

Special Condition 1.1 ~~Financial Incentive for Timely Connections~~ Output output delivery incentive (CONADJt)

Introduction

1.1.1 The purpose of this condition is to calculate the value of the financial incentive (the CONADJ_t term) CONADJt (the timely connections output delivery incentive term). This contributes to reflect the licensee's performance the calculation of the term ODIt (the output delivery incentives term), which in relation turn feeds into Calculated Revenue in Special Condition 2.1 (Revenue Restriction).

1.1.1.1.2 Where the Authority decides to delivering apply the CONADJt term, the effect will be to penalise the licensee for failing to deliver timely offers for connection to the licensee's transmission network licensee's Transmission System.

~~3G.1~~ The effect of the application of the CONADJ_t term in Special Condition 3A (Restriction of Transmission Network Revenue) is to adjust downwards the Output Incentive Revenue Adjustment (OIP_t) term in Part D of that condition.

Part A: Relationship with existing obligations

~~3G.2~~ The licensee must offer connection terms in accordance with Standard Condition D4A (Obligations in relation to offers for connections etc.) and through this paragraph 4.8, Part 2, Section D of the STC (subject to paragraph 4.9 of that same Part).

~~3G.3~~ Where under Standard Condition D4A, the Authority consents to a longer period of time than the above requirements, this will be the relevant time for the assessment of timely offering of connection terms in this/these case(s).

~~3G.4~~ This condition is without prejudice to the Authority's licence enforcement powers. Any revenue reduction under this condition is additional to the Authority's potential enforcement powers.

Part B: Process for assessing performance

~~3G.5~~ By 1 November each year from 1 November 2014, the Authority will consider whether the licensee has offered timely connection terms during the Relevant Year $t-1$.

~~3G.6~~ Where the licensee has offered terms in accordance with its licence or as otherwise consented to by the Authority, no revenue reduction will be made.

~~3G.7~~ Where the licensee fails to offer terms in accordance with its licence or as otherwise consented to by the Authority, the Authority may give notice of a revenue reduction.

~~3G.8~~ Where the Authority intends to give notice of a revenue reduction, it will notify the licensee in advance and allow the licensee to make representations which it will consider before deciding whether to give notice of a revenue reduction.

~~3G.9~~ As set out in Part C of this condition, that revenue reduction will be subject to a maximum cap of 0.5% of the sum of the licensee's Base Transmission Revenue and Transmission Investment for Renewable Generation.

3G.10 The level of revenue reduction will be proportionate to the number of connections in respect of which the licensee is unable to offer terms in accordance with the times specified in their licence condition and the STC or as otherwise consented to by the Authority.

Part C: Revenue adjustment formulae

3G.11 CONADJ_t is the adjustment made to annual revenue from 1 April of any Relevant Year t through a notice served by the Authority following its assessment of the licensee's performance in Relevant Year t-2.

Part A: In any Relevant Year t the value of CONADJ_t will be specified in the notice subject to paragraph 3G.9 above and calculated Formula for calculating the Timely Connections incentive (CONADJ_t)

1.1.2 1.1.3 The value of CONADJ_t is derived in accordance with the following formula:

$$\text{CONADJ}_t = \frac{\left(\frac{\text{Untimely offers}_{t-2}}{\text{Total offers}_{t-2}} \right) \times 0.005}{\times (\text{BR}_{t-2} + \text{TIRG}_{t-2}) \times \left(1 + \frac{\text{I}_{t-2}}{100} \right) \times \left(1 + \frac{\text{I}_{t-1}}{100} \right)}$$

$$\text{CONADJ}_t = - \frac{\text{Untimely Offers}_t}{\text{Total Offers}_t} [0.005] \text{EABR}_t$$

_____ where:

Untimely Offers _{t-2}	are connection offers made other than in accordance with the requirements set out in paragraph 4.8, Part 2, Section D of the STC (subject to paragraph 4.9 of that same Part). <u>means the total number of Untimely Offers;</u>
Total Offers _{t-2}	are <u>means the total number of</u> connection offers which are, <u>i.e.</u> the sum of <u>the number of</u> Untimely Offers and those <u>the number of</u> offers made consistent with the specified time in the paragraph <u>licensee's Timely Connections Obligations;</u> and condition(s) set out in paragraph 4.8, Part 2, Section D of the STC (subject to paragraph 4.9 of that same Part).
BR _{t-2} <u>EABR_t</u>	means the Base Transmission Revenue in Relevant Year t-2 and will be calculated in accordance with Part C of Special Condition 3A (Restriction of Transmission Network Revenue) for that year. <u>means Ex-Ante Base Revenue.</u>
TIRG _{t-2}	means the value of the Transmission Investment for Renewable Generation in Relevant Year t-2, calculated in accordance with

~~Special Condition 3J (Transmission Investment for Renewable Generation):~~

~~I_t means the Average Specified Rate in Relevant Year t.~~

Part B: Process for directing the application of the CONADJt term

1.1.4 Where the Authority considers that the CONADJt term should apply as an adjustment to the licensee's incentive revenue it will do so by direction.

1.1.5 Before issuing a direction under paragraph 4.3.4 the Authority publish on the Authority's Website:

(a) the text of the proposed direction;

(b) the reasons for the proposed direction; and

(c) a period during which representations may be made on the proposed direction, which will not be less than 14 days.

Special Condition 1.1 Network Access Policy

Introduction

1.1.1 ~~The purpose of this~~ [This](#) condition is to set out the requirements upon ~~requires~~ the licensee to publish, ~~no later than 30 days after 1 April 2013, and from then on to act consistently with a~~ [the](#) Network Access Policy (“the NAP”) designed to facilitate efficient performance and effective liaison between the System Operator and Transmission Owners in relation to the planning, management, and operation of the National Electricity Transmission System (NETS) for the benefit of consumers.

~~2J.1~~ For the avoidance of doubt, nothing in this condition replaces, overrides, or limits:

- ~~(a)~~ any statutory duty imposed on the licensee;
- ~~(a)~~ any other obligation of the licensee under licence or code, particularly in relation to the licensee’s compliance with Standard Condition B12 (System Operator – Transmission Owner Code), Standard Condition D2 (Obligation to provide transmission services), and Standard Condition D3 (Transmission system security standard and quality of service); and
- ~~(b)~~ the System Operator – Transmission Owner Code (“the STC”).

Part A: ~~Part A: Licensee’s obligations in relation to the NAP~~ [Network Access Policy](#)

~~2J.2~~ The licensee must, no later than 30 days after 1 April 2013, submit a NAP for the Authority’s approval. Following approval for the Price Control Period the licensee, [together with the other Transmission Owners](#), must have in place a NAP that:

- 1.1.2 ~~has been~~ [Network Access Policy](#) approved by the Authority following consultation with electricity Transmission Licensees and such other interested parties as the Authority considers appropriate; and.
- ~~(c)~~ conforms to the requirements set out in Part B of this condition.

