

To: All holders of an Electricity Generation licence:

**Electricity Act 1989
Section 11A**

Notice of statutory consultation on a proposal to modify Standard Condition 12 of all Electricity Generation licences

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity generation licences granted or treated as granted under section 6(1)(a) of the Electricity Act 1989 ('the Act') by amending Standard Condition 12 in the manner set out in Schedule 1 to this Notice.
2. The reason why the Authority proposes to make this modification is to place a duty on all electricity generation licensees, along with other holders of licences granted under the Gas Act 1986 or Electricity Act 1989, to cooperate with the Authority or any person(s) appointed by the Authority, as may be required to give full effect to the conclusions of a Significant Code Review. This is to ensure a continuity of effective programme governance beyond the point at which the Authority may direct modifications to relevant licences and/or industry codes, through the design, build and test phase to the subsequent implementation of associated IT systems.
3. These reasons are set out further in the following documents published by the Authority:
 - a) Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications - published 15 October 2018; and
 - b) Switching Programme: Proposed modifications to regulation and governance – published 5 June 2018.

These documents, together with copies of this proposed modification and any other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk).

4. In summary, the effect of the modifications are to:
 - a) delete the defunct requirements within standard condition 12 and replace them with a duty to cooperate with the Authority in delivery of a significant code review; and
 - b) include definitions of new terms where appropriate.
5. Any representations with respect to the proposed licence modification must be made on or before **16 November 2018** to: Jon Dixon, Office of Gas and Electricity Markets, 10 South Colonnade Canary Wharf London E14 4PU9, or preferably by email to switchingprogramme@ofgem.gov.uk.
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document

publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

7. If we decide to make the proposed modification, it will take effect not less than 56 days after the decision is published.

Rachel Clark,

Programme Director, Switching Programme

Duly authorised on behalf of the Gas and Electricity Markets Authority

15 October 2018

Schedule 1 - Proposed modification of Standard Condition 12 of the Electricity Generation licence

Delete:

~~Condition 12. Change Co-ordination for the Utilities Act 2000~~

- ~~1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.~~
- ~~2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.~~
- ~~3. For the purposes of this condition, "industry framework document" means, subject to paragraph 4, any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:
 - ~~(a) the Pooling and Settlement Agreement;~~
 - ~~(b) the Balancing and Settlement Code;~~
 - ~~(c) the Master Connection and Use of System Agreement or the Connection and Use of System Code;~~
 - ~~(d) the Settlement Agreement for Scotland;~~
 - ~~(e) the Master Registration Agreement;~~
 - ~~(f) the Data Transfer Services Agreement;~~
 - ~~(g) the Radio Teleswitch Agreement;~~
 - ~~(h) any Grid Code;~~
 - ~~(i) any Distribution Code;~~
 - ~~(j) the Trading Code;~~
 - ~~(k) the Fuel Security Code;~~
 - ~~(l) any agreement for use of an interconnector or Scottish interconnection; and~~
 - ~~(m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.~~~~
- ~~4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition generally, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.~~
- ~~5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given for the purposes of this condition generally.~~

Insert:

Condition 12: Duty to cooperate

1. This condition shall apply where the licensee has entered into a framework agreement or otherwise acceded to an Industry Code.
2. The licensee will cooperate, as necessary, with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a "significant code review".
3. **Cooperation** for the purposes of condition 12(2) may include but not be limited to:
 - a) the sharing of such information as reasonable, and constructive participation in industry engagement in order to undertake appropriate planning of changes to IT systems or industry standard operational processes system changes pursuant to the conclusions of a SCR;
 - b) the **provision of such data** as may be identified and reasonably requested in order to undertake testing and/or the population of any new central systems;
 - c) the **preparation and cleansing of such data** as may reasonably be requested in order to facilitate live operation of the new central system;
 - d) the provision of test scripts and results of any **testing** as may be requested by any person appointed to assure the success of any testing;
 - e) all reasonable steps to:
 - i) meet key programme milestones for the completion of any action(s) assigned to the licensee;
 - ii) adhere to any remedial plan put in place to address any issues, delays or slippage that may impact the licensee's ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the programme;
 - iii) identify any dependencies that the licensee may have upon agents or other third-parties and secure the necessary support from such parties; and,
 - iv) promptly escalate and/or resolve any disputes that if unresolved may jeopardise the fulfilment of these obligations.

Interpretation

4. In this condition:

Significant Code Review means a review of matters which the Authority considers are likely to relate to one or more Industry Codes to which the licensee is required under this licence to be a party or otherwise comply with, and concerning which the Authority has issued a notice to the parties stating that the review will constitute a significant code review.

Industry Code means any and all of the following:

- a) the Grid Code;
- b) the Distribution Code;
- c) the Connection and Use of System Code (CUSC);
- d) the Balancing and Settlement Code (BSC);

e) the System Operator – Transmission Owner Code (STC)