

**ENDURING MODIFICATIONS TO AMENDED STANDARD CONDITIONS AND SPECIAL
CONDITIONS OF ELECTRICITY TRANSMISSION LICENCE OF NATIONAL GRID
COMPANY PLC**

Note:

- 1** This document shows the proposed modifications to the standard conditions and the special conditions of NGC's transmission licence which it is anticipated the Secretary of State will make in exercise of her powers under Chapter 1 of Part 3 of the Energy Act 2004 (save that this document does not show deleted conditions).
- 2** The text of the proposed modifications to the standard conditions and the special conditions of NGC's transmission licence which it is anticipated the Secretary of State will make ("proposed designation text") is contained in a number of annexes (the "Annexes") which are also being published on this website today. (It is anticipated that annexes in the same form as the Annexes will form part of the direction from the Secretary of State to modify the standard conditions and the special conditions of NGC's transmission licence).
- 3** The attached document, which is being made available for information purposes only, is intended to show the proposed designation text in the context of the relevant licence conditions. It should not, however, be relied upon in any consideration of the proposed modifications, for which reference should be made to the proposed designation text referred to at paragraph 2 above.
- 4** There may be differences between the way the proposed modifications are shown in the attached documents and the way the proposed designation text is expressed in the Annexes. Any differences are unintentional and may be due to the software used to produce the attached documents.

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~~PART IV. THE SPECIAL CONDITIONS~~ SPECIALS. NGC

Special Condition A1: ~~Interpretation.~~ Definitions and interpretation

1. ~~Unless~~ In these special conditions unless the context otherwise requires:

"interconnector(s)" means the electric lines and electrical plant and meters owned or operated by the licensee solely for the transfer of electricity to or from the GB transmission system into or out of Great Britain.

"interconnector(s) business" means the business of the licensee or any affiliate or related undertaking in the operation of any interconnector.

~~2.~~ Subject to paragraph 1, unless the context otherwise requires, words and expressions used in the standard conditions of this licence shall bear the same meaning in these special conditions.

~~2-3.~~ Where a term is used in these special conditions and is also used in Section C of the standard conditions for electricity transmission licences then, unless the context otherwise requires, it shall have the same meaning in these special conditions as is ascribed to that term in Section C of the standard conditions.

~~3-4.~~ Any reference in these special conditions to:

- (a) a provision thereof;
- (b) a provision of the standard conditions of electricity transmission licences;
- (c) a provision of the standard conditions of electricity supply licences;
- (d) a provision of the standard conditions of electricity distribution licences;

- (e) a provision of the standard conditions of electricity generation licences;

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

Special Condition AA. Transmission area

England and Wales

Special Condition B. Activities restrictions

1. Subject to the provisions of paragraph 2 below (which are made in accordance with section 7(2A)(a) of the Act), the licensee is authorised by paragraph 1 of Part I of this licence to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.

2. The licensee shall not, outside its transmission area, obtain or obtain access to any assets comprising part of the GB transmission system which are intended for the purpose of conveying electricity except from another transmission licensee.

Special Condition C. Pooling and Settlement Agreement run-off

1. The licensee shall maintain for a minimum period of six years such records in respect of the period before the effective time of:

(a) generation sets and interconnector transfers available or declared as available;

(b) offer prices (including separate elements thereof) of generation sets and interconnector transfers declared as available;

(c) generation sets and interconnector transfers scheduled for despatch or despatched;

(d) ancillary services called for by the licensee and provided;

(e) kilowatt hours of electricity taken from the total system by any purchaser of electricity under the Pooling and Settlement Agreement; and

(f) imports and exports of electricity across any interconnector

as shall be reasonably necessary to give effect to the settlement system operated under the Pooling and Settlement Agreement.

2. The licensee shall give or send to any person requesting the same, but in each case only in respect of any 28 day period before the effective time:

(a) the bid prices (showing separately prices for start up, no-load heat and incremental heat rates) of each generation set and interconnector transfer offered in each period for which prices are bid over the preceding 28 days for despatch by any authorised electricity operator;

(b) declared (and, where different, actual) availability of generation sets (on a set-by-set basis) or interconnector transfers offered for despatch over the preceding 28 days by any authorised electricity operator; and

(c) the Pool Selling Price and the Pool Purchase Price as derived in respect of any period over the preceding 28 days pursuant to the terms of the Pooling and Settlement Agreement.

