

Condition 1: Part A

Change to the definition of Information

Information

in relation to information requested by the Authority or the Secretary of State, has the meaning given to that term in Part 14 of Condition 29 (Provision of Information by the Licensee).

Condition 35. Definitions for the Price Control Conditions

Introduction

- 35.1 This condition has effect on and after 23 September 2013 as one of the Price Control Conditions of this Licence.
- 35.2 In this Licence, a Price Control Condition is any condition the purpose of which, whether on its own or in combination with any other Price Control Condition, is to limit or control the charges of, or the revenue of, the Licensee.

Part A: Defined terms used in the Price Control Conditions

- 35.3 Part B below sets out most of the defined words and expressions (all of which begin with capital letters) that are used in the Price Control Conditions of this Licence, and gives their definitions next to them (“the Chapter 9 Particular Definitions”).
- 35.4 But words and expressions used in the Price Control Conditions that are defined for any of the purposes of this Licence in Condition 1 (Definitions for the Conditions of this Licence) have in this Chapter 9 the meaning given to them in that condition.

Part B: The Chapter 9 Particular Definitions

- 35.5 In the Price Control Conditions, unless the context otherwise requires:

Allowed Revenue	means the total amount of revenue determined on an accruals basis in relation to each Regulatory Year in accordance with the Principal Formula set out at Part C of Condition 36 (Determination of the Licensee’s Allowed Revenue) after the deduction of value added tax (if any) and any other taxes based directly on the amount concerned.
Average Specified Rate	means the rate that is equivalent to the average value of the Official Bank Rate of the Bank of England during the period in respect of which the calculation falls to be made.
Baseline Margin	means in relation to each Regulatory Year an amount of additional revenue, over and above the sum of the Licensee’s Internal Costs and External Costs, that the Secretary of State has agreed shall be included (subject to the operation of the Baseline Margin Performance Adjustment) in the Licensee’s Allowed Revenue, and is determined in accordance with the provisions of Part C of Condition 36.
Baseline Margin Implementation Performance Adjustment	means the amount (if any) of reduction in the Baseline Margin determined in accordance with the provisions of Part B of Condition 38 so as to secure, with respect to the applicable period, the effect set out in Part A

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of that condition.

Baseline Margin Implementation Total

means the Licensee's Baseline Margin, in total, for the period running from 23 September 2013 until the end of the Regulatory Year 2015/16 in which the Completion of Implementation (within the meaning given to that term in Condition 5) occurs (and, arising from the Licence Application Process, is calculated for the purposes of Schedule 3 to this Licence to have the value of £7.687 million, subject to future adjustments for inflation as set out in accordance with Part C of Condition 36 paragraph 35.6).

Baseline Margin Performance (BMP) Adjustment

means the component of the Licensee's Allowed Revenue that is determined in accordance with Part E of Condition 36 and subject to the operation of such provisions of Condition 38 (Determination of the BMP Adjustment) as are applicable for that purpose.

Baseline Margin Operational Performance Adjustment

means the amount (if any) of reduction in the Baseline Margin determined in accordance with the provisions of Part C of Condition 38 so as to secure, with respect to the applicable period, the effect set out in Part A of that condition.

External Contract Gain Share

means the component of the Allowed Revenue of the Licensee that is determined in accordance with the provisions of Condition 39 (Determination of External Contract Gain Share) so as to secure the effect set out in Part A of that condition.

External Costs

means in relation to each Regulatory Year the actual amount of the costs that were economically and efficiently incurred by the Licensee in procuring Fundamental Service Capability during that period.

Internal Costs

means in relation to each Regulatory Year the sum of the costs (excluding External Costs and Pass-Through Costs) that were economically and efficiently incurred by the Licensee for the purposes of the provision of Mandatory Business Services under or pursuant to the SEC (and may include costs incurred in respect of the governance and administration of the SEC that are not included in Pass-Through Costs).

Pass-Through Costs

means in relation to each Regulatory Year the sum of the amounts that are specified as Pass-Through Costs in paragraph 8 of Condition 36.

