

Annex 4. EU Exit – Notice of proposed licence modifications to the licence conditions of the Electricity Transmission Licence

To: All holders of an Electricity Transmission Licence

Electricity Act 1989

Section 11A(2)

Notice of statutory consultation on a proposal to modify the standard conditions of all Electricity Transmission Licences, the special conditions of National Grid Electricity Transmission Plc, SP Transmission Plc and Scottish Hydro Electric Transmission Plc Licences and the Amended Standard Conditions of all Electricity Offshore Transmission Licences.

1. The Gas and Electricity Markets Authority (the Authority) proposes to modify the standard conditions of all Electricity Transmission Licences granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending Standard Licence Conditions under section 11A(1)(b):
 - SLC A1 (Definitions and interpretation)
 - SLC B3 (Disposal of relevant assets and restrictions on charges over receivables)
 - SLC B20 (Regional Cooperation)
 - SLC B21 (Notification of changes that may affect eligibility for certification)
 - SLC C11 (Production of information about the national electricity transmission system)
 - SLC C27 (The Network Options Assessment process and reporting requirements)
 - SLC E2 (Regulatory Accounts)
 - SLC E5 (Provision of information to the Authority)
 - SLC E23 (Notification of changes that may affect eligibility for certification)
 - SLC E24 (Regional Cooperation)

set out in Annex 4.1.a and 4.1.b to this Notice.

2. Further, the Authority proposes to modify the Amended Standard conditions of the following Electricity Offshore Transmission Licensees: TC Westermost Rough OFTO Limited, Humber Gateway OFTO Limited, Diamond Transmission Partners BBE Limited, TC Dudgeon OFTO plc granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending the Amended Standard Licence Conditions under section 11A(1)(a):

- E12-A1 (Definitions and Interpretation)

set out in Annex 4.2.a and 4.2.b to this Notice.

3. Further, the Authority proposes to modify the Amended Standard conditions of the following Electricity Offshore Transmission Licensees: TC Robin Rigg OFTO Limited, TC

Barrow OFTO Limited, TC Gunfleet Sands OFTO Limited, TC Ormonde OFTO Limited, TC Lincs OFTO Limited, Blue Transmission Sheringham Shoal Limited, Blue Transmission Walney 1 Limited, Blue Transmission Walney 2 Limited, Blue Transmission London Array Limited, WoDS Transmission plc, Greater Gabbard OFTO plc, Thanet OFTO Limited, Gwynt y Môr OFTO plc granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending the Amended Standard Licence Conditions under section 11A(1)(a):

- E12-J1 (Restriction of Transmission Revenue: Definitions)
- E12-C3 (Restriction on use of certain information)

set out in Annex 4.2.a and 4.2.c to this Notice.

4. We propose to modify the special conditions of National Grid Electricity Transmission Plc licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending Special Licence Conditions under section 11A(1)(a):

- 1A (Definitions and interpretation)

set out in Annex 4.3.a and 4.3.b to this Notice.

5. We propose to modify the special conditions of Scottish Hydro Electric Transmission Plc licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending special conditions under section 11A(1)(a):

- 1A (Definitions and interpretation)
- 2B (Restriction on the use of certain information)
- 2I (Independence of and appointment of managing director of the Transmission Business)

set out in Annex 4.4.a and 4.4.b to this Notice.

6. We also propose to modify the special conditions of the SP Transmission Plc Licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 by amending special conditions under section 11A(1)(a):

- 1A (Definitions and interpretation)
- 2B (Restriction on the use of certain information)
- 2I (Independence of and appointment of managing director of the Transmission Business)

set out in Annex 4.5.a and 4.5.b to this Notice.

7. The modifications we propose to make are to reflect the changes in the legislative framework that will be implemented in the event that the United Kingdom (UK) leaves the European Union (EU) without a deal.
8. The effect of these proposed modifications is to ensure that the references in the licence to EU law (e.g. Directives, Regulations and Commission decisions) shall be read as references to such EU law as it had effect immediately before exit day subject to any further amendments as may be contained in statutory instruments made under the

European Union (Withdrawal) Act 2018. As far as possible, the modifications do not seek to change the current obligations and duties of licensees, nor do they seek to change the current policy positions as reflected in the licence conditions.

9. The proposed modifications and the reasons why they are proposed are stated in Annex 4.1.a to 4.5.b to this Notice. The effect of the proposed changes is set out in paragraph 8 of this Notice. Further information concerning the proposed modifications is contained in the letter entitled 'Preparing for EU Exit: statutory consultation on consequential licence modifications in the event the UK leaves the EU without a deal' which can be found at www.ofgem.gov.uk.
10. Any representations with respect to the proposed licence modifications must be made on or before 15 February 2019 to: Heather Stewart, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to EUExit@ofgem.gov.uk.
11. 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 publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
12. If we decide to make the proposed modifications, they will take effect not less than 56 days after the decision is published.

Cathryn Scott
Director, Wholesale Markets & Commercial

Duly authorised on behalf of the
Gas and Electricity Markets Authority

14 January 2019

Annex 4.1.a. Electricity Transmission Standard Licence Conditions Modification Table

Standard Licence condition	Current wording	Proposed change	Reasons for change
A1	“the Electricity Directive” means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC.	“the Electricity Directive” means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity <u>as it has effect immediately before Exit Day as read with the modifications set out in the Act.</u>	The licence refers to the Directive in a number of conditions. This proposal will ensure that the references to the Directive are to be interpreted on the basis of the Directive as it has effect immediately before Exit Day as read with the modifications inserted into section 3A(5B) of the Electricity Act 1989 by regulation 39 of the Electricity and Gas etc. (Amendment etc.) (EU Exit) Regulations 2019 ¹ (the “Regulations”).
A1	New definition	<u>“Exit Day” has the same meaning as that given in section 20(1) of the European Union (Withdrawal) Act 2018.</u>	This new definition is required to give effect to the revised definition of “Directive”.
A1	New definition	<u>“legally binding decision of the European Commission and/or the Agency” and “legally binding decisions of the European Commission and/or the Agency” means any relevant legally binding decision or decisions of the</u>	The licence contains references to both of these phrases. Post EU exit, future decisions of the Commission and the Agency will no longer have any legal effect

¹The Electricity and Gas etc. (Amendment etc.) (EU Exit) Regulations 2019 were published in draft on 17th December 2018 (<https://assets.publishing.service.gov.uk/media/5c17d12140f0b60c70c4ba79/Regulations.pdf>) and have been laid in draft before the sifting committees of both Houses of Parliament. The modifications that are proposed to the licence are on the assumption that the draft Regulations will be made and come into force in their published format before any proposed licence modification is to take effect. Cross references to the Regulations reflect the numbering in the published draft as at the date of this notice.

Standard Licence condition	Current wording	Proposed change	Reasons for change
		<p><u>European Commission and/or the Agency, but a binding decision does not include a decision that is not, or so much of a decision as is not, Retained EU Law.</u></p>	<p>in the UK. However, decisions made prior to Exit Day are to continue to have effect. The introduction of these new definitions will achieve this.</p> <p>The terminology is consistent with the amendment made by draft regulation 41 to section 3E of the Electricity Act.</p>
A1	New definition	<p><u>“Retained EU Law” has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.</u></p>	<p>This definition is required to give effect to the new definitions that include reference to “Retained EU Law”.</p>
A1	<p>“vertically integrated undertaking” means an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform in the European Economic Area at least one of the functions of transmission or distribution and at least one of the functions of generation or supply of electricity. The terms within this definition shall have the meaning given to them by the Electricity Directive.</p>	<p>“vertically integrated undertaking” means an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform in the European Economic Area at least one of the functions of transmission or distribution and at least one of the functions of generation or supply of electricity. The terms within this definition shall have the meaning given to them by the Electricity Directive. <u>has the meaning given by section 10A of the Act.</u></p>	<p>Definition amended to remove reference to EEA and to ensure ongoing alignment with the statutory definition</p>

Standard Licence condition	Current wording	Proposed change	Reasons for change
B3.8	...where the transaction in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act 1978, or a regulation or directive of the Council or Commission of the European Union.	... where the transaction in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act 1978, or a regulation or directive of the Council or Commission of the European Union <u>that has effect in EU law immediately before Exit Day.</u>	This preserves the position so that the licensee is only required to comply where the transaction “is required by or under” retained EU regulations.
B20	<ol style="list-style-type: none"> 1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation. 2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, and approved by the Agency pursuant to Article 6 of the Electricity Directive, for the purpose of ensuring that discrimination and anti-competitive conduct is excluded. 	<ol style="list-style-type: none"> 1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation <u>with member States pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation.</u> 2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, and approved by the Agency pursuant to Article 6 of the Electricity Directive, for the purpose of ensuring that discrimination and anti-competitive conduct is excluded. 	<p>Proposed deletion of reference to Article 6 of the Directive as in our view, the reference to Article 6 will not operate effectively post EU Exit.</p> <p>Regulation 150 of the Regulations amends the Electricity Regulation by omitting Article 12. This amendment reflects that omission.</p>

Standard Licence condition	Current wording	Proposed change	Reasons for change
B21.1	its final certification decision under section 10D(7) of the Act	its final certification decision under section 10D(7) <u>10D(4)</u> of the Act	Amendments in line with regulation 46 of the Regulations which amends section 10D of the Electricity Act.
B21.3	If at any time from 3 March 2013 the licensee person from a third country, or that a person from a third country	If at any time from 3 March 2013 the licensee person from a third country <u>outside the United Kingdom</u> , or that a person from a third country <u>outside of the United Kingdom</u>	Proposed deletion of "from 3 March 2013" to reflect the amendment to section 10B of the Electricity Act made by regulation 43 of the Regulations. Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to section 100 of the Electricity Act made by regulation 54 of the Regulations. This is to reflect the fact that post EU Exit, the EU will become a "third country".
B21.5(b)	...person from a third country, or that a person from a third country has taken control of the licence, in the previous 12 month period or such part of that 12 month period since the licensee was certified, providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013; and	...person from a third country <u>outside the United Kingdom</u> , or that a person from a third country <u>outside of the United Kingdom</u> has taken control of the licence, in the previous 12 month period or such part of that 12 month period since the licensee was certified, providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013; and	Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to section 100 of the Electricity Act made by regulation 54 of the Regulations. This is to reflect the fact that post EU Exit, the EU will become a "third country".

Standard Licence condition	Current wording	Proposed change	Reasons for change
			Proposed deletion of 3 March 2013 component to reflect the amendment to section 10B of the Electricity Act made by regulation 43 of the Regulations.
B21.6	person from a third country	person from a third country <u>outside the United Kingdom</u>	Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to section 100 of the Electricity Act made by regulation 54 of the Regulations. This is to reflect the fact that post EU Exit, the EU will become a "third country".
C11.1(e)	(e) an explanation of any differences between the datasets used for the electricity ten year statement and the datasets used for the ten year network development plan; and	(e) an explanation of any differences between the datasets used for the electricity ten year statement and the datasets used for the ten year network development plan; [Not Used]; and	Regulation 150 of the Regulations amends the Electricity Regulation by omitting Article 8. This amendment reflects that omission. Accordingly, this definition and references to it in condition C11 are removed.

Standard Licence condition	Current wording	Proposed change	Reasons for change
C11.19	“Ten year development network plan” refers to the non-binding European Community-wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared by each individual transmission system operator.	“Ten year development network plan” refers to the non-binding European Community-wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared by each individual transmission system operator.	Regulation 150 of the Regulations amends the Electricity Regulation by omitting Article 8. This amendment reflects that omission. Accordingly, this definition and references to it in condition C11 are removed.
C27.15(b)	(b) be consistent with the ETYS and where possible align with the Ten Year Network Development Plan as defined in standard condition C11 (Production of information about the national electricity transmission system), in the event of any material differences between the Ten Year Network Development plan and the NOA report an explanation of the difference and any associated implications must be provided; and	(b) be consistent with the ETYS and where possible <u>requested by Ofgem</u> align with the Ten Year Network Development Plan as defined in standard condition C11 (Production of information about the national electricity transmission system) <u>and</u> , in the event of any material differences between the Ten Year Network Development plan and the NOA report an explanation of the difference and any associated implications must be provided; and	Words removed to reflect the fact that the definition no longer appears in standard condition C11.
C27.21	New definition	21. <u>In this condition the “Ten Year Network Development Plan” refers to the non-binding European Community-wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared</u>	Definition is required because it has been removed from standard condition C11 where it was no longer required.