~~2J.3~~ The licensee must maintain the NAP approved under paragraph 2J.3(a) of this condition in accordance with Part C of this condition.

~~2J.4~~ Approval by the Authority under paragraph 2J.3(a) of this condition may be subject to such conditions requiring further action to be undertaken by the licensee in relation to the NAP as the Authority considers appropriate.

[1.1.3](#) The licensee must incorporate the NAP [Network Access Policy](#) into its planning and operations ~~within~~ [as part of](#) its licensed activities. ~~It~~ [Licensed Activity](#).

~~1.1.3~~ [1.1.4](#) The licensee must act consistently with the NAP [Network Access Policy](#), subject to the need to ensure the safe and secure operation of the NETS [National Electricity Transmission System](#) as a whole or any part of it.

Part B: Essential requirements of the NAP

~~1.1.4~~1.1.5 The NAP that is in place under this condition Network Access Policy must include and/or make provision for:

- (a) details of the actions that the licensee will take to coordinate with the System Operator and/or, if appropriate, the other Transmission Owners as appropriate to ensure that planned network outage arrangements are agreed with due consideration of the long-term outcomes for consumers and network users;
- (b) details of the actions that the licensee will take for the purposes of responding to and managing unplanned network outages with a view to minimising ~~their~~its contribution to network constraints, subject to the need to ensure the safe and secure operation of the ~~NETS~~National Electricity Transmission System as a whole or any part of it;
- (c) details of the types of circumstances that are likely to require an alternative approach to that set out in relation to paragraphs ~~2J.7~~9.9.5(a) and (b) of this condition~~;~~; and
- (d) a description of the licensee's communication and coordination strategy for interacting with the System Operator ~~in respect of matters relating to the NAP,~~ other Transmission Owners, and Users.

Part B: ~~Part C: Procedure for amending~~ Revisions to the NAP Network Access Policy

~~1.1.5~~1.1.6 The licensee, together with the other Transmission Owners, must from time to time and at least once in every ~~two years while this licence is in force~~period of two Regulatory Years, review and ~~make~~propose such ~~amendments~~revisions to the Network Access Policy as may be necessary to the NAP in order to ensure that the information contained in it continues to be accurate and consistent with this condition.

~~1.1.6~~1.1.7 Where Before revising the Network Access Policy the licensee ~~proposes to amend the NAP, it,~~ together with the other Transmission Owners, must ~~provide a full statement~~submit to the Authority of the proposed amendments and ~~provide a copy of that statement to,~~ the System Operator and/or, if appropriate, to any other relevant Transmission Licensees:

- ~~(a)~~ The statement to which paragraph 2J.9 of this condition refers, must include a copy of the proposed revisions;
- ~~(b)~~ an explanation of the reasons for the proposed amendment, together with revisions; and
- ~~(c)~~ such detailed supporting evidence as the licensee considers will assist the Authority in its consideration of the proposed amendment~~revisions.~~

1.1.8 The Authority's consideration of the proposed amendment Authority will include consideration of either:

- (a) approve the proposed revisions;

- (b) reject the proposed revisions; or
- (c) reject the proposed revisions and give recommendations as to alternative revisions that it considers should be made.
- ~~2J.5—~~ Before taking any submission made by the action under paragraph 9.9.8, the Authority will consult the Transmission Owners, System Operator and/or other Transmission Licensees.
- ~~2J.6—~~ The licensee must supply the further information within such period of time as the Authority may reasonably request for the purpose of enabling it to consider the licensee's proposed amendment to the NAP.
- ~~1.1.7~~ 1.1.9 The Authority (following consultation with the licensee and such other interested parties as it considers appropriate) may:
- ~~(a) —~~ approve the proposed amendment, subject, where necessary, to such conditions requiring further action to be undertaken by the licensee in relation to the NAP as the Authority considers appropriate; or
- ~~(d) —~~ reject the proposed amendment (and, where appropriate, give recommendations as to alternative amendments which it considers ought to be made).
- ~~2J.7—~~ Where approved by the Authority, the amended NAP both supersedes and revokes (with effect from such date as may be specified in the NAP) any previous version of the NAP in place under this condition.

Part C: Availability of the Network Access Policy

1.1.10 The licensee must ensure that the Network Access Policy is available on its website.

- ~~2J.8—~~ In the event that the Authority approves an amendment to the NAP under the procedure set out in this Part C a revision to the Network Access Policy, the licensee must ensure that the NAP Network Access Policy made available under paragraph 2J.16 of this condition 9.9.10 is updated within 5 working days during the period of five Working Days beginning with the date of the Authority granting approval under paragraph 2J.13 (a) of this condition.

Part D: Availability of the NAP

- ~~2J.9—~~ The licensee must ensure that the NAP in place under this condition:
- ~~(a) —~~ is published on, and readily accessible from its website; and
- ~~(e) —~~ is otherwise available to any person who requests it upon payment of an amount (if any) that does not exceed the reasonable costs of making and supplying that copy.

1.1.8 1.1.11

Special Condition 1.1 Provision of Information to the System Operator

1. Introduction

1.1.1 The purpose of this condition is to require the licensee to notify the System Operator of the revenue to be collected via transmission network charges.

Part A: Statement of the [TNGET/TSP/TSH] value

~~1.1.1~~ 1.1.2 On or before 1 November of the relevant year Regulatory Year $t-1$, the licensee ~~shall~~ must notify the System Operator of its best estimate for the amounts ~~TNGET_t~~ in respect of the relevant year t , where: [TNGET/TSP/TSH] term.

~~TNGET_t~~ [TNGET/TSP/TSH] means an amount no more than ~~NGETTO_t~~ AR_t ~~- EXS_t~~

, where

~~NGETTO_t~~ means the allowed transmission owner revenue in the relevant year t calculated in accordance with Special Condition 3A (Restriction of Transmission Network Revenue); and

~~1.1.2~~ 1.1.3 ~~EXS_t~~ means the connection charges, if any, which are remunerated under Special Condition 3A 2.1 in respect of connections made before the grant of this licence and for the avoidance of doubt, such charges may include charges for the operation and maintenance of the relevant connection~~;~~

~~and where the aggregate of TNGET_t and EXS_t is equivalent to the Regulated Transmission Revenue of the licensee in relevant year t .~~

~~1.1.3~~ 1.1.4 ~~2.~~ The licensee ~~shall~~ must keep under review the estimates notified to the System Operator pursuant to paragraph ~~4~~ 9.10.2 and, if at any time, the licensee reasonably considers that the value of ~~TNGET_t~~ [TNGET/TSP/TSH], notified to the System Operator will be significantly different ~~from~~ to the estimates previously notified to the System Operator, the licensee ~~shall~~ must notify the System Operator of the updated value for ~~TNGET_t~~ [TNGET/TSP/TSH] as soon as reasonably practicable.