Regulatory Year t

means the particular Regulatory Year for the purposes of which any calculation is required to be made under

the Price Control Conditions.

Regulatory Year t-1	means the Regulatory Year immediately preceding the Regulatory Year t (and any similar expressions are to be read accordingly).
Regulated Revenue	means in relation to each Regulatory Year the actual revenue, measured on an accruals basis: (a) received by the Licensee through Service Charges that are levied in accordance with the provisions of Condition 18 (Charging Methodology for Services) and Condition 19 (Charging Statement for Services); or (b) otherwise received by the Licensee in relation to the carrying on of the Mandatory Business, after the deduction of value added tax (if any) and any other taxes based directly on the amount concerned. Paragraph (a) above shall be deemed to include any and all amounts paid by SEC Parties under the SEC to persons (other than the External Service Provider) engaged (indirectly pursuant to an External Service Provider Contract) in the business of financing Communications Hubs.
Value Added Service (VAS) Contribution	means the component of the Allowed Revenue of the Licensee that is determined in accordance with the provisions of Condition 40 (Determination of the VAS Contribution) so as to secure the effect set out in Part A of that condition.

35.6 The value of the Baseline Margin Implementation Total shall be the sum of:

(a) £1.769 million;

(b) £3.194 million multiplied by the value of PIBM in Regulatory Year 2014/15; and

(c) £2.724 million multiplied by the value of PIBM in Regulatory Year 2015/16.

where PIBM is the price index adjuster applied to the Baseline Margin in each Regulatory Year and calculated in accordance with Part C of Condition 36 (Determination of the Licensee's Allowed Revenue).

Part C: Matters agreed by the Secretary of State

35.67 A reference in this condition or in any of the other Price Control Conditions to a value or amount agreed by the Secretary of State is a reference to that value

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or amount as agreed by the Secretary of State during or as a consequence of the Licence Application Process.

Part D: Guide to abbreviated price control terms

35.78 Most of the defined terms in the Chapter 9 Particular Definitions set out above appear in formulas embedded in the Price Control Conditions in the following abbreviated forms:

Allowed Revenue	AR
Average Specified Rate	ASR
Baseline Margin	BM
Baseline Margin Implementation Performance Adjustment	BMIPA
Baseline Margin Implementation Total	BMIT
Baseline Margin Operational Performance Adjustment	BMOPA
Baseline Margin Performance Adjustment	BMPA
External Contract Gain Share	ECGS
External Costs	EC
Internal Costs	IC
Pass-Through Costs	PTC
Regulated Revenue	RR
Value Added Service Contribution	VASC

Condition 36. Determination of the Licensee's Allowed Revenue

Introduction

- 36.1 This condition has effect on and after 23 September 2013 as one of the Price Control Conditions of this Licence.
- 36.2 The purpose of this condition is to establish the mechanism for determining the amount of Allowed Revenue that may be recovered by the Licensee through Service Charges levied in respect of its provision of Mandatory Business Services.

Part A: Conditions supplementary to this condition

- 36.3 This condition is supplemented by:
- (a) Condition 37 (Assessment of Mandatory Business costs), which provides for the Authority to determine the treatment of any costs associated with the provision of Mandatory Business Services that the Authority considers were not economically and efficiently incurred;
 - (b) Condition 38 (Determination of the BMP Adjustment), which provides for the Allowed Revenue to be adjusted upwards or downwards to reflect the Licensee's performance against certain specified incentives; and
 - (c) Condition 39 (Determination of External Gain Share) and Condition 40 (Determination of the VAS Contribution), which provide for the Allowed Revenue to be varied to reflect benefits arising from, respectively, the Licensee's management of External Service Provider Contracts and its provision of Value Added Services.

