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Our Ref: PS  
Direct Dial: 020 7901 7017  
Email: [David.Halldearn@ofgem.gov.uk](mailto:David.Halldearn@ofgem.gov.uk)  
[Angela.Pearce@dti.gsi.gov.uk](mailto:Angela.Pearce@dti.gsi.gov.uk)

19 November 2004

Dear Colleague,

**BETTA open letter on likely late issuance of offers under standard licence condition C18 of the electricity transmission licence**

**Purpose**

The purpose of this open letter is to inform you of the likelihood that, in some instances, offers for terms for connection to and use of the GB transmission system ("GB offers") will be made by dates later than those referred to in the electricity transmission licence.

**Summary**

In August 2004, the Secretary of State exercised her powers under the Energy Act 2004 to determine new standard licence conditions ("SLCs") of the electricity transmission licence and to modify those conditions for the BETTA transition period<sup>1</sup>. The new SLCs and the modifications came into effect on and from 1 September 2004.

In particular, the new SLCs were modified for the BETTA transition period to include SLC C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) ("SLC C18"). This condition puts in place obligations upon National Grid Company plc ("NGC") (the transmission licensee relevant for the purpose of SLC C18) to make GB offers to users during the transition period. SLC C18 sets out, amongst other things, dates by which NGC will be required to issue GB offers, conditions governing the order in which they are to be issued and conditions governing certain terms of GB offers to certain users.

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<sup>1</sup> The "transition period" is the period from 1 September 2004 to the BETTA go-live date, currently anticipated to be 1 April 2005 (except in particular circumstances).

Since the modification of the new SLCs, NGC has had the opportunity to further review the number of GB offers and, in the case of the two Scottish transmission licensees, TO Construction Offers (as defined in the system operator - transmission owner ("TO") code ("STC")) that they will be required to produce during the BETTA transition period and the resources available to produce them. They are now of the view that given their resource constraints, such as the number of specialist staff, the dates set out in SLC C18 may not be achievable. As a consequence, the three transmission licensees have advised Ofgem that the timescales set out in SLC C18 should be extended for some users. **The effect of the advice received from all three transmission licensees is that users who are either connected or using the GB transmission system or are scheduled to be connected or scheduled to be using the GB transmission system at the BETTA go-live date will receive their GB offers in accordance with the timescales set out in SLC C18. Where it is proposed to extend the timescales for production of a GB offer, all three transmission licensees have advised that such extensions should, in themselves, have little or no significant impact on the timescales in which an applicant could connect to or use the GB transmission system.** On the basis of that advice, Ofgem/DTI have considered the proposals put forward by the transmission licensees.

Ofgem/DTI consider that the arguments put forward by the transmission licensees for amending the timescales set out in SLC C18 are acceptable. In reaching this view Ofgem/DTI have been mindful of:

- the need to take all reasonable measures such that those who are connected to or using the GB transmission system or are scheduled to be connected to or are scheduled to be using the GB transmission system by the BETTA go-live date have agreements in place with NGC before the BETTA go-live date;
- the need to ensure that those who are not connected to nor using the GB transmission system at the BETTA go-live date are not significantly and adversely impacted by any delay in the making of the GB offers; and
- taking into account the general need for expediency in these matters, the need to set timescales which are achievable for the transmission licensees in light of resource and time constraints and other work required to be undertaken by the licensees under BETTA.

All three transmission licensees have provided advice on their ability to undertake their respective roles in the process of producing GB offers during the transition period, and the effect of this advice is that they consider that:

- users who are scheduled to be connected to or scheduled to be using the GB transmission system on and from the BETTA go-live date will receive a GB offer in accordance with the timescales set out in SLC C18, that is by 1 February 2005;
- persons who had an agreement with a transmission licensee at 1 September 2004 but are not scheduled to be connected to or using the GB transmission system by the BETTA go-live date will receive a GB offer on or before 1 March 2005;

- depending on the number of applications received, all other persons that apply or have applied to a transmission licensee for a GB offer before 1 January 2005 will receive that GB offer on or before 1 May 2005.

## Background

SLC C18 sets out the dates by which certain categories of user should receive their GB offers and the conditions governing certain terms to be included in certain GB offers. Users and applicants should refer to the wording of SLC C18 (attached), in particular paragraph 7, to determine their position in respect of any GB offers to be made to them.

