

Electricity Distribution Licence

(Generic)

Publication Note:

This draft of a generic electricity distribution licence has been published for illustrative purposes only to assist those persons who are currently undertaking the activity of electricity distribution and who will from 30 April 2013 need to be authorised to carry out that activity by way of a licence. This draft licence includes only those conditions which the Utility Regulator (UR) considers are likely to be included in all distribution licences.

It should however be noted that (i) additional licence conditions may be included, and/or (ii) the conditions shown in this draft version may be modified, in any individual distribution licence granted by the UR.

In particular, and without limitation, the UR may include licence conditions which impose obligations in respect of distribution charges and/or tariffs (namely a price control), which require the licensee to give certain undertakings in respect of its business, which provide for the distribution business to be independent from any other electricity business of the licensee or within the licensee's group etc.

Any person that is currently undertaking the activity and considers that it may from 30 April 2013 need an electricity distribution licence should contact the Utility Regulator at the earliest opportunity.

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PART I GRANT AND TERMS OF THE LICENCE

- 1 The Northern Ireland Authority for Utility Regulation (the “**Authority**”), in exercise of the powers conferred by Article 10(1)(bb) of the Electricity (Northern Ireland) Order 1992 (the “**Order**”) hereby grants to [name and registered number of company] (the “**Licensee**”) a licence authorising it to distribute electricity for the purpose of giving a supply to any premises or enabling a supply to be so given in the authorised area designated in paragraph 1 of Schedule 1 (the “**Licence**”).
- 2 The Licence shall come into force on the date of the grant and shall continue in force until:
 - (a) it is determined by not less than 25 years’ notice in writing given by the Authority to the Licensee, such notice not to be served earlier than the tenth anniversary of the date of the grant; or
 - (b) the date, if earlier, on which the Licence is revoked in accordance with the provisions specified as a term of the licence in Schedule 2 hereto
- 3 The Licence is subject to the Conditions set out in Part II (the “**Conditions**”). The Conditions of the Licence are subject to modification in accordance with their terms, with Articles 14, 17, 17A or 18 of the Order, and/or with any lawful power of modification as may exist from time to time.
- 4 Unless the contrary intention appears, words and expressions used in the terms of the Licence shall have the same meaning as was given to them, and shall be construed in accordance with the rules of construction and interpretation set out, in the Conditions of the Licence at the date of the grant.

Name:

Signature:

Date:

For and on behalf of the Northern Ireland Authority for Utility Regulation

PART II THE CONDITIONS

Condition 1. Interpretation and Construction

- 1 Unless the contrary intention appears:
- (a) words and expressions used in this Licence or in the Schedules below shall be construed as if they were in an enactment and the Interpretation Act (Northern Ireland) 1954 applied to them; and
 - (b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when this Licence comes into force.

2 Any word or expression defined for the purposes of any provision of Part II of the Order or of the Energy Order, or of the SEM Order shall, unless the contrary intention appears, have the same meaning when used in this Licence or in the Schedules below.

3 In this Licence and in the Schedules below, unless otherwise specified or the context otherwise requires:

“affiliate” in relation to the Licensee or any subsidiary of a holding company of the Licensee, means any holding company of the Licensee or any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee, in each case within the meaning of section 1159 of the Companies Act 2006;

“Auditors” means the Licensee’s auditors for the time being holding office in accordance with the requirements of Chapter 2 of Part 16 of the Companies Act 2006;

“authorised” in relation to any business or activity means authorised by licence granted under Article 10 or exemption granted under Article 9 of the Order;

“Authorised Area” means the area from time to time comprised in paragraph 1 of Schedule 1;

“authorised electricity operator” means any person (other than the Licensee in its capacity as the holder of the Licence) who holds a licence granted pursuant to Article 10 of the Order or whose activities are exempt pursuant to Article 9 of the

Order, and any person transferring electricity across a Northern Ireland Interconnector or who has made application for use of a Northern Ireland Interconnector which has not been refused;

- “Authority”** means the Northern Ireland Authority for Utility Regulation;
- “competent authority”** means the Department, the Authority and any local or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;
- “Consumer Council”** means the Consumer Council for Northern Ireland;
- “Department”** means the Department of Enterprise, Trade and Investment;
- “designated”** in relation to any agreement, arrangement, code, notice, proposal therefor or other document, means designated by the Department or the Authority (as the case may be) or on its behalf by means of initialling or descriptive reference whether for the purposes of any Condition of this Licence or otherwise, but so that an agreement, arrangement, code, notice, proposal therefor or other document so designated may at the discretion of the Department or the Authority (as the case may be) cease to be designated if amended or modified in any material respect;
- “Directive”** means Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity;
- “Directive Regulations”** means the Electricity Order 1992 (Amendment) Regulations (Northern Ireland) 2005 and/or the Electricity Regulations (Northern Ireland) 2007;
- “Distribution Business”** means the business of the Licensee or any affiliate or related undertaking of the Licensee in or ancillary to

the transport (whether for its own account or that of third parties) of electricity through the Distribution System, and shall include any business in providing connections to the Distribution System and any business in providing the Market Registration Services and/or the Market Data Services but shall not include any other business of the Licensee or any affiliate or related undertaking of the Licensee in the provision of services to or on behalf of any one or more persons;

- “Distribution Code”** means the code of that name required to be prepared and approved in accordance with Condition 19;
- “Distribution System”** means the system comprising wholly or mainly of low voltage electric lines owned and operated by the Licensee within the Authorised Area and any other electric lines which the Authority may specify as forming part of the Distribution System, and includes any electrical plant and meters of the Licensee which are used in connection with distribution by the Licensee;
- “Distribution System Security and Planning Standards”** means either the document designated as such by the Authority or, until the Authority designates such a document, that part (or parts) of the document which relates to distribution system security and planning standards in the document entitled Transmission and Distribution System Security and Planning Standards and designated by the Authority on or before SEM Go-Live, as modified from time to time in accordance with Condition 16;
- “electricity undertaking”** means an authorised electricity operator and/or a Republic of Ireland electricity operator;
- “Energy Order”** means the Energy (Northern Ireland) Order 2003;
- “enforcement matter”** means any matter in respect of which any functions of the Authority under Article 42 of the Energy Order are or may be exercisable;

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“financial year”	bears the meaning ascribed to it in paragraph 1 of Condition 2;
“generation set”	means any plant or apparatus for the production of electricity;
“Grid Code”	means the code of that name to be prepared and approved in accordance with the Transmission System Operator Licence;
“holding company”	means a holding company within the meaning of section 1159 of the Companies Act 2006;
“Interconnector”	means a Republic of Ireland Interconnector and/or a Northern Ireland Interconnector;
“Internal Markets Regulations”	means the Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2011 [SR2011/155];
“Island of Ireland”	means Northern Ireland and the Republic of Ireland.
“land”	includes any right, easement or other interest in land and any wayleave;
“lease”	means a lease of premises, and includes an underlease and a sub-underlease;
“Licence”	means the licence comprised in the licence grant in which these Conditions are referred to, granted on the terms, and subject to the conditions, referred to therein;
“Licensee”	means [<i>name and registered number of company</i>];
“Market Data Service”	means the service described in paragraph 3 of Condition 20;
“Market Registration Arrangements”	means the Market Registration Framework Agreement and the Market Registration Code;
“Market Registration Code”	means the Code of that title prepared by the Licensee and approved by the Authority under the provisions of Condition 21;

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“Market Registration Framework Agreement”	means the agreement of that title prepared by the Licensee and approved by the Authority under the provisions of Condition 21;
“Market Registration Service”	means the service described in paragraph 2 of Condition 20;
“modification”	includes any addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
“megawatt” or “MW”	includes an equivalent megawatt;
“Northern Ireland Fuel Security Code”	means the document of that title designated as such by the Department as from time to time amended in accordance with its provisions, dealing with the co-operation of licence holders in strategic contingency planning in respect of fuel stocks, the modification of the merit order and certain other systems and procedures under the Grid Code during periods when the Department has given and there is in force one or more directions under Article 37(4) of the Order, the entitlement of the Licensee and authorised electricity operators to and the collection of certain payments in anticipation of, during and after the expiry of any such periods, and connected matters;
“Northern Ireland Interconnector”	means electric lines and electrical plant and meters used for conveying electricity only directly to or from a substation or converter station within Northern Ireland into or out of Northern Ireland, but excluding the North/South Circuits;
“Northern Ireland Market Operator Licence”	means the licence granted, under Article 10(1)(d) of the Order, to SONI Limited (a body corporate registered in Northern Ireland under company number NI038715) on 3 July 2007.
“Northern Ireland Market Operator Licensee”	means the person authorised, from time to time, under the Northern Ireland Market Operator Licence in its capacity as the holder of that licence.

“North/South Circuits”	means the electric lines and electrical plant and meters used for conveying electricity only directly to or from a substation or converter station within Northern Ireland directly to or from a substation or converter station within the Republic of Ireland;
“notice”	means (unless otherwise specified) notice given either in writing or by electronic data transfer;
“Order”	means the Electricity (Northern Ireland) Order 1992;
“Priority Dispatch Rules”	means the rules and criteria, established and published by the Authority, for the priority dispatch of generation sets which generate electricity using renewable energy sources or waste or by producing combined heat and power, as amended from time to time by the Authority;
“related undertaking”	in relation to any person means any undertaking in which that person has a participating interest within the meaning of section 421A of the Financial Services and Markets Act 2000;
“relevant licensed supplier”	means a person authorised by a licence granted under Article 10(1)(c) of the Order;
“Republic of Ireland Electricity Act”	means the Republic of Ireland legislation known as the Electricity Regulation Act 1999;
“Republic of Ireland electricity operator”	means any person engaged in the generation, transmission, distribution or supply of electricity in the Republic of Ireland, including any holder of a licence or authorisation to do so, or a person who has been granted a permit under Section 37 of the Electricity (Supply) Act 1927 and any person transferring electricity across a Republic of Ireland Interconnector or who has made an application for use of a Republic of Ireland Interconnector which has not been refused;
“Republic of Ireland Interconnector”	means electric lines and electrical plant and meters used for conveying electricity only directly to or from a substation or converter station within the Republic of Ireland into or out of the Republic of Ireland, but

	excluding the North/South Circuits;
“representation”	includes any objection or other proposal made in writing;
“SEM Go-Live”	means the time and date designated as such by the Authority (with the consent of the Department) for the purpose of licences granted under the Order, being the commencement date for a number of matters including the Single Electricity Market.
“SEM Order”	means the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007;
“Single Electricity Market”	means the single wholesale electricity market for the Island of Ireland, implemented in Northern Ireland pursuant to Section 23 of the Northern Ireland (Miscellaneous Provisions) Act 2006;
“Single Electricity Market Trading and Settlement Code”	has the meaning given to that term in the Northern Ireland Market Operator Licence;
“subsidiary”	means a subsidiary within the meaning of section 1159 of the Companies Act 2006;
“Transmission System Operator”	means the person authorised, from time to time, under the Transmission System Operator Licence in its capacity as the holder of that licence;
“Transmission System Operator Licence”	means the licence granted under Article 10(1)(b) of the Order to SONI Limited (a body corporate registered in Northern Ireland under company number NI038715) on 3 July 2007;
“undertaking”	bears the meaning ascribed to it by section 1161 of the Companies Act 2006;
“year”	means a period of 12 months commencing on 1st January.

