

To: all holders of an electricity generation licence

NOTICE UNDER SECTION 11A(2) OF THE ELECTRICITY ACT 1989

The Gas and Electricity Markets Authority (the Authority) hereby gives notice pursuant to section 11A(2) of the Electricity Act 1989 (the Act) as follows:

1. The Authority proposes to modify all electricity generation licences granted or treated as granted under 6(1)(a) of the Act by amending:

Standard condition 1 (Definitions and Interpretation)
Standard condition 9. (Balancing and Settlement Code and NETA implementation)
Standard condition 10. (Change Co-ordination for BSC)
Standard condition 14. (Compulsory Acquisition of Land etc.)
Standard condition 15. (Other powers etc.)
Standard condition 18. (Generating Unit Availability)
Standard condition 19. (Compliance with CUSC)
Standard condition 20. (Transmission Constraint Licence Condition)

2. The reason why the Authority proposes to make these licence modifications is to enhance clarity and to reflect some of the changes to the Act, brought about by full commencement of section 89 of the Energy Act 2004 (the 2004 Act). Section 89 of the 2004 Act was fully commenced on 10 June 2014¹. The Act is now clear that unlicensed generation of electricity for the purposes of supply to any premises in Great Britain and the territorial sea adjacent to Great Britain is prohibited. In addition, this prohibition has been extended to generating electricity in a Renewable Energy Zone (REZ) and also generating for the purposes of supply to any premises in a REZ or otherwise in an area designated under section 1(7) of the Continental Shelf Act 1964.

3. We are proposing to make housekeeping changes to the standard conditions of the electricity generation licence to enhance clarity and to reflect the changes to legislation. The proposed changes are set out in full in paragraph 4, but please note the following, for the avoidance of doubt. A licensee's specified area is set out in the terms of its licence, and from the date that section 89 of the 2004 Act is commenced, the terms of generation licences may cover different specified areas. It is therefore unnecessary and potentially unclear for the standard conditions to refer to an area, as the specified area is already set out in the terms of each licence granted.

4. The effect of the proposed modifications (which are attached in full at Schedule 1 to this Notice) is to amend:

- (i) standard conditions 1, 14, 15 and 18(17)(b) by amending "GB transmission system" to "national electricity transmission system" so it is clear that the national electricity transmission system includes lines owned or operated by transmission licensees, including those that are offshore;
- (ii) the definition of "customer" in standard condition 1 to cover persons that are required to be supplied or are supplied with electricity in the specified area set out in the terms of each licensee's licence;
- (iii) the definition of "distribution system" in standard condition 1 by removing the words "within Great Britain", to cover distribution systems of all authorised electricity operators, including those that may be in the REZ;

¹ http://www.legislation.gov.uk/ukxi/2014/1460/pdfs/ukxi_20141460_en.pdf

- (iv) standard condition 20 by removing the definition of “national electricity transmission system” from standard condition 20 and including that definition in standard condition 1 as it now applies to the whole licence;
- (v) paragraph 1 of standard condition 9 by removing the words “in Great Britain” to clarify that all licence holders, including those located within the REZ should be a party to the BSC Framework agreement and comply with the BSC;
- (vi) paragraph 1 of standard condition 10 by removing the words “in Great Britain” to clarify that all licence holders, including those located within the REZ should comply with the change co-ordination obligations;
- (vii) paragraph 17(b) of standard condition 18, by removing the words “which are located in Great Britain” to cover distribution systems of all authorised electricity operators, including those that may be in the REZ; and
- (viii) paragraph 1 of standard condition 19 by removing the words “in Great Britain” to clarify that all licence holders, including those located within the REZ should be a party to the CUSC Framework Agreement and comply with the CUSC.

5. Any representations with respect to the proposed licence modifications must be made on or before 11 July 2014 to:

Yvonne Naughton, Offshore,
Ofgem, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA
or by email to offshorelicensing@ofgem.gov.uk

6. All responses will be published on Ofgem’s website. However, if respondents do not wish their response to be made public then they should clearly mark their responses as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.

7. If the Authority decides to make the proposed modifications it will publish a decision notice to that effect. Any modifications set out in that decision will take effect not less than 56 days after the decision is published.