Part B: Duty of the Licensee with respect to Regulated Revenue

- 36.4 The Licensee, in setting Service Charges for its Mandatory Business Services, must take all reasonable steps to secure that, in Regulatory Year t, its Regulated Revenue does not exceed a prudent estimate of its Allowed Revenue for that Regulatory Year.
- 36.5 For the purposes of paragraph 36.4, and subject to paragraph 36.6, a prudent estimate of Allowed Revenue is the Licensee's best estimate of Allowed Revenue as adjusted to ensure that (disregarding any within-year adjustments that may be permitted in circumstances prescribed by the Charging Methodology of the Licensee) the Service Charges as they apply for Regulatory Year t will not need to be amended in the course of that year except in response to a reasonably unlikely contingency.
- 36.6 The adjustment to which paragraph 36.5 refers must not be such as to result in an expectation that Regulated Revenue will significantly diverge from the Allowed Revenue in Regulatory Year t.

Part C: Determination of the Allowed Revenue (AR) term

- 36.7 The amount of the Licensee's Allowed Revenue in relation to Regulatory Year t is to be determined in accordance with the following formula (in this condition, the Principal Formula):

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$$AR_t = EC_t + IC_t + PTC_t + BM_t + BMPA_t + ECGS_t - VASC_t + K_t$$

36.8 In the Principal Formula above:

AR_t means the amount of the Allowed Revenue in Regulatory Year t .

EC_t means the actual amount of the Licensee's External Costs, as calculated for Regulatory Year t by the Licensee, except to such extent (if any) as may be otherwise directed by the Authority acting under Part B of Condition 37.

IC_t means the actual amount of the Licensee's Internal Costs, as calculated for Regulatory Year t by the Licensee, except to such extent (if any) as may be otherwise directed by the Authority acting under Part B of Condition 37.

PTC_t means the total amount of Pass-Through Costs incurred by the Licensee in Regulatory Year t , and is the sum of:

(i) the amount that is equal to the total annual fee paid by the Licensee to the Authority during Regulatory Year t as determined in accordance with Part A of Condition 4 (Licensee's payments to the Authority);

and

(ii) the amount that is equal to the payments made by the Licensee during Regulatory Year t to SECCo Ltd for purposes associated with the governance and administration of the SEC.

BM_t means the amount of the Licensee's Baseline Margin that is specified for the Regulatory Year t in Appendix 1 (which has effect as part of this condition) (or such other amount as may have been determined for that Regulatory Year pursuant to the provisions of Part D below), as multiplied by the price index adjuster (PIBM) for that year, which in the Regulatory Year 2013/14 shall have the value of 1 and in each subsequent Regulatory Year is derived from the following formula:

$$PIBM_t = \left[1 + \frac{RPI_t}{100} \right] \times PIBM_{t-1}$$

where RPI $_t$ means the percentage change (whether it is positive or negative) between (i) the arithmetic average of the Retail Prices Index numbers published or determined with respect to each of the six months from July to December (inclusive) in Regulatory Year $t-2$ and (ii) the arithmetic average of the Retail Prices Index numbers published or determined with respect to the same months in Regulatory Year $t-1$ (and "Retail Prices Index" has the meaning given to that term in Part G below).

$BMPA_t$ means the Baseline Margin Performance Adjustment, as calculated for the Regulatory Year t in accordance with Part E below.

$ECGS_t$ means the amount of revenue adjustment in respect of External Contract Gain Share, as calculated for Regulatory Year t in accordance with Condition 39 (Determination of External Contract Gain Share).

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- VASC_t means the amount of the Value Added Services Contribution, as calculated for Regulatory Year t in accordance with Condition 40 (Determination of the VAS Contribution).
- K_t means the correction factor, whether positive or negative, as calculated for Regulatory Year t in accordance with the formula set out in Part F below.

Part D: Adjustment mechanism for the Baseline Margin term

- 36.9 The amount of the Baseline Margin term as specified in Appendix 1 for any one or more of the Regulatory Years to which that Appendix applies may be varied in such manner and to such extent as may be directed by the Authority in accordance with and subject to the provisions of Appendix 2 (Adjustment mechanism for the BM term), which has effect as part of this condition.