In order to facilitate the process of development of GB offers during the transition period, the transmission licensees have set up a working group, the Connections User Group (“CUG”). Another working group, the Network Investment User Group (“NIUG”), has been co-ordinating studies of the GB transmission system to be used in the development of GB offers and the TO Construction Offers (as defined in the STC) that may be required by NGC. The transmission licensees have exchanged high level information on the number of agreements in place and applications received.

The principal issues that have emerged from these discussions are:

- for many users, the GB offer process will be relatively straightforward as no infrastructure reinforcement works are needed to accommodate them;
- it will be possible to ensure that persons with agreements with transmission licensees who are scheduled to be using the GB transmission system by the BETTA go-live date get their offers within the current timescales set out in SLC C18;
- the workload and complexity (given the interactive nature of some of the GB offers) for other parties is greater than was previously anticipated. Furthermore, the numbers of applicants in the various categories are not yet known (applicants are treated differently depending upon their date of application), and consequently it is not possible to say by when all such applications can be processed; and
- many of the applications are interactive, that is, as under the enduring arrangements the GB offer to one applicant may be conditional upon whether other applicants accept their GB offers. Given the large number of interactions, the need to develop a process whereby revised GB offers can be produced within reasonable timescales has been identified.

Consequently, the licensees consider that timescales currently set out in SLC C18 are not achievable for certain applicants that are not scheduled to be connected or scheduled to be using the GB transmission system at the BETTA go-live date. The transmission licensees have advised Ofgem that NGC will be in a position to meet the 1 February 2005 date for provision of GB offers to all users who are either connected to or using the GB transmission system or are scheduled to be connected to or scheduled to be using the GB transmission system before the BETTA go-live date. The transmission licensees have also indicated that they are unlikely to be able to meet the 1 February 2005 date for certain persons who had an agreement with a

transmission licensee at 1 September 2004 but who are not scheduled to be connected to nor scheduled to be using the GB transmission system at the BETTA go-live date.

For persons who apply for terms from a transmission licensee before the end of the year but who did not have an agreement in place as at 1 September 2004, the full extent of the task that the licensees face in producing TO construction offers and GB offers will be uncertain until 1 January 2005.

Ofgem/DTI understand the potential commercial significance of these GB offers to users and for this reason they are keen to ensure that, to the extent that it is practicable, NGC complies with its obligations set out in SLC C18 and that the Scottish transmission licensees support NGC in this process through compliance with SLC D15 (Obligations relating to the preparation of TO offers during the transition period). However, Ofgem/DTI drafted the provisions of SLC C18 in the knowledge that the timescales set down therein were challenging and for that reason included arrangements whereby NGC could, with the consent of the Authority, issue GB offers consistent with later timescales. Ofgem/DTI have now received a clear indication from the licensees that, in respect of certain users, they consider that it may not be reasonably practicable for certain categories of user to receive their GB offer by the dates set out in SLC C18. Specifically they consider that, taking into account the factors raised above, if a user;

- had an agreement with a transmission licensee for connection to or use of the relevant transmission system as at 1 September 2004 but is not connected or using nor scheduled to be connected or using the GB transmission system by the BETTA go-live date, it may not be practicable for such users to receive their GB offer until 1 March 2005;
- applies to a transmission licensee for an offer of terms for connection to or use of the relevant transmission system before 1 January 2005 but does not have an agreement as at 1 September 2004, it may not be practicable for such users to receive their GB offer until 1 May 2005; and
- applies to a transmission licensee after 1 January 2005 for an offer of terms for connection to or use of the relevant transmission system, it may not be practicable for such users to receive their GB offer within the 3 month timescale set down in SLC C18.

Ofgem/DTI expect NGC to request the consent of the Authority to issue GB offers to categories of users or individual users in timescales reflective of those set out above where they consider such consent is required. Ofgem/DTI will also give consideration to any changes to SLC C18 that may be appropriate in order to allow NGC to better manage GB offers issued further to applications received from users up to the BETTA go-live date.

