

ELECTRICITY LICENCE APPLICATION REGULATIONS A CONSULTATION PAPER

1. INTRODUCTION AND BACKGROUND

Introduction

- 1.1 The Utilities Act 2000 ('the 2000 Act') creates a requirement to update the procedures for application for electricity licences. It envisages a new Statutory Instrument setting out how to apply for generation, transmission, distribution and supply licences. The new secondary legislation will be based on that currently in force, but will reflect changes in primary legislation, and recent developments in electricity markets.

Background

- 1.2 Section 4 of the Electricity Act 1989 ('the 1989 Act') prohibits certain activities unless they are authorised by licence or exemption. The prohibited activities in electricity have been generation, transmission, and supply (including public electricity supply, and second tier (or 'private') supply). The Electricity (Applications for Licences and Extensions of Licences) Regulations 1990 ('the Regulations') provide a mechanism for participants in the electricity supply industry to secure the requisite licences.
- 1.3 The Regulations constitute a relatively user-friendly guide to making a licence application, incorporating forms of application as schedules. They set out what documents should accompany the application, and what fees are payable.
- 1.4 The 2000 Act abolishes the concept of Public Electricity Suppliers (PESs), creating a separate, activity of electricity distribution, authorised by licence or exemption¹. The distinction between PES tariff supply and second tier supply will disappear, to be replaced by a single licensable activity of supply. This will necessitate changes, in Secondary Legislation, to create a licence application mechanism for the prohibited activities of:
- generation;
 - transmission;
 - distribution; and
 - supply.

¹ DTI will be making a Statutory Instrument on the distribution exemption.

- 1.5 The replacement for the Regulations must be ready before commencement of those parts of the 2000 Act relating to the new prohibited activities.
- 1.6 A main policy objective of the 2000 Act is to secure, where possible, alignment of the regulatory arrangements for the electricity and gas industries. This is an opportunity to align the Regulations with the regulations governing applications for gas licences².
- 1.7 The new Regulations will have to reflect the abolition of the post of Director General of Electricity Supply, and the creation of the Gas and Electricity Markets Authority as the new regulator.

2. RECOMMENDATION

- 2.1 Ofgem's proposed text for the new Regulations is attached, as an annex to this paper.
- 2.2 Ofgem considers that, for the convenience of applicants, it would be helpful to retain all the relevant information in one document. Simply to enact amendment regulations might be confusing to those who will have the greatest interest in this secondary legislation. Any avoidable complexity or lack of clarity would have implications for regulatory resources expended in assisting applicants. We therefore propose that the existing Regulations should be repealed, and replaced by the new, comprehensive Statutory Instrument of which the attached is a draft.
- 2.3 Although we are proposing a new Statutory Instrument, much of its content will be similar to that of the existing Regulations.
- 2.4 Schedule 4 to the draft Regulations sets out revised licence application fees. There has been no revision of application fees since the current Regulations were made, in 1990³. The current fees no longer reflect the costs of processing applications. The proposed fees reflect the level of expertise and the staff time likely to be required. The fees will only recover costs. They fulfil no purpose beyond the scope of the Regulations, which do not, of themselves, seek to achieve any other policy purpose. The fees are not intended to encourage or discourage any particular behaviour by interested parties.
- 2.5 The Treasury's 'Fees and Charges Guide' sets out the rules applying to charges for the provision of licences, which is a 'Statutory Service' (as opposed to a service provided commercially). Such charges must be so set as to recover full costs, including an appropriate share of overheads. The proposed increases are set out in the following table.

² The Gas (Applications for Licences and Extensions and Restrictions of Licences) Regulations 1996 require only minor amendment as a result of the 2000 Act. We shall be consulting separately on those amendments.

³ Ofgem is also reviewing the gas licence application fees, which have been unchanged since 1996. They will be covered in the separate consultation on the gas licence application regulations.

Serial	Licence type	Present application fee	Proposed application fee
		£	£
1	Public electricity supply licence	500	Not applicable
2	Transmission licence	500	2000
3	Private electricity supply licence	100	Not applicable
4	Generation licence	100	800
5	Distribution licence	Not applicable	2000
6	Non-domestic supply licence	Not applicable	800
7	Supply licence including domestic premises	Not applicable	1,500
8	Licence extensions	50	600

2.6 Although some of these increases are considerable, they reflect the present costs of processing licence applications. For example, the present fee for a private ('second tier') supply licence is only £100. The proposal is that this should rise to £800 for non-domestic⁴ and £1,500 for domestic supply. By comparison, the current application fee for a domestic gas supply licence is £1,000.