.....
Min Zhu
Associate Director, Offshore Transmission
Duly authorised on behalf of the Authority
Gas and Electricity Markets Authority

13 June 2014

SCHEDULE 1:
PROPOSED MODIFICATIONS TO ELECTRICITY GENERATION LICENCES

PART II : THE STANDARD CONDITIONS OF LICENCE

SECTION A. INTERPRETATION, APPLICATION AND PAYMENTS

Condition 1. Definitions and Interpretation

1. In the standard conditions unless the context otherwise requires:

the "Act"	means the Electricity Act 1989.
"affiliate"	in relation to any person means any holding company of such person, any subsidiary of such person or any subsidiary of a holding company of such person, in each case within the meaning of sections 1159 and 1160 of the Companies Act 2006
"alternative accounting rules"	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
"ancillary services"	means: (a) such services as the licensee may be required to have available in association with any generation set pursuant to the Grid Code; and (b) such services as the licensee may have agreed to have available in association with any generation set pursuant to any agreement made with the system operator, and which may be offered for sale to the system operator for the purpose of securing stability of operation on the GB transmission system national electricity transmission system and/or a distribution system of any authorised electricity operator.
"auditors"	means the licensee's auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.
"authorised"	in relation to any business or activity means authorised by licence granted or treated as

	granted under section 6 or exemption granted under section 5 of the Act.
"authorised activities"	for the purposes of standard condition 15 (Other Powers etc) only, has the meaning given in that condition.
"authorised electricity operator"	means any person (other than the licensee) who is authorised to generate, participate in the transmission of, distribute or supply electricity or participate in the operation of an interconnector and, for the purposes of the standard conditions shall include any person who has made an application to be so authorised which application has not been refused and any person lawfully transferring electricity to or from or across Great Britain or any part thereof or to or from across an interconnector (or who has made application for use of an interconnector which has not been refused).
"the Authority"	means the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000.
"BETTA"	means the British electricity trading and transmission arrangements which are provided for in Chapter 1 of Part 3 of the Energy Act
"BETTA go-live date"	means the date which the Secretary of State indicates in a direction shall be the BETTA go-live date
"British Grid Systems Agreement"	"British Grid Systems Agreement" for the purposes of standard condition 19B (BETTA run-off arrangements scheme) only, has the meaning given in that condition
"BSC"	for the purposes of Section B only, has the meaning given in standard condition 9 (Balancing and Settlement Code and NETA implementation)
"BSC Framework Agreement"	for the purposes of standard condition 9 (Balancing and Settlement Code and NETA implementation) only, has the meaning given in that condition.

"core industry documents"	for the purposes of standard conditions 9 (Balancing and Settlement Code and NETA Implementation) and 10 (Change Co-ordination for BSC) only, has the meaning given in standard condition 9; and for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
"current costs assets"	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
"CUSC"	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
"CUSC Framework Agreement"	for the purposes of standard condition 19 (Compliance with CUSC) only, has the meaning given in that condition.
"customer"	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain the specified area set out in Schedule 1 or Schedule 1A and 1B, as applicable, but shall not include any authorised electricity operator in its capacity as such.
"Distribution Code"	means a Distribution Code required to be prepared by a licensed distributor pursuant to standard condition 9 (Distribution Code) of a distribution licence and approved by the Authority and revised from time to time with the approval of the Authority.
"distribution licence"	means a distribution licence granted or treated as granted under section 6 (1) (c) of the Act.
"distribution system"	means the system consisting (wholly or mainly) of electric lines owned or operated by an authorised distributor and used for the distribution of electricity from grid supply points or generation sets or other entry points to the point of delivery to customers or authorised electricity operators or any transmission licensee within Great Britain in its capacity as operator of the licensee's transmission system or the GB national

electricity transmission system and includes any remote transmission assets (owned by a transmission licensee within England and Wales) operated by such distributor and any electrical plant, meters and metering equipment owned or operated by such distributor in connection with the distribution of electricity, but shall not include any part of the **GB national electricity** transmission system.

"effective time"	for the purposes of standard condition 9 (Balancing and Settlement Code and NETA Implementation) only, has the meaning given in that condition
"electricity supplier"	means any person authorised to supply electricity.
"estimated costs"	for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"extension"	shall be construed in accordance with standard condition 14 (Compulsory Acquisition of Land etc).
"financial year"	means subject to standard condition 16A (Change of Financial Year) (where applicable) a period of 12 months beginning on 1st April of each year and ending on 31st March of the following calendar year.
"Fuel Security Code"	for the purposes of Section B only, has the meaning given in standard condition 7 (Security Arrangements).
"GB transmission system"	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees within Great Britain and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee within Great Britain in connection with the transmission of electricity.

