

Schedule 2: Modifications to the standard conditions of the electricity distribution licences

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 13C. Recovery of Reinforcement Costs arising in respect of Relevant Customers	12
Condition 14. Charges for Use of System and connection	15
Condition 15A. Connection Policy and Connection Performance	23
Condition 25A. Distributed Generation Connections Guide and Information Strategy.....	27
SECTION B: ADDITIONAL STANDARD CONDITIONS FOR ELECTRICITY DISTRIBUTORS WHO ARE DISTRIBUTION SERVICES PROVIDERS.....	31
Condition 44. Regulatory Accounts	32
Condition 45. Data Assurance requirements	38
Condition 46. Regulatory Instructions and Guidance.....	43
Condition 47. Environment Reporting.....	47
Condition 48. The Innovation Strategy	49
Condition 49. Electricity Distribution Losses Management Obligation and Distribution Losses Strategy	50
Condition 50. Business Plan Commitment Reporting	52
Condition 51. Network Asset Indices Methodology.....	54
CONDITIONS REMOVED FROM THE CURRENT LICENCE.....	62
Condition 33. Definitions for the Section B standard conditions.....	62
Condition 44A. Network Outputs Regime	62
Condition 44B. Distribution Losses Reporting Requirement	62
Condition 44C. Low Carbon Networks Fund Reporting	62
Condition 45. Incentive scheme for quality of service	62
Condition 45A. Incentive scheme for Transmission Connection Point Charges.....	62
Condition 46. Incentive schemes for innovation funding and Distributed Generation.....	62
Condition 46A. Business Carbon Footprint Reporting	62
Condition 47. Reporting of Price Control Revenue Information	62
Condition 48. Reporting of Price Control Cost Information	62
Condition 49. Modification of RIGs in force under Chapters 4 and 12 and overarching RIGs structure.....	62

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 But ~~(a) where defined words and expressions are used only in a particular standard condition, their definitions are included in that condition, whether it falls in Section A or Section B; and~~
~~(b) some defined words and expressions that are used only in the standard conditions of Section B are set out, with their definitions, at standard condition 33 (Definitions for the Section B standard conditions).~~

Definitions in alphabetical order

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

[The following definitions are to be amended and/or added to this condition, in alphabetical order and in the manner set out below. For clarity, current definitions that are not being amended are not included in this paragraph.]

Agreed Upon Procedures

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:

(a) in the case of standard condition 44 (Regulatory Accounts), the licensee's compliance with the obligation to which Part E of that condition refers; and

(b) in the case of standard condition 46 (Regulatory Instructions and Guidance), the licensee's provision of Specified Information (as defined in Part H of that condition).

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Appropriate Auditor	means: <ul style="list-style-type: none">(a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act;(b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter 2 of Part 16 of that Act, a person so appointed; and(c) in any other case, a person who is eligible for appointment as a company auditor under Part 42 of that Act.
Charging Methodology	means a complete and documented explanation, presented in a coherent and consistent manner, of the methods, principles, and assumptions that apply: <ul style="list-style-type: none">(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, 50 and 50A (as the case may be).
Competition and Markets Authority	means the Competition and Markets Authority established under the Enterprise and Regulatory Reform Act 2013.
Connection Charging Statement	means the statement that the licensee is required to have in place under <u>has the meaning given to that term in paragraph 14.1 of</u> standard condition 14 (Charges for Use of System and connection) for the purpose of setting out the basis on which charges will be made for the provision of connections to its Distribution System.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Customer	except for the purposes of standard condition 45 (Incentive scheme for quality of service), where it has the meaning given there, means any person who is supplied or requires to be supplied with electricity at any premises in Great Britain, but does not include any Authorised Electricity Operator in its capacity as such.
Distributed Generation (DG)	means an installation comprising any plant or apparatus for the production of electricity that is directly connected to the licensee's Distribution System or is connected to that system through one or more electricity networks (other than through an onshore Transmission System) that are directly connected to it.
Distribution Losses	means Units lost while being transported through the licensee's Distribution System, including: (a) Units lost in the course of that process as a result of electrical impedance or the operation of that Distribution System; and (b) Units unaccounted for that can be attributed to Relevant Theft of Electricity, or to inaccuracies or errors in inventories of unmetered supplies.
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 as may be appropriate: (a) standard condition 2 (Application of Section C) of the licensee's Electricity Distribution Licence in the form in which that licence was in force at on 31 May 2008; or (b) standard condition 3 (Application of the Section B standard conditions) of this licensee on or after June 2008. the licensee's Electricity Distribution Licence in the form in which that licence was in force on 31 March 2015; or <u>(c) standard condition 3 (Application of the Section B standard conditions) of this licence on or after 1 April 2015.</u>

Standard conditions of the Electricity Distribution Licence – 01 April 2015

ED1 Final Determination	<p>means:</p> <p>(a) in respect of the WPD Licensees, the document entitled “Decision to fast-track Western Power Distribution”, together with all of the supporting, associated and other relevant documents referred to in that document, which was published by the Authority on 28 February 2014; and</p> <p>(b) in respect of all other Distribution Services Providers the documents comprising the Authority’s determination of the restrictions to apply to that licensee’s revenue for the period 1 April 2015 until 31 March 2023, as so designated by the Authority for the purpose of this definition.</p>
Margin	<p>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 the Connection Activity that is the subject of that charge.</p>
Regulatory Instructions and Guidance (RIGs)	<p>means Regulatory Instructions and Guidance as provided for in standard condition 46 (Regulatory Instructions and Guidance).</p>