2.7 The draft Regulations contain references to the new standard licence conditions. Although Ofgem consulted on those conditions in February 2000, they have yet to be formally determined, and may change over the coming months. References to the standard conditions are therefore given in square brackets.

3. PURPOSE OF THE CONSULTATION

3.1 The purpose of this consultation is to seek views as to the suitability of the attached draft Regulations. While we welcome the views of interested parties on any aspect of them, we should be particularly interested in comments on:

- their workability;
- their comprehensibility (particularly to potential new entrants);
- whether they meet the needs of applicants; and
- whether they succeed in balancing the burden of making an application with the regulator's requirement for information.

4. STAKEHOLDERS

4.1 Considering them to have a significant interest in the new Regulations, we have sent copies of this consultation paper to:

- existing electricity and gas licensees;
- persons having a licence application pending (under the existing Regulations);

⁴ Presently, the term 'designated customer' is used in the electricity sector. Ofgem is consulting separately on the appropriate definition of smaller customers who should receive certain additional regulatory safeguards. The decision as to whether the term 'domestic' or 'designated' will be used will depend on the outcome of that consultation.

- the Electricity Association;
- the Association of Electricity Producers;
- the Association of Independent Gas Transporters;
- the Association of British Gas Industries;
- the Combined Heat and Power Association;
- the electricity consumers' committees;
- the Gas Consumers' Council;
- the Public Utilities Access Forum; and
- Department of Trade and Industry (Energy Utilities Directorate)

5. FUTURE ACTION

Handling of responses

- 5.1 In accordance with our normal practice, we intend to make responses to this consultation publicly available, through the Ofgem Library. However, if asked to do so, we shall respect the confidentiality of any response. Respondents wishing their responses to remain confidential should clearly mark the documents to that effect.

Timetable for the consultation

- 5.2 The deadline for responses is Friday, 20 October 2000.
- 5.3 We currently plan to make the regulations at the same time as the prohibition on the unauthorised distribution of electricity comes into force.
- 5.4 Responses to this consultation should be sent to:

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STATUTORY INSTRUMENTS

[2001 No.]

ELECTRICITY

The Electricity (Applications for Licences and Extensions and Restrictions of Licences) Regulations [2001]

Made - - - - - [31st March 2001]

Coming into force [1st April 2001]

The Authority, in exercise of the powers conferred on it by sections 6A(2), (3) and (6), 60 and 64(1) of the Electricity Act 1989(a), and of all other powers enabling it in that behalf, hereby makes the following Regulations—

Citation and commencement

1. These Regulations may be cited as the Electricity (Applications for Licences and Extensions and Restrictions of Licences) Regulations [2001] and shall come into force on [1st April 2001].

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires—

“the 2000 Act” means the Utilities Act 2000(b);

“the Act” means the Electricity Act 1989;

“application” means an application for a licence, an application for an extension of a licence or an application for a restriction of a licence under the Act; and references to an application in respect of a licence shall be construed accordingly;

“the Authority” means the Gas and Electricity Markets Authority established by section 1 of the 2000 Act;

“distribution licence” means a licence granted or to be granted under section 6(1)(c) of the Act;

“domestic premises” means premises used wholly or mainly for domestic purposes;

(a) 1989 c.29

(b) 2000 c.27

“extension”, in relation to a supply licence, means an extension of the licence under section 6(4) of the Act and, in relation to a distribution licence, means an extension of the licence under section 6(6) of the Act;

“generation licence” means a licence granted or to be granted under section 6(1)(a) of the Act;

“restriction”, in relation to a supply licence, means a restriction of the licence under section 6(4) of the Act, in relation to a distribution licence, means a restriction of the licence under section 6(6) of the Act;

“supply licence” means a licence granted or to be granted under section 6(1)(d) of the Act; and

“transmission licence” means a licence granted or to be granted under section 6(1)(b) of the Act.

(2) In these Regulations, unless the context otherwise requires, a reference to a standard condition is a reference to a standard condition in relation to licences under section 6(1)(a), (b), (c) and (d) of the Act which is determined under section 33(1) of the 2000 Act, subject to such modifications of the standard conditions made under Part I of the Act after the determination under that section.

(3) Unless the context otherwise requires, other expressions appearing in these Regulations shall have the same meaning, if any, as they have in Part I of the Act.

(4) In these Regulations, unless the context otherwise requires—

- (a) any reference to a numbered regulation or Schedule is a reference to the regulation or Schedule bearing that number in these Regulations; and
- (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the regulation in which the reference occurs.

Manner of application

3. An application shall be—

- (a) made in writing, addressed to the Authority and delivered or sent by prepaid post to the Authority at its principal office; and
- (b) signed and dated by or on behalf of the applicant, stating, where signed on behalf of the applicant, the capacity of the signatory.