Part E: Calculation of the BMP Adjustment (BMPA) term

- 36.10 For the purposes of the Principal Formula, the total amount of the Baseline Margin Performance Adjustment term (BMPA) will be calculated for Regulatory Year t in accordance with either of Formula A or Formula B (as applicable) as set out in paragraphs 36.11 and 36.12 respectively.
- 36.11 Formula A for the BMPA term applies with effect from 23 September 2013 until the end of the Regulatory Year ~~2015/16 in which Completion of Implementation (within the meaning given to that term in Condition 5 (General Objectives of the Licensee)) is achieved~~ (or such earlier date as the Authority may specify in a direction given to the Licensee under paragraph 36.12), and is this:

$$\text{BMPA}_t = \text{BMIPA}_t$$

where the value of the term BMIPAt is determined in accordance with the provisions of Part B of Condition 38 (Determination of the BMP Adjustment).

- 36.12 Formula B for the BMPA term will apply with effect from the start of the Regulatory Year ~~2016/17 immediately following the Regulatory Year in which the Completion of Implementation is achieved~~ (or such earlier date as the Authority may specify in a direction that is given to the Licensee for the purposes of both this paragraph and paragraph 36.11), and is this:

$$\text{BMPA}_t = \text{BMOPA}_t$$

where the value of the term BMOPAt is determined in accordance with the provisions of Part C of Condition 38.

- 36.13 A direction that is given for the purposes of paragraphs 36.11 and 36.12 will be of no effect unless, before issuing it, the Authority has first:
- (a) by Notice given to the Licensee and published on the Authority's website, set out the revised dates that it proposes to specify in the direction;
 - (b) set out in that Notice a statement of the reasons why the Authority proposes to specify those dates;

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- (c) specified in the Notice the period (which may not be less than 28 days from the date of the Notice) within which representations may be made to the Authority about its proposals; and
- (d) considered any representations duly received in response to the Notice.

36.14 The Authority must have regard to any representations duly received in response to its Notice under paragraph 36.13 and must give reasons for its decisions in relation to them when giving the relevant direction.

Part F: Calculation of the correction factor (K)

36.15 For the purposes of the Principal Formula, the correction factor (K) shall in the Regulatory Year 2013/14 have the value of 0, and in each subsequent Regulatory Year shall be calculated in accordance with the following formula:

$$K_t = (AR_{t-1} - RR_{t-1} - BDC_{t-1}) \times \left[1 + \frac{(ASR_t)}{100} \right]$$

36.16 In the formula for the K term above:

AR_{t-1} means the amount of Allowed Revenue in Regulatory Year t-1.

BDC_{t-1} means the contribution to bad debt within the Licensee's Internal Costs in Regulatory Year t-1, and will be zero except where the Licensee has failed to comply fully with its obligations under or pursuant to the SEC in relation to the management of SEC Parties' credit cover and the recovery of bad debt, in which event it will have such value as may be determined by the Authority.

RR_{t-1} means the Regulated Revenue in Regulatory Year t-1.

ASR_t means the Average Specified Rate, as defined in Condition 35 (Definitions for the Price Control Conditions), in Regulatory Year t.

Part G: Interpretation

36.17 For the purposes of this condition, **Retail Prices Index** means:

- (a) the general index of retail prices that is published by the Office for National Statistics each month in respect of all items; or
- (b) if that index in respect of any month that is relevant for the purposes of this condition has not been published on or before the last day of February, such price index as the Authority, after consultation with the Licensee, may determine to be appropriate; or
- (c) if there is a material change in the basis of that index, such other index as the Authority, after consultation with the Licensee, may determine to be appropriate.

36.18 Appendices 1 and 2 follow immediately below.

Appendix 1: Values for the BM term (£ million and before adjustment for RPI) for each Regulatory Year (see Part C of this condition)

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1.769	3.194	2.724	2.041	2.008	2.059	2.443
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
1.959	1.869	1.875	2.035	1.840	0.762	n/a

Appendix 2: Adjustment mechanism for the BM term

Introduction

A1. In accordance with Part D above, and recognising the uncertainty attaching to the BM values as specified in Appendix 1 (above) at the Licence Commencement Date, this Appendix 2 enables adjustments to be proposed to those amounts and provides for the Authority to assess and determine any such proposals.