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- (a) any reference to a numbered Part or Schedule is a reference to the Part or Schedule bearing that number herein;
 - (b) any reference to a numbered Condition or Annex or to a numbered Schedule is respectively a reference to the Condition, Annex or Schedule bearing that number in the Part in which the reference occurs;
 - (c) any reference to “the Conditions” in relation to this Licence means the Conditions to which this Licence is subject and references to “any Conditions” and to any cognate expression shall be construed accordingly;
 - (d) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition, Annex or Schedule in which the reference occurs; and
 - (e) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this Licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.
- 5 The heading or title of any Part, Condition, Annex, Schedule or paragraph shall not affect the construction hereof.
- 6 Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee’s failure to perform within the time limit).
- 7 The provisions of section 24 of the Interpretation Act (Northern Ireland) 1954 shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this Licence and directions issued by the Authority pursuant to this Licence shall be delivered or served as aforesaid.

Condition 2. Preparation of Accounts

- 1 The first financial year of the Licensee shall run from [*insert relevant dates*] and thereafter each financial year of the Licensee shall run from 1 April to the following 31 March.
- 2 The remaining paragraphs of this Condition apply for the purpose of ensuring that the Licensee (and any affiliate or related undertaking of the Licensee) maintains accounting and reporting arrangements which enable separate accounts to be prepared for the Distribution Business and showing the financial affairs of the Distribution Business.
- 3 The Licensee shall, in respect of the Distribution Business:
 - (a) keep or cause to be kept for the period referred to in section 388 of the Companies Act 2006 and in the manner referred to in that section, such accounting records in respect of the Distribution Business as would by section 386 of the Companies Act 2006 be required to be kept if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Distribution Business are separately identifiable in the books of the Licensee (and any affiliate or related undertaking of the Licensee) from those of any other business; and
 - (b) prepare on a consistent basis from such accounting records in respect of the financial year commencing on 1 April [*insert year*] and each subsequent financial year, accounting statements comprising a profit and loss account, a balance sheet and a cash flow statement, together with notes thereto, and showing separately in respect of the Distribution Business and in appropriate detail the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:
 - (i) charged from or to any other business of the Licensee, together with a description of the basis of that charge; or
 - (ii) determined by apportionment or allocation between the Distribution Business and any other business of the Licensee, together with a description of the basis of the apportionment or allocation;
 - (c) procure, under joint obligation with the Authority, in respect of the accounting statements prepared in accordance with this Condition in respect of a financial year, a report by the Auditors and addressed to both the Licensee and the Authority stating whether in their opinion those statements have been properly prepared in accordance with this Condition and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the

Distribution Business;

- (d) take all appropriate steps within its power to procure a report by the Auditors and addressed to the Authority verifying whether the obligation to avoid discrimination and cross-subsidies, as referred to in paragraph 3 of Article 31 of the Directive, has been respected; and
 - (e) facilitate the completion of the Auditor's reports referred to in sub-paragraphs (c) and (d) above and the accounting statements referred to in sub-paragraph (b) above as soon as reasonably practicable and in any event not later than six months after the end of the financial year to which they relate.
- 4 The Licensee shall not, in relation to the accounting statements in respect of a financial year, change the bases of charge, apportionment or allocation referred to in sub-paragraph (b) of paragraph 3 from those applied in respect of the previous financial year, unless the Authority shall previously have issued directions for the purposes of this Condition directing the Licensee to change such bases in a manner set out in the directions or the Authority gives its prior written approval to the change in such bases. The Licensee shall comply with any directions issued for the purposes of this Condition.
- 5 Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such bases of charge, apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if so directed in directions issued by the Authority for the purposes of this Condition, in addition to preparing accounting statements on those bases which it has adopted, prepare such accounting statements on the bases which applied in respect of the immediately preceding financial year.
- 6 Accounting statements in respect of a financial year prepared under sub-paragraph (b) of paragraph 3 shall, so far as reasonably practicable and unless otherwise approved by the Authority having regard to the purposes of this Condition:
- (a) have the same content and format (in relation to the Distribution Business) as the annual accounts of the Licensee (and any affiliate or related undertaking of the Licensee) prepared under Part 15 of the Companies Act 2006 and conform to the best commercial accounting practices including International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board and adopted for use in the European Union; and
 - (b) state the accounting policies adopted; and
 - (c) (with the exception of the part of such statements which shows separately the amounts charged, apportioned or allocated and describes the bases of charge or

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apportionment or allocation respectively), be published with the annual accounts of the Licensee.

- 7 References in this Condition to costs or liabilities of, or reasonably attributable to, the Distribution Business shall be construed as excluding taxation, capital liabilities which do not relate principally to the Distribution Business, and interest thereon; and references to any accounting statement shall be construed accordingly.
- 8 Without prejudice to any other provision of this Condition, the Licensee shall, on request, give the Authority and/or the Department (as the case may be) access to the Licensee's accounting records, policies and statements referred to in this Condition.

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Condition 3. Prohibition of Cross-Subsidies

- 1 The Licensee shall procure that the Distribution Business shall not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the Licensee or of an affiliate or related undertaking of the Licensee.
- 2 Nothing which the Licensee is obliged to do or not do pursuant to this Licence or any other document which grants a licence to the Licensee under the Order shall be regarded as a cross-subsidy for the purposes of this Condition.

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Condition 4. Health and Safety of Employees

- 1 The Licensee shall:
 - (a) acting jointly and in co-operation with the holders of other licences granted under the Order, consider and discuss matters of mutual concern in respect of the health and safety of persons employed by them; and
 - (b) establish and maintain appropriate processes for consultation with representatives of the Licensee's employees in respect of the health and safety of those employees.

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Condition 5. Payment of Fees

- 1 The Licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in or determined under the following paragraphs of this Condition.
- 2 Within 30 days after the grant of this Licence, the Licensee shall pay to the Authority, *[insert amount]*.
- 3 In respect of the year beginning on 1 April *[insert year]*, and in each subsequent year, the Licensee shall pay to the Authority a fee which is the aggregate of the following amounts:
 - (a) an amount equal to the proportion which the Authority shall determine of the amount estimated by the Authority, according to a method which has previously been disclosed in writing to the Licensee, as likely to be its costs during the year in question in the exercise of its functions under the Order, the Energy Order, the SEM Order, the Directive Regulations or the Internal Markets Regulations in relation to the holders of licences granted or having effect as granted under Article 10 of the Order;
 - (b) an amount which is a proportion, as determined by the Authority, of the amount notified to the Authority by the Consumer Council and approved by the Department as being the Consumer Council's estimate of its likely costs during the year in question in the exercise of the functions relating to electricity assigned to it by or under the Order, the Energy Order, the SEM Order, the Directive Regulations or the Internal Markets Regulations and any other such functions as it has been or may be required to exercise by the Authority, or, in the event that the Authority shall not have received such notification by 31 July in the year in question, an amount which is the relevant proportion of the Authority's estimate of such likely costs (having regard to any estimate of such costs in any forward work programme published by the Consumer Council in respect of the year in question);
 - (c) an amount which is a proportion as determined by the Authority of the amount estimated by the Authority (in consultation with the Competition Commission) as having been incurred in the calendar year immediately preceding the 1 April in question by the Competition Commission in connection with references made to it under Article 15 of the Order with respect to the Licence or any other licence granted or having effect as granted under Article 10(1)(bb) of the Order; and
 - (d) the difference (being a positive or negative amount), if any, between:
 - (i) the amount of the fee paid by the Licensee in respect of the year immediately preceding the 1 April in question less any refund paid to the

Licensee in respect of that year under paragraph 4 below; and

- (ii) the amount which that fee would have been in respect of that year had:
 - (A) the amount comprised therein under sub-paragraph (a) above been calculated by reference to the total costs of the Authority in connection with its functions under the Order, the SEM Order, the Directive Regulations and the Internal Markets Regulations and its functions in relation to electricity under the Energy Order, and the proportion of those costs actually attributable to this Licence; and
 - (B) the amount comprised therein under sub-paragraph (b) above been calculated by reference to the relevant proportion of the total costs of the Consumer Council in connection with the functions referred to in sub-paragraph (b) above and, where appropriate, the proportion of those costs actually attributable to this Licence,

such total costs being apportioned, in each case, as determined by the Authority according to a method previously disclosed in writing to the Licensee,

and the fee shall be paid by the Licensee to the Authority within one month of the Authority giving notice to the Licensee of its amount if that notice is given within 6 months of the beginning of the year in respect of which the fee is payable.

- 4 In respect of each year beginning on 1 April [*insert year*], and each subsequent year, the Authority may pay the Licensee an amount (“the refund”) calculated in accordance with the method previously disclosed in writing to the Licensee and by reference to the difference between:

- (a) the proportion of the fee for that year paid by the Licensee which is attributable to the Authority’s estimate in accordance with paragraph 3(a) and the estimate of the Consumer Council or the Authority (as appropriate) in accordance with paragraph 3(b); and
- (b) the Authority’s reasonable revised estimate of those costs (taking account of any revised estimate of the costs referred to in paragraph 3(b) which is approved by the Department and notified to the Authority by the Consumer Council),

provided that any such refund shall be paid to the Licensee on or before 31 March in the year to which the licence fee relates.

Condition 6. Provision of Information to the Authority

- 1 Subject to paragraphs 3 and 4, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may require, such information and shall procure and furnish to it such reports, as the Authority may consider necessary in the light of the Conditions or any Schedule or as it may require for the purpose of performing:
 - (a) the functions assigned to it by or under the Order, the Energy Order, the SEM Order, the Directive Regulations or the Internal Markets Regulations; and
 - (b) any functions transferred to it under the Order, the Energy Order, the SEM Order, the Directive Regulations or the Internal Markets Regulations.
- 2 Without prejudice to the generality of paragraph 1, the Authority may call for the furnishing of accounting information which is more extensive than or differs from that required to be prepared and supplied to the Authority under Condition 2.
- 3 The Licensee may not be required by the Authority to furnish it under this Condition with information for the purpose of the exercise of its functions under Article 7 of the Energy Order.
- 4 The Licensee may not be required by the Authority to furnish it under this Condition with any information in relation to an enforcement matter which the Licensee could not be compelled to produce or give in evidence in civil proceedings in the High Court.
- 5 The power of the Authority to call for information under paragraph 1 is in addition to the power of the Authority to call for information under or pursuant to any other Condition or any Schedule.
- 6 In this Condition:

“information” shall include any documents, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Authority) of any description specified by the Authority.

Condition 7. Disposal of Relevant Assets

- 1 The Licensee shall not dispose of or relinquish operational control over any relevant asset otherwise than in accordance with the following paragraphs of this Condition.
- 2 Save as provided in paragraph 3, the Licensee shall give to the Authority not less than 2 months' prior written notice of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as the Authority may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
- 3 Notwithstanding paragraphs 1 and 2, the Licensee may dispose of or relinquish operational control over any relevant asset:
 - (a) where:
 - (i) the Authority has issued directions for the purposes of this Condition containing a general consent (whether or not subject to conditions) to:
 - (A) transactions of a specified description; and/or
 - (B) the disposal of or relinquishment of operational control over relevant assets of a specified description; and
 - (ii) the disposal or relinquishment of operational control in question is effected pursuant to a transaction of a description specified in the directions, or the relevant asset in question is of a description so specified, and the disposal or relinquishment of operational control is in accordance with any conditions to which the consent is subject; or
 - (b) where the disposal or relinquishment of operational control in question is required by or under any enactment.
- 4 Notwithstanding paragraph 1, the Licensee may dispose of or relinquish operational control over any relevant asset specified in any notice given under paragraph 2 in circumstances where:
 - (a) subject to paragraph 5, the Authority confirms in writing that it consents to such disposal or relinquishment (which consent may be made subject to the acceptance by the Licensee or any third party in favour of whom the relevant asset is proposed to be disposed or operational control is proposed to be relinquished of such conditions as the Authority may specify); or

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(b) the Authority does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in paragraph 2.