Form of application

4. An application shall-

- (a) be in the form specified in Schedule 1 or a form to the like effect, and shall contain the information there specified; and
- (b) be accompanied by the information and documents specified in Schedule 2.

Additional information and documents to accompany application

5.—(1) Subject to paragraphs (2) and (3)—

- (a) an application in respect of a generation licence shall be accompanied by the information and documents specified in Part I of Schedule 3;
- (b) an application in respect of a transmission licence shall be accompanied by the information and documents specified in Part II of Schedule 3;
- (c) an application in respect of a distribution licence shall be accompanied by the information and documents specified in Part III of Schedule 3; and

- (d) an application in respect of a supply licence shall be accompanied by the information and documents specified in Part IV of Schedule 3.

(2) The obligation imposed by paragraph (1) shall, to the extent that information and documents are specified in Schedule 3 by reference to, or in relation to, a standard condition, apply-

- (a) subject to paragraph (3), in the case of an application for a licence, as if the standard condition in question were to be included and have effect in any licence granted as a result of the application;
- (b) in the case of an application for an extension or restriction of a licence, in relation to such of the standard conditions in question as have been included and have effect in the licence.

(3) Where a modification to any standard condition is requested in accordance with paragraph 3 of Schedule 1, the obligation imposed by paragraph (2)(a) above shall be modified accordingly.

Application fees

6.-(1) Subject to paragraph (2), each application of the description specified in column 1 of Schedule 4 shall be accompanied by the corresponding fee specified in column 2 of that Schedule.

(2) Where more than one such fee would, apart from this paragraph, be payable in respect of a particular application, only the higher or highest such fee, as the case may be, shall be payable.

Notice of applications

7.-(1) The period prescribed for the purpose of section 6A(3) of the Act (notice of applications) is seven days.

(2) The notice of application to be published within the prescribed period shall be published-

- (a) in the London Gazette; and
- (b) except in the case of an application which-
- (i) relates solely to premises in any part of England and Wales; or
- (ii) if it is for the extension or restriction of a licence, is made in respect of a licence which relates solely to such premises,

in the Edinburgh Gazette.

(3) Notice of an application in respect of a generation licence shall also be published within the prescribed period, in such newspapers as are calculated to ensure that the notice is circulated throughout every area in which is or may be located any generating station to be operated under the licence.

(4) Notice of an application in respect of a transmission licence shall also be published within the prescribed period, where the application relates to the transmission of electricity in an authorised area, in such newspapers as are calculated to ensure that the notice is circulated throughout that area.

(5) Notice of an application in respect of a distribution licence shall also be published within the prescribed period, where the application relates to the distribution of electricity in any area or only in an area specified, in such newspapers as are calculated to ensure that the notice is circulated throughout that area.

(6) Notice of an application in respect of supply licence which would authorise, or authorises, the supply of electricity to domestic premises shall also be published within the prescribed period –

- (a) where the application relates to premises of a specified description and is not limited to premises situated in an area specified in the application, in such newspapers as are calculated to ensure that the notice is circulated throughout Great Britain;
- (b) where the application relates to premises situated in an area specified in the application, in such newspapers as are calculated to ensure that the notice is circulated throughout that area;
- (c) where the application relates to particular premises, in such newspapers as are calculated to ensure that the notice is circulated throughout the area or areas in which those premises are situated.

(7) The applicant shall deliver, or send by prepaid post, a copy of the London and, if applicable, Edinburgh Gazettes and of each newspaper in which notice of the application is published in accordance with this regulation to the Authority at its principal office.

(8) In this regulation “the prescribed period” means the period referred to in paragraph (1).

The Gas and Electricity Markets Authority

[date made by the Authority]

**FORM OF APPLICATION IN RESPECT OF A GENERATION LICENCE,
TRANSMISSION LICENCE, DISTRIBUTION LICENCE OR SUPPLY LICENCE
UNDER THE ELECTRICITY ACT 1989**

GENERAL PARTICULARS

1. State—

(1) name and address of applicant in full; in the case of a partnership or other joint venture (other than a body corporate), give the names and addresses of each party concerned

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(2) name, address and telephone number of person to whom correspondence or enquiries concerning the application should be directed

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(3) whether the application is in respect of a generation licence, a transmission licence, distribution licence or a supply licence(a)

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(4) whether the application is for a licence, an extension of a licence or a restriction of a licence(b)

.....

(5) The date from which the licence or extension or restriction is desired to take effect.

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2.—(1) State whether the applicant is a public limited company, private limited company, overseas company, other body corporate, partnership, unincorporated association, sole trader or other entity (and in the last case give particulars of the legal status).

