

February 2000

## **Utilities Bill**

### **Standard Licence Conditions**

#### **Volume 5 Electricity Generation Licence**

## **PREFACE**

1. This document is a working draft of the standard licence conditions for generators of electricity which it is proposed that the Secretary of State will introduce under the terms of the Utility Bill
2. Ofgem wishes to make clear that this is a draft in development and not a legally binding document
3. In this draft, the contents of Part I give context to the licence conditions, although they are themselves draft terms of an electricity generation licence and are not part of the standard conditions per se.

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## **PART I: TERMS OF THE LICENCE**

1. The Gas and Electricity Markets Authority in exercise of the powers conferred by [Section 6(1) (a), Section 6(6) and Section 7] of the Electricity Act 1989 (the “Act”) hereby licenses [name of licence holder] registered in [ ] under number [inset number] to generate electricity for the purpose of enabling a supply to be given to any premises during the period specified in paragraph 3 below, subject to:
  - (a) the Standard Conditions (as defined in Part II, Section A) of Generation Licences as set out in Part II Sections A and B below, which shall be incorporated in the Licence; and the Standard Conditions in Part II Section C and or D which may be incorporated in this Licence by a Section C Direction or a Section D Direction respectively (as defined in Part II, Section A) issued by the Gas and Electricity Markets Authority to the Licensee;
  - (b) the Special Conditions (if any) applying to the Licensee as set out in Part III below (the “Special Conditions”) and
  - (c) the Schedules (if any) as may be referenced in the Standard Conditions or the Special Conditions or the terms of this Licence.
2. This Licence is subject to modification and amendment in accordance with Sections [11 and 11A] of the Act.
3. This Licence shall come into force on [date] and unless revoked in accordance with the Standard Conditions shall continue until determined by not less than 25 years' notice in writing given by the Gas and Electricity Markets Authority to the Licensee, such notice not to be served earlier than a date being 10 years after the Licence comes into force.

Dated this xxx day of xxxxxx

Authorised on behalf of the Gas and Electricity Markets Authority

## **PART II THE STANDARD CONDITIONS OF LICENCE**

### **SECTION A**

#### **Condition 1 - Interpretation & Definitions**

1. Unless the contrary intention appears, words and expressions used in the Conditions shall be construed as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them and references to an enactment shall include any statutory modification or re-enactment thereof after the date when this Licence comes into force.
2. Any word or expression defined for the purposes of any provision of Part 1 of the Act and Part 1 of the Utilities Act 2000 shall, unless the contrary intention appears, have the same meaning when used in the Conditions.
3. In the Conditions unless the context otherwise requires:

the “Act” means the Electricity Act 1989.

“Affiliate” in relation to any person means any Holding company of such person, any Subsidiary of such person or any Subsidiary of a Holding company of such person, in each case within the meaning of Sections 736, 736A and 736B of the Companies Act 1985.

“Ancillary Services” means:

- (a) such services as the Licensee may be required to have available in association with any Generation Set pursuant to any Grid Code; and



- (b) such services as the Licensee may have agreed to have available in association with any Generation Set pursuant to any agreement made with a Transmission Company and which may be offered for sale to a Transmission Company for the purpose of securing stability of operation on a Transmission System and a Distribution System of any Authorised Electricity Operator.

“Auditors” means the Licensee’s Auditors for the time being holding office in accordance with the requirements of the Companies Act 1985.

“Authorised” in relation to any business or activity means Authorised by Licence granted under Section 6 or exemption granted under Section 5 of the Act.

“Authorised Electricity Operator” means any person (other than the Licensee) who is Authorised to generate, transmit, distribute or supply electricity and, for the purposes of the Conditions shall include any person who has made an application to be so Authorised which application has not been refused and any person transferring electricity to or from or across Great Britain or any part thereof or to or from across an Interconnector (or who has made application for use of an Interconnector which has not been refused).

“the Authority”	means the Gas and Electricity Markets Authority established under [Section 1] of the Utilities Act 2000.
“BSC” and “Balancing and Settlement Code”	means the Balancing and Settlement Code referred to in Condition [6A].
“Condition”	means any of the Standard Conditions.
“connection and use of Lines agreement”	means an agreement under which the Licensee agrees to provide to any person a connection or connections or a modification to an existing connection to the Licensee’s Lines and/or, to any Authorised Electricity Operator, use of Lines to transport electricity on such Lines , as more fully described in Condition 14.
“Consumer Council”	means the Gas and Electricity Consumer Council established by Section [2] of the Utilities Act 2000.
“Customer”	means any person supplied or requiring to be supplied with electricity at any premises in Great Britain or, in a particular context, any premises specified in Schedule 1 to a Supply Licence by an Electricity Supplier but shall not include any Authorised Electricity Operator in its capacity as such.
“Distribution Business”	means any business of an Affiliate or Related Undertaking of the Licensee comprising or ancillary to:

- (a) the distribution of electricity through a Distribution System pursuant to a Distribution Licence; and
- (b) the provision of Distributor Metering and Data Services as defined in the standard condition 1 of Part II of the relevant distributor's Distribution Licence for Relevant Licensed Distributors.

“Distribution Code” means the distribution code required to be prepared by each Licensed Distributor under Standard Condition 10 of its Distribution Licence, as approved by the Authority and from time to time revised with the approval of the Authority.

“Distribution Licence” means a distribution licence granted under section [6(1)(c)] of the Act.

“Distribution Service Area” means an area determined by the Authority in a direction issued to a Licensed Distributor under Standard Condition 3 of its Distribution Licence.

“Distribution System” means an electricity distribution system consisting (wholly or mainly) of electric lines owned or operated by an Authorised distributor and used for the distribution of electricity from Grid Supply Points or Generation Sets or other

entry points (and bulk supply points in Scotland) to the point of delivery to Customers, Authorised Electricity Operators and any Transmission Company in its capacity as operator of a Transmission System [and any electric lines which the Authority may specify as forming part of the Distribution System in question], and includes any Remote Transmission Assets operated by such distributor and any electrical plant and meters owned or operated by such distributor in connection with the distribution of electricity, but shall not include any part of a Transmission System.

“Electricity Purchase Contract” shall include any contract or arrangement under which provision is made for the making or receipt of payments by reference to the difference between:

- (a) an amount specified or ascertainable under the terms of such contract or arrangement; and
- (b) the price at which electricity is sold or purchased under the [Balancing and Settlement Code] or any component of either of such prices; and

“Electricity Sale Contract” shall be construed accordingly.

“Electricity Supplier” means any person Authorised to supply

electricity.

“Financial Year”	means subject to Condition [22] (where applicable) a period of 12 months beginning on 1 <sup>st</sup> April of each year and ending on 31 <sup>st</sup> March of the following calendar year.
[“Framework Agreement”	has the meaning given in Condition [11].]
“Fuel Security Code”	means the document of that title designated as such by the Secretary of State as from time to time amended.
“Generation Business”	means the Authorised business of the Licensee or any Affiliate or Related Undertaking of the Licensee in the generation of electricity and the provision of Ancillary Services.
“Generation Licence”	means a generation licence granted under section [6(1)(a)] of the Act.
"Generation Set"	means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising more than one generation set.
"Grid Code"	means the grid code which each Transmission Company is required to prepare and have approved by the Authority as from time to time revised with the approval of the Authority.
"Grid Supply Point"	means any point at which electricity is delivered from a Transmission System in

England and Wales to any Distribution System.

“Holding Company”	means a holding company within the meaning of Sections 736, 736A and 736B of the Companies Act 1985.
“incorporated “	means incorporated with or without modification, and cognate expressions shall be construed accordingly.
“information”	shall include any documents, accounts, estimates, returns or reports, records and any data in verbal, written or electronic form and information in any form or medium whatsoever.
"Interconnector”	means the electric lines and electrical plant and meters owned or operated by a Transmission Company solely for the transfer of electricity to or from a Transmission System into or out of or across Great Britain or any part thereof.
“Licence”	means the licence Authorising the Licensee to carry on the Licensee’s Generation Business, incorporating by reference and by direction of the Authority the Conditions and Terms (and any applicable Special Conditions).
“Licensed Distributor”	means any holder of a Distribution Licence.
"Licensee"	means the person or legal entity named in Part 1 of this Licence and any permitted legal assigns or successors in title of the named

party.

"Licensee's Lines"	means the electric lines owned or operated by the Licensee for the transport of electricity from Generation Sets or grid or bulk supply points to the point of connection with a Transmission System or a Distribution System or to the point of delivery to Customers, and includes any electrical plant and meters owned or used by the Licensee in connection therewith other than the lines that are comprised in a Transmission System or a Distribution System.
"Participating Interest"	bears the meaning ascribed to that expression by section 260 of the Companies Act 1985.
"Pooling and Settlement Agreement"	means the agreement entitled the Pooling and Settlement Agreement for the Electricity Industry in England and Wales, dated 30 <sup>th</sup> March 1990, as from time to time amended.
"Relevant Licensed Distributor"	means any Licensed Distributor which has been issued with a direction from the Authority designating a Distribution Service Area to the Licensed Distributor.
"Related Undertaking"	in relation to any person means any Undertaking in which such person has a Participating Interest.
"Remote Transmission Assets"	means any electric lines, electrical plant or meters owned by a Transmission Company

(the “Owner Transmission Company”) which

- (a) are embedded in a Distribution System of any Authorised distributor, and are not directly connected by lines or plant owned by the Owner Transmission Company to a sub-station owned by the Owner Transmission Company; and
- (b) are by agreement between the Owner Transmission Company and such Authorised distributor operated under the direction and control of such Authorised distributor.