~~1.1.4~~ 1.1.5 ~~3.~~ By 30 April of each relevant year t , the licensee shall provide the Authority with a statement showing the following:

- (a) ~~(a)~~ the value of ~~TNGET_t~~ [TNGET/TSP/TSH] notified to the System Operator in the relevant year Regulatory Year $t-1$ and the method of calculation including the values for EXS_t ;
- (b) ~~(b)~~ the aggregate amounts of the licensee's connection charges in relevant year $t-1$ which are remunerated under Special Condition 3A 2.1, identifying separately amounts in relation to connections made prior to the grant of this licence and amounts in relation to connections made after the grant of this licence;

- (c) ~~(e)~~ the aggregate amount of the licensee's connection charges in relevant year Regulatory Year t-1 which are not remunerated under Special Condition 3A2.1; and
- (d) ~~(d)~~ the aggregate amount of the licensee's charges in relevant year Regulatory Year t-1 in respect of outage changes.

Special Condition 1.2 Basis of transmission owner charges Transmission Owner Charges

1. Introduction

1.2.1 The purpose of this condition is to require the licensee shall as soon as practicable after this licence has come into force and, in any event, not later than such date as the Authority shall specify to prepare and have in place a statement Statement of Transmission Owner Charges.

Part A: Statement of Transmission Owner Charges

~~1.2.1~~ 1.2.2 The licensee must have in place a form Statement of Transmission Owner Charges approved by the Authority setting out the basis upon which charges will be made.

- (a) ~~for transmission owner services;~~
- (b) ~~for connection to the licensee's transmission system, such statement to be in such form and to contain such detail as shall be necessary to enable the system operator to make a reasonable estimate of the charges to which it would become liable for the provision of such services, and (without prejudice to the foregoing) including the information set out in paragraph 2 as is required by such paragraph to be included in the relevant statement; and~~
- (c) ~~for outage changes;~~

2. The statement referred to in paragraph 1 shall in respect of connections to the licensee's transmission system include:

1.2.3 (a) The Statement of Transmission Owner Charges must include:

(a) a schedule listing ~~those~~:

- i. items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the licensee's transmission system licensee's Transmission System.
- ii. items for which site specific charges may be made or levied ~~and including (where practicable), and~~

- ~~i.iii.~~ ~~indicative charges for each such item and (in other cases) or, where not practicable, an explanation of the methods by which and the principles on~~ in accordance with which ~~such~~ the charges will be calculated;
- ~~(b) (b) — the methods by which and the principles on~~ in accordance with which:
 - ~~ii.i.~~ site specific charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the licensee's licensee's discretion) of greater size or capacity than that required;
 - ~~iii.ii.~~ (c) — the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance, replacement and repair required of electric lines, electrical plant or meters provided and installed for making a connection to the licensee's transmission system; licensee's Transmission System; and
 - ~~iv.iii.~~ (d) — the methods by which and the principles on which any charges will be made for disconnection from the licensee's transmission system licensee's Transmission System and the removal of electrical plant, electric lines and ancillary meters following disconnection; and
- ~~(b) (c) (e) — such other matters as shall be~~ are specified in directions issued by the Authority from time to time for the purpose of this condition.

~~1.2.2~~ 1.2.4 ~~3. — Site~~ The licensee must set site specific charges for those items referred to in paragraph 2 ~~shall be set~~ 9.11.3 at a level ~~which~~ that will enable the licensee to recover:

- ~~(a) (a) — the appropriate proportion of the costs directly or indirectly incurred in carrying out any works; for the extension or reinforcement of the licensee's transmission system licensee's Transmission System or the provision and installation, maintenance, replacement and repair or (as the case may be) removal following disconnection of any electric lines, electrical plant, meters or other items; and~~
 - ~~(b) (b) — a reasonable rate of return on the capital represented by such costs.~~
- ~~4. — In addition to, and without prejudice to, the licensee's obligations under paragraph 1, the licensee shall, upon being directed to do so in directions issued by the Authority from time to time for the purposes of this condition and within such period as shall be specified in the directions, prepare a statement or statements in a form approved by the Authority providing that charges~~
- ~~(a) for transmission owner services;~~
 - ~~(b) for connection to the licensee's transmission system; and~~
 - ~~(c) for outage charges~~

~~will be made on such basis as shall be specified in the directions and such statement or statements shall be in such form and contain such detail as shall be necessary to enable the system operator to make a reasonable estimate of the charges to which it would become liable for the provision of such services and (without prejudice to the foregoing) including such information as shall be specified in the directions. Each statement prepared in accordance with this paragraph shall replace the corresponding statement prepared by the~~

licensee in accordance with paragraph 1 or, as the case may be, this paragraph (as from time to time revised in accordance with paragraph 5) which is in force at such date and the licensee shall, with effect from such date make charges in accordance with the statement (as from time to time revised in accordance with paragraph 5) which has replaced such corresponding statement.

Part B: 5. — Revisions to the Statement of Transmission Owner Charges

~~1.2.3~~ **1.2.5** The licensee may periodically revise the statements in accordance with paragraphs 1 and 4 and shall, must at least once in every year this license is in force, make any necessary, review and propose such revisions to such statements the Statement of Transmission Owner Charges as may be necessary in order ~~that the~~ information set out in the statements shall continue to ensure that it continues to be accurate in all material respects.

~~1.2.6~~ **6.** — Any revision to The Authority may direct the form of licensee to modify the statement shall require Statement of Transmission Owner Charges in such manner, to such extent, and with effect from such time as may be approved by specified in that direction.

~~1.2.4~~ **1.2.7** Before revising the Authority and shall not become effective until approved by Statement of Transmission Owner Charges, the licensee must provide a copy of the proposed revisions to the Authority.

~~1.2.8~~ **7.** — The Authority will either:

- (a) approve the proposed revisions;
- (b) reject the proposed revisions; or
- (c) reject the proposed revisions and give recommendations as to alternative revisions that it considers should be made.

~~1.2.5~~ **1.2.9** The licensee shall must give or send a copy of the statements prepared in accordance with paragraphs 1 and 4 or (as the case may be) of the latest revision Statement of Transmission Owner Charges, including any revision in such statements in accordance with paragraph 5 in a form approved by and manner as the Authority pursuant to such paragraph may direct, to any person who requests a copy of such statement or statements.

~~1.2.6~~ **1.2.10** **8.** — The licensee may make a charge for any statement given or sent pursuant to paragraph ~~7~~ **9.11.9** of an amount reflecting the licensee's licensee's reasonable costs of providing such a the statement, which shall must not exceed the maximum amount specified in ~~directions issued by the Authority~~ by direction for the purposes of this condition.

