

Schedule 1 – Modifications to the Standard Conditions of the electricity transmission licence

Note for readers - anything in square brackets is an explanation and not part of the licence condition.

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Condition A1: Definitions and interpretation

[The following definitions are to be amended and/or added to this condition, in alphabetical order and in the manner set out below. For clarity, current definitions that are not being amended are not included below.]

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| "affiliate" | in relation to the licensee, means any holding company <u>of the licensee</u> , any subsidiary of the licensee, or any subsidiary of a holding company of the licensee, in each case within the meaning of sections 736, 736A, and 736B of the Companies Act 1985. |
| "auditors" | means the licensee's auditors for the time being holding office in accordance with the requirements of the Companies Act <u>2006</u> 1985 . |
| "authorised" | in relation to any business or activity, means authorised by licence granted or treated as granted under section 6 <u>of the Act or, in appropriate cases, by exemption granted under section 5 of the Act.</u> |
| "consolidated transmission business" | for the purposes of standard conditions B1 (Regulatory Accounts) and E2 (Regulatory Accounts) B15 (Price Control Review Information) and B16 (Price Control Revenue Reporting and Associated Information) only, means the consolidation, for regulatory accounting purposes, of the business referred to in the definition of the "transmission business". |
| " <u>final proposals</u> " | <u>means the documents entitled RIIO-T1: Final Proposals for National Grid Electricity Transmission and National</u> |

Grid Gas – Overview (Reference number: 169/12), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on 17 December 2012; RIIO-T1 Final Proposals for SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd (Reference number: 58/12), together with all of the supporting, associated and other relevant documents referred to in that document, which was published on 23 April 2012; and RIIO-T1: Final Proposals update letter in respect of the statutory consultation on the licence modifications for SP Transmission Ltd and Scottish Hydro Electric Transmission Plc (Reference number: 193/12), which was published on 21 December 2012.

“financial year”

means subject to standard conditions ~~B2 and E3~~ (Change of financial year) (where applicable) a period of 12 months beginning on 1st April of each year and ending on 31st March of the following calendar year.

“holding company”

means a holding company within the meaning of section ~~s736, 736A and 736B~~ 1159 of the Companies Act ~~2006~~ 1985.

“participating interest”

has the meaning given ~~in Section 421A of the Financial Services and Markets Act 2000~~ by section 260 of the Companies Act as amended by section

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| "regulatory accounts" | <p>22 of the Companies Act 1989.</p> <p>means for the purposes of standard conditions B1 or E2 (Regulatory Accounts), B6 or E7 (Restriction on Activity and Financial Ring Fencing), B7 or E8 (Availability of Resources) and B15 (Price Control Review Information) only, the accounts required to be prepared by the licensee pursuant to standard condition B1 or E2 (Regulatory Accounts).</p> |
| "relevant year" | <p>for the purposes of standard conditions A4 (Payments to the Authority), and B15 (Price Control Review Information) <u>Regulatory Instructions and Guidance</u> and B16 (Price Control Revenue Reporting and Associated Information) only, has the meaning given in standard condition A4 (Payments to the Authority).</p> |
| "statutory accounts" | <p>means the accounts to be prepared by the licensee under the Companies Act 1985. means the accounts that the licensee prepares in accordance with Part 15 of the Companies Act 2006.</p> |
| "subsidiary" | <p>means a subsidiary within the meaning of sections 736, 736A, 736B <u>1159</u> of the Companies Act 2006 <u>1985</u>.</p> |
| "transmission area" | <p>means the area specified in special condition AA1B of the licensee's transmission licence.</p> |
| "undertaking" | <p>bears the means in <u>an undertaking within the meaning of</u> that <u>expression</u> by <u>section 259</u> <u>1161</u> of the</p> |

2. Any word or expressions used in the Utilities Act 2000, Part I of the Act or the Energy Act 2004 shall, unless the contrary intention appears, have the same meaning when used in the standard conditions.
3. Except where the context otherwise requires, any reference to a numbered standard condition (with or without a letter) or Schedule is a reference to the standard condition (with or without a letter) or Schedule bearing that number in this licence, and any reference to a numbered paragraph (with or without a letter) is a reference to the paragraph bearing that number in the standard condition or Schedule in which the reference occurs, and reference to a Section is a reference to that Section in these standard conditions.
4. These standard conditions shall have effect as if in relation to a licence holder who is a natural person, for the words "it", "its" and "which" there were substituted the words "he", "him", "his", and "whom", and cognate expressions are to shall be construed accordingly.
5. Except where the context otherwise requires, a reference in a standard condition to a paragraph is a reference to a paragraph of that standard condition and a reference in a paragraph to a sub-paragraph is a reference to a sub-paragraph of that paragraph.
6. Any reference in these conditions to
 - (a) a provision thereof;
 - (b) a provision of the standard conditions of electricity generation licences;
 - (c) a provision of the standard conditions of electricity distribution licences;
 - (d) a provision of the standard conditions of electricity supply licences; and
 - (e) a provision of the standard conditions of electricity interconnector licences,

shall, if these standard conditions 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 standard conditions or the other standard conditions in question as modified.