“Separate Business”

means each and any of

- (a) the Generation Business of the Licensee;
- (b) the Supply Business of the Licensee;
- (c) any Distribution Business of an Affiliate or Related Undertaking of the Licensee; and
- (d) any Transmission Business of an Affiliate or Related Undertaking of the Licensee [or of the Licensee itself];

taken separately from one another (but so that where all or any part of such business is carried on by an Affiliate or Related Undertaking of the Licensee, such part of the business as is carried



on by that Affiliate or Related Undertaking shall be consolidated with any such other business of the Licensee and of any other Affiliate or Related Undertaking of the Licensee so as to form a single Separate Business).

“Special Conditions”	means the conditions (if any) in Part III of the Licence and in any provisions in a schedule referred to in such conditions.
“Standard Conditions”	means the conditions in Part II of the Licence and in any provisions in a schedule referred to in such conditions.
“Supply Business”	means the business of supply of electricity as Authorised pursuant to a Supply Licence or exemption under the Act.
“Supply Licence”	means a supply licence granted under section [6(1)(d)] of the Act.
“Terms”	means the terms contained in Part I of this Licence and in any provisions in a schedule referred to in such terms.
“Transmission Company”	means the holder for the time being of a Transmission Licence.
“Transmission Licence”	means a licence to transmit electricity granted under section [6(1)(b)] of the Act.
“Transmission System”	means a system consisting (wholly or mainly) of high voltage electric lines owned or

operated by a Transmission Company [except any such lines which the Authority may approve as being part of a Distribution System] and used for the transmission of electricity from one generating station to a sub-station or to another generating station or between sub-stations or to or from any Interconnector, and includes any electrical plant and meters owned or operated by such Transmission Company in connection with the transmission of electricity but shall not include any Remote Transmission Assets.

"Undertaking"

bears the meaning ascribed to that expression by section 259 of the Companies Act 1985 as amended by section 22 of the Companies Act 1989.

4. Unless otherwise specified any reference to a numbered Condition (with or without a suffix letter) or Schedule is a reference to the Condition or Schedule (with or without a suffix letter) bearing that number in this Licence, and any reference to a numbered paragraph (with or without a suffix letter) is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs.
5. Any reference in a Standard Condition to the purposes of that Standard Condition generally is a reference to the purposes of that Condition as incorporated in this Licence and as incorporated in each other Generation Licence as a standard condition (whenever granted).
6. Any reference in these Standard Conditions to a provision thereof or a provision of the standard conditions of transmission, distribution or supply licences granted under the

Act shall, if these or the standard conditions in question come to be modified, be construed as far as the context permits, as a reference to the corresponding provision of these or other standard conditions in question as modified.

7. In construing the Conditions, the heading or title of any Condition or paragraph shall be disregarded.
8. Where any obligation under in or pursuant to the Licence is required to be performed by a specified date or within a specified period, and where the Licensee has failed so to perform by such date or within such period, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform by that date or within that period).
9. The provisions of Section 109 of the Act shall apply for the purposes of the delivery or service of any documents, directions or notices to be delivered or served pursuant to any Condition, and any directions issued by the Authority pursuant to any Condition shall be delivered or served as aforesaid.
10. Anything required by or under these Conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case –
  - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first-class post as soon as is reasonably practicable, and
  - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.

11. These Conditions shall have effect as if in relation to references to a licence holder, persons or bodies who are not natural persons the words “he”, “his” and “whom”, are substituted by the words “it”, “its” and “which”, and cognate expressions shall be construed accordingly; and in relation to references to a licence holder, persons or bodies who are natural persons the vice versa interpretation shall apply where “it”, “its” and “which” has been used.
  
12. The definitions compiled in this Condition may include some definitions which are not actually used in Sections A and B (which Sections are incorporated in all Generation Licences). Where this applies those definitions which are not used in Sections A and B, shall be deemed not to be operative in the Licence until such time as the Section of the Licence in which they are used is directed to be incorporated and effective within the Licence by the issue of a direction by the Authority under Conditions 3 and 4 (as applicable).

## **Condition 2. Revocation of Licence**

1. The Authority may at any time revoke this Licence by not less than 30 days' notice in writing given to the Licensee (or 24 hours notice in the case of paragraphs 1(g)(i) to (v)) -
  - (a) if the Licensee agrees in writing with the Authority that this Licence should be revoked;
  - (b) if any amount payable under Condition 5 Section A Part II is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Authority has given the Licensee notice that the payment is overdue, provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable became due;
  - (c) if the Licensee fails:
    - (i) to comply with a final order (within the meaning of Section 25 of the Act) or with a provisional order (within the meaning of that section) which has been confirmed under that section and (in either case) such failure is not rectified to the satisfaction of the Authority within three months after the Authority has given notice of such failure to the Licensee, provided that no such notice shall be given by the Authority before the expiration of the period within which an application under Section 27 of the 1989 Act could be made, questioning the validity of the final or provisional order or before the proceedings relating to any such application are finally determined;
    - (ii) to pay any or all of the sum due under a financial penalty (within the meaning of section 27A of the Act) and such payment is not made in full to the Authority within 3 months after the Authority has given notice of such failure to the Licensee, provided that no such revocation notice

shall be given by the Authority before the expiration of the period within which an application under section 27E of the Act could be made questioning the validity or effect of the financial penalty or before the proceedings relating to any such application are finally determined;

- (d) if the Licensee fails to comply with any order made by the Secretary of State under Section 56, 73, 74 or 89 of the Fair Trading Act 1973 or by the court under Section 34 of the Competition Act 1998, or any direction under Sections 32 or 33 of the Competition Act 1998 or any proposals accepted by the Secretary of State under Section 6A of the Fair Trading Act 1973;
- (e) if the Licensee ceases to carry on the Generation Business;
- (f) if the Licensee has not commenced carrying on the Generation Business within 3 years of the date on which the Licence comes into force;
- (g) if the Licensee;
  - (i) is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraphs 2 and 3 of this Condition) or has any voluntary arrangement proposed in relation to it under Section 1 of that Act or enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Authority);
  - (ii) has a receiver (which expression shall include an administrative receiver within the meaning of Section 251 of the Insolvency Act 1986) of the whole or any material part of its assets or undertaking appointed;
  - (iii) has an administration order under Section 8 of the Insolvency Act 1986 made in relation to it;

- (iv) passes any resolution for winding-up other than a resolution previously approved in writing by the Authority; or
  - (v) becomes subject to an order for winding-up by a court of competent jurisdiction; or
  - (h) if the Licensee is convicted of having committed an offence under Section 59 of the Act in making its application for this Licence.
2. For the purposes of paragraph 1(g)(i) of this Schedule Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£100,000" or such higher figure as the Authority may from time to time determine by notice in writing to the Licensee.
  3. The Licensee shall not be deemed to be unable to pay its debts for the purposes of paragraph 1(g)(i) of this Schedule if any such demand as is mentioned in Section 123(1)(a) of the Insolvency Act 1986 is being contested in good faith by the Licensee with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Authority under paragraph 1.
  4. The provisions of Section 109 of the Act shall apply for the purposes of the service of any notice under paragraph 1.

**Condition 3. Application of Section C of Part II Supplementary Conditions for Scotland**

1. Where the Authority has not issued to the Licensee, a written direction for the purposes of this Condition, the Conditions in Section C, Part II shall not be incorporated or effective within this Licence and the Licensee shall not be obliged to comply with any of the requirements of Section C Part II of the Licence.
2. Where the Authority has issued to the Licensee a direction for the purposes of this Condition 3 (referred to hereinafter as a “Section C Direction”) all or some of the Conditions in Section C, Part II shall be incorporated and effective within this Licence from the date and to the extent specified in the Section C Direction and the Licensee shall comply with the requirements of Section C Part II to the extent and subject to the terms specified in the Section C Direction.
3. A Section C Direction, may specify:
  - (a) that all or some only of the Conditions in Section C Part II shall apply to the Licensee; and
  - (b) such other matters as the Authority may think fit.
4. The Authority may issue a Section C Direction:
  - (a) at any time within 28 days of the coming into force of this Condition; or
  - (b) subject to having complied with the requirements of paragraph 6, at any subsequent time.
5. The Authority may vary or revoke the terms of a direction issued under this Condition, subject to having complied with the requirement of paragraph 6, at any time after the direction has been issued.



6. No less than 28 days prior to issuing a direction pursuant to sub-paragraph 4(b) or varying the terms of or revoking a Section C Direction pursuant to paragraph 5, the Authority shall:

- (a) publish notice of its intention to do so in such a manner as the Authority considers appropriate for the purpose of bringing the notice to the attention of persons likely to be materially affected by it; and
- (b) send a copy of such notice to the Licensee, all other generation licensees and the Consumer Council; and

shall give due consideration to all objections after the date of publication of the notice, and not subsequently withdrawn.