5 In relation to a material disposal, any consent of the Authority pursuant to paragraph 4 shall be given after the Authority shall have consulted and taken into consideration any representations timeously made by any electricity undertaking liable to be materially affected by the disposal in question.

6 In this Condition, unless the context otherwise requires:

“disposal” includes any sale, assignment, gift, lease, licence, the grant of any right of possession, loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party, and “dispose” shall be construed accordingly.

“relevant asset” means:

- (a) any asset for the time being forming part of the Distribution System;
- (b) any control centre for use in conjunction with the Distribution System;
- (c) any other asset for the time being employed or held for employment by the Licensee in the performance of any obligation under the Order, the Energy Order, the SEM Order or the Licence;
- (d) any legal or beneficial right, title or interest in land upon which any of the foregoing is situate.

“relinquishment of operational control” includes entering into any agreement or arrangement whereby operational control of a relevant asset (or relevant assets) is not, or ceases to be, under the sole management of the Licensee.

Condition 8 Credit Rating

- 1 This Condition shall only apply where the Authority has issued a direction stating that it is to apply, and shall cease to apply on the expiry of any period specified for such purpose in that direction or on the Authority directing that it no longer applies.
- 2 The Licensee shall take all appropriate steps to ensure that the Licensee obtains and thereafter maintains an investment grade credit rating.
- 3 In this Condition, an “investment grade credit rating” means:
 - (a) unless sub-paragraph (b) below applies:
 - (i) an issuer rating of not less than BBB- by Standard & Poor’s Ratings Group or any of its subsidiaries;
 - (ii) an issuer rating of not less than Baa3 by Moody’s Investors Service Inc. or any of its subsidiaries;
 - (iii) an issuer senior unsecured debt rating of not less than BBB- by Fitch Ratings Ltd or any of its subsidiaries; or
 - (iv) an equivalent rating from any other reputable credit rating agency which, in the opinion of the Authority, notified in writing to the Licensee, has comparable standing in both the United Kingdom and the United States of America; or
 - (b) such higher rating as may be specified by those agencies from time to time as the lowest investment grade credit rating.

Condition 9. Restriction on Use of Certain Information

General Restriction

- 1 Where the Licensee, or any affiliate or related undertaking of the Licensee, is in possession of any protected information, the Licensee shall (and shall procure that such affiliate or related undertaking shall) procure:
 - (a) that neither the Licensee nor any other person shall use that protected information for the purpose of obtaining any unfair commercial advantage in relation to the Distribution Businesses or any other business;
 - (b) that the protected information is not disclosed to any other person except with the prior consent in writing of each person to whose affairs that information relates; and
 - (c) that the protected information in the possession of the Distribution Business is not disclosed to any other business of the Licensee except with the prior consent in writing of each person to whose affairs that information relates.
- 2 The Licensee's obligation under paragraph 1 to procure any action on the part of an affiliate or related undertaking shall be taken, in relation to any affiliate or related undertaking which has control of the Licensee, as an obligation to use all reasonable endeavours to procure the taking of that action by obtaining (and enforcing) an appropriate contractual undertaking from that affiliate or related undertaking in respect of the protected information.
- 3 The Licensee shall implement such measures and procedures and take all such other steps as may be specified in directions issued by the Authority from time to time for the purposes of this Condition and considered by the Authority to be reasonably necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 1.

Exceptions

- 4 Sub-paragraphs 1(b) and 1(c) shall not apply to any disclosure of information which is:
 - (a) authorised by Article 63(3) or (4) of the Energy Order;
 - (b) made in compliance with the duties of the Licensee, or of any affiliate or related undertaking of the Licensee, in accordance with any:
 - (i) licence granted under the Order (including the Licence);
 - (ii) applicable law (including the Order, the Energy Order and the SEM Order);

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- (iii) requirement of a competent authority;
 - (iv) judicial or arbitral process of a competent jurisdiction; or
 - (v) requirement of a relevant stock exchange, or of the Panel on Takeovers and Mergers;
- (c) permitted by and made in compliance with any document referred to in this Licence with which the Licensee or any affiliate or related undertaking of the Licensee is required to comply; or
- (d) necessary in order to enable the Licensee to enter into or give effect to arrangements for the purpose of carrying on the Distribution Business.

Restrictions Regarding Personnel and Advisers

- 5 The Licensee shall ensure that protected information received by the Licensee (or any affiliate or related undertaking of the Licensee) is:
- (a) (except where one of the exceptions under paragraph 4 applies) not divulged by any business person to any person unless that person is an authorised recipient; and
 - (b) not used by any business person otherwise than for the purpose of pursuing an authorised purpose or advising in relation to the pursuit of an authorised purpose.

Evidence

- 6 The Licensee shall:
- (a) procure and furnish to the Authority, in such manner and at such times as the Authority may require, such information and reports as the Authority may consider necessary concerning the performance by the Licensee of its obligations under paragraphs 1 and 5 and the effectiveness of the measures, procedures and steps specified in the directions referred to in paragraph 3;
 - (b) procure that access to any premises of the Licensee shall be given at any time and from time to time to any nominated person(s) for the purpose of investigating whether the Licensee has performed its obligations under paragraphs 1, 3 and 5, and shall procure that the Licensee and its employees co-operate in any such investigation to the extent requested by the nominated person(s); and
 - (c) procure that nominated person(s) shall be entitled to inspect and/or take copies of such records and data of the Licensee as they shall consider to be reasonably necessary for the purpose referred to in sub-paragraph (b) above.

Definitions

7 In this Condition, unless the context otherwise requires:

“authorised adviser”	means such professional advisers of the Licensee (or of any affiliate or related undertaking of the Licensee), engaged and acting in that capacity, as require access to any protected information;
“authorised purpose”	means the management and operation of the Distribution Business, or, where protected information is disclosed to another business of the Licensee (or of an affiliate or related undertaking of the Licensee) in accordance with paragraph 4, the purpose for which such disclosure was made;
“authorised recipient”	means, in relation to any protected information, any business person who, before the protected information had been divulged to him by the Licensee (or any other business person), had been informed of the nature and effect of this Condition and who requires access to such protected information for the proper performance of his duties as a business person in relation to the pursuit of an authorised purpose;
“business person”	means any employee, subcontractor or agent of the Licensee (or of any affiliate or related undertaking of the Licensee) or any authorised adviser to such persons;
“control”	has the meaning attributed to it by section 450 (as read in conjunction with section 451) of the Corporation Tax Act 2010;
“nominated person(s)”	means the person(s) from time to time nominated by the Authority for the purposes of this Condition by notice to the Licensee;
“protected information”	means any information which is held or obtained by the Licensee (or any affiliate or related undertaking of the Licensee) pursuant to or by virtue of its carrying on of the Distribution Business, but excluding information which is in, or comes into, the public domain other than

as a result of any breach by the Licensee of this Licence
(or any other legal obligation of the Licensee).

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Condition 10. Security arrangements

- 1 The Licensee shall comply with the provisions of the Northern Ireland Fuel Security Code and such provisions shall have effect as if they were set out in this Licence.
- 2 The Northern Ireland Fuel Security Code may be amended in accordance with its provisions.

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Condition 11. Independence of the Distribution Business

- 1 This Condition shall apply where the Licensee (or any affiliate or related undertaking of the Licensee) is at any time carrying on the activities of an Associated Business.
- 2 Where this Condition applies the Licensee shall:
 - (a) unless it has already done so prior to this Condition coming into force, establish; and
 - (b) at all times thereafter maintain,

the full managerial and operational independence of the Distribution Business from any Associated Business.
- 3 Without limiting:
 - (a) the ability of the Authority to require revisions to the Compliance Plan pursuant to paragraph 13 to ensure its compliance with this Condition; or
 - (b) the obligation of the Licensee to review the Compliance Plan in accordance with paragraph 15 to ensure its compliance with this Condition,

the Licensee shall be taken to have complied with paragraph 2 where it complies with paragraphs 4 and 5.
- 4 The Licensee shall ensure that:
 - (a) the Distribution Business is provided with the premises, systems, equipment, facilities, property, personnel, data and management resources that are necessary for its efficient and effective managerial and operational independence from any Associated Business;
 - (b) it does not hold or acquire shares in a holding company of the Licensee or in any electricity undertaking engaged in the generation or supply of electricity on the Island of Ireland;
 - (c) decisions for which it is responsible relating to the operation, maintenance and/or development of the Distribution Business (or any part of it) are taken by those persons who are directors of the Licensee or who are employed by, and are engaged in, the operation and management of, the Distribution Business (and no others), provided that this paragraph 3(c) shall not prevent a relevant holding company approving the Licensee's capital expenditure budget nor exercising its corporate governance role in relation to the Licensee where it does so in a way calculated to

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ensure that such exercise does not restrict, prevent or distort competition in the supply or generation of electricity on the Island of Ireland;

- (d) any Associated Business does not use or have access to:
- (i) premises or parts of premises occupied by persons engaged in the management or operation of the Distribution Business, except where access is allowed to electricity undertakings (or a class of electricity undertakings not limited to one or more Associated Businesses) generally, in which case Associated Businesses may be allowed access to the same extent, as further detailed in the Compliance Plan;
 - (ii) systems for the recording, processing or storage of data to which persons engaged in the management or operation of the Distribution Business also have access (save to the extent the Authority consents to such use or access);
 - (iii) equipment, facilities or property employed for the management or operation of the Distribution Business (save to the extent the Authority consents to such use or access); and
 - (iv) the services of persons who are (whether or not as their principal occupation) engaged in the management or operation of the Distribution Business (save to the extent the Authority consents to such use or access);
- (e) it can and does, in so far as is legally possible:
- (i) ensure that any director of the Licensee is not at the same time also a director of a company which carries on an Associated Business engaged in the supply or generation of electricity; and
 - (ii) prevent any person who has ceased to be engaged in the management or operation of the Distribution Business from being engaged in the activities of any Associated Business that is engaged in the generation or supply of electricity until the expiry of an appropriate time from the date on which he ceased to be engaged by the Distribution Business, an appropriate time being:
 - (A) in respect of those previously engaged in management, a period of at least 3 months; and
 - (B) in respect of those previously engaged in operation, a period of 3 months or as otherwise specified in the Compliance Plan; and

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- (f) an up-to-date register of all persons engaged by the Distribution Business, confirming that the provisions of paragraph (e) have been complied with in respect of each person so engaged, is established.
- 5 The Licensee shall procure from each relevant holding company a legally enforceable undertaking in favour of the Licensee in a form approved by the Authority that the relevant holding company will not exercise its corporate governance role in relation to the Licensee other than in a manner calculated to ensure that such exercise does not restrict, prevent or distort competition in the supply or generation of electricity on the Island of Ireland. Such undertaking shall be obtained within 7 days after the date when this paragraph first becomes effective, or after the person in question becomes a relevant holding company (as the case may be) and shall remain in force for as long as the Licensee remains the holder of this Licence and the giver of the undertaking remains a relevant holding company of the Licensee.
- 6 The Licensee shall:
- (a) deliver to the Authority evidence (including a copy of each such undertaking) that the Licensee has complied with the obligation to procure undertakings pursuant to paragraph 5;
 - (b) inform the Authority immediately in writing if the directors of the Licensee become aware that any such undertaking has ceased to be legally enforceable or that its terms have been breached; and
 - (c) comply with any direction from the Authority to enforce any such undertaking.
- 7 The Licensee shall not, save with the written consent of the Authority, enter (directly or indirectly) into any agreement or arrangement with a relevant holding company at a time when:
- (a) an undertaking complying with paragraph 5 is not in place in relation to that relevant holding company; or
 - (b) there is an unremedied breach of such undertaking; or
 - (c) the Licensee is in breach of the terms of any direction issued by the Authority under paragraph 6.
- 8 Where and to the extent that a relevant holding company exercises its corporate governance role in relation to the Licensee, unless that exercise falls within the relevant part of the Compliance Plan permitting such exercise in specified circumstances, the Licensee shall within 3 days of such exercise notify the Authority of that fact and provide

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such other information regarding such exercise as the Authority may require.