7. In construing the standard conditions, the heading or title of any standard conditions or paragraph shall be disregarded.
8. Any reference in a standard condition to the purposes of that condition generally is a reference to the purposes of that condition as incorporated in this licence and as incorporated in each other licence under section 6(1)(b) of the Act (whenever granted) which incorporates it.
9. Where any obligation under, in or pursuant to the licence is required to be performed by a specified date or within a specified period, and where the licensee has failed so to perform by such date or within such period, such obligation shall continue to be binding and enforceable after the specified date or after the expiry of the specified period (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform by that date or within that period).
10. Anything required by or under these standard conditions to be done in writing may be done by facsimile transmission of the instrument in question or by other electronic means and, in such case –
 - (a) the original instrument or other confirmation in writing shall be delivered or sent by pre-paid first class post as soon as is reasonably practicable, and
 - (b) where the means of transmission had been agreed in advance between the parties concerned, in the absence of and pending such confirmation, there shall be a rebuttable presumption that what was received duly represented the original instrument.

11. The definitions referred to in this condition may include some definitions which are not used or not used exclusively in Sections A and B (which Sections are incorporated in all transmission licences). Where:

(a) any definition is not used in Sections A and B, that definition ~~will~~, for the purposes of this licence, be treated:

- (i) as part of the standard condition or conditions (and the Section) in which it is used;
- (ii) as not having effect in the licence until such time as the standard conditions in which the definition is used has effect within the licence in pursuance of standard condition A2 (Application of Section C), ~~or~~ standard condition A3 (Application of Section D) ~~;~~ or standard condition A6 (Application of Section E);

(b) any definition which is used in Sections A and B and is also used in one or more other Sections:

- (i) ~~will~~ only be modifiable in accordance with the modification process applicable to each of the standard conditions in which it is used; and
- (ii) if any such standard condition is modified so as to omit that definition, then the reference to that definition in this condition ~~will~~ automatically cease to have effect.

Condition B1. Regulatory Accounts

Introduction

1. This condition applies to regulatory accounts prepared for financial years commencing on or after 1 April 2013 for the purpose of ensuring that the licensee:
 - (a) prepares and publishes regulatory accounts within the meaning of Part A below; and
 - (b) maintains (and ensures that any affiliate or related undertaking of the licensee maintains) such accounting records, other records, and reporting arrangements as are necessary to enable the licensee to comply with that obligation.

Part A: Preparation of regulatory accounts

2. For the purposes of this condition, but without prejudice to the requirements of Part C below, the licensee must prepare regulatory accounts for each financial year, for each of the following businesses of the licensee, where applicable:
 - (a) the consolidated transmission business;
 - (b) any de minimis business within the meaning of paragraph 4 of Standard Condition B6 (Restriction of activity and financial ring-fencing);
 - (c) other activities to which this licence relates and to which the Authority has given its consent in accordance with paragraph 3(d) of Standard Condition B6 (Restriction on activity and financial ring-fencing); and
 - (d) the whole business to which this licence relates, as represented by the consolidation of the businesses and activities referred to within subparagraphs (a) to (c), where applicable.
3. Except and so far as the Authority otherwise consents, the regulatory accounts should be prepared under the same applicable accounting framework as the most recent or concurrent statutory accounts of the licensee.

4. Except and so far as the Authority otherwise consents, the licensee must comply with the obligations imposed by the following paragraphs of this Part A in relation to the preparation of regulatory accounts.
5. The licensee must keep or cause to be kept, for a period approved by the Authority, but not less than the period referred to in section 388(4)(b) of the Companies Act 2006 and in the manner referred to in that section, such accounting records and other records as are necessary to ensure that all the revenues, costs, assets, liabilities, reserves, and provisions of, or reasonably attributable to, each of the businesses or activities identified in paragraph 2 are separately identifiable in the accounting records of the licensee (and any affiliate or related undertaking of the licensee) from those of any other business of the licensee.
6. The regulatory accounts are to be prepared on a consistent basis from the accounting records and other records referred to in paragraph 5 in respect of each financial year, and must comprise:
 - (a) the matters set out in paragraph 7; supported by
 - (b) the matters mentioned in paragraph 8; and
 - (c) the statement required by paragraph 9.
7. The matters to which paragraph 6(a) refers are:
 - (a) an income statement and a statement of comprehensive income (or, as appropriate, a profit and loss account and, as appropriate, a statement of total recognised gains and losses);
 - (b) a statement of changes in equity, if appropriate;
 - (c) a statement of financial position (or, as appropriate, a balance sheet);
 - (d) a statement of cash flows (or, as appropriate, a cash flow statement);
 - (e) a corporate governance statement in respect of the whole business to which this licence relates;
 - (f) a directors' report in respect of the whole business to which this licence relates; and

- (g) a business review in respect of the whole business to which this licence relates.
8. The matters to which paragraph 6(b) refers are set out in explanatory notes to the regulatory accounts that:
- (a) provide a summary of the accounting policies adopted by the licensee for the purpose of producing regulatory accounts;
 - (b) comply with the requirements applicable for preparing annual accounts in Chapter 4 of Part 15 of the Companies Act 2006 and of the reporting requirements of the applicable accounting framework; and
 - (c) provide segmental information for each of the transmission business activities of the licensee.