"generating station"	shall be construed in accordance with standard condition 14 (Compulsory Acquisition of Land etc).
"generation business"	means the authorised business of the licensee or any affiliate or related undertaking of the licensee in the generation of electricity and the provision of ancillary services.
"generation licence"	means a generation licence granted or treated as granted under section 6(1)(a) of the Act.
"generation set"	means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generation set.
"generating unit"	for the purposes of standard condition 18 (Generating Unit Availability) only, has the meaning given in that condition.
"Grid Code"	means the grid code which the system operator is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.
"grid supply point"	means any point at which electricity is delivered from the GB transmission system national electricity transmission system to any distribution system.
"the handbook"	for the purposes of standard condition 16 (Regulatory Accounts) only, has the meaning given in that condition.
"holding company"	means a holding company within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
"information"	shall include any documents, accounts, estimates, returns or reports, records and any data in verbal, written or electronic form and information in any form or medium whatsoever.
"interconnector"	has the meaning given to "electricity interconnector" in section 4(3E) of the Act.
"licensed distributor"	means any holder of a distribution licence.

"licensee's transmission system"	means those parts of the GB transmission system national electricity transmission system which are owned or operated by a transmission licensee within its transmission area.
"national electricity transmission system"	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee in connection with the transmission of electricity.
"non-GB trading and transmission arrangements"	"non-GB trading and transmission arrangements" for the purposes of standard condition 19B (BETTA run-off arrangements scheme) only, has the meaning given in that condition
"participating interest"	has the meaning given by section 260 of the Companies Act 1985, as amended by section 22 of the Companies Act 1989.
"planned availability period"	for the purposes of standard condition 18 (Generating Unit Availability) only, has the meaning given in that condition.
"Pooling and Settlement Agreement"	means the agreement of that title approved by the Secretary of State as from time to time amended.
"related undertaking"	in relation to any person means any undertaking in which such person has a participating interest.
"relevant documents"	"relevant documents" for the purposes of standard condition 19B (BETTA run-off arrangements scheme) only, has the meaning given in that condition

"relevant proportion"	for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"relevant year"	for the purposes of standard condition 4 (Payments by the Licensee to the Authority) only, has the meaning given in that condition.
"remote transmission assets"	<p>means any electric lines, electrical plant or meters in England and Wales owned by a transmission licensee (the "owner transmission licensee") which</p> <p>(a) are embedded in a distribution system of any authorised distributor, and are not directly connected by lines or plant owned by the owner transmission licensee to a sub-station owned by the owner transmission licensee; and</p> <p>(b) are by agreement between the owner transmission licensee and such authorised distributor operated under the direction and control of such authorised distributor.</p>
"running off"	"running off " for the purposes of standard condition 19B (BETTA run-off arrangements scheme) only, has the meaning given in that condition
"Scottish grid code"	"Scottish grid code" means any grid code which any transmission licensee other than the system operator is obliged to maintain pursuant to its licence
"Section C (system operator standard conditions) Direction"	means a direction issued by the Authority or the Secretary of State, where appropriate, in accordance with standard condition A2 (Application of Section C) of the standard conditions for electricity transmission licences.
"separate business"	<p>means each and any of</p> <p>(a) the generation business of the licensee;</p> <p>(b) the supply business of the licensee;</p>

- (c) any distribution business of an affiliate or related undertaking of the licensee;
- (d) any transmission business of an affiliate or related undertaking of the licensee; and
- (e) any interconnector business of an affiliate or related undertaking of the licensee

taken separately from one another (but so that where all or any part of such business is carried on by an affiliate or related undertaking of the licensee, such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such other business of the licensee and of any other affiliate or related undertaking of the licensee so as to form a single separate business).

"statutory accounts"	means the accounts that the licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989).
"subsidiary"	has the meaning given in sections 736, 736A and 736B of the Companies Act 1985.
"supply licence"	means a supply licence granted or treated as granted under section 6(1)(d) of the Act.
"System Operation Agreement"	"System Operation Agreement" for the purposes of standard condition 19B (BETTA run-off arrangements scheme) only, has the meaning given in that condition.
"system operator"	means the holder for the time being of a transmission licence in relation to which licence the Authority or the Secretary of State, where appropriate, has issued a Section C (system operator standard conditions) Direction and where Section C remains in effect (whether or not subject to any terms included in the Section C (system operator standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).
"terms"	means the terms contained in Part I of this licence and in any provisions in a Schedule referred to in such terms.