Special Condition 1.3 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. Introduction

1.3.1 This condition sets out restrictions on the use of Confidential Information.

Part A: Requirements for treatment of Confidential Information

1.3.2 The licensee shall (including its affiliates and related undertakings) must not (and shall procure that disclose or authorise access to Confidential Information except as provided for in Part B.

Part B: Circumstances under which the licensee can disclose Confidential Information

~~1.3.1~~ 1.3.3 The licensee (including its affiliates and related undertakings shall not) may disclose or authorise access to confidential information Confidential Information insofar as is necessary or appropriate in the circumstances where:

(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.~~

(a) ~~3. Subject to paragraphs 9.15.9 to 9.15.12 of Special Condition 219.15 (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: apply.~~

(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, information is only used for the management or operation purpose of the Transmission Business or any External 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;~~

- (b) ~~provided that~~ Activities of the licensees, and 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; occurs.
- (c) (b) ~~where the licensee (or any affiliate or related undertaking of the licensee)~~ disclosure of the information is required or permitted to disclose such information by virtue of by:
- i. (i) ~~any requirement of a competent authority~~ Competent Authority;
 - ii. (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~~ the licensee is required by virtue of the Act or that licence to comply;
 - iii. (iii) ~~any other requirement~~ court or tribunal order; or
 - iii.iv. the performance of law a statutory function; or
 - iv.v. (iv) ~~as is necessary under the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;~~ ;
- (d) (e) ~~where such~~ the licensee has been notified by the person who provided the information was provided by or to all persons to whom it relates to any person who has notified (or otherwise agreed with) the licensee that it the information need not be treated as confidential;
- (e) (d) ~~where such information, not being~~ the licensee makes public information which:
- is not provided by or relating to any another person other than the licensee, is placed by the licensee in the public domain; or
- (e) ~~where such~~ does not relate to another person
- (f) ~~(f)~~ 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 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 ~~—to~~ to:
- i. (i) ~~to promote the creation of a single competitive wholesale electricity trading market; and~~
 - ii. (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 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 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 1.4 Appointment of a Compliance Officer

1. ~~Introduction~~

1.4.1 ~~The purpose of this condition is to set out requirements on the licensee shall to:~~

- ~~(a) prepare a statement~~ Compliance Statement,
- ~~(b) appoint a Compliance Officer, and~~
- ~~(c) prepare a Compliance Report.~~

Part A: Compliance Statement

1.4.2 ~~The licensee must prepare a Compliance Statement that:~~

- ~~(a) is in a form approved by the Authority setting, and~~
- ~~(a)(b) sets out the practices, procedures and systems which the licensee has adopted (or intends to adopt) to ensure its compliance with the relevant duties~~ Relevant Duties.

1.4.3 ~~2.—The licensee may periodically revise:~~

- ~~(a) must review the information set out~~ Compliance Statement at least once in each Regulatory Year to ensure that it continues to be accurate, and
- ~~(b) may, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once every year during which this licence is in force, review such statement in order that the information set out therein shall continue to be accurate in all material respects~~ Compliance Statement.

1.4.2 ~~1.4.4 3.—The licensee shall~~ must ~~send a copy of the statement prepared in accordance with paragraph 1~~ Compliance Statement, ~~and of each revision of such statement in accordance with~~ alteration under ~~paragraph 2 of this condition,~~ 9.14.3(b), to the Authority.

Part B: 4.—Appointment of the Compliance Officer

1.4.3 ~~1.4.5 The licensee shall, following consultation with~~ must, subject to the approval by the Authority of the proposed candidate, ~~appoint a competent person (who shall be known as the "Compliance Officer") for the purpose of facilitating compliance by the licensee with the relevant duties~~ Compliance Officer.

1.4.4 ~~1.4.6 5.—The licensee shall~~ must ~~at all times engage the services of the Compliance Officer for the performance of such duties and tasks as the licensee considers it appropriate to assign to him~~ them ~~for the purposes specified at paragraph 4 of this condition, which~~ compliance with the Relevant Duties, including the ~~duties and tasks shall include those set out at paragraph 8 of this condition~~ 9.14.9.

6.——The licensee ~~shall procure that~~ must, as is reasonably required for the fulfilment of the duties and tasks assigned, provide the Compliance Officer:

~~1.4.7~~ (a)——~~is provided with such:~~

(a) staff, premises, equipment, facilities and other resources; and

(b) ~~(b)——has such access to its premises, systems, information and documentation.~~

~~as, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.~~

~~1.4.5~~ 1.4.8 7.——The licensee ~~shall~~ must make available to the Compliance Officer a copy of any complaint or representation received by it from any person in relation to any of the practices, procedures and systems adopted by the licensee in accordance with the ~~statement referred to at paragraph 1 of this condition~~ Compliance Statement required by Part A.

~~1.4.6~~ 1.4.9 8.——The duties and tasks assigned to the Compliance Officer ~~shall~~ must include:

(a) ~~(a)——~~providing relevant advice and information to the licensee for the purpose of ensuring its compliance with the Relevant Duties;

(b) ~~(b)——~~monitoring the effectiveness of the practices, procedures and systems adopted by the licensee in accordance with the ~~statement referred to at~~ Compliance Statement under paragraph ~~1~~ 9.14.2;

(c) ~~(c)——~~investigating any complaint or representation made available to ~~him~~ them in accordance with paragraph ~~7 of this condition~~ 9.14.8;

(d) ~~(d)——~~recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;

(e) ~~(e)——~~providing relevant advice and information to the licensee for the purpose of ensuring its effective implementation of:

i. ~~(i)——~~the practices, procedures and systems adopted in accordance with the ~~statement referred to at paragraph 1 of this condition~~ Compliance Statement required by Part A; and

ii. ~~(ii)——~~any remedial action recommended in accordance with sub-paragraph (d); and

iii. ~~(f)——~~reporting annually to the directors of the licensee - in respect of the ~~year ending 31 December 2001 and of each subsequent year~~ each Regulatory Year - as to ~~his~~ their activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to ~~him~~ them by the licensee.