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(a) Application may not be made on the same form in respect of more than one of these types of licence.

(b) Application may not be made for an extension or restriction of a transmission or generation licence.

(2) If the applicant is a body corporate, state

(a) the jurisdiction under which it is incorporated

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(b) if applicable, its registered number

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(c) the full names and addresses of its current directors (including any shadow directors within the meaning of section 741 of the Companies Act 1985(a)) or, where applicable, the corresponding officers

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(d) the name and registered office of any holding company (within the meaning of section 736 of the Companies Act 1985) of the applicant and the name and registered or principal office of any parent undertaking (within the meaning of section 258 of that Act) of the applicant.

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(3) If the applicant is neither a body corporate nor a sole trader, give the name(s) and address(es) of the person or persons in whom effective control of the applicant rests.

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(4) Where any person (other than a person whose name is given at paragraph 2(2)(d) or paragraph 2(3) above) holds 20 per cent or more of any class of the shares(b) of the applicant,

(a) 1985 c.6

(b) Reference to shares -

- (i) in relation to an applicant with share capital, are to allotted share;
- (ii) in relation to an applicant with capital but no share capital, are rights to share in the capital of the applicant;
- (iii) in relation to an applicant without capital, are to interests -
 - (a) conferring any right to share in the profits or liability to contribute to the losses of the applicant; and
 - (b) giving rise to an obligation to contribute to the debts or expenses of the applicant in the event of a winding up.

give the name and address of each such person, specifying in each case the number of shares so held and the percentage of the aggregate number of shares of that class represented thereby.

.....
.....

(5) Give particulars of any licences under the Act or the Gas Act 1986(a) held, applied for (whether or not successfully) or intended to be applied for by the applicant or (so far as is known to the applicant) by any person who is a related person in relation to the applicant(b).

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DETAILS OF APPLICATION

3. If the application is for a licence describe—

- (a) any modification requested to any of the standard conditions for the type of licence for the purposes of section 8A(2) of the Act; and
- (b) the grounds on which the applicant believes that—
 - (i) any such modification is requisite to meet the circumstances of the particular case; and
 - (ii) any such modification is such that -
 - (a) the licence holder would not be unduly disadvantaged in competing with other holders of licence of that type; and
 - (b) no other holder of a licence of the same type would be unduly disadvantaged in competing with other holders of such licences (including the applicant).

(a) 1986 c.44

(b) In this sub-paragraph “related person” means-

- (i) in relation to an applicant who is an undertaking within the meaning of section 259 of the Companies Act 1985 (“the principal undertaking”), a parent or subsidiary undertaking of the principal undertaking or a subsidiary undertaking of a parent undertaking of the principal undertaking, in each case within the meaning of section 258 of that Act; and
- (ii) in relation to any applicant (including such an undertaking), a connected person of the applicant within the meaning of section 286 of the Taxation of Chargeable Gains Act 1992 (c.12).

DOCUMENTS AND OTHER INFORMATION TO ACCOMPANY AN APPLICATION(a)

Financial Information

1. Where the applicant is a company, the documents specified in sub-paragraph (1) and, if the applicant is a subsidiary undertaking, also those specified in sub-paragraphs (2) and, if applicable, (3) below.
 - (1) Copies of-
 - (a) the most recent audited annual report and accounts of the applicant in respect of which an auditors' report has been prepared, together with that auditors' report;
 - (b) the audited annual report and accounts of the applicant for the two financial years preceding that to which the accounts referred to in sub-paragraph (a) above relate, together with the appropriate auditors' reports; and
 - (c) such interim accounts and management accounts (whether audited or not) as may have been prepared in respect of a period more recent than that covered by any of the documents specified in sub-paragraphs (a) and (b) above.
 - (2) Copies of-
 - (a) the most recent audited annual accounts in respect of the group of which the subsidiary undertaking forms part and in respect of which an auditors' report has been prepared, together with that report;
 - (b) the audited annual accounts in respect of that group for the two financial years preceding that to which the accounts referred to in sub-paragraph (a) above relate, together with the appropriate auditors' reports; and
 - (c) such interim accounts and management accounts for that group (whether audited or not) as may have been prepared in respect of a period more recent than that covered by any of the documents specified in sub-paragraphs (a) and (b) above.
 - (3) If the documents specified in sub-paragraph (2) above do not include the consolidated audited annual accounts for any parent undertaking or subsidiary undertaking of the applicant established outside Great Britain, copies of such reports, accounts, together with any auditors' reports, as indicate the financial state of affairs of the group in question-
 - (a) at the time of the application; and
 - (b) at the end of each of the three financial years preceding that time.
2. Where the applicant is not a company, such accounts and other information as indicate the financial state of affairs of the applicant and its profit and loss, and the statements for the most recent period, together with copies of the latest audited annual accounts where such accounts have been prepared, and of any person in whom effective control of the applicant resides -

(a) In paragraphs 1 to 4 and 8 below, if the application is for an extension or restriction of a licence, information and documents need only be given in so far as, in any material respect, they differ from or add to the most recent information or documents which were provided in relation to the same requirement -

- (i) with an application made by the applicant in accordance with these Regulations; or
- (ii) subsequent to such an application in pursuance of a condition of the applicant's licence.