- 9 Where this paragraph applies, the Licensee shall ensure that in carrying on the Distribution Business, it does not, in any of the names, brands, trade names or advertising of the Distribution Business, use a name, brand or trade name used by or associated with any Supply Business.
- 10 Paragraph 9 shall only apply from the date (and to the extent) specified in any direction issued by the Authority under this paragraph, and the Authority may issue a direction:
- (a) only after having first consulted with the Licensee and with such other persons as in the opinion of the Authority are likely to be affected by the application of paragraph 9, and having had full regard to any representations or objections made to it in the course of such consultation; and
 - (b) subject to such conditions as it may see fit (which may, without limitation, include provisions for the direction ceasing to have effect on the occurrence of specified events).

Compliance Plan

- 11 The Licensee shall, no later than **[28 days]** after the requirements of this Condition first apply to it, prepare and submit to the Authority for its approval a compliance plan setting out the practices, procedures, systems and rules of conduct which the Licensee has adopted, or intends to adopt, together with the timescales for adoption, to ensure its compliance with this Condition.
- 12 The Licensee shall comply with its approved compliance plan (the “**Compliance Plan**”) and shall publish the up to date Compliance Plan on its website.
- 13 The Authority may:
- (a) within 30 days of the Licensee submitting an initial or revised Compliance Plan; and
 - (b) following any review of the Compliance Plan that the Authority may conduct from time to time,
- notify the Licensee that, in its opinion, the Compliance Plan is not, or is no longer, sufficient for the purposes of the Licensee’s compliance with this Condition, and require such revisions to be made to the Compliance Plan as are in the Authority’s opinion necessary or expedient in order for it to be sufficient for the purposes of ensuring the Licensee’s compliance or continued compliance with this Condition.
- 14 Where the Licensee receives a notification in accordance with paragraph 13, it shall within

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30 days revise the Compliance Plan in such manner and to such extent as will reflect the Authority's requirements.

- 15 The Licensee shall, on becoming aware of any matter which has (or may have) a material impact on the managerial and/or operational independence of the Distribution Business from any Associated Business (and, in any event, at least once every year during which this Condition is in force), review the Compliance Plan so as to ensure:
- (a) its continued compliance with its obligations under this Condition; and
 - (b) that the information set out in the Compliance Plan continues to be accurate in all material respects.
- 16 Where the Licensee revises the Compliance Plan, either in accordance with paragraph 14 or following a review conducted by it in accordance with paragraph 15, it shall submit the revised Compliance Plan to the Authority for its approval.
- 17 The Licensee shall ensure that persons engaged in the management and operation of the Distribution Business:
- (a) are made aware of the practices, procedures, systems and rules of conduct set out in the Compliance Plan;
 - (b) have the necessary information and facilities to comply with their respective obligations as provided for in the Compliance Plan; and
 - (c) are aware of the disciplinary procedures that may be activated should they fail to comply with their obligations under the Compliance Plan.

Compliance Manager

- 18 The Licensee shall, following consultation with the Authority, ensure that a competent person is appointed for the purpose of facilitating compliance with its obligations under this Condition and with the Compliance Plan (the "**Compliance Manager**").
- 19 The Licensee shall ensure that the Compliance Manager:
- (a) is sufficiently independent to meet the requirements of Article 26(2)(d) of the Directive; and
 - (b) has access to such staff, premises, systems, information, documentation, equipment, facilities and other resources as he might reasonably expect to require to fulfil the duties and tasks assigned to him.

- 20 The duties and tasks assigned to the Compliance Manager shall include:
- (a) providing relevant advice and information to the Licensee for the purpose of ensuring its compliance with this Condition and with the Compliance Plan;
 - (b) monitoring the effectiveness of and the Licensee's compliance with the Compliance Plan;
 - (c) investigating any complaint or representation received by the Licensee from any person in respect of any matter arising under or by virtue of this Condition or in relation to the Compliance Plan;
 - (d) recommending and advising upon the remedial action which any such investigation has demonstrated to be necessary or desirable, including where necessary revising the Compliance Plan to reflect such recommendation and advice; and
 - (e) reporting, at such frequency as is determined in writing by the Authority, to the directors of the Licensee on his activities during the period covered by the report, the investigations he has conducted and on progress towards implementation of the Compliance Plan.
- 21 The Licensee shall, at such frequency as is determined in writing by the Authority, submit a report to the Authority:
- (a) detailing the activities of the Compliance Manager during the period covered by the report;
 - (b) providing a progress update on the Licensee's implementation of the Compliance Plan;
 - (c) setting out the details of any investigations conducted by the Compliance Manager, including:
 - (d) the number, type and source of the complaint or representation on which such investigations were based;
 - (e) the outcome of such investigations; and
 - (f) any remedial action taken by the Licensee following such investigations.

Definitions

- 22 In this Condition, unless the context otherwise requires:

“Associated Business”	means any other business of the Licensee (or of any affiliate or related undertaking of the Licensee) which is carrying out any activity that requires authorisation to generate or supply electricity.
“Compliance Manager”	shall have the meaning attributed to that expression in paragraph 18.
“Compliance Plan”	shall have the meaning attributed to that expression in paragraph 12.
“Supply Business”	means any business of the Licensee or any affiliate or related undertaking of the Licensee carrying out activities authorised pursuant to a licence granted under Article 10(1)(c) of the Order.

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Condition 12. Non-Discrimination

- 1 The Licensee shall not unduly discriminate as between any persons, or any class or classes of person or persons, or unduly prefer itself (or any affiliate or related undertaking) over any other person or persons, or any class or classes of person or persons, in meeting its obligations under:
 - (a) Condition 15 (Distribution Interface Arrangements);
 - (b) Condition 16 (Distribution System Security and Planning Standards and Operation of the Distribution System); and
 - (c) Condition 22 (Requirement to Offer Terms for Connection to and Use of the Distribution System).

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Condition 13. Single Electricity Market Trading and Settlement Code

- 1 This Condition:
 - (a) shall apply to the Licensee from such date as is specified in a direction issued by the Authority under this Condition;
 - (b) may cease to apply from such date as is specified in any subsequent direction issued by the Authority under this Condition.
- 2 Where this Condition applies, the Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with it in so far as applicable to it in its capacity as the operator of the Distribution System.
- 3 Where this Condition applies, the Authority may from time to time (following consultation with the Licensee and such (if any) other licences holders as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligations under paragraph 2 in respect of such parts of the Single Electricity Market Trading and Settlement Code and to such extent and subject to such conditions as may be specified in those directions.

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Condition 14. Prohibited Activities

Interface with the Transmission System

- 1 Except with the prior written consent of the Authority and in accordance with any conditions of that consent, the Licensee shall not co-ordinate or direct the flow of electricity onto any part of the transmission system, save to the extent it is permitted to do so under the Distribution Interface Arrangements, or is required to do so by any other Condition of this Licence.

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Condition 15. Distribution Interface Arrangements

General Duty

- 1 The Licensee shall, in common with the Transmission System Operator, prepare, obtain the Authority's approval of, and at all times have in force, implement and comply with, arrangements (the "Distribution Interface Arrangements") which:
 - (a) set out (to the extent not catered for in the Grid Code or the Distribution Code) the terms and arrangements for connection of the transmission system to the Distribution System, and the terms and arrangements between the Licensee and the Transmission System Operator that are requisite for the enjoyment and discharge of the rights and obligations of:
 - (i) the Licensee in relation to the Distribution Business arising under the Order, the Energy Order, the SEM Order, this Licence and such other code or document as may be specified from time to time by the Authority; and
 - (ii) the Transmission System Operator arising under the Order, the Energy Order, the SEM Order, its licence, and such other code or document as may be specified from time to time by the Authority; and
 - (b) set out the matters referred to in paragraph 2.
- 2 The Distribution Interface Arrangements shall provide for any disputes between the parties thereto over revisions to the Distribution Interface Arrangements to be referred to the Authority for determination. In addition, the Distribution Interface Arrangements may provide for there to be referred to the Authority for determination such additional matters arising under the Distribution Interface Arrangements as may be specified in the Distribution Interface Arrangements.
- 3 The Licensee shall procure that no modifications, amendments or variations are made to the Distribution Interface Arrangements without the prior approval of the Authority.

Review of the Arrangements

- 4 Without prejudice to paragraph 3, the Licensee shall, in common with the Transmission System Operator, periodically, or at any time on the receipt of a request from the Authority to do so, review the Distribution Interface Arrangements and their implementation to:
 - (a) ensure that they meet the requirements of paragraphs 1 and 2; and
 - (b) to consider whether any alternative arrangements would better achieve those requirements.

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- 5 Following any such review, the Licensee shall, in common with the Transmission System Operator, send to the Authority:
- (a) a report on the outcome of the review;
 - (b) any revisions which the Licensee and the Transmission System Operator agree should be made to the Distribution Interface Arrangements (having regard to the outcome of the review); and
 - (c) any matters on which the Licensee and the Transmission System Operator disagree (which matters will be referred to the Authority for determination in accordance with paragraph 2).

Revision of the Arrangements

- 6 Revisions to the Distribution Interface Arrangements proposed by the Licensee and sent to the Authority pursuant to sub-paragraph 6(b) shall require the Authority's approval before they may be made.

Publication of the Arrangements

- 7 Where, and to the extent, required to do so by the Authority, the Licensee shall publish the Distribution Interface Arrangements on its website.

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Condition 16. Distribution System Security and Planning Standards and Operation of the Distribution System

System Security and Planning

- 1 The Licensee shall plan, develop and maintain and operate (including, without limitation and where necessary, coordinating the flow of electricity over) the Distribution System in accordance with:
 - (a) the Distribution System Security and Planning Standards; and/or
 - (b) such other standard of planning and operation as is adopted, from time to time, by the Licensee (with the approval of the Authority and following consultation with those electricity undertakings liable to be materially affected thereby).
- 2 Where, in planning the development of the Distribution System, the Licensee considers it might be necessary to upgrade or replace the present and/or future capacity of the Distribution System, it shall before deciding to proceed with any such upgrade or replacement consider whether, in the circumstances of the case, energy efficiency, demand-side management or distributed generation measures may (whether in whole or in part) be more appropriate than the proposed upgrade or replacement of the present or future capacity.