Part C: 9.——Compliance Report

~~1.4.7~~ 1.4.10 As soon as is reasonably practicable following each annual report of the Compliance Officer, the licensee ~~shall~~ must produce a ~~report~~ Compliance Report:

- (a) ~~(a)~~ — as to its compliance during the ~~relevant year~~ Regulatory Year with the ~~relevant duties~~ Relevant Duties; and
- (b) ~~(b)~~ — as to its implementation of the practices, procedures and systems adopted in accordance with the ~~statement referred to at paragraph 1~~ Compliance Statement.
- ~~1.4.8~~ 1.4.11 10. — The ~~report~~ Compliance Report produced in accordance with paragraph 9 of this condition shall in particular 14.10 must:
- (a) ~~(a)~~ — detail the activities of the Compliance Officer during the ~~relevant year~~ Regulatory Year;
- (b) ~~(b)~~ — refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the ~~statement referred to at paragraph 1 of this condition~~ Compliance Statement; and
- (c) ~~(c)~~ — set out the details of any investigations conducted by the Compliance Officer, including:
- (i) — the number, type and source of the complaints or representations on which such investigations were based;
 - (ii) — the outcome of such investigations; and
 - (iii) — any remedial action taken by the licensee following such investigations.
- ~~1.4.9~~ 1.4.12 11. — The licensee shall must submit to the Authority a copy of the ~~report~~ Compliance Report produced in accordance with paragraph 9 of this condition 14.10, and shall must give or send a copy of the ~~report~~ Compliance Report to any person who requests such a copy.
12. — In this condition:
- "~~relevant duties~~" means the ~~obligations set out in Special Condition 2B (Restriction on use of certain information)~~.

Special Condition 1.5 Independence of and appointment of managing director of the Transmission Business

1. — (a) — Introduction

- 1.5.1 The purpose of this condition is to set out requirements on the licensee shall ~~to~~ establish and shall thereafter maintain the full managerial and operational and managerial independence of the Transmission Business and any external transmission activities from each other business (whether or not a separate business) of External Transmission Activities.

This condition also requires the licensee ~~and of its affiliates and related undertakings.~~

~~1.5.1~~ 1.5.2 (b) — The licensee shall to 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~~ External Transmission Activities.

Part A: 2. — Requirements of the Managing Director of Transmission

1.5.3 The licensee must at all times ensure that the Transmission Business and any External Transmission Activities have managerial and operational independence from any other business operated by the licensee.

1.5.4 The licensee must appoint a Managing Director of Transmission.

~~1.5.2~~ 1.5.5 The Managing Director of Transmission may be a director:

- (a) (a) — of the ~~transmission licensee; or~~ Transmission Licensee; and
- (b) (b) — in the circumstances set out in paragraph ~~42~~ 9.15.16 ~~also of this condition only, of the licensee and of:~~
 - i. an affiliate or related undertaking of the licensee which holds a distribution licence, or
 - ii. a holding company only engaged in ownership or management of distribution or Transmission Businesses or both;

~~1.5.3~~ 1.5.6 ~~provided that the~~ The licensee shall must 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~~ is not engaged by the licensee in any other capacity than as a Managing Director of Transmission.

3. — The licensee shall must 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;

~~1.5.4~~ 1.5.7 as may be reasonably required by the Managing Director of Transmission for necessary to ensure 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~~ [Transmission Licence](#).

~~1.5.8~~ [4.](#)—[The Managing Director of Transmission must be given sole discretion \(subject to compliance with relevant UK employment legislation\) to oversee and manage their personnel.](#)

~~1.5.5~~ [1.5.9](#) The licensee ~~shall~~ [must](#) direct the Managing Director of Transmission:

- (a) ~~(a)~~—to inform the directors of the licensee, in writing, if, at any time, ~~he~~ [the Managing Director of Transmission](#) is of the opinion that the provision of ~~those~~ [the](#) items specified in ~~paragraph 3 of this condition are~~ [9.15.7](#) [is](#) not sufficient to enable the licensee to comply with its duties under section 9(2)(a) of the Act and the ~~transmission licence~~ [Transmission Licence](#); and
- (b) ~~(b)~~—as soon as practicable after the end of ~~the year 2001~~ [2021](#) and of each subsequent calendar year [Regulatory Year](#), to ~~furnish to~~ [provide](#) the directors of the licensee [with](#):
 - i. ~~(i)~~—~~an informative~~ [a](#) report on the provision of ~~those matters made in~~ [the resources necessary to ensure](#) respect of that year; and
 - ii. ~~(ii)~~—a statement of his opinion whether adequate arrangements have been or are likely ~~as~~ [to](#) be made for the provision of those matters which will be ~~resources~~ [required](#) in respect of ~~by~~ the ensuing calendar year [Managing Director of Transmission](#) to ~~enable~~ [ensure that](#) the licensee to ~~comply~~ [complies](#) with ~~those~~ [its](#) 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.

~~1.5.6~~ [1.5.10](#) [5.](#)—On receipt of any information [or report](#) under paragraph 4(a) of ~~this condition or report and statement under paragraph 4(b),~~ [9.15.9](#), the licensee ~~shall~~ [must](#), 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) ~~(a)~~—~~give to the Authority forthwith that information or report~~ [to the Authority as soon as reasonably practicable](#); ~~and statement; and~~
- (b) ~~(b)~~—~~where such a report is received, publish it~~ [any report](#), in such form and manner as the Authority may direct, [as soon as reasonably practicable](#).

~~1.5.7~~ [1.5.11](#) [6.](#)—Except ~~insofar as~~ [where](#) the Authority ~~consents to the licensee doing~~ [so](#) [otherwise directs](#), the licensee ~~shall~~ [must](#) only give ~~directions~~ [instructions](#) to the Managing Director of Transmission as to the discharge of his responsibilities under paragraph ~~4 of this condition~~ [paragraph 9.15.3](#):

- (a) ~~(a)~~—where [such instructions are required](#):
 - (i)—in the bona fide and reasonable opinion of the licensee [to ensure compliance with](#) the statutory, licence and contractual obligations of the licensee; or

(ii) —in the bona fide opinion of the directors, to ensure compliance with their duties;

—so require; or

(b) (b) —to ensure compliance with paragraph 49.15.9.

~~1.5.8~~ 1.5.12 7. —The licensee shall ~~must~~ give ~~directions~~ instructions under sub-paragraph 6(a) of this condition by notice 9.15.11(a) 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~~ instructions, and must send a copy of the instructions to the Authority.

~~1.5.9~~ 1.5.13 8. —Except insofar as the Authority consents to otherwise directs, the licensee ~~not doing so, the licensee shall~~ must, subject to paragraph 9 below 15.14, ensure that:

(a) (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~~ External Transmission Activities, may use or have access to:

- i. (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~~ External Transmission Activities;
- ii. (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~~ External Transmission Activities also have access;
- iii. (iii) —equipment, facilities or property employed for the management or operation of the Transmission Business or any ~~external transmission activities~~ External Transmission Activities; or
- iv. (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~~ External Transmission Activities; and

(b) (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~~ Appropriate Time from the date on which he ceased to be engaged by the Transmission Business.