Part B: Bases of charge or apportionment

9. Subject to paragraph 10, the licensee must include within its regulatory accounts, a statement in respect of the consolidated transmission business that shows separately and in appropriate detail the amount of any revenue, cost, asset, liability, reserve, or provision which has been:
- (a) charged from any ultimate controller of the licensee, or from any subsidiary of such ultimate controller (other than the licensee or its subsidiaries), in relation to the provision of goods or services to the licensee; or
 - (b) charged from the licensee, or from any subsidiary of the licensee, in relation to the provision of goods or services to any ultimate controller of the licensee, or to any subsidiaries of such ultimate controller (other than the licensee or its subsidiaries); or
 - (c) determined by apportionment or allocation between the consolidated transmission business and any other business of the licensee or affiliate or related undertaking (and, where this sub-paragraph applies, the statement must include a description of the basis of the apportionment or allocation).
10. The requirements of paragraph 9 apply only in respect of goods and services received or supplied for the purposes of the consolidated transmission business.

11. Unless the Authority so specifies in directions issued for the purposes of this condition, or with the Authority's prior written consent, the licensee must not in relation to the regulatory accounts in respect of any financial year change the bases of charge, apportionment, or allocation referred to in paragraph 9 from those applied in respect of the immediately preceding financial year.
12. Where the licensee has, in accordance with paragraph 11 above, changed its bases of charge, apportionment, or allocation or changed any of its accounting policies or the manner of their application from those adopted for the immediately preceding financial year, then the licensee must, if so directed by the Authority, in addition to preparing regulatory accounts on the changed bases that it has adopted, also prepare such regulatory accounts by reference to the bases, accounting policies, and manner of application that applied in respect of the immediately preceding financial year.

Part C: Consistency with statutory accounts

13. Regulatory accounts and information prepared under Parts A and B above must, so far as is reasonably practicable and except so far as the Authority otherwise consents, having regard to the purposes of this condition:
 - (a) have the same content and format as the most recent or concurrent statutory accounts of the licensee prepared under Part 15 of the Companies Act 2006; and
 - (b) comply with all relevant accounting and reporting standards currently in force under the applicable accounting framework as set out in Part 15 of the Companies Act 2006.

Part D: Audit and delivery of regulatory accounts

14. Except and so far as the Authority otherwise consents, the licensee must:
 - (a) procure an audit by an appropriate auditor of such parts of its regulatory accounts and the directors' report and business review as is specified in the Companies Act 2006 as being required to be so audited if the licensee were a quoted company and those accounts were the statutory accounts of the

licensee drawn up to 31 March each financial year and prepared under Part 15 of the Companies Act 2006;

- (b) procure a report by an appropriate auditor, addressed to the Authority, that states whether in the appropriate auditor's opinion those accounts fairly present the financial position, financial performance, and cash flows of or reasonably attributable to each of the businesses referred to in paragraph 2 in accordance with the requirements of this condition; and
- (c) deliver those accounts and the Auditor's report required under paragraph 14(b) of this licence condition to the Authority as soon as is reasonably practicable, and in any event before publication of such accounts under Part G below and not later than 31 July following the end of the financial year to which the regulatory accounts relate.

Part E: Terms of appointment of the appropriate auditor

- 15. For the purposes of Part D above, the licensee must, at its own expense, enter into a contract of appointment with an appropriate auditor which includes a term requiring that the audit of the licensee's regulatory accounts must be conducted by that appropriate auditor in accordance with all such relevant auditing standards in force on the last day of the financial year to which the audit relates as would be appropriate for accounts prepared in accordance with the provisions of Part 15 of the Companies Act 2006.

Part F: Agreed upon procedures for the appropriate auditor

- 16. The licensee must at its own expense enter into a contract of appointment with an appropriate auditor for the completion of agreed upon procedures that are to apply for the purposes of enabling that Auditor to review:
 - (a) the licensee's compliance with its obligations in respect of the prohibition of cross-subsidy and discrimination generally and, in particular, to the extent that they apply to the licensee, under standard conditions B5 (Prohibition of cross subsidies), C7 (Prohibition on discrimination between users), C8 (Requirement to offer terms), and D5 (Prohibition on engaging in preferential or discriminatory behaviour) of this licence; and

- (b) the statement that by virtue of Part B above is required to be included in the regulatory accounts concerning the bases of charge, apportionment, and allocation applied by the licensee in relation to those accounts.
17. The contract of appointment must require that the agreed upon procedures are conducted in relation to each financial year and that the licensee will arrange for the appropriate auditor to address a report to the Authority by 31 July following the end of each such year which:
- (a) states that he has, in a manner consistent with the relevant auditing standards, completed the agreed upon procedures issued by the Authority in respect of the financial year under report; and
 - (b) sets out his findings.
18. If the Authority is satisfied that the appropriate auditor's report submitted under this Part F demonstrates that the licensee has complied with the obligations to avoid discrimination and cross-subsidies that are imposed on the licensee, the report is to be deemed to represent the results of an audit of those obligations.