**Condition 4. Application of Section D of Part II Supplementary Conditions for Nuclear Generators**

1. Where the Authority has not issued to the Licensee, a written direction for the purposes of this Condition, the Conditions in Section D, Part II shall not be incorporated or effective within this Licence and the Licensee shall not be obliged to comply with any of the requirements of Section D of Part II.
2. Where the Authority has issued to the Licensee a direction under this Condition 4 (referred to hereinafter as a “Section D Direction”) all or some of the Conditions in Section D, Part II shall be incorporated and effective within this Licence from the date and to the extent specified in the Section D Direction and the Licensee must comply with the requirements of Section D Part II to the extent and subject to the terms specified in the Section D Direction.
3. A Section D Direction, may specify:
  - (a) that all or some only of the Conditions in Section D Part II shall apply to the Licensee; and
  - (b) such other matters as the Authority may think fit.
4. The Authority may issue a Section D Direction:
  - (a) at any time within 28 days of the coming into force of this Condition; or
  - (b) subject to having complied with the requirements of paragraph 6, at any subsequent time.
5. The Authority may vary or revoke the terms of a direction issued under this Condition, subject to having complied with the requirement of paragraph 6, at any time after the direction has been issued.

6. No less than 28 days prior to issuing a direction pursuant to sub-paragraph 4(b) or varying the terms of or revoking a Section D Direction pursuant to paragraph 5, the Authority shall:

(a) publish notice of its intention to do so in such a manner as the Authority considers appropriate for the purpose of bringing the notice to the attention of persons likely to be materially affected by it; and

(c) send a copy of such notice to the Licensee, all other generation licensees and the Consumer Council and

shall give due consideration to all objections after the date of publication of the notice, and not subsequently withdrawn.

## **Condition 5. Payment by Licensee to the Authority**

1. The Licensee shall, at the times stated hereunder, pay to the Authority Licence fees of such amounts as are determined under this Condition.
2. In respect of each accounting year, the Licensee shall pay to the Authority, a Licence fee which is the aggregate of the following amounts:
  - (a) an amount which is the relevant proportion of the estimated total costs of the Authority during the year in question;
  - (b) an amount which is the relevant proportion of the estimated total costs of the Consumers` Council during the year in question;
  - (c) an amount which is the relevant proportion of the estimated costs incurred in the previous accounting year by the Competition Commission in connection with references made to it under sections 5C, 12 or 43(3) of the Act with respect to the Licence or any other generation licence issued under section [6 (1)(a)] of the Act; and
  - (d) the difference (being a positive or a negative amount), if any, between:
    - (aa) the amounts of the Licence fee due from the Licensee under paragraphs 2 (a) (b) and (c) and received by the Authority in respect of the previous accounting year; and
    - (bb) the actual total costs of the Authority, the Consumers` Council (in the previous accounting year) and the Competition Commission (incurred in the accounting year prior to the previous accounting year) in connection with references made to it under sections 5C, 12 or 43 (3) of the Act with respect to the Licence or any other generation licence issued under section [6 (1)(a)] of the Act.

3. The amounts determined in accordance with paragraph 2 shall be paid by the Licensee to the Authority in two instalments, with

- i) the first instalment being due for payment by the 30 September in each year; and
- ii) the second instalment being due for payment, by the 31 January in each year;

provided that, in each case if the Authority has not given notice of the amount of the instalment due at least 30 days before the payment date stated above, the Licensee shall pay the amount due within 30 days from the actual giving of notice by the Authority to the Licensee (whenever notice is given).

“accounting year” means a period of 12 months beginning on 1<sup>st</sup> April of each calendar year and ending on 31<sup>st</sup> March of the following calendar year.

“estimated” means estimated by the Authority as at the time of service of the relevant notices referred to in paragraph 3, as likely to be:

- i) the costs of the Authority and the Consumer Council arising during the accounting year in question; and
- ii) the costs incurred by the Competition Commission in the previous accounting year, such estimate having regard in the case of paragraph 2(c), to the views of the Competition Commission.

“relevant proportion” means the proportion of the costs attributable to the Licensee in accordance with principles determined by the Authority and notified to

the Licensee in advance of the beginning of the accounting year in question (and if notification of the principles has not occurred prior to the beginning of the accounting year in question, the principles applicable to determine any relevant proportion shall be the principles applicable in the previous accounting year).

## **PART II – SECTION B – GENERAL**

### **Condition 6: Compliance with Grid Codes**

1. The Licensee shall comply with the requirements of every Grid Code in so far as applicable to it.
2. The Authority may (following consultation with the Transmission Company responsible for the relevant Grid Code) issue directions relieving the Licensee of its obligation under paragraph 1 in respect of such parts of the relevant Grid Code and to such extent and subject to such conditions as may be specified in those directions.

## **Condition 7: Compliance with Distribution Codes**

1. The Licensee shall comply with the provisions of every Distribution Code in so far as applicable to it.
2. The Authority may (following consultation with the Licensed Distributor responsible for the relevant Distribution Code and any Authorised Electricity Operator directly affected thereby) issue directions relieving the Licensee of its obligation under paragraph 1 in respect of such parts of the relevant Distribution Code and to such extent and subject to such conditions as may be specified in those directions.



### **Condition 8: Licensee's Lines Planning**

1. The Licensee shall plan and develop the Licensee's Lines in accordance with a standard not less than that set out in Engineering Recommendation P.2/5 (October 1978 revision) of the Electricity Council Chief Engineers' Conference in so far as applicable to it, or such other standard of planning as the Licensee may, following consultation with any Transmission Company and any Authorised Electricity Operator liable to be materially affected thereby and with the approval of the Authority, adopt from time to time.
  
2. The Authority may (following consultation with the Licensee and, where appropriate, with any Transmission Company and any Authorised Electricity Operator liable to be materially affected thereby) issue directions relieving the Licensee of its obligation under paragraph 1 in respect of such parts of the Licensee's Lines and to such extent and subject to such conditions as may be specified in the directions.

## **Condition 9: Security Arrangements**

1. The Licensee shall comply with the provisions of the Fuel Security Code and such provisions shall have effect as if they were set out in this Licence.
2. In this Condition:

“Fuel Security Code” means the document of that title designated as such by the Secretary of State as from time to time amended.

## **Condition 10: Pooling and Settlement Run Off**

***(NETA Policy Statement – text of Condition to be inserted later)***

If the PSA remains as a stand-alone document for the period of run-off then this licence condition will require the licensee to continue to be a party to the PSA and to comply with it to the extent it continues to apply in respect of activities and settlement period prior to the commencement of trading under the BSC. If the provisions of the PSA are subsumed into the BSC then Condition [11] which requires the licensee to comply with the BSC will suffice.

**Condition 11: Balancing and Settlement Code and NETA Implementation Scheme**

***(NETA Policy Statement – text of Condition to be inserted later)***

This condition will replace the existing condition in the generation licence which requires the licensee to be a Pool Member and to comply with the PSA. The condition will require the licensee to be a party to the Framework Agreement and comply with the BSC.

## **Condition 12 – Change Co-ordination for NETA**

### **(NETA Policy Statement – text of Condition to be inserted later)**

One of the key principles underlying reform of the governance arrangements for wholesale electricity trading is the need for fast and effective consideration and implementation of desirable modifications to the Balancing and Settlement Code to ensure that the trading arrangements continue to meet their objectives in the best possible way. The BSC is part of a much larger matrix of industry arrangements, which in many ways are independent. It is not anticipated at this stage to amalgamate these arrangements into a single code. Some of these documents do not contain variation provisions with the same flexibility as those envisaged for the BSC.

It is proposed that licensees will be obliged to take all reasonable steps to co-ordinate change and to secure and implement changes to other industry documents which are necessary in order to give effect to modifications to the BSC approved by the Authority. This requirement should, in Ofgem's view, only relate to those central industry documents where the absence of amendment could delay or frustrate the power of the Authority to direct modification to the BSC.

### **Condition 13: Ancillary Services**

1. The Licensee shall from time to time upon request by any Transmission Company offer terms for the provision by the Licensee of Ancillary Services from any operating Generation Set of the Licensee.
2. The Licensee shall at any time upon request of the Authority provide to the Authority a report containing details of:
  - (a) prices offered pursuant to paragraph 1 for the provision of Ancillary Services from each Generation Set of the Licensee; and
  - (b) an explanation of the factors justifying the prices offered including (without limitation) details of the Licensee's costs associated with making available such Ancillary Services in conformity with the applicable Grid Code and of providing the same to the Transmission Company responsible for the relevant Grid Code.