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Relevant Theft of Electricity	<p>means the abstraction of electricity in circumstances where:</p> <p>(a) any person takes a supply of electricity that is in the course of being conveyed by the licensee; or</p> <p>(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:</p> <p>(i) a contract made with an Electricity Supplier, or</p> <p>(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; or</p> <p>(c) any person takes a supply of electricity at premises which have never been registered with an Electricity Supplier.</p>
Unit	<p>means a kilowatt hour of electricity.</p>
Unregulated Margin	<p>means a Margin that:</p> <p>(a) becomes chargeable in relation to Connection Activities by the licensee in the circumstances set out in paragraph 14.16 of standard condition 14 (Charges for Use of System and connection) and Part A of Charge Restriction Condition 2K (Margins on licensee's Connection Activities); and</p> <p>(b) is not limited in its amount by any provision of this licence.</p>
Use of System Charging Statement	<p>means the statement that the licensee is required to have in place under has the meaning given to that term in paragraph 14.1 of standard condition 14 (Charges for Use of System and connection) for the purpose of setting out the basis on which charges will be made for the provision of Use of System.</p>

Standard conditions of the Electricity Distribution Licence – 01 April 2015

WPD Licensee

means each of the following:

- Western Power Distribution (West Midlands) plc (registered number 3600574);
- Western Power Distribution (East Midlands) plc (registered number 2366923);
- Western Power Distribution (South Wales) plc (registered number 2366985); and
- Western Power Distribution (South West) plc (registered number 2366894).

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)
working day	s.64(1)
Utilities Act 2000	Section
electricity licence	s.106(1)
Gas Act 1986	Section
gas shipper	s.7A(11)
gas shipper licence	s.7A(2)
gas supplier	s.7A(11)
gas supply licence	s.7A(1)

Condition 13C. Recovery of Reinforcement Costs arising in respect of Relevant Customers

Introduction

- 13C.1 This condition prevents the licensee from recovering Reinforcement Costs arising in respect of Relevant Customers through Connection Charges (levied on owners or occupiers of premises described in paragraph 13C.3) unless Part B of this condition applies.
- 13C.2 This condition also requires the licensee:
- (a) (where it is not a Distribution Services Provider) to give effect to the requirements of this condition through its Connection Charging Methodology pursuant to paragraph 13.1(b) of standard condition 13 (Charging Methodologies for Use of System and connection) of this licence; and
 - (b) (where it is a Distribution Services Provider) to co-operate with all other Distribution Services Providers for the purpose of giving effect to the requirements of this condition through the Common Connection Charging Methodology contained within the Distribution Connection and Use of System Agreement.

Part A: Restriction on the recovery of Reinforcement Costs arising in respect of Relevant Customers

- 13C.3 A person is a Relevant Customer in relation to a Domestic or business premises if he is the owner or occupier of those premises and those premises:
- (a) are connected to the licensee's Distribution System by a low-voltage single-phase, two-phase or three-phase service fused at 100 amperes or less per phase and with whole-current metering;
 - (b) are already connected to the licensee's Distribution System and supplied with electricity through a Registered Metering Point when the requirements of the owner or occupier of the premises cause Reinforcement Costs to arise; and
 - (c) do not require any modification to their Physical Connection, except in the case of a Looped Service, where any modification to an existing Looped Service provides the owner or occupier of the premises with a low-voltage single phase service fused at 100 amperes or less per phase and with whole-current metering.
- 13C.4 In determining whether a person is a Relevant Customer for the purposes of this condition, each premises that is connected to the licensee's Distribution System must be considered separately even if the Reinforcement Costs arise on a part of the licensee's Distribution System because of the actions of a single promoter who installs equipment at multiple premises, where each of those premises meet the requirements of paragraph 13C.3.

Part B: Licensee's ability to recover Reinforcement Costs from Relevant Customers

- 13C.5 The licensee may only recover Reinforcement Costs through the levying of a Connection Charge on a Relevant Customer in the circumstances specified in paragraph 13C.6 to the extent that such a charge is reasonable in all the circumstances and is consistent with the provisions of the Distribution Connection and Use of System Agreement, and consistent with paragraph 13C.7.
- 13C.6 The circumstances referred to in paragraph 13C.5 are where the Reinforcement Costs are caused by a Relevant Customer connecting, or allowing to be connected, at its premises:
- (a) generation equipment with a rated output greater than 16 amperes per phase (including the connection of generation equipment of 16 amperes or less per phase where the aggregate capacity of installed generation equipment at the premises is greater than 16 amperes per phase); or
 - (b) equipment which the licensee reasonably believes will fail to meet the equipment standards that have been set out in the Distribution Connection Use of System Agreement for the purposes of this condition.
- 13C.7 The licensee must not recover Reinforcement Costs directly from Relevant Customers under paragraph 13C.3 where those costs have already been provided for through the Charge Restriction Conditions or recovered under another mechanism provided for the recovery of such costs.

Part C: Disapplication of this condition

- 13C.8 The licensee must use its best endeavours to modify its Connection Charging Methodology or (as the case may be) the Common Connection Charging Methodology pursuant to paragraph 13C.2 so that in either case it permits the recovery of Reinforcement Costs only through the levying of a Connection Charge on a Relevant Customer where such recovery is in accordance with Part B of this condition.
- 13C.9 When the Authority is satisfied that this has been done it will issue a direction so that this condition ceases to have effect.

Part D: Interpretation

- 13C.10 For the purposes of this condition:

Connection Charge	means a charge levied directly on an owner or occupier of premises by the licensee in accordance with the Common Connection Charging Methodology.
Common Connection Charging Methodology	has the meaning given to that term in the Distribution Connection and Use of System

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Connection Charging Methodology	Agreement. means the Charging Methodology used for the purpose of determining the licensee's Connection Charges.
Looped Service	means the collection of service cables that provides connections for two or more premises to the Distribution System at low voltage (single phase) and fused at 100 amperes or less and with whole-current metering, and includes the service cable from the mains cable to the first premises and also the second and subsequent (looped) service cable from the first premises to the second (and any subsequent) premises.
Physical Connection	means the fuse and service cable that connects premises to the Distribution System.
Relevant Customer	has the meaning given to that term in paragraphs 13C.3 and 13C.4.
Registered Metering Point	means a Metering Point that has been allocated a Metering Point Administration Number under the Master Registration Agreement and has been registered on the licensee's metering registration system by an Electricity Supplier.
Reinforcement Costs	for the purposes of this condition means, in relation to Distribution System assets used by the owners or occupiers of two or more premises, the costs incurred in upgrading these assets to accommodate additional demand or generation at the premises.