Part G: Publication and provision of regulatory accounts

19. Unless the Authority, after consulting with the licensee, otherwise directs, the licensee must publish its regulatory accounts (excluding the statement required to be included in them by virtue of Part B above and any other information agreed by the Authority to be confidential):
- (a) as a stand-alone document in accordance with this condition;
 - (b) by 31 July after the end of the financial year to which the accounts relate;
 - (c) on, and in a way that is accessible from, its website or that of an affiliate or ultimate controller of the licensee provided that link is both clear and readily accessible; and
 - (d) in any other manner which, in the opinion of the licensee, is necessary to secure adequate publicity for the accounts.
20. A copy of the regulatory accounts must be provided free of charge:

- (a) to the National Consumer Council (or any successor entity), no later than the date on which the regulatory accounts are published; and
- (b) to any person requesting a copy.

Part H: Interpretation and definitions

- 21. Any consent or direction by the Authority given in relation to a provision of this condition may be given in relation to some or all of the requirements of the relevant provision and subject to such conditions as the Authority considers appropriate or necessary having regard to the purposes of this condition.
- 22. The requirement under paragraph 7 of this condition for the licensee to include a business review, a corporate governance statement, and a directors' report in its regulatory accounts is to be read as if the requirement applied to the licensee as a quoted company, whether or not it is such a company, such that:
 - (a) the business review has the coverage and content of the business review that a quoted company is required to prepare under section 417 of the Companies Act 2006;
 - (b) the corporate governance statement has the coverage and content of a corporate governance statement that a quoted company is required to prepare under the UK Corporate Governance Code issued under the UK Listing Authority's listing rules and interpretations on corporate governance; and
 - (c) the directors' report has the coverage and content of the directors' report that a quoted company is required to prepare under sections 415, 416, 417, 418(2), and 419(3) and (4) of the Companies Act 2006.
- 23. For the avoidance of doubt, the licensee should prepare regulatory accounts for the financial year commencing on or after 1 April 2012 in accordance with the licence condition in force as at 31 March 2013.
- 24. For the purposes of this condition:

**agreed upon
procedures**

means procedures from time to time agreed between the Authority, the appropriate auditor, and the licensee for the purpose of enabling the

appropriate auditor to review and report to the Authority on matters relating to the requirements referred to at paragraph 16 of this condition.

applicable accounting framework

means:

- (a) in accordance with section 396 of the Companies Act 2006 ("Companies Act individual accounts"), or in accordance with international accounting standards ("IAS individual accounts") or
- (b) in accordance with section 403 Companies Act group accounts, or IAS group accounts.

appropriate auditor

means:

- (a) in the case of a licensee that is a company within the meaning of section 1 of the Companies Act 2006, a person appointed as auditor under Chapter 2 of Part 16 of that Act;
- (b) in the case of any other licensee that is required by the law of a country or territory within the European Economic Area to appoint an auditor under provisions analogous to those of Chapter 2 of Part 16 of that Act, a person so appointed; and
- (c) in any other case, a person who is eligible for appointment as a company auditor under Part 42 of that Act.

quoted company

has the meaning given to that term in section 385 of the Companies Act 2006;

segmental information

means such financial and descriptive information in respect of the transmission business activities

of the licensee as would be required to be disclosed under International Financial Reporting Standard 8 (or Statement of Standard Accounting practice 25, or successor standards under any applicable accounting framework) if each of those activities was an operating segment (or reportable segment) of the licensee within the meaning of the respective standards;

system operator activity

means the balancing services activity, as that term is defined in standard condition C1 (Interpretation of Section C);

transmission business activities

means the following activities of the licensee, in each case to the extent applicable:

- (a) the transmission owner activity; and
- (b) the system operator activity;

transmission owner activity

means:

- (a) (in respect of the system operator), shall bear the same meaning as the definition of "transmission owner activity" in standard condition C1 (Interpretation of Section C); and
- (b) (in respect of transmission owners) the activity permitted to the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section D (transmission owner standard conditions) Direction and where Section D remains in effect whether or not subject to any terms included in a Section D (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject);

UK Listing Authority

has the meaning given in section 72 of the Financial Services and Markets Act 2000 and refers to the Financial Services Authority when it acts in its capacity as the competent authority for the purposes of that section.