3. The licensee may make a charge for the information given or sent pursuant to paragraph 2 to any person not otherwise entitled to the same under the terms of the Pooling and Settlement Agreement of an amount which shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.
4. The licensee shall provide to the Authority such information as the Authority shall request concerning the merit order system or any aspect of its operation.
5. The obligations of the licensee under this condition in relation to the period before the effective time shall continue notwithstanding any termination of the Pooling and Settlement Agreement on or after the effective time.
6. In this condition:

"available"

in relation to any generation set or interconnector transfer means a generation set or interconnector transfer which is both

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

(b) declared as available for the generation of electricity in accordance with the provisions of the Pooling and Settlement Agreement.

"interconnector transfer"

means electricity generating capacity of an amount not exceeding the maximum capacity specified in any contract for use of the relevant interconnector as may at any time be available to generate electricity for transfer across the interconnector to the total system.

"licensee's Grid Code"

means the Grid Code which the licensee

was required to have in force prior to the effective time by condition 8 which was included in the licensee's transmission licence granted or treated as granted under section 6(1)(b) of the Act.

"licensing scheme"

means the scheme made by the Secretary of State under section 138 and Schedule 17 to the Energy Act 2004.

"merit order system"

means a system applying in the period before the effective time and establishing economic precedence of electricity from available generation sets or interconnector transfers to be delivered or transferred to the total system (subject to other system needs).

"scheme effective date"

means the date on which the licensing scheme was made.

"total system"

shall have the meaning given in standard condition C1 (Interpretation of Section C) which was included in the licence granted or treated as granted under section 6(1)(b) of the Act immediately prior to the scheme effective date.

Special Condition ~~AA1:D~~. Basis of ~~Charges~~charges for ~~Use~~use of ~~Interconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms

1. Charges for use of interconnector (s) shall be set at a level which will enable the licensee to recover no more than a reasonable rate of return on the capital represented by the interconnector (s).
2. On application made by any person (and subject to constraints imposed by the capacity of any interconnector(s) and the amount of that capacity already contracted to third parties) the licensee shall (subject to paragraph 3) offer to enter into an agreement for use of interconnector(s) to convey across any interconnector(s) electricity to be provided by or on behalf of such person.
3. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into an agreement with any person if:
 - (a) to do so would be likely to involve the licensee
 - (i) in breach of its duties under section 9 of the Act;
 - (ii) in breach of the conditions; or
 - (b) if the person making the application does not undertake to be bound by the terms of any code of general application or agreement made with the co-operator of any interconnector (s) governing the operation and maintenance of interconnector (s) approved for the time being by the Authority.
4. For the purposes of this condition:

"co-operator" means any person other than the licensee who owns assets which are used in conjunction with an interconnector (s) or who is able to exercise jointly with the licensee control over the use made of the interconnector (s).

Special Condition ~~AA1A:E~~. Non-discrimination in the ~~Provision~~provision of ~~Use~~use of ~~Interconnector~~interconnector(s)

1. In the provision of use of interconnector(s) the licensee shall not discriminate between any persons or class or classes of persons.
2. Without prejudice to paragraph 1, the licensee shall not make, provide, or offer to provide an agreement for use of interconnector(s) to any person or class or classes of persons on terms as to price which are materially more or less favourable than those on which it makes, provides or offers to provide an agreement for use of Interconnector(s) to any other comparable person or group of persons. For those purposes, due regard shall be had to the circumstances of provision, including volumes, conditions of interruptibility, and the date and duration of the agreement.
3. The licensee shall not in setting its charges for use of interconnector(s) restrict, distort or prevent competition in the transmission, supply, distribution or generation of electricity.
4. The licensee shall not be in breach of this condition where by reason of having previously granted use of interconnector(s), there is no further available capacity in respect of which to grant use of interconnector(s).