Condition 14. Charges for Use of System and connection

Part A: Charging Sstatements to be always available

- 14.1 The licensee must ensure that the following Ccharging Sstatements prepared by it are at all times available in a form approved by the Authority:
- (a) a Ccharging Sstatement that sets out the basis on which charges will be made for Use of System (“the Use of System Charging Statement”); and
 - (b) a Ccharging Sstatement 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”).

Part B: Compliance of Ccharging sStatements with Charging Methodologies

- 14.2 Except with the Authority’s consent, the Ccharging Sstatements 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 (~~Charging Methodologies for Use of System and connection~~).

Part C: Other general requirements in relation to CCharging sStatements

- 14.3 Except with the Authority’s consent, the CCharging sStatements 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~~them (including on the licensee’s Website).
- 14.4 The licensee must periodically review the information set out in any CCharging Sstatement 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 ~~c~~Charging ~~s~~Statement available under paragraph 14.1 to any person who requests it.
- 14.6 The licensee may make a charge for any ~~c~~Charging ~~s~~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.

Part D: Contents of the licensee's Use ~~o~~f 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.

Part E: 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 ~~will~~ comply with the Use of System Charging Statement in the form in which it is in force at each time at which such charges are to be made under the arrangement.

Part F: 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 ~~that which~~ 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 ~~(Charging Methodologies for Use of System and connection)~~, paragraph 13A.15 of standard condition 13A ~~(Common Distribution Charging Methodology)~~, or paragraph 13B.15 of standard condition 13B ~~(EHV Distribution Charging Methodology)~~, 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.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- 14.12 Except where the Authority otherwise directs or^s consents, the licensee may only amend its Use of System Charges in respect of any agreement for Use of System if:
- (a) it has given Notice of the proposed amendment in accordance with paragraph 14.11; ~~and~~
 - (b) the amendment, when made, conforms to the proposals set out in that Notice (except for any necessary revisions resulting from ~~made necessary because there has been the occurrence of~~ a material change, since after the Notice ~~was~~ has been given, ~~to~~ⁱⁿ any of the matters on which the assumptions set out in the statement under paragraph 14.11 were ~~said to be~~ 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.

Part G: 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).

Part H: 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.

Part I: Specific rules for the licensee's cConnection cCharges

- 14.16 Connection cCharges 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 ~~(as the case may be)~~ 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 12~~ Charge Restriction Condition 2K

Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~(Margins on licensee's Connection Activities)(Licensee's Connection Activities: Margins and the development of competition); or-~~

- (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.

- 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 ~~c~~Connection ~~c~~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 is charged at the time of connection~~; and
 - (d) will not ~~include e~~over any costs that are recovered by Use of System Charges.

Part J: 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") ~~that~~ ~~which~~ shows present and future circuit capacity, forecast power flows and loading on the part or parts of the licensee's Distribution System specified in the request, and fault levels for each distribution node covered by the request.
- 14.22 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

Standard conditions of the Electricity Distribution Licence – 01 April 2015

opportunities available when connecting to and making use of the part or parts of the licensee's Distribution System specified in the request; and

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

14.23 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). [Appendix 1 follows immediately below.](#)

Part K: Interpretation

14.26 [For the purposes of this condition:](#)

Connection Activities [means any and all of such activities that comprise or are associated with the provision, modification, or retention of a Relevant Connection to the licensee's Distribution System as are able, in accordance with the licensee's Connection Charging Statement, to be undertaken by persons other than the licensee, where those activities](#)

Relevant Connection

are fully funded by the owner or occupier of the premises in respect of which the activities are required.

means any connection to the licensee's Distribution System other than an LVSSA connection or an LVSSB connection within the meaning given to those terms respectively in Part F of Charge Restriction Condition 2F (Time to Connect Incentive).

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) that may be made in respect of accounting and administrative services;
 - (d) a schedule of the charges (if any) 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.

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 which, and the methods by which, such charges will be calculated;
 - (b) a statement of the principles on which, and the methods by which, any charges will be made in respect of any extension or reinforcement of the licensee's Distribution System that is made necessary or appropriate (at the licensee's discretion) by virtue of providing connection to that system or Use of System to any person seeking such connection;
 - (c) a statement of the principles on which, and the methods by which, Connection Charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's discretion) of greater size or capacity than that required for Use of System by the person seeking connection;

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (d) aA statement of the principles on which₂ and the methods by which₂ any charges will be made for the provision of special metering or telemetry₂ 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) Aa 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

Introduction

15A.1 ~~This condition applies on and after 1 April 2010 for the following purposes. This first purpose condition is to:~~

- (a) ~~imposes particular~~ 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) ~~The second purpose is to~~ require 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~~ persons under the Connection Regulations in relation to the accuracy of quotations provided by the licensee.

~~15A.4 The third purpose is to provide for the Authority to issue Regulatory Instructions and Guidance ("the Connection RIGs") about Connection Policy and Connection Performance within the meaning of Part A below.~~

~~Part A: Meaning of terms with respect to policy and performance~~

[Remove all text in Part A in the current condition]

~~Part B: Meaning of terms with respect to Distributed Generation (DG)~~

[Remove all text in Part B in the current condition]

~~Part C: Scope and contents of the Connection RIGs~~

[Remove all text in Part C in the current condition]

~~Part D: Procedure for issuing the Connection RIGs~~

[Remove all text in Part D in the current condition]

~~Part E: Compliance with and modification of the Connection RIGs~~

[Remove all text in Part E in the current condition]

Part AF: Licensee's particular duties of compliance

15A.2 The licensee must ~~It is the licensee's duty under this condition:~~

- (a) use all reasonable endeavours ~~to take all reasonable steps~~ to achieve the standards of performance prescribed for the licensee:
 - (i) by the Connection Regulations; ~~;~~ and

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (ii) by any DG Standards specified by the Authority in a DG Standards Direction,
in every case to which each such standard applies and as may be further specified in RIGs; 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) standards of performance relating to budget estimates and quotations for metered connections (in total);
 - (ii) all other ~~metered~~ standards of performance (in total) for metered connections; and
 - (iii) all ~~unmetered~~ standards of performance for unmetered connections (in total).

