

## Electricity System Operator Licence

### PART I. TERMS OF THE LICENCE

1. This licence (the "Licence"), treated as granted under section 6(1)(da) of the Electricity Act 1989 (the "1989 Act"), authorises [National Energy System Operator Limited] (the "Licensee") whose registered office is at [x] to co-ordinate and direct the flow of electricity onto and over transmission systems by means of which the transmission of electricity takes place (the "Authorised Activity"), subject to –
  - (a) the conditions of this Licence set out in Part II; and
  - (b) the Schedule hereto.
2. This Licence is subject to transfer, modification or amendment in accordance with the provisions of the 1989 Act or the conditions.
3. This Licence takes effect from the date the Licensee is designated as the Independent System Operator and Planner pursuant to section 162 of the Energy Act 2023, and, unless revoked by the Gas and Electricity Markets Authority (the "Authority") in accordance with the Schedule, continues until such designation is revoked by notice under section 162(4) of the Energy Act 2023.
4. This Licence has effect in the National Electricity Transmission System Operator Area which means Great Britain, the territorial sea adjacent to Great Britain and in any Renewable Energy Zone; where, Renewable Energy Zone means an area designated by Order in Council under section 84(4) of the Energy Act 2004.
5. The provisions of section 109(1) of the 1989 Act (Service of documents) shall have effect as if set out herein and as if for the words "this Act", there were substituted the words "this Licence".
6. Without prejudice to sections 11 and 23(1) of the Interpretation Act 1978, this Licence (including its Schedule) shall be interpreted and construed in like manner as an Act of Parliament passed after the commencement of the Interpretation Act 1978.

7. References in this Licence to a provision of any enactment, where after the date of this Licence -

- (a) the enactment has been replaced or supplemented by another enactment, and
- (b) such enactment incorporates a corresponding provision in relation to fundamentally the same subject matter, shall be construed, so far as the context permits, as including a reference to the corresponding provision of that other enactment.

## Schedule – Terms in respect of revocation

1. The Authority may at any time revoke the Licence by giving not less than 30 days' notice (24 hours' notice, in the case of a revocation under sub-paragraph [1(e)]) in writing to the Licensee:
  - (a) if any amount payable under Condition F6 (Payments by licensee to the Authority) 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;
  - (b) if the Licensee fails:
    - (i) to comply with a final order (within the meaning of section 25 of the 1989 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; or
    - (ii) to pay any financial penalty (within the meaning of section 27A of the 1989 Act) by the due date for such payment and such payment is not made to 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 27E of the 1989 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;
  - (c) if the Licensee fails to comply with:
    - (i) an order made by the court under section 34 of the Competition Act 1998;
    - (ii) an order made by the Authority under sections 158 or 160 of the Enterprise Act 2002;
    - (iii) an order made by the Competition and Markets Authority under sections 76, 81, 83, 84 and 161 of the Enterprise Act 2002;
    - (iv) an order made by the Secretary of State under sections 66, 147, 160 or 161 of the Enterprise Act 2002;
  - (d) if the Licensee has ceased to carry on the Authorised Activity;
  - (e) 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 schedule) 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.

2. For the purposes of sub-paragraph 1(e)(i), section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£250,000" 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 sub-paragraph 1(e)(i) 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. In accordance with section 6(8A) of the 1989 Act, the Licensee ceases to hold this Licence if the Licensee ceases to hold a licence under section 7AA of the Gas Act 1986.