~~1.5.10~~ 1.5.14 9. —The Authority may, upon the written request of the licensee, ~~issue~~ abey direction ~~relieving~~ relieve the licensee of its obligations under Special

Condition ~~2B~~[9.13](#) (Restriction on [the](#) use of certain information) and under paragraphs ~~1(a), 2~~[paragraph 9.15.3, 9.15.4](#) and ~~8 of this condition~~[9.15.13](#), to such extent and subject to such terms and conditions as ~~he may specify~~[specified](#) in that direction, where:

- (a) ~~(a)~~——it is not reasonably practicable for the licensee to comply with any aspect of those obligations;
- (b) ~~(b)~~——in the case of paragraphs 2 to 4 of Special Condition ~~2B~~[9.13](#) (Restriction on [the](#) use of certain information), a failure to comply with any aspect of those obligations would be of a trivial nature; or
- (c) ~~(c)~~——in the case of paragraphs ~~1(a)~~[paragraph 9.15.3](#) and ~~8 of this condition~~[9.15.13](#), 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. ~~(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. ~~(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. ~~(iii)~~——do not restrict, distort or prevent competition in the generation or supply of electricity; [but](#)

~~1.5.11~~[1.5.15](#) provided that the licensee shall not thereby be relieved of any obligation imposed on it by EU Directive 96/92/EC.

~~1.5.12~~[1.5.16](#) 10.——Where, subsequent to the issue of a direction pursuant to paragraph 9 of this condition, the criteria set out at sub-paragraphs ~~9~~[9.15.14](#)(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.~~

~~1.5.13~~[1.5.17](#) 12.——If the Authority is requested to issue any direction pursuant to paragraph 9 of this condition [9.15.10](#) 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.

1.5.18 (a) that for the purposes of this condition and of Special Condition 9.13 (Restriction on the use of certain information) the Transmission Business must be taken to include any such distribution business; and

1.5.19 (b) 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.

~~1.5.14~~1.5.20

Special Condition 1.6 Prohibited Activities and Conduct of the Transmission Business

Introduction

1.6.1 The purpose of this condition is to set out the prohibited activities of the licensee and conduct of the Transmission Business.

Part A: Prohibited Activities

1.6.2 ~~Except with the written consent of~~Unless the Authority otherwise directs, the licensee ~~shall not, and shall procure that any subsidiary of the licensee shall not, on its own account (or that of the licensee or of any subsidiary of the licensee as the case may be),~~ must not hold, or seek to hold, a transmission licence that has Section C (System Operator Standard Conditions) or Section E (Offshore Transmission Owner Standard Conditions) in effect.

Part B: Conduct of the Transmission Business

1.6.3 The licensee shall conduct, and the relevant parties listed in paragraph 9.16.5, must not obtain an Unfair Commercial Advantage.

~~1.6.3~~1.6.4 The licensee must not disclose or otherwise make use of any System Operator Functions information that it may have received from its affiliate, National Grid Electricity System Operator Limited ("NGESO"), by virtue of NGESO disclosing such information to the licensee arising from a failure to

abide by the provisions of Special Condition 2.2 of NGESO's transmission business in the manner best calculated to secure that, in meeting its obligations under this licence;

(a) ~~the licensee;~~

1.6.5 The relevant parties are:

(a) any affiliate or related undertaking of the licensee that is a subsidiary of, or is controlled by an ultimate controller of, the licensee, including, ~~for the avoidance of doubt those:~~

- i. ~~any affiliate or related undertaking that intends~~ intending to participate in a competitive tender exercise to determine a person to whom an offshore transmission licence is to be granted; or
- ii. ~~any affiliate or related undertaking participating in a competitive tender exercise to determine a person to whom an offshore transmission licence is to be granted;~~

~~that is a subsidiary of, or is controlled by an ultimate controller of, the licensee;~~

(b) any user of the national electricity ~~transmission system; or~~ Transmission System; and

(c) any other ~~transmission licensee;~~ Transmission Licensee.

~~obtains no unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to the licensee, one in connection with a business other than its transmission business. For the avoidance of doubt, in meeting its obligations in this paragraph the licensee shall make no use of or otherwise disclose any system operator functions information that it may have received from its affiliate, National Grid Electricity System Operator Limited ("NGESO"), by virtue of NGESO disclosing such information to the licensee arising from a failure to abide by the provisions of Special Condition 20 of NGESO's transmission licence. System operator functions information shall have the meaning given to it in Special Condition 20 of NGESO's transmission licence.~~

Special Condition 1.7 Business separation Separation requirements and compliance obligations and conduct of the System Operator in performing its Relevant System Planning Activities

Introduction

1.7.1 ~~20.1~~ The purpose of this condition is to set out the business separation requirements between the licensee and the Relevant Other Competitive Businesses, and the process the licensee must follow to comply with these obligations.

1.7.2 ~~20.2~~ Part A sets out the business separation requirements between the licensee and the Relevant Other Competitive Businesses.

1.7.3 ~~20.3~~ Part B sets out the ~~compliance statement~~ Compliance Statement the licensee must publish to describe how it is meeting its ~~specified duties~~ Specified Duties, as defined in paragraph ~~20.15~~ 9.17.20.

~~1.7.2~~ 1.7.4 ~~20.4~~ Part C sets out requirements on the licensee to appoint an independent compliance officer and annually report on compliance against the licensee's duties.

Part A: ~~Part A:~~ Legal and functional separation of the licensee and the Relevant Other Competitive Businesses

~~1.7.3~~ 1.7.5 ~~20.3~~ The licensee must, in carrying out its licensed activities, put in place and at all times maintain such systems of control and other governance arrangements ~~which~~ as are necessary to ensure that the licensee complies with the obligations contained in standard condition B5 (Prohibition of cross-subsidies), standard condition B6 (Restriction on Activity and Financial Ring Fencing) and Special Condition ~~20.9~~ 9.16 (Prohibited Activities and Conduct of the Transmission Business).

~~1.7.4~~ 1.7.6 ~~20.4~~ Without prejudice to the licensee's obligations under the conditions referred to in paragraph ~~20.9~~ 9.17.3 the licensee must at all times conduct its licensed activities separately from the Relevant Other Competitive Businesses, provided that nothing in Part A ~~of this condition~~ prevents the licensee from complying with any Section E (Offshore Transmission Owner of Last Resort) Direction made pursuant to standard condition B18 (Offshore Transmission Owner of Last Resort).

~~1.7.5~~ 1.7.7 ~~20.5~~ The licensee must ensure that the Relevant Other Competitive Businesses are conducted entirely by corporate entities each of which is separate from the licensee and that the licensee does not, directly or indirectly, hold any shares or other investments:

- (a) ~~(a)~~ —in any corporate entity which conducts any of the Relevant Other Competitive Businesses or which exercises or otherwise has control of any of the Relevant Other Competitive Businesses or any of the assets used in or dedicated to any of the Relevant Other Competitive Businesses; or

(b) ~~(b)~~——which give the holder an entitlement to vote at the general meetings of any of the corporate entities which conduct the Relevant Other Competitive Businesses or in any company which exercises or otherwise has control of any of the Relevant Other Competitive Businesses.