Special Condition ~~AA1B:F~~. Functions of the Authority

1. Upon the application of any person wishing to question the terms of an agreement for use of interconnector(s) offered pursuant to special condition ~~AA1D~~ (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) or required to be offered under the terms of any agreement previously entered into for use of interconnector(s) by the person or persons entitled to use thereunder or upon application of the licensee, the Authority may, pursuant to section 7(3)(c) of the Act, settle any terms of the agreement in dispute between the licensee and that person or between such persons (as the case may be) 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 performance by the licensee of its obligations under the agreement should not cause it to be in breach of those provisions referred to at paragraph 3 of special condition ~~AA1D~~ (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms); and
 - (b) that the terms and conditions of the agreement so settled by the Authority and of any other agreements entered into by the licensee pursuant to a request under special condition ~~AA1D~~ (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) or the person or persons entitled to use of interconnector(s) under any agreement previously made with the licensee (as the case may be) should be, so far as circumstances allow, in as similar a form as practicable.
2. In so far as any person entitled to an offer under special condition ~~AA1D~~ (Basis of ~~Charges~~charges for ~~Use~~use of ~~Intereconnector~~interconnector(s) and ~~Requirement~~requirement to ~~Offer~~offer ~~Term~~terms) 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.

Special Condition G. Prohibition on engaging in preferential or discriminatory behaviour

1. The licensee shall not, in meeting its obligations under this licence, unduly discriminate as between or unduly prefer any other transmission licensee or transmission licensees or unduly prefer itself over any other transmission licensee or transmission licensees.
2. When determining whether to use or refrain from using services provided by another transmission licensee pursuant to that other transmission licensee's transmission licence, the licensee shall apply the same or equivalent factors (and shall, in applying such factors, take into account any information available to it) that it applies when considering whether to undertake (or to refrain from undertaking) equivalent activities in its transmission area.
3. On notification by the Authority, the licensee shall keep and maintain such records concerning its compliance with this condition as are in the opinion of the Authority sufficient to enable the Authority to assess whether the licensee is complying with this condition and as are specified in any such notification, and the licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.

Special Condition H. Amended standard conditions

1. Standard condition A1 (Definitions and interpretation) shall be amended by the addition of the following text between the definitions of "relinquishment of operational control" and "Retail Price Index":

"remote transmission assets"

means any electric lines, electrical plant or meters in England and Wales owned by the licensee which:

(a) are embedded in a distribution system of an authorised electricity operator within the transmission area of the licensee and are not directly connected by lines or plant owned by the licensee to a sub-station owned by the licensee and

(b) are, by agreement between the licensee and such authorised electricity operator, operated under the direction and control of such authorised electricity operator.

and the following text between the definitions of "Section D (transmission owner standard conditions) Direction" and "statutory accounts":

"separate business"

means each of:

(a) the transmission business of the licensee:

and

(b) the interconnector(s) business of the licensee.

taken separately from one another and from any other business of the licensee, 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 other part of such business of the licensee (and of any other affiliate or related undertaking) so as to form a single separate business.

2. Standard condition A1 (Definitions and interpretation) shall be amended as follows:

- (a) by the addition of the following text after "and includes" in the definition of "distribution system": "remote transmission assets (owned by the licensee within England and Wales) operated by such distributor and any";
- (b) by the addition of the following text at the end of the definition of "GB transmission system": "but shall not include any remote transmission assets";
- (c) by the addition of the following text after "the transmission business" in paragraph (a) of the definition of "permitted purpose": "or the interconnector(s) business";
- (d) in the definition of "transmission business":
 - (aa) the following text shall be added as sub-paragraph (i): "any other separate business";
 - (bb) the existing sub-paragraphs (i) and (ii) shall be renumbered as (ii) and (iii) respectively;
 - (cc) the words "or commercial management" shall be inserted after "maintenance";

(dd) the words "the transmission owner activity," shall be inserted before "the balancing services activity"; and

(ee) in sub-paragraph (iii), the words "(not being a separate business)" are inserted after "any other business".