Part A: Requirements for the proposal of Relevant Adjustments

A2. Subject to the following provisions of this Part A, the Licensee may, by Notice given to the Authority, and the Authority may, by Notice given to the Licensee, propose a Relevant Adjustment to any one or more of the BM values specified in Appendix 1 for any one or more of the Regulatory Years to which that Appendix applies.

A3. A Relevant Adjustment proposed (whether by the Licensee or the Authority) under paragraph A2 must relate to any variation (whether occurring as an aggregation of incremental but non-material changes or as a discrete but material change) that has taken place, or is likely to take place, in any one or more of the following aspects of the Mandatory Business of the Licensee:

- (a) the total volume of the activities comprising that business;
- (b) the characteristics of the activities comprising that business;

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- (c) the mixture (whether by category or volume) of the activities comprising that business;
 - (d) the risks (whether financial or operational) to which the Licensee is exposed in the carrying on of that business; and
 - (e) the timescales or deadlines that the Licensee is required to meet (whether under this Licence or otherwise) in the carrying on of that business.
- A4. Notice given under paragraph A2 of a proposed Relevant Adjustment must:
- (a) refer to relevant information about actual or forecast levels of expenditure, use of resources, or performance of activities in the carrying on of the Mandatory Business of the Licensee that could not have been available when the values of the BM term in Appendix 1 were first agreed;
 - (b) demonstrate why, to what extent, and in which respects the variation to which the proposed Relevant Adjustment relates is a material change within the overall context of the Mandatory Business of the Licensee; and
 - (c) take account of any Relevant Adjustments previously determined under this Appendix 2.
- A5. Notice given under paragraph A2 of a proposed Relevant Adjustment must also:
- (a) detail the change (or changes) to the BM value (or values) that are proposed and the Regulatory Year (or Years) to which the change (or changes) would relate;
 - (b) set out the basis of the calculation of those proposed changes; and
 - (c) explain why, in the opinion of the person making the proposal, the Relevant Adjustment is justified in all the circumstances of the case.
- A6. Notice given under paragraph A2 of a proposed Relevant Adjustment:
- (a) may be served at any time during the month of July (“the Application Window”) in any Regulatory Year (excluding the Regulatory Year 2013/14) provided that it complies in all respects with the provisions of this Part A;
 - (b) must be served within the first Application Window after the date on which the grounds for proposing the Relevant Adjustment first arose; and
 - (c) must contain an Adjustment Date (being the date on which it is proposed that the Relevant Adjustment should take effect), which may not be earlier than 1 April of the Regulatory Year immediately following the Regulatory Year in which the Notice has been served.

Part B: Authority’s power to determine Relevant Adjustments

- A7. Where a proposal for a Relevant Adjustment has been duly made under paragraph A2, the Authority will, by direction given to the Licensee at any time before the end of the Determination Period, and subject to paragraphs A8 and A9, determine any adjustment that is to be made to any BM value specified in Appendix 1 for the

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Regulatory Year to which that BM value relates (excluding the BM value for the Regulatory Year 2013/14).

- A8. The Authority may, at any time within the Determination Period, by Counter-Notice given to the Licensee direct that the Determination Period is to be extended with effect from the date of its expiry by such a further period (which may not be longer than three months) as is specified in the Counter-Notice.
- A9. The Authority may, at any time within the Determination Period, direct the Licensee to supply any further information that the Authority considers is necessary to enable it to determine the proposed Relevant Adjustment.
- A10. In determining any adjustment under paragraph A7, the Authority will:
- (a) consult with the Licensee and with SEC Parties;
 - (b) have particular regard to the purposes the BM term is intended to serve within the Price Control Conditions and to the basis on which the values attributed to that term were agreed during the Licence Application Process with respect to the Licensee's expected rate of return on its activities over time; and
 - (c) take no account of the general financial performance of the Licensee under the provisions, taken as a whole, of the Price Control Conditions.
- A11. A determination under paragraph A7 may:
- (a) confirm, reject, or amend the proposed Relevant Adjustment; and
 - (b) include such additional or consequential adjustments (if any) as the Authority thinks appropriate to the BM value (or values) for any Regulatory Year (or Years) other than the Regulatory Year (or Years) set out in the proposed Relevant Adjustment.

