in the licensee's opinion, the proposed modification, if made, would better facilitate the achievement of the objectives of the Common Network Asset Indices Methodology;
- (e) a presentation of the data and other relevant information (including historical data) that the licensee has used for the purpose of developing the proposed modification; and
- (f) a timetable for the implementation of the proposed modification, including an implementation date.

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~~51.24~~ 51.22 Where the licensee has complied with the requirements of paragraphs 51.2022 and 51.2123, ~~it the licensee~~ may implement the proposed modification to the Common Network Asset Indices Methodology ~~and/or information gathering plan~~ unless the Authority, within 28 days after receiving the report submitted to it under paragraph 51.2022(b), issues a direction to the licensee requiring it not to implement the proposed modification.

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~~51.25~~ 51.23 The Authority, after consulting with the licensee and any other interested parties, may direct the licensee to modify the Common Network Asset Indices Methodology ~~and/or the information gathering plan~~ in such manner, to such extent, and with effect from such date (which may not be earlier than three months after the date of time as may be specified in the direction) as may be specified in the direction. ~~(which must be no earlier than 3 months after the date of the direction).~~

~~51.26~~ The licensee must comply with the requirements of any direction given to it under paragraph 51.24.

Part I: Interpretation

~~51.27~~ 51.24 For the purposes of this condition:

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[Defined terms are all set out in SLC 1. In SLC1, definitions listed only against one condition will ultimately be defined in that condition only and not in SLC1.]

Network Asset Indices / Network Asset Indices Methodology / Network Asset Indices Methodology Objectives

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	XX
Authority	
Common Network Asset Indices Methodology	XX
Distribution System	XX
Network Asset Secondary Deliverables	XX
Network Asset Indices	XX

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Standard conditions of the Electricity Distribution Licence – 01 April 2015

Price Control Period

XX

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Conditions being removed from existing licence

CONDITIONS WE PROPOSE TO REMOVE FROM THE CURRENT LICENCE

Condition 33. Definitions for the Section B standard conditions

Condition 44A. Network Outputs Regime

Condition 44B. Distribution Losses Reporting Requirement

Condition 44C. Low Carbon Networks Fund Reporting

Condition 45. Incentive scheme for quality of service

Condition 45A. Incentive scheme for Transmission Connection Point Charges

Condition 46. Incentive schemes for innovation funding and Distributed Generation

Condition 46A. Business Carbon Footprint Reporting

Condition 47. Reporting of Price Control Revenue Information

Condition 48. Reporting of Price Control Cost Information

Condition 49. Modification of RIGs in force under Chapters 4 and 12 and overarching RIGs structure

Condition 50A. Development and implementation of an EHV Distribution Charging Methodology