Condition B2. ~~Change of financial year~~ Not Used

[Entire current text to be deleted]

Condition B4. Provision of ~~ii~~information to the Authority

1. Subject to paragraphs 5 and 7, the licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably require, such ~~ii~~information and shall procure and furnish to it such reports, as the Authority may reasonably require or as may be necessary for the purpose of performing:
 - (a) any functions transferred to or conferred on it by or under the Utilities Act 2000; and
 - (b) the regulatory functions conferred on the Authority by other statute or enactment ~~or under the Act, the Energy Act 2004, and the Energy Act 2008;~~ and
 - ~~(c) any functions transferred to or conferred on it by or under the Utilities Act 2000.~~
2. The licensee shall procure from each company or other person which the licensee knows or reasonably should know is at any time an ~~uu~~ultimate ~~cc~~controller of the licensee a legally enforceable ~~uu~~undertaking in favour of the licensee in a form specified by the Authority that the ~~uu~~ultimate ~~cc~~controller ("the information covenantor") will give to the licensee, and will procure that any person (including, without limitation, a corporate body) which is a ~~ss~~subsidiary of, or is controlled by, the information covenantor (other than the licensee and the licensee's ~~ss~~subsidiaries) will give to the licensee, all such ~~ii~~information as may be necessary to enable the licensee to comply fully with the obligation imposed on it in paragraph 1. Such ~~uu~~undertaking shall be obtained within 7 days of such corporate body or other person in question becoming an ~~uu~~ultimate ~~cc~~controller of the licensee and shall remain in force for so long as the licensee remains the holder of this licence and the information covenantor remains an ~~uu~~ultimate ~~cc~~controller of the licensee.
3. The licensee shall deliver to the Authority evidence (including a copy of each such ~~uu~~undertaking) that the licensee has complied with the obligation to procure ~~uu~~undertakings pursuant to paragraph 2, and shall comply with any direction from the Authority to enforce any undertaking so procured.
4. The licensee shall not, ~~save with the consent~~except and so far as in writing of the Authority otherwise consents, enter (directly or indirectly) into any agreement or arrangement with any ~~uu~~ultimate ~~cc~~controller of the licensee or, where the

~~U~~ultimate ~~C~~ontroller is a corporate body, any of the ~~S~~ubsidiaries of such a corporate ~~U~~ultimate ~~C~~ontroller (other than the subsidiaries of the licensee) at a time when:

- (a) an ~~U~~ndertaking complying with paragraph 2 is not in place in relation to that ~~U~~ultimate ~~C~~ontroller; or
- (b) there is an unremedied breach of such ~~U~~ndertaking; or
- (c) the licensee is in breach of the terms of any direction issued by the Authority under paragraph 3 of this condition.

5. The licensee shall not be required by the Authority to furnish it under this condition with ~~I~~information for the purpose of the exercise of its functions under section 47 of the Act.
6. The licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any ~~I~~information or advice (so far as relating to its activities as the transmission licensee) which the Authority proposes to publish pursuant to section 48 of the Act.
7. This condition shall not require the licensee to produce any documents or give any ~~I~~information which it could not be compelled to produce or give in evidence in civil proceedings before a court.
8. ~~In The power of the Authority to call~~ing for ~~I~~information under this condition ~~is in addition to the power of the Authority~~ may ~~to~~ call for ~~I~~information under or pursuant to any other condition. There shall be a presumption that the provision of ~~I~~information in accordance with any other condition is sufficient for the purposes of that condition, but that presumption shall be rebutted, if the Authority states in writing that in its opinion such further ~~I~~information is, or is likely to be, necessary to enable it to exercise functions under the condition in question.

Condition B15. ~~Price control Review Information~~Regulatory Instructions and Guidance

Introduction

1. The purpose of this condition is to set out the scope, contents, and common governance arrangements for the Regulatory Instructions and Guidance ("RIGs") published by the Authority pursuant to this condition.
2. The RIGs are the primary means by which the Authority directs the licensee to collect and provide the information to the Authority that the Authority needs to enable it to administer the Special Conditions of this licence and, where not referenced in the licence, the final proposals.

Part A: Licensee's obligations under this condition

3. Unless and so far as the Authority otherwise consents, the licensee must have in place and maintain appropriate systems, processes, and procedures to enable it:
 - (a) to estimate, measure, and record the information detailed in the RIGs ("specified information"); and
 - (b) to provide such information to the Authority in respect of such periods and within such timeframes as are specified in the RIGs.
4. To facilitate compliance with paragraph 3 of this condition, the accounting records and other records kept by the licensee with respect to the specified information must:
 - (a) be so arranged as to ensure that such information can be separately identified and reasonably attributed as between the licensee's business and the business of any affiliate or related undertaking of the licensee; and
 - (b) be maintained for a period of eight years, or such shorter period as set out in the RIGs, from the date that they are made.

Part B: Scope and content of the RIGs

5. Subject to paragraphs 6 and 7 of this condition, the matters that may be included, or for which provision may be made, in the RIGs are:

- (a) instructions and guidance on the establishment of systems, processes, procedures, and ways for recording and providing specified information;
 - (b) instructions and guidance on the standards of accuracy and reliability that are applicable to the recording of specified information (including different classes of such information);
 - (c) a timetable for the development of such systems, processes, and procedures as are required to achieve such standards;
 - (d) the methodology for calculating or deriving numbers comprising specified information;
 - (e) provision with respect to the meaning of words and phrases used in defining specified information;
 - (f) requirements as to the form and manner in which, or the frequency with which, specified information must be recorded;
 - (g) requirements as to the form and manner in which, or the frequency with which, specified information must be provided to the Authority;
 - (h) requirements as to which (if any) of the specified information is to be subject to audit, the terms on which an auditor is to be appointed by the licensee for that purpose, and the nature of the audit to be carried out by that person;
 - (i) requirements as to the circumstances in which the Authority may appoint an examiner to examine the recording of the specified information by the licensee;
 - (j) a statement on whether and to what extent each category of the specified information is required for the purposes of the RIGs; and
 - (k) provision about how the Authority intends to monitor, assess, and enforce compliance with the RIGs (as to which, see also Part E of this condition).
6. The provisions of the RIGs must not exceed what is reasonably required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions.
7. No specified information may exceed what could be requested from the licensee by the Authority under paragraph 1 of standard condition B4 (Provision of information to the Authority) excluding any reference to paragraph 5 of that condition.

Part C: Development and modification of the RIGs

8. The Authority may issue new RIGs or modify any existing RIGs by issuing a direction for that purpose to every licensee in whose licence this condition has effect.
9. Data collected in relation to the relevant year commencing in 2012 must be reported according to the relevant reporting requirements provided for in these standard conditions as they were in force as at 31 March 2013.
10. A direction issued by the Authority under paragraph 8 will be of no effect unless the Authority has first:
 - (a) given notice to all licensees in whose licence this condition has effect that it proposes to issue new RIGs or (as the case may be) to modify the RIGs:
 - (i) specifying the date on which it proposes that the provisions of the document to be issued or modified should take effect;
 - (ii) setting out the text of the RIGs to be issued or (as the case may be) modified and the Authority's reasons for proposing to issue or modify it; and
 - (iii) specifying the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to such proposals may be made; and
 - (b) considered any representations in response to the notice that are duly made and not withdrawn.
11. The requirements for the issuing of new RIGs or modification of existing RIGs set out in paragraph 10 of this condition may be satisfied by actions taken by the Authority before as well as after the coming into effect of this condition.

Part D: Requirements for new or more detailed information

12. This Part D applies if any modified or new RIGs have the effect of introducing a requirement to provide:
 - (a) a new category of specified information; or
 - (b) an existing category of specified information to a greater level of detail,

which has not previously been collected by the licensee, whether under the provisions of the RIGs or otherwise.

13. Where this Part D applies, the licensee may provide estimates to the Authority in respect of the relevant category of specified information for any relevant year specified by the Authority.
14. The estimates that are mentioned in paragraph 13 of this condition may be derived from such other information available to the licensee as may be appropriate for that purpose.

Part E: Compliance with the provisions of the RIGs

15. The licensee must at all times comply with the provisions of the RIGs for the time being in force pursuant to this condition.
16. Nothing in this condition requires the licensee to provide any documents or give any information that it could not be compelled to produce or give in evidence in civil proceedings before a court.

Part F: Interpretation

17. For the purposes of this condition:

examiner means, in relation to the RIGs, a person whose degree of knowledge and experience of the matters that are the subject of the RIGs will enable him to properly carry out and complete the tasks required of him under the terms of his nomination by the Authority pursuant to the provisions of the RIGs.

specified information means information (or a category of information) that is so described or defined in the RIGs.

Condition B16. ~~Price Control Revenue Reporting and Associated Information Not Used~~

[Entire current text to be deleted]

Condition B17. ~~Methodology for Network Output Measures Not Used~~

[Entire current text to be deleted]

Condition B23. Data assurance requirements

Introduction

1. This condition requires the licensee to undertake processes and activities for the purpose of reducing the risk, and subsequent impact and consequences, of any inaccurate or incomplete reporting, or any misreporting, of information to the Authority.
2. This condition comes into effect in this licence on the earlier of:
 - (a) the date on which a data assurance direction in accordance with the provisions of Part B below has effect; and
 - (b) 1 April 2015.

Part A: Licensee's obligations under this condition

3. The licensee must:
 - (a) comply with the provisions of the Data Assurance Guidance ("the DAG"), being a document that will be incorporated into this licence condition by way of licence modification, the scope and contents of which are set out in Part C of this condition, as if it were a condition of this licence;
 - (b) subject to paragraph 4, where required to provide data under the provisions of this licence, provide accurate and complete data;
 - (c) carry out a risk assessment in accordance with such provisions and timescales as are specified for that purpose in the DAG, and ensure that it has used its best endeavours to mitigate such risks as it has identified in that assessment;
 - (d) if directed by the Authority, procure an independent review of its data assurance activities in accordance with such provisions and timescales as are specified for that purpose in the DAG; and
 - (e) provide to the Authority, in accordance with such provisions and timescales as are specified for that purpose in the DAG, reports that variously contain:
 - (i) the results of the licensee's risk assessment;

- (ii) a description of the data assurance activities that the licensee intends to undertake concerning data for the coming financial year to mitigate the risks identified in that assessment;
 - (iii) a description of the data assurance activities undertaken by the licensee concerning data for the preceding financial year; and
 - (iv) if required, the details and results of the independent review procured by the licensee of its data assurance activities.
4. Data provided to the level of accuracy and reliability required under the relevant licence condition will be considered to be accurate and complete for the purposes of this condition.
5. The licensee must have in place and maintain appropriate systems, processes, and procedures to enable it to perform its obligations under paragraph 3.
6. The licensee must comply with any direction given by the Authority that requires it to carry out (or, where appropriate, to procure and facilitate the carrying out of) a specific data assurance activity in accordance with the provisions of Part E.