Part **GB**: 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 person seeking a connection to require the licensee to review the accuracy of a quotation provided in respect of the terms for making or modifying such types 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 person seeking a connection to the amount properly due under an accurate quotation.

Part **CH**: 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 amend that direction in accordance with the provisions of Part ID below of this condition.
- 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 with effect from 1 October 2010 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 must, 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;

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (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](#) ~~sub-paragraphs~~ (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](#) ~~15A.18 above~~.
- 15A.8 Subject to [paragraph 15A.21](#), a DG Standards Direction may also require the licensee to give undertakings to the Authority as to the circumstances in which, and the levels at which, compensation will be payable to DG Operators in respect of contraventions of the standards of performance imposed by the direction.
- 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 **ID**: Procedure for [issuing-amending](#) a DG Standards Direction

~~15A.22 A DG Standards Direction may be issued by the Authority at any time up to and including 30 June 2010, but may not take effect before 1 October 2010.~~

~~15A.23 Before issuing a DG Standards Direction, the Authority, by Notice given to all Electricity Distributors, must:~~

~~(a) state that it proposes to issue the direction and specify the date on which it proposes that it should have effect;~~

~~(b) set out the text of the direction and the Authority's reasons for proposing the direction; and~~

~~(c) specify the time (which may not be less than 28 days from the date of the Notice) within which representations or objections with respect to the proposal may be made.~~

~~15A.24 The Authority must consider any representations or objections that are duly made and not withdrawn.~~

~~15A.25 The requirements of paragraphs 15A.23 and 15A.24 may be satisfied by action taken before, as well as by action taken after, the commencement of this condition.~~

Part J: Amendment procedures for a DG Standards Direction

15A.10 Notwithstanding any other provision of this licence, a DG Standards Direction ~~duly issued in accordance with Part I above~~ 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.

Part EK: 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.

Part F: Interpretation

15A.12 For the purposes of this condition:

<u>DG Connection</u>	<u>means, in relation to any premises, a connection the purpose of which is to enable the licensee’s Distribution System to receive a supply of electricity from the premises.</u>
<u>DG Operator</u>	<u>means an owner or occupier of any premises in respect of which a DG Connection is required.</u>
<u>DG Standards Direction</u>	<u>has the meaning given to that term in Part C of this condition.</u>
<u>Quotation Accuracy Scheme</u>	<u>has the meaning given to that term in Part B of this condition.</u>

Condition 25A. Distributed Generation Connections Guide and Information Strategy

Introduction

25A.1 ~~This condition applies on and after 1 April 2010 for~~ This e-purpose-of-condition requires the licensee to ~~:(a)~~ make information available in the public domain ~~to~~ hat will 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 ~~;~~ and

~~(b) implements a DG Information Strategy in respect of that information and also of other information more generally related to DG connections.~~

Part A: Scope and contents of the DG Connections Guide

25A.2 ~~Where the Authority gives the licensee a direction to do so,~~ The licensee must work collectively with such other licensees as are ~~also~~ 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.

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.

Part B: R~~Preparation and revision of the DG Connections Guide~~

25A.4 ~~Except where the Authority otherwise consents, t~~ The licensee must, together with the relevant licensees,

~~(a) —prepare and issue the DG Connections Guide, as approved by the Authority, within a period of three months after the date of the Authority's direction; and~~

Standard conditions of the Electricity Distribution Licence – 01 April 2015

~~(b) — except with the Authority’s consent, 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.~~

~~Licensee’s DG Information Strategy~~

~~25A.5 — Where the Authority gives the licensee a direction to do so, the licensee must prepare a DG Information Strategy, for the approval of the Authority, which sets out how the licensee intends to ensure that all existing and potential users of its Distribution System are able to receive an adequate level of information and a satisfactory standard of service in relation to the DG connections process and matters relevant to it.~~

~~25A.6 — The licensee must submit the DG Information Strategy for the approval of the Authority within the time period set out in the direction (which must not be a period of less than 28 days).~~

~~25A.7 — In particular, the scope and contents of the DG Information Strategy must cover how the licensee will provide information to all such users, by type of user, in a form and manner tailored to their particular needs and designed to help them to:~~

~~(a) understand the DG connections process and the likely range of the costs and timescales involved in obtaining such connections;~~

~~(b) form an indicative view, by reference to the likely costs and timescales involved, of the most (and the least) advantageous locations within the licensee’s Distribution Services Area in which to obtain such connections;~~

~~(c) understand in appropriate detail the connection opportunities available to DG schemes in a specified locality within that area, and the factors driving any constraints;~~

~~(d) make an indicative assessment of the connection costs applicable to any specific DG scheme within that area; and~~

~~(e) request a formal quotation for the connection of a specific DG scheme to — the licensee’s Distribution System.~~

~~25A.8 — The licensee must implement its DG Information Strategy, as approved by the Authority, with effect from such date as may be specified by the Authority when it approves the Strategy. —~~

~~Review and revision of the DG Information Strategy~~

~~25A.9 — The licensee must review its DG Information Strategy at least once a year with a view to ensuring that it remains fit for the purposes envisaged by paragraph 25A.5 and, with the consent or at the direction of the Authority, must make any changes to the strategy that may be necessary to enable it to better achieve those purposes.~~

Procedure for directions under this condition

~~25A.10~~ Before the Authority gives a direction under this condition, whether in accordance with paragraph 25A.2 or 25A.5, it must inform the licensee of its intention to do so in a Notice that:

- ~~— (a) —~~ states the date on which it is proposed that the direction should take ~~—~~ effect;
- ~~(b) —~~ sets out the proposed contents of the direction with respect to the form in which the DG Connections Guide or the DG Information Strategy (as the case may be) is to be prepared and maintained for the purposes of this condition; and
- ~~— (c) —~~ specifies the time (which must not be less than a period of 28 days from the date of the Notice) within which representations with respect to the proposed direction may be made.