"transmission area"	"transmission area" means the area specified special condition AA of a transmission licensee's transmission licence.
"transmission licence"	means a transmission licence granted or treated as granted under section 6(1)(b) of the Act.
"transmission licensee"	means the holder for the time being of a transmission licence.
"undertaking"	has the meaning given by section 259 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.

2. Any words or expressions used in the Utilities Act 2000, Part I of the Act or the Energy Act 2004 shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition or Schedule (with or without a letter) bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.
4. These standard conditions shall have effect as if in relation to references to a licence holder who is a natural person, the words "it", "its" and "which" there are substituted the words "he", "him", "his" and "whom", and cognate expressions shall be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these standard conditions to:
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity supply licences, or
 - (c) a provision of the standard conditions of electricity distribution licences,
 - (d) a provision of the standard conditions of electricity transmission licences, or
 - (e) a provision of the standard conditions of electricity interconnector licences,
 shall, if these standard conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these standard conditions or the other standard conditions in question as modified.

7. In construing the standard conditions, the heading or title of any standard condition or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(a) of the Act (whenever granted) which incorporates it.
9. Where any obligation under in or pursuant to the licence is required to be performed by a specified date or within a specified period, and where the licensee has failed so to perform by such date or within such period, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or within that period).
10. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case:
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.
11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all generation licences). Where:
 - (a) any definition is not used in Sections A and B, that definition shall, for the purposes of this licence, be treated:
 - (i) as part of the standard condition or conditions (and the Section) in which it is used;
 - (ii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of standard condition 2 (Application of Section C (Supplementary Conditions for Scotland)) or standard condition 3 (Application of Section D (Supplementary Conditions for Nuclear Generators));
 - (iii) as not having effect in the licence until such time as the standard condition in which the definition is used has effect within the licence in pursuance of that standard condition;
 - (b) any definition which is used in Sections A and B is also used in one or more other Sections:

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

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

Condition 9. Balancing and Settlement Code and NETA Implementation

1. Insofar as the licensee shall construct or operate a generating station ~~in Great Britain~~, the licensee shall be a party to the BSC Framework Agreement and shall comply with the BSC.
2. The licensee shall comply with the programme implementation scheme established in accordance with paragraph 3, as modified from time to time in accordance with paragraph 5.
3. The programme implementation scheme is a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 4, to be taken (or procured) by the licensee (and/or by authorised electricity operators) which are, in the Secretary of State's opinion, appropriate in order to give full and timely effect to:
 - (a) any modifications made to this licence and to the licences of authorised electricity operators by the Secretary of State pursuant to the power vested in him under section 15A of the Act;
 - (b) any conditions imposed by any exemption from the requirement to hold any such licence; and
 - (c) the matters envisaged by such modifications and conditions.
4. The programme implementation scheme may include provisions, inter alia,
 - (a) to secure or facilitate the amendment of any of the core industry documents;
 - (b) to secure that any systems, persons or other resources employed in the implementation of the Pooling and Settlement Agreement may be employed in the implementation of the BSC;
 - (c) for the giving of the indemnities against liabilities to which parties to the Pooling and Settlement Agreement may be exposed;
 - (d) for securing the co-ordinated and effective commencement of implementation of and operations under the BSC, including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;
 - (e) for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement;
 - (f) for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and

(g) for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the effective time.

5. The Secretary of State:

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

(b) shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.

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

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

8. In this condition:

"BSC" means the Balancing and Settlement Code required to be in place, pursuant to the transmission licence granted to the system operator, as from time to time modified.

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

"core industry documents" mean those documents which:

(a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the BSC

or the Balancing and Settlement
arrangements, and

(b) have been so designated by the Secretary
of State.

"effective time"

means the start of the first period for trading
under the BSC as determined by the
Secretary of State.

Condition 10. Change Co-ordination for BSC

1. Insofar as the licensee shall construct or operate a generating station ~~in Great Britain~~, the licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment), as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the BSC.
2. For the purposes of paragraph 1, core industry documents has the meaning given in paragraph 8 of standard condition 9 (Balancing and Settlement Code and NETA Implementation).

Condition 14. Compulsory Acquisition of Land etc.