Part B: Requirement for consultation before giving a direction

7. A data assurance direction is of no effect unless, before issuing it, the Authority has first:
- (a) given notice to all licensees in whose licence this condition has effect that it proposes to issue the direction:
 - (i) specifying the date on which it proposes that it should have effect;
 - (ii) setting out the text of the direction and the Authority's reasons for proposing to issue it;
 - (iii) specifying the time (which must not be a period of less than 28 days from the date of the notice) within which representations or objections with respect to the proposal may be made; and
 - (b) considered any representations or objections in response to the notice that are duly made and not withdrawn.

Part C: Scope and contents of the Data Assurance Guidance

8. The DAG may from time to time be revised by the Authority under Part D of this condition.
9. The purpose of the DAG is to establish a process under which the licensee must comply with its obligations as set out in paragraph 3(b) to (e).
10. Subject to paragraphs 12 and 13, the DAG may include, or make provision for, any of the following matters:
 - (a) the data to which the risk assessment applies;
 - (b) the format of the risk assessment;
 - (c) the frequency with which and the timescales within which the risk assessment is required to be carried out;
 - (d) the format of any independent review that may be required of the licensee's data assurance activities and the associated reporting requirements;
 - (e) the format of the reporting requirements detailed in paragraph 3(e); and
 - (f) the frequency with which and the timescales within which the licensee should report on its data assurance activities to the Authority.
11. Reference in paragraph 10 to the format of an assessment, review, or reporting requirement includes references to its form, layout, scope and content.
12. The provisions of the DAG must not exceed what is required to achieve the purposes of this condition, having regard to the materiality of the costs likely to be incurred by the licensee in complying with those provisions and the impact on consumers of data reporting errors.
13. No information to be provided to the Authority under or pursuant to the requirements of the DAG may exceed what could be requested from the licensee by the Authority pursuant to Standard Condition B4 (Provision of information to the Authority).

Part D: Modification of Data Assurance Guidance

14. The DAG may be modified by the Authority from time to time by direction.
15. A direction issued by the Authority under paragraph 14 is of no effect unless the Authority has first:

(a) given notice to all licensees in whose licence this condition has effect that it proposes to modify the DAG:

- (i) specifying the date on which it proposes that the provisions of the document to be issued or modified should take effect;
- (ii) setting out the text of the DAG to be modified and the Authority's reasons for proposing to modify it;
- (iii) specifying the time (which must not be less than a period of 28 days from the date of the notice) within which representations concerning such proposals may be made; and

(b) considered any representations in response to the notice that are duly made and not withdrawn.

Part E: Authority's power to specify data assurance activity

16. The Authority may, after consulting with the licensee, issue a direction, in accordance with the provisions of paragraph 17, requiring the licensee to carry out (or, where appropriate, to procure and facilitate the carrying out of) such data assurance activity as may be specified in the direction.

17. The requirements for the direction under paragraph 16 are that it must:

- (a) contain a description of the data assurance activity to be carried out by the licensee (or, where appropriate, by a person nominated by the Authority) for the purpose of ensuring the accuracy and completeness of data provided to the Authority;
- (b) if it refers to a person nominated by the Authority, specify the steps that must be taken by the licensee to procure and facilitate the carrying out of that activity by that person;
- (c) contain a description of the data to which the activity that is described in the direction must apply;
- (d) contain an explanation of why the Authority requires the licensee to carry out that activity;
- (e) specify any relevant dates by which that activity must be completed; and

- (f) specify the form and content of any information relating to that activity that the licensee must provide to the Authority.

Part F: Derogations

18. The Authority may, after consulting with the licensee, give a direction (“derogation”) to the licensee that relieves it of its obligations under this condition to such extent, for such period of time, and subject to such conditions as may be specified in the direction.

Part G: Interpretation

19. For the purposes of this condition:

| | |
|---------------------------------|---|
| data | means the relevant submissions to the Authority under this licence in respect of which the licensee must carry out a risk assessment, as specified in the DAG; |
| data assurance activity | means, in respect of data, the activity undertaken by the licensee (or a person nominated by the Authority, as the case may be) to address the risks identified in the risk assessment; |
| data assurance direction | means a direction by the Authority to bring into effect this condition; and |
| risk assessment | means an assessment of the likelihood and potential impact of any inaccurate or incomplete reporting, or any misreporting, of data by the licensee to the Authority under this licence. |

Condition C1: Interpretation of Section C

[This condition is to be amended with the following additions and amendments:]

1. In the standard conditions in this Section unless the context otherwise requires:

...