~~1.7.6~~1.7.8 ~~20.6~~—The licensee must ensure that its accounts are maintained and to the extent required by law audited and reported separately from those of any corporate entity which conducts Relevant Other Competitive Business.

~~20.7~~—The licensee must ensure that persons engaged in the management or operation of the licensee (up to and including the members of the licensee’s board of directors ~~(“board”))~~ are not simultaneously engaged, either full or part time, in the management or operation of any Relevant Other Competitive Business or any corporate entity which conducts Relevant Other Competitive Business, other than in the provision of Shared Services provided by the licensee to its Associates and the provision of services which constitute ~~de minimis business (as defined in standard condition B6 (Restriction on Activity and Financial Ring Fencing))~~De Minimis Business to the extent that:

~~1.7.7~~1.7.9 the provision of those services by the licensee complies with the requirements of standard conditions B5 (Prohibition of cross-subsidies), B6 (Restriction on Activity and Financial Ring Fencing) and B9 (Indebtedness);1.

~~1.7.8~~1.7.10 ~~20.8~~—The licensee must ensure that arrangements are in place which are effective in restricting access by persons engaged in the management or operation of any of the Relevant Other Competitive Businesses to:

(a) ~~(a)~~——any part of any premises which is occupied by persons engaged in the management or operation of the licensee; or

(b) ~~(b)~~——any equipment, facilities or property employed for the management or operation of the licensee.

~~1.7.9~~1.7.11 ~~20.9~~—The licensee must ensure that the systems for the recording, processing or storage of data to which persons engaged in the management or operation of the licensee have access cannot be accessed by persons engaged in the management or operation of the Relevant Other Competitive Businesses.

Part B: ~~Part B: Compliance statement~~Statement and compliance documents

~~1.7.10~~1.7.12 ~~20.10~~ By no later than Before the end of the period of 30 days after beginning with the date on which this condition comes into effect, the licensee must submit to the Authority:

(a) ~~a statement (“the compliance statement”), describing the practices, procedures and systems by which the licensee will secure compliance with the specified duties, as defined in paragraph 20.15;~~

(a) (b)——a Compliance Statement.

(a)(b) the proposed form of the compliance report, as provided for in paragraph 20.2Compliance Report; and

~~(b)~~(c) ~~(e)~~—the proposed form of the ~~compliance certificate~~, as provided for in paragraph 20.23(d). Compliance Certificate.

~~1.7.11~~1.7.13 ~~20.11~~—On receipt of the documents provided for in paragraph 20.10, 9.17.12 or any revisions of them, as provided for in paragraph 209.17.12~~(b)~~, the Authority will:

- (a) ~~(a)~~—approve the (individual) documents and notify the licensee of each approval; or
- (b) ~~(b)~~—give a direction to the licensee that any of the documents requires further development and ~~the~~specifying a date by which the licensee is required to submit a revision to the Authority for approval.

~~1.7.12~~1.7.14 ~~20.12~~—Following the Authority's approval of the documents provided for in paragraph 20.109.17.12, the licensee must:

- (a) ~~(a)~~—unless the Authority otherwise consents or directs, at all times comply with the terms of the approved compliance statement; and
- (b) ~~(b)~~—at least once every 12 months, or at such other interval as the Authority may direct, review ~~these~~the documents and revise them as necessary, including when circumstances change ~~such~~so that the documents no longer secure compliance with the duties specified ~~duties as defined in~~ paragraph 20.159.17.12, to ensure that ~~they~~the documents continue to be complete and accurate in all material respects.

1.7.15 The licensee must submit any revisions made to ~~these~~the documents to the Authority.

~~1.7.13~~1.7.16 Any revisions of ~~these~~the documents will only become effective once the Authority has approved them, in accordance with paragraph 20.119.17.17.

1.7.17 ~~20.13~~—The Authority will either:

- (a) approve the proposed revisions;
- (b) reject the proposed revisions; or
- (c) reject the proposed revisions and give recommendations as to alternative revisions that it considers should be made.

~~1.7.14~~1.7.18 The licensee must publish a copy of the approved ~~compliance statement~~Compliance Statement and each revision of it on its website ~~within 15 working days~~during the period of its ~~15 Working Days beginning with the date of~~ approval by the Authority.

~~1.7.15~~1.7.19 ~~20.14~~—The ~~compliance statement~~Compliance Statement must in particular (but without prejudice to the generality of paragraph 20.10)9.17.12 set out how the licensee will meet:

- (a) ~~(a)~~—the business separation requirements provided for in Part A, with specific reference to:

- i. ~~(i)~~—the arrangements for managerial separation, as required in paragraph ~~20.7~~[9.17.9](#);
- ii. ~~(ii)~~—the treatment of Shared Services across the licensee and the Relevant Other Competitive Businesses, together with a list of those services which fall under the definition of Shared Services;
- iii. ~~(iii)~~—the arrangements to manage the transfer of employees between the licensee and the Relevant Other Competitive Businesses;
- iv. ~~(b)~~—the appointment of a compliance officer and compliance reporting, provided for in Part C.

Part C: ~~Part C: Appointment of a compliance officer~~[Compliance Officer](#) and compliance reporting

~~1.7.16~~[1.7.20](#) ~~20.15~~—The licensee must ensure, following consultation with the Authority, that a ~~competent person (who shall be known as the “compliance officer”)~~[Compliance Officer](#) is appointed for the purpose of facilitating compliance ~~by the licensee with the obligations pursuant to this condition, standard condition B5 (Prohibition of Cross-subsidies), standard condition B6 (Restriction on Activity and Financial Ring Fencing) and Special Condition 2C (Prohibited Activities and Conduct of the Transmission Business), together the “specified duties”.~~ The person appointed as the ~~compliance officer~~[Compliance Officer](#) pursuant to this paragraph may also hold other compliance officer roles for the licensee or its Associates licensed under the Gas Act 1986.

~~1.7.17~~[1.7.21](#) ~~20.16~~—The licensee must appoint a Single Appointed Director, ~~being a member of the managerial board for the System Operator, for the purpose of ensuring the performance of, and overseeing the duties and tasks of, the compliance officer set out in paragraph 20.21 and the licensee’s compliance with the specified duties. The Single Appointed Director must~~ [to](#) report to the board of the licensee in relation to the obligations set out in this condition.

[1.7.22](#) ~~20.17~~—The licensee must establish a ~~compliance committee (the “compliance committee”), being a sub-committee of the board of the licensee, for the purpose of overseeing and ensuring the performance of the duties and tasks of the compliance officer set out in paragraph 20.21 and the compliance of the licensee with its specified duties. The compliance committee will~~ [Compliance Committee to](#) report to the board of the licensee ~~and will include~~.