Standard Licence condition	Current wording	Proposed change	Reasons for change
		<u>by each individual transmission system operator.</u>	
E2(8)(a)	<p>The licensee shall take all appropriate steps within its power to procure, in relation to its regulatory accounts:</p> <p>(a) that the audit referred to in paragraph 7(a)(i) verifies whether the obligation to avoid discrimination and cross-subsidies specified in Article 31 of the Electricity Directive has been respected by the licensee; and</p>	<p>The licensee shall take all appropriate steps within its power to procure, in relation to its regulatory accounts:</p> <p>(a) that the audit referred to in paragraph 7(a)(i) verifies whether the obligations <u>in respect of the prohibition of</u> to avoid discrimination and cross-subsidies <u>generally, and in particular, under standard conditions E6 (Prohibition of cross-subsidies) and E19 (Prohibition on engaging in preferential or discriminatory behaviour) of this licence specified in Article 31 of the Electricity Directive</u> has been respected by the licensee; and</p>	<p>No longer appropriate to refer to obligations on electricity undertakings specified in the Directive, especially as these obligations have to a large extent been transposed into transmission licences.</p> <p>Modified in line with the wording in the equivalent provision in Condition B1(16) of the Transmission licence.</p>
E5(1)(c)	<p>Subject to paragraphs 5 and 7, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing:</p> <p>(a) the functions conferred on the Authority by or under the Act, the Energy Act 2004,</p>	<p>Subject to paragraphs 5 and 7, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing:</p> <p>(a) the functions conferred on the Authority by or under the Act, the Energy Act 2004,</p>	<p>The definition in section 64 of the Electricity Act of ‘national regulatory authority’ has been replaced by regulation 60 of the Regulations with the concept of ‘designated regulatory functions’.</p> <p>The term ‘designated regulatory functions’ only includes functions conferred on the Authority in its</p>

Standard Licence condition	Current wording	Proposed change	Reasons for change
	<p>the Energy Act 2008 and the Energy Act 2010;</p> <p>(b) any functions transferred to or conferred on it by or under the Utilities Act 2000; and</p> <p>(c) any function conferred on the Authority by or under the Electricity Directive or Electricity Regulation, including any function conferred on the Authority in its capacity as national regulatory authority for Great Britain.</p>	<p>the Energy Act 2008 and the Energy Act 2010;</p> <p>(b) any functions transferred to or conferred on it by or under the Utilities Act 2000; and</p> <p>(c) any <u>designated regulatory</u> function conferred on the Authority by or under the Electricity Directive or Electricity Regulation, including any function conferred on the Authority in its capacity as national regulatory authority for Great Britain.</p>	<p>capacity as NRA before EU exit, and this is consistent with the approach in the Electricity Act. Reference to functions under the Electricity Regulations is retained as otherwise designated regulatory function would include functions under all Retained EU Law.</p> <p>Regulation 150 of the Regulations amends the Electricity Regulation by replacing ‘national regulatory authority’ with ‘regulatory authority’, which is defined as GEMA. This amendment reflects that omission.</p>
E23(1)	<p>Where the licensee has made or makes an application for certification under section 10B of the Act, if at any time prior to the Authority notifying the licensee of its final certification decision under section 10D(7) of the Act the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification,</p>	<p>Where the licensee has made or makes an application for certification under section 10B of the Act, if at any time prior to the Authority notifying the licensee of its final certification decision under section 10D(7<u>4</u>) of the Act the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification,</p>	<p>Amendments in line with regulation 46 of the Regulations which amends section 10D of the Electricity Act (to remove the role of the European Commission).</p>
E23(3)	<p>If at any time from 3 March 2013 the licensee knows or reasonably should know that any event or circumstance has</p>	<p>If at any time from 3 March 2013 the licensee knows or reasonably should know that any event or circumstance has</p>	<p>Proposed deletion of "from 3 March 2013" to reflect the amendment to section</p>

Standard Licence condition	Current wording	Proposed change	Reasons for change
	<p>occurred, or is likely to occur, that may cause the Authority to think that the licensee is or may become a person from a third country, or that a person from a third-country has or may take control of the licensee, the licensee shall as soon as reasonably practicable notify the Authority in writing.</p>	<p>occurred, or is likely to occur, that may cause the Authority to think that the licensee is or may become a person from a third country <u>outside the United Kingdom</u>, or that a person from a third-country <u>outside the United Kingdom</u> has or may take control of the licensee, the licensee shall as soon as reasonably practicable notify the Authority in writing.</p>	<p>10B of the Electricity Act made by regulation 43 of the Regulations.</p> <p>Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to certification provisions (in sections 10B to 10O) of the Electricity Act made by the Regulations. This is to reflect the fact that post EU Exit, the EU will become a "third country".</p>
E23(5)(b)	<p>(b) whether any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee has become a person from a third country, or a person from a third country has taken control of the licensee, in the previous 12 month period or such part of that 12 month period since the licensee was certified, providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013; and</p>	<p>(b) whether any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee has become a person from a third-country <u>outside the United Kingdom</u>, or a person from a third country <u>outside the United Kingdom</u> has taken control of the licensee, in the previous 12 month period or such part of that 12 month period since the licensee was certified; providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013; and</p>	<p>Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to certification provisions (in sections 10B to 10O) of the Electricity Act made by the Regulations. This is to reflect the fact that post EU Exit, the EU will become a "third country".</p> <p>Proposed deletion of 3 March 2013 component to reflect the amendment to section 10B of the Electricity Act made by regulation 43 of the Regulations.</p>

Standard Licence condition	Current wording	Proposed change	Reasons for change
E23(6)	“person from a third country” has the same meaning as in section 100 of the Act	“person from a third -country <u>outside the United Kingdom</u> ” has the same meaning as in section 100 of the Act	Updated reference to "third country" to "country outside the United Kingdom" to reflect the amendments to section 100 of the Electricity Act made by regulation 53 of the Regulations. This is to reflect the fact that post EU Exit, the EU will become a “third country”.
E24	<ol style="list-style-type: none"> 1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation. 2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, and approved by the Agency pursuant to Article 6 of the Electricity Directive, for the purpose of ensuring that discrimination and anti-competitive conduct is excluded. 	<ol style="list-style-type: none"> 1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation <u>with member States pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation.</u> 2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, <u>and approved by the Agency pursuant to Article 6 of the Electricity Directive,</u> for the purpose of ensuring that discrimination and anti-competitive conduct is excluded. 	<p>Proposed deletion of reference to Article 6 of the Directive as in our view, the reference to Article 6 will not operate effectively post EU Exit.</p> <p>Regulation 150 of the Regulations amends the Electricity Regulation by omitting Article 12. This amendment reflects that omission.</p>

Annex 4.1.b. Electricity Transmission Standard Conditions Change Marked Licence Text

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

Condition A1: Definitions and interpretation

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

<p>“the Electricity Directive”</p>	<p>means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC <u>as it has effect immediately before Exit Day as read with the modifications set out in the Act.</u></p>
<p><u>“Exit Day”</u></p>	<p><u>has the same meaning as that given in section 20(1) of the European Union (Withdrawal) Act 2018.</u></p>
<p><u>“legally binding decision of the European Commission and/or the Agency” and “legally binding decisions of the European Commission and/or the Agency”</u></p>	<p><u>means any relevant legally binding decision or decisions of the European Commission and/or the Agency, but a binding decision does not include a decision that is not, or so much of a decision as is not, Retained EU Law.</u></p>
<p><u>“Retained EU Law”</u></p>	<p><u>has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.</u></p>
<p>“vertically integrated undertaking”</p>	<p>means an electricity undertaking or a group of electricity undertakings where the same person or the same persons are entitled, directly or indirectly, to exercise control, and where the undertaking or group of undertakings perform in the European Economic Area at least one of the functions of transmission or</p>

~~distribution and at least one of the functions of generation or supply of electricity. The terms within this definition shall have the meaning given to them by the Electricity Directive. has the meaning given by section 10A of the Act.~~

Condition B3: Disposal of relevant assets and restrictions on charges over receivables

1. The licensee must not dispose of or relinquish operational control over any relevant asset except in accordance with the provisions of this condition.
2. Subject to paragraph 3, the licensee must not, after 1 April 2013, grant any mortgage, charge, or other form of security over any receivable except in accordance with the provisions of this condition.
3. The licensee may permit any mortgage, charge, or other form of security over any receivable in effect at the date mentioned in paragraph 2 to remain in effect and may vary its terms so long as the variation does not have the effect of materially extending the scope of the mortgage, charge, or other form of security insofar as it applies to the licensee's receivables.
4. Save as provided in paragraphs 3, 5 or, as applicable, 6, or 8 the licensee shall give to the Authority not less than two months' prior written notice of:
 - (a) its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset; or
 - (b) its intention to grant any mortgage, charge, or other form of security over any receivable or class or classes of receivables together with such further information as the Authority may request relating to such receivable, class or classes of receivables or the circumstances of the intended grant of the mortgage, charge or other form of security.
5. Notwithstanding paragraphs 1 and 4(a), the licensee may dispose of or relinquish operational control over any relevant asset where:-
 - (a) the Authority has issued directions for the purposes of this condition containing a general consent (whether or not subject to conditions) to:
 - (i) transactions of a specified description; or

(ii) the disposal of or relinquishment of operational control over relevant assets of a specified description; and

the transaction or the relevant assets are of a description to which such directions apply and the disposal or relinquishment is in accordance with any conditions to which the consent is subject;

or

(b) the disposal or relinquishment of operational control in question is to another transmission licensee and is required by or under standard condition B12 (System Operator – Transmission Owner Code).

6. Notwithstanding paragraphs 2 and 4(b), the licensee may grant a mortgage, charge, or other form of security over a receivable or class or classes of receivables where:

(a) the indebtedness of the licensee which is to be secured represents the novation or rollover of existing indebtedness; and

(b) the proceeds of the indebtedness of the licensee which is to be secured are used to repay the existing indebtedness referred to in sub-paragraph (a).

7. For the purposes of paragraph 6, what is meant in any particular case by:

(a) “existing indebtedness”; and

(b) “proceeds of the indebtedness”

is to be treated as a question of fact.

8. Notwithstanding paragraphs 1, 2 and 4, the licensee may dispose of or relinquish operational control over any relevant asset or grant a mortgage, charge, or other form of security over a receivable or class or classes of receivable where the transaction in question is required by or under any enactment, any provision of subordinate legislation within the meaning of the Interpretation Act 1978, or a regulation ~~or directive~~ of the Council or Commission of the European Union that has effect in EU law immediately before Exit Day.

9. Notwithstanding paragraphs 1 and 2, the licensee may dispose of or relinquish operational control over any relevant asset or grant a mortgage, charge, or other form of security over a receivable or class or classes of receivable as is specified in any notice given under paragraph 4 where:

(a) the Authority confirms in writing that it consents to such disposal or relinquishment or grant (which consent may be made subject to acceptance by the licensee or any third party to the transaction in question, of such conditions as the Authority may specify); or

(b) the Authority does not inform the licensee in writing of any objection to such disposal, relinquishment or grant within the notice period referred to in paragraph 4.

10. In this condition:

"disposal"

includes

- (a) in relation to disposal of a relevant asset situated in England and Wales any sale, gift, exchange, assignment, lease, licence, loan, mortgage, charge or grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition;
- (b) in relation to disposal of a relevant asset situated in Scotland, the grant of any disposition, conveyance, contract of excambion, any lease, assignation, licence, the grant of any right of possession, loan, standard security, floating charge to a third party or the grant of any servitude right, wayleave or any other transaction or event which is capable under any enactment or rule of law of affecting the title to a registered interest in land;

and "dispose" and cognate expressions shall be construed accordingly.

"receivable"

means a contractual right to receive any sum or sums or any other financial asset from another person.