"balancing services activity" means the activity undertaken by the licensee as part of the transmission business including the co-ordination and direction of the flow of electricity onto and over the national electricity transmission system, the procuring and using of balancing services for the purpose of balancing the national electricity transmission system and for which the licensee is remunerated under Part 2 of special condition AA5A (Revenue restriction provision) and Special Condition 4A (Restriction of System Operator internal revenue) of the licensee's transmission licence.

"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 national electricity transmission system which is remunerated under Special Condition 3A (Restriction of Transmission Network Revenue), and
- (ii) excluded services.

Condition C4: Charges for Use of System

1. The licensee shall:
 - (a) as soon as practicable after the date this condition comes into effect determine a ~~u~~Use ~~O~~Oef ~~S~~System ~~C~~Ceharging ~~M~~Methodology approved by the Authority; and
 - (b) conform to the Use Oef System Ceharging Methodology as modified in accordance with standard condition C5 (Use of system charging methodology) and standard condition C10 (Connection and Use of System Code (CUSC)), and subject to standard condition C13 (Adjustments to use of system charges (small generators)).

2. The licensee shall as soon as practicable after the date this condition comes into effect:
 - (a) prepare a statement approved by the Authority of the Use of System Ceharging ~~m~~Methodology; ~~and~~
 - (b) prepare, other than in respect of a charge which the Authority has consented need not so appear, a statement, in a form approved by the Authority, of Use Oef System Ceharges determined in accordance with the Use Oef System Ceharging Methodology and in such form and in such detail as shall be necessary to enable any person to make (other than in relation to charges to be made or levied in respect of the Bbalancing Sservices Aactivity) a reasonable estimate of the charges to which he would become liable for the provision of such services; ~~and~~
 - (c) ~~and~~, without prejudice to paragraph 5 of this condition or standard condition C10 (Connection and Use of System Code (CUSC)), if any change is made in the Use Oef System Ceharges to be so made other than in relation to charges to be made in respect of the Bbalancing Sservices Aactivity, or the Use Oef System Ceharging Methodology, the licensee shall, before the changes take effect, furnish the Authority with a revision of the statement of Use Oef System Ceharges (or if the Authority so accepts, with amendments to the previous such statement) and/or (as the case may be) with a revision of the statement of the Use Oef System Ceharging ~~m~~Methodology, which reflect the changes.

3. Approvals by the Authority pursuant to paragraphs 1(a) and 2(a) may be granted subject to such conditions relating to further action to be undertaken by the licensee in relation to the Use of System Charging Methodology better meeting the relevant objectives including, but not limited to, matters identified in any initial consultation by the Authority, as the Authority deems appropriate. Such conditions may include (but are not limited to) elements relating to the time by which action under the conditions must be completed.
4. With the exception of the requirement to comply with standard condition C13 (Adjustments to use of system charges (small generators)) provided for in paragraph 1(b), nothing in this condition shall affect the ability of the licensee to charge according to the statement issued pursuant to paragraph 2(b).
5. The licensee:
 - (a) shall give, except where the Authority consents to a shorter period, 150 days notice to the Authority of any proposals to change Use of System Charges other than in relation to charges to be made in respect of the Balancing Services Activity, together with a reasonable assessment of the effect of the proposals (if implemented) on, those charges; ~~and~~
 - ~~(a)~~(b) except in so far as the Authority otherwise directs or consents, shall not make any changes to Use of System Charges more frequently than once in each Financial Year such that any such change shall take effect on 1 April in a Financial Year; and
 - (c) where it has decided to implement any proposals to change Use of System Charges other than in relation to charges to be made in respect of the Balancing Services Activity, shall give the Authority notice of its decision and the date on which the proposals will be implemented which shall not, without the consent of the Authority, be less than a month after the date on which the notice required by this sub-paragraph was given.
6. Unless otherwise determined by the Authority, the licensee shall only enter arrangements for Use of System which secure that Use of System Charges will conform with the statement last furnished under paragraph 2(b) either:
 - (a) before it enters into the arrangements; or
 - (b) before the charges in question from time to time fall to be made,

and, for the purposes of this paragraph, the reference to the statement last furnished under paragraph 2(b) shall be construed, where that statement is subject to amendments so furnished before the relevant time, as a reference to that statement as so amended.

7. References in paragraphs 1, 2, 5 and 6 to charges do not include references to:
 - (a) ~~€~~connection ~~€~~charges; or
 - (b) to the extent, if any, to which the Authority has accepted they would, as respects certain matters, be so determined, charges determined by reference to the provisions of the CUSC.
8. The licensee may periodically revise the ~~fi~~information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 2 and shall, at least once in every year that this licence is in force, make such revisions as may be necessary to such statements in order that the ~~fi~~information set out in the statements shall continue to be accurate in all material respects.
9. The licensee shall send a copy of any such statement, revision, amendment or notice given under paragraphs 2 or 5 to any person who asks for any such statement, revision, amendment or notice.
10. The licensee may make a charge for any statement, revision, or amendment of a statement, furnished, or notice sent pursuant to paragraph 9 of an amount reflecting the licensee's reasonable costs of providing such statement, revision, amendment or notice which costs shall not exceed the maximum amount specified in directions issued by the Authority for the purposes of this condition.