Maintenance and Operation of the Distribution System

- 3 The Licensee shall, not later than such date as the Authority may specify and in consultation with the Authority, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply, in connection with the maintenance of an efficient, economical and co-ordinated distribution system, with all applicable European Union and United Kingdom environmental laws. Such written policy may be prepared as a constituent part of the statement which the Licensee is required to prepare by paragraph 2(1) of schedule 9 of the Order.
- 4 The Licensee shall, where it is responsible for the balancing of the Distribution System, ensure that it carries out any such activity on the basis of, and in accordance with, rules it adopts for such purposes which rules:
 - (a) are objective and transparent;
 - (b) do not unduly discriminate between any persons; and
 - (c) are approved by the Authority,

(the System Balancing Rules).

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- 5 Where paragraph 4 applies, the Licensee shall:
- (a) ensure that the System Balancing Rules are published on and readily accessible from the Licensee's web-site; and
 - (b) send a copy of the System Balancing Rules to any person requesting as soon as reasonably practicable following the request.
- 6 Where the Licensee proposes, or is required, to start purchasing or acquiring electricity for the purposes of covering distribution losses or reserve capacity (**relevant purpose**) it shall:
- (a) before starting to purchase or acquire electricity for any relevant purpose:
 - (i) prepare a document setting out the rules it will follow, which rules must be transparent and must not show, permit or facilitate any undue discrimination between any persons, when purchasing or acquiring the electricity for any relevant purpose; and
 - (ii) submit the document referred to in (i) above to the Authority for approval;
 - (b) not purchase or acquire electricity for any relevant purpose other than in accordance with the rules set out in the document approved by the Authority; and
 - (c) send a copy of the approved document to any person requesting a copy as soon as reasonably practicable following the request.

Revision of Arrangements

- 7 The Licensee shall, in conjunction with all other Electricity Distributors and in consultation with electricity undertakings to the extent such persons are liable to be materially affected thereby, periodically (and at any time when requested to do so by the Authority) review the Distribution System Security and Planning Standards and their implementation.
- 8 Following any such review, the Licensee shall send to the Authority:
- (a) a report on the outcome of that review;
 - (b) any revision which the Licensee proposes to make to the Distribution System Security and Planning Standards from time to time (having regard to the outcome of that review); and
 - (c) any written representations or objections from electricity undertakings (including any proposals for revisions to the documents that were not accepted in the course of the review) arising during the consultation process and subsequently maintained.

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- 9 Revisions to the Distribution System Security and Planning Standards proposed by the Licensee and sent to the Authority pursuant to paragraph 8 shall require the Authority's approval before they may be made.
- 10 Having regard to any written representations or objections referred to in sub-paragraph 8(c), and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the Licensee to revise the Distribution System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with any such directions forthwith.

Performance Standards

- 11 The Licensee shall, whenever requested to do so by the Authority, draw up and submit to the Authority for its approval a statement setting out criteria by which performance of the Licensee in maintaining distribution system security, availability and quality of service may be measured.
- 12 The Licensee shall within 2 months after the end of each financial year submit to the Authority a report providing details of the performance of the Licensee during the previous financial year against the criteria referred to in paragraph 11.

Derogation

- 13 The Authority may from time to time (following consultation with the Licensee and such (if any) other licence holders as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligations under paragraph 1 in respect of such parts of the Distribution System and to such extent as may be specified in the directions.

Condition 17. Priority Dispatch

- 1 The Licensee shall comply with the Priority Dispatch Rules.
- 2 For the purposes of paragraph 1 the Licensee's obligation to comply with the Priority Dispatch Rules is an obligation to comply with the provisions of the Priority Dispatch Rules so far as they are applicable to the Licensee.
- 3 The Authority may from time to time (following consultation with the Licensee and such (if any) other licences holders as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligations under paragraph 2 in respect of such parts of the Priority Dispatch Rules and to such extent and subject to such conditions as may be specified in those directions.

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Condition 18. Grid Code

- 1 The Licensee shall comply with the Grid Code in so far as applicable to it in its capacity as owner and operator of the Distribution System.
- 2 The Authority may, following consultation with any electricity undertakings directly affected thereby, issue directions relieving the Licensee of its obligation under paragraph 1 in respect of such parts of the Grid Code and to such extent and subject to such conditions as may be specified in those directions.

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Condition 19. Distribution Code

Establishment of a Distribution Code

- 1 Subject to paragraph 13, the Licensee shall prepare, submit to the Authority for approval, and at all times have in force, and shall (subject to paragraph 12) implement and comply with, a Distribution Code which has been approved by the Authority:
 - (a) covering all material technical aspects relating to connections to and the operation and use of the Distribution System or (insofar as relevant to the operation and use of the Distribution System) the operation of electric lines and electrical plant within Northern Ireland connected to the Distribution System or any other system in Northern Ireland for the distribution of electricity and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 6; and
 - (b) which is designed so as to:
 - (i) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the distribution of electricity; and
 - (ii) neither prevent nor restrict competition in the generation and supply of electricity in Northern Ireland, or, to the extent that the Distribution Code may have such effect, on the Island of Ireland.

Review of the Code

- 2 The Licensee shall (in consultation with electricity undertakings, to the extent such persons are liable to be materially affected thereby) periodically review (including upon the request of the Authority) the Distribution Code and its implementation.
- 3 Following any such review, the Licensee, shall send to the Authority:
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Distribution Code from time to time as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in paragraph 1(b); and
 - (c) any written representations or objections from any electricity undertakings (including any proposals by such persons for revisions to the Distribution Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.

Revision of the Code

- 4 Revisions to the Distribution Code proposed by the Licensee and sent to the Authority pursuant to paragraph 3 shall require the Authority's approval before they may be made.
- 5 Having regard to any written representations or objections referred to in sub-paragraph 3(c), and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the Licensee to revise the Distribution Code in such manner as may be specified in the directions, and the Licensee shall forthwith comply with any such directions.

Content of the Code

- 6 Subject to paragraph 13, the Distribution Code shall include:
 - (a) connection conditions specifying the technical, design and operational criteria to be complied with in respect of any connection or proposed connection at an entry or exit point on the Distribution System;
 - (b) a set of operating codes specifying conditions and procedures under or in accordance with which the Licensee shall operate the Distribution System, and under or in accordance with which other persons shall operate their plant and/or systems for the distribution of electricity in relation to the Distribution System (including procedures and conditions relating to outages of generation sets and associated power station equipment), insofar as is necessary to protect the security and quality of supply and to ensure the proper and safe operation of the Distribution System under both normal and abnormal operating conditions;
 - (c) a planning code specifying the requirements for the supply of information by persons connected (or seeking connection) at an entry point or an exit point on the Distribution System, in order for the planning and development of the Distribution System to be undertaken, and specifying the technical and design criteria and procedures to be applied in the planning and development of the Distribution System and to be complied with by other persons connected or seeking connection at an entry point or an exit point on the Distribution System in the planning and development of their own plant and systems;
 - (d) insofar as necessary, a metering code setting out requirements and procedures for metering; and
 - (e) insofar as necessary, and taking into account the requirements of Condition 17 (Priority Dispatch), conditions and procedures under or in accordance with which the Licensee shall dispatch generation sets connected to the Distribution System.

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Copies of the Code

- 7 The Licensee shall ensure that a copy of the Distribution Code is given or sent to the Authority and the Department and is published on the Licensee's website.
- 8 The Licensee shall (subject to paragraph 9) ensure that a copy of the Distribution Code is given or sent to any person requesting it.
- 9 The Licensee may make a charge for any copy of the Distribution Code given or sent pursuant to paragraph 8 of an amount which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Authority.

Non-Discrimination

- 10 In preparing, implementing and complying with the Distribution Code the Licensee shall not:
 - (a) unduly discriminate against or unduly prefer any person or class or classes of persons in favour of or as against any other person or class or classes of persons; or
 - (b) restrict or prevent competition in generation or supply on the Island of Ireland.
- 11 The Licensee shall keep and maintain such records concerning its implementation of and compliance with the Distribution Code as are in accordance with such guidelines as the Authority shall from time to time have given to the Licensee and are, in the opinion of the Authority, sufficient to enable the Authority to assess whether the Licensee is performing the obligation imposed upon it under paragraph 10 concerning these matters and the Licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.

Derogations

- 12 The Authority may from time to time (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with, or to enforce against any other person any provision of, the Distribution Code in respect of such parts of the Distribution System to such extent as may be specified in the directions.

Condition 20. Market Registration Service and Market Data Service

- 1 The Licensee shall establish, or procure the establishment of, and subsequently operate and maintain, or procure the subsequent operation and maintenance of:
 - (a) a service to be known as the Market Registration Service; and
 - (b) a service to be known as the Market Data Service.

- 2 The Market Registration Service shall fulfil the following functions:
 - (a) the maintenance of a register of technical and other data as is necessary to facilitate supply by any relevant licensed supplier to premises connected to the Distribution System, and to meet the reasonable requirements of relevant licensed suppliers, the Transmission System Operator, the Northern Ireland Market Operator Licensee and the Licensee in respect of such premises for information for settlement purposes, including:
 - (i) allocating and recording a unique meter point registration number for each meter point when it first becomes registered in the register;
 - (ii) the identity of the relevant licensed supplier responsible for the settlement of the electricity supplied to such premises;
 - (iii) such information as is required to enable information relating to the meter point to be submitted to settlement; and
 - (iv) an address of each such premises so far as is reasonably practicable having regard to the nature and source of information provided to the Licensee;
 - (b) the amendment in a timely manner of the register maintained in accordance with paragraph (a) to reflect changes of relevant licensed supplier to any premises and any other information relating to those premises;
 - (c) the provision, in a timely manner of such data referred to in paragraph (a) contained in the register as is reasonably required and requested:
 - (i) to any relevant licensed supplier who is registered as the supplier for the premises or who has been provided with the meter point registration number or customer reference number for the purposes of a change of relevant licensed supplier in respect of the premises;
 - (ii) for the purposes of settlement, including to the Transmission System Operator, the Northern Ireland Market Operator Licensee and the Licensee;

and

- (iii) subject to any requirements for consent under the Market Registration Code, to any person identified in the Market Registration Code as entitled to such data for the purpose of facilitating changes of relevant licensed supplier in respect of any premises; and
- (d) the maintenance of, and adequate publicity for, an enquiry service for the provision on request to any customer taking a supply of electricity (promptly and at no extra charge to the customer) of the meter point registration number (or, where that number has not yet been created, the customer reference number) of the meter point for the customer's premises (in the case of unmetered premises, to the extent the Licensee has such information).

3 The Market Data Service shall fulfil the following functions in respect of meter points for premises connected to the Distribution System (the “**relevant premises**”):

- (a) the collection and verification of data from electricity meters installed to measure flows of electricity to or from any relevant premises with a permanently metered supply;
- (b) the compilation of data measuring the flow of electricity to or from unmetered relevant premises;
- (c) the processing, validation, estimation and substitution of consumption data in respect of flows of electricity to or from any relevant premises (“consumption data”);
- (d) the collation and summation of such consumption data as required for settlement purposes;
- (e) the transfer of processed consumption data as is reasonably required and requested:
 - (i) to any relevant licensed supplier who is registered as the supplier for the relevant premises; and
 - (ii) for the purposes of settlement, including to the Transmission System Operator, the Northern Ireland Market Operator Licensee and the Licensee; and
- (f) the exchange of information between the Licensee and relevant licensed suppliers to meet the reasonable requirements of relevant licensed suppliers and the

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Licensee in relation to requests by relevant licensed suppliers for relevant fieldwork.

- (g) the maintenance, retention and provision of information, as is reasonably required and requested by a relevant licensed supplier, of the data collection activities undertaken by the Licensee on behalf of the relevant licensed supplier.