**Condition 14: Connection and use of Licensee's Lines – requirement to offer terms**

1. The Licensee shall, subject to paragraphs 6, 7 and 11 below, offer to enter into an agreement with any Authorised Electricity Operator who has made application for use of the Licensee's Lines:
  - (a) to accept into the Licensee's Lines at such entry point and in such quantities as may be specified in the application, electricity to be provided by or for the Authorised Electricity Operator;
  - (b) to deliver electricity equal in quantity to that accepted into the Licensee's Lines (less only any transportation losses) from such exit points on those Lines and in such quantities as may be specified in the application to such person as the Authorised Electricity Operator may specify; and
  - (c) containing terms in accordance with paragraphs 3 and 4 below and such other terms and conditions as may be appropriate for the purposes of the agreement in the circumstances in which it is likely to be made.
2. The Licensee shall, subject to paragraphs 6 and 7 below, offer terms for a connection or modification of a connection and use of Licensee's Lines agreement in accordance with paragraph 1 above as soon as practicable and in any event not more than the period specified in paragraph 8 below after receipt by the Licensee of an application from the Authorised Electricity Operator containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of its offer.
3. The Licensee's offer made in accordance with paragraphs 1 and 2 shall make detailed provision regarding:
  - (a) the carrying out of works (if any) required for the construction or modification of the entry point to connect the Licensee's Lines to a Transmission System or to any Distribution System or in connection with the construction or modification of any exit points for the delivery of the electricity to be

conveyed as specified in the agreement, and for the obtaining of any consents necessary for such purpose;

- (b) the carrying out of works (if any) for the provision of electrical plant or for the extension or reinforcement of the Licensee's Lines which are required, in the opinion of the Licensee, to be undertaken for the provision of use of Licensee's Lines to and connection by the Authorised Electricity Operator and for the obtaining of any consents necessary for such purpose;
- (c) the installation of appropriate meters or other apparatus (if any) required to enable the Licensee to measure electricity being accepted into the Licensee's Lines at the specified entry point and leaving such Lines at the specified exit points;
- (d) the installation of such switchgear or other apparatus (if any) as may be required for interrupting the use of the Licensee's Lines should there be a failure by or for an Authorised Electricity Operator to provide electricity at its entry point on the Licensee's Lines for delivery to the person specified by the Authorised Electricity Operator from the exit points on such system;
- (e) the date by which any works required so as to permit access to the Licensee's Lines (including for this purpose any works to extend or reinforce them) shall be completed (time being of the essence unless otherwise agreed by the Authorised Electricity Operator); and
- (f) the charges to be paid by the Authorised Electricity Operator for the provision of electrical plant, for connections to or modification of connections to, or the extension or reinforcement of, the Licensee's Lines and for use of the Licensee's Lines shall, unless manifestly inappropriate, be set in conformity with paragraph 4 below.

4. The charges referred to in paragraph 3 to be contained in every agreement the subject of an offer by the Licensee shall be such that:



- (a) charges for the provision of electrical plant, connection charges, charges for modification of connections or any charges for extension or reinforcement of the Licensee's Lines or for use of the Licensee's Lines are set at a level which will enable the Licensee to recover no more than:
    - (i) the appropriate proportion (taking account of the factors referred to in paragraph 5) of the costs directly or indirectly incurred by the Licensee; and
    - (ii) a reasonable rate of return on the capital represented by such costs;
  - (b) charges for the installation of meters, switchgear or other apparatus and for their maintenance shall not exceed the costs thereof and a reasonable rate of return on the capital represented by such cost.
5. For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works, the Licensee shall have regard to:
- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other Authorised Electricity Operator as a result of the carrying out of such works whether by virtue of the provision of electrical plant, the reinforcement or extension of the Licensee's Lines, or the provision of additional entry or exit points on such Licensee's Lines or otherwise; and
  - (b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from other Authorised Electricity Operators or other persons.
6. The Licensee shall not be obliged pursuant to this Condition to offer to enter into any agreement with an Authorised Electricity Operator to make connections or to provide use of the Licensee's Lines where, by reason of the capacity of the Licensee's Lines and the use made or reasonably expected to be made of them, the Licensee would be required to expand or reinforce the capacity of the Licensee's Lines.
7. The Licensee shall not be obliged pursuant to this Condition to offer to enter into any

agreement with an Authorised Electricity Operator if:

- (a) to do so would be likely to involve the Licensee;
  - (i) in breach of any Grid Code;
  - (ii) in breach of any Distribution Code;
  - (iii) in breach of the Electricity Supply Regulations [1988] or any regulations made under Section 29 of the Act; or
  - (iv) in breach of any other enactment relating to safety or standards applicable to the Licensee's Lines; or
- (b) the person making the application does not undertake to be bound, insofar as applicable, by the terms of the Distribution Code or the Grid Code from time to time in force; or
- (c) the person making the application ceases to be an Authorised Electricity Operator.

8. For the purpose of paragraph 2, the period specified shall be:

- (a) in the case of persons seeking use of Licensee's Lines only, 28 days; and
- (b) in the case of persons seeking connection, modification of an existing connection or use of Licensee's Lines in conjunction with connection, three months.

9. The preceding paragraphs of this Condition shall apply *mutatis mutandis* in the case of any person not being an Authorised Electricity Operator who wishes to be connected at an exit point on the Licensee's Lines.

10. The Licensee shall within 28 days following receipt of a request from any person, give or send to such person such information in the possession of the Licensee as may be reasonably required by such person for the purpose of completing [paragraph 8 of Part 1 and paragraphs 2(v) and (vi) of Part 2 of Schedule 2 of The Electricity (Application

for Licences and Extensions of Licences) Regulations 1990] or such provision to like effect contained in any further regulations then in force made pursuant to Sections [6(3), 60 and 64(1)] of the Act.

11. Paragraphs 1-10 inclusive above shall apply only if, and to the extent that, the Authority so directs and the Licensee shall comply with any such direction.

### **Condition 15. Connection and use of Lines– Functions of the Authority**

1. If, after a period which appears to the Authority to be reasonable for this purpose, the Licensee has failed to enter into an agreement with an Authorised Electricity Operator (or, in the case of connection at any exit point, any person) entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 14 the Authority may pursuant to Section [] of the Act, on the application of such Authorised Electricity Operator or person or the Licensee, settle any terms of the agreement in dispute between the Licensee and the Authorised Electricity Operator or person in such manner as appears to the Authority to be reasonable having (in so far as relevant) regard, in particular, to the following considerations:
  - (a) that the Authorised Electricity Operator or person should pay to the Licensee the whole or an appropriate proportion (as determined in accordance with paragraph [5] of Condition [14]) of the costs directly or indirectly incurred by the Licensee in the carrying out of any works or in providing or doing any other thing under the agreement in question together with a reasonable rate of return on the capital represented by such costs calculated in accordance with the principles set out in paragraph [4] of Condition [14];
  - (b) that the performance by the Licensee of its obligations under the agreement should not cause it to be in breach of any other Condition of this Licence;
  - (c) that any methods by which the Licensee's Lines are connected to a Transmission System or to any Distribution System accords with good engineering principles and practices; and
  - (d) that the terms and conditions of agreements entered into by the Licensee pursuant to an application in accordance with Condition [14] should be, so far as circumstances allow, as similar in substance and form as is practicable.
2. If the Authorised Electricity Operator or person (as the case may be) wishes to proceed on the basis of the agreement as settled by the Authority, the Licensee shall

forthwith enter into and implement such agreement in accordance with its terms.

3. If the Licensee proposes to vary the contractual terms of any agreement entered into pursuant to Condition 14 (or this Condition), the Authority may, at the request of the Licensee or other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

### **Condition 16: Change Co-ordination for the Utilities Act 2000**

The Licensee shall use its best endeavours to secure and implement and shall not take any steps to prevent or unduly delay changes to any electricity industry agreements and codes of practice to which the Licensee is a party, or in relation to which the Licensee holds rights in respect of amendment, such changes being changes which are appropriate to give full and timely effect to and/or in consequence of the enactment of the Utilities Act 2000 and any change and modification required pursuant to that enactment.

### **Condition 17: Health and safety of employees**

It shall be the duty of the Licensee in co-ordination with Authorised Electricity Operators to consult with appropriate representatives of the employees of the Licensee and the Authorised Electricity Operators for the purpose of establishing and maintaining an appropriate machinery or forum for the joint consideration of matters of mutual concern in respect of the health and safety of persons employed by those Authorised Electricity Operators and the Licensee.

### **Condition 18: Provision of Information to the Authority**

1. Subject to paragraph 3, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish to it such reports, as the Authority may consider necessary in the light of the Conditions or as it may require for the purpose of performing:
  - (a) the functions assigned or transferred to it by or under the Act; and
  - (b) any functions transferred to it or conferred under the Utilities Act 2000.
  
2. The Licensee shall procure from each company or other person which is at any time an ultimate Holding Company of the Licensee a legally enforceable Undertaking in favour of the Licensee in a form already specified by the Authority that that ultimate Holding Company (“the Covenantor”) will give the Licensee, and will procure that each Affiliate of the Covenantor (other than the Licensee and its 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 the company or the other person in question becoming an ultimate Holding Company of the Licensee and shall remain in force for so long as the Licensee remains the holder of this Licence and the Covenantor remains an ultimate Holding Company 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.
  
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 Holding Company of the Licensee or any of the Affiliates of such ultimate Holding Company 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 Holding Company; or
  - (b) there is an unremedied breach of such undertaking.
- 5. Without prejudice to the generality of paragraph 1, the Authority may call for the furnishing of accounting information which is more extensive than or differs from that required to be prepared and supplied to the Authority under Condition 21 Separate Accounts (where applicable).
- 6. The Licensee may 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 48 of the Act.
- 7. The Licensee may not be required by the Authority to furnish it under this Condition with any information required in relation to an enforcement matter which the Licensee could not be compelled to produce or give under Section 28(3) of the Act.
- 8. The power of the Authority to call for information under paragraph 1 is in addition to the power of the Authority to call for information under or pursuant to any other Condition.
- 9. The Licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information and advice (so far as relating to the Generation Business) which the Authority proposes to publish pursuant to Section 48 of the Act.

### **Condition 19: Compulsory Acquisition of Land**

1. Where the Authority has issued to the Licensee a direction in accordance with this Condition, the provisions contained in paragraphs 4 to 7 shall be deemed to be incorporated and effective within this Licence and shall apply to the Licensee from the date specified in the Authority's direction.
  
2. The Authority may issue a direction:
  - (a) providing that the requirements of paragraphs 4 to 7 shall apply to the Licensee; and
  - (b) the direction may be subject to such other matters as the Authority may think fit.
  