"relevant asset"

means any asset for the time being forming part of the national electricity transmission system, any control centre for use in conjunction therewith and any legal or beneficial interest in (or right, title or interest in) land upon which either of the foregoing is situate (which for the purposes of property located in Scotland means any estate, interest, servitude or other heritable or leasehold right in or over land including any leasehold interests or other rights to occupy or use and any contractual or personal rights in favour of the licensee relating to the occupation, use or acquisition of such property).

"relinquishment of operational control"

includes, without limitation, entering into any agreement or arrangement whereby operational control of a relevant asset or relevant assets is not or ceases to be under the sole management of the licensee.

Condition B20: Regional Cooperation

1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation with member States pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation.
2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, ~~and approved by the Agency pursuant to Article 6 of the Electricity Directive,~~ for the purpose of ensuring that discrimination and anti-competitive conduct is excluded.

Condition B21: Notification of changes that may affect eligibility for certification

1. Where the licensee has made or makes an application for certification under section 10B of the Act, if at any time prior to the Authority notifying the licensee of its ~~final~~ certification decision under section ~~10D(7)~~10D(4) of the Act the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.
2. Where the licensee has been certified, if at any time the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.
3. If at any time ~~from 3 March 2013~~ the licensee knows or reasonably should know that any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee is or may become a person from a ~~third~~ country outside the United Kingdom, or that a person from a ~~third~~ country outside the United Kingdom has or may take control of the licensee, the licensee shall as soon as reasonably practicable notify the Authority in writing.
4. If at any time from the relevant date the licensee exercises or is likely to exercise any shareholder right or right of appointment in the circumstances described in section 10M of the Act, the licensee

shall as soon as is reasonably practicable notify the Authority in writing of the right that has been or is likely to be exercised and the effect of exercising that right.

5. Where the licensee has been certified, by 31 July of each year following certification the licensee shall provide the Authority with a written declaration, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution, setting out:

- (a) whether any event or circumstance has occurred in the previous 12 month period since the licensee was certified, that may affect the licensee's eligibility for certification, and if so, the reasons it considers that the event or circumstance may affect its eligibility for certification;
- (b) whether any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee has become a person from a ~~third~~ country outside the United Kingdom, or that a person from a ~~third~~ country outside the United Kingdom has taken control of the licensee, in the previous 12 month period or such part of that 12 month period since the licensee was certified, ~~providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013;~~ and
- (c) whether the licensee has exercised any shareholder right or right of appointment in the circumstances described in section 10M of the Act in the previous 12 month period or such of that part of that 12 month period since the licensee was certified and if so the effect of exercising that right, providing that the licensee is only required to provide a written declaration under this paragraph (c) where it has been certified on the certification ground in section 10E(3) of the Act and in relation to a period that occurs after the relevant date.

6. In this condition:

“certified” has the same meaning as in section 10O of the Act;

“control” has the same meaning as in section 10O of the Act;

“person from a ~~third~~ country outside the United Kingdom” has the same meaning as in section 10O of the Act;

“relevant date” has the same meaning as in section 10M of the Act;

“shareholder right” has the same meaning as in section 10O of the Act.

Condition C11: Production of information about the national electricity transmission system

1. The licensee shall by 30 November 2014 (or such later date as the Authority may direct) for the financial year commencing 1 April 2014 and by 30 November (or such later date as the Authority may direct) in each financial year thereafter, use reasonable endeavours to prepare and publish a statement of network development information (“the electricity ten year statement”) in a form

approved by the Authority pursuant to paragraph 8. The electricity ten year statement shall set out in respect of the current financial year and each of the nine succeeding financial years: circuit capacity, forecast power flows and loading on each part of the national electricity transmission system and fault levels for each transmission node, together with:

- (a) such further information as shall be reasonably necessary to enable any person seeking use of the national electricity transmission system to identify and evaluate the opportunities available when connecting to and making use of such system;
- (b) a commentary prepared by the licensee indicating those parts of the national electricity transmission system most suited to new connections and transport of further quantities of electricity;
- (bb) a commentary prepared by the licensee indicating where Major National Electricity Transmission System Reinforcements are likely to be required;
- (c) such further information as may be necessary for: authorised electricity operators, interconnected system operators, or any other transmission system operator or distribution system operator (as defined in the Electricity Directive) with whose system the licensee's transmission system is connected or with whom the licensee interfaces, to ensure the secure and efficient operation, coordination development and interoperability of the interconnected system;
- (d) a reasonable number of future scenarios prepared pursuant to paragraph 12;
- (e) ~~an explanation of any differences between the datasets used for the electricity ten year statement and the datasets used for the ten year network development plan; [Not Used];~~ and
- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this condition.

2. The licensee shall prepare the electricity ten year statement in such a form and manner as is necessary to facilitate the development of an efficient, co-ordinated and economical system of electricity transmission (“the co-ordinated development objective”) and in accordance with the further development information objectives as set out in paragraph 3.
3. In preparing the electricity ten year statement, the licensee shall use the future scenarios developed pursuant to paragraph 12, in such a form that provides:
 - (a) the licensee's best view of the design and technical characteristics of the development of the national electricity transmission system, considering:
 - (i) the likely development of the national electricity transmission system;
 - (ii) the likely capacity, location and timing of the development of onshore and offshore generating stations and interconnector(s);
 - (iii) the likely location of feasible connection points for new offshore transmission systems to the national electricity transmission system;

- (iv) to the extent that information is available to the licensee, possible routing options for new transmission circuits that might be used to connect generating stations and interconnector(s) in offshore waters to the national electricity transmission system;
 - (b) the licensee's best view of the potential reinforcements to the national electricity transmission system that may be required to connect onshore and offshore generating stations and interconnector(s);
 - (c) the licensee's best estimates of the costs associated with connecting onshore and offshore generating stations and interconnector(s);
 - (d) the licensee's best view of other economic and technical factors, to help planning of onshore and offshore generating stations and interconnector(s); and
 - (e) the licensee's best view of the capacity, location and timing of the connection of new interconnectors that would facilitate an efficient economical and coordinated system of electricity. This should take into account the impact on GB wholesale prices, the provision of ancillary services, constraint management and other operational considerations; collectively, "the development information objectives".
4. The licensee shall include in every statement prepared pursuant to paragraph 1 above the information required by that paragraph except that the licensee may, with the prior consent of the Authority, omit from such statement any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the licensee or any other transmission licensee or any third party.
 5. The licensee shall not less than once in each financial year (and at such other times as the Authority may direct), in consultation with interested parties, review the most recent electricity ten year statement prepared and published pursuant to paragraph 1. The consultation shall be of such a form and duration to reasonably allow all interested parties to contribute to the preparation of the electricity ten year statement. The licensee shall provide to the Authority, no later than 14 days after it has completed its consultation, copies of all of the responses that it has received to any consultation undertaken pursuant to this paragraph.
 6. Following a review of the electricity ten year statement pursuant to paragraph 5, the licensee shall propose to the Authority any suggested revisions to the ten year electricity statement that it considers would better facilitate the co-ordinated development objective and the development information objectives. Any such revisions shall, as appropriate, be included in the licensee's submissions to the Authority pursuant to paragraphs 8 and 15.
 7. The licensee shall periodically revise (at least once every 6 months) the information set out in the statement prepared pursuant to paragraph 1 to ensure that the information set out in the statement remains accurate in all material respects.

8. The licensee shall submit to the Authority for approval the proposed form of the electricity ten year statement to be published in the financial year commencing 1 April 2014 by no later than 1 June 2014 and submit to the Authority for approval any proposed revisions to the form of the electricity ten year statement by no later than 1 June in each subsequent financial year thereafter or at such other date as directed by the Authority.
9. The Authority may:
 - (a) within 28 days of receipt of the licensee's proposals pursuant to paragraph 8, give a direction to the licensee that the proposed form of the electricity ten year statement or the proposed revisions to the form of the electricity ten year statement requires further development; and
 - (b) subsequently, following consultation with the licensee and other interested parties, direct the areas in which the licensee shall be required to make revisions to the proposed form of the electricity ten year statement and the date by which the licensee shall be required to submit a revised form of the electricity ten year statement to the Authority for approval.
10. If, within 28 days of receipt of the licensee's proposals pursuant to paragraph 8, the Authority has not given a direction to the licensee pursuant to paragraph 9, the form of the electricity ten year statement proposed by the licensee will be deemed to have been approved by the Authority.
11. The licensee shall publish the electricity ten year statement on its website in such readily accessible form and manner that it considers will facilitate the achievement of the co-ordinated development objective and the development information objectives, and must give a copy of the statement on request and free of charge to any person who asks for one.
12. The licensee shall, in consultation with interested parties, prepare a reasonable number of future scenarios that it proposes to include within the electricity ten year statement. The consultation shall be of such a form and duration as to reasonably allow all interested parties to contribute to the preparation of the future scenarios. The future scenarios shall be reasonable, reflect uncertainties and shall, as far as practicable, be consistent with scenarios that the licensee uses in other relevant areas of work.
13. Each future scenario prepared pursuant to paragraph 12 shall include a description of the key assumptions made by the licensee in developing that future scenario, including, but not limited to:
 - (a) the capacity, location and timing of the connection of generating stations, having regard to information generally available in the public domain as well as such information, if any, made available to the licensee for use in the electricity ten year statement by interested parties with respect to generating stations planned to be developed;
 - (aa) the capacity, location and timing of the connection of new interconnectors, having regard to the overall level of interconnector capacity between the national electricity

transmission system and transmission systems in other jurisdictions that the licensee reasonably considers likely;

- (b) the wider development of the national electricity transmission system, having regard to the licensee's investment plans and investment plan information provided by other authorised electricity operators; and
- (c) the plant and equipment that the licensee considers would reasonably be available to transmission owners and interconnectors;

together with a description of the data used by the licensee to model each of the future scenarios.

14. The licensee shall finalise the future scenarios that it proposes to use in the preparation of the electricity ten year statement it prepares pursuant to paragraph 1, taking account of the views expressed by interested parties in response to the consultation undertaken by the licensee pursuant to paragraph 12.
15. The licensee shall submit the following information to the Authority by no later than 31 January 2015 and by no later than 31 January in each subsequent financial year (or such other date as the Authority may direct):
 - (a) the future scenarios, or any revisions to the future scenarios, that it proposes to include in the electricity ten year statement;
 - (b) a detailed explanation of the consultation process undertaken in the development of the future scenarios; and
 - (c) a summary of views from interested parties on the future scenarios and an explanation of how these responses were taken into account in the design of the future scenarios.
16. If the Authority is not satisfied that the future scenarios proposed by the licensee would facilitate the achievement of the coordinated development objective and the development information objectives, the Authority may, within 28 days of receipt of the future scenarios pursuant to paragraph 15, issue a direction to the licensee that the future scenarios proposed by the licensee require further development.
17. The Authority may subsequently, following consultation with the licensee and other interested parties, direct the areas in which the licensee shall be required to make revisions to the future scenarios and any further consultation with interested parties that the licensee shall be required to undertake together with the date by which the licensee shall be required to submit those further revisions to the future scenarios to the Authority.
18. The licensee shall also include in the electricity ten year statement an explanation of how responses from interested parties on the future scenarios were taken into account in further revisions of the future scenarios.
19. In this condition:

“interested parties” includes authorised electricity operators, potential offshore transmission owners, the Crown Estate, Government bodies and institutions with an interest in the development of the national electricity transmission system.

~~“ten year network development plan” refers to the non-binding European Community wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared by each individual transmission system operator.~~

“interconnected system operator” means any authorised electricity operator, or any other transmission system operator or distribution system operator (having the meaning given by the Electricity Directive) with whose system the licensee’s transmission system is connected or with whom the licensee interfaces.

Standard Condition C27: The Network Options Assessment process and reporting requirements

1. This condition sets out the licensee’s role in assessing options for the development of the national electricity transmission system (including Offshore Wider Works) and interconnector capacity. The network options assessment (NOA) process is designed to facilitate the development of an efficient, co-ordinated and economical system of electricity transmission and the development of efficient interconnector capacity.
2. The methodology underpinning the NOA process, along with how this will be approved, is set out in Part A of this condition. The requirements for the publication of the annual NOA report are outlined in Part B. The licensee’s obligations regarding the provision of information underpinning the NOA process are described in Part C. Part D sets out the role the licensee will play in the early development of options and the circumstances in which the licensee will be required to do so. Together, all of these activities make up the NOA process.
3. The licensee must take such steps as are within its power, and it considers may be necessary to enable the NOA process. In carrying out the NOA process, the licensee must act in a manner that best ensures transparency and independence.