**Ofgem/DTI would reiterate that the effect of the advice received from all three transmission licensees is that users who are either connected or using the GB transmission system or are scheduled to be connected or scheduled to be using the GB transmission system at the BETTA go-live date will receive their GB offers in accordance with the timescales set out in SLC C18. Where it is proposed to extend the timescales for production of a GB offer, all three transmission licensees have advised that such extensions should, in themselves, have little or no significant impact on the timescales in which an applicant could connect to or use the GB transmission system. Furthermore, Ofgem/DTI note that it is not proposed that the change in**

**the dates set out above will affect the infrastructure requirements upon which GB offers are made conditional.**

If you would wish to discuss any of the matters addressed within this letter please contact Patrick Smart at Ofgem on 020-7901-7350 or email, [patrick.smart@ofgem.gov.uk](mailto:patrick.smart@ofgem.gov.uk)

## Attachment

### **Condition C18. Requirement to offer terms for connection or use of the GB transmission system during the transition period**

1. The principal objectives of this condition are to ensure that, to the extent possible, the licensee shall, in accordance with the requirements of this condition:
  - (a) have agreements governing connection to or use of the GB transmission system with all existing users by the BETTA go-live date; and
  - (b) make offers for connection to or use of the GB transmission system to all applicants in accordance with the timescales specified in paragraph 7 below, each such agreement and offer, as appropriate, to take account of and be consistent with:
    - (i) the licensee's obligations under this condition, including the licensee's obligations under Schedule 1 to this condition;
    - (ii) subject to (i), those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the agreement been entered into or the offer been made after the BETTA go-live date, have applied to that agreement or offer, as appropriate.
2. Without prejudice to its obligations under condition B13 (BETTA implementation), the licensee shall take such steps and do such things as are necessary or requisite and as are within its power to secure the achievement of the principal objectives described in paragraph 1 above.
3. The licensee shall, in the manner provided for in Section 12 of the CUSC (save that, in the event of any conflict between the provisions of Section 12 of the CUSC and the provisions of this condition, the provisions of this condition shall prevail) and unless otherwise directed by the Authority:
  - (a) offer to enter into agreements to connect to or use the GB transmission system with all existing Scottish users, which agreements shall comply and be consistent with the provisions of this condition;

- (b) offer to amend such of the existing agreements between it and existing other users for connection to or use of the licensee's transmission system as are necessary to ensure that all of those agreements will, with effect from the BETTA go-live date, become agreements for connection to or use of the GB transmission system and will otherwise be modified such that those agreements comply and are consistent with the provisions of this condition; and
  - (c) subject to paragraph 8 below, offer to enter into agreements to connect to or use the GB transmission system with all applicants, which agreements shall comply and be consistent with the provisions of this condition.
- 4. To enable the licensee to comply with paragraph 3 above, the licensee shall, unless otherwise directed by the Authority and, in the case of applicants, subject to paragraph 8 below, offer to enter into:
  - (a) the CUSC Framework Agreement (where the relevant person is not already a party to such agreement); and
  - (b) to the extent appropriate, such other agreements as are provided for in the CUSC,with each existing user and each applicant.
- 5. Each offer which the licensee makes to an existing Scottish user or an existing Scottish applicant pursuant to paragraph 3 above shall:
  - (a) reflect any associated TO offer which relates to that offer and, to the extent appropriate, Section I Information;
  - (b) take account of and be consistent with the licensee's obligations under this condition, including the licensee's obligations under Schedule 1 to this condition;
  - (c) in the case of each existing Scottish user, reflect a Connection Entry Capacity and Transmission Entry Capacity which are, to the extent practicable, equal to that existing Scottish user's equivalent rights under the relevant existing agreement between it and a Scottish licensee;
  - (d) subject to sub-paragraphs (b), (c) and (f), take account of and be consistent with those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the