1. This condition shall have effect and come into operation for the purpose of this licence on and from 1 May 2007.
2. The powers and rights conferred by or under the provisions of Schedule 3 to the Act (Compulsory Acquisition of Land etc. by Licence Holders) shall have effect in relation to the licensee to enable the licensee to carry on the activities authorised by this licence and which relate to:
 - (a) the construction or extension of a generating station;
 - (b) activities connected with the construction or extension of a generating station or connected with the operation of a generating station; and
 - (c) the installation, maintenance, removal or replacement of electric lines, and electrical plant associated with them, connecting a generating station with:
 - (i) the ~~GB~~-national electricity transmission system; or
 - (ii) a distribution system.
3. In paragraph 2 above:
 - (a) the references to "generating station" are to an electricity generating station which:
 - (i) has, or will have when its construction or extension is completed, a capacity of not less than 50 megawatts or such other capacity as may be specified in relation thereto by order of the Secretary of State under section 36(3) of the Act; and
 - (ii) is, or will be when its extension or construction is completed, operated by or for the licensee; and
 - (b) "extension" in relation to a generating station includes the use by the person operating the station of any land (wherever situated) for a purpose directly related to the generation of electricity by that station.

Condition 15. Other powers etc.

1. This condition shall have effect and come into operation for the purpose of this licence on and from 1 May 2007.
2. The powers and rights conferred by or under the provisions of Schedule 4 to the Act (Other Powers etc. of Licence Holders) shall, subject to paragraph 3 below, have effect to enable the licensee to carry on its authorised activities:
 - (a) in relation to, or in pursuance of, the installation, inspection, maintenance, adjustment, repair, alteration, replacement and removal of:
 - (i) electric lines specified in paragraph 3 below;
 - (ii) electrical plant associated with such lines; and
 - (iii) any structures for housing or covering such lines or plant;
 - (b) in relation to the installation of electrical plant to be used in connection with a generating station or the operation thereof;
 - (c) in relation to electric lines or electrical plant as if the references to them in Schedule 4 to the Act included pipes for conveying directly to consumers" premises heat produced in association with electricity and steam produced from air and water heated by such heat and associated works in relation to such pipes and as if "associated works" had the meaning given in section 10(3) of the Act.
3. Electric lines are specified for the purposes of sub-paragraph (a) of paragraph 2 above:
 - (a) if they connect, or will connect when installed, a generating station with:
 - (i) the **GB national electricity** transmission system; or
 - (ii) any distribution system;
 - (b) where "electric lines" has the extended meaning given by paragraph 2(c) above, if they connect a generating station with any premises.
4. Paragraph 10 of Schedule 4 to the Act shall apply to the licensee if:
 - (a) it wishes to exercise its rights of entry on land for the purpose of establishing whether or not the land is suitable for the construction or extension of a generating station; and
 - (b) it obtains the consent of the Authority before exercising those rights.
5. In this condition:

"authorised activities"	means the activities which the licensee is authorised by the licence to carry on, and shall include any purpose connected with the supply to any premises of heat produced in
-------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

association with electricity and steam produced from air and water heated by such heat;

“generating station”

has the meaning given in paragraph 3 of standard condition 14 (Compulsory Acquisition of Land etc);

“extension”

in relation to a generating station, has the meaning given in paragraph 3 of standard condition 14 (Compulsory Acquisition of Land etc).

Condition 18. Generating Unit Availability

1. Where the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence, the licensee shall be obliged to comply with the requirements of the provisions contained in paragraph 7 to 17 from the date the said scheme takes effect.
2. Subject to paragraph 3, the Authority may issue a direction providing that paragraphs 7 to 17 shall have effect in this licence. Where the Authority has issued to the licensee a direction, paragraphs 7 to 17 shall have effect within the licence from the date specified in the Authority's direction and the licensee shall be obliged to comply with the requirements of the provisions contained in those paragraphs from that date.
3. Where -
 - (a) the Authority has consented to a disapplication request pursuant to paragraph 13; or
 - (b) the licensee has issued a termination notice pursuant to paragraph 15 or 16, the Authority shall not thereafter issue a direction pursuant to paragraph 2 to the licensee in respect of the paragraphs (or any part or parts thereof) to which the termination notice relates until -
 - (i) at least 12 months have elapsed since the date of the termination notice, and
 - (ii) the Authority is of the opinion that circumstances have changed in a material respect.
4. Until:
 - (a) the Secretary of State provides, by a scheme made under Schedule 7 to the Utilities Act 2000, for this condition to have effect within this licence; or
 - (b) the Authority has issued to the licensee a direction for the purposes of this condition,

the provisions contained in paragraphs 7 to 17 shall not have effect within this licence and the licensee shall not be obliged to comply with any of the requirements of such paragraphs.
5. Where the Authority has issued to the licensee a direction pursuant to paragraph 2, the provisions contained in paragraphs 7 to 17 shall be deemed to have effect within the licence and shall apply to the licensee from the date specified in the Authority's direction.
6. A direction pursuant to paragraph 2 may be issued at any time from the date the Secretary of State determines these standard conditions pursuant to sub-section 33(1) of the Utilities Act 2000.