Part A: The NOA methodology and form of the NOA report

4. The licensee must, not less than once in each financial year (and at such other times as the Authority may direct), develop proposals for the NOA methodology and the form of the NOA report in consultation with interested parties. The consultation shall be of such a form and duration as practicable to reasonably allow all interested parties to contribute.

5. Following any consultation pursuant to paragraph 4, the licensee must:
 - (a) by 1 October 2015, or at such other date as directed by the Authority, submit to the Authority a proposed NOA methodology and proposed form of the initial NOA report (“the initial NOA report”). The licensee must make reasonable endeavours to ensure the NOA methodology includes the information set out in paragraph 8. Where this has not been possible, the licensee must explain the reasons and how it proposes to progress outstanding issues; and
 - (b) by 1 August of each subsequent financial year, or at such other date as directed by the Authority submit to the Authority for approval the proposed NOA methodology and form of the NOA report.
6. Submissions made under paragraph 5 must include:
 - (a) a detailed explanation of the consultation process undertaken in the development of the NOA methodology and the form of the NOA report;
 - (b) a summary of views from interested parties and an explanation of how these were taken into account in the development of the NOA methodology and the form of the NOA report; and
 - (c) copies of any formal responses submitted to the licensee as part of its consultation process.
7. The Authority will on receipt of a submission under paragraph 5:
 - (a) approve the proposed NOA methodology and/or form of the NOA report; or
 - (b) give a direction to the licensee that the NOA methodology and/or form of the NOA report requires further development, and the date by which the licensee is required to submit a revised NOA methodology and/or the form of the NOA report to the Authority for approval.
8. The NOA methodology must be designed to facilitate the development of an efficient, co-ordinated and economical system of electricity transmission, and must include (but need not be limited to):
 - (a) the approach used for determining what constitutes Major National Electricity Transmission System Reinforcements;
 - (b) the approach used for identifying the range of options to meet system needs in accordance with the development of an efficient, co-ordinated and economical system of electricity transmission to be set out in the NOA report in accordance with 15(a)(i) and (ii);

- (c) how the options identified in (b) will be assessed, including but not limited to:
 - (i) the approach used to assess the technical, economic and environmental impacts and risks; and
 - (ii) the approach used for modelling boundary capacity, offshore transmission capacity and interconnector capacity along with assumptions and assessment criteria used;
- (d) the basis for the cost estimate provided for each option;
- (e) how the licensee will engage with interested parties to share relevant information and how that information will be used to review and revise the NOA methodology; and
- (f) details of the licensee's proposed timetable for updating and consulting on the methodology for the NOA reports.

Part B: The NOA report

9. The licensee must publish an initial NOA report by 31 March 2016 or such other date as directed by the Authority. The initial NOA report must be based on the NOA methodology and be in a form approved by the Authority in accordance with paragraph 7. In producing the initial NOA report, the licensee must make reasonable endeavours to ensure it includes the information set out in paragraph 15. Where this has not been possible, the licensee must explain the reasons and how it proposes to progress any outstanding issues.
10. If, following a submission of the NOA methodology and form of the initial NOA report in accordance with paragraph 5(a), the Authority has not approved or directed further development of the NOA methodology and/or form of the NOA report in accordance with paragraph 7 by 1 December 2015, the publication date set out in paragraph 9 will be treated as being amended accordingly. The amendment will equal the number of days between 1 December 2015 and receipt of the Authority's approval or direction.
11. Following publication of the initial NOA report the licensee must:
 - (a) review at least once in each financial year the NOA report prepared and published in the previous financial year and consider any improvements to better facilitate the development of an efficient, co-ordinated and economical system of electricity transmission; and
 - (b) publish an updated NOA report by 31 January or such other date as directed by the Authority in a form approved by the Authority. This must be based on and include the latest NOA methodology approved by the Authority pursuant to paragraph 7.

12. If, following a submission of the methodology and the form of the NOA report by the date set out in paragraph 5(b), the Authority has not approved or directed further development of the NOA methodology and/or form of the report in accordance with paragraph 7 by 1 October the publication date set out in paragraph 11(b) will be treated as amended accordingly. The amendment will equal the number of days between 1 October and receipt of the Authority's approval or direction.
13. The licensee must publish the NOA report on its website in such readily accessible form and manner that it considers will facilitate the development of an efficient, co-ordinated and economical system of electricity transmission, and provide a copy of the NOA report on request, and free of charge, to any person who asks for one.
14. In complying with the requirements of paragraph 13, the licensee must have due regard to the need for excluding from the NOA report any information that would or might seriously and prejudicially affect the commercial interests of the owner of that information if published or might be expected to be incompatible with any legislation, rule of law or licence condition. The licensee must provide to the Authority its reasons for any omission of information from the NOA report.
15. Each NOA report (including the initial NOA report) must, in respect of the current financial year and each of the nine succeeding financial years:
 - (a) set out:
 - (i) the licensee's best view of the options for Major National Electricity Transmission System Reinforcements (including any Non Developer-Associated Offshore Wider Works that the licensee is undertaking early development work for under Part D), and additional interconnector capacity that could meet the needs identified in the electricity ten year statement (ETYS) and facilitate the development of an efficient, co-ordinated and economical system of electricity transmission;
 - (ii) the licensee's best view of alternative options, where these exist, for meeting the identified system need. This should include options that do not involve, or involve minimal, construction of new transmission capacity; options based on commercial arrangements with users to provide transmission services and balancing services; and, where appropriate, liaison with distribution licensees on possible distribution system solutions;
 - (iii) the licensee's best view of the relative suitability of each option, or combination of options, identified in accordance with paragraph 15(a)(i) or (ii), for facilitating the development of an efficient, co-ordinated and economical system of electricity transmission. This must be based on the latest available data, and must include, but need not be limited to, the licensee's assessment of the impact of different options on

the national electricity transmission system and the licensee's ability to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system in an efficient, economic and co-ordinated manner; and

- (iv) the licensee's recommendations on which option(s) should be developed further to facilitate the development of an efficient, co-ordinated and economical system of electricity transmission;
- (b) be consistent with the ETYS and where ~~possible~~ requested by Ofgem align with the Ten Year Network Development Plan as ~~defined in standard condition C11 (Production of information about the national electricity transmission system)~~ and, in the event of any material differences between the Ten Year Network Development Plan and the NOA report an explanation of the difference and any associated implications must be provided; and
- (c) have regard to interactions with existing agreements with parties in respect of developing the national electricity transmission system and changes in system requirements.

Part C: Provision of information

16. Based on the NOA methodology set out in Part A, the licensee must provide electricity transmission licensees and interconnector developers if requested to do so:
- (a) with information and analysis to support them in their decision-making and development of options to meet system needs as identified in the ETYS. This must include information on the potential for coordination between parties where the licensee's analysis suggests coordination could facilitate the development of an efficient, co-ordinated and economical system of electricity transmission. The licensee must provide this information and analysis in such form and within such timescales as transmission licensees and interconnector developers may reasonably request and which is necessary to support these parties' decision making and development of options;
 - (b) with its assessment of the options that a party is considering for Major National Electricity Transmission System Reinforcements and interconnectors, as well as its assessment of any alternative options being considered by other parties. The licensee must provide the assessment in such form and within such timescales as transmission licensees and interconnector developers may reasonably request and which is necessary to support these parties' decision making;
 - (c) with updated information and analysis to support submissions to the Authority in such form and within such timescales as transmission licensees and interconnector developers may reasonably request and which is necessary to support these parties' submissions to the Authority;

- (d) In complying with the requirements of this paragraph, the licensee must have due regard to the need to exclude from disclosure any information which would or might seriously and prejudicially affect the commercial interests of the owner of that information if disclosed or might be expected to be incompatible with any legislation, rule of law or licence condition. The licensee must provide to the Authority its reasons for any non-disclosure of information.
17. Based on the NOA methodology set out in Part A, the licensee must if requested submit to the Authority the information it has provided to parties under paragraph 16 on the assessment of options to meet a particular system requirement. This includes but is not limited to information to support a needs case for a Strategic Wider Works Output, a Needs Case for Developer-Associated Offshore Wider Works and any interconnector developers submission to the Authority. The licensee must also submit any additional information requested by the Authority. The licensee's submissions must be made in timescales consistent with related submissions from other parties to the Authority, and as directed by the Authority.
18. In relation to interconnectors, based on the NOA methodology set out in Part A, the licensee must submit to the Authority, within the timescales directed by the Authority, information on:
- (a) the efficiency of the connection choices made by an interconnector developer, based on the licensee's involvement in assessing different options, including the costs of any necessary reinforcements required to connect interconnectors to the national electricity transmission system;
 - (b) the licensee's assessment of the impact of new interconnectors on system operation. This should include costs and benefits relating to provision of security of supply including ancillary services, constraint management and other operational factors, which may accrue to the licensee and to consumers; and
 - (c) the licensee's assessment of changes in wholesale prices as a result of interconnector flows and the impact of these changes on GB consumers, generators and interconnectors.
19. The Authority may direct the licensee to submit additional information on the assessment of options specified in paragraphs 16, 17 and 18, within such timeframe as the Authority may require in order to carry out any of its functions in relation to the assessment of submissions.

Part D: Early development of options

20. The licensee must undertake early development of options for Non Developer-Associated Offshore Wider Works where these have been identified as options for the development of the national electricity transmission system in accordance with the NOA methodology. The development of these options should be consistent with the NOA methodology and undertaken in

a transparent manner which will enable the options to be compared with alternative options (including those being developed by other parties) in accordance with the requirements in paragraph 15(a)(i) and (ii).

21. In this condition the “Ten Year Network Development Plan” refers to the non-binding European Community-wide ten year network plan published every two years in accordance with Article 8 of EC Regulation No 714/2009, and which includes a European generation adequacy outlook built on national generation adequacy outlooks prepared by each individual transmission system operator.

Condition E2: Regulatory Accounts

Part A: Application and purpose

1. This condition applies for the purpose of ensuring:
 - (a) the licensee prepares and publishes regulatory accounts within the meaning of paragraph 3 (b); and
 - (b) that the licensee maintains (and secures that any affiliate or related undertaking of the licensee maintains) such accounting records, other records and reporting arrangements for the consolidated transmission business as are necessary to enable the licensee to comply with that obligation.

Part B: Preparation of accounts

2. For the purposes of this condition, but without prejudice to paragraph 6, the licensee shall prepare regulatory accounts for each financial year ending on 31 March.
3. Unless the Authority otherwise consents, the licensee shall:
 - (a) keep or cause to be kept for a period approved by the Authority, but not less than the period referred to in section 222(5)(b) of the Companies Act 1985 and in the manner referred to in that section, such accounting records and other records as are necessary so that the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to the consolidated transmission business are separately identifiable in the accounting records of the licensee (and of any affiliate or related undertaking of the licensee) from those of any other business of the licensee, including a separate balance sheet and a separate profit and loss account (or, as appropriate, an income statement) for the consolidated transmission business and any other business of the licensee; and
 - (b) prepare, on a consistent basis from such accounting records in respect of each financial year, regulatory accounts (including notes thereto and statements of the accounting policies adopted) of the licensee comprising:

- (i) a profit and loss account (or, as appropriate, an income statement);
- (ii) 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);
- (iii) a balance sheet;
- (iv) a cash flow statement;
- (v) a corporate governance statement in respect of the consolidated transmission business;
- (vi) a directors' report in respect of the consolidated transmission business;
- (vii) an operating and financial review in respect of the consolidated transmission business; and
- (viii) a statement showing separately in respect of the consolidated transmission business and in appropriate detail the amounts of any revenue (including, where applicable, revenue from the ownership of the transmission network), cost, asset, liability, reserve or provision which has either been:
 - (aa) charged from any ultimate controller of the licensee, together with any subsidiary of such ultimate controller (other than the licensee or its subsidiaries) in relation to the provision of goods or services to the licensee;
 - (bb) charged from the licensee together with any subsidiary of the licensee in relation to the provision of goods or services to any ultimate controller of the licensee together with any subsidiaries of such ultimate controller (other than the licensee or its subsidiaries); or
 - (cc) determined by apportionment or allocation to the consolidated transmission business or between any other business of the licensee or affiliate or related undertaking together with a description of the basis of the apportionment or allocation;

provided that the obligations in (aa), (bb) and (cc) above shall only apply to goods and services received or supplied for the purposes of the consolidated transmission business.

4. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written approval, the licensee shall not in relation to the regulatory accounts in respect of a financial year change the bases of charge or apportionment or allocation referred to in paragraph 3(b)(viii) from those applied in respect of the previous financial year.
5. Where, in relation to the regulatory accounts in respect of a financial year, the licensee has, in accordance with paragraph 4 above, changed such bases of charge or apportionment or allocation or changed any of its accounting policies or the application of those accounting policies from those

adopted for the immediately preceding financial year, the licensee shall, if directed by the Authority in writing, in addition to preparing regulatory accounts on those bases which it has adopted, also prepare such regulatory accounts on the bases and the accounting policies and the application of its accounting policies which applied in respect of that immediately preceding financial year.

6. Regulatory accounts and information in respect of a financial year prepared under paragraph 3(b) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this condition, have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under section 226 and 226A or, where appropriate, section 226B of the Companies Act 1985 and shall comply with all relevant accounting and reporting standards currently in force which have been issued or adopted by the Accounting Standards Board or, where appropriate, by the International Accounting Standards Board.
- 6A. The accounting records kept or caused to be kept by the licensee under paragraph 3(a) shall include as applicable:
 - (a) separate accounting records for each business of the licensee related to electricity transmission activities and electricity distribution activities;
 - (b) accounting records, which may be consolidated, for each business of the licensee related to electricity activities other than electricity transmission activities and electricity distribution activities; and
 - (c) unless otherwise approved by the Authority having regard to the purposes of this condition, consolidated accounts for each business of the licensee not related to electricity activities.

Part C: Audit and delivery of accounts

7. Unless the Authority otherwise consents, the licensee shall:
 - (a) procure, in relation to its regulatory accounts:
 - (i) an audit by an appropriate auditor of such parts of those accounts and the directors' report and operating and financial review as are specified in the Companies Act 1985 as being required to be so audited as if the licensee were a quoted company and they were the statutory accounts of the licensee prepared under sections 226 and 226A or, as appropriate, section 226B of the Companies Act 1985 drawn up to 31 March; and
 - (ii) a report by that auditor, addressed to the Authority, stating whether in the auditor's opinion those accounts fairly present the financial position, financial performance and cash flows of or reasonably attributable to the consolidated transmission business in accordance with the requirements of this condition; and
 - (b) deliver to the Authority those accounts and the auditor's reports referred to in sub-paragraph (a)(ii) and paragraph 8 as soon as is reasonably practicable, and in any event prior to their

publication under Part D and not later than 31 July following the end of the financial year to which the regulatory accounts relate.

8. The licensee shall take all appropriate steps within its power to procure, in relation to its regulatory accounts:
 - (a) that the audit referred to in paragraph 7(a)(i) verifies whether the obligations in respect of the prohibition of to avoid discrimination and cross-subsidies generally, and in particular, under standard conditions E6 (Prohibition of cross-subsidies) and E19 (Prohibition on engaging in preferential or discriminatory behaviour) of this licence specified in Article 31 of the Electricity Directive have been respected by the licensee; and
 - (b) that the appropriate auditor reports separately on that matter from his report under paragraph 7(a)(ii) addressed to the Authority.
9. For the purposes of paragraphs 7 and 8, the licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor which includes a term requiring that the audit of the regulatory accounts of the licensee must be conducted by that auditor in accordance with all such relevant auditing standards in force on the last day of the financial year to which the audit relates as would be appropriate for accounts prepared in accordance with either section 226A or 226B of the Companies Act 1985.

Part D: Publication of regulatory accounts

10. Unless the Authority otherwise directs, after consulting the licensee, the licensee shall publish its regulatory accounts with the exception of the part of such regulatory accounts which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively required under paragraph 3(b)(viii), and any other information agreed by the Authority in writing to be confidential:
 - (a) as a stand-alone document in accordance with this condition;
 - (b) by 31 July following the end of the financial year to which the accounts relate;
 - (c) on a website used by the licensee in its ordinary course of business (where the regulatory accounts should be reasonably accessible to any person requiring them); and
 - (d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
11. A copy of the regulatory accounts must be provided free of charge:
 - (a) to Citizens Advice and Citizens Advice Scotland (or any successor entity), no later than the date on which the regulatory accounts are published; and
 - (b) to any person requesting a copy.

Part E: Interpretation

12. References in this condition to sections of the Companies Act 1985 are references to those provisions as amended, substituted or inserted by the relevant provisions of the Companies Act 1989, and if such provisions of the Companies Act 1989 are not in force at the date on which this condition takes effect, it must be construed as if such provisions were in force at such date.
13. A consent under paragraph 3 or directions under paragraphs 4 or 5 may be given in relation to some or all of the requirements of the relevant paragraph and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.
14. In this condition:
 - (a) “corporate governance statement” means a statement which describes how the principles of good corporate governance have been applied to the licensee and which a quoted company is required to prepare pursuant to the Combined Code on Corporate Governance issued under the Financial Services Authority’s listing rules and interpretations on corporate governance (and, for the purposes of this condition, the requirement for a quoted company to prepare such a statement is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
 - (b) “directors’ report” means a report having the coverage and content of the directors’ report which a quoted company is required to prepare pursuant to sections 234, 234ZZA and 234ZZB of the Companies Act 1985 (and, for the purposes of this condition, the requirement for a quoted company to prepare such a report is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
 - (c) “operating and financial review” means a review having the coverage and content of the operating and financial review which a quoted company is required to prepare pursuant to section 234AA of the Companies Act 1985 and in accordance with Schedule 7ZA thereof (and, for the purposes of this condition, the requirement for a quoted company to prepare such a review is to be taken as a requirement for the licensee to do so whether or not it is a quoted company).
 - (d) “quoted company” has the meaning attributed to it by the Companies Act 1985.

Condition E5: Provision of information to the Authority

1. Subject to paragraphs 5 and 7, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing:
 - (a) the functions conferred on the Authority by or under the Act, the Energy Act 2004, the Energy Act 2008 and the Energy Act 2010;

- (b) any functions transferred to or conferred on it by or under the Utilities Act 2000; and
 - (c) any designated regulatory function conferred on the Authority by or under the ~~Electricity Directive or Electricity Regulation, including any function conferred on the Authority in its capacity as national regulatory authority for Great Britain.~~
2. The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ultimate controller of the licensee a legally enforceable undertaking in favour of the licensee in a form specified by the Authority that the ultimate controller ("the information covenantor") will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a subsidiary of, or is controlled by, the information covenantor (other than the licensee and the licensee's subsidiaries) will give to the licensee, all such information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such undertaking shall be obtained within 7 days of such corporate body or other person in question becoming an ultimate controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ultimate controller of the licensee.
 3. The licensee shall deliver to the Authority evidence (including a copy of each such undertaking) that the licensee has complied with the obligation to procure undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.
 4. The licensee shall not, save with the consent in writing of the Authority, enter (directly or indirectly) into any agreement or arrangement with any ultimate controller of the licensee or, where the ultimate controller is a corporate body, any of the subsidiaries of such a corporate ultimate controller (other than the subsidiaries of the licensee) at a time when:
 - (a) an undertaking complying with paragraph 2 is not in place in relation to that ultimate controller; or
 - (b) there is an unremedied breach of such undertaking; or
 - (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.
 5. The licensee shall not be required by the Authority to furnish it under this condition with information for the purpose of the exercise of its functions under section 47 of the Act.
 6. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information or advice (so far as relating to its activities as the transmission licensee) which the Authority proposes to publish pursuant to section 48 of the Act.
 7. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court.

8. The power of the Authority to call for information under this condition is in addition to the power of the Authority to call for information under or pursuant to any other condition. There shall be a presumption that the provision of information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

Condition E23: Notification of changes that may affect eligibility for certification

1. Where the licensee has made or makes an application for certification under section 10B of the Act, if at any time prior to the Authority notifying the licensee of its ~~final~~ certification decision under section 10D(74) of the Act the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.
2. Where the licensee has been certified, if at any time the licensee knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect its eligibility for certification, the licensee shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons it considers that the event or circumstance may affect its eligibility for certification.
3. If at any time ~~from 3 March 2013~~ the licensee knows or reasonably should know that any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee is or may become a person from a ~~third~~ country outside the United Kingdom, or that a person from a ~~third~~ country outside the United Kingdom has or may take control of the licensee, the licensee shall as soon as reasonably practicable notify the Authority in writing.
4. If at any time from the relevant date the licensee exercises or is likely to exercise any shareholder right of appointment in the circumstances described in section 10M of the Act, the licensee shall as soon as is reasonably practicable notify the Authority in writing of the right that has been or is likely to be exercised and the effect of exercising that right.
5. Where the licensee has been certified, by 31 July of each year following certification the licensee shall provide the Authority with a written declaration, approved by a resolution of the board of directors of the licensee and signed by a director of the licensee pursuant to that resolution, setting out:
 - (a) whether any event or circumstance has occurred in the previous 12 month period, or such part of that 12 month period since the licensee was certified, that may affect the licensee's eligibility for certification, and if so, the reasons it considers that the event or circumstance may affect its eligibility for certification;

- (b) whether any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the licensee has become a person from a ~~third-country~~ outside the United Kingdom, or a person from a ~~third-country~~ outside the United Kingdom has taken control of the licensee, in the previous 12 month period or such part of that 12 month period since the licensee was certified, ~~providing that the licensee is only required to provide a written declaration under this paragraph (b) in relation to a period that occurs after 3 March 2013;~~ and
- (c) Whether the licensee has exercised any shareholder right or right of appointment in the circumstances described in section 10M of the Act in the previous 12 month period or such part of that 12 month period since the licensee was certified and if so the effect of exercising that right, providing that the licensee is only required to provide a written declaration under this paragraph (c) where it has been certified on the certification ground in section 10E(3) of the Act and in relation to a period that occurs after the relevant date.

6. In this condition:

“certified” has the same meaning as in section 10O of the Act

“control” has the same meaning as in section 10O of the Act

“person from a ~~third-country~~ outside the United Kingdom” has the same meaning as in section 10O of the Act

“relevant date” has the same meaning as in section 10M of the Act

“shareholder right” has the same meaning as in section 10O of the Act.

Condition E24: Regional Cooperation

1. If the licensee is a vertically integrated undertaking it may participate in a joint undertaking established for the purposes of facilitating regional co-operation with member States ~~pursuant to Article 6 of the Electricity Directive and Article 12 of the Electricity Regulation.~~
2. Where the licensee participates in a joint undertaking pursuant to paragraph 1 above, the licensee shall appoint a compliance officer to monitor compliance with any compliance programme established by the joint undertaking, ~~and approved by the Agency pursuant to Article 6 of the Electricity Directive,~~ for the purpose of ensuring that discrimination and anti-competitive conduct is excluded.