~~25A.11~~ The Authority must consider any representations that are duly made and are not withdrawn.

~~25A.12~~ A direction under this condition, whether in accordance with paragraph 25A.2 or 25A.5, may be given at any time in a Regulatory Year.

Part C: Availability of the DG Connections Guide and the Strategy

~~25A.4~~ The licensee must give the Authority a copy of the DG Connections Guide and the DG Information Strategy and of each revision of either document.

25A.5 The licensee must ~~also~~:

- (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).

Part D: Interpretation

~~25A.15~~ — The requirements of paragraphs 25A.10 and 25A.11 may be satisfied by action taken before, as well as by action taken after, the commencement of this condition.

~~25A.16~~ — In this condition, Distributed Generation has the meaning given in Charge Restriction Condition 2 (Definitions for the Charge Restriction Conditions) and DG is to be read as a reference to that term.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

25A.6 For the purposes of this condition:

DG Connections Guide means the document described in Part A of this condition.

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

Condition 44. Regulatory Accounts

Application and purpose-Introduction

44.1 This condition applies to Regulatory Accounts prepared for Regulatory Years beginning on and after 1 April 2010-2015 and requires the ~~for the purpose of ensuring that the~~ licensee to:

- (a) prepares and publishes Regulatory Accounts within the meaning ~~of paragraph 44.5~~ set out in Part A of this condition; and
- (b) maintains (and ensures that any Affiliate or Related Undertaking of the licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the licensee to comply with that obligation.

Part A: Preparation of Regulatory Accounts

44.2 For the purposes of this condition, but without prejudice to paragraph 44.89, 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 ~~paragraphs 44.4 to 44.7~~ Part A of this condition in relation to the preparation of Regulatory Accounts.

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 ~~are to~~ must be prepared on a consistent basis derived from the accounting and other records referred to in paragraph 44.4 ~~and must comprise:~~

————— ~~(a) the matters set out at paragraph 44.6; supported by~~

————— ~~(b) the matters mentioned at paragraph 44.7.~~

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 mentioned at paragraph 44.8.

44.7 The accounting items ~~matters~~ to which paragraph 44.65 refers are:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (a) a profit and loss account (or, as appropriate, ~~an income statement~~ of profit or loss and ~~a statement of other~~ 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);
- (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 ; ~~and Business Review.~~

44.8 The explanatory notes ~~matters~~ to which paragraph 44.~~65(b)~~ refers ~~are explanatory notes that must~~:

- (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.~~76~~(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.~~76~~(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.

Part B: Consistency with the statutory accounts

44.9 Regulatory Accounts prepared in respect of a Regulatory Year under paragraph 44.5~~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.~~78~~(b) and (c); ~~and~~
- (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 the holder of this licence is a parent undertaking as

Standard conditions of the Electricity Distribution Licence – 01 April 2015

defined in Section 1162 of the Companies Act 2006 and itself prepares group accounts under the Applicable Accounting Framework.

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 ~~and Business Review as are would be specified in~~ as would be required by the Companies Act 2006 ~~as being required to be so audited as~~ if the licensee were a Quoted Company and they were the licensee's statutory accounts drawn up to 31 March and prepared under Part 15 of the Companies Act 2006;
 - (b) procure a report by ~~the Appropriate Auditor that auditor~~, addressed to the Authority, that states whether in his opinion those accounts fairly present the licensee's financial position, financial performance, and cash flows in accordance with the requirements of this condition; and
 - (c) deliver those accounts and the ~~Appropriate Auditor's auditor's~~ report required under paragraph 44.910(b) to the Authority as soon as is reasonably practicable and in any event before the date of their publication under ~~paragraph 44.14~~ Part F of this condition.

Part D: Terms of appointment of Appropriate Auditor

- 44.11 For the purposes of paragraph 44.109, the licensee must, at its own expense, enter into a contract of appointment with an Appropriate Auditor ~~which that~~ includes a term requiring that the audit of the licensee's Regulatory Accounts must be conducted by that ~~Appropriate Auditor 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: ~~in relation to the prohibition of cross-subsidy and discrimination for the Appropriate Auditor~~

- 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:

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (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) ~~which~~ sets out his findings.

44.14 If the Authority is satisfied that the report referred to in paragraph 44.1~~32~~ ~~above~~ 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 licensee by the standard conditions of this licence referred to in paragraph 44.1~~12~~ ~~above~~, the report ~~is to~~ 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, ~~which that, in the opinion of~~ the licensee, is necessary believes will ensure to secure adequate publicity for the accounts.
- 44.16 The licensee must provide a A copy of the Regulatory Accounts ~~must be provided~~ free of charge to ~~(a) the National Consumer Council, no later than the date on which the accounts are published; and (b)~~ any person who requests a copy.

Part G: Definitions

44.17 For the purposes of this condition:

Agreed Upon Procedures

~~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 mentioned at paragraph 44.13.~~

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; or
(ii) individual accounts prepared in accordance with international accounting standards;

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; or

(ii) group accounts prepared in accordance with international accounting standards.

Demand Customer

means, in relation to any energised or de-energised Exit Point on the licensee's Distribution System, the person who is taking, or is deemed to be taking, a supply of electricity through that Exit Point.

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 sub-paragraphs (c) and (d) of this definition as are directly associated with that activity;

(c) the provision of ~~Excluded Services~~ Directly Remunerated Services (other than any such services falling within the next sub-paragraph ~~and~~ ~~excluding any such provision falling within sub-paragraph (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 sub-paragraph (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 ~~A~~area.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

Quoted Company	has the meaning given to that term in section 385 of the Companies Act 2006.
Segmental Information	means such financial and descriptive information in respect of the Distribution Business Activities of the licensee as would be disclosable under International Financial Reporting Standard 8 (or Statement of Standard Accounting Practice 25) if each of those activities were was an operating segment (or reportable segment) of the licensee within the meaning of those respective standards.
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.