- (a) at the time of the application; and
- (b) at the end of each of the three financial years preceding that time.

3. Where any of the documents mentioned in paragraph 1 or, where applicable, paragraph 2 above is not supplied, an explanation of why it is not supplied together with such financial information to the like effect as can reasonably be supplied.

4. A statement giving such further particulars (if any), whether by way of financial projections, sources of finance or otherwise, as will, in conjunction with such information and documents as is provided in accordance with paragraphs 1, 2, or 3 above, indicate whether the applicant would be likely to be able to finance the activities authorised by its licence if the application were granted.

Proposed business

5. An outline statement of the business proposals, for that business of the applicant to which the application relates, for the next five years including annual forecasts of costs, sales and revenues and project financing, stating the assumptions underlying the figures provided. (The statement of the first year's forecasts of costs, sales and revenues and project financing to be broken down on a month by month basis.)

6. Details of any expected subsequent substantial capital outflows including major decommissioning costs.

7. Estimates of net annual cash flows for subsequent periods sufficient to demonstrate the financial security and feasibility of the project(s) to which the application relates.

Expertise of applicant

8. A statement giving such particulars of the applicant, and of any sub-contractors or other persons on whose expertise the applicant proposes to rely, as may indicate whether the applicant has or will acquire the necessary skills to undertake the activities in respect of which the application is made.

Interpretation

7. In this Schedule -

“annual accounts” has the meaning given by section 262(1) of the 1985 Act and shall be construed in accordance with section 261(2) of that Act;

“auditors’ report” means a report prepared under section 235(1) of the 1985 Act;

“company” means

- (i) a company within the meaning of section 735 of the 1985 Act; or
- (ii) a body corporate, incorporated in and having a principal place of business in Great Britain, other than a body corporate mentioned in section 718(2) of the 1985 Act;

“group” has the meaning given by section 262 of the 1985 Act;

“group accounts” means such accounts as are required to be prepared by section 227 of the 1985 Act, or, as the case may be, delivered under section 228(2)(e) of that Act, together with any accounts required to be delivered in accordance with section 243(2) of that Act;

“parent undertaking” and “subsidiary undertaking” have the meanings given by section 258 of the 1985 Act; and

“the 1985 Act” means the Companies Act 1985.

PART I

FURTHER INFORMATION AND DOCUMENTS TO ACCOMPANY AN APPLICATION
IN RESPECT OF A GENERATION LICENCE

1. Provide a sufficient description adequately specifying **(a)** the actual or proposed location of each generating station intended to be operated under the licence (if granted). Description of proposed location must be sufficient to make clear the nature and extent of the proposed development.

2. Provide a statement of -

- (a) the number of generating stations to be operated;
- (b) a description of how each of those stations will, in each case, be fuelled or driven;
- (c) the date when any proposed generating stations are expected to be commissioned;
- (d) the maximum power (MW) for each of the next five years expected to be available from each generating station at any one time and the aggregate power (MW) expected to be available from each generating station during any year (Exclude (in each case) such wattage as is expected to be consumed at the station);
- (e) the expected life of each generating station;
- (f) for each generating station for each of the next five years, the numbers of generating units and the capacity of each generating unit; and
- (g) particulars of the person or persons to whom the applicant intends for each of the next five years to provide electricity and particulars of the distribution of that electricity, including details of the lines to be constructed.

3. Map or maps sufficient to identify the location of all generating stations to which the application relates;

4. A statement of the extent (if any) to which the applicant considers it necessary for powers under Schedule 3 (compulsory acquisition of land etc) and under Schedule 4 (other powers etc) to the Act to be given through the licence for which he is applying.

(a) The description should enable the areas, location or premises concerned to be adequately and readily identified by map if the applicant so desires or by any other convenient means.