3. A direction under paragraph 2 may be issued at any time from the coming into force of this Condition.
  
4. The powers and rights conferred by or under the provisions of Schedule 3 to the Act (compulsory acquisition of land etc.) shall have effect (in respect of Licensee) for the purposes set out in paragraph 5 below.
  
5. The purposes referred to in paragraph 4 above are:
  - (a) the construction or extension of a generating station;
  - (b) activities connected with the construction or extension of a generating station or connected with the operation of a generating station; and
  - (c) the installation, maintenance, removal or replacement of electric lines, and electrical plant associated with them, connecting a generating station with:
    - (i) a Transmission System; or

(ii) a Distribution System.

6. In paragraph 2 above:

(a) the references to "generating station" are to an electricity generating station which

(i) has, or will have when its construction or extension is completed, a capacity of not less than 50 megawatts or such other capacity as may be specified in relation thereto by Order of the Secretary of State under [Section 36(3)] of the Act; and

(ii) is, or will be when its extension or construction is completed, operated by or for the Licensee; and

(b) "extension" in relation to a generating station includes the use by the person operating the station of any land (wherever situated) for a purpose directly related to the generation of electricity by that station.

7. Paragraph 4 shall cease to have effect on such date as the Authority may direct.

**Condition 20: Powers to Carry Out Street Works etc.**

1. Where the Authority has issued to the Licensee a direction in accordance with this Condition, the provisions contained in paragraphs 4 to 9 shall be deemed to be incorporated into and effective within this Licence and shall apply to the Licensee from the date specified in the Authority's direction.
2. The Authority may issue a direction:
  - (a) providing that the requirements of paragraphs 4 to 9 shall apply to the Licensee; and
  - (b) the direction may be subject to such other matters as the Authority may think fit.
3. A direction under paragraph 2 may be issued at any time from the coming into force of this Condition.
4. For the purpose of enabling the Licensee to carry on its authorised activities, the powers and rights conferred by or under the provisions of Schedule 4 to the Act (powers to carry out street works etc.) shall, subject to paragraphs 6 and 7 below, have effect and may, subject to paragraph 8 below, be exercised by carrying out works:
  - (a) in relation to, or in pursuance of, the installation, inspection, maintenance, adjustment, repair, alteration, replacement and removal of:
    - (i) electric lines specified in paragraph 5 below;
    - (ii) electrical plant associated with such lines; and
    - (iii) any structures for housing or covering such lines or plant;
  - (b) in relation to the installation of electrical plant to be used in connection with a generating station or the operation thereof;

- (c) in relation to electric lines or electrical plant as if the references to them in Schedule 4 to the Act included pipes for conveying directly to consumers' premises heat produced in association with electricity and steam produced from air and water heated by such heat and associated works in relation to such pipes and as if "associated works" had the meaning given in Section [10(3)] of the Act.
5. Electric Lines are specified for the purposes of sub-paragraph (a) of paragraph 4 above:
- (a) if they connect, or will connect when installed, a generating station with:
    - (i) a Transmission System; or
    - (ii) a Distribution System of a Licensed Distributor
  - (b) where "electric lines" has the extended meaning given by paragraph 4(c) above, if they connect a generating station with any premises.
6. [Paragraph 10 of Schedule 4] to the Act shall apply to the Licensee if:
- (a) it wishes to exercise its rights of entry on land for the purpose of establishing whether or not the land is suitable for the construction or extension of a generating station; and
  - (b) it obtains the consent of the Authority before exercising those rights.
7. Works which are under, over, in, on, along or across any street, which for the purposes of the Highways Act 1980 constitutes a highway or part of a highway maintainable at the public expense, may be undertaken in pursuance of paragraph 4 above subject to the condition that such works shall not be carried out except with the consent of the highway authority and in accordance with such reasonable conditions as may be attached to such consent.

8. The provisions of Schedule 4 to the Act shall have effect in relation to works of the kind described in paragraph 4 above which are executed:

- (a) in England and Wales except for such of those provisions as extend only to Scotland; and
- (b) in Scotland except for such of those provisions as extend only to England and Wales;

and in its application to works executed in Scotland this Condition shall have effect as if for "street" and "highway" there was substituted "road"; for "Highways Act 1980", there was substituted "Roads (Scotland) Act 1984"; for "highway authority" there was substituted "roads authority".

9. In this Condition:

“authorised activities” means the activities which the Licensee is authorised by the Licence to carry on, and shall include any purpose connected with the supply to any premises of heat produced in association with electricity and steam produced from air and water heated by such heat.

"generating station" and "extension" have the meanings given in paragraph 6 of Condition 19.

## **Condition 21. Separate Accounts for Separate Businesses**

1. Where the Authority has issued to the Licensee a direction in accordance with this Condition, the provisions contained in paragraphs 4 to 11 of this Condition and paragraphs 2 to 4 Condition 22 (Change of Financial Year), shall be deemed to be incorporated and effective within this Licence and shall apply to the Licensee from the date specified in the Authority's direction.
2. The Authority may issue a direction:
  - (a) providing that the requirements of paragraphs 4 to 11 of this Condition and paragraphs 2 to 6 of Condition 22 (Change of Financial Year) shall apply to the Licensee; and
  - (b) the direction may be subject to such other matters as the Authority may think fit.
3. A direction under paragraph 2 may be issued at any time from the coming into force of this Condition.
4. The following paragraphs of this Condition apply for the purpose of ensuring that the Licensee (and any Affiliate or Related Undertaking) maintains accounting and reporting arrangements which enable separate accounts to be prepared for each Separate Business and showing the financial affairs of each such Separate Business.
5. The Licensee shall in respect of each Separate Business:
  - (a) keep or cause to be kept for 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 in respect of each Separate Business as would by Section 221 of the Companies Act 1985 be required to be kept in respect of each such business if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each

Separate Business are separately identifiable in the accounting records of the Licensee (and any Affiliate or Related Undertaking) from those of any other business;

- (b) prepare on a consistent basis from such accounting records in respect of:
  - (i) each Financial Year, accounting statements comprising a profit and loss account, a balance sheet and a cash flow statement together with notes thereto, and showing separately in respect of each Separate Business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
    - (aa) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge;  
or
    - (bb) determined by apportionment or allocation between any Separate Business and any other business (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and
  - (ii) the first six months of each Financial Year an interim profit and loss account;
  - (iii) sufficient accounting information in respect of each Separate Business to allow the preparation of consolidated accounting statements for each Separate Business of the Licensee or where applicable the ultimate Holding Company of the Licensee, and such information shall include a profit and loss account, balance sheet and a cash flow statement for each Separate Business and notes thereto in respect of each accounting year;
- (c) procure, in respect of the accounting statements prepared in accordance with this Condition in respect of each Financial Year, a report by the Auditors and



addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

- (d) deliver to the Authority a copy of the account referred to in sub-paragraph (b)(ii), the Auditors' report referred to in sub-paragraph (c) and the accounting statements referred to in paragraph (b)(i) and accounting information referred to in b(iii) above as soon as reasonably practicable, and in any event not later than three months after the end of the period to which it relates in the case of the account referred to in sub-paragraph (b)(ii) and information referred to in (b)(iii) and six months after the end of the Financial Year to which they relate in the case of the accounting statements, information and Auditors' report referred to in sub-paragraphs (b)(i), b(iii) and (c).
6. 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 accounting statements in respect of a Financial Year change the bases of charge or apportionment or allocation referred to in paragraph 5(b)(i) from those applied in respect of the previous Financial Year.
  7. Where, in relation to the accounting statements in respect of a Financial Year, the Licensee has changed such bases of charge or apportionment or allocation from those adopted for the immediately preceding Financial Year, the Licensee shall, if so directed in directions issued by the Authority, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding Financial Year.
  8. Accounting statements and information in respect of a Financial Year prepared under sub-paragraphs 2(b)(i) and b(iii) shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this Condition:

- (a) have the same content and format (in relation to each Separate Business) as the annual accounts of the Licensee prepared under Section 226 and, where appropriate, Section 227 of the Companies Act 1985 and conform to the best commercial accounting practices including all relevant financial reporting standards issued by the member bodies of the Consultative Committee of Accounting Bodies currently in force;
  - (b) state the accounting policies adopted; and
  - (c) with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively be published with the annual accounts of the Licensee.
9. Unless the accounting statements and information prepared under sub-paragraph 2(b)(i) and b(iii) are prepared on the current cost basis as provided by the Alternative Accounting Rules, the Licensee shall, unless otherwise agreed by the Authority, in addition to preparing those accounting statements under that paragraph, prepare accounting statements for each Separate Business covering the same period, which shall comprise and show separately:
- (a) a profit and loss account, a balance sheet and a cash flow statement, and a statement of source and application of funds together with notes thereto, which shall:
    - (i) include in respect of Current Costs Assets amounts determined on the current cost basis as provided by the Alternative Accounting Rules; and
    - (ii) show or disclose the information and other matters required by the Alternative Accounting Rules to be shown or disclosed in accounts where the amounts included in respect of assets covered by any items shown in those accounts have been determined on any basis mentioned in paragraph 31 of Section C of Part II of Schedule 4 to the Companies

Act 1985;

- (b) in respect of each Separate Business the adjusted amount of any such provision for depreciation as is referred to in paragraph 32(2) of Section C of Part II of Schedule 4 to the Companies Act 1985 and the items shown in the profit and loss account of the Separate Business for the relevant period which are affected by the determination of amounts on the current cost basis as provided by the Alternative Accounting Rules, including the profit (or loss) before taxation; and
- (c) such other current cost information as is referred to in the Handbook as the Authority may reasonably require

and shall deliver the same, together with an Auditors' report prepared in relation to the current cost basis accounting statements in the form referred to in sub-paragraph 2(c), to the Authority within the time limit referred to in sub-paragraph 2(d), and shall, with the exception of the part of such statements and information which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or apportionment or allocation respectively, publish the same with the annual accounts of the Licensee.