Part H: Interpretation

- 44.18 The requirement under paragraph 44.~~76 of this condition~~ for the licensee to include a [Business-Strategic Review](#) report, a Corporate Governance Statement, and a Directors' Report in its Regulatory Accounts ~~is to~~ **must** be read as if the requirement applied to the licensee as a Quoted Company, whether or not it is such a company, [such that:-](#)
- (a) ~~in the case of the Business Review has, the coverage and content of the business review that a Quoted Company is required to prepare under section 417 of the Companies Act 2006;~~
 - (a) ~~in the case of~~ 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 Combined Code on Corporate Governance Code](#) issued under the [Financial Services-UK Listing Authority's listing rules and interpretations on corporate governance;](#) ~~and~~
 - (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) ~~in the case of 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 \(4\)](#)~~417~~ of the Companies Act 2006.
- 44.19 Regulatory Accounts prepared by the licensee in respect of the Regulatory Year beginning on 1 April ~~2009-2014~~ are subject to the provisions of this condition in the form in which it was in force at 31 March 201~~0~~**5**.

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”), 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 endeavours, in accordance with the DAG, to manage 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 expected future Data submissions for the relevant reporting period set out in the DAG;
 - (iii) a description of the Data Assurance Activities undertaken by the licensee concerning previously submitted Data for the relevant reporting period set out in the DAG; and
 - (iv) if required, the details and results of any independent review procured by the licensee of its Data Assurance Activities.

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 a framework of processes and practices by which the licensee must comply 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);
 - (f) the frequency with which and the timescales within which the licensee must report on its Data Assurance Activities to the Authority; and
 - (g) the time period(s) to which required reports relate.
- 45.7 Reference in paragraph 45.6 to the format of an assessment, review, or 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.

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 proposals;
 - (c) specified in the Notice the date or dates on which it proposes that the new or modified provisions of the document 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 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, appoint or nominate a person (Examiner) to undertake a review of such Data or the systems or processes used to generate it.
- 45.15 Subject to paragraph 45.18, the licensee must cooperate 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 cooperate fully with an Examiner under paragraph 45.15 includes an obligation to ensure, so far as it can, that the following persons also cooperate 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

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.

45.17 The licensee's obligation under paragraphs 45.15 and 45.16 to cooperate or ensure cooperation 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 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.

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:

Data means information contained in any 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), as may be further clarified in the DAG.

Data Assurance Activity means, in respect of Data, an activity undertaken

Standard conditions of the Electricity Distribution Licence – 01 April 2015

by or on behalf of the licensee in order to verify or provide assurance that Data meets the required level of accuracy and reliability (as may be further clarified in the DAG).

Examiner

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

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 (as may be further clarified in the DAG).

Condition 46. Regulatory Instructions and Guidance

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 (and such standard conditions as may be relevant) of this licence; and
 - (b) where not referenced in the Charge Restriction Conditions of this licence, the ED1 Final Determination.

Part A: Licensee’s obligations under this condition

- 46.3 Unless and so far as the Authority otherwise consents, the licensee must:
- (a) measure and record or, where permitted in the RIGs, estimate the information detailed in the RIGs (“Specified Information”);
 - (b) provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs; and
 - (c) have in place and maintain appropriate systems, processes, and procedures to enable it to carry out its obligations in sub-paragraphs (a) and (b).
- 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 the records are made.

Part B: Scope and content of the RIGs

- 46.5 Subject to paragraph 46.6, 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.
- 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).
- 46.7 Subject to paragraph 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 they were in force at 31 March 2014.
- 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

- 46.9 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.
- 46.10 A direction issued by the Authority under paragraph 46.9 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 proposals ;
 - (c) specified in the Notice the date on which it proposes that the provisions (or modified provisions) of the document 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.

46.11 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

46.12 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.

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

46.14 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

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

46.16 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 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 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 Regulatory Year.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- 46.19 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 On receiving a request for guidance, the Authority:
- (a) having regard to whether the change to the calculation of one or more Specific 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.

Part G: Derogations

- 46.21 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 For the purposes of this 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).
Base Demand Revenue	means the revenue calculated in accordance with the formula set out in Part C of Charge Restriction Condition 2A.
Specific Items	means items to be audited by the Appropriate Auditor carrying out the Agreed Upon Procedures.
Specified Information	means information (or a category of information) that is so described or defined in the RIGs.

Condition 47. Environment Reporting

Introduction

47.1 This condition sets out requirements for the licensee to publish an annual Environment Report about activities that it has undertaken in relation to environmental matters.

Part A: Scope and contents of the Environment Report

47.2 The licensee must publish an Environment Report for the preceding Regulatory Year on, or before, the date specified in the Environment Report Guidance Document (ERGD).

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 ERGD published on the Authority's Website (which may be modified from time to time in accordance with the provisions of 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 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.

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, 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 ERGD (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 (or modified provisions) of the document to be issued 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

47.8 For the purposes of this condition:

Authority's Website	means www.ofgem.gov.uk .
Environment Report	means a publicly accessible document published on its Website by the licensee to inform stakeholders about activities it has undertaken in relation to environmental matters, and that meets the requirements set out in the ERGD.
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 scope and contents of the licensee's Environment Report.

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 The licensee must have in place and maintain an Innovation Strategy.
- 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.

Part B: Interpretation

- 48.5 For the purposes of this condition:

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.

Innovation Strategy means a document published by the licensee that complies with the requirements 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.

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

Introduction

- 49.1 This condition requires the licensee to ensure that Distribution Losses from its Distribution System are as low as reasonably practicable, and to maintain and act in accordance with its 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 Distribution Losses are as low as reasonably practicable.
- 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; and
 - (d) any relevant legislation that may impact on its investment decisions.

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) calculated to ensure that Distribution Losses are as low as reasonably practicable; and
 - (b) based upon an up-to-date cost-benefit analysis.
- 49.5 The licensee must maintain on its Website:
- (a) an up-to-date version of its Distribution Losses Strategy; and
 - (b) an up-to-date record of any 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 paragraph 49.4 compared with the previous version of the Distribution Losses Strategy.