3. Standard condition B6 (Restriction on activity and financial ringfencing) shall be amended by the addition of the following text:

(a) at the end of paragraph 1:

"and the interconnector(s) business";

(b) at the end of paragraph 2(b):

"or the interconnector(s) business";

(c) at the end of paragraph 4(a)(i):

"and the interconnector(s) business";

(d) after "transmission business" and before "and business activities" in paragraph 4(b):

"and interconnector(s) business";

(e) after "transmission business" and before "as shown by" in paragraph 4(b)(i):

"and the interconnector(s) business"; and

(f) at the end of paragraph 4, after paragraph 4(d)(iii), insert additional text as follows:

"less the sum of:

the aggregate gross amount of all income (whether of a capital or revenue nature) howsoever received by the licensee in respect of such investment in all completed accounting reference periods since such accounting reference date."

4. Standard condition B6 (Restriction on activity and financial ringfencing) shall be amended as follows:

(a) in paragraph 4(b)(ii), the words "the date this condition comes into effect in the licensee's transmission licence" are deleted and the words "31 March 2001" are inserted; and

(b) in paragraph 4(d)(i), the words "the date this condition comes into effect in the licensee's transmission licence" are deleted and the words "31 March 2001" are inserted.

5. Standard condition B7 (Availability of resources) shall be amended by the addition of the following text:

(a) after the words "transmission business" in paragraph 1(a), insert the words: "and the interconnector(s) business";

(b) between "transmission business" and "including, without limitation," in paragraph 1(b):

"and the interconnector(s) business";

(c) between "transmission business" and "for a period of 12 months," in paragraph 2(a):

"and the interconnector(s) business";

(d) between "transmission business" and "for a period of twelve months" in paragraph 2(b):

"and the interconnector(s) business";

(e) after the words "transmission business" at the end of paragraph 2(b) insert the words "or the interconnector(s) business"; and

(f) between "transmission business" and "for a period of 12 months," in paragraph 2(c):

"and the interconnector(s) business".

6. Paragraph 1(d) of standard condition B9 (Indebtedness) shall be amended by deleting the words, "date this condition comes into effect in the licensee's transmission licence" and inserting the words "31 March 2001".

7. Standard condition C1 (Interpretation of Section C) shall be amended by the addition of the following text between the definition of "transmission network services" and the definition of "use of system":

"transmission owner activity" means

(i) the activity of the licensee or any affiliate or related undertaking relating to the medium to long term planning, development, construction, maintenance and commercial management of the licensee's transmission system or the GB transmission system which is remunerated under special condition AA5A Part 1, and

(ii) excluded services.

Draft Special Condition AA12: I. Restriction on Use of Information
deriving from the EnMo Business

1. The licensee shall procure that each ultimate holding company of the licensee which is also an ultimate holding company of EnMo (a "relevant ultimate holding company") shall give an undertaking in the form described in paragraph 5.
2. Without prejudice to the licensee's obligation under paragraph 1, any breach of the undertaking given pursuant to paragraph 1 shall be a breach by the licensee of the licence.
3. Any information, held by EnMo or any subsidiary or holding company of EnMo, or by any employee, agent, adviser, consultant, contractor, director or officer of EnMo or of any subsidiary or holding company of EnMo (each such legal or natural person being called an "Enmo source"), relating to volumes or prices of gas, electricity and related products or services, traded or to be traded in the course of EnMo business or relating to any of the parties to any such trade in relation thereto shall be confidential information ("EnMo confidential information").
4. Notwithstanding paragraph 3, the following information shall not fall within the definition of EnMo confidential information for the purpose of this **special** condition:-
 - (i) information which is in the public domain, other than through breach of the undertaking given pursuant to paragraph 1;
 - (ii) information solely in relation to trades by or on behalf of the licensee through the EnMo business (to the extent the same is properly disclosed to the licensee in the ordinary course of the EnMo business in compliance with all applicable laws, regulations and contracts);
 - (iii) information which is disclosed in accordance with the terms of any consent given by the Authority or by the person entitled to disclose it; or
 - (iv) information which EnMo is contractually obliged to provide to Transco plc pursuant to the Network Code or a contract entitled "Within Day Gas Market: Market Operator Appointment Contract dated 1 September 1999".