Annex 4.2.a. Electricity Offshore Transmission Licence (OFTO) Amended Standard Conditions

Amended Standard Condition	Current Wording	Proposed change	Reasons for change	Licensees Affected
E12-A1(6) (TR 3,4 and 5 Licences)	"Competent Authority" means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish and Welsh Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Community.	"Competent Authority" means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish and Welsh Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European <u>Union</u> Community.	The EU will remain a competent authority for the purposes of condition E12-C3, in which the term is used. European Commission reference updated to European Union.	<ul style="list-style-type: none"> • TC Westermost Rough OFTO Limited • Humber Gateway OFTO Limited • Diamond Transmission Partners BBE Limited • TC Dudgeon OFTO plc
E12-A1(6) (TR 3,4 and 5 Licences)	"Exceptional Event" means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the	"Exceptional Event" means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the public enemy, war declared or undeclared, threat of war,	'Directive' kept in definition of exceptional event, as it appears in a list of generic references to domestic legislation. Decision of the European	<ul style="list-style-type: none"> • TC Westermost Rough OFTO Limited • Humber Gateway OFTO Limited • Diamond Transmission Partners BBE Limited

Amended Standard Condition	Current Wording	Proposed change	Reasons for change	Licensees Affected
	<p>public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, any other legislation, or bye law, or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee.</p>	<p>terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, any other legislation, or bye law, or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee.</p>	<p>Commission is removed as the Commission will not make decisions that apply in the UK post EU exit.</p>	<ul style="list-style-type: none"> • TC Dudgeon OFTO plc

Amended Standard Condition	Current Wording	Proposed change	Reasons for change	Licensees Affected
E12-C3 (TR1 and 2 Licences)	Definition of Competent Authority	See definitions in TR 3-5 Amended Standards above – exactly the same text and changes, just in a different condition.	<p>The EU will remain a competent authority for the purposes of condition E12-C3, in which the term is used.</p> <p>European Commission reference updated to European Union.</p>	<ul style="list-style-type: none"> • TC Robin Rigg OFTO Limited • TC Barrow OFTO Limited • TC Gunfleet Sands OFTO Limited • TC Ormonde OFTO Limited • TC Lincs OFTO Limited • Blue Transmission Sheringham Shoal Limited • Blue Transmission Walney 1 Limited • Blue Transmission Walney 2 Limited • Blue Transmission London Array Limited • WoDS Transmission plc • Greater Gabbard OFTO plc • Thanet OFTO Limited • Gwynt y Môr OFTO plc

Amended Standard Condition	Current Wording	Proposed change	Reasons for change	Licensees Affected
E12-J1 (TR1 and 2 Licences)	Definition of Exceptional Event	See definitions in TR 3-5 Amended Standards above – exactly the same text and changes, just in a different condition.	<p>‘Directive’ kept in definition of exceptional event, as it appears in a list of generic references to domestic legislation.</p> <p>Decision of the European Commission is removed as the Commission will not make decisions that apply in the UK post EU exit.</p>	<ul style="list-style-type: none"> • TC Robin Rigg OFTO Limited • TC Barrow OFTO Limited • TC Gunfleet Sands OFTO Limited • TC Ormonde OFTO Limited • TC Lincs OFTO Limited • Blue Transmission Sheringham Shoal Limited • Blue Transmission Walney 1 Limited • Blue Transmission Walney 2 Limited • Blue Transmission London Array Limited • WoDS Transmission plc • Greater Gabbard OFTO plc • Thanet OFTO Limited • Gwynt y Môr OFTO plc

Annex 4.2.b. Electricity Offshore Transmission Licence (OFTO) Amended Standard Conditions Change Marked Licence Text - Tender Rounds 3, 4 and 5 Licences

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

Tender Rounds 3, 4 and 5 Licences: Amended Standard Condition E12-A1

Licensees affected

Tender Rounds 3, 4 and 5 Licences: TC Westermost Rough OFTO Limited, Humber Gateway OFTO Limited, Diamond Transmission Partners BBE Limited, TC Dudgeon OFTO plc.

Amended Standard Condition E12–A1: Definitions and Interpretation

1. This condition defines particular words and expressions that are used in the amended standard conditions.
2. However not all defined words and expressions used in the amended standard conditions are defined here. Some words and expressions used in the amended standard conditions are defined in the standard conditions.
3. Unless the context otherwise requires, words and expressions used in the standard conditions of this licence shall bear the same meaning in these amended standard conditions.
4. Where a term is used in these amended standard conditions and is also used in Section E of the standard conditions of electricity transmission licences then, unless the context otherwise requires, it shall have the same meaning in these amended standard conditions as is ascribed to that term in Section E of the standard conditions.
5. Any reference in these amended standard conditions to:
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity transmission licences;
 - (c) a provision of the standard conditions of electricity supply licences;
 - (d) a provision of the standard conditions of electricity distribution licences;
 - (e) a provision of the standard conditions of electricity generation licences;
 - (f) a provision of the standard conditions of electricity interconnector licences;shall, if these 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 or the standard conditions in question as modified.

Definitions in alphabetical order

6. In these amended standard conditions unless the context otherwise requires:

"Competent Authority"

means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish and Welsh Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Union-Community.

"Exceptional Event"

means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, any other legislation, or bye law, or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of Competent Authority ~~or the European Commission~~ or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee.

Annex 4.2.c Electricity Offshore Transmission Licence Amended Standard Conditions- Tender Round 1 and 2 Licences

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

1. Tender Round 1 and 2 Licences: Amended Standard Condition E12-C3

Licensees affected

Tender Round 1 and 2 Licences: TC Robin Rigg OFTO Limited TC Barrow OFTO Limited, TC Gunfleet Sands OFTO Limited, TC Ormonde OFTO Limited, TC Lincs OFTO Limited, Blue Transmission Sheringham Shoal Limited, Blue Transmission Walney 1 Limited, Blue Transmission Walney 2 Limited, Blue Transmission London Array Limited, WoDS Transmission plc, Greater Gabbard OFTO plc, Thanet OFTO Limited, Gwynt y Môr OFTO plc.

Amended Standard Condition E12 - C3: Restriction on use of certain information

1. Any information relating to or deriving from the management or operation of the transmission business shall, for the purposes of this condition, be treated as confidential information.
2. The licensee shall not (and shall procure that its affiliates and related undertakings shall not) disclose or authorise access to confidential information:
 - (a) save to the extent provided by sub-paragraphs 3(b) to (d), to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of any other business (whether or not a separate business) of the licensee; or
 - (b) save to the extent permitted by paragraph 3, to any other person.
3. The licensee shall (and shall procure that its affiliates and related undertakings shall) disclose or authorise access to confidential information only:
 - (a) in the following circumstances, namely:
 - (i) to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities and require access to the information for that purpose;
 - (ii) to personnel of any holder of a transmission licence engaged in the external transmission activities of that transmission licence holder, to the extent necessary for the performance by such personnel of those external transmission activities, and the use by such personnel of that information for that purpose;

provided that effective arrangements are maintained in place at all times for

ensuring that no further disclosure of any information supplied or obtained pursuant to this paragraph is made and that such information is used only for the purpose of the transmission business or any external transmission activities of the licensee;

(b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:

(i) any requirement of a competent authority;

(ii) the standard conditions of any licence granted or taking effect as if granted under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;

(iii) any other requirement of law; or

(iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;

(c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential;

(d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain;

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or

(e) where such information is required for the purposes of assisting the holder of a co-ordination licence, to prepare for and plan and develop the operation of the national electricity transmission system and in each case the licensee shall disclose or authorise access to the confidential information only insofar as is necessary or appropriate in all the circumstances.

4. The licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with subparagraph 3(a) shall use such information only for the purposes of the transmission business or any external transmission activities.

5. In this condition:

"Competent Authority"

means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish

and Welsh Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Union ~~Community~~.

"confidential information"

means any information relating to or deriving from the management or operation of the transmission business.

"Electricity Arbitration Association"

means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.

Tender Round 1 and 2 Licences: Amended Standard Condition E12-J1

Licensees affected

Tender Round 1 and 2 Licences: TC Robin Rigg OFTO Limited, TC Barrow OFTO Limited, TC Gunfleet Sands OFTO Limited, TC Ormonde OFTO Limited, TC Lincs OFTO Limited, Blue Transmission Sheringham Shoal Limited, Blue Transmission Walney 1 Limited, Blue Transmission Walney 2 Limited, Blue Transmission London Array Limited WoDS Transmission plc, Greater Gabbard OFTO plc, Thanet OFTO Limited, Gwynt y Môr OFTO plc.

Amended Standard Condition E12 - J1: Restriction of Transmission Revenue: Definitions

1. In this condition and in amended standard conditions E12 - J2 to E12-J10 inclusive:

"Exceptional Event"

means an Event or circumstance that is beyond the reasonable control of the licensee and which results in or causes a Transmission Service Reduction and includes (without limitation) an act of God, an act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), governmental restraint, Act of Parliament, other legislation, bye law or directive (not being any order, regulation or direction under section 32, 33, 34 and 35 of the Act) or decision of a Court of competent authority ~~or the European Commission~~ or any other body having jurisdiction over the activities of the licensee provided that lack of funds shall not be interpreted as a cause beyond the reasonable control of the licensee. For the avoidance of doubt, weather conditions which are reasonably expected to occur at the location of the event or circumstance are not considered to be beyond the reasonable control of the licensee.

Annex 4.3.a. National Grid Electricity Transmission Plc Special Conditions Modification Table

Licence Condition	Current wording	Proposed change	Reasons for change
1A	The Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community.	The Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European <u>Union</u> Community	The EU will remain a competent authority. European Commission reference updated to European Union.
1A	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by	‘Directive’ kept in definition of exceptional event, as it appears in a list of generic references to domestic legislation. Decision of the European Commission is removed as the Commission will not make decisions that apply in the UK post EU exit.

	<p>the licensee on the licensee's Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.</p>	<p>the licensee on the licensee's Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.</p>	
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Annex 4.3.b. National Grid Electricity Transmission Plc Special Conditions Change Marked Licence Text

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

Special Condition 1A. Definitions and Interpretation

- 1A.1 This condition sets out most of the defined words and expressions (most of which begin with capital letters) that are used in the Special Conditions, and gives their definitions.
- 1A.2 However:
- (a) some words and expressions which are only used in a particular Special Condition are defined in that condition; and
 - (b) some words and expressions used in the Special Conditions are defined in Standard Condition 1 of the Standard Conditions (although capital letters are not used in those conditions to denote defined terms).
- 1A.3 Where a word or expression is defined both in this condition and in Standard Condition 1 of the Standard Conditions, the definition in this condition shall prevail.
- 1A.4 Any reference in these Special Conditions to:
- (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity transmission licences;
 - (c) a provision of the standard conditions of electricity supply licences;
 - (d) a provision of the standard conditions of electricity distribution licences;
 - (e) a provision of the standard conditions of electricity generation licences;
 - (f) a provision of the standard conditions of electricity interconnector licences

shall, if these 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 or the standard conditions in question as modified.

Definitions in alphabetical order

- 1A.5 In the Special Conditions, unless the context otherwise requires:

“Competent Authority”

means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Union Community.

“Exceptional Event”

for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 50 faults being recorded by the licensee on the licensee’s Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority ~~or the European Commission~~ or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.

Annex 4.4.a. Scottish Hydro Electric Transmission Plc Special Conditions Modification Table

Licence Condition	Current wording	Proposed change	Reasons for change
1A	The Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community.	The Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European <u>Union</u> Community	The EU will remain a competent authority. European Commission reference updated to European Union.
1A	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by the licensee on the licensee's Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any	‘Directive’ kept in definition of exceptional event, as it appears in a list of generic references to domestic legislation. Decision of the European Commission is removed as the Commission will not make decisions that apply in the UK post EU exit.

	<p>faults being recorded by the licensee on the licensee's Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.</p>	<p>other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.</p>	
2B.5	<p>Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community</p>	<p>Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the <u>European Community</u></p>	<p>We do not need the definition here as the SC 1A.2 definition covers this condition so we propose to remove the definition here.</p>
2I.9	<p>...provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC.</p>	<p>...provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC<u>2009/72/EC as modified by the Act.</u></p>	<p>Updated to reflect that Directive 96/92 was repealed by Directive 2003/54/EC which has now been replaced by Directive 2009/72/EC.</p>

Annex 4.4.b. Scottish Hydro Electric Transmission Plc Special Conditions Change Marked Licence Text

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

Special Condition 1A. Definitions and Interpretation

- 1A.1 This condition sets out most of the defined words and expressions (most of which begin with capital letters) that are used in the Special Conditions, and gives their definitions.
- 1A.2 However:
- (c) some words and expressions which are only used in a particular Special Condition are defined in that condition; and
 - (d) some words and expressions used in the Special Conditions are defined in Standard Condition 1 of the Standard Conditions (although capital letters are not used in those conditions to denote defined terms).
- 1A.3 Where a word or expression is defined both in this condition and in Standard Condition 1 of the Standard Conditions, the definition in this condition shall prevail.
- 1A.4 Any reference in these Special Conditions to:
- (g) a provision thereof;
 - (h) a provision of the standard conditions of electricity transmission licences;
 - (i) a provision of the standard conditions of electricity supply licences;
 - (j) a provision of the standard conditions of electricity distribution licences;
 - (k) a provision of the standard conditions of electricity generation licences;
 - (l) a provision of the standard conditions of electricity interconnector licences

shall, if these 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 or the standard conditions in question as modified.