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

- 49.6 Notwithstanding the generality of paragraph 49.1, the licensee must undertake all reasonable cost-effective steps within its power to resolve any cases of Relevant Theft of Electricity from its Distribution System.
- 49.7 Where the licensee in compliance with paragraph 49.6 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.
- 49.8 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; and
 - (d) pursuing any action in the particular case to recover any sums that may be due, 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.

Part D: Publication of Distribution Losses performance

- 49.9 The licensee must:
- (a) report on its actions to manage Distribution Losses and to deal with Relevant Theft of Electricity in accordance with the requirements of any relevant RIGs issued pursuant to standard condition 46 (Regulatory Instructions and Guidance); and
 - (b) publish information about those actions on its Website.

Part E: Interpretation

- 49.10 For the purposes of this condition:

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, as published and modified from time to time in accordance with Part B of this condition.
-------------------------------------	--

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.

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 report to the Authority.
- 50.4 In 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 Providers.
- 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 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 (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:

**Business Plan Reporting
Guidance**

means any guidance from the Authority on the contents or structure of such reports as is issued or modified in accordance with Part B of this condition.

RIIO-ED1 Business Plan

means:

(a) in respect of the WPD Licensees, the document published by the licensee on 1 July 2013 in response to the document entitled “Strategy decision for the RIIO-ED1 electricity distribution price control” (Ref 26/13) published on 4 March 2013; and

(b) in respect of all other Distribution Services Providers, the document submitted to the Authority and published by the licensee in March 2014 in response to the document entitled “Assessment of RIIO-ED1 business plans and fast-tracking” published on 22 November 2013.

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 performance against the Network Asset Secondary Deliverables;
- (b) requires the licensee to work with 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 Network Asset Indices Methodology 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 performance against the Network Asset Secondary Deliverables.

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 assess its Network Assets and Distribution System against the Network Asset Indices and in accordance with the RIGs, and also its performance against the Network Asset Secondary Deliverables; and
- (b) is consistent, to the extent that such a methodology 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 I of this condition. The Authority will allow the licensee 26 weeks, or such other greater amount of time as it may direct, to modify its Network Asset Indices Methodology and report revised information for the Price Control Period, following the approval, designation, or modification of the Common Network Asset Indices 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:

- (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, so as to enable their present and future condition and the probability of their failure to be assessed;
- (b) the “Criticality Index”, which reflects the safety impact, environmental impact, network (or system) reliability impact, financial implications, and other consequences that the licensee may reasonably deem to be relevant to its Network Assets; and
- (c) the “Risk Index”, which is a measure of the overall level of risk to the reliability of the licensee’s Network Assets and the consequences of failure of these Network Assets, and is determined from the Health Index, the Criticality Index and the interdependence between the Network Assets.

Part C: The Common Network Asset Indices Methodology

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

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 performance against the Network Asset Secondary Deliverables;
- (c) be implemented by the licensee through appropriate amendment of its own Network Asset Indices Methodology in accordance with the provisions of Part A of this condition; and
- (d) be capable of being modified from time to time in accordance with the provisions of Part I of this condition.

51.7 Within four weeks of the submission to the Authority of a Common Network Asset Indices Methodology, the licensee must notify the Authority as to whether it expects that the proposed Common Network Asset Indices Methodology, if implemented, would require a change to the licensee’s Network Asset Indices Methodology, Network Asset Workbook or a restatement of data previously reported for historical years.

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- 51.8 Where 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, may:
- (a) approve that methodology without modification if satisfied that it complies with the provisions of paragraph 51.6, no later than 1 February 2016; or
 - (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, having notified the Distribution Services Providers of its intention to make such direction, no later than 1 February 2016.
- 51.9 Where no Common Network Asset Indices Methodology has been submitted to the Authority by 1 July 2015, or if the Authority is not satisfied that any methodology duly submitted within that deadline is capable of being modified to comply with the provisions of paragraph 51.6, the Authority may, by direction to the licensee and other Distribution Services Providers, and no later than 1 July 2016, designate a Common Network Asset Indices Methodology that in the Authority's opinion complies with those provisions.
- 51.10 A direction issued by the Authority under paragraph 51.8 or 51.9 will be of no effect unless, before issuing it, the Authority has:
- (a) by Notice to all Distribution Services Providers set out the text of the Common Network Asset Indices Methodology that it proposes to direct or designate (as appropriate);
 - (b) specified in the Notice the reasons for the Authority's proposals;
 - (c) specified in the Notice the date from 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.

Part D: The Network Asset Indices Methodology Objectives

- 51.11 The Network Asset Indices Methodology Objectives are that compliance with the Common Network Asset Indices Methodology enables:
- (a) the comparative analysis of network asset performance between Distribution Services Providers over time;
 - (b) the assessment of the licensee's performance against the Network Asset Secondary Deliverables; and

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- (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

- 51.12 The licensee must provide the Authority with a plan (the “Information Gathering Plan”) that sets out how the licensee will gather and record information required for its implementation of or revision of the Common Network Asset Indices Methodology, no later than 12 weeks after the Authority’s approval or direction of the Common Network Asset Indices Methodology.
- 51.13 The licensee may apply to the Authority for a derogation from the requirements of paragraph 51.12 if it considers that it already collects sufficient information in respect of its own Network Asset Indices Methodology to allow implementation of the Common Network Asset Indices Methodology.
- 51.14 The Information Gathering Plan must include the scope and form of the data that the licensee will collect, and the frequency with which data will be collected, such that the licensee will be able to report on progress against its Network Asset Secondary Deliverables in accordance with the Common Network Asset Indices Methodology annually, in accordance with the RIGs.
- 51.15 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 the plan without modification if satisfied that it will enable the licensee to report accurately on its progress against its Network Asset Secondary Deliverables; or
 - (b) direct the licensee to modify the Information Gathering 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, having considered any representations received, enable the licensee to so report.
- 51.16 The licensee must keep the Information Gathering Plan 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.