5. The licensee shall procure from each relevant ultimate holding company a legally enforceable undertaking in favour of the licensee that the relevant ultimate holding company shall use its best endeavours to ensure that no EnMo confidential information shall be disclosed to or otherwise howsoever come into the possession of the licensee whether directly or indirectly from an EnMo source. Such undertaking shall be obtained from each relevant ultimate holding company within seven (7) days of that company becoming a relevant ultimate holding company and shall remain in force so long as it remains a relevant ultimate holding company.
6. The licensee shall:
 - (a) deliver to the Authority evidence (including a copy of the undertaking) that the licensee has complied with the obligation to procure the undertaking pursuant to this ~~special~~ condition;
 - (b) inform the Authority immediately in writing if the directors of the licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached or that there has been a change in identity of a relevant ultimate holding company; and
 - (c) comply with any direction from the Authority to enforce any such undertaking.
7. In the event that any EnMo confidential information comes into the possession of the licensee, the licensee shall ensure that such information shall be treated as confidential, and shall not be used in any respect for the purpose of or in connection with the management or operation of its transmission business.
8. In this ~~special~~ condition:

"EnMo" means EnMo Limited, a company incorporated in England and Wales under the Companies Act 1985 (registered number 3751681) and having its registered office at 15 Marylebone Road, London, NW1 5JD.

"EnMo business"	means any business carried on by EnMo including, without limitation, the operation of the On-the-Day Commodity Market in gas operated by EnMo.
"information"	shall include, without limitation, any documents, accounts, estimates, returns, records or reports and data in written, verbal or electronic format and information in any form or medium whatsoever.
"Network Code"	has the meaning given in standard condition 1 of the gas transporter licence held by Transco plc.
"ultimate holding company"	shall mean any company or body corporate which is a holding company and is not itself a subsidiary of another company or body corporate.

Special Condition J. NETA implementation

1. The licensee shall comply with the programme implementation scheme established in accordance with paragraph 2, as modified from time to time in accordance with paragraph 4.

2. The programme implementation scheme shall be a scheme designated by the Secretary of State setting out the steps, including without limitation steps as to the matters referred to in paragraph 3, to be taken (or procured) by the licensee (and/or by authorised electricity operators) which are, in the Secretary of State's opinion, appropriate in order to give full and timely effect to:
 - (a) any modifications made to this licence and to the licences of authorised electricity operators by the Secretary of State pursuant to the power vested in him under section 15A of the Act;
 - (b) any conditions imposed by any exemption from the requirement to hold any such licence; and
 - (c) the matters envisaged by such modifications and conditions.

3. The programme implementation scheme may include provisions, inter alia,
 - (a) to secure or facilitate the amendment of any of the core industry documents;
 - (b) to secure that any systems, contracts, persons or other resources employed in the implementation of the Pooling and Settlement Agreement may be employed in the implementation of the BSC;
 - (c) for the giving of indemnities against liabilities to which parties to the Pooling and Settlement Agreement may be exposed;
 - (d) for securing the co-ordinated and effective commencement of implementation of and of operations under the BSC, including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations;

- (e) for co-ordinating the administration and implementation of the BSC and the administration of the Pooling and Settlement Agreement; and for dealing with run-off;
 - (f) for the licensee to refer to the Authority for determination, whether of its own motion or as provided in the programme implementation scheme, disputes, as to matters covered by the scheme, between persons who are required (by conditions of their licences or exemptions) or who have agreed to comply with the scheme or any part of it; and
 - (g) for the Authority, in the circumstances set out in the scheme, to require that consideration be given to the making of a proposal to modify the BSC and, if so, to require the making of such proposal in the manner set out in the scheme, such power to be exercisable at any time within the period of 12 months after the effective time.
4. (a) The Secretary of State may at any time direct in accordance with the provisions of the programme implementation scheme, that the programme implementation scheme, other than provisions pursuant to paragraphs 3(g) and 7(a), be modified in the manner set out in such direction, in order to give (or continue to give) full and timely effect to the matters described in paragraph 2.
- (b) The Secretary of State shall serve a copy of any such direction on the licensee, and thereupon the licensee shall comply with the scheme as modified by the direction.
5. If there is any conflict between the requirements contained in the programme implementation scheme pursuant to paragraph 3(a) and/or imposed on the licensee by paragraphs 1 and 4, and those imposed on the licensee by any other condition, the provisions of this condition shall prevail.
6. Without prejudice to paragraph 1, the licensee shall use all reasonable endeavours to do such things as may be requisite and necessary in order to give full and timely effect to the modifications made to this licence by the Secretary of State

pursuant to the powers vested in him under section 15A of the Act (and to give full and timely effect to the matters envisaged by such modifications).