- 10. References in this Condition to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation, capital liabilities which do not relate principally to a particular Separate Business, and interest thereon; and references to any profit and loss account shall be construed accordingly.
- 11. For the purposes of paragraph 9:

“Alternative Accounting Rules” means the rules set out in Section C of Part II of Schedule 4 to the Companies Act 1985.

means assets of any description mentioned in paragraph 31 of Section C of Part II of

Schedule 4 to the Companies Act 1985.

“the Handbook”

means the handbook issued by the Accounting Standards Committee of the Consultative Committee of Accounting Bodies (CCAB Limited) or any successor body entitled “Accounting for the effects of changing prices: a Handbook” in its current edition for the time being or in the event that no such handbook shall be in issue such guidance or publication as may be issued in replacement or substitution therefor.

## **Condition 22. Change of Financial Year**

1. The application of this Condition is subject to the provisions of paragraphs 1 to 3 of Condition 21. Until the issue of a direction by the Authority under paragraphs 1 to 3 of Condition 21, paragraphs 2 to 6 of this Condition 22 shall be deemed not to be incorporated or effective within the Licence.
2. The definition of “Financial Year” in Condition 1 (Section A) shall, for the purpose only of the accounts which the Licensee prepares under the Companies Act 1985 (as amended by the Companies Act 1989), (“Companies Act accounts”) cease to apply to the Licensee if the Authority consents in writing to a change in the Financial Year of the Licensee for that purpose .
3. Such written consent:
  - (a) shall specify the date from which, for the purpose set out at paragraph 1, the current and subsequent Financial Years of the Licensee shall run;
  - (b) shall apply to the Licensee from the date of grant of the consent or from any other date specified therein; and
  - (c) shall continue in effect until revoked in writing by the Authority;

and while the consent continues in effect the Licensee shall procure the preparation of and shall deliver to the Authority audited group accounts for its group of companies for each Financial Year.

4. Audited group accounts produced in accordance with paragraph 3:
  - (a) shall comprise consolidated group accounts in respect of the group of companies;
  - (b) shall, save insofar as is necessary to reflect a different Financial Year, have the same form and content as the Companies Act accounts of the Licensee;

- (c) shall be accompanied by a report by the Auditors and addressed to the Authority stating whether in their opinion the audited group accounts have been properly prepared in accordance with this Condition and give a true and fair view of the state of affairs of the group of companies and of its profits, total recognised gains and cash flows during the Financial Year;
  - (d) may, with the prior written consent of the Authority, omit or provide in a different form, specified in the consent, such information as may be specified in the consent; and
  - (e) shall clearly disclose any differences between the accounting policy underlying the preparation of the Companies Act accounts of the Licensee and the accounting policy underlying the preparation of the audited group accounts.
5. Where the written consent of the Authority is revoked, as provided by sub-paragraph 2(c) of this Condition, the Licensee shall change back to a 31 March Financial Year end as soon as practicable within the constraints of the statutory requirements applicable to Companies Act accounts in respect of its then current and all subsequent Financial Years. The Licensee shall, within six weeks of the date of the notice of revocation, notify the Authority in writing of the date on which the Licensee proposes that its then current Financial Year end will change back to a 31 March year end. Notwithstanding the revocation, the Licensee shall continue to procure the production of audited group accounts in accordance with this Condition until it has reverted for all purposes to a Financial Year of 12 months duration in accordance with the definition of Financial Year in Condition 1, Section A, Part II.
6. No provisions of this Condition shall apply to the Financial Year of the Licensee for the purpose of accounts produced in compliance with Condition 21. No provisions in this Condition shall affect the Licensee's obligations in respect of payment of Licence fees under Condition 5.

### **Condition 23. Prohibition of Cross Subsidies and of Discrimination**

1. Where the Authority has issued to the Licensee a direction in accordance with this Condition, the Licensee shall be obliged to comply with the requirements of paragraphs 4 to 11.
2. The Authority may issue a direction:
  - (a) providing that the requirements of paragraphs 4 to 11 of this Condition shall apply to the Licensee; and
  - (b) the direction may be subject to such other matters as the Authority may think fit.
3. A direction under paragraph 2 may be issued at any time from the coming into force of this Condition and may be revoked by the Authority (at any time on 28 days notice given to the Licensee).
4. The Licensee shall procure that no Separate Business shall give any cross subsidy to, or receive any cross subsidy from, any other business of the Licensee or an Affiliate or Related Undertaking of the Licensee (whether or not a Separate Business).
5. The Licensee shall not, and shall procure that any Affiliate or Related Undertaking of the Licensee shall not, sell or offer to sell electricity under any Electricity Sale Contract to any relevant purchaser or person seeking to become a relevant purchaser on terms as to price which are materially more or less favourable than those on which it sells or offers to sell electricity under any Electricity Sale Contract to any comparable relevant purchaser.
6. For the purposes of paragraph 5:
  - (a) due regard shall be had to all the circumstances of the sale or offer to sell under any Electricity Sale Contract, including (without limitation) the date and

duration of such contract and the circumstances under which the rights of the person to whom electricity is sold are exercisable; and

- (b) in determining the price at which the Licensee (or any Affiliate or Related Undertaking of the Licensee shall sell under any Electricity Sale Contract there shall be taken into account both any price received by the Licensee) or such Affiliate or Related Undertaking in relation to sales of electricity [under the Pooling and Settlement Agreement/Balancing and Settlement Code (where applicable)] and any payments received or made by the Licensee (or such Affiliate or Related Undertaking) in respect of such contract.

7. For the purposes of paragraph 5:

“relevant purchaser”	means any purchaser of electricity from the Licensee or any Affiliate or Related Undertaking of the Licensee (including without limitation the Supply Business of the Licensee) or any Affiliate or Related Undertaking of the Licensee under an Electricity Purchase Contract.
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8. Paragraphs 5 and 6 above shall apply so long as this Licence continues in force but shall cease to have effect (in whole or in part, as the case may be) if the Licensee delivers to the Authority a disapplication request made in accordance with paragraph 11 and:

- (a) the Authority agrees in writing to the disapplication request; or
- (b) their application (in whole or in part) is terminated by notice given by the Licensee in accordance with either paragraph 10 or paragraph 11.



9. A disapplication request shall be in writing addressed to the Authority, shall specify the paragraphs (or any part or parts thereof) to which the request relates and shall state the date from which the Licensee wishes the Authority to agree that the specified paragraphs shall cease to have effect.
10. Save where the Authority otherwise agrees, no disapplication following delivery of a disapplication request shall have effect earlier than the date (“the disapplication date”) which is the later of :
  - (a) a date being not less than 18 months after delivery of the disapplication request; and
  - (b) the fifth anniversary of the date of grant of this Licence.
11. If the Authority has not made a reference to the Competition Commission under Section 12 of the Act relating to the modification of the paragraphs specified in the disapplication request before the beginning of the period of 12 months ending with the disapplication date, the Licensee may deliver written notice to the Authority terminating the application of such paragraphs 5 and 6 above (or any part or parts thereof) as are specified in the disapplication request with effect from the disapplication date or a later date.
12. If the Competition Commission makes a report on a reference made by the Authority relating to the modification of the paragraphs (or any part thereof) specified in the disapplication request and such report does not include a conclusion that the cessation of such paragraphs, in whole or in part, operates or may be expected to operate against the public interest, the Licensee may within 30 days after the publication of the report by the Authority in accordance with Section [13] of the Act deliver to him written notice terminating the application of such paragraphs with effect from the disapplication date or later.

## **Condition 24. Generating Unit Availability**

### **(NETA Policy Statement)**

In its December consultation document Ofgem proposed that this condition, which currently exists in the licences of certain large generators, should not only be retained in those licences but extended to all generation licences (including Scottish licences) but with provision for the Authority to switch the condition on or off depending on the market position of the particular generator. The condition would need to be amended to reflect the introduction of NETA. This would enable the Authority and third parties to obtain relevant advance information in order to monitor the behaviour of those generators in the market.

The purpose of this condition is twofold. First to enable the Authority to keep under review the behaviour of the licensee to ascertain whether the licensee is pursuing a course of conduct in making or declining (whether temporarily or permanently) to make available its generating units which is intended or likely to have anti-competitive effects. Second to enable certain information to be made available to persons interested in the operation of the electricity market.

1. Where the Authority has issued to the Licensee a direction in accordance with this Condition, the Licensee shall be obliged to comply with the requirements of paragraphs 4 to 21.
2. The Authority may issue a direction:
  - (a) providing that the requirements of paragraphs 4 to 21 shall apply to the Licensee; and
  - (b) the direction may be subject to such other matters as the Authority may think fit.
3. The direction under paragraph 2 may be issued at any time from the coming into force of this Condition, (and may be revoked by the Authority at any time on 28 days notice given to the Licensee).