- BETTA go-live date and which would, had the offer been made after the BETTA go-live date, have applied to that offer;
- (e) where that offer is for connection, and to the extent appropriate, make detailed provision regarding the connection charges to be paid to the licensee, such charges:
    - (i) to be presented in such a way as to be referable to the GB connection charging methodology (or, in respect of any offer made prior to 1 February 2005 or such later date as the Authority may direct for these purposes, the licensee's best estimate thereof) or any revision thereof;
    - (ii) where the licensee has, in accordance with sub-paragraph (e)(i) above, relied upon an estimate of the GB connection charging methodology, to be updated, as necessary, so as to be referable to the GB connection charging methodology as soon as reasonably practicable after it is available;
    - (iii) to be set in conformity with the requirements of paragraph 8 of standard condition C6 (Connection charging methodology) and (where relevant) paragraph 4;
  - (f) save where the Authority otherwise directs, reflect the division of ownership of Plant and Apparatus provided for in:
    - (i) the relevant existing agreement between a Scottish licensee and that existing Scottish user; or
    - (ii) any offer made or to be made by a Scottish licensee to that existing Scottish applicant, and
  - (g) contain such further terms as are or may be appropriate for the purpose of the agreement, taking account, in the case of existing Scottish users, of any rights afforded to and any restrictions imposed upon the relevant person pursuant to any existing agreement for connection or use of system, as appropriate, to the extent that the same have been notified to the licensee and the licensee is able to continue to offer such rights or impose such restrictions and there are no grounds upon which the licensee may reasonably object to such rights or



restrictions being reflected in the offer being made by it to the relevant existing Scottish user (or in any subsequent agreement).

6. Each offer which the licensee makes to an existing other user or an existing other applicant pursuant to paragraph 3 above shall:
  - (a) reflect any associated TO offer which relates to that offer;
  - (b) take account of and be consistent with the licensee's obligations under this condition, including its obligations under Schedule 1 to this condition;
  - (c) in the case of each existing other user, reflect the Connection Entry Capacity and Transmission Entry Capacity which apply under the relevant existing agreement between that existing other user and the licensee;
  - (d) subject to sub-paragraphs (b), (c) and (f), take account of and be consistent with those obligations which it is, at the relevant time, known (or reasonably anticipated) are to be imposed on the licensee by this licence on and from the BETTA go-live date and which would, had the offer been made after the BETTA go-live date, have applied to that offer; and
  - (e) where that offer is for connection, and to the extent appropriate, make detailed provision regarding the connection charges to be paid to the licensee, such charges:
    - (i) to be presented in such a way as to be referable to the GB connection charging methodology (or, in respect of any offer made prior to 1 February 2005 or such later date as the Authority may direct for these purposes, the licensee's best estimate thereof) or any revision thereof;
    - (ii) where the licensee has, in accordance with sub-paragraph (f)(i) above, relied upon an estimate of the GB connection charging methodology, to be updated, as necessary, so as to be referable to the GB connection charging methodology as soon as reasonably practicable after it is available;
    - (iii) to be set in conformity with the requirements of paragraph 8 of standard condition C6 (Connection charging methodology) and (where relevant) paragraph 4;

- (f) save where the Authority otherwise directs, reflect the division of ownership of Plant and Apparatus provided for in:
    - (i) the relevant existing agreement between the licensee and that existing other user; or
    - (ii) any offer made or to be made by the licensee to that existing other applicant; and
  - (g) contain such further terms as are or may be appropriate for the purpose of the agreement, taking account, in the case of existing other users, of any rights afforded to and any restrictions imposed upon the relevant person pursuant to any existing agreement for connection or use of system, as appropriate, and to the extent that the licensee is able to continue to offer such rights or impose such restrictions and there are no grounds upon which the licensee may reasonably object to such rights or restrictions being reflected in the offer being made by it to the relevant existing other user (or in any agreement between it and that relevant user).
7. The licensee shall make an offer in accordance with paragraph 3 above:
- (a)
    - (i) to the extent required to comply with paragraph 3, to each existing other user; and
    - (ii) to each existing Scottish user whose details have been provided to the licensee in accordance with Section I of the STC, as soon as reasonably practicable after the date upon which this condition takes effect in the licensee's licence and, in any event, by 1 February 2005 or such later date as the Authority may direct for these purposes;
  - (b) to each existing other applicant as soon as reasonably practicable and in any event (except where the Authority consents to a longer period) within:
    - (i) 3 months of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of an application from that existing other applicant for connection to the licensee's transmission system containing all such information as the licensee may reasonably require for the purpose of formulating the terms of its offer; or