4 In the provision of the Market Registration Service and the Market Data Service, the Licensee shall not discriminate as between any relevant licensed supplier or any class or classes of relevant licensed supplier except insofar as the differences in the terms or conditions of such provision:

- (a) reasonably reflect the differences between the circumstances of such provision to one person or class of persons and another; and
- (b) have been notified to the Authority together with supporting reasons, and the Authority has approved in advance the differences in the terms or conditions or the circumstances in which different terms or conditions may be applied.

5 Without prejudice to paragraph 4, the Licensee shall not make charges for the provision of the Market Registration Service and/or the Market Data Service to any relevant licensed supplier which differ from the charges for such provision to any other relevant licensed supplier or class or classes of relevant licensed suppliers except insofar as such differences:

- (a) reasonably reflect material differences in the costs associated with such provision; and
- (b) have been notified to the Authority together with supporting reasons, and the Authority has approved in advance the differences in charges or the circumstances in which different charges may be applied.

6 In the provision of Market Registration Services and Market Data Services, the Licensee shall not restrict, distort or prevent competition in the supply of electricity.

7 The Licensee shall be taken to have complied with its obligations under this Condition where it:

- (a) prepares (and has approved by the Authority) Market Registration Arrangements in accordance with Condition 21;
- (b) complies with its obligations under the Market Registration Arrangements from time to time;
- (c) proposes (in accordance with Condition 21) such revisions to the Market Registration

Code as are necessary to ensure that the Market Registration Arrangements meet the requirements therefor set out in Condition 21; and

(d) complies with its obligations under paragraphs 4 and 5 of this Condition.

8 In this Condition, unless the context otherwise requires:

- “meter point”** includes, in the case of unmetered relevant premises, a meter point for a group of unmetered relevant premises.
- “relevant fieldwork”** means activities of the Licensee relating to a meter point at relevant premises that require the Licensee to perform work at the meter board and which may be requested by a relevant licensed supplier, comprising:
- (a) special meter reads for meter points with non-half hourly metering equipment;
 - (b) installation, reconfiguration, repair, maintenance, inspection and testing, re-programming, removal and replacement of the electricity meter; and/or
 - (c) de-energisation or re-energisation of the meter point.
- “settlement”** includes under the Single Electricity Market Trading and Settlement Code, and the collection of levies, charges and fees generally applicable to participants or classes of participants in the Single Electricity Market.
- “unmetered premises”** means relevant premises with a supply that is not a permanently metered supply.

Condition 21. Market Registration Arrangements

- 1 The Licensee shall establish or procure the establishment of market registration arrangements calculated to facilitate the achievement of the “relevant objective”. For the purposes of this Condition, the relevant objective is to provide for the terms on which relevant licensed suppliers are provided with and participate in the Market Registration Service and the Market Data Services and, where the Licensee is appointed as a Meter Data Provider under the Single Electricity Market Trading and Settlement Code, to facilitate the fulfilment by the Licensee of its obligations as an appointed Meter Data Provider.
- 2 The Licensee shall, in connection with the establishment of the arrangements referred to in paragraph 1, prepare a Market Registration Code and a Market Registration Framework Agreement, each of which shall be furnished to the Authority for its approval.
- 3 The Market Registration Code shall include provisions for the:
 - (a) testing and review of the systems and processes of relevant licensed suppliers with a view to certifying, re-certifying and withdrawing certification of eligibility to participate in the market registration arrangements;
 - (b) grant and withdrawal of dispensations from one or more of the requirements relating to systems and processes referred to in paragraph (a) above;
 - (c) terms for the provision of the Market Registration Service and the Market Data Service in compliance with paragraph 6 of Condition 20;
 - (d) procedures and practices to be followed by relevant licensed suppliers in relation to the matters referred to in paragraphs (a) and (b) above, the Market Registration Service and the Market Data Service;
 - (e) calculation and payment of charges for participation in the market registration arrangements;
 - (f) arrangements for the variation of specified parts of the Market Registration Code following consultation with the Licensee and all relevant licensed suppliers and in compliance with paragraphs 8 to 11 (inclusive);
 - (g) referral to the Authority for determination of such matters arising under the market registration arrangements as may be specified therein.
- 4 The Market Registration Framework Agreement shall:
 - (a) require compliance with the Market Registration Code; and

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- (b) provide for the accession of new parties to the Market Registration Framework Agreement from time to time, and the means by which those parties can subsequently withdraw from the Market Registration Framework Agreement.
- 5 On application made by any relevant licensed supplier, or any person that has applied for a supply licence under Article 10 of the Order, the Licensee shall, as soon as practicable and (save where the Authority consents to a longer period) in any event not later than 14 days after receipt by the Licensee of the duly completed application, offer to enter into an agreement by which the applicant accedes to the Market Registration Framework Agreement in the form then approved by the Authority.
- 6 The Licensee shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement:
 - (a) if to do so would involve the Licensee:
 - (i) in breach of its duties under Article 12 of the Order; or
 - (ii) in breach of any regulations made under Article 32 of the Order, or any other enactment relating to safety or standards applicable in respect of the Distribution Business; or
 - (iii) in breach of the Conditions of this Licence; or
 - (iv) in breach of the Distribution Code; or
 - (b) if the person making the application does not undertake to be bound by such parts of the Distribution Code and of the Grid Code as the Authority shall from time to time specify in directions issued to the Licensee for the purposes of this Condition.
- 7 The Licensee shall not enter into any agreements or arrangements for the purposes of the relevant objective, except in conformity with the approved Market Registration Code and Market Registration Framework Agreement.
- 8 The Licensee shall, in consultation with any relevant licensed supplier liable to be materially affected thereby and such other persons as the Authority shall consider appropriate, review the Market Registration Code and its implementation:
 - (a) as the Licensee considers appropriate;
 - (b) upon receipt of a request for such a review made in accordance with the Market Registration Code; or
 - (c) at the request of the Authority.

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- 9 Following such review, the Licensee shall send to the Authority:
- (a) a report on the outcome of the review;
 - (b) any revisions which it is proposed to make to the Market Registration Code (having regard to the outcome of the review); and
 - (c) any written representations or objections from relevant licensed suppliers (including any proposals by such operators for revisions to the Market Registration Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.
- 10 Revisions to the Market Registration Code:
- (a) proposed by the Licensee and sent to the Authority pursuant to paragraph 9; or
 - (b) proposed under any arrangements for the variation of specified parts of the Market Registration Code contained in the Market Registration Code,
- shall in each case not take effect unless they have been approved by the Authority.
- 11 The Authority may, following such further consultation (if any) as the Authority may consider appropriate and having regard to any written representation or objection referred to in paragraph 9(c), issue directions requiring the Licensee to revise the Market Registration Code as may be specified in the directions and the Licensee shall forthwith comply with any such directions.
- 12 Where it appears to the Licensee that there has been or there is going to be a revision of the Market Registration Code under paragraph 11 which has had or is likely to have a material effect on the financial position of the Licensee, the Licensee may require the Authority to determine whether the revision to the Market Registration Code has had or is likely to have such an effect and if so what charge, if any, the Licensee can make under the Market Registration Code to ensure that the financial position and performance of the Licensee is likely, so far as reasonably practicable, to be the same as if the relevant revision had not taken place.
- 13 The Licensee will also (subject to paragraph 14) give or send a copy of the Market Registration Framework Agreement and the Market Registration Code to any person requesting the same.
- 14 The Licensee may make a charge for any copy given or sent pursuant to paragraph 13 of any amount reflecting the Licensee's reasonable costs of the documents which will not exceed any amount specified for the time being for the purposes of this Condition in directions

issued from time to time by the Authority.

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Condition 22. Requirement to Offer Terms for Connection to and Use of Distribution System

Offer of terms for use of Distribution System

- 1 On application made by any person, the Licensee shall (subject to paragraph 5) offer to enter into an agreement for use of system:
- (a) to accept into the Distribution System at such entry point or points and in such quantities as may be specified in the application, electricity to be provided by or on behalf of such person; and
 - (b) to deliver such quantities of electricity as are referred to in sub-paragraph (a) above (less any distribution losses) to such exit point or points on the Distribution System and to such person or persons as may be specified in the application; and
 - (c) specifying the use of system charges to be paid by the person seeking use of system, such charges (unless manifestly inappropriate) to be referable to the statement prepared in accordance with paragraph 1 (or, as the case may be, paragraph 8) of Condition 24 or any revision thereof and to be in conformity with the requirements of paragraph 3 of that Condition; and
 - (d) containing such further terms as are or may be appropriate for the purposes of the agreement.

In this paragraph references to “any person” shall be construed as references to any authorised electricity operator or person who shall have applied for a licence under Article 10 of the Order and whose application has not been withdrawn or rejected.

Offer of terms for connection to the Distribution System

- 2 On application made by any person the Licensee shall (subject to paragraph 5) offer to enter into an agreement for connection to the Distribution System or for modification to an existing connection, and such offer shall make detailed provision regarding:
- (a) the carrying out of works (if any) required to connect the Distribution System to any other system for the transmission or distribution of electricity and for the obtaining of any consents necessary for such purposes;
 - (b) the carrying out of works (if any) in connection with the extension or reinforcement of the Distribution System rendered necessary or appropriate by reason of making the connection or modification to an existing connection and for the obtaining of any consents necessary for such purposes;
 - (c) the installation of appropriate meters (if any) required to enable the Licensee to

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measure electricity being accepted into the Distribution System at the specified entry point or points or leaving such system at the specified exit point or points;

- (d) the installation of such switchgear or other apparatus (if any) as may be required for the interruption of supply;
- (e) the date by which any works required so as to permit access to the Distribution System (including for this purpose any works to reinforce or extend the Distribution System) shall be completed and so that, unless otherwise agreed by the person making the application, a failure to complete such works by such date shall be a material breach of the agreement entitling the person to rescind the agreement;
- (f) the connection charges to be paid to the Licensee, such charges (unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 (or, as the case may be, paragraph 8) of Condition 24 or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraph 5 of Condition 24 and (where relevant) of paragraph 4;
- (g) the installation of special metering, telemetry or data processing equipment (if any) for the purpose of enabling any person who is bound to comply with the Distribution Code to comply with its obligations in respect to metering thereunder or the performance by the Licensee of any service in relation to such metering thereunder; and
- (h) such further matters as are or may be appropriate for the purposes of the agreement.

3 For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works (or in relation to any of the other matters referred to in subparagraph (a) of paragraph 5 of Condition 24) under an agreement for making a connection or modification to an existing connection the Licensee shall have regard to:

- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other person as a result of the carrying out of such works (or of such other matters) whether by reason of the reinforcement or extension of the Distribution System or the provision of additional entry or exit points on such system or otherwise; and
- (b) the ability or likely future ability of the Licensee to recoup a proportion of such

costs from third parties.

Offer of terms - general

- 4 The Licensee shall offer terms for agreements in accordance with paragraphs 1 and 2 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than the period specified in paragraph 6 after receipt by the Licensee of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer.
- 5 The Licensee shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement:
 - (a) if to do so would involve the Licensee:
 - (i) in breach of its duties under Article 12 of the Order; or
 - (ii) in breach of any regulations made under Article 32 of the Order or of any other enactment relating to safety or standards applicable in respect of the Distribution Business; or
 - (iii) in breach of the Distribution Code; or
 - (b) if the person making the application does not undertake to be bound by such parts of the Distribution Code and to such extent as the Authority shall from time to time specify in directions issued to the Licensee for the purposes of this Condition.
- 6 For the purpose of paragraph 4, the period specified shall be:
 - (a) in the case of persons seeking use of system only, 28 days; and
 - (b) in the case of persons seeking connection or modification to an existing connection or seeking use of system in conjunction with connection, 3 months.