Part F: Additional requirements if the licensee has not sufficiently justified its Network Asset Indices before the commencement of the Price Control Period

- 51.17 If the Authority has determined in the ED1 Final Determination that the licensee has not sufficiently justified its Network Asset Indices Methodology and its ability to

Standard conditions of the Electricity Distribution Licence – 01 April 2015

report on its Network Asset Secondary Deliverables, in accordance with paragraph 51.1, the licensee must:

- (a) provide a plan to the Authority by 1 July 2015, indicating how it will ensure that its Network Asset Indices Methodology and the reporting of its Network Asset Secondary Deliverables are sufficiently well justified;
- (b) by 1 July 2015, and every three months thereafter, provide the Authority with an update on the progress that it has made towards ensuring that the methodology is sufficiently well justified and the reporting is sufficiently robust; and
- (c) when the licensee considers that the methodology is, in fact, sufficiently well justified and the reporting is sufficiently robust, demonstrate to the Authority that this is the case.

51.18 This Part F will cease to have effect from the date on which the Authority confirms in Writing to the licensee that the requirements of paragraph 51.17 have been met.

Part G: Implementation of the Network Asset Indices Methodology

51.19 Except where the Authority otherwise consents, the licensee must:

- (a) from 1 April 2015, or such later date as the Authority may direct, record the data required for the application of its Network Asset Indices Methodology;
- (b) in respect of the Regulatory Year commencing on 1 April 2015, and for each subsequent Regulatory Year, submit a report on its progress against the Network Asset Secondary Deliverables to the Authority in the year immediately following the end of the Regulatory Year to which the Network Asset Secondary Deliverable Measures relate, as part of its annual RIGs reporting;
- (c) if any change to the licensee's Network Asset Indices Methodology results in a change to the basis on which the licensee's progress against its Network Asset Secondary Deliverables is reported, provide a restatement of prior year data on this revised basis within 12 months of the relevant change being implemented, or by such later date as the Authority may direct; and
- (d) submit such information (whether historical, current, or forward-looking) about the Network Asset Secondary Deliverables, and such examples of network modelling, as may be specified for the purposes of this condition in the RIGs.

51.20 All of the information contained in this Part G must be provided in such manner, in respect of such periods, and within such timeframes as are specified in the RIGs.

Part H: Reporting on performance against the Network Asset Secondary Deliverables at the mid-point of the Price Control Period

Standard conditions of the Electricity Distribution Licence – 01 April 2015

- 51.21 The licensee must by 31 July 2019 provide a report to the Authority setting out its performance against the Network Asset Secondary Deliverables during the first half of the Price Control Period and how it expects to perform against the Network Asset Secondary Deliverables over the second half of the Price Control Period.
- 51.22 The report must include (where relevant) detailed explanations together with all appropriate supporting evidence for:
- (a) the licensee's performance to date against Network Asset Secondary Deliverables in accordance with the relevant specifications set out in the Network Assets Workbook;
 - (b) any proposed Network Asset Secondary Deliverables that, if adopted by the licensee, would be equivalent to or better than those set out in the Network Assets Workbook;
 - (c) any change in the profile of investment that has resulted in a change to the timing of delivery of Network Asset Secondary Deliverables; and
 - (d) whether the licensee expects to deliver its Network Asset Secondary Deliverables for the end of the RIIO-ED1 period.

Part I: Modification of the Common Network Asset Indices Methodology

- 51.23 The licensee must at all times keep the Common Network Asset Indices Methodology under review and use all reasonable endeavours to ensure that it continues to comply with the provisions of paragraph 51.6.
- 51.24 The licensee may modify the Common Network Asset Indices Methodology, in cooperation with all other Distribution Services Providers, and subject to paragraph 51.25 after:
- (a) consulting with all 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 and to all other Distribution Services Providers a report that contains all of the matters that are listed in paragraph 51.25.
- 51.25 The matters to which paragraph 51.24(b) refers are:
- (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 pursuant to paragraph 51.24(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.

51.26 Within four weeks of the submission to the Authority of any proposed modification to the Common Network Asset Indices Methodology, the licensee must notify the Authority as to whether it expects that the proposed modification, if implemented, would require a change to the licensee’s Network Asset Indices Methodology, or Network Asset Workbook, or a restatement of data previously reported for historical years.

51.27 Where the licensee has complied with the requirements of paragraphs 51.24 and 51.25, it may implement the proposed modification to the Common Network Asset Indices Methodology unless the Authority, within 28 days after receiving the report submitted to it under paragraph 51.24(b), issues a direction to the licensee requiring it not to implement the proposed modification.

51.28 The Authority, after consulting with the licensee and any other interested parties, may direct the licensee to modify the Common Network Asset Indices Methodology in such manner, to such extent, and with effect from such date (which may not be earlier than three months after the date of the direction) as may be specified in the direction.

Part J: Interpretation

51.29 For the purposes of this condition:

Common Network Asset Indices Methodology	has the meaning given to that term in Part C of this condition.
Information Gathering Plan	has the meaning given to that term in paragraph 51.12.
Network Assets	means the assets that are specified as such in the licensee’s Network Assets Workbook.
Network Asset Indices	has the meaning given to that term in paragraph 51.4.
Network Asset Indices Methodology	means the licensee’s methodology for assessing its Network Assets and Distribution System against the Network Asset Indices in accordance with the RIGs, and also its delivery of the Network Asset

Standard conditions of the Electricity Distribution Licence – 01 April 2015

	Secondary Deliverables.
Network Asset Indices Methodology Objectives	means the objectives set out in Part D of this condition.
Network Asset Secondary Deliverables	means the asset health, criticality and risk secondary deliverables set out for the licensee in the Network Assets Workbook.
Network Assets Workbook	has the meaning given to that term in Part 4 of the licence.
Price Control Period	means the period of eight Regulatory Years beginning on 1 April 2015 and ending on 31 March 2023.

Conditions being removed from existing licence

CONDITIONS REMOVED 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