- (ii) 28 days of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of an application from that existing other applicant for use of the licensee's transmission system containing all such information as the licensee may reasonably require for the purpose of formulating the terms of its offer;
  - (c) to each existing Scottish applicant as soon as reasonably practicable and in any event (except where the Authority consents to a longer period) within:
    - (i) 3 months of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of a notification from a Scottish licensee in accordance with condition D15 (Obligations relating to the preparation of TO offers during the transition period) that that Scottish licensee has received an application for connection containing all such information as that Scottish licensee reasonably requires for the purpose of formulating the terms of its offer to that existing Scottish applicant;  
or
    - (ii) 28 days of the later of (aa) 1 January 2005 and (bb) the earliest date upon which the licensee is in receipt of a notification from a Scottish licensee in accordance with condition D15 (Obligations relating to the preparation of TO offers during the transition period) that that Scottish licensee has received an application for use of system containing all such information as that Scottish licensee reasonably requires for the purpose of formulating the terms of its offer to that existing Scottish applicant.
- 8. The licensee shall not be obliged pursuant to this condition to offer to enter or to enter into any agreement with any applicant 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 any regulations made under section 29 of the Act or of any other enactment relating to safety or standards applicable in respect of the transmission business;
    - (iii) in breach of the Grid Code; or

- (iv) in breach of the conditions; or
  - (b) the person to whom the offer is being made does not undertake to be bound insofar as applicable by the terms of the Grid Code or the CUSC from time to time in force; or
  - (c) in the case of offers for use of system, the person to whom the offer is being or is to be made ceases to be an authorised electricity operator; or
  - (d) a Scottish licensee has notified the licensee that under paragraph 5 of condition D15 (Obligations relating to the preparation of TO offers during the transition period) it is not obliged to offer to enter or to enter into any agreement in response to the application or notification, as appropriate.
9. Each offer made by the licensee to:
- (a) an existing Scottish user or an existing other user pursuant to paragraph 3 above shall be open for acceptance for a minimum period of one month (or such longer period as the Authority may direct for these purposes) from the date that it is received by that existing Scottish user or existing other user, as appropriate; and
  - (b) an applicant pursuant to paragraph 3 above shall be open for acceptance for a minimum period of three months.
10. If the licensee and any applicant or existing user fail to agree upon the terms of an agreement based upon an offer made pursuant to this condition, the Authority may, pursuant to section 7(3)(c) of the Act and on application of the licensee, an applicant or an existing user, settle any terms in dispute in such manner as appears to the Authority to be reasonable.
11. If an application is made to the Authority as provided at paragraph 10 above, the licensee shall:
- (a) notify the Authority of:
    - (i) any associated TO offer which relates to the agreement which is the subject of that application;
    - (ii) any Section I Information which relates to the agreement which is the subject of that application;

- (iii) any transmission licensee (other than a transmission licensee who has made a TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 11(a)(ii)) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer;
  - (b) notify each transmission licensee who has made an associated TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 11(a)(ii) and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer, of such application; and
  - (c) request that the Authority exercise its powers under section 7(3)(c) of the Act to:
    - (i) settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c);
    - (ii) determine any changes to be made to Section I Information (including any addition to be made thereto) as a consequence of the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c); and
    - (iii) determine whether any TO offer (other than those TO offers (if any) which the licensee shall have notified to the Authority in accordance with paragraph 11(a) above) is required in connection with the Authority's determination made pursuant to paragraph 10 above or this paragraph 11(c).
12. Insofar as an applicant or an existing user wishes to proceed on the basis of an agreement as settled by the Authority pursuant to paragraph 10 above, the licensee shall forthwith enter into an agreement or amend an existing agreement, as appropriate, on the basis so settled.

13. If the licensee has failed by 1 March 2005 (or such later date as the Authority may direct for these purposes) to enter into an agreement with an existing Scottish user who is also an electricity licensee, or to agree changes to an existing agreement for connection to or use of system with an existing other user who is also an electricity licensee, then, without prejudice to either party's right to refer the matters in dispute to the Authority for determination as provided at paragraph 10 above, the licensee shall:
- (a) where no such reference has been made, apply to the Authority to settle any terms in dispute and the Authority shall be entitled to settle such terms in such manner as appears to the Authority to be reasonable;
  - (b) notify the Authority of:
    - (i) any associated TO offer which relates to the agreement which is the subject of that application;
    - (ii) any Section I Information which relates to the agreement which is the subject of that application;
    - (iii) any transmission licensee (other than a transmission licensee who has made a TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 13(b)(ii)) which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer;
  - (c) notify each transmission licensee who has made an associated TO offer or who is affected by the Section I Information notified to the Authority in accordance with sub-paragraph 13(b)(ii) and any other transmission licensee which the licensee knows or reasonably considers is or may be an affected transmission licensee for the purposes of the agreement which is the subject of that application or any associated TO offer, of such application; and
  - (d) request that the Authority exercise its powers under section 7(3)(c) of the Act to:
    - (i) settle the terms of each associated TO offer which is affected by the Authority's determination made pursuant to this paragraph 13; and