PART II

FURTHER INFORMATION AND DOCUMENTS TO ACCOMPANY AN APPLICATION IN RESPECT OF A TRANSMISSION LICENCE

1. Provide a sufficient description adequately specifying(a) the actual or proposed locations of the electric lines and electrical plant constituting the intended transmission system, and the area to which the application relates.
2. An indication of the extent to which, and the locations in which, those lines are or will be placed underground.
3. An identification of the voltages of the electrical lines forming part of the intended transmission system.
4. Provide a statement of -
 - (a) particulars of the person or persons from whom, and the points at which, the applicant expects for each of the next five years to receive the electricity which he will transmit; particulars of the transmission of the electricity; particulars of the expected off-take points; and quantities,
 - (b) interconnections to other transmission systems,
 - (c) proposed metering arrangements,
 - (d) schedule of generating plant owned by the applicant including pumped storage, clutched gas turbine generators and synchronous compensators,
 - (e) forecast annual maximum demands for each of the next five years in his transmission system (GW) and energy (GWh) to be transmitted,
 - (f) summary large scale map, together with detailed maps providing information on areas where activities are concentrated as necessary,
 - (g) a single line diagram of the transmission system should be provided. All transmission voltage levels (400 and 275 kV in England and Wales and 400, 275 and 132 kV in Scotland) should be shown on the diagram;
5. A description of the applicant's proposed arrangements for compliance with the applicable requirements of standard conditions [10] (Basis of Charges for Use of System and Connection to System Requirements for Transparency), [10B] (Requirement to offer terms), [11] (Basis of charges for Use of Interconnectors and Requirement to offer terms), [12] (Transmission System Security Standard and Quality of Service), [B.1] (Basis of Charges for Use of Scottish Interconnectors) and [B.3] (Requirement to offer terms).
6. A description of the applicant's proposed arrangements for compliance with the [continuity of supply] requirements in the [Electricity Supply Regulations](b).

(a) The description should enable the areas, location or premises concerned to be adequately and readily identified by map if the applicant so desires or by any other convenient means.

(b) SI 1988/1057 (amended by Electricity Supply (Amendment) Regulations 1990 (SI 1990/390, Electricity Supply (Amendment) Regulations 1992 (SI 1992/2961), Electricity Supply (Amendment) Regulations 1994 (SI 1994/533), Electricity Supply (Amendment)(No.2) Regulations 1994 (SI 1994/3021), Gas Act 1995 (Consequential Modifications of Subordinate Legislation) Order 1996 (SI 1996/252), Electricity Supply (Amendment) Regulations 1998 (SI 1998/2971), and [Electricity Supply (Amendment) Regulations 2001 (SI 2001/??)])

PART III

FURTHER INFORMATION AND DOCUMENTS TO ACCOMPANY AN APPLICATION IN RESPECT OF A DISTRIBUTION LICENCE^(a)

1. Provide a sufficient description adequately specifying^(b) the actual or proposed location of the system of electric lines and electrical plant by means of which the applicant intends to enable a supply of electricity to be given, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owned by or otherwise in the possession or control of the applicant, and the area to which the application relates.

2. A statement to the extent (if any) to which the applicant considers it necessary for powers under Schedule 3 (compulsory acquisition of land etc.) and under Schedule 4 (other powers etc.) to the Act to be given through the licence for which he is applying.

3. Provide a statement of -

- (a) particulars of the person or persons from whom the applicant intends for each of the next five years to acquire the electricity which he will distribute, particulars of the arrangements made for distribution of electricity; particulars of the expected off-take points; and quantities.
- (b) forecast annual maximum demand for each of the next five years in his distribution system (MW) and energy (GWh) to be distributed,
- (c) details of the voltage levels and types (AC or DC), and frequency of operation. Include details of expected circuit length per voltage level for each of the next five years;
- (d) details of estimated connections per voltage level;
- (e) details of any existing or proposed embedded generating station, including location, type, the maximum power (MW) for each of the next five years expected to be available from each generating station at any one time, and the aggregate power (MW) for each of the next five years expected to be available from each generating station during any year. Exclude (in each case) such wattage as is expected to be consumed at the station; and
- (f) detailed map or maps, to scale sufficient to show clearly the area to which the application relates. This should include the distribution system above 11kV, location of infeeds (Grid Supply Points), overhead lines, interconnectors, cable routes and associated substations. Showing which lines, cables and substations are to be constructed and which are already in existence.

4. A map drawn to an appropriate scale showing the actual or proposed configuration of the distribution system the applicant would operate if the application were granted, showing—

- (i) all electric lines and electrical plant effecting connection to the system operated by the other authorised distributor; and

(a) In this Part of this Schedule, if the application is for an extension or restriction of a licence, information and documents need only be given in so far as, in any material respect, they differ from or add to the most recent information or documents which were provided in relation to the same requirement -

- (i) with an application made by the applicant in accordance with these Regulations; or
 - (ii) subsequent to such an application in pursuance of a condition of the applicant's licence.
- (b) The description should enable the areas, location or premises concerned to be adequately and readily identified by map if the applicant so desires or by any other convenient means.