4. The purposes of this Condition are:
- (i) to enable the Authority to keep under review the behaviour of the Licensee to ascertain whether the Licensee is pursuing a course of conduct in making or declining (whether temporarily or permanently) to make available Generating Units [Generating Sets] owned or operated by the Licensee which is intended to have or is likely to have the effect of restricting, distorting or preventing competition in the generation or supply of electricity ; and
  - (ii) to enable information (in accordance with paragraphs 5, 7 and 8) to be made available to persons interested in the operation of the electricity market.
5. The Licensee shall within 2 months of the Authority's direction under paragraph 2 prepare a statement, for approval as to form by the Authority, specifying in reasonable detail the criteria upon which the Licensee will, for the purpose of planning the availability of Generating Units [Generating Sets]:
- (i) determine the duration and timing of planned outages of Generating Units [Generating Sets];
  - (ii) estimate the loss of [availability ]through unplanned outages caused by technical breakdown, opportunistic maintenance or circumstances not within the control of the Licensee;
  - (iii) determine which hours of the day and days of the week a Generating Unit [Generating Sets] which is not subject to a planned or unplanned outage will be sufficiently manned to be capable of being [made available] under the Grid Code;
  - (iv) determine its policy to make available Generating Units [Generating

Sets] which are not subject to planned or unplanned outages;

- (v) determine its policy regarding the closure, whether permanent or temporary, of any Generating Units[Generating Sets]; and
- (vi) determine its policy regarding the reduction in capacity of any Generating Units [Generating Sets],

and shall not change the criteria until it shall have complied with paragraph 13.

6.1 The Licensee shall provide to the Authority not later than 15 March in each year a written forecast (being its best estimate acting as a reasonable and prudent operator) in respect of the next following year commencing on 1 April for each Generating Unit [Generating Set]expected to be operated during that year of:-

- (a) the means by which the Generating Unit[Generating Set] will normally be fuelled or driven and, in respect of any Unit having a dual firing capability, any alternative means;
- (b) the Registered Capacity;
- (c) the planned outage programme;
- (d) the statistical expectation of unplanned outages;
- (e) any factors known to the Licensee which are likely to cause actual unplanned outages to be fewer or more numerous than the statistical expectation;
- (f) any planned or expected operational or manning limitations which may prevent the Generating Unit[Generating Set] from being available; and
- (g) other circumstances known to the Licensee which may materially affect availability.

6.2 The Licensee shall provide to the Authority not later than 15 September in each year a statement showing any changes from the forecast submitted under sub-paragraphs 6.1 with respect to the six months commencing on 1 October in that year and, where the Licensee is then aware of matters (other than any which have been already notified under paragraph 10) which would or might reasonably be expected to cause the statement to be prepared by the next following 15 March to be different in a material respect, a summary of such matters.

7.1. The Licensee shall not later than 15 March in each year prepare a statement, to be approved by the Authority having regard to the information provided to it under paragraph 6, specifying in relation to the Relevant Categories of Power Stations in respect of the next following year commencing on 1 April -

- (a) the names of the Power Stations in each Relevant Category;
- (b) in respect of each Generating Unit[Generating Set] at that Power Station:
  - (i) the Registered Capacity of the Generating Unit [Generating Set]; and
  - (ii) the means by which it can be fuelled or driven (and where more than one, indicating the normal primary means);
- (c) in respect of each Relevant Category -
  - (i) the summation of the capacity which would be available during the year if each Generating Unit[Generating Set] at the Power Stations in that category was made available for all Settlement Periods at the Registered Capacity stated in paragraph 7.1 (b)(i) above;
  - (ii) its best estimate of the summation of the actual capacity which will be made available by those Generating Units[Generating Sets] that year; and

(iii) its best estimate of the proportion of the difference between (i) and (ii) above which will be attributable to -

(aa) planned outages (including manning arrangements and planned changes in available capacity from the Registered Capacity stated in paragraph 7.1(b) (i)); and

(bb) unplanned outages (including unplanned changes in the available capacity from the Registered Capacity stated in paragraph 7.2 (b)(i)); and

(cc) other circumstances known to the Licensee which may materially affect the availability of those Units.

7.2. The Licensee shall, not later than 15 September in each year, prepare a statement to be approved by the Authority showing any changes from the statement prepared under sub-paragraph 7.1 with respect to the six months commencing on 1 October in that year and, where the Licensee is then aware of matters (other than any which have been already notified under paragraph 10) which would or might reasonably be expected to cause the statement to be prepared by the next following 15 March to be different in a material respect, a summary of such matters.

8. The Licensee shall provide to the Authority not later than 6 weeks after 31 March in each year in respect of which a forecast has been provided under paragraph 6, a statement of the availability of each Generating Unit[Generating Set] during that year including a reconciliation with the forecast of each of the matters referred to in sub-paragraphs (a) to (g) of paragraph 6.1 as varied under paragraph 6.2 and the reasons for any significant divergence from the forecast.

9. The Licensee shall provide to the Authority not later than 6 weeks after 31 March in each year in respect of which a forecast has been provided under sub-paragraph 7.1, a reconciliation with the forecasts made under sub-paragraphs 7.1 and 7.2 and the reasons for any significant divergence from the forecasts.

10. (a) The Licensee shall give notice to the Authority of the date upon which it is intended:
- (i) to close permanently or close temporarily any Power Station; or
  - (ii) to make a material reduction in the Registered Capacity of any Power Station,
- and shall use its reasonable endeavours to give that notice not less than six months prior to the date of the intended closure or reduction in capacity.
- (b) A notice under sub-paragraph (a) shall specify the Power Station to which it relates, the intended date of closure or reduction in capacity and, if in respect of sub-paragraph (a)(ii), shall also specify -
- (i) the existing and proposed Registered Capacity;
  - (ii) the expected duration of the reduction in capacity;
  - (iii) the reasons for the reduction in capacity; and
  - (iv) (if the reduction is as a result of the cessation of operation of a Generating Unit or Units[Generating Set or Sets]) whether it would be practicable for that Generating Unit or those Units [that Generating Set or those Generating Sets] (on the assumption, if not the case, that it or they were operational) to be operated separately from the other Unit or Units [Generating Set or Sets] of that station and, if not, the reasons therefor.
- (c) For the purpose of this paragraph -
- (i) a reduction of more than 10 per cent in the Registered Capacity of an open cycle gas turbine Generating Unit [Generating Set] is material;

- (ii) subject to (i), a reduction in capacity is material if it will reduce the Registered Capacity of a Power Station by more than 25 megawatts or more than 10 per cent whichever is the lesser; and
  - (iii) “close temporarily” means to close or not to make available for a period greater than one year but not permanently.
- 11. (a) Within one month of delivery of a notice under paragraph 10, the Licensee shall provide to the Authority a statement setting out in reasonable detail -
  - (i) (if in relation to any closure of a Power Station) the reasons for the decision referred to in the notice;
  - (ii) (if in respect of a temporary closure of a Power Station) the circumstances in which the Licensee expects to recommence operating the Power Station; and
  - (iii) (if in respect of a permanent closure of a Power Station) the Licensee’s proposals for use or disposal of the site and the plant, and alternative proposals considered and the reason for adopting the chosen proposal.
- (b) The Licensee shall provide to such independent and competent assessor (if any) as may be appointed by the Authority with approval of the Licensee (such approval not to be unreasonably withheld) such information (in addition to that contained in any notice under paragraph 10(a) or the statement under paragraph 11(a) as the assessor may reasonably require to enable him to provide to the Authority and the Licensee within two months of his appointment (or such longer period as the Authority may approve) an assessment of whether the above decision process and result were reasonable, taking into account all the relevant circumstances and opportunities, identifying the direct and indirect financial implications for the Licensee, and the amounts if any which third parties have offered or would be likely to pay to purchase or lease the plant or site and associated facilities whether or not for



use as an operating Power Station.

12. The Licensee may periodically revise the criteria set out in and, with the approval of the Authority, the form of the statement prepared in accordance with paragraph 5.
13. The Licensee shall send to the Authority a copy of the statement prepared in accordance with paragraph 5 and of each revision of such statement in accordance with paragraph 12 and shall not apply the criteria set out in any revision of the statement until 14 days after the date upon which the copy of that revision is sent to the Authority.
14. The Licensee shall give or send a copy of the statement prepared in accordance with paragraph 5 or (as the case may be) the latest revision of such statement or a copy of any statement provided to the Authority under paragraph 7 or 9 to any person who requests a copy of such statement or statements; provided that the Licensee may, with the prior consent of the Authority, omit from any statement prepared under paragraph 7 or 9 any information (other than information which the Authority considers it is in the public interest to disclose) the disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the Licensee or any third party.
15. The Licensee may make a charge for any statement given or sent pursuant to paragraph 14 of an amount which shall not exceed the amount specified in the directions issued by the Authority for the purposes of this Condition based on the Authority's estimate of the Licensee's reasonable costs of providing a copy of such a statement.
16. Paragraphs 4 to 16 of this Condition shall apply so long as this Licence continues in force but shall cease to have effect (in whole or in part, as the case may be) if the Licensee delivers to the Authority a disapplication request made in accordance with paragraph 17 below and :
  - (a) the Authority agrees in writing to the disapplication request; or

- (b) the application of those paragraphs (in whole or in part) is terminated by notice given by the Licensee in accordance with paragraph 19 or 20 below.
17. A disapplication request shall be in writing addressed to the Authority, shall specify the paragraphs of this Condition (or any part or parts thereof) to which the request relates and shall state the date (“the disapplication date”, being a date not less than 18 months after the date of delivery of the request) from which the Licensee wishes the Authority to agree that the specified paragraphs (or the specified part or parts thereof) shall cease to have effect.
18. Save where the Authority otherwise agrees, no disapplication request may be served earlier than 12 months after the date on which a report is delivered by the Competition Commission following a reference under paragraph 19 where the report of the Competition Commission did not entitle the Licensee to deliver a notice to the Authority under paragraph 20.
19. If the Authority has not made a reference to the Competition Commission under Section 12 of the Act relating to the modification of the paragraphs specified in the disapplication request before the beginning of the period of 12 months which will end with the disapplication date, the Licensee may deliver a notice to the Authority terminating the application of such of paragraphs 4 to 16 above (or any part or parts thereof) as are specified in the disapplication request with effect from the disapplication date or a later date.
20. If the Competition Commission makes a report on a reference made by the Authority relating to the modification of the paragraphs (or any part or parts thereof) specified in the disapplication request and such report does not include a conclusion that the cessation of such paragraphs, in whole or in part, operates or may be expected to operate against the public interest, the Licensee may within 30 days after the publication of the report by the Authority in accordance with section 13 of the Act deliver to the Authority notice terminating the application of such paragraphs (or the part or parts thereof) with effect from the disapplication date or later.