- (ii) determine any changes to be made to the Section I Information (including any addition to be made thereto) as a consequence of the Authority's determination made pursuant to this paragraph 13; and
  - (iii) determine whether any TO offer (other than those TO offers (if any) which the licensee shall have notified to the Authority in accordance with paragraph 13(b) above) is required in connection with the Authority's determination made pursuant to this paragraph 13.
14. Where the terms of an agreement are settled by the Authority pursuant to paragraph 13 above, the licensee shall forthwith enter into an agreement or amend an existing agreement, as appropriate, on the basis so settled.
15. Where the terms of an agreement which are to be settled by the Authority pursuant to paragraph 13 above have not been settled by the date which falls two weeks prior to the BETTA go-live date, the licensee shall forthwith enter into an agreement, or amend an existing agreement, on the basis of the terms of the licensee's offer to the relevant electricity licensee pending settlement of the terms of that agreement by the Authority. The Authority's determination of the terms of any such agreement may, where and to the extent appropriate, take account of and make appropriate adjustments to reflect the difference between the terms of that agreement as settled and the terms of that agreement which applied during the period from the BETTA go-live date to the date upon which the agreement as settled takes effect.
16. In this condition:
- |                             |  |
|-----------------------------|--|
| "Apparatus"                 | has the meaning given to it in the CUSC.   |
| "applicant"                 | means either an existing other applicant or an existing Scottish applicant.          |
| "Connection Entry Capacity" | has the meaning given to it in the CUSC.   |
| "existing agreement"        | means an agreement between the licensee or a Scottish licensee and an existing user. |

"existing other applicant"

means in respect of each application,  
either:

(a) any authorised electricity  
operator in the case of an  
application for use of system;  
or

(b) any person in the case of an  
application for connection,  
who has made or who at any time  
during the transition period makes an  
application requesting an offer for  
connection to or use of the licensee's  
transmission system but who has not,  
as at 1 January 2005, accepted any  
such offer provided that an  
authorised electricity operator or a  
person, as appropriate, shall not (or  
no longer) constitute, for the  
purposes of the relevant application,  
an existing other applicant where the  
period within which the relevant  
offer needs to be accepted has  
expired and that offer has not been  
accepted.

"existing other user"

means in respect of each agreement,  
a person who, as at 1 January 2005,  
has an agreement with (or has  
accepted an offer from) the licensee  
for connection to or use of the  
licensee's transmission system  
provided that any person who has an



agreement with the licensee relating to connection to the licensee's transmission system of the interconnection shall not, in respect of that agreement, constitute an existing other user for the purposes of this condition.

"existing Scottish applicant"

means in respect of each application, either:

(a) any authorised electricity operator in the case of an application for use of system;

or

(b) any person in the case of an application for connection, who has made or who at any time during the transition period makes an application requesting an offer for connection to or use of a Scottish licensee's transmission system but who has not, as at 1 January 2005, accepted any such offer provided that an authorised electricity operator or a person, as appropriate, shall not (or no longer) constitute an existing other applicant where the period within which the relevant offer needs to be accepted has expired and the offer has not been accepted.

"existing Scottish user"

means in respect of each agreement, a person who, as at 1 January 2005,

	has an agreement with (or has accepted an offer from) a Scottish licensee for connection to or use of a Scottish licensee's transmission system provided that any person who has an agreement with a Scottish licensee relating to connection to that Scottish licensee's transmission system of the interconnection shall not, in respect of that agreement, constitute an existing Scottish user for the purposes of this condition.
"existing user"	means an existing Scottish user or an existing other user.
"GB connection charging methodology"	means the connection charging methodology which the licensee is obliged to determine in accordance with standard condition 6 (Connection charging methodology).
"Plant"	has the meaning given to it in the CUSC.
"relevant time"	for the purposes of this condition means the time at which the licensee makes an offer as required by paragraph 3 of this condition.
"Section I Information"	means any information which is contained or to be contained in the Site Specification.
"Site Specification"	means the "Transitional Connection Site Specification" (as defined in the STC).