- (iii) all points through which it is proposed that electricity would be conveyed to the applicant's distribution system.

5. Such particulars as will indicate whether any distribution system through which the applicant would be authorised to convey electricity if the application were granted would be operated safely.

6. Particulars of the applicant's proposed arrangements to secure the performance of any obligations in relation to supplies of electricity illegally taken imposed on him by paragraph 4 of Schedule 6 to the Act.

7. Particulars of the applicant's proposed arrangements for compliance with the applicable requirements of standard conditions [5] (Basis of charges for Use of System and connection to system: requirements for transparency), [5B] (Requirement to offer terms for Use of System and connection), [6] (Distribution System Planning Standard and Quality of Service), [7] (Safety and Security of Supplies Enquiry Service), [8] (Provision of Information about theft, abstraction of electricity, damage and meter interference), [9] (Provisions relating to the connection of Metering Equipment), [10] (Distribution Code) and [22] (Code of Practice on procedures with respect to site access).

8. A description of the applicant's proposed arrangements for compliance with the [continuity of supply] requirements in the [Electricity Supply Regulations].

Restriction of a distribution licence

9. If the application is for a restriction of a licence-

- (a) an estimate of-
 - (i) the total number of premises to which the applicant distributes electricity at the time of the application and which the applicant would cease to distribute if the application were acceded to ("relevant premises");
 - (ii) the aggregate maximum demand (MW) which the applicant reasonably expects to be distributed to the relevant premises in the twelve months following the application; and
 - (iii) the number of premises to which the applicant would distribute electricity, and the aggregate maximum demand (MW) which would be distributed to those premises by him, in each of the three years following the coming into effect of the restriction if the application were acceded to; and
- (b) unless there are, at the date of the application, no relevant consumers (within the meaning set out in sub-paragraph (c) below) in relation to the applicant, a description of the applicant's proposed arrangements to ensure compliance with section 16 of the Act (ensuring the connection of all such relevant consumers is maintained).
- (c) For the purposes of sub-paragraph (b), a person is a relevant customer if –
 - (i) immediately before the restriction takes effect, he is connected to the distribution system of the holder of the licence; and
 - (ii) his premises are to be excluded from the licence by the restriction.

PART IV

FURTHER INFORMATION AND DOCUMENTS TO ACCOMPANY AN APPLICATION IN RESPECT OF A SUPPLY LICENCE(a)

1. A supply licence may authorise the holder to supply electricity –

- (a) to any premises;
- (b) only to premises specified in the licence, or to premises of a description so specified;
or
- (c) only to any premises situated in a specified area, or to premises of a specified description which are so situated. (section 6(3) of the Act)

Provide a sufficient description adequately specifying(b) the premises or a description of the premises and the location of the premises intended to be supplied, and, in the case of application that relates to (c) above, also the specified area. Also state whether the application relates to domestic premises.

2. For all applications for supply licences, or extensions of such licences, state whether the licence or extension is to authorise the supply of electricity to premises to which it is conveyed by a distributor, and if not give details of any exemption under section 5 of the Act under which the electricity is or will be conveyed to the premises.

3 Provide a statement of -

- (a) particulars of the person or persons from whom the applicant intends for each of the next five years to acquire the electricity which he will supply;
- (b) approximate number and expected maximum demand of customers for each of next five years;
- (c) forecast annual maximum demand (MW) and energy (GWh) to be supplied for each of the next five years;
- (d) where the application is for an extension to a supply licence, the annual quantity of electricity supplied by the applicant under the existing licence(s); and
- (e) detailed map or maps, to scale sufficient to show clearly the area to which the application relates.

Supply to domestic premises

4. If the application relates to the supply of electricity to domestic premises -

- (a) particulars, where appropriate, of the bond, other instrument or arrangements proposed to be taken out or made by the applicant in accordance with standard condition [32] (Last resort supply: security for payments);
- (b) a draft copy of the scheme proposed to be made by the applicant under paragraph 3 of Schedule 6 to the Act (Deemed contracts in certain cases);

(a) In this Part of this Schedule, if the application is for an extension or restriction of a licence, information and documents need only be given in so far as, in any material respect, they differ from or add to the most recent information or documents which were provided in relation to the same requirement -

- (i) with an application made by the applicant in accordance with these Regulations; or
- (ii) subsequent to such an application in pursuance of a condition of the applicant's licence.

(b) The description should enable the areas, location or premises concerned to be adequately and readily identified by map if the applicant so desires or by any other convenient means.