7. The purpose of this condition is to enable the Authority to keep under review the behaviour of the licensee to ascertain whether the licensee is pursuing a course of conduct in making or declining (whether temporarily or permanently) to make available generating units owned or operated by the licensee which is intended to have or is likely to have the effect of restricting, distorting or preventing competition in the generation or supply of electricity.
8. The licensee shall within 2 months of the Authority's direction under paragraph 2 prepare a statement, for approval as to form by the Authority, specifying in reasonable detail the criteria upon which the licensee will, for the purpose of planning the availability of generating units:
 - (a) determine its policy regarding the closure, whether permanent or temporary, of any generating units; and
 - (b) determine its policy regarding the reduction in capacity of any generating units.
9. (a) Where the licensee is required, pursuant to the Grid Code, to provide information to the system operator relating to planned availability of any generating unit operated by the licensee, then, where applicable, in respect of each planned availability period, as soon as is reasonably practicable and in any event no later than 2 months from the end of the planned availability period in question, the licensee shall provide the Authority with a statement setting out in reasonable detail the information specified in sub-paragraph (b).
 - (b) The information referred to in sub-paragraph (a) shall, in respect of each generating unit involved, comprise the following:
 - (i) details of any material differences between the actual availability and the information specified in sub-paragraph (a) relating to planned availability, such information to include the date and duration of any unavailability; and
 - (ii) an explanation (with appropriate supporting technical information) as to how each such difference has arisen.
10. (a) The licensee shall give notice to the Authority of the date upon which it is intended:
 - (i) to close permanently or close temporarily any power station; or
 - (ii) to make a material reduction in the registered capacity of any power station,

and shall use its reasonable endeavours to give that notice not less than six months prior to the date of the intended closure or reduction in capacity.

(b) A notice under sub-paragraph (a) shall specify the power station to which it relates, the intended date of closure or reduction in capacity and, if in respect of sub-paragraph (a)(ii), shall also specify:

- (i) the existing and proposed registered capacity;
- (ii) the expected duration of the reduction in capacity;
- (iii) the reasons for the reduction in capacity; and
- (iv) (if the reduction is as a result of the cessation of operation of a generating unit or units) whether it would be practicable for that

generating unit or those units (on the assumption, if not the case, that it or they were operational) to be operated separately from the other unit or units of that station and, if not, the reasons therefore.

(c) For the purpose of this paragraph :

- (i) a reduction of more than 10 per cent in the registered capacity of an open cycle gas turbine generating unit is material;
- (ii) subject to (c)(i), a reduction in capacity is material if it will reduce the registered capacity of a power station by more than 25 megawatts or more than 10 per cent whichever is the lesser; and
- (iii) "close temporarily" means to close or not to make available for a period greater than one year but not permanently.

11. (a) Within one month of delivery of a notice under paragraph 10(a)(i), the licensee shall provide to the Authority a statement setting out in reasonable detail:

- (i) (if in relation to any closure of a power station) the reasons for the decision referred to in the notice;
- (ii) (if in respect of a temporary closure of a power station) the circumstances in which the licensee expects to recommence operating the power station; and
- (iii) (if in respect of a permanent closure of a power station) the licensee's proposals for use or disposal of the site and the plant, and alternative proposals considered and the reason for adopting the chosen proposal.

(b) The licensee shall provide to such independent and competent assessor (if any) as may be appointed by the Authority with the approval of the licensee (such approval not to be unreasonably withheld) such information (in addition to that contained in any notice under paragraph 10(a)(i) or the statement under paragraph 11(a)) as the assessor may reasonably require to enable him to provide to the Authority and the licensee within two months of his appointment (or such longer period as the Authority may approve) an assessment of whether the above decision process and result were reasonable, taking into account all the relevant circumstances and opportunities, identifying the direct and indirect financial implications for the licensee, and the amounts if any which third parties

have offered or would be likely to pay to purchase or lease the plant or site and associated facilities whether or not for use as an operating power station.