Condition 23. Functions of the Authority - Distribution Disputes

- 1 If, after a period which appears to the Authority to be reasonable for the purpose, the Licensee has failed to enter into an agreement with any person entitled or claiming to be entitled thereto pursuant to a request under Condition 22, the Authority may, pursuant to Article 11(3)(c) of the Order and on the application of that person or the Licensee, settle any terms of the agreement in dispute between the Licensee and that person in such manner as appears to the Authority to be reasonable having (insofar as relevant) regard in particular to the following considerations:
- (a) that such person should pay to the Licensee:
 - (i) in the case of provision of use of system, the use of system charges determined in accordance with paragraph 4 of Condition 24;
 - (ii) in the case of provision of a connection, or a modification to an existing connection, to the Distribution System, the whole or an appropriate proportion (as determined in accordance with paragraph 3 of Condition 22) of the costs referred to in sub-paragraph (a) of paragraph 6 of Condition 24, together with a reasonable rate of return on the capital represented by such costs;
 - (b) that the performance by the Licensee of its obligations under the agreement should not involve the Licensee in a breach such as is referred to in paragraph 5 of Condition 22;
 - (c) that any methods by which the Distribution System is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the Licensee) with the Grid Code and with the Distribution Code; and
 - (d) that the terms and conditions of the agreement so settled by the Authority and of any other agreements entered into by the Licensee pursuant to an application under Condition 22 should be, so far as circumstances allow, in as similar a form as is practicable.
- 2 If the person wishes to proceed on the basis of the agreement as settled by the Authority, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms.
- 3 If either party to an agreement for connection to the Distribution System, or for use of the Distribution System, entered into pursuant to Condition 22 or this Condition proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the Licensee or other party to such

agreement, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

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Condition 24. Basis of Charges for Use of and Connection to the Distribution System

Preparation of statements on basis of charging

- 1 The Licensee shall, as soon as practicable after this Condition comes into effect (and, in any event, not later than such date as the Authority shall specify in directions issued to the Licensee for the purposes of this Condition), prepare a statement approved by the Authority setting out the basis upon which charges will be made, as part of the Distribution Business, for:
 - (a) use of the Distribution System;
 - (b) connection to the Distribution System; and
 - (c) any other matters for which the Licensee (with the approval of the Authority) levies charges.
- 2 The Licensee shall, where it is responsible for the balancing of the Distribution System and provides and levies charges for the provision of balancing services, prepare a statement approved by the Authority setting out the basis upon which charges will be made for such balancing services and/or for energy imbalances.
- 3 The statements referred to in paragraph 1 shall be in such form and to contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services, and (without prejudice to the foregoing) including such of the information set out in paragraphs 4 and 5 as is required by such paragraphs to be included in the statement.

Use of the Distribution System

- 4 Except to the extent that the Authority shall otherwise specify, the statement referred to in paragraph 1 shall in respect of use of system include:
 - (a) a schedule of charges for transport of electricity under use of system;
 - (b) a schedule of adjustment factors to be made (where appropriate) in respect of distribution losses;
 - (c) the methods by which and the principles on which charges (if any) for availability of distribution capacity on the Distribution System will be made;
 - (d) a schedule of charges in respect of meter reading, accounting and administrative charges;

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- (e) a schedule of the charges (if any) which may be made for the provision and installation of any meters or electrical plant at entry or exit points, the provision and installation of which is ancillary to the grant of use of system, and for the maintenance of meters or electrical plant; and
- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

Connection to the Distribution System

5 The statement referred to in paragraph 1 shall in respect of connections to the Distribution System include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Distribution System for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
- (b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the Distribution System rendered necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
- (c) the methods by which and the principles on which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are of greater size or capacity than that required for use of the Distribution System by the person seeking connection;
- (d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance and repair required of electric lines, electrical plant or meters provided and installed for making a connection to the Distribution System;
- (e) the methods by which and the principles on which any charges will be made for the provision of special metering or telemetry or data processing equipment by the Licensee for the purposes of enabling any person which is bound to comply with the Distribution Code to comply with its obligations in respect of metering thereunder, or for the performance by the Licensee of any service in relation thereto;
- (f) the methods by which and principles on which any charges will be made for

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disconnection from the Distribution System and the removal of electrical plant, electric lines and ancillary meters following disconnection; and

(g) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

6 Connection charges for those items referred to in paragraph 5 shall be set at a level which will enable the Licensee to recover:

(a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the Distribution System and the provision and installation, maintenance and repair and, following disconnection, removal of any electric lines, electrical plant, meters, special metering, telemetry, data processing equipment or other items; and

(b) a reasonable rate of return on the capital represented by such costs.

Preparation of statement on distribution system capacity

7 If so requested and subject to paragraphs 8 and 14, the Licensee shall, as soon as practicable and in any event within 28 days (or where the Authority so approves such longer period as the Licensee may reasonably require having regard to the nature and complexity of the request) after the date referred to in paragraph 15, give or send to any person making such request a statement showing present and future circuit capacity, forecast power flows and loading on the part or parts of the Distribution System specified in the request and fault levels for each distribution node covered by the request and containing:

(a) such further information as shall be reasonably necessary to enable such person to identify and evaluate the opportunities available when connecting to and making use of the part or parts of the Distribution System specified in the request; and

(b) if so requested, a commentary prepared by the Licensee indicating its view as to the suitability of the part or parts of the Distribution System specified in the request for new connections and transport of further quantities of electricity;

provided that the Authority may, upon application of the Licensee, relieve the Licensee from the obligation to prepare any such statement in respect of any period and any part or parts of the Distribution System specified in directions issued to the Licensee by the Authority from time to time for the purposes of this Condition.

8 Except as provided in sub-paragraphs (a) and (b) below, the Licensee shall include in every statement prepared or (as the case may be) given or sent under paragraph 7 the information required by such paragraph:

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- (a) the Licensee may with the prior consent of the Authority omit from any such statement any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the Licensee or any third party.
- (b) the Licensee may omit from any statement given or sent under paragraph 7 any information the disclosure of which would place the Licensee in breach of Condition 9.

Preparation of new statements, circulation and charging

- 9 In addition to, and without prejudice to, the Licensee's obligations under paragraphs 1 and 2, the Licensee shall, upon being directed to do so in directions issued by the Authority from time to time for the purposes of this Condition and within such period as shall be specified in the directions, prepare a statement or statements approved by the Authority providing that charges for use of the Distribution System, for connection to the Distribution System and/or for the provision of any balancing services provided by the Licensee will be made on such basis as shall be specified in the directions and such statement or statements shall be in such form and contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services and (without prejudice to the foregoing) including such information as shall be specified in the directions. Each statement prepared in accordance with this paragraph shall, with effect from the date on which it is approved by the Authority or such later date as the Authority shall specify, replace the corresponding statement prepared by the Licensee in accordance with paragraph 1, 2 or, as the case may be, this paragraph (as from time to time revised in accordance with paragraph 10) which is in force at such date and the Licensee shall, with effect from such date make charges in accordance with the statement (as from time to time revised in accordance with paragraph 10) which has replaced such corresponding statement.
- 10 The Licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraphs 1, 2 and 9 and shall, at least once in every year this Licence is in force, revise such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
- 11 The Licensee shall send a copy of the statements prepared in accordance with paragraphs 1, 2 and 9 and of each revision of such statements in accordance with paragraph 10 to the Authority. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority.
- 12 The Licensee shall give or send a copy of the statements prepared in accordance with

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paragraphs 1, 2 and 9 or (as the case may be) of the latest revision of such statements in accordance with paragraph 10 approved by the Authority pursuant to such paragraph to any person who requests a copy of such statement or statements.

- 13 The Licensee may make a charge for any statement given or sent pursuant to paragraph 12 of an amount reflecting the Licensee's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Authority from time to time for the purposes of this Condition.
- 14 The Licensee may within 10 days after receipt of the request provide an estimate of its reasonable costs in the preparation of any statement referred to in paragraph 7, and its obligation to provide such statement shall be conditional on the person requesting such statement agreeing to pay the amount estimated or such other amount as the Authority may, upon the application of the Licensee or the person requesting such statement, direct.
- 15 For the purposes of paragraph 7, the date referred to shall be the later of:
- (a) the date of receipt of the request referred to in paragraph 7; or
 - (b) the date on which the Licensee receives agreement from the person making the request to pay the amount estimated or on which an amount is determined by the Authority (as the case may be) under paragraph 14.

Non-discrimination

- 16 The Licensee shall make charges to all relevant suppliers for the provision of use of the Distribution System which are such as to secure that the element for use of the Distribution System in the amounts payable for supplies of electricity by customers of relevant electricity undertakings whose maximum monthly demand in the 3 months of the highest maximum demand on the Distribution System in each period of 12 consecutive months does not exceed 1 MW, shall be the same in that period, irrespective of where such customers are located or reside.
- 17 The Licensee shall not, in setting its charges for use of system or connection, restrict, distort or prevent competition in the generation, transmission, distribution or supply of electricity.

Condition 25. Standards of performance

- 1 The Licensee shall conduct the Distribution Business in the manner which it reasonably considers to be best calculated to achieve any standards of overall performance that may be determined by the Authority pursuant to Article 43A of the Order.

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Condition 26. Provision of comments to the Authority on information and advice

- 1 The Licensee shall, if so requested by the Authority, give reasoned comments on the accuracy and text of any information and advice, so far as relating to the Distribution Business, which the Authority proposes to publish pursuant to Article 7 of the Energy Order.
- 2 The Licensee may not be required by the Authority to furnish it under this Condition with information for the purpose of the exercise of its functions under Article 7 of the Energy Order.
- 3 The Licensee may not be required by the Authority to furnish it under this Condition with any information in relation to an enforcement matter which the Licensee could not be compelled to produce or give in evidence in civil proceedings in the High Court.
- 4 In paragraphs 2 and 3, “information” shall include any documents, accounts, estimates, returns or reports (whether or not prepared specifically at the request of the Authority) of any description specified by the Authority.

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Condition 27. Provision of services for persons who are of pensionable age or disabled

Vulnerable Persons

- 1 The Licensee shall, by no later than [2 months?] after this Condition takes effect (or such later date as the Authority may direct), prepare and submit to the Authority a Code of Practice describing the special services available, and any charges made or to be made, to such persons who are of State pensionable age, disabled, blind or deaf.

Pensionable age or Disabled

- 2 The Code of Practice shall set out the Licensee's arrangements for persons occupying domestic premises who are of State pensionable age or disabled, by which special services in the following respects can be made available where appropriate:
 - (a) providing where practicable special controls and adaptors for meters (including prepayment meters) and repositioning meters (in each case where any such meters are installed, whether at the request of an Electricity Supplier or otherwise, by the Licensee); and
 - (b) providing special means of identifying officers authorised by the Licensee.
- 3 The arrangements included in the Code of Practice shall, in the case of a person occupying domestic premises who:
 - (a) is of State pensionable age and lives alone or with other persons all of whom are also of State pensionable age or minors; and
 - (b) is in default of his obligation to pay for electricity through misfortune or inability to cope with credit terms for the supply of electricity for domestic use,

provided that the Licensee shall not, whether at the request of an Electricity Supplier or otherwise, in those circumstances cut off the supply of electricity to those premises during any winter period, that is to say, a period beginning with 1 October in any year and ending with 31 March in the next following year.