7. (a) The Authority may, in the circumstances specified in the programme implementation scheme, direct the licensee to modify the BSC in the manner indicated in the direction.

(b) The Authority shall not make any such direction after the effective time.

8. For the purposes of this condition:

"run-off" means the determination and settlement (including by way of reconciliation) of amounts due arising under or in connection with the Pooling and Settlement Agreement in relation to settlement periods up to and including the settlement period immediately prior to the effective time (including the resolution of disputes in respect thereof).

Special Condition ~~AA1C~~: K. Requests for ~~Transit~~transit

1. In this condition:

- "entity" means any of the entities referred to in Article 3.1 of the Directive of the Council of the European Communities, dated 29th October 1990, (No. 90/547/EEC) on the transit of electricity through transmission grids ("the Directive");
- "grid" means any high-voltage electricity transmission grid for the time being listed in the Annex to the Directive;
- "Member State" means a Member State of the European Communities;
- "transit" means a transaction for the transport of electricity between grids where :
- (a) the grid of origin or final destination is situated in a Member State; and
 - (b) the transport involves -
 - (i) the crossing of at least one frontier between Member States; and
 - (ii) the use of the ~~licensee's~~GB transmission system and at least two other grids.

2. Any entity applying in connection with transit for an agreement for use of system shall be treated for the purposes of standard conditions C7~~C~~ (~~Non-Discrimination~~), ~~C7D~~Prohibition on discrimination against users, C8

(Requirement to ~~Offer~~offer ~~Terms~~terms) and ~~C7E9~~ (Functions of the Authority) as an authorised electricity operator.

3. The licensee shall, after receiving in connection with transit for a minimum duration of one year an application by any entity for an agreement for -

- (a) use of system;
- (b) connection to the ~~licensee's~~GB transmission system or modification to an existing connection; or
- (c) use of interconnector(s),

notify the Secretary of State, the Authority and the Commission of the European Communities without delay of the matters set out in paragraph 4 below.

4. The matters of which notification must be given are:

- (a) the application;
- (b) if an agreement has not been concluded within 12 months of the date of receipt of the application, the reasons for the failure to conclude it; and
- (c) the conclusion of the agreement, whether it is concluded before or after the expiry of the period mentioned in sub-paragraph (b) above.

5. If, in relation to an application for transit by any entity, the Authority has been requested to exercise its powers under standard condition ~~C7E9~~ (Functions of the Authority) or special condition ~~AA1B~~E (Functions of the Authority), the Authority may delay the exercise of its said powers until the terms have been considered by the body set up under Article 3.4 of the Directive and the Authority may give such weight to the opinion (if any) of that body as it thinks fit in exercising its said powers.

Special Condition L. Change co-ordination for the Utilities Act 2000

1. The licensee shall take all reasonable measures to secure and implement, and shall not take any steps to prevent or unduly delay, such changes to the industry framework documents as are necessary or expedient to give full and timely effect to the provisions of the Utilities Act 2000.

2. In complying with paragraph 1, the licensee shall act in the case of each industry framework document consistently with the change procedures currently applicable to that document, except where to do so would be inconsistent with any provision of the Utilities Act 2000, in which event that provision shall take precedence.

3. For the purposes of this condition, "industry framework document" means, subject to paragraph 4, any of the following documents to which the licensee is a party, or in relation to which it holds rights in respect of amendment or termination, together with any documents which are supplemental or ancillary thereto:

(a) the Pooling and Settlement Agreement;

(b) the Balancing and Settlement Code;

(c) the Master Connection and Use of System Agreement or the Connection and Use of System Code;

(d) the Settlement Agreement for Scotland;

(e) the Master Registration Agreement;

(f) the Data Transfer Services Agreement;

(g) the Radio Teleswitch Agreement;

(h) any Grid Code;

(i) any Distribution Code;

(j) the Trading Code;

- (k) the Fuel Security Code;
 - (l) any agreement for use of an interconnector or Scottish interconnection;
and
 - (m) any agreement for the provision of distribution use of system, meter provision services, meter maintenance services, data retrieval services, data processing services, data aggregation services, or prepayment meter services.
4. Where the Authority considers that the list of industry framework documents set out in paragraph 3 should be modified for the purposes of this condition, the licensee shall discuss any proposed modification (including addition) to the list in good faith and use all reasonable endeavours to agree such modification with the Authority.
5. This condition shall cease to have effect on 30 June 2002 or such earlier date as the Authority may specify in a direction given, for the purposes of this condition generally.