12. A licensee, in whose licence this condition has effect, may make a disapplication request in writing to the Authority. The disapplication request shall specify the paragraphs of this condition (or any part or parts thereof) to which the request relates and shall state the date ("the disapplication date", being a date not less than 18 months after the date of delivery of the request) from which the licensee wishes the Authority to agree that the specified paragraphs (or the specified part or parts thereof) shall cease to have effect.
13. Paragraphs 7 to 17 of this condition (or any part or parts thereof) shall cease to have effect from the date specified in the disapplication request or such later date as may be agreed, if the licensee delivers to the Authority a disapplication request made in accordance with paragraph 12 and the Authority agrees in writing to the disapplication request.
14. Save where the Authority otherwise agrees, no further disapplication request pursuant to paragraph 12 may be served within 12 months following the date on which a report is delivered by the Competition Commission following a reference under paragraph 15 where the report of the Competition Commission did not entitle the licensee to deliver a notice to the Authority under paragraph 16.
15. If the Authority has not made a reference to the Competition Commission in respect of this licence under section 12 of the Act relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date, the licensee may deliver a termination notice to the Authority. Following the service of a termination notice, with effect from the disapplication date or such later date as may be specified in the termination notice such of the paragraphs (or any part or parts thereof) as are specified in the disapplication request shall cease to have effect in this licence.
16. If the Competition Commission makes a report on a reference in respect of this licence made by the Authority relating to the modification of this licence by the removal of the paragraphs (or any part or parts thereof) specified in the disapplication request and such report does not include a conclusion that the removal of such paragraphs (or any part or parts thereof) operates or may be expected to operate against the public interest, the licensee may within 30 days after the publication of the report by the Authority in accordance with section 13 of the Act deliver a termination notice to the Authority. With effect from the disapplication date or such later date as may be specified in the termination notice such paragraphs (or any part or parts thereof) as are specified in the disapplication request and in respect of which the Competition Commission report does not include the aforementioned conclusion shall cease to have effect in this licence.
17. In this condition:

"registered capacity"; "generating unit",

"power station" and "settlement period" each shall have the same meaning as in the Grid Code, but as if in relation to a power station the registered capacity means the aggregate of the registered capacity of the generating units forming part of that power station;

"planned availability period" means each period of 4 successive weeks, the first such period to begin on the first date in respect of which the licensee is required, pursuant to the Grid Code, to provide the information specified in sub-paragraph 9(a) of this condition.

- (a) This condition does not apply to any generating unit having a registered capacity of [10] megawatts or less.
- (b) Unless the Authority otherwise directs, any reference to generating unit or power station shall mean, respectively, each generating unit owned or operated by the licensee forming part of a power station owned or operated by the licensee which is capable of providing 100 megawatts or more to the total system being the distribution systems of all authorised electricity operators ~~which are located in Great Britain~~ and the ~~GB national electricity~~ transmission system.

Condition 19. Compliance with CUSC

1. Insofar as the licensee shall construct or operate a generating station ~~in Great Britain~~, the licensee shall be a party to the CUSC Framework Agreement and shall comply with the CUSC.
2. The licensee shall take all reasonable steps to secure and implement (consistently with the procedures applicable under or in relation to core industry documents to which it is a party (or in relation to which it holds rights in respect of amendment), as modified or replaced from time to time), and shall not take any steps to prevent or unduly delay, changes to the those documents, such changes being changes which are appropriate in order to give full and timely effect to and/or in consequence of any modification which has been made to the CUSC.
3. For the avoidance of doubt, paragraph 2 is without prejudice to any rights of approval, veto or direction in respect of proposed changes to the core industry documents which the Authority may have.

4. In this condition:

"core industry documents"

means those documents which:

(a) in the Secretary of State's opinion are central industry documents associated with the activities of the licensee and authorised electricity operators, the subject matter of which relates to or is connected with the CUSC or connection and use of system arrangements; and

(b) have been so designated by the Secretary of State.

"CUSC"

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

"CUSC Framework Agreement"