~~1.7.18~~[1.7.23](#) [The licensee must secure that the Compliance Committee includes](#) among its members the Single Appointed Director and such persons from within the licensee’s business as are responsible for the management of regulatory issues relating to the licence.

~~1.7.19~~[1.7.24](#) ~~20.18~~—The licensee must ensure that ~~the compliance officer~~, [as might be reasonably required for the fulfilment of the duties and tasks assigned pursuant to this condition, the Compliance Officer](#):

- (a) ~~(a)~~——is provided with such employees, premises, equipment, facilities and other resources; and
- (b) ~~(b)~~——has such access to the licensee's premises, systems, information and documentation,

~~as, in each case, the compliance officer might reasonably require for the fulfilment of the duties and tasks assigned to him pursuant to this condition.~~

~~1.7.20~~1.7.25 ~~20.19~~ Except to the extent provided for in paragraph ~~20.15~~9.17.20, the licensee must ensure that the ~~compliance officer~~Compliance Officer is not engaged in the management or operation of the Transmission Business, any Associate of the licensee or any Relevant Other Competitive Businesses.

~~1.7.21~~1.7.26 ~~20.20~~ The licensee must make available to the ~~compliance officer~~Compliance Officer details of any complaint or representation received by it from any person in respect of the conduct of the licensee in undertaking the specified duties.

~~1.7.22~~1.7.27 ~~20.21~~ The duties and tasks of the ~~compliance officer~~Compliance Officer must include:

- (a) ~~(a)~~——providing advice and information to the licensee (including individual directors of the licensee) and the Single Appointed Director for the purpose of ensuring the licensee's compliance with the ~~specified duties~~Specified Duties;
- (b) ~~(b)~~——monitoring the effectiveness of the practices, procedures and systems adopted by the licensee to ensure its compliance with the ~~specified duties~~Specified Duties and described in the compliance statement;
- (c) ~~(c)~~——advising whether, to the extent that the implementation of such practices, procedures and systems require the co-operation of any other person, they are designed so as reasonably to secure the required co-operation;
- (d) ~~(d)~~——investigating any complaint or representation made available to the compliance officer in accordance with paragraph ~~20.20~~9.17.26;
- (e) ~~(e)~~——recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable;
- (f) ~~(f)~~——providing relevant advice and information to the licensee (including individual directors of the licensee) and the ~~compliance committee~~Compliance Committee established under paragraph ~~20~~9.17.23, for the purpose of ensuring its implementation of:
 - i. ~~(i)~~——the practices, procedures and systems adopted in accordance with the compliance statement; and
 - ii. ~~(ii)~~——any remedial action recommended in accordance with sub-paragraph (e);
 - iii. ~~(g)~~——reporting to the ~~compliance committee~~Compliance Committee any instances which come to his attention, relating to a member of any of

the managerial boards of the licensee, taking into account the interests of a business other than that in respect of which the board of which he is a member of has been established; and

- iv. ~~(h)~~—reporting annually to the ~~compliance committee~~ [Compliance Committee](#) as to the compliance officer's activities in respect of the ~~specified duties~~ [Specified Duties](#) during the period covered by the annual report.

~~1.7.23~~ [1.7.28](#) ~~20.22~~—As soon as is reasonably practicable and in any event no later than 90 days following each annual report of the ~~compliance officer~~ [Compliance Officer](#), the licensee must produce, in a form approved by the Authority in accordance with paragraph ~~20.11~~ [9.17.13](#), a report (“the compliance report”): [Compliance Report](#).

- ~~(a)~~—as to its compliance with the specified duties during the period since the last compliance report; and
- ~~(b)~~—as to its implementation of the practices, procedures and systems adopted in accordance with the compliance statement.

~~1.7.24~~ [1.7.29](#) ~~20.23~~—The compliance report [Compliance Report](#) produced in accordance with paragraph ~~20.22~~ [9.17.28](#) must in particular:

- ~~(a)~~ ~~(a)~~——detail the activities of the compliance officer during the relevant period covered by the compliance report;
- ~~(b)~~ ~~(b)~~——refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems described in the compliance statement;
- ~~(c)~~ ~~(c)~~——set out the details of any investigations conducted by the compliance officer, including:
 - i. ~~(i)~~——the number, type and source of the complaints or representations on which such investigations were based;
 - ii. ~~(ii)~~——the outcome of such investigations; and
 - iii. ~~(iii)~~——any remedial action taken by the licensee following such investigations; and
- ~~(d)~~ ~~(d)~~——be accompanied by a certificate (“the compliance certificate”): [Compliance Certificate](#), in a form approved by the Authority in accordance with paragraph ~~20.11~~ [9.17.13](#), approved by a resolution of the board of the licensee and signed in good faith by the Single Appointed Director pursuant to that resolution, on the licensee's compliance with the specified duties. ~~The compliance certificate should certify that, to the best of the Single Appointed Director's knowledge, information and belief, having made due and careful enquiry, the report of the compliance officer fairly represents the licensee's compliance with the specified duties.~~

~~1.7.25~~ [1.7.30](#) ~~20.24~~—The licensee must, as soon as reasonably practicable, following the approval of the ~~compliance certificate~~ [Compliance Certificate](#) by the board of the

licensee, and in any event no later than 120 days following each annual report of the ~~compliance officer~~ [Compliance Officer](#), submit to the Authority a copy of the ~~compliance report~~ [Compliance Report](#) and ~~compliance certificate~~ [Compliance Certificate](#) produced in accordance with paragraphs ~~20.22~~ [9.17.28](#) and ~~20.23~~ [9.17.29](#), and publish copies of each of them on its website.

~~1.7.26~~ [1.7.31](#) ~~20.25~~—The licensee must, if so directed by the Authority, appoint an Independent Examiner for the purpose of providing a written report to the Authority:

- (a) ~~(a)~~——reviewing the practices, procedures and systems which have been implemented to secure compliance with this condition;
- (b) ~~(b)~~——assessing the appropriateness of such practices, procedures and systems for securing compliance with the licensee’s obligations under this condition; and
- (c) ~~(c)~~——reporting on the licensee’s compliance with the requirements of this condition.

~~1.7.27~~ [1.7.32](#) ~~20.26~~—The Independent Examiner’s report must be provided to the Authority ~~within~~ [during the period of](#) three ~~working days of~~ [Working Days beginning with the date on which](#) the licensee ~~receiving it~~ [receives the report](#) from the Independent Examiner.

~~1.7.28~~ [1.7.33](#) ~~20.27~~—The Independent Examiner’s report must be commissioned at such intervals as the Authority may direct.