Special Condition M. Restriction on the use of certain information

1. This condition applies where the licensee has received an application for connection pursuant to paragraph 1(b) of standard condition C8 (Requirement to offer terms) from any person (the “applicant”), in relation to a possible connection to the GB transmission system in an area which is outside the licensee’s transmission area.
2. Where this condition applies, any information which the licensee receives from another transmission licensee relating to the design or construction of that possible connection or relating to financial matters associated with that possible connection or any information which is derived from such information (but in each case excluding any such information which the licensee has properly received or will properly receive through another means) shall, for the purposes of this condition and special condition N (Appointment of a compliance officer) and until such time as the licensee accepts the TO offer relating to that possible connection or the applicant accepts an alternative offer made by the licensee and there are no outstanding alternative offers in respect of that TO offer, be confidential information.
3. Subject to paragraph 4, the licensee shall ensure that any confidential information is not disclosed to or used by those of its employees, agents, advisers, consultants or contractors who are responsible for, or are otherwise involved in any way in, the preparation of any alternative offer for or the making of any alternative offer to the applicant. The licensee shall further ensure that such of its employees, agents, advisers, consultants or contractors who are preparing an offer for the applicant dealing with such confidential information shall not have access to any information derived from or relating to any alternative offer or alternative offers being prepared for or which have been made to the applicant in relation to a possible connection or possible connections to any part of the GB transmission system which falls within the licensee’s transmission area.
4. Paragraph 3 shall not (or no longer) apply if and to the extent that:

(a) the employees, agents, advisers, consultants or contractors who are responsible for, or are otherwise involved in, the preparation of an alternative offer are required to have access to the confidential information (or any part thereof) by virtue of any requirement of law;

(b) the employees, agents, advisers, consultants or contractors who are dealing with the confidential information (or any part thereof) are required to have access to any alternative offer (or any part thereof) by virtue of any requirement of law;

(c) the relevant transmission licensee has notified (or otherwise agreed with) the licensee that the information referred to in paragraph 2 (or any part thereof) need not be treated as confidential for the purposes of this condition or special condition N (Appointment of a compliance officer);

(d) any employees, agents, advisers, consultants or contractors are required to have access to both the confidential information (or any part thereof) and any alternative offer solely in connection with the financial sanctioning or final approval of an offer to be made to the applicant in accordance with standard condition C8 (Requirement to offer terms), provided that where following such access the licensee (or any employee, agent, adviser, consultant or contractor of the licensee on its behalf) amends any aspect of any offer to the applicant, such modification shall be notified to the Compliance Officer appointed in accordance with special condition N (Appointment of a compliance officer); or

(e) any employees, agents, advisers, consultants or contractors are required to have access to both the confidential information (or any part thereof) and any alternative offer (or part thereof) solely in connection with assessing transmission system outage requirements and developing outage plans to facilitate connection to the GB transmission system,

provided that effective arrangements are maintained in place at all times for ensuring that no further disclosure or use of any information supplied or obtained pursuant to this paragraph is made.

5. This condition applies without prejudice to any other confidentiality arrangements that may apply to the information referred to in paragraph 2.

6. In this condition

“alternative offer”

an offer being prepared or made pursuant to paragraph 1(b) of standard condition C8 (Requirement to offer terms) shall be an alternative offer where:

(a) it relates to a connection to the GB transmission system at a location which is within the licensee’s transmission area; and

(b) the applicant (whether by one or more applications):

(i) has applied to connect to the GB transmission system at more than one location, at least one of which is located outside the licensee’s transmission area; or

(ii) is willing to consider a connection to the GB transmission system at more than one location, at least one of which locations is outside the licensee’s transmission area; and

(c) the licensee knows or it is reasonable for the licensee to assume that the applicant does not intend to connect to the GB transmission system at all the locations at which the applicant has requested an offer for connection and that it intends to choose to connect at one or more

locations on the basis of the offers it receives.

but shall exclude any offer being prepared for or which has been made to the applicant which the licensee knows or it is reasonable for the licensee to assume the applicant does not consider is an alternative to any other offer which is being prepared for or which has been made to the applicant.