“Transmission Entry Capacity”	has the meaning given to it in the CUSC.
"transmission licensee"	means the licensee or any Scottish licensee, as appropriate.
"transmission system works"	means those works which are required to be undertaken on the GB transmission system to ensure that the GB transmission system meets the standards prescribed by standard condition C17 (Transmission system security standard and quality of service) and standard condition D3 (Transmission system security standard and quality of service).

**SCHEDULE 1 TO CONDITION 18 (REQUIREMENT TO OFFER TERMS FOR CONNECTION OR USE OF THE GB TRANSMISSION SYSTEM DURING THE TRANSITION PERIOD)**

1. Offers made by the licensee pursuant to paragraph 3 of this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) shall comply and be consistent with the requirements of this Schedule.
2. Each offer which the licensee makes in accordance with paragraph 3 of this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) to:
  - (a) an existing user; or
  - (b) an applicant who has, on or before 1 January 2005, submitted a complete application (which, for the purposes of this Schedule 1 shall mean an application which contains the information which the transmission licensee to whom it is submitted reasonably requires for the purposes of preparing an offer for connection or use of that licensee's transmission system) for connection or use of system, shall:
    - (i) not be contingent on the completion of transmission system works on circuits which relate directly to the interconnection (or works directly consequential, in the context of the relevant offer, to such transmission system works);
    - (ii) in the case of an existing Scottish user or an existing Scottish applicant who has submitted a complete application for connection or use of system to a Scottish licensee on or before 1 January 2005, not be contingent on the completion of transmission system works in England and Wales;
    - (iii) in the case of an existing other user or an existing other applicant who has submitted a complete application for connection or use of system to the licensee on or before 1 January 2005, not be contingent on the completion of transmission system works in Scotland.

3. In preparing the offers which the licensee makes or is to make in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period) the licensee shall (subject to paragraph 2 of this Schedule 1) identify the transmission system works which are relevant to each offer in the following order:
  - (a) first, and subject to (b), for each offer which is made or to be made to a person who is, as at 1 September 2004, an existing user;
  - (b) for each existing user who falls within (a) above, in the order in which each such existing user accepted the offer for connection or use of system which led to its existing agreement, starting with the existing user who accepted its offer earliest, provided that, where it is not reasonably practicable for the licensee to determine the date upon which an offer was accepted by a particular existing user, the relevant date for these purposes shall be the date upon which that relevant existing user's Plant or Apparatus was commissioned; and
  - (c) then, for each offer which is made or to be made to each existing user who does not fall within the scope of paragraph 3(a) and to each applicant.
4. In identifying transmission system works for the purposes of preparing the offers which the licensee makes or is to make to:
  - (a) existing users who fall within the scope of paragraph 3(a) of this Schedule 1, the licensee shall assume that each existing user who precedes, in the order identified in paragraph 3(b) of this Schedule, the existing user whose offer it is preparing, has accepted the offer which the licensee makes or is to make to it in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period);
  - (b) existing users and applicants who fall within the scope of paragraph 3(c) of this Schedule 1, the licensee shall assume that each existing user who falls within the scope of paragraph 3(a) of this Schedule 1 has accepted the offer which the licensee makes or is to make to that existing user in accordance with this condition C18 (Requirement to offer terms for connection or use of the GB transmission system during the transition period).
5. Without prejudice to paragraph 7 of this condition (Requirement to offer terms for connection or use of the GB transmission system during the transition period), the licensee

shall use best endeavours to ensure that each existing user (an 'earlier existing user') and each applicant (an 'earlier applicant') who falls within the scope of paragraph 3(c) of this Schedule 1 does not receive its offer from the licensee, made in accordance with this condition 18 ((Requirement to offer terms for connection or use of the GB transmission system during the transition period) later than the date upon which another existing user or applicant who also falls within the scope of paragraph 3(c) of this Schedule 1 receives its offer where that other existing user or applicant, as appropriate, submitted or submits its complete application to the licensee or a Scottish licensee, as appropriate, later than the date upon which the earlier existing user or earlier applicant, as appropriate, submitted or submits its complete application to the licensee or a Scottish licensee, as appropriate.