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

Condition 20. Transmission Constraint Licence Condition

1. The licensee must not obtain an excessive benefit from electricity generation in relation to a Transmission Constraint Period.
2. For the purposes of paragraph 1, the licensee shall be considered to have obtained an excessive benefit from electricity generation in relation to a Transmission Constraint Period if:
 - (a) the licensee and the system operator enter into, or have entered into, Relevant Arrangements which related to a Transmission Constraint Period; and
 - (b) either or both of the circumstances set out in paragraph 3 occurs.
3. The circumstances referred to in paragraph 2(b) are as follows:
 - (a) Circumstance 1 is that:
 - (i) the licensee, or any affiliate of the licensee, creates or exacerbates a Transmission Constraint by dispatching or withholding one or more Generating Units in circumstances when the licensee and its affiliates together had more economic options available to them; and
 - (ii) under the Relevant Arrangements, either:
 - a. the licensee is paid, or seeks to be paid, an excessive amount by the system operator in connection with an increase in electricity generation during the Transmission Constraint Period; or
 - b. the licensee is paid, or seeks to be paid, an excessive amount by the system operator, or the licensee pays, or seeks to pay, an excessively low amount to the system operator, in connection with a reduction in electricity generation during the Transmission Constraint Period;
 - (b) Circumstance 2 is that, under the Relevant Arrangements and in connection with a reduction in electricity generation in the Transmission Constraint Period, either:
 - (i) the licensee pays, or seeks to pay, the system operator an excessively low amount; or
 - (ii) the licensee is paid, or seeks to be paid, an excessive amount by the system operator.
4. For the purposes of paragraph 3 any reference to an increase or reduction in generation by the licensee in a Transmission Constraint Period means:
 - (a) an increase or reduction in comparison to the licensee's Notified Electricity Generation for that Transmission Constraint Period; and

(b) includes an increase or reduction in generation of electricity by particular generating plant, whether or not there is an overall increase or reduction in electricity generation in that Transmission Constraint Period.

5. This licence condition shall be interpreted and enforced in accordance with guidance issued by the Authority in accordance with section 19 of the Energy Act 2010.
6. The Authority may from time to time revise the guidance referred to in paragraph 5 and before issuing any such revised guidance the Authority shall consult:
 - (a) the holder of any licence under section 6(1)(a) of the Act;
 - (b) the Secretary of State; and
 - (c) such other persons as the Authority thinks it appropriate to consult, setting out the text of, and the reasons for, the proposed revisions.
7. The licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the licensee's compliance with this condition.
8. This condition will cease to have effect on the Expiry Date unless the Secretary of State makes an order extending the Expiry Date pursuant to section 23(2) of the Energy Act 2010.
9. In this condition:

"Balancing Mechanism"	means the mechanism for the making and acceptance of offers and bids to increase or decrease the quantities of electricity to be delivered to, or taken off, the total system at any time or during any period so as to assist the system operator in coordinating and directing the flow of electricity onto and over the national electricity system and balancing the national electricity system pursuant to the arrangements contained in the BSC;
"Expiry Date"	means 15 July 2017;
"Generating Unit"	means any apparatus which produces electricity;
"National Electricity Transmission System"	means the system consisting (wholly or mainly) of high voltage electric lines owned or operated by transmission licensees within Great Britain, in the territorial sea adjacent to Great Britain and in any Renewable Energy Zone and used for the transmission of electricity from one generating station to a sub-station or to another generation station or between sub-stations or to or from any interconnector and includes any electrical plant or meters owned or operated by any transmission licensee within Great Britain, in the territorial sea adjacent to Great Britain and in any Renewable Energy Zone in connection with the transmission of electricity;
"Notified Electricity Generation"	means the intended level of generation notified by the licensee to the system operator for a period pursuant to the notification

	arrangements established by BETTA and the BSC;
"Relevant Arrangements"	means arrangements entered into by the licensee and the system operator within the Balancing Mechanism, and the entering of such arrangements shall include the making of a bid or offer by the licensee whether or not that bid or offer is accepted by the system operator;
"Renewable Energy Zone"	means any area designated by Order in Council under section 84(4) of the Energy Act 2004;
"Transmission Constraint"	<p>means any limit on the ability of the National Electricity Transmission System, or any part of it, to transmit the power supplied onto the National Electricity Transmission System to the location where the demand for that power is situated, such limit arising as a result of any one or more of:</p> <ul style="list-style-type: none"> (a) the need not to exceed the thermal rating of any asset forming part of the National Electricity Transmission System; (b) the need to maintain voltage on the National Electricity Transmission System; and (c) the need to maintain the transient and dynamic stability of electricity plant, equipment and systems directly or indirectly connected to the National Electricity Transmission System; <p>and such limit being used by the system operator to operate the National Electricity Transmission System in accordance with the National Electricity Transmission System Security and Quality of Supply Standard referred to in standard condition C17 (Transmission systems security standard and quality of service) of the standard conditions for electricity transmission licences or any other provision of the transmission licence, the Act or any other requirement of law;</p>
"Transmission Constraint Period"	means any period of time, regardless of the duration, when a Transmission Constraint occurs.