Part C: Licensee's right to make a Relevant Adjustment

- A12. If the Authority has not determined a Relevant Adjustment proposed by the Licensee under paragraph A2 by the end of the Determination Period, and the proposal has not been withdrawn, the Relevant Adjustment will be deemed to have been made and Appendix 1 will have effect for all relevant purposes as if it had been amended accordingly with effect from the Adjustment Date.

Part D: Guidance for the purposes of this Appendix

- A13. The Authority may issue, and from time to time revise, guidance on the procedure that it will follow and the matters that it will take into account in determining a proposed Relevant Adjustment under paragraph A7.
- A14. Guidance under paragraph A13 may, in particular, set out the principles, methods of assessment, and types of criteria that are likely to be applied by the Authority in determining any proposed Relevant Adjustment.

Part E: Interpretation

- A15. For the purposes of this Appendix:

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Adjustment Date has the meaning that is given to that term in paragraph A6(c)

Application Window has the meaning that is given to that term in paragraph A6(a).

Counter-Notice has the meaning that is given to that term in paragraph A8.

Determination Period means the period running from the close of the Application Window at the end of July until the end of the first month of November after that closure, or such later date as may be directed by the Authority in a Counter-Notice served under paragraph A8.

Relevant Adjustment means an adjustment that is proposed in accordance with the requirements of Part A of this Appendix.

Condition 45. Provision of Market Share Information to the Central Delivery Body

Introduction

45.1 This condition requires the Licensee to provide Market Share Information to the Central Delivery Body on terms agreed between them or determined by the Authority.

General Obligation

45.2 The Licensee must within 28 days (except where the Central Delivery Body agrees to a longer period or where the Authority otherwise consents) of receipt of a request from the Central Delivery Body to do so, offer to enter into an agreement for the provision of Market Share Information (**Market Information Agreement**).

Terms of the Agreement

45.3 Where pursuant to paragraph 45.2 the Licensee offers to enter into a Market Information Agreement, the terms of that agreement shall, subject to paragraphs 45.4 and 45.7, be such as may be agreed between the Licensee and the Central Delivery Body.

45.4 The terms of a Market Information Agreement must, as a minimum:

- (a) specify that the Licensee will provide Market Share Information to the Central Delivery Body free of charge;
- (b) identify or make provision for determining the Market Share Information to be provided and the period to which it shall relate;
- (c) make provision for the times at which and the manner in which the Market Share Information is to be provided;
- (d) prohibit the Central Delivery Body from using the Market Share Information for any purpose other than for the purpose of:
 - (i) establishing a mechanism to allocate the costs of the Central Delivery Body between licensed gas and electricity suppliers on the basis of such suppliers' respective shares of the markets for gas and electricity supply; and
 - (ii) determining the amount of each invoice to be sent to each licensed gas and electricity supplier for the purposes of recovering the costs allocated to each such supplier in accordance with the established mechanism; and
- (e) subject to paragraph 45.5, prohibit the Central Delivery Body from disclosing Market Share Information provided to it by the Licensee to any person.

45.5 The terms of a Market Information Agreement may provide for the Central Delivery Body to disclose Market Share Information:

- (a) that relates only to an individual gas or electricity supplier to that gas or electricity supplier;
- (b) to any agent, consultant or contractor of the Central Delivery Body where required for the purposes of enabling the Central Delivery Body to use the Market Share Information for either of the purposes referred to in paragraph 45.4(d), provided that the Central Delivery Body ensures that any such person does not use the information for any other purpose or further disclose it to any other person.

Determination of disputes between the parties

45.6 Any dispute arising between the Licensee and the Central Delivery Body in relation to the terms offered by the Licensee for entering into a Market Information Agreement may be referred by either of them to the Authority for determination.