21. (a) In this Condition:

“Relevant Category” means a group of Generating Units [Generating Sets] aggregated according to main fuel type and Registered Capacity of Generating Units [Generating Sets] as follows:

Category	Fuel Type and Registered Capacity
I	Coal, coal/oil and coal/gas fired Power Stations with Generating Units of 400 megawatts and larger.
II	Coal, coal/oil and coal/gas fired Power Stations with Generating Units [Generating Sets] of 150 megawatts to 399 megawatts.
III	Coal, coal/oil and coal/gas fired Power Stations with Generating Units [Generating Sets] of 149 megawatts and smaller.
IV	Oil or oil-in-water emulsion [Generating Sets] fired Power Stations.
V	Gas fired Power Stations.
VI	Gas-oil turbines.
VII	Magnox
VIII	Advanced Gas-cooled Reactors
IX	Pressurised Water Reactors
X	Power Stations fuelled or driven otherwise than by a fossil fuel or nuclear fuel;

or such other aggregation of Power Stations or Generating Units [Generating Sets] as the Authority with the agreement of the Licensee (such agreement not to be unreasonably withheld and having regard to the confidentiality criteria referred to in paragraph 14) may

from time to time direct.

“Registered Capacity” shall have the same meaning as in the Grid Code, but as if in  
“Generating Unit” relation to a Power Station the Registered Capacity means the  
“Power Station” aggregate of the Registered Capacity of the Generating Units  
[Generating Sets] forming part of that Power Station;

“available” means both:

(a) available in accordance with the Grid Code;  
and

(b) capable of supporting a Final Physical Notification (as provided for in the BSC made on the basis that the Generating Unit [Generating Set] will generate at its Registered Capacity, and cognate expressions shall be construed accordingly.

(b) This Condition does not apply to any Generating Unit [Generating Set] having a Registered Capacity of 10 megawatts or less.

## **Condition 25 Transfer of Licence**

This Licence may not be transferred by the Licensee except with the consent of the Authority granted in accordance with the requirements of Section 7A of the Act.

## **Condition 26 Provision of Information to the Consumer Council**

1. The Licensee shall furnish to the Consumer Council in such manner and at such times as the Consumer Council may require, such information as the Consumer Council may require in the exercise of its functions.
2. The Licensee shall comply with a requirement under this Condition as soon as reasonably practicable.
3. Information supplied to the Consumer Council under this Condition shall be in such form as the Council may reasonable specify.
4. The Licensee's obligation to provide information under this Condition to be Consumer Council is in addition to any other obligation of the Licensee to provide information under or pursuant to any other Conditions.

## **PART II – SECTION C**

### **Supplementary Standard Conditions for Scotland**

#### **C.1. Context – Section C**

In so far as the Licensee shall construct or operate a generating station in Scotland, the Conditions set out in this Section C (Part II) shall apply.

#### **C.2. Definitions**

In this Section:

“Settlement Agreement for Scotland”

means the agreement of that title, [as nominated by the Authority for the purposes of this Section, to be prepared in accordance with, and comprise such matters as are set out in, [Condition xx of Part xx] of the [xxx licences] granted under section 6 of the Act.

“Trading Code”

means the trading code required to be adopted pursuant to Standard Condition [D.3] of Part [II] of the Transmission Licences [granted in respect of an authorised area in Scotland] and approved by the Authority as from time to time revised with the approval of the Authority.

### **C.3. Compliance with Trading Code**

- (a) The Licensee shall comply with the provisions of the Trading Code insofar as applicable to it during any period that the Licensee is a member of the trading system established by the Trading Code, including any requirements thereunder for the Authority's approval or consent, for compliance with directions issued by the Authority or relating to determinations made by the Authority.
- (b) The Authority may (following consultation with such other members of such trading system as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligation under sub-paragraph (a) above in respect of such parts of the Trading Code and to such extent as may be specified in those directions.

### **C.4. Security Arrangements**

- (a) If so directed in directions issued by the Authority for the purposes of this Section, the Licensee shall, not later than such date as may be specified in such directions, enter into an agreement designated by the Secretary of State for the purposes of this Section relating to compliance with directions issued by the Secretary of State under [Section 34 and/or Section 35] of the Act.
- (b) The Licensee shall comply with and perform its obligations under any agreement which it enters into pursuant to sub-paragraph (a) above.

### **C.6. Compliance with Settlement Agreement for Scotland**

The Licensee shall when this Condition comes into force [be / become] a party to and thereafter comply with the provisions of the Settlement Agreement for Scotland.



## **PART II SECTION D**

### **Supplementary Standard Conditions for Nuclear Generators**

#### **D.1. Context – Section D**

The Conditions in this Section D shall apply to the Licensee in respect of the Licensee's Nuclear Generation Business.

#### **D.2 Consultation with the Nuclear Installations Inspectorate**

Where the Authority may issue directions under paragraph 2 of each of the following Conditions:

Standard Condition 6 (Compliance with Grid Codes), or  
Standard Condition 7 (Compliance with Distribution Codes), or  
Standard Condition 8 (Licensee's Lines Planning),

following consultation by the Authority as referred to in those Conditions (respectively), the Authority's consultation will include consultation with the Nuclear Installation Inspectorate.

#### **D.3. Compulsory Acquisition of Land**

Where the Authority has issued a direction under Standard Condition 19 (Compulsory Acquisition of Land), the powers and rights conferred by or under the provisions of Schedule 3 of the Act shall have effect for the purposes set out in paragraph 5 of that Condition in respect of the Licensee's Nuclear Generation Business for the following additional purposes:

- (i) the construction or extension of facilities for the storage treatment or despatch of nuclear fuel or radioactive waste (together with the operational discharge of liquid or gaseous radioactive waste) which arises from Generation Sets of the Licensee [or any other holder of a licence under Section [6(1)(a)] of the Act];

and

- (ii) activities connected with the construction or extension or operation of facilities for the storage, treatment or despatch of nuclear fuel or radioactive waste (together with the operational discharge of liquid or gaseous radioactive waste) which arises from Generation Sets of the Licensee [or any other holder of a licence under Section [6(1)(a)] of the Act].

#### **D.4. Street Works powers**

Where the Authority has issued a direction under Standard Condition 20 (Powers to carry out Street Works), the powers and rights conferred by or under the provisions of Schedule 4 to the Act, shall (subject to paragraphs 6 and 7) of that Standard Condition, have effect in respect of the Licensee's Nuclear Generation Business and may be exercised by the Licensee carrying out works relating to the installation of electrical plant to be used:

- (i) in connection with a generating station or facilities for the storage, treatment or despatch of nuclear fuel or radioactive waste (together with the operational discharge of liquid or gaseous radioactive waste) which arises from Generation Sets of the Licensee or any other holder of a licence under Section [] of the Act; or
- (i) in connection with the operation of such station or facilities.

#### **D.5. Interpretation**

For the purposes of this Section:

“Nuclear Generation Business” means the Authorised business of the Licensee in:

- (a) the generation of electricity:
  - (i) from any one or more of the nuclear Generation Sets situated on a site [in England and Wales in respect of which a licence has been issued and is in force under the Nuclear Installations Act 1965][situated on a site in Great Britain]; or
  - (ii) from Generation Sets situated on or adjacent to such sites and the generation from which is required by the relevant safety case to be used wholly (except during testing periods required by such safety case) for the purpose of, or in conjunction with, the generation of electricity from nuclear Generation Sets or for any related nuclear activities;
- (b) the provision of Ancillary Services from such Generation Sets;
- (c) related nuclear activities; and
- (d) related nuclear research activities.

“related nuclear activities”

means in relation to any nuclear generation plant of the Licensee or any Affiliate or Related Undertaking of the Licensee, the storage, treatment or reprocessing of nuclear fuel, the treatment, storage or disposal of radioactive waste and the decommissioning of nuclear installations whether such activities are carried out by or on behalf of

the Licensee or any Affiliate or Related Undertaking of the Licensee.

“related nuclear research activities” means research or consultancy work done wholly or mainly on behalf of the Nuclear Generation Business the results of which are intended to be available for the purposes of that business, whether or not the results of that research or consultancy are also sold or made available to third parties or to any other business of the Licensee, but shall not include research or consultancy work commissioned by and for the benefit of a third party.

**PART III - (ANY APPLICABLE) SPECIAL CONDITIONS**