Definitions in alphabetical order

- 1A.5 In the Special Conditions, unless the context otherwise requires:

“Competent Authority”	means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or
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“Exceptional Event”	<p>statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Union Community.</p> <p>for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by the licensee on the licensee’s Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.</p>
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Special Condition 2B. Restriction on the use of certain information

1. Any information relating to or deriving from the management or operation of the Transmission Business shall, for the purposes of this condition, be treated as confidential information.
2. The licensee shall not (and shall procure that its affiliates and related undertakings shall not) disclose or authorise access to confidential information:
 - (a) save to the extent provided by sub-paragraphs 3(b) to (d), to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of any other business (whether or not a separate business) of the licensee; or
 - (b) save to the extent permitted by paragraph 3, to any other person.
3. Subject to paragraphs 9 to 12 of Special Condition 2I (Independence of and appointment of managing director of the Transmission Business), the licensee shall (and shall procure that its affiliates and related undertakings shall) disclose or authorise access to confidential information only:

- (a) in the following circumstances, namely;
- (i) to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities and require access to the information for that purpose;
 - (ii) to personnel of any holder of a distribution licence or a transmission licence holder engaged in the external distribution activities of that distribution licence holder, or the external transmission activities of that transmission licence holder (as the case may be), to the extent necessary for the performance by such personnel of those external distribution activities, or those external transmission activities (as the case may be), and the use by such personnel of that information for that purpose;
- provided that effective arrangements are maintained in place at all times for ensuring that no further disclosure of any information supplied or obtained pursuant to this paragraph is made and that such information is used only for the purpose of the Transmission Business or any external transmission activities of the licensee;
- (b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:
- (i) any requirement of a competent authority;
 - (ii) the standard conditions of any licence granted or taking effect as if granted under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;
 - (iii) any other requirement of law; or
 - (iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;
- (c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential;
- (d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain; or
- (e) where such information is required for the purposes of assisting other transmission licence holders, including National Grid Company plc in the capacity of the party who has been identified by the Minister for Energy as the party whose application to be GB System Operator the government is minded to accept, to prepare for and plan and develop the operation of a GB Transmission System and such other matters as will facilitate the implementation of new arrangements relating to the trading and transmission of electricity in Great Britain designed –

- (i) to promote the creation of a single competitive wholesale electricity trading market; and
- (ii) to introduce a single set of arrangements for access to and use of any Transmission System in Great Britain,

and in each case the licensee shall disclose or authorise access to the confidential information only insofar as is necessary or appropriate in all the circumstances.

4. Subject to paragraphs 9 to 12 of Special Condition 2I (Independence of and appointment of managing director of the Transmission Business), the licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with sub-paragraph 3(a) shall use such information only for the purposes of the Transmission Business or any external transmission activities.

5. In this condition

~~"competent authority"~~

~~means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Community.~~

"confidential information"

bears the meaning given at paragraph 1.

"Electricity Arbitration Association"

means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.

"external distribution activities"

means any business of the licensee or any affiliate or related undertaking comprising or ancillary to the maintenance, repair or operation of, or other activities in connection with any electricity distribution or Transmission System other than the licensee's distribution system ("an external distribution system").

"external transmission activities"

has the meaning given to that term in Special Condition 2I (Independence of and appointment of managing director of the Transmission Business) of this part of this licence.

Special Condition 2I. Independence of and appointment of managing director of the Transmission Business

1. (a) The licensee shall establish and shall thereafter maintain the full managerial and operational independence of the Transmission Business and any external transmission activities from each other business (whether or not a separate business) of the licensee and of its affiliates and related undertakings.
- (b) The licensee shall appoint an officer (hereafter referred to as "the Managing Director of Transmission") to be responsible for the conduct of the Transmission Business and any external transmission activities.
2. The Managing Director of Transmission may be a director:
 - (a) of the transmission licensee; or
 - (b) in the circumstances set out in paragraph 12 of this condition only, of the licensee and of an affiliate or related undertaking of the licensee which holds a distribution licence or a holding company only engaged in ownership or management of distribution or Transmission Businesses or both;

provided that the licensee shall ensure that the Managing Director of Transmission shall not be a director of any other affiliate or related undertaking of the licensee and that he shall not be engaged by the licensee in any other capacity than as Managing Director of Transmission.

3. The licensee shall arrange for the Managing Director of Transmission in the course of discharging his responsibility under paragraph 1 of this condition to be provided from time to time with:
 - (a) the services of such persons (as the Managing Director of Transmission may from time to time select), whose services:
 - (i) may be dispensed with at the sole discretion (subject to compliance with relevant UK employment legislation) of the Managing Director of Transmission; and
 - (ii) will only be utilised if such persons execute a contract of or for services containing an appropriate confidentiality clause regarding that information which may be acquired by such person whilst working for the Transmission Business and any external transmission activities;
 - (b) such premises, systems, equipment, facilities, property, personnel, data and management resources; and

- (c) such finance;

as may be reasonably required by the Managing Director of Transmission for the efficient and effective management and operation of the Transmission Business in accordance with the licensee's duty under section 9(2)(a) of the Act and the transmission licence.

4. The licensee shall direct the Managing Director of Transmission:
 - (a) to inform the directors of the licensee, in writing, if, at any time, he is of the opinion that the provision of those items specified in paragraph 3 of this condition are not sufficient to enable the licensee to comply with its duties under section 9(2)(a) of the Act and the transmission licence; and
 - (b) as soon as practicable after the end of the year 2001 and of each subsequent calendar year, to furnish to the directors of the licensee:
 - (i) an informative report on the provision of those matters made in respect of that year; and
 - (ii) a statement of his opinion whether adequate arrangements have been or are likely to be made for the provision of those matters which will be required in respect of the ensuing calendar year to enable the licensee to comply with those duties including, in particular, a description of the differences in the provision of those matters made or likely to be made in that year compared with the provision made in respect of the preceding year and the reasons for those differences.
5. On receipt of any information under paragraph 4(a) of this condition or report and statement under paragraph 4(b), the licensee shall, subject to compliance with the listing rules (within the meaning of Part IV of the Financial Services Act 1986 (c.60)) of the Stock Exchange:
 - (a) give to the Authority forthwith that information or report and statement; and
 - (b) where such a report is received, publish it in such form and manner as the Authority may direct.
6. Except insofar as the Authority consents to the licensee doing so, the licensee shall only give directions to the Managing Director of Transmission as to the discharge of his responsibilities under paragraph 1 of this condition:
 - (a) where:
 - (i) in the bona fide and reasonable opinion of the licensee the statutory, licence and contractual obligations of the licensee; or
 - (ii) in the bona fide opinion of the directors, their duties; so require; or
 - (b) to ensure compliance with paragraph 4.

7. The licensee shall give directions under sub-paragraph 6(a) of this condition by notice in writing, specifying in the notice the statutory, licence or contractual obligations of the licensee or duty of the directors of the licensee which require the licensee to give directions, which notice shall be copied to the Authority.
8. Except insofar as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraph 9 below, ensure that:
 - (a) no business of the licensee (or of any affiliate or related undertaking of the licensee), other than the Transmission Business or any external transmission activities, may use or have access to:
 - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the Transmission Business or any external transmission activities; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities; and
 - (b) it can and does, insofar as is legally possible, prevent any person who has ceased to be engaged in, or in respect of, the management or operation of the Transmission Business from being engaged in, or in respect of, the activities of any other business of the licensee (or of any affiliate or related undertaking of the licensee) until the expiry of an appropriate time from the date on which he ceased to be engaged by the Transmission Business.
9. The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under Special Condition 2B (Restriction on use of certain information) and under paragraphs 1(a), 2 and 8 of this condition, to such extent and subject to such terms and conditions as he may specify in that direction, where:
 - (a) it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
 - (b) in the case of paragraphs 2 to 4 of Special Condition 2B (Restriction on use of certain information), a failure to comply with any aspect of those obligations would be of a trivial nature; or
 - (c) in the case of paragraphs 1(a) and 8 of this condition, any arrangements for the use of or access to premises, systems, equipment, facilities, property or personnel by both the

Transmission Business and any other business of the licensee (or of any affiliate or related undertaking of the licensee):

- (i) do not involve a cross-subsidy being either given to the Transmission Business by such other business or received from the Transmission Business by such other business;
- (ii) obtain for the Transmission Business, in the most efficient and economical manner possible, the use of the relevant premises, systems, equipment, facilities, property or personnel; and
- (iii) do not restrict, distort or prevent competition in the generation or supply of electricity,

provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive ~~96/92/EC~~ 2009/72/EC as modified by the Act.

- 10. Where, subsequent to the issue of a direction pursuant to paragraph 9 of this condition, the criteria set out at sub-paragraphs 9(a), (b) or (c) cease to be satisfied, the Authority may withdraw the direction or modify any terms and conditions which may be specified in it.
- 11. For the purposes of paragraphs 9 and 10 of this condition the Authority shall, following consultation with the licensee, determine any question as to whether the criteria set out at sub-paragraphs 9(a), (b) or (c) are or continue to be satisfied.
- 12. If the Authority is requested to issue any direction pursuant to paragraph 9 of this condition relating to the Transmission Business being managed or operated by the licensee together with any distribution business then that direction may provide that for the purposes of this condition and of Special Condition 2B (Restriction on use of certain information) the Transmission Business shall be taken to include any such distribution business and for the Managing Director of Transmission to take part in the management of and/or to be a :director of any company carrying on any such distribution business.
- 13. In this condition

"appropriate time"

means 3 months, or such shorter period as the Authority may approve in respect of any person or class of persons.

"external transmission activities"

means any business of the licensee or any affiliate or related undertaking of the licensee comprising or ancillary to the maintenance, repair or operation in an emergency of any electricity distribution system or any part of the National Electricity Transmission System other than the licensee's Transmission System.

Annex 4.5.a. Scottish Power Transmission Plc Special Conditions Modification Table

Licence condition	Current wording	Proposed change	Reasons for change
1A	Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community.	Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European <u>Union</u> . Community	The EU will remain a competent authority. European Commission reference updated to European Union.
1A	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by the licensee on the licensee's	An Exceptional Event is defined for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by the licensee on the licensee's Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent	‘Directive’ kept in definition of exceptional event, as it appears in a list of generic references to domestic legislation. Decision of the European Commission is removed as the Commission will not make decisions that apply in the UK post EU exit.

	Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.	Authority or the European Commission or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.	
2B.5	Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community.	Competent Authority means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European Community	We do not need the definition here as the SC A1 definition covers this condition so we propose to remove the definition here.
2I.9	...provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC.	...provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC <u>2009/72/EC as modified by the Act.</u>	Updated to reflect that Directive 96/92 was repealed by Directive 2003/54/EC which has now been replaced by Directive 2009/72/EC.

Annex 4.5.b. Scottish Power Plc Electricity Transmission Special Conditions Change Marked Licence Text

We have included the sections of the licence conditions we propose to remove or amend below. Deletions are shown in strike through and new text is double underlined.

Special Condition 1A. Definitions and Interpretation

- 1A.1 This condition sets out most of the defined words and expressions (most of which begin with capital letters) that are used in the Special Conditions, and gives their definitions.
- 1A.2 However:
- (a) some words and expressions which are only used in a particular Special Condition are defined in that condition; and
 - (b) some words and expressions used in the Special Conditions are defined in Standard Condition 1 of the Standard Conditions (although capital letters are not used in those conditions to denote defined terms).
- 1A.3 Where a word or expression is defined both in this condition and in Standard Condition 1 of the Standard Conditions, the definition in this condition shall prevail.
- 1A.4 Any reference in these Special Conditions to:
- (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity transmission licences;
 - (c) a provision of the standard conditions of electricity supply licences;
 - (d) a provision of the standard conditions of electricity distribution licences;
 - (e) a provision of the standard conditions of electricity generation licences;
 - (f) a provision of the standard conditions of electricity interconnector licences,
- will, if these 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 or the standard conditions in question as modified.