Blind/Deaf

- 4 The Code of Practice shall set out the Licensee's arrangements for the provision, on request and free of charge, in relation to persons occupying domestic premises who, to the knowledge or reasonable belief of the Licensee:
 - (a) are blind or partially sighted, of details of the arrangements for making enquiries or complaints about the services provided by the Licensee and relating to them, by

telephone or other appropriate means; or

- (b) are deaf or partially hearing, of details of facilities to assist them (if they have the equipment enabling them to take advantage thereof) when making enquiries or complaints about the services provided by the Licensee and relating to them.
- 5 The Licensee shall comply with the requirements set out in Condition 29, as if they were set out in this Condition.
- 6 “Code of Practice” in this Condition means the Code of Practice from time to time in force which is required to be prepared pursuant to this Condition, in relation to the provision of services for persons described in paragraph 1.

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Condition 28. Complaint handling procedure

- 1 Subject to the requirements of paragraph 2 below, the Licensee shall, by no later than [28 days] after this Condition takes effect (or such later date as the Authority may direct), prepare and submit to the Authority a Code of Practice establishing a procedure for handling complaints from customers about the manner in which the Licensee conducts the Distribution Business and any procedure established in accordance with this Condition shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.
- 2 The Licensee shall comply with the requirements set out in Condition 29, as if they were set out in this Condition.
- 3 “Code of Practice” in this Condition means the Code of Practice from time to time in force which is required to be prepared pursuant to this Condition, in relation to the complaint handling procedure.

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Condition 29. Preparation, review of and compliance with Codes of Practice

- 1 This Condition applies to each of the Codes of Practice required to be prepared by the Licensee pursuant to Conditions 27 and 28 (a “Code”).
- 2 The Licensee shall, before submitting a Code to the Authority for its approval, consult the General Consumer Council and shall consider any representations made by it on the Code or the manner in which it is likely to be operated.
- 3 The Licensee shall submit the Code to the Authority for its approval.
- 4 If, within 30 days from the day the Licensee first submitted the Code to the Authority for its approval, the Authority notifies the Licensee that it considers that the Code does not meet the requirements of this Licence the Licensee shall immediately make such changes to the Code as the Authority may require.
- 5 The Licensee shall periodically and whenever requested to do so by the Authority review the Code and the manner in which it has been operated, with a view to determining whether any modification should be made to the Code or to the manner of its operation.
- 6 In carrying out any such review the Licensee shall consult the Consumer Council and shall consider any representations made by it about the Code or the manner in which it is likely to be or has been operated.
- 7 After consulting the Consumer Council in accordance with paragraph 6, the Licensee shall submit any revision of the Code which it wishes to make to the Authority for its approval and if the Authority approves the revision, the Licensee shall, following receipt of the Authority’s approval in writing, then revise the Code appropriately. If the Authority does not approve the revision, the Licensee shall make further revisions to the Code as the Authority may require, in order to meet the requirements of the Licence.
- 8 The Licensee shall:
 - (a) as soon as practicable following the preparation of the Code or any revision made to it, send to the Authority and the Consumer Council a copy of the Code or such revision in the form approved by the Authority;
 - (b) draw to the attention of its customers the existence of the Code and each substantive revision of it and how they may inspect or obtain a copy of the Code in its latest form;
 - (c) make a copy of the Code available for inspection by members of the public at each of the relevant premises during normal opening hours;

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- (d) give or send free of charge a copy of the Code (as from time to time revised) to any person who requests it; and
 - (e) make available to members of the public, in such form and in such manner as the Authority considers appropriate, information published by the Authority pursuant to Article 7 of the Energy Order.
- 9 No changes may be made to the Code otherwise than in accordance with this Condition.
- 10 Subject to paragraph 12 the Licensee shall ensure, so far as reasonably practicable, that it complies with the terms of and the arrangements or procedures (as the case may be) as are contained in or described by each Code to which this Condition applies.
- 11 The Licensee shall provide the Authority with all assistance reasonably necessary to enable the Authority to monitor the implementation and operation of any Code and this assistance shall include, without limitation, permitting the Authority access to relevant documentation held by the Licensee.
- 12 The Authority may (following consultation with the Licensee) issue directions relieving the Licensee of any of its obligations under Conditions 27 and 28 and this Condition to such an extent as may be specified in those directions and subject to such terms and conditions as the Authority thinks fit.

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Condition 30. Relations with the Consumer Council

- 1 The Licensee shall meet with the Consumer Council whenever requested to do so by it, up to a maximum of 6 times in every year during the period of the Licence.
- 2 Without prejudice to paragraph 1, the Licensee shall meet the Consumer Council at least once in every year during the period of the Licence.
- 3 In at least one meeting with the Consumer Council in every year during the period of the Licence, the Licensee shall be represented by one or more directors of the Licensee.

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Condition 31. Systems to Facilitate Change of Supplier

- 1 The Licensee shall ensure that its practices, procedures and systems facilitate Supplier Transfers taking place within 15 working days of the Licensee receiving a valid Registration Request from a relevant licensed supplier.
- 2 The Licensee shall no later than fourteen days after the end of each quarter year ending on 30 June, 30 September, 31 December and 31 March, give to the Authority a report which sets out -
 - (a) the number of Registration Requests received by it in each month of that quarter;
 - (b) the number of actual Supplier Transfers completed in each month of that quarter; and
 - (c) of the number of Supplier Transfers completed in each month of that quarter, the number which took more than 15 working days to complete from the date of the valid Registration Request being received by the Licensee.
- 3 The Licensee shall inform the Authority as soon as it becomes aware that its practices, procedures and systems may, as a result of the number of Registration Requests likely to be received by it, cease to be adequate to ensure the Licensee's compliance with paragraph 1.
- 4 The Authority may, following such consultation with the Licensee as the Authority considers appropriate, direct the Licensee to take such steps as may be specified in a written direction, and in such manner as may be so specified, to review and improve the practices, procedures and systems it has established to comply with this Condition.
- 5 The Licensee shall comply with any direction issued under paragraph 4 from the date specified in the direction.

6 In this Condition:

“Registration Request” means an application from a relevant licensed supplier for it to be registered as the supplier responsible for supplying electricity to the meter point specified in the application; and

“Supplier Transfer” means the transfer of responsibility for the supply of electricity to a meter point connected to the Distribution System from one relevant licensed supplier to another relevant licensed supplier.

Condition 32. Provision of Information to Electricity Suppliers

- 1 The Licensee shall ensure that its process, practices and systems facilitate the provision of information to, and between, relevant licensed suppliers which:
 - (a) by virtue of or in accordance with the Market Registration Code or other industry code, agreement or practice, is available to or held by the Licensee; and
 - (b) relates to or ascertains the consumption of electricity by any customer taking a supply of electricity at premises connected to the Distribution System.
- 2 The Licensee shall within five working days of receiving a Customer Information Request from a relevant licensed supplier, provide to that supplier the information specified in the Customer Information Request.
- 3 In this Condition:

“Customer Information Request”

means a request, made in such form and in such manner as may be determined from time to time by the Authority, for information relating to the consumption of electricity by the customer at the premises identified, and for the period specified, in the request.

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Condition 33. Designation as a Distribution System Operator

- 1 The Licensee is, for the purposes of Article 24 of the Directive, designated as a distribution system operator for the Distribution System.

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Schedule 1 Authorised Distribution Area

1. The authorised area shall comprise [*insert relevant description*].

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Schedule 2 Terms as to Revocation

- 1 The Authority may at any time revoke the Licence by not less than 30 days' notice in writing to the Licensee:
- (a) if the Licensee agrees in writing with the Authority that the Licence should be revoked;
 - (b) if any licence fee required to be paid under the Licence is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Authority has given the Licensee notice that the payment is overdue provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable became due;
 - (c) if the Licensee fails to comply with a final order (within the meaning of Article 42 of the Energy Order) or with a provisional order (within the meaning of Article 42 of the Energy Order) which has been confirmed under Article 42 of the Energy Order and which (in either case) has been made in respect of a contravention or apprehended contravention of a Condition or of a relevant requirement as defined in Article 41(2)(a) of the Energy Order imposed on the Licensee in its capacity as holder of the Licence and (in either case) such failure is not rectified to the satisfaction of the Authority within three months after the Authority has given notice of such failure to the Licensee, provided that no such notice shall be given by the Authority before the expiration of the period within which an application under Article 44 of the Energy Order could be made questioning the validity of the final or provisional order or before the proceedings relating to any such application are finally determined;
 - (d) if the Licensee fails to comply with an order made by a court under section 34 of the Competition Act 1998; or fails to comply with an order made under section 72, 75, 76, 81, 83, 84, 158, 160 or 161 of, or under paragraph 2, 5, 6, 10 or 11 of schedule 7 to, the Enterprise Act 2002; or any partner, director, member, secretary or manager of the Licensee is found guilty of an offence under section 188 or 201 of the Enterprise Act 2002;
 - (e) if the Licensee:
 - (i) is unable to pay its debts (within the meaning of Article 103(1) or (2) of the Insolvency (Northern Ireland) Order 1989, but subject to paragraph 3 of this Schedule) or if any voluntary arrangement is proposed in relation to it under Article 14 of that Order, or if it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms

and within such period as may previously have been approved in writing by the Authority);

- (ii) has a receiver (which expression shall include an administrative receiver within the meaning of Article 5(1) of the Insolvency (Northern Ireland) Order 1989) of the whole or any material part of its assets or undertaking appointed;
 - (iii) has an administration order under Article 21 of the Insolvency (Northern Ireland) Order 1989 made in relation to it;
 - (iv) passes any resolution for winding-up other than a resolution previously approved in writing by the Authority; or
 - (v) becomes subject to an order for winding-up by a court of competent jurisdiction;
- (f) if the Licensee is convicted of having committed an offence under Article 63 of the Order or under Article 46 of the Gas (Northern Ireland) Order 1996;
- (g) if the Licensee fails to pay any financial penalty (within the meaning of Article 45 of the Energy Order) imposed in respect of a contravention or apprehended contravention of a Condition or of a “relevant requirement” as defined in Article 41(2)(a) of the Energy Order by the due date for such payment and such payment is not made to the Authority within three months after the Authority has given notice in writing of such failure to the Licensee, provided that no such notice shall be given by the Authority before the expiration of the period within which an application under Article 49 of the Energy Order could be made questioning the validity or effect of the financial penalty or before the proceedings relating to any such application are finally determined; or
- (h) if the Licensee ceases to carry on the Distribution Business other than with the consent of the Authority.

2 For the purposes of paragraph 1(e)(i) of this Schedule, Article 103(1)(a) of the Insolvency (Northern Ireland) Order 1989 shall have effect as if for “£750” there was substituted “£250,000” or such higher figure as the Authority may from time to time determine by notice in writing to the Authority and the Licensee.

3 The Licensee shall not be deemed to be unable to pay its debts for the purposes of paragraph 1(e)(i) of this Schedule if any such demand as is mentioned in Article 103(1)(a) of the Insolvency (Northern Ireland) Order 1989 is being contested in good faith by the Licensee with recourse to all appropriate measures and procedures or if any such demand is

satisfied before the expiration of such period as may be stated in any notice given by the Authority under paragraph 1 of this Schedule.

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