45.7 Where the Central Delivery Body wishes to proceed on the basis of a Market Information Agreement on terms determined by the Authority under paragraph 45.6, the Licensee must enter into and implement such agreement without delay and in accordance with its terms.

45.8 The practice and procedure to be followed in connection with the determination of a dispute under this condition are to be such as the Authority considers appropriate in all the circumstances of the case.

45.9 The Authority must send a copy of its determination, together with a full statement of the reasons for it, to both parties to the dispute.

45.10 The Authority may publish (in such manner as it considers appropriate) so much of any determination made under this condition as (having regard to the need to preserve commercial confidentiality) it considers should be published.

45.11 A determination under this condition may include such provision requiring either or both of the parties to the dispute to pay a sum in respect of the costs or expenses incurred by the Authority in making the determination as the Authority considers appropriate in all the circumstances of the case.

Definitions

45.12 In this Condition:

Central Delivery Body means the body corporate established by Energy Suppliers in accordance with Standard Licence Condition 45 of the Electricity Supply Licences and Standard Licence Condition 39 of the Gas Supply Licences (Smart Metering Consumer Engagement).

Market Information Agreement has the meaning given to it in paragraph 45.2.

Market Share Information means information held by the Licensee pursuant to Section E of the Smart Energy Code in respect of the total number of:

- (a) MPANs registered for each licensed electricity supplier; and
- (b) MPRNs registered for each licensed gas supplier.

MPAN has the meaning given to it in the Master Registration Agreement.

MPRN has the meaning given to it in the Uniform Network Code.

Schedule 3

Part F: Variation of due dates and development of milestone criteria

3.5 On application by the Licensee in accordance with the provisions of paragraph 3.6 or paragraph 3.9 (as the case may be):

- (a) any Implementation Due Date specified in Parts A to D of this Schedule; and
- (b) any of the Implementation Milestone Criteria identified in paragraph 3.3 of this Schedule as subject to further definition and development,

may be varied or (as the case may be) may be further defined and developed pursuant to a direction given by the Secretary of State.

3.6 If the Licensee considers, ~~at any time during the period from Licence Commencement date to the date on which Implementation Milestone 4 is reached,~~ that an application under paragraph 3.5 is needed because an Implementation Due Date should be varied, or because any of the Implementation Milestone Criteria identified in paragraph 3.3 should be further defined and developed, the Licensee must consult the SEC Panel and SEC Parties with respect to the matter and then, in making the application, must set out for the attention of the Secretary of State:

- (a) a statement of the Licensee's proposal;
- (b) a full description of the circumstances giving rise to the application;
- (c) a fair and accurate summary of the comments received by the Licensee in the course of the consultations; and
- (d) an explanation of how and to what extent (if any) the Licensee has taken account of such comments in establishing the proposal.

3.7 The Licensee must allow such period of time for consultations under paragraph 3.6 as is appropriate to the case, having particular regard, where applicable, to the urgency or complexity of the matter, or both.

3.8 A direction given under this Part F may be subject to such terms and conditions as the Secretary of State thinks are appropriate in all the circumstances of the case.

3.9 ~~From~~ The Licensee will be under a duty to undertake:

(a) from the date on which Implementation Milestone 4 is reached, ~~the Licensee will be under a duty to undertake~~, as soon as is reasonably practicable, a general review of all of the Implementation Due Dates and Implementation Criteria that remain in force in this Schedule 3 at that date; and

(b) from any later date on which it is required to do so by the Secretary of State, as soon as is reasonably practicable, a review of such of the Implementation Due Dates and Implementation Criteria as remain in force in this Schedule 3 at that date and are specified by the Secretary of State,

and (in either case) to make an application to the Secretary of State under paragraph 3.5 with respect to the findings of that review.

3.10 The Secretary of State's powers under this Part F, and the procedural requirements of paragraphs 3.6 and 3.7, will apply to ~~the any~~ review undertaken and ~~the any~~ application made by the Licensee pursuant to the requirements of paragraph 3.9.