Definitions in alphabetical order

- 1A.5 In the Special Conditions, unless the context otherwise requires:

“Competent Authority” means the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Take-overs and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or

statutory person (whether autonomous or not) of, or of the government of Scotland, the United Kingdom, the United States of America or the European ~~Union Community~~.

“Exceptional Event”

for the purposes of Special Condition 3C (Reliability Incentive Adjustment in Respect of Energy Not Supplied) means an event or circumstance that is beyond the reasonable control of the licensee and which results in or causes electricity not to be supplied to a customer and includes (without limitation) an act of the public enemy, war declared or undeclared, threat of war, terrorist act, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, fire (not related to weather), any severe weather event resulting in more than 7 faults being recorded by the licensee on the licensee’s Transmission System in any 24 hour period, governmental restraint, Act of Parliament, any other legislation, bye law, directive or decision of a Court of Competent Authority ~~or the European Commission~~ or any other body having jurisdiction over the activities of the licensee provided that lack of funds will not be interpreted as a cause beyond the reasonable control of the licensee.

Special Condition 2B: Restriction on the use of certain information

1. Any information relating to or deriving from the management or operation of the Transmission Business shall, for the purposes of this condition, be treated as confidential information.
2. The licensee shall not (and shall procure that its affiliates and related undertakings shall not) disclose or authorise access to confidential information:
 - (a) save to the extent provided by sub-paragraphs 3(b) to (d), to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of any other business (whether or not a separate business) of the licensee; or
 - (b) save to the extent permitted by paragraph 3, to any other person.
3. Subject to paragraphs 9 to 12 of Special Condition 2I (Independence of and appointment of managing director of the Transmission Business), the licensee shall

(and shall procure that its affiliates and related undertakings shall) disclose or authorise access to confidential information only:

- (a) in the following circumstances, namely:
 - (i) to such of its (or its affiliates' or related undertakings') employees, agents, advisers, consultants or contractors as are engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities and require access to the information for that purpose;
 - (ii) to personnel of any holder of a distribution licence or a transmission licence holder engaged in the external distribution activities of that distribution licence holder, or the external transmission activities of that transmission licence holder (as the case may be), to the extent necessary for the performance by such personnel of those external distribution activities, or those external transmission activities (as the case may be), and the use by such personnel of that information for that purpose;provided that effective arrangements are maintained in place at all times for ensuring that no further disclosure of any information supplied or obtained pursuant to this paragraph is made and that such information is used only for the purpose of the Transmission Business or any external transmission activities of the licensee;
- (b) where the licensee (or any affiliate or related undertaking of the licensee) is required or permitted to disclose such information by virtue of:
 - (i) any requirement of a competent authority;
 - (ii) the standard conditions of any licence granted or taking effect as if granted under the Act or any document referred to in such a licence with which it is required by virtue of the Act or that licence to comply;
 - (iii) any other requirement of law; or
 - (iv) the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;
- (c) where such information was provided by or relates to any person who has notified (or otherwise agreed with) the licensee that it need not be treated as confidential;
- (d) where such information, not being information provided by or relating to any person other than the licensee, is placed by the licensee in the public domain; or
- (e) where such information is required for the purposes of assisting other transmission licence holders, including National Grid Company plc in the capacity of the party who has been identified by the Minister for Energy as the party whose application to be GB System Operator the government is minded to accept, to prepare for and plan and develop the operation of a GB transmission system and such other matters as

will facilitate the implementation of new arrangements relating to the trading and transmission of electricity in Great Britain designed –

- (i) to promote the creation of a single competitive wholesale electricity trading market; and
- (ii) to introduce a single set of arrangements for access to and use of any Transmission System in Great Britain,

and in each case the licensee shall disclose or authorise access to the confidential information only insofar as is necessary or appropriate in all the circumstances.

4. Subject to paragraphs 9 to 12 of Special Condition 2I (Independence of and appointment of managing director of the Transmission Business), the licensee shall use all reasonable endeavours to ensure that any person who is in possession of or has access to confidential information in accordance with sub-paragraph 3(a) shall use such information only for the purposes of the Transmission Business or any external transmission activities.

5. In this condition

"competent authority" means ~~the Secretary of State, the Authority, the Compliance Officer, the Stock Exchange, the Panel on Takeovers and Mergers, or any local or national agency, regulatory body, authority, department, inspectorate, minister (including Scottish Ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom, the United States of America or the European Community.~~

"confidential information" bears the meaning given at paragraph 1.

"Electricity Arbitration Association" means the unincorporated members' club of that name formed inter alia to promote the efficient and economic operation of the procedure for the resolution of disputes within the electricity supply industry by means of arbitration or otherwise in accordance with its arbitration rules.

"external distribution activities" means any business of the licensee or any affiliate or related undertaking comprising or ancillary to the maintenance, repair or operation of, or

other activities in connection with any electricity distribution or Transmission System other than the licensee's distribution system ("an external distribution system").

"external transmission activities"

has the meaning given to that term in Special Condition 2I (Independence of and appointment of managing director of the Transmission Business) of this part of this licence.

Special Condition 2I. Independence of and appointment of managing director of the Transmission Business

1. (a) The licensee shall establish and shall thereafter maintain the full managerial and operational independence of the Transmission Business and any external transmission activities from each other business (whether or not a separate business) of the licensee and of its affiliates and related undertakings.
- (b) The licensee shall appoint an officer (hereafter referred to as "the Managing Director of Transmission") to be responsible for the conduct of the Transmission Business and any external transmission activities.
2. The Managing Director of Transmission may be a director:
 - (a) of the transmission licensee; or
 - (b) in the circumstances set out in paragraph 12 of this condition only, of the licensee and of an affiliate or related undertaking of the licensee which holds a distribution licence or a holding company only engaged in ownership or management of distribution or Transmission Businesses or both;

provided that the licensee shall ensure that the Managing Director of Transmission shall not be a director of any other affiliate or related undertaking of the licensee and that he shall not be engaged by the licensee in any other capacity than as Managing Director of Transmission.

3. The licensee shall arrange for the Managing Director of Transmission in the course of discharging his responsibility under paragraph 1 of this condition to be provided from time to time with:
 - (a) the services of such persons (as the Managing Director of Transmission may from time to time select), whose services:

- (i) may be dispensed with at the sole discretion (subject to compliance with relevant UK employment legislation) of the Managing Director of Transmission; and
 - (ii) will only be utilised if such persons execute a contract of or for services containing an appropriate confidentiality clause regarding that information which may be acquired by such person whilst working for the Transmission Business and any external transmission activities;
- (b) such premises, systems, equipment, facilities, property, personnel, data and management resources; and
 - (c) such finance;

as may be reasonably required by the Managing Director of Transmission for the efficient and effective management and operation of the Transmission Business in accordance with the licensee's duty under section 9(2)(a) of the Act and the transmission licence.

4. The licensee shall direct the Managing Director of Transmission:

- (a) to inform the directors of the licensee, in writing, if, at any time, he is of the opinion that the provision of those items specified in paragraph 3 of this condition are not sufficient to enable the licensee to comply with its duties under section 9(2)(a) of the Act and the transmission licence; and
- (b) as soon as practicable after the end of the year 2001 and of each subsequent calendar year, to furnish to the directors of the licensee:
 - (i) an informative report on the provision of those matters made in respect of that year; and
 - (ii) a statement of his opinion whether adequate arrangements have been or are likely to be made for the provision of those matters which will be required in respect of the ensuing calendar year to enable the licensee to comply with those duties including, in particular, a description of the differences in the provision of those matters made or likely to be made in that year compared with the provision made in respect of the preceding year and the reasons for those differences.

5. On receipt of any information under paragraph 4(a) of this condition or report and statement under paragraph 4(b), the licensee shall, subject to compliance with the listing rules (within the meaning of Part IV of the Financial Services Act 1986 (c.60)) of the Stock Exchange:

- (a) give to the Authority forthwith that information or report and statement; and
- (b) where such a report is received, publish it in such form and manner as the Authority may direct.

6. Except insofar as the Authority consents to the licensee doing so, the licensee shall only give directions to the Managing Director of Transmission as to the discharge of his responsibilities under paragraph 1 of this condition:
 - (a) where:
 - (i) in the bona fide and reasonable opinion of the licensee the statutory, licence and contractual obligations of the licensee; or
 - (ii) in the bona fide opinion of the directors, their duties; so require; or
 - (b) to ensure compliance with paragraph 4.
7. The licensee shall give directions under sub- paragraph 6(a) of this condition by notice in writing, specifying in the notice the statutory, licence or contractual obligations of the licensee or duty of the directors of the licensee which require the licensee to give directions, which notice shall be copied to the Authority.
8. Except insofar as the Authority consents to the licensee not doing so, the licensee shall, subject to paragraph 9 below, ensure that:
 - (a) no business of the licensee (or of any affiliate or related undertaking of the licensee), other than the Transmission Business or any external transmission activities, may use or have access to:
 - (i) premises or parts of premises occupied by persons engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities also have access;
 - (iii) equipment, facilities or property employed for the management or operation of the Transmission Business or any external transmission activities; or
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the Transmission Business or any external transmission activities; and
 - (b) it can and does, insofar as is legally possible, prevent any person who has ceased to be engaged in, or in respect of, the management or operation of the Transmission Business from being engaged in, or in respect of, the activities of any other business of the licensee (or of any affiliate or related undertaking of the licensee) until the expiry of an appropriate time from the date on which he ceased to be engaged by the Transmission Business.

9. The Authority may, upon the written request of the licensee, issue a direction relieving the licensee of its obligations under Special Condition 2B (Restriction on use of certain information) and under paragraphs 1(a), 2 and 8 of this condition, to such extent and subject to such terms and conditions as he may specify in that direction, where:
- (a) it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
 - (b) in the case of paragraphs 2 to 4 of Special Condition 2B (Restriction on use of certain information), a failure to comply with any aspect of those obligations would be of a trivial nature; or
 - (c) in the case of paragraphs 1(a) and 8 of this condition, any arrangements for the use of or access to premises, systems, equipment, facilities, property or personnel by both the Transmission Business and any other business of the licensee (or of any affiliate or related undertaking of the licensee):
 - (i) do not involve a cross-subsidy being either given to the Transmission Business by such other business or received from the Transmission Business by such other business;
 - (ii) obtain for the Transmission Business, in the most efficient and economical manner possible, the use of the relevant premises, systems, equipment, facilities, property or personnel; and
 - (iii) do not restrict, distort or prevent competition in the generation or supply of electricity,
- provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive EC/2009/72/EC as modified by the Act.
10. Where, subsequent to the issue of a direction pursuant to paragraph 9 of this condition, the criteria set out at sub-paragraphs 9(a), (b) or (c) cease to be satisfied, the Authority may withdraw the direction or modify any terms and conditions which may be specified in it.
11. For the purposes of paragraphs 9 and 10 of this condition the Authority shall, following consultation with the licensee, determine any question as to whether the criteria set out at sub-paragraphs 9(a), (b) or (c) are or continue to be satisfied.
12. If the Authority is requested to issue any direction pursuant to paragraph 9 of this condition relating to the Transmission Business being managed or operated by the licensee together with any distribution business then that direction may provide that for the purposes of this condition and of Special Condition 2B (Restriction on use of certain information) the Transmission Business shall be taken to include any such distribution business and for the Managing Director of Transmission to take part in the management of and/or to be a director of any company carrying on any such distribution business.

13. In this condition

"appropriate time"

means 3 months, or such shorter period as the Authority may approve in respect of any person or class of persons.

"external transmission activities"

means any business of the licensee or any affiliate or related undertaking of the licensee comprising or ancillary to the maintenance, repair or operation in an emergency of any electricity distribution system or any part of the National Electricity Transmission System other than the licensee's Transmission System.