- (c) particulars of the applicant's proposed arrangements for compliance with the applicable requirements of standard conditions [10] (duty to offer terms for meter provision), [18] (Procedures for the detection and prevention of theft, abstraction of electricity, damage and meter interference), [19] (Reading and inspection of meters), [29] (Duty to supply Designated Customers), [33] (Code of Practice on payment of bills and Guidance for dealing with customers in difficulty, [35] (Provision of services for persons who are of pensionable age of disabled or chronically sick), [36] (Provision of services for persons who are blind or deaf), [37] (Code of Practice on procedures with respect to site access), [38] (Efficient use of electricity), [40] (Record of and report on performance), [41] (Preparation, review of and compliance with Customer Service Codes) and [45] (Contractual Terms - methods of payment); and
- (d) a description of the applicant's proposed arrangements for compliance with the [continuity of supply] requirements in the [Electricity Supply Regulations].

Supply of electricity to premises which are not domestic premises

5. If the application relates to the supply of electricity to any premises which are not domestic premises –

- (a) a draft copy of the scheme proposed to be made by the applicant under paragraph 3 of Schedule 6 to the Act (Deemed contracts in certain cases);
- (b) particulars of the applicant's proposed arrangements for compliance with the applicable requirements of standard conditions [10](duty to offer terms for meter provision), [18](Procedures for the detection and prevention of theft, abstraction of electricity, damage and meter interference); and
- (c) a description of the applicant's proposed arrangements for compliance with the [continuity of supply] requirements in the [Electricity Supply Regulations].

Restriction of a supply licence

6. If the application is for a restriction of a licence-

- (a) an estimate of-
 - (i) the total number of premises to which the applicant supplies electricity at the time of the application and which the applicant would cease to supply if the application were acceded to ("relevant premises");
 - (ii) the aggregate maximum demand (MW) which the applicant reasonably expects to be supplied to the relevant premises in the twelve months following the application; and
 - (iii) the number of premises to which the applicant would supply electricity, and the aggregate maximum demand (MW) which would be supplied to those premises by him, in each of the three years following the coming into effect of the restriction if the application were acceded to; and
- (b) unless there are, at the date of the application, no relevant consumers (within the meaning set out in sub-paragraph (c) below) in relation to the applicant, a description of the applicant's proposed arrangements under standard condition [27A (Restriction or revocation of licence: securing continuity of supply)] for -
 - (i) ensuring continuity of supply for all such relevant consumers; and
 - (ii) in the case of each such consumer who is supplied with electricity in pursuance of a contract (which does not include any contract which, by virtue of paragraph 3 of Schedule 6 to the Act, is deemed to have been made), securing such continuity on the same terms as nearly as may be as the terms of the contract.

- (c) For the purposes of sub-paragraph (b), a person is a relevant customer if –
 - (i) immediately before the restriction takes effect, he is being supplied with electricity by the holder of the licence; and
 - (ii) his premises are to be excluded from the licence by the restriction.

SCHEDULE 4

Regulation 6

APPLICATION FEES

COLUMN 1	COLUMN 2
<i>Description of application</i>	<i>Fee payable, £</i>
<i>Generation</i>	
Application for licence	800
<i>Transmission</i>	
Application for licence	2,000
<i>Distribution</i>	
1. Application for licence to distribute electricity within an authorised area	2,000
2. Application for an extension or restriction	600
<i>Supply</i>	
1. Application for licence (not including authorisation to supply electricity to domestic premises)	800
2. Application for licence including authorisation to supply electricity to domestic premises	1,500
3. Application for extension of a licence which includes authorisation to supply electricity to domestic premises	600
4. Application for any other extension or restriction	600

EXPLANATORY NOTE
(This note is not part of the Regulations)

These Regulations set out the information, and other documents that are required to be submitted with applications for electricity generation, transmission, distribution and supply licences (and for extensions or restrictions of supply and distribution licences) under the Electricity Act 1989, as amended by the Utilities Act 2000. They specify the form and manner of such applications. These Regulations also set out the manner in which applications are to be published.

These Regulations come into force on [1st April 2001]. Regulation 1 provides for the citation and commencement of the Regulations, and Regulation 2 provides for general interpretation.

Regulation 3 deals with the manner of applications.

Regulation 4 concerns the form of applications, and incorporates Schedules 1 and 2 that specify their form, and the information and documents to accompany them.

Regulation 5 specifies the additional information and documents to accompany regulations. It incorporates Schedule 3, which covers, respectively, applications for:

- generation licences, at Part I;
- transmission licences, at Part II;
- distribution licences, at Part III; and
- supply licences, at Part IV.

Regulation 6 incorporates Schedule 4, which specifies the fees payable in respect of applications.

Regulation 7 provides for the notice period and publication requirements for applications.