"applicant"

has the meaning given to that term in paragraph 1.

"confidential information"

has the meaning given to that term in paragraph 2.

Special condition N. Appointment of compliance officer

1. The licensee shall prepare a statement in a form approved by the Authority describing the means by which the licensee shall ensure that special condition M (Restriction on use of certain information) is complied with.
2. The licensee may periodically revise the description set out in and, with the approval of the Authority, alter the form of the statement prepared in accordance with paragraph 1 and shall, at least once every year during which this licence is in force, review such statement in order that the description set out therein shall continue to be accurate in all material respects.
3. The licensee shall send a copy of the statement prepared in accordance with paragraph 1, and of each revision of such statement in accordance with paragraph 2, to the Authority and shall publish a copy of such statement and each such revision in such a way as to ensure that such statement and each such revision is likely to be brought to the attention of any person who may be affected by it or by each of them.
4. The licensee shall, following consultation with the Authority, appoint a competent person (who shall be known as the "Compliance Officer") for the purpose of facilitating compliance by the licensee with this condition and with special condition M (Restriction on use of certain information).
5. The licensee shall at all times engage the services of the Compliance Officer for the performance of such duties and tasks as the licensee considers it appropriate to assign to him for the purposes specified at paragraph 4, which duties and tasks shall include those set out at paragraph 8.
6. The licensee shall procure that the Compliance Officer:
 - (a) is provided with such staff, premises, equipment, facilities and other resources; and
 - (b) has such access to its premises, systems, information and documentationas, in each case, he might reasonably expect to require for the fulfilment of the duties and tasks assigned to him.

7. The licensee shall make available to the Compliance Officer a copy of any complaint or representation received by it from any person in relation to any of the means adopted by the licensee in accordance with the statement referred to at paragraph 1.

8. The duties and tasks assigned to the Compliance Officer shall include:

(a) providing relevant advice and information to the licensee for the purpose of ensuring its compliance with the relevant duties;

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

(c) investigating any complaint or representation made available to him in accordance with paragraph 7;

(d) investigating any notification made to it under paragraph 4(d) of special condition M (Restriction on the use of certain information) to ensure compliance with special condition G (Prohibition on engaging in preferential or discriminatory behaviour);

(e) recommending and advising upon the remedial action which any investigation under paragraph (c) or (d) has demonstrated to be necessary or desirable;

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

(i) the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and

(ii) any remedial action recommended in accordance with sub-paragraph (e); and

(g) reporting annually to the directors of the licensee - in respect of the year ending 31 December 2005 and of each subsequent year - as to his

activities during the period covered by the report, including the fulfilment of the other duties and tasks assigned to him by the licensee.

9. As soon as is reasonably practicable following each annual report of the Compliance Officer, the licensee shall produce a report:

- (a) as to its compliance during the relevant year with the relevant duties; and
- (b) as to its implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1.

10. The report produced in accordance with paragraph 9 shall in particular:

- (a) detail the activities of the Compliance Officer during the relevant year;
- (b) refer to such other matters as are or may be appropriate in relation to the implementation of the practices, procedures and systems adopted in accordance with the statement referred to at paragraph 1; and
- (c) set out the details of any investigations conducted by the Compliance Officer, including:
 - (i) the number, type and source of the notifications, complaints or representations on which such investigations were based;
 - (ii) the outcome of such investigations; and
 - (iii) any remedial action taken by the licensee following such investigations.

11. The licensee shall submit to the Authority a copy of the report produced in accordance with paragraph 9, and shall give or send a copy of the report to any person who requests such a copy.

12. In this condition:

"confidential information"

shall for the purposes of this condition have the same meaning as in special condition M (Restriction on the use of certain information).

"relevant duties"

means the obligations set out in special condition M
(Restriction on the use of certain information).